When people are inspired ...
... 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 persons 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 8300), 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.

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

EARNING COMMUNITY TRUST
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.

MANAGING RESPONSIBLY
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.

LEADING STAFF ENGAGEMENT
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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.

NET PROFIT AFTER TAX ($m) | MARKET CAPITALISATION ($b at 30 September) | DIVIDEND (cents) | CASH EARNINGS PER SHARE (cents)
--- | --- | --- | ---
3,018 | 43.834 | 110 | 175.2
2,815 | 34,586 | 101 | 161.1
7.2% | 27% | 8.9% | 8.8%
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.

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.
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 under going a period of reinvitation 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 by 19% to $357 million.

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.

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 servicing 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.

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.

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.

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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.
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.

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.

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.

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:

- 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.

- 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 period 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.

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%.

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

Net interest income increased $161m or 5% to $3,552 million in 2005, driven largely by our Personal Division, where good growth in customer numbers has helped drive higher revenue from areas like credit cards and transaction accounts.

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

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).

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### RISK MANAGEMENT

#### 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.

#### 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.
- **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 framework 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** – 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. It results from a number of strategies and structural drivers:

#### 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.

![Graph showing capital adequacy](image)

#### Key areas

<table>
<thead>
<tr>
<th>Area</th>
<th>Description</th>
<th>Potential impact (after tax)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodwill</td>
<td>Goodwill currently amortised over expected period of benefit.</td>
<td>Expenses reduced by $24m per annum based on 2005 full year results.</td>
</tr>
<tr>
<td>Fee Revenue</td>
<td>Larger number of fees deferred on initial payment and recognised over the expected life of the financial instrument.</td>
<td>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.</td>
</tr>
<tr>
<td>Debt &amp; Equity Classification</td>
<td>ANZ STEPS issue will be treated as debt rather than equity.</td>
<td>Current dividend of $66m will be rectified as interest expense from 1 October 2005.</td>
</tr>
<tr>
<td>Tier 1 Ratio</td>
<td>Share-based payments required to be recognised as an expense upon issue.</td>
<td>Profits increased by $66 million after tax per annum based on 2005 results. Reduction to retained earnings of $12m as at 1 October 2006.</td>
</tr>
<tr>
<td>Tier 1 Ratio</td>
<td>ANZ will require to recognise the net position of its defined benefit superannuation schemes in the statement of financial position.</td>
<td>Profit impact is not expected to be material. Reduction to retained earnings of $142 million as at 1 October 2004.</td>
</tr>
<tr>
<td>Tier 1 Ratio</td>
<td>Introduction of stringent criteria for application of hedge accounting.</td>
<td>Impact of ineffectiveness uncertain, may result in increased volatility. This is not expected to be material. Reduction to retained earnings of $12m and increase in reserves of $162m as at 1 October 2005.</td>
</tr>
<tr>
<td>Tier 1 Ratio</td>
<td>Expected that the new credit loss provisioning charge will drive increased earnings volatility.</td>
<td>Increase to retained earnings of $191m as at 1 October 2005.</td>
</tr>
<tr>
<td>Tier 1 Ratio</td>
<td>Executive Loss Provisioning will be replaced by a charge for individual provisions on impaired exposures plus movements in Collective Provision.</td>
<td>Impact of ineffectiveness uncertain, may result in increased volatility. This is not expected to be material. Reduction to retained earnings of $12m and increase in reserves of $162m as at 1 October 2005.</td>
</tr>
<tr>
<td>Tier 1 Ratio</td>
<td>ANZ Board</td>
<td>ANZ’s risk management framework combines Board policy setting and review with regular senior management oversight and independent business unit monitoring.</td>
</tr>
<tr>
<td>Tier 1 Ratio</td>
<td>Risk Management Committee</td>
<td>oversees principles, policies, strategies, processes and control frameworks for the management of Risk and approves credit transactions beyond the approval discretion of executive management.</td>
</tr>
<tr>
<td>Tier 1 Ratio</td>
<td>Audit Committee</td>
<td>oversees financial control frameworks and compliance.</td>
</tr>
<tr>
<td>Tier 1 Ratio</td>
<td>Credit &amp; Trading Risk Committee</td>
<td>oversees credit policy, major lending decisions, asset writting strategies and traded and non-traded market risk.</td>
</tr>
<tr>
<td>Tier 1 Ratio</td>
<td>Group Asset &amp; Liability Committee</td>
<td>oversees regulatory capital, balance sheet structure, liquidity and funding.</td>
</tr>
<tr>
<td>Tier 1 Ratio</td>
<td>Operational Risk Executive Committee</td>
<td>oversees operational risk and compliance strategy.</td>
</tr>
</tbody>
</table>

#### Senior Management

- **Credit & Trading Risk Committee**
- **Group Asset & Liability Committee**
- **Operational Risk Executive Committee**

#### Business Unit Level

- **Business Unit 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.

A detailed explanation of risk management at ANZ is available on our web site at www.anz.com.au/australia/aboutanz/corporateinformation/corpGovPolicy
Achieving goals
Reaching new heights

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 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 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.

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.
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.

Our financial performance is encouraging. We are differentiated in the market by a strong retail banking brand, a comprehensive range of product offerings, and a focus on customer service and convenience. We have invested in technology and innovation to enhance our service offering and increase customer satisfaction. We have also continued to improve our operational efficiency and reduce costs, resulting in a sharp reduction in our cost-income ratio.

We have achieved significant growth across all of our business lines, with strong performance in mortgages, credit cards, and deposits. Our mortgage business unit has continued to grow, with an impressive 14% increase in income. Our credit card business unit has also performed well, with an impressive 20% increase in income. Our deposit business unit has grown by 10%, driven by strong performance in savings and transaction accounts.

Our financial performance is also characterized by a strong profit after tax, which has increased by 15% to $1,013 million in 2005. This is a result of our strong growth and the successful implementation of our strategies to improve our operating efficiency and reduce costs.

Our staff numbers have also increased, with a 10% increase in full-time equivalents (FTE) to 9,616 in 2005. This is a result of our continued focus on attracting and retaining talented and motivated staff.

Our mortgage business unit is the largest of our five specialist business units. We are the largest mortgage lender in Australia, with a market share of 28%. We have a strong focus on providing innovative and competitive mortgage products, and our success in this area has been reflected in the strong growth in our mortgage business unit.

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. We also increased our presence in high growth areas such as Western Australia and Queensland and extending our capabilities to new brands and segments.

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.
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 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 invest 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 overweight 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.
New Zealand

Challenging people to work together in integrated teams

Pictured - Te Whetu Leef, The National Bank of New Zealand; Silla Mulitalo, ANZ; and Peter Coates, The National Bank of New Zealand.

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.

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 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 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.

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.

Sir John Anderson
Chief Executive, ANZ National Bank Limited

Earnings by business

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2004</td>
<td>2005</td>
<td>%</td>
</tr>
<tr>
<td>Income</td>
<td>1,470</td>
<td>1,953</td>
<td>17%</td>
</tr>
<tr>
<td>Expenses</td>
<td>(818)</td>
<td>(955)</td>
<td>17%</td>
</tr>
<tr>
<td>Profit before provisions</td>
<td>652</td>
<td>998</td>
<td>52%</td>
</tr>
<tr>
<td>Debt provisions</td>
<td>(97)</td>
<td>(92)</td>
<td>(5%)</td>
</tr>
<tr>
<td>Tax &amp; OEI</td>
<td>(130)</td>
<td>(122)</td>
<td>15%</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>513</td>
<td>614</td>
<td>20%</td>
</tr>
<tr>
<td>Cost income ratio (CIR)</td>
<td>64.0%</td>
<td>61.7%</td>
<td>4%</td>
</tr>
<tr>
<td>Staff (FTE)</td>
<td>8,066</td>
<td>8,580</td>
<td>6%</td>
</tr>
</tbody>
</table>

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Corporate Division

Recognising the performance of our people


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


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 30%. 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 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 footprint investment in the business.

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.

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Earnings by business

<table>
<thead>
<tr>
<th>Site</th>
<th>2004</th>
<th>2005</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>829</td>
<td>897</td>
<td>8%</td>
</tr>
<tr>
<td>Expenses</td>
<td>(280)</td>
<td>(294)</td>
<td>5%</td>
</tr>
<tr>
<td>Profit before provs</td>
<td>549</td>
<td>603</td>
<td>10%</td>
</tr>
<tr>
<td>Debit provisions</td>
<td>(61)</td>
<td>(66)</td>
<td>8%</td>
</tr>
<tr>
<td>Tax &amp; OPEI</td>
<td>(147)</td>
<td>(151)</td>
<td>10%</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>361</td>
<td>536</td>
<td>10%</td>
</tr>
<tr>
<td>Cost income ratio (CTI)</td>
<td>33.8%</td>
<td>33.7%</td>
<td>0%</td>
</tr>
<tr>
<td>Staff (FTE)</td>
<td>1,761</td>
<td>1,941</td>
<td>10%</td>
</tr>
</tbody>
</table>

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.
Asia Pacific

Elmer Funke Kupper
Group Managing Director

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.

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$94 billion in 2004, fueling strong demand for trade finance. ANZ’s Asian Network 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 (Sacombank 10%) 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
• 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.

Financial performance - Geographic

<table>
<thead>
<tr>
<th>Site</th>
<th>2004</th>
<th>2005</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>525</td>
<td>543</td>
<td>3%</td>
</tr>
<tr>
<td>Expenses</td>
<td>(227)</td>
<td>(254)</td>
<td>12%</td>
</tr>
<tr>
<td>Profit before provisions</td>
<td>(228)</td>
<td>(271)</td>
<td>20%</td>
</tr>
<tr>
<td>Debt provisions</td>
<td>(34)</td>
<td>(36)</td>
<td>6%</td>
</tr>
<tr>
<td>Tax &amp; OPEI</td>
<td>(50)</td>
<td>(52)</td>
<td>4%</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>191</td>
<td>184</td>
<td>4%</td>
</tr>
<tr>
<td>Core Income ratio (CTR)</td>
<td>12.6%</td>
<td>12.3%</td>
<td>2%</td>
</tr>
<tr>
<td>Staff (FTE)</td>
<td>2,221</td>
<td>2,432</td>
<td>10%</td>
</tr>
</tbody>
</table>

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

Elmer Funke Kupper
Group Managing Director

Pictured Right - Bo Narith, Kosseng Khunleng, Hong Darany and Heak Lina: ANZ Royal Bank Cambodia.

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OUR BUSINESS PERFORMANCE
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.

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.
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 workshops 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.
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 every day. This involves attracting and nurturing the very best talent, investing in their development, and recognising and rewarding that 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 2006, cost reduction was perceived to be our primary value.

Attracting and nurturing talent

Over the past 18 months, we have added some 1,000 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.

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 the leading large Australian organisation for the Advancement of Women by the Equal Opportunity for Women in the Workplace Agency (EOWA). 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.

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, 3.67% 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%.

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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—particularly 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.

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 3,000 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 MoneyBusiness, a culturally specific program to bring financial literacy and money management skills to Indigenous people in six sites including Katherine, Tennant Creek, Ngurrumal (Trif Island), Galiwinku (Eloch 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 also has 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 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 4: Support Victims. We are also investigating opportunities with the State Government to extend these programs to support other communities within Victoria.

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, measure and track our environmental performance.
Company ethics
Perspective and knowledge

Company ethics
Perspective and knowledge

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/about ANZ/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.

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.

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

STRATEGIC DIRECTION AND EXPERIENCE

MR C B GOODE, AC
B COM (HONS) (WELLS), MBA (COLUMBIA UNIVERSITY, NEW YORK), TUN (HONS), NON-LLD (KOWA)
Chairman
Independent Non-Executive Director
Non-executive director since July 1991. Mr Goode has been appointed Chairman in August 1995 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 in 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 56. 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 a 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 BM, News Corporation and Loral Space and Communications. He brings to the Board international business experience and a distinguished career in microelectronics, computing and communications.
Age 62. Based in New York, United States of America but also resides in Sydney.

DR R S DANE
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 technology and is also related to charitable and cultural organisations.
Age 64. Residence Wellington, New Zealand.

MR J K ELLIS
MA (Oxon), FCA, FNMIA, FTSE, NON DR ENR (EOU)
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 accountant, 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 66. Residence Melbourne.

MR D M GONSKI, AO
B COM, LLB, S.I.A. (ANZ), FALC, 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, NON LDL, FALC, 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 62. Residence Melbourne.

MR D E MEIKLEJOHN
B COM, DIP, ED, FCMA, FALC, FAW
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
DVE5, FAW
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

DIRECORS’ 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 was:

<table>
<thead>
<tr>
<th></th>
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<th>B</th>
<th>C</th>
<th>D</th>
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<td>Mr D M Gonski</td>
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<td>Mr C B Goode</td>
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<td>Ms M A Jackson</td>
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<tr>
<td>Mr J McFarlane</td>
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<tr>
<td>Mr D E Meiklejohn</td>
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<td>Mr J K Ellis</td>
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<td>Mr C B Goode</td>
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<tr>
<td>Mr Morschel</td>
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<tr>
<td>Mr R W Scott</td>
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</tr>
</tbody>
</table>

Column A indicates the number of meetings the Director was eligible to attend.
Column B indicates the number of meetings attended by each Director.
Column C indicates the number of meetings attended by each Director.

* Mr McFarlane is also a Director of ANZ National Bank Limited in New Zealand.
** Mr Meiklejohn is a member of the Nominations, Governance & Corporate Responsibility Committee.

Note: The Board also met 7 February 2005 and 23 April 2005.
## Financial Performance

<table>
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<tr>
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<tbody>
<tr>
<td>Net interest income</td>
<td>5,798</td>
<td>5,254</td>
<td>4,311</td>
<td>4,018</td>
<td>3,833</td>
<td>3,801</td>
<td>3,655</td>
<td>3,547</td>
<td>3,437</td>
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<tr>
<td>Other operating income</td>
<td>3,552</td>
<td>3,391</td>
<td>2,808</td>
<td>2,573</td>
<td>2,583</td>
<td>2,377</td>
<td>2,142</td>
<td>2,110</td>
<td>1,839</td>
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<tr>
<td>Operating expenses</td>
<td>(6,515)</td>
<td>(6,026)</td>
<td>(5,228)</td>
<td>(5,905)</td>
<td>(3,909)</td>
<td>(3,314)</td>
<td>(3,300)</td>
<td>(3,442)</td>
<td>(3,502)</td>
</tr>
<tr>
<td>Profit before tax, debt provision  &amp; prior period abnormals</td>
<td>4,835</td>
<td>4,619</td>
<td>3,897</td>
<td>4,083</td>
<td>3,314</td>
<td>3,070</td>
<td>2,732</td>
<td>2,247</td>
<td>2,045</td>
</tr>
<tr>
<td>Provision for doubtful debts</td>
<td>(580)</td>
<td>(632)</td>
<td>(614)</td>
<td>(860)</td>
<td>(531)</td>
<td>(502)</td>
<td>(510)</td>
<td>(487)</td>
<td>(400)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(1,234)</td>
<td>(1,168)</td>
<td>(926)</td>
<td>(898)</td>
<td>(911)</td>
<td>(663)</td>
<td>(736)</td>
<td>(576)</td>
<td>(466)</td>
</tr>
<tr>
<td>Outside equity interests</td>
<td>(3)</td>
<td>(4)</td>
<td>(3)</td>
<td>(3)</td>
<td>(2)</td>
<td>(2)</td>
<td>(6)</td>
<td>(9)</td>
<td>(8)</td>
</tr>
<tr>
<td>Net Profit after tax</td>
<td>3,018</td>
<td>2,815</td>
<td>2,348</td>
<td>2,322</td>
<td>1,870</td>
<td>1,747</td>
<td>1,480</td>
<td>1,106</td>
<td>1,024</td>
</tr>
</tbody>
</table>

## Financial Position

| Net Assets  | 19,488 | 17,925 | 13,787 | 11,465 | 10,551 | 9,807 | 9,429 | 8,391 | 6,993 | 6,336 |
| Tier 1 capital ratio  | 6.9% | 6.9% | 7.7% | 7.9% | 7.5% | 7.4% | 7.9% | 7.2% | 6.6% | 6.7% |
| Return on average ordinary equity  | 3,417.5% | 17.8% | 20.6% | 21.6% | 20.2% | 19.3% | 17.6% | 15.9% | 17.2% | 18.3% |
| Return on average assets  | 31.1% | 1.1% | 1.2% | 1.3% | 1.1% | 1.1% | 1.0% | 0.7% | 0.7% | 0.9% |
| Cost to income ratio  | 5.6% | 4.5% | 5.1% | 6.0% | 5.4% | 4.7% | 5.0% | 4.9% | 6.3% | 6.5% |

## Shareholder value – ordinary shares

### Total return to shareholders

| (share price movement plus dividends) | 32.6% | 17.0% | 6.7% | 15.3% | 26.2% | 36.3% | 19.6% | −15.6% | 62.4% | 33.9% |

### Share value

| Market capitalisation | 41,834 | 34,536 | 27,314 | 26,544 | 23,980 | 20,020 | 14,385 | 13,835 | 17,183 | 16,483 |
| Dividend  | 11d | 10d | 9c | 8c | 7c | 6c | 5c | 5c | 4c | 4c |
| Franked portion  | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% |
| Return on average assets  | 1.1% | 1.1% | 1.2% | 1.3% | 1.1% | 1.1% | 1.0% | 0.7% | 0.7% | 0.9% |
| Cost to income ratio  | 45.6% | 45.3% | 45.1% | 46.0% | 48.0% | 51.7% | 54.5% | 60.9% | 63.1% | 65.8% |

## Share information

| (per fully paid ordinary share) | 160.9c | 153.1c | 142.4c | 141.4c | 112.7c | 102.5c | 96.9c | 86.9c | 69.7c | 56.8c |
| Dividend payout ratio  | 68.4% | 67.5% | 64.2% | 57.8% | 62.0% | 59.1% | 62.3% | 67.8% | 61.6% | 55.5% |
| Net tangible assets  | $8.05 | $7.51 | $7.49 | $6.58 | $5.96 | $5.49 | $5.21 | $4.98 | $4.59 | $4.24 |
| No. of fully paid ordinary shares issued (millions)  | 1,826.4 | 1,818.4 | 1,521.7 | 1,503.9 | 1,488.3 | 1,506.2 | 1,154.5 | 1,159.6 | 1,588.6 | 1,478.1 |
| DRP issue price  | $1.84 | $1.84 | $1.84 | $1.84 | $1.84 | $1.84 | $1.84 | $1.84 | $1.84 | $1.84 |

## Other information

| Points of representation  | 1,223 | 1,190 | 1,019 | 1,018 | 1,056 | 1,087 | 1,147 | 1,205 | 1,473 | 1,744 |

## Notes

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 periods 1997 to 2002 the return on average ordinary equity calculation includes 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 amortisation, abnormals and significant items.
7. From 2003 the dividend payout ratio includes the final dividend proposed but not provided for in terms of AASB 104 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.
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.
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.

CREDIT RATINGS
Short Term
Moody’s Investors Service P-1
Standard & Poor’s Rating Group A1+
Long Term
Moody’s Investors Service Aa3
((outlook stable)
Standard & Poor’s Rating Group AA-(outlook stable)

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Investor Relations
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Facsimile +613 9273 4899
investor.relations@anz.com
Share Registry
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PO Box 82
The Pavilions
Bridgewater Road
Bristol BS99 7NH
Telephone +44 870 702 0000
Facsimile +44 870 703 6101

IMPORTANT DATES FOR SHAREHOLDERS

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<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>16 December 2005</td>
<td>Annual General Meeting Adelaide</td>
</tr>
<tr>
<td>16 December 2005</td>
<td>Final Dividend Payment</td>
</tr>
<tr>
<td>22 April 2006</td>
<td>Interim Results Announced</td>
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<tr>
<td>15 May 2006</td>
<td>Interim Dividend Ex-Date</td>
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<tr>
<td>19 May 2006</td>
<td>Interim Dividend Record Date</td>
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<tr>
<td>3 July 2006</td>
<td>Interim Dividend Payment</td>
</tr>
<tr>
<td>26 October 2006</td>
<td>Annual Results Announced</td>
</tr>
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<td>9 November 2006</td>
<td>Final Dividend Ex-Date</td>
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<tr>
<td>15 November 2006</td>
<td>Final Dividend Record Date</td>
</tr>
<tr>
<td>15 December 2006</td>
<td>Final Dividend Payment</td>
</tr>
</tbody>
</table>

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