# 10 HALF YEAR RESULTS

## AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

29 April 2010

**Results Presentation & Investor Discussion Pack**

# 10 HALF YEAR RESULTS

## AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

**Mike Smith**
**Chief Executive Officer**

# Good progress on Super Regional strategy

### RESTORE

- Institutional back to system
- Restore "jaws" – increase revenue faster than costs
- Drive Asia profit
- Capture existing opportunities
- Strategic cost management

1 to 2 years

### OUT PERFORM

- Quality on par with global leaders in our markets
- Best of breed customer experience
- In-fill mergers and acquisitions in Asia (core geographies)
- Unlock the value of our franchise

2 to 5 years

### TRANSFORM

**Create a leading Super Regional bank**

**Global quality, regional focus**

5+ years

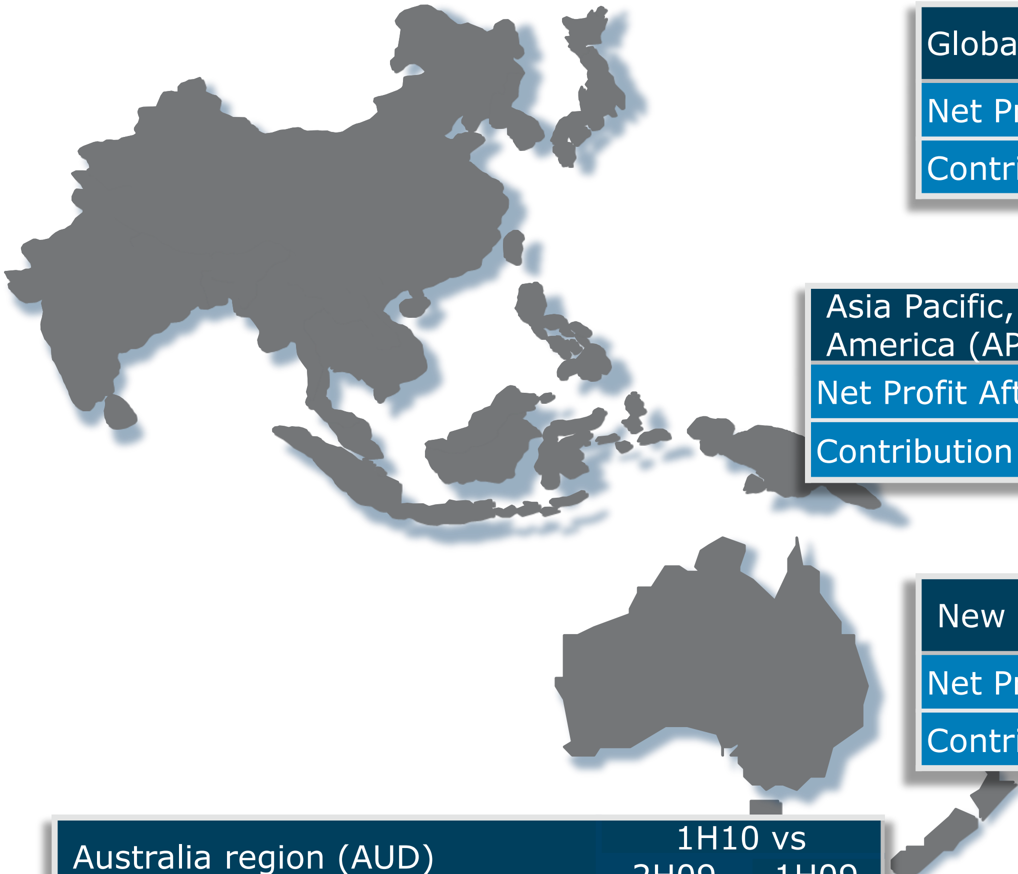
| ANZ target 2012 | Australia ~60% of all ANZ profit | NZ ~20% | Asia Pacific ~20% |
|---|---|---|---|

# ANZ performance for First Half 2010

| | 1H10 $m | Growth vs 2H09 | Growth vs 1H09 |
|---|---|---|---|
| **Underlying Profit**[1] | **2,298** | **23%** | **20%** |
| **Revenue**[1] | **7,567** | **3%** | **7%** |
| **Expenses**[1] | **3,249** | **4%** | **10%** |
| **Provisions**[1] | **1,098** | **(32%)** | **(23%)** |
| **Statutory Net Profit After Tax** | **1,925** | **26%** | **36%** |
| **EPS**[1] | **91.3** | **15%** | **2%** |
| **1H10 Franked Dividend** | **52** | **n/a** | **13%** |
| **Customer Deposits** | **238,212** | **2%** | **5%** |
| **Net Loans and Advances including Acceptances** | **347,862** | **1%** | **(3%)** |

1. All figures other than NPAT and full year dividend are Underlying

# Geographic performance



| Global Institutional division[1] | 1H10 vs 2H09 | 1H10 vs 1H09 |
|---|---|---|
| Net Profit After Tax | 22% | 23% |
| Contribution to Group Net Profit (AUD): 36% | | |

| Asia Pacific, Europe & America (APEA) region (USD) | 1H10 vs 2H09 | 1H10 vs 1H09 |
|---|---|---|
| Net Profit After Tax | 19% | 1% |
| Contribution to Group Net Profit (AUD): 13% | | |

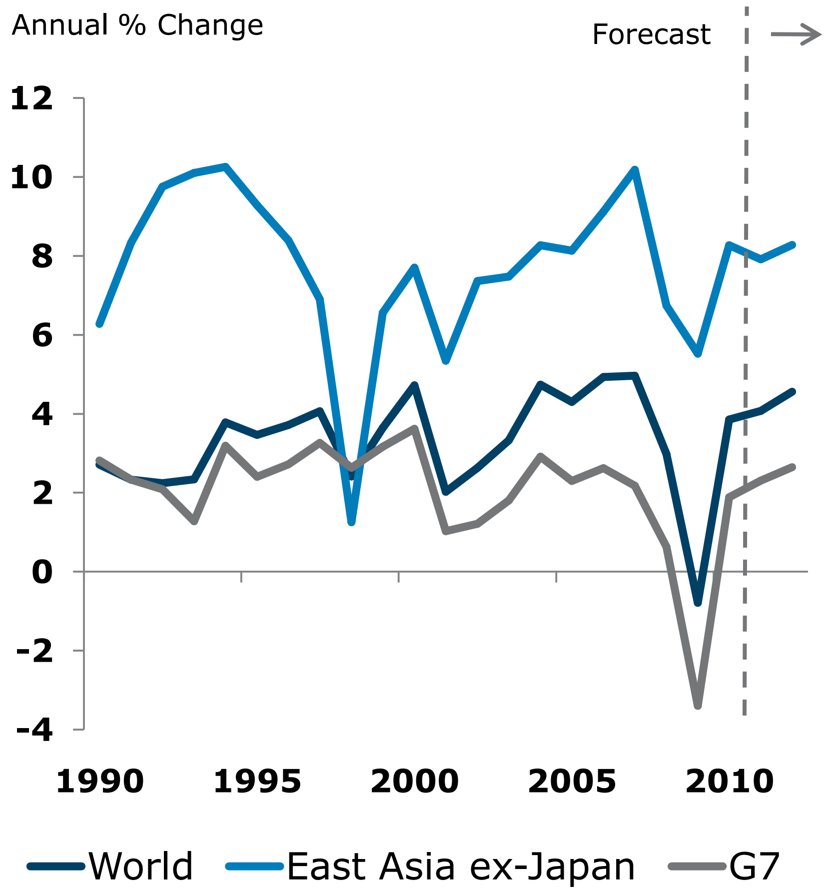
| New Zealand region (NZD) | 1H10 vs 2H09 | 1H10 vs 1H09 |
|---|---|---|
| Net Profit After Tax | 178% | (25%) |
| Contribution to Group Net Profit (AUD): 13% | | |

| Australia region (AUD) | 1H10 vs 2H09 | 1H10 vs 1H09 |
|---|---|---|
| Net Profit After Tax | 15% | 56% |
| Contribution to Group Net Profit (AUD): 74% | | |

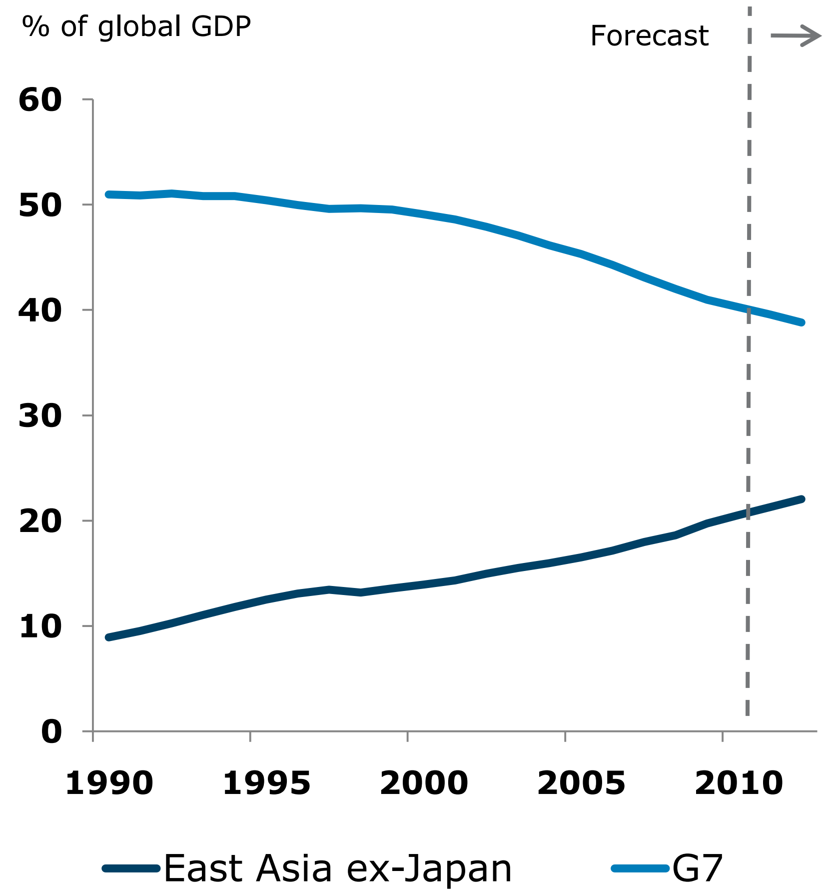
1. Global Institutional also included in Australia, APEA and New Zealand Regions. FX adjusted growth rates. NPAT growth in AUD 1H10 vs 2H09 19%, 1H10 vs 1H09 12%.

# Asia has led the global recovery so far

## Global growth



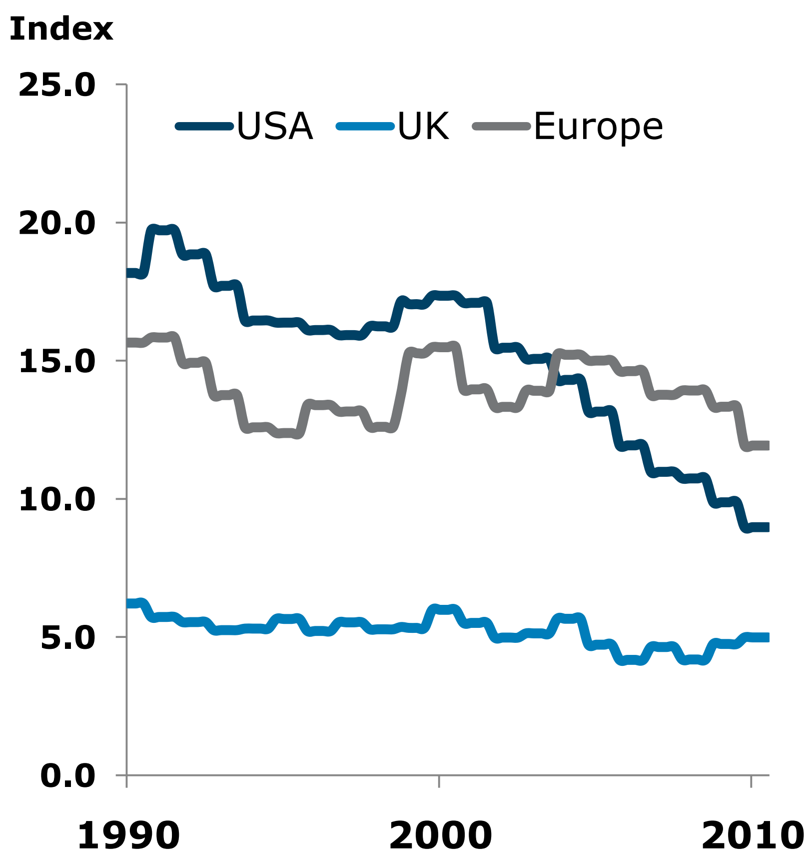

## Share of world GDP



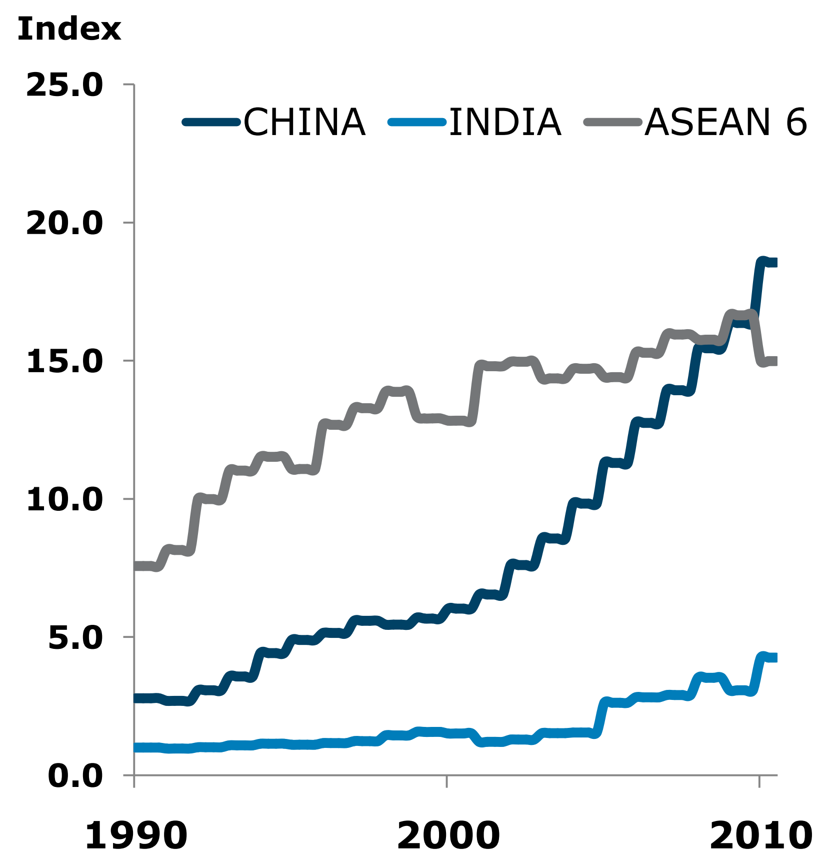
# For Australia, the G7 outlook is less and less relevant

## Australian two way trade weights

### US & Europe




### Asia

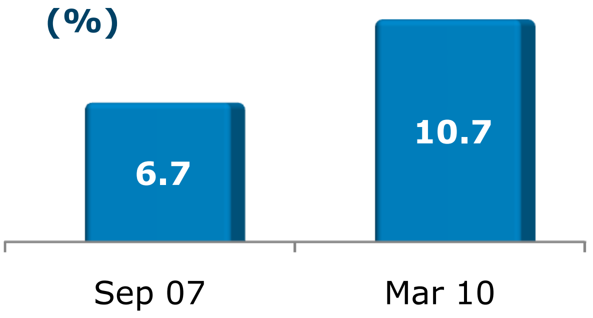



Source: ANZ, RBA ASEAN 6: Singapore, Indonesia, Malaysia, Thailand, Philippines, Vietnam

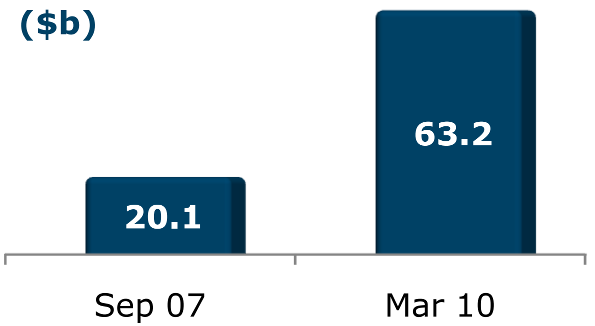
# Established a stronger foundation for the business

- Clarity around our strategy
- Re-organised around three key geographies and our customers
- Investing in organic and strategic growth opportunities
- Improved balance sheet efficiency
- Strengthened management experience and capability
- Established stronger governance and risk systems

**Tier 1 Capital**




**Prime Liquidity portfolio**



# 10
# HALF YEAR RESULTS

## AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

**Peter Marriott**
**Chief Financial Officer**

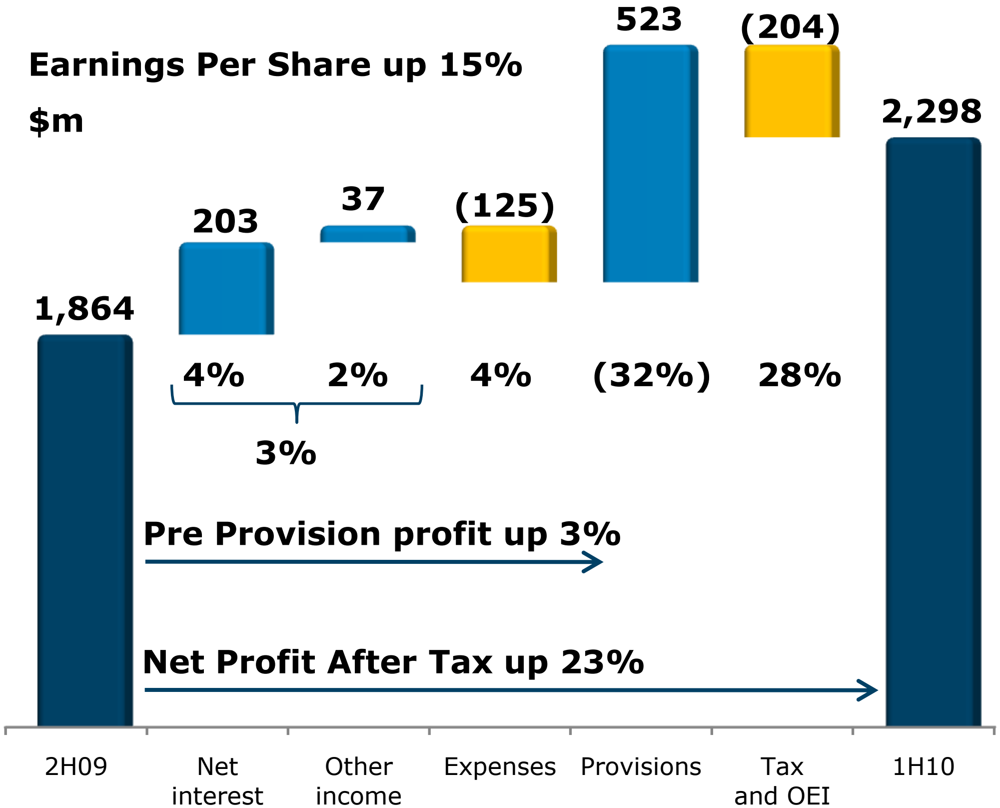
ANZ

# Statutory profit up 26% on the previous half, 23% adjusted for non–core and one-off items

| $m | 1H10 | 2H09 | 1H09 | 1H10 v 2H09 % | 1H10 v 1H09 % |
|---|---|---|---|---|---|
| **Statutory Profit ($m)** | **1,925** | **1,526** | **1,417** | **26%** | **36%** |
| Adjust for the following gains / (losses) included in statutory profit (net of tax) | | | | | |
| Acquisition costs & valuation adjustments | **(322)** | **0** | **0** | | |
| Economic hedging – fair value gain / (Loss) | **(138)** | **(709)** | **461** | | |
| Credit Intermediation Trades | **51** | **595** | **(664)** | | |
| ING Treasury Shares Adjustment | **(52)** | **0** | **0** | | |
| Tax on NZ conduits | **38** | **(196)** | **0** | | |
| ANZ share on INGNZ investor settlement | **25** | **(24)** | **(97)** | | |
| Revenue and net investment hedges | **23** | **2** | **19** | | |
| Organisational transformation costs | **0** | **(4)** | **(96)** | | |
| Other Non continuing businesses | **2** | **(2)** | **(114)** | | |
| **Underlying Profit** | **2,298** | **1,864** | **1,908** | **23%** | **20%** |
| Underlying EPS | **91.3** | **79.2** | **89.7** | 15% | 2% |
| **Underlying profit Acquisition & FX adjusted** | **2,255** | **1,815** | **1,786** | **24%** | **26%** |

# Underlying profit up 23% from moderate revenue growth supported by continued investment & lower provisions

## Underlying Performance
## 1H10 vs 2H09

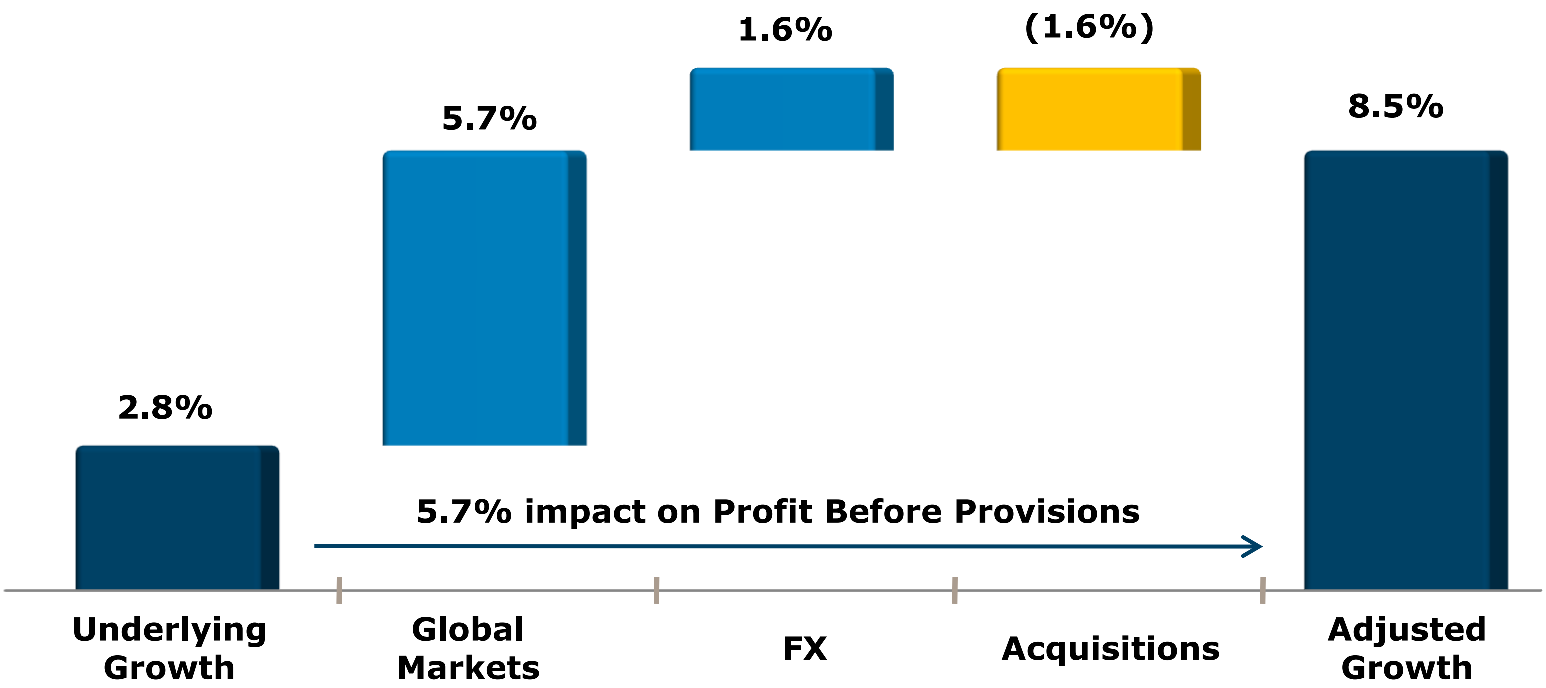



| Adjusted growth rates 1H10 vs 2H09 | Acq'n adjusted | FX & Acq'n adjusted |
|---|---|---|
| Net Interest | 4% | 5% |
| Non interest | (6%) | (3%) |
| Total income | 1% | 2% |
| Expenses | Flat | 1% |
| Pre provision profit | 1% | 3% |
| Provisions | (32%) | (31%) |
| NPAT | 21% | 24% |

For Prior Comparative Periods (1H10 vs 1H09) refer additional information section of the presentation pack

# Strong HoH Profit Before Provisions and “JAWS” distorted by Acquisitions, FX and exceptional 2009 markets result

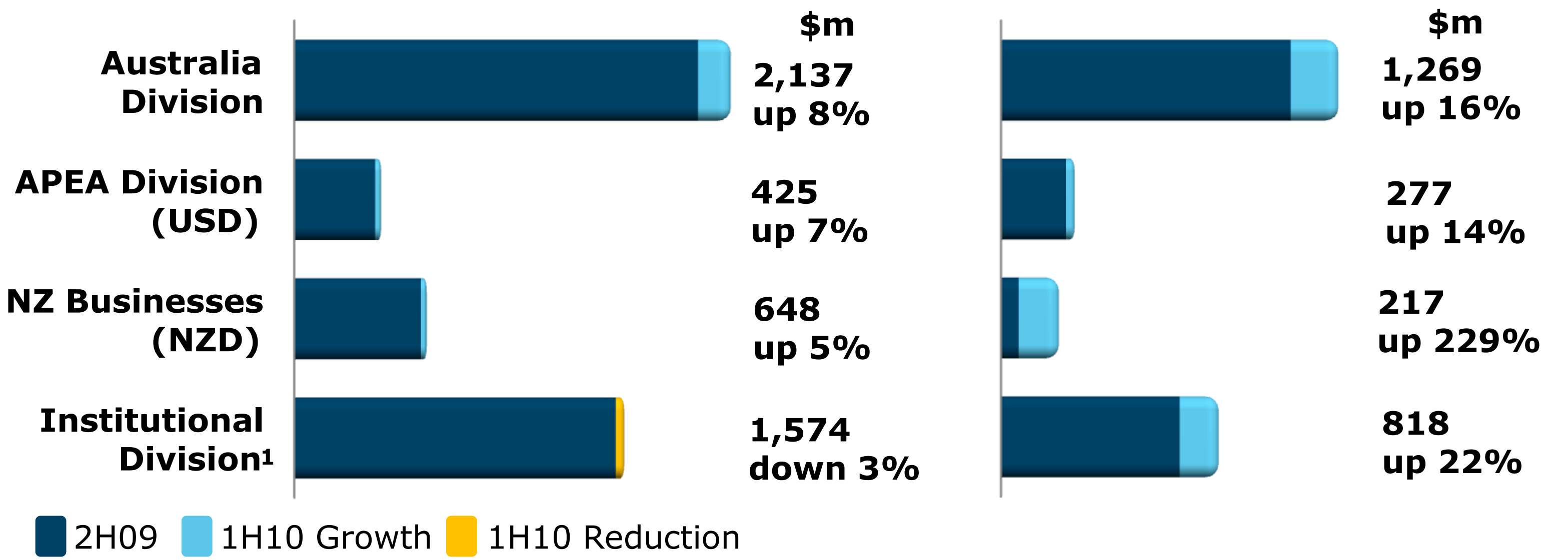
## Profit Before Provisions 1H10 (Half on Half growth rates)




| | Underlying Growth | | Adjusted Growth |
|---|---|---|---|
| Revenue | 3.3% | | 5.4% |
| JAWS | (0.7%) | | 3.8% |

# All divisions contributed to 1H10 half on half growth in Net Profit

## 1H10 vs 2H09 Pre Provision Profit / Net Profit After Tax

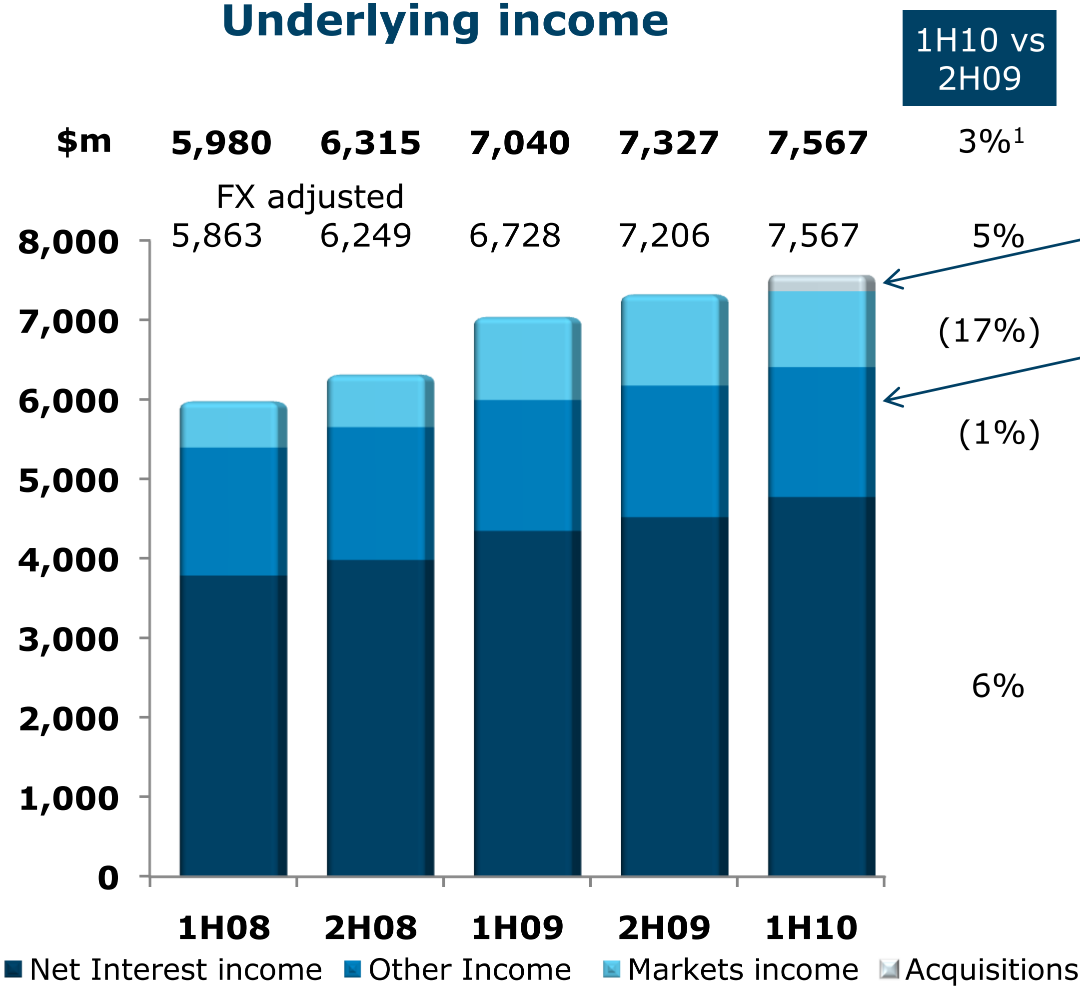



| 1H10 vs 1H09 (Prior comparative period) | | |
|---|---|---|
| | **Pre Provision Profit** | **Net Profit After Tax** |
| Australia Division | up 19% | up 33% |
| APEA Division (USD) | down 2% | down 1% |
| New Zealand Businesses (NZD) | down 7% | down 32% |
| Institutional Division[1] | down 4% | up 24% |

1. FX adjusted

# Total income increased from solid growth in Net Interest, partly offset by Markets income and FX drag

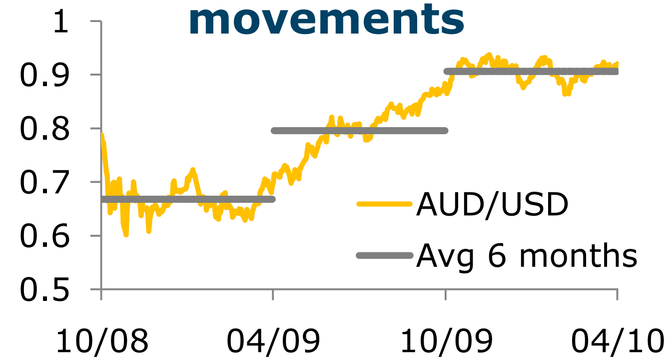
## Underlying income




$205m acquisition impact including $195m from ING

Fee income impacted by ~$70m reduction in exception fee changes in Aus & NZ

### 2% FX impact primarily from AUD/USD currency movements

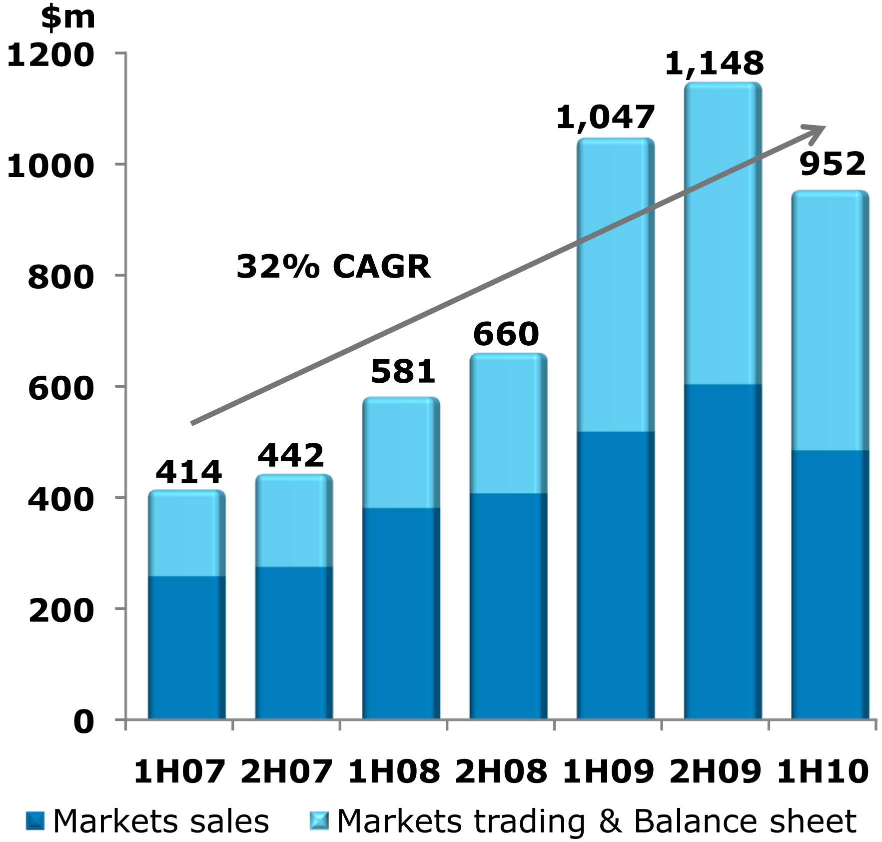



1. 2% Acquisition and FX adjusted

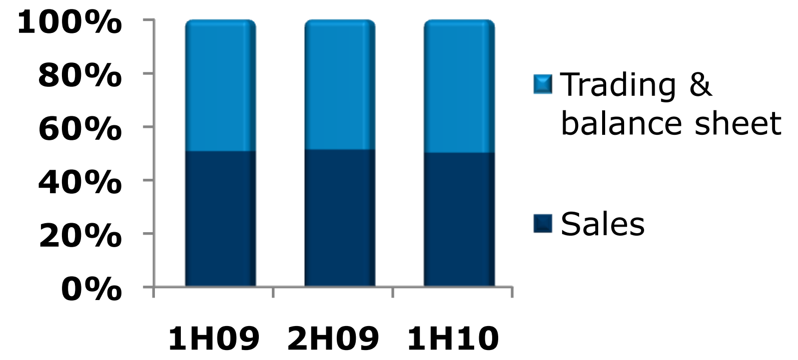
# Markets income, whilst down on unprecedented 2009, is delivering long run growth across the region

## Markets income

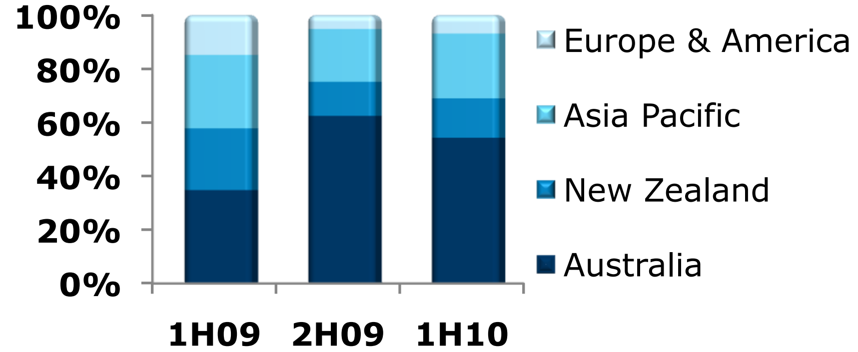
| Half year growth | 2H07 | 1H08 | 2H08 | 1H09 | 2H09 | 1H10 |
|---|---|---|---|---|---|---|
| | 7% | 31% | 14% | 58% | 10% | (17%) |




## Markets income by source (1H10)[1]



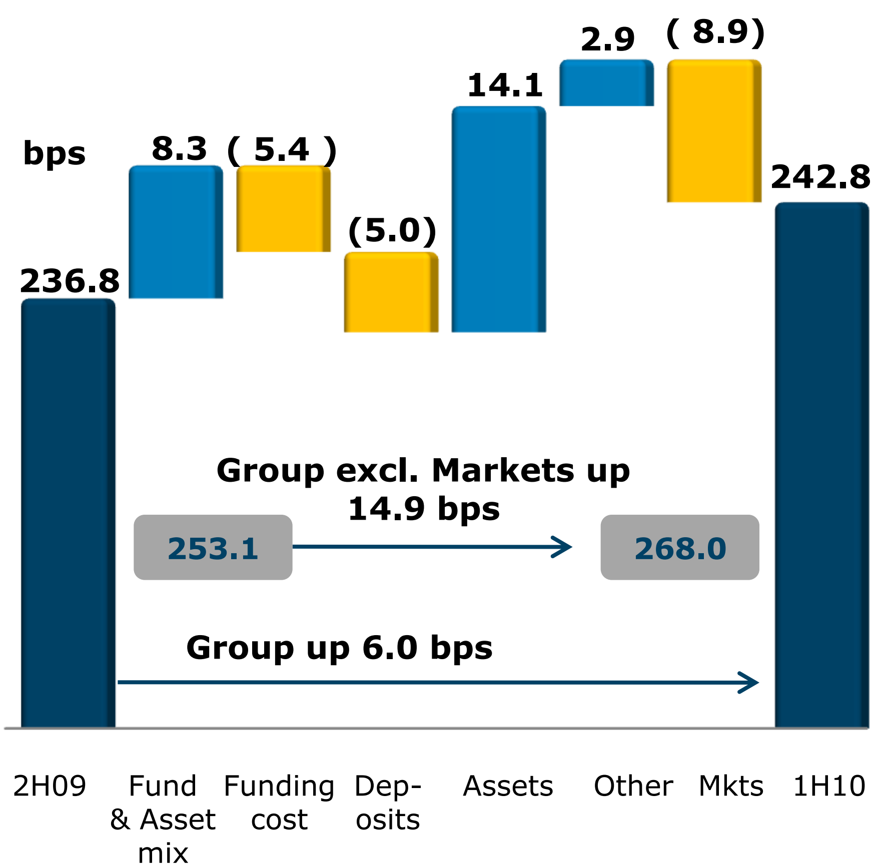

## Markets income by geography (1H10)[1]



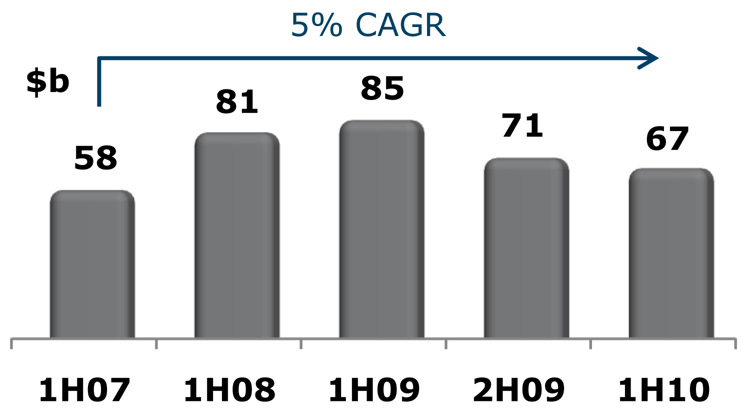

1. Refer "Additional financial information" slide pack section for movement from March 2009.

# NIM improvements from repricing & lower margin assets reductions, although continued funding pressure remains

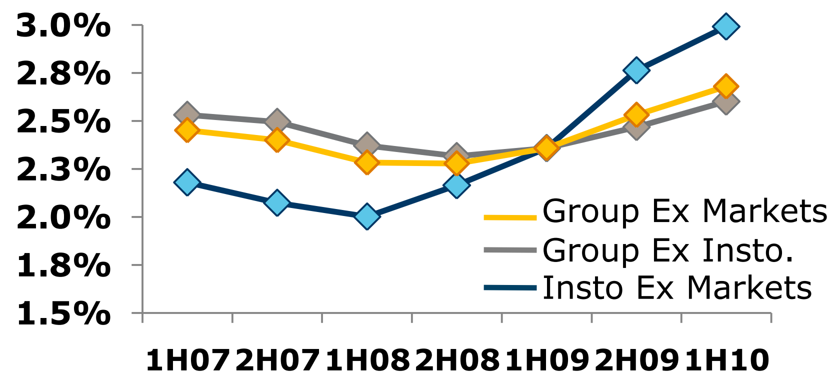
## Group Net Interest Margin ex Markets movement 1H10 v 2H09




## Institutional lending growth

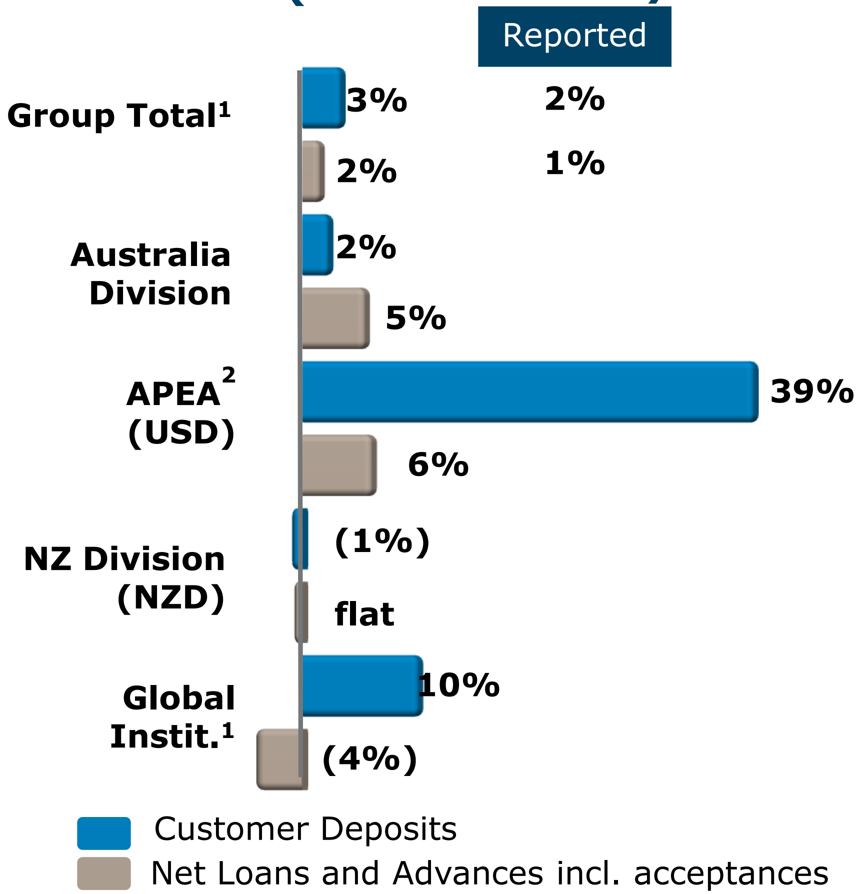



## Group and Institutional NIM trends ex-Markets

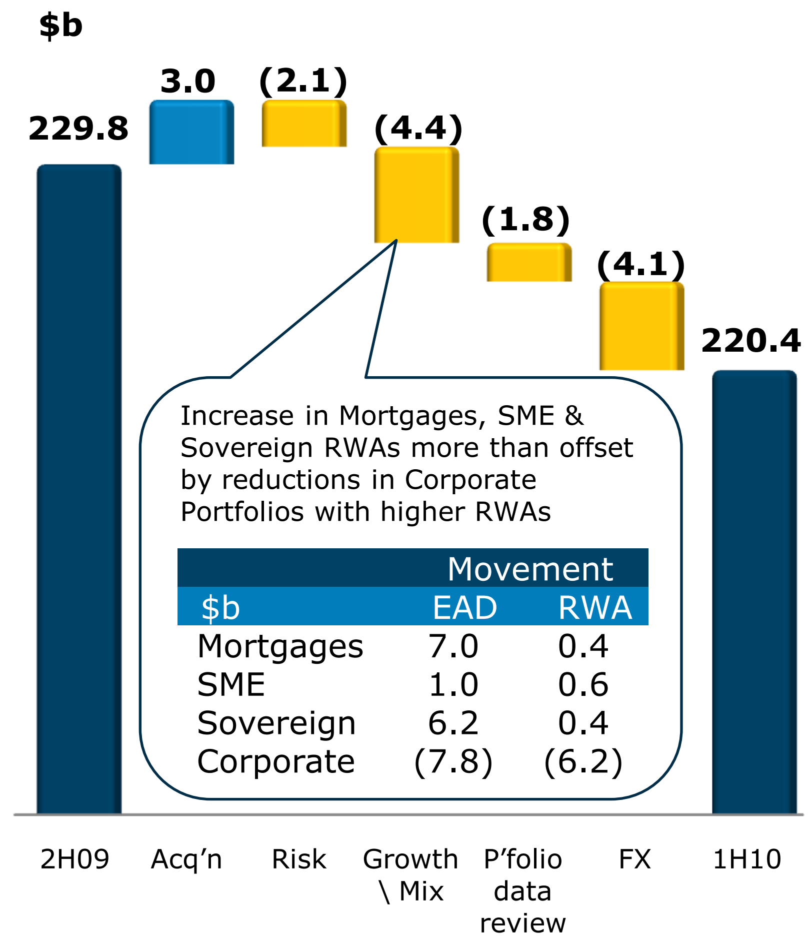


# Subdued balance sheet growth, largely in the Corporate sector reflects lower demand and portfolio repositioning

## Net Loans and Deposits growth (1H10 vs 2H09)



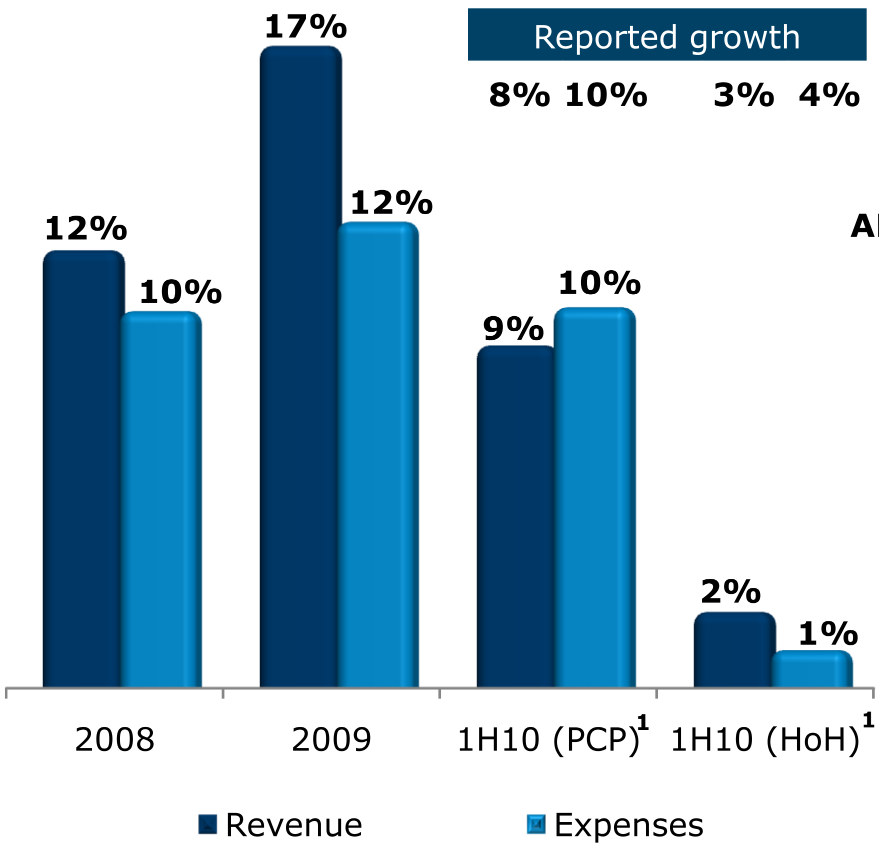

## Credit RWA impact



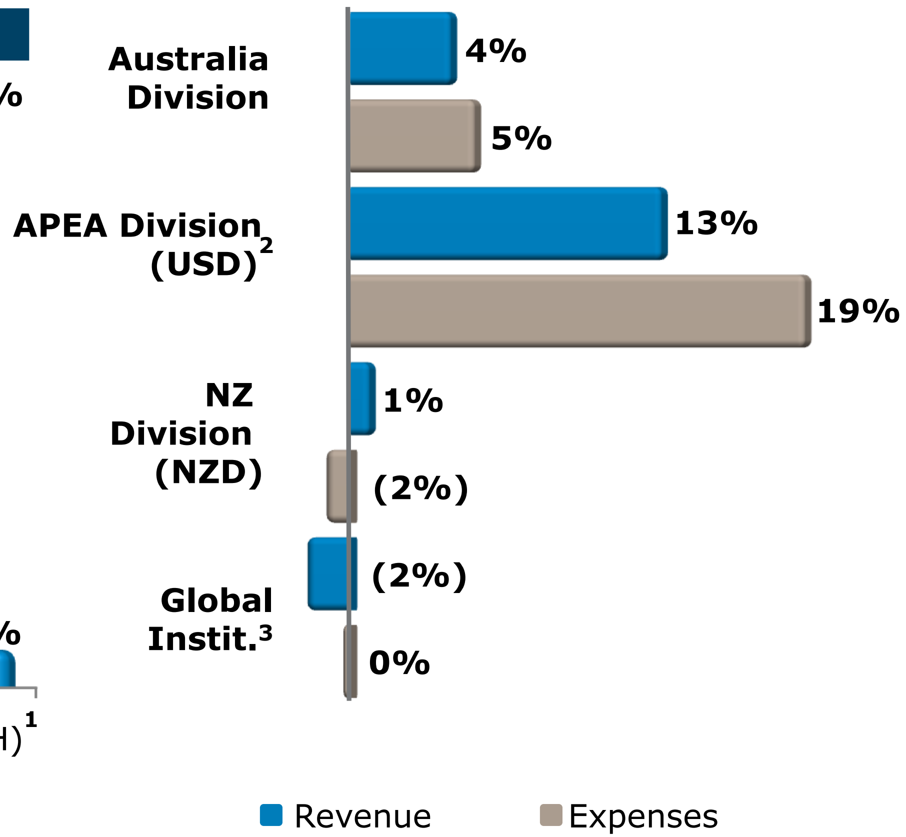

1. FX adjusted 2. APEA includes Institutional APEA

# Tightening of "Jaws" in 1H10 a function of 2009 strong income performance and continued targeted investment

## Revenue / Expense "Jaws"

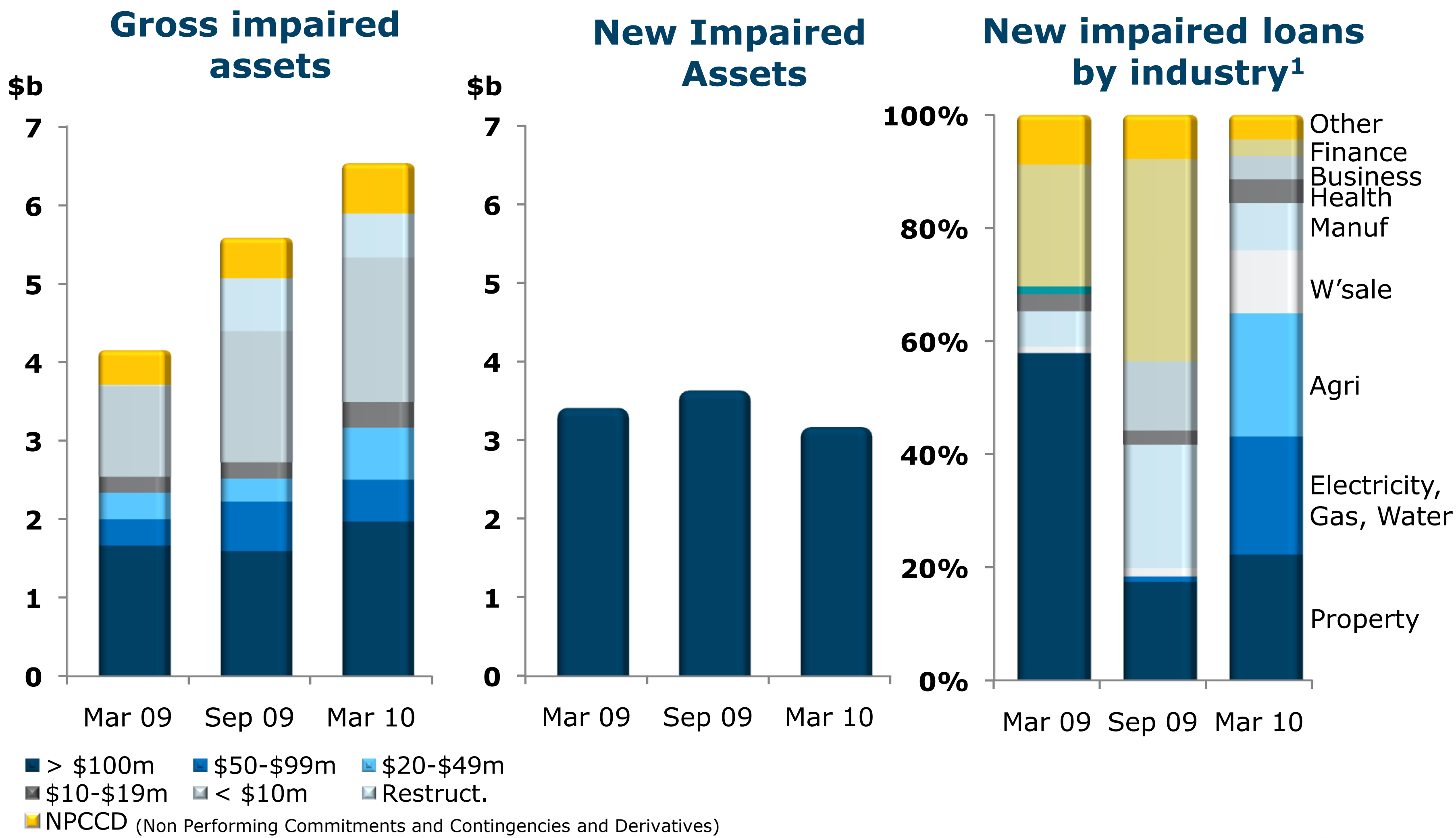



## Expense growth composition[1] (1H10 vs 2H09)



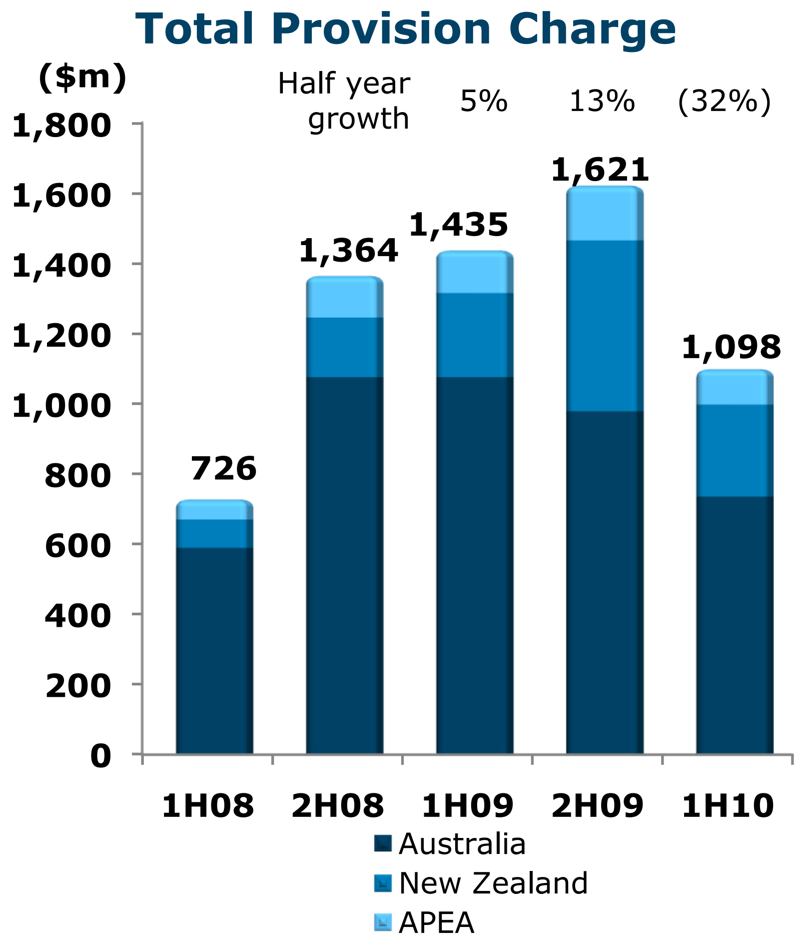

1. Acquisition and FX adjusted 2 APEA includes Institutional APEA 3. FX adjusted

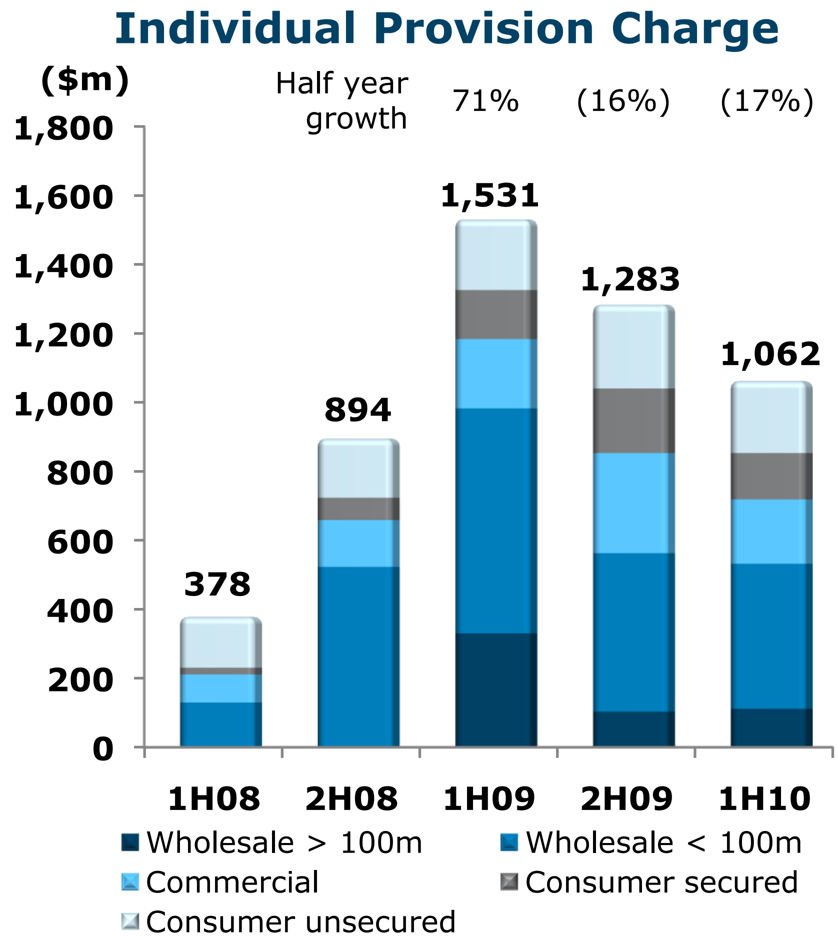
# Gross Impaired assets increased with slower run off. New impaired assets stabilising and more broadly based



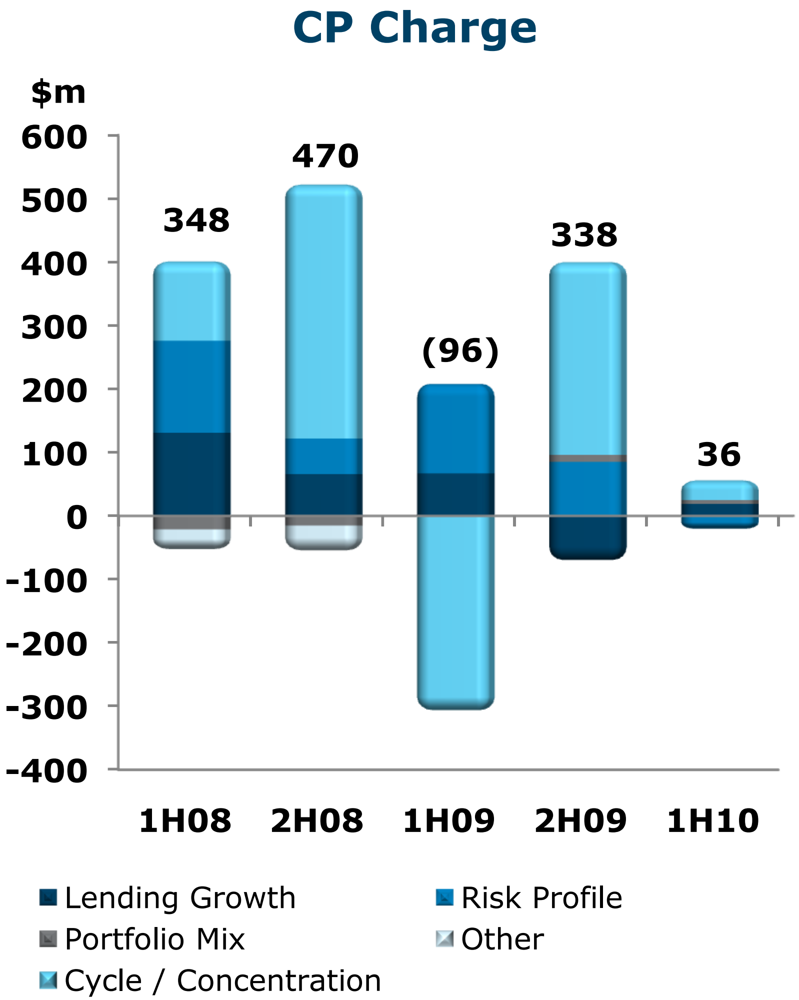

1. Global Institutional New Impaired Loans

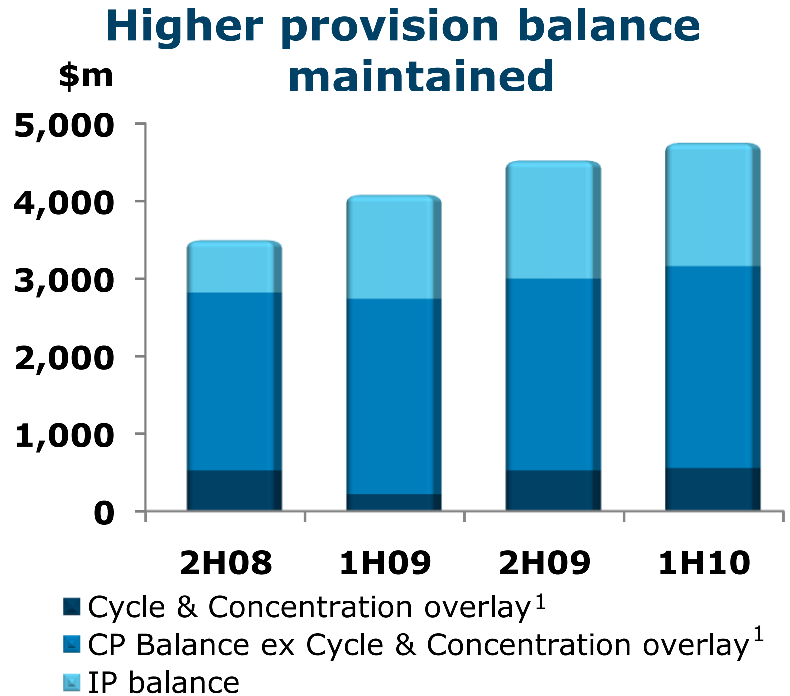
# Total Provision charge has reduced across the region with lower IP in Wholesale, Commercial and Consumer



# CP charge down on prior half, with release of management overlay in Australia offset by NZ increases



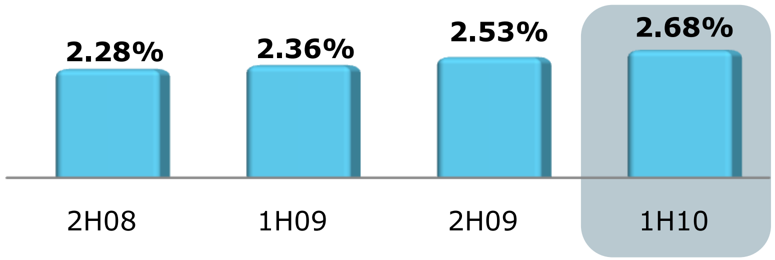

## Coverage ratios
### (Provision Balance / Credit RWAs)

| Coverage | 1H09 | 2H09 | 1H10 |
|---|---|---|---|
| CP coverage | 1.06% | 1.31% | 1.38% |
| Total coverage | 1.58% | 1.97% | 2.10% |

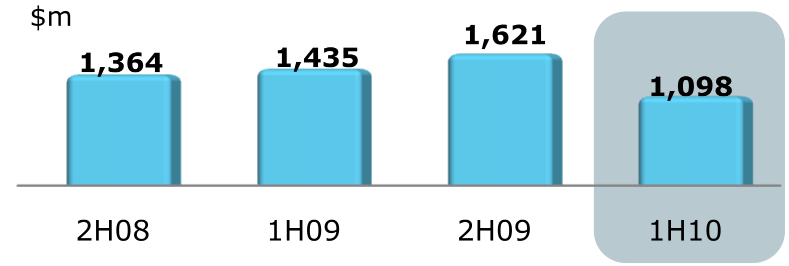
1. Cumulative balance of the additional Economic Cycle and Concentration overlay charges taken from 1H08

# Summary

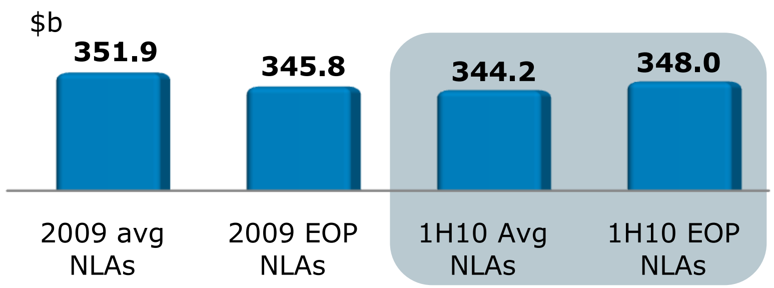
## Margin Momentum ex Markets[1]



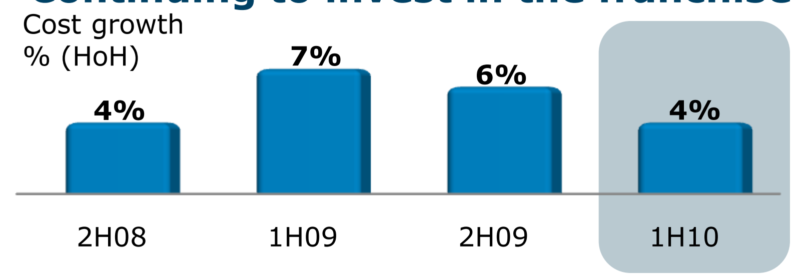

## Credit provision charge



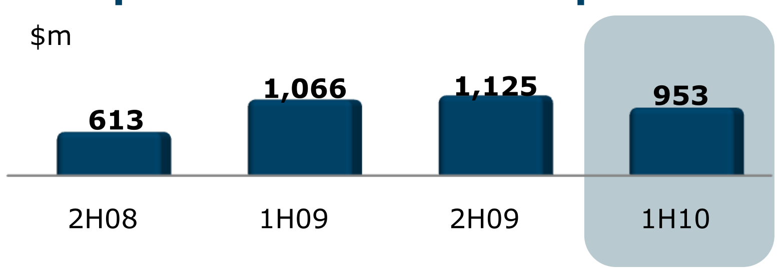

## Modest balance sheet momentum



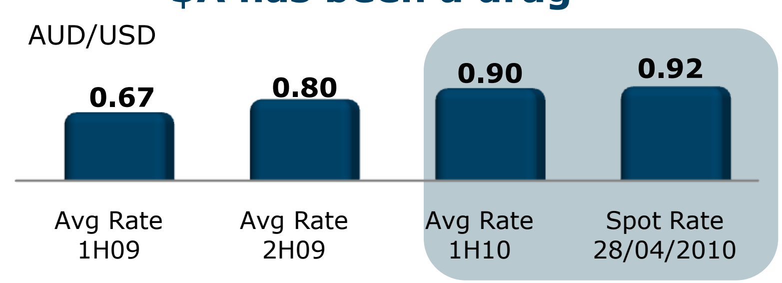

## Continuing to invest in the franchise




## Exceptional 2009 markets performance




## $A has been a drag




1. Prior period figures adjusted to exclude allocated capital

# 10
# HALF YEAR RESULTS

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

## Investor Discussion pack

### Additional Financial Information

# Statutory profit reconciliation

| | 1H10 | 2H09 | 1H09 | 1H10 v 2H09 % | 1H10 v 1H09 % |
|---|---|---|---|---|---|
| **Statutory Profit ($m)** | **1,925** | **1,526** | **1,417** | **26%** | **36%** |
| **Statutory EPS** | **76.8** | **64.8** | **66.3** | **19%** | **16%** |
| Acquisition costs & valuation adjustments | **(322)** | **0** | **0** | | |
| Economic hedging – fair value gain / (Loss) | **(138)** | **(709)** | **461** | | |
| Revenue and net investment hedges | **23** | **2** | **19** | | |
| Tax on NZ conduits | **38** | **(196)** | **0** | | |
| Organisational Transformation costs | | | **(17)** | | |
| ING Treasury shares adjustment | **(52)** | **0** | **0** | | |
| **Cash Profit** | **2,376** | **2,429** | **954** | **2%** | **149%** |
| **Cash EPS** | **94.3** | **103.3** | **44.3** | **(9%)** | **113%** |
| Credit Intermediation Trades | **51** | **595** | **(664)** | | |
| One ANZ restructuring costs | | **(4)** | **(79)** | | |
| ANZ share on INGNZ investor settlement | **25** | **(24)** | **(97)** | | |
| Other Non continuing businesses | **2** | **(2)** | **(114)** | | |
| **Underlying Profit** | **2,298** | **1,864** | **1,908** | **23%** | **20%** |
| **Underlying EPS** | **91.3** | **79.2** | **89.7** | **15%** | **2%** |
| **Weighted average shares** | **2,511** | **2,342** | **2,101** | **7%** | **20%** |

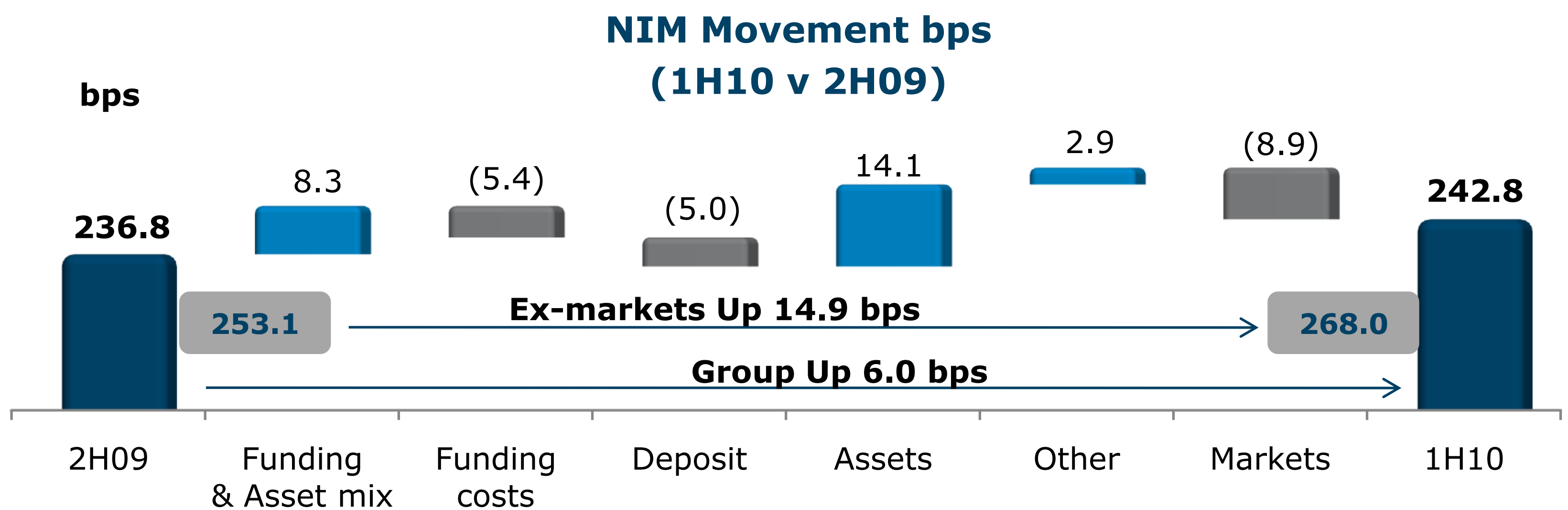
# NIM movements 1H10 vs 2H09

| Basis points (bps) | 2H09 | Funding & Asset mix | Funding costs | Deposits | Assets | Other | Markets | 1H10 | **1H10 v 2H09 (ex markets)** |
|---|---|---|---|---|---|---|---|---|---|
| **Group** | **236.8** | **8.3** | **(5.4)** | **(5.0)** | **14.1** | **2.9** | **(8.9)** | **242.8** | **+14.9** |
| **Geographies** | | | | | | | | | |
| Australia Geography | 248.0 | 13.2 | (3.4) | (3.9) | 11.7 | 0.0 | (6.0) | 259.6 | **+17.6** |
| New Zealand Geography | 203.1 | 1.6 | (11.2) | (6.7) | 18.8 | 0.2 | 2.5 | 208.3 | **+2.7** |
| **Divisions** | | | | | | | | | |
| Australia Division | 255.9 | 0.1 | 1.4 | (5.8) | 5.9 | 6.4 | | 263.9 | **+8.0** |
| New Zealand Businesses | 207.8 | 2.4 | (10.8) | (7.5) | 23.3 | (1.5) | | 213.7 | **+5.9** |
| Global Institutional | 216.6 | 4.8 | (8.7) | (0.6) | 29.4 | (2.0) | (30.7) | 208.8 | **+22.9** |

# NIM movements 1H10 vs 1H09

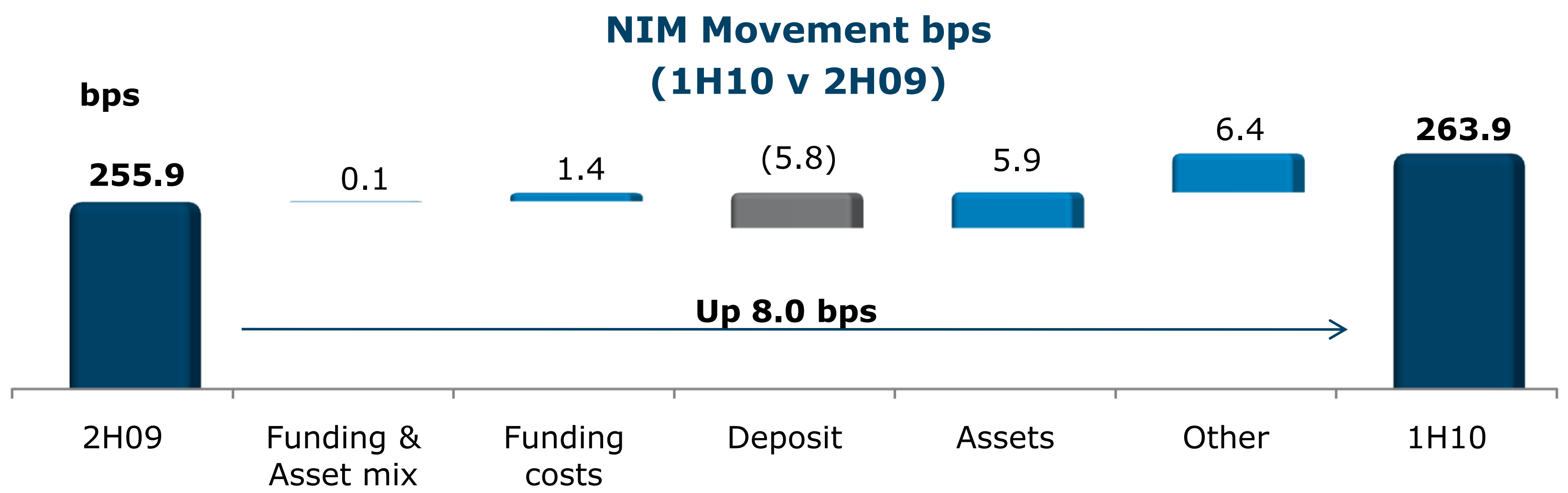
| Basis points (bps) | 1H09 | Funding & Asset mix | Funding costs | Deposits | Assets | Other | Markets | 1H10 | **1H10 v 1H09 (ex markets)** |
|---|---|---|---|---|---|---|---|---|---|
| **Group** | **222.3** | **21.5** | **(18.5)** | **(18.6)** | **47.8** | **0.0** | **(11.6)** | **242.8** | **+32.1** |
| **Geographies** | | | | | | | | | |
| Australia Geography | 227.9 | 25.4 | (12.9) | (13.5) | 43.4 | (2.4) | (8.3) | 259.6 | **+40.0** |
| New Zealand Geography | 213.8 | 0.8 | (32.9) | (15.1) | 49.8 | (4.7) | (3.2) | 208.5 | **(2.1)** |
| **Divisions** | | | | | | | | | |
| Australia Division | 248.3 | 0.2 | (0.8) | (16.6) | 31.9 | 0.9 | | 263.9 | **+15.6** |
| New Zealand Businesses | 219.8 | 0.5 | (38.1) | (21.0) | 61.9 | (9.5) | | 213.7 | **(6.2)** |
| Global Institutional | 198.3 | 29.2 | (36.7) | (12.7) | 85.4 | (1.8) | (52.9) | 208.8 | **+63.4** |

# Group Net Interest Margin (NIM)



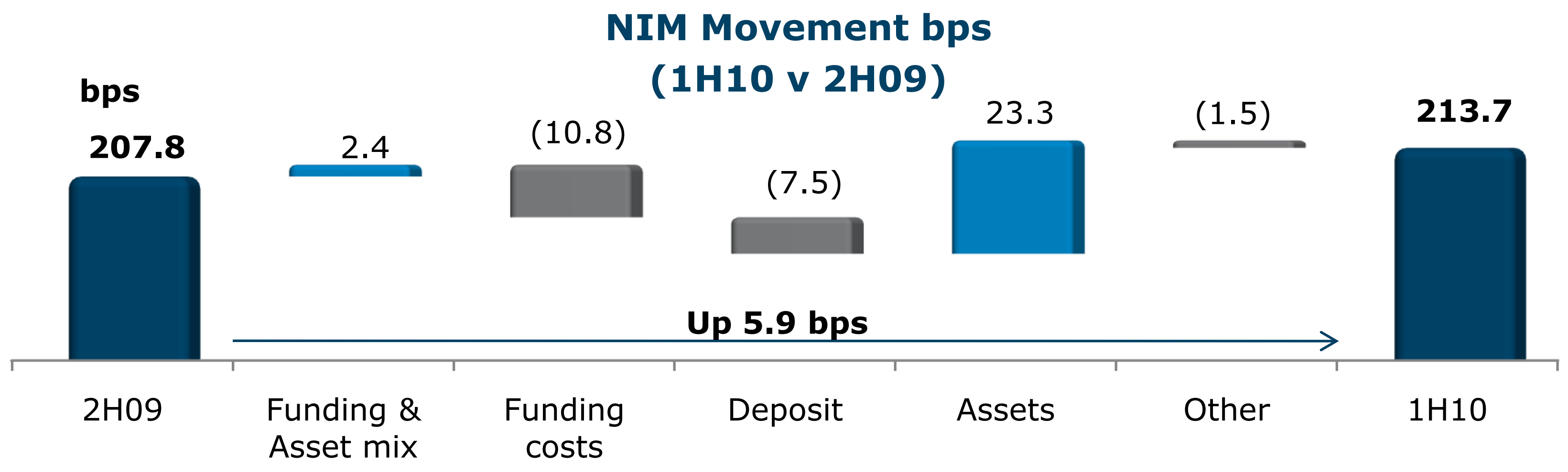

| Key Movements | Drivers of movement |
|---|---|
| Funding and Asset Mix up | **Funding mix** increase was a result of higher capital, lower wholesale funding, higher low rate deposits and higher derivatives. **Asset mix** increase driven mostly by reduction of low margin Institutional assets and higher proportion of higher margin consumer assets |
| Funding costs | Higher funding costs mainly from rate rises, lower benefit on capital from change in investment term, and higher cost of funds, partly offset by favourable basis risk impact |
| Deposits | Reflects **deposit competition** in AUS and to a greater extent in NZ. Also reflects **deposit mix** driven impacted by AUS customers switching from lower to higher interest rate products |
| Assets | Favourable asset pricing with improved margins predominantly in Institutional and NZ, higher Institutional fee income and favourable product mix shifts |

# Australia Division Net Interest Margin (NIM)



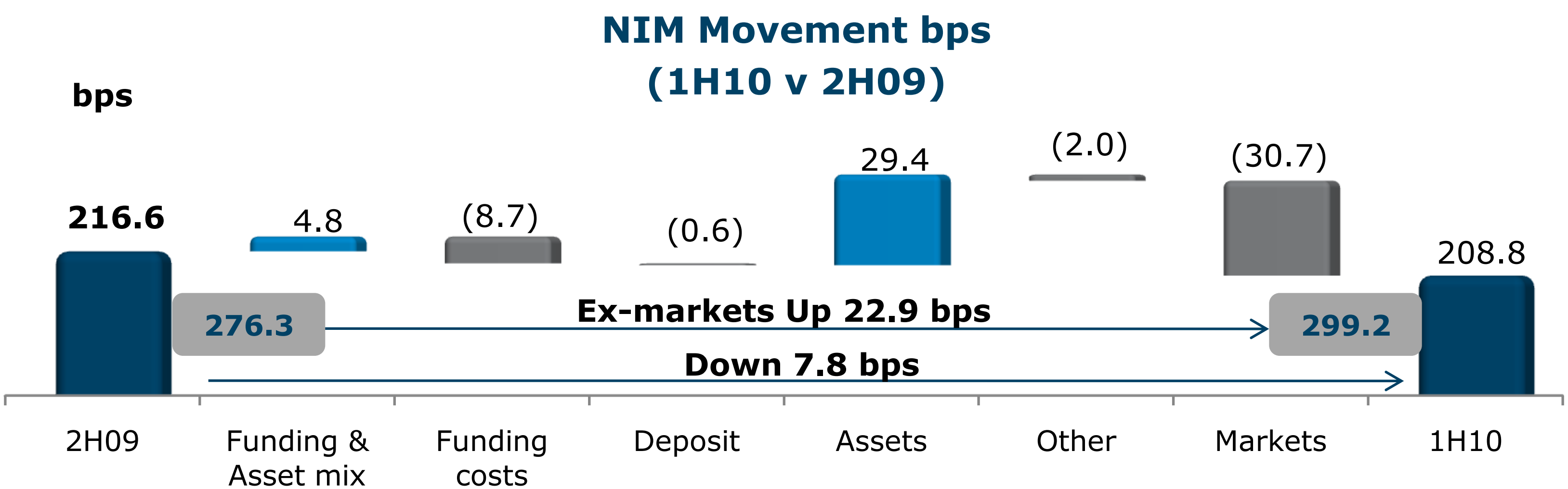

| Key Movements | Drivers of movement |
|---|---|
| Deposits | Resulting from customer switching to lower margin term deposits and online saver accounts, competition on deposit margins and mix impact from rate insensitive and replicating portfolios, partly offset by winding down of low margin Esanda debentures |
| Assets | Driven by repricing and product mix shift across fixed and variable rate mortgages, partly offset by competition on variable mortgages |
| Other | Lower brokerage costs driven by 2H09 one off write-down of Esanda unamortised brokerage and overdraft interest adjustments |

# New Zealand Businesses Net Interest Margin (NIM)




| Key Movements | Drivers of movement |
|---|---|
| Funding costs | Impact of higher cost of wholesale funding |
| Deposit | Significant competition for deposit products continues to impact margins, with further mix impact from move to higher interest rate products, in particular term deposits |
| Assets | Favourable asset re-pricing with improved mortgage margins as the phased re-pricing of the fixed rate mortgage book recovers higher cost of wholesale funding |

# Global Institutional Net Interest Margin (NIM)




| Key Movements | Drivers of movement |
|---|---|
| Funding and asset mix | Funding Mix benefited from lower proportions of wholesale funding, partly offset by an increase in lower margin customer deposits from Asia expansion and lower free funds. |
| Funding costs | Higher funding costs and basis risk impact |
| Assets & Deposits | Movement largely from repricing of undrawn facilities and full impact of 2H09 repricing flow through to 1H10, partly offset by margin decline in Trade assets and competitive pressure in Transaction Banking deposits in Australia |
| Markets | Separated due to impact of derivatives, trading and balance sheet management and dilution impact of market balance sheet growth on the Group |

# 10 HALF YEAR RESULTS

## AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

Treasury

# Capital position provides strength and flexibility to manage prudential change and fund business opportunities

| | Mar 09 | Sep 09 | Mar 10 | Mar 10 pro forma[1] | FSA Mar 10 pro forma[1] |
|---|---|---|---|---|---|
| Core Tier 1[2] | 6.4% | 9.0% | 8.5% | 8.2% | 11.1% |
| Tier 1 | 8.2% | 10.6% | 10.7% | 10.4% | 13.5% |
| Total Capital | 11.0% | 13.7% | 13.0% | 12.6% | 15.4% |

## Capital Update

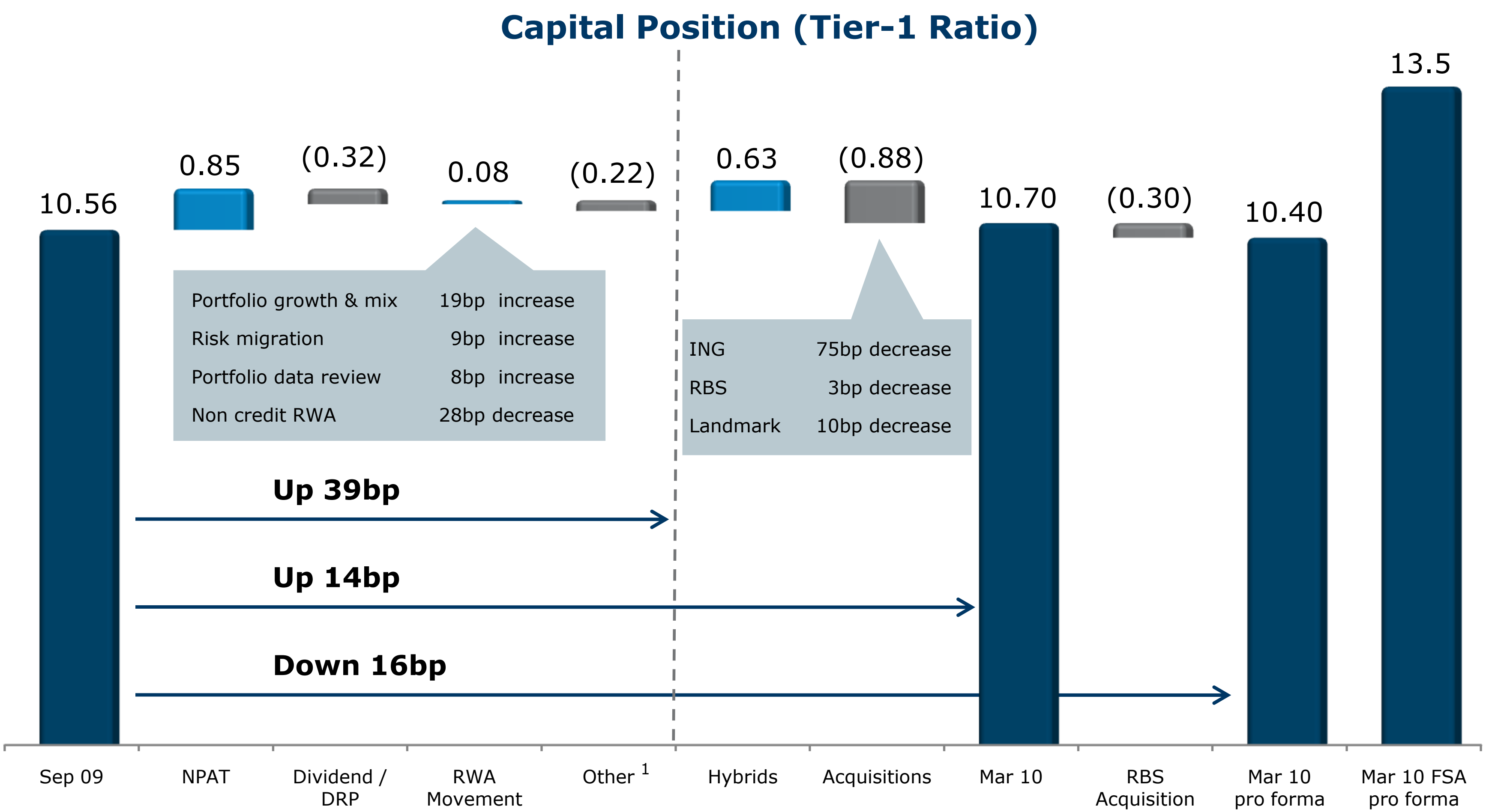
- Tier-1 capital ratios marginally improved over 1H10:
  - Positive net organic capital generation of 39 basis points
  - Impact of ING-JV and Landmark acquisitions largely offset by $2bn hybrid issuance
  - Redemption of $US350m Trust Securities
- Strong capital base maintained providing flexibility to manage:
  - Business opportunities and investment
  - Prudential changes - Basel 3, APRA Credit and Market Risk
- Dividend increase of 13% and more sustainable payout ratio

## Capital Agenda

- Manage implementation of prudential change:
  - Final Basel 3 changes expected 2H10 - some capital impact expected, but less than offshore peers
  - Impact dependant upon calibration post Basel QIS
- Stabilising global markets and economic conditions will allow move to longer term capital management strategies
- Hybrid usage ~20% provides ~$1.5bn of capacity – however uncertainty around hybrid rules may impact opportunities

1. Includes acquisition of remaining RBS assets. 2 'Core Tier 1' = Tier 1 excluding hybrid Tier 1 instruments

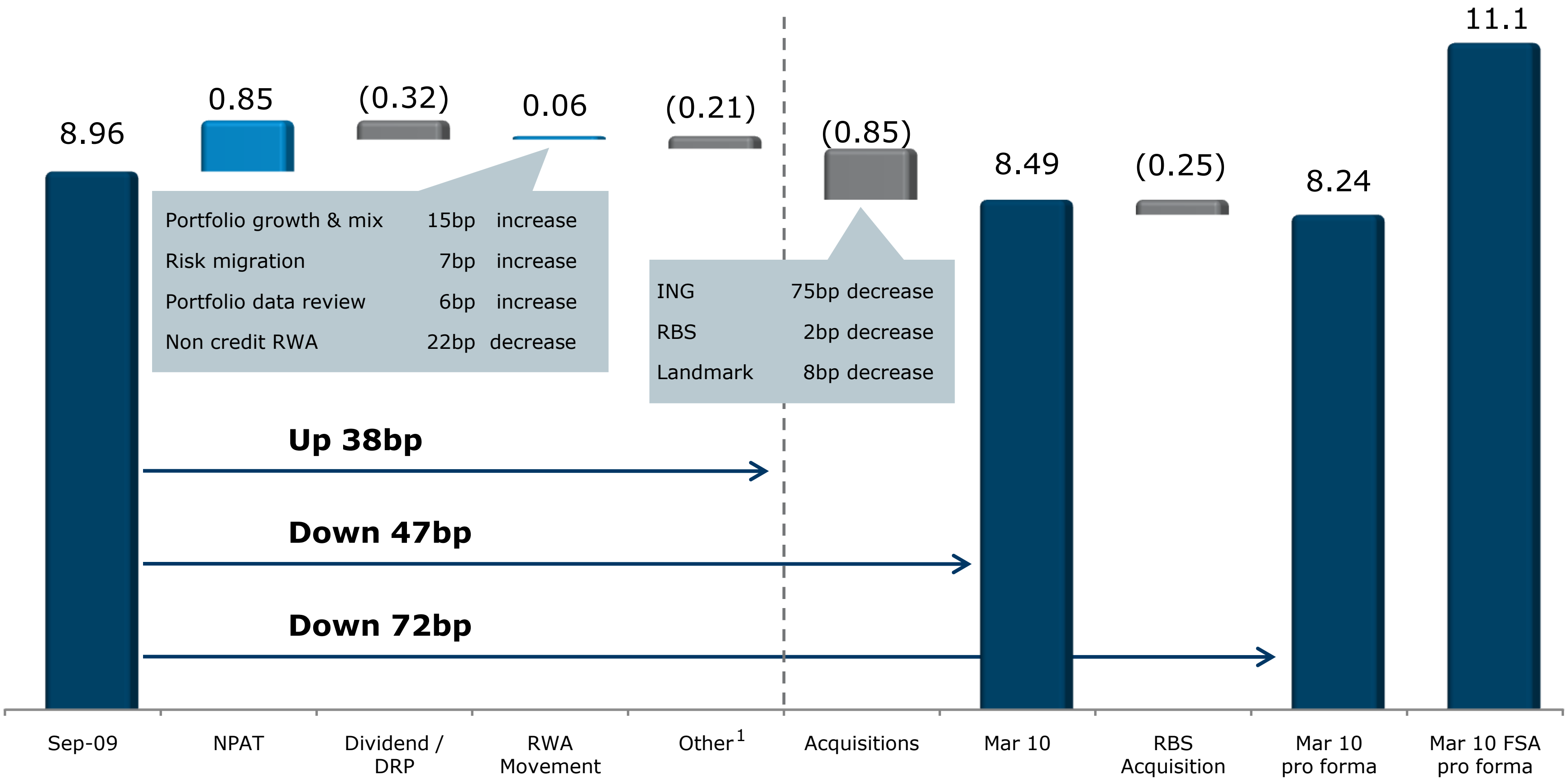
# Strong Tier-1 position, maintained post recent acquisitions




1. Includes Associates, Net Deferred Tax Assets, Pensions, Capitalised Costs, MTM gains on own name included in profit, FX.

# Core Tier-1 position

## Capital Position (Core Tier-1 Ratio)




1. includes Associates, Net Deferred Tax Assets, Pensions, Capitalised Costs, MTM gains on own name included in profit, FX

# Reconciliation of ANZ's capital position to FSA Basel II guidelines

APRA regulations are more conservative than current FSA regulations, in that APRA requires:

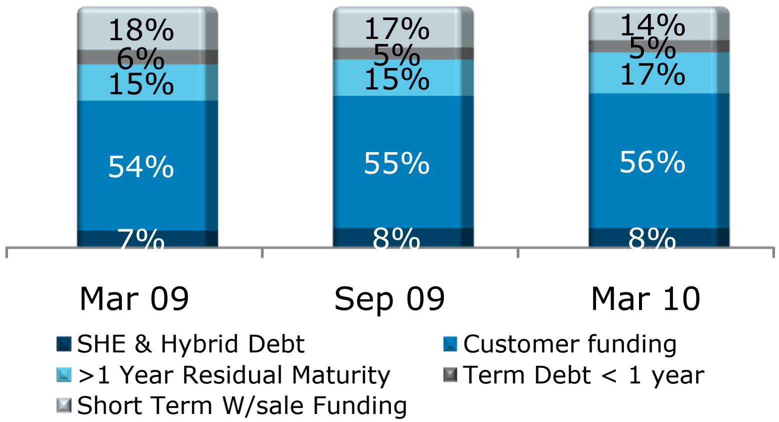
- A 20% Loss Given Default floor for mortgages (FSA: 10% floor)
- Interest Rate Risk in the Banking Book (IRRBB) included in Pillar I risks (FSA: Pillar II)
- Capital deductions for investments in funds management subsidiaries (FSA: RWA assets)
- Insurance subsidiaries to be a mixture of Tier 1 and Tier 2 deductions (FSA: transitional regulations permit Total Capital deductions under certain circumstances)
- Expected dividend payments (net of dividend reinvestments) to be deducted from Tier-1 (FSA: no deduction)
- Collective Provision to be net of tax when calculating EL v CP deduction (FSA: tax effect difference between EL and CP on gross basis)
- Associates to be a mixture of Tier-1 and Tier-2 deduction (FSA: permits proportional consolidation under certain circumstances)

| | Core Tier-1 | Tier 1 | Total Capital |
|---|---|---|---|
| **Mar 10 pro forma[1] under APRA standards** | **8.2%** | **10.4%** | **12.6%** |
| RWA (Mortgages, IRRBB) | 1.2% | 1.4% | 1.6% |
| ING Funds Management and Life Co. businesses | 0.6% | 0.6% | 0.1% |
| Interim dividend accrued net of DRP & BOP | 0.4% | 0.4% | 0.4% |
| Expected Losses v Collective Provision | 0.2% | 0.2% | 0.3% |
| Insurance subsidiaries (excluding ING businesses) | 0.2% | 0.2% | 0.0% |
| Investment in associates | 0.2% | 0.2% | 0.2% |
| Other[2] | 0.1% | 0.1% | 0.2% |
| **Total adjustments** | **2.9%** | **3.1%** | **2.8%** |
| **Mar 10 pro forma[1] FSA equivalent ratio** | **11.1%** | **13.5%** | **15.4%** |

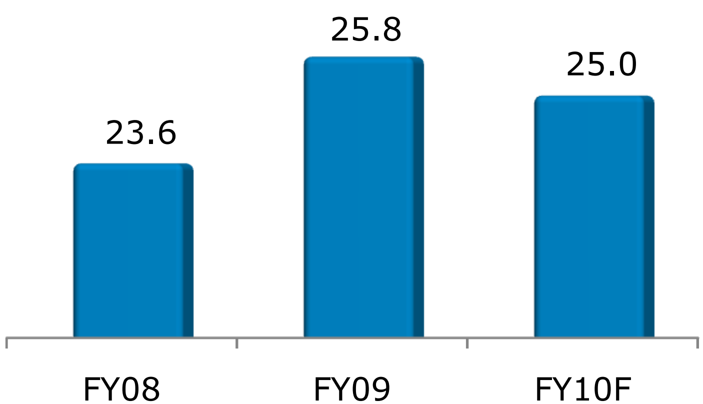
1.Includes acquisition of remaining RBS assets
2. Other includes Net Deferred Tax Assets, Capitalised Expenses, Deferred Income and roundings.

# Group funding composition continues to improve, term wholesale debt issuance requirement remains stable

## Funding composition improved




## Recent term debt issuance[1] ($b)

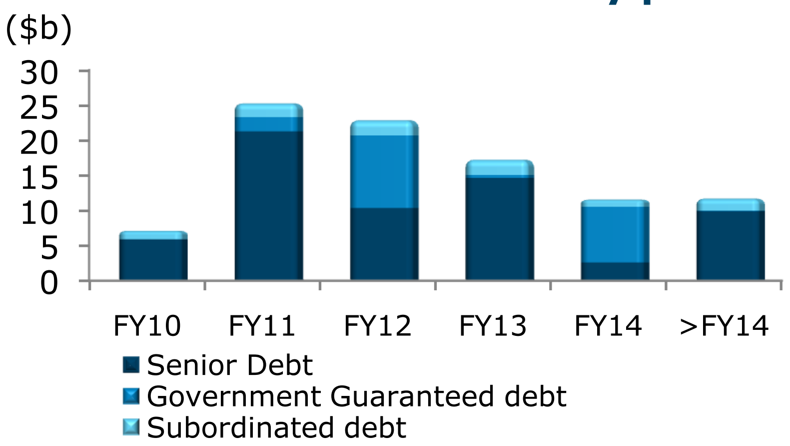



1. Term debt with >1 year maturity at end financial year

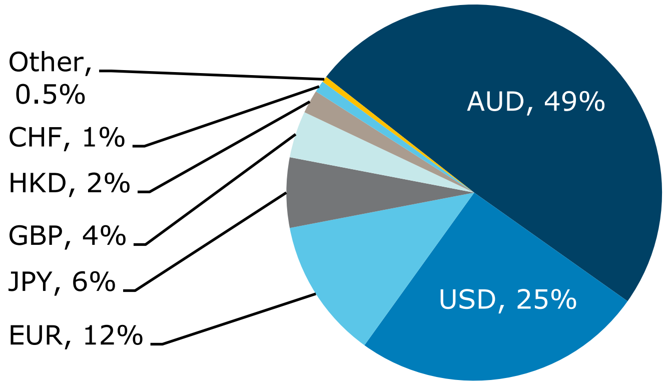
- Strong credit ratings maintained: AA / Aa1 (S&P / Moody's)
- 81% of all funded assets financed by customer liabilities, term wholesale debt (>1 year) and equity
- Aggregate short term wholesale debt reduced to 19%
- Offshore short term wholesale funding for Australia geography now 2%
- Completed ~70% of FY10 term funding target of $25b;
  - ~$18b of senior and subordinated term debt (with > 1 year maturity at Sep-10 year end)
  - Average tenor of new term issuance 5 years (3.9 years in FY09)
  - Government guaranteed term debt is ~5% of total funding (guarantee not used in 1H10)
  - A further $7b of ~ 1year funding issued in 1H10 reflecting a strategic decision to lengthen the short end maturity profile
- ANZ's term funding task comparable with 2009;
  - ANZ's term funding task is comparable to prior years and reflects the disciplined use of Balance sheet and APEA deposit strategy (in excess of $7b of APEA deposits repatriated to Aus/NZ)

# ANZ maintains a consistent annual funding strategy

**Balanced term debt maturity profile**



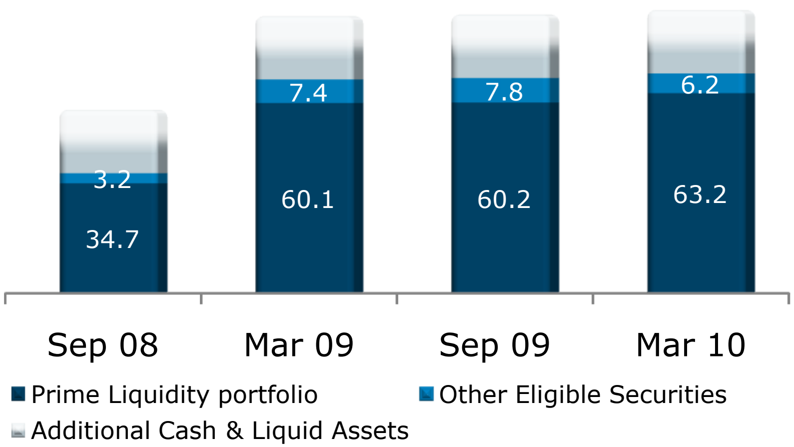

**ANZBGL wholesale funding programs well diversified**




- ANZ has a well balanced maturity profile and strong investor diversification, which results in a manageable forward funding requirement;
  - Benchmark issues in AUD, USD, EUR, JPY, NZD, CAD & CHF completed during 1H10
- Portfolio funding costs continue to increase although marginal funding costs have reduced since the peak;
  - The margin paid on new term debt issuance in 1H10 was ~20% higher than the term debt portfolio average
  - This mostly reflects higher term debt margins but also the increased tenor of recent issuance
  - Funding costs will continue to rise, with just under a quarter of the term debt portfolio still to reprice
  - Term debt represents 22% of funding base
- Regulatory changes expected to impact future term funding requirements, although timing and magnitude of these impacts are uncertain at this stage

# Liquidity Position

## Maintaining post GFC liquidity position ($b)




## Composition of liquid asset portfolio ($63.2b)

| Class 1 | Class 2 | Class 3 |
|---|---|---|
| $27.0b | $9.5b | $26.7b |
| Government/ Semi Govt. / Govt. Guaranteed bank paper, NZ cash with RBNZ, supranational paper | Bank or Corporate paper rated AA or better | Internal RMBS |

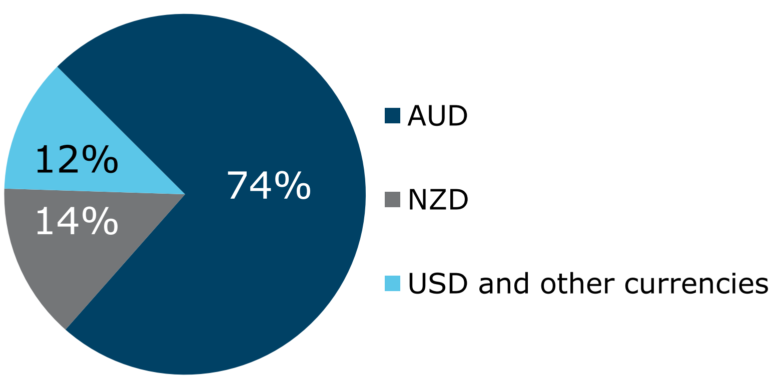
Priority of use

- Prime liquid asset portfolio increased to $63b (from average $60b over FY09):
  - Covers well in excess of 12mth offshore wholesale funding maturities
  - Portfolio well diversified by geography & counterparty
- Strong credit quality with >99% of portfolio rated AA- or better
- Other central bank repo-eligible liquid assets of $6.2b
- Additional liquid assets (cash at banks, interbank lending, trading and investment portfolios) not included in the liquidity portfolio
- Future regulatory changes may impact the volume of liquid assets, although the impact is uncertain at this stage

# Managing the Group's earnings denominated in non-AUD currencies

- NZD remains ANZ's most significant single non-AUD currency revenue exposure
- USD and Asian local currency revenues are expected to increase as a proportion of total group revenue in line with ANZ's Super Regional Bank strategy

### 1H10 profit before tax by currency




### USD and Asian local currency hedging position

- 1H10 revenues have been translated at an average AUD/USD rate of 0.9060
- The majority of ANZ's non-NZD foreign currency revenue streams have a high correlation to AUD/USD
- A combination of macro and specific currency hedges against the risk of adverse currency movements may be considered appropriate
- No hedges are currently in place
- Likely FY10 negative EPS impact of 4-6% (based on current exchange rates)

### NZD currency hedging position

- 1H10 NZD earnings were converted at an effective all-up rate of 1.22 compared to average actual exchange rate of 1.26
- Partial hedges in place for FY10 & FY11 @ 1.19 to 1.20

# 10

# HALF YEAR RESULTS

## AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

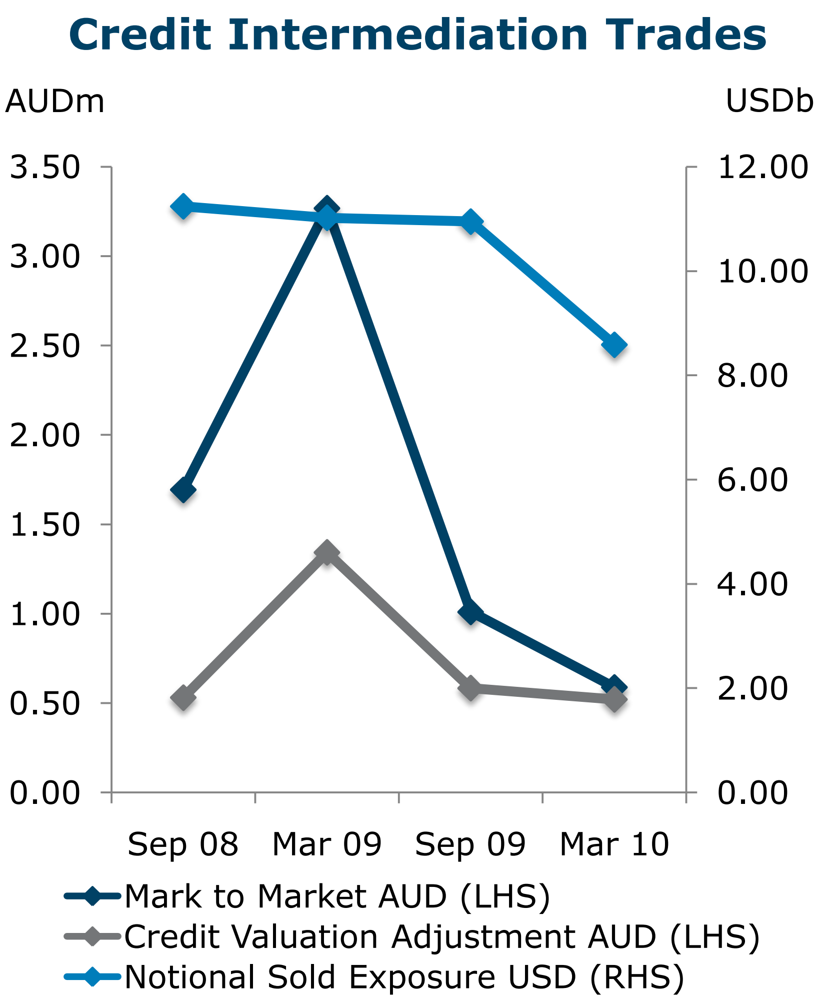
### Risk Management

# Credit risk charge on Credit Intermediation Trades decreased

| Counterparty Rating | No. | Notional purchased protection principal amount (US$m) | Mark to Market (US$m) | Credit Risk on Derivatives (US$m) | Credit Risk on Derivatives (A$m) | Notional Principal Amount on corresponding Sold Protection (US$m) |
|---|---|---|---|---|---|---|
| AAA/Aa3 | 2 | 2,977 | 214 | 46 | 50 | 1,510 |
| BBB-/Ba1 | 1 | 3,100 | 176 | 70 | 76 | 3,100 |
| Withdrawn Rating / No rating | 3 | 3,751 | 148 | 64 | 70 | 3,751 |
| Defaulted Monoline | 1 | 225 | (0.2) | (0.2) | (0.2) | 225 |
| Other costs[1] | - | - | - | 303 | 325 | |
| Position 31 March 2010 | 7 | 10,053 | 538 | 483 | 521 | 8,587 |
| | | | | | | |
| Position 30 September 2009 | 8 | 10,950 | 888 | 514 | 584 | 10,950 |

1.Other costs are cumulative life to date costs which include realised losses relating to restructuring trades to reduce risks which were unhedged due to default by the purchased protection counterparty and realised losses on termination of sold protection trades. It also includes foreign exchange hedging losses.

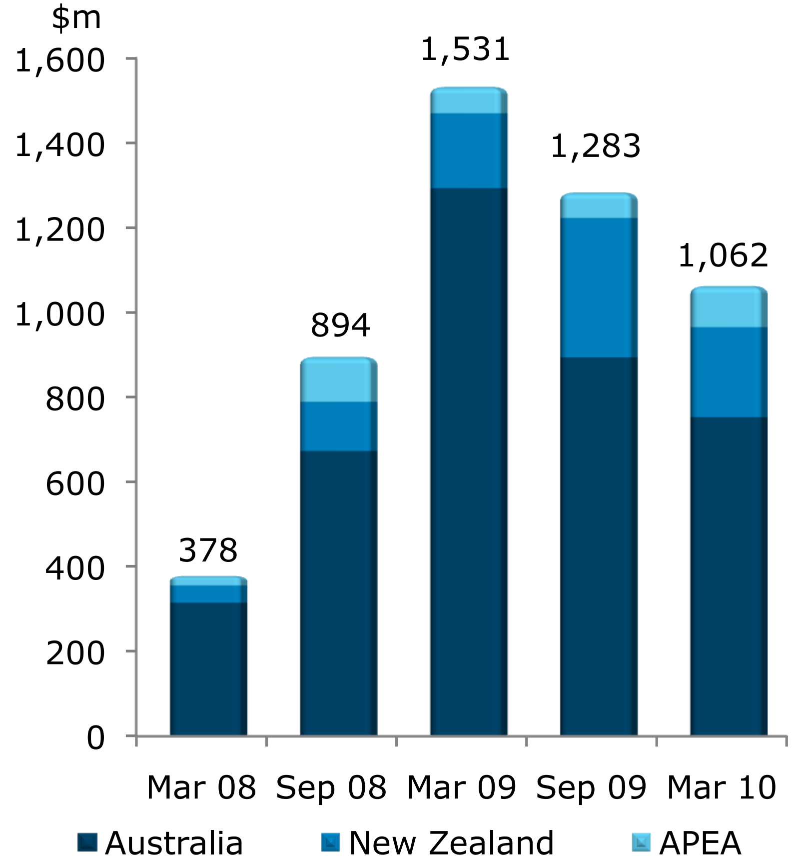
# Reduced credit exposure on Credit Intermediation Trade Portfolio



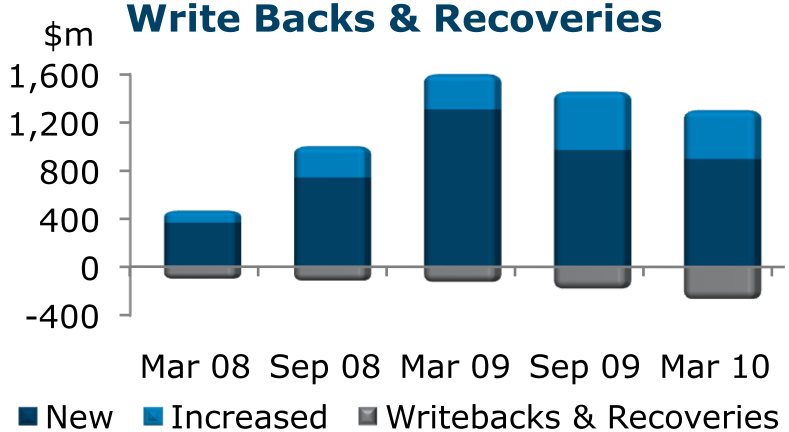

- Overall credit exposure under the Credit Intermediation Trade Portfolio is now substantially lower following the unwind of selected trades and stabilisation of credit markets
- During 1H10, ANZ exited a number of sold protection exposures reducing the total notional value of the sold protection outstanding to $US 8,587m (30/9/09 : $US 10,950m)
- ANZ has $US 10,053m in bought protection outstanding including $US 1.46bn of bought protection for which ANZ has no remaining underlying sold protection exposure
- Cumulative Credit Risk on Derivative expense for the Credit Intermediation Trades as at 31/3/10 was $521m (30/9/09 : $584m)
- MtM and CVA remain subject to volatility in :
  - credit spreads and
  - exchange rates
- ANZ has strong levels of protection under the sold protection trades with an average attachment point of
  - ~ 15% for the 13 CDO's
  - ~ 30% for the CLO's
- ANZ will continue to take advantage of opportunities which may arise to reduce our remaining exposure

# Individual Provision charge reduced further from March 09 peaks

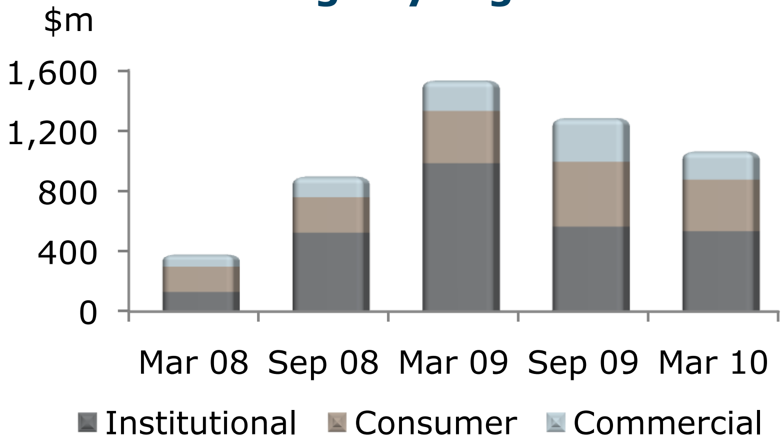
**IP Charge by Region: reductions across Aus. & NZ APEA increase off a low 2009 base**




**New & increased IP charge and Write Backs & Recoveries**

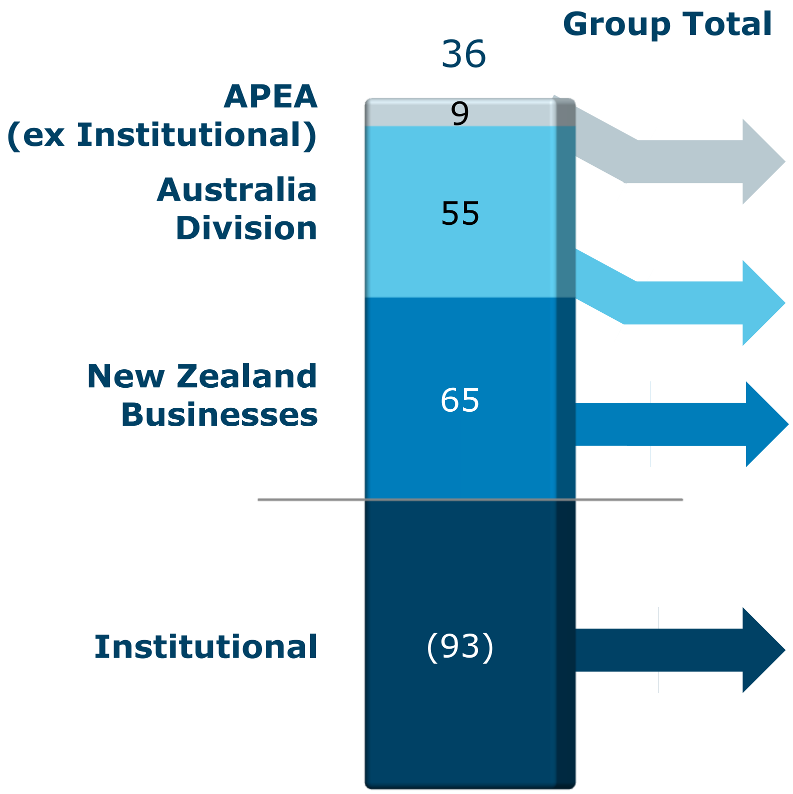



**IP charge by segment**



# CP Charge indicative of movement through the credit cycle and protracted period of NZ structural rebalancing

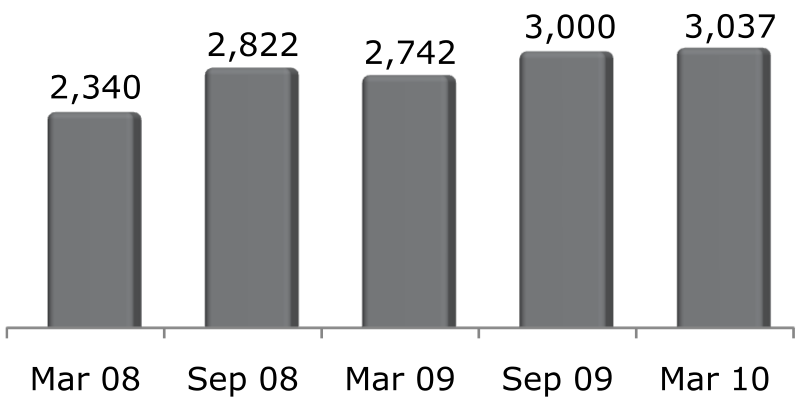
## Collective Provision Charge by Division ($m)



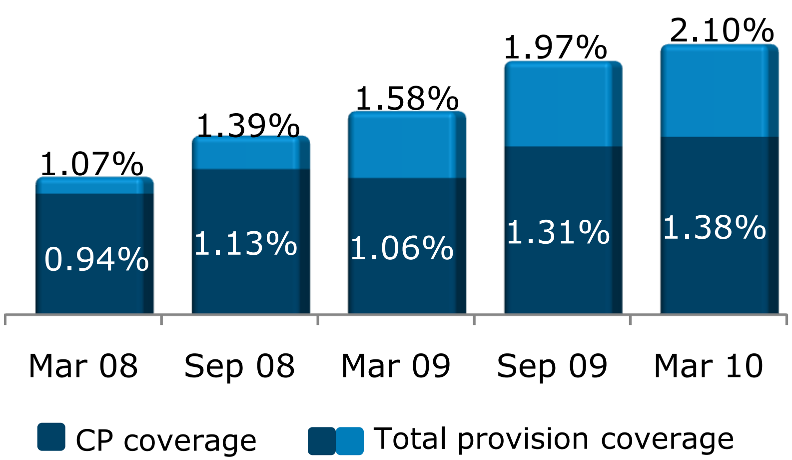

| Division | Group Total | Lending | Risk Impacts & migration | Cycle & Concentration | Mix |
|---|---|---|---|---|---|
| Group Total | 36 | **19** | **(20)** | **31** | **6** |
| APEA (ex Institutional) | 9 | -1 | 4 | 0 | 6 |
| Australia Division | 55 | 36 | 40 | 0 | -21 |
| New Zealand Businesses | 65 | -26 | 28 | 63 | 0 |
| Institutional | (93) | 10 | -92 | -32 | 21 |

# CP coverage strengthened from higher CP balance and a reduction in Credit Risk Weighted Assets

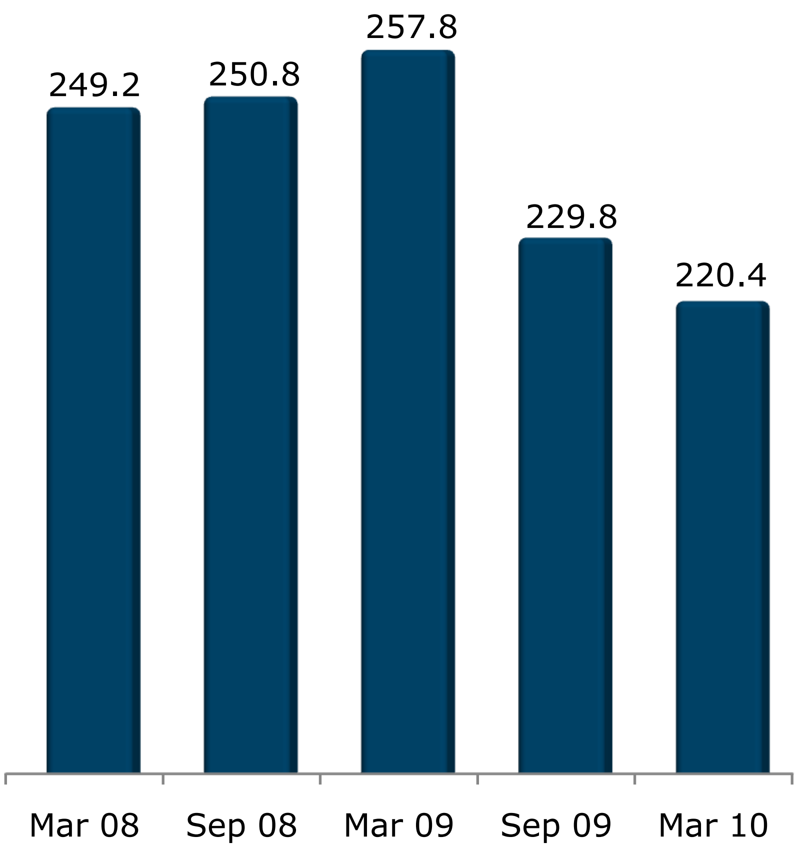
## Collective Provision Balance ($m)




## CP & Total Provision Balance / Credit Risk Weighted Assets (%)

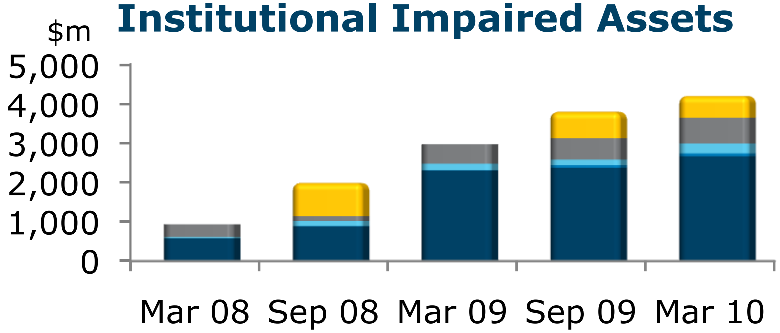



## Total Credit Risk Weighted Assets ($b)

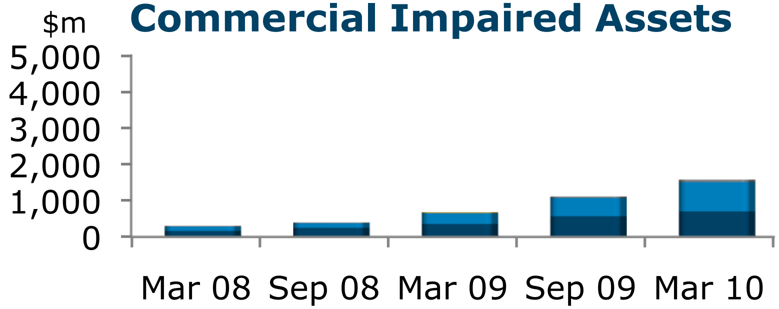


# Rate of growth in total gross impaired facilities is slowing

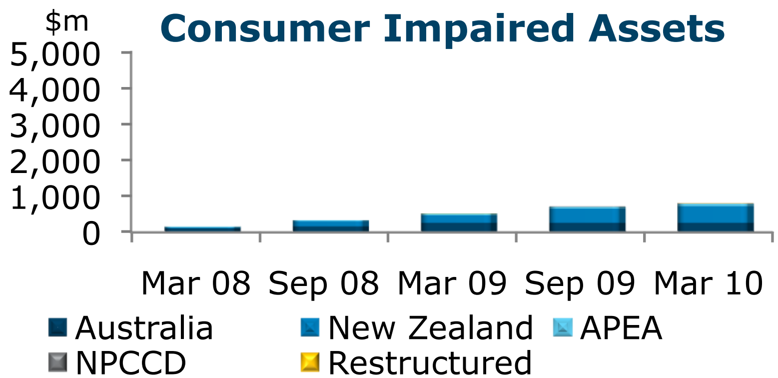
## Institutional Impaired Assets



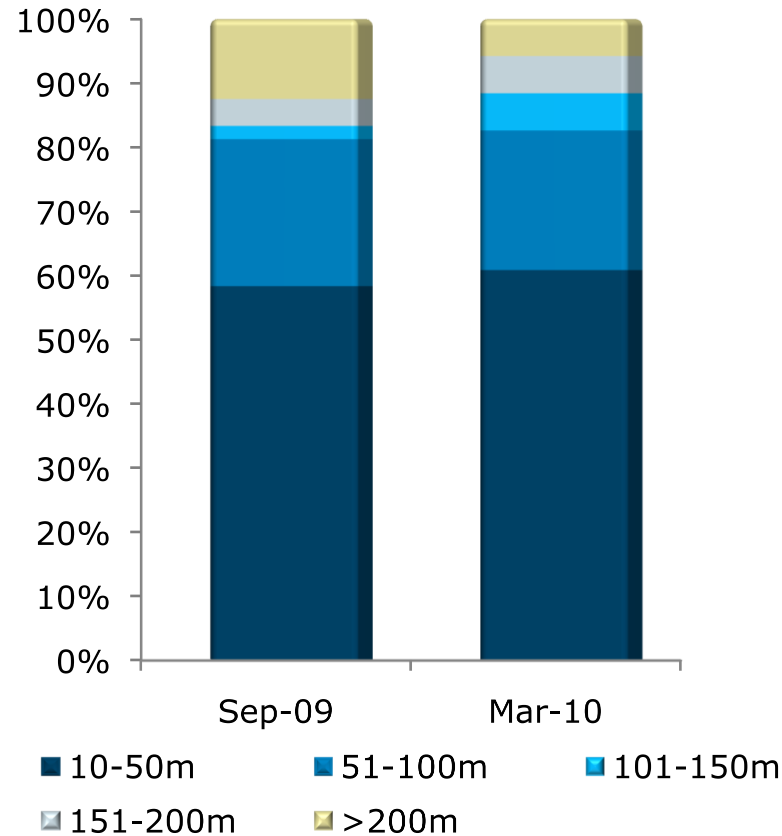

## Commercial Impaired Assets




## Consumer Impaired Assets

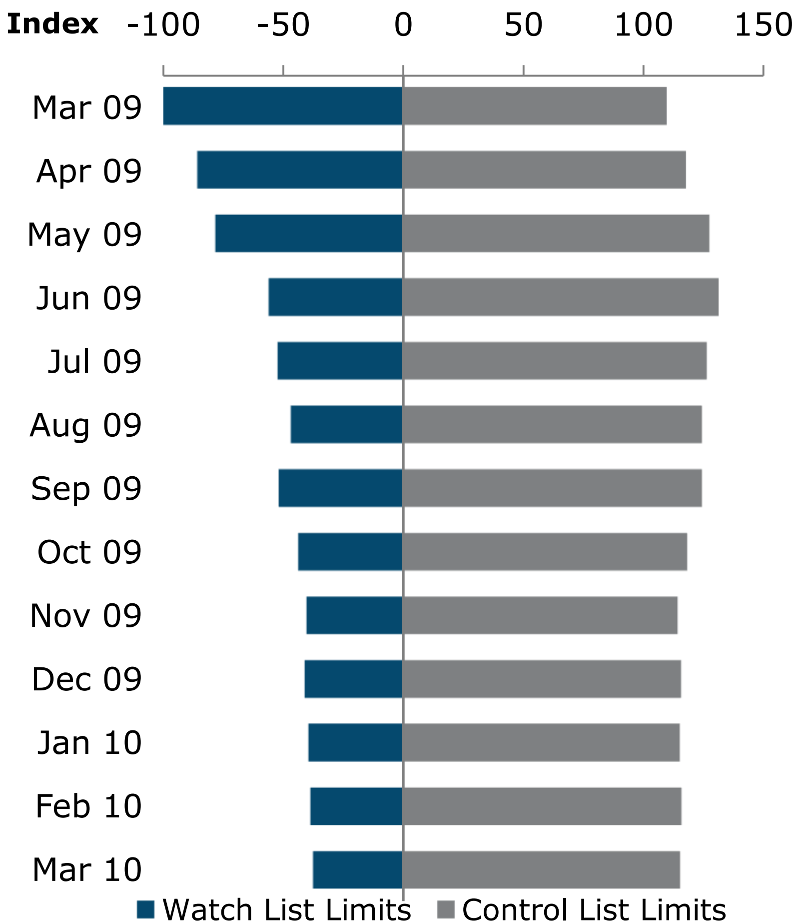



## Impaired Assets Greater than $10m (by number of customers)

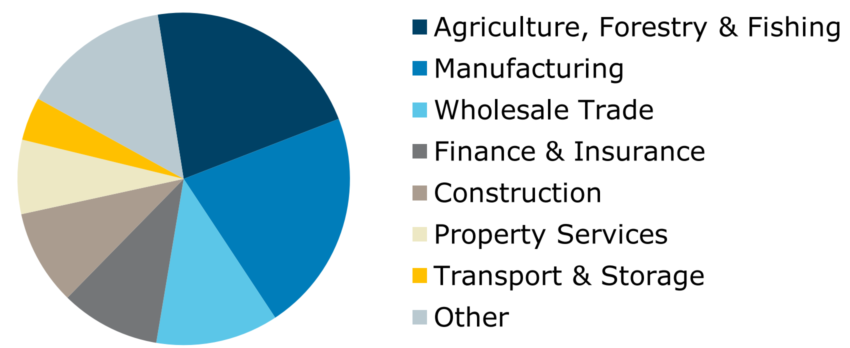


# Watch & control list also stabilising

## Watch & Control list by limits
(March 2009 Watchlist index = 100)




## Watch List by Industry
## % Total Watch List Limits




**Watch List**

An alert report of customers with characteristics identified which could result in requirement for closer credit attention

Watch list reduced since March 2009 from easing risk concerns, debt reductions, equity raising and improved trading results

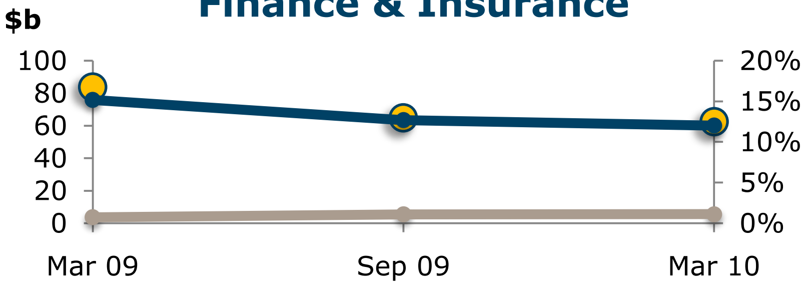
**Control List**

A report of high risk accounts which may or may not have defaulted

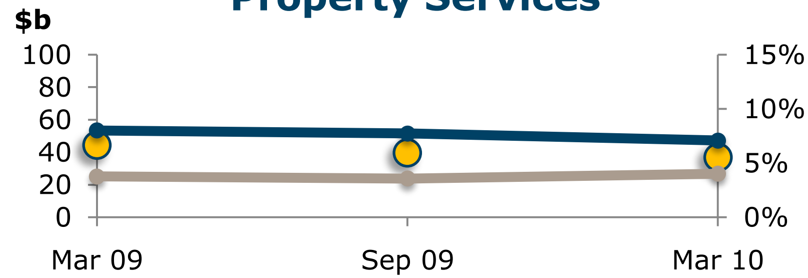
The number of new names on the control list has stabilised over the past 6 months

# Commercial Industry Exposures

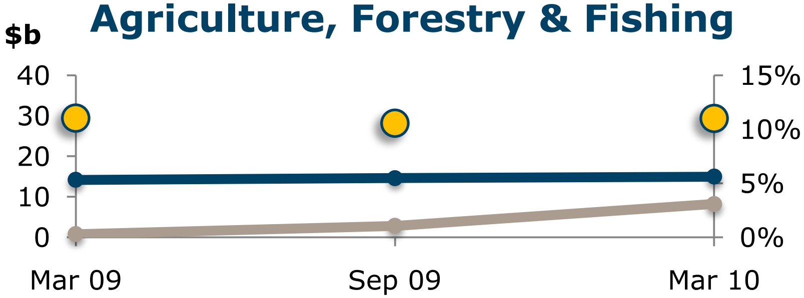
## Finance & Insurance




## Property Services

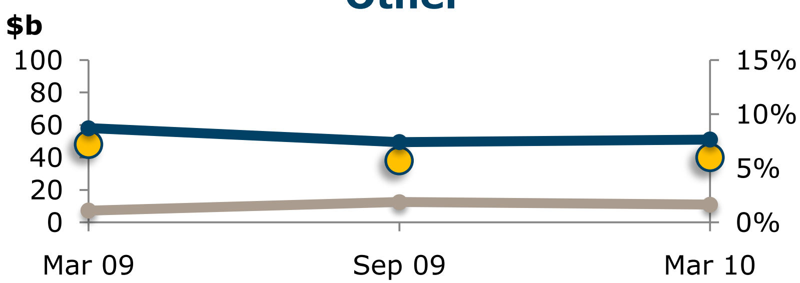



## Agriculture, Forestry & Fishing

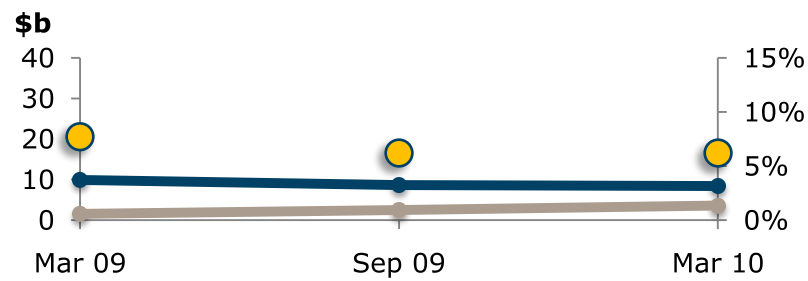



## Manufacturing


## Other




## Wholesale Trade



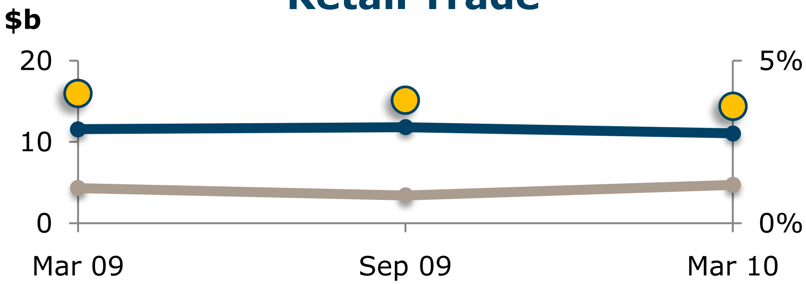

Exposure at Default ($b) (LHS)

% of Group portfolio (RHS)

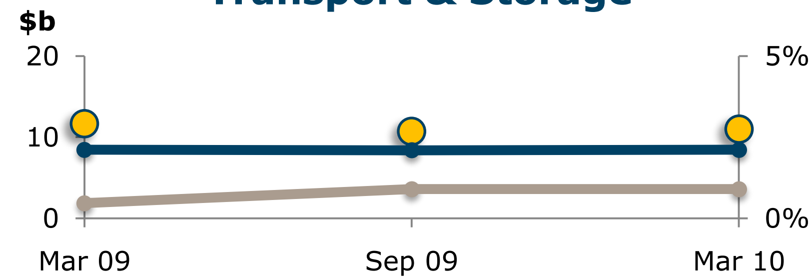
% in Non-Performing (RHS)

# Commercial Industry Exposures

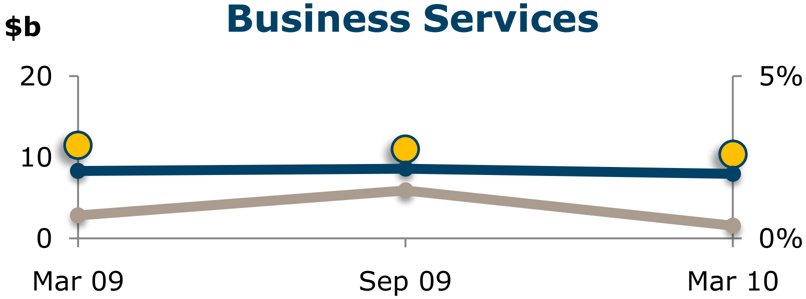
## Retail Trade



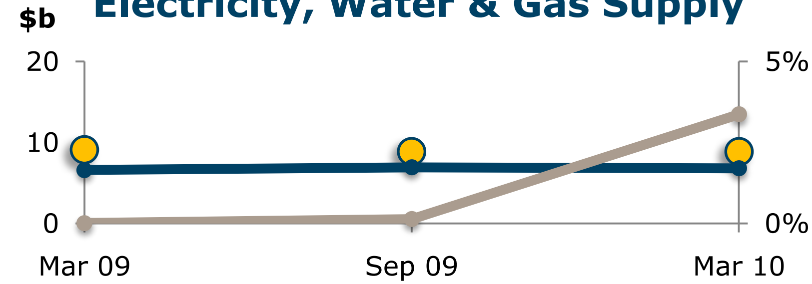

## Transport & Storage



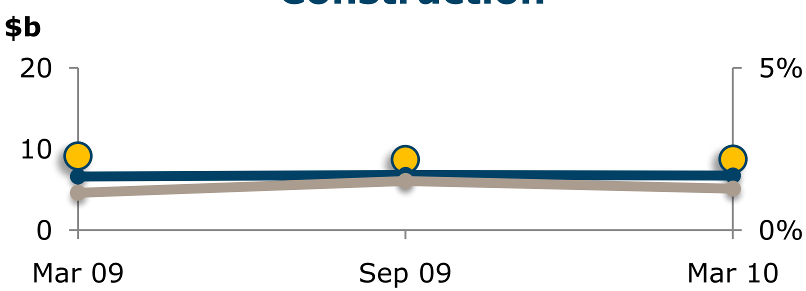

## Business Services



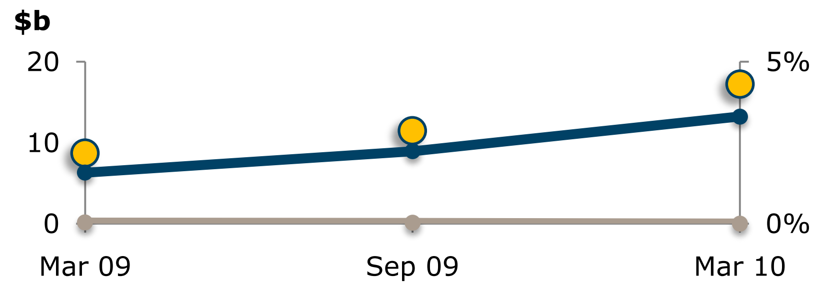

## Electricity, Water & Gas Supply




## Construction




## Government

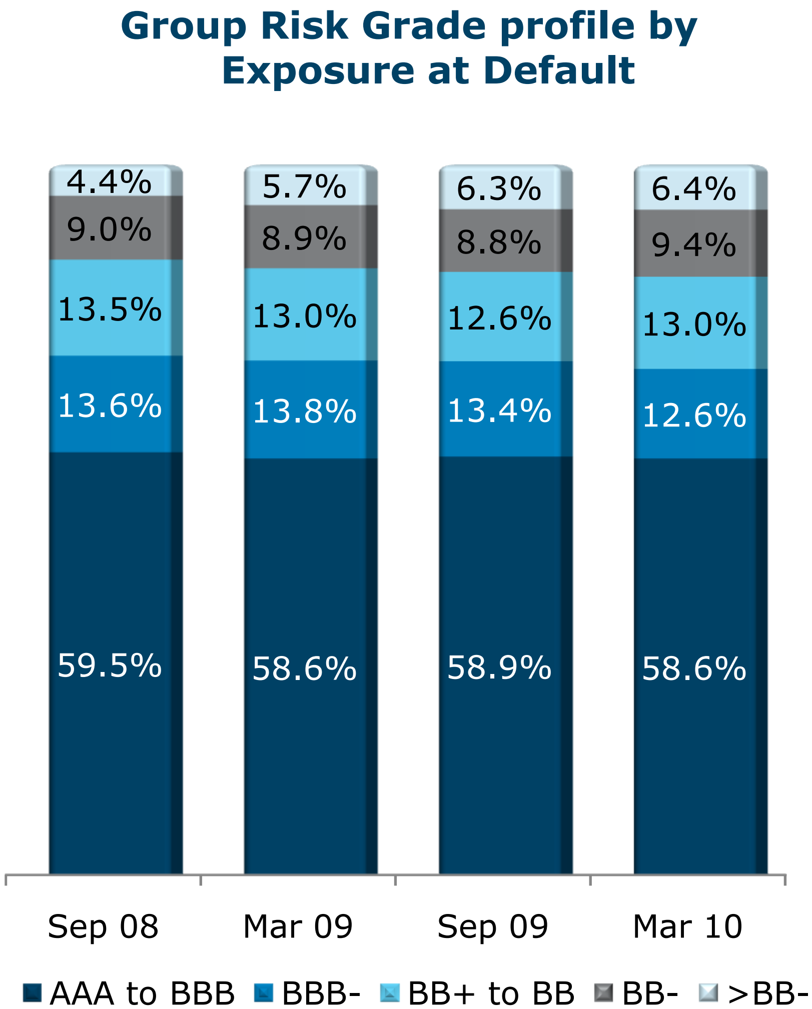


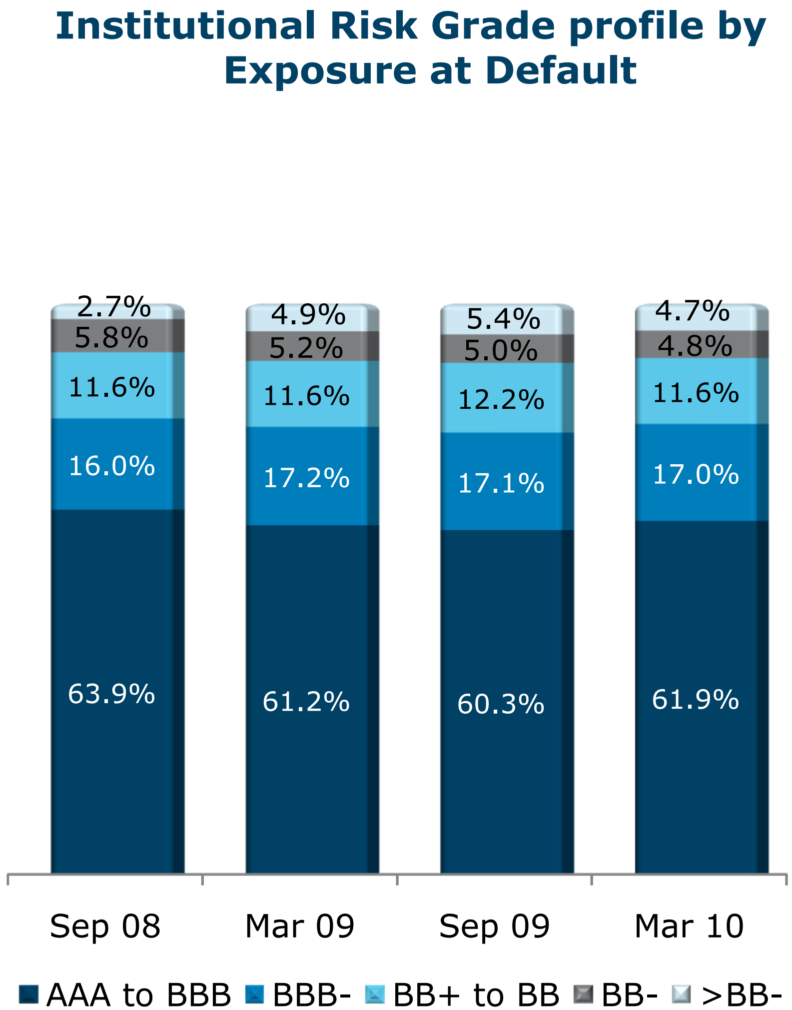

Exposure at Default ($b) (LHS)

% of Group portfolio (RHS)

% in Non-Performing (RHS)

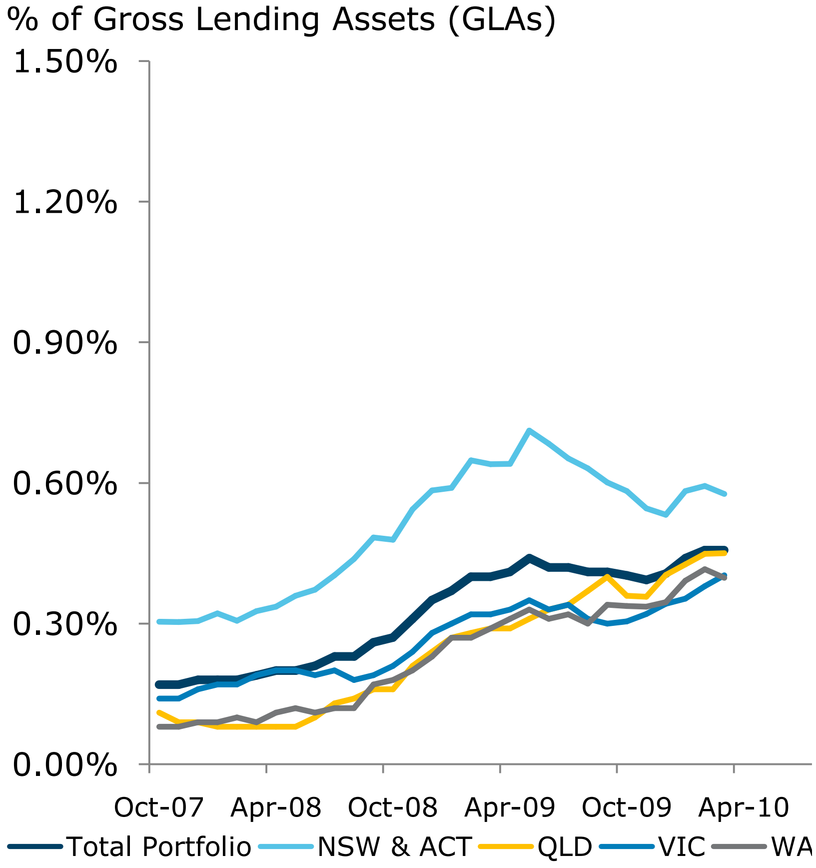
# Risk Grade Profiles



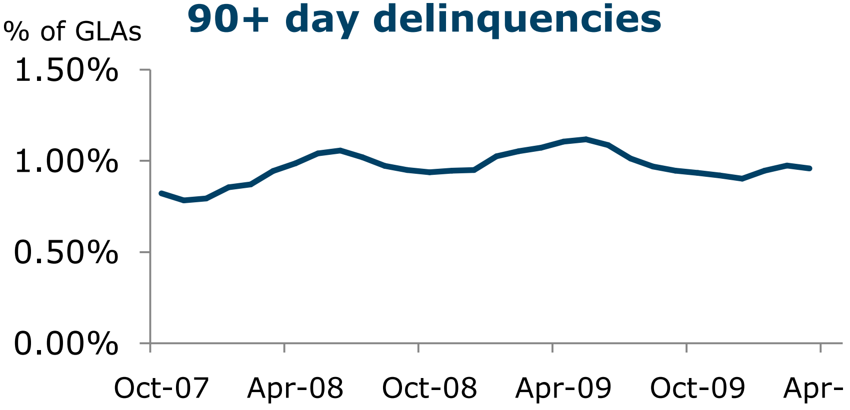



# Australian Portfolios: 90+ Days Past Due

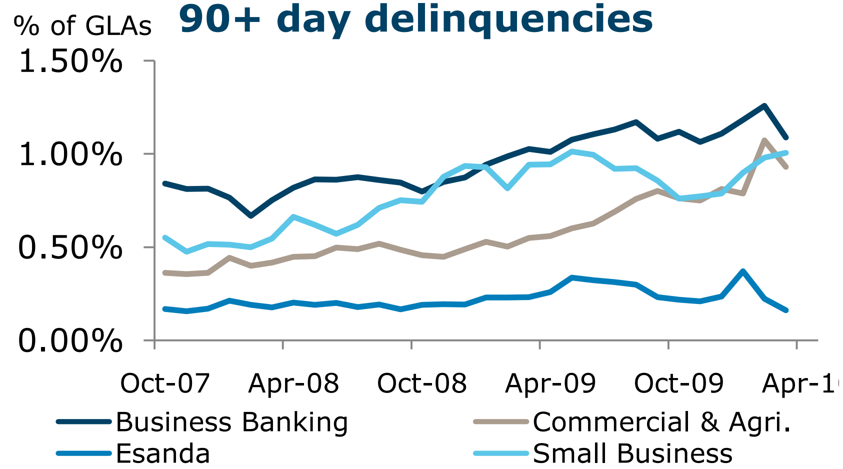
### Australia Mortgages 90+ day delinquencies




### Australia Cards 90+ day delinquencies




### Australia Commercial 90+ day delinquencies

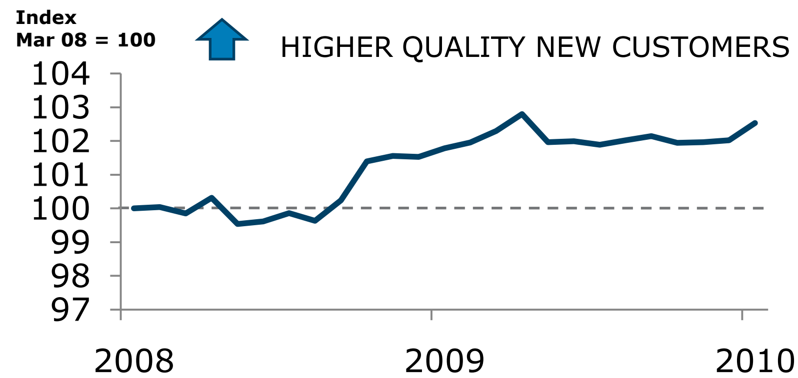


# Australia Retail - Mortgages

## Portfolio Statistics

- Average loan size at origination - $218k
- Average LVR at origination - 62.6%
- Average dynamic LVR – 47%
- % borrowers ahead on repayments – 76%
- No subprime mortgages
- LoDoc 80 loans (80% LVR) make up less than circa 2% of portfolio and closed to new flows

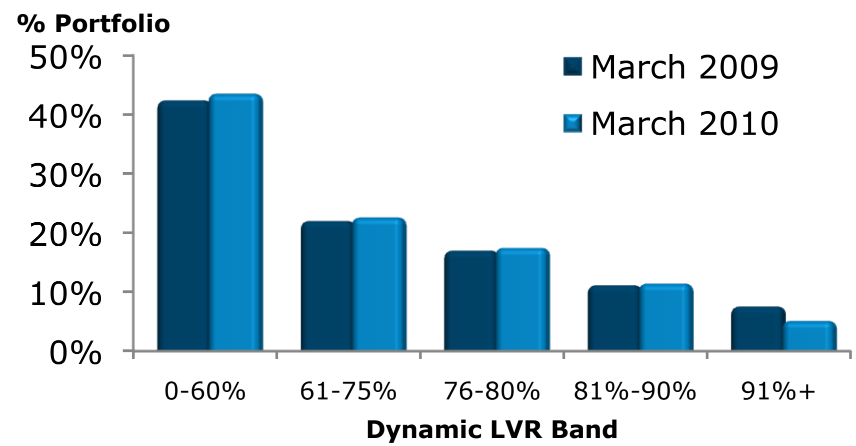
## New Mortgage customer quality index




## Mortgage loss rates have remained low and well below Group averages

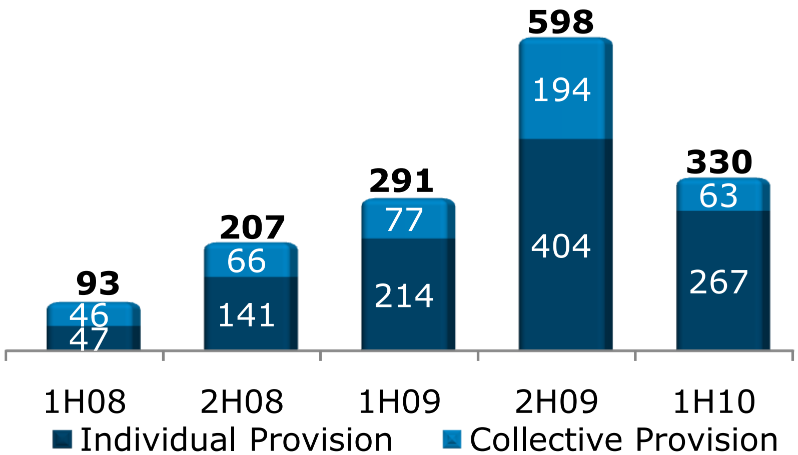
| Individual Provision Loss Rates | | | | | |
|---|---|---|---|---|---|
| | Mar 08 | Sep 08 | Mar 09 | Sep 09 | Mar 10 |
| **Group** | 0.24% | 0.53% | 0.86% | 0.74% | 0.62% |
| **Australia Region** | 0.24% | 0.45% | 0.98% | 0.74% | 0.60% |
| **Australia Mortgages** | 0.01% | 0.02% | 0.03% | 0.02% | 0.02% |

## Dynamic Loan to Valuation Ratio

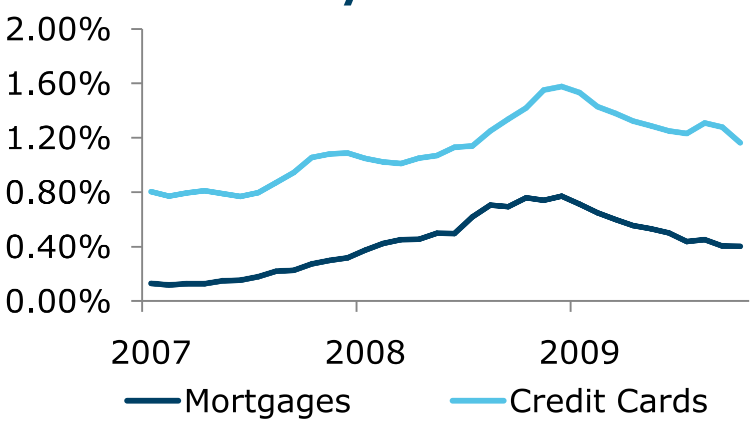


# New Zealand – Provisions reducing from 2H09 highs, impaired loans reflective of protracted recovery

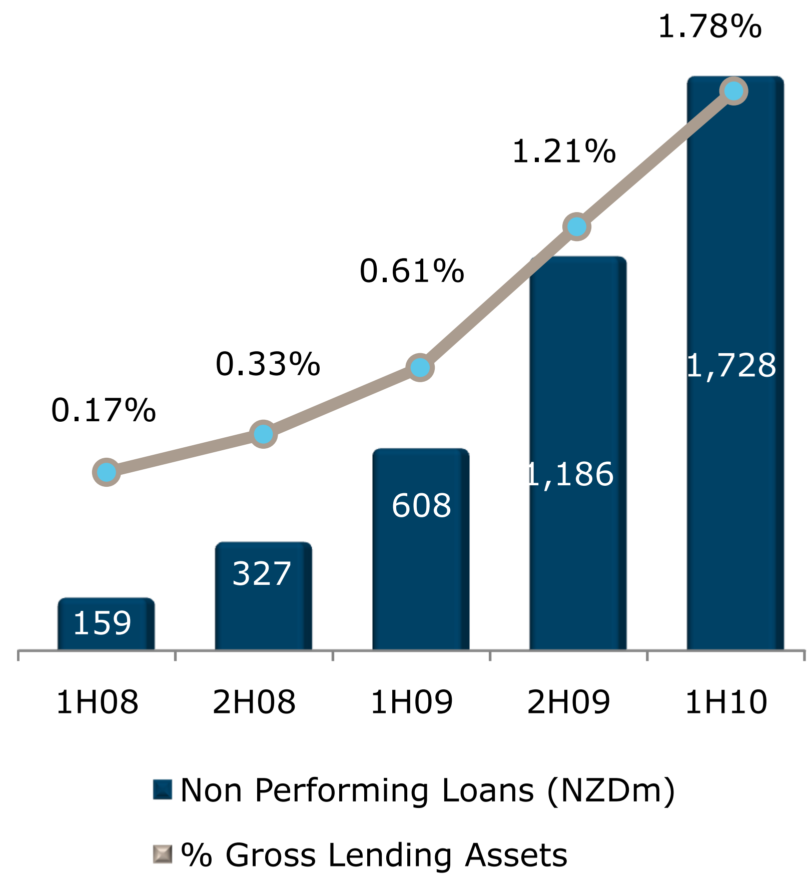
## Total Provision Charge (NZDm)




## 90 Days+ Arrears




## Total Impaired Loans (NZDm) and as % Gross Lending Assets



# 10 HALF YEAR RESULTS

## AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

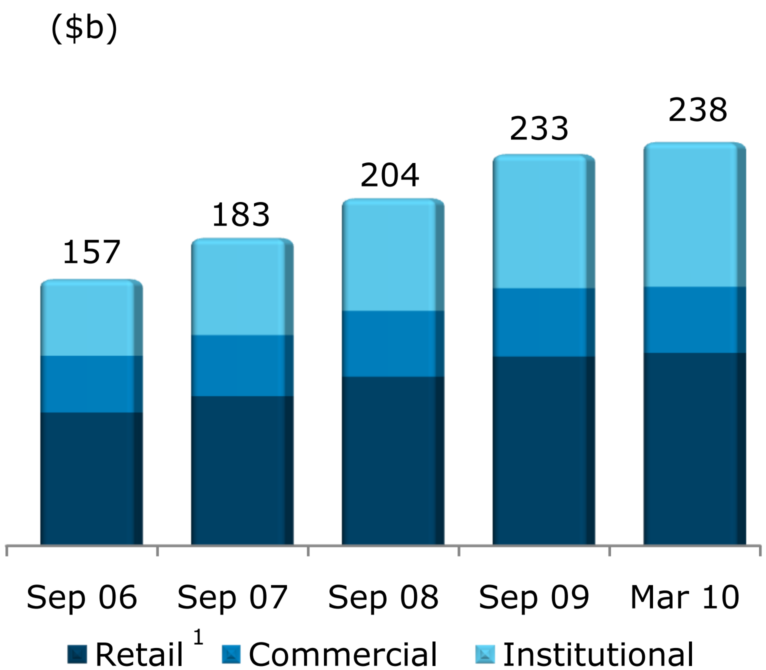
### Investor Discussion Pack

Regional performance (Geographies & Divisions)

# Group loans and deposits

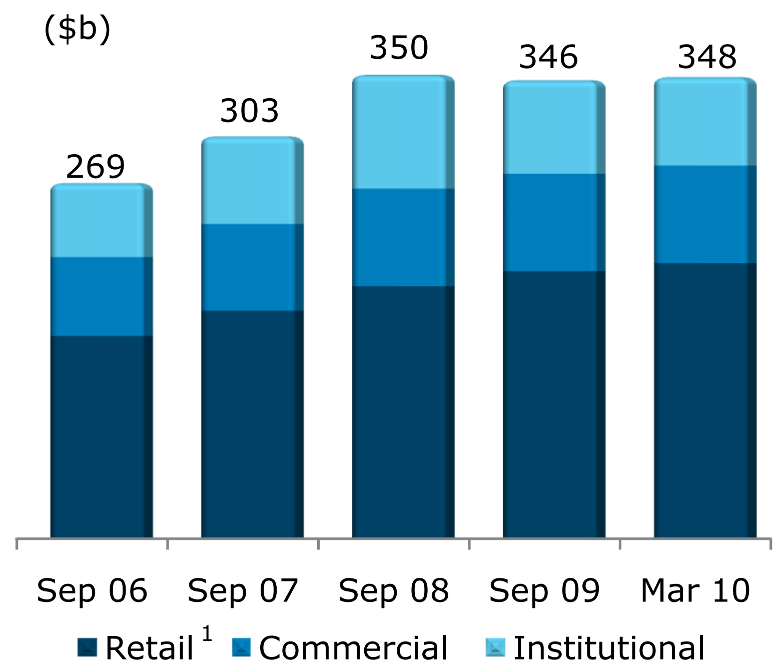
## Group Customer Deposits

| 07 | 08 | 09 | 1H10 |
|---|---|---|---|
| 17% | 11% | 14% | 2% |




## Group Net Loans and Advances (including acceptances)

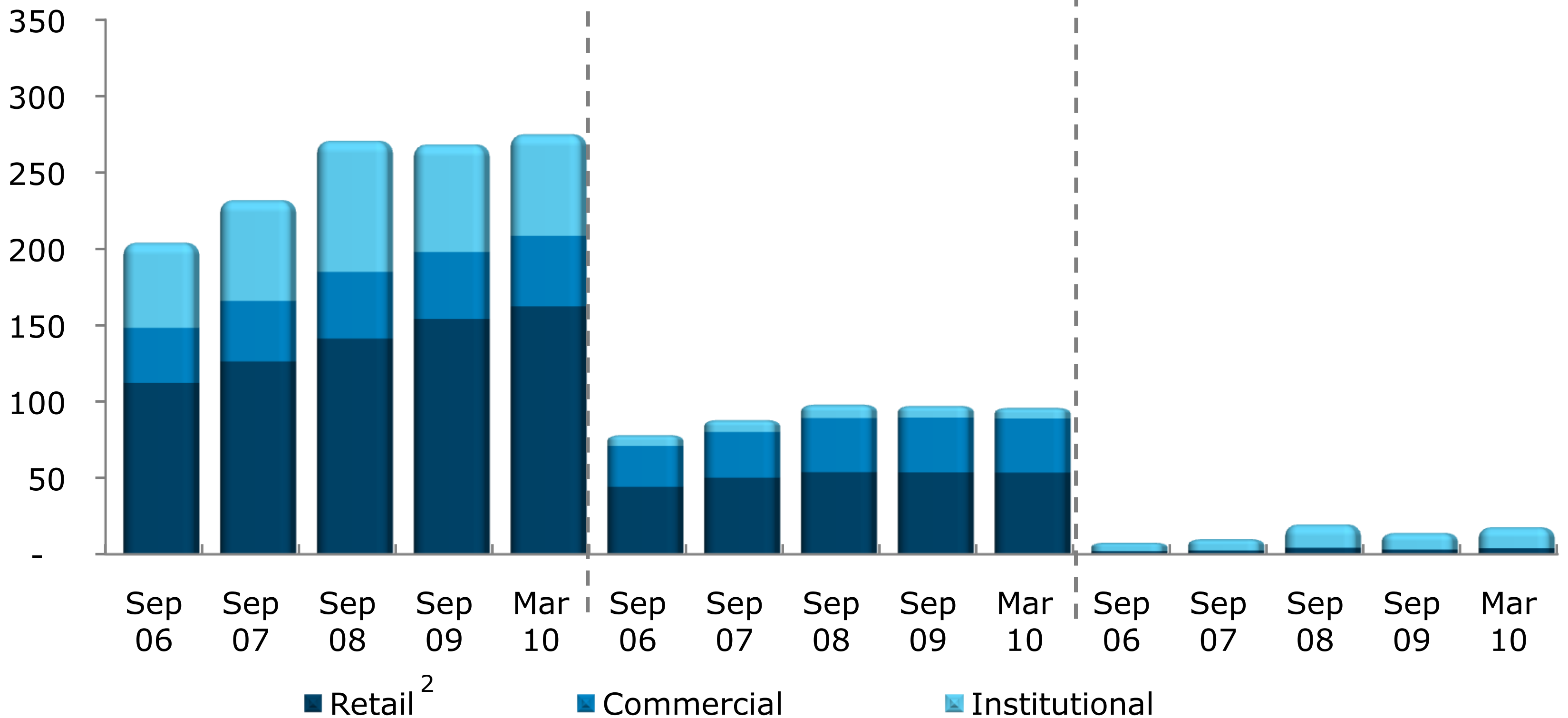
| 07 | 08 | 09 | 1H10 |
|---|---|---|---|
| 13% | 16% | (1%) | 1% |




1. Includes Wealth and Other

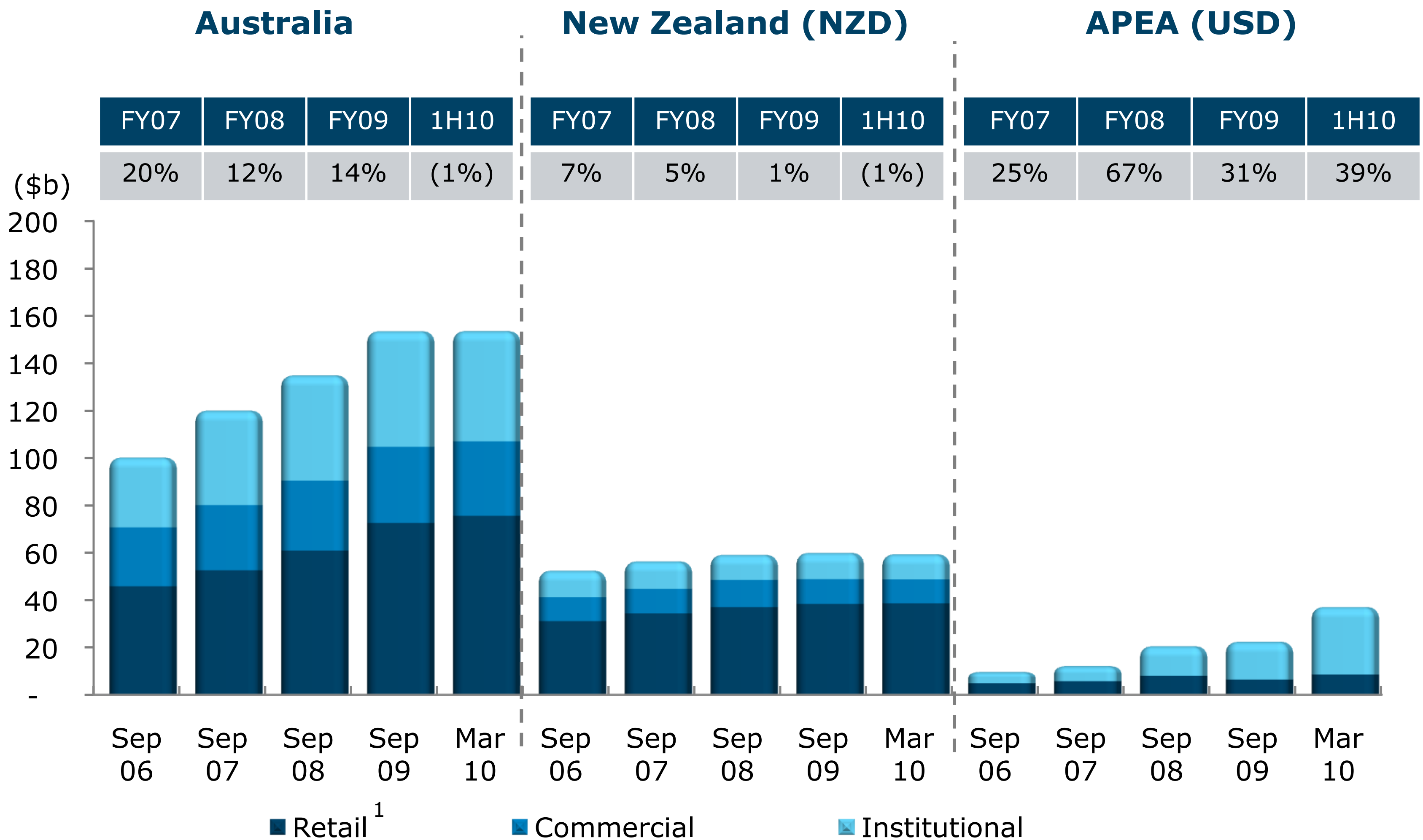
# Net loans and advances[1] by geography

| | Australia | | | | New Zealand (NZD) | | | | APEA (USD) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | FY07 | FY08 | FY09 | 1H10 | FY07 | FY08 | FY09 | 1H10 | FY07 | FY08 | FY09 | 1H10 |
| ($b) | 13% | 14% | 0% | 3% | 13% | 11% | (1%) | (1%) | 31% | 98% | (14%) | 6% |




1. NLAs include acceptances 2. Retail includes Wealth and Group Centre

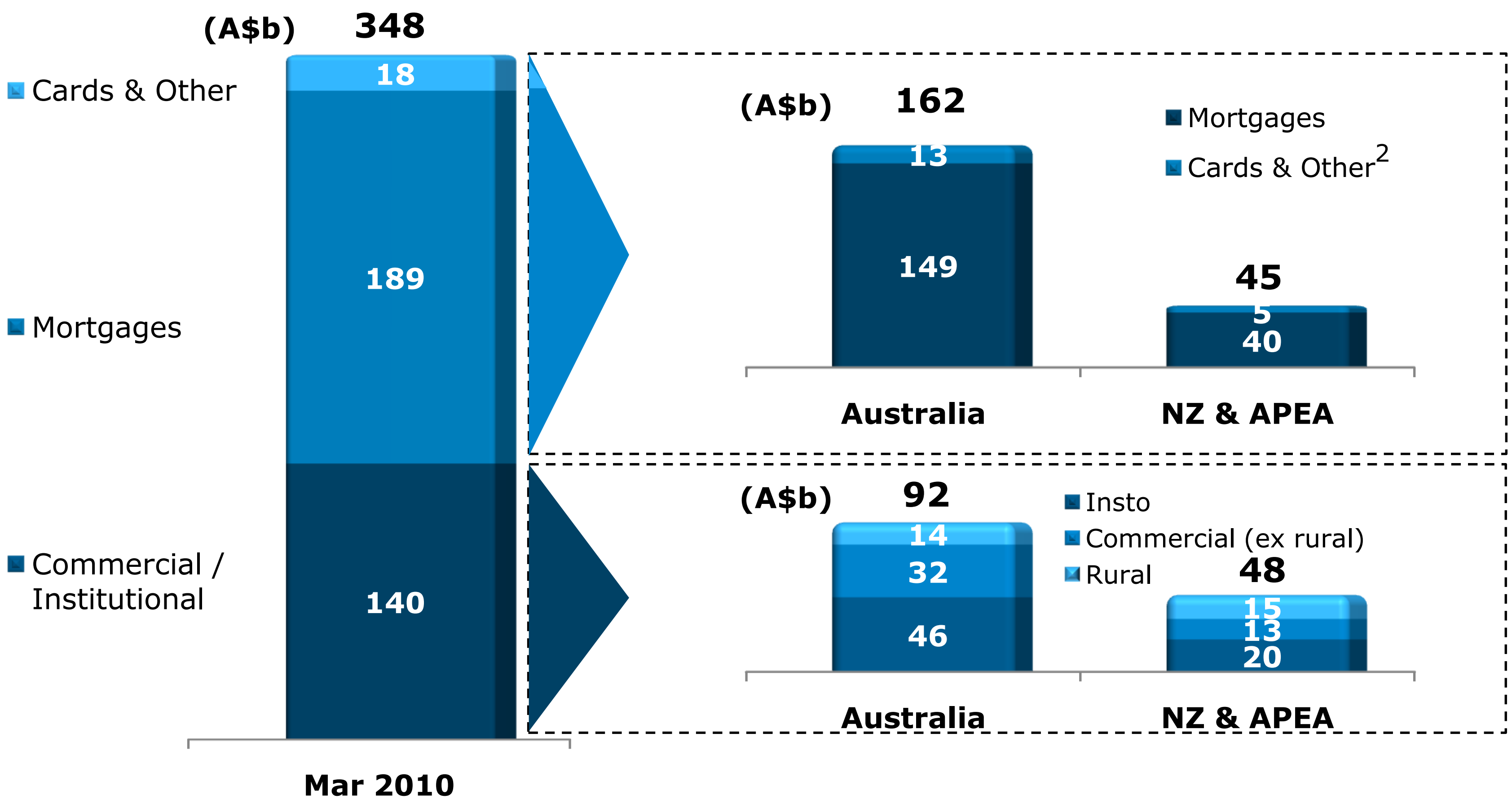
# Customer deposits by geography




1. Retail includes Wealth and Other

# Diversified lending portfolio, weighted to secured mortgage portfolio

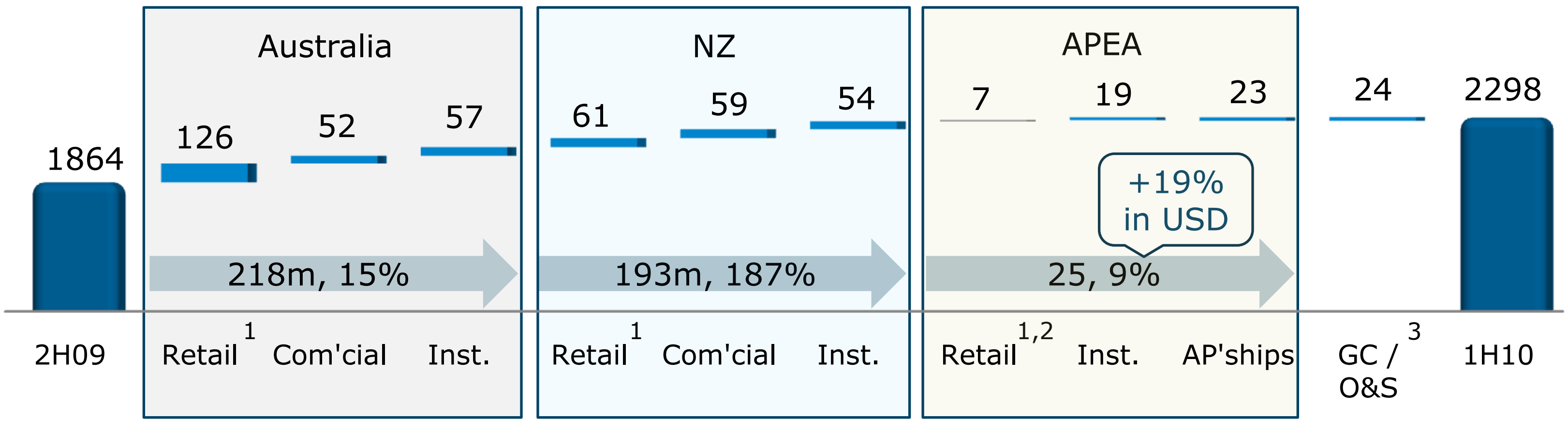
## Net Loans and Advances[1] by product line



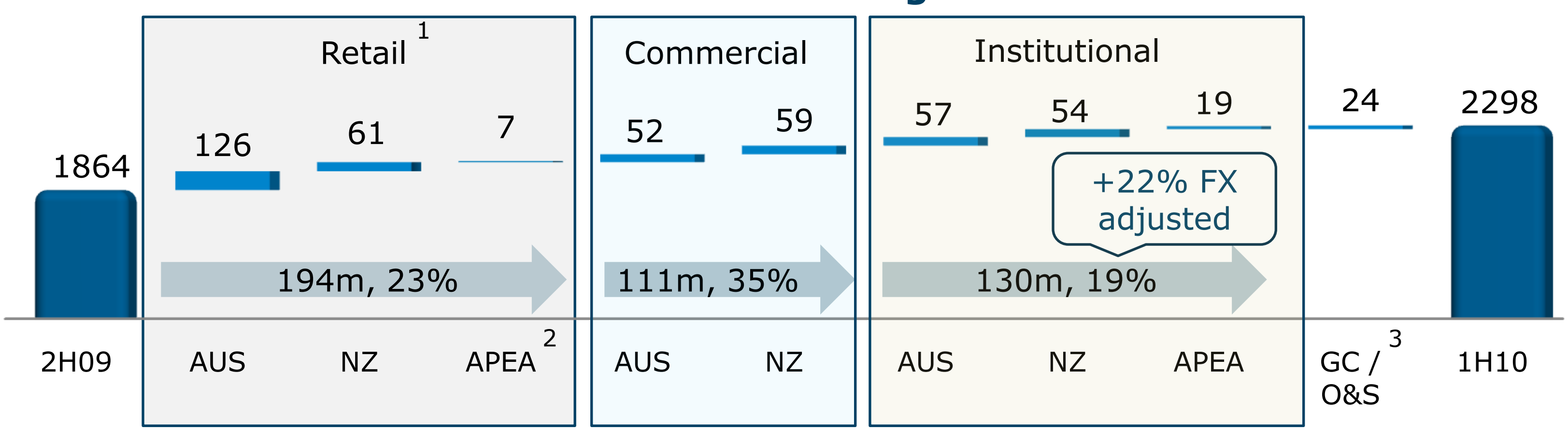

1. Group NLAs including acceptances. 2. Includes Wealth.

# Positive contributions to profit across regions and segments

## Net Profit After Tax Geographic view



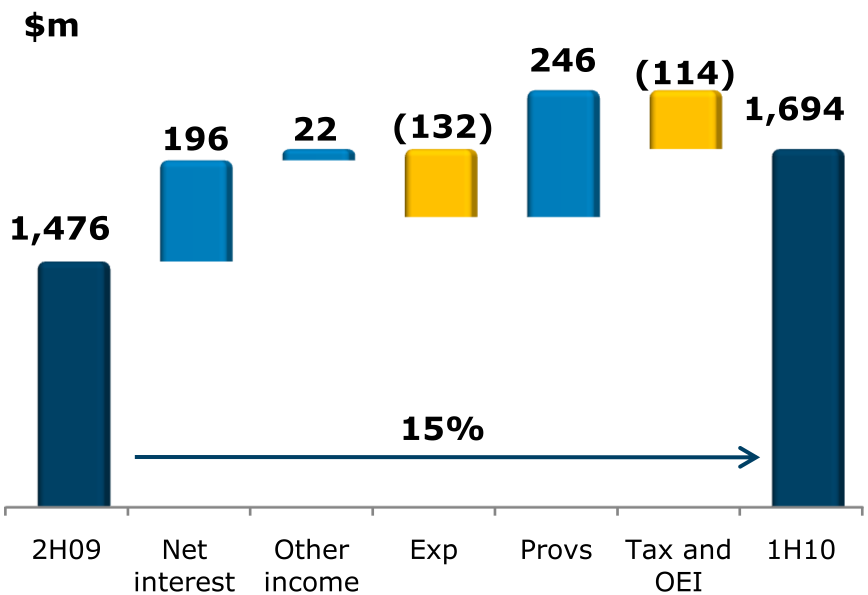

## Net Profit After Tax Segment view




1. Retail includes Wealth 2. APEA Retail includes Asia Partnerships 3. Group Centre, operations and support

# Australia region performance: acquisition impacts distort underlying performance

## Underlying performance Half year movement (1H10 vs 2H09)

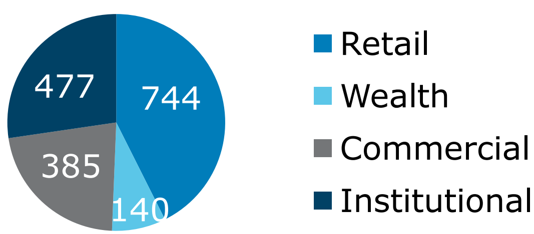



| Growth rates (1H10 vs 2H09) | Underlying | Acquisition adjusted |
|---|---|---|
| Net Interest | 5% | 5% |
| Non interest | 1% | (8%) |
| Total income | 4% | 1% |
| Expenses | 6% | 1% |
| Profit before provisions and tax | 3% | 1% |
| Provisions | (25%) | (25%) |
| NPAT | 15% | 13% |

## Underlying performance: Prior Comparative Period (1H10 vs 1H09)

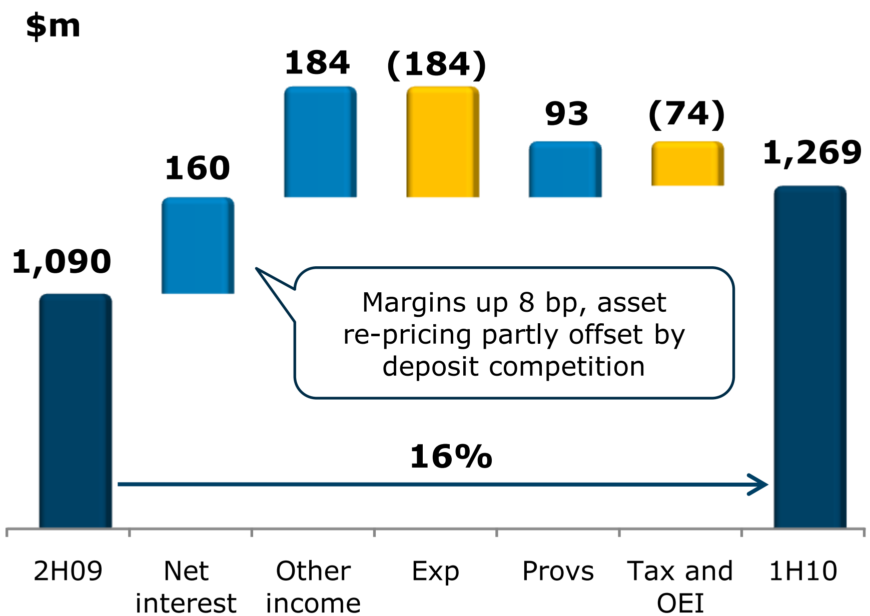
| PCP | NII | OI | Exp | Prov | NPAT |
|---|---|---|---|---|---|
| U/lying | 15% | 32% | 17% | (31%) | 56% |
| Acq Adj. | 15% | 15% | 11% | (31%) | 51% |

## 1H10 NPAT contribution



# Australia division: ING acquisition, margin improvement and lower provisions partly offset by fee changes

### Underlying performance: Half year movement (1H10 vs 2H09)




| Growth rates (1H10 vs 2H09) | Underlying | Acquisition adjusted |
|---|---|---|
| Net Interest | 6% | 6% |
| Non interest | 22% | (1%) |
| Total income | 10% | 4% |
| Expenses | 13% | 5% |
| Pre provision profit | 8% | 3% |
| Provisions | (21%) | (21%) |
| NPAT | 16% | 11% |

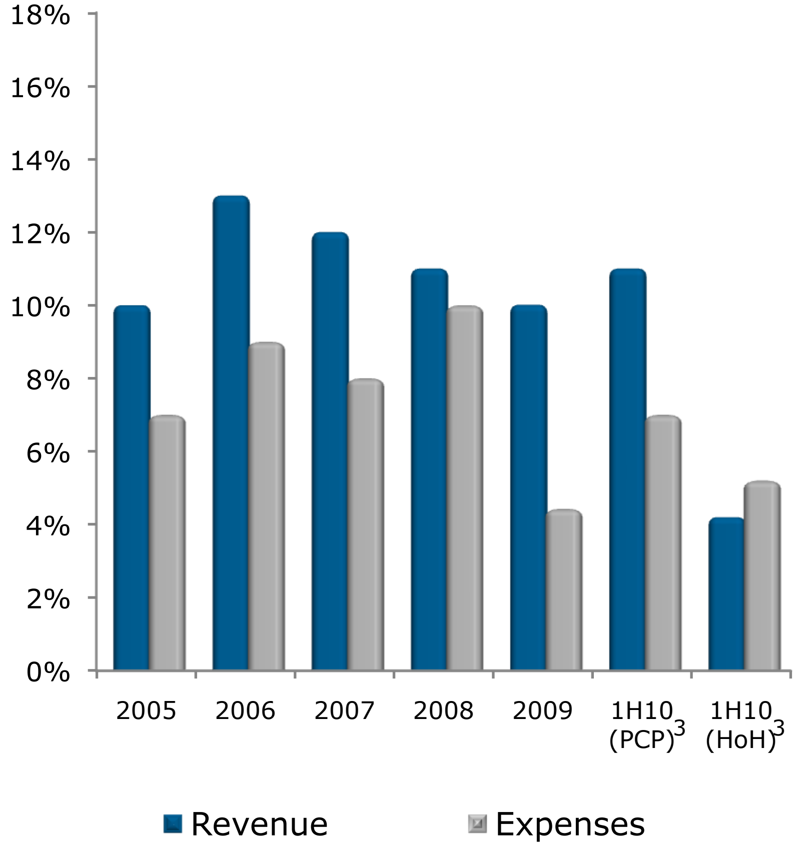
- Remaining 51% of INGA acquired 30/11/09
- Change from 49% Equity Accounted earnings to 100% consolidated through the Profit & Loss
- Impact of INGA acquisition included additional $193m revenue, $110m expenses, $50m NPAT
- Landmark acquisition completed March 2010, contributed additional $9m, $1m costs, $6m $NPAT

### Underlying performance: Prior Comparative Period (1H10 vs 1H09)

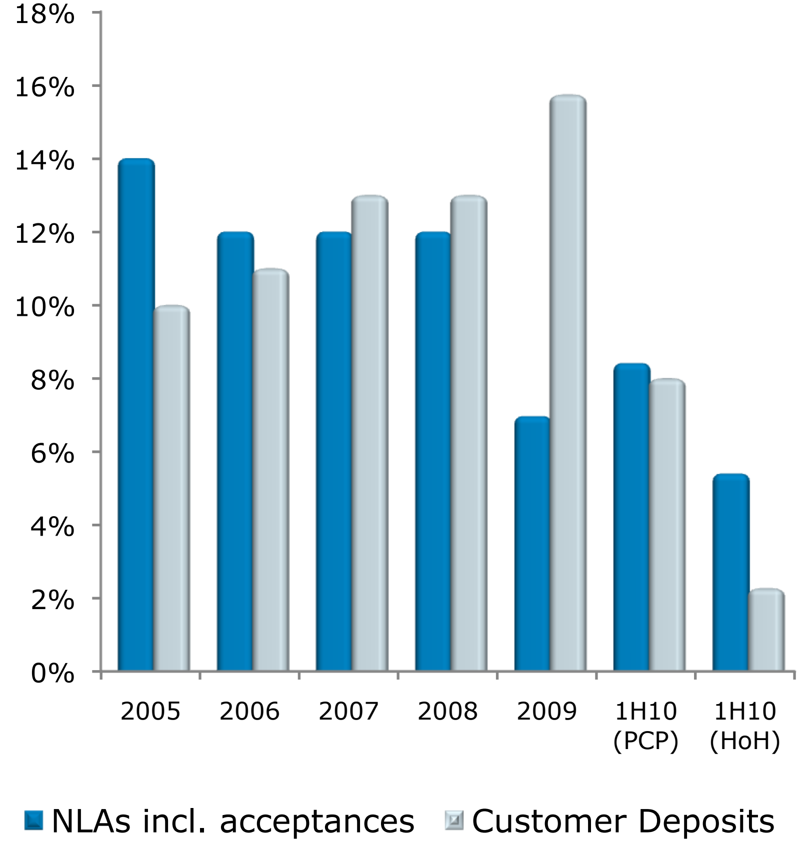
| PCP | NII | OI | Exp | Prov | NPAT |
|---|---|---|---|---|---|
| U/lying | 14% | 27% | 15% | (22%) | 33% |
| Acq Adj. | 13% | 4% | 7% | (22%) | 27% |

# Aus. Division: consistently investing for superior revenue growth, notwithstanding slowing balance sheet demand

## Continued investment consistently returning superior revenue growth[1]




## Lending and Deposit Growth[1,2]



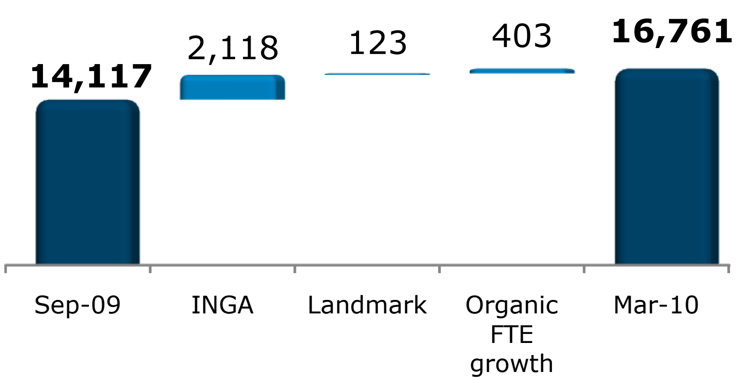

1. 2005 to 2008 based on "Personal Division" structure, 2009 and 1H1 based on "Australia Division" structure
2. 2005 & 2006 Customer Deposit growth based on Deposits & Other borrowings .
3. Acquisition Adjusted

# Australia division: Investing in the business continues

## Investing in the business

- Acquired the remaining 51% of INGA and Landmark Assets & Liabilities
- 5% cost growth Half on Half and 7% on 1H09 (ex acquisitions) reflects consistent strategy to drive sustainable revenue growth
- Cost growth included increased FTE (including SME frontline and collections), property related costs to consolidate operations and initiatives to drive the Australia Division uncomplicated banking strategy

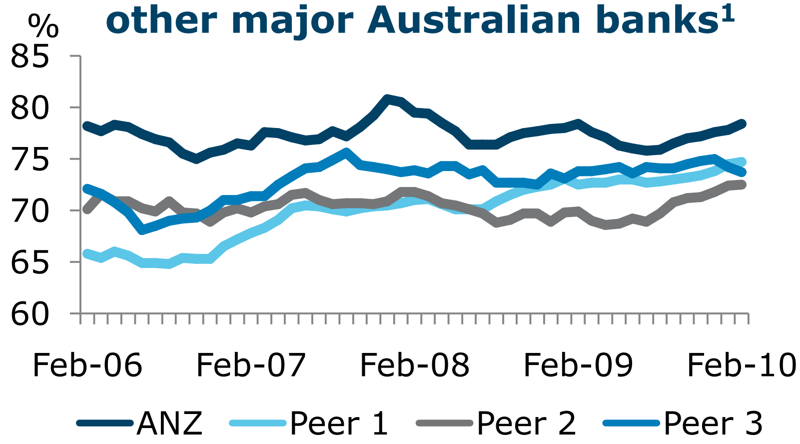
## FTE growth




## Growing our Retail and Commercial Footprint

- Investment continues in metro and regional areas to increase access to small business bankers
- 46 ATMs opened in the last 6 months; 107 in a year
- Retail customer accounts grew by 8% in the past year and consistently over the half
- Commercial customers increased by 2% in the half

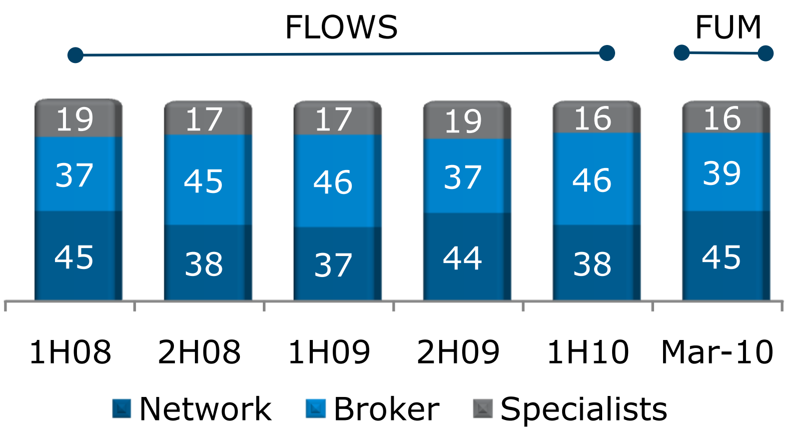
## Customer satisfaction remains above other major Australian banks[1]



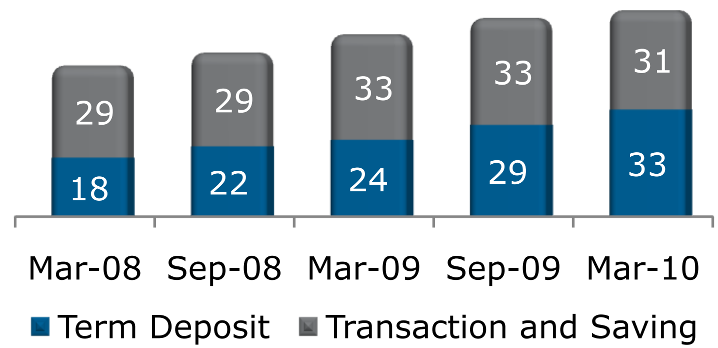

1. Source Roy Morgan Research ; Aust Main Financial Institution Pop'n aged 14+, % satisfied (very or fairly satisfied), rolling 6 months.

# Aus. Retail: Mortgages well diversified & back to system, good deposit growth without price leading

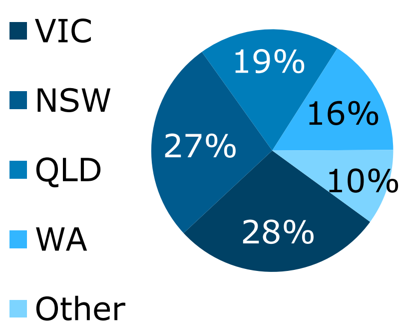
## Mortgages by channel (%)



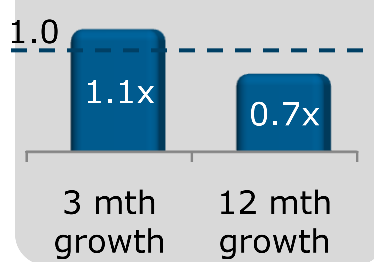

## Deposit balance ($b)




## Mortgage FUM by state[1]

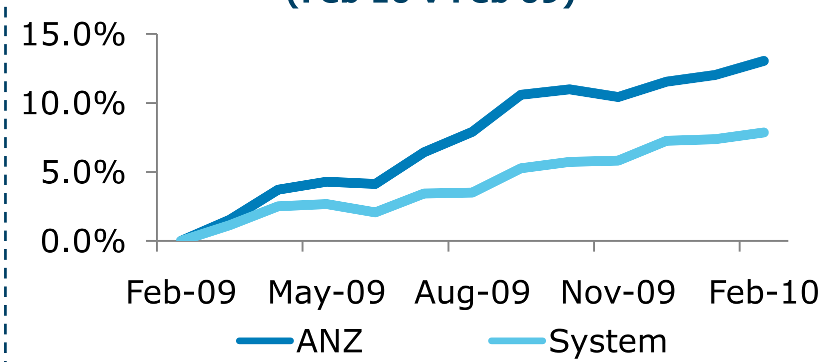



## Mortgage growth v system[2]




## ANZ retail deposit growth outperforming system

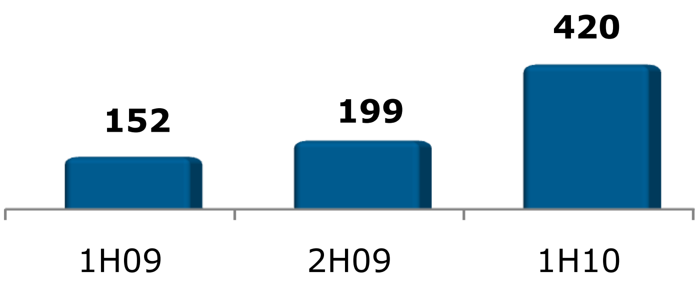
**(Feb 10 v Feb 09)**



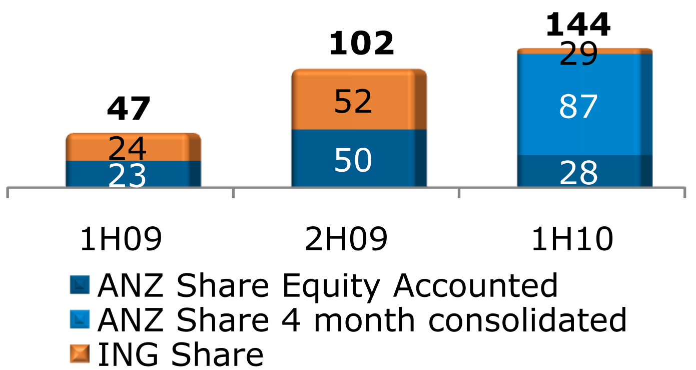

1. State % of total FUM at December 09 applied to Total FUM balance at March 10; 2. Includes securitised lending; 3.
Source: APRA Banking Statistics and internal data

# Aus. Wealth: ING integration boosting wealth business

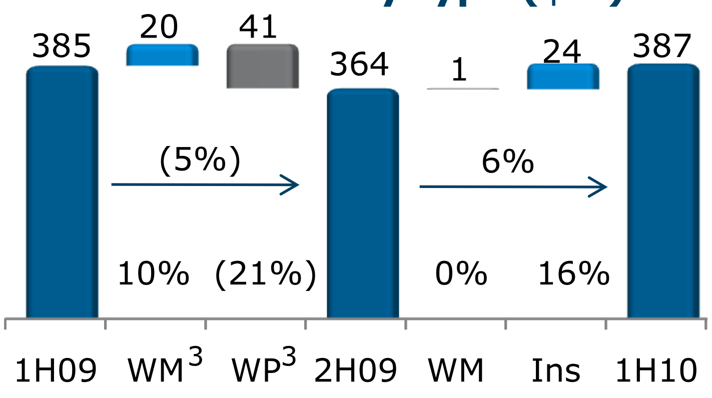
## Total Wealth income ($m)



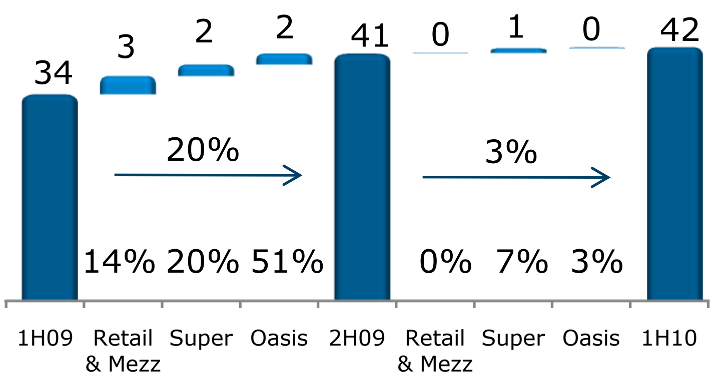

## ING profit impact from consolidation ($m)[1]




## INGA income by type ($m)[2]



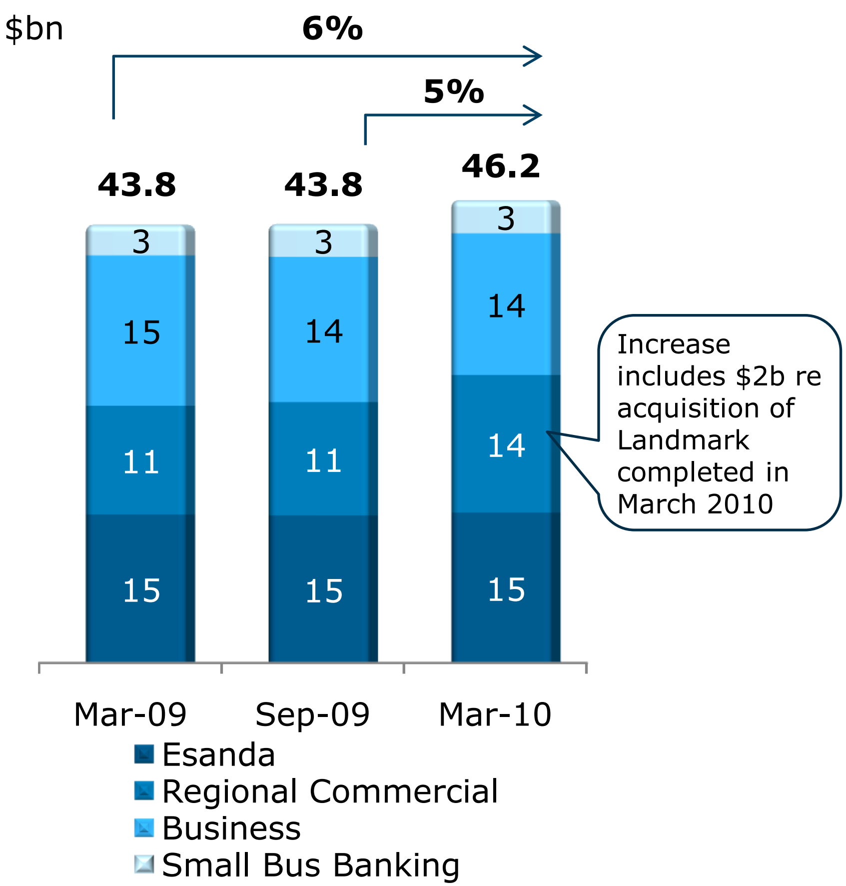

## INGA Net FUM by channel ($b)



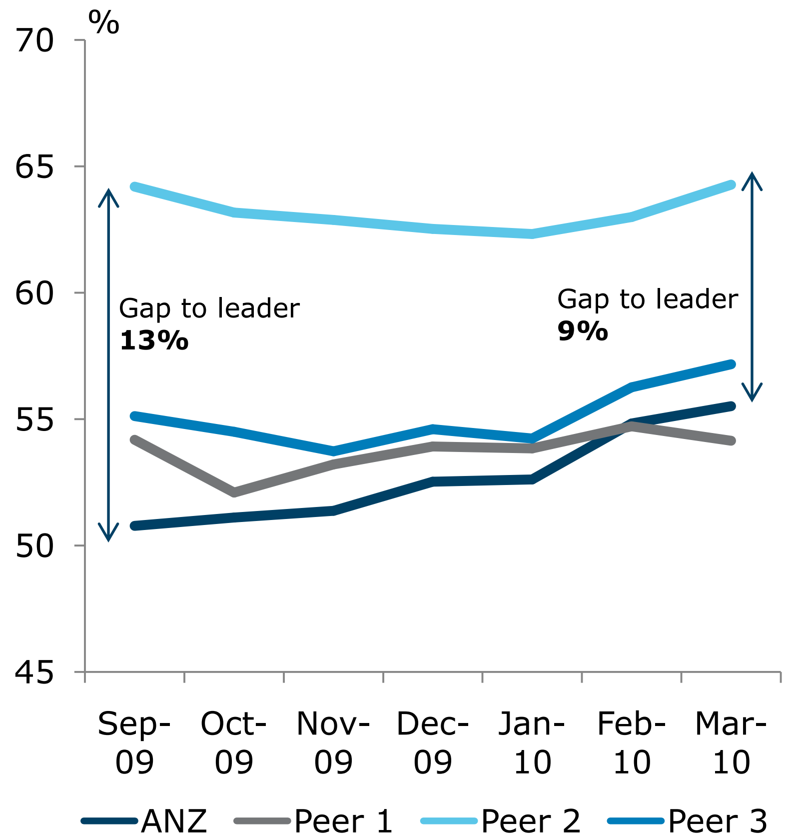

1. Assumes 100% ownership in 11/2010. Excludes acquisition accounting and consolidation adjustments and excludes ANZ Distribution businesses (ANZ Financial Planning and General Insurance). *3. WM = Wealth Management, WP = Insurance*

# Aus. Commercial: Growing balance sheet during difficult market conditions

## Commercial net loans and advances including acceptances




## Share of Wallet[1] – overall lending and deposit FUM




1. Source: DBM Consultants Business Financial Services Monitor (BFSM) - Based on lending products (balance outstanding) and deposit products (current balances) in ANZ defined Commercial Banking segment. Progressive roll from Feb 2009, rolling 12 mth average from Jan 2010. ANZ has +/- 8% error margin at 95% confidence for March 2010

# Asia Pacific, Europe & America (APEA): Continuing to build our presence in the region


## Pacific

- Drove solid revenue growth across Corporate and Retail core markets
- Launched internet banking in eight countries
- Supported communities through a range of local activities and donations following a number of natural disasters in the region

## Europe & America

- Maintained robust revenue performance through the delivery of integrated product solutions to meet client specific needs
- Transaction pipeline continued to be strong, assisted by ANZ's AA rating and local industry expertise

## South and South East Asia

- Successfully completed acquisition of RBS business in Vietnam and the Philippines
- Obtained in-principle approval for a banking licence in India
- Obtained a Qualifying Full Banking licence in Singapore
- Successfully launched internet banking in Singapore and new internet banking platforms in Vietnam and Cambodia
- Migrated customers to the Vision Plus cards platform in Indonesia, providing important capability to manage future customer growth
- Reached more than 100,000 customers in Cambodia with WING mobile banking service, many of whom were previously unbanked
- Consolidated ownership positions in Partnerships

## North East Asia

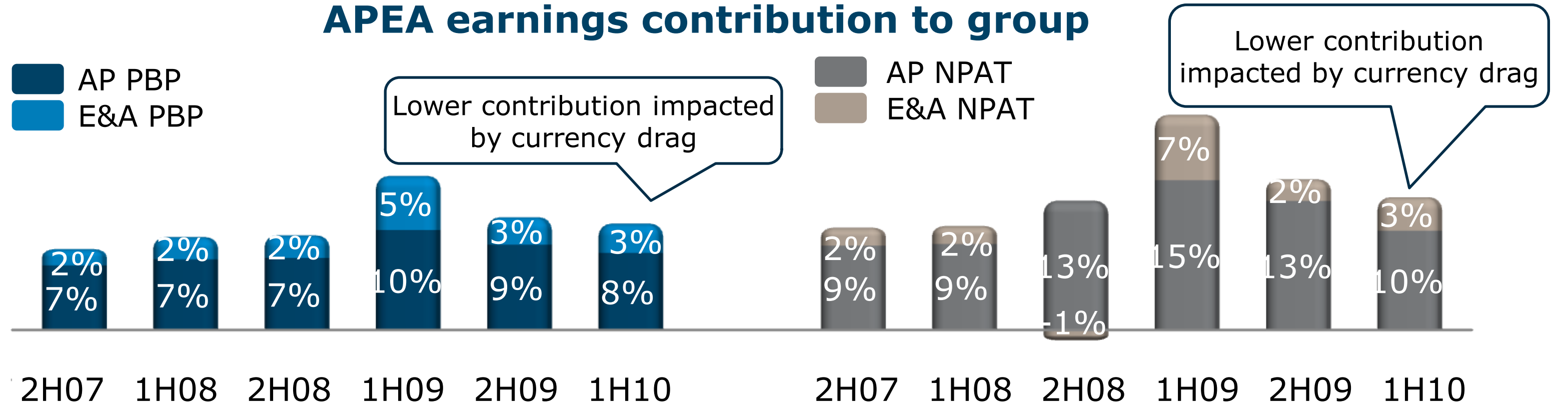
- Successfully completed acquisition of RBS business in Hong Kong and Taiwan (Taiwan in mid April)
- Signature Priority Banking launched in Hong Kong
- Over 25 Markets products launched into Hong Kong and a new dealing room unveiled
- Received preparatory approval to locally incorporate in China and continue growing organically in China branch network



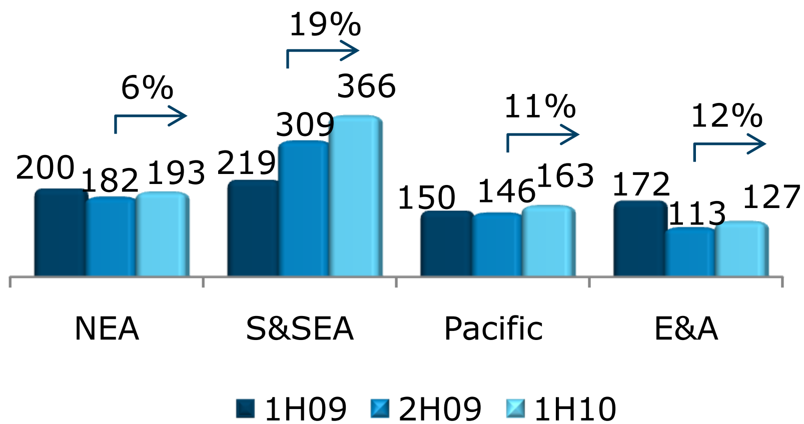
ANZ

# APEA contribution to Group earnings delivered through diversified segments and markets

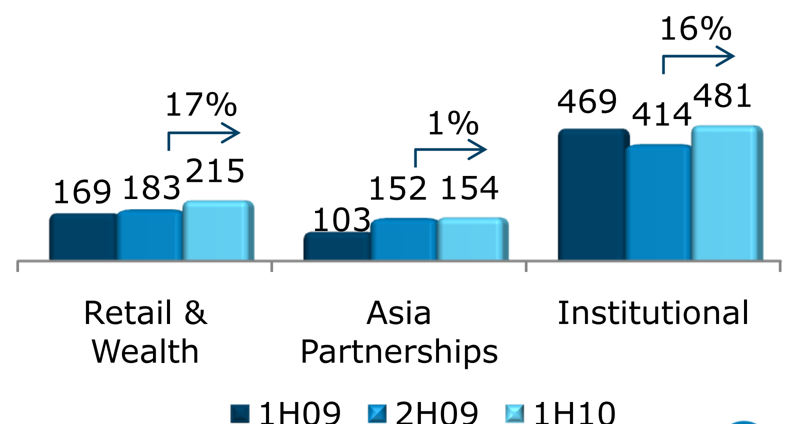
## APEA earnings contribution to group




### Income growth by Region[1] (USDm) 1H10 HoH



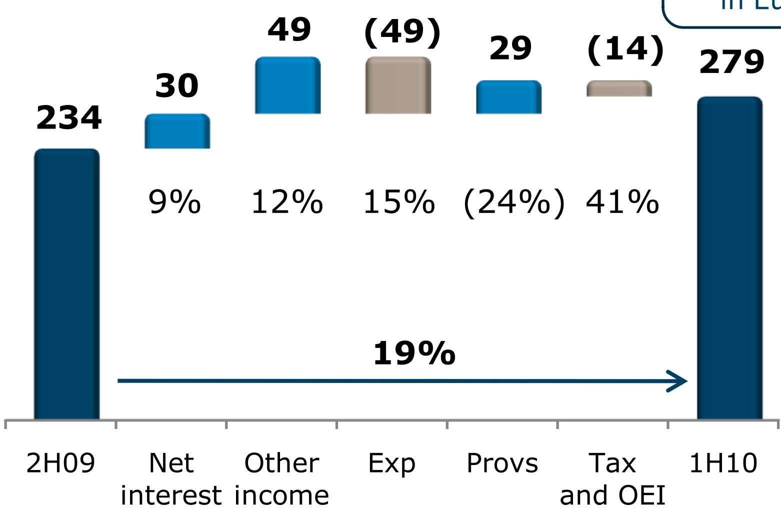

### Income growth by Segment[1] (USDm) 1H10 HoH



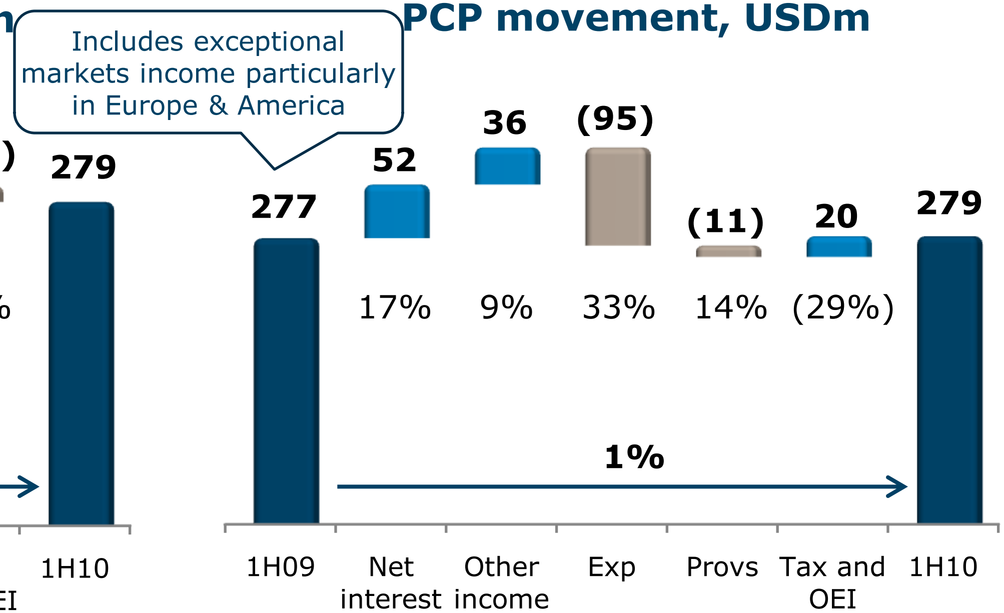

1. Excludes Operations and Support and Other

# APEA Performance: Solid performance in local currency, currency translation a drag in 1H10

### Underlying Performance: HOH movement, USDm




### Underlying Performance: PCP movement, USDm




### Underlying performance: HOH movement, AUD

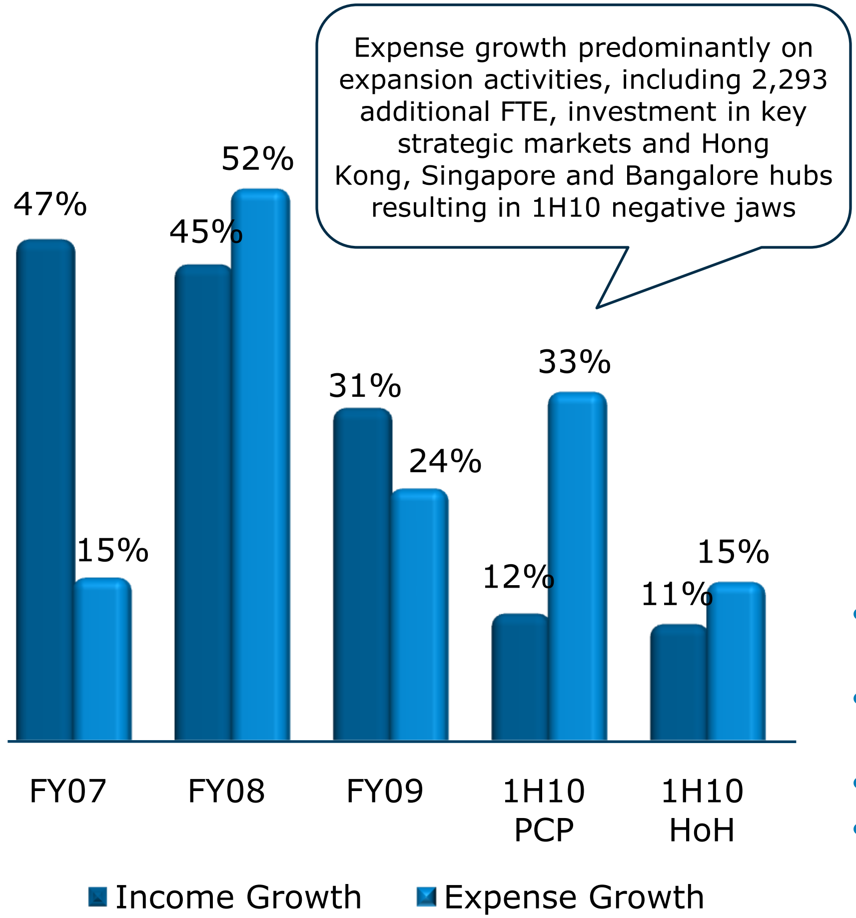
| HOH | NII | OI | Exp | Prov | NPAT |
|---|---|---|---|---|---|
| AUD | (3%) | 0% | 1% | (34%) | 8% |

### Underlying performance: PCP movement, AUD

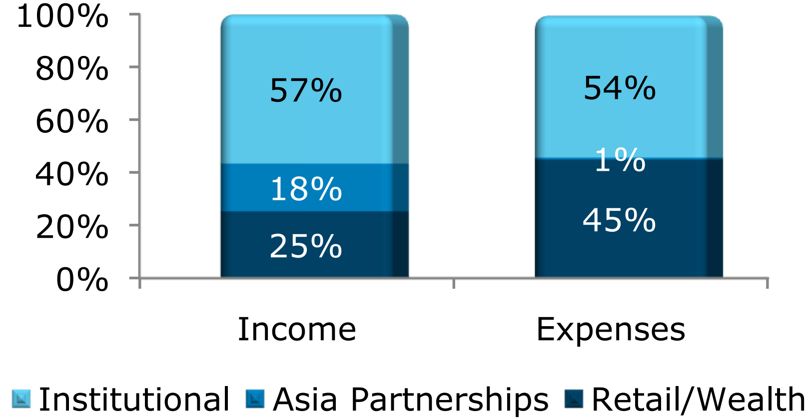
| PCP | NII | OI | Exp | Prov | NPAT |
|---|---|---|---|---|---|
| AUD | (13%) | (20%) | (2%) | (16%) | (26%) |

# APEA: Revenue and Expense analysis

## Revenue / Expense "Jaws" (USD)




## Institutional earnings supplementing investments in Retail business

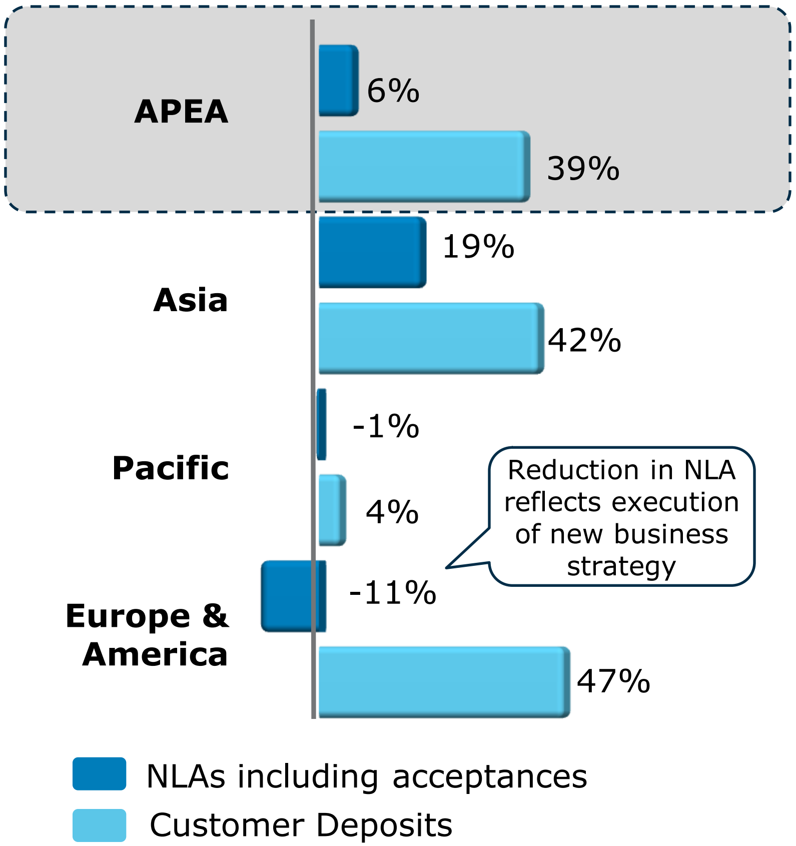



## Investment in Retail and Wealth

- Increased number of Relationship Managers and Private Bankers
- Ten new branches opened in last twelve months (three in the last six months)
- Investment in technology platforms
- Expansion of product range – lending investment and insurance

# APEA: Liability strategy attracting deposits across the Asia Pacific region funding asset growth

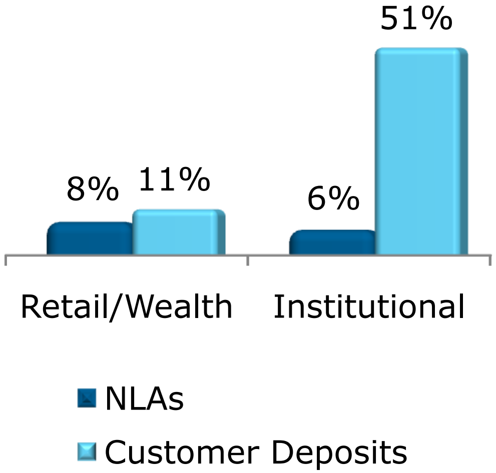
## Lending and Deposit growth 1H10 v 2H09, (USD)



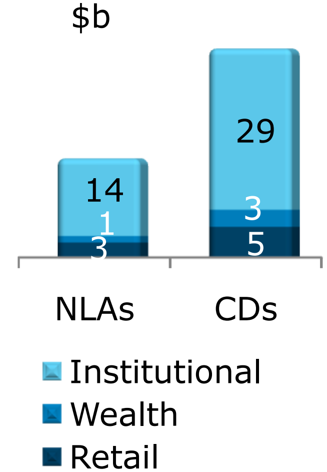

## Customer Deposits APEA

- Asia constitutes 60% of APEA customer deposits, with deposits skewed toward term deposits
- Impressive Institutional deposit growth especially in Asia, which was mainly driven by cash management
- The mix of CASA deposits has been increasing as a proportion of total Institutional deposits

### Growth by business 1H10 v 2H09

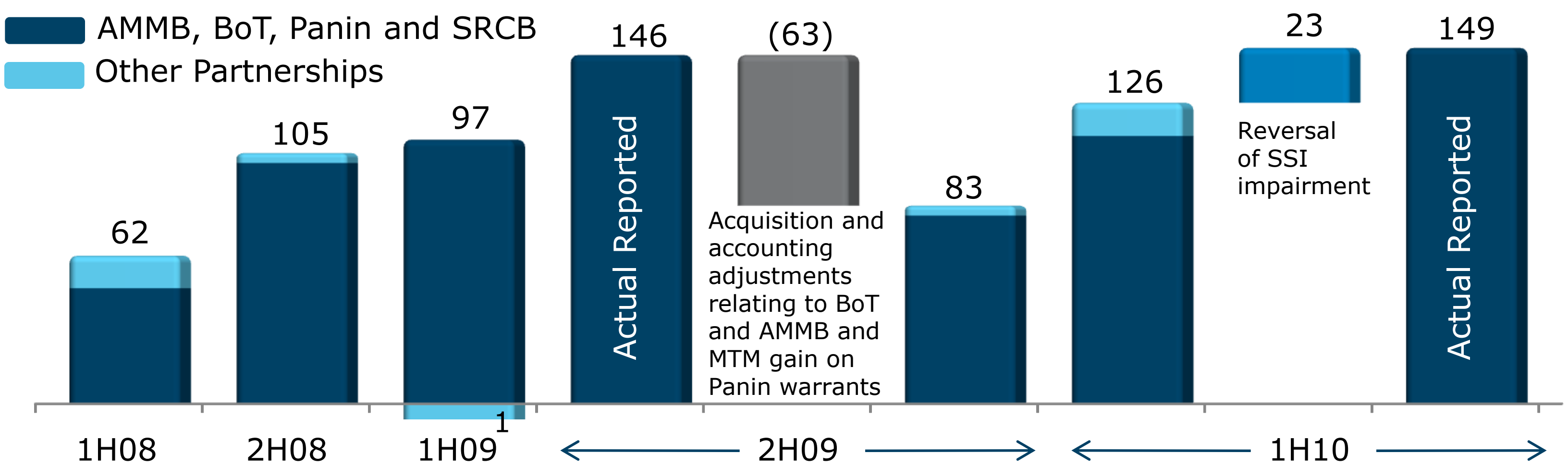



### Composition 1H10



# APEA: Continued strong contribution from Asia Partnerships

## NPAT contribution (USDm)




**STRONG PROFIT CONTRIBUTION CONTINUED:**

- Driven by higher contributions through equity accounting earnings (AMMB, BoT, SRCB and Panin in particular)
- SSI impairment charge taken in 1H09 but reversed in 1H10 following sustained recovery in share price

**DRIVING OUTPERFORMANCE:**

- Continue to add value to Partnerships through infusion of ANZ talent and skills to 'outperform'
- Invest in expansion opportunities at appropriate time and as price, policy and regulations allow

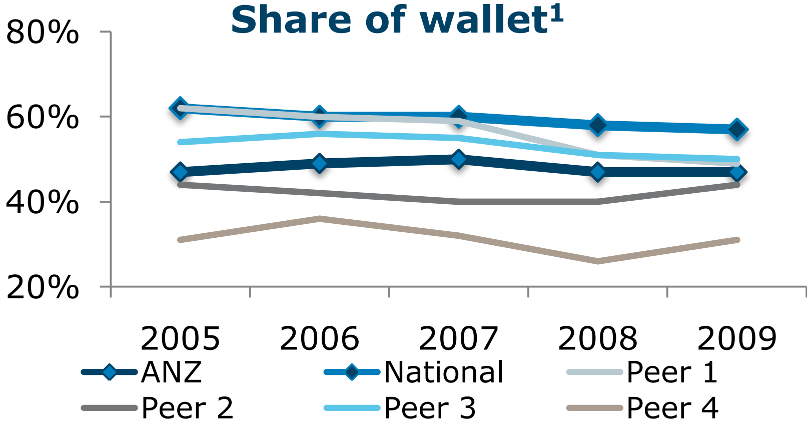
1. Negative other partnerships due to SSI impairment charge.
2. AMMB Holdings Berhad (AMMB); Shanghai Rural Commercial Bank (SRCB); PT Bank Pan Indonesia (Panin); Bank of Tianjin (BoT) and Saigon Securities Incorporation (SSI)

# New Zealand – supporting customers through a period of structural rebalancing

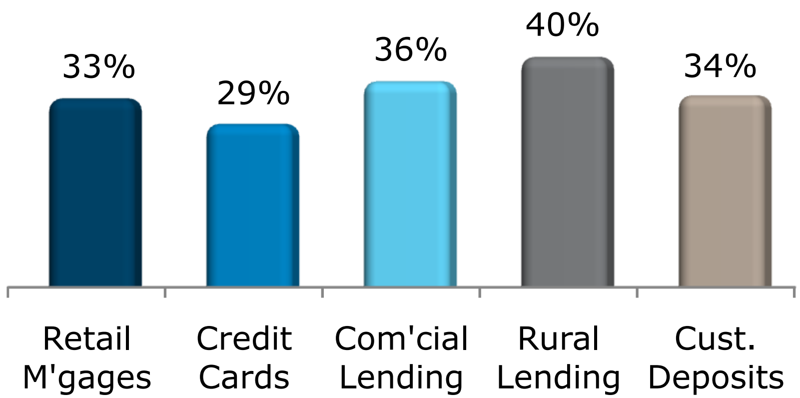
### Economic Outlook

- The New Zealand economy is stabilising and business conditions are slowly beginning to improve, albeit growth remains subdued
- Lending growth constrained in the current environment by consumer and business de-leveraging
- Credit quality showing signs of improvement in Retail but some uncertainty remains around the Rural and Commercial sectors

### Share of wallet[1]




### Market share positions[2]

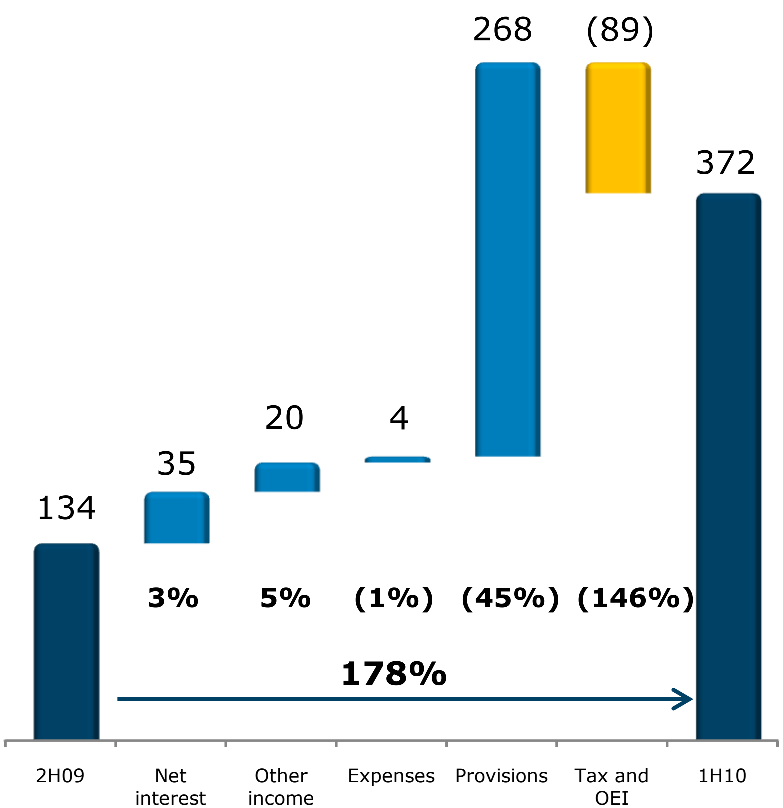



- ANZ recognised by Canstar Cannex as offering outstanding value in home loans. ANZ has more 5 stars than any other financial institution in New Zealand
- Launched ANZ Global brand
- ING NZ integration is providing a more comprehensive customer wealth solution
- Removed or reduced 29 fees across our two retail banks, saving customers an estimated $55m on an annualised basis

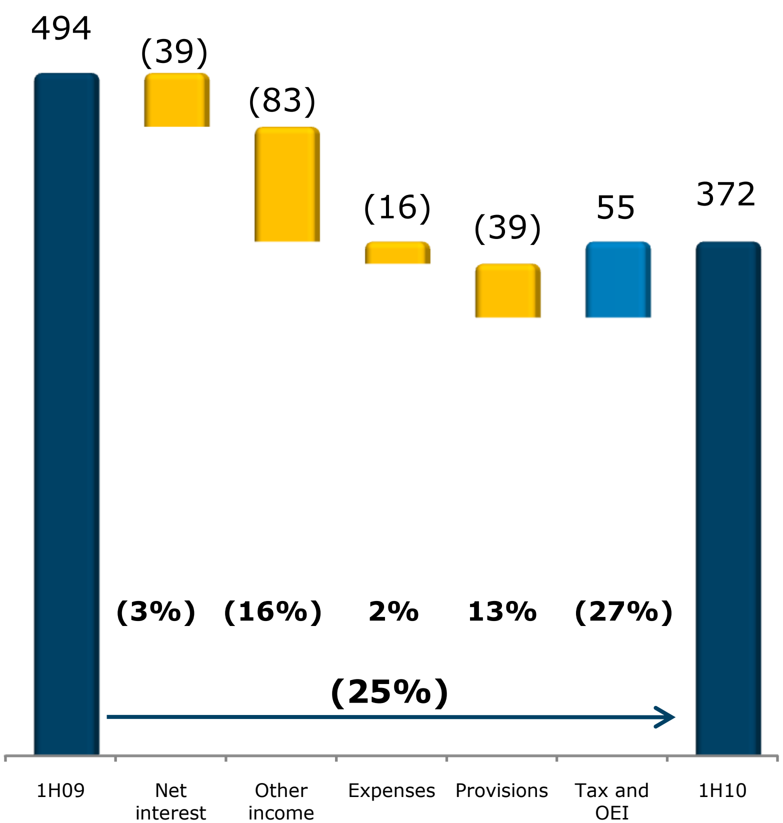
1. Source - Nielson, Consumer Finance Monitor. 2. RBNZ and TNS Conversa.

# NZ Geography - revenue growth remains subdued while provisions are stabilising

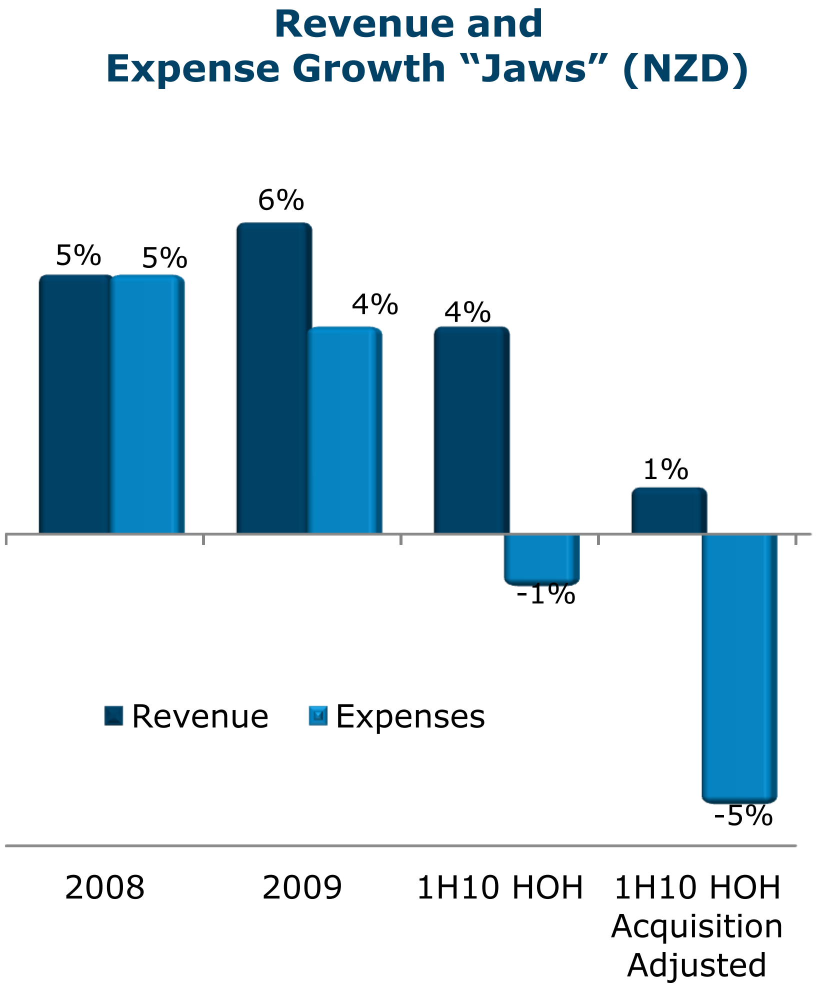
**Underlying Performance NZDm**
**HOH Movement (1H10 vs 2H09)**

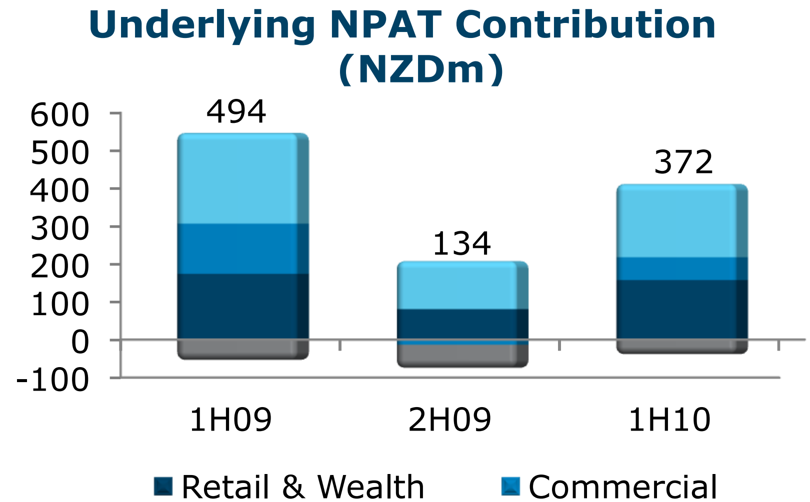


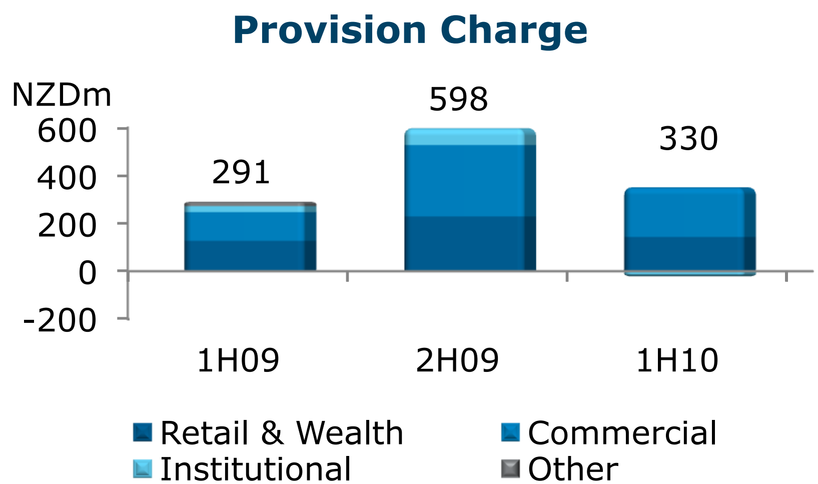

**Underlying Performance NZDm**
**PCP Movement (1H10 vs 1H09)**



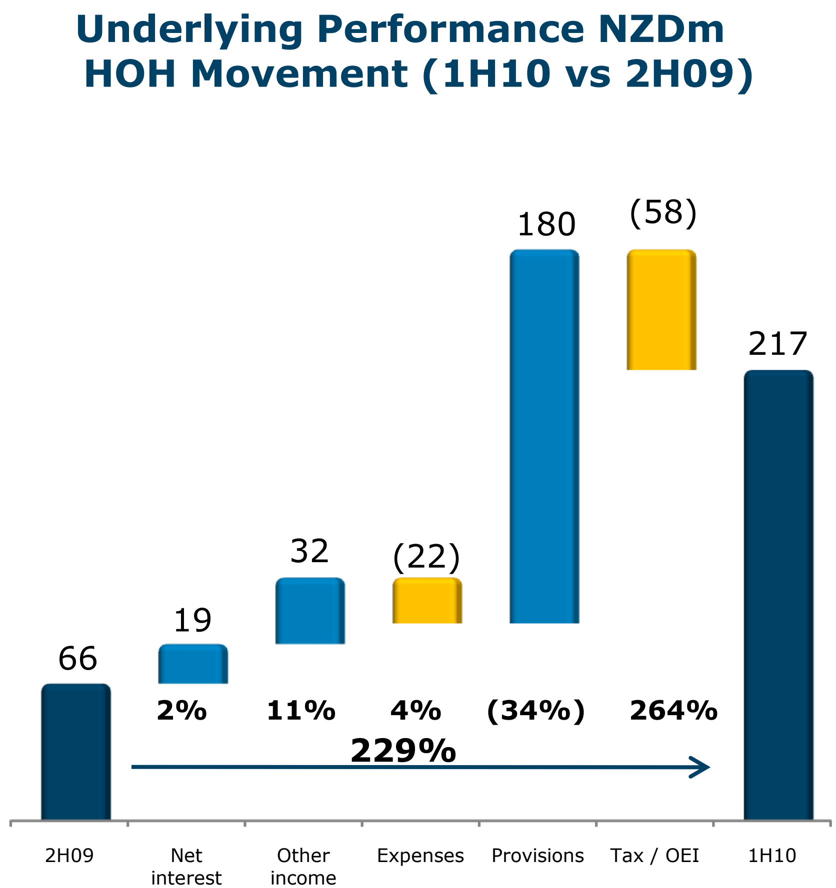
# NZ Geography: key drivers of performance

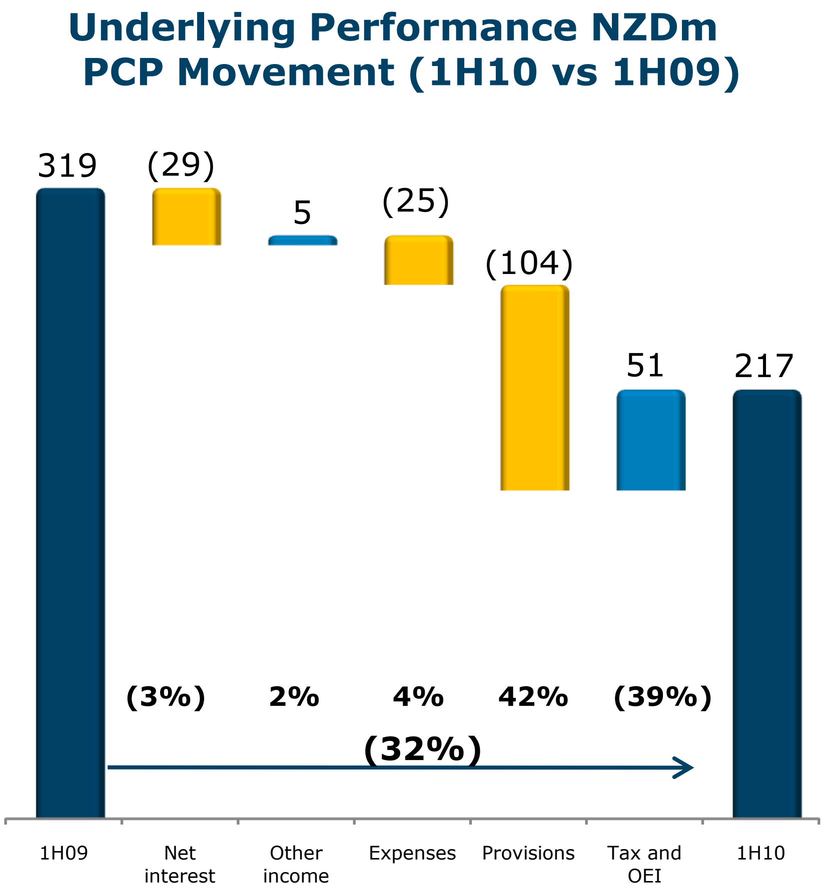


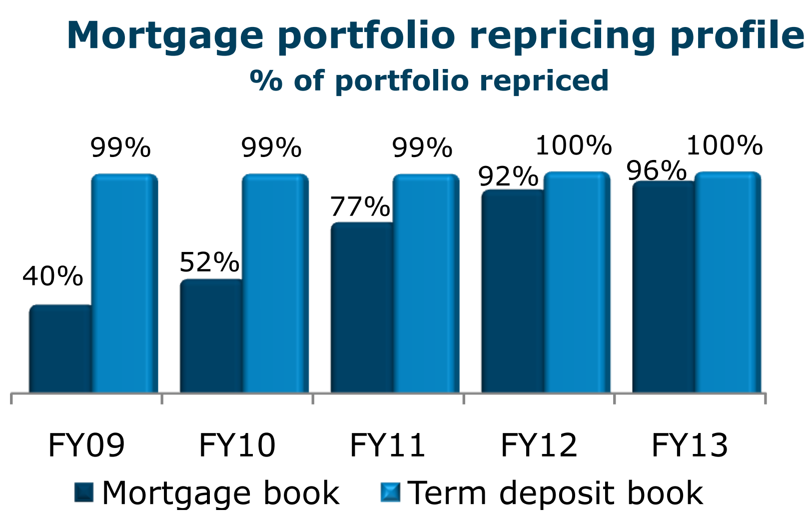
# NZ Businesses – provisions delivering very different performance outcomes on HoH vs PCP comparisons

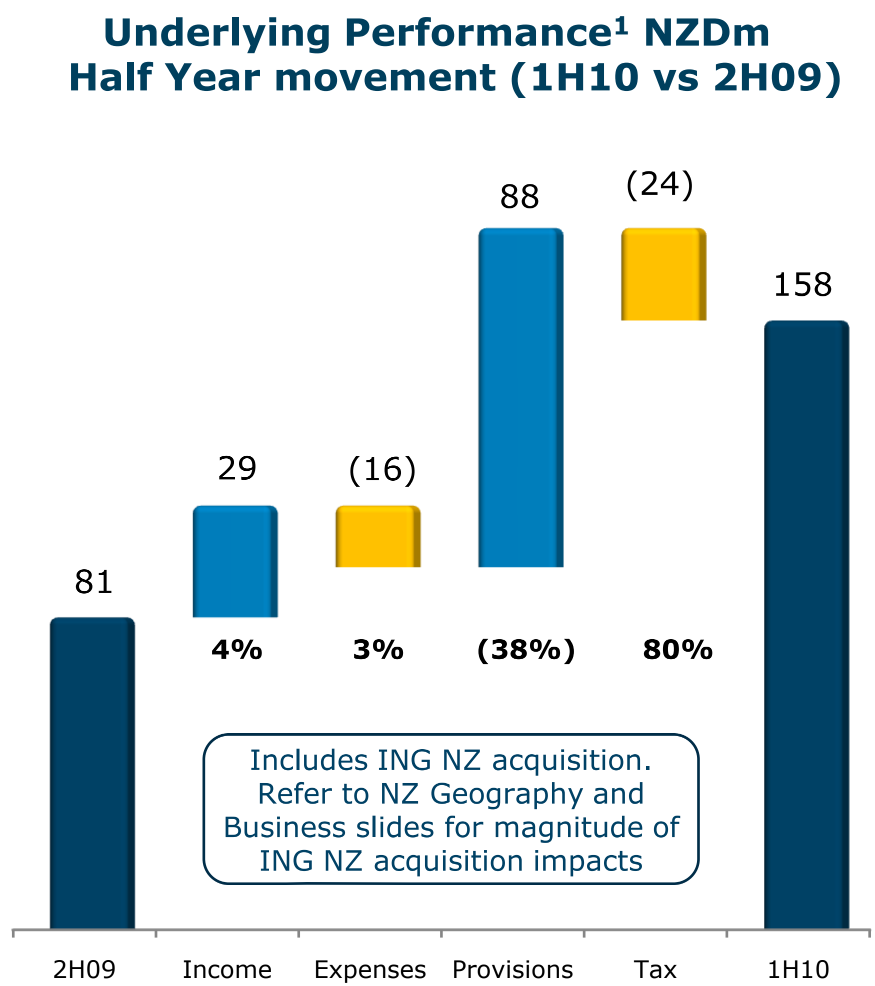


# NZ Retail & Wealth: Lower provisions and ING acquisition driving profit

- Supported customers through downturn; received 2 Gold awards for Financial Wellbeing Programme at NEXUS awards
- Balance sheet growth flat, income impacted by removal of exception, margins improving,
- Delinquency in our mortgage portfolio now lower than industry average
- ANZ Private Bank named Best Private Bank in New Zealand[1]
- ING remains #1 in KiwiSaver with 23.4% market share



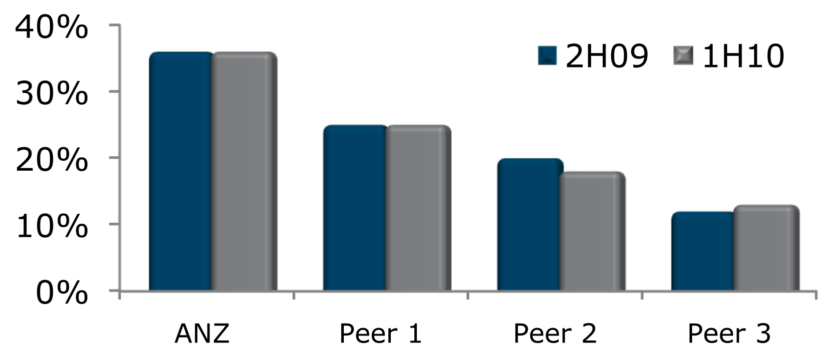




1. Includes the impact of the acquisition of ING NZ which contributes additional NPAT of $11m in 1H10

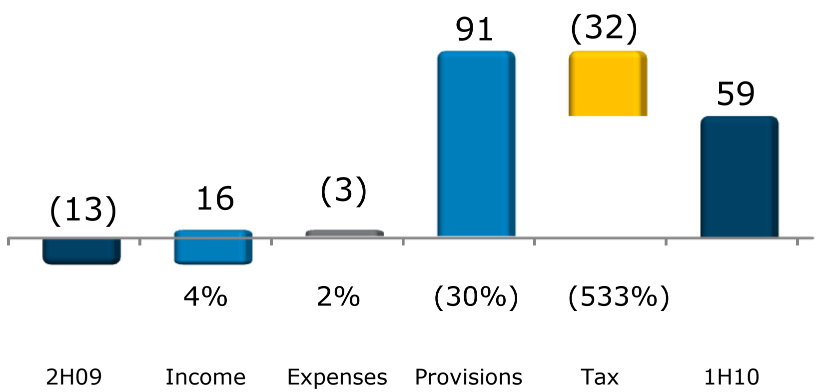
# NZ Corporate & Commercial Banking: conditions are stabilising but fragile

- Business conditions have stabilised but more time is required for the full credit impacts of the downturn to work through; risk profile of the portfolio will continue to weaken in the second half
- Pro-actively engaging customers to help manage risks and identify opportunities
- Balance sheet stable, maintaining number 1 market share

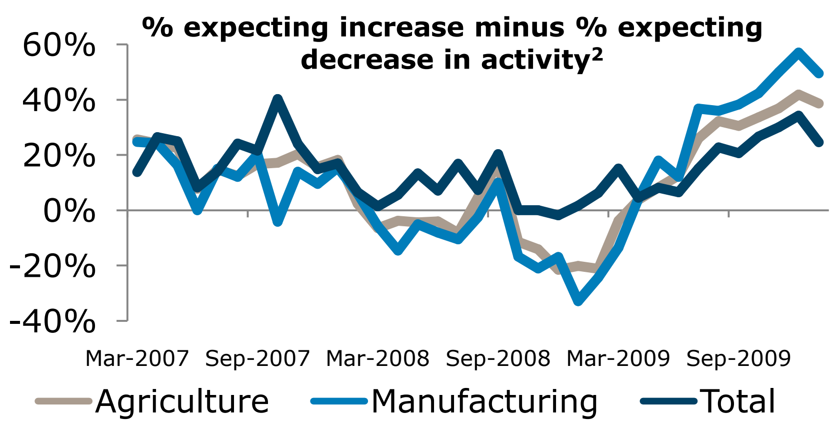
## Maintained Number 1 Market Share[1]




## NZ Commercial (including Rural) Underlying Performance NZDm Half Year movement (1H10 vs 2H09)




## Business outlook showing signs of improvement



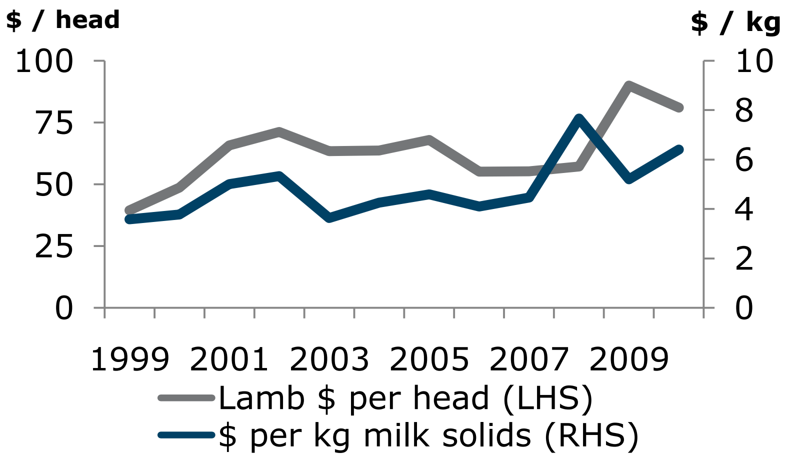

**Source**: 1. TNS Conversa 2. National Bank Business Outlook March 2010

# NZ Rural: portfolio exhibiting stress despite some improved fundamentals

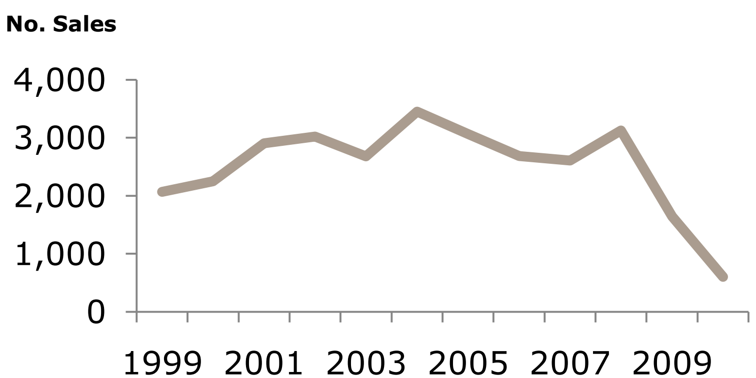
## Current market situation

- ANZ continues to support customers through the down turn
- We have seen a greater focus by borrowers on cash flows, liquidity and a resolution by many to reduce debt levels
- Provisions have increased due to potential land value uncertainty and increased farm income volatility
- Benchmark international prices for New Zealand pastoral products are now at good or better than average levels, with the exception of wool
- The price of whole milk powder has doubled from a low of USD2,000/tonne in July 2009 to USD4,100 in April 2010
- However a higher than average exchange rate will temper 2009/10 farm gate returns
- Activity in the rural land market is stalled at low levels compared to the past five years largely due to prospective buyers being more cautious

## Dairy and lamb price movement[1]




## Rural Land Sales[2]

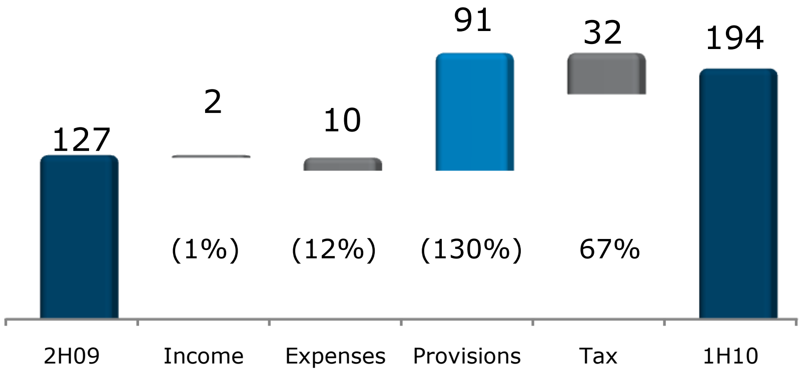



1. Source: Milk Solids - Fonterra, Lamb Price - ANZ estimates, 2. Source: Rural Land Sales - Quotable Values NZ

# NZ Institutional

- Maintained product leadership across the largest Institutional customer base in New Zealand
- Continued to help customers strengthen balance sheets and diversify funding
- Leveraged regional capabilities to enable customers to achieve growth
- Increased focus on sectors that will drive future growth of NZ economy

**Underlying Performance NZDm**
**Half Year movement (1H10 vs 2H09)**

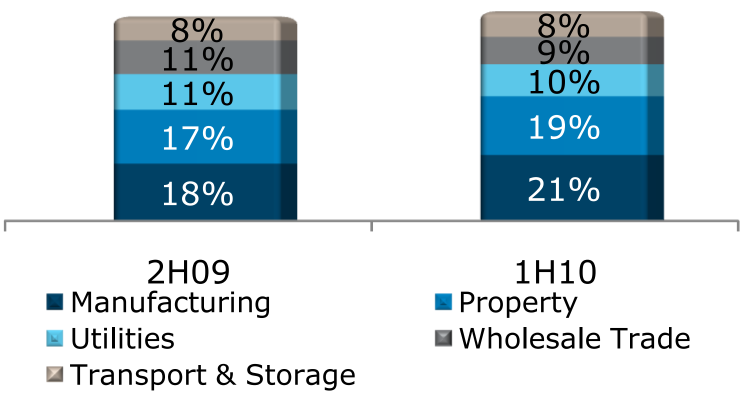



**Lead NZ Debt Capital Markets[1]**

| | Market Share | Deals | NZDm |
|---|---|---|---|
| **ANZ** | **47.8** | **24** | **1,607** |
| Bank1 | 15.4 | 7 | 517 |
| Bank2 | 11.7 | 4 | 392 |
| Bank3 | 8.2 | 3 | 275 |
| Bank4 | 4.8 | 4 | 162 |
| **Total** | | **49** | **3,360** |

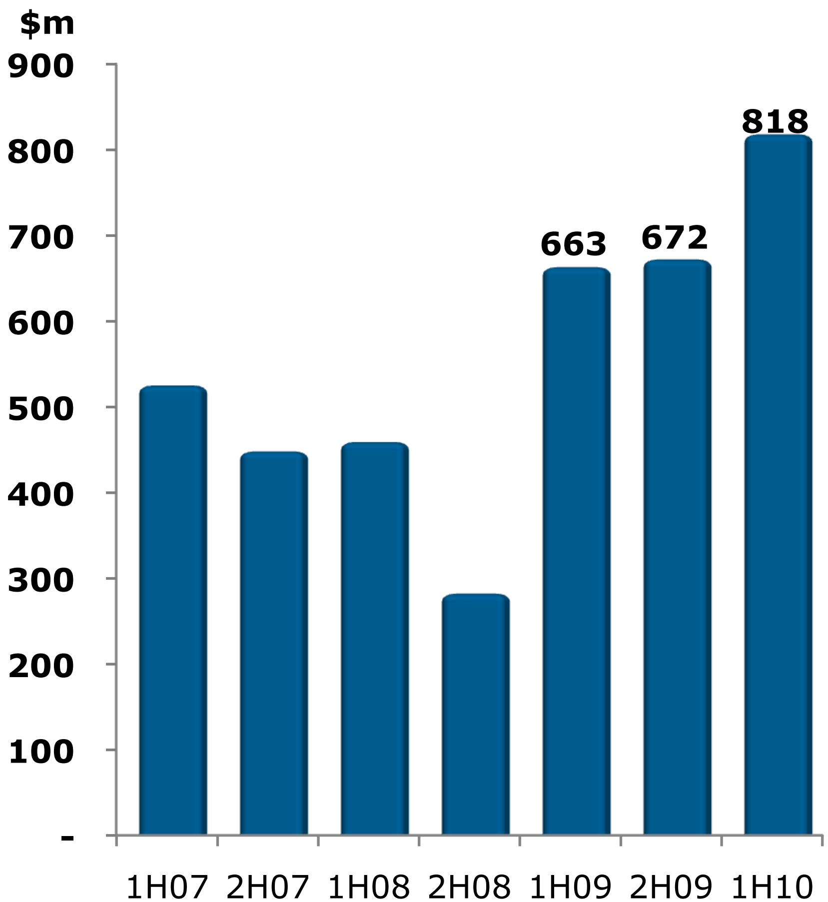
1. Source: Bloomberg (excludes self led deals)

**Top 5 Industry sector exposures**



# Global Institutional: Record profit in 1H10

### Net Profit after tax (FX adjusted)

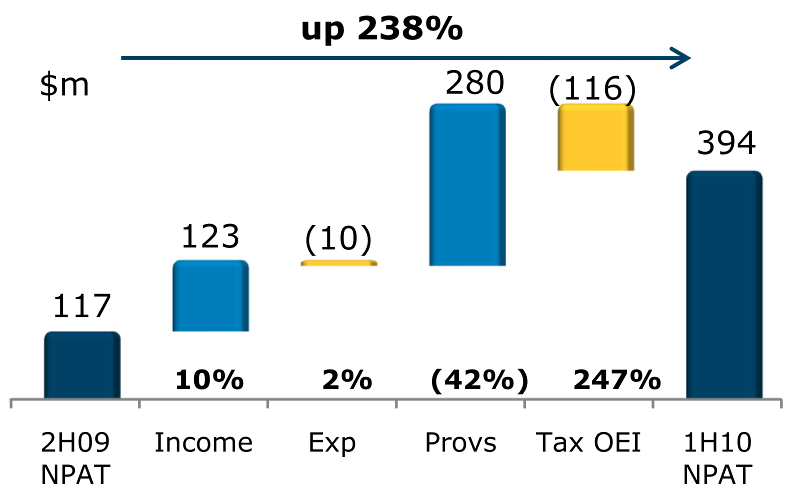



### Institutional Leadership Team and Product Focus strengthened

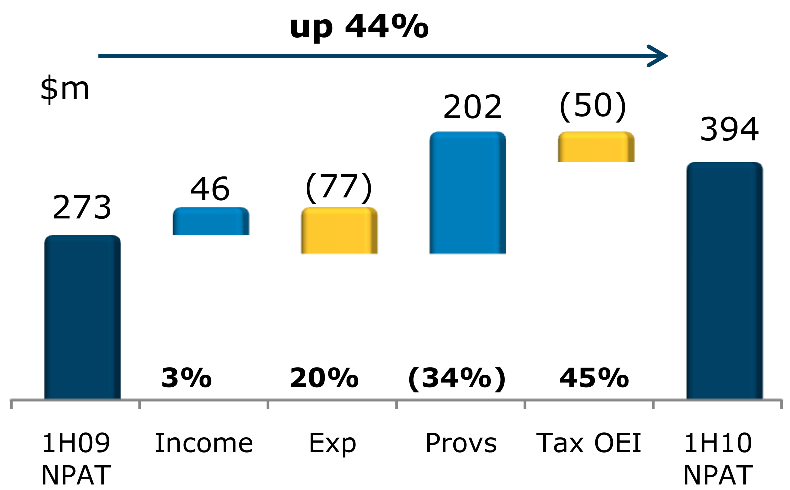
- New Institutional Leadership team steering the strategy, building operational platforms, processes and culture
- Building on a history of long term customer relationships, setting clear service expectations and customer insights, focusing investment in priority segments
- Primary focus on core competency products including Cash Management and Trade, Regional Rates and FX, Commodities and Debt Capital Markets
- Global business with disciplined focus on our core Regional markets, linked through flows of trade, capital and population

# Institutional ex markets[1]: Transaction Banking, Trade Lending & improved provisions contributing to record 1H10

## Underlying performance Half on Half (FX adjusted)




## Underlying performance Prior Comparative Period (FX adjusted)




## Underlying performance in AUD:

### Half on Half (AUD)

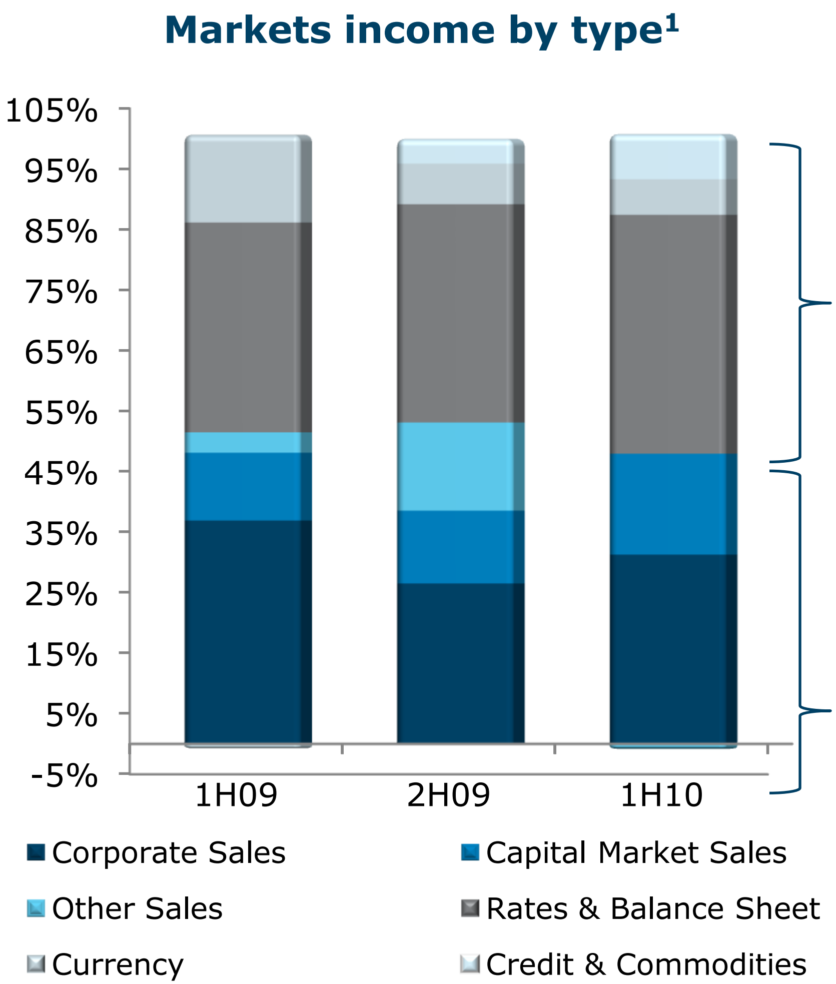
| | Income | Exp | Prov | Tax/OEI | 1H10 NPAT |
|---|---|---|---|---|---|
| Movement from 2H09 | 8% | (1%) | (42%) | 233% | 235% |

### Prior Comparative Period (AUD)

| | Income | Exp | Prov | Tax/OEI | 1H10 NPAT |
|---|---|---|---|---|---|
| Movement from 1H09 | (1%) | 10% | (36%) | 41% | 38% |

1. For markets performance refer slide XX

# Markets contribution




**Trading & Balance Sheet:**

- Extreme market volatility in 1H09 created unprecedented opportunities with FX Markets moving by approx 30% and interest rates falling 60%
- In 1H10 interest rate movements provided continued opportunities
- Since 2H09 credit spreads have contracted

**Sales:**

- Abnormal market conditions in 1H09 created strong customer demand for hedging solutions and widened margins
- The high AUD and shape of the yield curve has meant customer demand subsequently reduced
- The re-opening of Capital Markets in 2H09 and significant investment in our capabilities is reflected in higher league table rankings

1. Excluding Corporate CVA

# Economic updates

| | Australia | | | | New Zealand | | | |
|---|---|---|---|---|---|---|---|---|
| | 2009 | 2010 | 2011 | 2012 | 2009 | 2010 | 2011 | 2012 |
| GDP | 0.9 | 3.0 | 3.2 | 3.6 | -2.3 | 1.5 | 3.4 | 2.9 |
| Inflation | 2.2 | 2.6 | 2.6 | 3.0 | 1.7 | 1.8 | 3.1 | 2.1 |
| Unemployment | 5.3 | 5.3 | 4.9 | 4.5 | 6.5 | 7.2 | 6.0 | 5.8 |
| Current A/C (% GDP) | -3.3 | -4.4 | -2.7 | -3.0 | -3.2 | -5.4 | -3.9 | -4.3 |
| Cash rate | 3.00 | 4.75 | 5.75 | 6.00 | 2.50 | 2.75 | 4.75 | 5.25 |
| 10 year bonds | 5.36 | 5.70 | 6.10 | 6.00 | 5.6 | 5.9 | 6.5 | 6.5 |
| AUD/USD | 0.88 | 0.96 | 0.88 | 0.80 | N/A | N/A | N/A | N/A |
| AUD/NZD | 1.22 | 1.33 | 1.33 | 1.18 | 1.22 | 1.33 | 1.33 | 1.18 |
| Credit | 1.7 | 4.2 | 6.7 | 7.8 | 3.7 | 2.6 | 4.5 | 5.8 |
| - Housing | 7.7 | 8.7 | 8.5 | 8.1 | 3.8 | 3.5 | 4.7 | 5.4 |
| - Business | -4.7 | -2.4 | 3.9 | 7.8 | 3.9 | 1.4 | 4.3 | 6.5 |
| - Other | -5.5 | 4.4 | 6.5 | 5.1 | -1.4 | 0.4 | 4.1 | 4.8 |

Source - ANZ economics team estimates. Based on 30 September bank year.

# Economic updates

## Emerging Asia GDP Growth Forecasts

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| China | 9.3 | 8.5 | 10.1 | 9.6 | 10.5 |
| India | 7.5 | 6.4 | 7.0 | 8.4 | 8.7 |
| **Newly Industrialised Economies (NIEs)** | | | | | |
| Hong Kong | 2.3 | -2.7 | 5.0 | 4.5 | 4.7 |
| Korea | 2.4 | 0.1 | 5.1 | 4.4 | 4.5 |
| Singapore | 1.4 | -2.0 | 11.0 | 5.8 | 6.1 |
| Taiwan | 1.1 | -1.9 | 4.4 | 4.7 | 5.0 |
| **Association of South East Asian Nations (ASEAN)** | | | | | |
| Indonesia | 6.0 | 4.6 | 5.5 | 5.7 | 5.8 |
| Malaysia | 4.6 | -1.7 | 6.3 | 5.6 | 6.1 |
| Philippines | 3.8 | 0.9 | 4.9 | 5.2 | 5.4 |
| Thailand | 2.6 | -2.2 | 6.7 | 4.4 | 5.1 |
| Vietnam | 6.3 | 5.1 | 5.7 | 6.7 | 7.3 |
| Total | 7.2 | 5.7 | 8.2 | 8.0 | 8.6 |

Source - ANZ economics team estimates. Based on 30 September bank year.

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