13 DEBT INVESTOR UPDATE

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

November 2013

ANZ FY2013 Debt Investor Update

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DEBT INVESTOR UPDATE

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

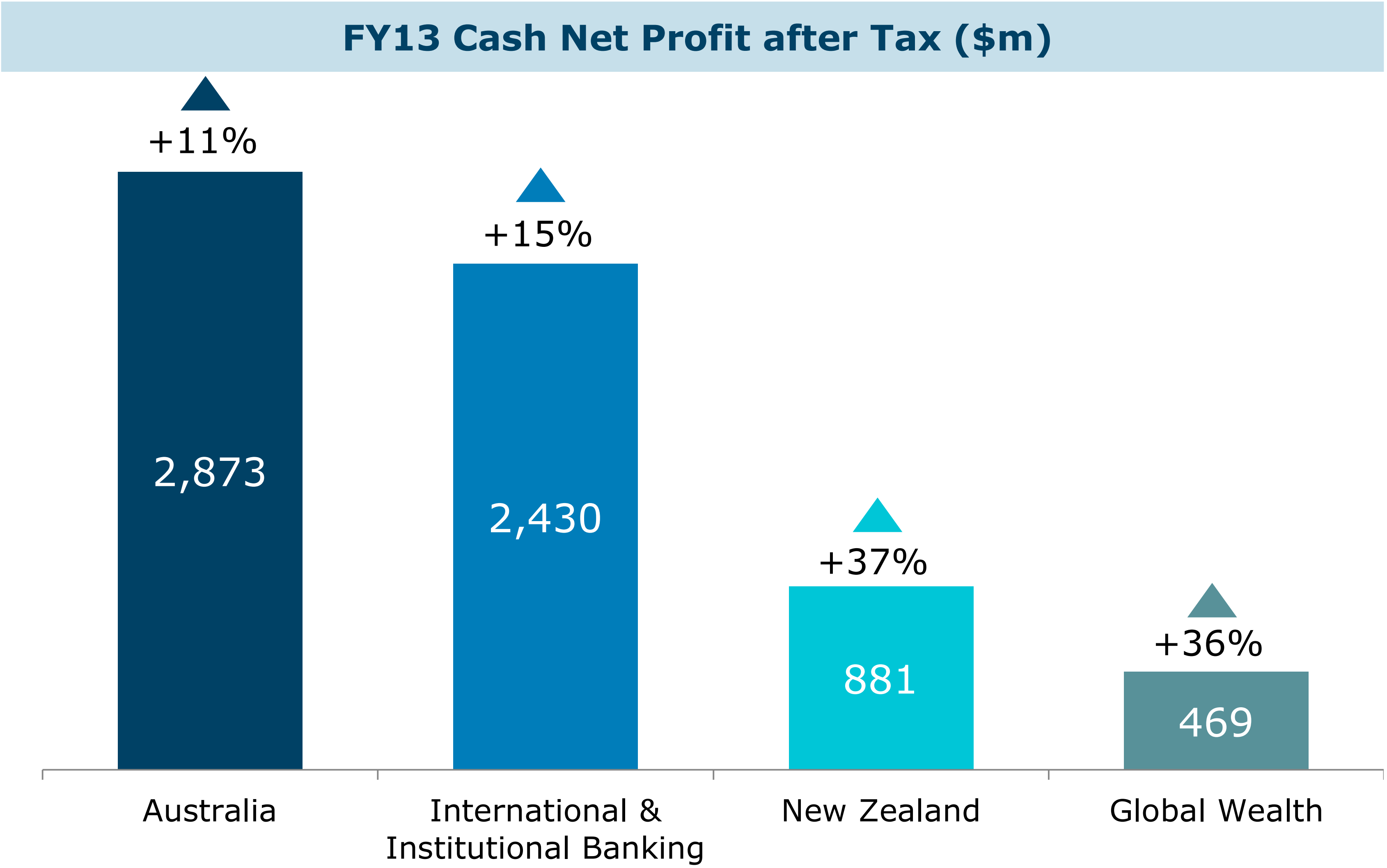
Full Year Results released 29 October 2013

Overview of Financial Performance

	FY13 $M	FY12 $M	FY13 v FY12
Cash Profit	6,498	5,830	+11%
Operating Income	18,378	17,848	+3%
Expenses	8,236	8,519	-3%
Provisions	1,197	1,258	-5%
Statutory NPAT	6,272	5,661	+11%
EPS (cents)	239	219	+9%
Dividend per Share (cents)	164	145	+13%

All figures other than Statutory Net Profit after Tax and Dividend per Share are presented on Cash basis

2013 Result by Division



Excludes Group Centre that includes a $301m decrease in revenue mainly due to the gain on sale of Visa shares in 2012

2013 Result by Division

Australia	FY13	v FY12
Operating Income	7,867	+7%
Operating Expenses	2,951	-2%
Cost to Income Ratio	37.5%	-330 bps
Net Interest Margin	2.53%	+5 bps

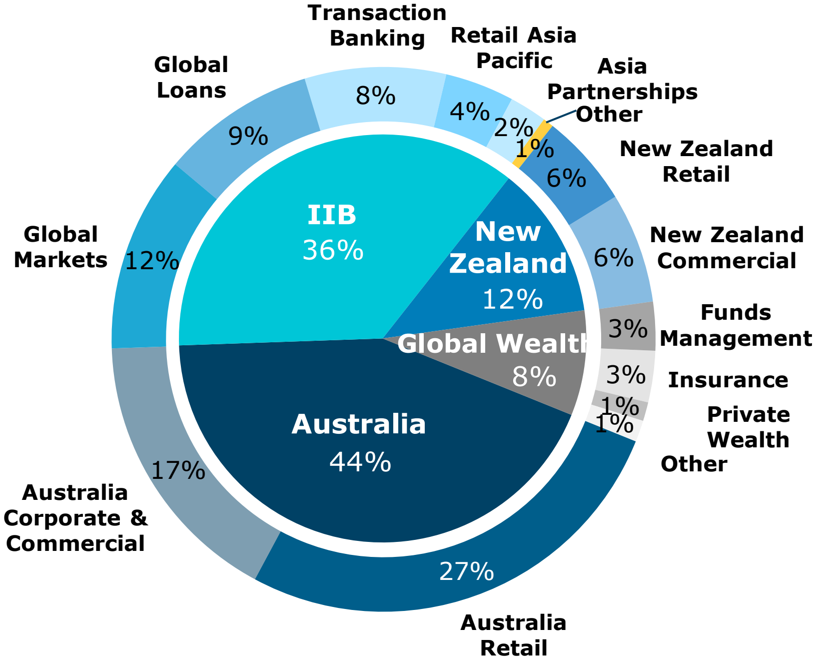
New Zealand (NZD)	FY13	v FY12
Operating Income	2,678	-1%
Operating Expenses	1,155	-15%
Cost to Income Ratio	43.1%	-750 bps
Net Interest Margin	2.49%	-14 bps

International & Institutional Banking	FY13	v FY12
Operating Income	6,564	+2%
Operating Expenses	2,970	-3%
Cost to Income Ratio	45.2%	-260 bps
NIM ex markets	2.69%	-41 bps

Global Wealth	FY13	v FY12
Operating Income	1,510	+5%
Operating Expenses	944	-2%
Cost to Income Ratio	62.5%	-470 bps
Lapse Rates - Australia	13.7%	-20 bps

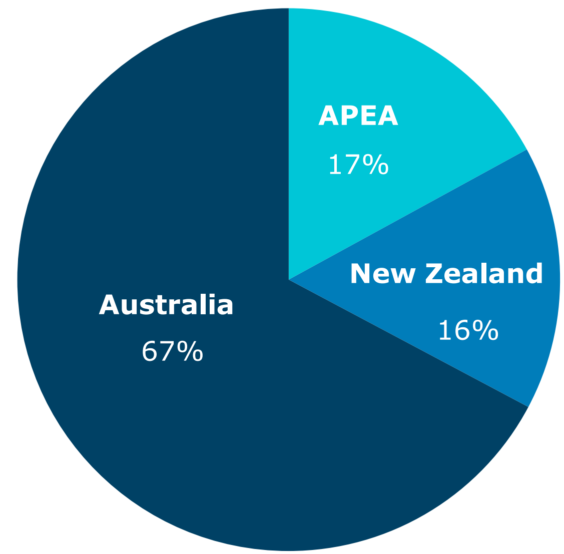
Income by Division and Geography

Operating Income Mix by Division (FY13)



Operating Income Mix by Geography (FY13)

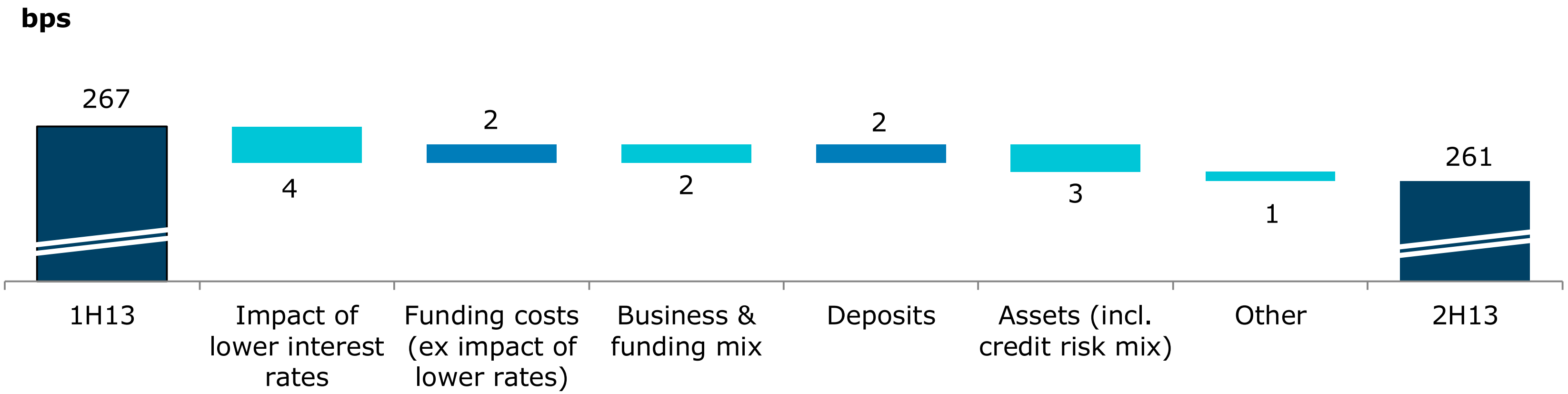
FY13 Network Revenue[1] from APEA represented 21.4% of Group Operating Income



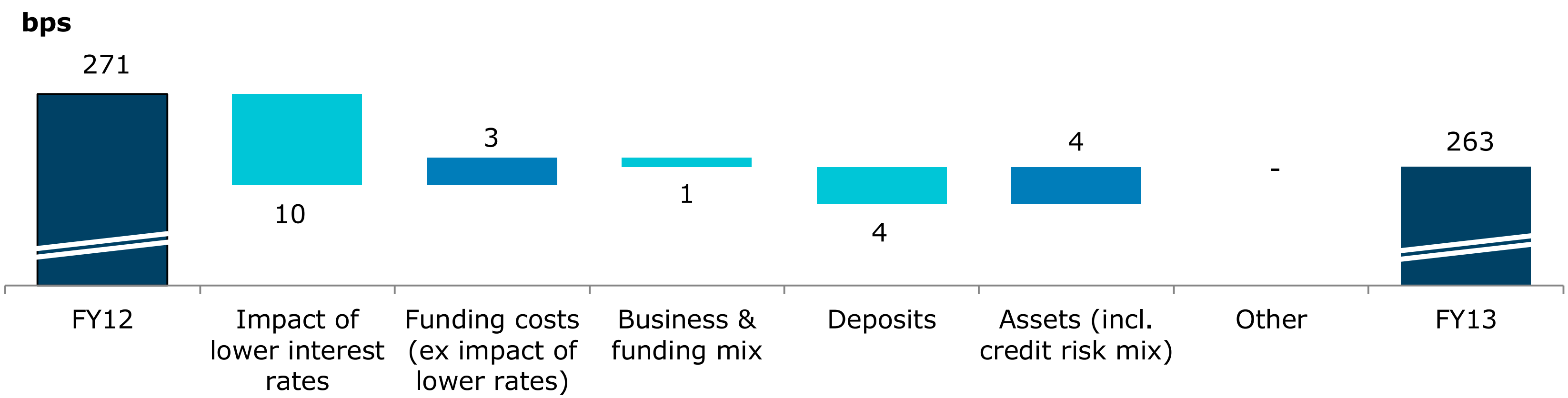
1. Network revenue represents income booked in a jurisdiction different from where a client relationship is managed

Net Interest Margin – Group ex markets

Net Interest Margin movement 2H13 v 1H13



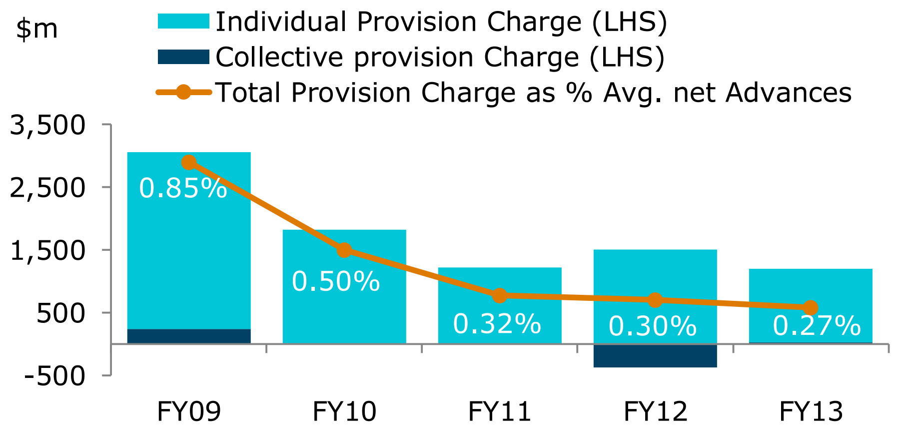
Net Interest Margin movement FY13 v FY12



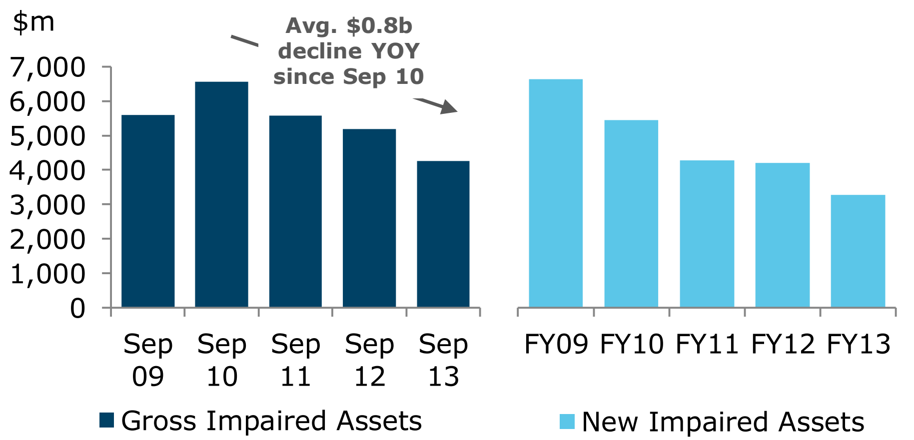
Strong credit quality

Credit Quality Trends FY13 v FY12	
100bps	Collective Provision coverage[1]
↓ 5%	Total Provision charge
↓ 18%	Gross Impaired Assets
↓ 22%	New Impaired Assets
↓ 200bps	Average Credit RWA rate (CRWA/EAD)[2]

Provision Charge



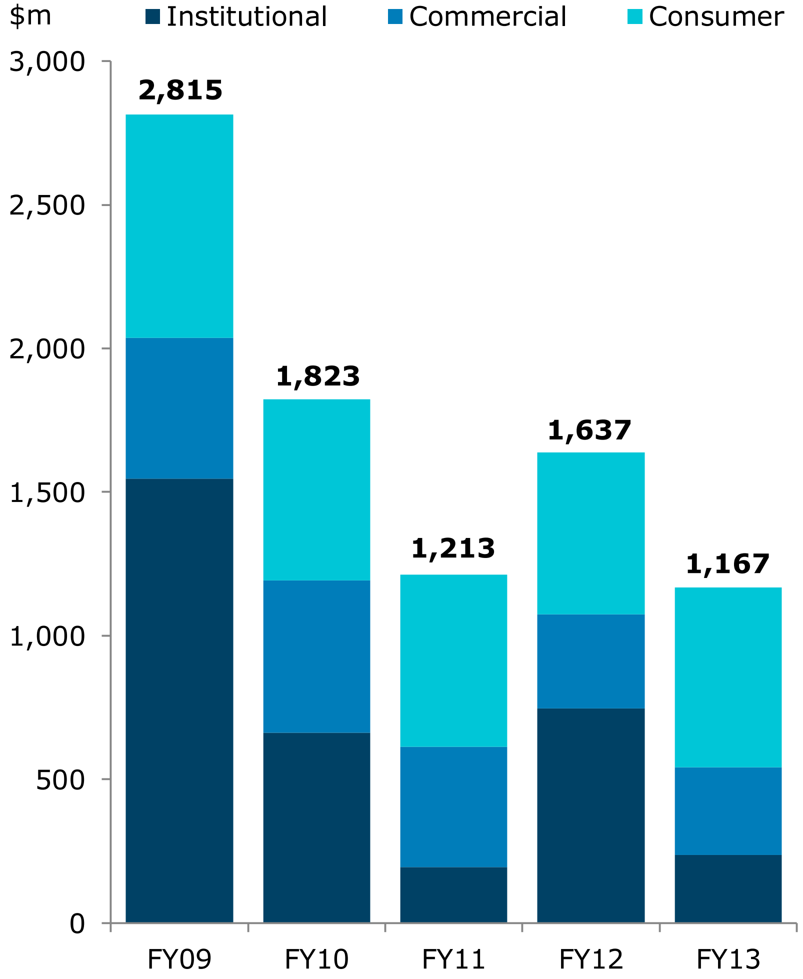
Impaired Assets



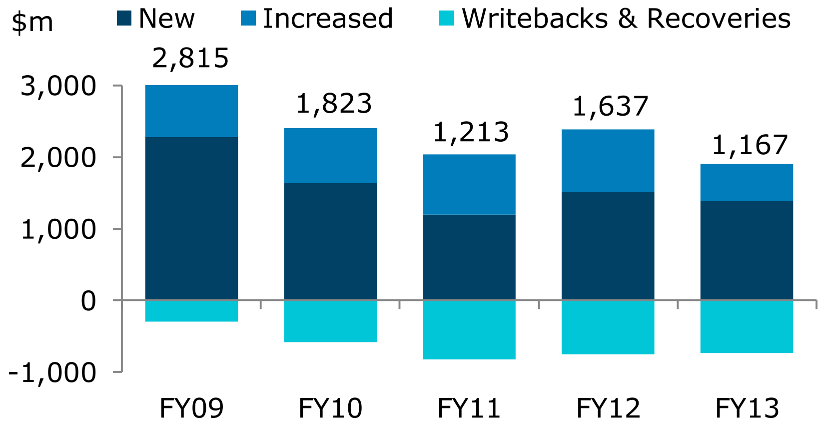
1. Collective Provision coverage on an APRA Basel 3 basis. This ratio is the collective provision balance as a proportion of Credit Risk Weighted Assets
2. Credit RWA measured on a Basel 2 basis

Individual Provision Charge

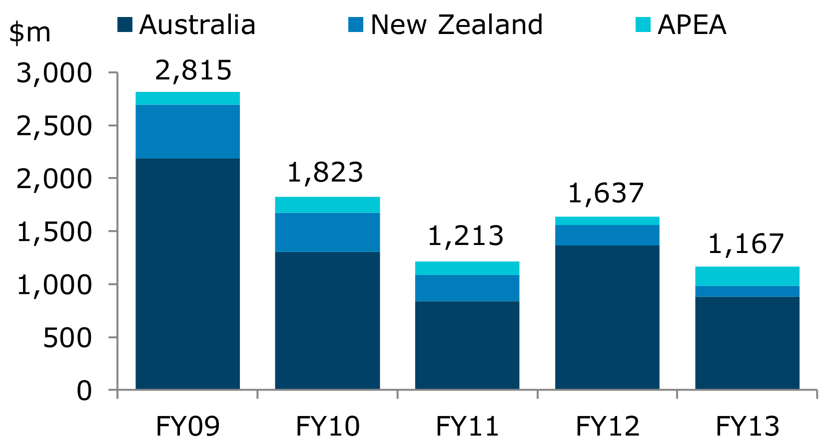
Individual Provision Charge by Segment



Individual Provision Charge Composition



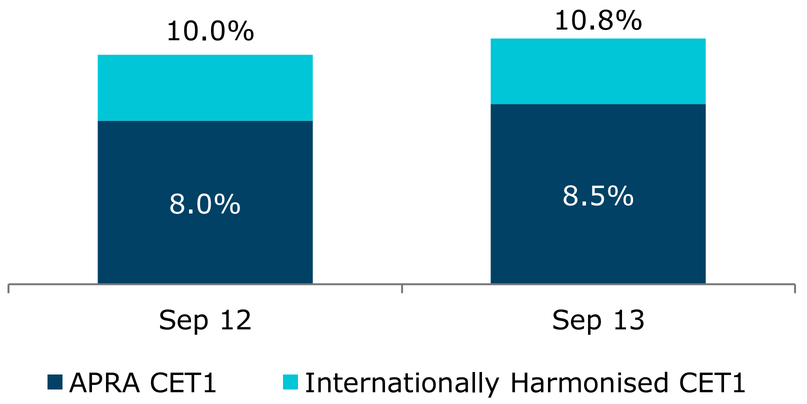
Individual Provision Charge by Region



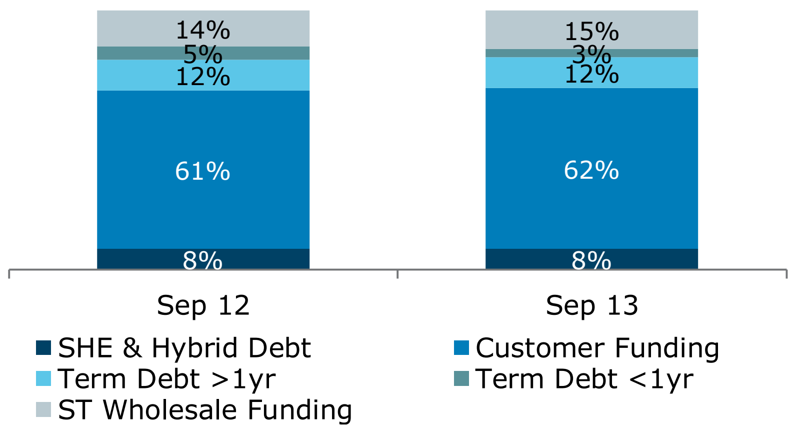
Strong Balance Sheet

FY13 v FY12	
⬆ 47bps	APRA Basel 3 CET1
⬆ 76bps	Internationally Harmonised CET1
62%	Customer Funded Balance Sheet
$24b	Term Wholesale Funding issued, 29% to Domestic investors
✓	Lowest funding gap of Australian major banks
⬆ $7b	Total Liquidity Portfolio
~60%	FX earnings hedges in place for FY14

Capital

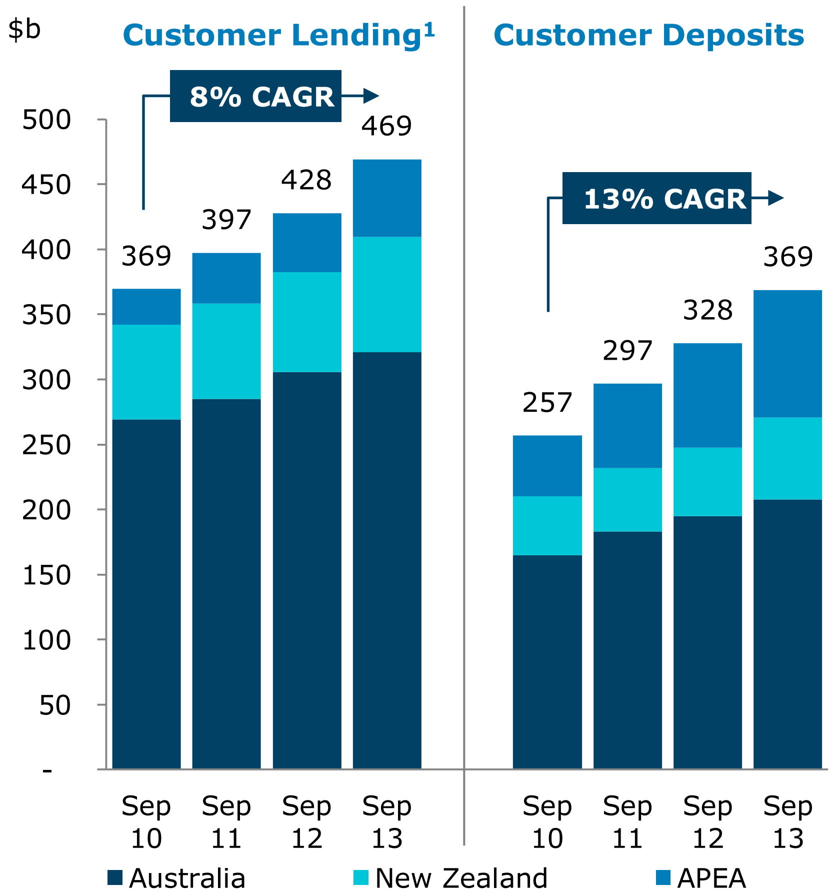


Stable Funding Mix

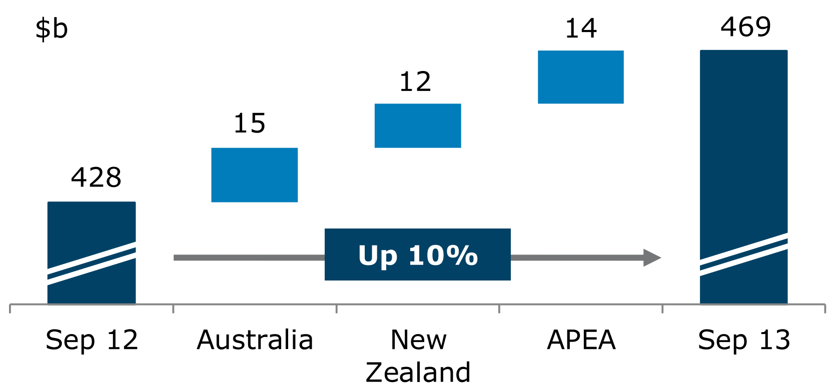


Deposit growth continues to fund loan growth

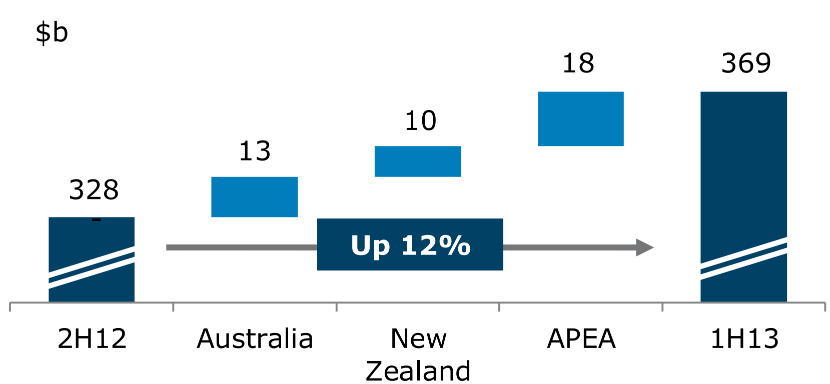
Customer Lending & Deposits by Geography



Customer Lending[1] movement FY13 v FY12



Customer Deposits movement FY13 v FY12



1. Customer lending represents Net Loans & Advances including acceptances

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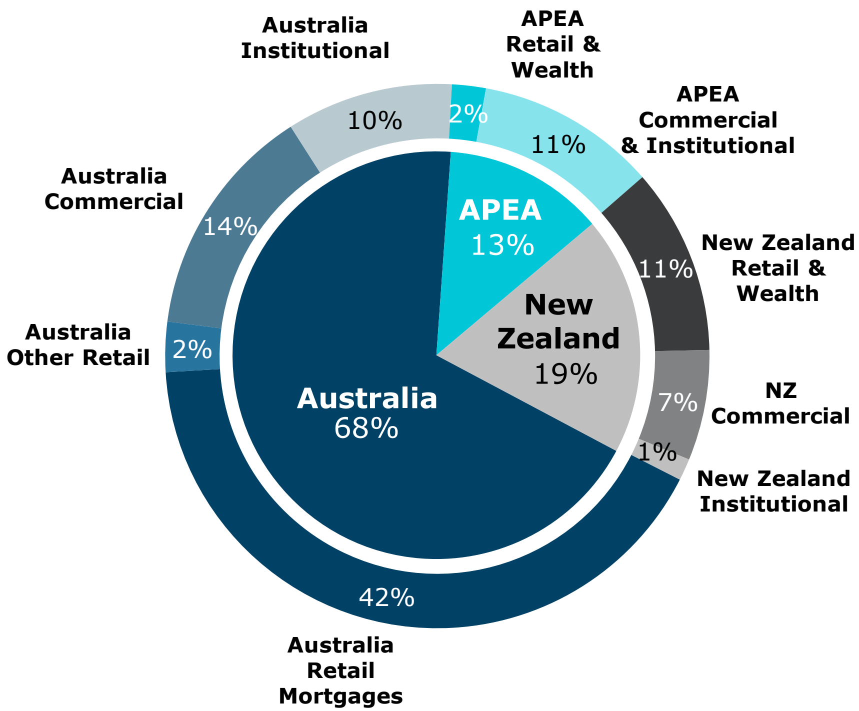
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

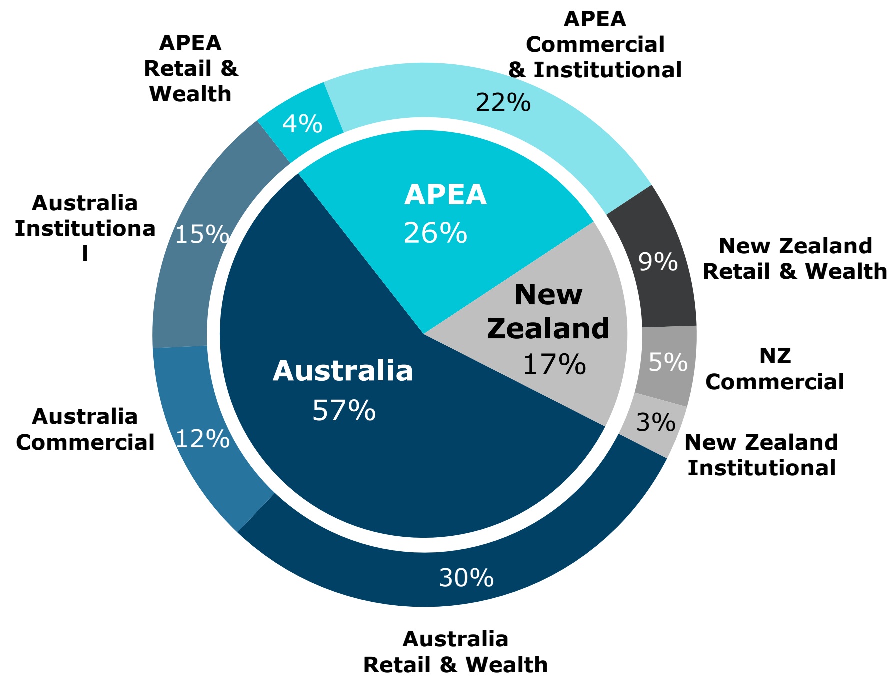
Capital, Funding & Liquidity

Balance Sheet composition by Geography

Customer Lending[1] by Geography



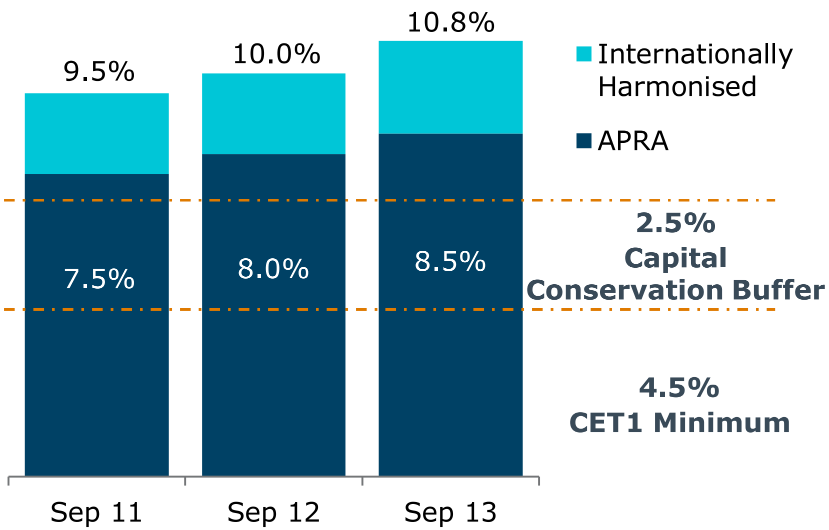
Customer Deposits by Geography



1. Customer lending represents Net Loans & Advances including acceptances

Capital levels remain well positioned

Basel 3 CET1



Capital Overview

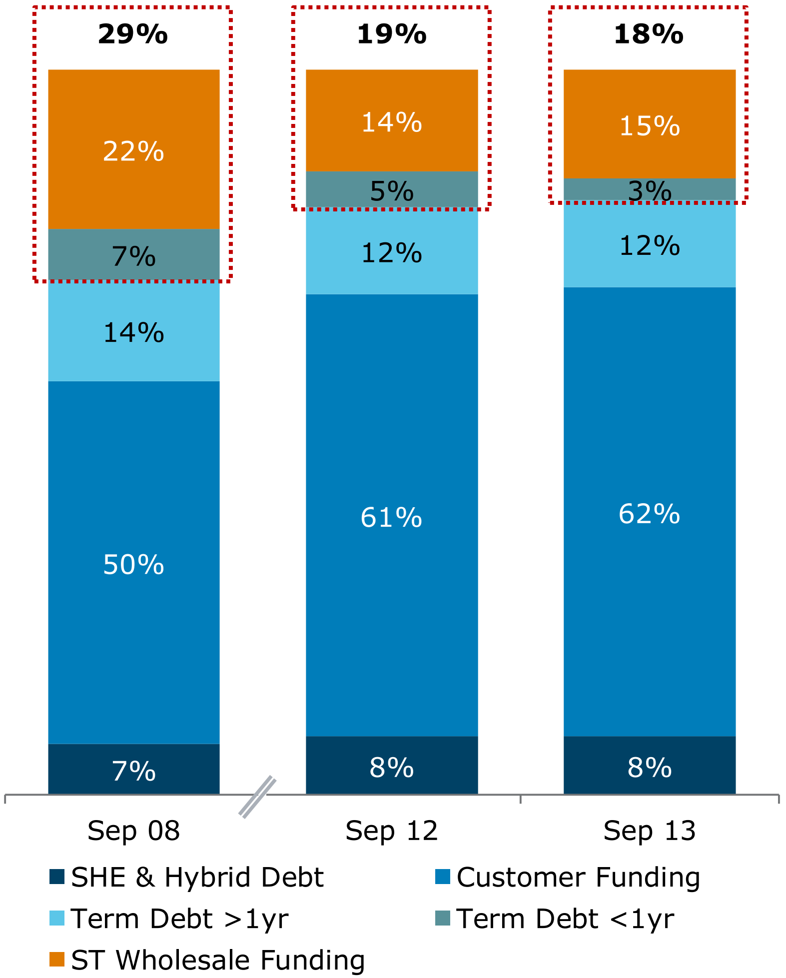
- Capital generation and initiatives in FY13 have lifted capital levels by 47bps (APRA CET1) and 76bps (Internationally Harmonised CET1)
- The group is well placed in regards to capital targets and remains focused on driving further efficiencies
- Dividend Payout to remain towards upper end of 65% - 70% range (Cash Earnings) in the near term, 69.3% in FY13
- DRP/BOP will again be neutralised via on-market buyback

Capital position reconciliation under Basel 3

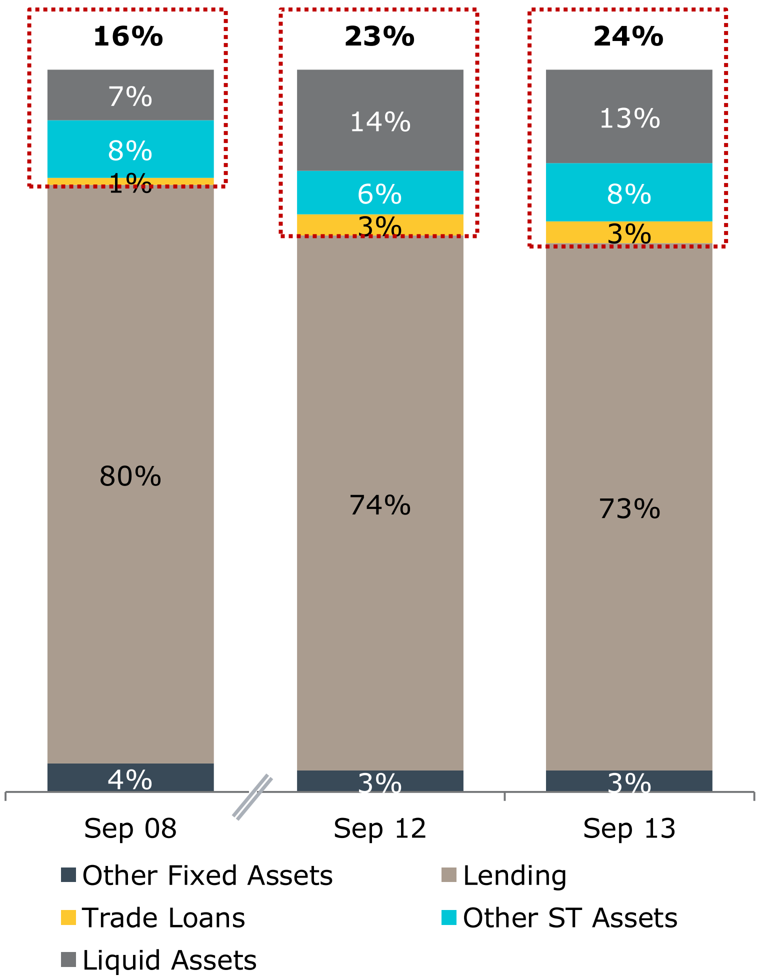
	CET1	Tier 1	Total Capital
Sep 13 APRA	**8.5%**	**10.4%**	**12.2%**
10% allowance for investments in insurance subs and ADIs	0.8%	0.8%	0.7%
Mortgage 20% LGD floor and other measures	0.5%	0.6%	0.7%
IRRBB RWA (APRA Pillar 1 approach)	0.5%	0.6%	0.7%
Up to 5% allowance for deferred tax asset	0.3%	0.2%	0.2%
Other capital items	0.2%	0.2%	0.2%
Sep 13 Internationally Harmonised	**10.8%**	**12.8%**	**14.7%**

Liquidity position has benefitted from an improvement in both funding mix and asset profile

Funding mix has stabilised



Shortened asset tenor

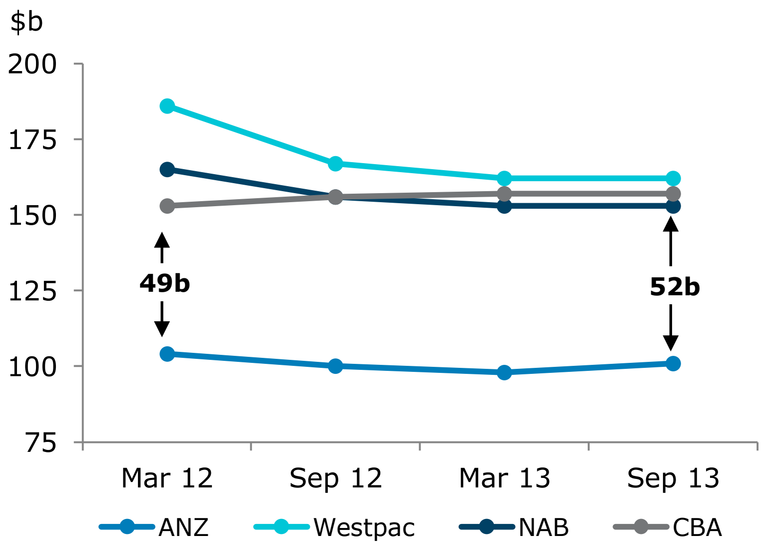


Lowest structural funding gap of major domestic peers, providing flexibility

Peer Funding Comparison

	ANZ	Westpac	NAB	CBA
Loan – Deposit Ratio (%)	127%	145%	145%	139%
Loan – Deposit Gap ($b)	101	162	153	157
Australia Household Funding Gap ($b)	115	181	129	174

Loan – Deposit Gap

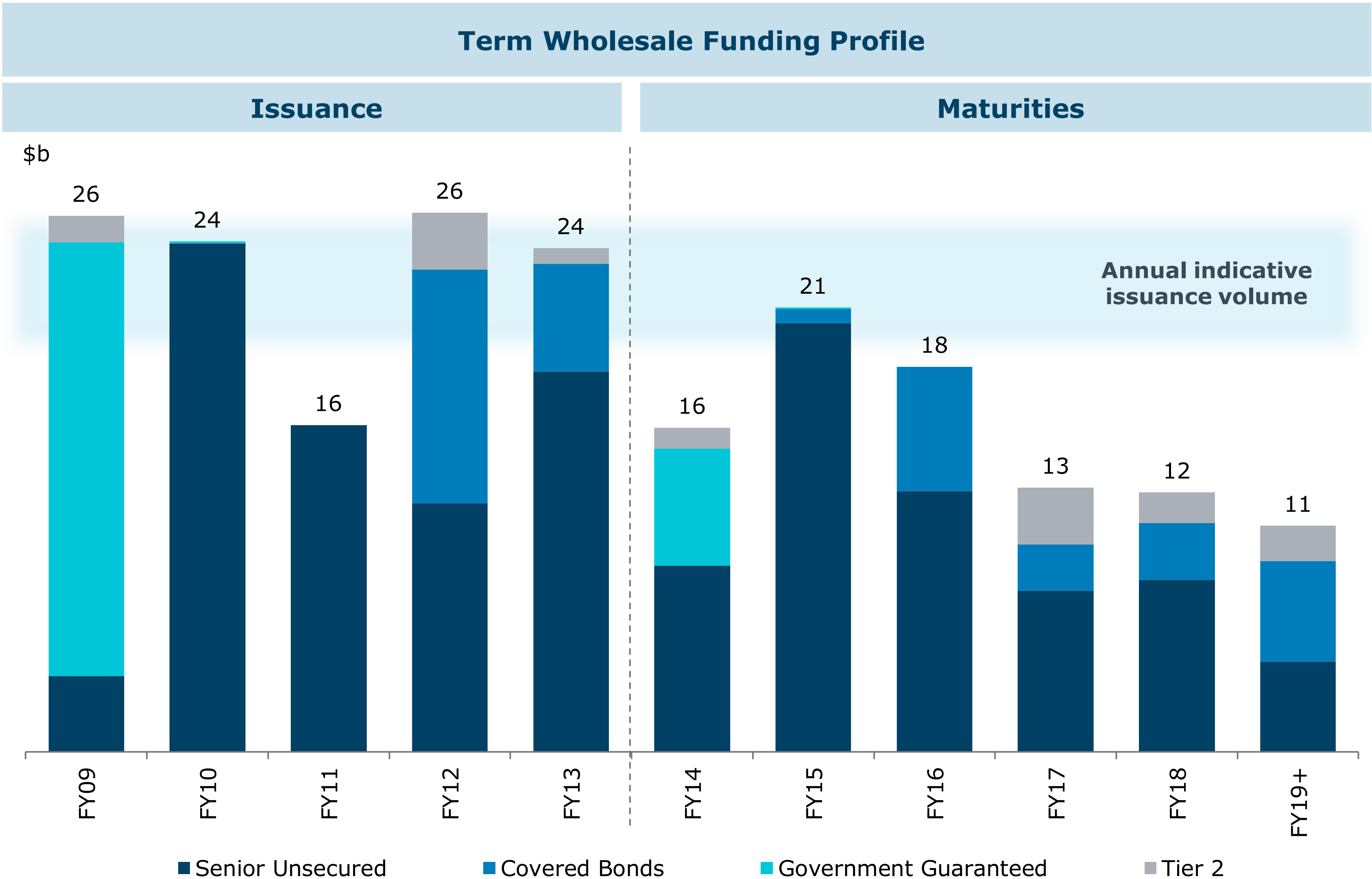


Benefits of a lower Funding Gap

- Improved capability to manage periods of market volatility
- Lessens reliance on offshore wholesale markets – a key focus of Rating Agencies
- Enables ANZ to be a regular, but not too frequent, issuer in offshore benchmark markets
- Provides greater flexibility for ANZ to manage changes in system credit growth

Source: APRA (Aug 13) and latest bank published financial statements

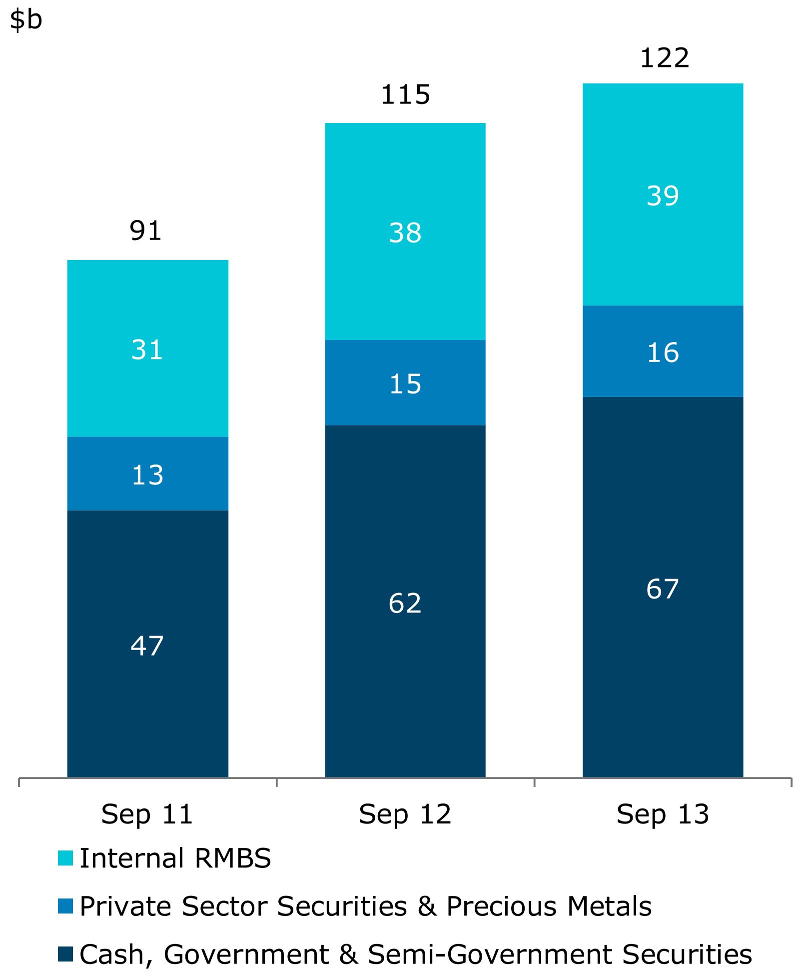
A sustainable term wholesale funding profile



Includes transactions with a call date or maturity date greater than 12 months at time of issue. Excludes Hybrids.

Strong liquid asset position

Liquidity Portfolio



Basel 3 Liquidity Rules Update

- In August, APRA provided further details on their approach to Basel 3 Liquidity implementation relating to High Quality Liquid Assets ("HQLA")
- Each ADI needs to hold their relative component of the available HQLA in the system
- The RBA have indicated that the current aggregate holdings of HQLA at an industry level is appropriate
- Final mix of HQLA and Committed Liquidity Facility (CLF) for individual banks is still to be determined by APRA

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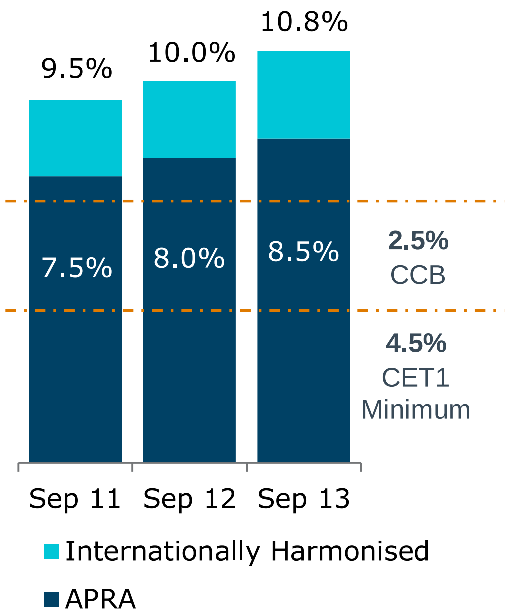
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

Subordinated Debt Issuance

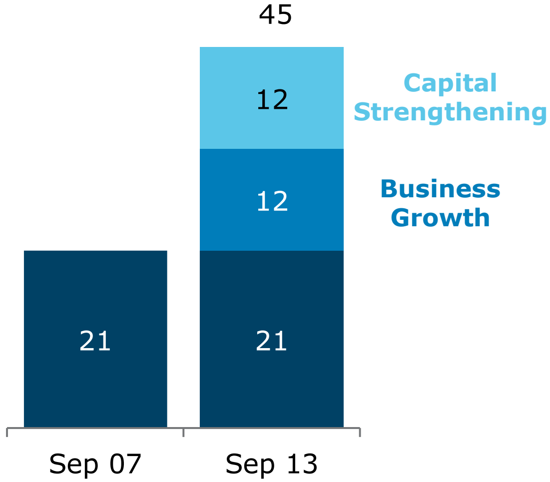
Basel 3 – Improving the banking sector's ability to absorb shocks from financial and economic stress

Capital	More capital, better quality
Liquidity	Higher levels of liquidity, funded with more stable funding
Leverage	Limits imposed to prevent excessive build up of risk
Risk	More focus on measurement and management of risk

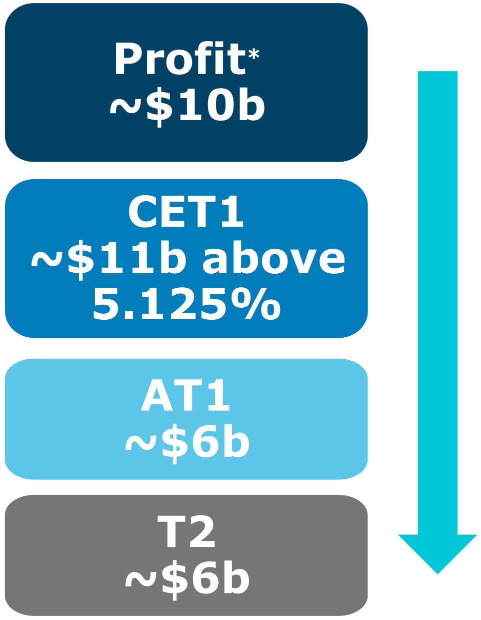
CET1 Ratio



Capital strengthened



T2 buffers



* Pre-tax, pre-provision profit

ANZ B3 Tier 2 Securities

Likely structure	• Key change from the Terms & Conditions of Basel 2 Tier 2 securities is the inclusion of Point-of-Non-Viability (PONV) loss absorption • Dated subordinated liabilities • ANZ anticipates that it will continue to periodically issue bullet or non-step callable structures in major currencies (AUD, USD, EUR, GBP, etc) • Fixed and/or floating, ASX listed
Loss absorption	• Contractual conversion to ordinary equity once regulator deems PONV reached • 20% floor on conversion price • Write off structure possible, but unfavourable impact due to tax treatment

What is PONV?	• A Non Viability Trigger Event would occur if APRA notifies ANZ in writing that it believes that ANZ would become non-viable without:
	    • Conversion / write off of capital instruments
	    • A public sector injection of capital, or equivalent support
	• RBA view: PONV = when a bank is unable to support itself in private market

Ratings	• S&P: rate B3 T2 at 2 notches below ANZ's SACP of A (ie BBB+) • Moodys: rate B3 T2 at 2 notches below BCA of A1 (ie A3) • Fitch: rate T2 (both old style and B3) at 1 notch below senior rating (ie A+)
Other factors to consider	• Australian banking system is well regulated, supportive government framework (eg. "Four Pillars" policy) • Large profit and capital buffers in place (for ANZ this is annual NPAT of > $6bn plus ~$10bn in capital buffers) • Various stress testing (Moodys, S&P, APRA) indicates that Aust major banks are highly resilient even under severe downside scenarios

Tier 2 comparison across jurisdictions

	US	Canada	UK	Scandinavia	Australia
Issue rating (vs Issuer unsupported rating)	1 notch (Moody's) 1 notch (S&P)	No current precedents	1 notch (Moody's) 1 notch (S&P)	1 notch (Moody's) 1 notch (S&P)	2 notches (Moody's) 2 notches (S&P)
Ranking	Senior to Additional Tier 1 Capital	Senior to Additional Tier 1 Capital	Senior to Additional Tier 1 Capital	Senior to Additional Tier 1 Capital	Senior to Additional Tier 1 Capital
Step-ups	Not permitted	Not permitted	Not permitted	Not permitted	Not permitted
Capital amortisation	20% p.a. beginning 5 years prior to maturity (no credit in final year)	20% p.a. beginning 5 years prior to maturity (no credit in final year)	20% p.a. beginning 5 years prior to maturity (no credit in final year)	20% p.a. beginning 5 years prior to maturity (no credit in final year)	4 years prior to maturity on a straight-line amortised basis
Early redemption	Tax Event / Capital Event	Tax Event / Capital Event	Tax Event / Capital Event	Tax Event / Capital Event	[Tax Event] / Capital Event
Point of Non-Viability					
Definition	Regulatory Discretion (Treasury Sec)	Regulatory Discretion	Regulatory Discretion	Regulatory Discretion	Regulatory Discretion
Approach	Statutory	Contractual	Statutory	Statutory	**Contractual**
Disclosure	Not referenced[1]	Terms & Conditions	Risk factor	Risk factor	**Terms & Conditions**
Primary loss absorption mechanism	Conversion[2]	Conversion into ordinary shares	Write-down	Write-down	**Conversion into ordinary shares**

Source : UBS, Goldman Sachs

1. PONV not specifically mentioned. Basel 3 guidelines met through subordination language

2. Assumed the Issuer would be subject to FDIC Orderly Liquidation Authority.

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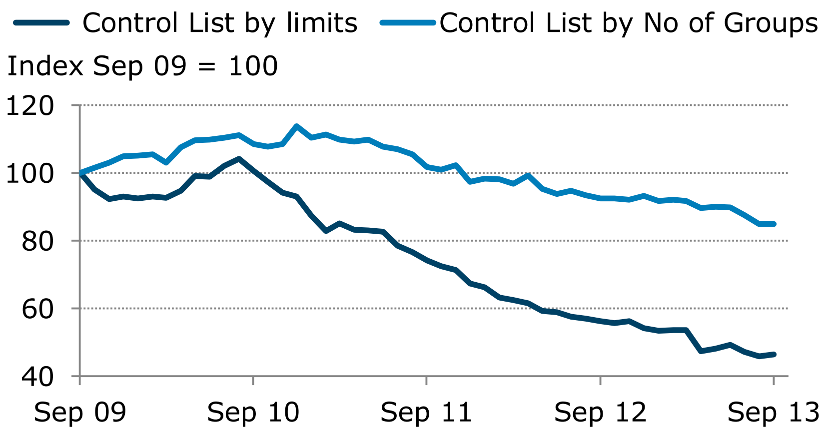
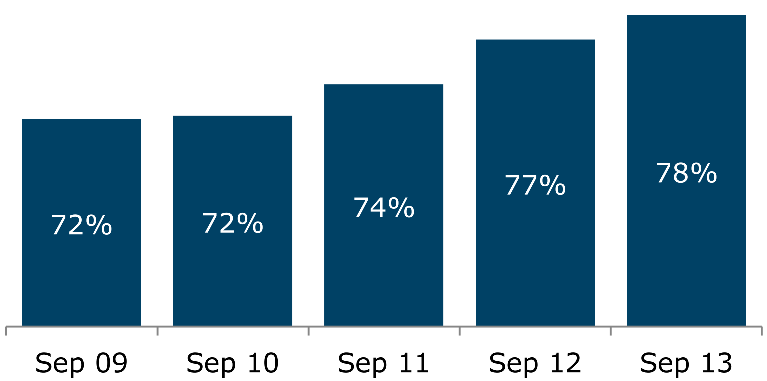
Asset Quality

Control List and Risk Grade Profiles

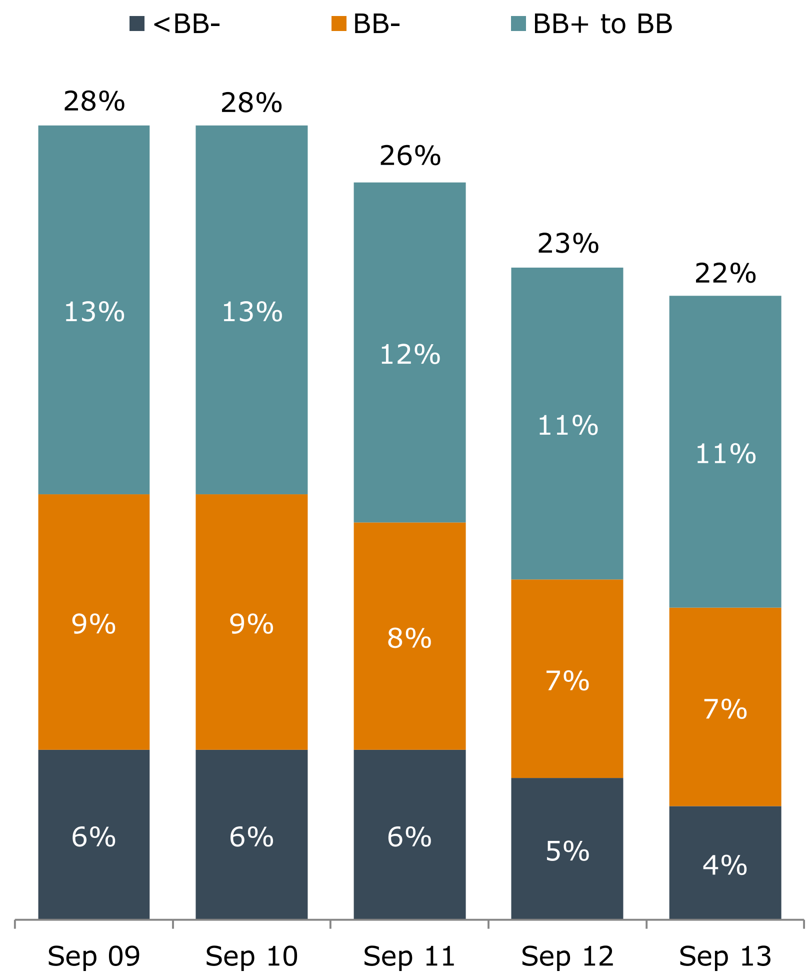
Control List



Investment Grade Risk Profile



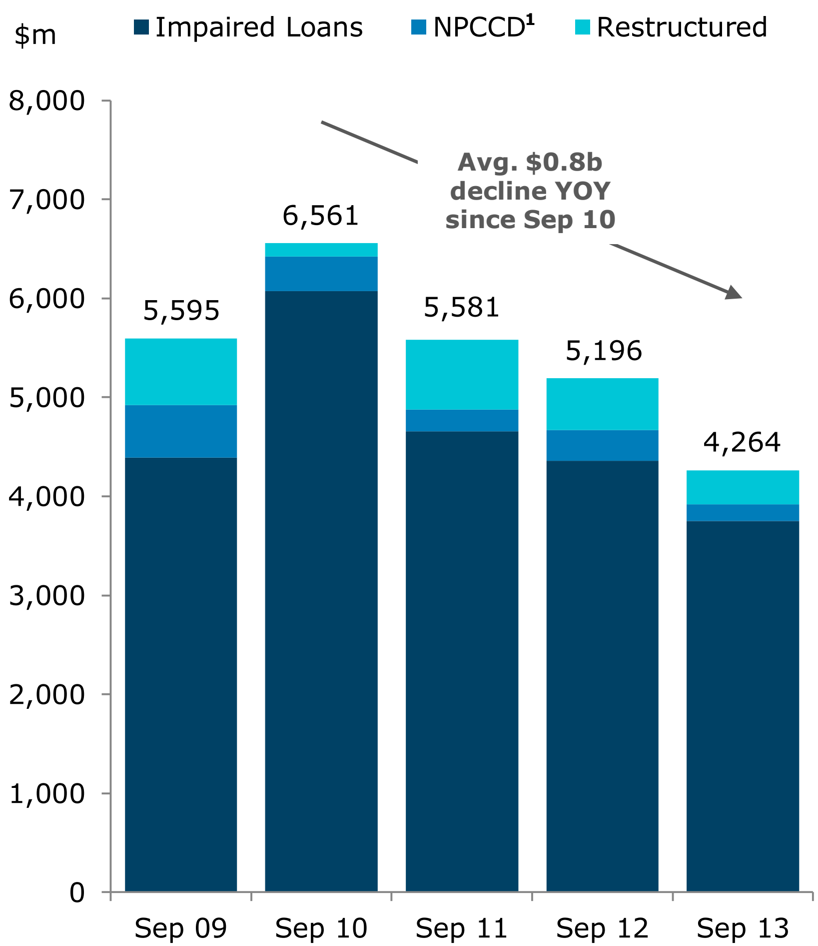
Group Sub-Investment Grade[1] Exposures as % Exposure at Default



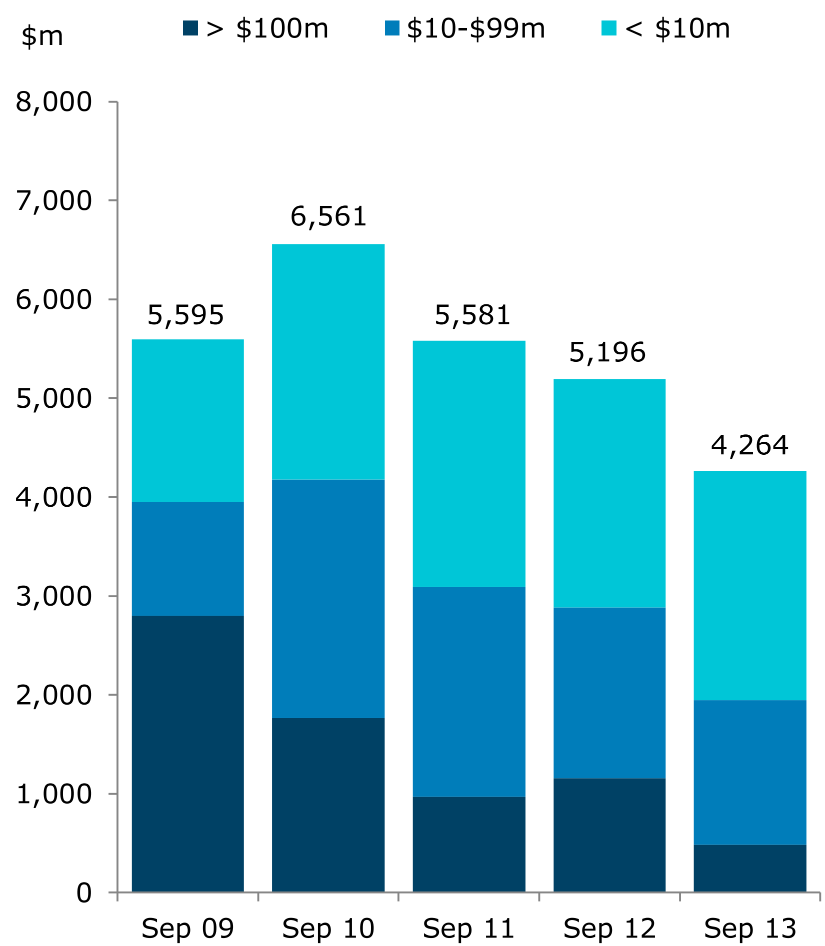
1. Sub-investment grade defined as exposures with a rating below BBB-

Gross Impaired Assets

Gross Impaired Assets by Type



Gross Impaired Assets by Size of Exposure



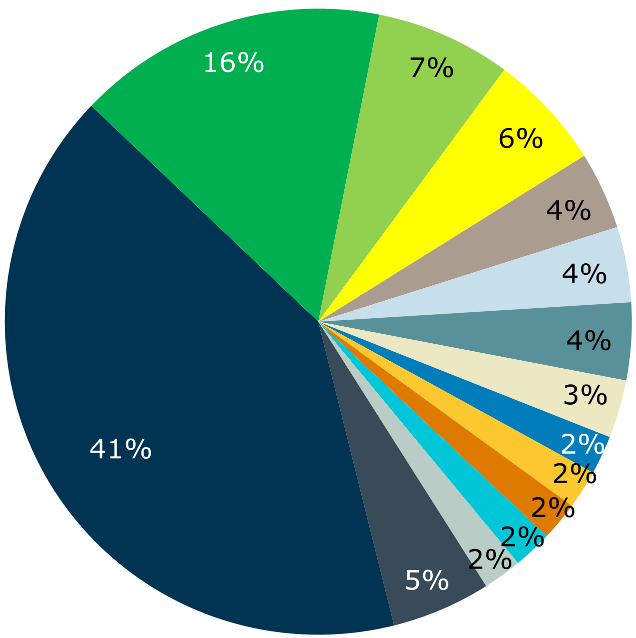
1. NPCCD - Non-Performing Commitments, Contingents & Derivatives

Total Credit Exposure (EAD) by Industry

Exposure at Default (EAD) as a % of group total

ANZ Group

Total EAD (Sep 13)
$725b



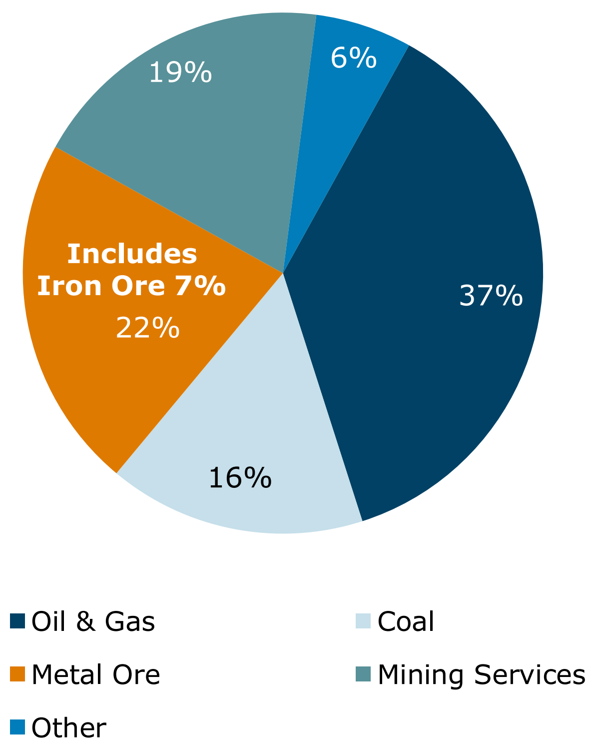
Category	EAD		% in Non Performing	
	Mar 13	Sep 13	Mar 13	Sep 13
Consumer Lending	40.4%	40.8%	0.2%	0.2%
Finance, Investment & Insurance	16.8%	15.9%	0.2%	0.1%
Property Services	7.1%	7.1%	1.6%	1.1%
Manufacturing	6.1%	6.0%	1.0%	0.7%
Agriculture, Forestry, Fishing	4.2%	4.3%	4.1%	4.1%
Government & Official Institutions	3.9%	4.0%	0.0%	0.0%
Wholesale trade	4.0%	3.9%	0.6%	0.8%
Retail Trade	2.9%	2.9%	0.8%	0.9%
Transport & Storage	2.2%	2.2%	2.0%	1.6%
Business Services	1.9%	2.0%	0.7%	0.5%
Resources (Mining)	1.8%	1.9%	0.2%	1.2%
Electricity, Gas & Water Supply	1.7%	1.7%	0.1%	0.1%
Construction	1.6%	1.7%	1.2%	1.1%
Other	5.4%	5.7%	0.1%	0.9%

Resources

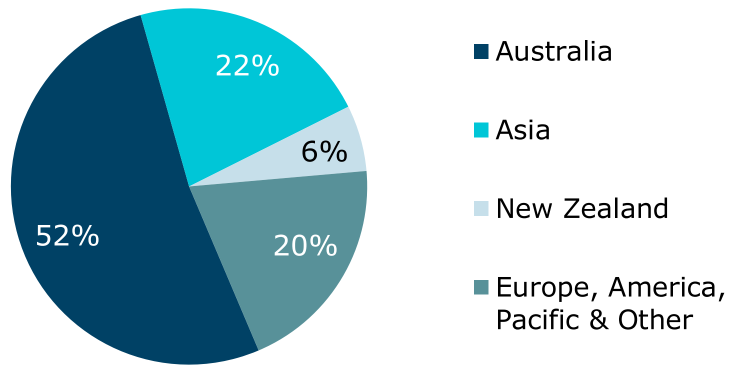
Resources Exposure by Sector (% EAD)

Resources

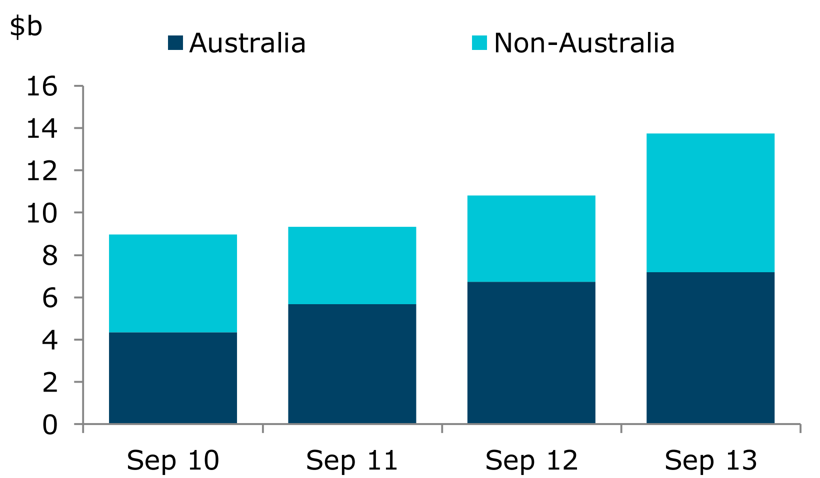
Total EAD (Sep 13)	As a % of Group EAD
$13.7b	1.9%



Resources Exposure by Geography (EAD)



Resources Exposure by Geography (EAD)

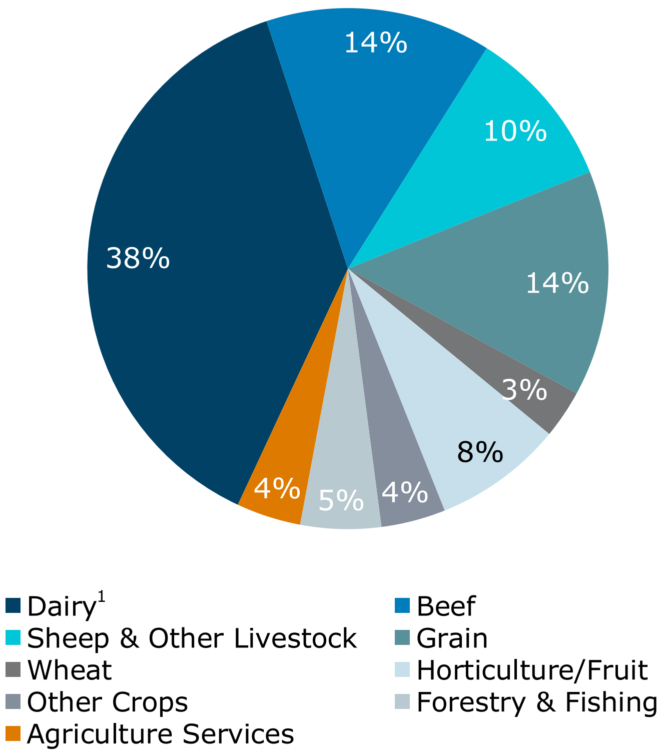


Agriculture

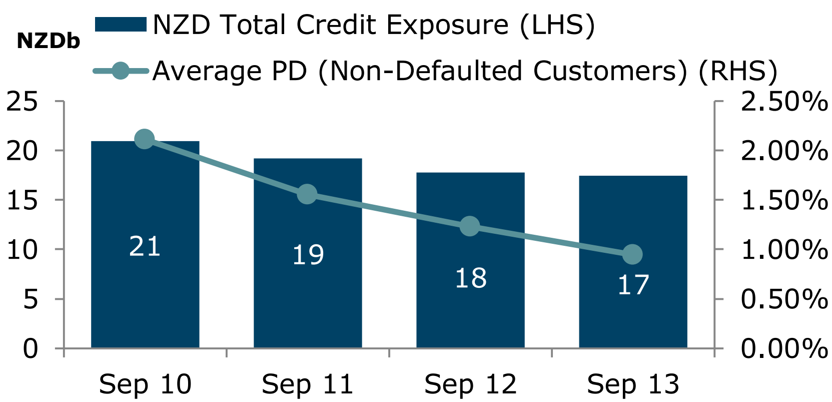
Agriculture Exposure by Sector (% EAD)

Agriculture

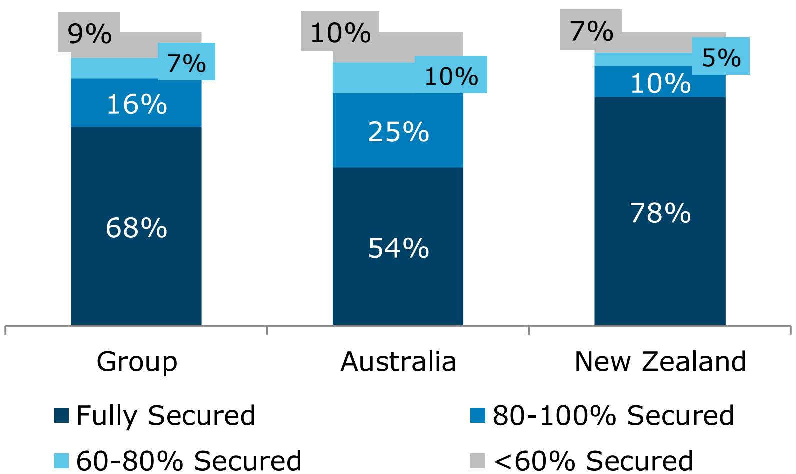
Total EAD (Sep 13)	As a % of Group EAD
$30.9b	4.3%



New Zealand Agri Credit Exposure (EAD) and Average Probability of Default



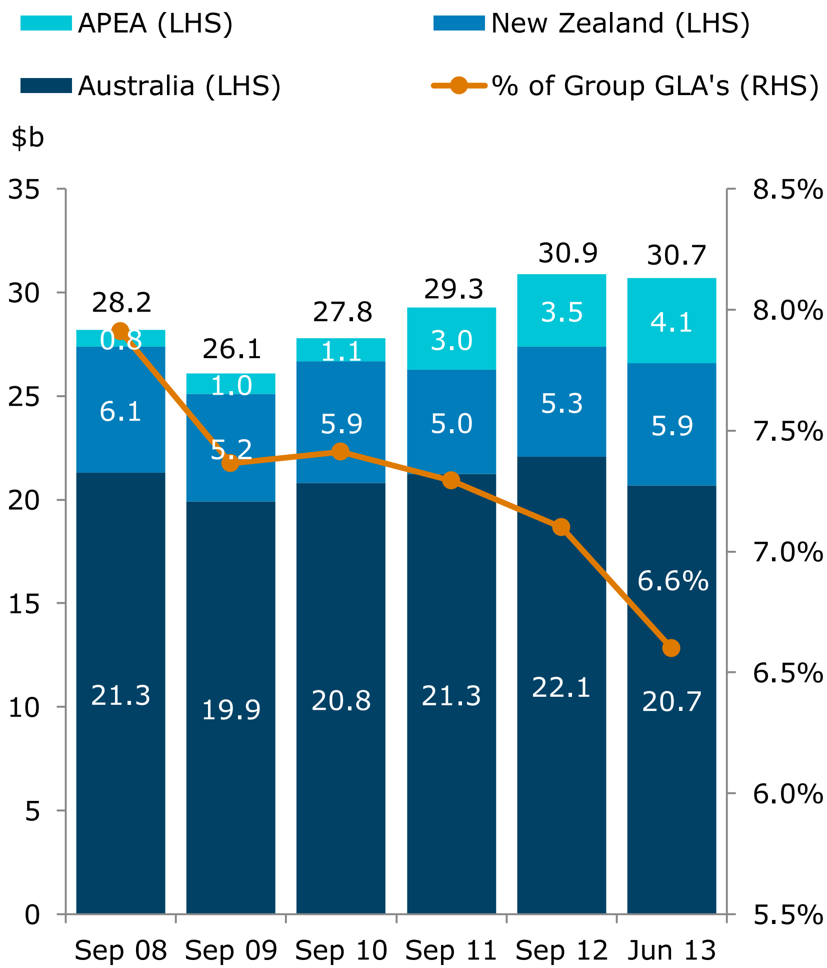
Agriculture Security Levels



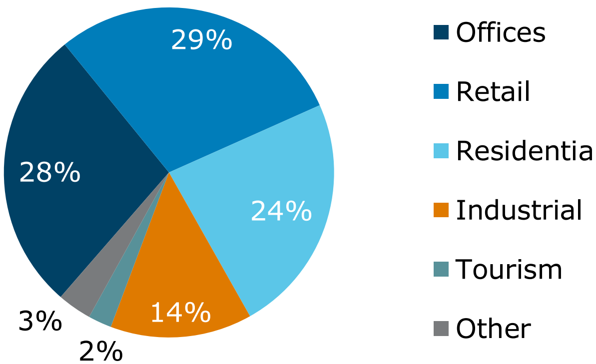
1. 93% of Dairy exposure is in New Zealand Agri

Commercial Property credit exposure

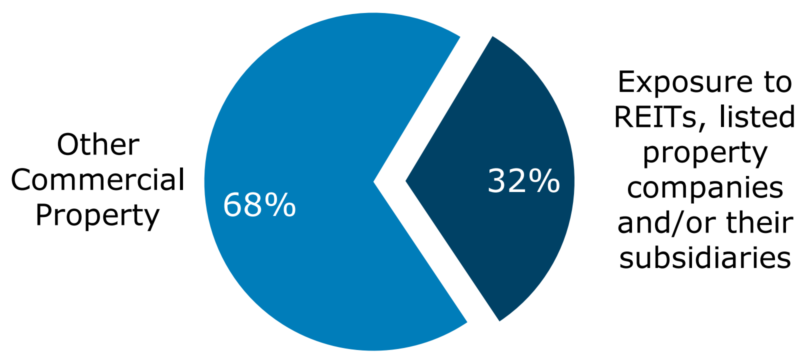
Commercial Property Exposure
Gross Loans and Advances by Region



Commercial Property Exposure by Sector

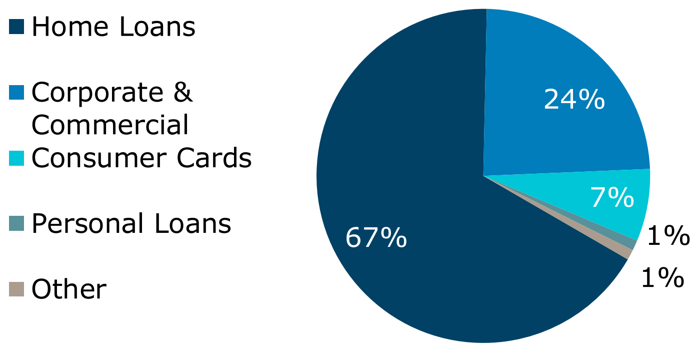


Exposure to REIT's, Listed Property Companies and/or their subsidiaries

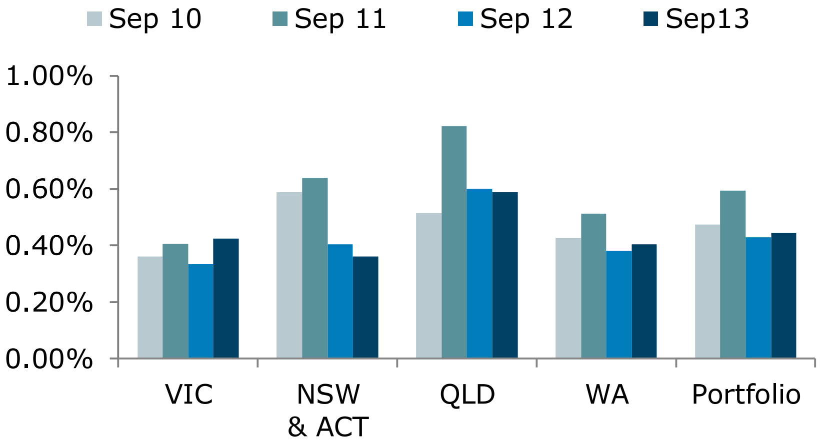


Australia Division Credit Quality

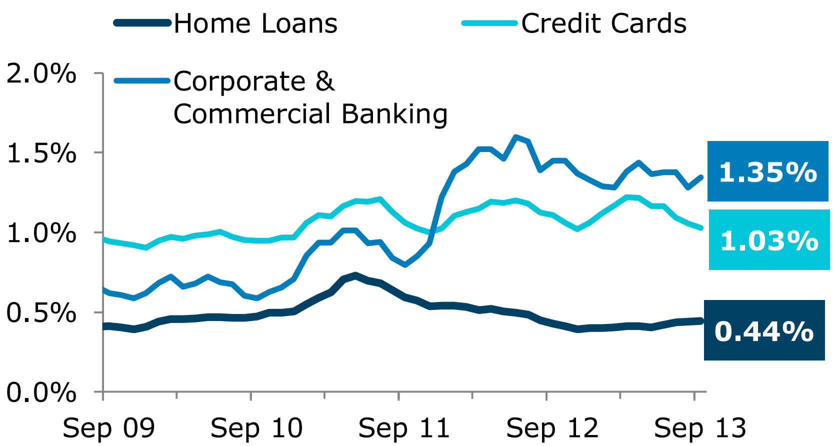
Australia Division Credit Exposure (EAD)



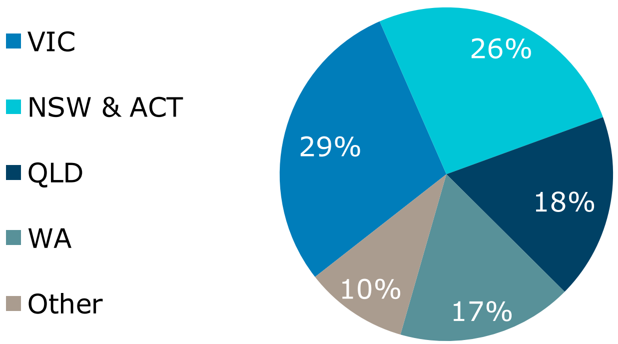
Australia Home Loans 90+ day delinquencies by state



Australia Division 90+ day delinquencies



Australia Home Loan Portfolio by state

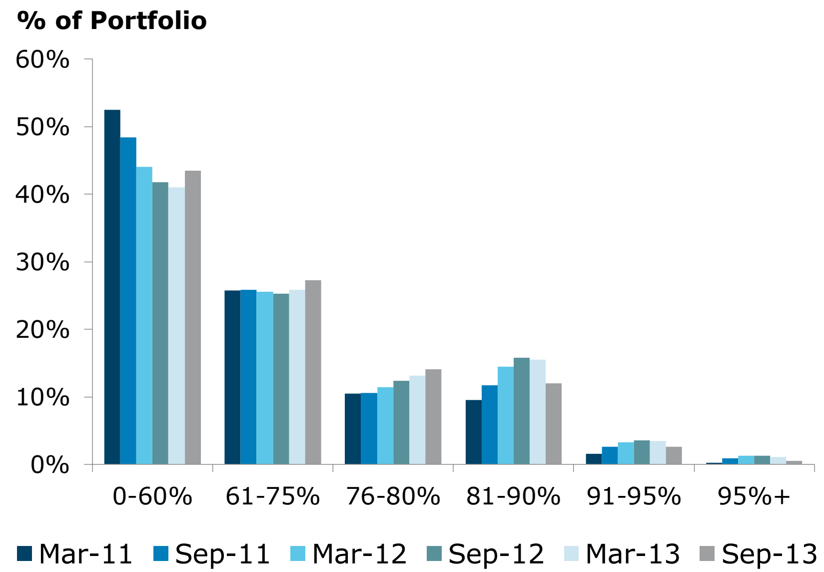


Changes to treatment of hardship cases within Home Loan 90+ DPD impacted underlying trends during FY13. Sep 2013 90+ DPD 0.40% excluding change and 0.44% including.

Australia Division - Home Loan Portfolio

Total Number of Home Loan Accounts	887k
Total Home Loan FUM	$195b
% of Total Australia Geography Lending	60%
% of Total Group Lending	41%
Owner Occupied Loans - % of Portfolio[1]	62%
Average Loan Size at Origination (2H13 average)[2]	$329k
Average LVR at Origination (2H13 average)	70%
Average Dynamic LVR of Portfolio	50%
% of Portfolio Ahead on Repayments[3]	57%
First Home Owners - % of New Lending	7%
% of Portfolio Paying Interest Only[4]	32%

Dynamic Loan to Value Ratio



Individual Provision as % Gross Loans

	1H12	2H12	1H13	2H13
ANZ Group Total	0.36%	0.43%	0.27%	0.24%
Australia Home Loans	0.03%	0.02%	0.02%	0.02%

1. Excludes funds in Equity Manager Accounts.
2. Average loan size of home loans written in 2H13 excluding offset accounts
3. % of customers paying Principal and Interest that are one month or more ahead of repayments
4. Excludes revolving credit facilities

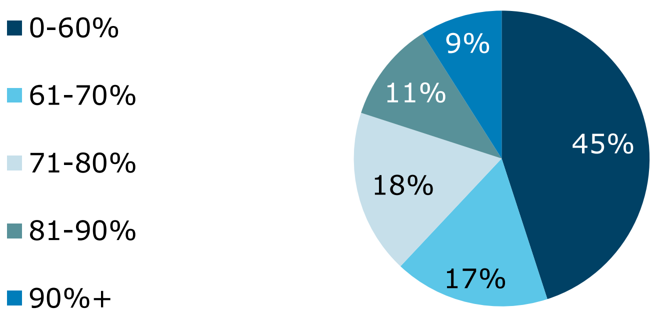
New Zealand Division – Home Loan Portfolio

Total Number of Home Loan Accounts	478k
Total Home Loan FUM (NZD)	$59b
% of Total New Zealand Lending	56%
% of Total Group Lending	11%
Owner Occupied Loans - % of Portfolio	77%
Average Loan Size at Origination (2H13 average) (NZD)	$247k
Average LVR at Origination (2H13 average)	67%
Average Dynamic LVR of Portfolio	47%
% of Portfolio Paying Interest Only[1]	21%

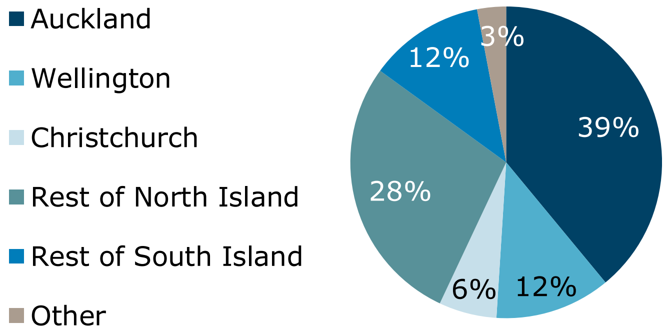
Individual Provision as % Gross Loans

	1H12	2H12	1H13	2H13
ANZ Group Total	0.36%	0.43%	0.27%	0.24%
New Zealand Home Loans	0.05%	0.03%	0.02%	0.02%

Dynamic Loan to Valuation Ratio



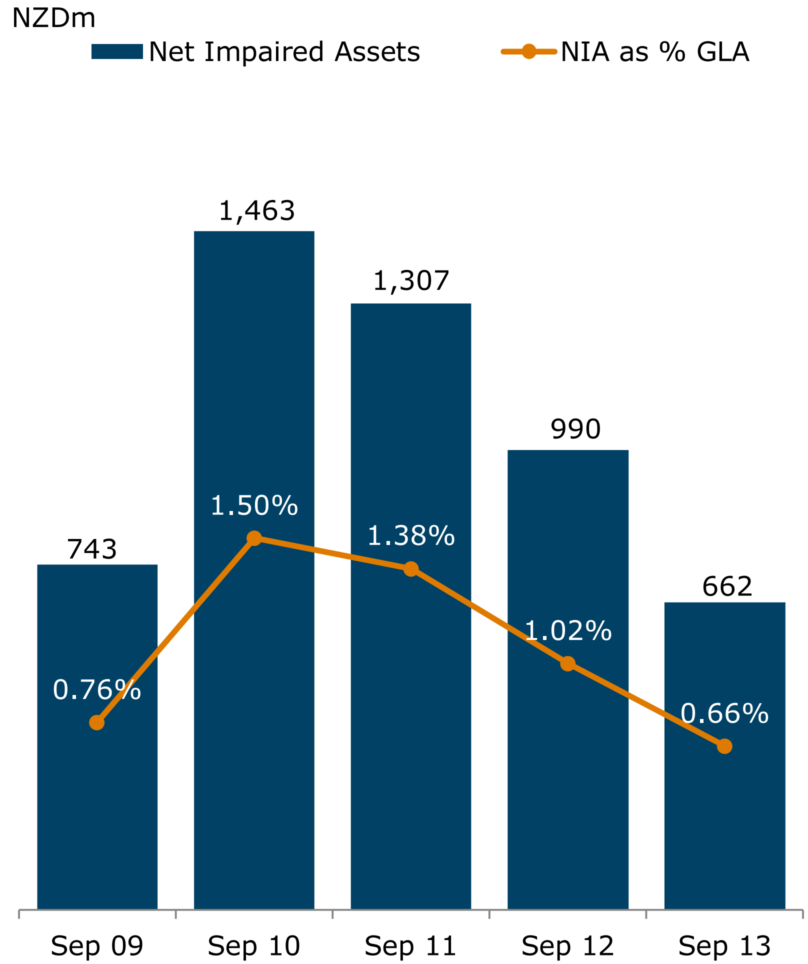
Home Loan Portfolio by Region



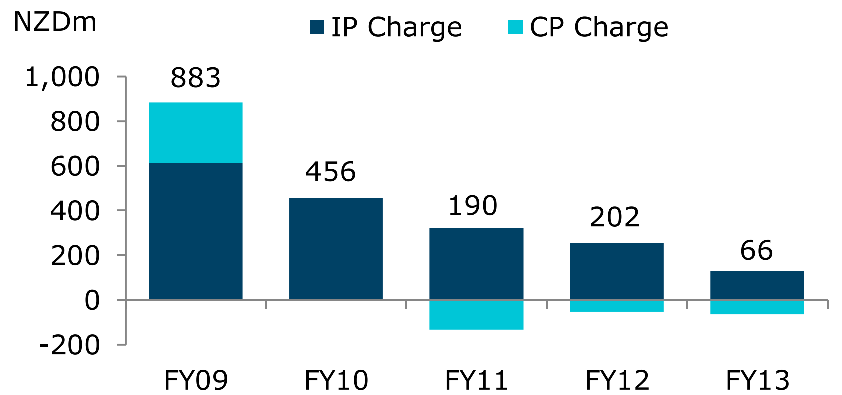
1. Excludes revolving credit facilities

New Zealand – Credit Quality

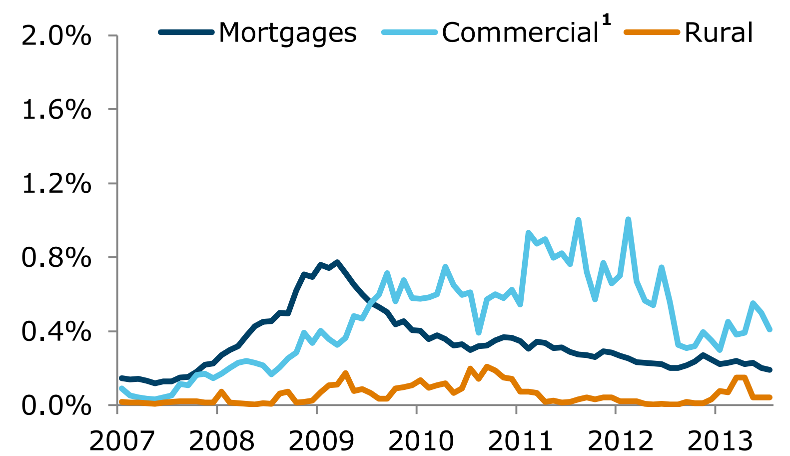
New Zealand Geography
Net Impaired Assets



New Zealand Geography
Total Provision Charge



New Zealand Division
90+ days delinquencies



1. Spikes in 2012 Commercial 90 day delinquencies are primarily due to internal classifications rather than any deterioration in underlying credit quality.

Stress Testing I : APRA
(November 2012)

Test Scenario

Domestic market - Households and businesses reduce consumption and investment leading to lower GDP and higher unemployment

Global market - Disorderly resolution of the fiscal problems in Europe triggers dislocation in global debt markets and sharp downturn in the North Atlantic economies

China - Growth slows sharply as the domestic spending does not offset the decline in exports. This results in reduced Chinese demand for minerals, lowering commodity prices significantly and consequently a fall in the $A

APRA Assumptions

Macroeconomic parameter	Assumption
Real GDP	5% contraction in yr 1
Unemployment	Peak at 12%
House Prices	Fall by 35%
Commercial Property Prices	Fall of 40%

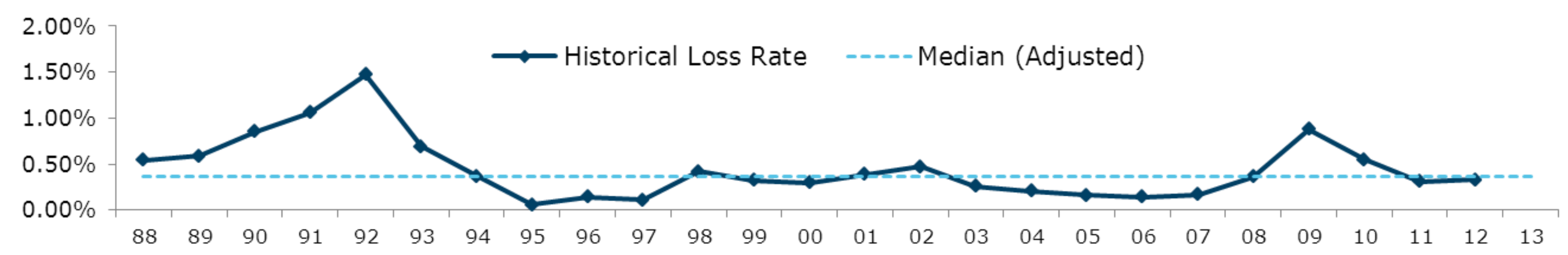
Results

Capital - Over the 3 year stress test, none of the 5 major banks would have failed or breached the 4% minimum T1 ratio. The weighted average reduction in Tier 1 capital ratios over the 3 year period was 3.8 percentage points.

Funding and Liquidity - Pressures were alleviated by deposit growth and cash inflows from the CSA's in place due to the lower Australian Dollar.

Losses – The highest losses in the Corporate, SME & commercial property books with residential mortgages accounting for 20% of total losses. Credit losses in aggregate comparable with the early 1990's although not as high as the peaks.

ANZ Historical Loss rates*



*Loss rates based on current portfolio mix

Stress testing II : Moodys' Scenario analysis
(July 2013)

Moodys' broad conclusion is that "Australian banks have sufficient earnings capacity and capital to absorb housing related credit losses arising in both the Adverse & Highly Adverse scenarios"

Cyclical Economic Downturn (Adverse)

Test Scenario

Based on the Australian recession of 1991-1993 and "has a low to medium probability of materializing"

- Unemployment was 11%
- Highest losses from Commercial Real Estate sector
- Housing losses adjusted upwards from actual scenario

Moody's Loan loss assumptions

Residential Mortgages	0.50%
Commercial Real Estate	2.40%
Construction	2.40%
Corporate, Business and Other	1.20%

Results

- 0.5 - 0.75% reduction in CET1 for the four major Australian banks, leaving CET1 ratios above 7.5% (APRA basis) over the 18 month stressed period
- "All four major banks will have sufficient earnings capacity and capital to absorb credit losses arising in this cyclical downturn scenario, whilst sustaining their current dividend payments"

Severe Economic Crisis (Highly Adverse)

Test Scenario

Based on the US experience during 2007-11 and is "a less probable, extremely severe case"

Moody's Loan Loss assumptions

Residential Mortgages	1.40%
Commercial Real Estate	4.30%
Construction	17.50%
Corporate, Business and Other	5.50%

Results

- ~5% reduction in T1 ratios (ANZ's current T1 ratios are 9.8% APRA and 12.1% B3 internationally harmonised) over the 18 month stressed period
- "It will take a severe adverse scenario, similar to that experienced in the US during the 2007-11 period, for the four banks to suffer a material decline in their capital ratios to necessitate raising additional capital and a curtailment of dividend payments"

Stress testing III : S&P's China slowdown analysis
(August 2013)

"S&P concludes that a soft or medium slowdown in China would have no, or a low, impact on Australian FI ratings while a severe slowdown would see ratings of major Australian FI's fall by 1 notch "

S&P Stress Test Results

	Base Case (55%-65% probability)	**Medium Landing** (20%-25% probability)	**Hard Landing** (5% probability)
Economic Scenario			
China GDP	7.3	6.8	5.0
Australia GDP	2.9	2.1	-1.0
Unemployment	6.0	6.5	10.0
OCR	2.3	1.8	0.5
A$	0.90	0.80	0.70
Property price decline	0	10	25
Modelled impact on a Hypothetical Large Australian Financial Institution			
RAC ratio	8	7.3	6.5
Australia BICRA	2	2	3
S&P Anchor	a-	a-	bbb+
SACP	a	a	bbb+
Gov. Support	2	2	3
Sovereign rating	AAA	AAA	AA+
ICR	AA-	AA-	A+

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DEBT INVESTOR UPDATE

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

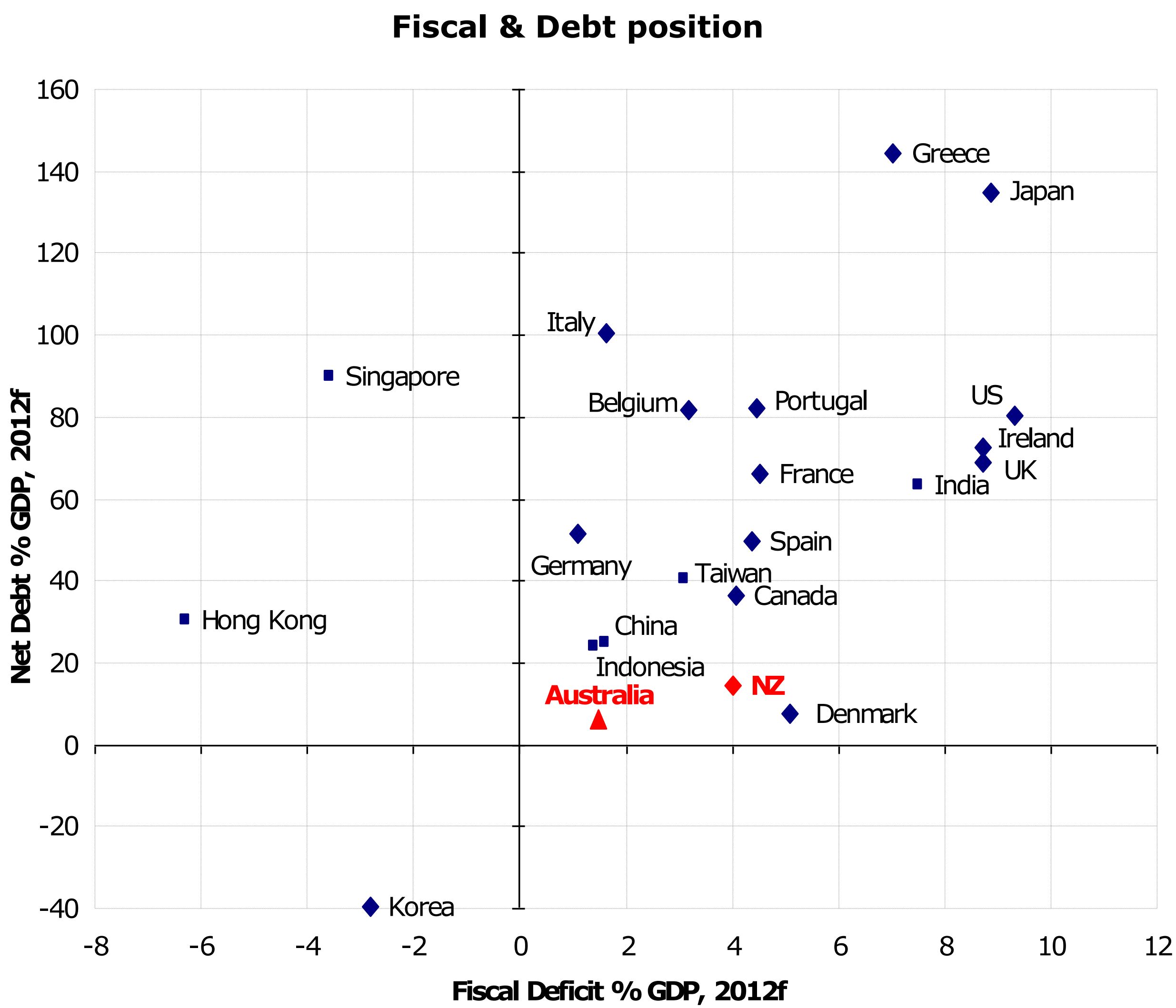
Economic Update

Australian economic forecasts

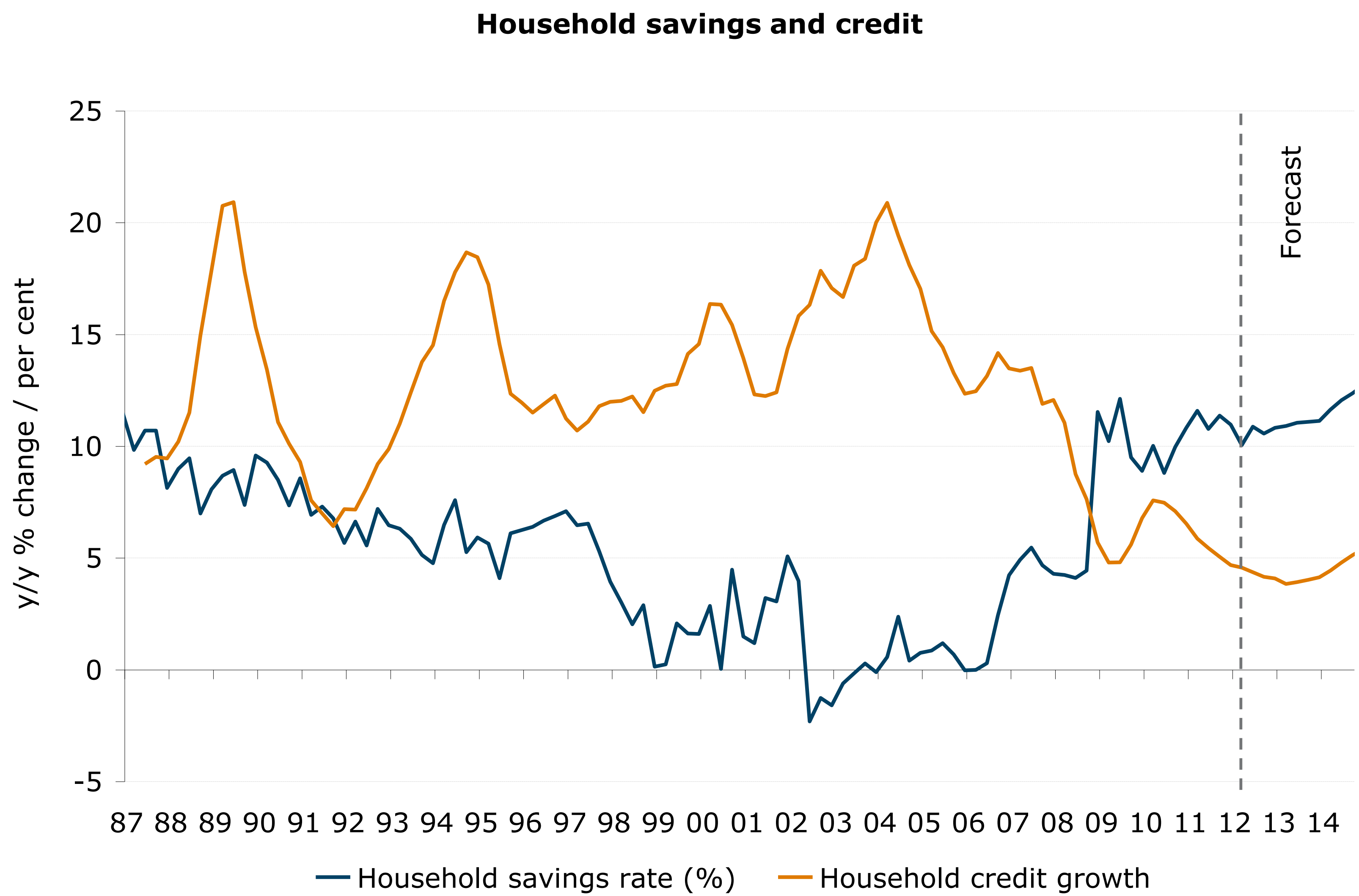
	2008	2009	2010	2011	2012	2013	2014	2015	2016
Australia - annual % growth									
GDP	**2.7**	**1.4**	**2.6**	**2.4**	**3.7**	**2.6**	**3.1**	**3.4**	**4.4**
Domestic final demand	4.2	0.0	3.5	4.2	4.8	0.8	1.2	1.4	2.9
Headline CPI	4.4	1.8	2.9	3.3	1.8	2.4	3.1	2.6	2.6
Core CPI	4.7	3.8	2.8	2.7	2.4	2.3	2.6	2.4	2.5
Employment	1.6	0.7	2.2	1.8	1.1	1.2	1.5	1.8	1.7
Wages	4.2	3.5	3.4	3.7	3.6	3.0	3.2	3.5	3.6
Unemployment rate (ann. avg)	4.3	5.6	5.2	5.1	5.2	5.6	5.8	5.7	5.5
Current Account (% of GDP)	-4.5	-4.3	-3.0	-2.3	-3.7	-2.1	-0.6	0.4	1.0
Terms of Trade	13.0	-9.3	16.3	12.8	-10.4	-3.3	-0.5	-0.5	-2.7
Private Sector Credit	10.8	2.7	2.9	3.2	3.8	3.2	4.1	5.3	6.1
- Housing	9.1	6.9	7.7	5.9	4.8	4.5	4.6	5.9	6.3
- Business	14.9	-1.3	-3.9	-0.3	3.0	1.3	3.3	4.4	6.0
- Personal	2.5	-4.9	2.4	-0.1	-1.0	0.7	3.2	4.8	5.8
RBA cash rate (% year end)	4.25	3.75	4.75	4.25	3.00	2.50	2.50	3.50	4.50
3yr bond yield (% year end)	3.07	4.66	5.27	3.13	2.67	3.10	3.60	4.30	4.50
10yr bond yield (% year end)	3.99	5.64	5.55	3.67	3.27	4.20	4.60	5.20	5.40
AUD/USD (year-end value)	0.70	0.90	1.02	1.02	1.04	0.90	0.87	0.87	0.87

Sources: ABS, Bloomberg, RBA, ANZ

Australia remains in a very strong fiscal position

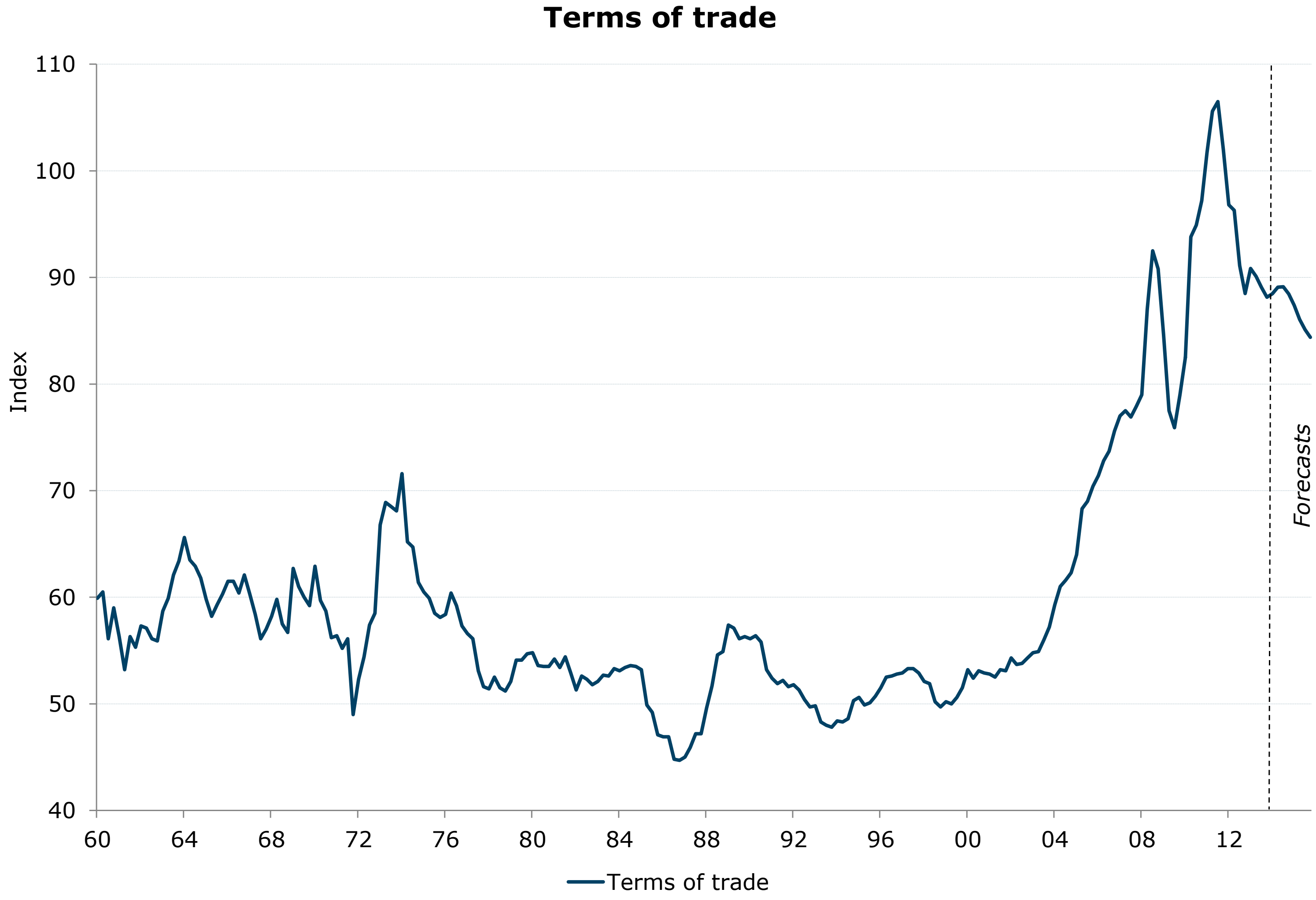


Key economic driver I : household caution



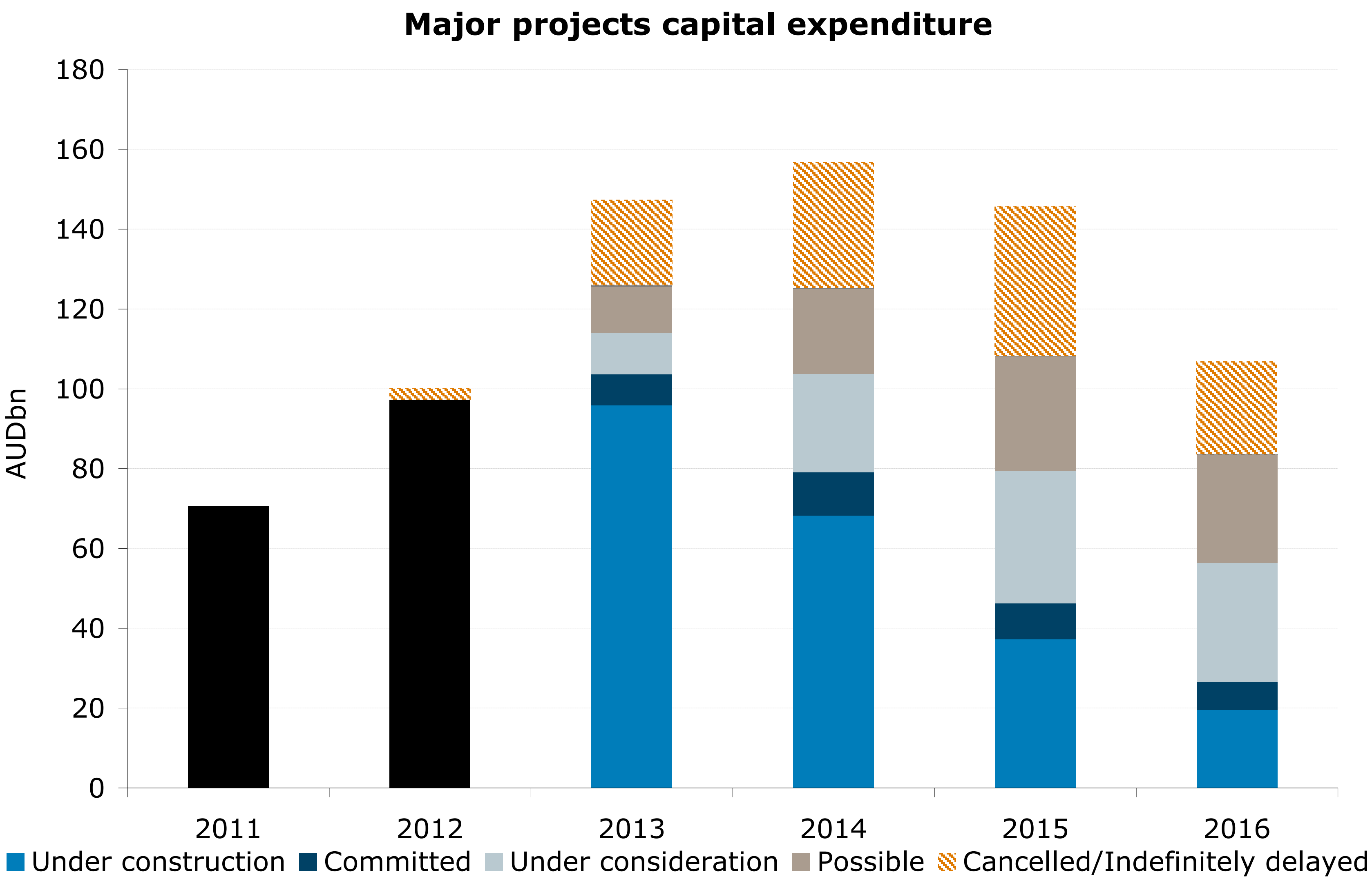
Source: ABS

Key economic driver II - the significant rise in the terms of trade



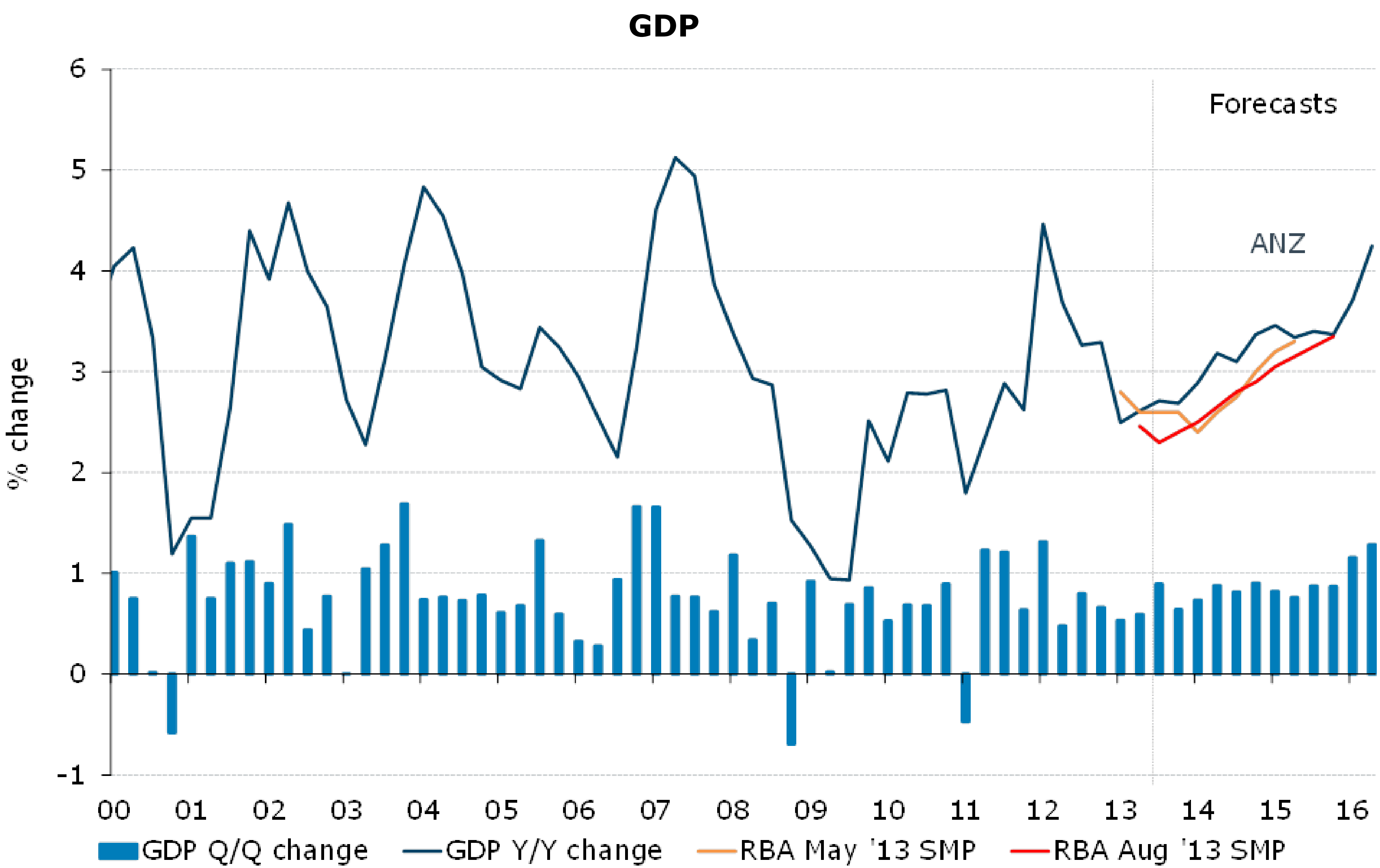
Sources: ABS, ANZ

Business investment will detract from growth going forward so the economy is currently in transition



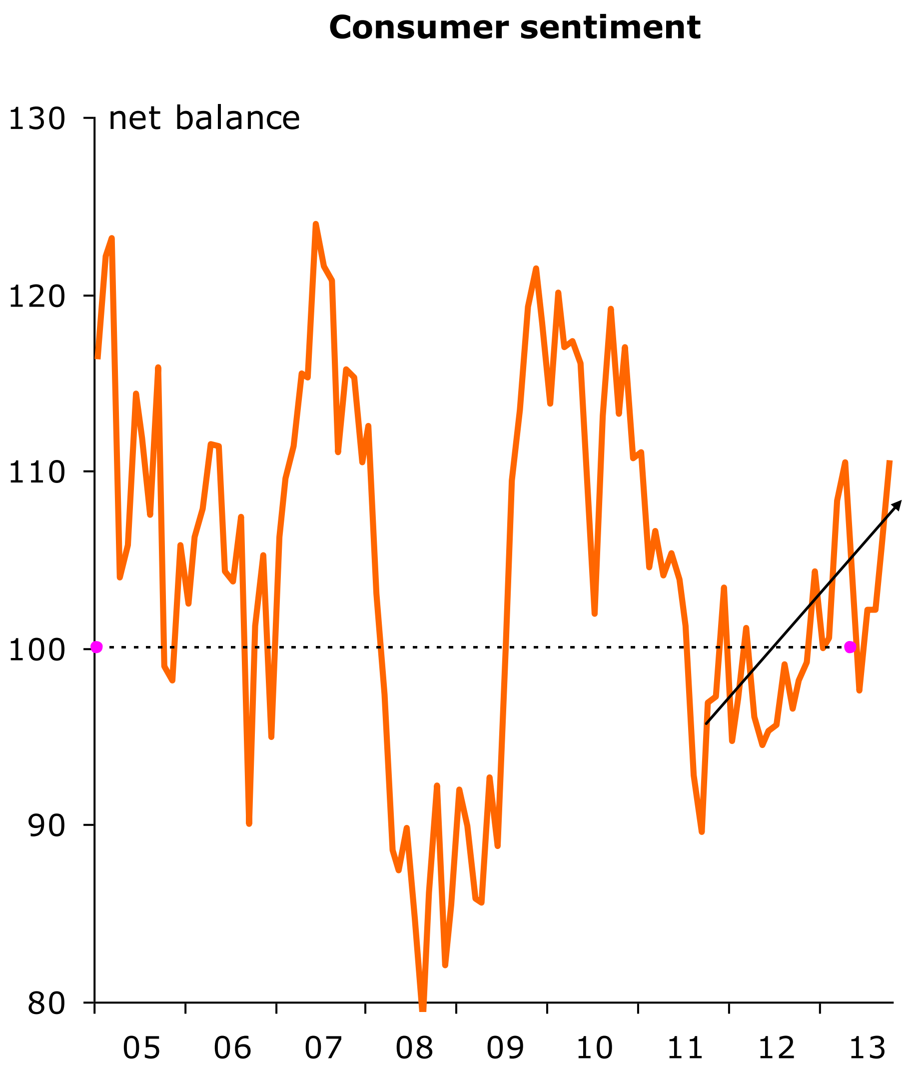
Source: ABS, ANZ

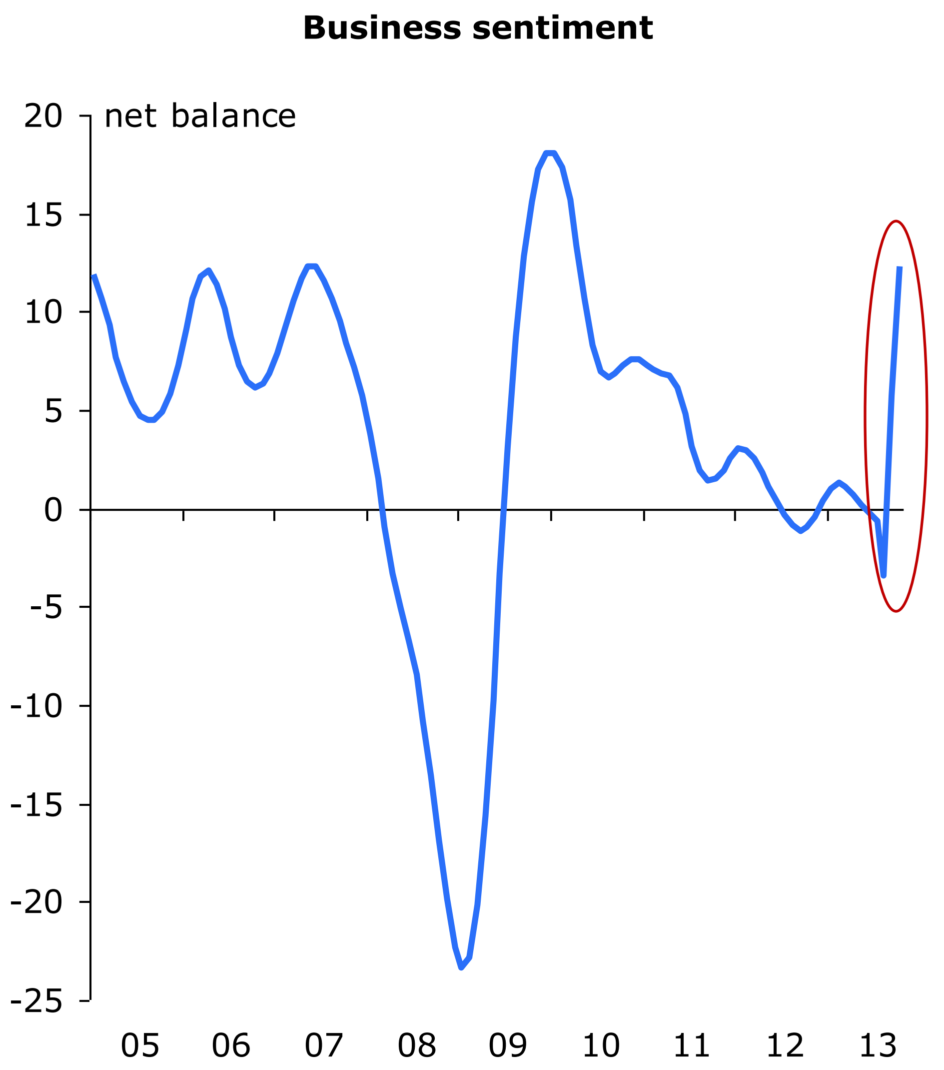
Australian growth is expected to rebound despite a fall in mining investment



Sources: ABS, ANZ

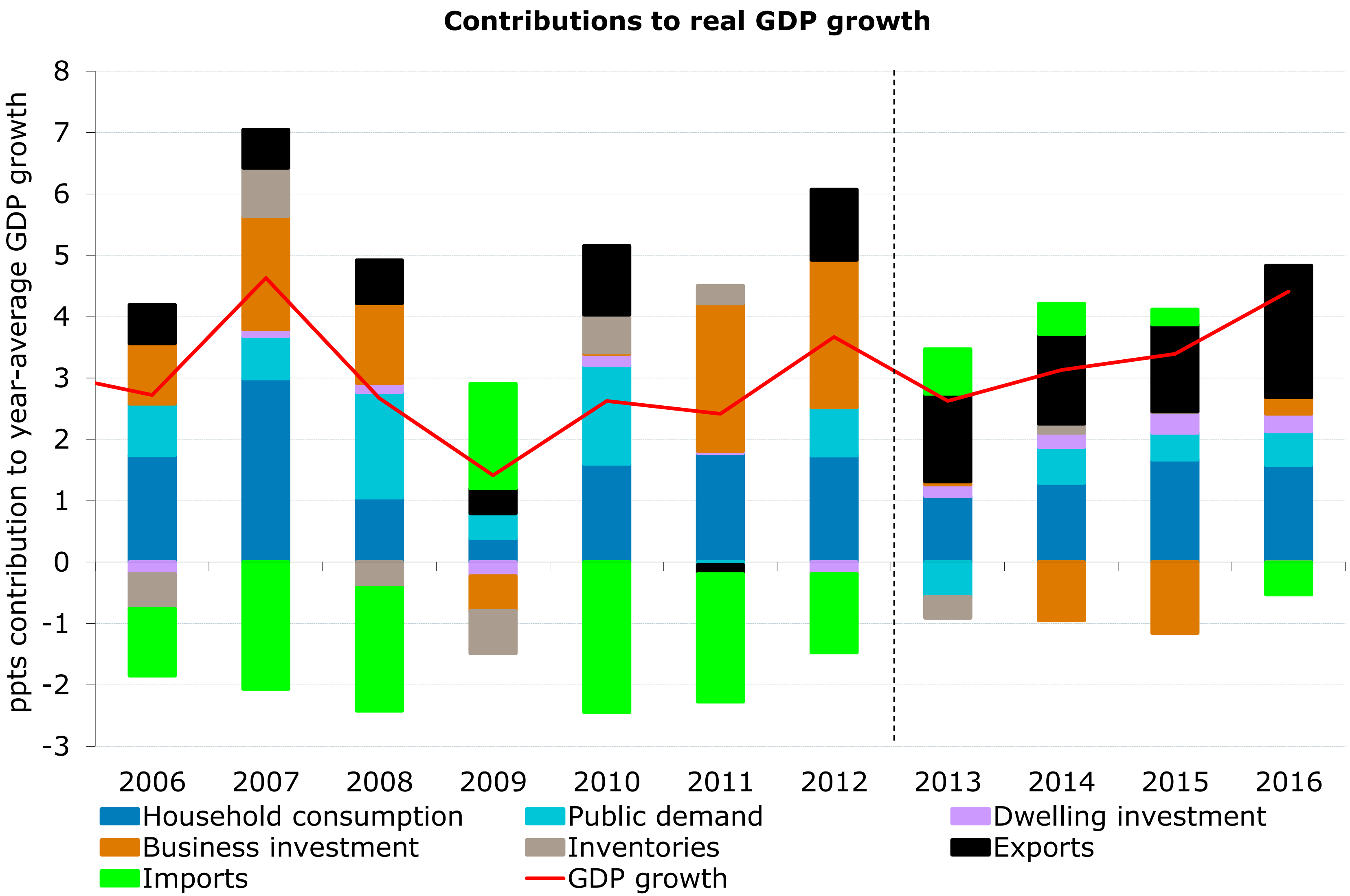
Sentiment is starting to respond favourably to low interest rates and a new government





Source: ABS

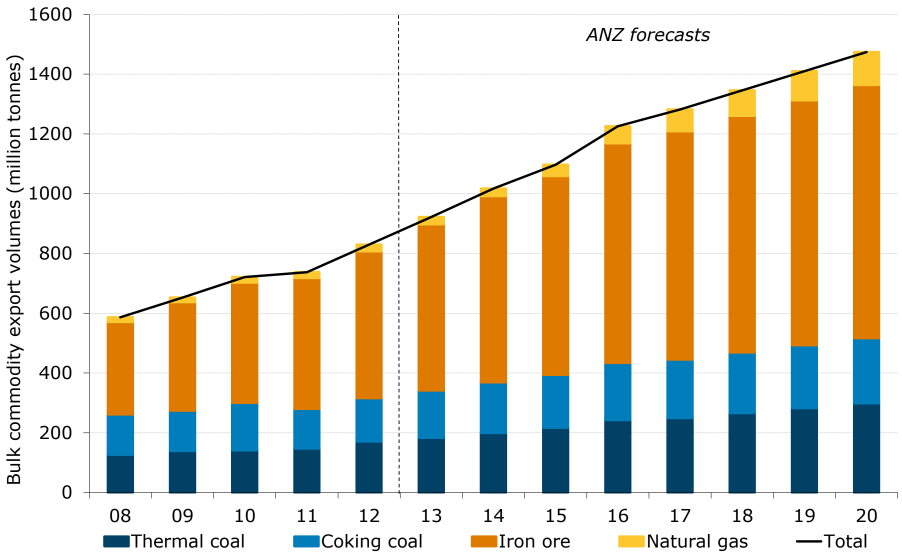
Export growth will replace business investment as a key driver of Australia's future GDP growth



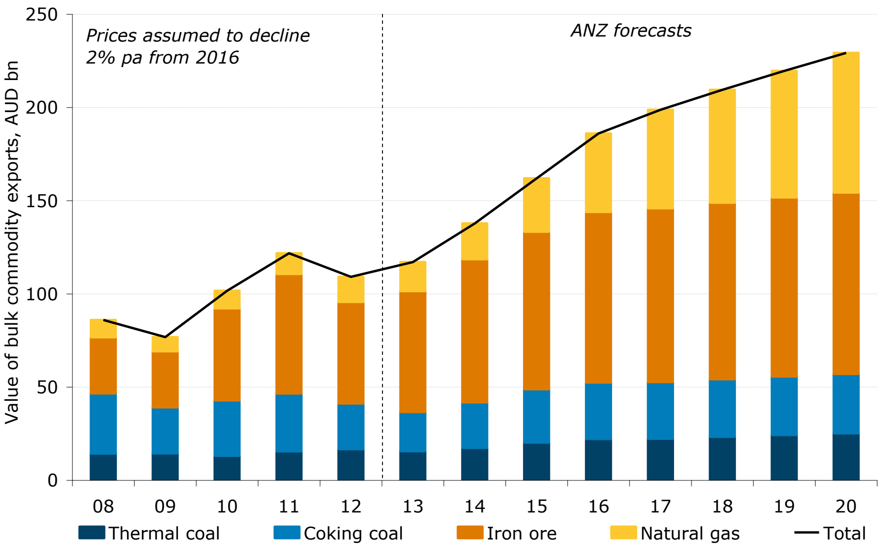
Sources: ABS, ANZ

While bulk commodity volumes will rise sharply, the question is how much employment will be created?

Bulk commodity export volumes

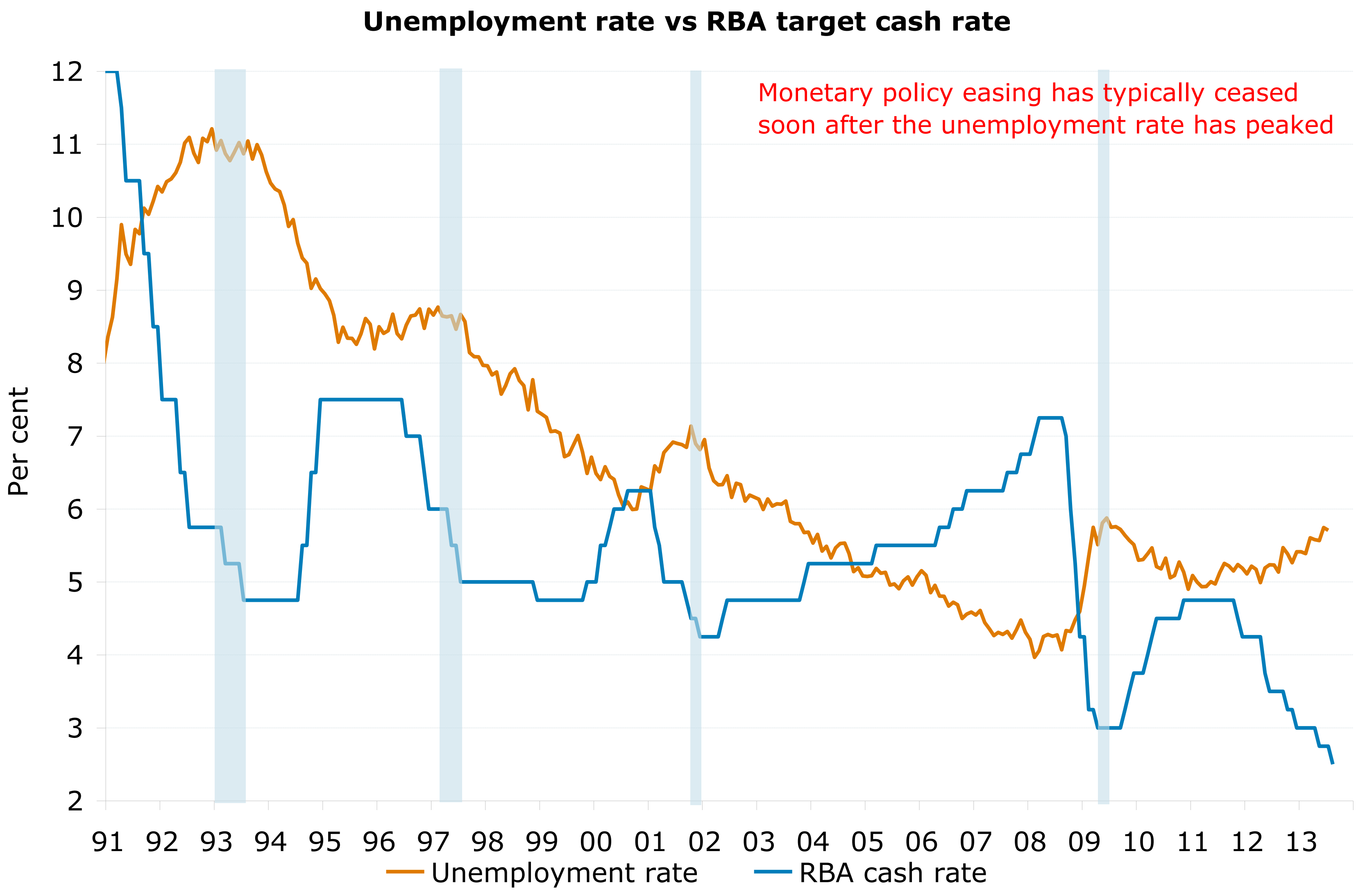


Value of bulk commodity exports



Sources: BREE, ANZ

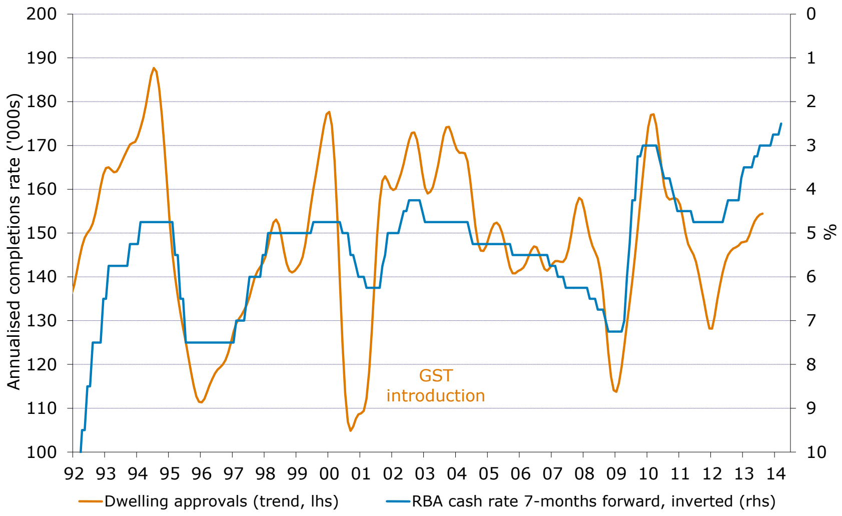
The unemployment rate is expected to drift higher as the economy transitions from the mining led investment boom



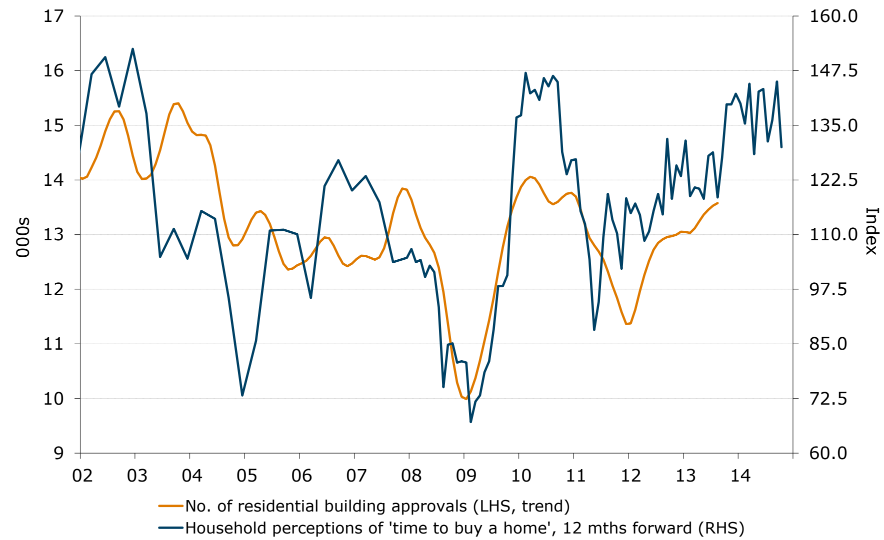
Sources: ABS, ANZ, RBA

Activity in the housing market has improved recently; prices and volumes up

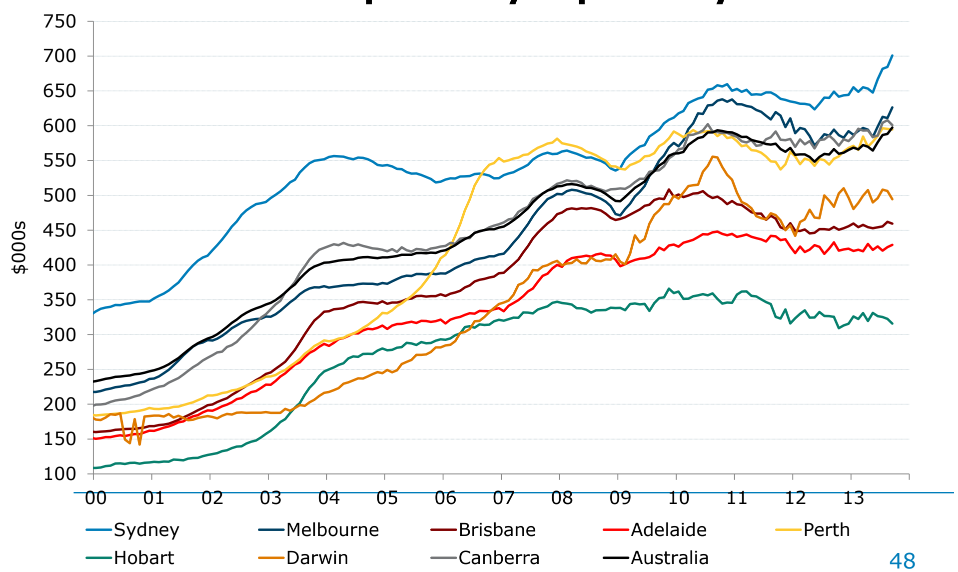
Building approvals vs cash rate



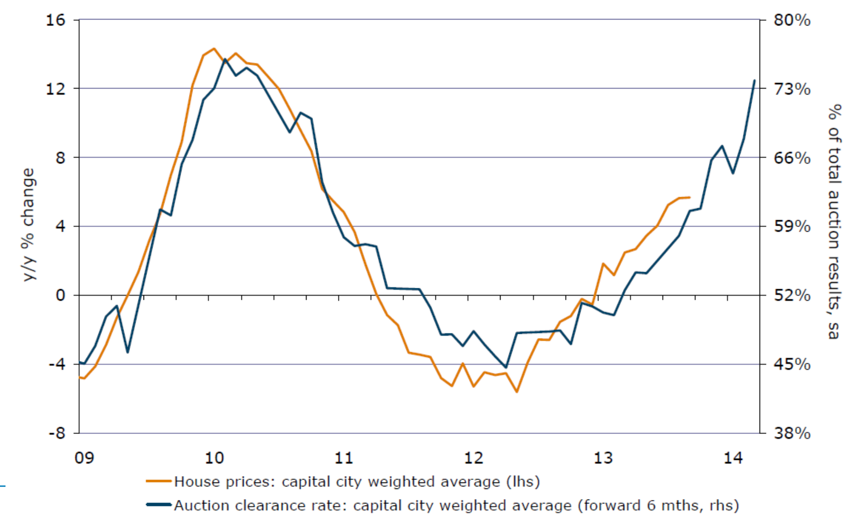
'Time to buy a dwelling'



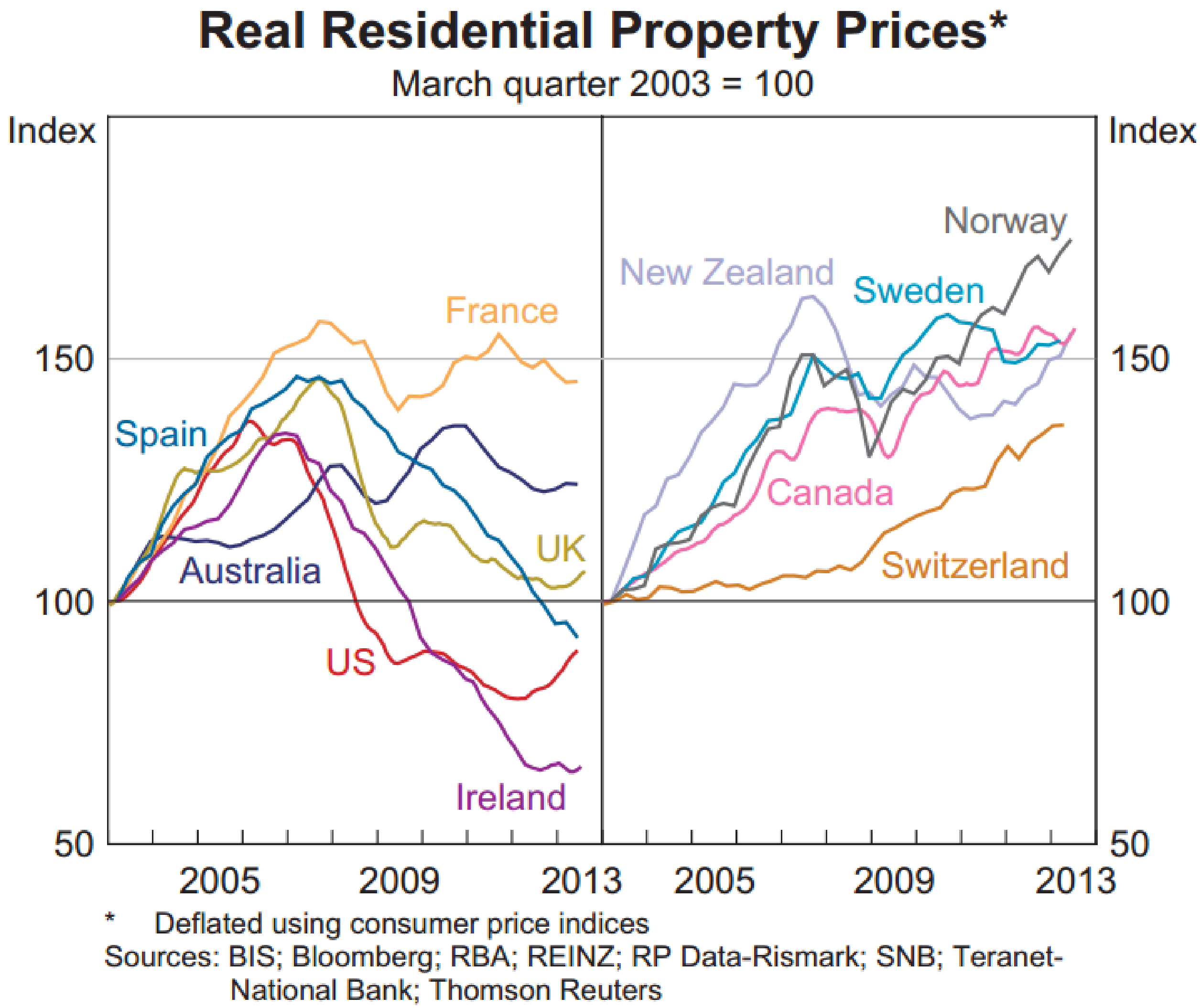
House prices by capital city



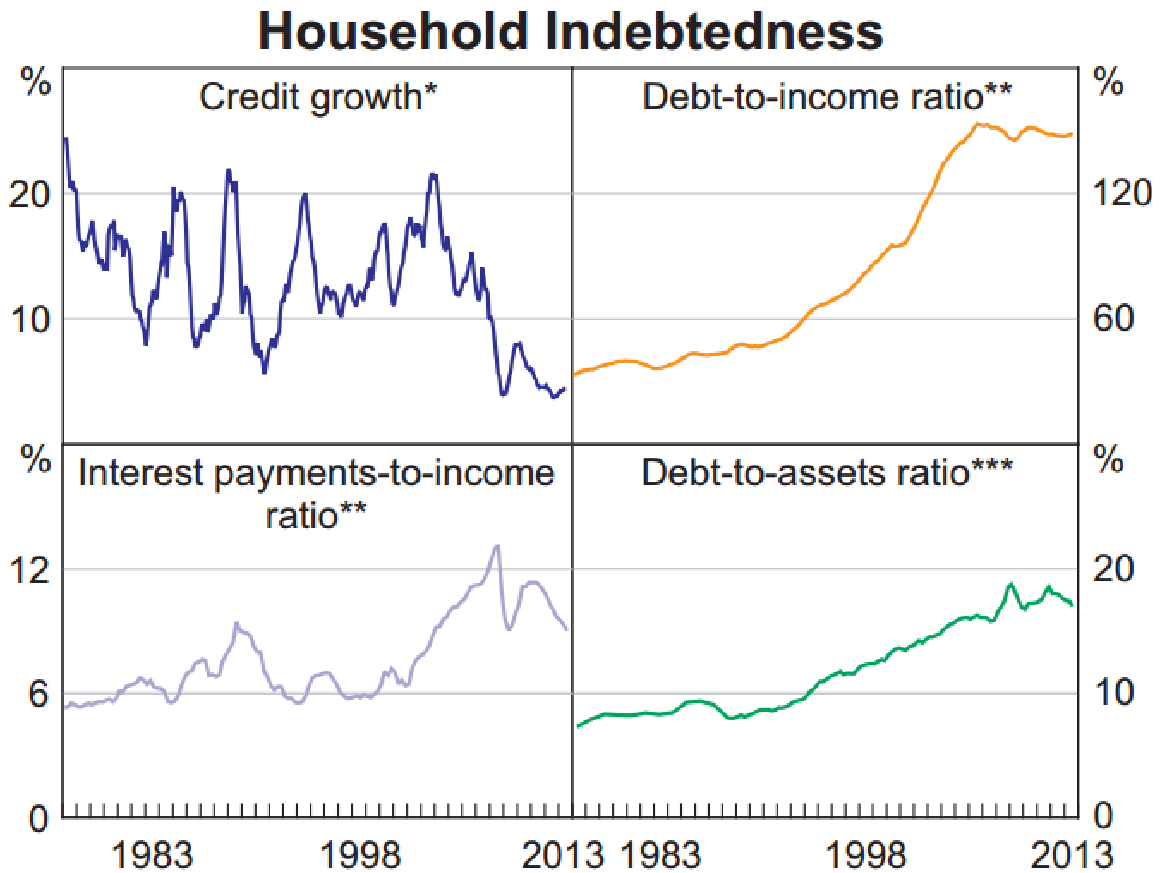
Auction clearance rates



Australian house prices in a global context



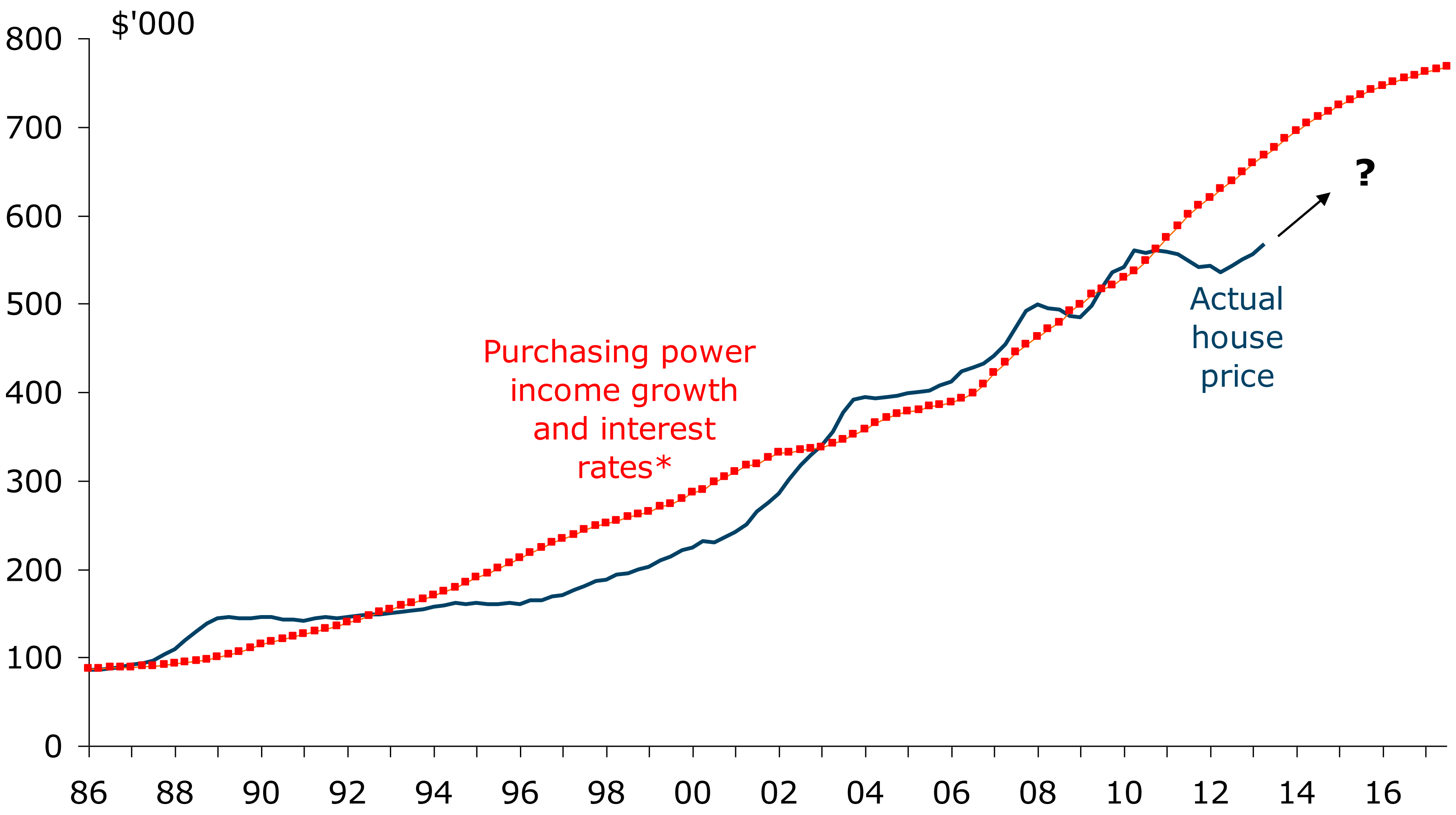
Appetite towards borrowing has changed and household indebtedness is still high



* Six-month annualised
** RBA estimates for September quarter 2013
*** RBA estimates for June and September quarters 2013
Sources: ABS; APRA; RBA; RP Data-Rismark

The outlook for house prices is a function of income growth and interest rates

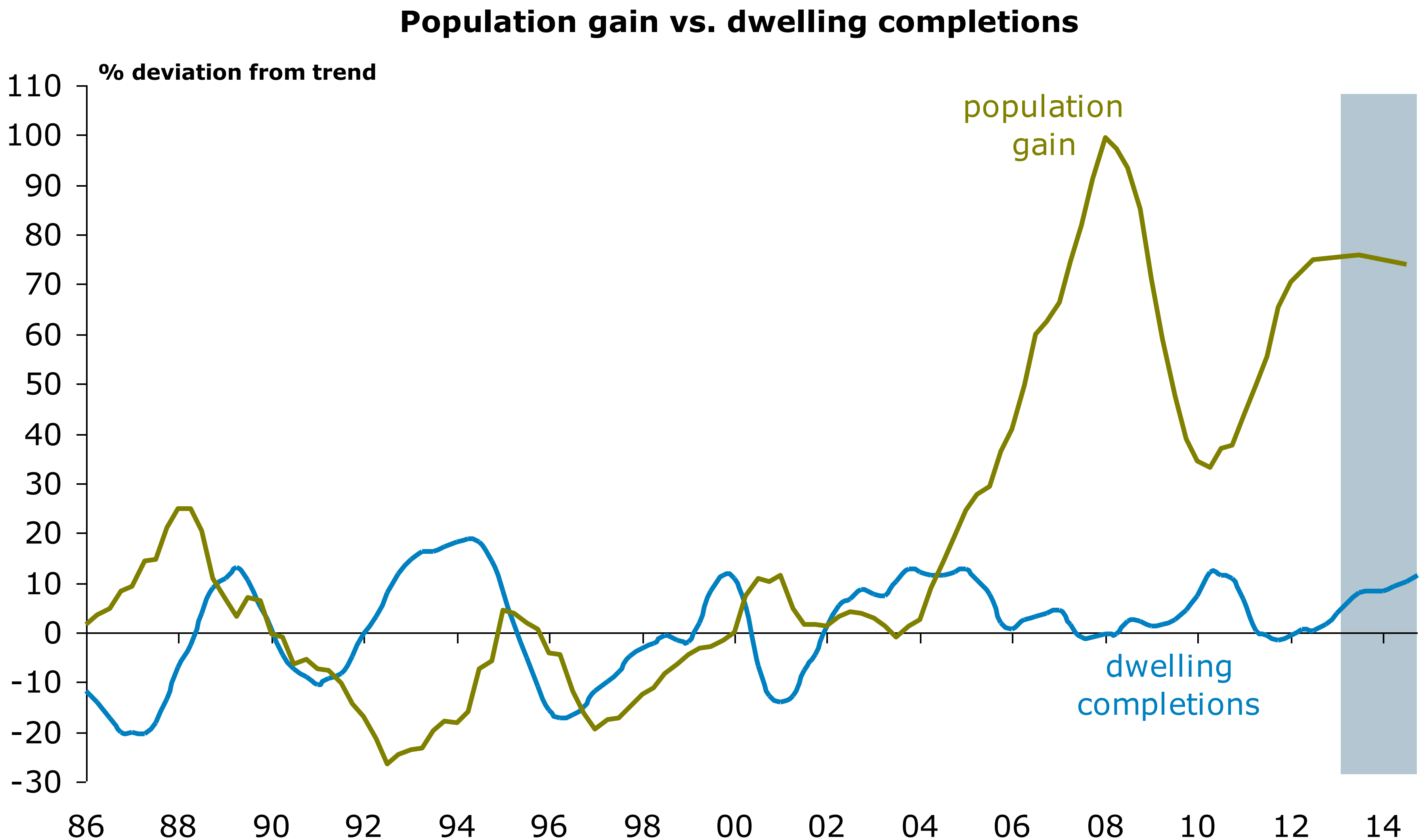
Median house price vs. purchasing power



**** Represents the average households purchasing power over the median priced home***

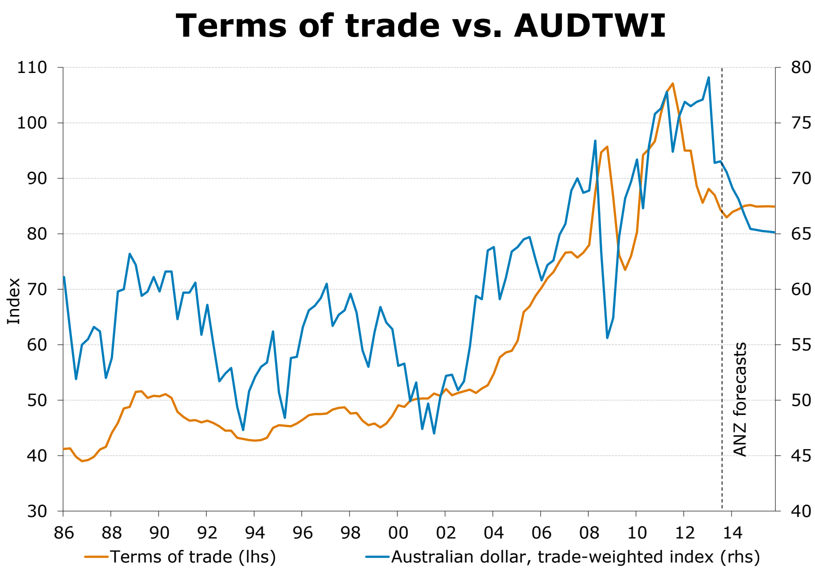
Sources: ABS, RBA, ANZ

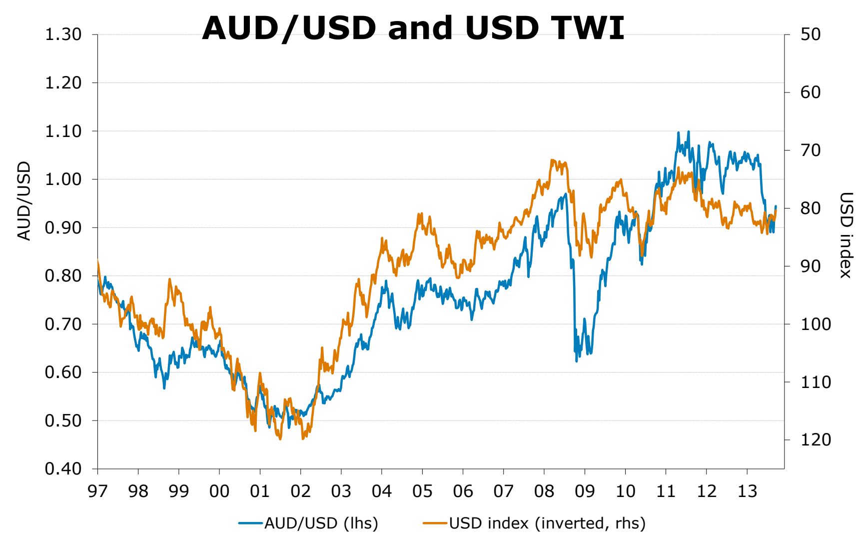
Dwelling construction remains well below requirements

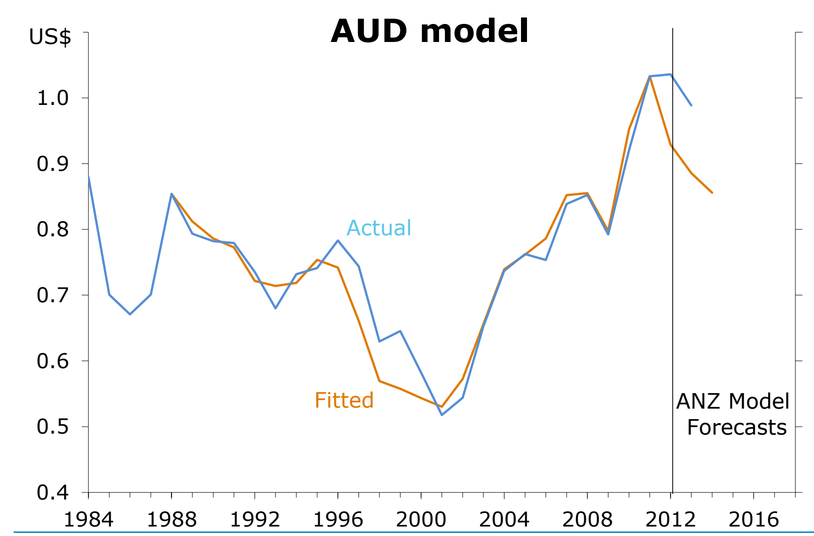


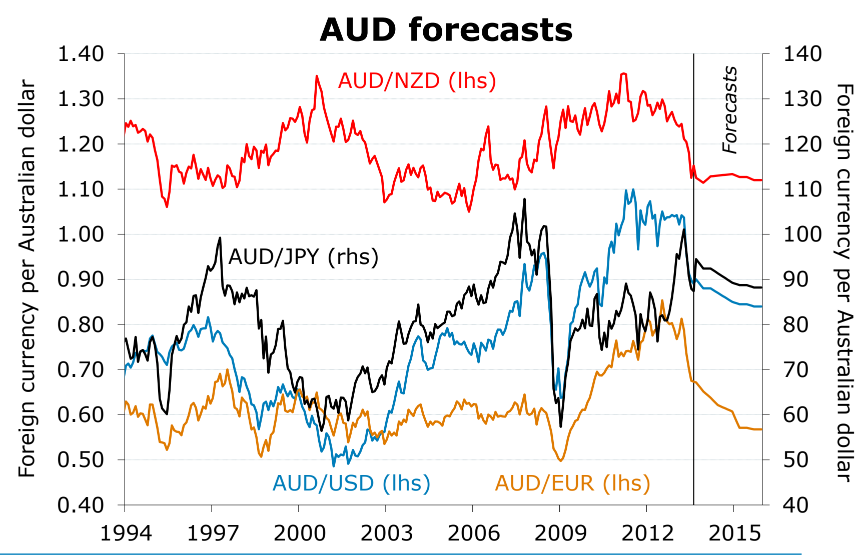
Sources: ABS, ANZ Research

AUD is a function of the USD, commodity prices & rate differentials : ANZ expects a drop towards USD0.85



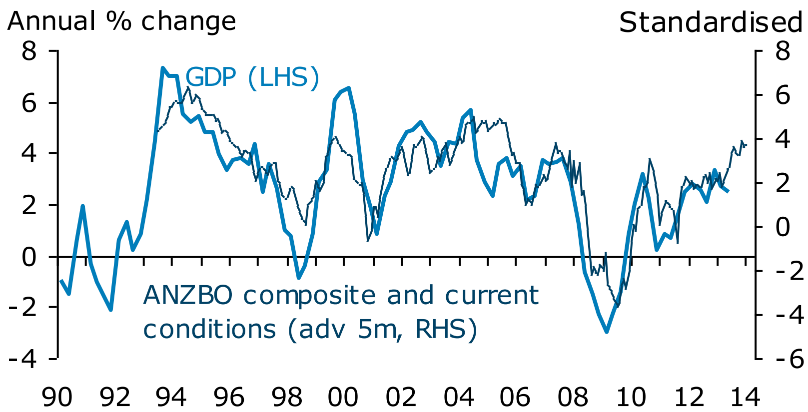




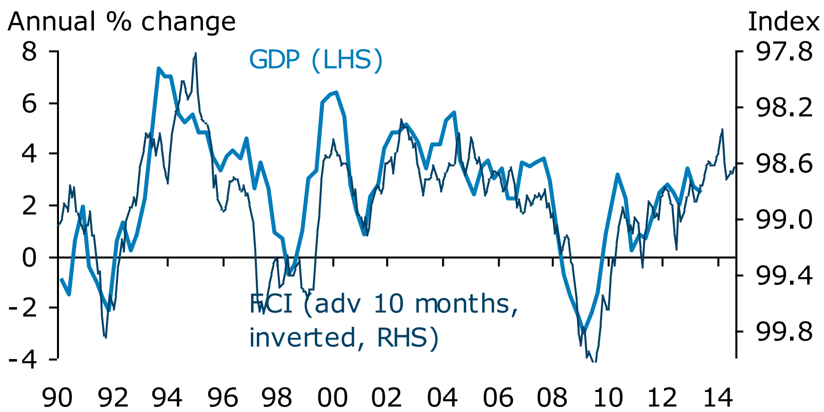


New Zealand – broad based recovery underway

GDP vs Confidence Composite - moderate growth



Financial conditions remain supportive



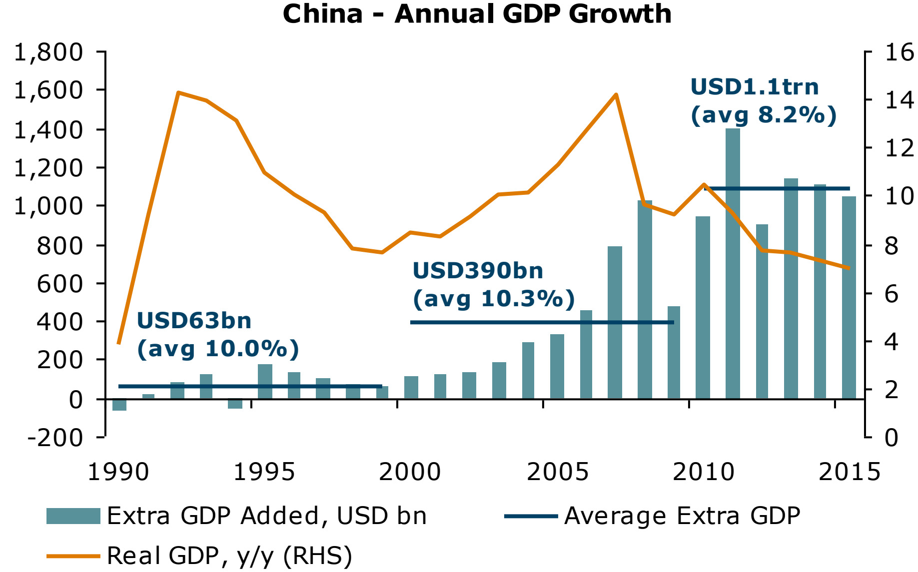
Sources: ANZ, Statistics NZ, Westpac McDermott Miller, Bloomberg

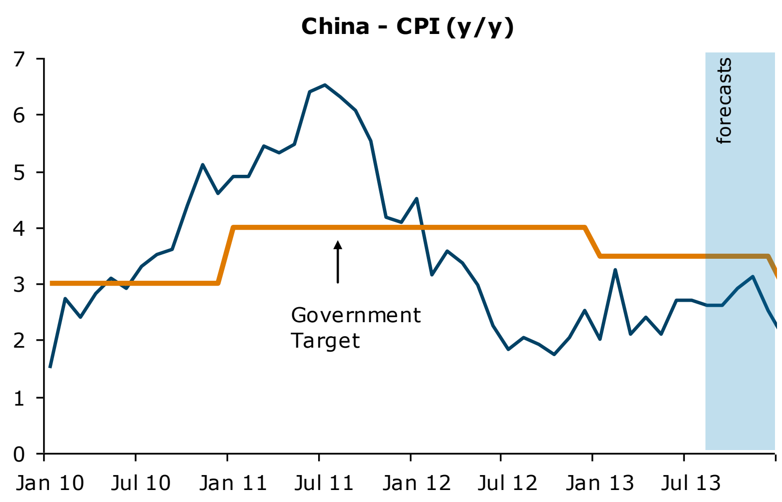
Key Themes

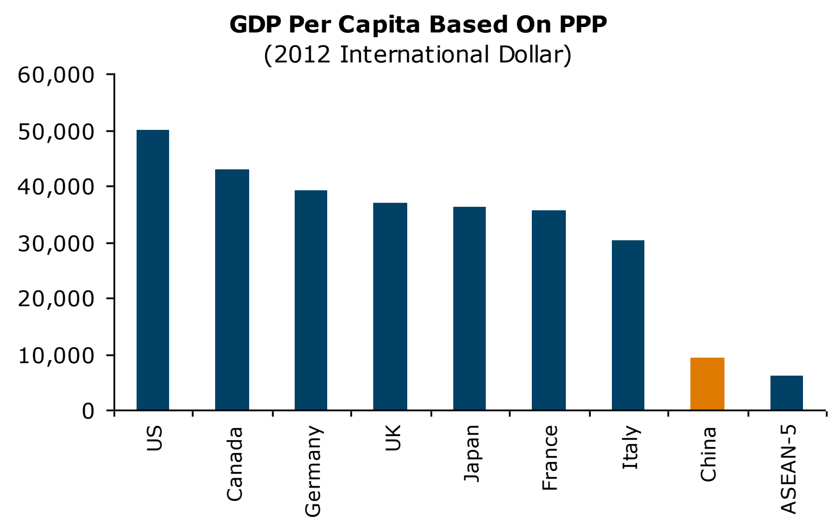
- The recovery is looking broader, with sentiment in manufacturing improving, migration picking up, and a windfall dairy payout providing a huge income lift.
- Auckland's housing shortages are a key national issue. The reality of addressing a 30,000 unit shortfall will be around for a decade. The supply-side response will add considerable impetus to economic growth in 2015.
- We expect ~3% GDP growth in NZ over the coming 2-3 years.
- We expect housing-related activity and credit growth to soften over the coming 6 months. The RBNZ is assuming recent LVR restrictions will knock 1-3 percent off credit growth.
- We expect a gradual tightening cycle of 75 bps of hikes per year towards the OCR neutral zone of 4-4.5 percent, beginning in Q1 2014. The strength of the NZD and the global scene suggest caution. However, inflationary pressures from a construction boom and house prices are looming, and the labour market is firming.
- We are paying particular attention to inflation trends and the potential spillover of rising construction costs into broader inflation.
- NZ can ill-afford both a construction boom and a consumption boom. The latter must make way for the former if inflation is to remain in check and the external accounts respectable.
- The fiscal accounts continue to improve and a surplus is in prospect for 2015.

Chinese GDP growth rate may decline, but overall growth remains substantial

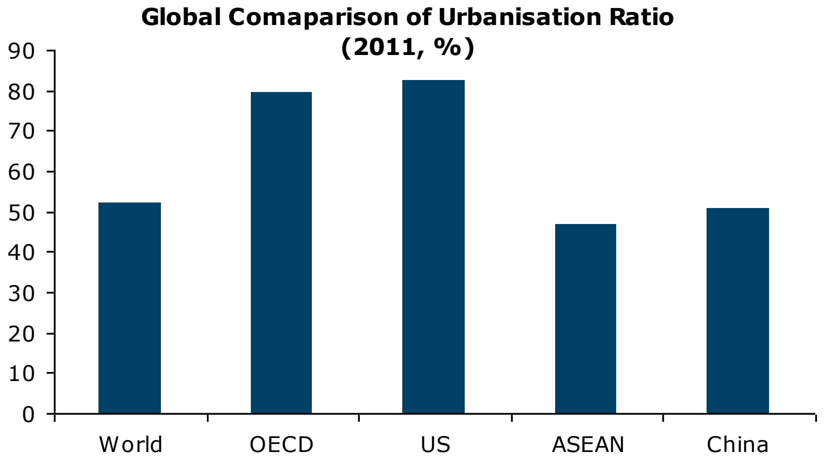
- ANZ forecasts China's GDP to grow at 7.6% this year and 7.2% next year (IMF : 7.6% in '13 & 7.3% in '14)
- For CPI, ANZ forecasts 2.5% for '13, which is 1% lower than the 3.5% target.
- While the GDP growth rate is expected to slow to around 7.0% by 2015, the real GDP growth in absolute terms is substantial; the gross amount of GDP increase in 2015 would be ~ USD1trn (more than the total GDP of Indonesia in 2012)
- Significantly, on a per capita basis, China's GDP still lags far behind more developed countries

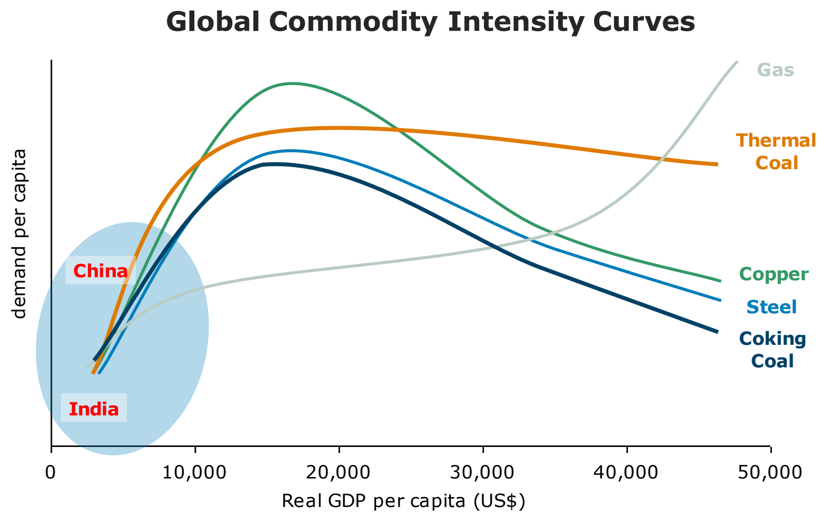


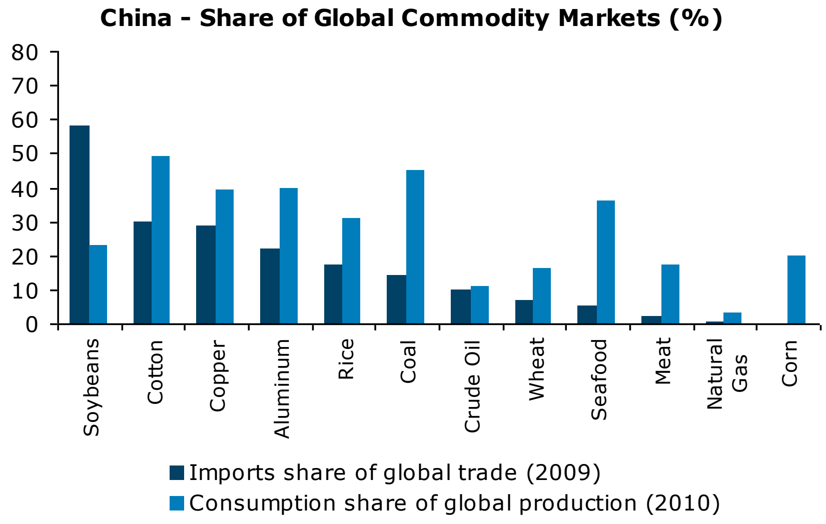


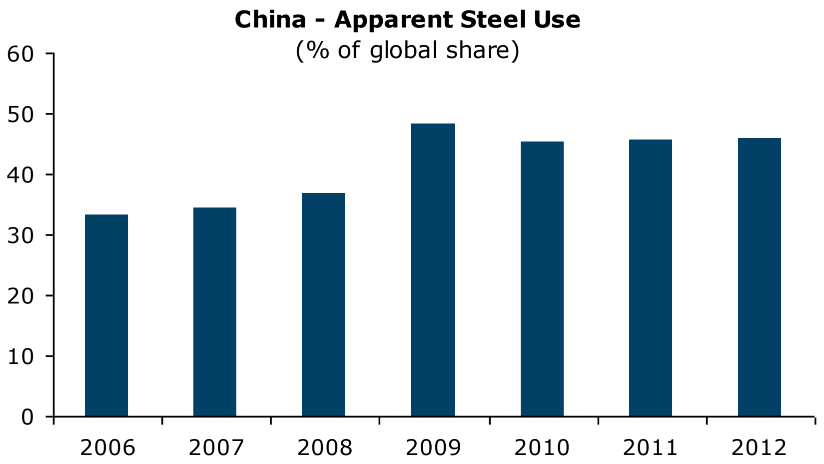


The medium term outlook for China will continue to be supported by ongoing urbanisation









Source: CEIC, IMF, ANZ Research

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DEBT INVESTOR UPDATE

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

Covered Bonds

Australian Covered Bond Legislation

Structure	• Enabling legislation (to amend the Banking Act 1959) passed the Australian Federal Parliament and became law in October 2011 • ADIs to be covered bond issuer, with dual recourse to issuer and cover pool • Guarantee provided by an SPV, used for segregation of cover pool assets and provides legal certainty of a priority claim over the cover pool
Priority	• Bondholders have priority against a cover pool of financial assets • Demand loan structure regulates priority and size of cover pool and use of the issuance limit. APRA has limited powers with respect to assets in the cover pool
Cover pool	• Australian assets only - includes cash, Aust Government bonds, State-Government bonds, <100 day bank debt (up to 15%), residential or commercial mortgage loans and derivatives • ANZ pool will limit State-Government Bonds to less than 15% and will not include commercial mortgage loans. • Minimum level of over-collateralisation of 3% (with contractual OC in addition) where value is only provided up to 80% LVR for residential loans
Issuance Limits	• Issuance not permitted if cover pool assets > 8% of ADI's Australian assets • Implies potential covered bond issuance of ~$29bn by ANZ
Supervision	• APRA has prudential supervision responsibilities • Defined role of independent cover pool monitor eg audit firm

ANZ

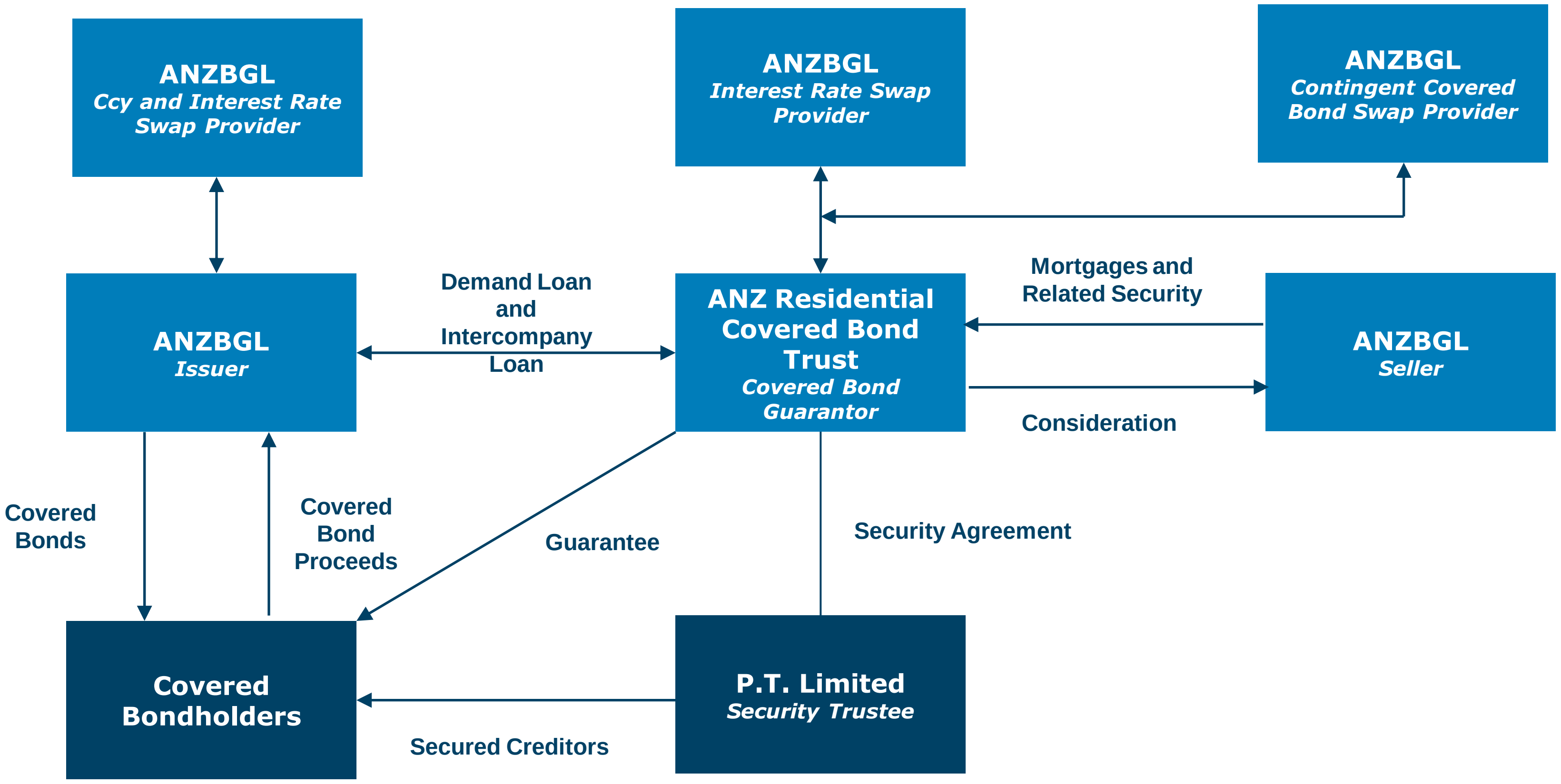
Programme Structural Enhancements

Over Collateralisation	• Asset Coverage Test (ACT) is performed monthly to ensure the cover pool is sufficient to secure outstanding covered bonds per minimum contractual OC • Maximum Asset Percentage 95% • Asset Percentage at 87% (October 2013) as set by rating agencies • Over-collateralisation at 14.94% (October 2013) - inverse of Asset Percentage
Indexation of Collateral	• The nominal property values are adjusted to reflect changes in house prices using RP Data-Rismark Home Value Index • Asset Coverage Test uses both Latest and Indexed Valuation for each property • Amortisation Test requires the use of Indexed Valuation • Indexing is applied with 100% of any loss and 85% of any gain • Housing Loans in arrears by more than 90 days receive zero value
Hedging	• Provided by ANZBGL to the Guarantor • Interest Rate Swap • Contingent currency swap • Required to post collateral, obtain guarantees and/or be replaced if specified rating triggers occur

Issuer Event of Default and Covered Bond Guarantee

Issuer Events of Default	Include: • Default in principal or interest for 7 days • Fail to perform obligations for 30 days • Winding up, encumbrancer takes possession of all assets • Bankruptcy proceedings • An uncured breach of ACT and PMT
Following an Issuer Event of Default	• Service of an Issuer Acceleration Notice to the Issuer will accelerate claims against the Issuer but not the Guarantor. The bonds do not accelerate. • Bondholders may immediately claim against the Issuer for the full Early Termination Amount and rank pari passu with ANZ's senior unsecured debt • Any money obtained under that claim is paid to the Guarantor for payment on bonds as they fall due
Activation of the Covered Bond Guarantee	• Following an Issuer Acceleration Notice, the Trustee may serve a Notice to Pay on the Covered Bond Guarantor • Investors receive payment of interest and principal under the Covered Bond Guarantee according to the original payment schedule as if no Issuer Event of Default had occurred • To the extent the Covered Bond Guarantor has insufficient funds to repay Covered Bonds in full on the Maturity Date, the unpaid amount of Covered Bonds will be deferred and shall be due and payable 12 months later (or earlier if the CB Guarantor has sufficient funds). This provision does not apply to Hard Bullet Covered Bonds.

Programme Structure

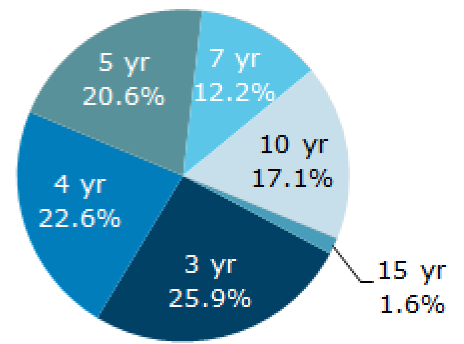


Australian Issuance – October 2013

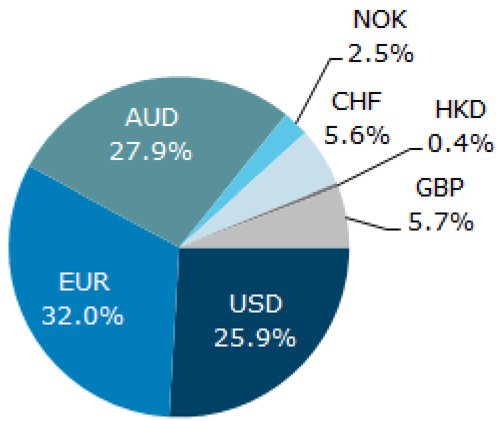
Covered Bonds	
Bonds Issued (A$)	**13.2bn**
Program Ratings	Aaa / AAA
Number of Issues	15
Number of Currencies	7
WA Term at Issue	5.57 years

Issuance Capacity	
Contractual AP%	87%
Min Required OC%	14.94%
Max Issuance Capacity	**29.4bn**
% Issuance Capacity Utilised	45%

ANZ Covered Bonds Issuance Tenor

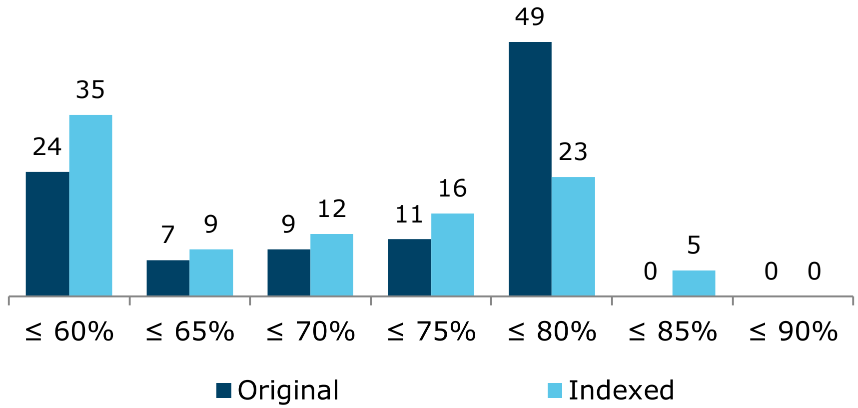


ANZ Covered Bonds Currency Mix

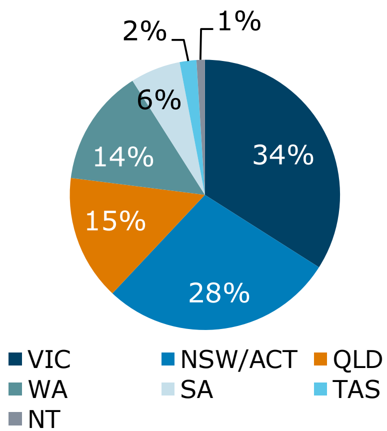


Cover Pool - Composition and qualifying criteria

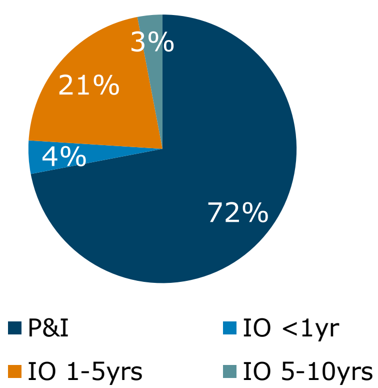
Weighted Average LVR (%)



Geographic Spread (State/Territory)



Amortising vs Interest Only



Portfolio Summary at 22 October 2013

Covered Bond Pool	$16.8bn
Covered Bonds on issue	$13.2bn
Average loan size	$289,840
Weighted Ave Current LVR	64%
Weighted Ave Indexed LVR	63%
Weighted Ave Seasoning	21.1 months
Min Required AP% / OC%	87% / 15%
Owner-Occupied / Investment	73% / 27%
Full-Doc loans	100%

Qualifying Loan Criteria

- Due from a natural person resident of Australia
- Repayable in Australian Dollars
- Fully drawn
- Term does not exceed 30 years
- Current principal balance ≤ $2,000,000
- Secured by a registered 1st mortgage
- Residential dwelling which is not under construction (excluding permitted renovations)
- The loan is not > 30 days in arrears
- The sale of the loan does not contravene or conflict with any applicable law
- The Borrower has made at least one interest payment on the loan

Key Contacts

Australia and New Zealand Banking Group Limited
Level 9, 833 Collins Street
Docklands VIC 3008
Australia

Group Treasurer
Rick Moscati
Phone : +61 (3) 8654 5404
Mobile: + 61 (0) 412 809 814
E-mail: rick.moscati@anz.com

Head of Group Funding
Luke Davidson
Phone: +61 (3) 8654 5140
Mobile: +61 (0) 413 019 349
e-mail: luke.davidson@anz.com

Head of Debt Investor Relations
David Goode
Phone: +61 (3) 8654 5357
Mobile: +61 (0) 410 495 399
e-mail: david.goode@anz.com

For further information, please visit our website: www.anz.com

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