



Our Performance 2004

Making a sustainable contribution to society



ANZ's values

- Put our customers first
- Perform and grow to create value for our shareholders
- Lead and inspire each other
- Earn the trust of the community
- Breakout, be bold and have the courage to be different

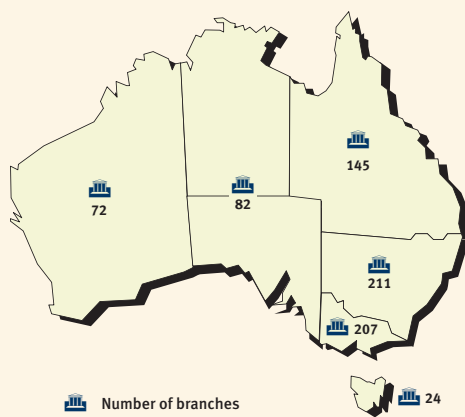
Putting our
customers first

Putting our customers first

For us, putting our customers first is about being friendly and welcoming, making banking as simple and easy as possible and offering the best value for money.

We do this by providing leading, trusted and responsible financial advice, solutions and services that help our customers manage their finances, build their wealth, increase their financial security and realise their dreams.

ANZ branch representation



2004 PERFORMANCE

ANZ has over five million personal, private banking, small business, corporate, institutional and asset finance customers worldwide. In Australia we have 3.25 million personal banking customers, who access our services via 741 branches, 1,228 ATMs, 70,000 EFTPOS machines and our internet banking service.

Over the past few years we have focused on restoring our customers' faith in ANZ – our products, our services and the role we play in the community. We've made steady progress by getting the basics right – investing in the leadership skills, product and industry knowledge and customer service expertise of our people; providing quality, accessible, easy-to-understand and affordable products; enhancing our representation and geographic presence; and by working every day to meet and exceed our service promises to our customers.

ANZ Customer Charter

We have 10 service promises that are central to the way we run our personal banking operations. These promises form our Customer Charter, which was introduced in its first form in October 2001:

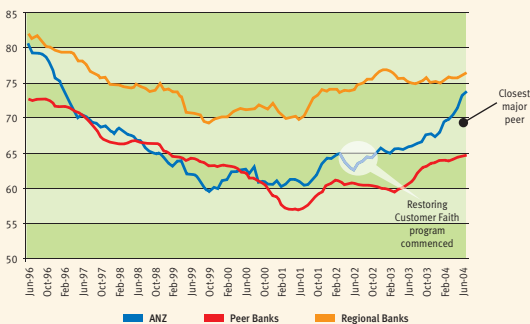
1. Simple accounts, fees and charges
2. Simple, fast account opening
3. Quick, convenient branch banking
4. 24-hour, 7-day accessibility
5. Fast, efficient phone service
6. Respect for personal information and privacy
7. Helping customers understand our communication
8. Swift resolution of complaints
9. Building relationships with the community
10. Accountability through an independent audit.

We measure and report our progress every year via our Customer Charter annual report and monthly tracking and reporting is undertaken to help us understand our progress and ensure we are meeting these promises.

In 2004 we targeted four key areas for improvement – branch queues, telephone service, processing backlogs and complaints – and for the year ended 30 September 2004, we were pleased to report the following results:

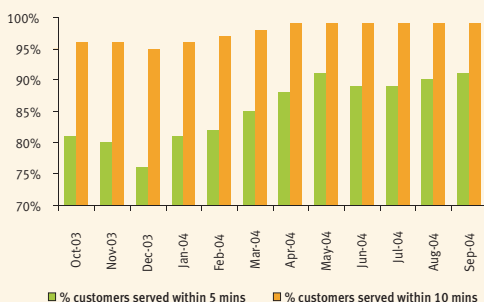
- Queue waiting times have been reduced. The average branch queue waiting time has fallen to 1.1 minutes in 2004 compared to 1.9 minutes in 2003 and three minutes in 2002. Importantly, customers waiting more than five minutes for service in a sample of branches have fallen substantially to 9% in September 2004 compared to 30% in September 2003.
- Telephone service standards have improved. The target to answer calls to ANZ's 13 13 14 customer service number within one minute was achieved for 93% of calls in 2004, compared to 85% of calls in 2003.

Customer satisfaction # with main financial institution

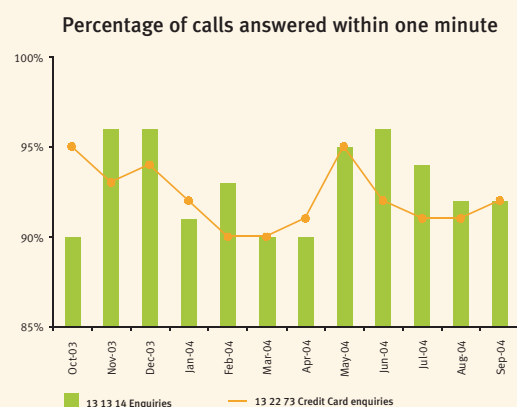
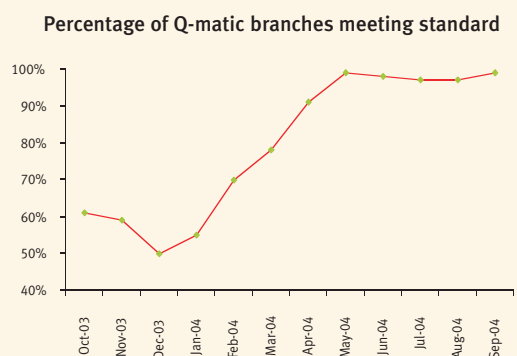
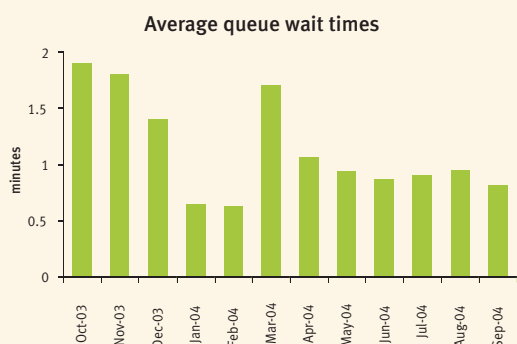


% Satisfied (very or fairly satisfied), 6 monthly moving average
Source: Roy Morgan Research – Main Financial Institution Satisfaction

Customer wait times in Q-matic branches



Putting our customers first



- Backlogs in answering mortgage applications have been reduced with 4,311 home loan applications unacceptably delayed beyond our standard of two working days during 2004 compared to 10,075 in 2003. Strong performances were also achieved in account opening for personal banking accounts, personal loans and car loans.
- Customer complaints fell by 11% during 2004 and there has been a substantial improvement in the time taken to resolve complaints. Of all complaints received, 78% were resolved within 48 hours and 93% within 10 working days, compared to 56% in 10 working days in 2003. This year, complaints were resolved in two days on average compared to more than eight days in 2003.

A copy of the 2004 ANZ Customer Charter Report, including full details on how we performed against each of our promises can be found at: <http://www.anz.com/australia/aboutanz/CustomerCharter/annualreports.asp>

ANZ Customer Advocate

The role of Customer Advocate was established in May 2002 to provide prompt, impartial solutions to difficult customer complaints that have not reached resolution with business units or at our Customer Response Centre.

The Advocate acts independently of ANZ's businesses to resolve such complaints – ideally to the customer's satisfaction. The outcomes of the Customer Advocate's work, together with detailed case studies, are reported annually.

Key outcomes in the year ended 30 September 2004 included:

- 97 unresolved complaints were referred to the Customer Advocate, compared to 70 in the 16-month period covered by the 2003 report. Of these, 64 were resolved by the Customer Advocate, six remain under review and the remaining 27 were referred to ANZ's businesses for resolution.
- 52% of the Customer Advocate's findings were either directly in favour of the customer or were negotiated results or compromises acceptable to the customer.
- A total of \$54,000 was either refunded or paid to customers in compensation. This compares to a much larger amount of \$485,000 in 2003, which was paid to resolve a number of complex and long-standing customer disputes. The chart below provides a breakdown of completed matters.

Customer Advocate breakdown of completed matters

Business Unit	Number of complaints	Finding for			Outcome		Time for completion	
		Customer	ANZ	Both	Compensation amount	Non-financial outcome	< 20 days	> 20 days
Personal Banking	25	8	12	5	\$5,670	17	13	12
Cards	20	2	13	5	\$800	17	6	14
Mortgages	9	5	3	1	\$7,000	7	4	5
Corporate & SME	5	1	2	2	\$35,000	3	0	5
Other	3	3	0	0	\$5,500	1	2	1
Esanda	2	1	1	0	\$0	2	2	0
Total	64	20	31	13	\$53,970	47	27	37

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- The number of ANZ-related complaints to the Banking and Financial Services Ombudsman continued to trend down, falling by 21% in 2003-04.

A full copy of the 2004 ANZ Customer Advocate Report can be obtained at:

<http://www.anz.com/australia/aboutanz/CustomerCharter/CustomerAdvocateAnnualReport.asp>

Customer satisfaction

Our focus on getting the basics of customer service right has helped to deliver improvements in customer satisfaction. ANZ is now outperforming the other major banks on retail customer satisfaction, according to the Roy Morgan Finance Monitor:

- In the year ended 30 September 2004, we increased satisfaction among our consumer banking customers in Australia by seven points from 66.6% to 73.6%.
- Our current satisfaction level at 73.6% is well ahead of the 66% average for our major bank peers.

We acknowledge that there is more we can do to improve our performance and match the regional and community banks which have customer satisfaction scores of 80% or more.

Our Institutional business maintained its leadership position in relationship banking in the Peter Lee Associates Large Corporate (formerly Greenwich) Survey. We were ranked number one ahead of 15 other major banks in the following categories including "overall satisfaction":

- Lead Relationships
- Significant Relationships
- Overall Satisfaction
- Relationship Manager Capability
- Knowledge of Funding Needs.

Responsible, affordable and accessible products and services

We have taken a number of steps to provide responsible, affordable and accessible products and services. Some examples include:

Accessible products and services:

- We streamlined our Access transaction accounts in 2002 in response to customer feedback that our product range was too complex. We introduced two transaction accounts with simplified and transparent pricing structures – Access Advantage and Access Select.
- We are opening more branches and installing more ATMs in metropolitan, regional and rural communities. We intend to expand our network to make banking with ANZ as convenient as possible for our customers. Our plan is to open a further 80 branches in Australia's high-growth areas over the next three years.

Community focused products and services:

- We introduced a basic bank account, ANZ Access Basic, in 2002 designed specifically for welfare benefit recipients. It provides eligible customers with free day-to-day transactions through all ANZ channels and no monthly account service fee.
- In addition to providing free banking to welfare benefit recipients, ANZ offers everyday banking concessions on our range of Access accounts to seniors, full-time students, those under 18 years of age and people with disabilities. Known as the ANZ Community Banking package, eligible customers benefit from no monthly fees and free ANZ withdrawals. We will continue to raise awareness of this package among the community and our staff to ensure they recommend it to all eligible customers.
- ANZ is supporting farmers in difficult times via the ANZ Drought Consolidation Loan (DCL). We offer farmers a chance to consolidate existing farm liabilities onto a long-term tailored loan facility. The DCL allows farmers to restructure the cash outgoings required to meet their financial obligations over the medium term and offers a consolidated line of credit on an interest-only basis.

Financial education for our customers:

- Consistent with our Group-wide commitment to improving financial literacy in Australia, in 2004 we continued to produce brochures and information on key financial issues to help customers understand and better manage their money. The *Kick-start your financial fitness* booklet was developed to help staff assist our customers. *Kick-start* provides practical advice on the basics of money management and includes information and tips on saving, managing debt and credit, investing, retirement planning and protecting assets. It is accompanied by a pull-out budget planner and a glossary of common financial terms. The booklet is available from all ANZ branches.
- We have developed specific credit education materials to help individuals better understand how to use and manage credit. The *How credit works* website and *Understanding credit card interest* and *How credit cards work* brochures aim to help customers and the community become aware of how credit works, how to manage it and the responsibilities that come with taking out a credit card or personal loan.
- In response to the findings of our Community Development Finance Research, ANZ has committed a further \$3 million to its financial literacy and inclusion programs to assist the most vulnerable sections of the community in accessing mainstream financial services:
 - › a new loans program tailored to the needs of people on low incomes who are currently using 'payday' lenders and other fringe credit providers; and

Putting our customers first

- › micro-finance programs including funding, financial literacy education, mentoring and support to facilitate the development of indigenous businesses, delivered with the assistance of local credit unions.

Socially and environmentally responsible products and services:

- In 2004 we completed a detailed review of our corporate and institutional policies and practices in relation to the social and environmental impacts of our lending. Areas of focus include climate change, water management, land clearing, salinity, air quality, safety, community well-being and human rights. This review involved:
 - › participation by some 50 ANZ staff from Australia and the UK, a further 35 staff attending five risk identification workshops, and another 85 Corporate and Institutional Banking staff participating in online surveys;
 - › commissioning independent local and international specialists to facilitate a review of our existing business models and outcomes;
 - › international best practice review and engagement with other leading banks;
 - › customer surveys and focus groups;
 - › engagement with environmental, community and social groups;
 - › detailed review of the Equator Principles and associated compliance requirements; and
 - › identification of internal management system changes required to demonstrate our leadership.
- ANZ supports a wide range of corporate and institutional clients and partners involved in projects of high environmental value. Some key projects in 2004 included:
 - › A business alliance with Visy Industries to significantly increase lending for water-saving irrigation systems. The alliance will result in additional funds and advice being made available to encourage more Australian irrigators to convert to more water-efficient practices. Under a heads of agreement with Pratt Water and ANZ's asset finance business, Esanda, the program has been trialed in the Murrumbidgee region and the outcomes of these trials are being evaluated to design an appropriate national program.
 - › ANZ Institutional Financial Services strengthened its position as a market leader in the financing of renewable energy projects. Projects financed by ANZ in 2004 included:
 - › a wind farm at Challicum Hills, Central Victoria (52.5MW);
 - › Coya Pangal Hydro scheme in Chile (76.3 MW); and
 - › participation in refinancing of a portfolio of Australian remote area power generation, landfill gas and coal mine waste methane power generation projects (252MW).

Aware and informed staff

- Our 'Restoring Customer Faith' business model is now operating nationally. This repositions our branches as small, community-based businesses managed by a 'Local CEO' who is empowered to make local decisions based on local needs.
- ANZ has adopted the Banking Code of Practice and the provisions in the code relating to the responsible selling of products and services.
- We have developed and implemented our *One Way* sales process in Personal and Rural Banking, which focuses on the needs of our customers and incorporates the requirements of the Financial Services Reform Act.
- We conducted training and education programs to ensure our staff can identify and assist people struggling with their finances. This included some 2,500 service consultants and 200 people in our credit card call centres. We are looking to expand and develop this training in 2005.
- We are building the environmental and social risk capabilities of our relationship and credit managers in Corporate and Institutional Banking to assist them in making effective lending decisions and we are trialing environmental and social screening tools at a transactional level.

Putting our customers first

Awards and recognition

- In 2004 we received the following awards and recognition for our business, our products and services:

Awards and recognition	Source
October 2004	
<ul style="list-style-type: none"> International Customer Service Professionals (ICSP) awards: <ul style="list-style-type: none"> › “My Customer Rules” category › Best Large Customer Service Business in Australia for ANZ’s Contact Centre › Small Business award for 254 Queen Street, Melbourne branch 	International Customer Service Professionals (ICSP)
September 2004	
<ul style="list-style-type: none"> Best Trade Bank in East Asia 	<i>Trade and Forfeiting Review Magazine awards</i>
August 2004	
<ul style="list-style-type: none"> Bank of the Year for fifth year: <ul style="list-style-type: none"> › Banking Institution of the Year › Home Lender of the Year › Personal Banking Website of the Year › Foreign Currency Exchange of the Year 	<i>Personal Investor Magazine (Australia)</i>
<ul style="list-style-type: none"> Corporate Loan Syndication of the Year Structured Finance Transaction of the Year 	<i>CFO Magazine</i>
May 2004	
<ul style="list-style-type: none"> Best Bank in Australia 	<i>Australian Banking and Finance Magazine</i>
<ul style="list-style-type: none"> Australian Service Excellence Award for a Victorian large business (and highly commended at a National level) 	Customer Service Institute of Australia
January 2004	
<ul style="list-style-type: none"> Syndicated Loan House of the Year Foreign Exchange House of the Year Issuer of the Year Best Australian Cash Management House in the more than US\$500 million category 	<i>Asiamoney Magazine</i>
<ul style="list-style-type: none"> 2003 Australian Achievement Awards: <ul style="list-style-type: none"> › Best Local Commercial Bank after purchase of The National Bank of New Zealand (NBNZ) › Best Merger and Acquisition Deal for NBNZ purchase named joint winner › Best Secondary Offering for ANZ’s \$3.6 billion Renounceable Rights Issue › Best Securitisation Deal for Mirvac Finance \$500 million multiple option presale securitisation program (with Merrill Lynch) › Best Local Bond Deal for Snowy Hydro \$500 million refinancing (with JPMorgan and Westpac) 	<i>FinanceAsia Magazine (Australia)</i>

Putting our customers first

2005 FOCUS AREAS

While we are pleased with the improvement in our service levels and customer satisfaction, we have a long way to go. We will continue to focus on getting the basics right, making ANZ easy to do business with and doing things very differently to the other banks to give our customers better choices and simpler products and services.

This will include:

- Conducting a review of our Customer Charter to ensure its promises remain consistent with customer and community expectations for our basic service standards.
- Continuing to invest in the development of our people who serve our customers.
- Expanding our geographic representation particularly in high growth areas across Australia.
- Ensuring improvements in customer satisfaction across all customer divisions with the aim of matching the regional and community banks' satisfaction scores of 80% or more.
- Improving the accessibility and affordability of our products and services, particularly among "at risk" groups that struggle to obtain lower-cost, fair and safe products and services from mainstream banks.

- Addressing the findings from the extensive review of our lending practices. This will include increased specialist resources to implement changes and deliver outcomes that address the identified opportunities for improvement relating to:

- › policy setting;
- › lending assessment procedures;
- › defined responsibilities;
- › staff support systems and tools; and
- › technology and information systems.

For more information please contact:

Jayant Rajan

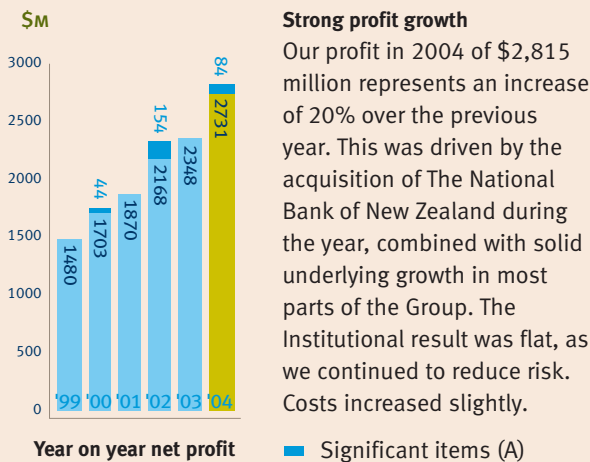
Head of Retail Experience
26/100 Queen Street
Melbourne VIC 3000

Or visit www.anz.com/aus/about/Customers

Performing and
growing to create
value for our
shareholders

Performing and growing to create value for our shareholders

Our goal is to become Australasia's leading, most respected and fastest growing major bank. We came a long way in 2004 while at the same time delivering another good financial performance. Importantly, we have rewarded our shareholders and shared the benefits with customers, our people and the community.



Strong profit growth

Our profit in 2004 of \$2,815 million represents an increase of 20% over the previous year. This was driven by the acquisition of The National Bank of New Zealand during the year, combined with solid underlying growth in most parts of the Group. The Institutional result was flat, as we continued to reduce risk. Costs increased slightly.

2004 PERFORMANCE

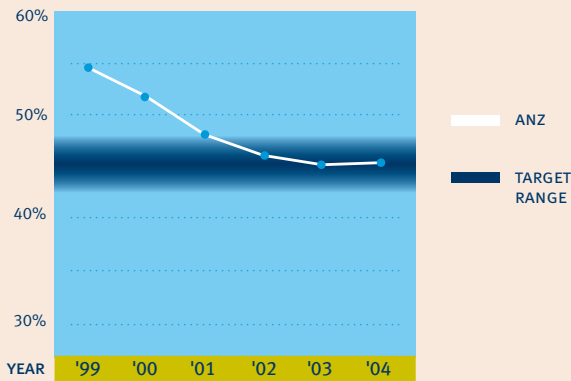
- Completed the \$4.9 billion acquisition of The National Bank of New Zealand and made good progress with the integration of our New Zealand business.
- Undertook a successful \$3.6 billion rights issue.
- Created strong momentum in the Personal and Corporate divisions, which performed well, delivering improved service for customers and growing market share.
- Established a sustainable foundation for the Institutional division through more efficient use of capital and lower risk.
- Produced solid performances in New Zealand, Asia Pacific, Esanda and ING Australia.
- Took further steps in a multi-year program of structural de-risking which is now largely complete with ANZ's risk profile now comparable with other major Australian banks.
- Continued to create an environment of opportunity, challenge and development for our people. Staff satisfaction now stands at 85%.
- Developed innovative programs to strengthen our connection with the community including responses to major social issues that involve the financial services industry such as financial literacy and inclusion.

(A) Significant Items In the year ended 30 September 2004 there were significant items of \$84 million, including gain related to the buy-back of TrUEPrS preference shares (\$84 million after tax), gain on finalising ING Australia completion accounts (\$14 million after tax) and incremental costs associated with the NBNZ integration (\$14 million after tax). There were significant items totalling \$154 million after tax in 2002 and \$44 million in 2000.



Market capitalisation doubled in 5 years

Over the past five years ANZ's market capital value has more than doubled, driven mainly by strong growth in underlying earnings.

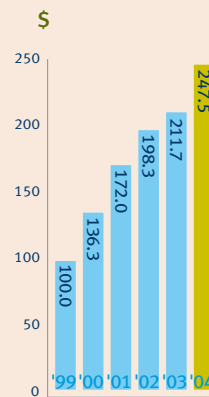


Cost to income ratio (B)

World-leading productivity

During 2004 our cost to income ratio remained broadly stable at 45.3%, staying within our target range. ANZ remains one of the most efficient major banks in the world. We continued to increase the rate of organic investment in the Australian franchise to increase market share, particularly in Personal and Corporate.

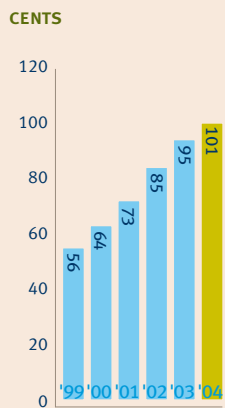
(B) Cost to income ratio Excludes the effect of significant items and goodwill amortisation.



Value of \$100 investment in ANZ shares over 5 years

Healthy shareholder returns

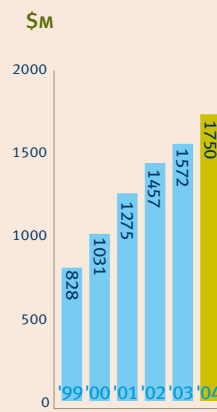
Share price re-based for rights issue. Assumes re-investing of dividends. Total shareholder return (TSR) in 2004 was 17%. The TSR annualised for the past five years, assuming full reinvestment of dividends, was 20%. This was driven by steadily increasing dividends and strong growth in the share price.



Dividends per share

Strong dividend growth

The 2004 dividend was a record with a 47 cents interim dividend and a 54 cents final dividend, both 100% franked. Adjusting for the bonus element of the rights issue, dividends grew by 10.8% broadly in line with the growth in earnings per share excluding significant items and goodwill amortisation.



EVA™

Increased shareholder value as measured by EVA™

Economic value added (EVA™) grew by 11% in 2004, driven by sound underlying performance and continued success in reducing risk across the Group, particularly in our Institutional division.

For more information contact:

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Head of Investor Relations
22/100 Queen Street
Melbourne VIC 3000

Or visit:

<http://www.anz.com/australia/aboutanz/investorcentre>

Leading and
inspiring
each other

Leading and inspiring each other

Our people serve our customers and create new ideas for our company. It is their pride and passion that builds an exciting working life and a strong and successful future for ANZ.

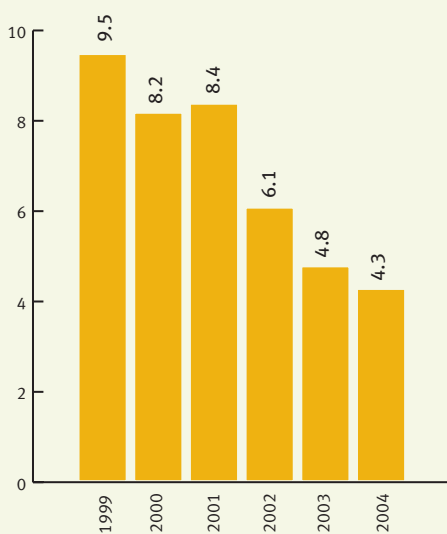
We aim to create an environment where ANZ employees can contribute their very best to our goal to become Australasia's leading, most respected and fastest-growing major bank. Our 'people practices' aim to be innovative, flexible and focused on the needs of our people.

ANZ staff headcount

Location	Number
Australia	18,257
New Zealand	8,928
Pacific	1,610
Asia	781
India	514
UK/Europe	292
United States	111
TOTAL	30,493

Headcount as at 30 September 2004

Lost Time Injury Frequency Rate



Compensated claims per million hours worked

2004 PERFORMANCE

Our 30,493 employees worldwide are an investment in ANZ's future. We aim to build and enhance ANZ's 'people capital' by:

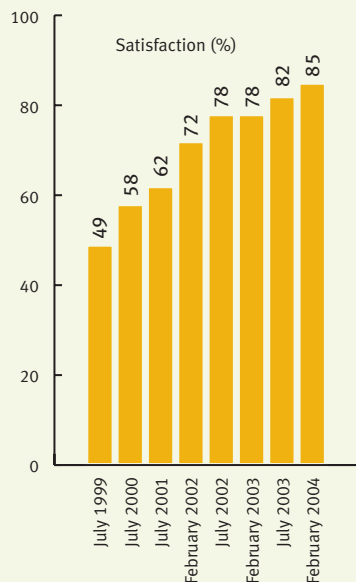
- developing people policies and processes to help drive superior performance;
- building organisational capability for growth; and
- creating a unique, values-based environment.

Our agenda this year included strengthening diversity, leadership development and employee engagement, with the continued roll-out of our organisation-wide cultural transformation program, Breakout. A significant focus area has also been enhancing our governance, systems, processes and training to ensure occupational health and safety is actively managed as a Group-wide priority. This underpins a comprehensive three-year program, which commenced in 2003, to upgrade our premises and improve security in our branches - specifically in parts of New South Wales.

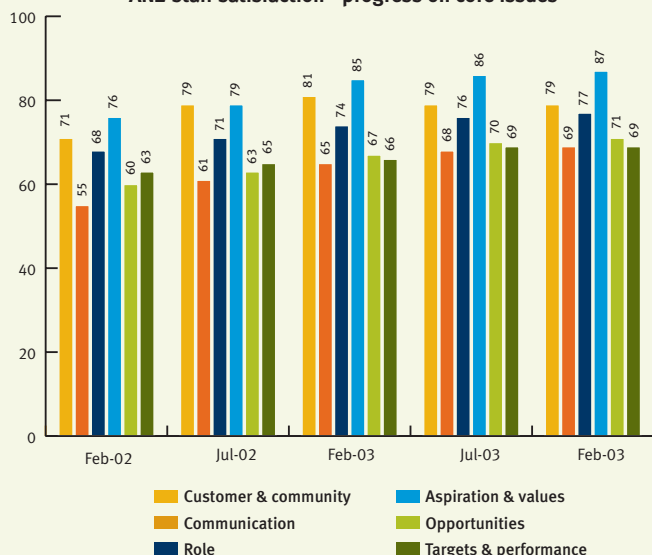
Occupational health and safety

- We decreased our Lost Time Injury Frequency Rate to 4.3 compensated claims per million work hours compared to 4.8 in 2003 and 6.1 in 2002. While we have made improvements, our goal is to equal or better world best standard of 0.2.
- Our Critical Incident Management program reported 71 critical incidents where trauma counselling was provided.
- Our free Employee Assistance Program provides counselling for both personal and work-related matters and reported 574 referrals in 2004 compared with 532 in 2003.
- A Health, Safety and Security Committee was established to oversee development and implementation of ANZ's health, safety and security policies, standards, systems and programs. The committee comprises ANZ senior executives and is chaired by our Managing Director for Personal and Wealth Distribution.
- Our ongoing facilities improvement programs include a \$130 million branch refurbishment and security upgrade (particularly in NSW) for 2004 and the safe removal of asbestos from some of our ageing buildings. This process has involved comprehensive consultation with our staff, regulators and the Financial Services Union.
- A pilot executive leadership health and safety workshop was conducted to enhance senior leader awareness of their role and obligations in ensuring a healthy, safe and secure workplace. This program will be completed by all ANZ executives in 2005.
- Other health and safety education programs included line manager-led discussions for all branch network staff on general health and safety matters and a *Safety Basics* awareness building video which was produced and distributed to all branches.
- All ANZ staff were required to undertake new health and safety training via our online learning system by 30 September 2004. This covered fire and emergencies and workstation set-up, together with targeted modules on manual handling for branch staff and voice care for staff in our Contact Centres.
- More than 40,000 on-line training courses on health and safety issues were completed by ANZ staff worldwide from 1 July 2003 to 30 June 2004.

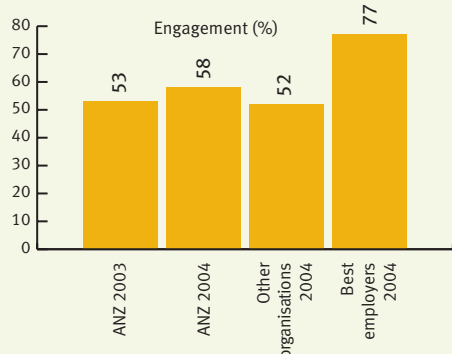
ANZ staff satisfaction



ANZ staff satisfaction - progress on core issues



Hewitt Employee Engagement Survey



Cultural transformation

- Over 18,000 ANZ staff have participated in ANZ's Breakout cultural development program. The program includes workshops to help staff apply values-based decision-making and effectively balance the competing needs of staff, shareholders, customers and the community in their roles and activities.
- A key measure of our progress in transforming ANZ's culture is our annual Values Assessment which asks our senior leaders and a random sample of staff to select their top 10 personal values, as well as the current and desired values, to describe ANZ's culture.
- The results show ANZ management and staff believe the culture of the organisation has shifted since 2000.
- In 2000, survey participants nominated 'cost reduction' as ANZ's most important current value; by 2003 this had changed to 'customer focus' - a major step towards realising our aspiration to be the Bank with a Human Face.
- 'Community involvement' entered our top 10 list of values in 2001 and continues to grow in meaning for our staff. This is particularly important given this value was not deemed to be present in our top 10 values in 2000 when we commenced the Breakout journey.

Staff engagement and commitment

- ANZ has conducted a Group-wide staff satisfaction survey since 1999. When the survey first commenced, satisfaction at ANZ was 49%. By February 2004 it had reached 85% with more than 82% participation. The 2004 survey results show significant progress in a number of areas:
 - > 91% of staff have a clear understanding of ANZ's goals and aspirations (compared with 81% in 2002);
 - > 93% understand the role they are meant to play in the organisation (compared with 89% in 2002);
 - > 85% believe that ANZ maintains high standards of ethics and integrity (compared with 67% in 2002); and
 - > 82% would recommend ANZ as a place to work (compared with 64% in 2002).

Programs and policies such as the provision of childcare facilities, salary sacrificing, flexible leave options and an 'open' internal market for jobs have been introduced for all staff to address common issues related to opportunities and work-life balance. Specific solutions are also developed in response to business and team issues identified via the surveys.

We have set a new goal to achieve 'Best Employer' status in the globally recognised Hewitt Employee Engagement Survey. In this year's survey we achieved equal highest score among other large Australian corporations. Our survey result was 58% employee engagement; an increase from 53% in 2003, and ahead of the average score of 52% for all Australian survey participants.

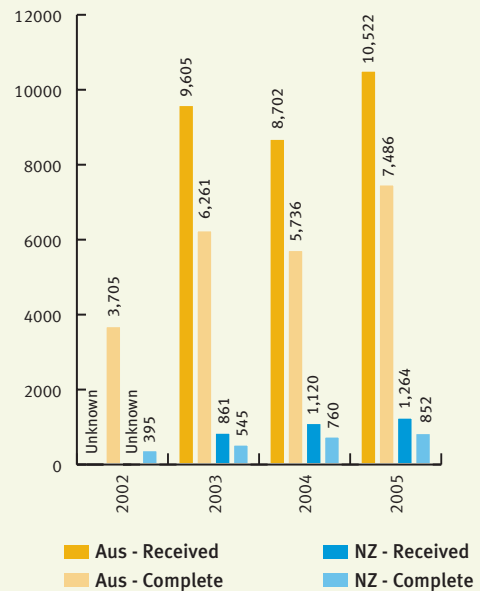
Leading and inspiring each other

- Another key indicator of staff satisfaction is employee turnover. In 2004, turnover of our Australian staff was 13.5%, down from 15.0% in 2003.

Leadership, learning and development

- We employed 220 graduates in 2004. In addition to our year-long graduate program we introduced Grad Plus Track, a program designed to identify and develop ANZ's high potential graduates and further strengthen the 'pipeline' of future ANZ leaders. Applications for our 2005 graduate program increased 31% from 2004 to 7,486.
- The number of participants in our Group-wide talent programs grew to 122 in 2004, with the launch of a new talent program targeting high-potential people in specialist roles. This complemented our Emerging Leader Radar talent program, which was launched in 2003. These programs provide additional development opportunities for high-potential people with aspirations to become senior leaders within the organisation.
- ANZ's LEAD program, also launched in 2003, identifies and offers additional development for high-potential senior executives. Of the 47 participants to date, 30% have been promoted to roles of larger scope and scale.
- We have implemented a range of other leadership programs focused on developing the skills of our senior executives and line managers. We have improved ANZ's leadership competency framework so it defines the distinctive attributes required by senior leaders to deliver on ANZ's performance, growth and sustainability agenda. This forms the basis of tailored development plans for ANZ's most senior executives and the recruitment of senior leaders.
- Our Business Leadership Program, which is specifically designed for people who have recently been appointed to their first senior management role in ANZ, had 44 participants in 2004. The Future Leaders Program, which focuses on developing the capabilities of first-time managers to help lead and manage staff, had 161 participants in the same period. The Leader as Coach program, which builds on the "foundation" Breakout cultural development workshop, complements these programs and was attended by 498 staff in 2004.
- ANZ uses eTrain, a web-based learning system for employees in Australia, New Zealand, India and the United Kingdom. An additional 1,000 new learning programs were added to eTrain in 2004 and staff completed more than 286,000 of its courses from 1 July 2003 to 30 June 2004.
- The ANZ Careers recruitment centre was established in February 2004. The centre aims to assist in building our unique leadership capabilities and promoting an inclusive and diverse workforce by attracting the very best talent from within and outside the organisation to the many

Graduate applications



opportunities within ANZ. The team offers a full range of recruitment services including the 'Opportunities Bank', which allows staff to diversify their work experience and develop new skills via short-term secondment opportunities. Over 3,400 non-graduate placements have been made via ANZ Careers, with 1,980 internal applicants appointed since February 2004.

Life balance

- In response to staff demand, ANZ established a partnership with ABC Learning Centres Limited to build and operate childcare services for our people across Australia. In 2004, we established childcare centres in Brisbane and Melbourne and plan to open three additional centres by the end of the year. The take-up of places has been slow, however we expect this will increase in 2005 as awareness increases and more centres become available.
- We continued to actively reduce our staff annual leave accruals for the third year by 8.5%.
- The number of average overtime hours worked remained constant in 2004, at approximately four hours of overtime per fortnight per non-managerial staff member.
- We offer flexible employment arrangements and options for our people. As at 30 September 2004 we had 12,883 full-time and 5,374 part-time employees in Australia.
- The number of our people taking up parental leave in 2004 was 333. An issue that requires further research is the return to work rate for new parents, which declined over the past year.
- Our Lifestyle Leave program, launched in 2003, enables staff to tailor their salary over a year to provide up to an additional four weeks leave for any purpose. In 2004, 71 staff used their Lifestyle Leave.

- ANZ Career Breaks offer employees the opportunity to take between six months and five years of unpaid leave to pursue personal development or family commitments. In 2004, 140 additional staff commenced Career Breaks.
- ANZ was highly commended in the 2004 Australian Chamber of Commerce/Business Council of Australia (ACCI/BCA) National Work and Family awards for family-friendly policies and practices.

Remuneration and benefits

- Our award staff were given a 4% pay increase in July 2004, an increase above the rate of inflation.
- We encourage our staff to become part-owners in our business and share in ANZ's success by receiving, earning and buying ANZ shares. Approximately 93% of all staff are ANZ shareholders.
- In 2004, for the seventh year, we issued up to \$1000 of ANZ shares to each eligible staff member globally. The shares are offered under our Employee Share Acquisition program as an investment in ANZ's future and are allocated only if our business performs well. At 30 September 2004 a total of 8,258,575 shares had been granted under the program.
- Our Employee Share Save Scheme continued, allowing staff to purchase shares through salary sacrifice at a 5% discount. Around 2,200 staff participate in the program.
- Consistent with our Group-wide commitment to financial literacy, we piloted a series of 'financial fitness' workshops with more than 3,000 ANZ staff Australia-wide. The sessions cover the basics of financial fitness, superannuation and retirement planning, investment fundamentals and credit management. The sessions are delivered by our network of financial planners who are volunteering their time to help us achieve our goal to become the most 'financially fit' workforce in Australia. In 2005 the pilot program will be extended to all Australian staff.
- We adjusted our reward arrangements for managers to ensure they are transparent and aligned with ANZ's focus on performance, growth and sustainability, while remaining strongly linked to our short-term performance objectives.
- We also increased the range of benefits available to our staff. New benefits include salary packaging, discounts on ANZ products and services and special discounts on non-ANZ products and services such as computers, cars and travel.

Performance management

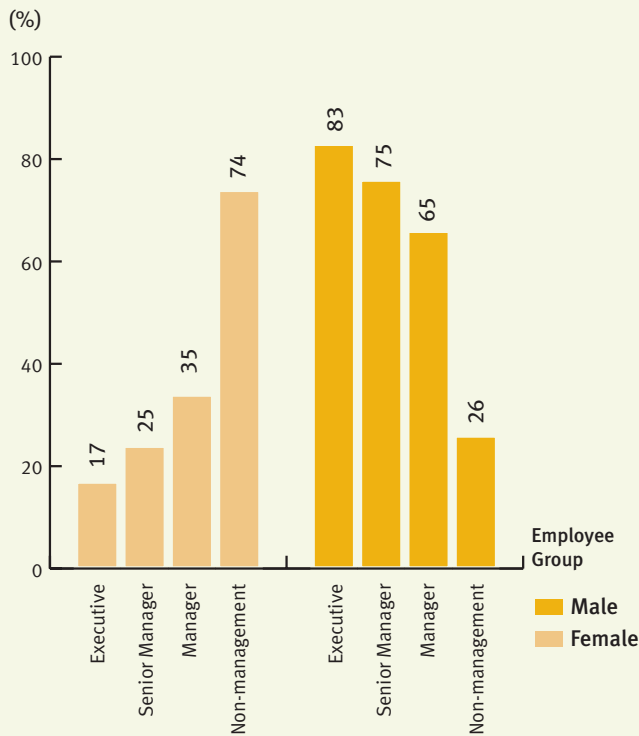
- We introduced a Balanced Scorecard evaluation for our most senior executives in 2004. Approximately 40% of measures are financial and the remaining 60% focus on qualitative measures such as performance of our people, customers, and community agendas. A Balanced Scorecard of measures will form the basis of a new performance management system designed to encourage our people to deliver our performance, growth and sustainability agenda in 2005.

Workplace relationships

- Our staff are covered by the ANZ Group Award 1998 and ANZ/Finance Sector Union (FSU) Enterprise Bargaining Agreement (EBA) 1998, which covers all aspects of employment conditions, including a process for dispute resolution and access to the Financial Services Union. In 2004, our staff voted in agreement for an amendment to the award to allow salary sacrificing for our non-managerial staff.
- Occasionally, difficult employment-related issues arise which cannot be easily resolved. In 2004 we enhanced our process for resolving staff grievances with the introduction of FORUM, a process that aims to help our employees find workable solutions to difficult or complex employment-related matters. FORUM is used where all attempts to resolve a matter within a business unit have been exhausted. Seven matters have been referred to and resolved via FORUM since its inception in April 2004.
- In the 12 months to September 2004 we have seen an 80% reduction in unfair dismissal claims due to improved management and fairer processes.
- Exit surveys were introduced in April 2004 to identify reasons for voluntary turnover - 450 employees were surveyed in 2004.

Leading and inspiring each other

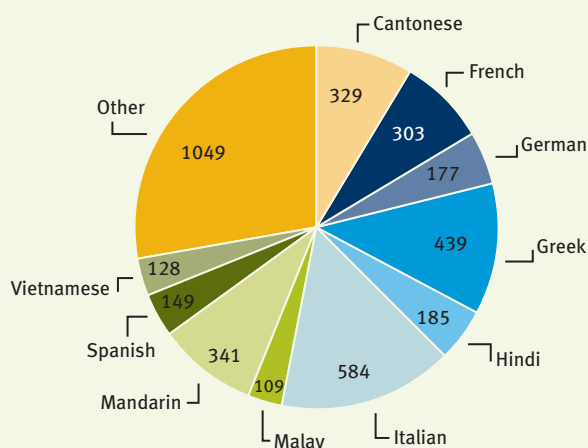
Australian females and males per employee group comparison



Diversity

- We launched our Career Extension program giving mature age employees flexible options enabling them to continue their work at ANZ past the traditional retirement age. The program includes policies that enable staff to adapt their career to suit their changing priorities. In 2005 we will offer free seminars to staff Australia-wide explaining each of the Career Extension options, together with general advice on considerations and planning required to ensure the ongoing 'financial fitness' of program participants.
- We continued research on gender diversity at ANZ, including an audit of pay equity and remuneration, and research into barriers that inhibit career advancement for women. We are currently analysing the findings of this research and will continue to address this in 2005.
- We have made steady progress in increasing the number of women in senior positions at ANZ. As at 10 December 2004, 17.1% of executives, 24.7% of senior managers, and 35% of managers are female. This is an increase from 4.2% of executives, 10.2% senior managers and 19.4% managers in 1996. We still have considerable work to do in this area and have established a target of at least 20% female representation at the executive level by end of 2005.
- We continued to participate in the Federal Government's National Indigenous Cadetship Program. Under this program, full-time university students receive an allowance to cover their education and living expenses. They also undertake three months of paid work with ANZ over the summer each year, with a view to joining ANZ upon completion of their degree. We also awarded our second indigenous scholarship in 2004, which will provide financial support, work-experience and mentoring over a five-to-six year period. The scholarships are offered to full-time Indigenous students who achieved high academic results in their final year at secondary school and simultaneously demonstrated leadership and sporting success during their school life.
- We have partnered with Aboriginal Employment Strategies (AES) in Moree, Wee Waa, Gunnedah and Tamworth in New South Wales and the Department of Education, Science and Training to place high school students in part-time work while they complete their high school studies.
- ANZ has provided 17 rural and regional Indigenous youth in the Northern Territory with relevant professional training and experience via school-based and full-time traineeships. Youth traineeships allow participation in a two-year full-time program with ANZ; where trainees learn about all facets of the business including lending, accounting and computer skills, by completing four rotations lasting six months each. High school students can participate in school-based traineeships by spending one day a week at an ANZ branch.

Languages other than English spoken by ANZ Staff



- In 2004 ANZ was named the Northern Territory's Employer of the Year for its local traineeship programs. The Northern Territory Government and the Commonwealth Department of Employment, Education and Training presented the award.
- ANZ and Outsource Australia were nominated for the 2003 Prime Minister's Employer of the Year award, which recognises Australian businesses and organisations who have made a significant commitment to the employment of people with disabilities.

2005 FOCUS AREAS

- Complete and implement our health and safety strategy including development of a framework for a comprehensive, integrated Health, Safety & Security Management System and a Group-wide focus on health and safety awareness, accountability and behaviour.
- Evolve ANZ's Breakout cultural transformation program to closely align it with ANZ's performance and growth agenda. We will develop specific programs to increase employee engagement, develop growth mindsets and capabilities and create a culture of mentoring and coaching.
- Increase employee engagement from 58% and move closer towards our goal of achieving 65% engagement by 2006.
- Introduce new, improved salary packaging arrangements including the ability to sacrifice all components of salary, new packaging choices and the introduction of salary packaging for our non-managerial staff.
- Complete the introduction of our new performance management system by increasing the frequency and quality of performance conversations between management and staff, and clearly linking performance and rewards to support the new reward structure. This includes the introduction of Balanced Scorecards for our top 300 managers.
- Continue to create a diverse workforce by:
 - › Ensuring our recruitment practices are consistent with our diversity strategy.
 - › Achieving at least 20% female representation at the executive level by the end of 2005, including ensuring women are included on recruitment shortlists and there is a 50/50 split in graduate hiring.
 - › Introducing a mentoring program to support women with their development needs and creating relationships which aid their progression through the organisation.
 - › Implementing diversity awareness training across the organisation, with a component tailored towards those with people-management responsibilities.
 - › Continuing to promote flexible working practices for mature-aged staff via our Career Extension program.
 - › Implementing improved parental leave benefits.
 - › Ensuring delivery of ANZ's Disability Action Plan and working with disability consultants and organisations to ensure access to, and opportunities for, disabled candidates and staff.

For more information contact:

Shane Freeman

Group General Manager - People Capital and Breakout
32/100 Queen Street
Melbourne VIC 3000

Or visit:

<http://www.anz.com/aus/about/People/default.asp>

* Unless otherwise stated, figures for 2004 are for the year from 1 October 2003 to 30 September 2004.

Earning the trust
of the community

Earning the trust of the community

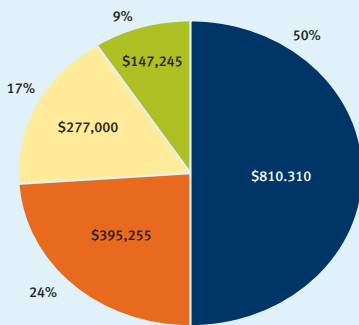
ANZ is committed to enhancing the well-being and prosperity of the communities where our people live and work, and where our business operates. Our involvement is underpinned by a simple aspiration to earn community trust.

ANZ's community contributions



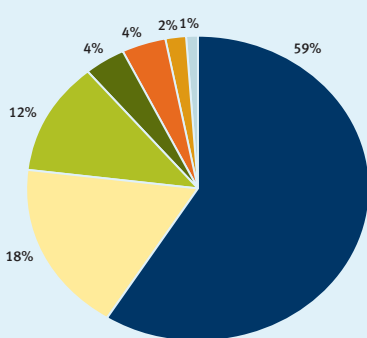
- In response to charitable causes and appeals
- In response to social issues at a national and local level
- In support of commercial activity

Causes supported by ANZ's community partnerships programs



- Saver Plus
- ANZ Community Fund
- Seeds of Renewal
- MoneyMinded

ANZ's community partnerships programs



- Financial Education
- Youth
- Community Development
- Sport
- Emergency Services
- Health
- Cultural

*All figures relate to Australian community contributions

2004 PERFORMANCE

ANZ's programs focus on strengthening our connection with the community.

This includes responding to some of the major social issues that involve the financial services industry, such as financial literacy and financial inclusion, together with programs that help our people engage in their local communities and support the causes that are important to them.

These programs are created and delivered in partnership with community organisations to ensure our efforts benefit our communities, our partners and ANZ.

Financial literacy and financial inclusion

ANZ's community investment programs aim to make a significant and lasting difference by helping to address the key social issues for our industry.

As a bank, we can help to address the issues that lead to low levels of savings, unsustainable levels of personal debt, financial stress and the personal distress this can create. Our goal is to ensure all Australians are equipped to make informed and confident decisions regarding all aspects of their finances. This, in turn, will help to create strong communities and a healthy economy.

ANZ is using the research findings from our 2003 ground-breaking survey into adult financial literacy, together with our financial expertise and resources, to help our staff, customers and those in need in the community to better understand and manage the financial aspects of their lives.

This commitment also extends to the education and training we provide our staff, the products and services we offer our customers and the role we play at a national level supporting community, government and industry initiatives on these issues.

We are still in the early stages of this journey, but we are making progress. Some of the significant outcomes from our programs are detailed in this report.

Building the most financially fit workforce in Australia

- We are helping our people to understand and deal with their own personal finances through 'financial fitness' sessions covering information such as budgeting and savings, credit management, and retirement and superannuation planning. Tailored sessions are also held for ANZ's graduate intake each year and for staff considering their retirement options. More than 2,000 staff have participated in these sessions and plans are under way to extend the program using ANZ's network of financial planners to deliver financial fitness sessions to staff in every state in 2005.
- We are also providing our service consultants and call centre and collections staff with training to help them identify and assist customers who may be struggling to understand and manage their finances. More than 3,500 service consultants and 200 collections staff have been trained since November 2003.
- Complementing this is the development of a pilot program designed to refer customers experiencing financial hardship directly to independent financial counsellors.

Financial literacy leadership and knowledge building

ANZ is working closely with a wide range of stakeholders to create awareness of financial literacy issues in Australia and the need for financial literacy education.

- Our national survey of adult financial literacy provided valuable information on the size and nature of the financial literacy issue and identified areas for action. ANZ plans to update the survey every two years to provide a benchmark for measuring progress in improving the financial capability of Australians.
- ANZ's research findings also helped inform the Commonwealth Government's Consumer and Financial Literacy Taskforce in its development of a national strategy to address consumer and financial literacy in Australia. Our CEO John McFarlane is a member of the taskforce in his capacity as Chairman of the Australian Bankers' Association.
- We continue to raise awareness of financial literacy issues and strategies by sponsoring briefings from international experts. These experts meet with policy makers, regulators, consumer groups and banks to share their countries' approach and experiences on these issues. In 2004, we supported visits to Australia by:
 - › Chairman of the UK financial literacy body the Personal Finance Education Group (pfeg), Ron Sandler; and
 - › Professor of Personal Finance and Social Policy at Bristol University, Elaine Kempson.

Innovative programs

ANZ is leading the development of innovative programs to improve financial literacy, financial inclusion and savings in Australia. Our approach involves forming community partnerships to deliver initiatives such as adult education and matched savings for low-income earners.

Saver Plus

- ANZ piloted its Saver Plus matched savings and financial literacy program in partnership with Brotherhood of St Laurence, Berry Street Victoria and The Benevolent Society. Saver Plus is helping 268 families on low incomes build a long-term savings habit, improve their financial knowledge and save for their children's education.
- As part of the program, ANZ rewards the efforts of participants who save by matching every \$1 saved with an additional \$2 up to a total of \$2,000.
- By September 2004, \$182,073 had been saved with 95% of participants making monthly deposits of an average of \$85.
- Saver Plus was recognised in the 2004 Prime Minister's Awards for Excellence in Community Business Partnerships, winning the Victoria Large Business Award category.

The impact of Saver Plus is evident in the experiences of program participants:

"I feel in control of my finances for the first time in years. I have made some real changes and my children are even catching on to the fact that we need to watch our spending."

- Single parent, Frankston, Victoria

MoneyMinded

- ANZ has funded the development of MoneyMinded, Australia's first comprehensive adult financial literacy program to help people, particularly low-income earners and those facing financial hardship, develop the knowledge, skills and confidence to increase their personal financial well-being.
- MoneyMinded covers 17 topics including planning and saving, living with debt, consumer rights and responsibilities and everyday banking and financial products. Financial counsellors and community educators, skilled in providing adult education programs, will deliver MoneyMinded. The program will be piloted with our community partners, The Brotherhood of St Laurence, Berry Street Victoria, The Smith Family in Queensland and The Benevolent Society in New South Wales.

"MoneyMinded is a welcome initiative by ANZ to assist in addressing financial literacy issues in Australia. I particularly welcome the material in the package on 'rights and responsibilities' and the important information for consumers on recognising and avoiding pressure-selling techniques."

**-Jan Pentland,
Chair, Australian Financial Counselling
and Credit Reform Association**

- The program was developed by the Centre for Learning Innovation in the New South Wales Department of Education and Training with contributions from an advisory committee which included nominees of the Australian Financial Counselling and Credit Reform Association and representatives of the Australian Securities and Investments Commission and ANZ. MoneyMinded is not ANZ branded and does not promote any ANZ products or services.

Community Development Finance

ANZ is leading research into financial services for people who have difficulty accessing 'mainstream' banking. This follows a commitment we made to further examine the potential for Community Development Finance (CDF) in Australia at the 2003 Brotherhood of St Laurence *Banking on the Margins* forum. This research was conducted in two parts throughout 2004.

Earning the trust of the community

- In May 2004, ANZ released a discussion paper examining the need for CDF in Australia.
- The paper was circulated to over 200 stakeholders, including government, regulators, community groups and our own staff with interest and expertise in this area.
- An additional 600 stakeholders received notification of the paper and it was made available on ANZ's website.
- ANZ received 24 written submissions and held face-to-face discussions with representatives from ANZ business units and around 20 organisations including government departments, community organisations, academics and consumer groups. ANZ drew upon the views received to develop its response and next steps in CDF.

Financial exclusion research

We also commissioned Chant Link & Associates to conduct research into the size and nature of financial exclusion in Australia (the market that could be served by CDF). This involved a review of literature and pre-existing data on financial exclusion in Australia and consultation with stakeholders to develop a model of financial exclusion.

The consultation process, together with the additional research conducted by Chant Link and Associates, culminated in the release of a comprehensive research paper examining these issues in November 2004.

“Through our work with people on low incomes we know that too many Australians can't meet their most basic needs because they have no access to financial services. ANZ's focus on people currently excluded from banking will have an amazing impact on the self-confidence and self-esteem of many individuals and families. It will help people out of poverty and reconnect them with society, making for a fairer, more inclusive Australia.”

**- Cath Scarth,
General Manager Community Services,
Brotherhood of St Laurence**

ANZ subsequently committed a further \$3 million to a series of initiatives in response to the paper. These included:

- developing a new lower-cost loan program tailored to the needs of people on low incomes who are currently using 'payday' lenders and other fringe credit providers;
- funding additional resources to help deliver the MoneyMinded financial literacy education program to 100,000 potentially “at risk” Australians over the next five years;
- micro-finance programs including funding, financial literacy

education, mentoring and support to facilitate the development of Indigenous businesses, delivered with the assistance of local credit unions; and

- expansion of ANZ's Saver Plus matched savings scheme to Indigenous communities.

“These initiatives by ANZ will allow low-income consumers to borrow money in the mainstream credit market in a sustainable and non-exploitative way”

**- Mr Chris Field,
Executive Director of the Victorian Consumer Law Centre**

Simple products, services and customer communication

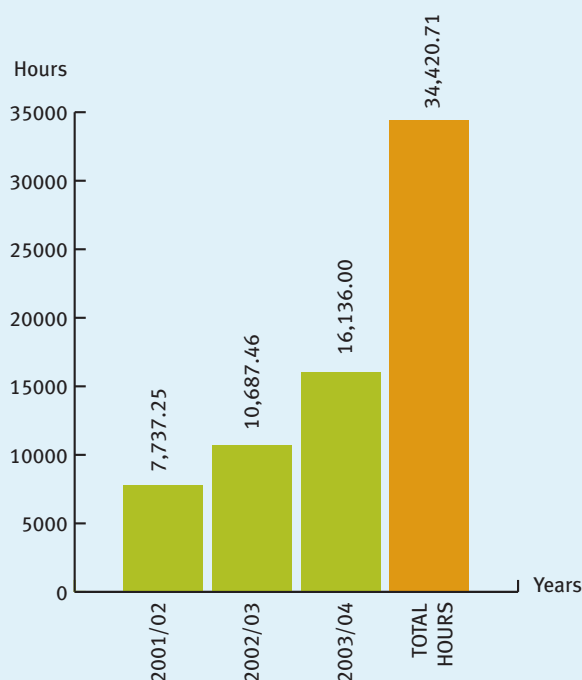
As part of our commitment to financial literacy, we need to be open and clear in our communication with customers and ensure our banking products are simple, easy to understand and easy to use.

- We streamlined our Access transaction accounts in 2002 in response to customer feedback that our product range was too complex. We introduced two transaction accounts with simplified and transparent pricing structures – Access Advantage and Access Select.
- We also introduced a basic bank account, ANZ Access Basic, designed specifically for welfare benefit recipients to provide eligible customers with free day-to-day transactions through all ANZ channels and no monthly account service fee. Independent financial services information provider InfoChoice has nominated Access Basic as “the most affordable banking option to customers who qualify for this style of banking”.*
- ANZ offers everyday banking concessions on selected Access accounts to seniors, full-time students, those under 18 years of age and people with disabilities. Known as the ANZ Community Banking package, eligible customers benefit from no monthly fees and free ANZ transactions on one ANZ transaction account.
- We have rewritten our customer brochures using simple and clear language, to give customers more confidence in making key financial decisions.
- We have also produced brochures and information on key financial issues to help customers better manage their money. Our *Kick-start your financial fitness* booklet provides practical advice and tips on saving, managing debt and other issues, while new credit education materials, including a website (www.howcreditworks.com.au), are designed to help individuals better understand how to use and manage credit.

Find out more about our financial literacy programs at <http://www.anz.com/aus/aboutanz/Community/Programs/FinLit.asp>

* Source: Info Choice Limited 7/10/04

Annual volunteer hours



Employee community involvement programs

In addition to our commitment to financial literacy, ANZ supports grass-roots community programs that aim to foster community well-being and prosperity in the communities where we live and work. Some examples are provided below:

- ANZ employees are provided eight hours' paid volunteer leave per year. Together they have contributed more than 34,400 hours to community organisations and projects since this program commenced in 2001.
- The ANZ Community Fund enables our people in ANZ branches to identify and provide financial support to important local community projects. Since October 2002, we have contributed more than \$575,000 to local projects across Australia including \$395,255 in 2004.
- ANZ has partnered with the Foundation for Rural and Regional Renewal for over three years to offer 'Seeds of Renewal', a small grants program which aims to build the sustainability of rural communities. Between February and September 2004, 59 grants with a total value of \$277,000 were made.
- The ANZ Staff Foundation has contributed more than \$1.6 million to not-for-profit organisations throughout Australia and New Zealand since 1997 including over \$206,000 in 2004. Grants are funded by regular pre-tax contributions from ANZ and its employees, matched dollar-for-dollar by ANZ up to \$150,000 per year. Staff also volunteer their time to specific projects supported by the Foundation.

Find out more about our employee community involvement programs at: www.anz.com/aus/aboutanz/Community/Programs/default.asp

2005 FOCUS AREAS

ANZ now has a clear community strategy in place, Board endorsement and executive level support for core programs aligned with social issues related to our business and the interests of our people.

Our challenge in 2005 is to broaden awareness of these issues and our approach and, in partnership with community groups, educators, government and other specialist financial services providers, extend the reach of our financial literacy, financial inclusion and savings programs to make a significant and lasting difference to the Australian community.

This includes:

- Broadening our Saver Plus pilot to Queensland in partnership with The Smith Family. We have also committed a further \$1million to extend the program to a further 500 low income earners Australia-wide.
- Working with 100 community organisations to deliver MoneyMinded to 100,000 potentially 'at risk' Australians over the next five years.
- ANZ will invest \$3 million on a range of initiatives to assist Australians facing financial exclusion. These initiatives will

be supported by further research to understand those groups in the community who can most benefit from Community Development Finance and their specific needs for support, with a particular focus on Indigenous Australians.

- ANZ will enhance our employee community involvement programs by introducing Community Giving, a workplace giving program which provides ANZ staff with the opportunity to contribute from their pre-tax pay to charities of their choice, matched dollar for dollar up to a capped limit per employee by ANZ.
- ANZ will offer \$400,000 in small grants to rural communities through the Seeds of Renewal program – an initiative of ANZ Rural Banking and the Foundation for Rural and Regional Renewal.

For more information please contact:

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Melbourne, VIC 3000

Or visit: www.anz.com/aus/aboutanz/Community

* Unless otherwise stated, figures for 2004 are for the year from 1 October 2003 to 30 September 2004

Making a
sustainable
contribution
to society

Making a sustainable contribution to society

At ANZ, we recognise that as one of the world's largest banks we have a responsibility to the environment we live in and to reducing the cumulative impact of our operations and business activities. We are committed to making a difference by addressing our day-to-day office operations, through a broader focus on activities we finance, and by working with others to contribute to improved societal outcomes.

Natural resource efficiency and emissions

Indicator	Performance
Total Staff	16,033 FTE
Occupied Building Space	512,615 m ²
Electricity Consumption	115,742 total MWH 7,2 MWH / FTE 0.226 MWH / m ²
% Renewable or Offset	0%
Gas Consumption	39,269 GJ
Diesel Fuel Consumption	25 total kL
Paper Usage	3,976 total tonnes
Office Paper	865 total tonnes 54 kg / FTE
Customer/Commercial Paper	3,111 total tonnes
Corporate Travel	92,202,793 total kms
	5,751 kms / FTE
Land based	22,939,969 kms
Airtravel Australia and to/from NZ	43,011,216 kms
Airtravel International	26,251,608 kms
Waste	2,731 total tonnes
% To Landfill	49 %
Paper Recycled	1,405 tonnes
Equivalent CO ₂ Emissions	160,581 tonnes 10.02 tonnes / FTE

Note: Land based Corporate Travel includes company cars, rental vehicles, couriers and taxis

2004 PERFORMANCE

ANZ is committed to understanding the full impact of our operations on the environment and developing innovative solutions that will help us to meet our objectives and the objectives of the community.

While we made a good start in 2004, we are very much at the beginning of this journey.

A key focus has been to review the environmental impacts caused by our business, as well as the environmental issues that have the potential to significantly impact ANZ. In response we are now improving our policies, programs and procedures to build a sustainable business and actively contribute to a more sustainable environment.

Outcomes from our environmental initiatives in 2004 are detailed below.

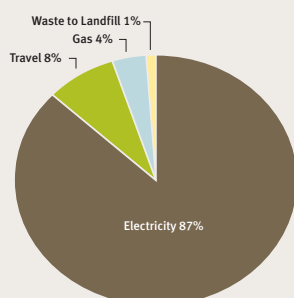
Environmental and social risk in lending

We completed an extensive review of the social and environmental risks associated with our Institutional Banking and Corporate Banking lending policies and procedures. The review aimed to help us better understand and effectively manage the direct and indirect impacts of our lending and investing activities on the community and the environment.

- Some 50 staff from Australia and the UK were involved in extensive consultation on our lending and investing policies and practices. We conducted five risk identification workshops with 35 staff and an online survey to engage some 85 Corporate and Institutional Banking employees in the review process.
- We commissioned independent local and international specialists to facilitate a review of our existing business models and outcomes.
- An international best practice review was conducted involving consultation with other leading banks and environmental, community and social groups.
- A detailed review of the Equator Principles and associated compliance requirements was completed.
- We identified internal management system changes necessary to demonstrate our leadership.

The outcomes of this review will be addressed in 2005.

Total CO₂ Emissions Breakdown



Comparative years

In 2003 ANZ measured and publicly reported its electricity consumption, paper (office, customer, commercial) usage and corporate travel kms. As a result of greater data reporting processes and assurance established during 2004, the number of performance indicators has been extended as per the table on the right. This dataset will now form the baseline for performance improvement reporting.

Reducing our environmental footprint

We have set out a clear strategy and internal responsibilities for reducing ANZ's direct environmental impact. Achievements for 2004 included:

- More environmentally friendly products were introduced into the workplace including recycled content paper and biodegradable cleaning products. These are available for all business units via our online purchasing system, eProcurement.
- Energy audits of our commercial buildings throughout Australia were conducted to identify opportunities for energy efficiency improvement. Key findings included opportunities to reduce our energy consumption by improving the operating efficiency of engineering equipment and lighting and air-conditioning control systems. The findings will be used as the basis of an energy reduction strategy to be finalised in early 2005 and implemented throughout the remainder of that year. The performance of these energy reduction measures will be reported at the end of 2005 as a total change in energy use across the property portfolio. Individual properties and equipment featuring allocated metering, will be used across the property portfolio. Energy reduction of individual properties and equipment featuring allocated metering will be measured separately.
- Waste audits were conducted at seven retail and two commercial sites of varying size, type and location to enable a representative estimate of total waste disposal to landfill from all Australian sites. The total amount estimated is 2,731 tonnes. This is the first time a measurement of waste to landfill has been established and this will be used as the basis of our recycling efficiency performance in 2005 (i.e. what percentage of total waste we change from landfill disposal to recycling facilities). Our efficiency in 2004 was 51% recycled and 49% disposed to landfill. Our target for 2005 is to raise the amount of recycled waste to greater than 60%.
- We completed a review of various environmentally friendly commercial paper products for publications such as marketing materials. In 2004, 23% of total paper used (office, customer and commercial) contained recycled content material, compared to approximately 1% in 2003. Our target for 2005 is 40%.

Environmental Management System

ANZ is developing an Environmental Management System, consistent with the International Standard, ISO14001, to identify and address our environmental impacts and facilitate continuous improvement in our year-on-year performance.

We reviewed our procurement protocols and procedures to identify opportunities to better manage our supply chain impacts. Key areas to be addressed in 2005 include greater engagement with major service providers to ensure our objectives are widely understood, inclusion of environmental considerations into vendor selection criteria, revised contract clauses to improve data reporting and opportunities to work collaboratively with service providers to offer more environmentally innovative products and services.

Our environment policy was internally reviewed and, following stakeholder feedback, this policy will be updated in early 2005.

We increased public reporting of our approach, initiatives, performance and commitments for better managing environmental risks and opportunities. This included a significant upgrade to corporate information on our website to include an overview of the environmental risks and opportunities we face, our approach to environmental management and details of our programs and partnerships. We have also provided additional information in our annual report, including insights from some of our business leaders on the risks and opportunities associated with financing projects of environmental benefit, our institutional lending practices and our direct environmental impacts.

Financing environmental change

ANZ supports a wide range of corporate and institutional clients and partners involved in projects with specific environmental value. Some key projects in 2004 included:

- A business alliance with Visy Industries to significantly increase lending for water-saving irrigation systems. The alliance makes available additional funds and advice to encourage Australian irrigators to convert to more water-efficient practices. Under a heads of agreement with Pratt Water and ANZ's asset finance business, Esanda, the program has been trialed in the Murrumbidgee region and the outcomes of these trials are being evaluated to design an appropriate national program.
- ANZ Institutional Financial Services strengthened its position as a market leader in the financing of renewable energy projects. Projects financed by ANZ in 2004 included:
 - › a wind farm at Chalicum Hills, Central Victoria (52.5MW);
 - › Coya Pangal Hydro scheme in Chile (76.3 MW); and
 - › participation in refinancing of a portfolio of Australian remote area power generation, landfill gas and coal mine waste methane power generation projects (252mw).

Making a sustainable contribution to society

Staff programs

We provide opportunities for our people to participate in environmental initiatives at work and in their local communities.

- We developed our staff 'Green Teams' which consist of volunteers within major buildings responsible for identifying and coordinating activities such as energy and paper conservation and waste recycling initiatives, as well as providing environmental communications within the area of the business that the 'Green Team' is located.
- Internal forums with guest speakers from external environmental groups such as the Australian Conservation Foundation were held to allow staff to participate in discussions about issues of environmental importance.
- A 'Green Office Handbook' was developed providing an overview of ANZ's environmental programs and tips, hints and guidance on how staff can contribute to greater resource efficiency and waste minimisation within their office.

Stakeholder engagement and initiatives

ANZ is working with key stakeholders and community groups to identify ways to improve our environmental performance and ensure our business strategies are aligned with community expectations.

- We continued our participation in key national and global environmental initiatives including the United Nations Environment Program Finance Initiative (UNEP-FI), the Federal Government's Greenhouse Challenge Program and the Carbon Disclosure Project.
- ANZ became a founding member of eTree, a Computershare initiative with Landcare Australia, that gives an environmental incentive to shareholders of Australian companies to elect to receive shareholder communications electronically, thereby saving paper and helping to preserve the environment. In return for every email address registered to a validated shareholding via the eTree website, a donation of up to \$2 goes towards environmental restoration programs. Since its inception in March 2004, over 171,000 shareholders have registered with eTree as recorded in November 2004, which equates to approximately 320 hectares of revegetated land. In the same period, 7,520 ANZ shareholders registered with eTree. In 2005 ANZ will continue to encourage its shareholders to register with eTree by providing details of this initiative in direct correspondence, at the Annual General Meeting and on our website.

2005 FOCUS AREAS

The progress we have made has formed the foundation for a new set of priorities, which include:

- Continuing to reduce our electricity consumption to meet the targeted improvement of 10% reduction in 2005 from 2003 consumption levels. This will be achieved through implementing the recommendations from our engineering audits, increased staff awareness programs to conserve energy and changes to our information technology systems for greater energy efficiency, including reduced idle operating times of printers and copiers and improved power-save settings of computer equipment.
- Reducing office paper consumption through increased staff awareness programs to minimise printing and changes to our information technology systems such as default settings for double-sided printing. Our target for improvement is 5% reduction from 2004 usage.
- Increasing general waste recycling and reducing waste to landfill. This will be achieved through increased office recycling facilities and staff awareness programs at all commercial buildings, with assistance from our waste management service provider. Based on total office waste to landfill estimates and paper recycled volumes, our waste recycling efficiency for 2004 was 51%. Our target for 2005 is to raise this to greater than 60%.
- Improving reporting on data for office paper usage and corporate travel practices. This will assist in reducing our total paper consumption and greenhouse gas emissions as the high-use areas across the Group will be more easily identified, allowing us to take action to reduce measures for that area of the business.
- Addressing the recommendations of the extensive review of our Institutional and Corporate Banking lending practices. This will include increased specialist resources to implement improvements to our:
 - › policies – ensuring we have an appropriate decision-making framework that adequately addresses emerging environmental and social issues and risks;
 - › procedures – ensuring a consistent approach to implementing policy;
 - › responsibilities – developing an integrated approach with business units having defined accountability;
 - › staff development and training – developing specific tools and training to strengthen the capabilities of our relationship and credit managers to ensure more effective lending decisions;
 - › knowledge management – enhancing decision-making efficiency, technical expertise and performance reporting; and
 - › corporate governance – ensuring board oversight and delegation of responsibilities and enhanced integration into business strategies.
- Enhancing our existing procurement practices to address environmental risks and opportunities in our supply chain as identified in 2004, including:
 - › greater engagement with major service providers to ensure our objectives are widely understood;
 - › incorporation of environmental considerations into selection criteria;
 - › revised contract clauses to improve data reporting; and
 - › identifying opportunities to work collaboratively with service providers for more environmentally innovative products and services.
- Strengthening existing relationships with key stakeholders through increased engagement and participation in initiatives assessed as being of mutual value.
- Engagement on key environmental issues and improving our environmental reporting, including specific performance measures defined and reported for the programs and initiatives to be undertaken in 2005. This will provide a clearer account of the value created for stakeholders as a result of our actions.

For more information please contact:

Gavin Murray

Director Institutional and Corporate Sustainability
10/530 Collins Street
Melbourne VIC 3000

Or visit anz.com/Aus/aboutanz/environment

Environment Assurance Statement



INDEPENDENT VERIFICATION STATEMENT

Overall, the auditor is satisfied that the data is a fair and accurate representation of the organisation's environmental performance. Our opinion is based on the conclusions drawn from the assurance process, details of which are provided below.

Assurance Process

Our approach to assurance provision has been aligned with the AA1000 Assurance Standard and assurance provisions of the Global Reporting Initiative's 2002 Sustainability Reporting Guidelines.

The assurance engagement was undertaken in October to December 2004. The process involved:

- Interviews with ANZ's Group Environment Sustainability Manager;
- a review of the data for any major anomalies;
- an overview of the embeddedness of ANZ's data collection processes;
- the examination of the aggregation and derivation of, and underlying evidence for, the data sets provided; and
- a review of trends in data and comparison with peer organisations.

Conclusions

- **Data Accuracy:** The findings of the independent verification program provide confidence in the data collection processes established. The examination of selected data points resulted in URS only identifying a low percentage of minor inaccuracies; not considered material to ANZ's environmental performance.
- **Recommendations:** URS has provided suggestions for data improvement in some areas, including improving some data management practices, reviewing indicators and increasing their coverage and extending the scope of some data sets. These have been outlined in a more detailed management report presented to ANZ.
- **Conclusion:** URS notes that while most of ANZ's environmental performance data is comparable to other similar peer organisations, the overall carbon footprint is higher than what is found in comparable organisations (mostly due to relatively higher electricity consumption by ANZ). It is recommended that improvement programs are put in place by ANZ to capture some of the efficiency gains available and to continue fostering a high environmental performance culture.

On behalf of the audit team
1st December 2004
Melbourne, Australia

A handwritten signature in black ink, appearing to read 'Terence Jeyaretnam', is written over a light blue horizontal line.

Terence Jeyaretnam
Principal, URS

People Assurance Statement

Independent review report to the directors of Australia and New Zealand Banking Group Limited ("ANZ")

We have been engaged to review selected quantitative workplace data ("the Performance Data") as listed below and reported in the accompanying report "Leading and inspiring each other" ("the Performance Report") for the period 1 October 2003 to 30 September 2004. We have reviewed the Performance Data only, and other information included in the Performance Report does not form part of this review.

Responsibilities

ANZ management are responsible for preparing a Performance Report that is accurate, and not false or misleading, and for ensuring that there are systems, internal controls, procedures and processes in place to enable accurate and complete measurement and monitoring of the Performance Data. Our responsibility is to report, based on our review, whether anything has come to our attention that would lead us to believe that the Performance Data is not fairly stated.

Scope

We conducted our review in accordance with Australian Auditing Standards applicable to review engagements, and in accordance with the International Standard on Assurance Engagements ISAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board.

Our work included observation, inquiry and confirmation, and sample testing of the systems, procedures and controls implemented by management to collect and report on the following Performance Data for the period from 1 October 2003 to 30 September 2004, unless a different period is specified:

- Number of employees in Australia as at the end of the reporting period;
- Number of full time versus part time employees as at the end of the reporting period;
- Number of employees who completed the Breakout programme, from the start of the programme in 2001 to 30 September 2004;
- Employee turnover rate;
- Number of unfair dismissal claims;
- Number of non-graduate placements;
- Number of complete graduate applications;
- Number of on-line health and safety courses completed;
- Number of e-Train courses completed for the period 1 July 2003 to 30 June 2004;
- Percentage of women in executive positions as at 10 December 2004
- Employee engagement survey results;
- Employee satisfaction survey results;
- Lost Time Injury Frequency Rate; and
- Number of critical incidents where trauma counselling was provided.

A review is limited primarily to inquiries of entity personnel, inspection of evidence and observation of, and inquiry about, the operation of the control procedures for a small number of transactions or events. We have not provided an opinion on workplace performance at ANZ taken as a whole. In addition, we do not provide an opinion on the appropriateness and completeness of the Performance Data selected by management for workplace performance.

This report is made solely to ANZ in accordance with the terms of our engagement. Our work has been undertaken so that we might state to ANZ those matters we have been engaged to state in this report and for no other purpose. We disclaim any assumption of responsibility for reliance on this report to any party other than ANZ, and for any other purpose other than that for which it was prepared.

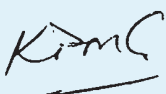
Inherent limitations

Because of the inherent limitations in any system of internal controls it is possible that errors or irregularities may occur and not be detected. A review is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed are on a sample basis. Also a review does not provide all evidence that would be required in an audit thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Review statement

As a result of our review, which is not an audit, nothing came to our attention to indicate that the Performance Data for the reporting periods specified above is not fairly stated.

KPMG



MA Somerville
Partner
Melbourne
5 May 2005



Community Assurance Statement

Independent review report to the directors of Australia and New Zealand Banking Group Limited ("ANZ")

We have been engaged to review selected quantitative community data ("the Performance Data") as listed below and reported in the accompanying report "Earning the trust of the community" ("the Performance Report") for the period 1 October 2003 to 30 September 2004. We have reviewed the Performance Data only, and other information included in the Performance Report does not form part of this review.

Responsibilities

ANZ management are responsible for preparing a Performance Report that is accurate, and not false or misleading, and for ensuring that there are systems, internal controls, procedures and processes in place to enable accurate and complete measurement and monitoring of the Performance Data. Our responsibility is to report, based on our review, whether anything has come to our attention that would lead us to believe that the Performance Data is not fairly stated.

Scope

We conducted our review in accordance with Australian Auditing Standards applicable to review engagements, and in accordance with the International Standard on Assurance Engagements ISAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board.

Our work included observation, inquiry and confirmation, and sample testing of the systems, procedures and controls implemented by management to collect and report on the following Performance Data for the period from 1 October 2003 to 30 September 2004:

- Dollars spent on charitable donations;
- Dollars spent on community partnerships;
- Dollars spent on community sponsorships; and
- Annual number of employee volunteer hours.

A review is limited primarily to inquiries of entity personnel, inspection of evidence and observation of, and inquiry about, the operation of the control procedures for a small number of transactions or events. We have not provided an opinion on workplace performance at ANZ taken as a whole. In addition, we do not provide an opinion on the appropriateness and completeness of the Performance Data selected by management for workplace performance.

This report is made solely to ANZ in accordance with the terms of our engagement. Our work has been undertaken so that we might state to ANZ those matters we have been engaged to state in this report and for no other purpose. We disclaim any assumption of responsibility for reliance on this report to any party other than ANZ, and for any other purpose other than that for which it was prepared.

Inherent limitations

Because of the inherent limitations in any system of internal controls it is possible that errors or irregularities may occur and not be detected. A review is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed are on a sample basis. Also a review does not provide all evidence that would be required in an audit thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Review statement

As a result of our review, which is not an audit, nothing came to our attention to indicate that the Performance Data for the period from 1 October 2003 to 30 September 2004 is not fairly stated.

KPMG



MA Somerville
Partner
Melbourne
5 May 2005



