When people are inspired.
This Concise Annual Report cannot be expected to provide as full an understanding of the Group's financial performance, financial position and financing and investing activities as the ANZ 2005 Financial Report. Analysis and discussion of the Concise Financial Report are on pages 10 to 15 of Part 1 of this Concise Annual Report.

ANZ presents two reports, the ANZ Concise Annual Report (this document) and the ANZ Financial Report. Both reports show how ANZ performed during the year ended 30 September 2005 and the overall financial position of the Group at the end of the year. ANZ also publishes an announcement to the market each half year. All these documents are on anz.com. ANZ prepares its financial reports in accordance with applicable Australian Accounting Standards. Particular terms required by the Standards may not be familiar to some readers. This guide and the Glossary of Financial Terms (on pages 94 and 95) are designed to assist readers to understand the Report.

The Concise Annual Report is a concise report for the purposes of section 314(2) of the Corporations Act 2001 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 also be distributed to 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 31 99 Overseas +61 3 9415 4010) or viewed directly on the Internet at investor.relations@anz.com or viewed directly at the following website www.anz.com.

This declaration contains the directors’ sign-off that the Concise Report complies with Accounting Standards and provides a true and fair view of the performance and financial position of the Company.

The Independent audit report is the external and independent opinion on the Concise Report.

Information is provided on ordinary shares including the twenty largest shareholders and the distribution of shareholdings, information on the directors, ANZ StEPS (ANZ Share Based Employee Plan System), and accounting for non-executive directors.

This Concise Annual Report is in accordance with applicable Australian Accounting Standards, including the Consolidated Statements of Financial Performance, Financial Position and Cash Flows.
## CORPORATE GOVERNANCE AT ANZ: A SOLID FOUNDATION

This report sets out the Company’s corporate governance framework. Further detail is contained on anz.com about anz corporate governance. This website is regularly updated to ensure it reflects the Company’s most recent corporate governance information.

Consequently, the Board continually monitors governance developments to align ANZ’s practices with best practice standards. During the year, the Board worked closely with management to review and update ANZ policies and procedures in light of changes to regulations, legislation and guidelines across relevant jurisdictions.

### ALIGNMENT WITH AUSTRALIAN AND OVERSEAS CORPORATE GOVERNANCE ISSUES

#### INTERNATIONAL
- International Financial Reporting Standards (IFRS) – ANZ has a formal program to ensure that the Company is prepared to report, in compliance with Australian equivalents to IFRS as issued by the International Accounting Standards Board, when its results for the half-year ended 31 March 2006 are announced. ANZ is on track to achieve this reporting schedule.
- Basel II – For ANZ, the new Basel Accord is scheduled to commence in 2006 for two years of parallel running with the current Capital Accord, prior to full implementation in January 2008. ANZ has established a program to ensure the Company achieves accreditation at the advanced levels for both credit and operational risk under Basel II. The program is on schedule with a number of Basel II requirements already in place.

#### AUSTRALIA
- ASX Corporate Governance Council – Principles of Good Corporate Governance and Best Practice Recommendations – ANZ considers these principles important and complies with the recommendations.

### ASX CORPORATE GOVERNANCE TABLE

<table>
<thead>
<tr>
<th>FOCUS &amp; PRINCIPLE</th>
<th>COMPLIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Lay solid foundation for management and oversight</strong></td>
<td></td>
</tr>
<tr>
<td>1.1 Formalise the functions reserved to the Board and those delegated to management</td>
<td>Pgs 50, 51 ✓</td>
</tr>
<tr>
<td><strong>2. Structure the board to add value</strong></td>
<td></td>
</tr>
<tr>
<td>2.1 The majority of the Board should be independent directors</td>
<td>Pg 53 ✓</td>
</tr>
<tr>
<td>2.2 The chairperson should be an independent director</td>
<td>Pg 50 ✓</td>
</tr>
<tr>
<td>2.3 The roles of the Chairperson and Chief Executive Officer should not be exercised by the same person</td>
<td>Pg 50 ✓</td>
</tr>
<tr>
<td>2.4 The Board should establish a nomination committee</td>
<td>Pg 56 ✓</td>
</tr>
<tr>
<td>2.5 Provide related disclosures</td>
<td>✓</td>
</tr>
<tr>
<td><strong>3. Promote ethical and responsible decision-making</strong></td>
<td></td>
</tr>
<tr>
<td>3.1 Establish a code of conduct to guide the directors, the CEO, the CFO and any other key executives as to:</td>
<td></td>
</tr>
<tr>
<td>3.1.1 the practices necessary to maintain confidence in the company’s integrity</td>
<td>Pgs 50, 57, 58 ✓</td>
</tr>
<tr>
<td>3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices</td>
<td>Pgs 57, 58 ✓</td>
</tr>
<tr>
<td>3.2 Disclose the policy concerning trading in company securities by directors, officers and employees</td>
<td>Pg 58 ✓</td>
</tr>
<tr>
<td>3.3 Provide related disclosures</td>
<td>✓</td>
</tr>
<tr>
<td><strong>4. Safeguard integrity of financial reporting</strong></td>
<td></td>
</tr>
<tr>
<td>4.1 Require the CEO and CFO to state in writing to the Board that the company’s financial reports present a true and fair view, in material respects, of the company’s condition and operational results and are in accordance with accounting standards</td>
<td>Pg 61 ✓</td>
</tr>
<tr>
<td>4.2 The board should establish an audit committee</td>
<td>Pg 55 ✓</td>
</tr>
<tr>
<td>4.3 Structure the audit committee so that it consists of only non-executive directors</td>
<td>✓</td>
</tr>
<tr>
<td>✓ a majority of independent directors</td>
<td>✓</td>
</tr>
<tr>
<td>✓ an independent chairperson, who is not chairperson of the Board</td>
<td>✓</td>
</tr>
<tr>
<td>at least three members</td>
<td>Pg 55 ✓</td>
</tr>
<tr>
<td>4.4 The audit committee should have a formal charter</td>
<td>Pg 55 ✓</td>
</tr>
<tr>
<td>4.5 Provide related disclosures</td>
<td>✓</td>
</tr>
<tr>
<td><strong>5. Making timely and balanced disclosure</strong></td>
<td></td>
</tr>
<tr>
<td>5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance</td>
<td>Pgs 49, 57, 58 ✓</td>
</tr>
<tr>
<td>5.2 Provide related disclosures</td>
<td>✓</td>
</tr>
<tr>
<td><strong>6. Respect the rights of shareholders</strong></td>
<td></td>
</tr>
<tr>
<td>6.1 Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation</td>
<td>Pg 50 ✓</td>
</tr>
<tr>
<td>6.2 Request the external auditor to attend the AGM and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor’s report</td>
<td>Pg 50 ✓</td>
</tr>
<tr>
<td><strong>7. Recognise &amp; manage risk</strong></td>
<td></td>
</tr>
<tr>
<td>7.1 The Board or appropriate committees should establish policies on risk oversight and management</td>
<td>Pg 56 ✓</td>
</tr>
<tr>
<td>7.2 The CEO and CFO should state to the Board in writing that</td>
<td></td>
</tr>
<tr>
<td>7.2.1 the statement given in accordance with best practice recommendation 4.1 is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board</td>
<td>Pgs 56, 57 ✓</td>
</tr>
<tr>
<td>7.3 Provide related disclosures</td>
<td>✓</td>
</tr>
<tr>
<td><strong>8. Encourage enhanced performance</strong></td>
<td></td>
</tr>
<tr>
<td>8.1 Disclose the process for performance evaluation of the Board, its committees, individual directors and key executives</td>
<td>Pg 56 ✓</td>
</tr>
<tr>
<td><strong>9. Remunerate fairly and responsibly</strong></td>
<td></td>
</tr>
<tr>
<td>9.1 Provide disclosure in relation to the company’s remuneration policies to enable investors to understand the costs and benefits of the policies, and the link between remuneration paid to the directors and key executives and corporate performance</td>
<td>Pgs 62 to 81 ✓</td>
</tr>
<tr>
<td>9.2 The Board should establish a remuneration committee</td>
<td>Pgs 55, 56 ✓</td>
</tr>
<tr>
<td>9.3 Clearly distinguish the structure of non-executive directors remuneration from that of executives</td>
<td>Pgs 62 to 81 ✓</td>
</tr>
<tr>
<td>9.4 Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders</td>
<td>Pgs 62 to 81 ✓</td>
</tr>
<tr>
<td>9.5 Provide related disclosures</td>
<td>✓</td>
</tr>
<tr>
<td><strong>10. Recognise the legitimate interests of stakeholders</strong></td>
<td></td>
</tr>
<tr>
<td>10.1 Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders</td>
<td>Pgs 50, 57 ✓</td>
</tr>
</tbody>
</table>
ETHICAL AND RESPONSIBLE DECISION-MAKING

The Board encourages management to promote and maintain a culture within ANZ which draws upon a set of unifying values to guide the actions of the Board and all employees (see anz.com > sustainability > our values).

More than 21,000 ANZ employees have participated in the Breakout culture development program. The program includes workshops to help staff to apply values-based decision-making, balancing the competing needs of stakeholders, shareholders, customers and the community in their roles and activities.

ANZ has three main codes of conduct which also guide everyday business practice and decision-making throughout the Group.

– **ANZ Directors’ Code of Conduct** sets ethical standards for the directors. They are expected to pursue the highest standards of ethical conduct in the interests of shareholders and all other stakeholders.

– **ANZ Employee (Code of Conduct)** sets ethical standards for ANZ staff to embrace and advocate. It establishes an environment within which ANZ staff will be expected to demonstrate a high standard of conduct in their workplace, regardless of race, religion, age, ability or gender.

– **ANZ Code of Conduct for Financial Officers (adopted from G100 Code of Conduct for Financial Officers)** provides a general guide for the CFO and financial staff in their everyday dealings as to the standards of ethical behaviour expected in the performance of their duties in addition to the ANZ Employee Code of Conduct.

Further details on these codes can be found on anz.com > about anz > corporate governance > codes of conduct.

COMMITMENT TO SHAREHOLDER COMMUNICATION

Shareholders are the owners of ANZ, and the Company’s stated aim is to ‘perform and grow to create value for our shareholders’. Shareholders are the owners of ANZ, and the Company’s stated aim is to ‘perform and grow to create value for our shareholders’. Shareholders have the right to vote on decisions about ANZ, and the Company’s stated aim is to ‘perform and grow to create value for our shareholders’.

In order to vote on decisions about ANZ, and to communicate with the Company, shareholders need an understanding of the Company’s business operations and performance.

ANZ encourages shareholders to take an active interest in the Company, it seeks to provide shareholders with quality information in a timely fashion generally through ANZ’s reporting of results, the Company’s Annual Report, briefings, half yearly newsletters and via its dedicated shareholders’ website on anz.com.

ANZ strives for transparency in all its business practices. The Company recognises the impact of quality disclosure on the trust and confidence of shareholders, the wider market and the community. Should shareholders require any information, they are also provided with relevant contact details for relevant share classes in the half yearly shareholder newsletter, the Annual Report (under information for shareholders) and anz.com.

CONTINUOUS DISCLOSURE

It has long been ANZ’s practice to release all price-sensitive information as required under the ASX listing rules in a timely manner:

– to all relevant stock exchanges on which ANZ’s securities are listed; and

– to the market and community generally through ANZ’s media releases, website and other appropriate channels.

ANZ-related releases are posted on relevant stock exchanges and on anz.com > about anz > corporate governance > continuous disclosure.

Through ANZ’s Continuous Disclosure Policy (see page 58 and anz.com > about anz > corporate governance > continuous disclosure) the Company demonstrates its commitment to continuous disclosure.

The policy reflects obligations under applicable stock exchange listing rules and legislation.

For reporting purposes, price-sensitive information is information that a reasonable person would expect to have a material effect on the price or value of ANZ’s securities.

Designated disclosure officers have responsibility for reviewing proposed disclosures and making decisions in relation to what information can be or should be disclosed to the market. All ANZ staff are required to inform a disclosure officer regarding any potentially price-sensitive information concerning ANZ as soon as they become aware of it.

UPHOLDING SHAREHOLDER RIGHTS

ANZ respects shareholder rights and provides shareholders with the opportunity to be involved in shareholder meetings.

To allow as many shareholders as possible to have the opportunity to attend the Meeting, ANZ rotates shareholder meetings around regional capital cities. Webcast technology has also been introduced which may enable possible to ‘attend’ presentations – to listen to the speakers and simultaneously view presentations over the Internet. Further details on meetings and presentations held throughout this financial year are available on anz.com > shareholders > presentations.

Prior to the Annual General Meeting, shareholders are encouraged to submit any questions they have for the Chairman or Chief Executive Officer to enable key common themes to be considered.

The external auditor is present at ANZ Annual General Meetings and is available to answer shareholder questions. The auditor can respond on any business item that concerns them in their capacity as auditor.

Shareholders have the right to vote on various resolutions related to Company matters. If shareholders are unable to attend a meeting they can submit their proxies via post or electronically through anz.com. Where votes are taken on a poll, ANZ appoints an independent party to verify the results, which are reported to the ASX and posted on anz.com.

BOARD RESPONSIBILITY AND DELEGATION OF AUTHORITY

The Board is responsible for shareholders for the governance of the Group, and oversees its operations and financial performance. To this end, it sets the strategic direction and financial objectives, and monitors its performance. It also monitors compliance in terms of ethical and efficiency standards and regulations within which the Board operates. The Board also appoints the Chief Executive Officer and regularly reviews his performance.

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 structure is supported by the ANZ Board Charter (anz.com > about anz > corporate governance > board charter) which states that where Chairman must be an independent non-executive director and that the Managing Director of the Board must comprise independent non-executive directors.

The Board Charter clearly sets out the Board’s purpose, powers, and specific responsibilities. The business of the Bank 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 accountability for the Company’s everyday affairs of the Company. The Board monitors management and performance on behalf of shareholders.

ROLE OF THE CHAIRMAN

The Chairman, a non-executive director, plays an important leadership role with ANZ and is involved in:

– chairing meetings of shareholders and Board meetings;

– monitoring the performance of the Board and the mix of skills and effectiveness of individual contributions;

– maintaining on-going dialogue with the Chief Executive Officer and appropriate mentoring and guidance;

– overseeing Board review processes; and

– on going mentoring of individual directors.

ACCESS TO DIRECTORS

Management is able to consult directors as required on a regular basis. Employees have access to the directors directly or through the Company Secretary. Shareholders who wish to communicate with the directors may direct correspondence to a particular director, or to the non-executive directors as a whole.

BOARD COMPOSITION, SELECTION AND APPOINTMENT

The Board strives to achieve a balance of skills, knowledge, experience and perspective among its directors. Details regarding the skills, experience, expertise of each director in office at the date of this Concise Annual Report can be found on pages 51 to 53.

The Nominations, Governance & Corporate Responsibility Committee is responsible for the nominations process which includes a regular review of board composition and succession for the Board in consultation with the Chairman (anz.com > about anz > corporate governance).

Once a director is selected, there are several key elements relating to the appointment process:

– Formalising the appointment – Each director receives correspondence and related information setting out the Directors’ Code of Conduct, 3-year rotation, re-election procedures, length of service, Board composition and nomination process, performance evaluation, directors’ fees, directors’ dealings in shares, disclosure of interests, conflict of interest policies and procedures outside board and other appointments as well as insurance and related procedures.

– Receipt of appointment-related documents

– Director Handbook – Each director receives a handbook which outlines directors’ principal obligations, Company policies, charters and procedures. As well as Board-specific procedures, it also sets out details of scheduled Board and Committee meetings.

– Director’s Deed – Each director signs a Director’s Deed which covers a number of issues including indemnity, directors’ and officers’ liability insurance, the right to obtain independent advice and the requirements concerning confidential information.

– Undertaking induction training – New directors take part in a formal induction program which ensures they have dedicated sessions with ANZ executives, directors, and other key management staff members regarding ANZ’s values and culture, the Group’s governance framework, financial management and business operations. Specific topics covered during these sessions include the Directors’ Code of Conduct and Director-related policies, company culture, and corporate governance principles, processes and key issues, financial and audit issues such as accounting standards and taxation, governance issues including current and emerging legislation and regulations, risk management and compliance framework, as well as people capital issues. Insight into the business units is provided in one-on-one sessions with each business head.

In addition, each new Committee member participates in Committee-specific educational sessions with the relevant Committee chairman and ANZ executives.

– Adherence to Directors’ Code of Conduct – As presented earlier, this code sets out that directors in office will pursue the highest standards of ethical conduct.

– Meeting share qualification

– Non-executive directors are required to accumulate a holding in shares in the Company that is equivalent to at least 100% of a non-executive director’s base fee and 200% of this fee for the Chairman.

– Election at next Annual General Meeting

The ANZ Constitution and the Corporations Act 2001 both permit the Board to appoint a director to be a director of the Company at any time, but that person must seek election by shareholders at the next Annual General Meeting.

DIRECTORS

MR CB GOADE, AC

B COM (UNSW) (Hons) (COLUMBIA UNIVERSITY (NEW YORK)), HON LL B (ANU), HON LL D (OMICRONAS)

Chairman

Independent Non-Executive Director

Chairman since July 1989. Mr McFarlane was appointed Chairman August 1995 and is an ex-officio member of all Board Committees.

Experience and expertise

Mr McFarlane 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 of the finance industry to his role as Chairman of the Board.

Current directorships

Chairman: Woodside Petroleum Limited (Director from 1998), Australian United Investment Company Limited (Director from 1990), Diversified United Investment Limited (Director from 1991), and The Ian Potter Foundation Ltd (Director from 1997); Director: Singapore Airlines Limited (from 1999).

Age 67. Residence Melbourne.

MR J MCFARLANE

MBA, MIA

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. Mr McFarlane participates in Committee-specific educational sessions with the relevant Committee chairman and ANZ executives.

– Adherence to Directors’ Code of Conduct – As presented earlier, this code sets out that directors in office will pursue the highest standards of ethical conduct.

– Meeting share qualification – Non-executive directors are required to accumulate a holding in shares in the Company that is equivalent to at least 100% of a non-executive director’s base fee and 200% of this fee for the Chairman.

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MR JR MCFARLANE

MBA, MIA

Chief Executive Officer

Chief Executive Officer since October 1997. Mr McFarlane is also a Director of ANZ National Bank Limited in New Zealand.
The independence criteria and process generally, carrying out the performance of duties as a director, are designed to protect ANZ’s interests and safeguard the interests of all its shareholders. The Board believes that effective corporate governance and high ethical standards are essential to ANZ’s success. As such, the Board has a comprehensive framework for the independent assessment of the directors’ performance.

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The Board examined the independence of each director and came to the conclusion that none of them was not independent of ANZ. However, the Board noted that in each case, the director was not independent due to a family relationship with another director. The Board also noted that in all cases, the director was not independent due to an existing or former professional relationship with ANZ.

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INDEPENDENCE
In order to assist the Board in fulfilling their responsibilities, each director has the right (with the prior approval of the Chairman) to seek independent professional advice regarding his/her responsibilities at the expense of the Group. In addition the Board and each Committee, at the expense of the Group, may obtain whatever professional advice it requires to assist in its work.

TENURE AND RETIREMENT
ANZ’s Constitution provides that at least one-third (or the nearest whole number) of directors must retire at each annual general meeting, but are eligible for re-election at that meeting.

An appointee who is filling a casual vacancy has to stand for election at the first Annual General Meeting after their appointment. This requirement does not apply to the Chief Executive Officer, or any director retiring at that meeting in any event.

It is Board policy that directors appointed since July 1993 will, except in unusual circumstances, retire at 55 years of service as a director of ANZ. During 2005, Mr Dahlsen and Dr Scott retired from the Board. Mr Dahlsen was Chairman of the Audit Committee (replaced by Mr Meklejohn) and Dr Scott was Chairman of the Nominations, Governance & Corporate Responsibility Committee (replaced by Mr Gonski). During their tenure, they made significant contributions to ANZ as Board members as well as Committee Chairmen.

PERFORMANCE EVALUATIONS
Performance evaluations are conducted internally and cover the Board, each non-executive director and Board Committees. The framework used to assess the performance of the Board and related issues includes the Board’s oversight and contribution to the Company, Board discussion (including the performance of the non-executive directors and the Chairman), Board memberships, Committees of the Board and other relevant issues. They also discuss the performance of the Board against its Charter and goals set for the year. The Chairman provides a report to the Board on the outcome of these meetings.

The performance criteria take into account each director’s contribution to:

- the charting of direction, strategy and financial objectives for ANZ;
- the monitoring of compliance with regulatory requirements and ethical standards;
- the monitoring and assessing of management performance in achieving strategies and budgets approved by the Board;
- the setting of criteria for, and evaluation of, the Chief Executive Officer’s performance; and
- the regular and continuing review of executive succession planning and executive development activities.

Board and non-executive performance evaluations are conducted in two ways:

Annual review – On an annual basis, or more frequently if appropriate, the Chairman has a one-on-one meeting with each director specifically addressing the performance criteria including compliance with the Directors’ Code of Conduct. In addition, they discuss the effectiveness of the Board and related issues including the Board’s oversight and contribution to the Company, Board discussion (including the performance of the non-executive directors and the Chairman), Board memberships, Committees of the Board and other relevant issues. They also discuss the performance of the Board against its Charter and goals set for the year. The Chairman provides a report to the Board on the outcome of these meetings.

In addition, each director also completes a questionnaire and returns this to the Chairman of the Nominations, Governance & Corporate Responsibility Committee. The Committee Chair presents these findings to the Board.

The outcome of the 2004 annual review led to several Board and Committee related changes during this financial year. Firstly, there was an expansion of responsibility and change of name for the Nominations, Governance & Corporate Responsibility Committee. To provide greater focus on technology and technology risk, the Technology Committee was established (see page 56).

Re-election statement – Directors when nominating for re-election are required to submit a written or oral statement to the Board setting out the reasons why they seek re-election. In the director’s absence, the Board evaluates this statement (having regard to the performance criteria) when it considers whether to endorse the relevant director’s re-election.

Each Board committee conducts a self-evaluation at least annually (see page 55).

CONTINUING EDUCATION
ANZ’s Board has the responsibility for setting and implementing policy for the ongoing training and continuing education programs. In addition to a formal induction program (see page 51), continuing education sessions are held throughout the year focusing on a range of topics including People, Capital issues, emerging economic topics, technical developments, pending legislation, accounting standards, taxation, risk management and corporate governance.

Directors also receive a quarterly newsletter designed to keep them abreast of matters relating to their duties and responsibilities as directors and controllers.

In addition to formal Board-wide workshops, each Committee conducts its own continuing education sessions. Internal and/or external experts are engaged to conduct all education sessions.

Directors also receive regular business unit briefings at each Board meeting. These briefings provide directors with an insight into each area of the Company, in particular, performance, key issues, risks and strategy for growth. In addition, directors participate in business unit site visits which provide them with the opportunity to meet with staff and customers.

CONFLICT OF INTEREST
Over and above the issue of independence, each director has a continuing responsibility to determine whether he/she has a potential or actual conflict of interest in relation to any material matter which comes before the Board. Such a situation may arise from external associations, interests or personal relationships which might affect, or be perceived to affect, the director’s position to act in the best interest of ANZ.

Under the Director’s Disclosure of Interest Policy and Policy for Handling Conflicts of Interest (see page 58 and anz.com > about anz > corporate governance), a director may not exercise any influence over the Board if a potential conflict of interest exists. The process set out is such that a director may not receive relevant Board papers which may be prepared for Board deliberations on the subject, and may not vote on any related Board resolutions. These papers, should they touch, are recorded in the Board minute.

CAR BOARD COMMITTEES
Each of the five main Committees is comprised solely of independent directors, has its own Charter and has the power to initiate any special investigations it deems necessary. Committee membership is reviewed annually. Membership criteria are based on a director’s skills and experience, as well as his/her ability to add value to the Committee. Board Committee attendance is contained on page 31.

The Chairman is an ex-officio member of all Committees. The Chief Executive Officer, Mr McFarlane, is invited to attend Committee meetings, as appropriate. His presence is not automatic, however, and he does not attend any meeting where his nomination is considered. Non-executive directors may attend any meeting of a Committee on a subject where they have a special interest.

Committee performance self-evaluations are conducted annually to review performance against its Charter and goals set for the year. The suitability of the Charter and any areas for improvement are also assessed. The review and stated objectives for the new financial year are submitted to the full Board for discussion and approval.

A copy of each Committee Charter and Standing Rules approved by the Committee can be found on our website at anz.com > about anz > corporate governance.

The Audit Committee is responsible for oversight and monitoring of:

- the Company’s financial reporting principles and policies, controls and procedures;
- the work of (Internal) Audit which reports directly to the Chairman of the Committee (refer to Group (Internal) Audit on page 57 for more information);
- the audit Committees of subsidiary companies; and
- the integrity of the Company’s financial statements and prudential returns; and
- compliance with regulatory requirements and independent audit thereof.

The Audit Committee is also responsible for:

- the appointment, evaluation and oversight of the external auditor;
- compensation of the external auditors; and
- where appropriate, replacement of the external auditor.

Under the Committee Charter, all members of the Audit Committee must be financially literate. It is considered that at least one member of the Committee be a “financial expert” as defined in the US Sarbanes-Oxley Act. Mr Meklejohn and Ms Jackson were designated as the Audit Committee’s ‘financial experts’ for this purpose for the 2005 financial year. Refer to pages 52 and 53 for their qualifications.

The Audit Committee meets with the external auditor without management being present. The Chairman of the Audit Committee meets separately and regularly with the Group General Manager (Internal) Audit and the external auditor. Some 2005 financial year activities included:

- Monitoring the work of (Internal) Audit – During the year, the Committee received regular comprehensive reports on Group (Internal) Audit covering its activities, governance, staff, customers, quality and management. In addition, the Chairman of the Audit Committee attended a number of senior Group (Internal) Audit team meetings and the team conference. He also took part in small group discussions with the Group (Internal) Audit staff.
- Review of the transition to International Financial Reporting Standards (IFRS) – The Committee is required to report in accordance with these standards for the 2006 financial year. The Committee monitored the Group’s preparations for transition to the new standards including staff education and skill enhancement, systems modifications, new systems development and financial reporting changes.
- Oversight of ANZ National Bank Limited integration – the Committee monitored a number of major related initiatives during 2005, including the successful integration of a number of key financial systems.

The Compensation & Human Resources Committee is responsible for recommendations to the Board in respect of the Group’s compensation program including any equity-based programs. It also evaluates the performance of and approves the compensation for the senior executive officers and Board appointees (including the Chief Executive Officer) and approves compensation levels and policy guidelines.

Some 2005 financial year activities included:

- Planning for Directors’ Retirement Scheme closure – The Committee reviewed the scheme, considered alternative approaches taking into account best practice and has oversaw the planning for the closure of the scheme on 30 September 2005.
- Introduction of shareholding guidelines – To ensure strong alignment between non-executive directors, the Chief Executive Officer, senior executives and shareholders, the Committee monitored the development and implementation of shareholding guidelines.

ANZ BOARD COMMITTEE MEMBERSHIPS
From 1 October 2004 to 30 September 2005

<table>
<thead>
<tr>
<th>Audit</th>
<th>Compensation &amp; Human Resources</th>
<th>Nominations, Governance &amp; Corporate Responsibility</th>
<th>Risk Management</th>
<th>Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>David Meklejohn FE, C Chairman from 3 Feb 2005</td>
<td>Margaret (Jackson) C David Gonski C Jerry Ellis C</td>
<td></td>
<td></td>
<td>Gregory Clark C</td>
</tr>
<tr>
<td>Margaret Jackson FE</td>
<td>Rodenik Deane Gregory Clark David Gonski Roderick Deane</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Jerry Ellis</td>
<td>John Mönchel David Meklejohn John Mönchel</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>John Dahlsen C retired 5 Feb 2005</td>
<td>Brian Scott C retired 23 Apr 2005</td>
<td></td>
<td></td>
<td>Roderick Deane retired from ANZ on 28 Feb 2005 (Chairman of the Technology Committee)</td>
</tr>
</tbody>
</table>

C = Chairman, PE = Financial Expert (for the purposes of the US Sarbanes-Oxley Act requirements)
I

In addition to the five main Board Committees, the Board has constituted a Shares Committee and an Executive Committee to assist in carrying out its functions.

ADDITIONAL COMMITTEES

In addition to the five main Board Committees, the Board has also established a Shares Committee and an Executive Committee to assist in carrying out their functions.

The Executive Committee has the full power of the Board and is considered as necessary between regularly scheduled Board meetings. The Board also forms and delegates an ad hoc Committee of the Board as and when needed to carry out its functions. The Shares Committee has also been given authority to administer ANZ’s Employee Share Plan and Employee Share Option Plan.

Directors’ Meetings

The number of Board meetings and Committee meetings held during the year ended September 30, 2005 and attended by each director are set out in the table on page 41.

Role of Company Secretary

The Board is responsible for the appointment of ANZ’s Company Secretaries. Currently there are three people appointed as Company Secretary. For managing and corporate governance purposes the following structure operates.

The Group General Counsel and Company Secretary is normally in attendance at all Board and Committee meetings. He prepares minutes and provides legal advice to the Board if and when required. He works closely with the Chair of the Nominations and Corporate Governance Committee to develop and maintain ANZ’s corporate governance principles. He is responsible to the Board for the Company Secretary’s Office function.

The Company Secretary is responsible for day-to-day operations of the Company Secretary’s Office including lodgements with relevant stock exchanges, the management of dividend payments, and the relationship with the share registry provider. The Chief Financial Officer is also appointed as Company Secretary.

Profiles of ANZ’s Company Secretaries can be found in the Directors’ Report on page 60.

Risk Management and Compliance

ANZ’s business controls are governed by an ongoing focus on risk and compliance issues within the framework of the Company’s overall strategy. ANZ has also established a comprehensive risk and compliance management framework to ensure best practice alignment.

In terms of risk management and compliance, ANZ is primarily responsible for establishing risk tolerance, approving related strategies and policies, monitoring and assessing the activities of management, overseeing policy compliance and ensuring the effectiveness of the risk systems and policies to meet the requirements of all regulations and the interests of shareholders, customers and staff.

The Risk Management Committee of the Board oversees the Group’s risk management policies and controls, and monitors and approves credit transactions and other matters beyond the approval discretion of executive management.

On a day-to-day basis, the various risks inherent in ANZ’s operations are managed by both Group Risk Management and each business unit.

For further information on risk management, please see page 15 and visit anz.com about anz + corporate governance.

Financial Controls

As previously noted, the Audit Committee of the Board oversees the Company’s financial reporting policies and controls, integrity of the Company’s financial statements, the work of Group (Internal) Audit, the Audit Committees of the subsidiary companies, prudential requirements and compliance with related regulatory requirements.

To further strengthen controls and procedures, the Audit Committee agreed that the Company undertake a Group-wide program focusing on Section 404 of the US Sarbanes-Oxley Act of 2002. The program is being managed by the Company and business unit level and is overseen by a program steering committee.

ANZ expects to be in full compliance with the requirements of the Act by the financial year 2009, ANZ’s first reporting date under the Act.

Audit

Group (Internal) Audit

Group (Internal) Audit provides independent assurance that the design and operation of the risk and control framework across the Group is effective. It operates under a Charter from the Audit Committee that gives it unrestricted access to review all activities of the Group. The Group General Manager (Internal) Audit reports to the Chairman of the Audit Committee.

The Audit Committee monitors the performance of Group (Internal) Audit and the Group General Manager (Internal) Audit.

A risk-based audit approach is used to ensure that the higher risk activities in each business are audited each year. All audits are conducted in a manner that conforms to international auditing standards and processes and also influence incentive compensation of business heads.

Group (Internal) Audit plays an active role in ensuring compliance with the requirements of supervisory regulatory authorities. Group (Internal) Audit also works collaboratively with the external auditor to conduct a comprehensive audit scope.

The Audit Committee plays an active role in reviewing significant issues arising from internal audits conducted by Group (Internal) Audit. There is a robust process for ensuring prompt resolution of audit issues. ANZ’s policies and procedures include monitoring the progress of the Chief Executive Officer and the Chairman of the Audit Committee.

The Audit Committee also receives formal reports on significant issues to ensure that any remedial action is undertaken promptly.

External Audit

The external auditor’s role is to provide reasonable assurance that ANZ’s financial reports are true and fair and free from material misstatement. The external auditor also performs independent audits in accordance with the requirements of the US Sarbanes-Oxley Act of 2002 and United States Auditing Standards.

The Audit committee oversees ANZ’s Policy on Relationship with External Auditors. Under the policy, the Audit Committee is responsible for the appointment (subject to ratification by shareholders), compensation determination and oversight of the external auditor.

The policy also stipulates that the Audit Committee:

pre-approves all audit and non-audit services;
reviews the independence of the external auditor;
reviews the effectiveness of the external auditor.

Details of non-audit services are in the Directors’ Report on pages 60 to 61.

In addition, ANZ has a two-year period before any former partner or employee of the external auditor is appointed as a director or senior executive of ANZ.

The lead partner position of the external auditor is required to rotate off the ANZ audit after five years and cannot return for a further five years. Other senior audit staff also required to rotate off after a maximum of seven years.

Any potential appointments of ex-partners or ex-employees of the external auditor to the ANZ finance staff, at senior level or higher, must be pre-approved by the Chairman of the Audit Committee.

As disclosed in the 2004 Annual Report, the SEC commenced an inquiry into ANZ’s internal controls. ANZ’s public auditor, KPMG, ANZ has provided the information requested by the SEC. This inquiry is ongoing and the SEC has not determined that services provided by KPMG did not comply with the US auditor independence rules, the SEC may seek sanctions, the nature and amount of which are not known. Whilst ANZ cannot predict the outcome of the inquiry, based on the information currently available, ANZ does not believe it will have a material adverse effect on the Company.

Codes of Conduct and Policies

Below is an overview of ANZ’s key codes and policies which apply to directors and employees. Summaries of these and other company policies can be found on anz.com/about anz + corporate governance.

Codes of Conduct for Directors and for Employees – These provide ethical standards to which directors and employees are expected to adhere. The Codes require that directors and employees adhere to the law, disclose any relevant interests and conflicts of interest, comply with all their duties and obligations. The Codes also cover the confidentiality of information, limits on acceptance of gifts or entertainment and on use of ANZ goods, services and facilities. Key contact – Group General Counsel and Company Secretary.

Code of Conduct for Financial Officers – (adopted from the Group of 100 Code of Conduct for CEOs and Senior Financial Officers, Inc). The Code requires that financial officers and other financial staff influencing financial performance adhere to principles of honesty and integrity, respect confidentiality of information, declare conflicts of interest, maintain transparency in reporting, exercise diligence, and avoid personal, proprietary or management interests affecting or sounding internal controls and set a standard for other financial professionals. Key contact – Chairman of the Audit Committee.

In the year to 30 September 2005, ANZ donated $100,000 to the Liberal Party and $50,000 to the Australian Labor Party.

The ELP charge reduced 8% from $632 million to $580 million. The current charge reflects a decrease in the ELP rate over the year in line with the Group’s improving risk-profile. This is as a result of growth in low risk domestic assets (principally mortgages), strong underlying credit quality, the continued risk reduction strategy covering the overseas portfolio and high-risk assets, and the cessation of the Corporate Centre charge for offshore losses.

ANZ’s ELP models recognise that the general provision balance must be regularly reviewed, and in rare situations, increased or decreased to cover unusual events. The balance is at an appropriate level.

- Net specific provisions of $357 million, were down $86 million compared to the prior year. Gross non-accrual loans decreased by $642 million, down from $829 million. The reductions reflect the strategy to reduce risk in both overseas portfolios (not including New Zealand) and high-risk domestic portfolios. The reductions also reflect strong credit quality, the early treatment of problem advances and fewer large single name defaults.

In New Zealand, governance rules concerning the independence of auditors are covered in the NZX Code. In Australia, they are covered more extensively in the Corporations Act 2001 and the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations. There are also some differences in other aspects of corporate regulation generally in Australia and New Zealand. For example:

- ASX Listing Rules do not require shareholder approval of major transactions to the same extent required by NZX Listing Rules.
- The ASX related party transaction provisions require shareholder approval only for related party acquisitions or disposals of assets exceeding 5% of shareholders equity. Whereas NZX related party transaction provisions require shareholder approval for related party acquisitions, dispositions and other transactions exceeding 5% of the issuer’s average market capitalisation, and for an array of service arrangements where the threshold is an annual gross cost of 0.5% of the issuer’s average market capitalisation.
- Restrictions on buy-backs and financial assistance covered by the ASX Listing Rules are not addressed in the NZX Listing Rules. Details on NZX’s corporate governance are set out on pages 48 to 58.

In the directors’ opinion, there have been no significant changes in the state of affairs of the Group during the financial year, other than:

- Reduction of risk – The Company has been actively reducing the overall risk profile of the Group. Net specific provisions of $157 million were down 19% compared to the prior year. This was below the amount accumulated for doubtful debts of $180 million in the Statement of Financial Performance.
- New joint venture – In September 2005, ANZ National Bank Limited formed a joint venture with ING Insurance International Limited covering life insurance and wealth management activities in New Zealand. The joint venture is called ING (NZ) Holdings Limited and will have a 49% interest. ANZ National Bank Limited sold a controlling interest in NZL Life Insurance Limited into this joint venture.

The directors present their report together with the Concise Financial Report of the consolidated entity (the Group), being Australia and New Zealand Banking Group Limited (the Company) and its controlled entities, for the year ended 30 September 2005 and the Auditors’ Report thereon. The information is provided in conformity with the Corporations Act 2001.

New Zealand Stock Exchange Disclosure

The following statement is included as required under New Zealand Stock Exchange (NZX) Listing Rules which requires ANZ, as an ‘Overseas Listed Issuer’, to include a statement and material differences between Australian Stock Exchange (ASX) corporate governance rules and principles and those applicable under the NZX Corporate Governance Best Practice Code (NZX Code). Irrespective of any differences, ANZ complies with all applicable governance principles and requirements both in Australia and New Zealand.

The ASX corporate governance rules and principles specifically address corporate governance matters in relation to risk management, internal controls and shareholder interests which are directly specified in the NZX Code. The ASX principles and rules also provide greater emphasis on the need for issuers to disclose internal corporate governance policies and procedures to shareholders (including for example disclosure of insider trading policies, performance measurement procedures and remuneration arrangements).

The ASX corporate governance principles and rules require ANZ to comply or explain any non-compliance, while some of the NZX governance requirements are mandatory under the NZX Listing Rules. For example, the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations suggest that a majority of directors be independent. The NZX Listing Rules require that at least two directors be independent (or if there are 8 or more directors, at least 3 or one-third be independent).

In New Zealand, governance rules concerning the independence of auditors are covered in the NZX Code. In Australia, they are covered more extensively in the Corporations Act 2001 and the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations. There are also some differences in other aspects of corporate regulation generally in Australia and New Zealand. For example:

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- Restrictions on buy-backs and financial assistance covered by the ASX Listing Rules are not addressed in the NZX Listing Rules. Details on NZX’s corporate governance are set out on pages 48 to 58.

Political Donations

In the year to 30 September 2005, ANZ donated $100,000 to the Liberal Party and $50,000 to the Australian Labor Party.
DIRECION'S QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES
At 30 September 2004, the Board was comprised of 10 non-executive directors and one executive director, the Chief Executive Officer. Two non-executive directors retired during the year. Mr John Dahlsten on 3 February 2005 and Mr Brian Scott on 2 October 2004. At the date of this report, the Board comprises 8 non-executive directors who have a diversity of business and community experience and one executive director, the Chief Executive Officer, who has extensive banking experience. The names of directors and details of their qualifications and experience is contained on pages 51 to 53 of this Concise Annual Report and on anz.com.

DIRECTORS’ RIGHTS AND COMMUNICATIONS
Details of the number of Board and Board Committee meetings held during the year, directors’ attendance at those meetings, and details of directors’ special responsibilities are shown on pages 40 to 41 of this Concise Annual Report.

The Company’s lead auditor has provided a written declaration under Section 307C of the Corporations Act 2001 that to the best of his knowledge and belief, there have been no contraventions of:

- The work performed by KPMG was independent of the external audit team and management.
- The non-audit services supplied by the Group’s external auditor during the year, and the amount paid or payable by type of non-audit service during the year to 30 September 2005 are as follows:

<table>
<thead>
<tr>
<th>Non-audit service</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>1,119</td>
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<td>3,639</td>
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</tbody>
</table>

The directors are satisfied that the provision of non-audit services by the external auditor during the year to 30 September 2005 is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

NON-AUDIT SERVICES
The Company’s Relationship with External Auditor Policy states that the external auditor may not provide services that are perceived to be in conflict with the role of the auditor. These include consulting, audit and selection of operational activities normally undertaken by management, and engagements where the auditor is ultimately responsible to express an opinion on its own work.

The Audit Committee has reviewed a summary of non-audit services provided by the external auditor for 2005, and has confirmed that the provision of non-audit services for 2005 is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. This has been formally advised to the Board of Directors.

The external auditor has confirmed to the external audit team and management in writing that it and its staff have not provided any audit, tax, investment or consulting services to the Group or any related party that were not approved by the Audit Committee during the year.

The direcions have been satisfied that the non-audit services supplied by the Group’s external auditor during the year, and the amount paid or payable by type of non-audit service during the year to 30 September 2005 are as follows:

<table>
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<tr>
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The directors are satisfied that the provision of non-audit services by the external auditor during the year to 30 September 2005 is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

AUDITOR’S INDEPENDENCE DECLARATION
The Company’s lead auditor has provided a written declaration under Section 307C of the Corporations Act 2001 that to the best of his knowledge and belief, there have been no contraventions of:

- The audit independence requirements of the Corporations Act 2001 in relation to the audit; and
- The applicable Australian code of professional conduct in relation to the audit.

A copy of this declaration is detailed on page 96 of this Concise Annual Report. This declaration is incorporated in and forms part of this Directors’ Report.

DIRECTORS AND OFFICERS WHO WERE PREVIOUSLY PARTNERS OF THE AUDITOR
The following persons are current directors or officers of the Group and were partners of KPMG at a time when KPMG was the auditor of Australia and New Zealand Banking Group Limited:

- Ms Margaret Jackson, Non-executive director (left KPMG in June 1992), and
- Mr Peter Marriott, Chief Financial Officer (left KPMG in January 1993).

CEO/CFO DECLARATION
The Chief Executive Officer and the Chief Financial Officer of the Group have given a declaration to the Board concerning the Group’s financial statements under section 289B of the Corporations Act 2001 and recommendations 4.1 and 7.2 of the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations.

DIRECTORS’ AND OFFICERS’ INDEMNITY
The Companies’ Constitution (Rule 11.1) permits the Company to indemnify each officer or employee of the Company against liabilities (so far as may be permitted under the Corporations Act 2001) incurred in the execution and discharge of the officer’s or employee’s duties.

It is the Company’s policy that its employees should not incur any liability for acting in the course of their employment legally, within the policies of the Company and provided they act in good faith.

Under the policy, the Company will indemnify employees against any liability they incur in carrying out their role. The indemnity protects employees and former employees who incur a liability acting as an employee, trustee or officer of the Company, or a subsidiary of the Company at the request of the Company.

For those directors in office at 30 September 2005, details of the dispositions of other non-executive directorships held by each director in the 3 years prior to the end of the 2005 financial year are listed in this Concise Annual Report on pages 51 to 53.

The Company’s lead auditor has provided a written declaration under Section 307C of the Corporations Act 2001 that to the best of his knowledge and belief, there have been no contraventions of:

- The opinion independence requirements of the Corporations Act 2001 in relation to the audit; and
- The applicable Australian code of professional conduct in relation to the audit.

A copy of this declaration is detailed on page 96 of this Concise Annual Report. This declaration is incorporated in and forms part of this Directors’ Report.

The Company has indemnified the trustees and directors of the Company’s superannuation funds and directors, former directors, officers and former officers of trustees of various Companies. A company sponsored superannuation schemes in Australia. Under the relevant Directors’ and Officers’ Indemnity Policy, it must indemnify each indemnified person if the assets of the relevant fund are insufficient to cover the amount paid or payable to the indemnified person in connection with the fund, being loss, damage, liability or cost of any nature paid or payable to the indemnified person in connection with the fund, being loss, damage, liability or cost of any nature paid or payable to the indemnified person in connection with the fund.

The Group has also indemnified the following:

- The directors of the Company who are officers of the Group; and
- The auditors of the Company.

The indemnity survives the termination of the fund. Some of the indemnified persons are or were employees or executive officers of the Company.

The Company has also indemnified certain employees of the Company, being trustees and administrators of a trust which is a subsidiary entity, from and against any loss, damage, liability, tax, penalty, expense or claim of any kind or nature arising out of or in connection with the creation, operation or dissolution of the trust and any other action taken by the trust and in a manner that they reasonably believed to be within the scope of the authority conferred by the trust.

For the above, neither the Company, nor any related body corporate of the Company has indemnified or made an agreement to indemnify any person who is or has been an officer or auditor of the Company or of a related body corporate.

During the financial year, and since the end of the financial year, the Company has paid a premium for an insurance policy for the benefit of the directors, secretaries and senior managers of the Company, the Company, and directors, secretaries and senior managers of related bodies corporate of the Company. In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

ROUNDS OF AMOUNTS
The Company is a constituent of the index referred to in Australian Securities and Investments Commission class order 98/100 (as amended) pursuant to section 341(1) of the Corporations Act 2001. As a result, amounts in this Directors’ Report and accompanying financial statements have been rounded to the nearest million dollars except where otherwise indicated.
REMUNERATION REPORT

This Remuneration Report details ANZ’s remuneration policies pertaining to directors and executives, the link between remuneration outcomes and ANZ’s performance, and individual remuneration disclosures relating to remuneration and equity for ANZ’s directors and top executives (as required under AAS 1994 and the Corporations Act 2001). The remuneration policies and practices detailed in this report have evolved during the financial year as a result of market research and consultation with major shareholders and their advisors.

SECTION A. REMUNERATION TABLES

<table>
<thead>
<tr>
<th>TABLE 1: DIRECTOR REMUNERATION</th>
<th></th>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cash salary/hrs</td>
<td>Long service leave</td>
<td>Value of shares</td>
<td>Associated entity</td>
<td>Committee fee</td>
</tr>
<tr>
<td></td>
<td></td>
<td>accrued during</td>
<td>acquired in lieu</td>
<td>Board fees (cm)</td>
<td>(cash)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>the financial year</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| CB Goode (Appointed director July 1991; appointed Chairman August 1998) Non-Executive Independent Director 2005 | 79,415 | n/a | 420,585 | – | – | n/a | 500,000 | 11,723 | 263,284 | 11,297 | 99,586 | 755,007
| – | – | – | – | – | – | – | – | – | – | – | – | – |
| GJ Clark (Appointed February 2004) Non-Executive Independent Director 2005 | 130,000 | n/a | – | – | – | – | 25,460 | 155,440 | 11,723 | 50,189 | 126,533 | 138,306
| J McFarlane (appointed October 2000; retired April 2005) Independent Non Executive Director 2005 | 44,417 | n/a | – | – | – | – | 36,824 | 11,723 | 62,622 | 11,297 | 76,356 | 217,352
| JK Ellis (Appointed October 1995) Non-Executive Independent Director 2005 | 103,000 | n/a | 27,000 | – | – | – | 42,250 | 172,250 | 11,723 | 110,981 | 11,297 | 72,277 | 294,954
| MA Jackson (Appointed March 1994) Non-Executive Independent Director 2005 | 130,000 | n/a | 50,150 | 16,050 | – | – | 196,200 | 11,723 | 122,008 | 11,297 | 65,700 | 299,586
| DE Malik (appointed January 2000) Independent Non Executive Director 2005 | 130,000 | n/a | – | – | – | – | 31,027 | 161,027 | 11,723 | 66,781 | 11,297 | 72,743 | 237,531
| JP Morschel (Appointed October 2004) Independent Non Executive Director 2005 | 100,000 | n/a | 30,000 | – | – | – | 19,500 | 149,500 | 11,723 | 60,459 | 11,297 | 64,899 | 221,682
| TOTAL OF NON-EXECUTIVE DIRECTORS 2005 | 1,008,659 | n/a | 518,615 | 173,050 | 236,640 | 236,686 | 1,724,848 | 85,303 | 532,166 | 11,297 | 2,342,795 |
| J McFarlane (Appointed October 1997) Chief Executive Officer 2005 | 1,008,659 | 970,667 | 365,000 | 192,497 | 236,640 | 1,724,848 | 85,303 | 532,166 | 11,297 | 2,342,795 |
| – | – | – | – | – | – | – | – | – | – | – | – | – |
| SECTION B. POST EMPLOYMENT BENEFITS | | | | | |
| (i) Timing differences between the appointment of D McElyot and J Clark and the retirement of BW Scott and J. Dahlzen. | | | | | |
| (ii) Increase in Chairman’s fees of $71,000 in recognition of increased demands of the role, relative to peers, and to maintain equitable relativity with other NEDs. | | | | | |
| (iii) The full year effect of the addition of GJ Clark to the Board. | | | | | |

The Compensation & Human Resources Committee has responsibility for making recommendations to the Board for both director and executive remuneration and executive succession. On a number of occasions throughout the year, both the Compensation & Human Resources Committee and management received external advice on matters relating to remuneration. The following advisors were used: Hay Group, Blake Dawson Waldbon, Freehills, PricewaterhouseCoopers, Mercer Finance & Risk Consulting and Ernst & Young. Refer to page 9 of the Corporate Governance Report for more details about the Committee’s role, and arz.com.au about ANZ (listing at top of screen) > Corporate Governance > Board Related Charters for the charter which details the terms of reference under which the Committee operates.

COMMENTARY ON CHANGES BETWEEN 2004 AND 2005

Non-Executive Directors (NEDs)

Primary Total Remuneration has increased by $212,114. This increase is as a result of:

- Primary Total Remuneration has increased by $212,114. This increase is as a result of:
  - Timing differences between the appointment of D McElyot and J Clark and the retirement of BW Scott and J. Dahlzen.
  - Increase in Chairman’s fees of $71,000 in recognition of increased demands of the role, relative to peers, and to maintain equitable relativity with other NEDs.
  - The full year effect of the addition of GJ Clark to the Board.

The Post-Employment Retirement Benefit accrued during the year has increased by $212,114 from the previous period due to:

- i) $95,286 resulting from fee increases evolved during the financial year as a result of market research and consultation with major shareholders and their advisors.
- ii) $415,634 of this is due to amendments made during the year to the individual agreements with NEDs to make the formula for calculating the amount payable under them consistent for all NEDs. In some instances this has resulted in the amount accrued during the year being increased to take account of the impact of the change to the formula on previous years’ accrued benefits. In each case under the relevant agreement, the maximum amount that may be paid to a NED as a retirement benefit is subject to the limits in the Corporations Act.

Executive Director (Chief Executive Officer)

There was no change to J McFarlane’s fixed remuneration which remained at $3,000,000, including superannuation contributions. Short-term incentive target for 2005 was increased to $2,000,000 (100% of his fixed remuneration) in accordance with his contract extension announced on 26 October 2004. His actual payment was $2,100,000 (compared to $1,850,000 in 2004) reflecting his performance against agreed balanced scorecard objectives which include ANZ’s financial performance and its performance against specified measures for shareholders, customers, staff and the community.

1 Non-monetary benefits for all directors are nil.
2 Shares acquired through participation in Directors’ Share Plan (relates to CEO only in relation to cash incentive, as NEDs do not participate in Short-Term Incentive arrangements).
3 Value reflects the price at which the shares were purchased on market (amortisation not applicable).
4 Value is the price at which the shares were purchased on market (amortisation not applicable).
5 Amounts disclosed for remuneration of directors exclude insurance premiums paid by the consolidated entity in respect of directors’ and officers’ liability insurance contracts which cover current and former directors and officers, including executive officers and secretaries of the controlled entities. The total premium, which cannot be disclosed in accordance with the Corporations Act, has been charged to the entity.
6 The Post-Employment Retirement Benefit is subject to a cap of $200,000 for the period of service.
7 Fair value is the weighted average price of the Company’s shares traded on the ASX on the day the shares were granted.
8 The Post-Employment Retirement Benefit is subject to a cap of $200,000 for the period of service.
9 The Post-Employment Retirement Benefit is subject to a cap of $200,000 for the period of service.
10 Amortisation of options is not calculated in the Post-Employment Retirement Benefit calculated for the purposes of the Corporations Act and, therefore, is not disclosed in accordance with the Corporations Act.
11 The amount included in the Post-Employment Retirement Benefit is subject to a cap of $200,000 for the period of service.
12 Includes $300,000 add-back employer contribution, agreed as part of contract extension announced 26 October 2004 (refer to section 12).
TABLE 2: EXECUTIVE REMUNERATION

For the year ended 30 September 2005 details of the remuneration of the top seven executives (Specified Executives), other than the Chief Executive Officer, are set out below and include the five most highly remunerated executives in the Company and the Group (as required under the Corporations Act 2001) and the top executives in the Group by authority (as required by AASB1046):

<table>
<thead>
<tr>
<th>Specified Executives</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>E Funke Kupper</td>
<td>654,550</td>
<td>648,535</td>
</tr>
<tr>
<td>BC Hartzer</td>
<td>694,435</td>
<td>510,081</td>
</tr>
<tr>
<td>Dr RJ Edgar</td>
<td>648,556</td>
<td>468,556</td>
</tr>
<tr>
<td>PR Marriott</td>
<td>728,451</td>
<td>723,651</td>
</tr>
<tr>
<td>S Targett</td>
<td>748,700</td>
<td>700,000</td>
</tr>
<tr>
<td>GK Hodges</td>
<td>694,435</td>
<td>723,651</td>
</tr>
<tr>
<td>Chief Executive &amp; Director, ANZ National Bank Ltd New Zealand</td>
<td>838,110</td>
<td>672,792</td>
</tr>
</tbody>
</table>

COMMENTARY ON CHANGES BETWEEN 2004 AND 2005

Specified Executives
The differences in Total Remuneration between 2004 and 2005 for Specified Executives are as a result of the following:

i) Total Employment Costs (TEC) or fixed remuneration increases between 2004 and 2005 are in line with ANZ’s guiding principles (refer to sections C1 and C3), and to reflect role changes for BC Hartzer; increased responsibility for GK Hodges and market pressures.

ii) Increase in target short-term incentive (STI) amounts (for all Specified Executives except for Sir J Anderson), from 67% of TEC to 100% of TEC in order to meet competitive pressures.

iii) With the exception of Sir J Anderson, change in STI delivery to 100% cash in 2005 versus 75% cash and 25% deferred shares (amortised over 3 years for 2004).

iv) Sir J Anderson and S Targett commenced part way through 2004, being 1 December 2003 and 5 May 2004 respectively.

v) Two of S Targett’s deferred share grants fell into the 2005 financial year (refer to footnote 6).

vi) 2004 aggregate amounts relate to those Specified Executives reported in 2004.

1. Non monetary benefits provided to Specified Executives consist of salary packaged items such as car parking and mobility lease motor vehicles.

2. Total cash incentive relates to the full incentive amount for the financial year ended 30 September 2005. A portion of the STI was delivered as deferred shares in 2004.

3. For the year ended 30 September 2005, details of the remuneration of the top seven executives (Specified Executives), other than the Chief Executive Officer, are set out below and include the five most highly remunerated executives in the Company and the Group (as required under the Corporations Act 2001) and the top executives in the Group by authority (as required by AASB1046):

4. Accrual relates to Retirement Allowance. As a result of being employed with ANZ prior to November 1992, Dr RJ Edgar and GK Hodges are eligible to receive a Retirement Allowance on retirement.

5. The differences in Total Remuneration between 2004 and 2005 for Specified Executives are as a result of the following:

6. The changes in Total Remuneration between 2004 and 2005 are in line with ANZ’s guiding principles (refer to sections C1 and C3), and to reflect role changes for BC Hartzer; increased responsibility for GK Hodges and market pressures.

7. Increase in target short-term incentive (STI) amounts (for all Specified Executives except for Sir J Anderson), from 67% of TEC to 100% of TEC in order to meet competitive pressures.

8. The changes in Total Remuneration between 2004 and 2005 are in line with ANZ’s guiding principles (refer to sections C1 and C3), and to reflect role changes for BC Hartzer; increased responsibility for GK Hodges and market pressures.

9. Sir J Anderson was appointed 1 December 2003 (2 months after the start of the 2004 financial year) and S Targett was appointed 5 May 2004 (7 months after the start of the 2004 financial year).

10. Amortisation value of options as a percentage of grand total remuneration for the 2005 financial year was as follows: Sir J Anderson – 25% (15% in 2004); Dr RJ Edgar – 10% (21% in 2004); E Funke Kopper – 11% (10% in 2004); BC Hartzer – 11% (7% in 2004); GK Hodges – 16% (14% in 2004); PR Marriott – 12% (17% in 2004); S Targett – 11% (17% in 2004).
SECTION B. NON-EXECUTIVE DIRECTORS’ REMUNERATION

B1. NON-EXECUTIVE DIRECTORS’ REMUNERATION POLICY

Non-executive Directors’ (NEGD) fees are reviewed annually and are determined by the Board of Directors. These fees are paid to the NEGDs by the Companies Office, from external advisors and with reference to fees paid to other NEGDs of comparable companies. NEGD’s fees are within the maximum aggregate limit agreed to by shareholders at the Annual General Meeting held on 11 November 2004 ($2.5 million, excluding retirement allowances and superannuation), and are set at levels that fairly reflect the responsibilities of, and the time spent by, the NEGDs on Group matters. NEGDs receive a fee for being a director of the Board, and additional fees for either chaining or being a member of a committee. Work on special committees may attract additional fees of an amount considered appropriate in the circumstances. An additional fee is also paid if a NEGD serves as a director of ANZ National Bank Limited, ING Australia Ltd or Medibank Card Corporation. NEGDs do not receive any performance/incentive payments and are not eligible to participate in any of the Group’s incentive arrangements.

The Chairman fee was increased to $150,000 effective 1 November 2004 in recognition of the demands of the role, market practice and in order to maintain desired relative with other directors. No other adjustments were made to NEGD fees for the year ending 30 September 2005.

The fee structure is illustrated in Table 3 below.

### TABLE 3
<table>
<thead>
<tr>
<th>Role</th>
<th>2004 Fee</th>
<th>2005 Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman</td>
<td>$249,000</td>
<td>$500,000</td>
</tr>
<tr>
<td>Non-Executive Director</td>
<td>$130,000</td>
<td>$130,000</td>
</tr>
<tr>
<td>Committee Chair</td>
<td>$32,500</td>
<td>$32,500</td>
</tr>
<tr>
<td>Committee Member</td>
<td>$9,750</td>
<td>$9,750</td>
</tr>
</tbody>
</table>

1. Except Nomination & Corporate Governance Committee and Technology Committee, where the current Chair and Member fees are $31,200 and $6,500 respectively.

For details of remuneration paid to directors for the year ended 30 September 2005, refer to Table 1 in section A of this Remuneration Report.

### NED Shareholding Guidelines

NEGDs have agreed to continue to hold at least 25% of their base fee annually via the Director's Share Plan or other means, towards the purchase of ANZ Shares, to allow for annual adjustments in line with the statutory entitlements of long service leave and annual leave.

Consistent with Principle 9.3 of the Australian Stock Exchange (ASX) Corporate Governance & Shareholder Rights, which states that NEDs should not be provided with benefit other than statutory superannuation, the ANZ Directors’ Retirement Scheme was closed effective 30 September 2005.

Accrued entitlements were fixed at 30 September 2005 and will be carried forward to retirement, and collected by the NED when they retire. The entitlements may be carried forward as:

- **Cash Alternative:** A cash payment, being the entitlement accrued to 30 September 2005, plus escalation based on the 30 day bank bill rate since retirement date; and/or
- **Shares Alternative:** A number of ANZ Shares purchased on market on 27 October 2005 to the value of the accrued entitlement, plus escalation based on the 30 day bank bill rate for the period 1 October 2005 to 26 October 2005 (subject to Shareholder approval at the 2005 Annual General Meeting). Shares will then be held in ANZ Employee Share Trust for the benefit of the Director until retirement.

NEGDs have been asked to nominate the proportion of their accrued entitlement to be directed towards each alternative, subject to shareholder approval. Fees for NEDs will be increased by 27.5% effective 1 October 2005 to compensate for the removal of this contractual benefit. This amount was determined based on an independent actuarial valuation of the scheme by Mercer Financial Consulting Limited and from expert remuneration consultants PricewaterhouseCoopers. This increase is also in line with market for similar roles and levels. There is a strong emphasis on variable remuneration opportunities with total employee remuneration differentiated significantly on the basis of performance.

The executive remuneration program (which includes the remuneration of senior managers and the company secretaries) is designed to support the reward principles detailed in section C1, and to underpin the Company's growth strategy. This program aims to differentiate remuneration on the basis of achievement against group, business unit and individual performance targets which are aligned to sustained growth in shareholder value using a balanced scorecard approach.

The program comprises the following components:

- fixed remuneration component (TEC): salary, non-benefits, fees and superannuation contributions (Refer to C3);
- variable or “at risk” component (Refer to C4):
  - Short-Term Incentive (STI); and
  - Long-Term Incentive (LTI).

The relative weighting of fixed and variable components, for target performance, is set according to the size of the role and competitive market in which the role operates, with the proportion of remuneration at risk increasing for the most senior or complex roles, or for those roles where there is strong market pressure to provide greater levels of remuneration.

### C2. REMUNERATION STRUCTURE OVERVIEW

ANZ’s reward structures are designed to meet the needs of ANZ’s specialised business as well as the markets in which they operate. As a result, the mix of remuneration components can vary across the organisation although, where practicable, ANZ applies structures and options on a consistent basis for similar roles and levels. There is a strong emphasis on variable remuneration opportunities with total employee remuneration differentiated significantly on the basis of performance.

<table>
<thead>
<tr>
<th>Component</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>TEC</td>
<td>Total Employee Compensation</td>
</tr>
<tr>
<td>STI</td>
<td>Short-Term Incentive</td>
</tr>
<tr>
<td>LTI</td>
<td>Long-Term Incentive</td>
</tr>
</tbody>
</table>

Fixed remuneration is set around the median of the market. STI and LTI payments for on target performance are also set at market median, however the plan design allows for the opportunity to earn up to 250% of target remuneration. For underperformance, in this way the remuneration structure is heavily weighted towards “reward for performance”.

### C3. FIXED REMUNERATION

For most executives, fixed remuneration consists of what is referred to as Total Employment Cost (TEC). TEC comprises salary, cash salary, a superannuation contribution, and the remainder as nominated benefits. The types of benefits that can be packaged by executives includes paid car, life insurance, and contributions towards the Employee Share Save Scheme (see note 50 of the 2005 Financial Report for details of the Employee Share Save Scheme).

To ensure fixed remuneration remains competitive, the TEC component of executive remuneration is reviewed annually based on individual performance and market data. ANZ operates with a midpoint targeted to the market median being paid in the finance industry in the relevant global markets in which ANZ operates, and a range around this midpoint. International remuneration levels are considered in assessing market competitiveness where an executive’s primary place of residence is outside of Australia or New Zealand, in which case the local market is considered.
C4. VARIOUS REMUNERATION

Variable remuneration forms a significant part of executives’ potential remuneration, providing an at-risk component that is designed to drive performance in both the short-term (annually) and the medium and long-term (over 3 years or more).

The opportunities available to executives under ANZ’s variable reward programs are calibrated to reflect the potential impact on the business, to manage internal relativities, and to ensure competitiveness in the relevant market as they operate.

Most executives participate in the short-term incentive (STI) plan detailed in section C4.1 and the long-term incentive (LTI) plan detailed in section C4.2, subject to individual performance thresholds. In some instances, customised STI plans will exist for executives to ensure closer alignment of their rewards with business objectives and market practice. For example, staff in ANZ’s Institutional Division participate in a customised incentive plan more closely aligned with that market. No executive, however, may participate in more than one STI plan.

Equity allocated under ANZ incentive schemes remain at risk until fully vested (in the case of Deferred Shares), or exercisable (in the case of options or Performance Rights). As such, it is a condition of grant that no shares are entered into that specifically protect the unvested value of shares, options and Performance Rights allocated. Doing so would constitute a breach of the grant conditions and would result in the forfeiture of the relevant shares or options.

C4.1 Short-Term Incentives

ANZ’s STI approach supports our strategic objectives by providing rewards that are significantly differentiated on the basis of achievement against performance targets. Most executives participate in the plan explained below. All STI plans are reviewed and approved by the Compensation & Human Resources Committee.

Determination of Award Levels

The size of the overall pool available each year is determined based on ANZ Group performance against a balanced scorecard of financial and qualitative measures. This pool is then distributed amongst divisions and then individuals based on relative performance.

Each executive has a target STI which is determined according to seniority and market relativities. The size of the actual STI payment made at the end of each financial year to an individual may be at, above or below the target and this will be determined according to ANZ Group, Division and Individual Performance. Performance objectives are set at the start of each financial year according to a balanced scorecard of measures at the Group, Division and Individual level. These measures are aligned with the achievement of ANZ’s business plan, and are the most appropriate indicators of performance. Division and Individual objectives are a subset of the Group objectives, which ensures there is alignment of objectives through the executive population.

Performance objectives under ANZ’s balanced scorecard include a number of qualitative and quantitative measures which include, but are not limited to:

- Financial Measures including: Economic Value Added (EVA®); Revenue and Net Profit After Tax
- Customer Measures including: Customer Satisfaction and Market Share
- Employee Engagement, Risk Management and Compliance Measures
- Environment, Health & Safety and Community Measures.

The STI is payable 100% in cash (except where specific business plans require otherwise). Executives are able to elect to sacrifice part or all of their incentive towards the purchase of ANZ shares or options under ANZ’s share purchase plan (SPP) which allow for 12 months, or towards additional superannuation contributions.

The target STI award level for Specified Executives is 100% of TEC in 2005 (increasing from 67% of TEC, with a maximum STI award of 150% of TEC). For larger senior executive roles in the general ANZ STI plan, the target STI is 67% of TEC, with a maximum of 100% of TEC, and for smaller senior executive roles the target is 43% of TEC and the maximum 65% of TEC. Note, the target and maximum STI amounts for larger and smaller senior executive roles may vary for customised incentive schemes.

C4.2 Long-Term Incentives

Long-term incentives (LTI) are used as a mechanism to link a significant portion of executives’ remuneration to the attainment of sustainable growth in shareholder value. A comprehensive review of ANZ’s Long-Term Incentive Program was conducted in 2005 which resulted in a number of changes. The annual LTI allocation to be made in November 2005 will now be delivered as 100% Performance Rights. The performance hurdle was delivered as Hurdled Options (50% of grant LTI and Deferred Shares (10% of grant LTI value). It was decided that the entire LTI allocation should be linked to a single long-term performance measure.

The size of individual LTI grants is determined by an individual’s level of responsibility, performance and the assessed potential of the executive. Typically at the most senior levels the Target LTI value will range from around 10% to 24% of the individual’s target reward mix, as shown in Figure 1 in Section C2.

Executives are advised of their LTI dollar value, which is then converted into a number of Performance Rights based on an audited valuation. ANZ engages external experts (PricewaterhouseCoopers and in Finance & Risk Management) to independently value the Performance Right, taking into account factors including the performance conditions, life of instrument, share price at grant date etc. These valuations are then audited by KPMG. The Board then approves use of the highest value. The LTI dollar value is then divided by the approved value of the Performance Right to determine the number of rights to be allocated.

EXAMPLE

- Executive granted LTI value of $60,000
- Approved Performance Right Valuation is $10.85 per Performance Right
- $60,000 / $10.85 = 5,530 Performance Rights allocated to executive

LTI allocations are made annually in or around November.

Performance Rights (C4.2.1 Long-Term Incentive from October 2005)

A Performance Right is a right to acquire a share at nil cost, subject to satisfactorily meeting time and performance hurdles. Upon exercise, each Performance Right entitles the holder to one ordinary share. Performance Rights are ANZ’s preferred LTI delivery vehicle as they provide a clearer, more tangible value to the executive, subject to satisfactorily performing relative to the performance hurdle for vesting.

Performance Rights are designed to reward executives for share price growth dependent upon the Company’s Total Shareholder Return (TSR) outperforming peers. TSR represents the change in the value of a share plus the value of reinvested dividends paid. TSR was chosen as the most appropriate comparative measure as it focuses on the delivery of shareholder value and is a well understood and tested mechanism to measure performance.

The TSR vesting scale is designed to ensure that executive rewards are directly linked to the Company’s TSR and are therefore aligned to the outcomes experienced by other shareholders. The proportion of Performance Rights that become exercisable will depend upon the TSR achieved by ANZ relative to the companies in the comparator group (shown below) over a three-year period. There will not be any retesting feature.

Performance based at the 50th percentile of the comparator group will result in half of the Performance Rights becoming exercisable. Performance above the 50th percentile will result in further Performance Rights becoming exercisable, increasing on a straight-line basis until all of the Performance Rights become exercisable when ANZ’s TSR is at or above the 75th percentile when compared with the comparator group. TSR is measured on an annual basis; where ANZ’s performance falls between two of the comparators, the actual relative level of TSR, rather than simple ranking, will determine the level of vesting.

An averaging calculation will be used for TSR over a 90 day period for start and end values in order to reduce share price volatility.

It should also be noted that where median performance is achieved, executives’ total remuneration will typically be below market median for the financial services industry. 75% percentile performance will be required for full vesting which enables executives to receive the full value of their LTI. To ensure an independent TSR measurement, ANZ engages the services of the external organisation (Morgan Stanley) to calculate ANZ’s performance against the TSR hurdle.

The conditions under which Performance Rights are granted are approved by the Board in accordance with the rules of the ANZ Share Option Plan. Performance conditions are explained in more detail below.

Each Performance Right has the following features:

- The performance hurdle is tested at the end of three years; 
- No dividends will be payable on the Performance Rights until they vest;
- A two-year exercise period that commences three years after the grant date subject to the performance hurdle being cleared; 
- Upon exercise, each Performance Right entitles the holder to one ordinary share; 
- In case of dismissal for misconduct, Performance Rights are forfeited;
- In case of resignation or termination on notice, only Performance Rights that become exercisable by the end of the notice period may be exercised; 
- In case of redemption or retirement, Performance Rights will be performance tested at the date of termination, and where performance hurdles have been met, Performance Rights will be pro-rated and a grace period provided in which to exercise; 
- In case of death or total and permanent disability, a grace period is provided in which to exercise all Performance Rights. The hurdles would be waived; and
- Performance hurdle, which is explained above.

Comparator Group

The peer group of companies against which ANZ’s TSR performance is measured, comprises the following companies:

- AMP Limited
- AXA Asia Pacific Holdings Limited
- Commonwealth Bank of Australia
- Insurance Australia Group Limited
- Macquarie Bank Limited
- National Australia Bank Limited
- Suncorp-Metway Limited
- Westpac Banking Corporation

This comparator group was chosen because it represents ANZ’s key competitors in the financial services industry, are an appropriate reference group for investors and are of sufficient size by market capitalisation and weight in ASX Top 50. Refer to section F11 for details pertaining to legacy LTI equity vehicles (which are yet to vest).
C5. PERFORMANCE OF ANZ
Table 4 shows ANZ’s annual performance over the five-year period spanning 1 October 2000 to 30 September 2005. The table illustrates the impact of ANZ’s performance on shareholder wealth, taking into account dividend payments, share price changes and returns on capital during the financial year.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Earnings Per Share (EPS)</td>
<td>112.7</td>
<td>141.4</td>
<td>142.4</td>
<td>153.1</td>
<td>160.9</td>
</tr>
<tr>
<td>(AUD$)</td>
<td>2.232</td>
<td>2.704</td>
<td>2.448</td>
<td>2.815</td>
<td>3.018</td>
</tr>
<tr>
<td>Total Dividend (per share)</td>
<td>73</td>
<td>85</td>
<td>95</td>
<td>101</td>
<td>110</td>
</tr>
<tr>
<td>Share price at 30 September ($)</td>
<td>15.28</td>
<td>16.88</td>
<td>17.17</td>
<td>19.02</td>
<td>24.00</td>
</tr>
<tr>
<td>Total Shareholder Return (%)</td>
<td>26.2</td>
<td>15.3</td>
<td>6.7</td>
<td>17.0</td>
<td>32.6</td>
</tr>
</tbody>
</table>

FIGURE 2
ANZ 5-Year Cumulative Total Shareholder Return Performance Comparison

Section D. Chief Executive Officer’s Remuneration

D1. CEO Remuneration Overview
The structure of J McFarlane’s remuneration, which is in accordance with his employment agreement, is as follows:

- **Fixed Remuneration**: Consists of salary, benefits and superannuation contributions. Since October 2003, J McFarlane has elected to receive almost all of his Fixed Remuneration in the form of shares purchased under the Directors’ Share Plan. These shares are not subject to a performance condition as they are provided in place of cash remuneration at the CEO’s choice. However, they are subject to forfeiture in case of termination for serious misconduct.

- **Short-Term Incentive**: The Board sets J McFarlane’s balanced scorecard at the beginning of the financial year. The Board then assesses performance against these objectives at the end of the year. These objectives are aligned with the achievement of ANZ’s business plan, and are the most appropriate indicators of performance. These objectives include:
  - A 20% five-year cumulative total shareholder return (TSR) for ANZ.
  - $2,000,000 per annum; Target variable Short-Term Incentive of $2,000,000 per annum; Fixed Remuneration of $2,000,000 per annum; Shareholding Guideline
- **Long-Term Incentive**: McFarlane’s Long-term incentive is made up of Hurdled Options and Performance Shares as approved by shareholders at the 2001 and 2002 Annual General Meetings respectively.

The remuneration of J McFarlane for the year ended 30 September 2005 is set out in Table 4 in section A of this Remuneration Report. The mix of remuneration for J McFarlane under his current contract is made up as follows:

- **Fixed Remuneration**: $2,000,000 per annum;
- **Target variable Short-Term Incentive**: $2,000,000 per annum;
- **Long-Term Incentive**: $2,000,000 – one allocation only (based on valuation of 1,750,000 performance shares at issue).

Shareholding Guideline
The Chief Executive Officer of ANZ is expected to accumulate ANZ shares, over a five-year period, to the value of 200% of his Fixed Remuneration and to maintain this shareholding while CEO of ANZ. This shareholding guideline was introduced in September 2005 and adherence to this guideline will be regularly monitored.

D2. CEO’s Contract Terms
On 26 October 2004, the Company announced an extension to J McFarlane’s contract:

- The term of the contract was extended by one year to 30 September 2007;
- In addition to mandatory superannuation contributions, the Company makes additional employer contributions of $300,000 per annum (effective from 1 October 2003), paid quarterly to J McFarlane’s chosen superannuation fund; and
- J McFarlane was granted 175,000 Performance Shares on 31 December 2004.

A separate agreement, made on 23 October 2001, provides for reimbursements to J McFarlane for any additional tax liabilities that may arise on his UK Pension Plan holdings as a result of his continuing Australian residency. Under this agreement, ANZ reimburses J McFarlane for any additional tax liability incurred on his UK Pension Plan during his employment with ANZ, arising as a consequence of Australian Foreign Investment Fund rules. In the event of decreased Australian tax liabilities due to a decreased value in J McFarlane’s UK Pension Plan, the reduced liability will be used to offset potential subsequent reimbursements.

D3. CEO’s Retirement and Termination Benefits
In accordance with J McFarlane’s contract, ANZ reimburses J McFarlane for any additional tax liabilities that may arise on his UK Pension Plan holdings as a result of his continuing Australian residency. Under this agreement, ANZ reimburses J McFarlane for any additional tax liability incurred on his UK Pension Plan during his employment with ANZ, arising as a consequence of Australian Foreign Investment Fund rules. In the event of decreased Australian tax liabilities due to a decreased value in J McFarlane’s UK Pension Plan, the reduced liability will be used to offset potential subsequent reimbursements.

J McFarlane can terminate his employment agreement by providing notice of 12 months’ notice. ANZ may terminate the employment agreement without notice and thus breaches its obligation to provide the required notice, ANZ has agreed with J McFarlane to the damages payable by ANZ for breach of contract would be equal to the Total Employment Cost (TEC) that would otherwise be received over the remainder of the contract (TEC comprises salary or fees, non-monetary benefits and mandatory superannuation contributions). In circumstances of serious misconduct, J McFarlane is only entitled to payment of TEC up to the date of termination.

Payment of accumulated superannuation benefits plus statutory entitlements of long service leave and annual leave (calculated on the basis of salary or fees) applies in all events of separation.

In the event of resignation not approved by the Board or dismissal for serious misconduct, all unreceived and unexercised Performance Shares will be forfeited. In the event of termination on notice or agreed separation, all vested options and Performance Shares must be exercised within 6 months of the termination or agreed separation date, subject to meeting the relevant performance hurdles.

In the event of serious misconduct, shares held in the Directors’ Share Plan will be forfeited. On resignation or termination of notice, shares held under the Directors’ Share Plan will be released.

D4. CEO’s Participation in Equity Programs
Hurdled Options
At the 2003 Annual General Meeting, four tranches of options were approved for granting by the Board: 500,000 in 2001; 1,000,000 in 2002; 1,000,000 in 2003 and 500,000 in 2004. For options granted to the CEO, the exercise price is equal to the weighted average share price on the ASX during the 5 trading days immediately before or after the Company’s Annual General Meeting that immediately precedes the allocation. The exercise of these options is subject to performance hurdles being satisfied. J McFarlane’s specific performance hurdles, for options granted during the year, are indicated in section F1.1.1 (Hurdled A), and for Performance Shares in section F1.1.3. For options granted to the CEO, the life and exercise period may differ, as disclosed in F3.

Performance Shares
175,000 Performance Shares were issued to J McFarlane on 31 December 2004 as part of his contract extension, as approved by shareholders at the 2004 Annual General Meeting. No dividends will be payable on the shares until they vest. Vesting will be subject to time and performance hurdles being satisfied as detailed in section F1.1.3. These Performance Shares were granted as part of J McFarlane’s contract extension, as opposed to a new contract, the conditions of grant were aligned with those of the original contract apart from the application of a TSR performance hurdle.

Directors’ Share Plan
J McFarlane participates in the Directors’ Share Plan, which is explained in section B3. Please refer to section F for details of grants and holdings.

70 REMUNERATION REPORT 71
**SECTION E. SPECIFIED EXECUTIVES’ CONTRACT TERMS**

Contractual terms for most executives are similar, but do, on occasion, vary to suit different needs. Section E1 details the contractual terms for those Specified Executives who are on open-ended contracts. Section E2 details the contractual terms for Sir J Anderson, who is on a fixed term contract.

**E1. OPEN-ENDED CONTRACTS (Dr RJ EDGAR, E FUNKE KUPPER, BC HARTZER, GK HODGES, PR MARRIOTT, S TARGETT)**

- **Length of Contract:** Open-ended.
- **Fixed Remuneration:** Remuneration consists of salary, mandatory employer superannuation contributions and benefits.
- **Short-Term Incentive:** Eligible to participate. Target opportunity of 100% of Total Employment Cost (TEC).
- **Long-Term Incentive:** Eligible to participate at the Board’s discretion – refer to section C4.2 for long-term incentive arrangements.
- **Resignation:** Employment may be terminated by giving 6 months’ written notice.
- **Termination on Notice by ANZ:** ANZ may terminate the executive’s employment by providing 12 months’ written notice or payment in lieu of the notice period based on Total Employment Cost (TEC).
  - On termination on notice by ANZ any options or LTI deferred shares that have vested, or will vest during the notice period will be released, in accordance with the ANZ Share Option Plan Rules. LTI shares that have not yet vested will generally be forfeited, although for some executives (E. Funke Kupper, BC Hartzer and PR Marriott) these shares will be released in full. Deferred shares granted under STI arrangements will vest in full for all executives. There is discretion to pay incentives on a pro-rata basis (depending on termination date and subject to business performance).
- **Redundancy:** If ANZ terminates employment for reasons of bona fide redundancy, a severance payment will be made that is equal to 12 months TEC. All STI deferred shares are released. All options granted since 24 April 2002 are released on a pro-rata basis – all prior grants may be exercised. All LTI deferred shares granted since 23 October 2002 are released on a pro-rata basis – all prior grants will vest. There is discretion to pay incentives on a pro-rata basis (depending on termination date and subject to business performance).
- **Death or Total and Permanent Disablement:** All options and shares released; pro-rata incentive.
- **Termination for serious misconduct:** ANZ may immediately terminate the executive’s employment at any time without notice in the case of serious misconduct, and the employee will only be entitled to payment of TEC up to the date of termination.
  - On termination for serious misconduct any options and any deferred shares still held in trust will be forfeited.
- **Other Aspects:** S Targett: Subject to continued employment and the approval of the Board, four tranches to the value of $700,000 each of deferred shares to be granted at six month intervals in May and November in 2004 and 2005, and Hurdled Options with a value of $750,000 granted within 3 months of commencement of employment, to compensate for the loss of equity from S Targett’s previous employer. On Termination on Notice, sign-on options can be exercised as a pro-rata proportion to the period of employment. Sign-on deferred shares will vest in full, including any scheduled to be granted during the notice period.

**E2. FIXED TERM CONTRACT (SIR J ANDERSON)**

- **Length of Contract:** Contract was effective from 1 December 2003 to 30 September 2005, and extended to 15 April 2006.
- **Fixed Remuneration:** The Total Employment Cost (TEC) package is NZD1,000,000 per annum and is inclusive of employer contributions to the superannuation fund.
- **Short-Term Incentive:** STI payments are subject to both business and individual performance. The target payment is 50% of TEC.
- **Equity Participation:** A Zero priced option (ZPO) is a right to acquire a share at nil cost. ZPOs are granted as part of Sir J Anderson’s contract under the ANZ Share Option Plan. They were designed to deliver equity to the CEO of The National Bank of New Zealand (NBNZ) and to meet the particular needs and circumstances at the time of the acquisition of NBNZ. Grants are fixed at NZD500,000 worth of ZPOs annually, granted in two tranches per annum and with a nil exercise price. The ZPOs have no time based vesting criteria, and so can be exercised at any time during employment and within 6 months of the termination of employment.
- **Resignation:** Sir J Anderson may terminate his employment by giving 12 months’ written notice. On resignation any ZPOs which have not been exercised as at the termination date will lapse.
- **Retirement:** A policy for payment of retirement gratuities was in place with NBNZ employees prior to the acquisition by the Company of NBNZ. This policy has been continued for eligible staff who were ANZ National Bank Limited employees as at 1 December 2003, including Sir J Anderson. Under this policy, a payment will be made to Sir J Anderson on his retirement that is equal to the number of full years’ service divided by 35 and multiplied by 85% of finishing salary (where finishing salary is fixed remuneration less any superannuation contribution). This value is then grossed up for tax (i.e. divided by 0.61) and from this value the total accrual value of long service leave taken is deducted.
- **Termination on Notice by ANZ:** ANZ National Bank Limited may terminate Sir J Anderson’s employment by providing notice or payment in lieu of notice equal to the unexpired term of the employment agreement (which ends on 15 April 2006). On termination on notice, any options may be exercised in accordance with the ANZ Share Option Plan Rules.
- **Death or Total and Permanent Disablement:** Exercise any ZPOs; pro-rata incentive.
- **Termination for serious misconduct:** ANZ National Bank Limited may terminate Sir J Anderson’s employment at any time without notice for serious misconduct, and Sir J Anderson will only be entitled to payment up to the date of termination.
  - On termination for serious misconduct any ZPOs which have not been exercised as at the termination date will lapse.

**E3. PARTICIPATION IN EQUITY PROGRAMS**

A number of shares and options are granted to executives under the remuneration programs detailed in Section C. For Specified Executives, details of all grants made during the year and legacy LTI programs are listed in Section F. Aggregate holdings of shares and options are also shown. The deferred shares component of the LTI is administered under the ANZ Employee Share Acquisition Plan. For executives, the shares are deferred for three years.
## F. SHAREHOLDINGS OF CEO (INCLUDING MOVEMENTS DURING THE YEAR)

### F2. SHAREHOLDINGS OF CEO (INCLUDING MOVEMENTS DURING THE YEAR)

<table>
<thead>
<tr>
<th>Name</th>
<th>Shares held at 01 Oct 2005</th>
<th>Shares acquired during the year</th>
<th>Performance shares granted during the year</th>
<th>Value of performance shares granted during the year</th>
<th>Shares held at 30 Sep 2005</th>
<th>Balance of shares held at 30 Sep 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>CB Goode</td>
<td>502,464</td>
<td>20,781</td>
<td>12,392</td>
<td>535,637</td>
<td>559,451</td>
<td></td>
</tr>
<tr>
<td>DF Goldstream</td>
<td>2,000</td>
<td></td>
<td></td>
<td>5,766</td>
<td></td>
<td></td>
</tr>
<tr>
<td>JP Dahlsen (retired 3 February 2005)</td>
<td>121,915</td>
<td></td>
<td></td>
<td>113,474</td>
<td>113,474</td>
<td></td>
</tr>
<tr>
<td>RS Deane</td>
<td>75,364</td>
<td></td>
<td></td>
<td>75,364</td>
<td></td>
<td></td>
</tr>
<tr>
<td>JK Ellis</td>
<td>88,476</td>
<td>1,703</td>
<td>5,017</td>
<td>91,196</td>
<td>92,658</td>
<td></td>
</tr>
<tr>
<td>DM Gonski</td>
<td>52,612</td>
<td>2,055</td>
<td>237</td>
<td>54,966</td>
<td>57,217</td>
<td></td>
</tr>
<tr>
<td>MA Jackson</td>
<td>93,207</td>
<td></td>
<td></td>
<td>93,207</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DE Melkshimo</td>
<td>4,185</td>
<td></td>
<td>6,236</td>
<td>6,236</td>
<td></td>
<td></td>
</tr>
<tr>
<td>JP Morschel</td>
<td>4,000</td>
<td>1,502</td>
<td></td>
<td>5,502</td>
<td>7,268</td>
<td></td>
</tr>
<tr>
<td>BM Scott (retired 3 April 2005)</td>
<td>72,475</td>
<td></td>
<td></td>
<td>64,949</td>
<td>65,981</td>
<td>65,981</td>
</tr>
</tbody>
</table>

### F3. OPTIONS GRANTED TO CEO

<table>
<thead>
<tr>
<th>Name</th>
<th>Grant date</th>
<th>Vesting date</th>
<th>Number granted</th>
<th>Value of deferred shares granted during the year</th>
<th>Percentage that vested during the year %</th>
</tr>
</thead>
<tbody>
<tr>
<td>BC Hartzer</td>
<td>24-Oct-04</td>
<td>24-Oct-04</td>
<td>2,800</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>CB Goode</td>
<td>24-Apr-02</td>
<td>24-Apr-05</td>
<td>4,500</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>Hurdledd</td>
<td>30-Dec-01</td>
<td>31-Dec-04</td>
<td>16.60</td>
<td>500,000</td>
<td>0%</td>
</tr>
<tr>
<td>Hurdled A</td>
<td>30-Dec-01</td>
<td>31-Dec-03</td>
<td>16.80</td>
<td>1,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>Hurdled C</td>
<td>30-Dec-01</td>
<td>31-Dec-05</td>
<td>16.69</td>
<td>1,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>Hurdled d</td>
<td>30-Dec-01</td>
<td>31-Dec-06</td>
<td>17.48</td>
<td>1,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>3,500,000</td>
<td>1,500,000</td>
<td>1,000,000</td>
<td>500,000</td>
<td></td>
</tr>
</tbody>
</table>

### F4. OPTIONS HELD BY CEO (INCLUDING MOVEMENTS DURING THE YEAR)

<table>
<thead>
<tr>
<th>Name</th>
<th>Share price on date of exercise</th>
<th>No. of shares held</th>
<th>Balance at 01 Oct 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>BC Goode</td>
<td>5,766</td>
<td>990,000</td>
<td>500,000</td>
</tr>
<tr>
<td>CB Goode</td>
<td>5,766</td>
<td>500,000</td>
<td>990,000</td>
</tr>
</tbody>
</table>

## F5. DEFERRED SHARES GRANTED TO SPECIFIED EXECUTIVES

### LTI Deferred Shares

<table>
<thead>
<tr>
<th>Name</th>
<th>Grant date</th>
<th>Vesting date</th>
<th>Number granted</th>
<th>Value of deferred shares granted during the year</th>
<th>Percentage that vested during the year %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr RJ Edgar</td>
<td>24-Oct-01</td>
<td>24-Oct-04</td>
<td>2,700</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>E Funke Kapper</td>
<td>24-Apr-02</td>
<td>24-Apr-05</td>
<td>5,500</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>HK Husted</td>
<td>23-Oct-02</td>
<td>23-Oct-05</td>
<td>8,000</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>PM Meiklejohn</td>
<td>20-May-03</td>
<td>20-May-06</td>
<td>6,800</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>DR Neilson</td>
<td>05-Nov-03</td>
<td>05-Nov-06</td>
<td>6,838</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>MA Jackson</td>
<td>11-May-04</td>
<td>11-May-07</td>
<td>6,256</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>JP Morschel</td>
<td>05-Nov-05</td>
<td>05-Nov-07</td>
<td>6,018</td>
<td>124,570</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>96,860</td>
<td>673,130</td>
<td>5,900</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>DC Hartzer</td>
<td>24-Oct-04</td>
<td>24-Oct-04</td>
<td>6,000</td>
<td>6,000</td>
<td>100%</td>
</tr>
<tr>
<td>DR Neilson</td>
<td>24-Oct-04</td>
<td>24-Oct-05</td>
<td>4,600</td>
<td>4,600</td>
<td>100%</td>
</tr>
<tr>
<td>PM Meiklejohn</td>
<td>20-May-05</td>
<td>20-May-06</td>
<td>6,800</td>
<td>6,800</td>
<td></td>
</tr>
<tr>
<td>KA Nester</td>
<td>05-Nov-05</td>
<td>05-Nov-06</td>
<td>6,838</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>MA Jackson</td>
<td>11-May-05</td>
<td>11-May-07</td>
<td>6,256</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>44,412</td>
<td>124,570</td>
<td>10,500</td>
<td>24</td>
<td></td>
</tr>
<tr>
<td>HK Husted</td>
<td>24-Oct-04</td>
<td>24-Oct-04</td>
<td>1,000</td>
<td>1,000</td>
<td>100%</td>
</tr>
<tr>
<td>PR Marriott</td>
<td>24-Oct-04</td>
<td>24-Oct-04</td>
<td>1,000</td>
<td>1,000</td>
<td>100%</td>
</tr>
<tr>
<td>JK Targett</td>
<td>05-Nov-05</td>
<td>05-Nov-07</td>
<td>6,519</td>
<td>134,941</td>
<td></td>
</tr>
</tbody>
</table>

1. Deferred shares issued as LT shares were granted under the ANZ Long-Term Incentive Program and relate to those deferred shares granted or vested during the year, and those yet to vest. The shares are restricted for 3 years and may be held in trust for up to ten years. Refer to section F11.2 of the Remuneration Report for more details.

2. All shares acquired in lieu of salary were done so under the Directors’ Share Plan (refer to section B3 of this Remuneration Report for an overview of the Directors’ Share Plan).

3. The grant of performance shares on 31 December 2004 was approved by Resolution 5 of 2004, with the earliest vesting date being 31 December 2006. Refer to section F11.3 for further information.

4. The fair value of performance shares granted during the year is based on the fair value of the shares as at 31 December 2004 ($15.02) multiplied by the number granted.

5. The exercise period equals or exceeds the “ASX 100 Accumulation Index” calculated over the same period. Refer to section F11.1 for Hurdled A details.

6. Total value of deferred shares granted during the year is based on the volume-weighted average price of the Company’s shares traded on the ASX on the day the shares were granted, multiplied by the number granted.
F5. DEFERRED SHARES GRANTED TO SPECIFIED EXECUTIVES (continued)

STI Deferred Shares

<table>
<thead>
<tr>
<th>Name</th>
<th>Grant date</th>
<th>Vesting date</th>
<th>Number granted</th>
<th>Number that vested during the year</th>
<th>Percentage that vested during the year</th>
<th>Value of deferred shares granted during the year $</th>
<th>Number that vested during the year</th>
<th>Percentage that vested during the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr RJ Edgar</td>
<td>24-Oct-01</td>
<td>24-Oct-04</td>
<td>3,891</td>
<td>3,891</td>
<td>100</td>
<td>38,419</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E Funke Kupper</td>
<td>24-Oct-01</td>
<td>24-Oct-04</td>
<td>6,510</td>
<td>6,510</td>
<td>100</td>
<td>52,194</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BC Hartzer</td>
<td>24-Oct-01</td>
<td>24-Oct-04</td>
<td>6,364</td>
<td>6,364</td>
<td>100</td>
<td>44,364</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GK Hodges</td>
<td>24-Oct-01</td>
<td>24-Oct-04</td>
<td>3,128</td>
<td>3,128</td>
<td>100</td>
<td>27,001</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PR Marriott</td>
<td>24-Oct-01</td>
<td>24-Oct-04</td>
<td>5,963</td>
<td>5,963</td>
<td>100</td>
<td>47,196</td>
<td></td>
<td></td>
</tr>
<tr>
<td>S Targett</td>
<td>11-May-04</td>
<td>11-May-07</td>
<td>56,000</td>
<td>56,000</td>
<td>100</td>
<td>388,207</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>139,624</td>
<td>139,624</td>
<td>100</td>
<td>960,708</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Deferred shares issued as STI shares were granted under a historical ANZ Short-Term Incentive Program and relate to those deferred shares vested during the year and those yet to vest.
2. STI is now delivered generally as 100% cash, therefore no STI deferred shares were granted to the Specified Executives during the year. Refer to section C4.1.
3. The maximum amortisation balance (ie 1 October 2005 to vesting date) for each Specified Executive for subsequent financial years is as follows: Dr RJ Edgar $141,285; E Funke Kupper $135,693; BC Hartzer $125,786; GK Hodges $106,248; PR Marriott $167,451.
4. No shares forfeited during the year.

F6. SHAREHOLDINGS OF SPECIFIED EXECUTIVES (INCLUDING MOVEMENTS DURING THE YEAR)

<table>
<thead>
<tr>
<th>Name</th>
<th>Shares Balance as at 1 Oct 2004</th>
<th>Shares acquired during the year</th>
<th>Shares resulting from any other change during the year</th>
<th>Shares Balance as at 30 Sep 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sir J Anderson</td>
<td>12,022</td>
<td>–</td>
<td>22,370</td>
<td>34,392</td>
</tr>
<tr>
<td>Dr RJ Edgar</td>
<td>384,214</td>
<td>32,519</td>
<td>75,000</td>
<td>421,733</td>
</tr>
<tr>
<td>E Funke Kupper</td>
<td>185,008</td>
<td>6,018</td>
<td>134,000</td>
<td>169,992</td>
</tr>
<tr>
<td>BC Hartzer</td>
<td>79,046</td>
<td>9,127</td>
<td>465</td>
<td>88,638</td>
</tr>
<tr>
<td>GK Hodges</td>
<td>139,397</td>
<td>7,522</td>
<td>55,000</td>
<td>146,919</td>
</tr>
<tr>
<td>PR Marriott</td>
<td>677,867</td>
<td>8,475</td>
<td>80,000</td>
<td>641,633</td>
</tr>
<tr>
<td>S Targett</td>
<td>38,419</td>
<td>73,704</td>
<td>1,000</td>
<td>113,123</td>
</tr>
<tr>
<td>Sir J Anderson</td>
<td>12,022</td>
<td>–</td>
<td>22,370</td>
<td>34,392</td>
</tr>
<tr>
<td>Dr RJ Edgar</td>
<td>384,214</td>
<td>32,519</td>
<td>75,000</td>
<td>421,733</td>
</tr>
<tr>
<td>E Funke Kupper</td>
<td>185,008</td>
<td>6,018</td>
<td>134,000</td>
<td>169,992</td>
</tr>
<tr>
<td>BC Hartzer</td>
<td>79,046</td>
<td>9,127</td>
<td>465</td>
<td>88,638</td>
</tr>
<tr>
<td>GK Hodges</td>
<td>139,397</td>
<td>7,522</td>
<td>55,000</td>
<td>146,919</td>
</tr>
<tr>
<td>PR Marriott</td>
<td>677,867</td>
<td>8,475</td>
<td>80,000</td>
<td>641,633</td>
</tr>
<tr>
<td>S Targett</td>
<td>38,419</td>
<td>73,704</td>
<td>1,000</td>
<td>113,123</td>
</tr>
</tbody>
</table>

1. Balance of shares held at 1 October 2004 and 30 September 2005, include directly held shares, nominally held shares and shares held by personally related entities.
2. Other shares resulting from any other changes during the year include the net result of any shares purchased, sold or acquired under the Dividend Reinvestment Plan.
3. The following shares were held nominally as at 30 September 2005: Sir J Anderson – 55; Dr RJ Edgar – 213,510; E Funke Kupper – 189,242; BC Hartzer – 78,607; GK Hodges – 104,012; PR Marriott – 177,930; S Targett – 112,123.
4. Amounts shown do not include ANZ Stapled Exchangeable Preferred Securities (ANZ SEPS). E Funke Kupper held 500 ANZ SEPS as at 1 October 2004; this holding remained unchanged up to and including 30 September 2005. No other Specified Executives held ANZ SEPS.

Remuneration Report
### F7. OPTIONS GRANTED TO SPECIFIED EXECUTIVES

<table>
<thead>
<tr>
<th>Option Type</th>
<th>Name</th>
<th>Option Price</th>
<th>Number of Shares</th>
<th>Date of Grant</th>
<th>Date of Exercise</th>
<th>Number of Shares Exercised</th>
<th>Date of Exercise</th>
<th>Paid Price per Share</th>
<th>Amount Paid</th>
<th>Shares remaining in issue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hurdled A</td>
<td>S Targett</td>
<td>16.33</td>
<td>13,000</td>
<td>11-May-04</td>
<td>10-May-05</td>
<td>13,000</td>
<td>10-May-05</td>
<td>17.75</td>
<td>43,750</td>
<td>359,377</td>
</tr>
<tr>
<td>Hurdled B</td>
<td>528,781</td>
<td>75,000</td>
<td>14</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>590,634</td>
<td>145,000</td>
<td>25</td>
<td>187,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Options granted to Specified Executives pertain to those options granted, vested or exercised during the year, options yet to vest and any unexercised options.

2. Refer to section F1.1 for more details pertaining to hurdles A, hurdles B and index-linked options. Refer to section E2 for further information on zero-priced options granted to Sir J Anderson.

3. Treatment of options on termination of employment is explained in section E of the Remuneration Report.

4. The exercise price is equal to the weighted average share price over the 5 trading days up to and including the grant date. Note, the original exercise price of options issued prior to the Renounceable Rights issue in November 2003 have been reduced by 72 cents, because of the dilution of share capital associated with the Renounceable Rights issue. Given index-linked options have a dynamic exercise price, the original exercise price is shown in F7 (refer to F11.1 for more details).

5. No additional options were granted in the period up to and including 2 November 2005, and 66 options were forfeited or expired.

6. The maximum amortisation balance (ie 1 October 2005 to vesting date) for each Specified Executive for subsequent financial years is as follows: Dr RJ Edgar $266,582; E Funke Kupper $218,793; PR Marriott $309,425; S Targett $493,628. The value will be nil however, if the minimum performance hurdles are not achieved.

7. Refer to section E9 for details of the valuation methodology and inputs.

8. Sir J Anderson’s options are granted in accordance with the terms of a deferred remuneration scheme (as described in section E9). The cost is based on the market value of the underlying share at the date of grant.

### F8. OPTION HOLDINGS OF SPECIFIED EXECUTIVES (INCLUDING MOVEMENTS DURING THE YEAR)

<table>
<thead>
<tr>
<th>Name</th>
<th>Type of options</th>
<th>Balance as at 1 Oct 2004</th>
<th>Granted during the year as remuneration</th>
<th>Resulting from any other change during the year</th>
<th>Value of options granted during the year</th>
<th>Value of options exercised during the year</th>
<th>Date of exercise of options</th>
<th>Number of ordinary shares issued on exercise of options</th>
<th>Value of options exercised during the year</th>
<th>Share price on date of exercise of options</th>
<th>Amount paid per share</th>
<th>Balance as at 30 Sep 2005</th>
<th>Total value of options granted and exercised during the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr RJ Edgar</td>
<td>Hurdled A</td>
<td>204,781</td>
<td>52,000</td>
<td>–</td>
<td>190,000</td>
<td>34,000</td>
<td>20-May-05</td>
<td>34,000</td>
<td>187,982</td>
<td>21.86</td>
<td>170,000</td>
<td>187,982</td>
<td>187,982</td>
</tr>
<tr>
<td>E Funke Kupper</td>
<td>Hurdled A</td>
<td>232,046</td>
<td>48,000</td>
<td>–</td>
<td>120,000</td>
<td>77,000</td>
<td>27-Oct-04</td>
<td>77,000</td>
<td>264,403</td>
<td>19.76</td>
<td>163,600</td>
<td>264,403</td>
<td>264,403</td>
</tr>
<tr>
<td>BC Hartzer</td>
<td>Hurdled B</td>
<td>250,000</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>272,000</td>
<td>–</td>
</tr>
<tr>
<td>GK Hodges</td>
<td>Index-Linked</td>
<td>295,834</td>
<td>72,800</td>
<td>–</td>
<td>182,000</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>222,000</td>
<td>–</td>
</tr>
<tr>
<td>PR Marriott</td>
<td>Index-Linked</td>
<td>559,057</td>
<td>67,600</td>
<td>–</td>
<td>169,000</td>
<td>80,000</td>
<td>11-May-05</td>
<td>80,000</td>
<td>693,116</td>
<td>21.64</td>
<td>129,000</td>
<td>693,116</td>
<td>693,116</td>
</tr>
<tr>
<td>S Targett</td>
<td>Other†</td>
<td>301,142</td>
<td>424</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>311,000</td>
<td>–</td>
</tr>
</tbody>
</table>

1. The value of options granted during the year is based on the fair value of the option multiplied by the number granted. Refer to section F7 for details of the valuation methodology and inputs.

2. The value per option used in this calculation is based on the difference between the volume weighted average price of the Company’s shares traded on the ASX on the day the options were exercised, and the exercise price. This is then multiplied by the number granted.

3. Treatment of options on termination of employment is explained in section E of the Remuneration Report.

4. The exercise price is equal to the weighted average share price over the 5 trading days up to and including the grant date. Note, the original exercise price of options issued prior to the Renounceable Rights issue in November 2003 have been reduced by 72 cents, because of the dilution of share capital associated with the Renounceable Rights issue. Given index-linked options have a dynamic exercise price, the original exercise price is shown in F7 (refer to F11.1 for more details).

5. No additional options were granted in the period up to and including 2 November 2005, and 66 options were forfeited or expired.

6. The maximum amortisation balance (ie 1 October 2005 to vesting date) for each Specified Executive for subsequent financial years is as follows: Dr RJ Edgar $266,582; E Funke Kupper $218,793; PR Marriott $309,425; S Targett $493,628. The value will be nil however, if the minimum performance hurdles are not achieved.

7. Refer to section E9 for details of the valuation methodology and inputs.

8. Sir J Anderson’s options are granted in accordance with the terms of a deferred remuneration scheme (as described in section E9). The cost is based on the market value of the underlying share at the date of grant.

9. Sir J Anderson’s options are granted in accordance with the terms of a deferred remuneration scheme (as described in section E9). The cost is based on the market value of the underlying share at the date of grant.
F9. OPTION VALUATIONS

<table>
<thead>
<tr>
<th>Option type</th>
<th>Grant date</th>
<th>Share price</th>
<th>ANZ expected volatility</th>
<th>Exercise price (5 day VWAP)</th>
<th>Option term (years)</th>
<th>Expected life (years)</th>
<th>Expected dividend yield (%)</th>
<th>Risk free interest rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hurdled</td>
<td>05-Nov-04</td>
<td>2.50</td>
<td>20.68</td>
<td>20.70</td>
<td>18.50</td>
<td>7</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Hurdled (CEO)</td>
<td>31-Dec-04</td>
<td>1.98</td>
<td>20.49</td>
<td>20.56</td>
<td>16.50</td>
<td>4</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Zero-priced</td>
<td>05-Nov-04</td>
<td>20.70</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>2</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Zero-priced</td>
<td>13-May-05</td>
<td>22.05</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>2</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

1. The Binomial Option Pricing Model (“the model”) is used to assess the value of ANZ’s options. Alternatively, zero-priced options, for which the value is the volume-weighted average price of the Company’s shares traded on the ASX on the day the options were granted. The model uses probability theory to determine the value of an ANZ option based on Black-Scholes prices at the expiry date of the option. In accordance with ASX 1104 and 1106A, the model reflects both the performance hurdles that currently apply to the Hurdled Options and the non-transferability of the options. Under the terms of the Options, the hurdle conditions (outlined in section F11.1) must be met before the options may be exercised during the exercise period.
2. Expected volatility represents a measure of the amount by which ANZ’s share price is expected to fluctuate over the life of the options. The measure of volatility inputs to the model is the annualised standard deviation of the continuously compounded rates of return on the historical share price over a defined period of time preceding the date of grant. This historical average annualised volatility is then used to estimate a reasonable expected volatility over the expected life of the options.
3. In estimating the fair value of the ANZ option grant, expected dividends were included in the calculation of the model. The expected dividend yield applied to the model was based on an analysis of ANZ’s historical dividend payments and yields.
4. The risk-free interest rate is based on the implied yield currently available on zero-coupon bonds issued by the Australian Government, with a remaining term equal to the expected life of ANZ’s options.

F10. PERFORMANCE SHARE VALUATION

<table>
<thead>
<tr>
<th>Share type</th>
<th>Grant date</th>
<th>Share price</th>
<th>ANZ expected volatility</th>
<th>Term of share</th>
<th>Vesting periods (years)</th>
<th>Expected life (years)</th>
<th>Expected dividend yield (%)</th>
<th>Risk free interest rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO Shares</td>
<td>31-Dec-04</td>
<td>15.02</td>
<td>20.56</td>
<td>16.50</td>
<td>5</td>
<td>2</td>
<td>2</td>
<td>5.40</td>
</tr>
</tbody>
</table>

1. The Binomial Option Pricing Model (“the model”) is used to assess the value of the Performance Shares. In accordance with ASX 1104 and 1106A, the model utilizes probability theory to determine the value of the performance shares which also reflects the performance hurdles. Under the terms of the performance share, the hurdle conditions (outlined in section F11.1) must be met before the shares can vest.
2. Expected volatility represents a measure of the amount by which ANZ’s share price is expected to fluctuate over the life of the options. The measure of volatility inputs to the model is the annualised standard deviation of the continuously compounded rates of return on the historical share price over a defined period of time preceding the date of grant. This historical average annualised volatility is then used to estimate a reasonable expected volatility over the expected life of the Performance Shares.
3. In estimating the fair value of the performance shares, expected dividends were included in the calculation of the model. The expected dividend yield applied to the model was based on an analysis of ANZ’s historical dividend payments and yields.
4. The risk-free interest rate is based on the implied yield currently available on zero-coupon bonds issued by the Australian Government, with a remaining term equal to the expected life of the Performance shares.

F11. LEGACY LONG-TERM INCENTIVE (LTI) PROGRAMS

F11.1 Options (Granted prior to October 2005) Each option has the following features:

- An exercise price (or for index-linked options, the original exercise price) that is set equal to the weighted average sale price of all fully paid ordinary shares in the Company sold on the Australian Stock Exchange during the 1 week prior to and including the date of grant;
- A maximum life of 7 years and an exercise period that commences 3 years after the date of grant, subject to performance hurdles being cleared.
- Options are non-transferable.
- Upon exercise, each option entitles the option-holder to one ordinary share;
- In case of retirement, death or total and permanent disability: options are forfeited;
- In case of redundancy: options are forfeited;
- In case of resignation or termination on notice or dismissal for misconduct: options are forfeited;
- In case of redundancy: LTI shares that are released is pro-rated according to the time held as a proportion of the vesting period; and
- In case of retirement, death or total & permanent disability: LTI shares are released to executives.

Deferred Shares no longer form part of ANZ’s Senior Executive LTI program, however there may be circumstances (such as retention) where this type of equity (including Deferred Share Rights) will be issued.

F11.3 Performance options (Granted December 2004 to CEO) In December 2004 Performance Shares were granted to the CEO of ANZ with a relative TSR performance hurdle attached. The proportion of shares that vest will depend upon the TSR achieved by ANZ relative to the companies in the comparator group shown below. Performance equal to or above the median TSR of the comparator group will result in half the Performance Shares becoming exercisable. Performance above median will result in further Performance Shares becoming exercisable, increasing on a straight-line basis until all of the Performance Shares become exercisable where ANZ’s TSR is at or above the 75th percentile in the comparator group. No dividends will be payable on the shares until they vest, with the earliest possible vesting date being 31 December 2006.

F11.2 Deferred Shares (Granted from February 2000) Deferred Shares granted under the LTI arrangements were designed to reward executives for superior growth whilst also encouraging executive retention and an increase in the Company’s share price.

- Shares are subject to a time-based vesting hurdle of 3 years, during which time they are held in trust;
- During the deferral period, the employee is entitled to any dividends paid on the shares;
- Shares issued under this plan may be payable on the shares until they vest, with the earliest possible vesting date being 31 December 2006.

EXECUTIVE OFFICERS’ SHARE OPTIONS

Details of share options issued over un-issued shares granted to the Chief Executive Officer, senior executives and officers, and on issue as at the date of this report are detailed in the Remuneration Report and the 2005 Financial Report.

No person entitled to exercise any option has or had, by virtue of an option, a right to participate in any share issue of any other body corporate. The names of all persons who currently hold options are entered in the register kept by the Company pursuant to section 175 of the Corporations Act 2001. This register may be inspected free of charge.

Signed in accordance with a resolution of the directors.

Charles Goode
Director

John McFarlane
Chief Executive Officer

2 November 2005
FINANCIAL STATEMENTS

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 SEPTEMBER 2005

<table>
<thead>
<tr>
<th>Note</th>
<th>2005 $m</th>
<th>2004 $m</th>
<th>2003 $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total income</td>
<td>20,979</td>
<td>17,508</td>
<td>13,023</td>
</tr>
<tr>
<td>Interest income</td>
<td>17,427</td>
<td>14,117</td>
<td>10,215</td>
</tr>
<tr>
<td>Net interest income</td>
<td>5,798</td>
<td>5,254</td>
<td>4,311</td>
</tr>
<tr>
<td>Proceeds, net of costs, on disposal of investments</td>
<td>144</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Operating income</td>
<td>9,350</td>
<td>8,645</td>
<td>7,119</td>
</tr>
<tr>
<td>Profit before debt provision and income tax</td>
<td>4,835</td>
<td>4,619</td>
<td>3,891</td>
</tr>
<tr>
<td>Profit before income tax</td>
<td>4,255</td>
<td>3,987</td>
<td>3,277</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(1,234)</td>
<td>(1,168)</td>
<td>(926)</td>
</tr>
<tr>
<td>Net profit attributable to outside equity interests</td>
<td>(3)</td>
<td>(4)</td>
<td>(3)</td>
</tr>
<tr>
<td>Net profit attributable to shareholders of the Company</td>
<td>3,018</td>
<td>2,819</td>
<td>2,351</td>
</tr>
<tr>
<td>Currency translation adjustments, net of hedges after tax</td>
<td>(443)</td>
<td>233</td>
<td>(356)</td>
</tr>
<tr>
<td>Total adjustments attributable to shareholders of the Company recognised directly in equity</td>
<td>(443)</td>
<td>233</td>
<td>(356)</td>
</tr>
<tr>
<td>Total changes in equity other than those resulting from transactions with shareholders as owners</td>
<td>2,575</td>
<td>3,048</td>
<td>1,992</td>
</tr>
</tbody>
</table>

Earnings per ordinary share (cents)
- Basic | 160.9 | 153.1 | 142.4 |
- Diluted | 157.5 | 149.7 | 141.7 |
Dividend per ordinary share (cents)
- Basic | 110 | 101 | 95 |
- Net tangible assets per ordinary share ($) | 8.05 | 7.51 | 7.49 |

The Notes appearing on pages 85 to 89 and the discussion and analysis appearing on pages 10 to 15 form an integral part of these financial statements.

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2005

<table>
<thead>
<tr>
<th>Note</th>
<th>2005 $m</th>
<th>2004 $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liquid assets</td>
<td>11,600</td>
<td>6,363</td>
</tr>
<tr>
<td>Due from other financial institutions</td>
<td>6,348</td>
<td>4,781</td>
</tr>
<tr>
<td>Trading securities</td>
<td>6,285</td>
<td>5,478</td>
</tr>
<tr>
<td>Investment securities</td>
<td>6,941</td>
<td>7,746</td>
</tr>
<tr>
<td>Net loans and advances</td>
<td>230,952</td>
<td>204,962</td>
</tr>
<tr>
<td>Customer's liabilities for acceptances</td>
<td>13,449</td>
<td>12,466</td>
</tr>
<tr>
<td>Regulatory deposits</td>
<td>159</td>
<td>176</td>
</tr>
<tr>
<td>Shares in associates and joint venture entities</td>
<td>1,872</td>
<td>1,960</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>1,337</td>
<td>1,454</td>
</tr>
<tr>
<td>Goodwill</td>
<td>2,898</td>
<td>3,269</td>
</tr>
<tr>
<td>Other assets</td>
<td>9,093</td>
<td>9,158</td>
</tr>
<tr>
<td>Premises and equipment</td>
<td>1,441</td>
<td>1,532</td>
</tr>
<tr>
<td>Total assets</td>
<td>293,185</td>
<td>259,345</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to other financial institutions</td>
<td>12,027</td>
<td>7,349</td>
</tr>
<tr>
<td>Deposits and other borrowings</td>
<td>185,693</td>
<td>168,557</td>
</tr>
<tr>
<td>Liability for acceptances</td>
<td>13,449</td>
<td>12,466</td>
</tr>
<tr>
<td>Income tax liabilities</td>
<td>1,797</td>
<td>1,914</td>
</tr>
<tr>
<td>Payables and other liabilities</td>
<td>11,607</td>
<td>14,212</td>
</tr>
<tr>
<td>Provisions</td>
<td>914</td>
<td>845</td>
</tr>
<tr>
<td>Bonds and notes</td>
<td>39,073</td>
<td>27,602</td>
</tr>
<tr>
<td>Loan capital</td>
<td>9,137</td>
<td>8,475</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>273,697</td>
<td>241,420</td>
</tr>
<tr>
<td>Net assets</td>
<td>19,488</td>
<td>17,925</td>
</tr>
</tbody>
</table>

The Notes appearing on pages 85 to 89 and the discussion and analysis appearing on pages 10 to 15 form an integral part of these financial statements.

FINANCIAL STATEMENTS
### 1: BASIS OF PREPARATION OF CONCISE FINANCIAL REPORT

This Concise Financial Report has been derived from the Group’s 2005 Financial Report which complies with the Corporations Act 2001, Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board. A full description of the accounting policies adopted by the Group is provided in the 2005 Financial Report. The accounting policies are consistent with those of the previous financial year.

### 2: CRITICAL ACCOUNTING POLICIES

The Group has identified the following critical accounting policies:

- **Economic loss provisioning;**
- **Specific provisioning;**
- **Deferred acquisition costs, software assets and deferred income;**
- **Derivatives and hedging;**
- **Special purpose and off-balance sheet vehicles;**
- **Valuation of investment in ING Australia Limited;** and
- **Valuation of goodwill in ANZ Bank Limited.**


### 3: MAJOR EVENTS THIS FINANCIAL YEAR

- **Euro Trust Securities:** In December 2004 the Group raised $671 million through the issuance of a €500 million Floating Rate, Non-cumulative Trust Securities (Euro Trust Securities) into the European market. The instrument is similar in structure to the Group’s existing Australian (ANZ STEPS) and US Trust Securities.
- **Buy-Back of Ordinary Equity:** The Group commenced an on-market buy-back of $350 million of ordinary equity on 10 January 2005. Up until 13 September 2005, when ANZ went into a voluntary black-out period for buying back shares, the Group had repurchased 9.6 million shares at an average cost of $21.15 per share. The buy-back period has been extended to 30 March 2006.
- **The National Bank of New Zealand – Integration:** Integration has progressed well in 2005 with the expected organisational and financial outcomes delivered. The overall integration objectives remain unchanged and include satisfying the Reserve Bank of New Zealand Conditions of Registration.
- **ING New Zealand joint venture:** In September 2005 ANZ National Bank Limited entered into a joint venture with ING Insurance International Limited (INGI). The joint venture, ING (NZ) Holdings Ltd, is 49% owned by ANZ National Bank Ltd and 51% owned by INGII.
- **Reduction in Risk:** The Company has been actively reducing its risk profile over recent years. This reduction is now largely complete, following the sale of the London Headquartered project finance activities to Standard Chartered Bank and the exit from certain non-core structured finance transactions.

### 4: AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

For reporting periods commencing 1 October 2005, the Group is required to prepare financial statements using Australian Equivalents to International Financial Reporting Standards (AIFRS). The move to reporting under AIFRS represents a major change to reporting processes and will result in significant changes to accounting policies.

On 1 October 2005, the Group commenced application of AIFRS, covering all financial systems and records. The key policy and financial impacts of transition to AIFRS for the Group are contained within the Chief Financial Officer’s review on page 14, the ANZ Results Announcement released on 25 October 2005 and in the 2005 Financial Report. The results announcement and 2005 Financial Report can be obtained from www.anz.com.

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The balance on page 85 is 89 and the discussion appearing on page 10 to 11 from an integral part of these financial statements.

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### Notes to Consolidated Financial Statements

#### 1: BASIS OF PREPARATION OF CONCISE FINANCIAL REPORT

This Concise Financial Report has been derived from the Group’s 2005 Financial Report which complies with the Corporations Act 2001, Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board. A full description of the accounting policies adopted by the Group is provided in the 2005 Financial Report. The accounting policies are consistent with those of the previous financial year.

#### 2: CRITICAL ACCOUNTING POLICIES

The Group has identified the following critical accounting policies:

- Economic loss provisioning;
- Specific provisioning;
- Deferred acquisition costs, software assets and deferred income;
- Derivatives and hedging;
- Special purpose and off-balance sheet vehicles;
- Valuation of investment in ING Australia Limited; and
- Valuation of goodwill in ANZ National Bank Limited.

Details of the critical accounting policies are contained within the ANZ Results Announcement released on 25 October 2005 and in the 2005 Financial Report which can be obtained from www.anz.com.

#### 3: MAJOR EVENTS THIS FINANCIAL YEAR

- **Euro Trust Securities:** In December 2004 the Group raised $671 million through the issuance of a €500 million Floating Rate, Non-cumulative Trust Securities (Euro Trust Securities) into the European market. The instrument is similar in structure to the Group’s existing Australian (ANZ STEPS) and US Trust Securities.
- **Buy-Back of Ordinary Equity:** The Group commenced an on-market buy-back of $350 million of ordinary equity on 10 January 2005. Up until 13 September 2005, when ANZ went into a voluntary black-out period for buying back shares, the Group had repurchased 9.6 million shares at an average cost of $21.15 per share. The buy-back period has been extended to 30 March 2006.
- **The National Bank of New Zealand – Integration:** Integration has progressed well in 2005 with the expected organisational and financial outcomes delivered. The overall integration objectives remain unchanged and include satisfying the Reserve Bank of New Zealand Conditions of Registration.
- **ING New Zealand joint venture:** In September 2005 ANZ National Bank Limited entered into a joint venture with ING Insurance International Limited (INGI). The joint venture, ING (NZ) Holdings Ltd, is 49% owned by ANZ National Bank Ltd and 51% owned by INGII.
- **Reduction in Risk:** The Company has been actively reducing its risk profile over recent years. This reduction is now largely complete, following the sale of the London Headquartered project finance activities to Standard Chartered Bank and the exit from certain non-core structured finance transactions.

### 4: AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

For reporting periods commencing 1 October 2005, the Group is required to prepare financial statements using Australian Equivalents to International Financial Reporting Standards (AIFRS). The move to reporting under AIFRS represents a major change to reporting processes and will result in significant changes to accounting policies.

On 1 October 2005, the Group commenced application of AIFRS, covering all financial systems and records. The key policy and financial impacts of transition to AIFRS for the Group are contained within the Chief Financial Officer’s review on page 14, the ANZ Results Announcement released on 25 October 2005 and in the 2005 Financial Report. The results announcement and 2005 Financial Report can be obtained from www.anz.com.

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The balance on page 85 is 89 and the discussion appearing on page 10 to 11 from an integral part of these financial statements.
5: DIVIDENDS

Ordinary Dividends

<table>
<thead>
<tr>
<th></th>
<th>2005 $m</th>
<th>2004 $m</th>
<th>2003 $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interim dividend</td>
<td>930</td>
<td>850</td>
<td>666</td>
</tr>
<tr>
<td>Final dividend</td>
<td>983</td>
<td>777</td>
<td>(36)</td>
</tr>
<tr>
<td>Bonus option plan adjustment</td>
<td>(36)</td>
<td>(29)</td>
<td>(25)</td>
</tr>
</tbody>
</table>

Dividends on ordinary shares

1,877 1,598 641


The tax rate applicable to the franking credits attached to the interim dividend and to be attached to the proposed final dividend is 30% (2004: 30%; 2003: 30%).

Preference Dividends

<table>
<thead>
<tr>
<th></th>
<th>2005 $m</th>
<th>2004 $m</th>
<th>2003 $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANZ TUEPYS</td>
<td>–</td>
<td>76</td>
<td>102</td>
</tr>
<tr>
<td>ANZ Stapled Exchangeable Preferred Securities (ANZ SIEPS)</td>
<td>66</td>
<td>62</td>
<td>–</td>
</tr>
<tr>
<td>Euro Trust Securities</td>
<td>18</td>
<td>18</td>
<td>18</td>
</tr>
</tbody>
</table>

Preference Dividends on preference shares

84 98 102

6: CONTINGENT LIABILITIES AND CONTINGENT ASSET

Contingent liabilities

There are outstanding court proceedings, claims and possible claims against the Group, the aggregate amount of which cannot readily be quantified.

In 2000, ANZ sold ANZ Grindlays Bank and certain United Kingdom and Jersey businesses to Standard Chartered Bank (SCB). ANZ provided warranties and certain indemnities (including as to tax) to SCB relating to those businesses and, where it anticipated that payments would be likely under the warranties or indemnities, made provisions to cover the anticipated liability. Claims have been made under the tax indemnities. In addition, ANZ may be held liable in respect of certain Indian proceedings involving Grindlays. No material impact on the Group is expected.

The Group in Australia was during the year subjected to client risk reviews by the Australian Taxation Office (ATO) across a broad spectrum of matters, as part of normal ATO procedures. The reviews mainly covered years up to 2003. Some matters have been listed by the ATO for further investigation.

The ATO is reviewing the taxation treatment of certain other transactions undertaken by the Group in the course of normal business activities.

There are outstanding court proceedings, claims and possible claims against the Group, the aggregate amount of which cannot readily be quantified.

In addition, at the Company’s request the ATO is reviewing the taxation treatment of the sale of Grindlays in 2000. It is also reviewing the transfer of the life and funds management businesses into the joint venture with ING in 2002.

During the year, the Company and the ATO settled the remaining outstanding issues from the large case tax audit which commenced in 1995. The settlement was within existing provisions.

The Group in New Zealand is being audited by the Inland Revenue Department (IRD) as part of normal revenue authority procedures, with a particular focus on certain kinds of structured finance transactions. The IRD has issued Notices of Proposed Adjustment (the “Notices”) in respect of some of those structured finance transactions. The Notices are not tax assessments and do not establish a tax liability, but are the first step in a formal disputes process. In addition, some tax assessments have been received. Should the same position be adopted by the IRD on the remaining transactions of that kind as reflected in the Notices and tax assessments received, the maximum potential tax liability would be approximately NZD432 million (including interest tax affected) for the period to 30 September 2005. Of that maximum potential liability, approximately NZD124 million is subject to tax indemnities provided by Lloyds TSB Bank PLC under the agreement by which ANZ acquired the National Bank of New Zealand and which relate to transactions undertaken by the National Bank of New Zealand before December 2003.

6. CONTINGENT LIABILITIES AND CONTINGENT ASSET

Contingent liabilities

There are outstanding court proceedings, claims and possible claims against the Group, the aggregate amount of which cannot readily be quantified.

In 2000, ANZ sold ANZ Grindlays Bank and certain United Kingdom and Jersey businesses to Standard Chartered Bank (SCB). ANZ provided warranties and certain indemnities (including as to tax) to SCB relating to those businesses and, where it anticipated that payments would be likely under the warranties or indemnities, made provisions to cover the anticipated liability. Claims have been made under the tax indemnities. In addition, ANZ may be held liable in respect of certain Indian proceedings involving Grindlays. No material impact on the Group is expected.

The Group in Australia was during the year subjected to client risk reviews by the Australian Taxation Office (ATO) across a broad spectrum of matters, as part of normal ATO procedures. The reviews mainly covered years up to 2003. Some matters have been listed by the ATO for further investigation.

The ATO is reviewing the taxation treatment of certain other transactions undertaken by the Group in the course of normal business activities.

In addition, at the Company’s request the ATO is reviewing the taxation treatment of the sale of Grindlays in 2000. It is also reviewing the transfer of the life and funds management businesses into the joint venture with ING in 2002.

During the year, the Company and the ATO settled the remaining outstanding issues from the large case tax audit which commenced in 1995. The settlement was within existing provisions.

The Group in New Zealand is being audited by the Inland Revenue Department (IRD) as part of normal revenue authority procedures, with a particular focus on certain kinds of structured finance transactions. The IRD has issued Notices of Proposed Adjustment (the “Notices”) in respect of some of those structured finance transactions. The Notices are not tax assessments and do not establish a tax liability, but are the first step in a formal disputes process. In addition, some tax assessments have been received. Should the same position be adopted by the IRD on the remaining transactions of that kind as reflected in the Notices and tax assessments received, the maximum potential tax liability would be approximately NZD432 million (including interest tax affected) for the period to 30 September 2005. Of that maximum potential liability, approximately NZD124 million is subject to tax indemnities provided by Lloyds TSB Bank PLC under the agreement by which ANZ acquired the National Bank of New Zealand and which relate to transactions undertaken by the National Bank of New Zealand before December 2003.

General or issue-specific audits and other investigations are being undertaken by revenue authorities in the United States, the United Kingdom and in other jurisdictions as part of normal revenue authority activity in those countries.

Based on external advice, the Group has assessed the likely progress of these and other issues, and believes that it holds appropriate provisions.


Contingent asset

In 2003 ANZ issued proceedings in the Supreme Court of Victoria against its captive insurance company ANZCover Insurance Pty Ltd (ANZCover) regarding its insurance claim consequent upon settlement of its former subsidiary ANZ Grindlays Bank Limited’s 1992 dispute with India’s National Housing Bank (NHB). ANZCover is an authorised general insurer restricted to insuring the interests of ANZ and its subsidiaries. ANZCover in turn purchases reinsurance from global reinsurers, primarily in the London reinsurance market. ANZCover has no retained exposure to the NHB claim, which is fully re-insured, save for a small exposure arising from the insolvency of some re-insurers in the London market.

7: SEGMENT ANALYSIS

During the year ended 30 September 2005, the Group managed its activities along the following lines of business:

- Personal, Institutional, New Zealand Business, Corporate, Esanda and UDC, Asia Pacific and Other.

A description of each of the operating business segments, including the types of products and services the segments provide to customers, is detailed in the 2005 Financial Report. As the composition of segments has changed over time, September 2004 comparatives have been adjusted to be consistent with the 2005 segment definitions detailed in the 2005 Financial Report. Comparatives for the year ended 30 September 2003 have not been provided as data could not reasonably be disaggregated into the changed segments.

BUSINESS SEGMENT ANALYSIS1, 2

<table>
<thead>
<tr>
<th></th>
<th>Personal</th>
<th>Institutional</th>
<th>New Zealand</th>
<th>Corporate</th>
<th>Esanda and UDC</th>
<th>Asia Pacific</th>
<th>Other</th>
<th>Consolidated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>External interest income</td>
<td>6,817</td>
<td>3,169</td>
<td>4,581</td>
<td>1,078</td>
<td>1,143</td>
<td>172</td>
<td>467</td>
<td>17,427</td>
</tr>
<tr>
<td>External interest expense</td>
<td>(1,585)</td>
<td>(2,581)</td>
<td>(2,912)</td>
<td>(623)</td>
<td>(695)</td>
<td>(163)</td>
<td>(3,050)</td>
<td>(11,629)</td>
</tr>
<tr>
<td>Net intersegment interest</td>
<td>(3,128)</td>
<td>174</td>
<td>(215)</td>
<td>242</td>
<td>(79)</td>
<td>154</td>
<td>2,852</td>
<td>–</td>
</tr>
<tr>
<td>Net interest income</td>
<td>2,014</td>
<td>762</td>
<td>1,434</td>
<td>697</td>
<td>369</td>
<td>163</td>
<td>268</td>
<td>5,798</td>
</tr>
<tr>
<td>Other external operating income</td>
<td>1,013</td>
<td>1,433</td>
<td>513</td>
<td>294</td>
<td>121</td>
<td>149</td>
<td>29</td>
<td>3,552</td>
</tr>
<tr>
<td>Net intersegment income</td>
<td>125</td>
<td>(10)</td>
<td>6</td>
<td>(94)</td>
<td>(9)</td>
<td>–</td>
<td>2</td>
<td>–</td>
</tr>
<tr>
<td>Operating income</td>
<td>3,242</td>
<td>2,165</td>
<td>1,953</td>
<td>897</td>
<td>481</td>
<td>312</td>
<td>308</td>
<td>9,350</td>
</tr>
<tr>
<td>Other external expenses</td>
<td>(1,363)</td>
<td>(623)</td>
<td>(950)</td>
<td>(232)</td>
<td>(162)</td>
<td>(172)</td>
<td>(1,013)</td>
<td>(4,515)</td>
</tr>
<tr>
<td>Net intersegment expenses</td>
<td>(276)</td>
<td>(143)</td>
<td>(5)</td>
<td>(62)</td>
<td>(26)</td>
<td>1</td>
<td>511</td>
<td>–</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(1,639)</td>
<td>(764)</td>
<td>(955)</td>
<td>(294)</td>
<td>(188)</td>
<td>(171)</td>
<td>(502)</td>
<td>(6,515)</td>
</tr>
<tr>
<td>Profit before debt provision and income tax</td>
<td>1,070</td>
<td>998</td>
<td>603</td>
<td>293</td>
<td>141</td>
<td>(202)</td>
<td>4,835</td>
<td></td>
</tr>
<tr>
<td>Provision for doubtful debts</td>
<td>(198)</td>
<td>(139)</td>
<td>(92)</td>
<td>(66)</td>
<td>(62)</td>
<td>(23)</td>
<td>–</td>
<td>(580)</td>
</tr>
<tr>
<td>Income tax and outside equity interests</td>
<td>(392)</td>
<td>(317)</td>
<td>(292)</td>
<td>(161)</td>
<td>(72)</td>
<td>(23)</td>
<td>40</td>
<td>(1,237)</td>
</tr>
<tr>
<td>Net profit after income tax</td>
<td>1,013</td>
<td>921</td>
<td>614</td>
<td>376</td>
<td>159</td>
<td>95</td>
<td>(162)</td>
<td>3,018</td>
</tr>
<tr>
<td>Total external assets</td>
<td>106,043</td>
<td>70,901</td>
<td>60,157</td>
<td>21,263</td>
<td>15,405</td>
<td>2,890</td>
<td>16,526</td>
<td>293,185</td>
</tr>
<tr>
<td>Total external liabilities</td>
<td>30,951</td>
<td>20,306</td>
<td>14,834</td>
<td>7,658</td>
<td>4,870</td>
<td>933</td>
<td>517</td>
<td>63,297</td>
</tr>
</tbody>
</table>

8: CAPITAL MANAGEMENT

The Group’s total capital adequacy ratio was 10.5% (2004: 10.4%). The Tier 1 ratio remained at 6.9% (2004: 6.9%) and the Tier 2 ratio reduced to 3.9% (2004: 4.0%).

Our principal capital management target is Adjusted Common Equity, defined as Tier 1 capital, less preference shares at current exchange rates and deductions from total capital (including investment in funds management subsidiaries, ING Australia and ING New Zealand joint ventures). Adjusted Common Equity was 5.1% of risk weighted assets at 30 September 2005 (2004: 5.1%).

9: EQUITY INSTRUMENTS ISSUED TO EMPLOYEES

Under existing Australian Accounting Standards, equity instruments issued to employees are not required to be expensed. The impact of expensing options1, and shares issued under the $1,000 employee share plan, has been calculated and is disclosed below.

Net profit attributable to shareholders of the Company 3,018 2,815 2,348

Expenses attributable to:

- Options issued to Group Heads1 (5) (8) (8)
- Options issued to general management1 (20) (23) (24)
- Shares issued under $1,000 employee share plan (23) (22) (18)

Total 2,970 2,762 2,298

1: Based on fair values estimated at grant date determined in accordance with the fair value measurement provisions of AASB 1046. Value of options are amortised on a straight-line basis over the vesting period.

10: EXCHANGE RATES

The exchange rates used in the translation of the results and the assets and liabilities of major overseas branches and controlled entities are:

<table>
<thead>
<tr>
<th>Currency</th>
<th>2005 (Closing)</th>
<th>Average (Closing)</th>
<th>2004 (Closing)</th>
<th>Average (Closing)</th>
<th>2003 (Closing)</th>
<th>Average (Closing)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Euro</td>
<td>0.6325</td>
<td>0.6024</td>
<td>0.5814</td>
<td>0.5968</td>
<td>0.5649</td>
<td></td>
</tr>
<tr>
<td>Great British pound</td>
<td>1.0998</td>
<td>1.0847</td>
<td>1.0700</td>
<td>1.1254</td>
<td>1.1431</td>
<td>1.1339</td>
</tr>
<tr>
<td>New Zealand dollar</td>
<td>1.1066</td>
<td>1.1066</td>
<td>1.1066</td>
<td>1.1066</td>
<td>1.1066</td>
<td>1.1066</td>
</tr>
<tr>
<td>United States dollar</td>
<td>0.7623</td>
<td>0.7657</td>
<td>0.7689</td>
<td>0.7623</td>
<td>0.7657</td>
<td>0.7689</td>
</tr>
</tbody>
</table>

11: EVENTS SINCE THE END OF THE FINANCIAL YEAR

There are no significant events since the end of the Financial Year.

Notes:
1. Options are equity instruments.
2. Intersegment transfers are accounted for and determined on an arm’s length or cost recovery basis.
INDEPENDENT AUDIT REPORT ON CONCISE FINANCIAL REPORT TO THE MEMBERS OF AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

SCOPE

We have audited the Concise Financial Report of Australia and New Zealand Banking Group Limited ("the Company") and its controlled entities for the financial year ended 30 September 2005, consisting of the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes 1 to 11 as set out on pages 82 to 89, the disclosures made by the Company in accordance with the Corporations Regulations 2001, and the accompanying discussion and analysis on the statement of financial performance, statement of financial position and statement of cash flows as set out in pages 10 to 15, in order to express an opinion on it to the members of the Company. The Company’s directors are responsible for the Concise Financial Report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the Concise Financial Report is free of material misstatement. We have also performed an independent audit of the full financial report, including the restatement disclosures, of Australia and New Zealand Banking Group Limited and its controlled entities for the year ended 30 September 2005. Our audit report on the full financial report was signed on 2 November 2005, and was not subject to any qualification.

Our procedures in respect of the audit of the Concise Financial Report included testing that the information in the Concise Financial Report is consistent with the full financial report and examination, on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the full financial report. These procedures have been undertaken to form an opinion whether, in all material respects, the Concise Financial Report is presented fairly in accordance with Accounting Standard AASB 1039 ‘Concise Financial Reports’.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION


KPMG

Mitch Craig
Partner
Melbourne
2 November 2005

COPY OF THE AUDITOR’S INDEPENDENCE DECLARATION

LEAD AUDITOR’S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

I declare that, to the best of my knowledge and belief, during the financial year ended 30 September 2005 there have been:

c) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

c) no contraventions of the applicable Australian code of professional conduct in relation to the audit.

Mitch Craig
Partner
Melbourne
2 November 2005

SHAREHOLDER INFORMATION

ORDINARY SHARES

At 6 October 2005 the twenty largest holders of ordinary shares held 1,093,451,133 ordinary shares, equal to 59.88% of the total issued ordinary capital.

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Shares</th>
<th>% of Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Nominees Limited</td>
<td>241,441,632</td>
<td>13.22</td>
</tr>
<tr>
<td>Chase Manhattan Nominees Ltd</td>
<td>231,945,789</td>
<td>12.70</td>
</tr>
<tr>
<td>Westpac Custodian Nominees Limited</td>
<td>211,358,440</td>
<td>11.57</td>
</tr>
<tr>
<td>ANZ Nominees Limited</td>
<td>96,688,925</td>
<td>5.18</td>
</tr>
<tr>
<td>Citicorp Nominees Pty Limited</td>
<td>83,087,920</td>
<td>4.55</td>
</tr>
<tr>
<td>RBC Global Services Australia</td>
<td>45,739,647</td>
<td>2.50</td>
</tr>
<tr>
<td>Coogent Nominees Pty Limited</td>
<td>42,348,123</td>
<td>2.32</td>
</tr>
<tr>
<td>Queensland Investment Corporation</td>
<td>34,530,891</td>
<td>1.89</td>
</tr>
<tr>
<td>AMP Life Limited</td>
<td>21,834,046</td>
<td>1.20</td>
</tr>
<tr>
<td>HKBA Nominees Limited</td>
<td>19,077,099</td>
<td>1.04</td>
</tr>
</tbody>
</table>

Total                                    1,093,451,133 | 59.88

Distribution of shareholdings

At 6 October 2005

<table>
<thead>
<tr>
<th>Name</th>
<th>% of shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Nominees Limited</td>
<td>5.66</td>
</tr>
<tr>
<td>Chase Manhattan Nominees Ltd</td>
<td>6.70</td>
</tr>
<tr>
<td>Westpac Custodian Nominees Limited</td>
<td>5.23</td>
</tr>
<tr>
<td>ANZ Nominees Limited</td>
<td>3.27</td>
</tr>
<tr>
<td>Citicorp Nominees Pty Limited</td>
<td>4.95</td>
</tr>
<tr>
<td>RBC Global Services Australia</td>
<td>3.10</td>
</tr>
<tr>
<td>Coogent Nominees Pty Limited</td>
<td>3.23</td>
</tr>
<tr>
<td>Queensland Investment Corporation</td>
<td>1.91</td>
</tr>
<tr>
<td>AMP Life Limited</td>
<td>1.20</td>
</tr>
<tr>
<td>HKBA Nominees Limited</td>
<td>0.94</td>
</tr>
</tbody>
</table>

Total                                    1.00        |
PREFERENCE SHARES – ANZ STAPLED EXCHANGEABLE PREFERRED SECURITIES (ANZ STEPS)

At 6 October 2005, the twenty largest holders of ANZ STEPS held 4,767,053 securities, equal to 47.69% of the total issued securities.

EMPLOYEE SHAREHOLDER INFORMATION

At the Annual General Meeting in January 1994, shareholders approved an aggregate limit of 7% of all classes of shares and options, which remain subject to the rules of a relevant incentive plan, being held by employees and directors.

At 30 September 2005 participants held 2.41% (2004: 2.62%) of the issued shares and options of ANZ under the following incentive plans:

- ANZ Employee Share Acquisition Plan;
- ANZ Employee Share Save Scheme;
- ANZ Share Option Plan; and
- ANZ Directors’ Share Plan.

STOCK EXCHANGE

The Group’s ordinary shares are listed on the Australian Stock Exchange and the New Zealand Stock Exchange.

The Group’s other stock exchange listings include:

- Australian Stock Exchange – ANZ Stapled Exchangeable Preferred Securities (ANZ STEPS) [ANZ Holdings (New Zealand) Limited and Australia and New Zealand Banking Group Limited];
- Channel Islands Stock Exchange – Subordinated debt [ANZ Jackson Funding PLC];
- London Stock Exchange – Senior and subordinated debt securities issued off the Euro Medium Term Note program [Australia and New Zealand Banking Group Limited and ANZ National (Int’l) Limited];
- Luxembourg Stock Exchange – Senior debt [ANZ National Bank Limited] and senior and subordinated debt [Australia and New Zealand Banking Group Limited];
- Non-cumulative Trust Securities [ANZ Capital Trust I];
- New York Stock Exchange – American Depositary Receipts (Australia and New Zealand Banking Group Limited);
- New Zealand Stock Exchange – Senior and subordinated debt [ANZ National Bank Limited]; and
- Swiss Stock Exchange – Senior debt [Australia and New Zealand Banking Group Limited].

ANZ STEPS

In September 2003, 10 million ANZ Stapled Exchangeable Preferred Securities (ANZ STEPS) were issued at an issue price of $100.00 each. Each ANZ STEPS is a stapled security comprising a Preference Share in Australia and New Zealand Banking Group Limited and an unsecured Note issued by ANZ Holdings (New Zealand) Limited. ANZ STEPS are quoted on the Australian Stock Exchange.

AMERICAN DEPOSITORY RECEIPTS

The Bank of New York is the Depositary for ANZ’s American Depositary Receipt (ADR) program in the United States of America. The ADRs are listed on the New York Stock Exchange. ADR holders should deal directly with the Bank of New York, New York on all matters relating to their ADR holdings, by telephone on 1-888-269-2377 (toll free for domestic callers), 1-610-382-7836 (for international callers) or by email to shareowners@bankofny.com.

EURO TRUST SECURITIES

In December 2004, ANZ issued 500,000 Floating Rate Non-cumulative Trust Securities at an issue price of €1,000 each through ANZ Capital Trust III. Each Euro Trust Security represents an interest in a stapled security comprising a Preference Share in Australia and New Zealand Banking Group Limited and an unsecured Note issued by ANZ Jackson Funding PLC. The Euro Trust Securities are quoted on the Luxembourg Stock Exchange, and the unsecured Note is listed on the Channel Islands Stock Exchange but cannot be traded separately from the Euro Trust Securities.

Voting rights of ANZ STEPS

A preference share does not entitle its holder to vote at any general meeting of ANZ except in the following circumstances:

a) on a proposal:
   (i) to reduce the share capital of ANZ;
   (ii) that affects rights attached to the preference shares;
   (iii) to wind up ANZ, or
   (iv) for the disposal of the whole of the property, business and undertaking of ANZ;

b) on a resolution to approve the terms of a buy-back agreement;

c) during the period in which a dividend which has been declared as payable on a dividend payment date has not been paid ...

d) on a resolution on which a holder is entitled to vote, the holder has one vote for each preference share held.

At 6 October 2005: There was 1 holder of less than a marketable parcel (less than $500 in value or 5 units) (2004: 4 holders) 1 Where a holder has 2 or more separate holdings, each holding is separately referred to in the above table.

1 Holders is the name and address of the following:

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of securities</th>
<th>% of securities</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANZ Nominees Limited</td>
<td>985,942</td>
<td>9.86</td>
</tr>
<tr>
<td>Chase Manhattan Nominees Ltd</td>
<td>939,111</td>
<td>9.39</td>
</tr>
<tr>
<td>National Nominees Limited</td>
<td>862,043</td>
<td>8.62</td>
</tr>
<tr>
<td>Potter Warburg Nominees Pty Limited</td>
<td>347,659</td>
<td>3.48</td>
</tr>
<tr>
<td>Citicorp Nominees Pty Limited</td>
<td>268,835</td>
<td>2.69</td>
</tr>
<tr>
<td>UBS Nominees Pty Ltd (Prime Broker A/C)</td>
<td>182,902</td>
<td>1.83</td>
</tr>
<tr>
<td>Westpac Custodian Nominees Limited</td>
<td>178,604</td>
<td>1.79</td>
</tr>
<tr>
<td>UCA Cash Management Fund Ltd</td>
<td>152,500</td>
<td>1.53</td>
</tr>
<tr>
<td>The Australian National University</td>
<td>135,000</td>
<td>1.35</td>
</tr>
<tr>
<td>RBC Global Services Australia</td>
<td>124,675</td>
<td>1.25</td>
</tr>
</tbody>
</table>

Distribution of ANZ STEPS holdings

At 6 October 2005

<table>
<thead>
<tr>
<th>Range</th>
<th>Number of holders</th>
<th>% of holders</th>
<th>Number of securities</th>
<th>% of securities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 5,000 securities</td>
<td>10,933</td>
<td>93.93</td>
<td>2,789,110</td>
<td>27.89</td>
</tr>
<tr>
<td>5,001 to 25,000 securities</td>
<td>603</td>
<td>5.18</td>
<td>1,414,142</td>
<td>14.14</td>
</tr>
<tr>
<td>5,001 to 10,000 securities</td>
<td>54</td>
<td>0.46</td>
<td>427,227</td>
<td>4.27</td>
</tr>
<tr>
<td>10,001 to 100,000 securities</td>
<td>41</td>
<td>0.35</td>
<td>1,316,725</td>
<td>13.17</td>
</tr>
<tr>
<td>Over 100,000 securities</td>
<td>9</td>
<td>0.08</td>
<td>4,052,796</td>
<td>40.53</td>
</tr>
<tr>
<td>Total</td>
<td>11,640</td>
<td>100.00</td>
<td>10,000,000</td>
<td>100.00</td>
</tr>
</tbody>
</table>

1 Total 11,640 100.00 10,000,000 100.00
adjusted common equity (ace) – tier one capital less preference shares at current rates and deductions from regulatory capital.

arrrears – a contractually due and payable sum which remains overdue/unpaid.

assets – resources controlled by the company. assets can be in the form of money, such as cash and amounts owed; they can be fixed assets such as property, plant and equipment; or they can be intangible assets such as trademarks and patents. for accounting purposes, assets are future economic benefits which are controlled by the entity and result from past transactions or events. for banks, loans are assets.

bonds and notes – the group’s liability for long-term financing issued and the claims against them – including liabilities or obligations of a business and shareholders’ equity.

cost to income ratio (cti) – a business efficiency measure. it’s the ratio of our expenses (excluding goodwill amortisation) to our income.

credit rating – a measure of the credit-worthiness of a business. aaa is the top credit rating accorded by ratings agencies such as moody’s investors service and standard & poor’s. the better our credit rating, the cheaper we can borrow money from capital markets. anz’s long-term credit rating is aa-.

credit risk – the potential for loss arising from the failure of a customer or counterparty to meet its contractual obligations.

customer liability for acceptances – the amounts owed to the group from customers for acceptances, a form of lending.

def erred tax assets – the future tax savings to the group as a result of timing differences that arise due to different treatment of transactions under accounting and tax rules.

deposits and other borrowings – anz’s largest liability, this represents anz’s obligations to our depositors.

dividend (interim) – the amount of the company’s after-tax earnings that are declared and paid to shareholders at the half year results. it is usually expressed as number of cents per share, or as dividend per share.

dividend per share (dps) – the amount of the company’s after-tax earnings declared and paid to ordinary shareholders. it is usually expressed as a number of cents per share, or as a dividend per share.

due from other financial institutions – the monies owed to anz by other banks and financial institutions.

earnings per share (eps) – the amount of dollars, of earnings, divided by the number of shares. for example, if the earnings are $2 million and 1 million shares are outstanding, the earnings per share would be $2.00 ($2 million ÷ 1 million shares = $2.00). the earnings figure is based on profits after tax, with some accounting adjustments.

economic loss provisioning (elp) (or provision for doubtful debts) – each month the group recognises an expense for credit losses based on the expected long-term loss ratio for each part of the loan portfolio. the method used by the group for determining this monthly expense charge is referred to as ‘economic loss provisioning’ (elp). the group uses elp models to calculate the expected loss by considering:

• the history of credit loss for each type and risk grade of lending; and

• the size, composition and risk profile of the current loan portfolio.

economic value added (eva™) – a measure of risk-adjusted accounting profit. it is based on operating profit after tax, adjusted for one-off items, the cost of capital, imputation credits and economic credit costs.

equity – the residual interest in the assets of a company after deducting all liabilities. as a publicly listed company, our shareholders own these net assets. this is called shareholders’ equity.

equity standardisation – eva™ principles are in use throughout the group, whereby risk adjusted capital is allocated and charged against business units. equally standardised profit is determined by eliminating the impact of earnings on each business unit’s book capital and attributing earnings on the business unit’s risk adjusted capital. this enhances comparability of business unit performance. geographic results are not equity standardised.

freaked dividends – dividends paid by the group out of profits on which the company has already paid canadian tax.

full-time equivalent (fte) – our total full-time equivalent (fte) – a business efficiency measure. it’s the ratio of our expenses (excluding goodwill amortisation) to our income.

market capitalisation of ordinary shares – the stock market’s assessment of the company’s value, calculated by multiplying the number of shares on issue by the current share price.

market risk – the potential loss the group may incur from changes to interest rates, foreign exchange rates or the prices of equity shares and indices, commodities, debt securities and other financial contracts, in the normal course of business. it also includes the risk that the group will incur due to increased interest expenses arising from funding requirements during periods of poor market liquidity.

net loans and advances – anz’s largest liability, this represents anz’s obligations to our depositors.

ordinary and preference share capital – the amounts received when shares were originally subscribed for.

organic growth – the increase in market value of amounts payable on derivatives held by the group.

service transfer pricing – a measure which tells us how much interest income is generated by lending money after accounting for our costs of borrowing that money from customers or financial markets. the interest margin is calculated by dividing net interest revenue by average interest-bearing assets. this is expressed as a percentage.

investment securities – the investments in securities that anz intends to hold to maturity.

liability to a company’s obligations to a lender, supplier of goods and services, a tax authority and others. for accounting purposes, liabilities are future economic benefits that an entity is obliged to make as a result of past transactions or events. for anz, liabilities are largely money we have borrowed to fund our lending activities.

liability for acceptances – the amount owed to customers who have purchased customer acceptances from the group.

operating revenue – the revenue anz generates from its activities. this includes net interest, fee income and earnings from capital markets and foreign exchange dealings.

operational risk – the direct or indirect loss resulting from inadequate or failed internal processes or systems or from external events.

ordinary and preferred share capital – the monies owed to anz by the group.

net tangible assets (nta) – the share capital and reserves attributable to shareholders of the company less preference shares and unamortised goodwill.

non-accrual loans – loans where there is reasonable doubt about the collectability of amounts (future, fees and future) or principal outstanding, or where concessional terms have been provided because of the financial difficulties of the customer.

non-interest income – includes fees, profits on capital markets trading, foreign exchange earning and any other revenue that is not interest income.

numberson shown in brackets (–) – the brackets are there to indicate a negative figure, instead of using a minus symbol.

operating revenue – the revenue anz generates from its activities. this includes net interest, fee income and earnings from capital markets and foreign exchange dealings.

operational risk – the direct or indirect loss resulting from inadequate or failed internal processes or systems or from external events.

ordinary and preferred share capital – the monies owed to anz by the group.

other assets – includes assets that do not fit into the categories listed here including the increase in market value of amounts payable on derivatives (refer also to ‘payables and other liabilities’) and interest accrued and not yet received.

payables and other liabilities – includes amounts which are due to others for the goods or services received including the increase in market value of amounts payable on derivatives (refer also to ‘payables and other liabilities’) and interest accrued and not yet received.

provisions – the group’s accrued obligations for long service leave, annual leave and other obligations, which although not due, are probable and provable.

regulatory deposits – the cash anz has deposited at central banks to meet regulatory requirements.

reserves – retained profits plus surpluses or deficits arising from, for example, revaluations of properties, foreign exchange gains or losses on offshore operations.

return on equity (roe) – a calculation which shows the return the company has made on the money ordinary shareholders have invested in anz. it is expressed as a percentage.

risk-weighted assets – the group’s assets adjusted for the risk of the counter-party. the relative risk weight for each counter-party is determined by the bank for international settlement. for example, a mortgage with a lvr (loan to valuation ratio) below 80 percent can carry a risk weighing of just 50 percent.

service transfer pricing – is used to allocate services that are provided by central areas of the company to each of its business units.

shares in associates – anz’s investment in companies where the interest is large enough to provide influence rather than control over the company.

significant items – events which are ‘one-off’ and not expected to be repeated. these are described in detail within the results. special notations are made for any calculations which either include or exclude these significant items.

specific provisioning – the group maintains a specific provision for doubtful debts arising from its exposure to organisations and credit counterparties.

service transfer pricing – a measure which tells us how much interest income is generated by lending money after accounting for our costs of borrowing that money from customers or financial markets. the interest margin is calculated by dividing net interest revenue by average interest-bearing assets. this is expressed as a percentage.

investment securities – the investments in securities that anz intends to hold to maturity.

return on equity (roe) – the highest quality capital from a prudential perspective. it consists of paid-up ordinary shares, general reserves, retained earnings, and certain preference shares less specified deductions.

tier one capital – the highest quality capital from a prudential perspective. it consists of paid-up ordinary shares, general reserves, retained earnings, and certain preference shares less specified deductions.

tier two capital – includes general provisions for doubtful debts (subject to a limit), asset valuation reserves, mandatory convertible notes and similar capital instruments.

total shareholder return (tsr) – the percentage return to ordinary shareholders including price movements and dividends.

trading securities – the securities held by anz that are regularly bought and sold as part of its normal trading activities.