

A large, 3D-rendered dollar sign (\$) is positioned on the left side of the page. To its right is a 3D bar chart with five bars of increasing height, suggesting growth. The background is a solid blue color with faint, semi-transparent images of a grid and a line graph.

Transformation
Growth

2005 Annual Results

Australia and New Zealand Banking Group Limited

25 October 2005

ANZ

A-IFRS indicative impact on key measures

Illustrative

	AGAAP	A-IFRS [^]	Key Drivers
Cash EPS	175.2 cents	172.5 cents	<ul style="list-style-type: none"> Impact of share based payments Hedge derivative revaluations treated as non-cash
Return on Ordinary Equity	17.3%	18.7%	<ul style="list-style-type: none"> NPAT increased by ~ \$133m Equity reduced by IFRS adjustments to Retained Earnings
Return on Assets	1.08%	1.11%	<ul style="list-style-type: none"> NPAT increased by ~ \$133m Slight increase in assets - securitisation
General/Collective Provision to RWA's	0.99%	0.85%	<ul style="list-style-type: none"> Reduction in General Provision to align to Collective Provisioning methodology
Net Interest Margin	2.35%	2.41%	<ul style="list-style-type: none"> NII adjusted for fee revenue, Individual provisioning & StEPS dividend AIEA increased due to recognition of Commercial Bills & Securitised Assets
Cost to Income Ratio*	45.6%	46.6%	<ul style="list-style-type: none"> Expenses increased due to recognition of share based payments Income flat – items offset excluding non cash hedge revaluations
ACE Ratio	5.1%	5.1%	<ul style="list-style-type: none"> Small movement to ACE, RWA's unchanged

Ratios for **year ended or as at 30 September 2005**

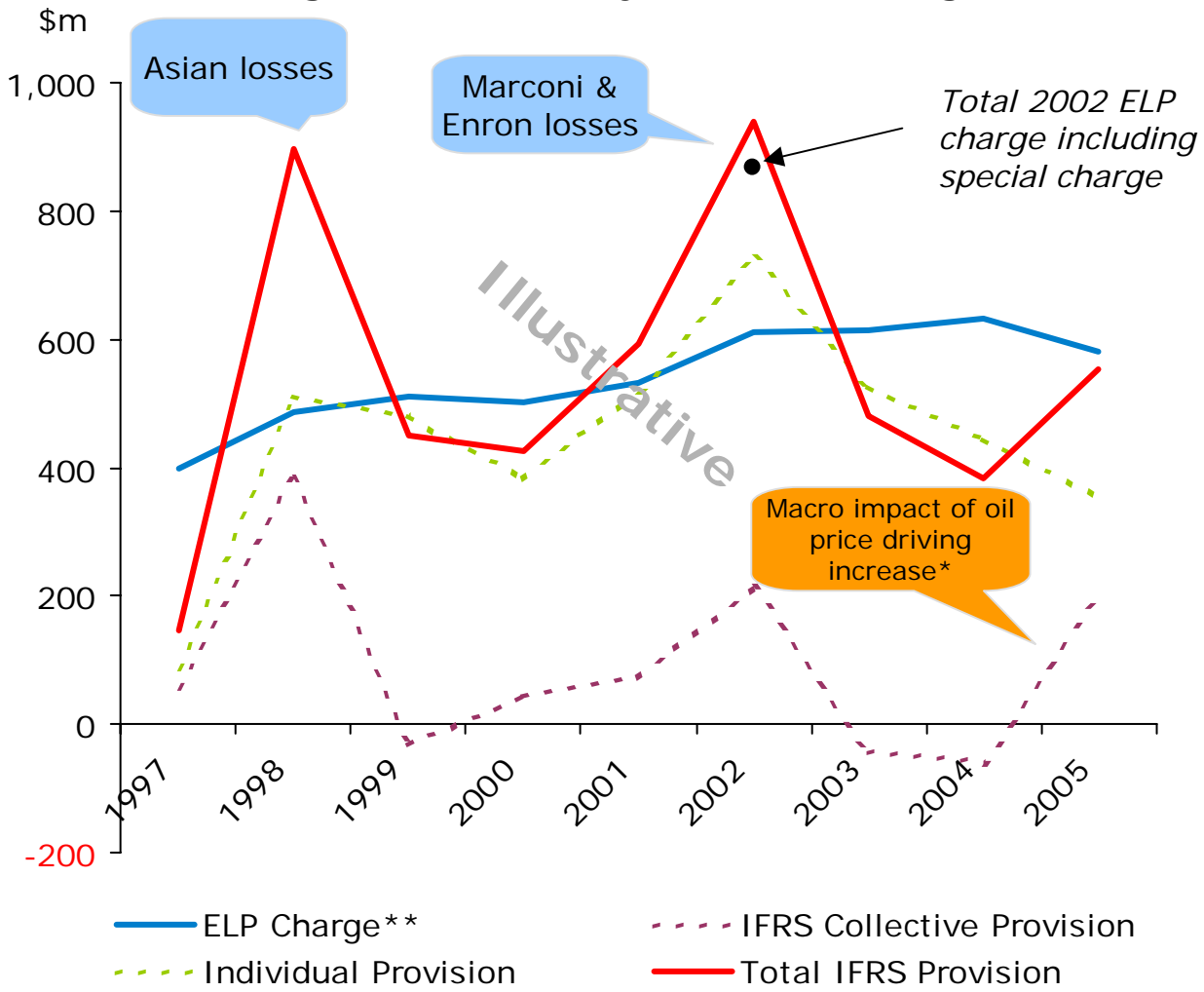
*excluding significant items & incremental integration costs, goodwill and hedge derivative revaluations

All numbers subject to finalisation of IFRS figures and possible APRA impacts
[^]considers potential impact of provisioning, hedging volatility not included

Increased earnings volatility anticipated under IFRS driven by provisioning charge

- ELP charge relatively stable compared to total IFRS provision charge
- Collective provision function of
 - Probability of Default & Loss Given Default
 - Portfolio concentration
 - Specific events
 - Risk & Cycle conditions

IFRS Provision charge exhibits greater volatility than ELP charge



*refer slide 39
 **excludes special GP charge in 2002



Capital – regulatory position still under review

1. IFRS considerations

- Initial capital impacts of IFRS expected to be modest
 - approx. \$1.1b decrease in book equity, ACE and Tier 1 impact immaterial
- APRA treatment of IFRS adjustments (eg collective provision)
- Future dividend policy will generally seek to look through “normal” provisioning volatility

2. Innovative v Non-Innovative

- Currently ~ \$1.0 billion in excess of APRA’s proposed 15% innovative limit
 - expect to “grow-out” of excess by 2010
- Medium term capital needs will be met from ACE and non-innovative capital
- Still considerable uncertainty around:
 - what qualifies for non-innovative capital and market capacity to absorb non-innovative instruments
 - future cost of capital
 - franking impacts

Cash EPS comparison – AGAAP v A-IFRS

12 mths ended 30/9/05 (\$m)	Reported AGAAP	Goodwill	Share Based Payments	Fee Revenue	Credit Provisioning	Deriv's	StEPS	Other	Full AIFRS
Net interest income	5,798			636	19		(66)	4	6,391
Non-interest income	3,552	45		(654)		35		13	2,991
Operating expenses	(4,336)		(80)					(5)	(4,421)
Goodwill amortisation	(179)	179							0
Bad & doubtful debts	(580)				7				(573)
Tax & OEI	(1,237)		16	6	(10)	(10)		(2)	(1,237)
NPAT	3,018	224	(64)	(12)	16	25	(66)	10	3,151
Goodwill amortisation	224								
Hybrid	(84)						66		(18)
Significant items	38								38
Derivatives Revaluation	0					(25)			(25)
Cash NPAT	3,196	0	0	0	0	(25)	66	0	3,146
Average shares (basic)	1,824								1,824
Basic Cash EPS (cents)	175.2	224	(64)	(12)	16	0	0	10	172.5

Note: 2004 A-IFRS Cash EPS not available

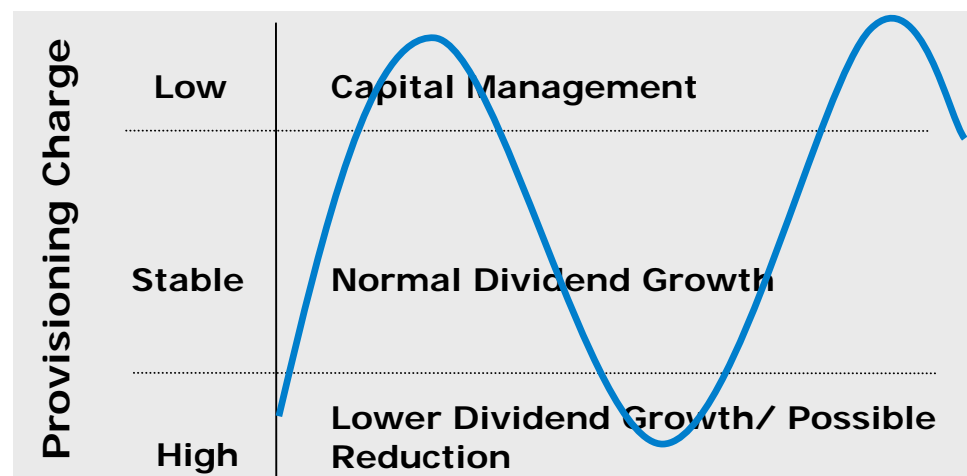
Initial IFRS impact on capital likely to be modest, earnings volatility may impact dividends

Initial IFRS impacts on capital are forecast to be modest*

	Book Equity (\$m)	ACE & Tier 1 (\$m)	Tier 2 (\$m)
Derivative Accounting	33	(108)	-
Defined Benefit Scheme	(107)	(107)	-
Credit Provisioning	191	191	(235)
StEPS Reclassification	(992)	-	-
Fee Revenue	(266)	-	-
INGA	(181)	-	-
Other including goodwill	192	(1)	(31)
Total Adjustment	(1,130)	(25)	(266)

- Under IFRS, reported earnings will become more volatile principally due to new provisioning methodologies
- Prime objective will be to continue to maintain stable dividend growth. In practice, this may require:
 - a larger capital buffer above the minimum capital ratios
 - some potential reduction in dividend payout coinciding with occurrences of outlier higher provisioning charges

Potential Future Dividend Payout Ratio Profile



*Based on 1st October 2005 balance sheet adjustments and subject to APRA finalizing their position on a number of IFRS issues, particularly the treatment of deferred fee income and the collective provision under prudential standards.

Illustrative A-IFRS Balance Sheet adjustments

as at 30/9/05 (\$m)	Reported AGAAP	Goodwill	Defined Benefit schemes	Fee Revenue	Securitisation	Credit Provisioning	Derivative acctg	StEPS	Other	Full AIFRS
Liquid Assets & due for other fin'al inst.	17,948									17,948
Trading & invst sec's & fair value assets	13,226				3,000		8		1	16,235
Net loans & advances	230,952			(390)	1,542	307				232,411
Customers liability for acceptances	13,449									13,499
Derivative fin'al instruments	0								5,006	5,006
Regulatory deposits	159									159
Shares in cont entities, assoc's & JV's	1,872								(126)	1,746
Deferred tax assets	1,337		44	124			25	2	0	1,532
Goodwill	2,898	224							27	3,149
Premises & Equipment	1,441								(381)	1,060
Other Assets	9,903		8					6	(4,625)	5,292
Total Assets	293,185	224	52	(266)	4,542	307	33	8	(98)	297,987
Due to other fin'al inst.	12,027									12,027
Deposits & other borrowings	185,693				3,000					188,693
Liability for acceptances	13,449									13,449
Derivative fin'al instruments	0								5,672	5,672
Deferred tax liabilities	1,797		3			116			115	2,031
Bonds & notes	39,073				1,538					40,611
Loan capital	9,137							1,000		10,137
Other liabilities	11,607		156						(5,668)	6,095
Provisions	914									914
Total Liabilities	273,697	0	159	0	4,538	116	0	1,000	119	279,629
Shareholders equity	19,488	224	(107)	(266)	4	191	33	(992)	(217)	18,358

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For further information visit

www.anz.com

or contact

Stephen Higgins
Head of Investor Relations

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