

**AUSTRALIA AND NEW ZEALAND BANKING GROUP
LIMITED
NEW ZEALAND SHAREHOLDER MEETING
Wellington – 26 February 2003**

CHAIRMAN'S SPEECH

Ladies and Gentlemen, good morning.

Let me say how pleased we are to be in New Zealand and holding our Shareholders meeting in Wellington today. It is a pleasure visiting the Capital.

ANZ, through its predecessor, the Union Bank of Australia, was the first bank in New Zealand, opening in 1840. Our first manager, John Smith rowed ashore with the bank safe from the ship "Glenbervie" to Petone, where he established our first branch.

Today ANZ is one of the major banks in NZ. We are major providers of home mortgage finance with a 15% share of the market. We hold approximately 14.5% of the total assets held by registered banks in New Zealand and are supported by a network of over 140 branches. Our customers include some of the countries largest and most successful companies, 7,000 small to medium businesses as well as nearly one million individuals.

Both ANZ and its employees are working hard to make a difference in the New Zealand community. Our people are involved in many local community programs. For example, ANZ staff through membership of the ANZ Staff Foundation, contributed to 50 local community organisations last year. The funds of the Foundation are from 850 ANZ staff members making weekly donations and ANZ matching them dollar for dollar.

The provision of volunteer leave for our people has seen ANZ staff volunteering in a number of ways. Packing food parcels for the city mission, helping in animal shelters, cleaning beaches and waterways, running working bees for local hospices, to name a few.

The Bank is a major supporter of The Young Enterprise Scheme helping New Zealand school children develop financial and business skills. We also contribute to the Intensive Care Appeal, and are continuing our work with asthma education in partnership with the Asthma and Respiratory Foundation.

In addition to meeting with our New Zealand based shareholders, we are taking the opportunity to review our operations here, meet with customers and staff, as well as have discussions with political and business leaders.

I would like to say how pleased we were to hear the announcement earlier this week, from the Government's of New Zealand and Australia, that they expect to introduce legislation in May to help relieve the double taxation on dividends, in relation to

Australian and New Zealand companies that operate in both countries. For ANZ, this will enable our New Zealand shareholders to gain some imputation credits with the dividends they receive. However, I must caution that the proposed reforms, while very welcome, are only a partial solution. As currently proposed, the reforms may result in only a partial reduction, in tax payable by New Zealand shareholders on dividends from ANZ.

We will review these changes once more detail becomes available and advise shareholders of the impact and our proposed approach as soon as practicable.

Double taxation has been an issue for many years, and it is pleasing to see progress being made. We would encourage both governments to build on this progress, in the period ahead.

Today I will comment briefly on three themes:

- the corporate governance of the bank,
- financial performance, and
- the prospects for the Australian and New Zealand economies.

GOVERNANCE

The first theme I wish to discuss today is governance.

Around the world investor confidence has been shaken by the collapse of a number of high profile, formerly investment grade companies, and concerns about the integrity of some aspects of the financial market.

As a consequence of these events, there is a strong emphasis on increasing corporate governance and disclosure standards. At a practical level corporate governance comes down to three key steps.

The first is that a Board is made up of ethical, competent and experienced directors. The second is that a Board undertakes active monitoring of the company's activities and, the third is that it ensures integrity prevails within the company.

To be effective there needs to be an environment which encourages well-informed, challenging and constructive discussion. It means a commitment to transparent reporting, timely and accurate disclosures and management accountability.

We believe that being a leader in governance and transparency combined with delivering on our promises will give us a strong advantage particularly in times like these.

For some years now ANZ has been a leader in the level of transparency and disclosure to investors, not only in Australia and New Zealand, but also from a global standpoint.

For example:

- the reporting of our interim and annual results some three and a half weeks after balance date is particularly timely.

- 2002 was the second year we have provided the profit and loss for each of our 17 specialist businesses. For the first time, we also reported the profits of the banks internal treasury operation. I am not aware of any other bank in the world doing this.
- We also regularly report on a range of non-financial, but none-the-less critical indicators of success. For example, in this year's annual report we show how our customers and staff rated their satisfaction with us in each of our major businesses.

While we have made good progress on governance, we know we have to continue to raise the bar. So this year your Board reviewed all of our governance procedures.

Some of the key changes include:

- A new committee structure with four main Board committees
- the Audit Committee; the Risk Management Committee; the Nominations and Corporate Governance Committee; and the Compensation Committee.

Each of the four main committees is made up of independent directors and each has its own committee chairman.

We have introduced a new policy, covering ANZ's relationship with its auditor. The policy, limits and controls the provision of services by ANZ's auditor by ensuring that engagements undertaken by the external auditor do not compromise its audit responsibilities. ANZ's Head of Internal Audit now reports directly to the Chairman of the Audit Committee.

These steps will help ensure governance at ANZ continues to be of the highest standard.

PERFORMANCE

The second theme I wish to discuss is "performance".

There is no doubt 2002 was a strong year for ANZ. The financial results are one measure of our progress. We lifted after tax profit by 24% to a record \$2.322 billion.

The result was impacted by three significant transactions:

- The sale of our investment management business, to the joint venture we formed with ING, realised \$170 million after tax.
- The settlement of the long running dispute with the National Housing Bank of India, resulted in the recovery of \$159 million after tax.
- And on the other side of the ledger, we took a special charge to strengthen our general provision for doubtful debts of \$175 million after tax.

Excluding these significant items, profit after tax increased by 15.9% to \$2.168

billion. Our return on equity was 21.6%.

An important measure of productivity is the cost to income ratio. Our cost to income ratio was 46%, ranking us in the top five of the 100 largest banks in the world in terms of this dimension of efficiency.

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 more than 90% of our 22,000 employees own shares in ANZ.

The Bank's good financial performance is a result of purposeful management actions over a number of years. Let me mention some of the key initiatives from the last financial year.

- In May last year, we established a joint venture in funds management and life insurance with ING – formerly known as Armstrong Jones in New Zealand. ING is one of the world's largest investment, banking and insurance groups. The joint venture fits with the Bank's specialization strategy, and takes advantage of the respective strengths of ANZ and ING. It improves our ability to serve customers in funds management and life insurance in Australia and New Zealand.
- We also strengthened our position in the Pacific, with the acquisition of the Bank of Hawaii's Papua New Guinea, Vanuatu and Fijian operations.

Over the last five years our objective has remained the same. We want to achieve stable, sustainable growth, by building growth businesses with real competitive advantage and by continually working at lowering risk across the bank.

John McFarlane and Greg Camm will elaborate in more detail on our Strategy for the Group, and our New Zealand business in their respective presentations shortly.

ECONOMIC PROSPECTS

The final theme I wish to touch on is the economic prospects for Australia and New Zealand.

The world economy has had to absorb a number of significant shocks during the past two years - the collapse of the 'dot-com' bubble, and a substantial decline in share market valuations more generally; the terrorist attacks of September 11 2001 and their aftermath; the loss of confidence in corporate governance practices, particularly in the United States; and now the growing risk of a military confrontation in the Middle East.

All of these have taken a severe toll of investor, business and household confidence.

Appropriately, economic policies around the world have sought to overcome these blows by imparting substantial stimulus. However, such measures have only a limited impact in the face of the current uncertainty and nervousness, and even given 'best-case' outcomes in the Middle East, we are unlikely to see a return to strong global growth before 2004.

Australia's economy has continued to withstand the succession of global shocks

remarkably well. However the country is experiencing one of its worst droughts in the past 100 years, and that is now having a noticeable impact on economic activity, particularly outside Australia's major urban centres.

There are also signs that the strong housing cycle of the past two years is peaking. This is likely to be offset to some extent by an upturn in business investment. Overall, we expect growth in the Australian economy to slow from around 4% in 2002, to around 3% this year.

New Zealand's economy has performed strongly over the past year, with growth through 2002 likely to have exceeded 4%. Not only is this better than Australia, but New Zealand has also been able to sustain an unemployment rate of less than 6%, something Australia has not managed for more than 20 years.

As in Australia, a combination of generally good economic management, avoiding the 'irrational exuberance' experienced in some other stockmarkets, a strong housing sector and, until recently, an undervalued currency have helped New Zealand shrug off much of the global gloom.

This strong economic performance has both contributed to, and benefited from, a significant pick-up in immigration, which is a healthy development from both a social and an economic perspective.

We are also seeing an encouraging lift in business investment. The sharp rise in the value of the New Zealand dollar over the past twelve months, not only against the US dollar but other currencies, including the Australian dollar, will inevitably have some dampening effect on New Zealand's economy in 2003. However we still expect growth to average around 3% in the year ahead.

While economic conditions in both Australia and New Zealand are expected to moderate this year, they are still likely to be stronger than many OECD peers, and this should create the environment for a continuation of good performance from ANZ.

I would like to close by touching on ANZ's recent trading performance, and in particular, highlight some of the comments we made in a shareholder update provided to the market late last week.

In essence, ANZ confirmed a stable earnings outlook for the year in line with market consensus for growth of around 8%, notwithstanding a one-off charge in the credit card issuing business in the first half.

Trading improved in December and January following previously announced weaker performance in October and November. ANZ will take a one-off \$27 million charge after tax in its credit card issuing business, arising from the prior under-accrual of loyalty point liabilities, together with a non-recurring gain in Asia of \$16million after tax.

Asset and liability growth has been strong across personal and corporate businesses. Expenses were controlled, and credit quality continues to improve. We expect specific provisions for 2003 to be below 2002.

While ANZ expects full-year 2003 bottom-line after tax profit growth of 8%, the

cards issue is likely to mean the first half will be weaker than the second.

We were also pleased to announce last Friday, that we had settled an outstanding tax dispute with the Australian Taxation Office relating to equity product transactions. The settlement involves payment of \$262 million to the Australian Taxation Office, which will be met from ANZ's existing tax provisions. The settlement will not impact ANZ's 2003 financial results.

In summary, we are operating in a tougher environment, but despite the problem in our credit card issuing business, recent overall momentum has been good, expenses are being managed well, international credit issues appear containable, and subject to any unforeseen difficulties in the economies in which we operate, we are confident of another satisfactory performance in the period ahead.

I would now like to hand over to John McFarlane, ANZ's CEO, who will provide a more detailed overview of the Group's strategy.

I trust this mornings presentations have given you a better understanding of both the overall Group and ANZ New Zealand's performance and plans for the future.

I would now like to open the floor for any questions or comments on any of the matters relating to our business, but before doing so, could I remind you that this is a shareholder meeting and it is not appropriate to raise individual customer issues.

For any of you that may have customer related queries, we will have ANZ staff available after the meeting to assist you.

Thank you