CHAIRMAN'S SPEECH

Ladies and gentlemen, good morning.

My name is Charles Goode.

As your Chairman, it is my pleasure to welcome you to the 35th Annual General Meeting of ANZ.

I want to also welcome shareholders joining us via anz.com

Let me say how pleased we are to be holding our Annual General Meeting in Brisbane.

Over 200,000 Australians directly own shares in ANZ.

To make sure as many of those shareholders as possible have an opportunity to attend a meeting, we have a policy of rotating our annual general meetings around Australia's major capital cities.

In the last three years we have held our annual general meetings in Melbourne, Sydney and Perth with information meetings in Adelaide, Auckland and Wellington.

I am pleased to see so many Queensland shareholders here today.

This year marks ANZ's 150th year in Queensland and we considered it especially appropriate to hold this year's meeting in Brisbane to commemorate that anniversary.

Through our predecessor banks we have had a continuous presence in Queensland since 1853.

The Union Bank of Australia opened in Brisbane in June 1853 and,
later that year, the Bank of Australasia opened a branch in Ipswich.

We now have 144 branches and 1,890 dedicated staff across the state.

We serve nearly half a million personal banking customers as well as nearly 8,000 small to medium sized businesses and some of Queensland's largest and most successful companies.

The Bank and its staff work hard to try to make a difference in the Queensland community.

Our staff are involved in many local community programs.

Let me mention just a few.

We provide the Starlight Foundation with financial assistance and office accommodation.

Together with our staff we give both time and money to help Foodbank, The Leukaemia Foundation and the Kids Help Line.

In Toowoomba we support an organisation working to prevent youth suicide.

Tragically young Australian men have the one highest rates of suicide in the western world.

Youth suicide is particularly high in rural Australia.

In Cairns our staff support the Walk for Life in aid of cancer.

Our commitment to Queensland clearly goes beyond our normal operations andwe are very confident about Queensland as a place to do business.

The State has faster than average economic growth, one of the lowest state tax regimes in Australia and very competitive real estate costs.

It not only has a good climate but an equally good investment climate.

Now turning to today's meeting:

As a quorum is present I now formally declare this Annual General Meeting of shareholders 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 and the Annual Report are available, if anyone would like them.

The minutes of the 2002 Annual General Meeting are also available.

At our meeting today the Chief Executive John McFarlane and I will report to you on ANZ’s performance and the outlook for the year ahead.

I will then open the floor for questions or comments on any matter related to our business.

After the questions we will move to the resolutions before today’s meeting.

At the end of the meeting I would like to invite you to join us in the foyer for light refreshments.

I will now introduce the other members of the board and some of the ANZ's executives who are here today.

On the first of October we did some reallocation of committee membership among Board members and I will be referring to the membership now in place.

Starting on your far right is **David Gonski**. David's background is in law.

David is Chairman of Coca-Cola Amatil Limited, Investec Wentworth, the Australia Council and the National Institute of Dramatic Art.

He is also a Director of Westfield Holdings Limited and John Fairfax Holdings Limited.

He is a member of: The Risk Management Committee, and the Nominations and Corporate Governance Committee, and he is one of ANZ's nominated directors on the Board of ING Australia Limited.

Next is **Dr. Roderick Deane**.
Roderick lives in Wellington and is widely recognised as one of New Zealand's leading business executives with experience in both the public and private sectors.

Roderick is the Chairman of Telecom New Zealand Limited, Fletcher Building Limited, the Museum of New Zealand and he is a director of Woolworths Limited.

He is Chairman of ANZ Banking Group (New Zealand) Limited.

Roderick is also a member of the Risk Management Committee and the Compensation Committee.

Next is **John Dahlsen**. John's background is in law.

He **<u>was</u>** a partner at Corrs Chambers Westgarth and a former Chairman of Woolworths.

He is Chairman of Southern Cross Broadcasting (Australia) Limited and a director of The Smith Family.

He is Chairman of our Audit Committee and a member of the Nominations and Corporate Governance Committee.

On my right is **John McFarlane**, the Chief Executive Officer.

This year marks the start of John's seventh year as Chief Executive, having joined us in October 1997.

Then, **Margaret Jackson.**
Margaret is Chairman of Qantas Airways Limited and the Methodist Ladies College.

She is a director of John Fairfax Holdings, Billabong International Limited, the Howard Florey Institute and the Brain Research Institute.

Margaret is Chairman of the Compensation Committee and a member of the Audit Committee.

Next is, Dr. Brian Scott.
Brian lives in Sydney and has wide experience in consulting particularly in human resources.

He is Chairman of Management Frontiers and the Foundation for Development Co-operation, which is based here in Brisbane.

He is also a Director of Air Liquide Australia and the James N Kirby Foundation.

Brian chairs the Nominations and Corporate Governance Committee and is a member of the Compensation Committee.

Then **Jerry Ellis**. Jerry has extensive mining and manufacturing experience in Australia and overseas, and is a former Chairman of BHP.

He is Chairman of Pacifica Group Ltd, the Australia-Japan Foundation, Black Range Minerals Ltd and is Chancellor of Monash University. He is also a director of GroPep Limited.

Jerry chairs the Risk Management Committee and he is a member of the Audit Committee

Now let me introduce other ANZ's executives on the stage.

Next to me on my left is the Chief Financial Officer, **Peter Marriott**.
Behind me are **Tim L'Estrange**, Group General Counsel and Company Secretary, **Tim Paine**, Deputy General Counsel, and **Judith Downes**, Head of Finance.

Also, in the front row, are our auditors, **Peter Nash, Michelle Somerville** and **Christopher Hall**, all of KPMG.

Moving on to the review of the year to the 30th September, 2003:

This morning I will discuss four matters with you.

They are:

Our performance this year and the key factors driving that performance.

The acquisition of the National Bank of New Zealand

Corporate governance and

The outlook for the year ahead.

In discussing our performance I wish to put it in the context of two of the board's key objectives.

Those two objectives are balance and competition.

Our continuing ability to grow in a sustainable way depends on our ability to balance the competing demands of shareholders, staff, customers and the community.

We also have to balance the investment market's demand for short-term performance with the need to invest for the medium and longer term.

We have to have some spread in the businesses we are in, as most of them are cyclical to varying degrees.

And we have to balance risk and return.

If we took no risk then there would be little profit.

What we have to do is ensure that we have the right strategies and robust risk management systems in place to monitor and minimize risk.

Our competition is now mainly coming from two very different kinds of companies.

The first is the global financial services companies who are much bigger than us, have access to cheaper capital and do not provide the branch and other networks that we do.

The second group of competitors comprise the small, focused specialist operators who have lower costs, are more flexible and more entrepreneurial than traditional banks.

At the same time we have to compete for capital and senior management on a global basis.

When looking at our performance, you will have seen that ANZ performed reasonably well in 2003.

Profit after tax, excluding significant items, was $2.3 billion.

This was 8.3% higher than last year.

ANZ's continuing strong performance means shareholders will receive a fully franked dividend for the year of 95 cents a share.

I am pleased to say the increased profit came from across most of our businesses.

Seven of our nine specialist businesses recorded strong profit growth.

Three recorded double digit growth.

You can see the results were well balanced across our portfolio of businesses.

Overall, in what was a more challenging environment for the banking industry worldwide, we were able to grow net income while tightly controlling expenses.

The strong growth in lending assets saw a corresponding growth in net interest income.
However, that increase was partly offset by reduced net interest margins.

This pressure on margins shows how important it is that we keep improving productivity.

Only by keeping cost growth below income growth can we provide real growth in profits **and** remain competitive against a growing number of traditional and non traditional competitors.

The key measure of ANZ's productivity is our cost to income ratio.

This year it was 45.1%. Last year it was 46%.

ANZ remains, not only the most efficient major Australian bank but also one of the most efficient banks in the world.

Over the last eight years, we have passed on the majority of the benefits from cost reductions to ANZ customers, mainly through lower interest rate margins.

Shareholders have in the latest year benefited from the 8.2% growth in earnings per share - excluding significant transactions- and the nearly 12% increase in dividend to 95 cents per share fully franked.

This is the tenth successive year the board has increased dividends.

Turning to other financial measures we achieved a return on equity of over 20 per cent for the third year in a row and we maintained our double A category credit rating, demonstrating the strength of our capital position.

A pleasing aspect of this year's result has been a 28% reduction in specific provisions, reflecting the favourable economic environment and our ongoing efforts to reduce the risk profile of the loan portfolio, particularly in international markets.

Last year, I commented on our disputes with the Commissioner of Taxation.

I said we believed that our tax provisions were adequate to meet the expected outcomes of these disputes.

I can report that in 2003 a significant and long running disputed issue was settled with the Australian Taxation Office from within our existing tax provisions.

Our overall progress as a company is recognized by a number of measures including ANZ's inclusion in the Dow Jones Global Sustainability Index and the 2003 review of Australia's Top 50 companies by Governance Metrics International.

Governance Metrics International ranked ANZ highly for Board accountability, shareholders' rights and corporate behaviour, remuneration and financial disclosure.

The financial results and improvements in almost every aspect of ANZ's performance are the outcome of consistent and focused decision-making and actions.

As you can see from this slide:

*In 1995 ANZ had a market capitalization of $8 billion.

*Shareholders received an unfranked dividend of 33 cents a share.

*At balance date the share price was $5.67.

*Our cost to income ratio was 64 per cent.

*At 30 September this year our market capitalization was $27 billion.

*Shareholders this year will receive a fully franked dividend of 95 cents a share.

*At balance date the share price was nearly $18 and

*Our cost to income ratio is 45 per cent.

The record over these eight years has been one of consistent improvement.

The dividend has increased every year and, adjusting for the bonus element of the rights issue, the share price at the time of the annual general meeting has increased every year.
Excluding abnormal and significant items, the net profit after tax has increased every year.

With the exception of one year, 1996, the cost to income ratio has decreased every year.

Changing the performance of any large company takes years not months and, at the ANZ, we started on that path in the mid 1990s.

The change starts with putting the right people in place, then developing a strategy and then making sure that strategy is translated into the way people behave day by day.

On any measure the bank is now a better and more sustainable investment for our shareholders.

Shareholder return is a combination of dividends and movements in the share price.

You will be pleased to know that if you invested $1,000 in ANZ shares on the day of our 1995 Annual General Meeting and you had reinvested the dividends, your $1,000 would now be worth $4,110.

Today we paid the final dividend of
51 cents a share into the bank accounts of those shareholders electing direct credit.

Shareholders will receive the cheques, dividend reinvestment plan, bonus option notices and the ANZ shareholder privilege package from today.

From next year's interim dividend we will be paying all cash dividends directly into your bank accounts.

Any organisation that wants to be successful has to align the interests of staff with shareholders.

So, I am pleased to be able to report to you that prior to our acquisition of the National Bank of New Zealand, about 95 per cent of our 23,000 employees owned shares in ANZ.

Last week, we announced in New Zealand that we would be extending our $1,000 free share offer to include the staff who have joined us from the National Bank of New Zealand.

In Australia in 1999, only about 50% of our staff said they were satisfied working at ANZ.

This year, in our staff survey, 82% expressed their overall satisfaction with working at ANZ.

What has been particularly pleasing is the improvement in staff satisfaction in our Personal Banking business.

In July 2001, satisfaction amongst Personal Banking staff lagged well behind the Bank as a whole.

Only 35% of our Personal Banking staff at that time would have recommended ANZ as a place to work.

A year later, this had risen to 65%.

In July this year 81% of Personal Banking staff said they would recommend ANZ as a place to work.

We are seeing those attitudes reflected in the reality of the workplace.

For instance over the last two years:

*There has been a drop in staff turnover from 18.5% to 14%

*Graduate applications have risen 180%.

This year there were about ten thousand applicants for 250 positions;
and

*Absenteeism amongst branch staff has decreased by 26%

A combination of initiatives have contributed to make ANZ a better place to work.

For instance, we have:

*Invested $ 40 million in training at all levels over the last year

*Added 10% more customer service staff

*Improved leave provisions for parents including the introduction of paid paternity leave

*Made a commitment to diversity, particularly our expectation that in two years time 20% of executive positions will be held by women.

*Improved work flexibility through the introduction of Lifestyle Leave

*Introduced paid leave for volunteer work purposes

*Introduced ANZ‘s Home Subsidy Scheme for Personal Computers.

*Introduced a program that gives eligible staff up to $1000 worth of shares a year; and

*Given all non-management staff a minimum 12% pay rise over the last 3 years and improved pay for performance.

However, we realize in the context of the changes we are making, we still have some way to go and that there are areas where we have not progressed as quickly as we should have.

We have a strong commitment to the health, safety and well being of our people.

For example, since 1999, we have been able to reduce lost time injuries by 55%.

However we remain concerned about the level of bank robberies in our premises, especially in New South Wales.

Overall in Australia there have been fewer bank robberies in 2003 than the previous year.

However the situation in New South Wales remains of concern, since 54% of armed robberies at banks took place in New South Wales this year.

An unfortunate element of a bank robbery is the impact on staff.

It is a traumatic, frightening experience that none of our staff should have to endure.

We have now introduced a number of initiatives to upgrade our branch security which include:

*Conducting independent occupational health and safety assessments for each of ANZ's 212 New South Wales branches.

We are acting on the recommendations.

*We are also spending $8 million on security upgrades in our New South Wales branches.

This is part of a $12 million national program;

*and we are spending $24 million on branch refurbishment in New South Wales as part of a $48 million national program

It is a constant battle to stay ahead of the criminals involved in robberies, some of whom operate in well-organised gangs.
However we believe the program we now have in place will provide a safer, more secure environment for staff and customers.

In summary, we continue in our efforts to make ANZ a better place to work.

While we have not always progressed as quickly as we could have done, we are committed to this goal and, as the staff satisfaction survey and other measures show, we are making real progress.

I am pleased to say that our customers are also more satisfied.

In our Corporate Banking business you can see independent research shows high levels of customer satisfaction.

Over the last two years, research shows customer satisfaction has improved in our Personal Banking business.

However the real test of customer satisfaction is the number of new customers bringing their personal banking business to ANZ.

We have reversed a decline that was taking place.

Over the last 18 months we have added over 100,000 new customers.

We believe this new momentum in our Personal Banking business will gradually be reflected in the profitability of this business.

I said earlier our continuing ability to grow in a sustainable way depends on our ability to balance the competing demands of shareholders, staff, customers and the community.

As part of our determination to rebuild community trust we began a number of significant initiatives this year.

For instance we announced a partnership with the Brotherhood of St Laurence.

Through the partnership we introduced a matched savings program to try to help low income families break out of the poverty cycle by building savings for education.

Many low-income families struggle to meet the costs of education, even if they receive government assistance.

For families eligible for the scheme, ANZ matches every dollar saved by individuals or families with two additional dollars.

What is particularly pleasing is the way our staff are working together with the bank to make a difference in the community.

When the devastating bushfires hit Canberra early this year we announced a package of assistance measures including immediate cash payments to customers whose homes were destroyed by the fires.

The cash payments were gifts and do not have to be paid back.

ANZ staff in Canberra worked tirelessly over that period to help customers and the rest of the community recover from the disaster.

In May we announced the results of Australia's first national survey of financial literacy, which was sponsored by ANZ.

The research surveyed 3,500 Australians.

It looked at their ability to make informed judgements and effective decisions about the use and management of their money.

ANZ was proud to launch this survey, which we see as a first step towards giving many of the most vulnerable people within our society the appropriate financial skills to make informed, basic financial decisions.

As you can see, we are making real progress in balancing the demands of staff, customers, the community and shareholders.

In talking about the strategic changes at ANZ I think it is important to make the point that they developed in response to the performance of the bank at that time, to the changes to the banking market in Australia and to the globalization of financial services.

In the mid nineties it became clear to the board that to make ANZ sustainable we had to respond to those changes.

In order to meet the new competition, we had to lower our costs significantly, transform the culture of the bank, reduce our exposure to higher risk assets and markets, build a world class management team and restructure to participate in the advantages held by the specialist companies.

ANZ is now an organization with a strong central management team, unifying values and a portfolio of specialist businesses.

The specialized portfolio approach allows us to focus on the strategy and performance of each individual business.

It allows us to allocate resources to those businesses that are growing or have growth potential.

It also allows us to allocate capital taking into account the risk profiles of the individual business.

The staff in our specialist businesses are more empowered, they can move faster, and have real ownership of their business.

Not only are these quality businesses, but many of them, like Consumer Finance, Corporate and Institutional Banking and car and equipment leasing are market leaders in their own right.

This year’s sound performance came from growth in our existing businesses.

As I mentioned earlier, our strategy includes reducing our exposure to higher risk asset classes and non-core markets and focusing on asset classes we know and understand.

We are, over time, reducing our investment in the USA and Europe and reallocating capital to our core markets in Australia and New Zealand.

We will continue to seek modest individual investments in East Asia and the Pacific to provide longer-term growth opportunities.

We believe that the future of Australia and New Zealand is closely tied to these neighbouring regions and that the long term future of ANZ will be served by building a modest portfolio of growth options.

In the year ahead we expect to expand in mainland China.

However our main focus is on the economies of Australia and New Zealand.

When Britain's Lloyds TSB decided to sell National Bank of New Zealand we took the decision to bid for it.

After extensive due diligence, on the 24th of October we announced the acquisition of the National Bank of New Zealand for approximately 4.9 billion Australian dollars.

The National Bank of New Zealand is a quality business with good management, approximately 4,500 employees and 160 branches.

In the twelve months ended June 2003 it produced an operating profit after tax of 526 million dollars New Zealand.

We welcome all the National Bank of New Zealand staff to the ANZ organization.

John McFarlane will talk in detail about the acquisition but let me make a few general observations:

*We have bought a very good bank at a fair price.

*We have great confidence in Sir John Anderson leading the combined business in New Zealand.

*We intend, for the foreseeable future, to retain the ANZ and National Bank of New Zealand brands in New Zealand; and
*There will be no net reduction in the total number of branches.

After this acquisition, ANZ is the leading bank in New Zealand; the leading bank in the South Pacific; and the leading Australian bank in Asia.

The acquisition of National Bank of New Zealand was partly funded by a rights issue, which raised 3.6 billion Australian dollars.

The balance of the funding requirement was raised using hybrid and debt instruments.

The rights issue gave all shareholders a pro-rata entitlement to participate in the deeply discounted share offer.
Arrangements were put in place to ensure that shareholders who did not participate and did not sell their rights on the market would realize the value of their rights' entitlement.

Your directors considered that a rights issue ensured the fairest treatment for all our shareholders, in contrast with the trend seen in Australia over recent years towards the use of placements.

Our approach has been well-received by our shareholders and the market generally.

Following the acquisition, ANZ's capital position remains strong, with our double A category credit rating maintained.

Three days after the acquisition was completed, Standard and Poors upgraded NBNZ's credit rating to the same level as ANZ.

Your directors expect that a fully franked dividend of 95 cents per share will at least be maintained for the year ending 30 September 2004.

Let me now move onto the topic of governance.

At last year's meeting, I spent some time outlining ANZ's approach to corporate governance and in this year's annual report ANZ's approach to corporate governance is spelt out in detail.

Rather than revisit what we have already said on corporate governance let me make the following points:

At the beginning of the 2003 financial year the board decided to establish a new committee, the Nominations and Corporate Governance committee.

This committee, composed of independent directors, undertakes in-depth analysis and review of major corporate governance issues and brings recommendations and advice to the board.

As a company listed on the Australian, New Zealand and New York Stock Exchanges, ANZ must comply with the Sarbanes-Oxley legislation and the New York Stock Exchange Listing Standards in the United States as well as the listing requirements of the Australian and New Zealand Stock Exchanges.

In public discussion of corporate governance one area of confusion seems to be the role of the board of directors compared to the role of management.

At ANZ our view is that the business of the bank is managed under the direction of the board.

The board delegates to the chief executive and, through him, to other senior management, the authority and responsibility for managing the everyday affairs of the company.

The board monitors management on behalf of the shareholders.

To achieve an effective oversight function the directors need to have a balance of skill and experience.

Because of the nature of the risks to which the bank is exposed, they need wide experience across a range of industries and businesses.

To fulfill their obligations as directors of one of Australia's largest public companies, we believe they need to have extensive business experience at a senior level as well as experience as a director of one or more significant public companies.

The ANZ board is made up of seven independent directors and one executive director.

Three of the non-executive directors come from a finance background, two are lawyers, one from management consulting and one from the engineering and resources industry.

All have sat or continue to sit on the board of some of Australia and New Zealand's largest companies.

Apart from selecting the chief executive, the board's oversight function includes specific responsibilities for planning for management succession; understanding, reviewing and monitoring the implementation of strategic plans; and understanding and reviewing annual operating plans and budgets.

Since so much of a bank's operations involve complex financial transactions and finances, the board and the audit committee need to monitor the integrity and clarity of the financial statements and financial reporting.

In order to ensure this integrity and clarity, ANZ's Head of Internal Audit reports directly to the Chairman of the Audit Committee.

The Compensation Committee of the board looks at the overall compensation structure of the business to determine that it establishes appropriate incentives for management and employees at all levels.

The **Compensation** Committee's approach to executive remuneration is based on three key principles:

*We are in competition for top management with other banks and large companies around the world.

*We need to make sure we can attract and retain the best people in light of that competition; and

*Compensation needs to be aligned to the interests of shareholders.

A significant part of the compensation is at risk and should only be available to the executive if he or she meets demanding performance hurdles.

Finally, the Risk Management Committee's function is to review the risk in the business and to oversee the formulation and implementation of the Group's risk management policies and procedures, including credit risk, market risk and operational risk.

Before I introduce John McFarlane, let me say that this year's results reflect the quality, commitment and hard work of all of our people.

On your behalf I thank them.

I would also like to take this opportunity to show you a short video, demonstrating some of the work ANZ people are doing in the community with the help of the ANZ Community Fund.

Before we move to the business of the meeting let me give you our sense of the year ahead.

The world economy now seems to be emerging from a period of weak growth.

This is particularly apparent in the United States.

Japan's economy is also showing some moderate growth.
China's economy has continued to exhibit remarkable strength.
Continental Europe continues to lag other major regions, but even here there are some signs that an upturn could be under way.

The world economy appears on track for more than 4% growth in 2004 which would be the best outcome since 2000.

It will be very important that this growth is not derailed by financial imbalances.

In Australia and New Zealand, we have been experiencing strong growth in domestic spending, very buoyant housing markets and, more recently, the lowest unemployment rates since the late 1980s.

As the global economy picks up, the argument for central banks maintaining interest rates at close to historical lows is weakening.

This is particularly so in Australia, where household borrowing has been growing at rapid rates for some time, as have housing prices.

Australian interest rates have started to rise, as the Reserve Bank seeks to position monetary policy appropriately for this stage of the business cycle.

This should assist in containing excessive asset price inflation which has often curtailed the sustainability of buoyant times.

It also seems likely that interest rates will begin to rise in New Zealand next year.

Having regard to the probable effects of the rapid appreciation of both the Australian and New Zealand dollars over the past year, we expect that increases in interest rates will, in total, be modest by historical standards.

Although modest interest rate increases may cause some slowing in the growth rates of some of our own businesses over the coming year, we regard this as preferable – for our own businesses, for our customers and the community – to the alternative of a more pronounced interest rate and business cycle similar to that seen at the end of the 1980's.

We are seeing strong growth in loan demand in Australia from the small business sector which is a good sign for the overall economy.

Conditions have also improved for the upper end of the corporate market, however we have yet to see this translate into strong credit demand.

We anticipate some slowing in the rate of growth for our Mortgages business as the latest interest rate increases dampen the growth in demand.

However, the strength of our current pipeline suggests that the effects on volume may not be fully felt until our 2005 year.

Our credit card business will be affected by changes made by the Reserve Bank of Australia to the interchange fee system.

However, we have introduced a number of new products and restructured some of our rewards and fees in this area.

We believe these changes will partly mitigate the impact on this business while protecting benefits for our customers.

The costs associated with the integration of the National Bank of New Zealand will have some impact on earnings per share.
However, at this time, our expectation is for a modest increase in earnings per share excluding goodwill, when adjustment is made for the bonus element of the rights issue and excluding the net gain arising from the recent restructure of our hybrid debt funding.