



08 

2008 Full Year Results

Australia and New Zealand Banking Group Limited

23 October 2008



www.anz.com

- **Mike Smith, CEO - overview**
- Peter Marriott, CFO – financial overview
- Mike Smith CEO, – summary

Volatile global environment: A new reality



- **Volatile global environment**
 - Aftershocks working way through
 - Up to 3 years for effects to work through real economy
- **Growth continues in Asia Pacific in 2009**
 - Asian growth approx 7%
 - Australia slower growth (~2%) but no recession
 - New Zealand flat
- **Australian banking system strong**
 - 4 of 14 AA rated banks globally are Australian

Actively managing new reality: A stronger foundation



- **Increased capital, strengthened the balance sheet and improved liquidity**
- **Addressed Institutional issues**
 - leadership, strategy, risk
- **Introducing new business model to**
 - simplify
 - lift customer focus
 - enable performance improvement
- **Top team of very experienced bankers**

Results overview



		Growth 2007 to 2008
NPAT	\$3,319m	-21%
Cash Earnings*	\$3,029m	-23%
Underlying Revenue*^	\$12,343m	+12%
Expenses*	\$5,444m	+10%
Cash EPS*	155.3c	-26%
Dividend	136c	unchanged

*Adjusts headline numbers for significant items & fair value hedge gains/losses

^Adjusted for impact of credit risk on derivatives and structured transaction

Australia (Personal Division)

- Strong result from lending and customer deposits
- Continued investment in personnel and premises

Cash Earnings

■ 2007 ■ 2008



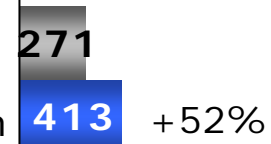
New Zealand (Businesses)

- Solid balance sheet growth, market share gains
- Impacts from slowing economy and higher provisions



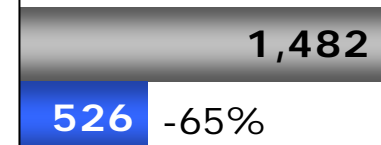
Asia Pacific

- Excellent performance driven by investment in the business
- Strong revenue growth - increased customer, product penetration



Institutional

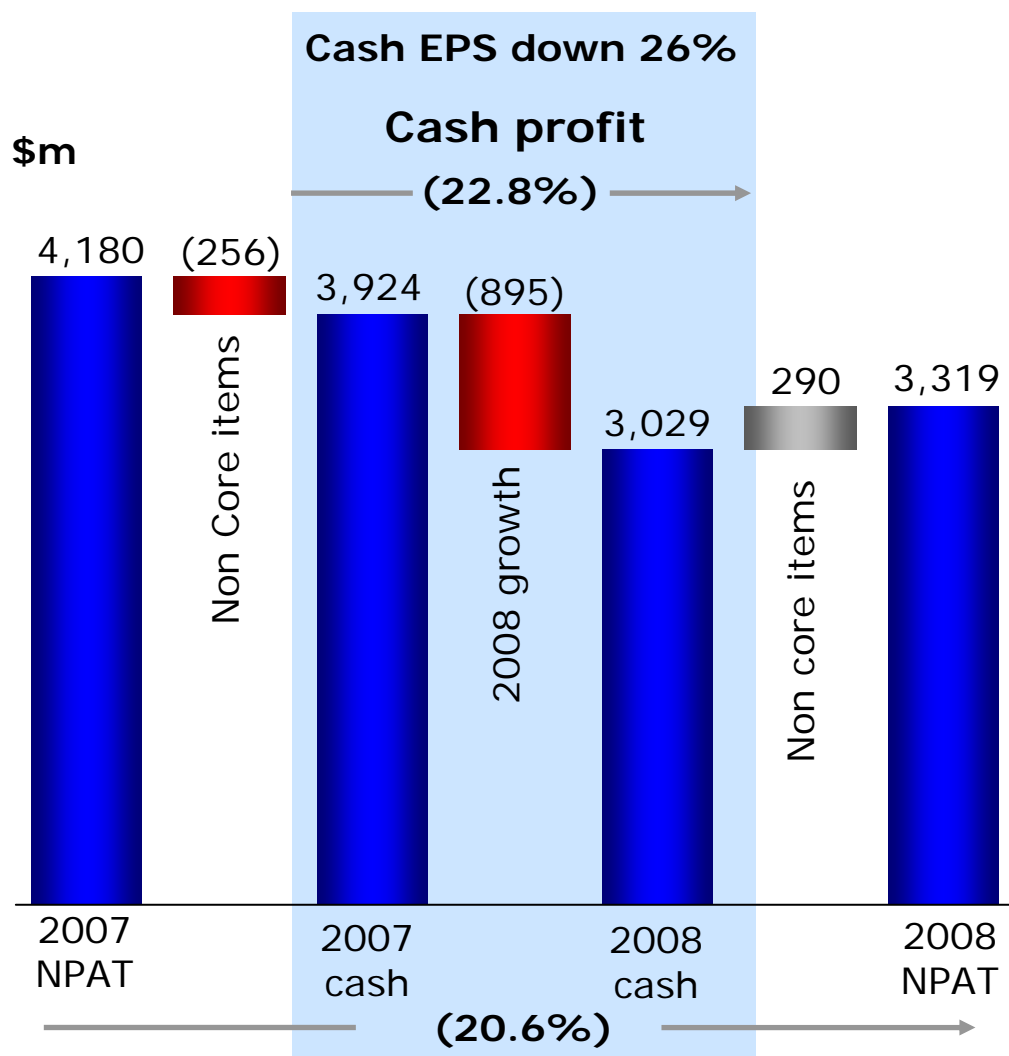
- Improved underlying revenue momentum
- Significant negative provision impact from global financial market dislocation and small number of large individual losses



- Mike Smith, CEO - overview
- **Peter Marriott, CFO – financial overview**
- Mike Smith, CEO – summary

- **Overview of financial performance**
 - **Impacts on performance**
 - **Income & expense growth**
 - **Credit intermediation trades**
 - **Provisioning**
 - **Asset quality trends**
 - **Funding / Capital**
 - **Risk Weighted Assets**
 - **Cost of funding**
- 
- A light blue map of the ANZ region (Australia, New Zealand, and parts of Asia) is overlaid on the slide. Several small yellow squares are scattered across the map, primarily in the Asian region, likely representing specific financial data points or locations of interest.

\$3 billion cash profit down on prior year due to significantly higher credit impairments



Reconciliation to July Trading update

(excluding the reclassification of credit risk on derivatives to income)

Income

- Lower due to higher credit risk on derivatives from Credit Intermediation Trades and Corporates

Expenditure

- Slightly higher from a consolidation and higher remediation costs

Provisions

- Essentially unchanged with higher CP offset by lower IP

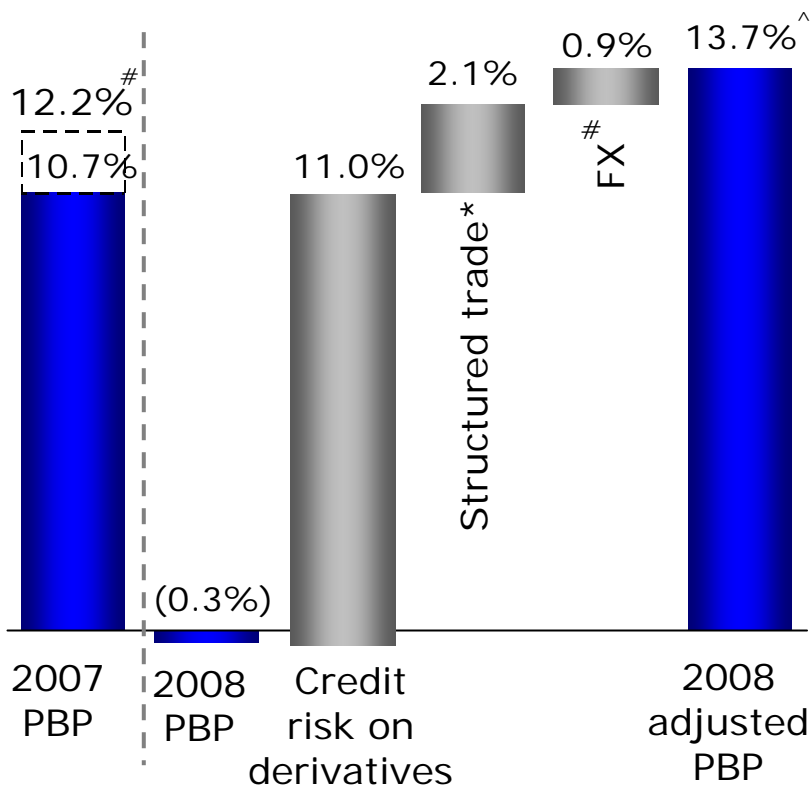
Cash NPAT

- Still >\$3bn although lower than expected

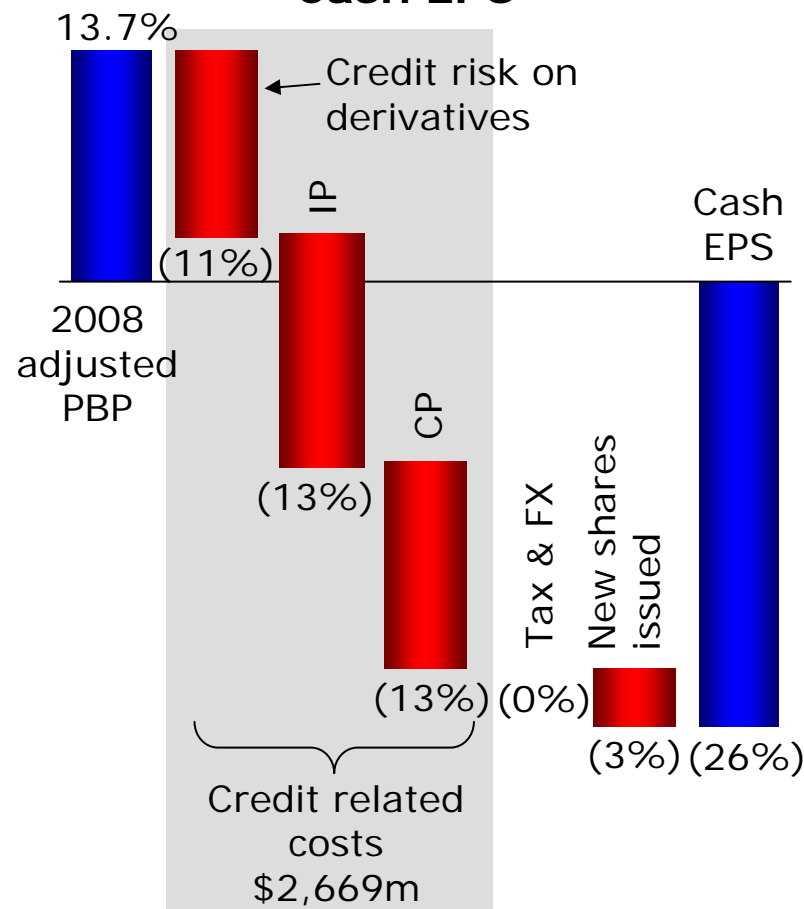
Momentum in underlying business offset by credit related costs



Save for credit intermediation trades and a structured trade, PBP growth exceeded 2007...



...but substantial credit related costs lead to a 26% decrease in Cash EPS



*Matching offsetting tax credit

#Removing the impacts of exchange rate movement

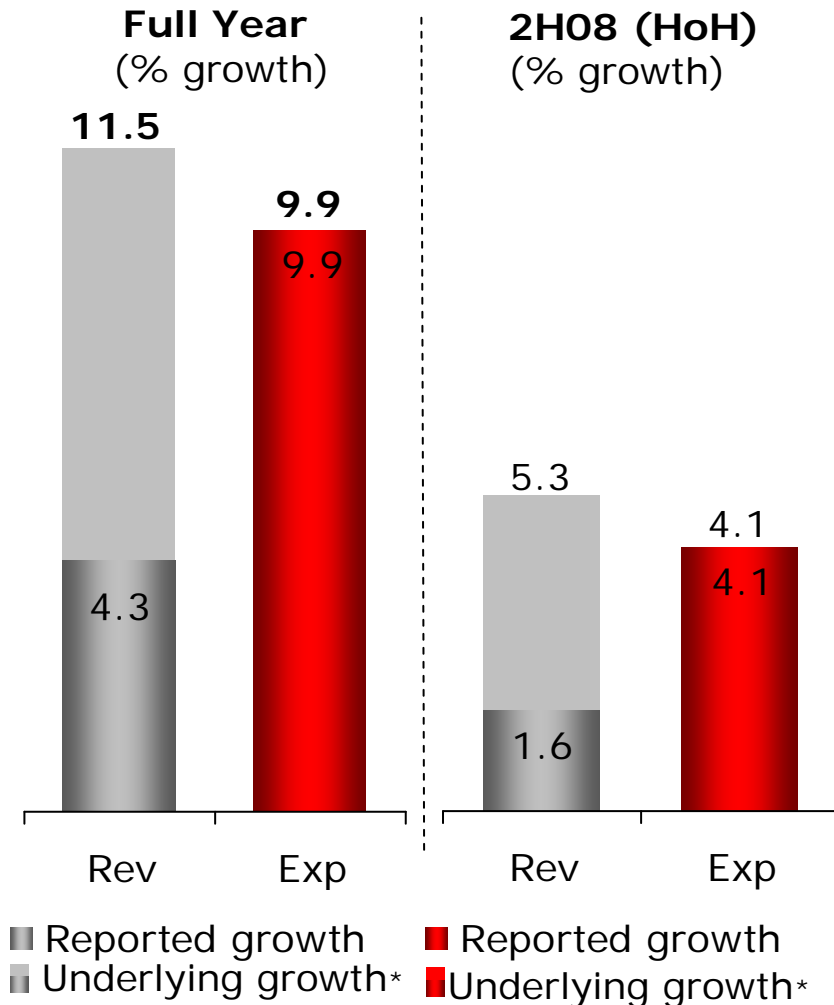
[^]2008 PBP of 13.7% calculated on adding back the drag of credit risk on derivatives 11.0%, structured trade 2.1% and FX 0.9%

Strong underlying PBP and revenue growth

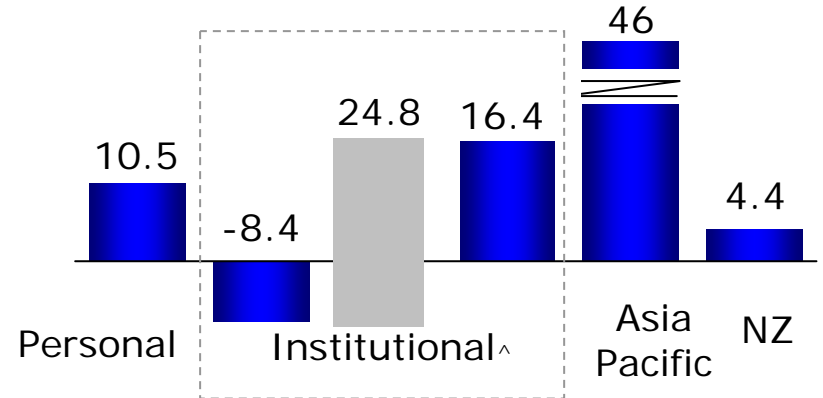
Costs paced with revenue



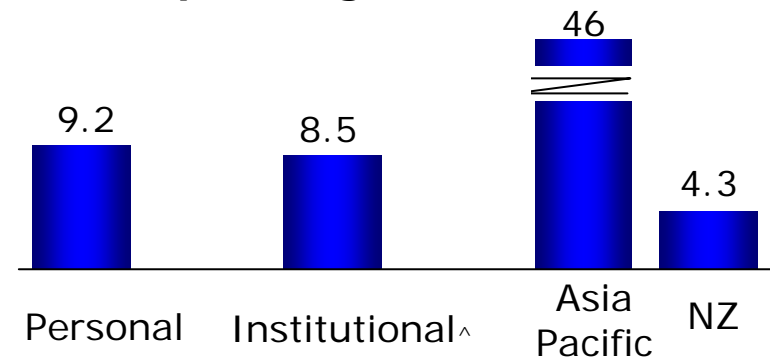
Full year revenue expense jaws



Income growth (% growth)



Expense growth (% growth)



Jaws 1.2% 6.2% 0% 0.1%

■ Institutional adjustments*

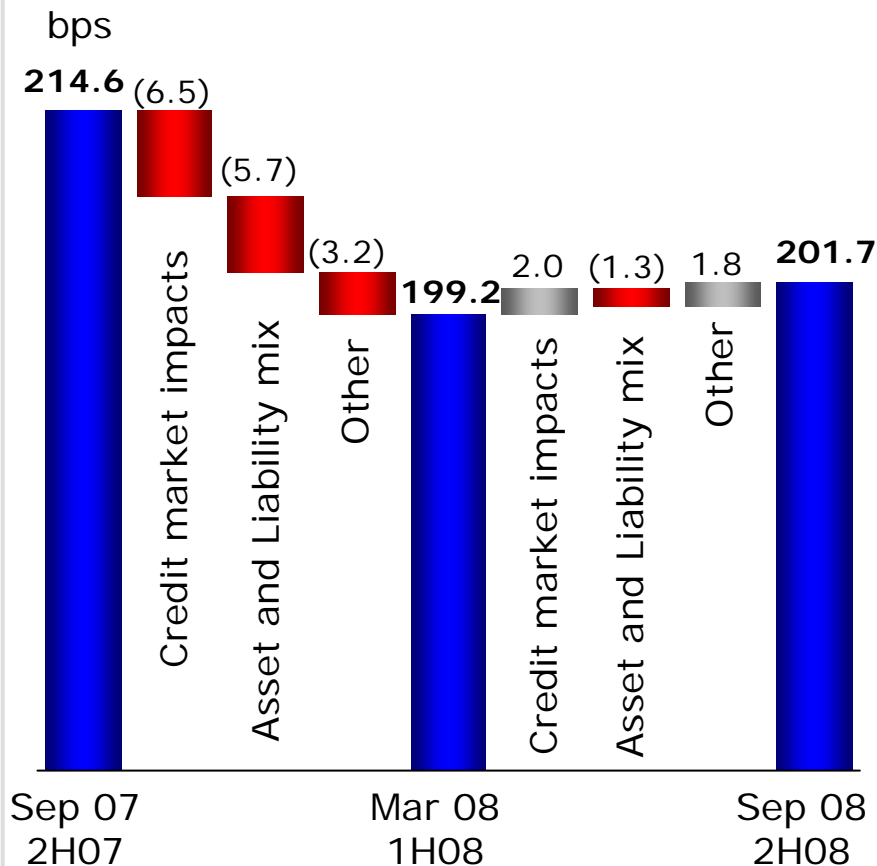
* Adjusted for credit risk on derivatives and structured transaction (matching offsetting tax credit)

^ Excludes Institutional Asia Pacific, included in Asia Pacific division

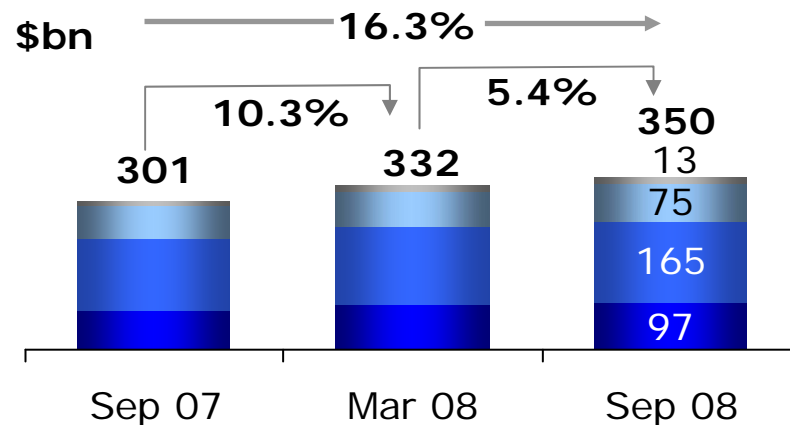
Volume growth slowing in the second half while margins have stabilised



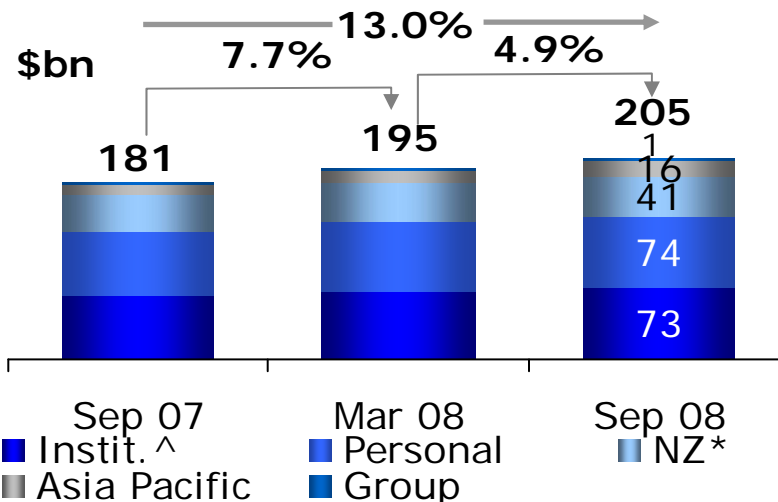
Margin trend improvement from managing impacts of credit crisis



Strong lending growth



Strong deposit growth



^Excluding Institutional Asia (included in Asia Pacific)

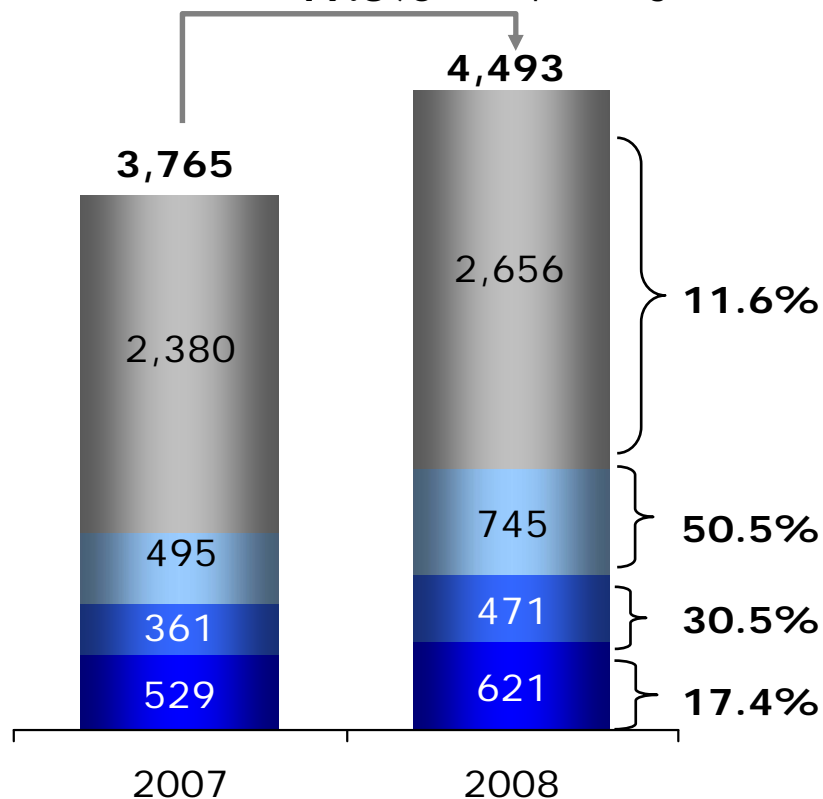
* Removing the impacts of exchange rate movement

A strong result from 'Other Operating Income' before impacts of credit risk on derivatives



Good contribution across all categories (\$m)

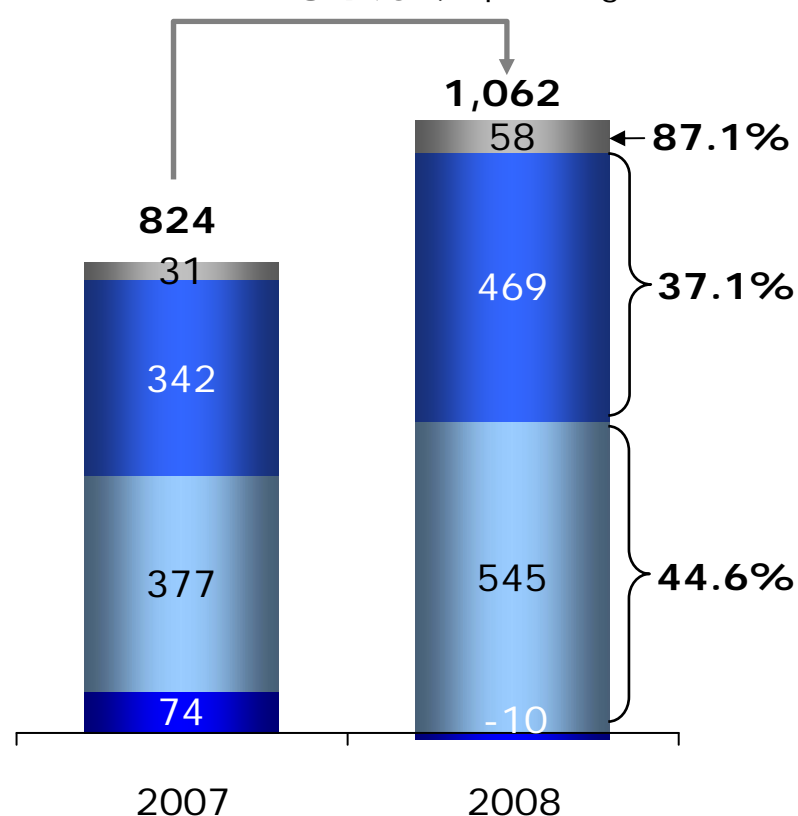
19.3%* (Reported growth -2%)



■ Other ■ Profit on trading*
■ FX income ■ Fee income

Core markets business delivered strong results (\$m)

28.9%* (Reported growth -56%)



■ NII ■ FX earnings
■ Profit on trading* ■ Fee and other

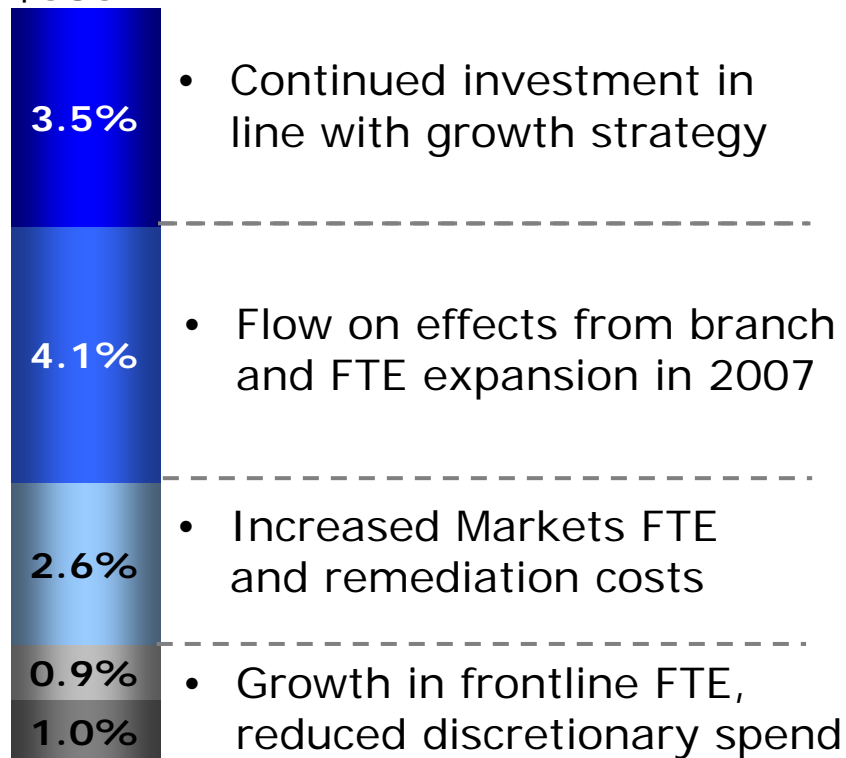
* Adjusted for Credit risk on derivatives and structured transaction (matching offsetting tax credit)

Expenses reflect growth initiatives across the region and institutional remediation action



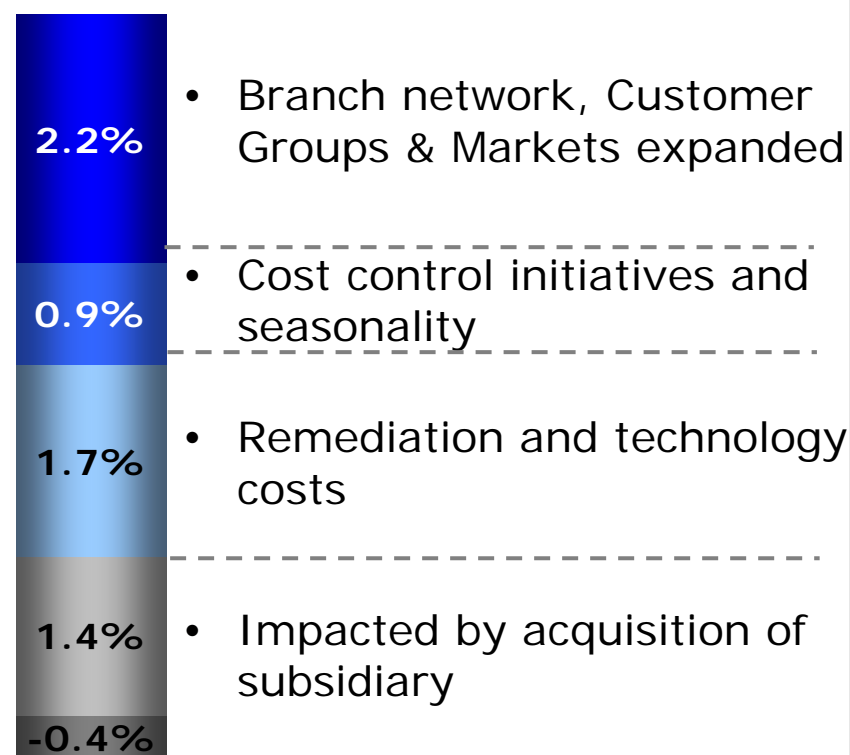
Full year cost growth targeted to growth opportunities and remediation work

\$586m[^]



Second half cost growth slowing in Australia and New Zealand and directed to Asia growth

\$151m[^]



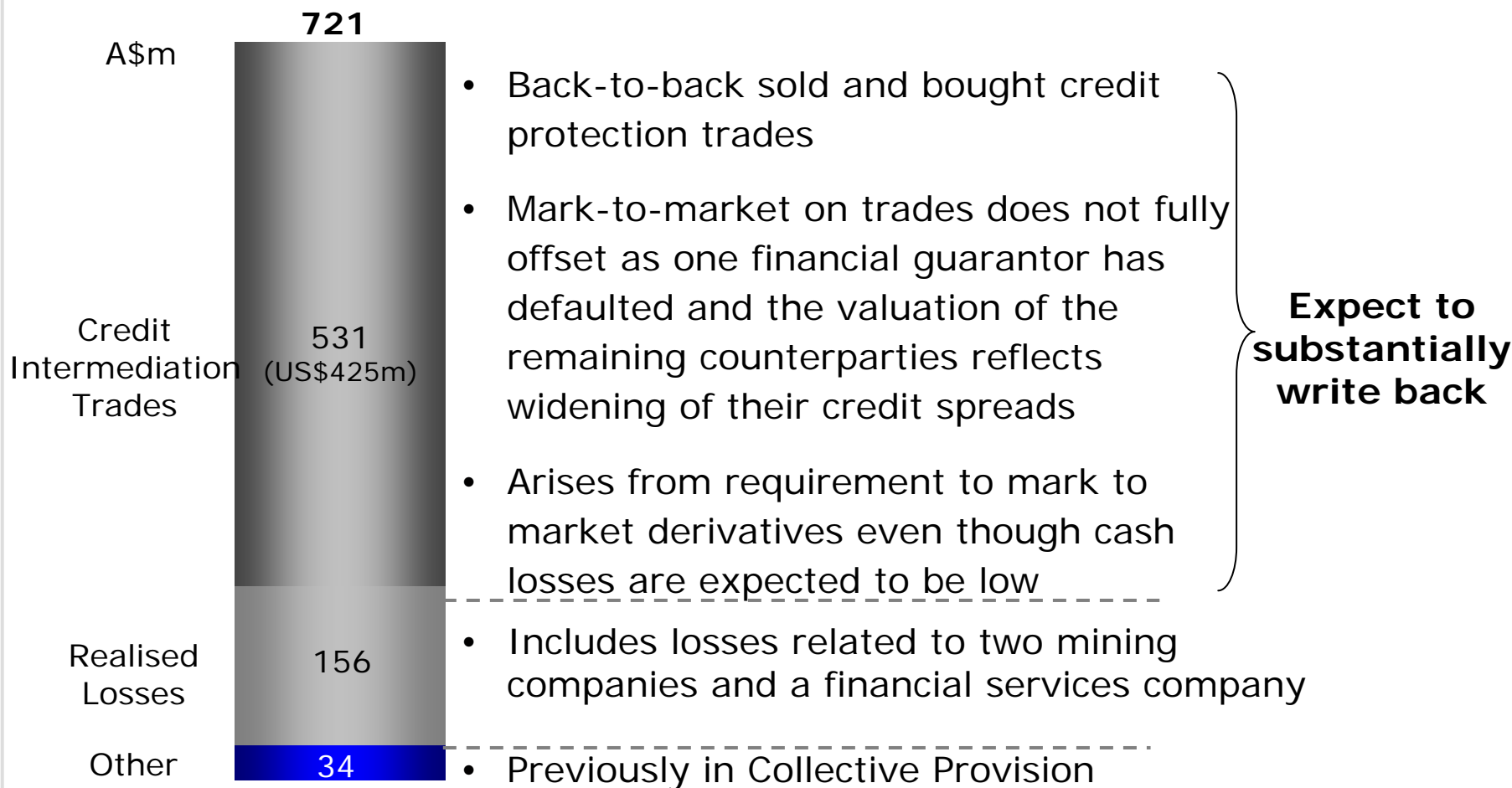
■ Asia Pacific
 ■ Personal
 ■ Institutional*
 ■ NZ Businesses
 ■ Group

[^] Removing the impacts of exchange rate movement
 *Excluding Asia Pacific, included in Asia Pacific division

Composition of "Credit Risk on Derivatives" charged to Non interest income



Credit risk on derivatives

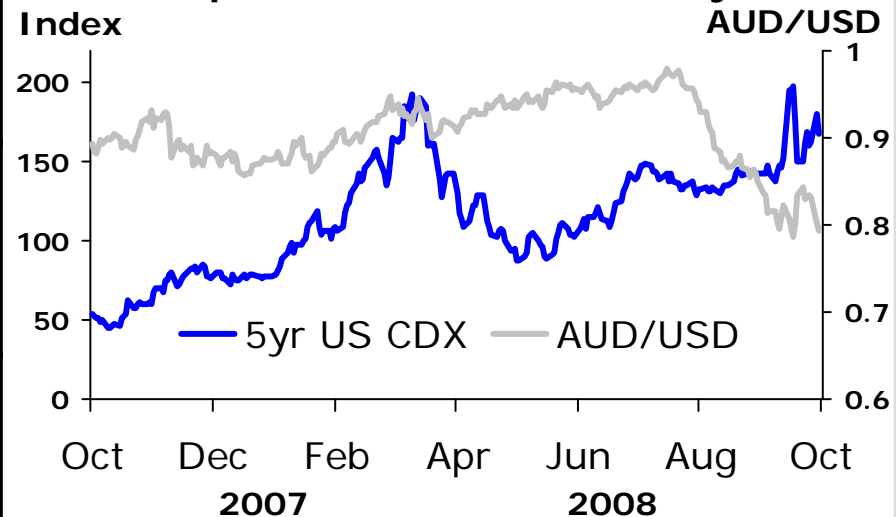


Negative mark to market on sold protection not fully offset by value of purchased protection



Counterparty (Bought protection)				
Rating	No.	Notional Principal Amount (USD m)	Mark to Market (USD m)	Credit risk on derivatives (USD m)
AAA/Aaa	4	9,033	1,092	269
B/Ba2	1	433	46	
BBB+/A3	1	86	5	
BBB-/B2	1	356	54	
Defaulted monoline	1	1,333	156	156
	8	11,241	1,353	425
Position at 28 July update		11,630	1,140	369

MtM impacted by volatility in CDS spreads* and US currency



Measurement of Credit Risk on Derivatives

- One financial guarantor has defaulted
- Valuation then considers receivables from the remaining financial guarantors based on appropriate credit spread for each counterparty
- Valuation adjustment can be likened to a collective provision

* US 5 Yr CDS index shown as an example of CDS trends. Mark to market impacted by actual underlying corporate CDS spreads

Stress test on Credit Intermediation trades looking at likelihood of cash losses



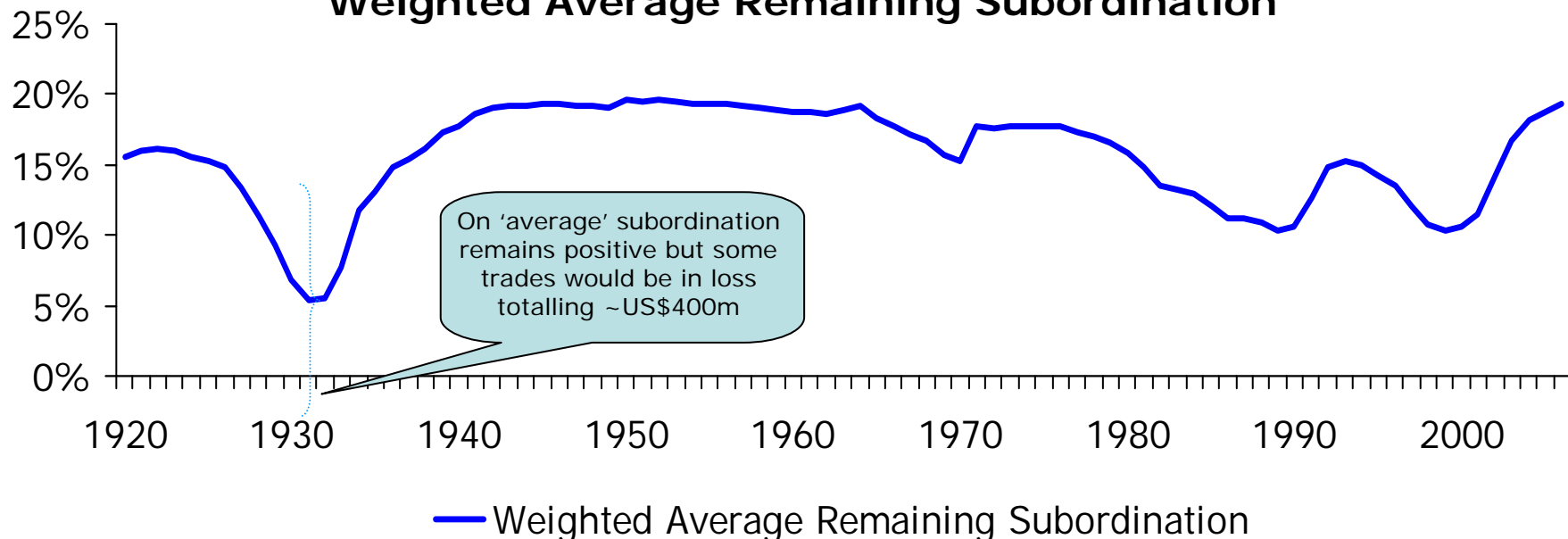
Data used in stress test

- Moody's historical corporate default rates going back to 1920*
- Analysed cumulative default rates and likelihood of breaching attachment point for each CDO & CLO

Conclusion

- Only in Great Depression scenario did any tranches breach attachment points
- Even using that scenario majority of trades still remained safe
- Total realised cash losses approx ~US\$400m under the stress scenario and only if financial guarantors default as well (i.e. double default event)

Weighted Average Remaining Subordination

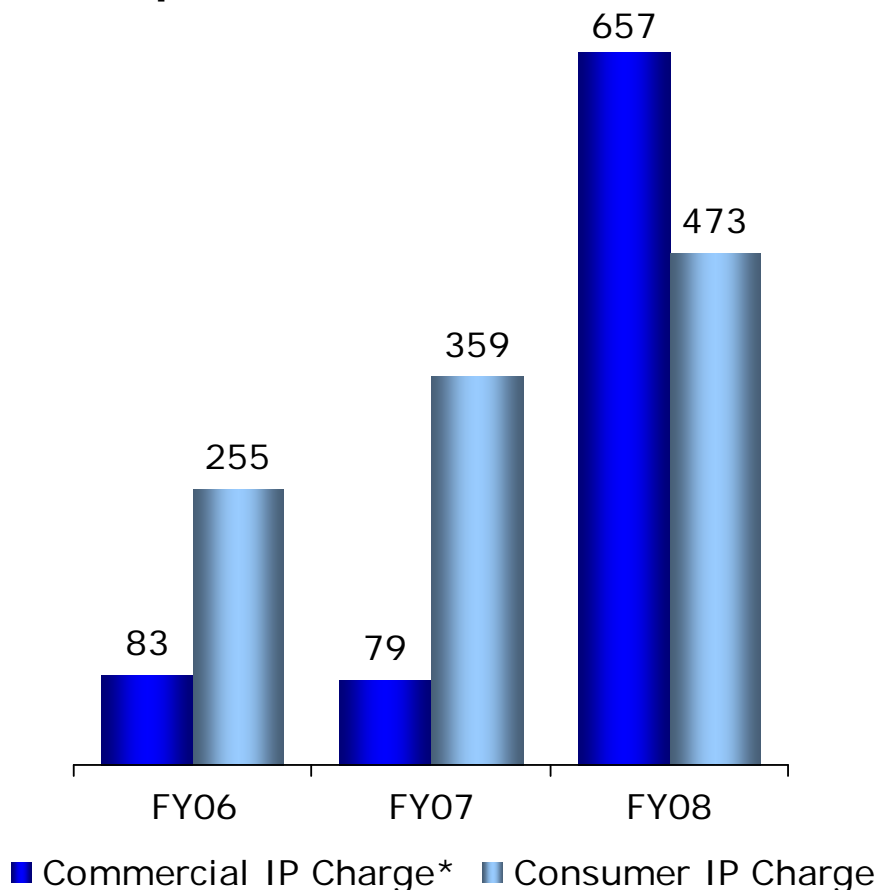


* Data set included all companies analysed/rated by Moody's

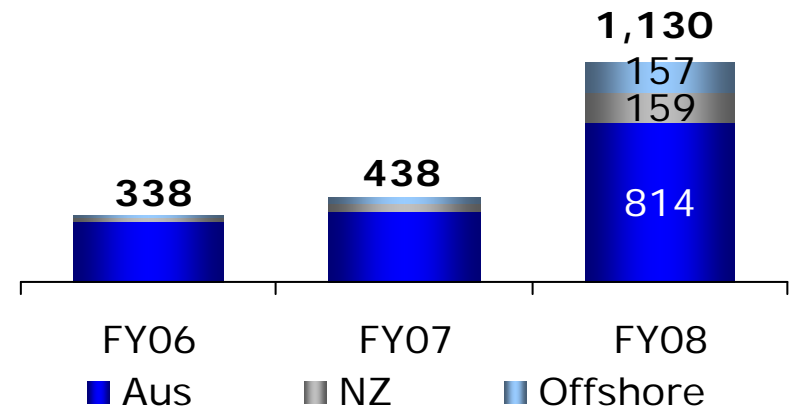
Significantly higher Individual Provisions from Institutional large names and NZ portfolio



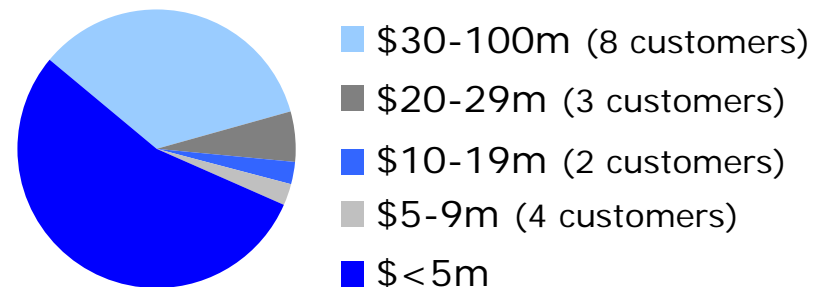
Significant increase in commercial Provisions off a low base, consumer upward trend from NZ (\$m)



Higher individual provisions across regions (\$m)



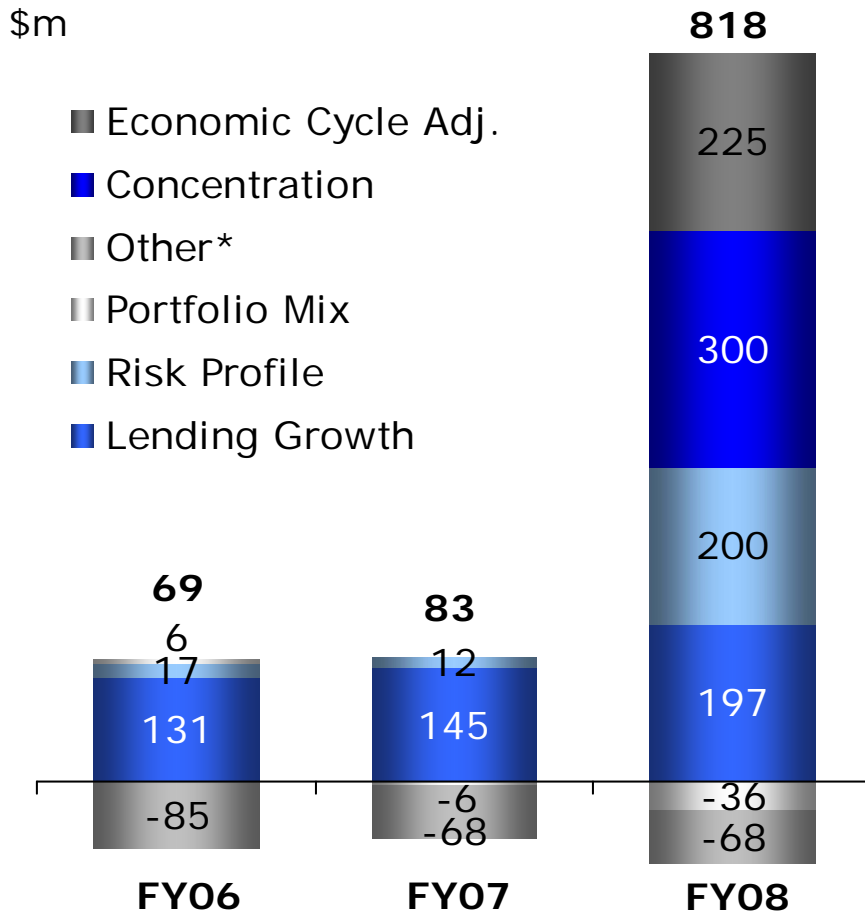
Small number of exposures dominating IP growth (\$m)



* Excludes 1H08 impact from Monoline insurer, restated to credit risk on derivatives (negative adjustment to income)

Collective Provision increase dominated by environmental factors reflecting recent credit stress

Collective Provision (CP)



Economic cycle adjustment

- For deterioration in global credit markets and slowing NZ economy (includes Inst. \$180m, NZ \$36m)

Concentration risk

- Higher single name risk for Financial Institutions and property portfolios within Institutional

Risk Profile

- Downgrades in Institutional, portfolio movements New Zealand

Volume Growth

- Increase across all divisions

Portfolio mix & Other

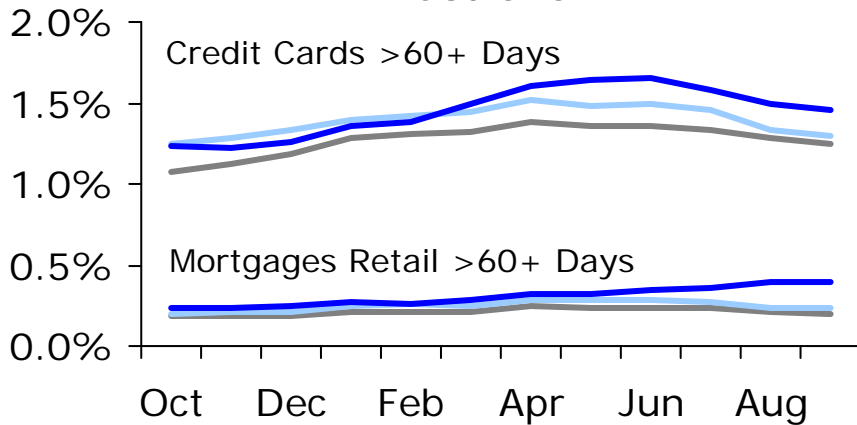
- Includes oil shock roll-off

* Other comprises Group Items, scenario impact including the modelled unwind of the oil price shock provision (raised in 2005) and non continuing businesses

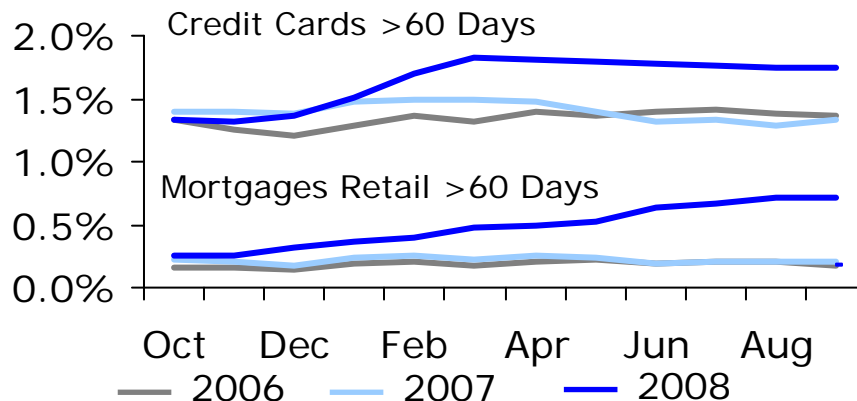
Higher arrears and impaired assets from single name exposures and rising consumer stress



Consumer arrears being closely managed Australia

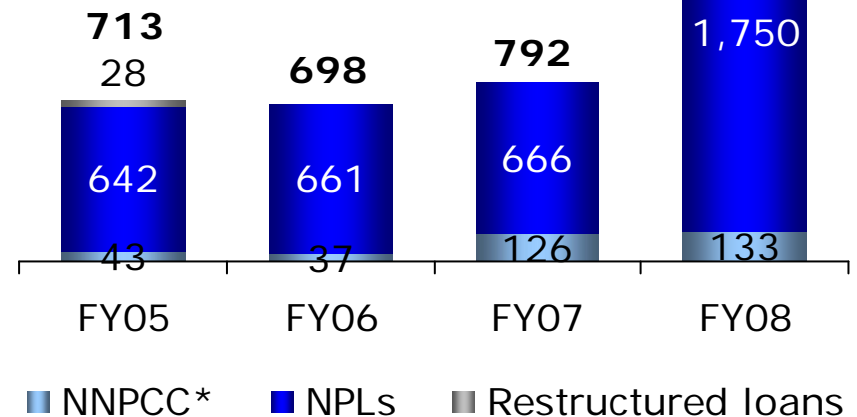
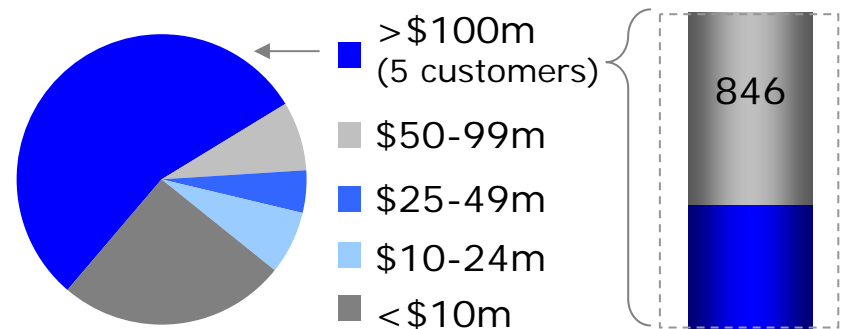


New Zealand



Impaired loans impacted by large single name Institutional customers (Impaired Assets (\$m))

Impaired Assets By Size

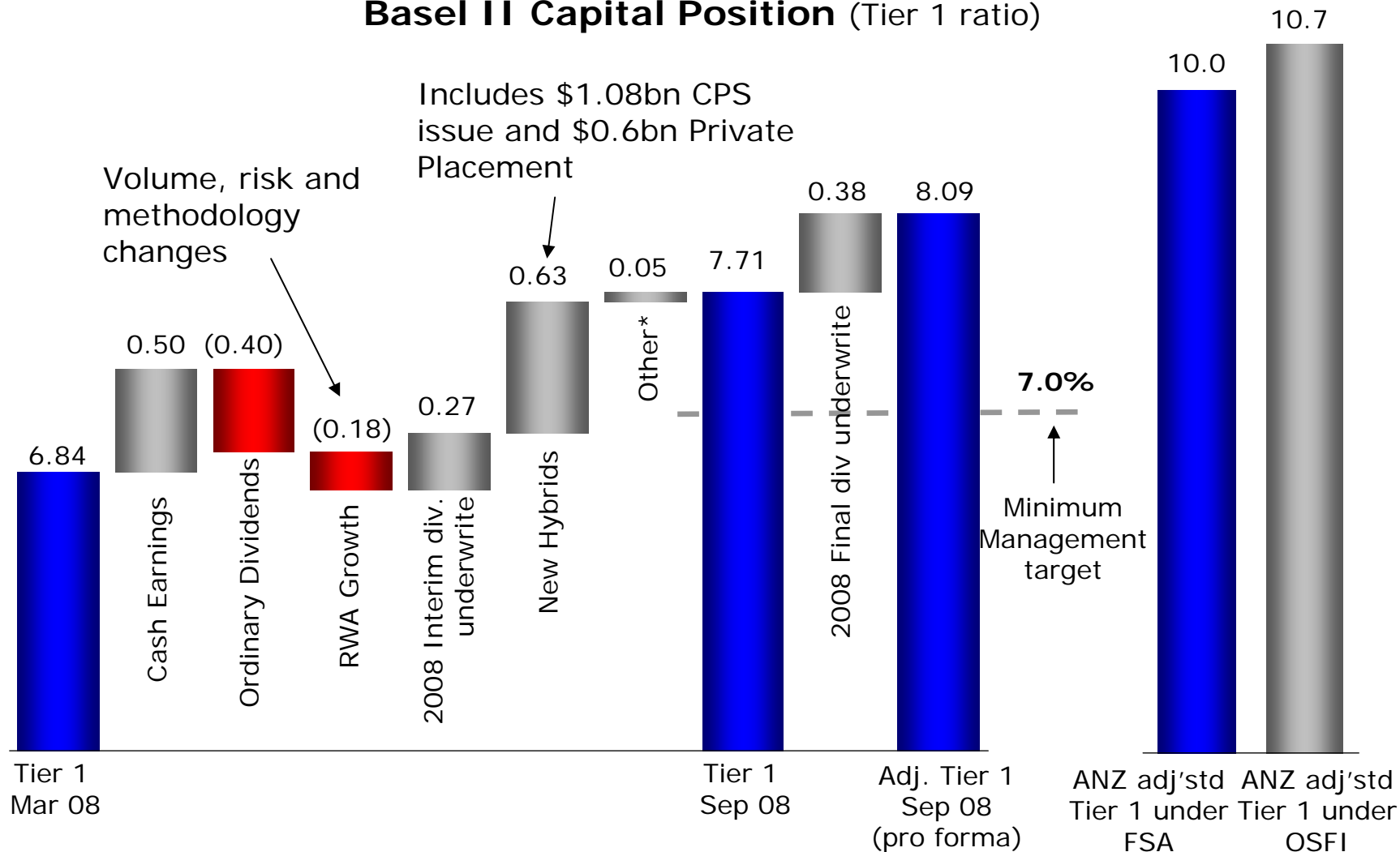


*NNPCC: Net Non Performing Commitments and contingents

Strong capital position compares favourably with domestic and international peers



Basel II Capital Position (Tier 1 ratio)



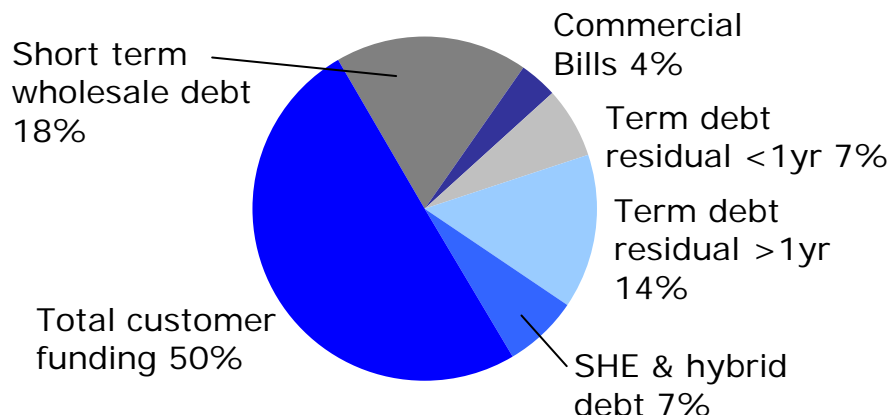
* 'Other' includes FX impacts, ING JV and associates, non-core profit, sundry share issuance, capitalised expenses and pensions.

Well placed to manage 2009 with a conservative funding strategy and strong liquidity position

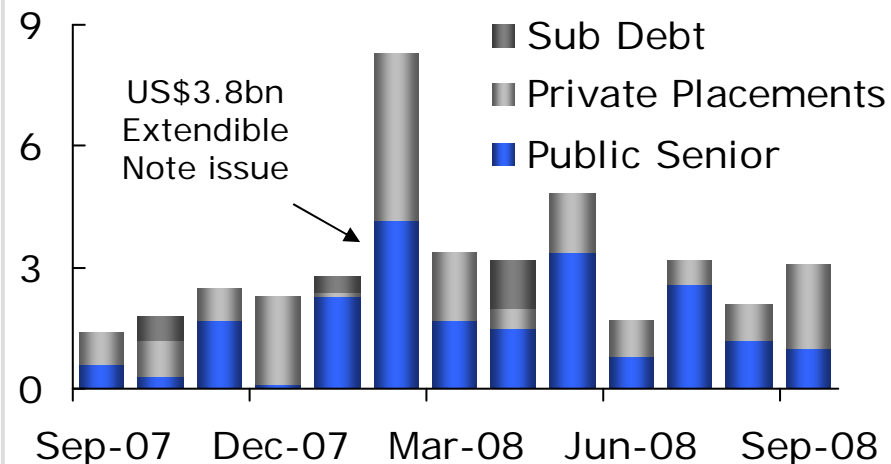


Stable and diversified funding base

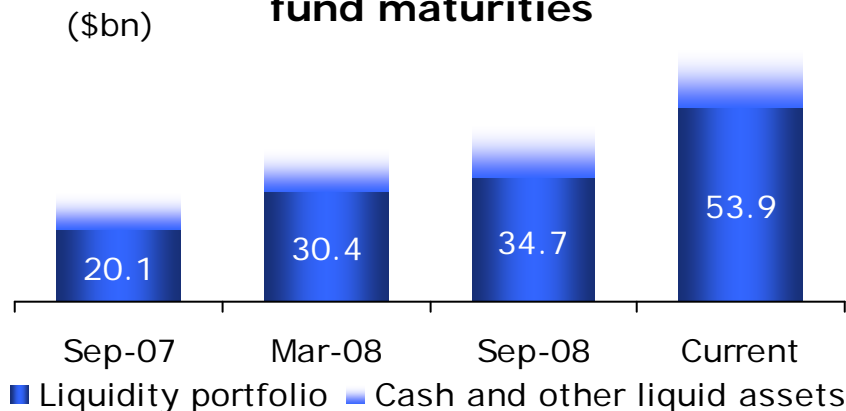
Group Funding profile* – September 2008



Borrowed consistently over 2008



Increased liquidity position provides a buffer for >12 month offshore wholesale fund maturities



Wholesale term funding

Year	Volume		Cost (bp)
	>1yr	~1Yr [^]	
2007	\$19bn	\$5bn	8
2008	\$24bn	\$15bn	72
2009 f'cast	\$21bn	\$9bn	-

- Total term debt costs have increased to \$216m in FY08 from \$109m in FY07.

* Percentage of net external assets (i.e. ALL funded asset incl. non-core assets)

[^] 1 year, structured and extendable notes

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- 
- **Volatile global environment**
 - Aftershocks working way through for 2 to 3 more years
 - **New paradigm in financial services**
 - Re-emergence of mega regional banks
 - **Growth to continue in Asia Pacific**
 - Importance of China, India and Asia
 - **ANZ executing on Super Regional strategy**
 - Stronger foundation, positioned to take opportunities



08 

2008 Full Year Results

Australia and New Zealand Banking Group Limited

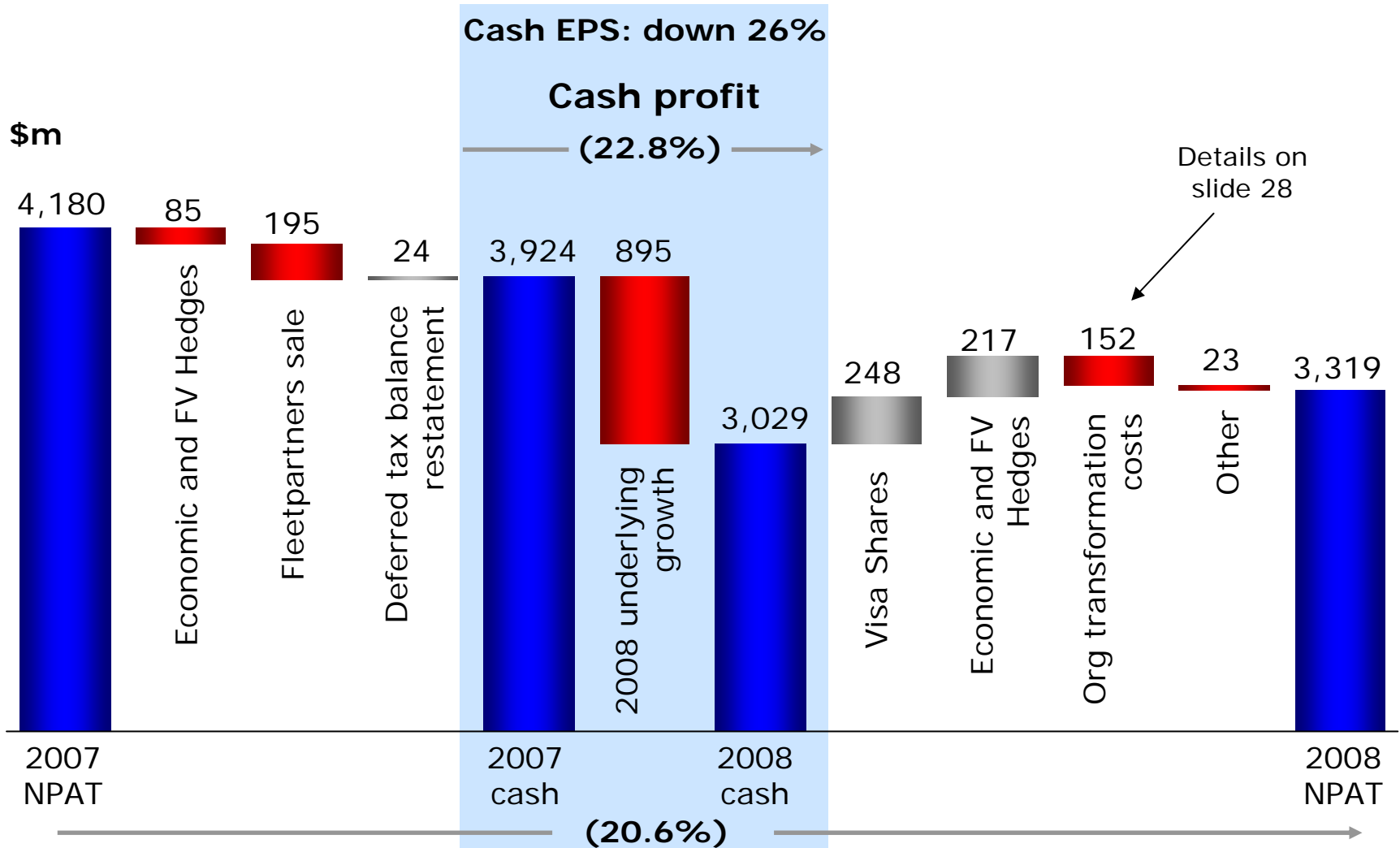
23 October 2008

Additional information

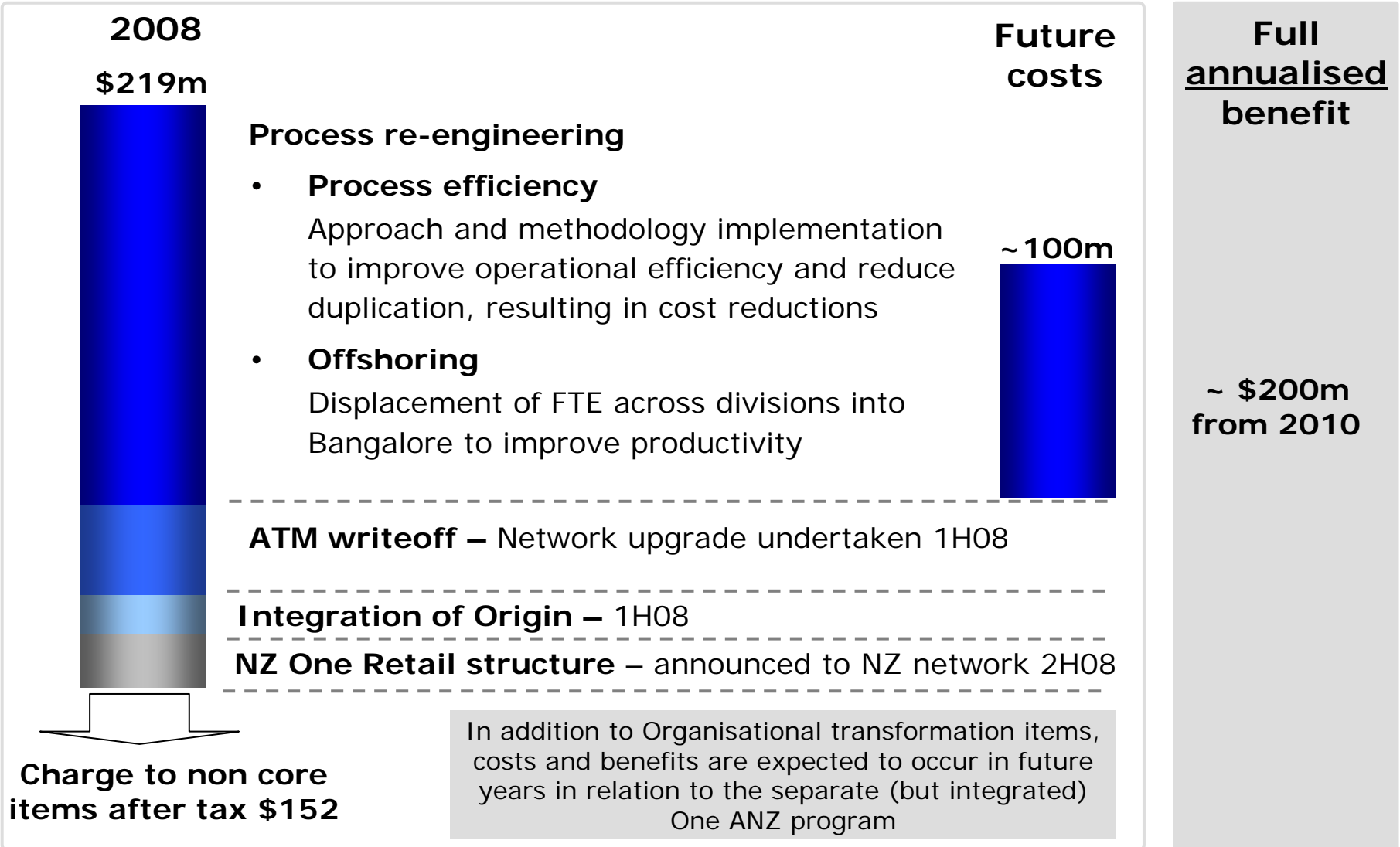
ANZ

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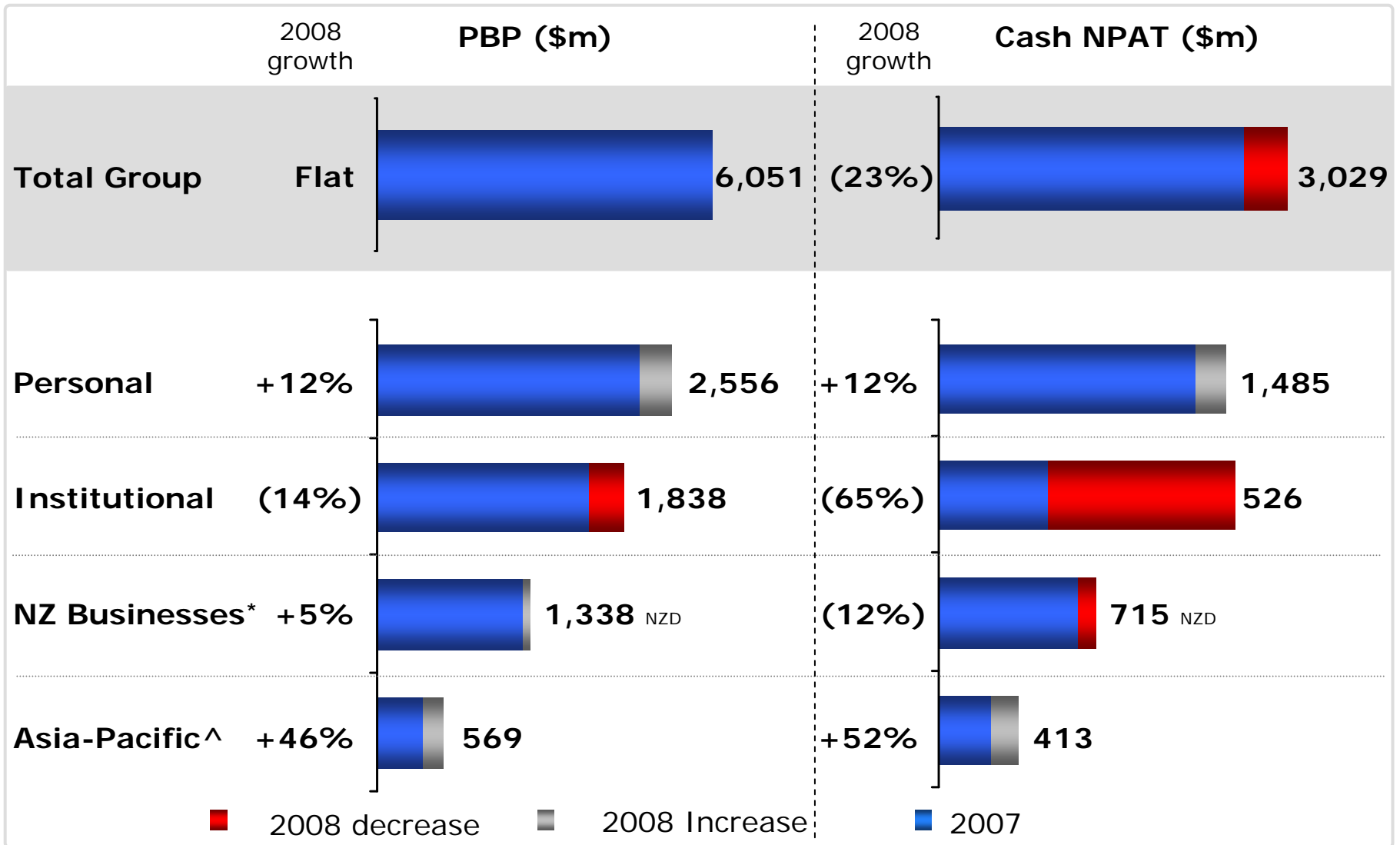
2008 NPAT benefiting from Visa IPO proceeds and fair value gains partly offset by transformation costs



Organisational transformation costs to derive \$200m ongoing annualised benefits from 2010



Underlying performance across divisions



*New Zealand Businesses, which excludes NZ Institutional and central funding,

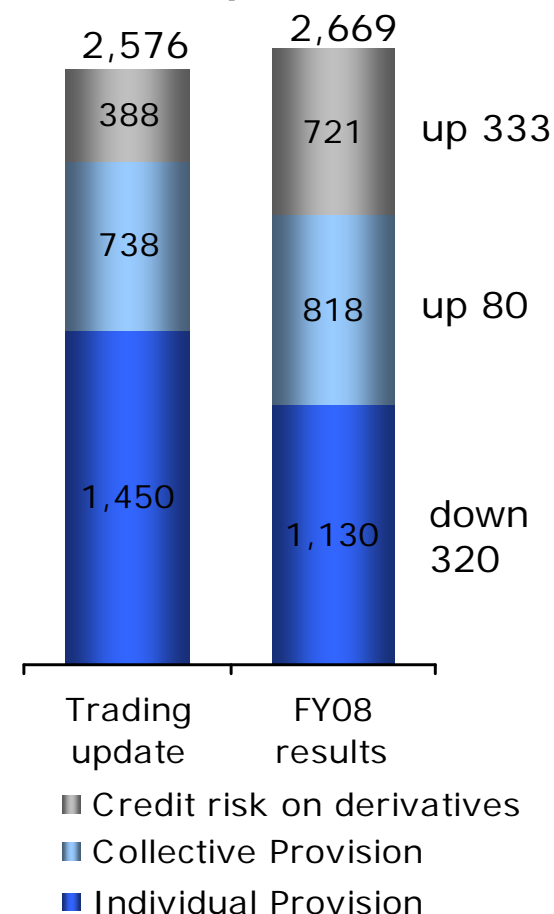
^Institutional Asia is included in both Institutional Division and Asia Pacific Division

Accounting changes and credit related costs the major variances since July trading update



	July trading update	2008 Full Year Results	Reasons for variance
Income	8-9%	4%	<ul style="list-style-type: none"> ~2.0% down from accounting reclassifications ~2.5% for increase in credit risk on derivatives
Expenses	~ 9%	10%	<ul style="list-style-type: none"> ~0.2% up for accounting impacts (consolidation) ~0.2% up for higher than expected Institutional costs
PBP	~ 8%	0%	<ul style="list-style-type: none"> Includes ~3.6% down for accounting impacts
Provisions	2H08 ~\$1.2bn 2008 ~\$2.2bn	\$1.95bn	<ul style="list-style-type: none"> Difference relates to accounting reclassification with restatement of Credit Risk on structured derivative trades from provisions to income
Cash NPAT	Over \$3bn	3.02bn	<ul style="list-style-type: none"> Above \$3bn, although lower than expected due to increased credit risk on derivatives
Cash EPS	down 20% to 25%	-26%	<ul style="list-style-type: none"> Function of the above changes

Change in total credit costs since trading update



Asset Backed Securities

- \$318m in Alt-A RMBS assets in the liquidity portfolio, largely eligible for repo at the US Federal Reserve
- Limited holdings in trading portfolios
 - Total Australian RMBS of \$125m – \$121m AAA rated, A\$3m AA rated
 - Total Australian CMBS of \$35m – only \$2m not rated AAA

Collateralised Debt Obligations (CDOs)

- No exposure to CDO's outside ANZ's structured CDS trades (previous \$5.5m CDO exposure since liquidated)

Property market exposures

- Commercial property exposures are currently ~\$27bn or 8% of the total book.

Conduits

- \$1.7b in Commercial Paper outstanding, with \$1.2b in drawn liquidity (reduced from \$5.5bn in September 2007)
- All are Australian assets with no concerns over asset quality (no sub prime exposure or CDOs)

Hedging the Kiwi dollar



FY08 Hedges

- FY08 NZD earnings (~96% hedged) have been effectively translated at an average rate of 1.15
- During the 2008 financial year, NZD 1.486 billion of economic hedges matured and a realised gain of \$42.2 million (pre-tax) was booked to P&L (a positive EPS of 1.5 cents)
- However this was an EPS reduction of ~0.6 cents (compared to 2007 hedged FX rate)

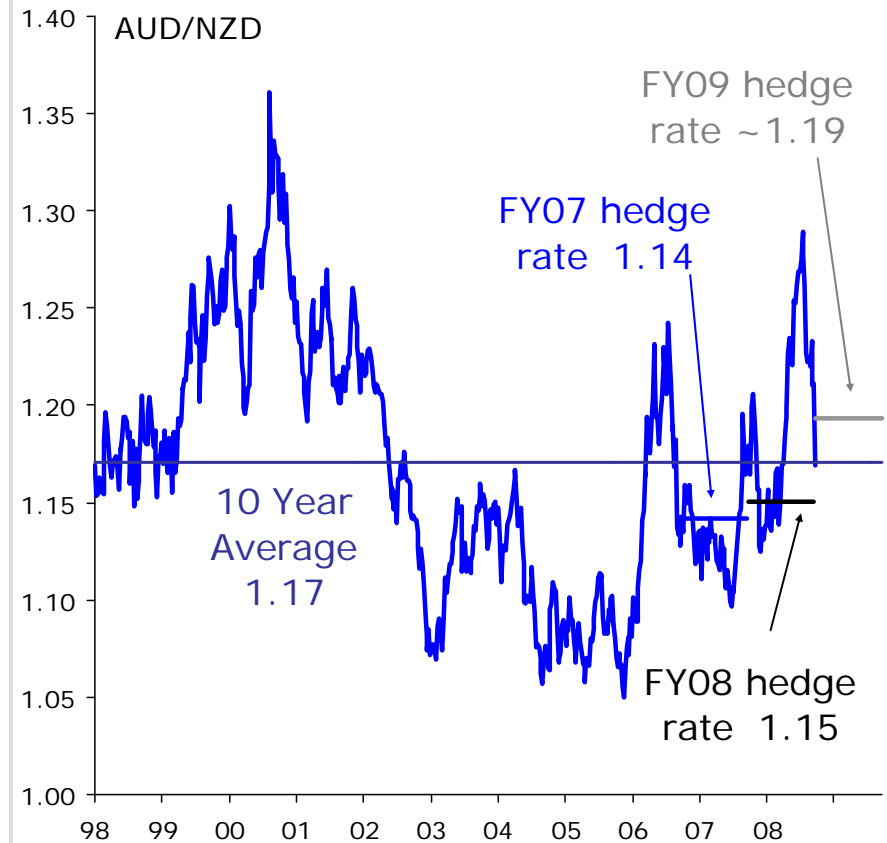
FY09 Hedging Position

- 100% of the estimated FY09 NZD earnings have been hedged at ~1.19
- FY09 earnings at hedged rate of ~1.19 will translate to a reduction in EPS of ~1.5 cents (compared to 2008 average FX rate)

FY10 Hedging Position

- Approximately 25% of expected FY10 NZD earnings have been hedged at ~1.25

AUD/NZD hedges established where revenues are believed to be at adverse risk



Credit intermediation trades

Sold Protection

- Credit intermediation trades entered into between 2004 & 2007
- ANZ did not originate the structures
- No mortgages as reference assets
- CDS protection was sold to bank counterparties
- Reference Assets – 38 structures, mix of CDO, CLO and Bonds/ FRNs

Bought Protection

- CDS protection purchased over the same structures to mitigate risk
- 8 counterparties (some of which are monolines)
- All CDO and CLO structures are highly subordinated, NO first loss to ANZ on any structure
- One financial guarantor defaulted during the financial year. Credit spreads increased on the remaining guarantors reducing the market value of the protection

Net cover

Difference between market value of sold and bought protection is reflected as Credit Risk on Derivatives. At 30 September this was US\$425m.
This is expected to be substantially recovered over time

Credit Intermediation Trade Structures



Type of structure	Portion of Notional	Mark to Market	No. of structures	No of names	Average Remaining Life (Years)	Attach/Detach Average
Synthetic CDO	\$8.9bn	\$1,105m	20	~ 650	6	Attach Avg 19% Detach Avg 43%
CLO	\$1.3bn	\$105m	10	~ 700	11	Attach Avg 29% Detach Avg 100% (Super Senior)
Other (bonds)	\$1.0bn	\$143m	8	4	-	-
Total	\$11.2bn	\$1,353m	38	-	-	-

CDOs - 20 transactions that reference synthetic, all of which are rated investment grade . 75% of the underlying reference assets are investment grade corporates with concentrations (approximately 30% each) in consumer goods/services and financials, with the remainder diversified across 8 other industry sectors.

CLOs – 10 transactions that reference CLO trades, all structures are super-senior (i.e. detach at 100%). The underlying assets largely are largely senior-secured loans issued by corporates with high concentrations (approximately 25% each) in consumer goods/services and industrial sectors with the remainder diversified across 10 sectors.

Structured credit intermediation trades - calculation of credit risk on derivatives



Calculation of mark-to-market and is a function of:

- Credit spreads
- Credit correlations
- Currency (AUD versus USD exchange rate)
- Duration

Calculation of credit risk on intermediation trades

- One financial guarantor has defaulted
- Valuation then considers receivables from the remaining financial guarantors based on appropriate credit spread for each counterparty
- Valuation adjustment can be likened to a collective provision

Information also available on ANZ website, in the analysts toolkit

Counterparty (Bought protection)				
Rating	No.	Notional Principal Amount (USD m)	Mark to Market (USD m)	Credit risk on derivatives (USD m)
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Credit Quality

Breakdown of 2008 collective provision charge



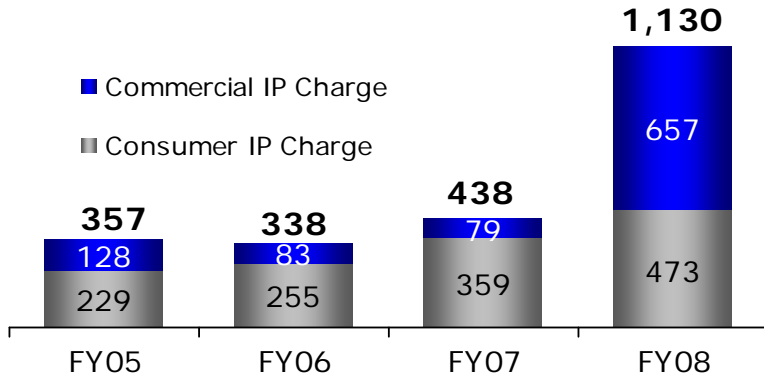
Business Unit (A\$m)	Lending Growth Impact	Risk Impact	Cycle and concentrations	Mix / Other*	Total
Group	197	200	525	(104)	818
Institutional (excl. BB)	82	152	449	(53)	630
Business Banking	9	4	32	(3)	42
Personal (excl Consumer Finance)	39	16	5	(34)	26
Consumer Finance	28	5	2	(8)	27
New Zealand Businesses	14	43	37	(11)	83
Asia Pacific	25	(20)	0	5	10

* Comprises risk mix, scenario impact reflecting oil shock release and methodology changes.

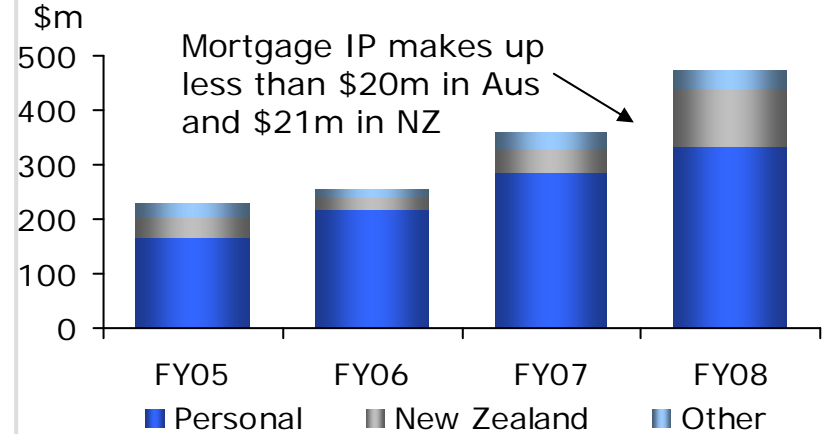
Increase in Individual provisions predominantly in Institutional and NZ Consumer portfolios



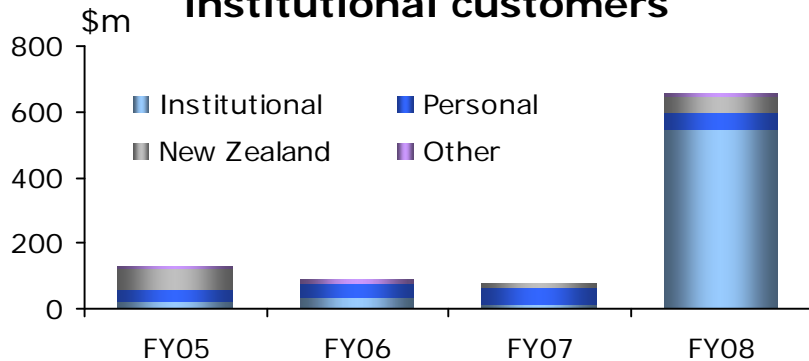
Commercial IP growth dominated increase in Total individual provision charge



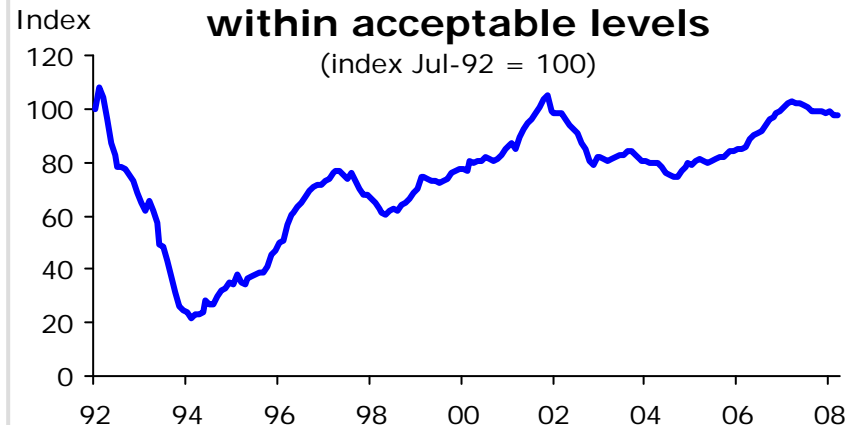
Consumer IP growth driven by NZ retail businesses and Australia growth



Commercial Individual provisions impacted by small number of large institutional customers



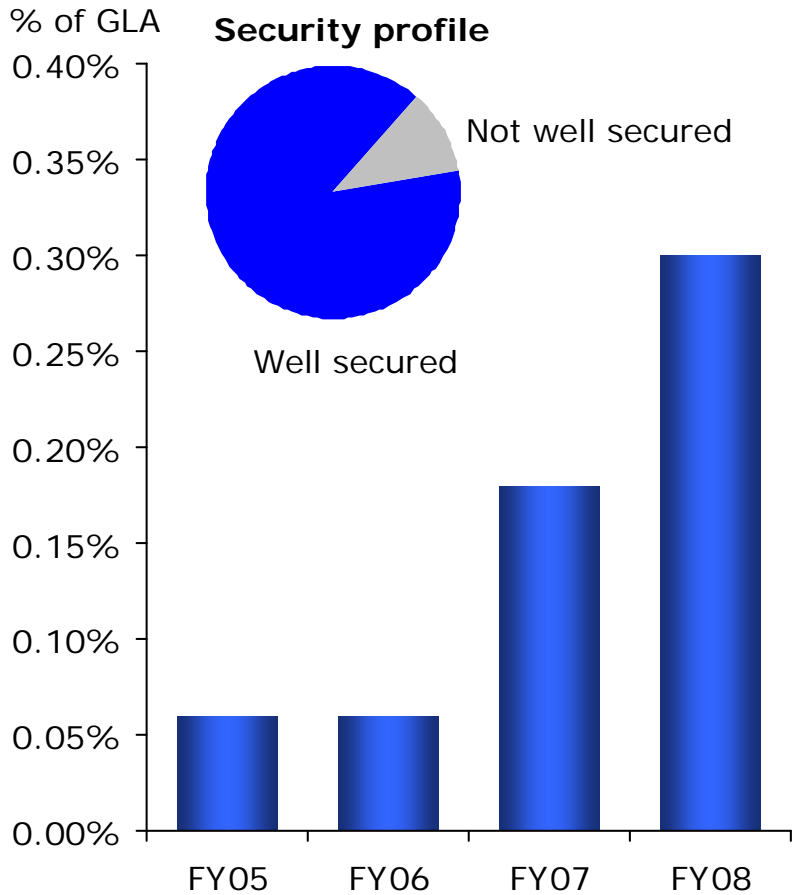
Historic cards loss rates managed within acceptable levels



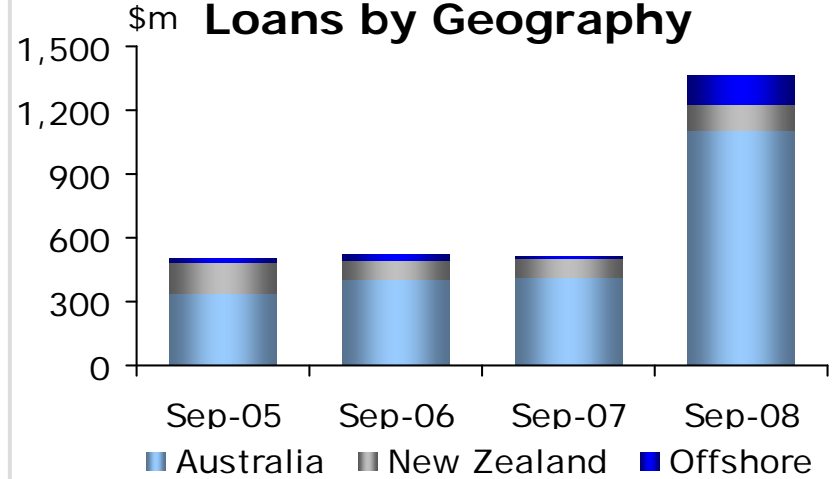
Increase in Non Performing Loans and 90 Days Past Due Loans weighted to secured portfolios



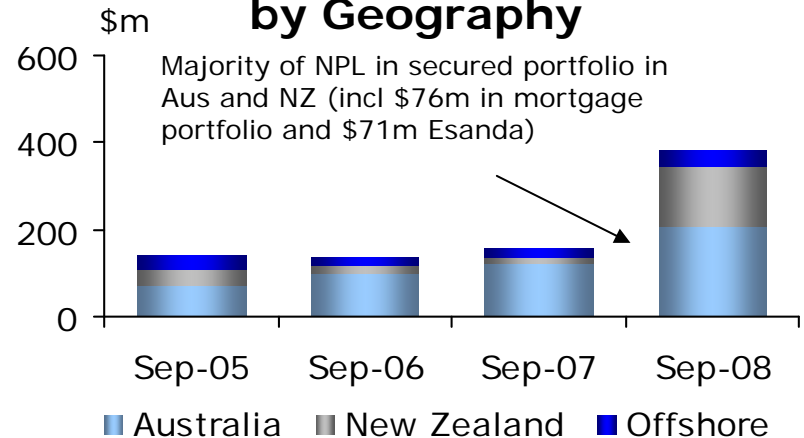
90 Days Past Due well up, majority on the secured book



Commercial Non Performing Loans by Geography



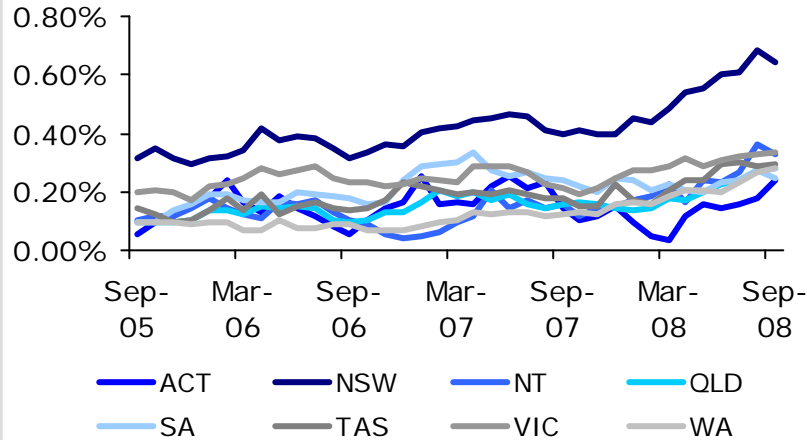
Consumer Non Performing Loans by Geography



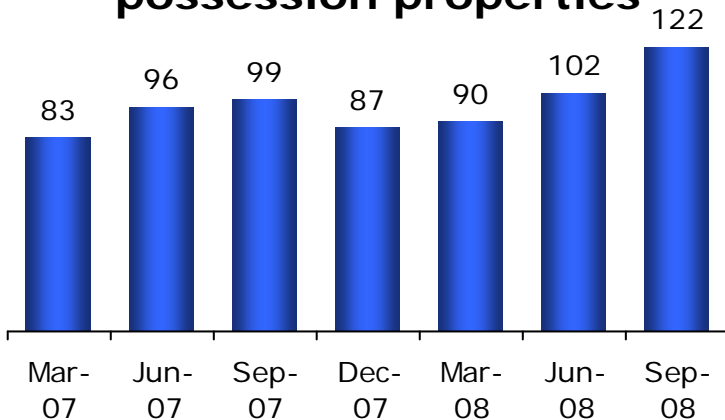
NSW mortgage arrears remain above group average, portfolio LVR profile stable



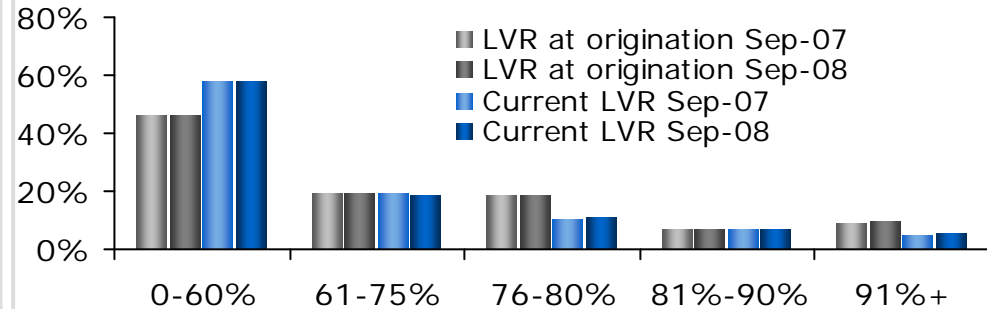
Mortgages ^ 60+ Day Delinquencies by State (% of GLA)



Number of mortgagee in possession properties



Mortgages Australia (Retail)



Average LVR last 12mths

- By No of Accounts = 65.5%
- By Outstanding Balance = 69.5%

Average LVR for Australian Retail Portfolio based on Origination

- By No of Accounts = 62.3%
- By Outstanding Balance = 67.8%

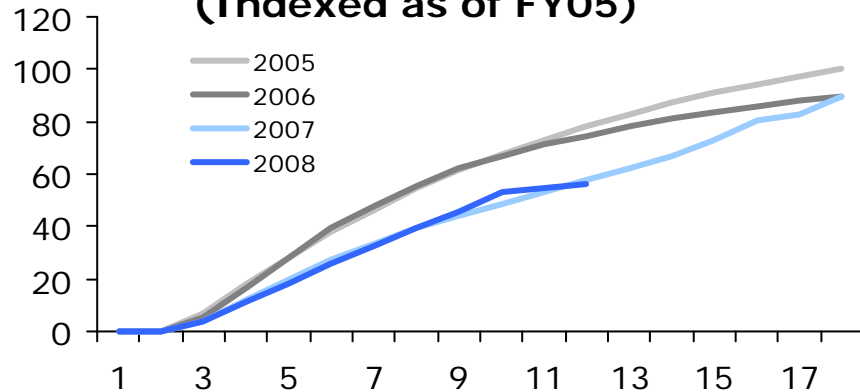
Average Dynamic LVR for Australian Retail Portfolio

- By Outstanding Balance = 42.9%

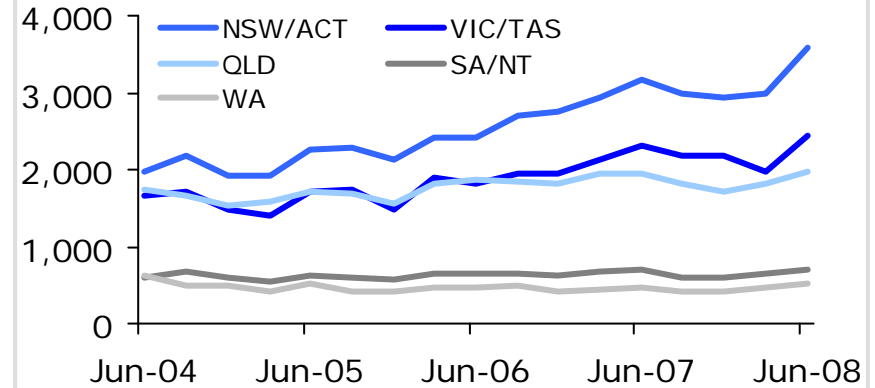
Collections teams increased and scorecards further tightened to manage arrears levels



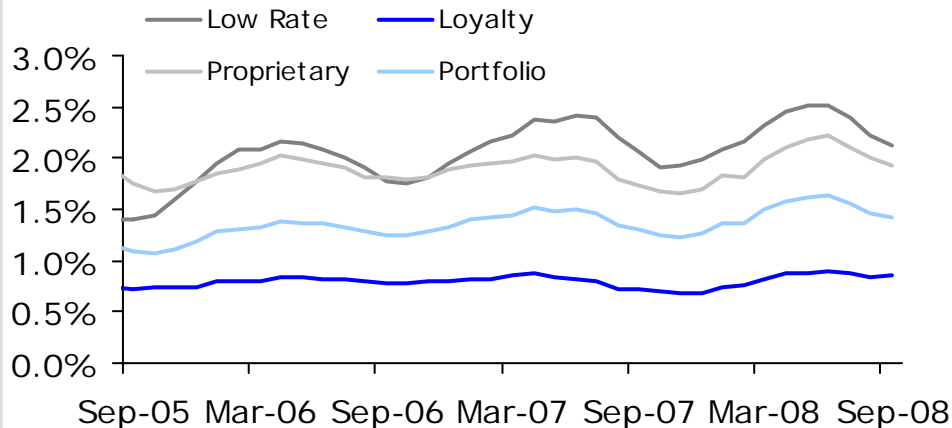
Consumer Cards 30+ day arrears (Indexed as of FY05)



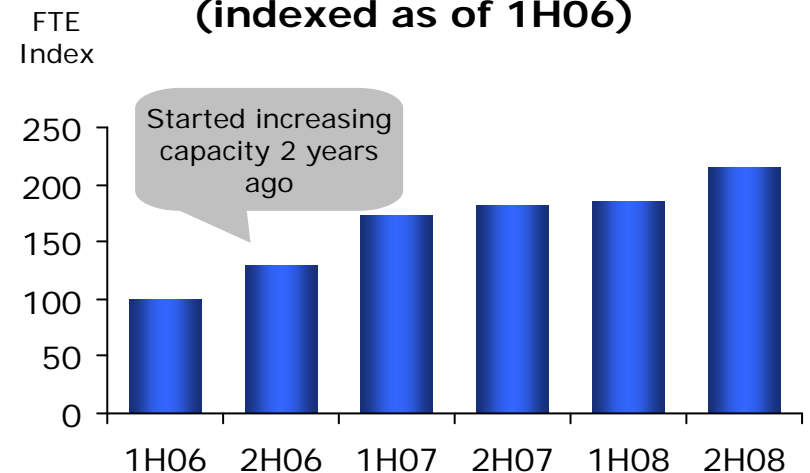
Bankruptcy numbers by state[^]



Consumer Cards 60+ day arrears to outstandings



Consumer Finance Collections FTE (indexed as of 1H06)

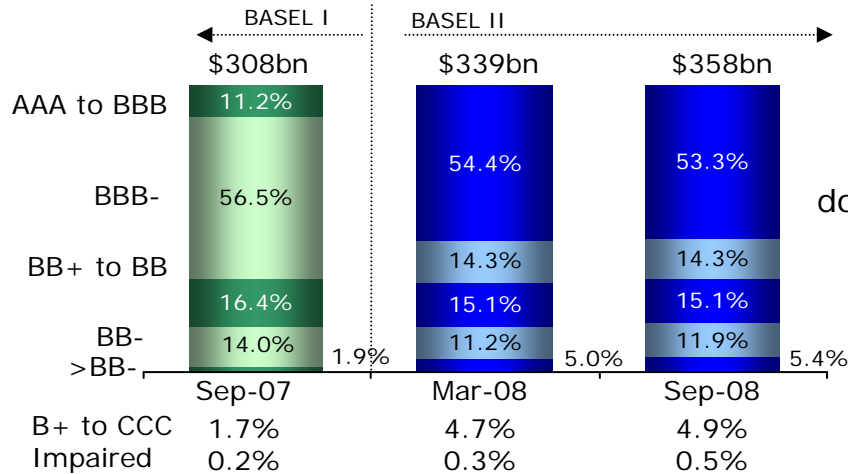


[^]ITSA

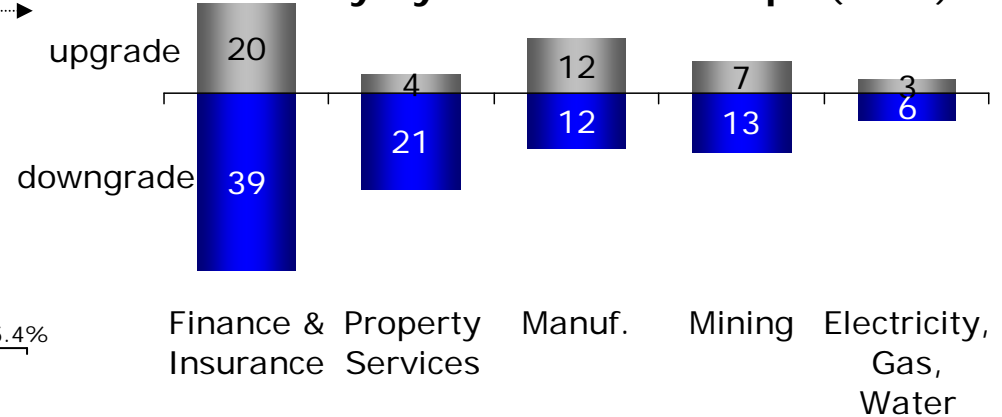
Increased stress in a number of Commercial Portfolios broader group credit quality remains stable



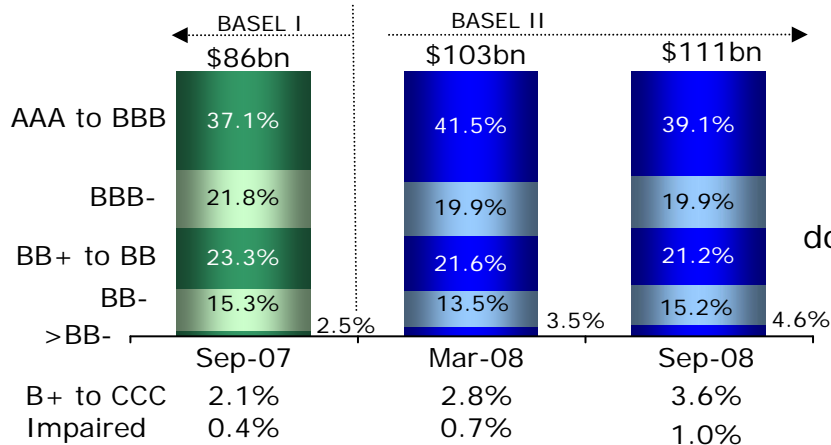
Group – GLAs



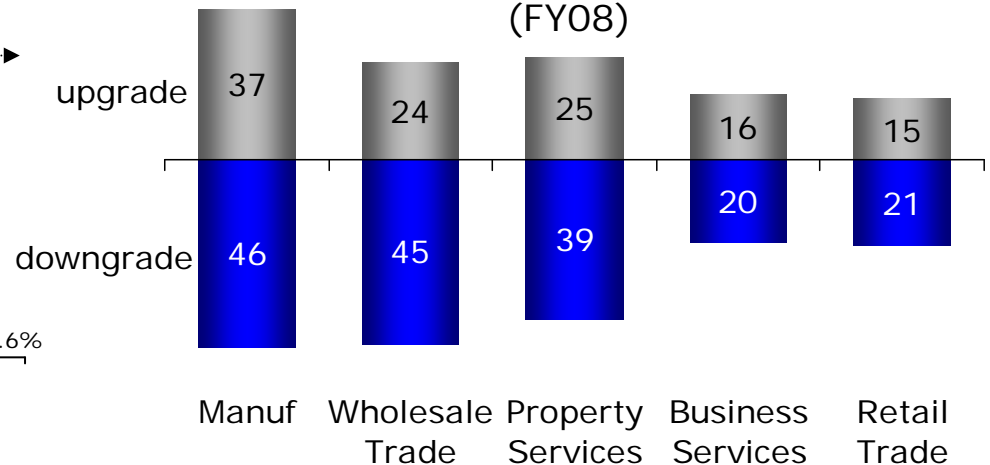
Institutional Banking & Financial Institutions Risk Grade Migration Summary by Customer Groups (FY08)



Institutional – GLAs



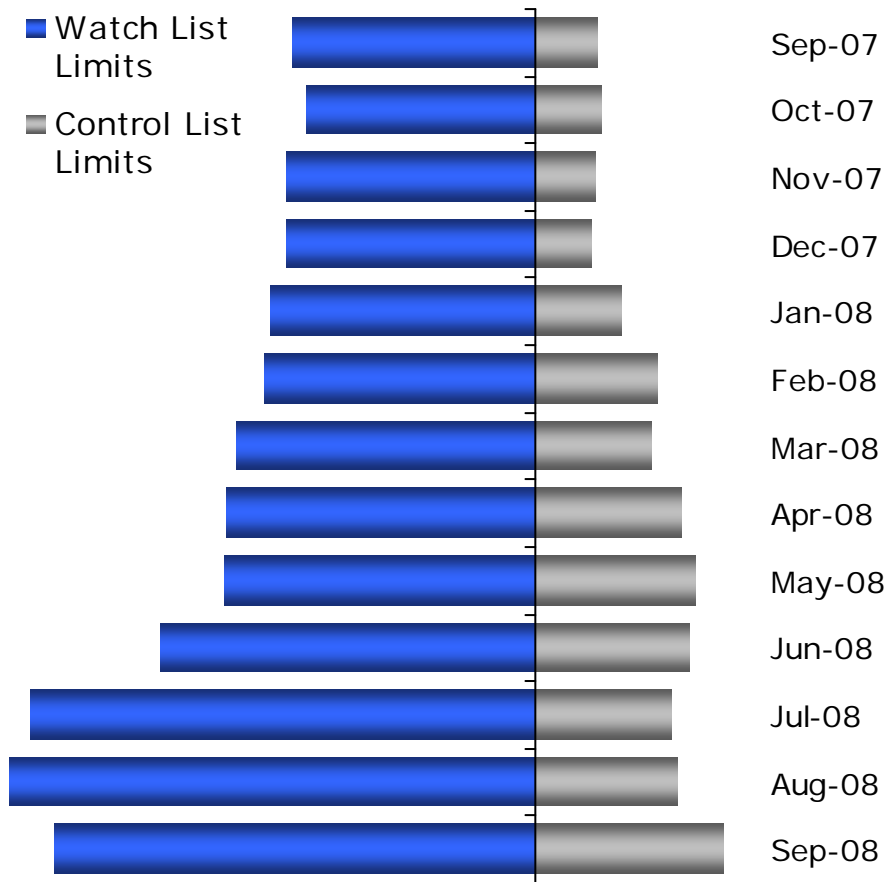
Corporate Risk Grade Migration Summary by Customer Groups (FY08)



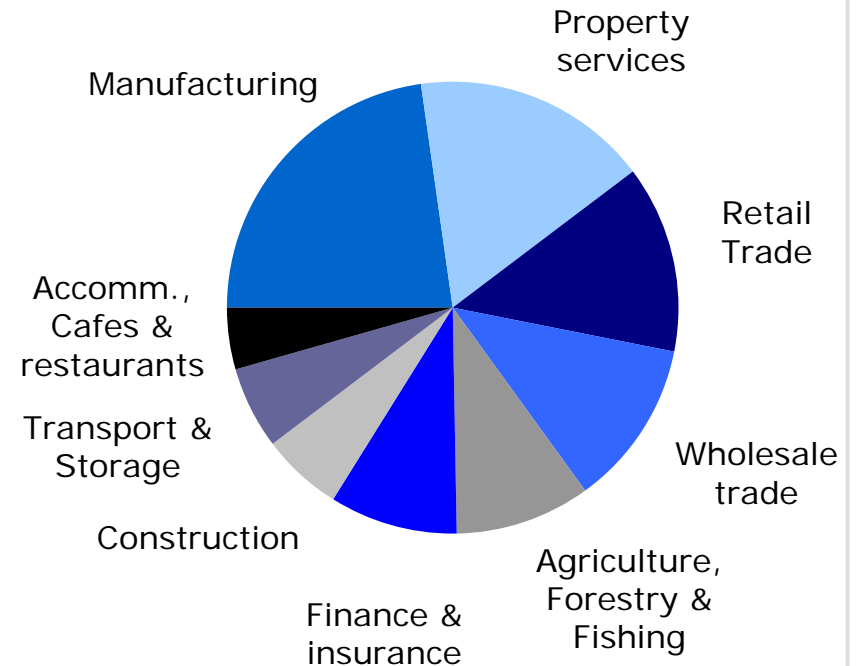
Increase in watch & control lists - deterioration & credit vigilance in a weakening environment



Watch and Control list*
(indexed data)



Diverse industry focus on watch list
(Watch list by industry - Number of groups %)

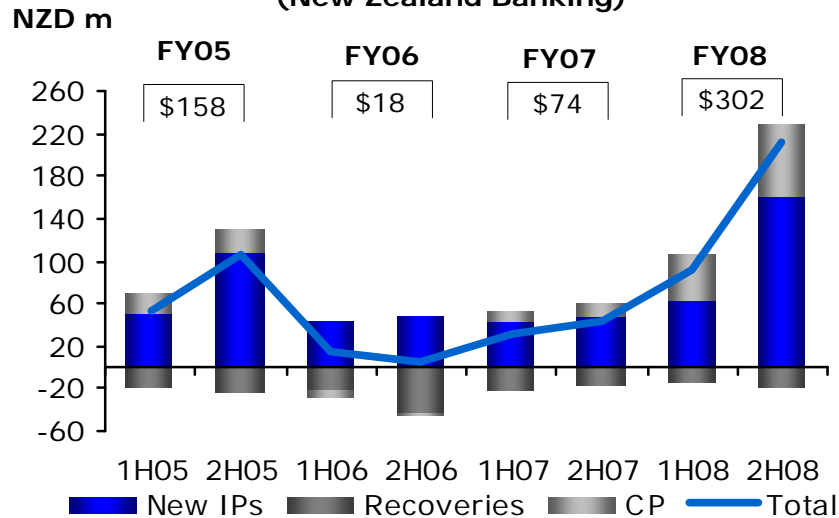


* Watch List: an alert report of customers with characteristics identified which could result in requirement for closer credit attention;
Control list: a report of high risk accounts which have or may defaulted

New Zealand - Provisioning charges increasing with change in economic cycle



Provisions have grown from low levels (New Zealand Banking)

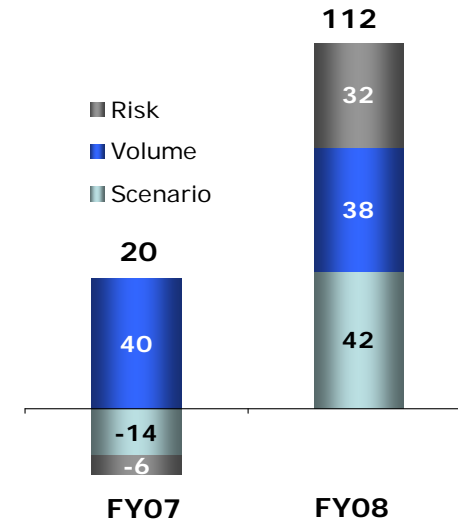


Provision increases have been driven by the significant downturn in the economy and resultant stress in the household sector and a weakening property market.

IP charge increase of NZD136m (by 14bp to 21bp), largely reflecting increasing arrears in the household and small-to-medium business sectors.

The CP charge increase of NZD92m (by 10bp to 12bp) mainly reflects modest weakening in credit quality (4bp) of consumer and small-to-medium size business books and a cycle adjustment of NZD54m (6bp), spread across the wholesale and retail businesses.

Contribution to Collective Provision Charge (NZD m)



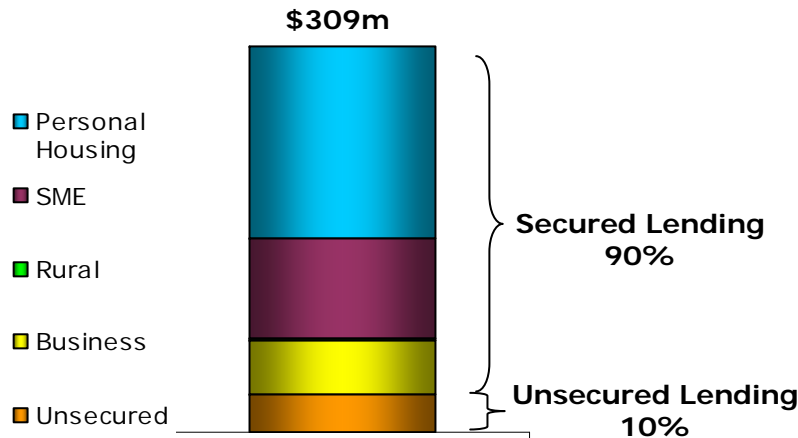
Individual Provision Charge Analysis

Category	IP Charge		Net Write-off	
	NZDm	bps	NZDm	bps
Personal Housing	24.7m	7	5.7	2
SME	35.5	24	11.9	8
Rural	3.8	2	0.4	0
Business	60.4	24	16.6	7
Unsecured	65.6	259	61.5	244
Total	190.0	21	96.1	10

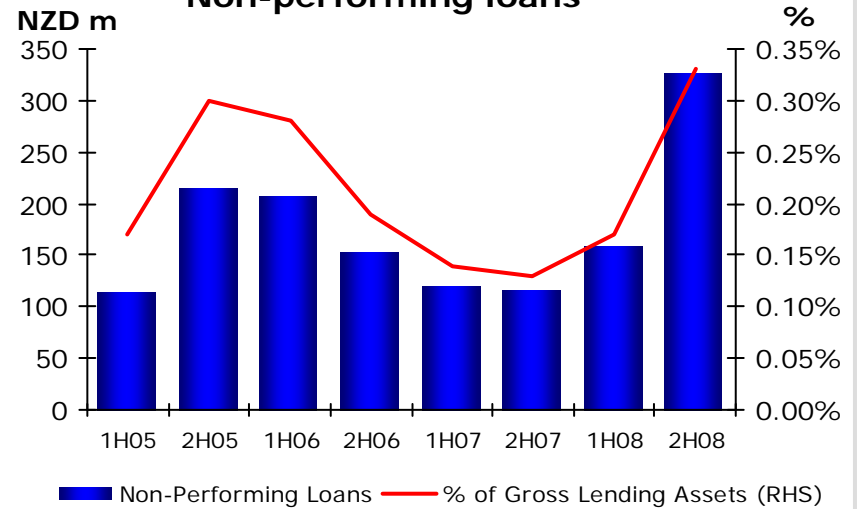
New Zealand - arrears and impaired assets increased from historical lows with h'hold cashflow pressures



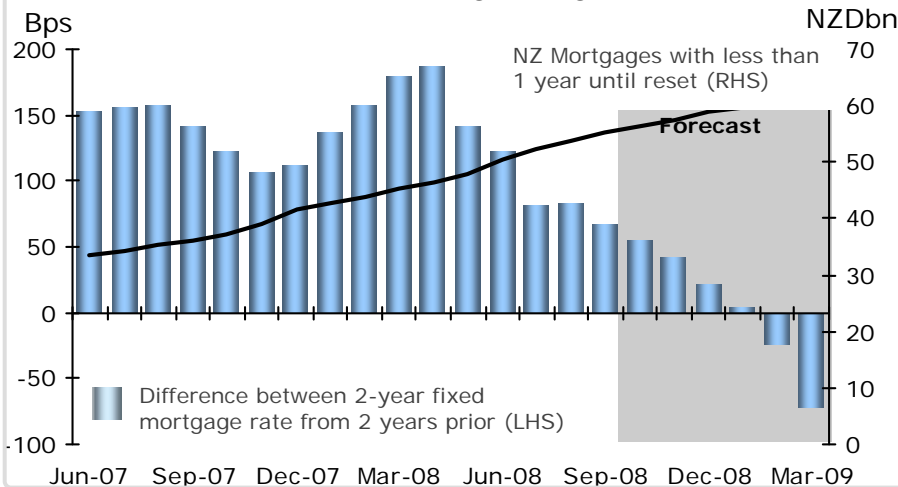
90 days past due largely secured



Non-performing loans



Interest rate reductions expected to benefit consumers by early 2009



Arrears and non-performing loans have increased largely in the secured portfolios with consumer (personal mortgages) and small business arrears having experienced the largest lift

This rise reflects financial stress in the household sector due to higher costs of living and higher interest repayment costs

Household cashflow pressures are expected to moderate in the coming year with the fixed rate repricing step-up having peaked in April 2008. Rising unemployment will continue to impact credit quality

Commercial Industry exposures – Group

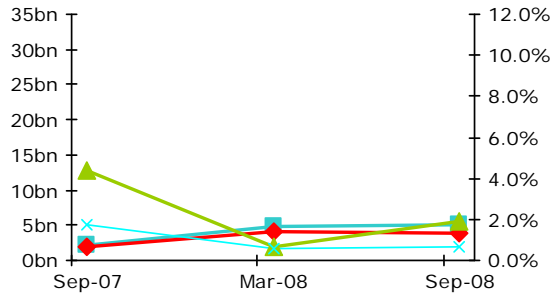


* Excludes Commercial Property

Commercial Industry exposures – Group



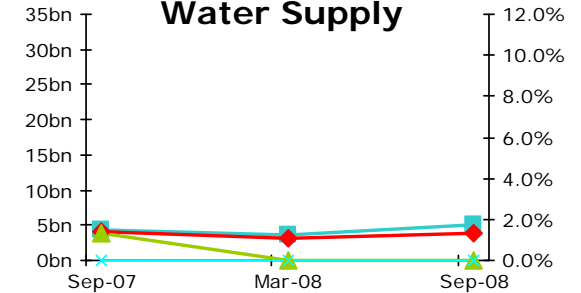
Mining



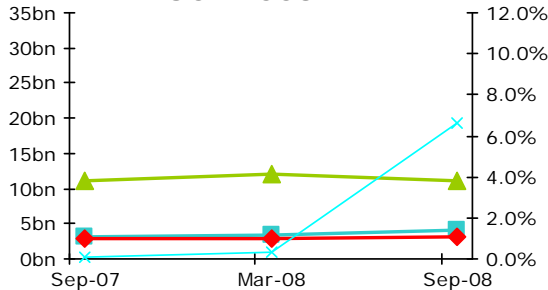
Accommodation, Cafes & Restaurants



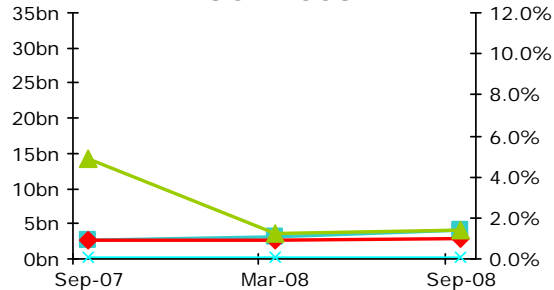
Electricity, Gas & Water Supply



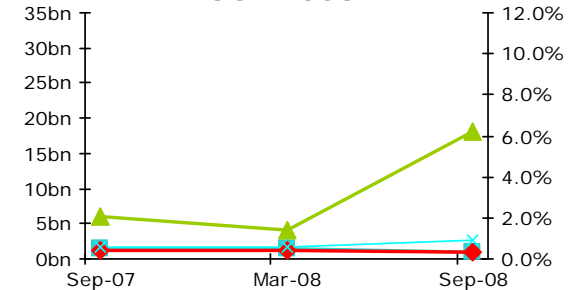
Health & Community Services



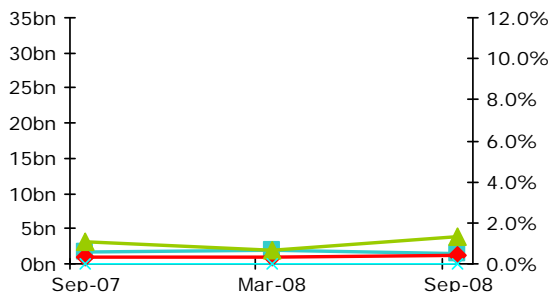
Cultural & Recreational Services



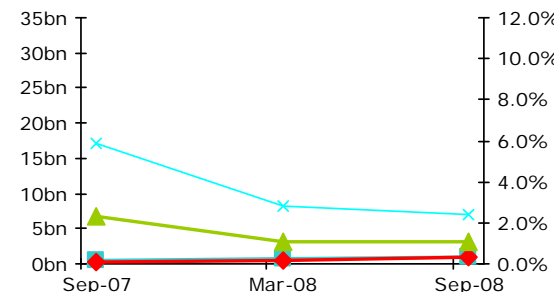
Personal & Other Services



Other*



Communication Services



Government Administration & Defence



■ Gross Lending Assets (AUD)
 ◆ % of Portfolio (RHS)
 ▲ % in High Risk (RHS)
 × % in Non Performing (RHS)

* Other includes Non Classified & Education industry.

Capital, liquidity and funding

Actively managing for new reality: Balance sheet, capital, lower risk



Balance Sheet

- Collective provisions set above 1% of credit RWA's

Capital – Tier One [7.7%]

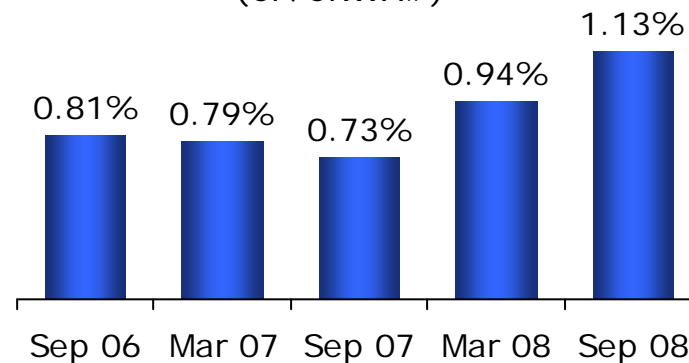
- Proactive in raising capital
- Increased liquidity

Company Structure – “One ANZ”

- Flatter more responsive structure
- Specific re-engineering of Institutional
- Led by highly experienced team

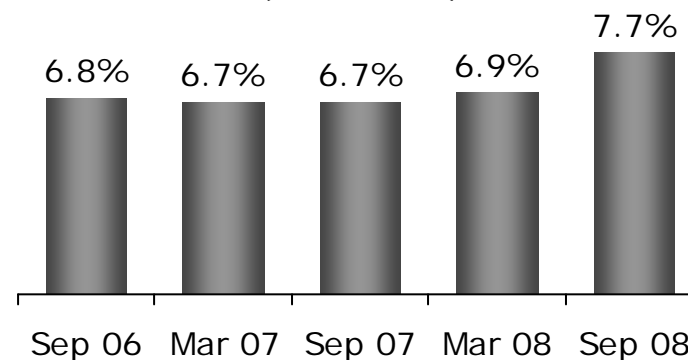
Strengthened collective provision balance

(CP/CRWA#)



Strengthened capital position

(Tier 1 ratio)



ANZ capital position strengthened and compares favourably under UK FSA and Canadian OSFI regulation



	Sep 07	Mar 08	Sep 08	Sep 08**	ANZ FSA	ANZ OSFI
	Basel II	Basel II	Basel II	pro forma	Basel II	Basel II
Core Tier 1*	5.2%	5.3%	5.9%	6.3%	8.0%	8.7%
Tier 1	6.9%	6.8%	7.7%	8.1%	10.0%	10.7%
Total Capital	10.3%	10.1%	11.1%	11.5%	~13.0%	~13.0%

Capital Position strengthened:

- FY08 Basel II Tier-1 ratio (+86bps)
- Underwrite of 2 dividends (+63bps)
- Issuance of Tier 1 hybrids (+63bps)
- Converting ANZ StEPS to ordinary equity
- New Tier 1 minimum target of 7% established
- Proposed underwrite of Final 08 dividend (+38bps)

Capital ratios stronger under FSA & OFSI equivalent basis

Capital Management Agenda:

- Continue to strengthen capital profile including building capital buffer
- Increased modelling of different economic scenarios on capital ratios
- Focus on risk/rewards within Basel II environment

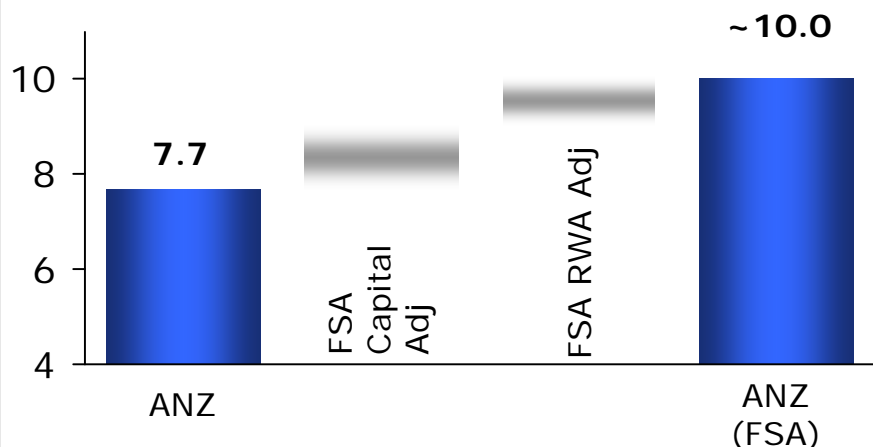
* 'Core Tier 1' = Tier 1 excluding hybrid Tier 1 instruments

** Includes DRP underwriting

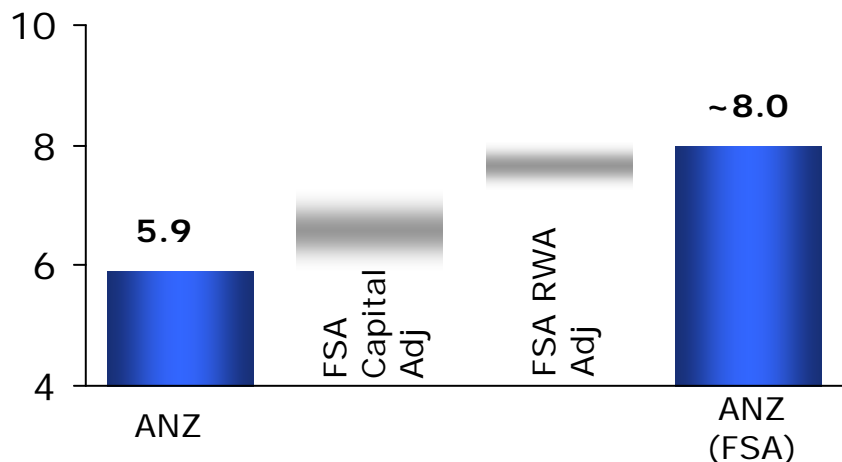
Tier 1 and Core Tier 1 ratio's are higher under FSA regulation comparisons



ANZ Tier 1 on an FSA basis



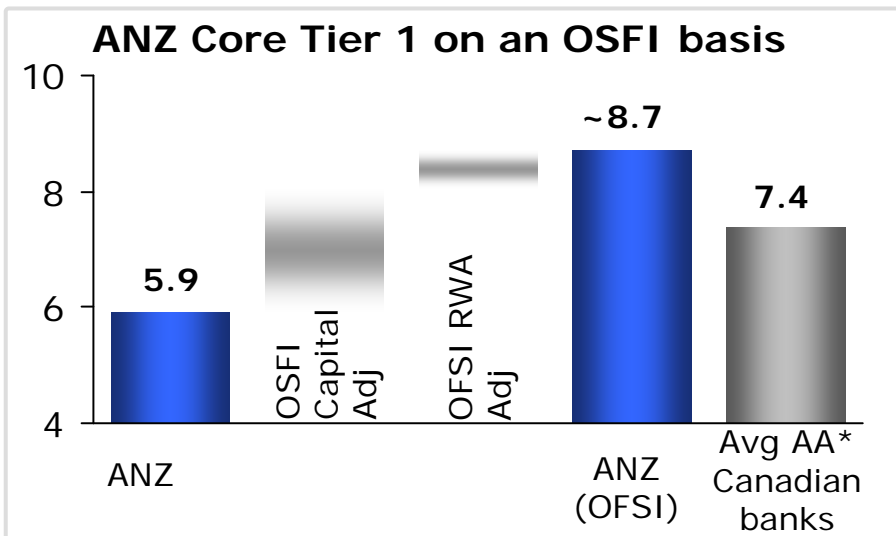
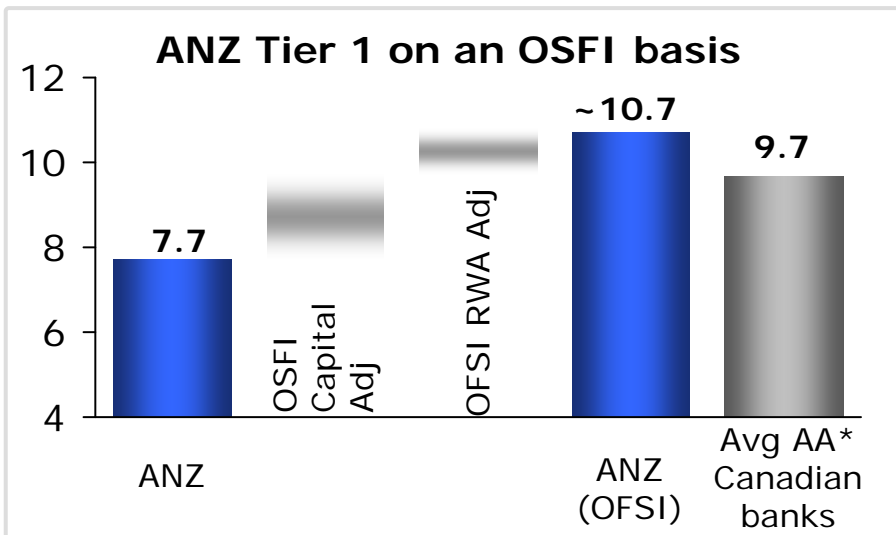
ANZ Core Tier 1 on an FSA basis



- Capital differences arise principally due to FSA:
 - Not requiring a deduction for accrued dividend and net of the associated DRP
 - Not requiring a Tier-1 deduction for certain capitalised expenses and deferred tax assets
 - Calculating expected loss vs provisions on a gross basis, before considering any tax effect whereas APRA require general reserves for credit losses (net of tax) to be compared with expected loss
 - Having a more favourable treatment for Associate investments (including ING JV), and insurance and funds management subsidiaries
- RWA differences arise principally due to:
 - APRA setting a 20% floor on the downturn LGD for mortgages (as compared with the 10% minimum set by the FSA)
 - FSA not requiring Interest Rate Risk in the Banking Book to be a Pillar I requirement
 - Differences in the treatment of specialised property lending; equity and margin lending products

Estimates of the impact on ANZ's Tier 1 capital ratio of the identified major differences between regulatory requirements have been prepared with input from Ernst & Young.

Tier 1 and Core Tier 1 ratio's are higher under OSFI regulation comparisons



- Capital differences arise principally due to OSFI:
 - Not requiring a deduction for accrued dividend and net of the associated DRP
 - Not requiring a Tier-1 deduction for certain capitalised expenses and deferred tax assets
 - Calculating expected loss vs provisions on a gross basis, whereas APRA require general reserves for credit losses (net of tax) to be compared with expected loss
 - Having a 5% threshold (of tier-1 capital) before a deduction for intangible assets is required
 - Having a more favourable treatment for Associate investments (including ING JV), and insurance and funds management subsidiaries.
- RWA differences arise principally due to:
 - APRA setting a 20% floor on the downturn LGD for mortgages (as compared to the 10% minimum set by OSFI)
 - OSFI not requiring Interest Rate Risk in the Banking Book to be a Pillar I requirement
 - Differences in the treatment of equity and margin lending products

Estimates of the impact on ANZ's Tier 1 capital ratio of the identified major differences between regulatory requirements have been prepared with input from Ernst & Young.

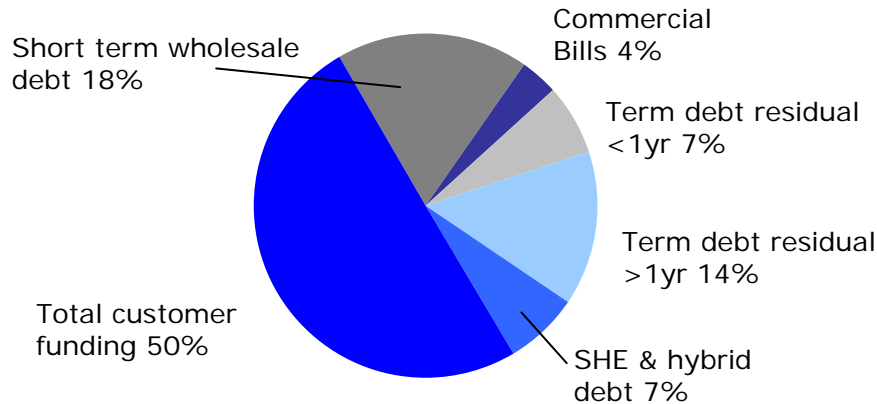
*Canadian banks include Royal Bank of Canada, Toronto Dominion, Bank of Nova Scotia

Conservative funding strategy leaves ANZ well placed to manage liquidity in difficult market conditions



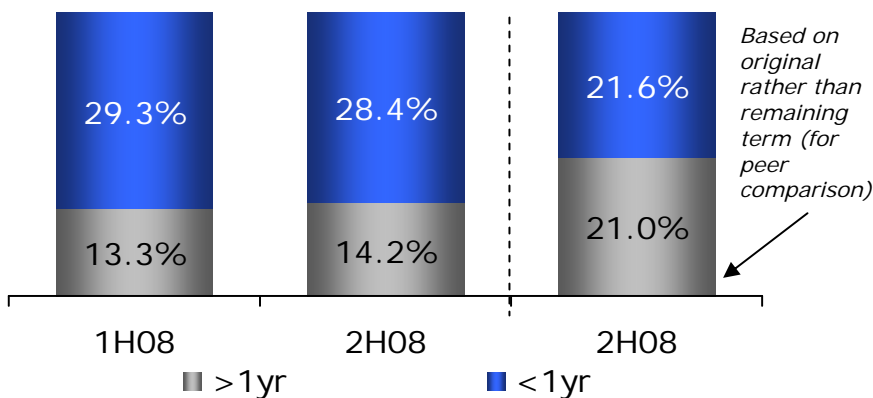
Funding composition Sep-08

Group Funding profile[^] – September 2008

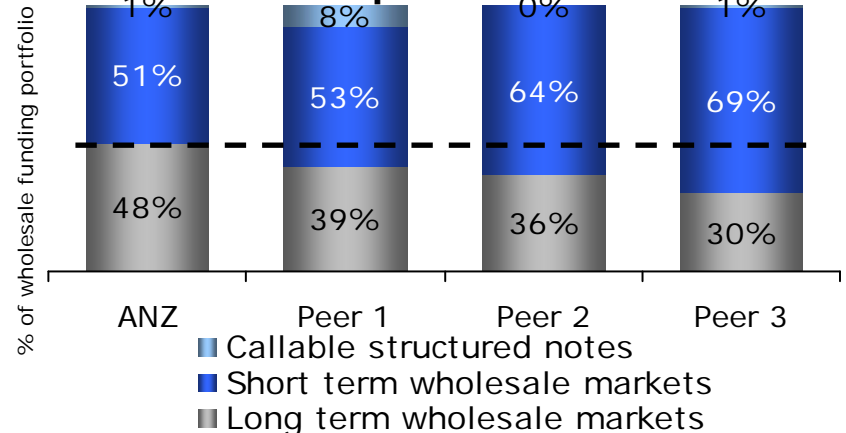


- Funding strategy designed to ensure stability of core sources of funding such as Customer Deposits and Term Wholesale debt: reduces reliance on Short-Term Wholesale debt
- Funding composition has remained stable over the last year: reflecting ANZ's strong credit rating and diversified sources of funding
- Despite higher costs, ANZ has strengthened the balance sheet by increasing the volume of funding sourced from term debt markets
- ANZ ratings re-affirmed by Moody's (Aa1) and Standard & Poor's (AA) (stable)

Wholesale funding position strengthened*



Strong wholesale position relative to peers



[^] Percentage of total liabilities & equity

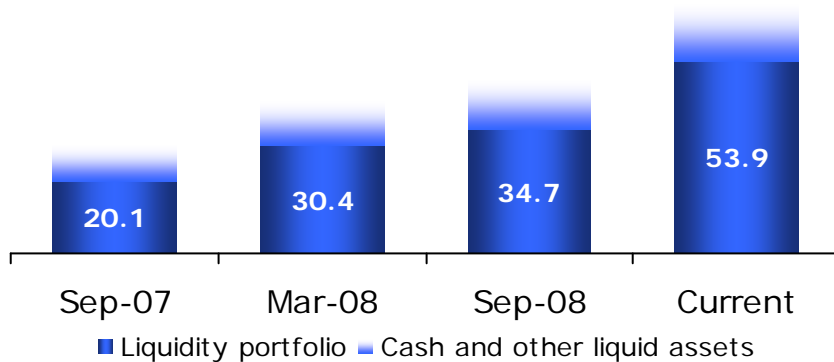
* Percentage of net external assets (incl. surplus cash and non-core assets)

Source: Annual Reports, Bloomberg

Balance sheet strengthened despite difficult environment

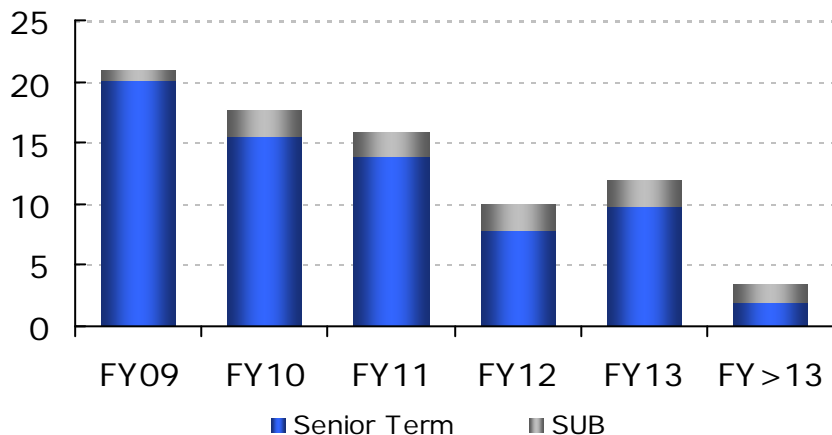


Significant increase in liquid assets (\$bn) >12 months of offshore wholesale funding maturities



- Prime liquid asset portfolio increased to nearly 3 times Sep-07 levels
- All liquid assets eligible for repo with a central bank and held in major treasury sites
- Provides a very strong buffer against adverse funding conditions. Portfolio covers:
 - 10 weeks of all short and long wholesale funding maturities
 - >12 months of total offshore wholesale funding maturities

Balanced term debt maturity profile (\$bn)



- Term debt issuance across maturity buckets achieves balanced maturity profile, avoids near-term maturity concentrations
- 74% of term debt portfolio matures beyond 1 year
- Portfolio diversified by geographic location, investor type, currency, product and tenor

Strong 2008 funding year leaves ANZ well placed to manage 2009 requirements



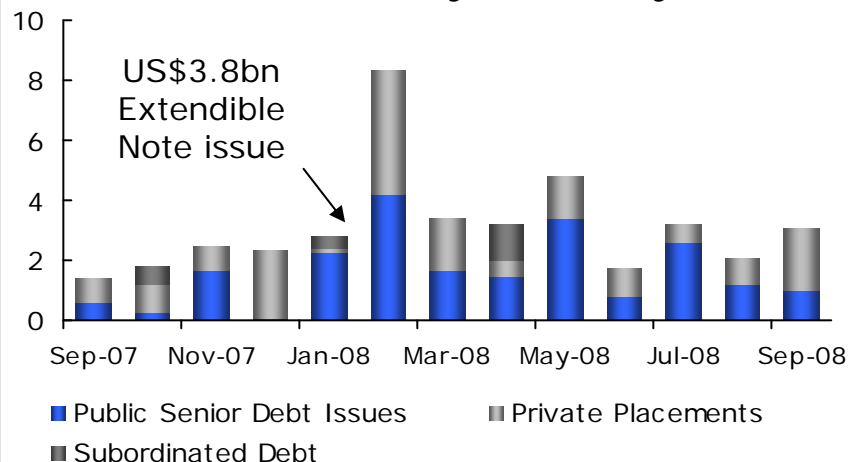
Completed \$39 billion of term wholesale funding during FY08 (FY07 ~\$24 billion)

- Includes \$9 billion of 1 year debt and \$6 billion of extendible notes issued as a replacement for commercial paper: reflects strategic decision to lengthen the short-end maturity profile
- The weighted average tenor of new term debt (>1 year) was 4.0 years
- The average cost of term funding issued (including 1 year debt and extendibles) increased by 64 basis points year-on-year: not ANZ specific - reflects the impact of the global credit crisis
- ANZ unaffected by closure of securitisation markets

Strong 2008 funding leaves ANZ well placed for 2009

- Forecast 2009 funding requirement lower, ~\$21bn term debt and ~\$9bn 1 year debt
- Availability of government guarantee provides further support if required
- Prior to announcement of the government guarantee, the total average cost of Australian term debt in 2009 (new and existing) was forecast to increase to 50bp (up from 23bp FY08). This is now likely change following the announcement

Borrowed consistently over the year (\$bn)



Short-term wholesale funding portfolio lengthened

Average days to maturity (remaining)

As at ...	Sep-07	Sep-08
US Commercial Paper	28	144
European Commercial Paper	46	53
Domestic Certificates of Deposit	73	83

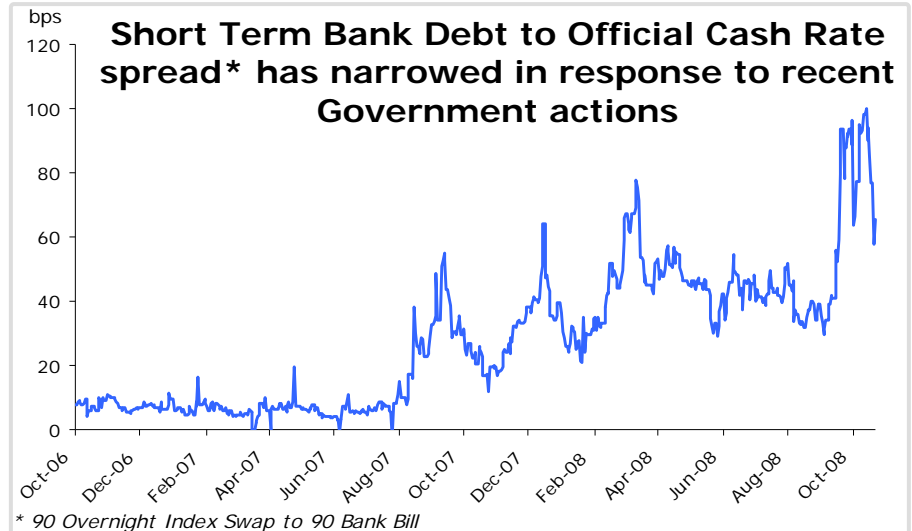
Issuer: Australia and New Zealand Banking Group Limited

Although global term wholesale issuance costs have increased, strong funding position maintained



- Fundamental repricing of default risk has caused credit spreads to widen globally
- Despite this, the relatively stable Australian financial environment and limited exposure to US and European real estate markets has seen spreads for Australian “AA” rated banks outperform international peers
- Recent moves by the Australian and major offshore governments to guarantee bank debt has had a positive impact on credit spreads
- Short term credit and liquidity premia, represented by the spread between bank bills and the Official Cash Rate, has remained elevated and worsened further in recent weeks. However, this is now showing early signs of improvement

ANZ 5 year CDS spreads

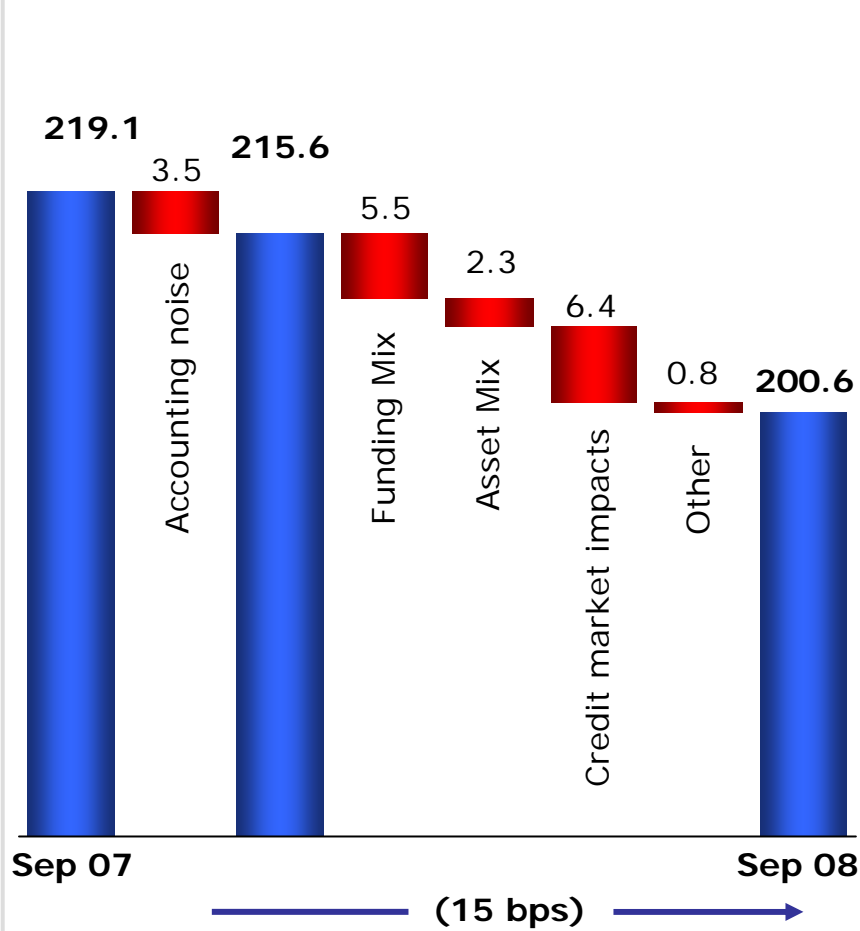


Margin analysis

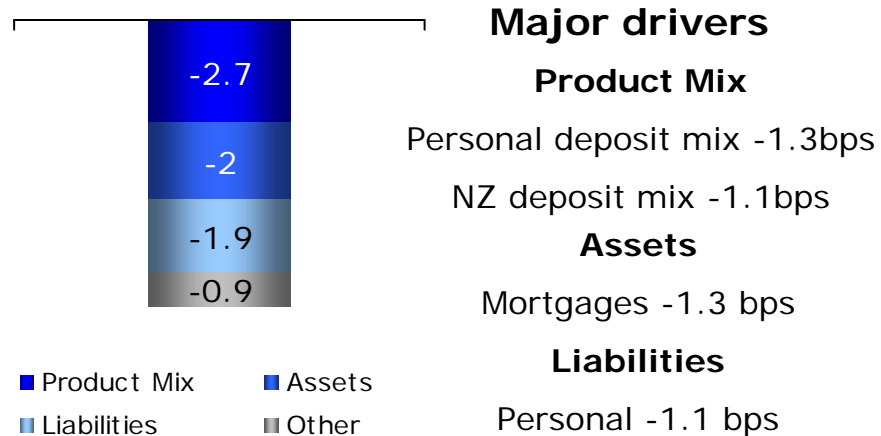
Group Net Interest Margin – Full Year and Half on Half



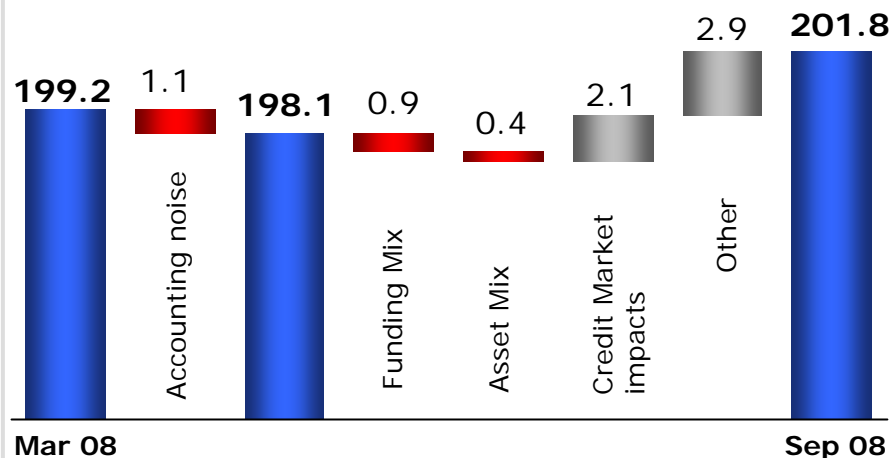
FY08 vs FY07



Competition Pressures (FY07 vs FY08)



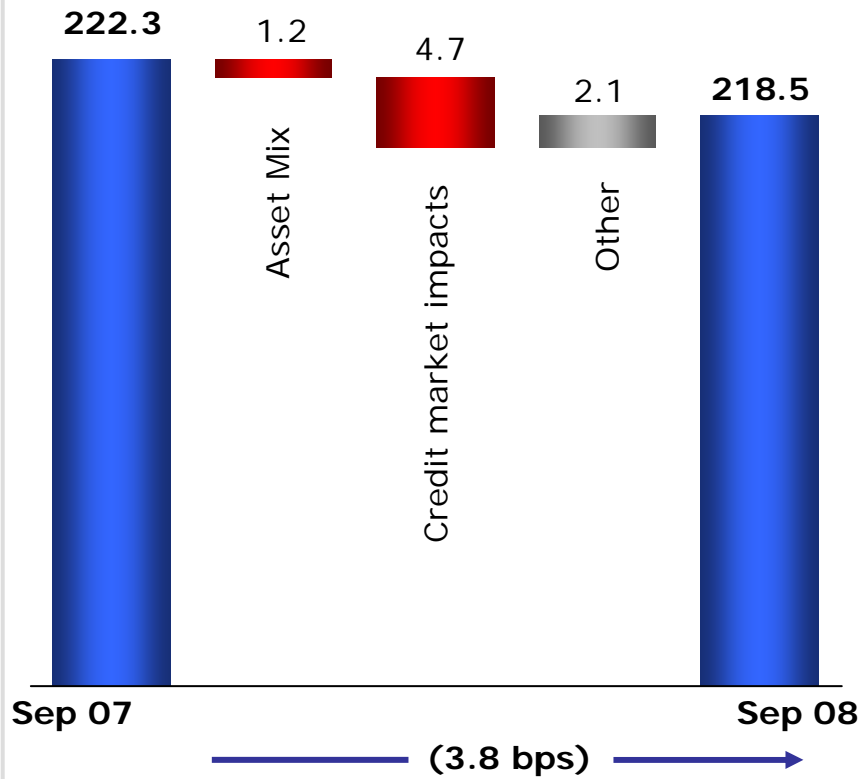
1H08 vs 2H08



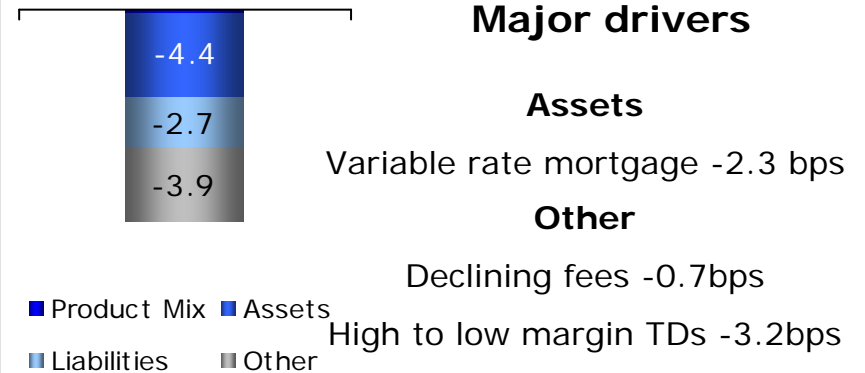
Personal NIM – Full Year and Half on Half



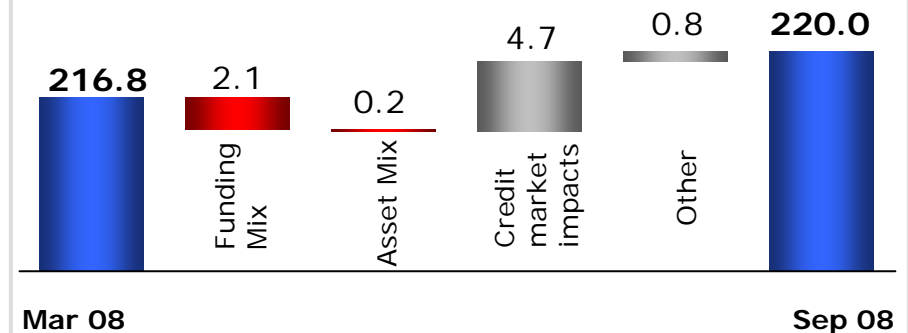
FY08 vs FY07



Competition Pressures (FY07 vs FY08)



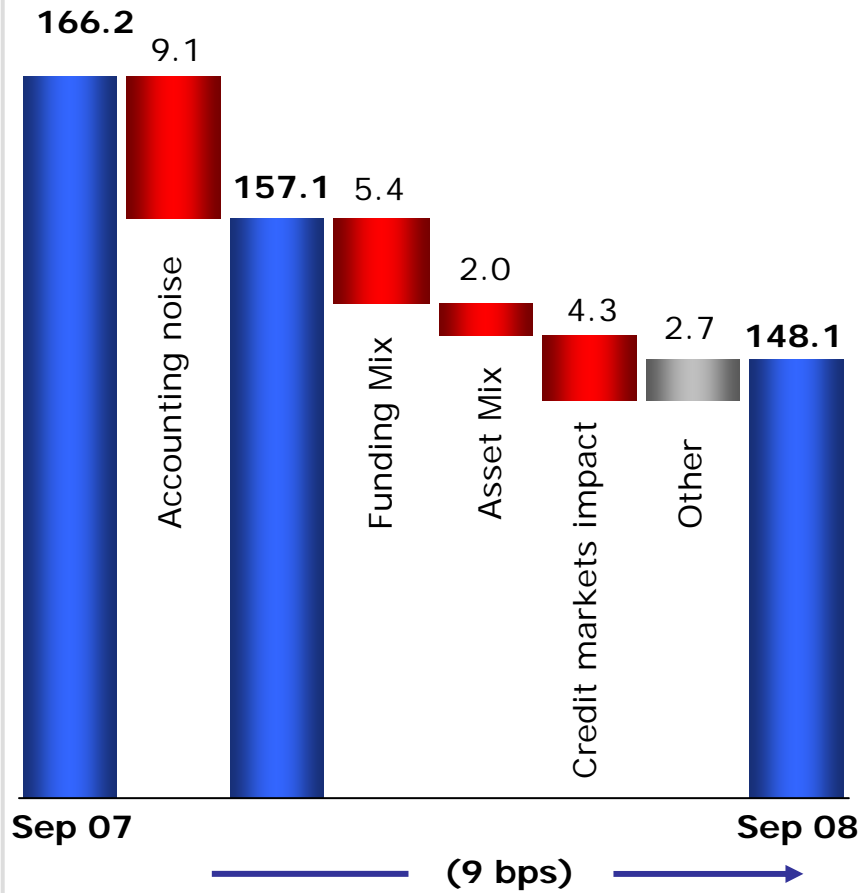
1H08 vs 2H08



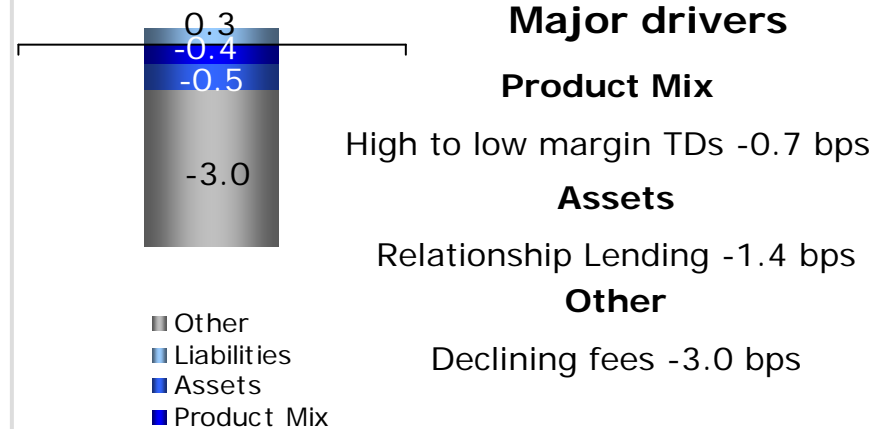
Institutional NIM – Full Year and Half on Half



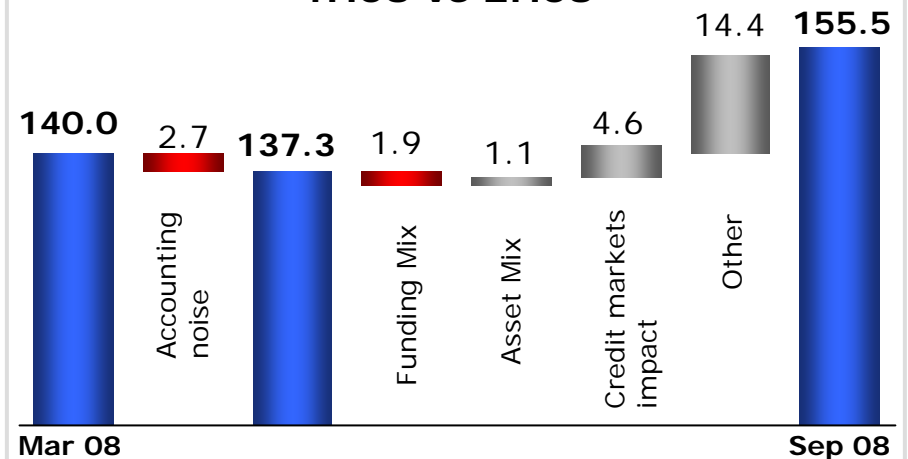
FY08 vs FY07



Competition Pressures (FY07 vs FY08)



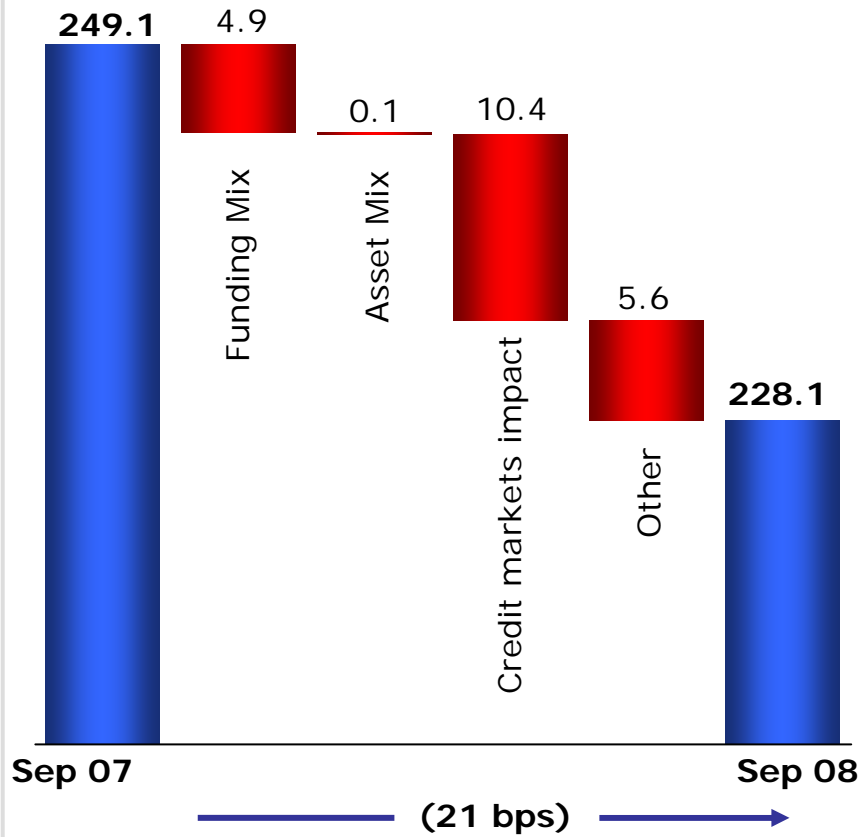
1H08 vs 2H08



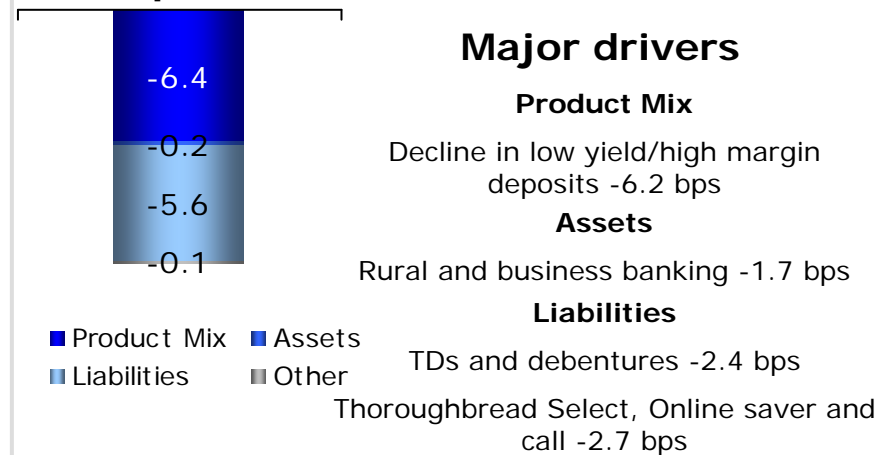
New Zealand NIM – Full Year and Half on Half



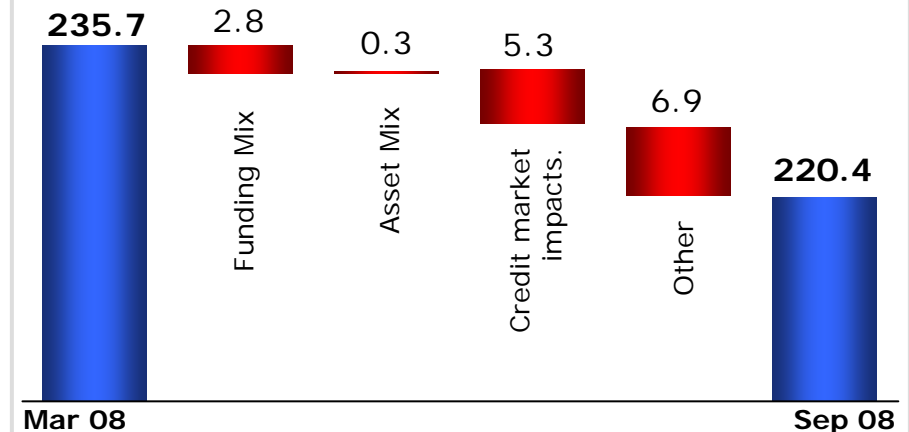
FY08 vs FY07



Competition Pressures (FY07 vs FY08)



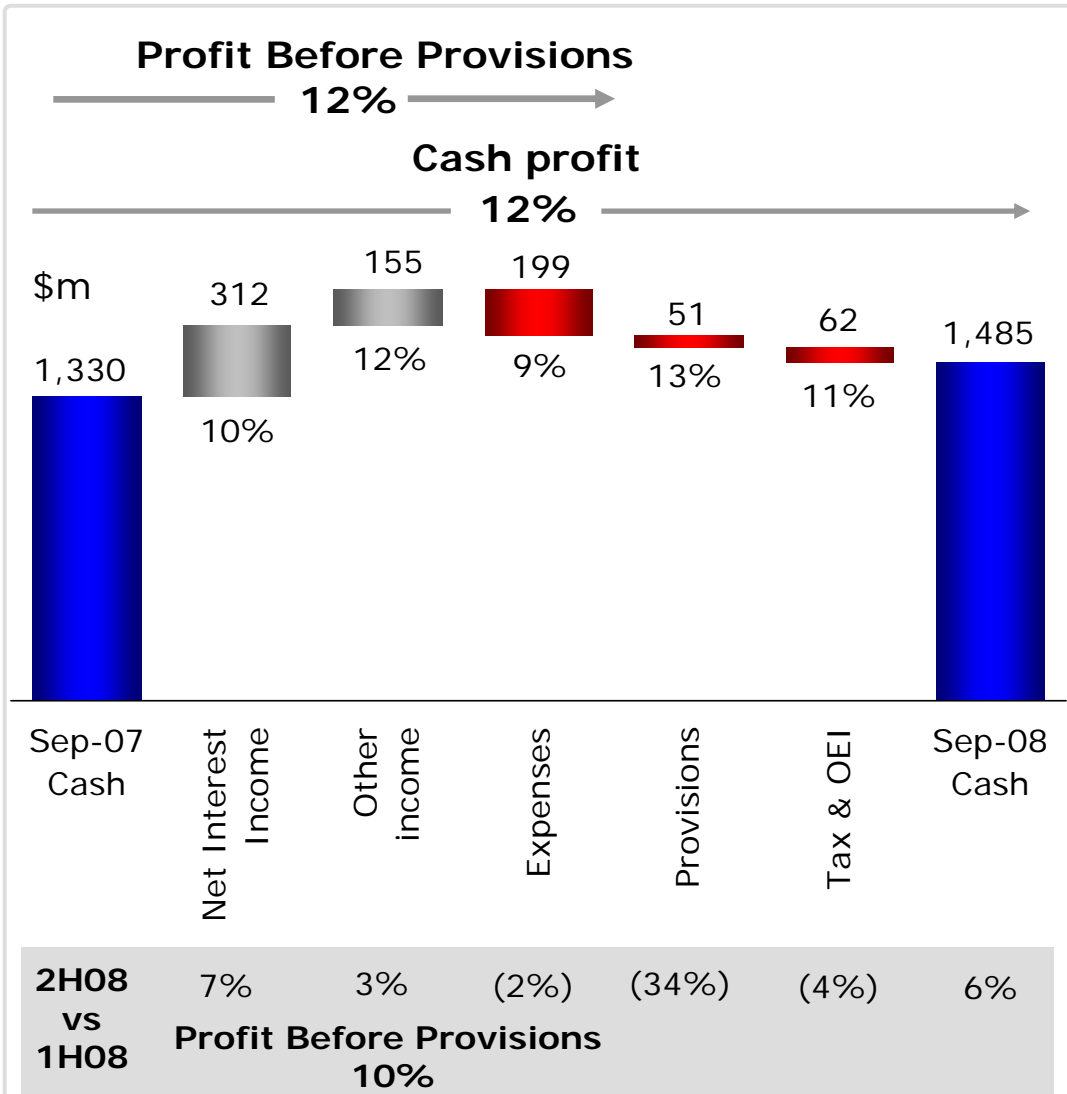
1H08 vs 2H08



* Rural, Business Corporate & Commercial

Divisional performance detail

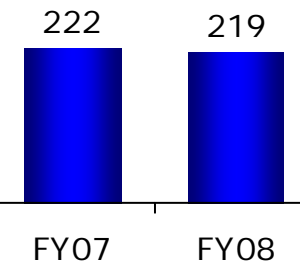
Personal - Double digit growth despite difficult conditions



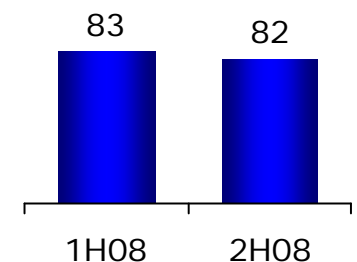
Comments:

- NPAT growth of 12% in difficult year
- Strong revenue growth of 11%
- 2% cost growth in 2H08
- CTI down 56bps to 47.89%
- Small reduction in Personal Division margins with increased deposit competition
- Mortgage margin decline in first half reduced in second half with mortgage repricing
- Deposits grew 13%

Personal Division NIM (bp)

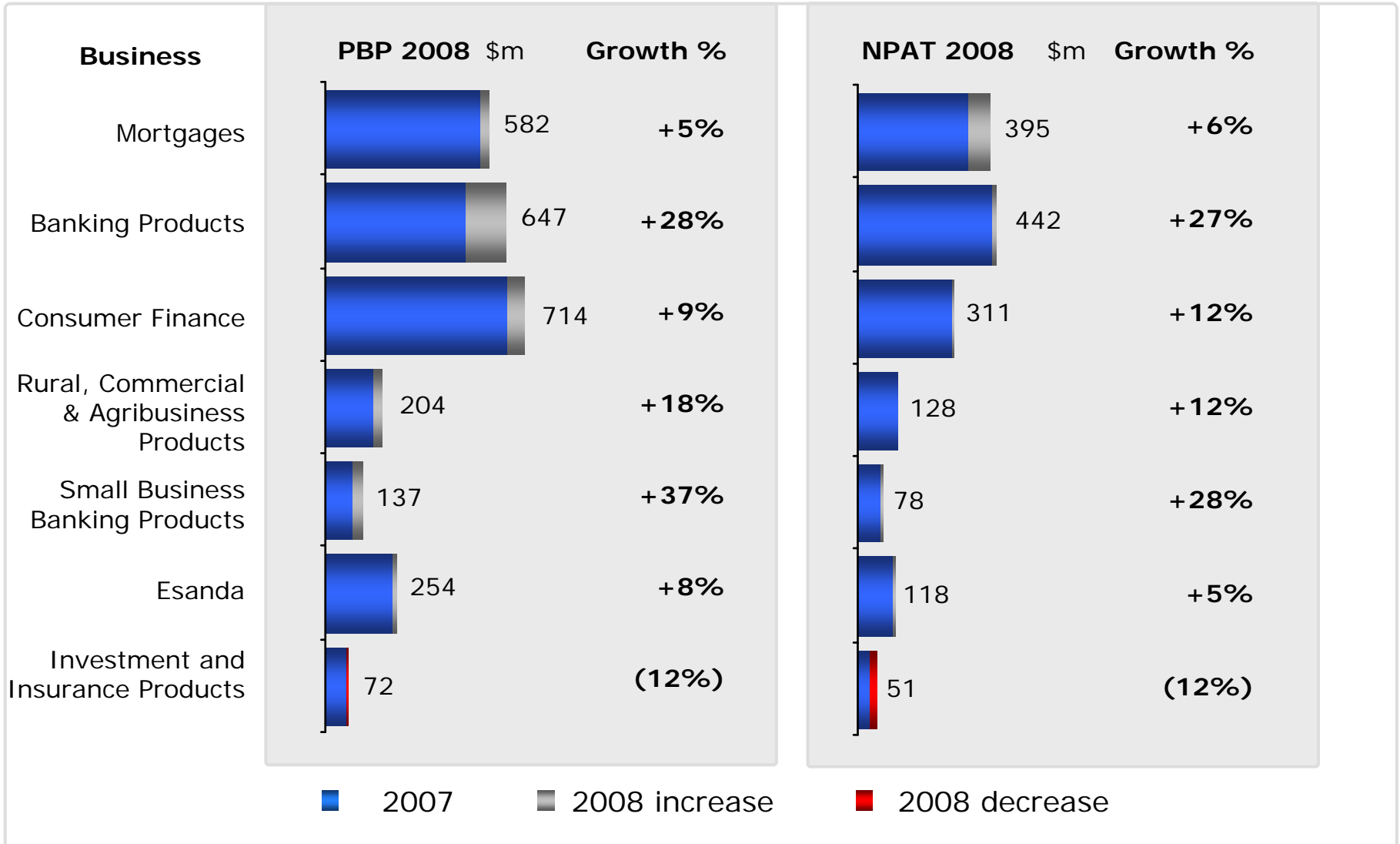


Mortgages NIM (bp)



Personal - Business unit performance

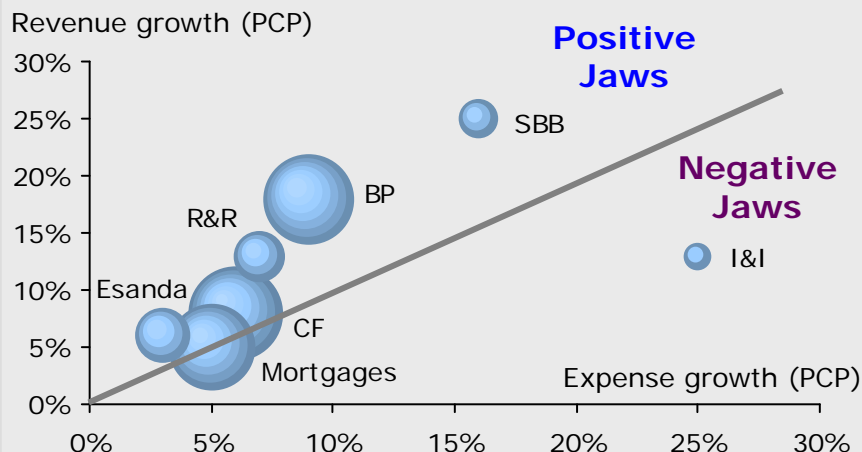
Full Year 2008



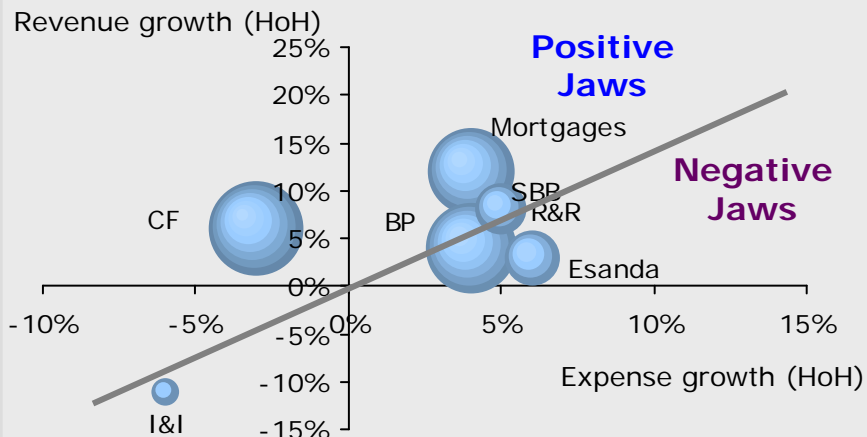
Personal – continuing to generate good revenue growth through targeted investment



Full Year 2008 underlying performance*



HoH (2H08 vs 1H08) underlying performance*



2008 Key Points – Business Units

Mortgages (NPAT +6%)

- FUM up 13%, above system growth
- Strong NPAT of 19% in 2H08

Banking Products (NPAT +27%)

- Customer accounts up 13%
- Solid deposit growth

Consumer Finance (NPAT +12%)

- FUM up 12%, above system growth
- Loss rate stable

Rural, Commercial & Agribusiness (NPAT +12%)

- FUM (NLAs) up 15%, above system growth
- Customer accounts up 3%

Small Business Banking Products (NPAT +28%)

- Lending up 45%, deposits up 5%
- Market share gain of 2.1%

Esanda (NPAT +5%)

- Solid result in difficult circumstances for finance companies
- Costs well controlled

Investment & Insurance Products (NPAT -12%)

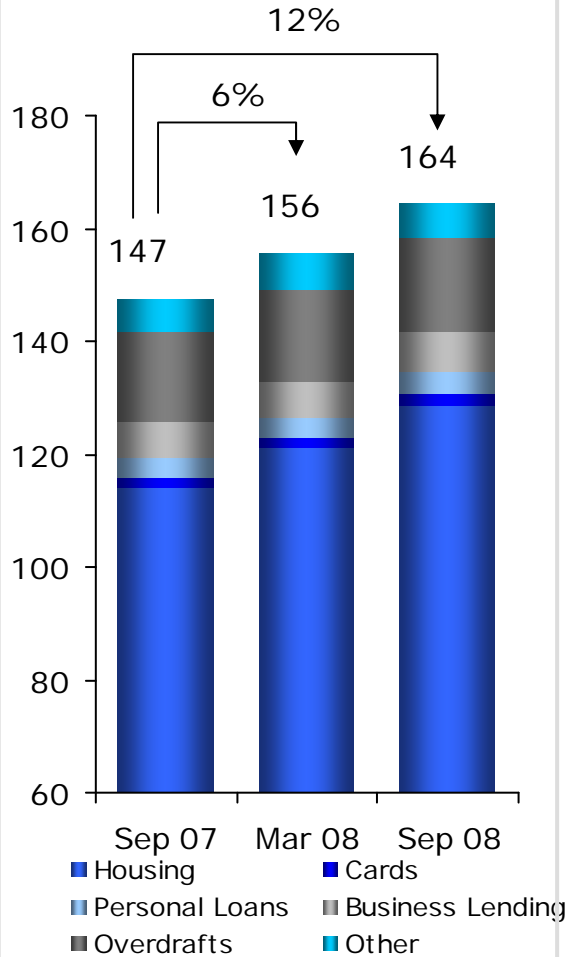
- First full year of E*Trade
- Investment flow decline partially offset by growth in margin lending

* Size of bubble denotes comparative size PBP

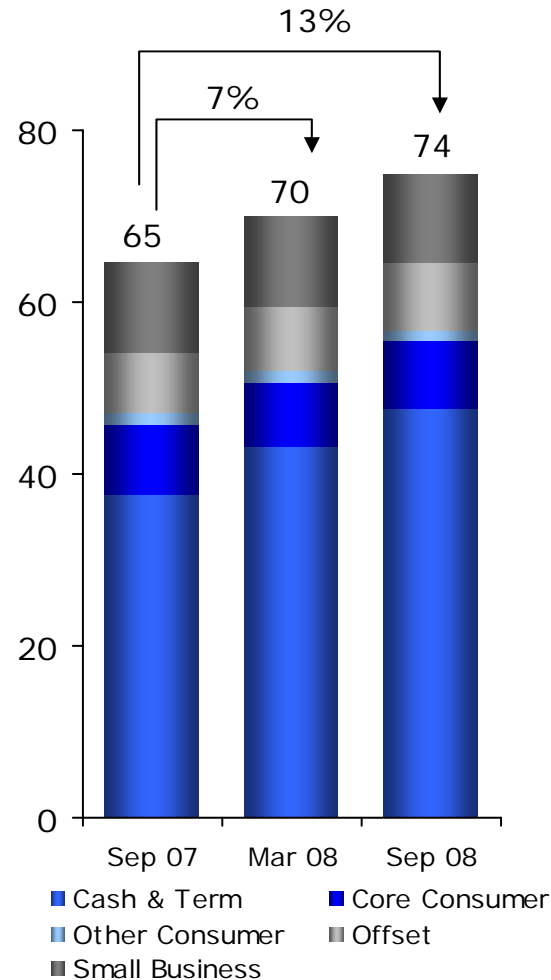
Personal - Solid FUM growth across products



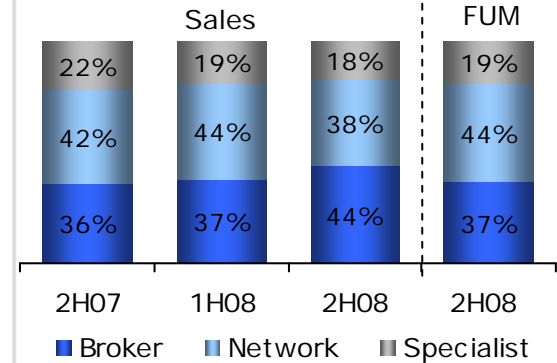
Loans (\$bn)



Deposits (\$bn)

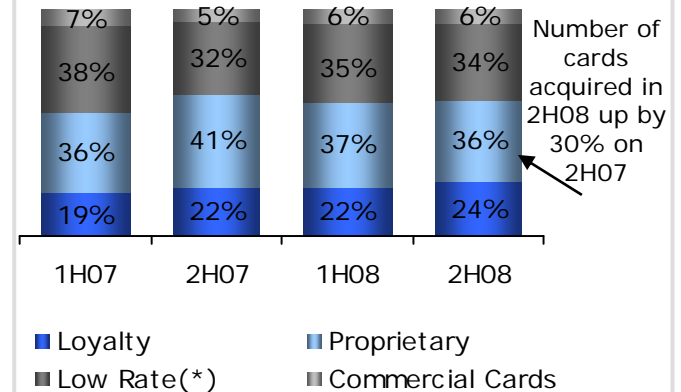


Consistent channel mix (% flows by distribution channel)



Card mix consistent with 2007 with strong acquisition rates **

(% Acquisition growth by cards product)



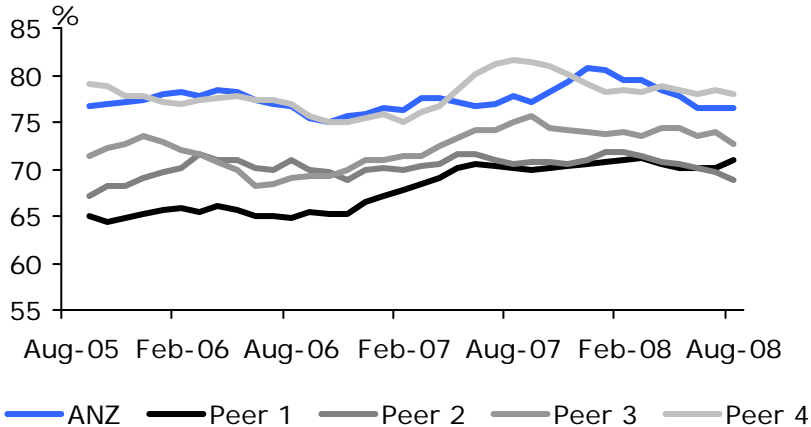
* Includes White Label ** All Cards excluding VISA DEBIT

Personal - A strong focus on customers



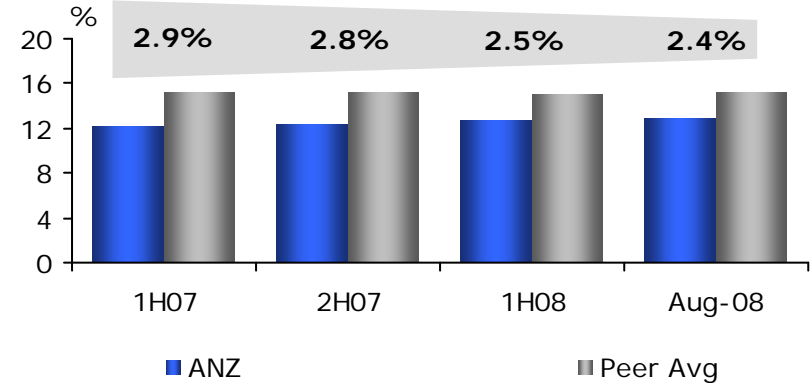
A leader in customer satisfaction

(Main Financial Institution 6 months rolling avg*)



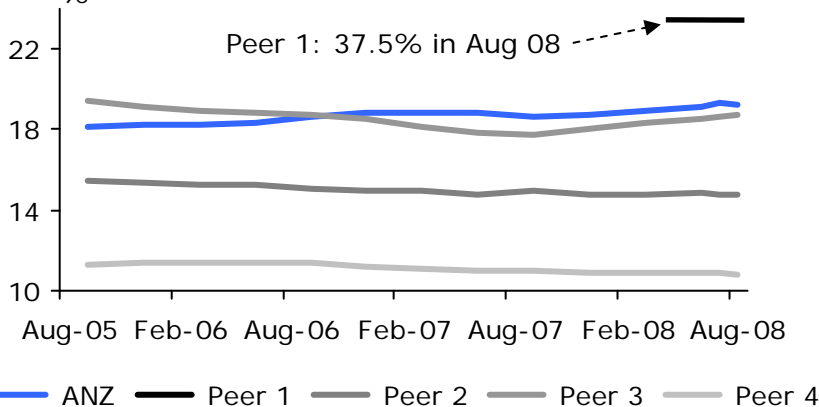
Continuing to grow main bank relationship share ***

Market Share Gap



Number 2 in customer numbers

(Traditional Banking customer share**)



Continuing to grow footprint

	Sep 2006	Sep 2007	Sep 2008
Branches	785	820	821
ATMs	1,887	2,287	2,496
FTE	11,835	12,767	13,132

*Source: Roy Morgan Research – Aust MFI Pop'n aged 14+, % Satisfied (Very or Fairly Satisfied), 6 mth moving average

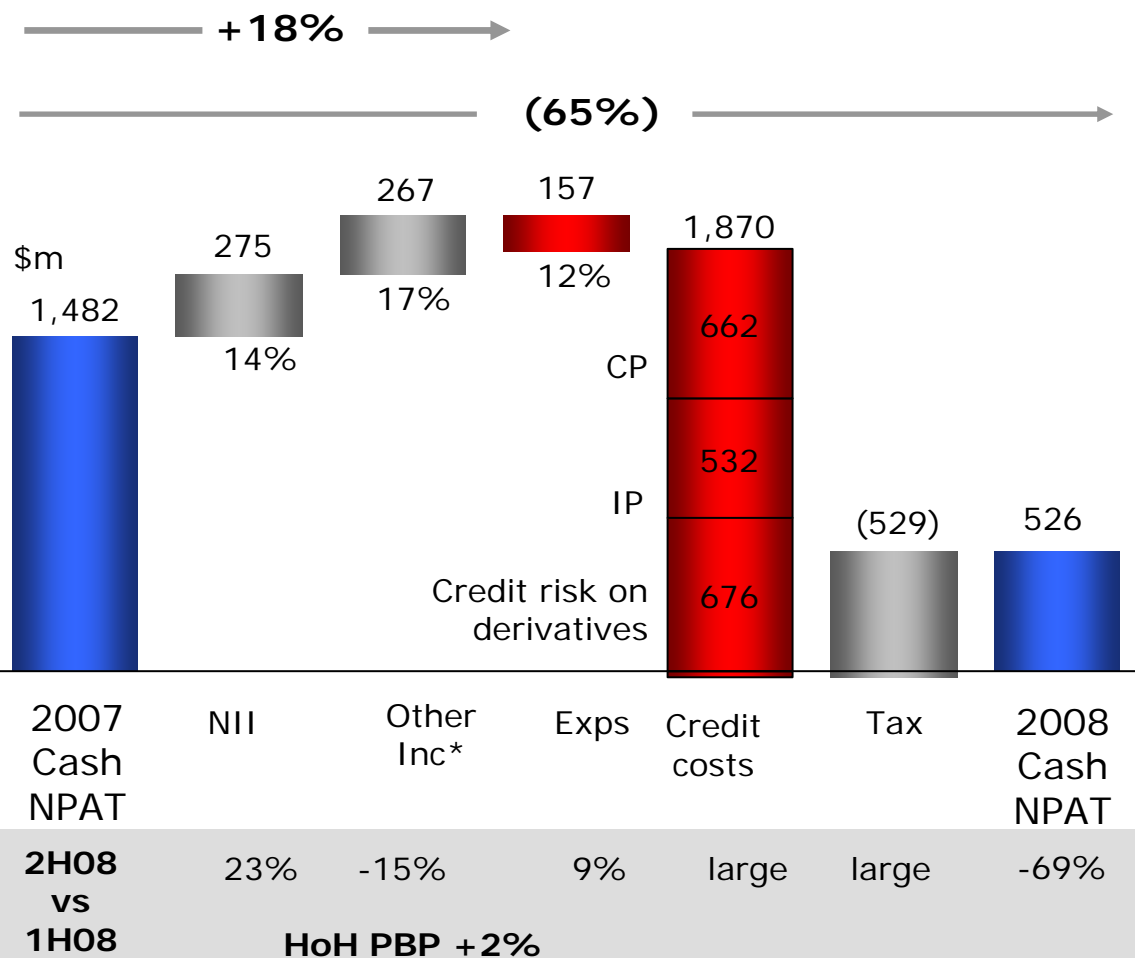
**Source: Roy Morgan Research – Traditional Banking includes customers aged 14+ with accounts, loans or cards. 12 mth moving average

***Source: Roy Morgan Research – Aust Pop'n aged 14+, All Financial Services customer and have a MFI, 12 mth moving average

Institutional - good underlying growth, impacted by credit risk on derivatives and provisioning



Profit Before Provisions



Comments:

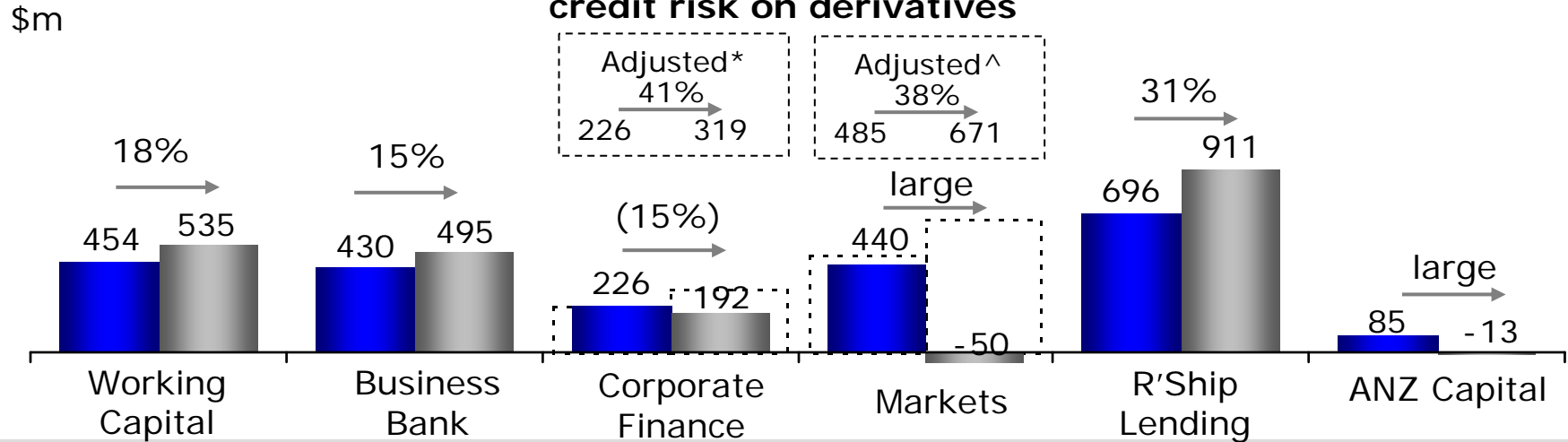
- NII income increased 14% in spite of volatility in the markets business and increasing funding costs
- Other income increased 17% excluding credit impairment on derivatives, with strong growth in NZ (50%) and Asia (58%)
- Strategic FTE growth (13%) principally in Asia, Markets and frontline drove expenses up by 12% for the year. Securities lending remediation issues added a further \$22m
- Provisioning for credit impairment increased significantly, including \$300m concentration risk and economic cycle adjustment of \$180m. A large CP increase reflected balance sheet growth (Avg NLAs up 30%, avg deposits up 27%), and a moderate deterioration in credit quality.

*Other external operating income excluding credit risk on derivatives

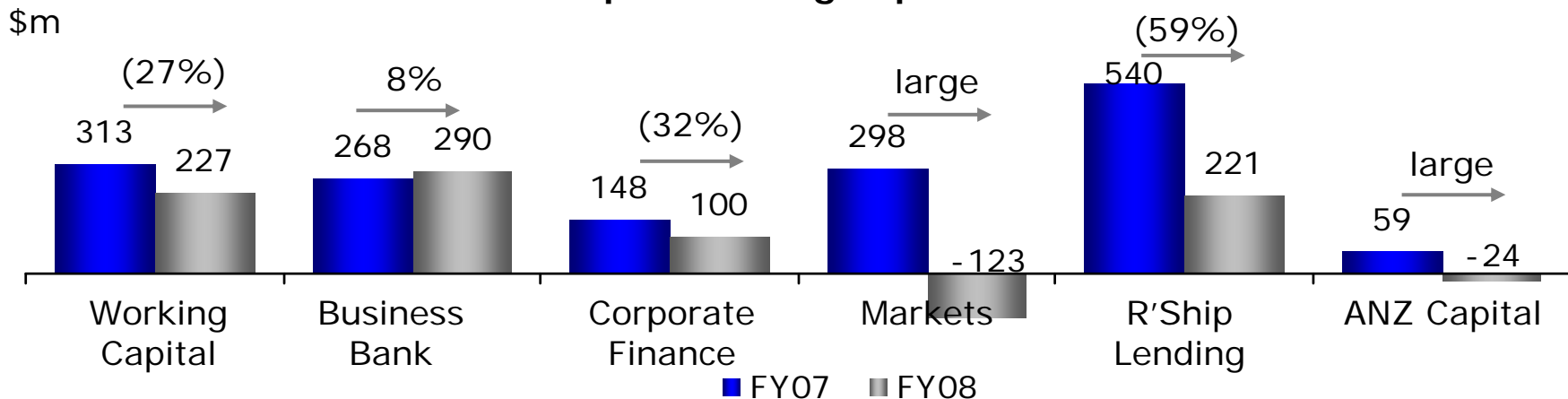
Institutional – Full Year 2008 business unit performance



PBP - Core relationship businesses recorded increased profits, markets impacted by credit risk on derivatives



NPAT - Increased provisioning impacted all businesses



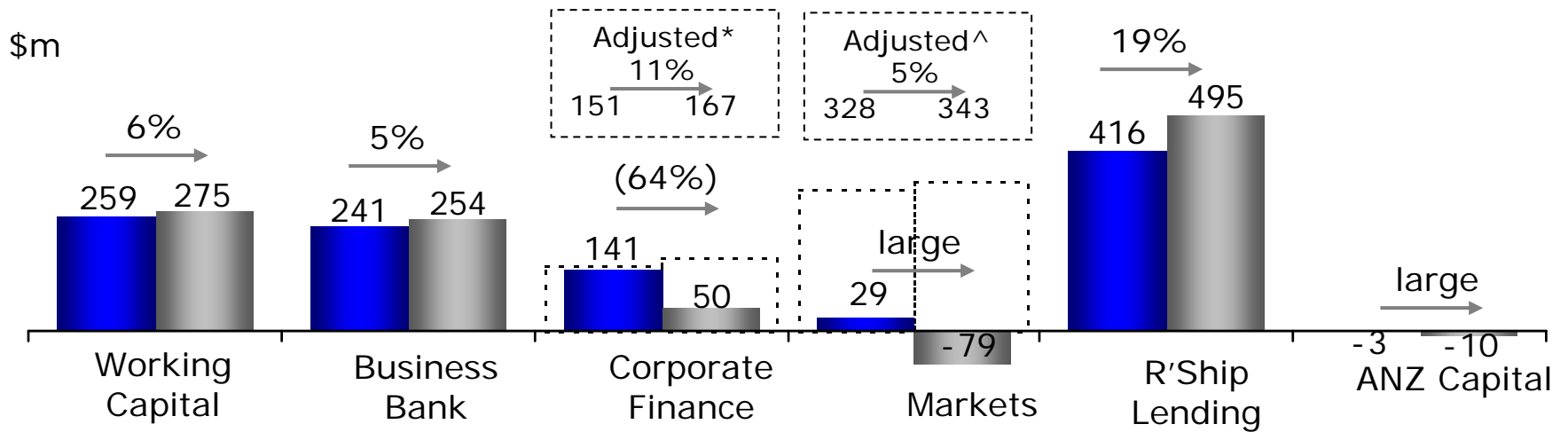
*Adjusted for structured trade (matching offsetting tax credit)

^Adjusted for credit risk on derivatives

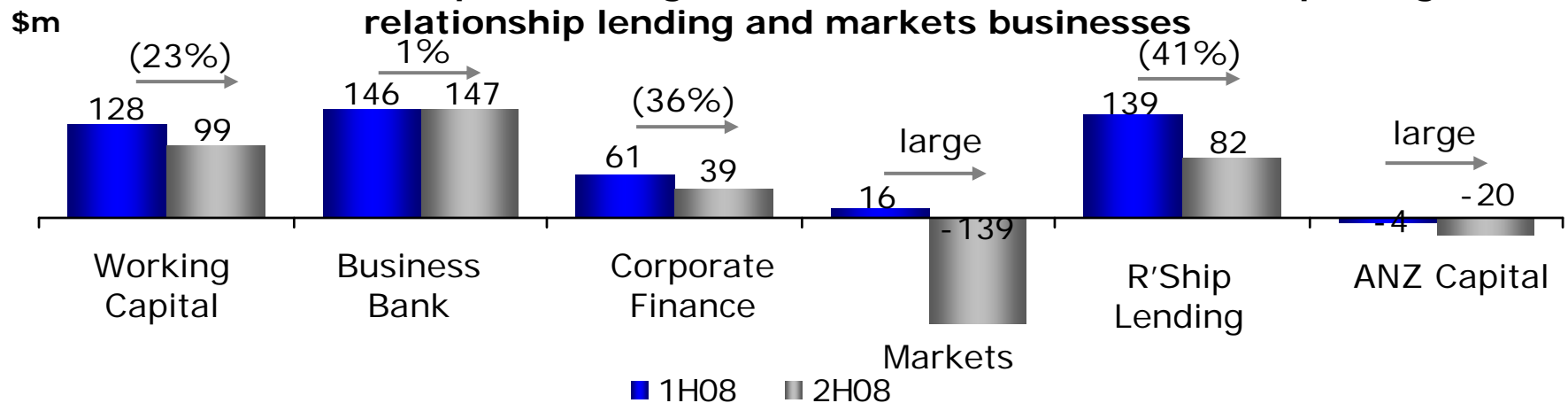
Institutional – Second half 2008 business unit performance (half on half)



PBP - Core businesses continuing to grow underlying profit in challenging markets



NPAT - Increased provisioning and Credit risk on derivatives impacting relationship lending and markets businesses



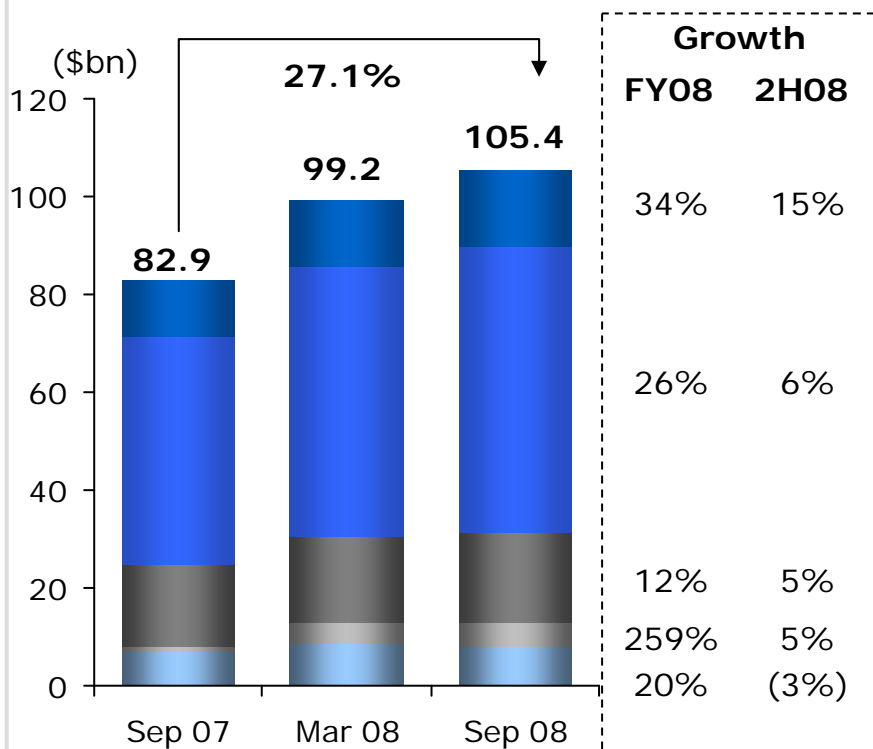
*Adjusted for structured trade (matched on the tax line)

^ adjusted for credit risk on derivatives

Institutional – Strong balance sheet growth on both sides of the book

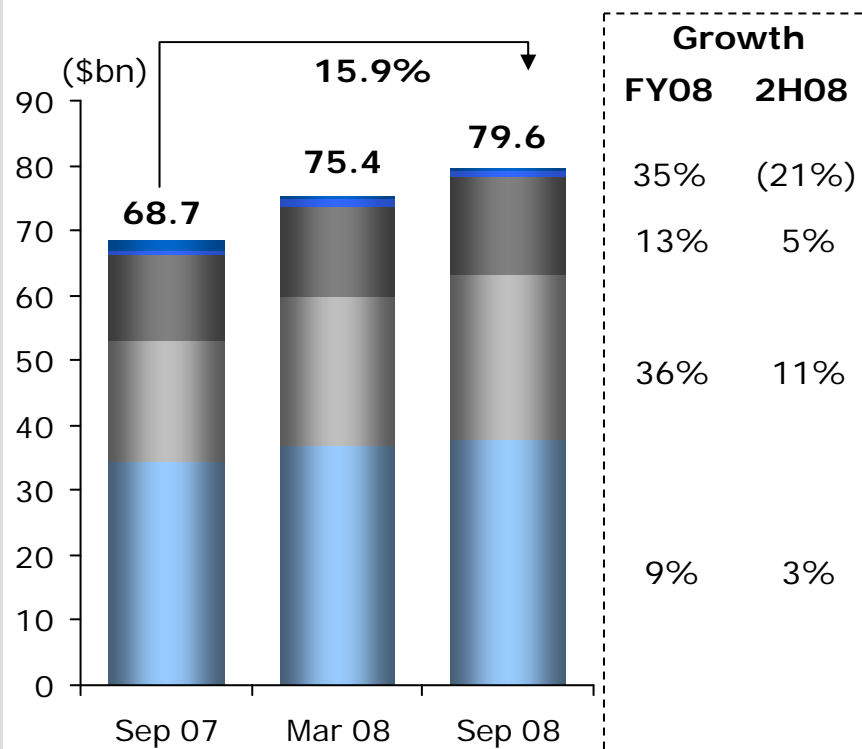


Strong lending growth, slowing to more normalised levels in second half



- Working Capital
- Business Banking Australia
- Corp Finance (excl Rel Lending)
- Total Markets
- Relationship Lending
- ANZ Capital Global

Strong customer deposit growth across businesses

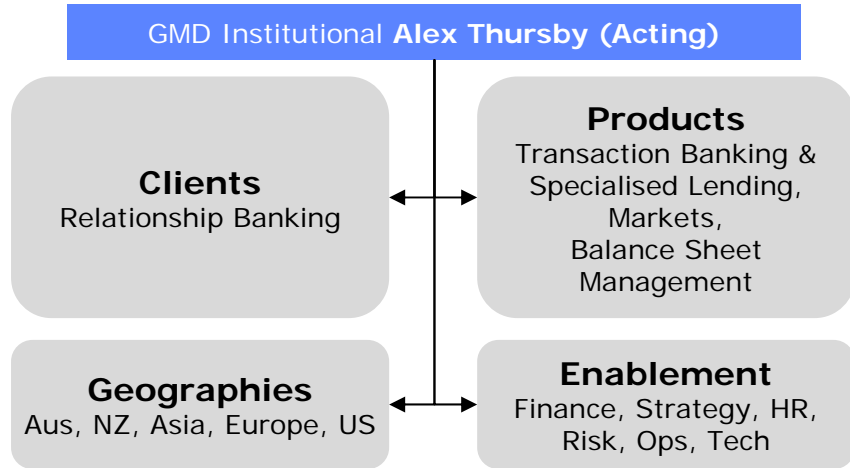


- Working Capital
- Business Banking Australia
- Corp Finance (excl Rel Lending)
- Total Markets
- Relationship Lending
- ANZ Capital Global

Institutional - Business restructuring around strong customer franchise

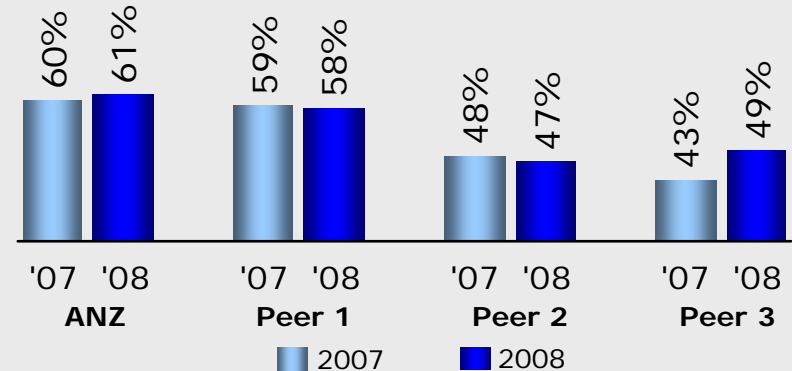


New Institutional organisational structure



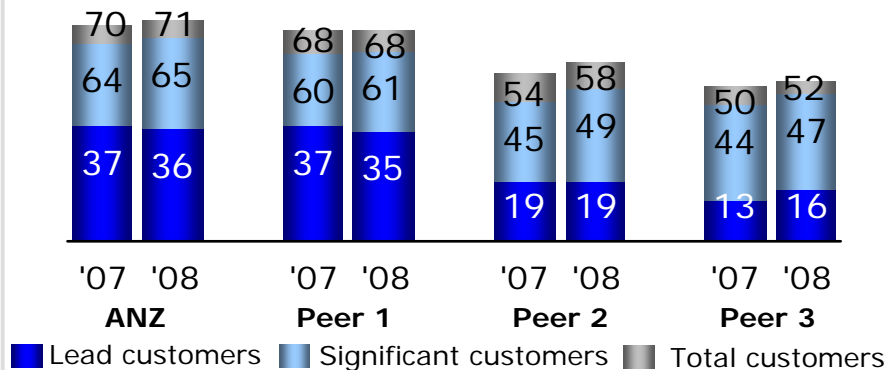
Strong and improving cross sell... No. 1 Cross Sell Bank status maintained

Cross Sell Effectiveness¹ (%)

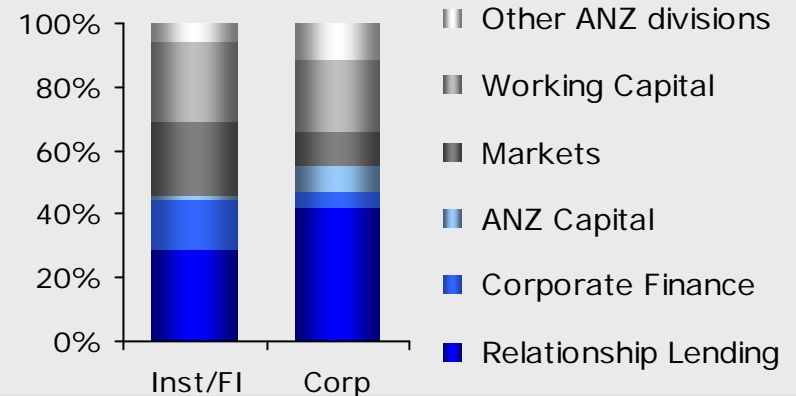


Customer franchise remains strong No. 1 Relationship Bank status maintained

Relationship Market Penetration¹ (%)

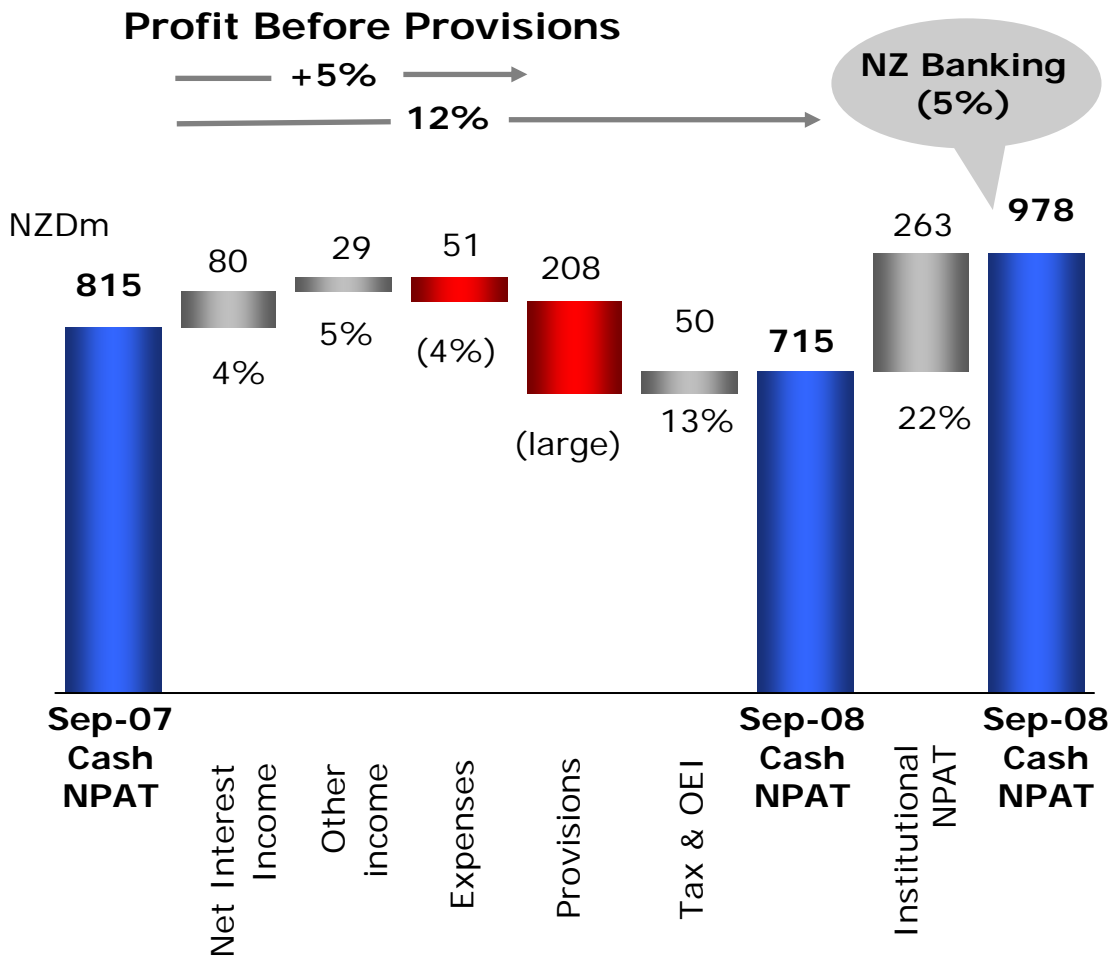


...and strong customer penetration across product lines (FY08 customer revenue)



*Information sourced from Peter Lee Associates – 2008 Large Corporate and Institutional Relationship Banking Survey

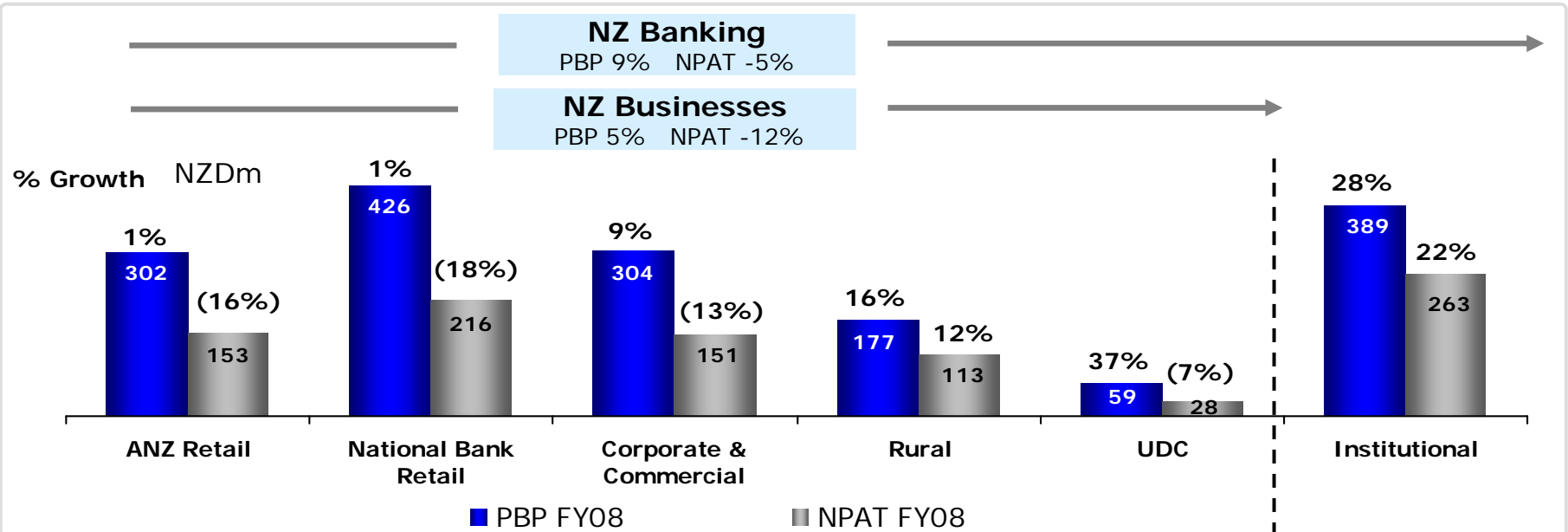
New Zealand profit impacted by slowing domestic economy and global liquidity squeeze



Comments:

- The New Zealand economy has slowed sharply through 2008 and is now in a protracted downturn. The household sector led contraction has created a 'two speed' economy with the rural and business segments continuing to grow
- Credit quality is beginning to show the signs of household sector stress from higher interest rates and increased costs of living, with some flow on to the business segments
- Volatility in the global markets has driven intense domestic deposit competition, particularly in the retail segment. This volatility has however assisted the markets business in delivering a strong result
- Costs have been managed in the current environment and to set the platform for 2009

New Zealand - Strong Institutional and Rural results, Retail most impacted by adverse business conditions



Retail

- Retail lending growth slowed through the course of 2008 in line with the domestic economy
- Overall, margins have contracted reflecting increased competition for deposits
- Credit provisions have increased as the economy has contracted, with a cycle adjustment taken to reflect the severity of the downturn

Relationship

- Good balance sheet growth, particularly rural which has benefited from a buoyant dairy sector
- Margins have declined with higher cost of funding being progressively past through to customers
- Provisioning has lifted from very low levels. The rise reflects provisioning on a small number of customers and a cycle adjustment to take account of the expected impact of weakening consumer spending

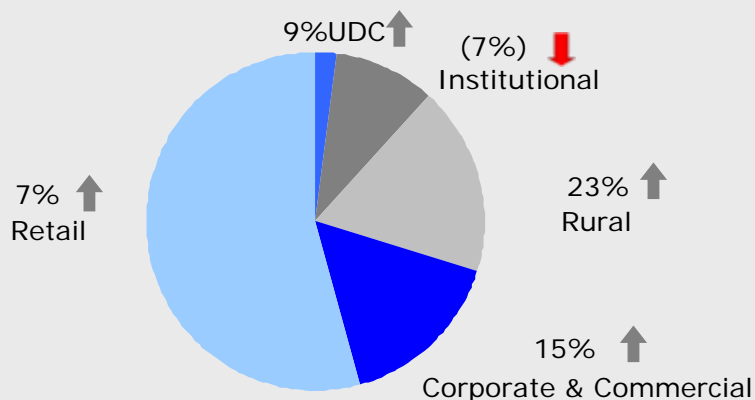
Institutional

- Strong Markets performance
- Good results in Working Capital. Corporate Finance impacted by repayment of structured finance transactions

New Zealand - Measured balance sheet growth and a diverse funding base

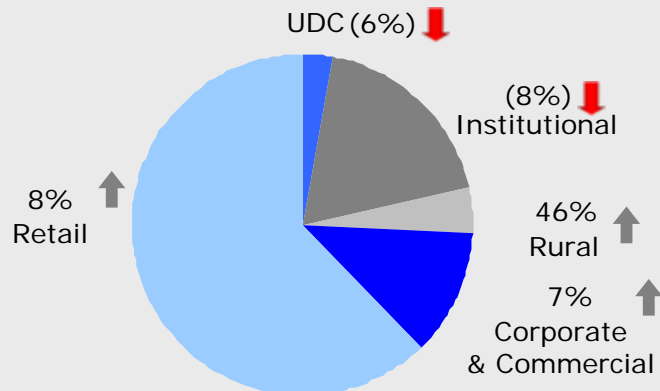


Lending Contribution by Business
(% growth Sep 08/ Sep 07)

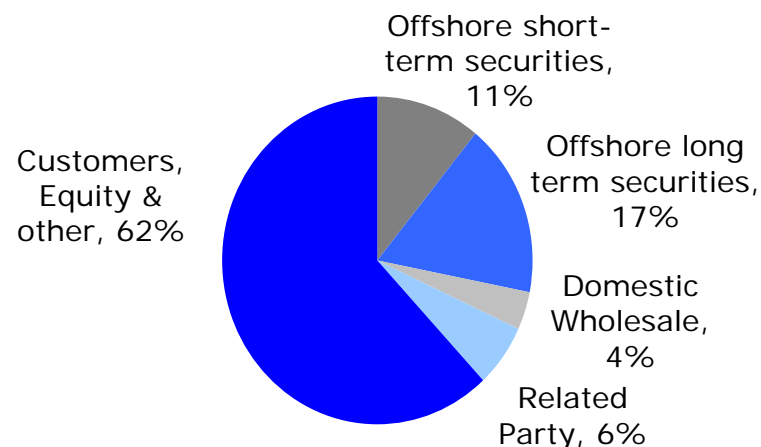


- **Lending:** Retail volumes have slowed due to weaker housing activity. Growth in the business and rural sectors reflects a more positive environment and strong business balance sheets.
- **Deposits:** Launched e-saver and success in on-line and PIE accounts. Deposit growth has been augmented with local bond issues
- **Funding:** Well diversified. Customer funding is in line with last year. Liquid asset portfolio remains strong with assets of ~NZD8bn at 30 Sep
- **Institutional:** Lending and deposits growth reflects the repayment of structured finance transactions during the year

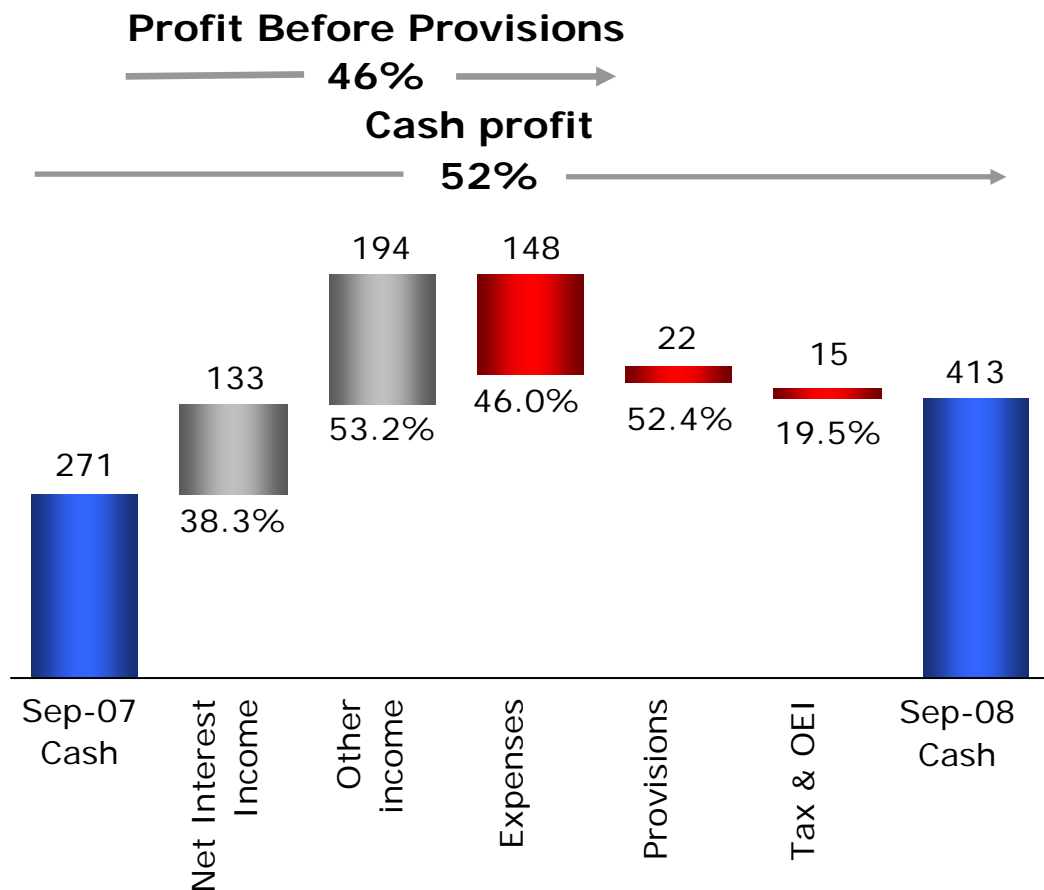
Deposits Contribution by Business
(% growth Sep 08/ Sep 07)



Diverse funding base



Asia Pacific – Strategic investment delivering strong revenue and NPAT results



	11.4%	21.8%	26.0%	(11.8%)	(32.7%)	26.9%
2H08 vs 1H08						
Profit Before Provisions						
			10.0%			

Comments:

Net Interest Income

- Net interest income growth driven largely by a 53% growth in average lending assets, funded through large increase in customer deposits

Other operating income

- Solid equity accounted earnings from partnerships contributing to strong growth in other operating income
- Increased Product offerings and sales strength boosted through enhanced client relationship and specialist resources

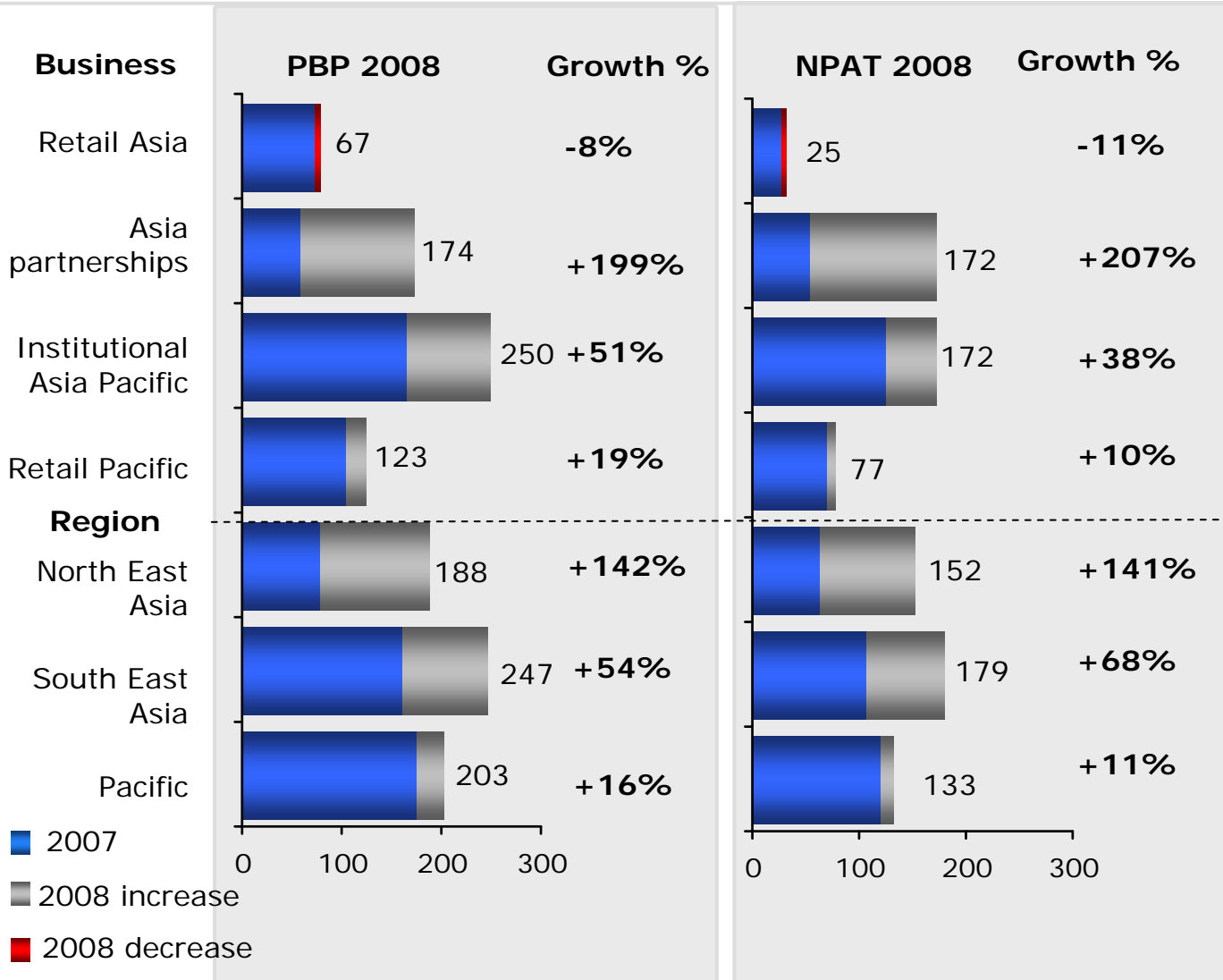
Expenses

- Continued investment in Asia Pacific in line with Asia Pacific growth strategy resulting in neutral
- Branch network extended throughout SE Asia and the Pacific Region

Provisions

- Provisions increase off low base from increased asset growth and economic cycle adjustment
- No material changes to credit quality

Asia Pacific – delivering across all regions (2008 Full Year)



Retail Asia

- 71.6% growth in revenue, offset by 53.3% cost increase, primarily from Vietnam branch expansion

Asia Partnerships

- includes full year earnings on AMMB and SRCB

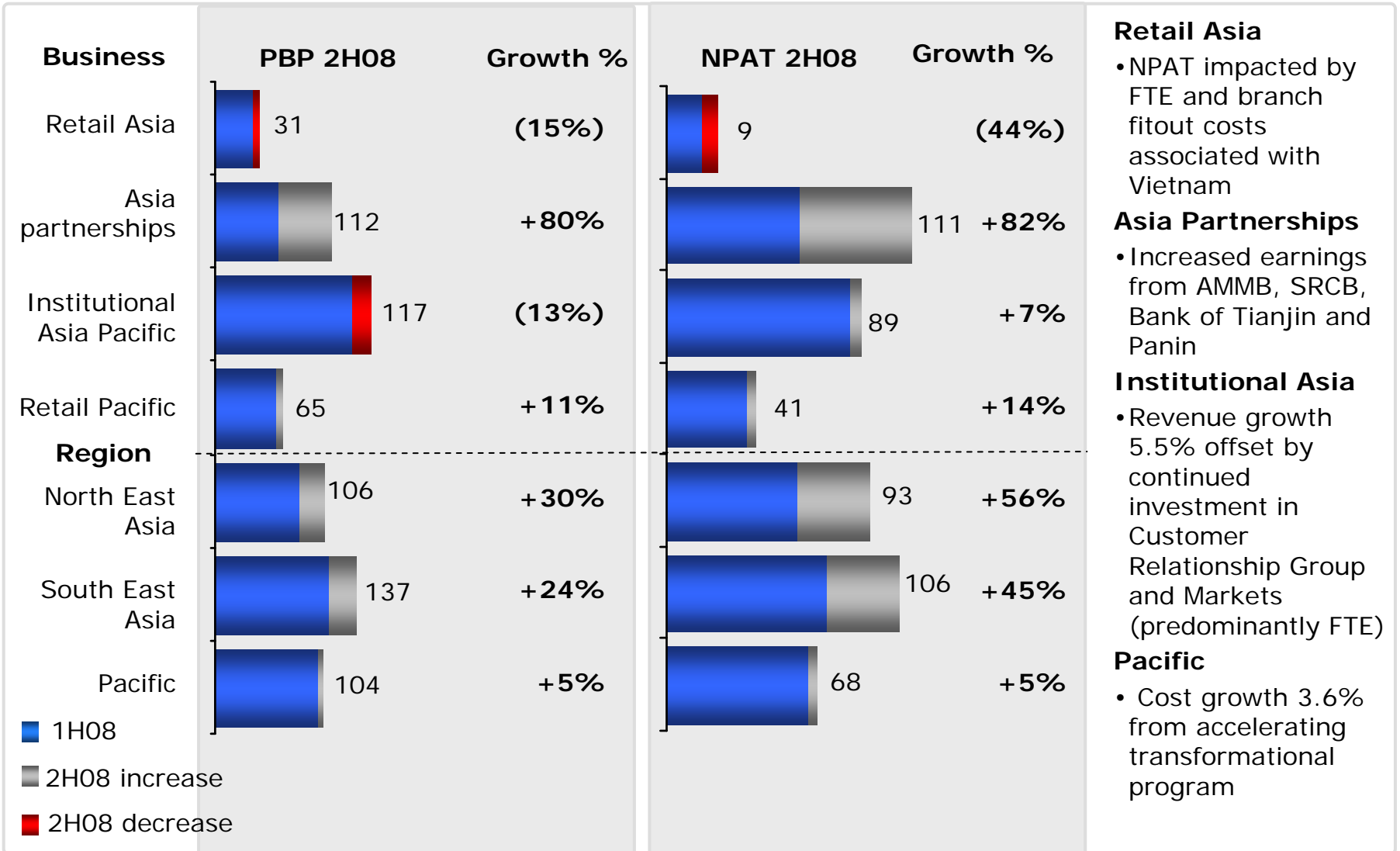
Institutional Asia

- Strong growth in markets business, product cross sell, customer growth and SSI earnings

Pacific

- Solid growth while investing in extended branch networks in PNG and Solomon Islands and new core banking system in American Samoa and Laos

Asia Pacific – strong momentum maintained in the second half (2H08 HoH)



Retail Asia

- NPAT impacted by FTE and branch fitout costs associated with Vietnam

Asia Partnerships

- Increased earnings from AMMB, SRCB, Bank of Tianjin and Panin

Institutional Asia

- Revenue growth 5.5% offset by continued investment in Customer Relationship Group and Markets (predominantly FTE)

Pacific

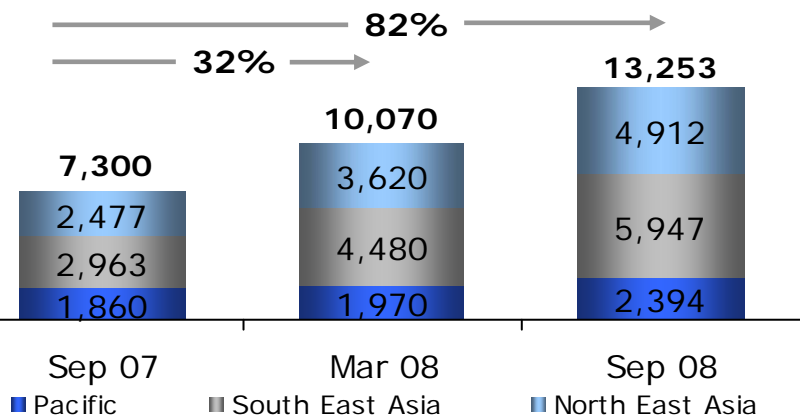
- Cost growth 3.6% from accelerating transformational program

Asia Pacific – balance sheet growth across the region, retaining a net funding position in Asia Pacific

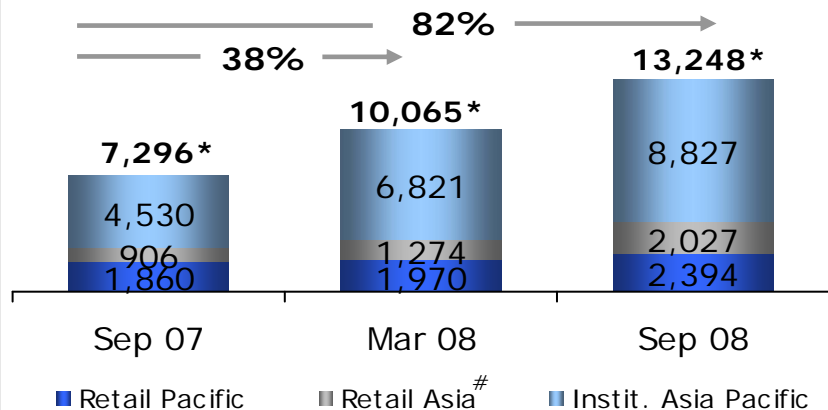


Loans (\$m)

Region

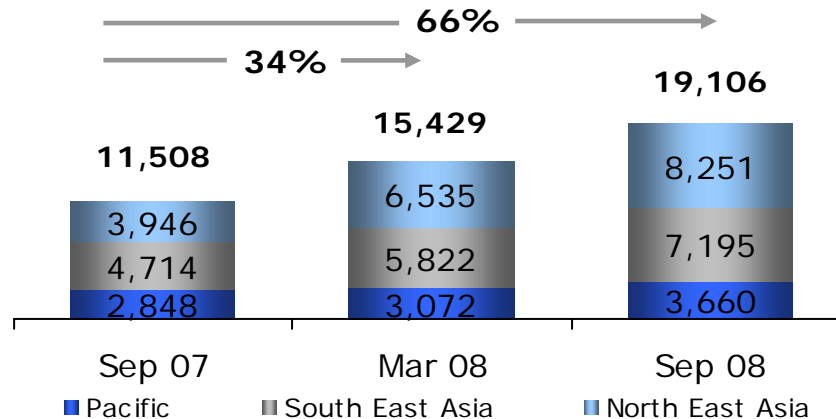


Business

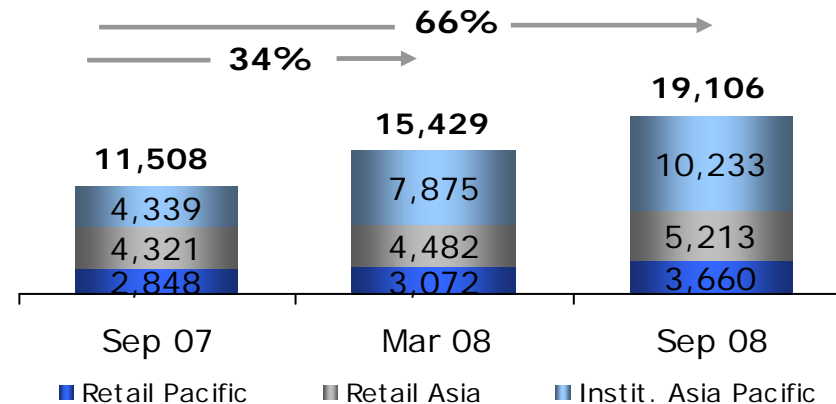


Deposits & Other Borrowings (\$m)

Region



Business



[#] Retail Asia Includes Asia Partnerships, Asia Cards and PPB Asia

*Difference with Regional balances relates to Exec support lending

Region

- Regional hubs in HK and Singapore extended to house regional, product and support function leadership
- Licence granted for local incorporation in Vietnam to form 100% owned bank
- Core banking platform implemented in Laos, with further rollout planned for Indonesia by year's end

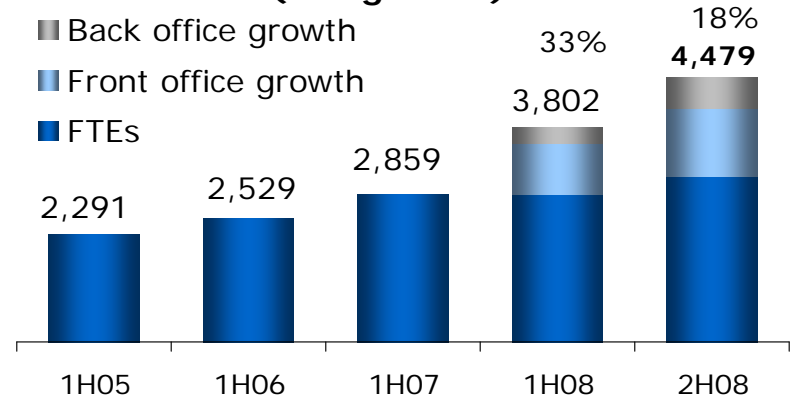
Retail

- Branch fitout in Vietnam, PNG and Solomon Islands
- Investment in Wealth Management and Private Bank businesses
- Region moving to ANZ's global cards platform
- Indonesia franchise build underway, and relocation of ~1,000 staff to ANZ tower in Jakarta

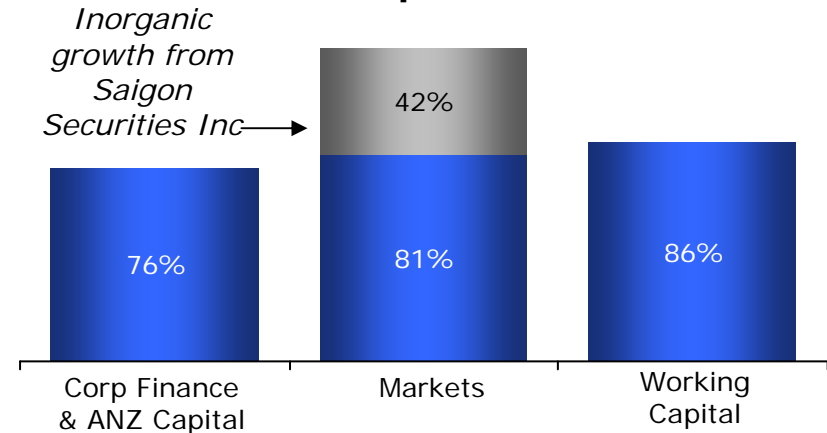
Institutional

- ~200 new frontline staff in markets business (to 457)
- New dealing room established in Singapore and expanded in Hong Kong
- New core Institutional banking system rolled out in Indonesia

Investment in front office staff to boost product capability & sales strength (FTE growth)



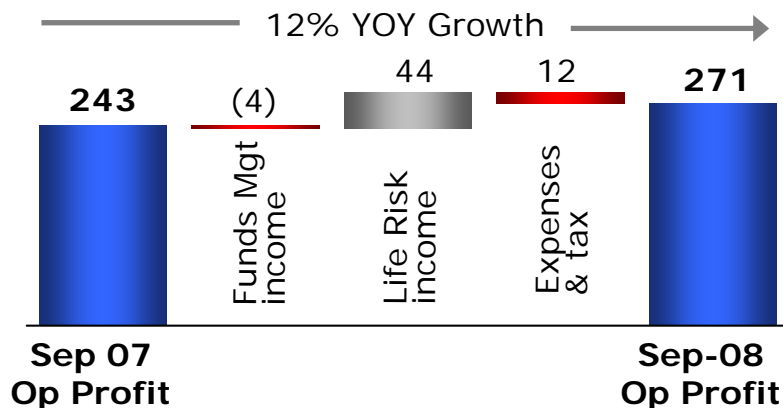
Continuing to deliver growth across all Institutional product lines...



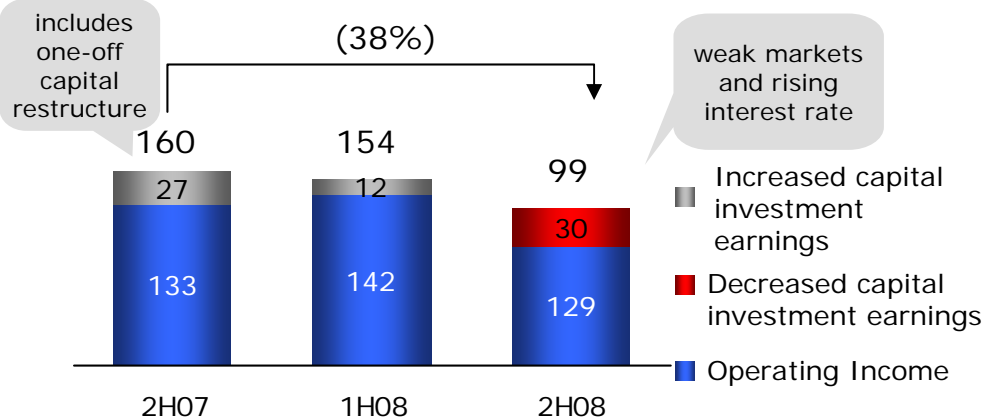
INGA – Solid growth in operating profits offset by decline in capital investment earnings due to difficult investment markets



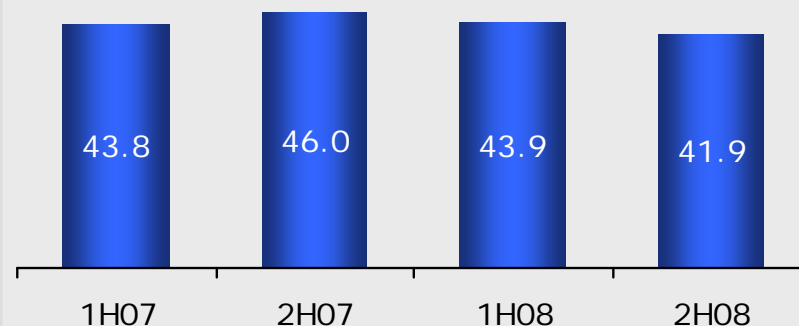
12% YOY growth achieved in difficult environment (\$m)



Bottom line impacted by market conditions on capital investment (\$m)



Tough markets conditions contributing to 2H08 FUM decline* (\$b)



Comments:

- FUM fell 9% for the year, reducing fee income, however wealth management expenses (+3%) were well contained
- Risk income up 15% PCP driven by growth in in-force book. INGA in-force premium market share up to 12.7%, now No.2 in the industry ¹
- No.1 amongst employer super providers ²
- No.1 for customer service as rated by Nielson wealth management industry online survey
- Awarded Risk Company of the Year at 2008 Money Management / DEXX&R Adviser Choice Risk Awards

*Retail & Mezzanine (excl cash) ¹ Plan For Life Mar 08 ² Heron Partnership

Structure and sustainability

'One ANZ' – new structure provides competitive advantage in the changed landscape



Western economies slowing versus growth in Asia

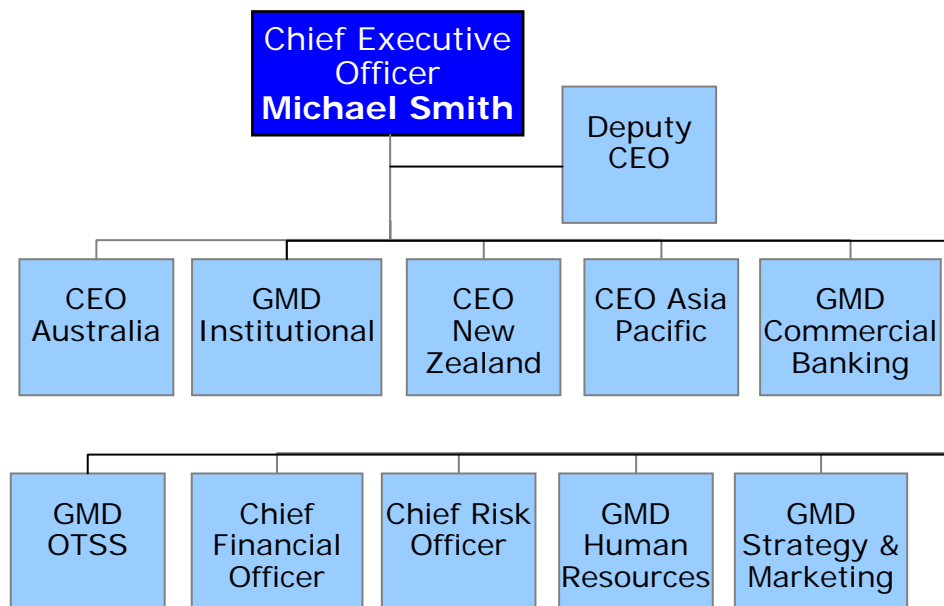
Customers seek ANZ to have 'one view' of their affairs

Pressure on funding costs & liquidity

Consolidation prevalent in banking

A primary internal focus in productivity

A new competitive era & new strategy demand a new business model & structure



Three Key Geographies

- Organised around three key geographies: Australia, New Zealand and Asia Pacific
- Each geography focusing on two customer segments: Retail and Commercial
- Co-ordinated through global leadership

Global lines of business

- Institutional to run as a global business, servicing institutions and multinationals

Less Complex structure

- Operations, IT, HR, Finance and Risk consolidated within divisional 'hubs' and Group Shared Services
- Corporate Centre focus on strategy and policy

'One ANZ' – benefits of restructure



Simplified structure, clearer accountability

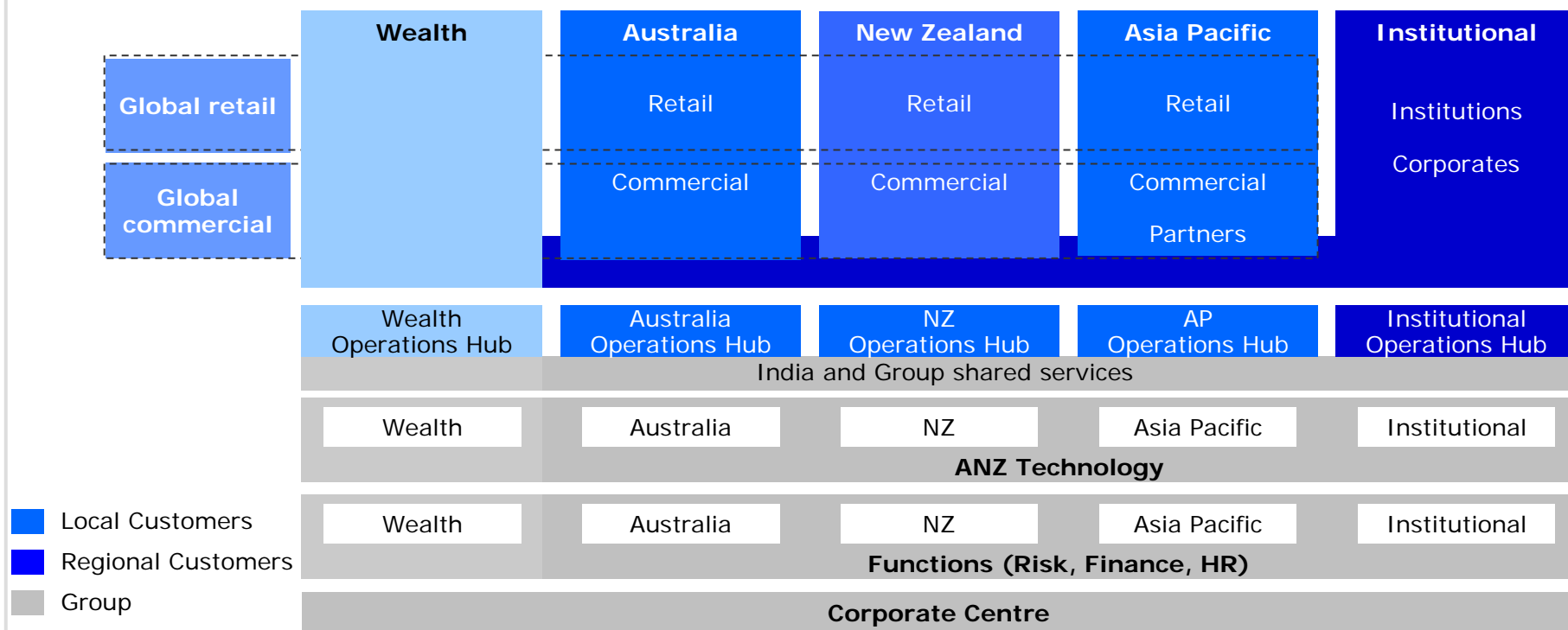
Greater spans of responsibility and decision-making authority in a smoother and simplified organisational structure

Bringing ANZ closer to our customers

Simplifying our business and creating 'One ANZ' will allow quicker and better outcomes based on the needs of our customers

An agile structure

Fewer reporting layers between customers and senior management enables decision-making agility and speed



Taking a responsible business approach to the challenges and opportunities we face



Customer service & responsible lending practices

- Highest customer satisfaction of all major banks
- New responsible lending practices in our Institutional and Retail businesses

Culture of out-performance & inclusion for our people

- Strong employee engagement
- 106 new Indigenous trainees
- Increasing women in management

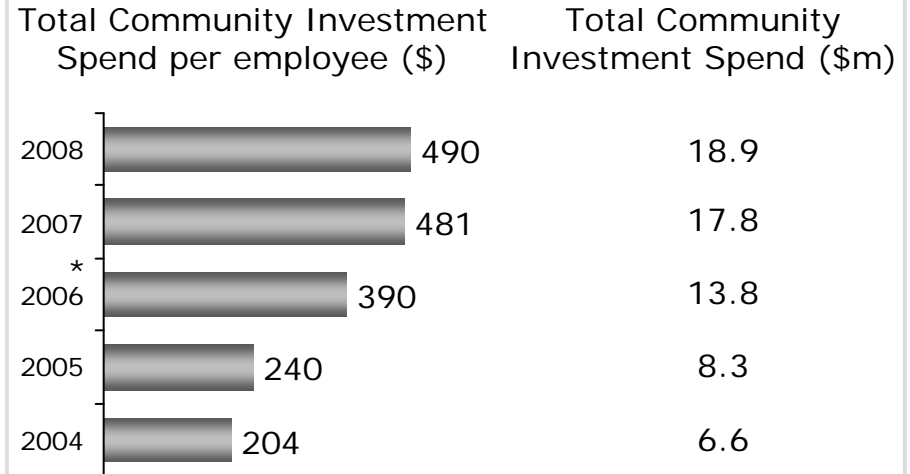
Long term commitment to investing in our communities

- 1,550+ Saver Plus participants
- 30,000+ participants in MoneyMinded
- 79,000+ volunteering hours

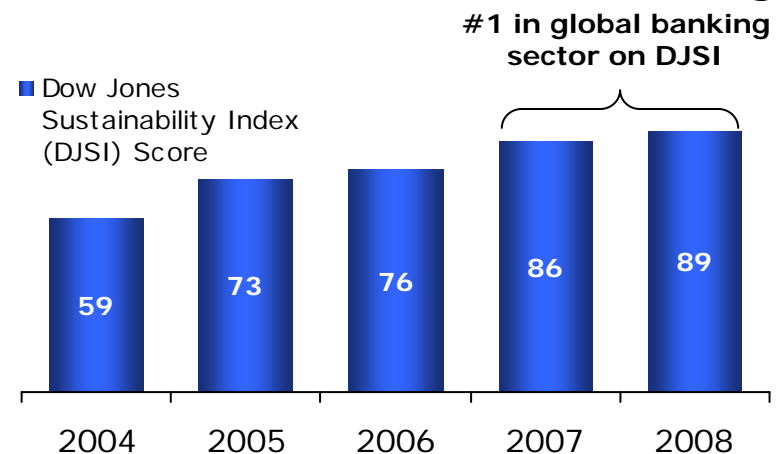
Reducing our environment footprint (Per FTE)

- 4% reduction in electricity
- 8% reduction in water consumption
- 6% reduction in paper consumed

Investing in our communities



A leader in sustainable banking



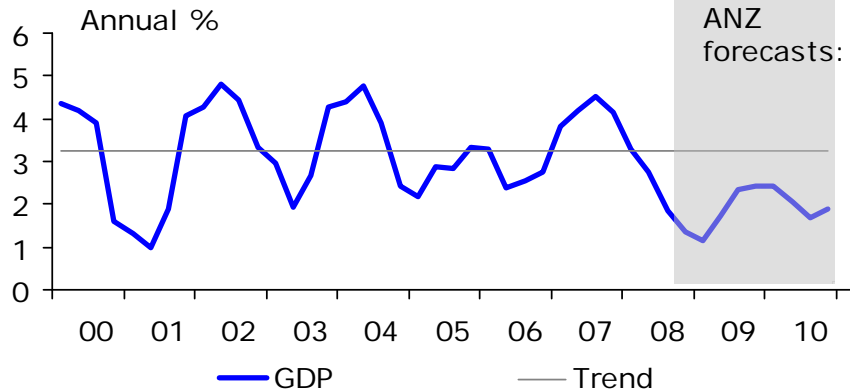
Economic data

Australian economy – key indicators



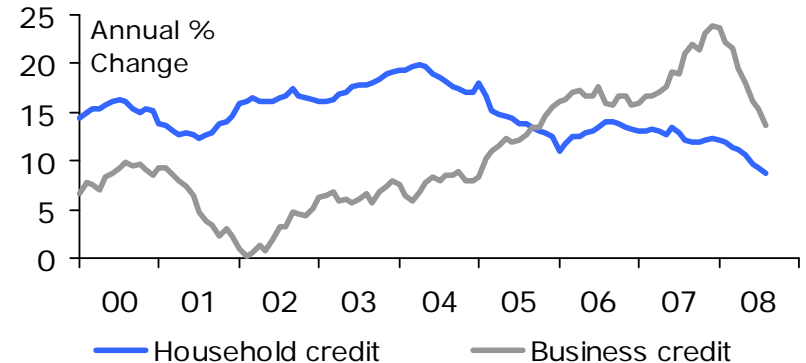
Sub trend growth ahead

Gross Domestic Product



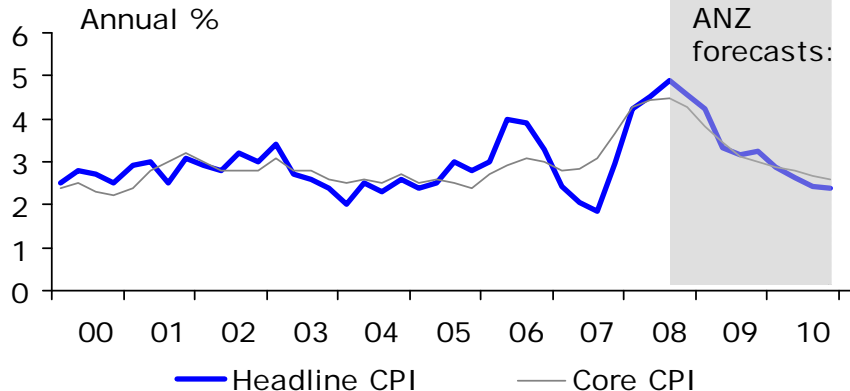
Demand for credit from households and business is declining

System (banks & NBFI's) credit aggregates¹



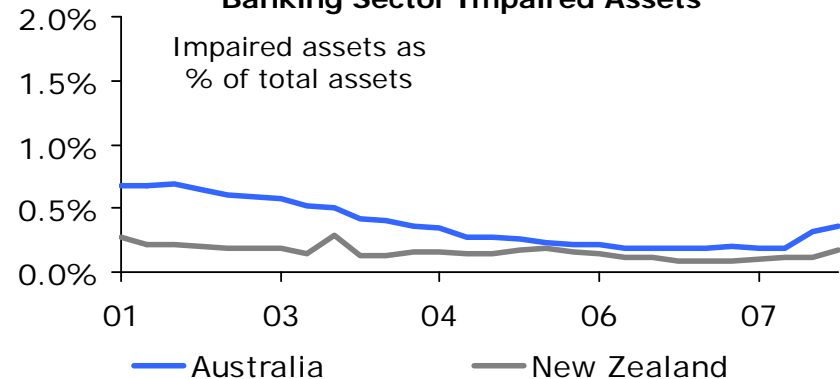
Inflation will ease in 2009 and 2010

Headline and core inflation



Credit quality showing signs of deterioration

Banking Sector Impaired Assets

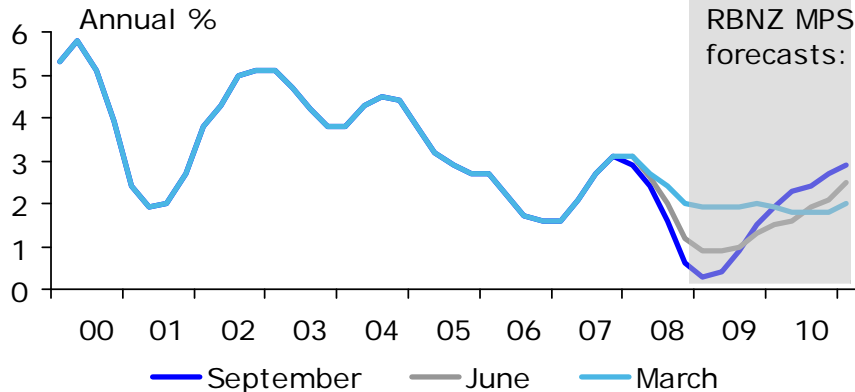


The New Zealand business has weathered a challenging environment this year



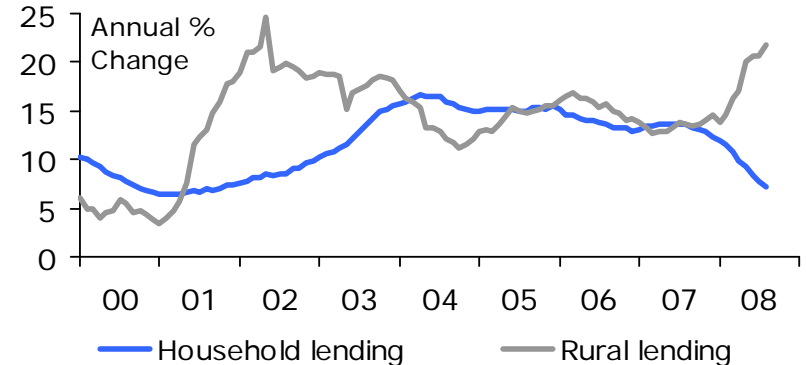
The economy is clearly in a downturn

RBNZ Monetary Policy Statements¹



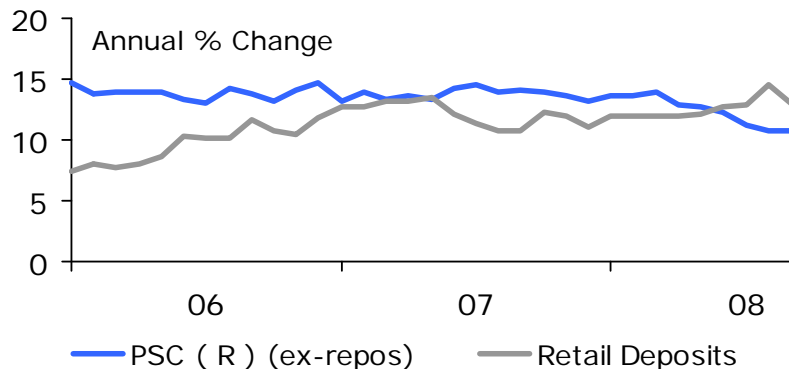
...leading to a 2 tier economy favouring some businesses more than others

System (banks & NBFI's) credit aggregates¹



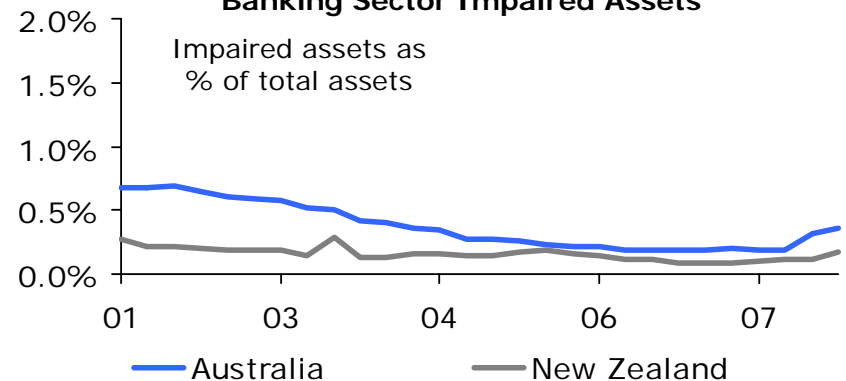
Focus has switched to deposits

Private Sector Credit (Resident, ex-repos) and Retail (non-wholesale) Funding¹



Credit quality showing signs of deterioration

Banking Sector Impaired Assets



Summary of forecasts: Australia and New Zealand

	Australia				New Zealand			
	2007	2008	2009	2010	2007	2008	2009	2010
GDP	4.5	1.7	2.4	1.9	2.9	1.7	0.1	1.9
Inflation	1.9	4.8	3.1	2.4	1.8	5.1	2.1	2.8
Unemployment	4.3	4.2	5.7	6.4	3.5	4.2	5.5	6.2
Current A/C (% GDP)	-6.1	-3.9	-6.2	-5.7	-8.7	-8.6	-7.3	-6.9
Cash rate	6.5	7.0	4.5	4.5	8.25	7.5	4.75	4.75
10 year bonds	6.2	5.4	5.0	5.5	6.3	5.7	5.3	5.6
AUD/USD	0.88	0.79	0.64	0.66	0.76	0.67	0.58	0.55
AUD/NZD	1.17	1.18	1.10	1.20				
Credit	15.4	9.5	6.9	7.1	14.0	10.1	3.1	4.6
- Housing	11.5	9.1	6.9	8.5	13.7	7.0	3.0	4.8
- Business	22.0	11.7	7.4	5.9	15.4	13.1	3.3	4.3
- Other	11.7	2.4	4.9	4.6	4.8	4.0	2.9	3.7

Based on 30 September bank year

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.

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