



1999 Interim Results

Australia and New Zealand Banking Group Ltd

May 1999

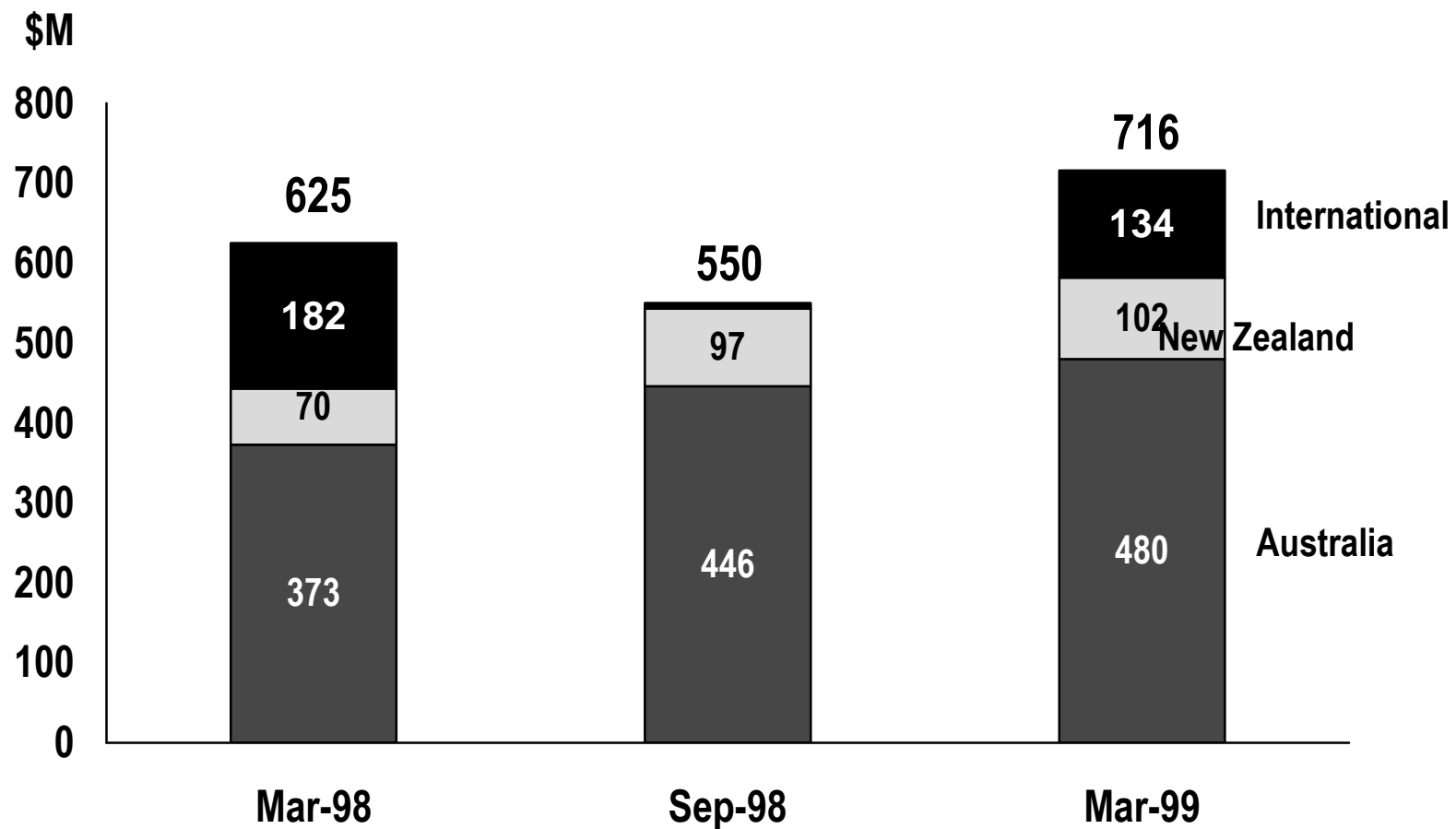




Financial Highlights

- m **Profit \$716 million (\$625m)**
- m **Earnings per share growth of 8% to 44.7c (41.3c)**
- m **Interim dividend up 8% to 26 cents, 75% franked (24c, 60% franked)**
- m **Return on shareholders' equity 17.3% (17.1%)**
- m **Cost income ratio 55.8% (59.9%)**
- m **Economic loss provision charge and specific provisions stabilised**

Profit After Tax By Geography



1999 Shareholder Value Scorecard

Original promises:

1999 1H Scorecard

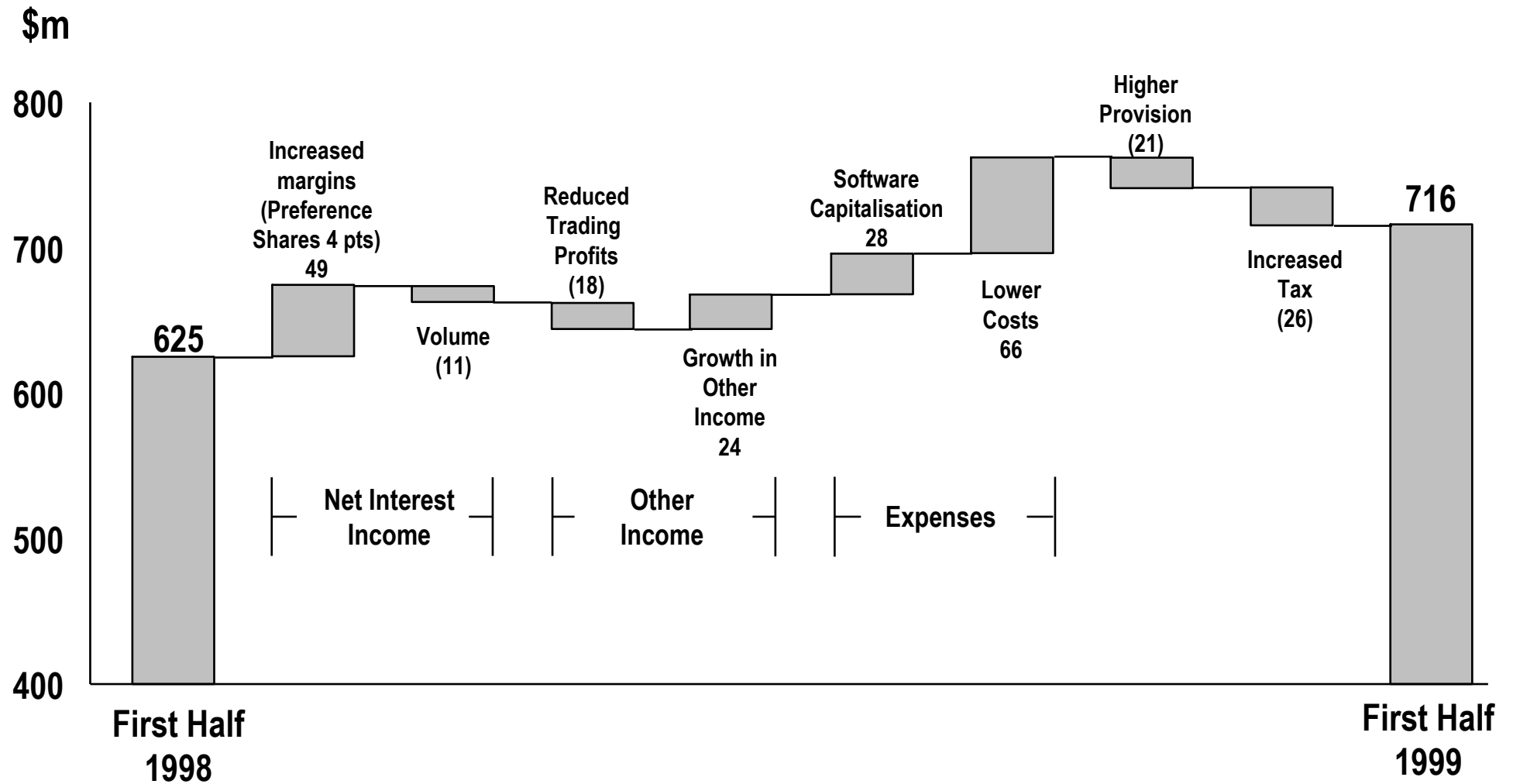
• double digit earnings growth	15% (8% EPS)
• ROE minimum 15%	17.3%
• cost income ratio down from 63.1% target 53%	55.8%
• reduce risk	On track
m No abnormals. No major surprises	



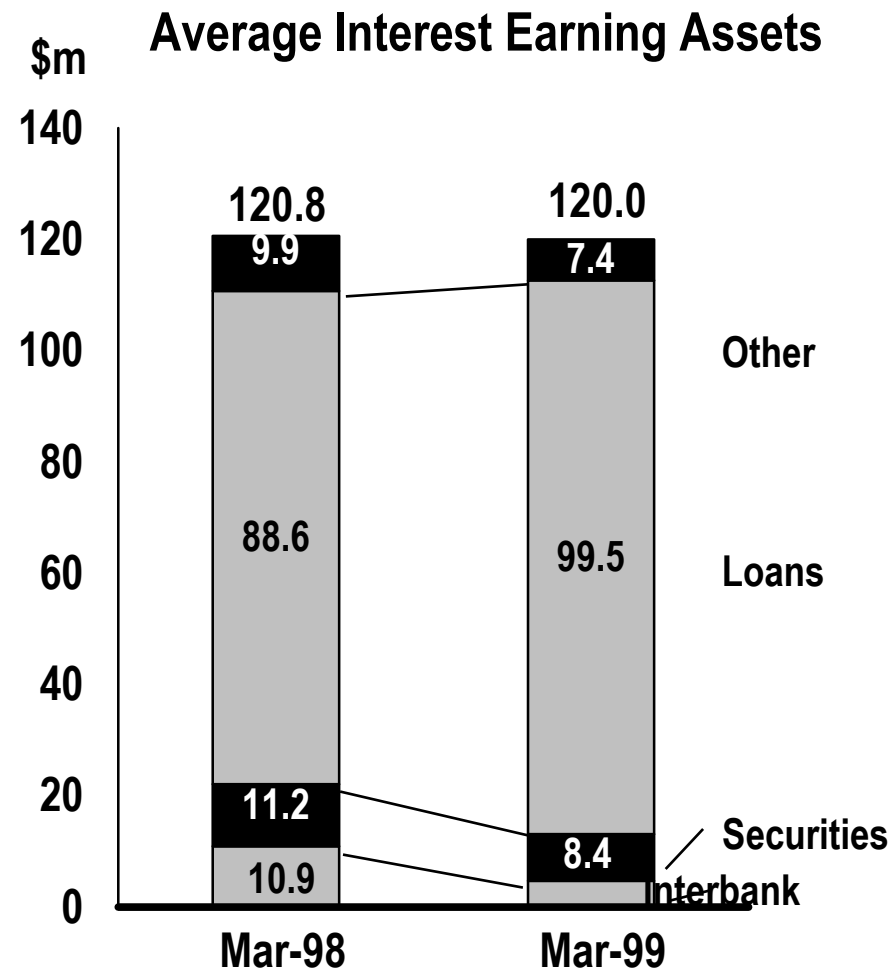
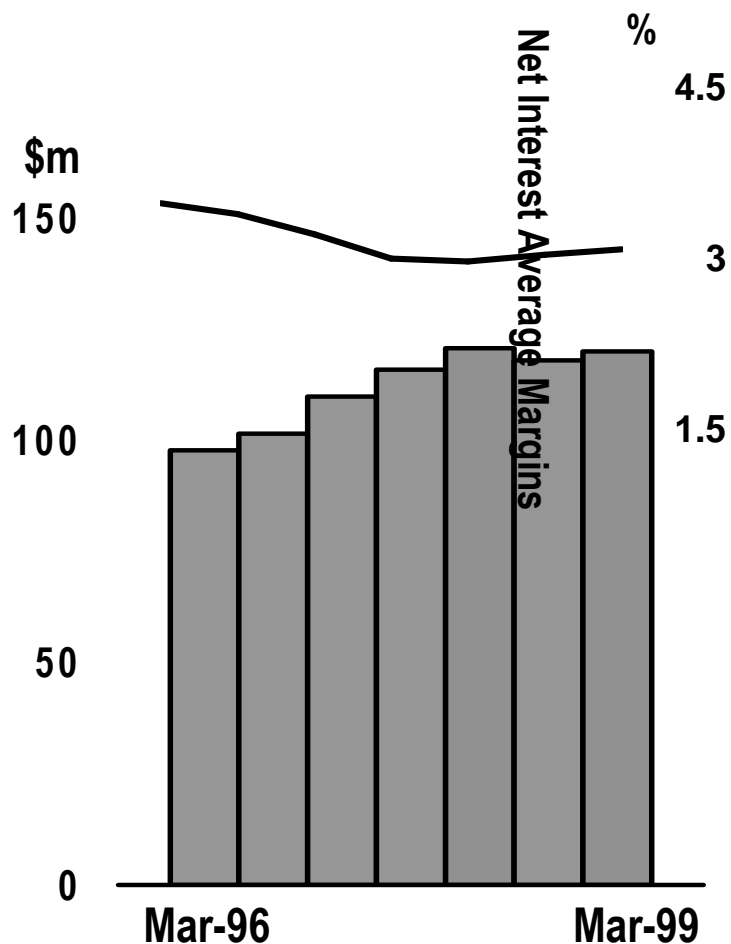
Profit & Loss

A\$M		Mar-96	Sep-96	Mar-97	Sep-97	Mar-98	Sep-98	Mar-99
Net Interest Income		1,645	1,682	1,718	1,719	1,773	1,774	1,811
	Fees	628	652	660	733	740	766	819
	FX	116	106	111	126	196	177	180
	Trading Securities	44	65	80	102	62	<145>	44
	Other	104	124	149	149	130	173	91
Net Income		2,537	2,629	2,718	2,829	2,901	2,745	2,945
Expenses	Personnel	879	926	954	995	972	882	860
	Premises	193	192	184	178	172	175	157
	Computer	159	169	173	157	168	173	186
	Other	404	418	383	388	385	391	391
Sub Total		1,635	1,705	1,694	1,718	1,697	1,621	1,594
Restructuring Costs		10	47	-	90	40	80	49
Total Expenses		1,645	1,752	1,694	1,808	1,737	1,701	1,643
Profit Before Provisions		892	877	1,024	1,021	1,164	1,044	1,302
Doubtful Debts		114	61	197	203	237	250	258
Tax		253	216	243	223	298	239	324
NPAT Before Abnormals		520	596	580	591	625	550	716
Abnormal Items		-	-	<31>	<116>	-	<69>	-
NPAT and Abnormals		520	596	549	475	625	481	716

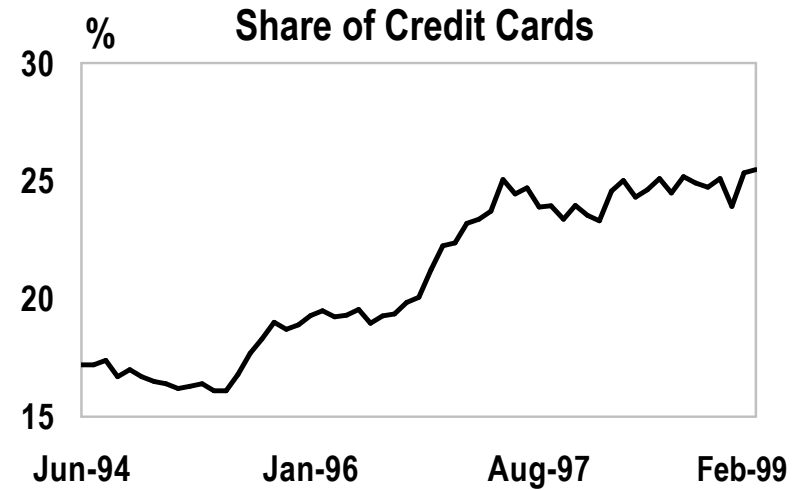
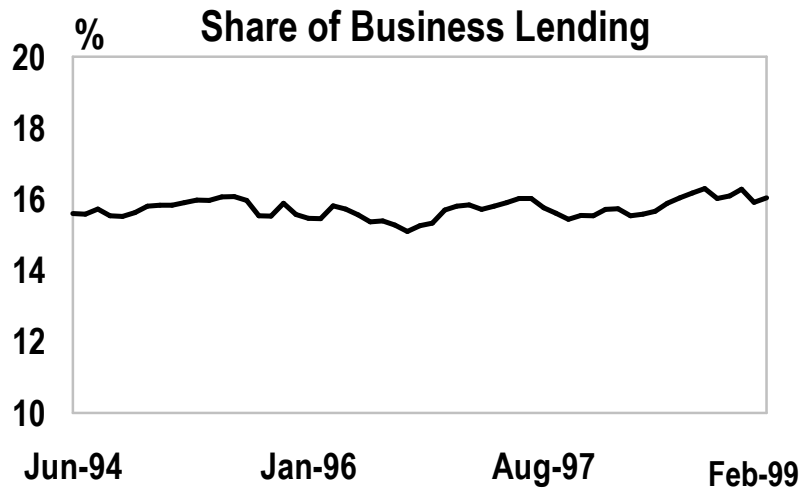
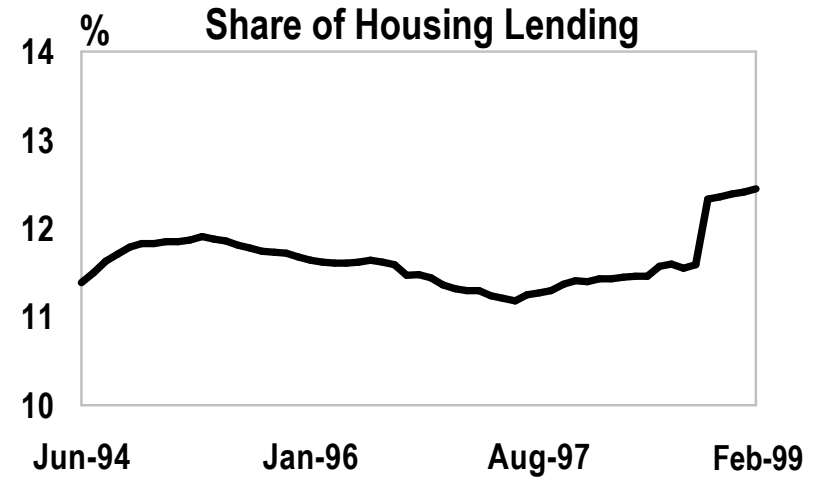
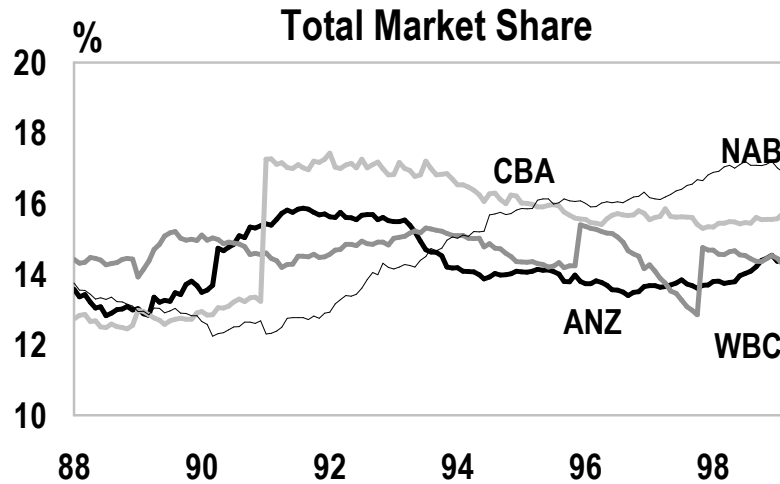
Good Progress Across the Board



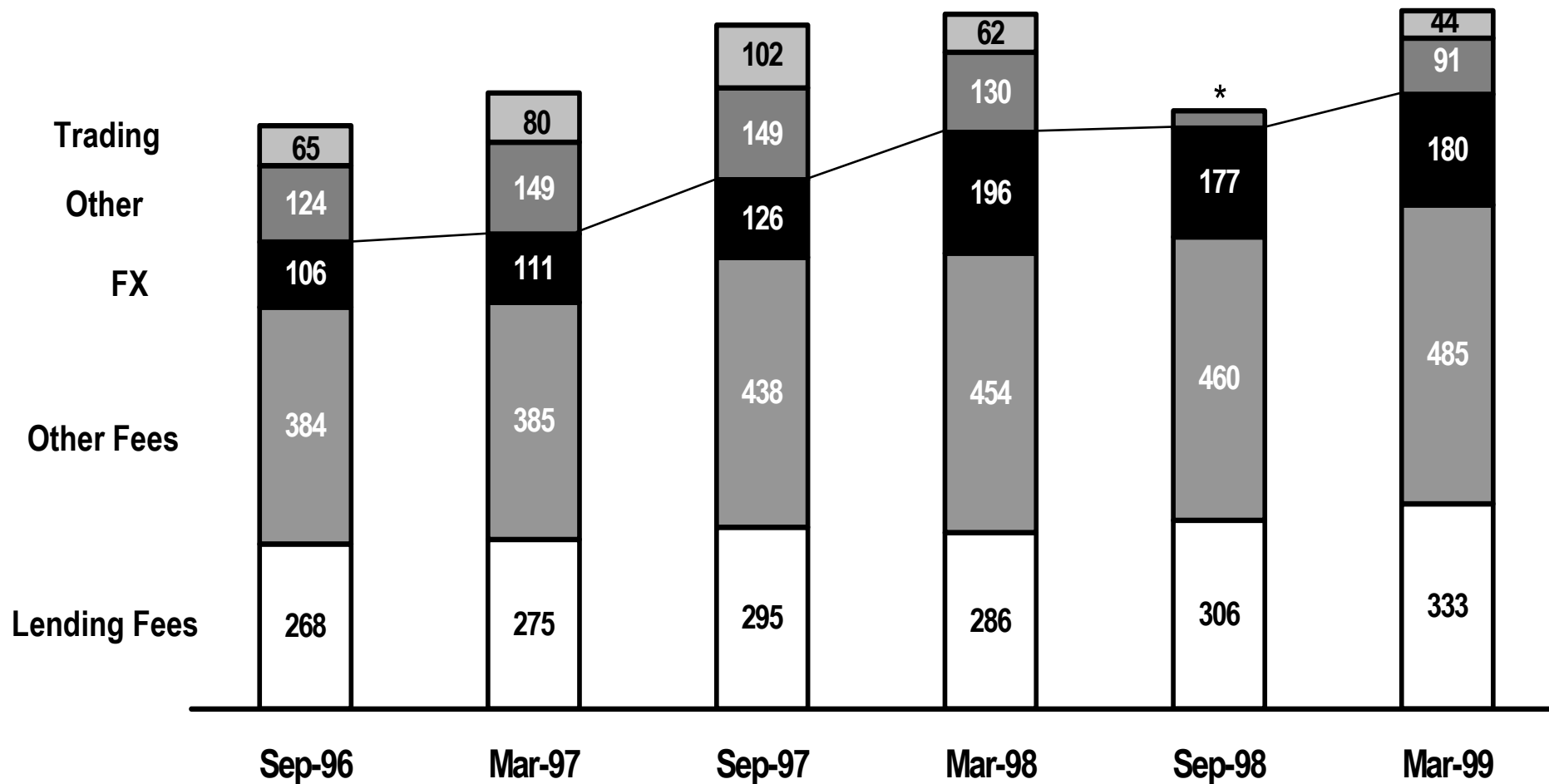
Margins Stable as Balance Sheet Repositioned



Gains in Market Share



Non Interest Income: Rebound from Trading Losses



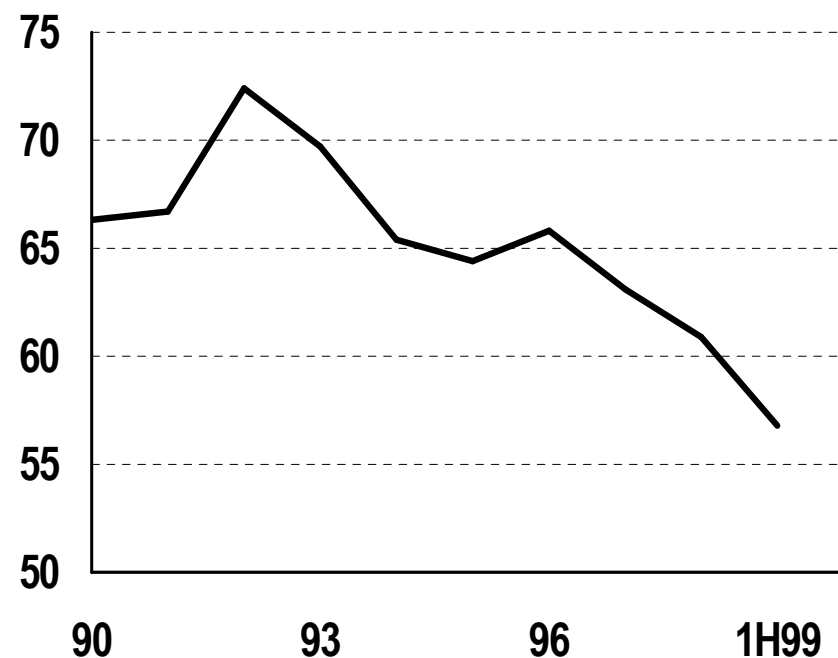
* Sept 98 trading loss of 145m, Other income of 173m



Improved Efficiency

- m **Costs down**
- m **Group Cost Income ratio down to 55.8%**
 - ã benefit from TrUPeRS and software changes about 2%
- m **Benefit yet to show from:**
 - ã Tasman & CBS
 - ã Town & Country Integration
 - ã ANZIB restructure
- m **Target 53% in 2000**

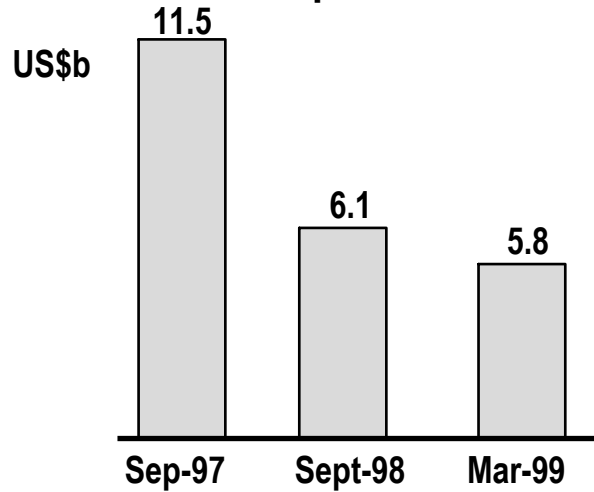
Cost Income Ratio



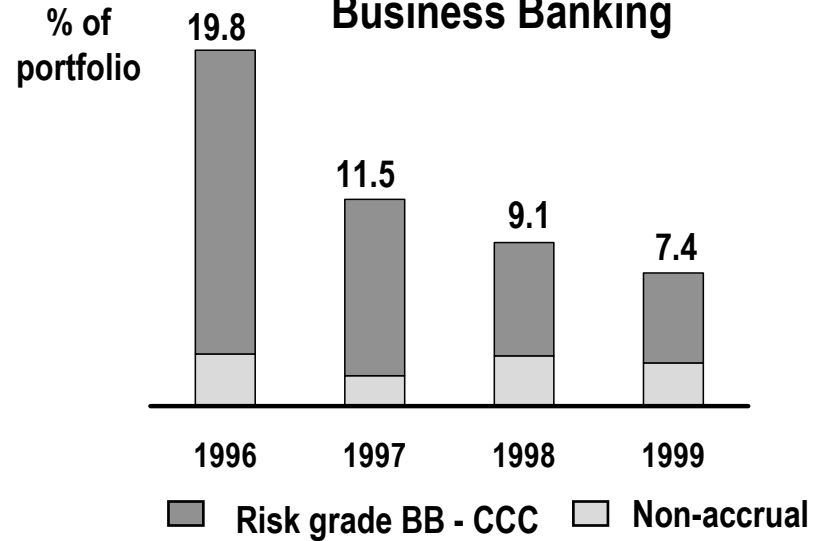


Risk Reduced

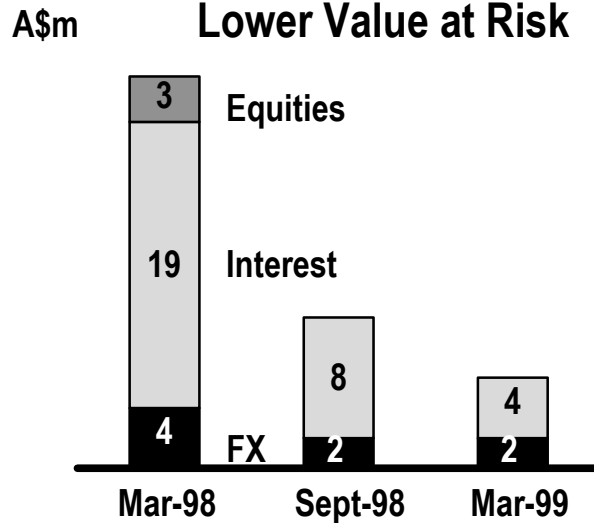
Asian Exposure Reduced



Reducing Risk in Australian Business Banking



Lower Value at Risk



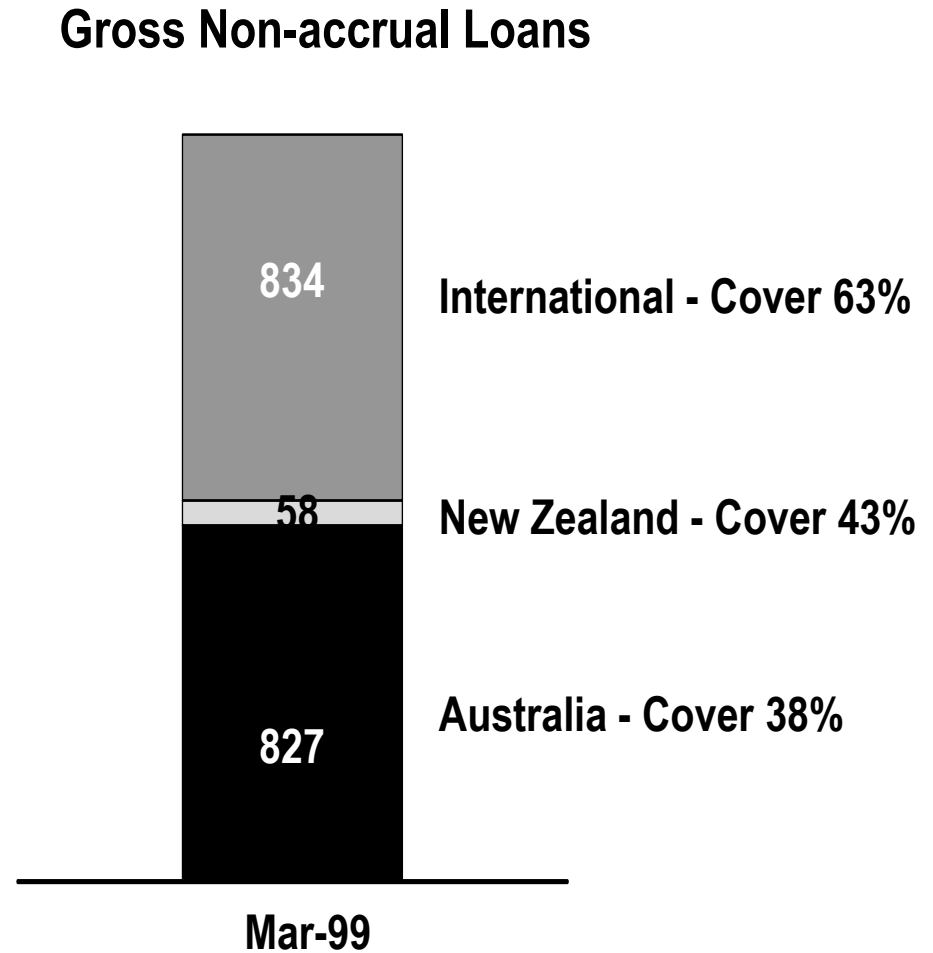
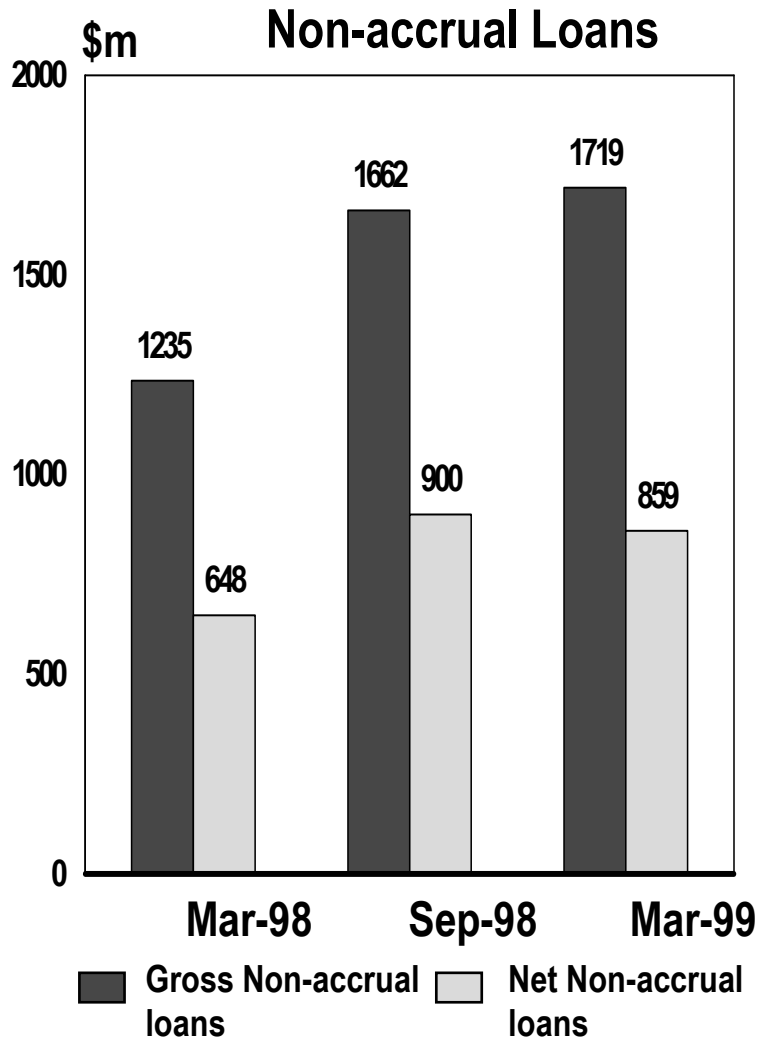
m Changed business profile

- ã Reduced cross border corporate lending
- ã Emerging markets bond trading and funds management exited
- ã Institutional stockbroking exited
- ã Increased housing lending

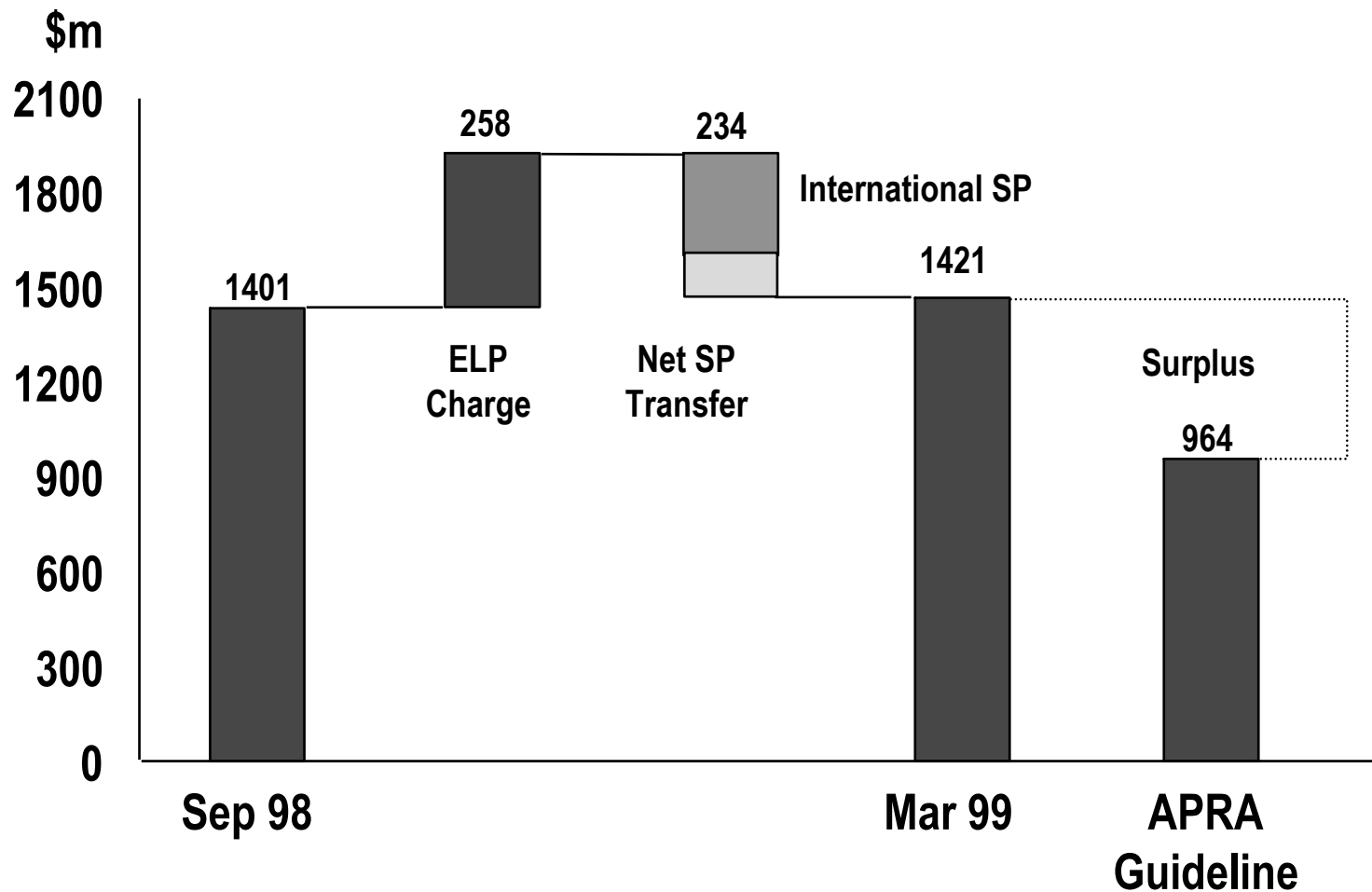




Asian Impact Moderates - Domestic Markets Solid



Specific Provision Less Than ELP

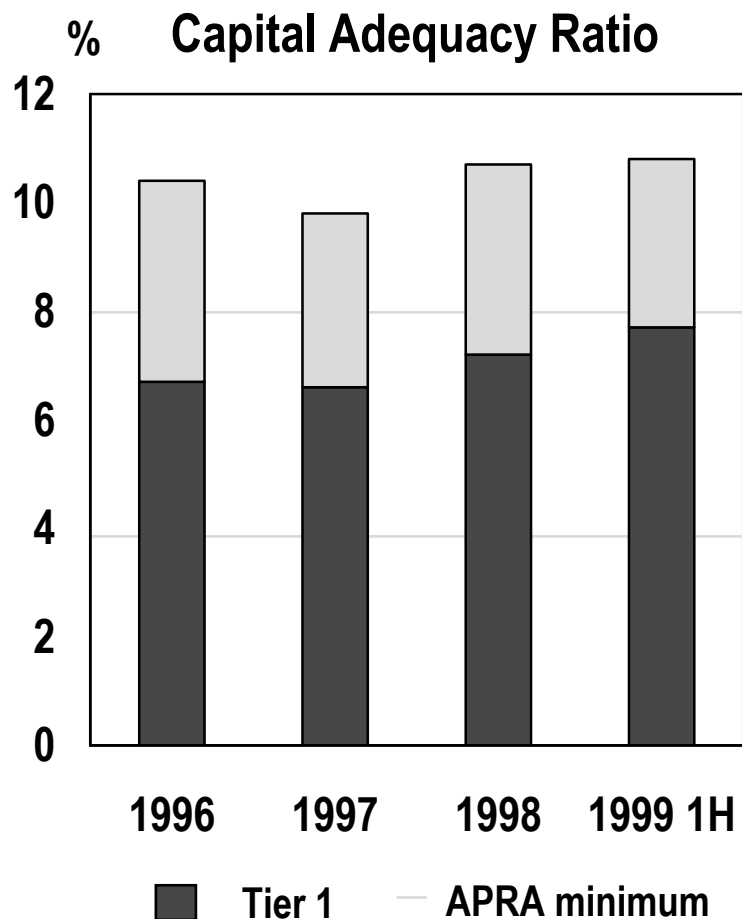


ELP - Economic Loss Provision

SP - Specific Provision



Strong Capital Ratio Provides Flexibility for Acquisition or Capital Return

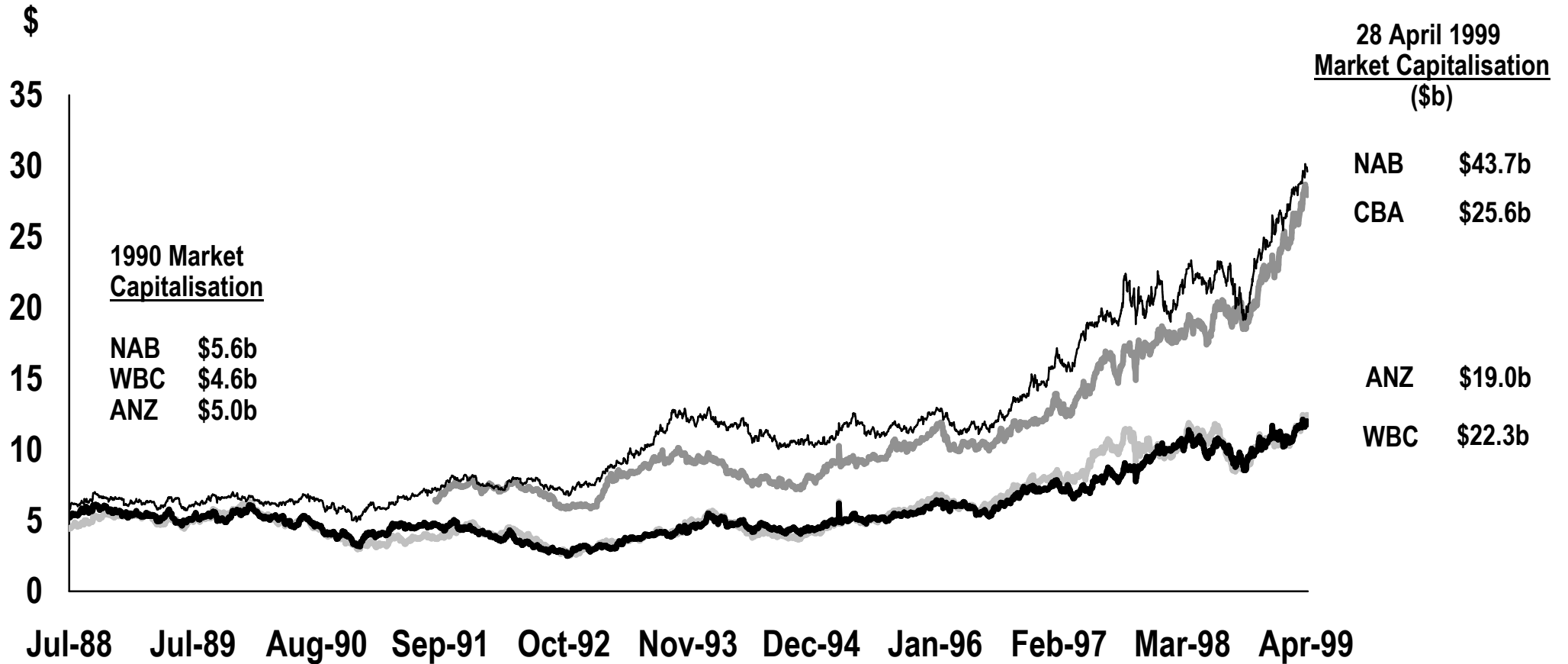


Capital Management Philosophy:

- m Maintain capital consistent with ANZ's AA status and peer group ratings
- m Align Ordinary Equity and Economic Capital
- m Achieve lowest possible Cost of Capital



ANZ Shareprice Under Performed the Market Leaders Since the Early 1990's





We Previously Signalled the Following Direction

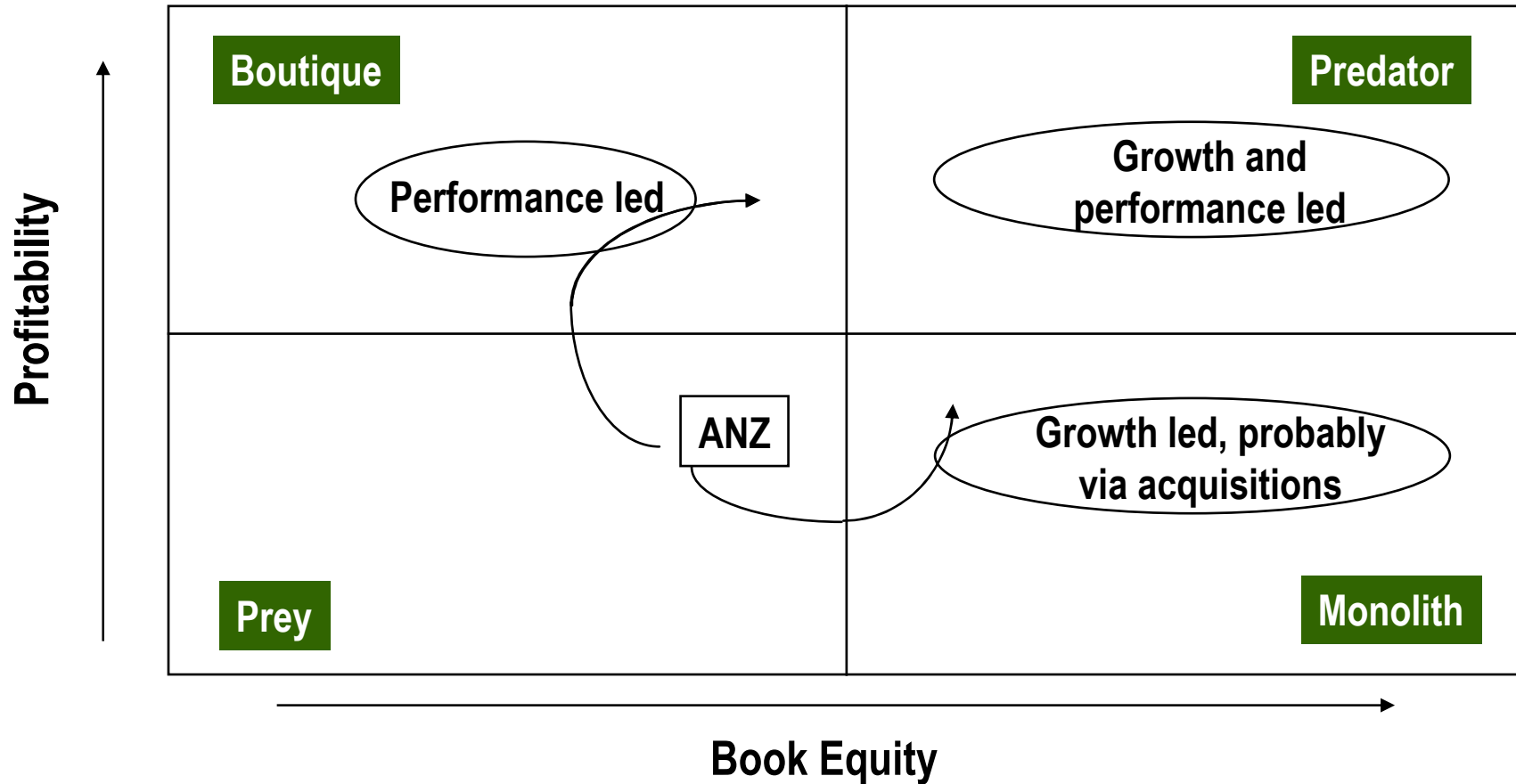
- m **Achieve 2:1 strategic portfolio balance:**
 - ã **consumer versus business**
 - ã **domestic versus international**
- m **Grow consumer and bankassurance exponentially through organic growth and strategic moves**
- m **Maintain leadership in business segments**
- m **No surprises execution. Exit higher risk activities**
- m **Aggressively pursue cost reduction**
- m **Grow EVA by balancing revenue, cost, risk and capital**





Deciding which Course to Plot is Critical

Share Price Versus Size Matrix





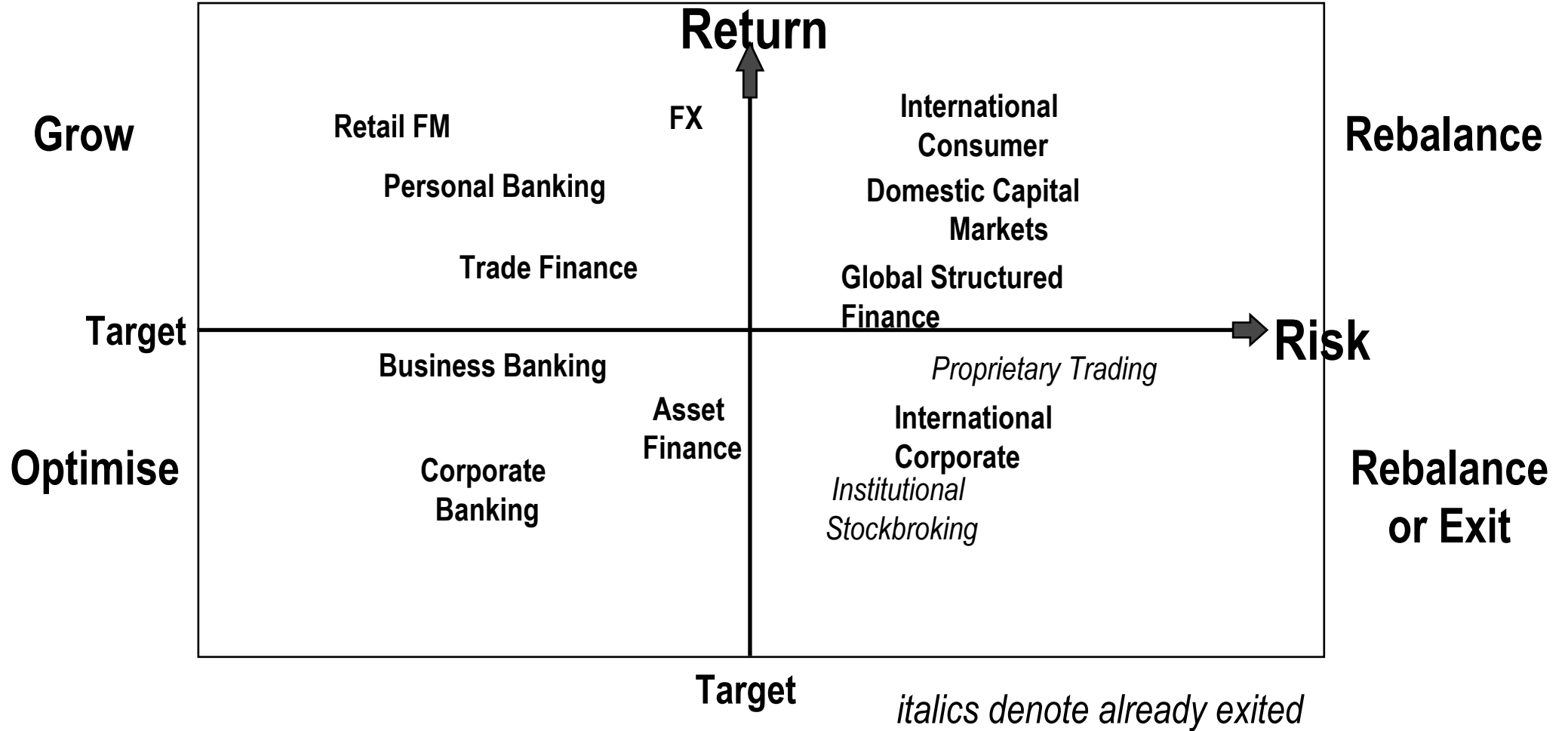
Tomorrow A Stronger Company

- m Strategy will largely be driven through organic growth. However, we will consider acquisitions when they add to shareholder value and enhance our strategic options.**
- m These strategies are designed to enable us to breakout to a new relative share price trajectory. They also enable us to preserve and develop our strategic options for the consolidation of the financial services industry on our terms.**
- m At the same time they will enable us to build our reputation as an organisation that delivers consistently on our promises to our shareholders, to our customers and to our staff.**





ANZ Business Portfolio





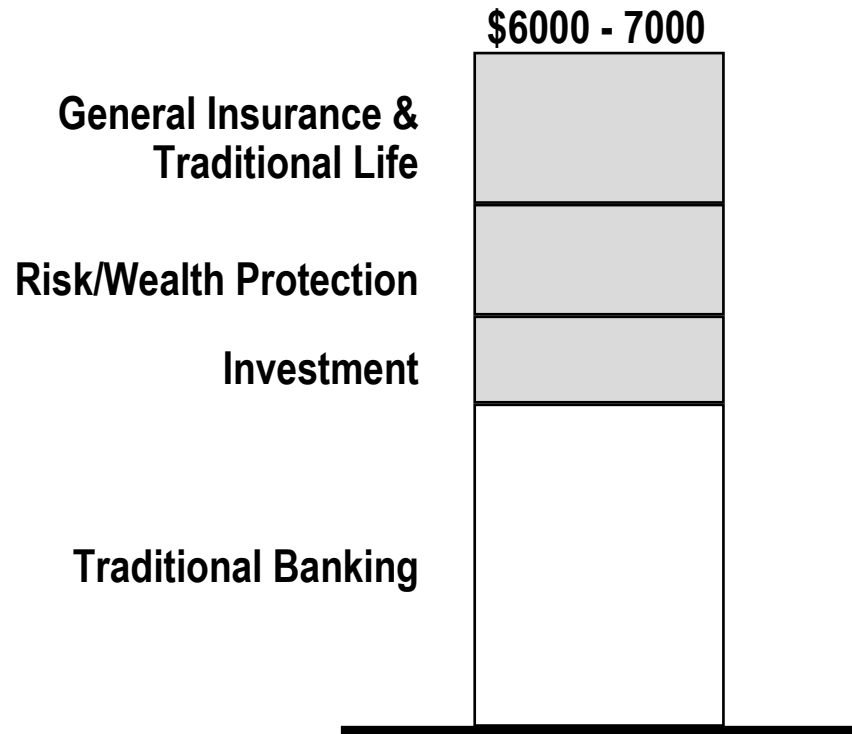
Business Strategies

- m **Accelerate growth in our *personal financial services* businesses, particularly in funds management by harnessing our distribution power**
- m **Build on our strong position in the *corporate sector*, to grow fee based services, continue to reduce risk and improve return on assets**
- m **Simplify our *international network* to improve returns, by focusing on Asia and the Pacific, by continuing to reduce risk and by selectively investing in growth franchises**
- m **Swiftly build a leading *e-commerce* presence, and create the *banking platform* for the future, using internet technology**

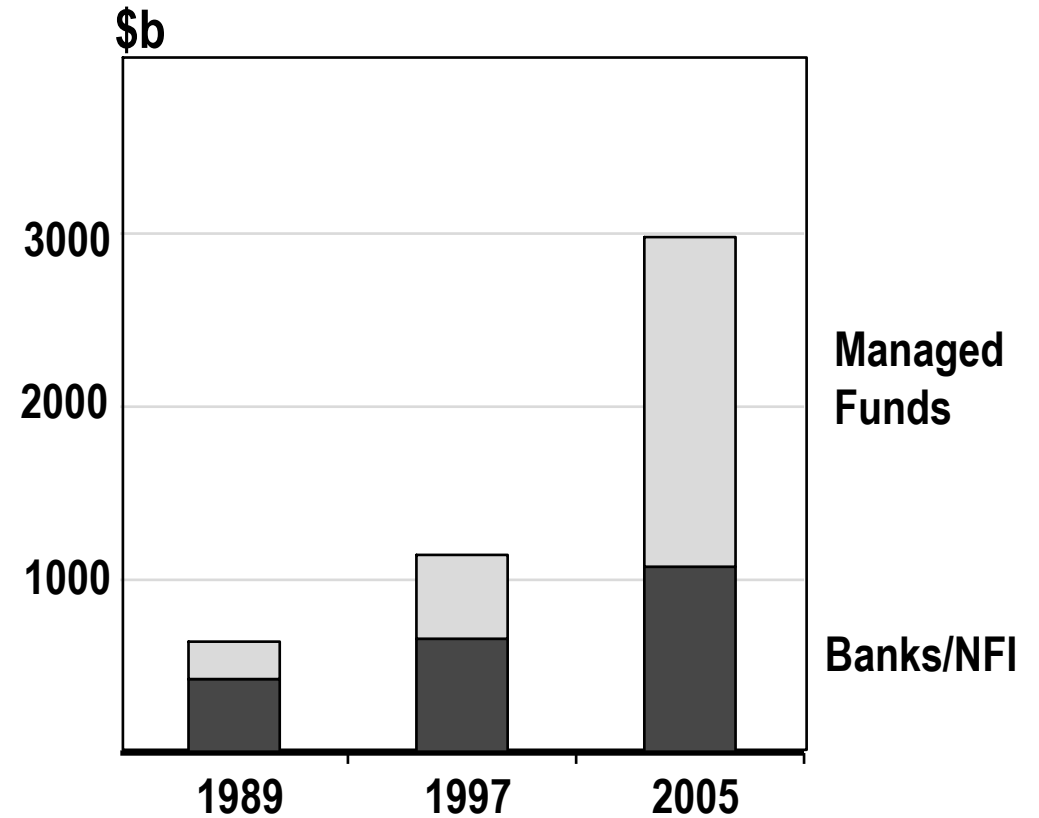


Accelerate Growth in Personal Financial Services Particularly Funds Management

Estimated Value of An Australian Retail Customer (A\$ Present Value)



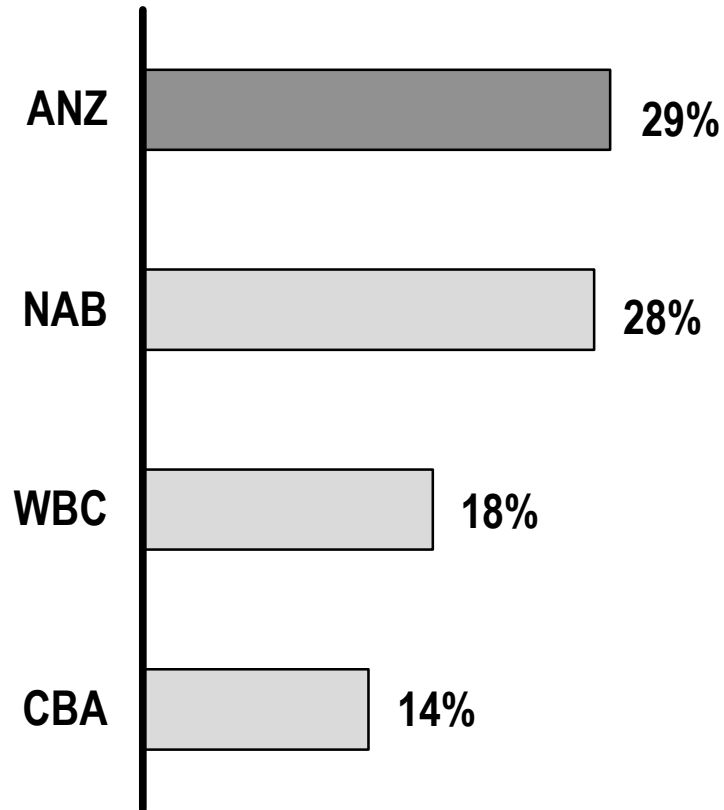
Household Financial Assets



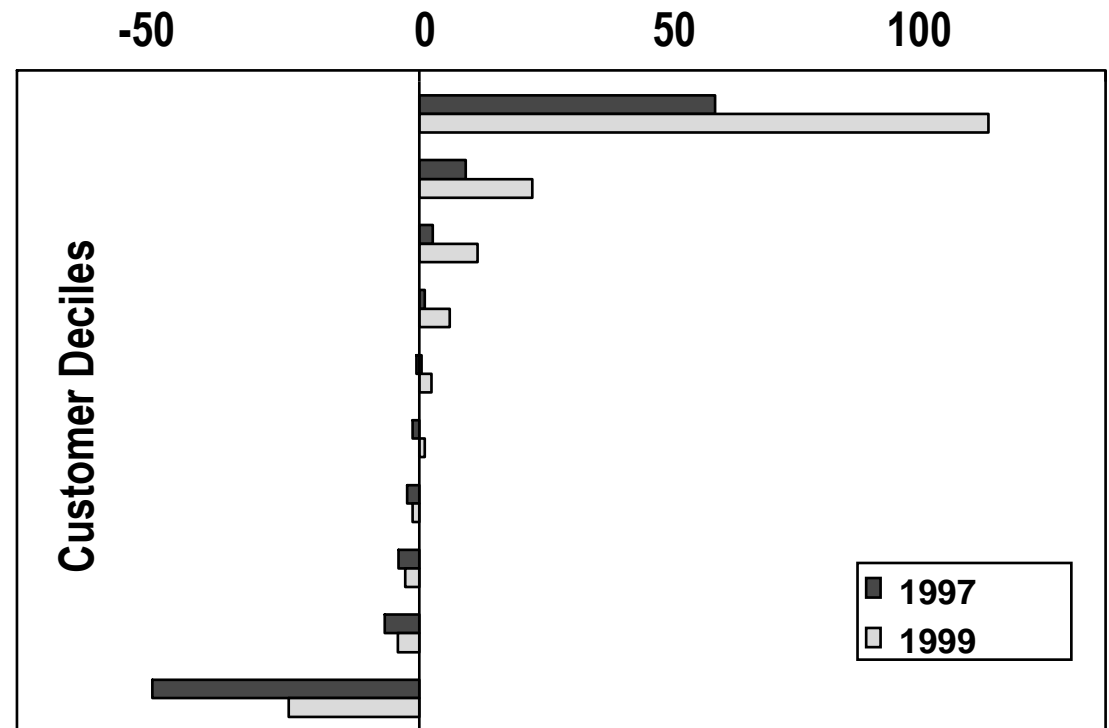


Build on Corporate Position to Improve Returns

Share of Business Customers



Improving but Insufficient EVA





Simplify and Focus International on Asia and the Pacific, Lower Risk and Improve Returns

Rebalance portfolio:

- m **Focus on Asia and the Pacific**
- m **Continuing to reduce risk**
- m **Narrow focus to products such as trade and structured finance, foreign exchange, personal banking, credit cards, funds management and auto-finance.**
- m **Selectively investing in growth franchises**

Manage as single division:

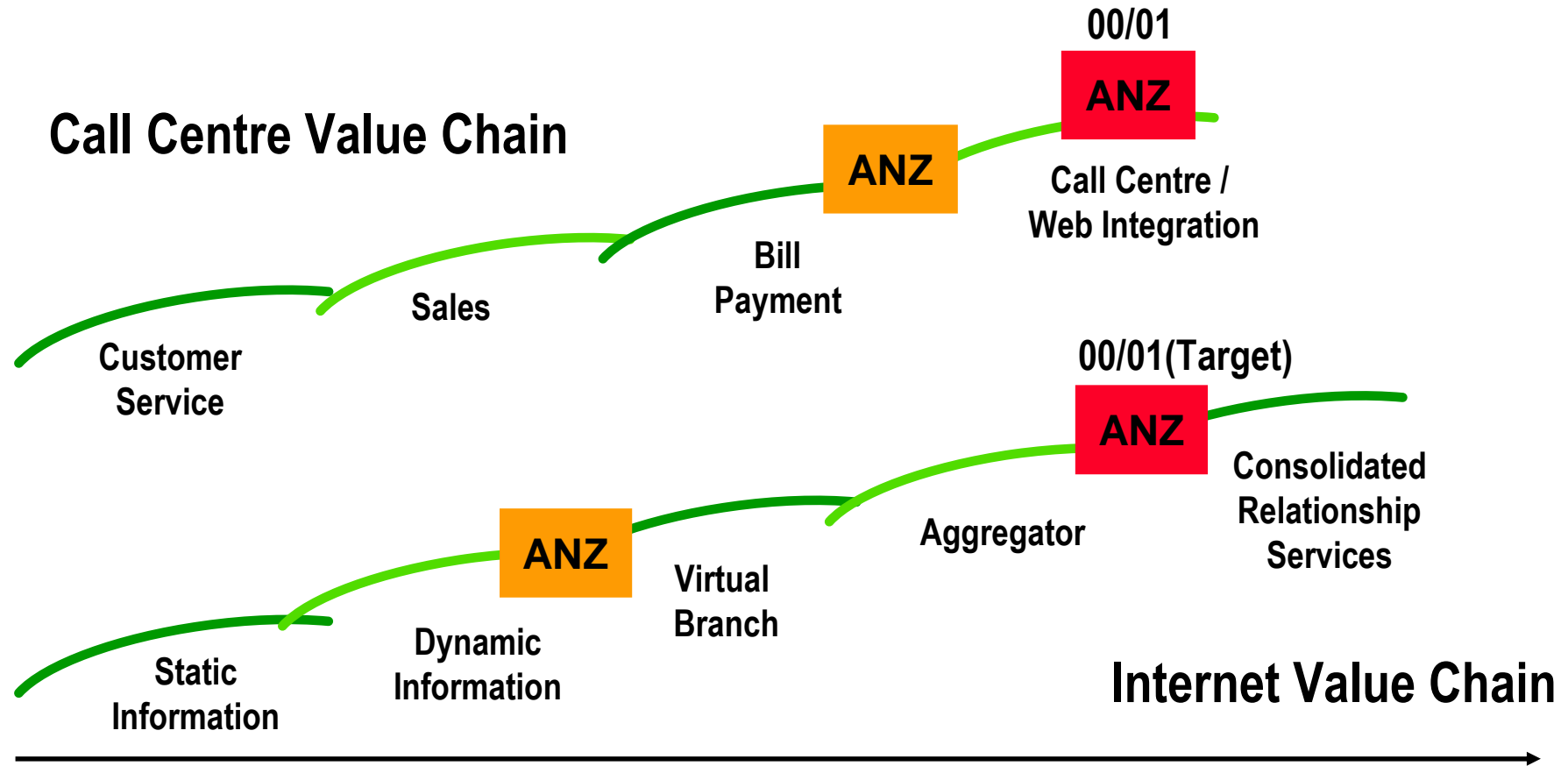
- m **Increase country focus supplemented by business line expertise**
- m **Increase business line management focus on domestic markets**

(Structure working well in New Zealand)





E-Commerce - Build a Leading Position





Support Strategies

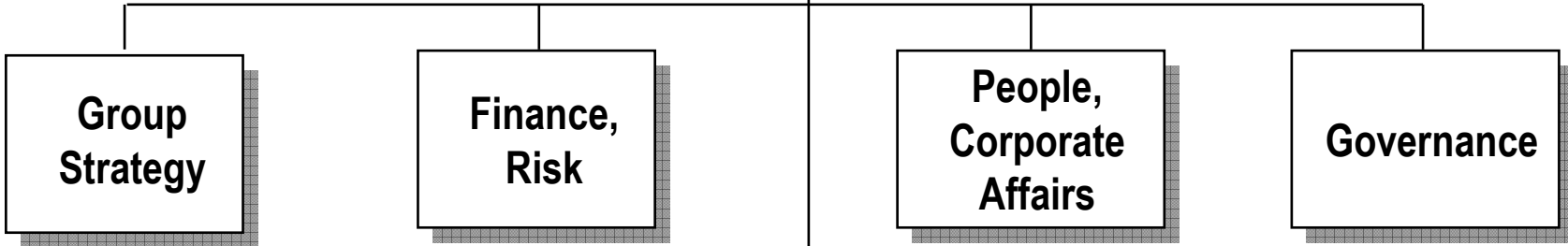
- m **Redefine our current banking businesses more broadly as four financial services businesses to leverage our distribution channels and relationships with customers.**
- m **Upgrade strategic and financial management to oversee performance and improve the balance of our business mix, to drive down costs, lower risk, improve capital efficiency, and to improve return on assets.**
- m **Devolve responsibility for operations and support activities to the customer businesses, creating a lean corporate centre.**
- m **Set realistic but demanding Group targets for Total Shareholder Returns, relative to our competitor banks**
- m **Build a performance culture by setting clear individual targets, by delegating authority, and by recognising and rewarding those who deliver.**



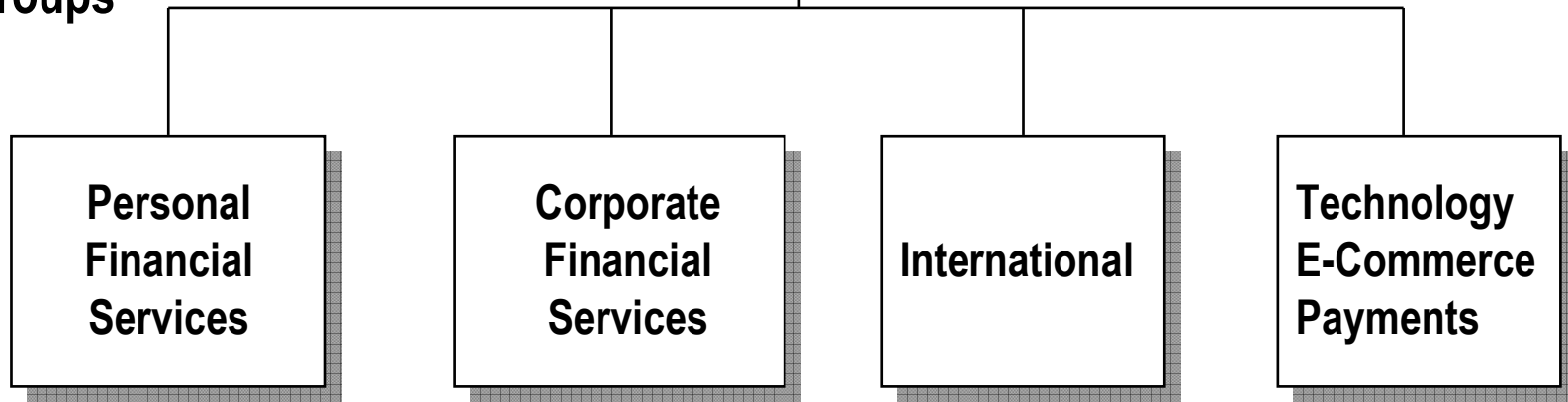
Structure Aligned to Strategy

Chief Executive

Group Functions



Business Groups





Our Vision

ANZ is a vibrant **financial services company** that delivers:

- m **Superior performance and value for our *shareholders***
- m **An experience which delights our *customers***
- m **An environment where our *people* excel**