

A Clear, Differentiated Strategy Delivering Consistent Returns

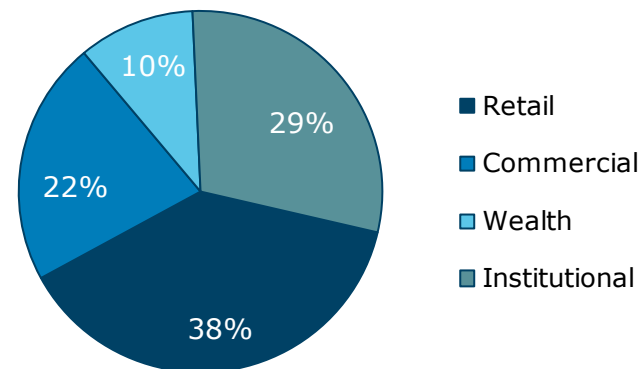
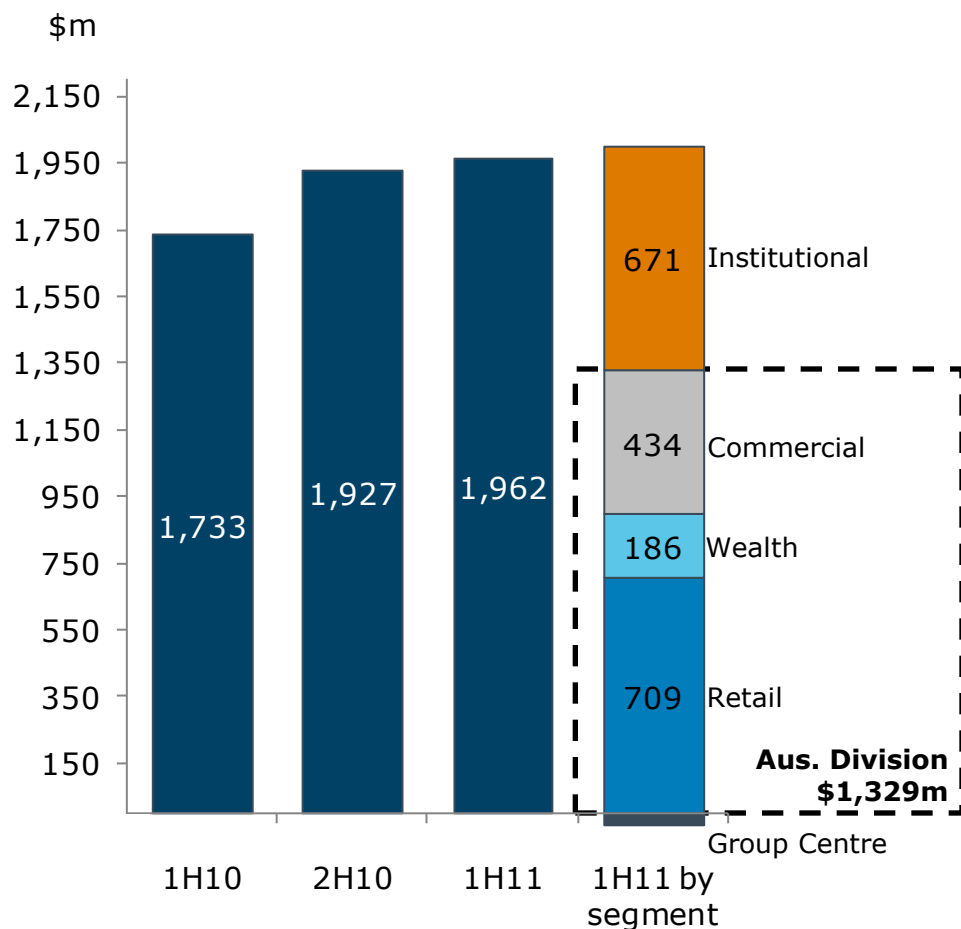
**Philip Chronican
CEO Australia
6 May 2011**



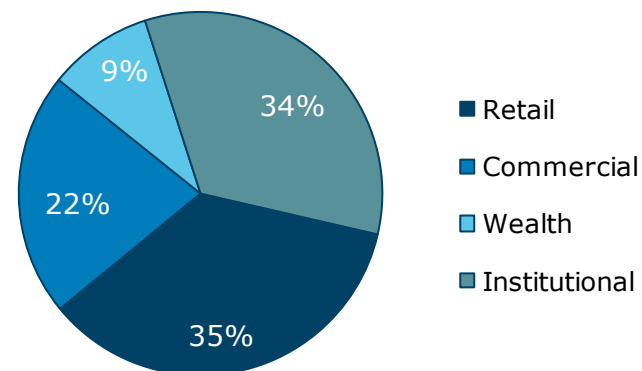
Australia region - 70% of Group profit

Pro Forma Net Profit After Tax

1H11 revenue by business¹



1H11 NPAT by business¹

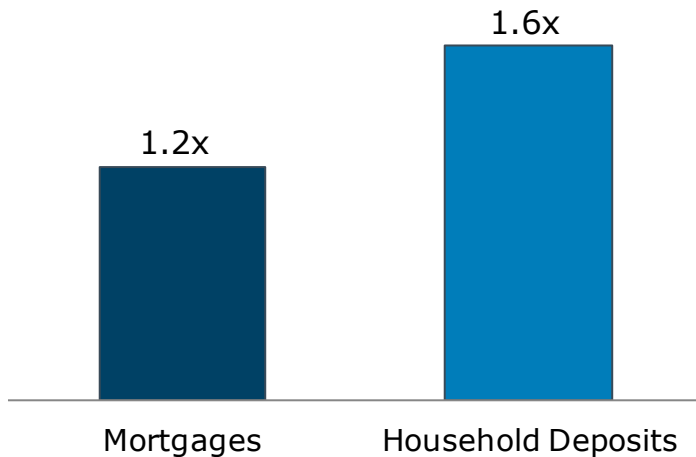


1. Excludes Group Centre and Other

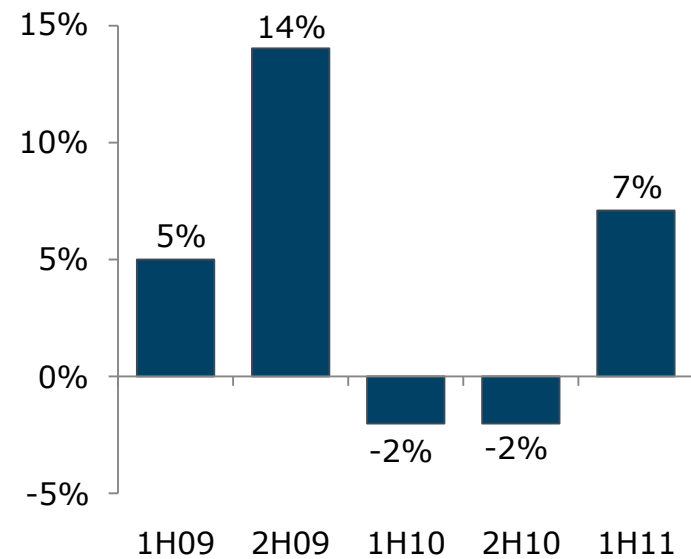
Retail – pre provision profit up 7% with interest income up 8%, strong growth in deposits

	1H11 v 2H10	1H11 v 1H10
Profit before credit impairment and income tax	7%	5%
Net profit after tax	2%	3%

1H11 Growth v System HOH¹



PBP growth (HOH)

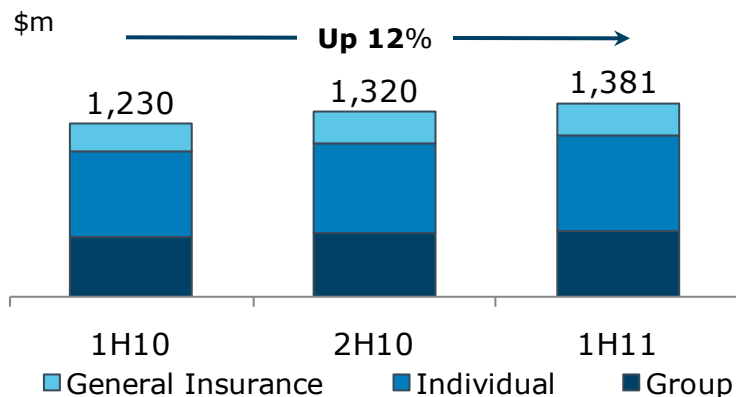


1. Source: APRA Statistics

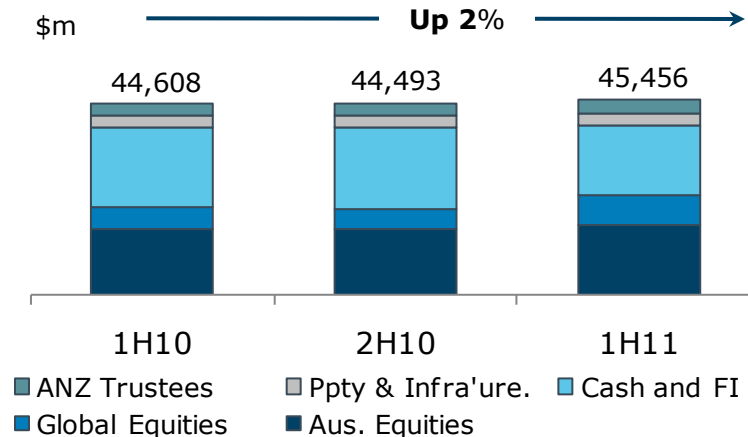


Wealth – integration progressing well, strong insurance result

Insurance in-force premiums



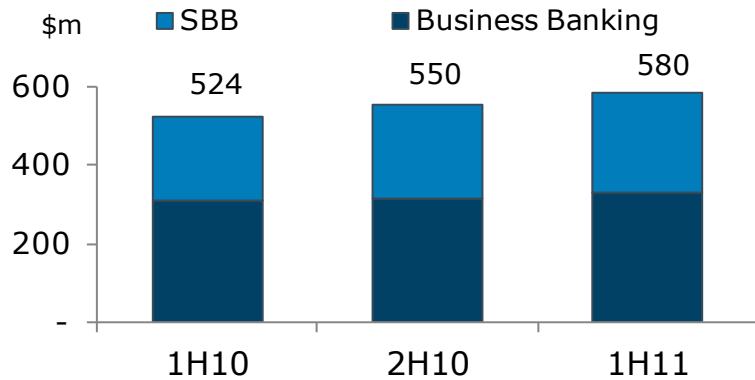
Funds Under Management



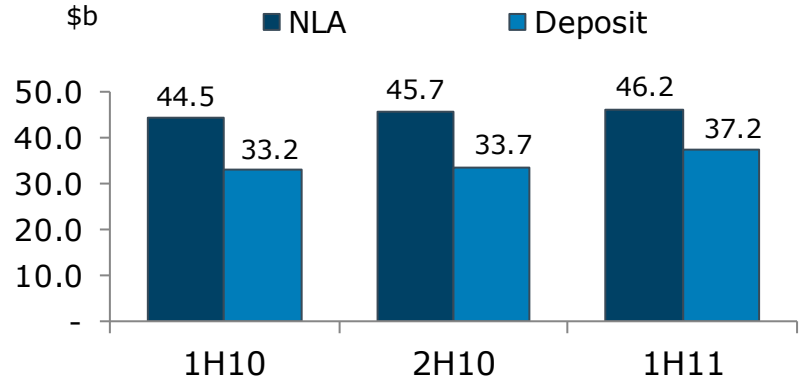
- Integration of former INGA business on track including OnePath new brand launch
- New ANZ Wealth business created (including OnePath, Private Bank and Investment and Insurance) and management bench-strength improved
- Wealth NPAT down \$41m primarily due to reduced net interest income (repayment of loans)
- Other operating income higher due to insurance book growth and favourable claims experience offsetting higher funding costs and brokerage margin tightening
- Operating expenses flat HOH
- Strong growth across the insurance segments particularly in individual life
- Funds management growth subdued in difficult market conditions coupled with business transformation
- \$11m gross impact in General Insurance due to natural disasters (includes ex-gratia payments to policy holders).

Good outcomes for Business Bank & Small Business, tougher conditions in Regional Commercial

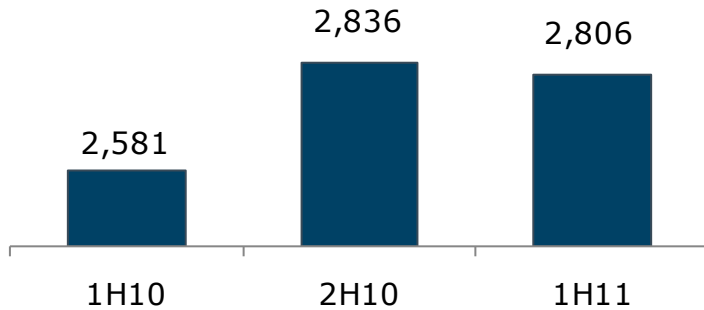
Net interest income SBB & BB



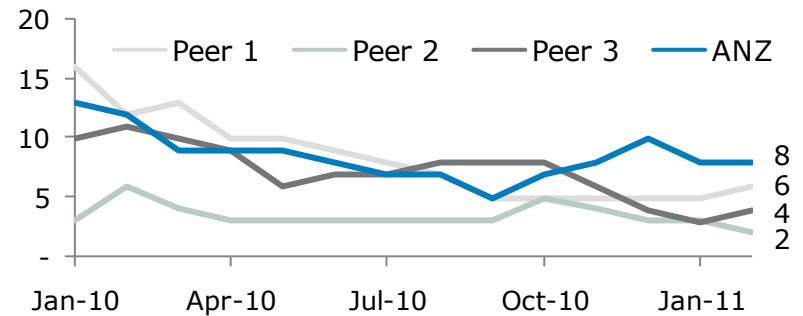
Net loans and advances incl. acceptances & customer deposits



Investment in frontline FTE staff in 2H10



Customer growth (^000s; Main Bank Relationship)^{2,3,4}



1. Small Business Banking (SBB), Business Banking (BB), Regional Commercial Banking (RCB); 2. Source: DBM Business Financial Services Monitor; 3. Based on rolling 12 months average and includes businesses that have changed MFI during the last 12 months; 4. Includes customers who did not have a MFI 12 months ago (start up businesses)



Mortgage market observations

Credit Quality

- Increase in 90 day delinquencies
 - South East Queensland – higher than national average unemployment, impacted by stronger AUD (tourism), natural disasters
 - 2008 vintage greater propensity for stress
 - Credit underwriting tightened considerably at the end of 2008 and ANZ took a more cautious approach to volume than some peers in 2009

Competition will increase with volume reduction

- ANZ traditional strategy remains in place – seek to be at median on price and focus on quality

Unique opportunities arise from leveraging Super Regional strategy

- 20% of new-to-bank customers are new arrivals
- Relationship prior to leaving home country
- Capability to conduct credit applications and verifications offshore for these customers

Regional Commercial Banking – impacted by higher provisioning

Regional Australia

- Normal seasonality impact on lending more pronounced due to weather conditions
- Stress not homogenous, some areas impacted positively, crop yield improvement
- Commodity prices are trending up and demand is strong. Expect a good season for broad acre

Business Performance

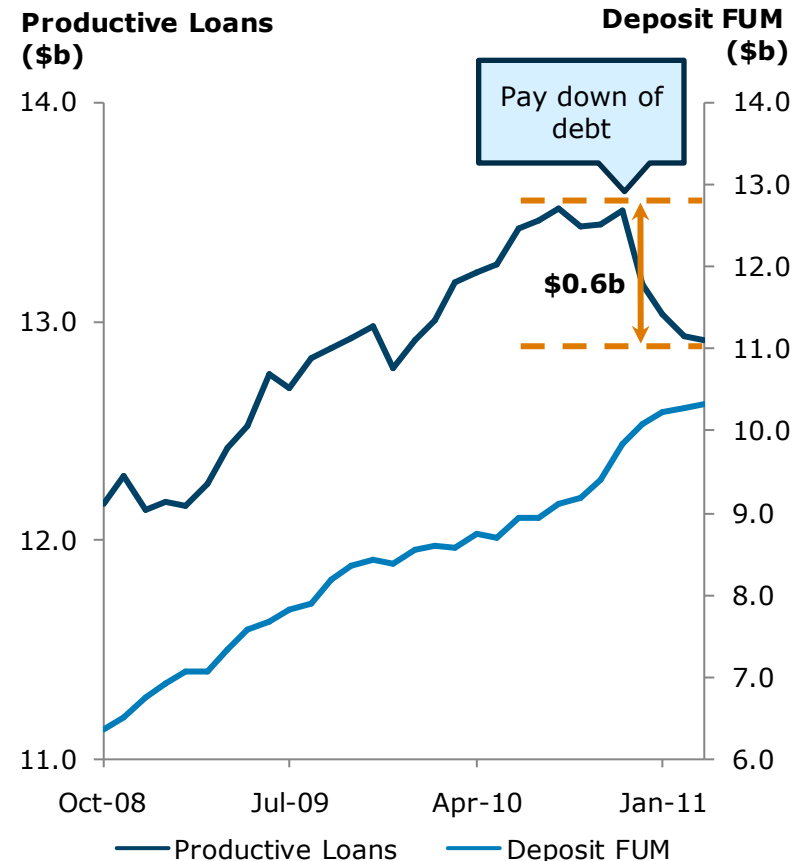
- Deposits up 12% HOH, 20% PCP
- Lending down 3% HOH, flat PCP
- Revenue down 1% HOH, expenses flat

Credit Quality

- Long-term stress coupled with more recent extreme weather events such as flooding. Delinquency trends higher in Western Australia (prolonged drought) while full effect of Queensland (Cyclone Yasi and flooding) is yet to emerge
- Majority of collective provision overlay for Commercial is related to RCB

Significant pay down of debt occurring after high agri cash inflows

Productive Loans v. Deposit FUM



ANZ Australia has a clear growth agenda

Priorities

1 Drive value

- Growth in target segments
 - Service led delivery and innovation
 - Acquire high quality customers and increase SOW
 - Drive value from brand equity and customer advocacy
- Integrate and grow wealth
- Grow commercial

2 Leverage Super Regional strategy

- Bank of choice for pan-regional migrants
- Maximise cross-regional commercial opportunities

3 Invest in sustainability

- Productivity agenda
- Improve staff engagement
- IT investment focused on enhancing customer experience

Super Regional capabilities providing differentiated sources of growth across the bank

Retail Banking across Asia Pacific:

- From Asia Pacific:
 - 20% of new-to-bank customers
 - Biggest Australian bank in Asia Pacific
 - 1,000 customer referrals per month
 - Offshore account openings
- To Australia:
 - Specialist migrant branches
 - Language capabilities
 - Multi-lingual ATMS
 - Multi-lingual marketing

Commercial Banking across Asia Pacific:

- More than \$200b in trade flows between Aust/NZ and Asia
- Experts in cash-flow
- Specialist industry expertise
- Enhanced online payments
- Expertise in Renminbi markets
- Stakeholder relationships across the region

Affluent segment represents a major growth opportunity for ANZ

ANZ aspires to be the financial provider of choice for affluent customers for their banking and wealth needs

- Affluent Program launched 2 May
 - Dedicated customer manager
 - Priority access to leading specialists and products
 - Premium service
- “Whole of bank” approach to customer
- FY14 Target
 - Market share at 12%
 - SOW at 37%



- Affluent market in Australia of c.900,000
- Contributes 20% of Retail banking profit, 50% of Wealth profit & 25% of market NPAT
- ANZ FUM growing at 20% CAGR since 2002
- ANZ underweight in market share and SOW relative to peers

Personalised service and Super Regional presence provides clear differentiator in small business



A targeted proposition for small business

- 250 dedicated small business specialists
- Needs-based assessments with A-Z Reviews
- Small Business Hub online
- Small Business Insights online
- Trade opportunities with Asia Pacific region

FY14 Target

- 15-16% market share (FUM)

ANZ and small business

- 358,000 customers
- 13% market share (FUM)
- 53% share of wallet
- Shared lead on customer satisfaction



Executing a coherent plan

- **Good result for 1H 2011 despite challenging environment**
 - On track to deliver full year result
- **Long-term objective – to be a Super Regional bank with a market leadership position in Australia**
- **Executing on a coherent plan**
 - Grow in key customer segments
 - Bring whole-of-bank to customers: easy to do business with
 - Clear targets and strategies for Retail, Wealth and Commercial businesses
 - Capture new sources of growth through Super Regional capabilities