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(ANZ Staff Members)



Contact  
07

Shareholder Update

## Chairman's report



Dear Shareholders

Welcome to the 2007 edition of Shareholder Contact. Enclosed with this edition is the advice of your 2007 Interim Dividend entitlement. Your Directors were pleased to increase the interim dividend by 11% to 62 cents per share fully franked.

The increase in the dividend reflects a good business performance driven by strong revenue growth, careful management of costs, and a prudent approach to risk.

ANZ recorded a record profit after tax of \$2,102 million for the half year ended 31 March 2007, up 16%. The result included a one-off gain on the sale of Esanda Fleet Partners and adjusting for these, cash earnings per share were up 11%.

Again, we had strong results in our Personal Division in Australia with earnings up 22%. Over recent years we have been investing in our retail franchise. For example, in the first half, we opened nine new branches. The benefits of this investment are continuing to show through in high levels of customer

satisfaction and the Division's financial performance.

Our Institutional Division delivered a solid performance with earnings up 11% assisted by recoveries from previously provided doubtful debts. Over recent years, we have sought to curtail low margin asset growth and to reduce our reliance on lending. These steps have subdued revenue growth but we expect the Division will deliver value to shareholders over the longer term.

Our New Zealand Business was up 8% and continues to show promising momentum. Other highlights include our wealth management joint venture, ING Australia, where earnings were up 29%; and International Partnerships where profit grew 57% assisted by a full six month return from Bank of Tianjin in China. We also took a major strategic step with the announcement of an \$833 million investment to acquire 24.9% of Malaysia's fifth largest financial services group, AMMB Holdings Berhad.

Continued attention to managing costs during the half brought down our cost income ratio to 44.3%.

Our focus on creating a vibrant, engaging and flexible culture also showed results. Staff engagement at ANZ is the highest of any major Australian company, up 4% to 64%. Our culture is an important asset and has begun to differentiate ANZ as an employer of choice.

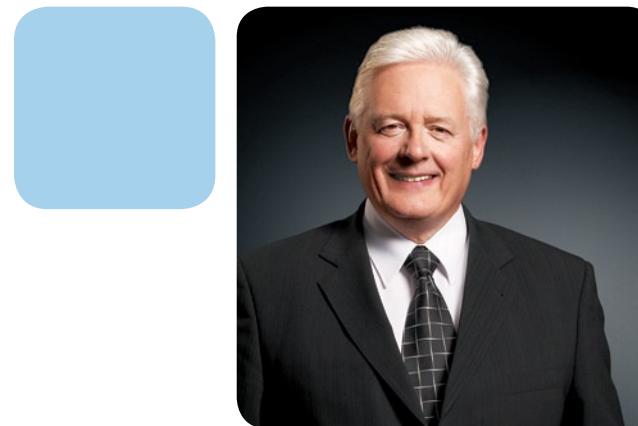
Importantly, we are continuing to invest in the community. This includes helping those in most need with financial literacy and savings, staff volunteering and local community initiatives.

There is still much for us to do but we are committed to taking the hard steps to show customers, the community, shareholders and staff that ANZ is a company of which they can be proud.

Looking ahead, with a strong first half and good momentum going into the second half, we are confident of a good result for the year as a whole.

Charles Goode

## Chief Executive Officer's review



Dear Fellow Shareholder

When I joined ANZ as your Chief Executive in 1997, our vision was to create a very different bank. The aim was simple: to build an organisation that consistently delivered on its promises to shareholders by transforming our cost base, lowering risk and creating a new foundation and capability for the organisation.

Today, a consistent focus on our strategy and our ability to execute against that strategy with no surprises, has created a very different bank – Australia's third largest bank, the leading bank in New Zealand and one of the most significant presences in Asia among Australian companies.

Our financial performance has been consistently strong. We are continuing to systematically invest in our customers and our people to underpin future earnings.

What is particularly pleasing is we achieved strong revenue growth of 9.1% in the half, which was above the top end of our target range.

We have earned a reputation over the last 10 years for good cost management. In the half, this enabled us to bring down our cost income ratio to 44.3%. Our continued focus on efficiency serves partly to help fund investment initiatives but also to enhance bottom line results.

We have reduced risk. In the half, although provisioning rose from historic lows, it ended below our expectations as a result of large recoveries late in the period.

We had particularly strong results in Personal. Once the weakest of ANZ's businesses a decade ago, it was again a highlight with earnings up 22%.

Institutional continues to reinvent itself to adapt to changing markets and intense competition. Profit growth was double-digit, benefiting from net provision recoveries although it was weaker in revenue and profit before provisions.

New Zealand Businesses, where we are now clear market leader, came in with their best underlying result in recent years, but was impacted by provisions increasing from unsustainably low levels.

I firmly believe that the best for ANZ is yet to come and so we are continuing to work hard and invest in the future.

Over the past year, we added 2,120 people, and opened 26 new branches in Australia and New Zealand. We announced our intention to expand our international franchise in Malaysia, China, Guam and Laos. Looking ahead, the growth we are now seeing from Asia will become more material to ANZ.

We are continuing to invest in advancing the foundation and capability of the organisation. We have a culture that others would find difficult to replicate. We also have strong customer, community and shareholder recognition.

Although there is still much more to do, ANZ is now clearly seen as a very different bank, and we are poised to take the next step.

John McFarlane

## Mike Smith appointed ANZ's new CEO



ANZ Chairman Mr Charles Goode announced on 12 June that the Board had appointed Mr Michael Smith, 50, to be ANZ's Chief Executive Officer from 1 October 2007. Mr Smith will also join the Board of ANZ.

Mr Smith is President and Chief Executive Officer of the Hongkong and Shanghai Banking Corporation Limited, Chairman of Hang Seng Bank Limited and Chairman of HSBC Bank Malaysia Berhad. He is also the Global Head of Commercial Banking for the HSBC Group.

Mr Smith will succeed Mr John McFarlane who will leave ANZ on 30 September this year after 10 years as Chief Executive Officer.

"Michael is well qualified to take ANZ forward in its next stage of development. He is an outstanding all-round banker. In his 29 years with the HSBC Group he has developed an impressive track record across multiple businesses and geographies with extensive experience in retail and corporate banking," Mr Goode said.

Mr Smith has led the Hongkong and Shanghai Banking Corporation Limited and HSBC Holding's Asian business, since August 2003. It has 60,000 employees in 22 countries, with total assets of A\$523 billion and a profit before tax of A\$10.6 billion.

"Michael has worked in most continents across the globe. This includes senior management positions in Hong Kong, United Kingdom, Australia, Argentina and Malaysia, and in places as diverse as Oman and the Solomon Islands. He brings to ANZ considerable experience of the Asian market place and a strong commercial banking background," Mr Goode said.

Commenting on his appointment Mr Smith said: "I am looking forward to being ANZ's Chief Executive Officer, a significant publicly listed Australasian bank, and building on its strengths and culture. I lived and worked in Australia for five years and my wife and I really look forward to coming back. Two of our three children were born in Melbourne".

In making the announcement Mr Goode also paid tribute to Mr McFarlane's contribution to ANZ.

"John McFarlane has played a significant role in the development of ANZ. Under his leadership ANZ has become Australia's third largest bank, the leading bank in New Zealand and has a strong foundation for growth in Asia.

"Importantly, he has created an organisation with a reputation for consistently delivering on its promises to shareholders by transforming ANZ's cost base, lowering risk and creating a new foundation and capability for the organisation. This is most notable in ANZ's vibrant culture and in ANZ's strong customer and community recognition," Mr Goode said.

Mr McFarlane said: "I am delighted that we have been able to attract an outstanding, internationally recognised banker and I know that with Mike's appointment ANZ will be well led and has a great future."

## Ian Macfarlane joins ANZ Board



Effective 16 February 2007, Mr Ian Macfarlane joined the ANZ Board. Mr Macfarlane is a director of Woolworths Limited (from 2007), Leighton Holdings Limited (from 2007) and Lowy Institute for International Policy (from 2004) and a member of the International Advisory Board of Goldman Sachs International (from 2007).

Mr Macfarlane was appointed Governor of the Reserve Bank in 1996, having been appointed Deputy Governor in 1992. His term as Governor ended on 17 September 2006.

Prior to that, he was Assistant Governor (Economic) and Chief Manager (Financial Markets Group). He has been closely involved with the development of monetary policy in Australia since he joined the Reserve Bank in 1979.

Before joining the Reserve Bank, Mr Macfarlane worked in the Economics Department of the OECD in Paris for six years, and before that he was with the Institute of Economics and Statistics at Oxford University.

Mr Macfarlane holds an Honours and Masters Degree in Economics from Monash University, an honorary Doctor of Science (Economics) from Sydney University, an honorary Doctor of Letters from Macquarie University and an honorary Doctor of Commerce from Melbourne University. He was elected a Fellow of the Academy of Social Sciences in Australia in 1998.

In announcing Mr Macfarlane's appointment, Mr Goode said: "Ian has been one of Australia's leading economic policy makers. He understands financial markets and has had a long involvement with Asia. We are very pleased to have someone of Ian's calibre and experience join the Board."

## Shareholder Information

### 39th Annual General Meeting - Perth

**Date** Tuesday, 18 December 2007  
**Venue** Perth Convention Exhibition Centre  
**Time** 10:00 am WST

#### Key Dates

##### Annual General Meeting and Live Webcast

Perth Convention Centre at  
10:00 am (WST)  
Tuesday, 18 December 2007

##### Announcement of Annual Results

Year ending 30 September 2007  
Thursday, 25 October 2007

##### Ordinary shares

Final Dividend (2007) Payable  
Tuesday, 18 December 2007  
– Ex Dividend Date 8 November 2007  
– Record Date 14 November 2007

##### StEPS payment dates:

– 17 September 2007  
– 17 December 2007  
– 17 March 2008  
– 16 June 2008

# Shareholder Information

## Results summary<sup>^</sup>

### Profit after tax

- Profit \$2,102 million - up 16.1%
- Cash\* profit \$1,936 million - up 11.8%
- Cash\* profit before provisions \$2,995 million – up 12.1%

### Shareholder Return

- EPS 113.2 cents – up 15.0%
- Cash\* EPS 104.2 cents – up 10.9%
- Interim dividend 62 cents – up 10.7%

### Business highlights \*

- Strong revenue momentum and continued investment with 2,120 new FTEs since March 2006
- Strong result in Personal – revenue up 14.4%, profit up 21.6%
- Institutional profit up 10.6%. Profit before provisions more modest at 4.2%
- Good underlying momentum in New Zealand Businesses up 13.5% but offset by provisioning lowering results to 7.9%
- Continued growth in customer acquisition in Australia and a successful turnaround in New Zealand
- Achieved targeted revenue and productivity:
  - Revenue growth 9.1% (10.4% FX adjusted)
  - Cost-Income ratio 44.3% (down 1.5% from 45.8%, medium-term target 40%)
- Credit quality remains strong, better than expected provisions due to recoveries late in the half
- Adjusted Common Equity ratio middle of target range at 4.4%

## E-Communications

As an ANZ shareholder, you can choose to receive your shareholder communications electronically and help save the Australian environment. With every registration through eTree, a donation of \$2 will be made to Landcare Australia to go toward specified reforestation projects that will bring direct benefit to the environment.

To register, please visit [www.ETree.com.au](http://www.ETree.com.au) or [www.anz.com/aus/shares/services/Program.asp](http://www.anz.com/aus/shares/services/Program.asp)

## Dividend Alternatives

There are a number of ways in which you can receive your ANZ dividends, which are normally paid in July and December.

Your dividend can be directly credited to your bank account, reinvested into further ANZ shares under the Dividend Reinvestment Plan or foregone if you wish to participate in the Bonus Option Plan. Alternatively, Australian shareholders can also elect to donate part or all of their dividend to one of the charities participating in ANZ's Dividend Charity Donation Program.

Shareholders may at any time change the way they receive their dividend by completing and returning a Plan Election Form or Dividend Charity Donation Form available from ANZ's Share Registrar.

For more information about how to receive your dividends, please contact ANZ's Share Registrar (details following) or visit [www.anz.com/aus/shares/services/dividends](http://www.anz.com/aus/shares/services/dividends)

<sup>^</sup> All figures compared to March 2006 half year unless otherwise indicated.

\* Adjusted for non-core items (including significant items, ANZ National Bank incremental integration costs and AIFRS mark to market of certain hedge gains/losses)

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## Dividend Charity Donation program

The Shareholder Dividend Charity Donation Program is open to all shareholders who are Australian resident taxpayers and who receive a cash dividend in Australian dollars. This program is a convenient way for a shareholder to contribute to charities that they value and have that contribution matched by ANZ.

The program gives ANZ shareholders the opportunity to donate some or all of their cash dividends to one of 28 charities. ANZ will match donations on a dollar-for-dollar basis up to an aggregate total of \$250,000 in the first year of the program, which includes the December 2006 and July 2007 dividend payments. This offer has now been extended to include the December 2007 dividend payment. In 2006, over \$160,000 was donated to charity from this program.

## Shareholder Privilege Package

ANZ announced earlier this year that it would end the Shareholder Privilege Package in its current form, effective 30 March 2007. This followed a review of the package that found very few of our shareholders were using the product offers within the package.

However we were committed to minimising the impact on existing users of the package. As a result, we also announced that for shareholders who were using the package, most benefits on facilities in place as at 30 March 2007 would continue until further notice, while the shareholder held more than 300 shares. This did not include bank cheques and travellers cheques.

Discounts on bank cheques and travellers cheques are now only available to eligible shareholders who have held a transaction or savings account with ANZ since 30 March 2007 or earlier. To obtain these discounts, you will need to retain your 2006 Shareholder card and present it to branch staff.

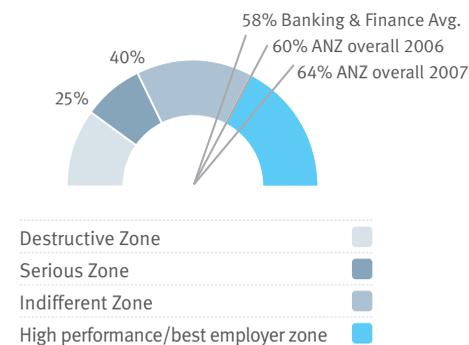
# Leading and inspiring our people

At ANZ, we are committed to building a workplace where people feel valued, respected and challenged. This will help us attract and retain the best people and ensure we maximise their talents.

## Improving employee engagement

- Employee engagement is the extent to which staff are willing to be advocates for their business, are committed to staying with their employer, and are motivated to contribute their best to the organisation they work for every day.
- Our employee engagement score has risen from 60% (February 2006) to 64% (March 2007), which is well above the benchmark for Australian financial services organisations (58%).
- Our people have identified Customer Satisfaction, Customer Focus, Profit and Community Involvement as the values most evident in the way we work.

## ANZ employee engagement



## Creating an inclusive culture

- We have set targets for women in management roles and the percentage of females in executive positions increased from 20% (September 2006) to 22% (March 2007).
- We are piloting flexible working arrangements, whereby our people agree when, where and how they work and structure their careers.
- We were the first bank to have a float in the Sydney Gay and Lesbian Mardi Gras – a demonstration of our support for our diverse workforce and customer base (March 2007).
- We held our first-ever Disability Awareness Week in December 2006.

## Exploring the future of learning

- We are opening the ANZ Breakout Centre – a new world-class learning and development centre of excellence to accelerate our people’s development and leadership opportunities (second half 2007).
- 1200 people attended our first-ever Future of Learning Expo showcasing the learning opportunities available at ANZ (March 2007).

## Valuing Health, Safety and Wellbeing

- We have launched a Global Health, Safety and Wellbeing strategy, which aims to keep our people safe and to actively promote the health and wellbeing of our people, wherever they are in the world.
- In Australia, our Lost Time Injury Frequency Rate (LTIFR) has declined from 3.8 (September 2006) to 3.4 (March 2007). LTIFR is one of the standard measures we use to determine the effectiveness of our Occupational Health and Safety programs.

## Creating employment opportunities for Indigenous Australians

- We have employed 55 Indigenous school-based trainees, in Metropolitan Sydney and rural NSW and WA.
- We have announced significant Indigenous employment targets as part of our Reconciliation Action Plan (April 2007).

## Recognition for our progress

- We have received a Hewitt special award for ‘Consistently Driving Engagement in the Business’ following our year-on-year improvements in employee engagement (March 2007).

- We have been recognised as an Employer of Choice for Women for the fifth consecutive year by the Equal Opportunity for Women in the Workplace Agency (February 2007).
- We have been included in the Adage Top 20 list of employers supporting the advancement of mature and experienced employees (April 2007).



The Uhi family (from left): Josephine, Stanley, Ofa, Bob, Jackie, Tom and Koti

## Motherhood matters at work

Jackie Uhi, a Senior Project Manager in ANZ’s Retail Branch Network, knows first-hand about the improvements to ANZ’s parental leave policy.

In 2000 Jackie took the maximum allowable four weeks paid parental leave. In 2004 it was six weeks and in 2006 Jackie enjoyed a full 12 weeks paid leave.

“The additional parental leave has been great to bond with the babies and to help my husband establish a new family routine,” said Jackie. “It meant I could return to work without worrying about how he and the children were coping.”

Jackie is also mother to two other adopted girls, and her experience balancing motherhood with her career has made her “passionate about helping women build the resilience required for being a working mother.”

Jackie is now a sponsor of a women’s networking group within ANZ focusing on attracting, developing and retaining talented women.

# Putting our customers first

Convenient, simple and responsible service is vital to the success of ANZ. We have again increased our customer satisfaction levels and are on track with our program of opening more branches and ATMs. Formal measures are also in place to ensure we are a responsible lender.

## Highest customer satisfaction of any major bank

ANZ is well ahead of the other major banks in customer satisfaction ratings produced by Roy Morgan Research. Retail customer satisfaction was at 76.5% at 30 March 2007, which is 1.5% up on our September 2006 result.

We have broken away from the sector average of 72.4% and also lead some of our regional competitors.



\* Source: Roy Morgan Research – Main Financial Institution % Satisfied (very or fairly satisfied), 6 monthly moving average

**Bank of the Year**  
ANZ has been recognised by CANNEX as ‘Bank of the Year’ for 2007 - the seventh time ANZ has received this award in eight years. In addition, we have been named the Socially Responsible Bank of the Year, Home Lender of the Year and Business Bank of the Year.

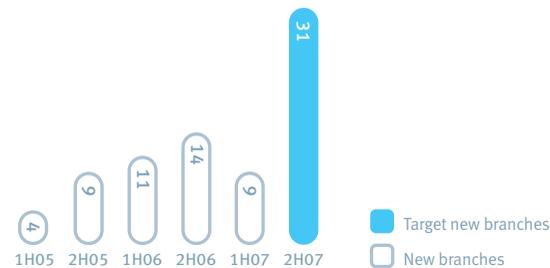
## Convenient access and reliable service

We continue to expand the branch network to better meet the needs of our customers. In the 6 months to 30 March 2007, we opened nine new branches and installed a further 120 new ATMs around Australia.

Opening hours in 125 branches have also been extended in response to customer demand for Saturday and Thursday and Friday evening openings.

In the 6 months to 30 March 2007, we served 86% of customers within 5 minutes and 98% within 10 minutes\*. 169 out of our 209 Q-matic branches met our initial wait time standard to serve 80% of customers in 5 minutes

\* Figures based on data from ANZ branches using the Qmatic system which measures wait times for customers



## Taking the next step on responsible lending

ANZ is regarded as an industry leader in responsible consumer lending.

We were the first bank to introduce a public and auditable responsible lending code which contains promises not to send unsolicited credit card limit increases to vulnerable customers, including those we know are receiving government benefits. This has cut by 11% the pool of customers otherwise eligible for these offers. We are now following this initiative with a project to identify and assist credit card customers in early stages of financial difficulty. The aim is to offer timely assistance to these customers before their situation becomes unmanageable.

## ANZ recognised for Internet Banking Security

ANZ has received an award for an innovative fraud detection system for internet banking. The FraudLink BillPay system is designed to identify and flag potentially fraudulent internet

banking transactions, allowing the bank to take action to minimise any potential loss to customers. It works in a similar way to ANZ’s Falcon credit card fraud detection system, which monitors credit card accounts for suspect or unusual transactions which may suggest the customer’s card has been stolen or used for unauthorised transactions.

## 12<sup>th</sup> FINA World Championships

March 2007 saw the 12th FINA World Championships staged in Melbourne, with ANZ as an Official Partner and the Official Financial Services Institution of the Championships.

ANZ’s sponsorship of the World Swimming Championships was hailed a success, with more than 215,000 people attending, breaking the previous record of 205,000 set in Barcelona in 2003. ANZ blue was everywhere leading up to and during the championships due to an extensive range of activities designed to highlight our sponsorship and generate greater visibility of our brand.



# Earning the trust of the community

## Earning community trust

ANZ is committed to enhancing the well-being and prosperity of the communities where our people live and work, and where our business operates. Our involvement is underpinned by one of our values which is to earn community trust.

As a bank, we aim to be leaders in addressing the major social issues that involve the financial services industry - in particular financial literacy and inclusion. Our programs also provide opportunities for our staff to support causes that are important to them.

Our focus is on developing innovative programs, with clear aims, and real outcomes, that make a lasting difference to people's lives - particularly amongst the most vulnerable. ANZ was recognised by winning the Prime Minister's Special Impact Award for Excellence in Community Business Partnerships in 2006.

## Reconciliation Action Plan

In April 2007, ANZ released its Reconciliation Action Plan. It outlines the specific steps ANZ will take to help improve the wellbeing of Indigenous Australians, including ambitious targets for the employment of Indigenous Australians.

We talked to stakeholders including Indigenous leaders, community organisations involved in Indigenous financial inclusion and government agencies when deciding what our Action Plan should focus on.

ANZ's Reconciliation Action Plan sets out specific and measurable steps ANZ will take to:

- increase employment opportunities for Indigenous Australians – including employing 100 school-based trainees each year.
- improve financial literacy and inclusion – including integrating the Saver Plus matched savings program into Indigenous financial literacy and inclusion programs MoneyBusiness and Opening Financial Pathways.
- improve cultural recognition and awareness among ANZ people, and
- build the capacity of Indigenous organisations supporting financial inclusion objectives.

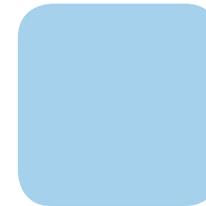
ANZ will be reporting on progress against the Action Plan in its Corporate Responsibility Reports.

## Financial literacy and inclusion

ANZ's financial literacy and inclusion programs are leading the way in building the financial skills and knowledge of those who are most in need. We rely on partnerships with not-for profit organisations which enable effective programs to be developed and implemented in the community.

## Saver Plus

Saver Plus is a financial literacy and matched savings program helping people on low incomes improve their financial knowledge, build a long-term savings habit and save for their education expenses. Since the program started in 2003, we have helped 669 families save a total of \$617,000, which ANZ then matched with a further \$1.14 million. An RMIT evaluation of Saver Plus demonstrates the program's ongoing success, finding 75% of participants continue to save the same amount or more, 12-24 months after completing the program.



## The Progress Loan

The Progress Loan gives people on low incomes access to loans of between \$500 and \$3,000 to pay for essential household items such as white goods. ANZ and the Brotherhood of St Laurence have piloted the program for the past 12 months, and almost 140 people on low incomes have benefited in Victoria. The majority of loans were provided to women, with an average loan size of \$1,500.

Progress Loan customers have been able to improve their standard of living by purchasing beds for their children and refrigerators. Many customers would not have ordinarily approached a bank and had a limited range of alternatives. A loan helps them obtain essential items with the dignity of paying for it themselves. Progress loans provides an alternative to 'predatory' lenders such as loan sharks, pay day lenders, pawnbrokers and store credit providers that can charge very high interest rates.

## MoneyMinded

MoneyMinded is a comprehensive suite of adult financial education programs developed to assist people, in particular those on low incomes, to build their financial knowledge and

make informed decisions about their money. The program provides unbiased consumer education and is delivered by community educators and financial counsellors in their everyday work with people who have the most to gain from improved financial literacy. MoneyMinded is now also available online for more convenient access. In 2006 more than 15,000 people participated in MoneyMinded.

## MoneyBusiness

MoneyBusiness is an innovative program delivered in partnership with the Australian Government Department of Families, Community Services and Indigenous Affairs, to build the money management skills and confidence of Indigenous people. The program is being piloted in six remote sites in the Northern Territory and Western Australia, with the aim of providing coaching in financial literacy, budgeting, bill paying and developing savings plans.

ANZ's contribution includes funding of \$1.25 million over three years to develop appropriate financial literacy resources for use by Indigenous Australians and to introduce Saver Plus to Indigenous families who are involved with MoneyBusiness.

# Managing our environmental footprint

## Our new building

ANZ's new workplace in Melbourne's Docklands precinct will reflect ANZ's commitment to reduce its environmental impact.

The building, due for completion in late 2009, will be designed to achieve a 6 star Green Star environmental rating. This design includes stormwater re-use, water recycling, wind turbines, the use of Yarra River water in the building's cooling system and greater use of natural light.

Green Star is a national, voluntary environmental rating system established by the Green Building Council of Australia. The system was developed to recognise environmental leadership and set a standard of measurement for green building which is relevant to the Australian marketplace and environmental context.

In seeking to achieve a 6 star Green Star rating, ANZ will invest in innovative design initiatives that will make 833 Collins Street



the largest green building in Australia and one of the top four green large bank buildings in the world, alongside the Royal Bank of Scotland building in Edinburgh, the ING Headquarters in Amsterdam and the Bank of America building under construction in New York.

Commercial buildings are responsible for around 15% of Australia's greenhouse gas emissions. Compared to the average Australian commercial building, ANZ's new building in Docklands will produce 60% fewer greenhouse gases each year. It will use 70% less fossil fuel generated energy and 60% less water.

The new workplace will reduce the number of commercial properties ANZ occupies and will be home to 5,500 ANZ staff from 2010.

## Making responsible business decisions.

We continue to monitor and respond as best we can to stakeholder concerns about our lending decisions in respect of some Institutional clients, and have taken steps to improve the transparency about how we make these decisions.

ANZ is also the first Australian bank to develop a Forests Policy, which when completed in June 2007, will provide greater transparency about how ANZ makes decisions on transactions that have the potential to impact forests. This will be followed by further social and environmental policies focusing on different sectors, such as mining and water.

## Equator Principles

ANZ adopted the Equator Principles in December 2006.

The Principles are a set of voluntary standards designed to help banks identify and manage social and environmental risks associated with the direct financing of large infrastructure projects such as dams, mining and pipelines.

They describe the process banks should complete to ensure any project they fund is developed and operated according to sound social and environmental standards, including those relating to labour standards, pollution prevention and natural resource management. The Principles are now considered global best practice for ensuring applicable project finance proposals meet these standards.

We are progressively implementing the Equator Principles into our project finance operations around the globe throughout 2007.

Projects assessed under the Equator Principles are categorised according to their degree of potential social and environmental impact into either category A (high), B (medium) or C (low). Higher impact projects require more stringent measures such as public consultation with communities affected by the project and independent assessments of the project.

Since we adopted the Equator Principles in December 2006, we have reviewed 7 new projects for social and environmental impact under the Principles and approved 4 of those projects.

## New projects reviewed since December 2006:

Project classification	Number of Projects Reviewed	Number of Projects Approved
Category A (high impact)	5	3
Category B (medium impact)	2	1
Category C (low impact)	0	0
<b>Total</b>	<b>7</b>	<b>4</b>

## Hybrid purchase makes for greener fleet

ANZ currently leases more than 600 tool-of-trade vehicles for use by staff as part of their work. To reduce the environmental impact of this fleet, ANZ has introduced a policy specifying fuel efficient 4-cylinder cars as the preferred lease vehicle for staff. These vehicles will replace 6 cylinder cars as leases expire.

ANZ Corporate Banking is taking a further step by converting its entire fleet of pool cars used by staff to petrol-electric hybrid vehicles.

Hybrid vehicles are powered by a combination of petrol and electric motors and significantly reduce the emissions of CO<sub>2</sub>, the main greenhouse gas contributing to global warming. The model chosen by ANZ delivers a fuel economy figure of 4.4 litres per 100 km and in the process produces only 106 grams of CO<sub>2</sub> per kilometer, more than half of that of a typical family sedan. Based on travelling 22,500 km per year, the hybrid vehicle emits approximately four tonnes less greenhouse gas than a six-cylinder vehicle.

Printed on Monza Satin Recycled using recycled and sustainable forest fibre, using vegetable based ink, no isopropyl alcohol and world's best practice ISO14001 Environment Management Systems.

