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Australia and New Zealand Banking Group Limited ABN 11 005 357 522.

ANZ Renounceable Rights Issue Prospectus

Prospectus

Renounceable Rights Issue

This is an important document and requires your immediate attention. If you are an Eligible Shareholder you should read this document in its entirety before deciding whether to accept this offer of New Ordinary Shares in ANZ. If you are in doubt about what to do, you should consult your professional adviser without delay.

If you decide not to accept all or part of your entitlement, you are advised to deal with the Rights you receive prior to 5.00 pm AEDT (5.00 pm NZ time) on Monday, 24 November 2003 rather than doing nothing. It is important that you take action to either accept or sell your entitlement in accordance with the instructions in Section 2 of this Prospectus.

Underwriters and Joint Lead Managers

Morgan Stanley Dean Witter Australia Securities Limited
Citigroup Global Markets Australia Pty Limited

The Renounceable Rights Issue is fully underwritten

2 for 11 Renounceable Rights Issue to Eligible Shareholders of ANZ of approximately 276.7 million New Ordinary Shares at an issue price of A$13 per New Ordinary Share to raise approximately A$3,597 million

Australia and New Zealand Banking Group Limited
ABN 11 005 357 522

Important information

This document is important and requires your immediate attention.

You should read this entire Prospectus carefully before deciding whether to invest in the New Ordinary Shares. In particular, it is important that you consider the financial outlook (see Section 6) and the risk factors (see Section 7) that could affect the financial performance of the Combined Group before deciding what course you should follow. Please carefully read the instructions on the accompanying Entitlement and Acceptance Form regarding the acceptance or disposal of your Rights. If you are unclear as to the course you should follow, then you should consult your professional adviser immediately.

This Prospectus is dated 24 October 2003 and was lodged with ASIC on that date. No New Ordinary Shares will be allotted or issued on the basis of this Prospectus later than 13 months after that date.

Within seven days after the date of this Prospectus, ANZ will apply to Australian Stock Exchange Limited (ASX) for the New Ordinary Shares to be quoted on ASX. ASIC and ASX take no responsibility for the contents of this Prospectus or for the merits of the investment to which this Prospectus relates.

The New Ordinary Shares have been accepted for listing by New Zealand Exchange Limited (NZX) on the NZSX and will be quoted on completion of allotment procedures. However, NZX accepts no responsibility for any statement in this Prospectus.

Investment decisions

If you decide not to exercise all or part of your Rights and take up New Ordinary Shares, you should consider whether to sell (renounce) the Rights. It is important that you either exercise or sell your Rights in accordance with the instructions in Section 2 of this Prospectus and on the back of the accompanying Entitlement and Acceptance Form.

Individual applicants are responsible for determining their allocations of Rights and New Ordinary Shares before trading in them. You trade in Rights or New Ordinary Shares before receiving confirmation of your allocation at your own risk.

Prospectus availability

Shareholders with registered addresses in Australia and New Zealand can obtain a copy of this Prospectus during the period of the Rights Issue on the ANZ website at www.anz.com or by calling the ANZ Rights Issue InfoLine in Australia on 1800 022 060 and in New Zealand on 0800 478 963 or if calling from overseas on +61 3 9649 5420. You will only be entitled to exercise your Rights in relation to New Ordinary Shares to which you have an entitlement by completing the Entitlement and Acceptance Form which accompanied this Prospectus (refer to Section 2 for further information).

Neither this Prospectus nor the accompanying Entitlement and Acceptance Form may be sent to investors in the United States or otherwise distributed in the United States except as part of the International Institutional Distribution to Qualified Institutional Buyers.

Australia and New Zealand

This Prospectus contains an offer to Eligible Shareholders whose registered address is in Australia or New Zealand, of continuously quoted securities (as defined in the Corporations Act) of ANZ, and has been prepared in accordance with section 713 of the Corporations Act.

In making the offer to Eligible Shareholders in New Zealand, ANZ is relying on the Securities Act (Overseas Companies) Exemption Notice 2002 (NZ), by virtue of which this Prospectus is not required to be registered in New Zealand.

Foreign jurisdictions

This Prospectus has been prepared to comply with the requirements of the securities laws of Australia and New Zealand. The Rights Issue is not being extended to any Shareholders whose registered address is outside Australia or New Zealand, other than to Qualifying Foreign Institutional Shareholders (see Section 1.7).

The distribution of this Prospectus outside these jurisdictions may be restricted by law. If you come into possession of this Prospectus, you should observe any such restrictions and should seek your own advice on such restrictions. Any non-compliance with restrictions may contravene applicable securities laws. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Neither the Rights nor the New Ordinary Shares have been or will be registered under the US Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States or to persons resident in the United States, except to a limited number of Shareholders who are Qualified Institutional Buyers in transactions exempt from the registration requirements of the US Securities Act and applicable state securities laws.

Any offer, sale or resale of New Ordinary Shares in the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the US Securities Act if made prior to 40 days after the date on which New Ordinary Shares are issued under the Rights Issue or if such New Ordinary Shares were purchased by a dealer under the Rights Issue.

Future performance

Except as required by law, and only then to the extent so required, neither ANZ nor any other person warrants the future performance of the ANZ Group, the NBNZ Group or the Combined Group or any return on any investment made pursuant to this Prospectus.

Defined words and expressions

Some words and expressions used in this Prospectus have defined meanings which are in the Glossary (see Section 10).

A reference to time in this Prospectus is to Australian Eastern Daylight Time (AEDT), unless otherwise stated.

A reference to $, A$ and cents is to Australian currency, unless otherwise stated. A reference to NZ$ is to New Zealand currency.

Unless otherwise stated, a reference to:

- **ANZ** is to Australia and New Zealand Banking Group Limited;
- **ANZ Group** unless otherwise stated, is to ANZ and its controlled entities, before taking account the NBNZ Group;
- **ANZ's New Zealand Business** is to all of ANZ's businesses conducted in the geography of New Zealand;
- **Combined Group** is to the combined ANZ Group and NBNZ Group;
- **NBNZ Acquisition** involves ANZ Banking Group (New Zealand) Limited purchasing all of the issued shares in NBNZ Holdings;
- **National Bank of New Zealand** or **NBNZ** is to The National Bank of New Zealand Limited and its controlled entities;
- **NBNZ Group** or **National Bank of New Zealand Group** is to NBNZ Holdings, NBNZ and their controlled entities;
- **NBNZ Holdings** is to NBNZ Holdings Limited, the parent company of The National Bank of New Zealand.

Contents

Key dates

Event	**Date**
Lodgment of Prospectus with ASIC	Friday, 24 October 2003
Existing Ordinary Shares quoted ex-Rights on ASX and Rights trading commences on ASX	Wednesday, 29 October 2003
Record date for entitlements under Rights Issue (7.00 pm AEDT for Australian Shareholders and Qualifying Foreign Institutional Shareholders and 5.00 pm NZ time for New Zealand Shareholders)	Friday, 31 October 2003
Existing Ordinary Shares quoted ex-Rights on NZSX and Rights trading commences on NZSX	Monday, 3 November 2003
Rights trading on ASX and NZSX ends (4.00 pm AEDT for ASX and 5.00 pm NZ time for NZSX)	Monday, 17 November 2003
Closing time and date for renunciations, acceptances and payment in full (5.00 pm AEDT for Australian Shareholders and Qualifying Foreign Institutional Shareholders and 5.00 pm NZ time for New Zealand Shareholders)	**Monday, 24 November 2003**
Allotment of New Ordinary Shares	Commencing from Friday, 28 November 2003
Dispatch of Shareholder statements for New Ordinary Shares	Commencing from Monday, 1 December 2003
Normal trading commences for New Ordinary Shares on ASX and NZSX	Expected to be Thursday, 4 December 2003

These dates are indicative only and subject to change. ANZ reserves the right, subject to the Corporations Act, the ASX Listing Rules and the NZX Listing Rules and other applicable law, to amend this timetable without notifying you.

24 October 2003

Dear Shareholder,

On behalf of the Directors, I am pleased to invite you to participate in a pro rata renounceable rights issue to raise net proceeds of approximately A$3,570 million for ANZ. The proceeds of the rights issue will be used to fund a portion of the purchase price for our acquisition of the National Bank of New Zealand Group.

The acquisition of NBNZ will result in ANZ becoming the largest provider of banking services in New Zealand. NBNZ has a leading brand and market share in key segments, particularly in consumer mortgages, small to medium businesses and the rural market, which complements ANZ's existing strong position in the New Zealand corporate market. It also has an extensive branch network in New Zealand which will enhance ANZ's geographic coverage. The NBNZ acquisition represents a further investment in our core markets of Australia and New Zealand.

All eligible shareholders will be offered 2 new ordinary shares for every 11 existing ordinary shares, at an issue price of A$13 per new ordinary share. The new ordinary shares will not participate in the final 2003 dividend, but will otherwise rank equally with the existing ordinary shares. The rights issue has been underwritten by Morgan Stanley and Citigroup.

On 24 October 2003, ANZ announced a consolidated net profit after tax of A$2,348 million for the year ended 30 September 2003, representing growth of approximately 8% over the prior year (excluding significant transactions). The Directors expect that ANZ will continue to perform well in a more difficult banking industry environment in 2004. Based on current economic conditions, the Directors anticipate that, for the year ending 30 September 2004, the current operations of ANZ will see moderately lower growth in consolidated net profit after tax (excluding significant transactions) than it achieved in 2003. NBNZ is expected to have a similar rate of growth to ANZ in 2004.

The reported earnings per share growth of the combined group will be negatively impacted by the effect of the NBNZ acquisition and its integration. Notwithstanding this, the Directors still expect modest growth in 2004 earnings per share (excluding goodwill amortisation and significant transactions) compared to 2003 adjusted for the bonus element of the rights issue.

The Directors have announced a final dividend of 51 cents fully franked for the year ended 30 September 2003, taking the total dividends for the year to 95 cents. For the year ending 30 September 2004, the Directors expect, based on the current economic conditions, to at least maintain a fully franked dividend per share at the same level on the expanded issued capital.

Further details on ANZ's financial performance, the financial performance of NBNZ, the outlook for 2004 and the expected financial consequences of the NBNZ acquisition are set out in Sections 3, 4, 5 and 6 of this Prospectus. It should be noted that the NBNZ acquisition carries with it risks, which may have adverse financial consequences. Details of these risks and the risks associated with investing in ordinary shares are set out in Section 7 of this Prospectus.

The new ordinary shares will be issued at a price of A$13 per share, which is a significant discount to the closing market price of ordinary shares on Thursday, 23 October 2003, the last day of trading before the announcement of the NBNZ acquisition. As a consequence, the rights to buy new ordinary shares are valuable and the Directors urge you to carefully read this Prospectus and the accompanying Entitlement and Acceptance Form, in conjunction with all publicly available information relating to ANZ, before deciding how to deal with your rights.

For an outline of the procedure that you should follow to take up new ordinary shares or to sell your rights, please read Section 2, "Actions required by Eligible Shareholders".

If you decide not to take up any or all of your rights, the Directors recommend that you consider selling the rights prior to 4.00 pm AEDT on Monday, 17 November 2003 for Australian Shareholders and 5.00 pm NZ time on the same date for New Zealand Shareholders.

The closing date for acceptances and payment is 5.00 pm AEDT on Monday, 24 November 2003 and 5.00 pm NZ time on the same date for New Zealand Shareholders.

If you have any questions in respect of the rights issue, please call the ANZ Rights Issue InfoLine in Australia on 1800 022 060 and in New Zealand on 0800 478 963. International callers may dial +61 3 9649 5420.

The Board commends this issue to shareholders.

Yours faithfully
Charles Goode
Chairman

Australia and New Zealand Banking Group Limited ABN 11 005 357 522

Highlights of the NBNZ Acquisition

About NBNZ

- Largest bank in New Zealand by net loans and advances
- Around 780,000 personal banking customers and around 840,000 customers in total
- Strong market share in personal, rural and small business banking
- Sound credit quality and high operating efficiency
- An extensive retail branch network, with approximately 160 branches throughout New Zealand

(Refer to Section 4 for further information)

Financial performance and position of the NBNZ Group

- The pro forma profit after tax of the NBNZ Group (excluding goodwill amortisation) for the 12 months ended 30 June 2003 was approximately A$440 million (after adjusting to reflect ANZ's doubtful debt provisioning policy, the loss of interest on the dividend payment to Lloyds TSB and other adjustments)
- The NBNZ Group had pro forma net tangible assets of approximately A$1,657 million as at 30 June 2003 (after adjusting to reflect ANZ's doubtful debt provisioning policy, the dividend payment to Lloyds TSB and other adjustments)

(Refer to Section 4 for the reported NBNZ Group results and Section 5 for the key adjustments made to reflect ANZ's doubtful debt provisioning policy, the dividend payment to Lloyds TSB and other adjustments)

ANZ has agreed to acquire the NBNZ Group for approximately £2,043.8 million (equivalent to approximately A$4,915 million excluding transaction costs) effective 1 December 2003

- 11.2 times NBNZ Group pro forma net profit after tax for the year ended 30 June 2003
- 3.0 times NBNZ Group pro forma net tangible assets as at 30 June 2003
- ANZ estimates total integration costs of approximately A$230 million incurred over a three year period
- ANZ is targeting annual cost synergies of approximately A$110 million within three years
- For the foreseeable future ANZ intends to continue using the "National Bank of New Zealand" name, to maintain two branch networks and to retain a number of NBNZ customer interfacing IT systems, to minimise the impact on NBNZ and ANZ NZ customers

(Refer to Section 5 for the pro forma financial information, and Section 6 for further information on outlook)

ANZ will fund the purchase price through

- A Rights Issue to raise net proceeds of approximately A$3,570 million, underwritten by Morgan Stanley and Citigroup; and
- the balance from a mixture of Hybrid Tier 1 Capital, subordinated debt and wholesale funding

(Refer to Section 4.3 for further information)

After completion of the NBNZ Acquisition

- The Combined Group will be the largest provider of banking services in New Zealand
- Approximately 30% of the Combined Group's profit after tax (excluding goodwill amortisation) and approximately 27% of the Combined Group's total assets are expected to be attributable to operations in New Zealand
- ANZ will have an adjusted common equity to risk weighted assets ratio of approximately 5%, a Tier 1 Capital Ratio of approximately 6.7% and a Total Capital Ratio of above 10%
- Standard & Poor's has confirmed that on completion of the Rights Issue and the NBNZ Acquisition, ANZ will retain its AA- (outlook stable) credit rating. Moody's has confirmed that on completion of the Rights Issue and the NBNZ Acquisition, ANZ will retain its Aa3 (outlook stable) credit rating
- In 2004, the Directors expect the current ANZ Group and NBNZ to have similar rates of growth. The reported earnings per share growth of the Combined Group will be negatively impacted by the effect of the NBNZ Acquisition and its integration. Notwithstanding this, the Directors still expect modest growth in 2004 earnings per share (excluding goodwill amortisation and significant transactions) compared to 2003 adjusted for the bonus element of the Rights Issue.
- Dividends per share for the year ending 30 September 2004 are expected, based on the current economic conditions to be at least maintained at 95 cents (fully franked) per Ordinary Share.

(Refer to Section 5 for the pro forma financial information and Section 6 for further information on the outlook for the year ending 30 September 2004)

There are a number of risks associated with ANZ's proposed NBNZ Acquisition. This Prospectus should be read in full before you make any investment decision, including Section 7, "Risk factors".

Section 1: Details of Rights Issue

Section 1: Details of Rights Issue

1.1 The Rights Issue

ANZ is offering for subscription approximately 276.7 million fully paid ordinary shares in ANZ (referred to in this Prospectus as New Ordinary Shares) at a subscription price of $13 for each New Ordinary Share by way of a pro rata renounceable rights issue. The subscription price is payable by applicants in full on applying to take up New Ordinary Shares.

New Ordinary Shares are offered to Eligible Shareholders, being the holders of Existing Ordinary Shares (other than Non-Qualifying Foreign Shareholders) as at 7.00 pm AEDT on Friday, 31 October 2003 (or 5.00 pm NZ time on that date for New Zealand Shareholders), on the basis of 2 New Ordinary Shares for every 11 Existing Ordinary Shares.

The number of New Ordinary Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form. Fractional entitlements to New Ordinary Shares are rounded up to the nearest whole number of Ordinary Shares. For this purpose, holdings in the same name are aggregated for calculation of entitlements. Where ANZ considers that holdings have been split in order to take advantage of this rounding, ANZ reserves the right to aggregate holdings held by associated Shareholders for the purpose of calculating entitlements.

ANZ will accept applications until 5.00 pm AEDT on Monday, 24 November 2003 (or 5.00 pm NZ time for New Zealand Shareholders on the same date), or any other date the Directors in their absolute discretion determine subject to the requirements of the Corporations Act, the ASX Listing Rules, the NZX Listing Rules and other applicable law.

The Rights are renounceable. This provides Eligible Shareholders who do not wish to subscribe for some or all of their Rights an opportunity to sell those Rights. See Sections 2.3, 2.4 and 2.5.

Before the Rights Issue, ANZ had approximately 1,521.7 million Ordinary Shares on issue. After the Rights Issue, ANZ will have approximately 1,798.4 million Ordinary Shares on issue. Existing Shareholders who do not exercise their Rights will be diluted with respect to their right to future earnings and net assets.

The Rights Issue is fully underwritten by the Underwriters. See Section 8.3 for a summary of the Underwriting Agreement.

1.2 Purpose of the Rights Issue

ANZ will raise net proceeds of approximately A$3,570 million through the Rights Issue, after deducting estimated underwriting expenses of approximately A$27 million.

The net funds raised will be used to fund a portion of the purchase price for the acquisition by ANZ NZ, a wholly owned subsidiary of ANZ, of the shares in NBNZ Holdings, the holding company of NBNZ.

Refer to Section 4.3 for further information about the funding of the NBNZ Acquisition.

1.3 Ranking of New Ordinary Shares

The New Ordinary Shares will be issued fully paid. They will not participate in the final 2003 dividend but, from the date of issue, they will otherwise rank equally in all respects with Existing Ordinary Shares.

Details of the rights attaching to Ordinary Shares are set out in Section 9.1.

1.4 Allotment of New Ordinary Shares

New Ordinary Shares under the Rights Issue are expected to be allotted commencing on Friday, 28 November 2003.

1.5 Application monies

Until the New Ordinary Shares are allotted, ANZ will hold the application monies in a bank account. The account will be established and kept solely for the purpose of depositing application monies and retaining those funds for as long as required under the Corporations Act.

No interest will be paid to you on any application payments returned to you whether or not allotment takes place. Any interest earned on application payments will be, and will remain, the property of ANZ.

If quotation of the New Ordinary Shares is not granted by ASX, the New Ordinary Shares will not be allotted and application payments will be refunded to applicants without interest.

1.6 Market prices of Existing Ordinary Shares on ASX

An overview of the sale prices of Existing Ordinary Shares on ASX during the last three months until the last trading day on ASX immediately prior to lodgment of this Prospectus with ASIC is set out below:

	High	Low	Volume Weighted Average
One month	$18.49	$17.75	$18.18
Three month	$18.52	$17.42	$18.05

The last market sale price of Exisiting Ordinary Shares on 23 October 2003 was $18.30.

1.7 Treatment of overseas Shareholders

General

This Prospectus and the accompanying Entitlement and Acceptance Form do not constitute an offer in any jurisdiction in which, or to any persons to whom, it would not be lawful to make such an offer.

Eligible Shareholders resident outside Australia and New Zealand should consult their professional advisers as to whether, in order to enable them to accept their entitlements, any governmental or other consents are required or other formalities need to be observed.

Eligible Shareholders holding Ordinary Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up Rights under the Rights Issue does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by ANZ to constitute a representation that there has been no breach of such regulations. Shareholders who are nominees are therefore advised to seek independent advice as to how they should proceed.

New Zealand Shareholders

The offer constituted by this Prospectus is permitted under the laws of New Zealand. Accordingly, Existing Shareholders with a registered address in New Zealand may apply for New Ordinary Shares.

Qualifying Foreign Institutional Shareholders

The Rights Issue has not been, and will not be, registered under the US Securities Act and is not being made in the United States or to persons resident in the United States except to a limited number of Qualified Institutional Buyers in transactions exempt from the registration requirements of the US Securities Act. Without limitation, neither this Prospectus nor the accompanying Entitlement and Acceptance Form may be sent to investors in the United States or otherwise distributed in the United States except as part of the International Institutional Distribution to Qualified Institutional Buyers.

Under the International Institutional Distribution, ANZ will extend the Rights Issue to Qualifying Foreign Institutional Shareholders in certain other jurisdictions. Those institutions who confirm their eligibility to participate in the Rights Issue in compliance with applicable law will be entitled to take up or sell their Rights, subject to the terms of the International Institutional Distribution.

Without limitation, neither this Prospectus nor the accompanying Entitlement and Acceptance Form may be sent to investors outside Australia and New Zealand or otherwise distributed outside Australia and New Zealand, except as part of the International Institutional Distribution.

Non-Qualifying Foreign Shareholders

ANZ is of the view that it is unreasonable to extend the Rights Issue to Non-Qualifying Foreign Shareholders, having regard to:

- the number of Non-Qualifying Foreign Shareholders;
- the number and value of the New Ordinary Shares which would be offered to Non-Qualifying Foreign Shareholders; and
- the cost of complying with the legal requirements and requirements of the regulatory authorities, in the respective overseas jurisdictions.

Accordingly, the Rights Issue is not being extended to any Shareholders whose registered address is outside Australia or New Zealand, other than to Qualifying Foreign Institutional Shareholders.

ANZ has appointed the Underwriters to sell the Rights of Non-Qualifying Foreign Shareholders on ASX if there is a viable market in the Rights and a premium over the expenses of sale can be obtained.

Any sale will be made at prices and otherwise in such a manner as the Underwriters may in their absolute discretion determine. Any interest earned on the proceeds of the sale of Rights will be applied against expenses of such sale, including brokerage.

The proceeds of sale (if any) will be distributed to the Non-Qualifying Foreign Shareholders for whose benefit the Rights have been sold in proportion to their shareholdings (after deducting brokerage commission and other expenses) save that individual amounts of less than A$10 will be retained and donated to a charity selected by ANZ.

Neither ANZ nor the Underwriters will be liable for a failure to sell Rights or to sell Rights at any particular price. If there is no viable market for the Rights of Non-Qualifying Foreign Shareholders, their Rights will be dealt with in accordance with Section 2.6.

1.8 Taxation implications

The following comments concerning the taxation implications arising for Eligible Shareholders are general in nature and deal only with Australian and New Zealand tax implications.

Accordingly, all persons should seek and rely upon their own taxation advice before concluding on the possible tax consequences. Neither ANZ nor any of its officers, nor its taxation or other advisers, accept any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences themselves.

1.8.1 Australian taxation implications

These comments do not apply to Shareholders that are banks, insurance companies and taxpayers that carry on a business of trading in shares, or hold Ordinary Shares on revenue account.

These comments are based on the law in Australia in force at the time of issue of this Prospectus. The precise implications will depend upon each Shareholder's specific circumstances.

Capital gains are taxed in Australia. A capital gain generally arises when an asset is disposed of and the capital proceeds exceed the total cost of acquiring the asset. Conversely, a capital loss generally arises if the total cost exceeds the capital proceeds received. Rights, and any New Ordinary Shares acquired on exercising Rights, are assets for capital gains tax purposes.

A capital gain is generally included in the assessable income of the taxpayer, and the taxpayer may be subject to tax on the capital gain. The amount of tax payable will depend upon the particular taxpayer's income tax profile. For instance, an individual may have to pay tax up to 47% plus the medicare levy on any capital gain (see paragraph (c) below in respect of selling your Rights). A company may have to pay tax of up to 30% on any capital gain.

a) Granting of Rights
The granting of the Rights to Shareholders should not constitute a dividend for income tax purposes nor will it give rise to any income tax or capital gains tax liability for the Shareholders.

b) If you take up your Rights
If you exercise all or a part of your Rights, this should not give rise to any income tax or capital gains tax liability to you, irrespective of whether the Rights were issued to you or acquired from another entity.

c) **Selling your Rights**

Residents of Australia
If you are an Australian resident for tax purposes, and you sell your Rights, this will give rise to a capital gain if the Rights were issued to you in respect of Existing Ordinary Shares acquired, or deemed to be acquired, on or after 20 September 1985. Any capital gain would be equal to the capital proceeds received for the disposal of the Rights.

The time that the Rights are deemed to be acquired is the time when the original Ordinary Shares to which the Rights relate were acquired. The net capital gain (i.e. your total capital gains less current year and prior year capital losses) arising to individuals and entities acting as trustees (other than for a trust that is a complying superannuation entity) may be reduced by 50%, if the Existing Ordinary Shares to which the Rights relate were held for more than 12 months as at the date the Rights are disposed. For a complying superannuation entity, the net capital gain may be reduced by $33^{1}/_{3}$%, if the Existing Ordinary Shares to which the Rights relate were held for more than 12 months on the date the Rights are disposed.

If the Rights were issued to you in respect of Ordinary Shares acquired before 20 September 1985, the sale of the Rights will not be subject to capital gains tax.

If you purchased your Rights from another entity, and disposed of the Rights at a profit, the profit will be taxable as a capital gain.

Non-residents of Australia
If you are not an Australian resident for tax purposes and you sell your Rights, an Australian capital gains tax liability should not arise unless you and your associates (if any) beneficially own or owned at any time during the period of five years preceding the sale of the Rights, 10% or more of the issued share capital of ANZ.

d) **If you do not sell or exercise your Rights by 5.00pm AEDT on Monday, 24 November 2003**
If you do not sell or exercise your Rights by 5.00pm AEDT on Monday, 24 November 2003, those Rights may be sold under the procedures described in Section 2.6 or may revert to the Underwriters.

In that event, if those Rights:

- are sold on your behalf in accordance with the procedures in Section 2.6, then the tax consequences will be the same as described above in paragraph (c);
- are not sold under the procedures described in Section 2.6 and are taken up by the Underwriters, this should not give rise to any capital gains tax liability for you; or
- are not sold under the procedures described in Section 2.6 and you have acquired your Rights from another person, you will make a capital loss equal to the amount you paid for the Rights.

e) **Acquisition of New Ordinary Shares by taking up your Rights**
If the Existing Ordinary Shares in respect of which Rights were issued to you, were acquired or deemed to be acquired, on or after 20 September 1985, you should receive a cost base for the New Ordinary Shares equal to the amount you paid to acquire the New Ordinary Shares ($13 per New Ordinary Share), plus any non-deductible incidental costs you incurred to acquire them.

If the Rights were issued to you in respect of Existing Ordinary Shares acquired before 20 September 1985, the cost base of your New Ordinary Shares should include the market value of the Rights at the time of exercise, as well as the amount you paid to acquire the New Ordinary Shares ($13 per New Ordinary Share) plus any non-deductible incidental costs you incurred to acquire them.

If the Rights were acquired by you from another entity, the cost base of your New Ordinary Shares should include the amount paid to acquire the Rights, as well as the amount you paid to acquire the New Ordinary Shares, ($13 per New Ordinary Share), plus any non-deductible incidental costs you incurred to acquire them.

f) **Disposal of New Ordinary Shares**

Residents of Australia
If you are an Australian resident for tax purposes and you sell any New Ordinary Shares acquired on exercising the Rights, prima facie a capital gain will arise if the capital proceeds received for the disposal of the New Ordinary Shares exceed your cost base for the New Ordinary Shares. The sale may give rise to a capital loss if the capital proceeds received for the disposal of the New Ordinary Shares is less than your cost base for the New Ordinary Shares.

The New Ordinary Shares that you acquire as a result of the exercise of Rights will be treated for capital gains tax purposes as having been acquired by you on the day on which you exercise the Rights.

Any capital gain arising to individuals and entities acting as trustees (other than a trust that is a complying superannuation entity) may be reduced by 50%, after offsetting current year or prior year capital losses, if the New Ordinary Shares were held for more than 12 months before disposal. For a complying superannuation entity, any capital gain may be reduced by $33^{1}/_{3}$%, after offsetting current year or prior year capital losses, if the New Ordinary Shares were held for more than 12 months before disposal.

Non-residents of Australia
If you are not an Australian resident for tax purposes and you sell any New Ordinary Shares acquired on exercising the Rights, an Australian capital gains tax liability should not arise unless you and your associates (if any) beneficially own or owned at any time during the period of five years preceding the sale of the New Ordinary Shares, 10% or more of the issued share capital of ANZ.

g) **Goods and services tax**
The New Ordinary Shares you acquire as a result of the exercise of the Rights will be classified as a "financial supply", for Australian goods and services tax (Australian GST) purposes. As such, Australian GST of 10% will not apply to any subscription monies applicants pay in consideration for New Ordinary Shares issued on exercise of the Rights.

In respect of all other matters and transactions arising under this Prospectus, the Australian GST implications may vary depending upon your Australian GST registration status and residency status. You should seek independent advice in relation to your individual Australian GST position.

1.8.2 New Zealand taxation implications

The following comments concerning the taxation implications arising for Eligible Shareholders are general in nature, deal only with New Zealand tax implications and are based on the law in New Zealand in force at the date of this Prospectus.

The precise tax implications will vary depending on the Eligible Shareholder's specific circumstances. Accordingly, all Eligible Shareholders should seek and rely upon their own taxation advice before concluding on the possible New Zealand tax consequences. New Zealand does not have a capital gains tax but does tax gains arising from the sale of shares or rights that were acquired with the purpose of sale acquired as part of a business of dealing in shares, or as part of an undertaking or scheme entered into for the purpose of making a profit, including gains from the sale of rights attaching to those shares or gains from the sale of shares acquired through the exercise of those rights. The comments below do not apply to these situations.

a) **Granting of Rights**
The granting of the Rights to Shareholders should not constitute a dividend for New Zealand income tax purposes, nor should it give rise to any income tax liability for the Shareholders.

b) **If you do not sell your Rights or take them up**
If your Rights were issued to you and you do not exercise all or a part of your Rights, this should not give rise to any income tax liability to you.

c) **If you take up your Rights by 5.00pm NZ time on Monday, 24 November 2003**
If you exercise all or a part of your Rights, this should not give rise to any income tax liability to you, irrespective of whether the Rights were issued to you or acquired from another entity.

d) **Selling your Rights**
If you sell your Rights, whether issued to you in respect of Existing Ordinary Shares or acquired from another entity, this should not give rise to any income tax liability to you.

e) **Disposal of New Ordinary Shares**
If you sell your New Ordinary Shares acquired by taking up your Rights, this should not give rise to any income tax liability to you.

f) **Goods and services tax**
The New Ordinary Shares you acquire as a result of the exercise of the Rights will be classified as "financial services" for New Zealand GST purposes. As such, GST of 12.5% will not apply to any subscription monies applicants pay in consideration for New Ordinary Shares issued on exercise of the Rights.

New Zealand GST will not apply to any of the events discussed above under Section 1.8.2.

Section 2: Actions required by Eligible Shareholders

Section 2: Actions required by eligible shareholders

ANZ Rights Issue InfoLine

If you have any questions about the Rights Issue, please call the ANZ Rights Issue InfoLine as set out below:

		Weekdays	Weekends
Australia	1800 022 060	6.00am - 8.00pm (AEDT)	8.00am - 6.00pm (AEDT)
New Zealand	0800 478 963	8.00am - 10.00pm (NZ time)	10.00am - 8.00pm (NZ time)
International	+613 9649 5420		

2.1 What you may do – choices available

If you are an Eligible Shareholder, you may take any of the following actions:

- take up your Rights in full (refer to Section 2.2);
- sell your Rights in full on ASX or NZSX (refer to Section 2.3);
- sell part of your Rights on ASX or NZSX and take up the balance (refer to Section 2.4);
- transfer all or part of your Rights to another person other than via ASX or NZSX (refer to Section 2.5); or
- do nothing (refer to Section 2.6).

2.2 If you wish to take up all of your Rights

If you are an Eligible Shareholder and you wish to take up all of your Rights, complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. If you have not received an Entitlement and Acceptance Form, please contact the ANZ Rights Issue InfoLine (see above).

You should then forward the completed Entitlement and Acceptance Form, together with your cheque or bank draft for the application monies, to reach one of the following addresses:

- *Eligible Shareholders on the Australian register*
  Computershare Investor Services Pty Limited
  GPO Box 3329
  MELBOURNE VIC 3001
  AUSTRALIA
  by no later than 5.00 pm AEDT on Monday, 24 November 2003
- *Eligible Shareholders on the New Zealand register*
  Computershare Investor Services Limited
  Private Bag 92119
  AUCKLAND 1020
  NEW ZEALAND
  by no later than 5.00 pm NZ time on Monday, 24 November 2003

A reply paid envelope is enclosed for your convenience. If mailed in Australia or New Zealand, no postage stamp is required.

2.3 If you wish to sell all of your Rights on ASX or NZSX

If you wish to sell all of your Rights on ASX or NZSX, complete the section headed "Instructions to your Stockbroker" on the back of the accompanying Entitlement and Acceptance Form and lodge the form with your stockbroker as soon as possible. You can sell your Rights on ASX from Wednesday, 29 October 2003 or on NZSX from Monday, 3 November 2003. All sales on ASX must be effected by 4.00 pm AEDT on Monday, 17 November 2003, when Rights trading ends on ASX and by 5.00 pm NZ time on NZSX on Monday, 17 November 2003, when Rights trading ends on NZSX.

2.4 If you wish to sell part of your Rights on ASX or NZSX and take up the balance

If you wish to sell part of your Rights on ASX or NZSX and take up the balance, complete the section headed "Instructions to your Stockbroker" on the back of the accompanying Entitlement and Acceptance Form and lodge the form, together with your cheque or bank draft for the application monies for the New Ordinary Shares for which you wish to subscribe, with your stockbroker as soon as possible.

You can sell your Rights on ASX from Wednesday, 29 October 2003 or on NZSX from Monday, 3 November 2003.

Any sale of part of your Rights on ASX must be completed by 4.00 pm AEDT on Monday, 17 November 2003, when Rights trading ends on ASX and by 5.00 pm NZ time on Monday, 17 November 2003, when Rights trading ends on NZSX.

To take up the remaining part of your Rights, your stockbroker will need to ensure that the completed Entitlement and Acceptance Form reaches one of the following addresses:

- *Eligible Shareholders on the Australian register*
  Computershare Investor Services Pty Limited
  GPO Box 3329
  MELBOURNE VIC 3001
  AUSTRALIA
  by no later than 5.00 pm AEDT on Monday, 24 November 2003
- *Eligible Shareholders on the New Zealand register*
  Computershare Investor Services Limited
  Private Bag 92119
  AUCKLAND 1020
  NEW ZEALAND
  by no later than 5.00 pm NZ time on Monday, 24 November 2003

2.5 If you wish to transfer all or part of your Rights to another person other than on ASX or NZSX

If you are an Eligible Shareholder and you wish to transfer all or part of your Rights to another person other than on ASX or NZSX, forward a completed renunciation form (which can be obtained through the ANZ Rights Issue InfoLine) together with the accompanying Entitlement and Acceptance Form and the applicable transferee's cheque or bank draft for any application monies, to reach one of the following addresses:

- *Eligible Shareholders on the Australian register*
  Computershare Investor Services Pty Limited
  GPO Box 3329
  MELBOURNE VIC 3001
  AUSTRALIA
  by no later than 5.00 pm AEDT on Monday, 24 November 2003
- *Eligible Shareholders on the New Zealand register*
  Computershare Investor Services Limited
  Private Bag 92119
  AUCKLAND 1020
  NEW ZEALAND
  by no later than 5.00 pm NZ time on Monday, 24 November 2003

If the Share Registrar receives both a completed renunciation form and a completed Entitlement and Acceptance Form in respect of the same Rights, the renunciation will be given effect in priority to the acceptance.

2.6 Rights not taken up – if you do nothing

If you:

- decide not to sell all or part of your Rights and do not take up all or part of your New Ordinary Shares before 5.00 pm AEDT on Monday, 24 November 2003 for Australian Shareholders and 5.00 pm NZ time on Monday, 24 November 2003 for New Zealand Shareholders; or
- do nothing,

then your Rights may be sold after Monday, 24 November 2003 in accordance with the following:

- ANZ has appointed the Underwriters to sell those Rights after close of trading on ASX on Thursday, 27 November 2003 (subject to any amendment to the timetable) to institutional investors by way of a bookbuild process;
- those Rights will only be sold to institutional investors who agree to exercise those Rights and pay the issue price of $13 per New Ordinary Share; and
- Eligible Shareholders will receive any premium paid over the issue price of $13 per New Ordinary Share after deduction of brokerage and other expenses (Net Rights Price).

The ability to sell those Rights and the price obtained for them are dependent on various factors, including market conditions. Neither ANZ nor the Underwriters will be subject to any liability for failure to sell those Rights or to sell them at a particular price.

The Net Rights Price will be distributed pro rata to each of the Eligible Shareholders for whose benefit those Rights have been sold, save that amounts of less than A$10 will be retained and donated to a charity selected by ANZ. Payment of the Net Rights Price will be made in Australian currency for Shareholders on the Australian register and in New Zealand currency for Shareholders on the New Zealand register after final allotment of New Ordinary Shares.

If the Rights not taken up cannot be sold for a premium as described above, the underlying New Ordinary Shares will be subscribed for by the Underwriters in accordance with the Underwriting Agreement. In this event, you will receive no value for your Rights.

If you do nothing, although you will continue to own the same number of Ordinary Shares, the net tangible assets per Ordinary Share will be reduced as a result of the Rights Issue and, therefore, your shareholding will be diluted.

The process described above will also apply to the Rights of Non-Qualifying Foreign Shareholders which have not been able to be sold in accordance with the arrangements described in Section 1.7.

2.7 Payment

The subscription price for the New Ordinary Shares is payable in full on application by a payment of $13 per Ordinary Share. Entitlement and Acceptance Forms must be accompanied by a cheque or bank draft for the application monies. Cheques or bank drafts must be in Australian currency only, made payable to “ANZ Rights Issue” and crossed “Not Negotiable”. Applicants must ***not*** forward cash. Receipts for payment will not be issued.

For Eligible Shareholders on the New Zealand register, ANZ has made arrangements for those Shareholders to purchase an Australian currency bank cheque at no cost on presentation of their accompanying Entitlement and Acceptance Form at any ANZ NZ branch in New Zealand.

Section 3: Information on ANZ

Section 3: Information on ANZ

3.1 The ANZ Group overview

Established in 1835, ANZ is one of Australia's 10 largest publicly listed companies by market capitalisation, with a market capitalisation of $27.8 billion as at 23 October 2003. The ANZ Group operates in 27 countries, with the principal markets being Australia and New Zealand, and with smaller operations in Asia, the Pacific, the United Kingdom, Europe and the United States.

ANZ's specialisation strategy is executed through a management structure of 11 segments. These segments are described below:

Business segment	Principal activities
Personal Banking Australia	Personal Banking Australia provides a range of banking services to personal customers, high net worth individuals and SME rural customers in Australia.
Institutional Financial Services	Institutional Financial Services brings together the institutional customer segment with specialised wholesale product segments to provide a broad range of financial solutions for institutional customers.
Corporate	Corporate provides the principal relationship between ANZ's corporate and SME metropolitan customers and all areas of ANZ, including working capital management, liquidity management and transaction processing.
New Zealand Banking	New Zealand Banking provides a broad range of personal banking services, including wealth management, for personal, small business, rural and corporate clients in New Zealand and is only one part of ANZ's New Zealand Business on a geographical basis. The New Zealand Banking segment does not include the operations of the Mortgages, Consumer Finance, Asset Finance, Institutional Financial Services, ING New Zealand and Treasury segments in New Zealand (see Section 3.4).
Mortgages	Mortgages provides mortgage finance secured by residential real estate in Australia and New Zealand.
Consumer Finance	Consumer Finance provides consumer and commercial credit cards, ePayment products, personal loans and merchant payment facilities.
Asset Finance	Asset Finance provides finance and operating leases for vehicles and business equipment.
ING Australia	ING Australia is a joint venture between ANZ and ING that provides integrated manufacture and distribution of wealth creation, management and protection products and services. This business operates in New Zealand as ING New Zealand.
Asia Pacific	Asia Pacific provides primarily retail banking services in the Asia and Pacific region and includes ANZ's share of PT Panin Bank in Indonesia.
Treasury	Treasury is the banker to all ANZ businesses charged with providing cash flow support, ensuring liquidity, managing interest rate risk and providing capital to the businesses.
Group Centre	Group Centre provides support to the ANZ Group and includes technology, payments, finance, legal, risk, tax and audit functions.

3.2 ANZ Group financial performance

The ANZ Group recorded a net profit after tax of $2,348 million for the year ended 30 September 2003, an increase of 1% over the September 2002 year.

The following analysis excludes the impact of the significant transactions described below. Profit increased 8% driven by strong lending growth which was the principal contribution to a 7% growth in net interest income. Other income was flat as a result of the under–accrual of loyalty points on credit cards in prior periods. Expenses were tightly controlled, increasing 2%. Asset quality improved with stable levels of provisions for doubtful debts despite volume increases.

The result was driven by solid profit growth in seven of the 11 business segments. ANZ's strongest performers were Corporate, Asset Finance and Asia Pacific, while Treasury was well down and Consumer Finance was impacted by an under-accrual of loyalty expense.

Between 1999 and 2003, the ANZ Group achieved a compound annual growth rate of 12.2% per annum in net profit after tax (excluding significant transactions). A summary of the ANZ Group's recent financial performance is set out in the following table:

ANZ summarised consolidated statement of financial performance

(A$ million)	1999	2000	2001	2002	2003
Net interest income	3,655	3,801	3,833	4,018	4,311
Net profit before tax (excluding significant transactions)(1)	2,222	2,568	2,783	3,051	3,277
Net profit after tax	1,480	1,747	1,870	2,322	2,348
Net profit after tax (excluding significant transactions)(1)	1,480	1,703	1,870	2,168	2,348
Per share:					
Basic EPS(2)	$0.91	$1.07	$1.17	$1.47	$1.48
Basic EPS(2) (excluding significant transactions)(1)	$0.91	$1.04	$1.17	$1.37	$1.48
Dividends	$0.56	$0.64	$0.73	$0.85	$0.95

Notes:

(1) 30 September 2000 totalling $44 million after tax:

- *restructuring provision for specialist businesses and eTransformation of $(245) million after tax ($(361) million before tax);*
- *write down of investment in PT Panin Bank Indonesia of $(81) million after tax;*
- *profit and provisions related to the sale of Grindlays and associated businesses of $404 million after tax;*
- *provision for litigation of $(33) million after tax ($(50) million before tax);*
- *reversal of previous property revaluation of $30 million after tax;*
- *gain on sale of investment in Colonial Limited following the announcement of its acquisition by Commonwealth Bank of Australia of $33 million after tax; and*
- *restatement of deferred tax balances by $(64) million to reflect new company tax rate.*

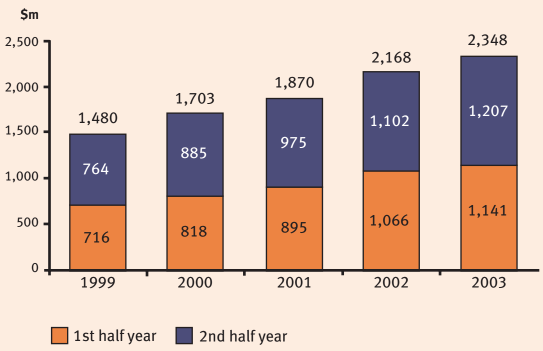
30 September 2002 totalling $154 million after tax:

- *National Housing Bank of India litigation recovery of $159 million after tax;*
- *special provision for doubtful debts of ($175) million after tax; and*
- *profit on sale of businesses to ING Australia of $170 million after tax.*

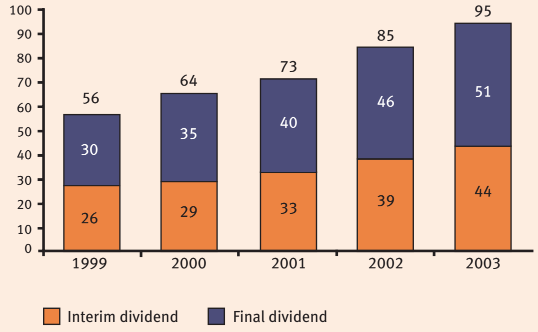
(2) Based on the weighted average number of Existing Ordinary Shares outstanding during each period.

ANZ's key financial performance metrics are summarised below:

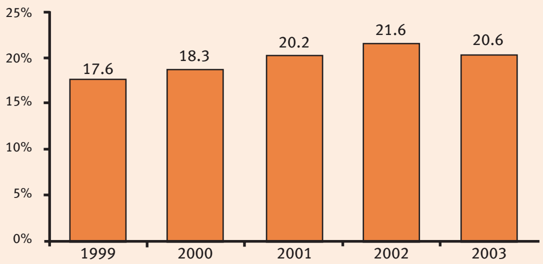
Net profit after tax[1]



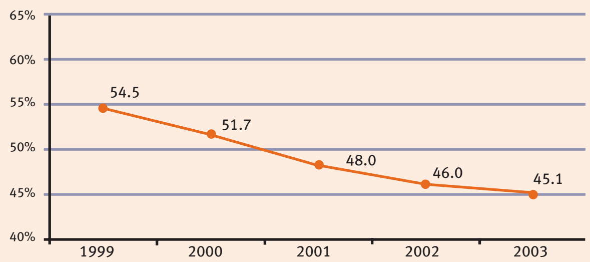
Dividends per share (cents)



Return on equity[2]



Cost to income ratio[3]



Notes:

(1) Net profit after tax extracted from the financial statements for years ended 30 September (excluding significant transactions).

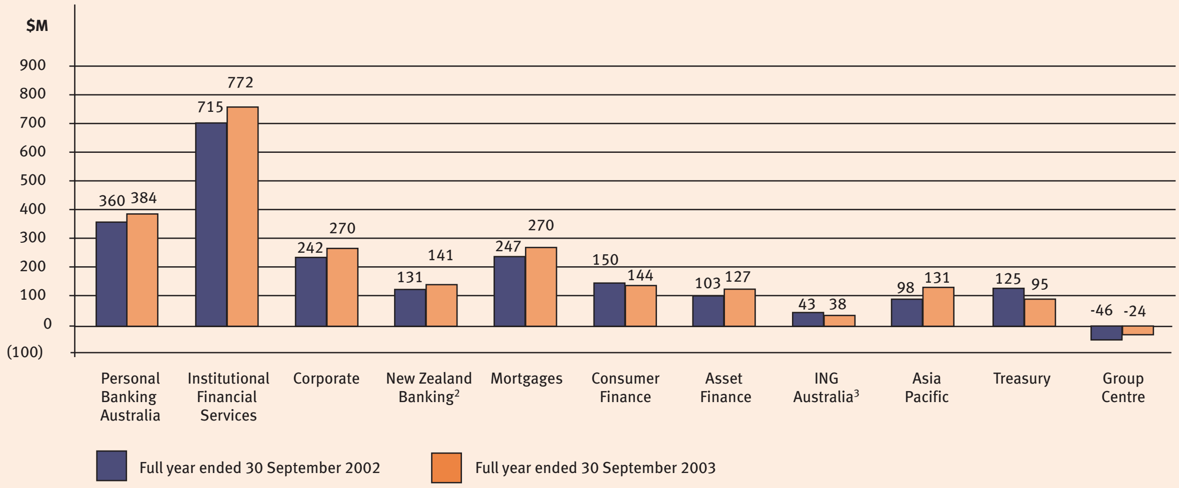
(2) Return on equity is calculated as net profit after tax (excluding significant transactions) attributable to Shareholders divided by average Shareholders' equity.

(3) Cost to income ratio is calculated as operating expenses (excluding goodwill amortisation and significant transactions) divided by operating income (excluding significant transactions).

3.3 Segment financial performance

The financial performance of each ANZ business segment is set out below.

Net profit after tax (excluding significant transactions)(1) by business segment



Notes:

(1) Significant transactions in the year ended 30 September 2002 were in respect of Group Centre (see note 2 on ANZ Summarised Consolidated Statement of Financial Performance in Section 3.2).

(2) New Zealand Banking excludes Treasury, Institutional Financial Services, Consumer Finance, Mortgages and Asset Finance segments in New Zealand.

(3) Includes the financial performance of ING Australia in the period starting from 1 May 2002 and the financial performance of the businesses sold to ING Australia for the prior periods.

3.4 ANZ in New Zealand

ANZ operates in New Zealand as a registered bank. ANZ is New Zealand's oldest bank with operations dating back to 1840. It is the fourth largest full service banking group in New Zealand, and has approximately 14% of the total assets held by registered banks in New Zealand. It is supported by a network of 145 branches and has approximately one million customers – the second largest customer base in New Zealand. In addition, it provides asset finance services through UDC, and merchant services through EFTPOS New Zealand Limited.

Eight of ANZ's business segments operate in New Zealand:

- New Zealand Banking;
- Mortgages;
- Consumer Finance;
- Asset Finance;
- Institutional Financial Services;
- ING New Zealand;
- Treasury; and
- Group Centre.

ANZ's New Zealand Business summarised financial information

(NZ$ million)	1999	2000	2001	2002	2003
Net interest income	573	603	649	696	752
Net profit after tax	239	266	347	358[(1)]	388
Total Assets	24,856	27,120	27,088	27,571	29,373

Note:

For years ended 30 September, ANZ's New Zealand Business prepares audited financial statements on an annual basis only.

(1) Excludes a significant transaction for the full year ended 30 September 2002 of NZ$38 million after tax gain from the sale of businesses to ING Australia.

Excluding the after tax gain of NZ$38 million from the sale of the funds management businesses to ING Australia in 2002, profit after tax increased by 8%. The main features of the result:

- net interest income increased 8% with solid lending growth achieved in New Zealand Banking and Asset Finance, and mortgage lending recovering well in the second half. Margins improved with the official cash rate, on average, remaining slightly higher during 2003. This was partly offset by reduced mismatch earnings in Group Treasury;
- fee income increased 1% mainly reflecting growth in corporate and and institutional financing activities. Transactional fee income in New Zealand Banking reduced following the launch of a simplified product range in July 2002;
- other operating income declined, with a number of large capital markets transactions recorded in 2002 not being repeated in the current year;
- operating expenses were flat due to higher employee numbers from an increased investment in front line staff, being offset by savings in the support areas; and
- loan quality remains sound with the provision for doubtful debts declining 6% due to a reduction in the risk profile of the corporate loan portfolio. Economic loss provisions remain well in excess of net specific provisions.

3.5 Capital management

ANZ pursues an active approach to capital management. This involves ongoing review of the level and composition of the ANZ Group's capital base, assessed against a range of objectives including maintenance of sufficient capital to ensure ANZ retains its long term 'AA-' credit rating.

ANZ seeks to ensure that it maintains an appropriate level of capital to meet its economic capital needs and to satisfy regulators and ratings agencies. Economic capital is the equity allocated to a business segment's inherent risk profile. It is allocated for a number of categories including credit risk, operating risk, interest rate risk, basis risk, mismatch risk, investment risk and trading risk. The methodology used to allocate capital to business segments for risk is designed to incentivise appropriate risk management and investment decisions across the ANZ Group.

In recent years, ANZ targeted a capital structure with adjusted common equity (ACE) as a percentage of risk weighted assets in the range of 5.25% to 5.75%.

As at 30 September 2003, ACE to risk weighted assets was 5.7%, the Tier 1 Capital Ratio was 7.7%, and Total Capital Ratio was 11.1%.

Section 4: Acquisition of NBNZ

Section 4: Acquisition of NBNZ

The information set out in this Prospectus concerning the NBNZ Group, including the financial and regulatory capital information in this Section and in Sections 5 and 6, is based on information obtained during ANZ's due diligence of the NBNZ Group from Lloyds TSB and its advisers. ANZ believes it has sufficient information to proceed with the NBNZ Acquisition. While ANZ has conducted customary due diligence on the NBNZ Group, no assurance can be given as to the accuracy or completeness of the information provided by NBNZ as part of this due diligence. To the extent that the NBNZ information is incorrect, inaccurate or misleading, there is the risk that the future profitability and prospects of the Combined Group may differ (including in an adverse way) from ANZ's expectations and as reflected in this Prospectus.

This Section 4 includes a description of the NBNZ business as it currently operates. Following completion of the NBNZ Acquisition, ANZ plans to integrate the operations of NBNZ with that of ANZ's New Zealand Business. Accordingly, ANZ expects that there will be changes to the way in which NBNZ operates, including changes to the NBNZ reporting segments referred to in this Section. Further details about how ANZ intends to operate its business in New Zealand are contained in Section 6.

4.1 Rationale for the NBNZ Acquisition

The NBNZ Acquisition is consistent with ANZ's strategy to continue to strengthen its competitive position in its core markets of Australia and New Zealand.

In ANZ's view, the New Zealand banking services market is generally characterised by a number of attributes which make it an attractive market for ANZ to expand its business. These include:

- the New Zealand economy has displayed good economic growth over the past decade averaging 3.4% per year. ANZ expects good economic performance to continue, with New Zealand gross domestic product (GDP) growth rates slightly below Australia over the next five to eight years;
- between 1998 to 2002, the New Zealand banking industry experienced a compound annual growth rate in total assets of 9.6%;
- the five largest banks (including NBNZ and ANZ NZ) in New Zealand account for approximately 85% of total banking assets;
- the market has a high proportion of secured lending, with residential mortgages accounting for almost half of industry lending;
- net interest margins for the industry have been relatively stable for the period 1998 to 2002;
- operating costs have fallen substantially as a percentage of revenue, with cost to income ratios now below major Australian banks;
- credit quality in the industry has been sound, with impaired assets expense representing 0.11% of average loans and advances in 2002;
- in aggregate, the five largest New Zealand banks generated a return on equity of 20% - 25% in each year between 1998 and 2002.

A number of these factors are discussed further in Section 4.5.

In ANZ's view, NBNZ is an attractive acquisition for a number of reasons:

- the benefits of scale and market presence in New Zealand are considered important in delivering competitive and attractive banking services to customers in New Zealand;
- NBNZ has a high level of customer satisfaction, particularly in the consumer banking segment. For a number of years, NBNZ has held one of the top two positions in the ACNielsen Consumer Finance Monitor for personal customer satisfaction;
- NBNZ has a customer base which strengthens the position of ANZ in New Zealand. This is complemented by a strong sales culture, which is expected to assist in the continuing transformation of ANZ's New Zealand Business;

- NBNZ has strong market positions in a number of market segments, most notably in consumer, mortgages and SME segments. NBNZ's strong position in these segments complements ANZ's leadership position in the New Zealand corporate banking market. In addition, NBNZ has a leading position in rural lending, an area where ANZ has traditionally been weaker. The combination of the two businesses provides a more balanced business in New Zealand than ANZ currently operates. ANZ expects the Combined Group to maintain overall market leadership notwithstanding that the NBNZ Acquisition may lead to some level of revenue and customer loss and a reduction in the market share of the Combined Group;
- NBNZ's loan portfolio has a higher proportion of mortgages than ANZ's New Zealand Business. NBNZ also has a high proportion of secured rural assets. Overall, the NBNZ Acquisition is expected to slightly increase the ANZ Group's proportion of assets that are assigned a low risk weighting by APRA. NBNZ has sound credit quality with bad and doubtful debts expense averaging 0.12% of lending over the period 1998 to 2002;
- NBNZ Group's financial performance over the past two and half years reflected growing market share, stable net interest margins, a falling cost to income ratio and stable levels of impaired asset expenses;
- NBNZ's extensive retail branch network will enable expansion of ANZ's geographical coverage across New Zealand and provide enhanced presence in key centres, particularly Auckland. NBNZ has approximately 160 branches in New Zealand.

The way in which ANZ intends to operate the two businesses in New Zealand is discussed in Section 6.1. The integration of two substantial banking operations contains many risks including revenue and customer loss, key personnel loss and systems integration risks. These risks are discussed in Sections 6.1 and 7.2.

4.2 Overview of acquisition terms

On 24 October 2003, ANZ announced that ANZ NZ signed a contract with a subsidiary of Lloyds TSB to acquire all the issued capital of NBNZ Holdings for a price of £2,043.8 million. NBNZ Holdings is the holding company of NBNZ which conducts substantially all of the NBNZ Group's operations. In addition, the Acquisition Agreement also provides for a dividend payment of NZ$575 million to be paid to the Lloyds TSB's subsidiary prior to completion.

A detailed summary of the Acquisition Agreement is set out in Section 8.1.

4.3 Funding the NBNZ Acquisition

In funding the NBNZ Acquisition, ANZ considers it appropriate to reduce its target capital ratios while maintaining its existing credit ratings from both Standard & Poor's and Moody's. This reflects a number of factors:

- ANZ believes it has reduced its risk profile and rebalanced its balance sheet by increasing the percentage of its loan book represented by consumer and SME assets, reducing the percentage of its loan book comprising non-investment grade credit customers, reducing its international loan exposure and single name exposures and continuing to increase industry diversification of its loan book;
- The NBNZ Acquisition will result in a more diverse geographic contribution to profit with approximately 30% of the Combined Group's profit after tax (excluding goodwill amortisation and based on the pro forma financial information in Section 5) coming from New Zealand;
- NBNZ has over the period from 1998 to 2002 delivered strong results, including slightly lower loan loss ratios than those of ANZ NZ;
- Following completion of the NBNZ Acquisition, ANZ will become the largest provider of banking services in New Zealand providing benefits of scale.

ANZ is reducing its targeted range for adjusted common equity to risk weighted assets to 4.75% - 5.25% from 5.25% - 5.75%.

With this revised target ratio in mind, ANZ has chosen to fund the NBNZ Acquisition as shown in the following table:

Sources of funds	A$m	Uses of Funds	A$m
Rights Issue net proceeds	3,570[1]	Acquisition price	4,915
		Transaction fees and expenses	25
Debt funding	1,370		
Total	4,940	**Total**	4,940

(1) Net of underwriting costs estimated to be A$27 million

The table shows ANZ's current intention in relation to funding the NBNZ Acquisition.

At completion of the NBNZ Acquisition and the Rights Issue, the Combined Group is expected to have an ACE ratio of approximately 5% and a Tier 1 Capital Ratio of approximately 6.7%.

At these Capital Ratios, Standard & Poor's and Moody's have reaffirmed their existing credit ratings for ANZ (see Section 6.4).

4.4 Overview of the New Zealand Economy

New Zealand is the twenty-seventh largest economy in the OECD, generating a GDP of US$59.3 billion in 2002. This compares with Australia's twelfth position, with a GDP of US$411.9 billion for the same period.

The New Zealand economy has a strong agricultural focus, however forestry, manufacturing, seafood, horticulture and tourism are also important export revenue earners.

Agriculture
Since the late 1980s, agriculture's contribution to GDP has remained relatively stable at approximately 5% to 6% of GDP. Including ancillary industries such as input supply, transport and processing, agriculture contributes 16% to 17% of GDP. Dairy, meat and wool exports during the year ended June 2003, represented approximately 39% of total merchandise exports.

Forestry
New Zealand's climate is well suited to plantation forestry. Forestry plantings went through a boom in the decade to the mid-1980s and again in the mid- to late-1990s, and as a result, harvest volumes are expected to grow steadily over the next five years. In the year to June 2003, logs, processed timber, manufactured boards and panels, and wood pulp accounted for 9.2% of merchandise exports. Forestry currently contributes 1.4% of GDP.

Manufacturing
New Zealand has a well-developed manufacturing sector which comprises approximately 20,000 businesses, employing approximately 280,000 people and accounts for approximately 15% of the country's workforce. Including meat and dairy processing, manufacturing accounts for approximately 15% of GDP. The industry has gone through major adjustments since deregulation in 1984. Tariff protection has been removed from most competing imports and virtually all imported inputs.

While Australia remains New Zealand's biggest single offshore market (accounting for approximately 20% of total manufactured exports and approximately one-third of manufactured exports excluding primary processing), a key trend has been diversification into regions such as north-east Asia, the United States and the European Union.

Services
The services sector contributes approximately 62% of GDP (excluding government administration and defence spending) and is becoming increasingly important to the New Zealand economy. Output has grown at a faster rate than the economy in general in recent years as new technologies, a competitive industry environment, ongoing increases in household disposable incomes, population growth and tourist activity have propelled the development of a broad range of industries.

Tourism

Significant investment in accommodation, travel infrastructure and the entertainment and tourist activity sectors has accompanied an approximately 6% annual increase in tourist arrivals over the past ten years. Statistics New Zealand has estimated that tourism contributed approximately 14% to total exports and approximately 9% to GDP for the year to March 2002.

Growth prospects

During the five years ended December 2002 the New Zealand economy grew at a compound average annual rate of 3.7%, 0.3% above the Australian GDP growth rate. The domestic economy has provided the impetus for growth in 2002 and 2003. Domestic activity continues to be underpinned by a strong housing market, which has benefited from record rates of net immigration. For 2003, Economics@ANZ forecast New Zealand's GDP to grow by 2.75%, slightly above the 2.5% growth expected for Australia.

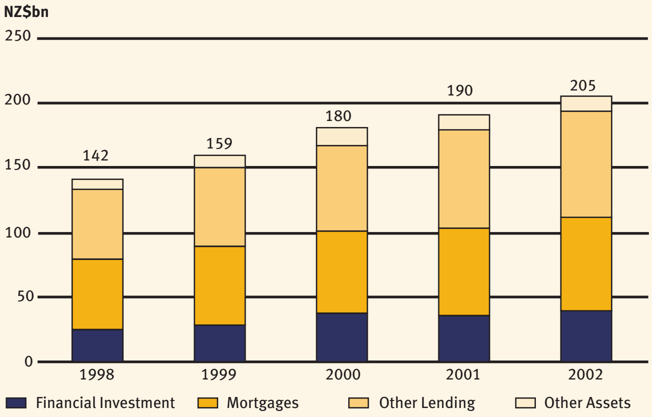
Over the longer term, the New Zealand Treasury is projecting average annual real GDP growth of 2.75% from 2004 to 2008, which is consistent with the view of Economics@ANZ. In contrast, Economics@ANZ projects Australia's real GDP growth rate to average 3.25% over the same period, with economic growth in both countries likely to slow a little thereafter.

4.5 Overview of the New Zealand banking industry

4.5.1 Growth and Profitability

The New Zealand banking industry has generated strong growth and profitability in recent years. As at 31 December 2002, total assets of the registered New Zealand banks were NZ$204.5 billion, representing an increase of 7.9% from NZ$189.6 billion in total assets as at 31 December 2001. Over the period 1998 to 2002, the industry experienced a compound annual growth rate in total assets of 9.6%. Residential mortgages accounted for almost a half of total lending and more than a third of total assets as at 31 December 2002.

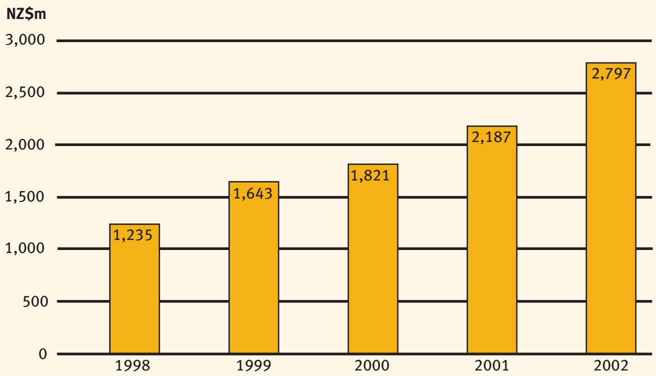
New Zealand Banking Industry - Composition of Assets



Source: Reserve Bank of New Zealand Bulletin Vol. 66 No.2

Aggregate net profit after tax for all registered banks for the year ended 31 December 2002 was NZ$2.8 billion (including NZ$196 million in abnormals), representing a 27.9% increase on the year ended 31 December 2001. Over the period 1998 to 2002, the industry delivered a compound annual growth rate in net profit after tax of 22.7%. This growth has been largely driven by continuing asset growth, industry consolidation and improved cost efficiency. According to published Reserve Bank of New Zealand figures, this profit represented an after tax return on average assets of 1.4%.

New Zealand Banking Industry Growth - Net Profit After Tax

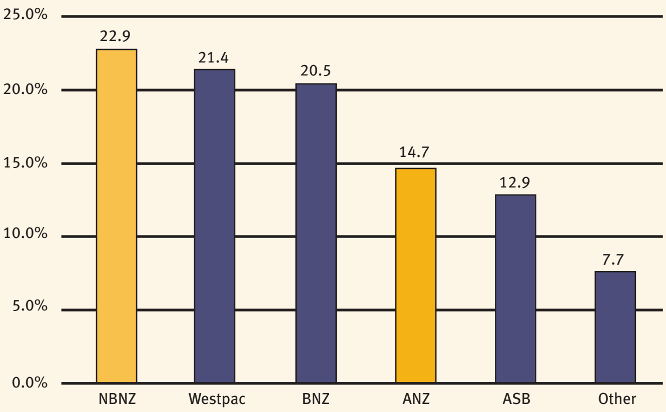


Source: Reserve Bank of New Zealand Bulletin Vol. 66 No.2

4.5.2 Market Shares and Competition

As at 31 December 2002, the five largest banks (NBNZ and the New Zealand operations of the four largest Australian banks) in New Zealand accounted for 85% of total banking assets and for over 90% of the lending market in New Zealand.

New Zealand Banks' 2002 Lending Market Share



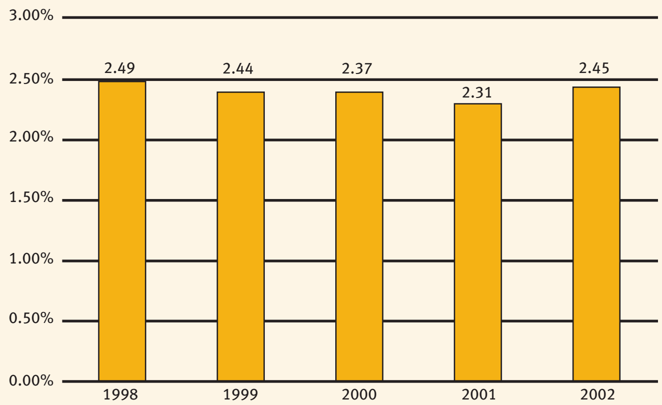
Source: ANZ

Combining NBNZ's and ANZ's separate market shares in New Zealand for 2002, as shown in the chart above, would result in a lending market share of 37.6% for the Combined Group. However, as noted in Section 4.1 above and Section 7.2.1(a) below, ANZ recognises that the merger of NBNZ and ANZ's New Zealand Business may lead to some customer loss and reduce their combined market share.

Interest Margins

Interest margins have remained relatively stable over the period 1998 to 2002, despite increased competition in the banking sector. There have been a number of new entrants in the market, including intermediaries (such as mortgage brokers), retail chains offering banking services, (such as The Warehouse Group), Kiwibank and, more recently, St George through its joint venture with Foodstuffs.

New Zealand Top Five Banks: Net Interest Income/Average Total Assets Ratio

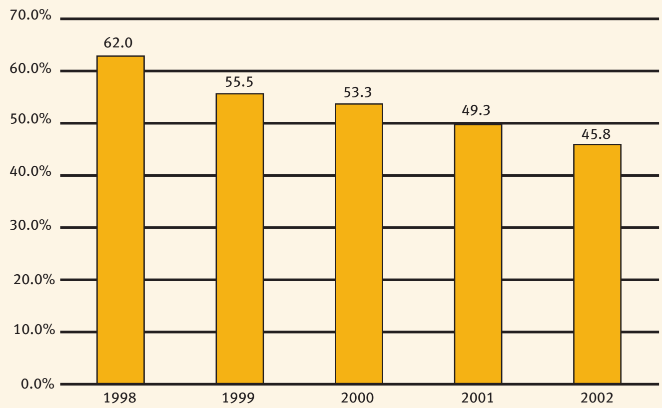


Source: ANZ

4.5.3 Operating Efficiency

Advancements in technology have allowed the New Zealand banks to generate higher operating efficiencies. EFTPOS, ATMs, telephone banking and internet banking are now well entrenched, allowing customers to carry out a transaction without visiting a branch. Lending growth, technological advances, branch network rationalisations and other efficiencies have contributed to cost to income ratios falling from 62% in the year ended 30 June 1998 to 46% in the year ended 30 June 2002 for the five largest New Zealand Banks.

New Zealand Top Five Banks: Operating Expenses/Operating Income Ratio

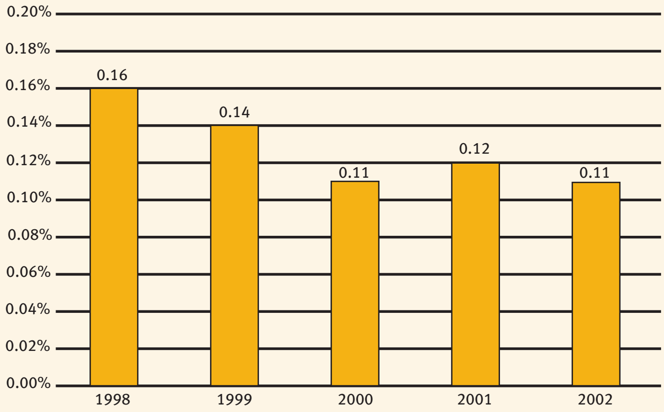


Source: ANZ

4.5.4 Asset Quality

Asset quality in New Zealand measured by ratio of impaired asset expense/average loans and advances, for the five largest New Zealand banks in the period 1998 to 2002 was sound and compared favourably with asset quality in the Australian banking industry. As at 31 December 2002, total impaired assets represented 0.33% of total lending, down from 0.42% in 2001. Impaired assets expense as a percentage of average loans and advances for the five largest New Zealand banks was 0.1% in 2002, compared to 0.4% for the five largest Australian banks.

New Zealand Top Five Banks: Impaired Asset Expense/Average Loans & Advances Ratio

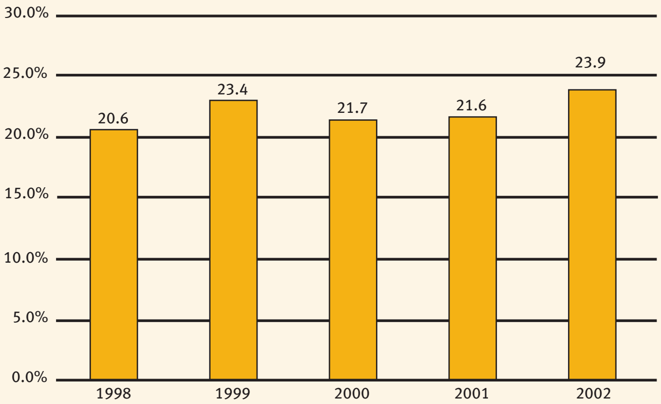


Source: ANZ

4.5.5 Industry returns

As a consequence of stable interest margins, continuing asset growth, falling cost to income ratios and relatively low levels of impaired assets, the industry has demonstrated strong returns over the period 1998 to 2002. The 5 largest New Zealand banks generated an aggregate return on equity of 20% - 25% in each year between 1998 and 2002.

New Zealand Top Five Banks: Return on Equity



Source: ANZ

4.5.6 Regulatory environment

(a) Reserve Bank of New Zealand and APRA

The supervision of registered banks in New Zealand is carried out by the Reserve Bank of New Zealand pursuant to the Reserve Bank of New Zealand Act 1989. The Reserve Bank of New Zealand's principal statutory purpose in exercising its supervisory powers is to promote the maintenance of a sound and efficient financial system and to avoid significant damage to the financial system that could result from the failure of a registered bank.

The Reserve Bank of New Zealand generally imposes uniform conditions of registration to ensure a level playing field among registered banks. A key element of this uniformity is the ongoing minimum capital adequacy ratio requirements imposed on registered banks by the Reserve Bank of New Zealand. The Reserve Bank of New Zealand requires each registered bank to have a capital ratio of at least 8% of the group's credit exposures, on a risk-weighted basis. Within this 8% requirement, a banking group's Tier 1 capital (which is equity or its equivalent) must be at least 4% of the group's risk-weighted exposures.

The Reserve Bank of New Zealand's system of supervision places emphasis on a financial disclosure regime. Every quarter, each registered bank must publish what is known as a general disclosure statement, which outlines its financial position and performance so that customers and depositors can make an informed decision about the level of risk attaching to an individual bank.

Neither the New Zealand Government nor the Reserve Bank of New Zealand guarantees banks or bank deposits and there is no deposit insurance in New Zealand.

As a result of changes made in August 2003 to the Reserve Bank of New Zealand Act 1989, a person must obtain the written consent of the Reserve Bank of New Zealand before giving effect to a transaction resulting in that person acquiring a "significant influence" over a registered bank.

"Significant influence" means the ability to appoint 25% or more of the board of directors of a registered bank or a qualifying interest (e.g. legal ownership) in 10% or more of its voting securities.

In assessing applications for consent to acquire a significant influence over a registered bank, the Reserve Bank of New Zealand will have regard to the same matters as are relevant in assessing an application for registration as a registered bank. In giving its consent, the Reserve Bank of New Zealand may impose such terms and conditions as it thinks fit.

The Reserve Bank of New Zealand has stated that a systemically important bank in New Zealand (which includes both ANZ Banking Group (New Zealand) Limited and NBNZ) must be able to operate as a going concern if one of its service providers, including its parent company, fails. The Reserve Bank of New Zealand's approach is directed at ensuring that each bank operating in New Zealand has effective control of its core procedures, systems and senior staff, so that each bank may continue operating as a going concern.

The Reserve Bank of New Zealand has indicated that this going concern requirement will not necessarily preclude the adoption and use by NBNZ of ANZ's procedures and systems. However, the amalgamation of NBNZ with ANZ Banking Group (New Zealand) Limited is likely only to be able to proceed if the Reserve Bank of New Zealand is satisfied that the amalgamated entity can continue to operate on a stand alone basis. It is likely that over time the Reserve Bank of New Zealand's requirement for local banks to be self sufficient in this regard will apply to all registered banks in New Zealand and, accordingly, would apply to both ANZ Banking Group (New Zealand) Limited and NBNZ were they not to amalgamate or otherwise combine operations.

The Reserve Bank of New Zealand has approved the NBNZ Acquisition, subject to various on-going regulatory requirements applicable to NBNZ and ANZ Banking Group (New Zealand) Limited, including:

- maintaining minimum capital levels;
- maximum amounts of lending from the New Zealand registered banks (ANZ Banking Group (New Zealand) Limited and NBNZ) to other ANZ Group controlled entities;
- approval by the Reserve Bank of New Zealand of board and senior management appointments and that the management of NBNZ is carried out under the direction and supervision of the Board of Directors of NBNZ; and
- approval of the Reserve Bank of New Zealand for any transfers or changes by which any material part of the management, operational capacity and systems of entities within the NBNZ Group is transferred to or performed by another entity, including ANZ.

In addition, APRA, which has responsibility for overseeing Australian authorised deposit-taking institutions (such as banks), has advised ANZ that it has no in-principle objection to the NBNZ Acquisition. As part of its review of the implications for ANZ of the NBNZ Acquisition, APRA will require confirmation of a number of matters, including certain background information on the NBNZ Acquisition, and on any proposals for integration of ANZ Banking Group (New Zealand) Limited and NBNZ. In APRA's role as prudential regulator, APRA will continue to monitor various aspects of ANZ's business, including the success of the Rights Issue and its capital adequacy

(b) New Zealand Commerce Commission

The New Zealand Commerce Commission (NZCC) is a statutory body that was established to promote market efficiency by fostering healthy competition, informed choice by consumers and sound economic regulation in New Zealand. The NZCC enforces the Fair Trading Act 1986 and Commerce Act 1986. These statutes apply generally to companies, including banks operating in New Zealand.

The Fair Trading Act prohibits misleading and deceptive conduct, false and misleading advertising and unfair trade practices.

The purpose of the Commerce Act is to promote competition in markets for the long term benefit of consumers within New Zealand. The Commerce Act prohibits behaviour that restricts competition (such as price fixing, collective boycotts, contracts that substantially lessen competition or the taking advantage of market power). It also prohibits mergers and acquisitions that substantially lessen competition.

On 25 September 2003, the NZCC approved ANZ's acquisition of the NBNZ Group.

(c) The Banking Ombudsman

Certain participating banks, including NBNZ and ANZ Banking Group (New Zealand) Limited, in New Zealand have voluntarily adopted an Ombudsman complaint resolution regime for resolution of customer disputes with banks. The Banking Ombudsman is independent of the participating banks.

Where the Banking Ombudsman believes that a participating bank has acted wrongly and loss has been suffered as a result by a customer, the Banking Ombudsman can award compensation for direct loss or damage. The Banking Ombudsman has considerable powers and, as well as awarding monetary compensation, may recommend correction of mistakes and other remedies. The jurisdiction of the Banking Ombudsman extends to most complaints relating to services provided by participating banks after 1 January 1992, but does not cover, among others, complaints about a bank's commercial judgment, interest rate policies or the amount of its standard fees and charges.

4.6 Overview of NBNZ

NBNZ was established in 1872 in London and began trading in New Zealand in 1873. Lloyds TSB has owned 100% of NBNZ since 1966.

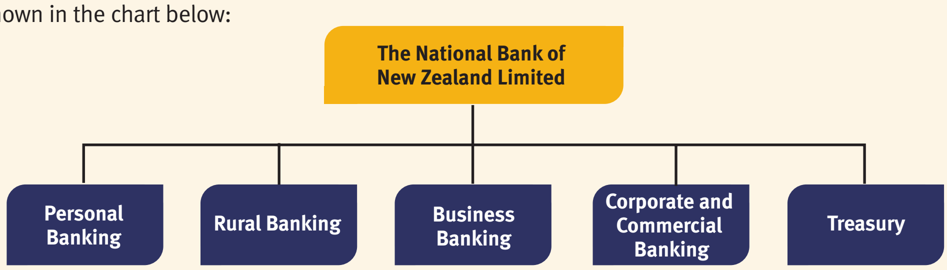
NBNZ has grown organically and through acquisitions, including Rural Bank from Fletcher Challenge in 1992 and of Countrywide from Bank of Scotland in 1998.

ANZ is acquiring NBNZ Holdings which is the holding company of NBNZ. Substantially all of NBNZ Group's operations are conducted by NBNZ.

Sections 4.6 to 4.12 contain a summary of the historical financial performance of the NBNZ Group together with a description of NBNZ's key customer-facing segments and selected financial information for each particular segment. All of the information presented in these Sections should be read together with the summary pro forma combined financial information in Section 5, the outlook statements provided in Section 6, the risks outlined in Section 7 and the other information contained in this Prospectus.

NBNZ is currently organised along five key customer-facing segments: Personal, Rural, Business, Corporate and Commercial and Treasury. These segments are supported by customer and lending services centres, credit and other services such as finance, human resources and IT.

This structure is shown in the chart below:



	Personal Banking	Rural Banking	Business Banking	Corporate and Commercial Banking	Treasury
Total Income	NZ$484m	NZ$127m	NZ$205m	NZ$255m	NZ$260m
Loans & Advances	NZ$12,999m	NZ$6,647m	NZ$5,044m	NZ$8,672m	NZ$473m

Notes: The National Bank of New Zealand Limited is wholly owned by NBNZ Holdings. All figures as at 31 December 2002.

NBNZ's five customer-facing business segments are described below. NBNZ employed approximately 4,500 employees as at 31 December 2002.

Business segment	Principal activities
Personal Banking	Personal Banking provides banking products and services for all personal customers through a branch network and the direct sales and service channels. The Personal Banking segment also includes Private Banking and Insurance. Unlike ANZ's existing business model, consumer mortgages and consumer finance products (including consumer credit cards) are also operated within the Personal Banking segment rather than as separate businesses.
Rural Banking	Rural Banking provides banking products and services for rural customers primarily through specialist relationship managers in the branch network and the direct service platform.
Business Banking	Business Banking provides banking products and services to small sized enterprises and owner-managed businesses with annual revenue of less than NZ$2 million. Businesses with revenue ranging between NZ$2 million and NZ$5 million are serviced by Business Banking if the customers' needs are simple and fit with Business Banking's product range. The asset portfolio of Business Banking consists primarily of mortgage based lending.
Corporate and Commercial Banking	Corporate and Commercial Banking provides banking products and services to corporate clients with annual revenue above NZ$100 million and commercial clients with annual revenue ranging between NZ$2 million and NZ$100 million. In addition to the usual suite of products and services, this includes structured finance, cash management, trade finance and international products.
Treasury	Treasury manages core balance sheet interest rate risk and is responsible for NBNZ's funding and liquidity strategy through trading in the capital markets. This segment also offers foreign exchange transaction services to NBNZ clients.

4.7 Summary financial information of NBNZ Group

4.7.1 Statement of financial performance

The following table shows the summary statements of financial performance for the NBNZ Group for the two years ended 31 December 2001 and 2002, the six months ended 30 June 2003 and the 12 months ended 30 June 2003.

NZ$m	Year Ended 31 Dec 2001(1)	Year Ended 31 Dec 2002(1)	6 months ended 30 June 2003(1)	12 months ended 30 June 2003(2) (unaudited)
Interest Revenue	2,387	2,584	1,440	2,823
Less: Interest Expense	1,578	1,610	910	1,781
Net Interest Income	**809**	**974**	**530**	**1,042**
Other Operating Revenue	334	357	201	380
Total Income	**1,143**	**1,331**	**731**	**1,422**
Less: Provisions	15	39	23	47
Income After Provisions	**1,128**	**1,292**	**708**	**1,375**
Less: Operating Expenses				
Staff	302	349	174	362
Premises and Equipment	85	81	34	77
Other(3)	183	188	82	179
Total Operating Expenses	570	618	290	618
Operating Surplus Before Taxation	**558**	**674**	**418**	**757**
Less: Taxation	177	206	127	231
Operating Surplus After Taxation	**381**	**468**	**291**	**526**

(1) *Source: audited financial statements of the NBNZ Group for the years ended 31 December 2001 and 2002 and the six months ended 30 June 2003.*

(2) *The summary statement of financial performance for the twelve months ended 30 June 2003 is unaudited. It has been compiled from the audited financial statements of the NBNZ Group for the six months ended 30 June 2003 and the year ended 31 December 2002 less the unaudited six month period ended 30 June 2002. It represents the sum of the six months to 31 December 2002 and the six months to 30 June 2003.*

(3) *Includes amortisation of goodwill of NZ$32 million in the year ended 31 December 2001, NZ$33 million in the year ended 31 December 2002, NZ$32 million for the 12 months ended 30 June 2003 and NZ$17 million for the six months to June 2003.*

NBNZ Group reported an operating surplus after tax in the year ended 31 December 2002 of NZ$468 million, representing a 23% increase over the prior year. It also had an operating surplus after taxation in the 12 months ended 30 June 2003 of NZ$526 million.

The increase in net interest income over the past two and a half years ended 30 June 2003 reflected the achievement of growth in loans and advances and customer deposits. Home lending, the largest component of NBNZ's lending portfolio, experienced growth and market share gains. The Rural Banking segment also performed well over this period.

The overall cost to income ratio (excluding amortisation of goodwill) fell from 47% in the year ended 31 December 2001 to 44% in the year ended 31 December 2002.

Total operating expenses of NZ$618 million for the year ended 31 December 2002 were up NZ$48 million over the previous year. This was driven by staff costs which increased by NZ$47 million, including as a result of increases in customer facing staff.

4.7.2 Statement of financial position

The following table shows summary statements of financial position for the NBNZ Group as at 31 December 2001, 31 December 2002 and 30 June 2003.

NZ$m	31 December 2001(1)(2)	31 December 2002(1)	30 June 2003(1)
Assets Employed			
Liquid Assets	2,503	2,631	2,724
Investments	324	513	454
Loans and Advances	31,215	33,835	35,048
Balances with related parties	850	850	1,283
Other Assets	2,004	1,591	1,787
Goodwill	540	507	491
Current Taxation	28	11	76
Deferred Taxation	65	99	70
Premises and Equipment	228	206	195
Total Assets Employed	**37,757**	**40,243**	**42,128**
Financed by:			
Liabilities			
Deposits by Financial Institutions	1,876	1,759	428
Deposits by Customers	17,933	20,041	21,805
Debt Securities Issued	10,597	11,668	12,835
Balances with related parties	2,470	717	332
Other liabilities	1,664	2,436	3,071
Total liabilities	34,540	36,621	38,471
Subordinated debt	501	601	550
Shareholder's equity			
Share capital	1,120	1,120	1,120
Reserves	1,596	1,901	1,987
Total shareholder's equity	2,716	3,021	3,107
Total liabilities and shareholder's equity	**37,757**	**40,243**	**42,128**

(1) Source: audited financial statements of the NBNZ Group as at 31 December 2002 and 30 June 2003.

(2) Due to a change in balance sheet classifications during 2002, the Statement of financial position as at 31 December 2001 has been extracted from comparative data for the 31 December 2002 Statement of financial position.

4.7.3 Capital position

The reported regulatory capital position of The National Bank of New Zealand Limited as at 30 June 2003 is summarised below:

NZ$m (except ratios below)	30 June 2003
Risk Weighted Assets	
On Balance Sheet	25,771
Off Balance Sheet	1,776
Total	**27,547**
Capital	
Tier 1 capital	2,614
Total Qualifying Capital	**3,164**
Capital Ratios	
Tier 1 ratio (%)	9.5%
Total Qualifying Capital Ratio (%)	11.5%

4.8 Personal Banking

Personal Banking is the largest of NBNZ's market segments. It provides products and services to personal customers on a national basis through a national branch network as well as through on-line and telephone banking channels.

Personal Banking includes the Branch Network, ATMs, Direct Service and Sales, Customer Services Centre, Lending Services Centres, Credit, strategic planning and customer complaints and information management functions. Specialist sales capability is present in banking for the Asian community in New Zealand, investment management and through a mobile mortgage sales-force.

4.8.1 Product offering

NBNZ offers its retail customers a broad range of products including current and savings accounts, term deposits and credit cards, personal loans, home mortgage loans, fire and general insurance (underwritten by Tower Insurance Limited), term life insurance (underwritten by NBNZ Life, a wholly owned subsidiary of NBNZ) and managed funds (with funds management provided by third parties).

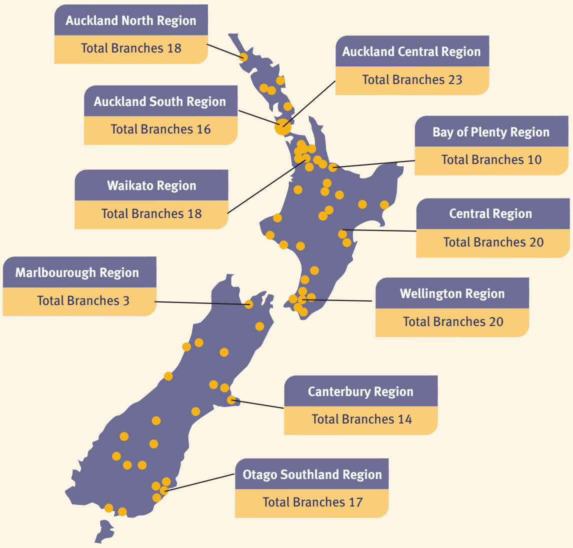
Many of these products are branded with the "Thoroughbred" name. The Combined Group will have the right to continue using this and other brands in New Zealand for seven years pursuant to a Licence Agreement with Lloyds TSB. See Section 8.2 for a description of the Licence Agreement.

4.8.2 Branch network

The branch network provides face to face service to NBNZ customers.

The network consists of approximately 160 branches and 260 ATMs located throughout New Zealand.

NBNZ's Branch Network



4.8.3 Customer service centres

Customer service centres are a direct banking delivery channel which includes two call centres, one in Auckland and one in Wellington, serving customers from all market segments by telephone and email throughout New Zealand and overseas.

4.8.4 Private Banking

NBNZ's Private Banking unit provides customised portfolio management and banking services to clients (comprising both individuals and trusts) with net investable assets greater than NZ$250,000 or annual income over NZ$150,000.

4.8.5 Personal Banking financial statistics

Set out below is a summary of certain financial information for the Personal Banking segment for the years ended 31 December 2001 and 2002 and the six months ended 30 June 2003.

NZ$M	31 December 2001	31 December 2002	30 June 2003
Net Interest Income	292	345	181
Other Operating Revenue	135	139	69
Total Income	**427**	**484**	**250**
Loans & Advances	12,144	12,999	13,597
Deposits by Customers	8,901	9,947	10,373

Source: Extracted from unaudited management accounts of NBNZ and financial information of the NBNZ Group.

Total income increased 13% to NZ$484 million in the year ended 31 December 2002, with net interest income increasing 18% to NZ$345 million. This increase was predominantly due to buoyancy in the housing market and an increase in NBNZ's market share. Fee income growth was in line with customer growth with little change in the underlying fee structures.

The growth in this segment in the year ended 31 December 2002 reflects a 7% growth in loans and advances to customers and a 12% increase in customer deposits.

4.9 Rural Banking

NBNZ provides a broad suite of banking products and services to farm based customers in New Zealand.

Since NBNZ's acquisition of Rural Bank in 1992, NBNZ has maintained a market leading position and as at 31 December 2002 held an estimated 37% market share in the sector with approximately 17,000 customers.

Rural Banking is structured on a geographic basis enabling NBNZ to cover all rural areas of New Zealand. Its service model, based around farm visits, was pioneered by Rural Bank.

Rural Banking clients with smaller credit exposure and low business activity are primarily serviced through the Rural Direct channel, which is a centralised service that caters for client lending and investment needs over the telephone.

Rural Banking services all industries in the rural sector, with the dairy industry accounting for over 60% of the total rural lending book at 31 December 2002.

Rural Banking's product and service range includes term lending, current account products, investment products, insurance products including farm cover (fire, general and other liability), hospital cover (major medical), term life and accident cover (underwritten by Tower Insurance Limited), currency risk management products and electronic and online banking facilities.

ANZ believes NBNZ has a scale advantage in the rural sector, with a significant number of staff servicing the rural community.

Set out below is a summary of certain financial information for the Rural Banking segment for the years ended 31 December 2001 and 2002 and the six months ended 30 June 2003.

NZ$M	31 December 2001	31 December 2002	30 June 2003
Net Interest Income	103	117	66
Other Operating Revenue	9	10	6
Total Income	**112**	**127**	**72**
Loans & Advances	5,492	6,647	7,395
Deposits by Customers	1,132	1,202	1,316

Source: Extracted from unaudited management accounts of NBNZ and financial information of the NBNZ Group.

Total income increased by 13% to NZ$127 million in the year ended 31 December 2002, with net interest income increasing 14% to NZ$117 million. This growth was largely the result of the increase in loans and advances (up 21% from 2001 to 2002).

4.10 Business Banking

NBNZ established the Business Banking segment in November 2000 to bring greater focus to the growing small business market. The target market for Business Banking is owner-operator or owner-manager enterprises with less than 10 employees, annual revenue of less than NZ$2million and borrowings of less than NZ$500,000.

As at 31 December 2002, NBNZ had NZ$5 billion of assets in this segment, with an exposure to a variety of industries and no significant single name exposure in the context of the Combined Group.

As at 31 December 2002, over 75% of the asset portfolio of Business Banking was secured by residential property.

In addition to accessing core banking products, customers have the ability to select value-added services, including access to third-party providers of accounting software, advice on employment matters and insurance services.

Set out below is a summary of certain financial information for the Business Banking segment for the years ended 31 December 2001 and 2002 and the six months ended 30 June 2003.

NZ$M	31 December 2001	31 December 2002	30 June 2003
Net Interest Income	134	158	86
Other Operating Revenue	43	47	22
Total Income	177	205	108
Loans and Advances	4,260	5,044	5,501
Deposits by Customers	2,797	3,221	3,509

Source: Extracted from unaudited management accounts of NBNZ and financial information of the NBNZ Group.

Total income increased 16% to NZ$205 million in 2002, with net interest income increasing 18% to NZ$158 million over the period due principally to growth generated by increases in both loans and advances, and customer funding. This increase was predominantly due to the buoyancy in the housing market.

4.11 Corporate & Commercial Banking

The division includes four units, serving different market segments:

- Corporate;
- Commercial – comprising Middle Market and Mid-Corporate Banking;
- Structured Finance; and
- Cash Management.

4.11.1 Corporate Banking

The Corporate Banking unit clients include approximately 200 companies, each with annual revenue broadly in excess of NZ$100 million. It is also responsible for NBNZ's relationship with other bank and non-bank financial institutions.

As at 31 December 2002, NBNZ had NZ$3.0 billion of assets in this segment, with an exposure to a variety of industries.

4.11.2 Commercial Banking

As at 31 December 2002, Commercial Banking's clients included approximately 3,000 companies each with annual revenue of between NZ$2 million and NZ$100 million.

As at 31 December 2002, Commercial Banking had NZ$3.4 billion of assets (comprising term and revolving loans, mortgages and overdrafts) across a variety of industries.

4.11.3 Structured Finance

The Structured Finance unit is based in Auckland. It managed NZ$2.2 billion of assets as at 31 December 2002.

The Structured Finance unit activities involve the development of innovative financial investment and funding products for the corporate and commercial sectors and the application of those products in the delivery of structured solutions to domestic and international clients. Transactions typically provide funding to high credit quality and sophisticated counterparty groups.

ANZ does not anticipate that NBNZ's Structured Finance unit will continue in its current form. A run-off of the existing transactions would result in a declining contribution from the business over a number of years to the Combined Group.

4.11.4 Cash Management

The Cash Management unit is responsible for the development, sale and support of domestic and international payments solutions to support corporate clients' transactional banking needs.

The products offered comprise documentary trade finance, international payments, foreign currency accounts, foreign exchange, electronic banking, merchant acquisition, purchasing cards, credits cards, remittance processing and other domestic payment products.

4.11.5 Corporate and Commercial Banking Financial Functions

A risk assessment unit provides an assessment of risks within Corporate and Commercial Banking covering lending, documentation and operations as well as remedial and recoveries work.

In addition, as at 31 December 2002, there were support functions which provided support for this segment in areas including trade finance processing, loan administration and other strategic planning, financial analysis and product management support.

4.11.6 Corporate and Commercial Banking Financial Statistics

Set out below is a summary of certain financial information for the Corporate and Commercial Banking segment for the years ended 31 December 2001 and 2002 and the six months ended 30 June 2003.

NZ$ m	31 December 2001	31 December 2002	30 June 2003
Net Interest Income	151	189	106
Other Operating Revenue	63	66	47
Total Income	**214**	**255**	**153**
Total Loans and Advances	8,666	8,672	8,533
Commercial Loans and Advances	1,980	2,280	2,273
Deposits by Customers	3,631	3,415	3,626

Source: Extracted from unaudited management accounts of NBNZ and financial information of the NBNZ Group.

Total income increased 19% to NZ$255 million in 2002, with net interest income increasing 25% to NZ$189 million over the period. The underlying mix changed considerably with commercial lending up by 15% and home lending up by 10%, offset by a decrease in corporate lending due to higher than anticipated repayments in 2002.

4.12 Treasury division

Treasury division responsible for managing NBNZ's risks associated with funding and liquidity, interest rates, foreign exchange, derivatives and high value payments processing.

Treasury comprises:

- Balance Sheet Management (BSM) – BSM has responsibility for management of NBNZ's overall interest margin. BSM provides business segments with funds transfer pricing rates for all lending and deposit products on a daily basis. Interest rate risk associated with all lending and deposit business (core balance sheet) is hedged by BSM. BSM also has responsibility for funding and liquidity strategy. Lloyds TSB has historically provided funding and standby lines of credit to NBNZ to assist NBNZ in the overall management of its funding and liquidity. Lloyds TSB has agreed to provide a continuing facility (see Section 8.3).
- Treasury – Treasury's role is to provide treasury services to NBNZ and its customers. Treasury has a strong customer franchise in New Zealand financial and capital markets, and held a leading share of New Zealand dollar financial market revenue in 2002. Treasury operates primarily in the NZ$ financial markets with approximately 70% of the unit's revenue generated from foreign exchange. The foreign exchange business comprises wholesale foreign exchange (focussing on price-oriented professional customers such as corporations, financial institutions and international banks). NZ$ business from international banks is particularly important. Commercial foreign exchange transaction volumes have increased from 6,000 to 17,000 per month over the five year period from 1998 to 2002.

NBNZ's bankwide e-Commerce capabilities, including the provision of online banking services to approximately 210,000 registered customers, are also managed within the Treasury unit.

Treasury Financial Statistics

Set out below is a summary of certain financial information for the Treasury division for the years ended 31 December 2001 and 2002 and the six months ended 30 June 2003.

NZ$M	31 December 2001	31 December 2002	30 June 2003
Net Interest Income(1)	129	165	91
Foreign Exchange – Commercial	53	56	27
Foreign Exchange – Wholesale	25	23	10
Interest Rate Trading	3	13	13
Other	3	3	7
Total Income	**213**	**260**	**148**
Loans and Advances	653	473	22
Deposits by Customers	1,472	2,256	2,981

Source: Extracted from unaudited management accounts of NBNZ and financial information of the NBNZ Group.

(1) includes net interest income on capital.

4.13 Back office services

4.13.1 Banking operation

NBNZ has a central Banking operations unit, providing support for the front-end operations of NBNZ. It includes:

- Customer service centre – which is NBNZ's after-sales service centre, carrying out all accounting processes, including dishonours, un-posted items, reconciliations, customer enquiries and the operational activities for MasterCard and Visa. It is based in Wellington;
- Lending services centre – which performs post-origination processing and documentation support functions related to personal customer lendings and loan support for Business Banking and Rural Banking. It is based in Auckland;
- Retail and Business Credit – which has the primary responsibility of ensuring NBNZ maintains appropriate credit quality in its Personal and Business Banking lending products. Among other things, this unit is responsible for developing and applying credit policy, conducting credit assessments, managing customers in default and realising security for bad debts;
- Process management – which has responsibility for monitoring and re-engineering core processes and project managing change initiatives across NBNZ.

4.13.2 Risk management

NBNZ currently operates under a de-centralised risk management framework for managing credit, market, balance sheet and operational risk that is based upon the Lloyds TSB Risk Policy & Methodology. The centralised Risk Management function is comprised of four units: Internal Audit, Credit Risk Management, Market Risk Management and Operational Risk and Compliance. This function coordinates with credit assessment functions which are located in the customer facing segments and within Banking Operations.

4.13.3 Information Technology

NBNZ runs its own technology platform which provides a full service to the entire bank and adopts "Systematics™" as its core banking system. The unit is split along functional lines, as follows:

- Development – including core retail systems, wholesale systems, data warehouse and e-commerce;
- Operations – including host and central operations, distributed computing and networks and secure IT; and
- Support – IT service delivery, project management, enterprise architecture, human resources and special projects.

NBNZ also operates two data centres, a production site and a development/disaster recovery site.

Section 5: Summary pro forma financial information

Section 5: Summary pro forma financial information

The summary pro forma financial information presented in this Section has been prepared to illustrate the pro forma statement of financial performance and position of the operations of the ANZ Group and NBNZ Group combined.

The summary pro forma financial information has been prepared in order to give investors an indication of the scale and size of the Combined Group and the hypothetical impact upon the ANZ Group of acquiring the NBNZ Group. It does not necessarily illustrate the financial position that would have been obtained or the financial performance which would have occurred had the NBNZ Acquisition occurred on 1 October 2002 nor does it necessarily illustrate the likely effect of the NBNZ Acquisition on earnings or earnings per share in future years.

The pro forma financial information does not take into account potential cost synergies, revenue loss or integration costs which are expected to occur after the acquisition of the NBNZ Group, nor does it reflect that ANZ will only own the NBNZ Group for a 10 month period in 2004 rather than for the entire financial year.

The summary pro forma financial information does not represent forecast information. The actual results reported by the Combined Group for the year ending 30 September 2004 will vary from the pro forma financial information. This variation could be materially negative.

The NBNZ Group financial and other information contained in this Prospectus has been derived from information made available by Lloyds TSB and its advisers during the due diligence process and from publicly available sources. While ANZ has conducted customary due diligence on the NBNZ Group, ANZ is unable to verify the accuracy or completeness of this NBNZ Group information. To the extent that the NBNZ Group information is incorrect, inaccurate or misleading, there is the risk that the future profitability and prospects of the NBNZ Group may differ (including in an adverse way) from ANZ's expectations and the summary pro forma financial information.

The summary pro forma financial information presented in this Section should also be read in conjunction with the outlook statements contained in Section 6, the risk issues set out in Section 7 and other information contained in this Prospectus.

5.1 Basis of preparation

The NBNZ Group financial information presented in this Section has been converted into A$ and adjusted to reflect a calculation methodology consistent with ANZ's provisioning policy in respect of a general provision for doubtful debts, to exclude the impact of certain non-recurring provision reversals, and for the dividend to be paid to Lloyds TSB in accordance with the terms of the Acquisition Agreement. The pro forma financial information has been presented assuming a purchase price for the NBNZ Acquisition of A$4,915 million (excluding transaction costs). No allowance has been made for potential exchange rate movements between the date of the Acquisition Agreement and completion of the NBNZ Acquisition.

Consistent reporting periods have not been adopted in preparing the summary pro forma financial information. The pro forma statement of financial performance has been prepared by combining the ANZ Group statement of financial performance for the year ended 30 September 2003 with the NBNZ Group statement of financial performance for the 12 months ended 30 June 2003. The NBNZ Group statement of financial performance for the 12 months ended 30 June 2003 comprises the sum of its audited statements of financial performance for the six months ended 30 June 2003 and the year ended 31 December 2002, less the unaudited statement of financial performance for the six months ended 30 June 2002.

The summary pro forma statement of financial position has been prepared by combining the ANZ Group statement of financial position as at 30 September 2003 with the audited NBNZ Group statement of financial position as at 30 June 2003.

Where appropriate, adjustments made in preparing the summary pro forma financial information have been tax effected based on an assumed tax rate of 33% for adjustments relating to the NBNZ Group and 30% relating to the ANZ Group.

Details of adjustments made in preparing the summary pro forma financial information have been included in the notes accompanying the summary pro forma statements of financial performance, financial position and pro forma capital adequacy.

The pro forma financial information has been prepared in accordance with Australian GAAP which varies in material respects from US GAAP. ANZ has not prepared or presented any reconciliation to US GAAP, in part, because the NBNZ Group does not report in, or reconcile its financial statements to, US GAAP.

5.2 Summary pro forma statement of financial performance

Set out below is the summary pro forma statement of financial performance for the pro forma year ended 30 September 2003 together with accompanying notes. The summary pro forma statement of financial performance has been prepared to illustrate the hypothetical impact of the NBNZ Acquisition and associated funding upon the ANZ Group for the pro forma year commencing 1 October 2002.

Summary pro forma statement of financial performance

	ANZ Group 30 Sept 2003 A$m (a)	NBNZ Group 30 June 2003 (unaudited) A$m (b)	Pro forma adjustments to NBNZ Group A$m (c)	Note	Pro forma transaction and funding adjustments A$m (d)	Note	Pro forma Combined Group A$m (e)
Net interest income	4,311	935	(26)	(1)	(82)	(4)	5,138
Other operating income	2,808	341	(28)	(2)			3,121
Total income	7,119	1,276	(54)		(82)		8,259
Operating expenses	(3,210)	(526)					(3,736)
Goodwill amortisation	(18)	(29)			(135)	(5)	(182)
Profit before provision for doubtful debts and income tax	**3,891**	**721**	**(54)**		**(217)**		**4,341**
Provision for doubtful debts	(614)	(42)	(38)	(3)			(694)
Net profit before income tax	**3,277**	**679**	**(92)**		**(217)**		**3,647**
Net profit after income tax expense and outside equity interests	**2,348**	**473**	**(62)**		**(190)**		**2,569**
Preference share dividends paid	(102)						(102)
Net profit after income tax, preference share dividends paid and outside equity interests	**2,246**	**473**	**(62)**		**(190)**		**2,467**
Earnings per Ordinary Share							
Weighted average number of Ordinary Shares (millions)	1,514				277		1,791
Basic EPS (cents)	148.3						137.7
Basic EPS adjusted for goodwill amortisation (cents)[(i)]	152.4						150.4

(i) Goodwill amortisation of A$18 million (A$182 million – pro forma) plus amortisation of notional goodwill for an equity accounted entity of A$44 million.

Column (a) Represents the ANZ Group statement of financial performance for the year ended 30 September 2003.

Column (b) Represents the unaudited NBNZ Group statement of financial performance for the 12 months ended 30 June 2003 comprising the sum of its audited statements of financial performance for the six months ended 30 June 2003 and the year ended 31 December 2002, less the unaudited statement of financial performance for the six months ended 30 June 2002. The NBNZ Group statement of financial performance has been converted from NZ$ to A$ at A$1:NZ$1.1139, representing the average exchange rate for the year ended 30 September 2003 used in the ANZ Group financial statements.

Column (c) *Represents the adjustments to reflect a general provision for doubtful debts calculated in a manner consistent with ANZ's methodology, to exclude the impact of certain non-recurring provision reversals included in the NBNZ Group statement of financial performance for the six months ended 30 June 2003 and the payment of a dividend to Lloyds TSB in accordance with the terms of the Acquisition Agreement.*

Column (d) *Represents the adjustments made to reflect the NBNZ Acquisition with effect from 1 October 2002 and that the funding for the NBNZ Acquisition was in place for the year ended 30 September 2003.*

Column (e) *Represents the aggregation of columns (a), (b), (c) and (d) and represents the summary pro forma statement of financial performance for the year ended 30 September 2003.*

Notes to the summary pro forma statement of financial performance

(1) **Dividend payment to Lloyds TSB**
An adjustment of A$26 million has been made to recognise the loss of interest arising from the funding of a dividend paid to Lloyds TSB in accordance with the terms of the Acquisition Agreement of NZ$575 million (A$498 million) (assumed interest rate 5%).

(2) **Non–recurring items**
An adjustment of A$28 million has been made to exclude certain non–recurring provision reversals.

(3) **General provision for doubtful debts**
An adjustment of A$38 million has been made to increase the NBNZ Group's provision for doubtful debt expense of A$42 million to an estimated general provision for doubtful debts expense of A$80 million calculated on a basis consistent with ANZ provisioning policies.

(4) **Acquisition funding costs**
An adjustment of A$82 million has been made to reflect estimated interest costs on A$1,370 million of hybrid instruments, subordinated debt and wholesale funding raised to fund the NBNZ Acquisition. The average cost of these funds is assumed to be 6%. ANZ intends, subject to APRA approval, to replace TrUEPrS with a more cost effective Tier 1 instrument.

(5) **Amortisation of pro forma goodwill arising from the acquisition**
Pro forma goodwill arising from the acquisition at the date of purchase has been estimated at A$3,283 million. Refer note 3 in Section 5.3 for details of this estimation.

Pro forma goodwill arising from the acquisition is expected to be amortised over a period of 20 years. An adjustment has been made to recognise a full year charge of A$164 million reduced for the A$29 million existing amortisation charge relating to the NBNZ Group acquisition of Countrywide. The adoption of IFRS from 1 October 2005 is expected to remove the need for amortisation and instead require annual impairment testing.

5.3 Summary pro forma statement of financial position

Set out below is the summary pro forma statement of financial position as at 30 September 2003 together with accompanying notes. The summary pro forma statement of financial position has been prepared by combining the ANZ Group statement of financial position as at 30 September 2003 with the NBNZ Group statement of financial position as at 30 June 2003, adjusted to reflect the NBNZ Acquisition and associated funding to illustrate the hypothetical statement of financial position as if the acquisition occurred on 30 September 2003.

The NBNZ Group statement of financial position at 30 June 2003 as presented in its statutory financial statements has been reclassified to reflect the ANZ Group statement of financial position disclosure classifications of assets and liabilities.

Summary pro forma statement of financial position

	ANZ Group 30 Sept 2003 A$m (a)	NBNZ Group 30 June 2003 A$m (b)	Pro forma adjustments to NBNZ Group A$m (c)	Note	Pro forma transaction and funding adjustments A$m (d)	Note	Pro forma Combined Group A$m (e)
Cash and investments	15,572	489	(498)	(1)			15,563
Net loans and advances	149,465	30,660	(199)	(2)			179,926
Customers' liabilities for acceptances	13,178						13,178
Other assets	17,216	5,275	66	(2)			22,557
Intangibles	160	430			2,853	(3)	3,443
Total assets	**195,591**	**36,854**	**(631)**		**2,853**		**234,667**
Deposits and other borrowings	124,494	19,075					143,569
Liability for acceptances	13,178						13,178
Bonds and notes	16,572	11,228			1,370	(4)	29,170
Other liabilities	27,560	3,833					31,393
Total liabilities	**181,804**	**34,136**			**1,370**		**217,310**
Net assets	**13,787**	**2,718**	**(631)**		**1,483**		**17,357**
Ordinary share capital	4,175	980			2,590	(5)	7,745
Preference share capital							
TrUEPrS	1,225						1,225
StEPS	987						987
Reserves	180						180
Retained profits	7,203	1,738	(631)		(1,107)	(6)	7,203
Outside equity interests	17						17
Total shareholders' equity	**13,787**	**2,718**	**(631)**		**1,483**		**17,357**

Column (a) *Represents the ANZ Group statement of financial position as at 30 September 2003.*

Column (b) *Represents the NBNZ Group statement of financial position as at 30 June 2003 converted from NZ$ to A$ at A$1:NZ$1.1431, representing the exchange rate used in the ANZ Group financial statements as at 30 September 2003.*

Column (c) *Represents the adjustments to reflect a general provision for doubtful debts calculated in a manner consistent with ANZ's methodology and the payment of a dividend to Lloyds TSB, in accordance with the terms of the Acquisition Agreement.*

Column (d) *Represents the adjustments made to reflect the NBNZ Acquisition with effect at 30 September 2003 and the raising of the associated funding as at that date.*

Column (e) *Represents the aggregation of columns (a), (b), (c) and (d) represents the summary pro forma statement of financial position as at 30 September 2003.*

Notes to the summary pro forma statement of financial position

1. **Cash and investments**
   This represents payment of a dividend to Lloyds TSB of NZ$575 million (A$498 million).

2. **General provision for doubtful debts**
   An adjustment has been made to recognise an additional general provision for doubtful debts of A$199 million and an associated deferred tax asset of A$66 million calculated on a basis consistent with ANZ provisioning policies.

3. **Pro forma goodwill arising from the acquisition**
   Pro forma goodwill on acquisition has been estimated at A$3,283 million calculated as shown in the table below. Actual goodwill on completion will vary from this estimation depending on profits earned by the NBNZ Group from 1 July 2003 to completion date, the final fair value of the tangible assets purchased and exchange rates.

	A$m	A$m
Purchase price and transaction costs (A$25 million)		4,940
NBNZ Group net assets at 30 June 2003[1]	2,718	
Countrywide goodwill[1]	(430)	
NBNZ Group net tangible assets at 30 June 2003[1]	2,288	
Payment of dividend to Lloyds TSB[2]	(498)	
Provision for doubtful debts net of tax[1]	(133)	
Adjusted NBNZ Group net tangible assets at 30 June 2003		1,657
Pro forma goodwill on acquisition[1]		**3,283**
Countrywide goodwill[1]		(430)
Net adjustment		2,853

(1) Converted from NZ$ to A$ at A$1:NZ$ 1.1431.

(2) Converted from NZ$ to A$ at A$1:NZ$1.1557 as at 23 October 2003

4. Acquisition funding

	A$m
Rights Issue net proceeds[1]	3,570
Hybrid Tier 1, subordinated debt and wholesale funding	1,370
Total	**4,940**

(1) Net of underwriting costs estimated to be A$27 million

5. **Ordinary Share capital**
Rights Issue net proceeds of A$3,570 million less the elimination of NBNZ Group ordinary share capital of A$980 million.

6. **Retained profits**
This represents the elimination of NBNZ Group retained profits of A$1,738 million net of the dividend payment to Lloyds TSB of A$498 million and recognition of the general provision for doubtful debts (net of tax) of A$133 million.

5.4 Summary pro forma capital adequacy

Set out below is a presentation of ANZ's capital position as at 30 September 2003 adjusted to reflect the NBNZ Acquisition and funding adjustments as if the acquisition occurred on 30 September 2003 in order to illustrate the hypothetical capital adequacy position as if the NBNZ Acquisition had occurred on 30 September 2003. NBNZ's RWA at 30 June 2003 has been adjusted for ANZ's expected application of APRA regulations.

5.4.1 Pro forma capital position

	Tier 1 Capital A$m	Tier 2 Capital A$m	Deductions A$m	Total A$m
ANZ (at 30 September 2003)	11,740	6,065	(920)	16,885
Rights Issue net proceeds	3,570	–	–	3,570
Pro forma unamortised goodwill	(3,283)	–	–	(3,283)
NBNZ subordinated notes[(2)]	–	481	–	481
New subordinated notes proceeds[(3)]	–	400	–	400
Investment in NBNZ Life	–	–	(20)	(20)
Additional general provision for doubtful debts[(1)]	–	133	–	133
Pro forma at 30 September 2003	**12,027**	**7,079**	**(940)**	**18,166**

(1) *Excluding attributable future income tax benefit.*

(2) *Classification as Tier 2 Capital subject to APRA approval. Should such approval not be provided, ANZ intends to issue additional Tier 2 Capital instruments.*

(3) *Estimated requirement based on ANZ's current intention to redeem both tranches of TrUEPrS and to undertake a Hybrid Tier 1 Issue.*

5.4.2 Risk Weighted Assets

ANZ Risk Weighted Assets at 30 September 2003	152,164
Pro forma NBNZ Risk Weighted Assets at 30 June 2003	26,798[(1)]
	178,962

(1) *NBNZ's RWA at 30 June 2003 were A$24,099 million (NZ$27,547 million converted from NZ$ to A$ at A$1:NZ$ 1.1431). Applying ANZ's expected application of APRA regulations for RWA, the pro forma NBNZ RWA were A$26,798 million.*

5.4.3 Pro forma capital adequacy ratios

Based on the calculations above, the pro forma capital adequacy ratios of the Combined Group are shown below:

ACE as a percentage of RWA	5.00%[(1)]
Tier 1 Capital Ratio	6.72%
Tier 2 Capital Ratio	3.96%
Deductions	*(0.53%)*
Total Capital Ratio	10.15%

(1) ACE (Adjusted Common Equity) of A$8,946 million represents Tier 1 Capital of A$12,027 million less preference share capital at 30 September 2003 exchange rates of A$2,141 million and deductions of A$940 million.

Section 6: Outlook

Section 6: Outlook

6.1 The Combined Group

Following the NBNZ Acquisition, the Combined Group will be the largest provider of banking services in New Zealand.

6.1.1 Objectives

The integration of ANZ's New Zealand Business and the NBNZ Group will be driven by a number of objectives, including:

- preserving the key strengths of both organisations, in particular NBNZ's strengths in the consumer, SME and rural markets, and ANZ's strength in the corporate and institutional markets;
- maintaining business momentum in both NBNZ and ANZ's New Zealand Business; and
- maximising revenue and customer retention;
- maximising synergies and leveraging scale in trans-Tasman business; and
- consistent risk management across the Combined Group in line with ANZ's current risk management practices.

6.1.2 Organisational structure

ANZ intends to operate the combined NBNZ and ANZ's New Zealand Business respecting the cultural differences of each organisation and NBNZ's strong local recognition in New Zealand.

ANZ intends to create a single bank in New Zealand, with an organisational and operational structure that is a combination of NBNZ and ANZ's New Zealand Business and with ANZ's financial risk management and treasury practices providing the basis for the overall risk management framework. Any combination of material parts of the business will be subject to the consent of the Reserve Bank of New Zealand (see Section 4.5.6)

ANZ currently envisages operating a New Zealand-centric bank with a number of segments:

Retail Banking – is expected to include mortgages, consumer finance and other personal banking products such as transaction accounts and deposits. NBNZ's existing business model and practices in the retail banking segment are expected to be primarily adopted for the combined New Zealand retail business.

Rural Banking – is expected to provide banking products and services to rural customers. NBNZ's existing business model is anticipated to be primarily adopted for the combined New Zealand Rural Banking business leveraging NBNZ's leading market position in the rural segment.

Business Banking (SME) – is expected to provide banking products and services to small to medium enterprises and owner managed businesses with annual turnover of up to NZ$10 million. This is expected to include the existing NBNZ mortgage secured Business Banking unit, ANZ’s New Zealand Business Banking operations and part of NBNZ’s Commercial Banking operations.

Asset Finance – is expected to represent ANZ's existing business providing finance and operating leases for vehicles and business equipment in New Zealand. NBNZ does not currently operate in this segment.

Corporate – is expected to provide products and services, including working capital management, liquidity management and transaction processing to enterprises with annual revenue in the range of NZ$10 million to NZ$100 million. This segment is expected to be managed based upon ANZ's existing model and practices.

Institutional – is expected to provide specialised wholesale products and financial solutions to large institutional customers. This segment is expected to be managed based upon ANZ’s existing business model and practices to leverage ANZ’s strengths in this segment.

6.1.3 Information technology

ANZ's intention is to adopt Hogan™ as its core banking system for the combined business. ANZ does anticipate using a number of NBNZ customer systems in the retail, business banking and rural segments in New Zealand in order to preserve NBNZ's strong franchise in these segments. A transition to ANZ's core technology platform (including the adoption of Hogan™ as its core banking system) is expected to take approximately two years and is subject to approval by the Reserve Bank of New Zealand (see Section 4.5.6).

6.1.4 Branding and branch network

While ANZ will operate in New Zealand as a single bank, it will operate under both the "National Bank of New Zealand" name and the "ANZ Bank New Zealand" name and branch networks for the foreseeable future. Both the ANZ and NBNZ brand (subject to entry into the Licence Agreement at or around completion of the NBNZ Acquisition) will be retained in the retail and business banking segments. It is currently anticipated that the rural segment will operate under the NBNZ brand and the corporate and institutional segments under the ANZ brand. Asset finance will continue to operate as UDC. ANZ does not anticipate that there will be any material change to the total number of branches in New Zealand. By adopting this brand and branch network strategy, ANZ expects to maintain customer service levels and maximise revenue customer retention.

Combining NBNZ and ANZ's New Zealand Business will involve integration of IT systems, some non-branch premises rationalisation, new financial, treasury and management structures, the adoption of ANZ risk practices, policies and procedures, cultural integration, and some brand changes for customers in the rural, corporate and institutional segments. All of these changes involve risks such as potential systems disruptions and customer dissatisfaction which could lead to loss of revenue and customers. Key risks associated with the NBNZ Acquisition are discussed in Section 7.2.

6.1.5 Possible future strategy

ANZ may in the future consider seeking a listing of an amalgamated ANZ New Zealand and NBNZ on the NZSX. Any listing would only occur after the integration of the two banks has taken place, would not be before 2006 and would be consistent with ANZ maintaining a substantial majority shareholding interest in NBNZ. There are many complex issues which would need to be considered in detail including regulatory and other approvals, and a listing would only proceed if the Directors of ANZ concluded this was in ANZ's best interests following a detailed review of the advantages and disadvantages.

6.2 Impact on earnings for ANZ Group

Set out below is an assessment of factors that could influence the future financial performance of ANZ following the NBNZ Acquisition. No assurance can be given that this assessment will prove accurate and if these factors vary in practice from the assumed position then ANZ's future financial performance and ability to generate earnings at levels anticipated could be materially and adversely affected (refer also to the risk factors in Section 7).

The main factors that will impact future performance are:

6.2.1 The performance of ANZ's existing businesses

Based on current economic conditions, the Directors anticipate that, for the year ended 30 September 2004, ANZ will see moderately lower growth in consolidated net profit after tax (excluding significant transactions) than it achieved in 2003. The Directors expect that ANZ will continue to perform well in a more difficult environment characterised by:

- continuing competition from non-bank institutions and third party distributors;
- less scope for productivity gains;
- the prospect of a slowing housing market (and therefore more reliance on other asset classes for growth);
- changes to credit card interchange;
- the low interest rate environment impacting returns on free funds; and
- a strong A$ adversely affecting offshore earnings.

6.2.2 The performance of the stand alone NBNZ businesses

Based upon the findings of due diligence enquiries in respect of NBNZ, and ANZ's outlook for the New Zealand economy, ANZ believes that NBNZ's growth prospects are slowing. In the current economic environment in New Zealand, ANZ expects NBNZ's growth in profit after tax for the period to 30 September 2004 (after adjusting to reflect ANZ's doubtful debt provisioning policy, the loss of interest on the dividend payment to Lloyds TSB and certain other adjustments) to be similar to that expected by ANZ for its existing business (as referred to in Section 6.2.1).

6.2.3 Expected integration costs

ANZ expects one-off integration costs and capital expenditure of approximately A$230 million (before tax). These are expected to consist primarily of technology costs and non-branch rationalisation expenses. These costs are estimated to be incurred over the next 3 financial years, with slightly less than half estimated to be incurred in the 10 months to 30 September 2004.

6.2.4 Potential synergy benefits

ANZ is targeting annualised cost synergies of approximately A$110 million (before tax) within 3 years. ANZ expects only a small amount of these to be realised in the 10 months to 30 September 2004. Most of these synergies are expected to be derived from integrating head office functions, ANZ and NBNZ back office functions, and from migrating NBNZ's core technology platform to ANZ's technology platform.

6.2.5 Revenue attrition

As a result of integrating NBNZ and ANZ's New Zealand Business, ANZ expects some loss of revenue and customers. In particular, revenue losses are expected in the institutional (including foreign exchange and capital markets) and corporate businesses, where lending and transaction concentration issues will most likely result in customers doing less business with the Combined Group in order to diversify their source of funding and counterparties.

In addition, revenue and customer losses are expected in the retail, business and rural segments arising from rationalisation of products and alignment of customer interfaces and technology systems. ANZ believes revenue and customer losses, for the foreseeable future, can be minimised by operating two branch networks, operating with two brands, minimising change for customers and to a significant extent, preserving NBNZ's business practices and procedures in the retail banking and rural banking segments.

While the level of revenue attrition is uncertain, ANZ expects revenue losses in the 10 month period ending 30 September 2004 to exceed synergy benefits (see Section 6.2.4) in the same period.

6.2.6 Goodwill amortisation

Goodwill from the NBNZ Acquisition (including goodwill that existed previously in the NBNZ Group as a result of NBNZ's purchase of Countrywide) is expected to be approximately A$3,283 million, although the final amount will not be determined until the fair value investigation is completed by ANZ after the NBNZ Acquisition is finalised. The goodwill arising from the NBNZ Acquisition will be amortised over 20 years, resulting in an additional goodwill amortisation charge of approximately A$164 million per year.

The adoption of IFRS from 1 October 2005 is expected to remove the need for amortisation and instead is expected to require annual impairment testing.

6.2.7 Impact of funding arrangements for the NBNZ Acquisition

ANZ proposes to fund the NBNZ Acquisition through the Rights Issue, hybrid instuments, subordinated debt and wholesale funding. ANZ will incur additional interest expense in respect of the new debt issues.

6.2.8 Exchange rate

In considering the performance of ANZ's New Zealand Business, ANZ has assumed an average exchange rate for the period ending 30 September 2004 of A$1:NZ$1.15.

6.2.9 Other factors

NBNZ Life

NBNZ offers life and other insurance policies through NBNZ Life, a wholly owned subsidiary of NBNZ. ANZ is required to dispose of NBNZ Life and offer it first to ING Australia. If ING Australia declines to purchase it, ANZ must then sell to a third party within a further 12 months. At 31 December 2002, the net asset position of NBNZ Life was NZ$15.6 million and NBNZ Life contributed NZ$13 million to the NBNZ Group's net profit after tax in the year ended 31 December 2002. ANZ assumes that NBNZ Life will not be sold prior to 30 September 2004.

Structured Finance business

The Structured Finance business contributed approximately NZ$75 million to the NBNZ Group's net profit after tax in the 12 months ended 31 December 2002. It is ANZ's current intention that NBNZ's Structured Finance Business will not continue in its current form. As a result, any run-off of the existing structured finance transactions would result in a declining contribution from this business over a number of years to the Combined Group.

Intention to redeem TrUEPrS and Hybrid Tier 1 Issue

ANZ intends to announce the redemption of both tranches of TrUEPrS and undertake a Hybrid Tier 1 Issue to lower the cost of its Tier 1 Capital. This is expected to take place before the Rights Issue closes.

If TrUEPrS are redeemed, it will release a deferred gain of approximately $76 million to profit after tax in 2004 from the close out of a related interest rate hedging contract. 2004 will also include the final cash coupon payments that are paid in arrears. In the 2004 results, each of these items will be regarded as significant transactions associated with redeeming and unwinding TrUEPrS in the 2004 result.

6.2.10 Completion of the NBNZ Acquisition

Completion of the NBNZ Acquisition is assumed to occur on 30 November 2003 with the benefit of NBNZ Group's earnings accruing to ANZ from 1 December 2003 and therefore contributing to ANZ results for a 10 month period during the year ending 30 September 2004.

6.2.11 Expected impact on earnings per share

Based upon the factors described in this Section, the Directors still expect modest growth in 2004 earnings per share (excluding goodwill amortisation and significant transactions) compared to 2003 adjusted for the bonus element of the Rights Issue.

After including the amortisation of goodwill associated with the NBNZ Acquisition of approximately A$164 million, ANZ expects a similar earnings per share (and excluding significant transactions) in 2004 compared to in 2003 adjusted for the bonus element of the Rights Issue.

6.2.12 Impact of AASB 1027 on earnings per share

In the 2004 financial statements, ANZ's EPS for all prior periods will be adjusted to reflect the bonus element of the Rights Issue, as required by AASB 1027. The calculation of the adjustment is as follows:

ANZ share price as at 23 October 2003 ($)	18.30
Final dividend ($)	(0.51)
Adjusted ANZ share price ($)	**17.79**
ANZ Existing Ordinary Shares outstanding prior to Rights Issue (millions)	1,521.7
New Ordinary Shares issued under Rights Issue (millions)	276.7
Ordinary Shares outstanding after Rights Issue (millions)	**1,798.4**
Market capitalisation of ANZ before Rights Issue at $17.79 per share (A$millions)	27,071
Gross proceeds raised from Rights Issue (A$millions)	3,597
Theoretical adjusted market capitalisation after Rights Issue (A$millions)	30,668
Theoretical Ex-Rights Price (TERP)[1] ($)	**17.05**
Discount Factor[2]	**0.9584**

(1) TERP is calculated as theoretical adjusted market capitalisation after Rights Issue / Ordinary Shares outstanding after Rights Issue

(2) Discount Factor = TERP/Adjusted ANZ share price

Based on the discount factor, ANZ's 2003 basic EPS numbers will be re-stated as 142.1 cents (previously 148.3) and 146.1 cents adjusted for amortisation of goodwill (previously 152.4 cents)

6.3 Dividends

The Directors announced a final dividend of 51 cents per share for the year ended 30 September 2003 (fully franked). Combined with the interim dividend, total dividends for the year ended 30 September 2003 were 95 cents per share. Holders of New Ordinary Shares will not be entitled to receive any final dividend declared for the year ended 30 September 2003.

Based on ANZ's expanded capital, the current operating environment and the assumptions above, the Directors expect to at least maintain a dividend per share in 2004 of 95 cents. Notwithstanding that an increasing proportion of ANZ's earnings will be derived from New Zealand, it is likely that the 2004 dividends will remain fully franked.

Directors anticipate the continued operation of ANZ's dividend reinvestment plan for the foreseeable future.

6.4 Ratings agencies

On the basis that ANZ completes the Rights Issue and the NBNZ Acquisition, Standard & Poor's and Moody's have reaffirmed their existing credit ratings for ANZ as follows:

Standard & Poor's	Long-term counterparty credit rating	'AA-' (Outlook Stable)
Standard & Poor's	Short-term counterparty credit rating	'A-1+' (Outlook Stable)
Moody's	Long-term senior issuer rating	'Aa3' (Outlook Stable)
Moody's	Short-term issuer rating	'P-1' (Outlook Stable)

On the basis that ANZ completes the Rights Issue and the NBNZ Acquisition, Standard & Poor's and Moody's have confirmed that the credit ratings for a combined NBNZ and ANZ NZ will be equalised with the rating of ANZ.

Credit ratings are not market ratings, nor are they recommendations to buy, hold or sell securities (including New Ordinary Shares). Credit ratings are subject to revision or withdrawal at any time.

Section 7: Risk Factors

Section 7: Risk Factors

Investing in New Ordinary Shares involves a degree of risk. This Section describes the potential risks that may be significant for you to consider in relation to an investment in New Ordinary Shares.

Before applying for New Ordinary Shares, you should consider whether they are a suitable investment for you. You should be aware that there are risks associated with an investment in New Ordinary Shares. Many of the risks are outside the control of ANZ and its Directors. These risks include those identified in this Section and other matters referred to in this Prospectus. Additional risks and uncertainties that ANZ is unaware of or that ANZ currently believes to be immaterial, may also become important factors that affect ANZ. The occurrence of any of the events which pose these risks could have a material adverse effect on ANZ's prospects, financial condition and results of operations. In that case, the trading price of Ordinary Shares could decline and you could lose some or all of your investment.

7.1 Risks associated with the Combined Group and the financial services sector generally

7.1.1 General business and economic conditions

As the Combined Group will conduct the majority of its business in Australia and New Zealand, its performance will be influenced by the level and cyclical nature of business activity in Australia and New Zealand, which, in turn is affected by both domestic and international economic and political events.

These events and conditions include short-term and long-term interest rates, inflation, monetary supply, fluctuations in both debt and equity capital markets, relative changes in foreign exchange rates and the strength of the Australian and New Zealand economies. For example, a general economic downturn, a downturn in the housing market, a decrease in immigration, an increase in unemployment, or other events that negatively impact household and/or corporate incomes could decrease the demand for the Combined Group’s loan and non-loan products and services and increase the number of customers who fail to pay interest or repay principal on their loans. Australian and New Zealand economic conditions may also be affected by geo-political instability, including, among other factors, actual or potential conflict and terrorism. The Combined Group’s future performance may also be affected by the economic conditions of other regions where it conducts operations.

As a consequence of the NBNZ Acquisition, the Combined Group will have a considerably larger exposure to New Zealand economic conditions than that of the current ANZ Group. In particular, the NBNZ Acquisition will significantly increase the Combined Group’s exposure to the New Zealand housing market (particularly in Auckland) and the New Zealand rural sector (particularly to the dairy industry).

7.1.2 Changes in fiscal and monetary policies

The Reserve Bank of Australia and the Reserve Bank of New Zealand regulate the supply of money and credit in Australia and New Zealand (respectively). Their policies determine in large part the cost of funds for ANZ and NBNZ for lending and investing and the return the Combined Group will earn on those loans and investments. Both of these impact its net interest margin, and can materially affect the value of financial instruments it holds, such as debt securities. The policies of the Reserve Bank of Australia and the Reserve Bank of New Zealand also can affect the Combined Group’s borrowers, potentially increasing the risk that they may fail to repay their loans. Changes in Reserve Bank of Australia and Reserve Bank of New Zealand policies are hard to predict or anticipate.

7.1.3 Regulatory changes

As the Combined Group consists of controlled entities which are deposit-taking institutions, it will be regulated in Australia, New Zealand and in the other countries in which it has operations. This regulation varies from country to country but generally is designed to protect depositors and the banking system as a whole, not Shareholders.

The Australian Government and its agencies, including APRA and the Reserve Bank of Australia, have supervisory oversight of the ANZ Group and its failure to comply with laws, regulations or policies could result in sanctions by these regulatory agencies and cause damage to ANZ's reputation.

The New Zealand Government and its agencies, including the Reserve Bank of New Zealand, have supervisory oversight of ANZ's New Zealand Business of the Combined Group. The Combined Group's failure to comply with laws, regulations or policies could result in sanctions by these regulatory agencies and cause damage to the Combined Group's reputation. The Reserve Bank of New Zealand has approved the NBNZ Acquisition subject to various ongoing regulatory and consent requirements (see Section 4.5.6). To the extent that these regulatory and consent requirements limit the Combined Group's operations or flexibility they could adversely affect the Combined Group's profitability and prospects.

In addition, these regulatory agencies frequently review banking laws, regulations and policies for possible changes. Changes to laws, regulations or policies, including changes in interpretation or implementation of laws, regulations or policies, could affect the Combined Group in substantial and unpredictable ways. These may include changing required levels of bank liquidity and capital adequacy, limiting the types of financial services and products the Combined Group may offer and/or increasing the ability of non-banks to offer competing financial services and products, as well as changes to accounting standards, taxation laws and prudential regulatory requirements.

For example, in August 2002 the Reserve Bank of Australia announced reforms to the Australian credit card market, which include a new interchange standard (effective from the end of October 2003) which will reduce the amount of interchange revenue received by ANZ. Although ANZ estimates, based on current projections, that the negative impact of these particular reforms will not be material, in general it is difficult for ANZ to predict the effect on its financial condition or results of operations or that of its controlled entities of any potential legislation or impending regulations.

There is a risk that New Zealand may introduce similar credit card market reforms, with a New Zealand Commerce Commission inquiry into the market currently under way. Given the uncertainty attached to the outcome of this process, it is not possible to quantify the potential impact on credit card profitability in New Zealand.

Further, the International Monetary Fund is also about to commence an assessment of the New Zealand banking industry, specifically focusing on the supervisory framework and the role of the Reserve Bank of New Zealand. Any regulatory response to the review could impose additional costs on the Combined Group.

The Combined Group may also be required to undertake work to meet the principles laid out by the Basel Committee on Banking Supervision in respect of the proposed new Capital Accord (widely known as Basel II). However, at this stage it is not possible to quantify the required implications.

7.1.4 Competition

The financial services sector in which the Combined Group operates is highly competitive and could become even more competitive, particularly in those segments that are considered to provide higher growth prospects. Factors contributing to this include industry deregulation, mergers, changes in customers' needs and preferences, entry of new participants, development of new distribution and service methods and increased diversification of products by competitors.

For example, mergers between banks and other types of financial services companies create entities which can offer virtually any type of banking or financial service. Also, technology has lowered barriers to entry and made it possible for non-banks to offer products and services traditionally provided by banks, such as automatic payment systems, mortgages and credit cards. In addition, banks in different jurisdictions are subject to different levels of regulation and some may have lower cost structures.

The effect of the competitive market conditions in which the Combined Group operates may have a material adverse effect on the Combined Group's financial performance and position.

7.1.5 Application of and changes to accounting policies

Application of accounting policies

ANZ's accounting policies and methods are fundamental to how it records and reports its financial position and results of operations. ANZ's management must exercise judgement in selecting and applying many of these accounting policies and methods so that not only do they comply with generally accepted accounting principles but that they also reflect the most appropriate manner in which to record and report ANZ's financial position and results of operations.

In some cases, management must select an accounting policy or method from two or more alternatives, any of which might be reasonable under the circumstances yet might result in ANZ reporting materially different outcomes than would have been reported under a different alternative.

Changes to Accounting Policies

In July 2002, the Financial Reporting Council of Australia announced its formal support for Australia to adopt the International Financial Reporting Standards (IFRS) for financial years beginning on or after 1 January 2005. As a result, from 1 January 2005, the accounting standards that apply to Australian reporting companies under the Corporations Act, such as ANZ, will be based upon IFRS issued by the International Accounting Standards Board. It is possible that the Australian Standards Board may allow adoption of accounting standards based on IFRS before that date.

ANZ expects to adopt IFRS from 1 October 2005. It is currently expected that comparatives will be required to be restated on initial adoption of IFRS.

The final version of IFRS that will be applicable to ANZ are not yet available. In particular, the International Accounting Standards Board has yet to finalise the standard on recognition and measurement of financial instruments. Based on exposure drafts of this standard, adoption of IFRS may result in changes to accounting for hedges, doubtful debt provisioning and the status of the general provision, securitisation, recognition of fee income and classification of hybrid equity instruments.

The final version of IFRS is also expected to require impairment testing for goodwill, and to require entities to cease amortisation of goodwill.

All ANZ financial information disclosed in this Prospectus has been prepared in accordance with Australian GAAP. The differences between Australian GAAP and IFRS, identified above, will potentially have a significant effect on ANZ's financial position and performance. This should not be taken as an exhaustive list of all the differences between Australian GAAP and IFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

ANZ has not quantified the effects of the differences expected under IFRS. Accordingly, there can be no assurance that the ANZ Group's consolidated financial performance or financial position (or both), or the summary pro forma financial information as disclosed in this Prospectus, would not be significantly different if determined in accordance with IFRS.

The potential impacts on the financial performance and financial position of ANZ of the adoption of IFRS, including system upgrades and other implementation costs which may be incurred, have not been quantified, as the actual impact will depend on the final standards and the particular circumstances prevailing at the time of adoption.

7.1.6 Credit risk

As a financial institution, the Combined Group will be exposed to the risks associated with extending credit to other parties. Less favourable business or economic conditions, whether generally or in a specific industry, could cause customers or counterparties to experience adverse financial consequences, thereby exposing the Combined Group to the increased risk that those customers or counterparties will fail to honour the terms of their loans or agreements.

Credit risk arises from the Combined Group's lending activities and the potential for loss arising from the failure of customers or counterparties to meet their contractual obligations. As a result, the Combined Group will hold provisions to cover bad and doubtful debts. The amount of these provisions is determined by assessing, based on current information, the extent of credit risk within the current lending portfolio. However, if the information upon which the assessment of risk proves to be inaccurate, the provisions made for loan loss may be insufficient, which could have a material adverse effect on the results and operations of the Combined Group.

In addition, in assessing whether to extend credit or enter into other transactions with customers and counterparties, the Combined Group will rely on information furnished to it by or on behalf of customers and counterparties, including financial statements and other financial information. The Combined Group also may rely on representations of customers and counterparties as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. The Combined Group's financial condition and results of operations could be negatively impacted to the extent it relies on information or financial statements that are inaccurate or materially misleading.

Two areas that recently emerged as credit quality problems for ANZ were the US power industry and the global telecommunications industry. ANZ has been adversely affected by exposure to a small number of single name exposures in the US power industry and in the telecommunications industry. Continued exposure to these and other industries could affect the results and operations of the Combined Group.

As a consequence of the NBNZ Acquisition, the Combined Group will have increased exposure to the New Zealand housing market (particularly in Auckland) and to the New Zealand rural sector (particularly the dairy sector).

7.1.7 Operating risk

Operating risk relates to the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems, or from external events which impact on the Combined Group's operating business. Operating risk includes the risks arising from process error, fraud, systems failure, failure of security and physical protection systems, customer services, staff skills and performance and product development and maintenance. The Combined Group is highly dependent on information systems and technology and there is a risk that these might fail. From time to time, the Combined Group will undertake major projects and there are operating risks in the design and implementation of these projects. Further, the Combined Group's exposure to potential systemic events or failings in the international financial services sector may also be a source of operating risk.

7.1.8 Market risk (including foreign exchange risk) and liquidity risk

Market risk relates to the risk of loss arising from changes in interest rates, foreign exchange rates, prices of commodities, debt securities and other financial contracts including derivatives. Losses arising from these risks may have a material adverse effect on the Combined Group.

The Combined Group is also exposed to liquidity risk, which is the risk that it has insufficient funds and is unable to meet its payment obligations as they fall due, including obligations to repay deposits and maturing wholesale debt.

7.1.9 Litigation and contingent liabilities

There are outstanding court proceedings, claims and possible claims against the ANZ Group, the aggregate amount of which cannot readily be quantified. Legal advice has been obtained and, in the light of such advice, provisions as deemed necessary have been made and are disclosed in ANZ's consolidated financial statements. If these provisions prove inadequate, this may have a material adverse effect on ANZ's financial condition.

Known material risks relate to the ANZ Group's exposures arising from the sale of the Grindlays' businesses and contingent tax liabilities:

- sale of Grindlays' businesses – as part of the sale in July 2000 of ANZ Grindlays Bank Limited and the private banking business of ANZ in the United Kingdom and Jersey, together with ANZ Grindlays (Jersey) Holdings Limited and its controlled entities (Grindlays' businesses), to Standard Chartered Bank, ANZ provided a number of warranties and indemnities. Claims have been made by Standard Chartered Bank under certain of these warranties and indemnities. A number of these claims have been resolved. While ANZ expects that resolution of the residual outstanding matters will occur within existing provisions, it can give no assurance that there will not be an adverse outcome; and
- contingent tax liabilities – ANZ in Australia is being audited by the Australian Taxation Office. The Australian Taxation Office is considering several issues including the tax treatment of certain lease assignments in 1991 and 1992 and, at ANZ's request, the sale of the Grindlays' businesses in 2000. Based on external advice, ANZ has assessed the likely outcome of these issues. While ANZ believes that it holds appropriate provisions, it can give no assurance that there will not be an adverse outcome.

ANZ's due diligence enquiries in respect of NBNZ have found that there are also a number of outstanding court proceedings, claims and possible claims against the NBNZ Group, the aggregate amount of which cannot be readily quantified and which may not be covered by warranties and indemnities from Lloyds TSB.

The Inland Revenue Department is currently undertaking an audit of all major banks in New Zealand in relation to structured finance arrangements. No assessments against the ANZ Group or the NBNZ Group have been issued or suggested at this stage. The timing and outcome of this audit is uncertain and there is a risk that this may have adverse influences for the Combined Group.

7.1.10 Acquisition risk

The Combined Group will regularly examine a range of corporate opportunities with a view to determining whether those opportunities will enhance its financial performance and position.

Any corporate opportunity that the Combined Group pursues could, for a variety of reasons, turn out to have a material adverse effect on the Combined Group. The successful implementation of ANZ's corporate strategy will depend on a range of factors including potential funding strategies and challenges associated with integrating and adding value to a business which is acquired.

The Combined Group's operating performance or capital structure may also be affected by these corporate opportunities and there is a risk that the Combined Group's credit rating may be placed on credit watch or downgraded if these opportunities are pursued.

7.1.11 Ordinary Share price variation

The price of Ordinary Shares can fluctuate widely in response to a variety of factors including:

- actual or anticipated variations in ANZ's periodic operating results, including material credit exposures;
- the impact of significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving ANZ or its competitors;
- relative changes in foreign exchange rates;
- local and international stock market conditions;
- changes in government regulations or in fiscal, monetary and regulatory policies (such as inflation management and interest rates); and
- geo-political conditions such as acts or threats of terrorism or military conflicts.

These and other factors could cause the price of Ordinary Shares to decrease regardless of ANZ's operating results.

7.2 Risks associated with the NBNZ Acquisition

7.2.1 Integration risks

ANZ has undertaken detailed financial analysis of the NBNZ Group and a detailed business analysis in order to determine the attractiveness to ANZ of the NBNZ Group, and the NBNZ Acquisition. To the extent that the actual results achieved by the NBNZ Group are lower than those indicated by ANZ's analysis, there is a risk that ANZ's future results and profitability could be adversely impacted. This may occur for a number of reasons, including for example, if the anticipated combined revenue resulting from the merger of the NBNZ Group with ANZ's New Zealand Business is lower than expected or occurs less quickly than expected.

It may not be possible to successfully integrate ANZ's New Zealand Business in a timely manner with that of NBNZ or to realise the full cost savings and other economies of scale anticipated. The proposed NBNZ Acquisition involves the integration of businesses that have previously operated independently, which will involve, among other things, integrating technology platforms, integrating personnel with diverse business backgrounds and combining different corporate and workplace policies, procedures and cultures.

The process of integrating operations could, among other things, divert management's attention from the activities of one or more of the businesses, as well as interrupting business momentum, and could result in the loss of key personnel, any of which could have an adverse effect on the Combined Group's business, results of operations or financial condition.

Key risks associated with the integration include:

(a) Loss of revenue and customers

A key risk of the integration of ANZ's New Zealand Business with that of NBNZ is revenue and customer loss and the resulting loss of market shares of the Combined Group.

Some of the factors which may cause customer attrition are:

- product change, including alignment of product features;
- changes to credit risk assessments;
- brand changes and customer perceptions;
- corporate and institutional customer limits on the amount of borrowing from any single financial institution;
- the Combined Group's ability to meet expected service levels;
- changes in the business culture of the Combined Group, including perceived impact of change of ownership; and
- increased competition activities.

Revenue and customer attrition may have a material adverse effect on the financial performance and operations of the Combined Group and the price of Ordinary Shares.

(b) Loss of key personnel

The business and financial performance of NBNZ is dependent upon certain key senior managers. The loss of key senior management could have an adverse effect on the Combined Group's business, results of operations or financial condition. After the completion of the NBNZ Acquisition, ANZ can provide no assurance regarding the potential loss of NBNZ senior management.

(c) Systems/technology risks

As part of the NBNZ Acquisition, ANZ proposes to integrate different information technology platforms and back office functions. Failure to adequately manage this integration could materially and adversely affect the Combined Group's financial condition and results of operations.

It is also possible that ANZ may be unable to successfully communicate the rationale for the acquisition to the Combined Group's customers, investors, employees or suppliers. If any of these groups fail to support the NBNZ Acquisition, it could adversely affect the Combined Group's financial condition, results of operations and the price of Ordinary Shares. In particular, management of the customers of NBNZ and ANZ's New Zealand Business will be extremely important in preserving and enhancing the financial performance of the New Zealand business of the Combined Group.

ANZ will incur substantial additional expenses integrating NBNZ with ANZ's existing operations. The total amount of the indirect integration costs of the acquisition are difficult to estimate and may be materially different from ANZ's estimates.

7.2.2 Foreign exchange risk

On completion of the NBNZ Acquisition, ANZ currently expects to derive approximately 30% of the Combined Group's profits after tax (excluding goodwill amortisation) from its expanded New Zealand business.

The NBNZ Acquisition will result in the acquisition of significant assets, liabilities and earnings denominated in a currency other than the A$, being principally the NZ$. These assets, liabilities and earnings are therefore exposed to fluctuations in exchange rates between the NZ$ and the A$. In general, appreciation of the A$ against the NZ$ will adversely affect the level of revenue and profits that the Combined Group will generate from New Zealand when expressed in A$. This effect could be material.

ANZ consistently evaluates what it considers as the fair value range of the NZ$ relative to the A$. Unless the exchange rate is outside of this range for ANZ's New Zealand Business, it typically does not implement any material hedging in respect of profits generated, and does not anticipate doing so for the expanded New Zealand business after the NBNZ Acquisition.

Pursuant to the Acquisition Agreement, the acquisition price for NBNZ Holdings is denominated in pounds sterling. A depreciation of the $A against pounds sterling prior to completion of the NBNZ Acquisition could cause the acquisition price to materially increase in $A terms.

7.2.3 Liquidity and ongoing funding risk

NBNZ operates with a higher degree of wholesale funding than the ANZ Group, with a high proportion of that funding being due for relatively short-term repayment. ANZ intends to lengthen the maturity profile of the Combined Group's New Zealand business funding. This is likely to be achieved by accessing the Australian, New Zealand and international debt markets. To the extent this is not achieved, the Combined Group would operate with a higher liquidity risk than it has historically maintained or may incur additional funding costs in excess of its expectations.

7.2.4 Risks of information provided by or on behalf of Lloyds TSB or NBNZ

The NBNZ financial and other information contained in this Prospectus has been derived from information made available by Lloyds TSB and its advisers during the due diligence process and from publicly available sources.

While ANZ has conducted customary due diligence on the NBNZ Group, no assurance can be given as to the accuracy or completeness of the information provided by or on behalf of the NBNZ Group as part of this due diligence. To the extent that this information is incorrect, inaccurate or misleading, there is the risk that the future profitability and prospects of the Combined Group may differ (including in an adverse way) from ANZ's expectations and as reflected in this Prospectus.

7.2.5 Separation risk

NBNZ has operated as part of the Lloyds TSB Group since 1966. The separation of NBNZ from Lloyds TSB may be more difficult than anticipated. In particular, the nature and extent of functions provided on a group-wide basis, about which ANZ has limited information, may render the separation of NBNZ from Lloyds TSB more costly and time-consuming and may diminish the amount of synergies ANZ expects to generate from the integration of ANZ's New Zealand Business with that of NBNZ.

7.2.6 Acquisition Agreement risk

Lloyds TSB has given ANZ certain warranties and indemnities under the Acquisition Agreement. There is a risk that the warranties and indemnities provided by Lloyds TSB will not be sufficient to cover any relevant liabilities or other exposures of the NBNZ Group, or that ANZ would be able to successfully recover from Lloyds TSB under those warranties and indemnities. To the extent that ANZ is not able to recover under those warranties and indemnities, this could negatively affect the Combined Group's profitability and prospects.

7.2.7 Change of control risk

NBNZ has a number of contracts in respect of which consent to the change in control of NBNZ will be required. In the event that ANZ and NBNZ are unable to obtain these approvals in respect of key contracts, such failure could result in the Combined Group losing the benefit of some or all of these contracts.

This Section 7 is not exhaustive. You should read this entire Prospectus carefully. If you are unclear in relation to any matter or uncertain if New Ordinary Shares are a suitable investment for you, then you should consult your professional adviser.

Section 8: Material contracts

Section 8: Material Contracts

8.1 Summary of Acquisition Agreement and Licence Agreement

Under a Share Sale Agreement (Acquisition Agreement) dated 24 October 2003 ANZ NZ has agreed to acquire from Lloyds Bank Subsidiaries Limited (Lloyds Sub) all of the shares in NBNZ Holdings for a total purchase price of £2,043.8 million, subject to any adjustments.

The completion date for the acquisition is 1 December 2003, unless otherwise agreed between the parties.

Prior to closing NBNZ Holdings is required to pay Lloyds Sub a dividend of NZ$575 million out of its retained earnings. During this interim period Lloyds Sub is required to consult with or, in some cases, seek the consent of ANZ NZ in relation to certain key matters affecting its conduct of business.

ANZ NZ's obligation to complete the NBNZ Acquisition is conditional on ANZ raising A$3,597 million under the Rights Issue, pursuant to the Underwriting Agreement. If for any reason, other than bad faith on the part of ANZ, the Underwriting Agreement is terminated ANZ NZ will be liable to pay Lloyds Sub a break fee of NZ$100 million. If the Underwriting Agreement is terminated due to bad faith on the part of ANZ, Lloyds Sub will have an unlimited right to sue ANZ NZ for damages.

The purchase price is payable at completion. Adjustments will be made to the purchase price for any movements in net tangible assets of the NBNZ Group prior to completion, as disclosed in the closing accounts.

ANZ is to assume liability for certain parent company guarantees provided by Lloyds TSB in connection with the NBNZ Group.

Lloyds Sub has provided a number of specific representations and warranties regarding the business and structure of the NBNZ Group, including in relation to the accuracy of disclosure information and financial statements, the ownership of shares, compliance with laws and material contracts, absence of material litigation, intellectual property and taxation.

Warranty claims are subject to monetary limitations, as well as to qualifications and exclusions. All claims must be notified to Lloyds Sub by 31 January 2006.

In addition to these warranties, Lloyds Sub has provided ANZ NZ with an indemnity in respect of all taxation liabilities attributable to any period prior to the completion date, and has also provided a series of warranties and indemnities in relation to a number of transactions carried out as part of NBNZ's structured finance book.

Until closing, Lloyds Sub will give ANZ NZ reasonable access to the NBNZ head office, senior executives and other employees following consultation with relevant senior executives. Lloyds Sub will also provide ANZ NZ with such information as is reasonably required to assist it to prepare for the ownership of the NBNZ Group and has undertaken to give ANZ NZ prompt notice of any material law suits, claims or investigations which are brought against or involve the NBNZ Group during this period.

The parties acknowledge that some material contracts and leases require the consent of the relevant lessor or contract counterparty as a result of the change in ownership of NBNZ and agree that they will cooperate with each other to obtain all such consents.

Lloyds TSB has given a non-compete covenant under which it agrees that it will not carry on any business in competition with that carried on by the NBNZ Group for a period of seven years from the closing date.

ANZ and Lloyds TSB are parties to the Acquisition Agreement as guarantors of the performance of the obligations of ANZ NZ and Lloyds Sub, respectively.

The Acquisition Agreement is governed by New Zealand law

8.2 Summary of Licence Agreement – Trade Mark Licence

Lloyds TSB has agreed to provide to NBNZ a trade mark licence (Licence) in respect of all of the trade marks owned by Lloyds TSB and which are currently used by the NBNZ Group. The Licence permits NBNZ Group and ANZ NZ group companies to use the trade marks for seven years. This Licence is to be entered into no later than completion of the NBNZ Acquisition, in accordance with the Acquisition Agreement.

The Licence may be terminated prior to the expiry of the Licence period among other things in the event of NBNZ's insolvency or failure to remedy a material breach.

A number of restrictions will apply to the use of the trade marks, including:

- The trade marks may only be used in connection with products and services of the generic type currently being provided by the NBNZ Group and the ANZ NZ group;
- Use is limited in connection with other brands and trade marks;
- Use is limited to within New Zealand, apart from for certain incidental uses;
- Use in connection with sponsorships is limited to existing sponsorships and to new sponsorships which have no exposure outside New Zealand;
- The trade marks may only be used in accordance with prescribed brand and quality control standards.

Lloyds TSB will retain the right to use the trade marks in New Zealand for limited and restricted purposes under the Licence. It will be restrained from using the trade marks for any other purpose for the duration of the Licence term plus a further period of two years.

Once the Licence expires, NBNZ Group and ANZ NZ group companies must cease using the trade marks. In addition, each company is restrained from using any representation of a horse as a dominant theme in its future branding.

NBNZ indemnifies Lloyds TSB for reasonably foreseeable losses and liabilities (including New Zealand tax liabilities) suffered as a consequence of the entry into, performance or breach of the Licence.

The Licence is governed by New Zealand law.

8.3 Summary of Underwriting Agreement

ANZ and the Joint Lead Managers have entered into an agreement dated 24 October 2003 (Underwriting Agreement) for the underwriting (in equal shares) of the Rights Issue. The obligations of the Joint Lead Managers are several and not joint.

The obligations of the Joint Lead Managers to underwrite the Rights Issue are conditional on, among other conditions, ANZ entering into the Acquisition Agreement and the Joint Lead Managers receiving certain tax, accounting and legal opinions.

If any of the conditions are not satisfied, then each Joint Lead Manager may terminate its underwriting obligations under the Underwriting Agreement.

ANZ must pay to each Joint Lead Manager an underwriting fee of 0.30% of the proceeds of the Rights Issue and a management fee of 0.075% of the proceeds of the Rights Issue.

The Joint Lead Managers are also entitled to recover their reasonable out-of-pocket costs and expenses from ANZ (up to a maximum amount of $250,000).

ANZ also indemnifies each Joint Lead Manager and its related parties (an Indemnified Party) against all losses suffered by the Indemnified Party as a result of, among other things, the issue of the offer documents, the conduct of the Rights Issue, a breach of the Underwriting Agreement by ANZ or a misrepresentation by ANZ. The indemnity does not apply where the loss results primarily from the negligence or wilful misconduct or breach of any statutory provision or, fiduciary duty of that Indemnified Party or a material breach by a Joint Lead Manager of the Underwriting Agreement (except where that breach is not wilful and occurs solely by reason of reliance on advice or information provided by or on behalf of ANZ).

Under the Underwriting Agreement, customary representations, warranties and undertakings have been given by ANZ to the Joint Lead Managers in relation to the Rights Issue including that this Prospectus complies with the Corporations Act.

From the date of the Underwriting Agreement until the date falling three months after the expiry of the offer period, ANZ must not, without the consent of the Joint Lead Managers, agree to make or announce any issues of equity securities (as defined in the Listing Rules) or any securities convertible into or exchangeable for any such equity securities, other than a hybrid issue or any other issue of securities which are convertible or exchangeable into shares in ANZ, the issue of the Rights and the New Ordinary Shares, the issue of any security for regulatory or prudential reasons, an issue of securities pursuant to a dividend or distribution plan or employee incentive scheme or as a result of the conversion or exercise of any securities issued pursuant to such a plan or scheme or the conversion of any convertible securities on issue as at the date of the Underwriting Agreement.

The obligations of a Joint Lead Manager may be terminated, by notice in writing to ANZ, if:

(a) (**ASX approval**) unconditional approval (or conditional approval, provided such condition would not, in the reasonable opinion of the Joint Lead Managers, have a material adverse effect on the success or settlement of the Rights Issue) by the ASX for official quotation of the New Ordinary Shares is refused, or is not granted before the shortfall application date (or such later date agreed in writing by the Joint Lead Managers in their absolute discretion) or is withdrawn on or before the shortfall application date;

(b) (**withdrawal**) ANZ withdraws the offer documents or the Rights Issue;

(c) (**trading of Offer Securities**) ANZ is removed from the official list of ASX or ordinary shares in ANZ cease to be quoted on ASX; or

(d) (**timetable**) any event specified in the timetable set out in the Underwriting Agreement is delayed for more than 5 Business Days without the prior approval of the Joint Lead Managers.

A Joint Lead Manager may also terminate its obligations by notice in writing to ANZ if any of the following events occurs and, in the reasonable opinion of that Joint Lead Manager that event has or is likely to have a material adverse effect on the success or settlement of the Rights Issue, or that event leads, or is likely to lead to a contravention by the Joint Lead Manager (or the Joint Lead Manager being involved in a contravention) of the Corporations Act or any other applicable law or to a liability for the Joint Lead Manager under the Corporations Act or any other applicable law:

(a) (**offer documents**) this Prospectus, the International Institutional Offering Memorandum, a supplementary offer document or the Final International Institutional Offering Memorandum omits any material required by the Corporations Act or any applicable law or contains a statement which is misleading or deceptive or otherwise fails to comply with the Corporations Act or any other applicable law;

(b) (**unauthorised alterations**) ANZ alters its share capital or its constitution in any material respect;

(c) (**trading in Shares**) trading in ordinary shares in ANZ on ASX is suspended (which for the avoidance of doubt does not include a trading halt) for more than 3 consecutive business days;

(d) (**material contracts**) the Acquisition Agreement is terminated (whether by breach or otherwise), rescinded, altered or amended in a material respect or any such contract is found to be void or voidable;

(e) (**compliance**) a contravention by ANZ of any provision of its constitution, the Corporations Act or any requirement of the ASX or any other applicable law (except to the extent that compliance with any applicable law has been waived, or an exemption granted, by a Government Agency having authority to do so);

(f) (**change in law**) there is introduced into the Parliament of the Commonwealth of Australia or any State or Territory of Australia or the Federal or any State Congress in the United States or any new regulation is made under any law, or a government agency adopts a policy, or there is any official announcement on behalf of the government of the Commonwealth of Australia or any State or Territory of Australia or the Federal or any State Congress in the United States or a government agency that such a law or regulation will be introduced or policy adopted (as the case may be) (other than a law or regulation or policy which has been announced before the date of this agreement) ;

(g) (**consent**) if any person whose consent to the issue of the Prospectus is required by the Corporations Act refuses to give their consent prior to lodgment of the Prospectus with ASIC or withdraws their consent after lodgment of the Prospectus with ASIC;

(h) (**breach**) ANZ fails to perform or observe any of its obligations under the Underwriting Agreement;

(i) (**misrepresentation**) an ANZ warranty is or becomes untrue or incorrect;

(j) (**late lodgment**) ANZ fails to lodge the Prospectus with ASIC on or before 24 October 2003 (or such later date agreed in writing by the Joint Lead Managers);

(k) (**ASIC**)

(i) ASIC gives notice of an intention to hold a hearing or issues an order under section 739(1) of the Corporations Act or an interim order under section 739(3) of the Corporations Act;

(ii) an application is made by ASIC for an order under Part 9.5 in relation to the Prospectus or ASIC commences any investigation or hearing under Part 3 of the Australian Securities and Investments Commission Act 1989 (Cwlth) in relation to the Prospectus;

(l) (**certificate**) any certificate which must be given by ANZ under the Underwriting Agreement is not given when required or a statement in that certificate is untrue or incorrect in respect of events and circumstances applicable as at the date the certificate is given;

(m) (**market or trading disruption**) there is:

(i) a suspension or material limitation in trading in securities generally on ASX; or

(ii) a general moratorium on commercial banking activities in Australia, the United States or the United Kingdom is declared by the relevant authorities, or there is a material disruption in commercial banking or securities settlement or clearance services in those places (if one of these events effects the performance of certain of ANZ’s and the Joint Lead Managers obligations under the Underwriting Agreement, the obligations of the parties are suspended to the extent that they are affected by that event for as long as the event continues and the Joint Lead Managers may only terminate if the event continues for more than 5 Business Days);

(n) (**material adverse change**) there is a material adverse change in the financial position, results of operations or prospects of ANZ or of NBNZ from that reflected in the Prospectus and the International Institutional Offering Memorandum.

8.4 NBNZ revolving loan facility with Lloyds TSB

Lloyds TSB has agreed to make available to NBNZ a revolving loan facility (Facility) of up to £2 billion (or equivalent alternative currencies) on and subject to the terms of a facility letter to be entered into by the parties on completion of ANZ NZ's purchase of NBNZ Holdings. The Facility will be made available for a term of two years following completion, with Lloyds TSB’s commitment under the Facility reducing by £500 million at six monthly intervals during the term of the Facility. The Facility being offered by Lloyds TSB is on standard inter-bank funding terms and conditions.

8.5 Standby Hybrid Underwriting Agreement

On 23 October 2003 ANZ entered the Standby Hybrid Underwriting Agreement with Morgan Stanley & Co International Limited and Deutsche Bank AG, Sydney Branch, which provides for the underwriting of up to A$1.2 billion of Tier 1 hybrid securities (the Hybrid Tier 1 Issue).

The obligations of the underwriters to underwrite the Hybrid Tier 1 Issue are conditional on, among other conditions, ANZ entering into the Acquisition Agreement, APRA approval of ANZ's proposed redemption of all its outstanding TrUEPrS, ANZ issuing a notice to redeem all its outstanding TrUEPrS and the underwriters receiving certain tax, accounting and legal opinions.

ANZ and the underwriters have undertaken to use reasonable endeavours to complete the Hybrid Tier 1 Issue on terms reasonable to them and ANZ within 45 days of the date of this agreement or if it cannot be completed by that time, within three months of the date of the agreement.

ANZ has agreed to pay to the underwriters an aggregate underwriting fee of 0.125% of the underwritten amount and a fee of 1.00% of the ultimate proceeds of the Hybrid Tier 1 Issue.

ANZ has also agreed to indemnify the underwriters and their related parties (the Indemnified Parties) against all losses suffered by them in connection with the Hybrid Tier 1 Issue. This indemnity does not apply where the loss results primarily from the negligence or wilful misconduct or breach of any statutory provision or fiduciary duty of that indemnified party, a material breach by an underwriter of the agreement or a failure to mitigate the loss by reason of the claim.

Section 9: Additional information

Section 9: Additional information

9.1 Rights attaching to Ordinary Shares

The rights attaching to Ordinary Shares are set out in ANZ's Constitution. ANZ's Constitution describes the rights attaching to Ordinary Shares and the following is a summary of the principal rights.

The summary does not contain all of the information included in ANZ's Constitution which should be read for a more complete description of Shareholders' rights. A copy of ANZ's Constitution is available to any person who asks for it during the period from the date of this Prospectus until the closing date for applications under this Prospectus (see Section 9.3).

(a) Voting rights

Subject to any rights or restrictions attached to any shares or class of shares, each Shareholder is entitled to attend and vote at a general meeting of ANZ. Any resolution being considered at a general meeting is decided on a show of hands unless a poll is demanded. On a show of hands, each Shareholder present has one vote. On a poll, each Shareholder has one vote for each fully paid Ordinary Share. Partly paid shares confer that fraction of a vote which is equal to the proportion which the amount paid bears to the total issue price of the share.

(b) General meetings

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of ANZ, and to receive all notices, financial statements and other documents required to be sent to Shareholders under ANZ's Constitution, the Corporations Act and the ASX Listing Rules.

(c) Dividend entitlement

The Directors may resolve to pay dividends, which appear to them to be appropriate.

(d) Dividend Reinvestment Plan and Bonus Option Plan

Ordinary Shares may participate in ANZ's Dividend Reinvestment Plan or Bonus Option Plan, as in force from time to time, in accordance with the rules of those plans.

(e) Entitlement of Ordinary Shares on a winding up of ANZ

If ANZ is wound up and its property is more than sufficient to pay all debts and preference share capital of ANZ and expenses of a winding up, the excess must be divided among the Shareholders in proportion to the Ordinary Shares held by them. A partly paid share is counted as a fraction in proportion to which the amount paid on it bears to the total issue price of an Ordinary Share.

However, with the sanction of a special resolution, the liquidator may divide among the Shareholders the whole or any part of ANZ's property and decide how the division is to be carried out or vest assets in trustees on any trusts for the benefit of the Shareholders as the liquidator thinks appropriate.

(f) Transfer of Ordinary Shares

Ordinary Shares may be transferred by a proper SCH regulated transfer under the SCH Business Rules, by a valid transfer under a computerised or electronic system established or recognised by the Corporations Act, the ASX Listing Rules or the SCH Business Rules, or by written transfer showing the jurisdiction of registration of ANZ, relating only to the Ordinary Shares and in a form approved by the Directors.

The Directors may decline to register a transfer where ANZ is permitted to do so under the ASX Listing Rules or SCH Business Rules, or where the transfer is forbidden by the Corporations Act, the ASX Listing Rules or the SCH Business Rules. In addition, the Directors may decline to register a transfer if to do so would create a new holding of a non-marketable parcel (as set out in the ASX Listing Rules, or, subject to the ASX Listing Rules, the SCH Business Rules and the Corporations Act).

(g) Issue of further shares

Subject to ANZ's constitution, the Corporations Act and the ASX Listing Rules, the Directors may issue, or grant options in respect of, shares on such terms as they think fit. In particular, the Directors may issue preference shares, including redeemable preference shares, and may issue shares with preferred, deferred or special rights or restrictions in relation to dividends, voting, return of capital and participation in surplus on a winding up of ANZ.

(h) Variation of rights

ANZ may only modify or vary the rights attaching to any class of shares with the prior approval by a special resolution of the holders of shares in that class at a meeting of those holders, or with the written consent of the holders of at least 75% of the issued shares of that class.

(i) Variation of ANZ's constitution

ANZ's constitution can only be varied by a special resolution passed by at least 75% of Shareholders present (and entitled to vote) voting at a general meeting. At least 28 days' notice of the intention to propose the special resolution must be given.

9.2 ANZ Share and Options Plans

9.2.1 Participation under Employees' and Directors' share plans

Under the rules of the ANZ Employee Share Acquisition Plan, the ANZ Directors' Share Plan and the ANZ Share Purchase Scheme, in the event of a rights issue, the trustees of the respective plans must seek instructions from each participant as to how the trustee should deal with the rights allocated in respect of that participant's shares. Where a participant does not provide instructions, or the requisite funds to exercise the rights, the trustee must endeavour to sell the rights. Where the rights are exercised, the resulting shares are transferred to the participant immediately.

Instructions might not be sought from employees in a limited number of jurisdictions where it may be impractical or unlawful to do so because of local laws.

The trustee of the ANZ Share Purchase Scheme has complete discretion as to the exercise of any rights attaching to shares the subject of the scheme, provided that the rights to any new issues of shares shall not be subject to security in favour of ANZ. The trustee proposes to exercise its discretion so as to adopt the same procedure for determining whether to exercise or renounce the rights as is provided for under the rules of the ANZ Employee Share Acquisition Plan and the ANZ Directors' Share Plan.

9.2.2 ANZ Share option plan and Chief Executive Officer's Options

The ANZ Share option plan rules provide that in the event of a rights issue, the exercise price of options granted under the plan is to be adjusted "in the manner set out in the Listing Rules as at the date the options were issued". ASX Listing Rule 6.22 provides for a reduction of the exercise price in accordance with a formula.

The terms on which Shareholders approved the grant of options to the Chief Executive Officer at ANZ's annual general meetings in 1999 and 2001 incorporated the rules of the ANZ Employee Share Option Plan, so the same formula applies for adjustment of the exercise price for the Chief Executive Officer's options as for other officers granted options under the plan.

9.3 Reporting and disclosure obligations

ANZ is required to prepare and lodge with ASIC and ASX both annual and half-yearly financial statements accompanied by a Directors' statement and report, with an audit or review report. Copies of these and other documents lodged with ASIC may be obtained from or inspected at an ASIC office and on the ANZ website at www.anz.com.

ANZ is a disclosing entity for the purposes of Part 1.2A of the Corporations Act, and as such is subject to regular reporting and disclosure obligations.

ANZ must ensure that ASX is continuously notified of information about specific events and matters as they arise for the purpose of ASX making the information available to the stock market.

ANZ has an obligation under the ASX Listing Rules (subject to certain limited exceptions) to notify ASX immediately of any information concerning it of which it becomes aware, which a reasonable person would expect to have a material effect on the price or value of its quoted securities.

ANZ will provide a copy of each of the following documents, free of charge, to any person who asks for it during the period from the date of this Prospectus until the closing date for applications under this Prospectus (5.00 pm AEDT on Monday, 24 November 2003 for Australian Shareholders and 5.00pm NZ time on Monday, 24 November 2003 for New Zealand Shareholders):

- the consolidated financial statements of ANZ for the year ended 30 September 2002 (being the most recent financial statements lodged with ASIC before the date of this Prospectus);
- the consolidated financial report for the year ended 30 September 2003 and the Appendix 4E lodged with ASX on Friday, 24 October 2003;
- any other document or financial statements lodged by ANZ with ASIC or ASX under the continuous disclosure reporting requirements in the period after lodgment of the annual financial statements for the year ended 30 September 2002 and before the lodgment of this Prospectus with ASIC; and
- the ANZ Constitution.

9.4 Directors' interests

No director or proposed director of ANZ holds, at the time of lodgment of this Prospectus with ASIC, or has held in the two years before lodgment of this Prospectus with ASIC, an interest in:

- the formation or promotion of ANZ;
- any property acquired or proposed to be acquired by ANZ in connection with the formation or promotion of ANZ or the Rights Issue; or
- the Rights Issue, other than in their capacity as a Shareholder.

At the time of lodgment of this Prospectus with ASIC or in the two years before lodgment of this Prospectus with ASIC, except as set out below, no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit, to any director or proposed director of ANZ:

- to induce that person to become, or qualify as, a director of ANZ; or
- for services provided by that person in connection with the formation or promotion of ANZ or the Rights Issue.

Ordinary Shares and options over Ordinary Shares held by Directors

The ANZ Constitution requires each Director to hold at least 2,000 Shares in the Director's own right and he or she must continue to hold those Ordinary Shares until the Director ceases to hold office. Each Director's holding of Ordinary Shares and options over Ordinary Shares as at the date of this Prospectus is detailed in the following table:

	Beneficial holdings		Non-beneficial holdings
ANZ directors	Ordinary Shares	Options over Ordinary Shares	Ordinary Shares
CB Goode	254,748	-	146,186
JC Dahlsen	83,400	-	8,500
RS Deane	75,000	-	-
JK Ellis	63,101	-	-
DM Gonski	2,099	-	-
MA Jackson	77,436	-	-
J McFarlane	1,264,559	2,750,000	-
BW Scott	71,117	-	-
Total	**1,891,460**	**2,750,000**	**154,686**

Remuneration and indemnification

The ANZ Constitution contains provisions as to remuneration of Directors. As remuneration for services, each non-executive Director is to be paid an amount determined by the Board, subject to a maximum aggregate amount determined by Shareholders in general meeting. The maximum aggregate has been set at A$2.5 per annum. Each non-executive Director is also entitled to fees for performance of additional services and to reimbursement of reasonable out-of-pocket expenses. Also, under the ANZ Directors' Retirement Scheme, a lump sum retirement benefit is payable to non-executive Directors upon ceasing to be a Director.

ANZ has entered into a Director's Access Insurance and Indemnity Deed with each Director. Under that deed, a Director is entitled (among other things) to be indemnified against liabilities incurred as a director to the extent permitted by law. They are also entitled to the benefit of an insurance policy taken out for their benefit.

9.5 Transaction expenses

ANZ will bear all expenses of the Rights Issue, including advisory, legal, accounting, tax and administrative fees, as well as printing, advertising and other expenses relating to this Prospectus, including expenses incurred by Morgan Stanley and Citigroup as the Underwriters of the Rights Issue. The transaction costs (including expenses of the Rights Issue and the NBNZ Acquisition) are currently estimated to be approximately $52 million.

Interests of advisers

Morgan Stanley and Citigroup have acted as Joint Lead Managers and Underwriters to the Rights Issue, in respect of which they will receive fees as described in Section 8.3. An associated entity of Morgan Stanley has also acted as corporate financial adviser to ANZ in relation to the NBNZ Acquisition. It has also been appointed as an underwriter in connection with the Hybrid Tier 1 Issue.

Blake Dawson Waldron has acted as Australian legal advisers in relation to the Rights Issue and the NBNZ Acquisition and has performed work in relation to preparing the due diligence and verification program for the Rights Issue. In respect of this work, ANZ will pay approximately $1.1 million to Blake Dawson Waldron for work up to the date of this Prospectus. Further amounts may be paid to Blake Dawson Waldron in accordance with their normal time based charges.

Ernst & Young has acted as accountants, assisting management in its due diligence program in relation to accounting and tax matters in connection with the Rights Issue and the NBNZ Acquisition. For the performance of these professional services, ANZ will pay Ernst & Young approximately $1.9 million. Further amounts may be paid to Ernst & Young in accordance with their normal time based charges.

KPMG has acted as the auditors for ANZ and its controlled entities and performed professional services for ANZ in its due diligence enquiries in relation to the Rights Issue on financial matters as they relate to ANZ. In relation to the Rights Issue, ANZ will pay approximately $200,000 to KPMG for those professional services. Further amounts may be paid to KPMG in accordance with their normal time based charges.

In addition, KPMG and Corrs Chambers Westgarth were engaged by the Directors to provide advice independent of management, in KPMG's case in its role as auditors, on certain matters relating to the due diligence process for the NBNZ Acquisition, and for the Prospectus. For the performance of these services, ANZ will pay KPMG approximately $275,000 and Corrs Chambers Westgarth approximately $315,000. Further amounts may be paid to them in accordance with their normal time based charges.

Except as set out elsewhere in this Prospectus:

- no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- neither Joint Lead Manager and Underwriter,

holds at the time of lodgment of this Prospectus with ASIC, nor has held in the two years before lodgment of this Prospectus with ASIC, an interest in:

- the formation or promotion of ANZ;
- property acquired or proposed to be acquired by ANZ in connection with its formation or promotion or the Rights Issue; or
- the Rights Issue,

nor has anyone paid or agreed to pay or given or agreed to give any benefit to such persons in connection with the formation or promotion of ANZ or the Rights Issue.

9.6 Other

Consents and disclaimers

Each of the parties referred to as consenting parties who are named below:

(a) has not made any statement in this Prospectus or statement on which a statement made in this Prospectus is based, other than as set out in paragraph (d);

b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name and/or statement or report included in this Prospectus with the consent of that consenting party; and

c) has given and has not, before the lodgment of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus in the form and context in which it is named;

d) in the case of PricewaterhouseCoopers New Zealand, as auditors of the NBNZ Group, has given and has not, before the lodgment of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus in the form and context in which it is named in this section and to the inclusion of the references to its audit of the financial statements of the NBNZ Group for the years ended 31 December 2001 and 31 December 2002, and the six months ended 30 June 2003. The audits were not conducted in connection with the NBNZ Acquisition, the Rights Issue or this Prospectus. PricewaterhouseCoopers New Zealand has not been involved in the preparation of this Prospectus and, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus.

Role	Consenting parties
Joint Lead Managers and Underwriters	Morgan Stanley Dean Witter Australia Securities Limited Citigroup Global Markets Australia Pty Limited
Legal adviser	Blake Dawson Waldron
Accountants and financial advisor	Ernst & Young
Accounting adviser	KPMG
Share Registrar	Computershare Investor Services Pty Limited and Computershare Investor Services Limited
Legal adviser	Corrs Chambers Westgarth
n/a	PriceWaterhouseCoopers New Zealand

Standard & Poor's and Moody's have not consented to their ratings being included in this Prospectus in the form and context in which they appear (see, in particular, Section 6.4), and accordingly they are not liable for their ratings under section 729 of the Corporations Act. However, ASIC has granted an exemption from section 716(2) of the Corporations Act to permit ANZ to name Standard & Poor's and Moody's in this Prospectus, and their public ratings of ANZ to be included, and statements of the relative creditworthiness of NBNZ on the basis that the NBNZ Acquisition completes without obtaining their written consent.

ASX waivers

ASX has granted ANZ a waiver from:

- ASX Listing Rule 3.20 to allow ANZ to give ASX less than seven business days notice of the record date for the Rights Issue;
- ASX Listing Rule 7.1 to allow ANZ, in calculating the number of securities it may issue under that rule, to exclude New Ordinary Shares issued as a result of the exercise of Rights not taken up by Eligible Shareholders, which are sold by the Underwriters after Monday, 24 November 2003, on condition that the Eligible Shareholders who did not take up their Rights receive a proportionate share of the net sale proceeds (if the Rights are able to be sold) within 20 business days of Monday, 24 November 2003; and
- ASX Listing Rule 7.40 to allow the Rights Issue to be undertaken on a timetable different from that prescribed by Appendix 7A paragraph four to the ASX Listing Rules.

NZX has consented to certain variations from the usual rights trading timetable which applies under the NZX Listing Rules.

ASIC relief

ANZ has obtained minor and technical relief from ASIC in a form similar to Class Order 02/225 to enable ANZ to provide a copy of this Prospectus free of charge to a person who requests it provided that the person is not a person in a jurisdiction where it is not lawful or practicable to make the offer, in the reasonable opinion of the Directors. Relief has been obtained to use rights renunciation forms which vary from those contained in Forms 5, 6, 7 and 8 of Schedule 2A of the Corporations Regulations.

ANZ has obtained ASIC relief in respect of the operation of section 716(2) of the Corporations Act to allow ANZ to include in this Prospectus the following statements, and information based on those statements, without the consent of the respective authors of those statements under that section

Author/s	Statement
Standard and Poor's & Moody's	Reaffirming the existing credit rating of ANZ on the basis that ANZ completes the Rights Issue and the NBNZ Acquisition
Standard and Poor's & Moody's	Regarding the relative creditworthiness of NBNZ on the basis that ANZ completes the & Rights Issue and the NBNZ Acquisition

New Zealand Securities Act

In making the offer to Eligible Shareholders in New Zealand, ANZ is relying on the Securities Act (Overseas Companies) Exemption Notice 2002 (NZ), by virtue of which this Prospectus is not required to be registered in New Zealand.

Governing law

This Prospectus and the contracts which arise on acceptance of Entitlement and Application Forms are governed by the law applicable in Victoria, and each applicant submits to the non-exclusive jurisdiction of the courts of Victoria.

Lloyds TSB, NBNZ Holdings and NBNZ

To avoid doubt, Lloyds TSB, NBNZ Holdings and NBNZ are named in this Prospectus for information purposes only. None of Lloyds TSB, NBNZ Holdings or NBNZ has been involved in the preparation of this Prospectus. None of Lloyds TSB, NBNZ Holdings or NBNZ makes or purports to make any statements in this Prospectus.

Accordingly, none of Lloyds TSB, NBNZ Holdings or NBNZ takes any responsibility for any part of this Prospectus and none of them has authorised or caused the issue of this Prospectus. ANZ takes responsibility for information about Lloyds TSB, NBNZ Holdings and NBNZ contained in this Prospectus.

Consents to Lodgment

Each director of ANZ has given, and has not withdrawn, their consent to the lodgment of this Prospectus with ASIC.

Date: 24 October 2003

Section 10: Glossary and interpretation

Section 10: Glossary and interpretation

10.1 Glossary

In this Prospectus, unless the context requires otherwise:

ACE means adjusted common equity determined by ANZ as Tier 1 Capital less the face value of preference shares (calculated at exchange rates as at the balance date) less Total Capital deductions (as defined by APRA).

Acquisition Agreement means the agreement between ANZ NZ, Lloyds TSB and Lloyds Bank Subsidiaries Limited dated 24 October 2003 in respect of the NBNZ Acquisition.

AEDT means Australian Eastern Daylight Time.

ANZ means Australia and New Zealand Banking Group Limited (ABN 11 005 357 522).

ANZ Constitution means the constitution of ANZ as amended from time to time.

ANZ Group means, unless otherwise stated, ANZ and its controlled entities, before taking account of the NBNZ Group.

ANZ NZ means ANZ Banking Group (New Zealand) Limited.

ANZ's New Zealand Business means all of ANZ's businesses conducted in the geography of New Zealand.

APRA means Australian Prudential Regulation Authority (ABN 79 635 582 658) or any successor body responsible for prudential regulation of ANZ.

ASIC means Australian Securities and Investments Commission.

ASX means Australian Stock Exchange Limited (ABN 98 008 624 691).

ASX Listing Rules means the official listing rules of ASX and any other rules of ASX which are applicable while ANZ is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any written waiver granted by ASX.

Australian GAAP means generally accepted accounting principles in Australia, including but not limited to applicable Australian Accounting Standards, the accounts provisions of the Corporations Act, Urgent Issues Group Consensus Views, and authoritative pronouncements of the Australian Accounting Standards Board.

Australian Shareholder means any Shareholder with a registered address in Australia.

CHESS means the Clearing House Electronic Sub–register System operated by an associate of ASX.

Citigroup means Citigroup Global Markets Australia Pty Limited (ABN 64 003 114 832).

Combined Group means the combined ANZ Group and NBNZ Group.

Commerce Act means the Commerce Act 1986 (NZ).

controlled entity means, in respect of an entity, any second entity which the first entity has the capacity to determine the outcome of decisions about the second entity's financial and operating policies.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of ANZ.

Economics@ANZ means a unit within the Institutional Financial Services segment of ANZ which publishes economic data.

EFTPOS means electronic funds transfer at point of sale, being an electronic banking system.

Eligible Shareholder means a holder of Existing Ordinary Shares as at 7.00 pm AEDT on Friday, 31 October 2003, excluding Non–Qualifying Foreign Shareholders.

Entitlement and Acceptance Form means the personalised entitlement and acceptance form accompanying this Prospectus.

EPS means earnings per Ordinary Share.

Existing Ordinary Shares means Ordinary Shares issued before 7.00pm AEDT Friday, 31 October 2003 (being the record date for the Rights Issue).

GST means the Australian goods and services tax or the New Zealand goods and service tax (as the case may be).

Hybrid Tier 1 Issue means the issue of securities which will qualify as Tier 1 Capital in accordance with APRA's prudential standards, where such securities may have limited conversion rights to Ordinary Shares.

IFRS means International Financial Reporting Standards.

ING Australia means ING Australia Limited (ABN 60 000 000 779).

International Institutional Distribution means the distribution of Rights to Qualifying Foreign Institutional Shareholders in accordance with the institutional offering memorandum provided to Qualifying Foreign Institutional Shareholders and this Prospectus.

Joint Lead Managers means Morgan Stanley and Citigroup.

Licence Agreement means the trademark licence to be entered into between Lloyds TSB and NBNZ, as described in Section 8.2

Lloyds TSB means Lloyds TSB Bank plc.

Lloyds TSB Group means Lloyds TSB and its controlled entities.

Moody's means Moody's Investors Service Pty Limited (ABN 61 003 399 657).

Morgan Stanley means Morgan Stanley Dean Witter Australia Securities Limited (ABN 55 078 652 276).

National Bank of New Zealand or **NBNZ** means The National Bank of New Zealand Limited and its controlled entities.

NBNZ Acquisition means the acquisition by ANZ NZ of all of the issued shares in NBNZ Holdings.

NBNZ Group or **National Bank of New Zealand Group** means NBNZ Holdings, NBNZ and their controlled entities.

NBNZ Holdings means NBNZ Holdings Limited, the parent company of the National Bank of New Zealand.

NBNZ Life means NBNZ Life Insurance Limited.

New Ordinary Shares means the Ordinary Shares offered under this Prospectus.

New Zealand Shareholder means any Shareholder with a registered address in New Zealand.

Non-Qualifying Foreign Shareholders mean Shareholders with a registered address outside of Australia or New Zealand, other than Qualifying Foreign Institutional Shareholders.

NZ time means local time in New Zealand.

NZSX means the financial market operated by NZX known as the NZSX Market.

NZX means New Zealand Exchange Limited.

NZX Listing Rules means the listing rules of NZX.

Ordinary Shares means fully paid ordinary shares in ANZ.

Prospectus means this prospectus dated 24 October 2003.

Qualified Institutional Buyers means, in respect of the United States, qualified institutional buyers as such term is defined in

Rule 144A of the US Securities Act.

Qualifying Foreign Institutional Shareholders means institutional investors who hold Ordinary Shares (directly or indirectly through nominees):

(a) who are identified as Qualified Institutional Buyers; or

(b) who:

  (i) are domiciled in the United Kingdom, Hong Kong, Singapore, Japan, Italy, Norway, Denmark, Ireland or the Netherlands;

  (ii) to whom ANZ considers it reasonable to extend the Rights Issue; and

  (iii) are contacted by ANZ and confirm their eligibility to participate in the Rights Issue in compliance with applicable law.

Rights means the rights to subscribe for New Ordinary Shares pursuant to the Rights Issue.

Rights Issue means the offer of New Ordinary Shares pursuant to this Prospectus.

ROE means return on equity.

RWA means risk weighted assets as defined by APRA.

SCH means the securities clearing house approved under the Corporations Act to operate CHESS, being ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532).

SCH Business Rules mean the business rules of the SCH.

Share Registrar means, in respect of Australia, Computershare Investor Services Pty Limited and, in respect of New Zealand, Computershare Investor Services Limited.

Shareholder means a holder of Ordinary Shares.

Significant Transactions has the meaning given in Section 3.2.

SME means small–to–medium enterprise.

Standard & Poor's means Standard & Poor's (Australia) Pty Ltd (ABN 62 007 324 852).

Standby Hybrid Underwriting Agreement means the agreement between ANZ, Morgan Stanley & Co International Limited and Deutsche Bank AG, Sydney Branch (ABN 13 064 165 162) in relation to the Hybrid Tier 1 Issue (see Section 8.4).

Tier 1 Capital means Tier 1 Capital as defined by APRA.

Tier 1 Capital Ratio means Tier 1 Capital divided by RWA.

Tier 2 Capital means Tier 2 Capital as defined by APRA.

Total Capital means Total Capital as defined by APRA.

Total Capital Ratio means Total Capital divided by RWA.

TrUEPrS means:

(a) 64,016,000 preference shares issued by ANZ in September 1998 at US$6.25 per share for an aggregate subscription amount of US$400.1 million; and

(b) 60,016,000 preference shares issued by ANZ in November 1998 at US$6.25 per share for an aggregate subscription amount of US$375.1 million.

Underwriters means Morgan Stanley and Citigroup.

Underwriting Agreement means the agreement between ANZ and the Underwriters in respect of the Rights Issue.

United States means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

US Securities Act means the United States law titled the Securities Act of 1933, as amended.

10.2 Interpretation

In this Prospectus, headings and boldings are for convenience only and do not affect the interpretation of this Prospectus, and unless the context requires otherwise:

(a) other words and phrases have the meaning (if any) given to them in the Corporations Act;

(b) words importing a gender include any gender;

(c) words importing the singular include the plural and vice versa;

(d) other parts of speech and grammatical forms of a word or phrase defined in this Prospectus have a corresponding meaning;

(e) a reference to a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;

(f) a reference to a Section is a reference to a Section of this Prospectus as relevant;

(g) a reference to any statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances, or by-laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;

(h) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document;

(i) a reference to a body (including an institute, association or authority), whether statutory or not:

    (i) that ceases to exist; or

    (ii) the powers or functions of which are transferred to another body,

    is a reference to the body that replaces it or substantially succeeds to its powers or functions; and

(j) a reference to time is a reference to AEDT unless otherwise specified.

Section 11: Corporate directory

Section 11: Corporate directory

Australia and New Zealand Banking Group Limited
Registered Office
100 Queen Street
MELBOURNE VIC 3000
Website www.anz.com

Directors
CB Goode
JC Dahlsen
RS Deane
JK Ellis
DM Gonski
MA Jackson
J McFarlane
BW Scott

Company Secretary
T L'Estrange

Corporate Adviser
Morgan Stanley Dean Witter Australia Limited
Level 38, The Chifley Tower
2 Chifley Square
SYDNEY NSW 2000

Underwriters and Joint Lead Managers
Morgan Stanley Dean Witter Australia Securities Limited
Level 38, The Chifley Tower
2 Chifley Square
SYDNEY NSW 2000

Citigroup Global Markets Australia Pty Limited
Level 40, Citigroup Centre
2 Park Street
SYDNEY NSW 2000

Legal Advisers
Blake Dawson Waldron
Level 39
101 Collins Street
MELBOURNE VIC 3000

Auditors
KPMG
161 Collins Street
MELBOURNE VIC 3000

Accounting and Tax Advisers
Ernst & Young
120 Collins Street
MELBOURNE VIC 3000

Share Registrar
Computershare Investor Services Pty Limited
GPO Box 3329
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AUSTRALIA
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