

Presentation to American Australian Association

New York
10 June 2002

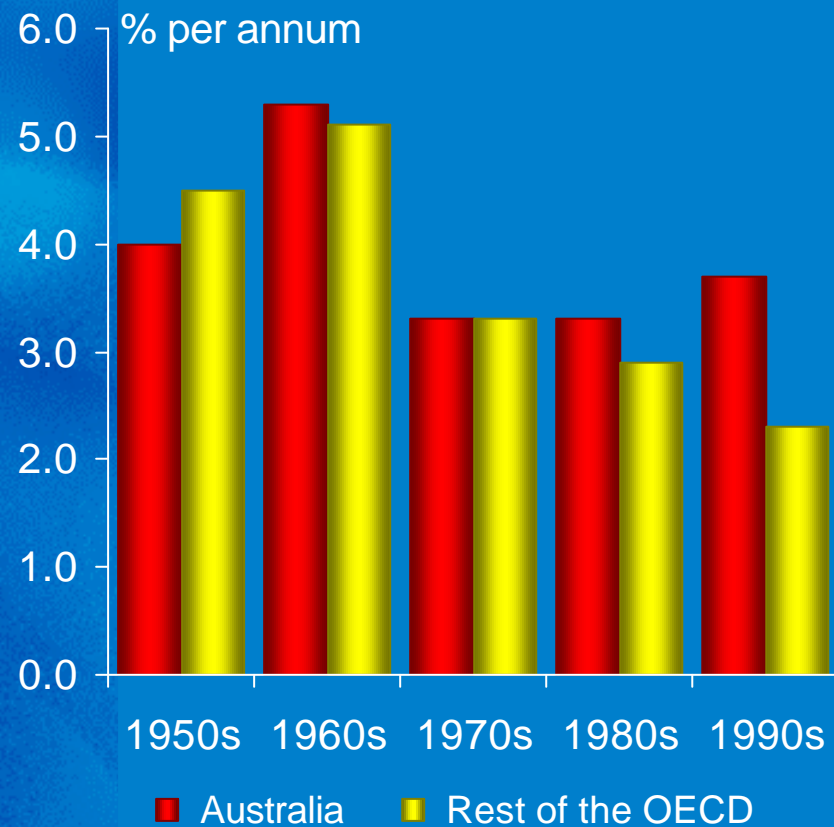
John McFarlane, Chief Executive Officer
Australia and New Zealand Banking Group Limited

Agenda

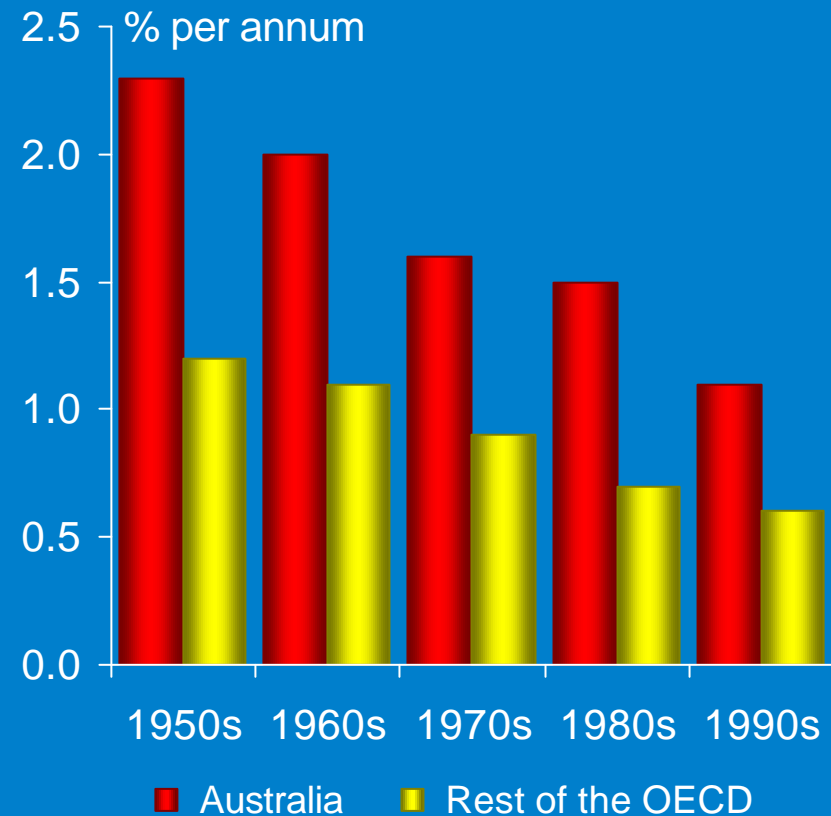
1. The Australian economy – from boom/bust to a more resilient foundation.
2. The emergence of financial services as a cornerstone of the economy
3. Culture and intangible factors increasingly driving value creation

Australia's apparently superior growth rate in the 1950s and 1960s was largely due to immigration

Real GDP growth



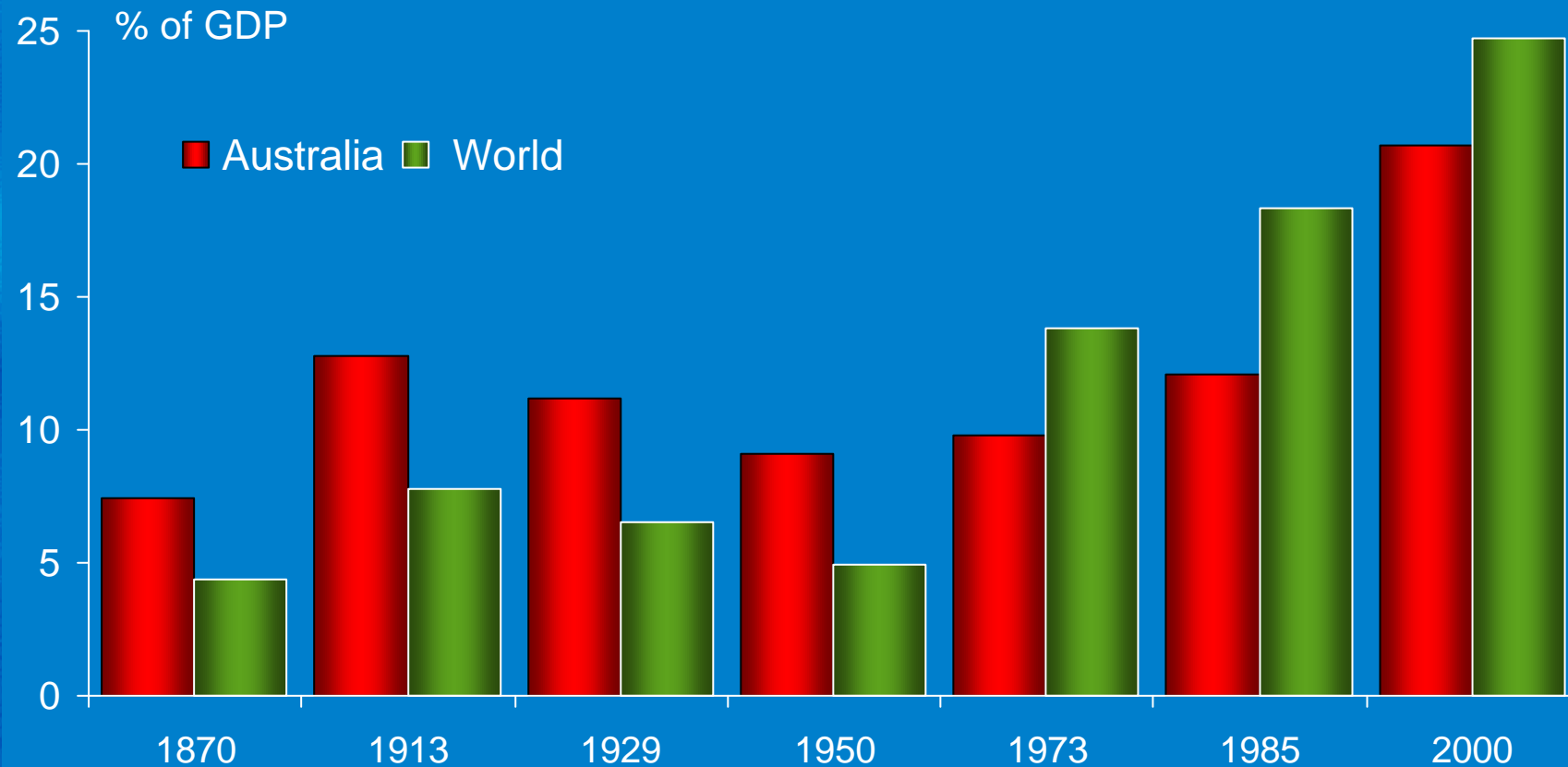
Population growth



Source: GGDC Total Economy Database; Economics@ANZ.

Australia 'opted out' of post-war globalization-led growth, until the mid-1980s

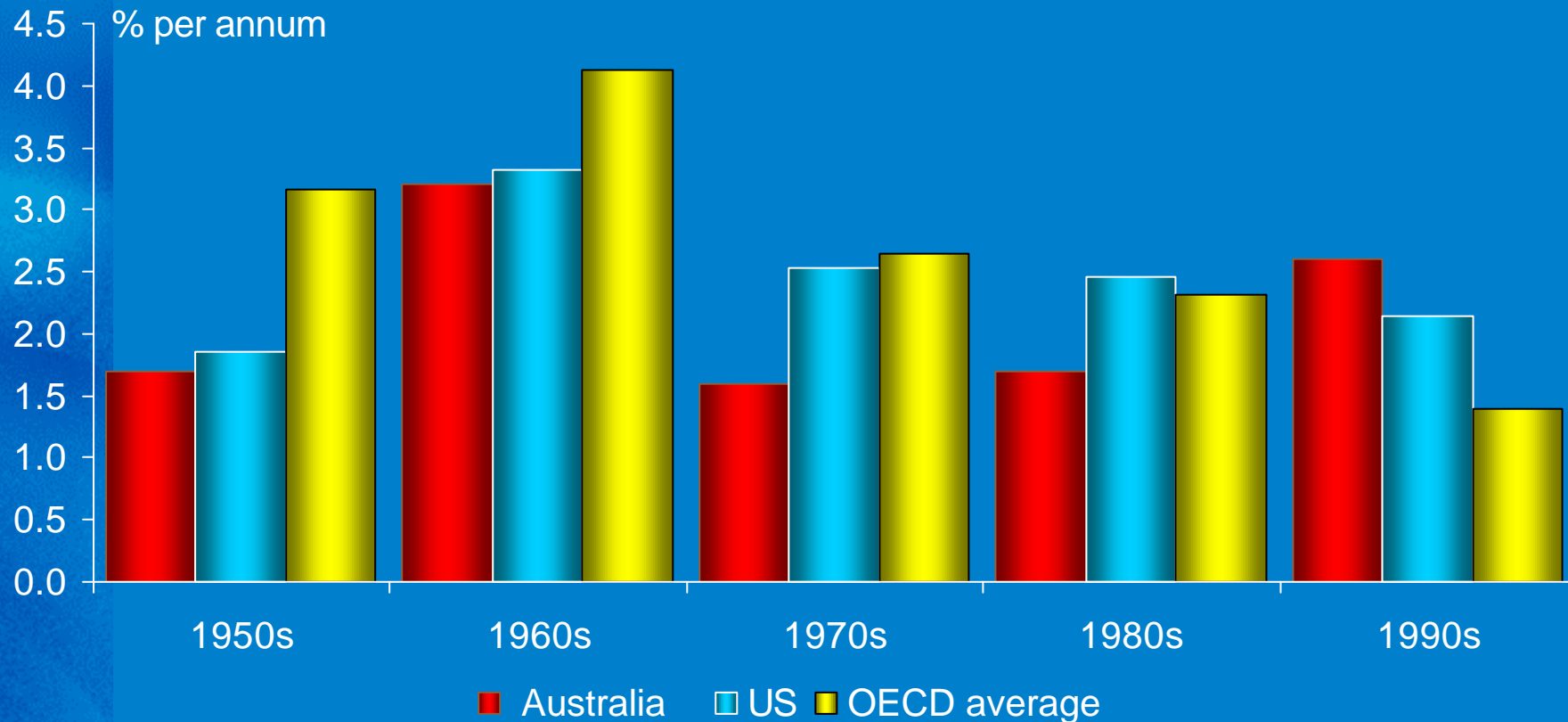
Exports as a share of GDP



Sources: Angus Maddison, *Monitoring the World Economy 1820-1992* (OECD); IMF, *World Economic Outlook* database; ABS.

Only in the past 10 years has Australian per capita GDP grown faster than for the US and OECD as a whole

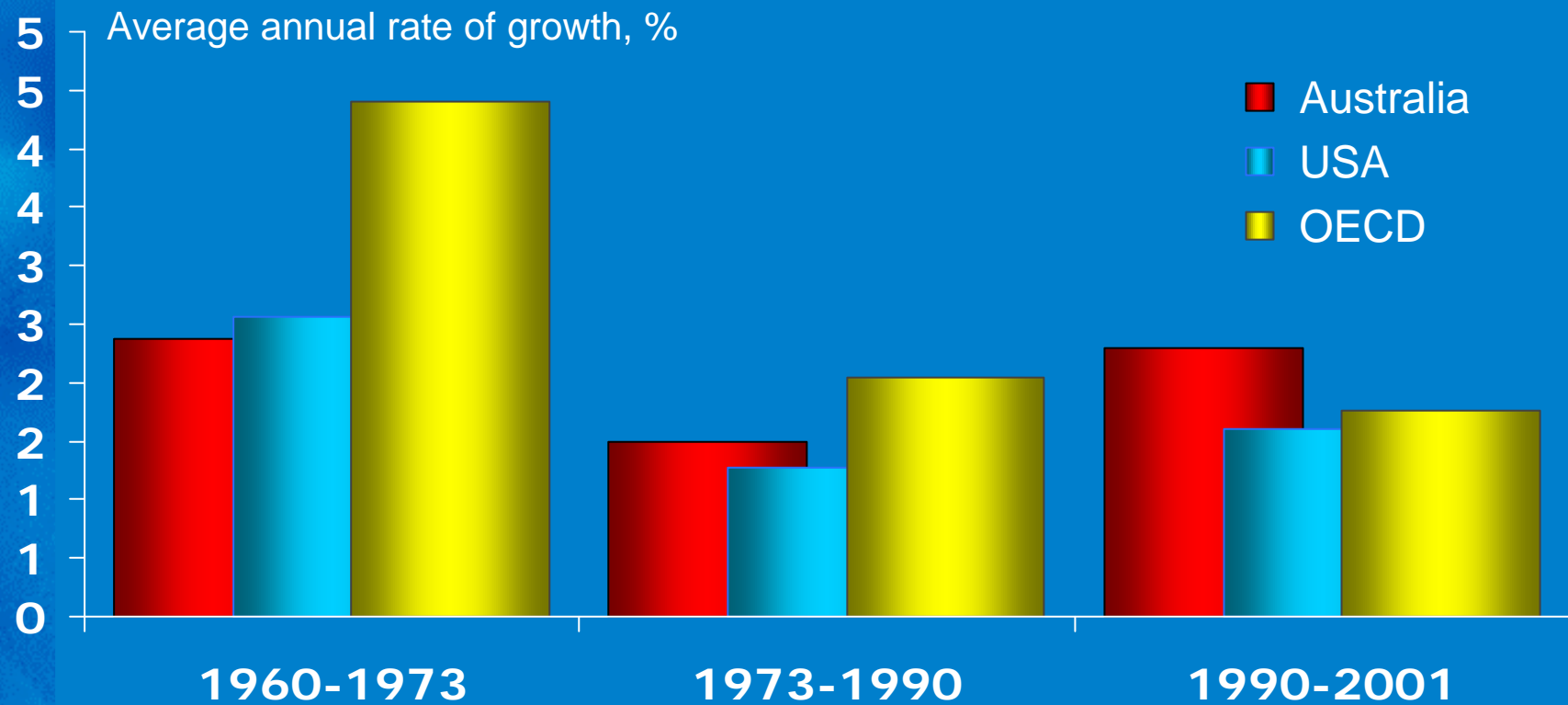
Per capita GDP growth



Source: GGDC Total Economy Database; Economics@ANZ.

Australian productivity growth exceeded the OECD (and US) average in the 1990s

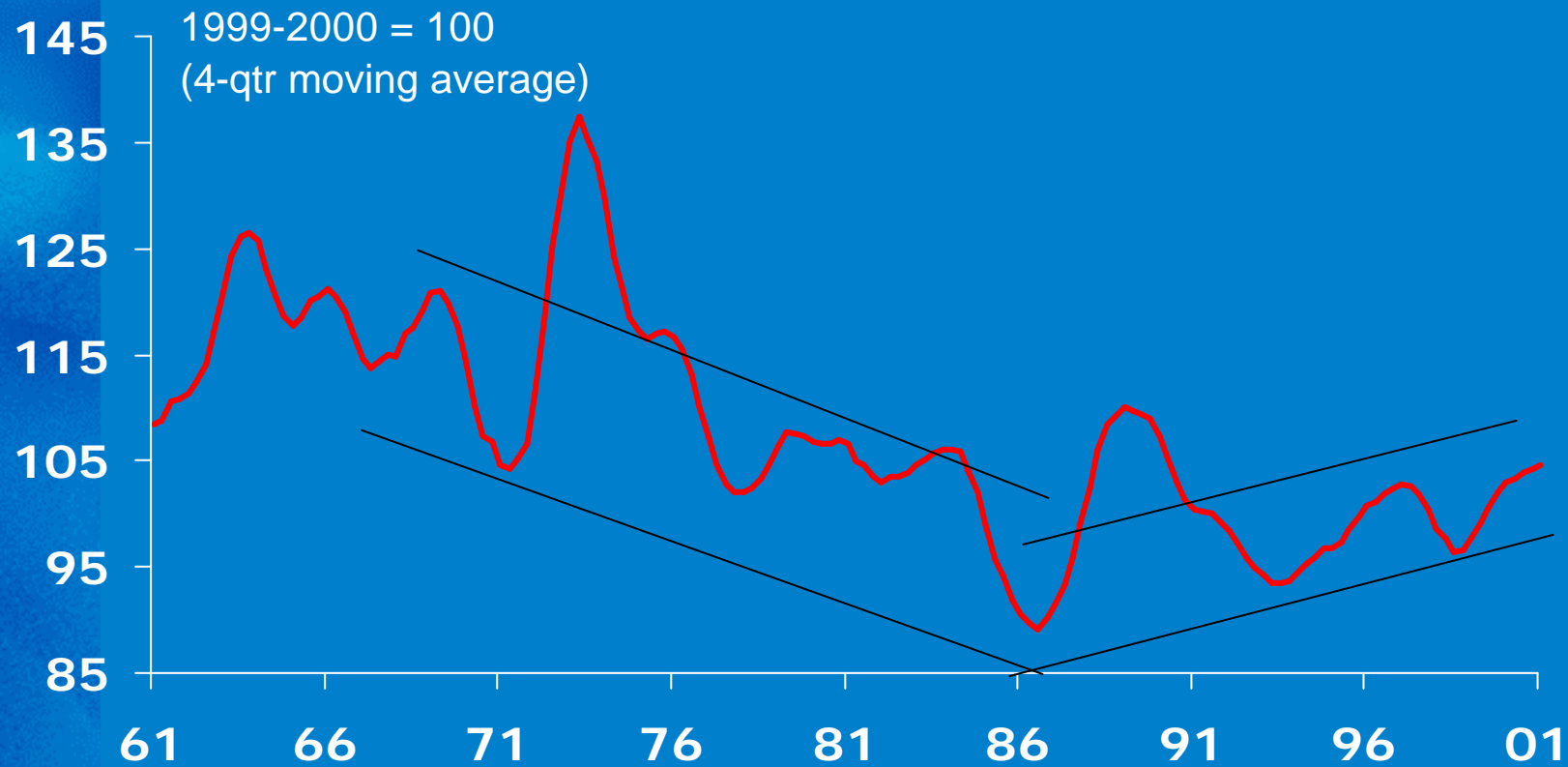
Labour productivity growth



Sources: Productivity Commission; GGDC Total Economy Database 2002.

The terms on which Australia trades with the world have been improving since the mid-1980s

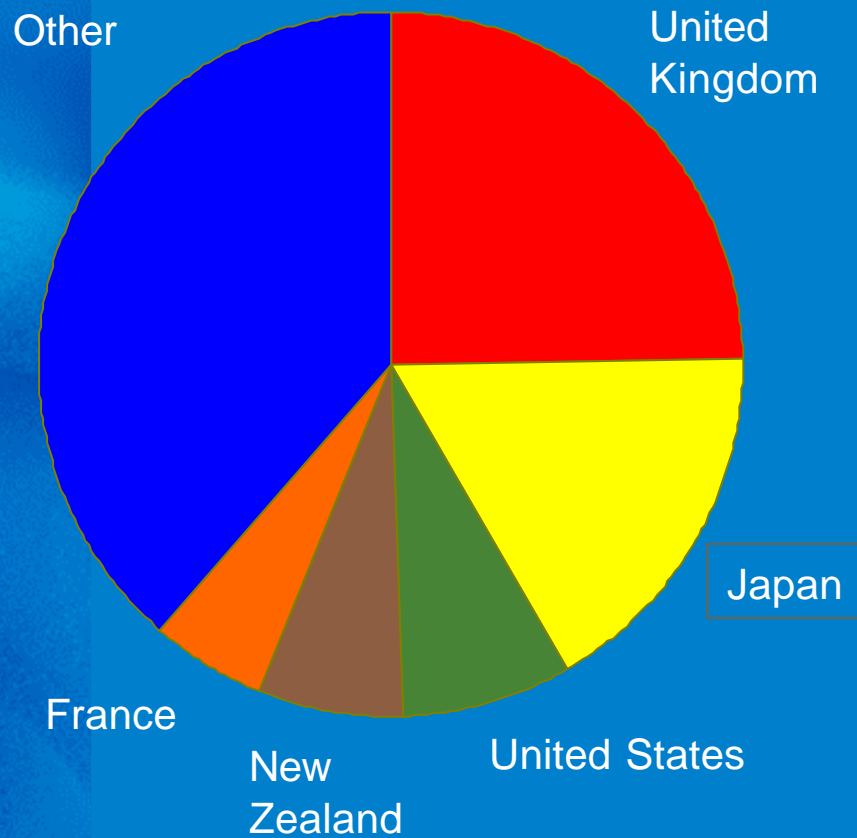
Ratio of Australian export prices to import prices



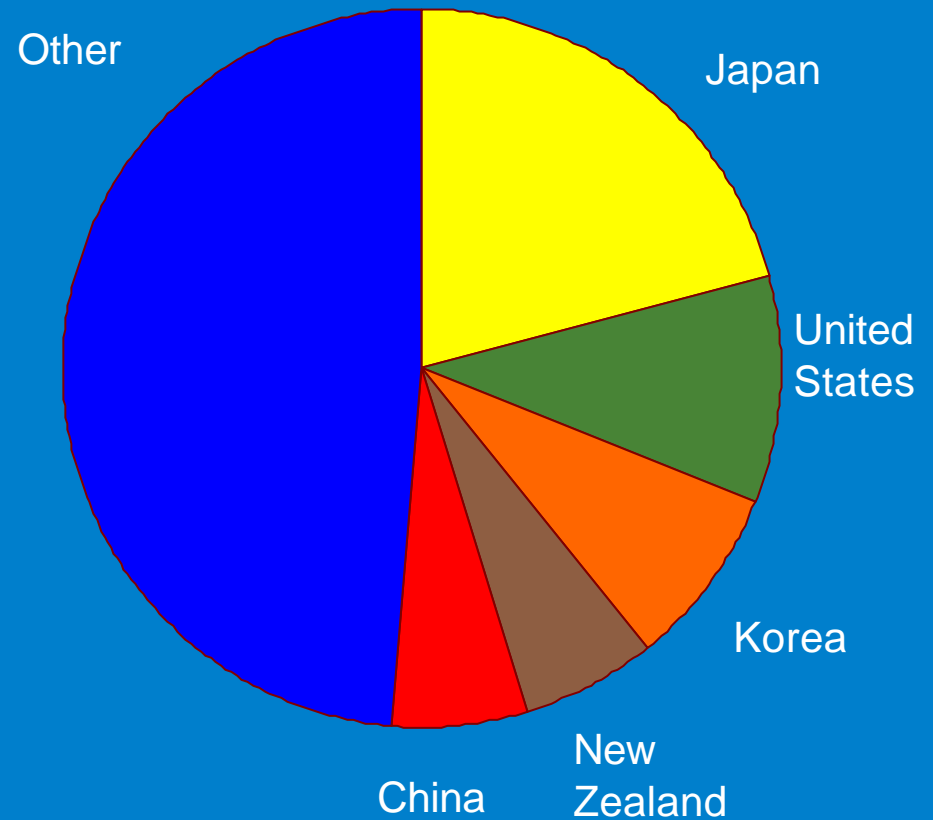
Source: ABS.

Australia's export markets have changed significantly over the last forty years

Share of exports - 1960



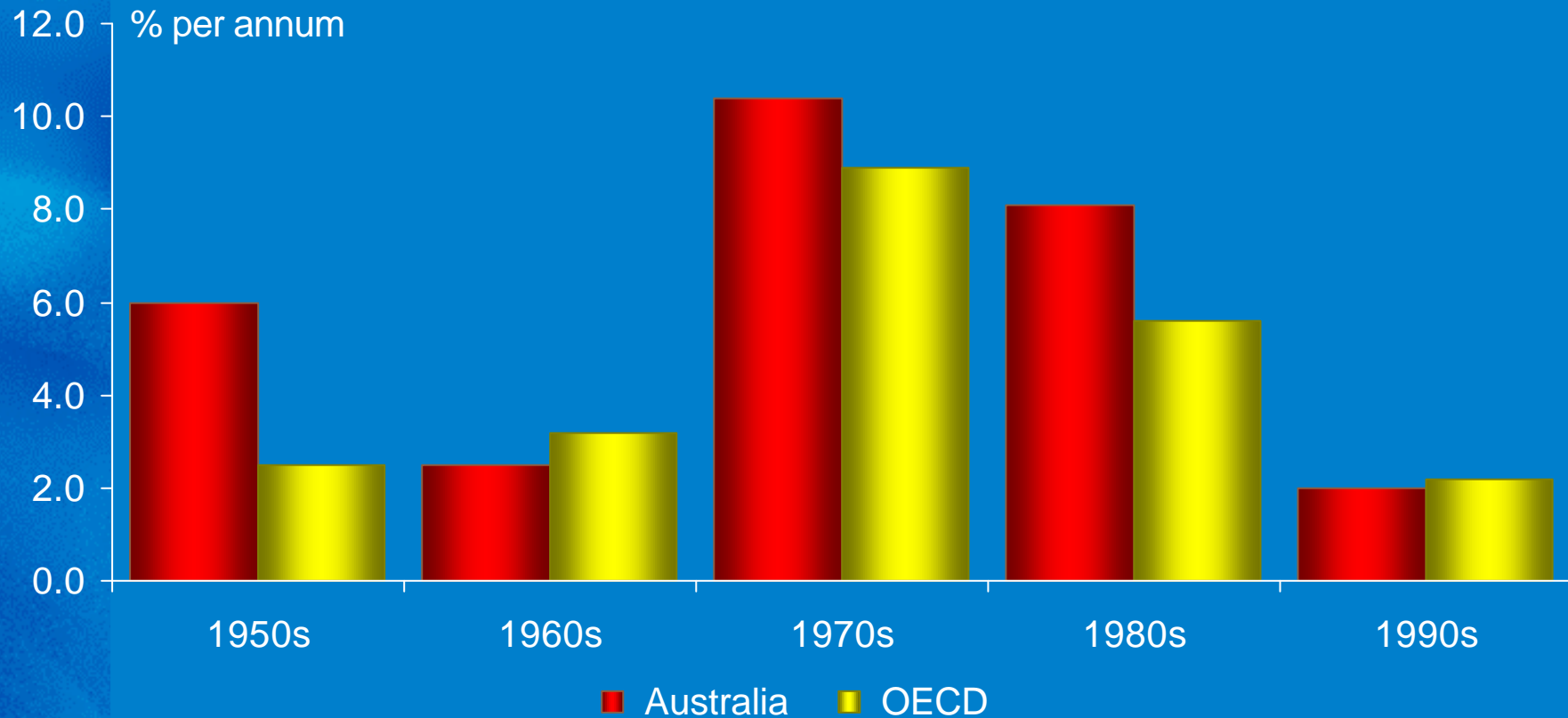
Share of exports - 2001



Source: DFAT

Australia's inflation rate has been lower than the OECD average for the first time since the 1960s

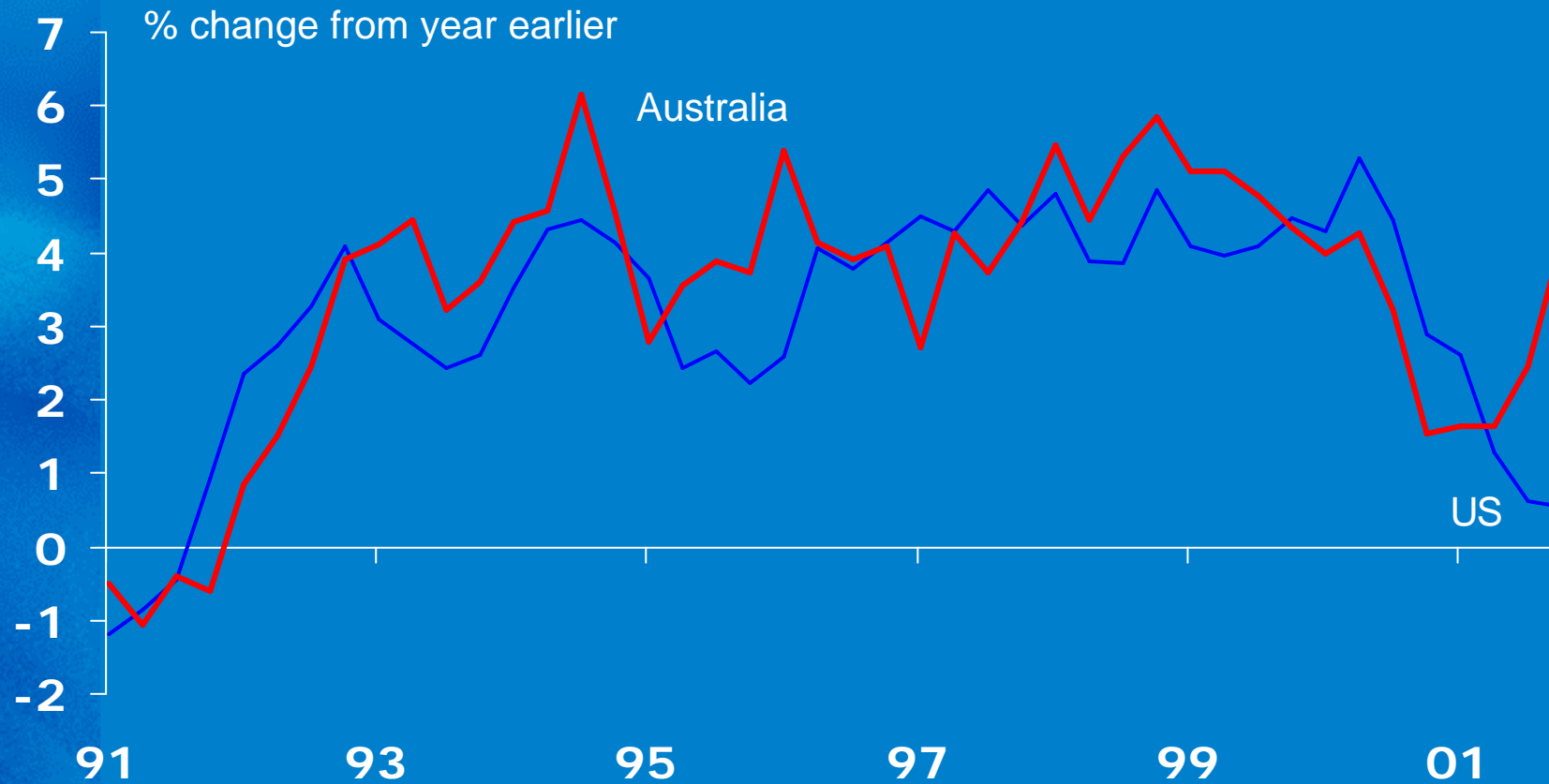
Inflation



Sources: Dresdner Bank; OECD; ABS. OECD excludes Turkey.

After years of growing in sync, the US and Australian economies have diverged recently

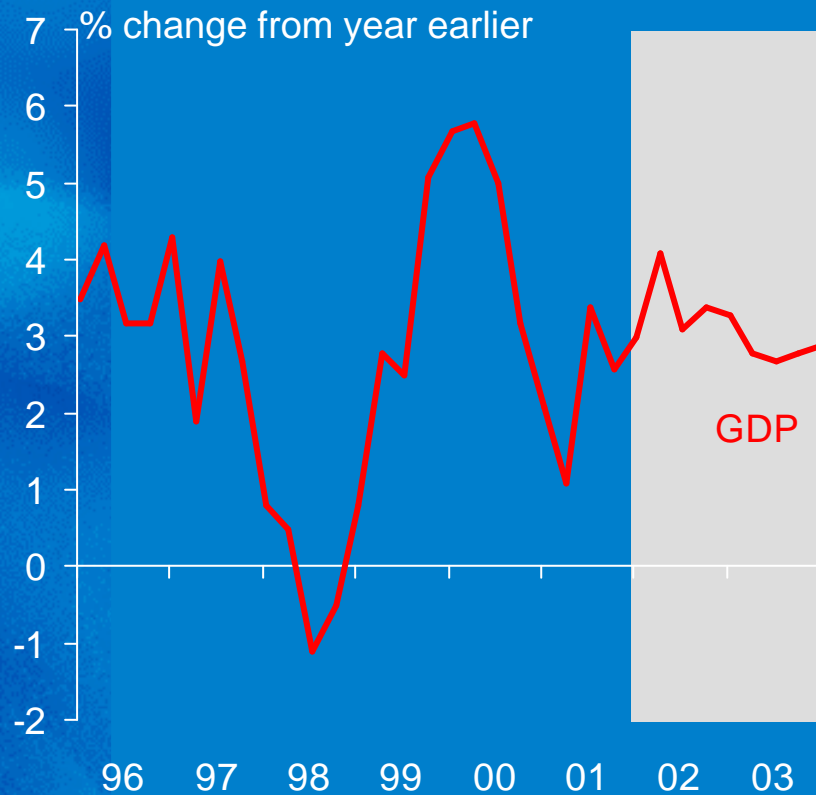
Real GDP growth



Sources: Datastream

NZ has also weathered the tougher international environment well and is well positioned for continued reasonable growth

NZ real GDP growth



Sources: Statistics NZ; NZ Economics@ANZ

- NZ has also experienced a strong upswing in housing activity in response to last year's interest rate reductions and a striking turn-around in net immigration (also supporting consumer spending)
- The stronger NZ\$ and lower agricultural commodity prices (especially for dairy products) will result in a fall in export incomes this year
- Lower rural incomes, higher interest rates and, eventually, some tapering off in net immigration will lead to softer growth in domestic spending
- Overall growth is expected to slow from 3½% in 2002 to 2¾% in 2003

The sources of growth in the Australian economy are likely to change over the next twelve months

Australian economic growth

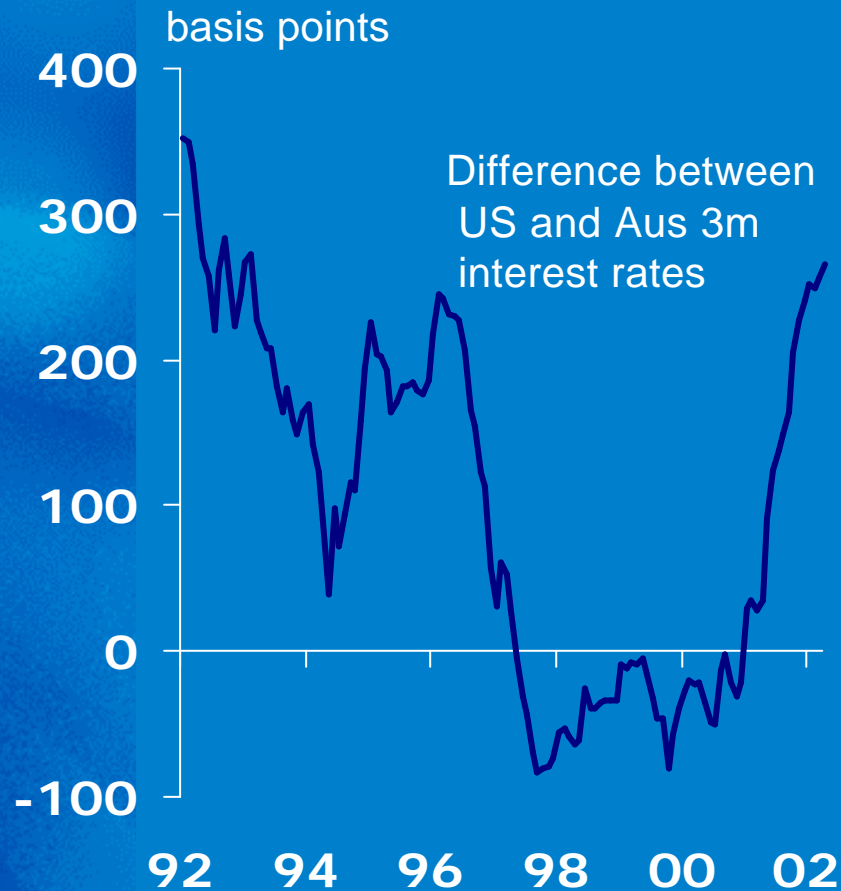


Source: ABS Cat. 5206.0, ANZ

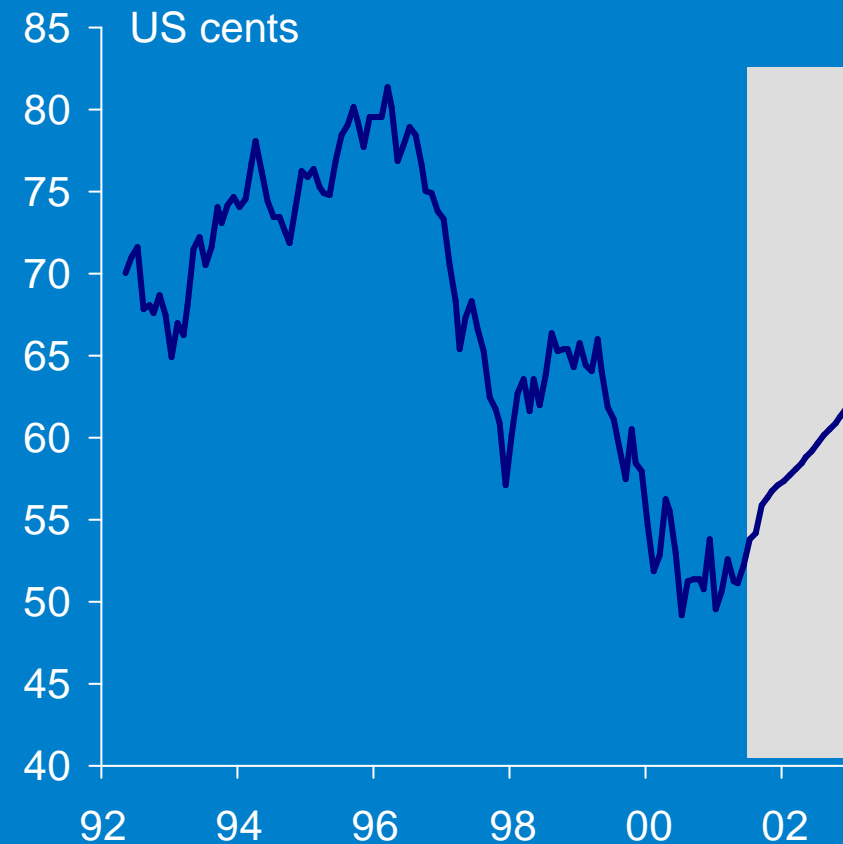


A weak US dollar and wider interest differentials have supported the Australian dollar

Interest rate spread



A\$ vs US\$



Source: Datastream; Reserve Bank; Economics@ANZ.

Financial services play an increasingly important role in the Australian market

1992		Market Cap \$b	% of index	2002		Market Cap \$b	% of index
1	BHP	22.98	12.3%	1	NAB	56.79	14.20
2	NAB	9.92	5.3%	2	NewsCorp	49.33	12.47
3	CRA	8.70	4.6%	3	CBA	42.65	10.47
4	NewsCorp	8.20	4.4%	4	BHP	38.50	9.55
5	Coles Myer	7.02	3.7%	5	ANZ	29.73	7.42
6	BTR Nylex	6.51	3.5%	6	Telstra	29.21	7.37
7	Western Mining	5.06	2.7%	7	Westpac	28.98	7.13
8	Pacific Dunlop	4.88	2.6%	8	AMP	19.08	4.71
9	Westpac	4.61	2.5%	9	RIO	17.49	4.28
10	Fosters	4.50	2.4%	10	Woolworths	13.78	3.45

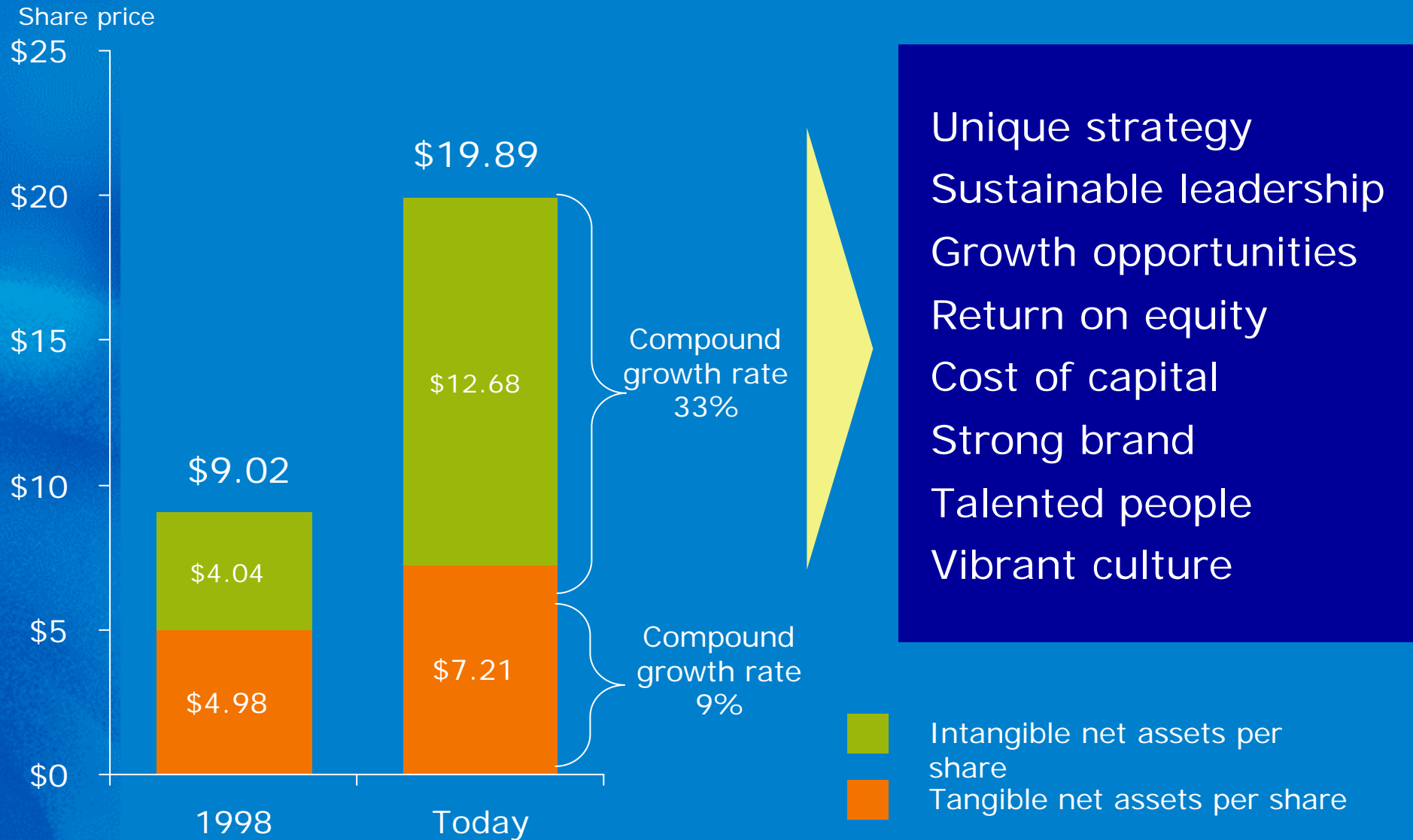
1992 ANZ - \$4.4b & 2.3%



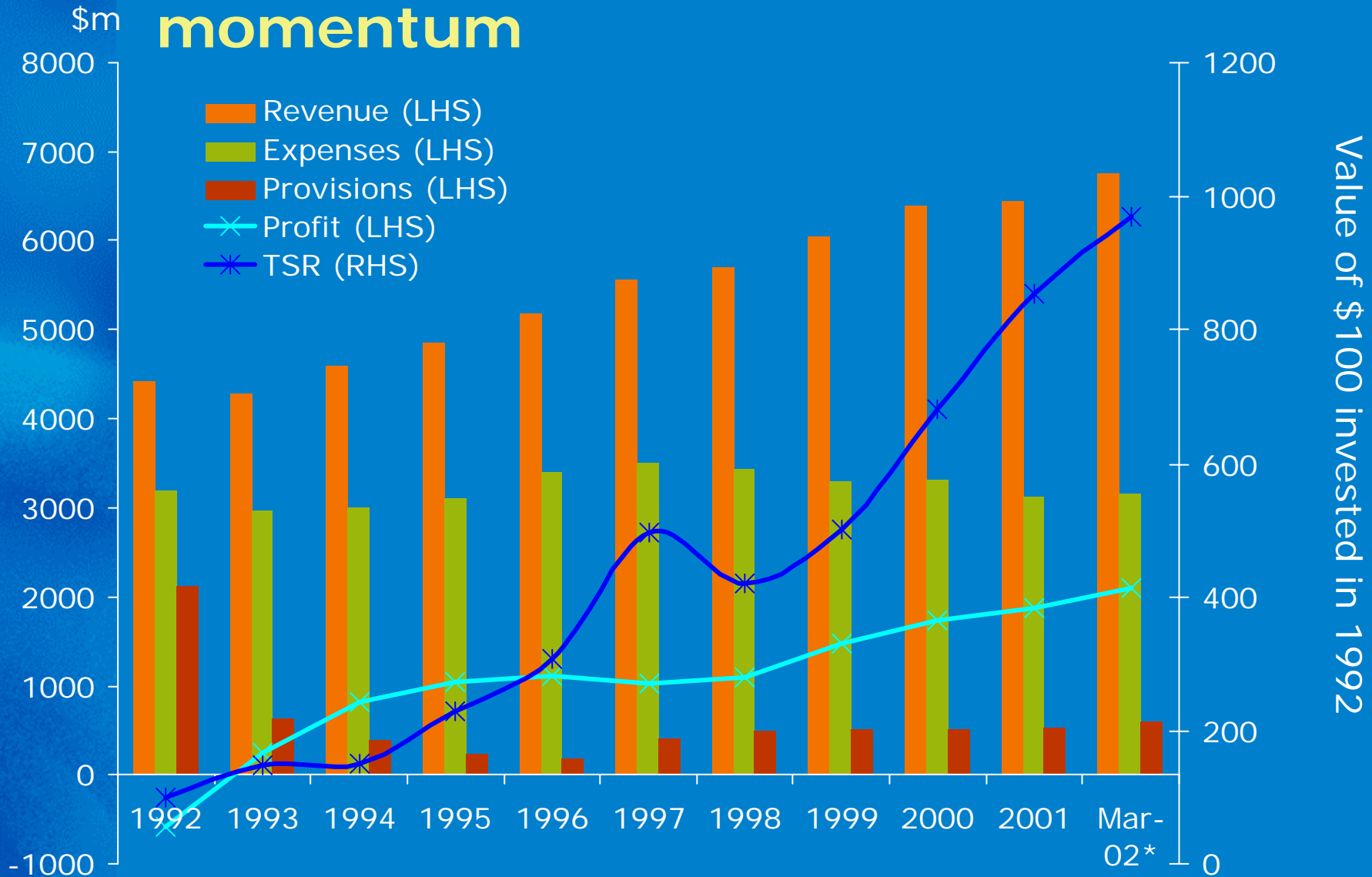
Australian banks are well placed in the second tier of global banks



Intangible factors are increasingly driving value creation

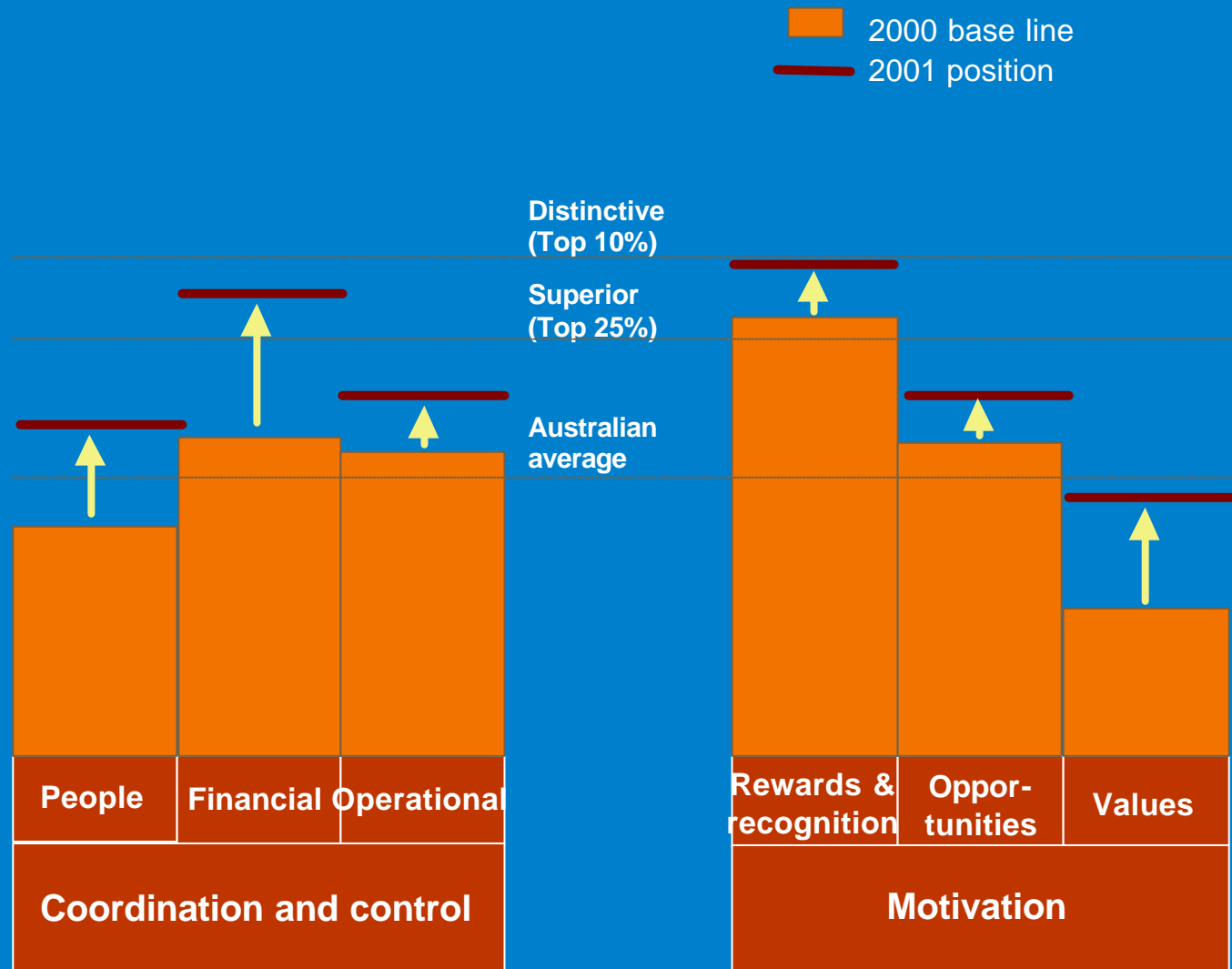
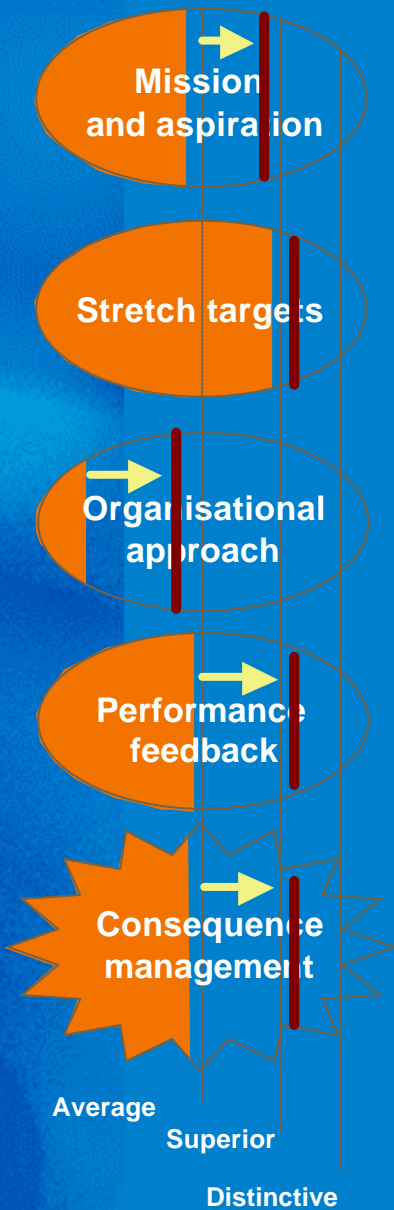


ANZ Bank - repositioning, then new momentum



* Mar-02 annualised

Improvement on all fronts in 1 year



* Benchmark comprises 33 of Australia's Top 50 companies



Our culture is changing dramatically - improvement in ANZ Values

Accountability
Achievement
Customer focus
Continuous improvement

In

Out

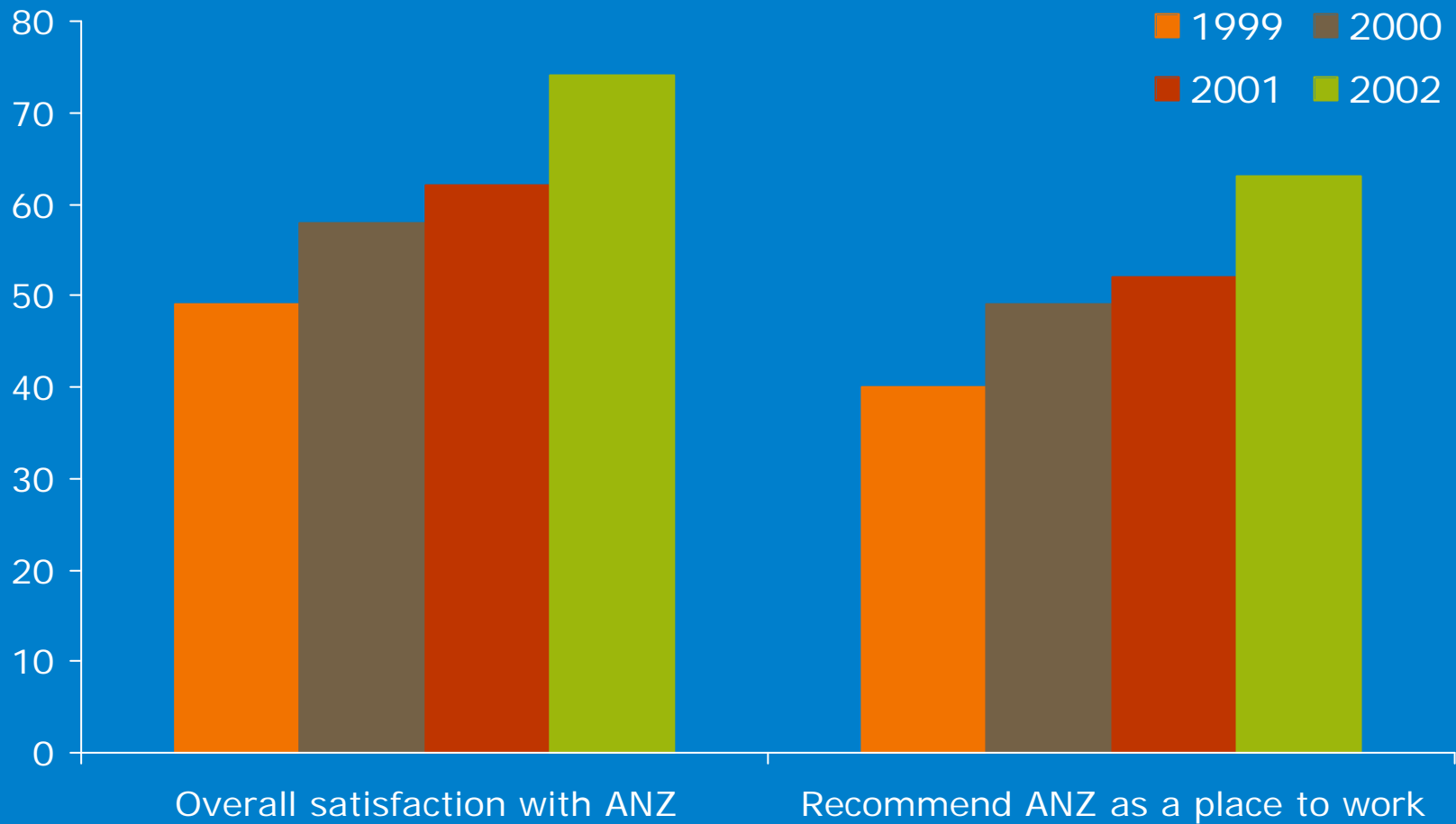
Bureaucracy
Hierarchy
Control
Short-term focus

Maintained

Cost reduction
Shareholder value
Results driven
Profit
Low risk
Goals orientation

Our people are engaged

Staff satisfaction survey



All stakeholders key to value creation

Community

- Maintaining rural branches
- Seniors and welfare banking
- ANZ Community Fund

Shareholders

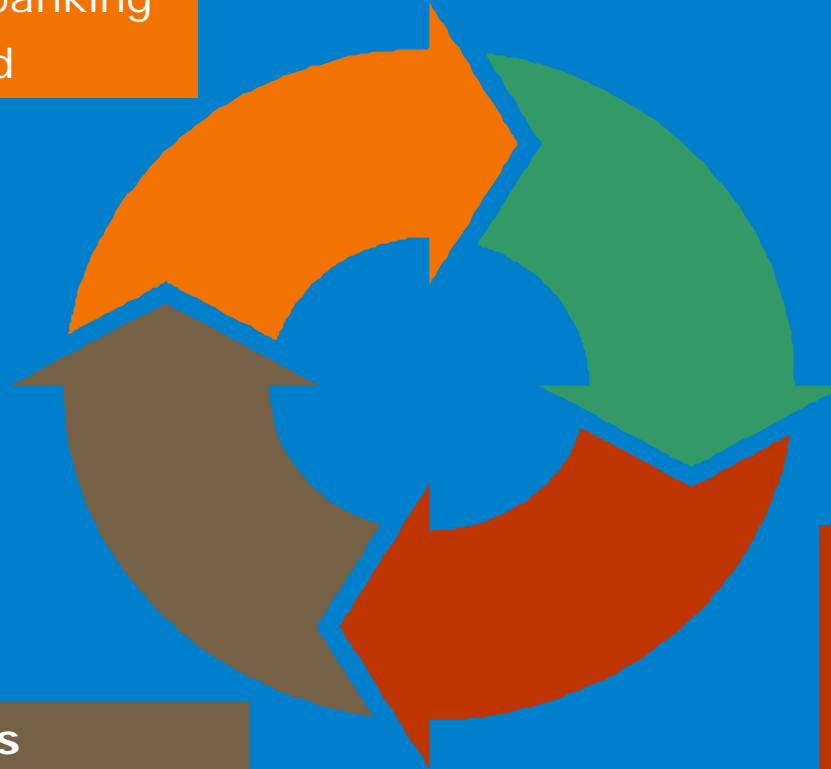
- EPS double-digit
- Cost-Income mid 40's
- ROE above 20%
- Intangible value
- Distinctive disclosure

Our People

- Performance ethic
- Breakout transformation
- Freedom with accountability
- Stretch incentives

Customers

- Restoring customer faith
- Simplified accounts and fees
- Ten charter promises





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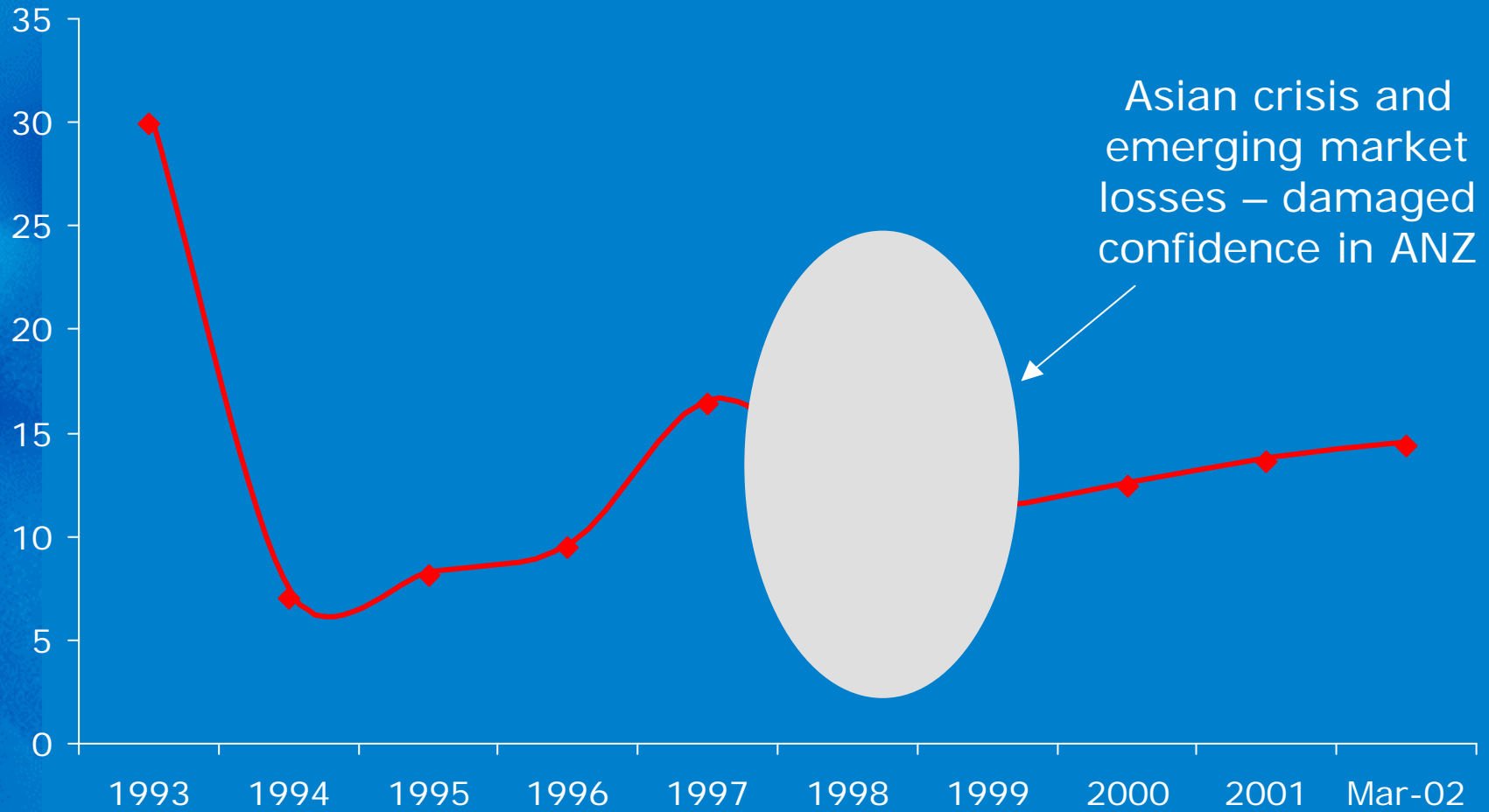
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Head of Investor Relations

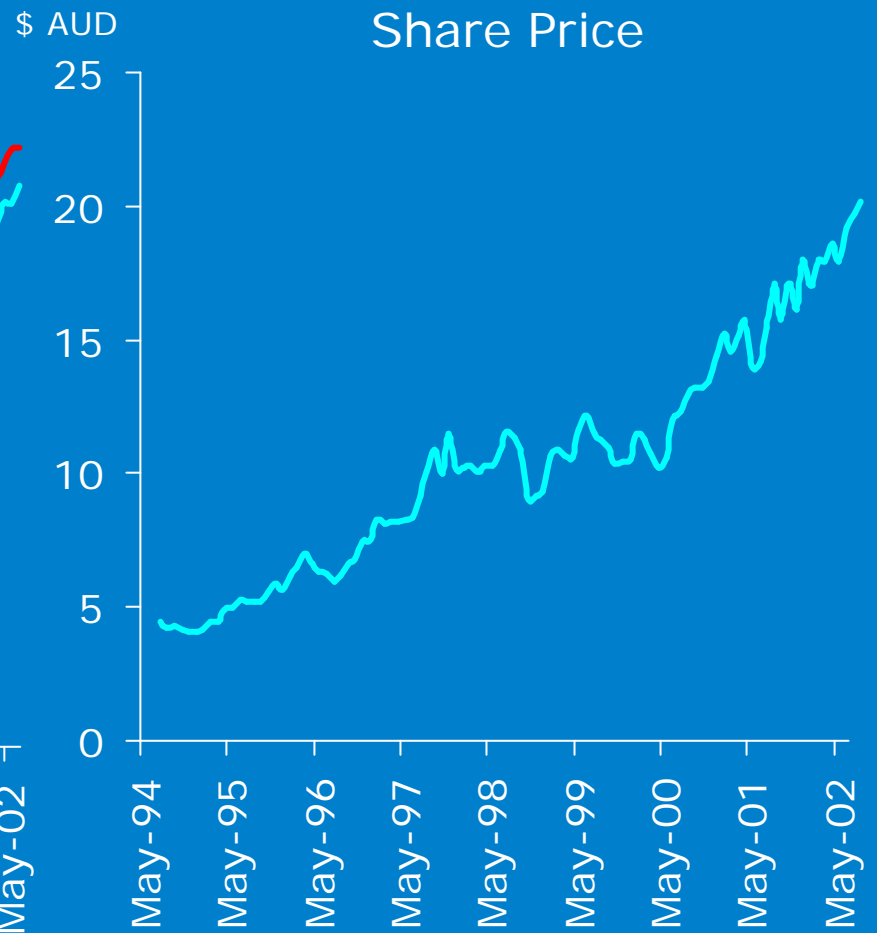
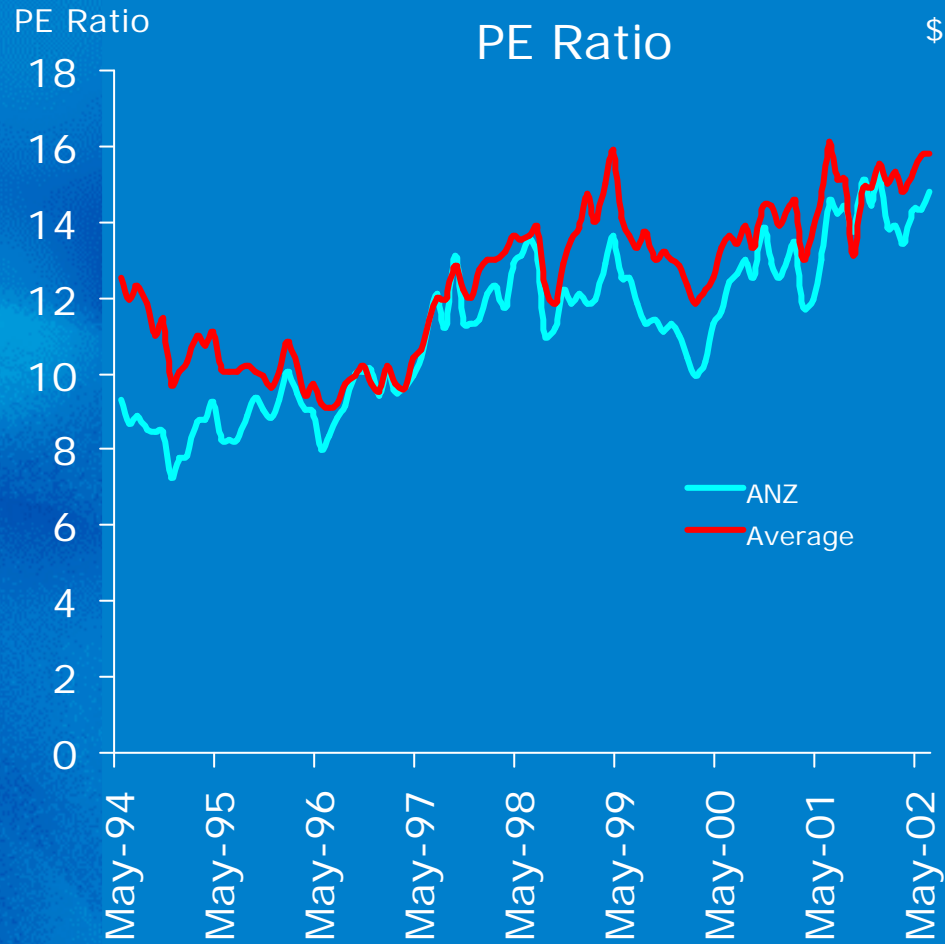
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PE Ratio

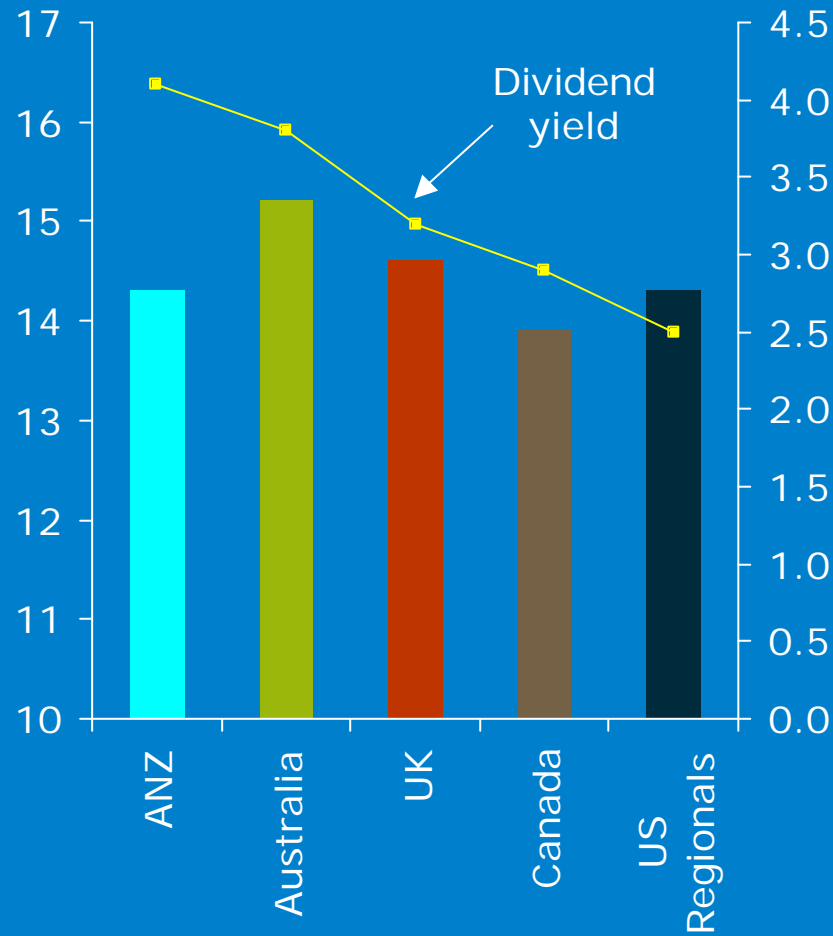


PE Ratio



Comparative PE ratios

Current year PE's



Prospective PE's

