

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2005

GROUP PERFORMANCE OVERVIEW

OVERVIEW

Group performance

Year to 30 September 2005

Activity in the September 2005 year has focused on making the operational changes required to stabilise the Group's performance. This process is well advanced with focus now moving towards rebuilding the competitive position of each business and restoring the Group's profitability.

Cash earnings before significant items of \$3,310 million are 4.4% lower than the September 2004 year result of \$3,461 million. At constant exchange rates the year-on-year comparison is 4.3%.

The Group's performance was impacted by a range of factors:

- sale of the Irish banks (refer page 10 for full details of the impact on earnings);
- one-off costs notably the South Korea litigation, the Northern Bank robbery and reimbursements to customers of overcharged fees and taxes;
- a deliberate change in strategy for the Institutional Markets and Services (IMS) business which has resulted in a reduction in low yielding assets unfavourably impacting cash earnings but improving return on assets and return on equity; and
- continued pressure on costs, particularly due to one-off costs and regulatory and compliance projects including Basel, Sarbanes-Oxley and IFRS. Significant restructuring and investment plans have been developed across all of the Group's business units to address the cost pressures identified.

Business volumes and revenue are showing encouraging early signs of gathering momentum across all regions, albeit offset to a limited extent by margin compression in the first half of the year. In addition a strong result for Wealth Management in Australia reflects favourable investment markets.

Despite increased volumes, asset quality remains sound with reductions in the overall level of impaired assets and past due loans.

Further details are discussed below.

Excluding the contribution to the result from the Irish banks for September 2005 and 2004 and one-off costs, cash earnings before significant items on an ongoing basis increased by 3.7% year on year.

Cash earnings after significant items increased from \$3,077 million in the September 2004 year, to \$3,681 million in the September 2005 year. The prior year included an after-tax significant items loss of \$384 million, compared to an after-tax significant items profit of \$371 million in the September 2005 year. The September 2005 year significant items consisted of:

- net profit on the sale of Northern and National Irish Banks, after all disposal costs including taxation, of \$1,043 million;
- restructuring costs of \$606 million (after-tax);
- provision for settlement of a taxation dispute with the Australian Taxation Office (ATO) in respect of the TrUEPrSSM capital raising transaction of \$97 million (refer page 20 for further details);
- reversal of provision in relation to foreign currency options trading loss of \$24 million (after-tax); and
- reversal of 2002 restructuring provisions of \$7 million (after-tax).

After including significant items, net profit attributable to members of the Company increased from \$3,177 million in the September 2004 year to \$4,132 million in the September 2005 year. This included a \$345 million Wealth Management revaluation profit after tax compared with a profit of \$16 million in the prior year, primarily reflecting improved investment returns.

The final dividend of 83 cents per share has been declared and this will be 80% franked. This results in a full year dividend of 166 cents per share, 80% franked.

Half year to 30 September 2005

The Group's underlying performance showed good signs of gathering momentum during the second half of the year across all businesses, other than IMS. Volumes have continued to increase in all regions at the same time as maintaining the overall Group net interest margin (2.20% at September 2005 as compared to 2.19% at March 2005). Cash earnings before significant items of \$1,692 million increased 4.6% on the March 2005 half year result of \$1,618 million. At constant exchange rates the half-on-half comparison is 5.1%.

Cash earnings after significant items of \$1,242 million for the September 2005 half were 49.1% lower than the March 2005 half year. The September 2005 half included unfavourable significant items of \$450 million

(primarily related to restructuring costs), compared with a favourable March 2005 half of \$821 million, due to the sale of the Irish banks.

Results excluding Irish Banks

On 28 February 2005 the sale of Northern Bank and National Irish Bank (the 'Irish Banks') to Danske Bank A/S was completed on terms consistent with the original sale announcement on 14 December 2004. This generated a net profit on sale after all disposal costs including taxation of \$1,043 million. Adjustments have been made to set out what the September 2005 year results would have been had the Irish Banks been sold on 30 September 2004 as follows:

- exclusion of net profit on sale;
- exclusion of the Irish Banks' reported profits for the five months up to the sale date of 28 February 2005;
- inclusion of certain fixed UK head office expenses that can no longer be recharged to the Irish Banks and income recharges to be received by the UK for transitional services provided to the Irish Banks; and
- inclusion of the funding benefit from the sale proceeds of \$2,493 million calculated at an average rate of 5% per annum.

Refer to Significant Items on page 20 for further details.

The following table sets out a proforma Group cash earnings result excluding the Irish Banks for the September 2005 year.

	Group reported results (12 mths)	Adjust for			Ongoing results (12 mths)	
		Net profit on sale of Irish Banks	Irish Banks profit (5 mths)	Income & expense charges (5 mths)		
	\$m	\$m	\$m	\$m	\$m	
Net interest income	7,082	-	(197)	-	52	6,937
Net life insurance income	1,526	-	-	-	-	1,526
Investment earnings on shareholders' retained profits & capital from life bus.	146	-	-	-	-	146
Other operating income	5,102	-	(82)	23	-	5,043
Net operating income	13,856	-	(279)	23	52	13,652
Operating expenses	(7,304)	-	203	(51)	-	(7,152)
Charge to provide for doubtful debts	(534)	-	6	-	-	(528)
Cash earnings before tax	6,018	-	(70)	(28)	52	5,972
Income tax expense:						
Net life insurance income & IORE	(640)	-	-	-	-	(640)
Other	(1,254)	-	22	8	(16)	(1,240)
Cash earnings before significant items, outside equity interest & distributions	4,124	-	(48)	(20)	36	4,092
Significant items after tax	371	(1,043)	-	-	-	(672)
Net profit – outside equity interest	(610)	-	-	-	-	(610)
Distributions	(204)	-	-	-	-	(204)
Cash earnings after significant items	3,681	(1,043)	(48)	(20)	36	2,606