

Inspired people.  
Outstanding results.



2005 Shareholder Review

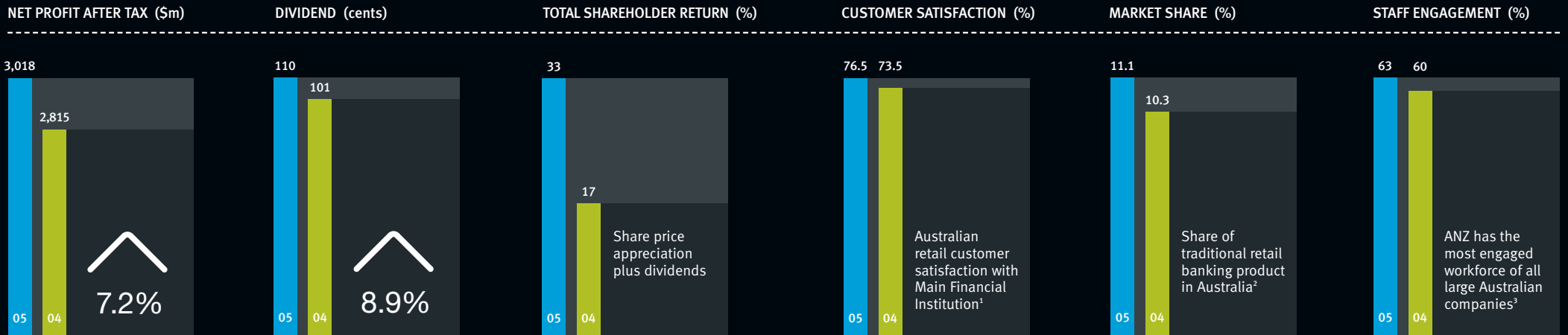




**2005 INVESTOR SNAPSHOT**  
MEASURING PROFIT AND RETURN

2005 has been another good year for ANZ as we continue to deliver for all our stakeholders. We have rewarded shareholders with strong returns and built a unique culture that continues to deliver leading staff engagement and customer satisfaction. Our community involvement and recognition has increased significantly. Our focus remains on building a sustainable business to deliver long term for all stakeholders.

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<sup>1</sup> Source: Roy Morgan Research % Satisfied (Very or Fairly), 6 monthly moving average

<sup>2</sup> Source: Roy Morgan Research

<sup>3</sup> Source: Hewitt Best Employers survey

**2005 HIGHLIGHTS**

- Awarded 'Bank of the Year' for the sixth year in a row (as voted by Personal Investor Magazine)
- Awarded Best Call Centre and now open 24/7
- The leading large Australian organisation for the Advancement of Women
- Awarded New Zealand Bank of the Year

**EARNING COMMUNITY TRUST**

Our community investment strategy seeks to increase the financial literacy and inclusion of adult Australians and enable our people to support the causes important to them. More than 18% of our people contributed 24,000 hours of volunteer time in 2005 and 28% of our staff have donated funds through workplace giving.

**MANAGING RESPONSIBLY**

ANZ ranked in the top 10 of top 10% banks globally on the Dow Jones Sustainability Index. We scored 100% for our Community Management Practice on the Corporate Responsibility Index and we maintained our membership on the FTSE4Good Global Index.



**CHAIRMAN'S REPORT**  
A MESSAGE FROM CHARLES GOODE

The achievements of the past year would not have been possible without the commitment and dedication of our people. On behalf of my fellow Directors and all shareholders, I thank them for their contribution to ANZ's success and look forward to their continuing support.



**ANZ has once again met its commitment to shareholders, producing a record profit, a 17.3% return on shareholder equity and a strong capital position.**

For the year ended 30 September 2005, profit after tax was up 7% to a record \$3,018 million. Excluding significant items and integration costs associated with the National Bank of New Zealand, our profit was up 12% to \$3,056 million.

The Directors were pleased to increase the dividend by 9% to 110 cents per share fully franked. This was the 12th consecutive increase in our annual dividend.

Our Australian businesses performed well, particularly our Personal business which recorded growth above that of the financial services sector. We are now, on many criteria, the best performing major retail bank in Australia, a noteworthy achievement given ANZ's heritage as a predominantly corporate bank.

Our Institutional business recorded a solid performance in what has been a highly competitive year. This business is undergoing a period of reinvigoration following a number of years of relatively flat earnings and low asset growth, arising from our de-risking program.

Both our Corporate business and Esanda continued to deliver solid and consistent earnings growth in an increasingly competitive environment.

In New Zealand, the competitive environment coupled with our continued investment in the ANZ retail business offset a good performance by the National Bank of New Zealand franchise.

Our Asia Pacific business delivered a good underlying performance and we have continued to invest in the region, establishing new partnerships this year in Vietnam and Cambodia. We are making good progress in establishing partnerships in China.

We are managing risks well and are seeing the results from the de-risking program undertaken in recent years. Net specific provisions were down by 19% to \$357 million.

Our capital position is strong, with the Group's adjusted common equity ratio at 5.1% of risk weighted assets, above our target range of 4.5% to 5.0%.

**Board changes**

Directors Brian Scott and John Dahlsen, both of whom were on the ANZ Board for 20 years, retired during the year.

Their wise counsel and insightful contributions to Board deliberations over many years

demonstrate the benefit of having some Directors with long-standing institutional knowledge of the company and the experience of all phases of the economic cycle. We thank them sincerely and wish them well in their retirement.

**Outlook**

**It is likely that we are moving into a period of slightly lower economic growth and a more competitive environment. This calls for a systematic focus on costs and revenue growth and I believe that ANZ is well placed to meet future challenges.**

In the coming year we should continue to benefit from the momentum we have built in our Australian businesses. In the medium term, we expect to see improved returns from the integrated business in New Zealand, while over the longer term our position in Asia should become of more importance.

We are focused on delivering sustainable returns for our shareholders.

**CHARLES GOODE**  
CHAIRMAN



## CHIEF EXECUTIVE OFFICER'S REPORT A MESSAGE FROM JOHN McFARLANE

For over a decade now, shareholders and other stakeholders have benefited from the strategic expansion and strength of our financial performance. Profits now exceed \$3 billion, and we have expanded our position in Australia, become the leading bank in New Zealand and the South Pacific, and we are the leading Australian bank in Asia. We can be proud of these achievements.



### Growth and Transformation

**That is now, but what of the future? We have set ourselves a new challenge of becoming Australasia's leading bank. This requires a new agenda with two principal themes – Growth, and Transformation.**

Growth is about expansion of our franchise and building leadership positions in our core domestic businesses in Australia and New Zealand and expanding into Asia and the Pacific, as well as serving our clients from these geographies across the world. We expect Australia will initially drive our growth and performance as it did in 2005. Later we expect our leadership position in New Zealand to bear fruit, and over the longer term, Asia will become increasingly meaningful.

Growth also means delivering strong returns for shareholders by raising our annual revenue growth to 7% – 9% over the coming years. We made good progress in 2005 with a substantial increase in our investment spending; adding over 2,200 people in the year, mainly to increase our footprint and to expand our service to customers.

Transformation is about maintaining world-class productivity, demonstrated by a cost-income ratio of 40% or below. Last year, we also put plans in place to transform ANZ into a leaner, sharper, more agile, and more externally focused competitor. This will involve shifting our priorities towards customers and reallocating resources from internal activities. It means increased automation, redesign of our operational platforms, and leveraging low-cost offshore capabilities owned by ANZ.

These and other initiatives give us confidence that we will achieve our stated targets.

### Sustainability involves a longer-term focus

**To be successful long-term, our focus cannot exclusively be on today, but also on the longer-term. Winners, over time, will not be those who maximise short-term results, but those who invest wisely to produce superior returns tomorrow. Companies nevertheless need to produce reasonable results in the short-term to survive, while they pursue their long run ambitions.**

The highest performing companies are not simply a financial construction of land, labour

and capital. They are much more than this. A vibrant company is more than the sum of its pieces. It serves its customers well, it cares for its employees, it is part of the community in which it operates and these strengths create the foundation for success with shareholders.

Beyond this, a truly successful company is also a community that is interdependent with other communities. It takes on the characteristics of those it engages with and, in turn, influences them.

So in taking our corporations forward, we need to think of advancing not a company but a community. This means a very different agenda for companies going forward and particularly for ANZ in the years to come.

**JOHN McFARLANE**  
CHIEF EXECUTIVE OFFICER



**OUR BUSINESS PERFORMANCE**  
DOMESTIC FOCUS, INTERNATIONAL PRESENCE

Our domestic markets, Australia and New Zealand, are the most significant contributors to our performance, comprising 89% of our 2005 profit. Our focus on these markets is evidenced by fact that 89% of our staff and 94% of our points of representation reside in these geographies.

- Australia
- New Zealand
- Pacific
- American Samoa
- Cook Islands
- East Timor
- Fiji
- Kiribati
- Papua New Guinea
- Samoa
- Solomon Islands
- Tonga
- Vanuatu
- Middle East & South Asia
- Asia
- Cambodia
- China
- Hong Kong
- Indonesia
- Japan
- Korea
- Malaysia
- Philippines
- Singapore
- Taiwan
- Thailand
- Vietnam
- Europe
- United Kingdom
- United States of America

Asia – NPAT \$98m

Australia – NPAT \$2,159m

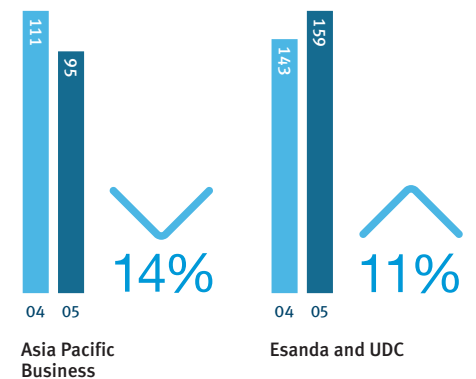
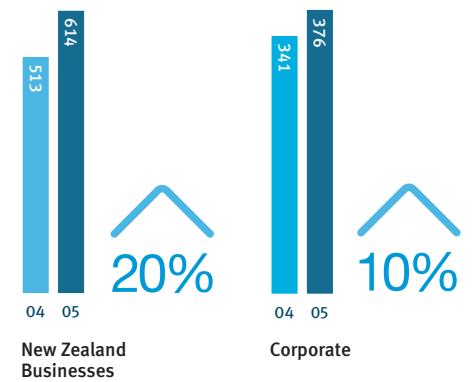
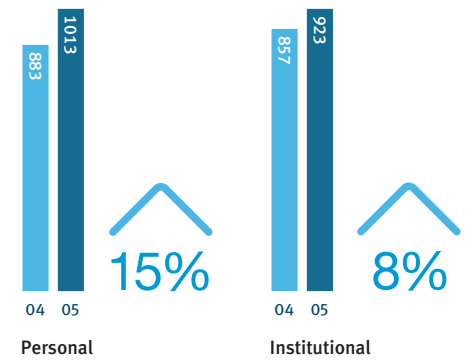
Pacific – NPAT \$86m

New Zealand – NPAT \$528m

Other – NPAT \$147m



**PERFORMANCE OF OUR MAJOR DIVISIONS (NPAT \$m)**



## FIVE YEAR SUMMARY

	2005	2004	2003	2002	2001
	\$m	\$m	\$m	\$m	\$m
<b>Financial Performance</b>					
Net interest income	5,798	5,254	4,311	4,018	3,833
Other operating income	3,552	3,391	2,808	2,970	2,573
Operating expenses	(4,515)	(4,026)	(3,228)	(2,905)	(3,092)
Profit before tax, debt provision	4,835	4,619	3,891	4,083	3,314
Provision for doubtful debts	(580)	(632)	(614)	(860)	(531)
Income tax expense	(1,234)	(1,168)	(926)	(898)	(911)
Outside equity interests	(3)	(4)	(3)	(3)	(2)
<b>Net profit after tax</b>	<b>3,018</b>	<b>2,815</b>	<b>2,348</b>	<b>2,322</b>	<b>1,870</b>
<b>Financial Position</b>					
Assets <sup>1</sup>	293,185	259,345	195,591	183,105	185,493
Net Assets	19,488	17,925	13,787	11,465	10,551
Tier 1 capital ratio	6.9%	6.9%	7.7%	7.9%	7.5%
Return on average ordinary equity <sup>2,3</sup>	17.5%	17.8%	20.6%	21.6%	20.2%
Return on average assets <sup>2</sup>	1.1%	1.1%	1.2%	1.3%	1.1%
Cost to income ratio <sup>4</sup>	45.6%	45.3%	45.1%	46.0%	48.0%
<b>Shareholder value – ordinary shares</b>					
Total return to shareholders (share price movement plus dividends)	32.6%	17.0%	6.7%	15.3%	26.2%
Market capitalisation	43,834	34,586	27,314	26,544	23,783
Dividend	110c	101c	95c	85c	73c
Share price <sup>5</sup> –30 Sep	\$24.00	\$19.02	\$17.17	\$16.88	\$15.28
<b>Other information</b>					
Points of representation <sup>6</sup>	1,223	1,190	1,019	1,018	1,056
No. of employees (full time equivalents)	30,976	28,755	23,137	22,482	22,501
No. of shareholders	263,467	252,072	223,545	198,716	181,667

1 Data for 2001 include the consolidation of assets in the statutory funds of ANZ Life. Data for 2004 include the consolidation of assets in the statutory funds of NBNZ Life Insurance Limited

2 Excludes significant items, NBNZ incremental integration costs and outside equity interests

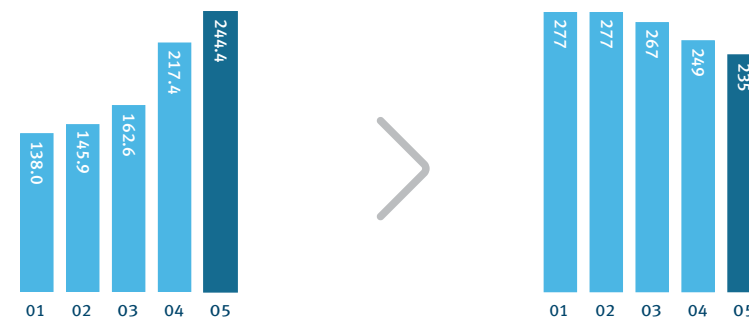
3 For the periods 2001 and 2002 the return on average ordinary equity calculation accrues the dividend over the year. From 2003, dividends may no longer be accrued and as such are not included in the calculation of return on average ordinary equity

4 Excludes goodwill amortisation, abnormals, significant items and NBNZ incremental integration costs

5 Periods prior to 2004 adjusted for the bonus elements of the November 2003 Rights Issue

6 Includes branches, offices, representative offices and agencies

## Strong lending growth partly offset by lower interest margins.



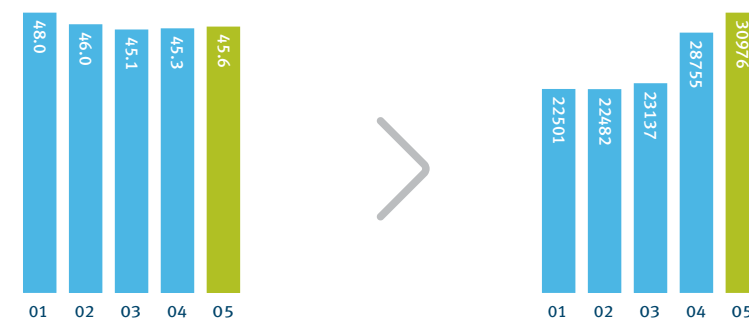
Net Loans and Advances including Acceptances (\$b)

Net Interest Margin (bps)

Continued strong lending growth in Australia and New Zealand, driven largely by Mortgages and Institutional, saw Net Lending Assets up 12% in 2005.

Increased competition in New Zealand Mortgages and the Institutional Division were the key drivers behind the 14 basis point Net Interest Margin contraction in 2005.

## We continue to have world class efficiency which has permitted us to invest in more people.



Cost to Income (CTI)<sup>1</sup> %

Staff (Full Time Equivalent)

Significant investment in the sustainability of the business in 2005 saw the cost to income ratio increase slightly. We have set a target of reducing the CTI to 40%.

Over 3,000 new staff employed in the last 18 months across the business. Approximately 70% of new FTEs are in frontline, revenue generating roles.

1 Excludes goodwill amortisation, significant items and NBNZ incremental integration costs.



Mr C B Goode  
Mr J McFarlane  
Dr G J Clark  
Dr R S Deane  
Mr J K Ellis  
Mr D M Gonski  
Ms M A Jackson  
Mr D E Meiklejohn  
Mr J P Morschel



**MR C B GOODE, AC**

B COM (HONS) (MELB), MBA (COLUMBIA UNIVERSITY, NEW YORK), HON LLD (MELB), HON LLD (MONASH)  
Chairman & Independent Non-Executive Director

Non-executive director since July 1991. Mr Goode was appointed Chairman in August 1995 and is an ex officio member of all Board Committees.

**Experience and expertise**

Mr Goode has a background in the finance industry and has been a professional non-executive director since 1989. He brings a wide range of skills and significant experience of the finance industry to his role as Chairman of the Board.

Age 67. Residence Melbourne.

**MR J McFARLANE**

MA, MBA  
Chief Executive Officer

Chief Executive Officer since October 1997.

Mr McFarlane is also a Director of ANZ National Bank Limited in New Zealand.

**Experience and expertise**

Mr McFarlane brings broad leadership, management and banking skills following a 30-year career in banking. Mr McFarlane is a former Group Executive Director, Standard Chartered Plc, Head of Citibank, United Kingdom and Managing Director, Citicorp Investment Bank Ltd.

Age 58. Residence Melbourne.

**DR G J CLARK**

PHD, BSC (HONS)  
Independent Non-Executive Director  
Chairman of the Technology Committee

Non-executive director since February 2004. Dr Clark is a member of the Nominations, Governance & Corporate Responsibility Committee.

**Experience and expertise**

Dr Clark is Principal of Clark Capital Partners, a US based firm that advises internationally on technology and the technology market place. Previously he held senior executive positions in IBM, News Corporation and Loral Space and Communications. He brings to the Board international business experience and a distinguished career in micro-electronics, computing and communications.

Age 62. Based in New York, United States of America but also resides in Sydney.

**DR R S DEANE**

PHD, B COM (HONS), FCA, FCIS, FNZIM  
Independent Non-Executive Director  
Chairman of ANZ National Bank Limited  
in New Zealand

Non-executive director since September 1994. Dr Deane is a member of the Compensation & Human Resources Committee and the Technology Committee.

**Experience and expertise**

Dr Deane has skills and experience across a variety of sectors including government, banking and finance, economics, and telecommunications, and also with charitable and cultural organisations.

Age 64. Residence Wellington, New Zealand.

**MR J K ELLIS**

MA (OXON), FAICD, HON FIE AUST, FAusIMM,  
FTSE, HON DR ENG (CQU)

Independent Non-Executive Director  
Chairman of the Risk Management Committee

Non-executive director since October 1995.

Mr Ellis is a member of the Audit Committee.

**Experience and expertise**

A trained engineer, Mr Ellis brings to the Board his analytical skills together with his practical understanding of operational issues, investments and acquisitions across a range of sectors including natural resources, manufacturing, biotechnology and education.

Age 68. Residence Melbourne.

**MR D M GONSKI, AO**

B COM, LLB, S.I.A. (Afr), FAICD, FCPA  
Independent Non-Executive Director  
Chairman of the Nominations, Governance  
& Corporate Responsibility Committee

Non-executive director since February 2002.

Mr Gonski is a member of the Risk Management Committee.

**Experience and expertise**

A lawyer, Mr Gonski has a broad experience across business, the law and investment banking. He also brings to his role on the Board an appreciation for the community through his work in the arts and the not-for-profit sector.

Age 52. Residence Sydney.

**MS M A JACKSON, AC**

B EC, MBA, HON LLD, FAICD, FCA  
Independent Non-Executive Director  
Chairman of the Compensation & Human  
Resources Committee

Non-executive director since March 1994. Ms Jackson is a member of the Audit Committee.

**Experience and expertise**

A Chartered Accountant, with significant financial expertise, Ms Jackson has broad industrial experience including her involvement in transportation, mining, the media, manufacturing and insurance. This expertise coupled with her work in health and education contribute to her role on the Board.

Age 52. Residence Melbourne.

**MR D E MEIKLEJOHN**

B COM, DIP. ED, FCPA, FAICD, FAIM  
Independent Non-Executive Director  
Chairman of the Audit Committee

Non-executive director since October 2004.

Mr Meiklejohn is a member of the Nominations, Governance & Corporate Responsibility Committee.

**Experience and expertise**

Mr Meiklejohn has a strong background in finance and accounting. He also brings to the Board his experience across a number of directorships of major Australian companies spanning a range of industries.

Age 63. Residence Melbourne.

**MR J P MORSCHEL**

DipQS, FAIM  
Independent Non-Executive Director

Non-executive director since October 2004.

Mr Morschel is a member of the Risk Management Committee and the Compensation & Human Resources Committee.

**Experience and expertise**

Mr Morschel has a strong background in banking and financial services, and brings the experience of being a director of major Australian and international companies.

Age 62. Residence Sydney.

Visit our website at [www.anz.com](http://www.anz.com) for listings of current directorships.



## DIRECTOR AND EXECUTIVE REMUNERATION 2005

	Primary	Post Employment	Amortised Equity	Total
	\$	\$	\$	\$
<b>Director Remuneration</b>				
<b>C B Goode</b> Independent Non-Executive Director – Chairman	500,000	255,007	–	755,007
<b>G J Clark</b> Independent Non Executive Director	155,440	61,912	–	217,352
<b>J C Dahlsen</b> (retired February 2005) Independent Non Executive Director	63,226	115,726	–	178,952
<b>R S Deane</b> Independent Non Executive Director	270,002	60,892	–	330,894
<b>J K Ellis</b> Independent Non Executive Director	172,250	122,704	–	294,954
<b>D M Gonski</b> Independent Non Executive Director	174,662	115,724	–	290,386
<b>M A Jackson</b> Independent Non-Executive Director	172,250	133,731	–	305,981
<b>D E Meiklejohn</b> Independent Non Executive Director	161,027	76,504	–	237,531
<b>J P Morschel</b> Independent Non Executive Director	149,500	72,182	–	221,682
<b>B W Scott</b> (retired April 2005) Independent Non Executive Director	118,607	133,892	–	252,499
<b>Total Non Executive Directors</b>	1,936,964	1,148,274	–	3,085,238
<b>J McFarlane</b> Chief Executive Officer – Executive Director	4,018,217	417,000	2,774,705	7,209,922
<b>Total of all Directors</b>	5,955,181	1,565,274	2,774,705	10,295,160
<b>Specified Executives</b>				
<b>Sir J Anderson</b> Chief Executive & Director, ANZ National Bank Ltd	1,299,070	117,178	477,452	1,893,700
<b>Dr R J Edgar</b> Chief Operating Officer	1,569,905	48,472	993,472	2,611,849
<b>E Funke Kupper</b> Group Managing Director Asia-Pacific	1,442,687	40,950	645,515	2,129,152
<b>B C Hartzler</b> Group Managing Director Personal	1,855,446	46,800	670,131	2,572,377
<b>G K Hodges</b> Group Managing Director Corporate	1,569,161	42,473	536,834	2,148,468
<b>P R Marriott</b> Chief Financial Officer	1,688,399	46,800	820,875	2,556,074
<b>S Targett</b> Group Managing Director Institutional	1,648,474	46,800	868,841	2,564,115
<b>Total Specified Executives</b>	11,073,142	389,473	5,013,120	16,475,735



## PEOPLE, COMMUNITY AND THE ENVIRONMENT INSPIRING, ENERGISING AND BUILDING RELATIONSHIPS

Our community investment strategy focuses on enhancing the well-being and prosperity of the communities where our people live and work, and where our business operates. Earning the trust of the community is one of our core values.

### People

We introduced a new policy giving employees who are 55 years and older the right to move to a part time working arrangement if they choose, and we doubled maternity/parental leave to 12 weeks fully paid, with no minimum service requirements to qualify.

More than 21,000 staff have now experienced our Breakout cultural transformation workshops. When the Breakout program began, our people cited 'Cost Reduction' and 'Profit' as the top two values most evident in our culture. Today they are 'Customer Focus' and 'Community Involvement'.

As a result of these and other initiatives, ANZ has the highest level of employee engagement among large employers and all major banks in Australia and New Zealand according to the globally recognised Hewitt Best Employers survey.

### Community

We continued our long term commitment to improving the financial literacy and inclusion of adult Australians. For example, our Saver Plus program assisted more than 700 low-income families to develop a long-term savings habit, improve their financial knowledge and save for their children's education. As part of the program, ANZ provided funds to match more than \$800,000 saved by participants in the 2004 and 2005 programs.

This year 18% of Australian staff contributed more than 24,000 hours as part of our ANZ's Volunteers program, which provides employees with eight hours leave each year to complete volunteering activities of their choice.

Some 28% of our Australian staff donated money to numerous community partners through our Community Giving program, where ANZ matches staff contributions dollar-for-dollar up to \$1,000 per person. This was achieved principally through staff donations to the Tsunami relief efforts, where ANZ and its people donated \$1 million to support the work of World Vision.

### Environment

We upgraded our Environment Charter to drive improvements in our environmental performance and outcomes and developed a Stewardship Model for assessing and managing the environmental and social responsibilities in our Institutional and Investment Banking decisions.

We have also developed a Sustainable Procurement policy, which will be introduced over the coming months in collaboration with our key suppliers. The policy will guide the selection and evaluation of suppliers on the basis of environmental and social indicators consistent with ANZ's Environmental Charter.



## HANDY CONTACTS

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## IMPORTANT DATES FOR SHAREHOLDERS\*

Date	Event
16 December 2005	Annual General Meeting Adelaide
16 December 2005	Final Dividend Payment
27 April 2006	Interim Results Announced
15 May 2006	Interim Dividend Ex-Date
19 May 2006	Interim Dividend Record Date
3 July 2006	Interim Dividend Payment
26 October 2006	Annual Results Announced
9 November 2006	Final Dividend Ex-Date
15 November 2006	Final Dividend Record Date
15 December 2006	Final Dividend Payment
15 December 2006	Annual General Meeting Sydney

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



Australia and New Zealand Banking Group Limited  
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