

For immediate release  
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## **HBOS Australia reports strong business growth in first-half results**

HBOS Australia has today released its interim results for the first six months of the Group's financial year to 30 June.

HBOS Australia Chief Executive David Willis said: "It is particularly pleasing that the underlying business performed strongly and has been able to finance the considerable investment signalled last year.

"After adjusting for the contribution from Treasury, which has been transferred to HBOS Treasury Services, operating income increased by 15 per cent as compared to the first six months of 2004. The significant investment in people, infrastructure and systems resulted in a 22% increase in operating expenses over the same period. The result of this was an 8% increase in operating profit (pre-provisions) for the period.

"This has placed us ahead of the five-year strategic plan approved by the HBOS Board in June last year and positioned the Australian Group for further investment in the second half of the current year.

"The strength and diversity of the recently formed HBOS Australia Group is demonstrated by strong performances across all five operating divisions. It is pleasing to see the contribution from a number of initiatives implemented over the past 12 months.

"In the past six months, 750 new staff joined and we opened 9 new banking centres and branches, in addition to new offices in Sydney, Melbourne and Adelaide. New investment in systems over this period totalled about \$40 million."

The financial highlights are (compared to the six months to 30 June 2004, after adjusting for the transfer of Treasury):

- Total operating income up 15%
- Net interest income up 13%
- Non-interest income up 21%
- Operating expenses up 22%
- Customer deposits up 38% (annualised)
- Advances up 20% (annualised)

The credit quality remained sound with the level of impaired assets to closing advances at 0.94%. The impairment loss as a percentage of average advances increased slightly to 0.1%.

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HBOS Australia's parent company HBOS plc also announced its interim results today. The highlights included:

- Total operating income up 15 per cent to £5.3 billion;
- Net interest income up 12 per cent;
- Non-interest income up 21 per cent;
- Operating expenses up 7 per cent;
- Profits before tax up 15 per cent to £2.3 billion;
- Loans and advances up 10 per cent to £329.4 billion (annualised);
- Deposits up 8 per cent to £196.2 billion (annualised);
- Underlying earnings per share up 15 per cent to 41.8p.

Attached to this document is a summary of HBOS Australia's results.

**ENDS**

### **Media inquiries**

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