



13 August 2003

ANZ General Meeting of Shareholders

The Auditorium, Melbourne Exhibition Centre
Level 2, 2 Clarendon Street
Southbank, Melbourne

Address by: Charles Goode, Chairman, ANZ
John McFarlane, Chief Executive Officer, ANZ

Ladies and gentlemen, good morning. My name is Charles Goode.

As your Chairman, it is my pleasure to welcome you to this General Meeting of ANZ.

As a quorum is present I now formally declare this General Meeting open.

You should have all received a copy of the notice of meeting and if there is no objection, I propose to take it as read.

Extra copies of the Notice of meeting are available at the registration desk outside, if anyone would like them.

The purpose of our meeting today is to consider three resolutions which will allow us more flexibility in our capital management strategy.

Those resolutions are:

- A resolution to confirm your approval to a buy-back of the preference shares issued in 1998.
- A resolution to amend the Company's Constitution to provide greater flexibility to issue preference shares.
- And a resolution to approve a proposed issue by ANZ of stapled securities.

As we come to vote on each of these resolutions, I will open the meeting for questions or comments from the floor on matters related to each item of business. We will then vote on that resolution. Once we have considered and voted on the three resolutions, the formal part of this morning's meeting will be concluded.

I will then ask John McFarlane to speak to you briefly about ANZ's progress during the year.

At the end of the meeting, the directors and I would be pleased if you would join us for a cup of tea or coffee in the foyer.

Let me introduce you to the directors and some members of ANZ's executive team who are here today.

Starting on your far left is Jerry Ellis. Jerry has extensive mining and manufacturing experience in Australia and overseas, notably during his long career with BHP. He is Chairman of Pacifica Group Ltd, the Australia-Japan Foundation, and is Chancellor of Monash University. Jerry chairs the Risk Management Committee and he is a member of the Compensation Committee

Next to him is John McFarlane, the Chief Executive Officer. This year is John's sixth as Chief Executive.

On your right is Margaret Jackson. Margaret is Chairman of Qantas Airways Limited and the Methodist Ladies College. She is a Board member of John Fairfax Holdings Limited, the Howard Florey Institute and the Brain Imaging Research Foundation. Margaret is a member of the Audit Committee, the Risk Management Committee, the Compensation Committee and the Nominations and Corporate Governance Committee.

The other directors of ANZ were unable to attend today's meeting and give their apologies.

Now let me introduce the ANZ executives on the stage. On my left is the Chief Financial Officer, Peter Marriott. Behind me are Tim L'Estrange, Group General Counsel, and Tim Paine, Company Secretary and Deputy General Counsel.

Ladies and gentlemen, let me now move to the business of the meeting.

As part of ANZ's capital management strategy, the Board regularly monitors and reviews the most cost efficient and effective forms of capital available. As a result of such a review, the Board now wishes to ensure that ANZ has the flexibility to:

- buy-back or redeem the preference shares issued by the Company in 1998 and
- be able to issue suitable forms of capital as and when appropriate.

In fact, we intend to lodge a prospectus tomorrow for a new issue of stapled securities.

This stapled security will be made up of two different kinds of securities that may not be traded separately – which is why they are called “stapled securities”. Each stapled security will comprise an unsecured note issued by a New Zealand subsidiary of ANZ, stapled to a preference share issued by ANZ. In certain events or on certain dates each stapled security can be exchanged for the face value of a note, which is \$100, or for ordinary shares in ANZ.

We have called these securities Stapled Exchangeable Preferred Securities, or “STEPS”.

It is intended that these securities would form part of the Company's Tier 1 capital.

Tier 1 capital is the capital we as a bank are required to maintain under prudential standards set by the Australian Prudential Regulation Authority, or as it's commonly known, APRA.

The proceeds will strengthen ANZ's balance sheet, and increase its financial flexibility. The proceeds may be used to partially fund any buy-back or redemption of the preference shares we issued in 1998. The proceeds from the issue of these securities may also be used for other corporate purposes determined by the Directors.

Therefore, this general meeting was called to ensure the directors are able to pursue all available capital management options, and thereby enhance the benefits for all shareholders.

Delaying consideration of these resolutions for 4 months until the AGM may have eroded potential gains.

Before I introduce the first item of business, let me run through the procedures we will use to ensure each shareholder who wants to ask a question or make a comment has the opportunity to do so.

First of all it is important to note that this is a meeting to deal with three specific items of business.

Therefore, it is not appropriate for customers to ask questions about their personal banking arrangements at this meeting.

If you do have questions about personal banking issues please see one of the customer representatives or one of our executives in the foyer after the meeting and they will be pleased to help you.

Now, when you registered at the attendance desk this morning, you would have received one of three cards:

- a BLUE Admission & Voting card if you are a shareholder, or a shareholder's representative, proxy, or attorney. The BLUE card means you can vote and ask questions.
- a YELLOW Admission card if you are a non voting shareholder. The YELLOW card means you are entitled to ask questions but you cannot vote at today's meeting.
- a WHITE Admission card if you are visitor. The WHITE card means you are not entitled to vote or to ask questions.

In the interests of all shareholders would you please ask all your questions when you are at the microphone and be as brief as your questions allow. The attendants you see standing by the microphones are ANZ staff members.

If you have a question about the three resolutions we are considering today, I invite you to go to the nearest microphone ... show your BLUE or YELLOW admission card, and advise the staff member of your name. The attendant will then introduce you to the meeting.

I will put all resolutions to the meeting for a vote on a show of hands. However I reserve the right to call for a poll on any or all of the items. The poll would be held at the conclusion of the voting on all three items of business.

Let's now move on to the first item of business.

The first item of business is to pass a special resolution permitting a buy-back of the preference shares issued by the Company in 1998. The issue of these preference shares raised approximately US\$775 million in additional Tier 1 capital. They were issued in two series of approximately US\$400 million and US\$375 million. The terms of these preference shares give ANZ the right to repay the capital by redemption or buy-back in certain circumstances.

In order to preserve flexibility, at the 1999 Annual General Meeting a special resolution was passed to permit a possible buy-back of those shares. Given that nearly four years have passed since that resolution, we are now seeking your confirmation of that approval.

I therefore now move that the first resolution that "the Company approves the terms of the selective buy-back agreement relating to the preference shares issued by the Company in September 1998 and November 1998, as described in the explanatory notes" be passed as a special resolution.

(meeting procedures)

The second item of business relates to a proposed amendment to the Company's constitution by inserting the terms set out in the notice of meeting to permit the issue of preference shares.

As I have already mentioned, the Stapled Exchangeable Preferred Security we propose to issue includes a preference share. A preference share is a type of share that ranks ahead of ordinary shares for the purposes of dividends payments, or claiming on the assets of a company should it be wound up.

Since our current Constitution was adopted in 1999 ANZ has not issued any preference shares. We now need to amend our Constitution to permit the issue of this type of security.

This is because the law requires that in order to issue preference shares, a company's Constitution must set out certain rights in relation to those shares, including voting rights, rights to dividends and the basis on which the holders would participate on a winding up of the Company.

The rule we are proposing to insert in the Constitution is to deal with the last aspect, that is, the rights of preference shareholders in the unlikely event of a winding up of the company.

I now move the second resolution as a special resolution that rule 23 of the Company's Constitution be amended as set out in the notice of meeting to enable the Company to issue preference shares.

(meeting procedures)

Resolution 3 is to approve as an ordinary resolution the issue of up to 12.5 million reset preferred securities substantially on the general terms and conditions as described in the explanatory notes to the notice of meeting.

This resolution is to approve the issue of the Stapled Exchangeable Preferred Securities I have referred to earlier. I have already referred briefly to the main features of these securities.

Any specific or technical questions in relation to the terms of these securities are best answered by referring to the prospectus we propose to lodge with the Australian Securities & Investments Commission tomorrow. You will see from the prospectus that we intend to offer up to 10 million preference shares with a value of \$1 billion.

Over the next few days we will mail all ANZ shareholders a form regarding the offer. If you are interested in investing in the securities, simply complete the form, mail it to ANZ and we will send you a copy of the prospectus and an application form.

You will be eligible for a priority allocation of these securities over applicants from the general public. If you are interested in investing in these securities, I would urge you to read the entire prospectus carefully.

Should you have any further questions you should consult your stockbroker, accountant or other professional adviser. You may also call the ANZ StEPS Information Line – that telephone number will be in the prospectus.

I now move the third resolution as an ordinary resolution that “the Company approves the issue of up to 12,500,000 reset preferred securities substantially on the general terms and conditions as described in the explanatory notes”.

(meeting procedures)

Ladies and gentlemen, that concludes the formal business of today's meeting.

But before I declare the meeting closed, I would like to invite our Chief Executive Officer, John McFarlane, to make some brief comments on ANZ's current performance. John McFarlane...

Thank you Charles. Good morning

Now as you know we don't normally say anything about our full year result this close to the end of the year ... but ... in light of today's meeting and tomorrow's shareholder information meeting in Adelaide we did issue a shareholder update this morning.

In that outlook we confirmed our earnings outlook for the year remained unchanged. Our earnings for the 2003 financial year would be around 8 per cent higher than last year excluding last year's one-off profit on the sale to the ING Joint Venture of ANZ Funds Management.

The recent overall momentum at ANZ has been broadly consistent with market expectations and this has enabled us to stay on track.

Mortgage demand has remained strong, offset by a difficult interest rate climate and low institutional loan demand.

Strong asset growth in the April to July period saw our Consumer Finance business back on track after a difficult first half. Consumer Finance takes in our credit card and personal loan operations. While the business faces a challenging period in 2004 associated with the reduction in interchange we are increasingly confident the impact of the changes is unlikely to be greater than our earlier estimates.

In line with the surprising strength in the Australian housing market, mortgage drawdowns by value were up 32 per cent in the April to July compared with the same period last year.

Through our ESANDA and UDC businesses we have a significant share of the motor vehicle and equipment leasing markets in Australia. In strong markets, they experienced good new business growth and together with a continuing a focus on productivity have seen positive earnings performance.

Our personal banking business has continued to grow deposits and I'm particularly pleased to say it has grown its market share in rural Australia. This improved performance has been eroded to some extent by continuing margin pressure in retail banking generally and the increased investment in our Restoring Customer Faith and Bank with a Human Face programs. These programs are still in their early days.

ANZ's joint venture with ING continues to perform reasonably well in a difficult market. In the June quarter, independent research showed ING Australia had established a solid top four position with \$27.8 billion of retail assets under management.

In New Zealand our overall performance has been relatively flat although asset growth has been solid.

Fee and loan growth in our institutional business has been modest in Australia and New Zealand, against expectations that we would have had higher business loan demand. This has been offset by higher contributions from foreign exchange and a strong performance from our capital markets group.

A particular focus of ANZ has been small to medium sized business. I'm pleased to say we have seen a strong performance from our corporate and small business group who service this segment. Lending is up 13 per cent and deposit growth up 9 per cent.

Overall domestic credit quality remains sound. We do though continue to be cautious about parts of the offshore investment banking portfolio, including the US energy sector. While there have been some minor developments, these don't affect our previously stated view of potential losses and we continue to believe these are containable.

As a result we expect specific provisions from our international investment banking businesses to have peaked and for specific provisions in 2003 to be lower than 2002. In general the overall quality of our loan portfolio continues to improve.

We will provide guidance on the year ahead when we release our 2003 full year results on 24 October. Early indications are that 2004 will be more challenging for the industry as a whole than 2003. Credit card interchange reform, a difficult interest rate environment, the strong Australian dollar and a softening outlook for housing will all increase the challenge.

Having said that we expect 2004 earnings per share growth to remain reasonable.

Thank youCharles

Thank you John.

Ladies and Gentlemen, as that concludes today's meeting, I now declare the meeting closed.

Please join us for refreshments in the foyer.

Thank you for joining us here today and thank you for your patience.

(ends)