2003 Annual Results

Australia and New Zealand Banking Group Limited

24 October 2003

Another Solid Result for ANZ, up 8.3%

		v Sep 02
NPAT	$2,348m	⇧ 1.1%
EPS	148.3 cents	⇧ 0.7%

Before Significant Items

NPAT	$2,348m	⇧ 8.3%
EPS	148.3 cents	⇧ 8.2%
EPS (Excluding goodwill)	152.4 cents	⇧ 9.2%
Dividend	95 cents	⇧ 11.8%
Net Specific Provisions	$527m	⇩ (27.6%)

Results Review

Peter Marriott
Chief Financial Officer

Full year result driven by asset and deposit growth

Full year NPAT growth increased ***8.3%*** with growth in net income, tight expense control, and improving credit quality being the highlights.

Net interest income

- strong lending growth resulted in a $454m increase in net interest income, offset by a 10 bp margin decline, which reduced net interest income by $161m.

Other income

- flat as a result of an under accrual of loyalty points on co-branded credit cards in prior years, higher cost of loyalty points, and sale of ANZ FM.

Expenses

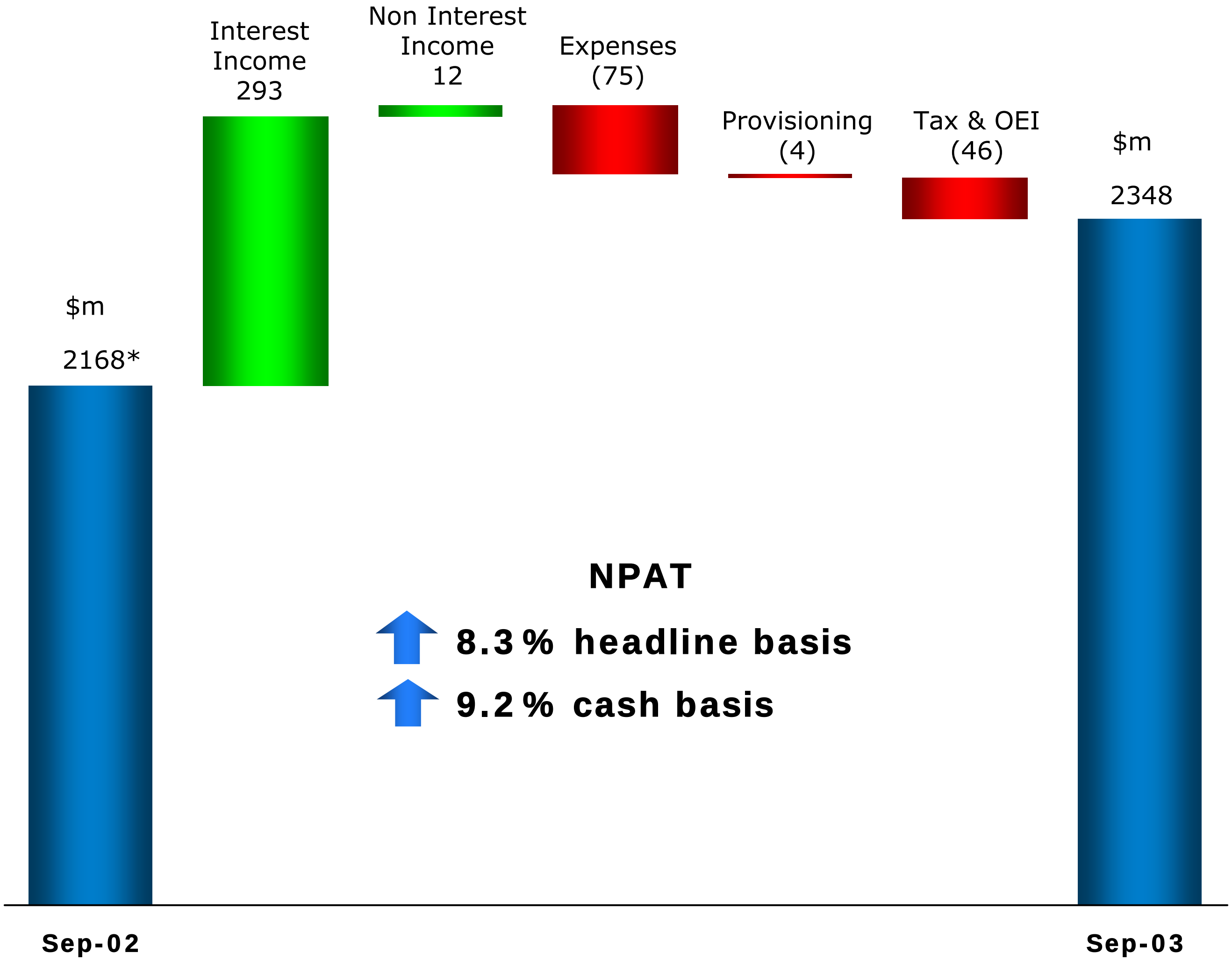
- were once again tightly controlled across the group, increasing 2%. Cost savings generated throughout the period were offset by a volume driven increase.

Provisioning

- asset quality improved with the ELP rate down offsetting volume growth, primarily in mortgages.

Tax

- reduction in tax rate by 0.4% due to a higher proportion of equity accounted income.

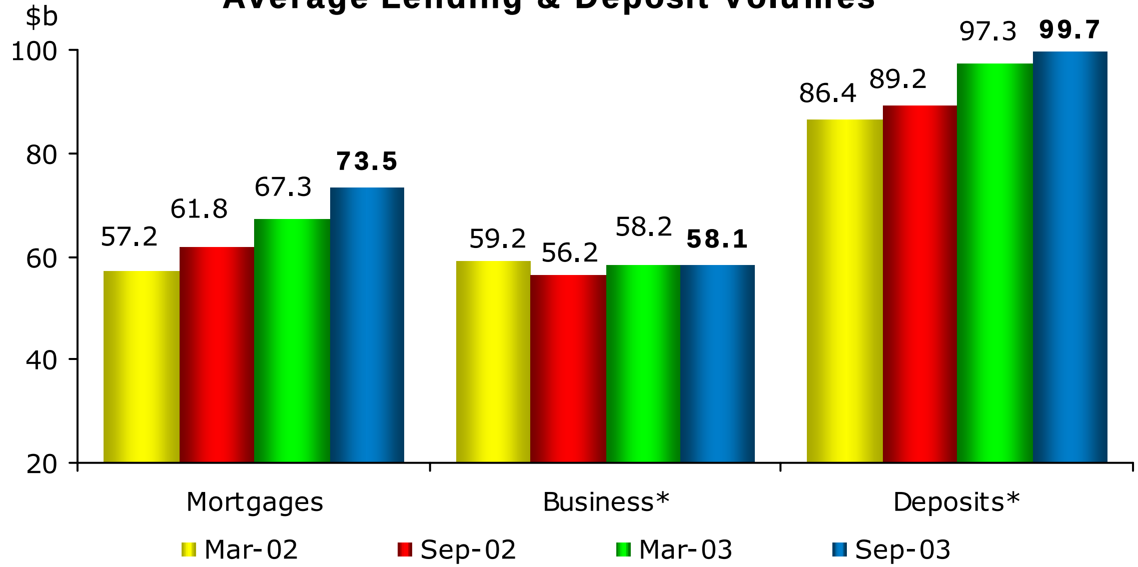


** Sep-02 excludes significant items*

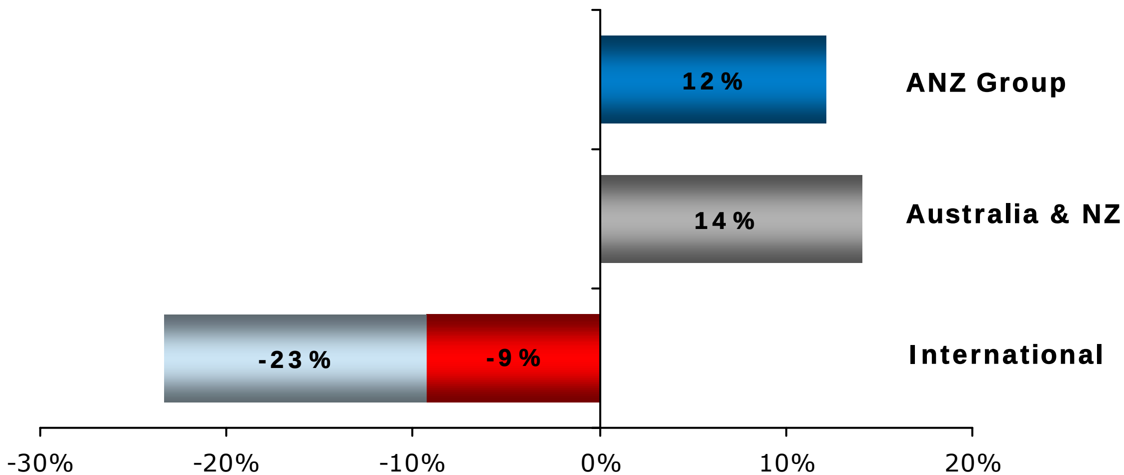
Higher interest income, driven by strong mortgage and deposit growth

- Average net lending assets grew by $13.6b (10.0%) in 2003, with growth of $10.8b (18%) in Mortgages, $1.6b in Corporate and $0.8b in Asset Finance.
- Average deposits and other borrowings grew $13.5b, principally in Personal Banking Australia ($4.2b), Treasury ($3.2b), IFS ($2.7b) and Corporate ($1.6b). The deposit growth was encouraged by uncertainty in global equity markets.
- End of period net lending asset volumes reduced 23% in overseas markets as a result of the strategy to reduce higher risk exposures in the UK and US and the exchange rate impact of a strengthening Australian dollar.

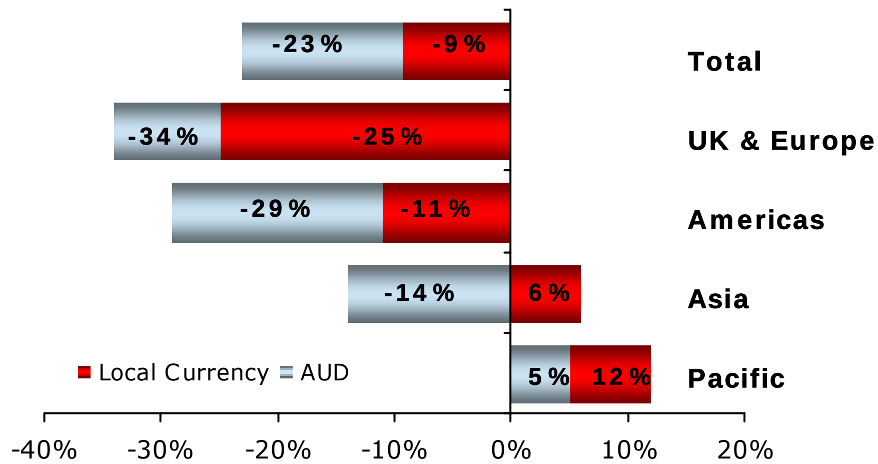
Average Lending & Deposit Volumes



Lending Asset Growth for the year to September 2003



Trends in international exposure



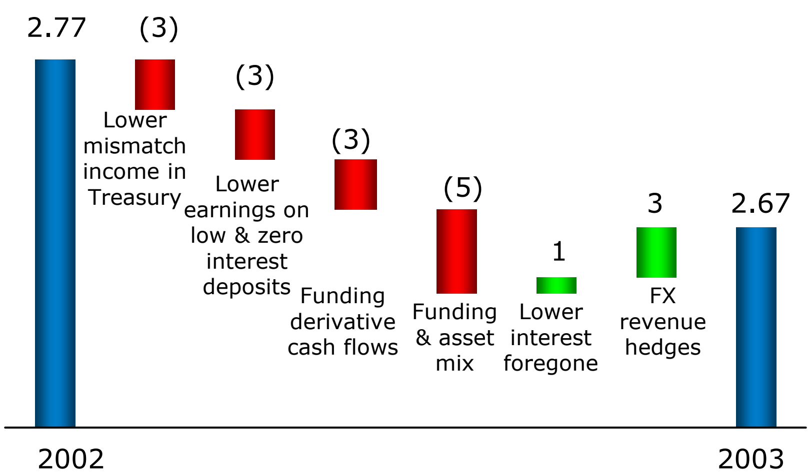
*Business Lending includes Corporate & Small Business, and Institutional Segments. Deposits includes Esanda retail debentures

Margins down, primarily due to yield curve and mix effect

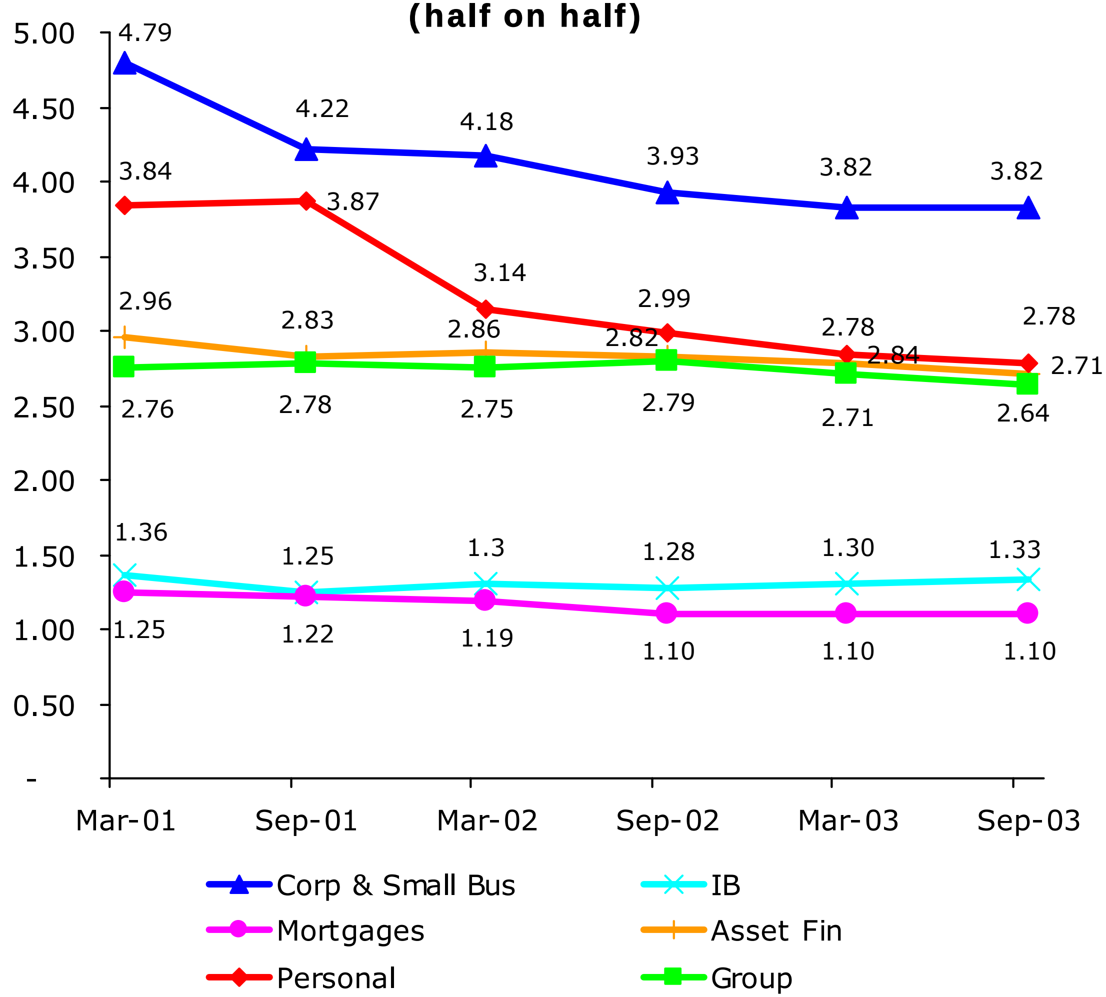
Net interest margin contracted by 10bp yoy:

- Net interest income in Treasury fell by $45 million as a result of run off of the existing portfolio and flat yield curves. This represented 3bp.
- The interest benefit from low interest savings accounts and non-interest bearing balances reduced as the rate at which they were invested reduced, representing 3bp.
- The funding cost associated with unrealised trading gains resulting from the appreciating AUD represented 3bp, although this was offset in trading income
- Funding and changed asset mix contributed 5bp

Margin Drivers

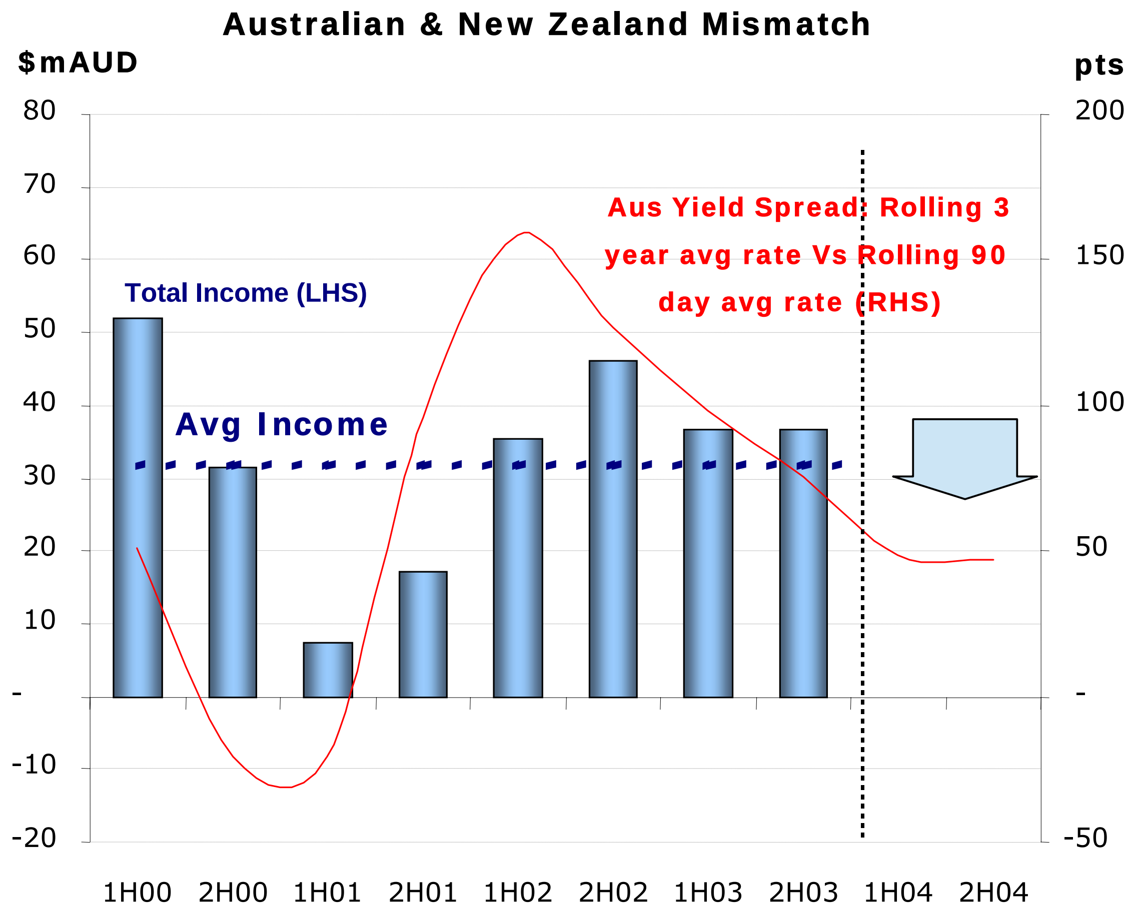


Interest Margins (half on half)



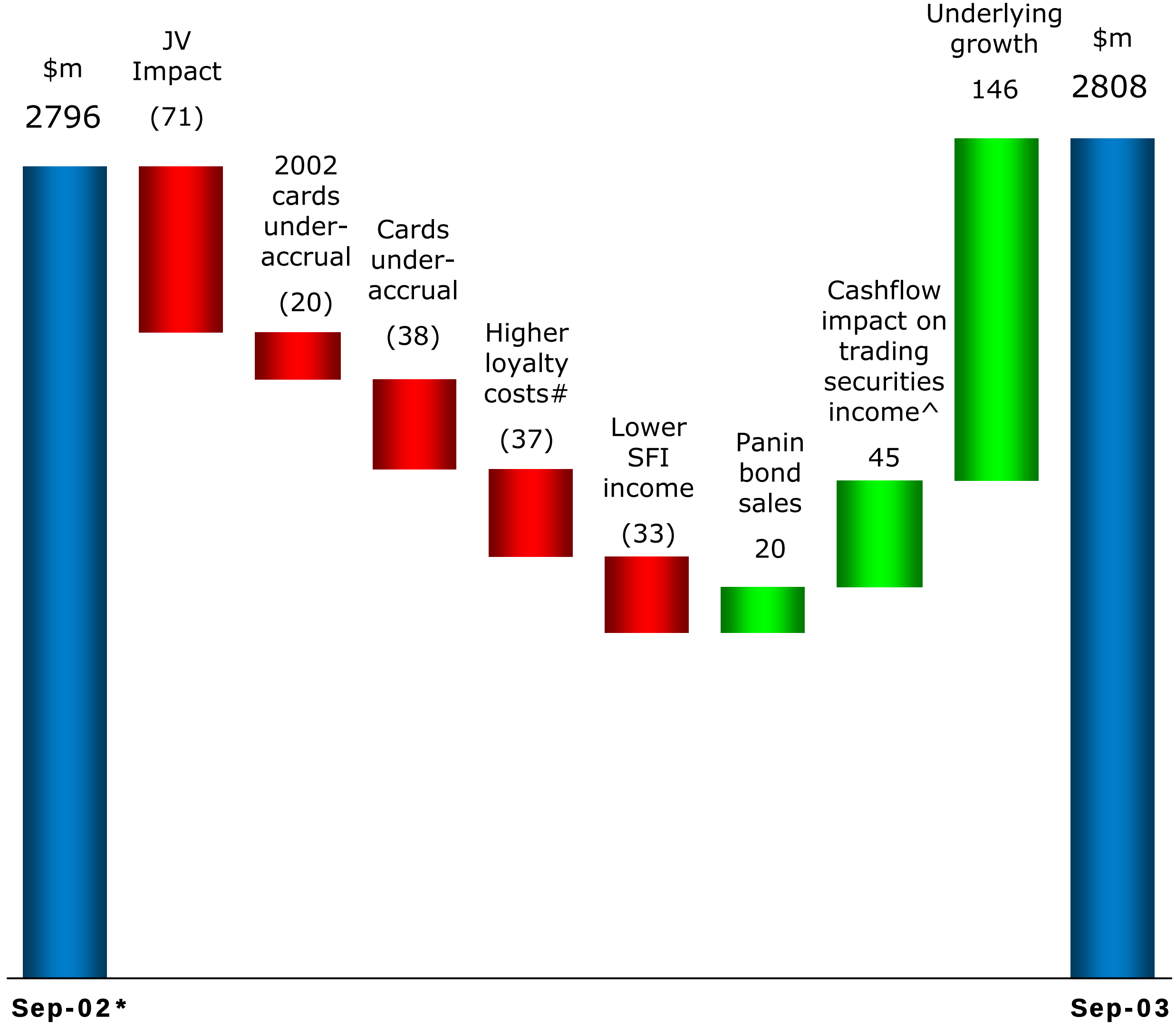
Treasury – adversely impacted by a tough interest rate environment

- Over the last three halves Group Treasury's earnings have been in decline, with further decreases expected in 2004.
- Group Treasury mismatch income is a function of the steepness of the yield curve (ie. rolling avg 3yr assets funded at rolling 90 days), which has been declining.
- The current interest rate environment is not one for building risk.
- The benign global interest rate environment, with term rates falling to historical lows and flattening yield curves, has limited investment opportunities.
- As such net ageing has occurred within the mismatch portfolio over recent periods.
- The Australian & New Zealand mismatch portfolios remain well placed to benefit from a tightening interest rate cycle.



Non interest income impacted by Cards under-accrual and loyalty costs, underlying growth strong

- Lending fees increased $57 million due to strong volume growth in Corporate, Asset Finance and Institutional Banking in Australasia
- Non lending fees reduced by $81 million principally from a $38 million under accrual of loyalty points on co-branded credit cards in prior years, higher cost of loyalty points and reduced fee revenue from US and UK structured finance operations.
- Structured Finance International income reduced as a result of the re-weighting of the Group's portfolio in both risk and geographic terms, foreign exchange rate movements and subdued market conditions.
- Trading securities income growth included $45m from cash flow mismatches on swaps which had an opposite impact on net interest income

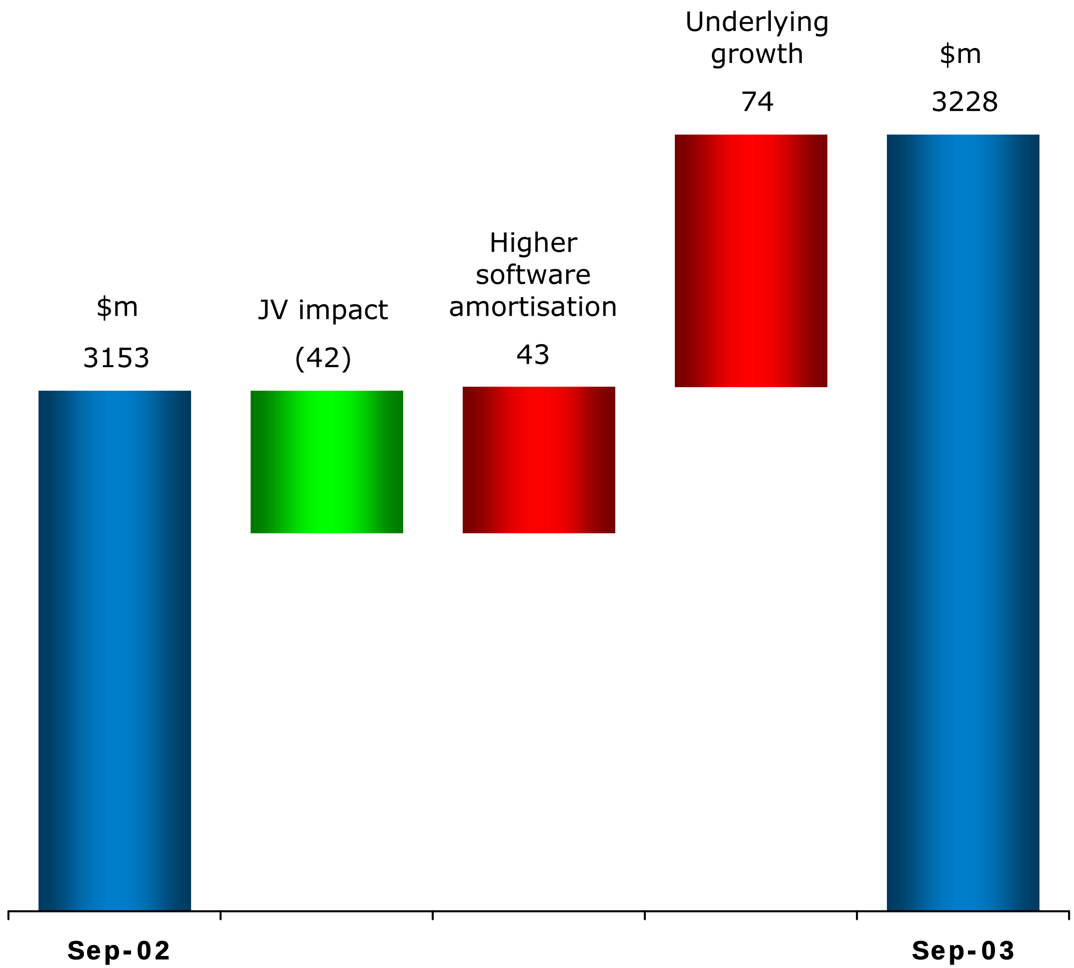


Sep-02 excludes significant items
 # excludes volume impact and benefits from repricing
^ refer also Margin Drivers (p8)

Expense growth well controlled

Expense growth was relatively flat, with discretionary cost growth minimised due to lower revenue growth.

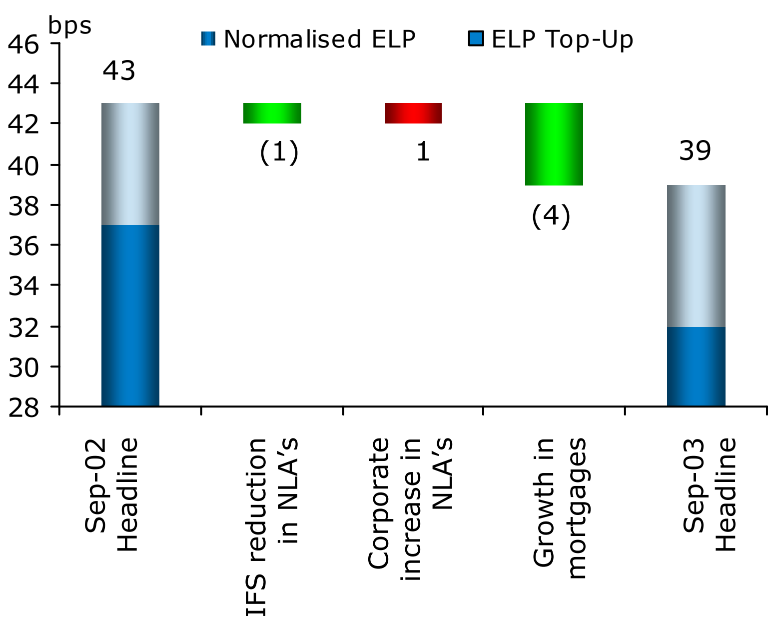
- Personnel costs up 2%, reflecting growth in staff numbers of 3% (increase occurred largely towards the end of the period).
- Overall FX impact on expenses immaterial at $1m, with fall in USD denominated expenses netting off against a rise in NZD denominated expenses.
- Higher software amortisation charges are coming through as further projects reach implementation stage.
- Cost management will continue to be a core discipline at ANZ. We will seek to maintain cost growth below income growth and increase re-investment in the business



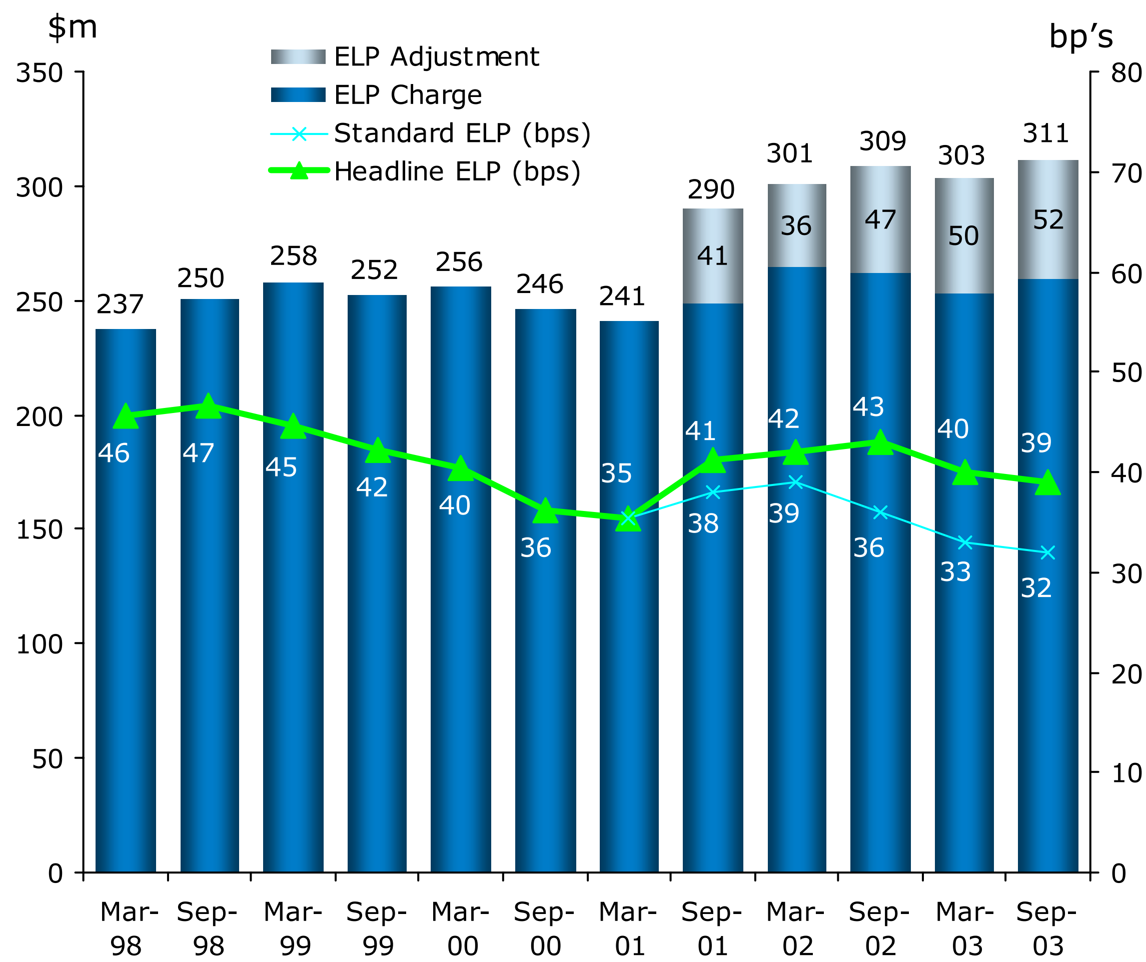
Doubtful Debts Provision reflects improved underlying portfolio

- "Standard" ELP (as a % of NLAs) has decreased significantly from 46 bps to 32 bps across the period 1998 through 2003. This is consistent with mortgage growth in key lending markets of Australia and NZ and reduced Group risk profile
  - ANZ has adopted a conservative view on the level of offshore expected default frequencies post Sep 2001 by recognising an approximately 7bp average incremental ELP adjustment charge
- ELP adjustment expected to be progressively wound back over the next two years, predicated on continued risk reduction and stabilisation in the offshore book.

ELP Rate Drivers

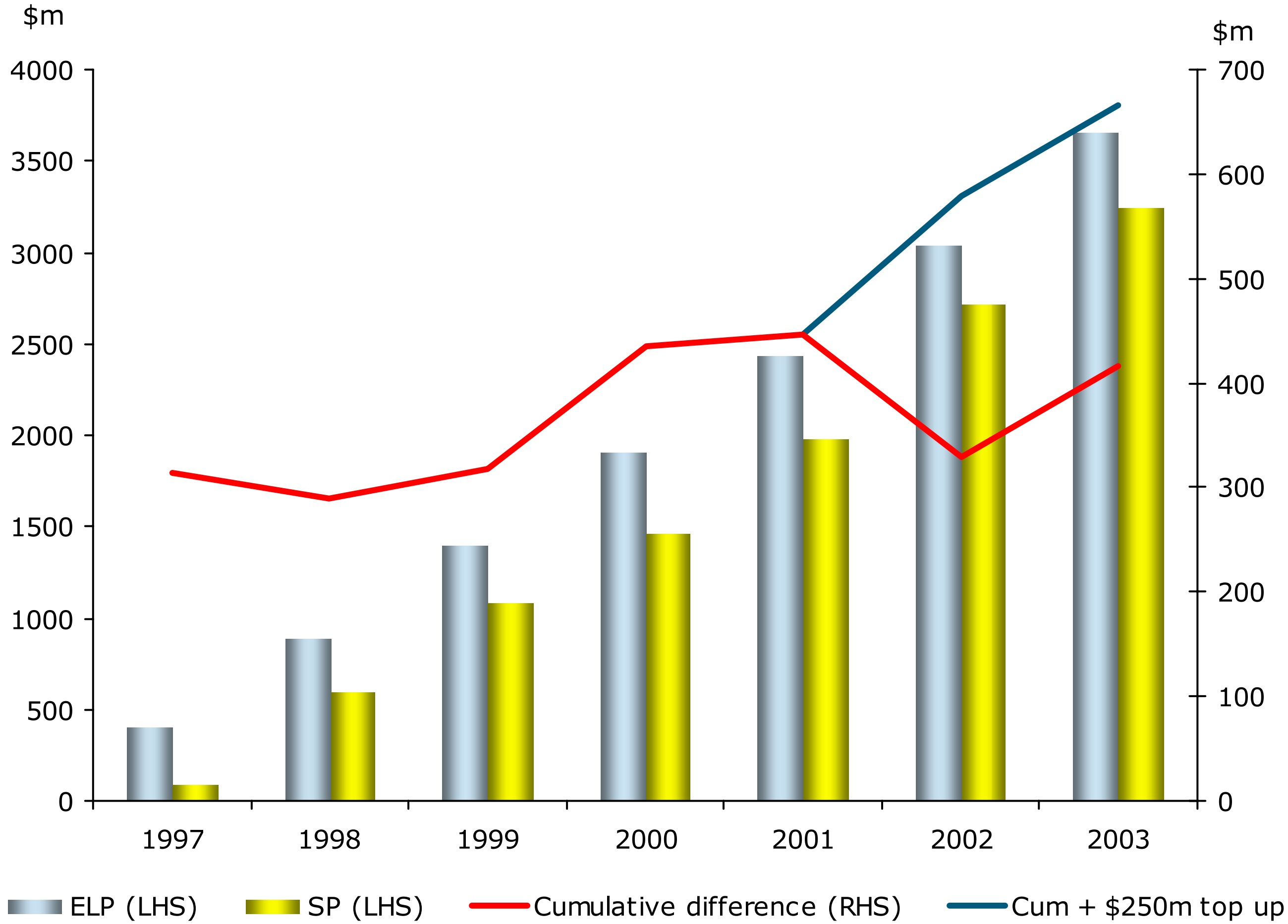


ELP Charge



Cumulative ELP balance is well above the specific provision balance

- The cumulative ELP balance continues to comfortably exceed the specific provision balance.
- In 2003 an additional $100 million was provided in ELP as precaution against continued above expected levels of default on the offshore lending portfolio.
- The reduced 2003 specific provisioning charge reflected a 56% decrease in overseas market charges. This is reflective of the de-risking strategy in the Institutional Financial Services segment, resulting in the winding down of offshore exposures.

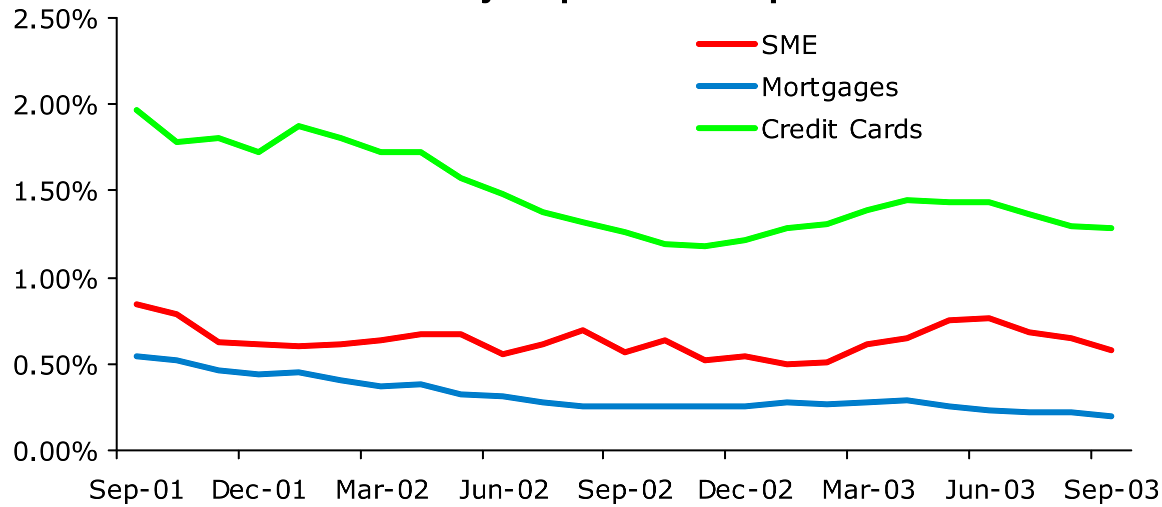


Credit Quality

Consumer & SME portfolios in good shape

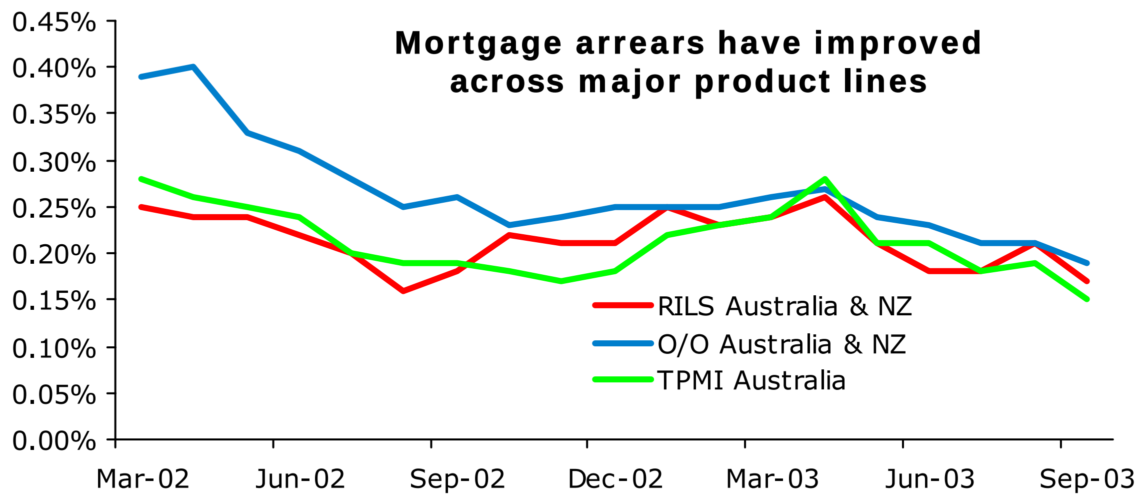
- Arrears profile (60 days) is approaching historical lows reflecting strength of Australia's retail sector.
- The consumer sector is robust with continuing low levels of unemployment and a low interest rate environment.
- Mortgage arrears continue to decline.
- Quarterly behavioural review scoring in the SME portfolio is contributing to a lower arrears profile.
- SME sector is benefiting from low interest rates and healthy business environment.

Arrears have decreased over the half, contrary to previous expectations



- Delinquency levels have continued to improve over the year and remain at historic lows. RILS and Broker Originated loans are continuing to perform in line with the wider portfolio.
- Mortgages Loss Rates improved from 2.7bp to 1.8bp.

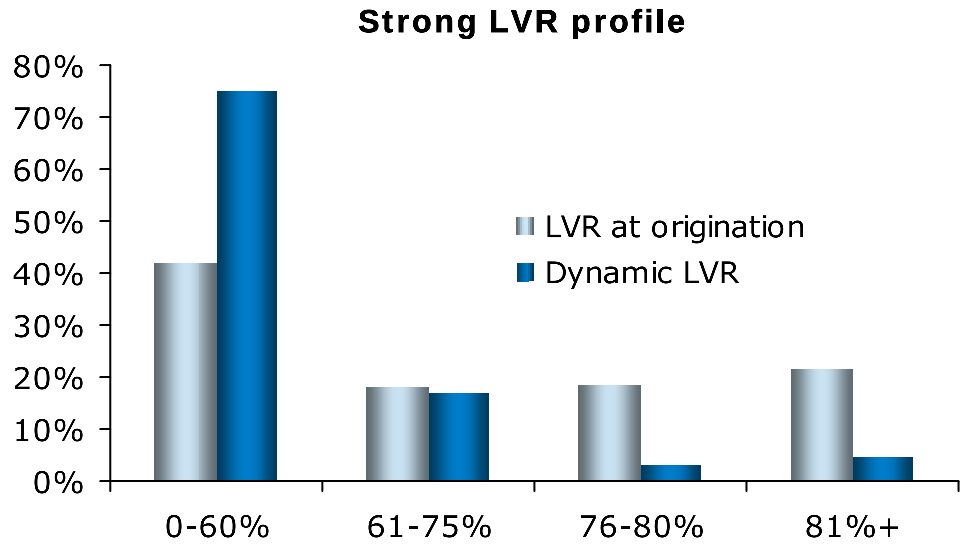
Mortgage arrears have improved across major product lines

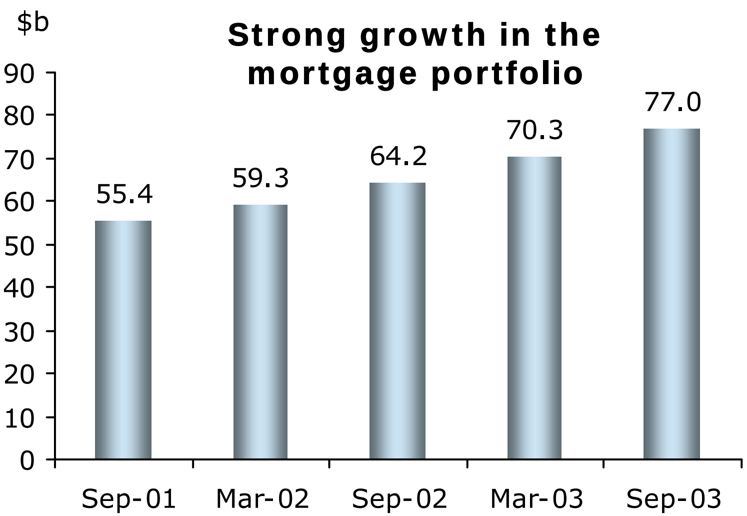


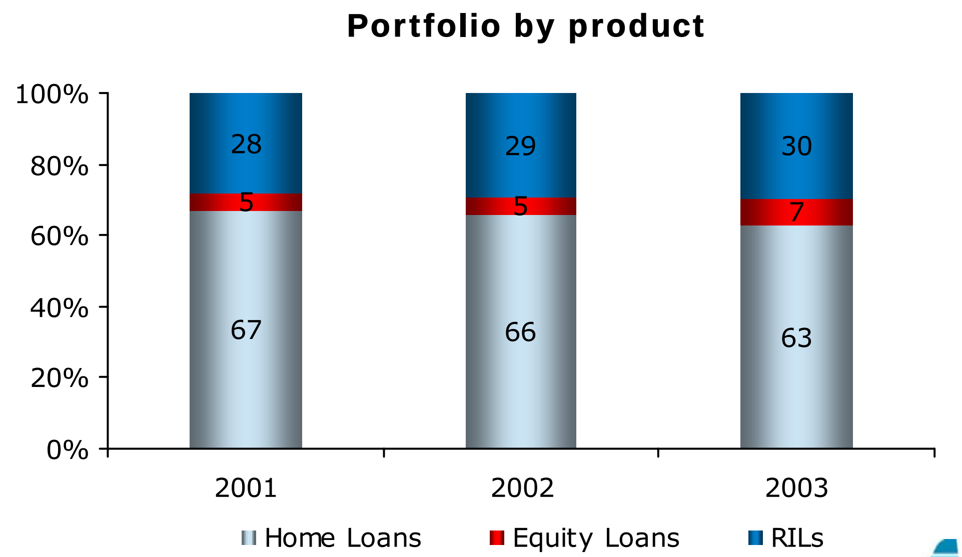
TPMI – third party mortgage introducers
O/O – owner occupied

Mortgages portfolio sound

- An LVR analysis of ANZ's mortgage portfolio suggests it has sufficient equity margin to sustain a reasonable devaluation in Australian residential property prices.
- Stress testing conducted by ANZ showed that even under the most extreme scenario of;
  - Unemployment rising to 10.3%, Mortgage rates increasing to 10.57% and property prices falling by 20%, the loss incurred would be approximately A$90 million, or 0.12% of the portfolio.
- Emerging risks in apartment investment lending in near city locations in Sydney, Melbourne & Brisbane have been controlled by implementation of tighter policies.





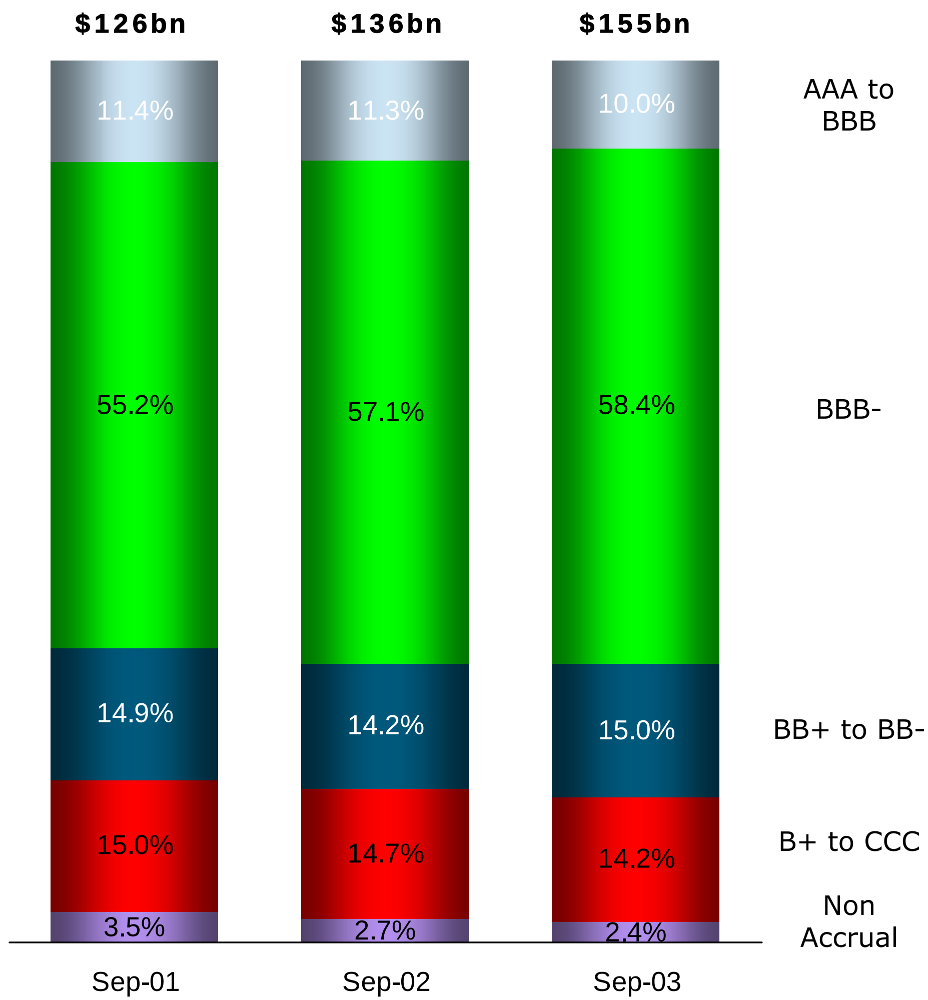


Domestic portfolio remains in good shape

Asset Quality Sept 2003 v Sept 2001 (Australia & New Zealand)

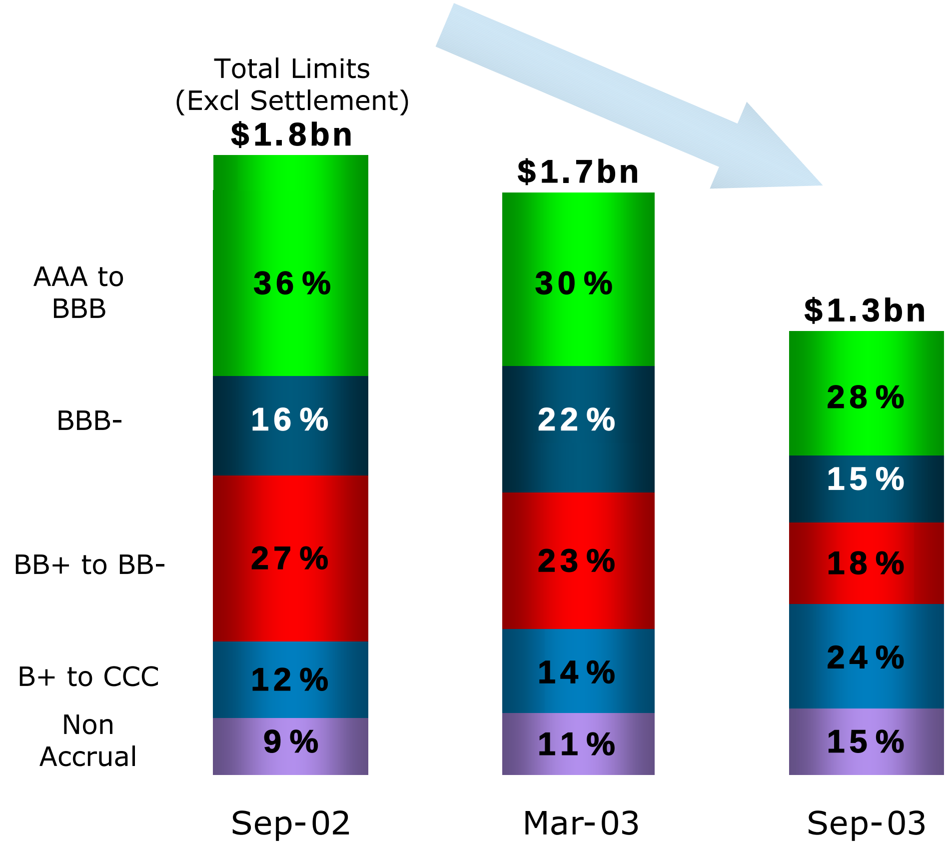
- Net Non Accruals ⬇ down 19%
- Net Specific Provisions ⬇ down 32%
- Economic Loss Provision rate ⬇ down 5bps
- Lending Growth (over 70% due to mortgages) ⬆ 23%
- B or lower ratings continue to decrease

Australia & New Zealand Risk Grade Profile



US Energy Portfolio – issues remain, but exposure continues to reduce

- Management has been proactive in addressing Group exposure to the global energy sector
- Concentration risk associated with exposure to energy lending as a proportion of the aggregate loan book has been mitigated by management initiatives to exit or restructure a number of key corporate lending positions in the US
- A number of high risk exposures remain, and are being actively managed (including sell down in secondary markets).
- We expect further specific provisions but at a reducing rate and that these can be absorbed within ELP



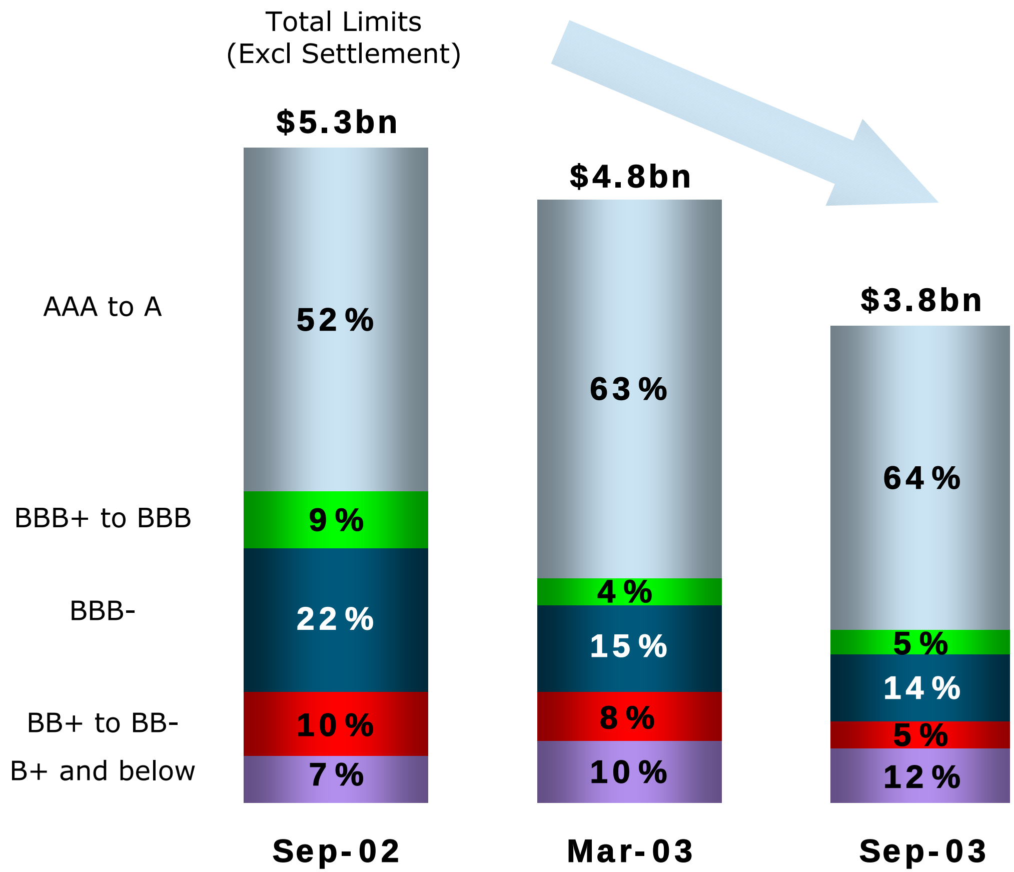
- Outstandings $0.9bn (65%)
- Other Committed $0.4bn (30%)
- Uncommitted <$0.1bn (5%)

	Sep-02	Mar-03	Sep-03	No of Cust (Total 20)
Investment Grade	51.6%	51.5%	43.0%	9
Non Accrual	9.2%	10.8%	14.8%	4
Specific Provisions (AUD) (six months)	9.7m	9.1m	46.1m	n/a

Note:
1. Includes utilised guarantees and market related products
2. Includes US domiciled exposures only (Excludes Mexico)

Quality of Group Telco lending book has also improved

- ANZ Group has been proactive in addressing the telco concentration risk of its global lending asset portfolio
  - ANZ continues to manage down its exposure to the industry, particularly offshore. Offshore assets now represent 42% of the Telco portfolio, down from 52% in Mar-03 and 57% in Sep-02.
  - The risk profile of the telco industry is improving with increased financial flexibility stemming from strong free cash generation and debt reduction
- During the Full Year, Group "Top 6" committed telco exposures declined (as a % of ACE) from 38% to 25%.

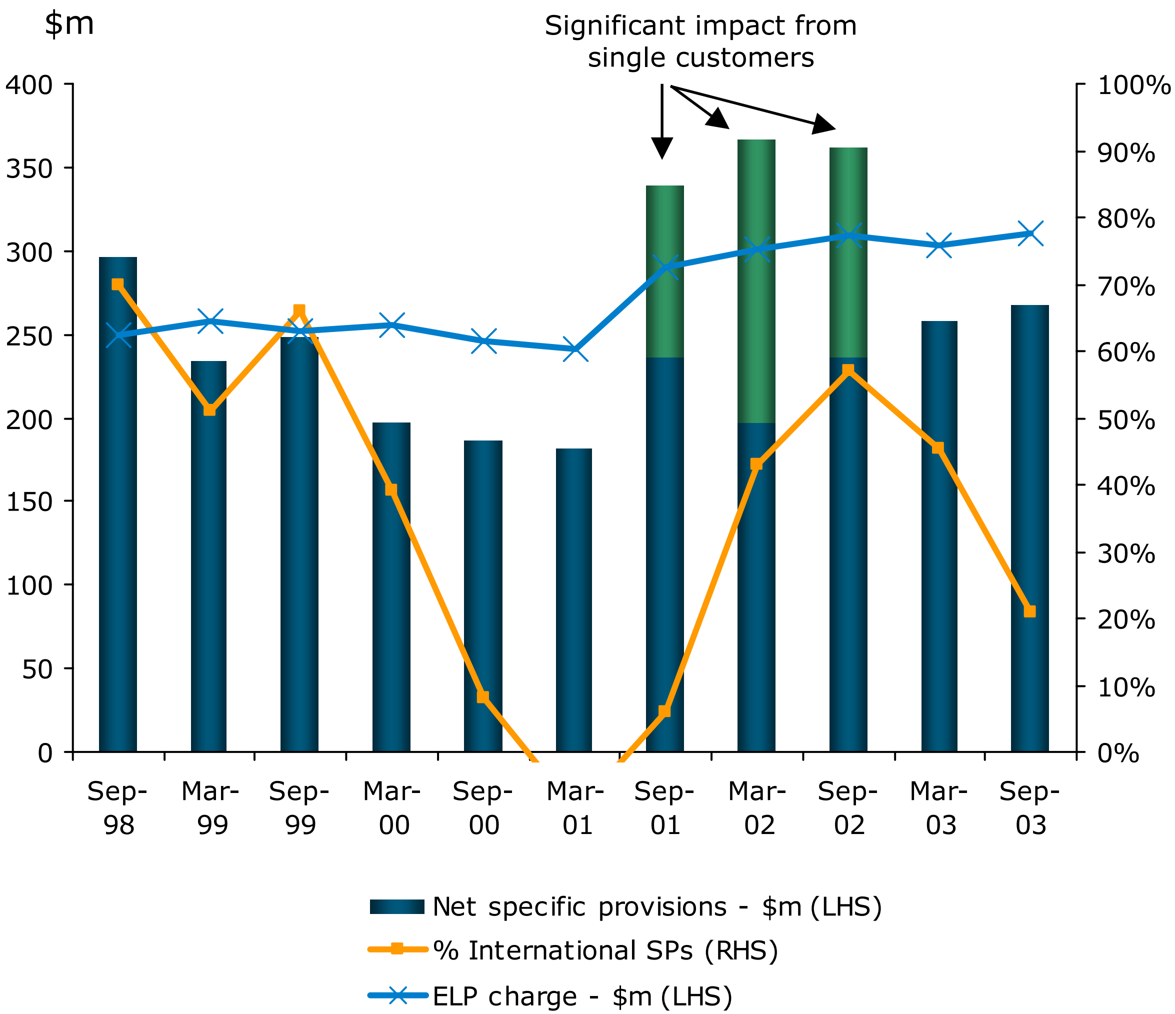


- Outstandings $2.1bn (56%)
- Other Committed $1.2bn (30%)
- Uncommitted $0.5bn (14%)

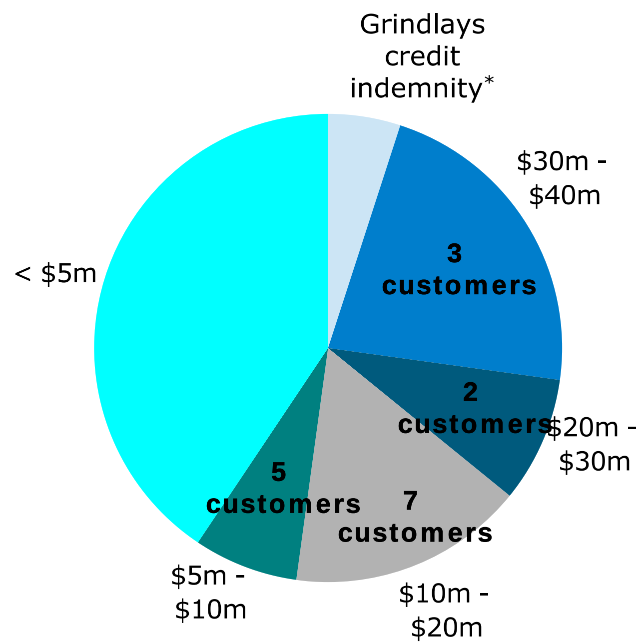
	Sep-02	Mar-03	Sep-03	No of Cust (Total 39)
Investment Grade	83.1%	81.7%	82.8%	19
Non Accrual	5.0%	3.4%	2.1%	3

Specific provisions down 28% on 2002– no large single provisions

Specific Provisions

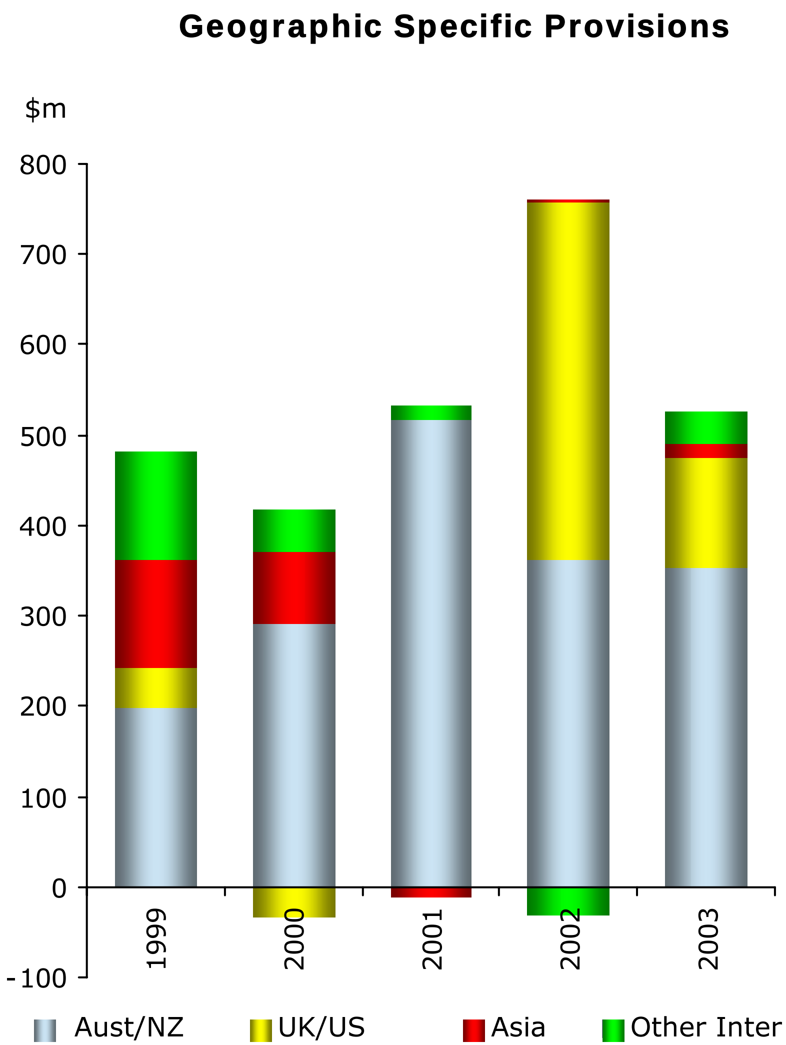


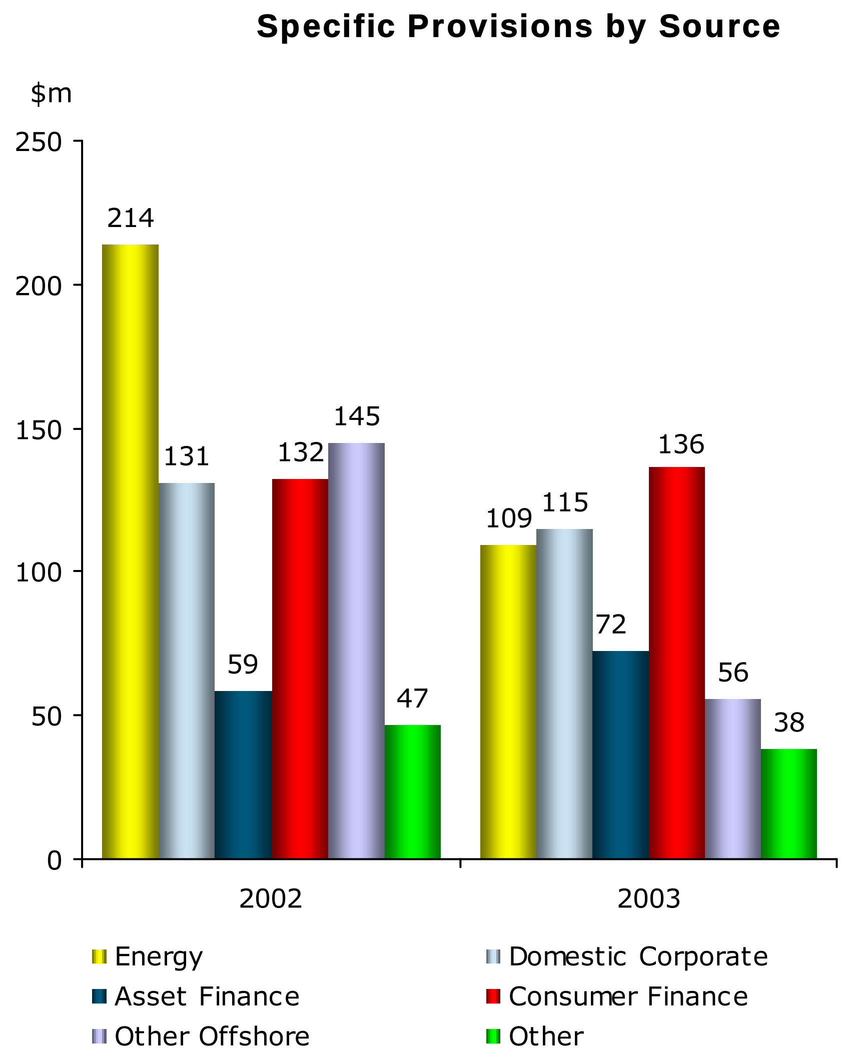
Full Year Specific Provisions by size



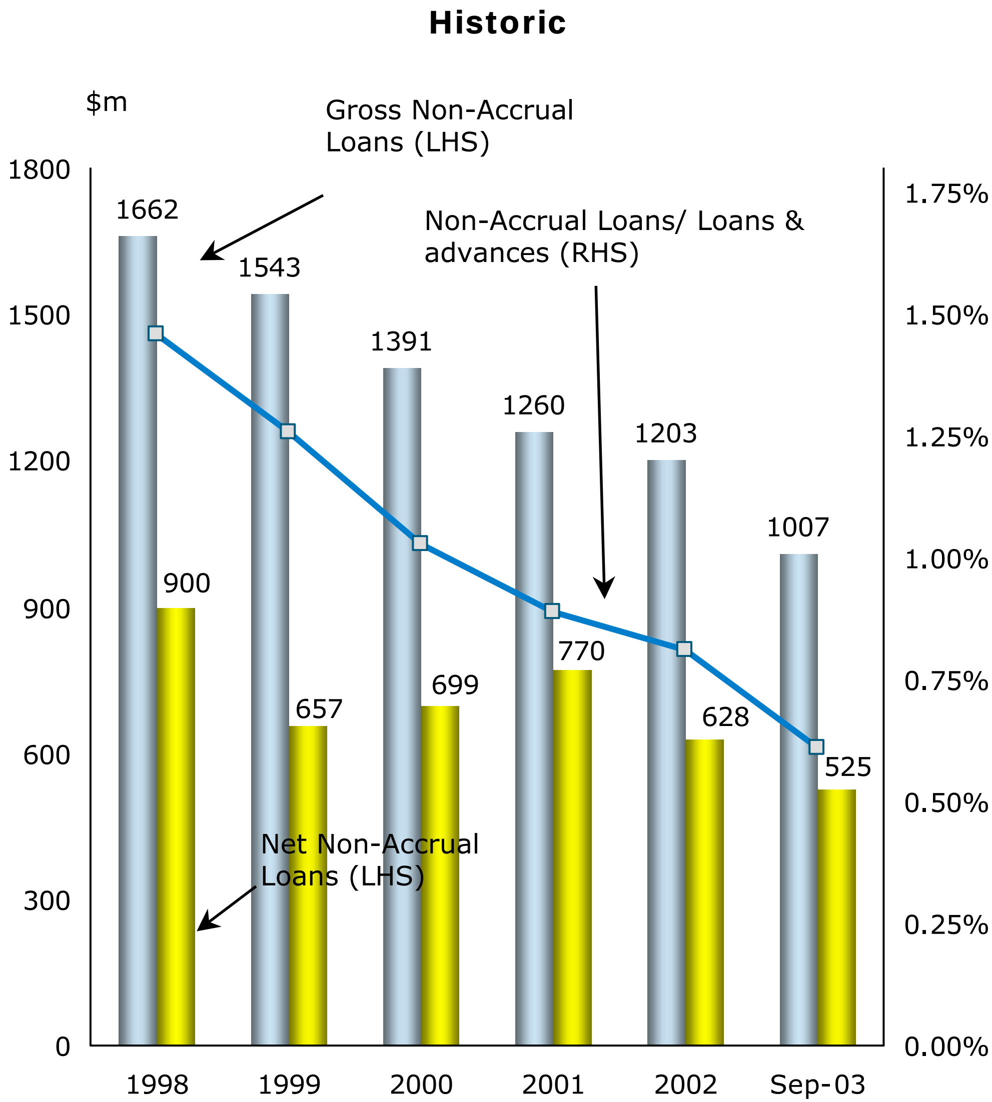
- No major individual specific provisions during the year
- *Settlement of Grindlays credit warranties, finalising ANZ's commitment to meet Grindlays credit losses.
- Australian net specific provisions of $324m in 2003 included $33m further provision on Pasminco FX contracts, $20m for aircraft leases in Esanda, and $40m for a single corporate loss in the second half.

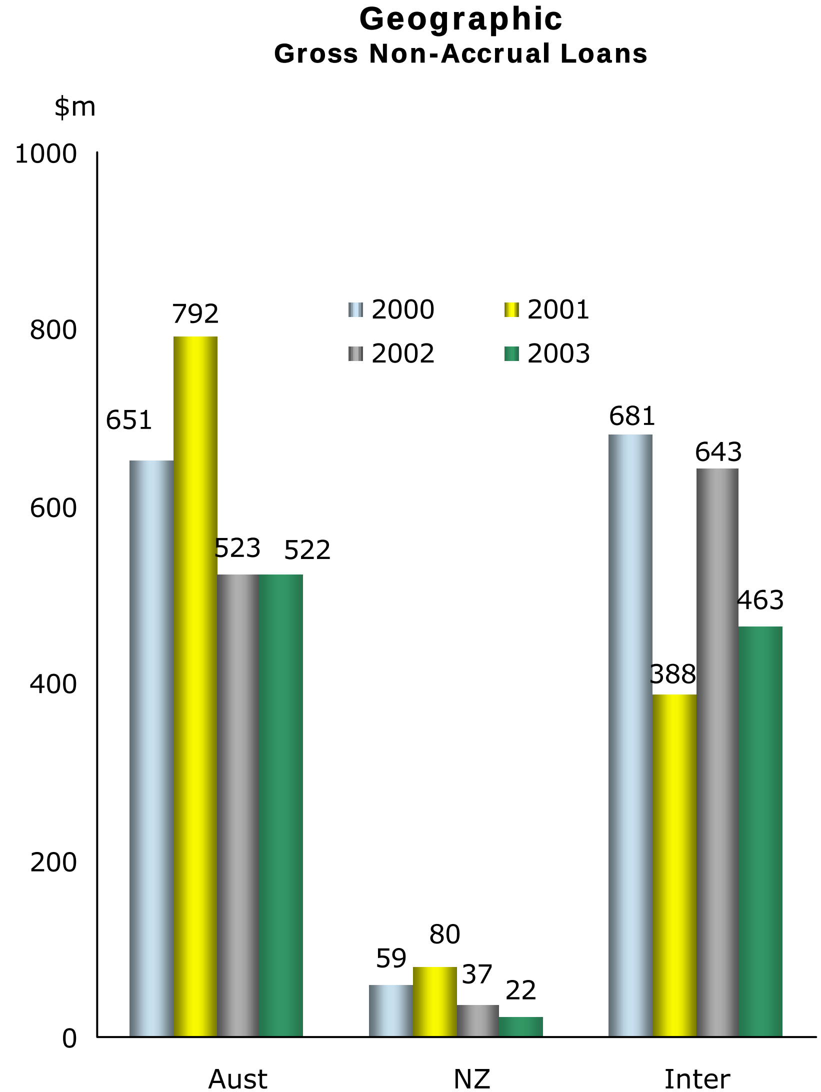
New Specific Provisions down 28% on the 2002 year





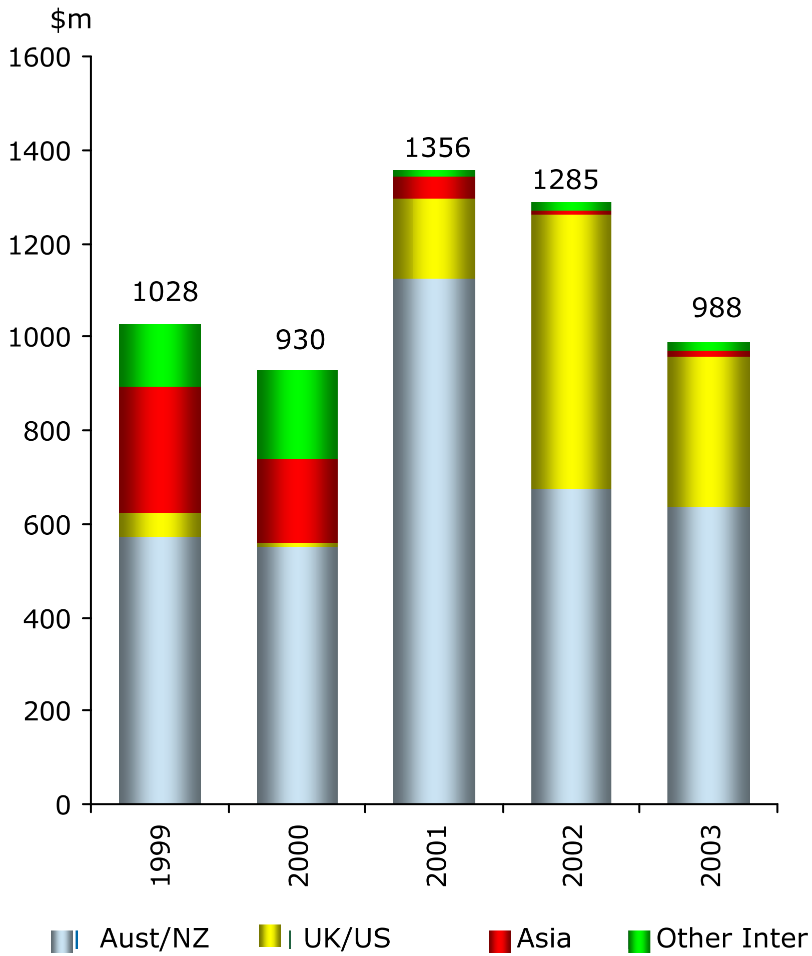
Non-accrual loans continue to fall



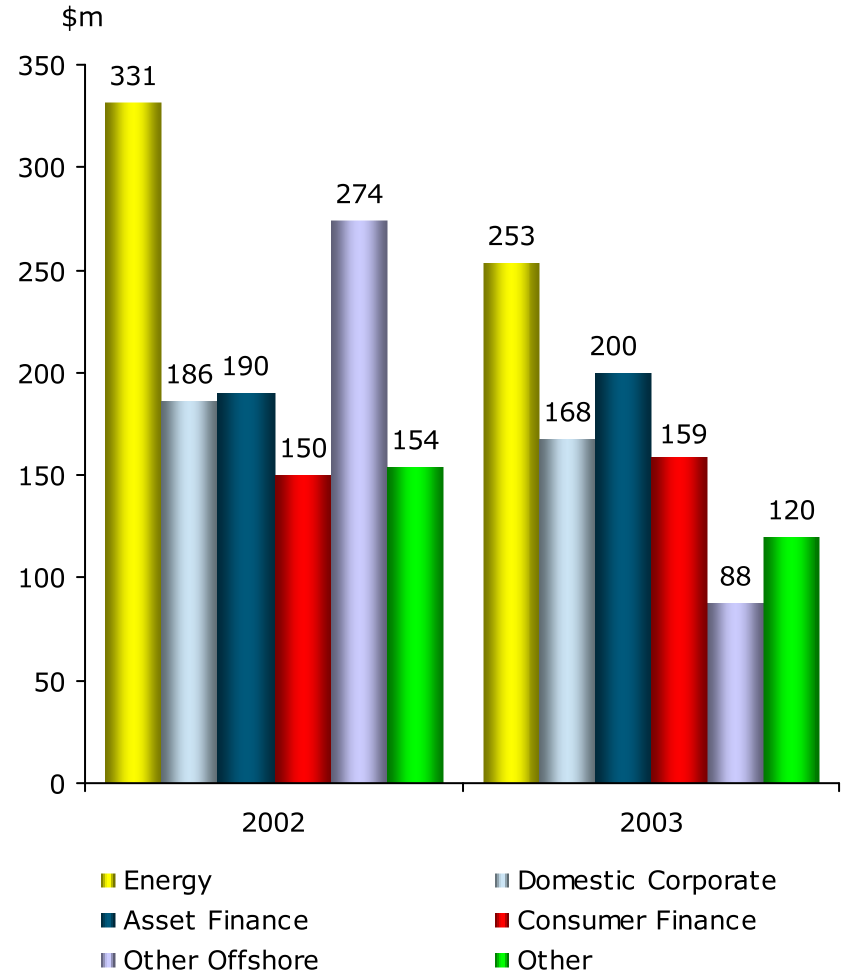


New non-accruals reduced 23% on 2002

Geographic New Non-Accrual Loans

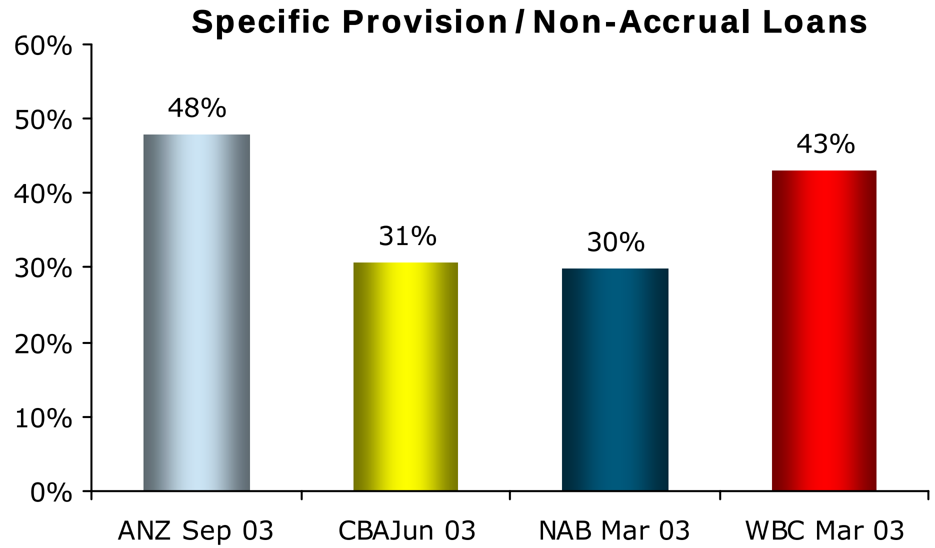


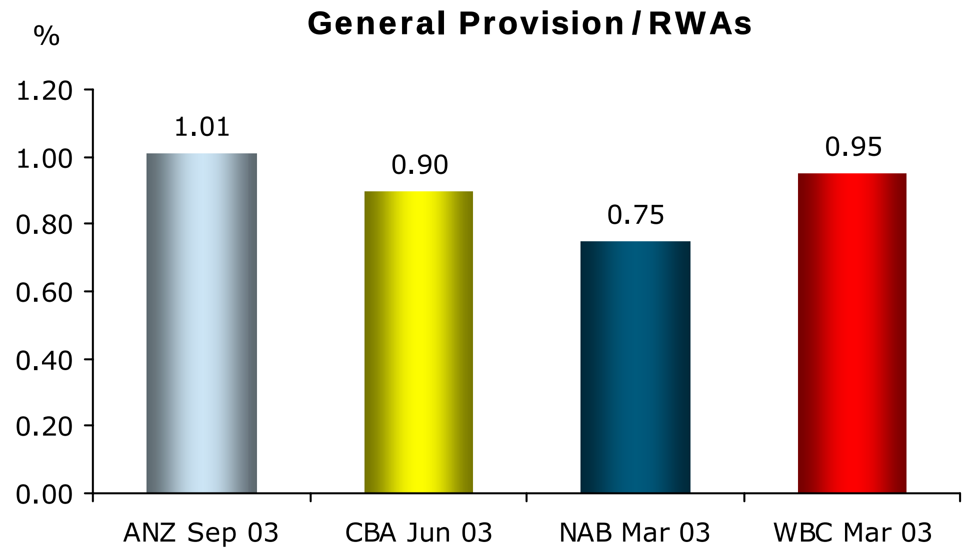
New Non-Accrual Loans by source



Existing and future problem loans are well provided for

- The period 1998 through 2003 has seen Group GP trend down 16% to 101 bps, consistent with the sustained de-risking of the Group lending book.
- As at September 2003, gross non-accrual loans were 61 bps of GLAs (or A$1.0bn). Of this, 48% was covered by specific provisioning.
- Group levels of general and specific provisioning compare favorably with Australian banking peer group.





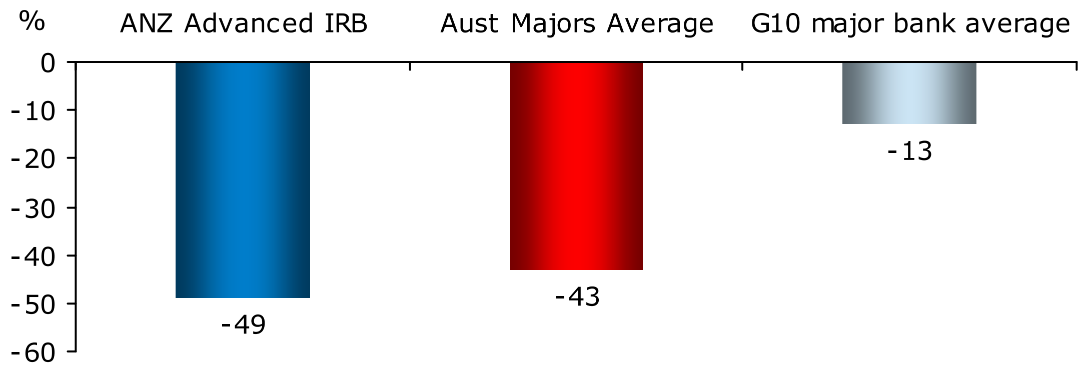
Note:
1. As per most recent company financial reports for CBA, NAB and WBC

Basel II will provide some benefits, but adjustments expected for local market

- QIS 3 results reflect the underlying quality of ANZ's assets, and support ANZ's move to a lower ACE target range
- Corporate portfolio in particular produces a RWA reduction consistent with lower levels of risk
- We do not expect that APRA or Ratings Agencies will allow Australian Major banks the full benefit of the potential capital relief available under Basel II
- Results reinforce why Australian banks have lower Tier 1 and ACE ratios

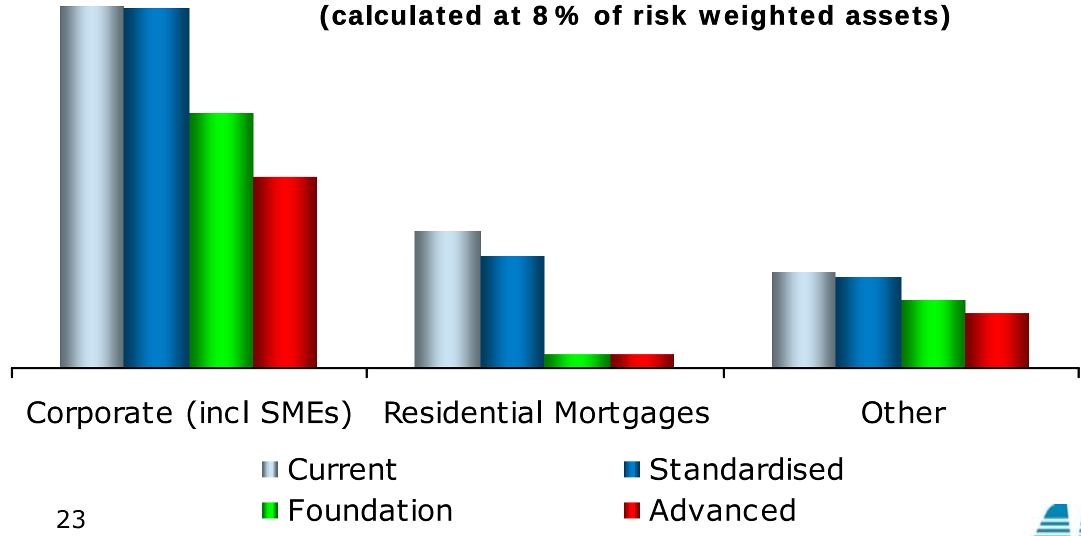
Change in RWA under Basel II[1]

QIS 3 results



ANZ Regulatory Capital under Basel II by key asset class

(calculated at 8% of risk weighted assets)



Note:

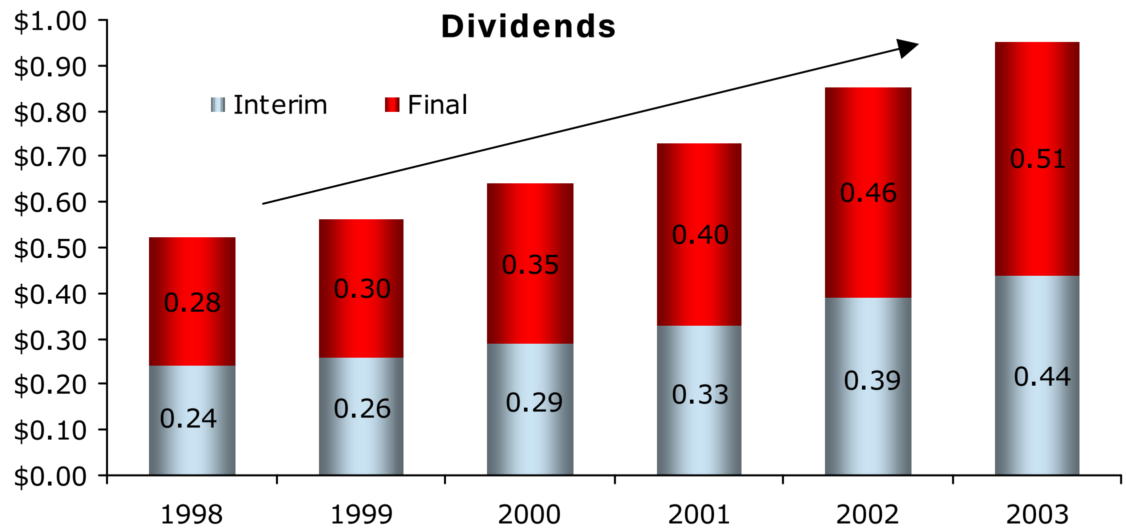
1. The reduction in RWAs using Advanced IRB outcomes (excluding operational risk) when compared with current accord capital requirements can be used as an indicator of the relative riskiness of a bank's assets.
2. RWA calculations were performed using the capital functions used in QIS 3.0 These may change upon the finalisation of Basel II

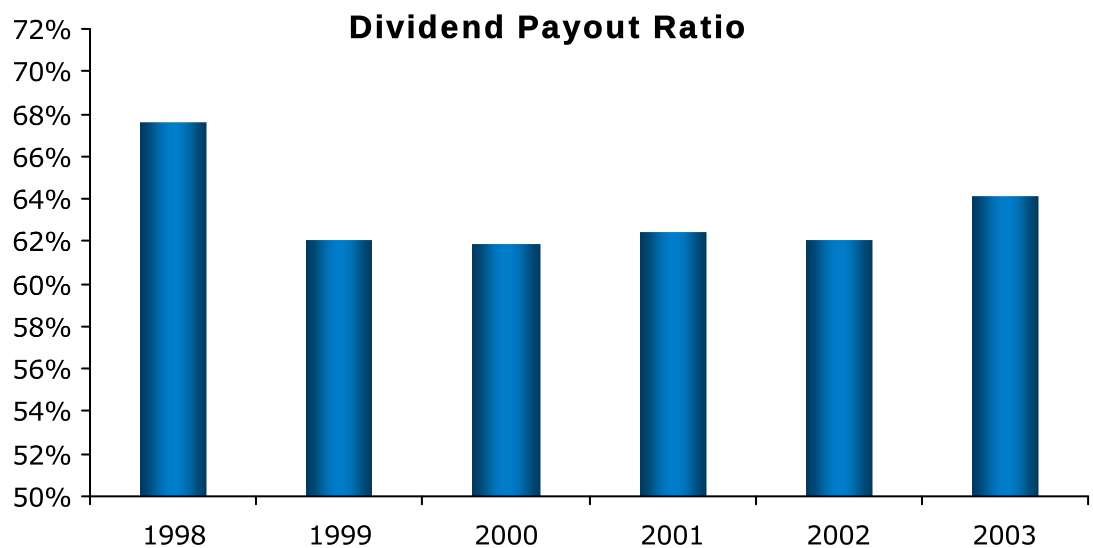
Other Financial Issues

- Dividends
- Capital Position
- Outlook

Healthy dividend growth

- The full year dividend of 95 cents per ordinary share represents a 12% increase on 2002.
- The final dividend is 100% franked.
- For year ending 30 Sep 2004, the directors expect to at least maintain a fully franked dividend per share at the same level as for the year ended 30 Sep 2003 on the expanded issued capital.

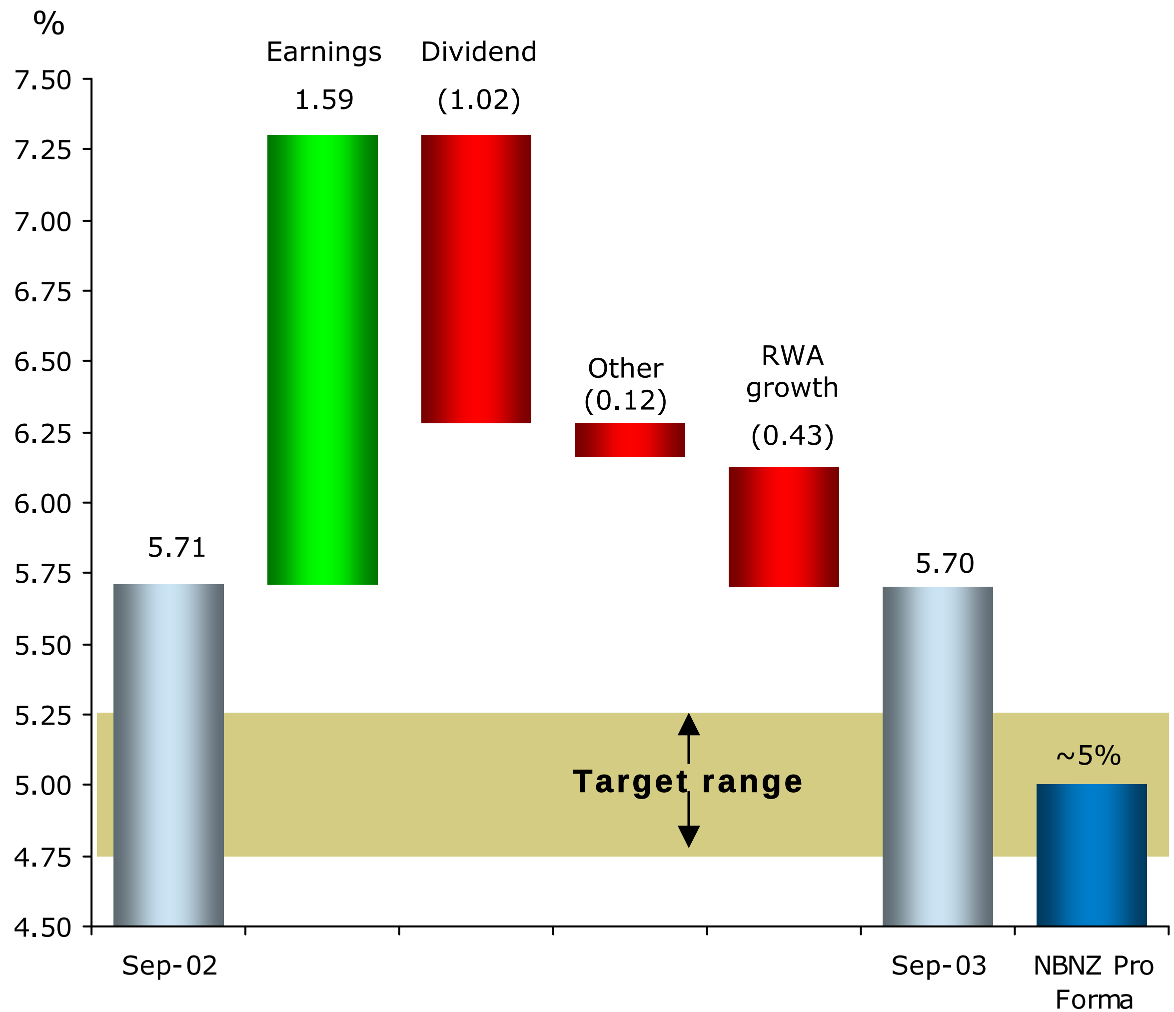




Capital targets reduced, reflecting lower risk

- US$ depreciated 24% (from 0.5441c to 0.6795c) which was principally responsible for the FCTR declining by $356m for the year (US$ accounted for $400m of the decline)
- This movement was in part offset by the value of the TrUEPrS deduction for ACE declining by $121m due to the depreciation in the US$ - TrUEPrS is deducted at the spot rate
- Note that there was $150m restatement of TrUEPrS against FCTR to accord with change in AASB1012 on 1st Oct - this is included above
- Net impact of FX rate movements on ACE capital was approximately -$235 million.
- FX impact on RWA was approx -$3.2bn down due to FX rate movements, again principally the US$ depreciation (US$ accounted for -$3.3bn of the movement).
- Net impact on ACE ratio due to FX movement was +2bpts.
- Post NBNZ, we indicated in the prospectus that we will adopt a target ACE range of 4.75%-5.25% given the changed business profile

Drivers of ACE ratio



Restructuring our hybrid funding will impact the relationship between PAT & EPS in 2004

Background

	TrUEPrS	StEPS
Issued	Sept/Nov 1998	27 Sep 2003
Amount	USD 0.75 bn	AUD 1bn
Cost of Dividend	8% Fixed	BBSW Floating
To be called	1H 2004	------

Profit & Loss		
Income	Swap	nil
Tax	Tax on Swap Deduction for dividend	Deduction for dividend
NPAT	Swap	nil

EPS		
Preference Dividend	8% Fixed	BBSW

Net Cost	BBSW + margin	BBSW + margin

A swap effectively converts TrUEPrS 8% fixed cost to BBSW floating plus a margin

Approximate impact*

NPAT	-40
Dividend	-44
"EPS" contribution	+4

Significant transactions in 2004 (indicative)

Close out of swap	+76
Other	+ 6
NPAT	+82
Final "cash" dividend[1]	- 31
	+52

1 – includes impact of delaying TrUEPrS for NBNZ acquisition

* Refer Additional Information section for further details

Outlook

- We expect ANZ will continue to perform well in a tougher industry environment in 2004
- Growth in net profit after tax for existing ANZ and NBNZ will be moderately below ANZ's growth in 2003 (excluding significant items) based on current economic conditions
- Negative impact on EPS from bonus element of rights issue and integration of NBNZ in 2004
- Adjusting for bonus element of rights issue, in 2004 we expect modest EPS growth (excluding goodwill, amortization and significant transactions)
- ANZ expects to maintain a dividend of at least 95 cents per share in 2004
- 2004 dividend expected to be fully franked, despite an increasing proportion of the Group's earnings being derived from New Zealand

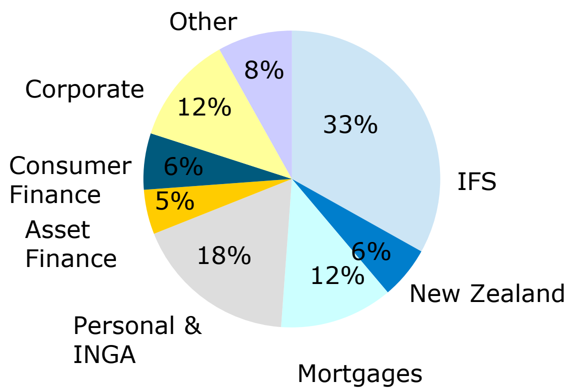
Portfolio Performance

Dr Bob Edgar
Chief Operating Officer

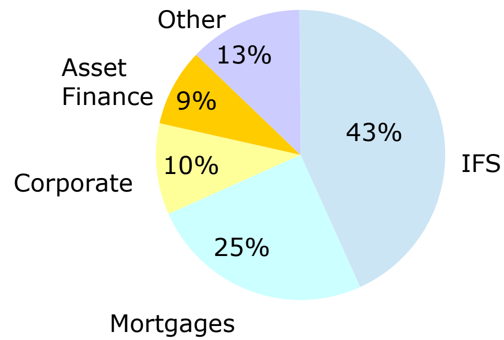
A specialised portfolio - efficient allocation of resources to deliver results

A specialised portfolio allows us to efficiently allocate resources to those businesses experiencing, or with the potential for growth and to reduce resources away from those businesses with lower growth prospects and/or higher risk profiles.

***NPAT* by business segment**

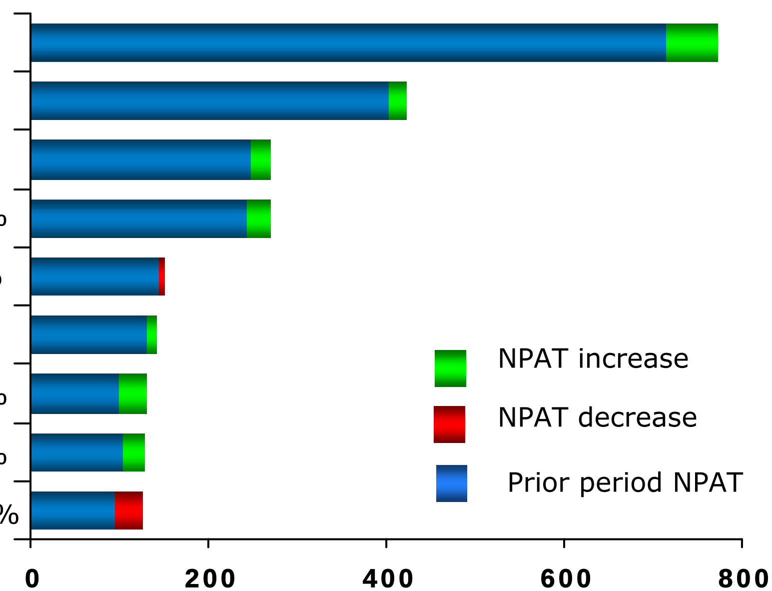


***Risk Weighted Assets* by business segment**



	Sep 03	Sep 02	Change
Institutional Financial Services	772	715	8%
Personal Banking & Wealth	422	403	5%
Mortgages	270	247	9%
Corporate	270	242	12%
Consumer Finance	144	150	-4%
New Zealand Banking	141	131	8%
Asia Pacific	131	98	34%
Asset Finance	127	103	23%
Treasury	95	125	-24%

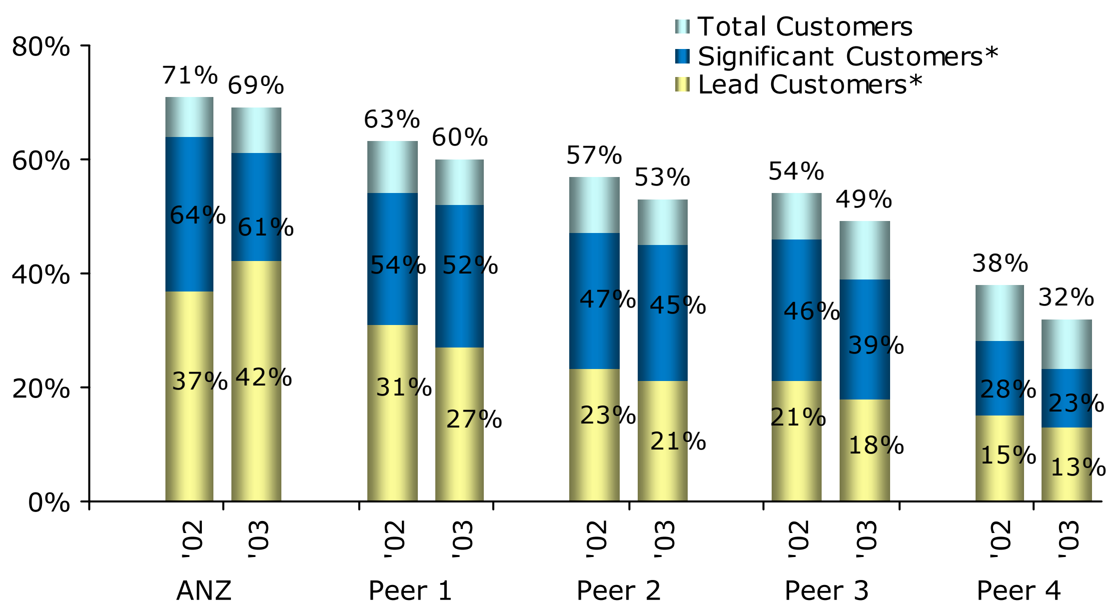
Full Year NPAT $m



IFS – a strong domestic franchise, continued risk reduction offshore

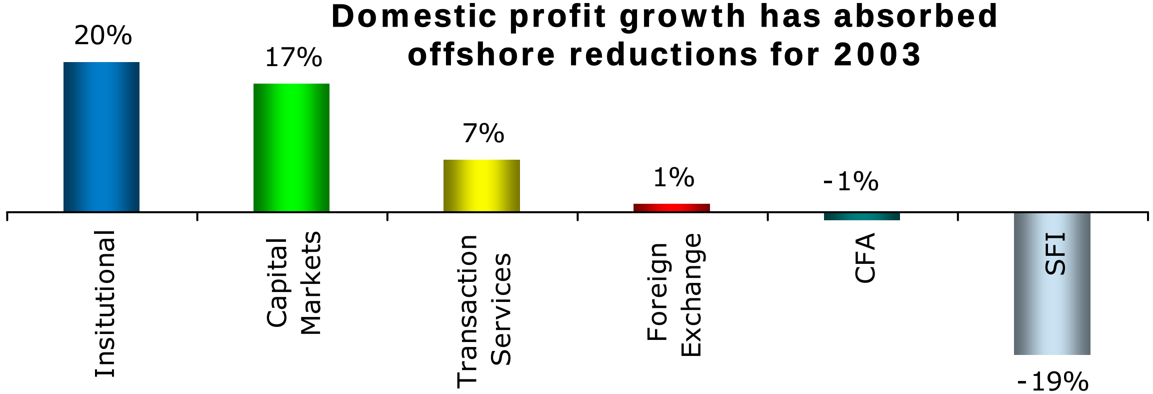
- ANZ has a strong tradition and leading position in the domestic institutional banking market.
- Our core domestic **Institutional Banking** business once again performed well in 2003, as we pursued our strategy to reduce non strategic exposures in the US and European markets, whilst placing emphasis on domestic activities.
- Our **Capital Markets** business also produced a robust result, with increased client penetration and higher trading volumes notwithstanding an environment of low interest rate volatility and consequently reduced client hedging activity.
- **Transaction Services** produced a respectable result in a difficult external environment as a result of SARS and Australia's extended drought.
- **Foreign Exchange** earnings were flat for the year as a whole, with range bound currencies and a difficult international environment contributing to slow market conditions.
- **Corporate Financing and Advisory** services were flat in a slow external environment with limited transaction flow in the corporate advisory and project finance markets. This downturn was offset by a more robust performance in areas including private equity, infrastructure fund management and structured asset financing.
- **Structured Finance International** produced lower profits as a result of our re-weighting of the portfolio in both risk and geographic terms, and due to subdued market conditions.

A very strong domestic franchise*



Source – Greenwich and Associates

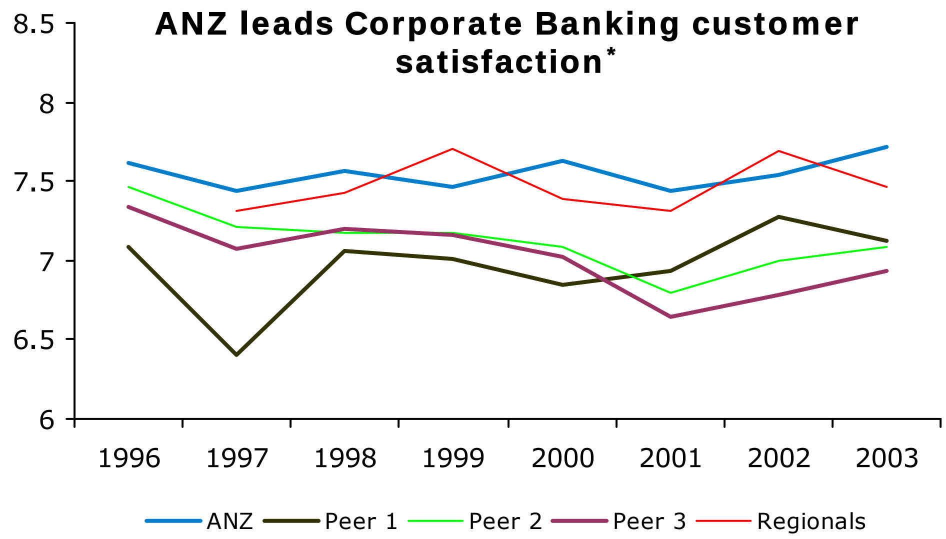
Domestic profit growth has absorbed offshore reductions for 2003



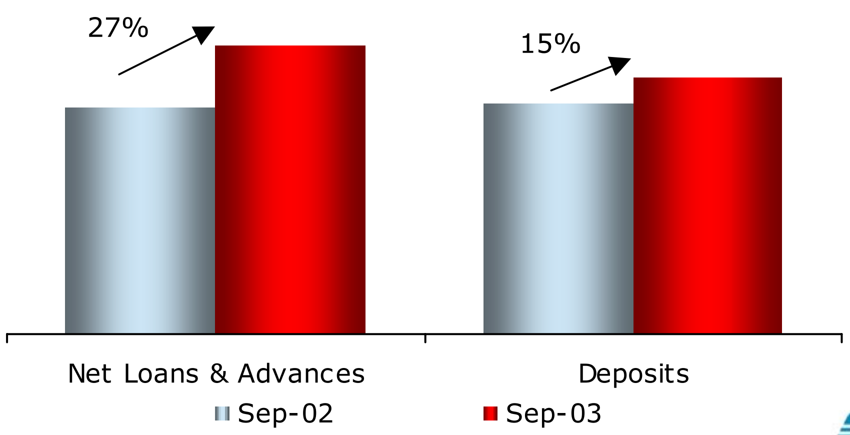
We continue to strengthen our position in the Corporate and SME markets

- High levels of customer satisfaction and continued focus on our service proposition enabled **Corporate Banking** to deliver a 6% increase in NPAT in the half to September.
- A solutions based proposition led by our Wall St to Main St strategy has ensured that we have maintained our market leadership.
- Initiatives to free up front line time to focus more on customers and synergies from working with SME have enabled the business to grow the customer base and increase cross selling opportunities.
- Corporate Banking continues to deliver significant profit opportunities to other businesses within the bank with total customer profit increasing by 26% in the year.

- **SME Banking** is benefiting from significant investment in the business in recent periods. Our continued double digit NPAT growth (2003: 16%), and strong growth in both lending and deposits are largely attributable to:
  - An enhanced customer proposition
  - Increased staff and customer satisfaction
  - Selective increases in front line staff where growth opportunities are evident
  - The continuing benefits of our business specialisation strategy and controlled use of the third party origination market
  - Up-skilling our staff and business management
  - Our underweight market position coupled with a strong execution of the growth agenda and specialised business focus



Score out of 10: Source - Roberts Research 1996-2003

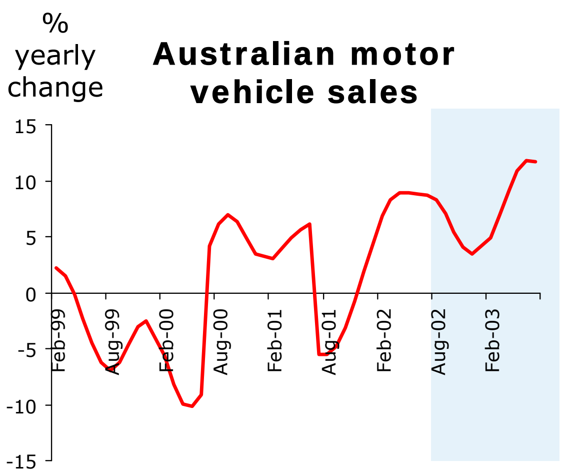


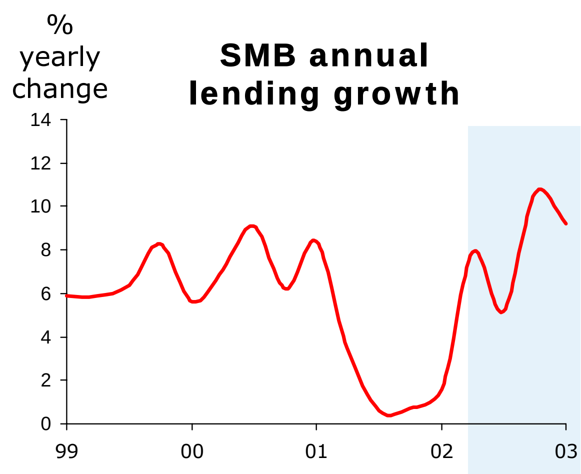
Market leader: Asset Finance continues to prosper growing 23% in 2003

Asset Finance has continued its momentum, with NPAT growth of 23% in 2003. This strong performance is largely attributable to three key factors:

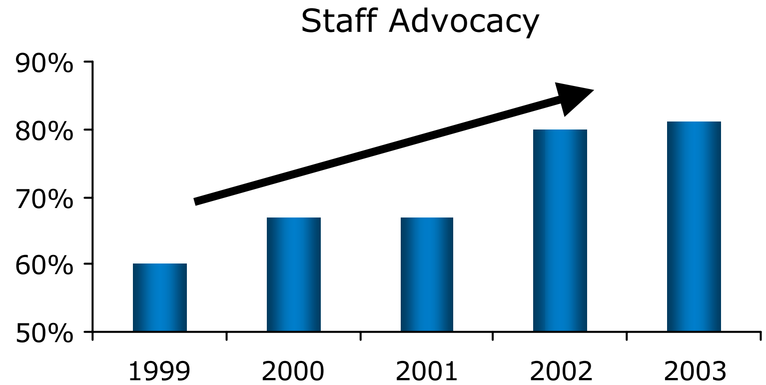
- **Cultural transformation** and a continued commitment to increasing staff satisfaction, which has lead to an improvement in partner satisfaction (79%) and customer satisfaction (80%).
- **Process re-design** leading to improved efficiency within the group. The cost to income ratio has fallen from 43.5% to 42% since March 2002, and average processing cost per contract has fallen 25%.
- Motor vehicle sales are at a 5 year high creating a **favorable environment for new business writings.** Likewise SMB financing (mostly equipment) has been growing strongly as businesses re-equip providing excellent support for extending our market leading position.

Asset Finance's strong market position is emphasised by its growth in motor vehicle and equipment finance of 18% and 26% respectively against estimated system growth of 10% and 15%-20% respectively for the 2003 year.

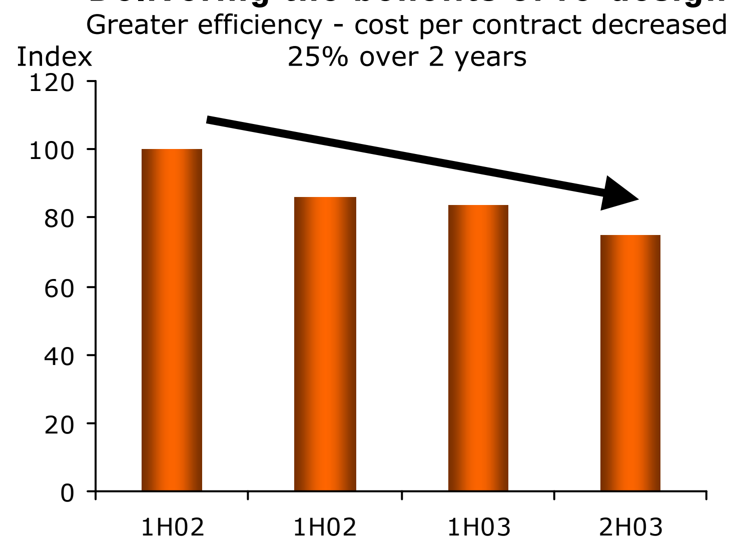




A significant cultural transformation



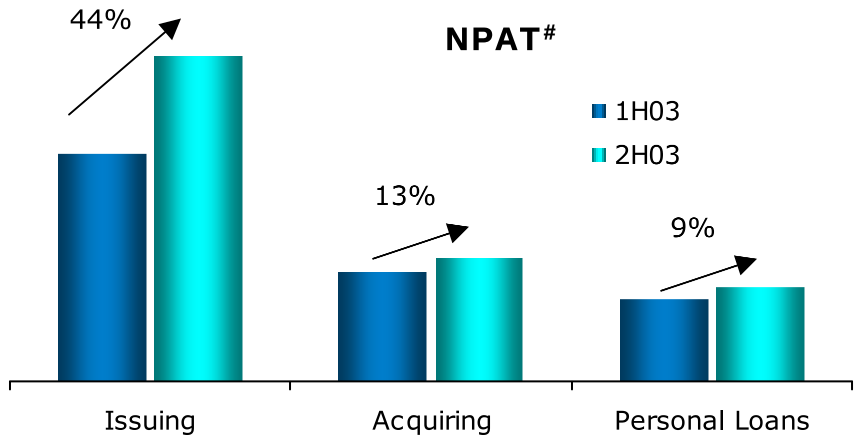
Delivering the benefits of re-design



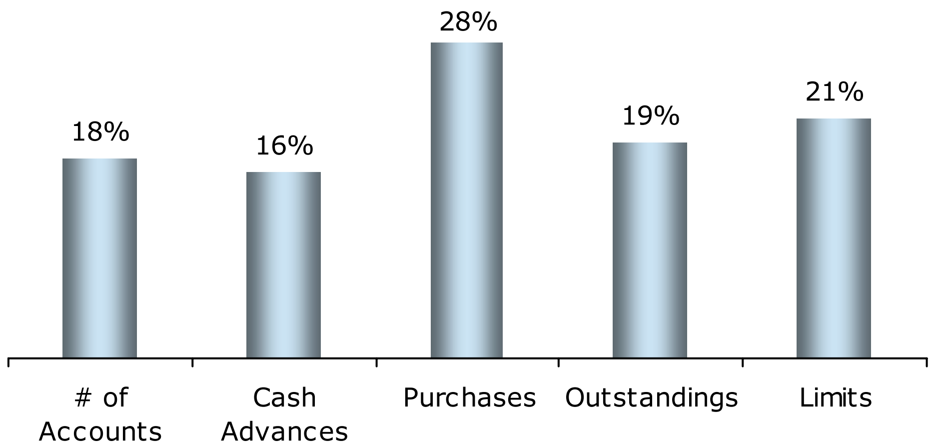
Consumer Finance: profitable market leadership

- ANZ is the Australian market leader in the credit card business, with approximately 20% market share driven by the scale and variety of our product offerings.
- The Consumer Finance business enjoyed strong underlying business growth during the year including:
  - An increase in net interest income of 15%, largely driven by an increase in credit card outstandings.
  - Merchant turnover grew 18%, driven by the ongoing shift to card-based payments and growth in market share. Since 2000 we have increased the number of merchant outlets by 85% and annual turnover has increased in excess of 90%.
  - Other operating income was impacted by a first half charge of $38m pre tax, relating to an under accrual of loyalty points dating back to 1999. After adjusting for the under accrual write back, NPAT grew 28% half on half and 26% for the year.
- The Reserve Bank interchange fee reduction has resulted in a decrease in interchange revenue of between 40-50%. We have endeavored to reduce the net impact to the business through the restructuring of our rewards program and the strategic alliance formed with Diners Card International.
- A comprehensive communications and retention program has been established following the program restructuring announcement. To date, customer retention levels have been significantly better than expected.

Good underlying momentum in the Australian business



Strong market share in all aspects of cards market*



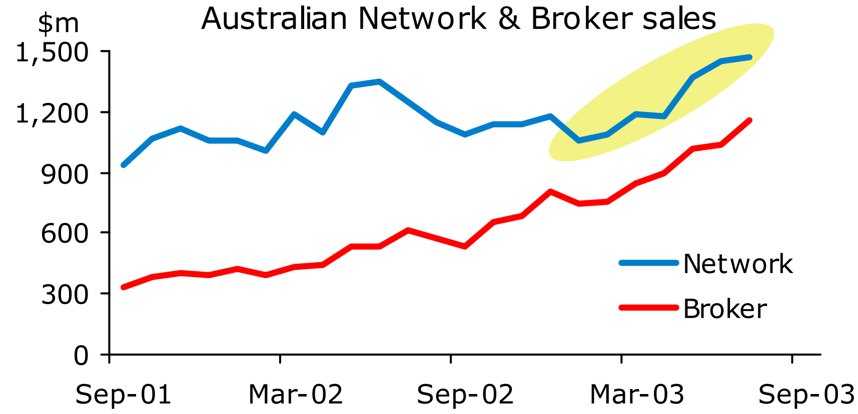
 # - NPAT for Australian businesses only

**Source – RBA July 2003*

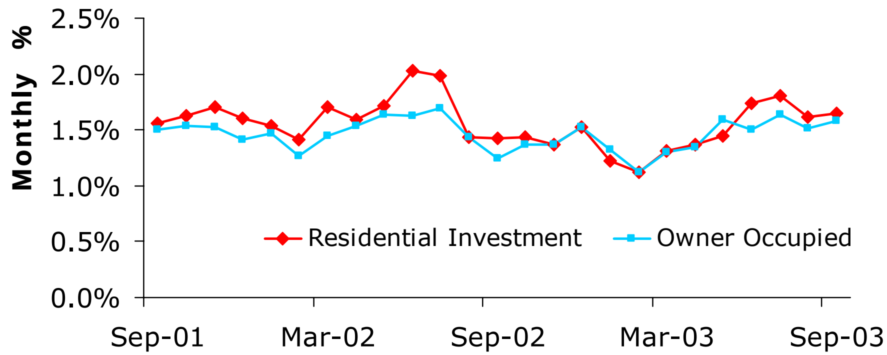
Mortgages –strong growth drives performance

- The momentum in ANZ's mortgages business in Australia and New Zealand continued during the year delivering a 9% increase in NPAT, with FUM increasing 19.9% on prior year. The cost of increased staffing required to maintain service levels in light of volume growth and the record level of internal commissions paid to the Network, as result of improved sales, slightly subdued the result.
- Strong growth was recorded in the Australian network and broker channels with 25% FUM increase on prior year. The New Zealand business has also delivered improved growth in the September 2003 quarter, following a period of flat or reducing volumes in 2002.
- Further development of the ANZ mortgage sales force capability is a priority for the 2004 year. Focus will continue to be on improving the capability of our mortgage specialists through sales, product and credit training, along with new sales tools. Additional specialist roles are being created in the branch network, and a significant increase in mobile managers is underway.
- A customer retention program also remains a key priority with dedicated Mortgage Customer Service and Retention teams. The teams proactively follow-up retention "triggers" and new sales opportunities. In conjunction with the network, a 25% increase in renewal activity has also been delivered during the year.
- A number of Business Improvement initiatives are well advanced and will continue to be a key focus in 2004. Specific initiatives include streamlining and automating business processes, the full rollout of the electronic lodgment of broker applications and enhanced behavioural credit scoring for existing customers.

Renewed momentum in the branch network



Prepayment Rate – Owner Occupied and Investment Loans*



* Australia (excluding Origin)

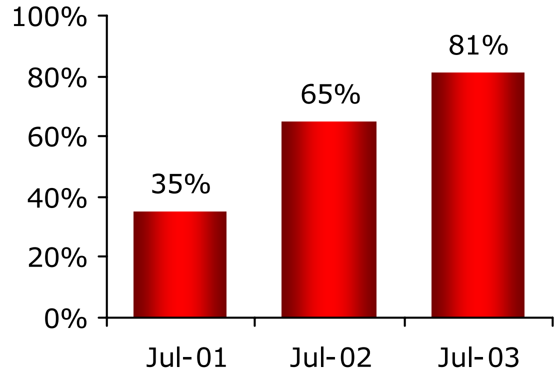
Personal Banking – underlying health of the business improving…

The personal banking business has continued to invest in its Restoring Customer Faith ("RCF") program.

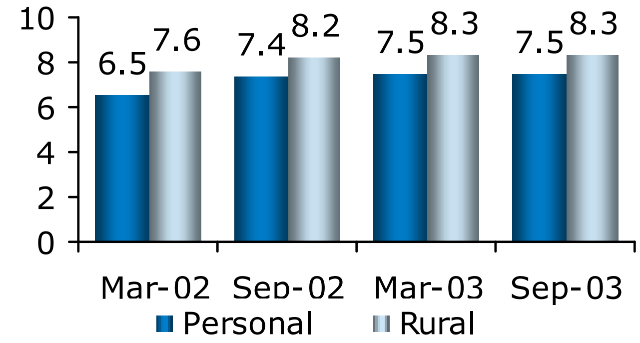
This program aims to improve the "health" of the business. Significant improvements have been achieved:

- **Customer satisfaction** scores for both Rural and Personal banking continue to improve, whilst complaints levels are falling.
- **Mystery shopping** results, which measure service at the branch level through unannounced monthly visits, continue to improve. Branches can act on detailed recommendations for improvement.
- **Branch refurbishments** continue. Over 100 branches have been upgraded, making the total more than 160 since the start of the program. A new telling platform is in pilot stage.
- **Staff advocacy**, being the % of staff that would recommend ANZ as a place to work has more than doubled since 2001.
- **Staff skills** have improved, with more than 4,200 staff trained in sales skills in the second half. New merchandising has been rolled out to support the sales process.

Staff advocacy – substantial improvement

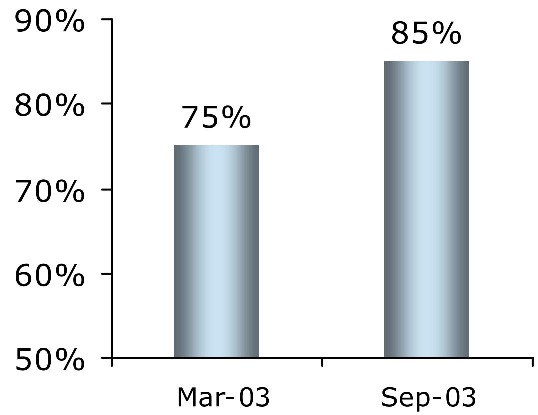


Customer satisfaction with branch increasing

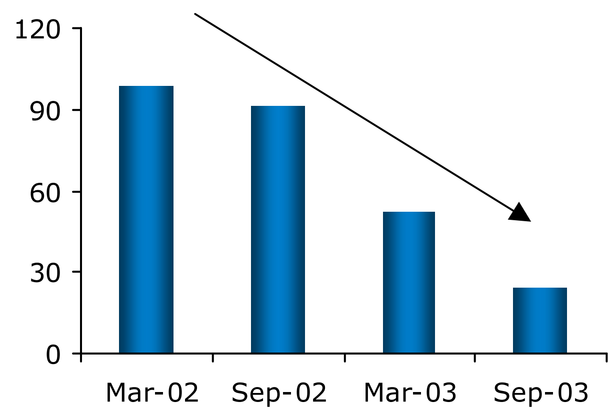


Mystery Shopping

(% of branches with >75% score)



Significant reduction in queue complaints*

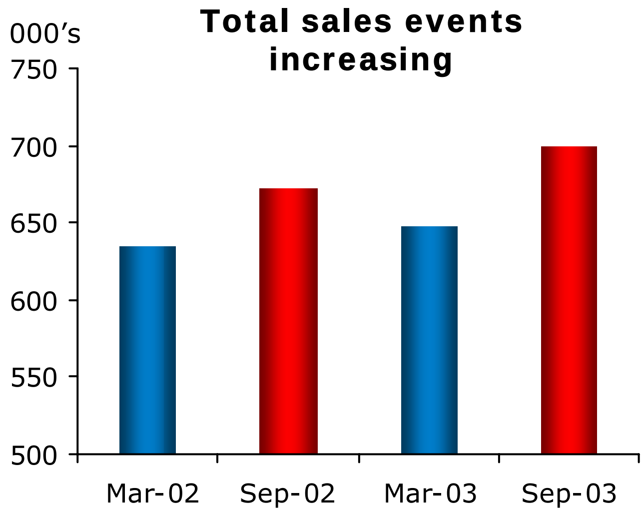


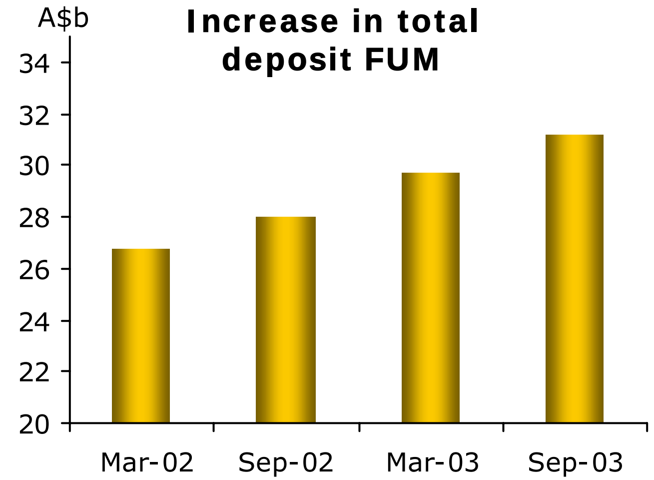
*- average number of complaints per month

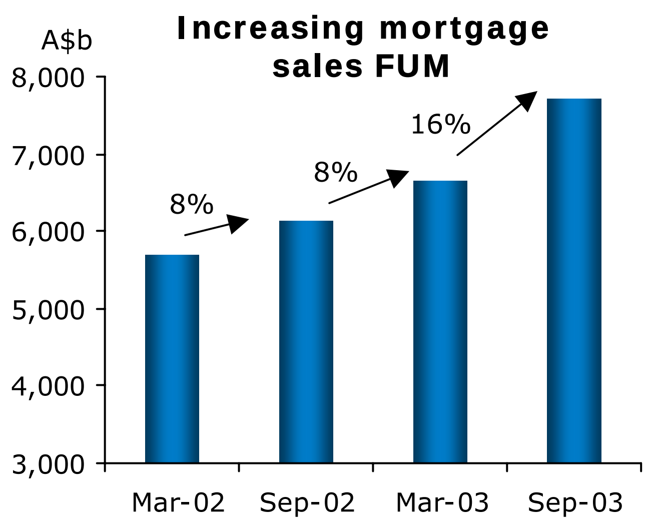
… and we are starting to see improved sales momentum…

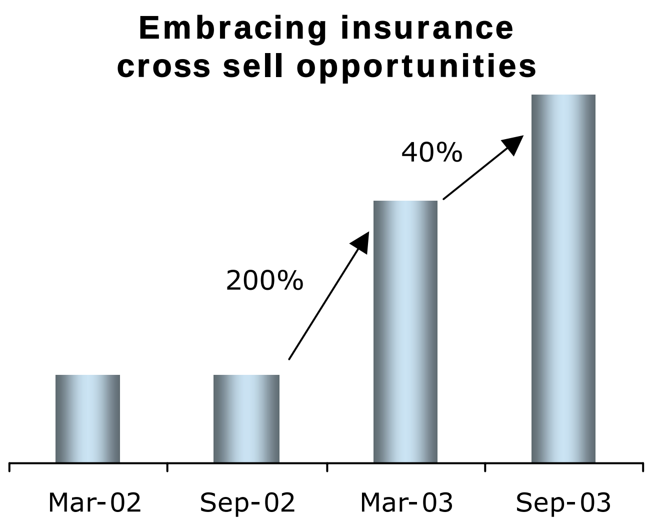
The investments in the branch network are showing promising early results. Particularly in the second half, sales momentum has picked up across all main drivers of revenue:

- **Total sales** activity improved 8% in the second half, assisted by seasonality
- **Deposit balances**, for which the business earn the full interest margin, continue to grow strongly, increasing 9.7% in 2003
- **Mortgages sales**, the largest source of sales commissions, increased strongly on the back of market demand and investment in mortgage skills
- **Managed Investment** sales remained flat as investors continued to favour conservative investments and property
- **Cross sell** of insurance products improved from a low base, allowing us to deepen the customer relationship.







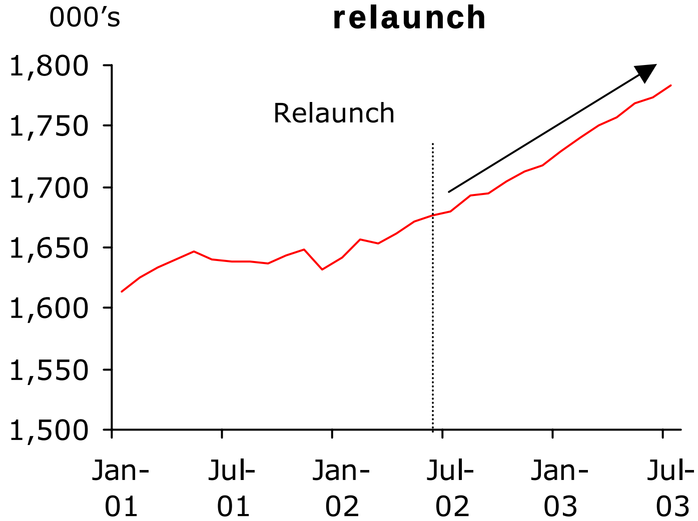


… and continued growth in our core transaction products

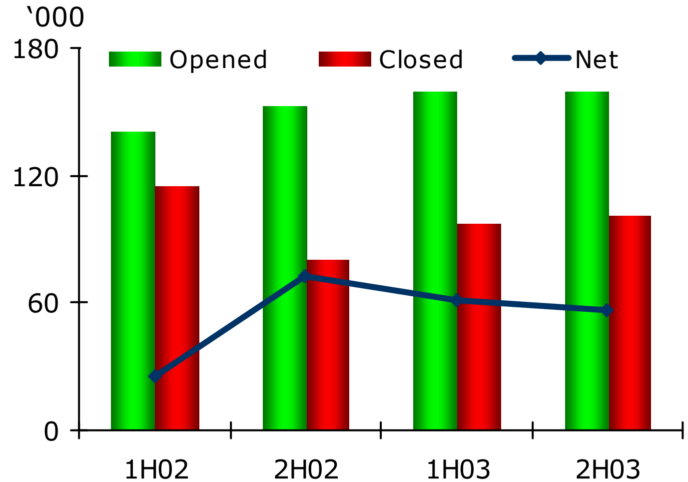
Our core transaction product suite is performing as we expected:

- **Product leadership** was confirmed with ANZ winning the industry award for the best transaction account
- **Account growth** continued to be positive during 2003 with net growth of 118,000 accounts
- **Account behaviour** is not materially different from accounts acquired before the launch of the new products
- **New customers** are joining ANZ. 60% of new accounts represent new customers, and 40% have at least one other product relationship
- **Breakeven** – we have now achieved breakeven on the new accounts

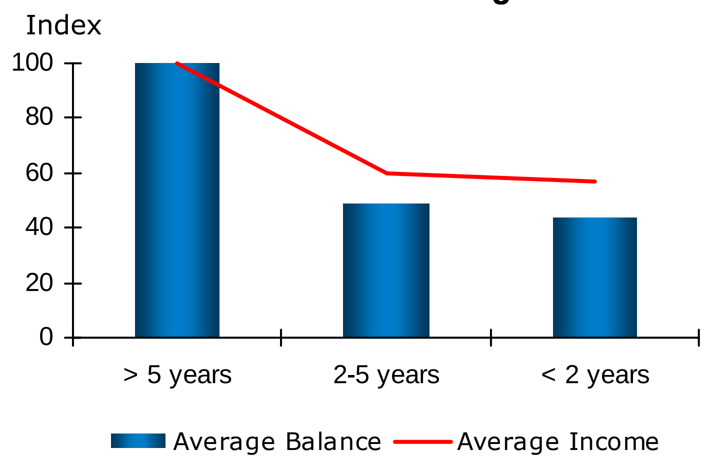
Positive momentum in access account openings since relaunch



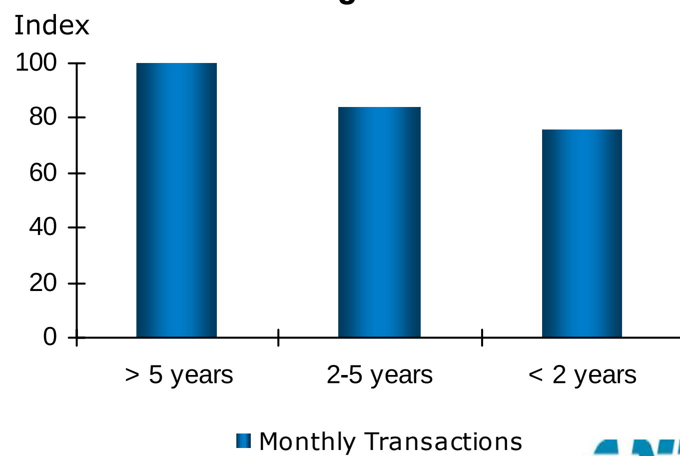
Momentum maintained in net new account openings



New transaction accounts have not led to lower average balances



New transaction accounts have not led to higher transactions



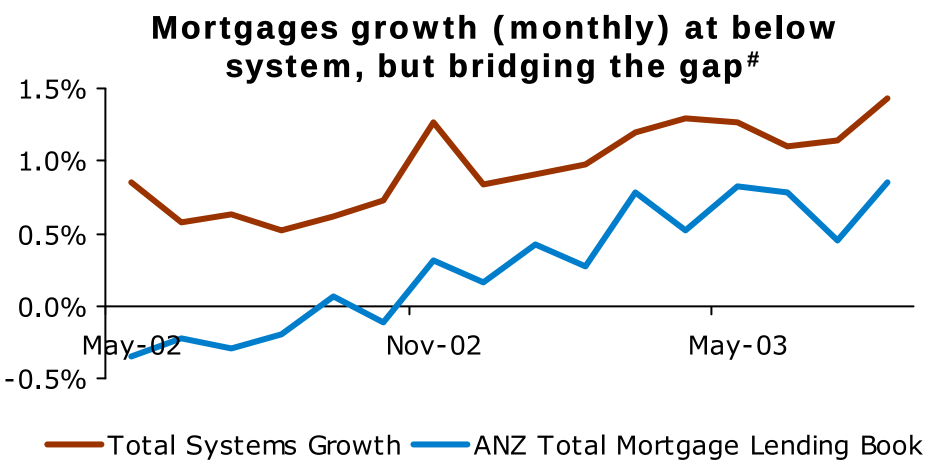
New Zealand – reinvesting in the franchise

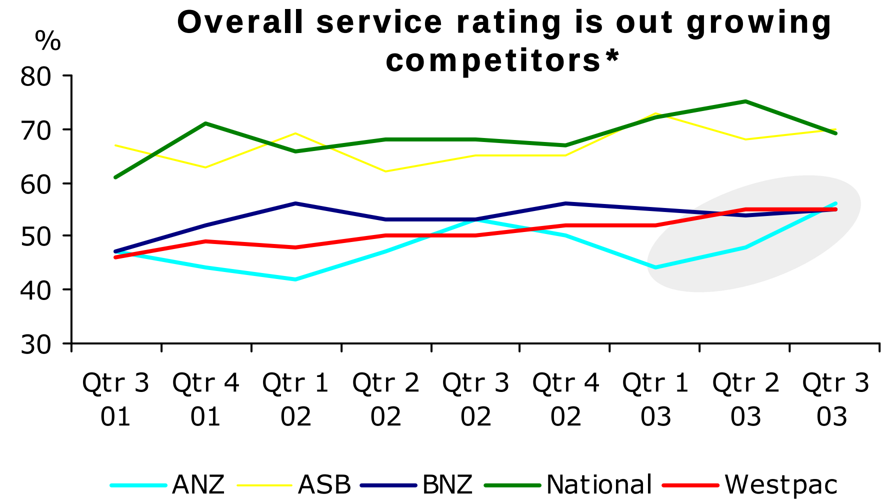
ANZ holds a market leading position in the institutional and corporate sectors whilst we lag in the consumer market. The new management team is focused upon consolidating our leadership position in the corporate market and improving our market position in the retail sector.

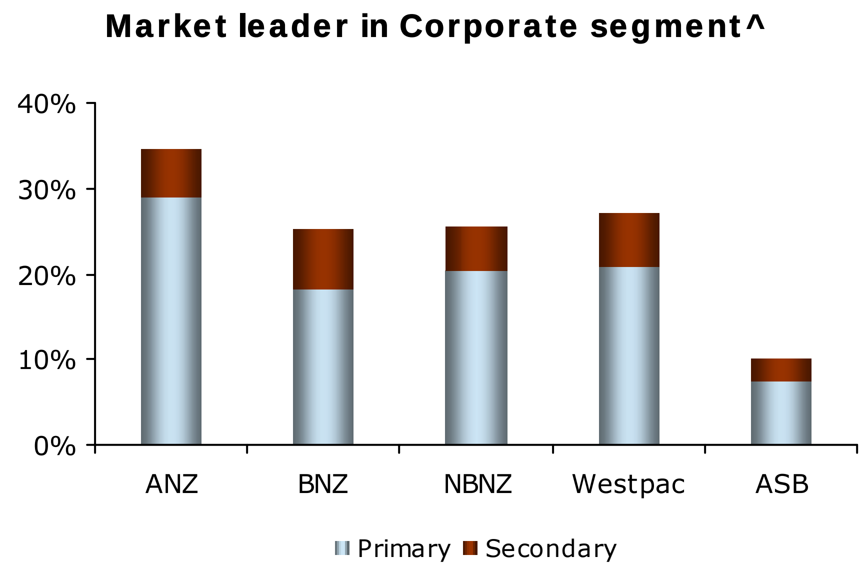
In the recent past inadequate funds were channeled into the franchise. The new management team is focused upon building staff and customer satisfaction and franchise infrastructure.

- There have been notable improvements in both staff and customer satisfaction, with ANZ now rated third for service in the consumer market.
- A program is underway to increase our number of branches following closures in the past decade. It is expected that we will be opening new branches in the 2004 financial year.

In the consumer space ANZ has started to rebuild its franchise, recent indications provide confidence that we are making progress.





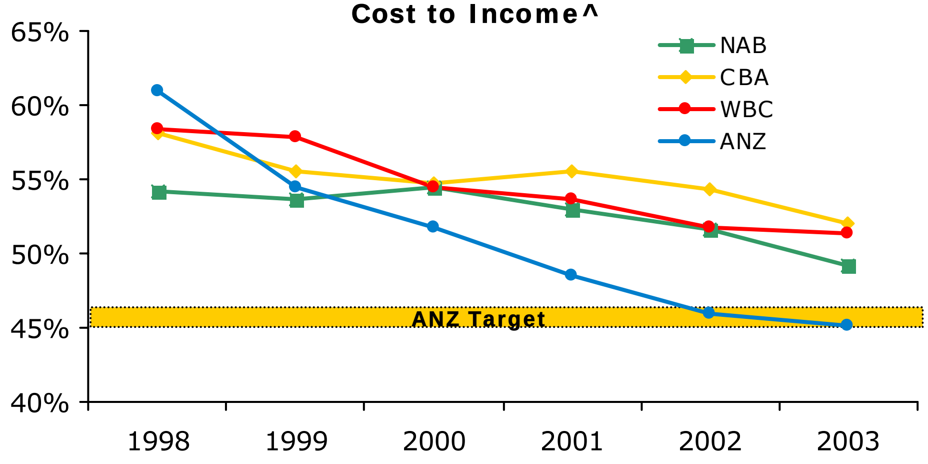


*Sources: *AC Nielsen, #RBNZ, ^Roberts Research 2003*

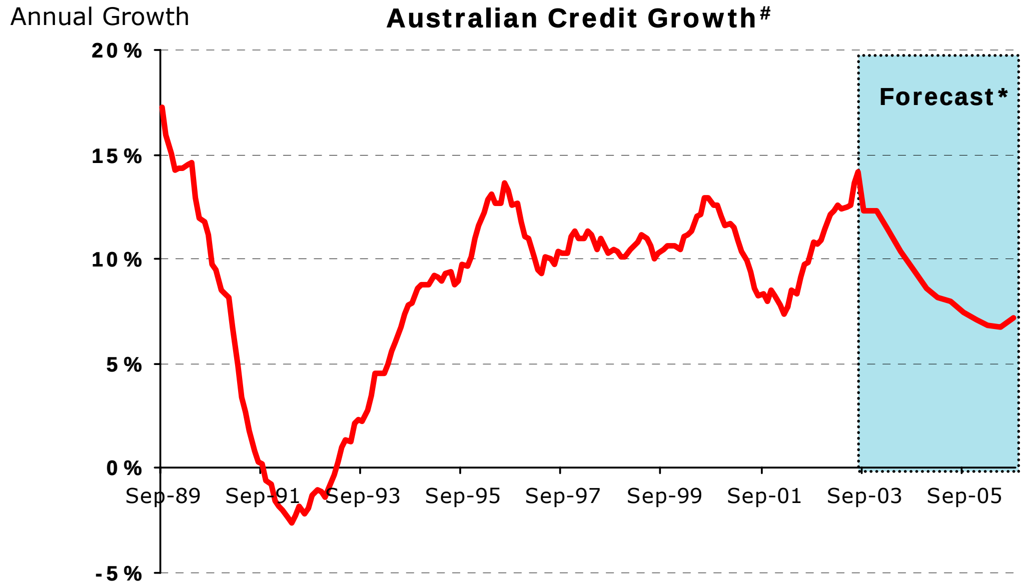
CEO Review

Australian banks: A decade of efficiency gains and credit expansion

- The Australian banking sector has enjoyed a decade of efficiency gains which has seen material reductions in Cost to Income ratios.
- ANZ has outstripped its competitors and has achieved world class efficiency.
- A study of the world's top 100 banks by Boston Consulting Group earlier this year found that ANZ was in the top five banks in the world in terms of efficiency, total shareholder return and risk-adjusted relative shareholder return over the previous five years.



- Solid credit growth during the past decade has also contributed to the out performance of Australian banks.
- A significant driver of recent credit growth has been the consumer sector, in particular via home lending.
- Our forecast is for a weakening in housing growth, which in part is forecast to be offset by increasing demand for business credit. Overall system credit growth is forecast to weaken but to remain at positive levels.



Sources: #RBA, *Economics@ANZ, ^Citigroup Analyst Forecasts, CBA 2003 Results

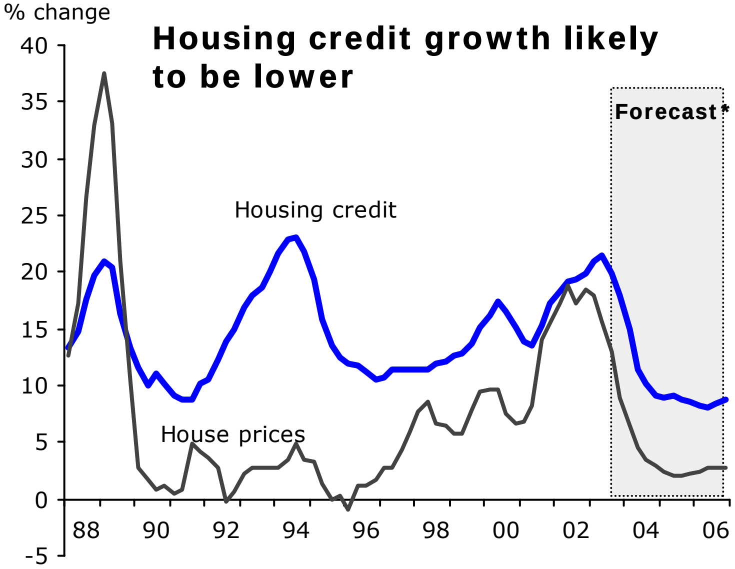
Banking industry profit growth will be more challenging

Future growth within the financial services sector will be more challenging than in the last five years, largely due to the following:

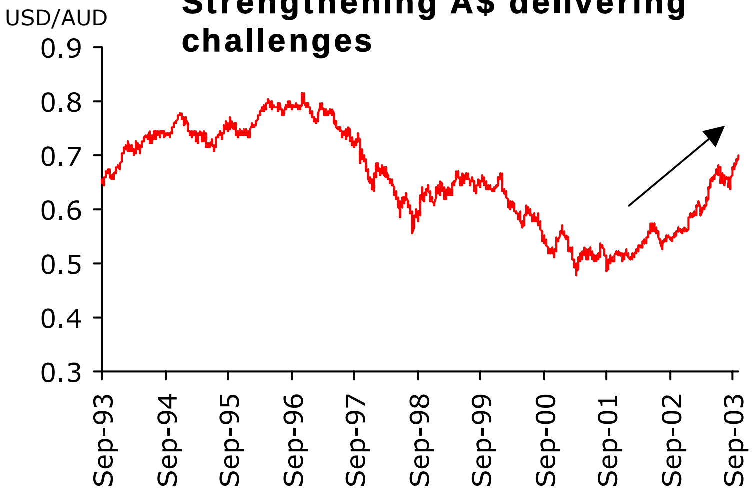
- There is greater penetration of the industry by non bank institutions and third party distributors.
- The early win productivity gains of the last five years are largely over with the focus now turning to end to end process improvement from which the benefits emerge over a longer term.
- Given the prospect of a slowing housing market, future banking industry growth will rely more on other asset classes.
- Other market factors which are likely to affect near term growth potential for the industry include:
  - The recent interest rate environment has been a challenging one for the banking industry. In the current period low interest rates have adversely impacted the expected return on free funds invested by Treasury. Movements in interest rates in future periods will impact both the return on free funds, and the level of lending and deposit activity in both the retail and corporate markets.
  - The stronger AUD will adversely affect USD denominated offshore earnings and domestic trade income.
  - Reserve Bank imposed credit card interchange fee reductions have forced financial institutions to reassess their strategy in this market following the loss of a substantial revenue stream. Through the creation of strategic alliances we believe that the impact on growth of these changes has been marginalised.

Given the above challenges and the prevailing market conditions ANZ's focus for growth will be primarily organic, complemented by the possibility of strategic moves in core markets should opportunities arise.

Housing credit growth likely to be lower



Strengthening A$ delivering challenges



**Source – RBA, Economics @ANZ*

ANZ has positioned itself to meet market challenges

ANZ has developed a strong, balanced platform for sound organic growth which positions us well to meet market challenges.

Our model of a portfolio of specialist businesses is distinctively different from our competitors. Its insight is that speed, focus and flexibility will out-compete scale and size advantage.

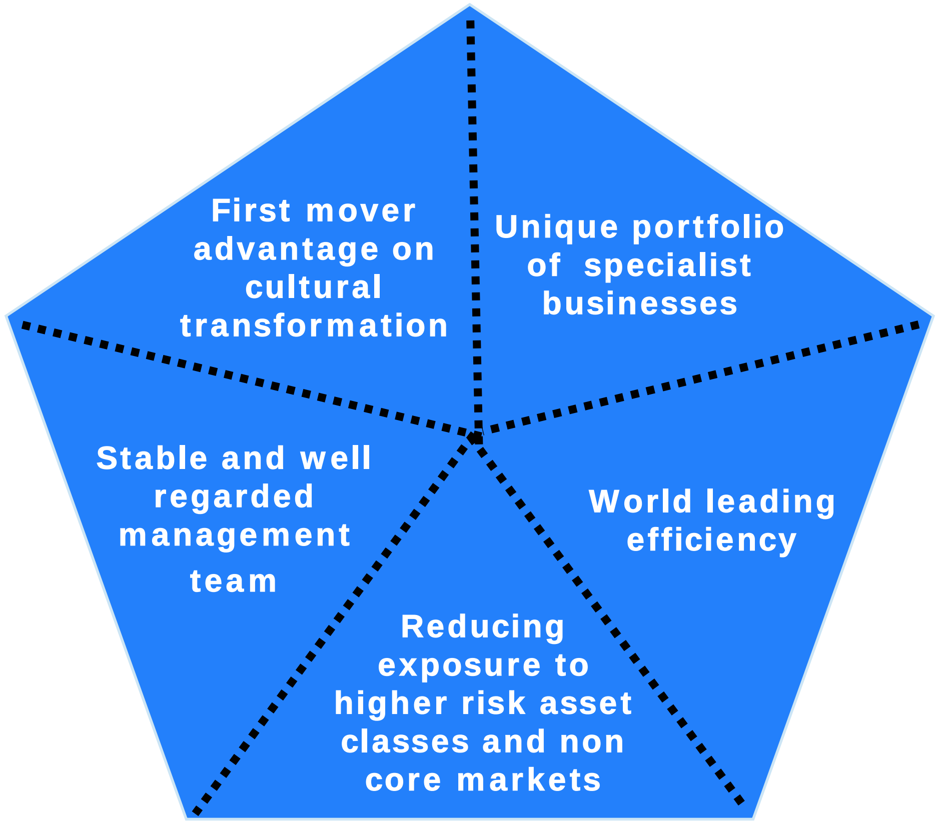
Our first mover advantage in ongoing cultural transformation is fundamental to our strategy given that:

- a well led and inspired team makes ANZ an employer of choice.
- the largest service improvements will arise from front line expertise and attitude.
- in order to derive maximum benefit from our portfolio model a culture that promotes accountability, autonomy and a *breakout* mentality is essential

The stability and competence of ANZ's management is critical in continuing to deliver value to stakeholders.

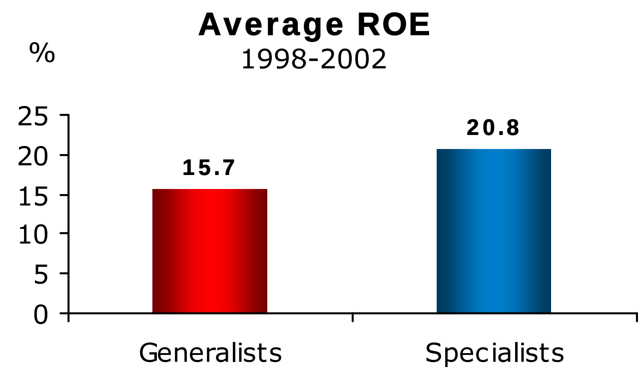
ANZ prides itself as being one of the top five most efficient banks in the world.

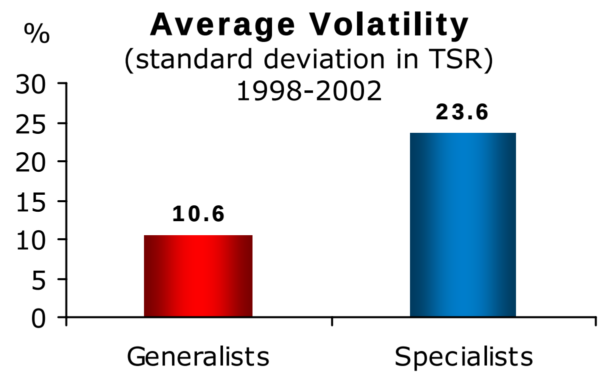
By reducing our exposure to higher risk asset classes and non core markets we are positioning ANZ for solid growth in asset classes and markets that we know and understand; a cornerstone of our future strategy.



Monolines win, but returns more volatile –diversification reduces risk

Independent analysis* has found that monoline specialists create greater returns than generalists.

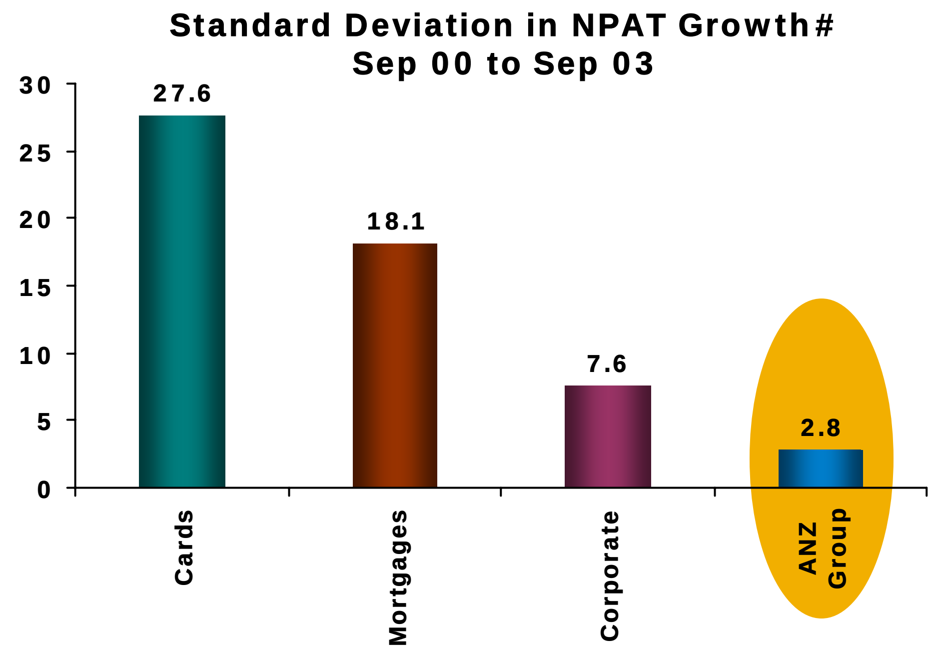




ANZ's response has been to create a portfolio of specialist businesses. Whilst the returns from individual business units within the portfolio have exhibited the volatility typical of monoline specialists, volatility is reduced for the portfolio as a whole.

A portfolio of specialist businesses reduces volatility and brings:

- **Responsiveness** – we believe that speed, flexibility and expert knowledge will prevail over large scale generalists
- **An Entrepreneurial approach**, which encourages innovation yet brings with it accountability and ownership from business management.



The portfolio model is strengthened by ensuring that governance, risk management and group oversight are centrally controlled.

Source – Boston Consulting Group

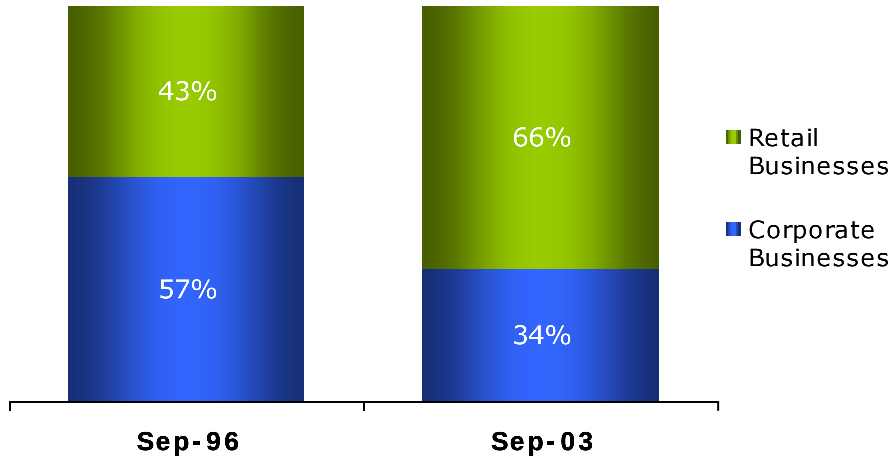
We have rebalanced the bank's lending portfolio

ANZ has refocused the loan book towards lower risk retail lines of business through:

1. Corporate to retail lines of businesses

- In 2003, Gross Lending Assets are split approx. 65/35% across retail and corporate lines of business (compared with an approx. 40/60% split in 1996)
- ANZ's retail lending franchise has been underpinned by robust residential mortgage growth
- Sustained market share gains in the SME segment and a leadership position in asset finance have also contributed to the re-weighting of the loan portfolio towards retail lines of business

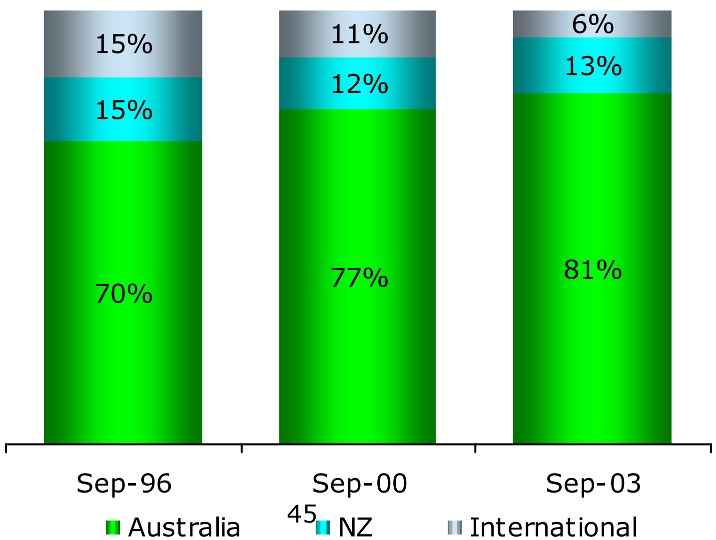
Corporate versus Retail Lines of Business



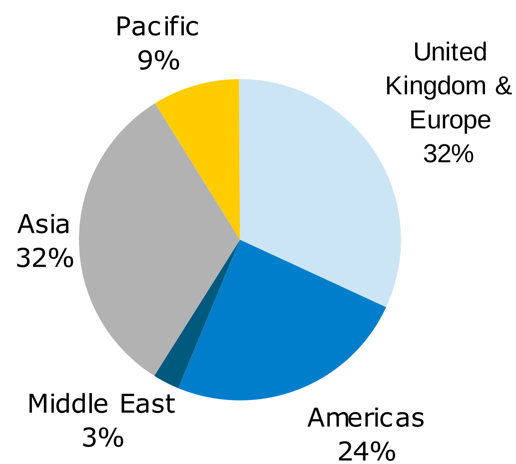
2. Non-core to core markets

- Further, ANZ has re-orientated its loan book towards domestic lending opportunities and to improving the quality of its international diversification
- International exposure, outside our core domestic markets of Australia and NZ, within the loan book has been reduced from approx. 15% of Gross Lending Assets in 1996 to approx. 6% in 2003.

Composition of ANZ Loan Book by Key Lending Region



International Lending Assets Distribution



This provides us with a well balanced portfolio for organic growth

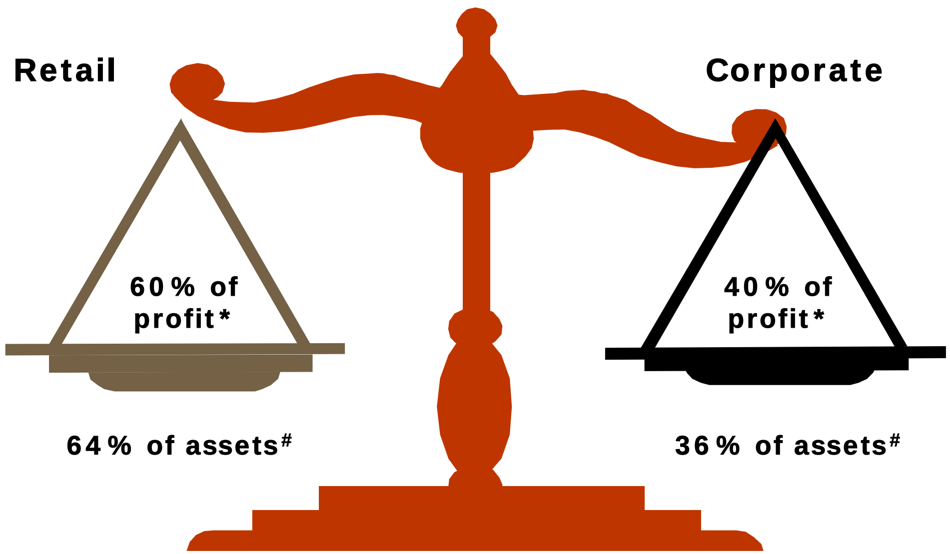
Notwithstanding our relative re-weighting of the asset portfolio towards Retail lines of business and the lowering of the risk profile within the corporate portfolio, ANZ has retained its strong tradition in corporate banking. 45% of the Group's profits are still derived from these sectors which positions us relatively favourably as system growth returns to a more traditional balance.

The **Retail** business is characterised by:

- *Strong niche leadership* - ANZ enjoys market leading niche positions in both Credit Cards and Auto and Equipment Finance
- *Punching above weight* - Restoring Customer Faith program is starting to show positive results, particularly in Rural Banking**.** Mortgages is improving sales through its branch network, whilst at the same time it is outperforming in third party originated growth.
- *Foundation laid for improved performance* - significant investment is being made in NZ and Personal Banking to deliver growth in future years. There are early signs of progress emerging.

The **Corporate** segment is characterised by:

- *Strong tradition* in Institutional and Corporate Banking which places ANZ well for expected pick up in business credit growth.
- Institutional and Corporate customers continue to provide significant cross selling opportunities
- *Focus creates a key growth opportunity* - SME Banking is already experiencing solid market share growth leading to strong profit growth.



*Business segment profit, #External Assets

Clear international strategy

ANZ's international focus is twofold and remains clear

1. US and Europe – REDUCE

Involving:

- Focusing on core products and relationships
- Reallocating capital to fund growth options
- Returning excess capital, primarily to domestic markets

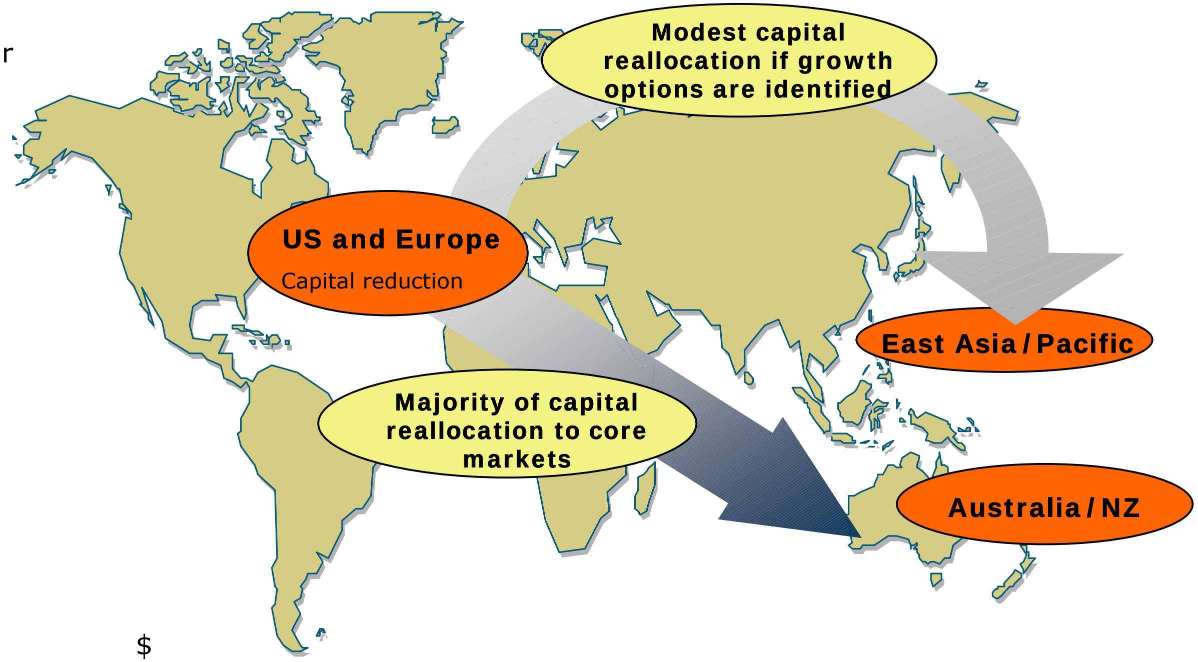
2. East Asia / Pacific – GROW LONG TERM

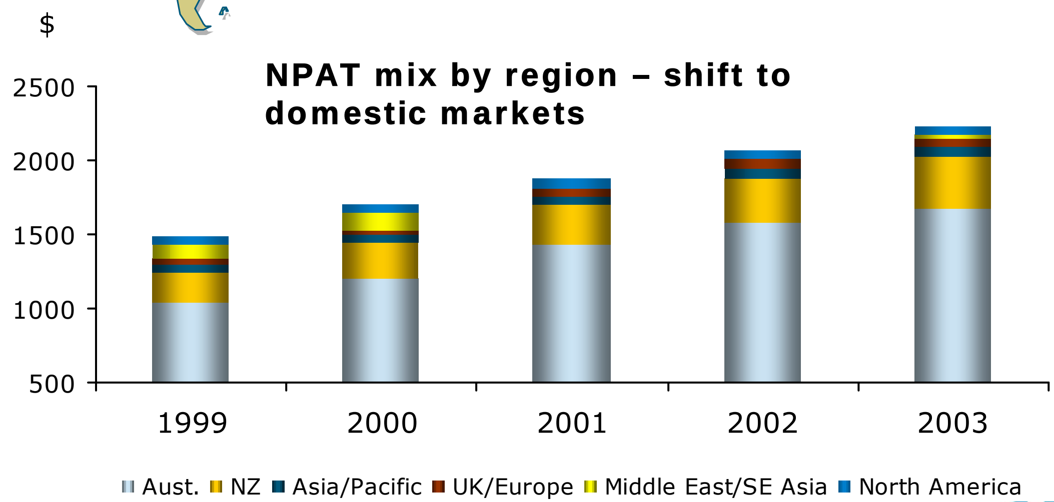
Involving seeking reward whilst carefully managing the risk through:

- Individual investments that are modest in value and low risk
- Adopting a portfolio approach
- Ensuring the potential for significant long term upside
- Investments must leverage ANZ's skills and capabilities

whilst avoiding investments that are:

- Corporate focused
- Require large capital investment
- Only require ANZ's financial resources rather than management skills
- Unduly distracting for group management





ANZ's forward looking agenda

To become Australia and New Zealand's most respected company

The bank with a human face, easy to do business with, building enduring customer relationships	Our Customers
A great company, with great people, great values, great opportunities	Our People
One of the most efficient, best managed, and most successful banks in the world	Our Shareholders
Trusted. Making a sustainable contribution to society	Our Community
Breakout. Bold, different, investing, partnering, growing	Our Future

Another Solid Result for ANZ, up 8.3%

		v Sep 02
NPAT	$2,348m	↑ 1.1%
EPS	148.3 cents	↑ 0.7%

Before Significant Items

NPAT	$2,348m	↑ 8.3%
EPS	148.3 cents	↑ 8.2%
Cash EPS	152.4 cents	↑ 9.2%
Dividend	95 cents	↑ 11.8%
Net Specific Provisions	$527m	↓ (27.6%)

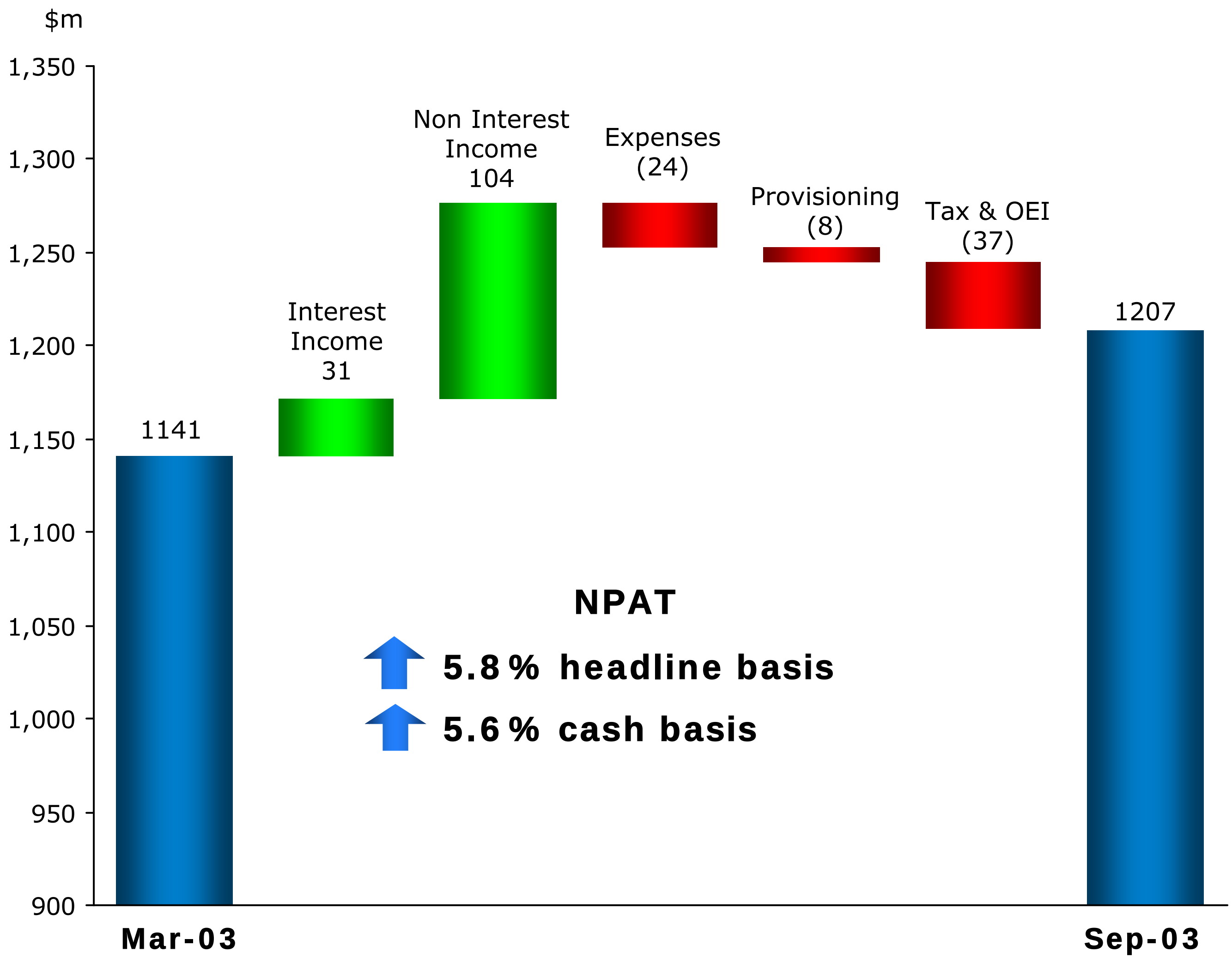
Supplementary Information

Second half result driven by non interest income

Second half non interest income was impacted by:

- increase in lending fees based on strong volumes in Corporate, Asset Finance and Institutional Banking in Australasia.
- non fee other income impacted by increased equity income in PT Panin, property sales in Institutional and higher profit on trading instruments.

First half non lending fees were impacted by a $38 million under accrual of loyalty points on co-branded credit cards in prior years.



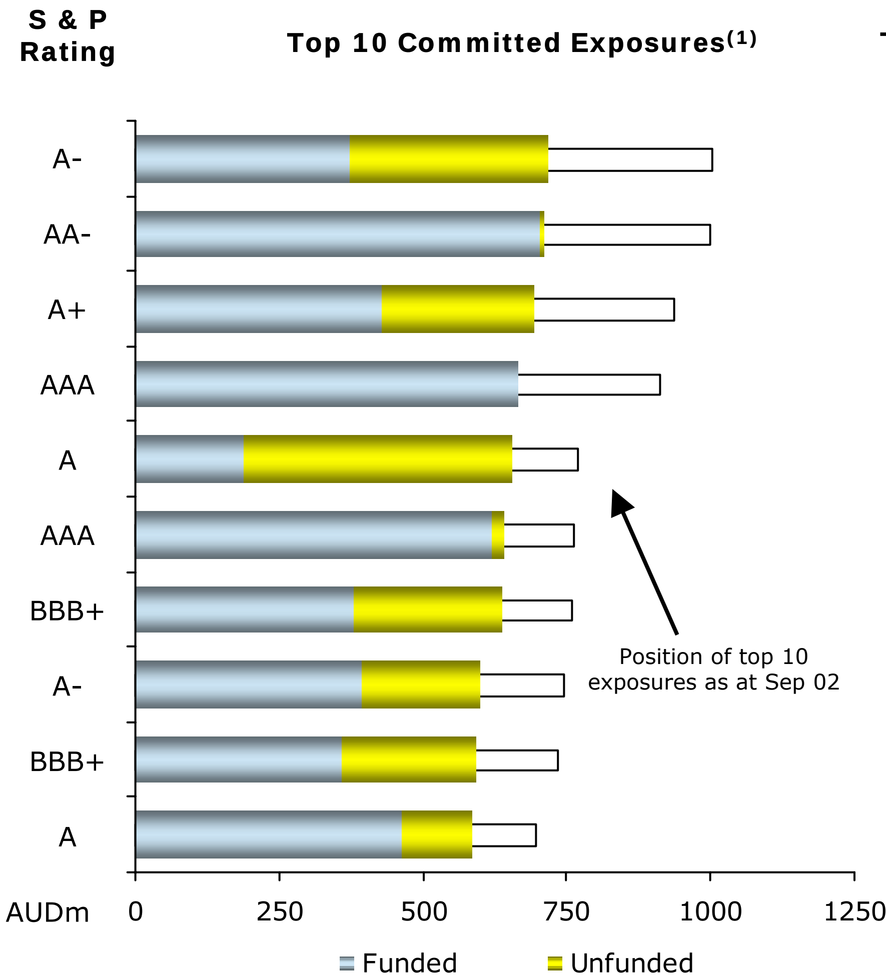
Impact of TrUEPrS redemption and replacement on 2004

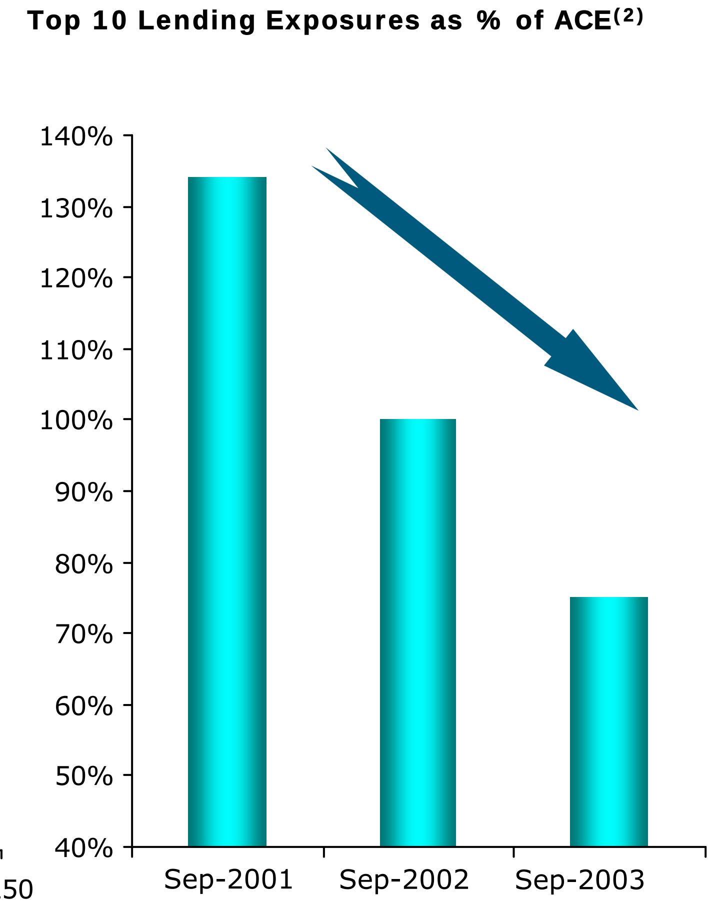
	$m TrUEPrS	$m StEPS	$m Change	$m Redemption of TrUEPrS Significant transactions
NPAT components				
Interest on re-investment (net of tax)	11	33		1
Interest rate swap (net of tax)	49			78
Tax credit on dividend	31	18		3
	91	51	-40	82
Dividend	-102	-58	44	-31
Contribution to EPS	-11	-7	4	51

Subject to final timing of redemption of TrUEPrS

Proactive reduction in volume of "top 10" client committed exposures

- ANZ has implemented credit management policies to diversify loan book exposure by reducing the volume of "top 10" client committed lending. This has led to a reduction in client concentration risk
- Sustained management of client exposures has reduced the sensitivity of the capital base of "top 10" clients (to ~75% of ACE in 2003 from ~135% of ACE in 2001)



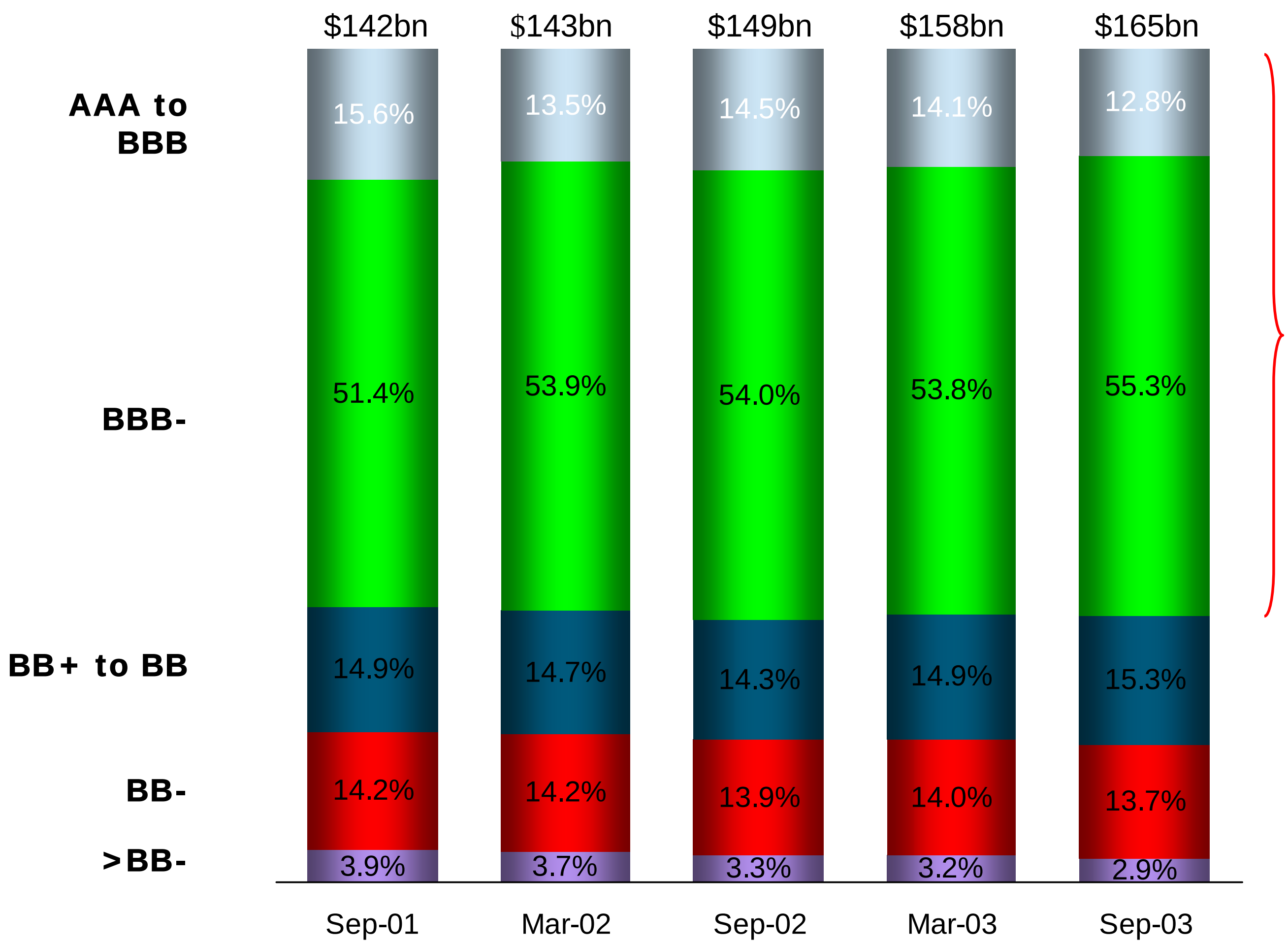


Note:

1. Limits represent total 7 month limits excluding uncommitted and non-recourse, net of credit derivatives
2. Excludes non-recourse and uncommitted facilities

Group risk grade profile

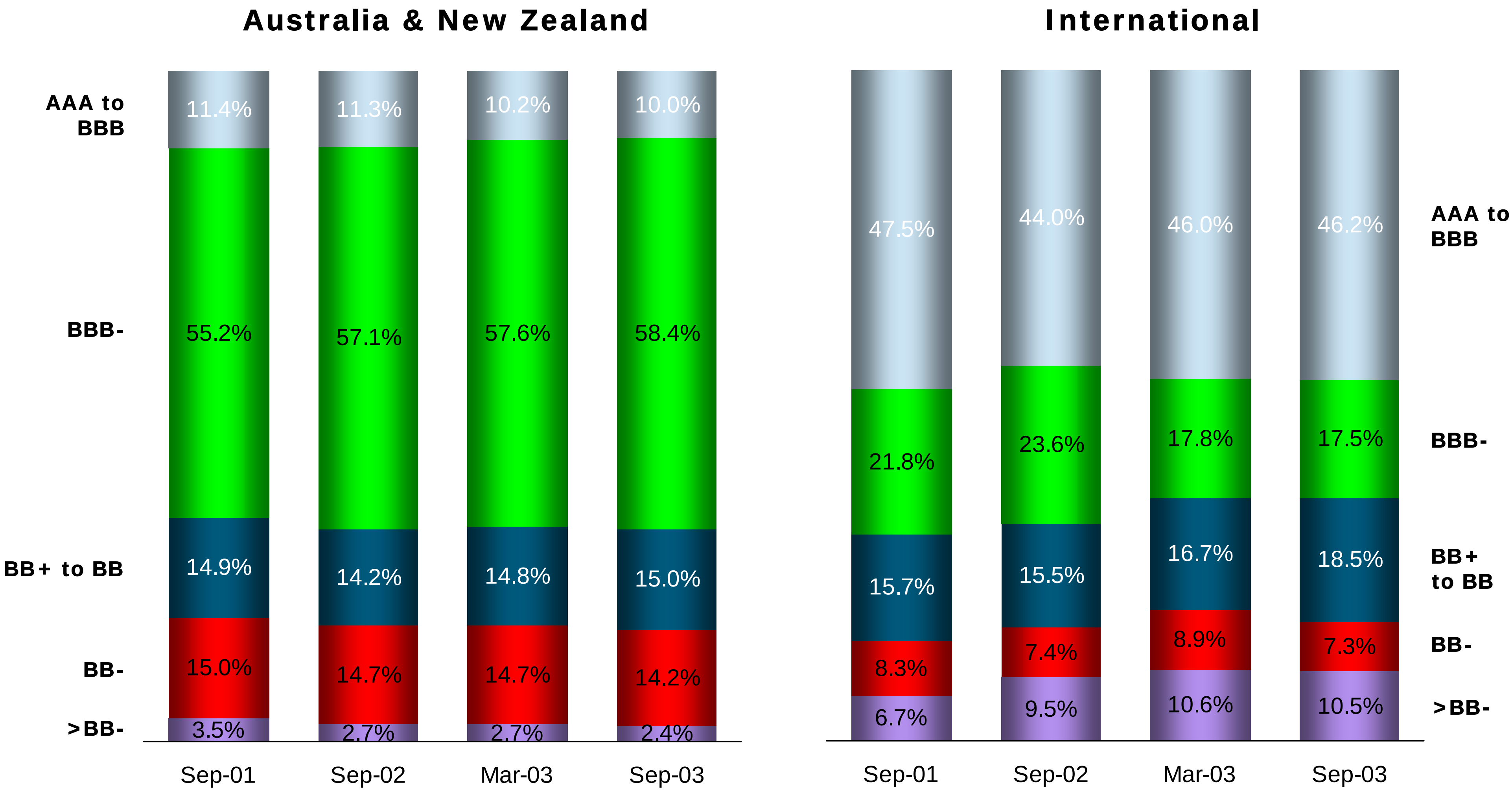
ANZ Group - Outstandings



Total investment grade as at Sep 03: $112.7bn or 68.1% of the portfolio

B+ to CCC	3.0%	2.8%	2.5%	2.5%	2.3%
Non Accrual	0.9%	0.9%	0.8%	0.7%	0.6%

Geographic risk profiles

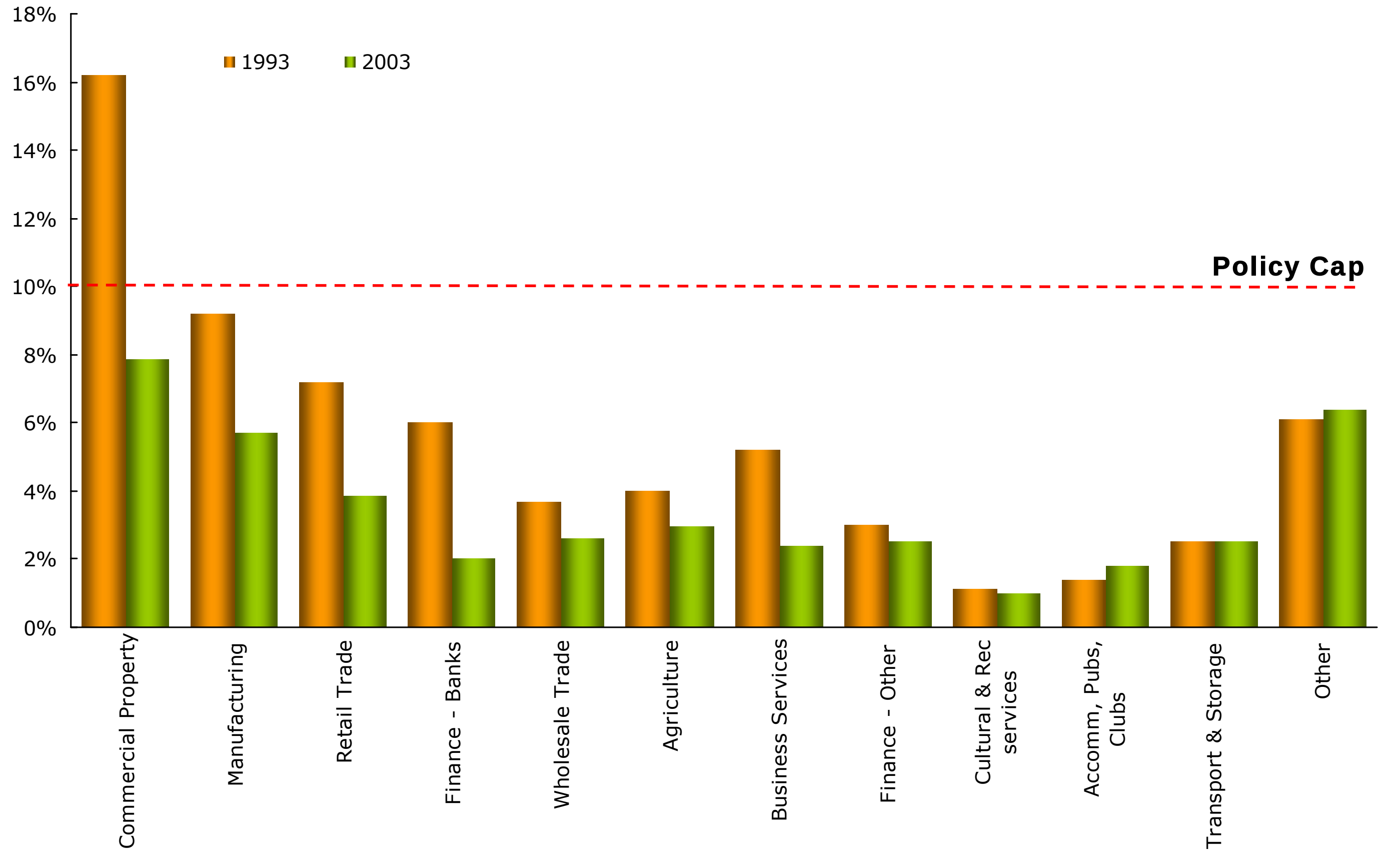


	Sep-01	Sep-02	Mar-03	Sep-03	Sep-01	Sep-02	Mar-03	Sep-03
B+ to CCC	2.8%	2.3%	2.3%	2.0%	4.3%	4.9%	6.0%	6.1%
Non Accrual	0.7%	0.4%	0.4%	0.4%	2.4%	4.6%	4.6%	4.4%

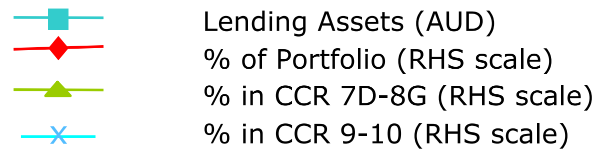
Concentration risk addressed in business and corporate lending book through management cap on industry exposure

- Management has reduced concentration risk in ANZ's business/corporate loan book by limiting industry exposure to 10% of ANZ Group GLAs
- Increased diversification of business/corporate lending portfolio across industry segments since 1993 has been accompanied by reallocation of business/corporate lending capacity to retail lines of business

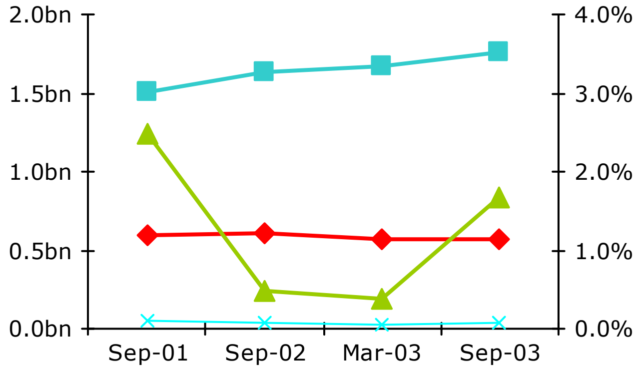
% of ANZ Group Lending Assets
(Australia and New Zealand)



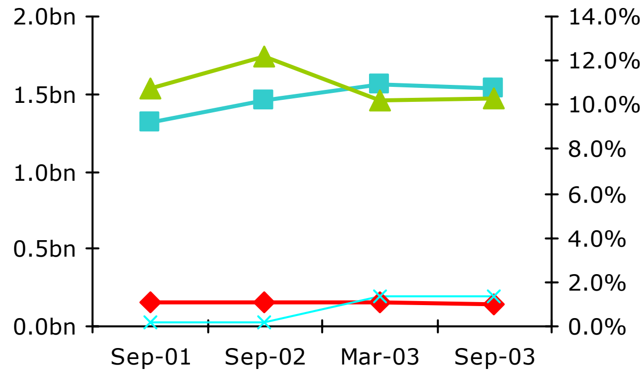
Industry exposures – Australia & NZ



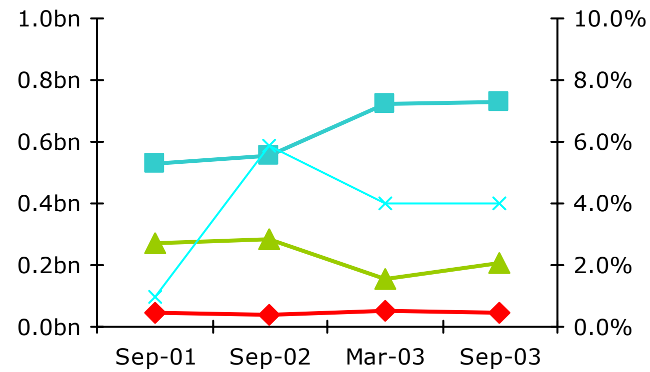
Health & Community Services



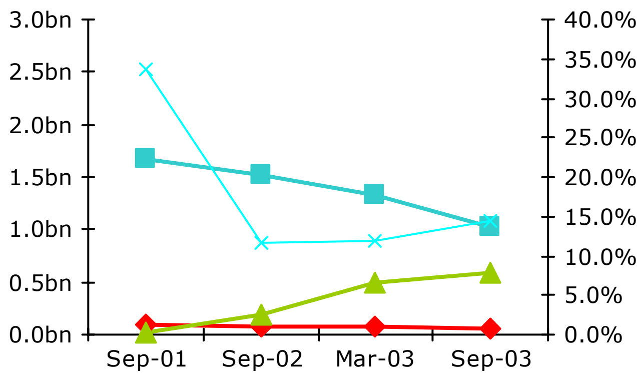
Cultural & Recreational Services



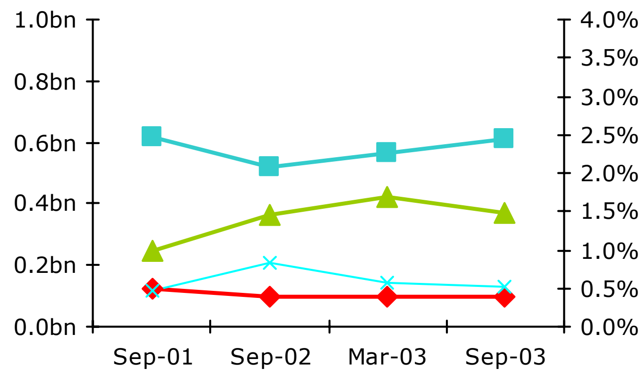
Forestry & Fishing



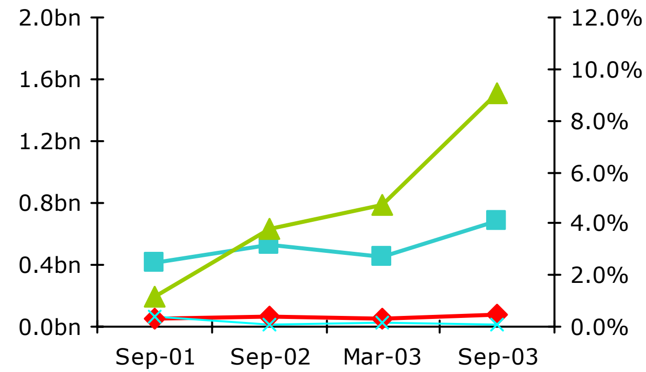
Mining



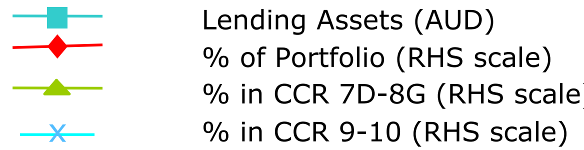
Personal & Other Services



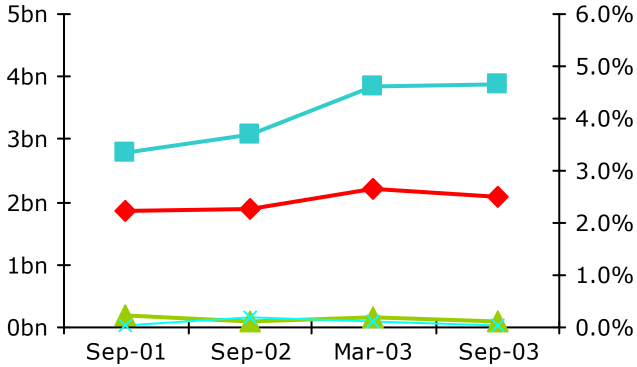
Communication Services



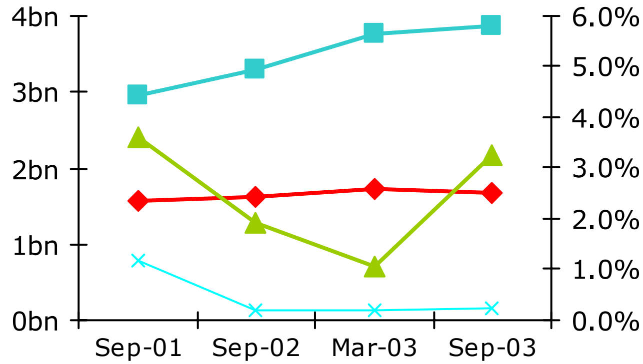
Industry exposures – Australia & NZ



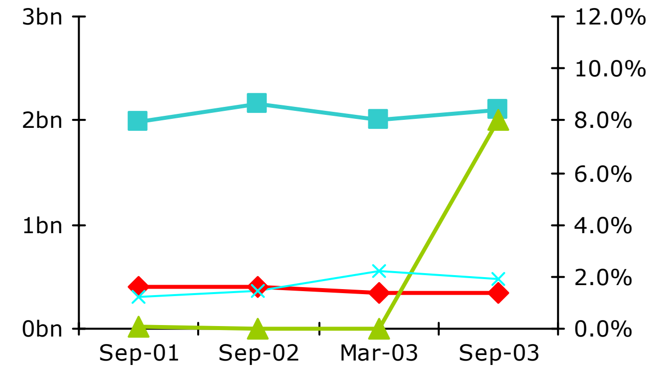
Finance - Other



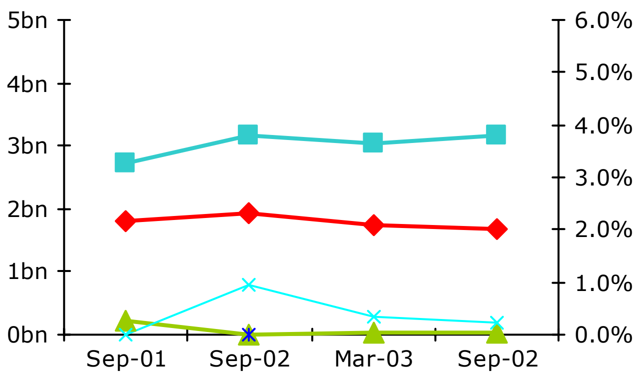
Transport & Storage



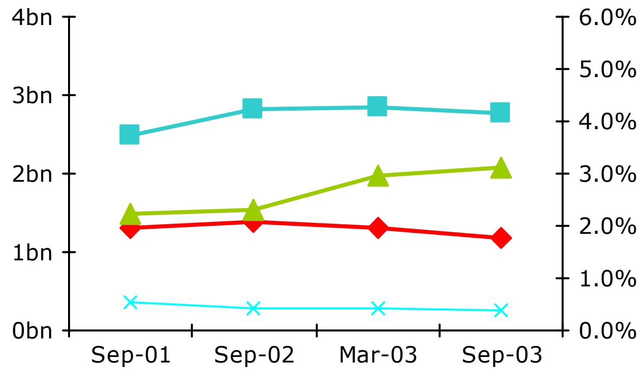
Utilities



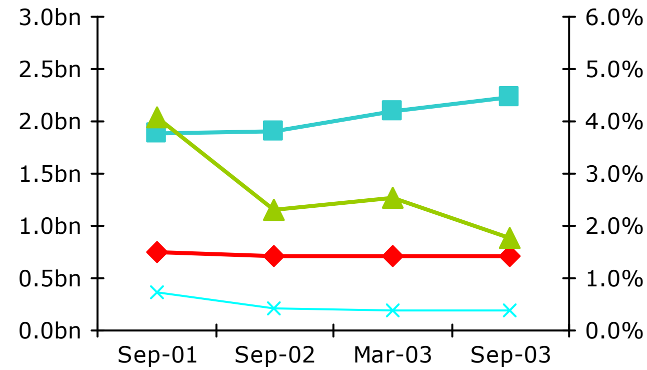
Finance – Banks, Building Soc etc.



Accommodation, Clubs, Pubs etc.



Construction



Industry exposures – Australia & NZ