

Message from Charles Goode

Thank you for joining me for ANZ's 2009 shareholder review video.

My name is Charles Goode and I am the Chairman of ANZ.

Increasingly shareholders are using anz.com as a more convenient way to access information about the company and we hope that this video will be a useful information source for you.

Over the past year the global financial system and the world economy have come under extraordinary pressure.

In this operating environment, ANZ delivered a commendable performance and one which highlights the underlying strength of the business.

Statutory profit after tax was \$2.9 billion, down 11%, reflecting higher provisions. Earnings per share fell 23%.

However, excluding one-off items, hedging timing differences and non-continuing businesses, our underlying profit was \$3.8 billion, an increase of 10% with earnings per share down 4%.

Earlier in the year, we advised shareholders that we believed it was prudent to reduce our dividend rate by 25% and this led to the final dividend of 56 cents per share fully franked.

Importantly, ANZ has maintained its AA-credit rating, one of only 11 banks remaining in the world with a AA-rating.

During 2009, ANZ took a number of measured steps to manage its capital position and funding programs to ensure it remained strongly positioned.

In late May, we undertook a fully underwritten \$2.5 billion institutional share placement. In July, we completed a Share Purchase Plan for retail shareholders which saw us issue \$2.2 billion of ordinary equity.

Over 40% of our retail shareholders participated, making it one of the most successful Share Placement Plans undertaken by an Australian company.

The new shares were issued at \$14.40, which when compared to ANZ's financial year-end share price of \$24.39, represents a strong return for participating shareholders.

Including our underwritten dividend reinvestment plan for the 2008 final dividend, ANZ raised in total \$5.7 billion of ordinary equity during the year and the Group ended 2009 as one of the best capitalised banks in the world.

Our strong capital position meant that ANZ was able to take advantage of opportunities to advance our super regional strategy.

In August, we announced an agreement to acquire certain businesses in East Asia from the Royal Bank of Scotland which will complement our existing operations in the region.

We also moved to acquire from the ING Group their 51% interest in ING Australia and ING New Zealand. Moving to

full ownership of these companies will significantly strengthen our position in wealth management and provide us with additional growth opportunities.

This year, we also announced a number of changes with respect to ANZ's Board.

At the end of February 2010, John Morschel, one of Australia's most respected business leaders, will succeed me as Chairman. John has extensive experience as a Chief Executive and also brings to the role a strong background in banking and financial services.

John has been a non-executive director and Chairman of major Australian and international companies. He has been a Director of ANZ since 2004 and has made a major contribution since joining the Board.

In addition, to facilitate the transition with the planned retirements of some Directors, we also welcomed three new directors to the Board this year: Peter Hay, Alison Watkins and Lee Hsien Yang.

Looking ahead, I believe the actions taken by governments around the world have gained traction, moderating the effects of the global economic downturn.

While it is clear that Australia and Asia have weathered the crisis better than the US or Europe, there is still uncertainty about the shape of the recovery and it is prudent to be cautious. In New Zealand, there are early signs the economy has stabilised, however economic recovery is likely to be slow.

At ANZ we are facing some headwinds in 2010, including the strength of the Australian dollar, perhaps a less favourable global markets environment and a 13% increase in the weighted average number of shares to be serviced.

However, we also have some tailwinds with the recovery in the economies of Australia, New Zealand and the region, continued profitable expansion in East Asia and some moderation in the outlook for doubtful debts.

We have a strong management team, a strong capital position, strong liquidity and a well-thought out strategy to be a super regional bank.

The bank is being managed for the medium term and the outlook is for an improvement in profits in 2010 and a strong 2011.

In closing, I'd like to take this opportunity to wish all shareholders the season's greetings and thank you for your support during the year.