ANZ’s journey to a ‘very different bank’

• 1997 - Financial performance, shareholder value
• 2001 - Foundation for growth and sustainability
• 2006 – ‘A very different bank’
ANZ’s journey to ‘a very different bank’

- 1997 - Financial performance, shareholder value
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- 2006 - ‘A very different bank’
1st priority: become the most efficient bank

Cost to Income Ratio

- 63% in 1997
- 45% in 2003
Next priority: become a low-risk bank

Non Accrual Loans

<table>
<thead>
<tr>
<th>Year</th>
<th>1998</th>
<th>2001</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>1.5%</td>
<td>0.9%</td>
<td>0.3%</td>
</tr>
</tbody>
</table>

International exposure

<table>
<thead>
<tr>
<th>Year</th>
<th>1998</th>
<th>2001</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>24%</td>
<td>16%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Gross Non Accrual Loans to Gross Loans & Acceptance

% International Assets (i.e. excluding Aust & NZ)
ANZ’s journey to ‘a very different bank’

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Investing in branches and customer service

New Branches

~ 10,000 additional staff*

<table>
<thead>
<tr>
<th>Year</th>
<th>New Branches</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>22,501</td>
</tr>
<tr>
<td>2006</td>
<td>32,256</td>
</tr>
</tbody>
</table>

*includes acquisition of National Bank of New Zealand
Creating the highest customer satisfaction
Earning the trust of the community
Building a high-performance culture

Staff satisfaction

<table>
<thead>
<tr>
<th>Year</th>
<th>ANZ</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>59%</td>
<td>60%</td>
</tr>
<tr>
<td>2002</td>
<td>88%</td>
<td>51%</td>
</tr>
<tr>
<td>2003</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>16%</td>
<td></td>
</tr>
</tbody>
</table>

Positive Responses

Negative Responses

Staff engagement

ANZ: 60%
Industry: 51%
... all resulting in strong earnings momentum

A$m Net Profit after Tax*

... and creating substantial shareholder return

$40 billion of shareholder value added

*includes increase in Market Capitalisation and Dividends paid, adjusted for change in value of issued capital
ANZ’s journey to ‘a very different bank’

- 1997 - Financial performance, shareholder value
- 2001 - Foundation for growth and sustainability
- 2006 – ‘A very different bank’
Focus now is on higher revenue growth

Revenue growth target of 7% - 10% per annum

*fx adjusted growth, ^reported growth, #normalised for NBNZ
... but there is no return without investment

ANZ investing for the future
(FY06 Banking expense growth*)

- **ANZ**: 7.7%
- **Peer 1**: 1.5%
- **Peer 2**: -2.9%
- **Peer 3**: 3.1%

- Investment weighted to high-growth, high-return businesses
- Mainly customer and service staff
- New branches -
  - 25 in 2006
  - 40 in 2007

*ANZ analysis
‘A very different bank’

- **Customers**: Why a customer should deal with us?
- **Community**: Why the community should trust us?
- **Staff**: Why people should invest their working lives in us?
- **Shareholders**: Why shareholders should invest in us?
The material in this presentation is general background information about the Bank’s activities current at the date of the presentation. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice when deciding if an investment is appropriate.

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