



08

SHAREHOLDER UPDATE
CONTACT 08

Dear Shareholders

Enclosed with this edition of Shareholder Contact is the advice of your 2008 Interim Dividend of 62 cents per share fully franked, unchanged on the March 2007 half.

Our net profit after tax of \$1,963 million for the half year ended 31 March 2008, was down 7%. The cash net profit before provisions was up 11%. However the provisions for credit costs were significant and the cash earnings per share for the half year were down 16%.

This is the first time our profits have fallen in a half since 1998 and your Directors believe the decision not to increase the dividend is prudent in the circumstances.

The global environment is much more uncertain with continuing volatility in credit markets and economic growth slowing significantly in the US and Europe. In Australia and New Zealand we are experiencing an economic slowdown.

However in addition to the change in the credit cycle, we have been impacted by some issues which are specific to ANZ. These include our exposure to a US monoline insurer and the impact on our reputation that has resulted from the collapse of Opes Prime and our involvement in Securities Lending.

While ANZ has made progress in reducing risk it is clear we still have much more work to do. There are small areas of non-core activities over which there needs to be improved controls and accountability.

Your Board and our new Chief Executive Officer, Michael Smith, are committed to taking the necessary action to improve our financial performance, tighten the management of risk, and build our reputation based on the Bank's core values of integrity, trust, quality and service.

Looking at our divisional performance, there were good results from our Personal Division in Australia with cash net profit after tax growth of 11%.

ANZ IS COMMITTED TO IMPROVING ITS FINANCIAL PERFORMANCE, TIGHTENING THE MANAGEMENT OF RISK, AND BUILDING OUR REPUTATION BASED ON OUR CORE VALUES OF INTEGRITY, TRUST, QUALITY AND SERVICE.

This was achieved despite higher funding costs. The quality of our Personal business continues to show through in high levels of customer satisfaction.

In our Institutional Division profit fell 47% due to a sharp increase in credit costs although profit before provisions was up 18%. This result overall is not acceptable. Management is now focussed on the necessary actions to restore performance and reduce risk.

Profits from our New Zealand Businesses were up 6% in a slowing economic environment. The result in Asia Pacific was a highlight with profit up 47% including the full half contribution from our investments in AMMB in Malaysia and Shanghai Rural Commercial Bank in China.

We are continuing our investment in the community including help for those in most need with financial literacy and savings programs, staff volunteering and local community initiatives.

What is clear is that although we have a sound and profitable business, there is still much for us to do at ANZ. We are committed to improving and growing our operations and providing good returns to our shareholders.



Charles Goode



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WE HAVE A NEW ASPIRATION TO DELIVER GROWTH AND OUT PERFORMANCE FOR OUR SHAREHOLDERS BY BECOMING A SUPER REGIONAL BANK IN ASIA WHICH WILL SEE US DOUBLING PROFITS BY 2012.



Dear Fellow Shareholder,

ANZ is currently undergoing a period of renewal and change focussed on delivering growth and out performance for our shareholders.

We have created a new aspiration to become a super regional bank over the next five years by doubling profits of which around 20% will come from Asia, up from just 7% today.

Asia is now at the centre of global economic growth. Our strategy builds on the natural linkages which exist between Australia, New Zealand and Asia through business, migration and geographic proximity, and ANZ's historical and expanding position in the region.

Continued investment and growth in our domestic businesses is also a critical part of our aspiration. Australia and New Zealand are our core markets and we have a clear plan to develop our business as a customer centric organisation with a sales and marketing focus and driven by technology which improves the experience of our customers.

There is much that needs to be done at ANZ however for us to deliver on our aspiration. That is all too clear in aspects of our financial results this half.

Although we have been warning for some time credit costs would increase from unsustainably low levels, credit costs were unacceptably high compared to our domestic peers.

These reflect the impact of some specific legacy businesses, particularly in Institutional, and we are looking closely at our portfolio to ensure our exposures are carefully managed.

The difficulty this has caused is not only financial. The collapse of Opes Prime for example, has also impacted our reputation. We are currently conducting a review of our involvement in the Securities Lending business and the events surrounding the Opes Prime issue and we will report back to shareholders on this matter later in the year.

We have again chosen to underwrite our Dividend Reinvestment Plan this half. Together with our high collective provision balance and increased liquidity position, this allows us to significantly enhance our balance sheet and ensure we are continuing to operate from a position of strength.

Despite the challenges, what is also clear from our performance in the half is that ANZ has a very good foundation on which to build. There was strong underlying momentum with revenue growth up 12% across the Group.

Since I joined ANZ in October 2007, I have spoken to over 10,000 staff and its clear we have great people who are committed to the direction we have set for ANZ and operating as a winning team at every level of the business.

I believe we have the foundation, a clear direction and the capacity to make ANZ extraordinary. We are in the right place in the Asia-Pacific region, at the right time with the right people to deliver performance and value to our shareholders.

Mike Smith

Michael Smith

40TH ANNUAL GENERAL MEETING – BRISBANE

Date: Thursday, 18 December 2008
Venue: Ballroom Le Grand, Sofitel Hotel
Time: 10:00 am (AEST)

ANZ Staff will be available outside the meeting room should you wish to discuss banking services, investment products or securityholder matters.

The Sofitel Hotel is located in the very heart of Brisbane city and is easily accessed by the train service to the Central station underneath the hotel.

KEY DATES:

Annual General Meeting and Live Webcast,
 Sofitel Hotel Brisbane
 at 10:00 am (AEST)
 Thursday, 18 December 2008

Announcement of Annual Results
 Year ended 30 September 2008
 Thursday, 23 October 2008

Ordinary shares

Final Dividend (2008) Payable
 Thursday, 18 December 2008

- Ex Dividend Date 6 November 2008
- Record Date 12 November 2008

Results Summary**ANZ INTERIM CASH EARNINGS PER SHARE DOWN 16%
PROFIT AFTER TAX**

- Profit \$1,963 million – down 7%
- Cash* profit before provisions \$3,335 million – up 11%
- Cash* profit after tax \$1,674 million – down 14%

SHAREHOLDER RETURN

- EPS 102.4 cents – down 10%
- Cash* EPS 87.1 cents – down 16%
- Interim dividend 62 cents – unchanged

BUSINESS HIGHLIGHTS*

- Record revenue growth of 12% (13% FX adjusted) despite difficult environment.
- Provision charge significantly higher. Credit losses are isolated and the broader business and consumer book remain strong.
 - Individual Provision charge of \$604 million (up \$416 million), driven by \$226 million US monoclone insurer provision which is expected to significantly reverse over time, \$51 million in lower recoveries, and a mining company provision of \$53 million
 - Collective Provision charge of \$376 million (up \$324 million), with \$131 million due to lending growth, \$125 million for an “economic cycle adjustment” and \$103 million relating to the downgrading of a large property company exposure.
- Very strong growth in Asia Pacific where we have an above average presence and which is less affected by the market turmoil. Profit up 47%.
- Personal impacted most by higher funding costs, particularly in Mortgages business. Revenue growth of 11%, with profit up 11%.

- New Zealand Businesses solid. Some early signs of New Zealand economy slowing.
- Renewed momentum in Institutional and across all businesses in that division.
- Ahead of target on term funding plans; continue to maintain a liquidity portfolio around 80% above normal requirements (excluding internal mortgage securitisation).

E-COMMUNICATIONS

As an ANZ shareholder, you can choose to receive your shareholder communications electronically and help save the Australian environment. With every registration through eTree, a donation of \$2 will be made to Landcare Australia to go toward specified reforestation projects that will help restore degraded plant, animal and water resources. To register, please visit www.ETree.com.au or www.anz.com/shareholder/shareholder_services/eTreeProgram/

DIVIDEND ALTERNATIVES

There are a number of ways in which you can receive your ANZ dividends, which are normally paid in July and December.

Your dividend can be directly credited to your bank account, reinvested into further ANZ shares under the Dividend Reinvestment Plan or forgone if you wish to participate in the Bonus Option Plan. Shareholders may at any time change the way they receive their dividend by completing and returning a Plan Election Form available from the ANZ Share Registry.

ANZ also offers a Dividend Charity Donation Program, enabling ANZ shareholders who are Australian resident taxpayers to donate some or all their ANZ cash dividends to one of a number of charities.

For more information about how to receive your dividends, please contact the ANZ Share Registry (details on next page).

Contact details**INVESTOR RELATIONS**

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** Adjusted for non-core items (i.e. significant items and non-core income arising from the use of derivatives in economic hedges and fair value through profit and loss)*

All figures compared to March 2007 unless otherwise indicated

SHAREHOLDER PRIVILEGE PACKAGE:

The Shareholder Privilege Package was discontinued, effective 30 March 2007.

We are continuing to honour most of the ongoing product offers for eligible shareholders who are currently using them.

For shareholders who are currently using the package, benefits on facilities in place as at 30 March 2007 will continue until further notice, with the exception of bank cheques and travellers cheques.

Discounts on bank cheques and travellers cheques will now only be available to eligible shareholders who hold a transaction or savings account with ANZ as at 30 March 2007. To obtain the discounts on bank cheques and travellers cheques customers need to show you their 2006 Shareholder card.

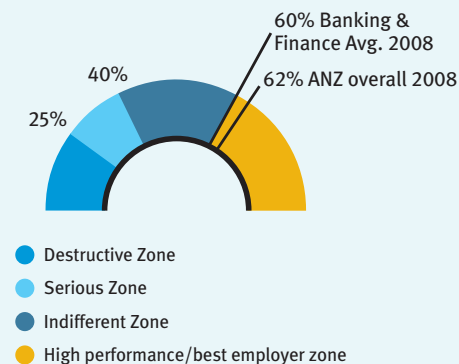
These shareholder benefits will continue to apply to those with more than 300 ANZ shares.

For any information regarding Shareholder Privilege package please call Investor Relations on +61 3 9273 6466 or email us on investor.relations@anz.com

We have a long-term focus on developing our people and culture to create a highly engaged workforce and a strategic advantage that is difficult for other banks to replicate.

- Innovative workplace policies for a diverse workforce including paid parental leave, guaranteed part time work for over 55s and flexible work options
- Increasing the number of women in management. Employer of Choice for Women for six consecutive years (Equal Opportunity in the Workplace Agency)
- 100+ Indigenous trainees recruited to our branch network in 2008 as part of our Indigenous employment strategy
- 20% reduction in Lost Time Injury Frequency Rate (a standard measure of effectiveness of occupational health and safety programs) in Australia in 2007 and on track for a further 20% reduction in 2008

ANZ EMPLOYEE ENGAGEMENT



CASE STUDY: BUILDING A DIVERSE WORKFORCE TO SERVE OUR CUSTOMERS

A diverse and inclusive workplace will help us innovate, attract the best people, identify new business and grow in the region

ANZ aims to become a major force in Asian banking in the coming years. A diverse and inclusive workplace, where our people have access to international development opportunities, will be essential to achieving this goal.

“Diversity in a business context is fundamentally about valuing people’s unique experiences and attributes and making the most of them to achieve superior business performance,” says Mike Smith.

“It fosters innovation in the way we design and deliver our products and helps us better understand and respond to the needs of a diverse customer base, both in Australia and New Zealand as well as in emerging markets in Asia.

“And we are more likely to attract a wider range of talented people as an organisation that regards an individual’s gender, background, age, disability or sexuality as an asset rather than a limitation.”

In many ways, this involves changing the traditional view of ‘what it takes’ to be successful in banking. Every two years we check our progress with our employees to see if our policies and programs to do this have been effective.

The results of ANZ’s second diversity census of employees conducted at the end of 2007 again demonstrated the importance of understanding and responding effectively to the needs of our diverse workforce.

The survey found high awareness and use of the workplace policies we have in place to support diversity. For example, a third of employees are accessing flexible start and finish time options and many see these policies as a key reason to stay at ANZ.

Senior appointments since 2007

We have made a number of significant Executive appointments in the past year, bringing new and diverse local and international banking experience to our leadership team:

- **Mike Smith**, former President and CEO of HSBC Limited, Chairman of Hang Seng Bank Limited, Chairman of HSBC Bank Malaysia Berhad and Global Head of Commercial Banking, HSBC Group was appointed **Chief Executive Officer**
- **Alex Thursby**, former Senior Managing Director and Group Head of Corporate and Institutional Client Relationships, Wholesale Banking, Singapore for Standard Chartered Bank Group, was appointed **Managing Director, Asia Pacific**
- **David Cartwright**, former CEO of Intelligent Processing Solutions Limited in the UK, was appointed **Group Managing Director, Operations, Technology and Shares Services**
- **Susie Babani**, former Global Head of Human Resources, HSBC Insurance Group was appointed **Group General Manager Human Resources**
- **Russell Shields**, former Managing Director, Asia Pacific, Transport, Construction and Infrastructure, Hong Kong at HSBC was appointed **Queensland Chairman**
- **John Atkins**, former Head of Office at Freehills, was appointed **Western Australian Chairman**
- **Alistair Bulloch**, former Head of Wholesale & Commercial Banking, Korea at Standard Chartered Bank was appointed **CEO North East Asia**
- **Joseph Abraham**, former Chief of Staff, Client Relationships, Singapore at Standard Chartered Bank was appointed **CEO Indonesia**
- **Jill Craig**, former Director Investor Relations AMP Limited was appointed **Head of Investor Relations**
- **Jennifer Fleming**, former Head of Regional Development, Technology at NAB, was appointed **Head of Strategy for Operations, Technology and Shared Services**
- **Alan Logan**, former General Manager, National Practice Management and Apogee Financial Planning, MLC, was appointed **General Manager, Financial Planning**



TOP – BOTTOM:

ANZ employees, Cameron and Kellie Stirling, use ANZ’s flexible work arrangements so that they can spend more time with son Darcy.

Cathryn Carver, Managing Director, Corporate Finance, and Chair of the Institutional Talent Council, is a strong advocate of advancing women in the workplace.

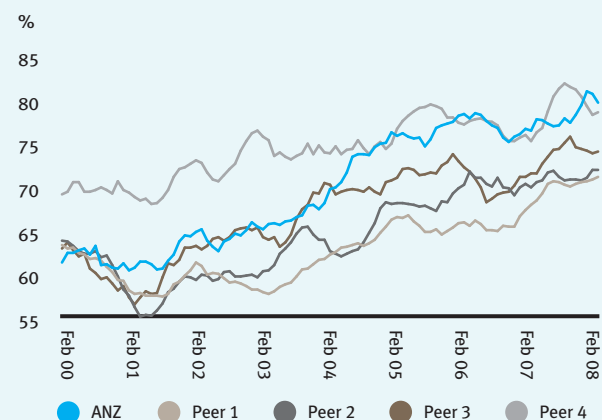


TOP – BOTTOM:
Branch Manager, Cameron Russell, serves a customer at the Bathurst and Castlereagh Streets branch in Sydney.
Josh Maddock, Vijay Satkunasingam and Daina Lambert from ANZ's Project Finance team undertaking online training on the Equator Principles.

We continue to invest in measures to ensure our customers receive simple, convenient and responsible products and services and our lending and investment decisions are guided by sound social and environmental standards.

- Retail customer satisfaction remains the highest of all major banks in Australia
- More than 80 new branches and 2200 new ATMs opened over the last three years
- Australia's first responsible lending code protecting vulnerable customers from unsolicited credit card limit increase offers
- Customer Connect, a new program to better identify and assist retail customers in financial difficulty

A LEADER IN CUSTOMER SATISFACTION
(MAIN FINANCIAL INSTITUTION: 6 MONTHS ROLLING*)



* Source: Roy Morgan Research – Aust MFI Pop'n aged 14+, % Satisfied (Very or Fairly Satisfied), 6 mth moving average

^ Banking Products new transaction account numbers, includes new Everyday Visa Debit accounts

- New convenient retail products designed and delivered in line with customer needs, including mobile phone banking
- 100% of project finance transactions screened under the Equator Principles
- Forests Policy released to guide our decision-making in transactions with a potential impact on forests

CASE STUDY: SUPPORTING CUSTOMERS IN FINANCIAL HARDSHIP

We know that the vast majority of our customers want to pay their debt and that better solutions can be achieved if we and our customers work together.

Customer Connect trains our people to be more proactive in identifying customers who may benefit from more time and flexibility to manage their finances during a period of financial instability or difficulty.

The program allows ANZ staff, where possible, to tailor temporary repayment arrangements to what our customers can afford to pay at the time and does not require them to 'prove' hardship, such as job loss, before they receive assistance.

"This has been focused on strengthening the relationship between the Bank and its customer," says Sue Fraser, Senior Manager Kildonan Uniting Care, a community-based organisation with expertise in consumer hardship. Kildonan has worked with ANZ since early 2007 to develop the Customer Connect training and review our customer hardship policies.

"At its heart, Customer Connect's philosophy recognises that the vast majority of customers want to pay their debt and that better solutions can be achieved if ANZ and its customers work together".

While Customer Connect is designed to make it as easy as possible for ANZ customers to get back on track with their repayments, it is also improving employee engagement. Early feedback from our people suggests they find it very rewarding helping customers to better manage their financial circumstances.

"As a result of the Customer Connect training, in most cases I am now able to turn a collections call into an offer of assistance, helping a customer to make an affordable arrangement," says Jenny Vong from ANZ's Collections area.

"When you hear the sigh of relief in their voice, you come away feeling like you have actually accomplished something."

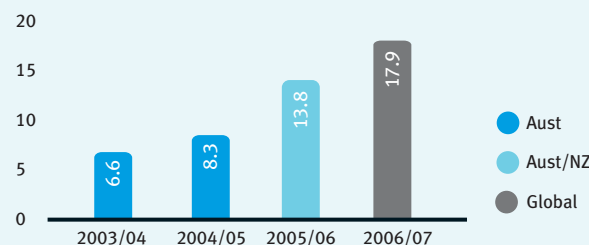
Customer Connect is not a single program limited to one team or area of the bank – it represents the new way ANZ staff will support retail customers in financial hardship.

The service is being progressively made available to mortgage, credit card, personal loan and small business customers, with implementation complete by the end of this month.

We work with our community partners to improve levels of financial literacy, money management and financial inclusion, especially among the most disadvantaged people in society

- 70% of participants in ANZ's Saver Plus matched savings and financial literacy program continue to save the same or an increased amount 2 and 3 years after completing the program
- Progress Loans, a small loans program for those who find it difficult to access safe, affordable and fair credit from mainstream providers, has been recognised with the Prime Minister's Award for Excellence in Community Business Partnerships (Large Business Category). 145 Progress Loans have been approved in the last 6 months, on target for 300 by the end of 2008
- 55,000+ people have participated in our MoneyMinded financial education program through our community partners since 2004
- 16,000+ hours of employee volunteering over the last 6 months
- More than \$500,000 donated by ANZ, ANZ staff, customers and shareholders to over 100 community organisations through our Community Giving program over the last 6 months

TOTAL VALUE OF COMMUNITY INVESTMENT (\$M)



CASE STUDY: PEOPLE ON LOW INCOMES CAN SAVE

Saver Plus is helping people on low incomes develop a long-term savings habit. 70% of participants are still saving the same amount or more two and three years after completing the program

Linda wasn't sure what to make of Saver Plus when she first heard about it through her daughter's school.

"At first I thought 'What's the catch?', but I was willing to give it a go – and at the time I was grateful for any help I could get with my children's school fees and other expenses".

Saver Plus was created by ANZ and The Brotherhood of St Laurence (BSL) – one of Australia's most respected community organisations – to help people on low incomes improve their financial literacy, save money for education expenses and establish a long-term savings habit.

As an incentive to join the program and start saving, ANZ matches the savings made by participants dollar for dollar up to a total of \$1,000.

"Once I started the program, I realised there was no catch and it really was about helping people out. The financial education classes gave me some great tips about money management which I was able to put into practice straight away.

"With the savings I made, plus the amount matched by ANZ, I was able to buy my children a computer for their schoolwork."

Like Linda, more than 90% of Saver Plus' 2,500 participants have achieved the savings goals they set themselves during the program. However for ANZ and BSL, the real test of Saver Plus' success is whether it inspires a permanent change in the savings and money management behaviour of participants that continues long after the program support and matched savings incentives have finished.

"It's a long time now since I finished Saver Plus, but I'm still saving the same amount every week," says Linda.

"It makes me feel more in control and less stressed. I know if something goes wrong or I have an unexpected expense I now have savings to fall back on."

The latest research conducted by RMIT University shows this is the experience of most people who complete the program. Around 70% of participants are continuing to save at least the same amount per month two or three years after completing the program with more than half saving more now than they did when on the program.

Many participants, including Linda, also comment on how the program provides an opportunity to share better financial management skills with their families.

"The program has meant my kids can see the benefit of saving – they have a computer, wear new school uniforms and can join extra-curricular activities at school. So now they save a little of their own money each week in their own accounts."

While stories like Linda's and the RMIT research show Saver Plus is delivering on its objectives, our next challenge is to expand the program's reach, while ensuring the core features which have made it a success to date remain intact.

Financial sustainability is important to this objective and there are now several examples of local investment to enable the establishment of Saver Plus in specific regions.

The Victorian Government has provided support, last year contributing \$1.5 million over three years for the program's expansion in Victoria.

In March, the Tasmanian Community Fund, established to support community improvement programs across the state, announced a grant to assist The Smith Family launch Saver Plus in Tasmania for the first time.



TOP – BOTTOM:

Saver Plus participant Linda and her children Taylor and Amber.

International service consultant, Benson Saulo, presents to the Reconciliation Action Plan Governance Group.



TOP – BOTTOM:

Employees from ANZ and Lend Lease discuss plans for ANZ's environmentally friendly commercial office building at Docklands, Melbourne.

Taking the new petrol-electric hybrid vehicle for a test drive.

We set two-year environmental footprint reduction targets and are working with suppliers to better understand and manage the impact of the products and services we purchase

- A solid start in achieving our new two-year footprint targets in Australia:
 - electricity consumption down 5%
 - paper consumption up by 2%
 - waste down 1.6%
 - water usage down an estimated 6%
- 205 suppliers in Australia and New Zealand screened to understand their management of social and environmental issues
- Assisting clients adapt to a carbon constrained future through finance for carbon reducing measures and risk management products for carbon markets
- Facilitating investment in renewable energy projects such as wind farms, bio-diesel and hydro-power through investment trusts and direct project financing

PROGRESS AGAINST TWO-YEAR GOALS (BY 30 SEPT 09)

Goal	Progress
Reduce electricity consumption by 5%	<div><div></div></div>
Reduce paper purchased by 10%	<div><div></div></div>
Reduce water usage by 5%	<div><div></div></div>
Reduce waste to landfill by 10%	<div><div></div></div>
Carbon neutral by 2009	<div><div></div></div>

On track Behind schedule

CASE STUDY:

SMART METERS HELP MEASURE ENVIRONMENTAL IMPACT

New energy and water meters are helping us measure our environmental footprint more accurately

ANZ and property manager Jones Lang LaSalle (JLL) have worked together to better understand the environmental impact of our office buildings and branches.

‘Smart’ meters measuring the consumption of gas, electricity and water, have been installed in 90% of ANZ’s commercial buildings in Australia, and will be placed in a representative sample of ANZ branches throughout 2008.

The meters can be set up throughout each floor of a building and provide a time-based analysis of resource use. This enables us to determine the location and amount of energy and water use at any given time of the day or night.

“The meters are useful in uncovering unnecessary energy and water use, particularly after hours or on the weekend when office buildings are largely unoccupied,” says Gary Whatling, Associate Director, National Sustainability Team at JLL.

“For instance they can help us identify if an air conditioning system is being switched on too early in the day or switched off too late at night or is not operating efficiently.”

As well as identifying opportunities to improve efficiency, continual monitoring of energy and water use can help compare the use of resources over time and therefore quantify the benefits of measures that have been implemented, both in terms of resources and dollars saved.

For David Cartwright, ANZ’s Group General Manager Operations Technology and Shared Services, accurate measurement of our use of resources is key to effectively reducing the footprint of our current buildings.

“Many of the office buildings we occupy are 20 to 30 years old, some older, so we can’t always use the latest environmental technology available to new buildings, like solar power and recycled water.

“However we are determined to use our older buildings as efficiently as possible – the smart meters will help us do this, as well as achieve some cost savings along the way”.

ANZ and JLL will continue to install the meters in branches and our data centres throughout 2008.