



08 

2008 Half Year Results

Australia and New Zealand Banking Group Limited

23 April 2008

Mike Smith

Chief Executive Officer



www.anz.com

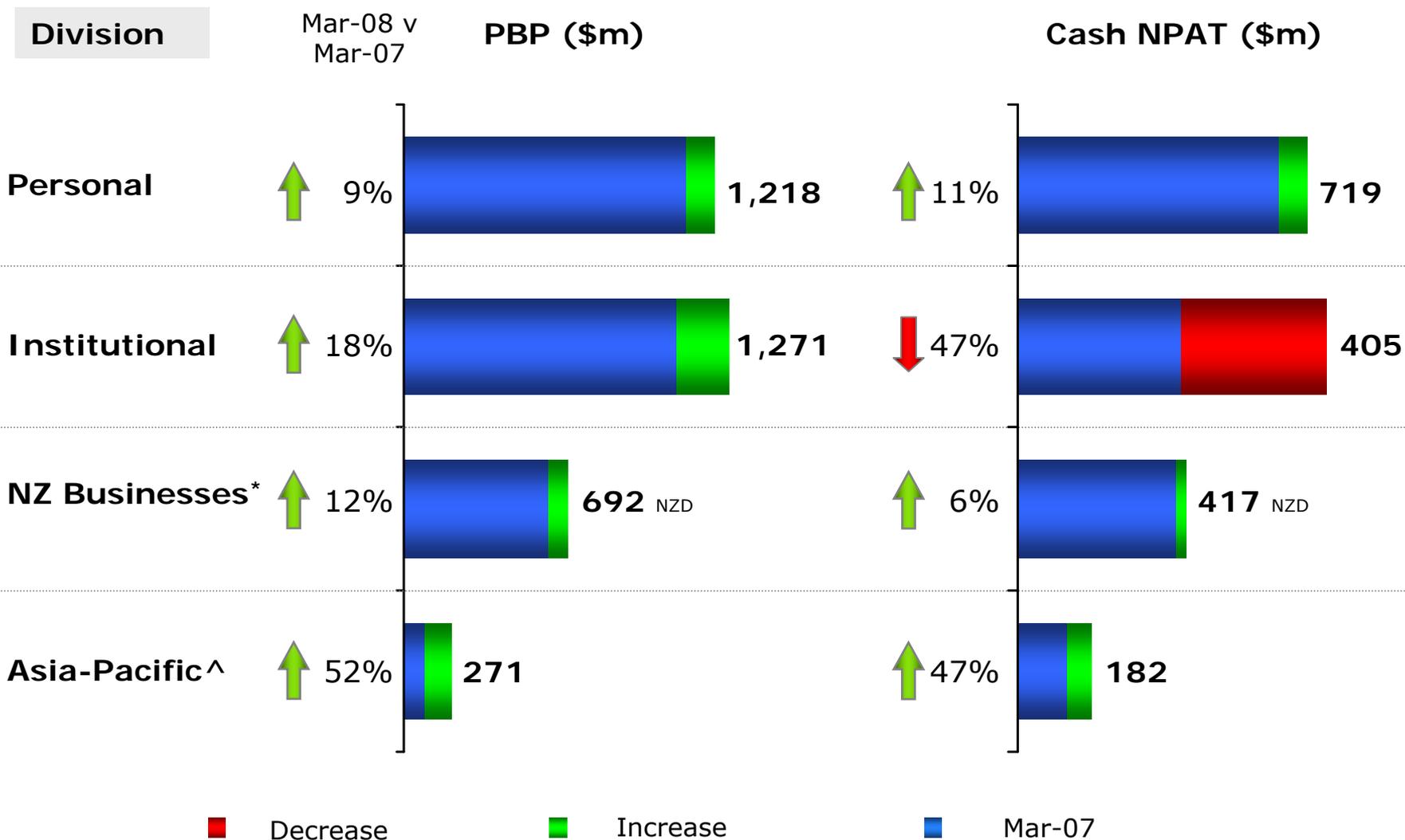
Result Overview

March 08 v March 07

Cash* Profit Before Provisions (PBP)	↑ 11%
Revenue	↑ 12% (13% FX adjusted)
Credit costs - \$980m	↑ \$740m
Headline profit - \$1,963m	↓ 7%
Cash* profit - \$1,674m	↓ 14%
Cash* EPS	↓ 16%
Dividend	↔ Flat

DRP Underwrite ensures we operate from position of strength

Very good underlying performance across divisions, Institutional offset by significant increase in provisions

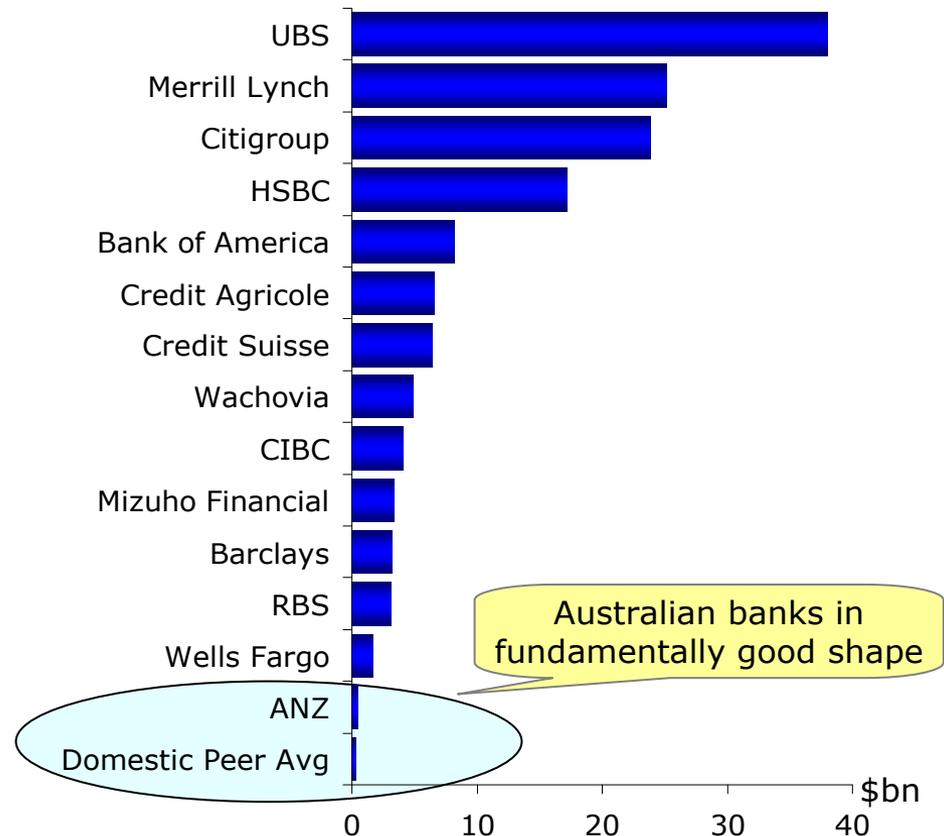
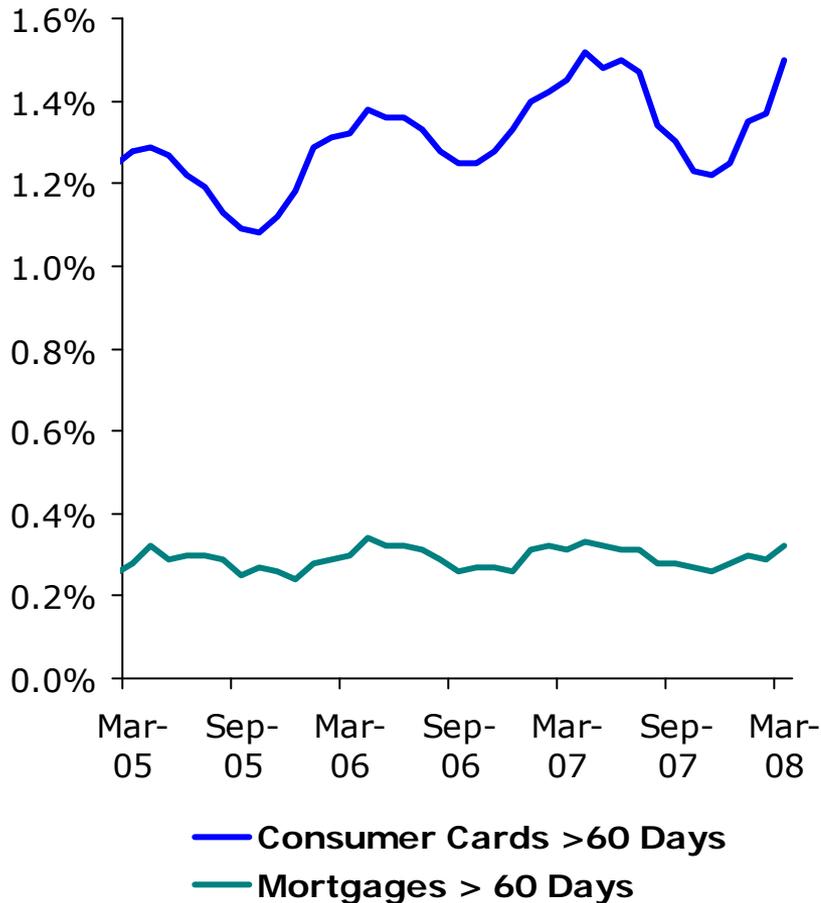


Domestic credit cycle is turning, but impact likely to be relatively mild compared to US and Europe

Consumer arrears holding up well, but higher interest rates and petrol prices likely to impact

Our higher credits costs are minimal relative to US and European banks

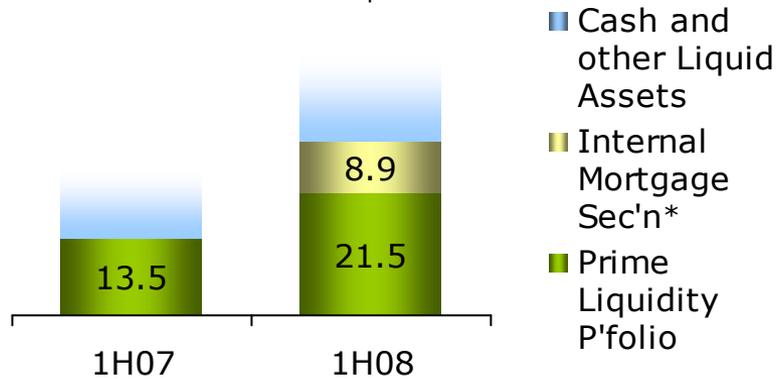
(estimated losses attributed to global credit crisis)*



We are maintaining a strong funding and liquidity position, but at a higher cost

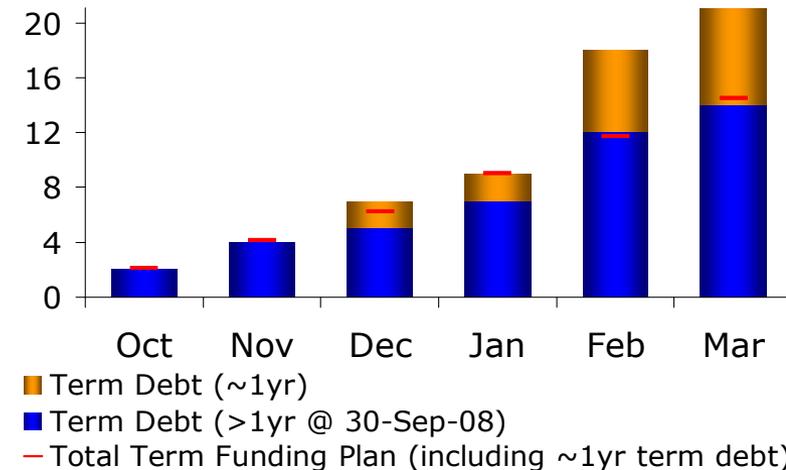
We have significantly increased our liquidity portfolio

\$bn



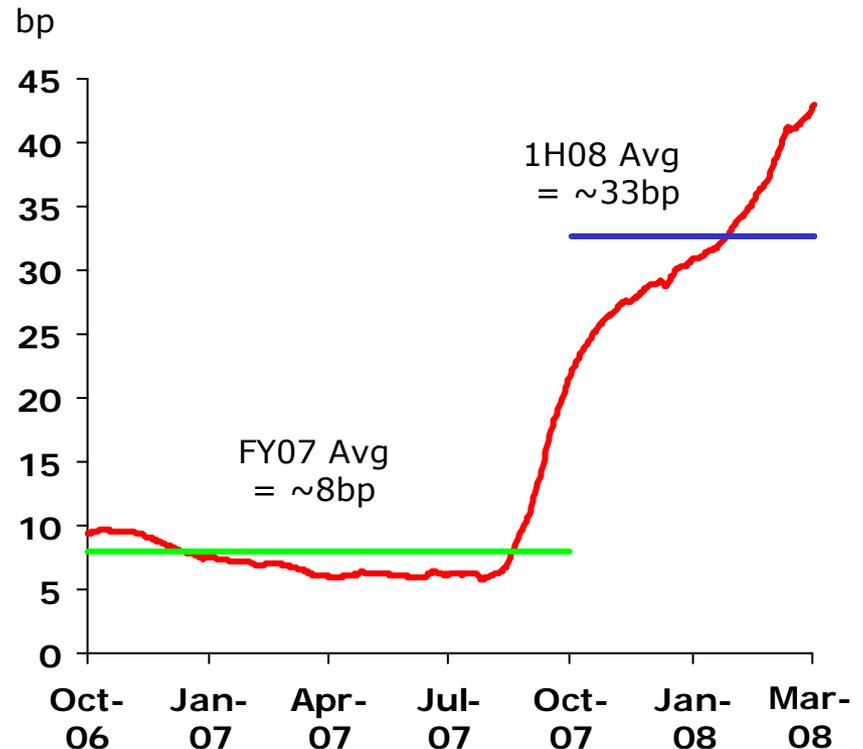
Term funding program on track for FY08

(\$bn)



Cost of funding the Mortgage portfolio has increased significantly

90 day rolling 3mth BBSW to 3mth Overnight Index Swap



We are making good progress with our strategy

Despite legacy issues in Institutional, we are making good progress with our strategy

Institutional

- PBP growth 18%

Restore Jaws

- Improved trend Half on Half

Drive Asia profit

- Asia/Pacific PBP up 52%
- Asia/Pacific NPAT up 47%

Strategic cost management

- Visa proceeds allocated for strategic investment
- Continued focus for 2H08





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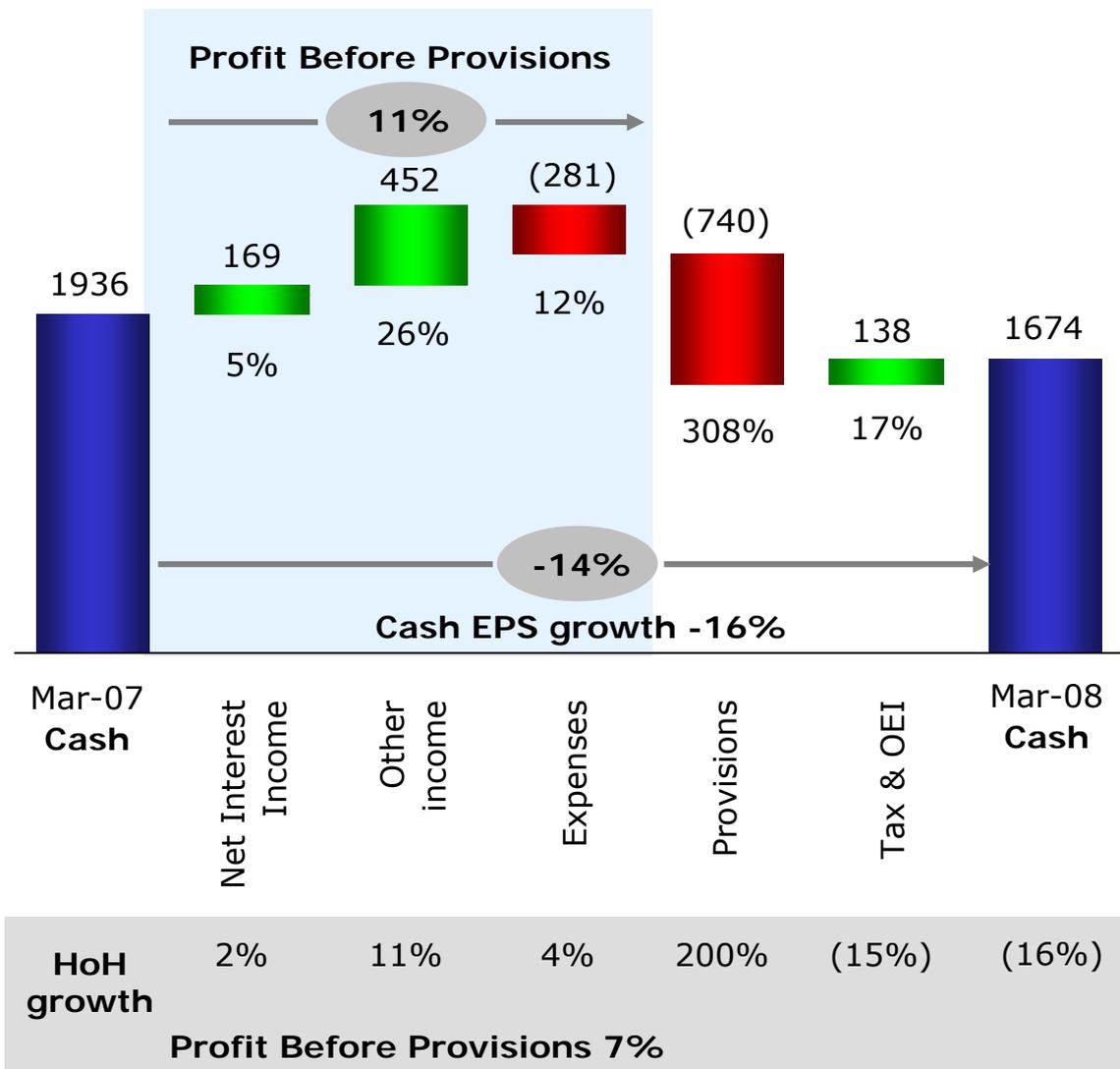
23 April 2008

Peter Marriott
Chief Financial Officer



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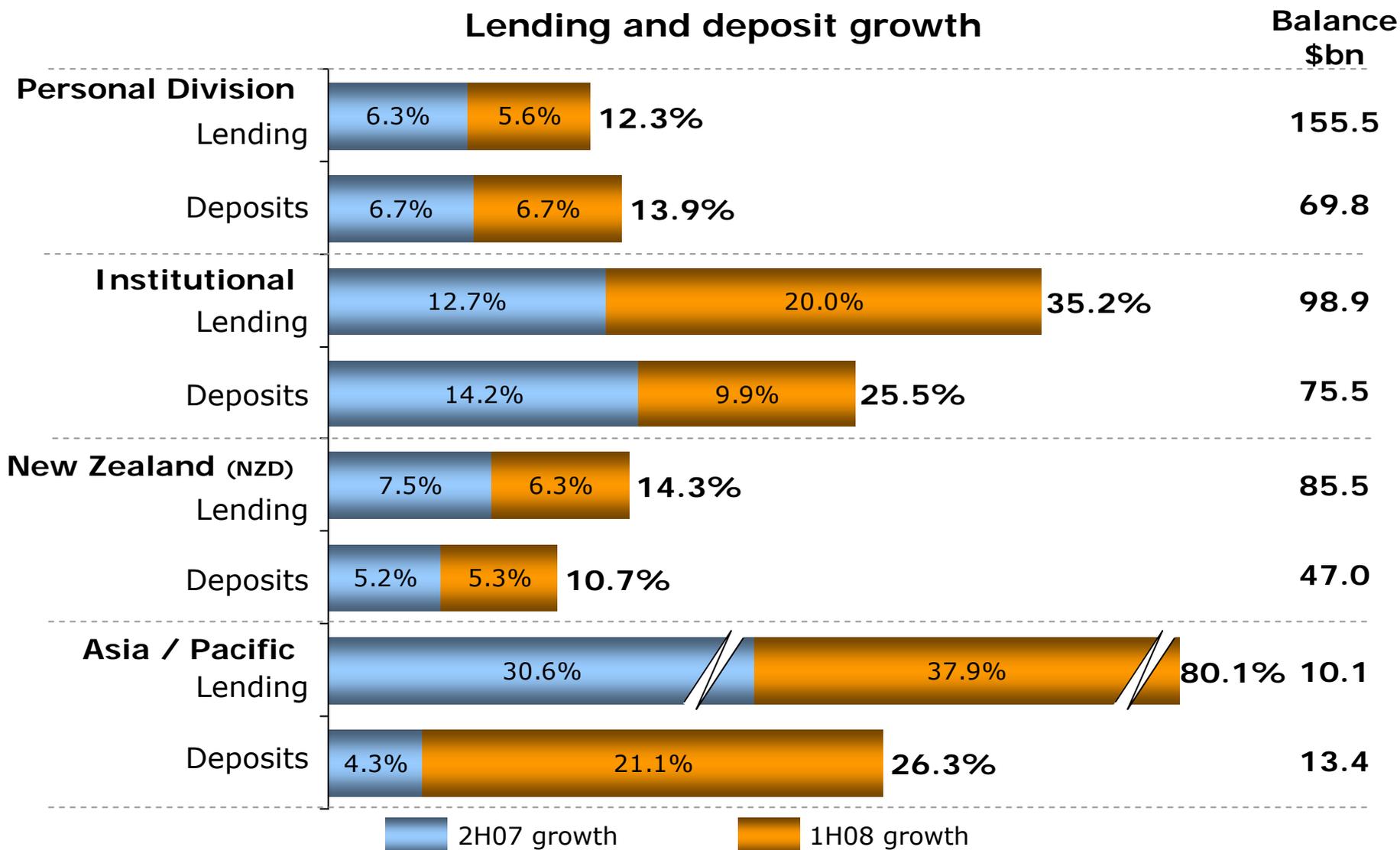
Strong revenue and PBP growth, offset by significant increase in credit charges



Scorecard	1H08
Volume Growth	
- Lending	✓ ✓
- Deposits	✓ ✓
Interest Margin	X
Non Int. Income	✓ ✓
Expenses	X
Provisions	XXX
Cash EPS	XX

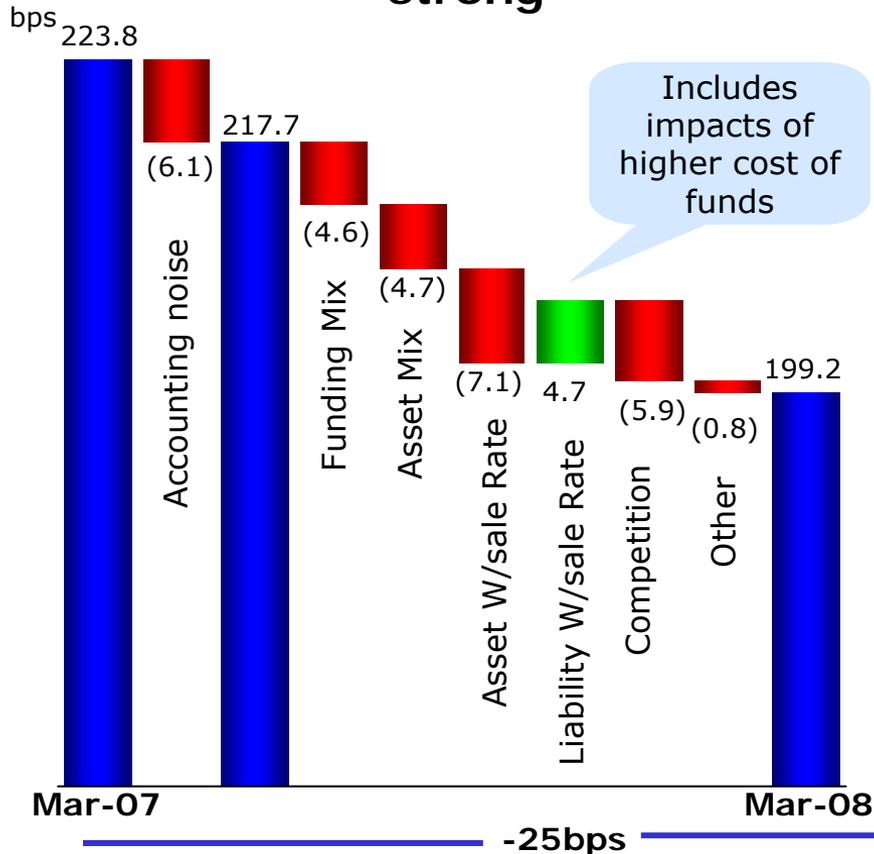
- ✓ ✓ Favourable to expectations
- ✓ In line with expectations
- X Unfavourable to expectations

Very good volume growth on both sides of balance sheet

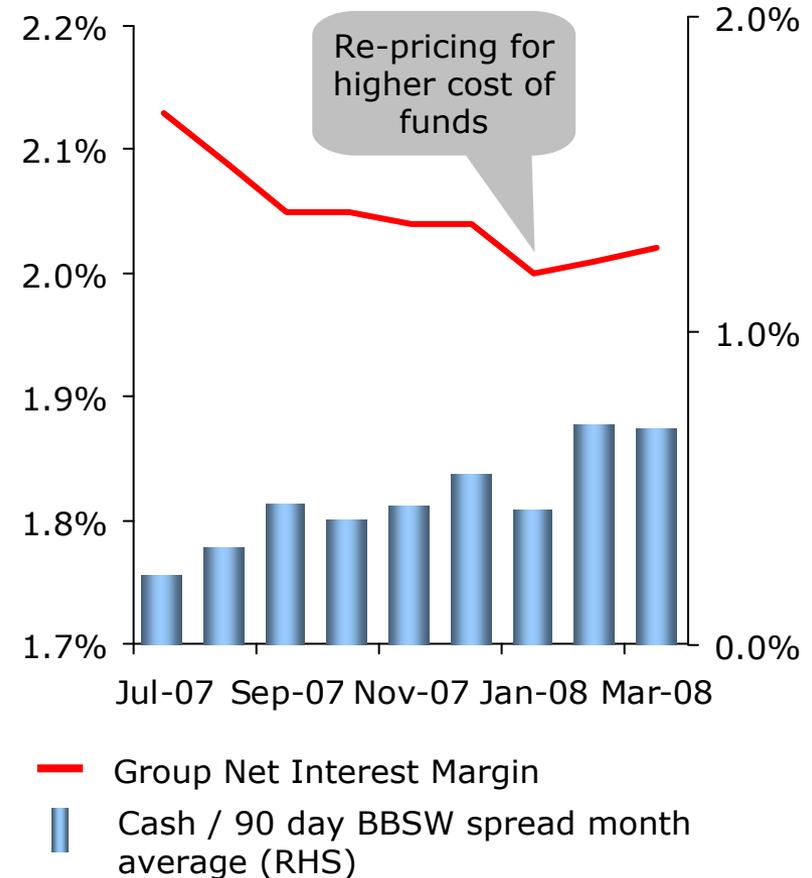


Margins – more than meets the eye

“Mix” key driver of margin decline, which is why revenue growth remained strong



Higher funding costs impacted margins, but stabilising



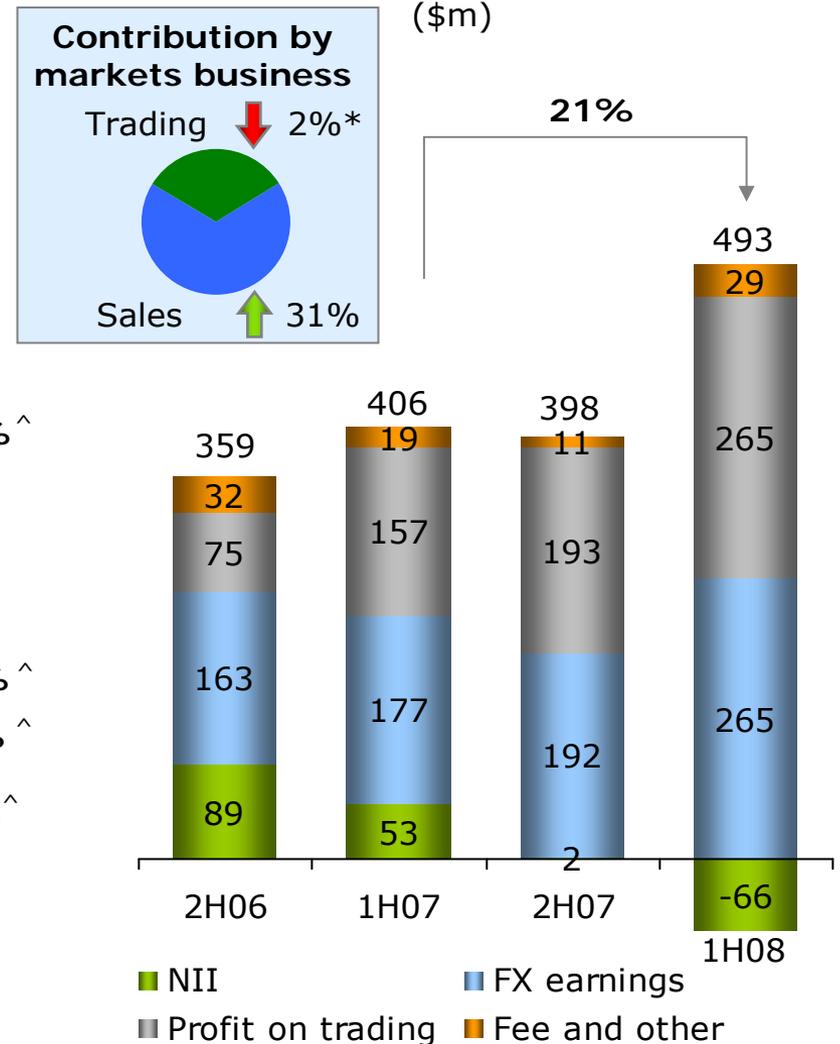
Half on Half ↓ 15.4 bps[^]

Very strong growth in 'Other Operating Income'

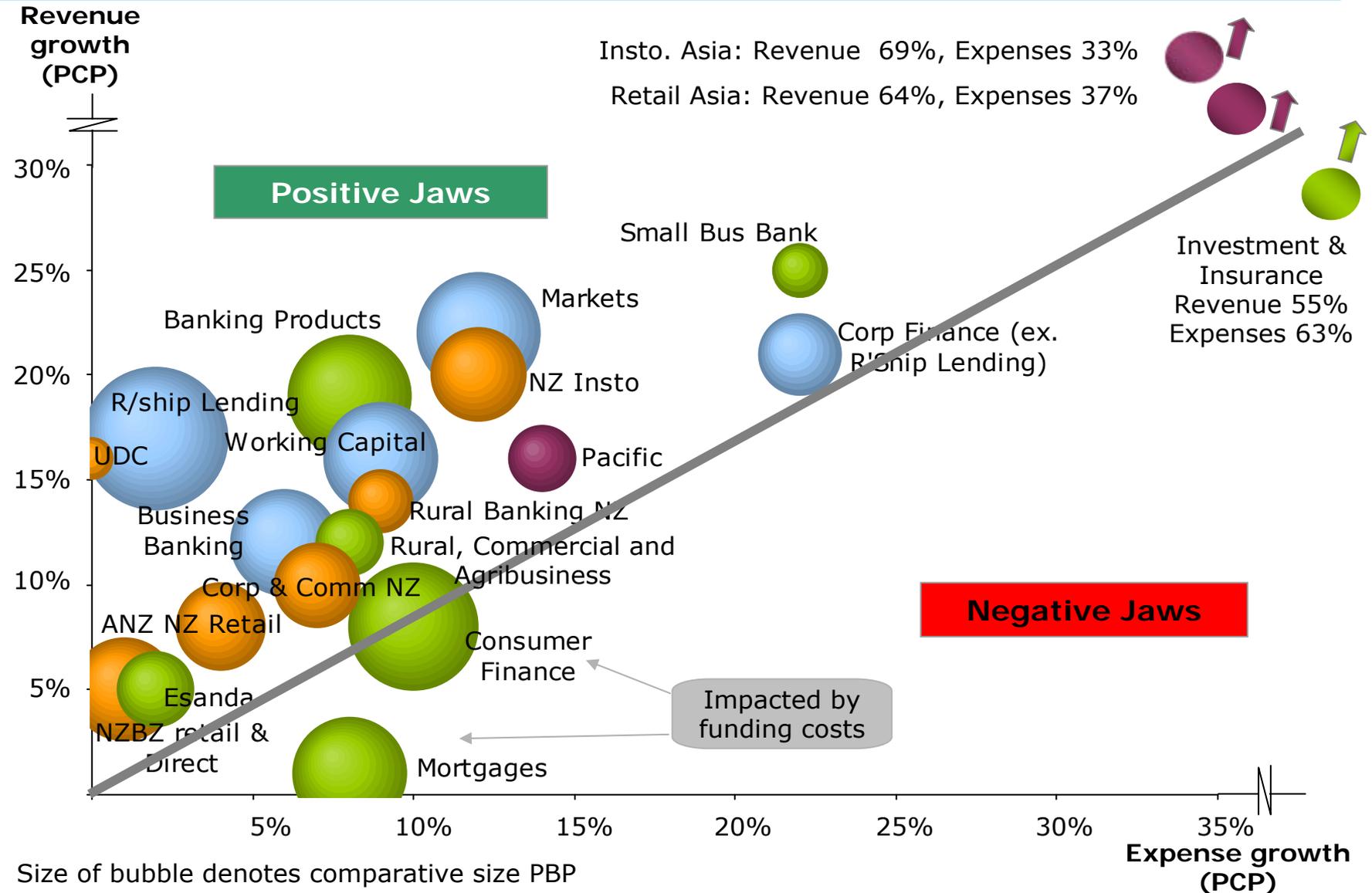
Good contribution across all categories (\$m)



Markets delivered strong results (\$m)

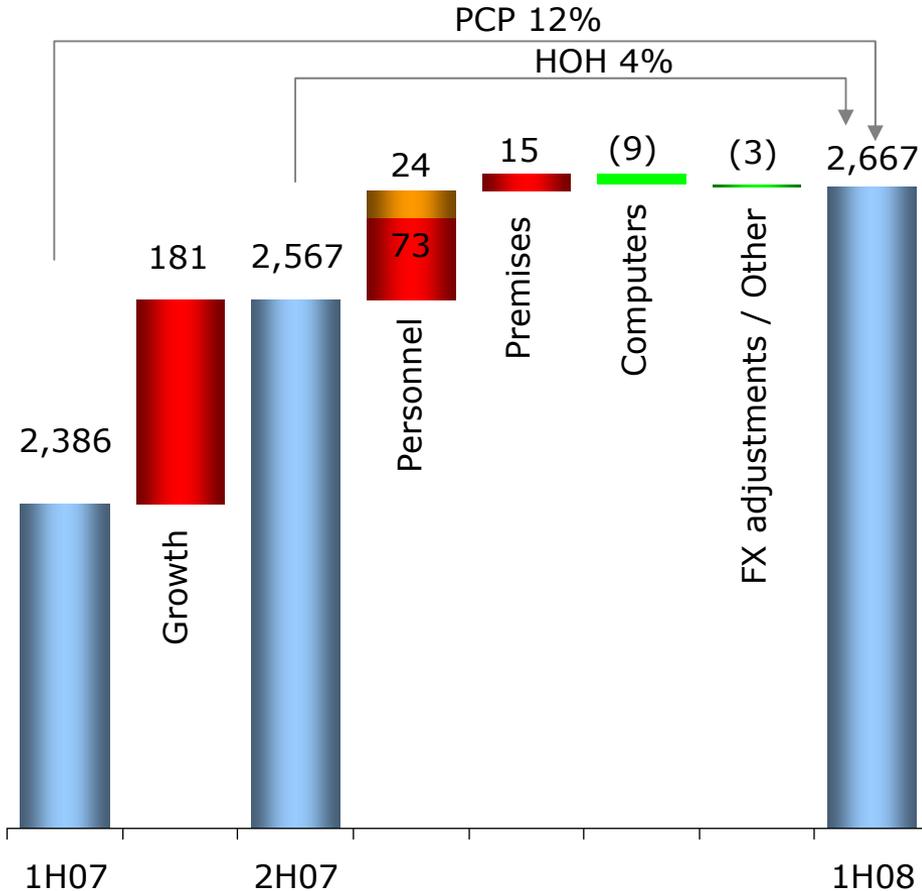


Most businesses delivering positive jaws and double digit revenue growth

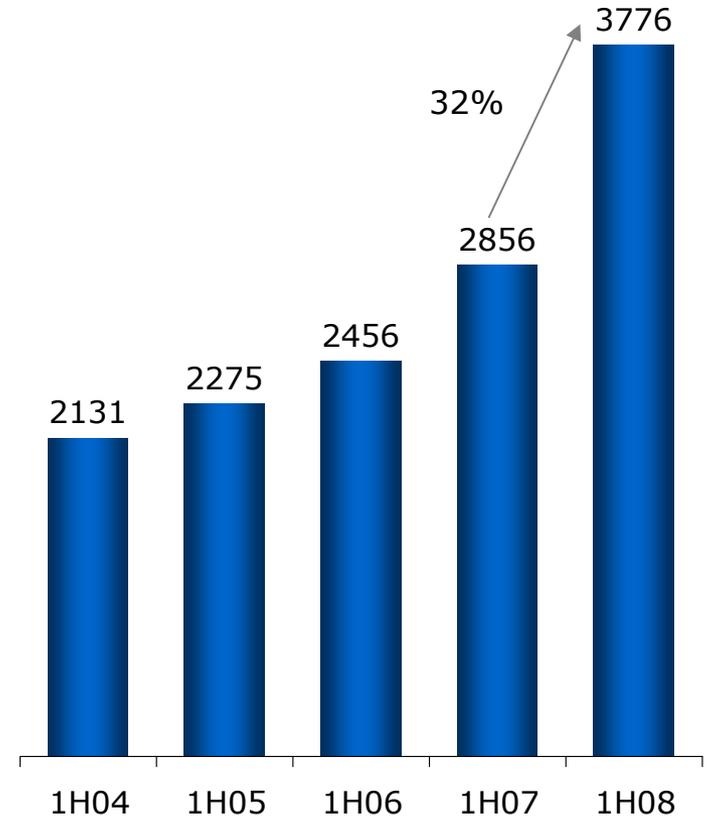


Expense growth reflects significant investment in 2H07

Expense increases primarily from increase in personnel costs



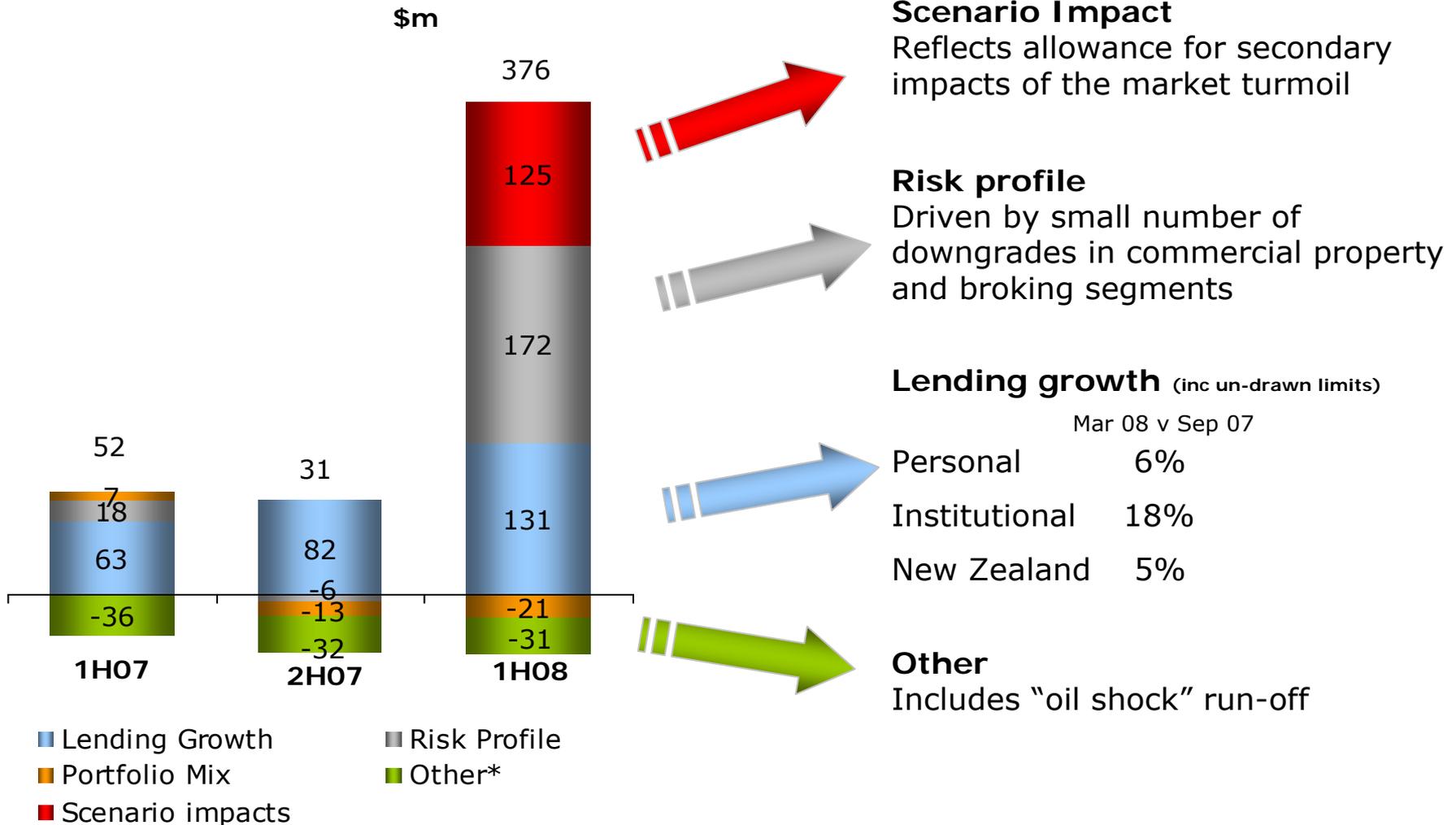
Asia Pacific FTE growth reflects strategic focus



- Cost related to new FTEs in 1H08
- Personnel cost: due to step-up in 2H07 FTEs and wage increases

We have further strengthened our Collective Provision

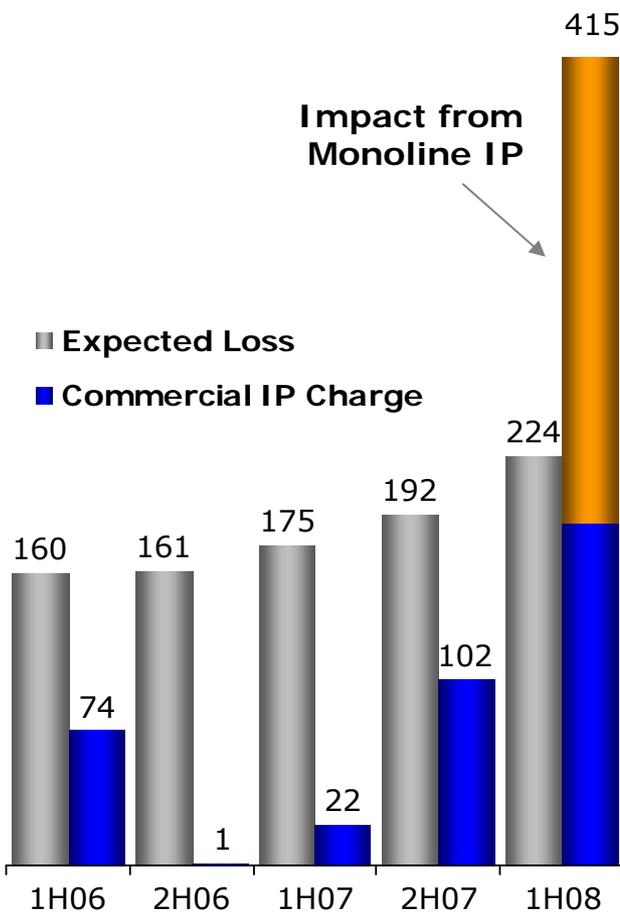
Collective Provision charge



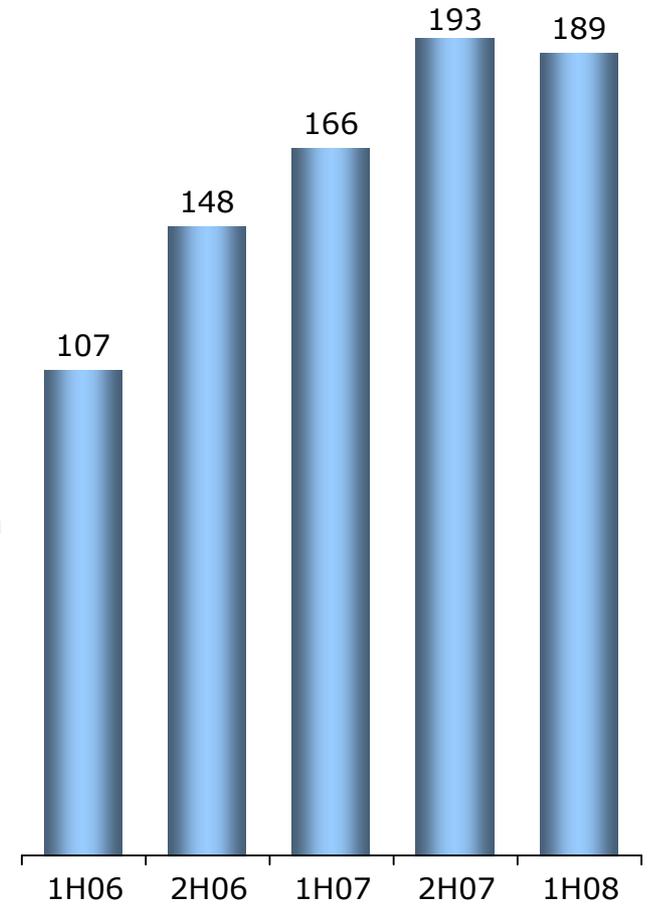
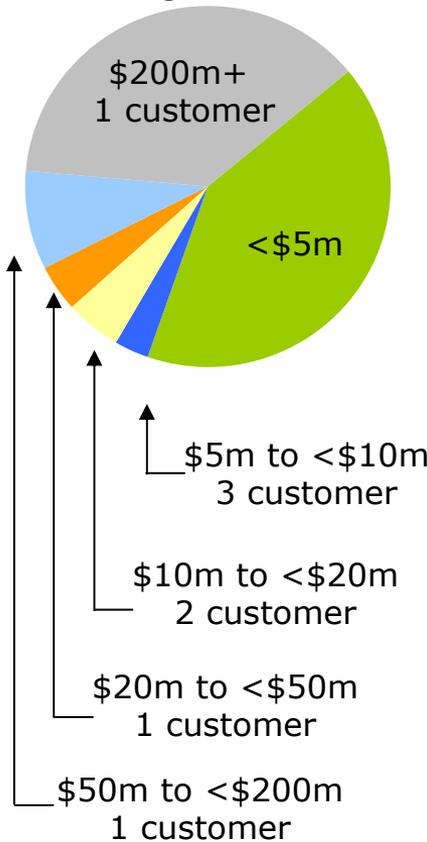
Overall portfolio in good shape, impacted by small number of problem accounts

Commercial IPs impacted by monoline exposure, but trending upwards

Lower Consumer IPs reflect quality of consumer portfolio (\$m)



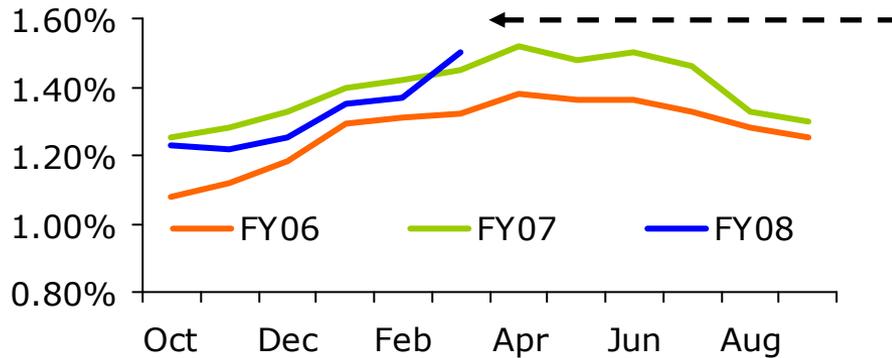
Individual Provision Charge By Size



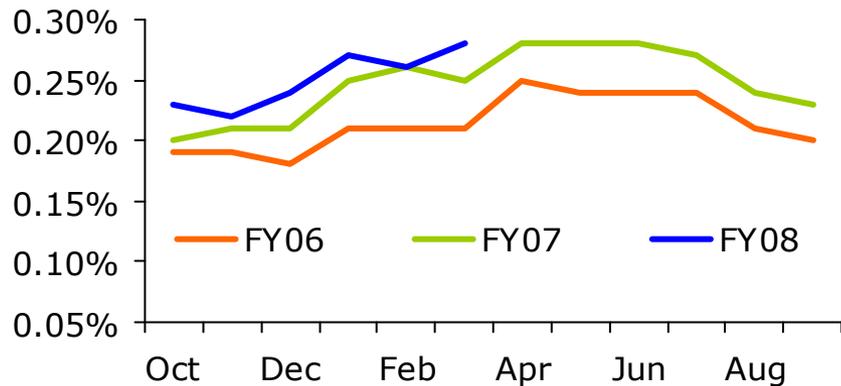
Consumer credit quality still strong, but we remain alert

Cards portfolio mostly trending in line with prior years

Credit Cards >60 Days Arrears

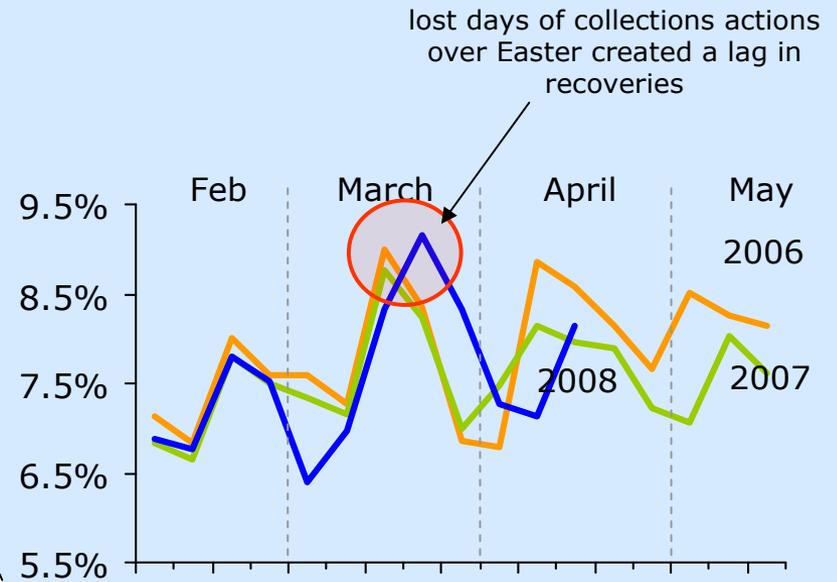


Mortgages Retail >60 Days Arrears

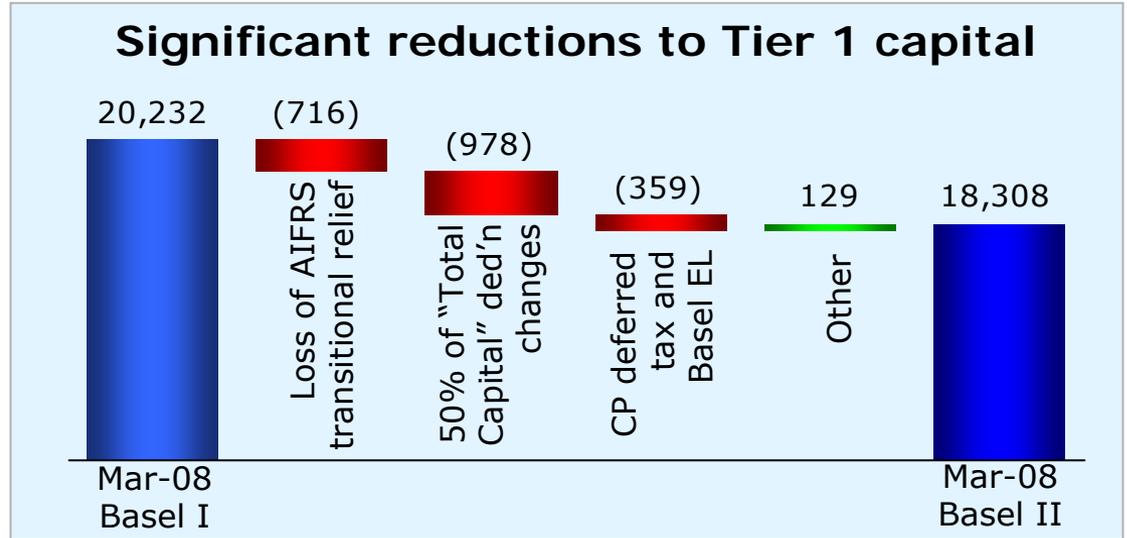
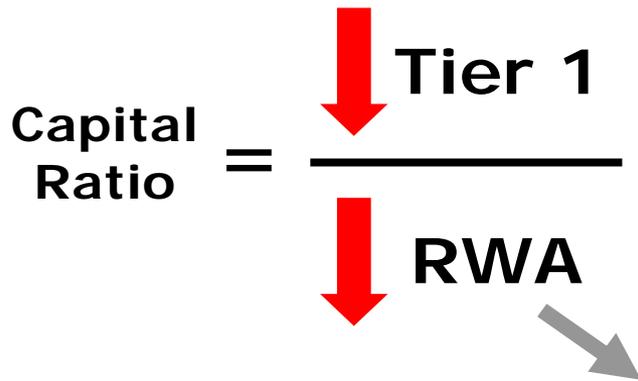


March increase exacerbated by timing of Easter

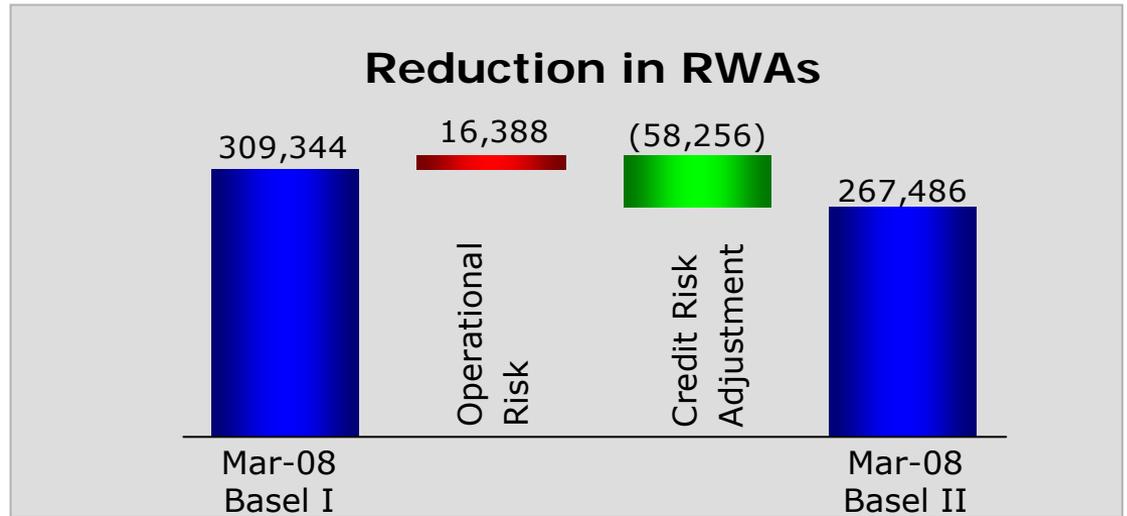
Total Intra-month Delinquency (as a percentage of outstandings)



Basel II impacts – significant reduction in RWA offset by APRA changes to Tier 1 capital



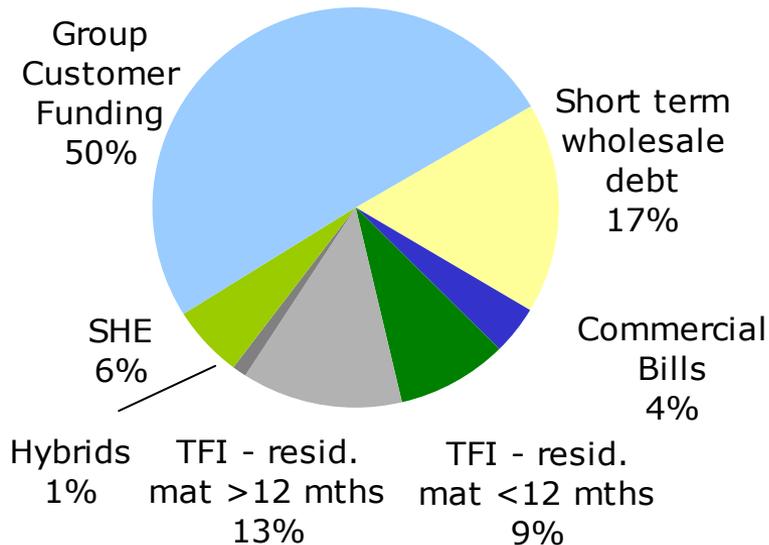
Basel I Ratio: 6.5% → Basel II Ratio: 6.9%



Strong liquidity and funding position maintained during more difficult conditions

Continuing to maintain a stable and diversified funding base

Group Funding profile – March 2008



Term Funding for 2008

- Total term funding target - \$25b*
- Issuance to date - \$16.7b (~\$22bn with 1 Yr)
- Additional \$5.3b 1-year funding executed
- Increased cost of term funding 1H08 \$15m; 2H08 ~\$70m

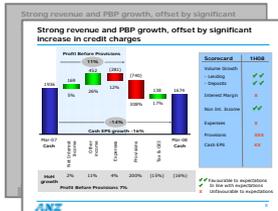
Outlook for 2009

- Total Term Debt requirements for 2009 will depend on customer volumes

Impact of growth rates on term funding requirements		Customer funding growth		
		8%	10%	12%
Asset Growth	12%	\$40b	\$37b	\$33b
	10%	\$35b	\$31b	\$27b
	8%	\$29b	\$25b	\$22b

Expected additional cost ~\$200m offset by benefits of repricing

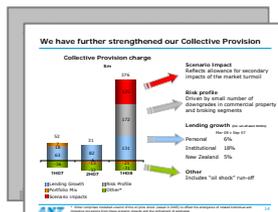
Key Takeaways



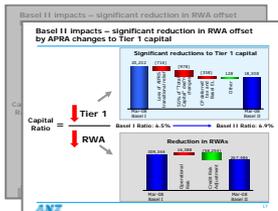
- Record revenue growth, very good underlying performance
- NPAT impacted by significant increase in provisions



- Most businesses delivering positive jaws
- Continuing to invest in the businesses



- Individual Provisions impacted by monoline insurer, but trending upwards
- Collective Provision balance increased significantly



- Basel II providing some benefit, offset by Tier 1 changes
- Committed to maintaining strong funding and liquidity position



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Additional Information



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ANZ League tables

Good PBP growth across businesses (1H08 PCP growth)

1H08 rank	Sept-07 rank	Business	Revenue Growth	Expense Growth	PBP Growth	% of group PBP
1	-	Institutional Asia	70%	33%	102%	2.6%
2	-	Retail Asia	64%	37%	85%	2.8%
3	7	UDC (NZD)	17%	-25%	50%	0.8%
4	2	Investment and Insurance	55%	63%	37%	1.2%
5	4	Banking Products	18%	8%	31%	8.9%
6	6	Small Business Banking	26%	24%	28%	1.8%
7	9	Total Markets	21%	12%	28%	8.8%
8	12	Corporate Finance	22%	20%	22%	4.0%
9	-	Working Capital	16%	8%	21%	7.4%
10	8	Pacific	16%	12%	18%	2.8%
11	21	Relationship Lending	17%	5%	18%	12.1%
12	13	Regional and Rural Banking	13%	7%	17%	2.7%
13	14	Rural Banking (NZD)	13%	8%	16%	2.4%
14	18	Business Banking	12%	6%	15%	6.8%
15	15	ANZ Retail Banking (NZD)	8%	3%	14%	4.6%
16	10	Corporate and Commercial (NZD)	10%	8%	11%	4.2%
17	11	National Bank NZ Retail (NZD)	5%	0%	9%	6.3%
18	17	Esanda Group	5%	1%	7%	3.5%
19	5	Consumer Finance	8%	10%	6%	9.5%
20	19	Mortgages	1%	7%	-5%	7.5%

Impact of provisions

NPAT ranking	NPAT growth
2	45%
1	148%
4	31%
5	26%
3	32%
6	23%
20	-104%
19	-26%
18	-11%
11	12%
17	-47%
10	13%
7	17%
9	14%
12	12%
13	7%
15	-2%
14	7%
8	16%
16	-3%

} includes E*Trade acquisition

} Impacted by basis risk - now re-pricing

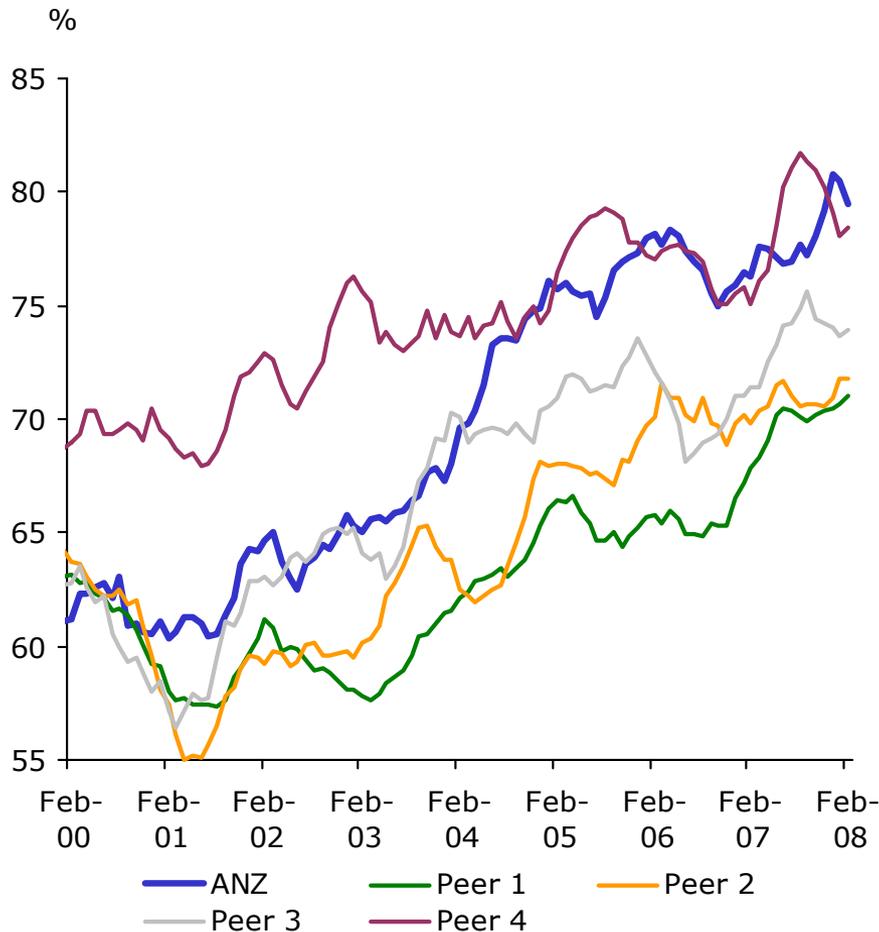
Asia Pacific
 Personal
 New Zealand
 Institutional

Size of row denotes approximate % of group PBP

Personal: a very strong franchise

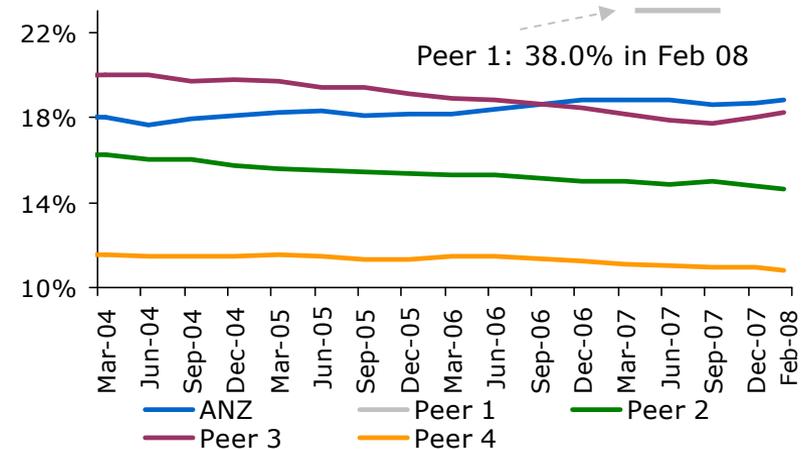
A leader in customer satisfaction

(Main Financial Institution: 6 months rolling*)



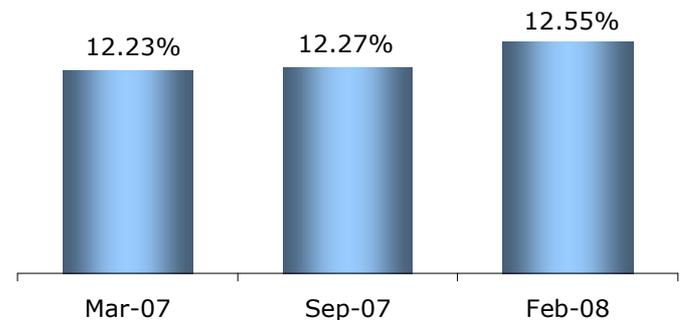
Number 2 in customer numbers

(Traditional Banking customer share**)



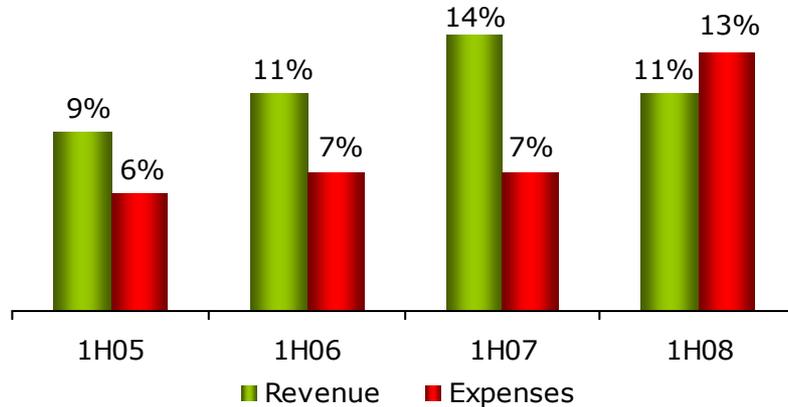
Continuing to grow main bank relationship share

(Share of Main Bank All Financial Services share of main financial institution***)



Personal: Double digit revenue growth despite tougher environment

Continued strong revenue growth, higher cost run rate from 2007 investments



1H08 Profit and Loss adjusted for

PCP	Headline growth	Excluding M*Card IPO and E*Trade	Adjusted for basis risk
Revenue	11%	10%	11%
Expense	13%	11%	10%
PBP	9%	10%	12%
NPAT	11%	12%	15%

Strong income and PBP growth

- Third year in a row with double digit revenue growth in the first half
- Benefiting from high investment in distribution and staff
- JAWS flat to positive adjusting for impacts of E*Trade, Mastercard IPO and basis risk

Continued investment

- Full half of E*Trade. Full half of Branch Investment Program and ATMs (30 branches and 252 ATMs added in 2H07)
- 4 additional branches, 60 new ATMs this half
- Investment in deposit initiatives, marketing, and front line staff maintain strong underlying drivers and increased customer satisfaction

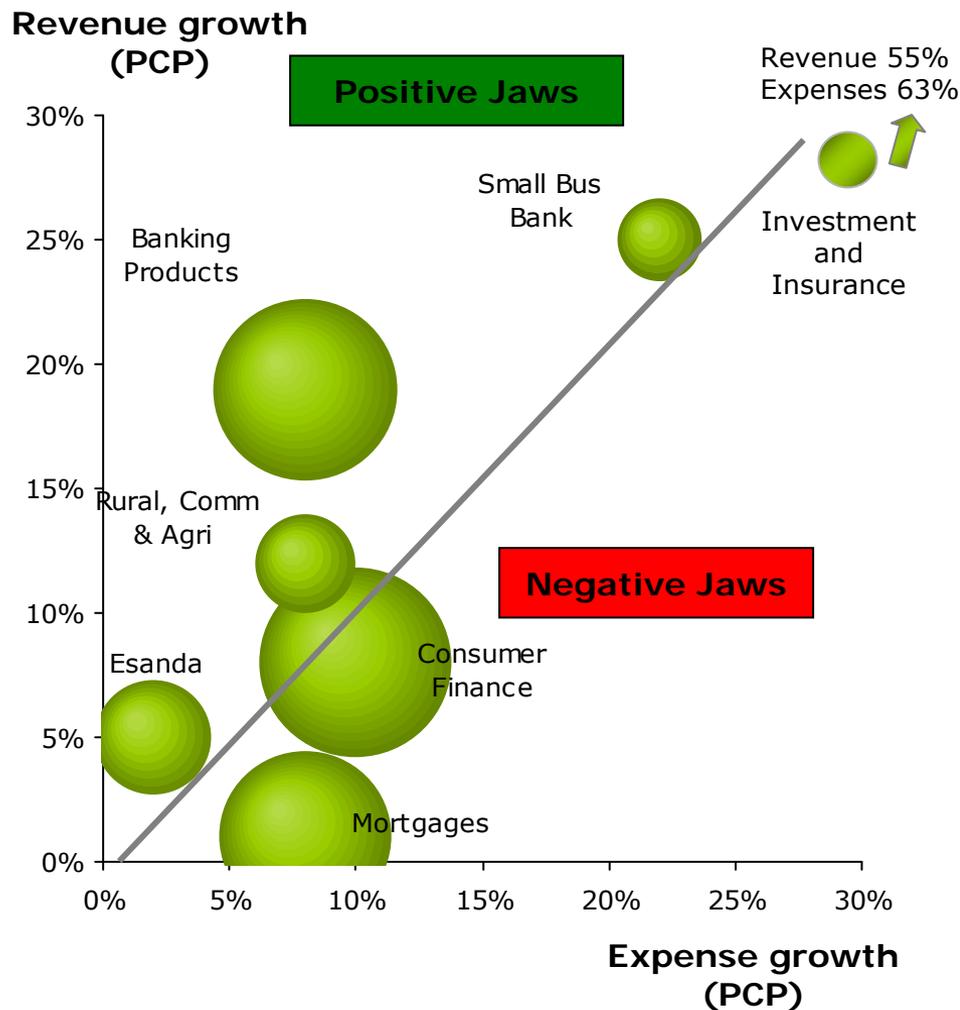
Volumes

- Lending +12% pcp
- Customer deposits growth +14% pcp
- Above system FUM growth for all businesses

Credit quality

- Provisions well contained, down 2% pcp and 4% HoH
- Consumer arrears trending in line with prior year seasonality

Personal: good performance metrics across businesses



Size of bubble denotes comparative size PBP

Small Business Banking (NPAT +23%)

- Lending up 58%, deposits up 13%
- Market share gain 2.3%

Banking Products (NPAT +32%)

- Strong deposit growth, growing 1.3x system
- Customer accounts up 11%,
- Margin benefits from basis risk

Investment and Insurance (NPAT +26%)

- First full half of E*Trade
- Investment flow decline, offset by margin lending and passing on funding pressures

Rural, Commercial and Agriculture Products (NPAT +13%)

- FUM up 13%
- Customer accounts up 5%

Consumer Finance (NPAT +16%)

- FUM growth of 10%, growing 1.4x system
- Loss rate down 62bp

Esanda (NPAT 7%)

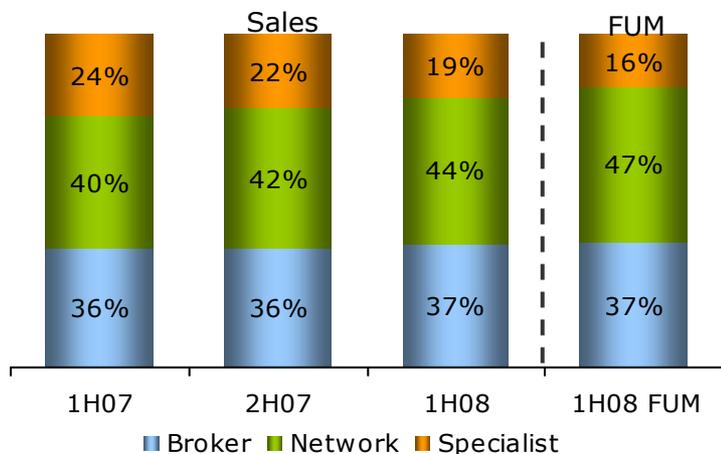
- Solid result in difficult circumstances for finance companies
- Costs well controlled and increasing ROE

Mortgages (NPAT -3%)

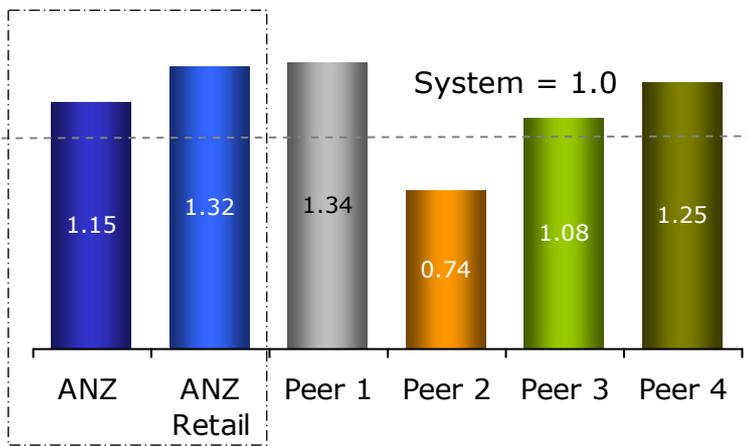
- FUM up 13%, growing 1.3x system
- Impacted by higher funding costs

Mortgages: FUM growth above system

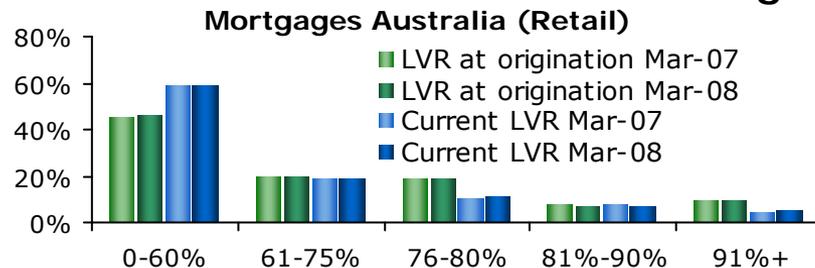
Consistent channel mix (% flows by distribution channel)



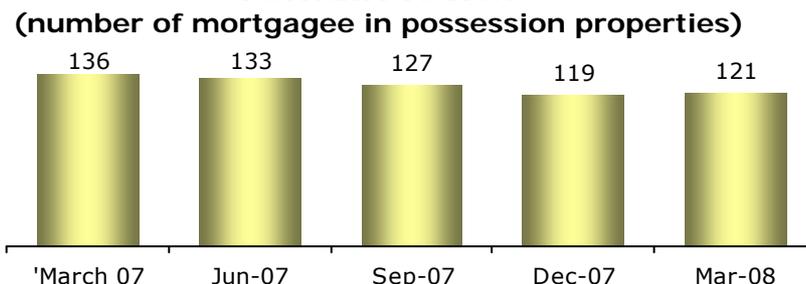
FUM growing at 1.3 times system



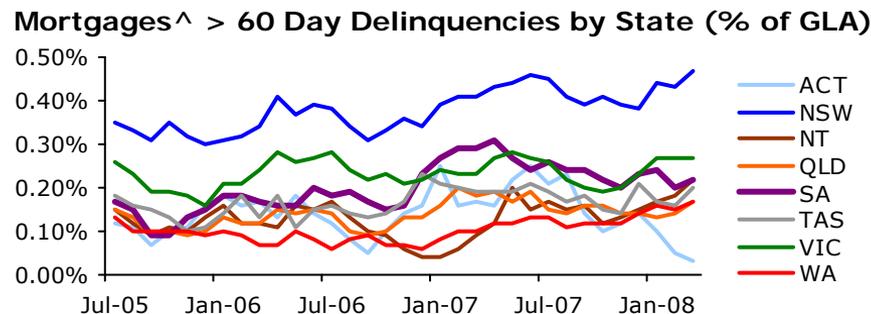
Loan to value ratios remain strong



Mortgagee in possession volumes remain low...

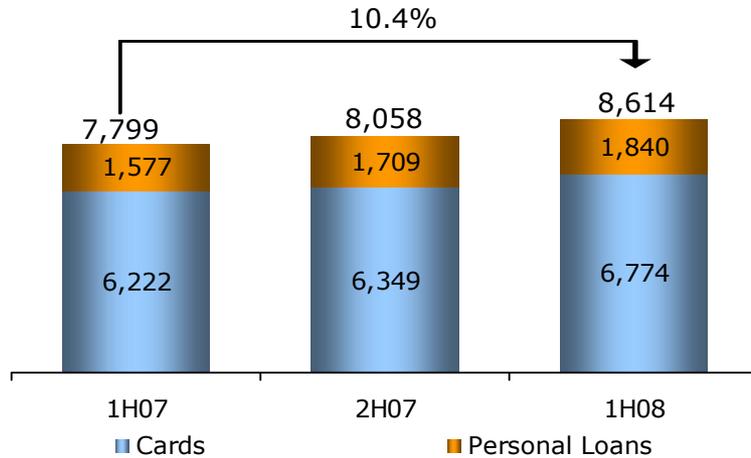


...although NSW arrears continue to track above other states



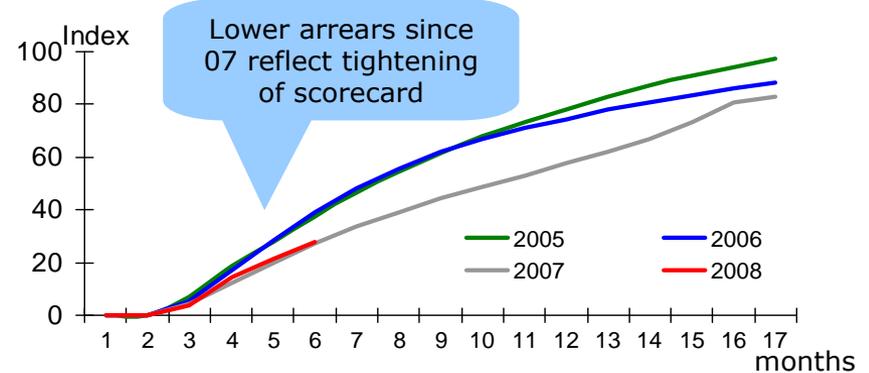
Consumer Finance: Solid FUM & acquisition growth, sound credit quality

Solid FUM growth for cards and personal loans...

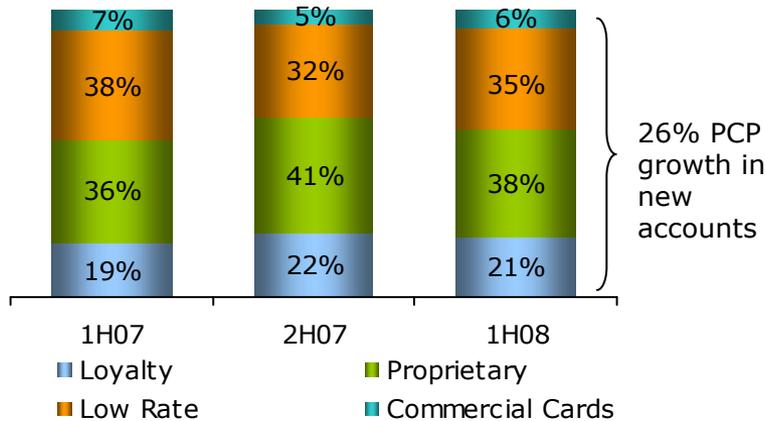


... despite tighter scorecards, which is also leading to lower arrears

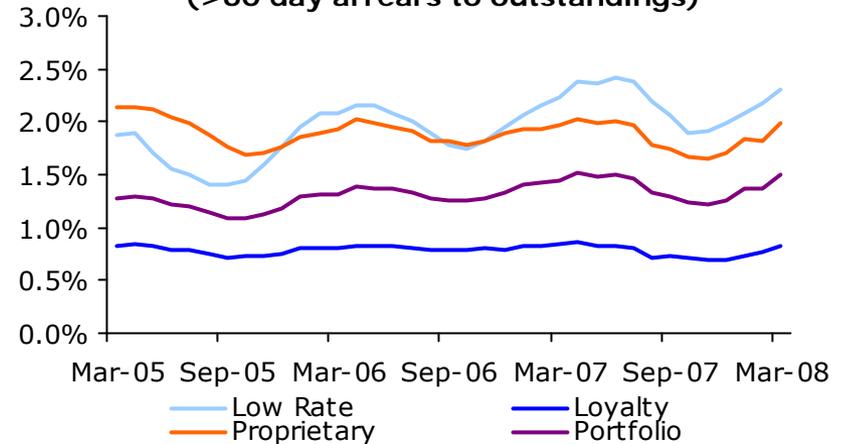
Consumer cards 30 day arrears: Index as of FY05



Consistent mix and strong growth in card acquisitions*

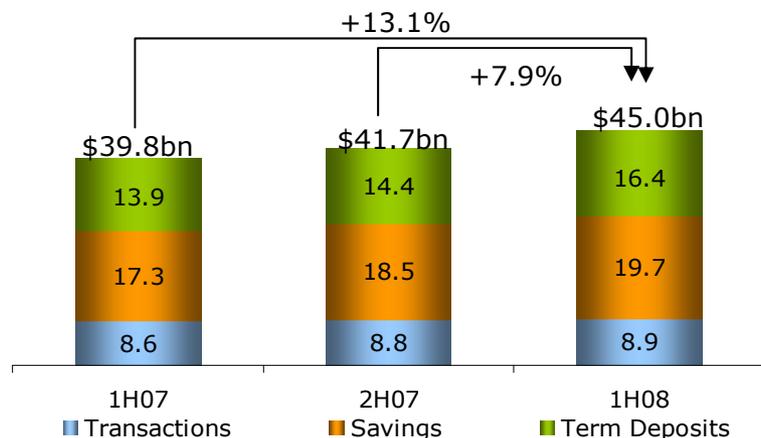


No material adverse trends in arrears rates by product (>60 day arrears to outstandings)

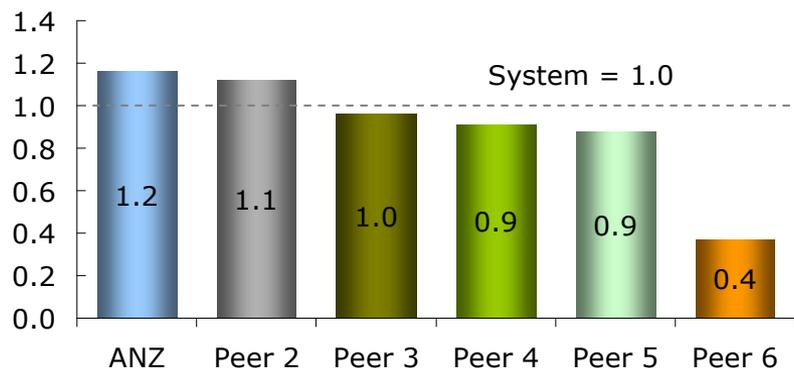


Current financial environment benefiting Banking Products, impacting Investments and Insurance Products

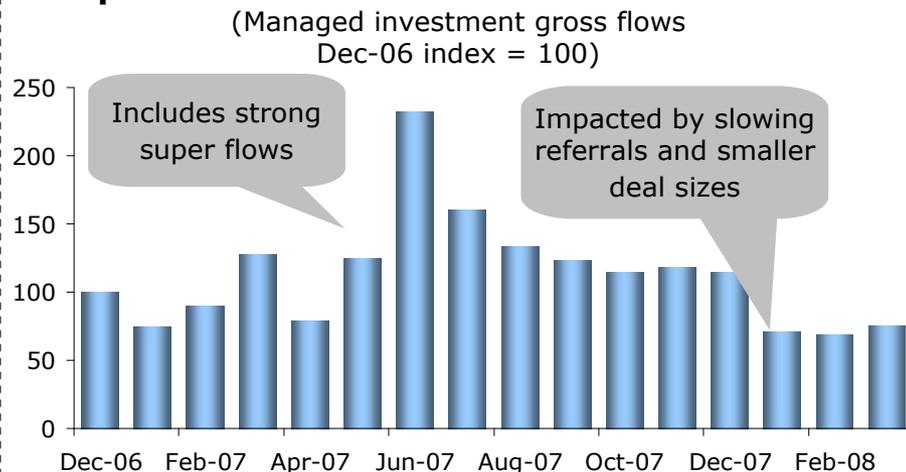
Banking Products growing FUM across all products...



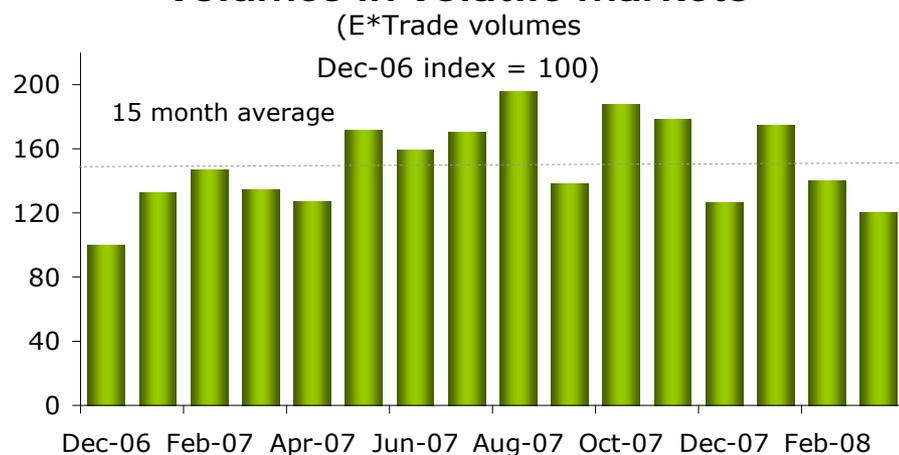
...with FUM growth above system[^] (Household Deposits including V2 Plus)



Markets turmoil impacted financial planner volumes in recent months

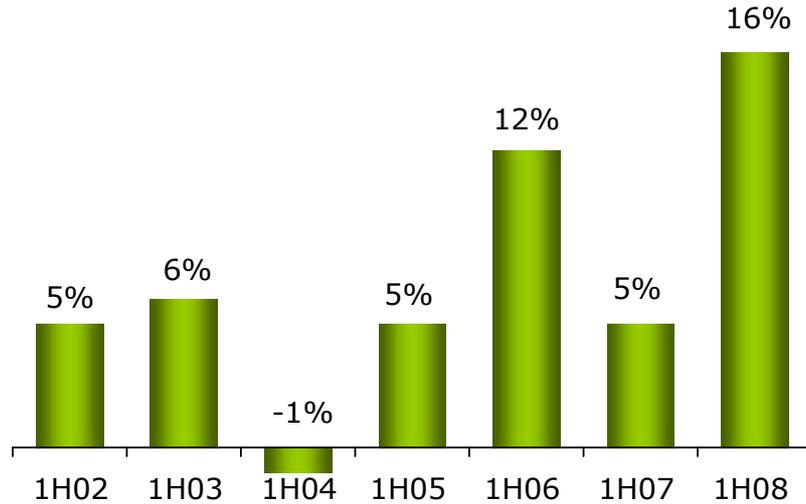


Although increased E*Trade volumes in volatile markets

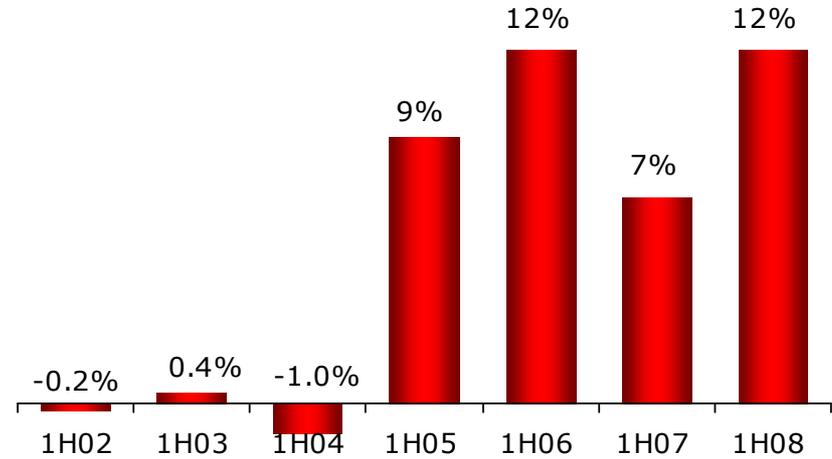


Institutional: Record revenue and PBP growth

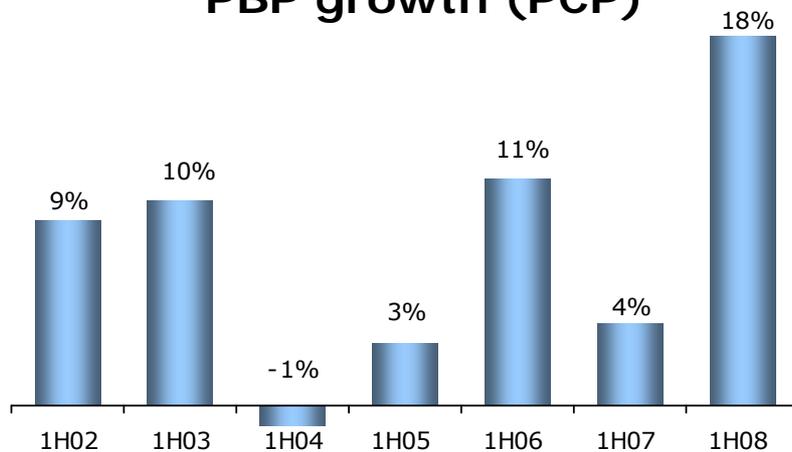
Revenue growth (PCP)



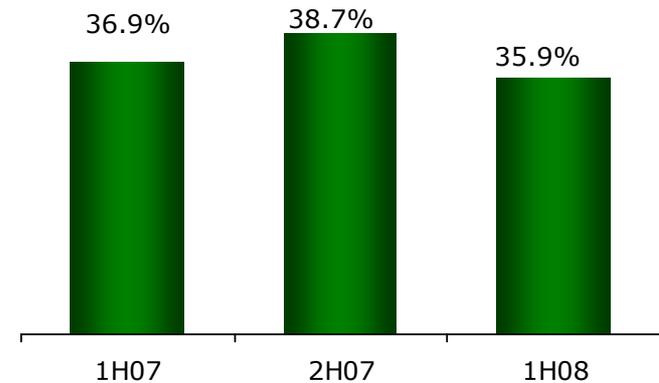
Expense growth (PCP)



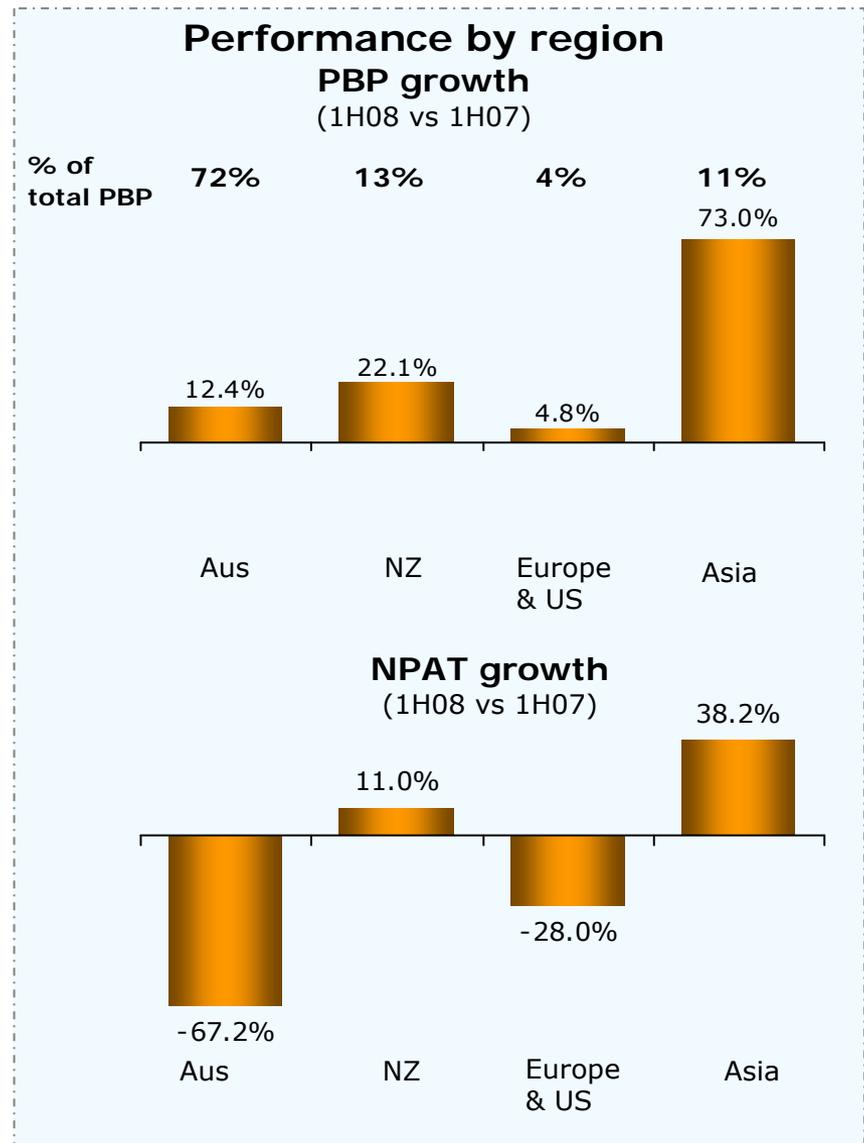
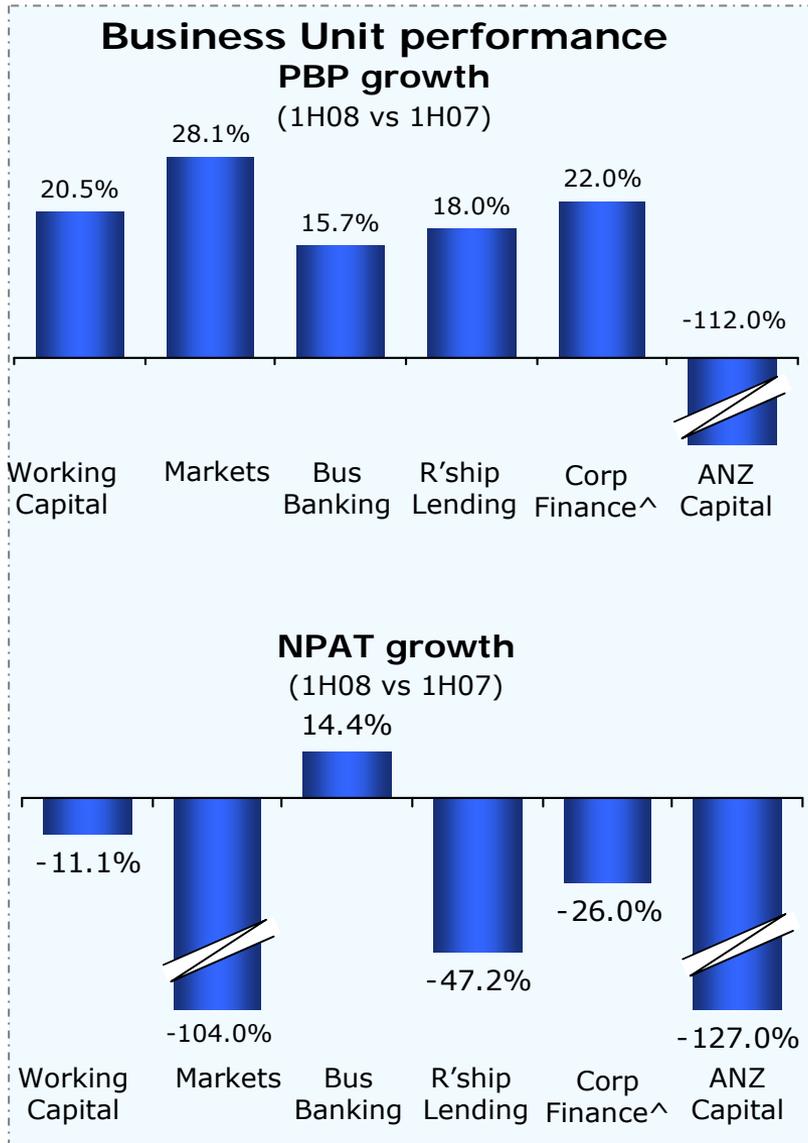
PBP growth (PCP)



Cost to Income

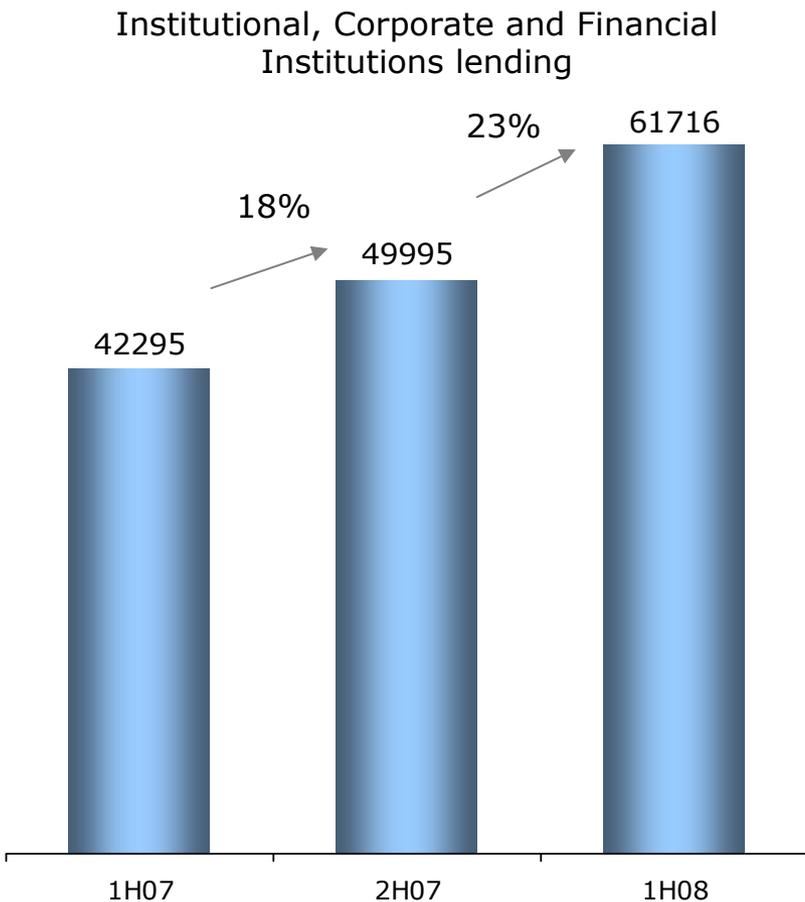


Institutional: Very good PBP momentum offset by significantly higher provisions

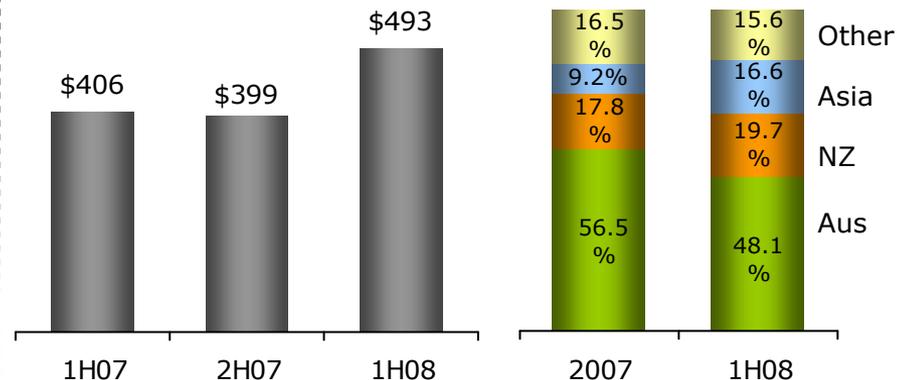


Institutional: Delivering strong lending growth and income from specialist businesses

Opportunities in current economic environment supporting solid lending growth

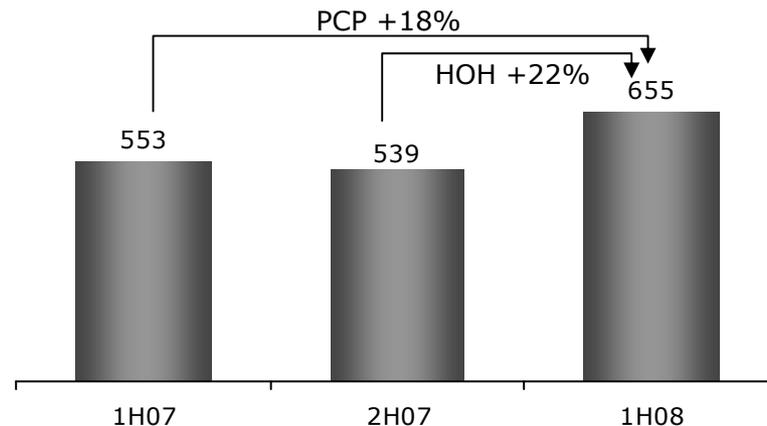


Markets strong revenue growth... (\$m)



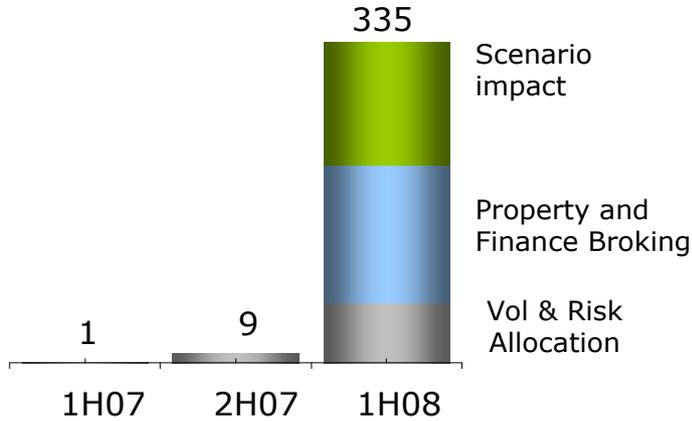
... with growing offshore contribution

Corporate Finance* strong revenue growth... (\$m)

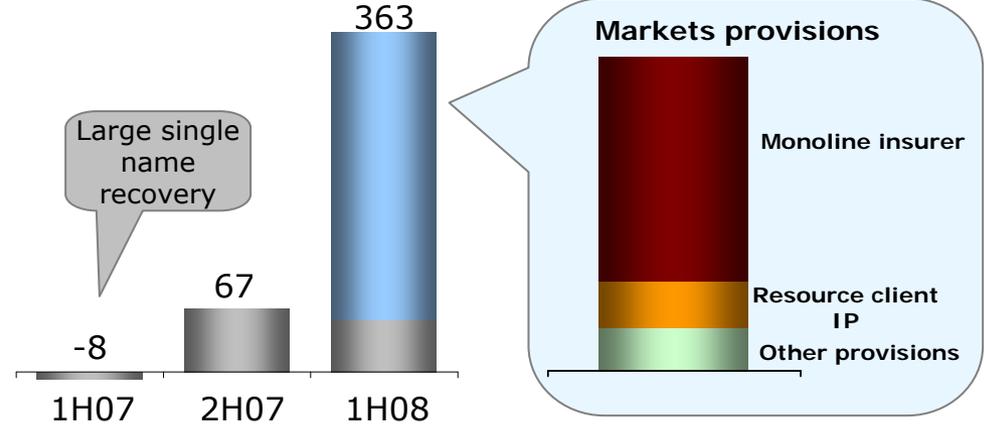


Institutional: Global downturn impacting provisions although overall portfolio quality still sound

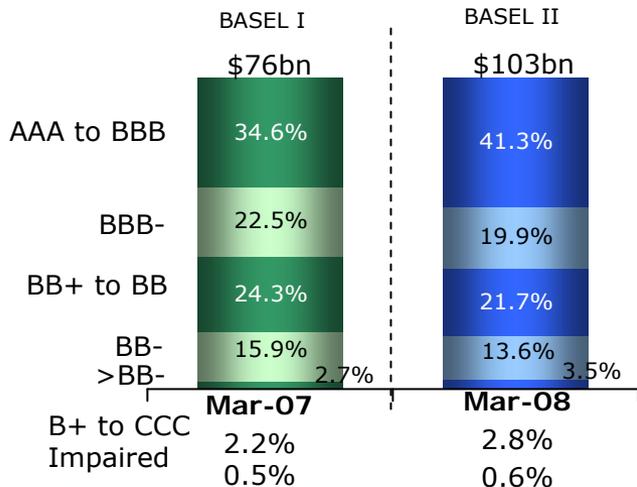
Significant increase in Collective Provisioning resulting from volume growth and global financial and markets downturn



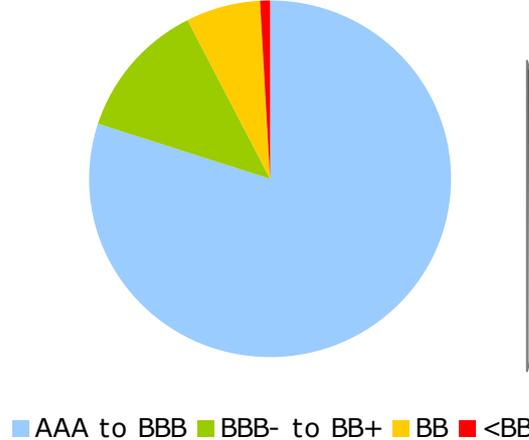
And significant increase in Individual Provisions primarily from 2 single name exposures in markets



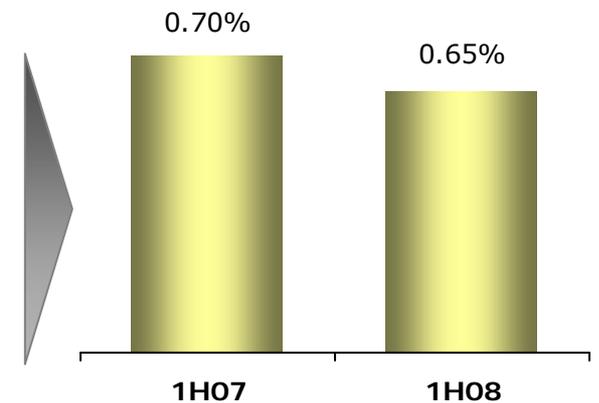
Institutional Risk Grade Profile still in good shape...



With high quality new lending in 1H08... (New lending >150m by rating)

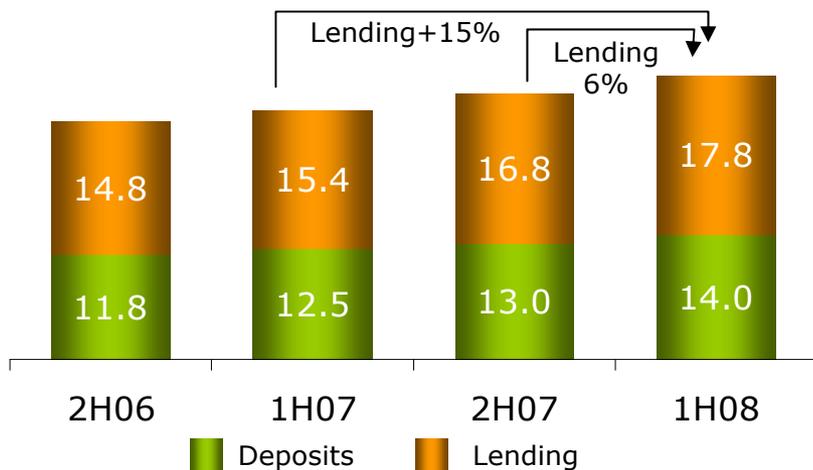


... leading to improvement in Relationship Lending Probability of Default (PD)

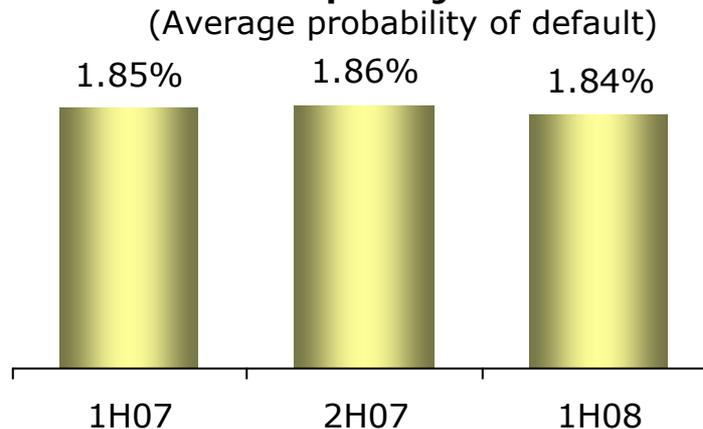


Business Banking: Good quality lending growth and well managed business expansion

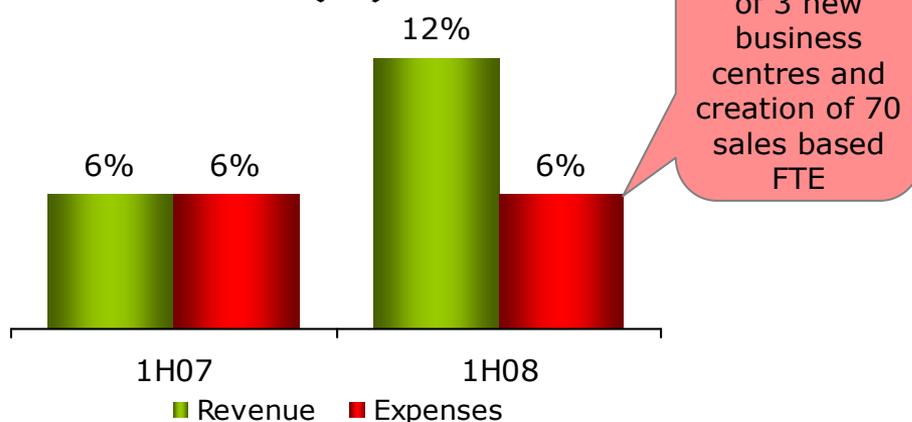
Good FUM growth on both sides of the balance sheet...



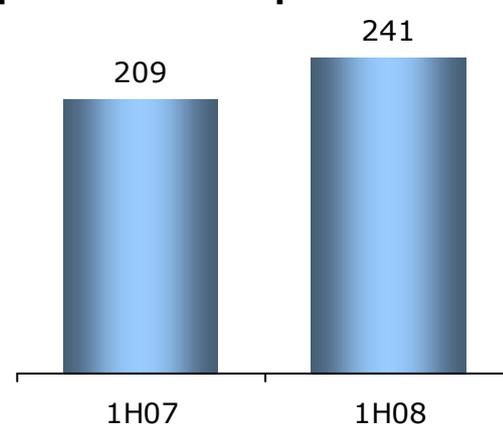
... with well managed credit quality...



... leading to good underlying performance... (%)



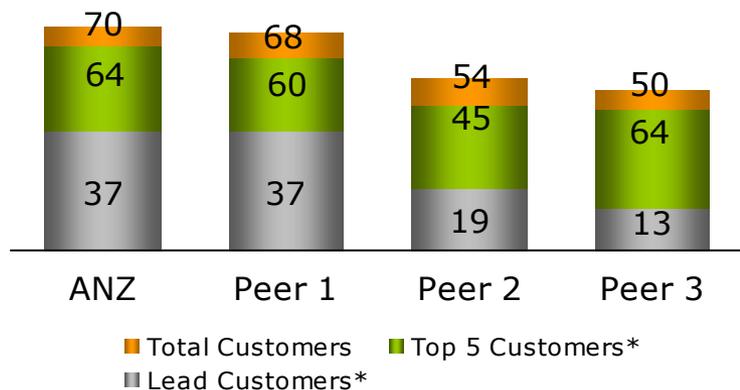
... and 15% growth in profit before provisions (PCP)



Institutional Relationship Businesses: Strong relationships driving revenue growth

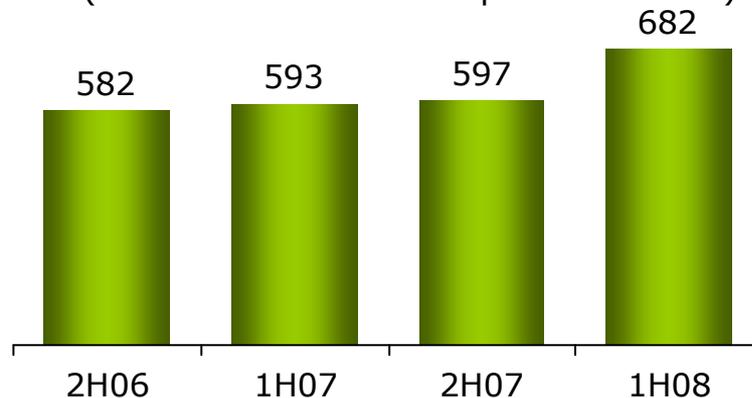
Leading customer relationships...

Institutional No. 1 Relationship bank¹

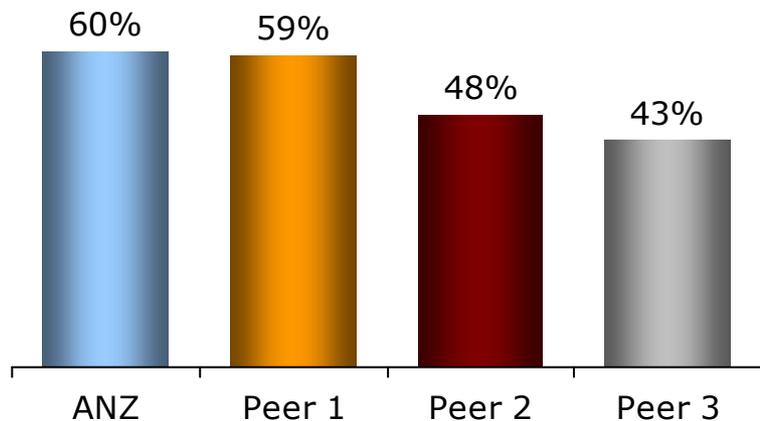


...commitment to growing customer relationships...

(Institutional Relationship Business FTE)

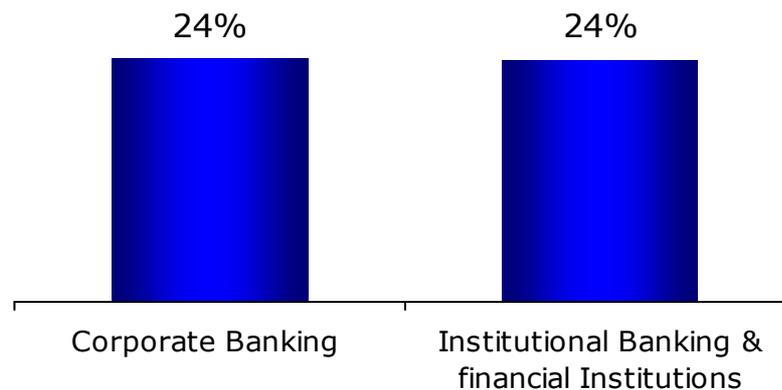


...and a market leader in cross sell effectiveness...²



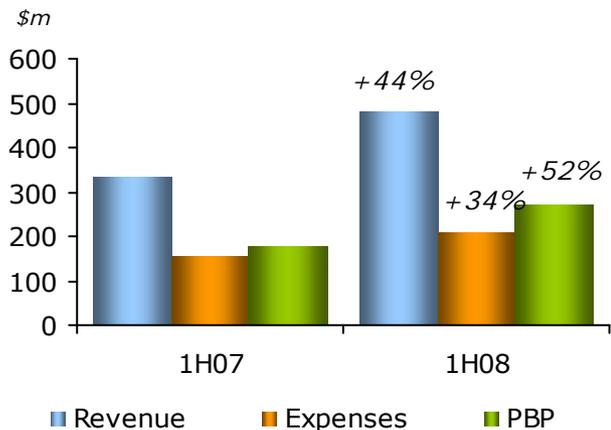
...resulting in strong growth in customer revenues

(1H08 revenue growth PCP)

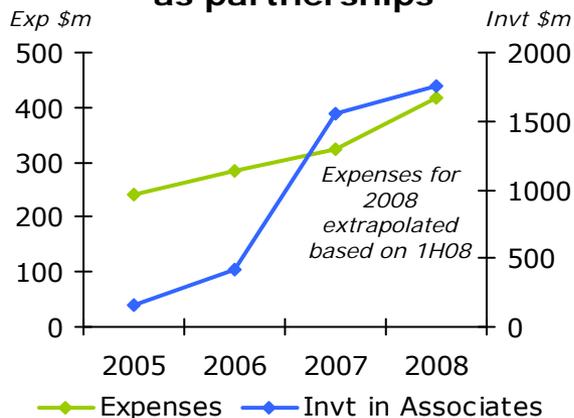


Asia Pacific – higher investment delivering returns

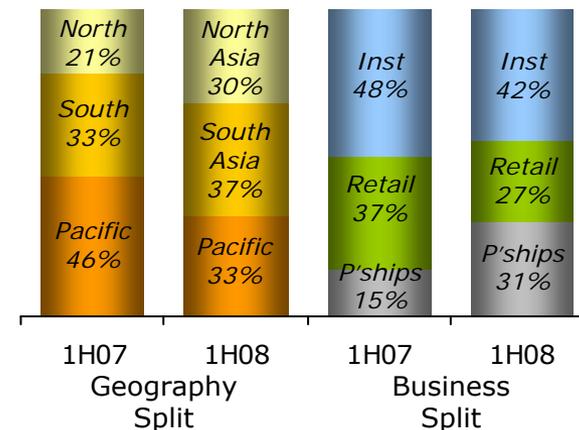
Investments driving strong revenue & PBP growth



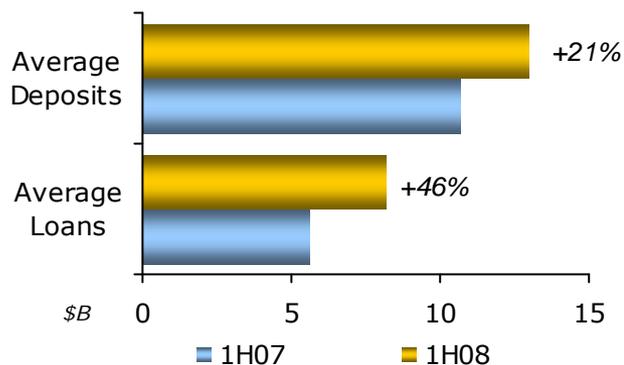
We have been investing in the organic business as well as partnerships



The business is becoming more balanced geographically



Despite strong loan growth, we have increased customer deposits and remain net funders to the Group

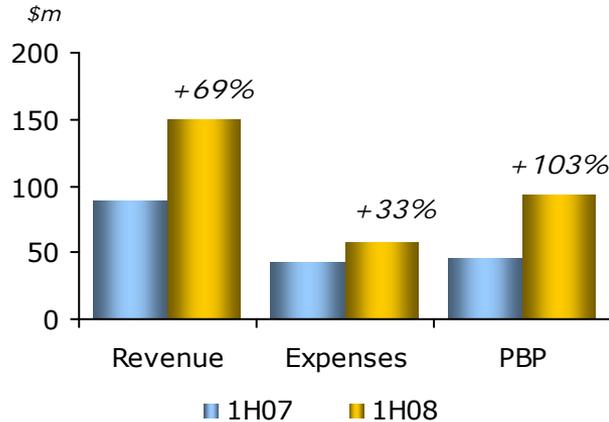


We have defined our strategic agenda in order to be able to contribute \$1.5 billion NPAT to the group's results by 2012

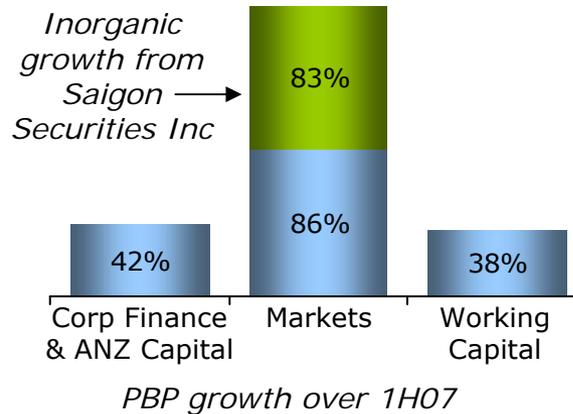
- 'Core bank positioning' in Asia to develop the Institutional & Retail segments into targeted customer businesses;
- Collaboration with our Partners & future acquisitions to develop from traditional local banks to more sophisticated Retail & targeted Institutional financial service providers;
- Building of product capability including wealth management, debt capital markets, cash management & structured investment products;
- Building of human resource capability consisting of market insiders & ANZ's top talent;
- Continue our traditional commercial banking operations in Pacific and capture new emerging opportunities where more sophistication is required.

Institutional Asia: recent investments have paid off in both organic & inorganic growth

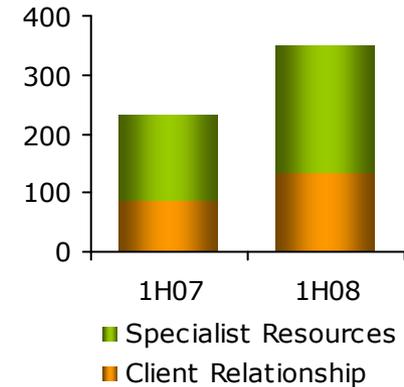
Revenue has increased, resulting in higher PBP...



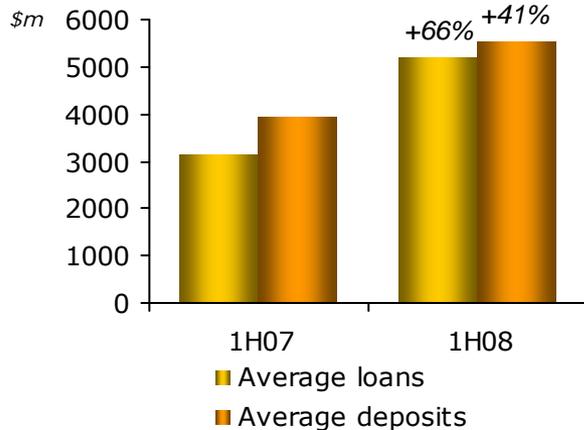
... with growth across all product lines...



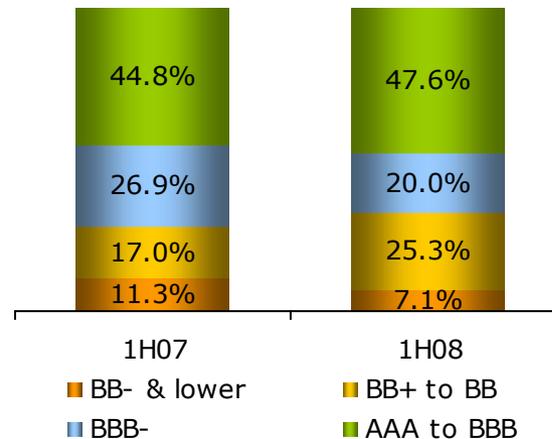
...achieved through investment in front office staff to boost product capability & sales strength



Notwithstanding strong loan growth, we remain self-funded as we leverage the client network



Loan growth has driven up provision costs while credit quality is maintained

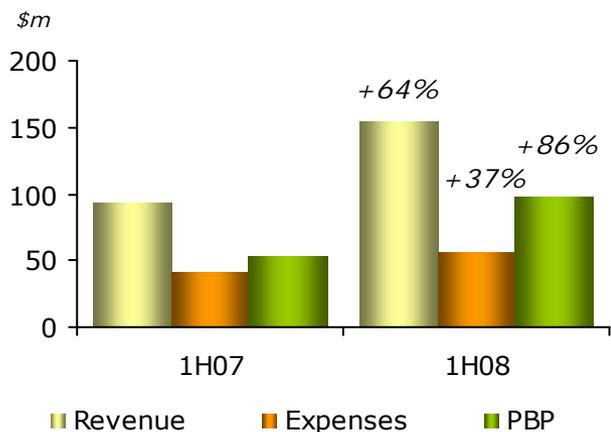


We are moving from a product focus to a targeted client segment business

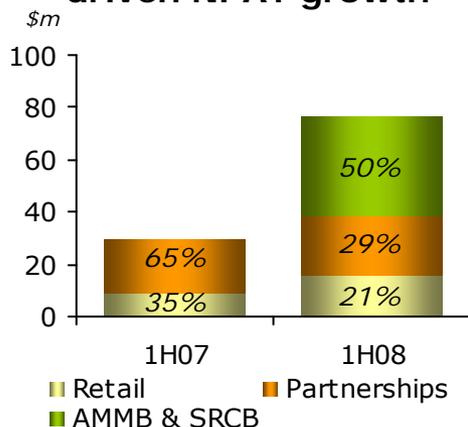
- Client coverage model to target key regional customers, building of specialist groups & increase cross-sell;
- Enhanced underwriting & funding capacity;
- International centralised operations to create scale;
- Leveraging Partners' network to increase scope of coverage.

Retail Asia: strong returns from investments in last half

Strong overall results with jaws of 27%



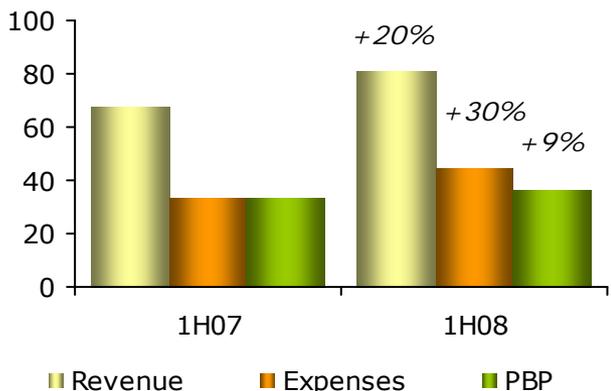
Full half contributions from AMMB & SRCB have driven NPAT growth



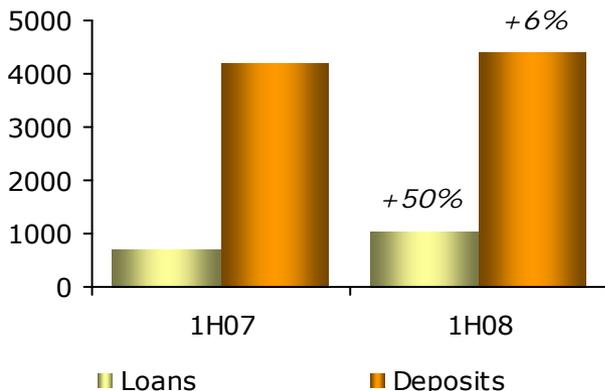
Moving towards a deeper customer targeted business

- We will focus on the target customer segments in Asia's major cities:
 - Affluent (via ANZ brand)
 - Mass affluent (via partners)
 - SMEs (ANZ and Partners)
- Sophisticated segmentation, cross-sell and leveraging our partnership client base
- Building of branch and ATM networks, multi currency and multi-lingual electronic, mobile and phone channels
- ANZ will continue to add value to the partnerships through risk management policies & tools, people & product development and technology
- We will continue to be disciplined with mergers and acquisitions and will undertake infill acquisitions in key geographies in line with our strategy.

We are investing in our ANZ retail franchise to underpin future revenues...

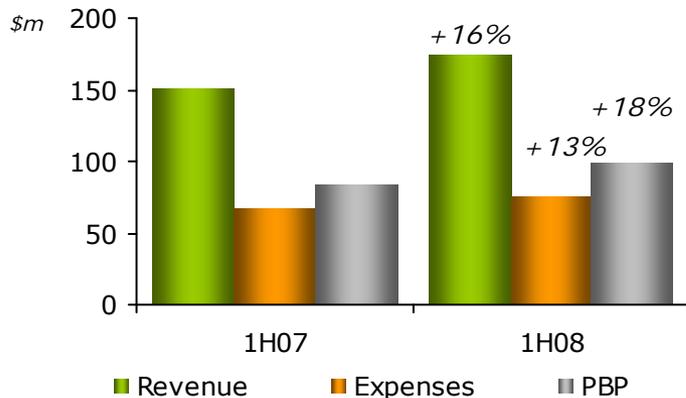


... while self funding growth in lending assets

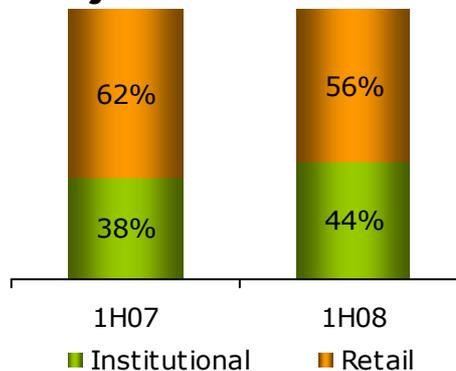


Pacific: investments in distribution and transformation driving solid revenue growth

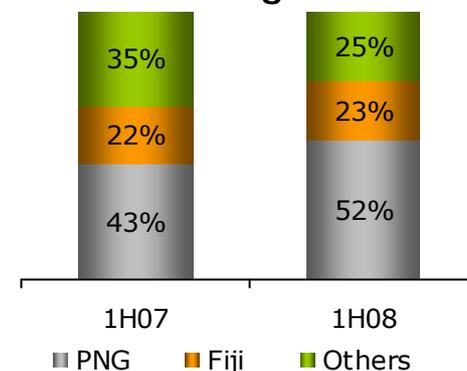
18% PBP growth with increased investment in additional distribution and centralisation



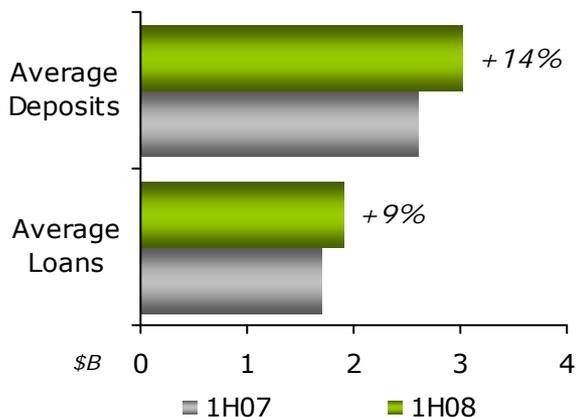
Notwithstanding good gains in the Institutional business from FX, Retail remains the major business focus



NPAT growth in the key geographies of PNG & Fiji have exceeded the rest of the region



Deposit growth has outpaced loan growth



The region has invested in additional distribution, transformation & acquisitions

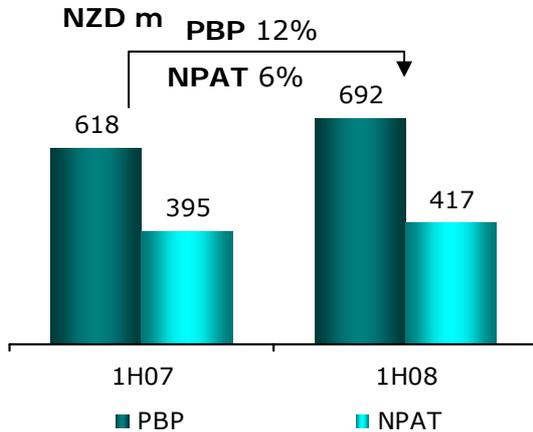
- Added 110 ATMs 1,000 EFTPOS and 15 branches since the start of the program in 2005;
- Over 100 staff added into the centralised shared support back office in Fiji in the last year enabling more staff to undertake customer sales roles;
- Acquisition of Citizens Security Bank (Guam) completed in June 2007;
- New telling platform implemented in eight countries.

The Pacific will build on existing & new initiatives to propel the business forward

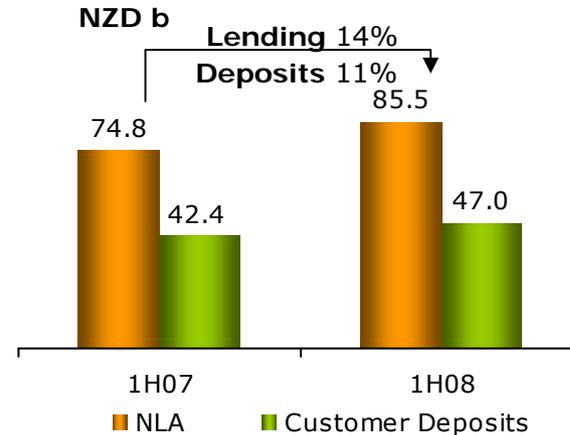
- Continued expansion of branch, ATM & EFTPOS networks;
- Enhanced cross-sell & customer service;
- Retail banking capability including private banking, remote & internet banking and broadening of credit card franchise;
- Launch additional market products & build mining & energy industry expertise;
- Target key customer segments.

New Zealand Businesses: good performance in a challenging environment

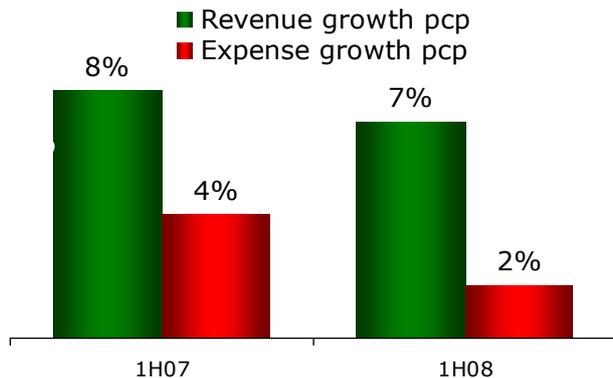
Robust profit before provisions growth...



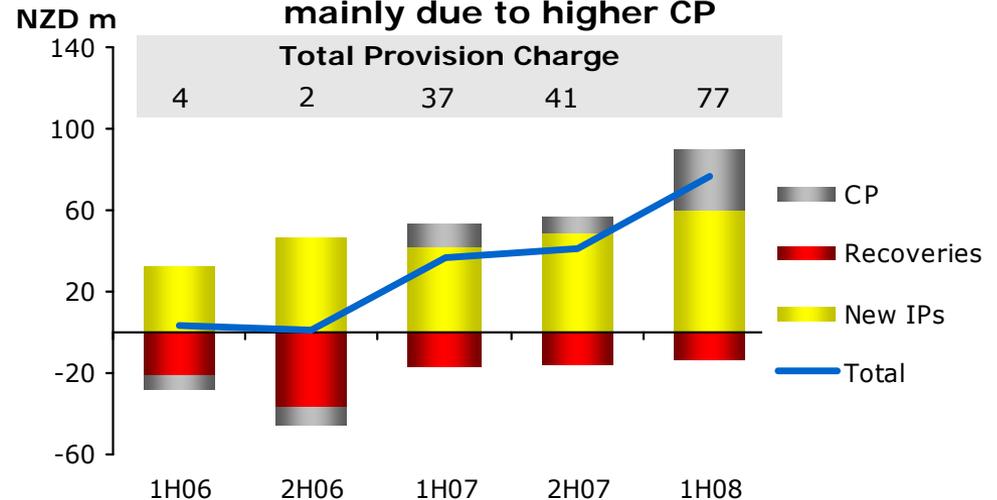
...driven by strong balance sheet growth



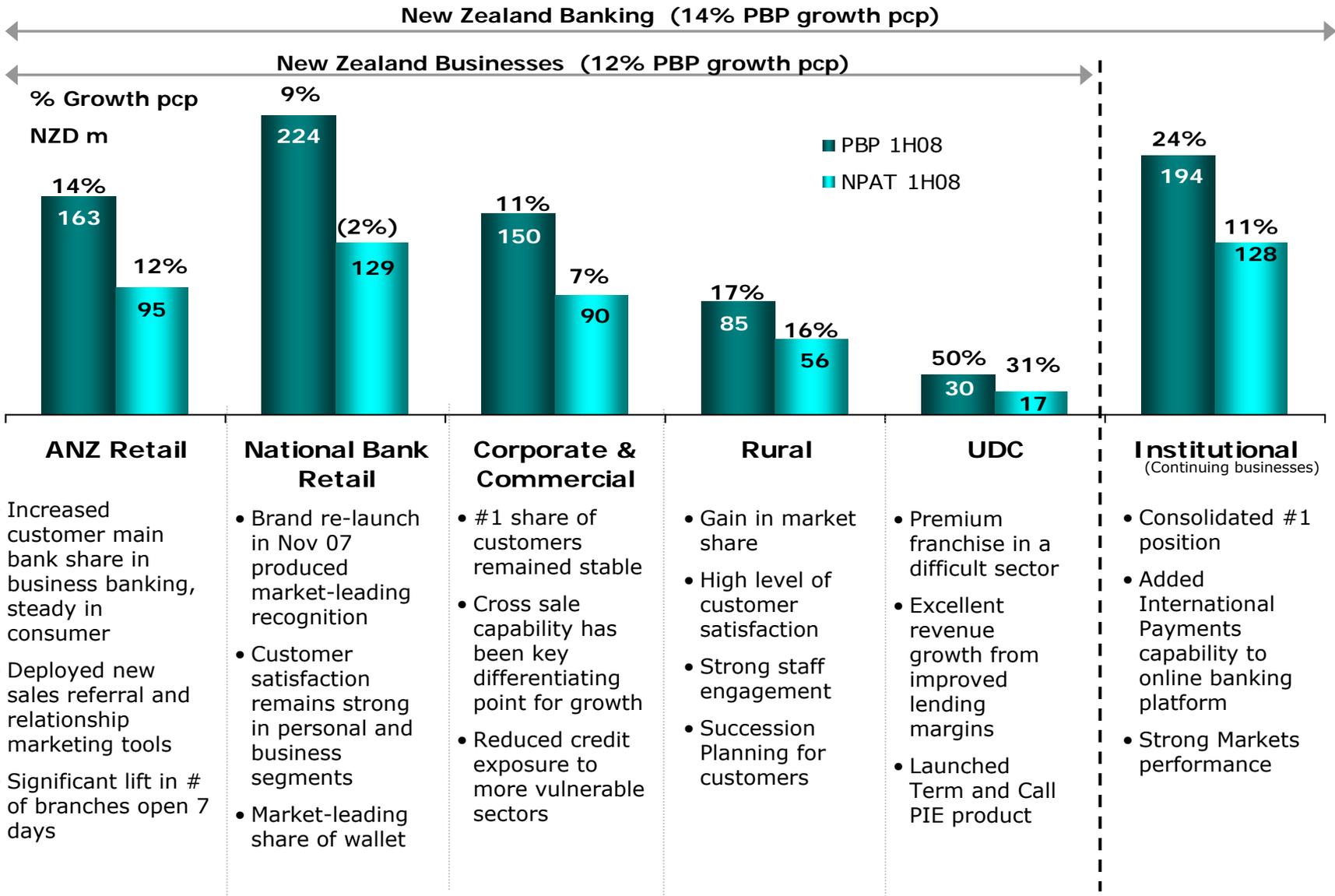
...Jaws have improved...



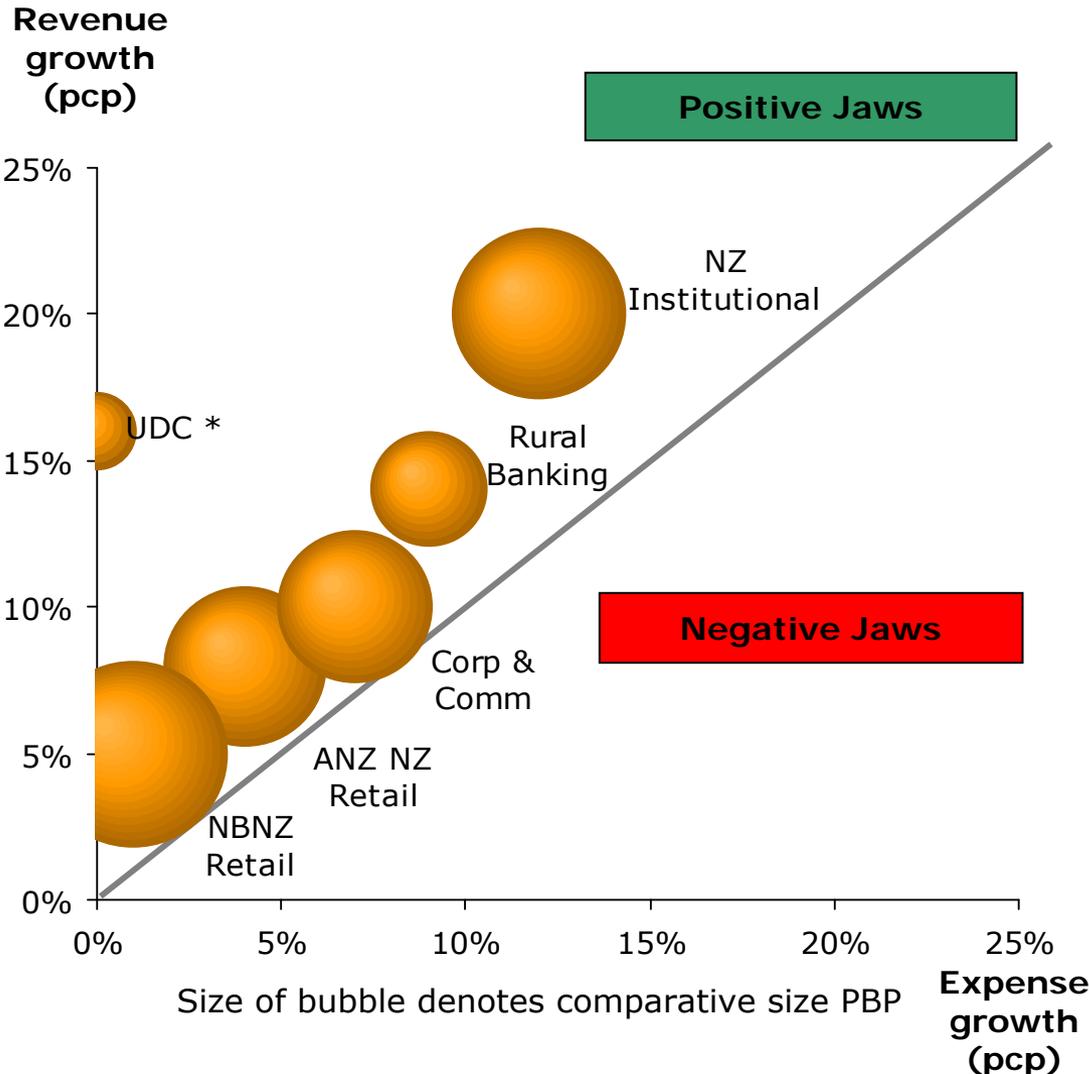
...but provisions moderating NPAT growth, mainly due to higher CP



New Zealand Businesses: double digit PBP growth



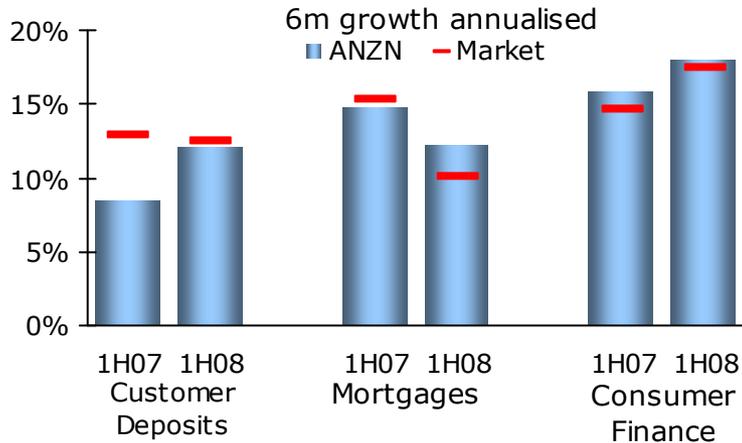
All businesses delivering positive jaws



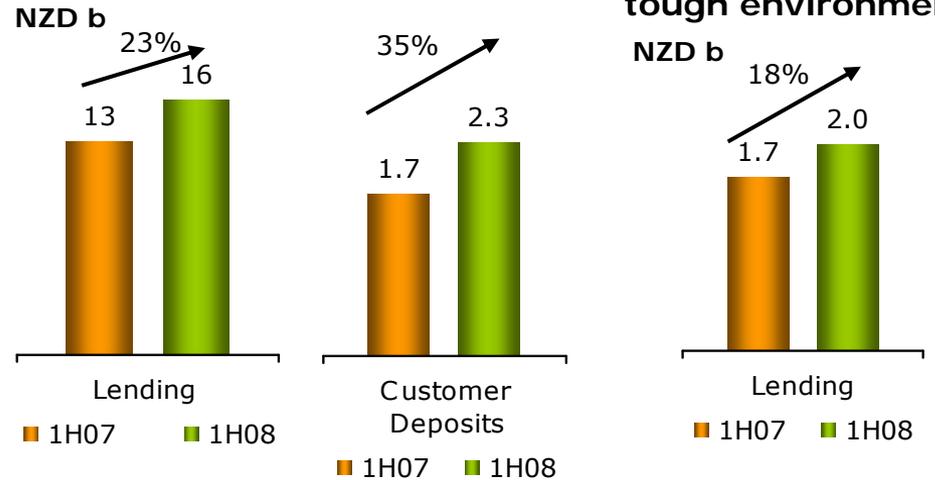
- Overall **Cost to Income** ratio has fallen 240 basis points (pcp) to 46.0% (for NZ Geography down 200 basis points (pcp) to 44.1%) with the portfolio of businesses being managed to meet changing market conditions.
- **Solid balance sheet growth** across the businesses has consolidated an already strong market position.
- The impact of competitive pressures on margins has been offset by **disciplined cost control** and the lift in interest rates in the latter part of the half.
- Financial market volatility and continued strength in dairy prices has underpinned **good revenue growth** in Institutional and Rural businesses.
- UDC's strong performance reflects its ability to take advantage of sector weakness.
- The impact of an **expected weakening in economic activity through 2008** will be cushioned by low levels of unemployment (3.4%), high commodity prices, the prospect of tax cuts and needed infrastructure spending.

Good balance sheet growth across all businesses

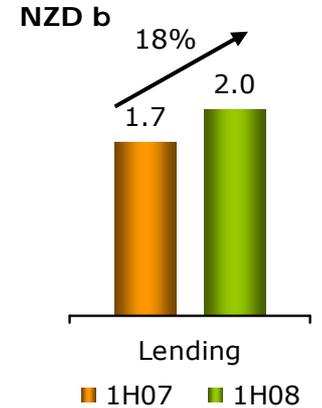
Retail: Strong volume growth relative to market*



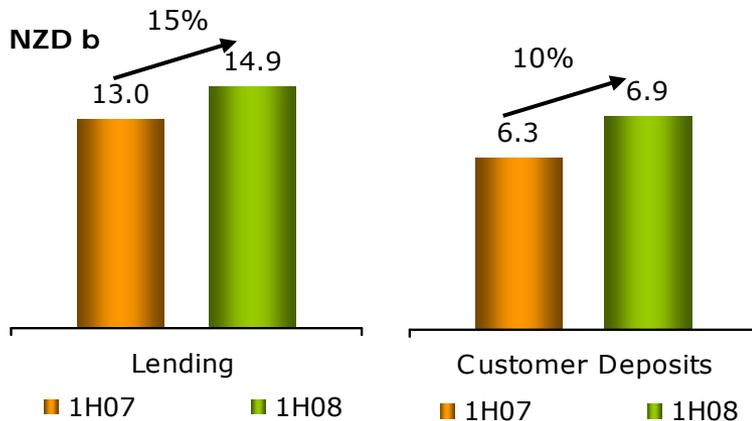
Rural: Growth reflects premium franchise



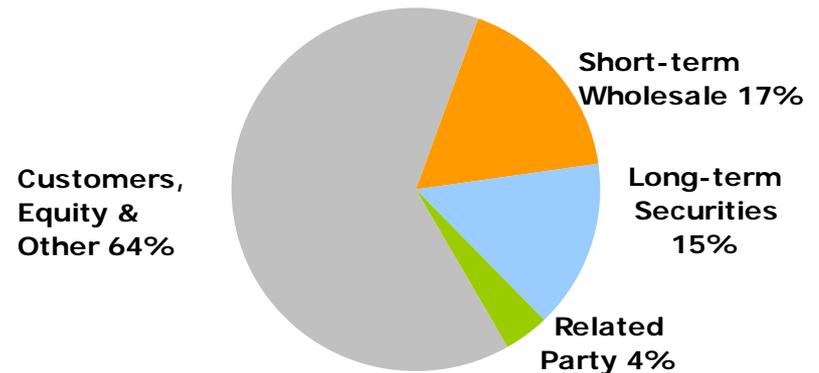
UDC: Excellent performance in a tough environment



Corporate and Commercial: Strong lending growth

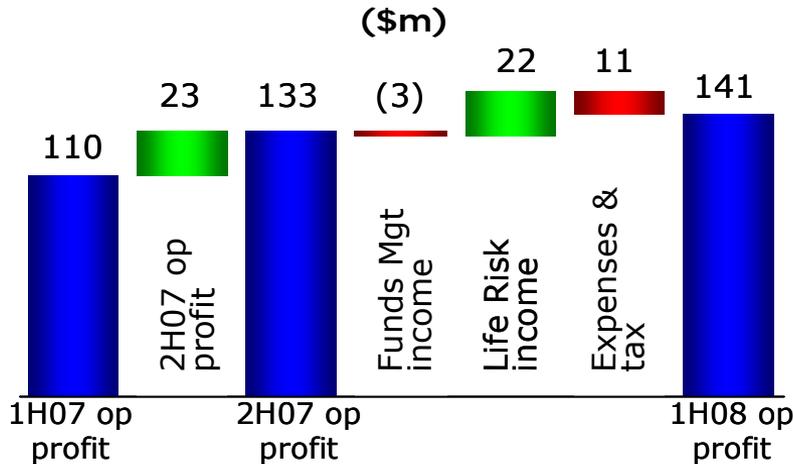


Strong levels of core customer funding supporting balance sheet growth**

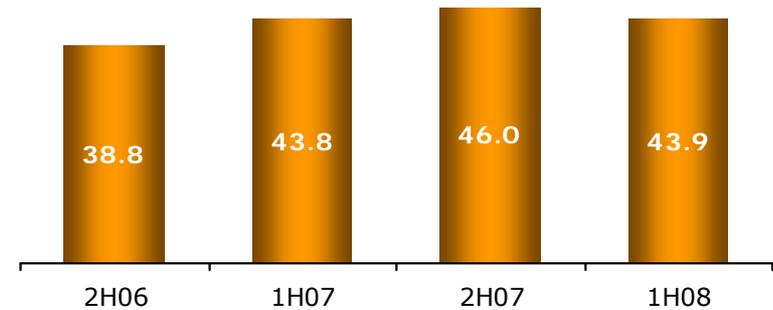


INGA: solid performance during volatile market conditions

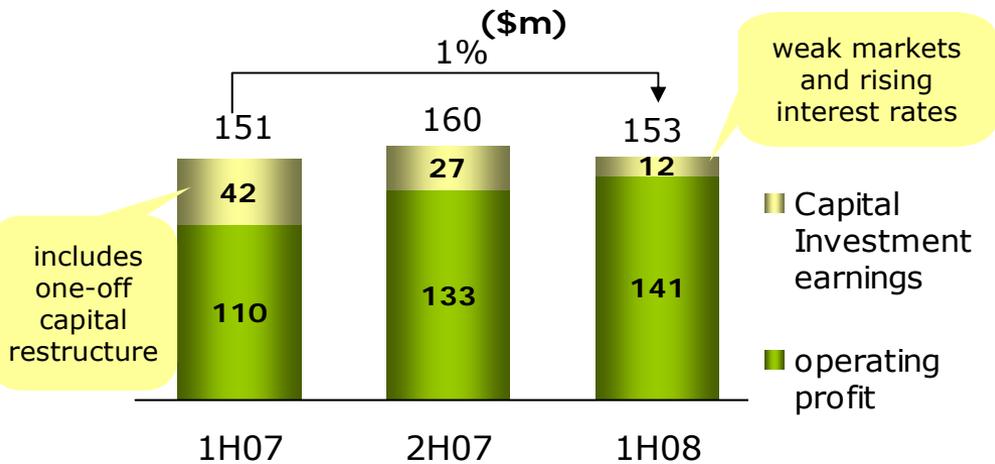
Operating profit growth from life income (\$m)



Tough market conditions contributing to 1H08 FUM decline* (\$b)



Bottom line impacted by market conditions on capital investment (\$m)

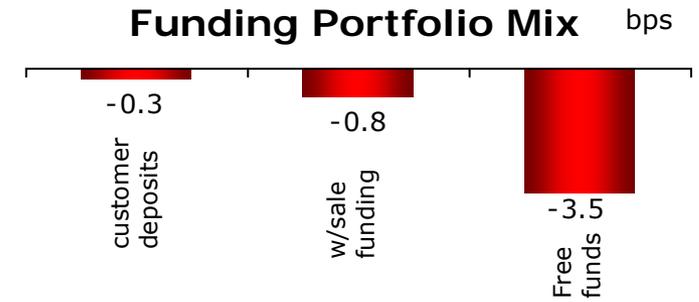
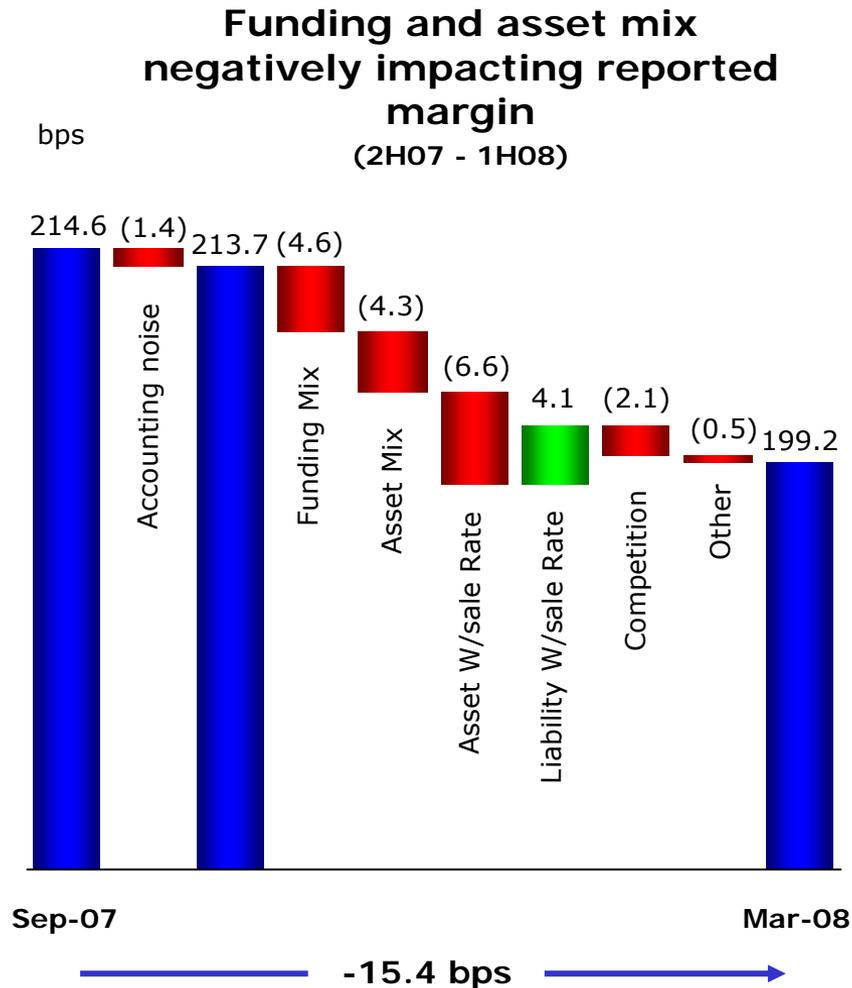


1H08 Key Outcomes

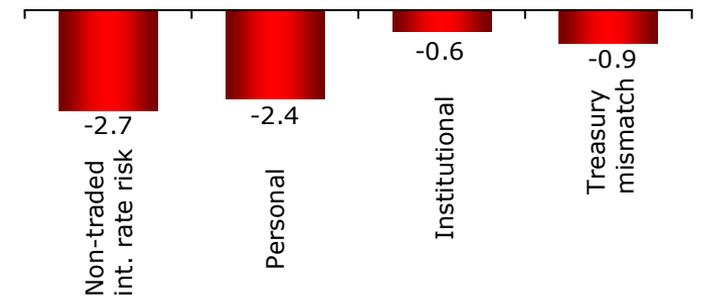
- No 1 amongst employer super providers¹
- In-force premium market share 12.6%, No 3 in the industry²
- Life risk income up 26% PCP driven by growth in the in-force book (+28% PCP)
- Funds mgmt income up 5% PCP with higher average FUM in 1H08 partially offset by adverse market movements.

Margin Analysis

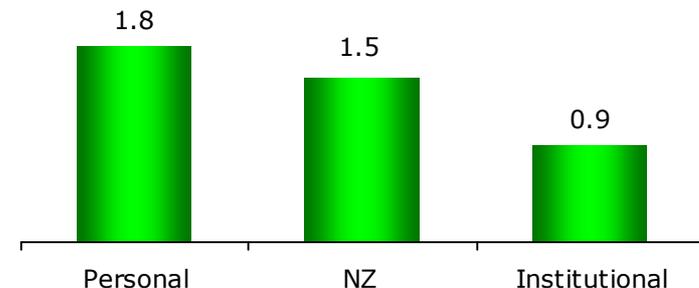
Group HOH margins down 15.4bps on headline basis



Asset wholesale rate the largest impact on Group Margin

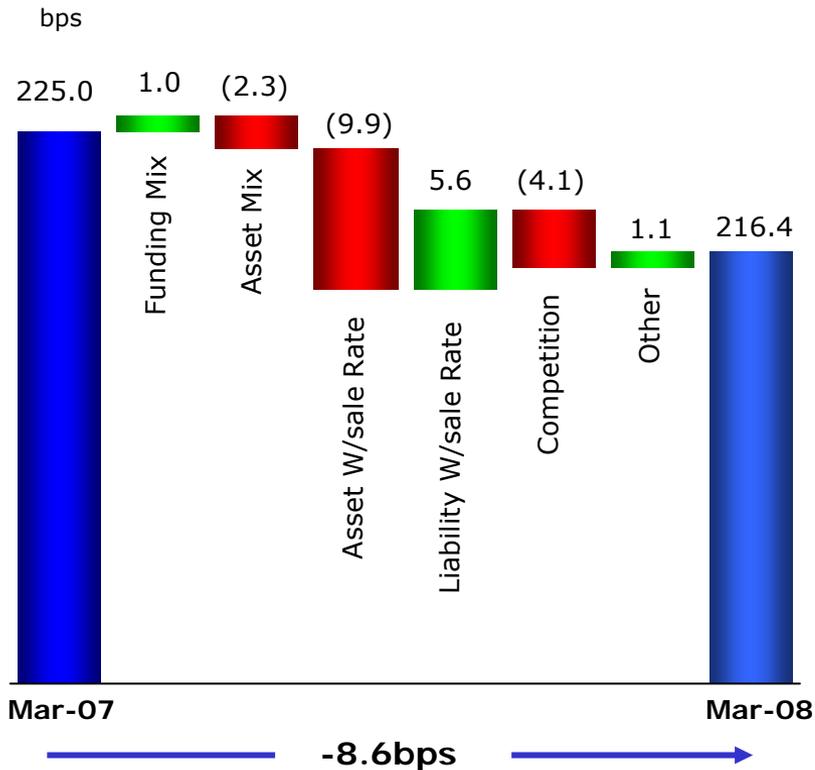


Liability wholesale rate an offsetting benefit to margins



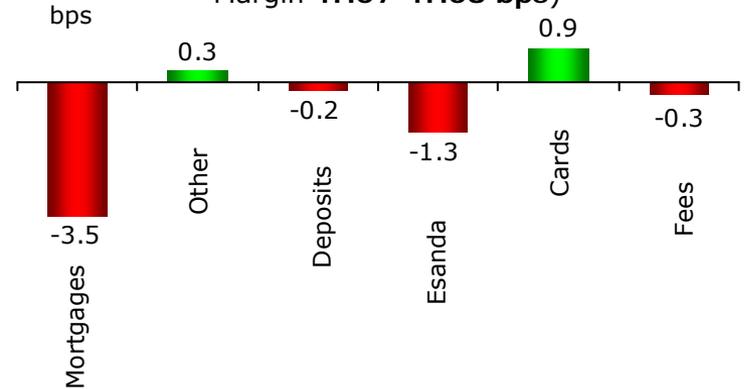
Personal: margins impacted by mortgage competition

Negative net wholesale rate and increased competition driving PCP decline
(1H07 – 1H08)



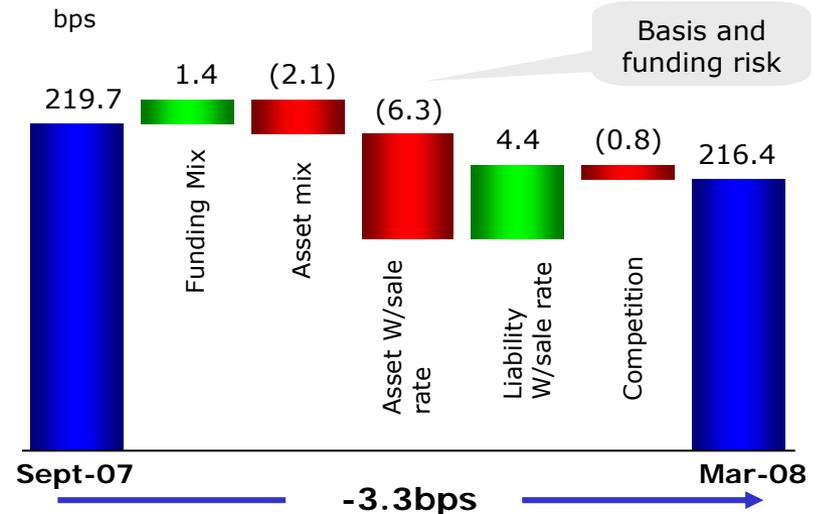
Mortgages key driver of competition

(competition impact on Personal Division Margin 1H07-1H08 bps)



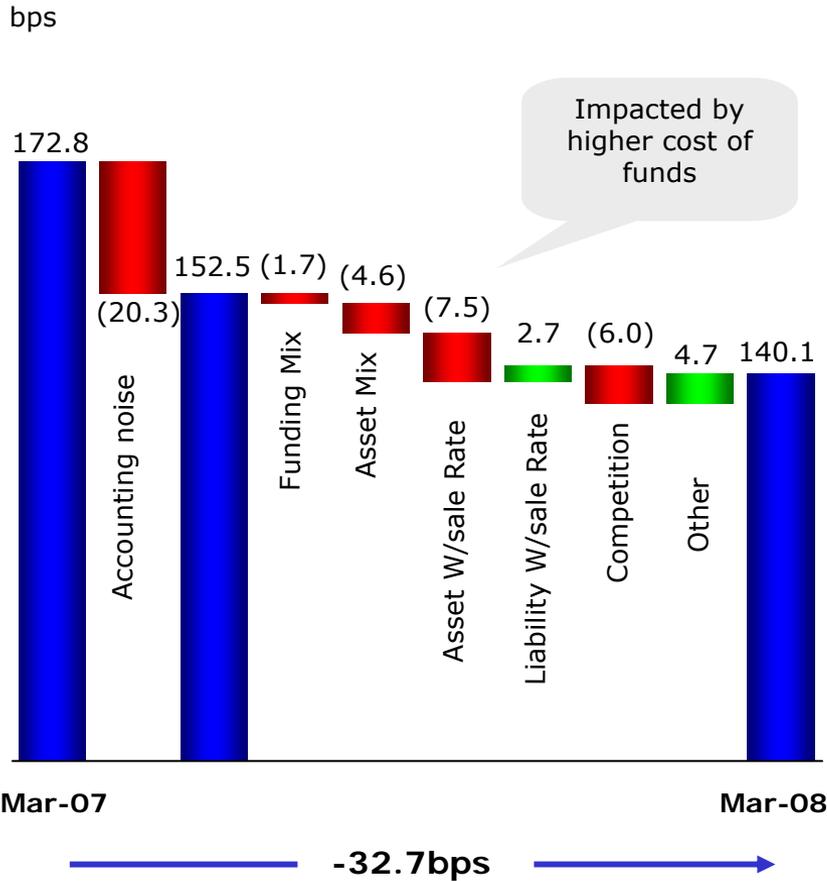
1H08 margin down 3.3bps HOH

(Personal Margin 2H07-1H08 bps)

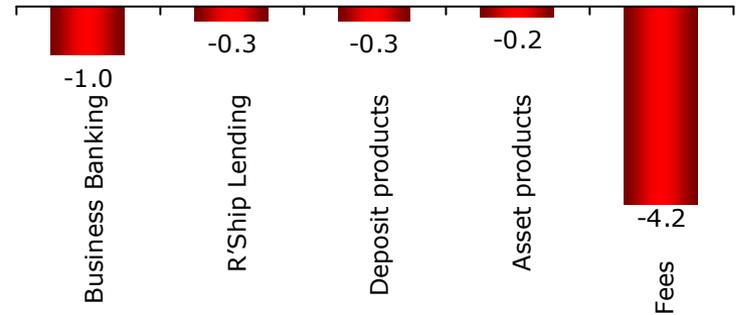


Institutional: margins impacted by accounting noise

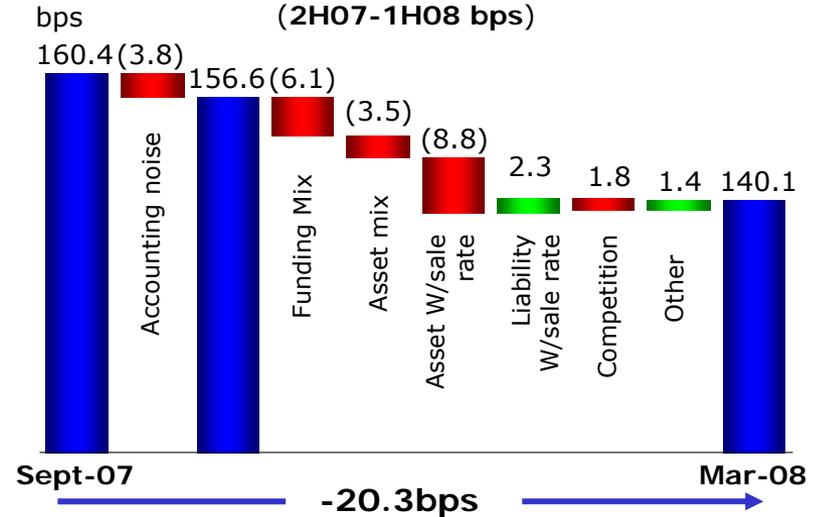
Excluding accounting noise, PCP margin decline represents 12.4bps (1H07 – 1H08)



Fees were the major driver of competition (competition impact on Institutional Division Margin 1H07-1H08 bps)

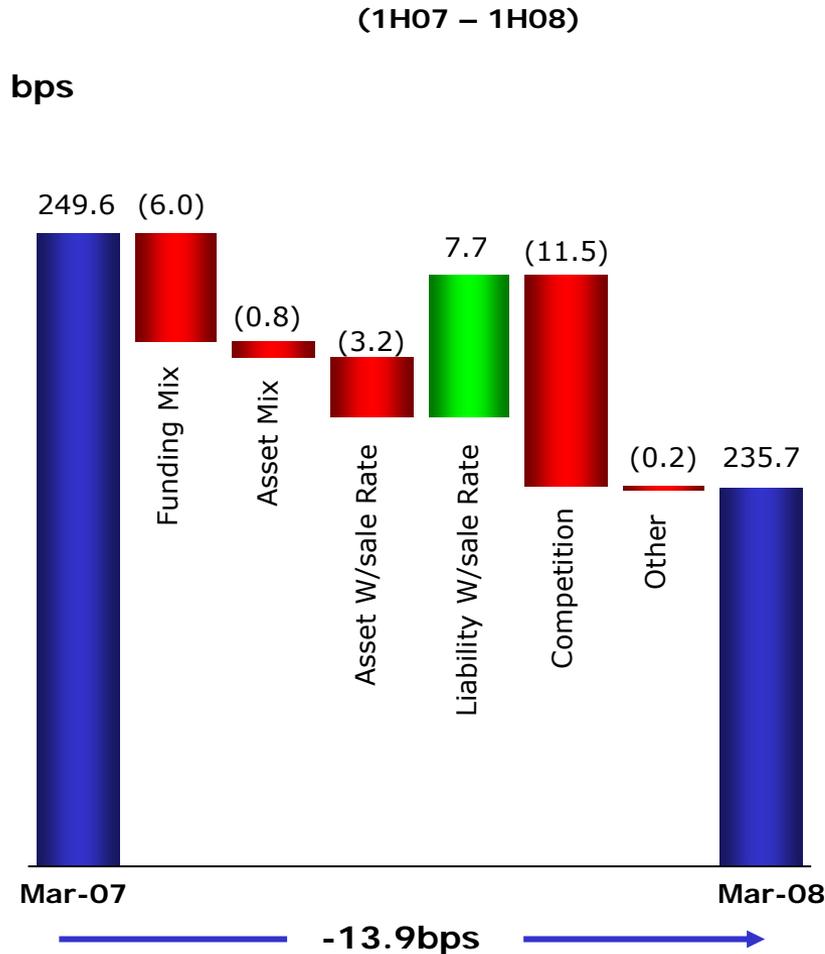


1H08 margin down 16.5bps HoH adjusted for accounting noise (2H07-1H08 bps)

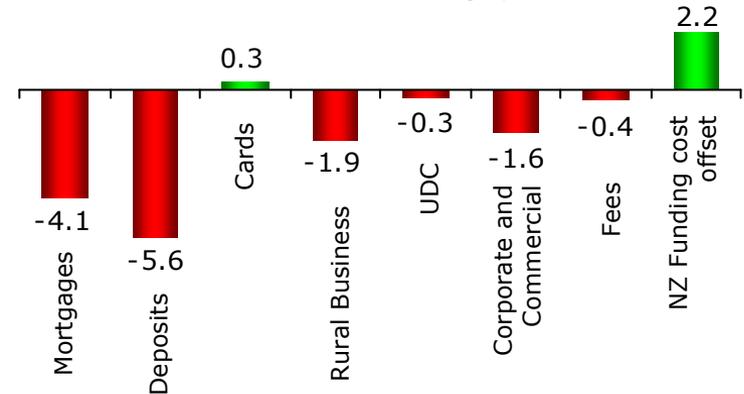


New Zealand: competitive pressures driving product mix

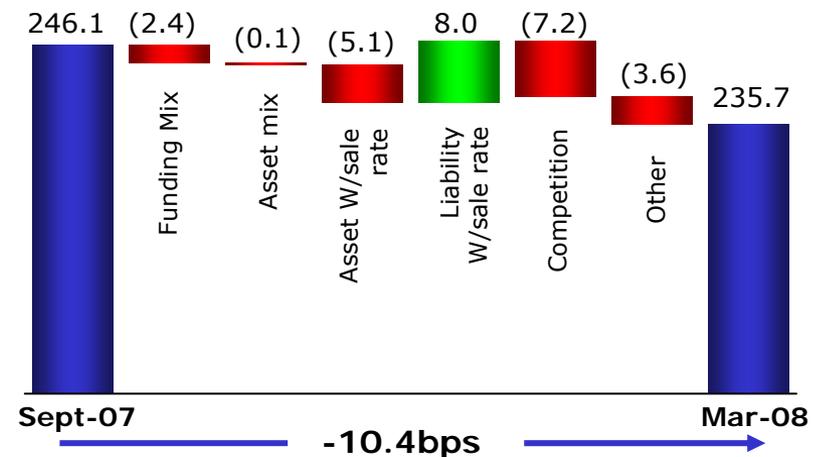
Competition more than offsetting wholesale funding benefits (1H07 – 1H08)



Components of competition impact (competition impact on New Zealand Margin 1H07-1H08 bps)



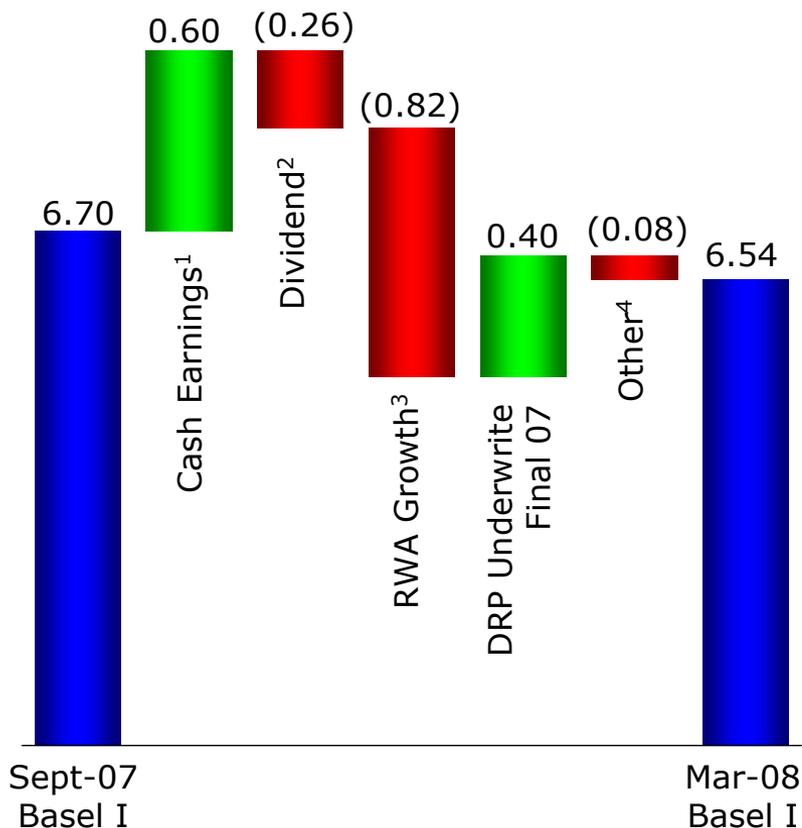
1H08 margin down 10.4bps HOH (New Zealand Margin 2H07-1H08 bps)



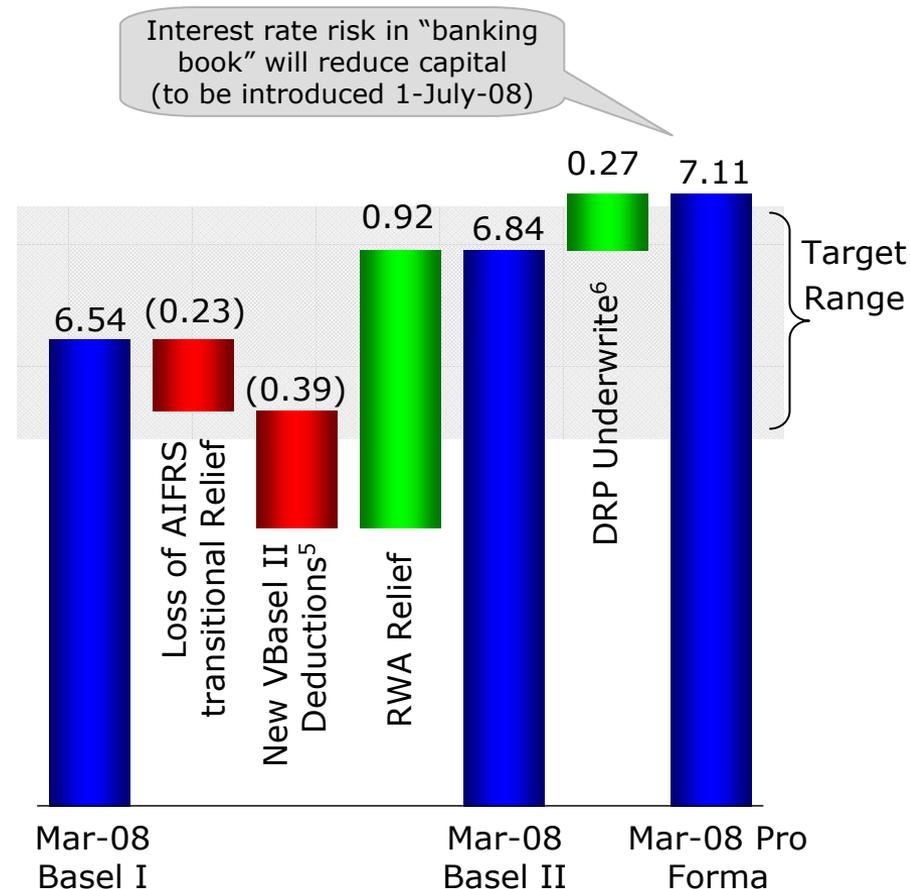
Basel II and Capital

Capital levels at top end of our range

2007 DRP underwrite supported high RWA growth
(Tier 1 ratio - Basel I)



Basel II and 1H08 DRP underwrite will further strengthen Tier 1 Ratio
(Tier 1 Ratio - Basel II)



Under Basel II, capital ratios will be pro-cyclical

Drivers of Capital

Earnings

Profit before provisions

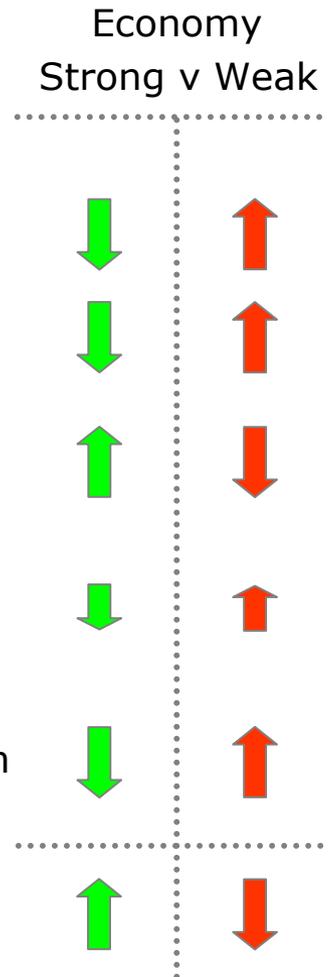
- Individual provision
 - Collective provision → function of Volume, PD, LGD etc
- = NPAT

Deductions

→ Basel EL (Volume, PD with floors, Stressed LGD, Term) v CP less tax

Risk Weighted Assets → function of Volume, PD, Stressed LGD, Term

Capital Ratios

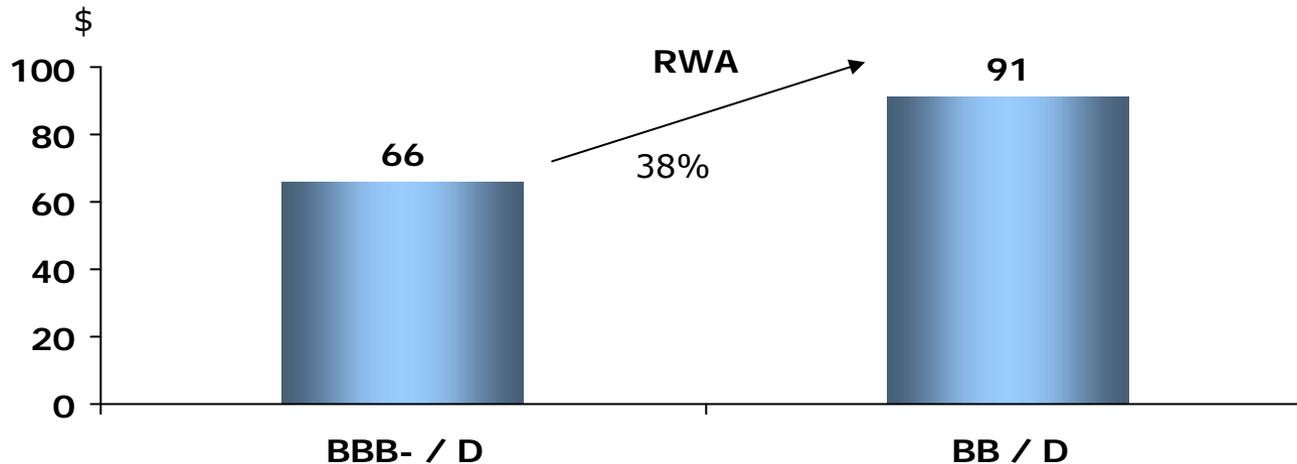


Basel I vs. Basel II Comparison March 08

Basel II Asset Class	BI RWA \$M	BII RWA \$M	BI RWA	BII RWA	BII RWA/ BI Exposure
Other Retail	10,147	8,649	100%	73%	85%
Retail Mortgages	86,300	37,861	53%	21%	23%
Retail Cards	6,732	6,753	100%	39%	100%
SME Retail	15,798	7,848	100%	41%	50%
SL slotting	20,853	34,591	99%	102%	164%
Corporate	92,357	87,360	100%	64%	95%
SME Corporate	40,602	24,405	100%	59%	60%
Trading Book	9,242	10,098	28%	31%	31%
Sovereign	0	1,167	0%	18%	36%
Bank	6,039	10,145	21%	30%	35%
Securitisation	3,949	4,276	100%	42%	108%
Equity	335	1,339	100%	400%	400%
Other Assets	2,667	2,668	17%	17%	17%
Standardised	12,025	10,029	72%	72%	72%
Total Credit Risk	307,044	249,187	68%	45%	55%
Operational Risk		16,388			
Market Risk	1,912	1,912			
Total	308,956	267,486			

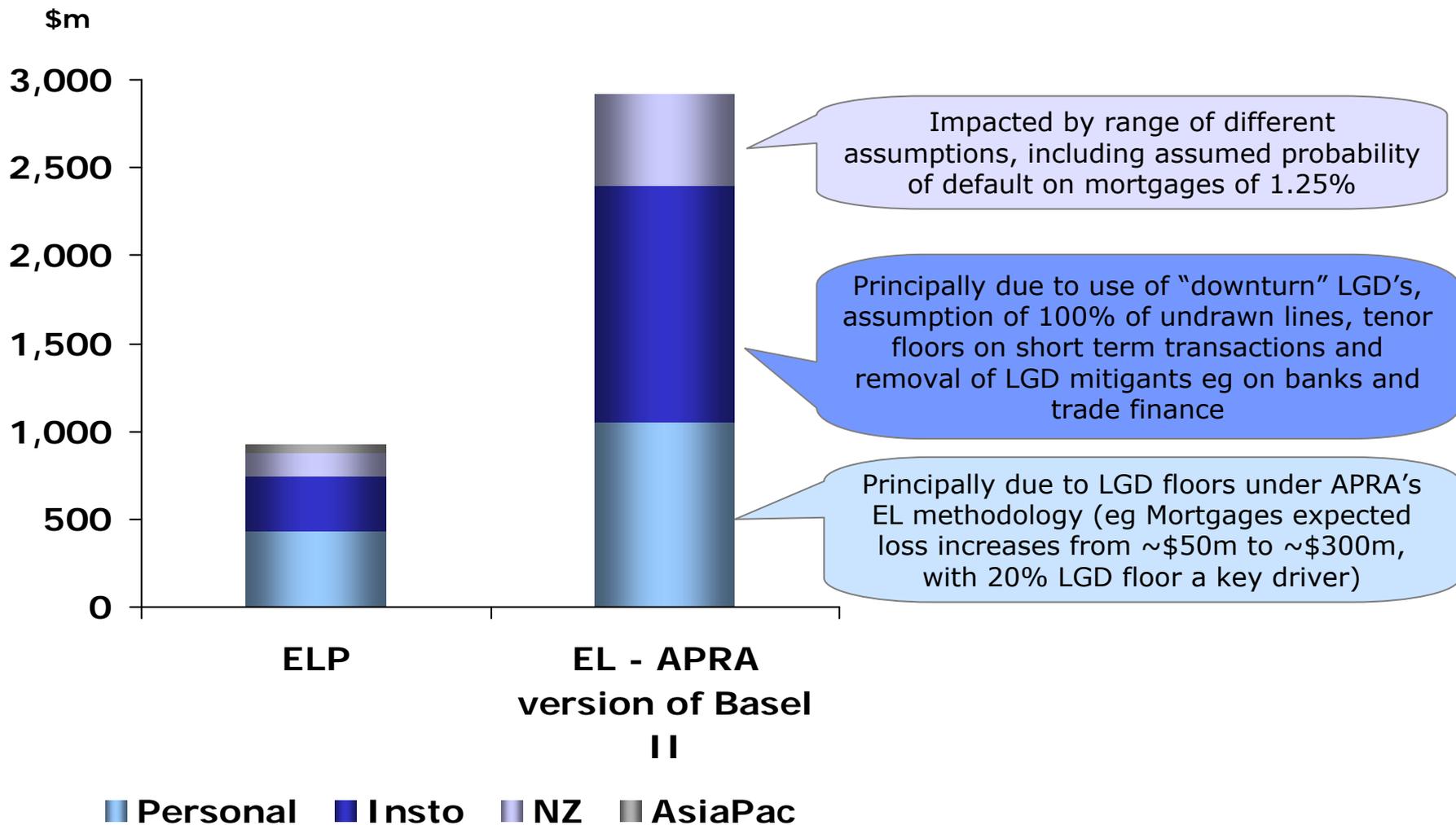
RWA highly sensitive to risk grade changes under Basel II

Impact of one notch downgrade on RWA for \$100 loan



Credit Rating	Security indicator						
	A	B	C	D	E	F	G
	Very Low ←————→ High						
AA	3%	7%	11%	14%	17%	21%	22%
A	5%	10%	16%	22%	26%	32%	33%
BBB	10%	21%	33%	43%	51%	63%	66%
BBB-	15%	31%	50%	66%	78%	97%	101%
BB	21%	43%	69%	91%	107%	133%	140%
BB-	27%	56%	90%	117%	139%	172%	180%
B	35%	71%	114%	149%	177%	219%	229%
B-	49%	101%	162%	212%	251%	311%	325%

Expected Loss numbers under APRA version of Basel II very different to ELP methodology



Credit Quality

Breakdown of collective provision charge

1H08 Collective Provision charge

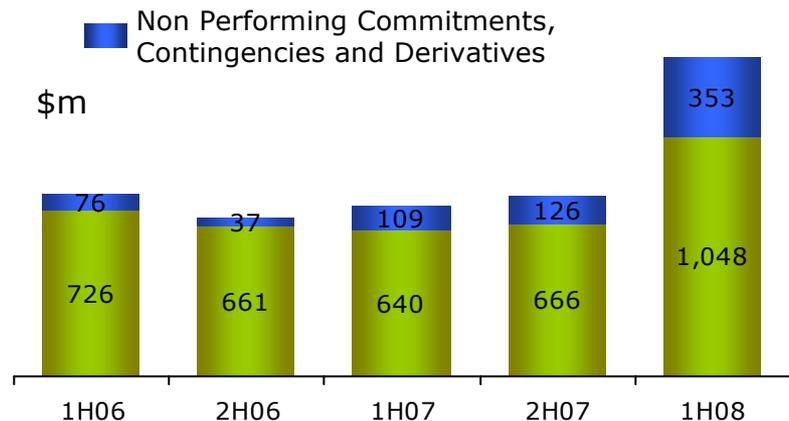
Business Unit (A\$m)	Asset Growth impact	Risk / Mix impact [#]	Eco-cycle	Other*	Total
Group	131	151	125	(31)	376
Institutional (excl. BB)	74	142	105	(12)	309
Business Banking	5	(4)	20	(2)	19
Personal (excl Consumer Finance)	20	5	-	(10)	15
Consumer Finance	15	(7)	-	(3)	5
New Zealand Businesses	14	16	-	(4)	26
Asia Pacific	3	(1)	-	-	2

[#] Includes movement in the credit valuation adjustment which reflects the market value of counterparty risk arising from derivatives.

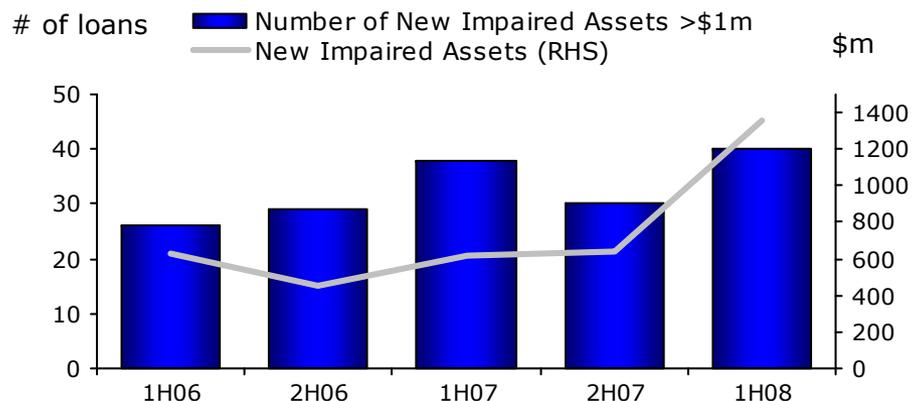
* Other comprises scenario impact including the modelled unwind of the oil price shock (raised in 2005) to offset the emergence of related Individual and Collective provisions from these scenario impacts and the refinement of estimates.

Non Performing Loans and 90 Days Past Due Loans

Impaired Assets

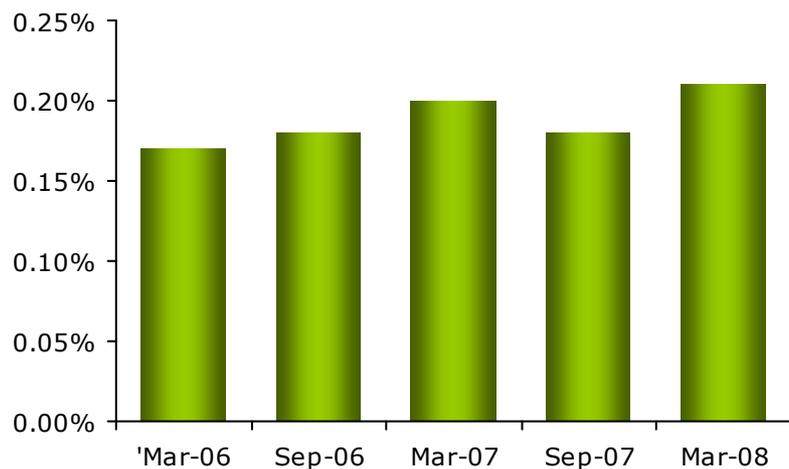


New & Increased Impaired Assets

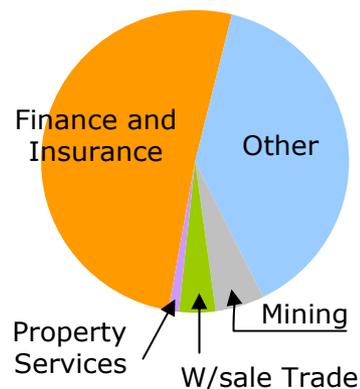


% of GLA

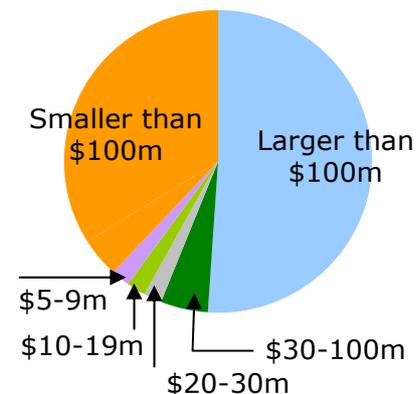
90 Days Past Due Loans



New and increased impaired assets (by industry)

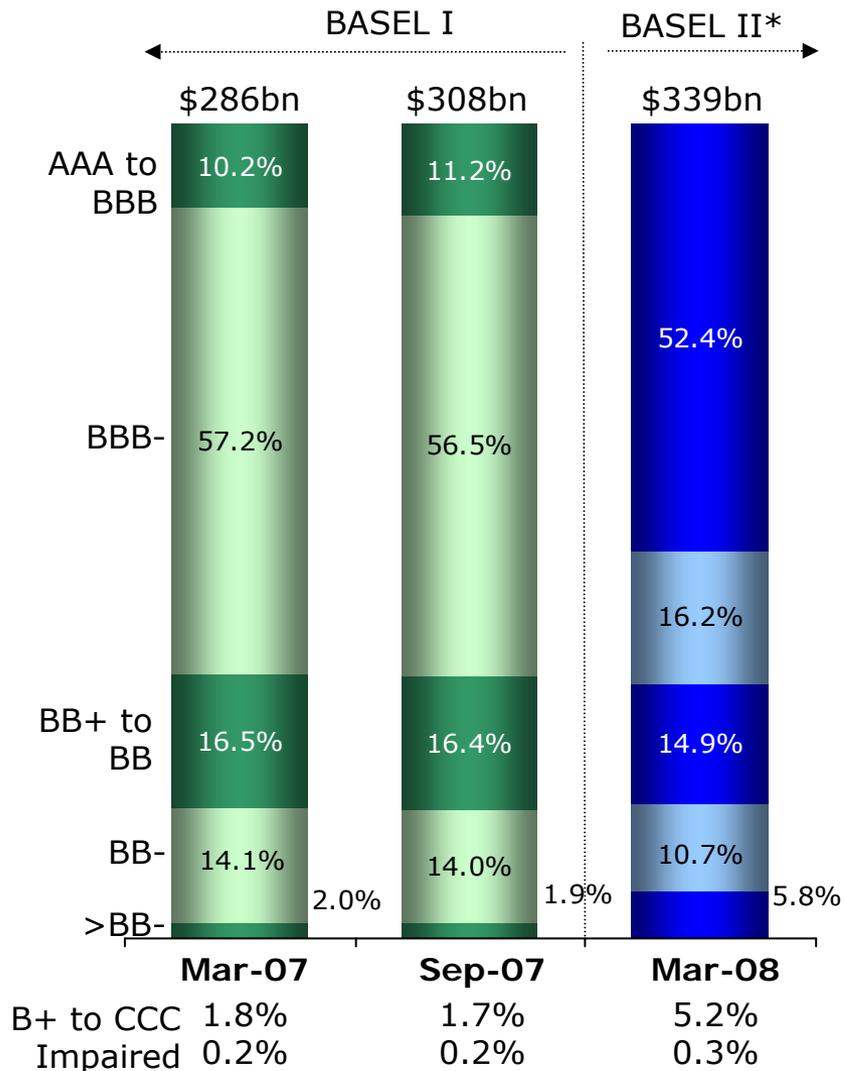


Number of new impaired assets (by size)



Risk grade profiles

Group – Gross Lending Assets



Institutional Banking & Financial Institutions Risk Grade Migration Summary by Customer Groups (1H08)

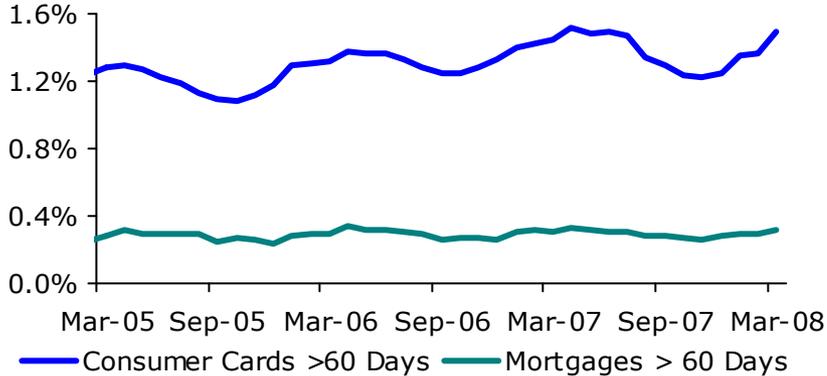


Corporate Risk Grade migration summary by Customer Groups (1H08)



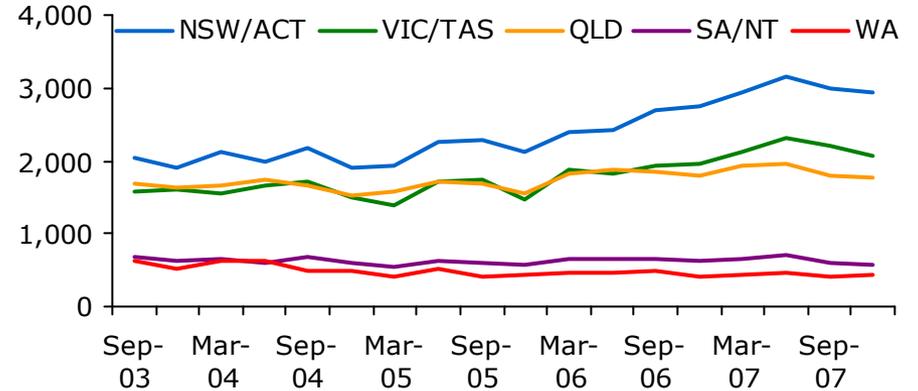
Consumer credit quality remains strong, benefiting from current economic environment

Consumer arrears holding up well, but higher interest rate and petrol prices likely to impact

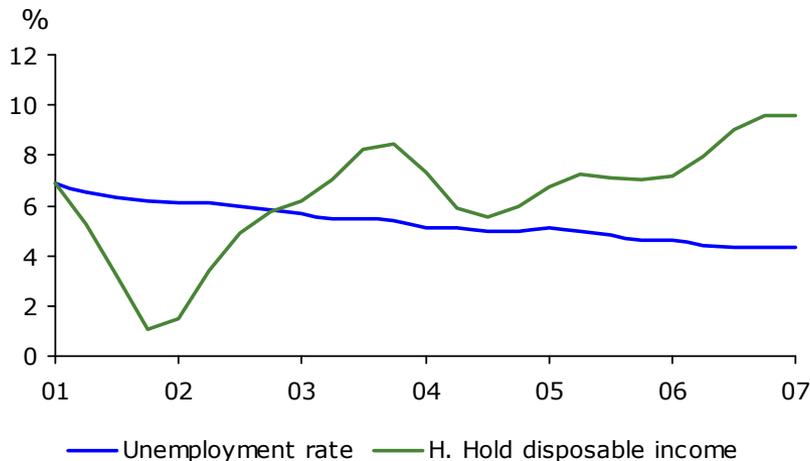


Bankruptcies stabilising

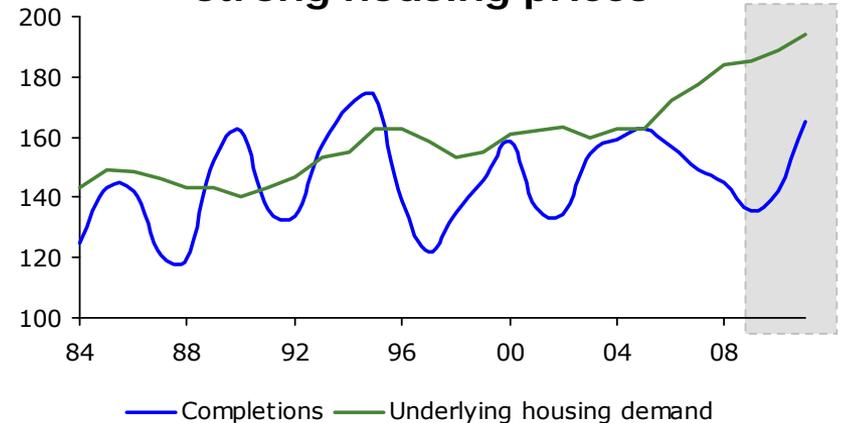
(Bankruptcy numbers by state)



Unemployment at historic lows and strong household income growth



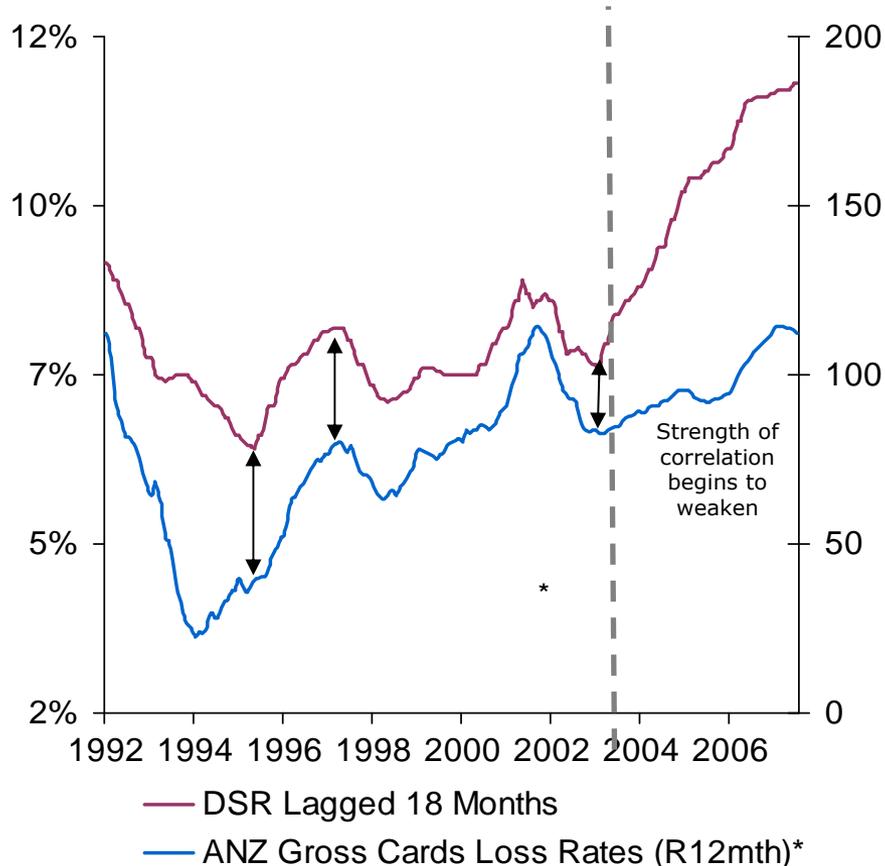
Underlying housing demand continues to outstrip new supply contributing to strong housing prices



However preemptive credit tightening has already begun

Historically, 18mth lagged DSR has been a strong indicator of loss rate performance

(Loss Rates (RHS) index Oct 92 = 100)

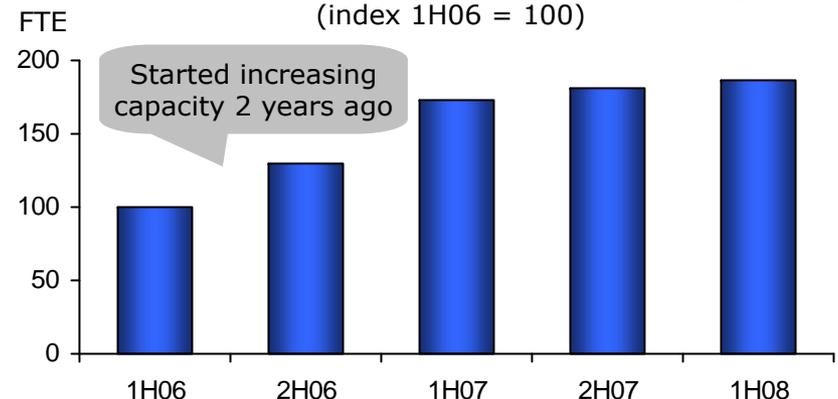


Initiatives implemented to maintain credit quality in tougher conditions

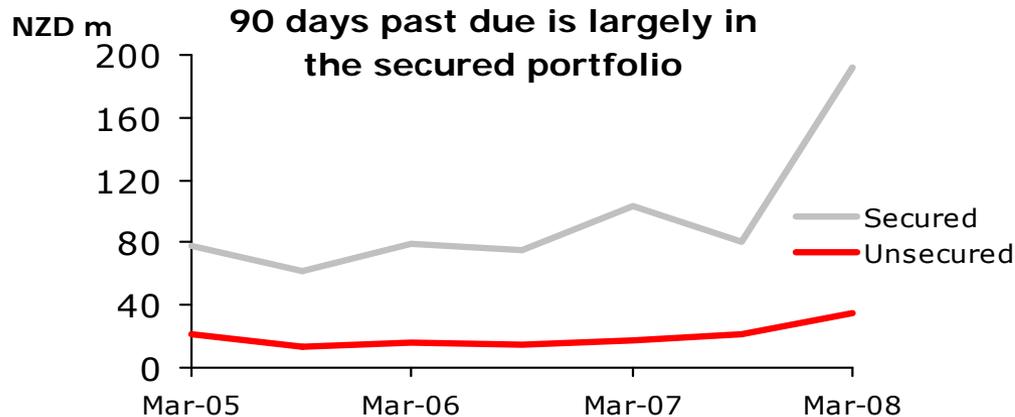
- Selective acquisition tightening including approval criteria for 'new to bank' credit card customers and tightening of manual override criteria for all products.
- Expanded usage of credit bureau analytics, including secondary bureau checks and 'declines' for excessive multiple enquiries.
- Enhanced portfolio analytics focussing on, risk triggers and concentration pockets, to ensure an active response capability.
- Continued investment in collections resources, strategies and processes.

Increased collection capacity

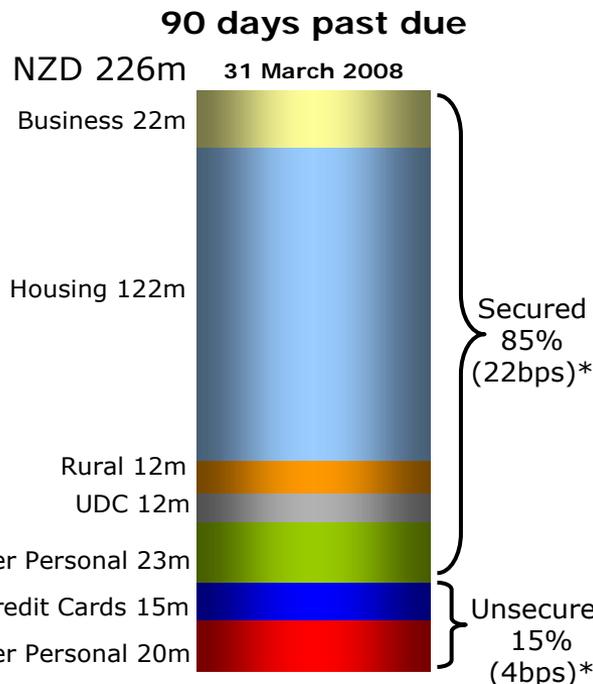
(index 1H06 = 100)



New Zealand: 90 day arrears up but well secured



- A significant increase in arrears, off very low levels, reflects increased pressures on household cash flows.
- The rise in arrears is largely in the secured portfolio. Residentially-secured lending accounts for more than 70% of the increase (for the half year) of total loans 90 days past due. Loans considered well secured account for 85% of arrears >90 days.
- Historically, mortgage customers in arrears have had low levels of contact until 45 days past due (7 days for higher risk customers). Earlier customer contact is being implemented.
- Loss rates on mortgages continue to be very low, reflecting high 'self cure' characteristics.
- The mortgage portfolio has no sub-prime component;
- Credit policy has been tightening across the consumer and SME sectors, with changes to LVR requirements, affordability criteria, valuations and business discretions.

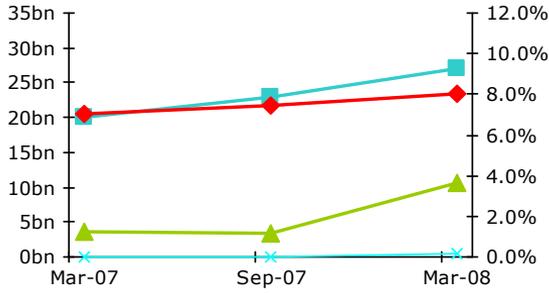


Contribution to Individual Provision Charge

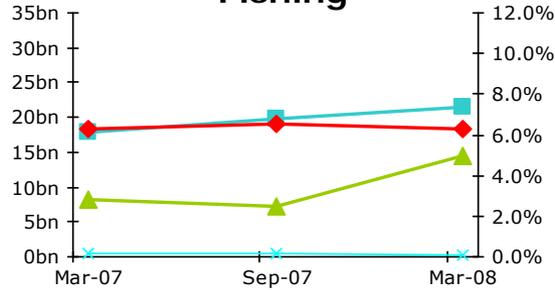
	1H07 %	2H07 %	1H08 %
Mortgages	-	1	4
Other Secured	36	27	37
Unsecured	64	72	59
Total	100	100	100

Commercial Industry exposures – Group

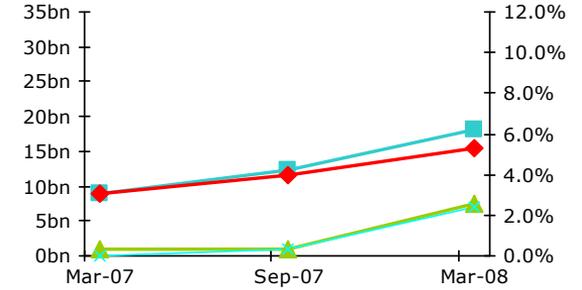
Commercial Property



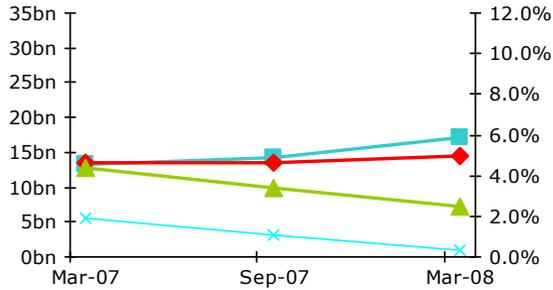
Agriculture, Forestry & Fishing



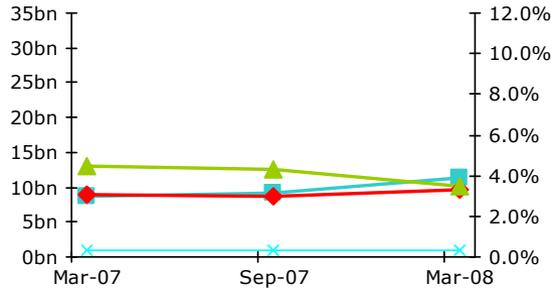
Finance & Insurance



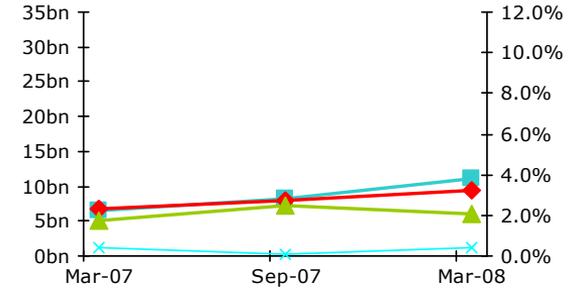
Manufacturing



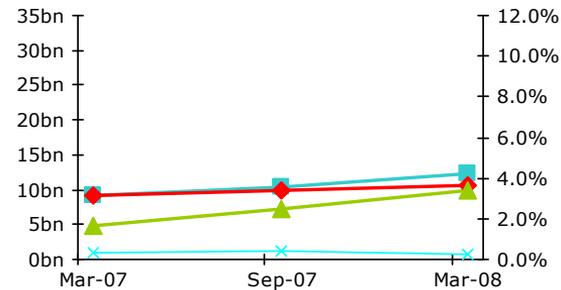
Retail Trade



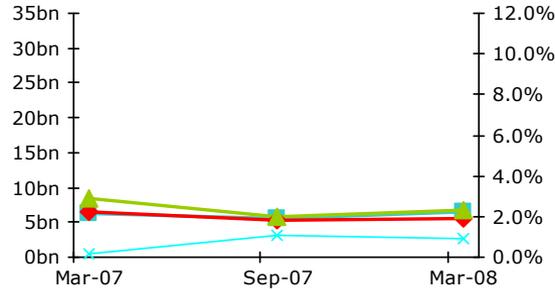
Wholesale Trade



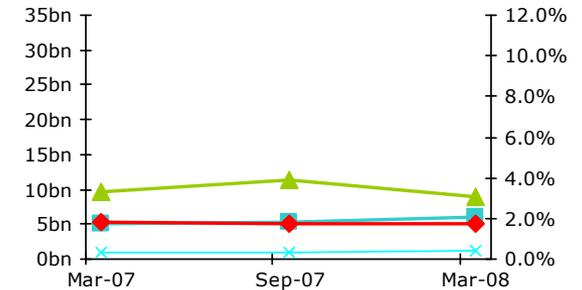
Property & Business Services*



Transport & Storage



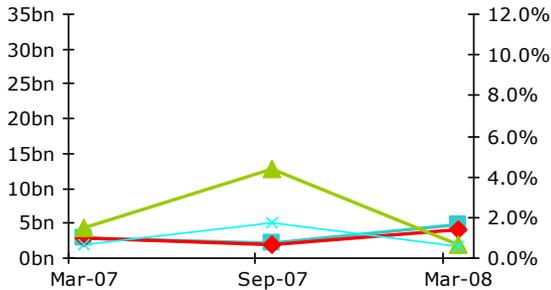
Construction



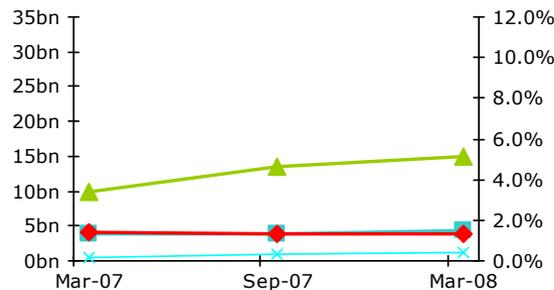
■ Gross Lending Assets (AUD)
 ◆ % of Portfolio (RHS)
 ▲ % in High Risk (RHS)
 × % in Non Performing (RHS)

Commercial Industry exposures – Group

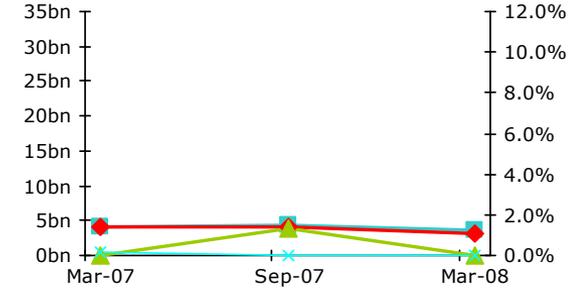
Mining



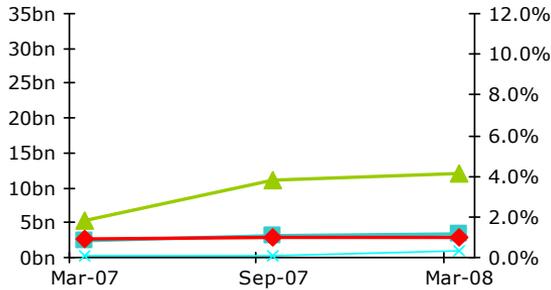
Accommodation, Cafes & Restaurants



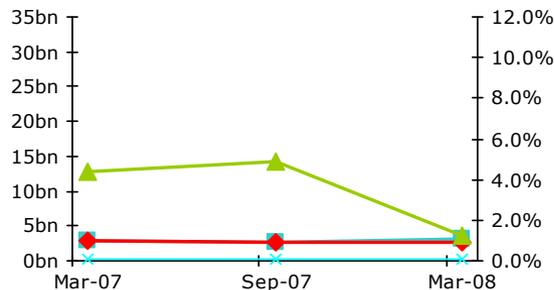
Electricity, Gas & Water Supply



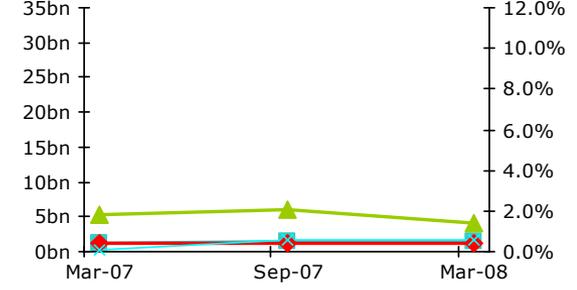
Health & Community Services



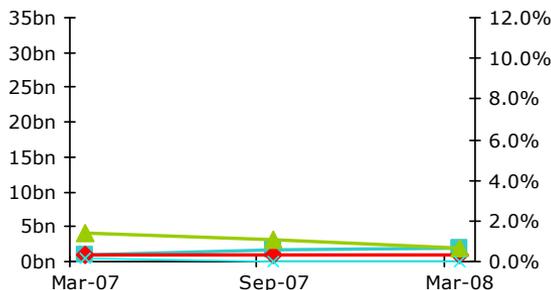
Cultural & Recreational Services



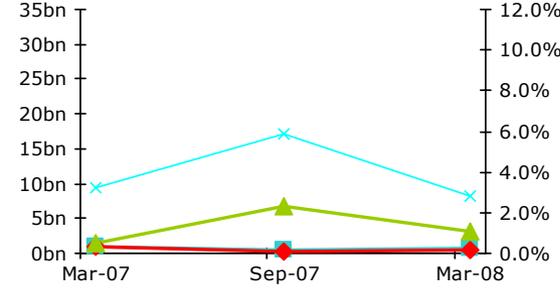
Personal & Other Services



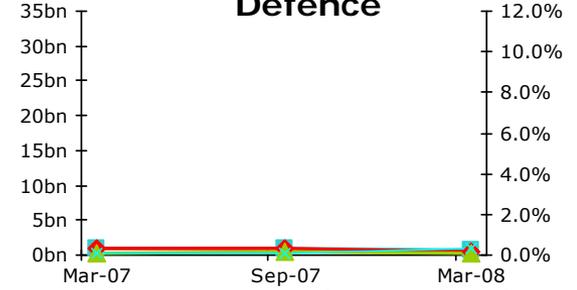
Other*



Communication Services



Government Administration & Defence



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

* Other includes Non Classified & Education industry.

Corporate Responsibility

Taking a responsible business approach to the challenges and opportunities we face

Enhancing customer service and responsible lending practices

- Retail customer satisfaction highest of all major banks in Australia
- Customer Connect supporting customers in financial difficulty
- New convenient, responsible products – ANZ Balance Visa, Mobile Banking
- 100% Equator Principles screening in Project Finance

Creating a culture of out-performance & inclusion amongst our people

- BreakOut Perform program launched
- New momentum increasing women in management positions
- Employer of Choice for Women
- Graduate Employer of the Year
- 100+ Indigenous trainees recruited in our branch network

Improving financial literacy, inclusion and savings

- Saver Plus proving people on low-incomes can establish long-term savings habits
- 15,000+ Australians involved in our MoneyMinded financial education program
- Progress Loans recognised by Prime Minister's Award

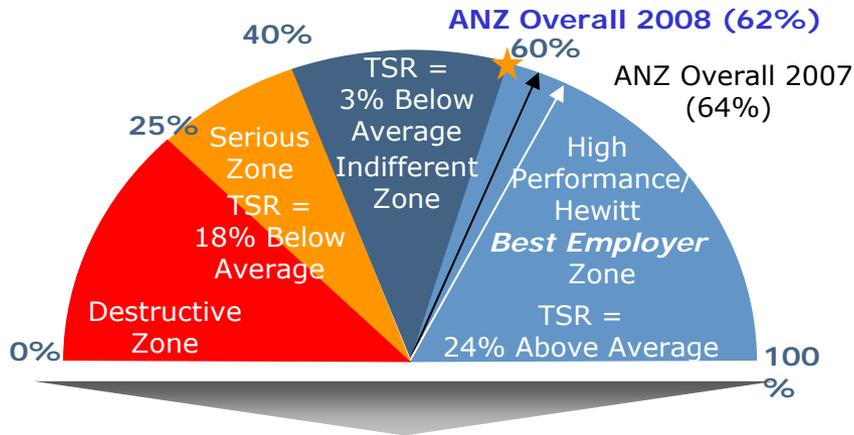
Reducing our environment footprint

- On track to achieve 5% reduction of electricity and water use per FTE over two years
- 32 additional suppliers screened for social and environmental performance
- Developing sector-specific social and environmental standards for our suppliers

Creating an Outperformance Culture

March 2008 census shows solid employee engagement level at 62%

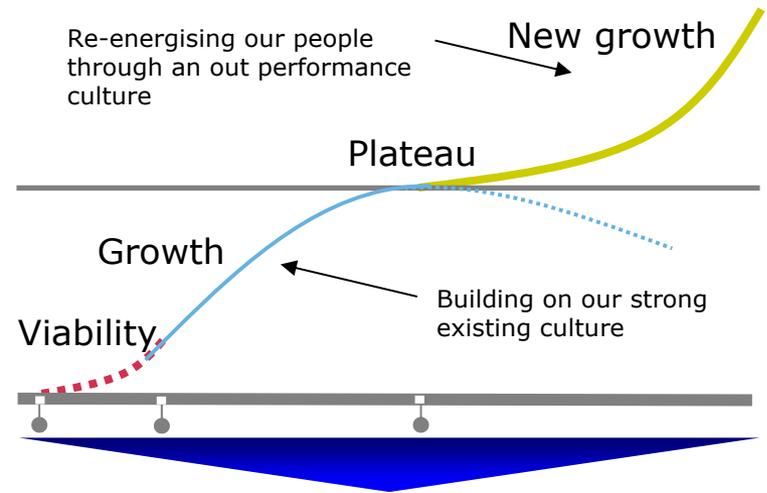
Global Financial Services 2007 (60%)



With values focused on customers, community, shareholders and profit

2007	2008
Customer Satisfaction	Profit
Customer Focus	Customer Focus
Profit	Community Involvement
Community Involvement	Results Orientation
Results Orientation	Organisational Growth
Brand Image	Brand Image
Shareholder Value	Accountability
Accountability	Achievement
Organisational Growth	Customer Satisfaction
Teamwork	Shareholder Value

Organisation direction is developing a culture of performance



Shifting our mindset and behaviour to deliver outperformance

Relational (Customer First)

- Building deeper relationships to further anticipate client needs

Collaboration

- Collectively driving organisation-wide performance
- Leveraging our knowledge, resources and diversity across ANZ as a whole

Outperformance / Performance Edge

- Setting stretch targets to outperform global market leaders
- Driving further efficiency and seeking new opportunities.

Diversity @ ANZ

key focus	Key outcomes to date
<p>Chairing ANZ's Diversity Council:</p> <ul style="list-style-type: none"> • Develop and track ANZ's global 2008 - 2010 diversity strategy • Increase the cultural, ethnic and gender diversity of talent pipeline • Diversity as a competitive advantage to drive business results. 	<ul style="list-style-type: none"> • Members of Diversity Council appointed with first meeting held Mar '08 • Discontinued tertiary qualifications policy enabling all employees to now apply and be considered for management roles
<p>Sponsoring the second ANZ My Difference Census in 2007 which showed:</p> <ul style="list-style-type: none"> • Employee's sound understanding of diversity and its importance in enhancing business performance <p>Also provides:</p> <ul style="list-style-type: none"> • Demographic snapshot of our global workforce • A progress measure of building diversity and creating inclusion 	<ul style="list-style-type: none"> • Employees with 123 cultural backgrounds and speak 91 languages, a great base to build Asia Franchise • 34% speak a second language, 10% of all employees speak an Asian language and 12% speak a Central Asian language • Nearly 60% of all employees are willing to relocate • Flexibility initiatives are valued by employees, with 62% having had positive experiences in accessing flexibility
<p>Sponsoring more women in leadership to achieve:</p> <ul style="list-style-type: none"> • Greater business performance • Greater business success • Greater recognition for their achievements 	<ul style="list-style-type: none"> • 2 women appointed to senior executive positions reporting directly to CEO • ANZ Global Women's Network established with a forum of 200 senior women and men to identify key priorities for action • Women in executive positions have increased from 20% (September 2006) to 23% (March 2008) • Employer of Choice for Women for the sixth consecutive year • Recruited 51% female graduates for the 2008 graduate program
<p>Retained focus on indigenous employment strategy across Australia</p>	<ul style="list-style-type: none"> • Currently 107 indigenous school based trainees in Rural and Retail Banking (increase of 43% from March 07) with 87% retention rate of trainees who have obtained permanent employment with ANZ

Summary of forecasts: Australia and New Zealand

	Australia				New Zealand			
	2007	2008	2009	2010	2007	2008	2009	2010
GDP	3.6	2.9	2.5	2.6	2.7	2.1	0.7	2.0
Inflation	2.4	3.5	2.9	3.1	1.8	3.7	2.7	2.4
Unemployment	4.4	4.2	4.6	4.8	3.5	3.9	4.5	4.9
Current A/C (% GDP)	-5.8	-4.7	-4.3	-5.9	-8.4	-6.5	-6.5	-6.5
Cash rate	6.5	7.25	6.75	5.50	8.25	8.00	6.00	6.00
10 year bonds	6.2	6.0	4.7	5.75	6.2	6.7	5.1	6.5
AUD/USD	0.89	0.92	0.81	0.72				
AUD/NZD					1.178	1.243	1.286	1.241
Credit	15.4	12.0	9.2	7.8	14.3	8.0	5.6	6.0
- Housing	11.6	10.9	8.9	8.5	13.7	8.2	5.5	6.1
- Business	21.7	14.6	10.2	7.1	15.1	8.1	6.0	6.0
- Other	11.7	7.1	6.5	6.6	4.9	5.0	4.1	4.1

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