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2007 Annual Results

Australia and New Zealand Banking Group Limited

25 October 2007

Michael Smith

Chief Executive Officer

www.anz.com

ANZ

Result Overview

Sep 07 v Sep 06

Headline profit - \$4,180m

↑ 13.3%

Cash* profit - \$3,924m

↑ 9.4%

Revenue Growth

↑ 12.1% (9.7%*)

Cash* Profit Before Provisions (PBP)

↑ 11.5%

Cash* EPS

↑ 8.1%

Dividend

↑ 8.8%

Highest growth in revenue and PBP for many years

\$1b DRP underwrite enhances strategic flexibility at low cost

Early observations on the business

A strong foundation for growth

- **Personal** – great franchise, confident it will continue
- **New Zealand** – very strong position, solid performance
- **Institutional** – fundamentally good franchise but lost its way in some areas. New management in place, upside ahead
- **Asia/Pacific** – performing well but need to accelerate.
- **Wealth/Private Bank** – very strong growth and good momentum

Create a stronger vision for ANZ's future

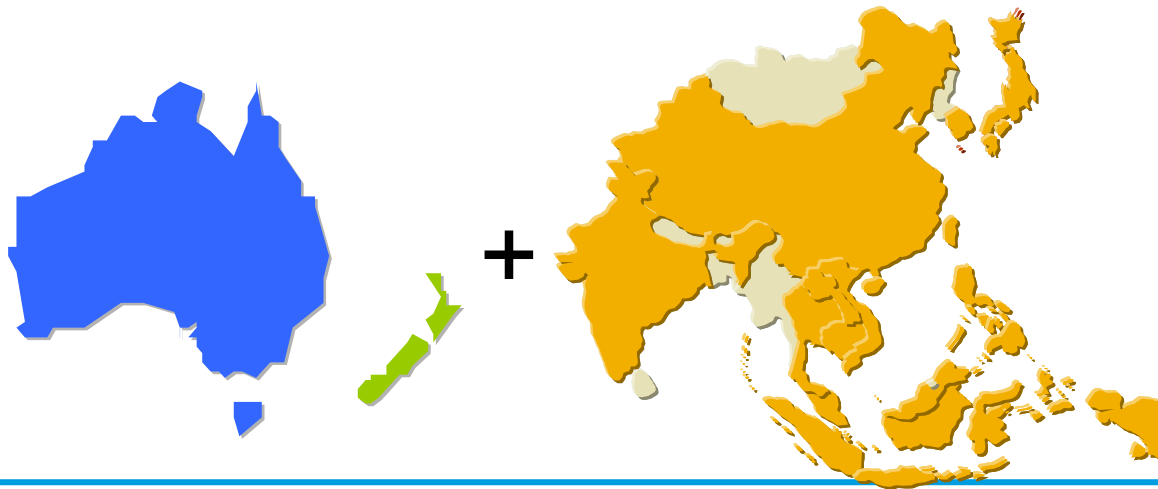
1. Unlock the existing opportunities

- **Re-energise the organisation**
 - Lift the energy and edge
 - Emphasise accountability
 - Focus on performance
 - Focus on managing positive jaws

2. Develop opportunities throughout region



**Deliver
stronger
returns for
shareholders**



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Peter Marriott
Chief Financial Officer

A record profit

Headline Profit

\$4,180m


 13.3%

less significant items

\$256m

Cash Profit

\$3,924m

 9.4%

less hybrid dividends

\$37m

divided by Average no. of Ordinary Shares (1.0% increase)

1,845.5m

Cash Earnings Per Share

210.3 cents


 8.1%

multiplied by Dividend Payout Ratio (2006: 64.4%)

65.0%

Dividend Per Share

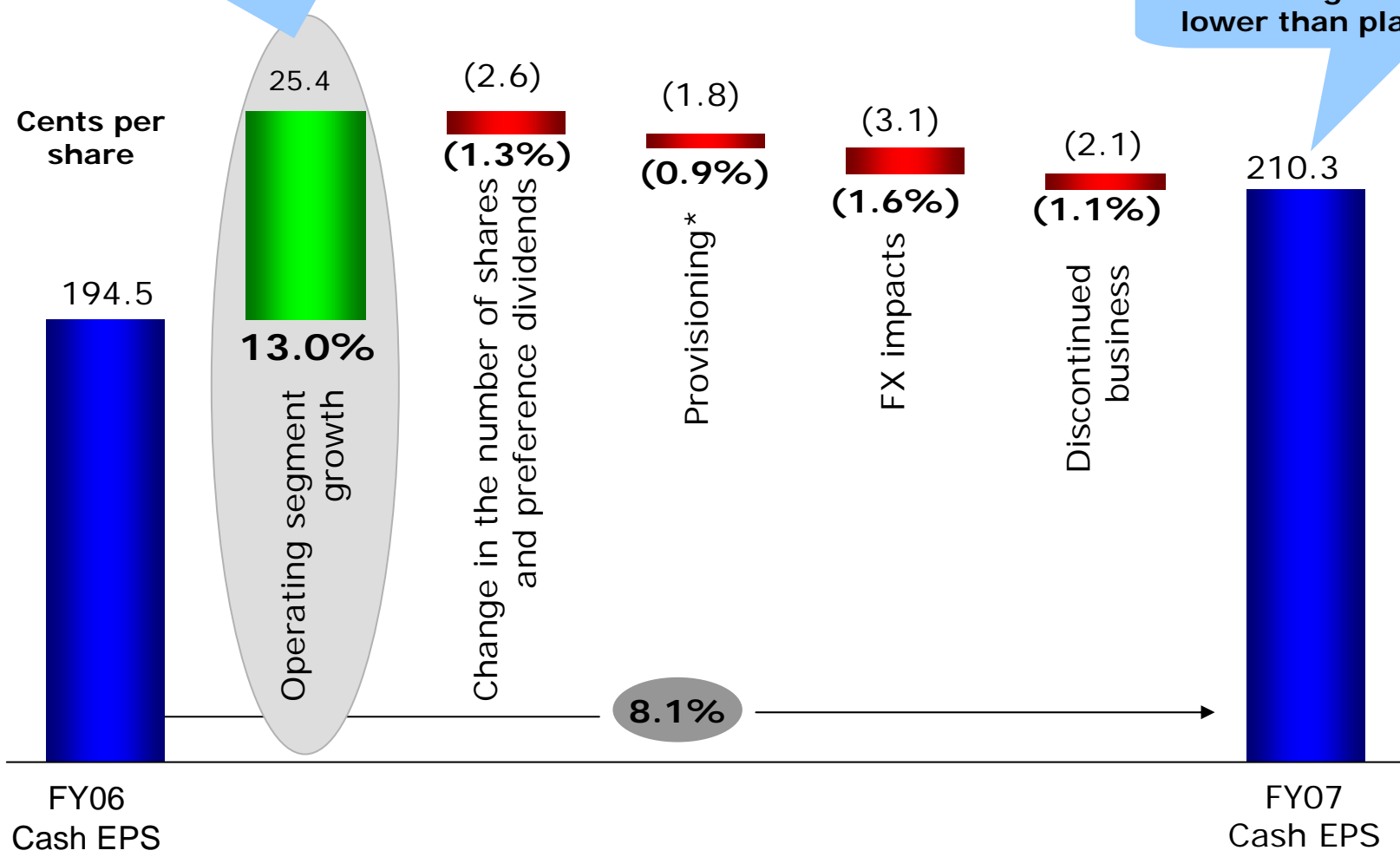
136 cents

 8.8%

Why the strong underlying performance didn't flow through to high EPS growth

Very strong growth, despite Institutional "below plan" impact ~2.0%

Cash EPS growth lower than plan

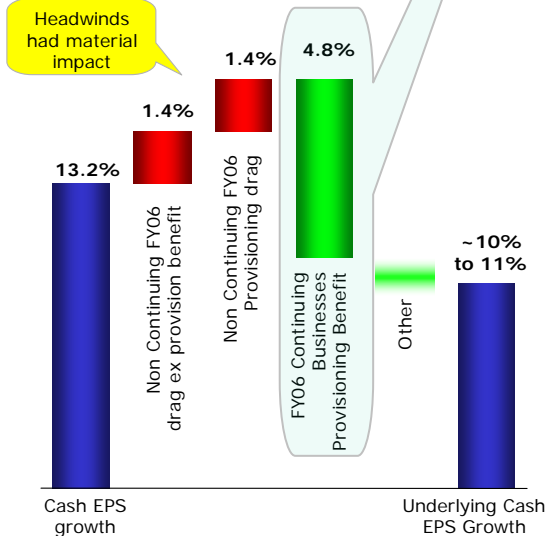


Provision drag partly an unwind of unusually high benefit we flagged last year

What we said last year...

Another way to think about this result

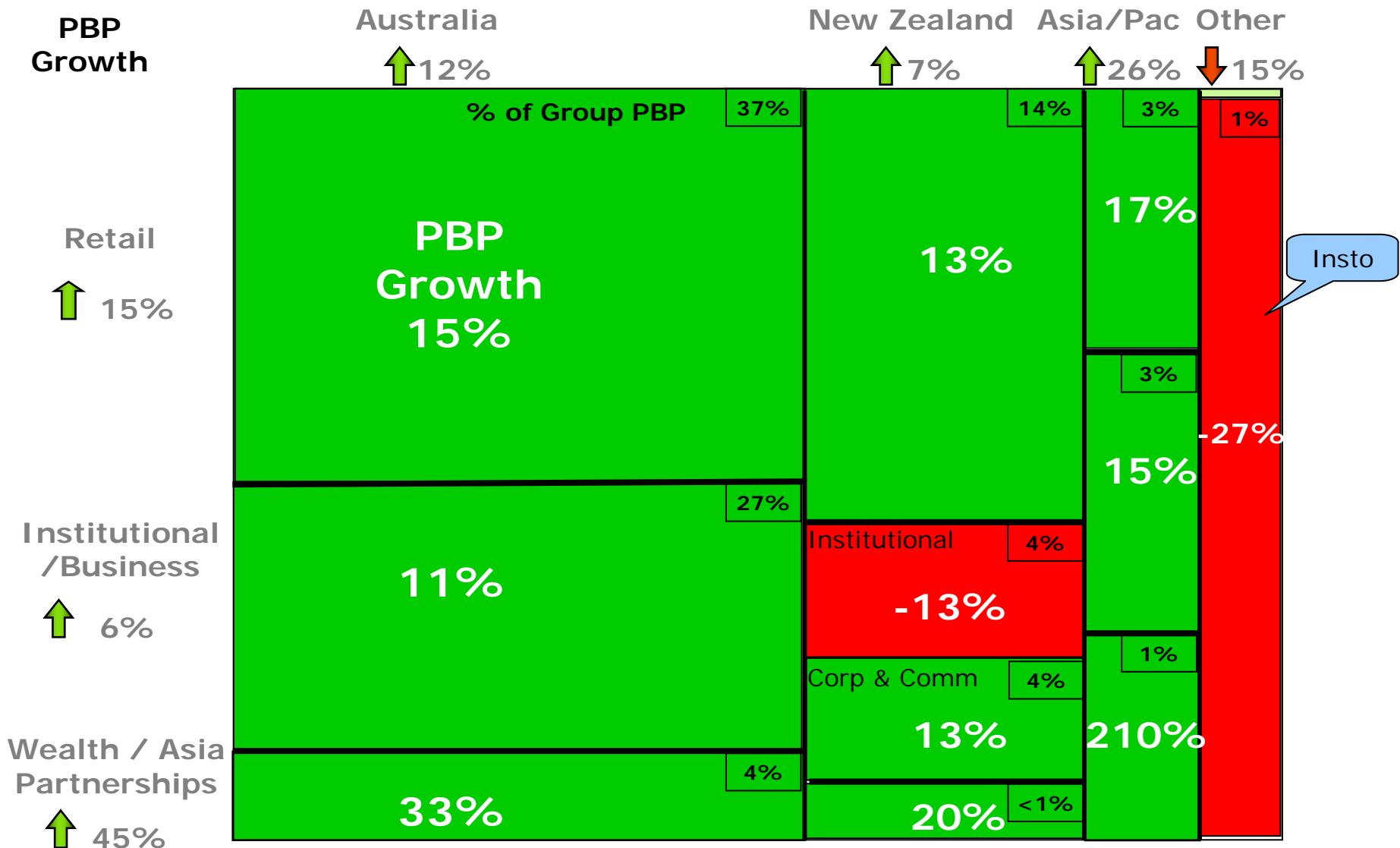
A good result even without provisioning benefit



- 10%-11% a better reflection of underlying trajectory
- In line with PBP growth of 10.4%
- Can't completely ignore provisioning impact - partly reflects de-risking benefits coming through
- Very good result given level of investment in the franchise

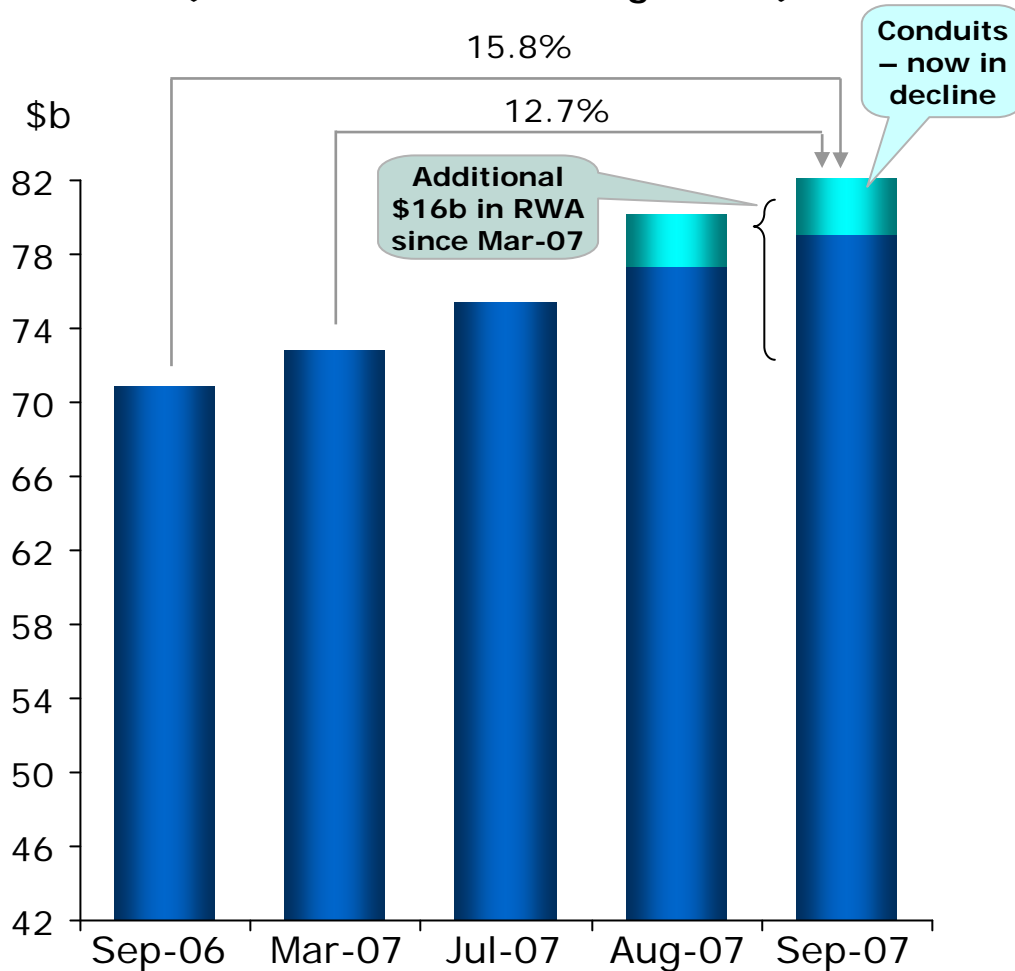
- Provisions returning to more normalised levels
- 2 yr CAGR Cash Profit growth is 11.7%, in line with PBP growth
- 2.0% FY07 provisioning drag (0.9% compared to ELP) following 4.8% benefit in FY06

Digging a little deeper in to where we performed (or not)



Strong balance sheet growth, particularly last two months

Institutional lending growth (Institutional Net Lending Assets)



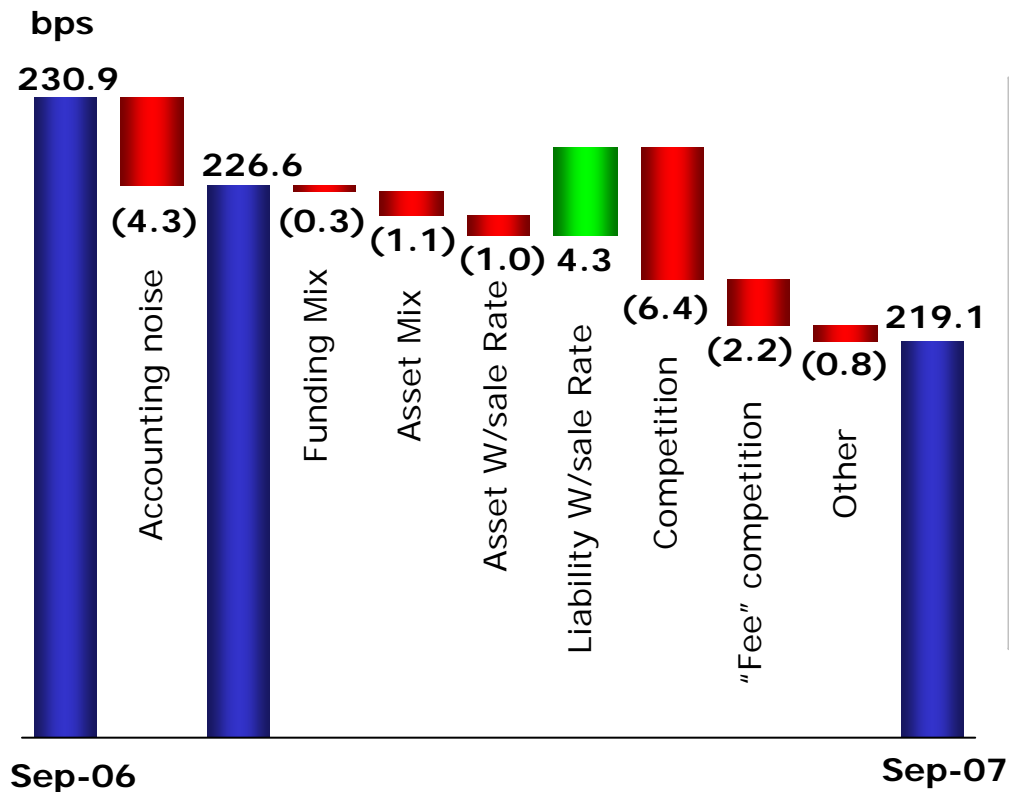
Growth in other products (% pa)

Australia	FY07
Mortgages	12%
Credit Cards	7%
Deposits - Personal	13%
Deposits - Institutional	27%

New Zealand (NZD)	
Housing	14%
Credit Cards	8%
Customer Deposits	8%

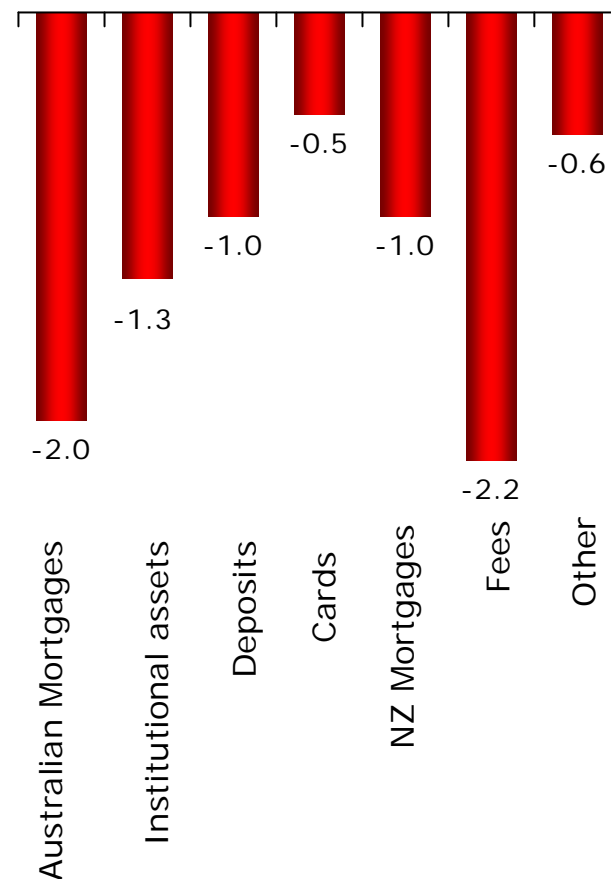
Net interest margins – a few moving parts

Competition biggest driver of margin decline (FY07 vs FY06)



Competition in Australia the key driver

(competition impact on Group Margin)

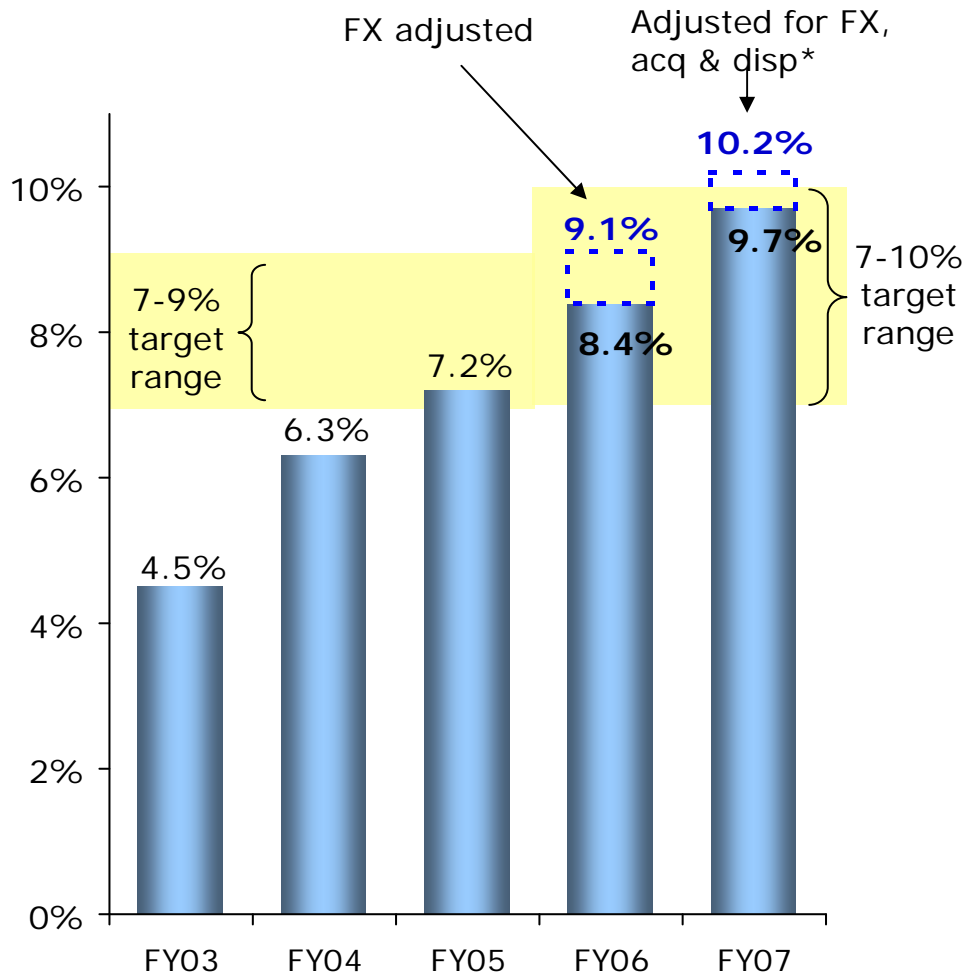


— -7.5 bps —→

Half on Half ↓ 4.3 bps[^]

Strategy delivering on revenue growth, without reliance on buoyant equity markets & despite mixed Institutional

Delivering revenue growth at top end of target range



- Revenue growth impacted by:
 - E*Trade and Stadium Australia transactions (\$72m benefit)
 - FX impact (\$83m Revenue drag)
- Beware “switch” between NII and Trading (\$99m)

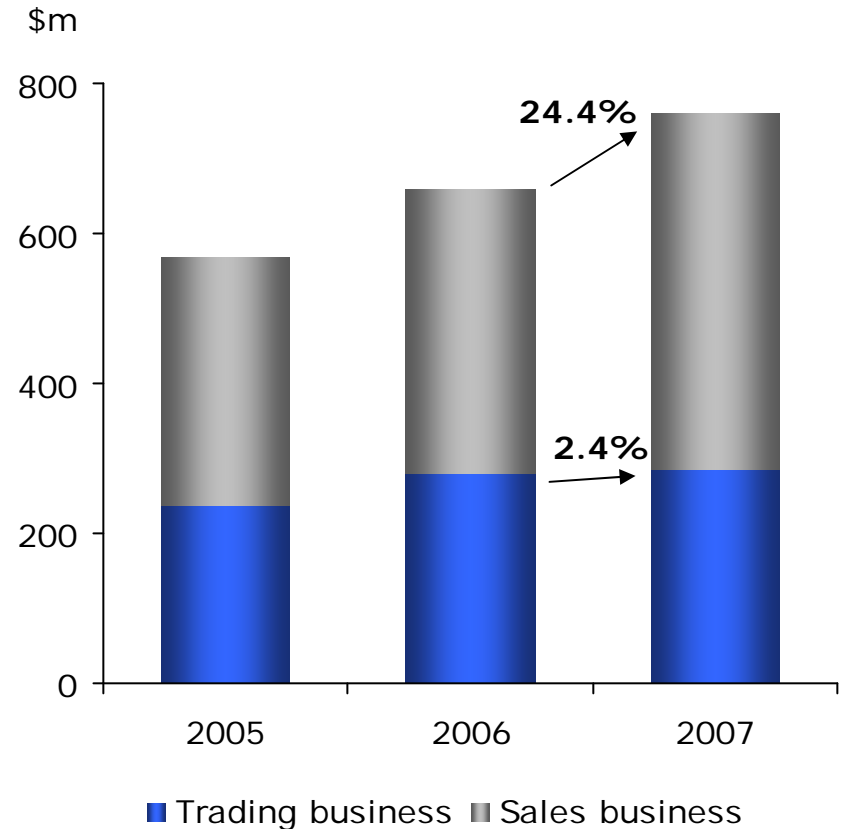
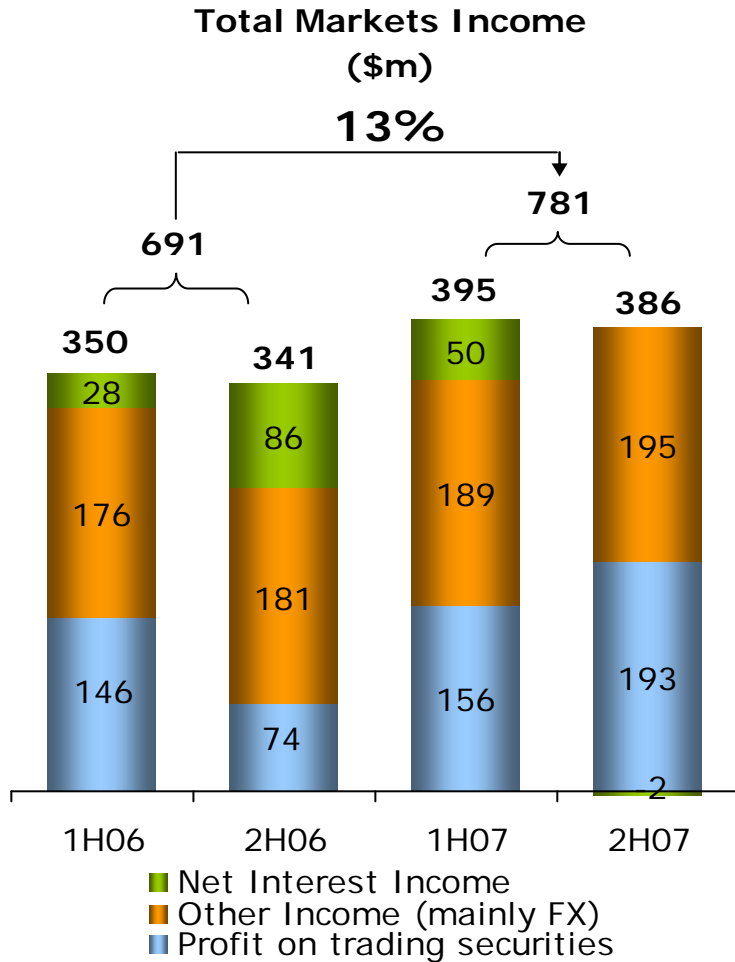
Income	FY07 (\$m)	Growth (FY07vFY06)
Net Interest income	7,302	↑ 5%
Total Fee income	2,380	↑ 11%
FX earnings	487	↑ 9%
Profit on trading instruments	369	↑ 77%
Other	529	↑ 53%

Markets total income ↑13%

A quick note on Markets income

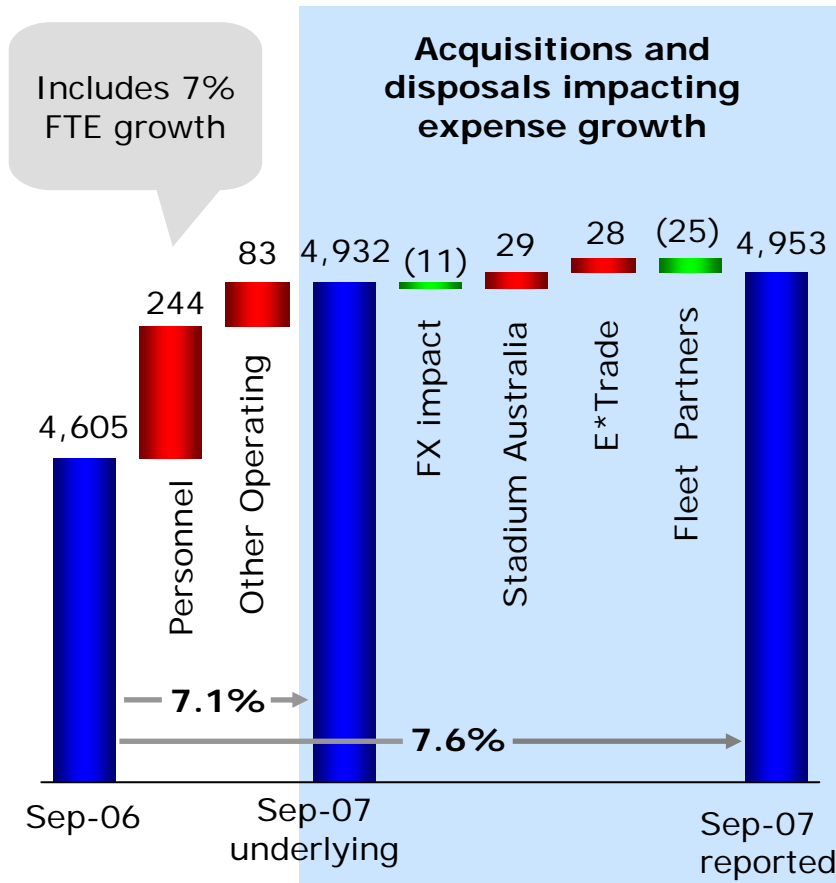
A reminder not to look at Trading Income in isolation

Strong revenue growth from customer activities in context of challenging market conditions in 2007...



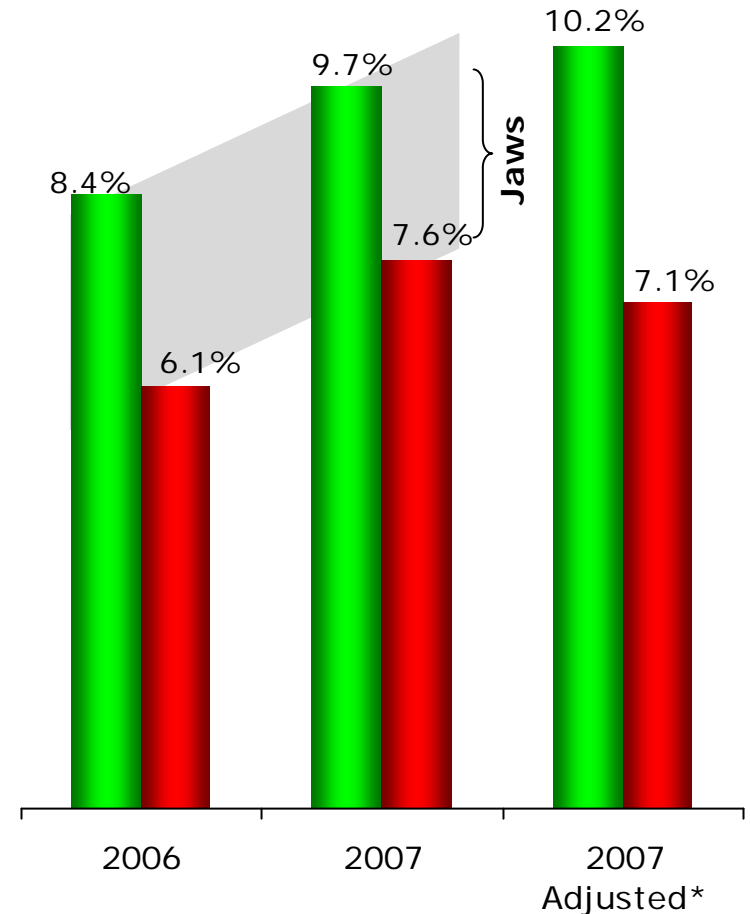
We'll continue to invest while managing the jaws

Still investing heavily, directed mainly to frontline



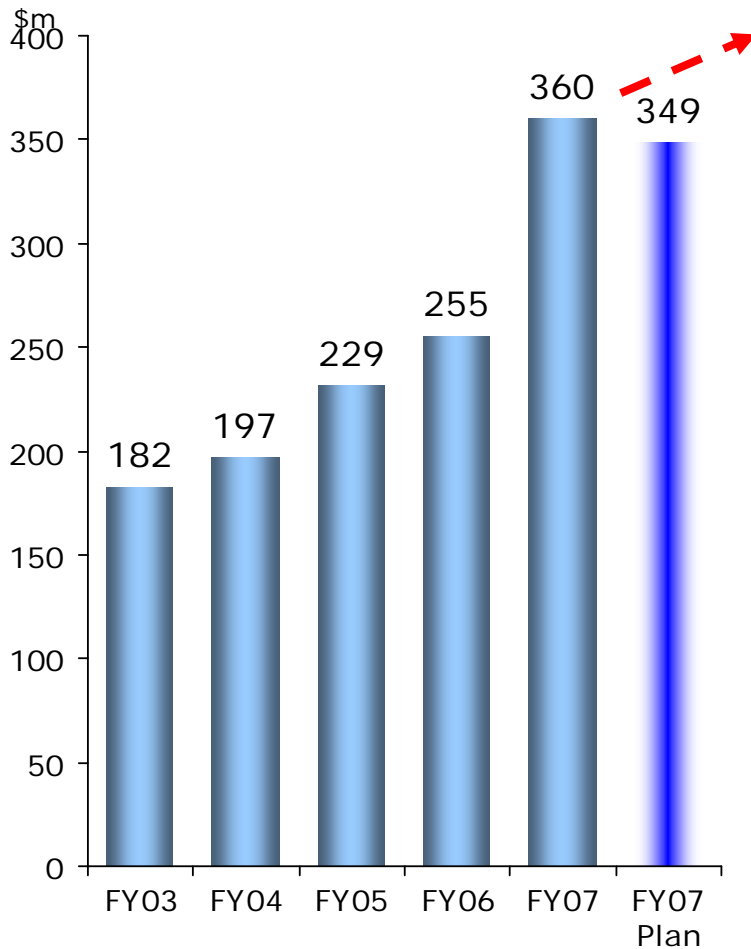
Maintaining Revenue/Cost jaws

■ Revenue Growth ■ Cost Growth

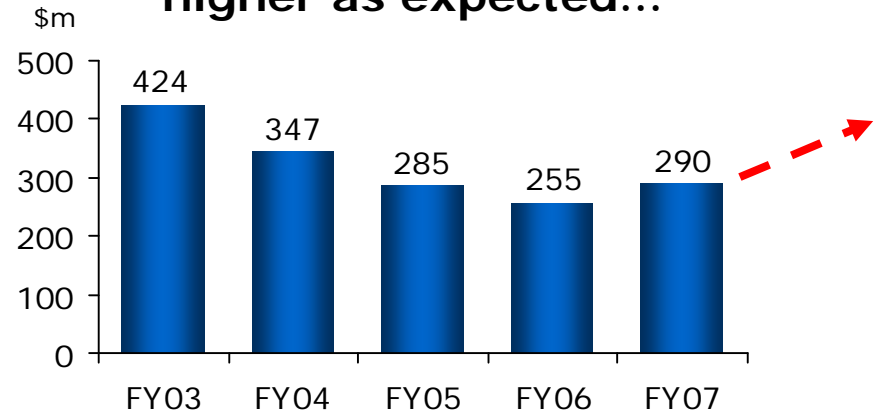


Individual Provisions increased in line with expectations

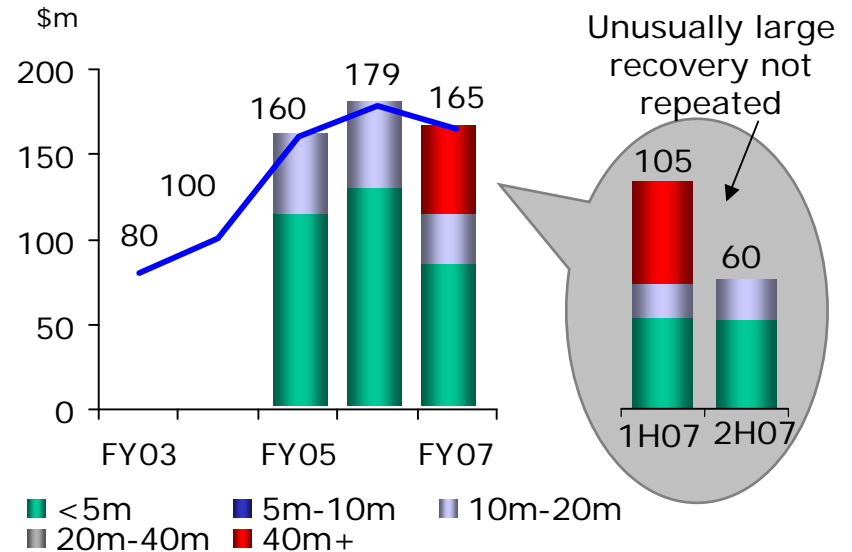
Consumer IPs trending up with volume growth



“New & Increased” commercial IP’s higher as expected...

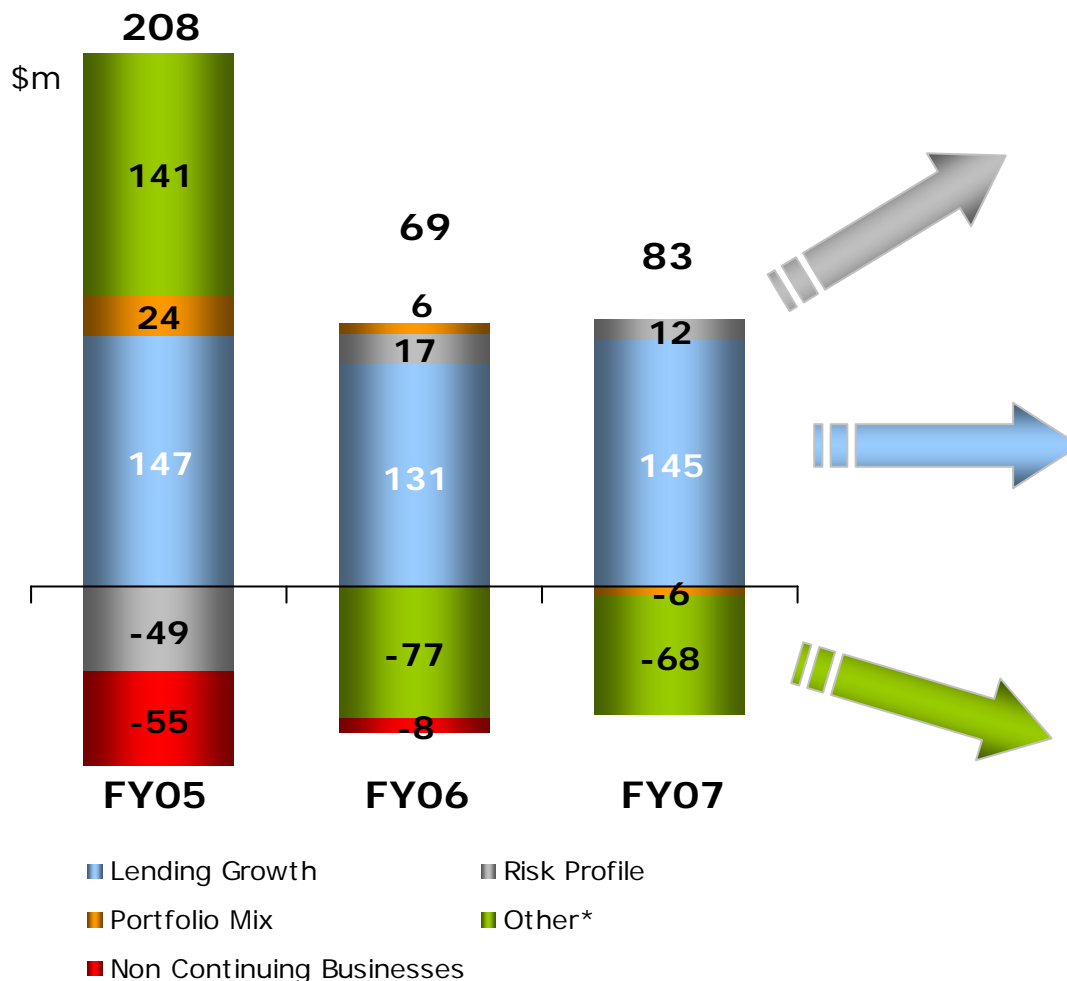


With more normalised levels of commercial writebacks and recoveries



Portfolio growth driving Collective Provision

FY07 Collective Provision (CP) charge at low levels



Risk profile

2007 - modest deterioration in Personal offset by NZ improvement

2008 - uncertain

Lending growth

Sep 07 v Sep 06

Personal	12%
Institutional	16%
New Zealand	14%

Outlook
FY08



Other

Includes Oil shock run-off

2008 – lower modelled run off

DRP underwrite – enhances strategic flexibility at low cost

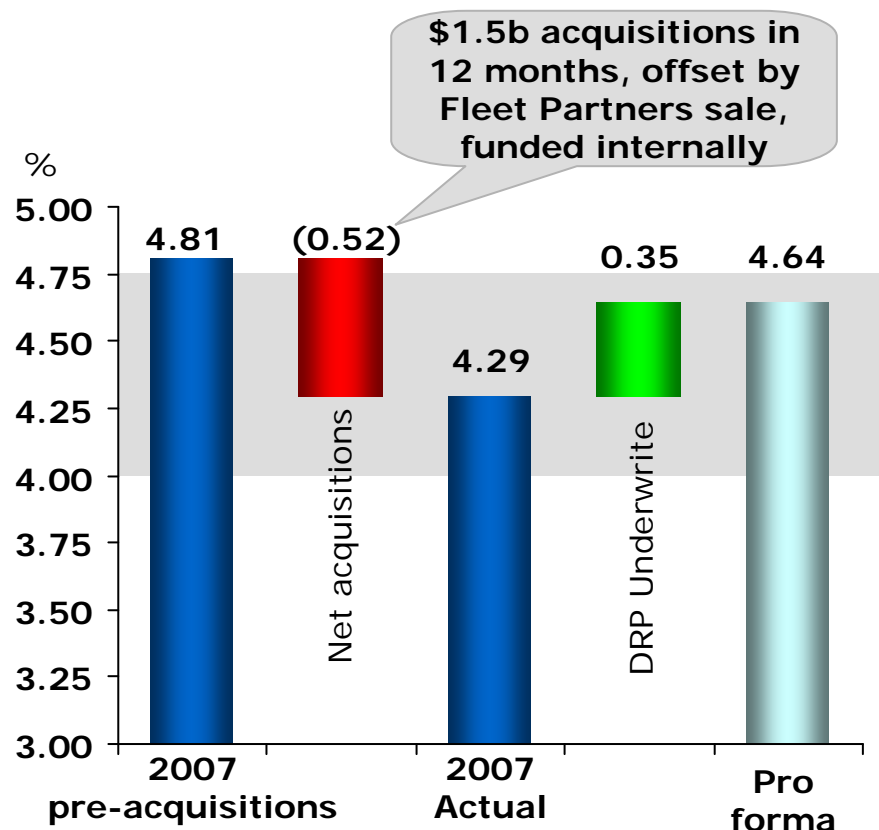
Key Features

- Expected to raise ~\$1b
- DRP discount of 1.5%
- EPS impact ~0.4% in 2008
- Additional ~35 basis points of ACE capital
- Enhances strategic flexibility
- Fair for all shareholders

Key dates

	2007
Record Date:	14 November
Pricing Period Commences:	16 November
Pricing Period Concludes:	6 December
Allotment & Payment date:	21 December

ACE Ratio

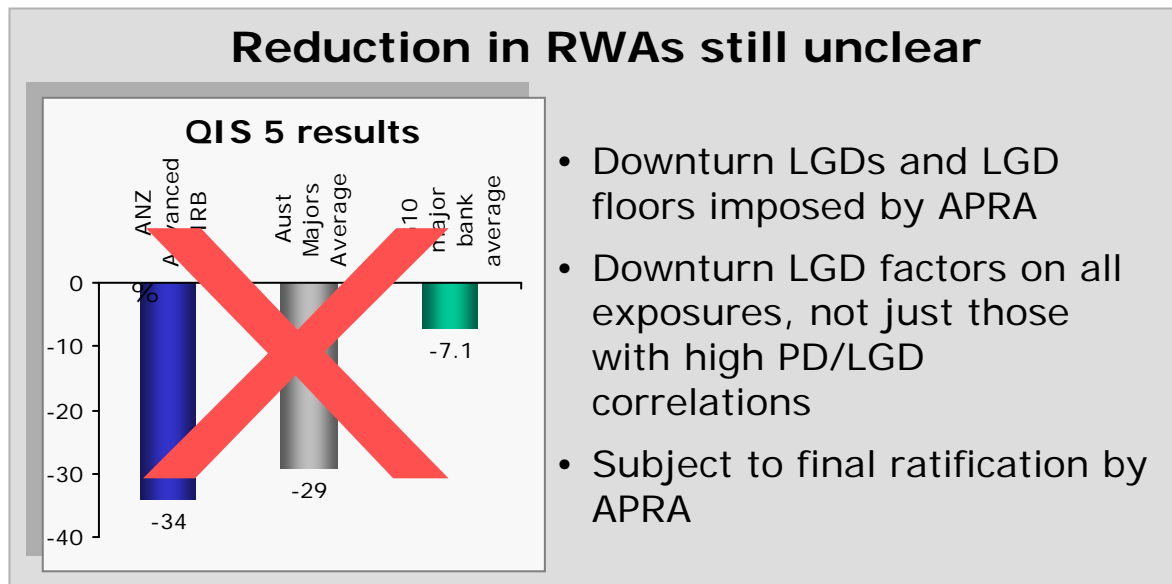
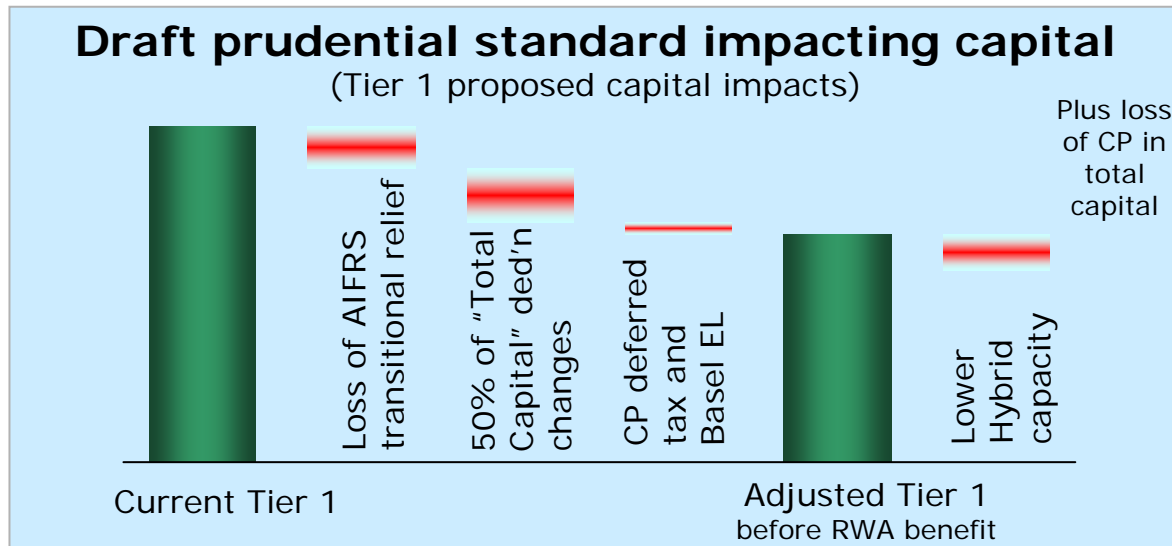


Basel II impacts – reduction in RWA expected in 2008, but how much benefit offset by capital changes?

$$\text{Capital Ratio} = \frac{\text{CAPITAL}}{\text{RWA}}$$

Red arrows point from 'CAPITAL' and 'RWA' to the fraction. A grey arrow points from the fraction upwards and to the right.

Other factors
Rating Agency view?



Well positioned with liquidity and funding

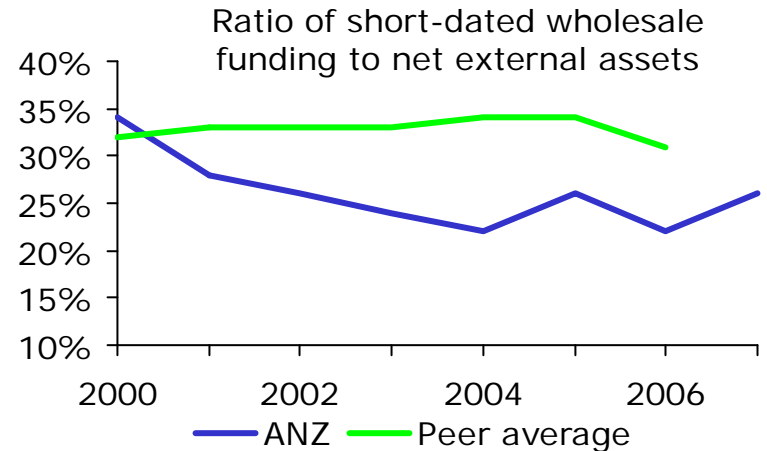
Funding

- Limited impact on ability to access short term or long term wholesale funding
- However cost of term wholesale debt has increased materially
- Focus on customer deposits maintained:
 - Growth rate in Personal deposits approaching 20% annualised in Aug/Sep-07
 - Strong Institutional deposit inflows (\$14.8b, ~27% pa growth)

Liquidity

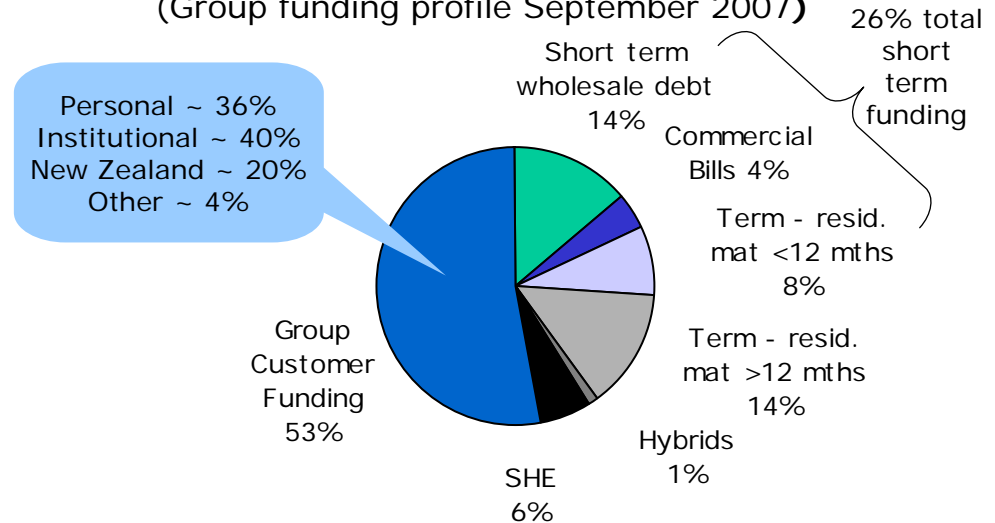
- Strong Liquidity Portfolio ~\$22b
- Provides sufficient cover against maturing short dated wholesale debt and increased asset growth

ANZ has progressively reduced reliance on short term wholesale funding



Stable and diversified funding base

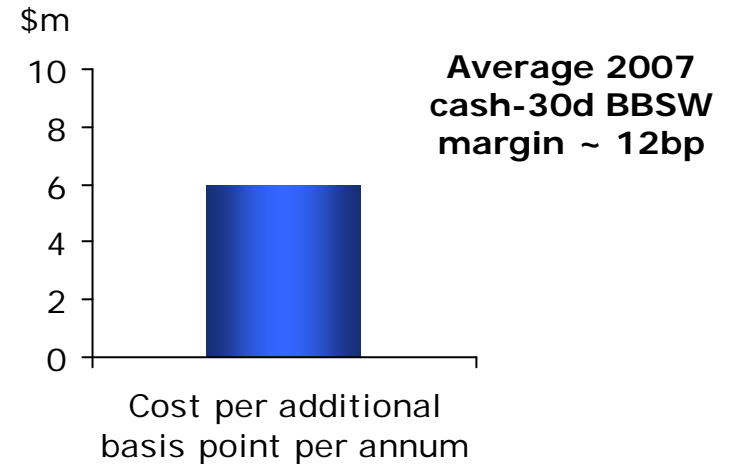
(Group funding profile September 2007)



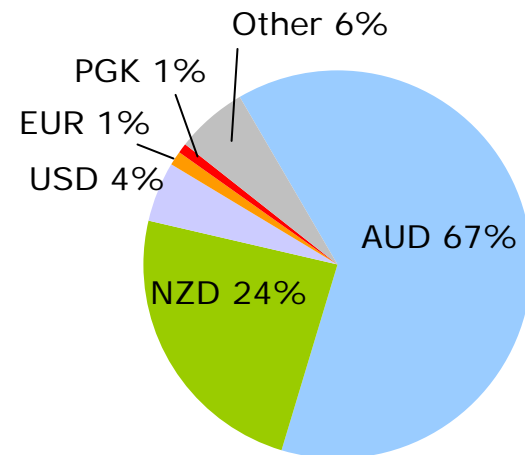
But still likely to be some headwinds in 2008, mostly for sector rather than ANZ specific

- Basis Risk
- Funding costs
- Impact from strengthening AUD with ~ 33% of earnings in foreign currencies
- Credit provisions - consensus for sector in 2008 is increase of 20% to 30%
- Dilution – slightly higher dilution expected with dividend underwrite

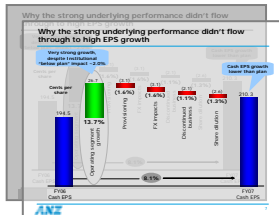
Funding cost reducing but likely drag on 2008



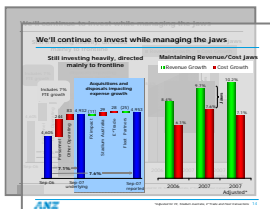
Currency exposures



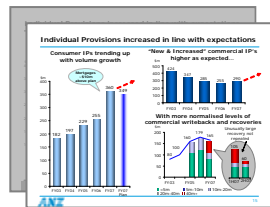
Key Takeaways



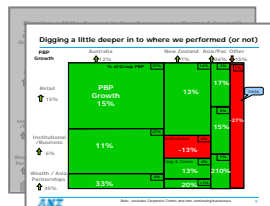
Very good underlying growth, but Cash EPS softer



Very strong revenue growth, still investing in the business



Provisions well up, as expected, despite one off recovery



Great franchise in Personal, strong position in NZ, better result expected from Institutional, & Asia building Good foundation for 2008 and beyond

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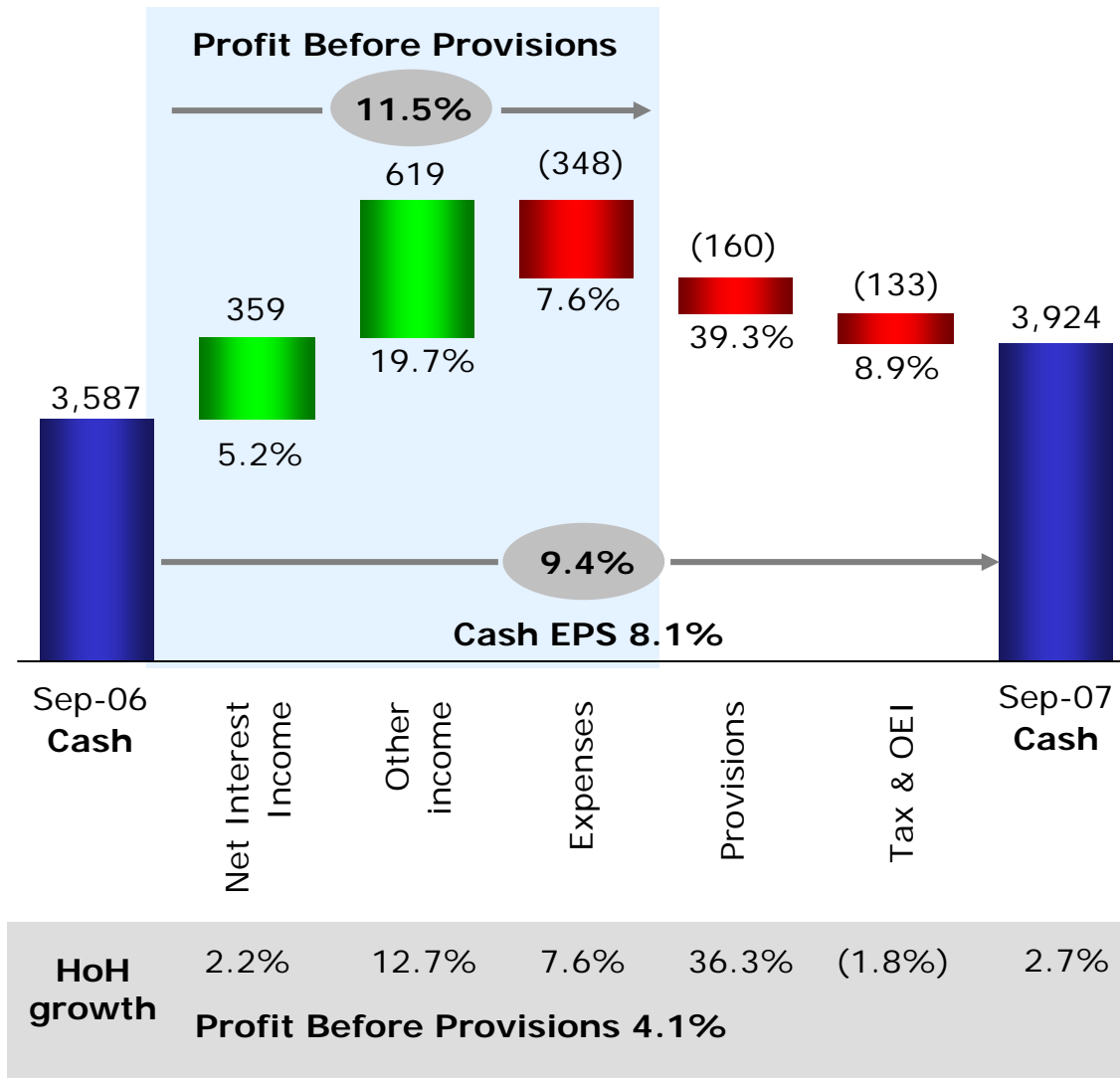
25 October 2007

Additional information

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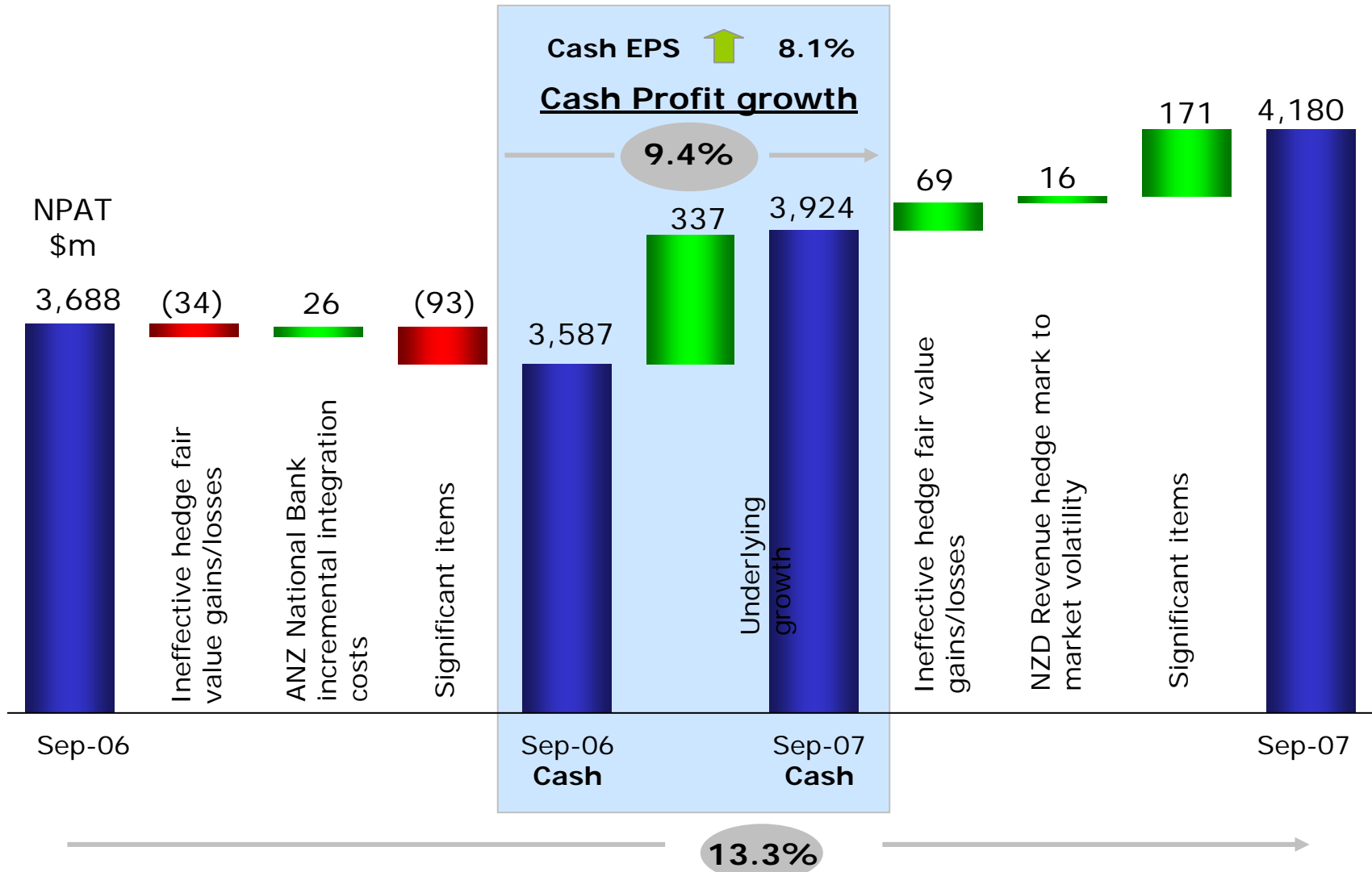
Very high revenue and PBP growth, but bottom line less than expected



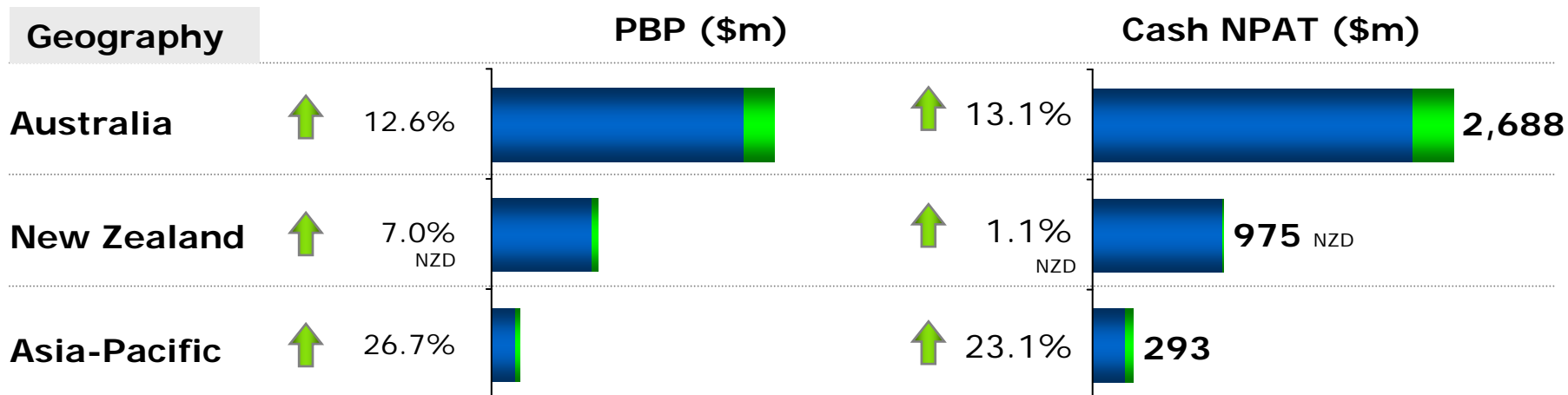
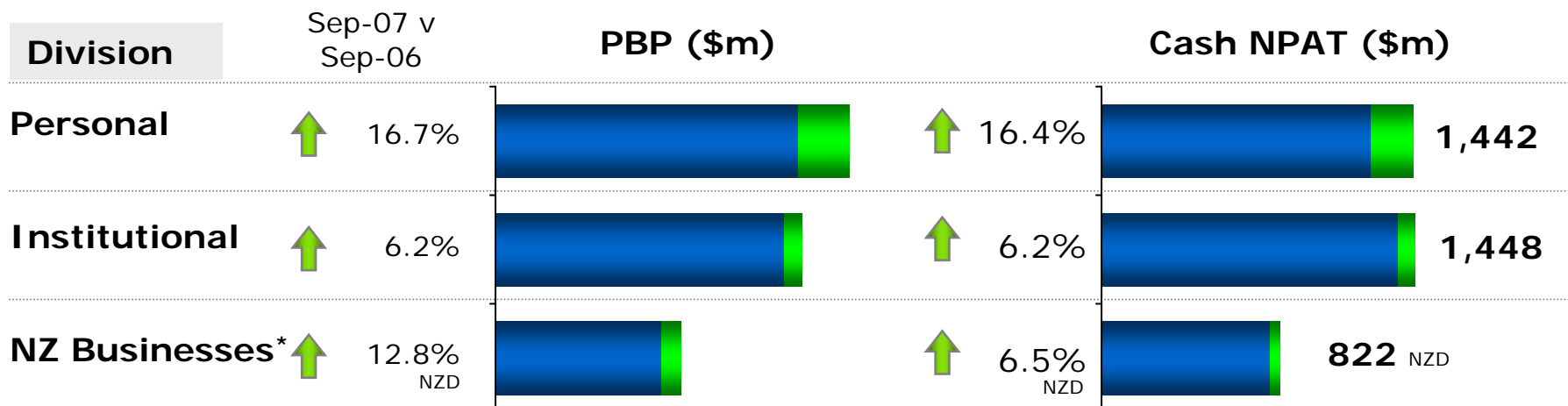
Scorecard	FY07
Volume Growth	
- Lending	✓ X
- Deposits	✓ ✓
Interest Margin	✓
Non Int. Income	✓ ✓
Expenses	✓ X
Provisions	✓
Tax	✓
Cash EPS	X

- ✓ ✓ Favourable to expectations
- ✓ In line with expectations
- X Unfavourable to expectations

Strong headline growth, assisted by sale of Fleet Partners



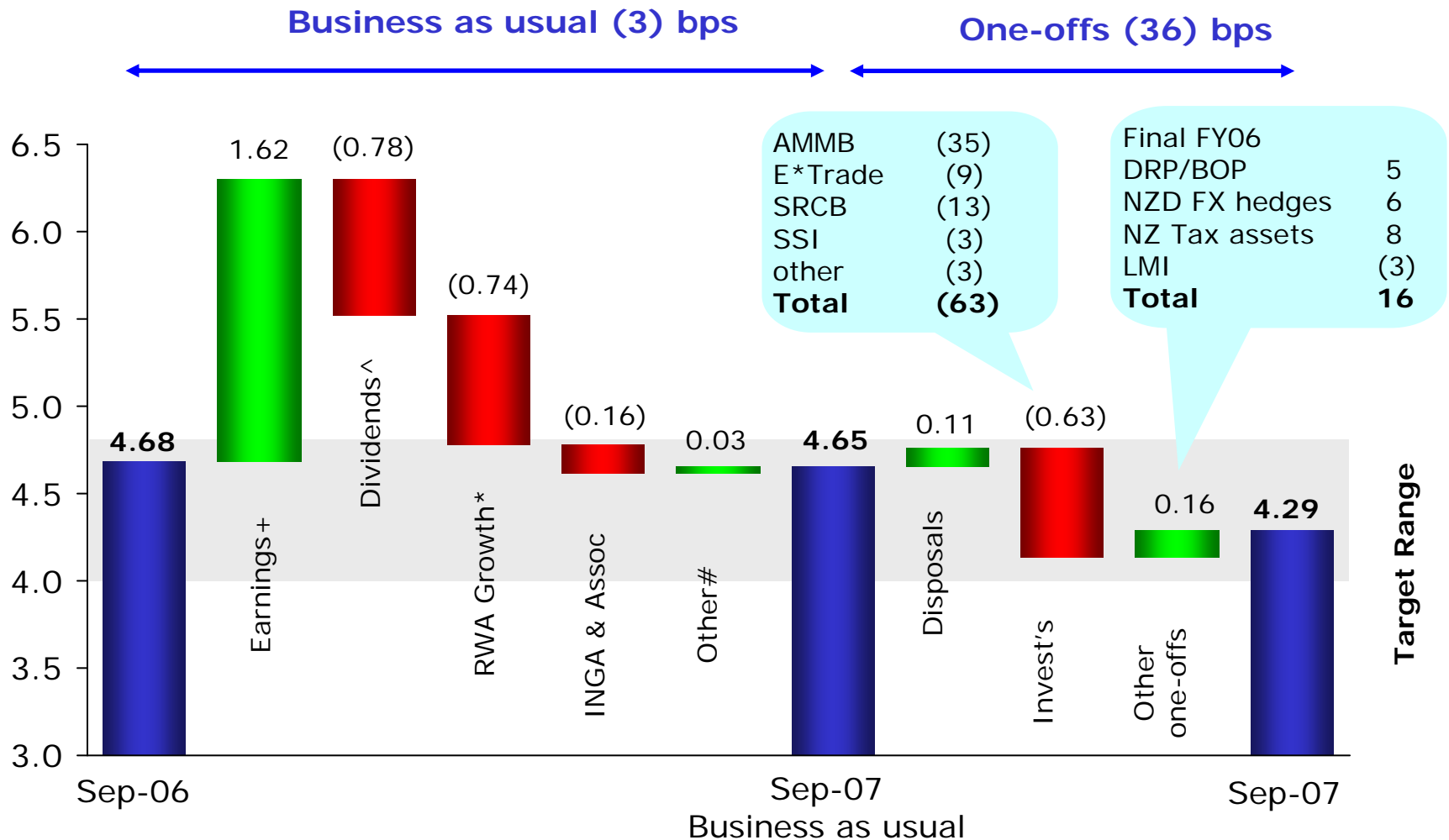
Divisional and Geographic Performance



■ Increase
■ Sep-06

RWA growth and significant investment spend offsets strong FY07 ACE generation

ACE Ratio within target range



Hedging the Kiwi dollar

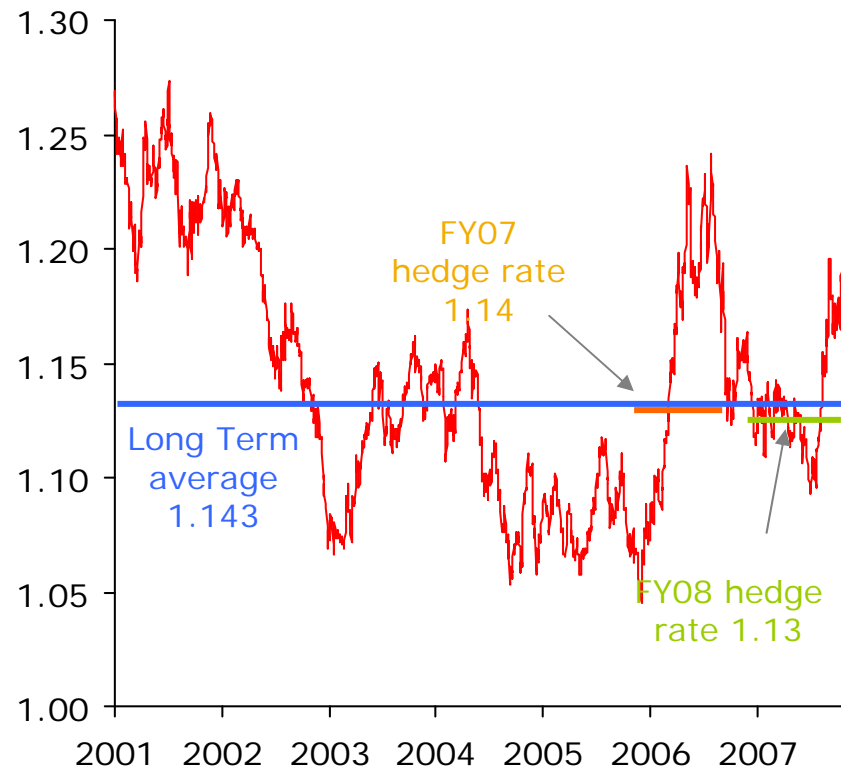
F07 hedges

- FY07 NZD earnings were effectively fully hedged and earnings were translated at an all-in average rate of 1.14.
- AIFRS forced the “precognition” of \$141m of hedging income directly to Capital in FY07 – would have otherwise been accrued over future periods.

FY08 hedging position

- Approximately 50% of the anticipated FY08 NZD revenue streams have been hedged at an all-in rate of ~ 1.13.
- Translation of unhedged FY08 earnings at current rates (~1.19) would reduce EPS by ~0.4%
- Each 5 cent increase has a further impact of ~0.4%.

AUD/NZD hedges established where currency is believed to be outside normal trading range



Divisional performance

ANZ League tables – Profit Before Provisions growth

Full yr Rank	1H07 rank	Business*	Revenue Growth	Expense Growth	PBP Growth	% of group PBP
1	1	International Partnerships	61%	37%	80%	1.6%
2	2	Investment & Insurance Products	50%	42%	72%	1.3%
3	-	INGA	26%	n/a	25%	2.5%
4	5	Banking Products	15%	9%	22%	9.1%
5	3	Consumer Finance Australia	12%	1%	21%	11.1%
6	6	Small Business Banking	21%	22%	20%	1.7%
7	14	UDC (NZD)	8%	-3%	19%	0.6%
8	4	Pacific Businesses	12%	9%	16%	1.7%
9	11	Total Markets	13%	11%	14%	7.5%
10	8	Corp & Commercial Banking NZ (NZD)	12%	9%	13%	4.1%
11	7	The National Bank Retail (NZD)	8%	3%	13%	6.2%
12	13	Corporate Finance Continuing	18%	30%	12%	5.2%
13	15	Regional and Rural Banking	9%	5%	12%	2.8%
14	10	Rural Banking (NZD)	10%	6%	12%	2.2%
15	12	ANZ Retail Banking (NZD)	7%	5%	10%	4.4%
16	-	Private Bank / Retail Specialist Units (NZD)	11%	16%	9%	1.0%
17	9	Esanda Group	6%	5%	7%	3.9%
18	17	Business Banking Australia	7%	6%	7%	6.7%
19	16	Mortgages	6%	8%	5%	9.3%
20	18	Trade and Transaction Services	6%	7%	5%	7.0%
21	19	Relationship Lending	-1%	41%	-2%	11.8%
22	20	NZ Institutional Continuing (NZD)	-9%	6%	-14%	4.3%

Size of row denotes approximate % of group PBP

Partnerships & Private Bank

Personal

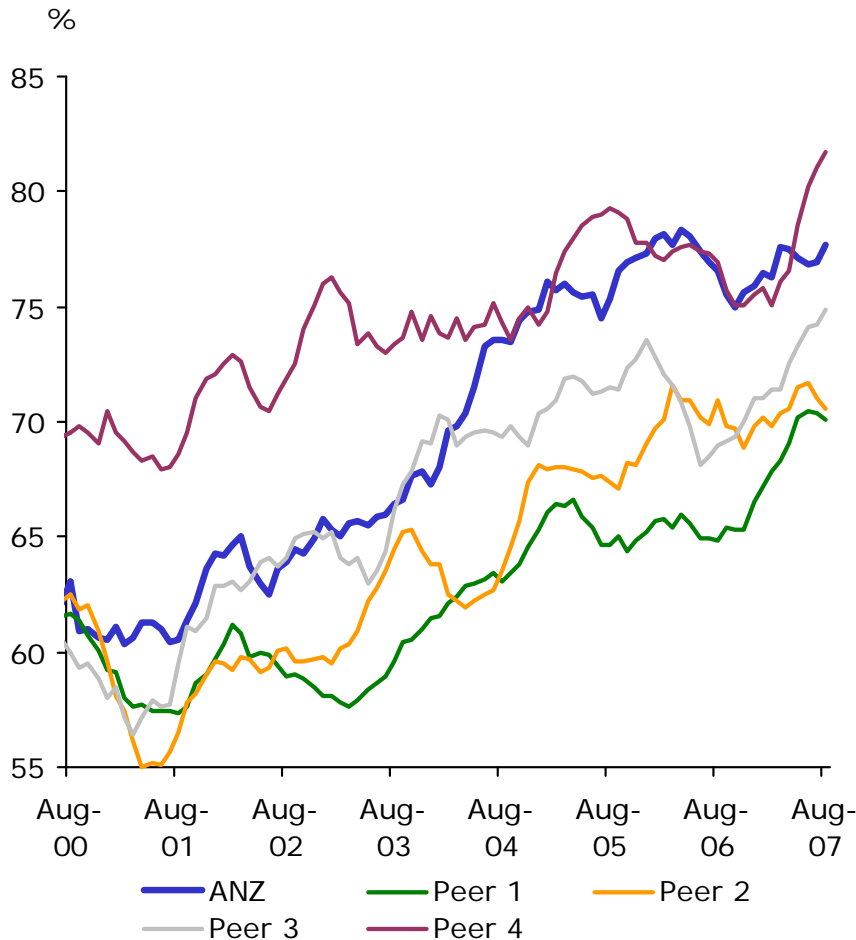
New Zealand

Institutional

Personal: a strong focus on customers...

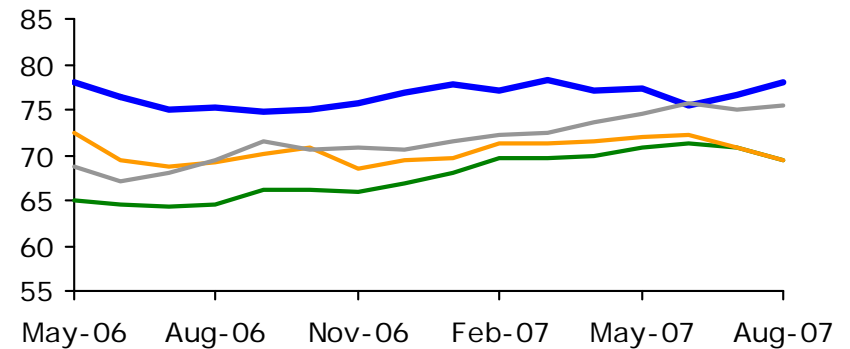
A leader in customer satisfaction

(Main Financial Institution: 6 months rolling*)



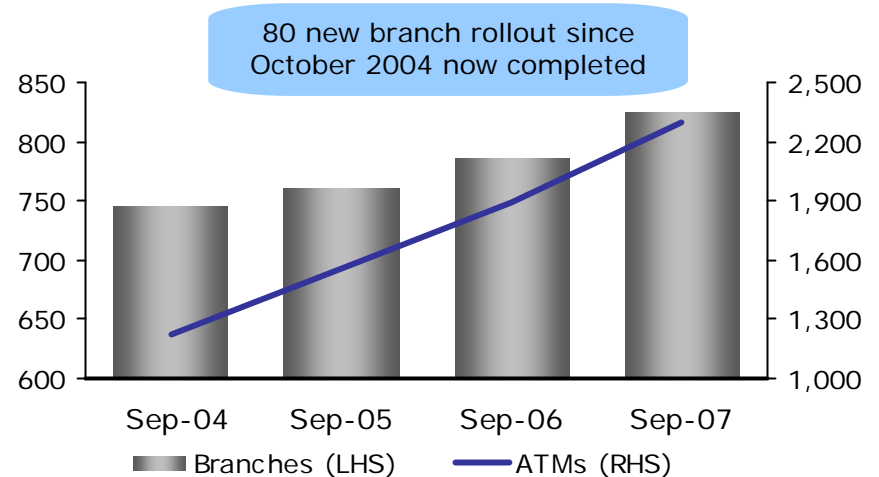
Upward trending customer satisfaction on 3 month rolling average – although more volatile measure

(Main Financial Institution**)



Committed to customer convenience

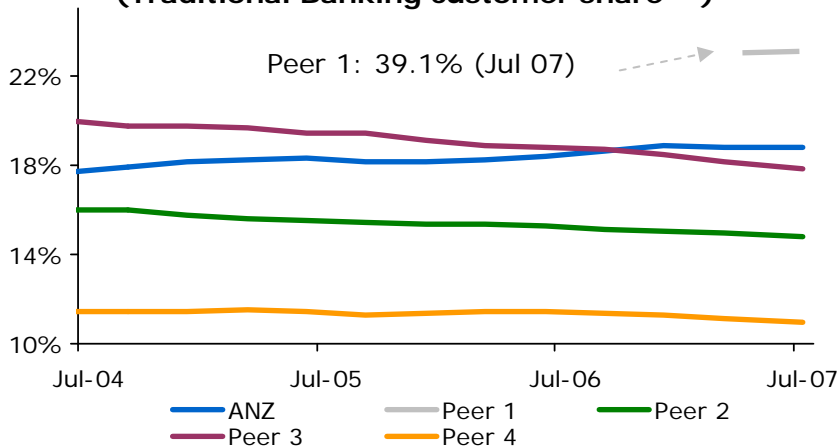
(# branches and ATMs)



... reflected in growing market share

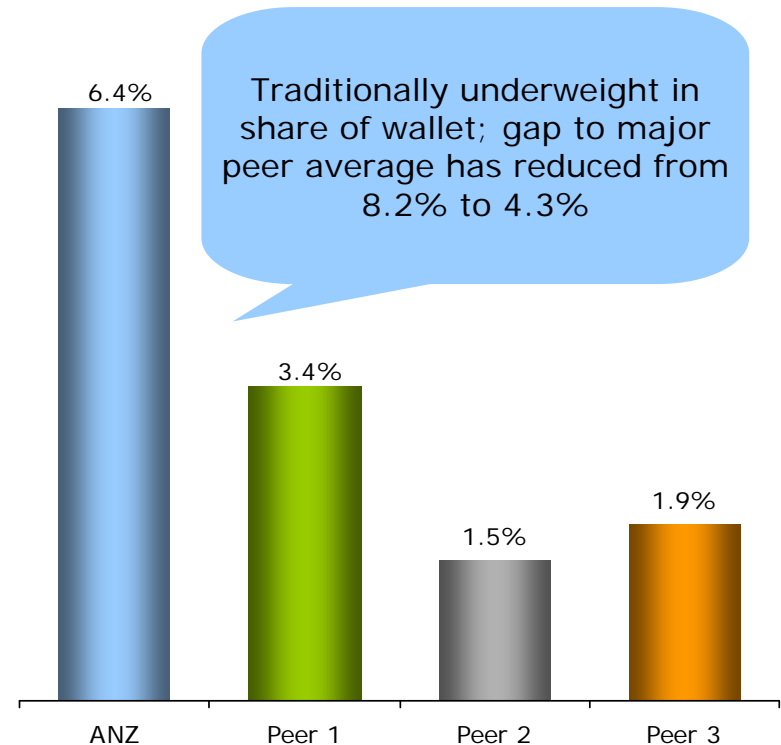
Number 2 in customer numbers

(Traditional Banking customer share**)



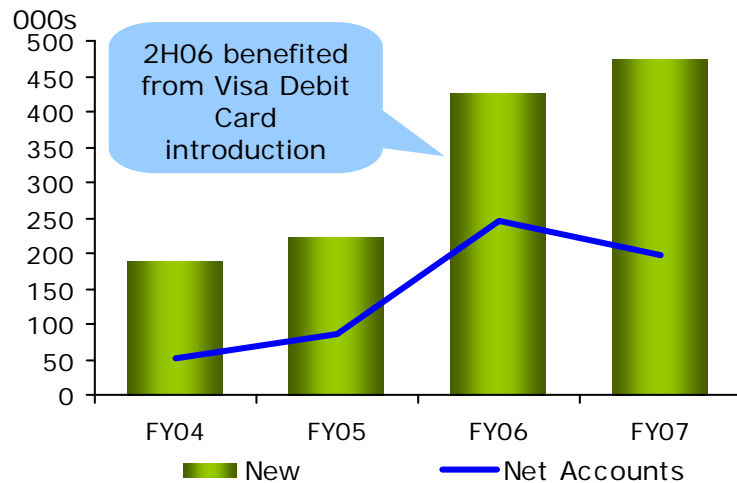
Increasing share of wallet

(% increase traditional banking products Jul-04 to Jul-07**)



Continuing to attract new accounts*...

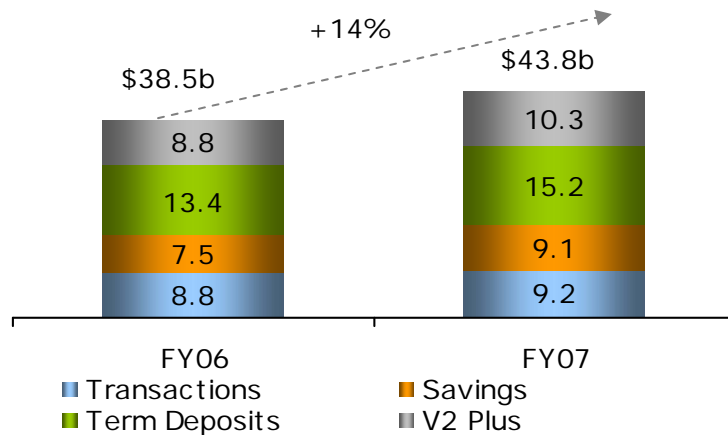
Banking Products transaction account numbers



Banking Products: growing above system

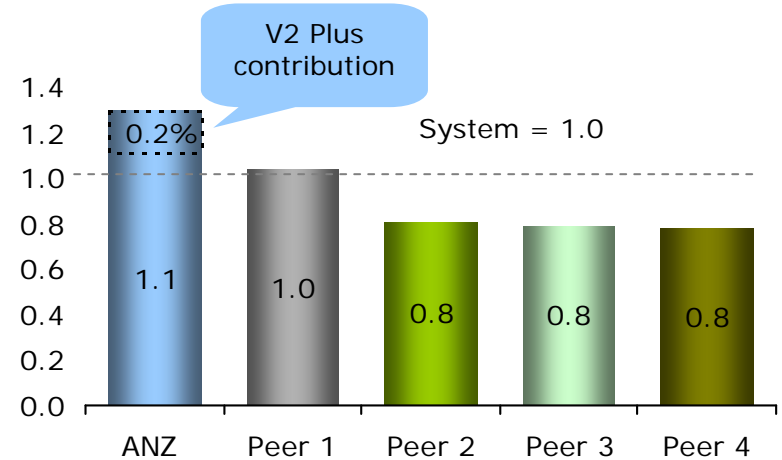
FUM growth across all products...

(FUM growth +\$5.3b)



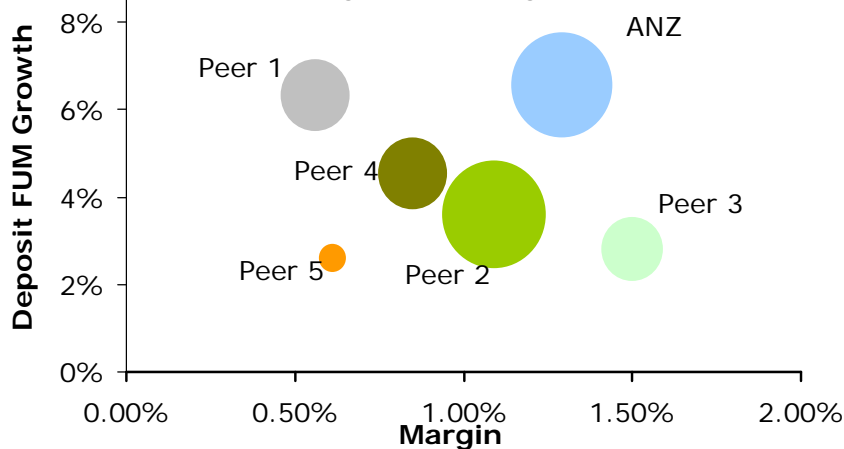
... and growing above system ^

(Household Deposits including V2 Plus)

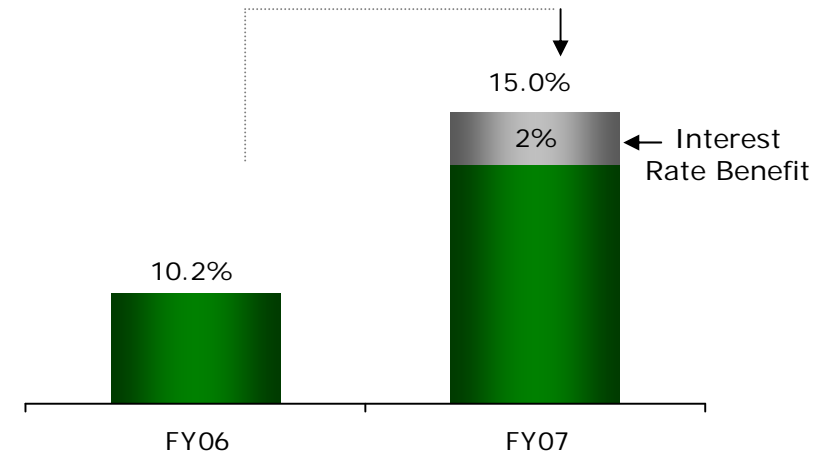


Continuing to achieve growth with strong margins...

Size indicates NII Contribution of new flows (i.e. growth x margin)

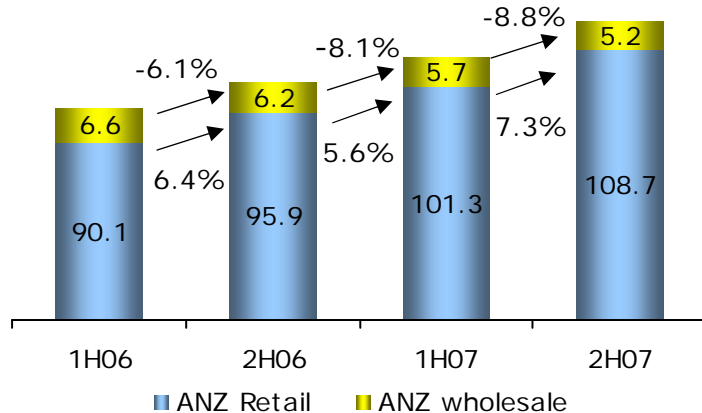


...Delivers 15% increase in Revenue

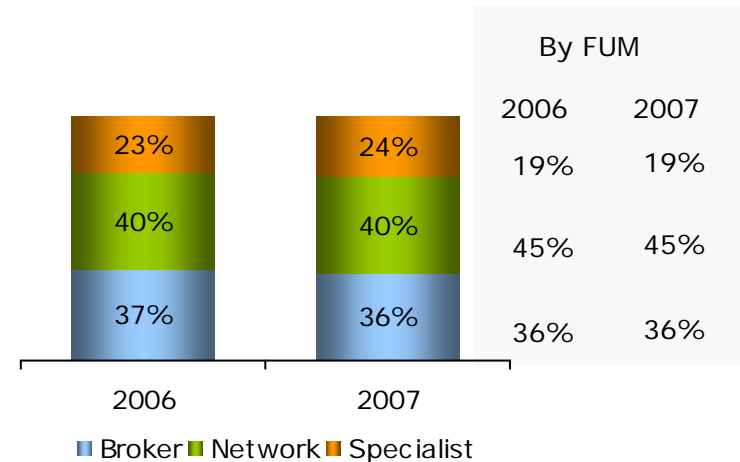


Mortgages: strong volume growth; results impacted by basis risk

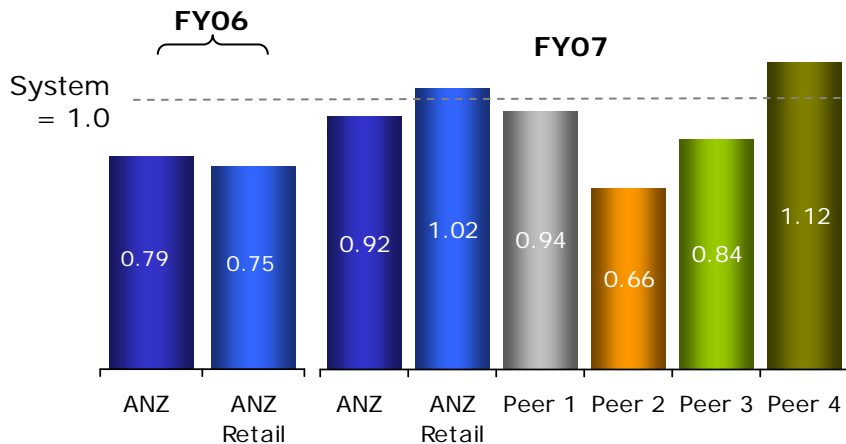
Continued strong Retail FUM growth, offset by ANZ wholesale decline (\$b)



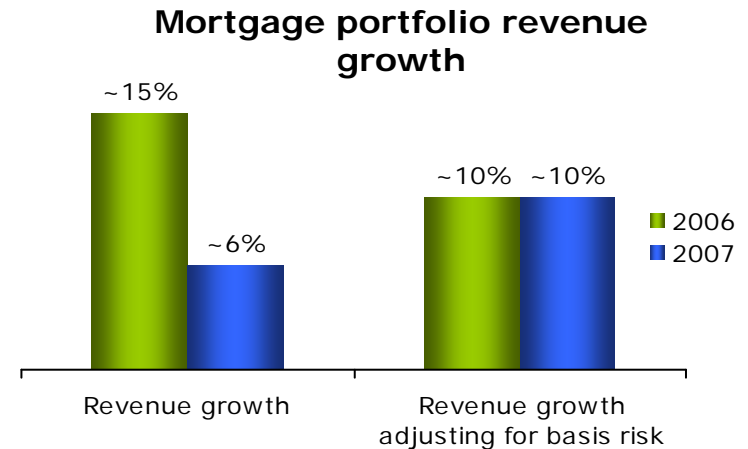
Consistent channel mix (% flows by distribution channel)



... ANZ Retail is the second fastest growing major bank*

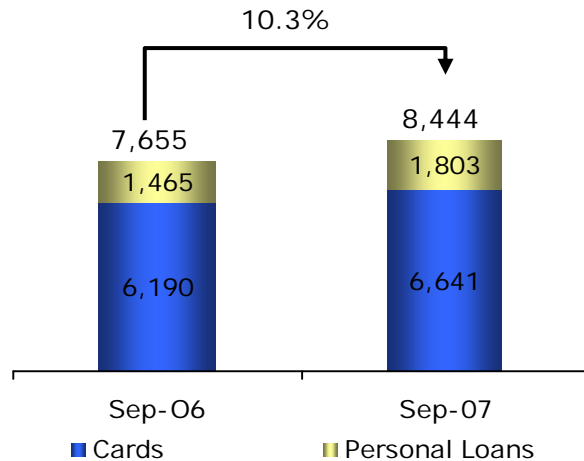


Normalising for basis risk shows consistent growth

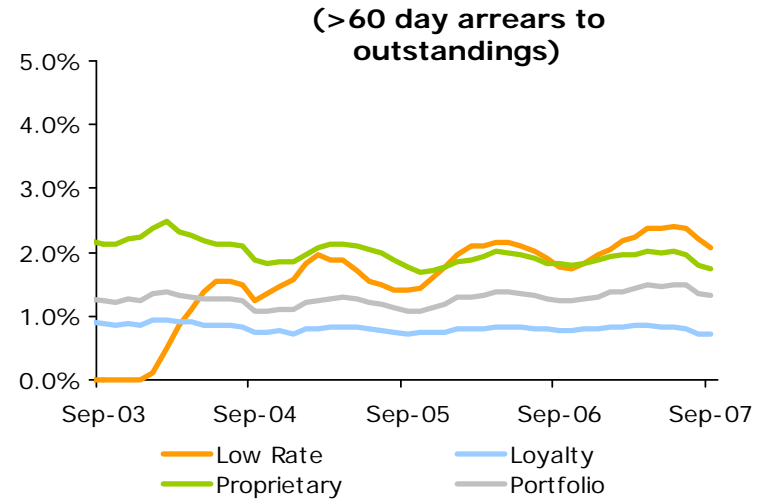


Consumer Finance: continuing to deliver

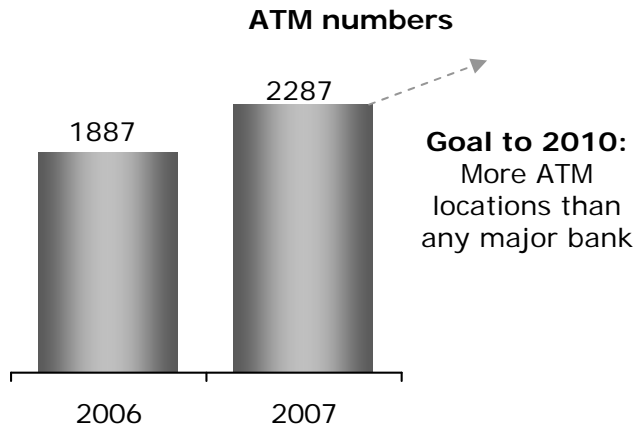
Solid FUM growth for cards and personal loans



No material adverse trends in arrears rates (>60 day arrears to outstandings)

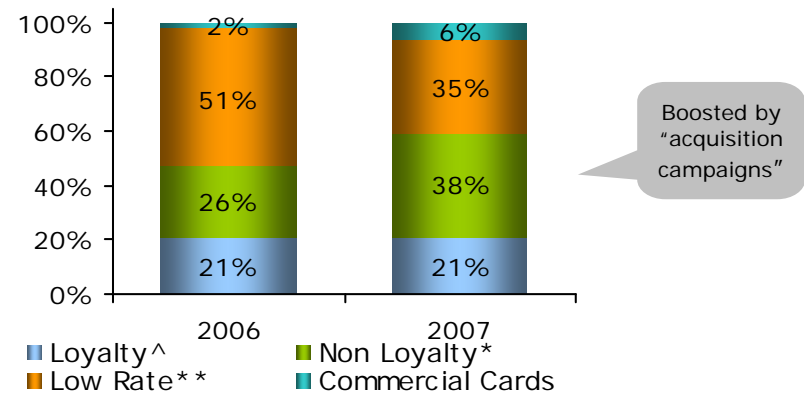


Increasing ATMs, increasing convenience



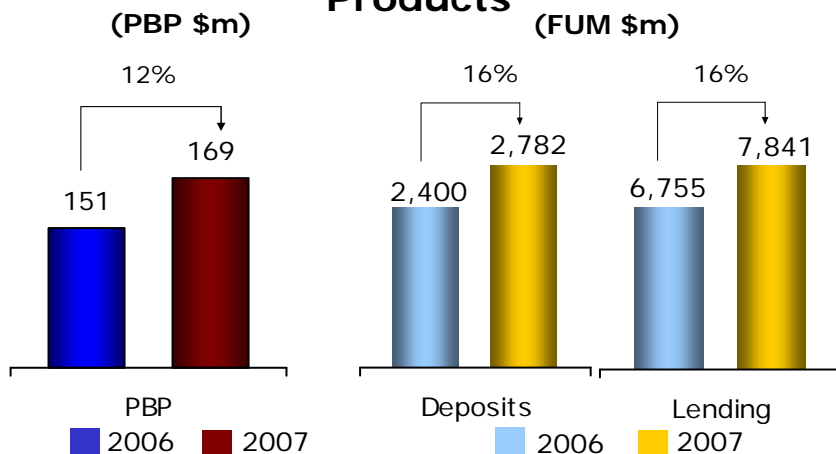
After FY06 Low Rate Launch Acquisition Mix Becomes More Normalised

% Acquisition growth by cards product

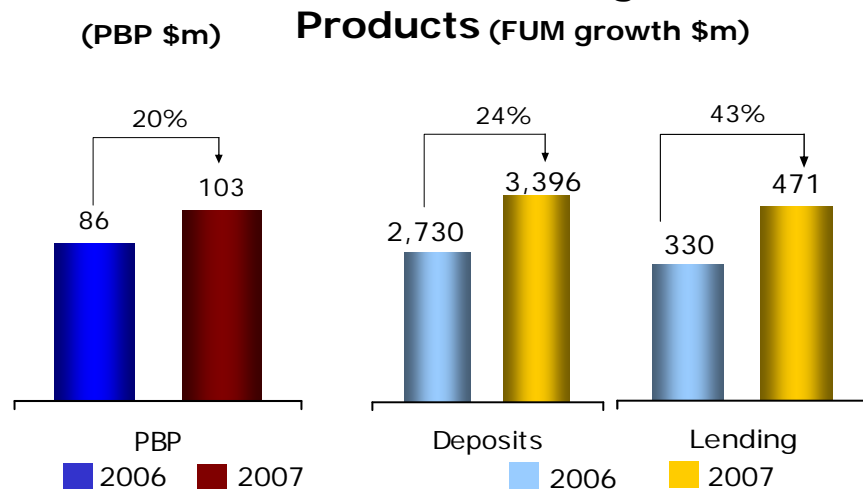


Regional, Rural and Small Business Banking: delivering a solid performance

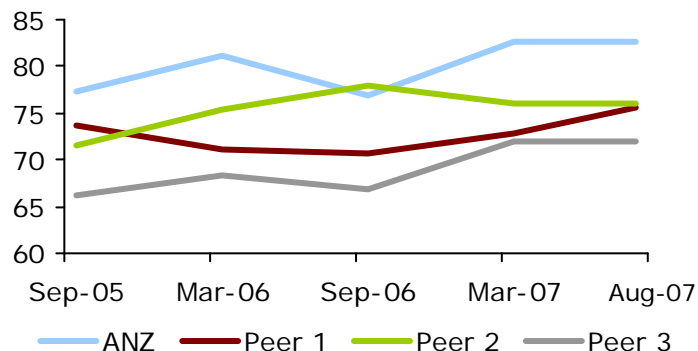
Rural Commercial & Agribusiness Products



Small Business Banking Products



Maintaining strong customer satisfaction* while supporting the rural community



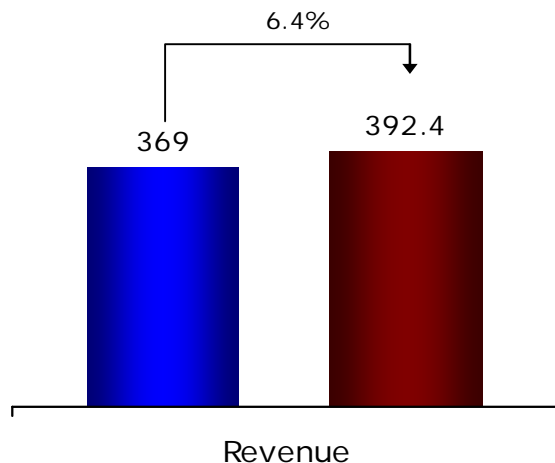
Rapid business expansion continues

	Staff	Customers	FUM (\$m)
2004	6	190,000	1,980
2007	220	266,000	3,780

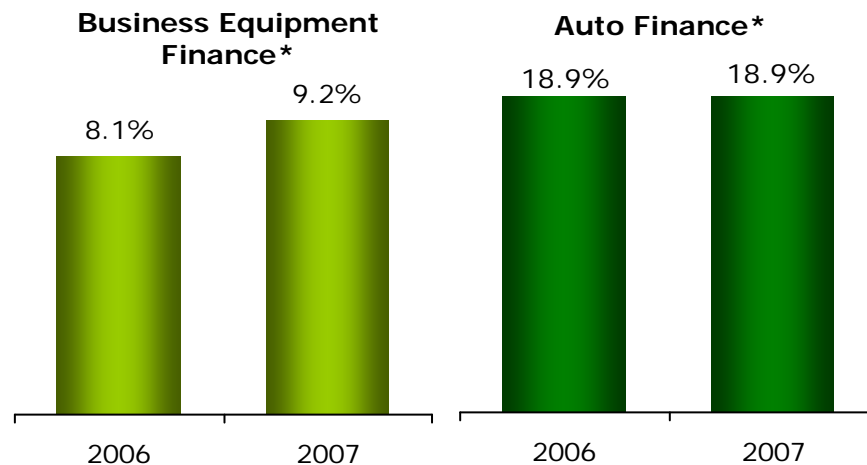
Committed to Small Business Specialist available in every branch by 2010

Esanda: Improved performance, stable portfolio

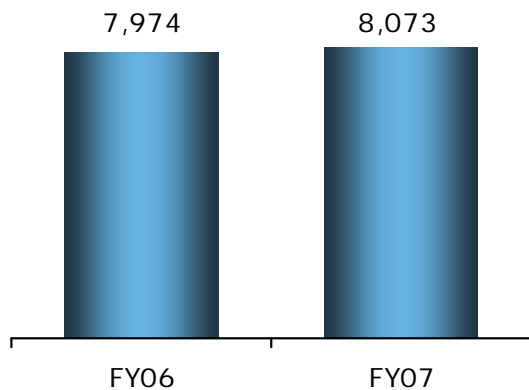
Improving Revenue Growth



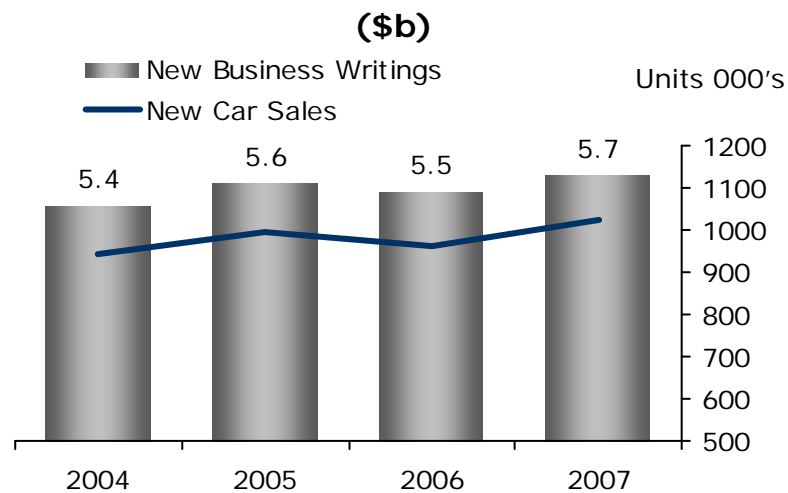
Stable market position (Mkt Share %)



Debentures Stable (FUM EOP \$m)



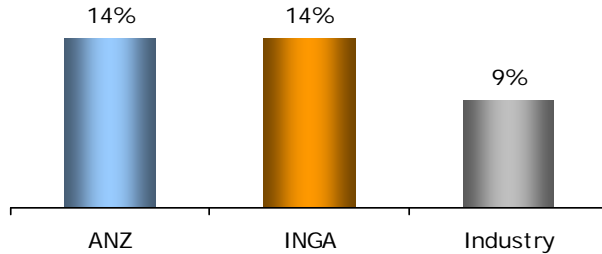
Recovery in New Vehicle Sales*



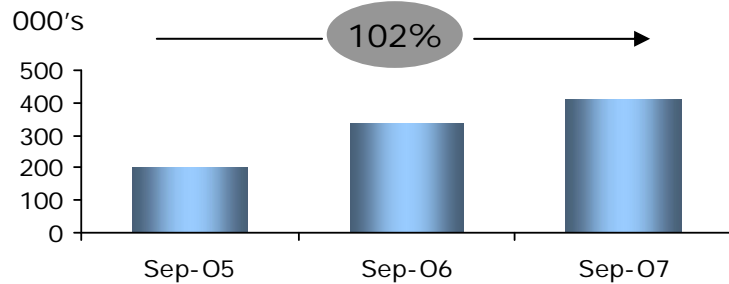
Investment & Insurance growing strongly, Pacific performing well

Investment & Insurance Products

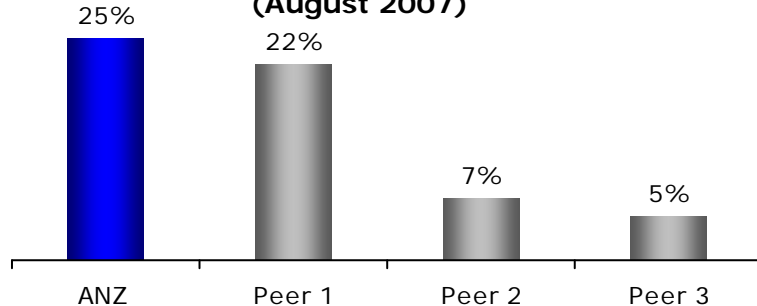
Continuing to grow our planner network...
(New planner numbers)



E*Trade customers have doubled in two years

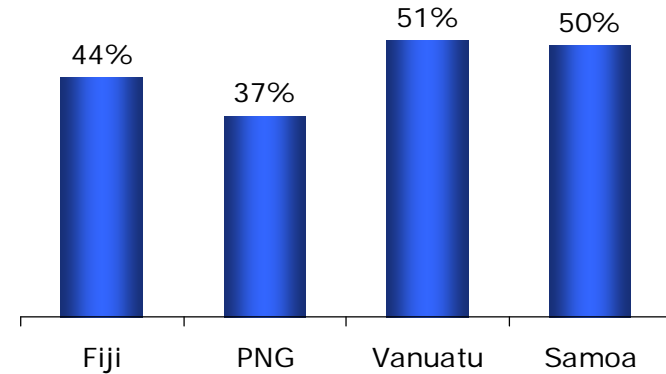


Share of new on-line broking customers*
(August 2007)

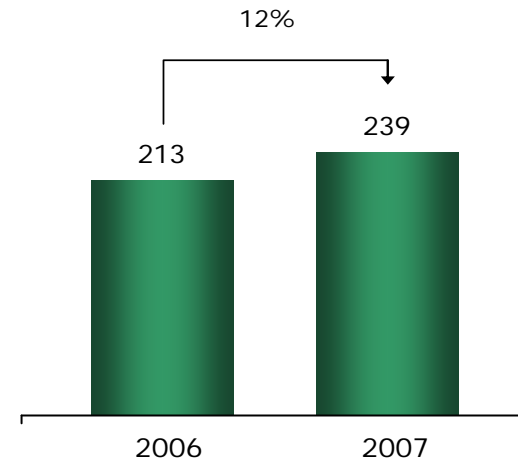


Pacific

Strong market share in major markets
(Country market share FY07)



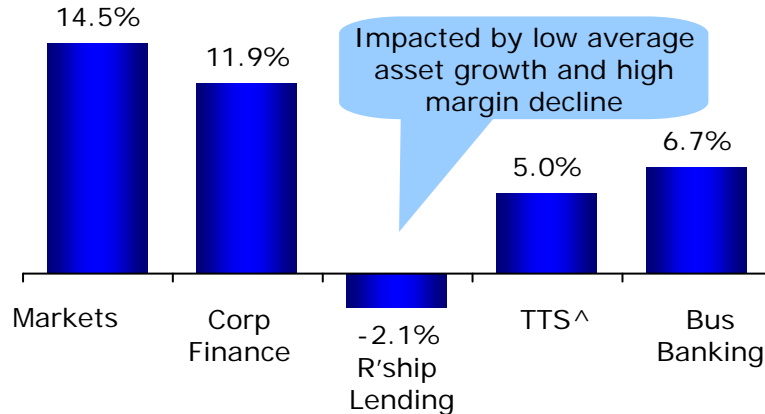
Strong revenue growth
(\$m)



Institutional: a mixed result

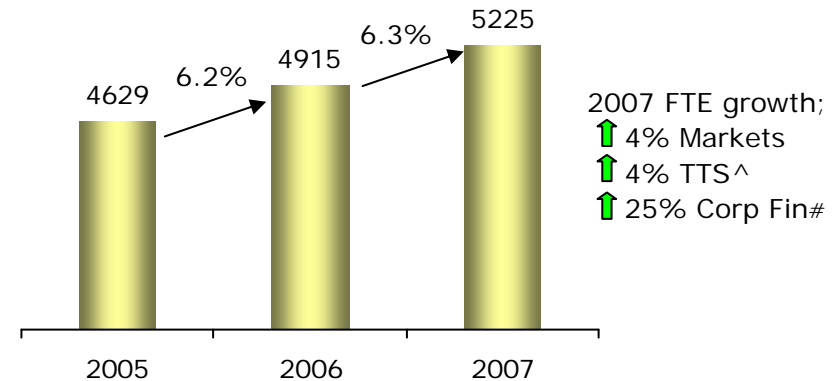
Specialist product businesses continue to lead performance

(PBP growth FY07)



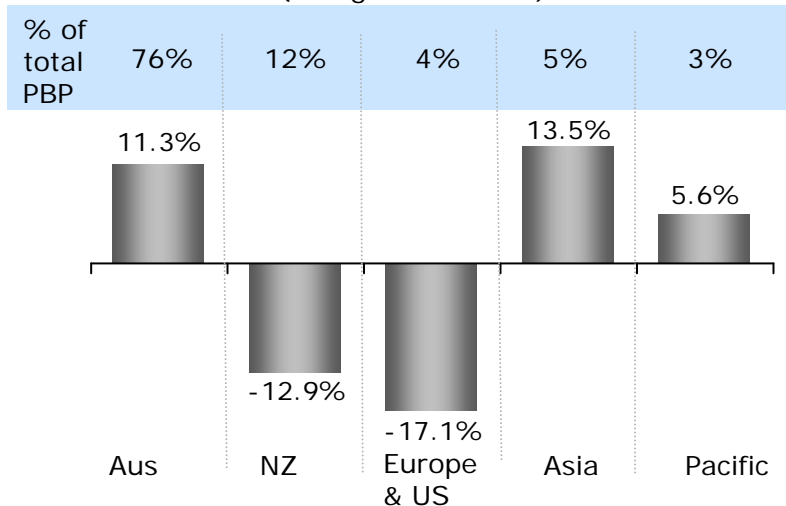
Investing in staff remains a priority to drive future growth

(FY 07 % growth)



Performance by region

(PBP growth FY07*)



Key regional impacts

Australia – Strong Market sales revenue and Corporate Finance Alternative Assets and Private Equity income; subdued lending growth, margin decline in Relationship Lending and 1H07 Business Bank margin competition

New Zealand – Reduced trading income (on the back of a strong FY06)

Europe and US – Impacted by AUD/USD exchange rate and 2006 one-offs

Asia – Markets business benefiting from higher margins and equity returns, strong Corporate Finance fee income and trade flows.

Pacific – Strong foreign exchange earnings

The underlying franchise is in a good position...

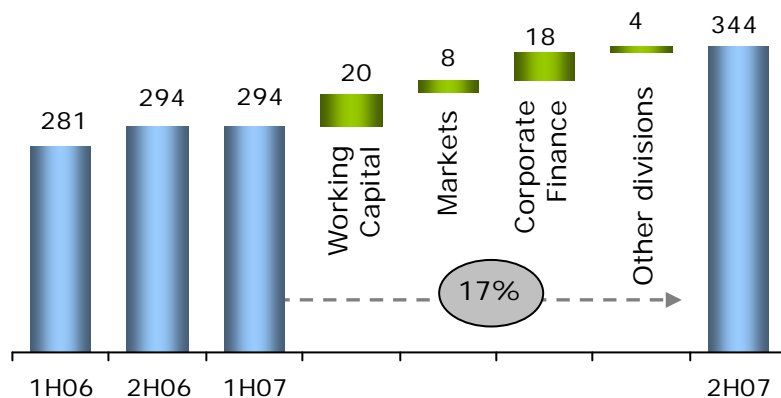
New branding reaffirms capabilities and offerings



Extensive customer and staff research undertaken to develop partnerships focused on;

- **Understanding** industry sectors, business needs and the operating environment
- **Commitment** to clients for the long term
- **Delivery** of products, solutions and expertise

After 3 flat periods, strong turnaround in Corporate Banking's contribution to group (Income# contribution \$m)



Institutional No. 1 Relationship bank status maintained

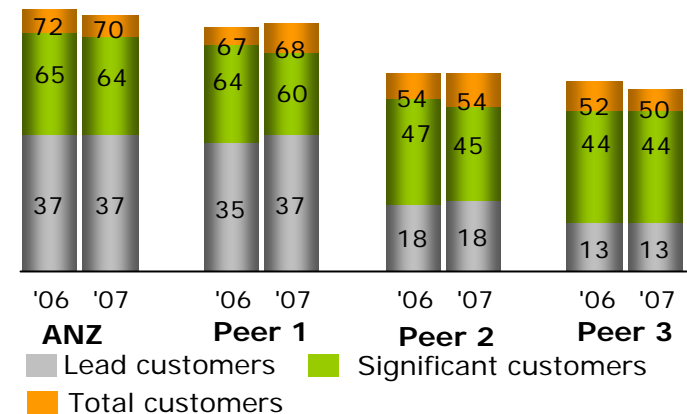
Large Corporate & Institutional Relationship Banking survey[^]

- No.1 in 11 categories** including:
- Share of Lead and Overall Relationships
 - Most Trusted Adviser
 - Knows Company's Industry Best
 - Understands Offshore Banking*

Transaction Banking survey[^]

- No.1* in 9 categories** including:
- Transaction banking relationship strength*
 - Overall customer service
 - Banking platform customer service / support
 - Trade Services lead relationship

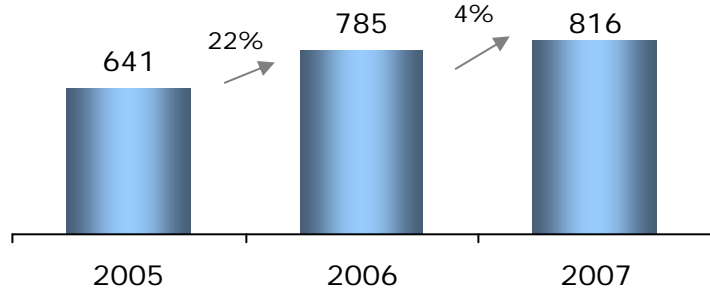
Relationship Market Penetration (%)



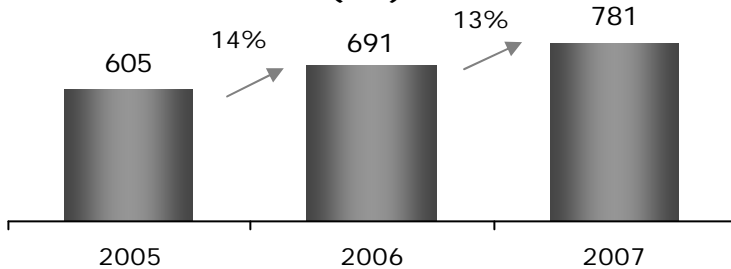
Specialist businesses: good underlying performance

Markets

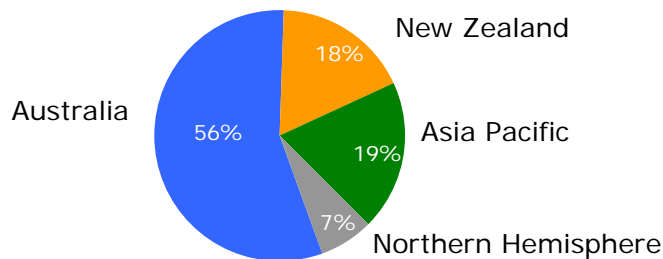
Continued investment in Frontline FTE...



.. Driving revenue growth (\$m)



Markets has developed a strong franchise in a number of geographic regions (Market revenue by geography 2007)

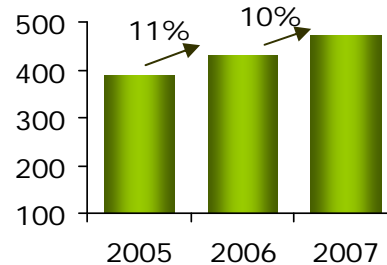


Corporate Finance *

Good underlying performance

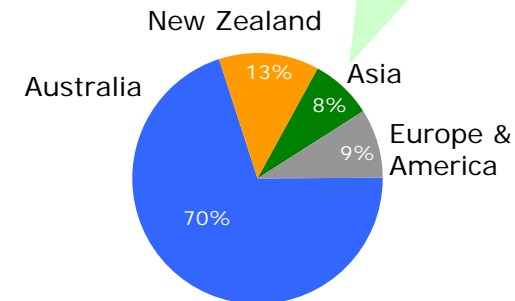
Revenue growth (\$m)

Strong revenue growth despite NII down from flat loan volumes and sub prime impacts



Revenue by Geography

Strategic focus on growth in Asia

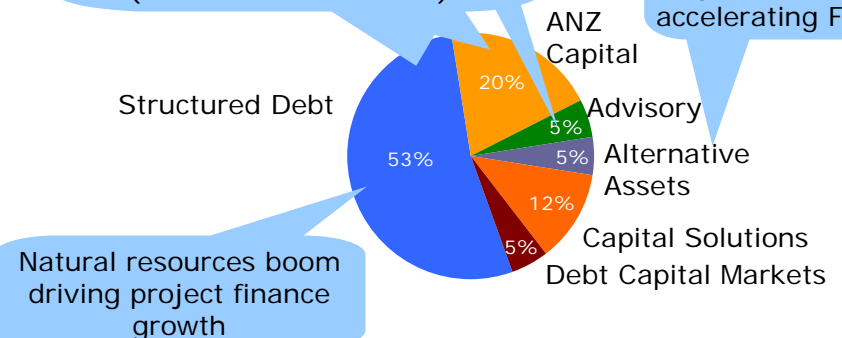


Strong revenue in growth businesses

Revenue by Business

Strong performance driven by buoyant private equity investment performance (increased underwrites)

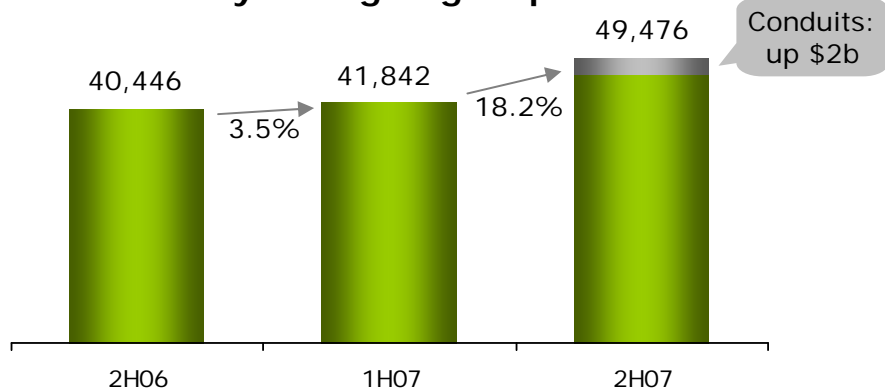
Strong revenue growth and accelerating FUM



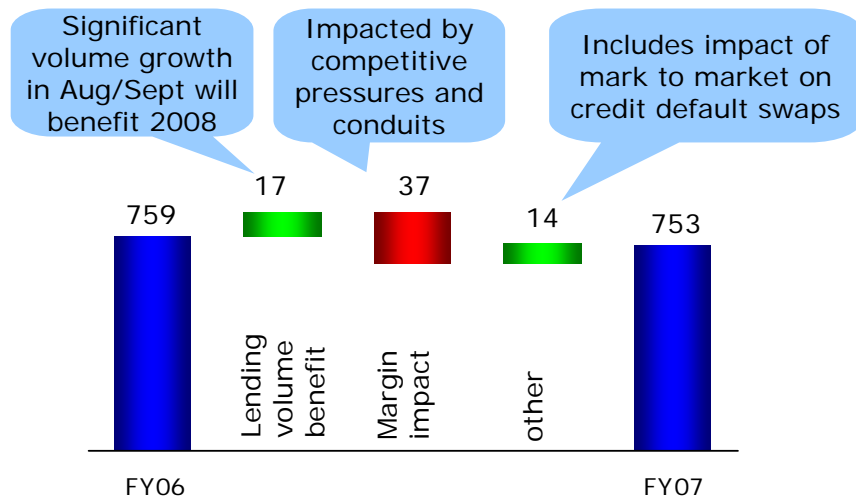
Working Capital

Relationship Lending

Subdued lending growth, boosted by strong Aug–Sep 07

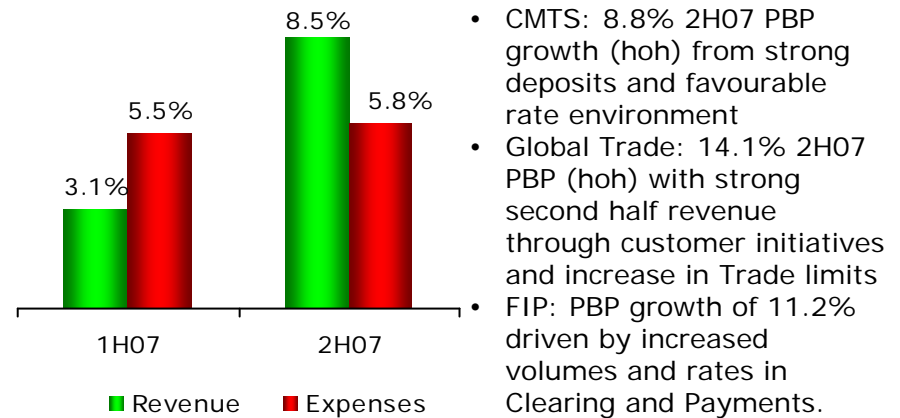


Revenue growth impacted by margin compression



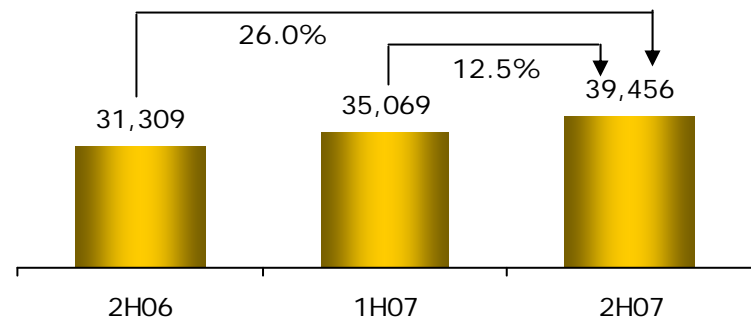
Trade and Transaction Services

Turnaround in second half with good deposit growth, increased customer volumes in Trade and Financial Institution products



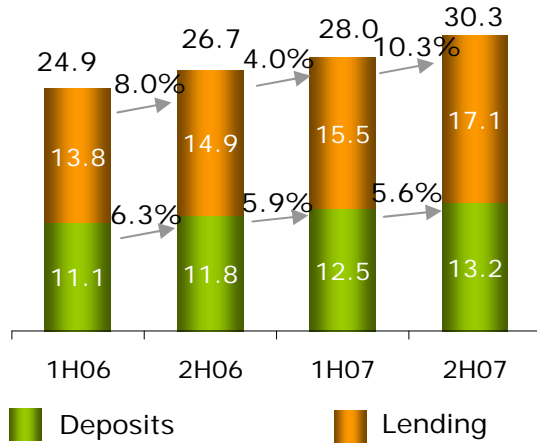
Strong deposit growth

(total deposit balance \$m)

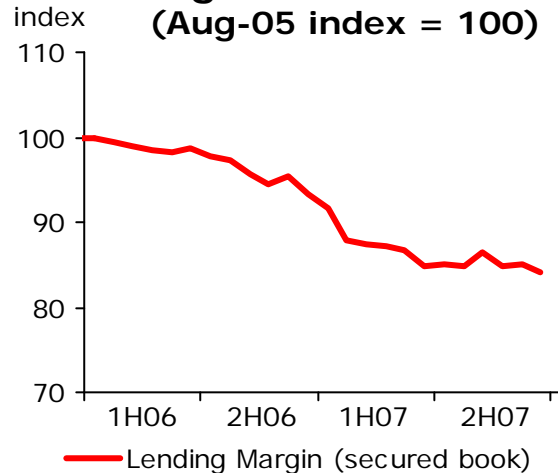


Business Banking restructured for growth

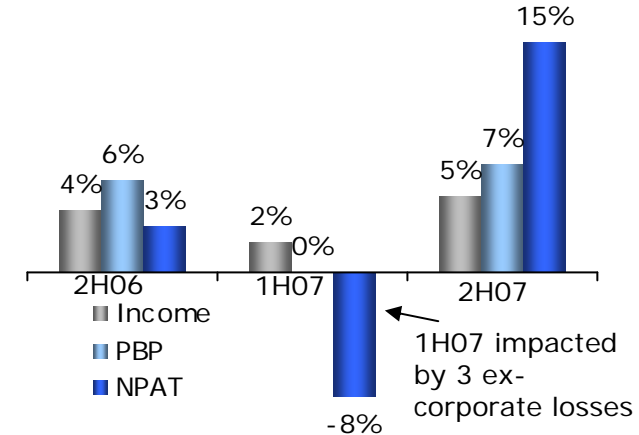
Good FUM growth after 1H07 restructure... (\$b)



... and more stable margins in second half (Aug-05 index = 100)



... leading to improved performance (%)



...with a strong position to continue to drive performance

Coherent Strategy and Execution Plan ('The Business Owner Agenda')

Continued investing in the business;
 30 FTE in 2007, 6 new business centres, dedicated Business Banking Manager segment, Product Partners (e.g. 30 FTE in Markets)

FY08 investment in sales, training, process simplification and eBanking

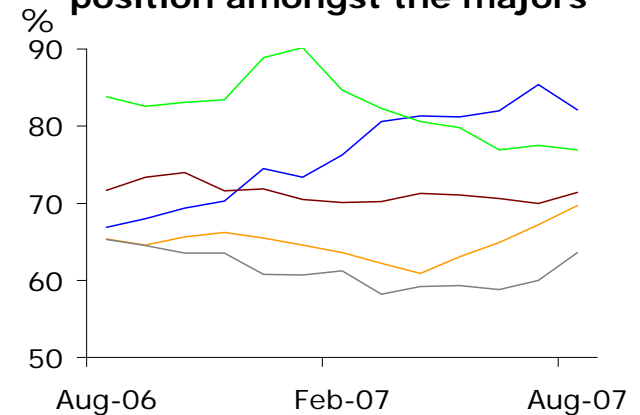
Improved market share (12.7% Sep-07 v 11.8% Sep-05)

'Business Bank of the year'



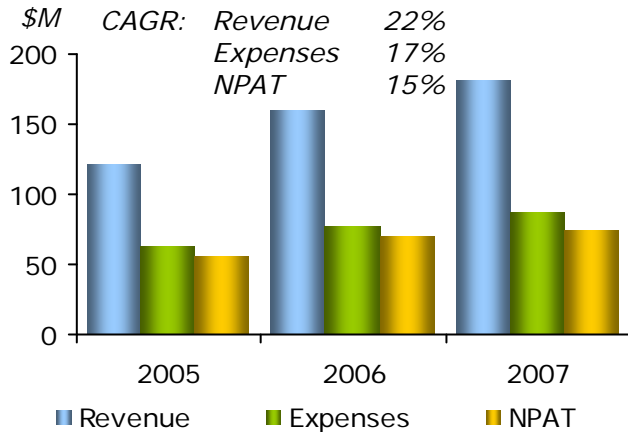
- ANZ
- Peer 1
- Peer 2
- Peer 3
- Peer 4

#1 customer satisfaction position amongst the majors*

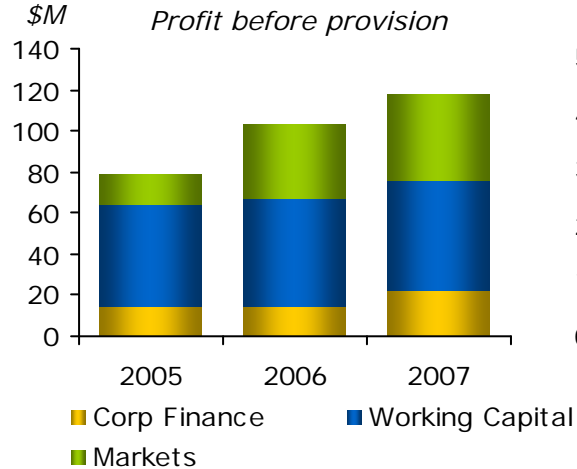


Institutional Asia: strong low-risk growth; continuing expansion

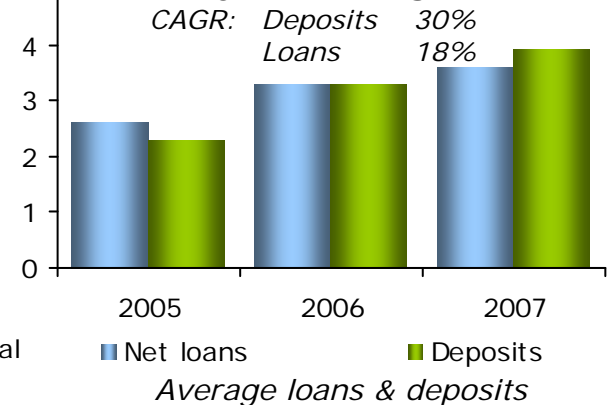
Institutional Asia continues to post double digit growth...



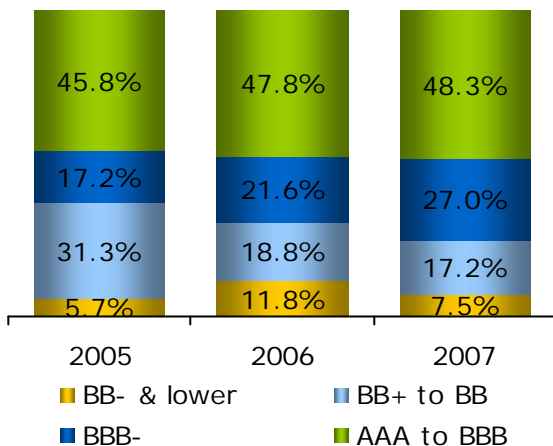
... with all business lines showing consistent growth



The strong Asian economies & deal-flows between Australasia & Asia provide a key base for growth



Loan growth has been geared towards higher quality exposures



The business has achieved a number of milestones in the past year

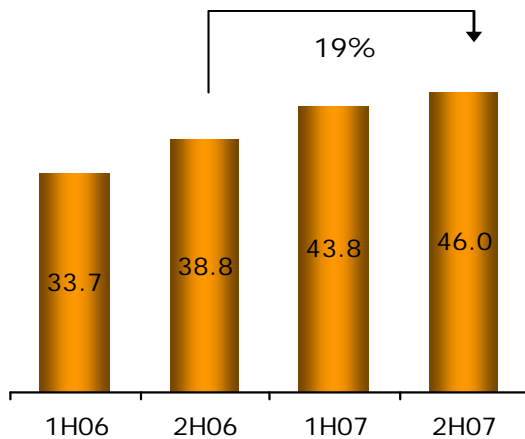
- Acquisition of a 10% stake in Saigon Securities Incorporation, the leading securities & investment banking company in Vietnam
- Opened new branch in Medan, Indonesia, and representative office in Guangzhou, China
- Best Trade Bank in Asia – *Trade & Forfeiting Review*
- Branch expansion project in Vietnam progressing well

We will continue to grow the franchise through a range of long- & short-term initiatives

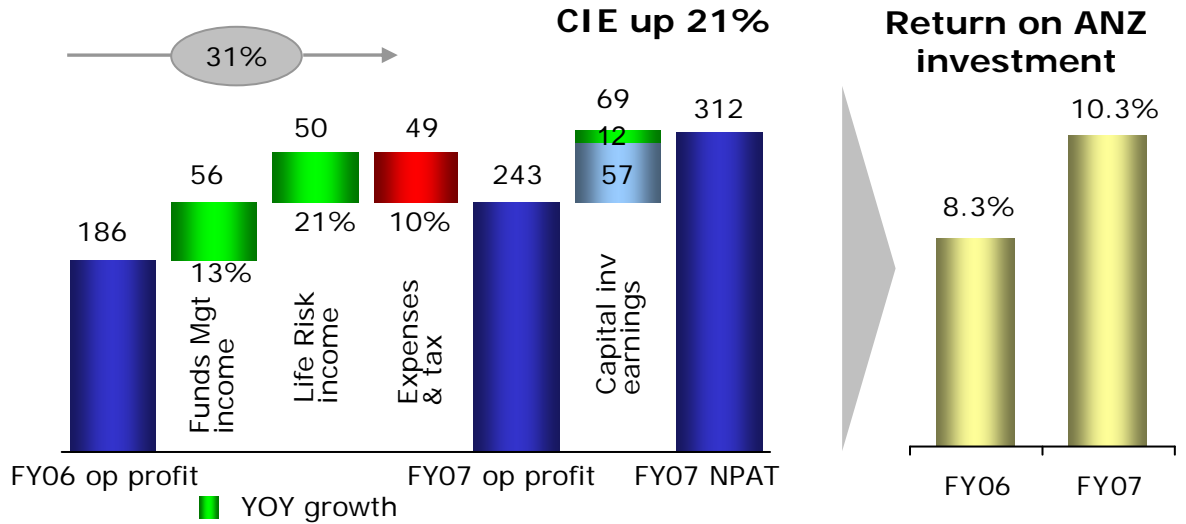
- Expand aggressively in Vietnam through branch & product growth
- Focusing on key growth areas like commodities, capital markets & investor sales
- Work more closely with partner banks to build product capability & expand our distribution network
- Examine inorganic growth options in markets where we are underweight

INGA: strong performance continues in funds management and risk businesses

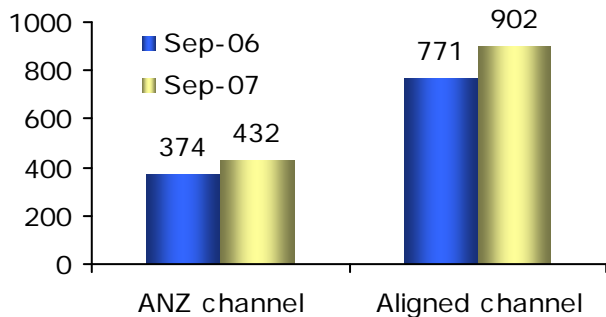
Strong FUM growth...*
(\$b)



... delivering strong revenue and profit growth (\$m)



Number of advisers



2007 highlights

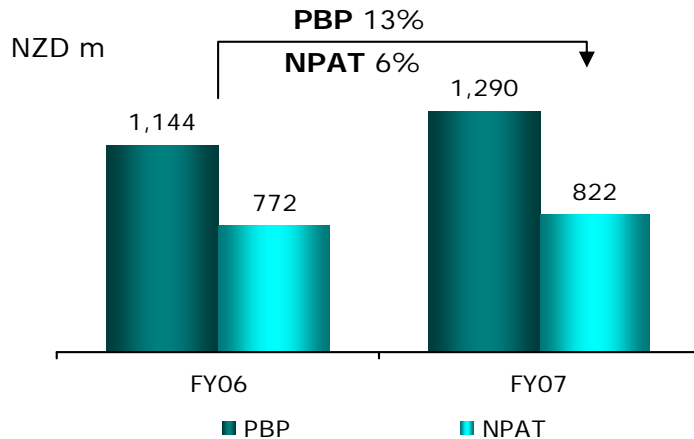
- Ranked No 1 amongst employer super providers¹
- Ranked No 3 in industry for adviser numbers
- Value of new business up 72%
- Oasis Asset Management, 41% growth in FUM since acquisition
- In-force premium market share up 12.5%, ranking # 3 in the industry²

2008 focus

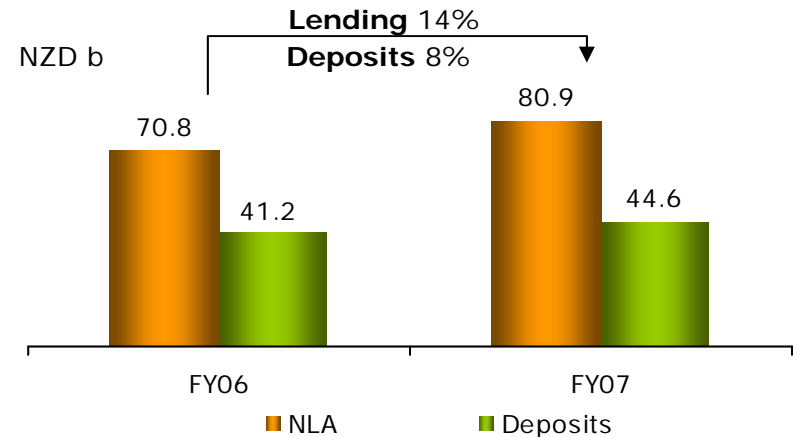
- Product / platform portfolio enhancements for Personal Investments and Life Risk products
- Building leading e-business capabilities
- Embed new organisation structure
- Deliver service proposition to customers and advisers

New Zealand Businesses*: strong performance

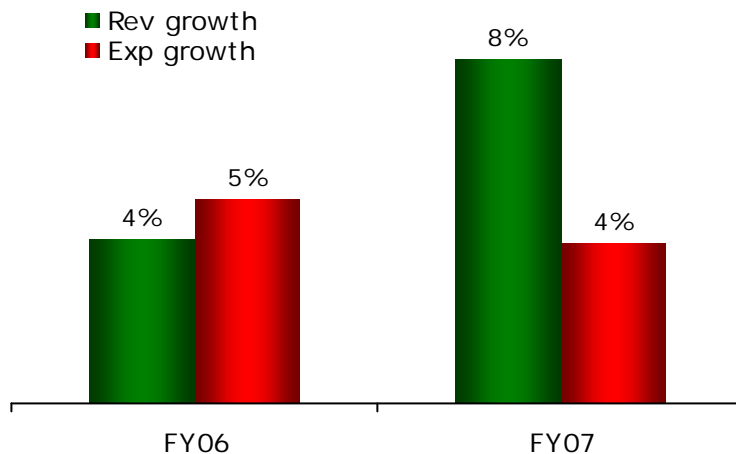
Strong underlying profit growth....



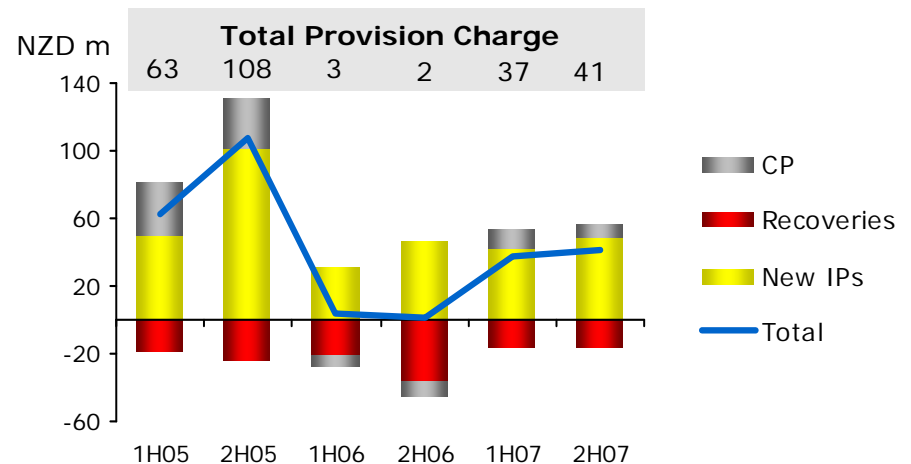
...driven by strong lending growth...



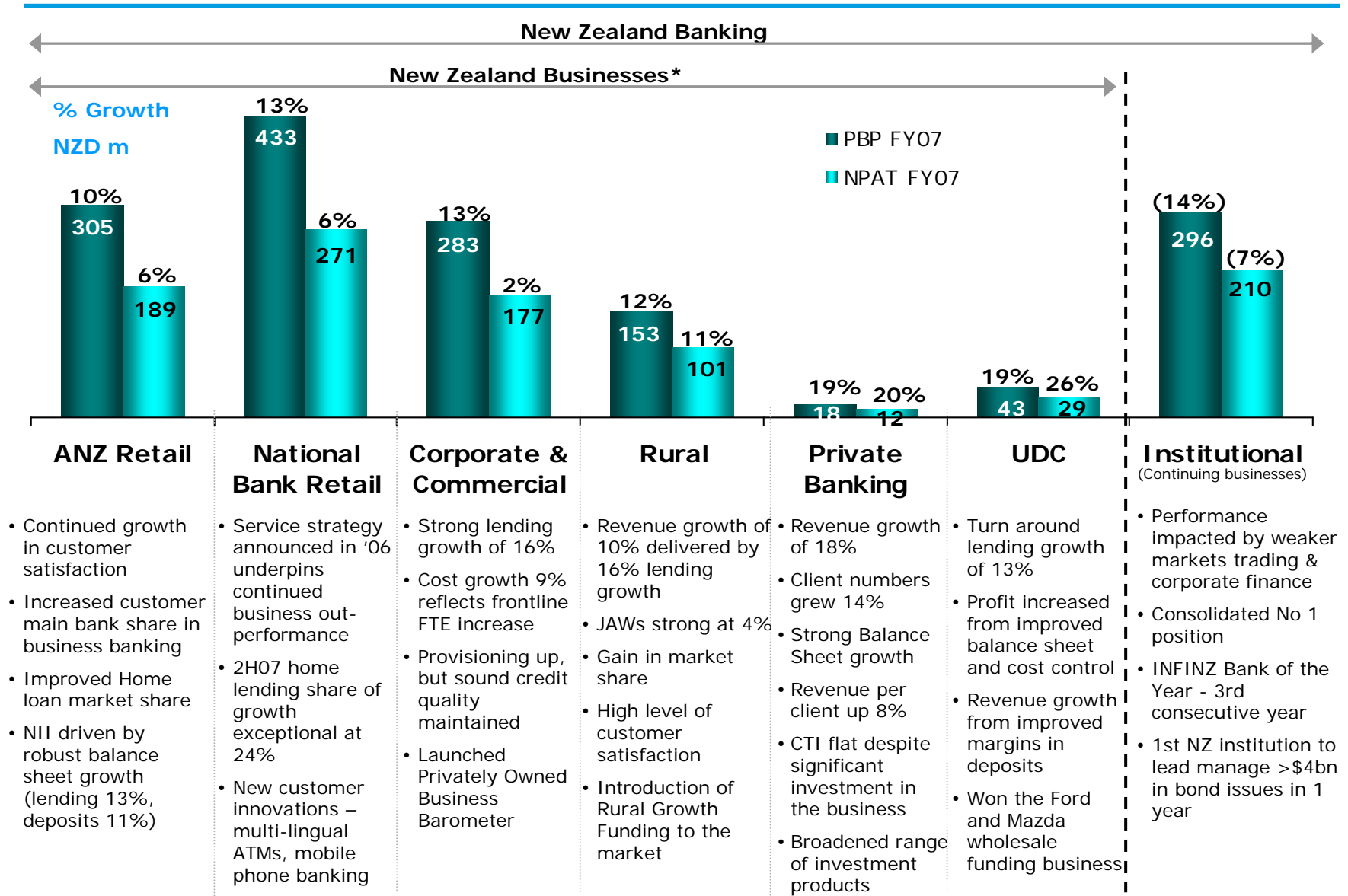
...and good Revenue/cost jaws...



...but NPAT moderated by lift in provisions from unsustainably low levels in 2006

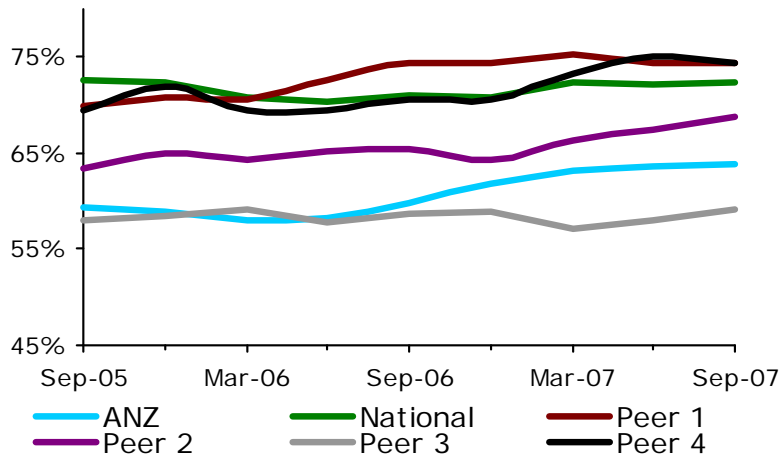


New Zealand Businesses: double digit PBP growth

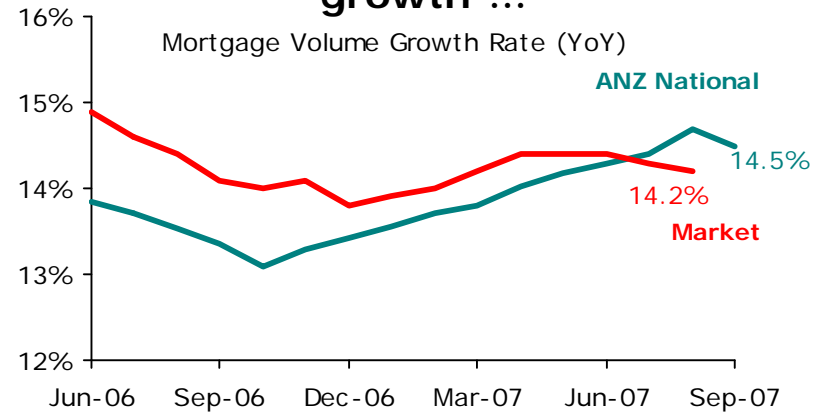


Retail Banking: Customer focus and multi-brand strategy driving success

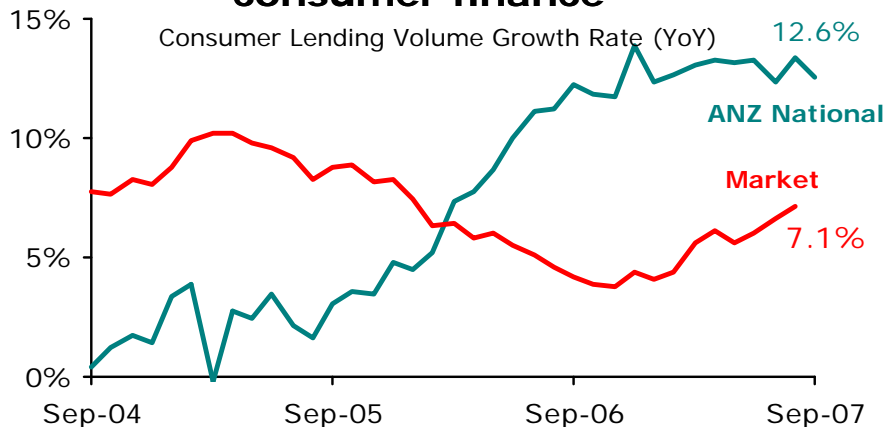
Continued strong performance in customer satisfaction¹...



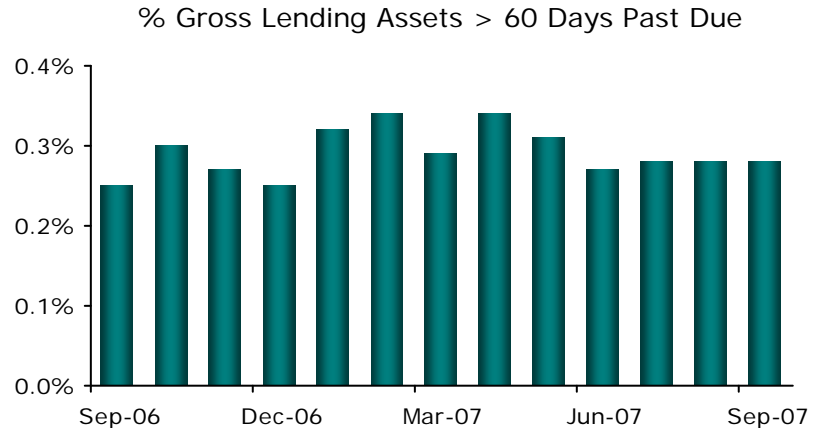
...driving above market mortgage growth²...



...as well as growing our share in consumer finance³...

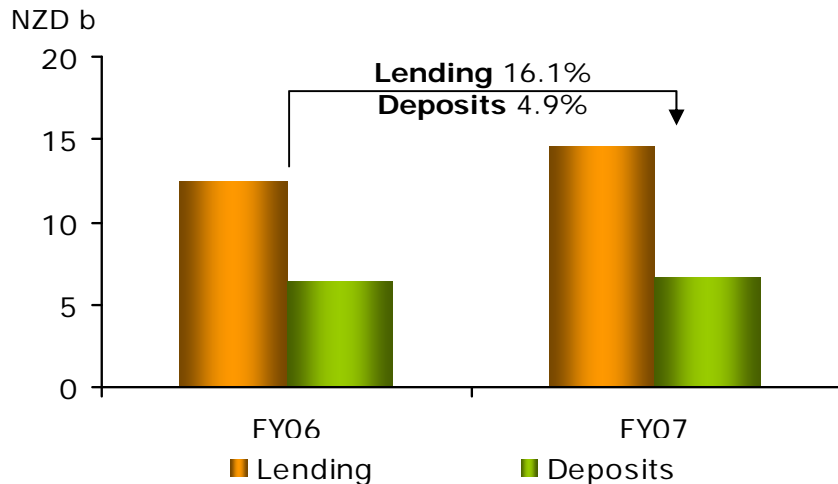


...while maintaining credit quality

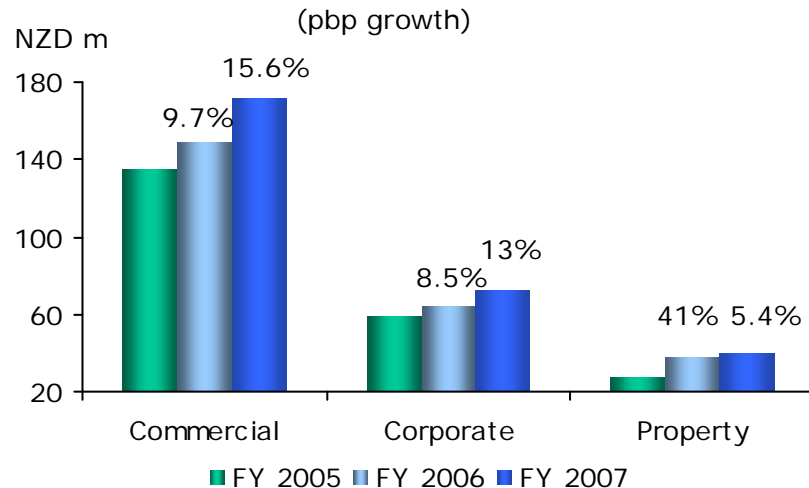


Corporate and Commercial: Consistent performance driven by solid lending growth

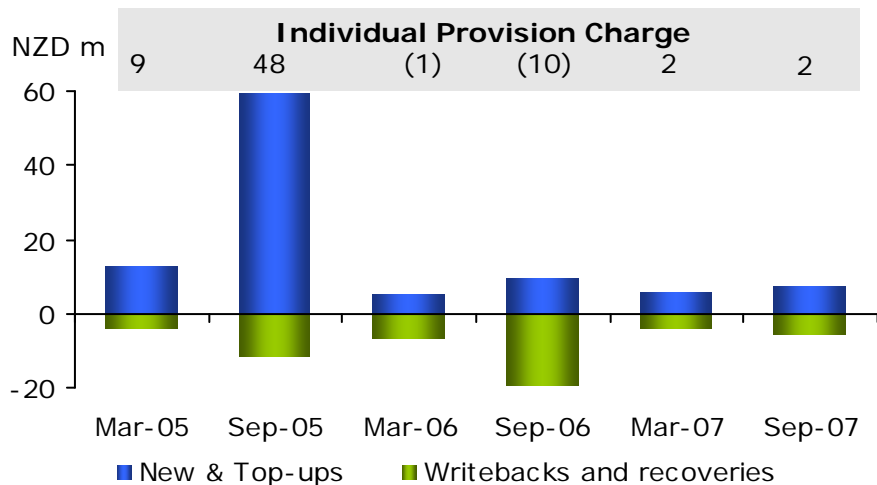
Strong lending growth



...driving strong profit across businesses



Credit quality remains strong



Performance Highlights

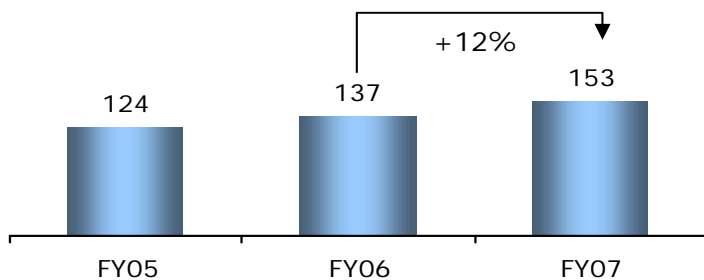
- Maintained #1 share of customers through our two brands¹
- Significant share of lending growth from new customers
- Improved staff engagement
- Improved revenue per FTE
- Decreased cost to income ratio to 32.1%

Rural Banking: Premium franchise in a strong sector

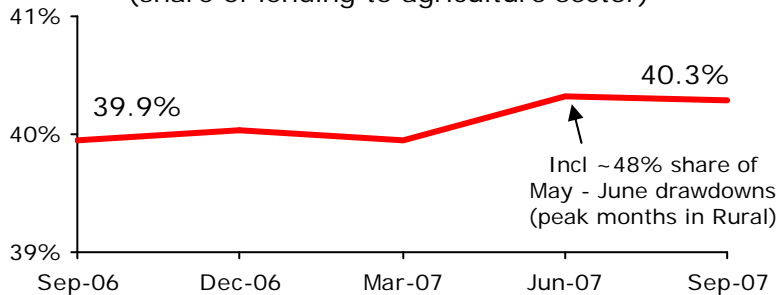
UDC: turnaround well underway

Rural Banking

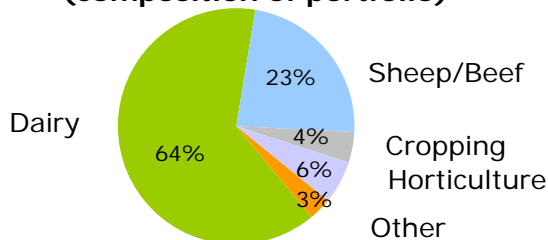
Steady growth in profit...
(NZD m pbp)



...improving market share position
(share of lending to agriculture sector)¹

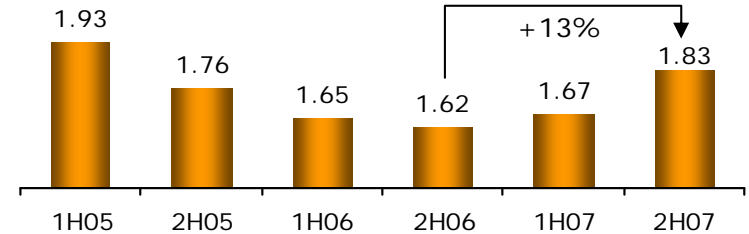


Strong position in booming dairy industry
(composition of portfolio)

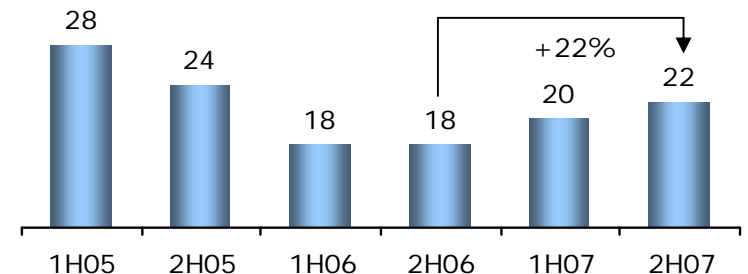


UDC

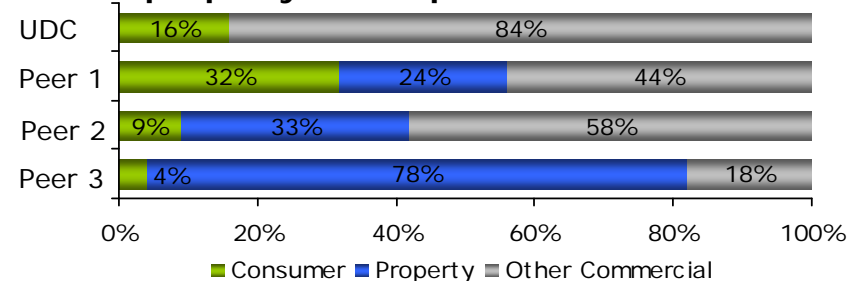
Balance sheet growth in FY07 following
three years of decline...
(Net Lending NZD b)



...leading to improved profit performance...
(NZD m pbp)

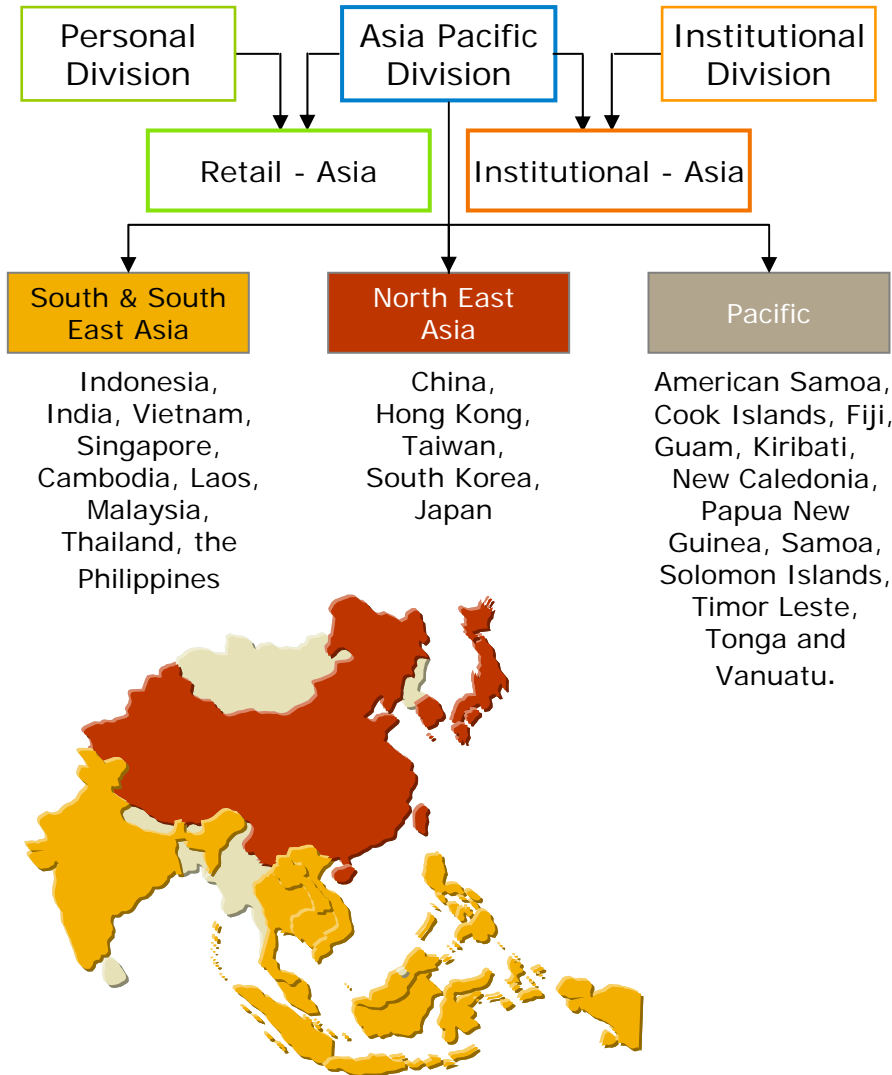


...while avoiding exposure to the higher risk
property development market²



Asian Operations

New Asia Pacific Structure



AMMB: agreements finalised for our largest International Partnership

Eight member ANZ team in place July 2007

Mgt board	- Deputy MD, CFO & CRO
Retail	- Head of Retail Distribution - Head of Retail Strategy & Development
Projects	- Head of Project Management Office
Risk	- Head of Retail Credit
HR	- Senior Consultant

Strategic Focus for Value-Add

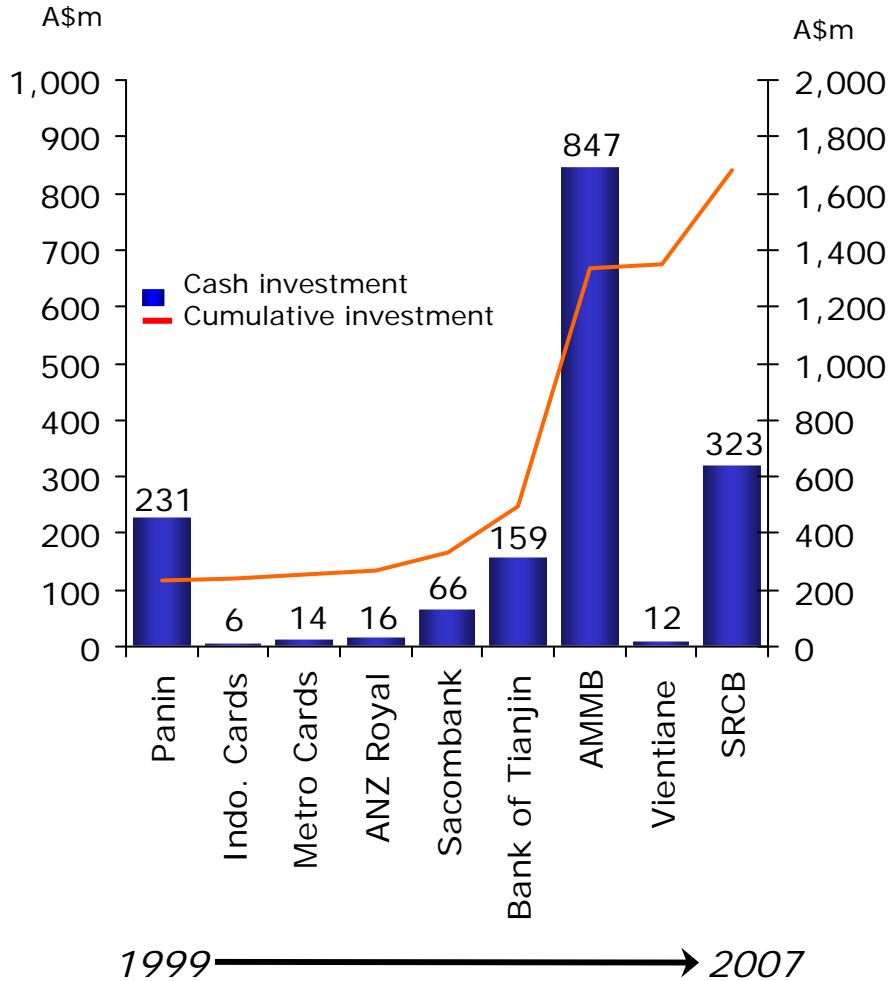
Priority	Area
Organisational restructure	Risk, IT, SME, Retail Product & Distribution
Reducing NPLs	Risk
Lifting ROE	Asset Finance
Reducing cost of funds	Treasury
Executing against strategy	Retail Banking
Credit Cards	Retail Banking
Building FX/Derivate Products	Institutional

Progress since Acquisition

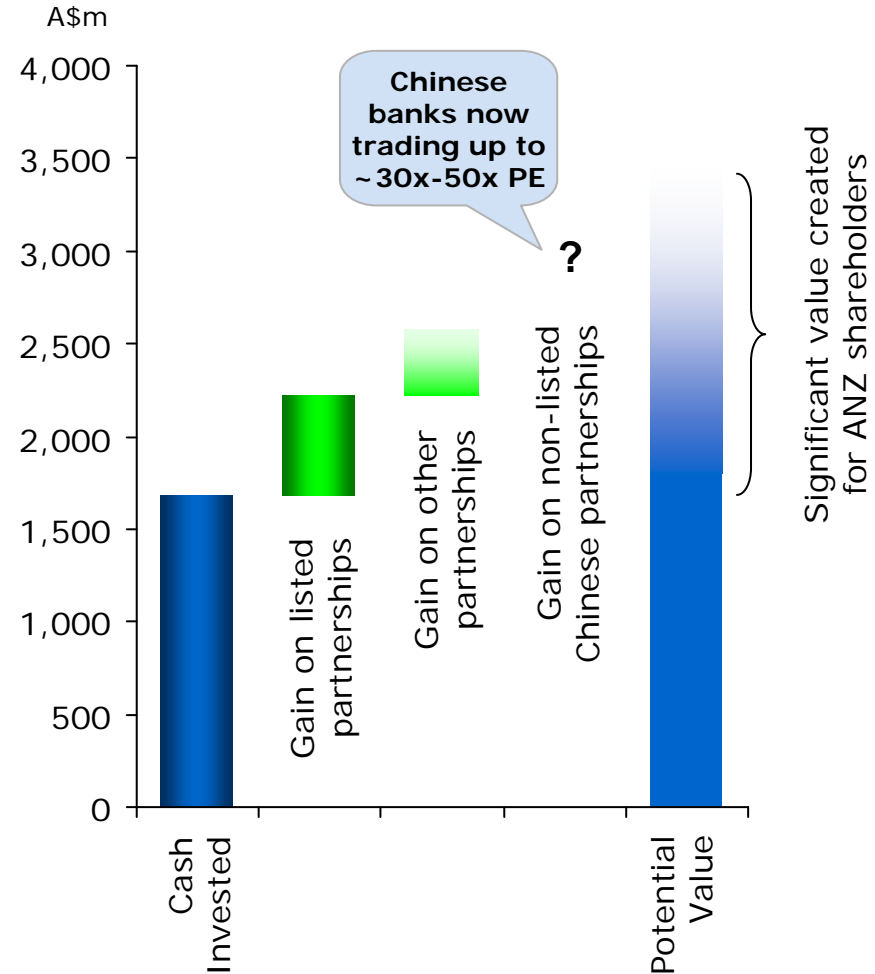
- Agreement on strategic direction
- Lower NPL ratio via write-offs, recoveries, sales
- Privatisation of Investment Bank underway
- Organisational restructure underway

Asia – we have acquired well, significant value created

Initial investments



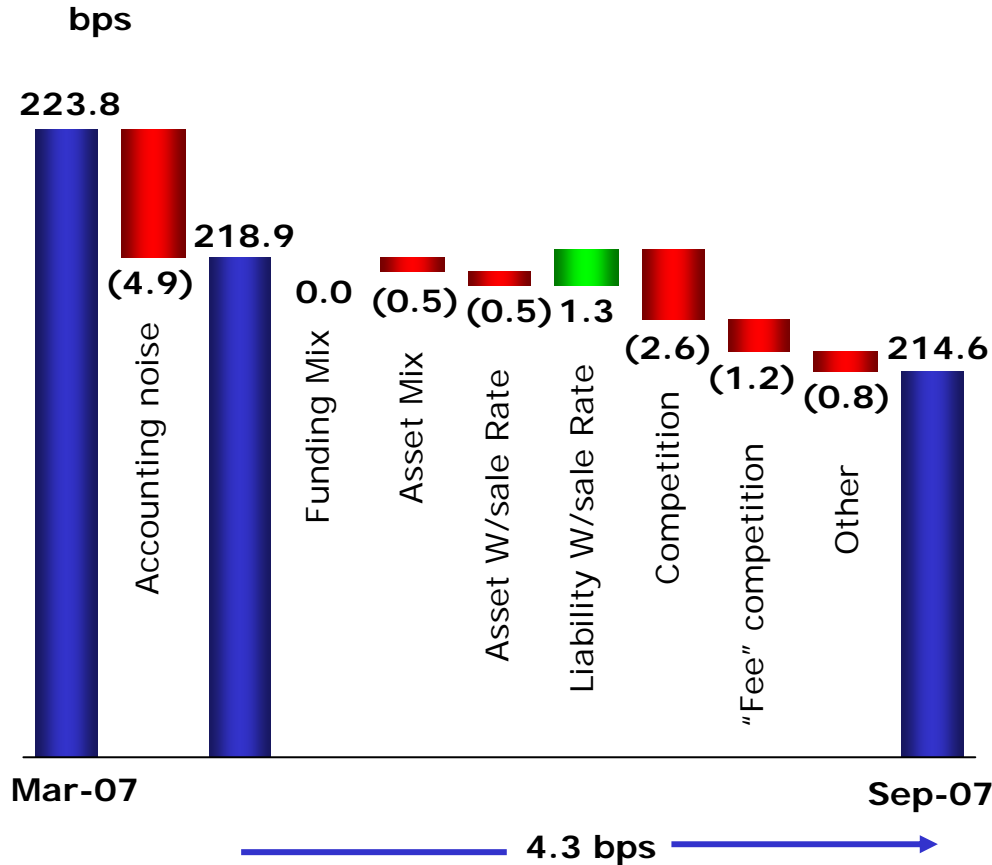
Current investment value



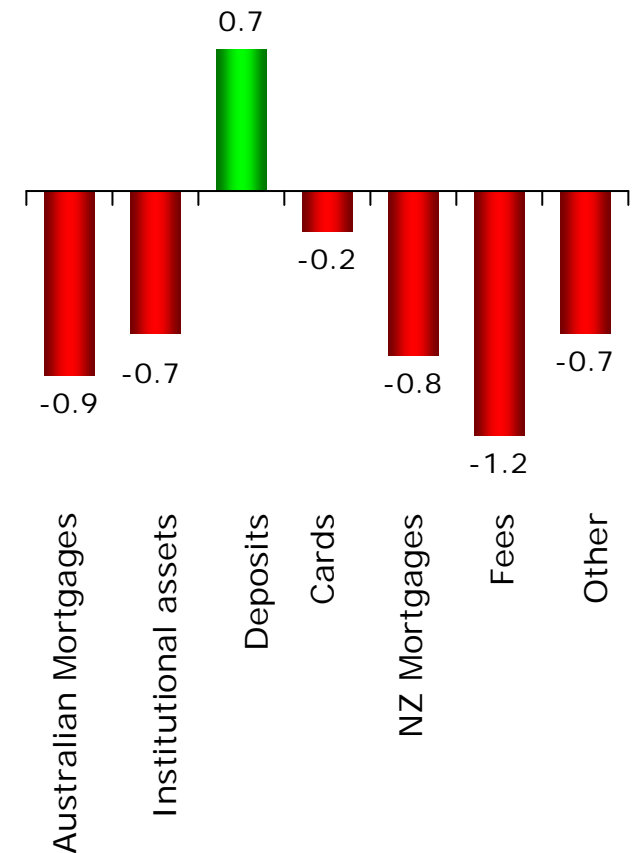
Margin Analysis

Group half on half margin down 9.2 bps on headline basis, 4.3 bps on an underlying basis

Reported margin down 9.2bps
(1H07-2H07)

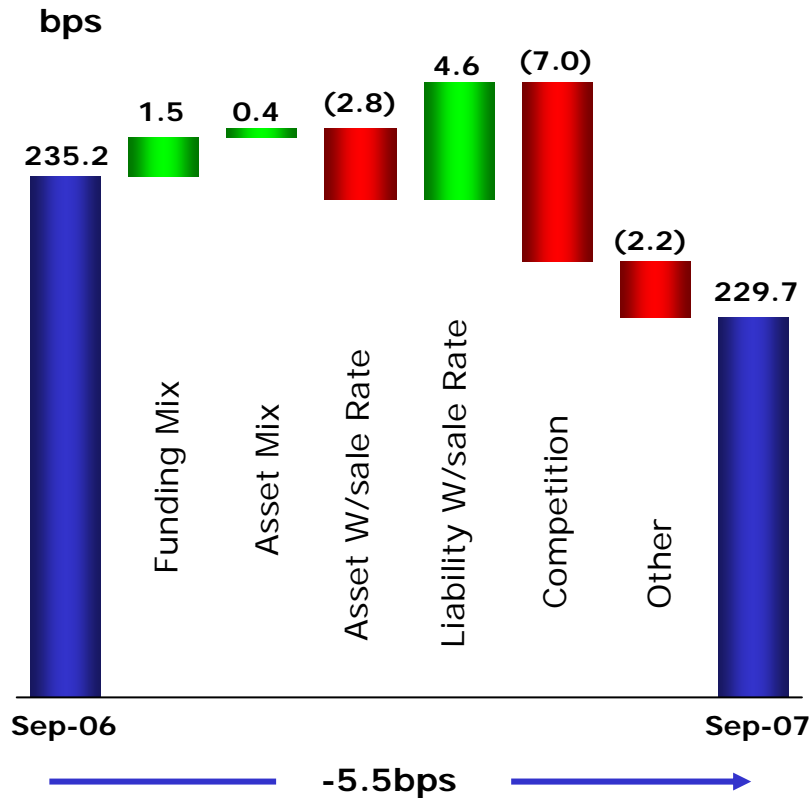


Fee competition the largest component of margin decline
(competition impact on Group Margin)



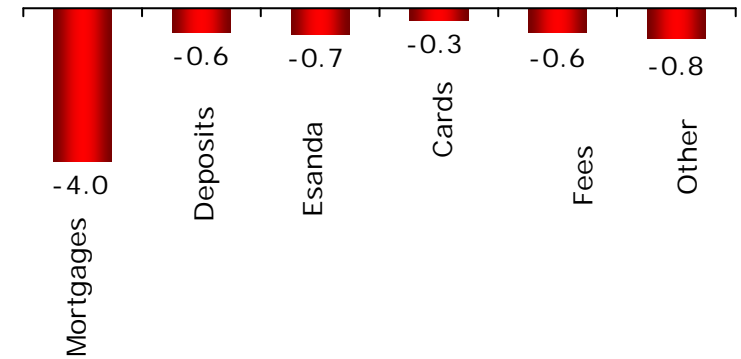
Personal: margins impacted by mortgage competition

Wholesale Rate benefits offset by increased Competition
(FY06-FY07)

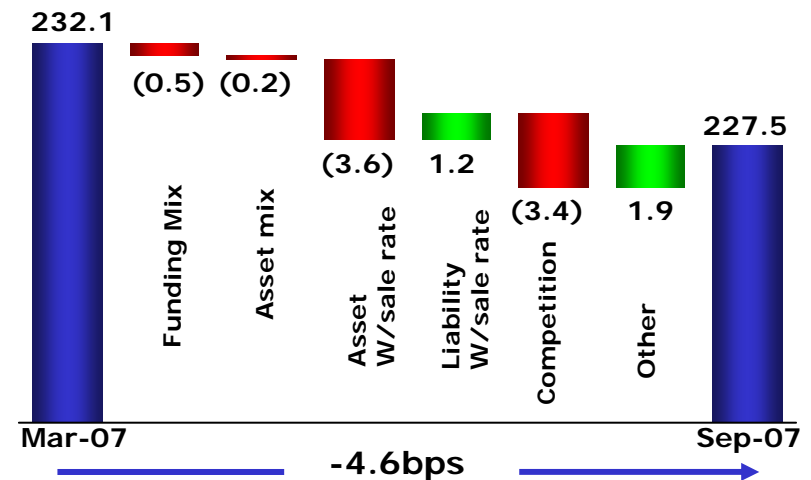


Mortgages key driver of competition

(competition impact on Personal Division Margin FY06 – FY07)

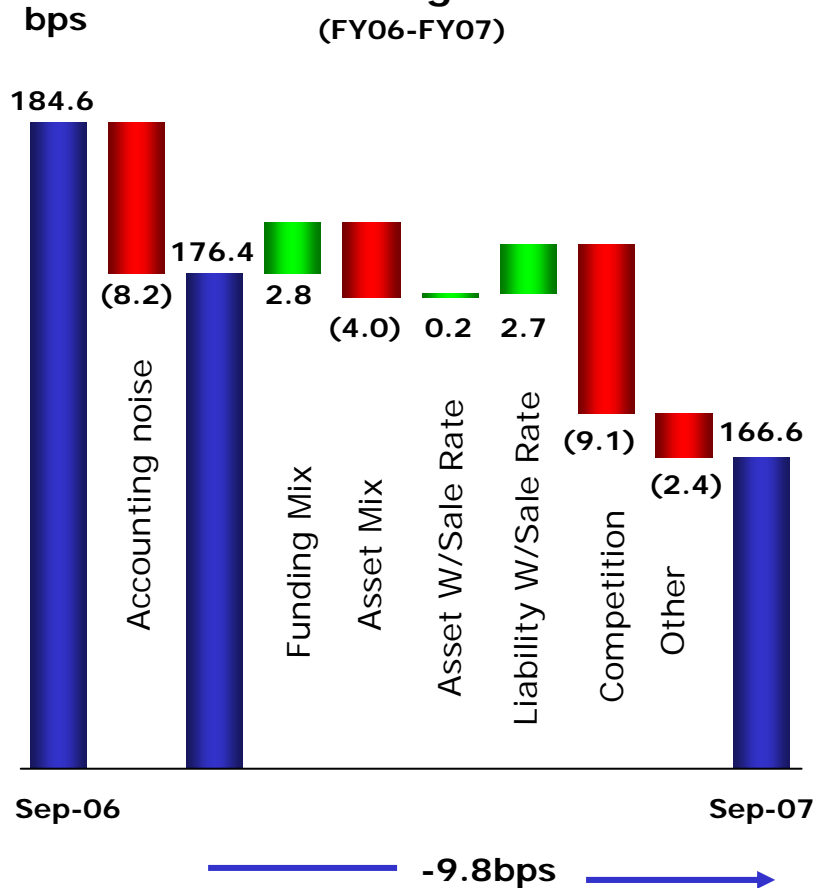


2H07 margin down 4.6bps
(Personal Margin 1H07-2H07 bps)



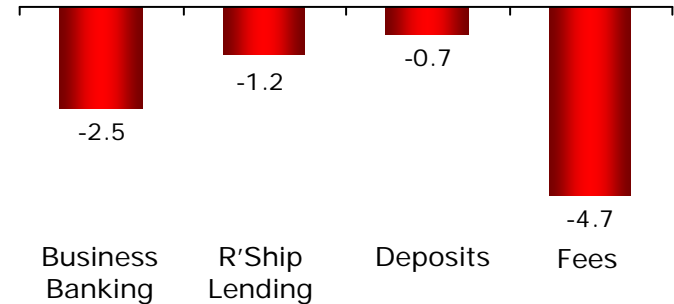
Institutional: significant impact from Markets and accounting 'noise'

Reported NIM decline of 18.0bp adversely impacted by accounting 'noise'

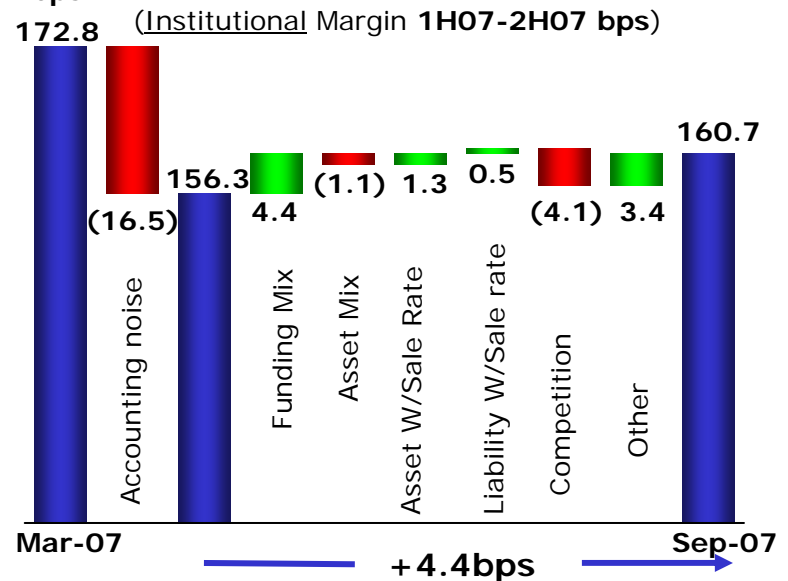


Competition impact mainly in fees

(competition impact on Institutional Division Margin FY06-FY07 bps)

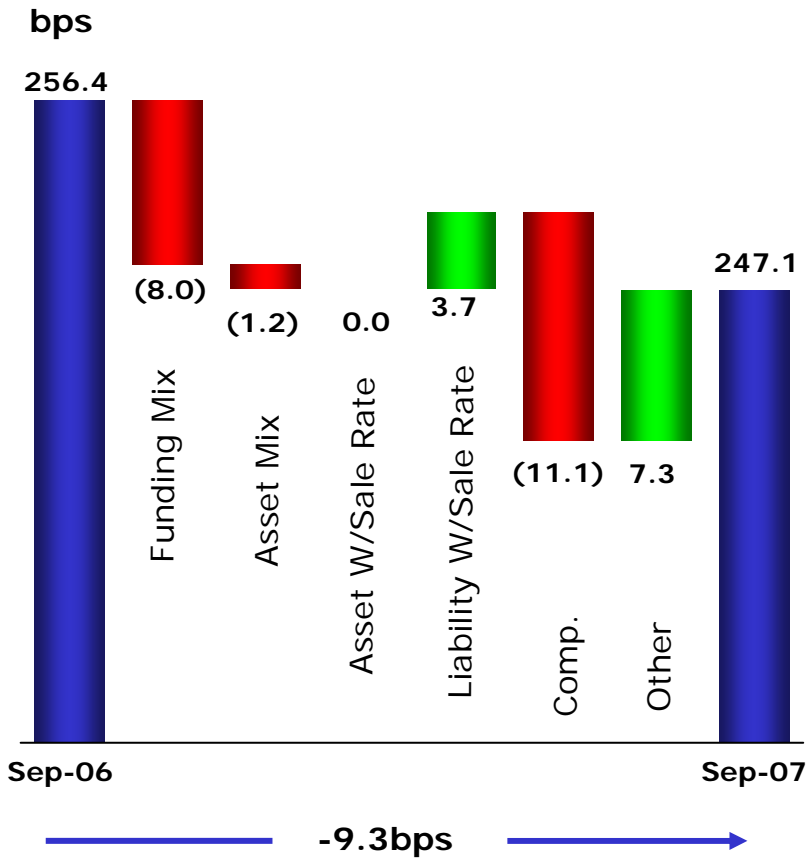


Reported 2H07 margin down 12.1bps, up 4.4bps on underlying basis

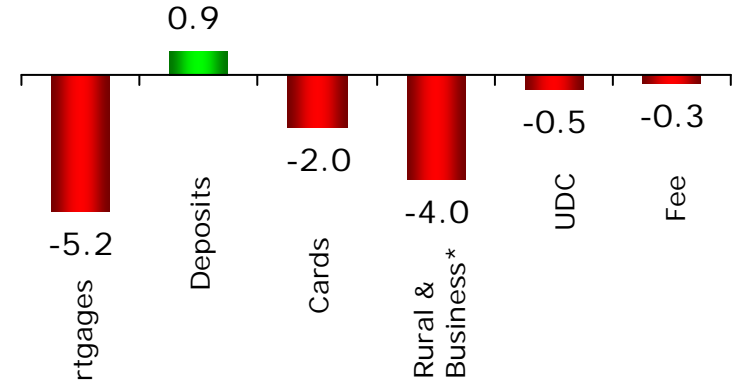


New Zealand Businesses: Competition driving margin decline

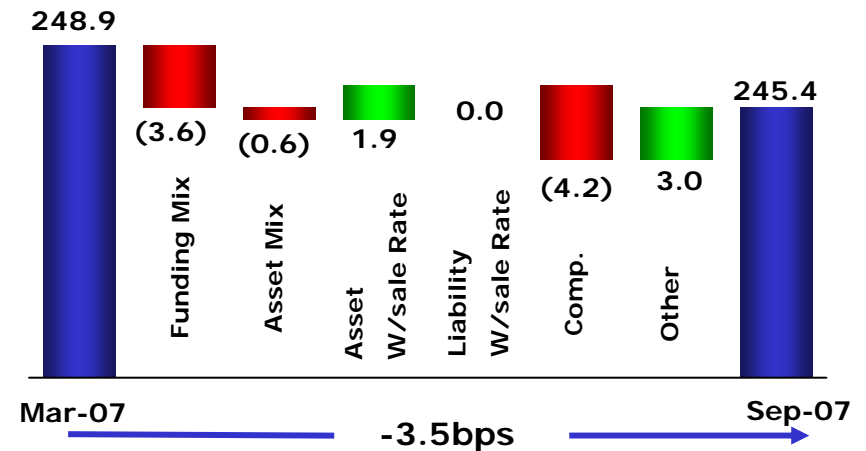
Competition driving margin decline (FY06-FY07)



Key driver of competition impact
(competition impact on New Zealand Businesses Margin FY06-FY07 bps)



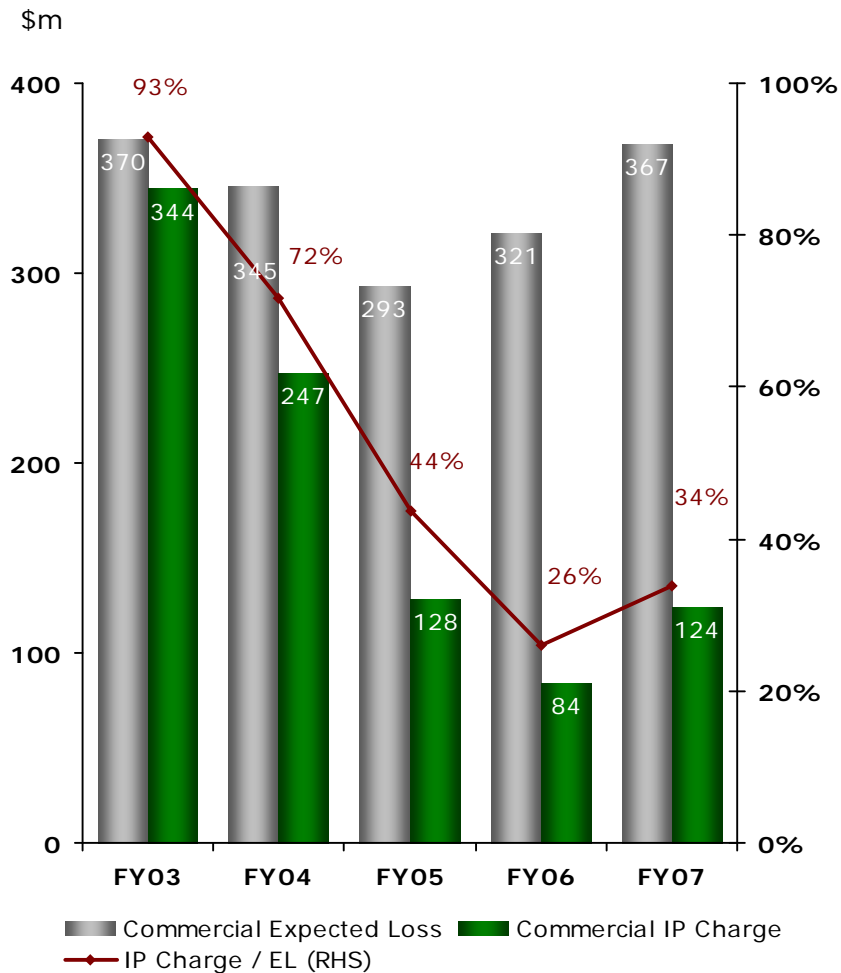
2H07 margin down 3.5bps
(New Zealand Businesses Margin 1H07-2H07 bps)



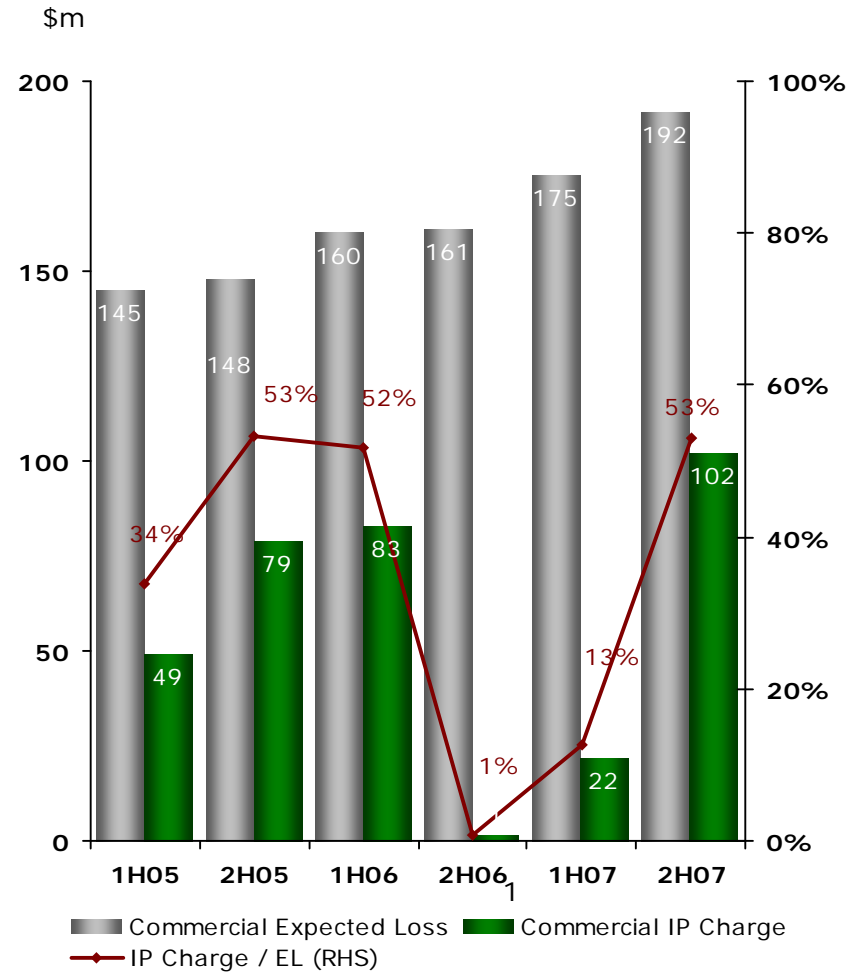
Credit Quality

Expected Loss – Commercial lending

Commercial IP Charge vs Commercial Expected Loss (YOY)

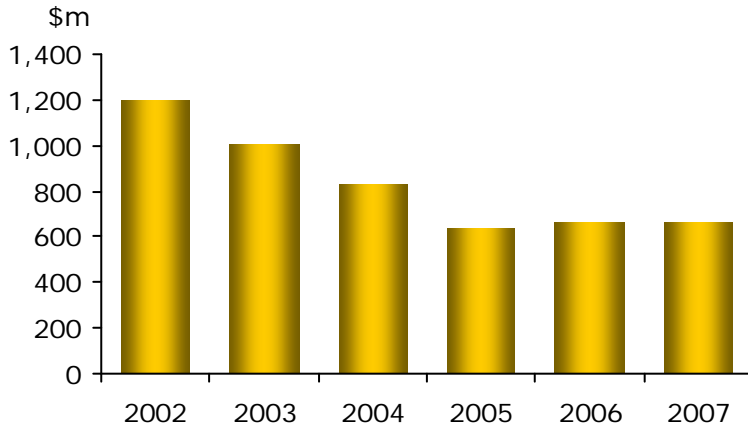


Commercial IP Charge vs Commercial Expected Loss (HOH)

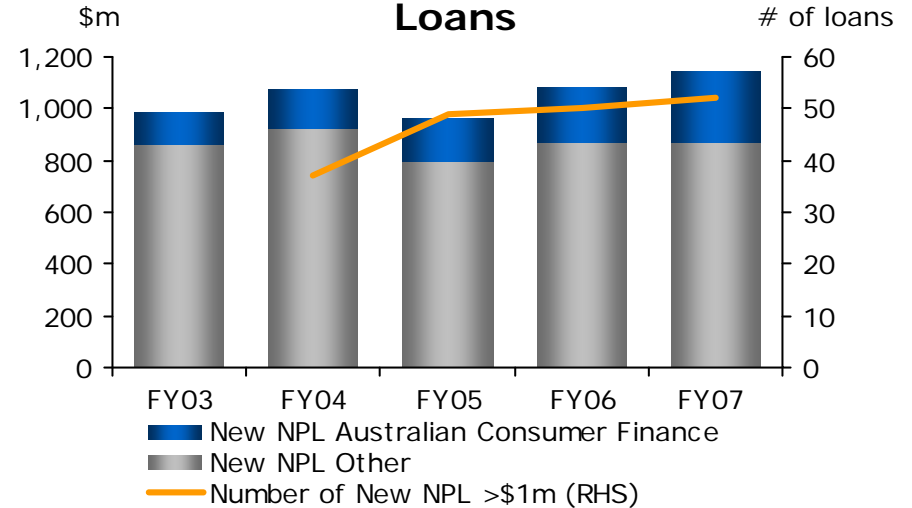


Non Performing Loans and 90 Days Past Due Loans

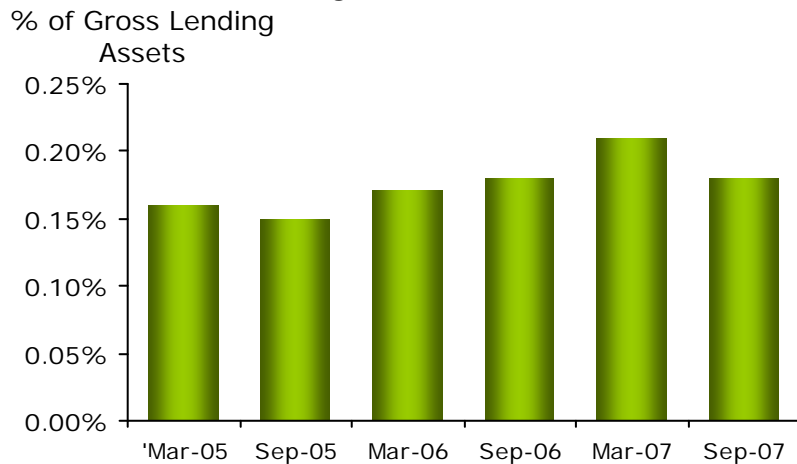
Non Performing Loans



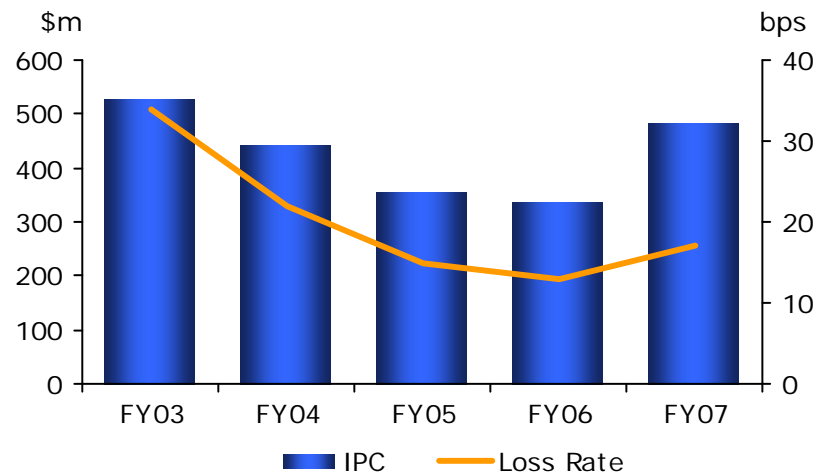
New & Increased Non Performing Loans



90 Days Past Due Loans



Individual Provision Charge & Loss Rate



Breakdown of collective provision charge

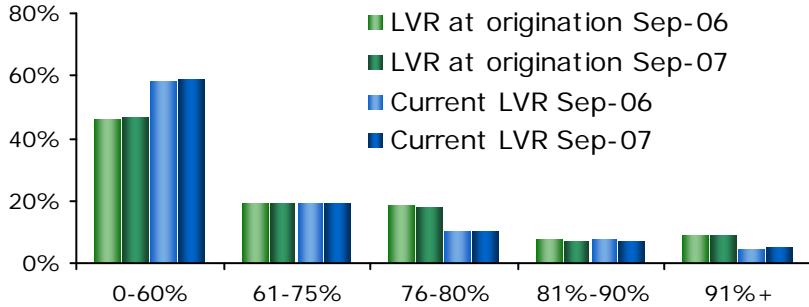
FY07 Collective Provision charge

Business Unit (A\$m)	Asset Growth impact	Risk / Mix impact	Other*	Total
Group	145	6	(68)	83
Institutional (excl. BB)	14	6	(29)	(9)
Business Banking	14	10	(5)	19
Personal (excl Consumer Finance)	31	(6)	(13)	12
Consumer Finance	28	20	(10)	38
New Zealand Businesses	36	(10)	(9)	17
Partnerships & Private Bank	23	(14)	(1)	8
Other^	(1)	-	(1)	(2)

- Consumer Finance driven by slightly higher year on year delinquencies and bankruptcies as expected.
- Business Banking driven by strong growth and a weakening risk profile.
- New Zealand largely driven by strong Retail and Corporate & Commercial Banking growth.
- Collective Provision Charge is determined as follows:
 - CP Balance is largely driven by asset growth and movement in risk profile;
 - Individual customers assigned independent risk grades and security coverage indicators; and
 - CP methodology based on tenor, risk profile, emergence period and exposure size.

Mortgages and Credit Cards: credit quality remains sound

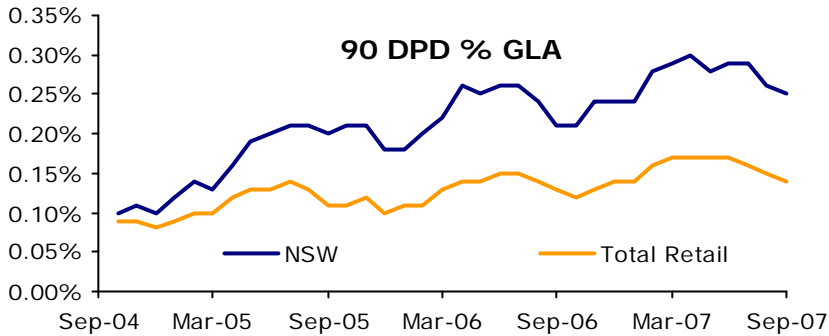
Mortgages Australia (Retail) Mortgages- Strong LVR profile



Average Days to Exit increasing... (from date of transfer to third party solicitors)

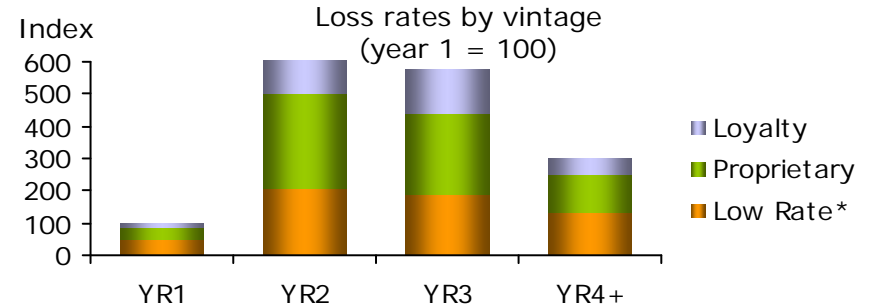


NSW arrears remain well above group average



Credit Cards

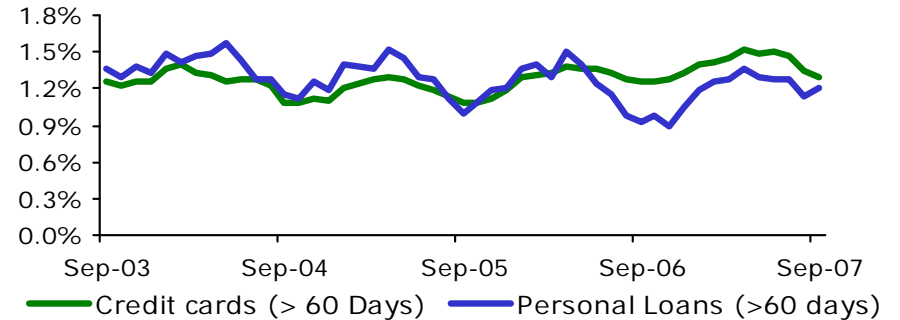
Credit Card loss rates increasing with flow through of low rate growth



Portfolio by Vintage

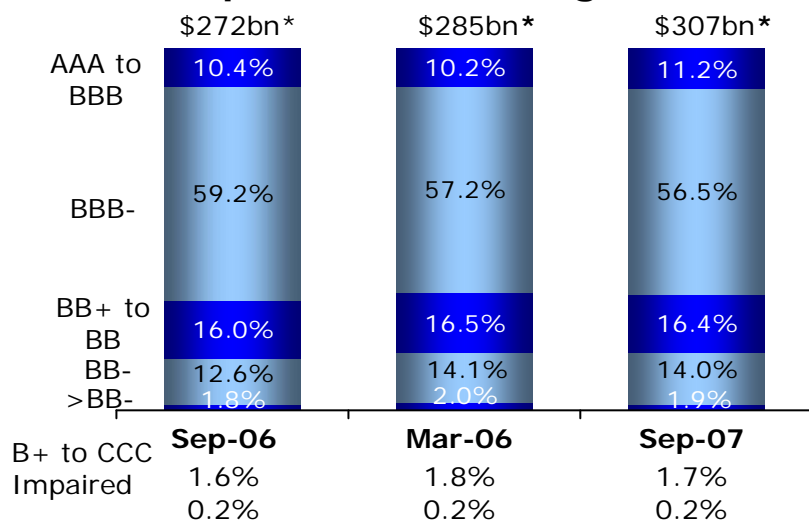


Cards and Personal loans arrears in good shape

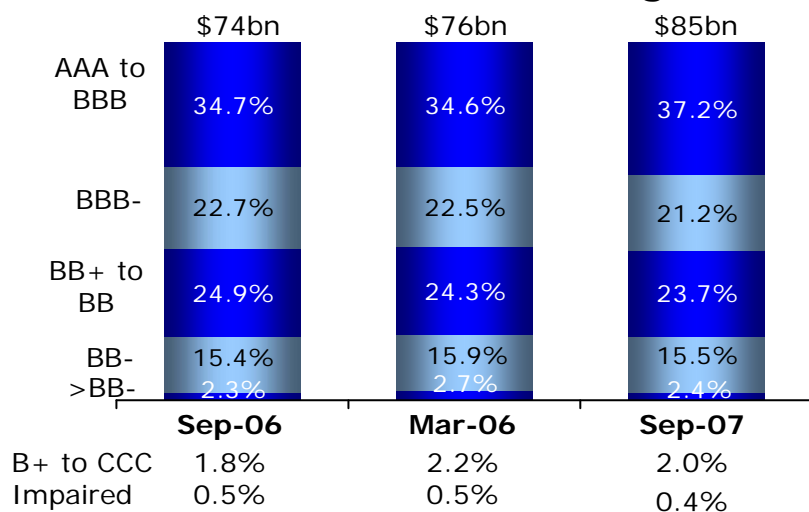


Institutional portfolio remains sound

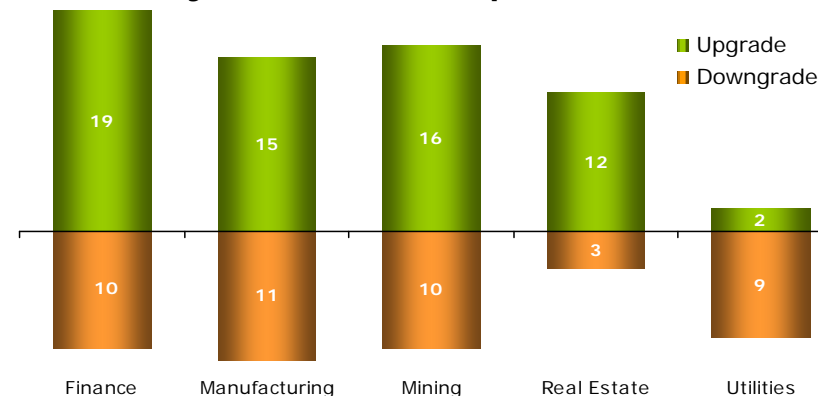
Group – Gross Lending Assets



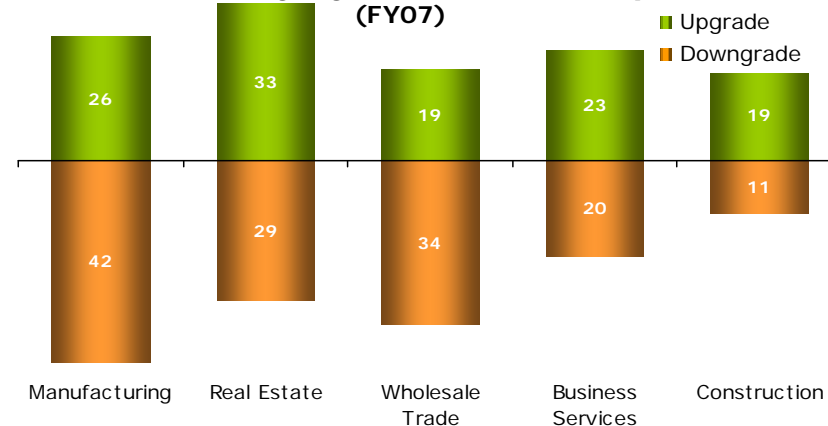
Institutional – Gross Lending Assets



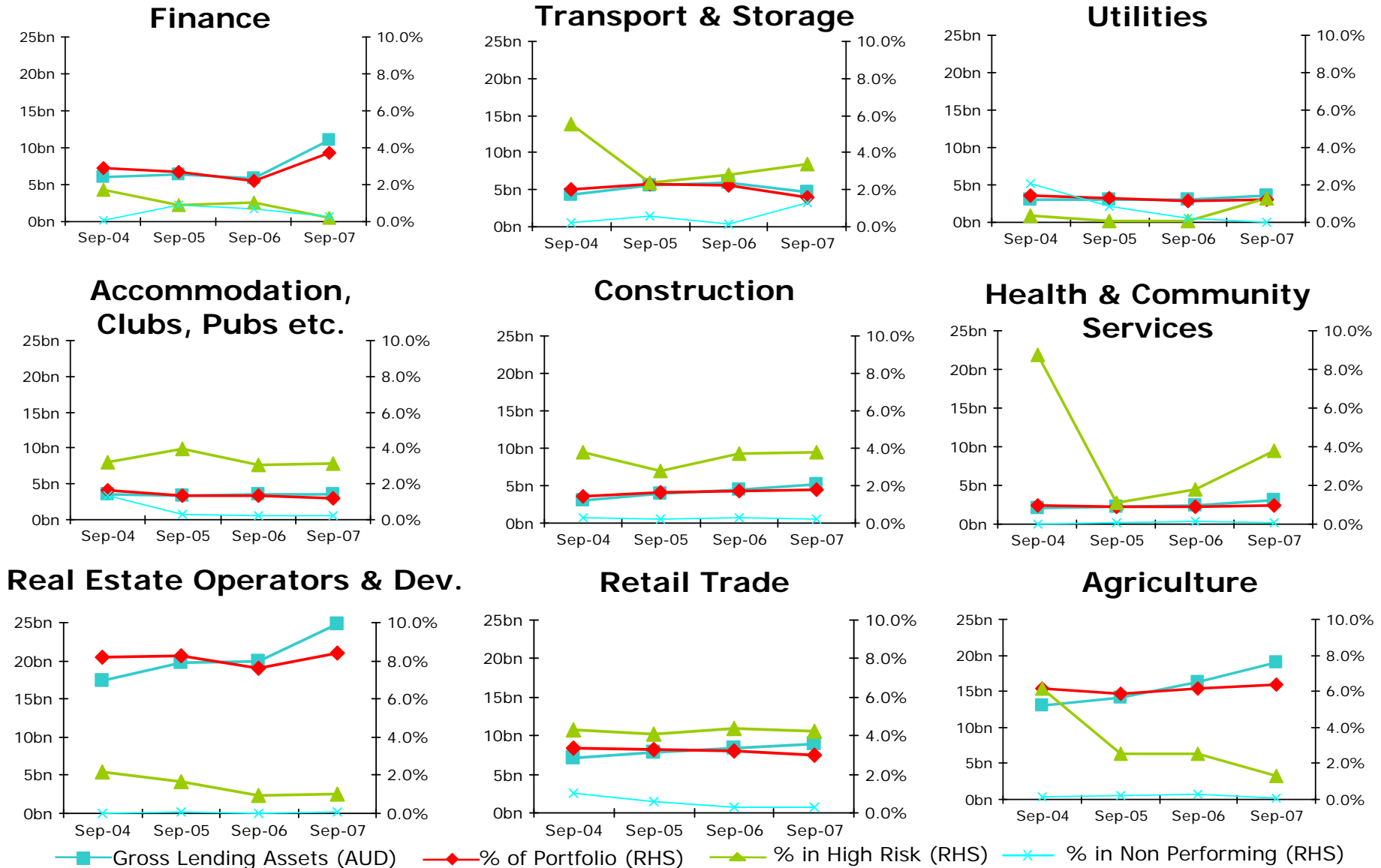
Risk grade migrations# Institutional Banking & Financial Institutions Risk Grade Migration Summary by Customer Groups (FY07)



Corporate Risk Grade Migration Summary by Customer Groups (FY07)

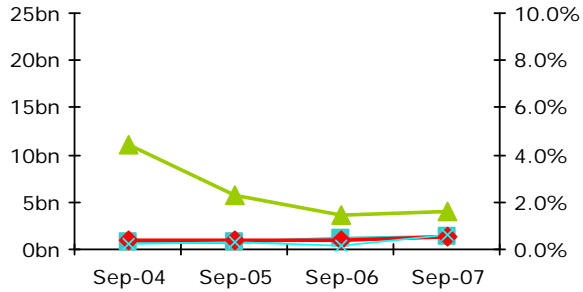


Industry exposures – Australia & New Zealand

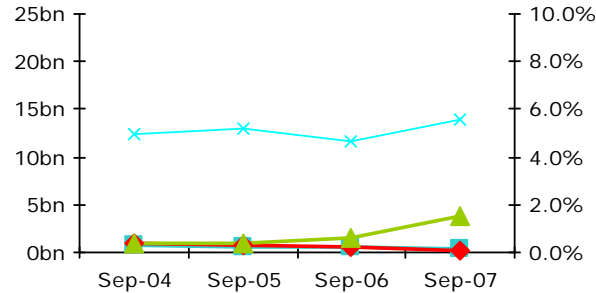


Industry exposures – Australia & New Zealand

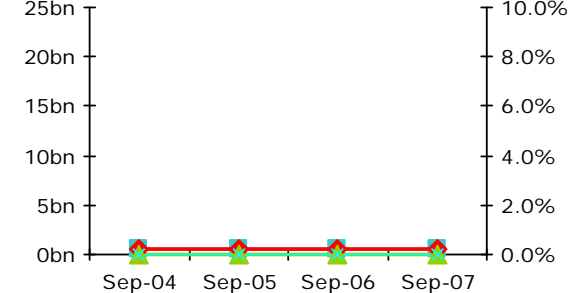
Personal & Other Services



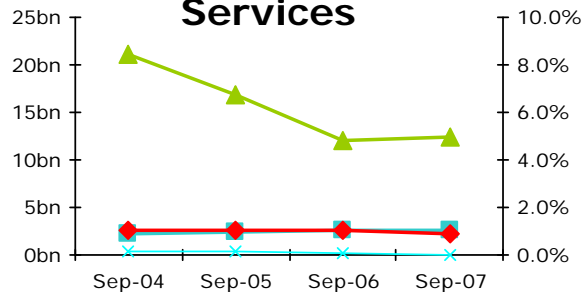
Communication Services



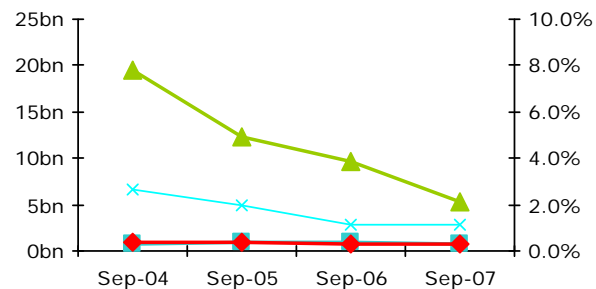
Government Administration & Defence



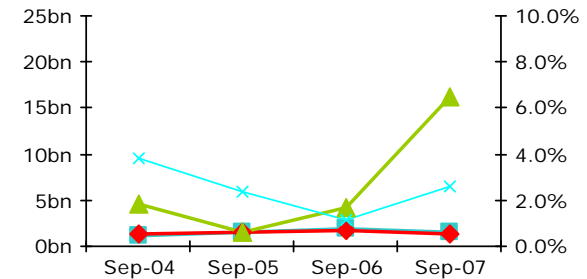
Cultural & Recreational Services



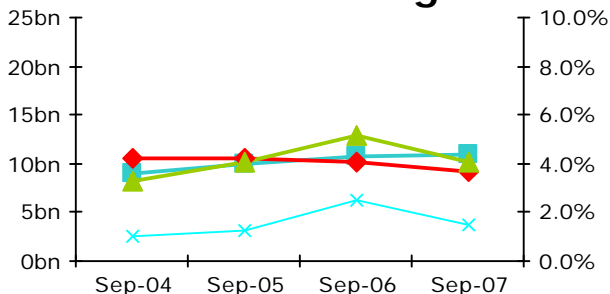
Forestry & Fishing



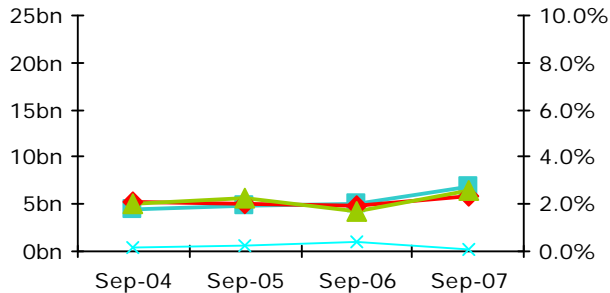
Mining



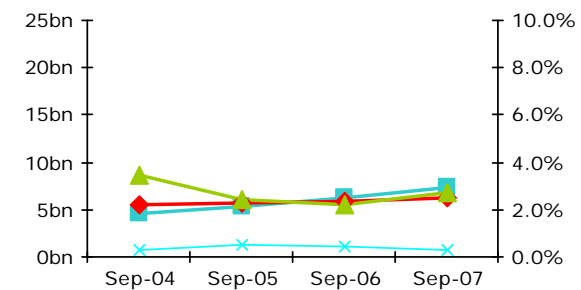
Manufacturing



Wholesale Trade



Business Services



■ Gross Lending Assets (AUD)
 ◆ % of Portfolio (RHS)
 ▲ % in High Risk (RHS)
 × % in Non Performing (RHS)

Corporate Responsibility

The leading bank globally on the Dow Jones Sustainability Index

Leading and Inspiring our People

- ANZ's six year focus on cultural transformation and employee engagement has created a strategic competitive advantage that is difficult for others to replicate.
- Our Employee engagement increased from 60 to 64% in 2007 and is solidly above the financial services industry benchmark.
- Our Occupational Health and Safety strategy delivered a further 20% reduction in our Lost time Injury Frequency Rate.

Putting our Customers First

- ANZ is delivering to customers simple, convenient and responsible products and services. This year we maintained the highest retail customer satisfaction of the four major banks at 77.7%
- We achieved our target to open 80 new branches between 2004-2007 and announced significant new commitments to build our position as Australia's Most Convenient Bank.
- We introduced new responsible lending measures and implemented the Equator Principles in our Institutional business

Earning Community Trust

- ANZ has made a long-term commitment to improving financial literacy and inclusion, particularly amongst the most vulnerable groups in society. We also encourage our people to support the causes that are important to them resulting in hundreds of community charities receiving a total of \$2.5 million in donations.
- This year we released corporate Australia's first Reconciliation Action Plan committing us to the most significant Indigenous employment targets of any major Australian company.
- We also completed a successful pilot of a loans program for low-income earners and contributed more than 73,000 hours of volunteering time. Our total community investment for 2007 was more than \$17million.

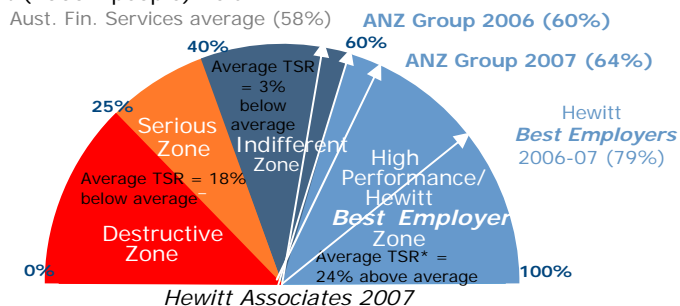
Managing our Environmental Footprint

- ANZ is working to reduce its direct and indirect impact on the environment.
- This year we began construction of our new environmentally-friendly flagship building at Dockland and announced plans to become Carbon Neutral in Australia and New Zealand by the end of 2009.
- We met or exceeded our two-year targets to reduce paper, carbon emissions and waste by 5%. We reduced our electricity consumption by 4.7%.

People strategy sees ANZ employee engagement solidly above the Australian financial services benchmark

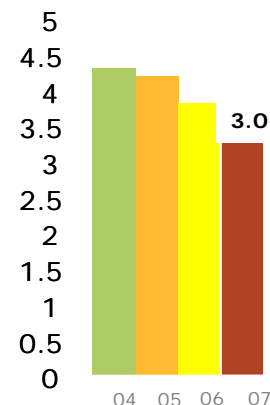
Cultural Transformation

- ANZ has had a six-year focus on cultural transformation and values-based decision making
- Employee Engagement has risen from 60% (2006) to 64% (2007)
- Culture survey results show strong focus on customers, community and shareholders and limiting aspects of our culture have diminished even further again this year
- More than 30,000 employees have attended a Breakout workshop since Breakout began in 2000 (including >4000 during 2006/07)
- Breakout Festival (five-month culture initiative) and Breakout Live big event (1000+ people) held



Employee Wellbeing

- ANZ's has achieved a 20 % reduction in the Australia's Lost Time Injury Frequency Rate (LTIFR) from last year. Down from 3.8 in September 2006 to 3.0 in September 2007. A further 20% reduction is targeted for 07/08.
- In New Zealand, as a result of ongoing data cleansing, the LTIFR for 05/06 has changed from 1.5 to 3.6. The LTIFR for 06/07 is 1.6 resulting in a 56% reduction in LTIFR for 06/07. The New Zealand LTIFR is calculated using only LTI's that become a claim.



Diverse & flexible workforce

- The percentage of females in executive positions has increased from 20% globally in September 2006 to 22% at the end of September 2007
- ANZ recognised as an EOWA Employer of Choice for Women for the sixth consecutive year
- ANZ launched 2007-2010 Disability Action Plan in September 07
- "My Flexibility" strategy implemented to deliver greater access to flexible working arrangements for all employees across ANZ
- For 2008 graduate intake ANZ has exceeded its diversity targets
 - 52% are women
 - 66 graduates speak Asian languages fluently

Attracting and Nurturing Talent

- ANZ has the most successful and innovative strategies to attract and retain the best talent in response to changing demographics and values:
 - 12 weeks paid parental leave
 - Guaranteed part-time work for over 55's
 - Free Health Checks
 - Employee Share Save Scheme
 - Childcare
- ANZ announced details of new learning and innovation facility "The Breakout Centre"

Community investment strategy is leading practice and delivering results for our stakeholders

MoneyMinded

- Comprehensive adult financial education program, delivered by community partners and financial counsellors Australia-wide
- 22,458 people participated this year, with 1040 facilitators trained
- RMIT University research shows MoneyMinded helps participants increase their confidence in dealing with financial issues, creditors and banks
- We have made our MoneyMinded adult financial literacy program widely available by launching the full set of training modules online. Online courses for were completed by over 1000 people

Saver Plus

- Assisting low-income individuals and families to develop a long-term savings habit, improve their financial knowledge and save for their own or their child's education
- Saver Plus is delivered in partnership with community organisations and the Victorian government
- ANZ matches the savings of participants dollar-for-dollar up to \$1,000 per person. Over 1300 people have commenced participation this year
- Independent research shows 75% of participants in the pilot program are saving the same amount or more 1-2 years after completing Saver Plus

MoneyBusiness

- Delivered in partnership with the Australian Government, MoneyBusiness aims to build the money skills and confidence of Indigenous Australians
- MoneyBusiness is being piloted in 6 remote sites in NT and WA
- Local Indigenous workers are providing Indigenous individuals and families with coaching in financial literacy, budgeting, bill paying, and savings
- A pilot of the matched-savings program Saver Plus has commenced in 3 MoneyBusiness locations

Progress Loans

- Loans program developed in partnership with the Brotherhood of St Laurence to provide access to fair, safe and affordable loans for low-income earners
- Progress Loans are loans of between \$500 and \$3,000 for people on low incomes to fund household and other items
- 165 loans totalling \$288,260 were approved in 2007 with a 67% approval rate, with the majority of loans provided to women.
- No loans were in arrears, and loan repayment performance was substantially better than the mainstream rate

Employee Community Engagement

- After an annual survey, our workplace giving program has been extended to 25 community organisations selected to reflect the causes that are important to our staff
 - 15% of Australian staff are currently participating in this program
 - Their contributions matched by ANZ, total \$716,363 this year.
- One day's paid volunteer leave for staff, including increasing opportunities for skilled volunteering and secondments
 - In 2007, 30% of Australian staff contributed over 56,000 volunteer hours. Time contributed across the group to community organisations valued at more than \$3 million

Reconciliation Action Plan

- ANZ released corporate Australia's first Reconciliation Action Plan.
- The Action Plan aims to assist Indigenous inclusion through employment, financial literacy, cultural recognition and awareness, and capacity building. It includes the most significant Indigenous employment targets of any major Australian company.
- The plan was developed with guidance from Reconciliation Australia.

- ANZ Reports the inputs and outcomes of its community investment under the London Benchmarking Group (LBG) Guidelines
- In 2007, ANZ's financial literacy and inclusion partnerships were recognised through two Prime Minister's Business Community Partnership Awards



ANZ is integrating social and environmental considerations into our business practices

Operational Environmental Footprint

- ANZ announced plans for its operations to be Carbon Neutral in Australia and New Zealand by the end of 2009.
- We commenced construction on our new environmentally-friendly flagship building in Docklands, Melbourne.
- We met or exceeded our two-year targets to reduce paper, carbon emissions and waste by 5%. We reduced electricity consumption by 4.7%.* We did not meet our water reduction target.
- We conducted internal and external consultation as part of a review of our Environment Charter. An enhanced Charter, including specific environmental targets, will be released in 2008.
- In the past 12 months 142 suppliers have committed to developing and implementing strategies designed to meet ANZ's sustainable procurement requirements. Over 90% of ANZ tenders in the past year have included our sustainability criteria.

* Data currently being verified

Institutional & Corporate Sustainability

- ANZ adopted the Equator Principles in December 2006. Training has been provided to 50% of our Project Finance staff in Melbourne, Sydney, Hong Kong and Singapore.
- We developed and conducted extensive consultation on our draft Forests Policy, the first in a series of sector specific policies designed to provide greater consistency in the integration of social and environmental factors into our lending and business decisions. ANZ Institutional Division is engaged in a final round of stakeholder discussions prior to presenting the policy for senior executive consideration before the end of 2007.
- ANZ Institutional's partnership with WWF delivered an 'eco-efficiency' program providing ANZ staff with comprehensive information and resources on environmental issues and opportunities

New Products and Services

- ANZ is an active player in carbon markets – in Australia and internationally. We have developed an understanding of the various offset schemes and accreditation systems so we can help our clients choose credible and effective schemes that best suit their circumstances.
- ANZ launched the second ANZ Sustainable Protected Responsible Investment over Term (ASPRIT 2). ASPRIT 2 provides an opportunity for wholesale investors to benefit from the performance of companies that lead in sustainable business practices, reflecting the emerging belief that socially responsible companies will provide greater shareholder returns over the long term.
- ANZ Infrastructure Services has established two special purpose investment trusts to encourage investment in environmentally sustainable energy sources and infrastructure.

Summary of forecasts – Australia (bank year)

	2006	2007	2008	2009
GDP	2.8	3.6	4.0	4.2
Inflation	3.4	2.4	3.1	2.7
Unemployment	4.7	4.3	4.1	3.8
Cash rate	6.00	6.50	7.00	7.00
10 year bonds	5.5	5.9	6.5	6.9
A\$/US\$	0.75	0.85	0.83	0.75
Credit	14.7	16.0	12.9	11.0
- Housing	14.7	12.4	13.2	12.4
- Business	15.8	22.1	13.4	9.7
- Other	11.0	12.9	8.7	8.3

Summary of forecasts – New Zealand (bank year)

September Years	2006	2007	2008	2009	2010
GDP	1.7	2.7	1.7	2.4	3.5
Inflation	3.5	2.1	2.7	2.6	2.5
Unemployment (Sept qtr, s.a.)	3.8	3.7	4.1	4.3	4.4
Current Account (% GDP)	-9.2	-8.2	-6.8	-6.8	-6.5
90 day bank bill (Sept mth)	7.6	8.8	8.0	7.0	7.0
10 year bond rate (Sept mth)	5.8	6.2	6.5	6.7	6.4
NZD/USD (Sept month)	0.65	0.72	0.70	0.61	0.59
NZD/AUD (Sept month)	0.87	0.85	0.76	0.77	0.82
AUD/NZD (Sept month)	1.16	1.18	1.31	1.30	1.22
Credit Growth (PSC)	13.2	14.1	9.2	9.1	9.8
- Housing	14.1	13.7	9.5	9.3	10.3
- Business	14.7	14.6	9.1	9.1	9.4
- Personal	4.3	5.6	5.5	7.3	8.0

Interest rates and exchange rates are for September month end

The material in this presentation is general background information about the Bank's activities current at the date of the presentation. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice when deciding if an investment is appropriate.

For further information visit

www.anz.com

or contact

Stephen Higgins
Head of Investor Relations

ph: (613) 9273 4185 fax: (613) 9273 4091 e-mail: stephen.higgins@anz.com