



A very
different bank

2006 Annual Results

Australia and New Zealand
Banking Group Limited

26 October 2006

John McFarlane
Chief Executive Officer

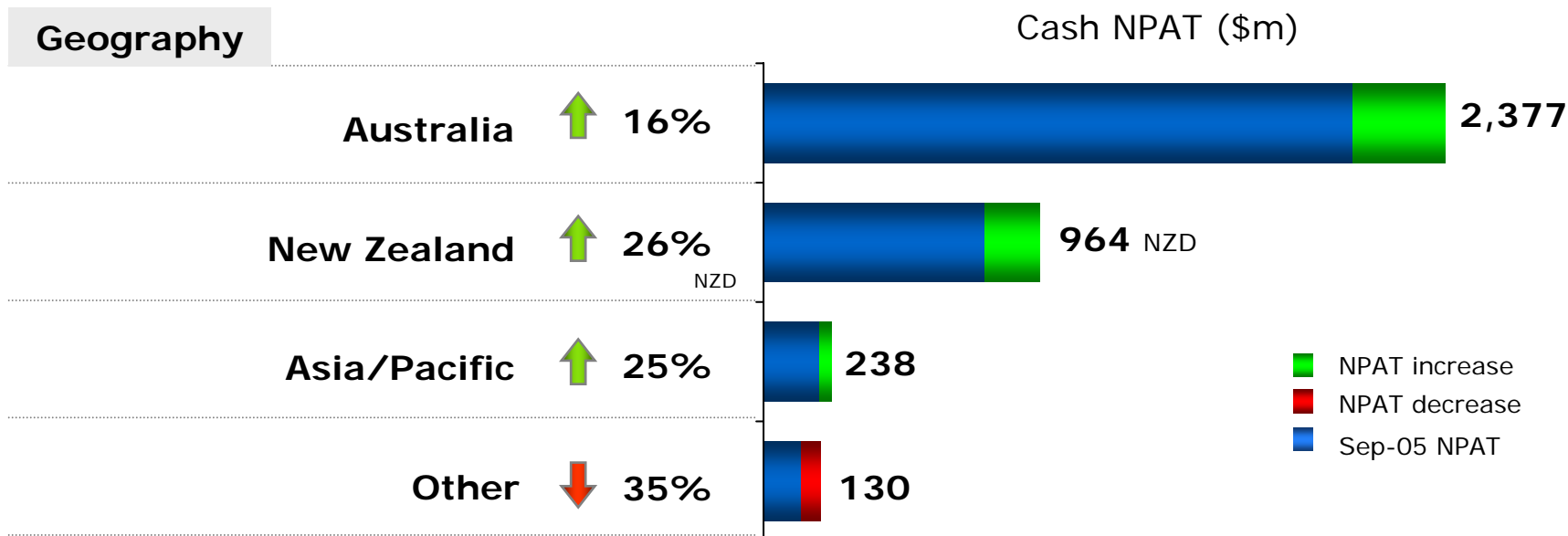
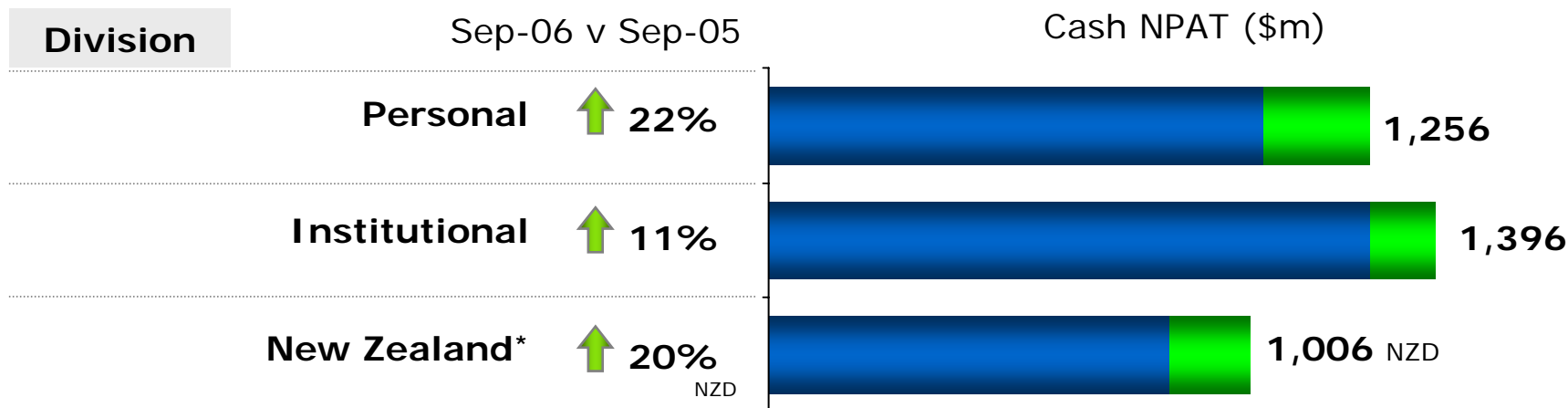
A good year – met our targets again

Headline profit	↑	16.2%
Cash* profit	↑	13.8%
Revenue Growth	↑	8.4%#
Profit Before Provisions	↑	10.4%
Cash* EPS	↑	13.2%
Dividend	↑	13.6%

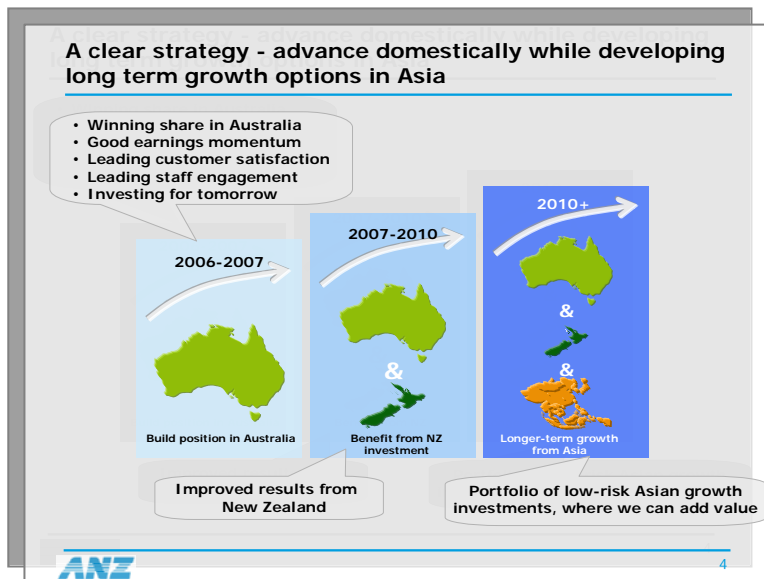
Return on equity back above 20%

Cost-Income ratio improved by 1.0%

Good performance from divisions



Innovative strategy delivering results



But some areas where we need to do more

- Speed up Asian expansion
- Advance wealth and private banking

Australia

- Personal outstanding, engine of group revenue, high customer satisfaction
- Institutional regained #1 position

New Zealand

- Good operational momentum
- Financial results earlier than expected

Asia/Pacific

- Asia – 26% revenue growth
- Pacific – 15% revenue growth
- Partnerships creating value
 - Sacombank & Panin valued well above book
 - 1m credit cards now on issue in Asia

Invested against the trend

- Now seeing the payback
- Accelerated investment spend in 2nd half
- Considerable investment in de-risking contributing to lower provisions

Building a sustainable difference

Invest to increase revenue growth

- Maintain high expense growth trajectory
- Maintain investment and revenue gap to peers
- Resources directed to highest growth areas

Improve cost and capital productivity

- Dynamic capital and expense allocation process
- Leverage Bangalore operations and technology campus
- Roll out end-to-end process re-engineering capability

Advance our stakeholder foundation

- ANZ people and culture now a competitive advantage
- Difficult and expensive to replicate
- A leader with customers and in corporate responsibility

Updated Targets

Revenue growth	7-10%
Cost Growth	5-7%
ROE	>20%
Cost to Income	<40%



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Peter Marriott
Chief Financial Officer

A quick reminder – it's not all 'apples and apples'

1 October 2005

AASB 139, 132 & 4 come into play, Sep-05 not restated for these standards

1 October 2006

Changes to treatment of revenue hedges

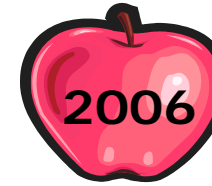
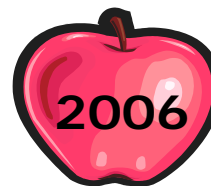
Sep
2005

Mar
2006

Sep
2006

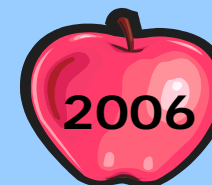
Statutory IFRS Accounts

2005 not restated for AASB 139, 132, and 4







Fully Comparable IFRS Accounts

We have applied all standards to 2005 to generate meaningful cash earnings comparatives

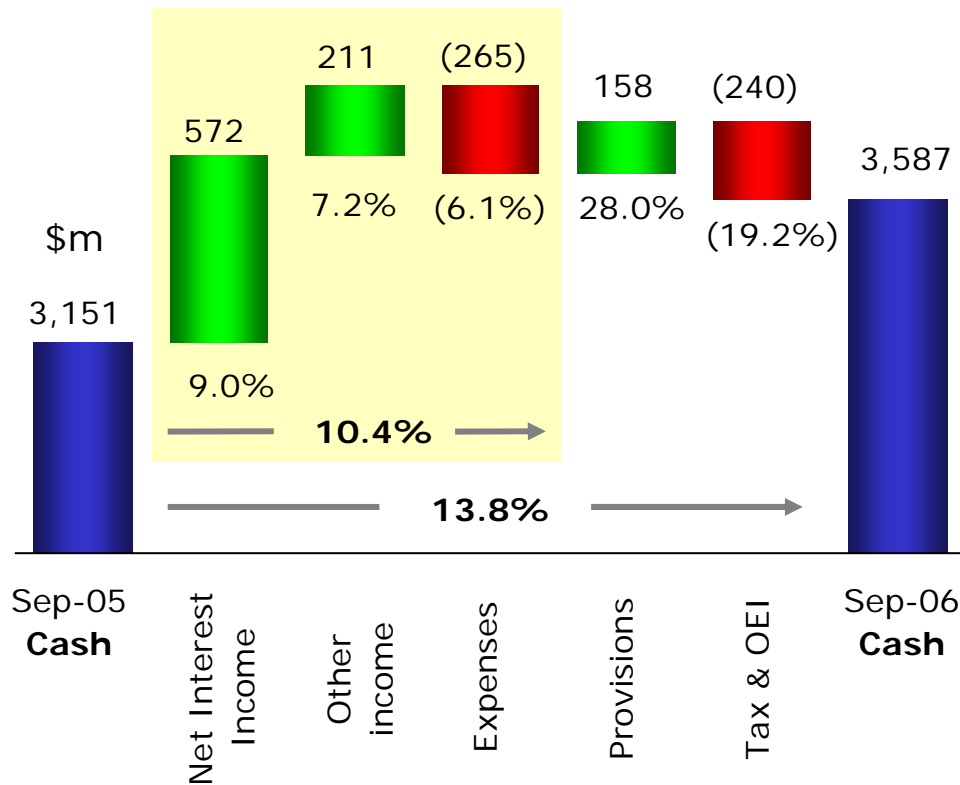


Lack of comparability YOY a real issue eg:

- Change in margin  1 bp (statutory)  9 bp (fully comparable)
- Other income growth  -10% (statutory)  7% (fully comparable)

A good result - 13.8% cash earnings growth; 10.4% profit before provisions growth

Strong income growth allowing continued investment



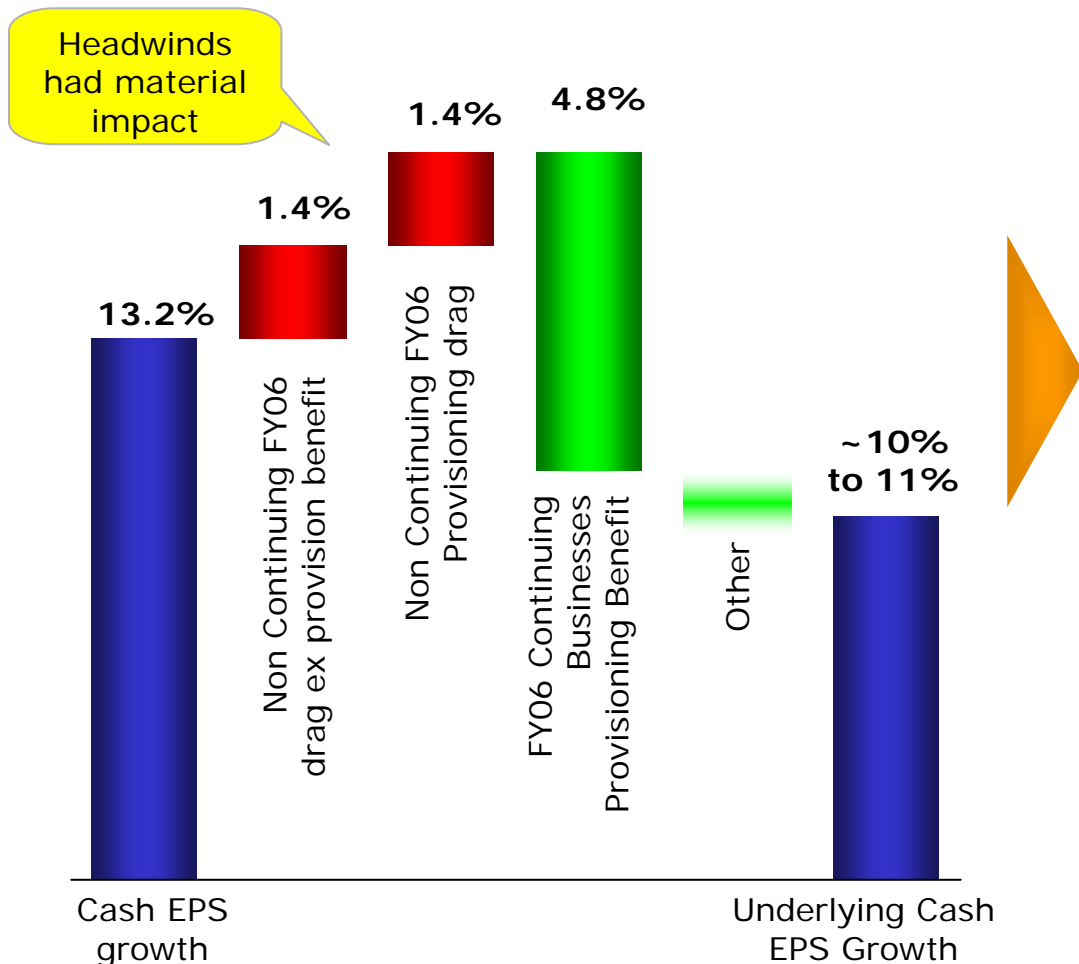
HOH Growth	6.1%	1.3%	(3.9%)	18.3%	(7.8%)	7.2%
Profit before Provisions				5.2%		

Scorecard	FY06	2H06
Volume Growth	✓ ✓	✓ ✓
Interest Margin	✓	✓ ✓
Non Int. Income	✓ ✓	✓
Expenses	✗	✗
Provisions	✓ ✓	✓ ✓
Tax	✓	✓
Cash EPS	✓ ✓	✓ ✓

- ✓ ✓ - Favourable to expectations
- ✓ - In line with expectations
- ✗ - Unfavourable to expectations

Another way to think about this result

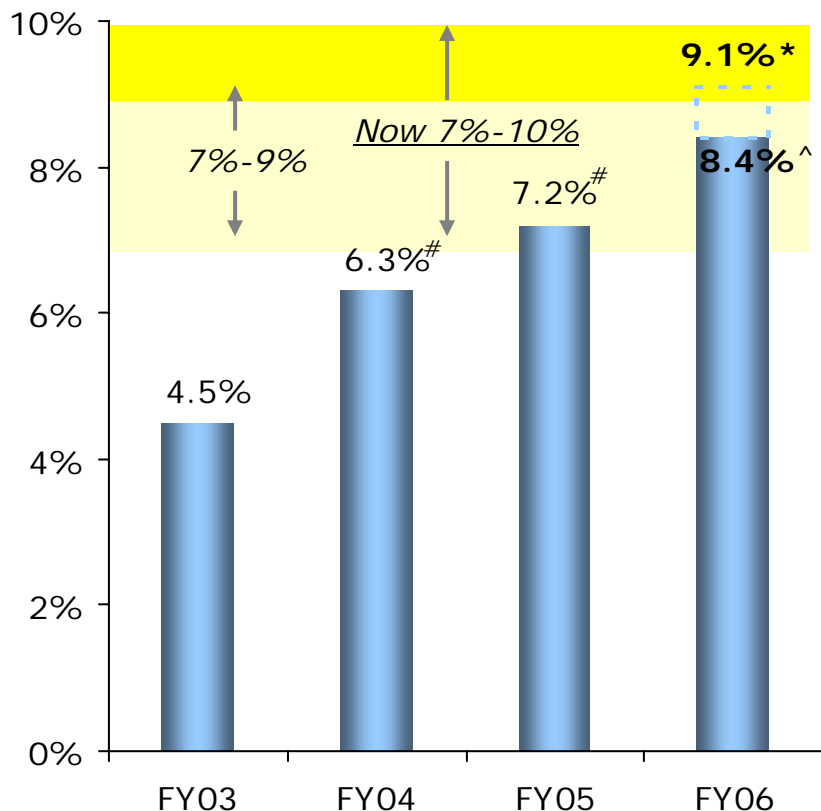
A good result even without provisioning benefit



- 10%-11% a better reflection of underlying trajectory
- In line with PBP growth of 10.4%
- Can't completely ignore provisioning impact - partly reflects de-risking benefits coming through
- Very good result given level of investment in the franchise

Strong revenue growth the highlight, 9.1% FX adjusted

Top end of Revenue target revised upwards, now 7% to 10%



Strong revenue growth across the Group

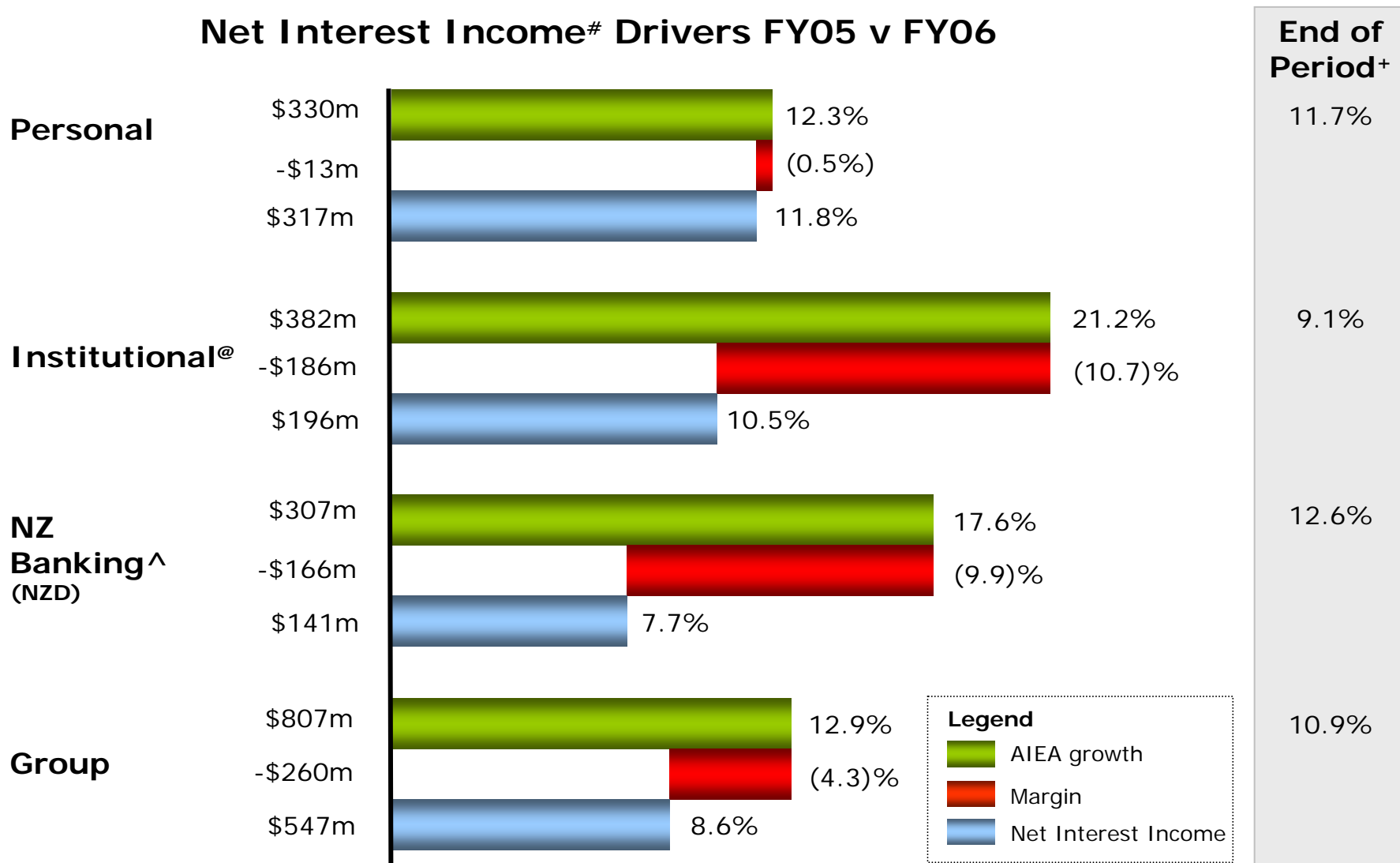
(FY06 ANZ League Table -Top 10 Performers)

Business	Revenue Growth
Investments & Insurance	23%
NZ Institutional**	23%
Pacific	18% [^]
Private Bank	18%
Consumer Finance Aust.	15%
Mortgages	15%
Markets	15%
Corp & Structured Financing**	12%
Small Business Banking	12%
Banking Products	11%

■ Personal ■ New Zealand
■ Institutional ■ Partnerships & Private Bank

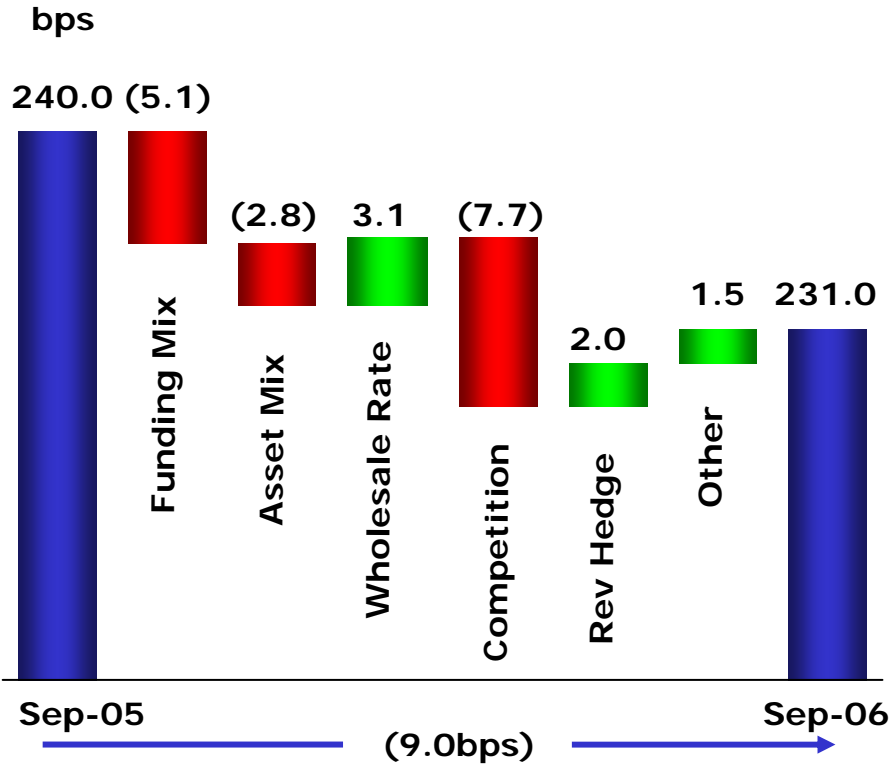
Good volume growth offset by Institutional and New Zealand margin pressure, mainly in first half

Net Interest Income# Drivers FY05 v FY06



Margin decline in line with expectations, improvement in second half

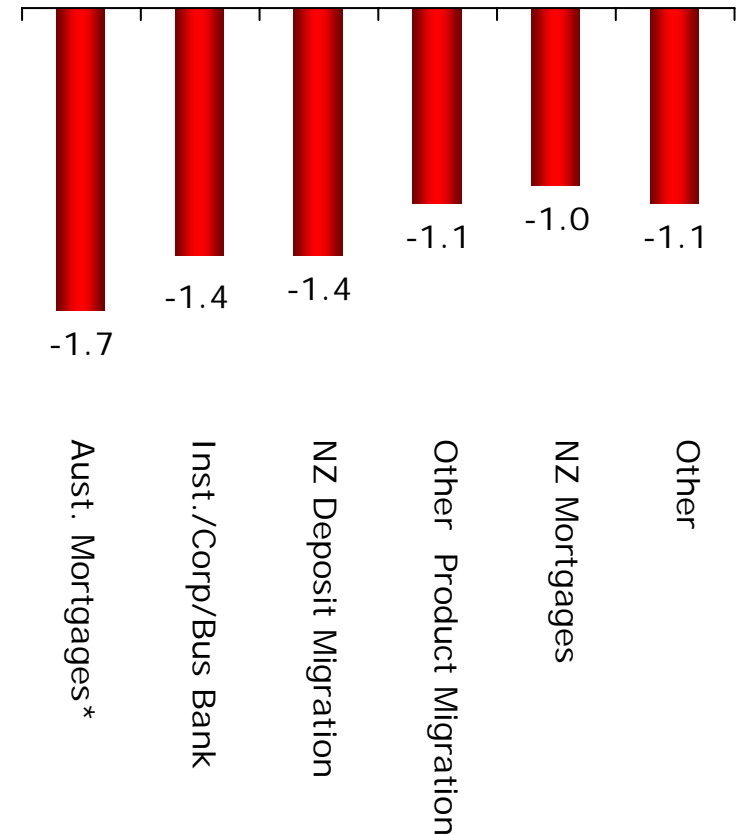
Lower competitive intensity in NZ, partly offset by increase in Australia



Half on Half 4bps[^]

Competition impacts in all segments

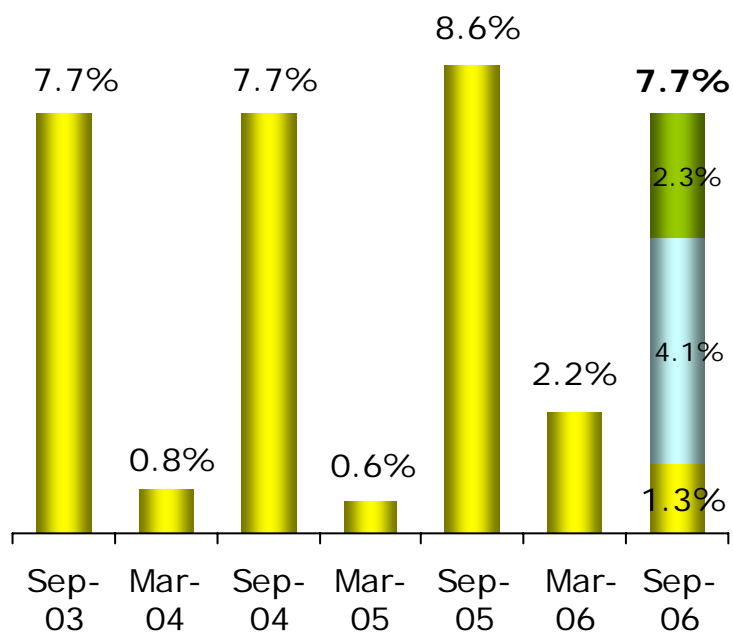
(competition impact on Group Margin FY05-FY06 bps)



Underlying Other Income growth remains strong, still a seasonality impact

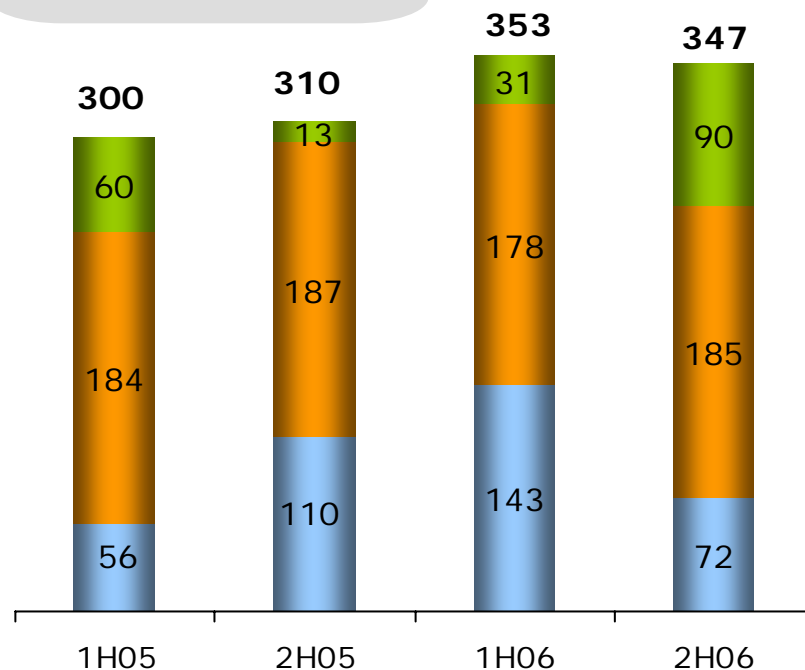
2H06 Other Income* impacted by NZD and Markets accounting

yoy growth 7.1% 8.3% 8.7%#



Misleading to look at Trading Income in isolation - need to look at total Markets income^ (\$m)

2H06 Profit on Trading Securities down on 1H06, offset in NII

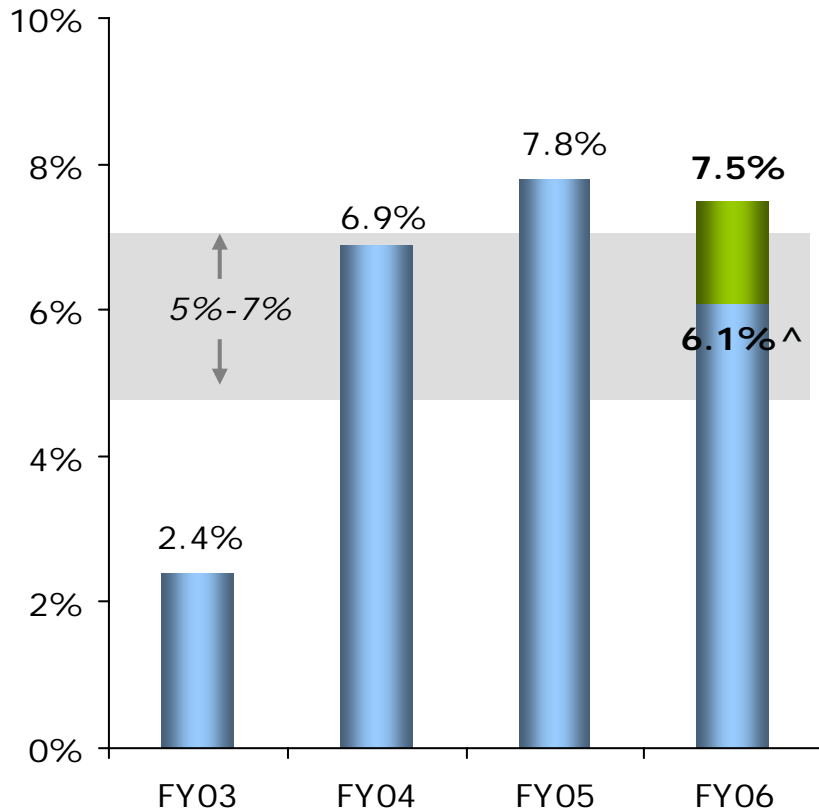


- Reported growth
- FX impact
- Markets mix impact, offset in Net Interest Income

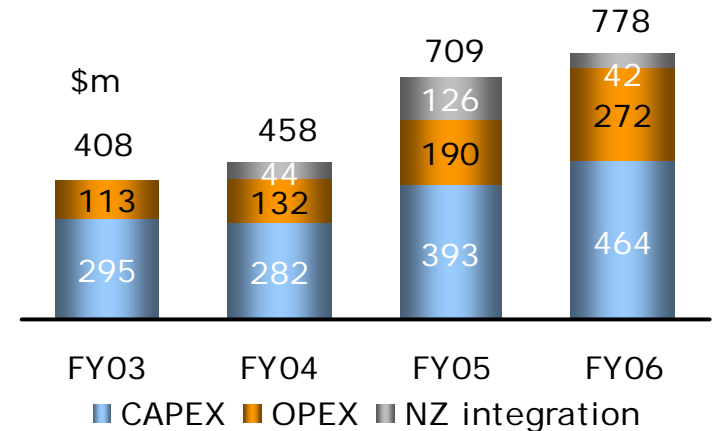
- Net Interest Income
- Other Income (mainly FX)
- Profit on Trading Securities

Higher investment funded by strong revenue growth

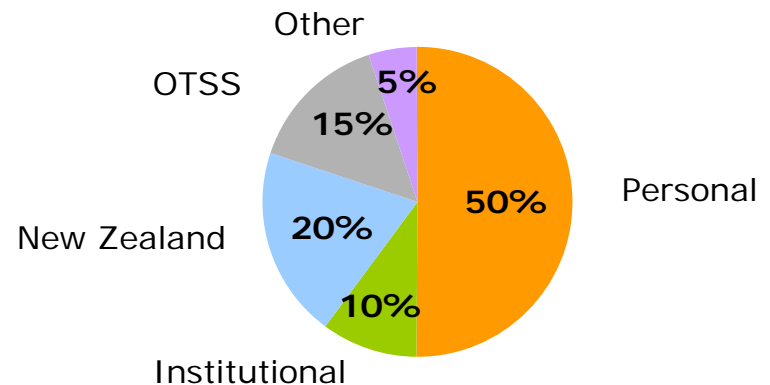
Expense growth* above short term target range reflecting higher investment spend



We have significantly increased our investment spend over last two years

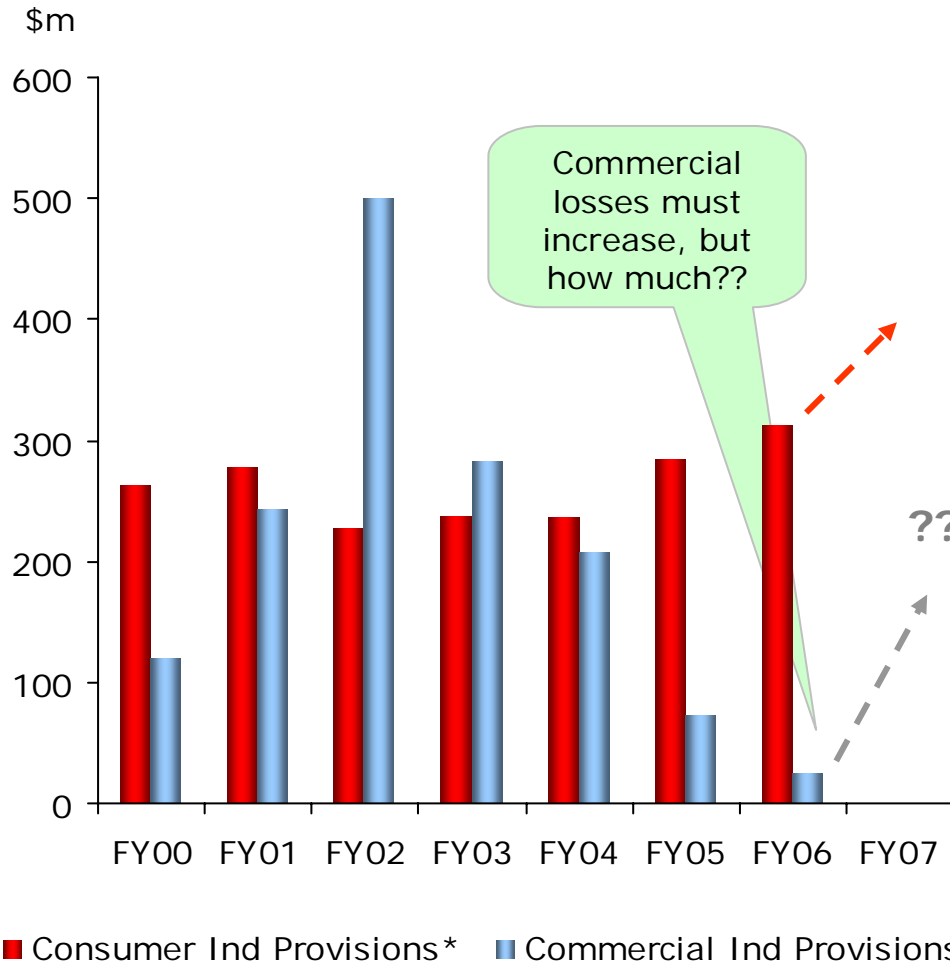


Investment focused towards high growth Personal segment (~% of FY06 investment spend)



Successfully lowered risk in the portfolio, very hard to see credit quality getting better than this!

Individual Provisions at unsustainably low levels



Consumer: Key Drivers

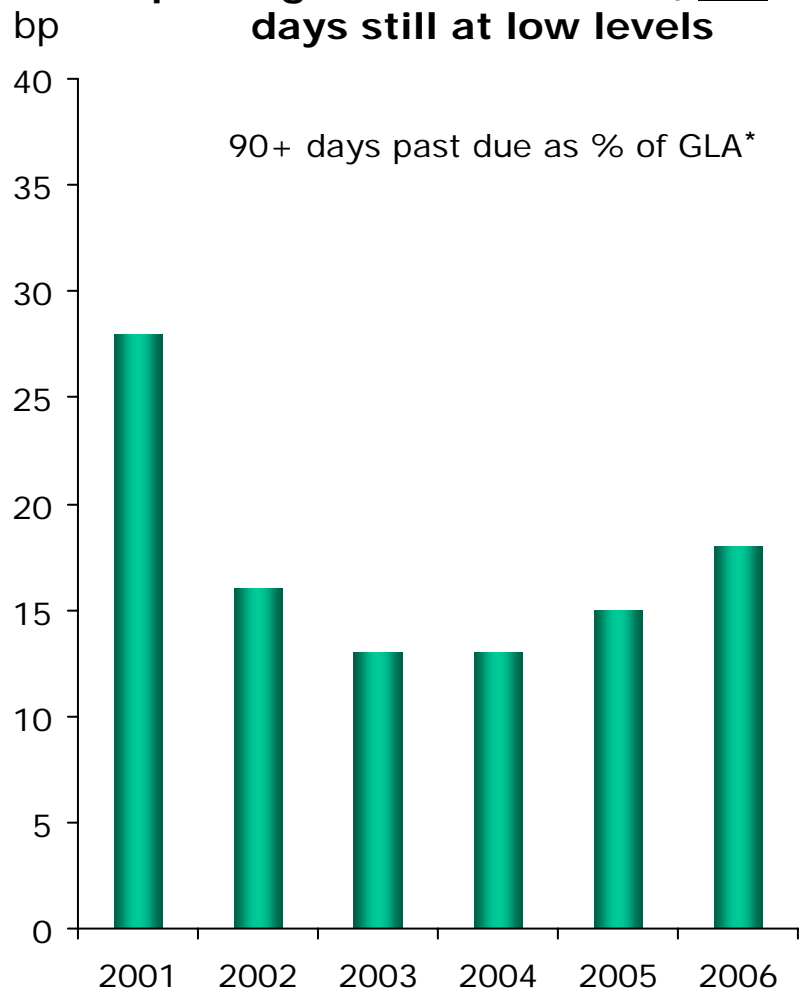
- Continued growth in the portfolio
- Change in portfolio mix from growth in unsecured products - low rate cards
- Impact on servicing capacity – interest rates, oil price
- Rising bankruptcies
- Slight reduction in recovery rates - motor vehicles and unsecured debt

Commercial: Key Drivers

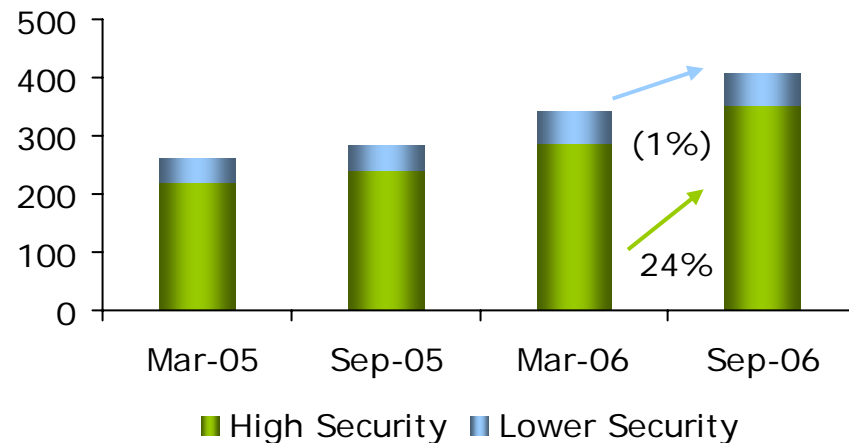
- Low levels of Corporate gearing
- High level of recoveries & writebacks
- Low levels of non performing loans

90 days past due an early indicator? Alert but not alarmed!

The cycle has clearly turned with higher interest rates & fuel costs impacting some consumers, but 90+ days still at low levels

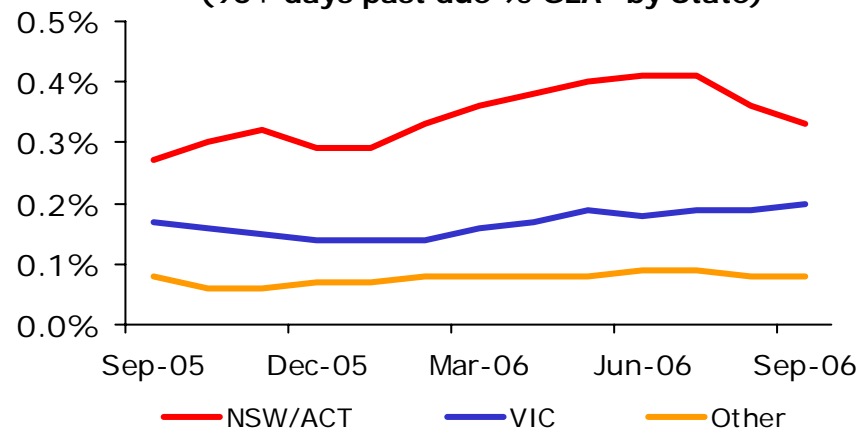


Growth has mainly been in the Australian highly secured portfolio (90+ days past due loans Aust.)



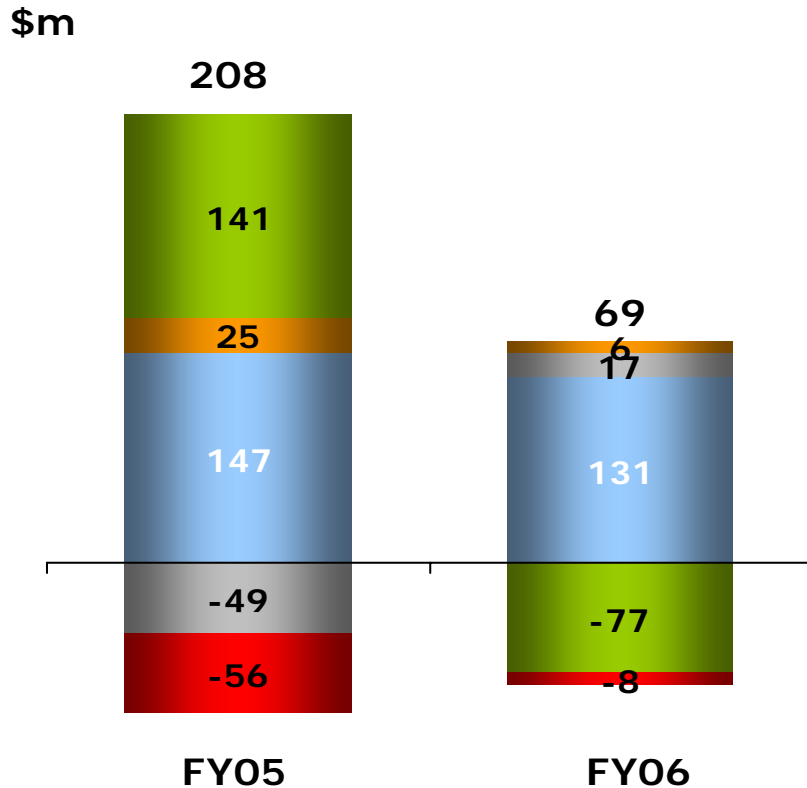
Mortgage concerns have largely been in NSW

(90+ days past due % GLA* by State)



Portfolio growth driving Collective Provision charge

FY06 Collective Provision charge at low levels



- Growth
- Portfolio Mix
- Non Continuing Bus.
- Risk Change
- Scenario Impact

FY06 - Reduction in Collective Provision charge driven by:

- Lower rate of portfolio growth than in FY05
- Slight change in risk with deterioration in Consumer Finance partly offset by improvement in NZ Businesses
- Modelled run off of Oil Provision

FY07 - Increase in Collective Provision charge likely, due to:

- Continued shift in Credit Card product mix
- Potential for modest deterioration in overall risk profile from remarkably good levels
- Reduced Oil Provision run off
- Non Continuing businesses benefit eliminated

Hedging the Kiwi dollar – two key impacts

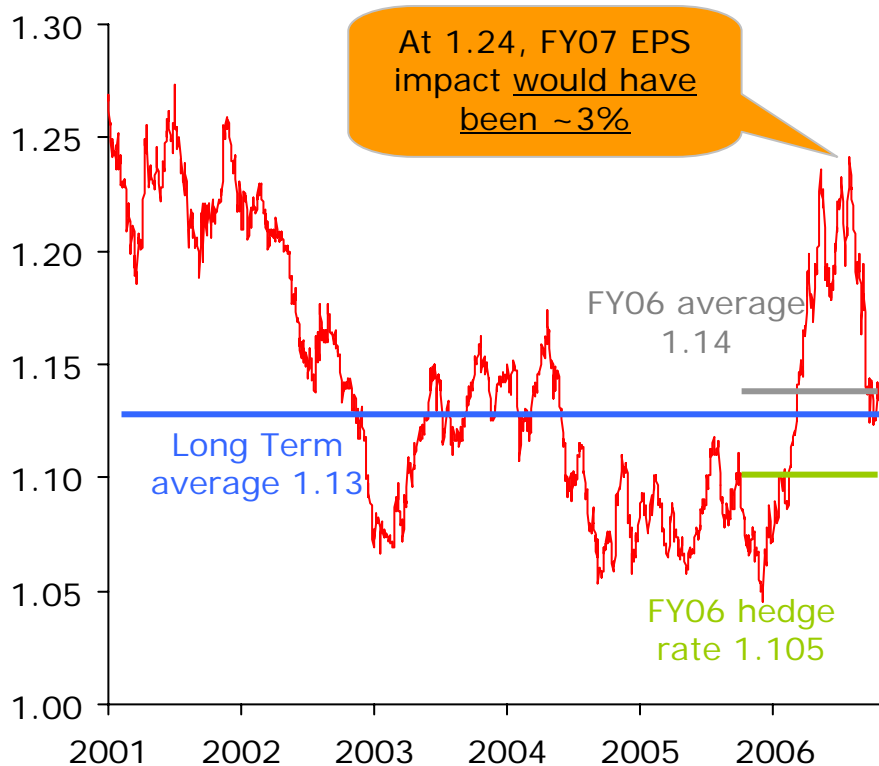
1. “Pre-existing” hedges – significant value created for shareholders

- FY06 NPAT of \$32m from hedges at average rate of ~1.105
- \$118m of shareholder value created - FY07-FY09 hedge profits booked directly to reserves & retained earnings in FY06 (-\$23m) & FY07 (+\$141m) under AIFRS[^]

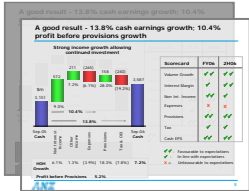
2. “New” hedges – we’ve successfully limited FY07 EPS drag

- FY07 EPS drag limited to <1%
- ~95% of FY07 earnings hedged at an average rate of ~1.14 (incl. fwd points)
- Will result in 1H07 Headline P&L impact due to 2H07 hedges being MTM*, no Cash Earnings impact
 - No full year MTM impact unless hedging extended beyond FY07

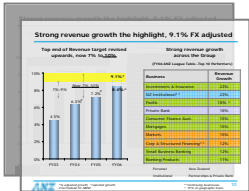
A\$/NZ\$ weakened to long term average rate



Key takeaways from today

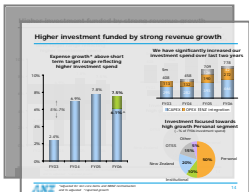


A good result, with cash EPS up 13.2%



Very good revenue growth, up 9.1%*

Momentum continuing into '07, new target of 7%-10%



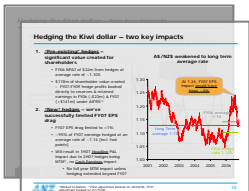
Cost growth up 7.5%*, significant investment in growth

Still investing in 2007, growth at upper end of 5%-7%



Remarkably good credit quality outcome in '06

Credit losses must rise in 2007

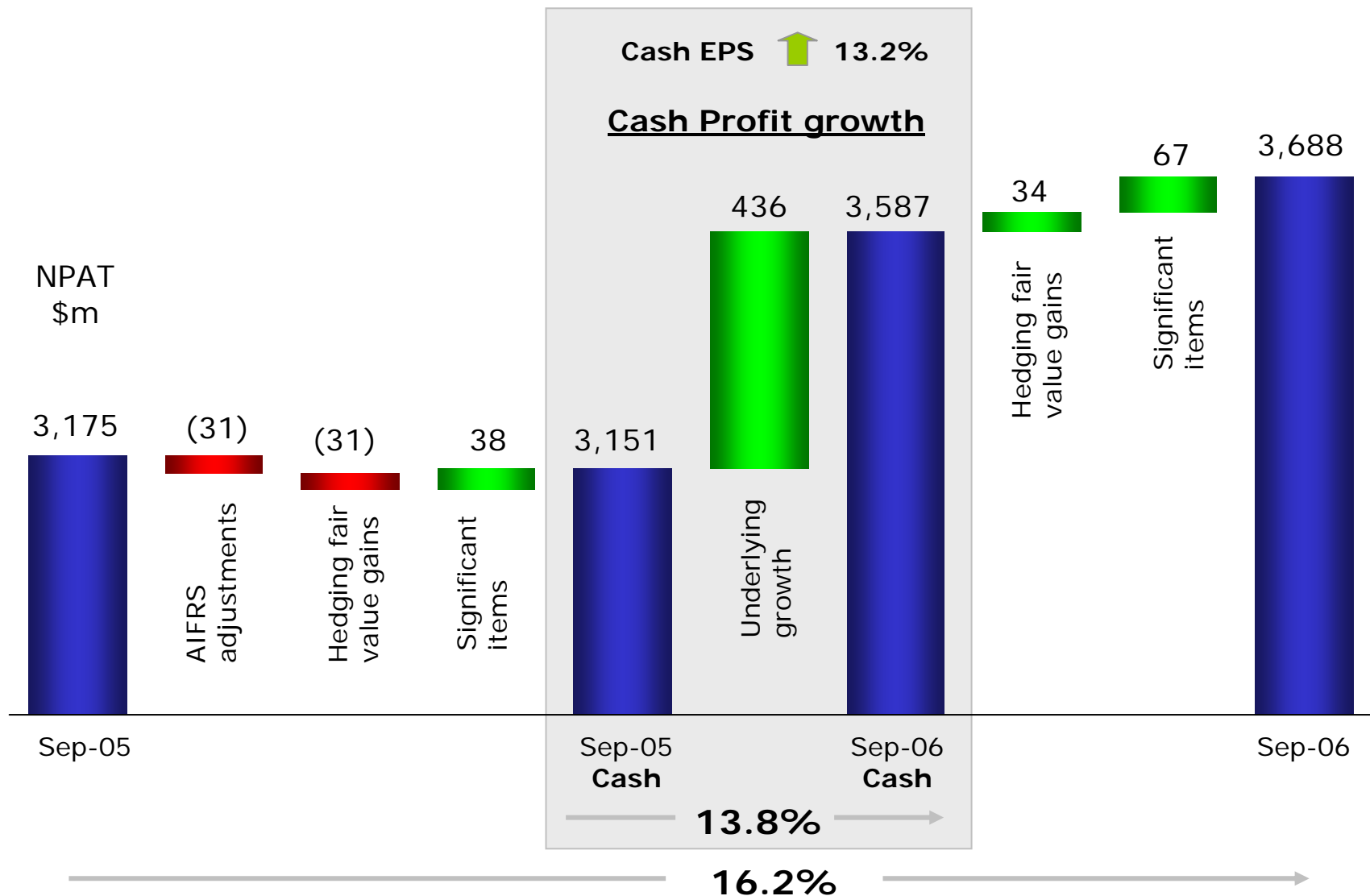


Kiwi dollar issues well managed

Impact of weaker NZD limited to less than 1%

Additional Information

Strong headline growth; 13.8% cash profit growth



Cash Profit & Cash EPS reconciliation

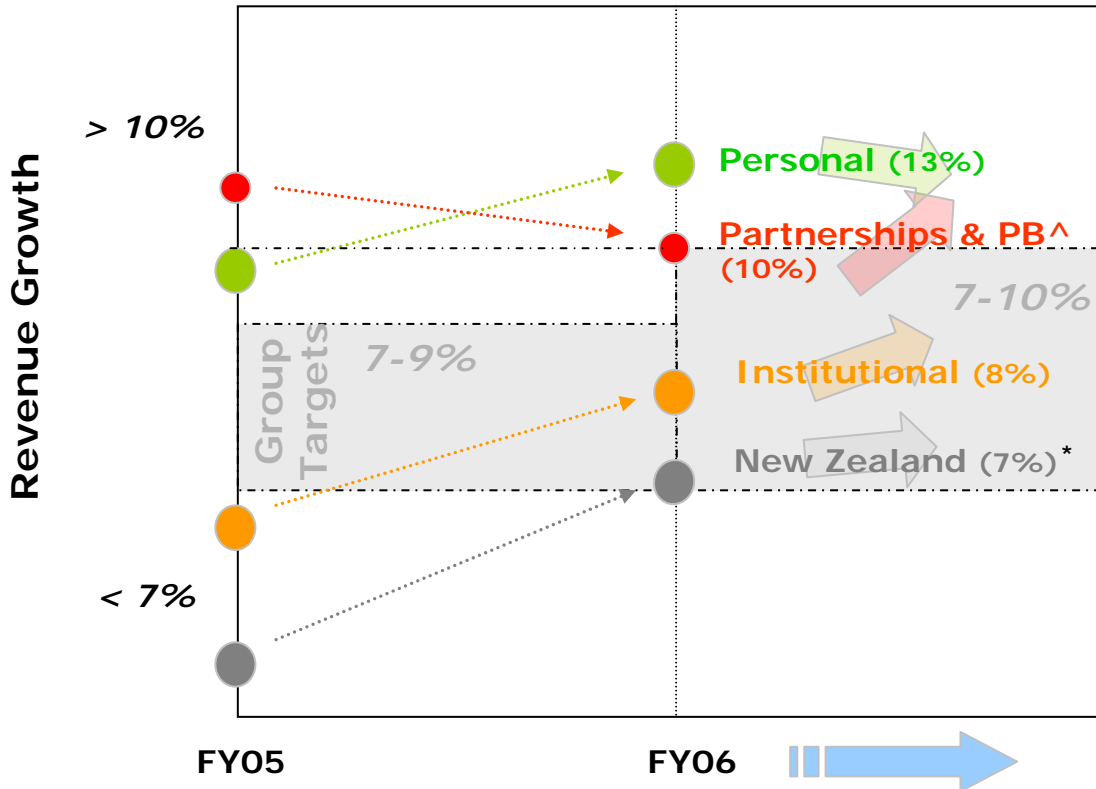
	FY06 (\$m)	FY05 (\$m)	% change (yoy)	2H06 (\$m)	1H06 (\$m)	% change (hoh)
Income	10,089	9,306	8.4	5,158	4,931	4.6
Expenses	(4,605)	(4,340)	(6.1)	(2,346)	(2,259)	(3.9)
<i>Profit before Provisions</i>	<i>5,484</i>	<i>4,966</i>	<i>10.4</i>	<i>2,812</i>	<i>2,672</i>	<i>5.2</i>
Provision for Credit Impairment	(407)	(580)	29.8	(183)	(224)	18.3
Tax & OEI	(1,490)	(1,250)	(19.2)	(773)	(717)	(7.8)
<i>NPAT</i>	<i>3,587</i>	<i>3,151</i>	<i>13.8</i>	<i>1,856</i>	<i>1,731</i>	<i>7.2</i>
Pref. Share Dividend	(27)	(18)		(15)	(12)	
<i>Adjusted Cash NPAT</i>	<i>3,560</i>	<i>3,133</i>	<i>13.6</i>	<i>1,841</i>	<i>1,719</i>	<i>7.1</i>
Average Shares	1,830	1,824		1,832	1,828	
<i>Basic Cash EPS (cents)</i>	<i>194.5</i>	<i>171.8</i>	<i>13.2</i>	<i>100.5</i>	<i>94.0</i>	<i>6.9</i>

ANZ League tables

Rank (PBP)	Business	Revenue Growth	Expense Growth	PBP Growth	% Group PBP*
1	Investment & Insurance Products	23%	17%	49%	0.9%
2	NZ Inst. Continuing (NZD)	23%	19%	25%	5.5%
3	Pacific	18%	14%	25%	1.6%
4	Mortgages	15%	8%	21%	9.7%
5	Consumer Finance Aust	15%	8%	21%	10.6%
6	Private Bank	18%	8%	19%	0.5%
7	Markets	15%	13%	16%	7.5%
8	Small Business Banking	12%	10%	16%	1.5%
9	Banking Products	11%	8%	15%	7.8%
10	C&SF Continuing	12%	10%	13%	5.0%
11	NBNZ Retail (NZD)	8%	5%	11%	6.4%
12	Trade & Transaction Services	15%	18%	11%	6.1%
13	Corp & Commercial NZ (NZD)	11%	10%	11%	3.9%
14	Business Banking Aust	8%	6%	9%	5.7%
15	Rural Commercial & Agribusiness Aust	10%	11%	9%	3.1%
16	NZ Rural Banking (NZD)	5%	1%	9%	2.2%
17	Esanda	4%	2%	5%	4.2%
18	Partnerships	8%	26%	4%	3.2%
19	ANZ NZ Retail Banking (NZD)	4%	5%	2%	5.1%
20	Corporate Banking	5%	12%	2%	4.9%
21	Debt Product Group	(4%)	36%	(5%)	10.5%
22	NZ UDC (NZD)	(25%)	0%	(41%)	0.7%

Revenue momentum to be maintained

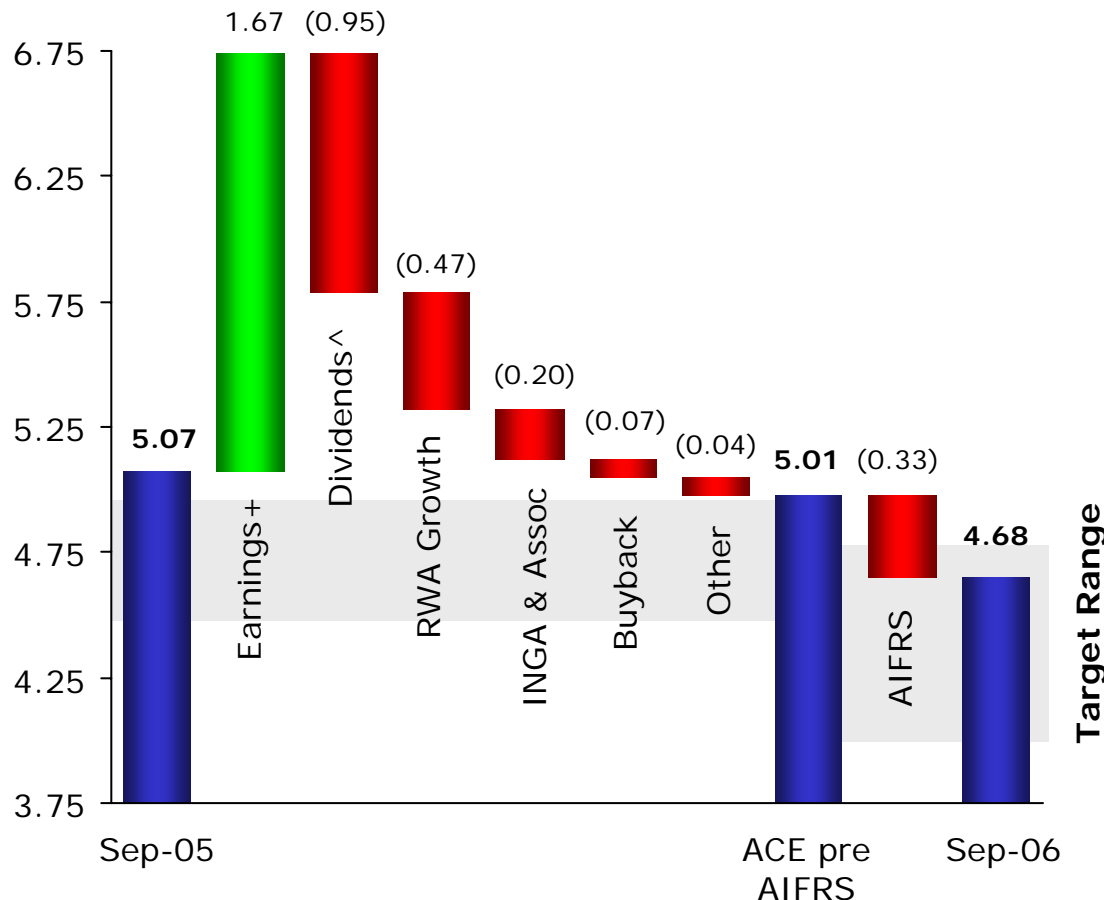
All Divisions revenue growth within or above Group target



- **Personal** still above group average, but may be difficult to maintain 13% revenue growth. Continue to expect solid FUM growth and relatively stable margins
- **Institutional** good growth in Specialist Product and Middle Market businesses. Margin outlook remains unfavourable for Institutional lending
- **New Zealand** good FUM growth to support solid revenue growth across all businesses
- **Partnerships & Personal Banking** improved underlying performance from INGA to continue, Asian partnerships contribution to increase as early stage investments begin to generate returns

Underlying capital remains strong, ACE target range reduced consistent with peers

ACE Ratio at top end of target

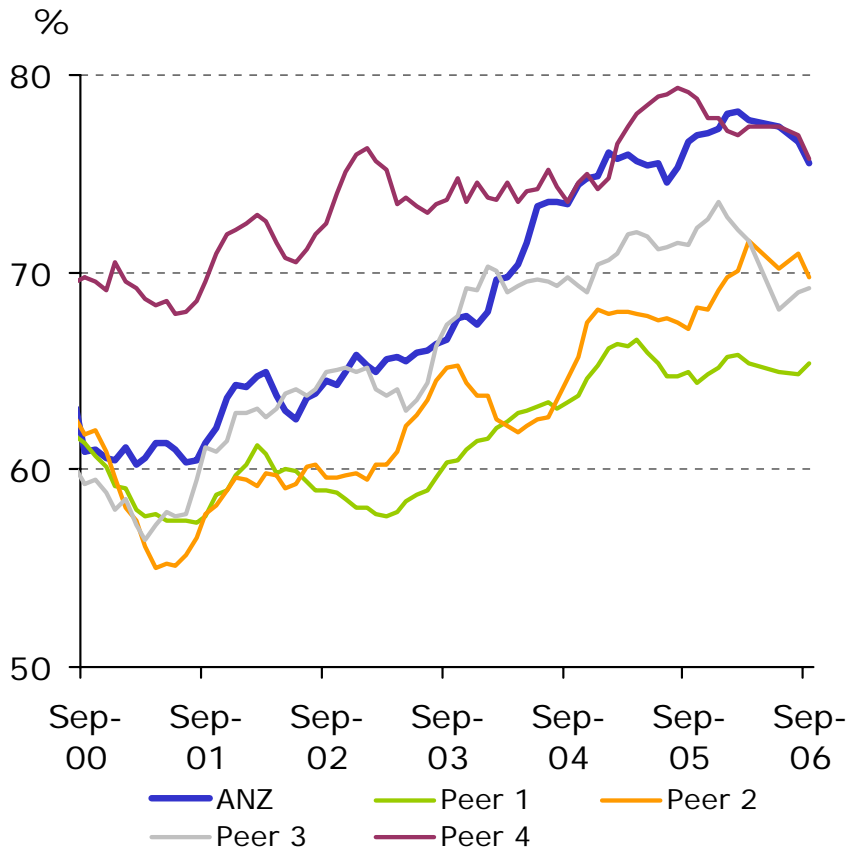


- ACE ratio declined by 39bps, due predominantly to 33bps (\$716m) of one-off AIFRS & APRA changes
- Underlying ACE position declined by 6bps
- Core organic capital generation (earnings net of dividends & reinvestment plans) remains strong at 67bps
 - Sufficient to fund RWA growth of ~10%* and small infill acquisitions
 - 10bps impact for capital outlays for Tianjin and Panin requirements included in INGA & Assoc. impact
- ACE Target has been amended to 4.00% to 4.75%
- Group remains well capitalised with ACE at the upper end of the target range

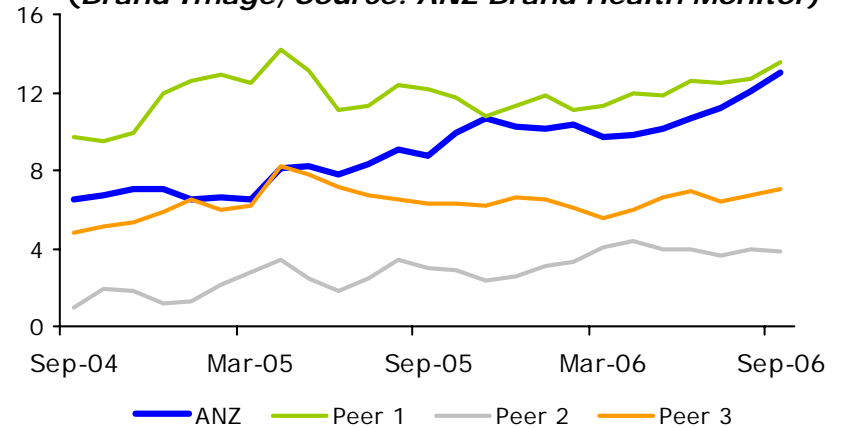
Divisional Performance

Personal: a compelling customer proposition

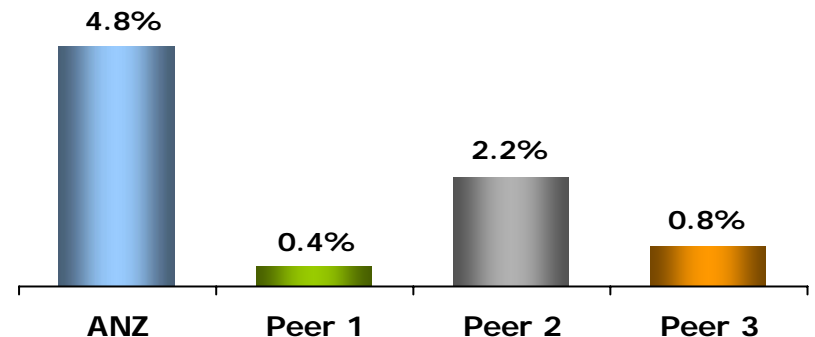
Recent softening in customer satisfaction across the industry, ANZ remains at top of other majors (Main Financial Institution*)



Investment in the franchise reflected in improved brand image (Brand Image, Source: ANZ Brand Health Monitor)



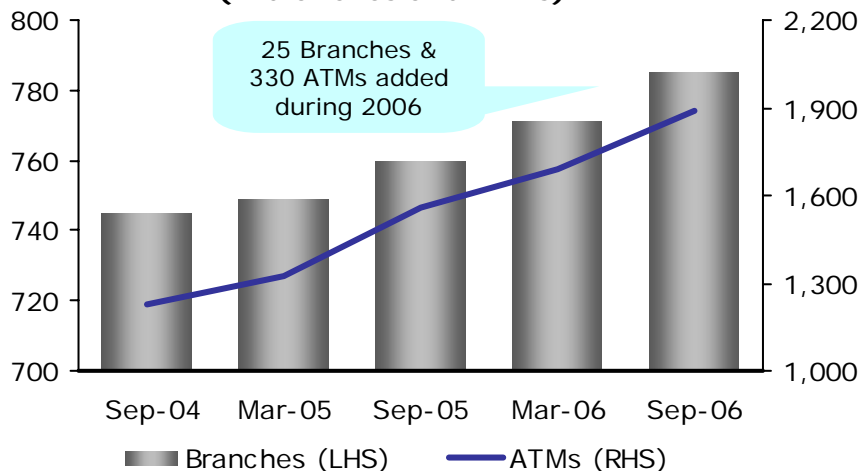
Increasing share of wallet (% increase traditional banking products Sep-04 to Aug-06**)



Personal: Investing to deliver "More Convenient Banking"

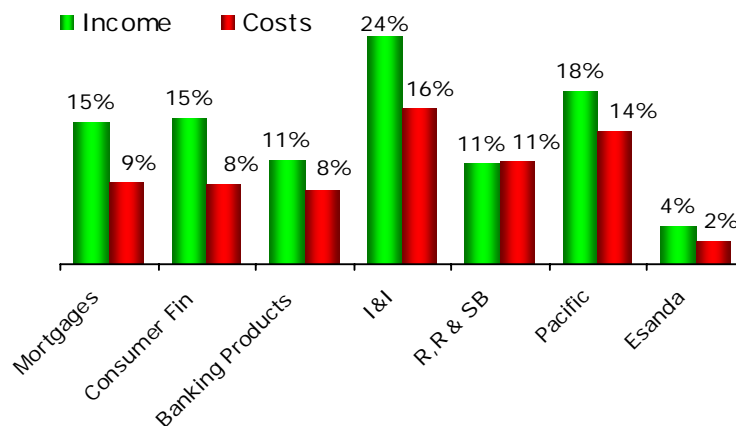
Continuing to invest in distribution...

(# branches and ATMs)



Investments yielding strong revenue growth across division

(Revenue and Expense growth by Business % FY06 v FY05)

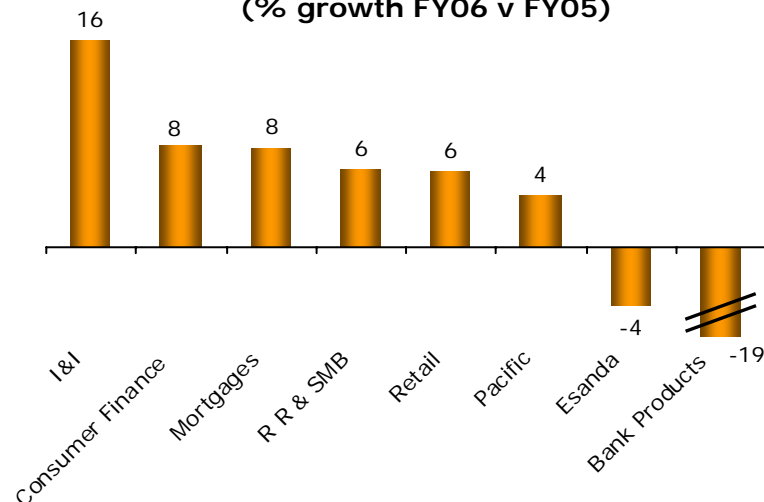


More Convenient Banking Proof Points

- 24/7 Call Centres
- Extended Hours
- Visa Debit
- Shorter Queues
- Better Credit Card Security
- Faster Mortgage Turn-around

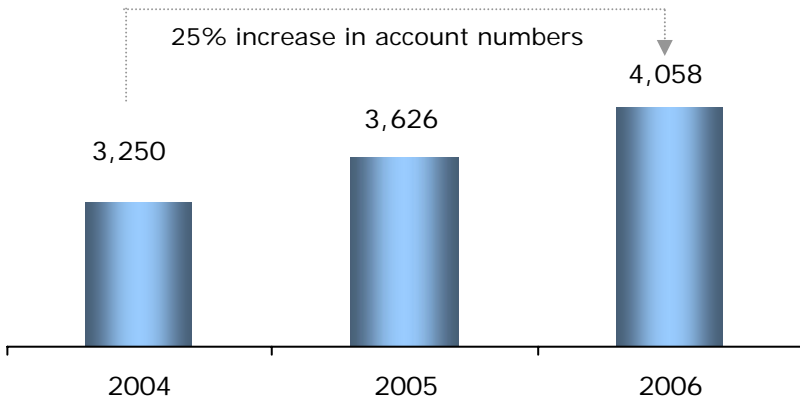
Growth supported by investment in FTE

(% growth FY06 v FY05)

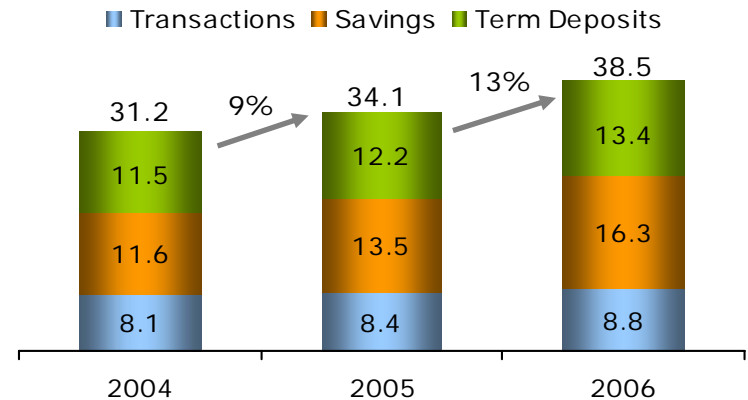


Banking Products: good growth in customer numbers

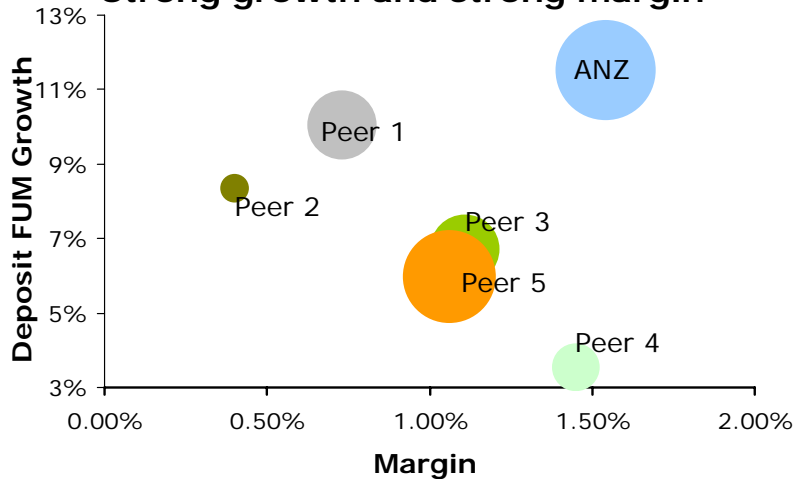
Solid growth in account numbers...



..with FUM growth delivered across all products (A\$b)

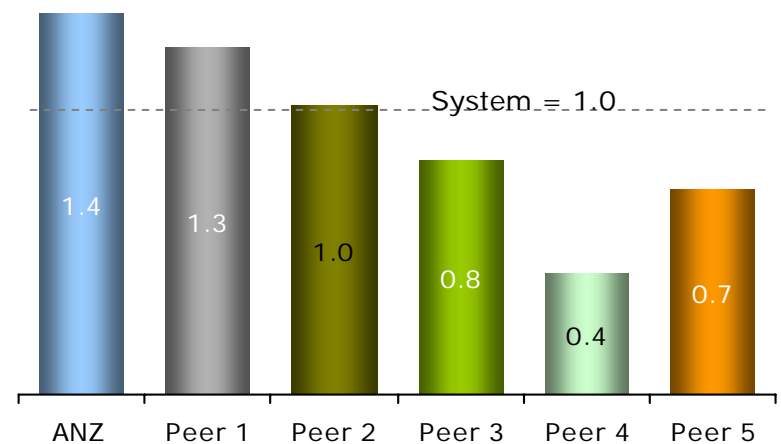


Strong growth and strong margin



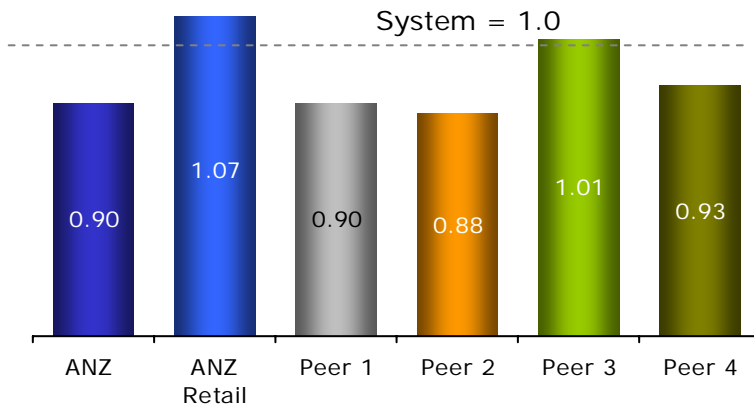
● Size indicates NII Contribution of new flows (i.e. growth x margin) ^

Share of FUM growth above system (Household Deposits adjusted for V2+)

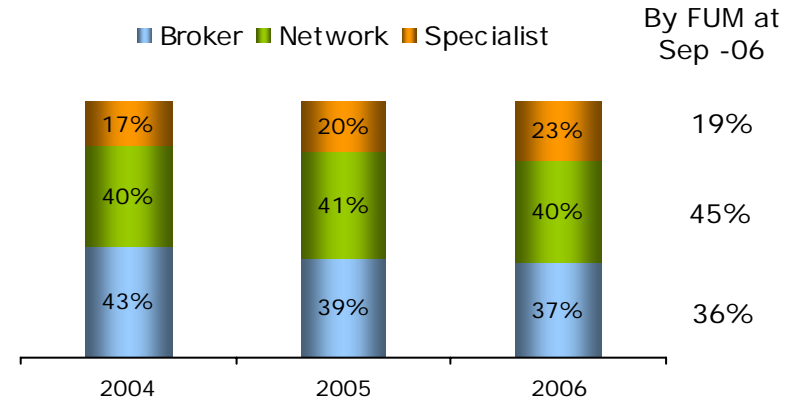


Mortgages: Solid FUM growth & balanced distribution mix

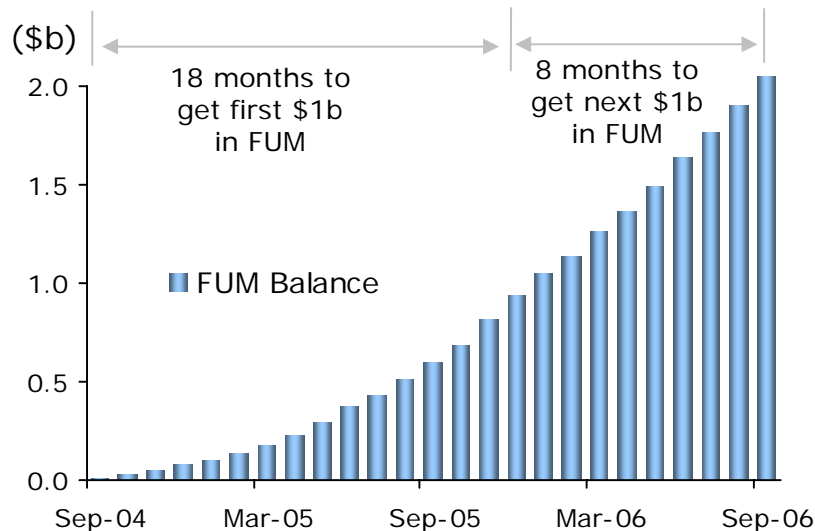
ANZ Retail* growing ahead of peers
(volume growth relative to system)
(Sep 05 – Aug 06*)



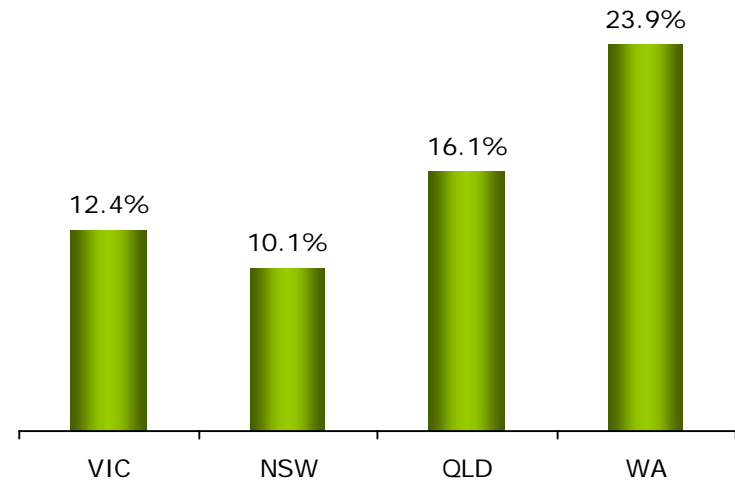
Balanced mix of distribution channels
(% flows)



Mortgages Solutions growing strongly

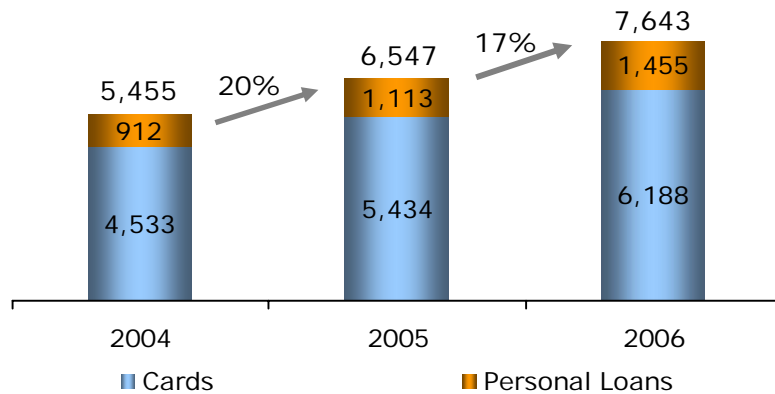


Mortgage sales growing across all states
(FUM Growth)

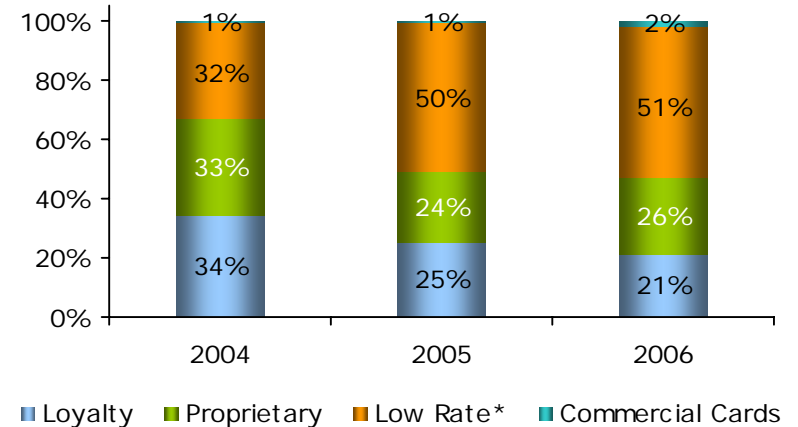


Consumer Finance: Solid FUM growth, losses in line with long term trends

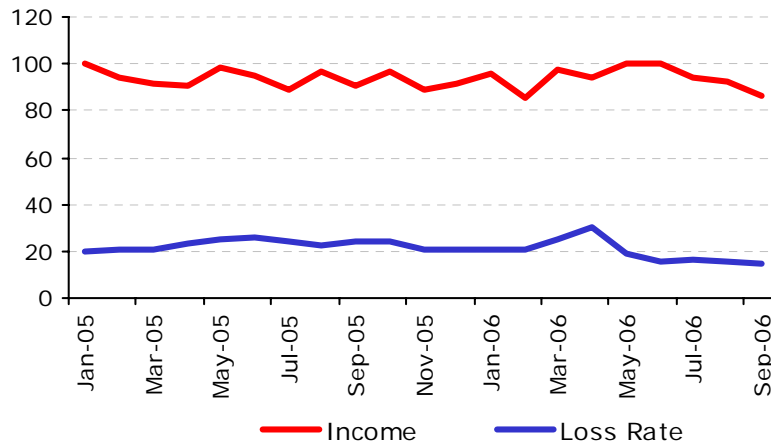
Strong FUM growth for cards and personal loans



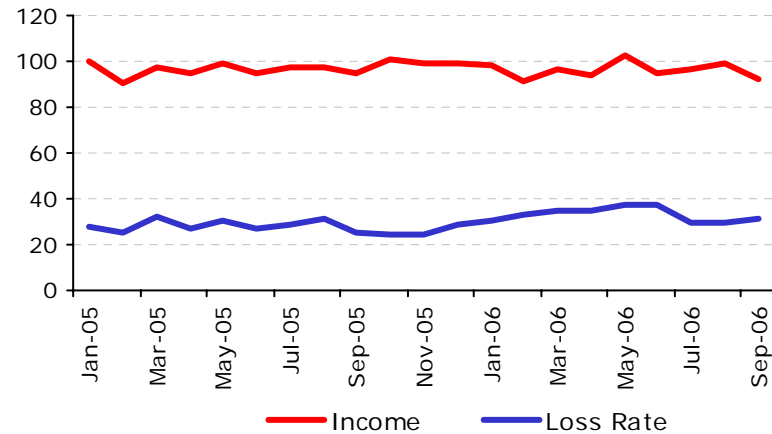
% Acquisition growth by cards product



Proprietary (including Low Rate) income margin and loss rates stable (index Jan-05 Income = 100)**

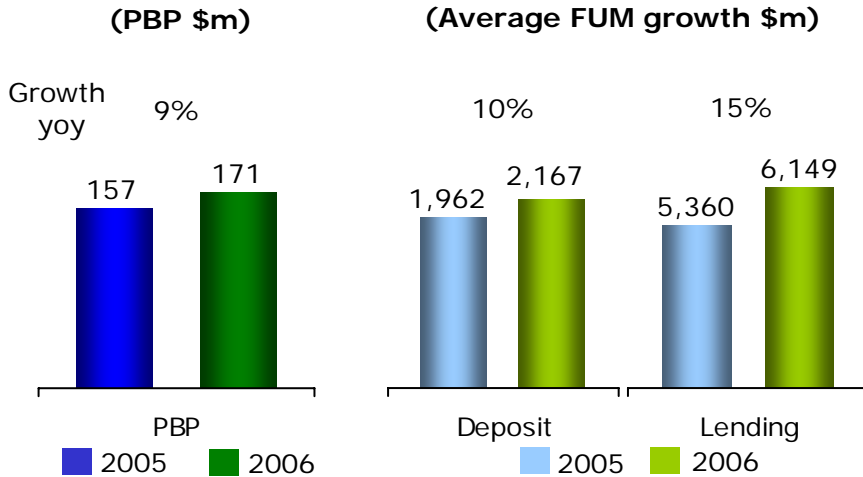


Personal Loans income margin and loss rates stable (index Jan-05 Income = 100)

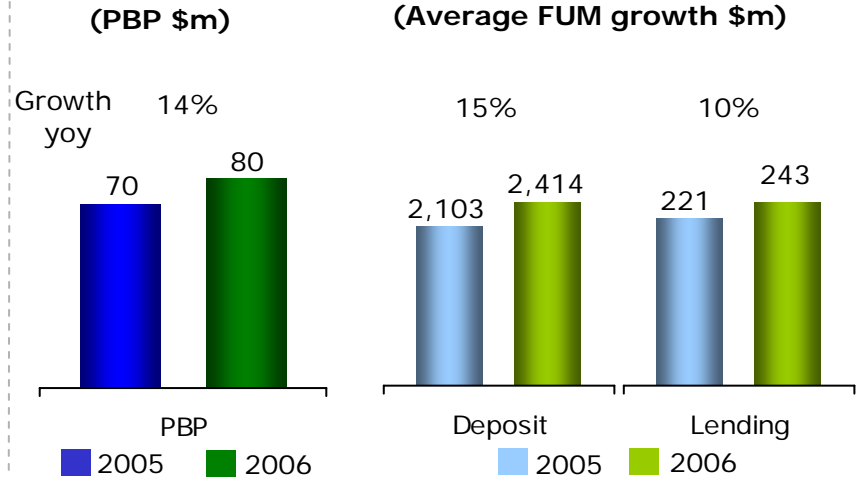


Regional & Rural and Small Business: solid performance

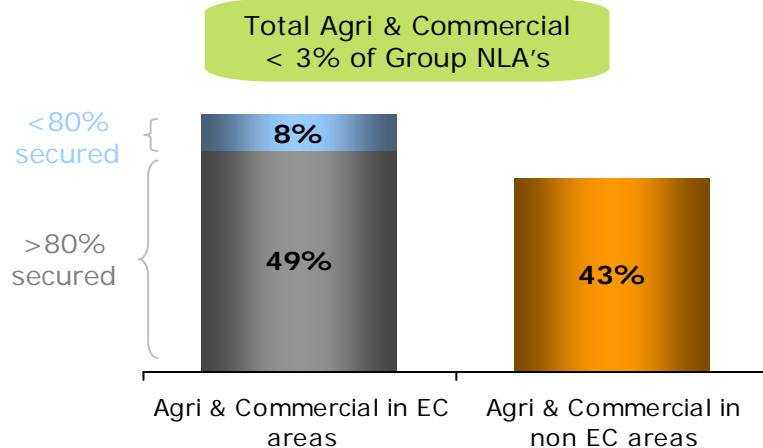
Rural Commercial and Agribusiness



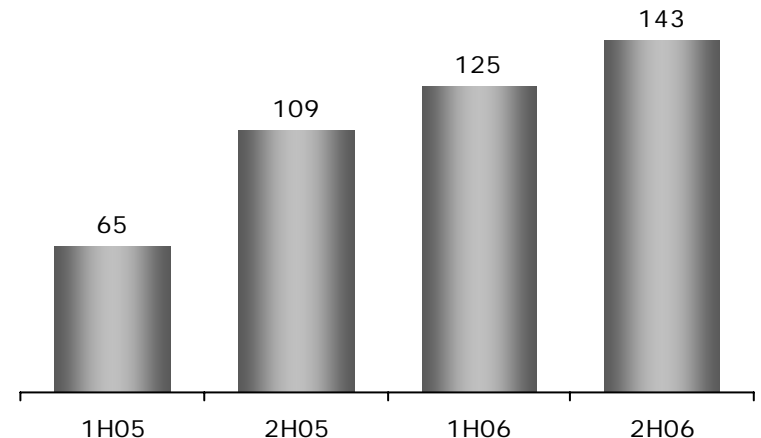
Small business



Lending in Exceptional Circumstances (EC) declared drought areas & Non EC areas (% of Regional & Rural Net Lending Assets)

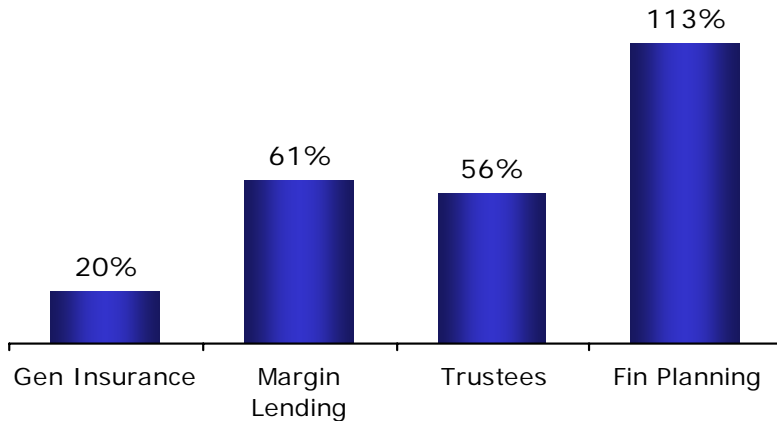


Small business frontline FTE increases supporting growth strategies

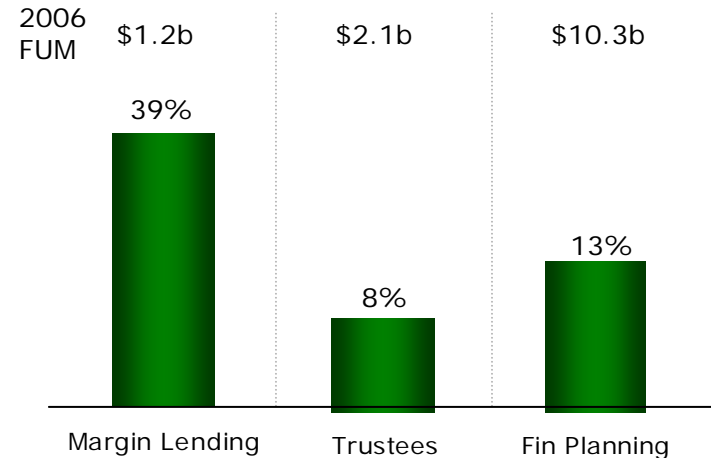


Investment & Insurance Products: strong growth led by financial planning business

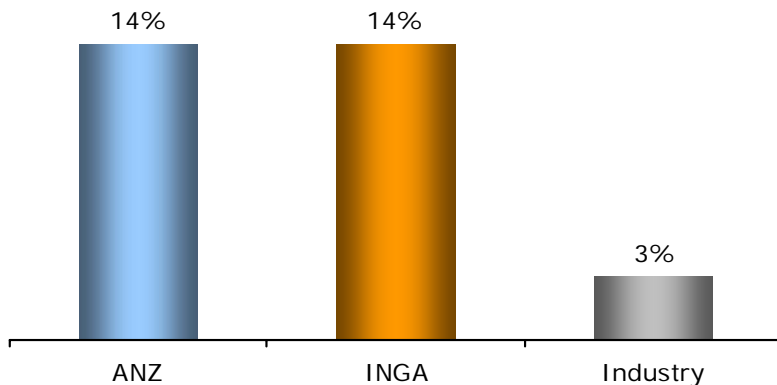
Strong growth in all businesses...
(2006 NPAT growth)



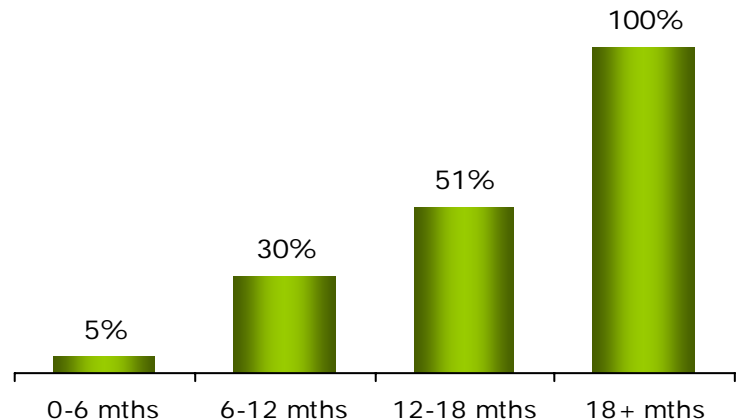
... driven by solid FUM growth
(Growth 2006 v 2005)



Future growth underpinned by growing planner numbers
(% growth in planner numbers 2006#)

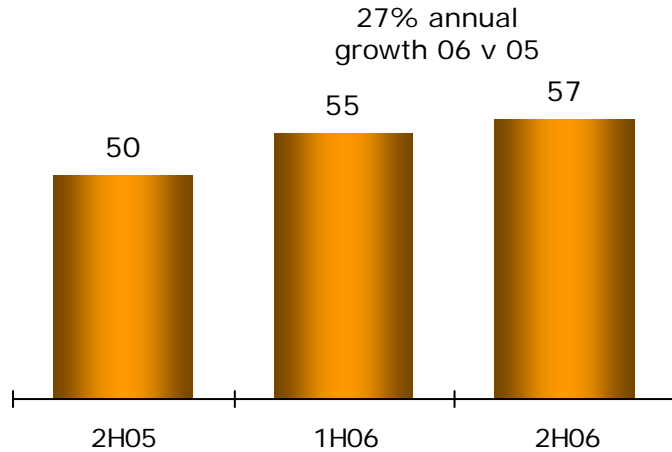


Planner productivity aligns to time in role
(Avg annualised flows. 18m+ indexed to 100%)

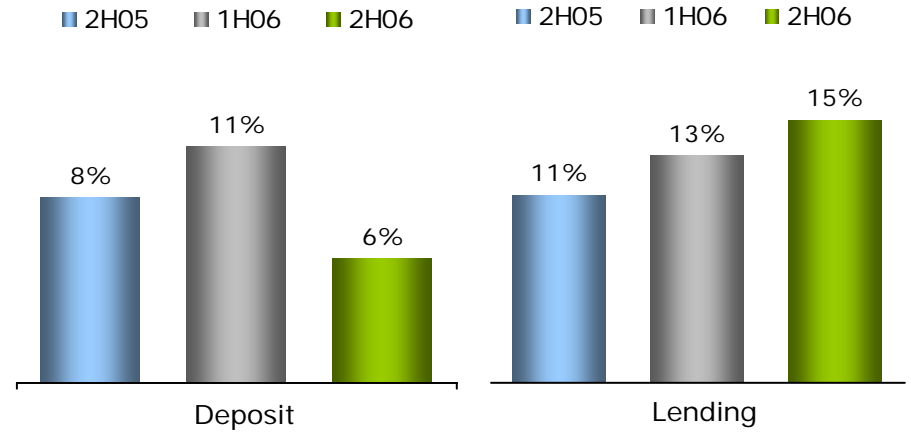


Pacific: Solid FUM growth and customer acquisition continues to drive momentum

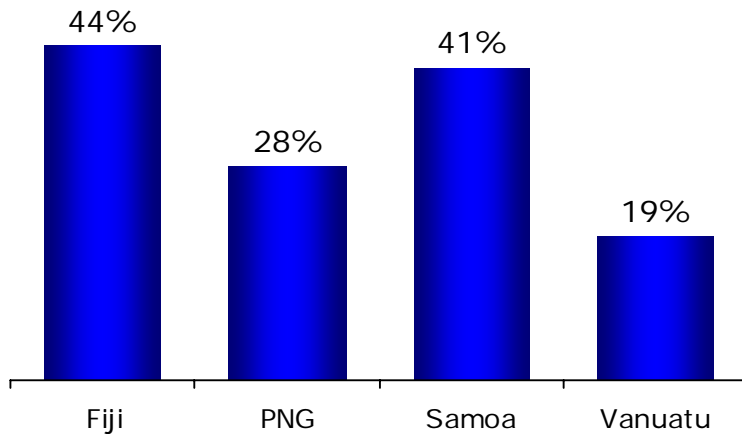
Continued growth in NPAT...
(\$m)



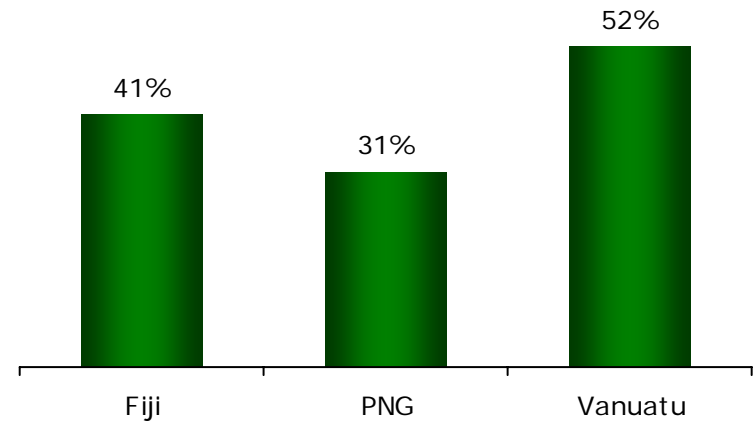
...driven by Deposit and Lending growth
(average period growth %)



Continued momentum in major markets
(NPAT growth#)

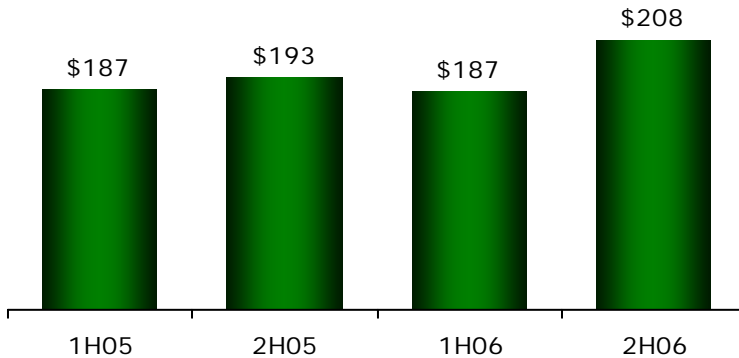


Strong market share in major markets
(Country market share 2H06)

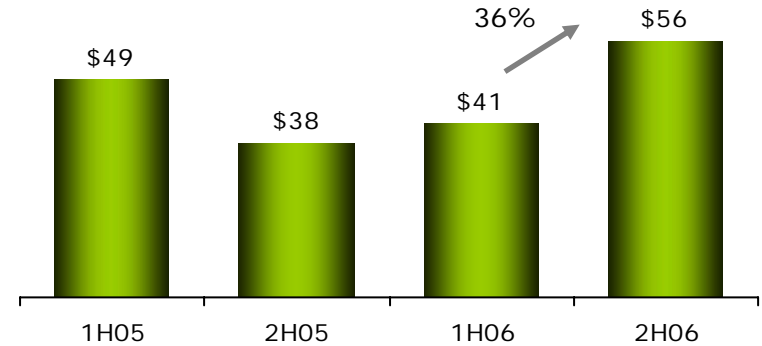


Esanda: improved 2H06 performance from revenue growth and efficiency gains

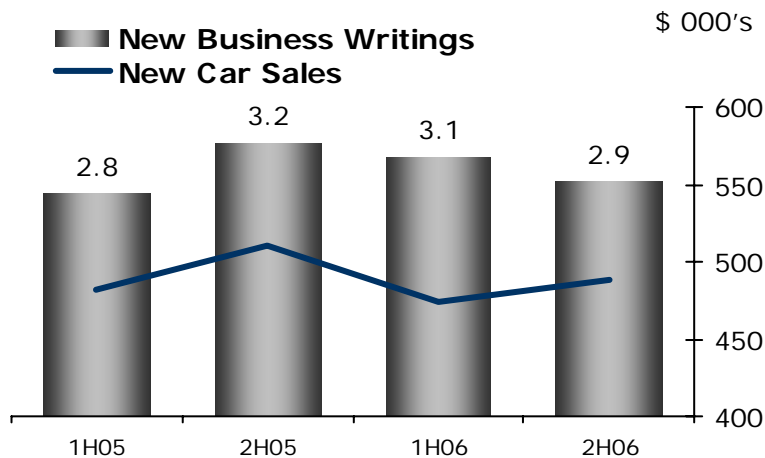
Revenue growth rebounded in 2H06 (\$m)



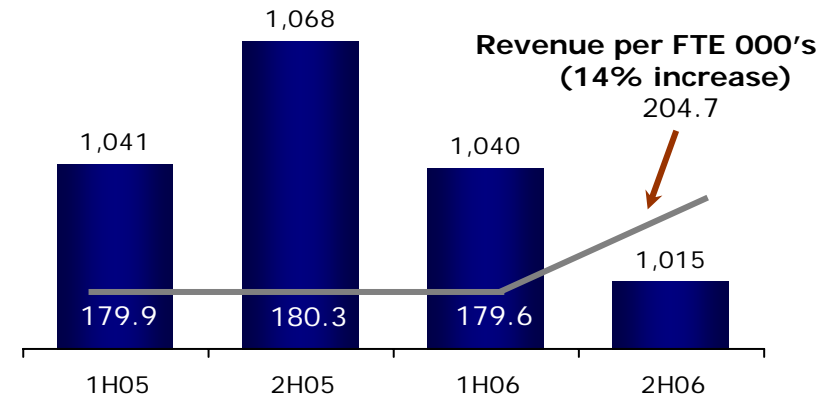
Improved financial performance in the second half (NPAT \$m)



Lower Australian New Vehicle Sales* impacting New Business Writings (\$b)



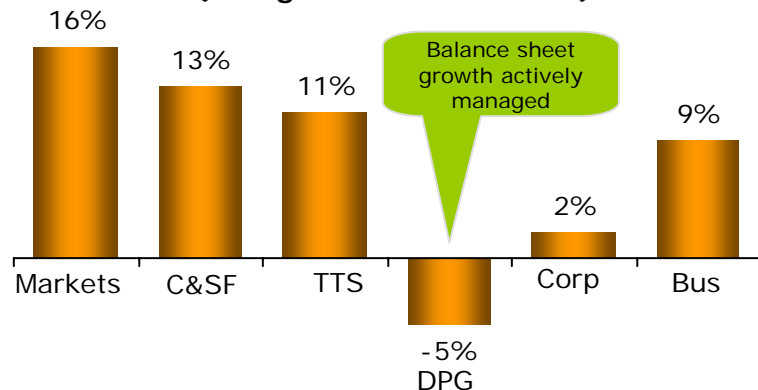
Efficiency gains through restructure of support functions (FTE numbers)



Institutional*: revenue growth supporting continued investment in people and systems

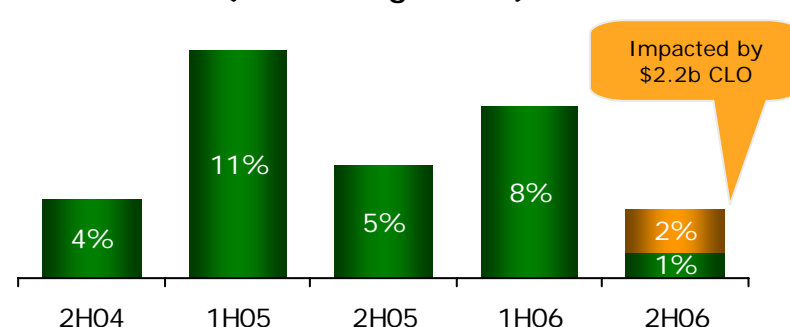
Specialist product businesses driving performance

(PBP growth 2006 v 2005)

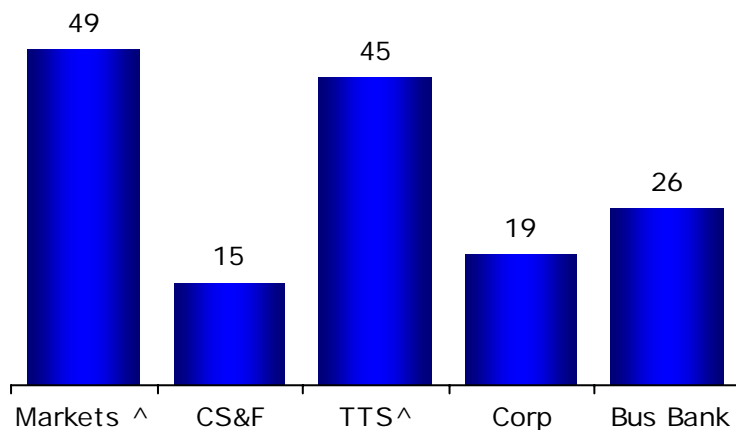


Balance sheet more actively managed with lower RWA growth

(HoH RWA growth*)

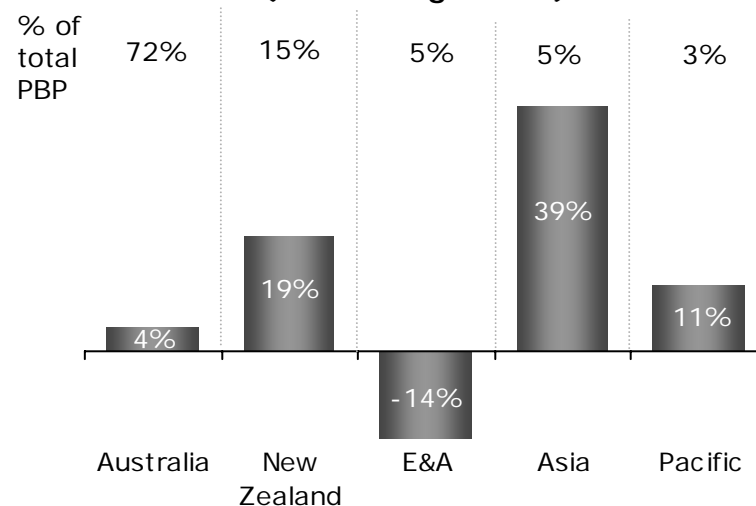


Continuing to invest in our growth businesses (FTE growth 2006 v 2005)



Strong performances by New Zealand and Asian businesses

(FY06 PBP growth*)

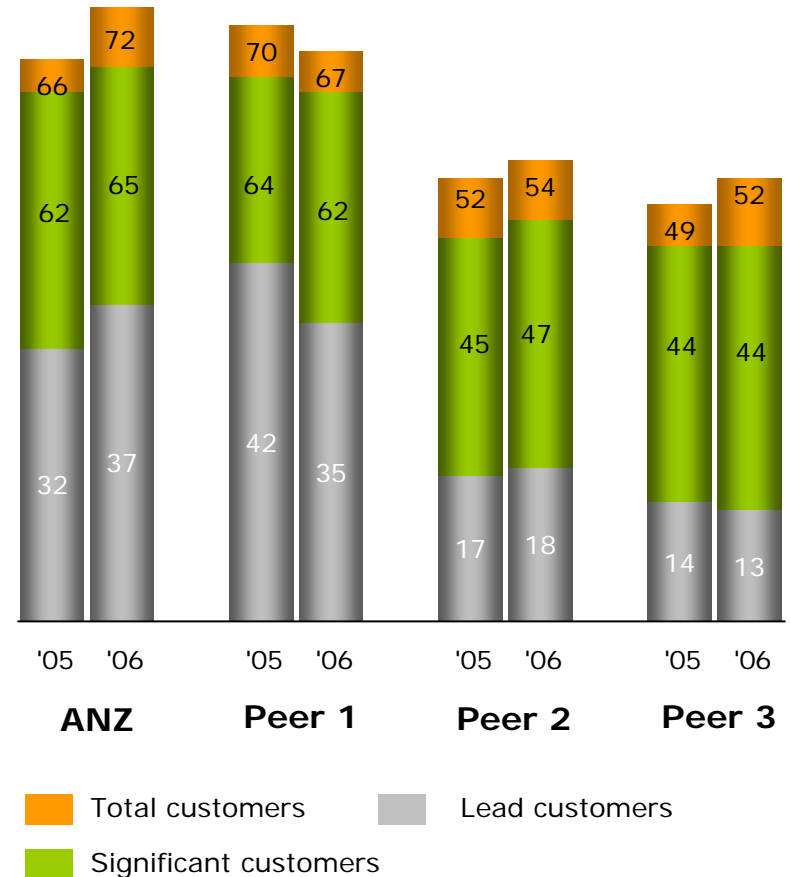


Institutional: regained Lead Bank status

- #1 Outright Lead Bank
- #1 Overall Satisfaction
- #1 Relationship Manager Capability
- #1 Most Trusted Adviser
- #1 Best Sector Analysts
- #1 Knows Company's Industry
- #1 Provides Creative Ideas and Solutions
- #1 Effective Senior Management Support
- #1 Knows Funding Needs
- #1 Advice on use of complex Structured Finance

Lead bank across all customer relationship metrics

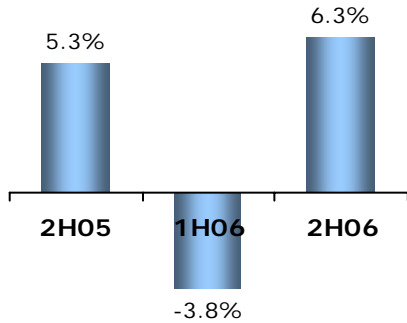
(Relationship Market Share (%))



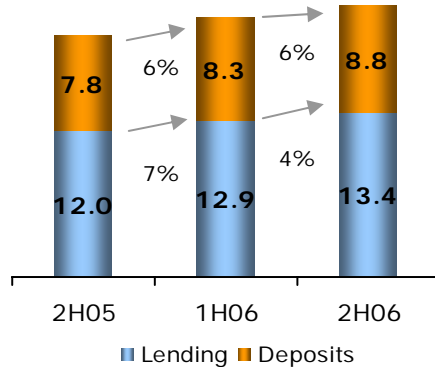
Institutional: Business Banking continues to perform well, Corporate impacted by competition

Corporate Banking

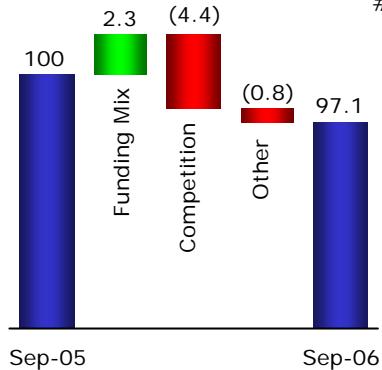
Soft 1H06, turnaround in 2nd half (PBP growth)



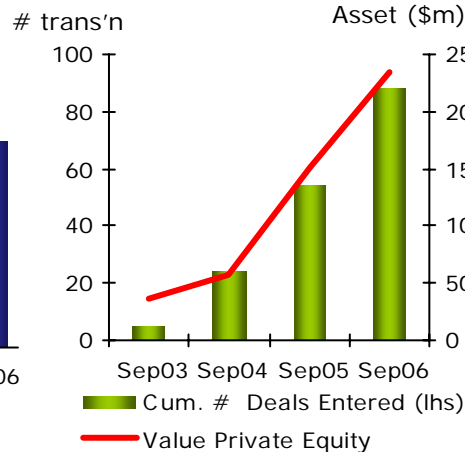
Good volume growth (Average growth)



Increased competition driving margin contraction (Index Sep-05 = 100)

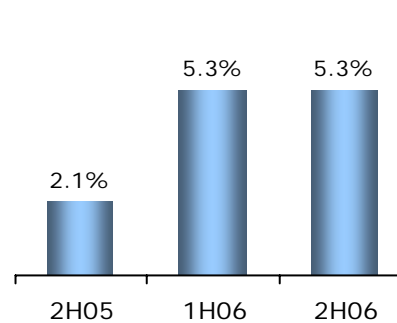


Private Equity pipeline continues to build

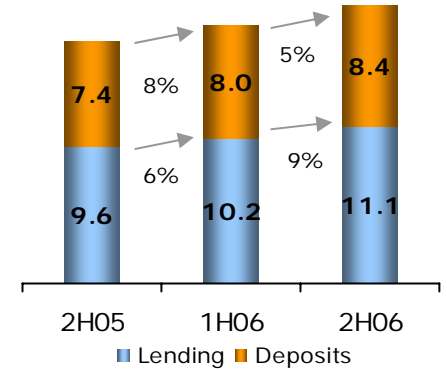


Business Banking

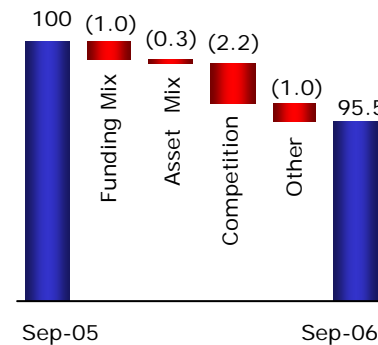
Continued good performance (PBP growth)



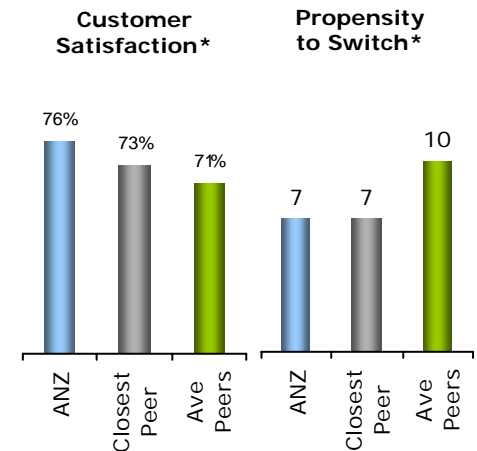
Solid FUM growth... (Average growth)



...offset by increased margin pressure (Index Sep-05 = 100)

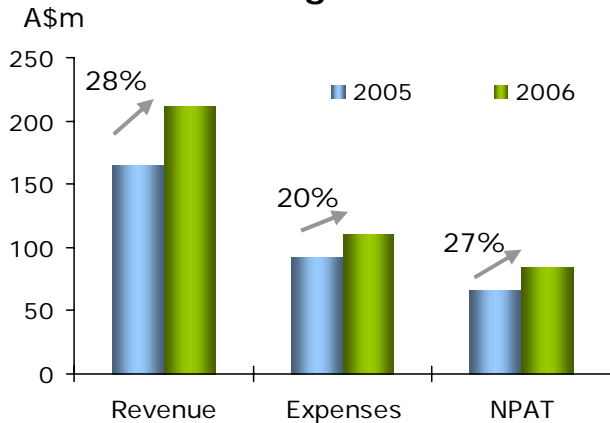


Leading Customer proposition

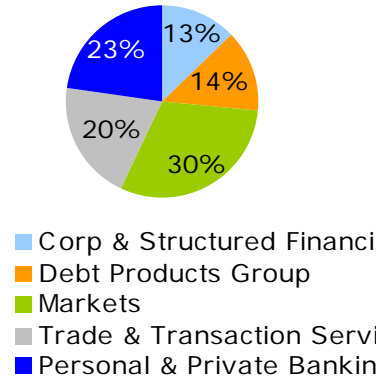


Institutional Asia: investing for growth

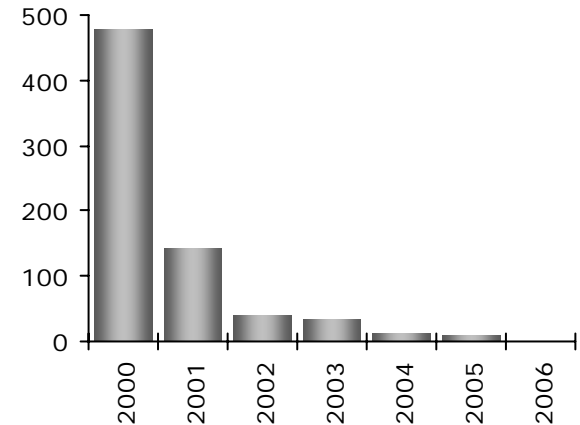
Revenue growth outpacing expense growth delivering strong NPAT



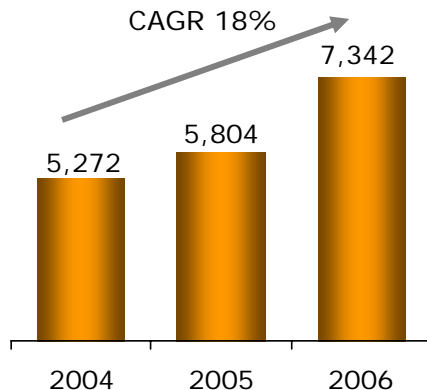
Source of Revenue by business



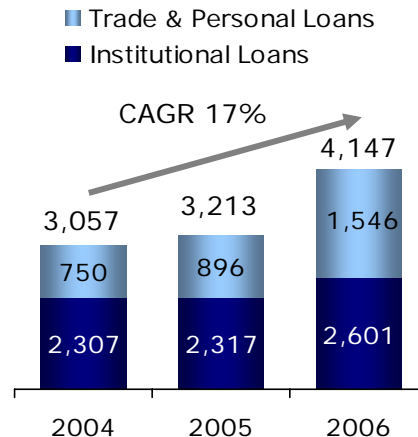
Non Performing Loans reduced to zero in FY06



Strong deposit Growth... (\$m)



... supporting lending growth with a shift towards lower risk exposure



We continue to carve a regional niche in our business...

2005/2006 Awards include:

Best Bank in Asia

Global Finance, World's Best Project Finance Bank 2005

Project Finance Deal of the Year

Infravest Wind Power, Euromoney Deal of the Year 2005

Best Project Finance Deal

Nam Theun 2, FinanceAsia Achievement Awards 2005

Asia-Pacific Project Adviser of the Year

Nam Theun 2, Project Finance International PFI Awards 2005

The Best Customer Oriented Bank 2005

Vietnam Economic Times

New Zealand: good momentum in Retail and Rural banking

For further information on NZ businesses refer to NZ Market Briefing 7 September 2006

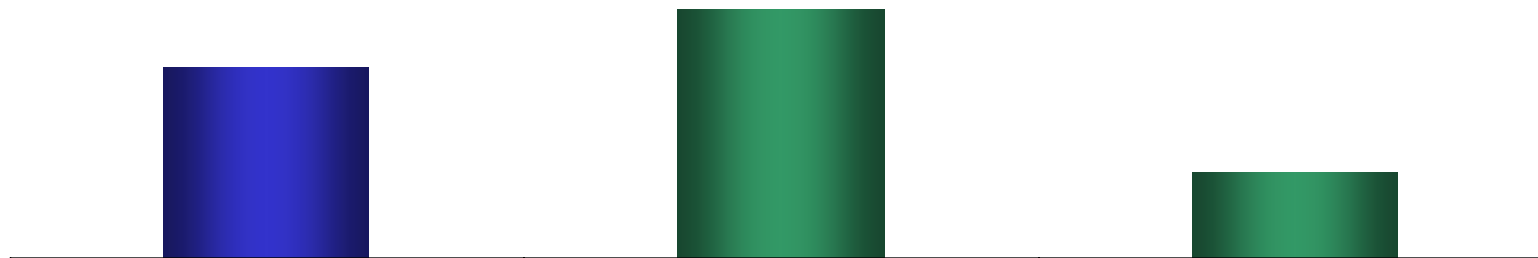
Continued momentum in National Bank Retail and Rural Banking, ANZ Retail 'back in the game'

NPAT NZD
% growth

205m
6.9%

266m
21.7%

92m
10%



ANZ Retail

PBP NZD
% growth

328m[^]
5.8%

- 3.3% 2H06 PBP growth[^]
- Growth in market share with Consumer Finance FUM up 14%, Mortgage FUM up 16% and Deposit FUM up 11%
- Brand & Product repositioning, growth in \$5 'all you can eat' ahead of business case
- Growing customer numbers for the first time in 9 years
- Customer service rating at 9 year high, improving 9% in FY06 #
- Leading staff engagement at 71%

National Bank Retail

403m[^]
12.4%

- 8.3% 2H06 PBP growth with strong momentum
- Solid volume growth across all segments Mortgages up 11%, Deposits up 7%, Consumer Finance up 14%
- Fee income repositioning to market assisted revenue growth
- Launch of online saver and refresh of thoroughbred select account driving customer growth
- Strong growth in customer numbers up 2%
- Staff engagement 66%

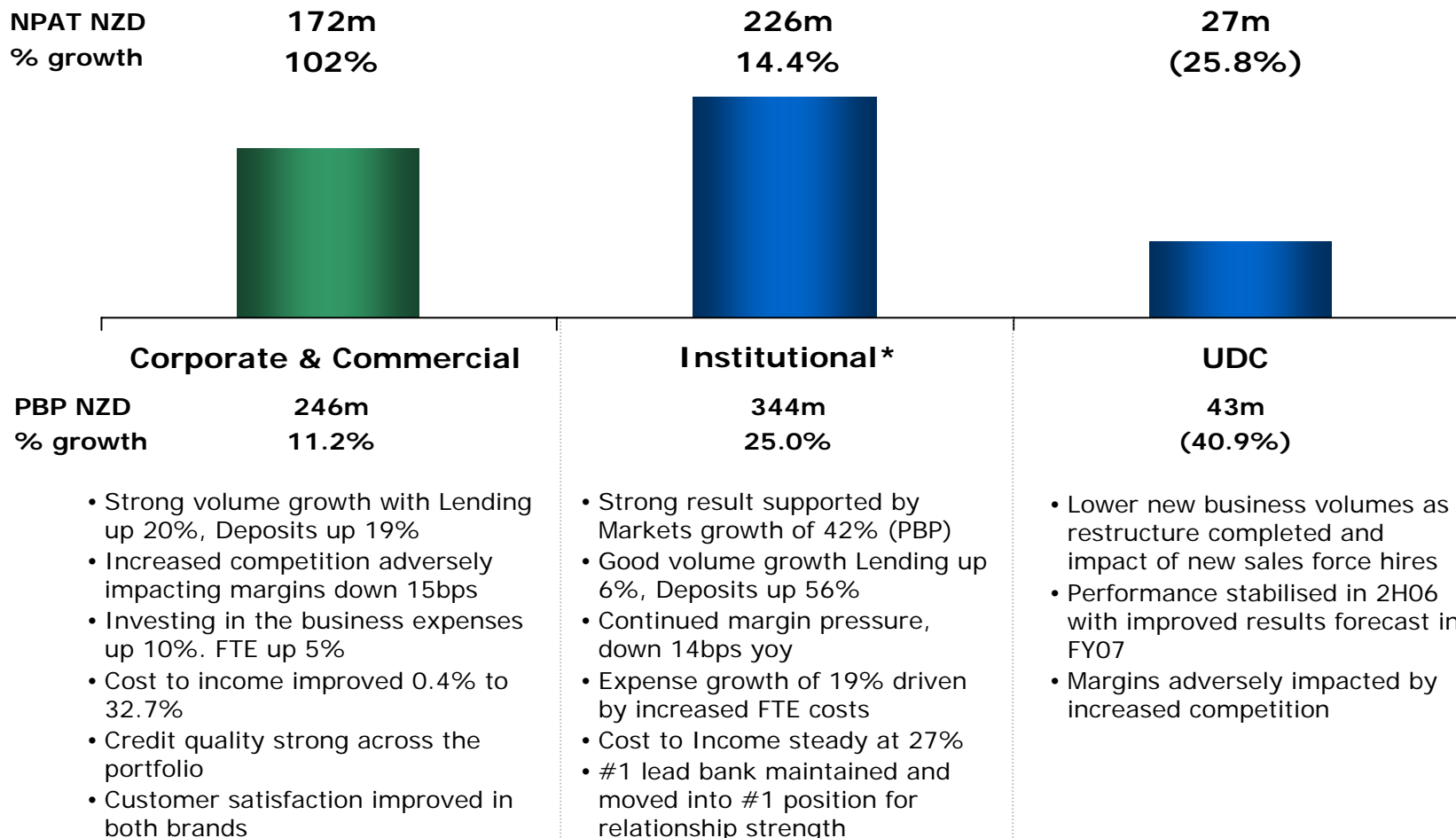
Rural Banking

137m
8.3%

- 11% 2H06 PBP growth
- Strong lending growth up 16%
- Increased competition adversely impacting margins
- Successful cross sell, \$7m income from selling Institutional products to Rural customers
- Disciplined cost control up 2% yoy
- Credit quality strong with no specific industry concerns
- Continued high staff engagement 67%

New Zealand: strong growth in Corporate & Commercial and Institutional*, UDC restructure completed

Strong momentum in Corporate & Commercial and Institutional, signs of turnaround in UDC



Building momentum in International Partnerships, Panin performance impacted by tough macro environment

Credit Card Joint Ventures

- Strong growth momentum continues*
 - 60% increase in NPAT
 - 37% increase in card accounts

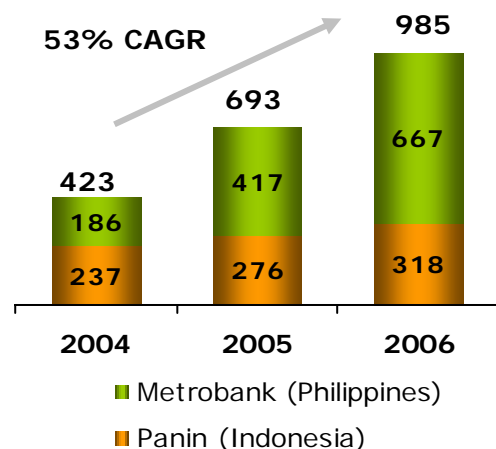
Indonesia

- 65% market share of Platinum Mastercard; 5% overall cards market share of Visa Products

Philippines

- 4th largest and fastest growing credit card business

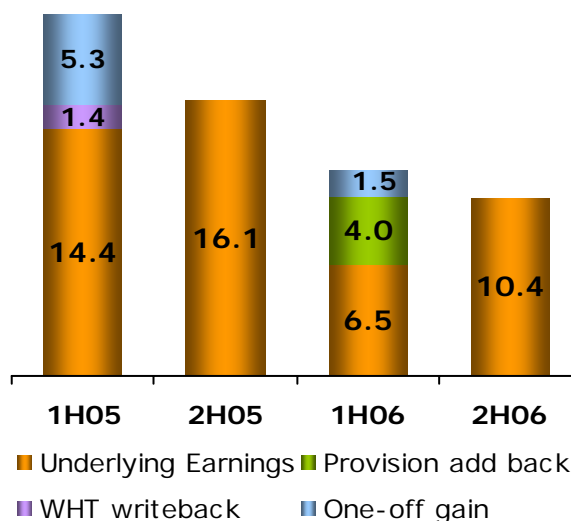
~ 1m Cards on Issue in Asia
(Accounts '000)



Panin Joint Venture

- Performance adversely impacted by tough economic conditions
- Lending up 20% driven by Consumer & SME business*
- 43 new branches & 53 new ATM's
- Book value of \$222m against market value of \$401m at Sep-06

Improved underlying momentum in 2H06 (NPAT \$m)



- Deal for 20% ownership concluded in June '06
- ANZ senior management team in place
- Developing retail strategy with TCCB management
- 4th largest city commercial bank
- >5 million customer accounts



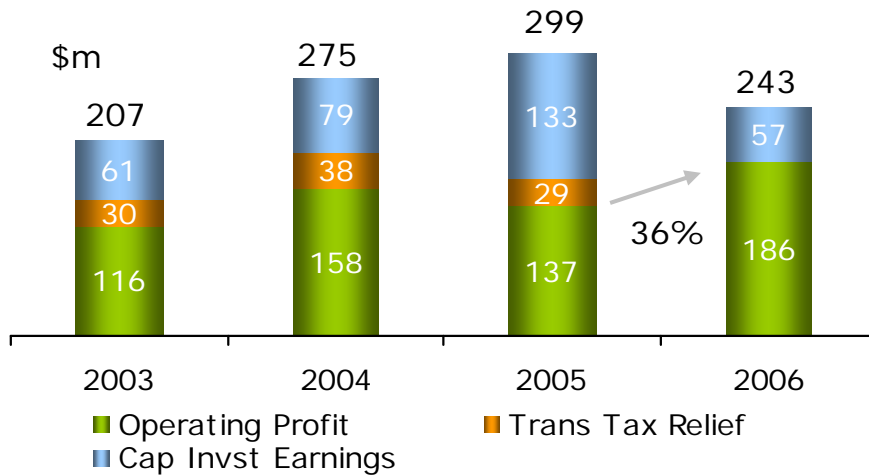
- Profit up 46% to 31/12/05
- Credit card joint venture established
- Listed on stock exchange July '06
- Cooperation underway on risk, retail products, credit cards and financial markets



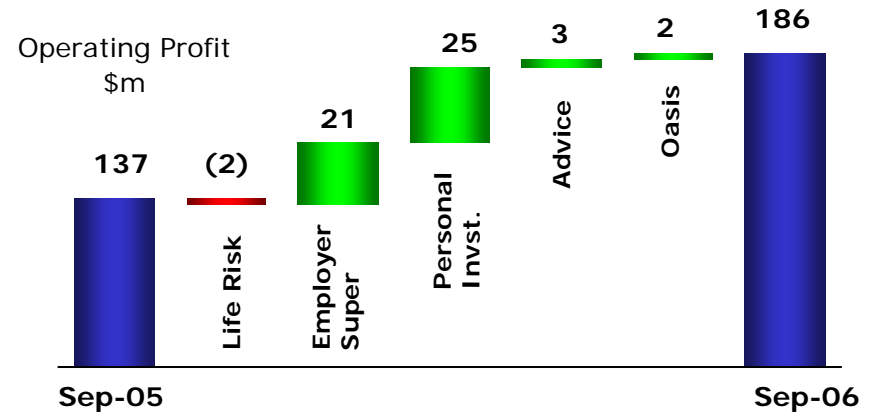
- 7 branches, 41 ATM's (out of 47 in country), POS roll out Nov'06
- USD174m in Deposits - #2 market share of 19 banks
- > 20,000 debit cards
- > 20,000 accounts
- Break even achieved 2 years ahead of plan

INGA: underlying business performing well

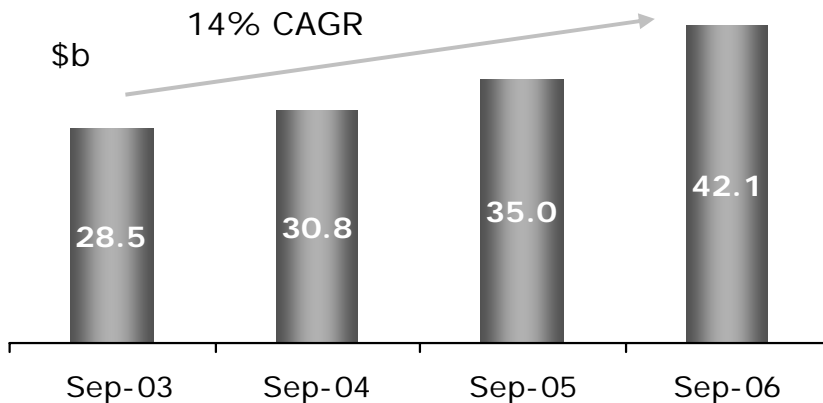
Solid operating profit growth



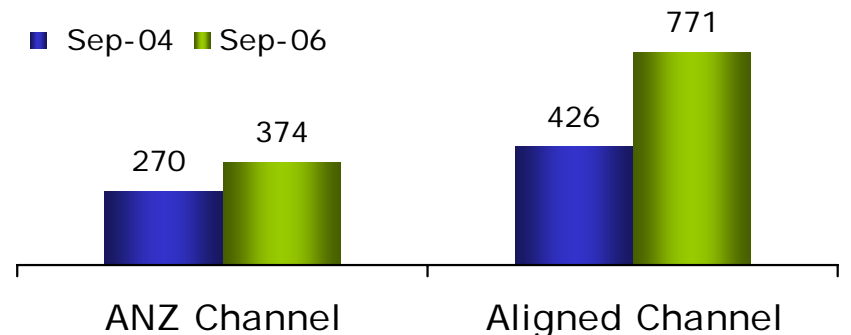
Employer Super and Personal Invest. businesses driving profit growth



Continued strong FUM growth*



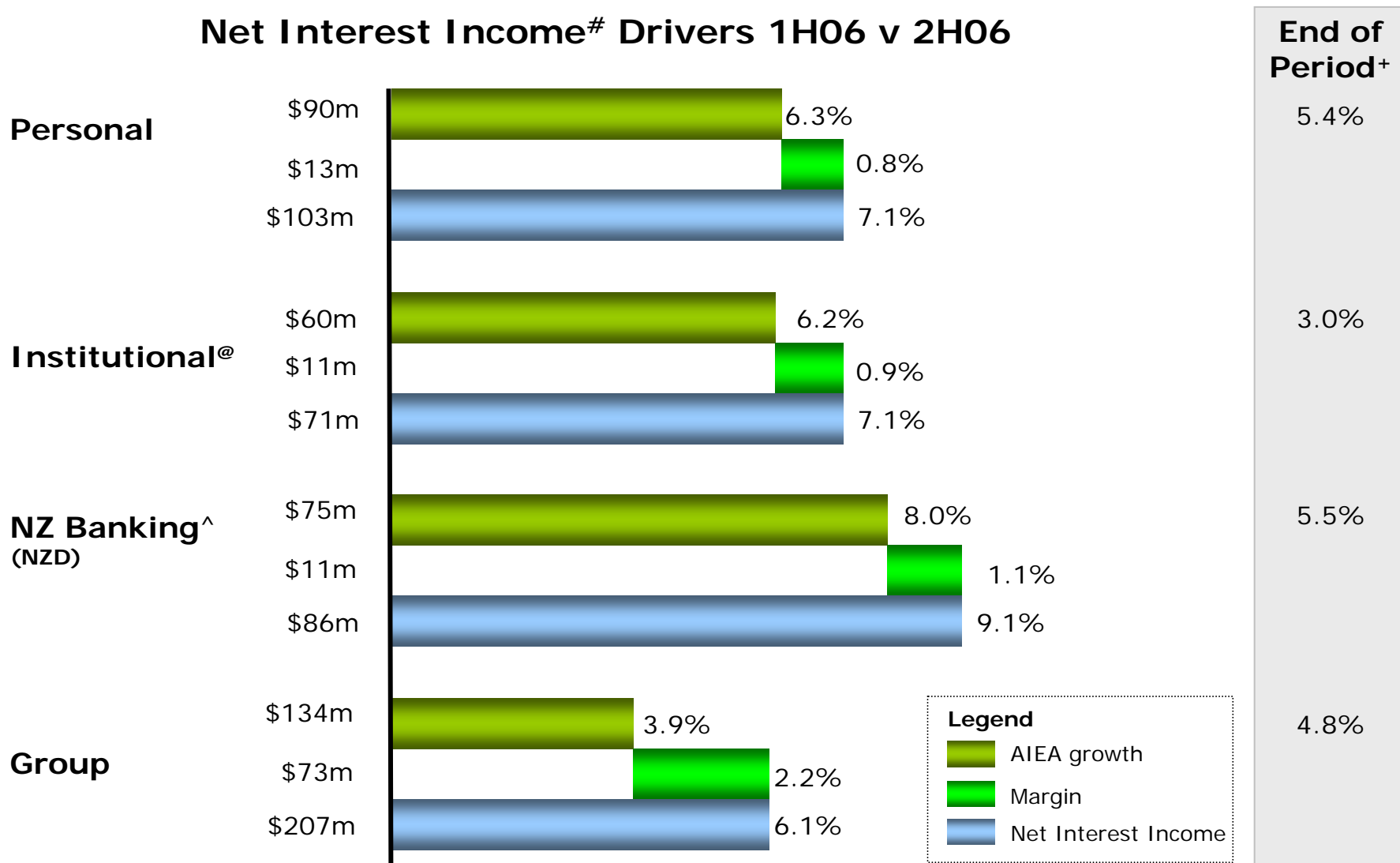
Significant increase in the number of Advisers (Financial Planner Numbers)



Margin Analysis

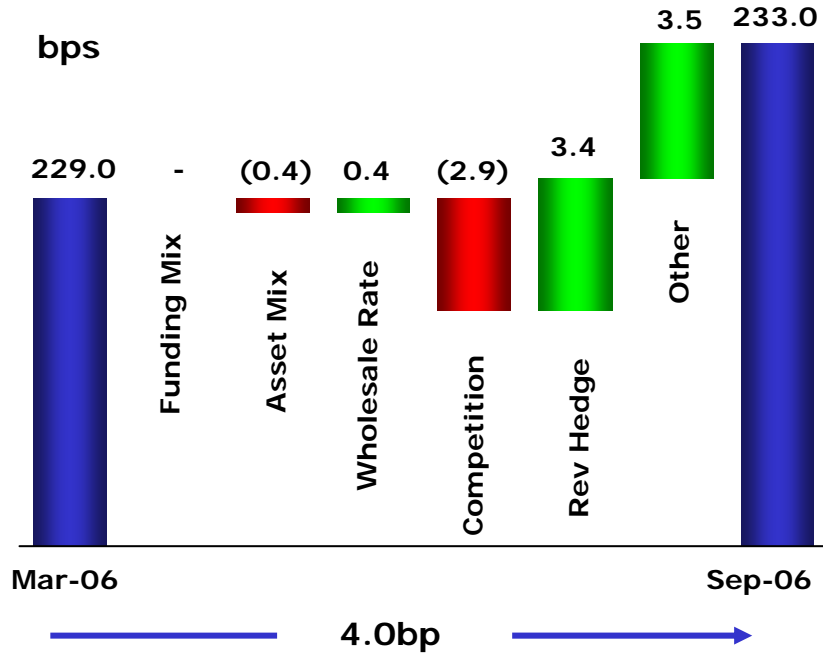
Positive margin outcomes across all Divisions in 2H06 supporting strong Net Interest Income growth

Net Interest Income[#] Drivers 1H06 v 2H06



Group half on half margin up 4bps

Reported margin up 4bps,
Underlying down ~3bps
(1H06-2H06)



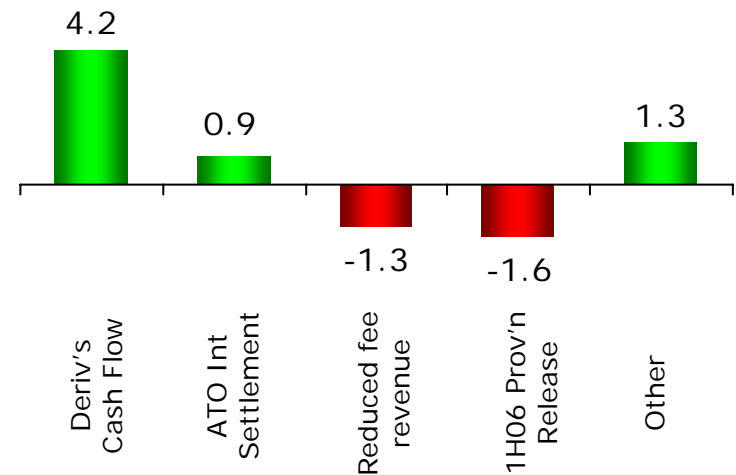
NZ deposits & Aust Cards key drivers of competition

(competition impact on Group Margin
1H06-2H06 bps)



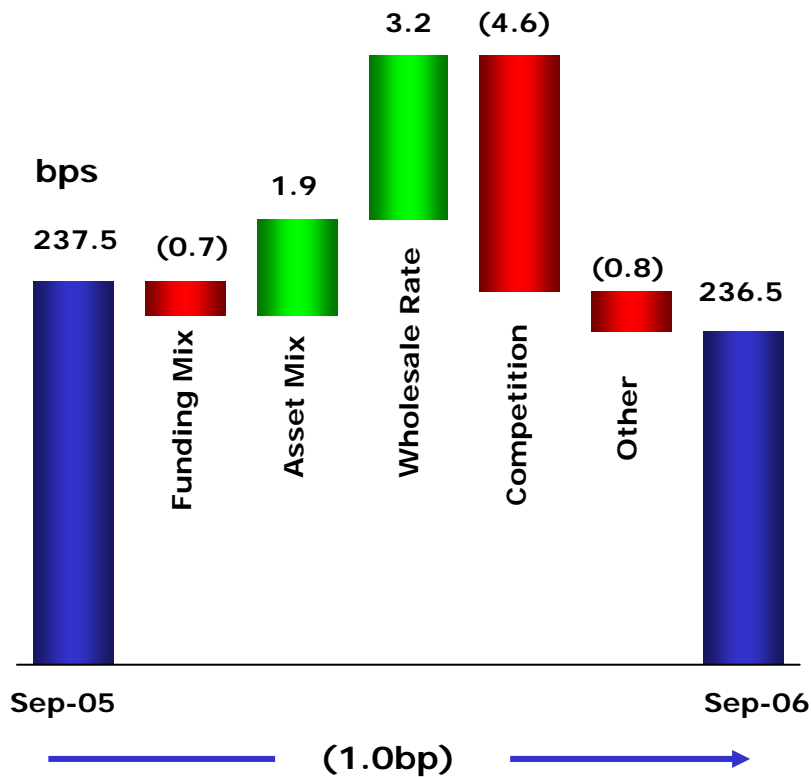
'Other' composition

('other' impact on Group Margin
1H06-2H06 bps)

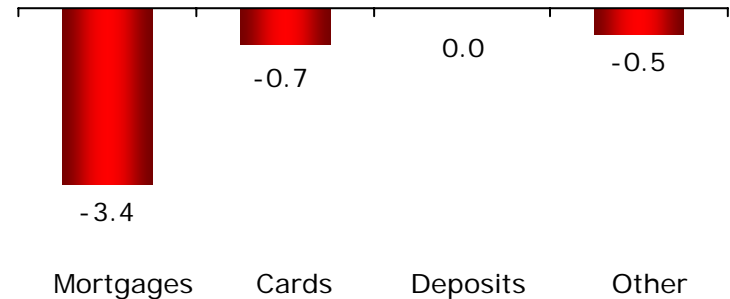


Personal: Convenience & Simplicity strategy driving stable deposit margin outcome

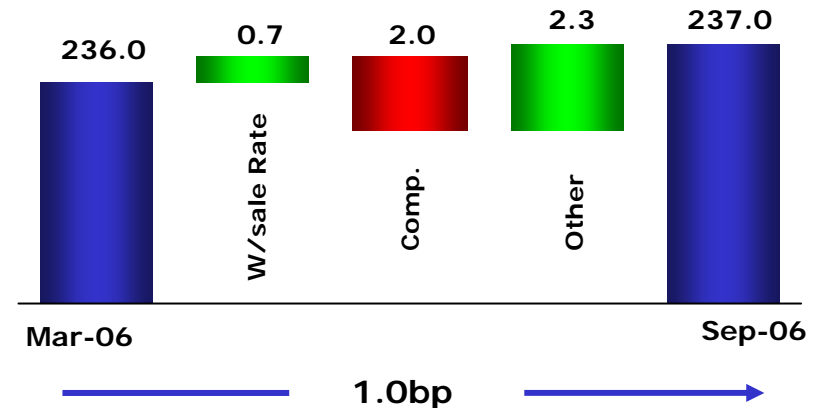
Asset Mix & Wholesale Rate benefits offset by increased Competition
(FY05-FY06)



Mortgages key driver of competition
(competition impact on Personal Division Margin FY05-FY06 bps)

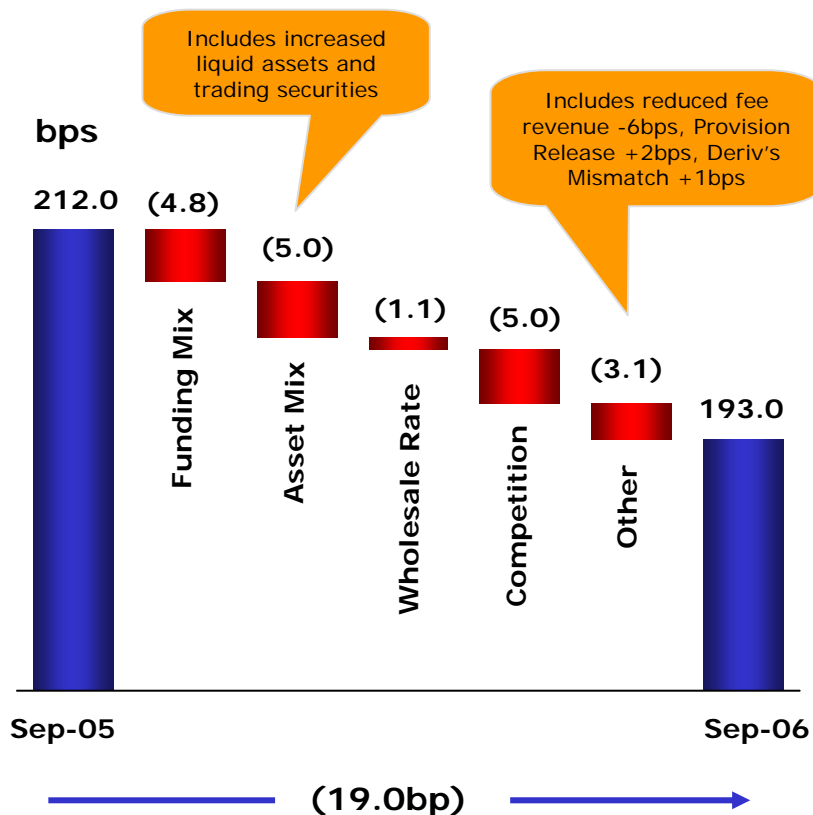


2H06 margin up 1bp
(Personal Margin 1H06-2H06 bps)



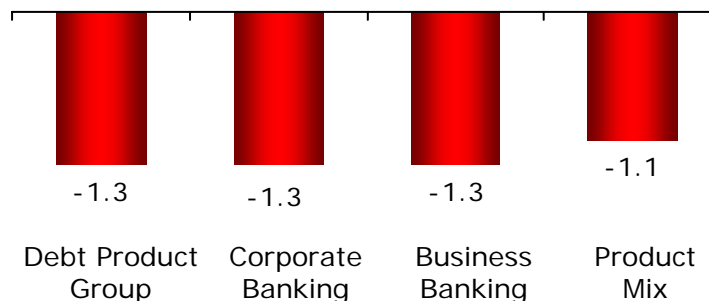
Institutional: Margin decline driven by funding mix, asset mix and competition

Reported NIM decline adversely impacted by accounting 'noise' (FY05-FY06)



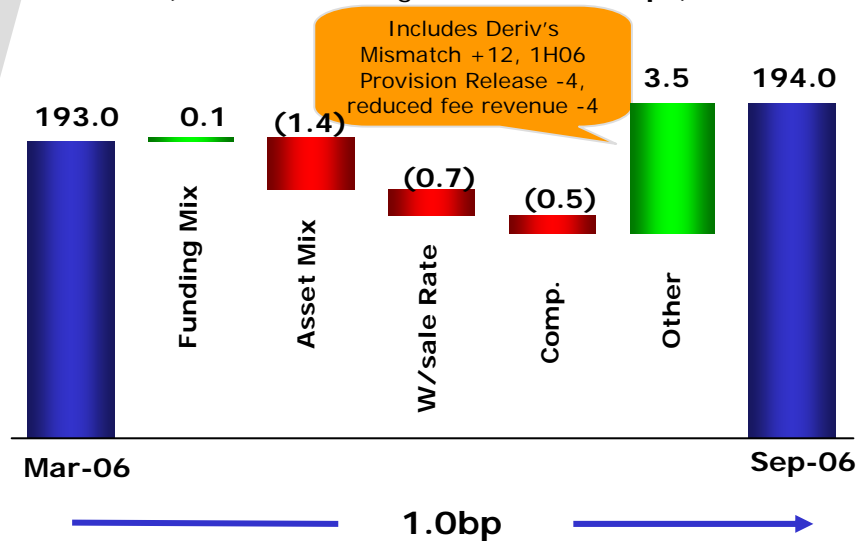
Competition spread across all segments

(competition impact on Institutional Division Margin FY05-FY06 bps)



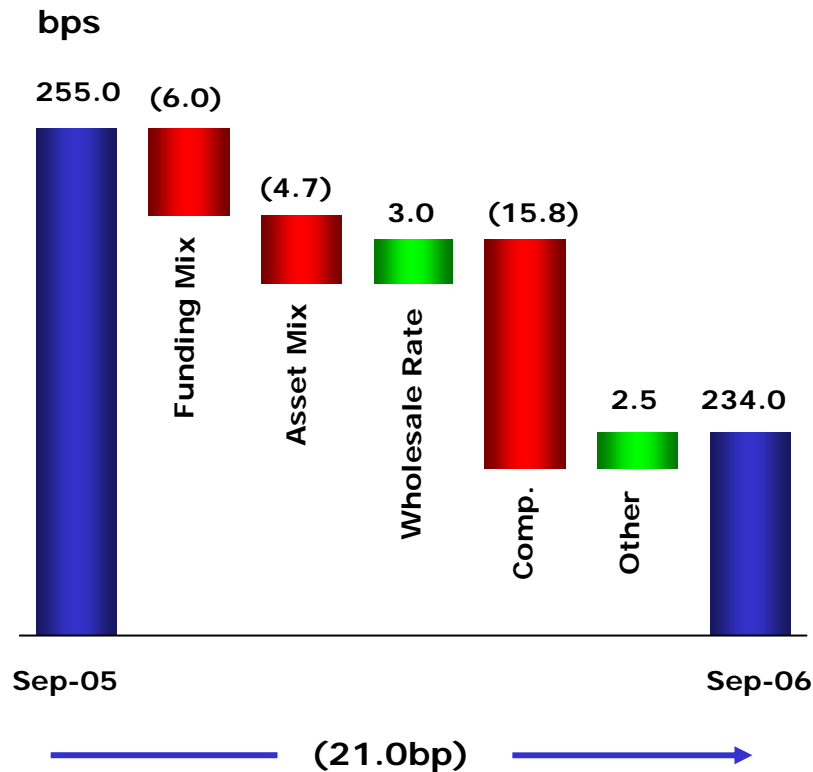
2H06 margin up 1bp

(Institutional Margin 1H06-2H06 bps)



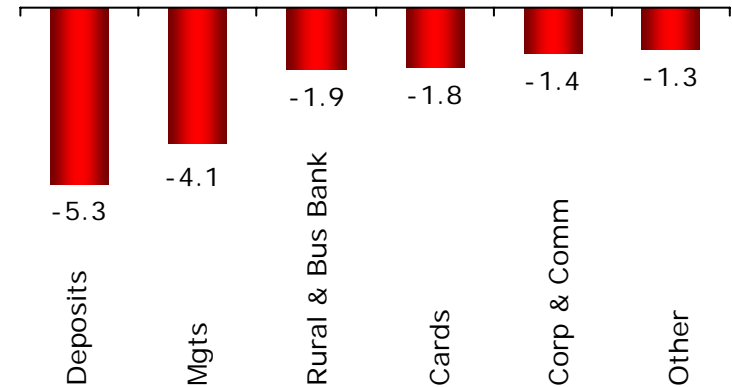
New Zealand Banking: Deposit & Mortgage competition key drivers of margin decline

Competition driving margin decline (FY05-FY06)



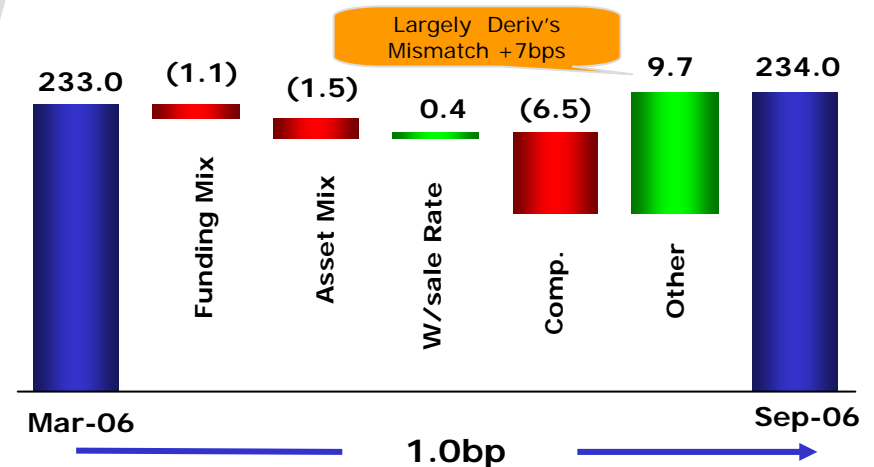
Deposits & Mortgages key drivers of competition

(competition impact on New Zealand Banking Margin FY05-FY06 bps)



2H06 margin up 1bp

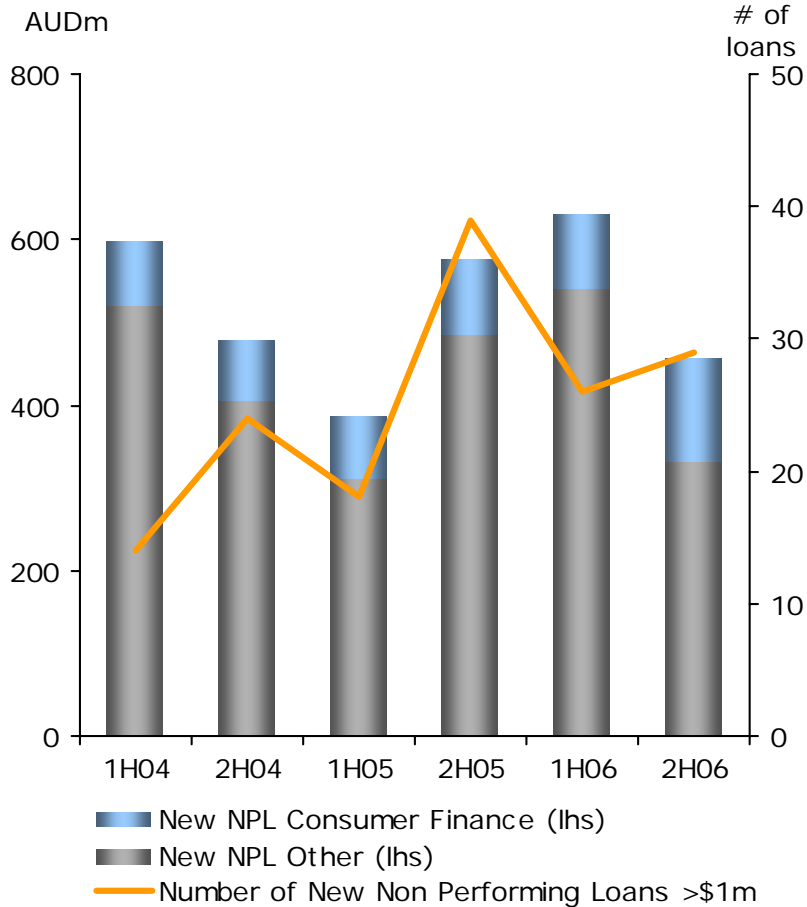
(New Zealand Banking Margin 1H06-2H06 bps)



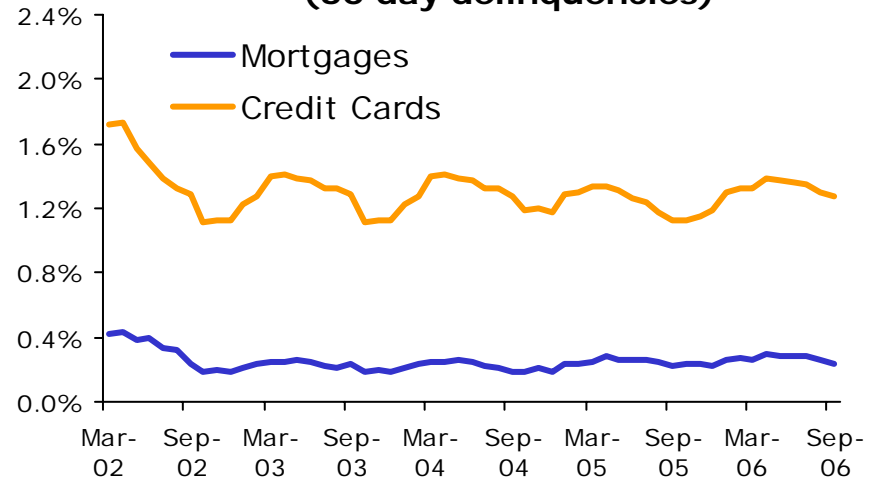
Credit Quality

Strong credit quality continues

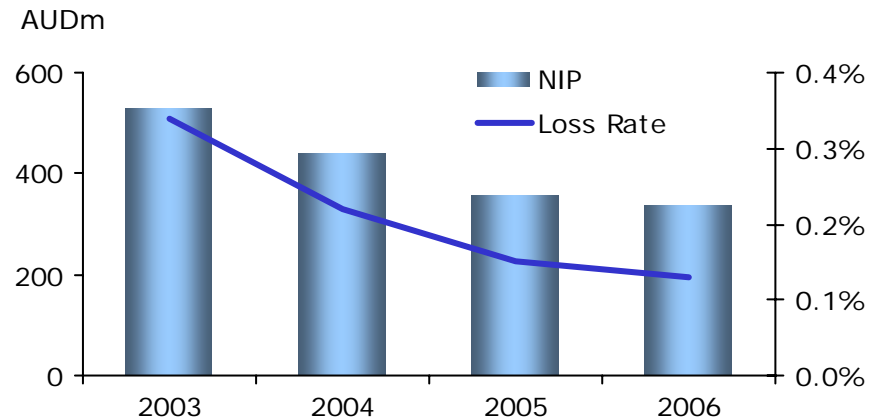
Reduced Non Performing Loans



Delinquencies remain low (60 day delinquencies)

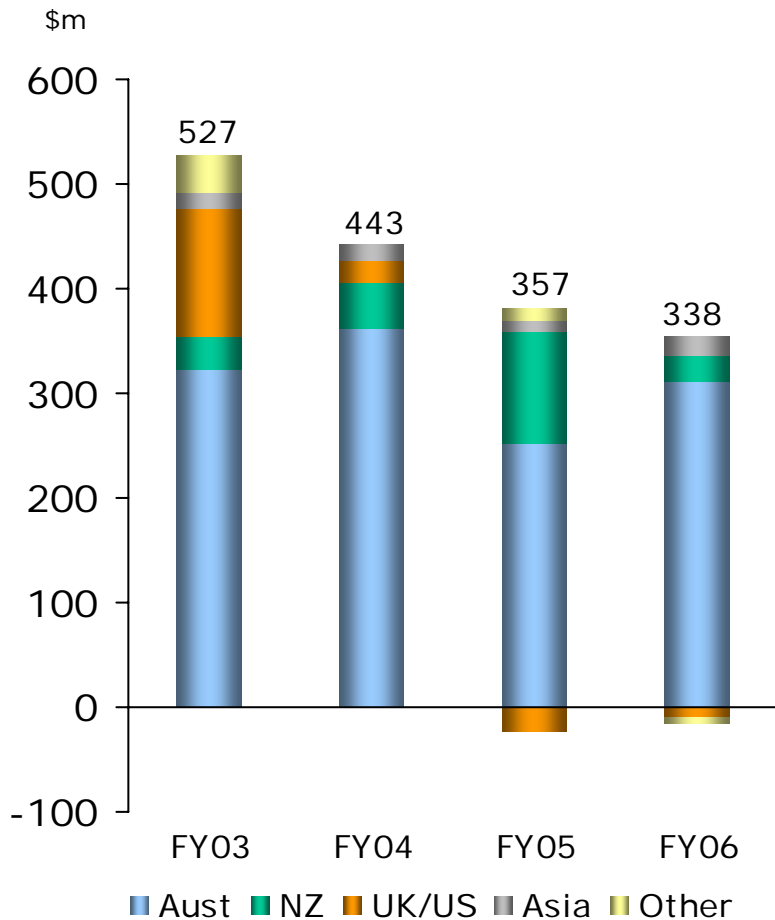


Net Individual Provisions down further (Net IP / Average Net Lending Assets*)

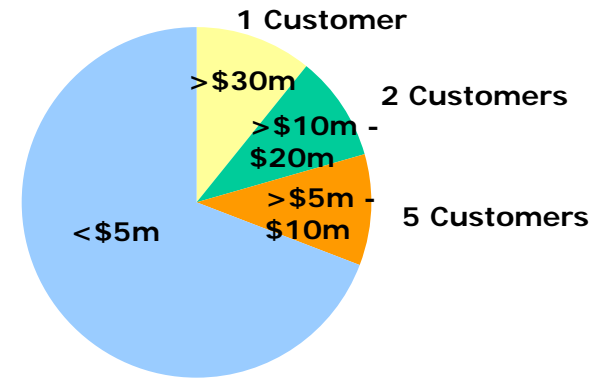


Net Individual Provision charge down 5.2%

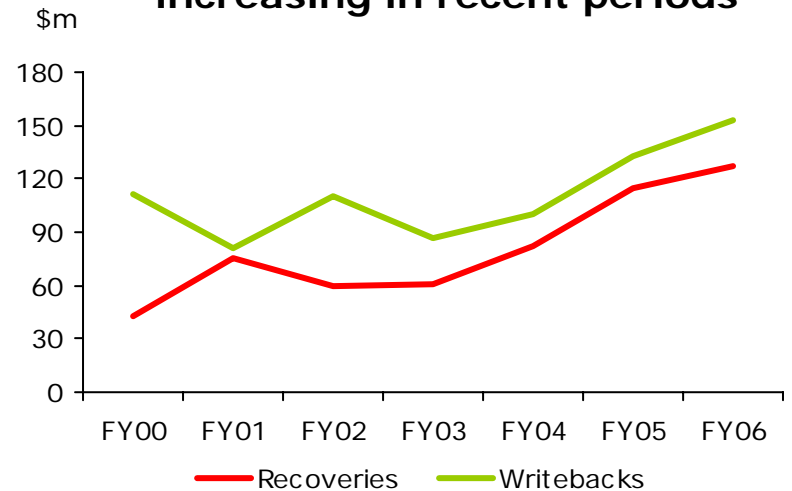
Virtually all losses were in Australia
Net Individual Provisions by Geography



Very few large losses in FY06
Net Individual Provisions By Size

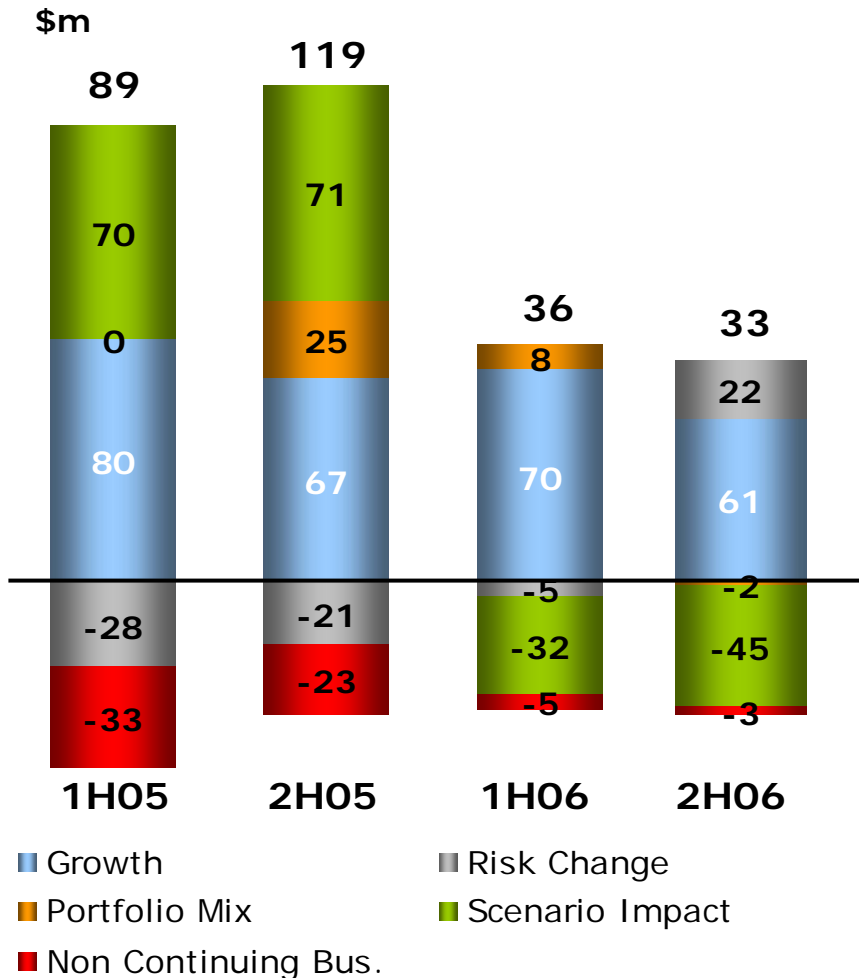


Value of Writebacks & Recoveries increasing in recent periods

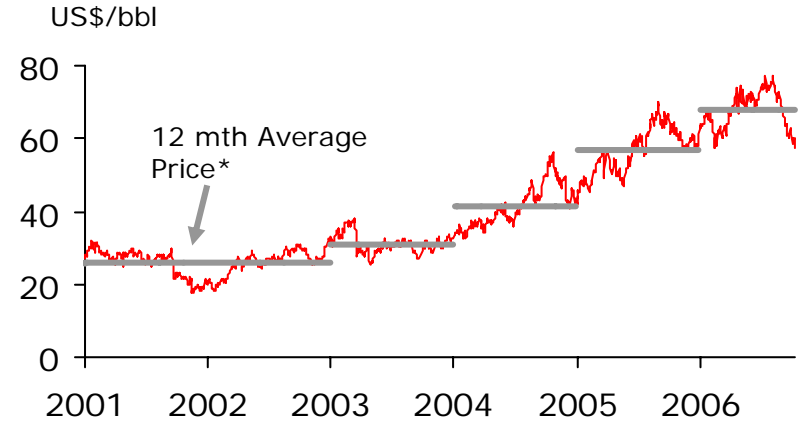


Portfolio growth driving Collective Provision charge

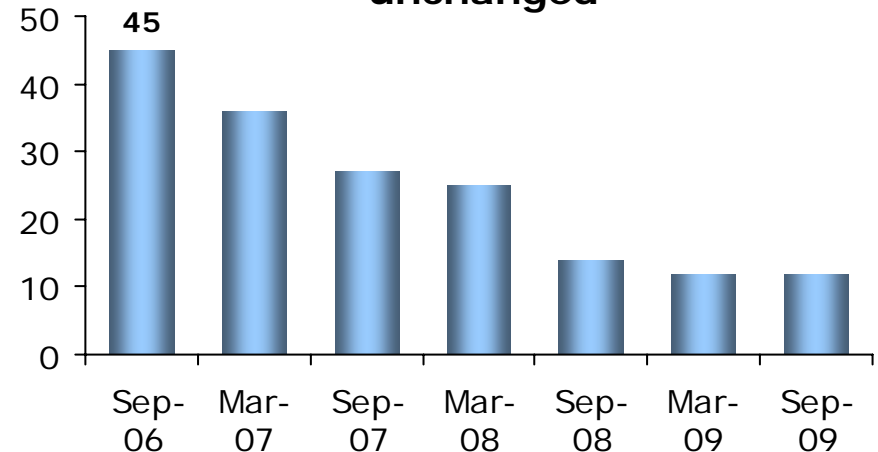
Portfolio growth and risk shifts driving 2H06 Collective Provision charge



Oil price remains at historically high levels



Oil Provision run-off profile unchanged



Collective Provision charge driven by Cards and Esanda

FY06 Collective Provision charge

Business Unit (A\$m)	Asset Growth impact	Risk / Mix impact	Oil Scenario impact	Total
Group	131	23	(77)	69
Institutional (excl Corporate & BB)	23	(7)*	(17)	(1)
Corporate & BB	16	9	(15)	10
Cards (Aust.)	25	25	(8)	42
Esanda	6	27	(8)	25
Personal (excl Cards & Esanda)	22	1*	(10)	13
New Zealand	33	(32)	(15)	(14)
Other ^	6	0	(4)	2
Non Continuing				(8)

- Cards driven by strong FUM growth and deliberate risk shift to higher revolve rate products
- Esanda impacted by oil price affect on residual values, driving higher 'loss given default' levels
- New Zealand risk largely driven by strong Mortgages growth and reduced overall risk in Corporate & Commercial
- Business lending balance determined as follows
 - CP balance is largely driven by asset growth and movement in risk profile
 - Individual customers assigned independent risk grades and security coverage indicators
 - CP methodology based on tenor, risk profile, emergence period and exposure size

Risk grade migrations

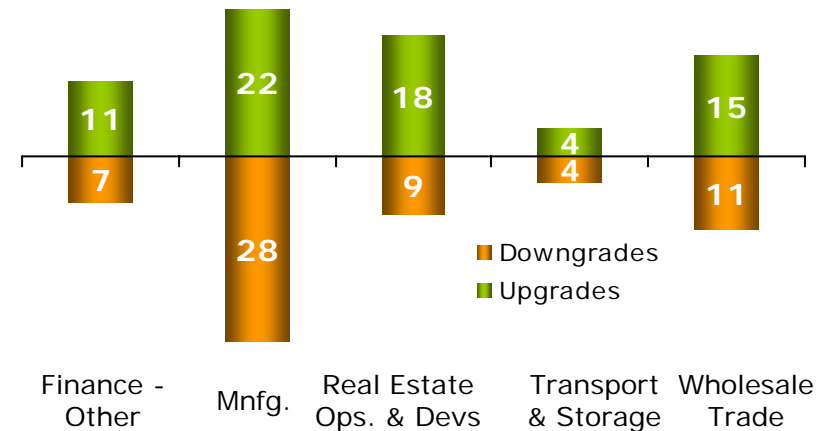
Debt Product Group (Net Lending Assets \$26.2b*)

- 8.6% of all customers were downgraded during the year, with 13.8% upgraded

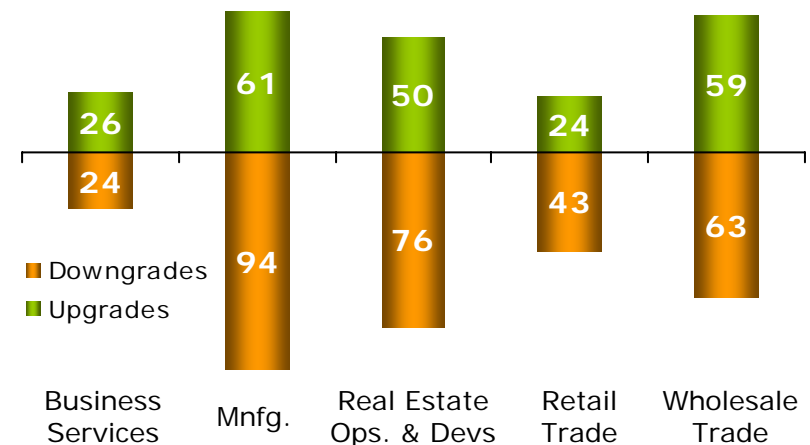
Corporate Australia (Net Lending Assets \$13.9b*)

- 10.3% all of customers were downgraded during the year, with 7.8% upgraded due to improved performance

DPG Aust. Risk Grade Migration Summary by Customer Group (FY06)



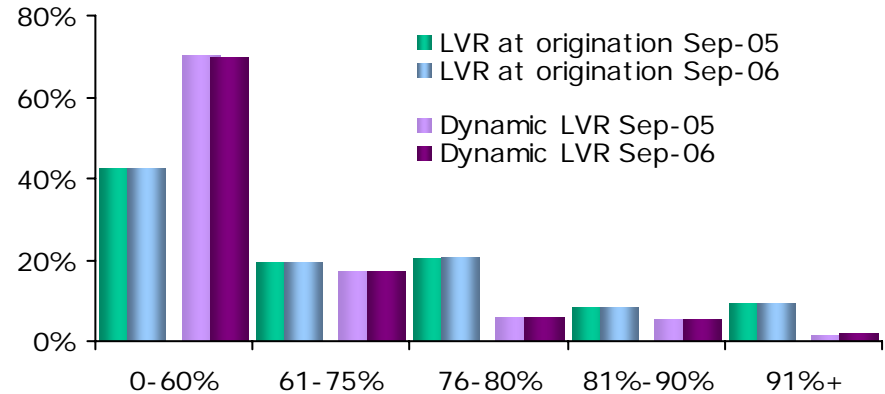
Corporate Risk Grade Migration Summary by Customer Group (FY06)



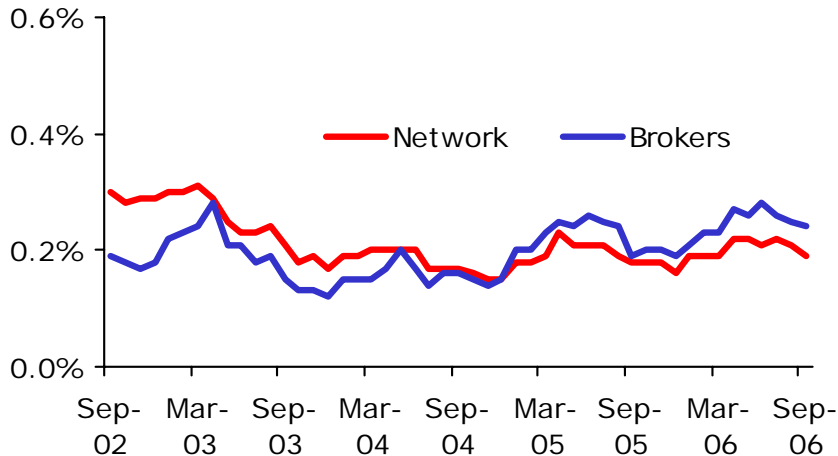
Strong credit quality in Mortgages Australia

- Dynamic LVR profile reflects strong migration into lower LVR buckets compared to the time of origination
- Owner Occupied dominates the portfolio, while the uptake of Equity products has stabilised
- 60+ day arrears remain at low levels for both Broker and Network originated mortgages

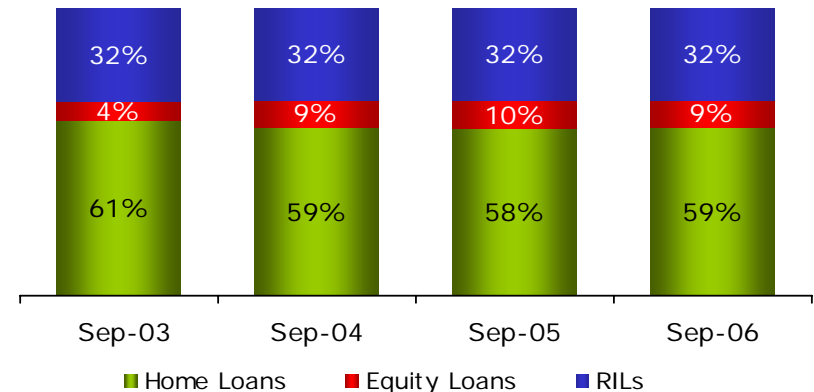
Strong LVR profile



Network vs. Brokers 60+ day Delinquencies (excl Origin)



Portfolio by product – Mortgages Australia (incl. Origin)

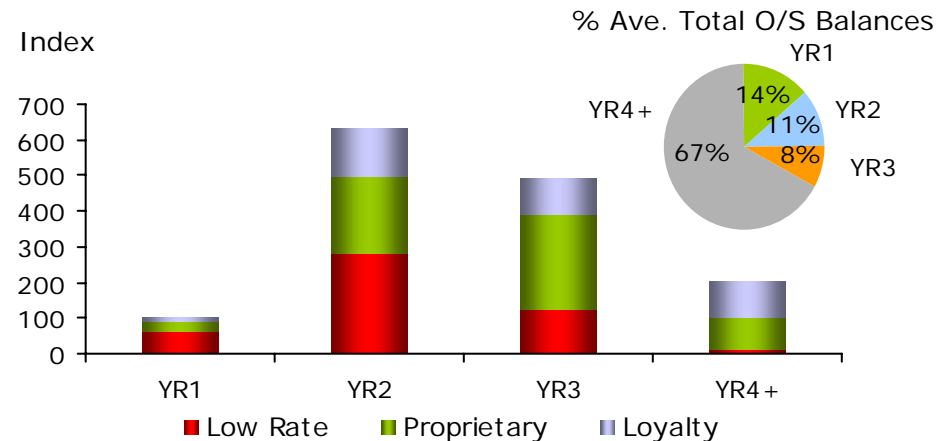


Credit Cards: credit quality remains sound

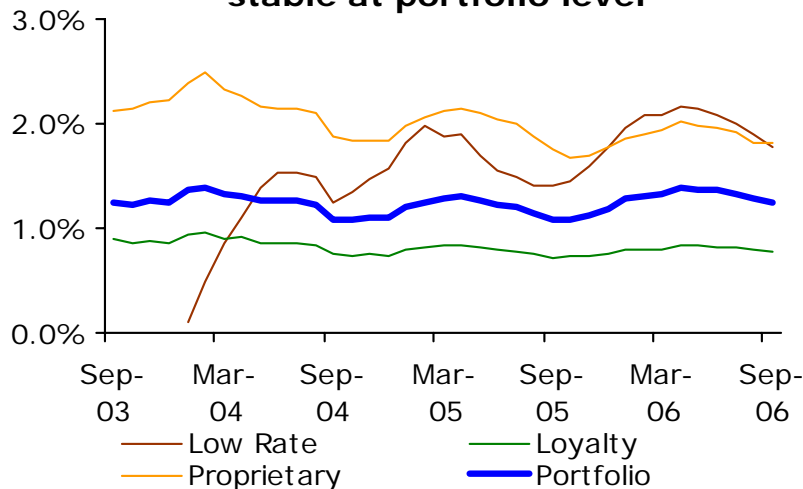
- The Consumer Cards portfolio mix is shifting from loyalty products towards Proprietary and Low Rate products.
- Proprietary and Low Rate products are traditionally higher risk than Loyalty products and while their arrears rate is higher, actual arrears are tracking in line with expectations

Loss rates likely to increase as low rate balances 'season'

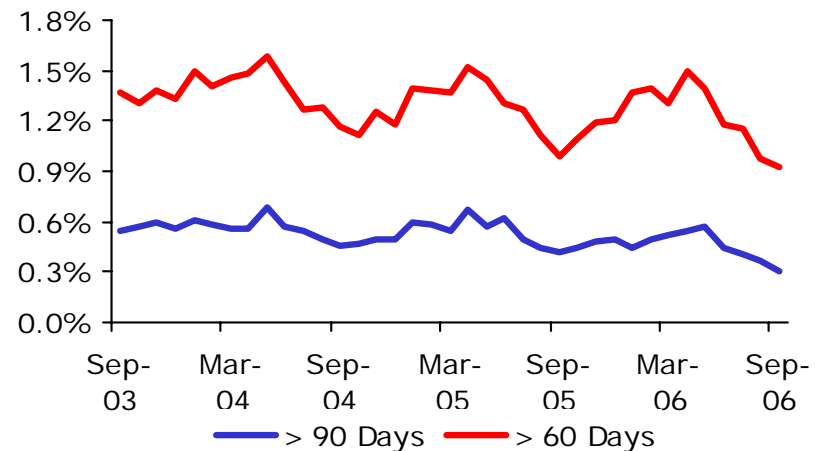
(Loss Rates by Vintage by Product Index YR1 = 100)



Credit Cards 60+Days arrears stable at portfolio level

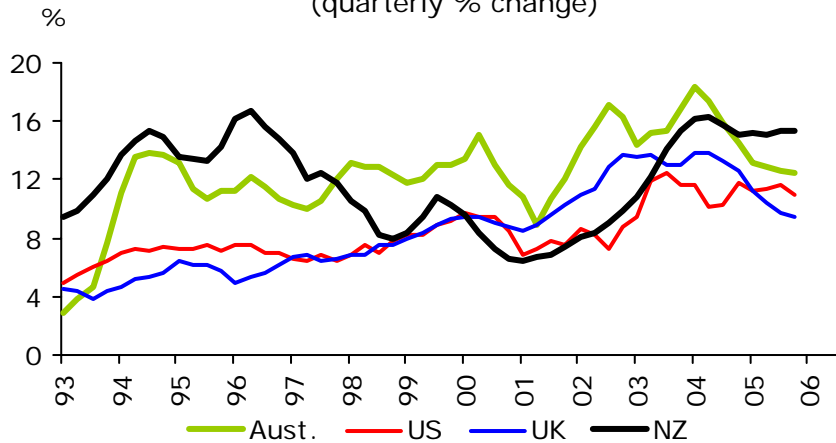


Personal Loans Australia arrears improving following seasonal up-tick



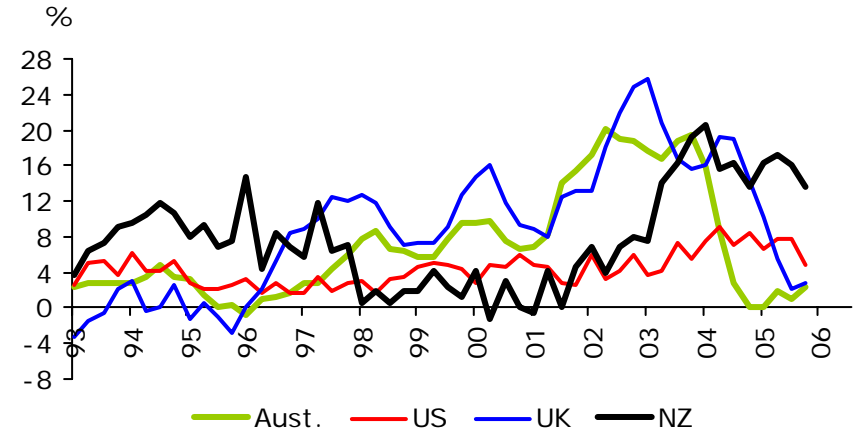
No signs of deterioration in consumer credit

Rate of growth in Household Debt reducing in Aust, stable in NZ
(quarterly % change)



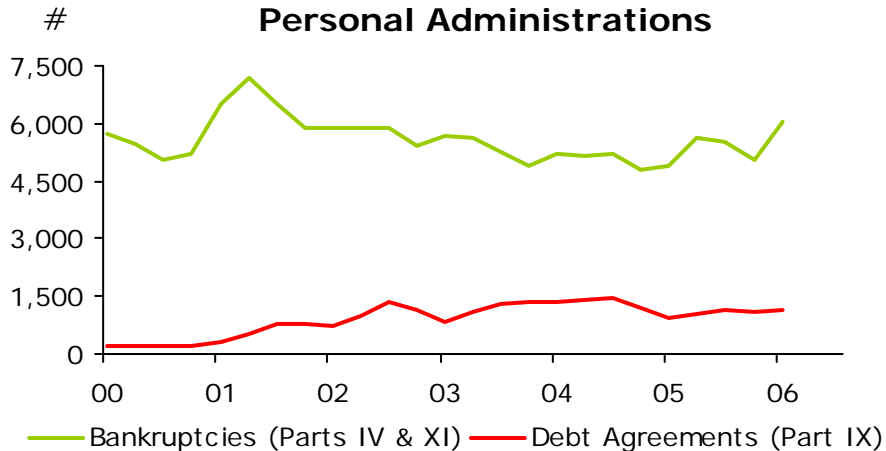
Source – ABS, DataStream, RBNZ, Economics@ANZ

Aust. rate of growth in house prices improving, NZ coming off historic highs
(yearly % change)



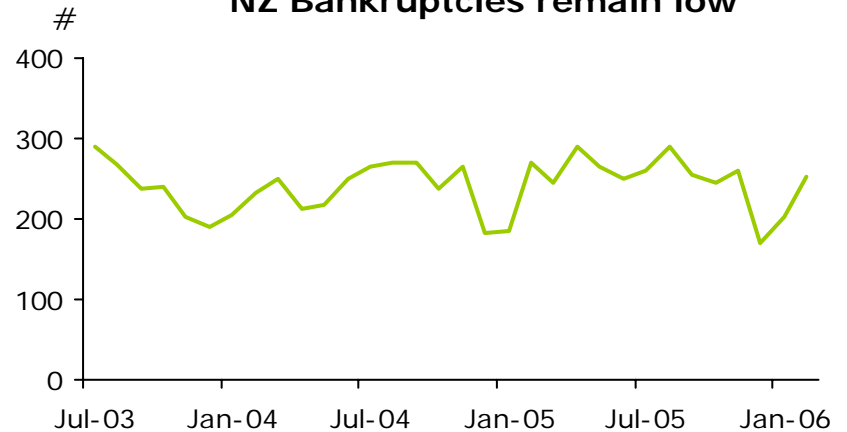
Source – Bloomberg, Economics@ANZ

No material shift in Australian Personal Administrations



Source – Insolvency and Trustee Services Australia

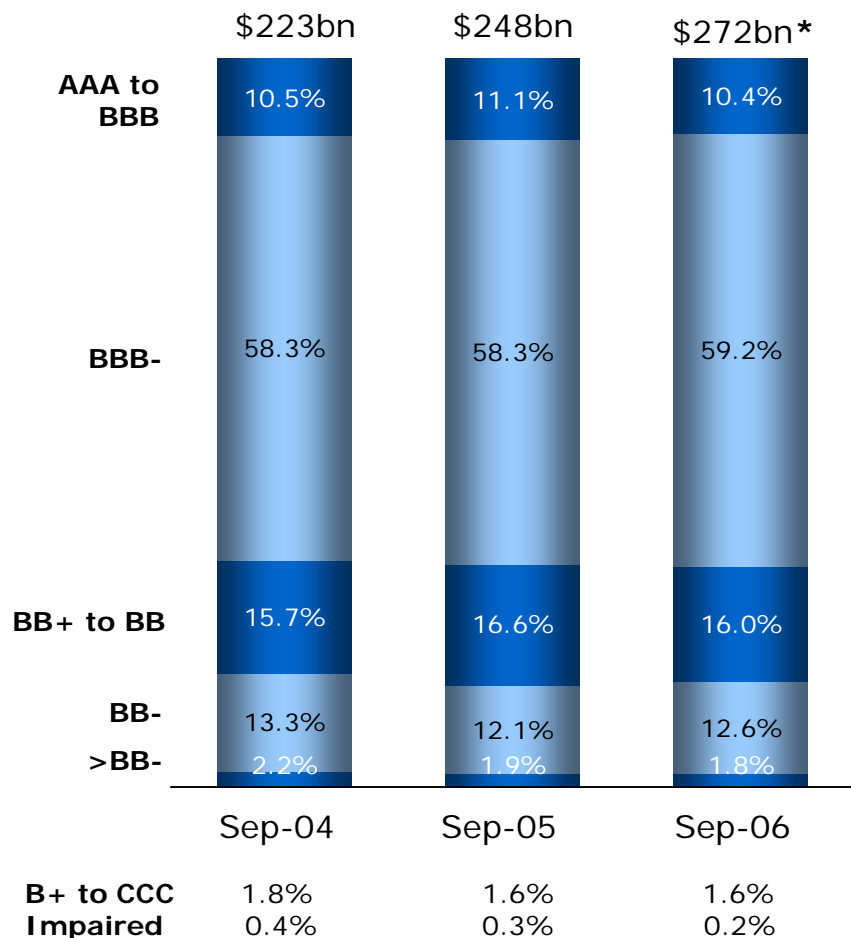
NZ Bankruptcies remain low



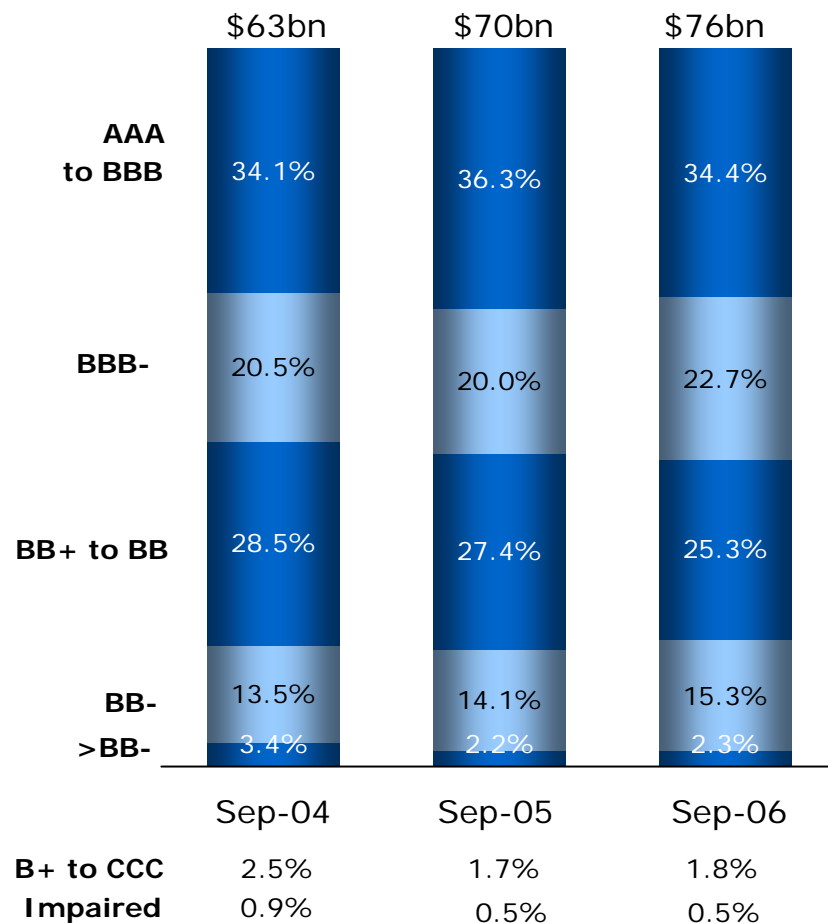
Source – Insolvency and Trustee Services NZ

Risk profiles remain largely unchanged

Group – Outstandings



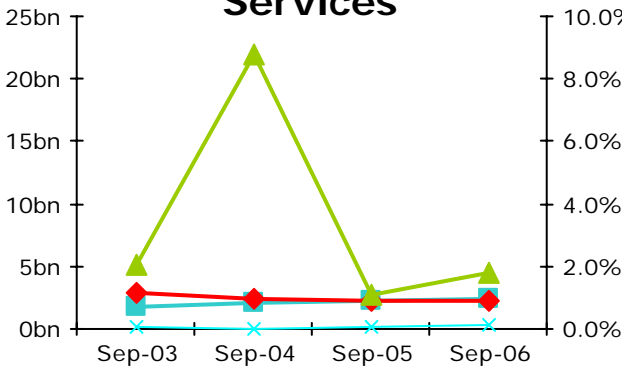
Institutional – Outstandings



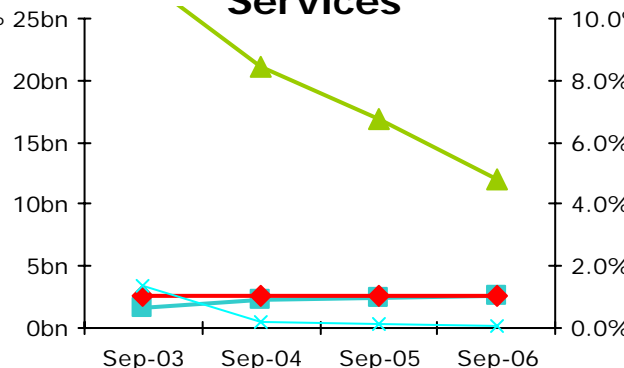
Industry exposures – Australia & New Zealand

- Lending Assets (AUD)
- ◆ % of Portfolio (RHS scale)
- ▲ % in High Risk (RHS scale)
- × % in Non Accrual (RHS scale)

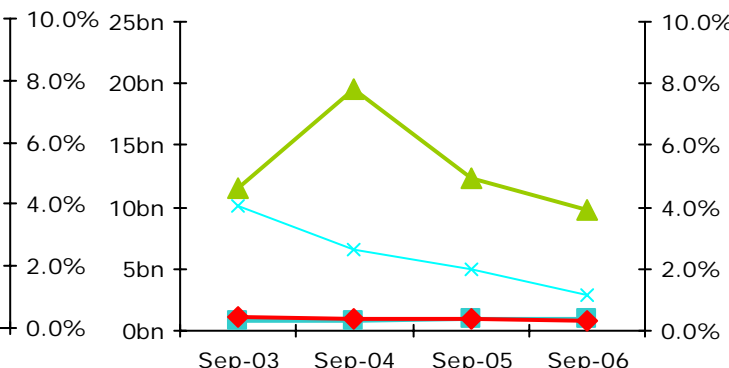
Health & Community Services



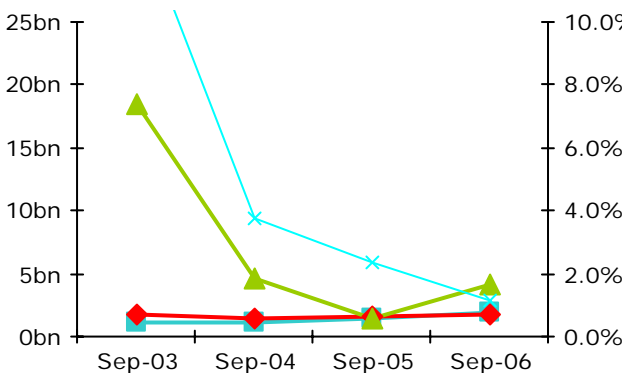
Cultural & Recreational Services



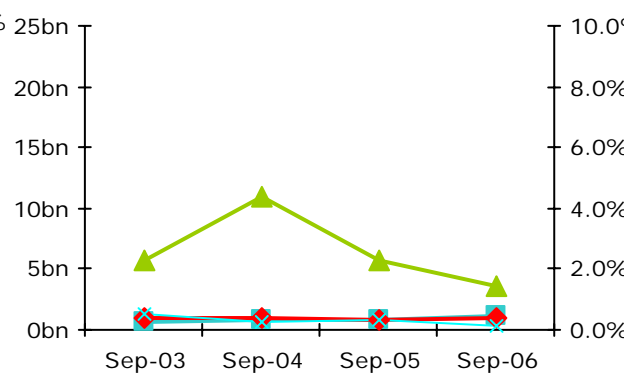
Forestry & Fishing



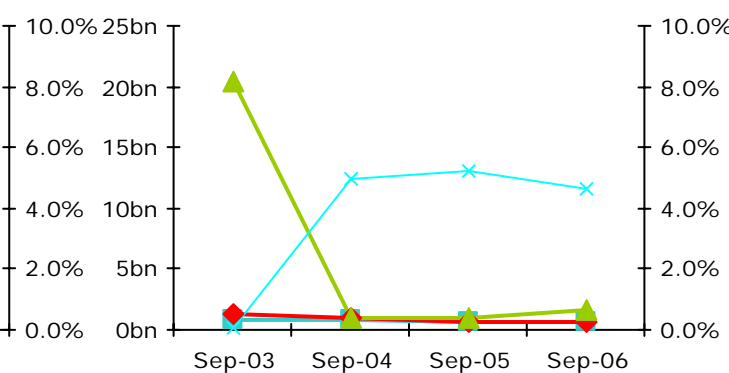
Mining



Personal & Other Services



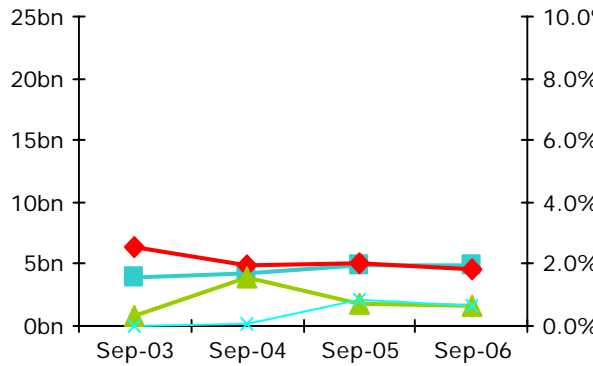
Communication Services



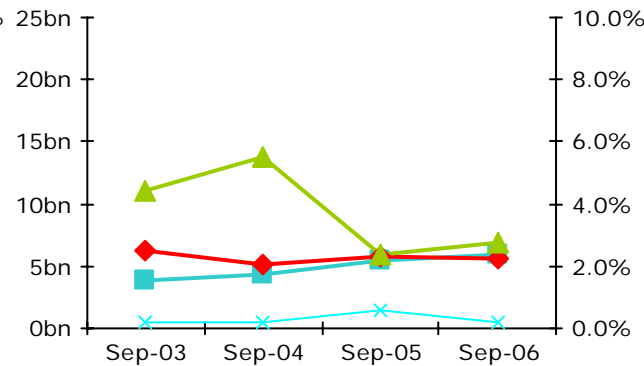
Industry exposures – Australia & New Zealand

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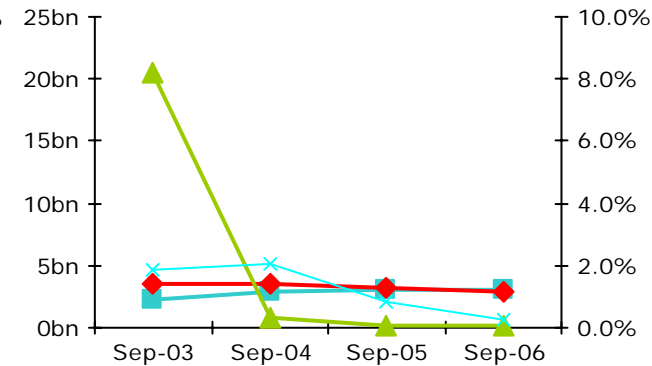
Finance - Other



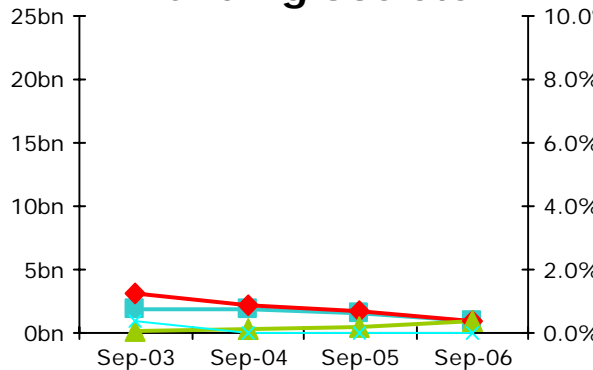
Transport & Storage



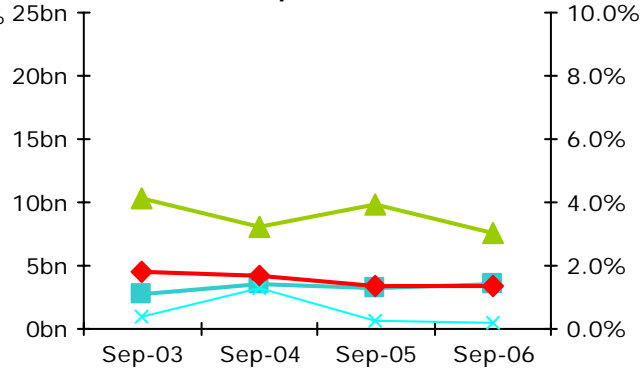
Utilities



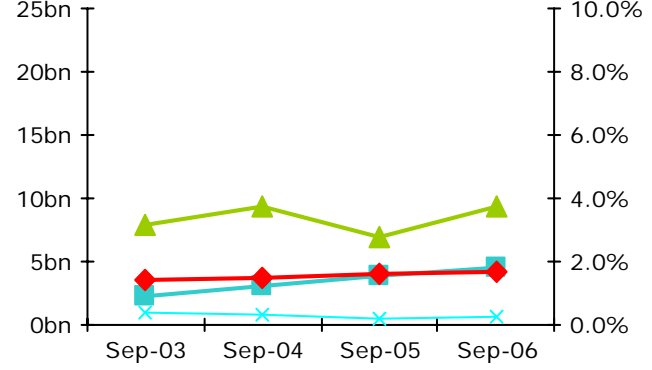
Finance – Banks, Building Soc etc.



Accommodation, Clubs, Pubs etc.



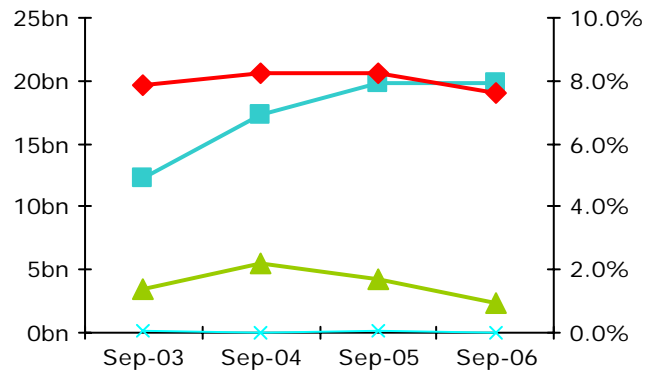
Construction



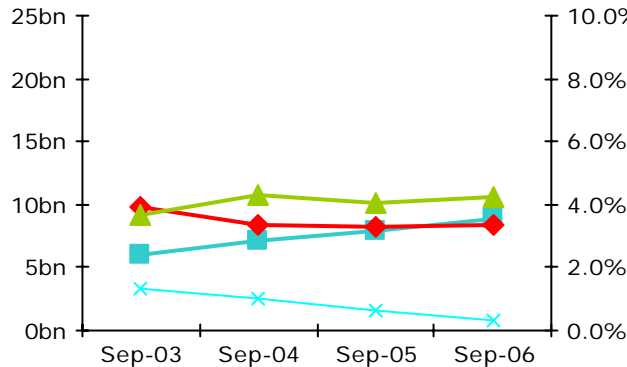
Industry exposures – Australia & New Zealand

- Lending Assets (AUD)
- ◆ % of Portfolio (RHS scale)
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- × % in Non Accrual (RHS scale)

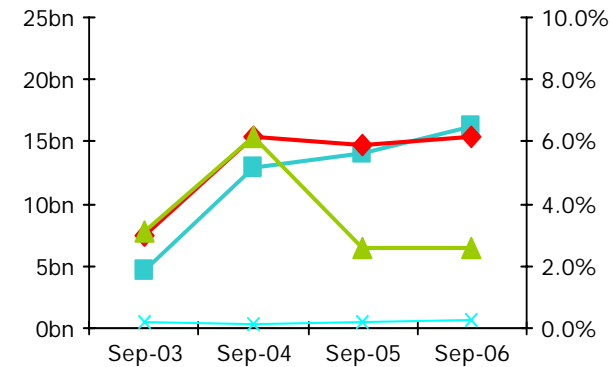
Real Estate Operators & Dev.



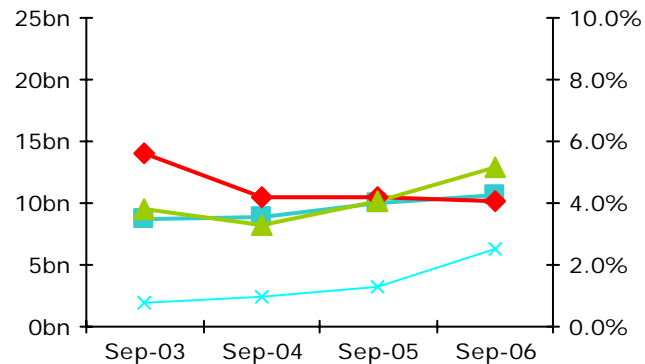
Retail Trade



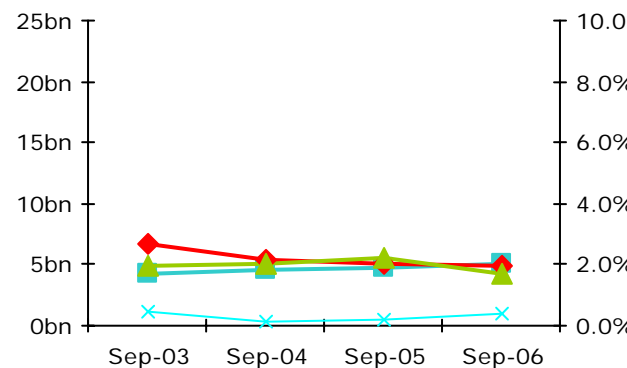
Agriculture



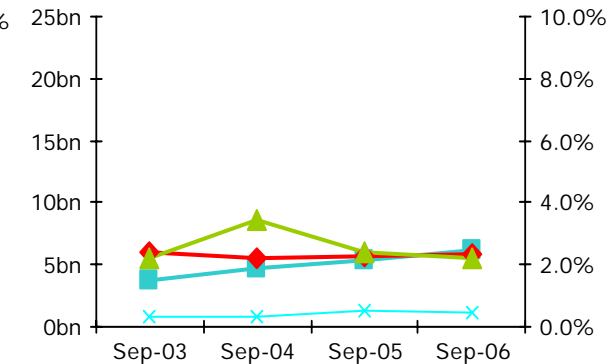
Manufacturing



Wholesale Trade



Business Services



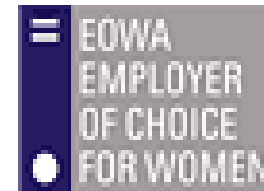
The bigger picture

ANZ is a recognised Corporate Responsibility leader

- Ranked in the top five banks globally on the Dow Jones Sustainability Index
- Overall gold medal and ranked three on the Australian Corporate Responsibility Index
- Prime Minister's Special Award for Impact on the Community
- Member of the FTSE4Good Global Index
- Most engaged workforce of all major companies in Australia and NZ
- EOWA Employer of Choice for Women
- One of 50 FT500 companies included in the Carbon Disclosure Projects' Climate Leadership Index



NATIONAL WINNER
SPECIAL AWARD – IMPACT
PRIME MINISTER'S AWARDS
FOR EXCELLENCE IN
COMMUNITY BUSINESS
PARTNERSHIPS 2006



Community investment strategy is leading practice

Increasing the financial literacy and inclusion of adult Australians, particularly amongst the most vulnerable people in society

Opportunities for our people to engage with their local communities and support causes that are important to them

MoneyMinded

- Financial education program for adults facing financial difficulty, delivered by community partners and financial counsellors Australia-wide.
- More than 15,000 people have participated in MoneyMinded this year and more than 650 facilitators were trained to deliver the program.
- RMIT University research shows MoneyMinded helps participants increase their confidence in dealing with financial issues, creditors and banks

Saver Plus

- Assisting low-income individuals and families to develop a long-term savings habit, improve their financial knowledge and save for their education.
- ANZ matches the savings of participants in the program dollar-for-dollar up to \$1,000 per person. 719 participants were involved in Saver Plus this year.
- RMIT University research shows that 95% of participants in the pilot program are still saving, 12 months after completing Saver Plus

ANZ Volunteers

- Eight hours paid volunteer leave for staff, including increasing opportunities for skilled volunteering and secondments.
- 24% of Australian staff and 18% of NZ staff contributed more than 50,000 volunteer hours, valued at more than \$2.5 million, to community organisations in 2006.
- ANZ's program is amongst the leaders globally; the average corporate volunteering participation rate is 8.5% according to the London Benchmarking Group for Corporate Community Investment

MoneyBusiness

- 'MoneyBusiness' is delivered in partnership with the Aus Govt, and aims to build the money skills and confidence of Indigenous Australians.
- The MoneyBusiness pilot sites are Katherine, Tennant Creek, Nguiu (Tiwi Islands) and Galiwinku (Elcho Island) in NT and Geraldton and Kununurra in WA.
- Eighteen local Indigenous people have been employed as MoneyBusiness workers providing Indigenous individuals and families with coaching in financial literacy, budgeting, bill paying, and developing savings

Progress Loans

- Small loans program developed with the Brotherhood of St Laurence.
- Progress Loans are small, affordable loans of between \$500 and \$3,000 for essential household items.
- Forty-one loans totalling \$35,000 had been approved by the end of September 2006 with a 70% approval rate. No loans are in arrears.
- The program is currently operating in Victoria, with a view to expanding it to other states and community partners in 2007

Community Giving

- Our workplace giving program, supports more than 18 community organisations that were selected to reflect the causes that are important to our staff.
- 10.6% of Australian staff participated in this program during 2006. Their contributions were matched dollar-for-dollar by ANZ, totalling \$537,499.
- In 2006 Community Giving was extended to employee teams, our customers via internet banking and ANZ shareholders

People strategy has created the most engaged workforce of major banks

Building a vibrant, energetic and high-performing culture, where ANZ's values guide our actions and decisions

Cultural Transformation

- Six-year focus on cultural transformation and values-based decision making. 26,000+ staff have participated in Breakout workshops,
- This year we implemented the Breakout to the Frontline program involving 6,000 customer-facing staff this year.
- Our employee engagement score remains the highest of all large (ASX Top 20) companies in Australia and New Zealand according to Hewitt Associates.

Attracting and Nurturing Talent

- Attractive benefits including flexible pay choices for all staff, share ownership, salary sacrifice for laptops, PCs@home, discounted medical insurance and ANZ products and services.
- Development plans for all staff with 300 employees taking part in talent programs this year. We also introduced Innovative programs to identify, nurture and fast-track high potential people from graduates through to senior executives.
- A new Learning and Innovation Centre will be launched in 2007.

Flexibility for a Diverse Workforce

- ANZ achieved its 2006 targets for females in executive positions. New two-year targets have also been established.
- 12 weeks paid parental leave, with no minimum service requirement and guaranteed part-time employment for staff over 55, and a Career Extensions program offering flexible options for mature-aged staff.
- Partnership with ABC Learning Centres offering childcare services, with five centres open around Australia.
- Flexible leave options including lifestyle leave which enables staff to take up to an additional four weeks' leave for any purpose and career breaks of up to five years.

Employee Wellbeing

- Upgraded occupational health and safety policy and system.
- Free, comprehensive health checks for all staff and on-line health information service.
- Lost time injury frequency rate continues to decrease.



Integrating environmental and social considerations into our business practices

Demonstrating business leadership by integrating environmental and social considerations into our business practices, decisions & behaviours

Institutional & Corporate Sustainability

- 86% of all new client transactions and annual client reviews in Institutional Australia underwent an environmental and social impact screening this year.
- Developed new Wholesale Credit policies requiring business units to assess the activities, practices or associations of each credit customer in relation to environmental and social issues.
- Assessed the energy and water intensity of ANZ's Institutional loan portfolio, compared with the Australian economy, using the CSIRO/University of Sydney 'Balancing Act' methodology.

Operational Environmental Footprint

- We are continuing to implement new environmental policies and initiatives to help us achieve our two year goal of reducing ANZ's environmental footprint by a minimum of 5% per FTE.



New Products and Services

- ANZ launched its first sustainable investment product, the 'ANZ Sustainable Protected Responsible Investment Over Term' (ASPRIT).
- Member of the North Adelaide consortium which was the first successful Solar Cities proposal announced by the Australian Government under its Solar Cities initiative
- Established and invested in the Energy Infrastructure Trust which has a portfolio of over \$100 million in investments; including Esperance Energy Project, Biodiesel Producers Limited and Queensland Gas Company Ltd).
- Debt financed renewable energy projects enabled by the various Government schemes such as Envirogen's Oakey Creek Project and Energy Developments' landfill gas projects.

Summary of forecasts – Australia (bank year)

	2005	2006	2007	2008
GDP	2.5	2.7	3.1	2.8
Inflation	2.6	3.3	2.5	2.3
Unemployment	5.1	4.8	5.1	5.0
Cash rate	5.50	6.00	6.25	6.25
10 year bonds	5.4	5.5	5.9	6.1
A\$/US\$	0.76	0.75	0.72	0.74
Credit	13.4	14.4	12.0	10.2
- Housing	13.4	14.4	12.5	11.2
- Business	13.7	15.8	11.3	9.2
- Other	12.8	9.3	11.0	8.2

Summary of forecasts – New Zealand (bank year)

	2005	2006	2007	2008
GDP	2.6	1.7	1.4	2.1
Inflation	3.4	3.8	2.8	1.9
Unemployment (Sept qtr, s.a.)	3.7	3.8	4.4	4.6
Current Account (% GDP)	-8.5	-9.6	-9.8	-9.2
90 day bank bill	7.1	7.6	6.8	5.6
10 year bond rate	5.7	5.8	6.2	6.5
NZD/USD	0.70	0.65	0.55	0.57
NZD/AUD	0.91	0.87	0.76	0.77
AUD/NZD	1.09	1.16	1.31	1.30
Credit Growth	15.7	13.1	8.7	8.6
- Housing	16.1	13.8	9.0	9.0
- Business	18.0	13.3	8.6	8.4
- Personal	7.4	5.5	6.0	6.5

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.

For further information visit

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