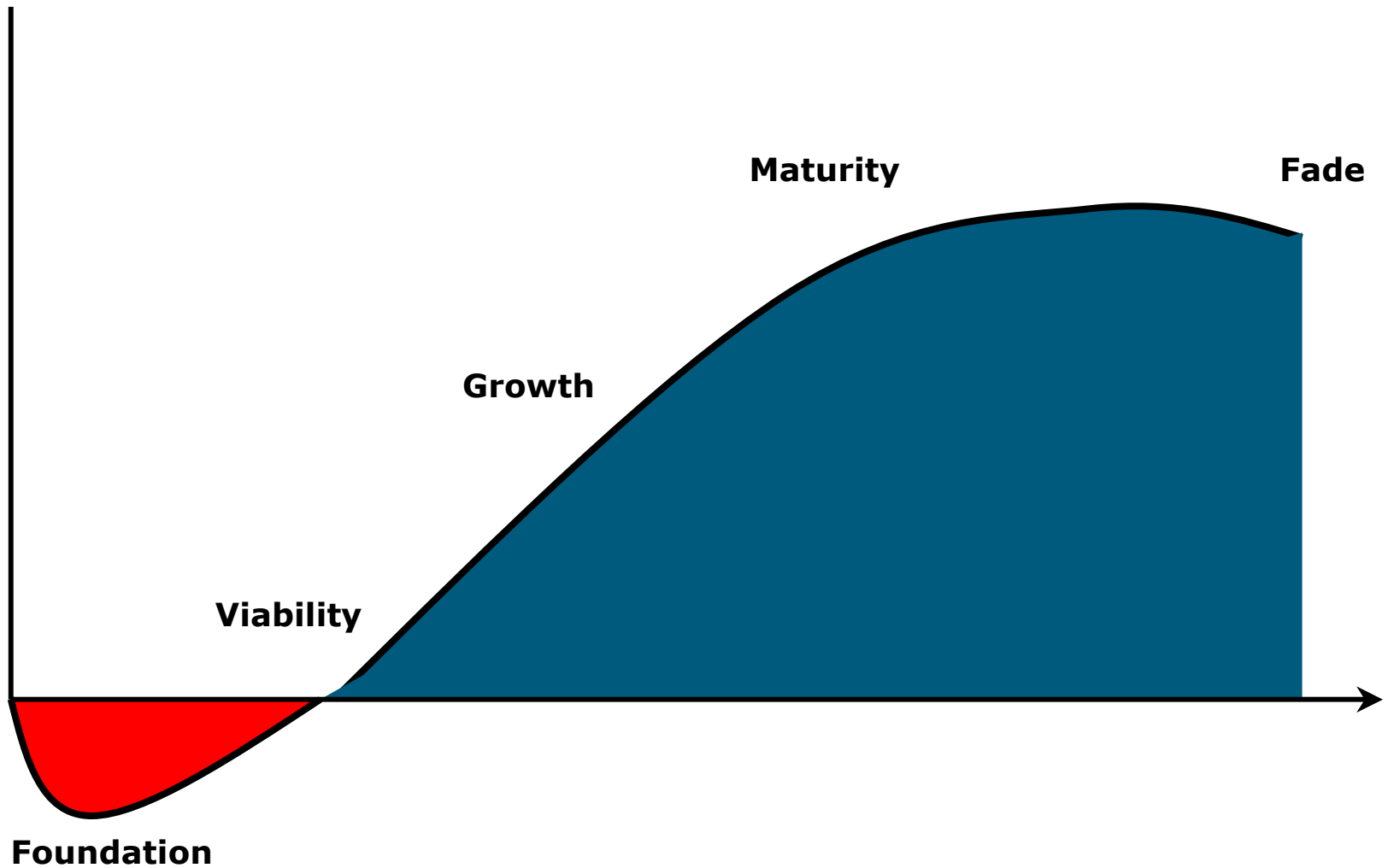


ANZ's Corporate Evolution

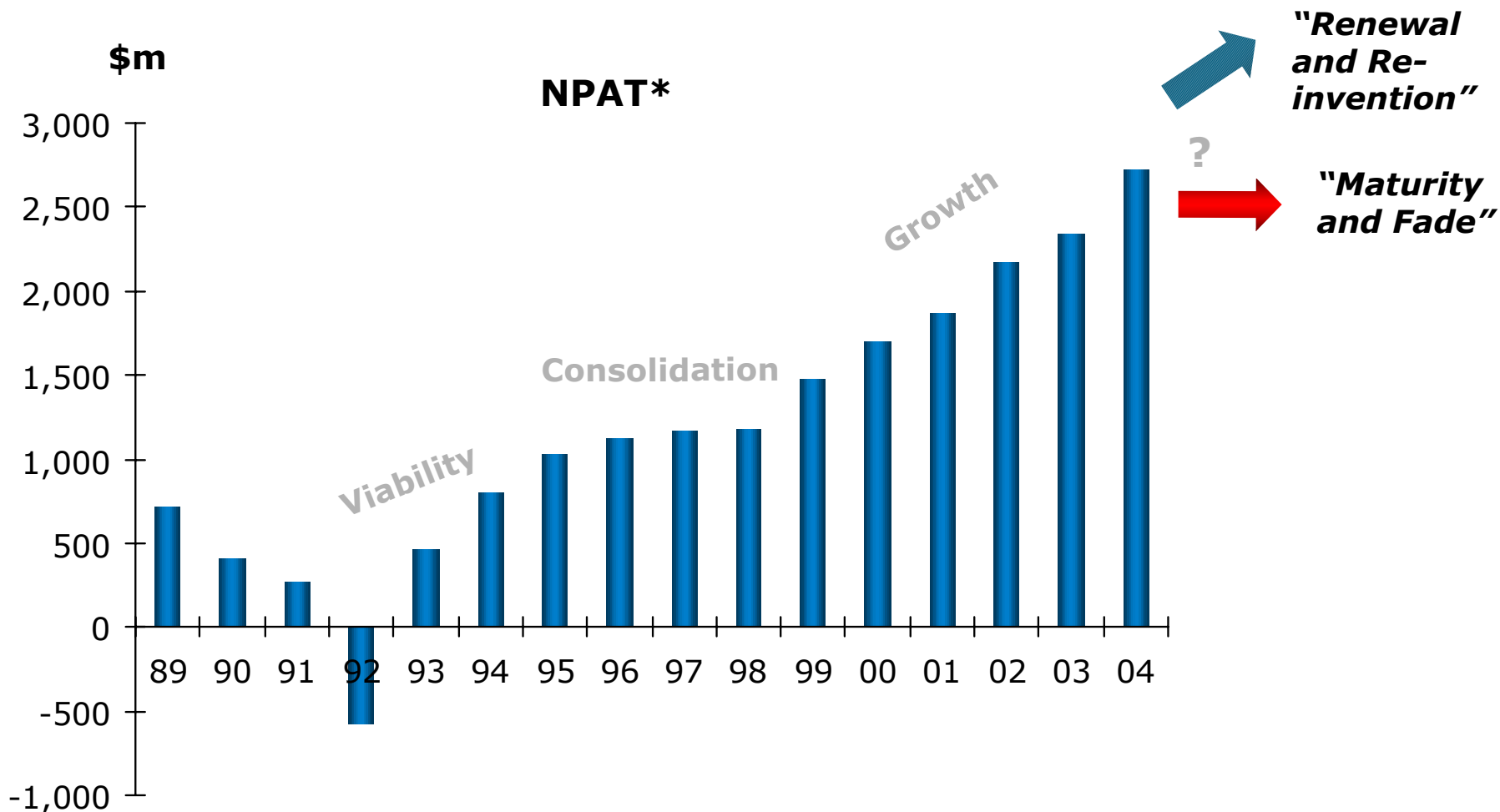
Trans-Tasman Business Circle

28 April 2004

Companies and industries have business and life cycles

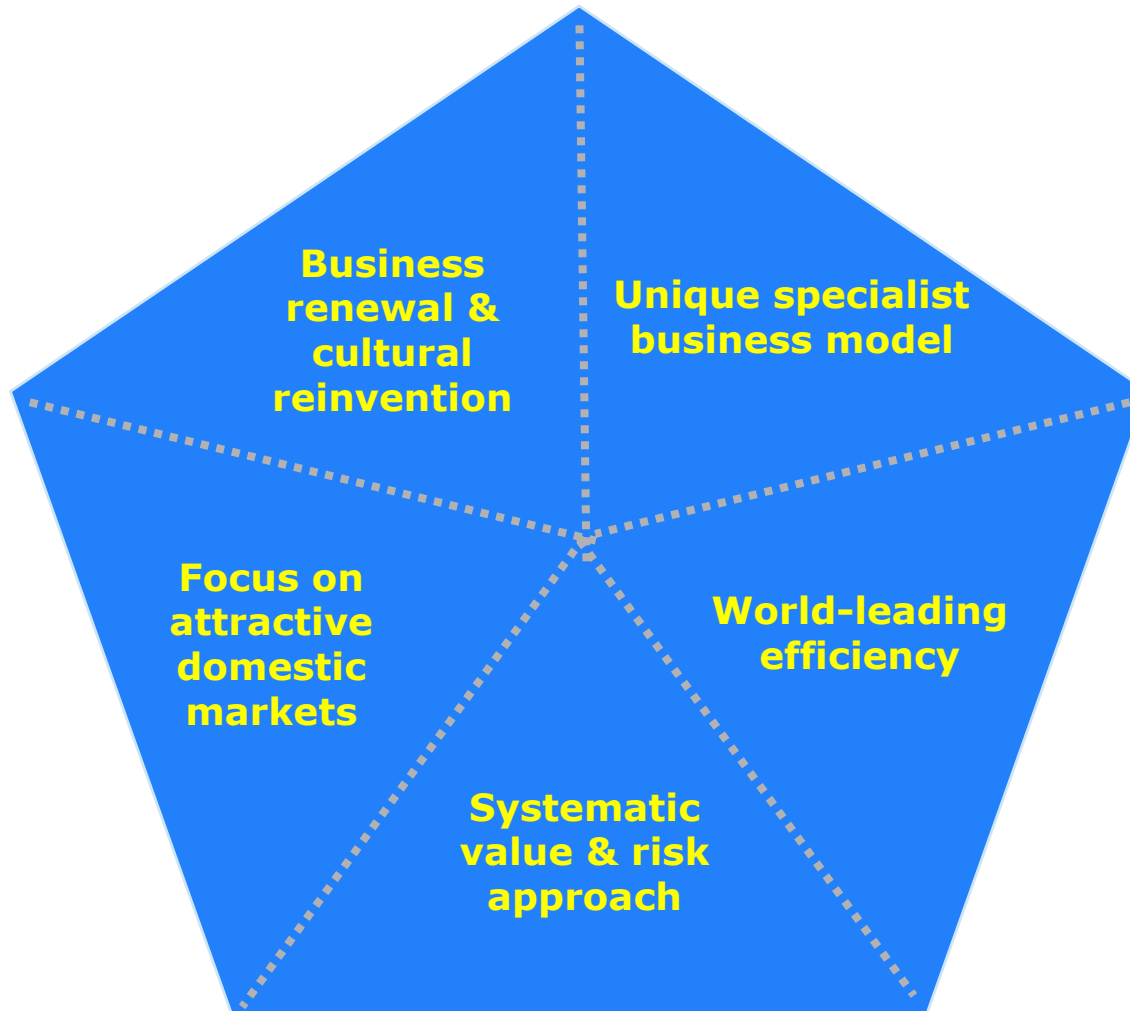


Australian banking cycle – ANZ experience

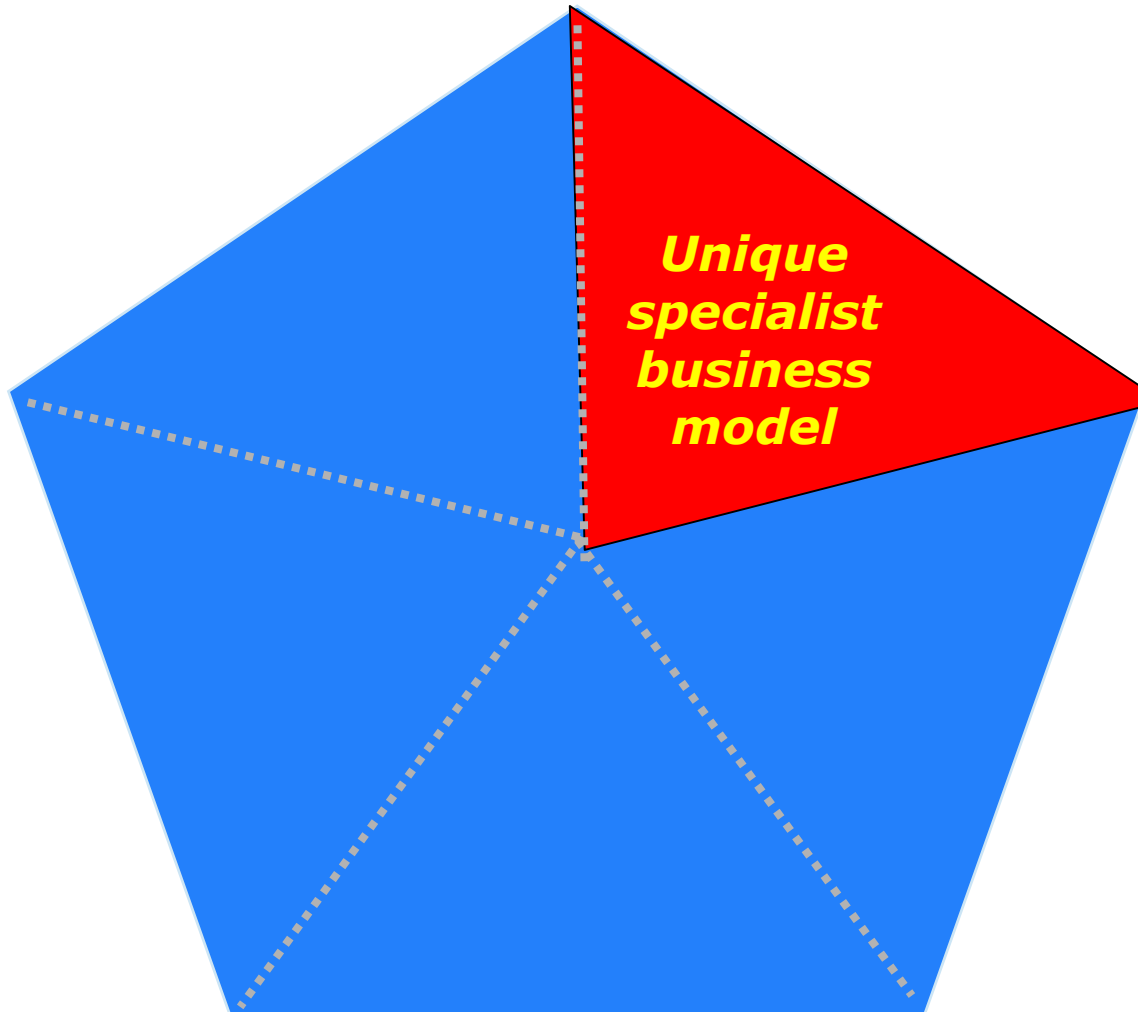


* before abnormal items and significant transactions

Five steps in the ANZ journey

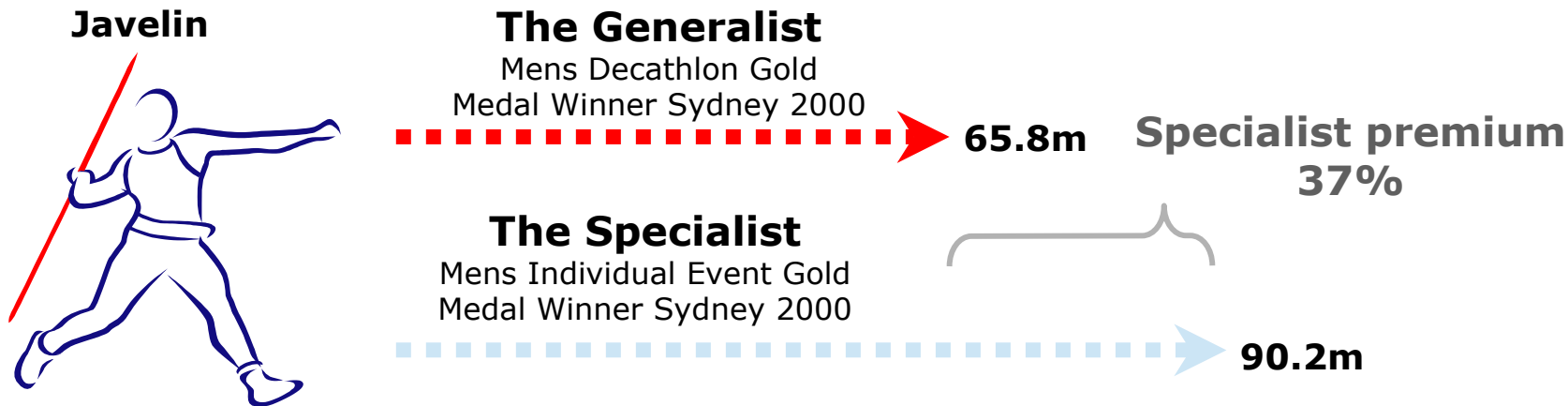


Five steps in the ANZ journey – Unique specialist business model



Value of focus and specialisation

Specialisation and focus yields better return than generalisation from the perspective of individual challenges and tasks, as this Olympic example demonstrates



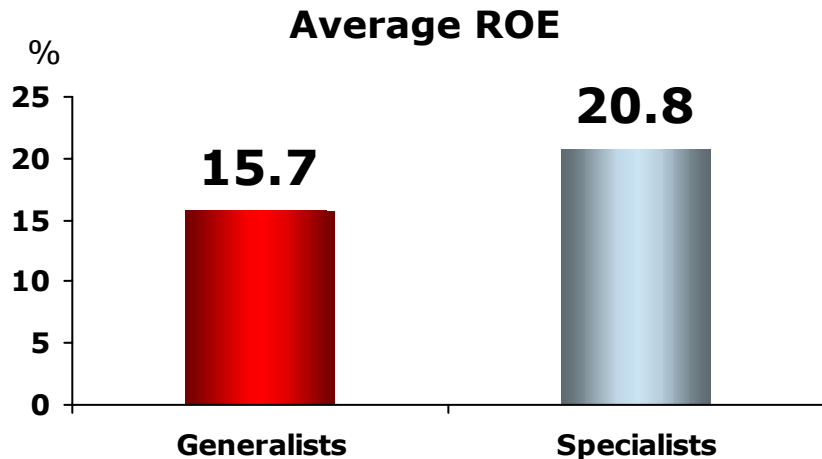
Event	The Specialists	The Generalists	"Specialist Premium"
100m	9.87 s	10.68 s	8%
110m Hurdle	13.00 s	14.48 s	10%
400m	42.84 s	46.71 s	8%
1500m	3 m 32.07 s	4 m 29.48 s	21%
Discus	69.3 m	43.66 m	59%
Shotput	21.29 m	15.11 m	41%
Long Jump	8.55 m	7.76 m	10%
High Jump	2.35 m	2.00 m	18%
Pole Vault	5.90 m	5.00 m	18%

Average out-performance

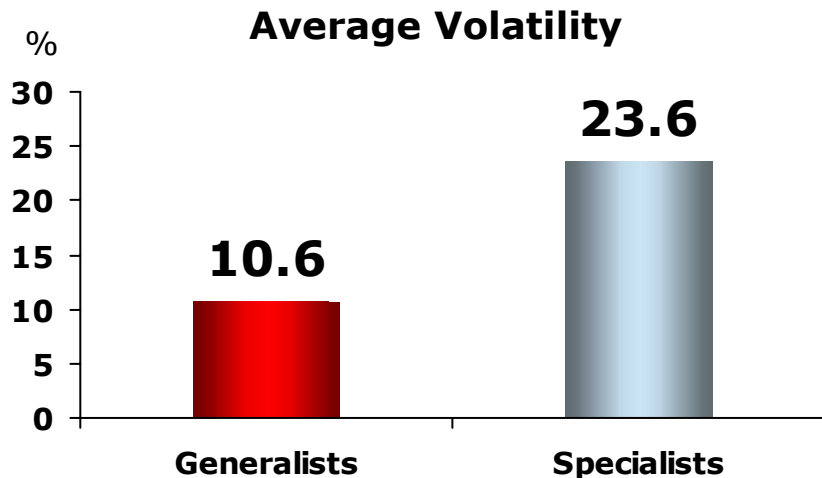
23%

Specialists win over generalists...but returns are more volatile

(Boston Consulting Group Study)



- **Generalists focus on size and scale as the basis of competition**
- **Specialists insight is on speed, focus and flexibility**
- **Specialist business units encourage product and process innovation**

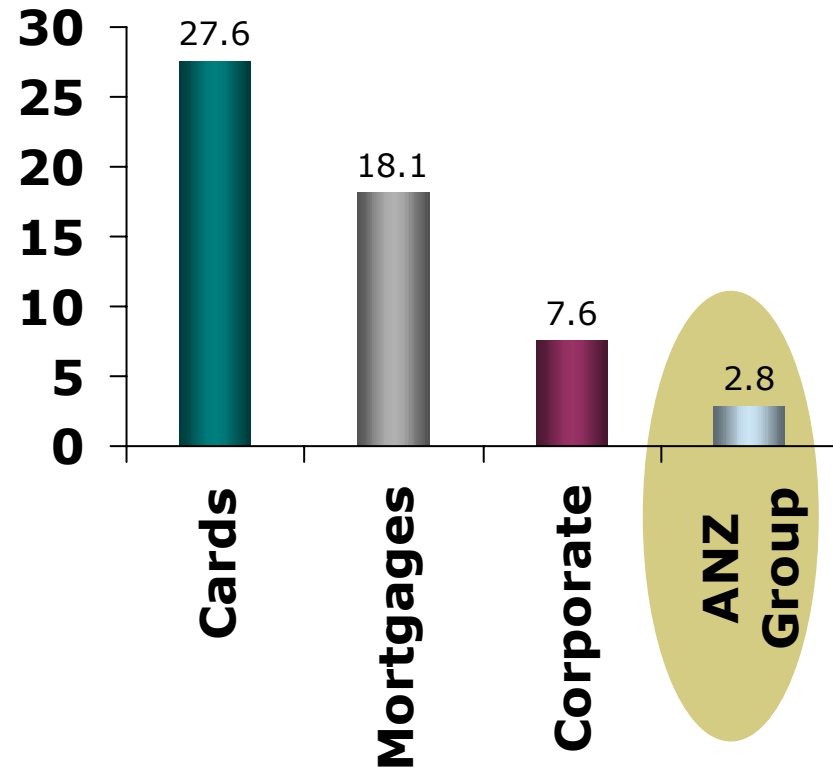
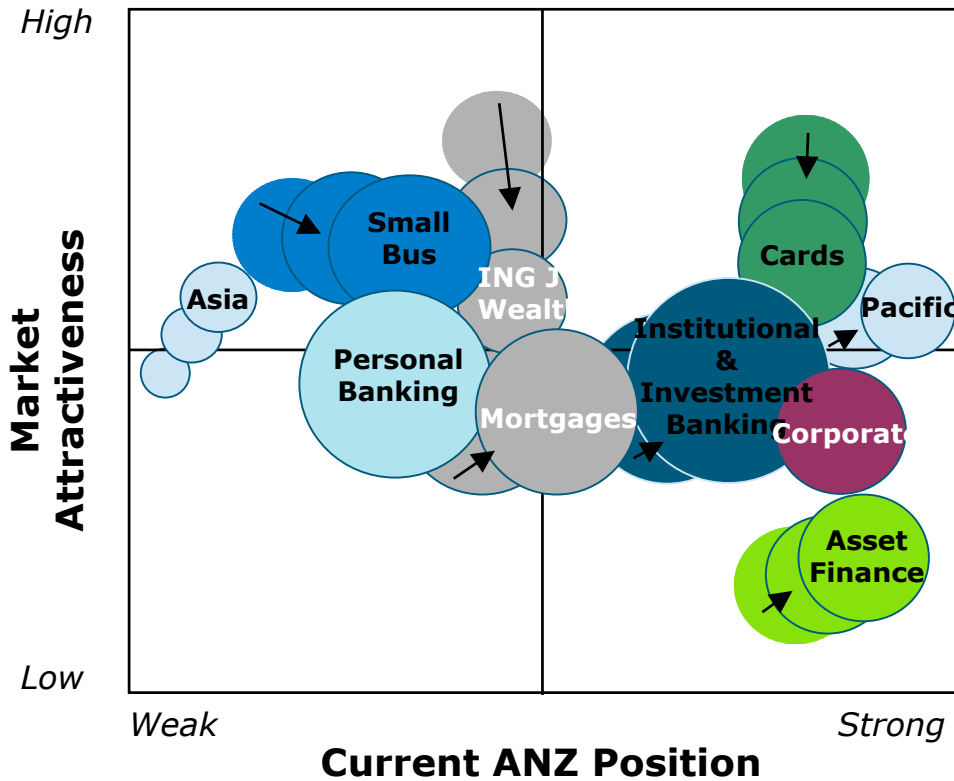


- **Specialists are more volatile**
- **A portfolio of specialist businesses reduces total volatility**

ANZ has developed a rich portfolio of specialised businesses

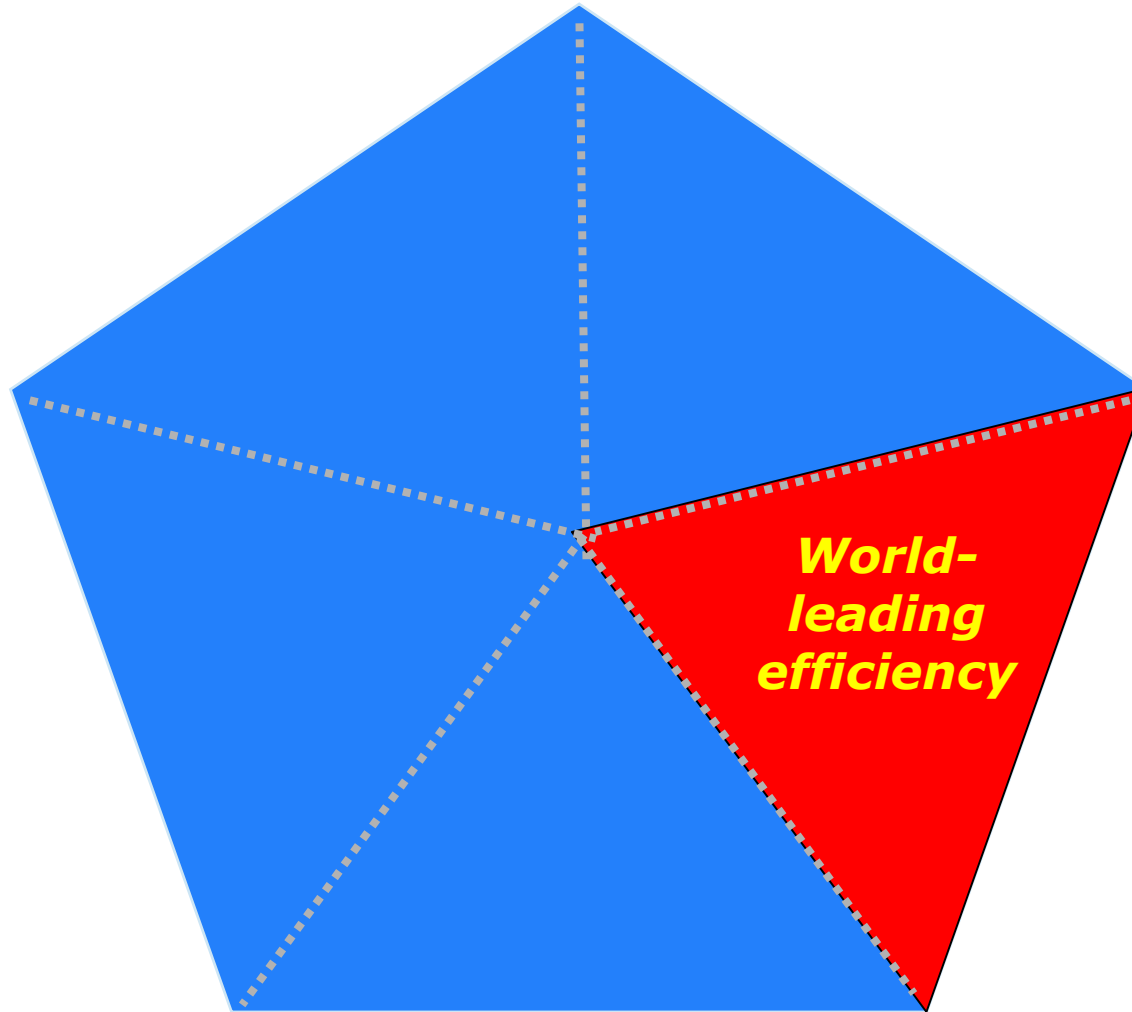
A specialist portfolio, each with a distinctive strategy

Portfolio approach reduces volatility



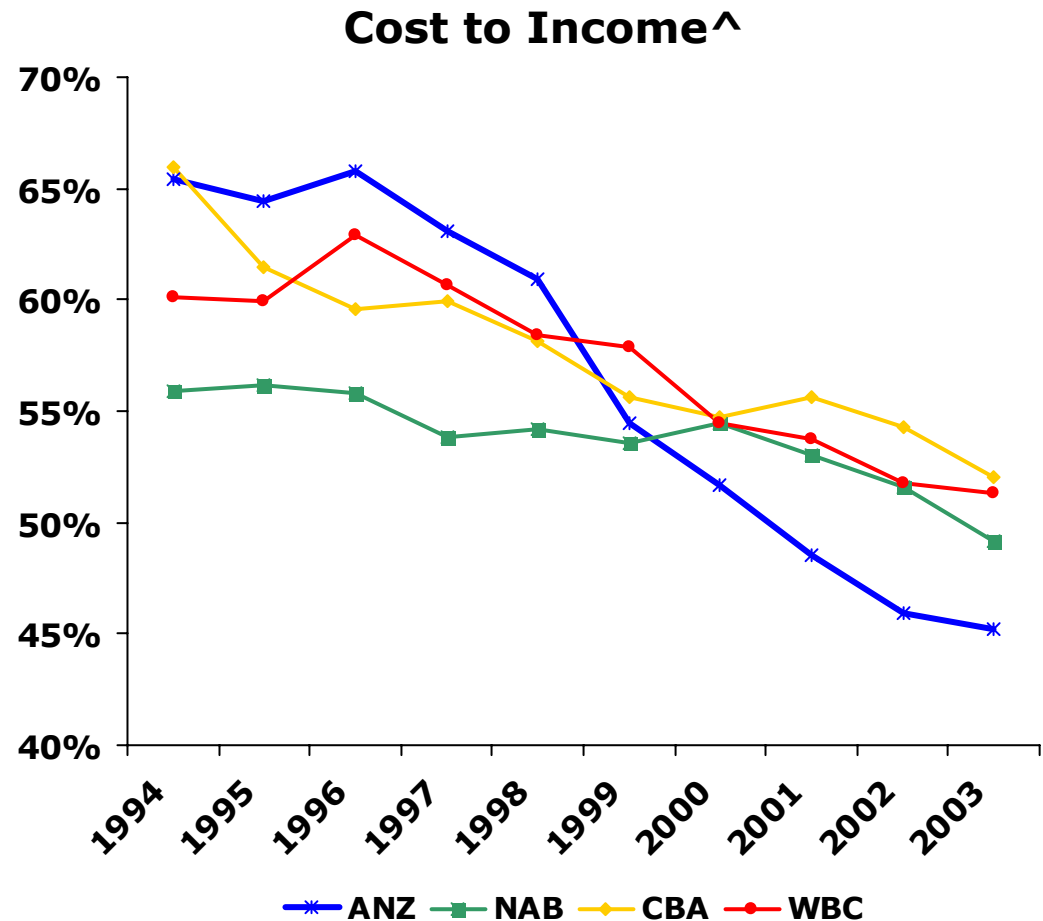
Size of bubble representative of contribution to group performance

Five steps in the ANZ journey – World-leading efficiency



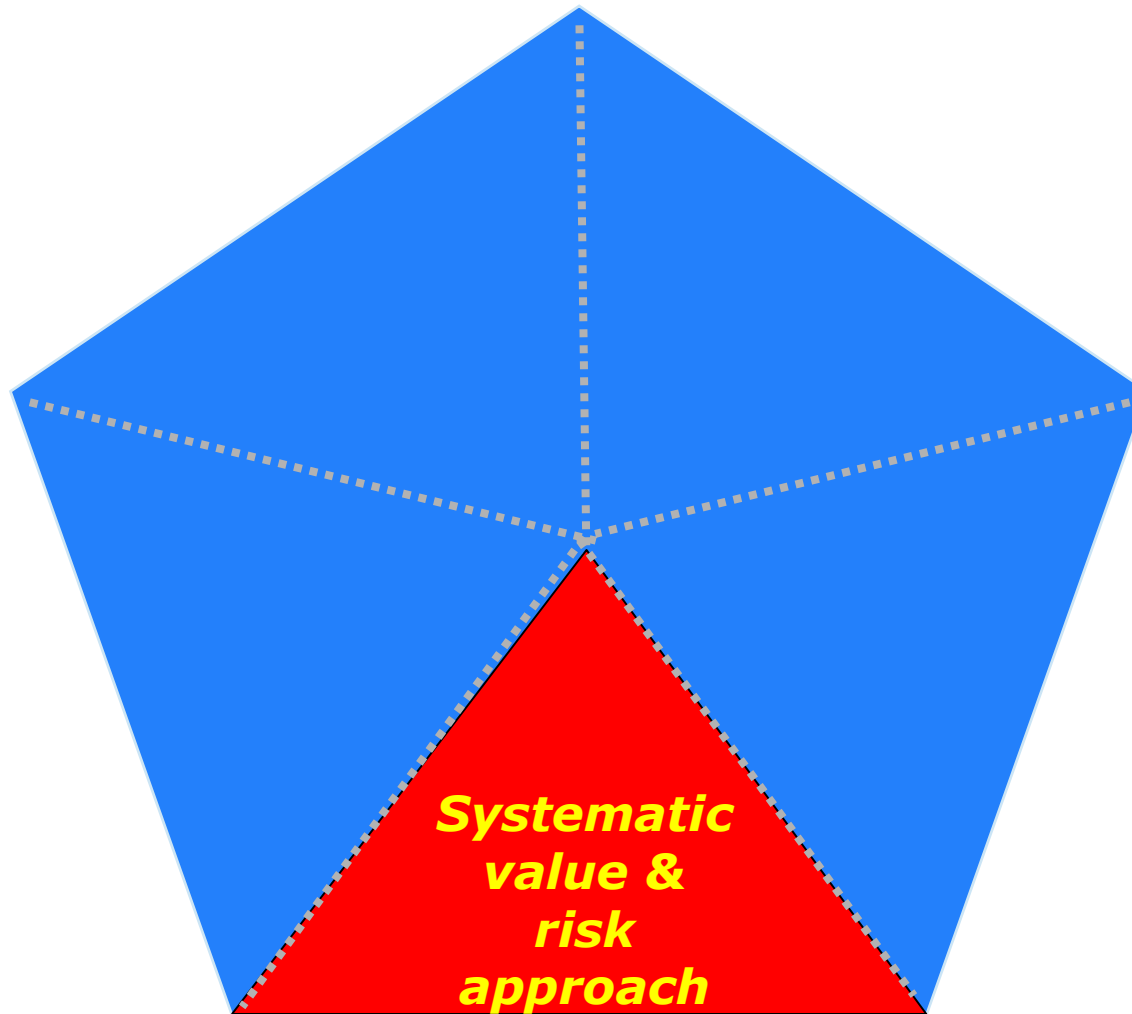
ANZ has materially outperformed peers in efficiency

- *The Australian banking sector has enjoyed a decade of efficiency gains*
- *ANZ has outstripped its competitors and has achieved world class efficiency*
- *ANZ was in the top 5 banks in the world in terms of efficiency*

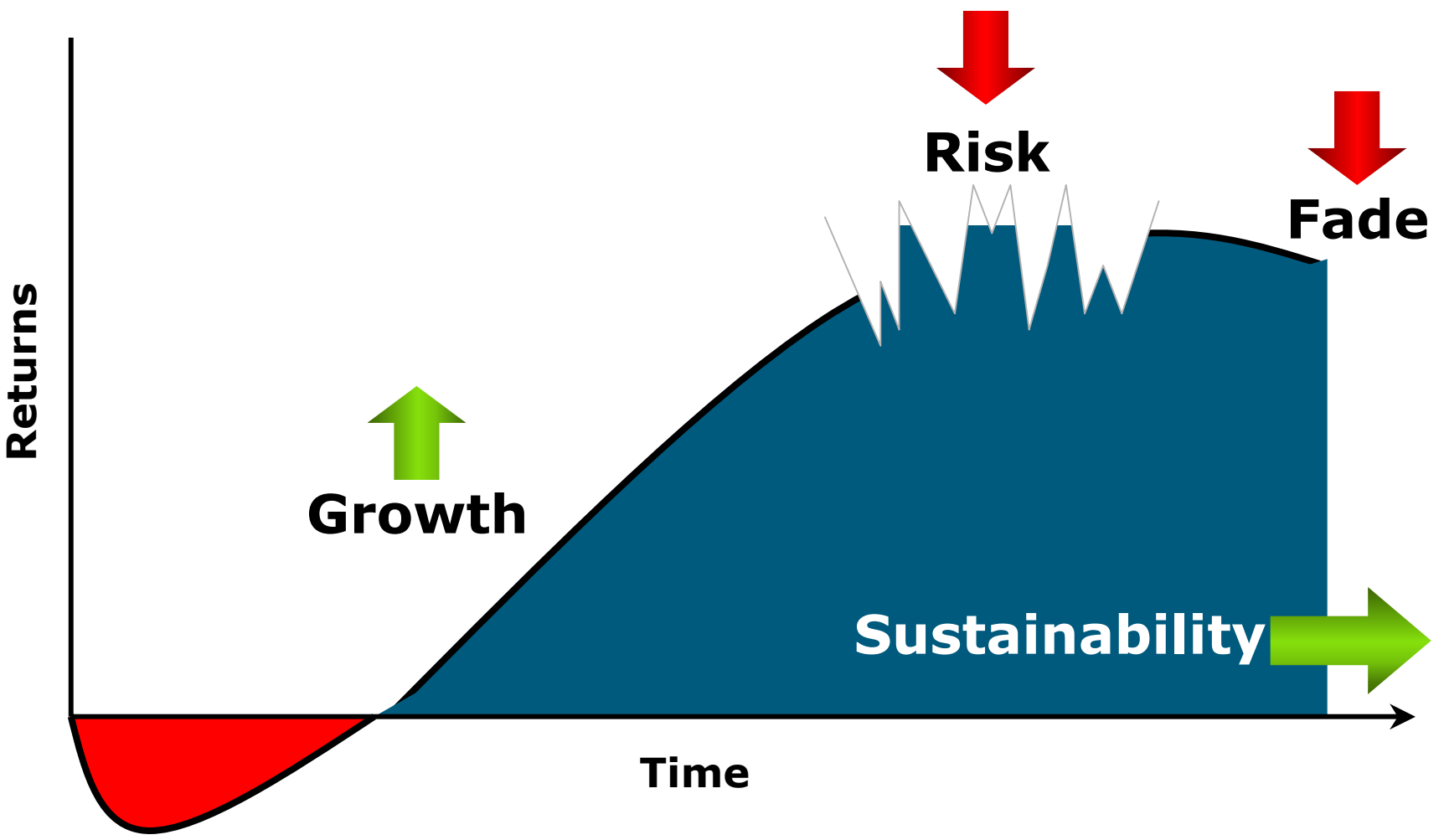


Source: Published financial reports

Five steps in the ANZ journey – Systematic value & risk approach

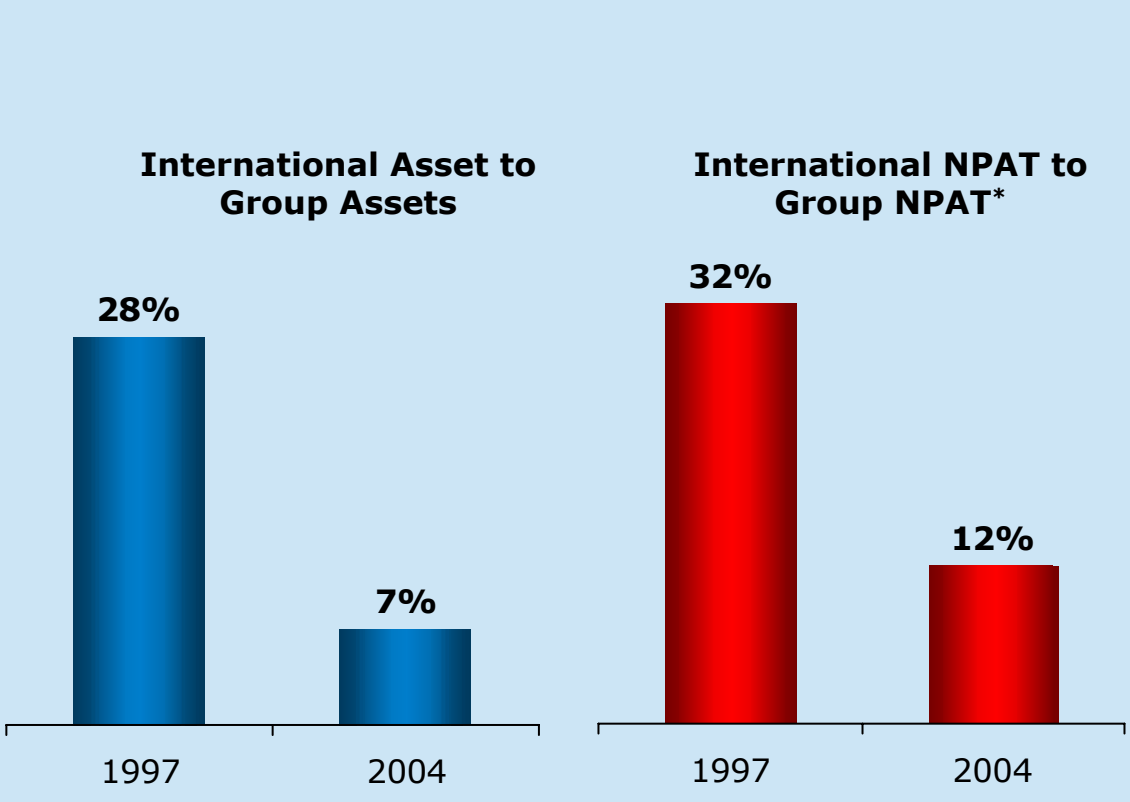


ANZ systematically optimises variables to create value

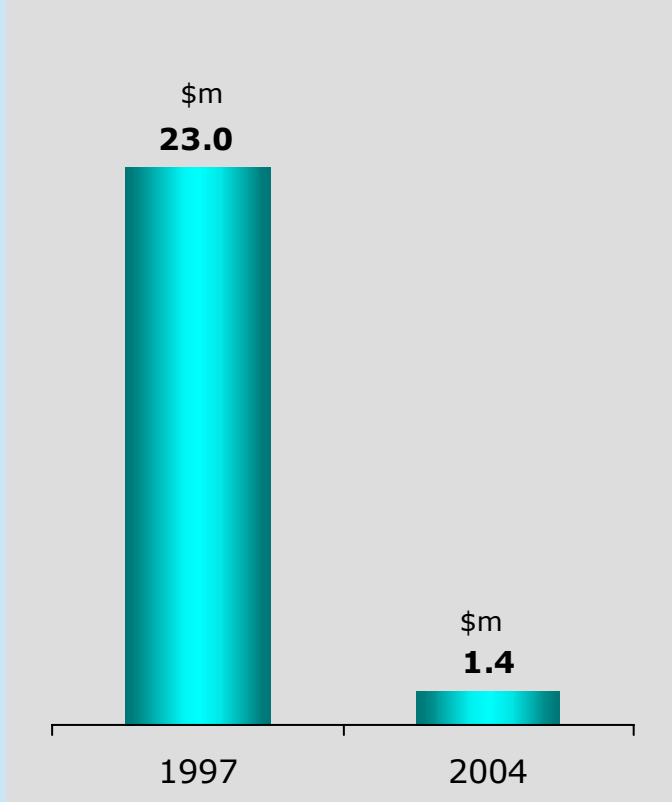


Systematic reduction in offshore exposure and trading risk

Offshore exposure



Trading Value at Risk#



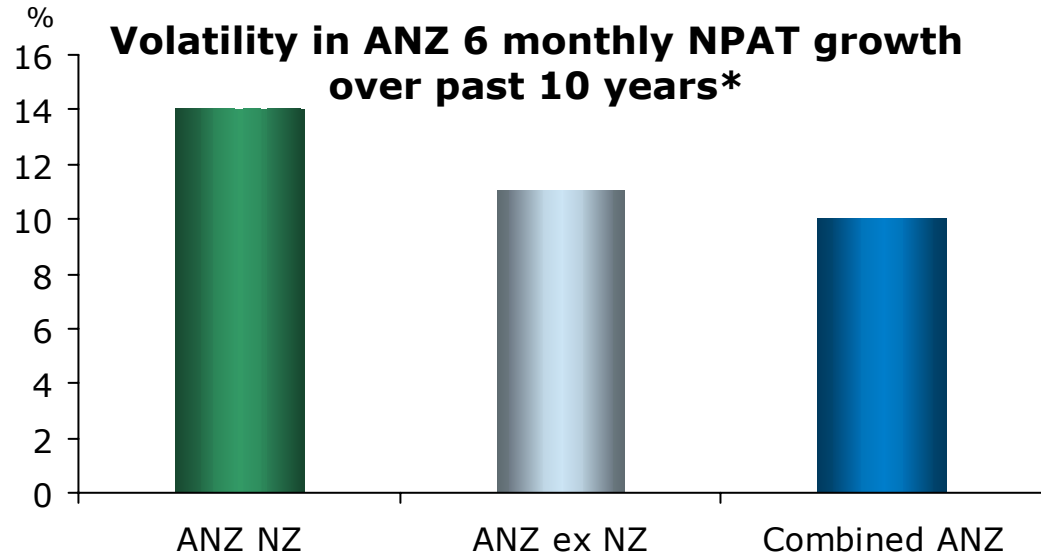
*excludes significant and abnormal items

Average daily Value at Risk at 97.5% confidence interval

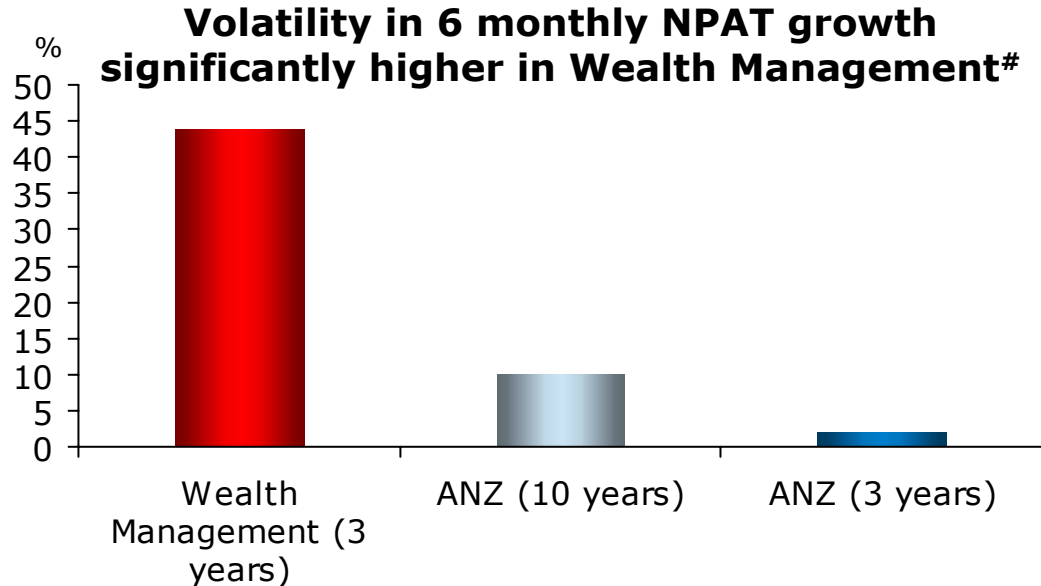


Our strategy is to grow sustainable earnings at low volatility

NZ makes our earnings less volatile
 Although NZ alone is more volatile than group, diversification results in NZ creating lower overall volatility at a group level



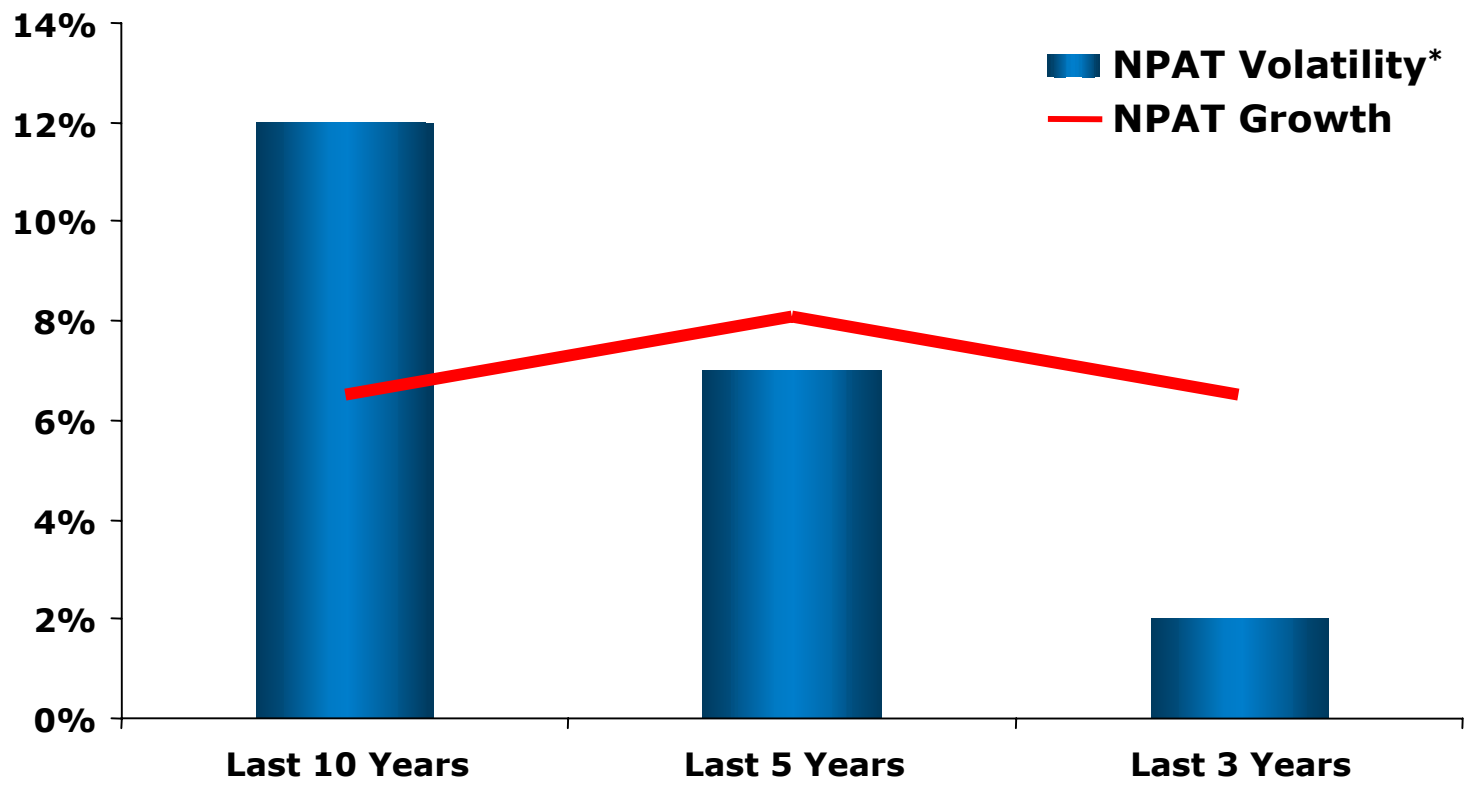
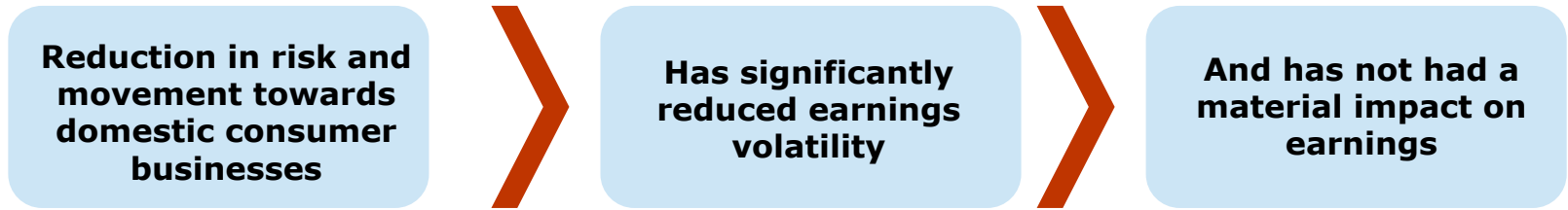
Wealth management’s susceptibility to globalisation and rapid fade likely to impact future returns
 Wealth management earnings are more volatile than banking
 Global scale base is important to develop systems, platforms, and brands
 The ING JV delivers a sustainable position with scale, with low volatility to ANZ, particularly with equity risk hedged



*as measured by one standard deviation from mean half yearly profit growth (or exchange rate movement) over past 10 years
 # Wealth management includes listed wealth management companies and WM operations of major banks, and excludes AV uplift and goodwill

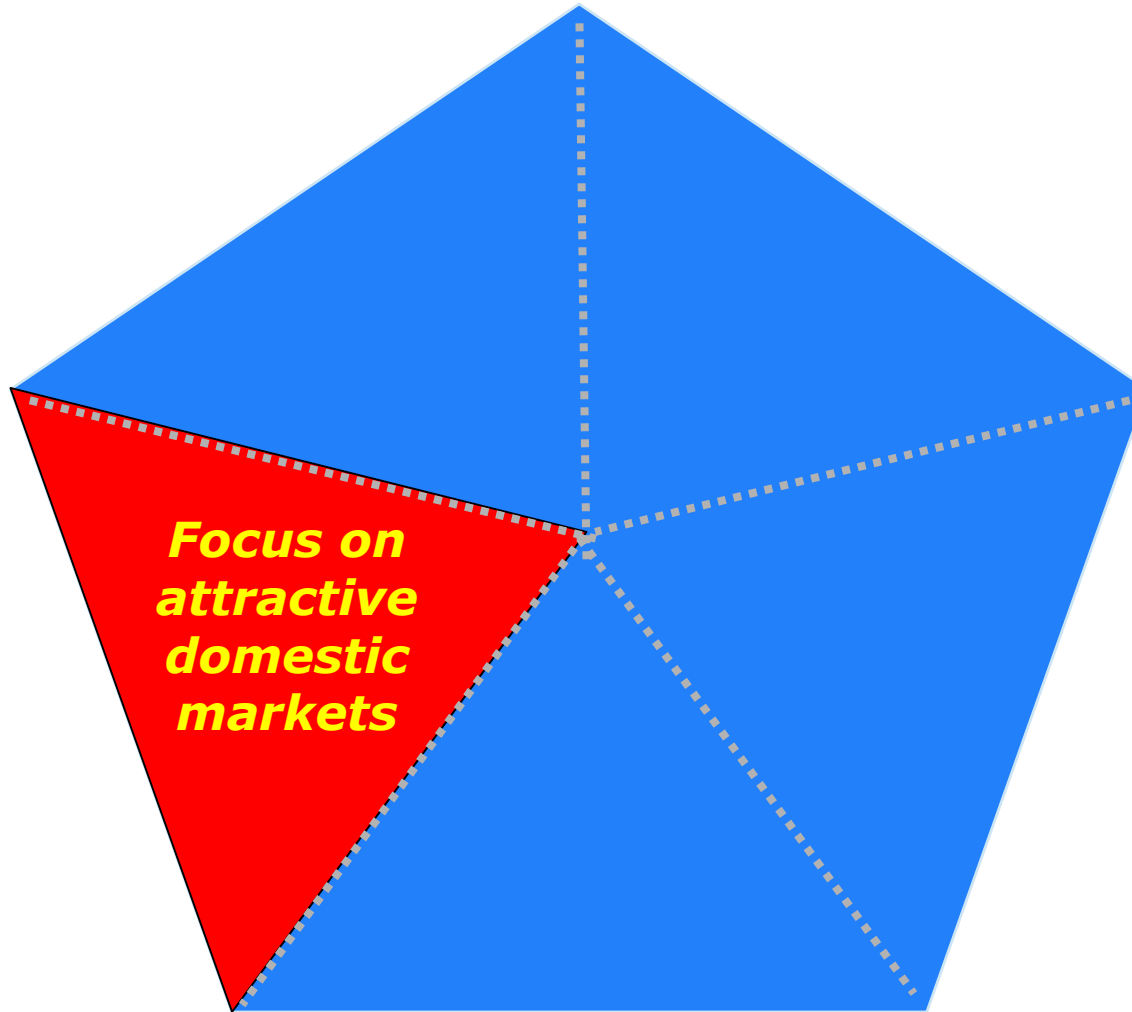


We have transformed ANZ into a more sustainable, lower risk business



* Standard deviation in six monthly NPAT growth for ANZ, excluding abnormal/significant items

Five steps in the ANZ journey – Focus on attractive domestic market

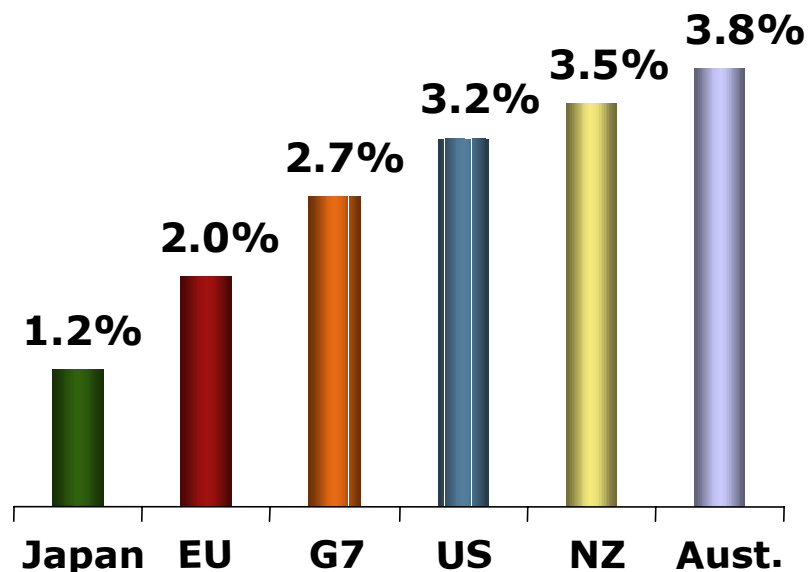


Australia and New Zealand are attractive low-risk markets

High Return

- Australia and NZ have had high growth compared to other developed markets

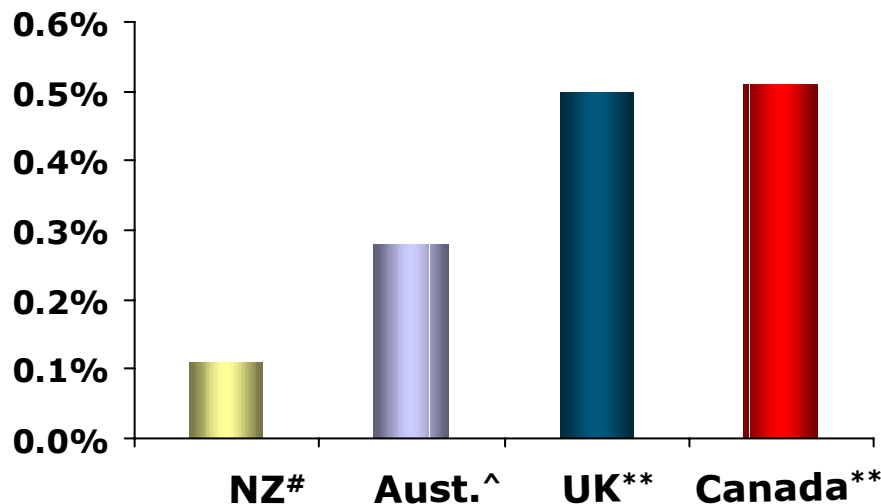
Average Real GDP Growth (1993-2003)*



Low Risk

- The New Zealand banking market has a lower credit risk history

Doubtful debts expense/Average Loans and Advances (%)



Source: *International Monetary Fund

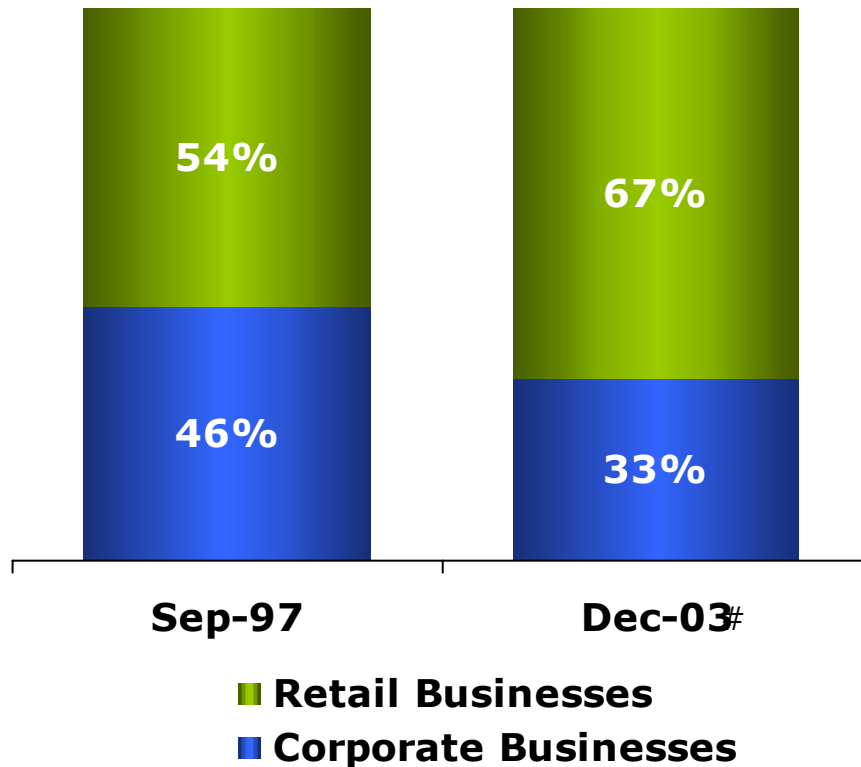
5 top NZ banks for 2002

^ 4 top Australian banks for 2003

** Source - Citigroup Smith Barney top 5

The portfolio shift and acquisition of NBNZ are transformational

Corporate versus Retail Lines of Business*



Shift driven by:

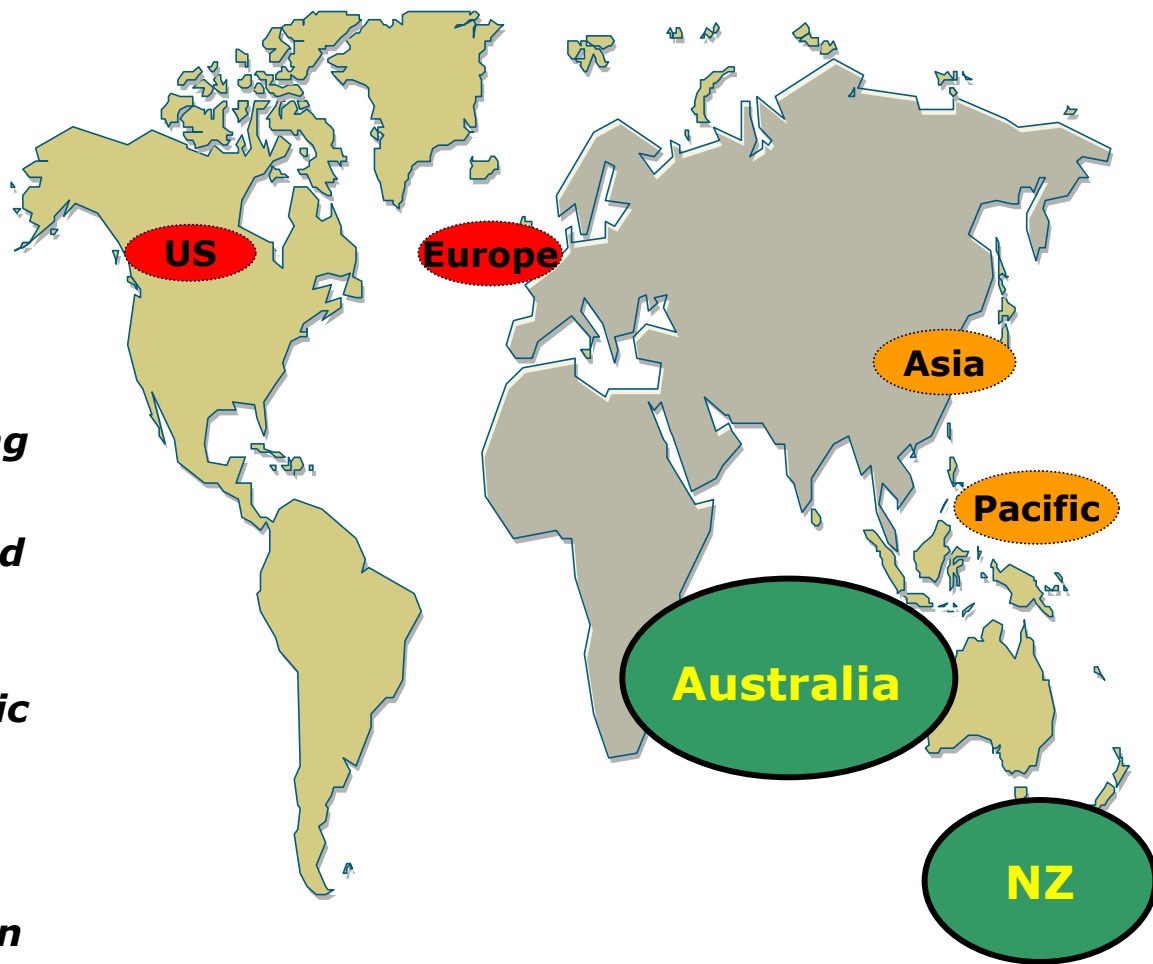
- Growth in retail franchise, particularly in mortgages
- De-risking of corporate book
- Concentration on core geographic markets

*based on net lending assets

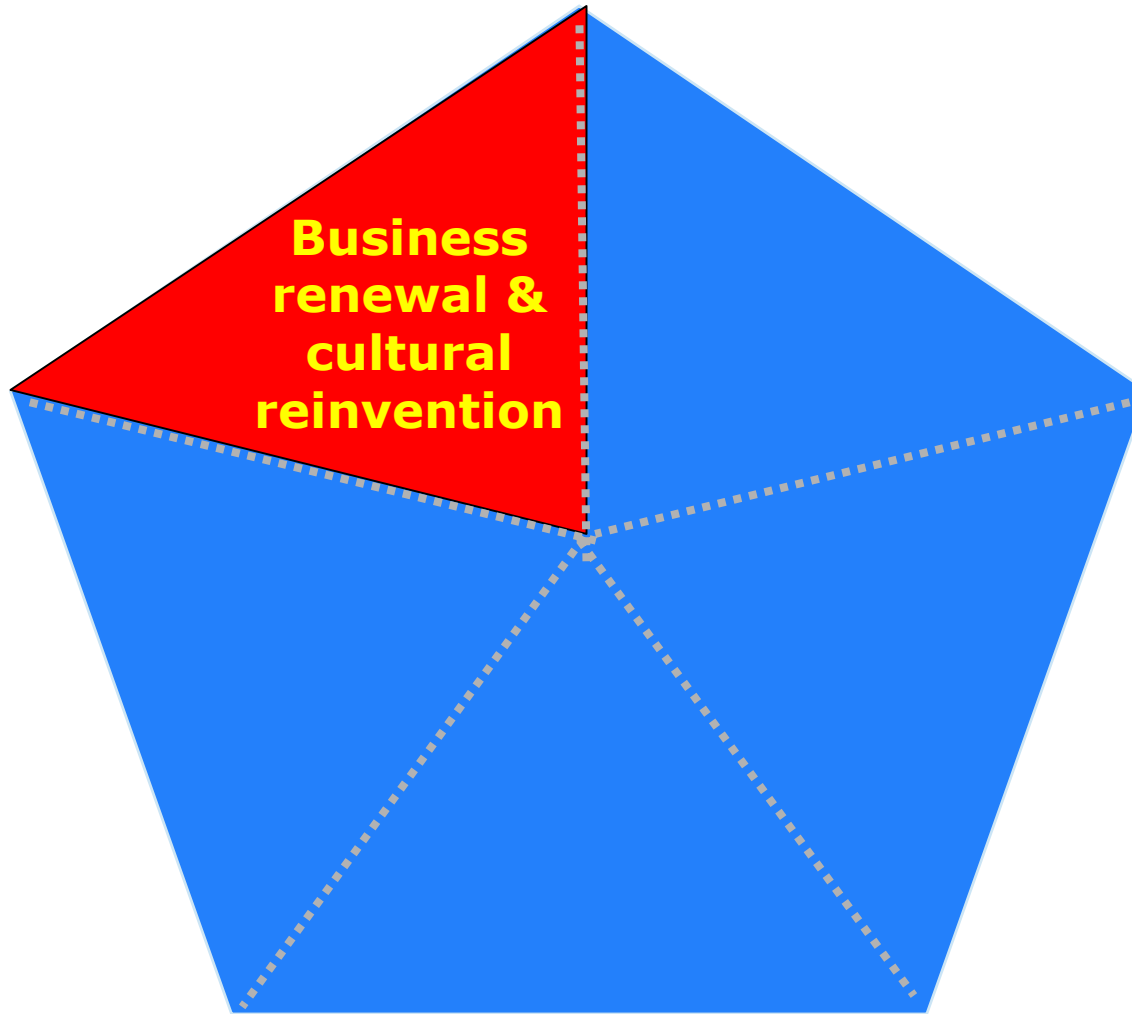
post NBNZ acquisition

One of the largest and most respected Australasian companies

- **Market Capitalisation A\$35bn**
- **Full spectrum banking in Australia**
 - **leading positions in corporate and cards**
 - **need to accelerate consumer and SME banking**
- **The leading bank in New Zealand in all segments**
- **Leading bank in the South Pacific**
- **Australia's bank in Asia**
- **The leading bank with Australian companies internationally**



Five steps in the ANZ journey – Business renewal and cultural reinvention



The bank with a human face

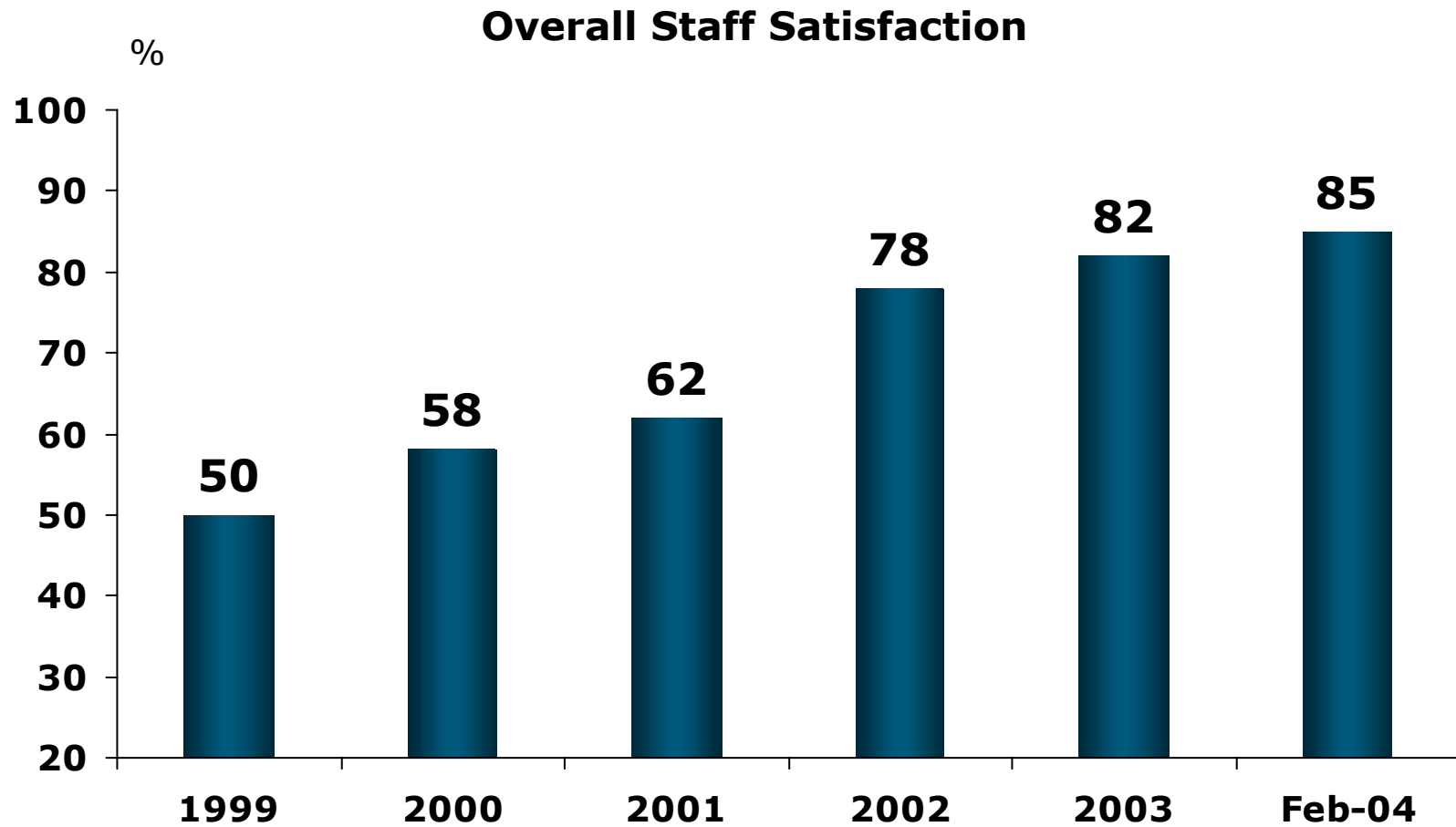
- ***Put our customers first***
- ***Perform and grow to create value for our shareholders***
- ***Lead and inspire each other***
- ***Earn the trust of the community***
- ***Breakout, be bold and have courage to be different***



Breakout projects to create a high performing organisation



...and an engaged and satisfied workforce



Five key steps in ANZ journey

Our specialist businesses model is distinctive in its focus, energy empowerment, and speed to market

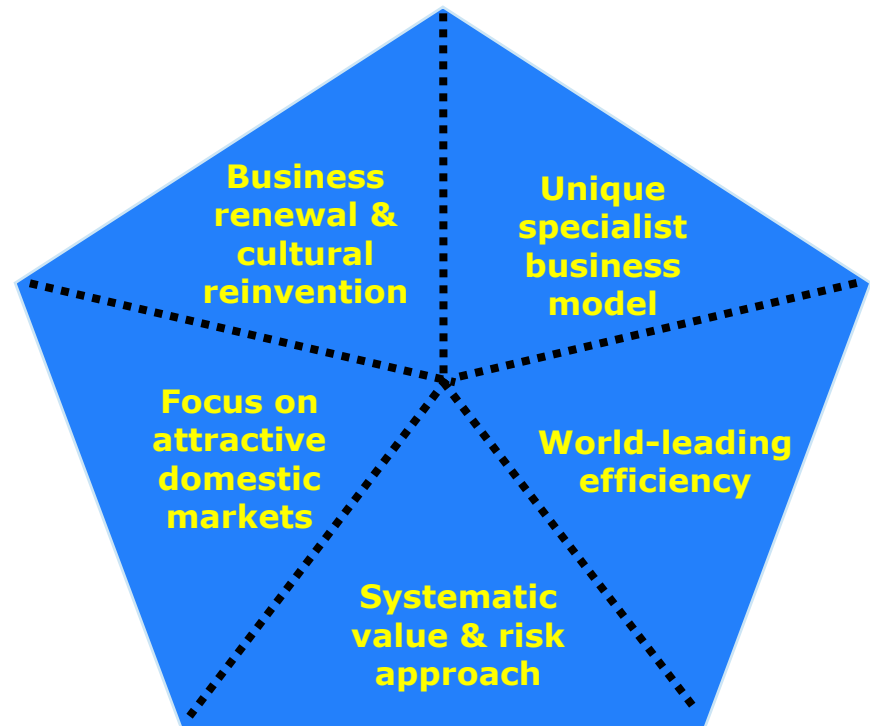
Superior management execution is well-recognised in ANZ being one of the best-managed and most-efficient banks in the world

Pervasive Economic Value Added systems combined with systematic risk reduction

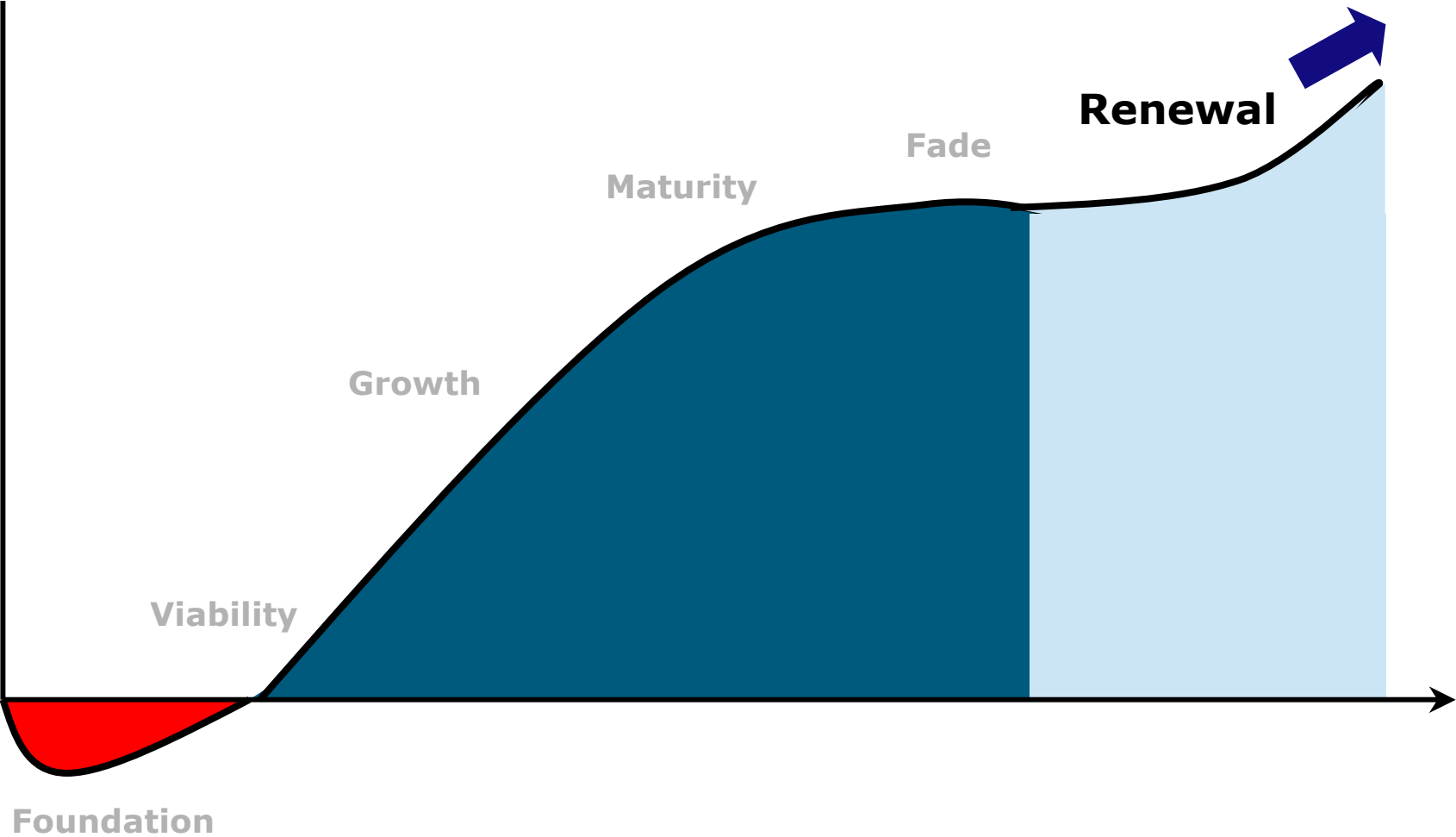
A stable and inspired leadership team together with first mover cultural change is a sustainable advantage:

- High staff satisfaction - an employer of choice
- Open communication and strong values

Organised for the next phase to build coherent approach with customers, combined with a culture of accountability, freedom and energy

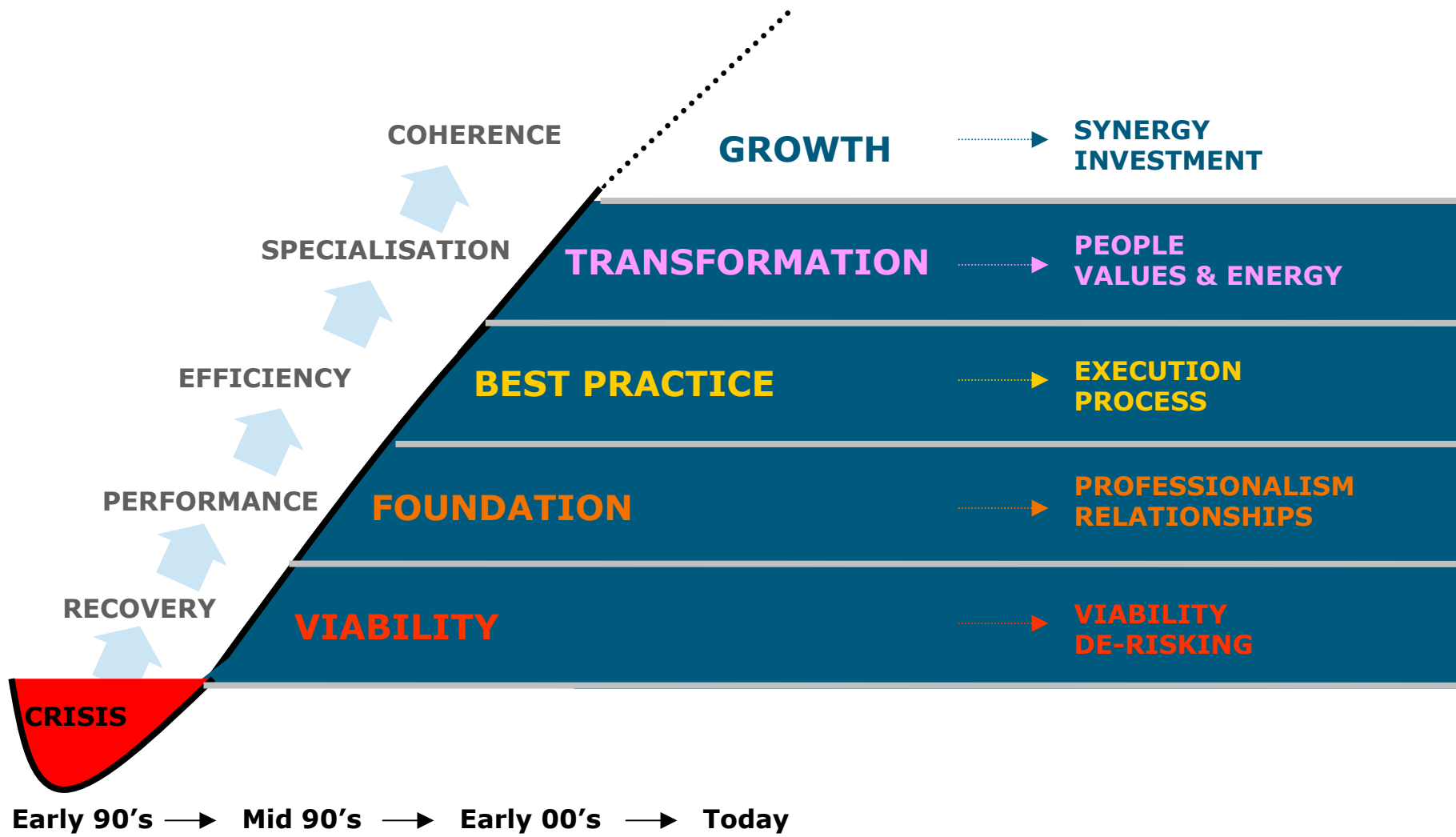


Companies need to renew themselves



ANZ has successfully mastered each stage from performance through to specialisation. Focus now on coherence growth and sustainability

THE ANZ JOURNEY



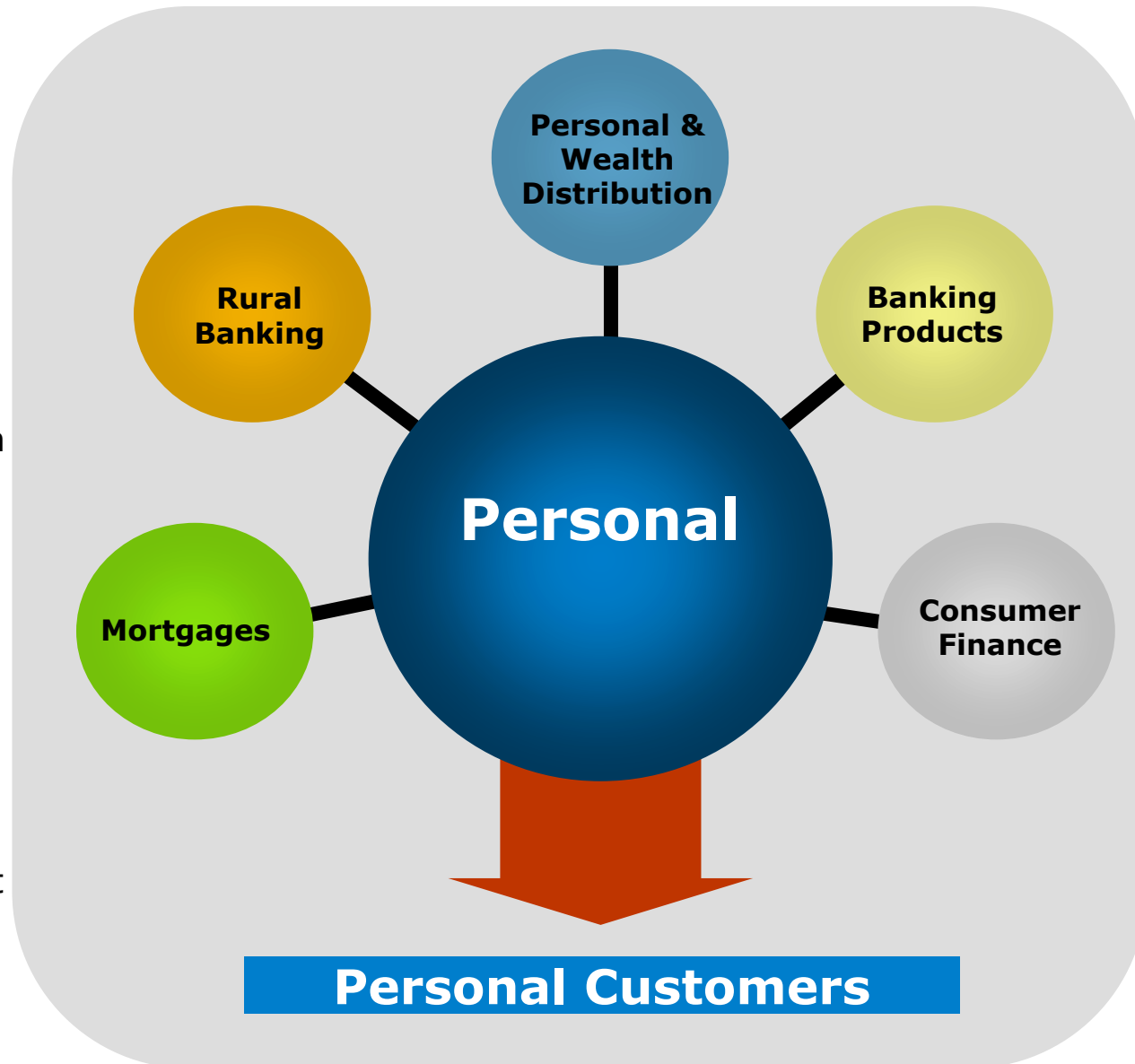
The next phase is coherence of specialist approach with customers

- In 1999, specialist businesses established as distinct units to unleash energy & innovation
- This opened up individual business options on branding, products, distribution and sourcing
- By 2003 businesses had developed distinct competitive advantages
- Now the priority is to promote synergy and coherence with customers while maintaining the integrity and vitality of the businesses



Having clustered businesses around institutional, business and NZ customers, last week we announced coherence with personal customers

- Retail not a traditional strength for ANZ. Creation of specialist businesses necessary:
 - brought focus to this area
 - unleashed energy and innovation
 - prevented smaller network constraining growth through third-party and specialist distribution
- Product businesses have grown strongly and achieved scale
- Businesses now have sufficient strength and momentum that synergies and growth are possible, but coherence against customer now vital



ANZ's focus is on growth and sustainability

ANZ's mission is to be the leading, most successful and most respected bank in Australia and New Zealand and Australia's international bank

ANZ has established the foundation for growth
Growth and sustainability are now the main focus



- Continue to leverage the power of specialisation
- Evolve specialist business clusters around customers
- Channel energy towards corporate purpose and customer synergy
- Continue focus on ANZ's cultural journey, performance ethic, risk optimisation, and world leading efficiency
- Make it easy for customers to do business with us

ANZ's Corporate Evolution

Trans-Tasman Business Circle

28 April 2004

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available on**

www.anz.com

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