



Contact 05

Shareholder Update

Shareholders



Chairman's report

Dear Shareholders

Enclosed with this edition of Shareholder Contact is the advice of your 2005 Interim Dividend. Directors were pleased to increase the dividend by 8.5% to 51 cents per share fully franked.

The increase in the dividend reflects a solid financial performance in the first half driven by strong asset growth.

Excluding significant transactions in the half, operating profit after tax was \$1,492 million and cash earnings per share were 85.8 cents, up 8.9%.

A highlight was the performance of our Australian businesses where earnings were up 15%. Personal Banking in particular achieved strong results and we are now seeing the benefits of hard work over a number of years in building and invigorating our retail franchise.

Overall, our New Zealand businesses were flat, partly reflecting intense competition in that market. Nevertheless, The National Bank of New Zealand, which we acquired in 2003, performed well, reinforcing the value of our investment.


The cost to income ratio rose slightly in the half to 45.8% reflecting investments in growth initiatives. However, we are continuing to manage costs carefully and expect this to continue to trend downwards over time ensuring we remain among the most efficient banks in the world.

Our long-term strategy to reduce risk is producing tangible outcomes. Net specific provisions were down by 23% to \$151 million and trading risk continued to be modest and among the lowest of the major banks in Australia. Our capital position remains strong with the Group's adjusted common equity ratio at 5.1%, within our target range.

At ANZ, we are committed to improving the sustainability of returns and building a base for longer-term growth and return to shareholders. This is reflected in our consistent financial performance and our investments for future growth.

As part of that commitment we are also making progress in our responsibilities to our broader stakeholders including customers, government, the community, and staff.

Staff satisfaction is at 85% and staff engagement improved from 53% to 60%. This level of engagement is ahead of all major Australian companies similarly surveyed, and ahead of other major banks. Our people are increasingly involved in community activities which was evidenced in the admirable response by staff to the Boxing Day Tsunami Appeal. This, together with our innovative community programs to create greater financial inclusion particularly for low-income earners and indigenous Australians, has helped raise the regard in which ANZ is held.



Looking ahead, we expect Australia and New Zealand to continue to perform relatively well, although there will be some softening in overall credit growth as interest rates continue to rise and the economic cycle comes off its peak. This environment however remains supportive of good earnings growth in the medium term.

Our performance in the first half and a favourable outlook will help underpin a solid result for the year as a whole.

Charles Goode



“The Interim
Dividend
of 51 cents
reflects a solid
first half”

A man in a white t-shirt is climbing a dark, textured rock face. He is looking upwards and to the right, with his right hand gripping the rock. The image is overlaid with a semi-transparent orange filter.

CEO's review

Announcing ANZ's 2005 Interim Results on 27 April, Chief Executive Officer John McFarlane told investors that the Group's operating profit after tax of \$1,492 million was a good result in a rising rate environment and a highly competitive market.

Changing the face of ANZ

Eight years ago we set out to change the face of ANZ. The results are now clear across a range of measures.

We have a consistent financial performance, which has delivered 15% total shareholder return in the last year. A recent study by the Boston Consulting Group found that ANZ's total shareholder return over the past five years was the 5th highest of the top 50 major banks globally. Customer satisfaction is now the highest of the major Australian banks and we have high levels of staff engagement. We have also made real progress in advancing our community agenda.

A good first half performance

In the first half ANZ delivered a good performance in a tough environment and it is ahead of where we expected to be.

Personal Banking Australia had a very strong performance, up 15% on the previous year. Our Mortgages and Deposit Products businesses each recorded market share gains. Strong growth was also seen in Regional Australia and in Consumer Finance where our low rate credit card product has been very successful.


During the first half, ANZ opened six new retail points of representation including new style retail outlets, and completed 42 refurbishments. Ten retail openings are planned in the second half with a strong pipeline of openings established for 2006.

We have come a long way in Personal Banking and we now have a platform to take this business to a new level.

Our Institutional business had a tough period, nevertheless it was up 7% on 2004 based on strong asset growth offset by reduced margins. During the half, we restructured our Markets business to deliver improved efficiency and an enhanced customer proposition. Our Trade and Transaction Services business continued to perform well.

Corporate performed well with earnings up 11%, despite a modest slowdown in system loan growth in the Small to Medium Enterprise segment.

Asia-Pacific businesses performed adequately off a high base in 2004. Esanda performed well. And of course our joint venture with ING was up 34% in the year, with some 70% of the flows into ING Australia now coming from ANZ.



We continued to invest in our people and in building our franchise, particularly in retail banking in Australia and New Zealand. Staff numbers rose by 6.7% or 1,861, and this contributed to underlying expense growth of 8.0%. Our cost to income ratio rose slightly in the half as a result but we would expect this to continue to trend downwards.

New Zealand on track

Our New Zealand business was up 15% in the year in Australian dollar terms. The underlying performance in New Zealand dollars was up 9% in the year.

The highlight was a stronger performance in The National Bank of New Zealand, particularly in Retail, Corporate and Rural. This was largely offset by subdued performance in ANZ Retail in New Zealand, where fees were reduced to build longer-term market share. Price competition was particularly intense.

It was also a period where the priority was on completing integration, and on the major technology and operational changes required by the Reserve Bank of New Zealand. We are well advanced with integration and are confident it will be completed in 2005. This will enable management to refocus on building the business and enhancing financial performance – and we expect New Zealand to improve in the second half.

Outlook

We have delivered 8.9% underlying cash earnings per share growth in the first half so we are feeling confident about the year as a whole and expect a good second half for shareholders.

We have made real progress in changing the face of ANZ. We have a more sustainable foundation and are well positioned to grow and to deliver value to shareholders today and over the long term. And so we continue to move forward with commitment, energy and a sense of confidence in our future.

“Total
shareholder
return was
15% in the past year”

Australia and New Zealand Banking
Group Limited
ABN 11 005 357 522

Key dates

Annual General Meeting and Live
Webcast, Adelaide Convention Centre
at 10:00 am (Adelaide time)
16 December 2005

Announcement of Annual Results

Year ended 30 September 2005
25 October 2005

Ordinary shares

Final Dividend (2005) payable
16 December 2005
– Ex-Dividend Date 8 November 2005*
– Record Date 14 November 2005*

StEPS payment dates:

– 15 September 2005
– 15 December 2005
– 15 March 2006
– 15 June 2006

**Proposed dates*

Results summary

ANZ interim cash earnings per share up 8.9%

Profit after tax

- \$1,475 million – up 5.7%
- \$1,492 million – up 13.7%
(excl. non-core items)

Shareholder return

- EPS 79.8 cents – up 7.8%
(excl. non-core items)
- Cash EPS 85.9 cents – up 8.9% (excl. non-
core items and goodwill amortisation)
- Interim dividend 51 cents – up 8.5%
- Total Shareholder Return 15%
(year to 31 March 2005)

Ratios

- Adjusted Common Equity Ratio
5.1% – down from 5.2%
- Cost-income ratio 45.8% – up from 45.1%
(excl. non-core items)
- Cash return on equity 18.7% – down
from 19.6% (excl. non-core items)

Business comment

- Strong performance in Australia.
Subdued results in NZ.
- Robust asset and deposit growth offset
by lower margins.
- Cost growth in line with expectations.
- Good risk outcomes – net specific
provisions down 23% to \$151 million and
net non-accrual loans down 37%.
- Respectable performance in the first half
and a favourable outlook help underpin
a solid result for the year as a whole.

*Note: Comparisons with first half 2004
non-core items are significant items and NBNZ
incremental integration costs.*

Annual Report – receiving more than one copy

If your household receives more than one
Annual Report, help us save the environment
and reduce costs by electing to receive only
one copy per household. You can do this
by contacting the ANZ Share Registry and
requesting a change to your Annual Report
election (see below for contact details).

*Important Note: Annual Reports can be obtained from ANZ
branches and online at www.anz.com/shareholders.*

Contact details

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ANZ Margin Lending

Maximising your investment returns

Borrowing to invest can be a powerful tool to maximise your returns. A margin lending facility allows investors the opportunity to leverage their current portfolio by borrowing additional funds to take advantage of other investment opportunities as they arise.

While the market has recently pulled back from its all-time highs, margin lending continues to grow strongly. The Reserve Bank of Australia data for the 2004 calendar year shows that margin lending volumes grew to \$15 billion – up 21% from 2003.

ANZ Margin Lending Online delivers real-time access

The integration of ANZ Margin Lending with E*TRADE not only provides an exceptional level of convenience, it is also reassuring for investors who like to keep their finger on the pulse of their portfolio. The ANZ Margin Lending Online service provides investors with the ability to:

- have direct real-time control over a leveraged investment portfolio*;
- diversify their asset base in a potentially tax effective manner;
- increase investment assets outside of superannuation;
- effectively manage the cost of borrowing;
- gain access to potential tax benefits.

ANZ Margin Lending Online provides automatic settlement of transactions, real-time portfolio valuations and real-time account monitoring and charting tools via the

E*TRADE Australia website*. It also provides the opportunity to borrow up to 75% of the market value on over 360 Approved Shares.

10 trades with ANZ Margin Lending Online

As a valued ANZ shareholder, we would like to extend an exclusive offer to you.

If you apply for and draw down an ANZ Margin Lending Online account, you will not be charged brokerage on your first 10 trades made within two months of joining, up to \$32.95 per trade (valued at \$329.50).

For further information and to apply, visit

www.anz.com/shareholderoffer

To view full terms and conditions of this offer, visit

www.anz.com/shareholderoffer

Contact the dedicated ANZ Margin Lending Client Services team on 1800 639 330 from 8:00am to 6:00pm (AEST) Monday to Friday, excluding national public holidays, for further details and to apply. ANZ recommends that you seek financial and tax advice in relation to your particular situation before applying for a margin loan.

** Subject to system availability.*

The ANZ E*TRADE Online Investing service is provided by E*TRADE Australia; it is not provided by ANZ. ANZ do not have any liability to you in respect of: the ANZ E*TRADE Online Investing service, any information, product or service offered by any third party on or through the ANZ E*TRADE Online Investing website, or E*TRADE Australia Group's and their related corporations' activities and services. Similarly, the E*TRADE Australia Group and their related corporations do not have any legal liability to you in respect of ANZ's activities and services. The E*TRADE Australia service is provided by E*TRADE Australia Securities Ltd (trading as "E*TRADE Australia") (ACN 078 174 973, AFSL No. 238277), a Participant of the Australian Stock Exchange Ltd Group. ANZ receives a proportion of brokerage charged to ANZ E*TRADE customers. ANZ receives this payment within two months of when you make a trade.

E*TRADE Australia recommends that you read its Terms and Conditions and Financial Services Guide before deciding to acquire or hold this product. You can also receive these documents by calling 13 33 50, 8.00am – 7.00pm Monday to Friday (AEST).

Customers

Making banking simpler & more convenient for our customers



ANZ is developing a reputation in Australia as the simplest, most convenient place to bank.

1 Now with the highest customer satisfaction of any major bank

ANZ dominates the majors in the customer satisfaction ratings produced by Roy Morgan Research, Nielsen Media and every other independent source in Australia. We are breaking away from the 'big bank' pack.

2 Now opening our Call Centre 24/7

Australian customers can call 13 13 14 to speak to someone at ANZ about their banking, any time of the day or night.



3 Now opening more branches and installing more ATMs

We are expanding our branch network to meet the needs of the Australian population. We have also installed more than 100 new ATMs in the past 12 months. It's all to ensure that our customers can access our services when they need them – and save on ATM fees in the process!

7 Now rewarding customers for having more business with us

The ANZ Breakfree package offers eligible customers discounted rates and fees on home and residential investment loans, savings and transaction accounts, overdrafts, credit cards, car loans and equity facilities – just for consolidating their banking with ANZ.

8 Now getting involved in local communities

Banking is about trust and personal connections. We know that the more we understand our customers and the things that are important to them, the more helpful we can be. All our staff have access to volunteer leave and we are also leading the way with innovative community programs such as Saver Plus, MoneyMinded and Community Giving.

9 Now setting high customer service measures, and meeting them

We set out our basic service promises such as branch wait times, response times to loan enquiries, and complaint handling in our Customer Charter which we measure, audit and report on to all of our stakeholders every year. We were delighted to be recognised for our progress by the Customer Service Institute of Australia in 2005.



- 4 **Now making it easier to switch banks**
We have introduced online switching 'tools' that personal and business customers can use to take some of the hassle out of changing banks: www.anz.com/aus/switch.
- 5 **Now with the best transaction products on the market**
We introduced our \$5-a-month accounts with unlimited ANZ transactions in 2002 and they continue to set the benchmark for the industry, winning the CANNEX award for best savings and transaction products again in 2005. They're easy to use and easy to understand, which we know makes life simpler for our customers.
- 6 **Now offering special deals for over 60s, under 18s and students**
These customers can access everyday banking concessions like no monthly fees and free ANZ withdrawals. We want to ensure that as many Australians as possible can access trusted, mainstream financial services.

10 **Now 'Bank of the Century' according to CANNEX**

We have been recognised by CANNEX as 'Bank of the Year' for the last six years running. We are also their Home Lender of the Year, Money Minder of the Year and Personal Banking Website of the Year on a consistent basis.



People

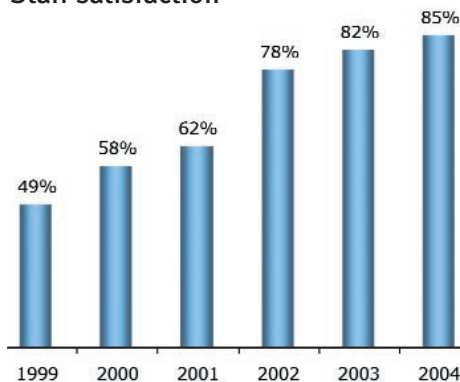
Building a highly engaged workforce

ANZ is focused on creating an environment where our people are highly engaged in delivering the organisation's priorities and objectives.

We use two key measures each year to track our progress around people and culture. The first of these is the Group-wide staff survey to understand the views and concerns of our people.

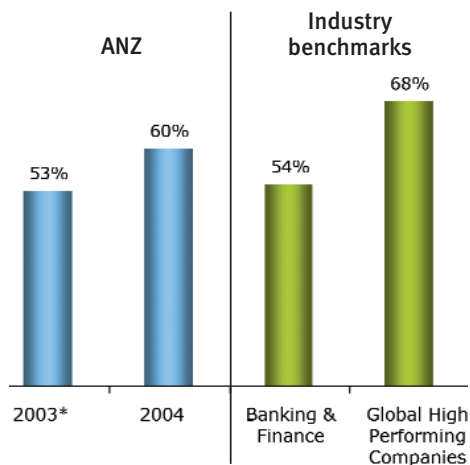
Since 1999, ANZ has conducted an employee satisfaction survey. During that time staff satisfaction has increased from 49% in 1999 to 85% in 2004.

Staff satisfaction



In late 2004 we launched our first Group-wide 'Staff Engagement Survey' – this is a more rigorous assessment that aims to understand the extent to which our people are motivated and energised to deliver their best for ANZ every day. According to the survey findings,

Staff engagement



*Pilot Study

ANZ has the highest level of engagement of top 20 ASX companies similarly surveyed and is 6% above the financial services benchmark. Organisations with engagement levels like this typically achieve higher levels of customer satisfaction and financial performance.

Our results show that we are well within reach of our goal to be recognised as a 'Best Employer' in the globally recognised Hewitt Employee Engagement study.

We use the feedback from these surveys to develop and enhance our people policies and programs.



For example, in response to staff feedback, we have introduced a number of programs to support flexible working arrangements and to create a family friendly working environment. We recently doubled paid parental leave assistance from 6 to 12 weeks. This is available to the primary care giver (male or female) and there is no qualifying service period. We have also established five childcare centres in Brisbane and Melbourne through our partnership with ABC Learning Centres. In 2005, we plan to open three more centres.

ANZ's new parental leave policy for Australian staff came just in time for staff member Rebecca Davison who gave birth to her daughter Amelie on 3 January, two days after the policy came into effect. Amelie was nine weeks premature.

"I thought it was fantastic when I heard that we were changing our parental leave policy to offer three months paid leave – especially as it was going to be something I could take advantage of," she says.

"As it turns out, the new policy has been particularly helpful to me with the early birth of my daughter as our finances are one less thing to think about at this very busy time".

The other key measure is the Annual Values survey where we ask staff to select the values which describes our culture. "Customer Focus" and "Community Involvement" have risen to be our top two values over the last few years.

Community

Making a sustainable contribution to the community

ANZ believes in making an active contribution to the strength and well-being of the communities in which we operate.

We do this by responding to the major social issues that involve the financial services industry – in particular financial literacy and inclusion – and supporting our staff to get involved in local initiatives benefiting the communities in which they live and work.



In 2004 ANZ was recognised by the Corporate Responsibility Index for our leadership in:

- community management practice
- performance and impact of community programs

Increasing the financial literacy and inclusion of adult Australians

Financial literacy and financial inclusion issues affect our people, our customers and the broader community. We aim to lead the way in building the financial knowledge, skills and confidence of all Australians, particularly amongst the most vulnerable.

Saver Plus

Saver Plus is a matched savings and financial literacy program helping families on low incomes improve their financial knowledge, build a long-term savings habit and save for their children's education.

ANZ and the Brotherhood of St Laurence developed Saver Plus and we are now piloting the program with Berry Street Victoria, The Benevolent Society and The Smith Family.

In 2004, we helped 257 families together save \$240,500, which ANZ then matched with a further \$481,000 for the purchase of educational items including computers, uniforms, text books and extracurricular subjects.

In 2005, our goal is to help a further 500 families set and achieve a savings goal and build their financial literacy.



"My son loves the new computer. But the great thing is he's 15 and he's into the savings habit now that he has a part-time job. He can see that I've saved and knows a small amount adds up to something big."

Simon, a participant from Frankston (left), with his son and the family's new computer purchased through Saver Plus.



NATIONAL FINALIST
PRIME MINISTER'S AWARDS FOR
EXCELLENCE IN COMMUNITY
BUSINESS PARTNERSHIP 2004



MoneyMinded

MoneyMinded is an adult financial education program developed to help financial counsellors and community educators assist people, particularly those on low incomes, build their financial knowledge and confidence and make informed and effective decisions about their money.

MoneyMinded was written by financial counsellors and its development was initiated and funded by ANZ. The program provides unbiased consumer education and is free of any ANZ branding or promotion of any financial institution's products or services.

ANZ aims to facilitate the delivery of MoneyMinded to 10,000 consumers in 2005. This includes funding MoneyMinded facilitator training for interested financial counsellors and community educators and funding community agencies in every state and territory to deliver the program in their communities. For more information visit www.moneyminded.com.au



MoneyMinded

financial skills for the future

"I am very impressed with the MoneyMinded material as a set of teaching tools. It is very clean, easy to use, and leaves the facilitator with a lot of flexibility to meet different groups' needs."

Financial counsellor, WA

Opportunities for ANZ people to engage with their communities

Our community programs are developed by, and for, our people, so they can support the causes that are important to them and to their local communities.

For instance, the ANZ Community Fund and Seeds of Renewal programs provide funds and in-kind support to local community projects. ANZ staff are also encouraged to take volunteer leave for community service.

In April 2005, ANZ launched the Community Giving program, which enables Australian staff to make donations to 18 different community organisations – selected by them – which are then matched by ANZ dollar-for-dollar.

Tsunami relief effort

ANZ people in Australia and overseas contributed more than \$1.45 million to various relief efforts, including \$500,000 donated by Australian staff to World Vision's appeal, which was matched by ANZ.

Financial support was complemented by an overwhelming volunteering effort, which saw hundreds of ANZ staff giving over 4,200 volunteer hours to a number of different aid organisations.

For more information on ANZ's community programs visit: www.anz.com/community

Environment

Conservation group chooses ANZ

We recognise that we have a responsibility to the environment we live in and to reducing the cumulative impact of our operations and business activities. This includes addressing the impact of our day-to-day operations, improving our ability to assess the social and environmental implications of our business decisions, and working with others to contribute to improved societal outcomes.

It also makes good business sense. ANZ's values and community focus have helped us win the banking business of a leading conservation organisation.

WWF Australia chose ANZ ahead of our peers in a competitive tender.

"You weren't the cheapest but on the basis of your values you were very definitely the best fit," says WWF Australia Chief Executive Officer, Greg Bourne.

"The key thing for us is you are a progressive bank engaging in social issues and you are starting to explore the environmental issues that matter to Australians."

Greg leads an organisation that invests more than \$11 million annually in conservation programs, employs more than 100 people and has more than 40,000 supporters across Australia.

He has also worked on the "other side of the fence", having previously been Regional President of BP Australasia.

During his tenure at BP, Greg pioneered the introduction of cleaner fuels in Australia despite opposition from oil industry colleagues who were reluctant to invest in upgraded refineries.

"At the time, Australia had the lowest quality fuels in the OECD world – we still had lead in petrol and high sulphur in diesel," he recalls. "BP decided to take a stand and invested our money in the future."

Greg says the challenge for corporates these days is to decide if they are a "compliance" company or a "commitment" company.

"A compliance company does no more than the law requires," he explains.

"A commitment company realises there is more to be done and has a leadership responsibility in society – like the leadership your CEO John McFarlane showed when he offered to buy those 50 branches in the bush that were being closed by a competitor. That's the kind of thing that makes ANZ stand apart."

"Companies can make a difference by encouraging environmental citizenship and awareness among their staff," he says.

"And at a board and senior executive level, it becomes a matter of looking at the risks involved in funding certain activities."

"You have to think 50 years ahead on issues like climate change and water scarcity because there are inter-generational penalties if we don't get it right."





ANZ relationship manager Bruce Plasto (right) with WWF Australia CEO Greg Bourne, and friend.

“companies can
make a
difference
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All cover and banner images courtesy of 'Perspectives' – a photographic collection showcasing images of ANZ people participating in their hobbies outside the workplace. **Shareholders pages:** Paul Nicholas – Project Analyst, New Zealand **Customers page:** Charlotte Jones – Project Director, OTSS **People page:** Murali Kumar – Executive Manager, OTSS **Community page:** Des Schultz – Esanda **Environment page:** Tania O'Brian – Rural Warrnambool

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