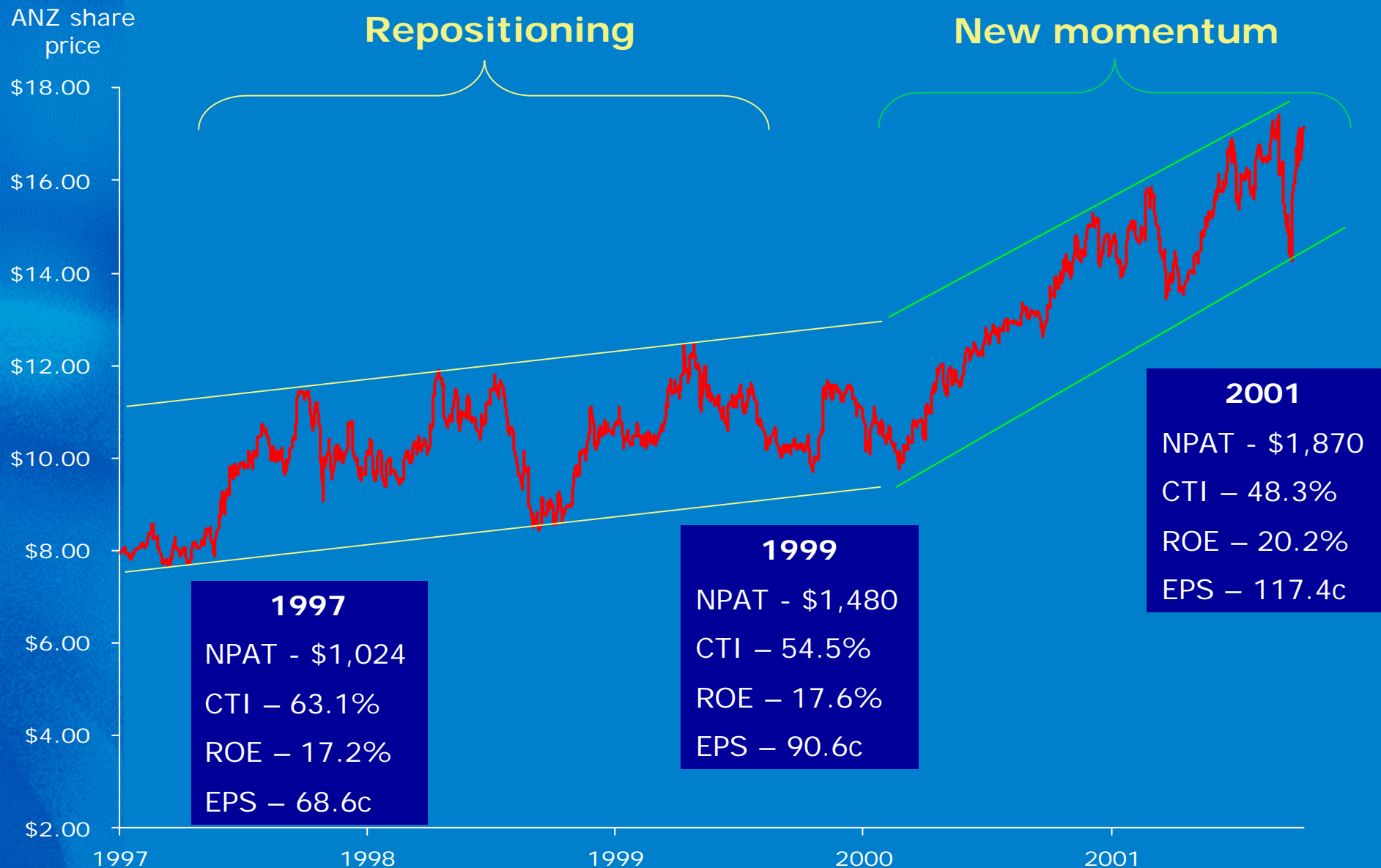


Building new momentum

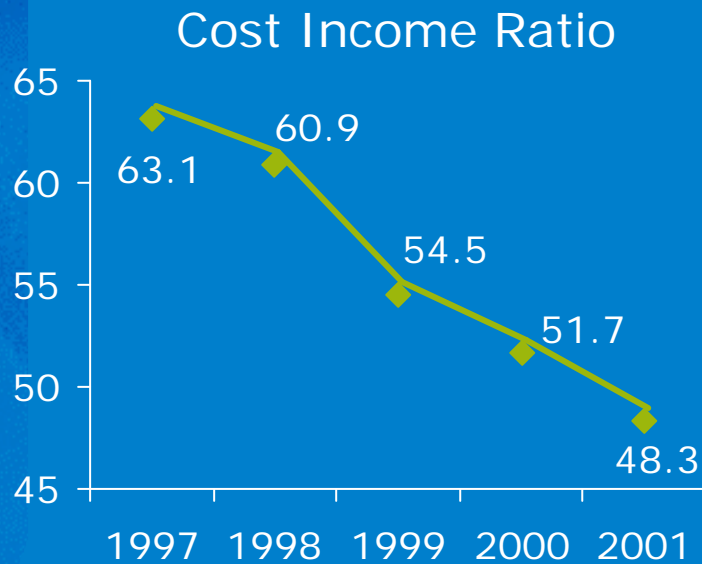
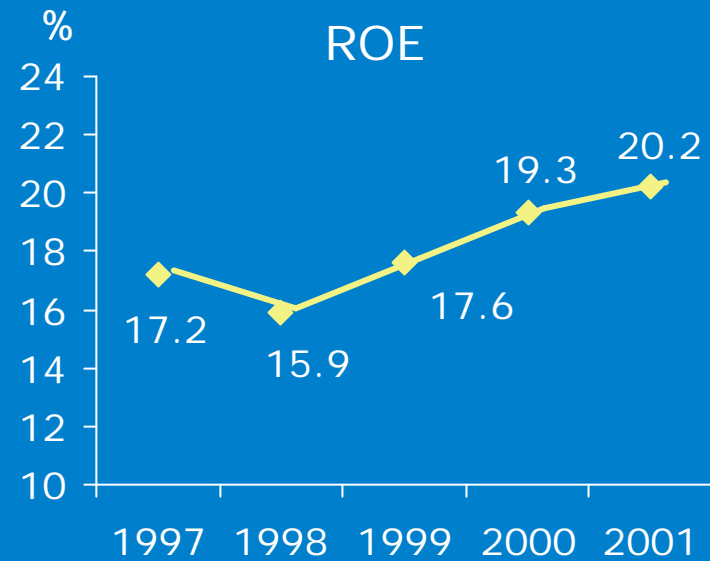
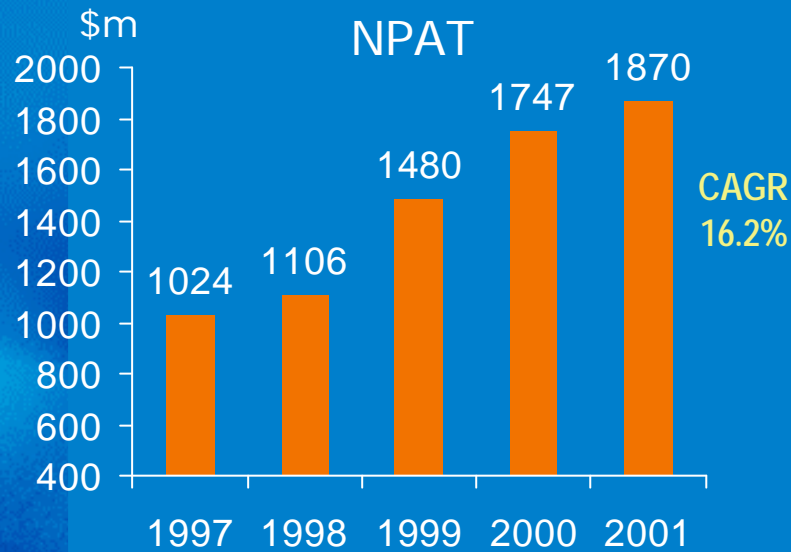
Australia and New Zealand Banking Group Limited
November 2001

John McFarlane
Chief Executive Officer

Repositioning, then new momentum

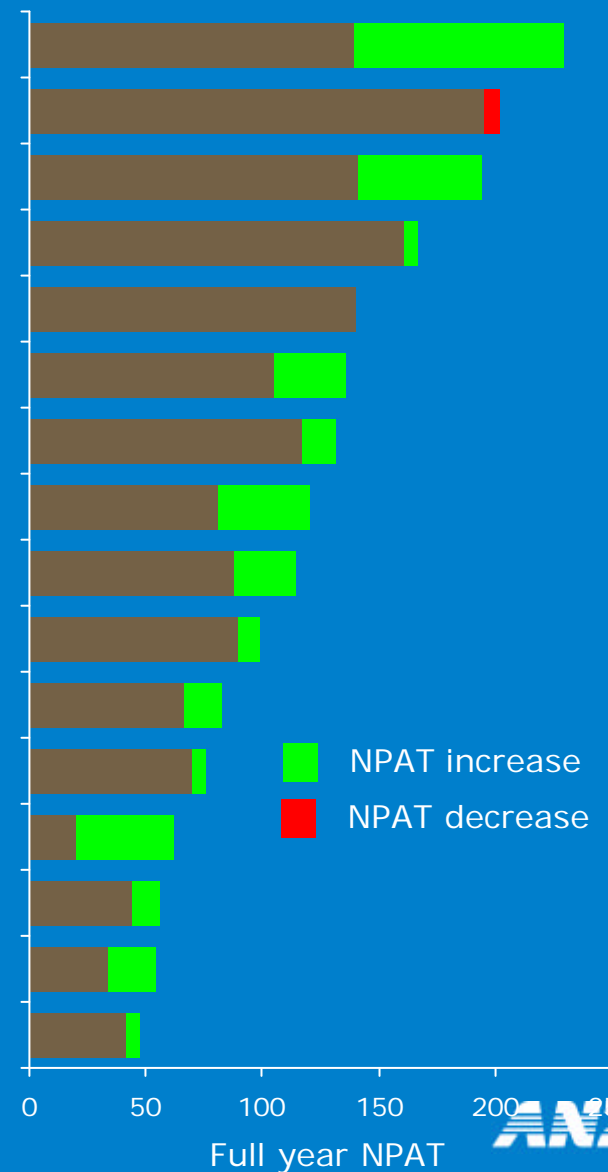


We have delivered very strong financial performance



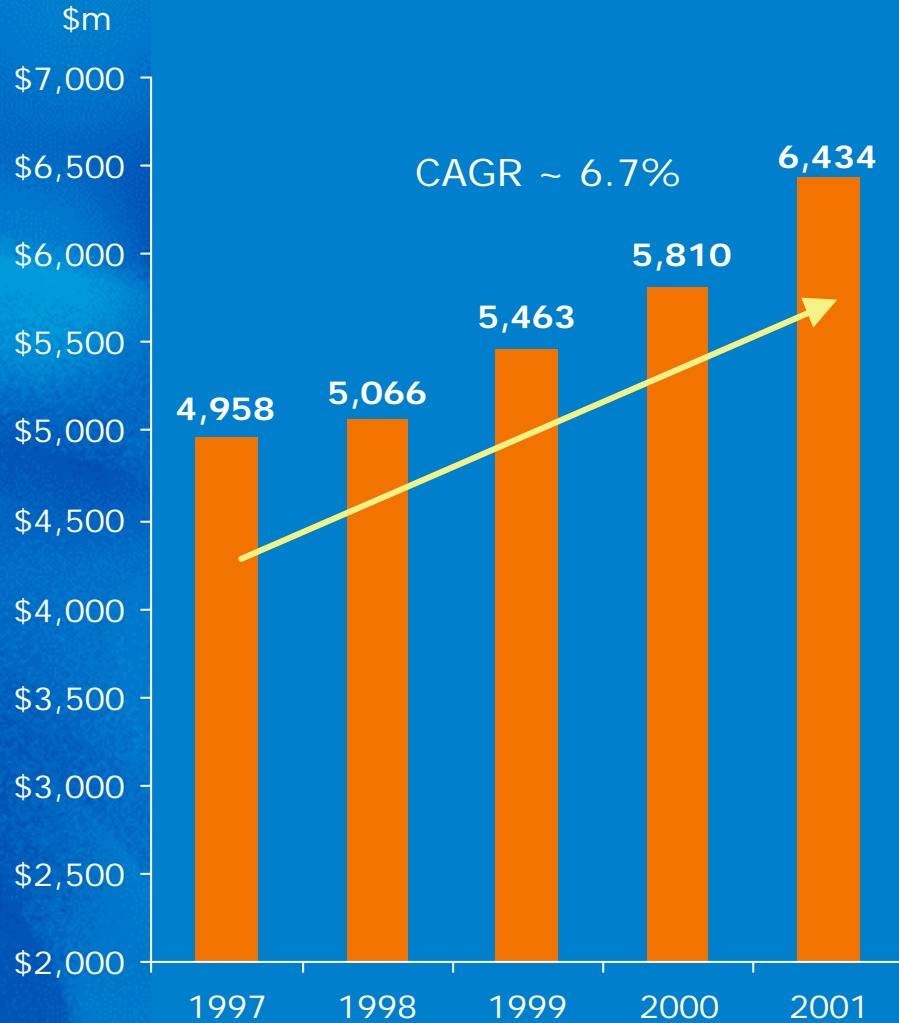
We have a diversified portfolio that is performing well

	2001	2000	Change
Mortgages	228	138	65%
Metrobanking	194	200	-3%
Institutional	194	141	38%
Regionalbanking	166	160	4%
Structured Finance	140	139	1%
Transaction Services	135	105	29%
Corporate Banking	131	117	12%
Cards	120	81	48%
Small Medium Business	115	88	31%
Asset Finance	99	90	10%
Foreign Exchange	83	66	26%
Investment Management	75	70	7%
Asia	63	19	232%
Wealth Management	56	44	27%
Capital Markets	54	34	59%
Pacific	47	41	15%

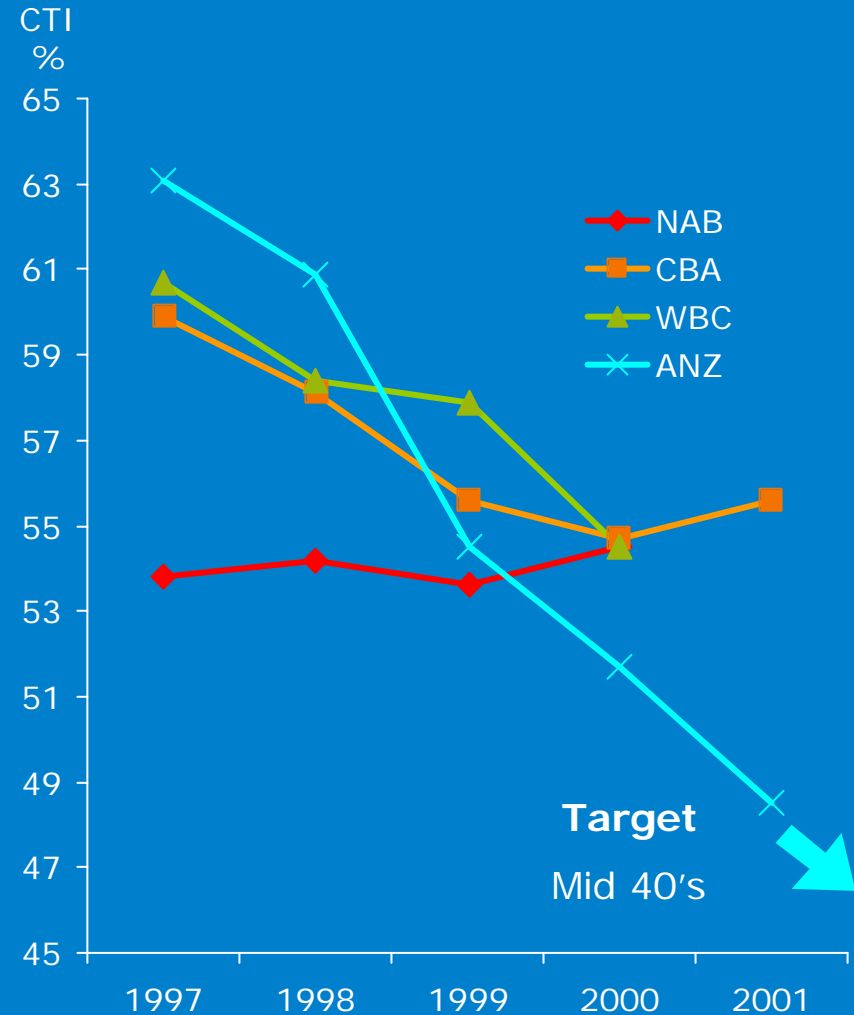


We have a strong track record of revenue growth and cost control

Revenue momentum*



Cost leadership



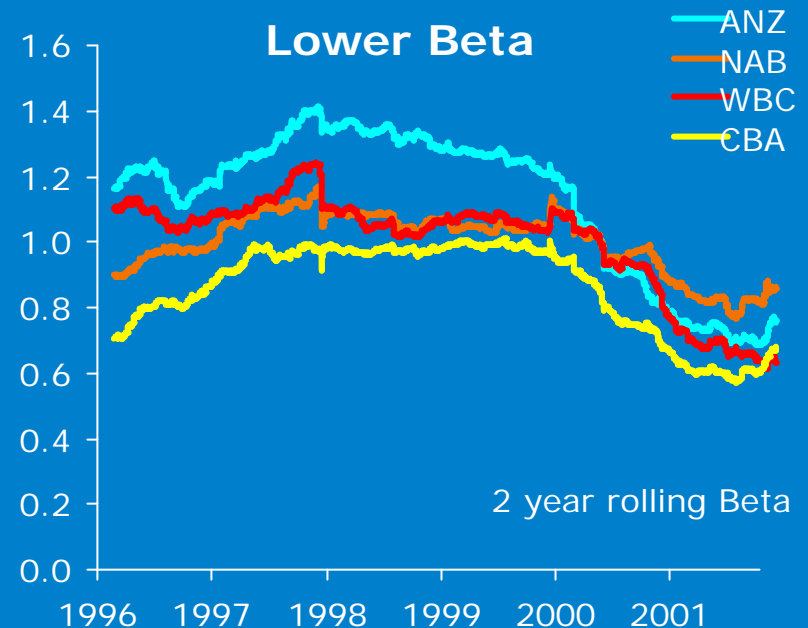
* Continuing operations



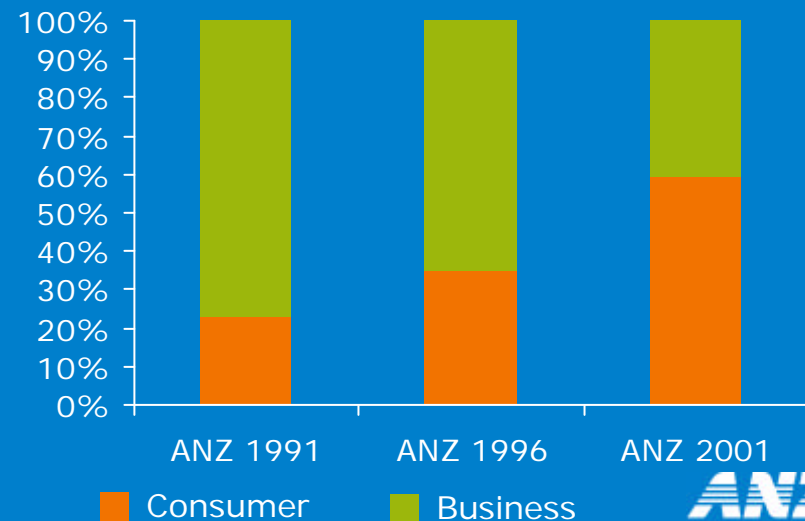
Lower risk, improved sustainability

We have reduced risk

- sale of Grindlays
- exited emerging markets trading & retail stockbroking
- exited non-core Asian lending
- greater portfolio diversification
 - commercial property down from 24% in early 90's to 8% today
- early introduction of EVA/NIACC methodologies brings risk management to individual decisions
- lower reliance on corporate lending

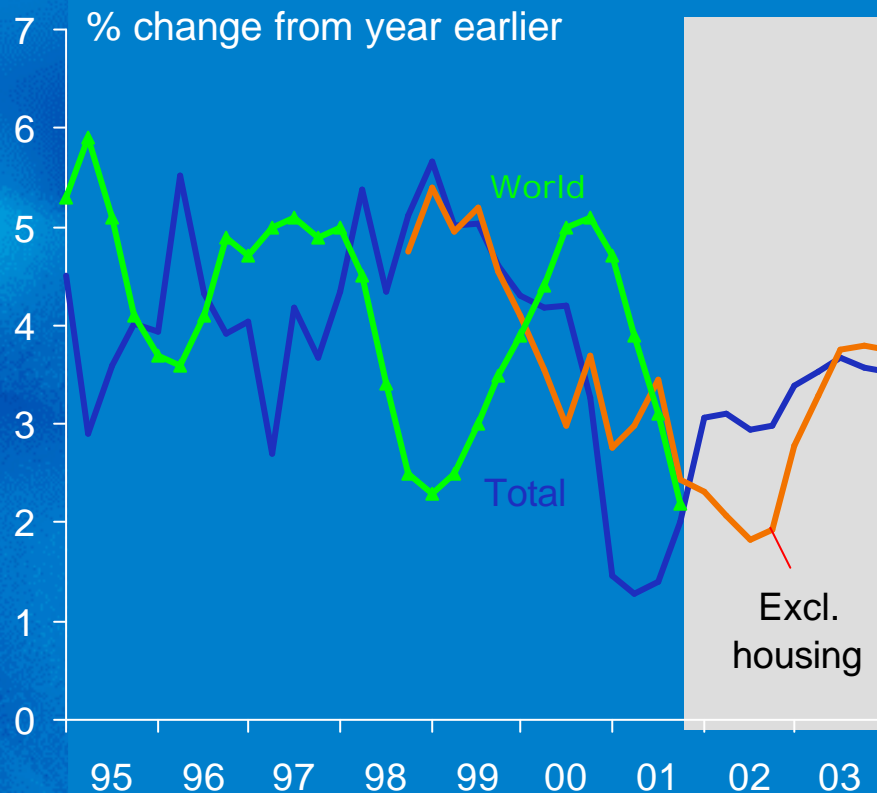


More sustainable business mix



Global economic slowdown already underway before September 11

Real GDP growth



- Australian economy has been counter-cyclically strong
- Outlook appears reasonable in isolation
- External issues are creating substantial uncertainty
- We are optimistic, but sensibly cautious

Sources: ABS; [Economics@ANZ](#)
National agencies; Eurostat; Datastream;

Strong focus on risk mitigation

Group

- Conservative financial leverage
- All known credit problems dealt with
- Additional ELP charge for expected portfolio deterioration

Personal

- 45 Business Unit specific initiatives including
 - Enhancing and tightening scorecards
 - Increased focus on early warning indicators
 - Move from quarterly to monthly reviews for customers exhibiting adverse behaviour

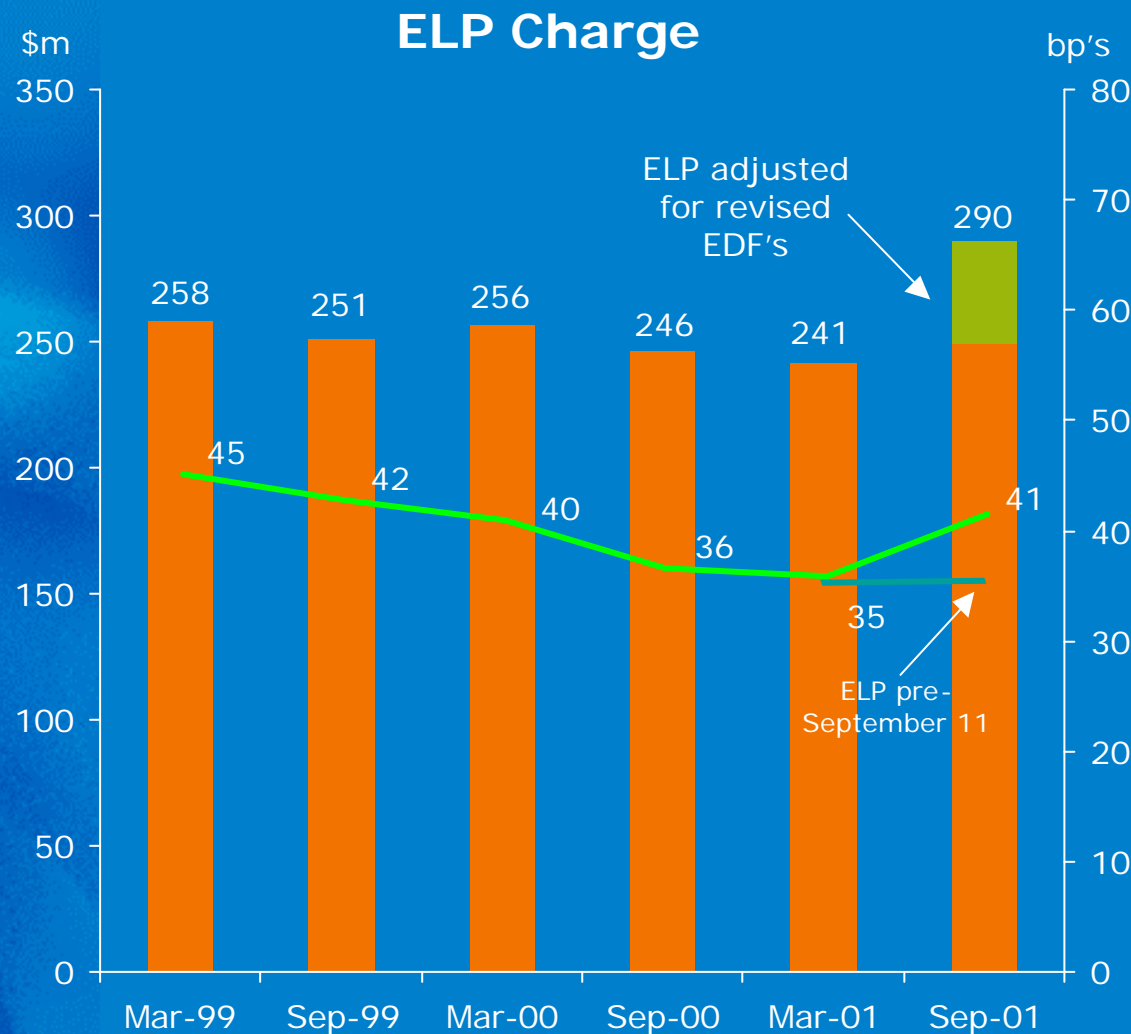
Corporate

- 12 core portfolio management initiatives in place prior to September 11
 - Reduction of single customer limits
- 14 new initiatives post September 11
 - eg establishment of exposure caps in high risk industries

Subs & International

- 9 new initiatives post September 11, including
 - Enhancing and tightening scorecards
 - More regular reporting on sectors at risk
 - Careful monitoring of large drawdowns

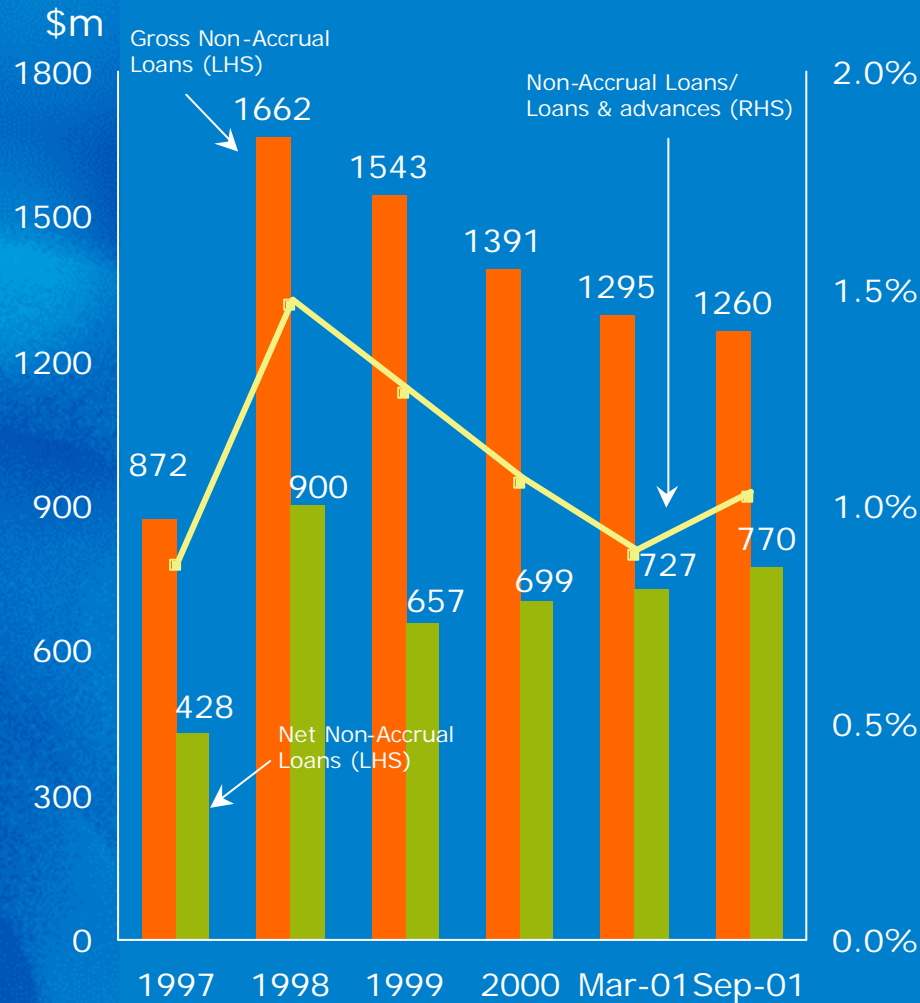
Provisioning charge reflects a prudent response to September 11



- ELP charge automatically adjusts in line with changing risk profile of the book
- September 11 impact not yet reflected in Customer Credit Ratings
- Prudent to allow for potentially higher expected defaults in our provisioning
- ELP rate is a better reflection of likely 2002 levels

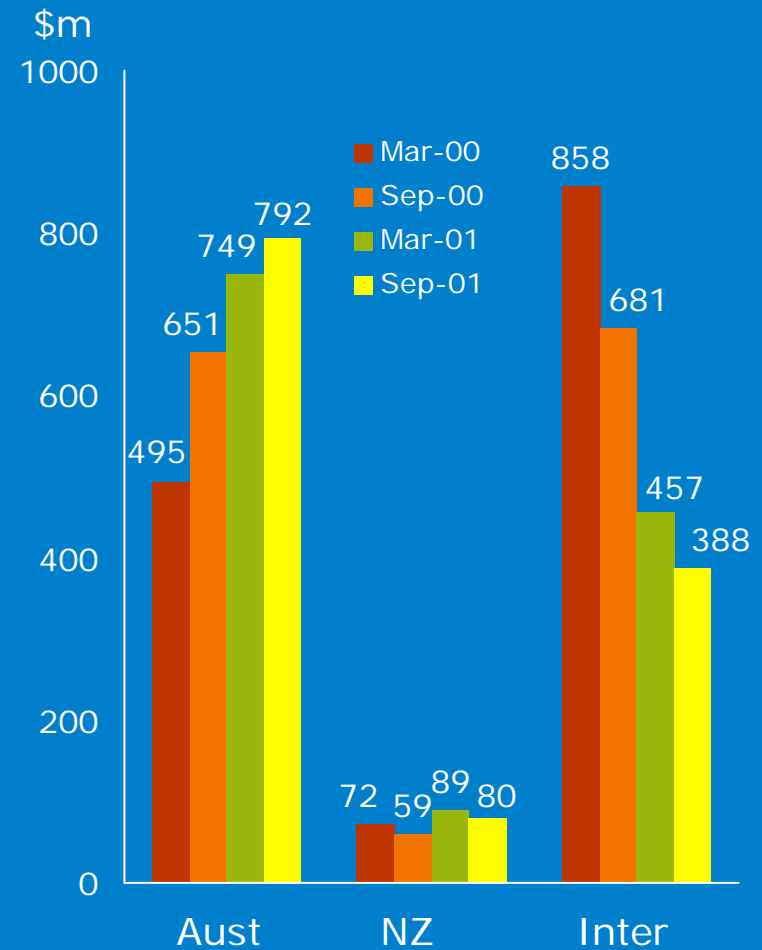
Gross non-accrual loans continue to fall, net non-accruals up 6% for the half

Historic

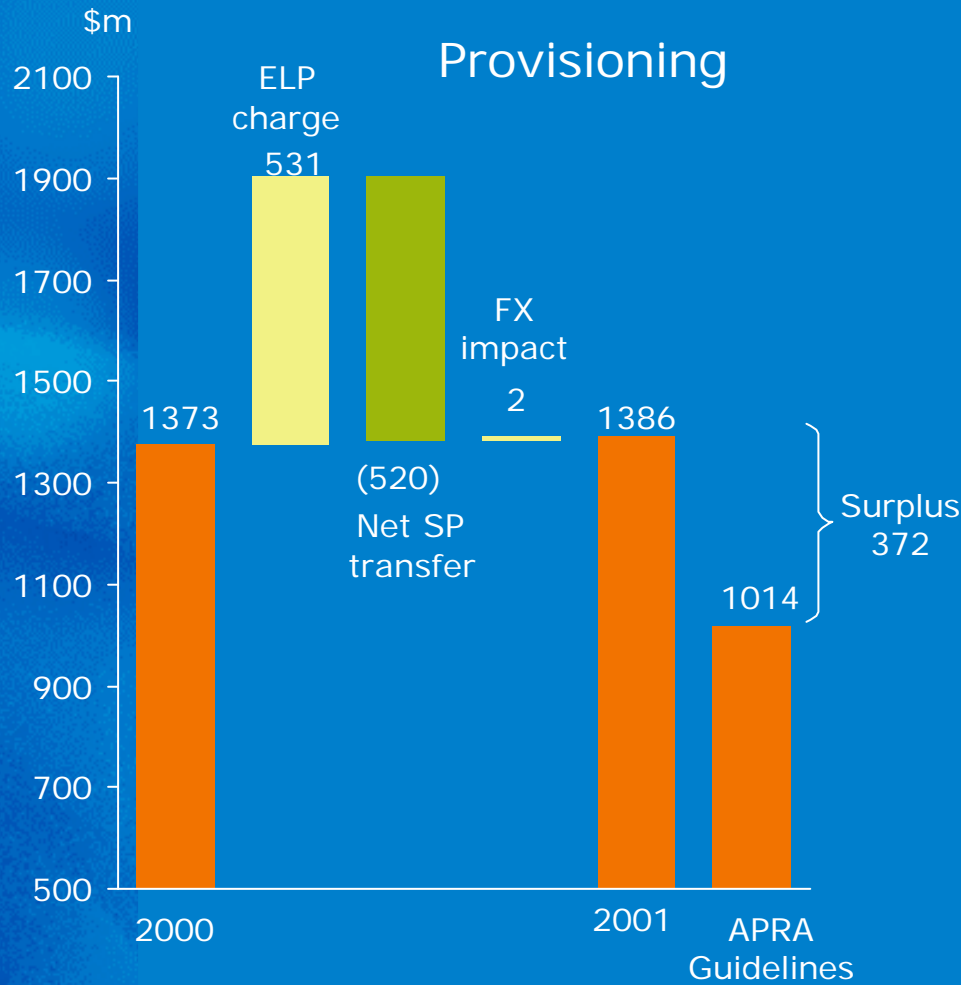


Geographic

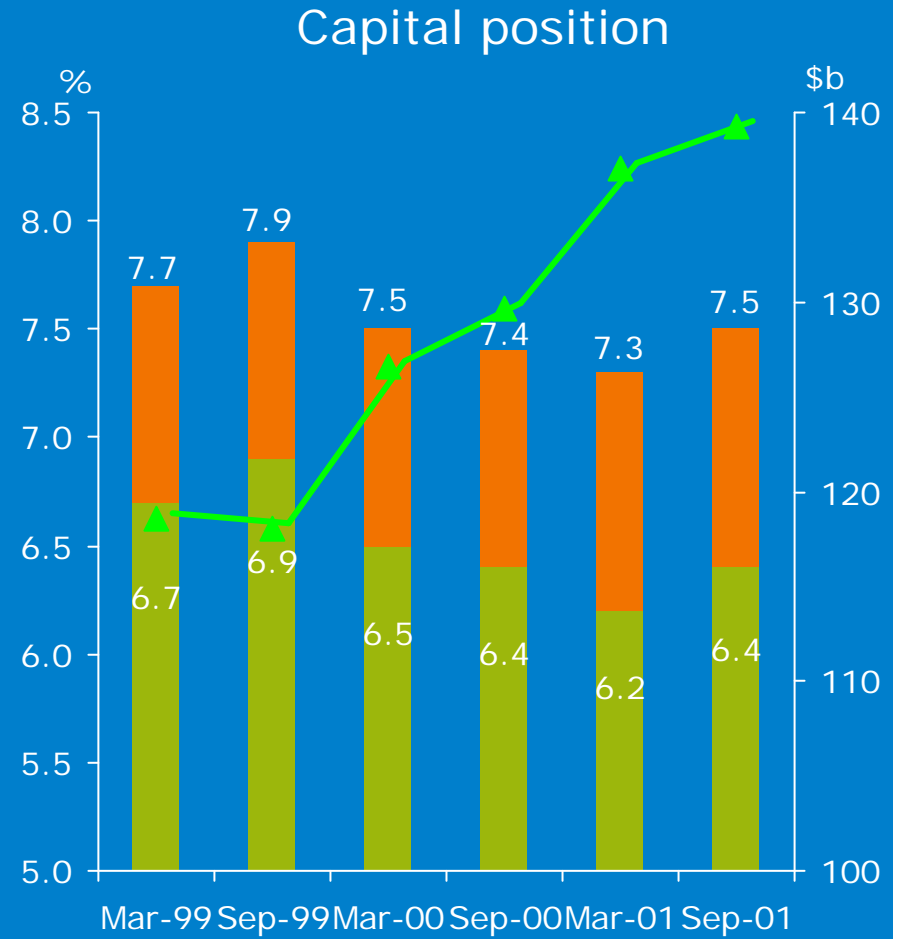
Gross Non-Accrual Loans



Provisioning levels strong & capital management prudent



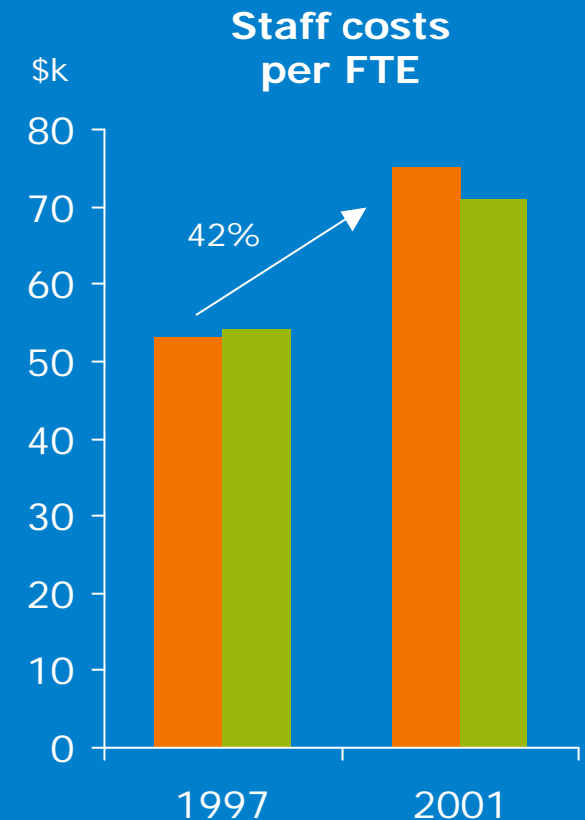
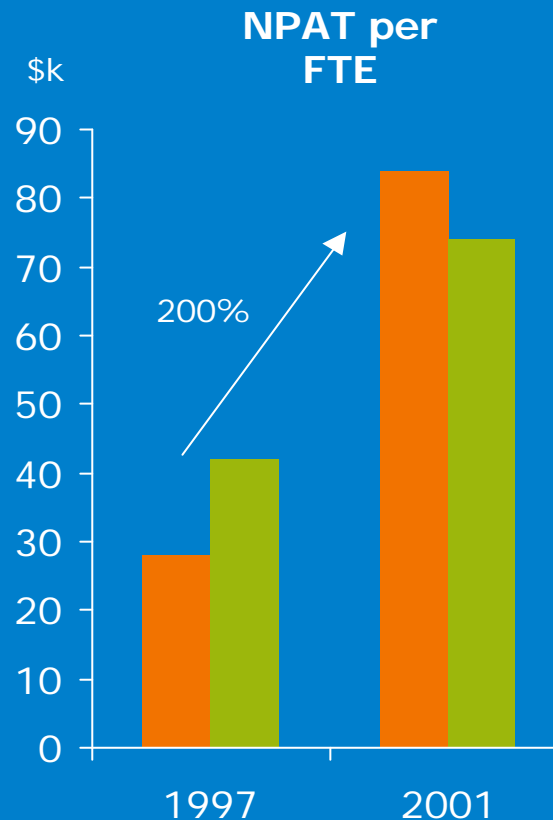
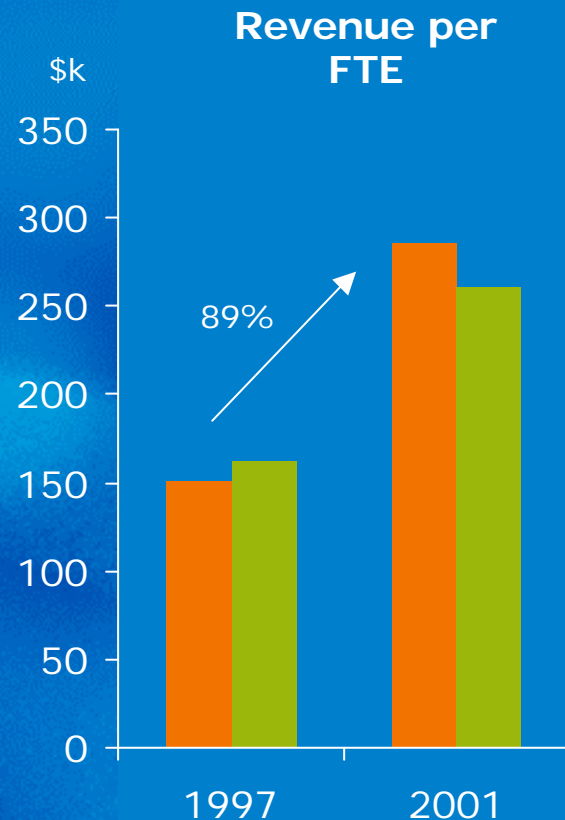
ELP - Economic Loss Provision
 SP - Specific Provision



Tier 1 (target 6.5%-7.0%)
 Inner Tier 1 (target 6.0%)
 RWA's



Developing a high performance culture



ANZ Peer avg*

Staff option holders

- Sep 98 – 427 staff
- Sep 01 – 5831 staff

Staff shareholding

- Sep 98 – 534,000 shares
- Sep 01 – 11,063,000 shares
- 89% of staff now hold shares

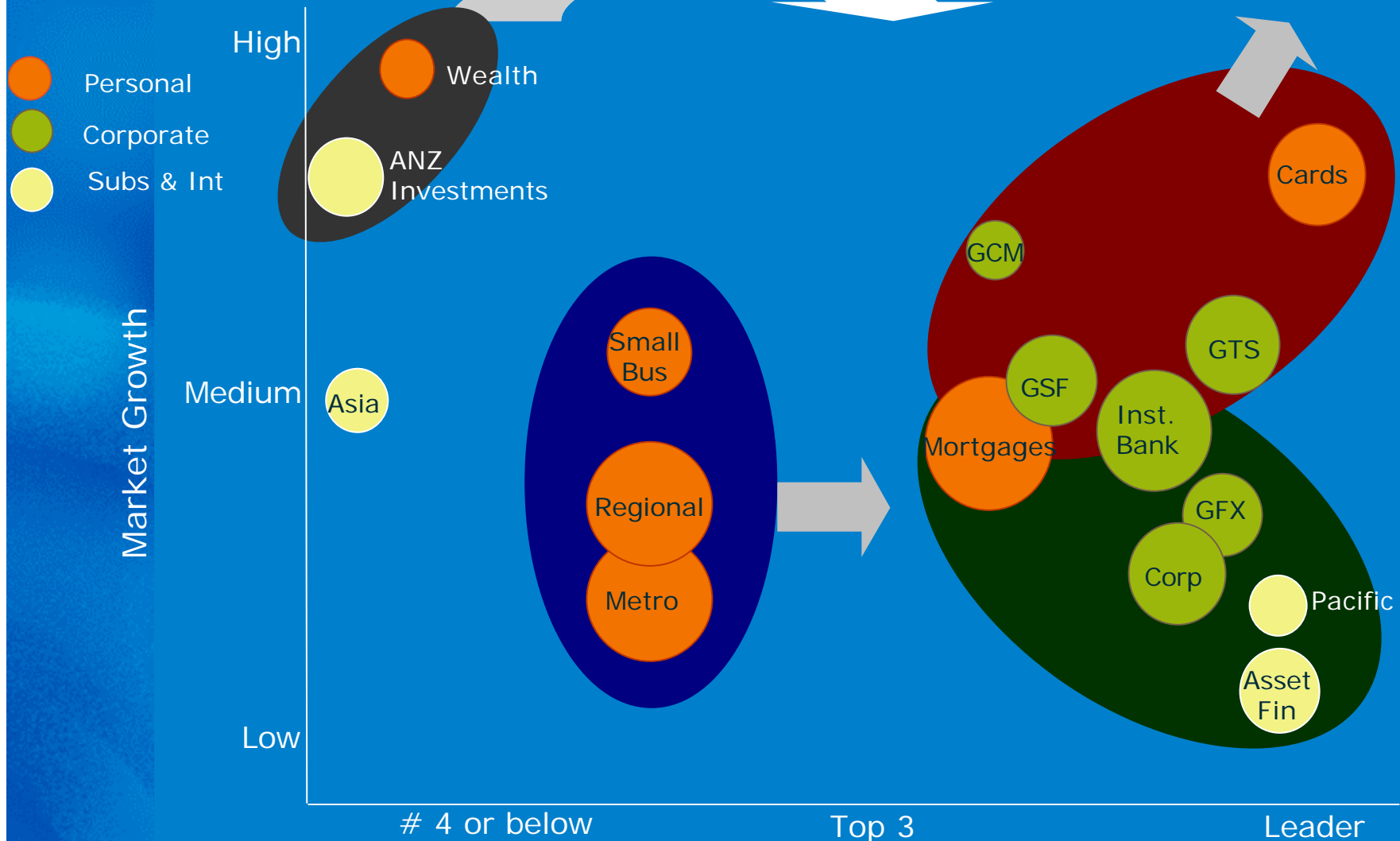
Our people are increasingly engaged



- Built a strong management team
- Substantial improvement in staff satisfaction
- Staff satisfaction a key performance indicator for management

Businesses must achieve a top 3 position

ILLUSTRATIVE



Note: Bubble size in proportion to 2001 NPAT

Market Position

Building on strengths, eliminating weaknesses

Strengths

- Performance culture and cost management
- Specialisation – focus, execution, flexibility
- Leading positions in consumer product businesses and corporate
- Management –accountable, open, transparent
- EVA embedded throughout the organisation
- Capital

Weaknesses

- Wealth/Investment Management
- Underweight consumer franchise
- Underweight in small to medium business segment
- Limited retail funding
- Asia below critical mass
- Size in a global context

The essence of our strategy

Specialise

- Building a portfolio of stand-out businesses with distinctive business leadership and a sustainable top 3 position that work as one ANZ

eTransform

- Embracing technology to drive radical change, boost productivity, accelerate innovation and dramatically improve service and value

Perform

- Ensuring “best in class” performance for shareholders, customers, staff and the community

Grow

- Demonstrating strong growth momentum in core businesses and positioning ourselves in attractive new high growth categories

Breakout

- Being bold and different, a high performance culture with a human face, technological leadership and a strong domestic and regional strategic position

Our top 10 priorities

1. Build standout performance – lift the bar
2. Continue to lower risk and improve sustainability
3. Take all businesses into the Top 3
4. Create a leading position in Wealth Management
5. Restore customer & community faith
6. Create a world class technology platform
7. Continue to build a high performance breakout culture
8. Do what we need to do and partner or outsource the rest
9. Take what we do well into new markets
10. Capture strategic opportunities in the weaker economy

Outlook – optimistic but cautious

- Good momentum in our business
- Economy in reasonable shape but greater uncertainty from external pressures
- Revenue growth more subdued until upturn
- Credit environment difficult but containable
- Approaching business cautiously – constraining costs and credit
- Selective investment in growth
- Focus on restoring customer/community faith
- Building on our distinctive strategy

Our targets are unchanged

EPS > 10%

ROE > 20%

Cost Income – mid 40's

Inner Tier 1 – 6%



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available on

www.anz.com

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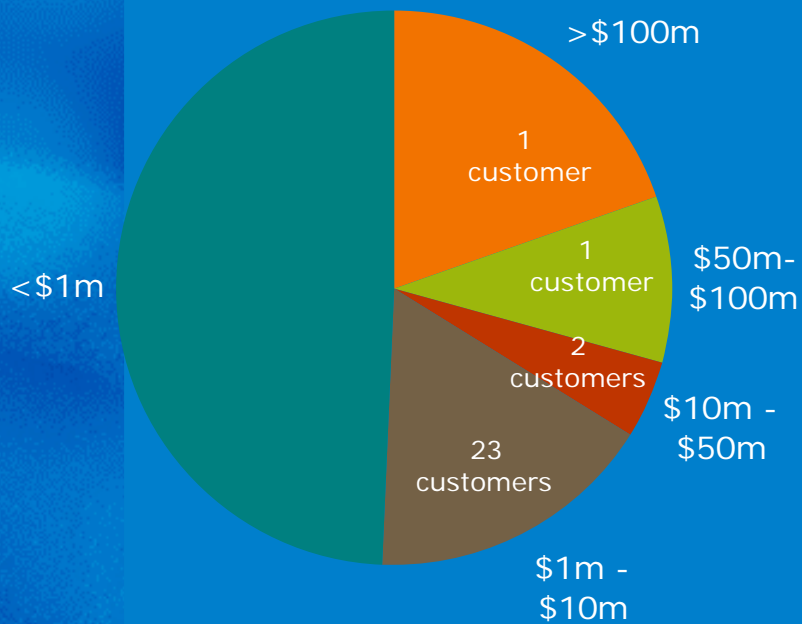
Philip Gentry
Head of Investor Relations

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

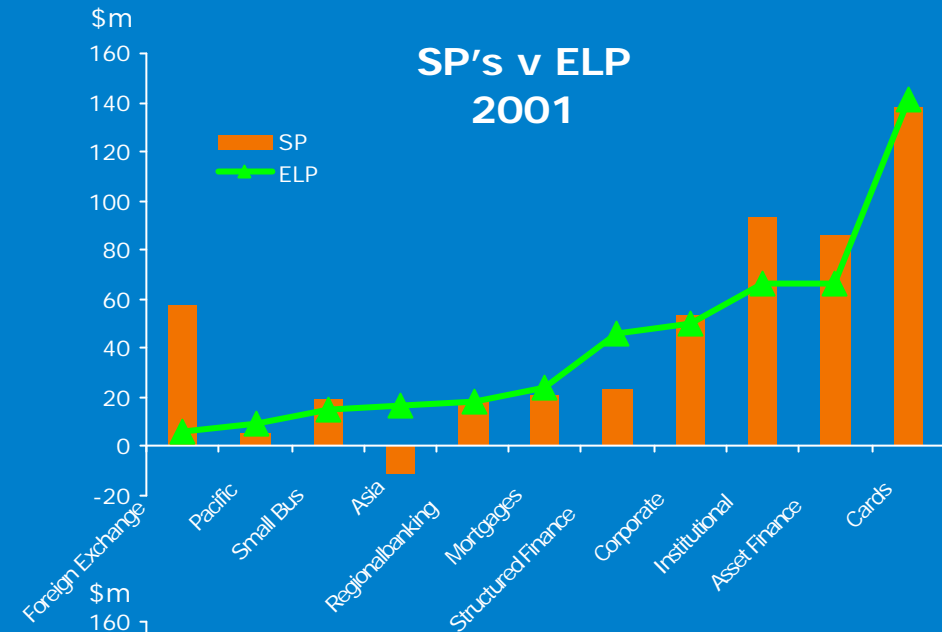


Specific provisions dominated by a few large losses

Specific Provisions by size

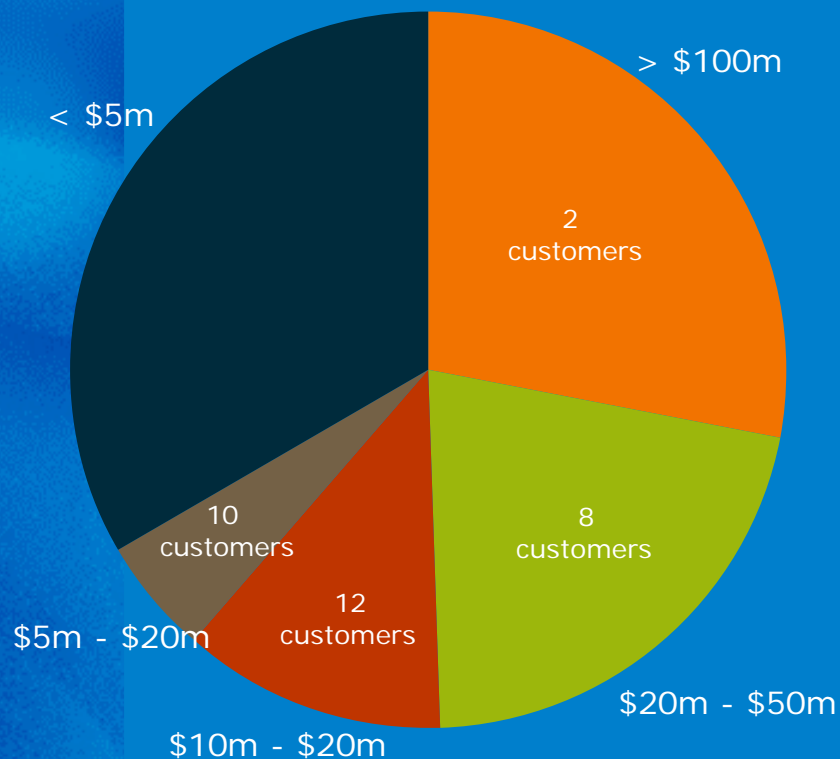


- Only 4 customers with specific provisions greater than \$10m

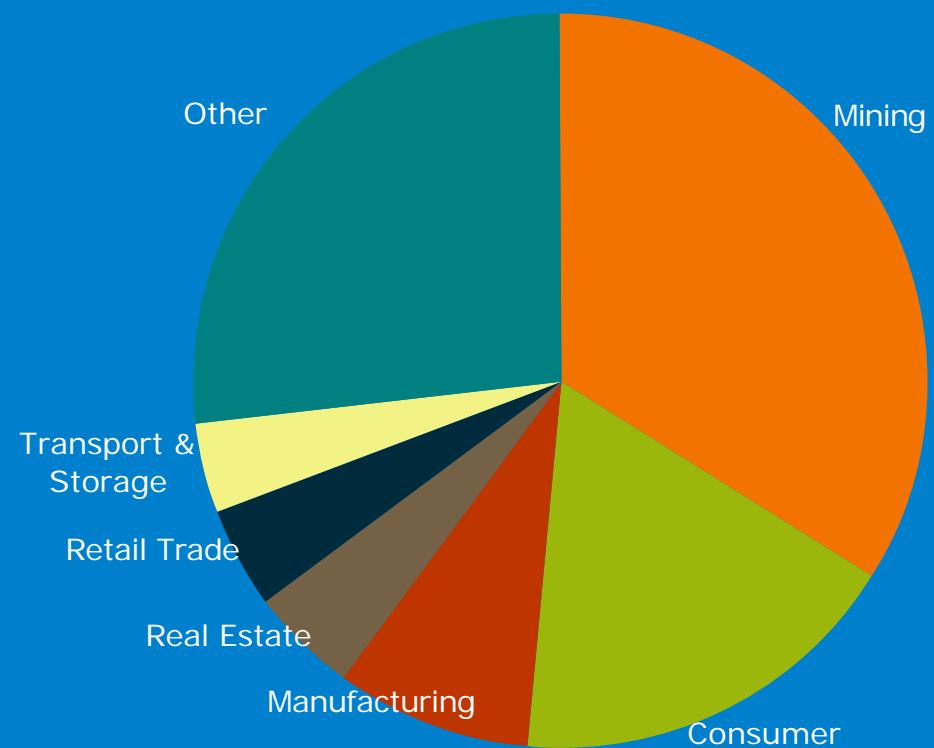


Problem loans are few, and with the exception of mining, not industry specific

Non-accrual loans by size

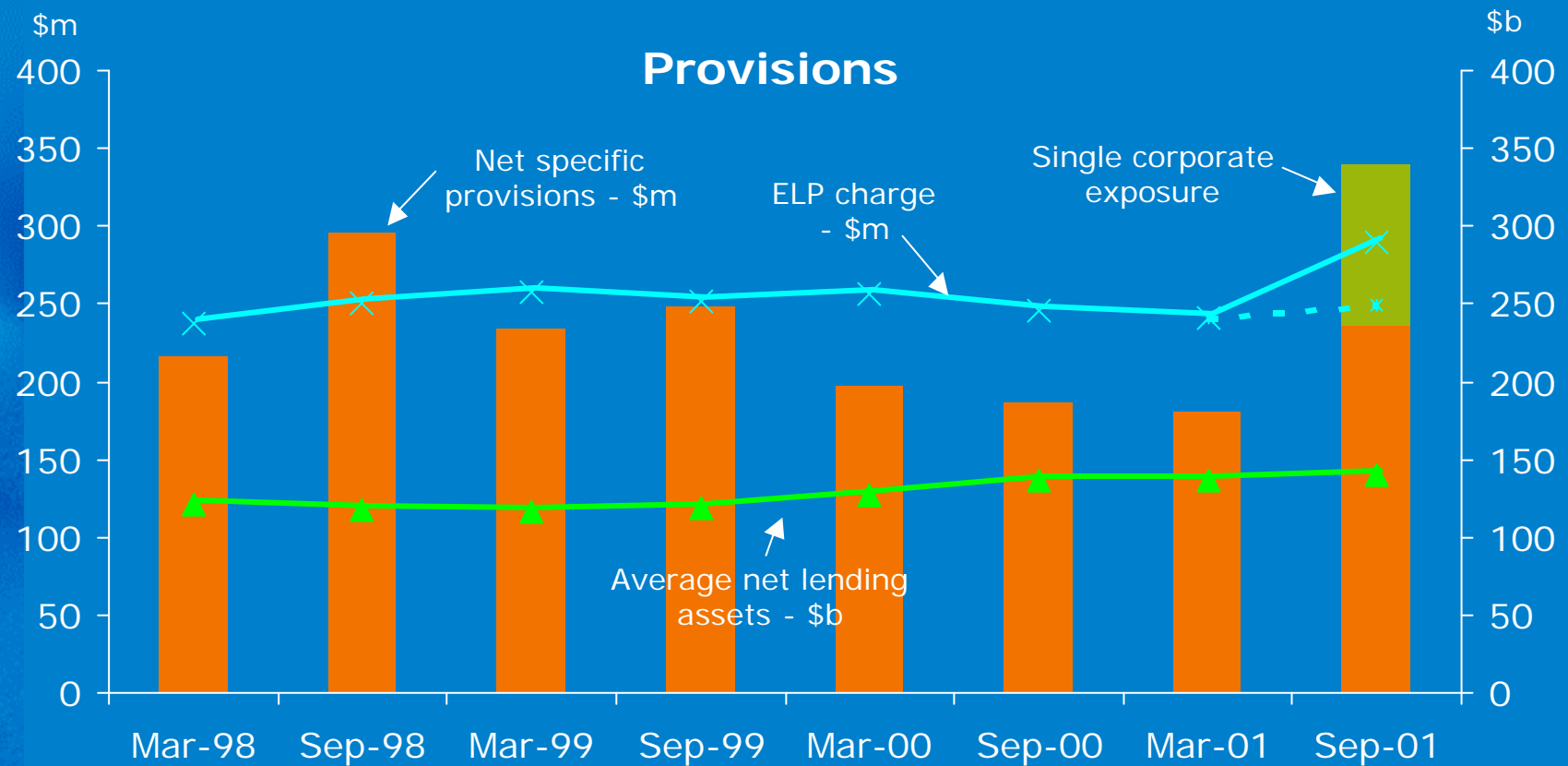


Non-accrual loans by industry*



- Two thirds of Mining non-accruals accounted for by one customer

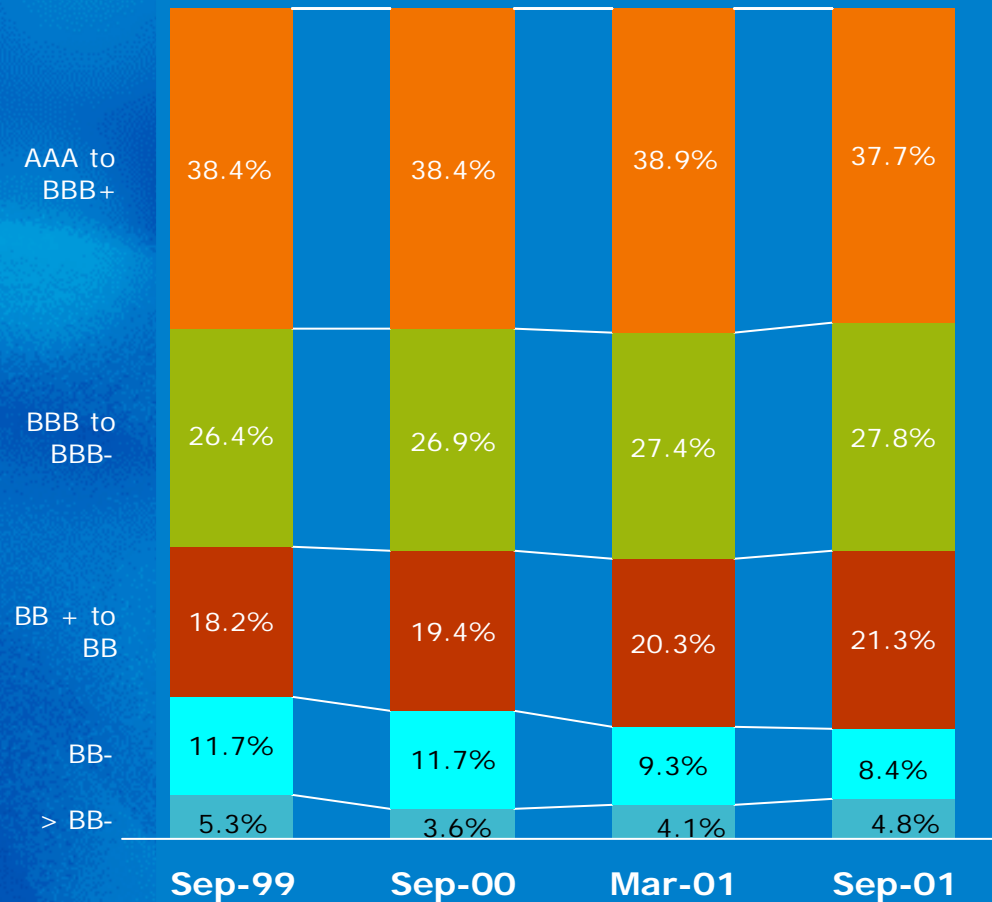
Specific provisions are higher, primarily due to one corporate exposure



- All known problems have been specifically provided for

Risk profile of the corporate book is within expectations and remains sound

Corporate risk grade profile
(based on lending assets)

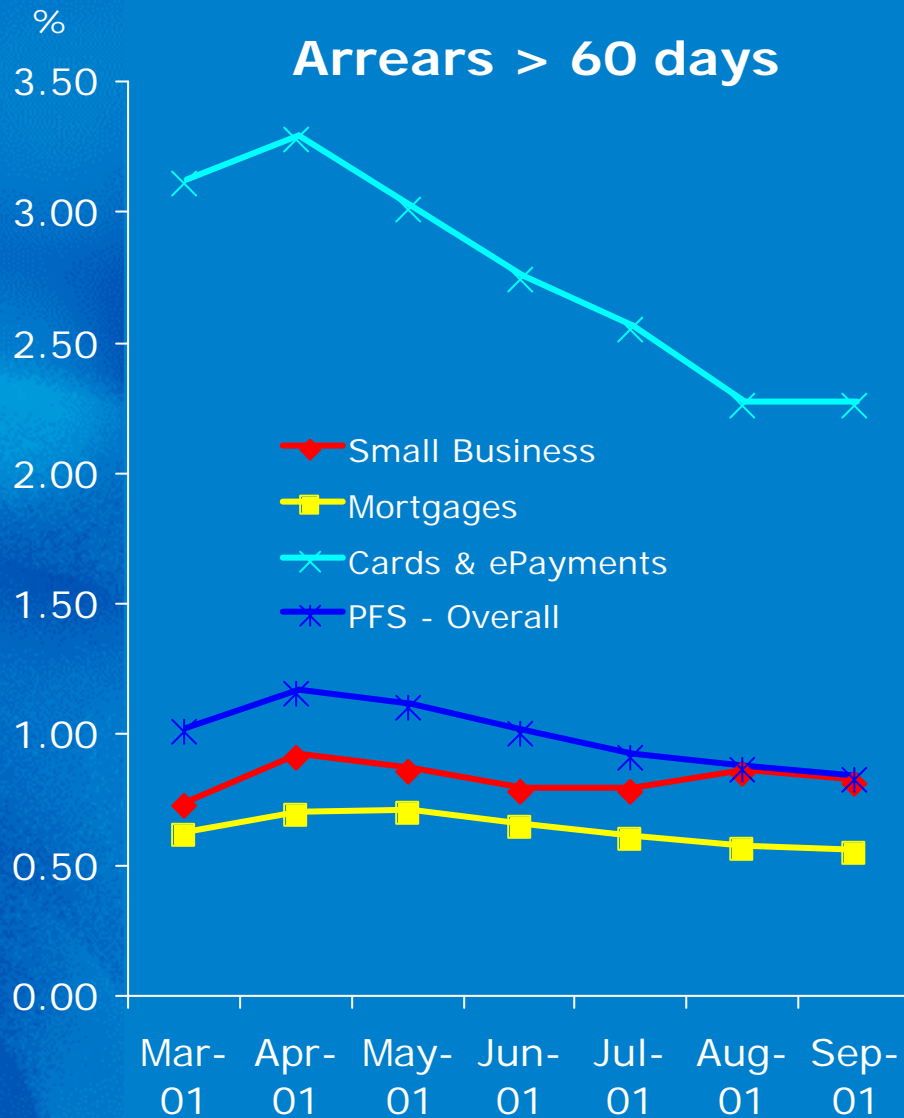


>BB- = B+ B, B-, CCC & non-accrual

Risk actively managed

- Economic deterioration not unexpected, and remedial plans well established
- All BB rated & high risk accounts reviewed regularly
- Large number of exits achieved on high risk accounts
- Freeze on net lending growth and exposure to new relationships BB- or worse
- 20-40% reduction in single customer limits

Consumer portfolio has improved



Delinquency levels have improved, driven by:

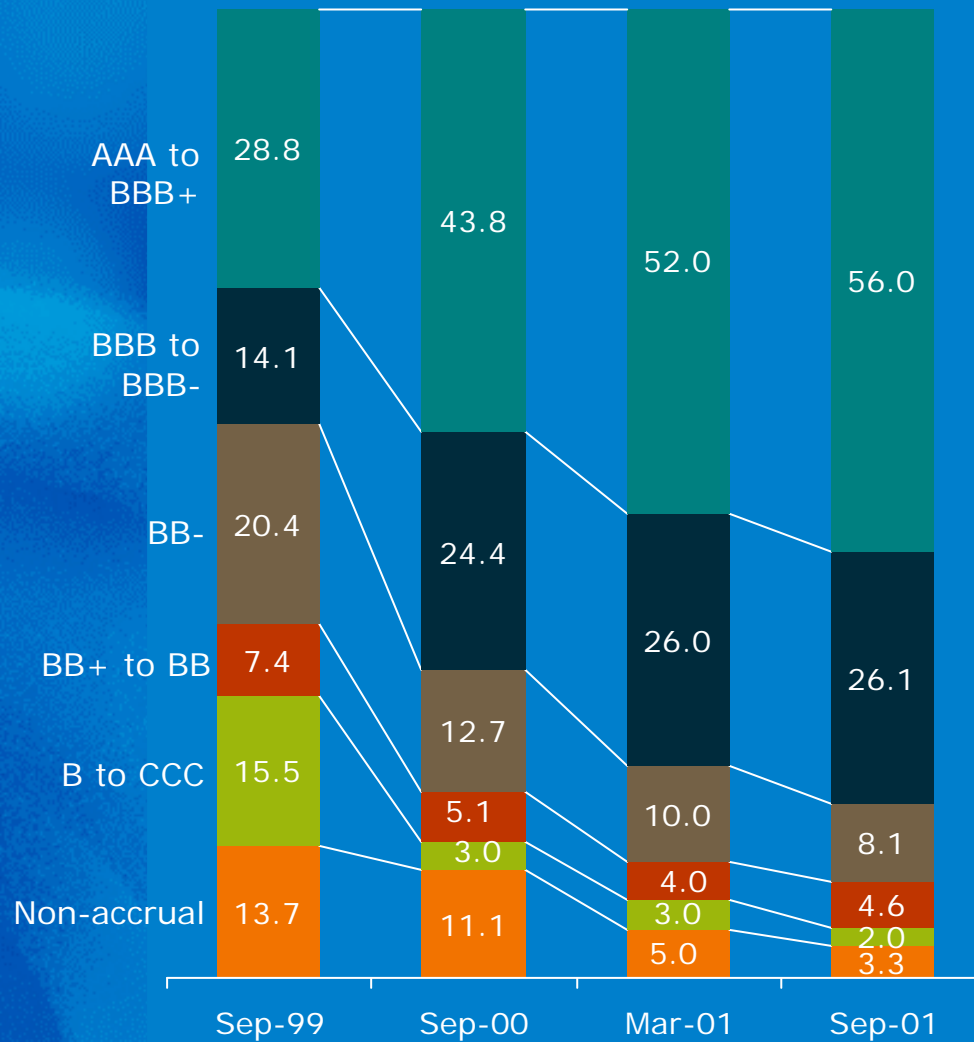
- improved collections processes
- low interest rates
- stable employment conditions (up to September)

Closely monitoring in light of recent events

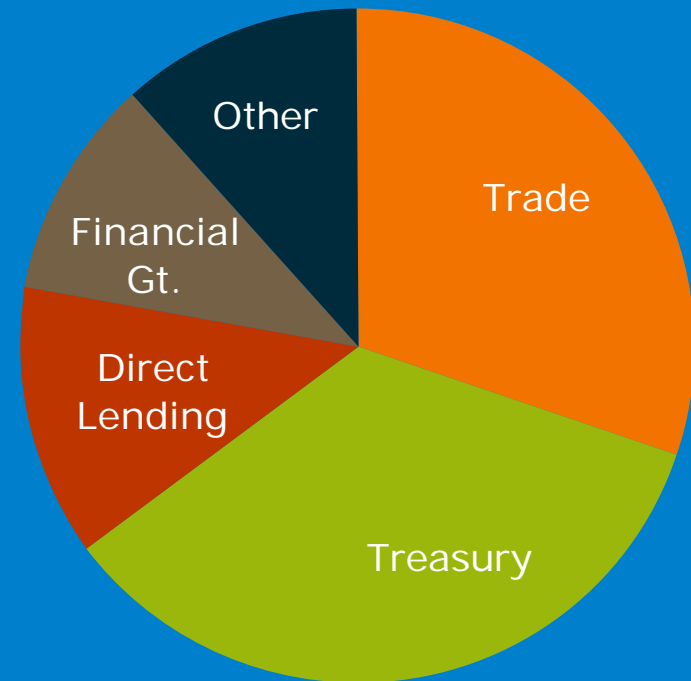
- Scorecards tightened

Asian risk profile has improved dramatically

Asian risk grade profile



Exposure Profile - Asia



Industry exposures closely monitored

High risk sectors – Australia & NZ

- Lending Assets (AUDm)
- ◆ % of Portfolio (RHS scale)
- ▲ % in CCR 7D-8G (RHS scale)
- ✕ % in CCR 9-10 (RHS scale)

