

Investor Discussion Pack

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AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED

March 2011



ANZ has established a strong business foundation

A clear company wide focus on our super regional strategy:

- Organised our business around three key geographies and our customers p. 2-18
- Market Update - Three months to 31 December 2010 p. 19-23
- Maintaining strong businesses in our home markets:
 - Australia p. 24-36
 - New Zealand p. 47-51
- Investing for strong organic growth in Asia p. 37-46
- A redefined and clear focus in our global institutional business p. 52-65
- Supported by a strong capital and funding position p. 66-74
- Strengthened governance and risk systems and an improving credit outlook p. 75-82
- Economic updates p. 83-102

Investor Discussion Pack

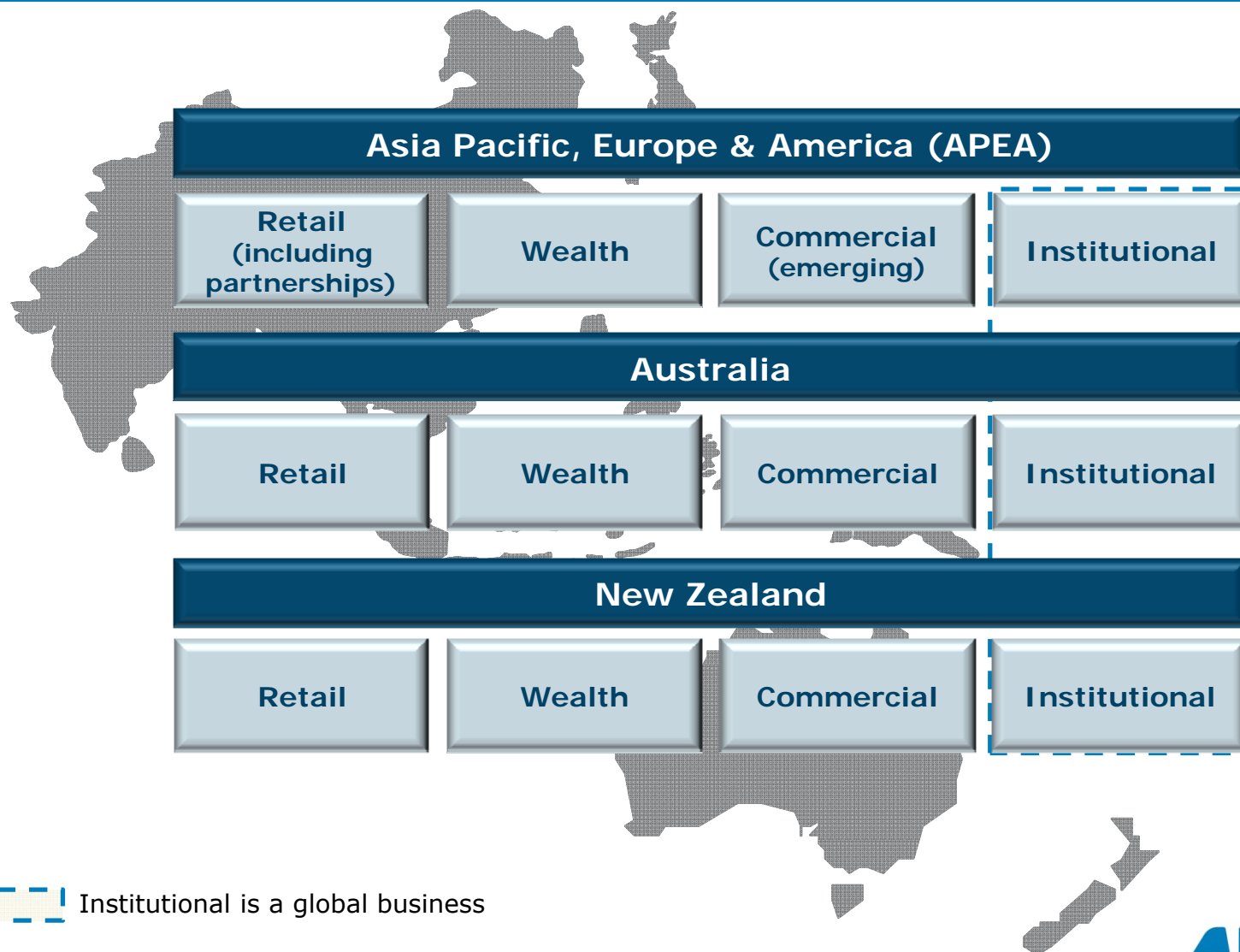
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
March 2011

Overview and strategy



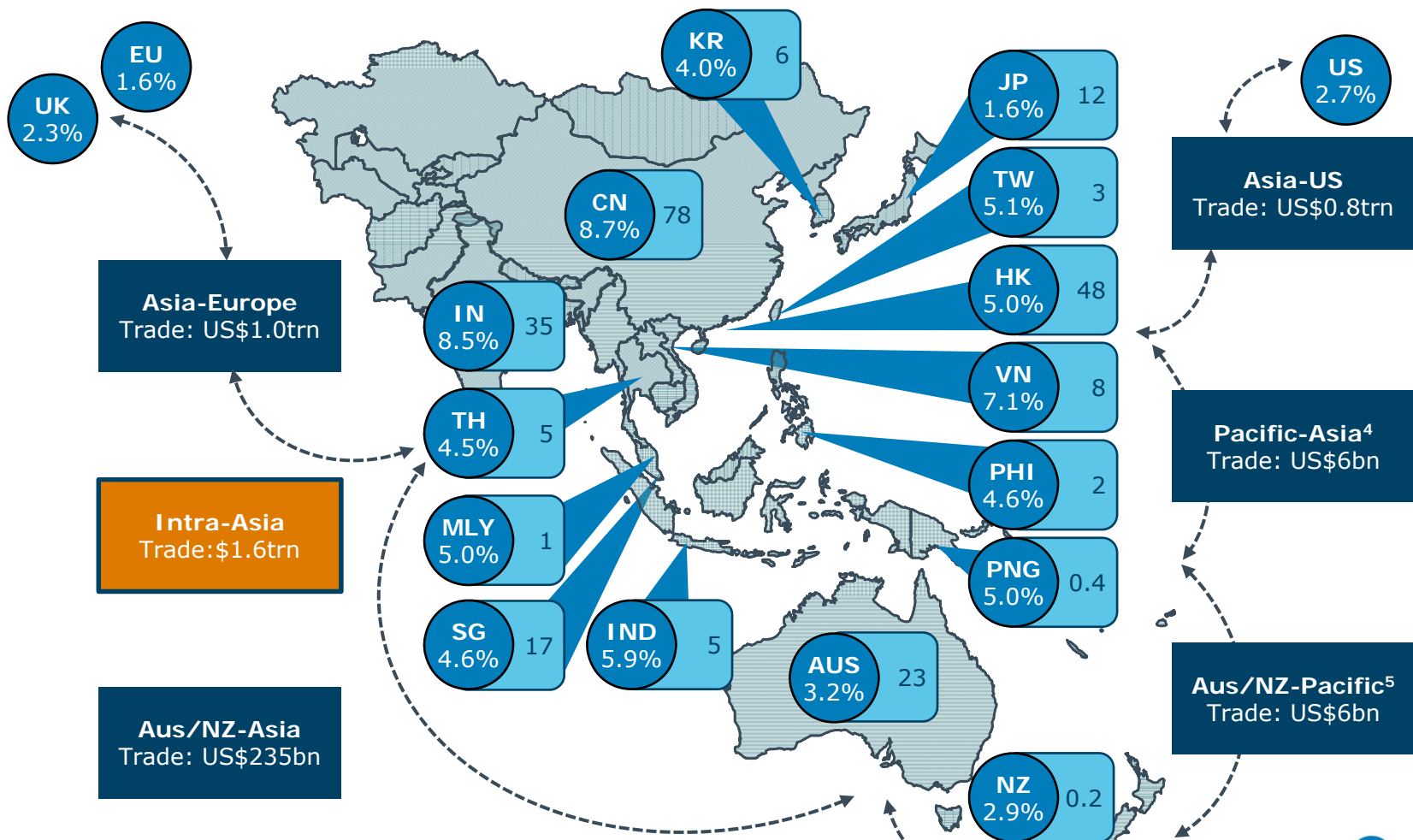
ANZ is structured by Geography & Segment



 Institutional is a global business

Super Regional - driving long term growth and differentiated returns

● Forecast GDP growth¹ (% p.a, 2011-14)
 FDI inward flow² (USD**b**, 2009)
 Denotes two way merchandise trade flow³ (2009)



Source: 1. Global Insight; 2. Bloomberg; 3. WTO; 4. IMF; 5. ABS and Statistics NZ.



Coherent strategy – driving competitive advantage

Geographic opportunity

- Footprint - exposure to Asia's more rapid growth
- Growing financial services requirements
- Regional connectivity
- Strong domestic markets and businesses



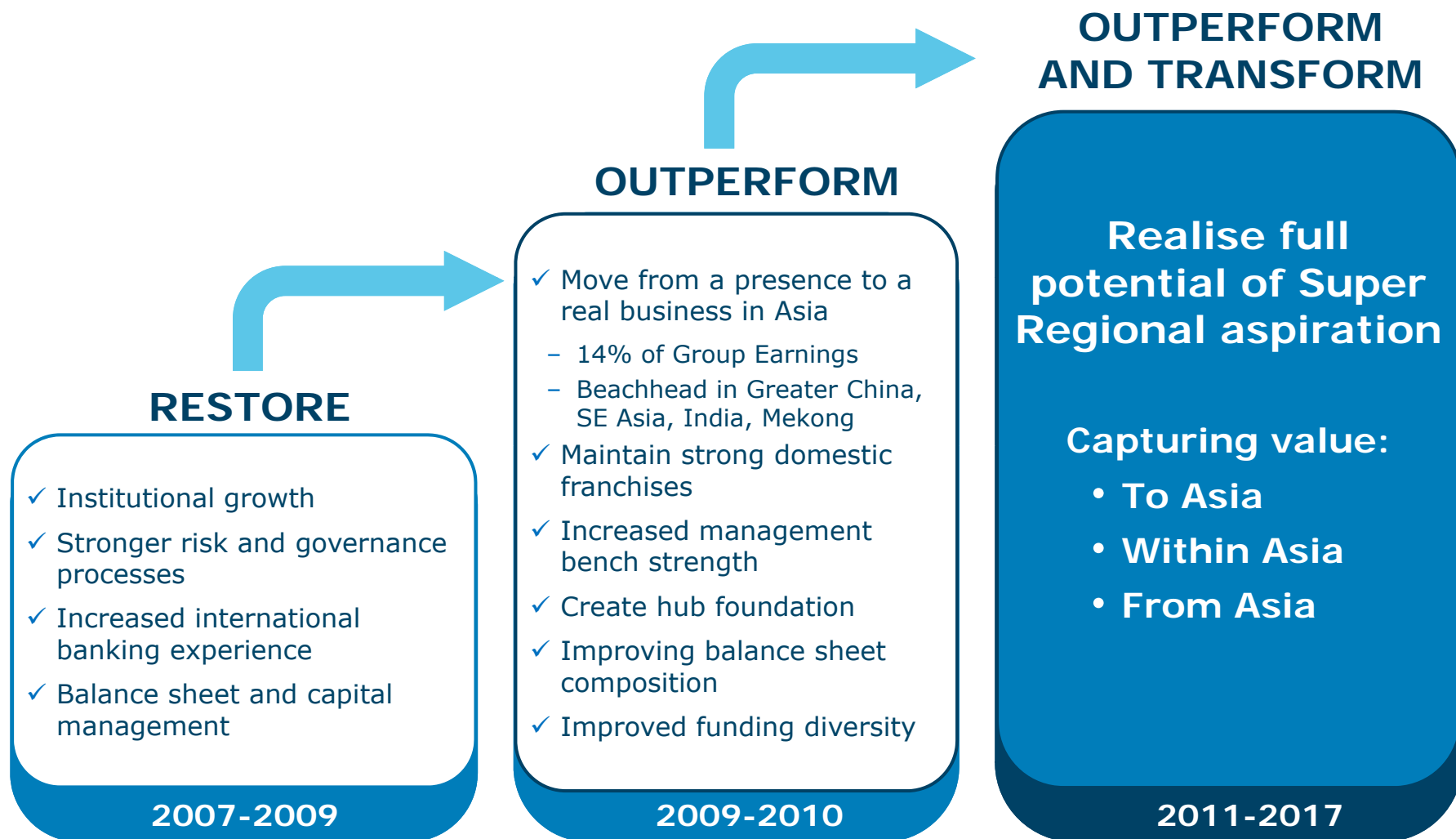
Building Super Regional capabilities

- Bench strength/international talent
- Innovative product capability
- 'Throw and catch' capability and culture
- Enabling technology and operations hubs
- Global core brand, regional reach
- Governance and risk management

Cross-border customer focus

- Regional customer insights
- Resources, agribusiness, infrastructure
- Trade and investment flows
- Migration/people flows, education

Delivering Super Regional performance momentum



Realising the full potential of Super Regional

2017
Aspiration

APEA sourced revenue to drive
25% - 30% of Group profit

Expanded view of
opportunity in
APEA

- The more mature our business, the greater our opportunities
- Increasing our footprint, customers and access to trade, liquidity and investment flows

Domestic
outperformance

- Regional connectivity will deliver additional revenue into Australia, New Zealand, Asia and the Pacific

Centres of
Excellence

- Hubs provide a lower and more flexible cost base – access deeper pools of talent, provide better service with lower risk

Focussed
technology
investments

- Technology roadmap focused on customer facing (e.g. internet banking, goMoney) and cross-border systems (e.g. FX, Cash Management)

Realising the full potential of Super Regional

2017
Aspiration

**APEA sourced revenue to drive
25% - 30% of Group profit**

People

- Continue to build depth in international management and banking experience
- Well defined succession planning
- Remuneration and incentives aligned to delivery of strategy and management of risk

Risk Management

- Risk management as a core competency
 - Increased expertise across the risk function
 - Comprehensive set of asset writing strategies
 - Product and segment expertise – focus on sectors we know
- Customer driven rather than product focused
- Lower balance sheet intensity

Financial Management

- Greater balance sheet diversity
- Reduced reliance on interest income
- Funding flexibility

Growth levers - organic, partnerships and M&A

Continued Focus on Organic Growth

Leveraging Super Regional connectivity
Increasing productivity
Focus on core customers



Managing the value of ANZ's Partnerships

- Delivering access to attractive markets/ segments
- Linking partnership customers to ANZ's international network
- Actively managing the portfolio to optimise strategic positioning

Selective M&A opportunities

- Dislocation in global markets continuing to create opportunities
- Consistent M&A disciplines – on strategy, delivers value, executable

Building a genuinely pan regional business - connectivity provides a competitive advantage

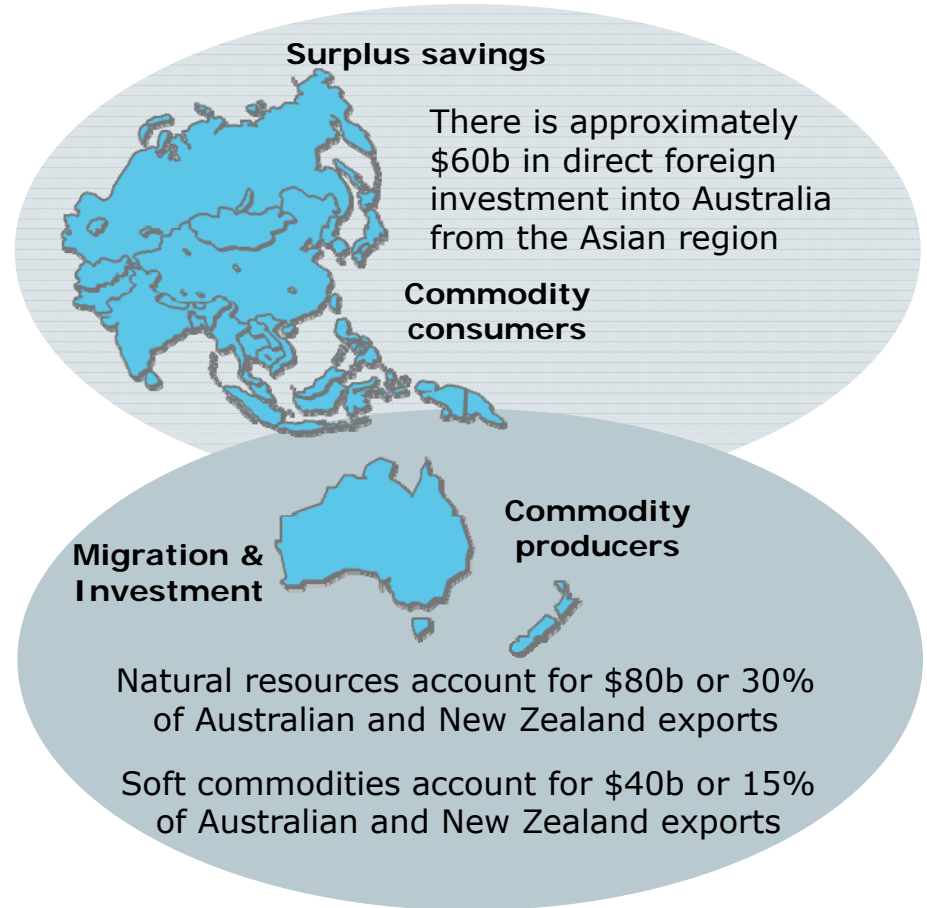
Linked through flows of trade, capital and population

Key focus is to bridge gaps across the region: Asia generates surplus liquidity, Australia and NZ generate hard and soft commodities

Over 50% of domestic customers depend on Asia for over 25% of their business

Strategy extends beyond banking Australia / NZ customers into Asia, we are actively facilitating intra-Asia cash management, trade and markets transactions for Asian customers


Growth in trade and capital flows between Asia and Australia are tracking 17% to 25% pa



Strategy is supported by a disciplined approach to M&A

– RBS Asia acquisition

- Acquired RBS¹ businesses in six countries, aligned with current strategy:
 - Retail, wealth & commercial businesses in Taiwan, Singapore Indonesia² and Hong Kong;
 - Institutional businesses in Taiwan, the Philippines and Vietnam
- Purchase price US\$50m (~A\$60m) premium to fully provided recapitalised net tangible book value³. Equates to ~1.1 x net tangible book value⁴
- Transaction includes ~US\$7bn (A\$9bn) deposits, ~US\$3bn (A\$4bn) loans, ~2m affluent and emerging affluent customers, 49 branches

Country	Business	Branches	Customers	Deposits
Taiwan 	Retail Commercial Institutional	21 & 16 licenses	~1.3m	~US \$2.5b
Hong Kong 	Retail Commercial	5	~30k	~US\$1.4b
Singapore 	Retail Commercial	5	~350k	~US\$1.8b
Indonesia 	Retail Commercial	18	~450k	~US\$700m
Vietnam 	Institutional	-	~60	~US\$20m
Philippines 	Institutional	-	~100	~US4m

- Transaction is largely a sale of assets and liabilities, not companies, of businesses held by ABN-AMRO mainly through branches, RBS will retain a presence in some countries.
- The Indonesian retail, wealth and commercial businesses will be acquired through ANZ's 99% owned subsidiary ANZ Panin.
- Based on RWA calculated by ANZ under a Basel II standardised approach as at 31 May 2009.
- On a fully provided recapitalised basis

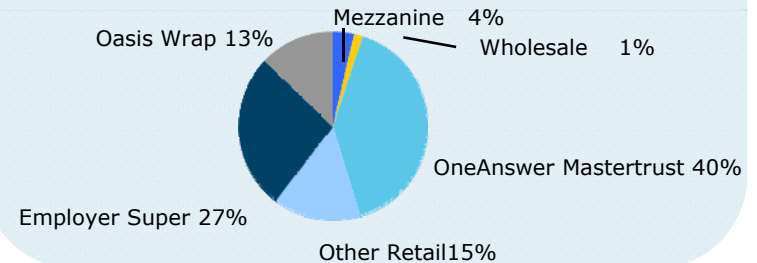
Strategy is supported by a disciplined approach to M&A - ING Australia and New Zealand Joint Ventures

- Acquired ING Groep's (ING) 51% interest in ING Australia and ING NZ (the JVs) for \$1,760m¹
 - ~11x multiple of normalised 2008 earnings²
 - 1.2x multiple of embedded value (EV)³
- Cash EPS accretive in FY10⁴
- Delivered immediate scale – FUM, In-force premiums, and distribution
 - ~\$42b of FUM, \$1.3b of in-force premiums
 - ~1,700 aligned dealer group advisers (Aus)
 - Historically around 2/3rd of operating income from wealth management, one third from risk
 - Australia – No. 3 in life insurance⁵, No. 5 in retail funds mgt, largest aligned adviser force
 - New Zealand – No. 5 in life insurance⁵ largest KiwiSaver provider, No. 2 funds manager
- Funded from existing resources, capital impact ~ (70)bps, pro forma Tier 1 post acquisition 9.5%⁶
- Transaction completed 30th November 2009
- Announced OnePath branding August 2010

Australia

Acquired ING's 51% in ING Australia manufacturing and distribution of investment life & GI products, the Equity owned advisor networks and administration platforms

Australia FUM: \$39b



New Zealand

Acquired ING's 51% in ING New Zealand: Wealth Management and Retail, Wholesale and Property Investment Management

¹ Purchase price. Separately ANZ made a payment of \$55m to acquire ING's share of the NZ Diversified Yield Fund (DYF) & Regular Income Fund (RIF) redeemable preference shares ² Earnings for the year to 30 September 2008 incorporating normalised long term expectations ³ As at 31 December 2008 ⁴ Based on current share price ⁵ By in-force premium share ⁶ As at 30 June 2009 adjusted for \$2.2b SPP and impact of RBS acquisition

Strategy is supported by a disciplined approach to M&A

- Landmark Loan and Deposit book

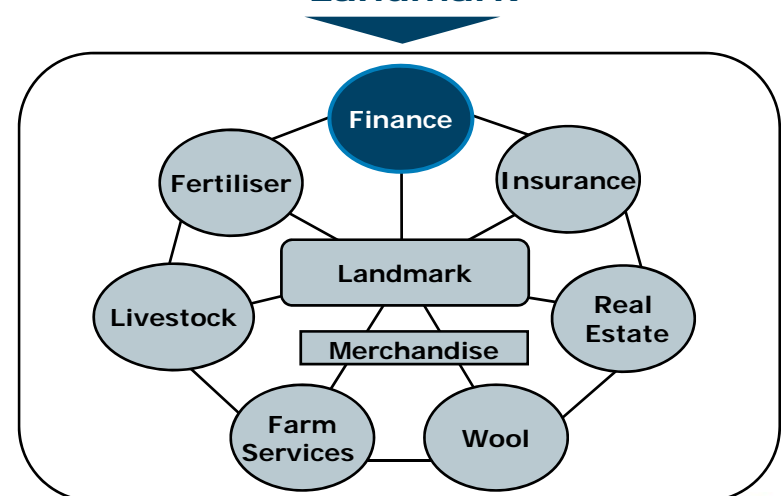
Overview of transaction

- Acquisition of Landmark Financial Services (LFS) loan and deposit book from AWB's rural service business Landmark:
- Net book value on fully provided, nil premium basis
- ~\$2.2b lending assets & ~\$0.4b deposits
- ~10,000 banking customers
- ~100 Relationship Management Staff
- ~45 Support staff
- ANZ / Landmark to enter exclusive customer referral agreement:
- Access to ~100,000 Landmark rural service customers (~85% of Australian farming entities)
- Access through extensive network

Overview of Landmark

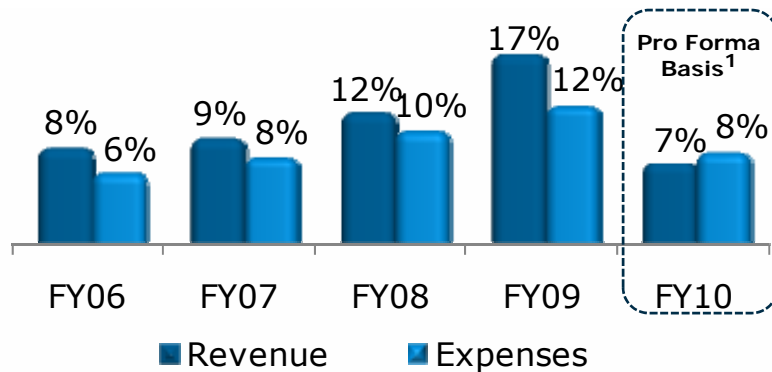
- Leading Australian agribusiness company, offering merchandise, fertiliser, farm services, wool, livestock, finance, insurance and real estate
- Largest distributor of merchandise and fertiliser, with ~2,000 employees servicing ~100,000 clients across over 400 outlets

Acquired the LFS loan and deposit books, the lending and deposit taking divisions of Landmark

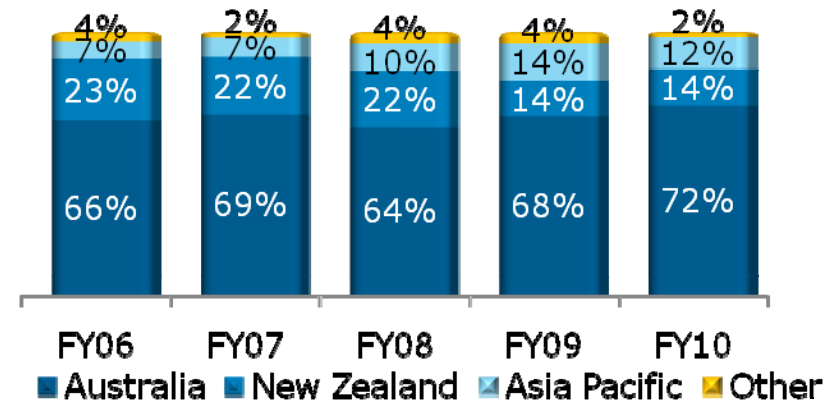


ANZ has continued to invest for growth notwithstanding recent tougher economic conditions

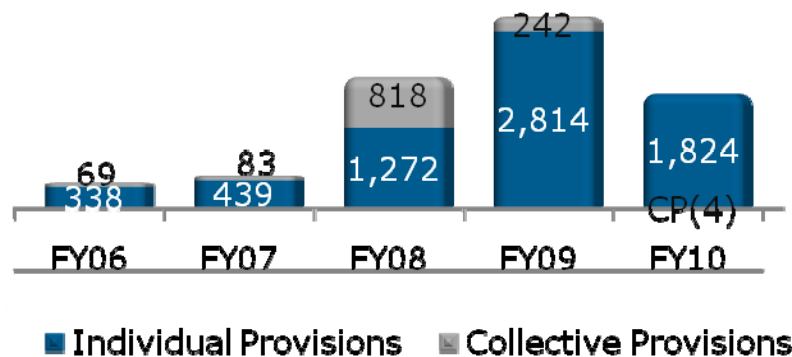
Revenue and Expenses



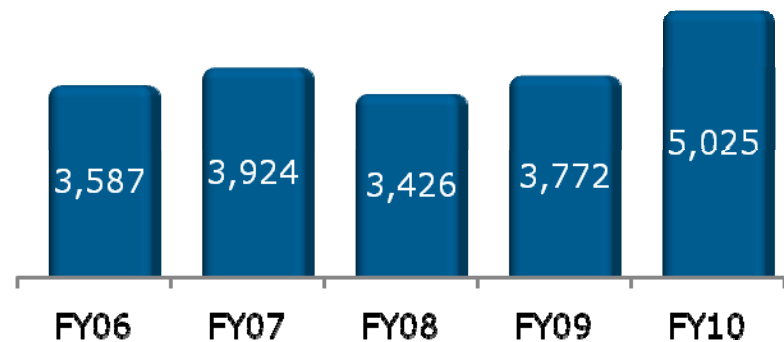
Net Profit by region



Provision charges



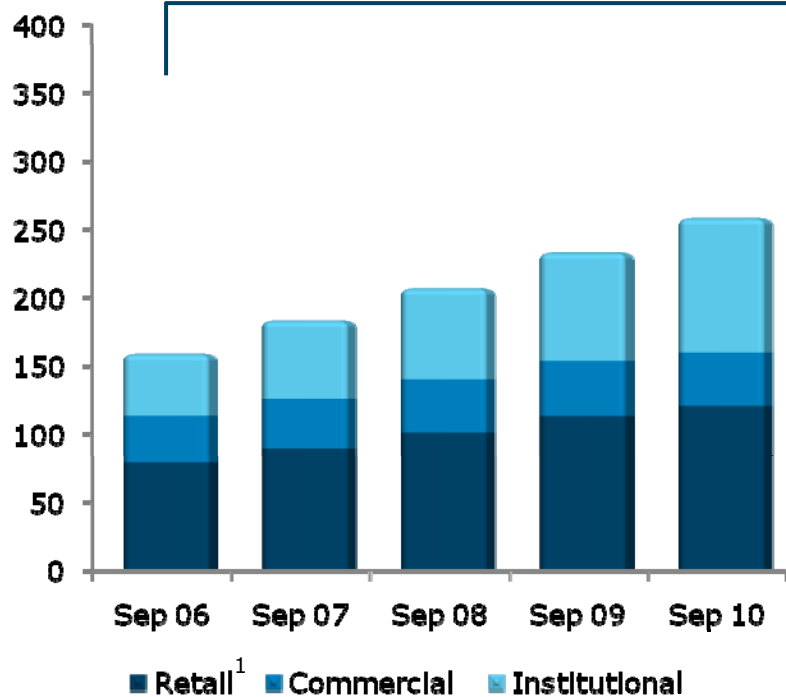
Net Profit after tax²



1. Pro forma basis assumes ING Australia and New Zealand, Landmark and Royal bank of Scotland Asia acquisitions took effect from 1 October 2008 and also adjusts for exchange rate movements which have impacted the FY10 results.
2. FY06-07 presented on a cash basis, FY08-10 presented on an underlying basis adjusted to reflect the ongoing operations of the Group.

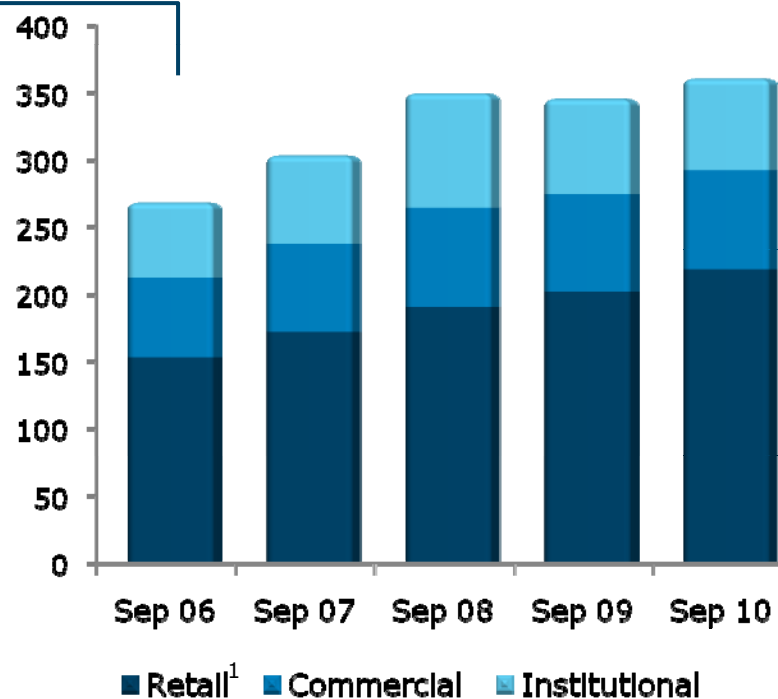
Group loans and deposits

Group Customer Deposits (A\$b)



Group Net Loans and Advances (including acceptances) (A\$b)

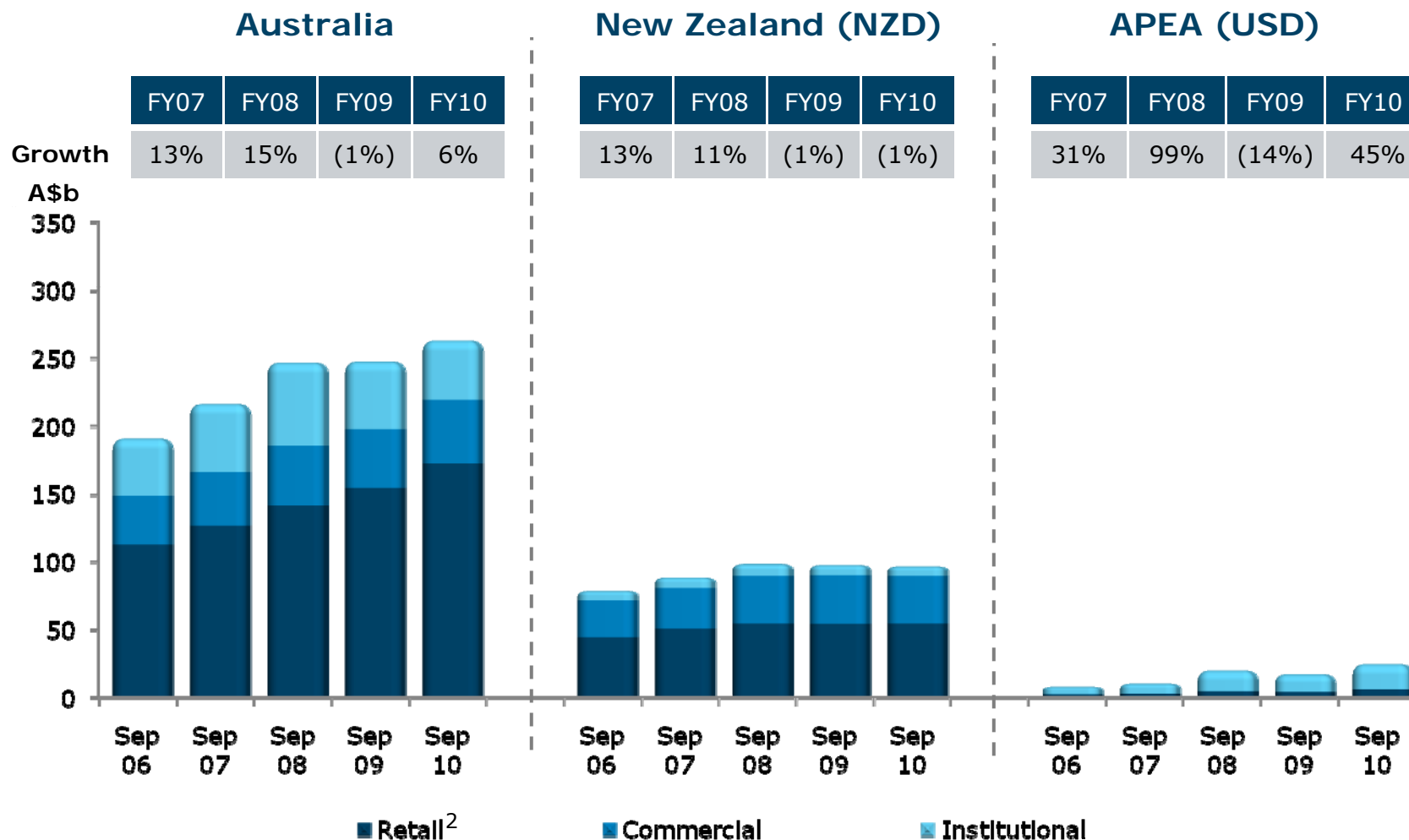
Loan to Deposit Ratio Sep 2010 – 140%



1. Includes Wealth and Other

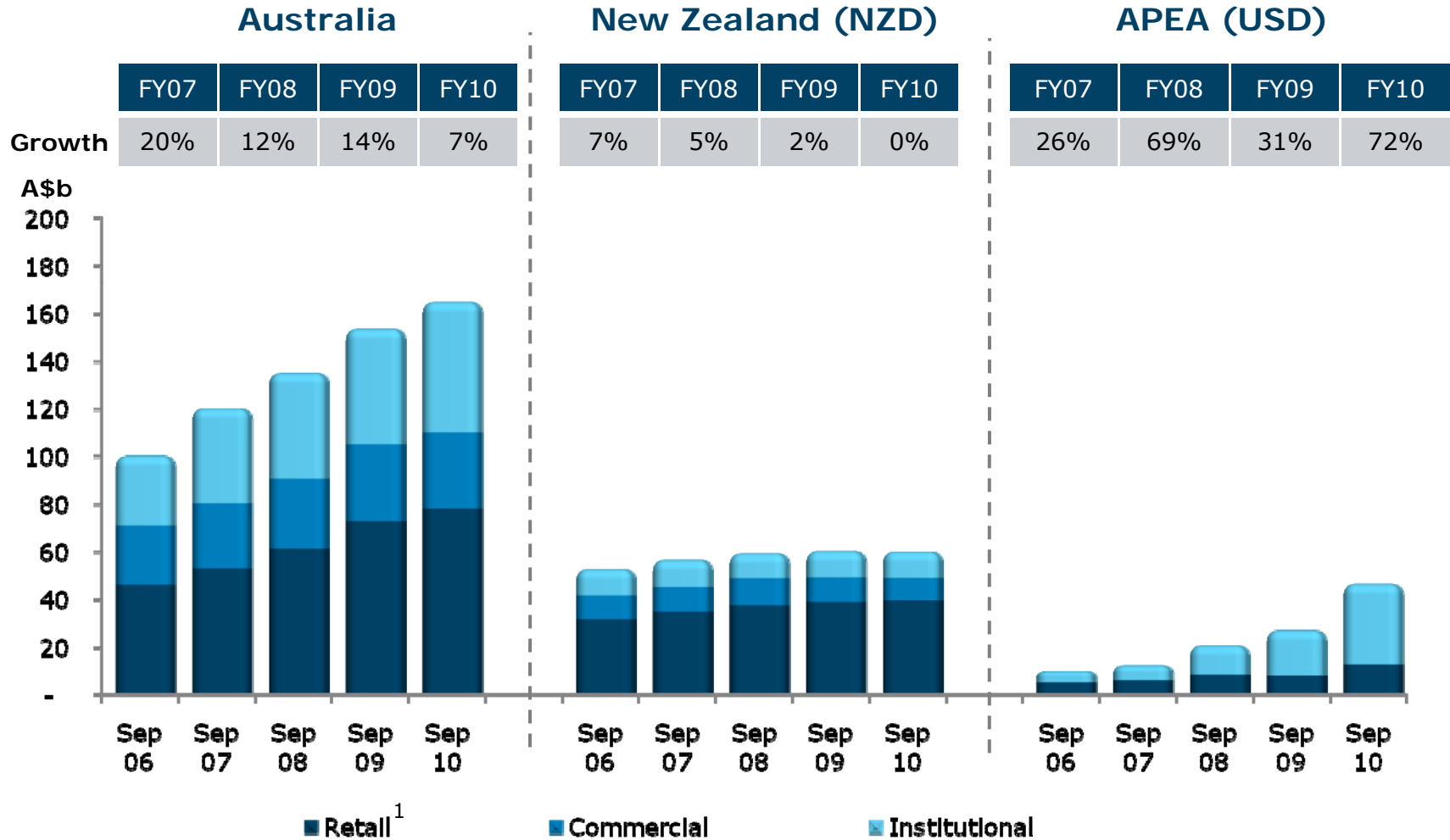


Net loans and advances¹ by geography



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

Customer deposits by geography

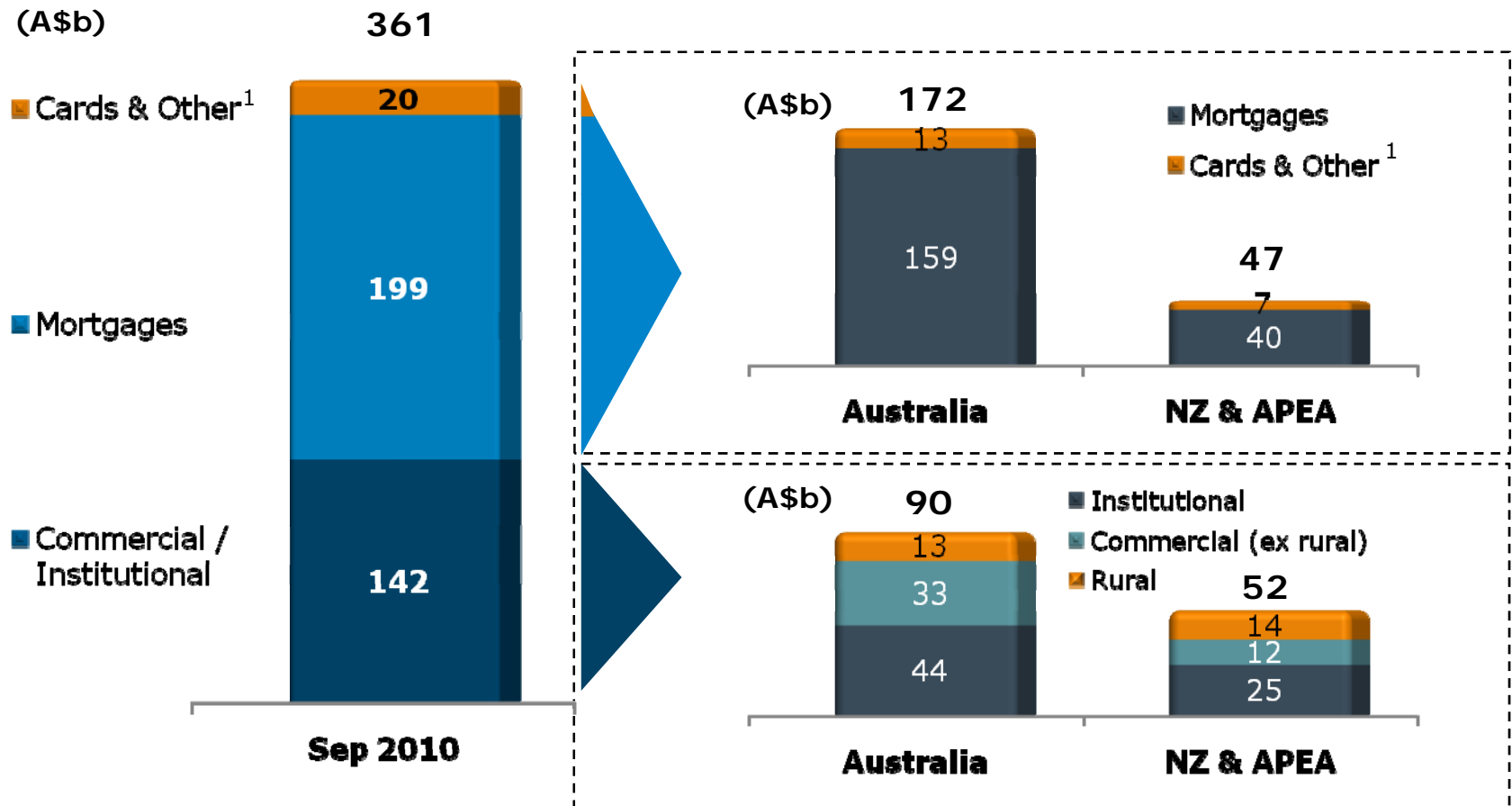


1. Retail includes Wealth and Other



Diversified lending portfolio, weighted to secured mortgage portfolio

Net Loans and Advances (including acceptances) by product line



1. Includes Wealth.

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BANKING GROUP LIMITED

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Market Update
Three months to 31 December 2010



Market update – Three months to 31 December 2010

Profit & Loss

- Unaudited underlying profit after tax¹ for the three months to 31 December 2010 of approximately \$1.4 billion, 27% above the prior corresponding period (PCP)
- Profit before provisions (PBP) grew 7% PCP to \$2.3 billion - up 1% on the last quarter of FY2010 (QOQ). Adjusting for foreign exchange (FX) and acquisitions, PBP grew 6% PCP and 2.6% QOQ
- Continued strength in the Australian Dollar meant that income, at \$4.2 billion, increased over 2% FX adjusted QOQ with growth in all divisions except New Zealand. FX impacts produced a 2% negative impact on underlying profit after tax both PCP and QOQ
- ANZ has continued to invest for growth, particularly in Institutional and in Asia. Revenue/expense jaws were neutral QOQ on an FX adjusted basis
- Group margins (excluding Global Markets) showed a small increase across the quarter but the rate of growth has slowed. Higher average funding costs and intense competition, especially for deposits, largely offset the flow-through of re-pricing in New Zealand and product mix impacts
- The provision charge of \$294 million is 48% lower PCP and 22% lower QOQ.

¹ Profit has been adjusted to exclude non cash and significant items to arrive at underlying profit, the result for the ongoing operations of the Group

Market update – Three months to 31 December 2010

Balance Sheet & Asset Quality

- Group lending grew 2% QOQ (2% FX adjusted) driven by growth in Australia, in both Retail and Institutional, and in APEA across all business lines
- Group deposit volumes rose 3% QOQ (4% FX adjusted) primarily driven by Australia and APEA
- Total gross impaired assets declined by \$209 million QOQ reflecting a decrease in new impaired loans and NPCCDs¹ and the sale of \$720 million of Centro debt. The inclusion of Oswal in restructured items led to an increase in new impaired assets; however ANZ continues to expect a full recovery in relation to this exposure
- Provision coverage remains high with the total provision coverage ratio at 2.11% and the collective provision coverage ratio at 1.35%
- An economic overlay of \$35 million was added at the end of the first quarter covering the flooding in December. The Group is still assessing the impact of the more recent severe weather events; however the total provision charge for FY11 is expected to still be broadly in line with the average of consensus estimates.

¹ Non Performing Commitments, Contingencies and Derivatives

Market update – Three months to 31 December 2010

Business Update¹

Australia

- Retail deposits grew above system (up 3% versus system growth of 2.3%)
- Lending growth was dominated by Retail (up 2.5%) and Institutional (up 3.5%) with Commercial lending flat
- Mortgage lending grew at around 1.5 times system during the period
- Margins are tracking broadly in line with the average for 2010.

Asia Pacific, Europe & America (APEA)

- Retail and Wealth businesses are beginning to build momentum post the integration of the RBS businesses during 2010 and the Institutional business build-out is also progressing well
- The balance sheet has continued to expand with lending up over 11% to US\$27 billion and customer deposits up 6.5% to US\$49 billion.

¹ All comparisons are QoQ unless otherwise noted

Market update – Three months to 31 December 2010

Business Update¹

New Zealand

- Lending was flat while deposits grew 4.2%²
- Pricing benefits from the roll-off of fixed rate loans and switching to variable rate loans continues to flow through, however the margin benefit has been largely offset by strong deposit competition
- Variable loans comprised 49% of the mortgage portfolio at the end of December 2010 compared to 26% at the end of 2009
- ANZ New Zealand has begun to put in place plans to improve operational efficiency across the business and better leverage the Group's super regional strategy
- It is expected that a one-off charge of approximately \$120 million will be incurred in the first half 2011 to fund the integration of IT systems and related costs which will be excluded from Underlying Profit.

Institutional

- Lending increased around 6% (FX adjusted) with over half of the growth from Asia and the remainder largely in Australia. Deposits increased 3% (FX adjusted)
- Underlying margins were marginally lower excluding Global Markets
- Global Markets revenue grew around 7% QOQ
- Global Markets business is driving greater diversification across revenue streams; consequently, there was an uplift in the proportion of revenues from both the FX and Commodities businesses during the quarter. The Capital Markets business experienced increased deal flow particularly from Asia.

¹ All comparisons are QoQ unless otherwise noted

² In NZD

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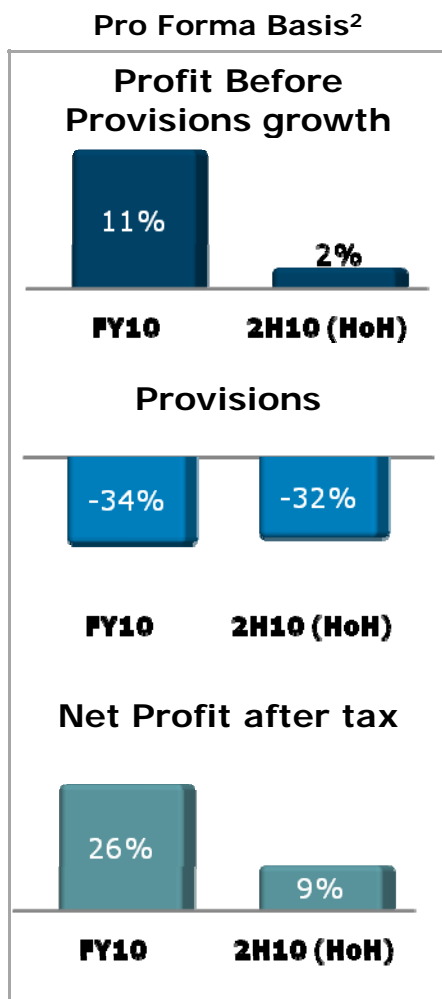
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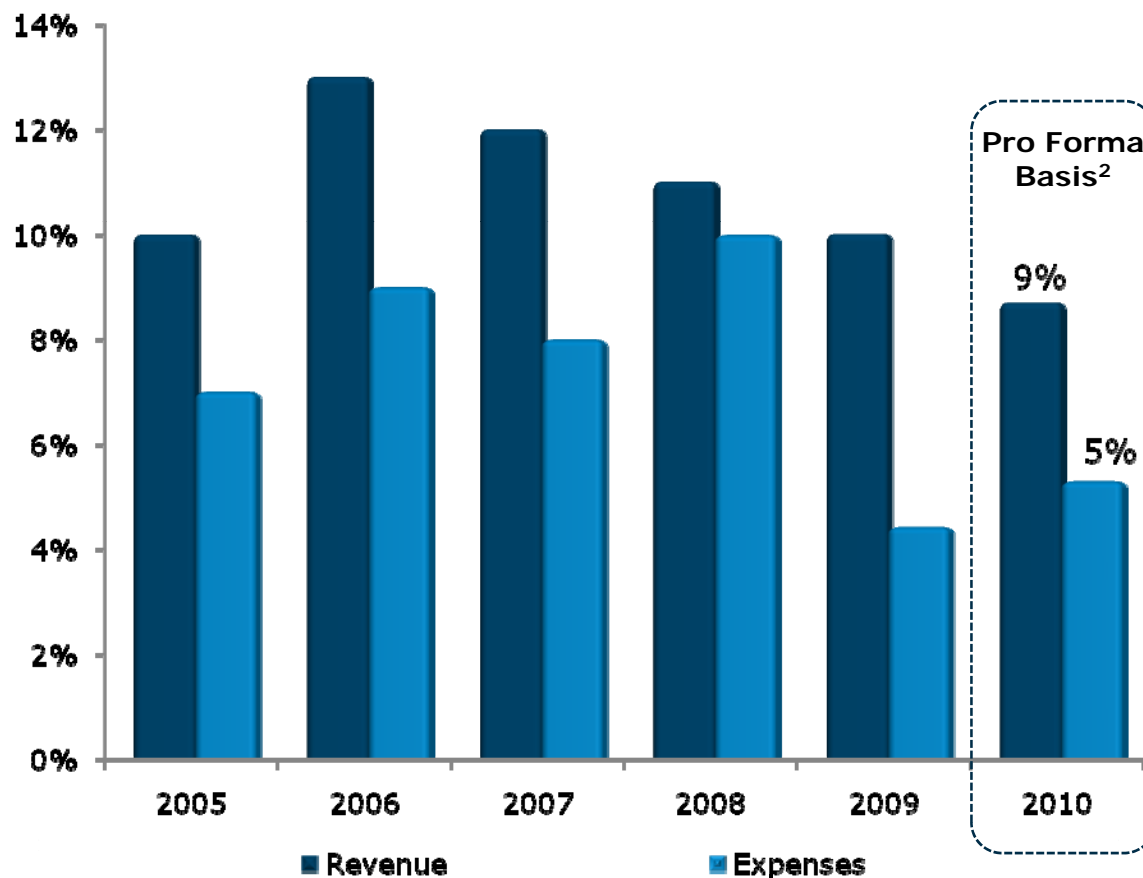
Australia Division



Australia Division – high value strategy has delivered



Australia Division Revenue & Expense growth¹



1. 2005 to 2008 based on "Personal Division" structure, 2009 and 2010 based on "Australia Division" structure,
 2. Pro forma basis assumes ING Australia and New Zealand and Landmark a acquisitions took effect from 1 October 2008.



Clear principles - focus, alignment and discipline

1 Future-proof business architecture

- Build for the long-term

2 Investment selection, prioritisation and governance

- Invest in strategies, not projects

3 Customer proposition and experience

- Combine people, process, data and technology to deliver 'Uncomplicated and People-shaped' experience

4 Technology development

- Embed stability and innovate from the 'front-end'

5 Business execution

- Manage change through 'bite-sized' initiatives to reduce delivery risk

Retail – positioned for continued growth

Award winning distribution network¹ ...

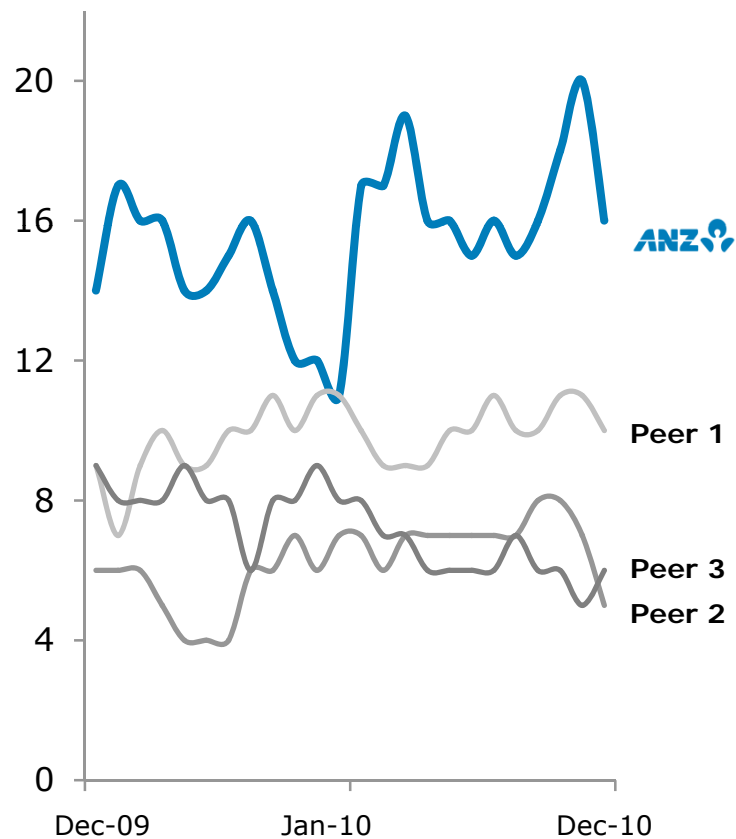


... with market leading products

	YoY Growth 09-10	
	Market share	System multiple
Deposits	13.2%	1.0x
Mortgages	12.3%	1.3x
Consumer finance	18.9%	1.1x

... driving customer preference

(%) Future trial intention, non-bank customers



1. Canstar Cannex, Australia's number one for Customer Satisfaction with distribution
2. Winner FIIA 2011 Asia Pacific Innovation Award (Mobile Innovation)

Customer experience and regional networks underpin competitive advantage

Strategic priorities

1

Target higher-value customers

- Continue to acquire more affluent customers via targeted, relevant propositions (e.g. Visa Signature; A-Z Reviews)
- Affluent market share +0.9% 12 mths to Dec 2010

2

Deliver a distinctive Retail customer proposition

- Deliver 'Uncomplicated & People-shaped' proposition – easy and empowering
- Continue investment in brand and delivery
- Differentiate through customer service and insight

3

Become the bank of choice for migrants

- Leverage Super Regional network to capture Asian migrant and student flows
- Pan-regional migrants make up ~20% of all new to market customers

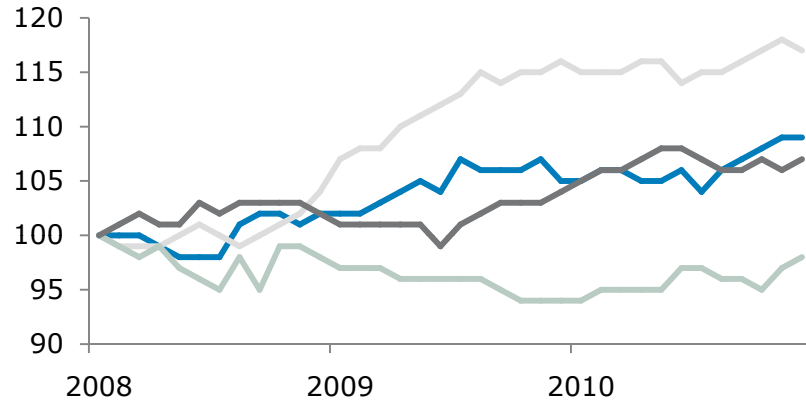
4

Continuously manage costs and productivity

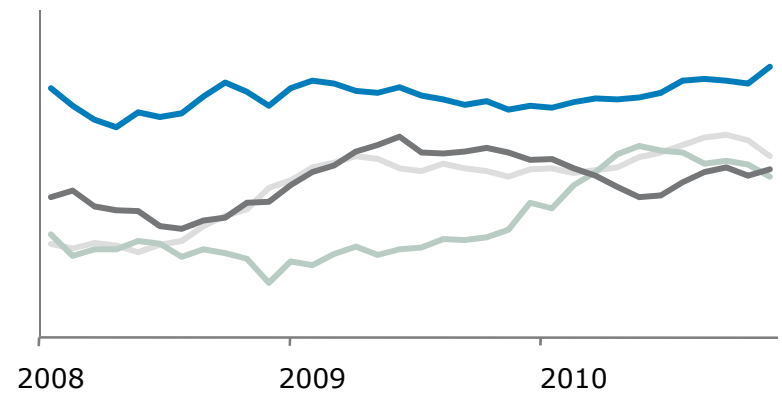
- Continue migration to lower cost online channels
- Invest in increased automation (e.g. Retail Lending Automation initiative)

Success will deliver consistent profitable market share growth over the long term

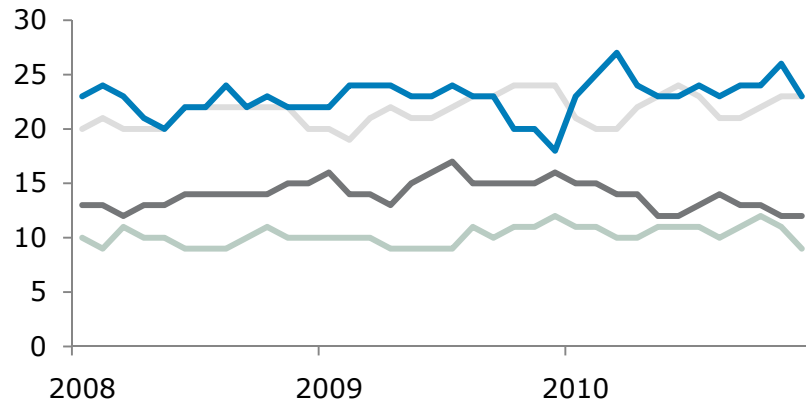
Sustained organic share growth ...
 Traditional banking market share (Index, Jan 2008=100)



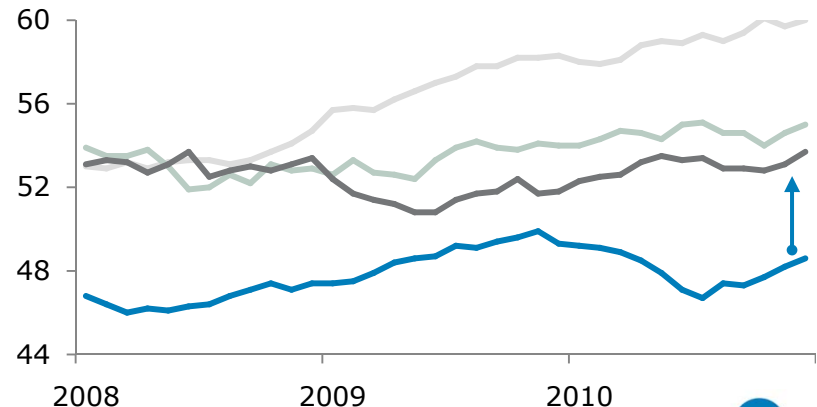
... through peer leading customer advocacy
 Net promoter score



... and above weight trial intention
 (%) transactional account trial intention



... with significant upside potential
 (% of FUM) traditional banking share of wallet



Case study: Leveraging regional retail connectivity through ANZ Migrant Banking channel

By 2015 15% of the Australian population will be of Asian origin and represent over 22% of the acquirable pool of new to bank customers

- Significant acquisition opportunities exist in pre-arrival and new-arrival migrant segments
- ANZ's pan-regional network ensures we are well placed to identify and assist clients ahead of their planned migration
- A specialist Migrant Banking channel developed to ensure and seamless referral process across regions
- Offering supported by a new 'Moving to Australia' online portal and account opening tool
- Currently have 18 specialist migrant branches and an additional 340 branches with targeted language capabilities, initiatives underway to increase the number of specialist branches during 2011.

Example



ANZ 澳新银行
Shanghai

- ANZ Relationship Manager identifies referral opportunity for a client relocating to Australia for work.



ANZ Migrant Banking

Referral provided to the ANZ migrant banking team.

ANZ Migrant Banking specialist:

- Determines specific language and financial needs of client
- Commences account opening and other necessary processes
- Identifies appropriate branch to be primary relationship point for client.



ANZ
Chinatown branch
Haymarket, Sydney

- Asian banking manager is introduced to client pre - departure.
- Meeting is arranged to occur upon arrival to finalise banking arrangements and address any other needs.



Wealth – Integrating the portfolio

Over 2.5m customers

Over 2,200 Financial Planners nationwide, through owned and aligned dealer group network

10 Private Banking suites

Market share position 2010

Individual Risk Insurance	#3
Superannuation & Investments	#5
Private Bank	#3
Investment Lending	#5
Online/Direct Broking	#2

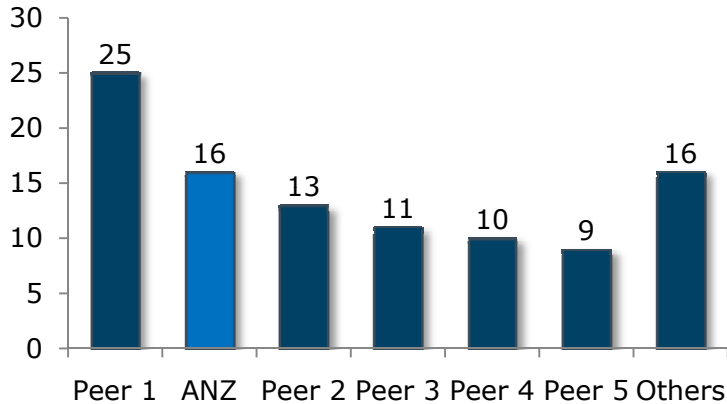
Strategy is to combine all existing wealth businesses to deliver differentiated, tiered offerings to key customer segments



Large upside and diversified income streams

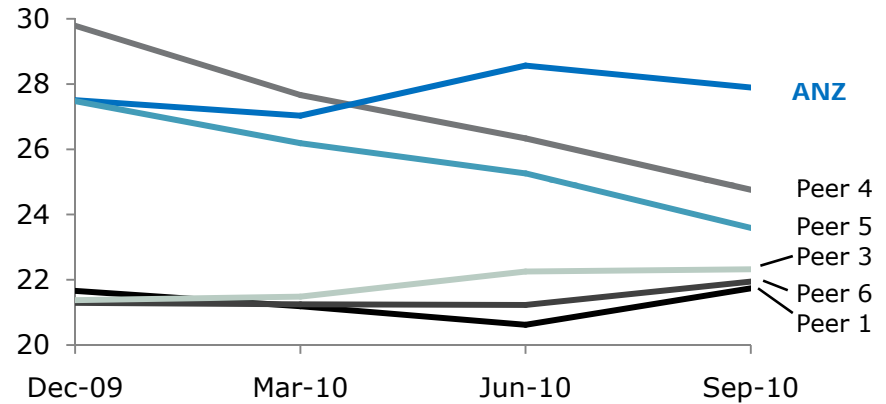
ANZ has the second largest adviser footprint ...

Financial Planner Footprint
(% share of Planners)



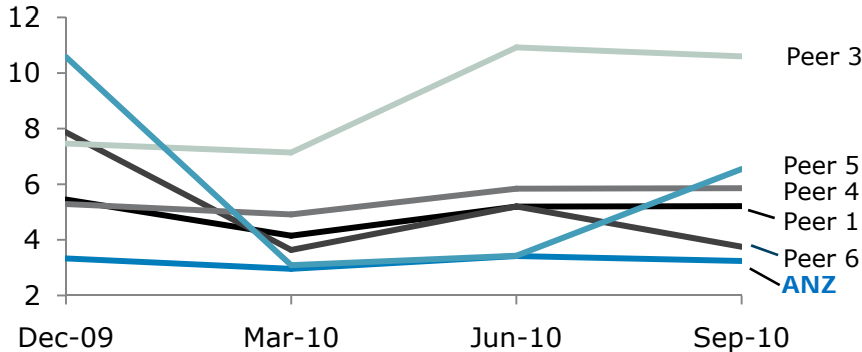
... with strong momentum in key business lines

Individual Risk Inflows
(%; New Annual Premiums / Inforce Premiums)



Superannuation and Managed Investments to provide growth ...

Super & Investments Inflows
(%; Inflow / FUM)



... with ANZ penetration a key opportunity



Setting the foundations for future growth

Strategic priorities

1

Step change in ANZ customer base penetration

- Embed wealth offerings into ANZ customer propositions and channels
- Develop simple superannuation and insurance products

2

Capitalise on opportunities presented by regulatory and market changes

- Continue to capture Superannuation Guarantee (SG) flows (with potential increase from 9% - 12% for SG)
- Enhance limited scope advice offering
- Leverage our aligned dealer group distribution network

3

Leverage combined wealth business to enhance revenue and decrease costs

- Deliver a fully integrated wealth business to realise revenue and cost synergies between business units
- Invest in increasing automation and online self-service capabilities to improve efficiency and cost-to-serve

4

Enhance core capabilities for future growth

- Deliver future wealth platform solution
- Deliver tiered offerings to customer segments
- Build our capabilities to support possible extension into Asia

A differentiated Commercial Banking proposition

Customer segments range from transactional to high-touch ...

... regional presence enables 'easy' connection for customers

Customer segments

Turnover

\$0 \$5m \$40m



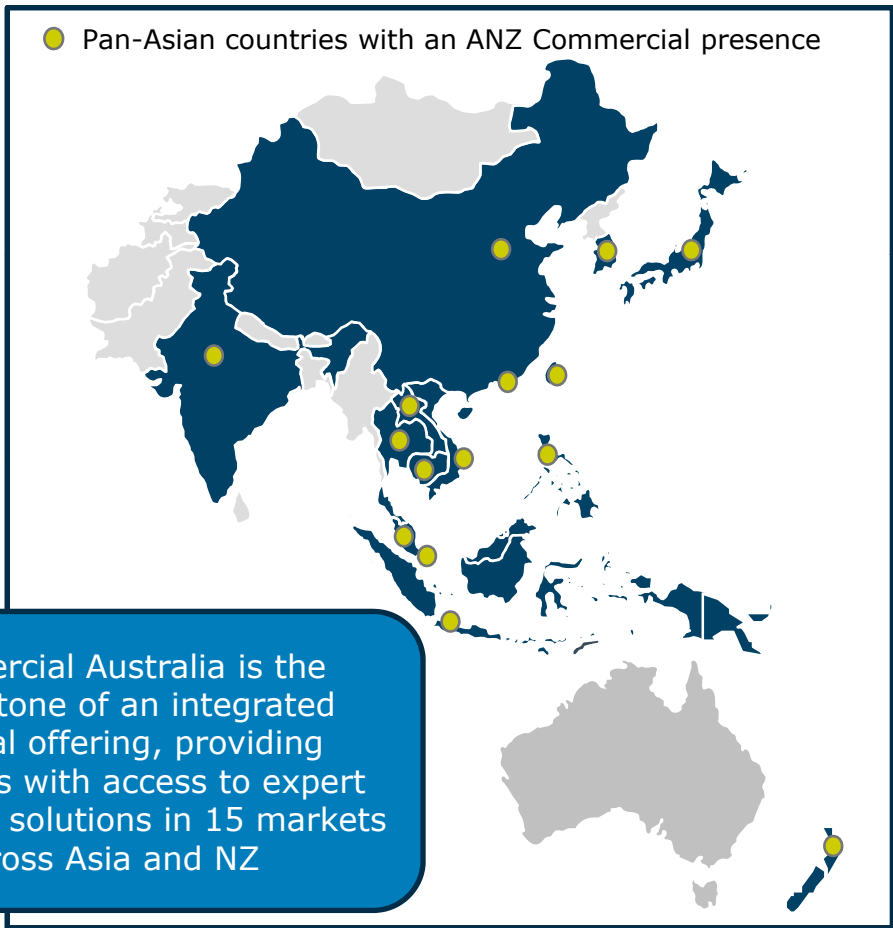
Small Business

Business Banking

Specialist business

Agribusiness

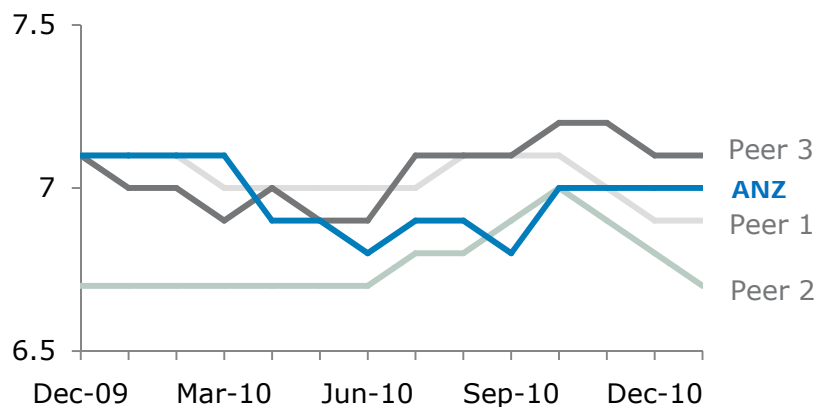
Auto Finance



Consistent customer growth and advocacy

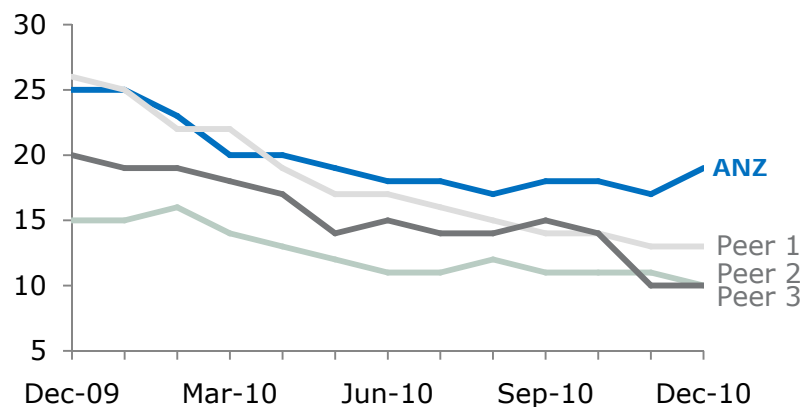
Customer Satisfaction¹

(%)



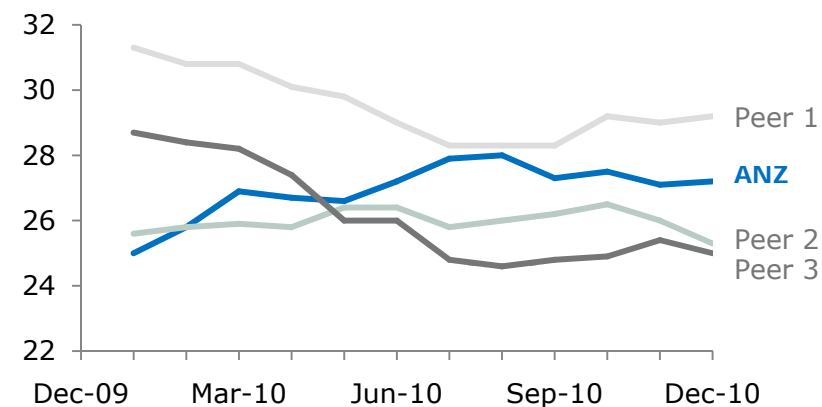
Customer Acquisition¹

(000s; Main Bank Relationships)



Trial Intention

(^000s; Main Bank consideration)



FY11 momentum

Commercial Bank

- Customer numbers up 6%²
- Lending growth of 2.5% vs. system of 1.0%³

Small Business Segment

- Number of new applications approved up 29%⁴

Business Banking Segment

- New Lending FUM approvals up 34%⁴
- Trade finance sales calls up 30%⁴

Agribusiness Segment

- Increased the number of accounts opened by acquired Landmark customers by 16%⁵

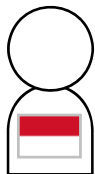
1. Source: DBM; 2. 12 months to Dec-10; 3. Source: APRA Monthly Banking Statistics, Bank Lending to Non-Financial Institutions, Sep-10 to Dec-10; 4. Sep-09 to Dec-09 vs. Sep-10 to Dec-10; 5. Feb-10 to Dec-10

Case study: Building regional connectivity

ANZ's regional capability connects customers and creates revenue opportunities. The following is one example out of the 169 referrals made in the first quarter:



Customer



Indonesia RM



Australia RM



Trade Finance Specialist



ANZ Commercial Asia Presence

ANZ Commercial presence in 14 Asian markets with access to 281 Commercial frontline staff

- China
- Hong Kong
- South Korea
- Japan
- Singapore
- Indonesia
- Malaysia
- Thailand
- India
- Cambodia
- Vietnam
- Taiwan
- Philippines
- Laos

ANZ Commercial Australia

Access to 1.5k frontline staff across:

- 814 branches
- 202 business centres

Specialists in:

- Agribusiness
- Property
- Asset Finance

ANZ Institutional Expertise

Leverage ANZ Institutional's Asian Trade Finance and Markets expertise



Trade Finance House of the Year ('08, '09, '10)



Best Trade Bank in Australia & the Pacific (2009)

Investor Discussion Pack

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED

March 2011

The Asia Pacific Europe & America
Division



Deep onshore presence and strong network model delivers connectivity to clients

Franchise Markets

Core markets for Institutional, Commercial, Retail & Wealth

- Greater China
- Greater Mekong¹
- India
- Indonesia
- Malaysia
- Pacific

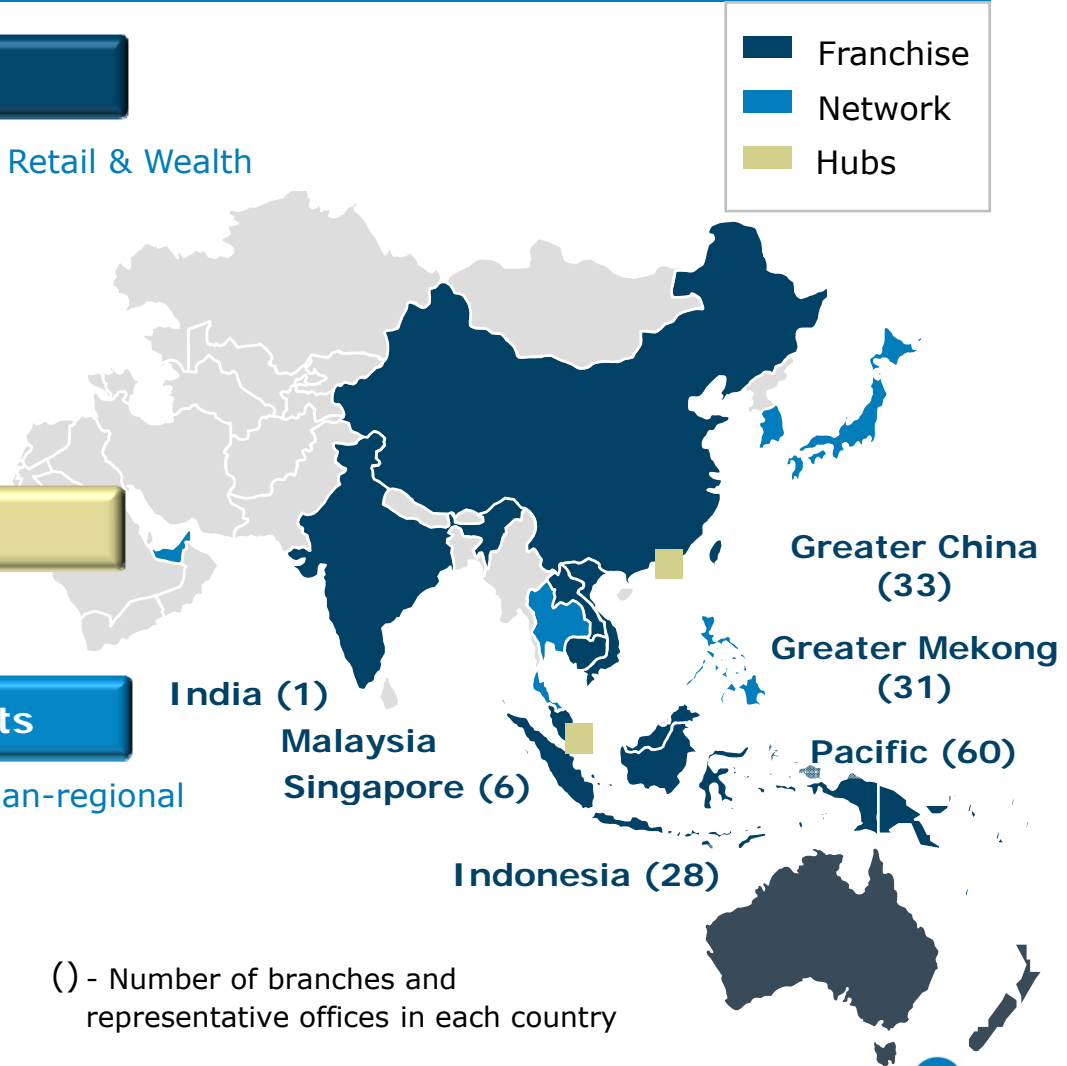
Regional Business Hubs

- Singapore
- Hong Kong

Institutional Network markets

Network markets are crucial to delivering pan-regional integrated solutions to clients

- Korea
- Japan
- Philippines
- Thailand
- UAE
- Europe
- America



() - Number of branches and representative offices in each country

1. Focus on Vietnam
APEA

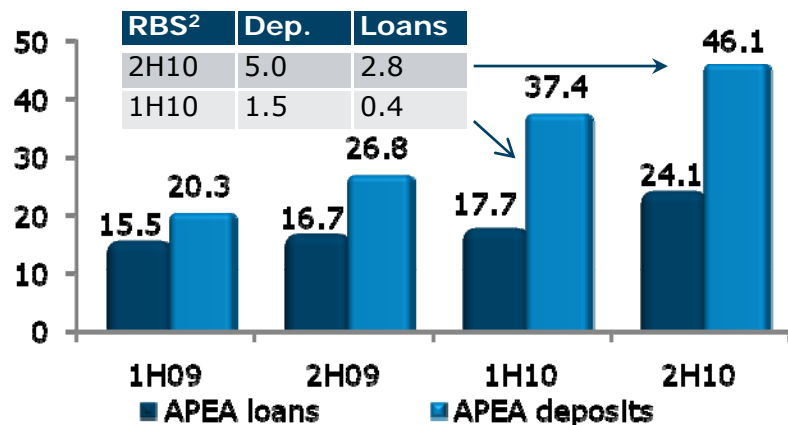


Since 2008, we have prioritised our build out, enabling us to become a credible competitor

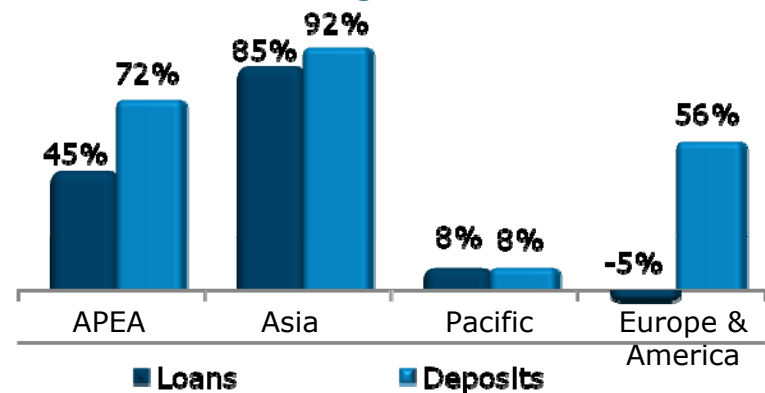
	1H 2008	Today
South and South East Asia	<ul style="list-style-type: none"> • Institutional network • Formed partnership with AmBank 	<ul style="list-style-type: none"> • Pan-regional Institutional/commercial business • Top 4 foreign bank in Indonesia • Largest foreign bank franchise in Greater Mekong • Pre-approval for Indian banking licence • AmBank an outperformer
North East Asia, Europe & Americas	<ul style="list-style-type: none"> • Limited Institutional business • Two branches in China • Stand alone Europe & America business 	<ul style="list-style-type: none"> • Pan-regional institutional banking network and customer base • Taiwan –full franchise • China – Branches in top 4 cities + rural bank • Europe & America - Interconnectivity
Hubs	<ul style="list-style-type: none"> • Limited institutional business with few customers • Ex-pat focused Private Bank 	<ul style="list-style-type: none"> • Deep on shore Institutional capability • Full Retail and Wealth, Private Bank and Commercial businesses • Full banking license in both Hubs

APEA: Balance sheet momentum¹

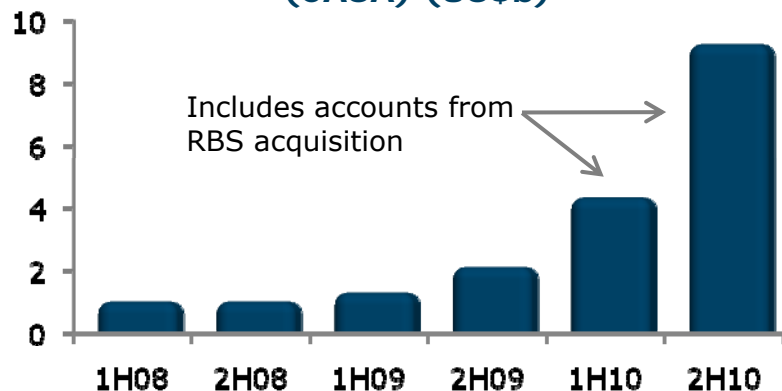
APEA loans & deposits (US\$b)



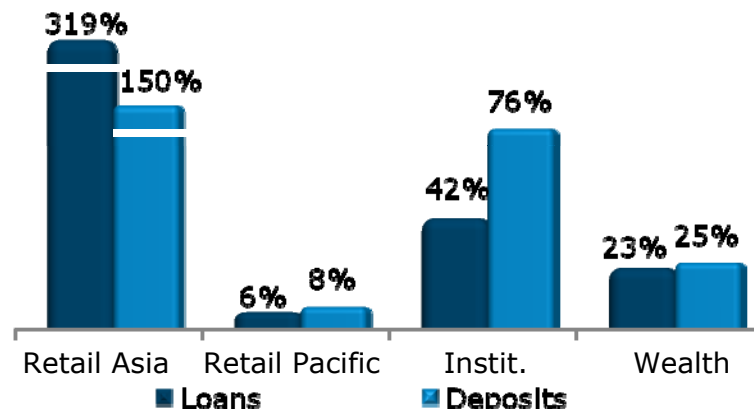
2010 loan and deposit growth by region



APEA Current & Saving accounts (CASA) (US\$b)



2010 loan & deposit growth by segment



1. All figures based on USD financial information. 2. loans and deposits (in US\$b) for the RBS acquisition, includes Vietnam, Philippines & Hong Kong in 1H10, Taiwan, Singapore & Indonesia in 2H10



Business strategy allows for efficient use of APEA's liquidity surplus

Business Strategy

- Focus on affluent and emerging affluent client segments
- Building a substantive DCM and Cash Management capability and investor client base

Efficient use of APEA Liquidity surplus

This focus allows us to:

- Fund our own regional growth in a less expensive and sustainable way
- Take Australian and New Zealand clients to the Asian debt markets
- Opportunity to provide Australian and New Zealand clients with diversified funding structures, through assets written in Asia
- Access deep pools of liquidity throughout the region in particular in North East Asia (e.g. Japan, Taiwan)
- Contribute positively to the Group balance sheet

Becoming a top four Institutional bank in Asia Pacific

Customer Segments

Institutional
MNC / Regional Corporate

Commercial
Emerging Corporate / SME

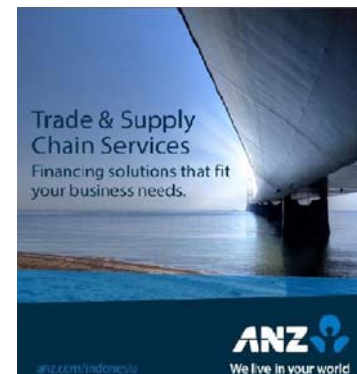
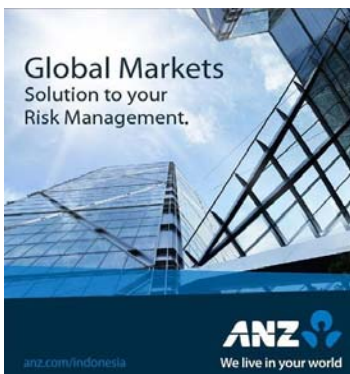
**Financial Institution
& Public Sector**

ANZ. Your natural
resources bank.









Value Proposition

- Be a core wholesale bank to our clients
- Leveraging our strengths:
 - Regional network and connectivity
 - AA rating
 - Deep insights – geographic, industry, client
 - Experienced Asian bankers
- Out-deliver on service and speed
- Focused and deep product capabilities – Cash, Trade, Rates and FX, Commodities and Debt Capital Markets



We are delivering for Institutional and our clients across Asia and the Pacific

Regional Connectivity	Examples
European and US Multinational companies accessing Asia	 <ul style="list-style-type: none"> • Mandated Lead Arrangers with BNP and HSBC • US\$411m (2.7x launch size)-maiden Asian syndication bond
Asia Funding for Australian and New Zealand institutional clients	 <ul style="list-style-type: none"> • Raised US\$1,100m (3.7x launch size), most investors new to client • Demand driven by companies with strong Asian business links
Asian migration into Australia and New Zealand – trade, investment and people	  <ul style="list-style-type: none"> • Lead arranged the 3-year club syndication refinancing facility for LaSalle Investment Management Asia's 50% stake in Westfield Doncaster Retail Mall.
Intra-Asia trade and investment flows	 <ul style="list-style-type: none"> • Joint lead managers for NZD225m Kauri bond issuance • Demand from New Zealand (59%) and Asia (37%)
Intra Pacific and Asia deals	 <ul style="list-style-type: none"> • Lead arranger of US\$14b financing for PNG LNG project • Largest debt raising in Asia Pacific

Our Retail & Wealth and Private Bank will deliver local and regional banking to the affluent in each market

Customer segments

- HNW, Affluent & Emerging Affluent
- Owners, management and staff of our institutional and commercial clients

Retail and Wealth



Position and Value Proposition

- Three critical value proposition themes – “Understands and recognises me”
- Based upon relationships, customer advice not product led
- Accessible across the region – Pan regional Signature Priority Banking branches
- Banking the family
- Meeting the holistic financial needs – savings, protection to credit

Private Bank



- A trusted advisor with an understanding of personal, professional and business needs
- Leveraging ANZ’s Institutional and Commercial business to attract customers

Five key partnerships expand our organic agenda

Partnership Model

- Significant influence
 - Exposure to growth markets and segments we can't currently access
 - ANZ adds value through
 - leadership & management,
 - product development,
 - technical expertise and
 - two way customer flows
- 
- Solid financial returns for ANZ
 - Potential for long term strategic positioning



- ✓ Double play in high growth, high return market
- ✓ Focus on our key segments (Commercial, Affluent & Emerging Affluent)



AmBank Group

- ✓ Scale (Number 5 by assets & deposits) in a closed market
- ✓ ANZ significant driver of leap in performance (market cap increase 56.4% 2008 – 2010)



- ✓ Exposure to Shanghai – Top Commercial / Wealth City in China
- ✓ Focus in Commercial & Retail segments complements our organic focus

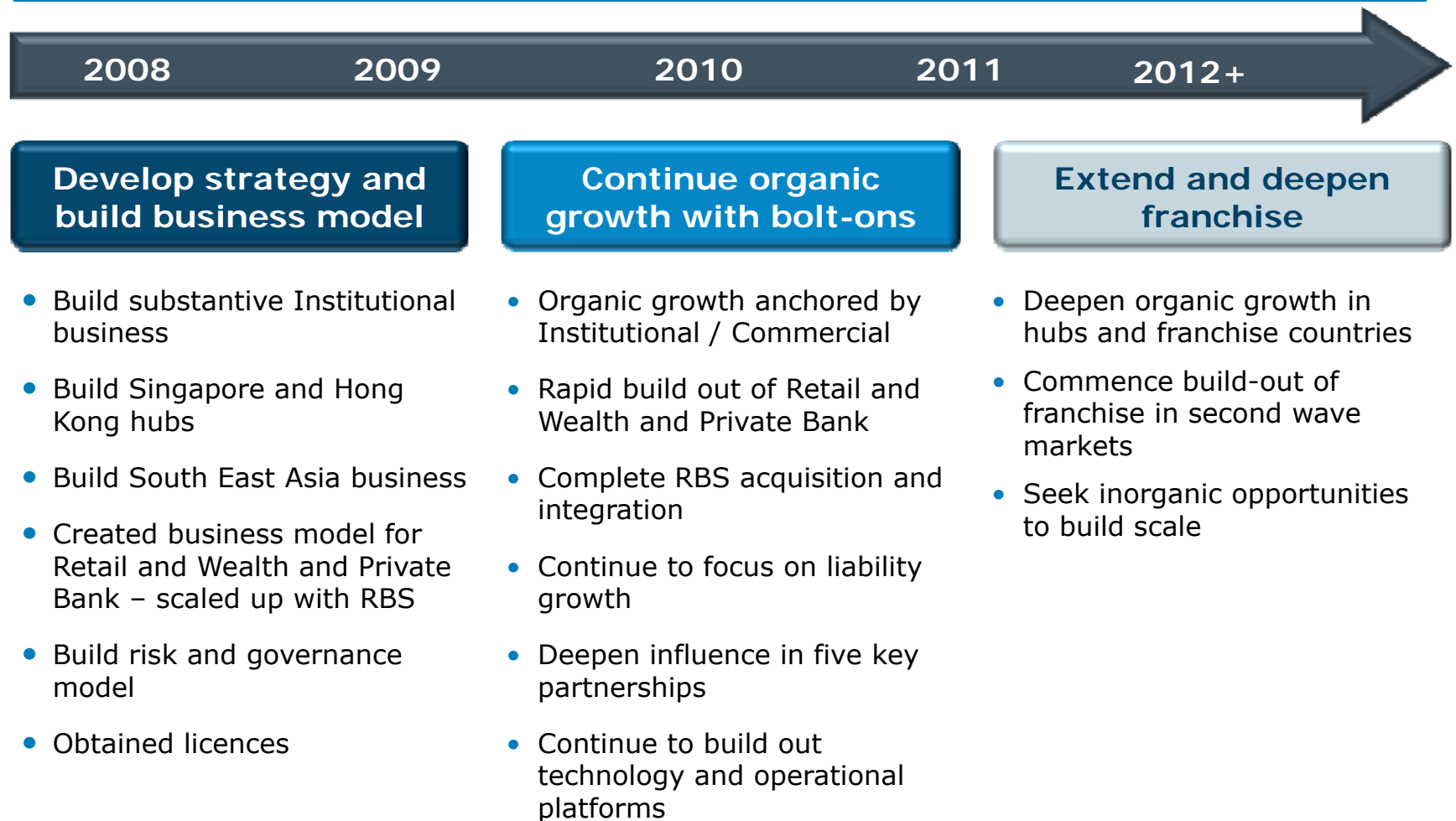


- ✓ Play on fourth largest city Commercial Centre in China
- ✓ Provides exposure in a market in which we do not have a branch presence



- ✓ Fourth largest credit card issuer
- ✓ Provides access to profitable segment of retail market

Organic growth a key driver of strategy



Investor Discussion Pack

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED

March 2011

The New Zealand Division



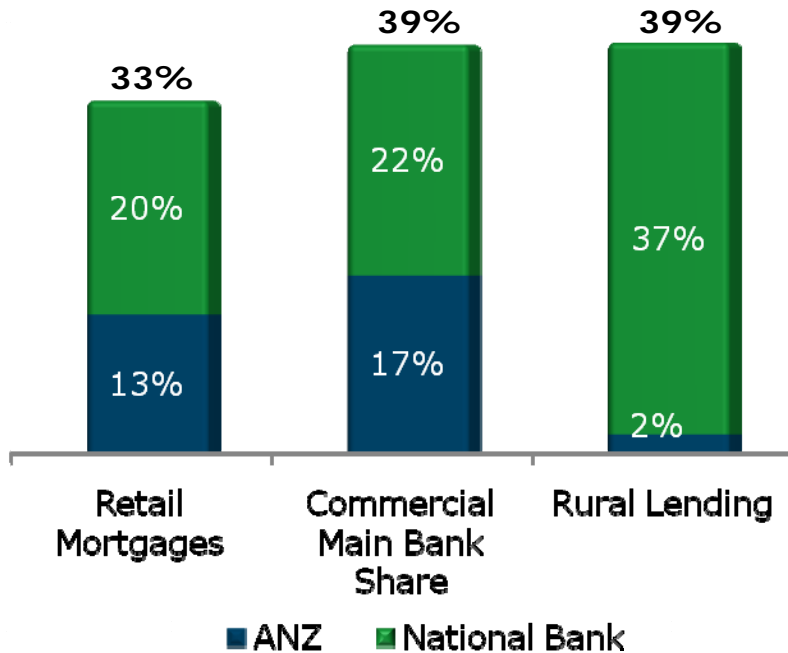
Our strategy is to fully leverage ANZ's leading market position to deliver superior growth and returns

Two strong banking brands with a powerful market presence

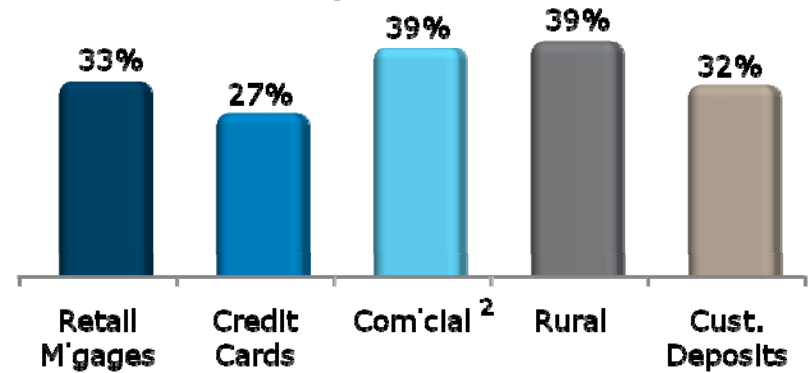


The National Bank of New Zealand

Market share¹

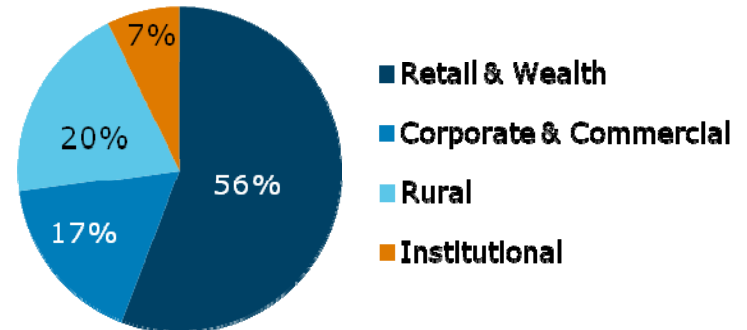


Leveraging leading market share positions¹



Well diversified portfolio, weighted to Residential Property

Net Loans & Advances including Acceptances
March 2010

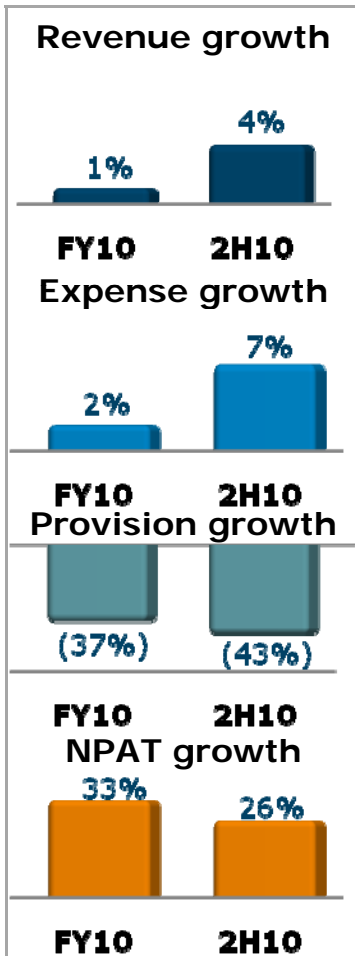


1. RBNZ and TNS New Zealand Ltd Business Finance Monitor 2. Commercial Main Bank Share



New Zealand - Retail & Wealth

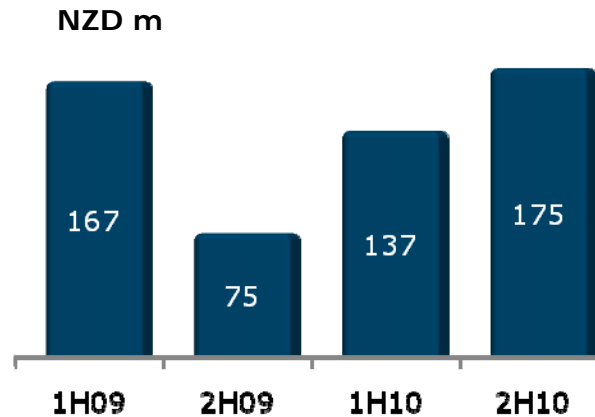
Pro Forma Basis²



Retail

- Asset growth flat, system growth rates subdued
- Income impacted by removal of exception fees, margins improving, costs impacted by marketing phasing
- Share of new mortgage business increasing in the <80% LVR market and overall mortgage growth in the later part of 2010

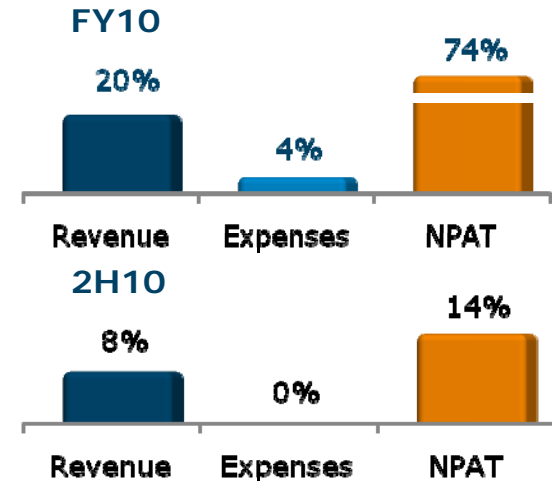
Retail Net Profit after Tax



Wealth

- Wealth profitability favourably impacted by ING NZ full ownership
- \$1.5 billion KiwiSaver FUM with over 360,000 customers, #1 with growing market share (24.1%)
- 19.4% growth in ING Life Businesses InForce book
- ANZ Private Bank named Best Private Bank in New Zealand¹

Wealth growth rates

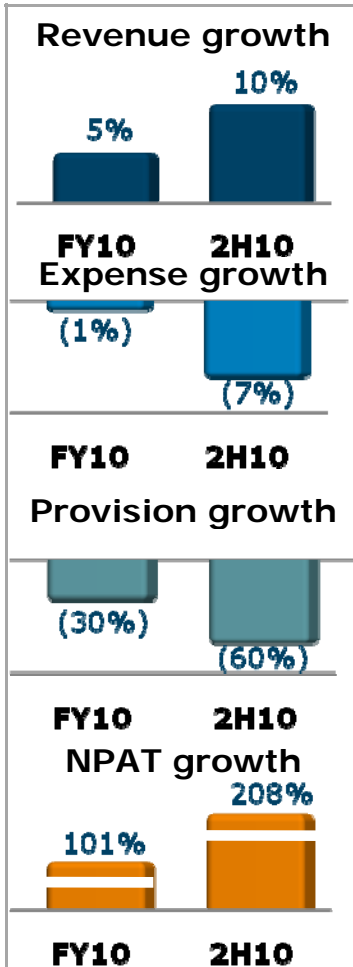


1. 2010 Euromoney Private Banking Survey

2. Pro forma basis assumes ING Australia and New Zealand, Landmark and Royal bank of Scotland Asia acquisitions took effect from 1 October 2008 and also adjusts for exchange rate movements which have impacted the FY10 results.

New Zealand - Commercial

Pro Forma Basis¹



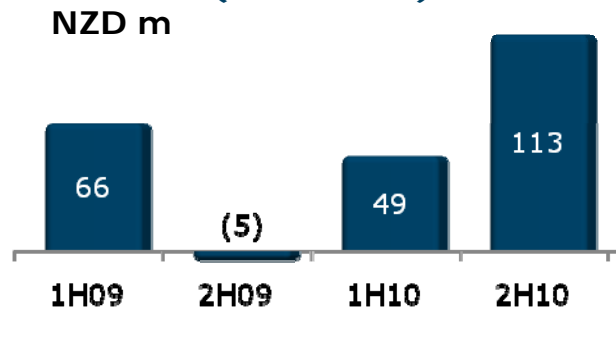
Commercial

- Leveraged Shanghai Expo as an opportunity to connect customers to Asia and demonstrate regional capabilities
- Privately Owned Business Barometer consolidates thought leadership and customer connections as market leader
- Strong UDC performance taking advantage of relative strength in finance company sector
- Clear improvements in customer satisfaction, with ANZ score increasing from 58% to 69%

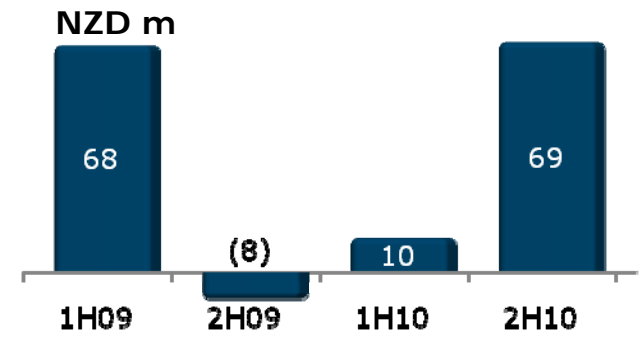
Rural

- Higher Rural incomes with Fonterra forecasting the third highest dairy payout on record
- ANZ continues to support customers through this period of increased volatility in product prices
- Greater focus by borrowers on cash returns and liquidity with many using increased incomes to reduce debt
- Provisions are expected to improve as farmers de-leverage
- Seminars conducted across the industry covering topics such as governance, large business management and financial understanding for young farmers

Commercial NPAT (excl. Rural)



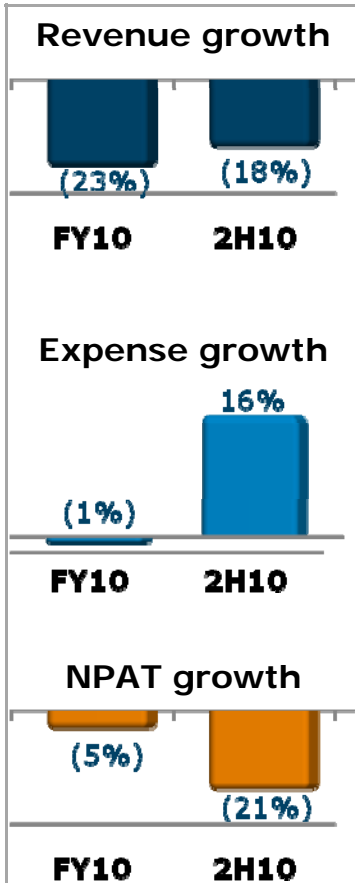
Rural NPAT



1. Pro forma basis assumes ING Australia and New Zealand, Landmark and Royal bank of Scotland Asia acquisitions took effect from 1 October 2008 and also adjusts for exchange rate movements which have impacted the FY10 results.

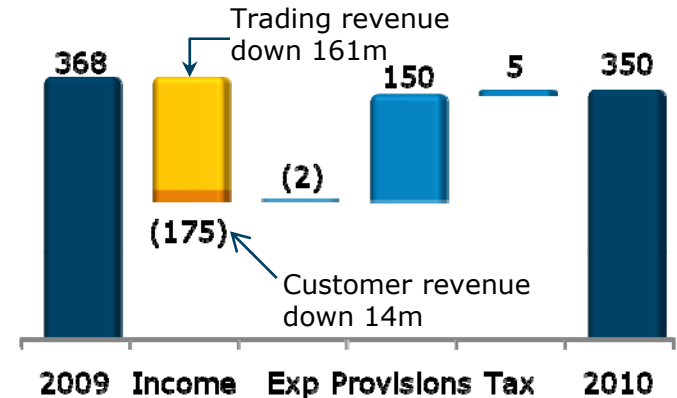
New Zealand - Institutional

Pro Forma Basis²



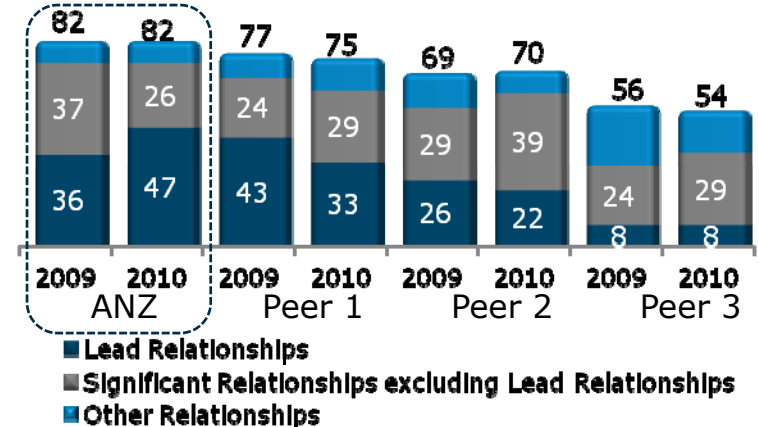
- ANZ continues to dominate the NZ institutional segment
- Second half expense growth driven by investment in payments systems
- Connecting customers to Asia and demonstrating ANZ regional capability with Shanghai World Expo and Kiwi Day roadshows in Asia
- Awarded INFINZ bank of the year for focus on customers and developing growth opportunities for NZ
- Extending its position as clear market leader with customers (outstanding results across 5 Peter Lee Associate surveys)
- Leadership of Debt Capital Markets and Syndication loan league tables
- Market leading innovative client solutions, e.g. 1st HKD bond issue, ECA financing

Institutional NZ 2010 Financial Performance



Strong Customer Relationships

New Zealand Relationship Market Penetration¹ (%)



1. Source: Peter Lee Associates Relationship Banking survey, New Zealand, 2010. Sample size 2009 N=132, 2010 N=135
 2. Pro forma basis assumes ING Australia and New Zealand, Landmark and Royal bank of Scotland Asia acquisitions took effect from 1 October 2008 and also adjusts for exchange rate movements which have impacted the FY10 results.



Investor Discussion Pack

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED

March 2011

The Institutional Business



Global Institutional business focus redefined

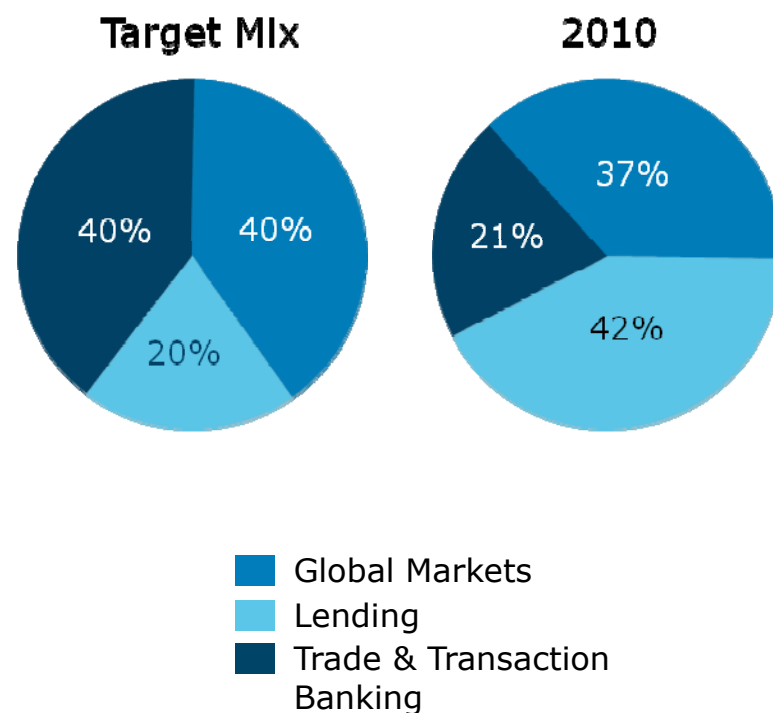
Foundations laid

- Strengthened the Institutional Leadership Team, additional team members with international experience
- Starting to execute the technology and operations roadmap
- Improving capital discipline
- Exiting non-core businesses
- Delivering record pre provision profits
- Substantive progress in remediation completion

Clear goals set

- To become the bank of choice for Resources and Infrastructure in the region
- Building leading cash, trade and markets platforms with capabilities across Australia, NZ and Asia
- Targeting significant growth in customer relationships
- Generating well balanced and sustainable earnings across geographies and segments

Revenue Contribution by Product



Increased focus on core customers and geographies

Over 3,500 active Institutional and Corporate customers supported by over 5,000 staff

- Corporate banking customers: t/over \$40-400m
- Institutional customers: t/over >\$400m

Customer relationship sectors

- Banking a full range of customers
- Building dominance in a limited number of segments

Global lines

- Natural resources
 - Infrastructure
 - Agribusiness
- Priority segments
- Financial institutions & public sector

Other lines

- Property
- Diversified industrials
- Consumer and services
- Telco's, media, entertainment and technology
- Corporate Banking

A single global team services customer needs across the network

- Global representation supports customers based in Australia, New Zealand, Asia Pacific, Europe and America geographies
- Domestic presence in Australia and New Zealand for over 170 years
- Asian representation commenced over 40 years ago and we now have a presence in 15 Asian markets
- Institutional regional hub established in Hong Kong (centralised support functions for APEA institutional business)
- Branches in Europe and North America ensure global network coverage

Regional networks, superior insights & service underpin the competitive advantage

Regionally Networked Model

Offering

- A lead regional bank servicing clients with pan regional needs
- A strong regional branch footprint
- Single platforms for Cash, Trade and Markets offering fully networked seamless platforms across the region
- Deliver insight through industry sector and regional specialisation

Why?

- Have a sound network through Asia Pacific to build upon
- Uniquely placed to offer better insight to region

How?

- Invest in technology and product development
- Grow relationship teams in key geographies
- Focus on lead sectors and products

Competing globally requires superior insights and service

- Building platforms offers viable alternatives

- Offering a global service proposition and setting clear service expectations

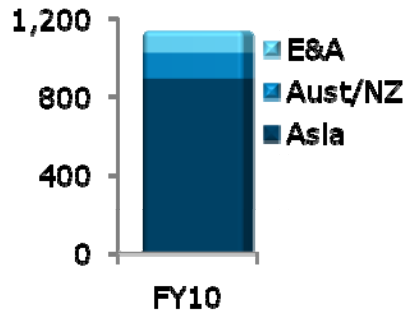
- Research and innovation at the core provides a competitive advantage over scaled and standardised models

- Drawing on insights into customer industries, the region and the financial markets adds significant value

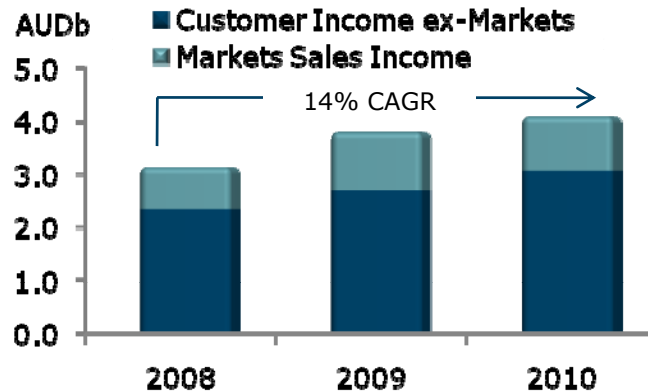
Global Institutional – a focus on growing core customer relationships supporting income performance

Customer Growth

>1,100 new relationship managed customers ex-acquisitions

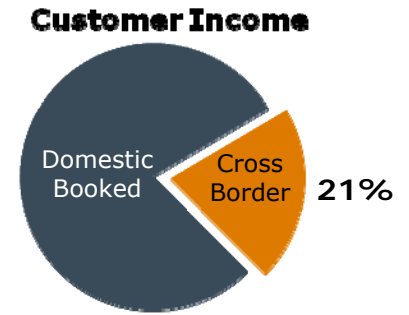


Customer Income¹



Cross Border Income

Super Regional strategy increasingly capturing cross border revenue flows



Strong Customer Relationships

- Peter Lee Associates survey of corporate and institutional clients in Australia ranked ANZ:
 - First, or equal first, on 14 of the 26 qualitative relationship categories (up from 8 in FY09)
 - First in "overall penetration" (domestic plus offshore)
- Peter Lee Associates survey of corporate and institutional clients in New Zealand ranked ANZ first on overall satisfaction, relationship strength, penetration and a further 17 measures
- These results reflect the strength and quality of our client relationships

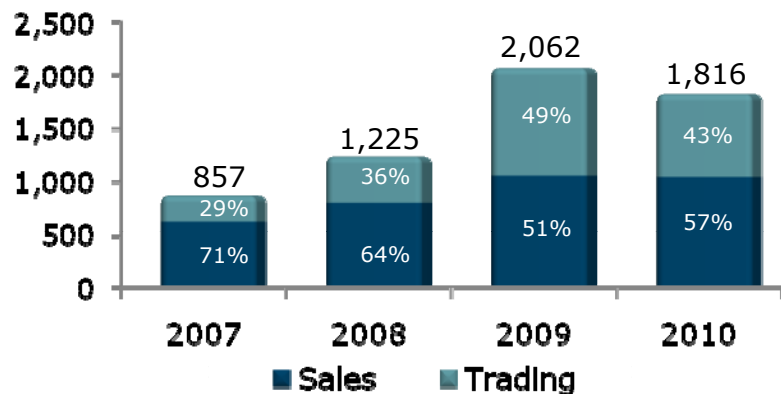
1. Total income adjusted for Global Markets trading income.

Debt Capital Markets a key strength

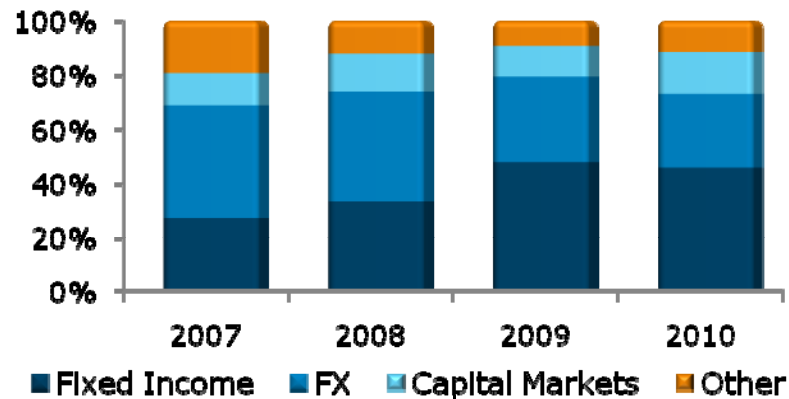
- #1 Bookrunner in Australia/NZ for Q1-Q3 2010 in terms of volume and number of transactions
- #1 Mandated Lead Arranger in Asia-Pacific (ex Japan) for Q1-Q3 2010 in terms of number of transactions
- #1 Arranger of syndicated loans in Asia-Pacific (ex Japan) over the last five years in terms of total loan volume on a cumulative basis
- #1 on the A\$ Corporate Bond League Table (INSTO)
- #1 in the utilities & infrastructure sector - ANZ has led over half of all Australian utility and infrastructure transactions and raised over A\$2.3bn in this sector

Global Markets

Global Markets Income Sales & Trading Mix (A\$m)¹

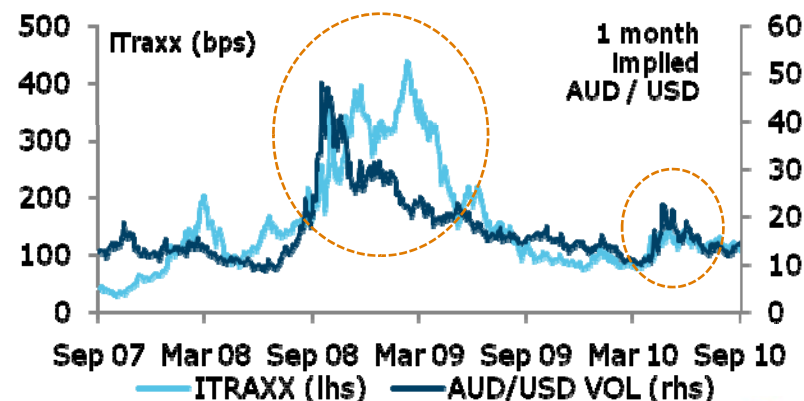


Product Contribution % Total Income



- Capital Markets growth underlines the benefits of Asian network expansion, ensuring we are well placed to connect our institutional customers with Asian liquidity pools.
- Income diversification by geography and product line helping to offset revenue normalisation as volatility recedes.
- 2H10 investment in Global Markets management team to deliver scalable growth in coming years.

Whilst lower than 2009, market volatility evident in 2010

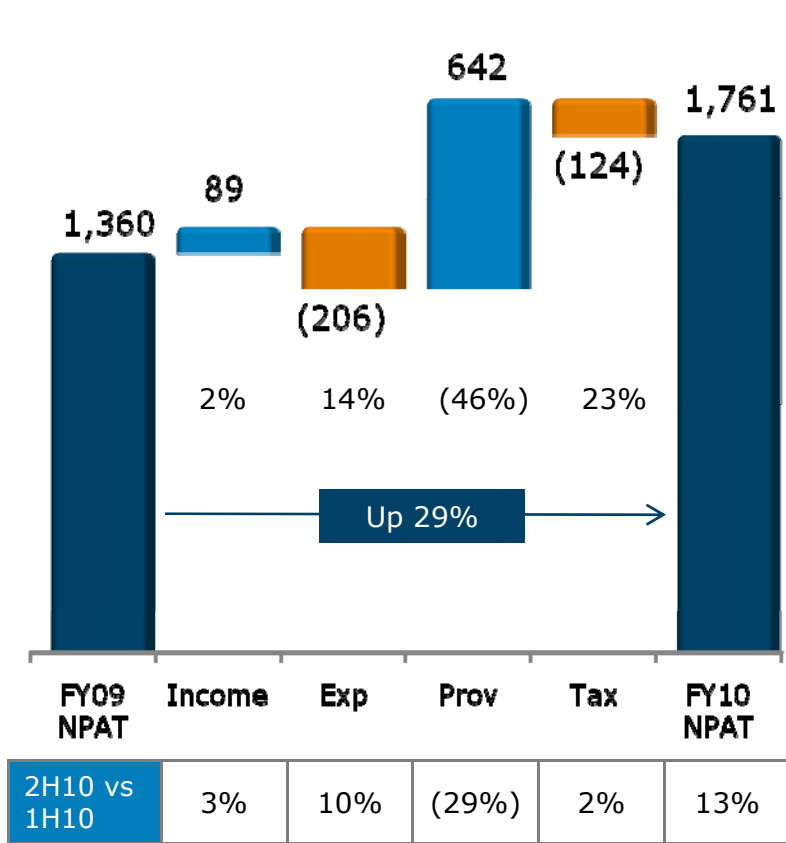


1. FX Adjusted.

Global Institutional P&L drivers

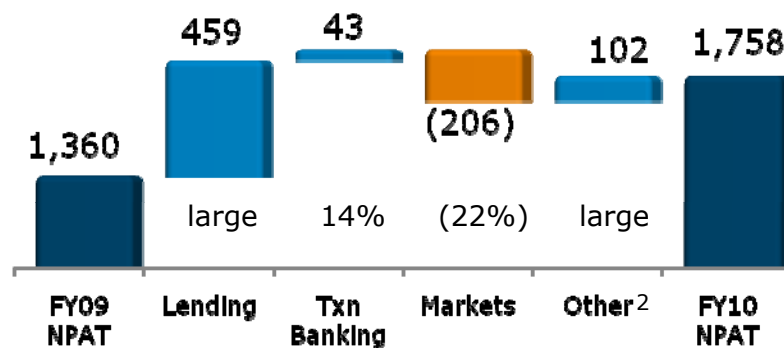
Underlying Performance¹

YOY Movement (FY10 vs. FY09) A\$m



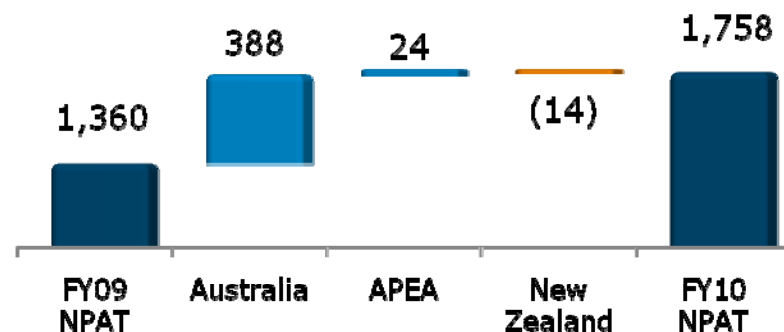
Business Segment Performance¹

YOY Movement (FY10 vs. FY09) A\$m



Geographic Performance¹

YOY Movement (FY10 vs. FY09) A\$m

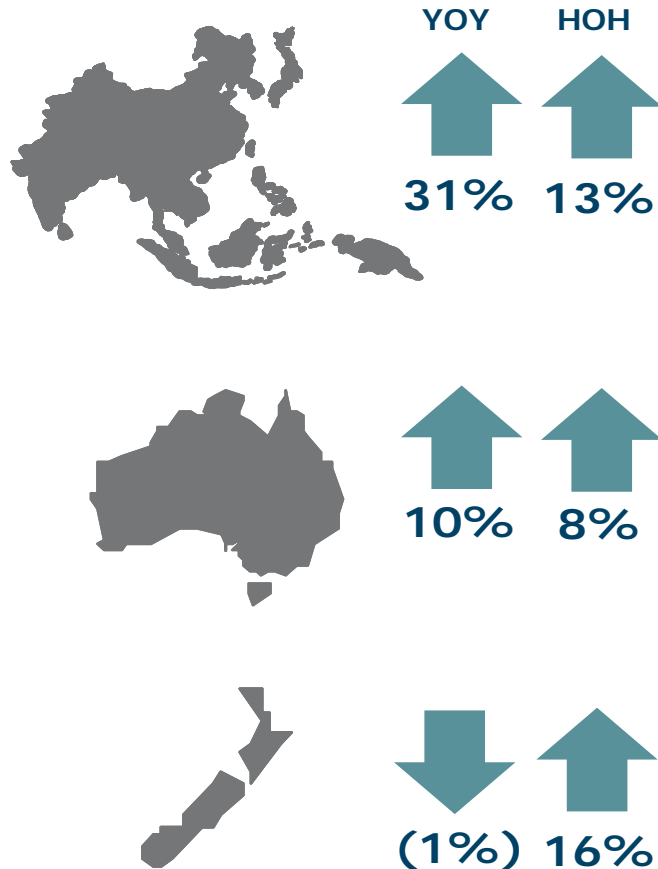


1. Pro forma basis assumes Royal bank of Scotland Asia acquisition took effect from 1 October 2008 and also adjusts for exchange rate movements which have impacted the FY10 results. .

2. Increase largely due to provisions in FY09 related to divested custody business.

Investing across the business in systems and people

Expense Growth¹



Asia Pacific, Europe & America

- Continued investment in growing the Asia franchise and driving customer acquisition
- Investment in support infrastructure to underpin revenue growth

Australia

- Investment in frontline capability - people and CRM tools - to drive revenue uplift
- Rollout of cash management platform (Transactive) - with in excess of 2,500 Institutional clients now on boarded.
- Investment in systems to enhance process automation and integrated work flow management and in enablement staff to ensure an efficient, well controlled environment

New Zealand

- Strong cost management led to a YoY reduction in expenses
- HoH increase reflects investment in payments systems (including settlement before interchange) and in cash management platform

1. Pro forma basis assumes Royal bank of Scotland Asia acquisition took effect from 1 October 2008 and also adjusts for exchange rate movements which have impacted the FY10 results.

Predicated on disciplined execution

Implementation priorities

Sustained customer growth

- Deepening relationships with existing 3500 active clients
- Targeting a significant number of new customer relationships already identified:
 - Over 50% of customer growth expected from APEA, 25% from Corporate

Process redesign

- Simplifying operating platforms and standardising procedures

Risk management

- Effectively partnering with risk and introducing industry specialists in priority markets

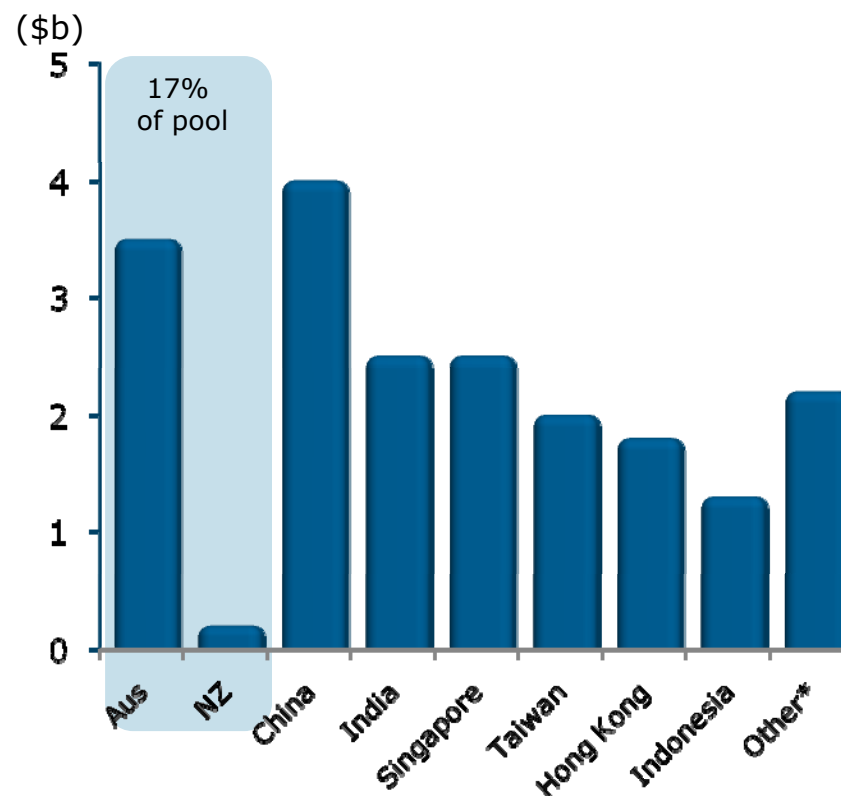
Equipping the team

- Building a high performance culture
- Recruiting and training across Asia, Operations, Relationships, Cash, Markets and Trade
- Investing heavily in institutional banking executive leadership and product expertise
- Significantly expanding research capabilities within priority segments

* Korea, Thailand, Vietnam

Significant growth opportunities

Estimated addressable Cash Management Revenue pools



Priority segments – Natural resources & Agriculture

Natural resources

- Well positioned to develop a super regional natural resources business linking Australian producers with Asian processors and consumers
 - > Clients and representation in all major domestic cities, major financial centres globally and 15 Asian markets
- Strong Australian natural resources client base and an established and growing network in Asia
- Revenues exceed that of the other 3 major domestic banks combined
- Specialists mineral mining, oil & gas, mineral and oil and gas processing, commodity trading, primary services segments

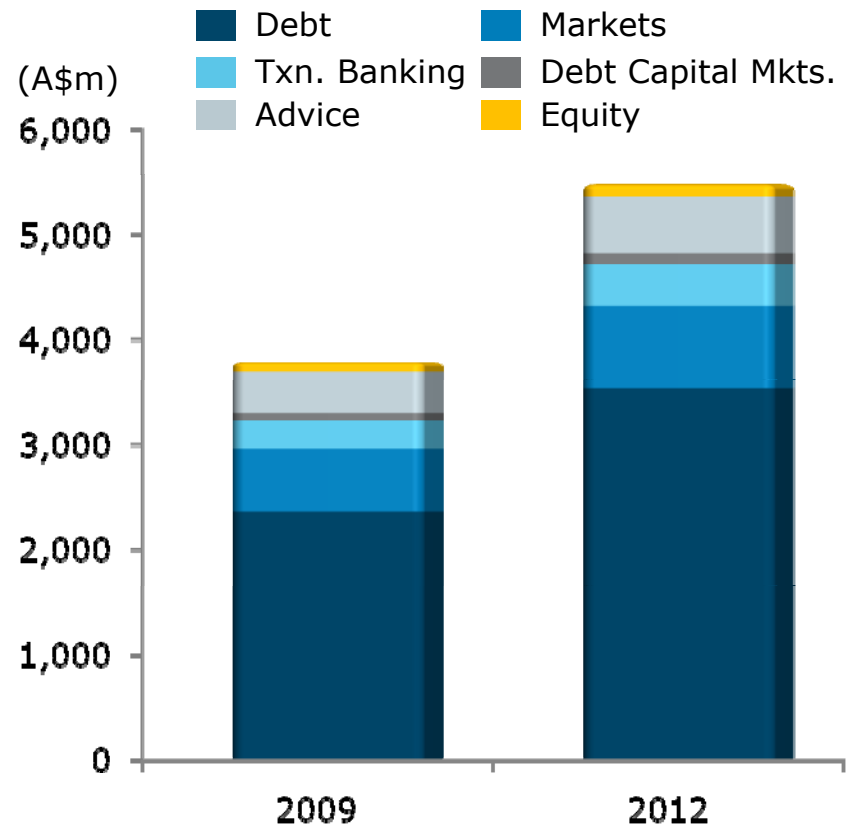
Agriculture

- Growing soft commodity demand from Asia
- Well positioned for Australian and NZ Corporate and Institutional agriculture clients
- Primary emphasis on providing Markets, Working Capital and supply-chain solutions to clients
- Revenue streams centred on trade and FX which are already core competencies
- An organic growth strategy with increasing wallet penetration of existing clients as well as capturing identified targets.
- Markets include cereals & sugar, protein cotton, Dairy and Oil Seeds

Priority segments – Infrastructure

- Goal to become a leading commercial Infrastructure Bank in the Asia Pacific Region
- Maintain dominant position in Australia and NZ and invest selectively in Asia
- Infrastructure specialists, by adding Advisory, Equity placement, underwriting and DCM to lending and markets capabilities.
- Focus on power and utilities corresponding with Asia demand in this category
- ROE enhancing by reduced requirement of balance sheet
- Segments include Power & Utilities, Economic Infrastructure (roads, airports etc) and Availability Infrastructure
- The New Zealand Government has announced a significant National Infrastructure Plan and we are uniquely positioned to assist

Addressable revenue in APAC Infrastructure market set to grow to \$5.5b



Priority products – Cash Management & Trade

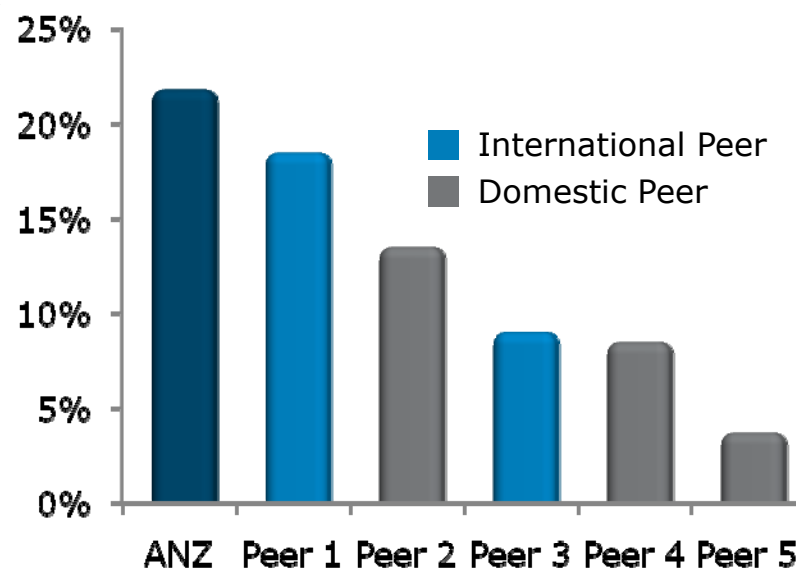
Cash Management

- Vision to be a lead provider of pan-regional cash management solutions via a single transactional interface
- Estimate the Asia Pacific wallet for cash management services at \$20b
- A significant driver of cross-sell revenue
- Investment agenda centred around people and technology and designed to accommodate substantial growth in customer numbers and transaction volume
- Rolling out ANZ Transactive, a web-based cash management platform purpose-built for institutional, corporate and large business clients

Trade

- Support trade flows between our core operating geographies
- Build on strong market position in Australia and established presence and reputation as a trade bank in Asia

Estimated market share of Australian Institutional Trade Business



Priority products – Regional Rates and FX; Commodities and Debt Capital Markets

Commodities

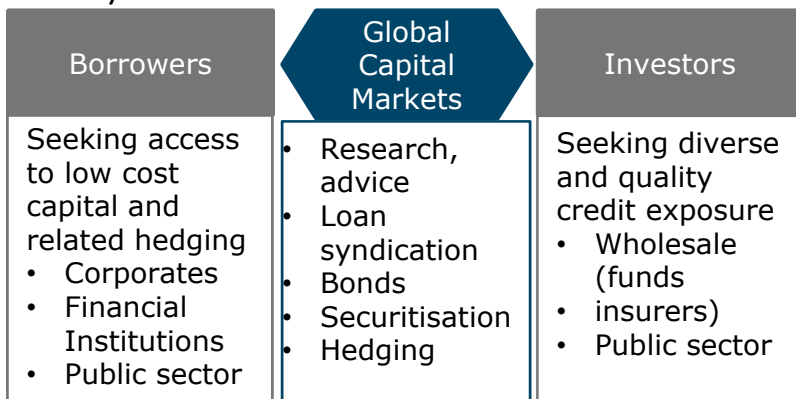
- Commodity revenue split:
 - Hedging exposures of commodity producers and consumers ~ 60% of revenue
 - Trading for customers ~ 40%
- Growth opportunities include capturing hedging opportunities in domestic agri/ middle market and commodity consumers in Asia

Debt Capital Markets

- Uniquely positioned with Super Regional strategy, with significant Asian Capital Market revenue pools
- Borrower / investor multiplier effect
- We raise more debt capital in Asia for Australian and New Zealand borrowers than anyone else

Regional Rates and FX

- Largest domestic markets business
- FX revenues growing at 40% pa since 2007,
- Aus/NZ/Pacific Niche, opportunity to expand into Asian currencies & clients (to become Asian USD specialist)
- Rates revenues growing at 75% pa since 2006
- 5 key rates components, natural growth opportunity as Institutional expands:
 - Hedging client interest rates
 - Hedging client currency futures and swaps (as driven by rate differentials)
 - Selling investors Gvt. and Semi Gvt. bonds
 - Rates and credit trading
 - Managing ANZ's balance sheet



Customercentricity is delivering business outcomes in Institutional

Debt Capital Markets



USD 600mn
Senior Unsecured Bonds
Melco Crown Entertainment
Joint Lead Manager and Bookrunner
2010



SGD 1bn
Senior Unsecured Bonds
Temasek
Joint Lead Manager and Bookrunner
2010




PHP 2bn
Senior Unsecured Bonds
Metrobank Card Corporation
Joint Lead Manager and Bookrunner
2010



SGD 500mn
Senior Unsecured Bonds
Singapore Airlines
Joint Lead Manager and Bookrunner
June 2010

Syndication



USD 1.1bn
Syndicated Term Loan Facility
Woodside Petroleum Ltd
Mandated Lead Arranger and Bookrunner
2010



AUD 2.3mn & USD 200mn
Syndicated Term Facility
Origin Energy
Mandated Lead Arranger and Bookrunner
2010



AUD 430mn
Syndicated Term Loan Facility
Qantas Airways Limited
Mandated Lead Arranger, Underwriter and Bookrunner
2010



USD 1.0bn
Syndicated Term Facility
Sinochem Hong Kong (Group) Company Limited guaranteed by Sinochem Group
Term Loan Facility Mandated Lead Arranger & Bookrunner
August 2010

Project, Asset & Export Financing



AUD 1.75bn
Acquisition of CSR Limited's sugar and renewable energy business, Sucrogen Limited
Wilmar International
Financial Advisor
2010



USD 600mn
Term Facilities to refinance Hope Downs 1 & fund development of Hope Downs 4 iron ore projects in Western Australia
Hope Downs Iron Ore Pty Ltd
Mandated Lead Arranger
November 2010



USD 263.7mn
Finance for deliveries from Nokia Siemens Network
ECA: Finnvera
Telkomsel
Lender
2010



AUD 1.179bn
Finance of the acquisition of Port of Brisbane by Q Port Holdings Consortium
Mandated Lead Arranger, Facility Agent and Security Trustee
November 2010



AUD 3.1bn
Structuring and arranging for expansion of coal export terminal to 53Mtpa
Newcastle Coal Infrastructure Group
Financial Advisor
2010



AUD 475mn
5 Bank Syndicated Inventory Finance Facility
Sole Arranger, Security Trustee & Agent
November 2010



AUD 478mn
Construction and Term Facilities for the 206MW Collgar Wind Farm in Western Australia
Mandated Lead Arranger, ECA Arranger and Agent, Facility Agent and Security Trustee
March 2010



NZD 150mn
Finance for Meridian's purchase of Siemens wind turbines for the Te Uku wind farm
ECA: ELO/EKF
Meridian Wind Farm Arranger & ECA Agent
April 2010

Transaction Banking



INTEGRATED AUD 65mn SOLUTION
Cash & transaction management, FX/Interest rate hedging and secured financing
Starhill Global REIT
Acquisition of David Jones Building in Perth
2010




USD 200mn
Financing and working capital for palm oil plantation interests
New Britain Palm Oil
Mandated Lead Arranger
2010



GBP 75mn USD 150mn
Bi-lateral Letter of Credit Facility to meet regulatory requirements in UK and US
QBE Group
Letter of Credit Facility
November 2010



TRANSACTION BANKING
Internet banking platform for regional hub
CMC Markets Singapore
2010



CASH MANAGEMENT
Sole Provider of Transaction Banking and Merchant Services in Australia
Vodafone Hutchison Australia
December 2010



SGD 223mn
Securitisation warehouse - credit card receivables
Card Centre Asset Purchase Company
September 2010



Investor Discussion Pack

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED

March 2011

Treasury



ANZ's strong capital ratios are fully reflected when measured consistently across various jurisdictions

	Sep 09	Sep 10	Dec 10	FSA Dec 10
Core Tier 1 ⁽¹⁾	9.0%	8.0%	8.3%	11.3%
Tier 1	10.6%	10.1%	10.3%	13.6%
Total Capital	13.7%	11.9%	11.9%	14.9%

Capital Update:

- ANZ's capital strength reflects ongoing economic and regulatory uncertainty and the Group's aim to maintain flexibility
- FY10 net organic Tier-1 generation was +22bps:
 - Underlying earnings net of dividend +119bps;
 - RWA growth -48bps, principally market risk;
 - Profit retention by Insurance and Banking Associates (-23bps) and software capitalised (-11bps).
- Dec-10, net Tier-1 generation +20bps:
 - Underlying earnings net of dividend;
 - Decline in RWA mainly in market risk;
 - Offset by increase investment in Chinese banking associates.

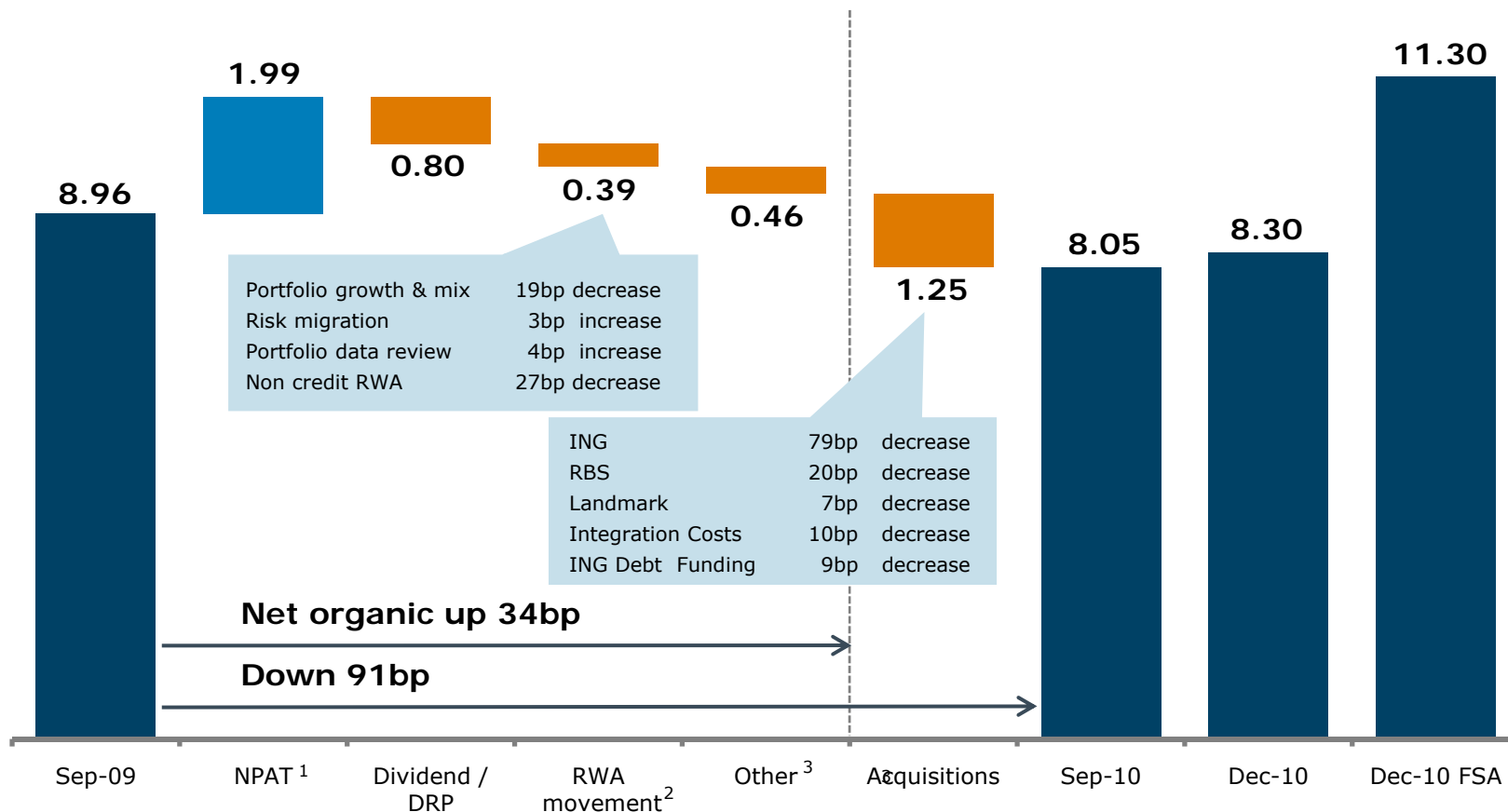
Capital Agenda:

- Continue to be well capitalised and consistent with "AA" long term credit rating category.
- Manage Basel 3 implementation:
 - Final Basel 3 regulations on capital deductions, minimums and buffers, and Tier-1 and Tier-2 regulations were released in Dec-10.
 - Engage APRA throughout FY11 on interpretation and implementation of these changes.
 - Full alignment to proposed Basel 3 guidelines would result in an increase in Core Tier-1 ratio from current levels.
 - However, APRA have indicated the Basel 3 rules are likely to be viewed as a minimum standard.

1. 'Core Tier 1' = Tier 1 excluding hybrid Tier 1 instruments

Core Tier-1 level remains strong and well positioned

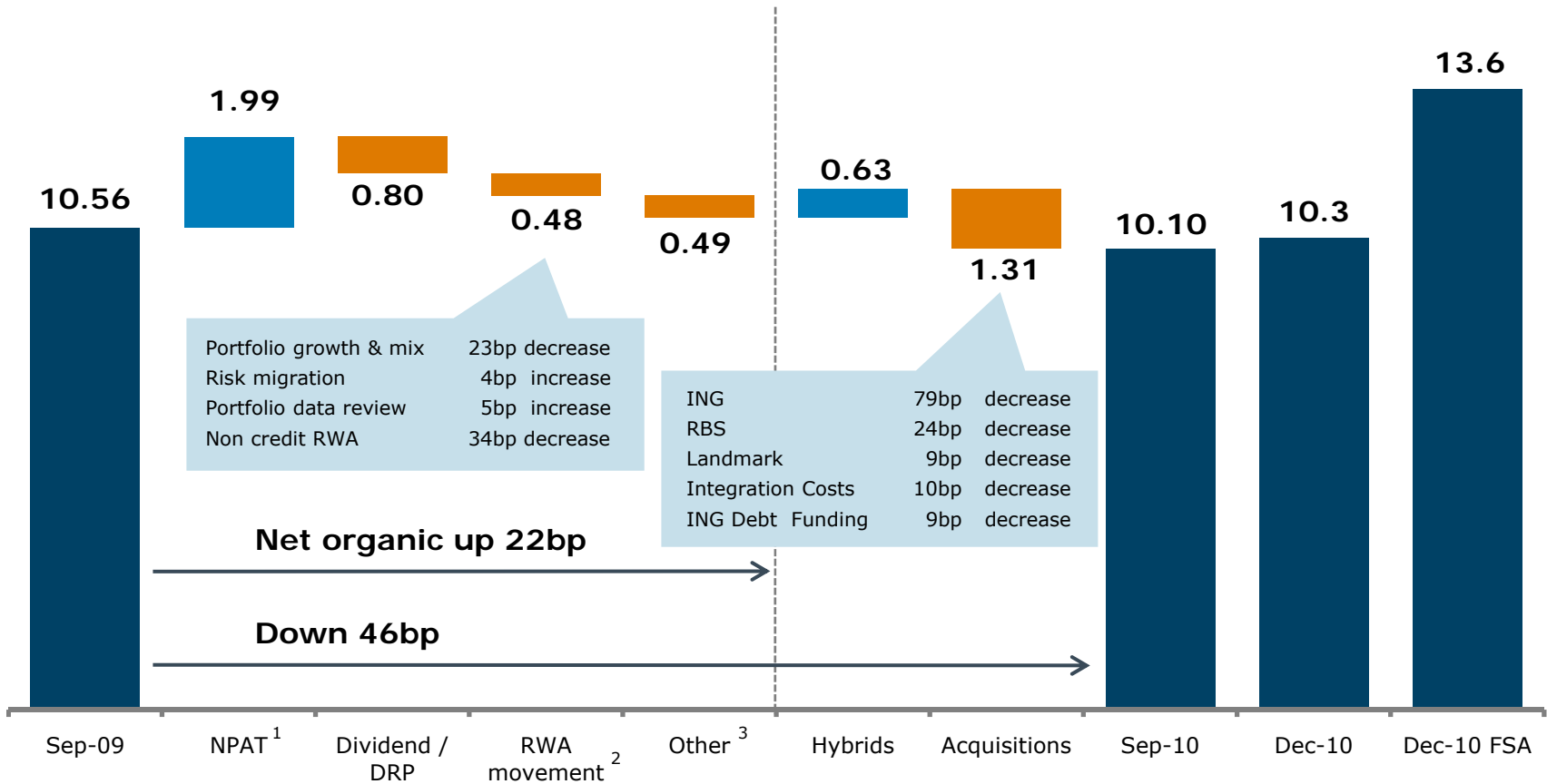
Capital Position (Core Tier-1 Ratio)



1. Underlying NPAT. 2. Includes impact of movement in Expected Loss versus Collective Provision shortfall, 3. Includes OnePath Insurance Business, Asian Banking Associates, Capitalised Costs and Software, FX, Net Deferred Tax Assets, Pensions, MTM gains on own name included in profit

Tier-1 position reduced during FY10 due to acquisitions partially offset by Hybrid issuance

Capital Position (Tier-1 Ratio)



1. Underlying NPAT. 2. Includes impact of movement in Expected Loss versus Collective Provision shortfall. 3. Includes OnePath Insurance Business, Asian Banking Associates, Capitalised Costs and Software, FX, Net Deferred Tax Assets, Pensions, MTM gains on own name included in profit

Reconciliation of ANZ's capital position to FSA Basel 2 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 deductions (FSA: permits proportional consolidation under certain circumstances)

	Core Tier-1	Tier-1	Total Capital
Dec-10 under APRA standards	8.3%	10.3%	11.9%
RWA (Mortgages, IRRBB, etc)	1.2%	1.5%	1.6%
OnePath Funds Management and Life Co. businesses	0.9%	0.9%	0.3%
Interim dividend accrued net of DRP & BOP	0.2%	0.2%	0.2%
Expected Losses v Collective Provision	0.2%	0.2%	0.3%
Insurance subsidiaries (excluding OnePath businesses)	0.2%	0.2%	0.0%
Investment in associates	0.2%	0.2%	0.4%
Other ¹	0.1%	0.1%	0.2%
Total adjustments	3.0%	3.3%	3.0%
Dec-10 FSA equivalent ratio	11.3%	13.6%	14.9%

1. Other includes Net Deferred Tax Assets, Capitalised Expenses, Deferred Income and roundings.

Basel 3 & APRA Regulatory reform - Capital

Basel Committee Announcements

To date, the Basel Committee has announced:

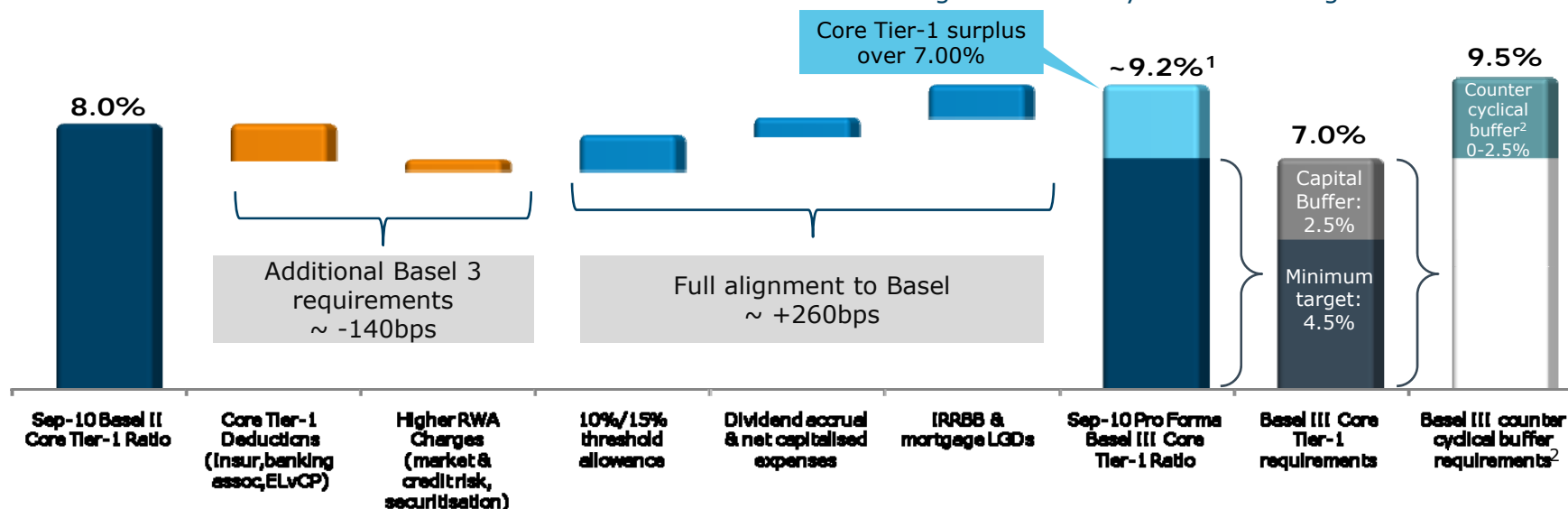
- New capital targets and buffers
- Timetable and transition rules for implementation of Basel 3 from 2013 – 2019
- Higher Core Tier-1 capital deductions: insurance businesses, banking associates, and shortfall of EL v CP, partly offset by 10/15% threshold allowance for insurance/banking associates and deferred tax assets
- Higher RWA charges for market & credit risks and securitisation assets
- Leverage ratio based on Tier-1 capital

What remains outstanding under B3?

- Methodology for determining countercyclical buffer
- Final requirements for Tier-1 & 2 instruments
- Contingent and 'bail-in' capital requirements
- Capital overlays for systematically important banks

ANZ position under B3 rules:

- ANZ's estimated Core Tier-1 position under full B3 rules is above the proposed 7.0% min.
- Position will remain uncertain until APRA finalises domestic rules and re-calibration. Recent indications are that local rules will at least meet the proposed new global standards
- Leverage ratio unlikely to be a binding constraint



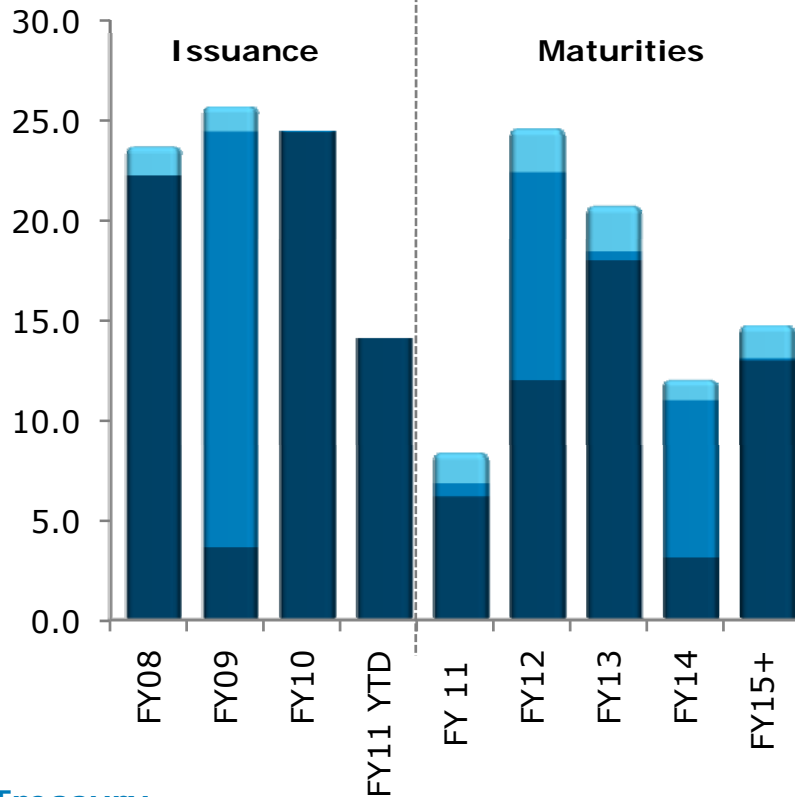
1. Subject to change pending final form of regulations

2. Counter-cyclical buffer expected to be comprised of Core Tier-1, Tier-1 Hybrids and contingent capital.

Improved funding profile achieved, stable term debt issuance

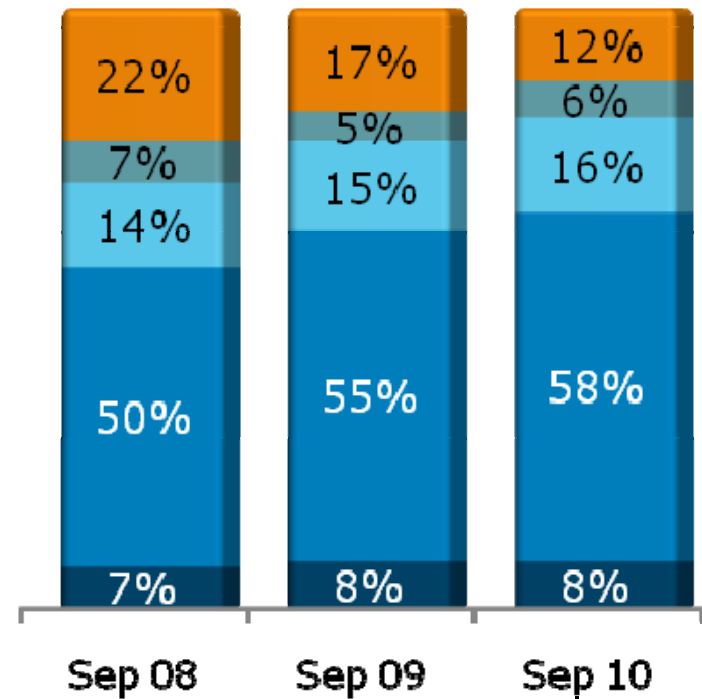
Stable term funding profile

- Subordinated Debt
- Government Guaranteed
- Senior Debt

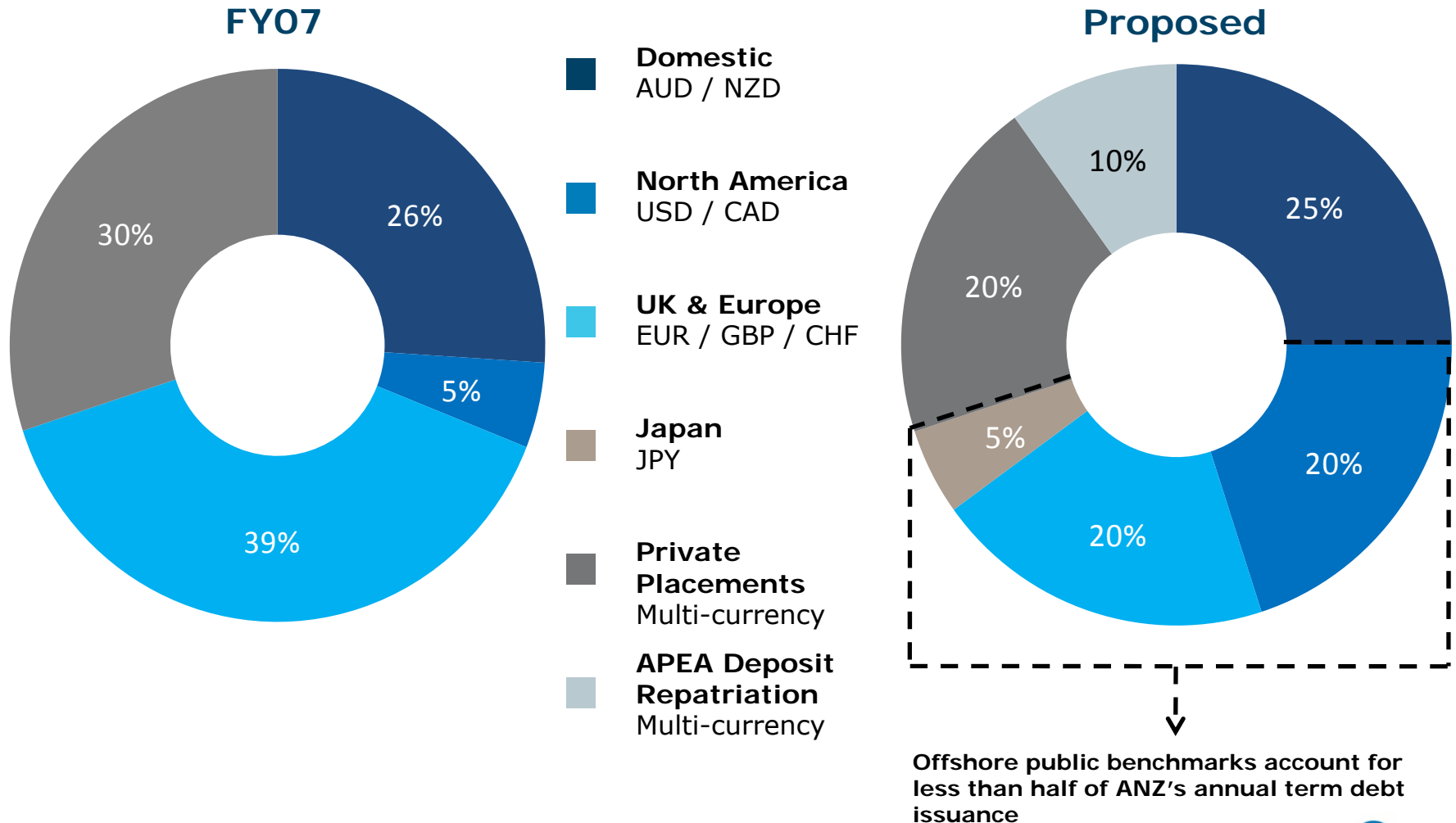


Funding Composition Improved

- Short Term Wholesale Funding
- Term Debt < 1 year Residual Maturity
- Term Debt > 1 year Residual Maturity

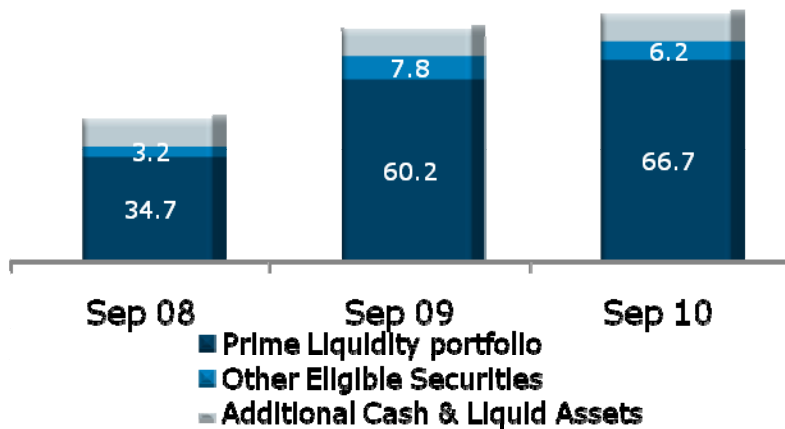


ANZ's sources of term funding have been further diversified over recent years

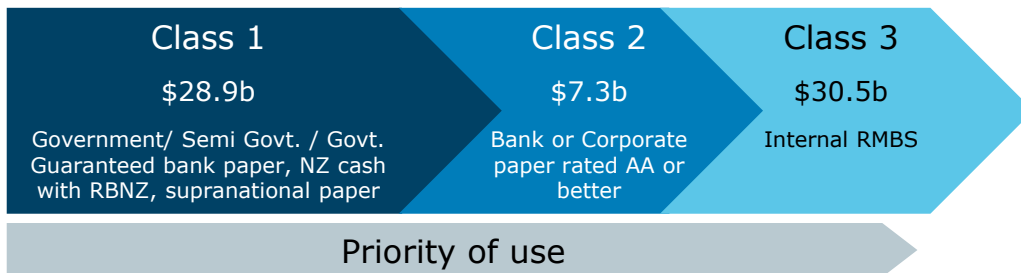


Strong Liquidity Position leading into proposed B3 changes

Maintaining post GFC liquidity position (\$b)



Composition of liquid asset portfolio (\$66.7b)



Basel III Liquidity Developments

- Reduction in required core funding of mortgages from 100% to 65%
- Improved treatment of 'Retail' and 'SME' deposits
- Allowance for high grade corporate and covered bonds as liquid assets
- Recognition of jurisdictions (incl. Australia) that have insufficient qualifying liquid assets. Allowance for a committed liquidity facility from a central bank to be used – at a fee
- Extended transition period

Impacts

- Liquidity Coverage Ratio will require additional liquid assets (where available) to be held resulting in higher core funding requirements (remaining deficit meet via central bank facility)
- This is primarily driven by non-operational deposits from Corporates and Financial Institutions, and short term wholesale debt
- Australian bank's no longer discouraged from holding mortgages on-balance sheet
- Given the lack of eligible liquid assets in Australia, APRA will allow banks to meet their LCR requirements through a committed liquidity facility at the RBA backed by repo eligible stock
- The banks will pay a fee for this facility in line with cost of holding BIII eligible liquid assets

Investor Discussion Pack

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED

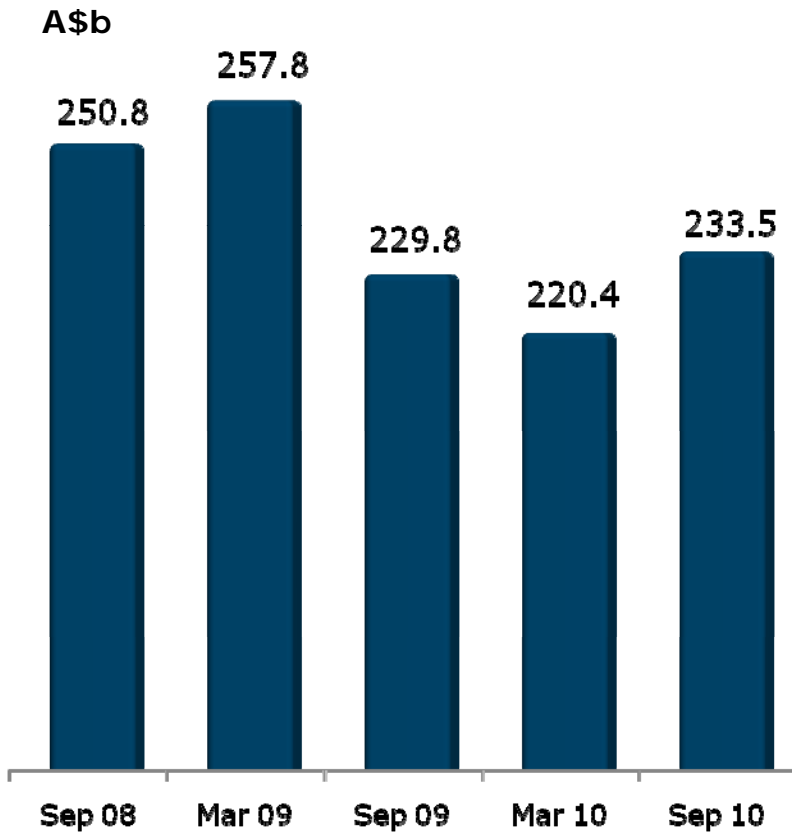
March 2011

Risk Management

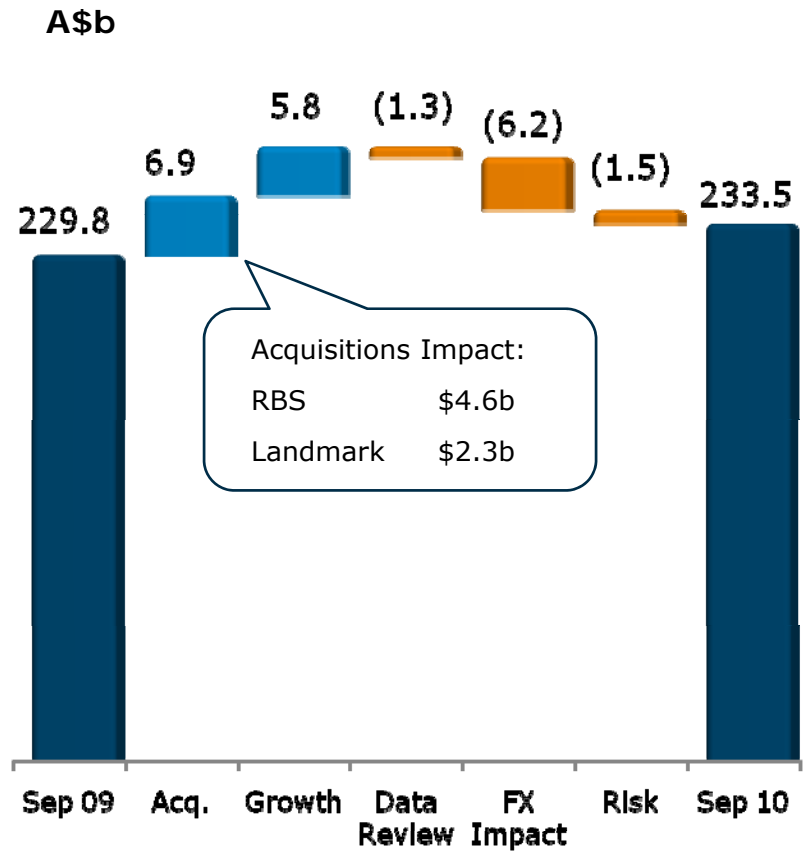


Credit Risk Weighted Assets

Total Credit Risk Weighted Assets

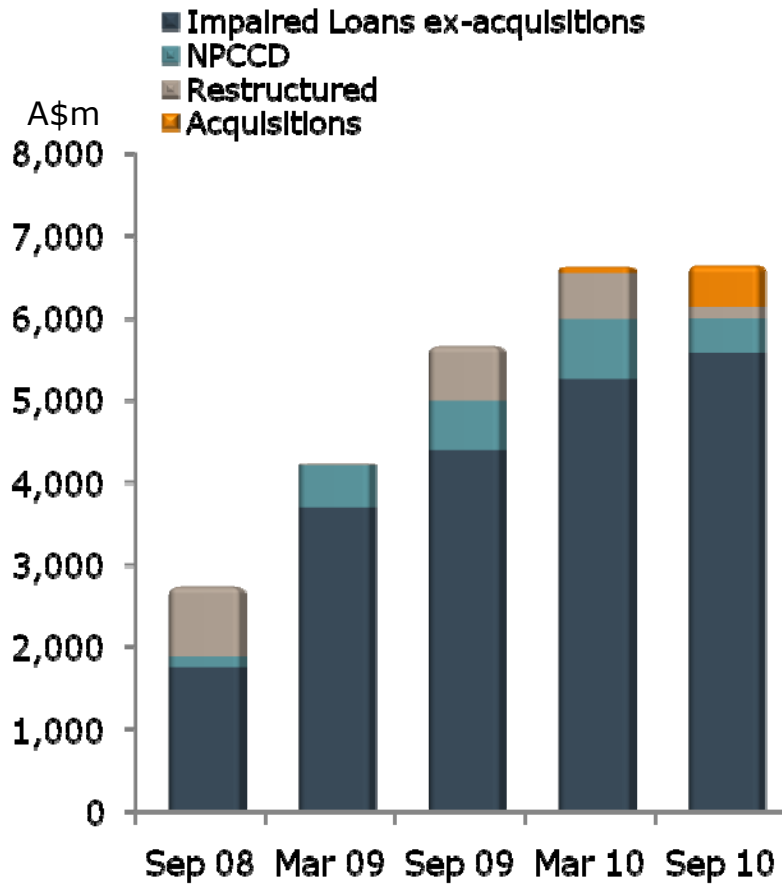


Credit RWA Movement FY10 vs. FY09

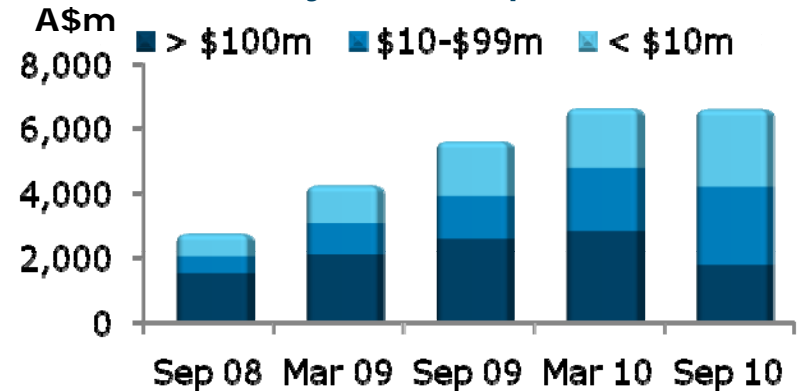


Impaired Asset balance has reduced ex-acquisitions

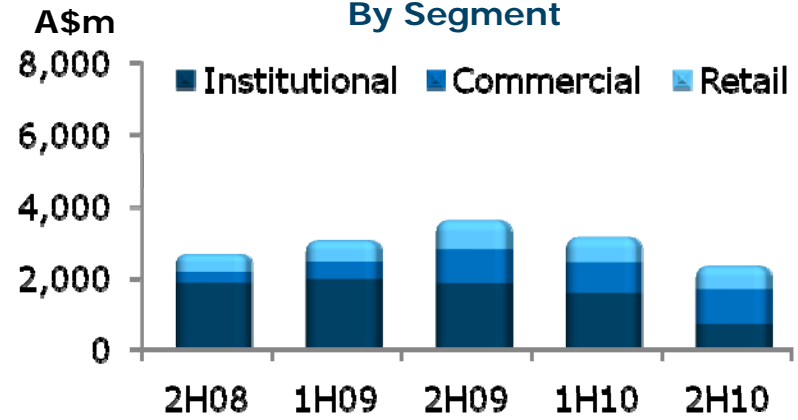
Gross Impaired Assets By type



Gross Impaired Assets By size of exposure



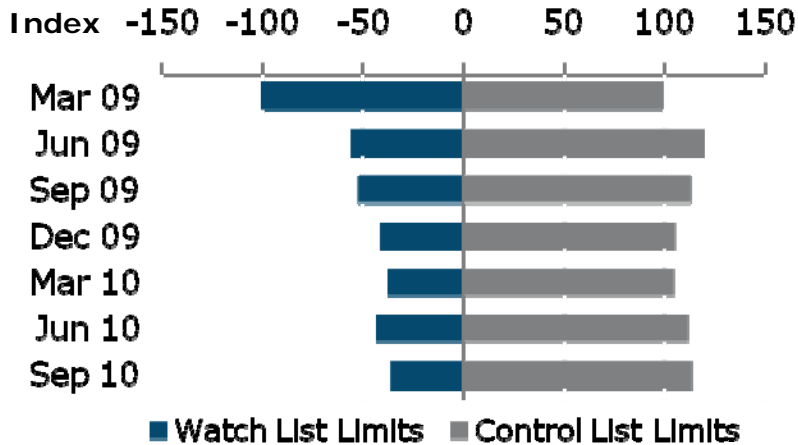
New Impaired Assets By Segment



NPCCD – Non Performing Credit Commitments and Contingencies

Watch & Control Lists and Risk Grade Profiles

Watch & Control List by limits
(Mar 2009 Watch List index = 100)



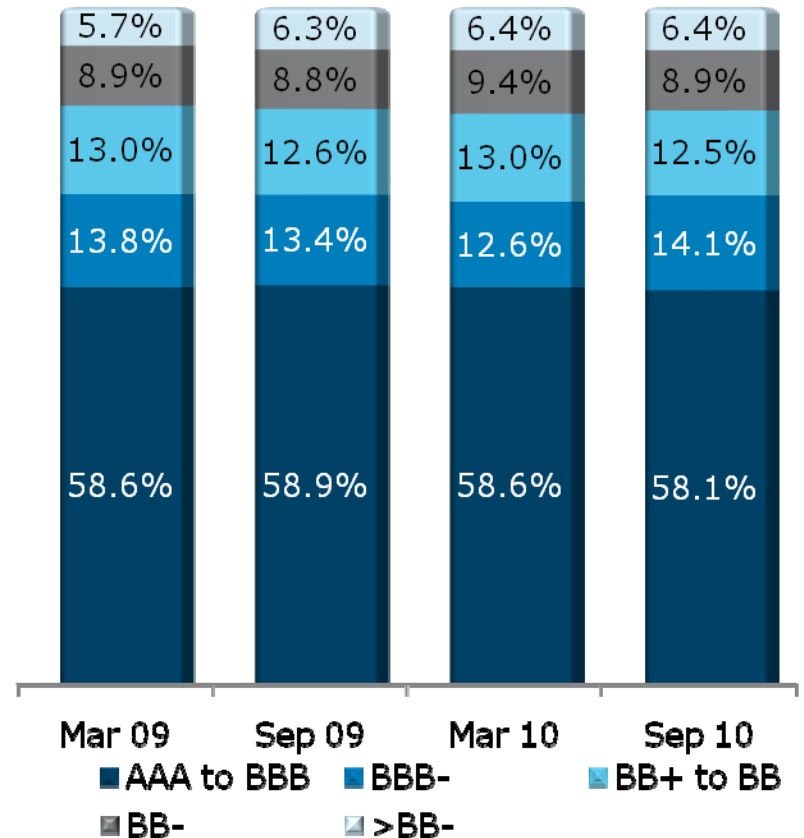
Top 5 Watch List Industries

By Exposure	By No. Groups
Agriculture, Forestry & Fishing	Agriculture, Forestry & Fishing
Mining	Property Services
Finance & Insurance	Manufacturing
Property Services	Wholesale Trade
Manufacturing	Construction

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

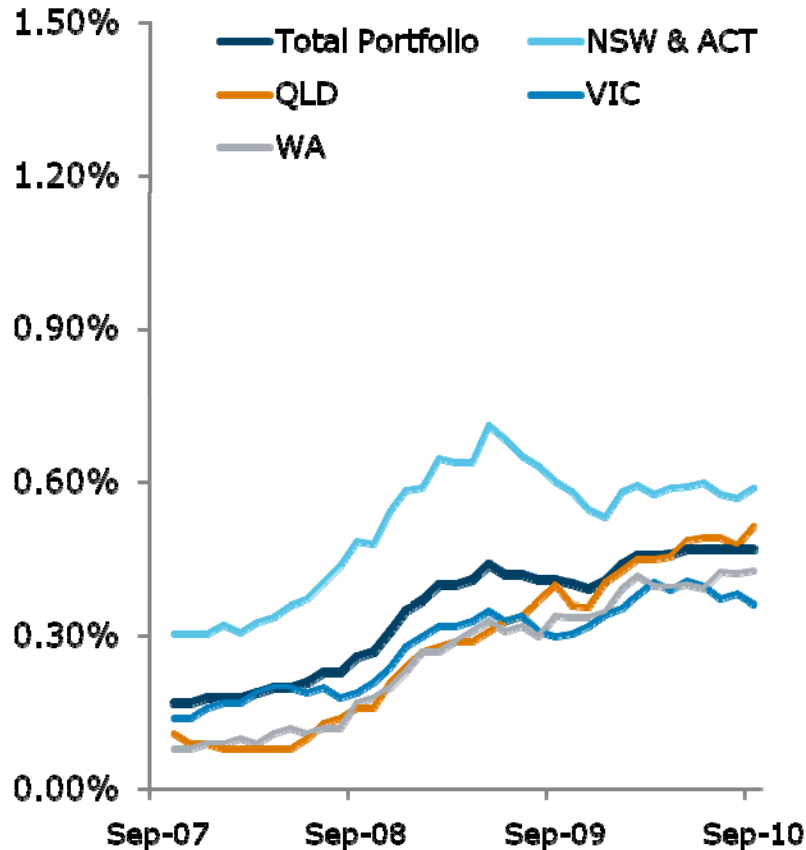
Control List - A report of high risk accounts which may or may not have defaulted

Group Risk Grade profile by Exposure at Default

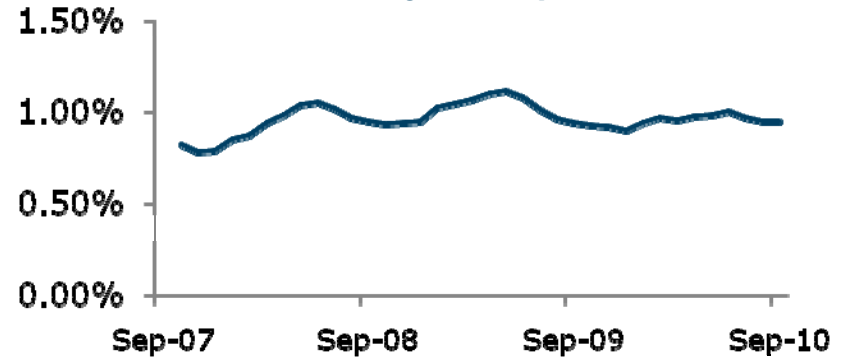


90+ days past due Australia

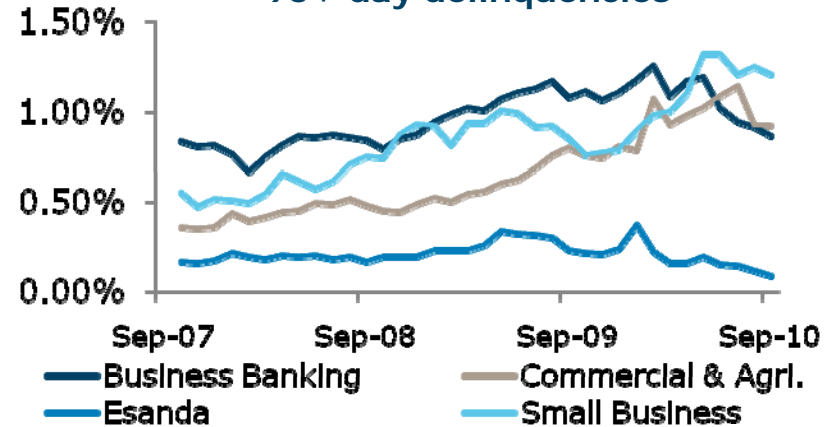
Australia Mortgages
90+ day delinquencies



Australia Cards
90+ day delinquencies



Australia Commercial
90+ day delinquencies

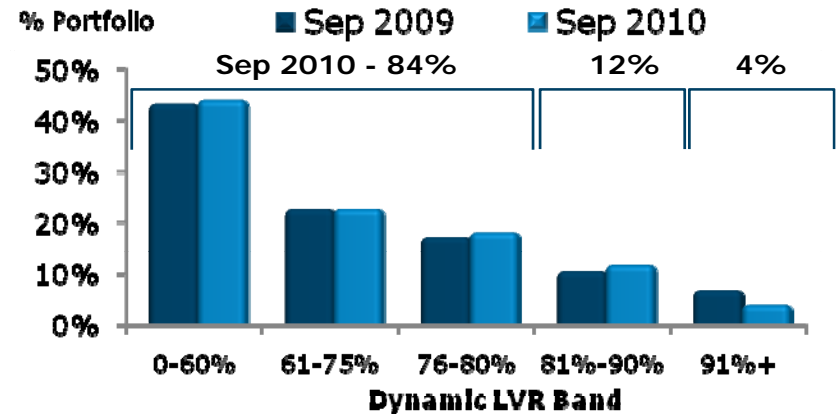


Australia Mortgages

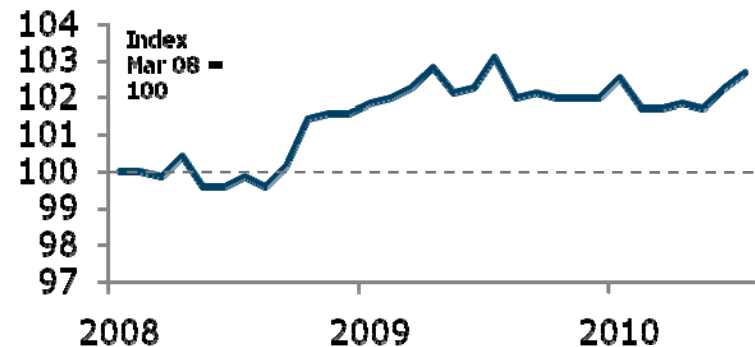
Portfolio Statistics

- All lending is on a full recourse basis
- Approvals require demonstrated serviceability
- ~830,000 loans on book
- 65% of portfolio owner occupied lending
- Average loan size at origination ~\$226k
- Average LVR at origination - 63%
- Average dynamic LVR – 46%
- No subprime mortgages
- LoDoc 80 loans (80% LVR) make up less than circa 1.3% of portfolio and closed to new flows

Dynamic Loan to Valuation Ratio

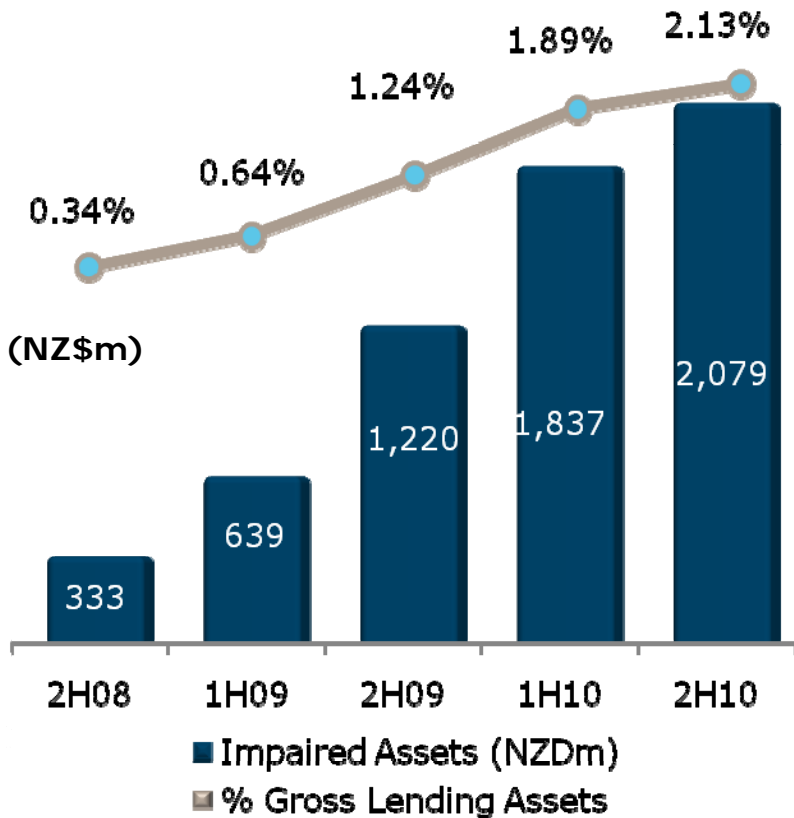


Application Quality Average Score New Applications

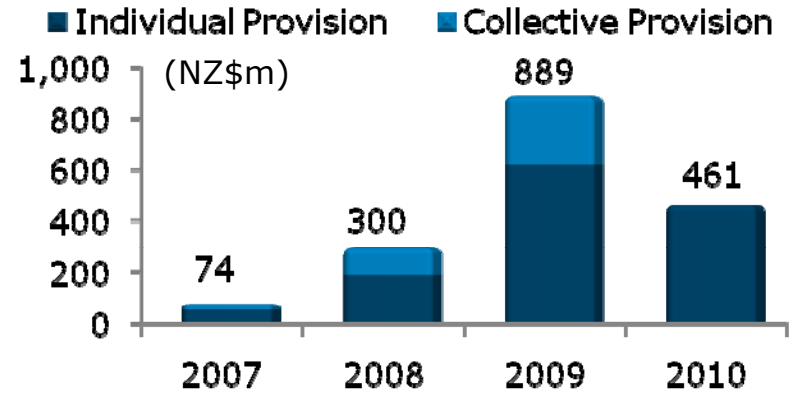


New Zealand – Risk Performance

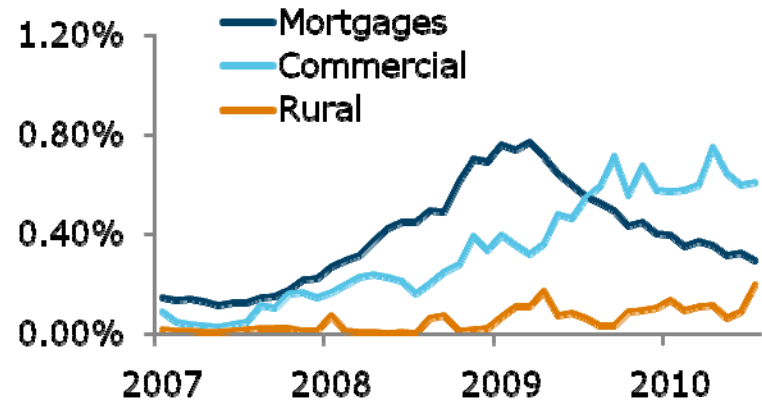
Total Impaired Assets and as % Gross Lending Assets



Total Provision Charge

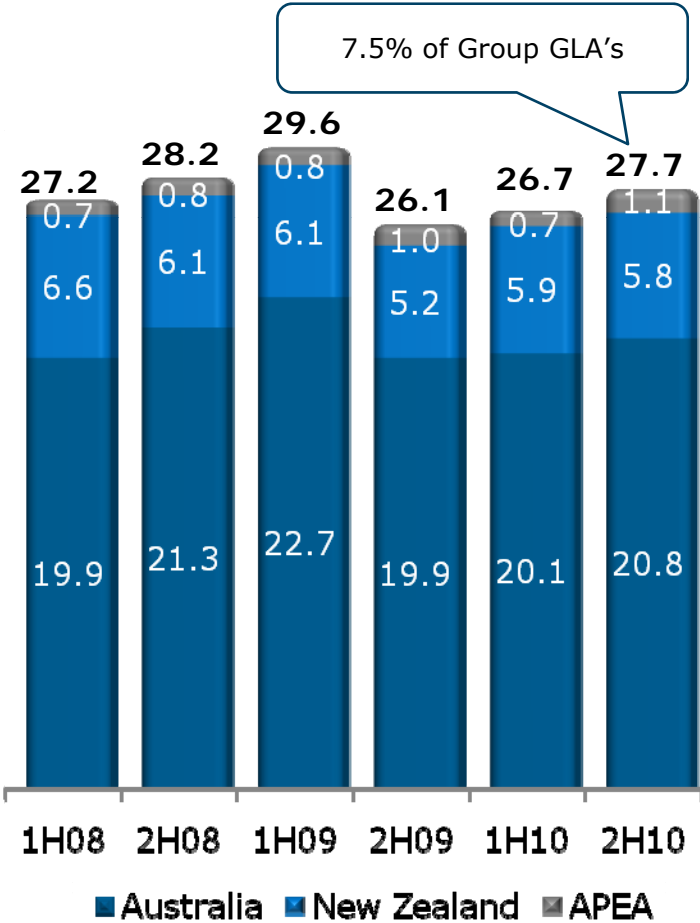


90+ Days Arrears



Commercial Property Credit Exposure

Commercial Property Exposure
GLA by Region (A\$b)



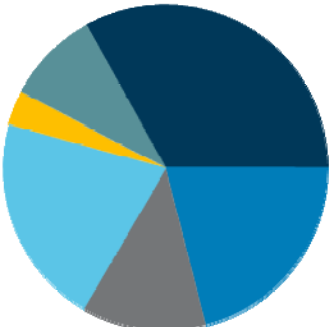
Commercial Property Exposure
by Sector

Australia



- Offices
- Retail
- Residential
- Industrial
- Tourism
- Other

New Zealand



- Offices
- Retail
- Residential
- Industrial
- Tourism
- Other



Investor Discussion Pack

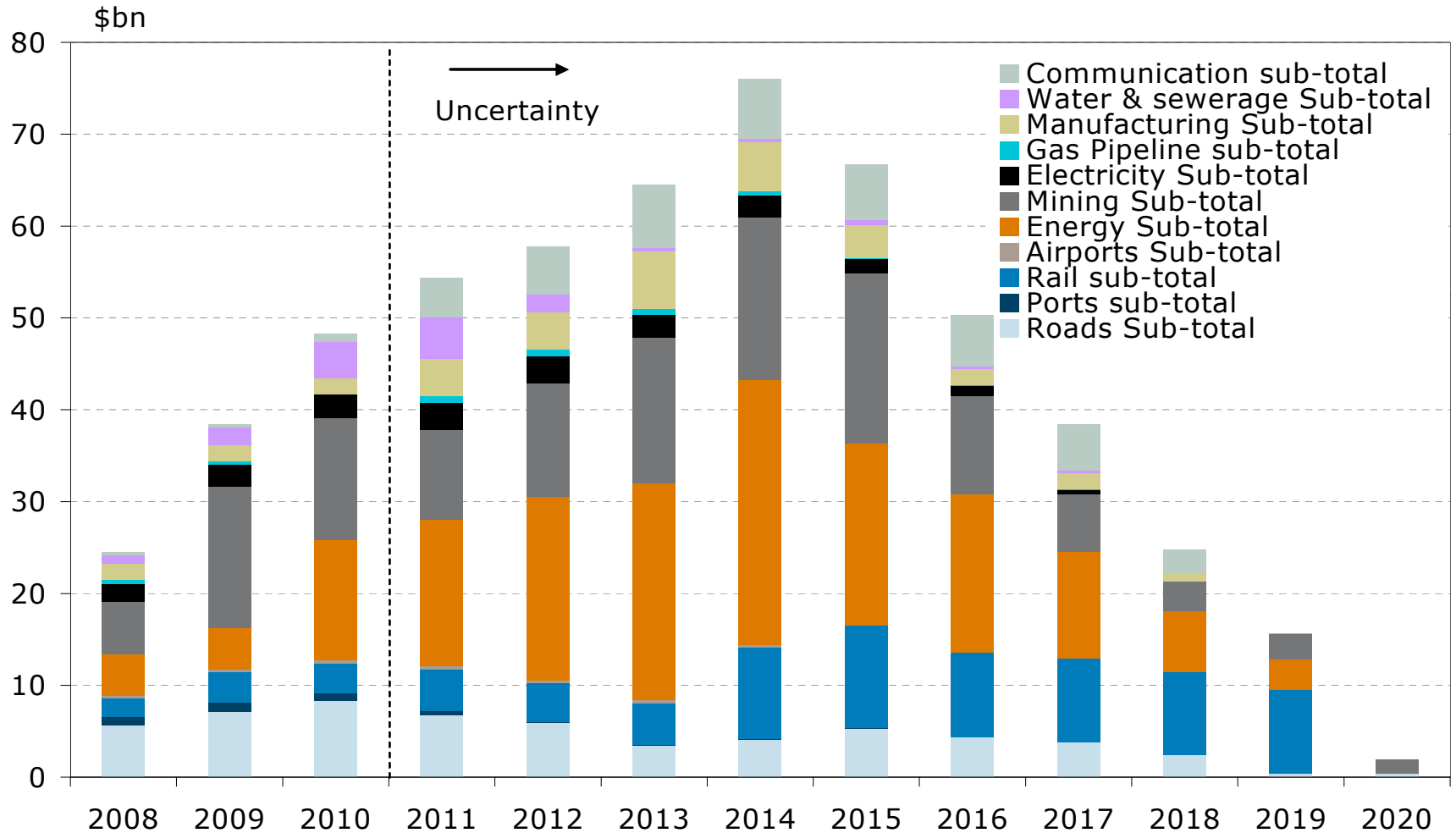
AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED

March 2011

Economics



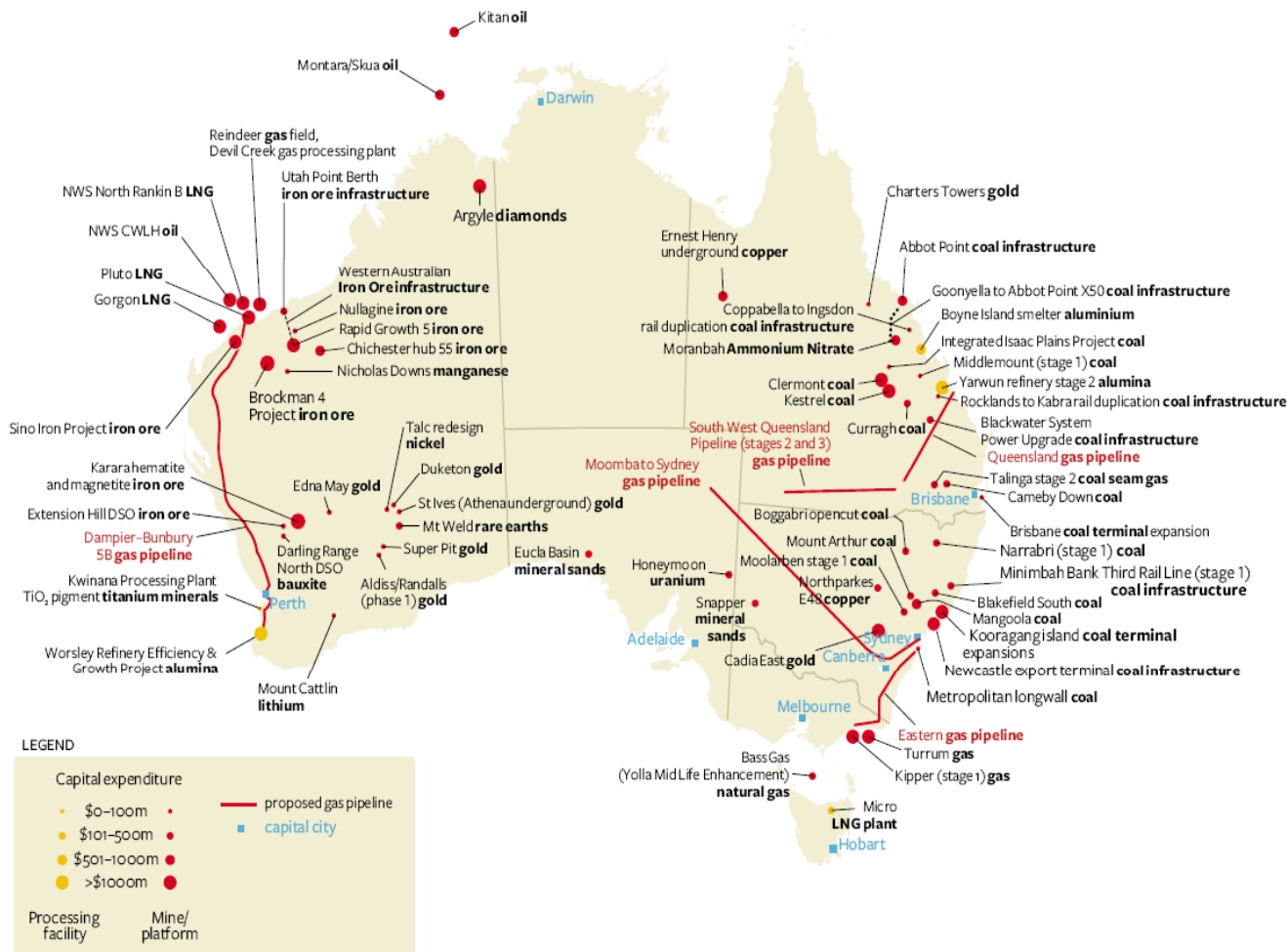
Exceptionally strong investment outlook over next few years



Sources: Access Economics and ANZ

The outlook for mining investment has rarely been stronger

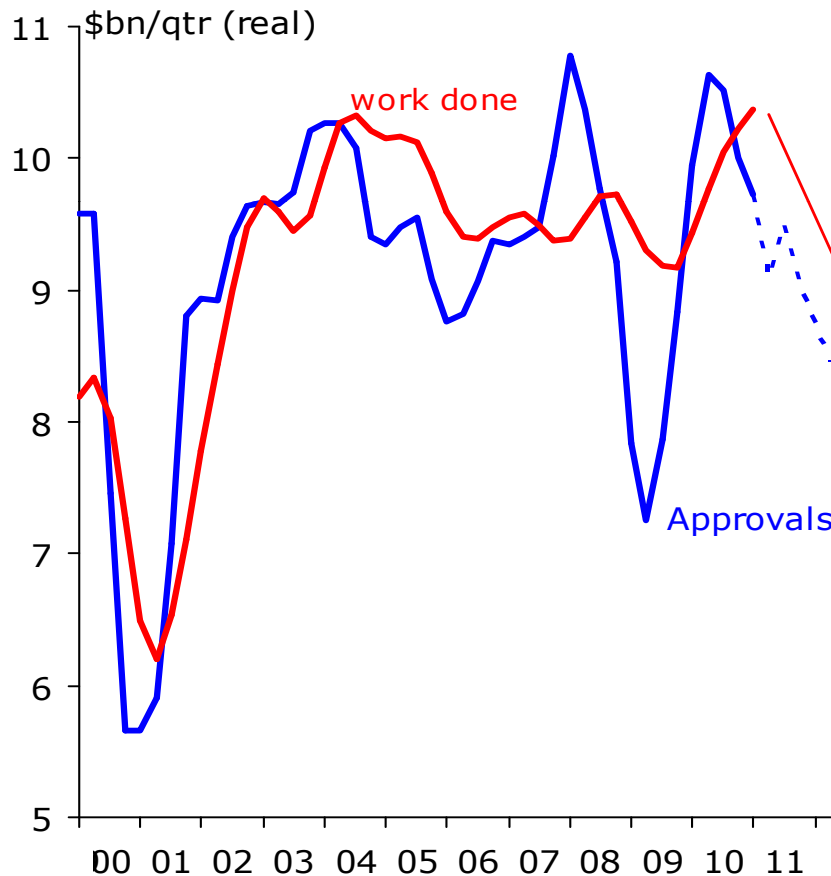
ABARE Advanced Mining Projects, June 2010



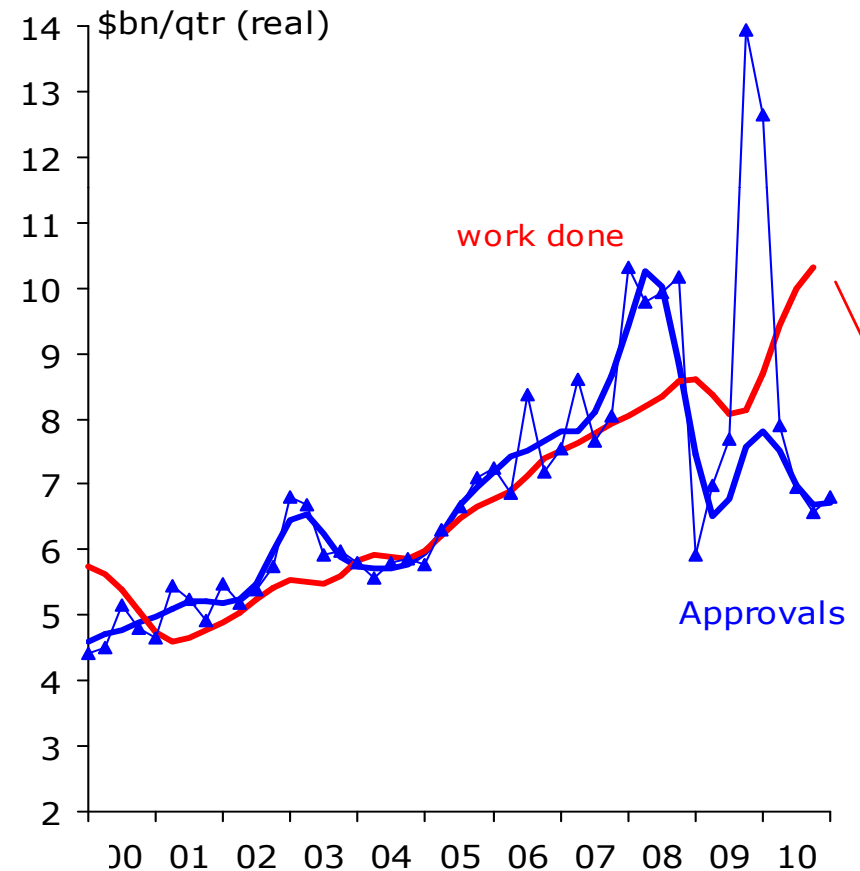
Sources: ABARE

Building activity will slump in 2011 – despite Qld flood rebuild

New residential



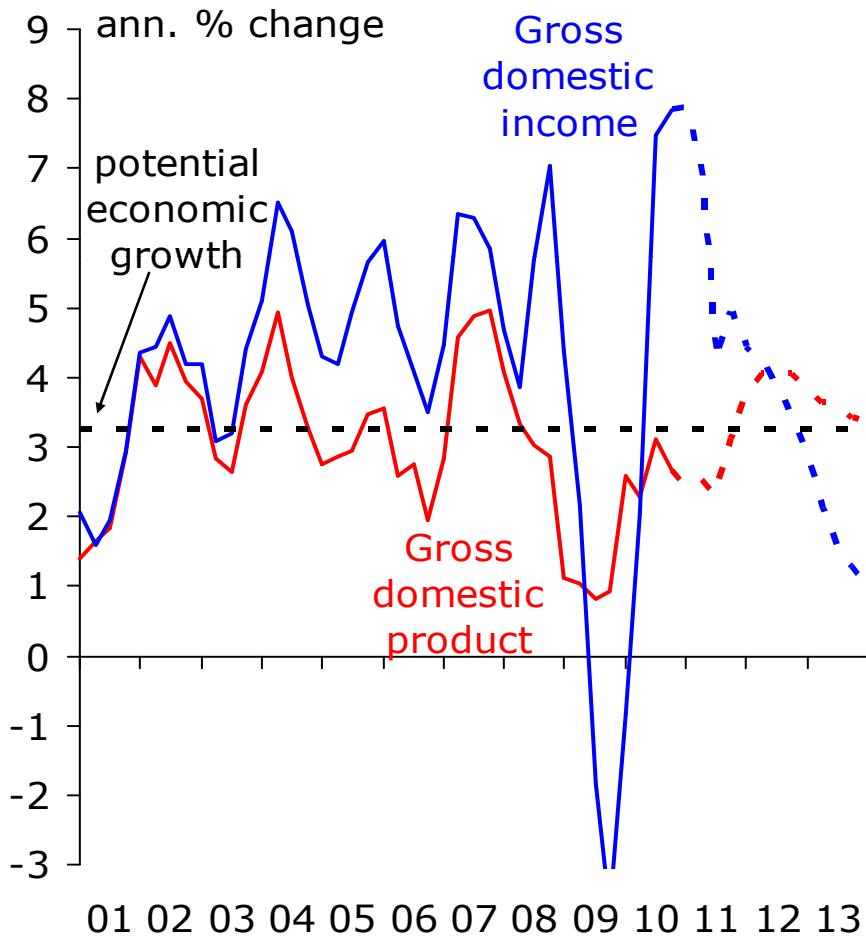
Non-residential building (excl. eng. con.)



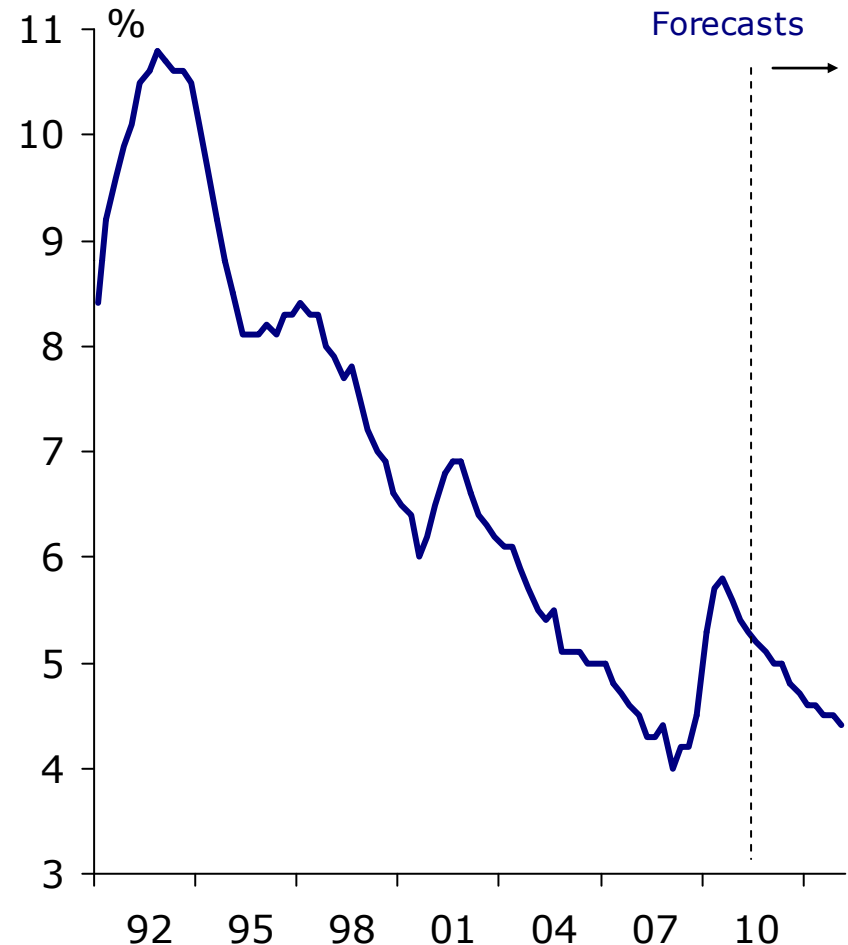
Sources: ABS, ANZ Economics and Markets Research

Australia heading towards above trend growth and unemployment will continue to fall

GDP growth



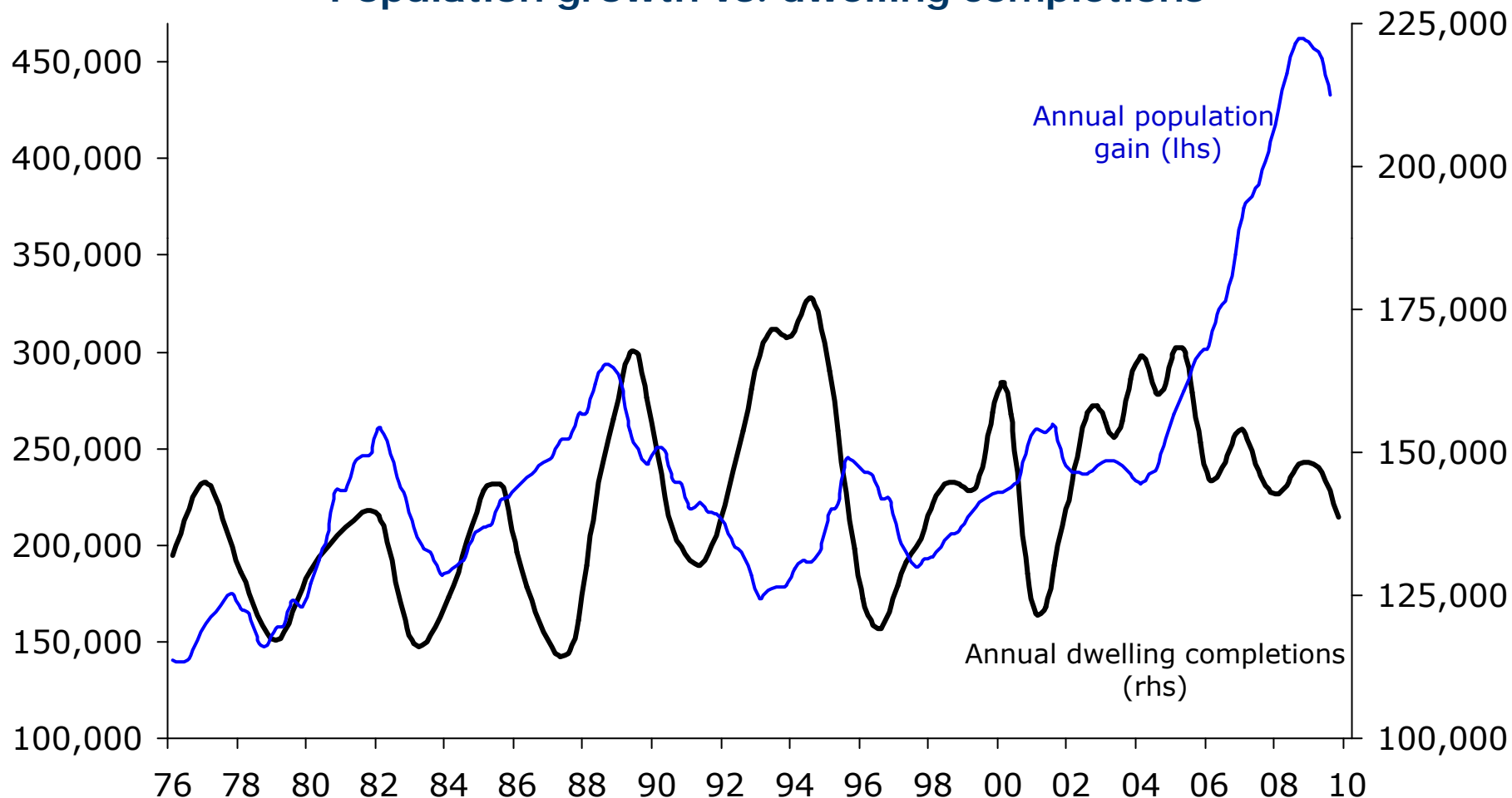
Unemployment rate



Sources: ABS and ANZ Economics and Markets Research

Record population growth coupled with undersupply

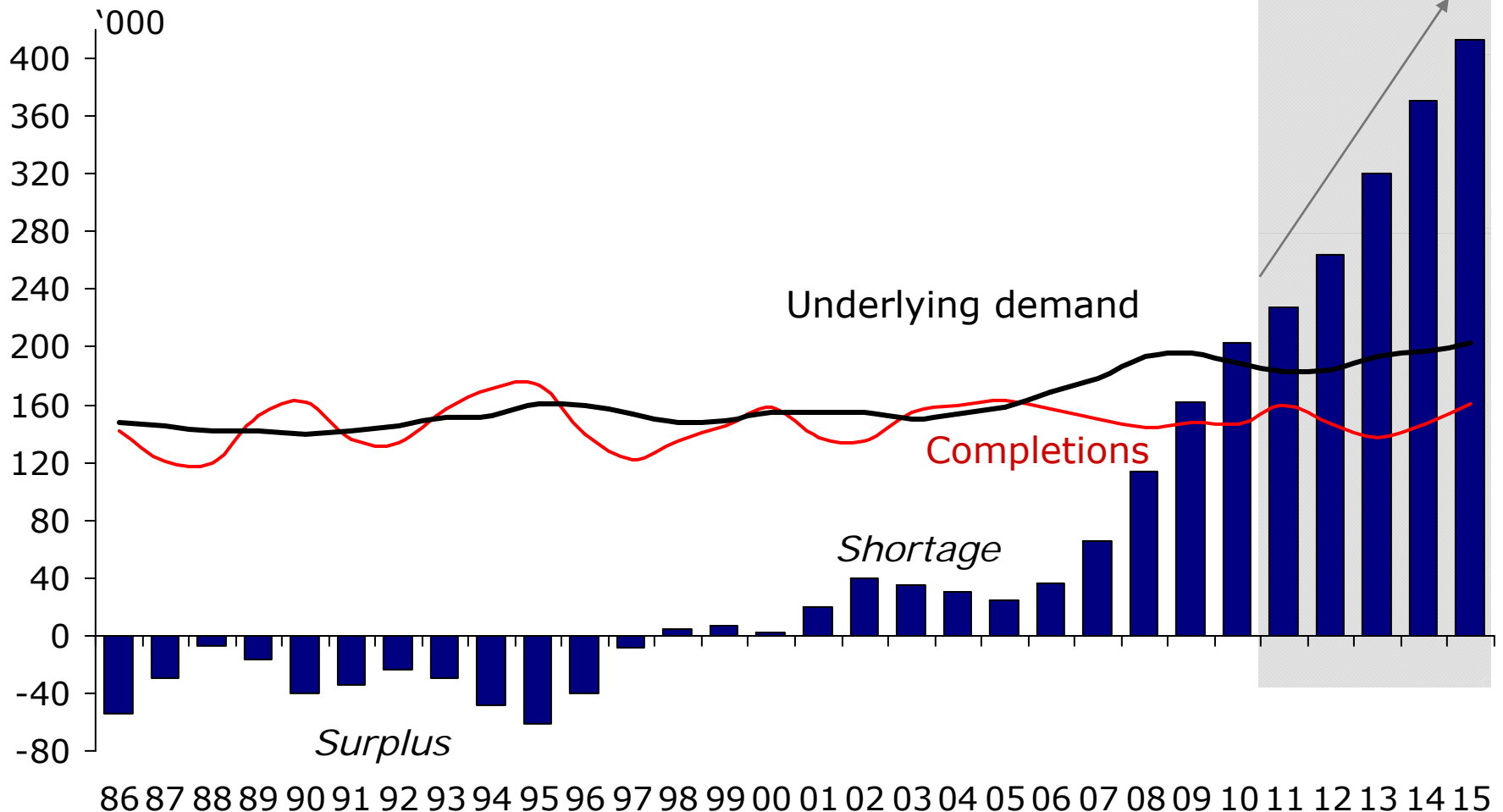
Population growth vs. dwelling completions



Sources: ABS, ANZ Economics and Markets Research

The housing shortage has already reached unprecedented levels – and will get much worse!

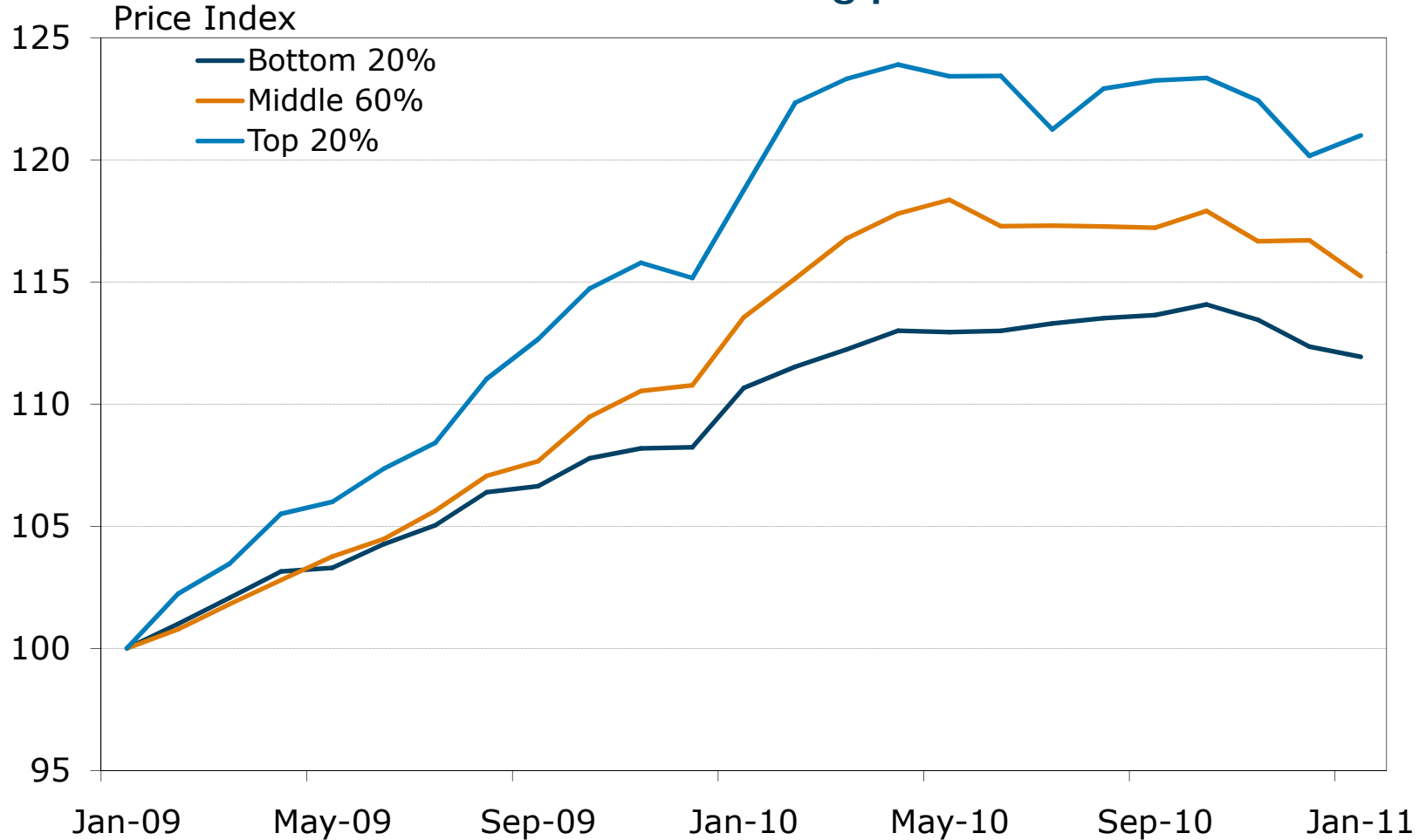
Housing market balance



Sources: ABS, ANZ Economics and Markets Research

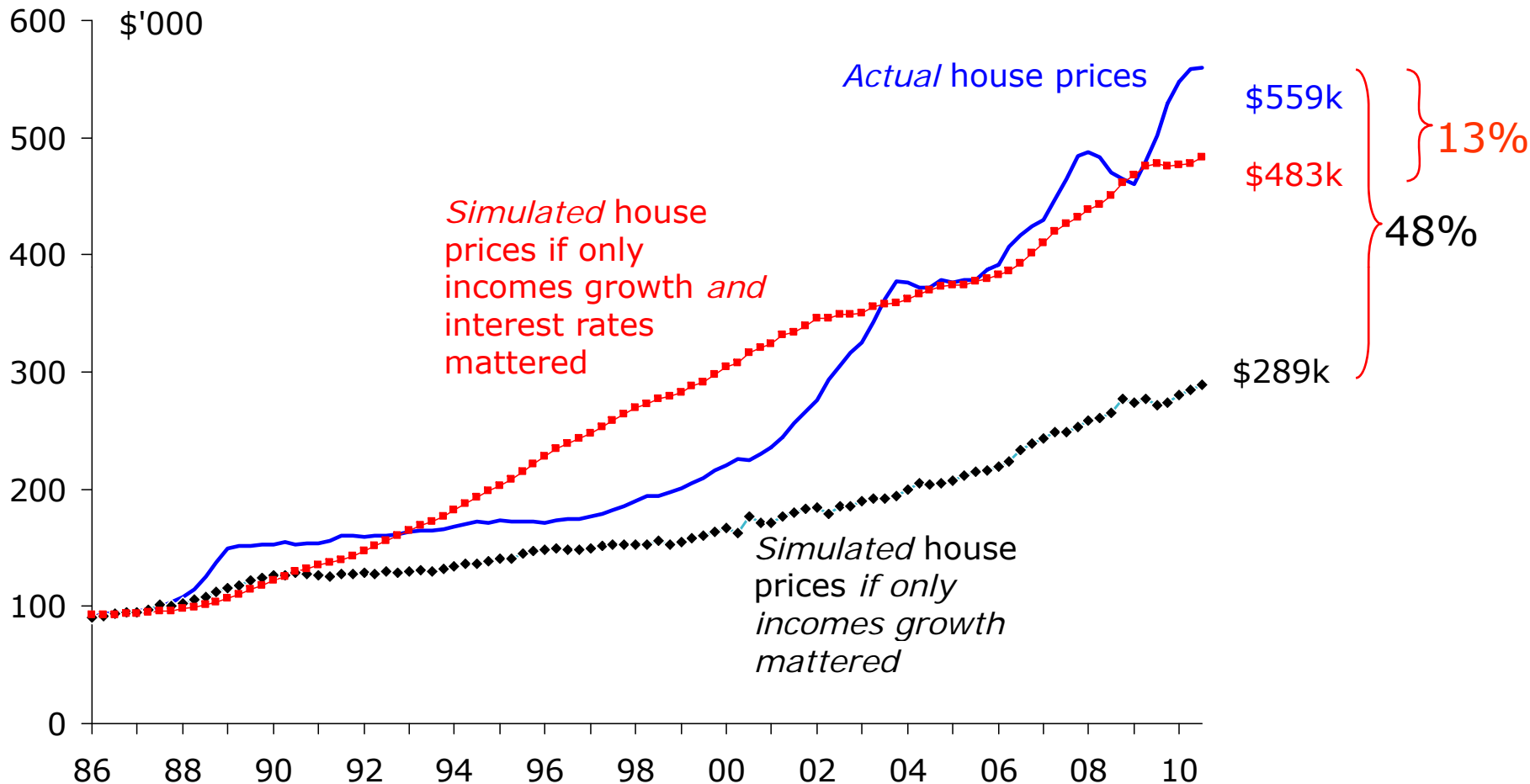
Recovery in dwelling prices has been broadly-based

Australian dwelling prices



Source: RP Data Rismark

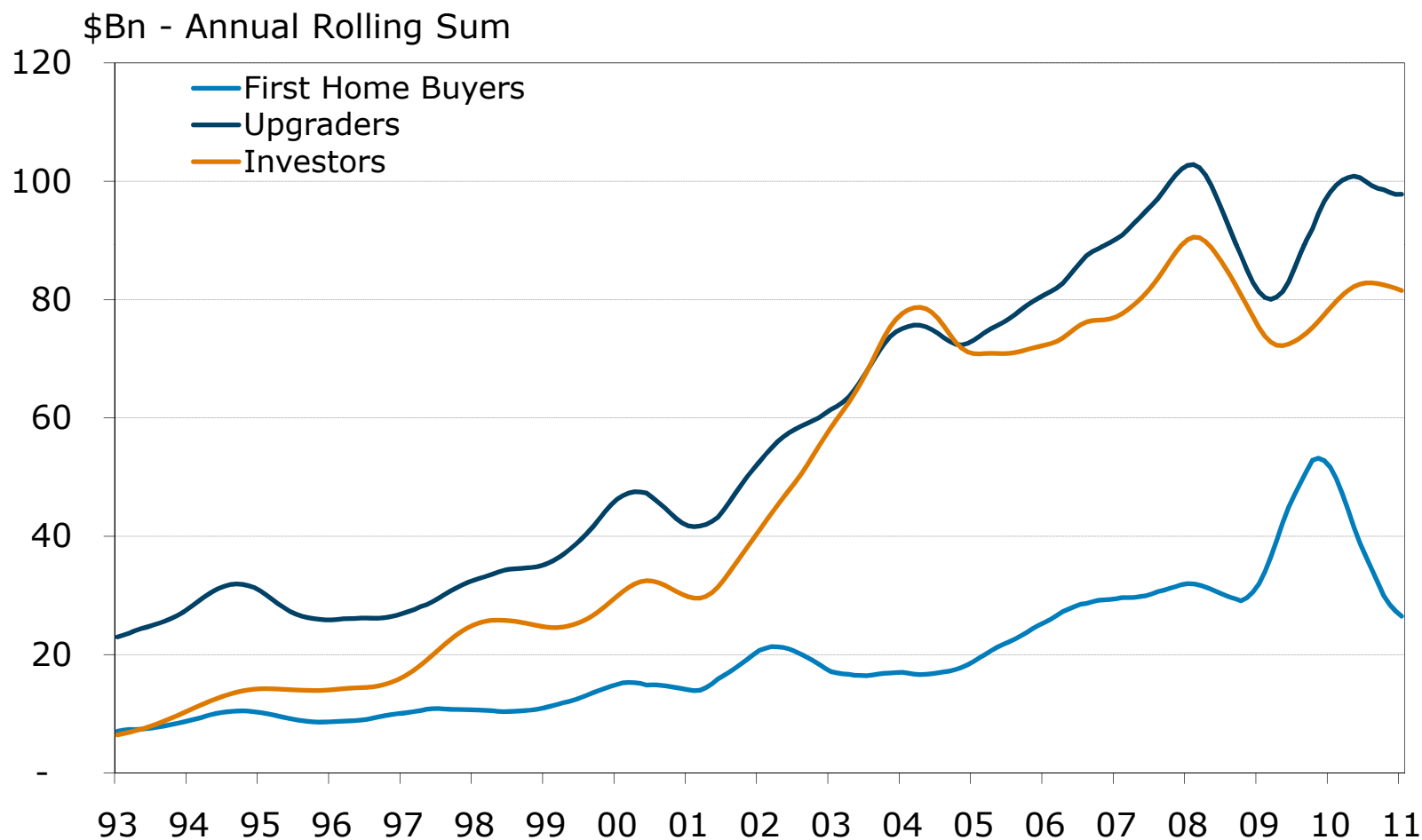
Most of the growth in house prices since mid-1980s is accounted for by rising incomes & lower interest rates



Sources: ABS, RBA, ANZ Economics and Global Markets Research

Changing composition in those seeking finance approvals

Housing finance approvals (trend value)



Sources: ABS, RBA, ANZ Economics and Markets Research

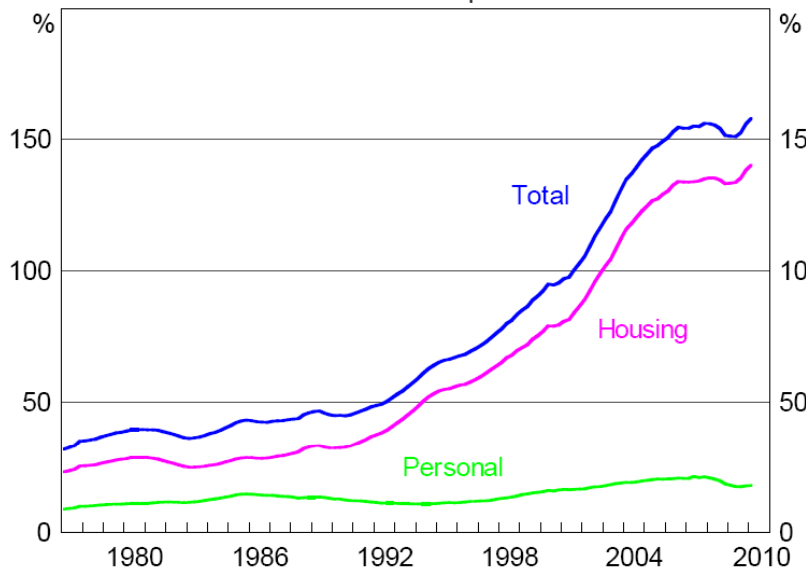
Distribution of debt rather than the aggregate debt is a key factor...

Increased household debt has been directed towards residential property, not personal consumption

And has been taken up by higher income households with the capacity to service

Household Debt

Per cent of household disposable income*

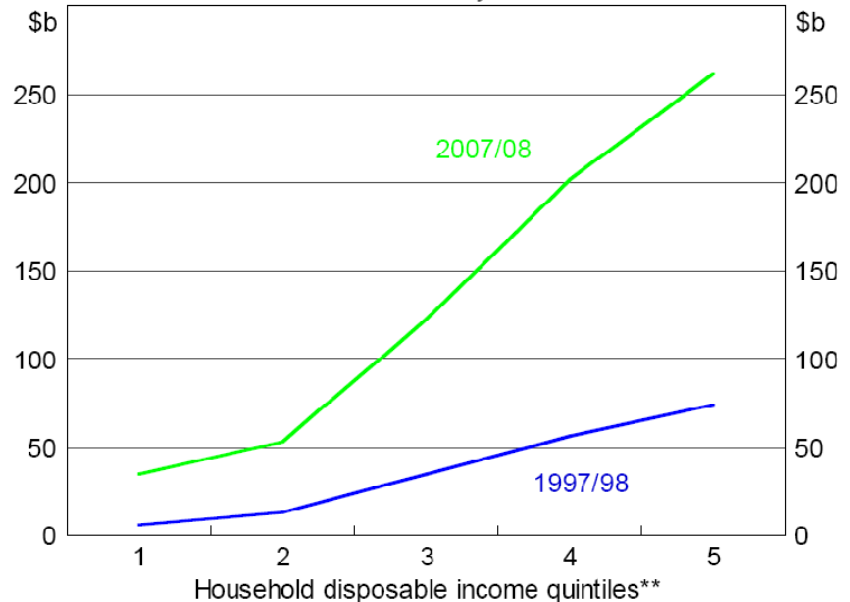


* Household sector excludes unincorporated enterprises. Disposable income is after tax and before the deduction of interest payments.

Sources: ABS; RBA

Owner-Occupier Debt*

Value of debt held by households



* Average debt over the year

** Quintiles include all households

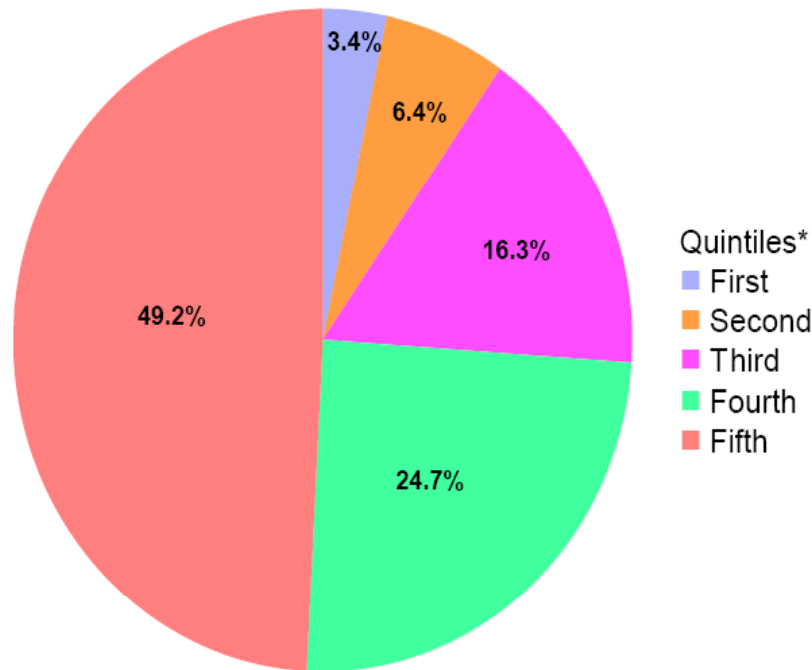
Sources: ABS; RBA

Source: RBA paper "Aspects of Australia's finances" 15 June 2010

Complexion of household debt

Indebted Households

Share of household debt held by income quintiles, 2006

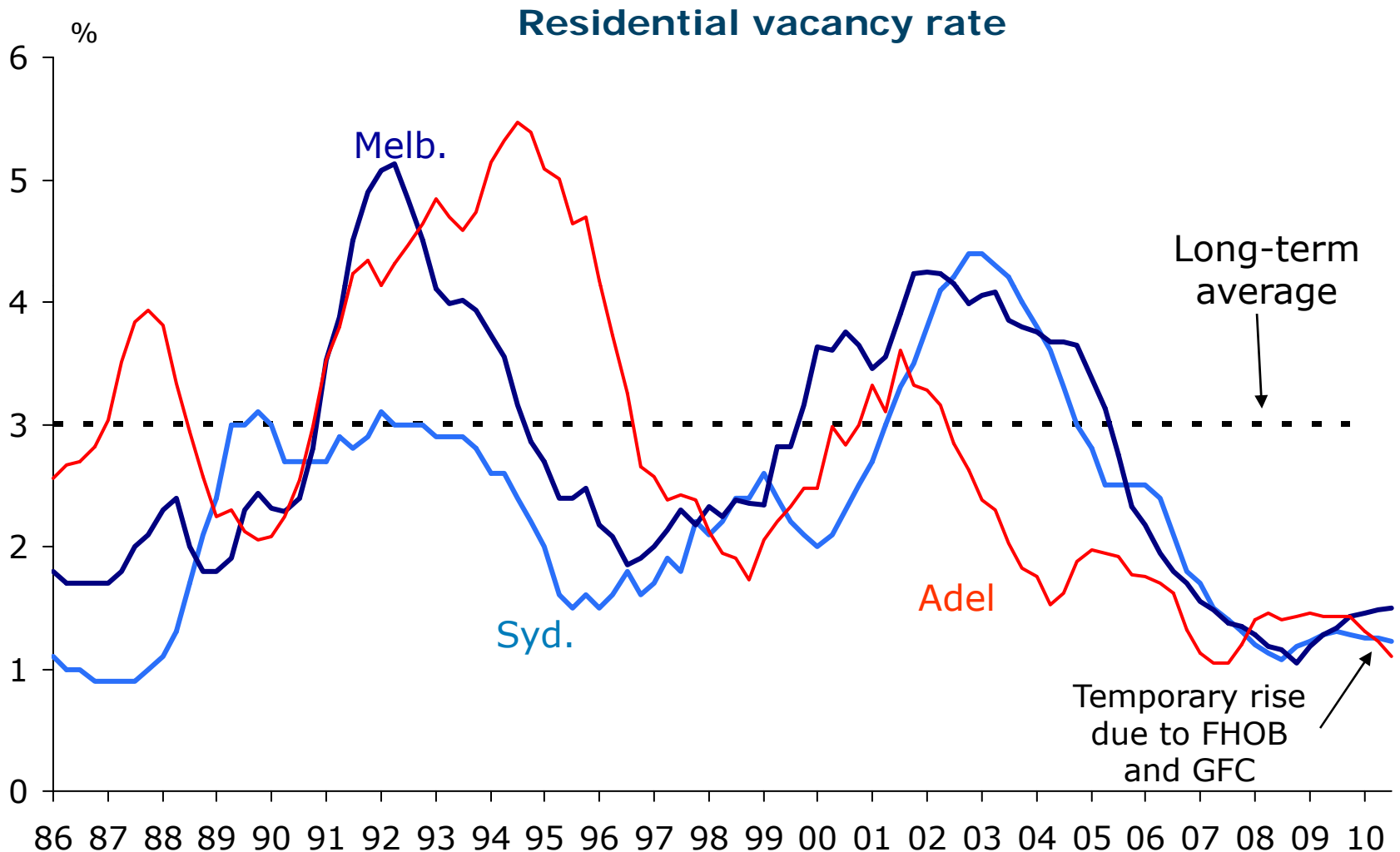


* Income quintiles include all households
Sources: HILDA Release 6.0; RBA

- Household debt up but also total assets held by households
- Debt largely used to acquire assets
- Financial assets (i.e. ex housing) now equivalent to 2.75 years of income up from 1.75 years of income in the early 1990's
- Increased debt mostly taken on by households in the strongest position to service it (high income quintile)
- Households in the top two quintiles account for 75% of all outstanding debt
- Bottom two income quintiles account for 10% of household debt

Source: RBA paper "Aspects of Australia's finances" 15 June 2010

Vacancies tight (despite FHOB) and will tighten further in years ahead



Australian house prices

Fundamentals are sound

- Nominal house prices and ratio to income elevated
- House price to income ratio ignores interest rates / debt servicing
- Fundamentals are currently very supportive
- Housing shortage worsening
- Cyclical upturn underpinned by resources boom and authorities well placed to respond to any future crisis

Household sector well placed

- Economy/labour market solid, unemployment falling – few forced sales (historically a pre-requisite for significant price falls)
- Low delinquencies reflect comfortable debt servicing
- Lending standards critical to sustainability

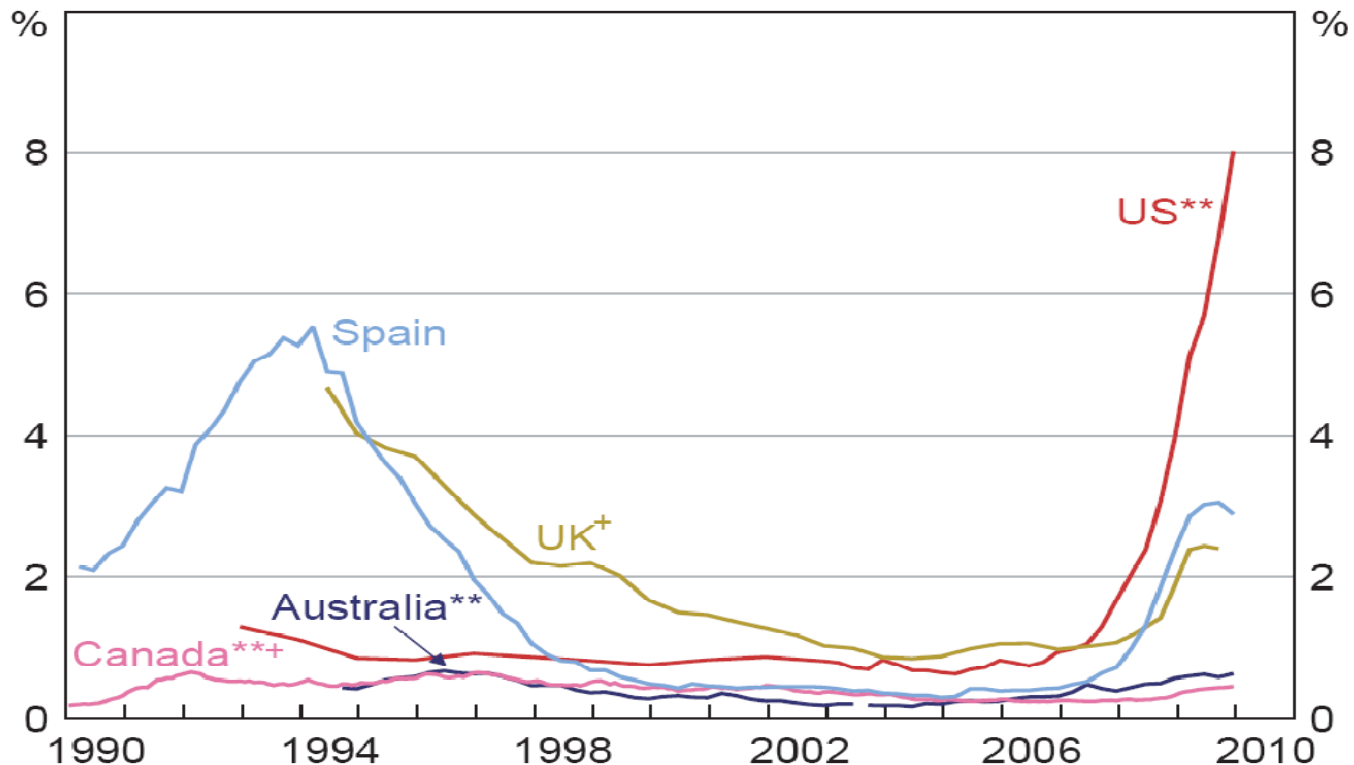
Financial system solid

- On balance sheet lending = incentives re. sustainable serviceability
- Conservative lending = low delinquencies
- Full recourse lending cf. US = less incentive to default
- Variable interest rate policy works

Conservative lending, supportive policy and strong economy has meant a very resilient housing market

Non-performing Housing Loans

Per cent of loans*



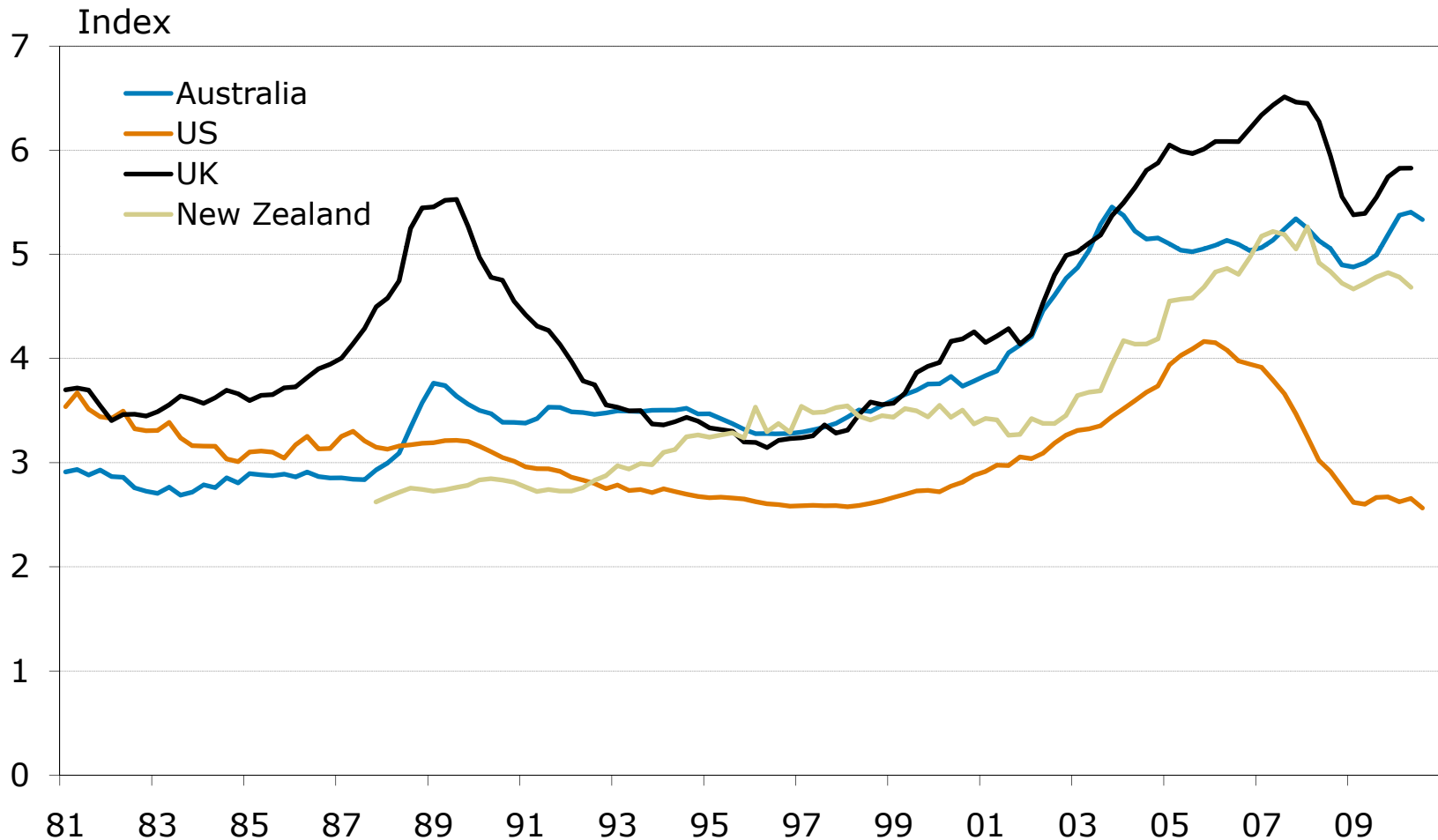
* Per cent of loans by value. Includes 'impaired' loans unless otherwise stated.
For Australia, only includes loans 90+ days in arrears prior to September 2003.

** Banks only.

+ Per cent of loans by number that are 90+ days in arrears.

Australian house prices have broadly tracked incomes since 2004 (incomes rising strongly due to terms of trade)

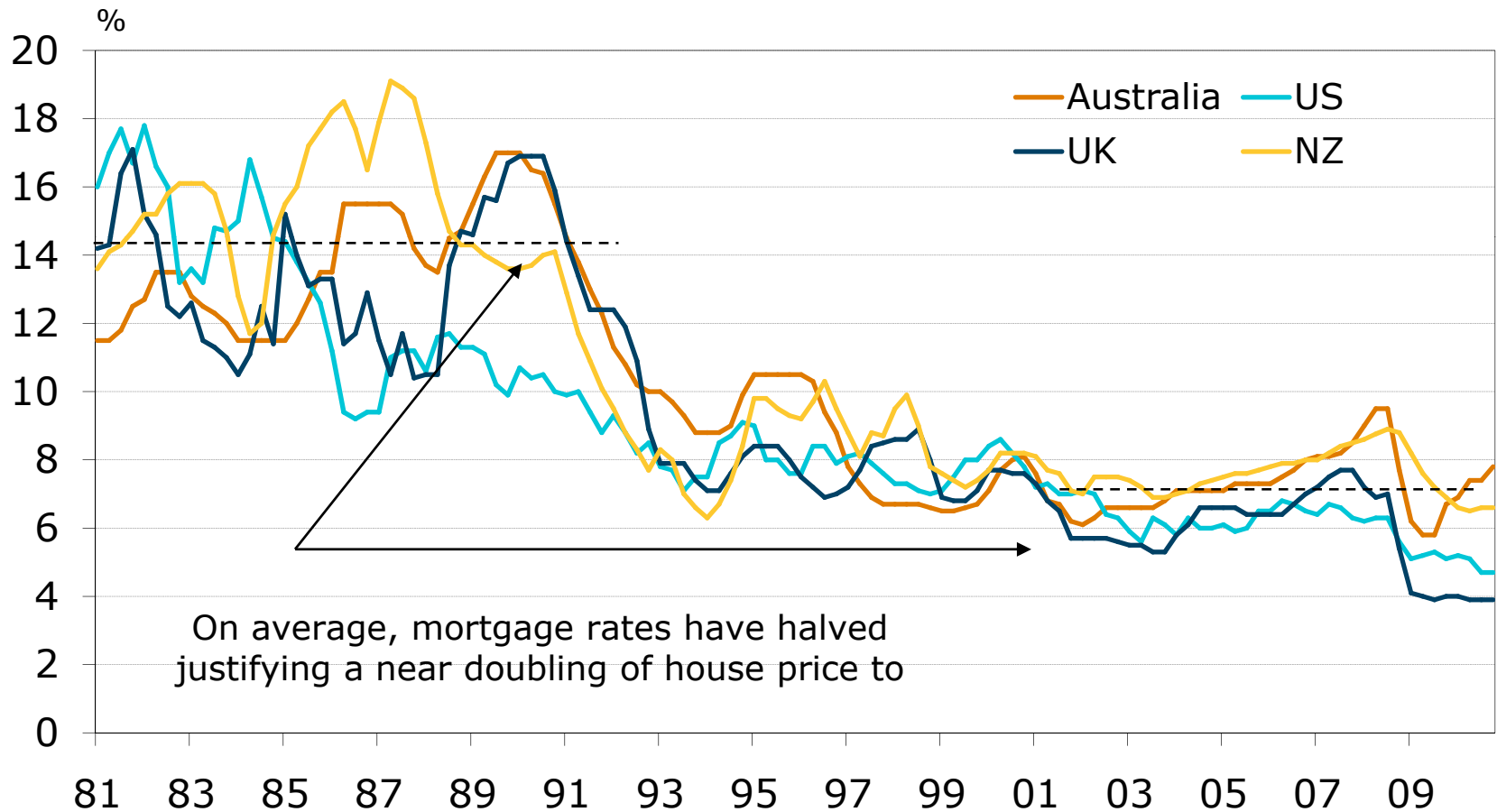
House price to income ratio



Sources: RP Data-Rismark, RBA, ANZ Economics and Markets Research

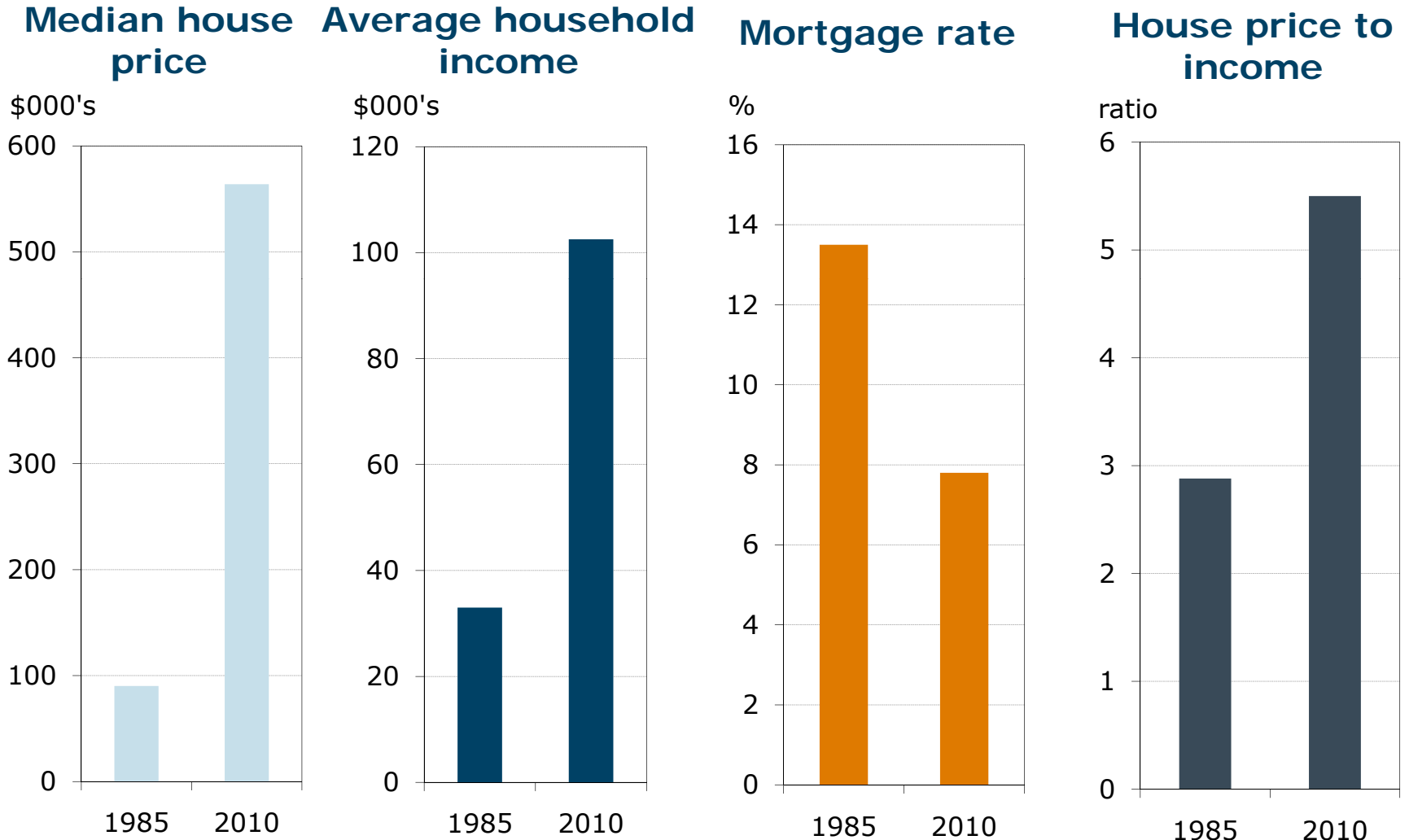
A structural lowering (halving) of mortgage rates has significantly improved debt serviceability

Mortgage interest rates



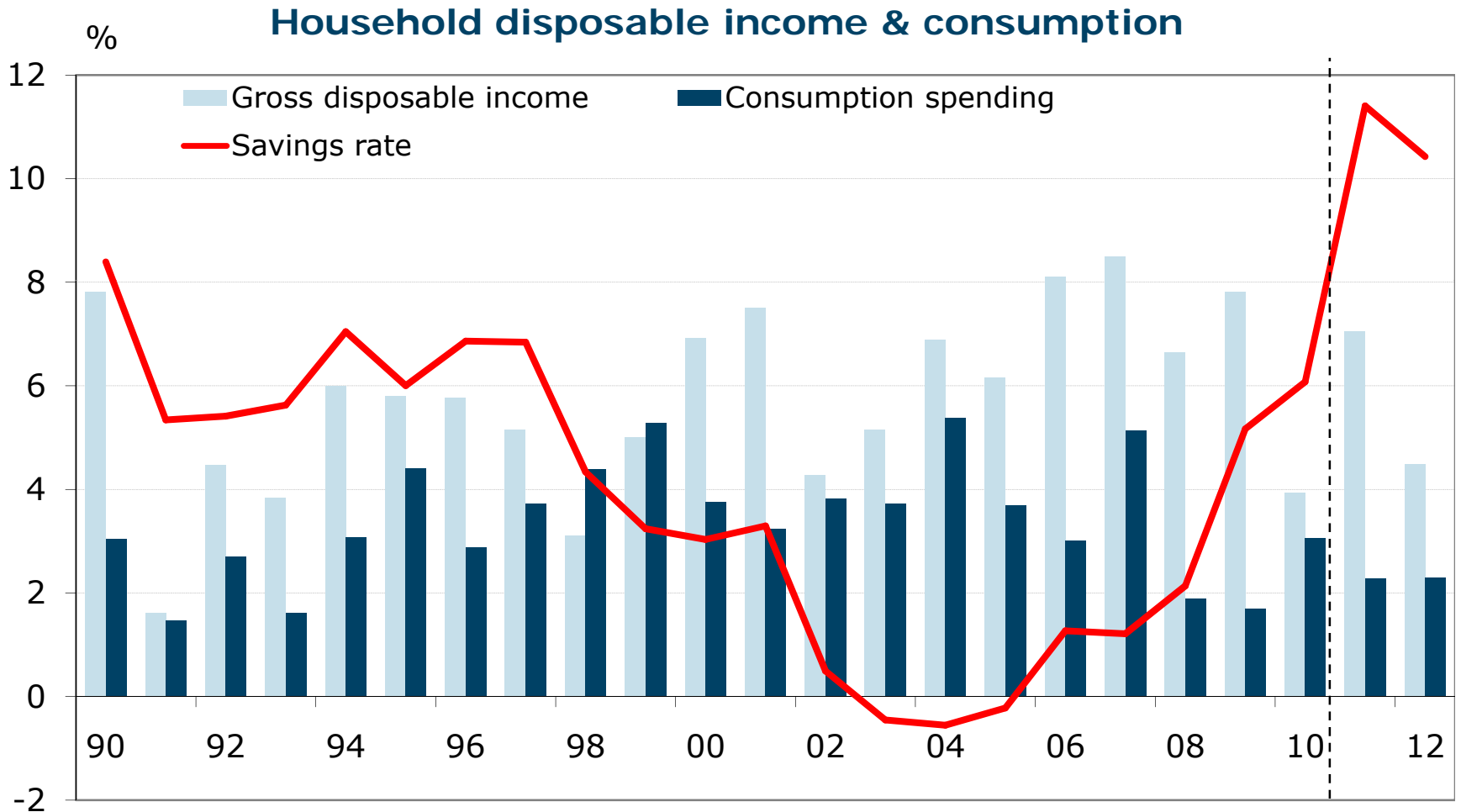
Sources: ABS, Datastream, ANZ Economics and Markets Research

Increase in house price to income ratio almost fully accounted for by the halving of mortgage rate



Sources: ABS, RBA, ANZ Economics and Markets Research

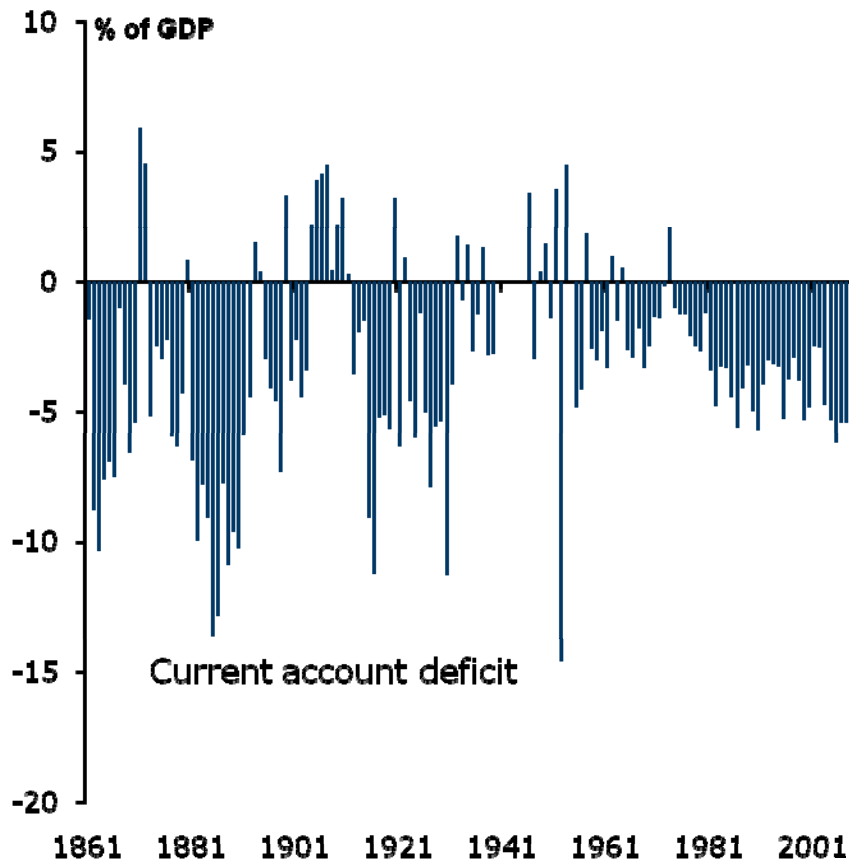
Household incomes and consumption



Source: ANZ, RBA, ABS

Australia has run a current account deficit for most of the past 150 years

Current account deficit



- The current account deficit is the gap between national saving and national investment
- That Australia has run a deficit for such a long period suggests the country has more investment opportunities than it can fund out of domestic saving
- By running such deficits and capitalising on these investment opportunities, Australia has been able to grow its economy and labour market at a much faster rate than if it had relied solely on domestic saving. Our living standard will have been considerably lower on domestic saving alone.
- A natural consequence of running continual current account deficits (flow) is a build up in net foreign liabilities (stock) – from 40% of GDP in 1989 to 60% of GDP in 2009.

Sources: ABS, RBA, Butlin

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