

Media Release



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ANZ tax clarification

There has been recent unfortunate speculation regarding ANZ's contingent tax liabilities. As previously stated, ANZ believes it has adequate tax provisions for these historical tax issues.

In ANZ's 2002 Financial Report, in Note 48, ANZ outlines its contingent liabilities. ANZ now reiterates and further clarifies Note 48.

The two main issues currently under review by the Australian Taxation Office ("ATO") are:

1. Lease assignments dating back to 1991 and 1992

The ATO has raised assessments using three alternative tax treatments. Even if the ATO is successful, only one could potentially be valid. The accounting profit of these assignments was approximately \$50 million, while the largest of the alternative tax treatments could impose tax of approximately \$140 million. This matter is currently before the Federal Court and based on legal advice, ANZ strongly believes no further tax is payable.

2. Securities lending, equity swaps and other similar kinds of transactions

These date back to 1996 and subsequent years. They were undertaken in the normal course of our banking business and were relatively common in the market. No assessments have been issued, although these are likely this year. The accounting profit was less than \$200 million and the transactions involve tax credits of approximately \$350 million. ANZ holds legal opinions, which strongly support the availability of these tax credits.

Additionally, at ANZ's request, the ATO is reviewing the taxation treatment of the sale of Grindlays in 2000. At this stage we have not had any indication from the ATO that they are uncomfortable with the tax treatment we applied. While this is a complex transaction, we are confident the tax approach applied is appropriate.

Since tax is a complex and often uncertain area, ANZ's policy is to raise prudent tax provisions to cover contingent tax risk. We remain confident our provisions are adequate and while we would like to resolve these matters as soon as possible, our experience is this process could take considerable time.

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