ANZ Asian Investor Update

August 2012

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED

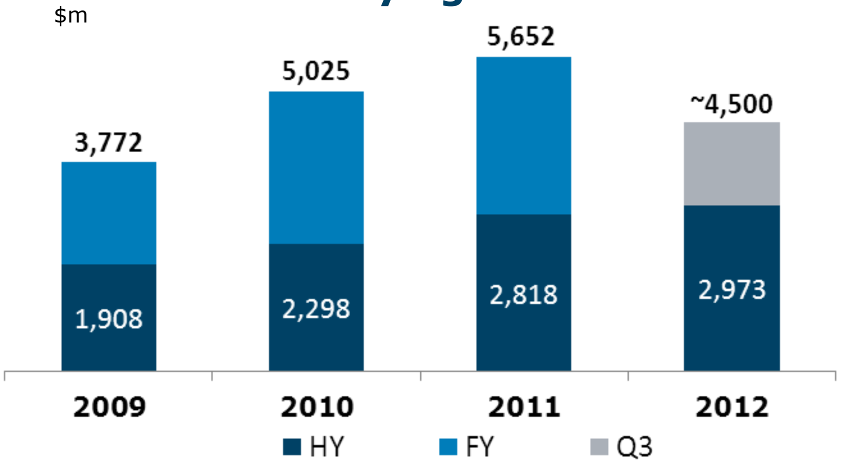
Graham Hodges, Deputy CEO
David Goode, Head of Debt IR

ANZ released Q3 trading update on 17th August

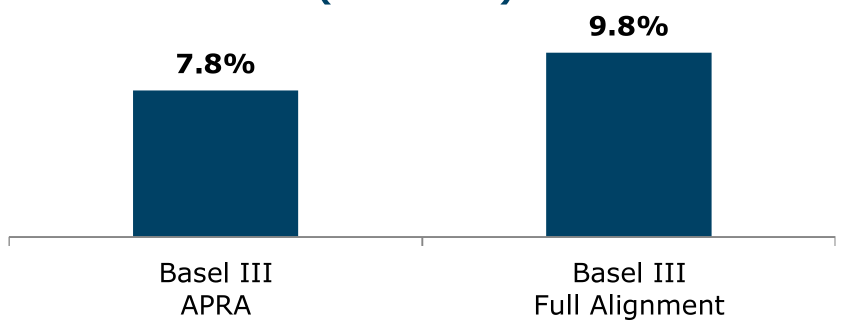
Highlights

- YTD (9 months to end June) Underlying profit after tax[1] up 5.5% PCP
- YTD total Global Markets income up 2% to $1.4b[3] with market sales well up
- Group margins (ex Global Markets) stable[4]
- Provision coverage[2] at June 12 strong at 1.87%; collective provision coverage ratio 1.18%
- Year-to-date customer deposits have increased 8.7% with lending assets up 7.7% (FX adjusted)
- ANZ's APRA Basel III CET1 ratio at 30 June was 7.8% which equates to 9.8% on a fully harmonised basis
- FY12 term funding task was completed ahead of schedule

Underlying Profit



Common Equity Tier 1 Ratio (Jun 2012)



1. Underlying profit after tax is adjusted to reflect result for the ongoing business activities of the group
2. Total Provision coverage – CP balance plus IP balance as a proportion of Credit RWA's
3. FX adjusted
4. Comparison to 270 bps end of second quarter FY12

Key points from the ANZ Trading Update released 17th August for the 9 months to 30 June 2012

ANZ has continued to execute against its super regional strategy with a solid business performance despite headwinds from softer economic conditions.

In **Australia**, market share gains were achieved across household deposits, household lending and commercial. Divisional margins were up slightly despite the deposit pricing pressure. Credit quality remains sound with a reduction in 90 day mortgage arrears from the end of the half.

In **International & Institutional Banking (I&IB) Division***, the global institutional business is expected to deliver strong revenue growth YoY despite ongoing margin pressure in the loan book; customer deposits have fully funded the year to date division loan growth; the tenor of the deposit portfolio has lengthened (specifically in Australia and Asia/Pacific).

In **NZ****, the business' focus on simplification has positively impacted staff engagement, customer satisfaction and cost to income levels; year to date net loans and advances are up 1.4% with deposits up 6.9% and market share in retail has grown.

Asset quality has been in line with expectations :

- Total impaired assets were down $117m in Q3 from Q2, new impaired assets also down QoQ
- Australian mortgage delinquencies continue to be tightly managed (reduction in 90 day mortgage arrears from the end of the half)
- Provision coverage remains strong (total provisions to Credit RWA's : 1.87%)
- Credit RWA growth is largely volume related

* IIB commentary is made on an FX adjusted basis

** Comparisons are NZ based

ANZ continues to organically pursue our Super Regional Strategy

ANZ Footprint in Asia

() - # branches/rep offices

Highly diversified geographical footprint across 16 Asian markets with 97 branches and 6 Partnerships

Rationale behind the Super Regional Strategy

1. Strategy aligned to Asian growth

- Strong domestic franchises and established market position
- Focus of expansion in higher growth Asian markets

2. Leveraging regional customer flows

- Aust/NZ flows to and from Asia – 8 of top 10 Australian export markets in Asia
- Network presence facilitating growing intra-Asia customer trade flows
- Differentiated growth opportunities in Aust / NZ

3. Strengthens balance sheet and earnings diversity

- Diversity of Group funding
- Self funded balance sheet in APEA
- Strong capital and liquidity positions
- Improves diversification of earnings by geography and product

Our Super Regional Strategy is built on three pillars

Diversification

1. Revenue

a. Focus Markets

Indonesia	+17%	✓
Singapore	+5%	x
India	+71%	✓
Greater China	+24%	✓
Greater Mekong	+13%	✓

b. Focus Sectors

Natural Resources	+31%	✓
Agribusiness	-3%	x
Infrastructure	+14%	✓
FIG	+26%	✓

2. Funding (Term Debt Outstanding) ✓

Domestic	34%
Asia	14%
Europe & America	52%

Connectivity

1. Trade & Capital Flows

Trade	+25%	✓
Cash Management	+19%	✓
FX	+23%	✓
Capital Markets	+12%	✓

2. Cross Border (Catch & Throw)

% of Group Revenue	4%	✓

3. Migrant Banking ✓

- Added 28 International Banking Services branches in Australia
- Added additional language specialists

Shared Core Infrastructure

Product
- Transactive
- FX
- Retail RMB
- Go Money

Operations
- Hubs
- Finnacle

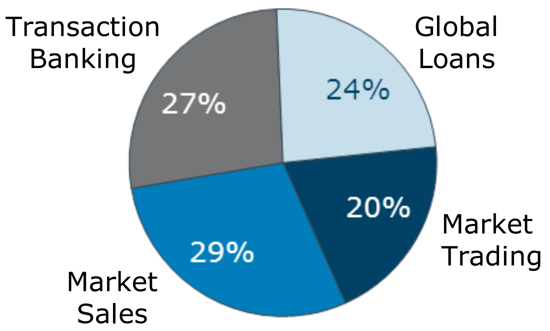
Risk
- Markets and Credit Risk Engines

People
- Leadership development and training

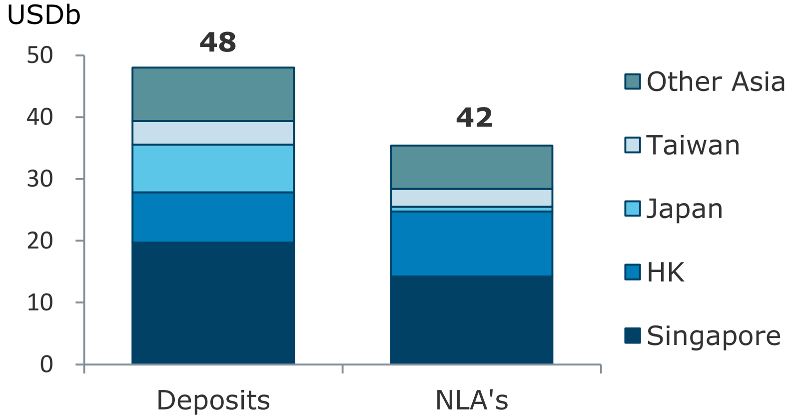
All growth rates reflect 1H12 v 1H11

ANZ's operations in Asia have an institutional focus with products linked to trade and capital flows

Revenue mix by product

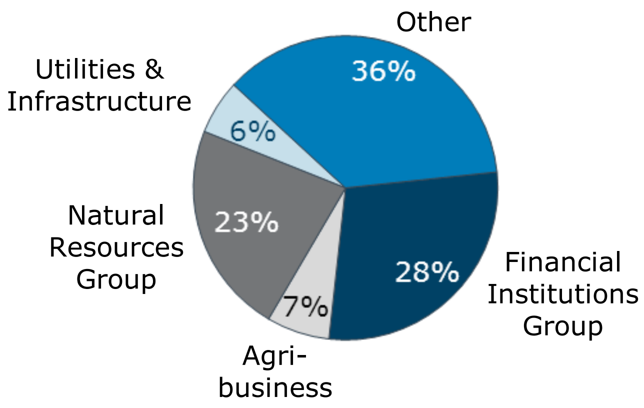


Asia deposit & lending book

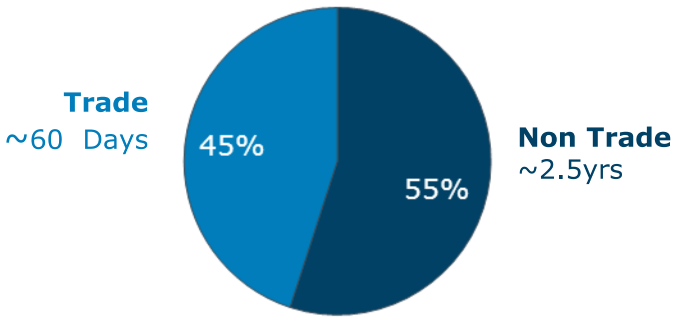


Revenue mix by customer segment

12 months rolling to Mar 12

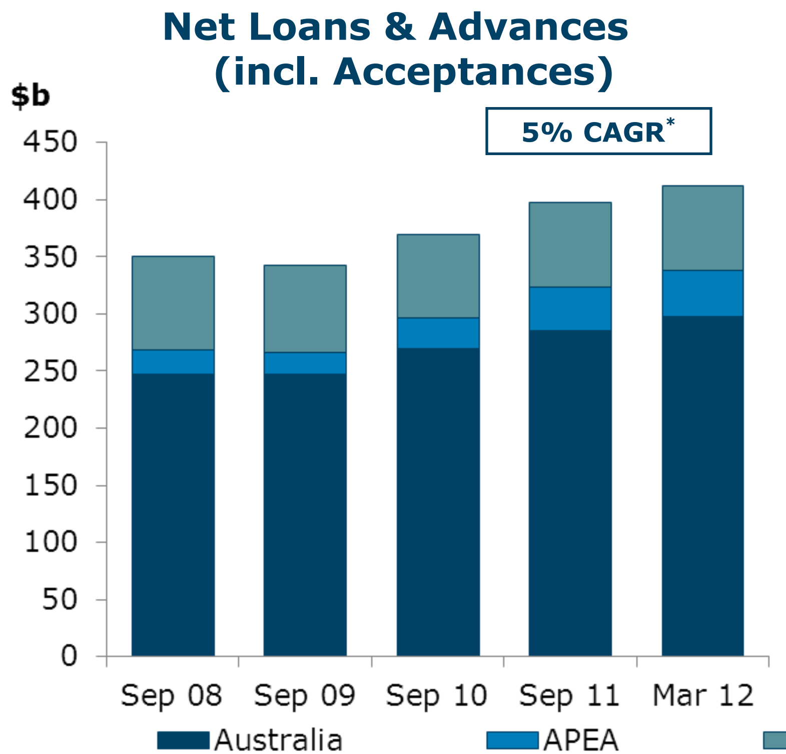


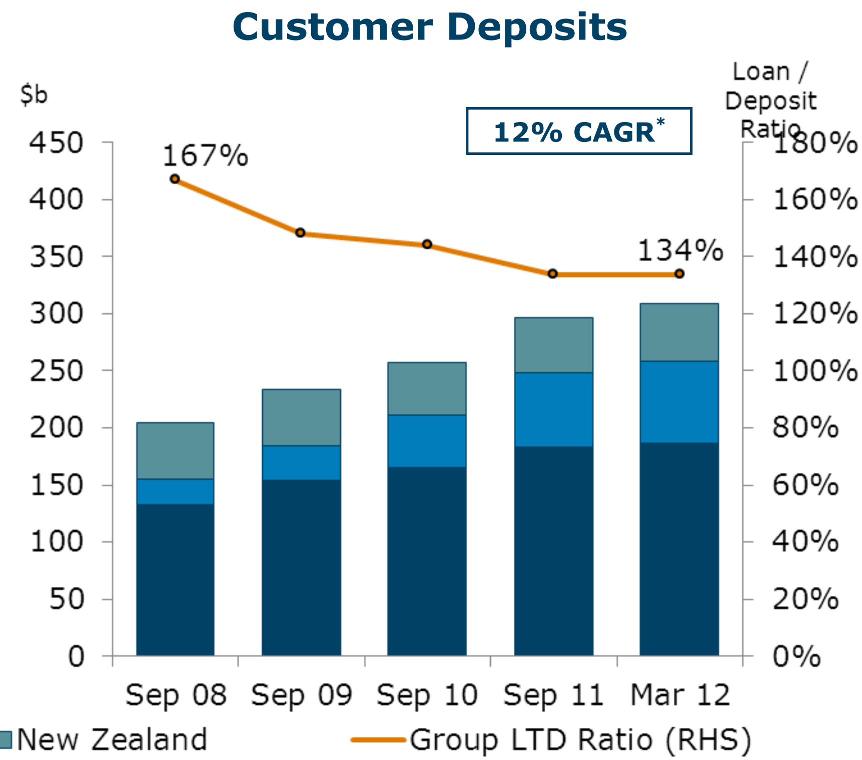
Asia Commercial Loan book



* APEA division revenue mix (ex partnerships)

Customer Deposits have exceeded loans by $41b since 2008





* Since Mar 08

LTD Gap

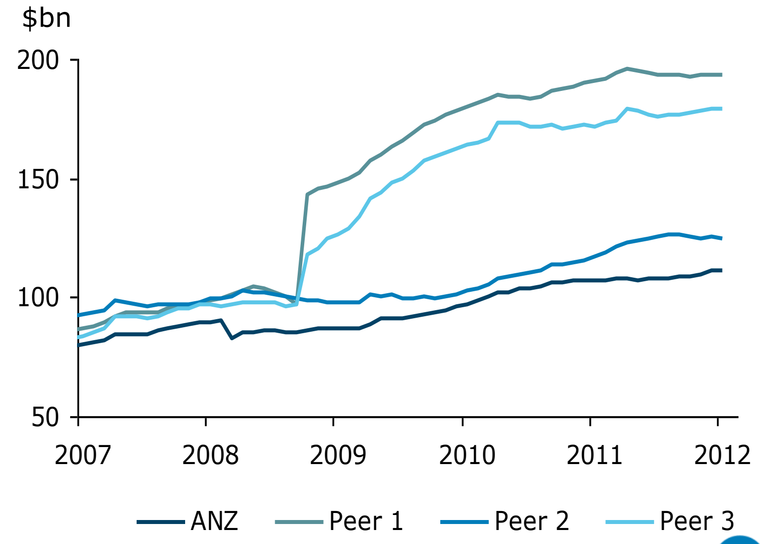
	Australia	APEA	New Zealand	Group
Sep 11 v Mar 12	(9)	4	2	**(3)**
Sep 08 v Mar 12	3	29	9	**41**

Lower structural funding gap - a growing competitive advantage

	ANZ	Peer 1	Peer 2	Peer 3
Loan – Deposit Ratio (%)	134	158	152	141
Loan – Deposit Gap ($bn)	104	186	165	153
Australian Household Funding Gap ($bn)	111	193	125	179
Short Term US Money Market Funding (US$bn)	18	50	36	34

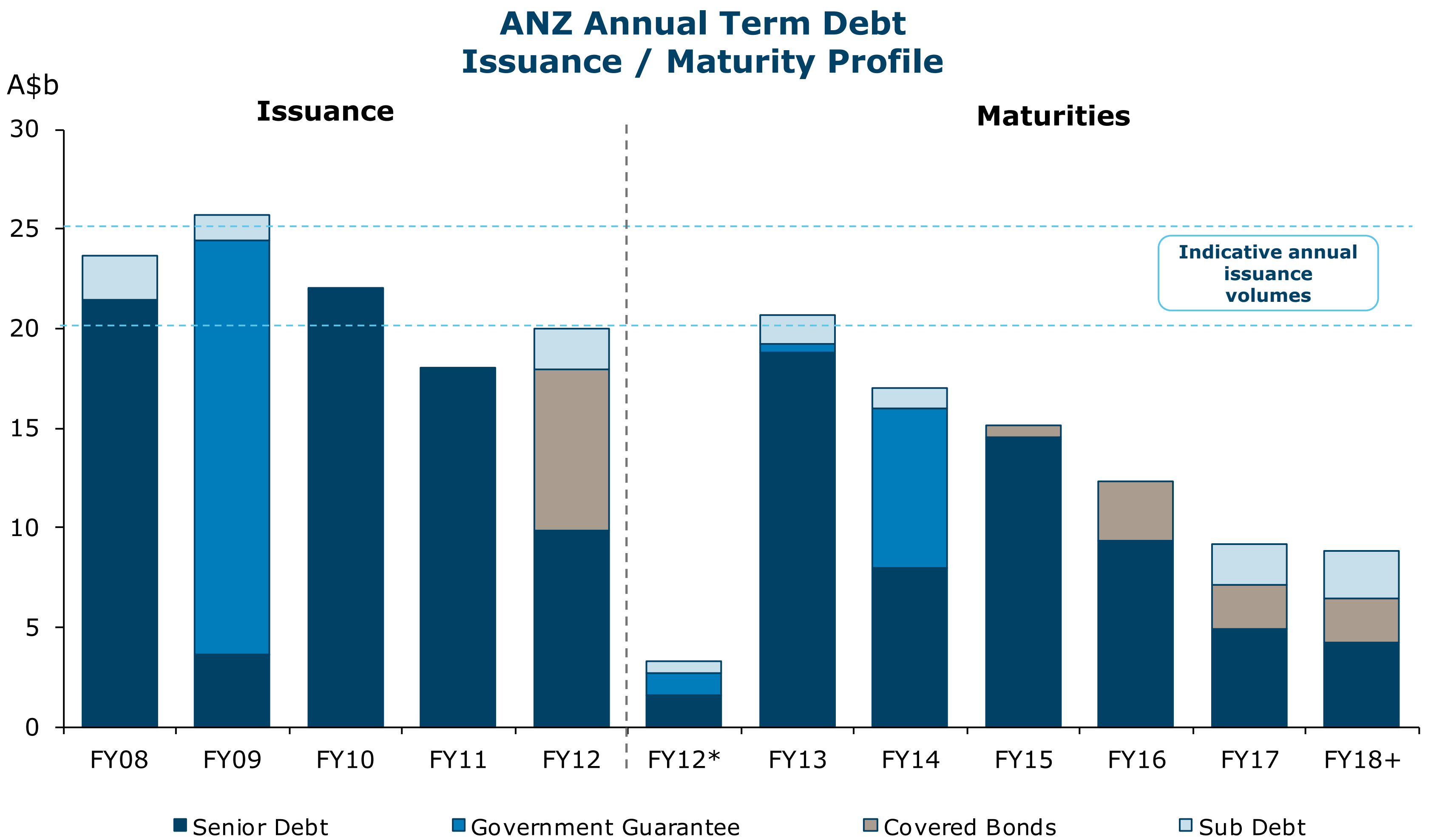
- ANZ has built a sustainable balance sheet
- Lower and more stable wholesale funding requirement relative to peers
- Lower reliance on offshore wholesale markets
- Better positioned to take advantage of any uptick in credit growth
- Mitigates Rating Agency pressures and improves capacity to manage through periods of market dislocation

Australian Household Funding Gap



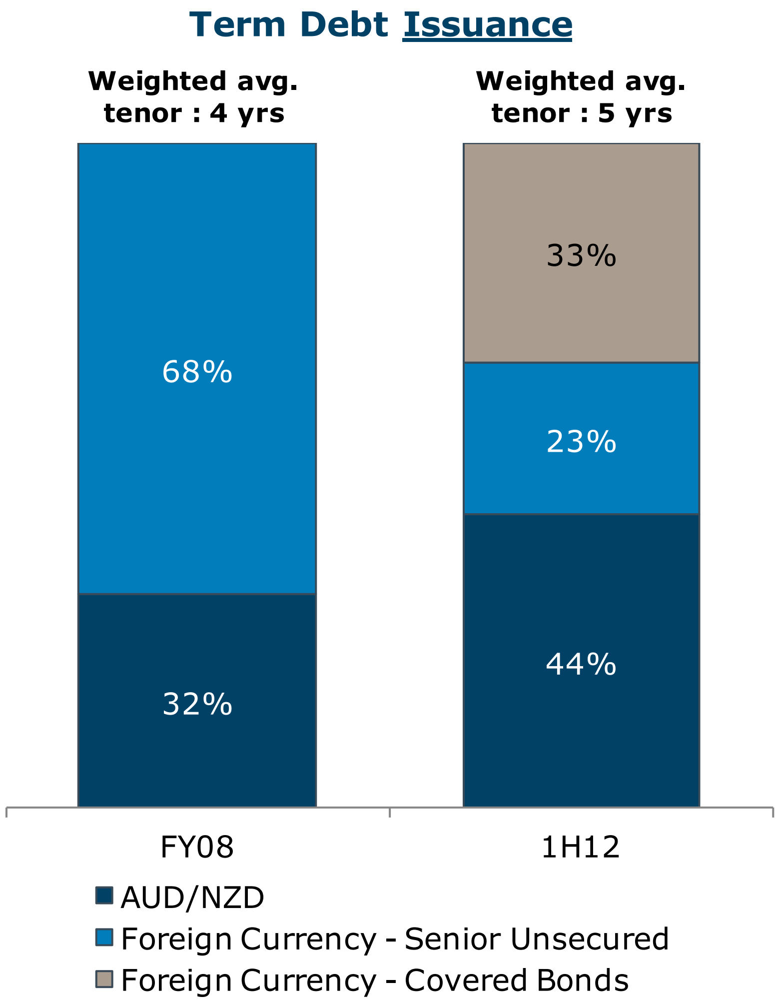
Source: APRA and latest bank published financial statements at HY12.

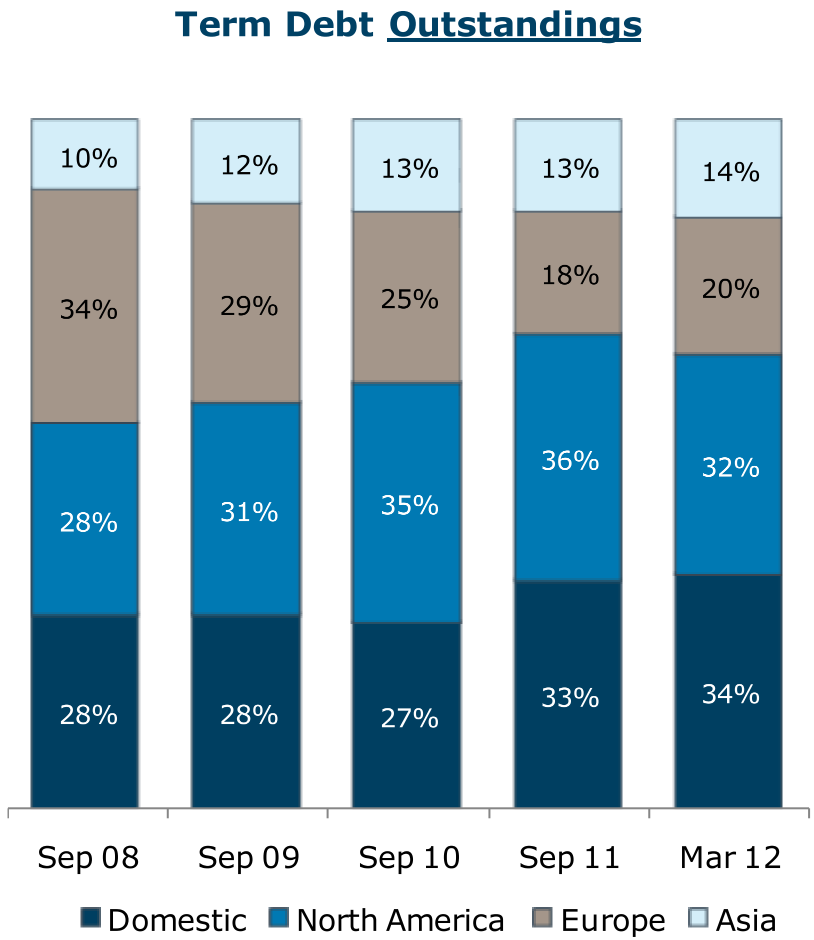
ANZ's $19bn FY12 wholesale debt issuance requirement has been completed. The forward maturity profile is well within manageable levels.



* Remaining FY12 maturities

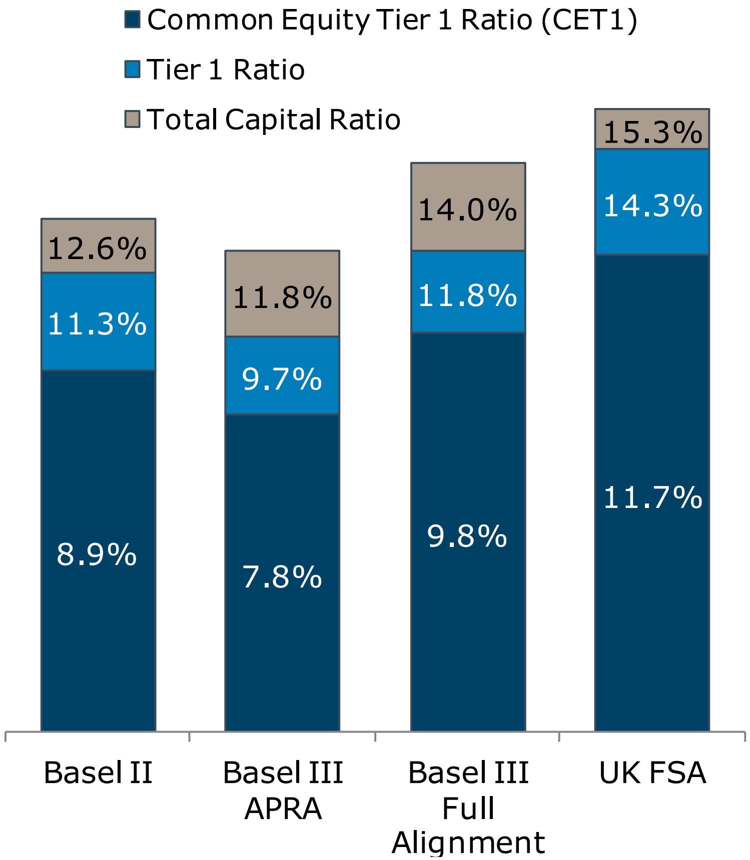
ANZ's term funding portfolio is increasingly diversified with a declining reliance on offshore funding



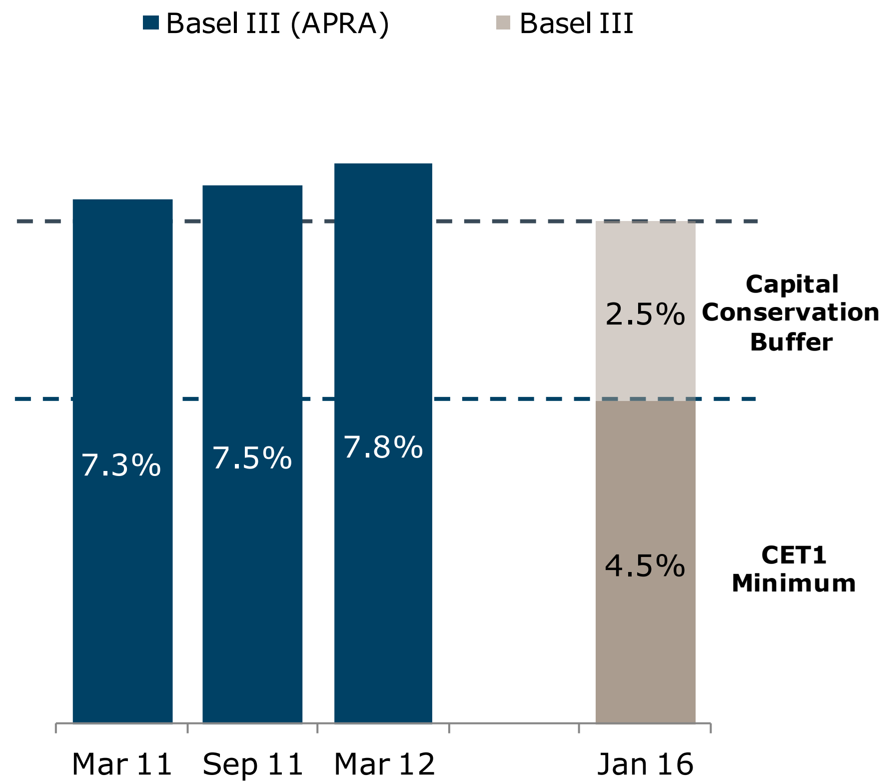


Continued strengthening of capital levels places ANZ in a strong position for upcoming Basel III implementation

Current capital levels are strong (Mar-12)

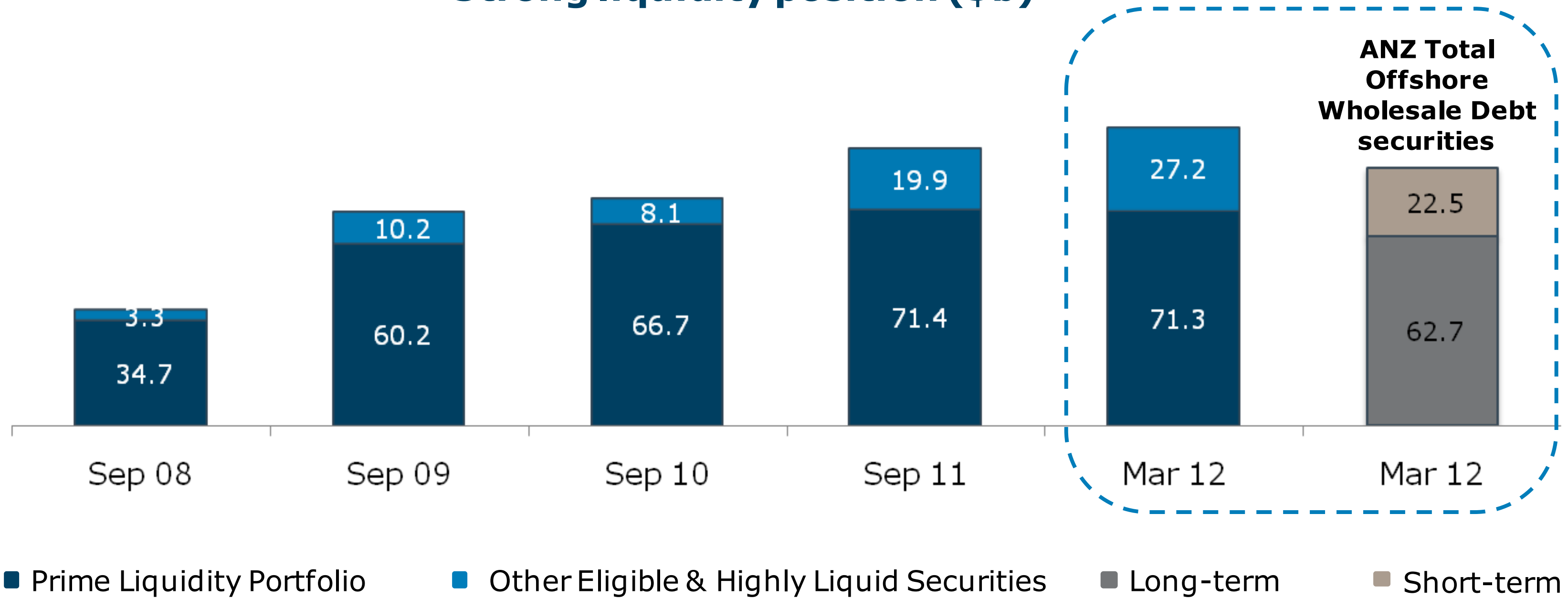


Well placed to meet Basel III CET1 target under APRA's draft capital standards



Liquid assets of $99b exceed total offshore wholesale debt of $85b

Strong liquidity position ($b)



Composition of liquid assets ($98.5b)

Class 1

$32.5b

Government/Semi Govt./Govt. Guaranteed bank paper, NZ cash with RBNZ, supranational paper

Class 2

$10.2b

Bank or corporate paper rated AA- or better

Class 3

$28.6b

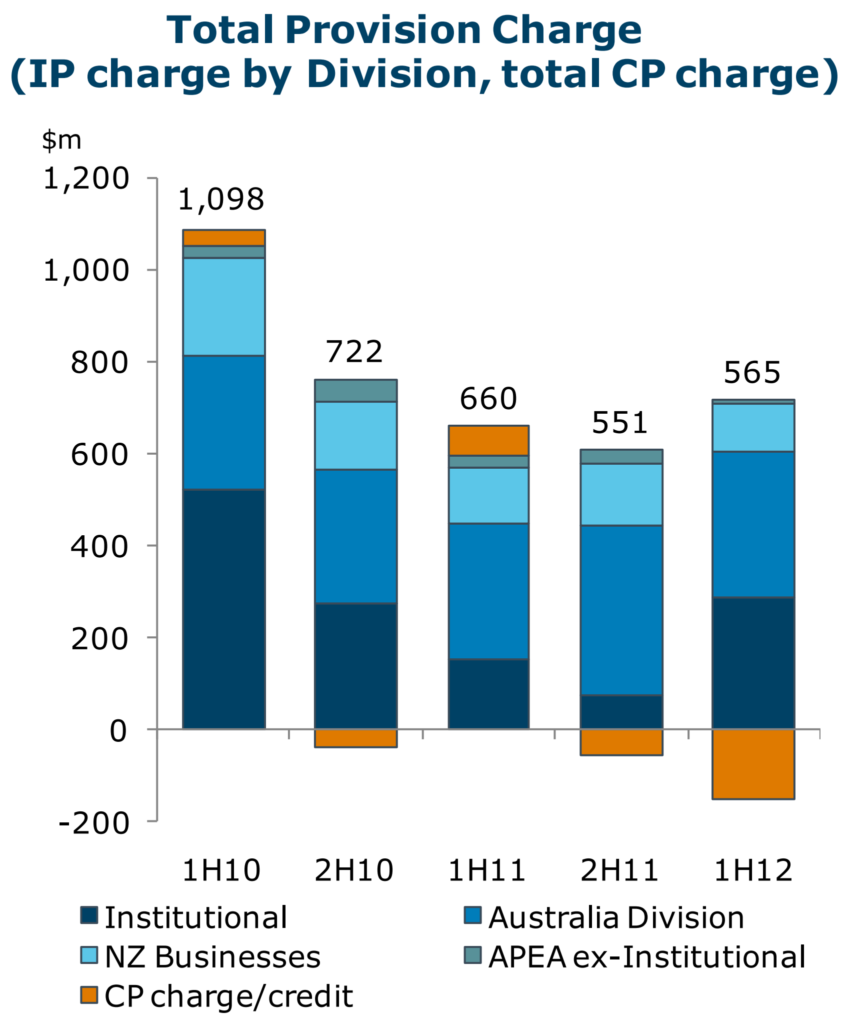
Internal RMBS

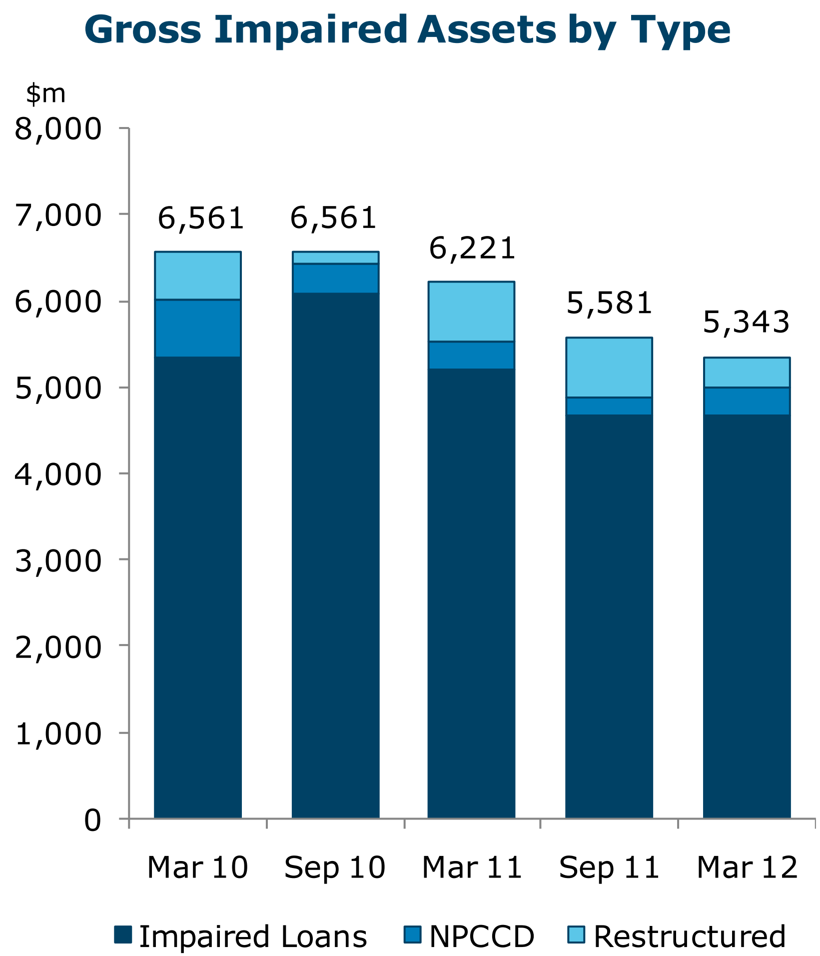
Other Liquids

$27.2b

Other Eligible and Highly Liquid Securities

Provision Charge and Impaired Assets



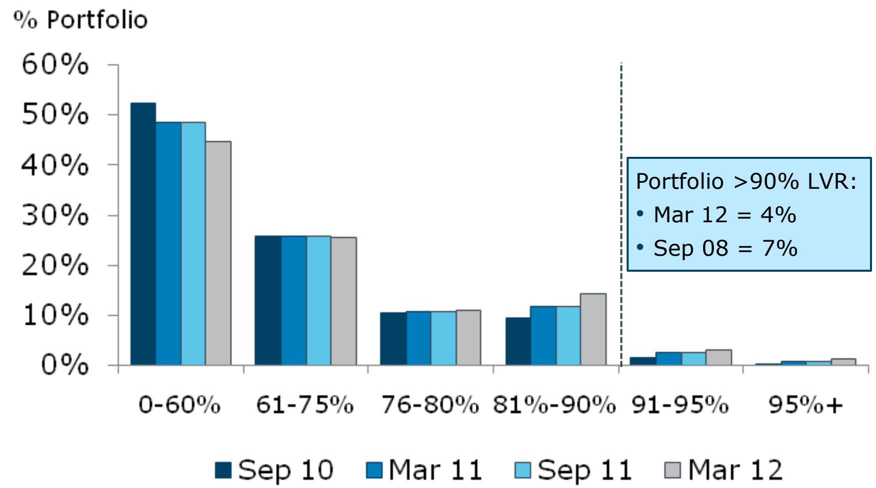


Australian Mortgages – robust structure results in low losses through the cycle

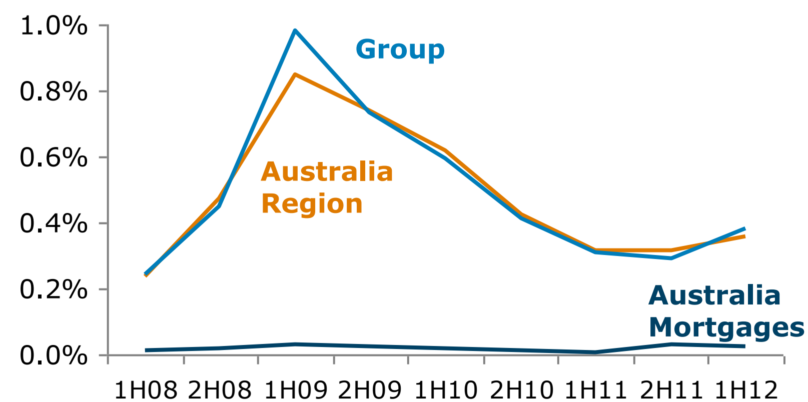
Portfolio Statistics	
Total Number of Mortgage Accounts	851k
Total Mortgage FUM	$178b
% of Total Group Lending	43%
Owner Occupied Loans - % of Portfolio	63%
Average Loan Size at Origination	$258k
Average LVR at Origination	64%
Average Dynamic LVR of Portfolio	50%
% of Portfolio Ahead on Repayments[1]	48%
First Home Owners - % of Portfolio	9%
First Home Owners - % of New Lending	7%
90+ Day Delinquencies	0.51%

1. One month or more ahead of repayments. Excludes funds in offset accounts.

Dynamic Loan to Valuation Ratio



ANZ IP Loss rates (%)



ANZ Economic forecasts

	Australia				New Zealand			
	2011	2012	2013	2014	2011	2012	2013	2014
GDP	**2.6**	**2.9**	**2.8**	**3.4**	1.2	2.2	2.5	2.6
Inflation	**3.5**	**1.9**	**3.2**[1]	**2.6**	4.6[2]	1.0	2.5	2.6
Unemployment	**5.2**	**5.3**	**5.2**	**5.2**	6.6	6.4	6.0	5.8
Cash rate	**4.75**	**3.0**	**3.0**	**3.0**	2.50	2.50	3.00	3.50
AUD/USD	**0.97**	**0.99**	**1.07**	**0.98**	N/A	N/A	N/A	N/A
Credit	**3.4**	**4.3**	**4.0**	**4.8**	1.7	3.5	2.3	4.3
- Housing	**5.8**	**4.7**	**4.1**	**5.6**	1.6	2.2	2.4	3.6
- Business[3]	**0.1**	**4.5**	**4.1**	**4.1**	2.0	5.3	2.2	5.2
- Other	**-0.5**	**-0.1**	**2.2**	**0.5**	0.7	3.0	1.8	3.7

Source - ANZ economics team estimates as at 19 July 2012. Based on 30 September bank year. Growth rates in through the year terms.

1. Affected by the introduction of the carbon tax from 1 July 2012 and a reduction in the Government's health insurance rebate from 1 July 2012
2. Affected by an increase in the Goods and Services tax rate from 12.5% to 15% effective 1 October 2010
3. NZ Business includes Rural lending

Appendices :

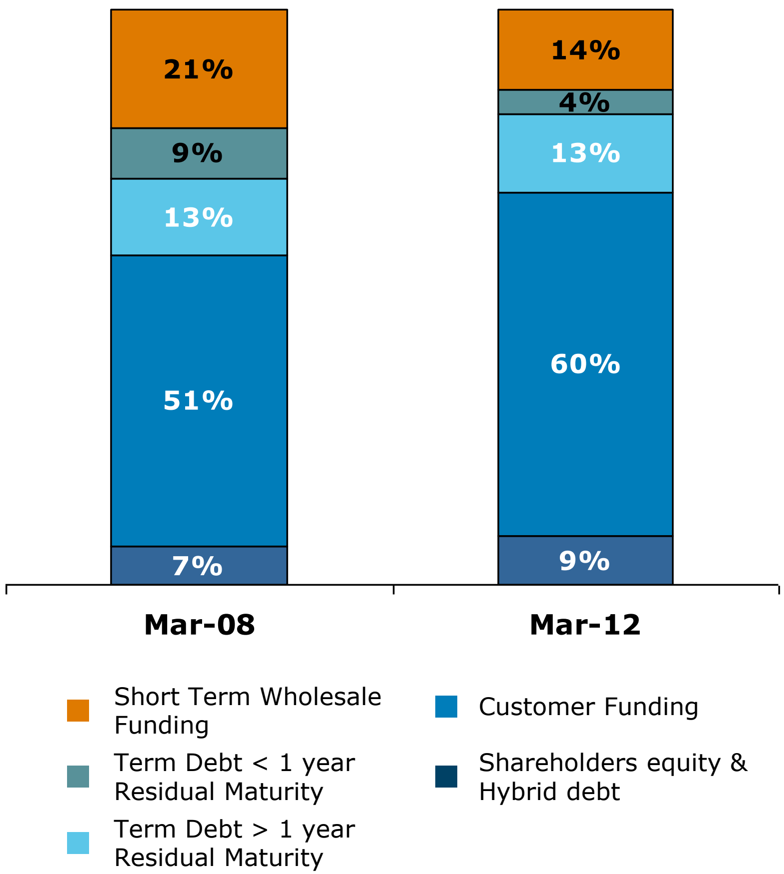
Appendices

1. **Balance Sheet**
2. **Asset quality including Australian mortgage portfolio**
3. **2012 Half Year Results**
4. **Economics**
5. **Covered Bonds**

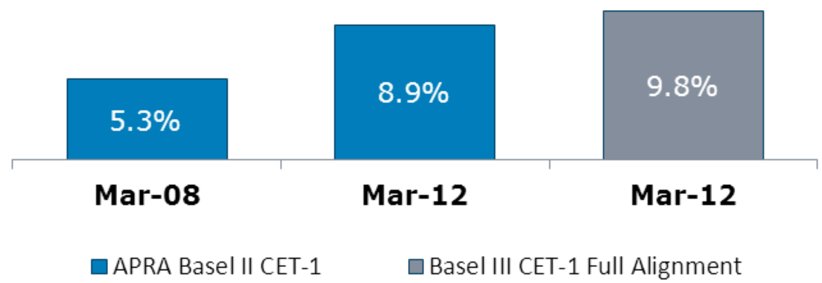
Balance Sheet

ANZ’s group balance sheet has been strengthened significantly across all key metrics

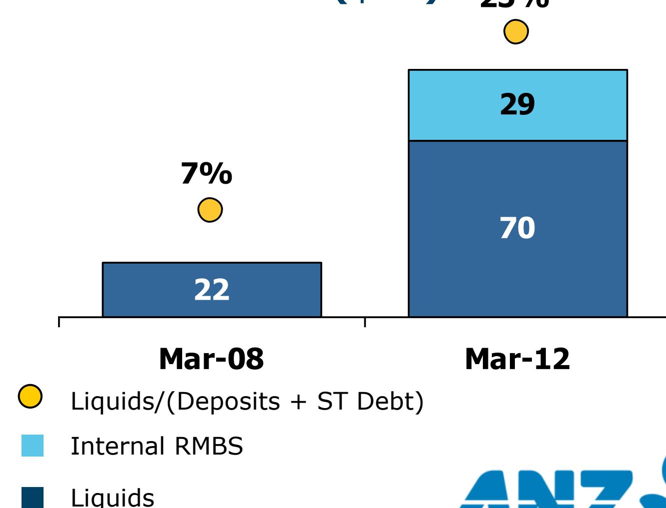
Stronger Funding Composition
(Mar-12 offshore CP ~$15bn)



APRA CET1: increased by 3.6%
(or > $10b of additional equity)

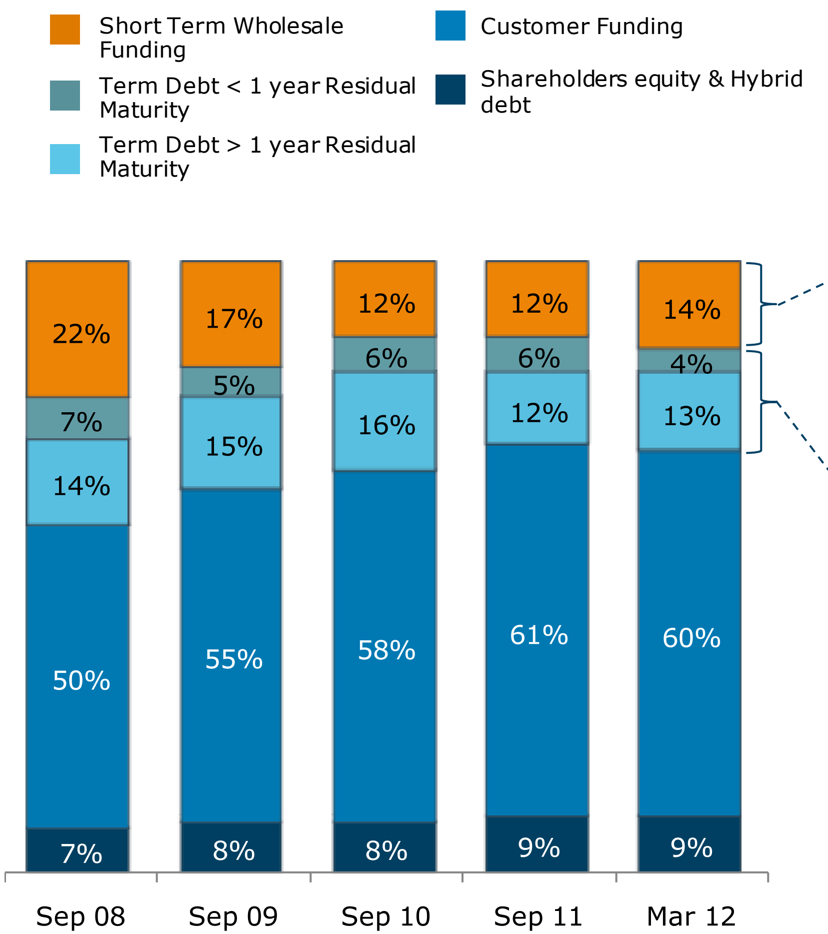


Liquid assets increased significantly
($bn)

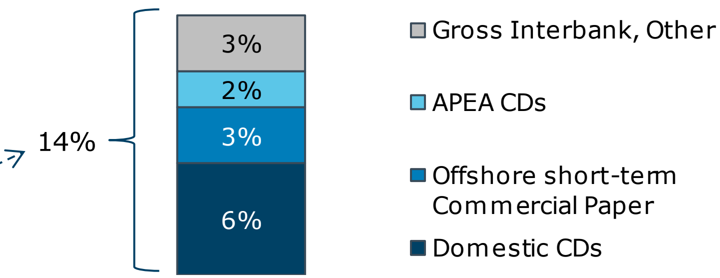


ANZ has a well diversified funding profile with an increasing weighting to customer funding

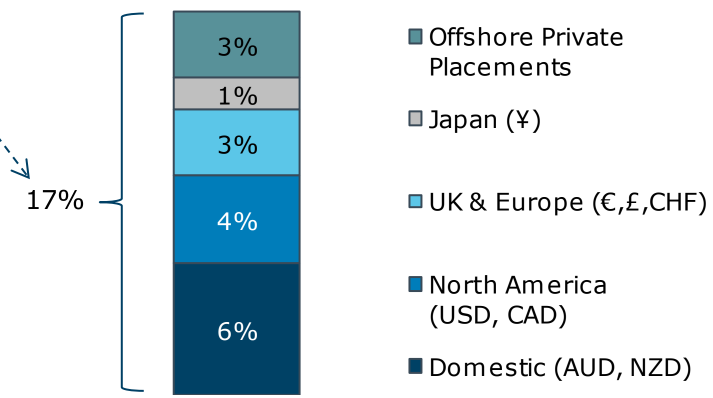
Strong Funding Composition



Offshore short-term Commercial Paper makes up just 3% of total Group funding

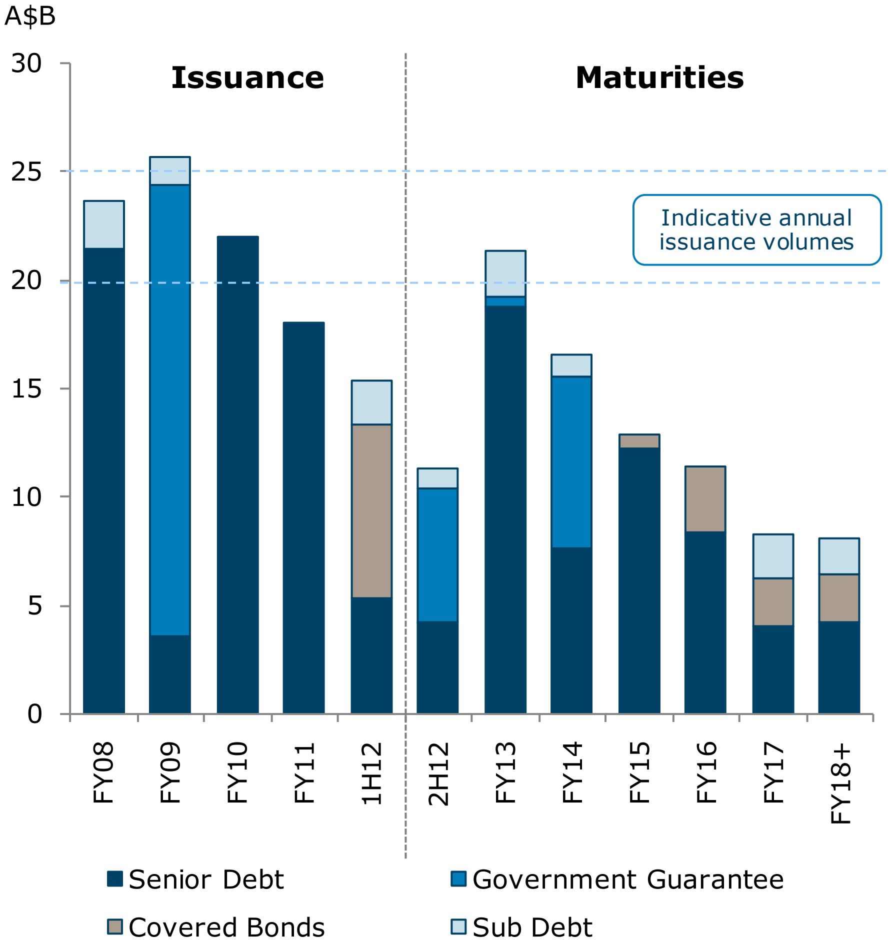


Well diversified term wholesale funding portfolio

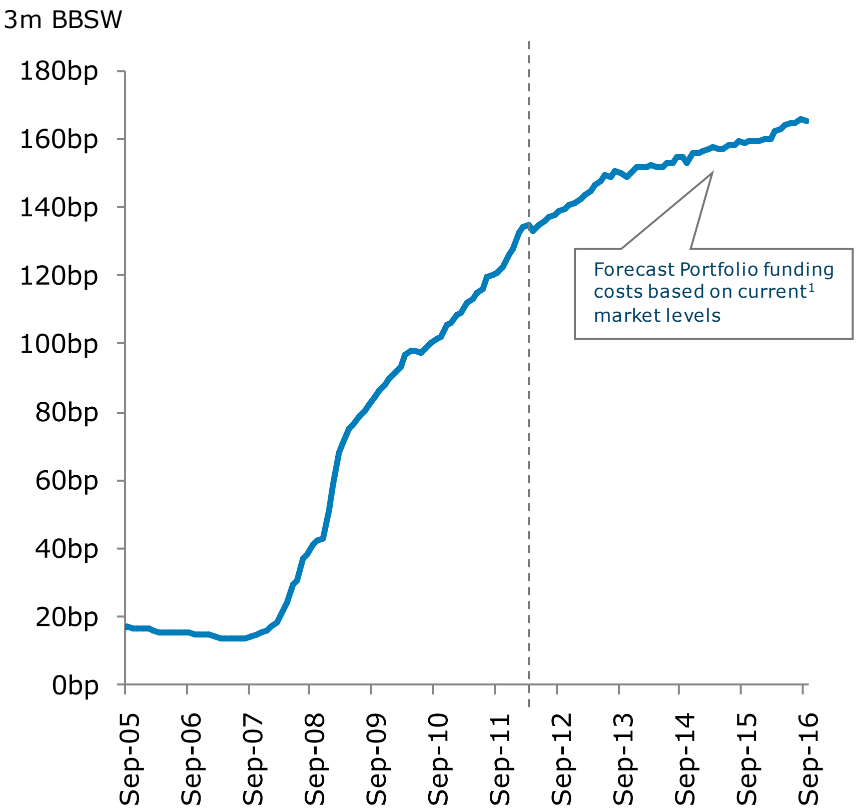


FY12 debt issuance is well ahead of plan; portfolio costs continue to increase

~80% FY12 term wholesale debt issuance completed

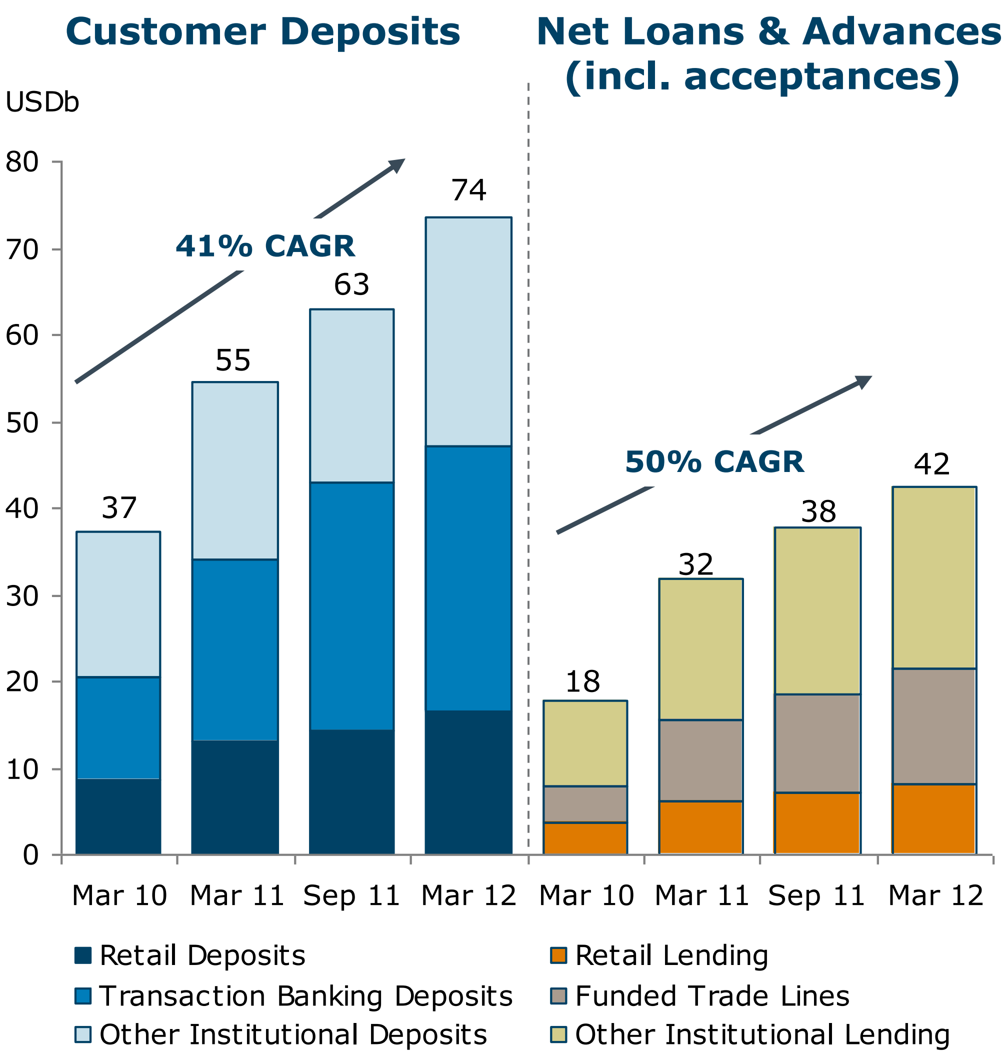


Portfolio term funding costs will continue to increase



1. As at 31 March 2012

The APEA balance sheet is self funded



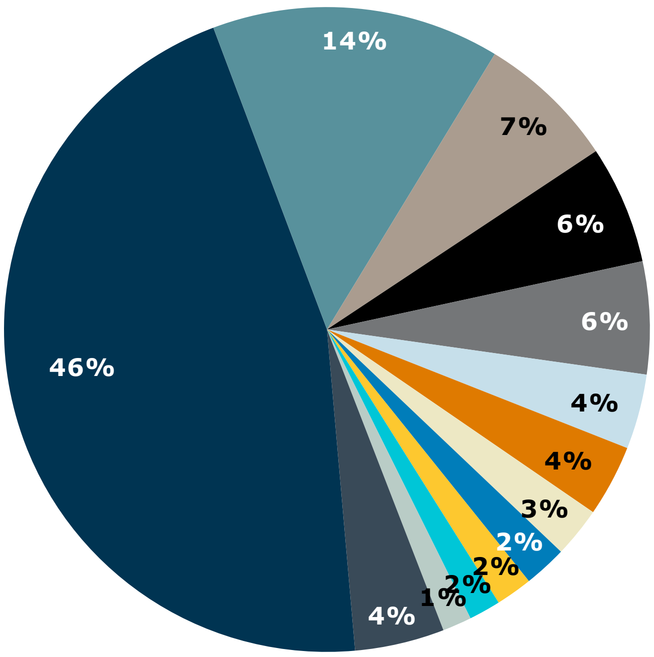
The key aspects of the Super Regional Strategy from a balance sheet management perspective are:

- Much of our focus in the region is on providing **non lending products** (eg Cash, Trade, Rates, FX, DCM)
- Our Asian network enables us to **take Australian and NZ clients directly to the Asian debt capital markets** rather than bank loan funding
- We can also look to **provide Australian & NZ clients with diversified funding structures**, through assets written in Asia
- **Deposit pools are managed through our regional treasury centres** with the majority of APEA deposits in interchangeable currencies.

Asset quality

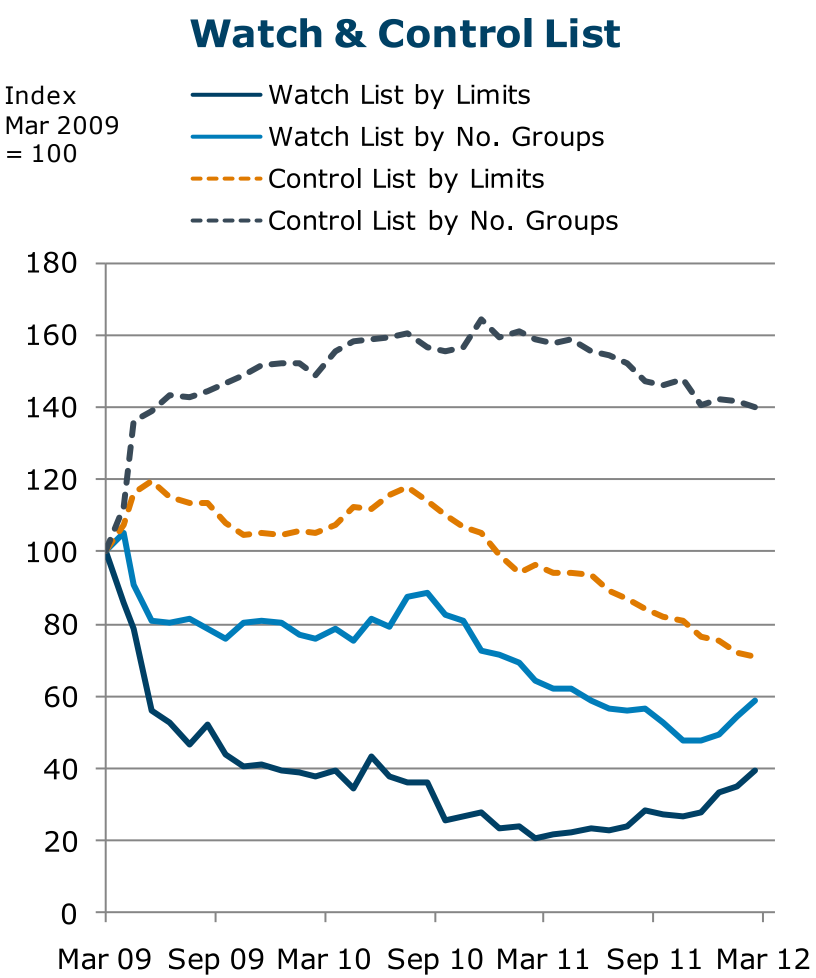
Total lending exposures – by Sector

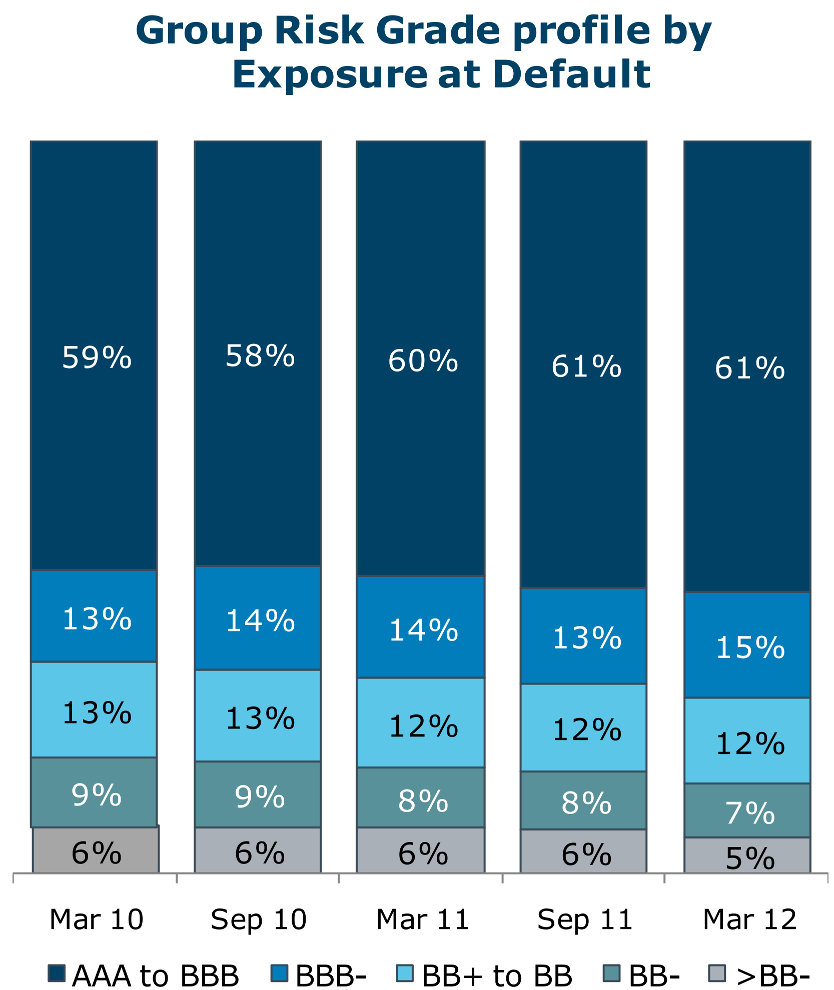
Exposure at default (EAD) as a % of group total



Category	EAD		% in Non Performing	
	Sep-11	Mar-12	Sep-11	Mar-12
Consumer Lending	45.2%	45.7%	0.4%	0.3%
Finance, Investment & Insurance	14.4%	14.4%	0.3%	0.2%
Property Services	6.9%	7.0%	2.5%	2.1%
Agriculture, Forestry, Fishing & Mining	6.0%	5.9%	3.1%	3.0%
Manufacturing	5.8%	5.6%	2.2%	0.9%
Wholesale Trade	3.2%	3.8%	1.5%	1.1%
Government & Official Institutions	4.4%	3.6%	0.0%	0.0%
Retail Trade	2.5%	2.5%	0.7%	0.5%
Transport & Storage	2.1%	2.1%	0.7%	0.6%
Entertainment, Leisure & Tourism	1.8%	1.8%	1.8%	2.1%
Business Services	1.6%	1.6%	3.1%	2.7%
Construction	1.5%	1.5%	1.1%	5.3%
Other	4.6%	4.5%	0.9%	1.4%

Watch & Control Lists and Risk Grade Profiles



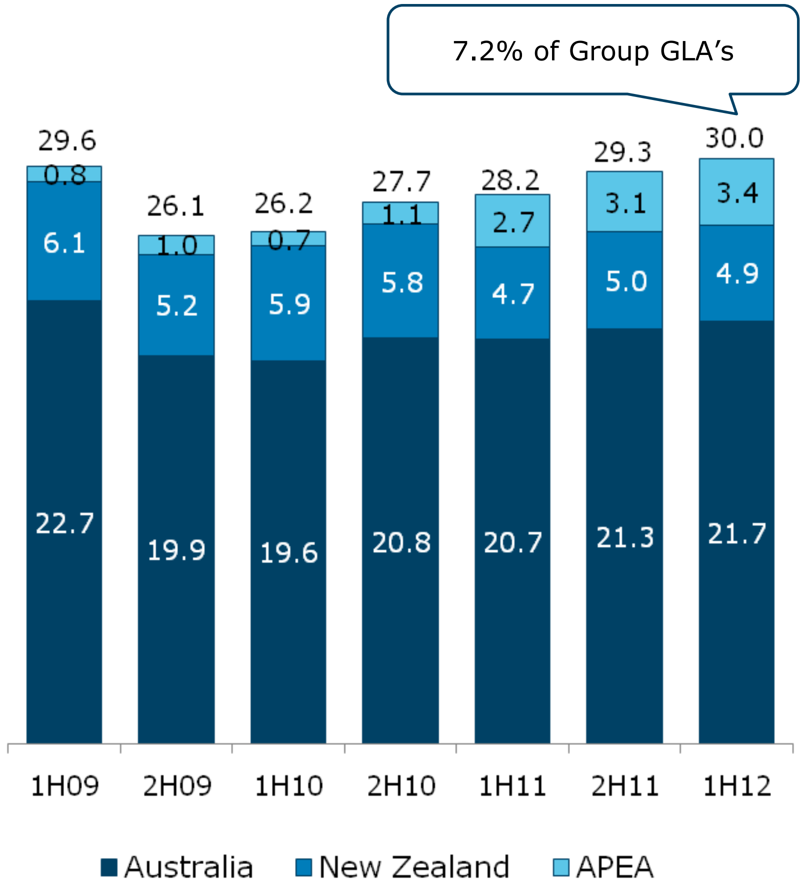


Watch List - An alert report of customers with characteristics identified which could result in requirement for closer credit attention

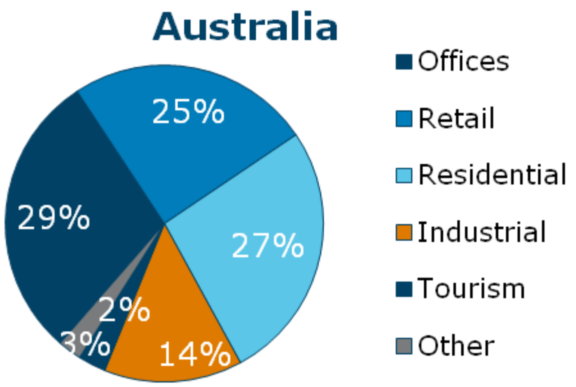
Control List - A report of high risk accounts which may or may not have defaulted

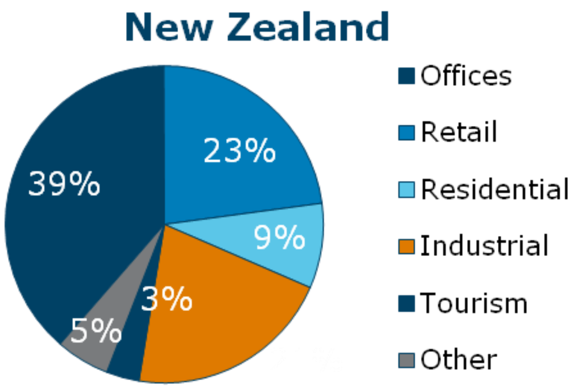
Commercial Property Credit Exposure

Commercial Property Exposure GLA by Region (A$b)



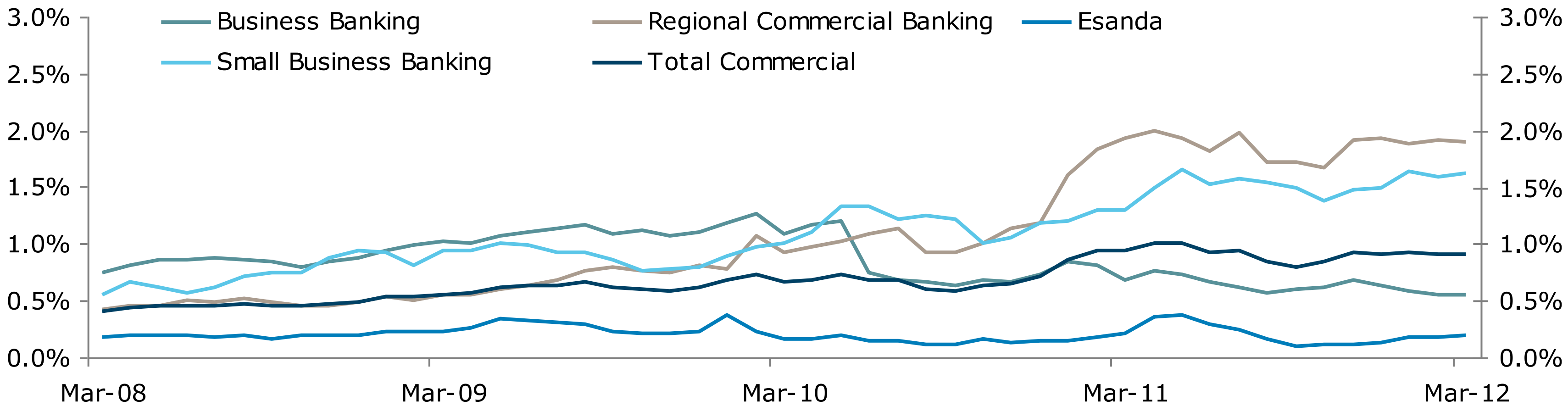
Exposure by Sector



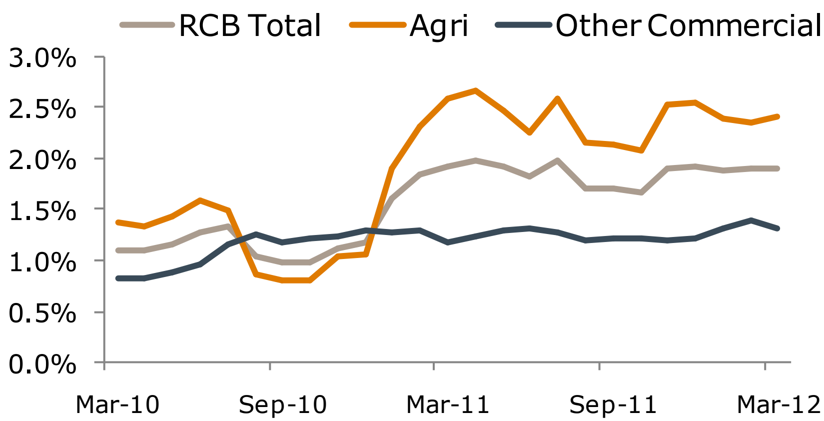


Australia Commercial

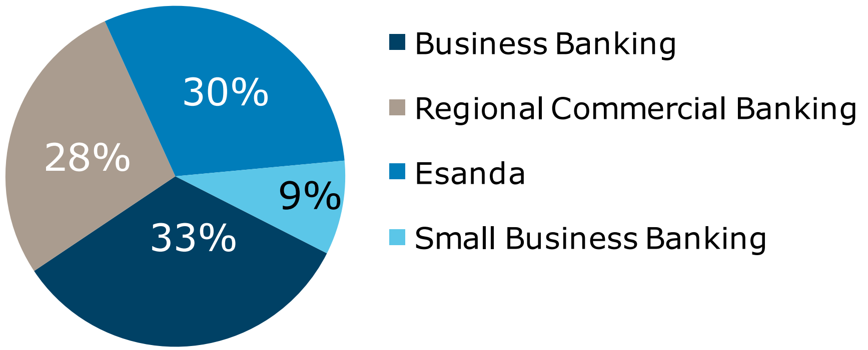
Australia Commercial 90+ day delinquencies



Regional Commercial Banking 90+ day delinquencies

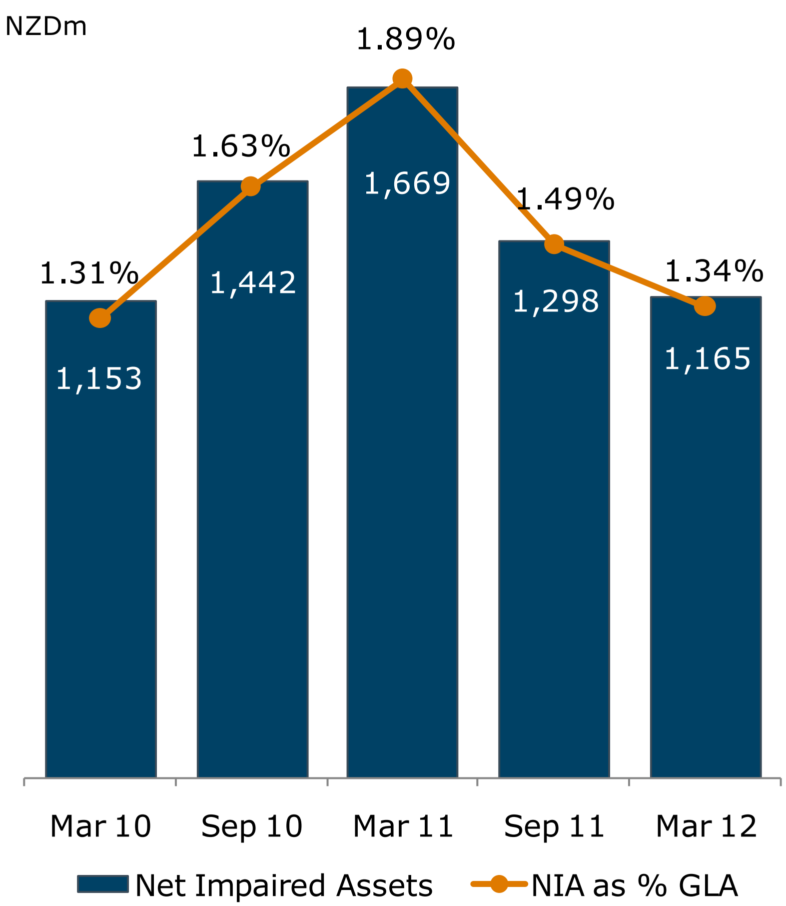


Australia Commercial Lending Mix

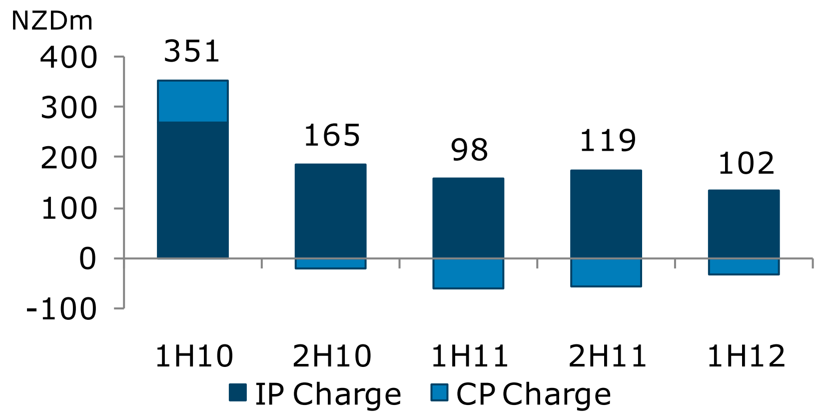


New Zealand Businesses

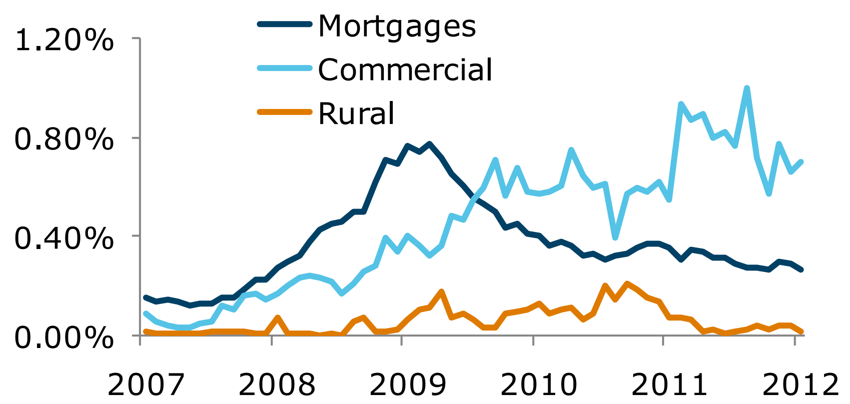
Net impaired assets



Total provision charge



90+ Days arrears

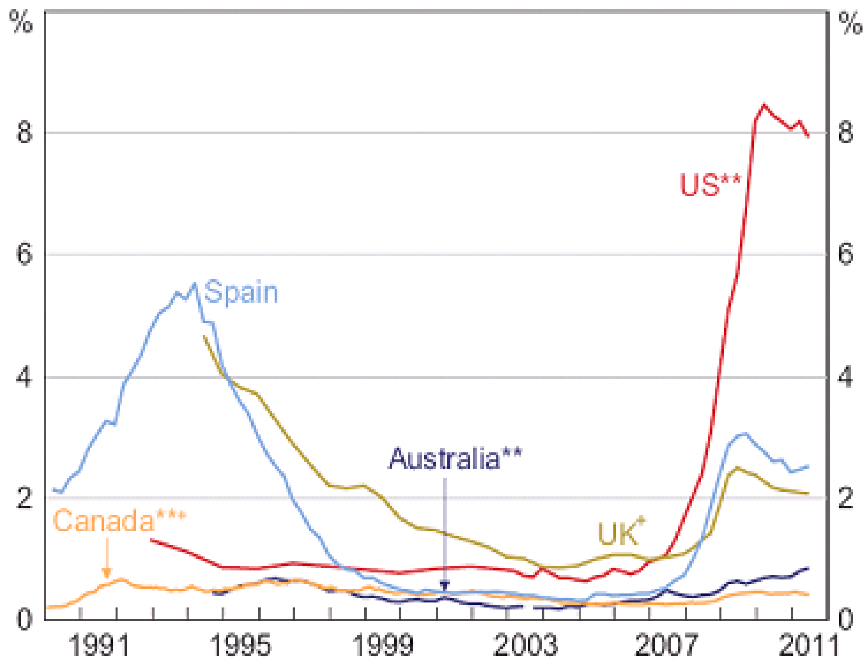


The structure of the Australian mortgage market has resulted in very low losses through various cycles

Australian mortgage market benefits

- Full recourse
- Variable rate
- Limited tax advantages
- Originate to hold models
- Low LVR's
- No sub prime

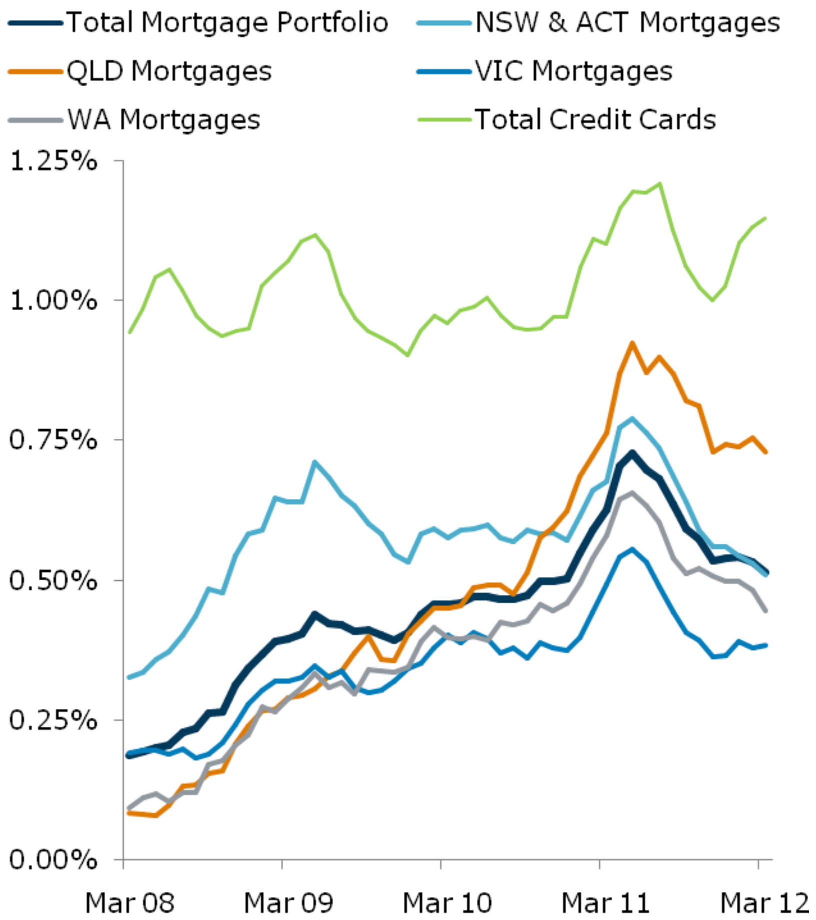
Non-performing Housing Loans
Per cent of loans*



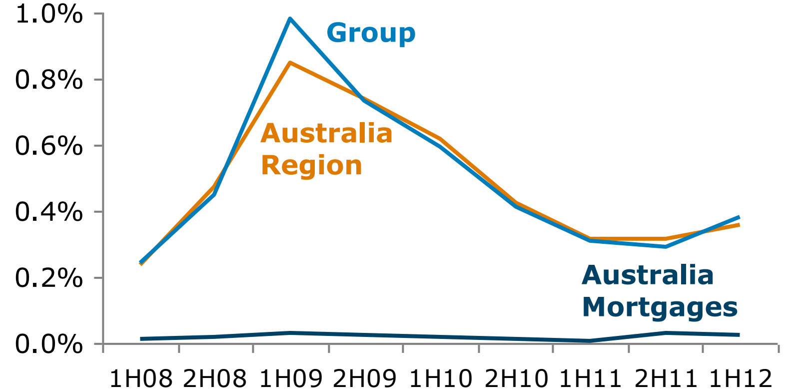
* Per cent of loans by value; includes 'impaired' loans unless otherwise stated; for Australia, only includes loans 90+ days in arrears prior to September 2003
** Banks only
\+ Per cent of loans by number that are 90+ days in arrears
Sources: APRA; Bank of Spain; Canadian Bankers' Association; Council of Mortgage Lenders; FDIC; RBA

Australian mortgages 90+ Day delinquencies

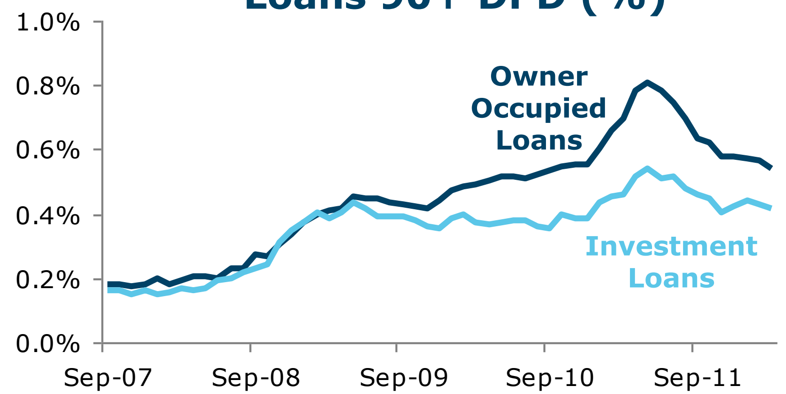
Australia Retail 90+ day delinquencies



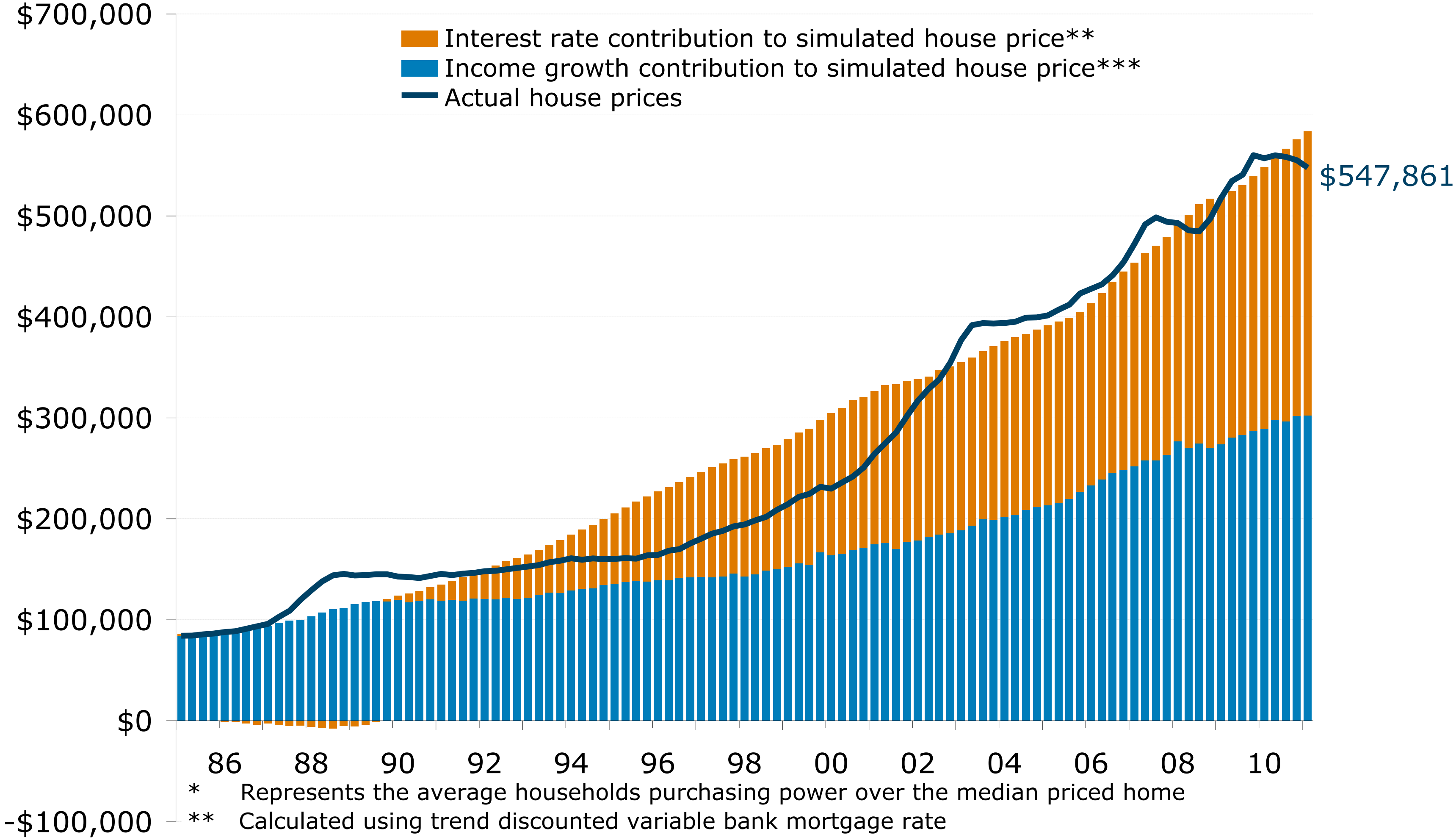
ANZ Individual Provision Loss Rates (%)



Owner Occupied vs. Investment Loans 90+ DPD (%)



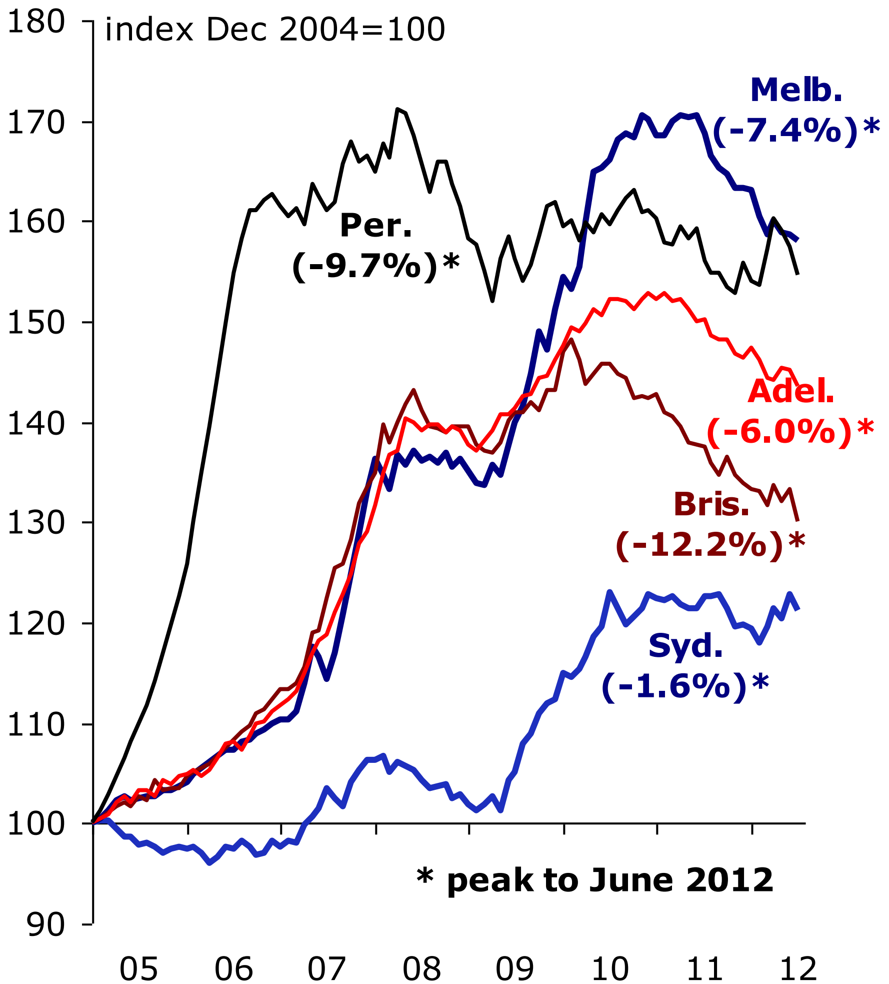
Australian house price growth since the mid 1980s is explained by income growth and a structural decline in interest rates



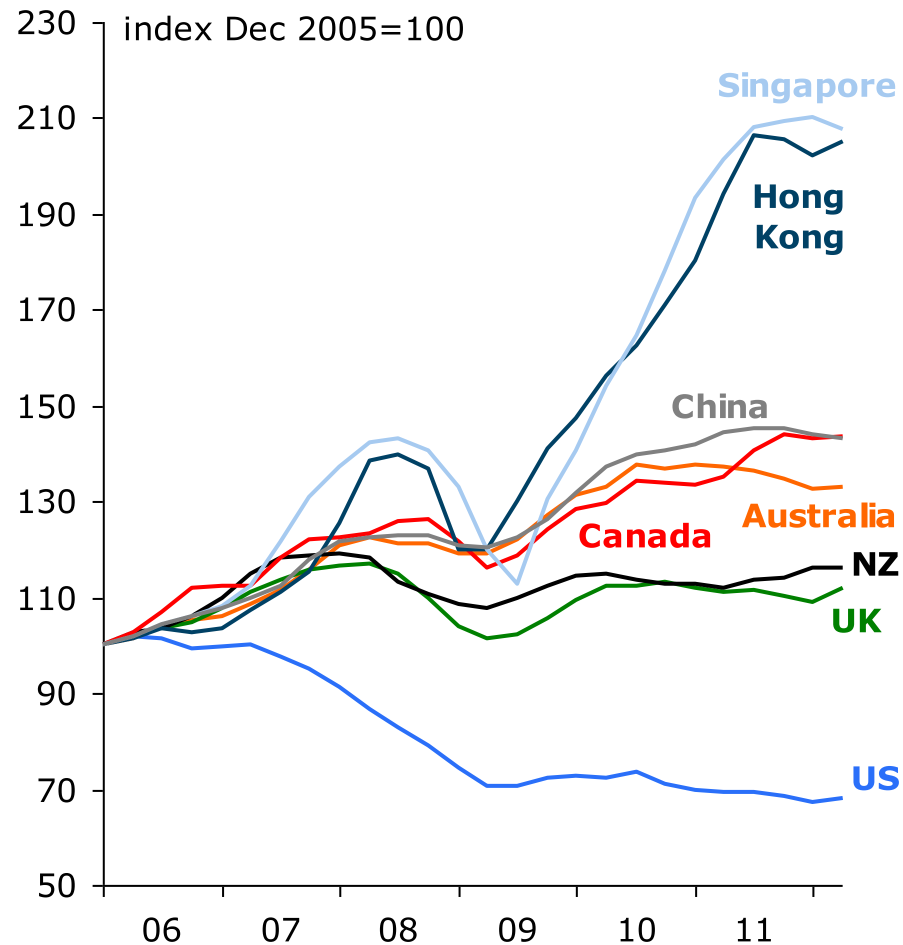
*   Represents the average households purchasing power over the median priced home
**   Calculated using trend discounted variable bank mortgage rate
*** Calculated using average household disposable income

Although house prices have fallen in most capital cities, *partially* retracing earlier gains

Median Australian house prices



International housing prices



Sources: **Residex, Datastream, ANZ Research**

Half Year Results

6 months ended 31st March 2012

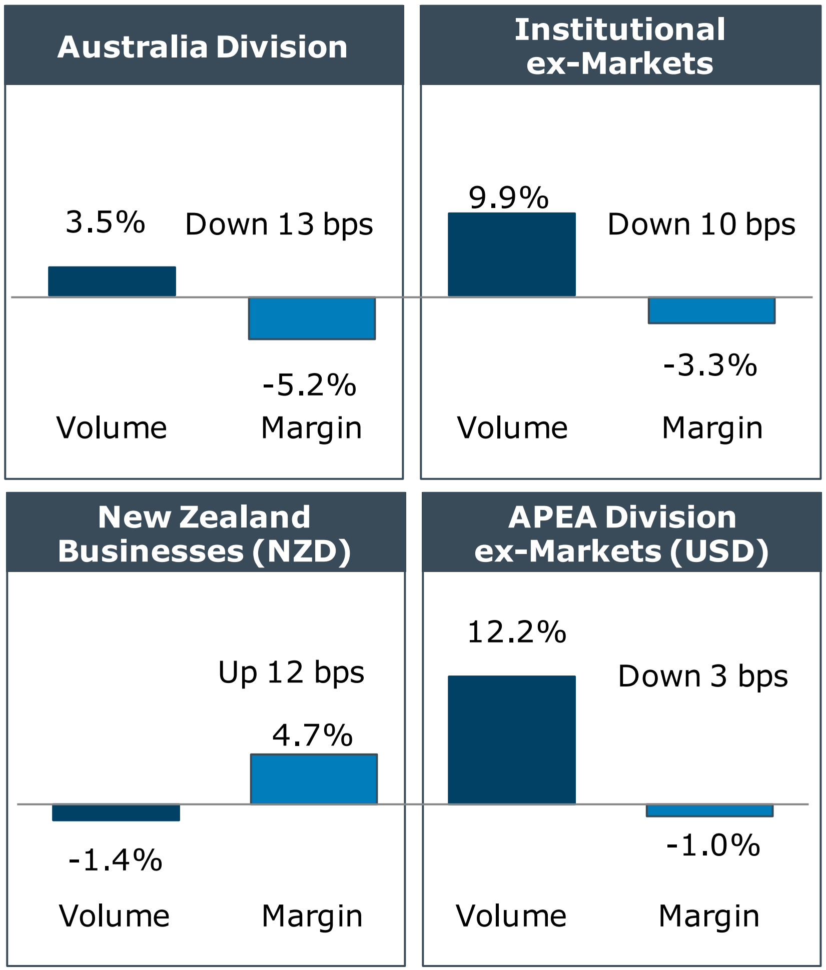
Overview of financial performance

	1H12 AUDm	Growth vs 2H11	Growth vs 1H11
Underlying Profit	2,973	5%	6%
Operating Income	8,704	4%	3%
Expenses	4,020	3%	5%
Provisions	565	3%	-14%
Statutory Net Profit After Tax	2,919	8%	10%
EPS (cents)	112.2	3%	2%
Dividend per Share (cents)	66	n/a	3%
Net Interest Margin	2.38%	-6bps	-9bps
Customer deposits (AUDb)	308.3	4%	15%
Net loans and advances[1] (AUDb)	412.6	4%	9%

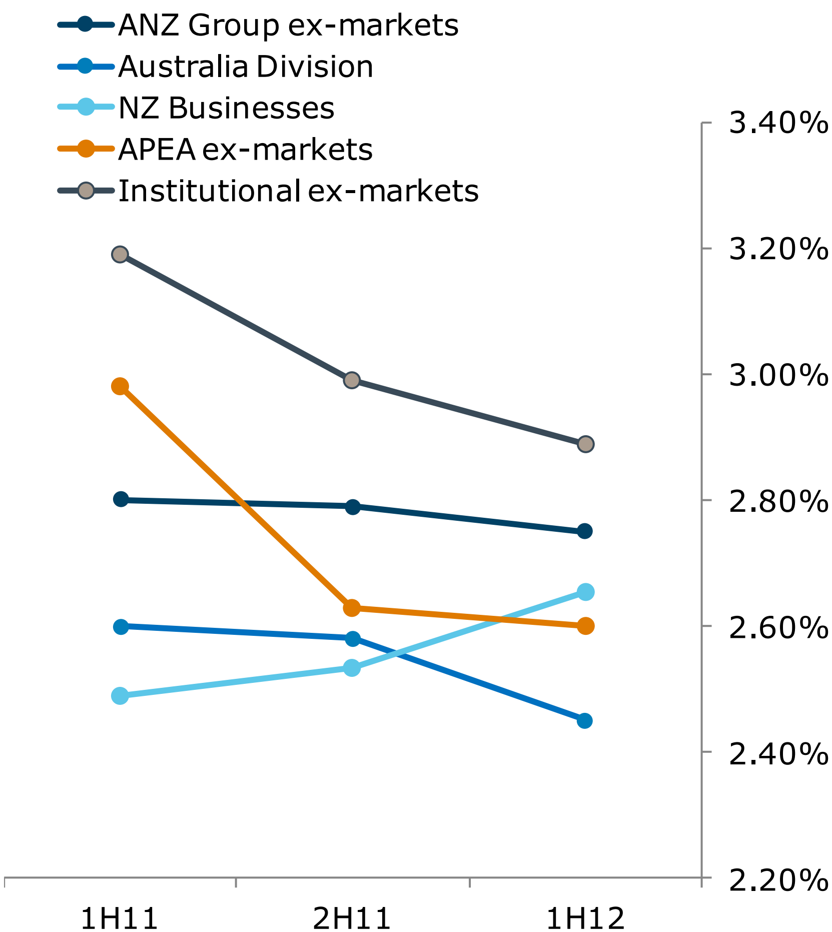
All figures other than Statutory Net Profit after Tax and Dividend are presented on an underlying basis.
1. Including acceptances

Net Interest Margin – Divisional Trends

Net Interest Margin 1H12 v 2H11



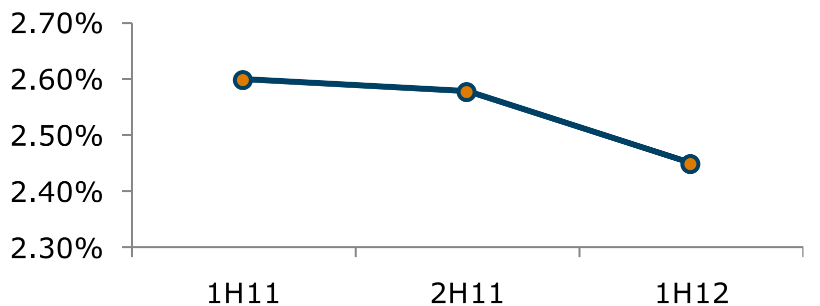
Net Interest Margin



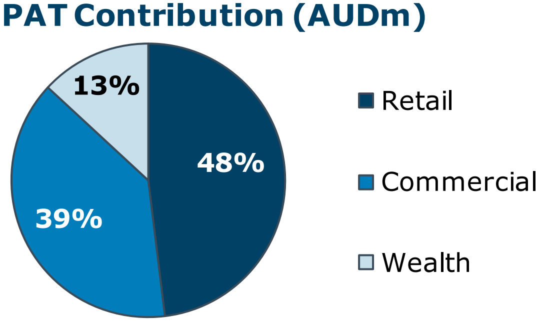
Australia Division

Underlying profit growth (AUDm)	1H12 v 2H11
Australia Division	**-7%**

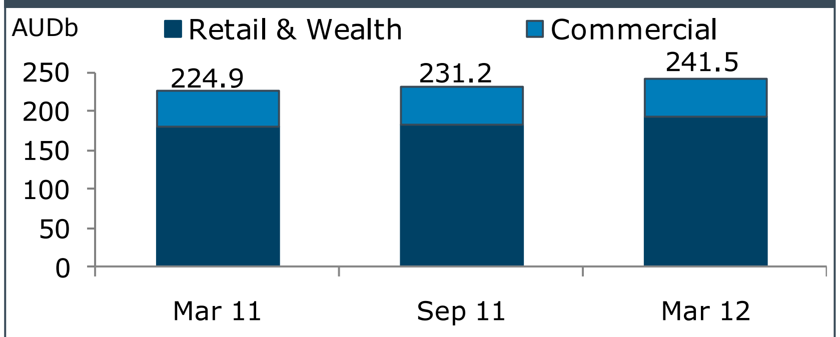
Net Interest Margin



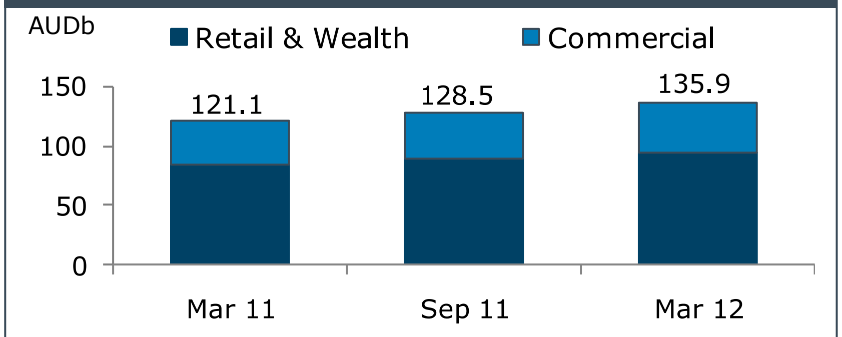
Profit composition



Net Loans & Advances[1]



Customer Deposits

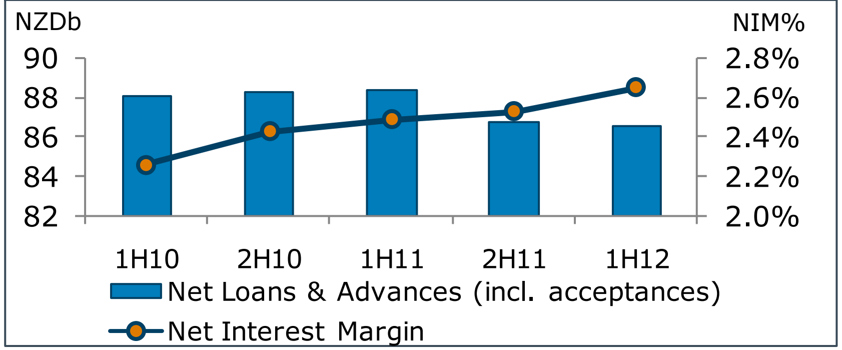


1. Including acceptances.

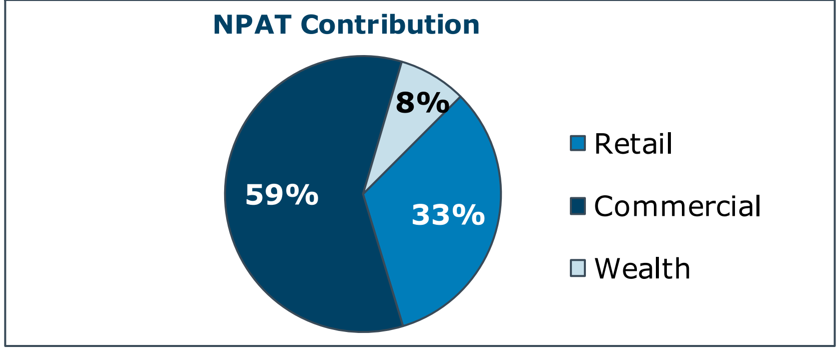
New Zealand Businesses

Underlying profit growth (NZDm)	1H12 v 2H11
New Zealand Businesses	11%

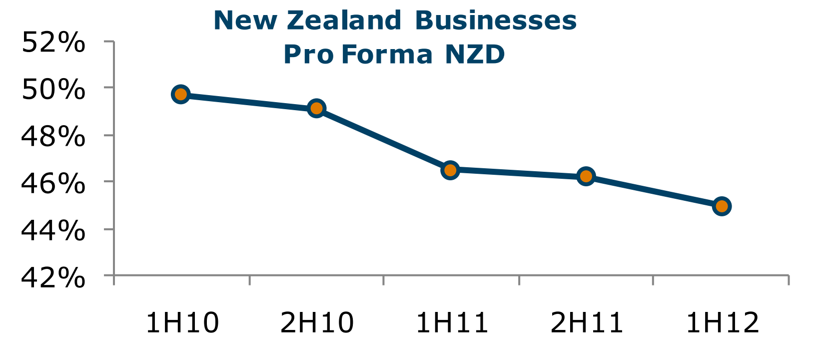
Net interest margin



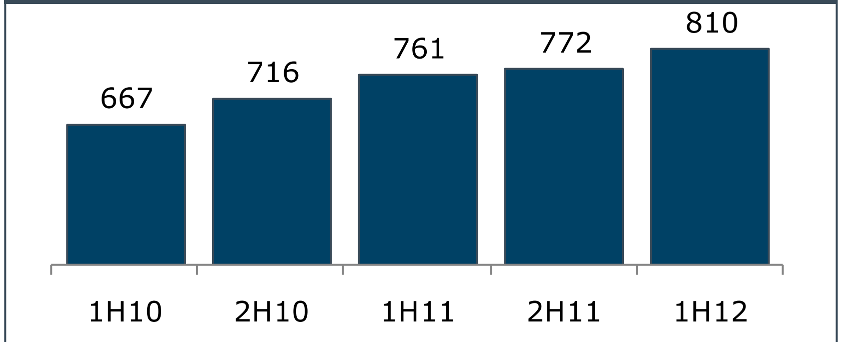
Profit composition



Cost to income ratio



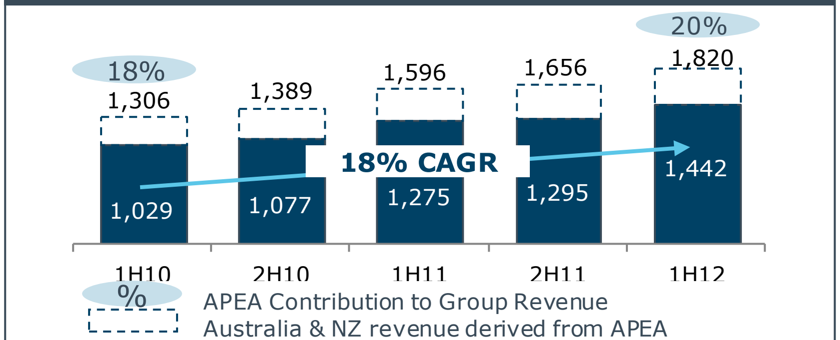
Profit before provisions (NZDm)



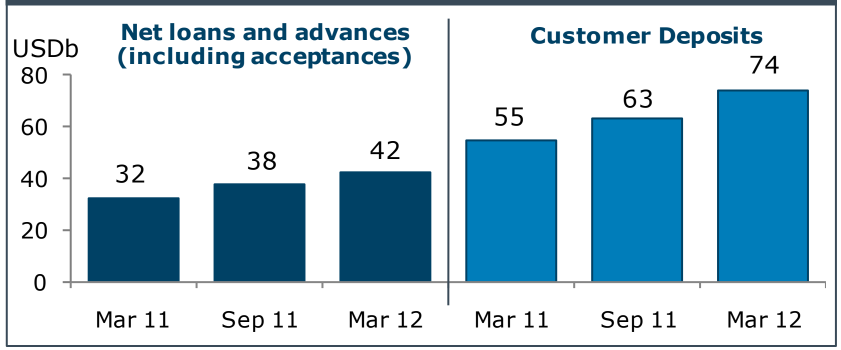
Asia Pacific, Europe & America (APEA) Division

Underlying profit growth (USDm)	1H12 v 2H11
APEA Division	21%

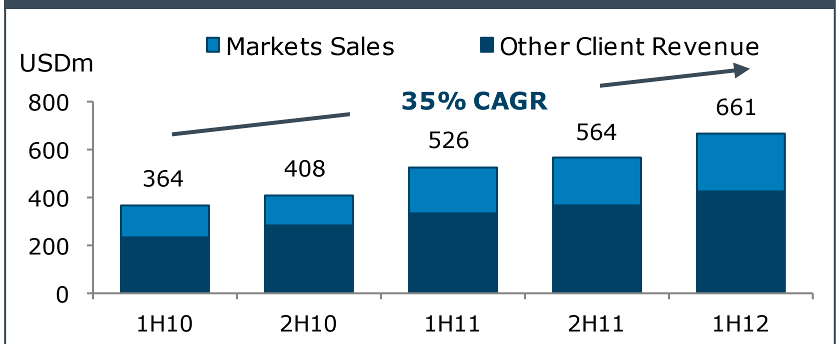
APEA revenue (pro forma USD)



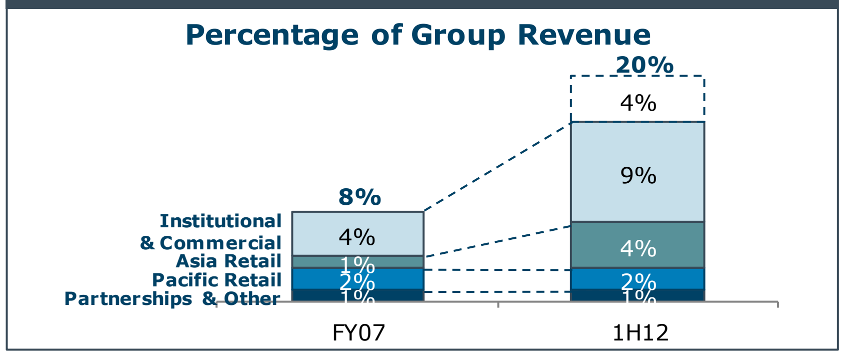
Customer deposits & lending



APEA client revenue



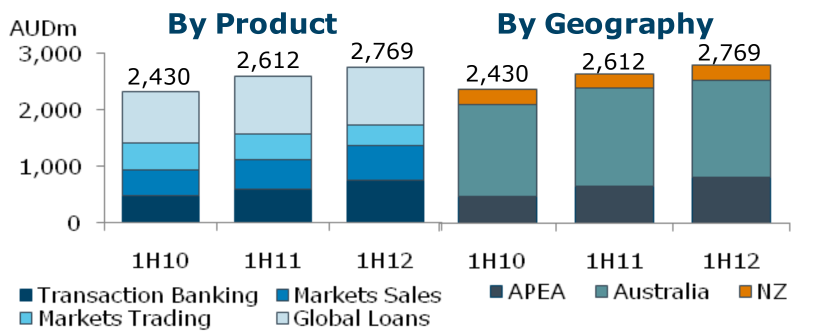
Increasing diversification



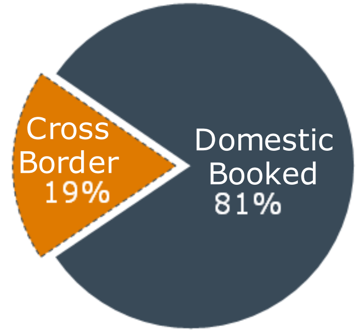
Institutional Division

Underlying profit growth (AUDm)	1H12 v 2H11
Institutional Division	24%

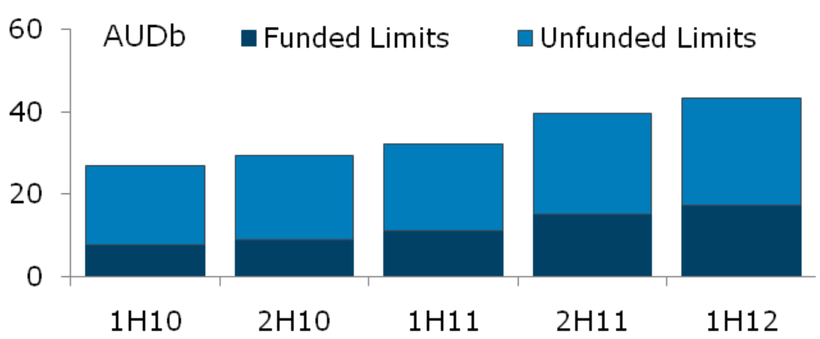
Institutional revenue mix ($m)



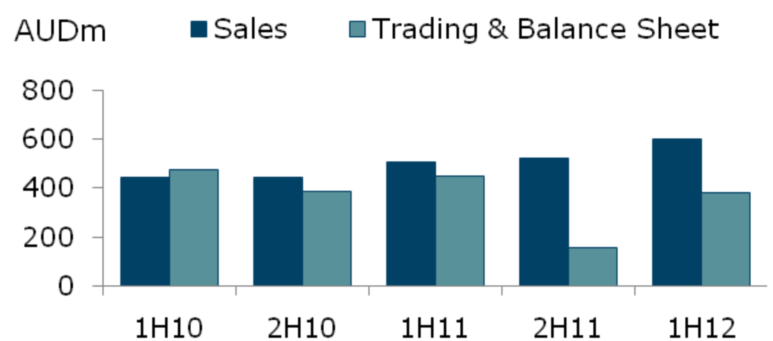
Cross border income



Growth in trade and supply chain



Global Markets revenue mix



Economics

Key economic themes

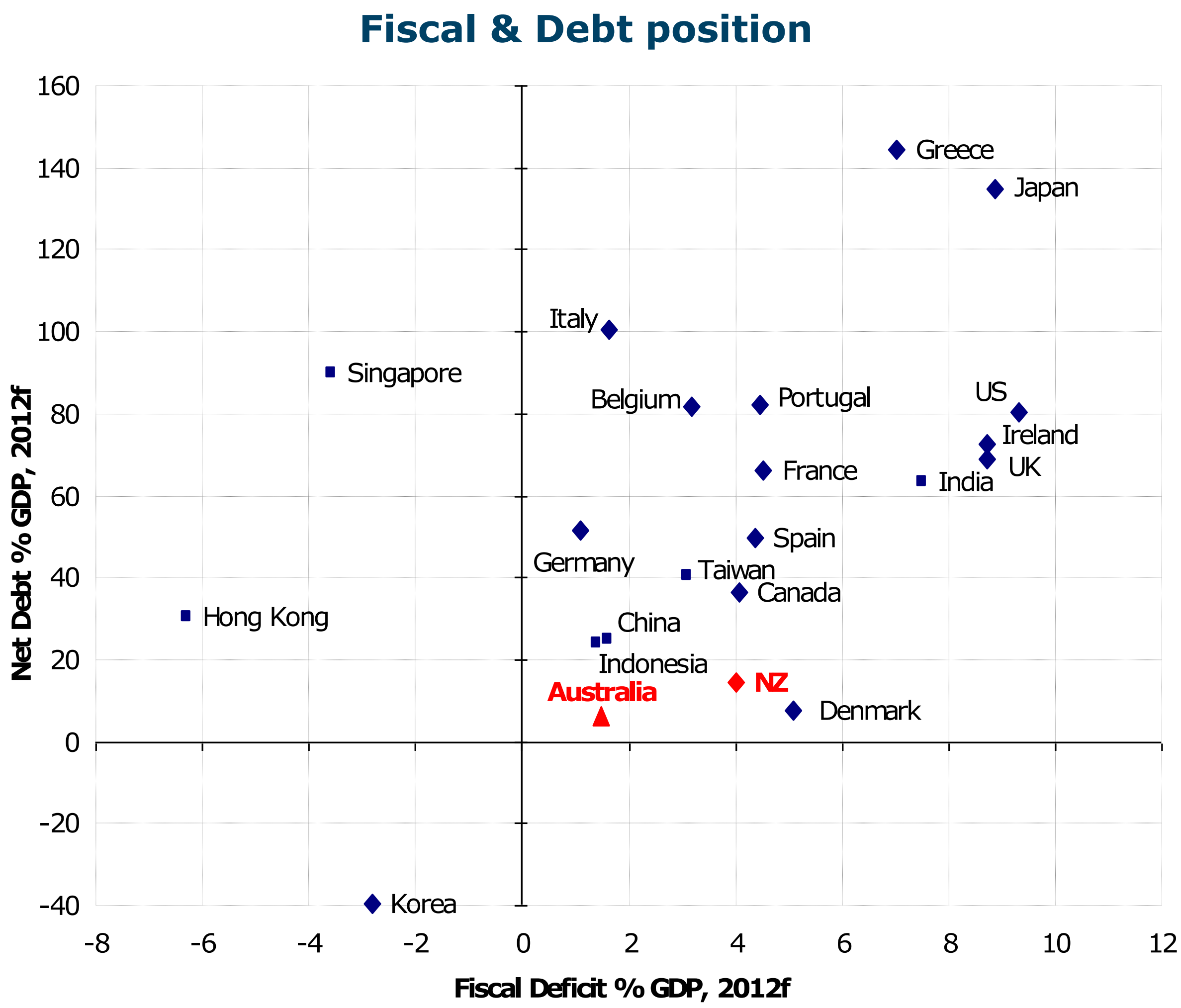
There are challenges for the Australian economy

- Two-speed Australian economy remains in force, overall relatively strong growth
- The record terms of trade / mining investment boom is offsetting weakness in sectors such as tourism, manufacturing, retail and services
- The strong $A and low levels of confidence are weighing on domestic demand
- Contagion from Europe is pushing up local credit costs. This is combining with the higher A$ to tighten financial conditions
- Some modest increase in unemployment possible given the restructuring going on in the Australian economy
- Commodity prices to drift lower – the next phase of the commodity boom is more about volumes than prices
- RBA's challenge is to balance mining boom, structural change, fiscal tightening, consumer caution / deleveraging, while maintaining low inflation and low unemployment!

However, Australia is in a very strong position to confront these challenges

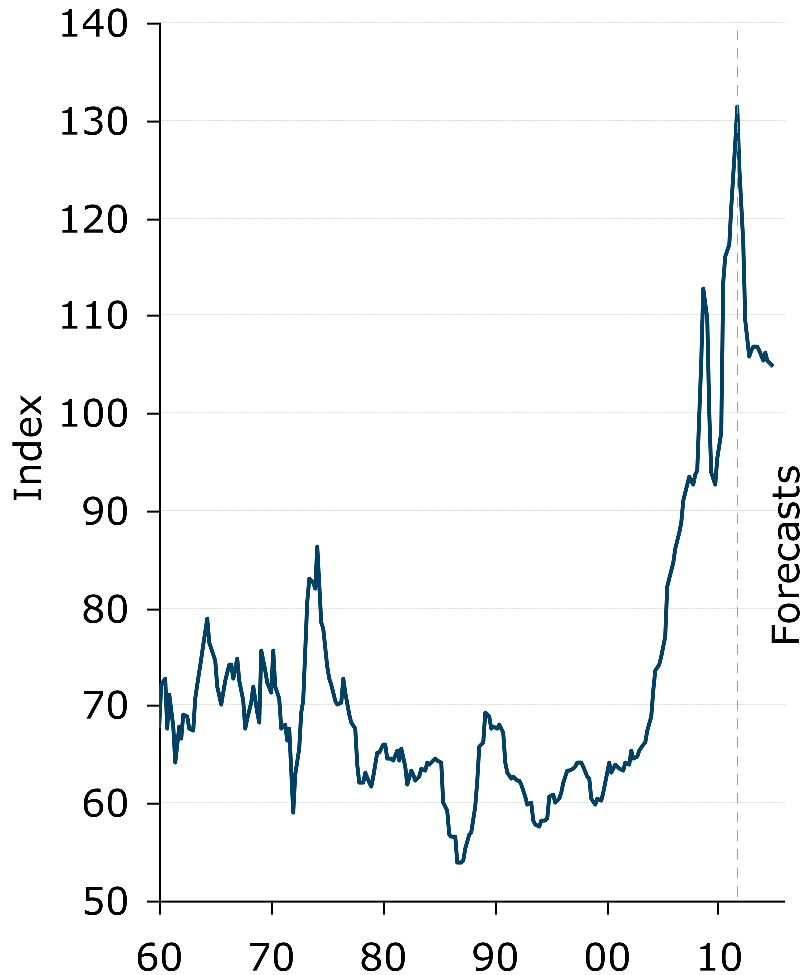
- Significant Policy ammunition available : both monetary and fiscal. Monetary policy is very effective given the predominance of variable rate borrowing by households
- Very strong government finances : strong AAA rating with very low government debt and expected budget surplus in 2013
- A strong (AA rated) and profitable banking sector
- Relatively limited direct trade and financial exposures to Europe
- stimulus from the resources boom and associated strong investment pipeline
- Population growth is re-accelerating

Australia remains in a very strong fiscal position

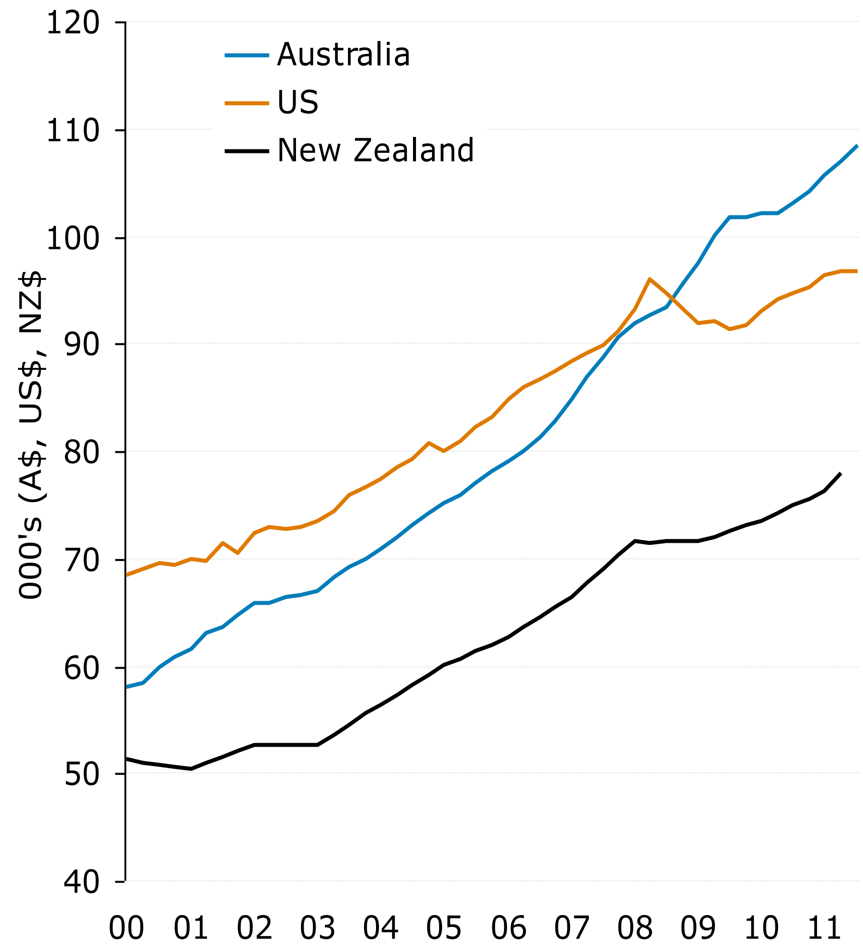


The Terms of Trade has driven the economy and resulted in strong income growth

Terms of trade since 1960



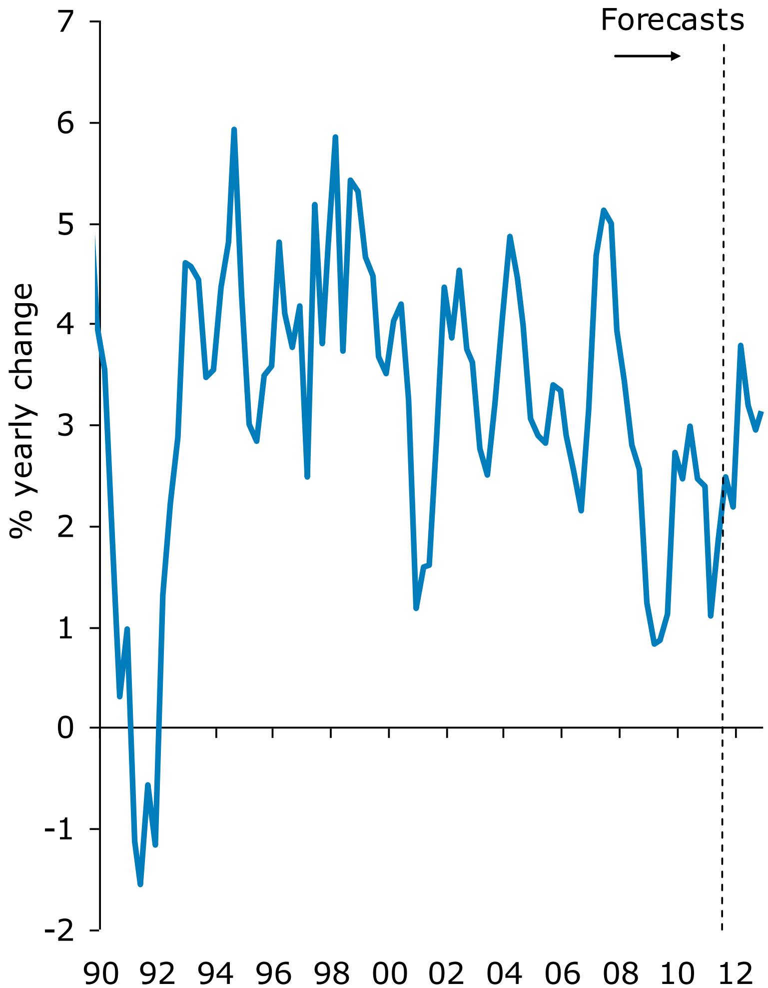
Income growth is continuing



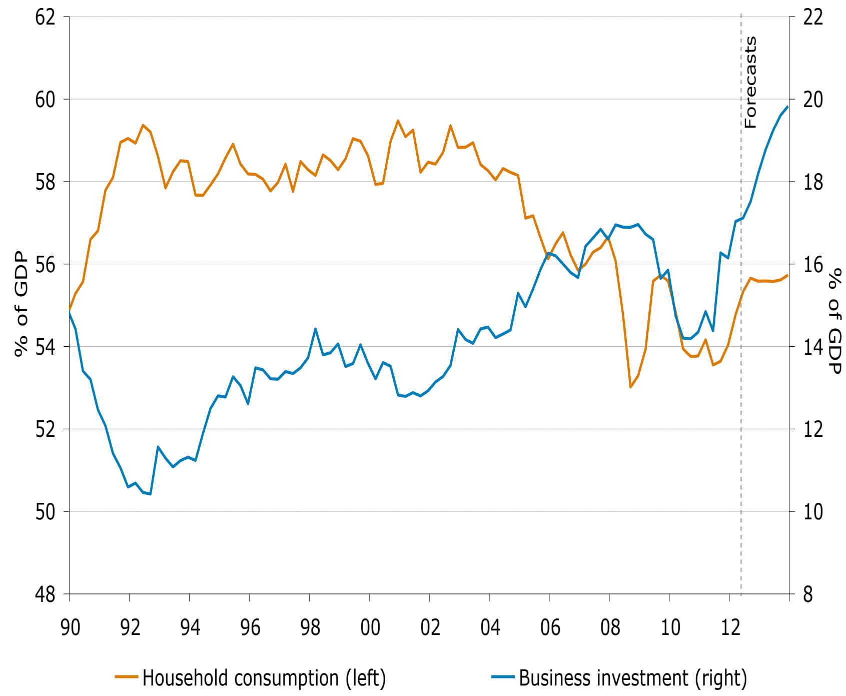
Source: ABS, RBA and ANZ

GDP growth likely to move back to trend levels, driven largely by investment growth

GDP growth

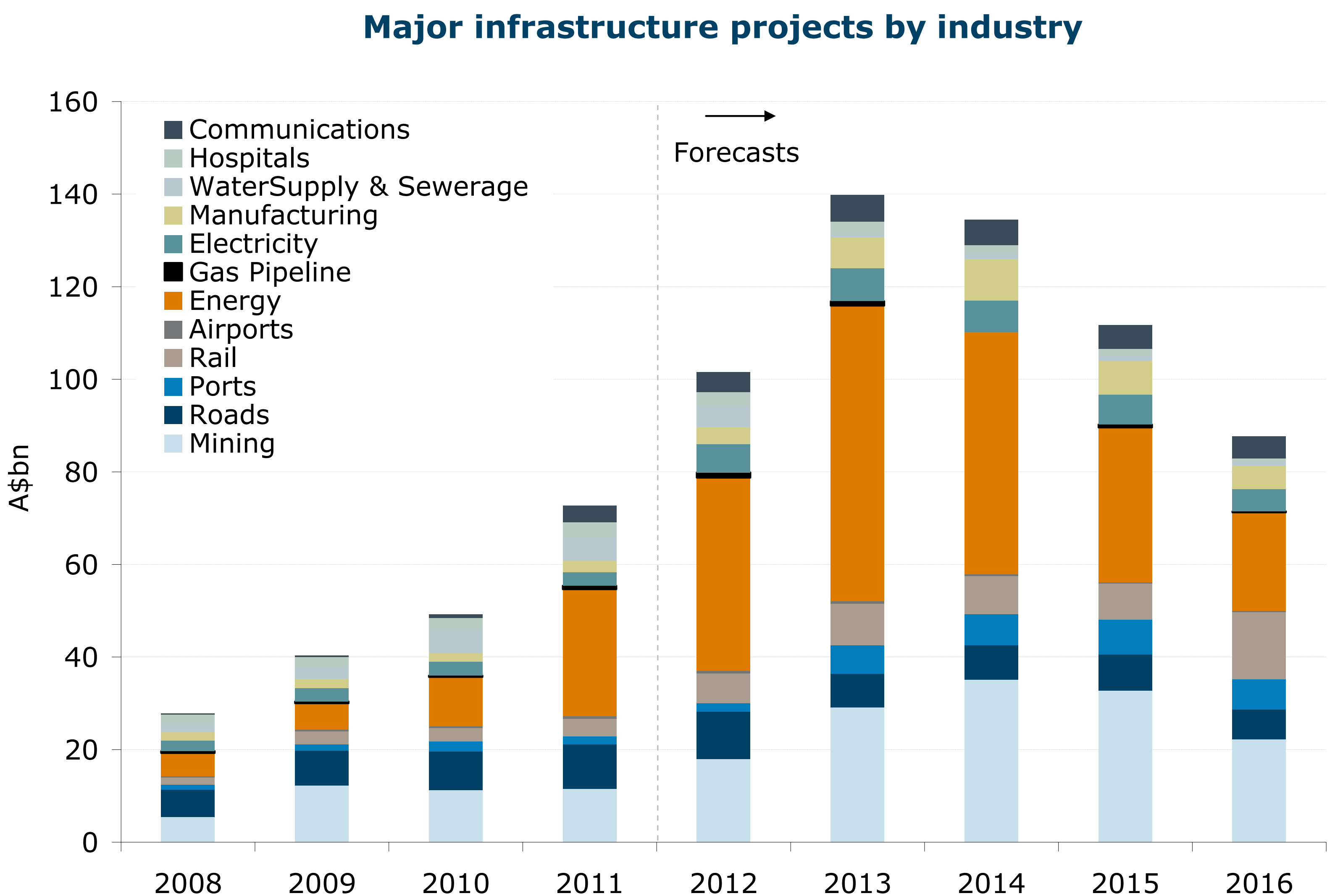


Business investment vs. consumption



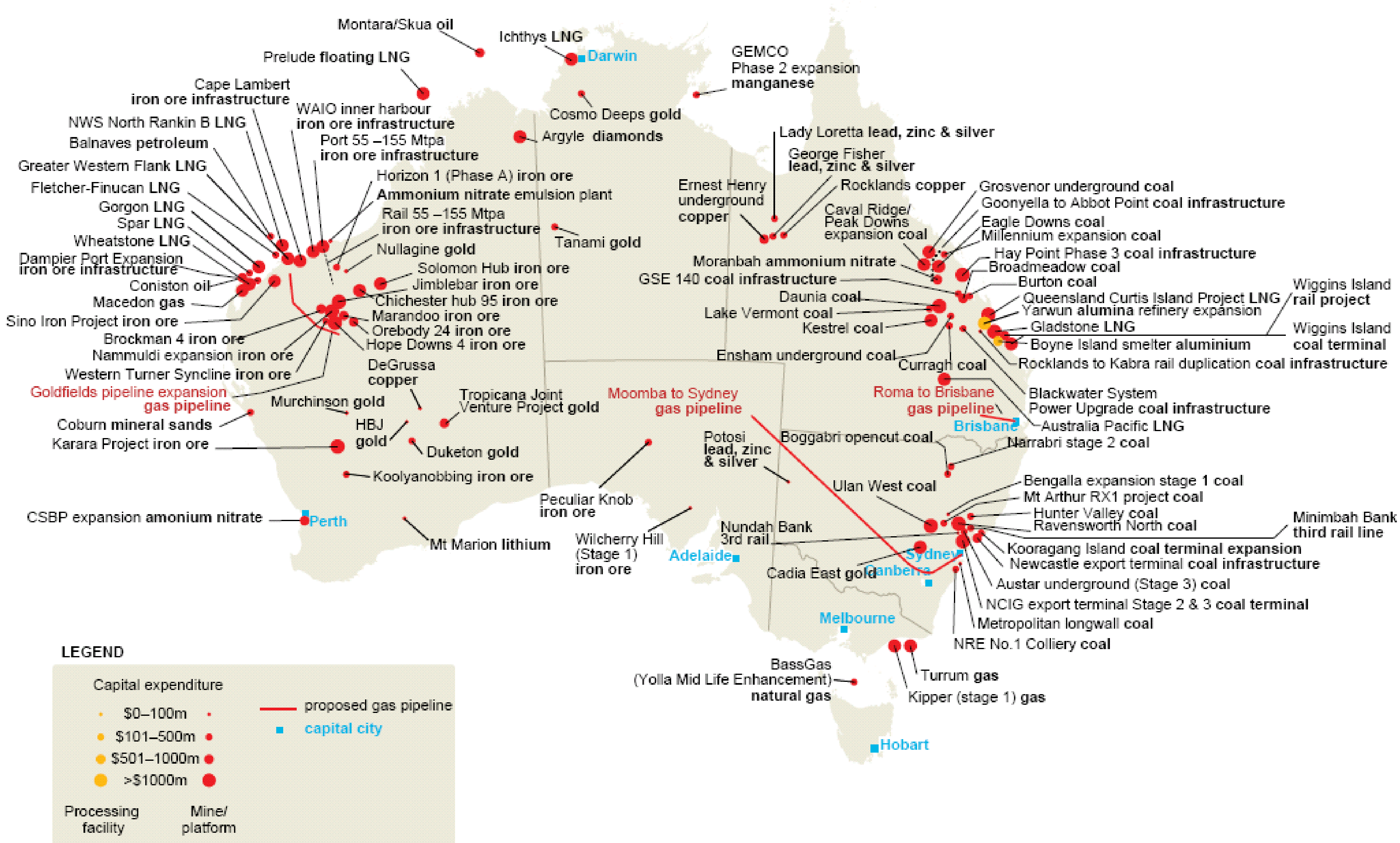
Sources: ABS and ANZ

This investment spend is in the mining, energy and infrastructure sectors



Sources: Access Economics and ANZ

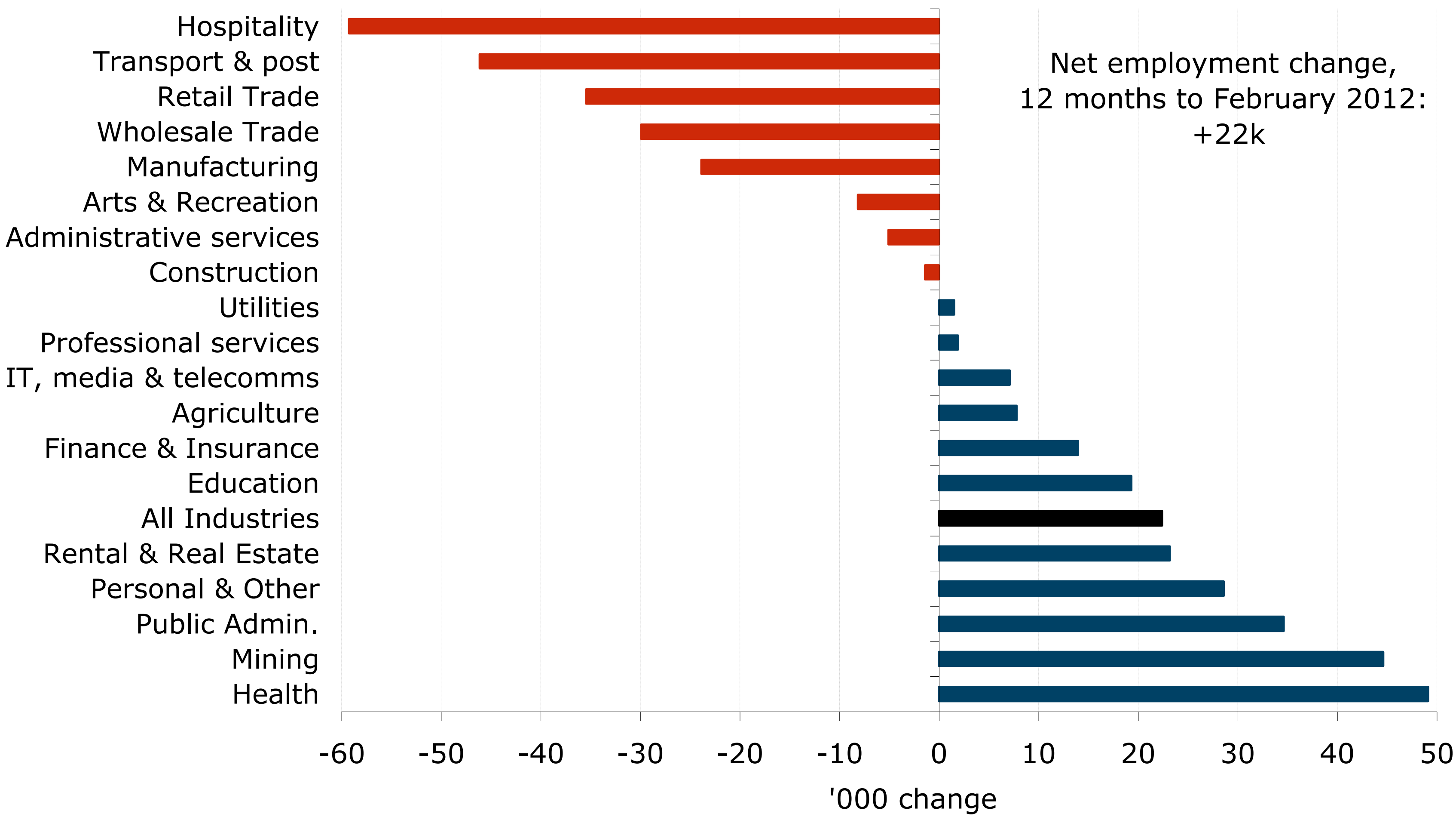
Major projects in mining and energy currently under way



Source: BREE

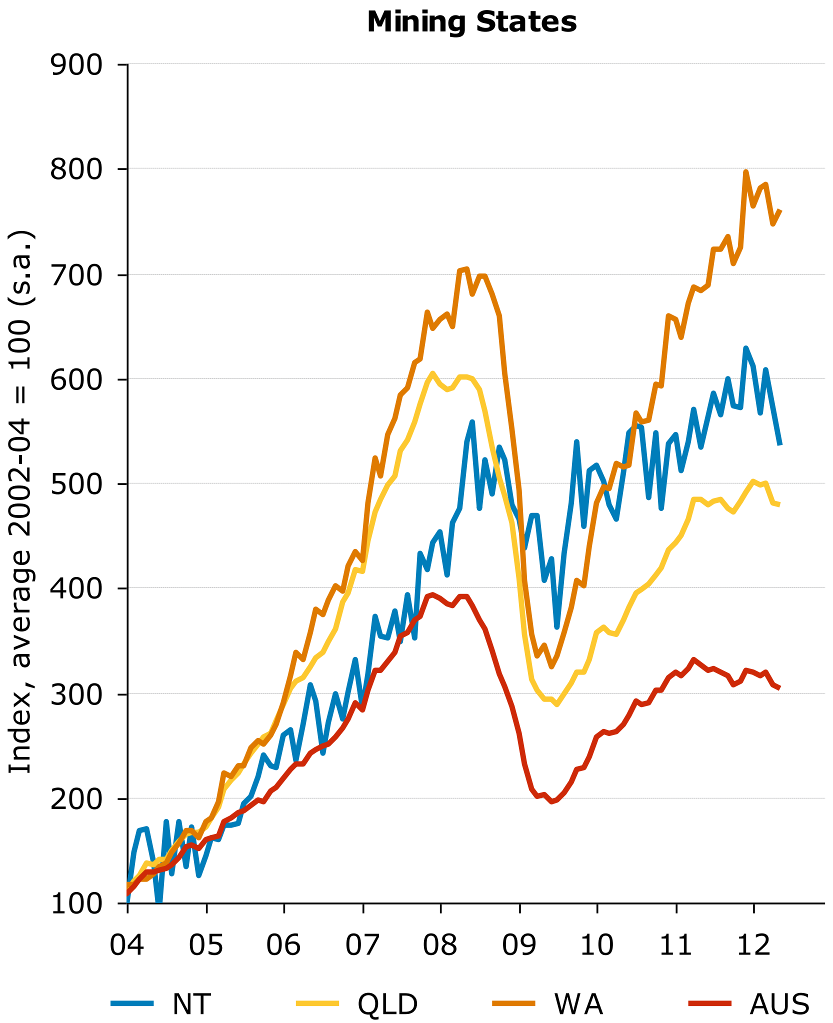
The Australian economy is grappling with the structural change associated with this 2 speed economy

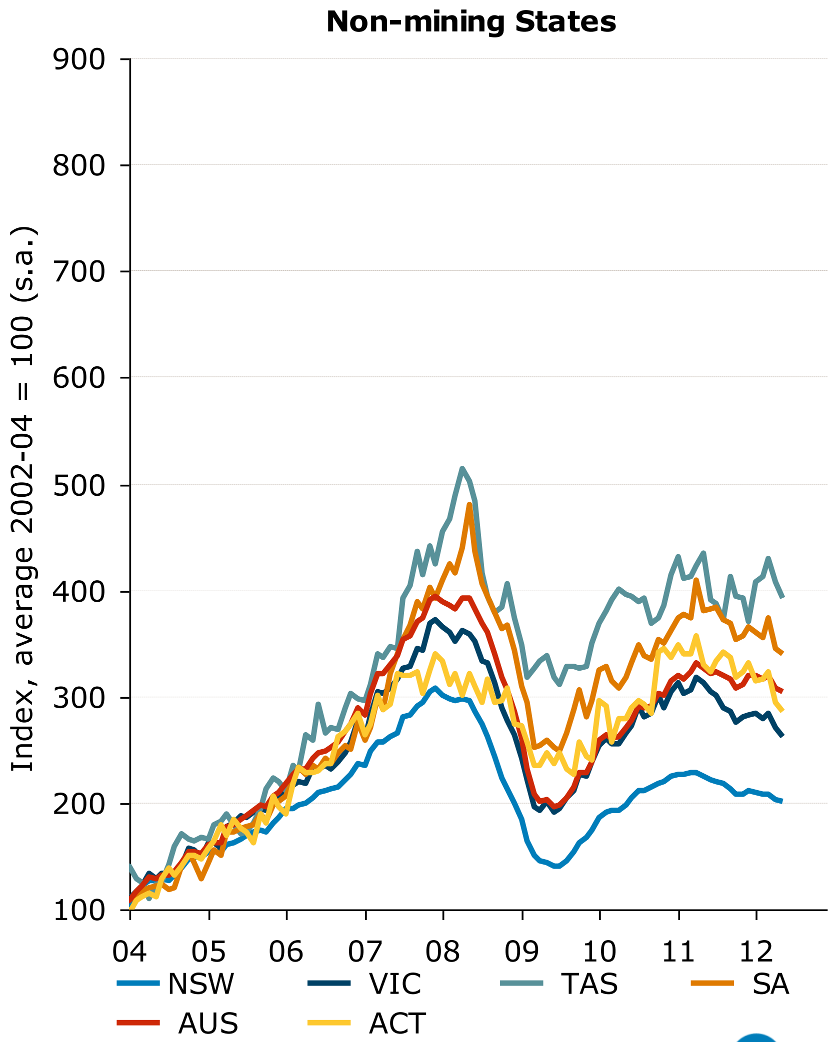
Employment growth by industry, 12 months to Feb 2012



Source: ABS and ANZ

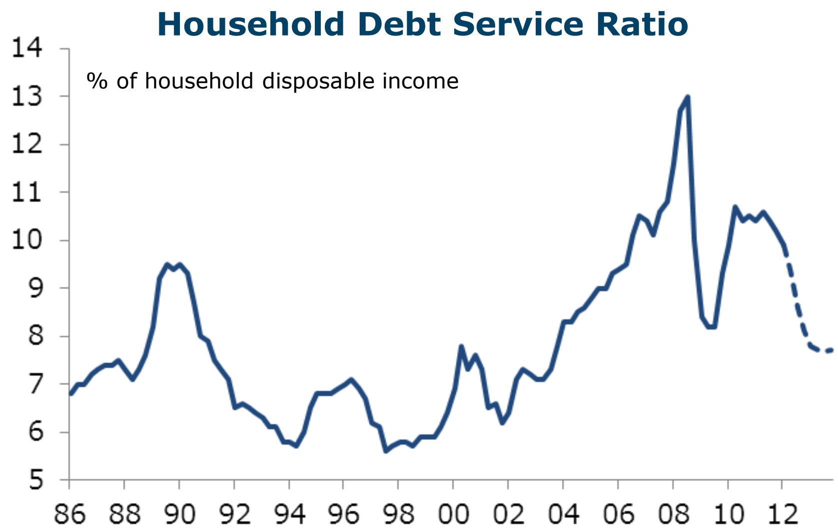
Job ads by state reflect this structural adjustment

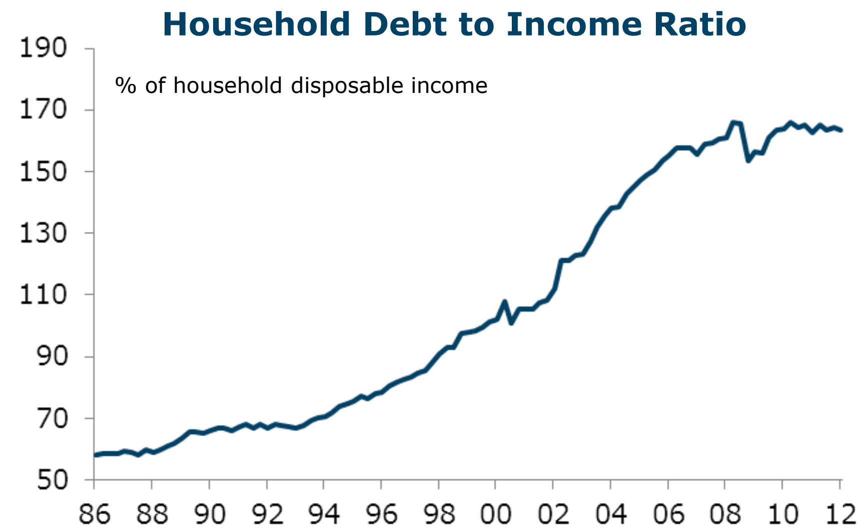


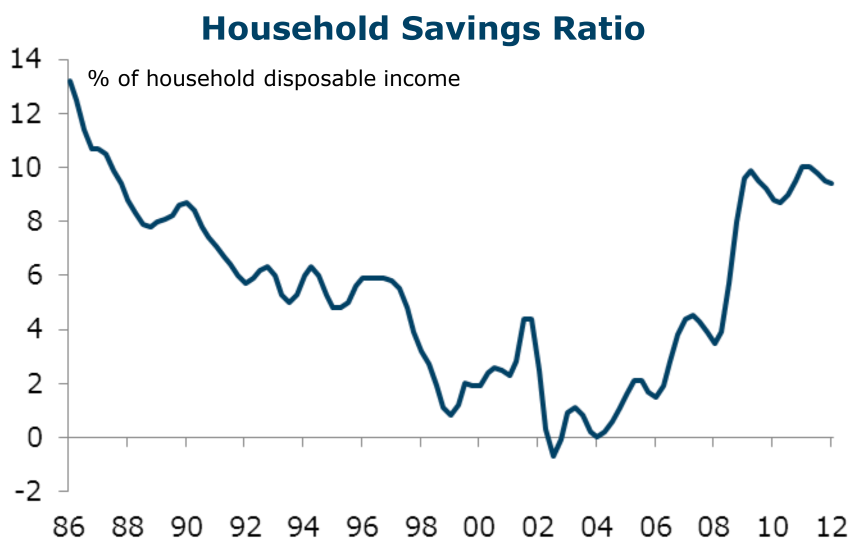


Source: SEEK and ANZ

Ongoing caution in the Household sector has seen an improvement across most ratios



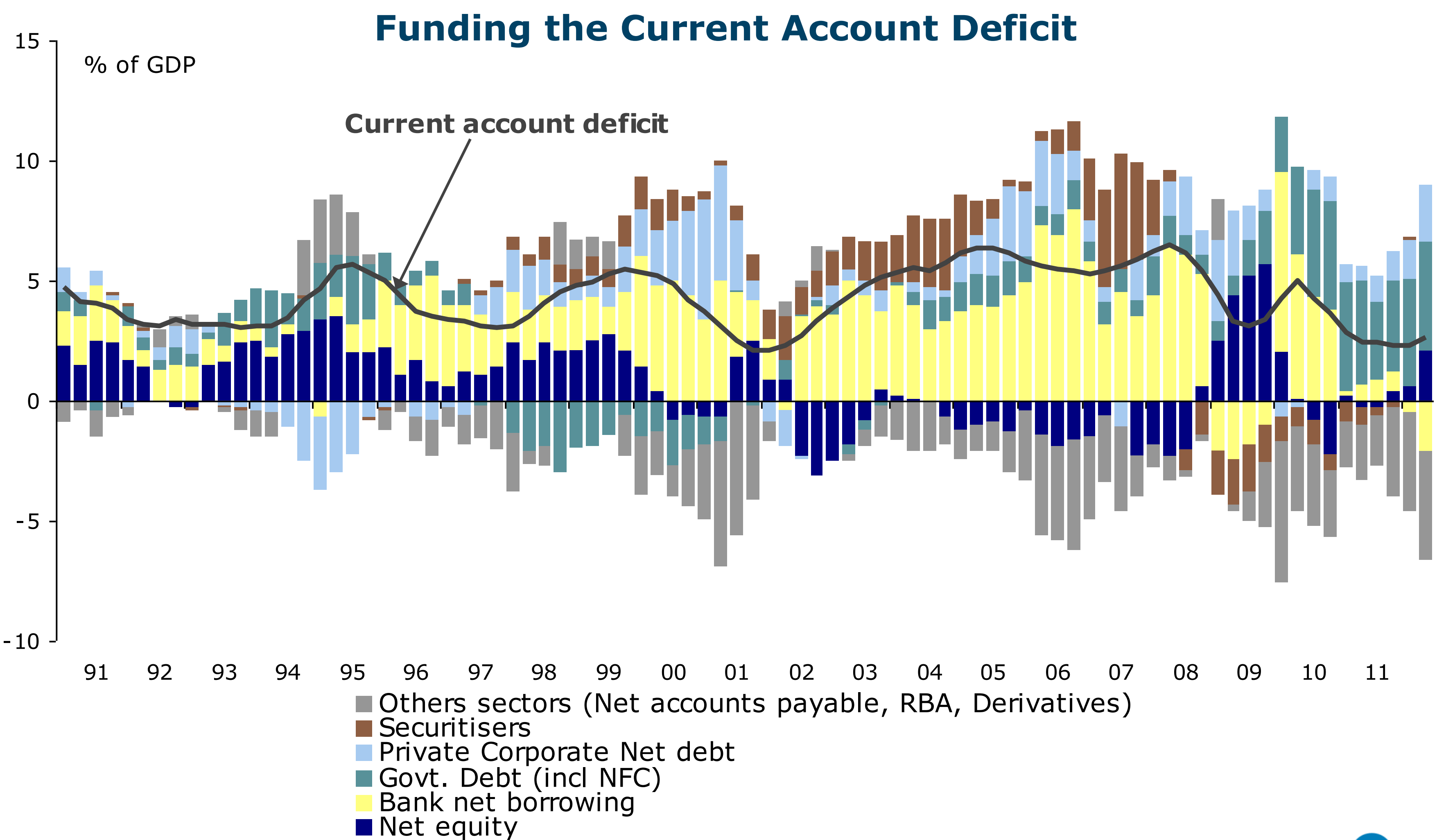




- As a result of lower interest rates, the household debt service ratio has declined
- Household debt to income has remained broadly stable since 2006
- Household savings ratio has reverted back to long term averages after abnormally low levels over the past decade

Sources: **ABS, ANZ Research**

Banks have become net repayers of offshore debt; Equity, government and corporates now fund the CAD

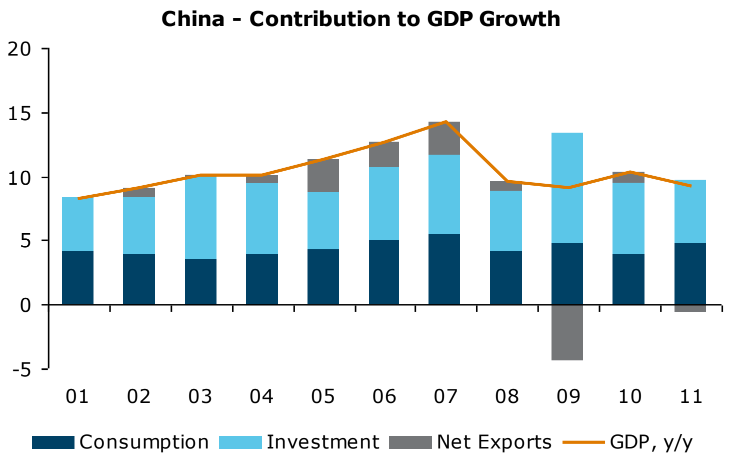


Source: ABS

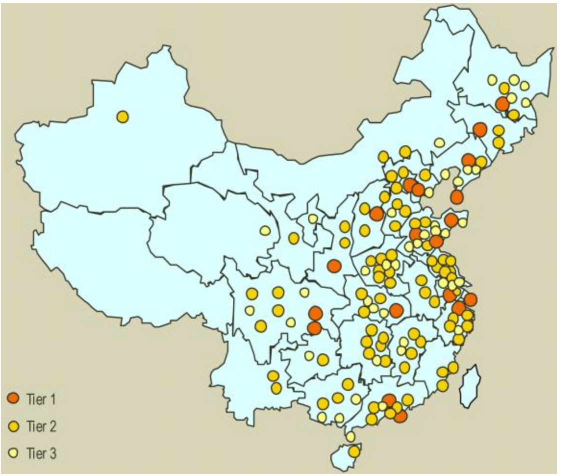
ANZ retains a positive view on China over the longer term

ANZ's view on China: Key themes

- As the Chinese economy grows and growth becomes more domestic orientated, we expect GDP growth rates to be 5 – 8% over the medium term rather than 7-10% which has been the case over the past 5 years.
- Consumption is likely to outperform on rising wages and tax reforms
- Investment growth will moderate but remains supported by public housing investment
- Inflation is key – monetary policy is expected to remain loose
- House prices are expected to continue to weaken and remain the weakest link in the Chinese economy
- Importantly, China's growth sustainability hinges on continued reform : enhanced flexibility of the RMB, interest rate liberalisation and an increased role for foreign and privately owned banks



China's growth is structural



2003 :
45 tier 1 – 3 cities

2025:
147 tier 1-3 cities

11 cities ~ 15 m

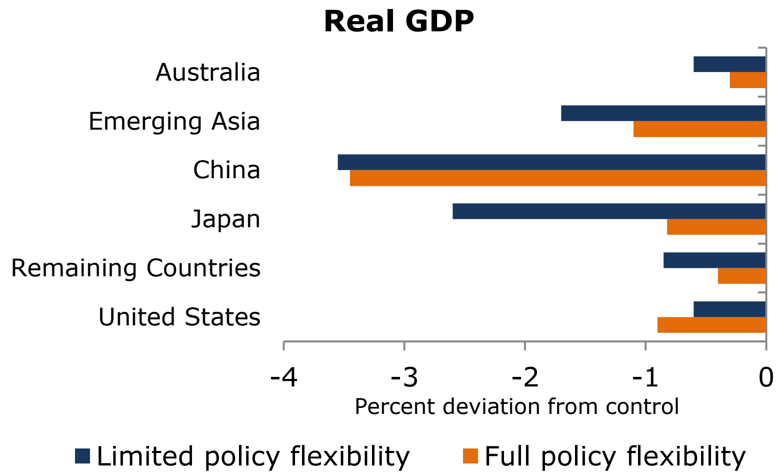
18 cities ~ 10 m

Source: BHP

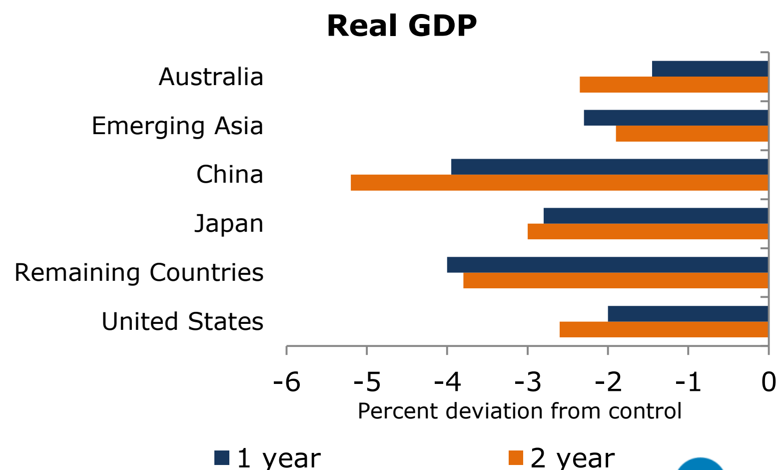
What does a slowdown in China mean for Australia ?

- While a hard landing is not ANZ's base case and our forecast for GDP growth in 2012 is ~8%, it is worth considering what would happen in the event of a hard landing in China.
- The **IMF** has published research into various slowdown scenarios and the impact on Australia. The key findings are illustrated on this page :
  - Case 1 : China slowdown to 6%
  - Case 2 : Global GDP falls by 3%
- The IMF research shows that a global downturn has a larger impact on Australia (and other countries) than a China specific shock
- ANZ has also commissioned modelling work with results similar to the IMF study
- We would also highlight the following points :
  - If the Chinese government responds with fiscal stimulus then Australia benefits as stimulus is typically investment driven
  - The investment pipeline in Australia over the next 2 years is committed which will drive GDP growth over the next couple of years
  - In any China hard landing or global downturn, Australia has 3 key policy responses to stabilise the economy

Case 1 : China shock

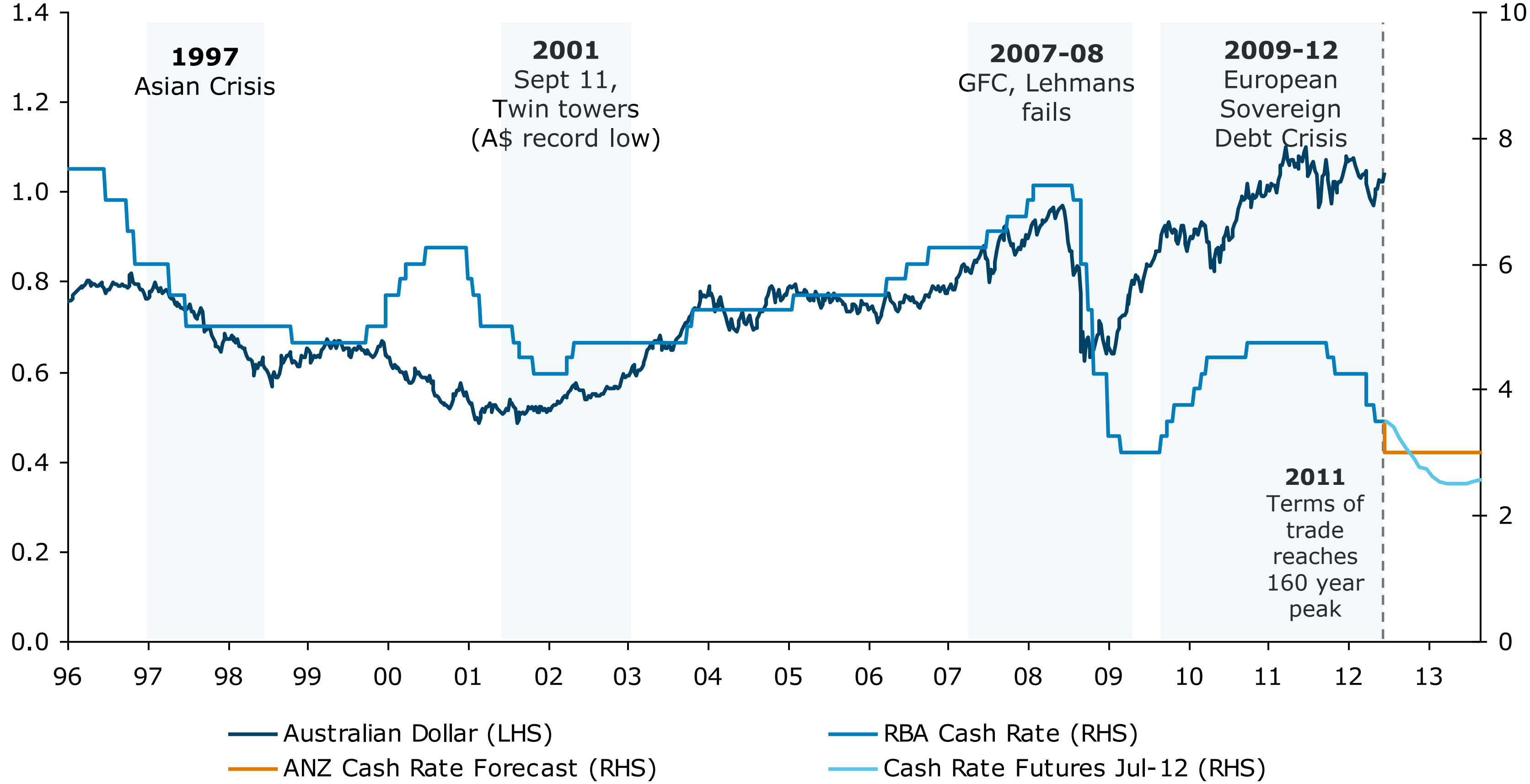


Case 2 : Global downturn



In addition to fiscal policy, The Australian economy has 2 other policy adjustments to offset global shocks

Australian dollar vs. RBA cash rate

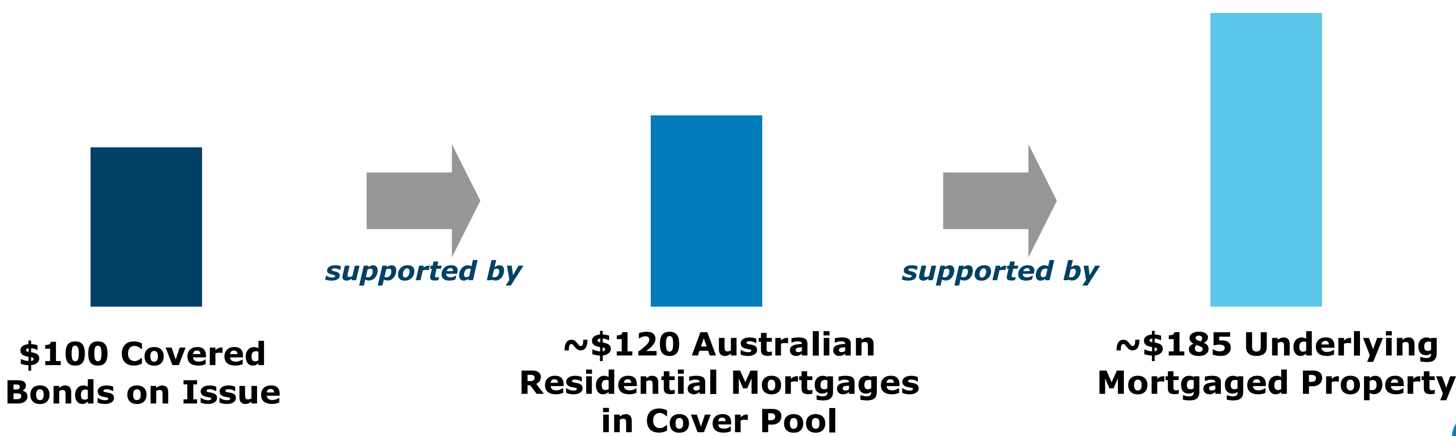


Covered Bonds

Australian Covered Bonds have a number of elements of structural support

- ✓ Dual recourse
- ✓ Legislative framework
- ✓ APRA regulated
- ✓ AAA rating
- ✓ Residential mortgage collateral
- ✓ Indexed for property price movements
- ✓ High level of transparency
- ✓ Issuer rating downgrade protection

Illustration of Supporting Collateral Portfolio



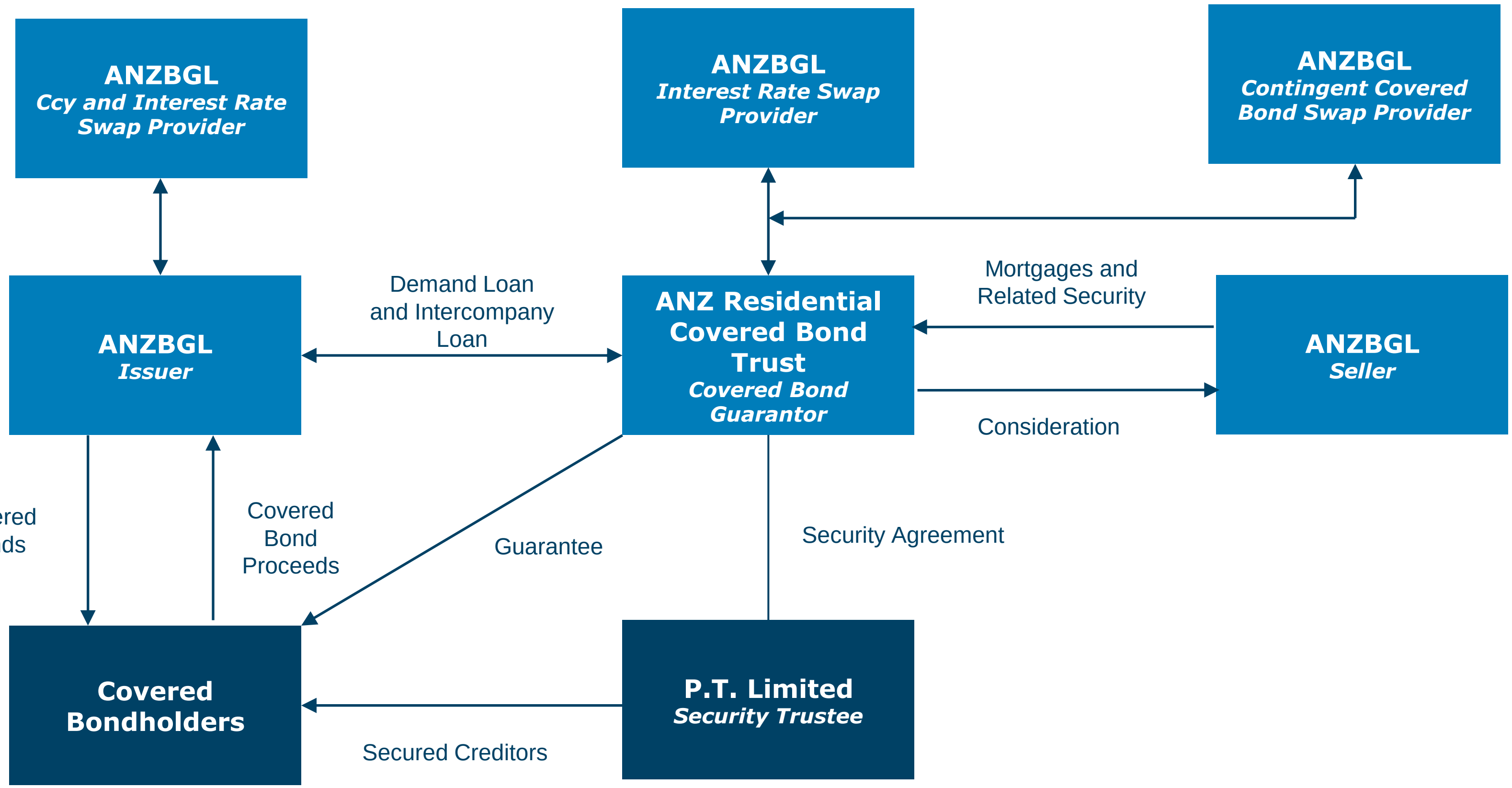
ANZ's Covered Bond Strategy

Rationale	**Diversification of investor base** • Access to AAA investor base - timely to assist in redemption of Government Guaranteed debt maturing from 2012 to 2014 • Reduces requirements for senior unsecured debt in offshore markets **Lengthen funding profile in a cost effective manner**
Metrics	**Based on ANZ's balance sheet size and legislative requirements:** • Cover pool limited to 8% of Australian assets • Provides capacity for ~$20bn of Australian covered bond outstandings • ANZ's Australian residential mortgage portfolio currently ~$180bn
Programme	**ANZ has established a US$20bn Australian covered bond programme** • Multi-currency capability, however initial focus on EUR, USD and AUD • Panel of dealers appointed to promote liquidity • Indexing is applied to the value of the covered pool • Only Australian residential mortgages, no commercial mortgages
Expected Execution	**Liquid yield curves established in AUD, EUR and USD via regular but not too frequent issuance** • Issuance of ~$5bn per annum (~25% of planned term debt issuance) • 1-2 transactions per year in each of EUR, USD and AUD markets • Focus on 5-10yr tenors for covered bonds, 2-5yr for senior unsecured

Australian Covered Bonds – Strong Character....

Structure	• Legislative framework comparable to UK ensures segregation of assets, limited eligibility criteria and oversight of programme • Dual recourse - a direct issue by ANZ and ring fenced collateral • Contractual arrangements provide further enhancements • Monthly Asset Coverage Test to ensure cover pool is sufficient • Ratings based triggers to ensure maintenance of collateral and liquidity
Ratings	• ANZ remained profitable through the global financial crisis • ANZ has stable issuer ratings of AA (S&P)/Aa2 (Moody's)/AA- (Fitch) • ANZ programme rated Aaa (Moody's)/ AAA (Fitch) • Significant leeway to maintain programme rating
Cover Pool	• ANZ programme restricted to Australian 1st ranking residential mortgages • Over-collateralisation (ANZ currently ~20%) • Residential portfolio demonstrates low losses through various cycles • Strong underwriting standards maintained in the market (no sub-prime) • High transparency with monthly reporting
Markets	• Supply from Australian issuers limited, expected to be ~$130bn • Australian banks have issued in USD, Euro, AUD, GBP, CHF, NOK • Price curves developed across a range of maturities

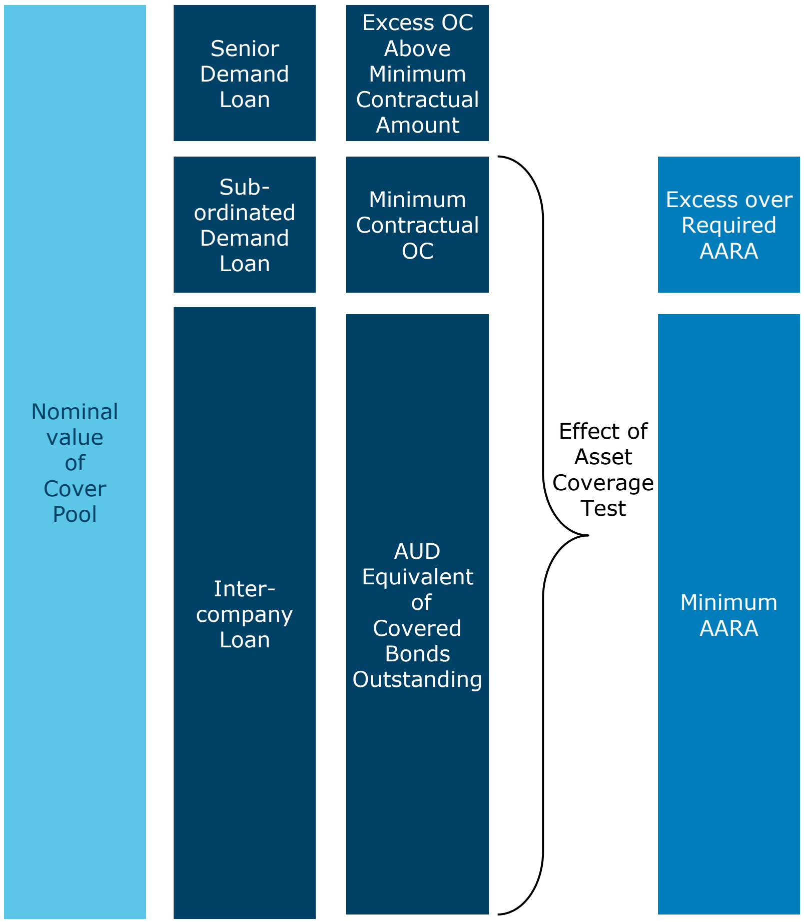
Programme Structure



Programme Structural Enhancements

Collateral	• Prior to a Notice to Pay, the **Asset Coverage Test** used to ensure sufficient assets to support the value of outstanding covered bonds • After a Notice to Pay, the Amortisation Test to ensure sufficient cash to pay any maturing bonds
Indexation	• Value of assets are adjusted to reflect changes in the house price index • Indexing is applied using a similar procedure to UK programmes, with 100% of any loss and 85% of any gain applied • Housing Loans in arrears by more than 90 days receive zero value
Interest Rate Swap	• To hedge interest flows on the cover pool to cover the AUD payment obligations of the Trust • Provided by ANZ to the Trust
Covered Bond Swap	• To manage currency and/or interest basis risk • Provided by ANZ to Trust as a Forward Starting Covered Bond Swap
Ratings Triggers	• Purpose is to maintain credit quality of counterparties • Requires ANZ to post collateral for swaps and/or be replaced • Requires ANZ to provide liquidity to the Trust for redemptions and payments of interest • Potentially requires ANZ to replace itself as servicer and bank account

Cover Pool and the Demand Loan structure



- The Asset Coverage Test ("ACT") is an ongoing test to ensure Adjusted Aggregate Receivable Amount ("AARA") is equal to or greater than AUD equivalent of Covered Bonds outstanding
- The AARA is determined by applying a collateral "haircut" using the "Asset Percentage" which corresponds to the contractual minimum over-collateralisation
- The minimum AARA is for the benefit of bondholders and APRA has no rights with respect to this portion of the cover pool
- The cash equivalent of the excess AARA over the minimum AARA represents voluntary over-collateralisation, and is funded through the senior demand loan
- The senior demand loan can be called by the issuer, or if directed by APRA, for immediate repayment

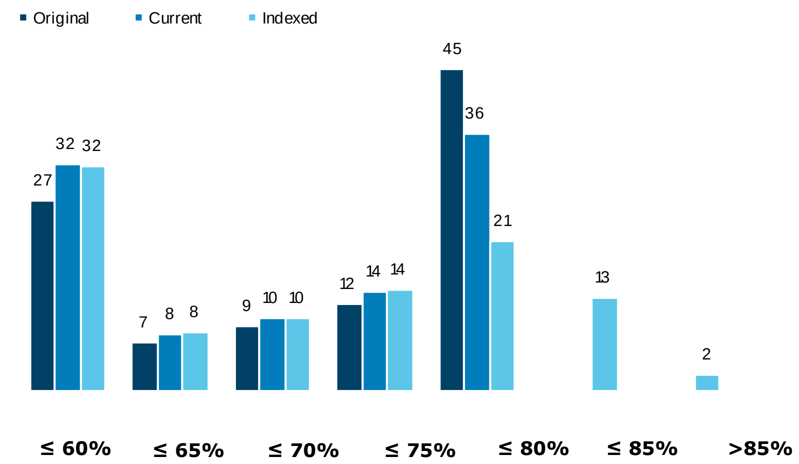
Issuer Event of Default and Covered Bond Guarantee

Issuer Events of Default	Include: • Default in principal or interest for 7 days • Fail to perform obligations for 30 days • Winding up, encumbrancer takes possession of all assets • Bankruptcy proceedings • An uncured breach of ACT
Following an Issuer Event of Default	• Service of an Issuer Acceleration Notice to the Issuer will accelerate claims against the Issuer but not the Guarantor. The bonds do not accelerate. • Bondholders may immediately claim against the Issuer for the full Early Termination Amount and rank pari passu with ANZ's senior unsecured debt • Any money obtained under that claim is paid to the Guarantor for payment on bonds as they fall due
Activation of the Covered Bond Guarantee	• Following an Issuer Acceleration Notice, the Trustee may serve a Notice to Pay on the Covered Bond Guarantor • Investors receive payment of interest and principal under the Covered Bond Guarantee according to the original payment schedule as if no Issuer Event of Default had occurred • To the extent the Covered Bond Guarantor has insufficient funds to repay in full Covered Bonds on the Maturity Date, the unpaid amount of Covered Bonds will be deferred and shall be due and payable 12 months later (or earlier if the CB Guarantor has sufficient funds). This provision does not apply to Hard Bullet Covered Bonds.

Covered Bond Pool : Composition and qualifying criteria

Portfolio Summary at 24-July-2012	
Covered Bond Pool	$10,012m
Covered Bonds on issue	$6,595m
Average loan size	$277,063
Weighted Ave Current LVR	64.08%
Weighted Ave Indexed LVR	64.43%
Weighted Ave Seasoning	15.02 months
Min Required AP% / OC%	82.7% / 20.92%
Owner-Occupied / Investment	77.4% / 22.6%
Full-Doc loans	100%

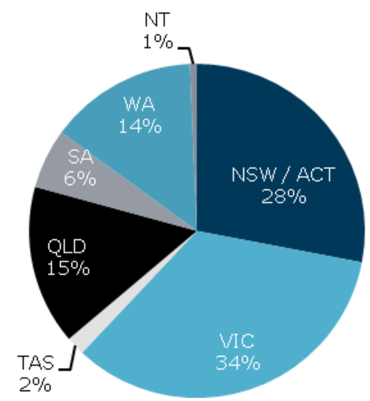
Weighted Average Original/Current/Indexed LVR %



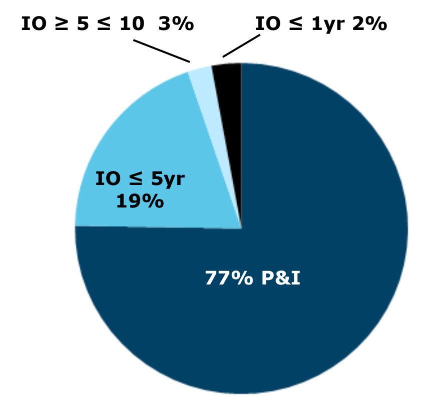
Qualifying Loan Criteria

- **Due from a natural person resident of Australia**
- **Repayable in Australian Dollars**
- **Fully drawn**
- **Term does not exceed 30 years**
- **Current principal balance <= $2,000,000**
- **Secured by a registered 1st mortgage**
- **Residential dwelling which is not under construction (excluding permitted renovations)**
- **The loan is not > 30 days in arrears**
- **The sale of the loan does not contravene or conflict with any applicable law**
- **The Borrower has made at least one interest payment on the loan**

Geographic Spread (State / Territory)%



Amortising vs Interest Only



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