



A message from John McFarlane

With the announcement of ANZ's interim financial results today, we are also releasing a concise report of progress on our Customer, People, Community and Environment goals for the six months to 31 March 2006. We believe this to be a first in Australia and follows a commitment we made last year to improve the transparency of our reporting on our targets and performance in these areas.

We have been managing and monitoring these indicators for a number of years now and view them as integral to the long-term success of our company. They include customer satisfaction, employee engagement,

organisational culture, and the outcomes of programs developed with our community partners to improve financial literacy and inclusion amongst some of the most vulnerable people in our society.

The highlights are below and a concise summary is available on www.anz.com

Overall we are on track to achieve the goals we have set ourselves for 2006, however we need to accelerate the integration of our Environment Management System into our day-to-day operations. We will also conduct a formal stakeholder engagement program in the coming months to ensure we understand

and are responding to the emerging issues facing our business.

We welcome your feedback on any aspect of this report and once again thank you, our communities, for your support.

John McFarlane
chief executive officer

Putting our customers first

- ANZ has the most satisfied retail customers of the four major banks and St George according to Roy Morgan Research. Customer satisfaction continues to improve - from 76.6% in September 2005 to 78.2% in February 2006.
- We have been managing and measuring our performance on each of the promises in our Customer Charter for five years now. The Charter was updated in November 2005 to include new responsible lending commitments. We have met or exceeded the majority of performance indicators on the new Charter. Our monthly tracking reported five customer

complaints about privacy in the past six months which are being investigated and addressed. Our Mortgages business continues to face challenges in meeting our commitment for fast account opening due to unexpectedly high business volume.

- We have opened a further 11 new branches and added 160 new ATMs across Australia in the past six months. Our new branches are located in Thirroul and Scone, NSW; Clarkson, Livingston, Melville and Falcon Dawesville, WA; Diamond Creek and Wyndham Village, Victoria; Chancellor Park and Miami in Qld and Gungahlin, ACT.



Leading major bank customer satisfaction (Main financial institution*)

■ ANZ
■ Peer banks ■ Closest major peer

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

Creating value for our shareholders

- We today announced a record interim profit after tax of \$1,811 million for the half-year ended 31 March 2006, up 16%.

The headline result included a number of one-off gains, and adjusting for these, cash earnings per share were up 10%.

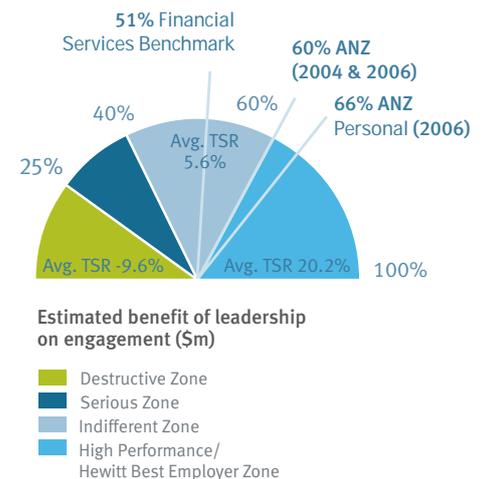
- The Interim Dividend increased by 10% to 56 cents.
- Total Shareholder Return was 35%

Leading and inspiring our people

- Employee engagement remains steady at 60% according to research conducted by Hewitt and Associates. Our engagement score remains the highest of all major corporations in Australia and ahead of the banking and financial services sector benchmark. Within these results, engagement in our Personal Division increased from 64 to 66%.
- Our Breakout program 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 2,304 participants in the past six months, with more than 150 additional workshops scheduled throughout the remainder of the year.

- 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.
- Our Lost Time Injury Frequency Rate (LTIFR) has declined from 4.2 in October 2005 to 4 and employee turnover remains steady at 11.6%.



Earning community trust

Improving the financial literacy and inclusion of adult Australians particularly amongst the most vulnerable

- We have commenced expansion of our Saver Plus financial literacy and matched savings program by extending partnerships with The Smith Family, Brotherhood of St Laurence, Benevolent Society and Berry Street Victoria. This will enable the implementation of Saver Plus in 18 sites nationally, involving 5,400 families over the next three years. This includes six sites in Victoria, which will be delivered in partnership with the State Government.
- More than 4,150 people have participated in our MoneyMinded financial education program through group workshops and one-to-one meetings with financial counsellors and community educators across Australia. We have also launched MoneyMinded online, a non-branded, interactive financial education website for our employees, customers and the community.
- The MoneyBusiness financial literacy and inclusion program with Indigenous communities is in progress in six remote sites in the Northern Territory and Western Australia. This pilot program is being conducted in partnership with the Department of Families, Community Services and Indigenous Affairs and community

organisations such as Mission Australia (Katherine), Galiwinku Community Incorporated (Galiwinku), Geraldton Resource Centre (Geraldton), Kununurra Waringarri Aboriginal Corp (Kununnurra) and Centacare (Tennant Creek). Eighteen local staff have been appointed from within Indigenous communities to manage the program.

- Eight percent of Australian staff have lodged 9,000 hours of volunteering activity and 10% are participating in our Community Giving program where employee contributions are matched by ANZ and donated to our community partners.

Integrating environmental and social considerations into our business

- We have developed and are implementing our Environmental Management System, which will be independently verified by September 2006. A range of initiatives has commenced to assist in reducing our overall environmental footprint including specific work at key commercial sites and branches to improve energy and operational efficiencies.
- Our Sustainable Procurement Policy, Sustainable Clauses and the Sustainability Self-Assessment Tool have been integrated into the templates for all new tenders and new and existing contracts with key strategic suppliers.

- Following the pilot of ANZ's environmental and social issues screening process, full implementation has been agreed and initiated across our Institutional & Corporate lending activities. At 31 March 2006, 25% of Institutional divisions new transactions and annual reviews have been screened, along with and Corporate's lending portfolios.

Note: The performance results reported in the ANZ Corporate Responsibility Interim Report 2006 are provisional and ANZ has engaged KPMG to check the consistency of the performance data reported against our public goals for 2006. The process of collecting and reporting the performance data and our assessment on our performance against our public goals for 2006 will be subject to selected test check procedures by ANZ's external auditors KPMG.

Find out more:

- ANZ Interim Performance Summary 2006 www.anz.com/cr
- ANZ Interim Financial Results 2006 www.anz.com/shareholders
- ANZ Corporate Responsibility Report 2005 www.anz.com/crreport
- Contact us www.anz.com/feedback



2006 Goals	Performance	Assessment
Customers		
<p>Continue to improve our customer satisfaction and match the performance of community and regional banks.</p>	<p>Satisfaction among ANZ's retail customers continues to improve – from 76.6% in September 2005 to 78.2% in February 2006. We have the most satisfied customers of Australia's four major banks and St George. The smaller regional banks remain ahead overall with customer satisfaction levels above 80%.</p>	<p>On track</p>
<p>Meet or exceed the performance standards set out in our 2006 Customer Charter.</p>	<p>We have been managing and measuring our performance on each of the promises in our Customer Charter for five years now. The Charter was updated in November 2005 to include new responsible lending commitments. We have met or exceeded the majority of performance indicators on the new Charter. Our monthly tracking reported five customer complaints about privacy in the past six months which are being investigated and addressed. Our Mortgages business continues to face challenges in meeting our commitment for fast account opening due to unexpectedly high business volume.</p>	<p>On track</p>
<p>Continue to expand our branch and ATM network particularly in high growth areas.</p>	<p>As part of our Branch Investment Program, ANZ continues to open new branches, refurbish our existing network and increase the number and placement of automatic teller machines throughout metropolitan, regional and rural Australia.</p> <p>We have opened a further 11 new branches. These are located in Thirroul and Scone, NSW; Clarkson, Livingston, Melville and Falcon Dawesville, WA; Diamond Creek and Wyndham Village, Victoria; Chancellor Park and Miami in Qld and Gungahlin, ACT.</p> <p>An additional 160 ATMs were installed across Australia during the past six months.</p>	<p>On track</p>
Shareholders		
<p>Achieve annual revenue growth of 7% to 9% and over time reduce our cost-to-income ratio to 40%.</p>	<p>We announced a record interim profit after tax of \$1,811 million for the half-year ended 31 March 2006, up 16%. The headline result included a number of one-off gains, and adjusting for these, cash earnings per share were up 10%. The Interim Dividend increased by 10% to 56 cents. Total Shareholder Return was 35%.</p>	<p>On track</p>



2006 Goals	Performance	Assessment
People		
Further improve our 'Best Employer' standing in the globally recognised Hewitt Employee Engagement study.	<p>Our annual internal employee survey conducted in February 2006 revealed that staff engagement is steady at 60%. Within these results, employee engagement in our Personal Division increased from 64% to 66%.</p> <p>Our annual employee values assessment, conducted simultaneously, revealed our people consider 'profit', 'customer focus' and 'community involvement' as the three values most evident in ANZ's current culture.</p> <p>Employee turnover remains at 11.6%.</p>	Making progress
Enable 6,000 frontline employees to complete our Breakout program.	Almost 3,000 employees have completed the "Breakout to the Frontline" program for our Personal Division since its commencement in June 2005. This includes around 2,300 participants in the past six months. There are more than 150 additional workshops scheduled throughout the remainder of the year.	On track
Continue our focus on achieving 20% female representation at executive level and an equal split of male/females in our graduate intake.	<p>The percentage of females in executive positions increased from 18.8% in September 2005 to 20% during the half.</p> <p>We have introduced new internal targets for female representation at all levels of management over the next three years. These include a target of 25% female representation at senior executive level by 2008.</p> <p>ANZ is currently recruiting for the 2007 graduate intake.</p>	On track
Introduce accelerated development programs for the top 20% of manager level employees.	<p>ANZ is participating in a leadership development project with the Australian Graduate School of Management. The project focuses on accelerating the development of approximately 70 high potential employees at graduate and middle management level.</p> <p>We have also introduced new development centres to improve assessment and development processes for our emerging leaders.</p>	On track
Introduce an annual 360 degree feedback mechanism for all senior leaders.	<p>A new 360 degree feedback tool was launched in February 2006 to assist in measuring employee development against ANZ's defined core competencies for leadership.</p> <p>This tool provides employees with constructive, confidential feedback from their managers, peers and teams to assist in identifying further professional development opportunities.</p> <p>The tool is available to all ANZ employees annually and is administered by The Hay Group, an external human resources consulting firm.</p>	Completed
Implement zero harm approach to health, safety and security.	<p>In line with ANZ's new Group Occupational Health and Safety Strategy introduced in 2005, all ANZ divisions will have in place three year strategic Health and Safety plans by September 2006. Annual operational Health, Safety & Environment plans and leadership in safety sessions for all senior managers will commence in July 2006. We have undertaken a thorough review of our incident management processes and significantly upgraded our Health and Safety reports, including the introduction of weekly Lost Time Injury Frequency Rate (LTIFR) reports for the senior leadership team.</p> <p>Our LTIFR has reduced from 4.2 to 4 in the last six months.</p> <p>We have completed external auditing of our new OH&S management system against ASNZ4801. Recommendations following the audit are being addressed and will be completed by September 2006.</p> <p>A comprehensive communication plan with weekly themes and focus areas is in place to continue to raise the profile of Health and Safety in the workplace.</p>	On track



2006 Goals	Performance	Assessment
Community		
<p>Enable a further 1,000 families to participate in our Saver Plus program.</p>	<p>ANZ has commenced expansion of its Saver Plus financial literacy and matched savings program by extending its partnerships with The Smith Family, Brotherhood of St Laurence, Benevolent Society and Berry Street Victoria.</p> <p>These new partnership agreements will see the implementation of the Saver Plus in 18 sites nationally, involving 5,400 families over the next three years. This includes six sites in Victoria, which will be delivered in partnership with the Department for Victorian Communities.</p> <p>In the second savings period, ANZ has matched the savings of 452 families.</p>	<p>On track</p>
<p>Fund the delivery of MoneyMinded to reach 15,000 Australians.</p>	<p>More than 4,150 people have participated in our MoneyMinded financial education program through group workshops and one-on-one meetings with financial counsellors and community educators across Australia.</p> <p>This has been achieved through partnerships with eight community organisations while we continue to fund the MoneyMinded Facilitator Training Program for interested financial counsellors and community educators.</p> <p>We have also launched MoneyMinded online, an interactive financial education website for our employees, customers and the community. The site contains no ANZ branding or reference to products and services. In its first month there were more than 3,000 visitors to moneyminded.com.au.</p>	<p>On track</p>
<p>Implement a national rollout of the MoneyBusiness financial literacy program for use with community organisations who work with Indigenous Australians.</p>	<p>The implementation of MoneyBusiness is in progress in six remote sites in the Northern Territory and Western Australia as part of the pilot program in partnership with the Department of Families, Community Services and Indigenous Affairs and community organisations such as Mission Australia (Katherine), Galiwinku Community Incorporated (Galiwinku), Geraldton Resource Centre (Geraldton), Kununurra Waringarri Aboriginal Corp (Kununnurra) and Centacare (Tennant Creek).</p> <p>Eighteen local staff have been appointed from within Indigenous communities to manage the program. Training materials have been developed and are currently under review. A version of ANZ's Saver Plus financial literacy and matched savings program will also be piloted in three sites beginning June 2006.</p> <p>ANZ has also entered into partnership with the Traditional Credit Union to develop a financial literacy program and strategy for members and staff in Indigenous communities. The program will incorporate the use of the MoneyBusiness financial literacy resource.</p>	<p>Making progress</p>
<p>Achieve 20% staff participation in our ANZ Volunteers program including 40,000 hours of volunteer time.</p>	<p>Some 8% of Australian staff have lodged 9,000 hours of volunteering activity in the six months to March 2006.</p> <p>An internal campaign is scheduled from May 2006 to re-launch volunteering, encourage greater participation and remind staff to record volunteer hours already contributed.</p>	<p>Making progress</p>
<p>Achieve 10% employee participation in Community Giving, ANZ's workplace giving program.</p>	<p>Ten percent of staff are participating in Community Giving initiatives, with \$166,800 of employee contributions and matched ANZ funds made to charity partners for the six months to March 2006.</p>	<p>On track</p>



2006 Goals	Performance	Assessment
Environment		
<p>Integrate our new Sustainability Procurement Policy into tender requirements, new supplier contracts and existing contracts with key strategy suppliers.</p>	<p>Our Sustainable Procurement Policy, Sustainable Clauses and the Sustainability Self-Assessment Tool have been integrated into the templates for all new tenders and new and existing contracts with key strategic suppliers.</p> <p>As part of the integration, we are preparing new category standards and guidelines for paper, printing, transport, information technology, energy and waste.</p>	<p>Making progress</p>
<p>Reduce ANZ's environment footprint (electricity, paper, waste, water, greenhouse gases) by a minimum of 5% over the period 2006–2008.</p>	<p>A range of initiatives has commenced to assist in reducing our overall footprint including specific work at key commercial sites and branches to improve energy and operational efficiencies.</p> <p>The cumulative impact of a number of activities is indicating a reduction in paper consumption.</p> <p>We have developed and are implementing our Environmental Management System, which will be independently verified by September 2006.</p>	<p>Making progress</p>
<p>Increase environmental and social impact screening of all new transactions and annual client reviews in our Institutional lending business to 100%.</p>	<p>Following the pilot of ANZ's environmental and social issues screening process, full implementation has been agreed and initiated across both Institutional & Corporate lending activities.</p> <p>At 31 March 2006, 25% of Institutional's new transactions and annual reviews had been screened, along with a complete assessment of both Institutional and Corporate's lending portfolios. Monitoring and reporting systems are being developed to enable performance tracking and quarterly management updates.</p> <p>Overall, we are on target to meet our commitment to screen 100% of clients by 30 September 2006.</p>	<p>On track</p>

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