



Shareholders



Chairman's report

Dear Shareholders

Enclosed with this edition of Shareholder Contact is the advice of your 2006 Interim Dividend. Your Directors were pleased to increase the interim dividend by 10% to 56 cents per share fully franked.

The increase in the dividend reflects a good underlying business performance in the half driven by continuing asset growth, careful management of costs, and a prudent approach to risk and capital.

For the half year ended 31 March 2006, ANZ recorded a record profit after tax of \$1,811 million, up 16%. The headline result included a number of one-off gains including the National Housing Bank (NHB) insurance settlement and, adjusting for these, cash earnings per share was 94.0 cents, up 10%.

Again, the performance of Our Personal Division in Australia was a highlight with earnings up 16%. I have reported to you previously that we have been investing in our retail franchise. The benefits of this hard work are now showing through in good levels of customer satisfaction, high staff engagement and the Division's strong financial performance.

Other pleasing features of the result were our Institutional Division where earnings were up 8% over the same period last year and our New Zealand Businesses, which are showing promising momentum.

We also advanced our strategic agenda in Asia, with the planned acquisition of a 20% stake in Tianjin City Commercial Bank in China. Discussions on other expansion options in China and Asia Pacific are progressing.

Our cost-to-income ratio was 45.8% and is again trending down reinforcing our place among the most cost-efficient banks in the world.

Our consistent financial performance over the last 8 years has seen ANZ move to be Australia's fifth largest listed company with a market capitalisation of \$48.5 billion as at 31 March 2006.

Importantly, we are increasingly building reputational capital. At the heart of ANZ's transformation is a commitment to take the hard steps to show customers, the community, shareholders and staff that ANZ is a bank of which they can be proud.

Steps to build reputational capital included issuing ANZ's first Corporate Responsibility Report and committing \$3 million over the next three years on community partnerships to help those in most need with financial literacy and savings.

We also continued to work on creating a more vibrant, engaging and flexible culture. Our focus on culture is not simply about making ANZ a good place to work. Attracting and retaining the most talented staff and building a successful culture is critical to our future. In 2006, our level of staff engagement was the highest of any major Australian company.

Looking ahead, with a strong first half and good momentum going into the second half, we are confident of a good result for the year as a whole.

Charles Goode



CEO's review

When we announced ANZ's Interim Results on 27 April, I told investors that this was a good result based on a strong underlying business performance.

What was particularly pleasing was that revenue growth at 8% was the highest it has been in recent years and solidly within our target range of 7-9%. We also managed costs carefully in the period with the cost to income ratio down 1% and expenses contained within our target range.

At the same time, credit quality remained at its best level in more than a decade and at a cyclical low. While we remain vigilant to potential risks, we are yet to see any material credit issues emerging.

Our three largest divisions performed well during the half.

Personal continued to deliver very strong growth, with earnings up 16%. Personal also saw continued improvements in staff engagement and in customer satisfaction, where we now have a distinct lead over our peer banks.

Institutional grew 8% over the same period last year, adjusting for discontinued businesses exited to reduce risk. Institutional has invested in its businesses throughout the year, through the retention and recruitment of high quality staff, and has restructured its business model to recognise the changing requirements of our customer base.

New Zealand Businesses were up 14% on the same period last year in NZ dollar terms. The business is showing promising momentum, with robust credit growth and improved credit quality. Interest margin decline moderated and we are starting to see cost synergies flow from integration of The National Bank of New Zealand.

As well as focussing on our short-term financial performance, we have also set out to make ANZ a very different bank over recent years. Our agenda has been to ensure we perform today but that we are also positioned to perform and grow sustainably, and to deliver value to shareholders over the longer term.

Against the trend we have been investing in our business to create a real difference that our competitors will find hard to replicate.

We also began a journey in 2000 to create a distinctive culture and this has helped us to achieve high levels of staff engagement. More recently, we have added around 4,000 people while others were cutting staff. We opened new branches, refurbished others and restaffed our branches while others were closing. We invested in Asia at a time the market considered it unfashionable.

This has been the right agenda but it has been tougher than we anticipated. Only now is the difference starting to be tangible, and beginning to change the face of banking in Australia and New Zealand.

I expect that 2006 will be a good year for ANZ.

We are now seeing returns from the investments we made in recent years and this is likely to result in revenue growth above the mid-point of our medium term 7-9% target range in 2006. Expense growth is under control and likely to be towards the bottom end of our 5-7% target range for the year. While the credit environment remains benign, we envisage a modest increase in credit costs in the second half of this year from a very low base.

Our agenda is to make ANZ a very different bank. This is now showing through in our relationships with our customers, our people, the community and the value we are delivering for shareholders over the short and longer term.

John McFarlane



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Results summary

ANZ interim cash earnings per share up 10%

Profit after tax

- Statutory profit \$1,811 million - up 16%
- Cash* profit \$1,731 million - up 10%

Shareholder Return

- EPS 98.4 cents – up 18%
- Cash* EPS 94.0 cents – up 10%
- Interim dividend 56 cents – up 10%

Business comment

- Strong performance in Personal Banking, record lead in customer satisfaction
- Good momentum in New Zealand and Institutional
- Continued frontline investment with 1,231 additional staff
- Provision for bad and doubtful debts# at cyclical low
- Growth and Transformation program on track
 - Revenue* growth 8% (target range 7% - 9%)
 - Cost-Income* ratio 45.8% (1.0% improvement)

** adjusted for AIFRS 2005 adjustments and non-core items (including significant items, ANZ National Bank incremental integration costs and AIFRS mark to market of certain hedge gains/losses).*

Now called provision for credit impairment in our financial statements.

Key Dates

Annual General Meeting and Live Webcast, Sydney Convention Centre at 10:00 am (AEST) Friday 15 December 2006.

Announcement of Annual Results

Year ended 30 September 2006
Thursday, 26 October 2006

Ordinary shares

Final Dividend (2006) Payable
Friday, 15 December 2006
- Ex Dividend Date 9 November 2006*
- Record Date 15 November 2006*

**Proposed dates*

StEPS payment dates:

- 15 September 2006
- 15 December 2006
- 15 March 2007
- 15 June 2007

Shareholder Information

Annual General Meeting – Sydney

Date: Friday, 15 December 2006
Venue: Sydney Convention Centre Darling Harbour
Time: 10:00am AEST

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

Sydney Convention Centre

Is accessible by train [nearest public train station is Town Hall Station] and light rail [located outside the Convention Centre entrance – light rail operates from Central or Lilyfield stations], bus and ferry services [both public and private] – Sydney Aquarium is a 5 minute walk from the Convention Centre. Car parking is also available underneath the Exhibition Centre on Darling Drive.

For more comprehensive information please log onto the Sydney Convention Centre Website: www.scec.com.au.

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
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.

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

Customers

More convenient banking



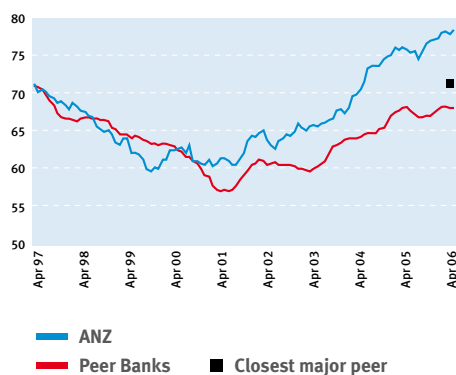
ANZ has now established itself as the most convenient bank in Australia.

Our customers bank with us for our convenient, friendly service and simple product solutions.

Now with the highest customer satisfaction of any major top 5 bank

Our customers are the most satisfied of any major bank customers, and the least likely to switch banks.

Customer Satisfaction[#] with Main Financial Institution



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

Now setting the standards for service excellence

ANZ has been recognised by the Customer Service Institute of Australia and Money Magazine's readers for our service excellence.

Now opening more branches across Australia

We have opened 11 new branches over the past 6 months, and extended our opening hours.



ANZ still Home Loan Lender of the Year

ANZ has won Home Loan Lender of the Year for the eighth time* at the 2006 Money Consumer Finance Awards.



Now opening our Call Centre 24/7

We were the first to open our Call Centre 24 hours a day 7 days a week, back in April 2005.



Now the first major bank with a Visa Debit card

Everyday Visa Debit is a transaction account with the convenience of access to Visa's worldwide network. It means you can shop online, overseas or over the phone using your savings instead of a credit card.



Now opening more ATMs at convenient locations

We have installed 160 new ATMs over the past 6 months in convenient locations such as Woolworths and Caltex, and plan to open hundreds more.



*Money magazine's Home Loan Lender of the Year 2005 and 2006.
Personal Investor magazine's Home Lender of the Year 1999-2002, 2004 and 2005.

More convenient banking.

More Convenient Banking



People

Leading and inspiring our people

Employee engagement and culture

At ANZ, we track the engagement levels of our people and the progress on transforming our culture via an annual Engagement & Culture Survey, conducted in partnership with Hewitt & Associates and by using Cultural Transformation Tools. Organisations with high engagement levels typically achieve higher levels of financial performance and customer satisfaction than those with fewer engaged people.

In 2006, our employee engagement remained steady at 60%, maintaining our position in the Hewitt “high-performance zone” (see graph). Our engagement score remains the highest of all major corporations in Australia and New Zealand and is ahead of the banking and financial services sector benchmark. Within these results, the level of engagement in our Personal Division increased from 64% to 66%.

In 2006, our progress towards transforming our culture continued in line with our aspirations: “customer” and “community” were considered by staff to be in the top five current culture values present in the organisation.

Our cultural transformation program, ‘Breakout’, has been in place for six years now as part of our long-term commitment to creating a values-driven culture. This year, a major focus for the program is involving our people who serve our customers. Almost 3,000 employees from our Personal Division have completed the “Breakout to the Frontline” program since it commenced in June 2005.

This includes 2,025 participants in the six months to March 2006, with more than 150 additional workshops scheduled throughout the remainder of the year.

Gender diversity

In 2005, we achieved our goal to have 20% female representation in executive positions and completed our first organisation-wide Diversity Survey. New internal targets for female representation at all levels of management for the next three years were also introduced including a target of 25% at senior executive level by 2008.

Health, Safety & Wellbeing

Our Lost Time Injury Frequency Rate (LTIFR) has declined from 4.2 in October 2005 to 4.0 and employee turnover remains steady at 11.6%.

Staff Engagement



Four generations: Jo (left) with her daughter Jackie, granddaughter Sam and great grandson Evan.

Jo Portlock works four days a week and was one of the first people to take advantage of ANZ's policy guaranteeing part-time roles for people over 55.

“In mid 2005, I was approached to come into my current role as Business Continuity Planning Manager. I asked whether it could be done in four days, not five, and after some discussions, my manager and I agreed it could work.

It is magnificent! I've been so busy raising six kids, working full time in reasonably senior roles and finishing my house renovations that I've never had the opportunity to stop to think about what hobbies I might take up when I do retire! Now I've got time to think about those things and start planning for them.

I'm also a new great-grandmother so working part-time also gives me more opportunity to spend time with my family.

The over 55's policy allows me to take a more gradual approach to retirement. Next year it would be nice to think I could go down to three days a week and then consider retiring in 2008.”

Community

Earning community trust

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 research has identified Financial Literacy and Inclusion as significant issues affecting Australians. As such, we are using our resources and expertise to build the financial knowledge, skills and confidence of all Australians, particularly amongst the most vulnerable.

Additionally, we support our people to get involved in their local communities through a range of donation and volunteering programs.

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

- Community management practice
- Performance and impact of community programs

Building Financial Literacy and Inclusion

New small loans program for people on low-incomes

Accessing low-cost, fair and safe financial products and services can be difficult and distressing for some Australians. Our research shows that around six per cent of adults have minimal access to financial services. This includes people who are on low incomes or unemployed, people with disabilities and those from Indigenous communities. These people may feel too intimidated to enter a bank branch, let alone apply for a loan to cover unexpected costs. In some cases, they borrow from 'loan sharks' or payday lenders at interest rates of up to 1000%, simply because they believe they have no other options.

Our products and services help many Australians to build their assets and create a secure future. But the policies and practices of our industry have also - in part - contributed to financial exclusion. We know there are some basic things we can and should do to make a difference for people struggling to understand their finances or facing financial hardship.

To help address some of these problems, ANZ and the Brotherhood of St Laurence have teamed up to launch our "Progress Loans" pilot, a small loans program providing low-income earners with access to mainstream credit. Progress Loans offers eligible customers loans of between \$500 to \$3,000, at an interest rate of 12.7%, to pay for essential household items like fridges and washing machines, education and medical expenses.

Progress Loans is the culmination of more than 18 months of consultation and development work. It brings together ANZ's resources and expertise in financial services with the Brotherhood's knowledge and experience in providing personal loans to meet the needs of people on low incomes.

Progress Loans recognises the role we can play in enhancing the lives of Australians, particularly some of the most vulnerable groups in our community by improving access to mainstream financial services.



Our Saver Plus matched savings and financial literacy program is continuing to assist low income families reach a savings goal and establish a long-term savings habit. We are expanding the program to at least 18 communities in partnership with a variety of community organisations over the next two years.

Independent research shows that Saver Plus helps participants increase their sense of control over their finances and improve their self-esteem and family networks. The program is also proving successful in helping families establish long-term savings habits, with 71 per cent of participants from 2004 continuing to save the same amount or more, 12 months after completing the program.

Saver Plus was developed by the Brotherhood of St Laurence and ANZ and is being delivered with The Smith Family, Berry Street Victoria, The Benevolent Society and the Victorian State Government.

MoneyMinded

financial skills for the future

MoneyMinded is an adult financial education program developed to help people, particularly the more vulnerable members of the community, make informed decisions about the use and management of their money. Financial counsellors, community educators and ANZ's community partners deliver the program across Australia. It provides unbiased consumer education and is not ANZ branded.

In 2005 more than 7,230 people participated in MoneyMinded. In 2006 we are aiming for 15,000 people to undertake the program.

In late 2005 we also launched MoneyMinded Online – an interactive financial education website for our staff, customers and the community (www.moneyminded.com.au).

The National Financial Literacy Foundation has endorsed both MoneyMinded and MoneyMinded Online.



MoneyBusiness is a program designed to build the money management skills and confidence of Indigenous people and their families, while helping to establish a stronger savings culture in Indigenous communities.

ANZ is working in partnership with Indigenous communities and the Australian Government's Department of Family and Community Services and Indigenous Affairs (FaCSIA) to deliver the MoneyBusiness initiative.

The program is currently running in the Northern Territory communities of Katherine, Galiwin'ku (Elcho Island), Nguu (Bathurst Island) and Tennant Creek, and in Kununurra and Geraldton Creek in Western Australia.

Community

Environment

Opportunities for ANZ people to engage with their communities

We also provide our people with opportunities to lead and support local community programs and the causes that are important to them.



Community Giving for Staff

ANZ staff can choose to donate to charity in a number of ways (*Payroll Giving* or *Team Giving* options). ANZ has committed to match contributions up to a total of \$1 million or \$1000 per staff member per year.

Community Giving for Customers

ANZ's *Customer Donations Program* was developed to enhance our support for our customers and their choices in community involvement. The program offers customers an easy and convenient way to donate to their charity of choice. This initiative is accessible via ANZ Internet Banking, with registered customers able to donate to a charity of their choice using the Pay Anyone function.

Community Giving for Shareholders

ANZ has also announced a new addition to its Community Giving program – the *Dividend Charity Donation Program*. ANZ shareholders who receive AUS\$ dividend payments can elect to donate part of those dividends to selected charity partners. ANZ will match up to \$250,000 of these donations in the first 12 months.



ANZ provides one day paid volunteer leave to every employee each year so that they can make a difference by participating, as individuals or teams, in causes that are important to them.

More than 1,955 staff have volunteered over 12,400 hours in the past six months, working with many different local charities, including World Vision, RSPCA and The Smith Family. In 2006 we aim to contribute 40,000 hours in volunteer time to our local communities.

ANZ Community Fund

The ANZ Community Fund enables our people in ANZ branches throughout Australia to identify, fund and support projects or initiatives that are important to their local communities. In 2006 we hope to support projects to the value of \$350,000 through this scheme.

Reducing our environmental footprint

A range of initiatives have commenced to reduce our overall environmental footprint including specific work at key commercial sites and branches to improve energy and operational efficiencies.

For example The Great Paper Chase, an ANZ-wide paper-saving initiative, was launched in 2005 and continues in 2006. The initiative encourages individual business units to compete against each other to save the most paper.

We are also implementing our Environmental Management System, which will improve efficiency in the way we gather and report our environmental data.

Environment and social issues screening

ANZ has been implementing a process to enhance the assessment of environmental and social risks and opportunities in its Corporate and Institutional Banking divisions.

A new screening model has been developed to assess the potential environmental and social impacts of an individual transaction, a specific client or an entire portfolio/industry. This model enables us to more consistently identify key risk exposures, such as land contamination, through the credit review process.

At 31 March 2006, 25% of Institutional division's new transactions and annual reviews have been screened, along with 100% of the Corporate division's lending portfolio. As a result, we specify conditions for financing approval to ensure our clients are able to reduce or mitigate the identified risks.

ANZ applies sustainable policy to suppliers

ANZ has also introduced a new sustainable procurement policy to encourage our suppliers to improve the social and environmental performance of their businesses.

Under the policy, new guidelines are being developed for suppliers on the use of energy, information technology, waste and transport. As a starting point, all new suppliers are required to provide information on their social and environmental performance by completing a 'sustainable procurement self-assessment form'.

The policy is being integrated into new and existing supplier contracts in Australia during 2006. We will then progressively expand the policy to New Zealand and other international operations from 2007.

For more information on ANZ's environmental initiatives visit www.anz.com/environment