

08

ANZ Trading Update

Australia and New Zealand Banking Group Limited

28 July 2008

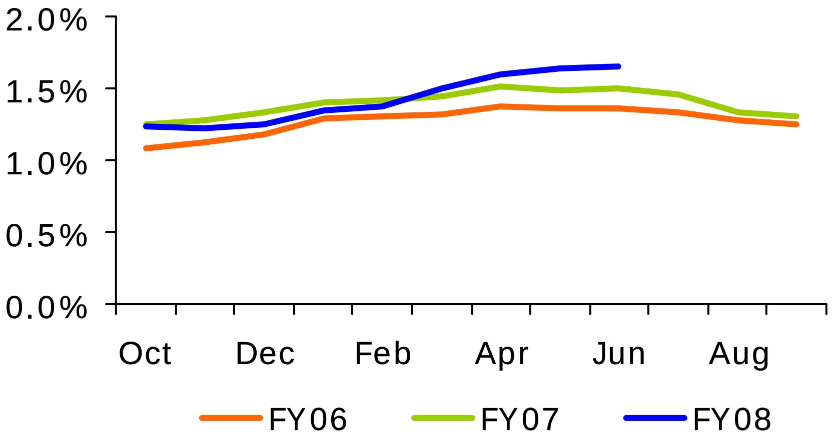
Investor Pack

www.anz.com

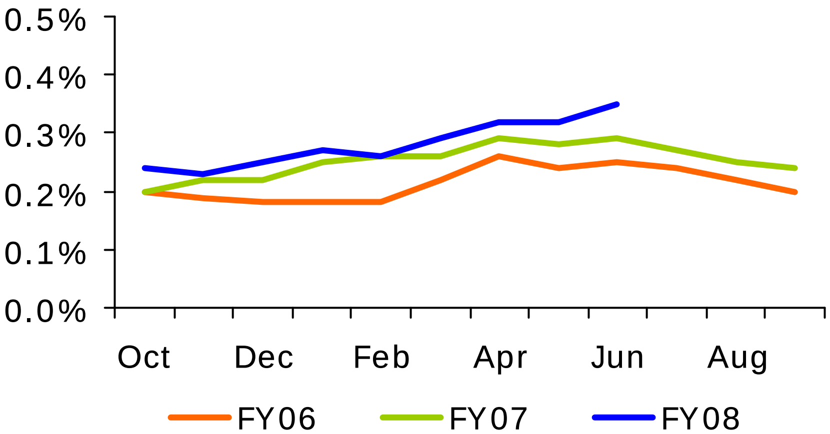
Portfolio arrears trending upwards

Australia

Credit Cards 60+ Days Arrears

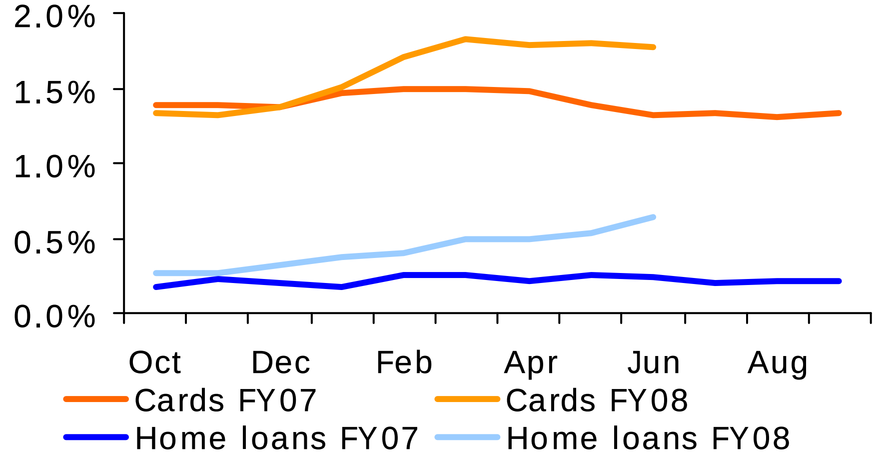


Mortgages Retail 60+ Days Arrears

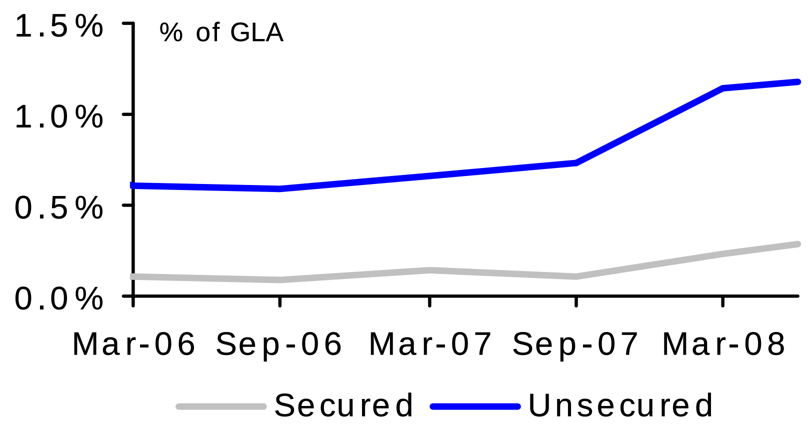


New Zealand

Credit Card & Home Loan 60+ Day Arrears

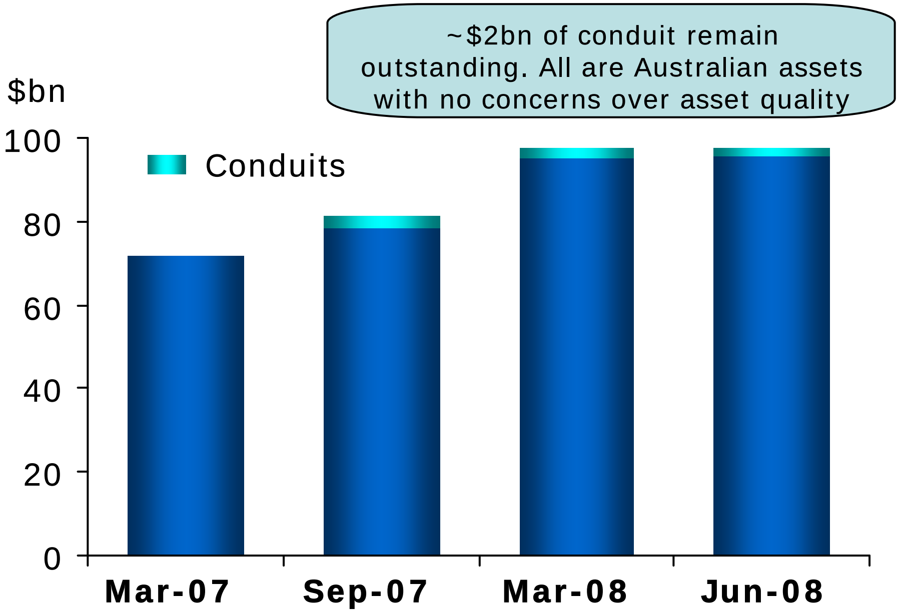


90 days past due (NZ Businesses)



Lending growth slowing following strong first half

Institutional lending growth
(Institutional Net Lending Assets*)

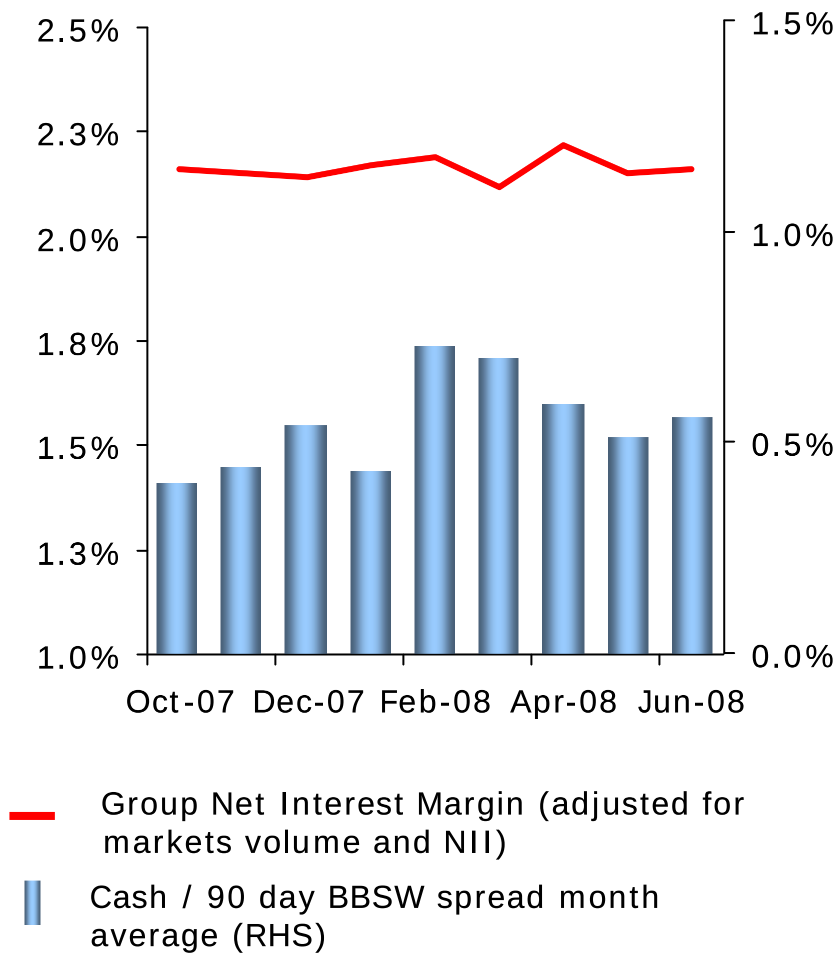


Divisional growth rates
(Net Loans and Advances*)

	12 mths to March 08	12 mths to June 08	Mar to Jun 08
Institutional	36.4%	34.1%	0.1%
Personal (Aus)	12.3%	11.3%	3.2%
NZ Retail (NZD)	12.4%	9.6%	0.9%

*FX adjusted

Net Interest Margin remaining stable



Securitisation and property market

US sub prime mortgages

- No direct exposure

Collateralised Debt Obligations (CDOs)

- No direct exposure to sub prime CDOs
- Total exposure to CDOs is $5.5m ($3m AA, $1m AA- and $1.5m BBB+)

Asset Backed Securities

- US$ 532m in Alt-A RMBS assets in the liquidity portfolio, eligible for repo at the US Federal Reserve
- Limited holdings in trading portfolios.
  - Total Australian RMBS of $137m – $134m AAA rated, A$3m AA rated
  - Total Australian CMBS of $46m – only $2m not rated AAA.

Property market exposures

- Commercial property exposures are currently ~$26bn or 8% of the total book.
- The portfolio is generally of high quality with a large proportion of exposures maintaining investment grade ratings
- Overall gearing to the LPT sector is typically sub 50%

Credit Intermediation activities

AAA assets hedged at inception with AAA / A counterparties

Sold Protection

- Portfolio of US, European and Australian assets
- No RMBS assets
- 800 names
- “First Loss” tranche set at a level such that portfolio is AAA
- Portfolio still behaving as AAA criteria despite stress
- Negative market value of US$1.14bn as at 23 July 2008

Purchased protection

- Protection purchased from 8 financial guarantors – including so called “monolines”
- Ratings at inception all AAA except one at A
- Credit crisis has placed financial guarantors under varying levels of stress
- Current exposures set out on following slide

Credit protection intermediation activities and credit enhancement

Collateralised issues / Credit protection intermediation activities

S&P / Moody's Counterparty rating (bought protection)	**Notional Principal Amount** (USD m)	**Mark to Market** (USD m)	**Estimated CVA^** (USD m)
AAA/Aaa	9,157	867	191
A-/Ba2	473	36	
BBB/A2	86	5	
BBB-/B2	391	54	
Non investment grade	1,523	178	178
Total	**11,630**	**1,140**	**369**
		Provision raised in 1H08 (AUD 226)	216
		Further Credit Valuation Adjustment	US$153

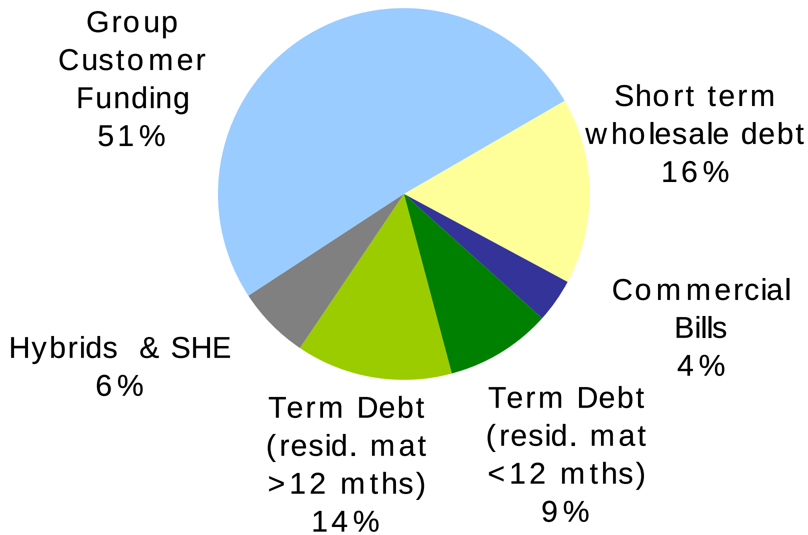
Wrapped issues / Credit enhancement

Notional value:	~ AUD 1.4bn	Mark to Market:	~ AUD 50m
Total counterparties:	5	Total transactions:	11

^ *Credit Valuation Adjustment (CVA) is an adjustment to the MTM of derivatives, to reflect the credit rating of the counterparty, appropriate credit spreads and other factors.*

Funding and liquidity profile

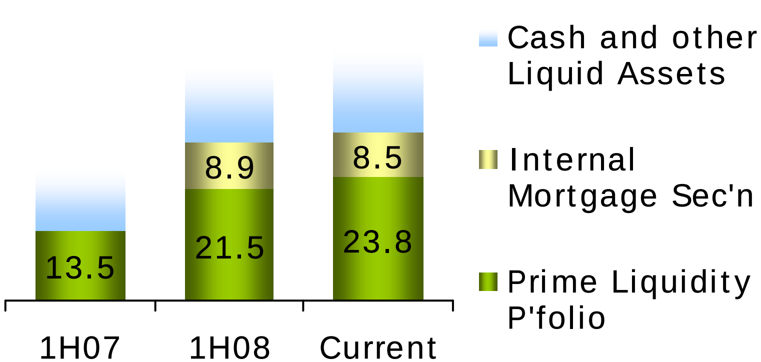
Group Funding profile – June 2008



FY08 term funding requirement completed *

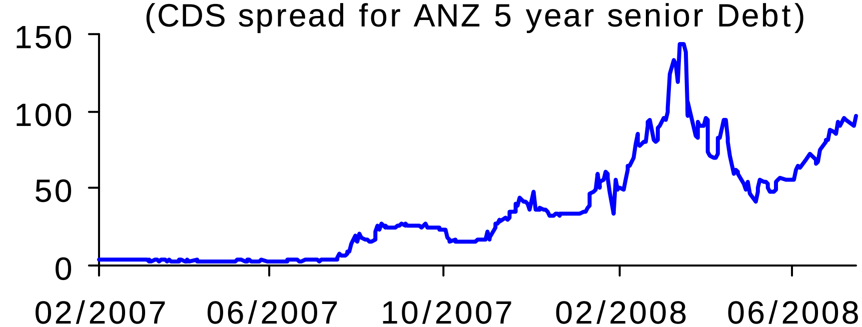
	Volume (A$bn)	Tenor (yrs)	Cost (bp)	# deals
Term Debt >1Yr tenor	19.2	4.4	109	118
Term debt <1Yr (excl extendables)	8.4	0.8	13	195
Extendable notes	6.5	1.2	34	2
FY08 total	34.1	2.9	71	315
FY07 total	23.2	3.2	8	297

Maintaining significantly higher liquidity portfolio ($bn)



Term funding costs continue to increase

(CDS spread for ANZ 5 year senior Debt)



- Continue to maintain access to global capital markets despite volatile conditions
- Planning to raise ~$30bn term debt in FY09

*Average tenor for callable and/or extendible notes assumed to be next call/extension date.

The material in this presentation is general background information about the Bank's activities current at the date of the presentation. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice when deciding if an investment is appropriate.

For further information visit

www.anz.com

or contact

Jill Craig
Head of Investor Relations

ph: (613) 9273 4185 fax: (613) 9273 4091 e-mail: jill.craig@anz.com