US Debt Investor Update

Australia and New Zealand Banking Group Limited

December 2008

Rick Moscati, Group Treasurer
David Goode, Head of Debt Investor Relations

www.anz.com

Disclaimer

This presentation is being supplied to you solely for your information, and may not be reproduced or distributed to any other person (including any distribution in the United States) or published, in whole or in part, for any purpose without the prior written permission of ANZ.

This presentation does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities, nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision. In the United Kingdom this presentation is directed exclusively at persons who fall within Article 19 or 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. The securities referred to in this presentation shall be issued only to such persons. The securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the “Securities Act”), and may not be offered or sold in the United States or to or for the account of U.S. persons (as defined in Regulation S under the Securities Act) absent an available exemption from registration.

This presentation contains certain forward-looking statements, including statements regarding (i) economic and financial forecasts for Australia, New Zealand and other countries, (ii) anticipated implementation of changes in organizational structures at ANZ, (iii) regulatory and other industry developments, including the effects of dislocations in the global capital markets , and (iv) strategic priorities. These statements can be identified by the use of forward-looking terminology such as ‘may’, ‘will’, ‘expect’, ‘anticipate’, ‘estimate’, ‘continue’, ‘plan’, ‘intend’, ‘believe’ or other similar words. These statements discuss future expectations concerning results of operations or of financial condition or provide other forward-looking information. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of ANZ. Given these risks, uncertainties and other factors, the reader should not place an undue reliance on any forward-looking statements, which speak only as of the date made.

No representation or warranty, express or implied, is made as to the accuracy, adequacy or reliability of any statements, estimates or opinions or other information contained in this presentation, including forward-looking statements. To the maximum extent permitted by law, ANZ and its subsidiaries, and their directors, officers, employees and agents, disclaim all liability and responsibility (including without limitation any liability arising from fault or negligence on the part of any of them) for any direct or indirect loss or damage which may be suffered by any recipient through use of or reliance of anything contained in or omitted from this presentation.

No actions have been taken in any jurisdiction to register or otherwise permit a public offering of the securities to which this presentation relates.

Agenda

- ANZ – overview & strategy
- Australian & NZ economic overview
- Government Guarantee
- Capital, Funding & Liquidity
- 2008 FY Results summary
- Conclusion
- Appendices

ANZ Snapshot

- Proud banking heritage spanning 170 years
- A top 10 listed company on the ASX (market cap ~A$36b), with 376,813 shareholders
- Largest listed company in NZ, largest Australian bank in Asia and a leading bank in the Pacific
- One of only 14 AA rated banks in the world
- Well capitalised with a strong liquidity position
- Over 250 years of banking experience on our management board
- 36,925 staff

We are actively managing for new reality: Balance sheet, capital, lower risk

Balance Sheet

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

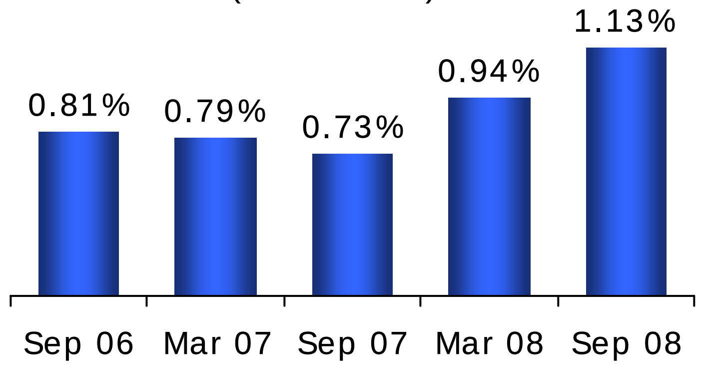
Capital – Tier One 8.1%*

- Proactive in raising capital
- Increased liquidity

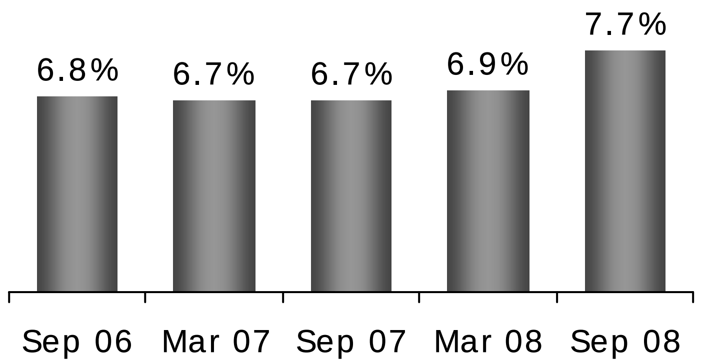
Company Structure – "One ANZ"

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

Strengthened collective provision balance
(CP/CRWA#)

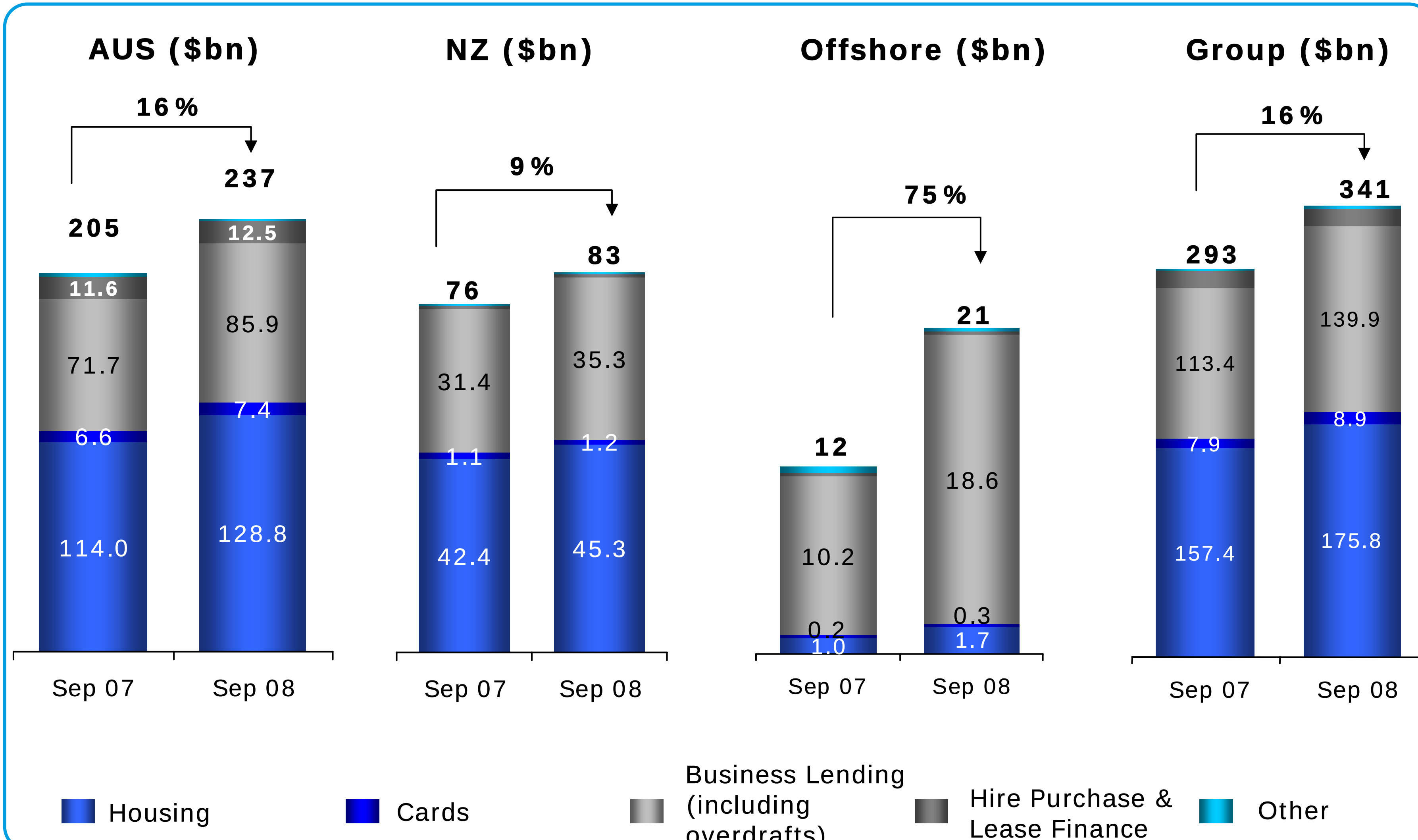


Strengthened capital position
(Tier 1 ratio)

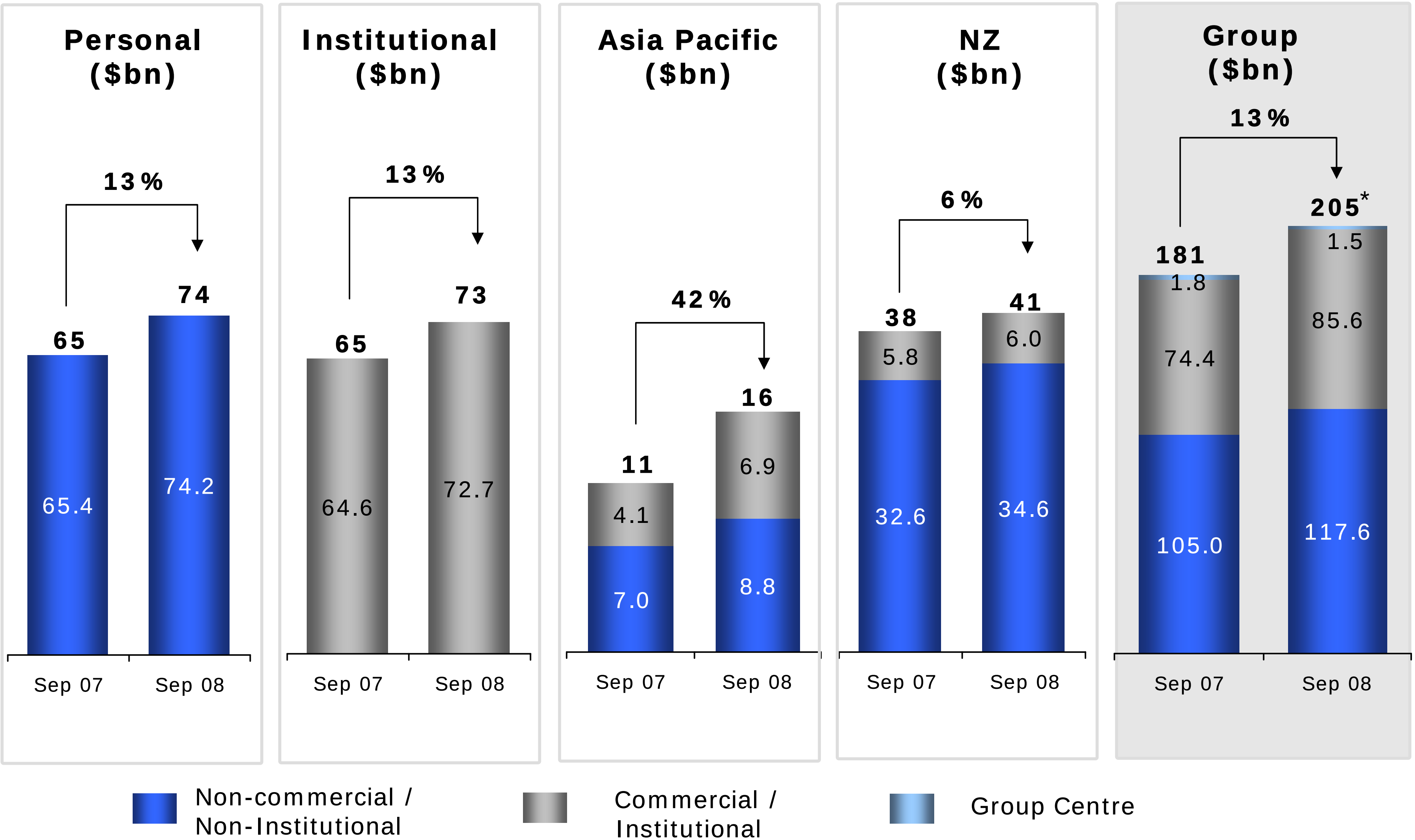


#2008 Risk Weighted Assets calculated using Basel II methodology; prior period numbers reflect Basel I methodology
**Adjusted tier 1 proforma includes DRP underwrite*

Composition of Net Loans & Advances



Customer deposits by business line



*Reconciling item between Group and sum of divisions is Group Centre

*Institutional does excludes Asia Pacific Institutional

Group strategy - Our journey to become a Super Regional Bank

RESTORE

- Institutional back to system
- Restore “jaws” – increase revenue faster than costs
- Drive Asia profit
- Capture existing opportunities
- Strategic cost management

1 to 2 years

OUT PERFORM

- Quality on par with global leaders in our markets
- Best of breed customer experience
- In-fill mergers and acquisitions in Asia (core geographies)
- Unlock the value of our franchise

2 to 5 years

TRANSFORM

Create a leading Super Regional bank

Global quality, regional focus

5+ years

Group strategy launched December 2007

ANZ by 2012

Where our profits will come from …

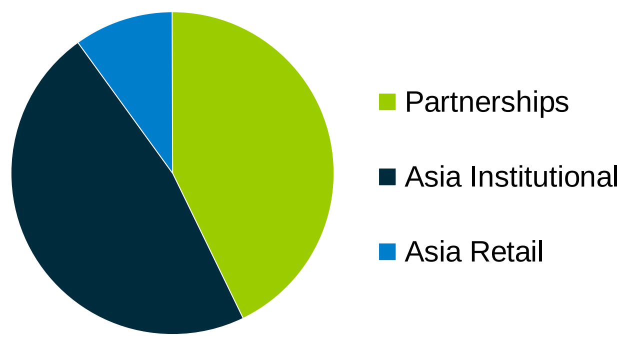
High Asian growth will result in more balanced geographic contribution as we seek to double our profit over 5 years

What will drive domestic growth

- **Personal** – great track record, opportunity to deepen customer relationships
- **Institutional** – getting back in the game
- **New Zealand** –strong position, but can further grow share and exploit cost synergies

What will drive Asian growth

- Main focus on **organic growth** supplemented with in-fill mergers and acquisitions



Focused approach to Super Regional Strategy

Strategic Imperative

Top 4 foreign bank

- Greater China, India

Franchise Significant

Major bank (top 4)

- Vietnam, Malaysia, Indonesia

Network Enhancement

Network clients, product and liquidity hubs

- Singapore, Tokyo, Hong Kong

Next Wave

Hold position in short-term

- Indochina: Cambodia, Laos
- Philippines, Korea, Thailand

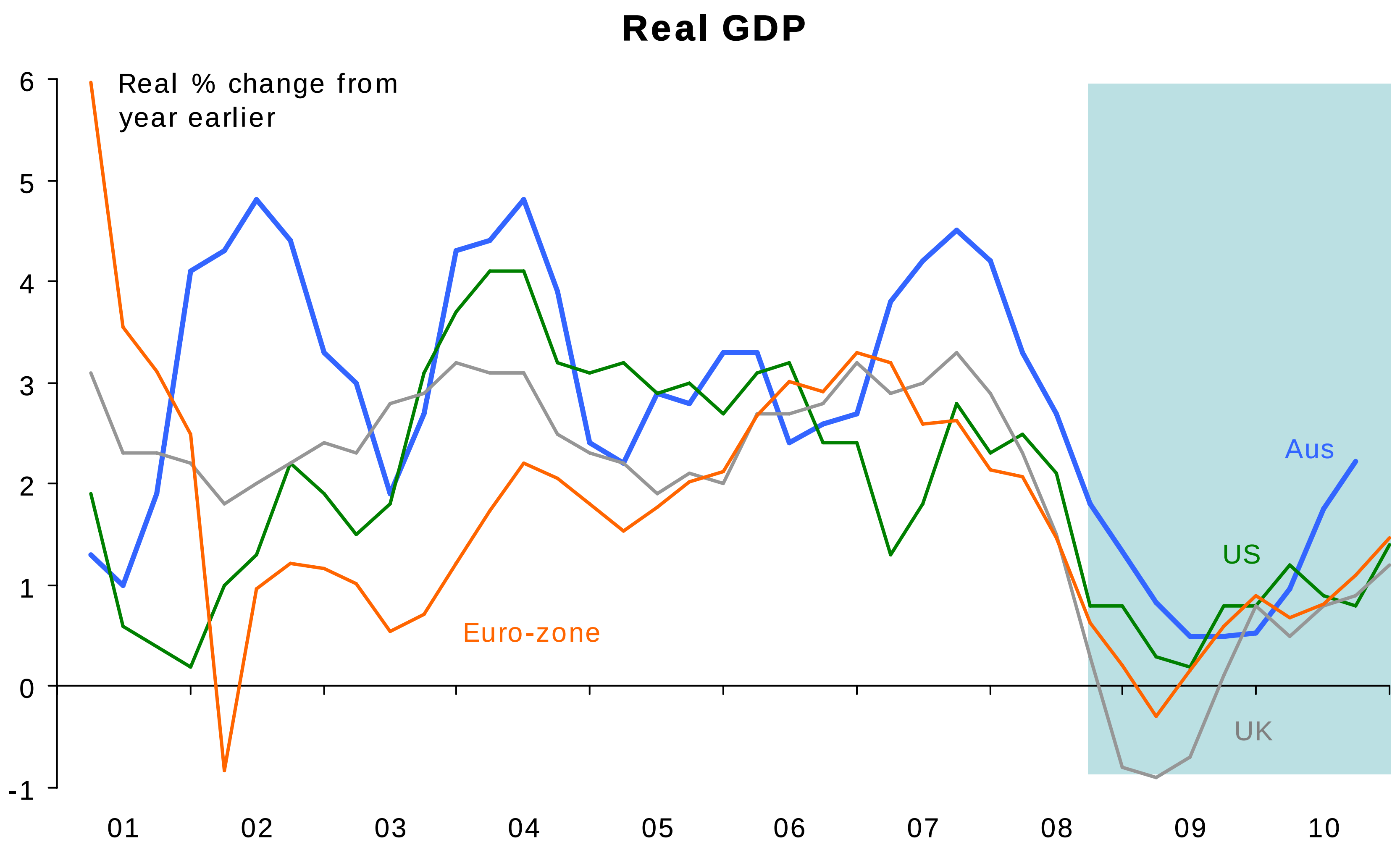
AUSTRALIA & NZ ECONOMIC OVERVIEW

Summary of forecasts: Australia & NZ

	Australia					New Zealand			
	2007	2008	2009	2010		2007	2008	2009	2010
GDP (year average)	4.5	3.0	0.8	1.4		2.9	1.7	-0.6	1.4
Inflation (year average)	1.9	4.2	3.9	2.7		1.8	3.9	2.6	3.0
Unemployment	4.3	4.2	5.7	6.5		3.5	4.2	5.8	6.5
Current A/C (% GDP year average)	-6.1	-5.4	-4.2	-6.0		-8.7	-8.4	-7.0	-6.8
Cash rate	6.5	7.0	4.0	3.5		8.25	7.5	4.0	5.3
10 year bonds	6.2	5.4	4.6	5.5		6.3	5.7	5.0	5.8
AUD/USD	0.88	0.79	0.56	0.58					
AUD/NZD	1.17	1.18	1.12	1.18					
Credit (YoY % change)	15.4	10.1	5.4	6.3		14.0	10.0	4.0	5.8
- Housing	11.5	9.2	6.4	8.3		13.7	7.1	3.5	6.0
- Business	22.0	12.9	5.2	3.9		15.4	13.4	4.7	5.8
- Other	11.7	2.5	0.3	4.5		4.8	4.5	3.0	4.0

ANZ forecasts as at 24/11/08. Figures are as at end of September (Bank financial year) unless otherwise noted.

The Australian economy will slow, but it should avoid recession.

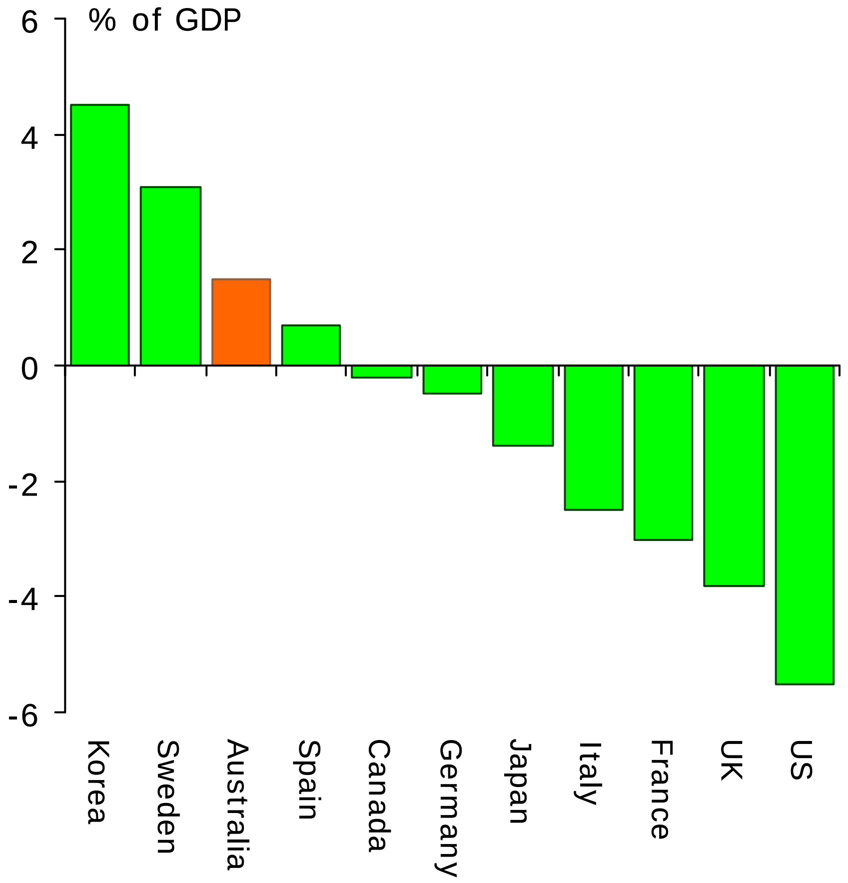


As at 25/11/08
Sources: Australian Bureau of Statistics; ANZ.

Australia is well placed to use fiscal and monetary policy to avoid a recession

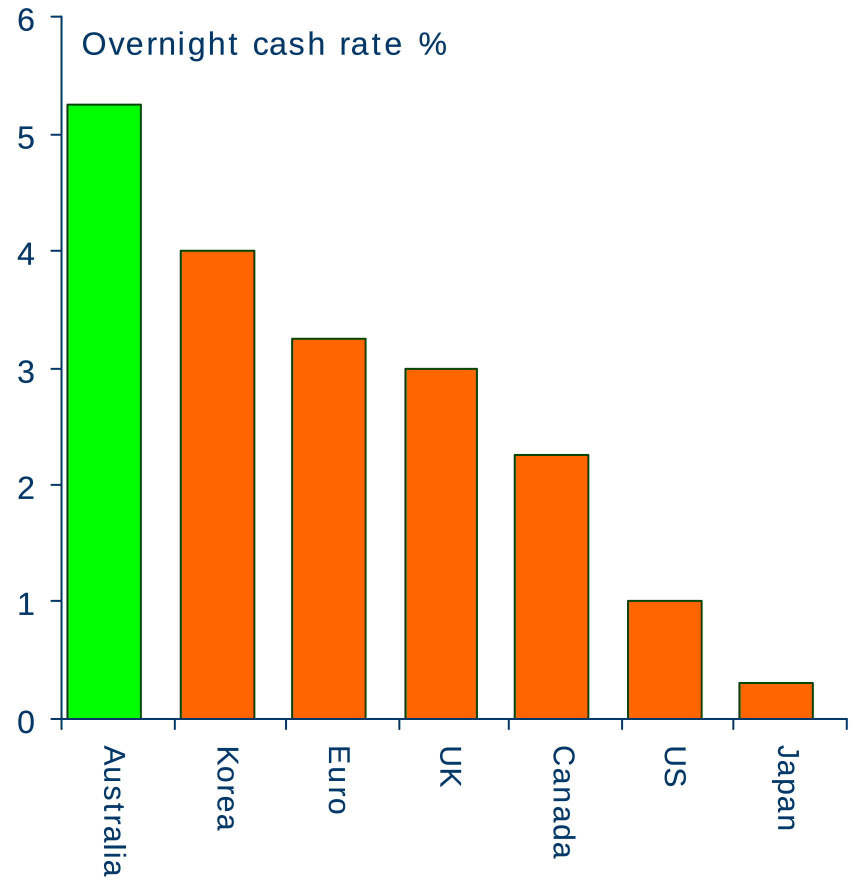
Fiscal

Budget surplus/deficit, 2008



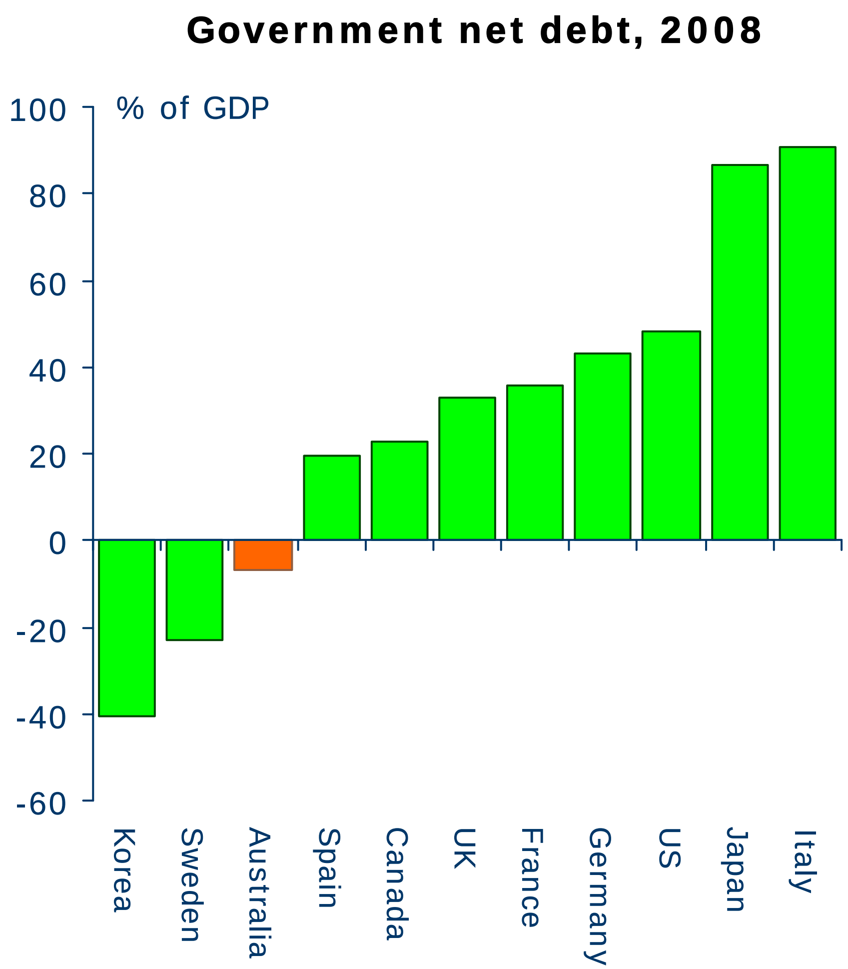
Monetary

Official central bank rates



Note: data shown are for the 'general government' sector, ie including State and local governments but excluding government business enterprises. *Source:* OECD, *Economic Outlook* 83, June 2008,

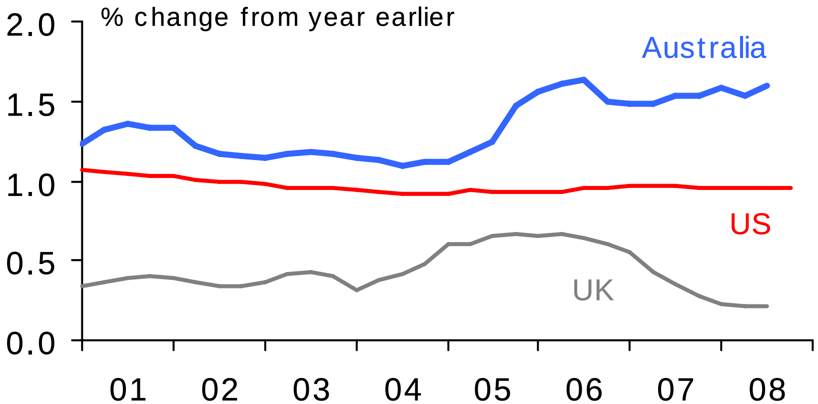
The Australian Commonwealth Government has low levels of net debt.



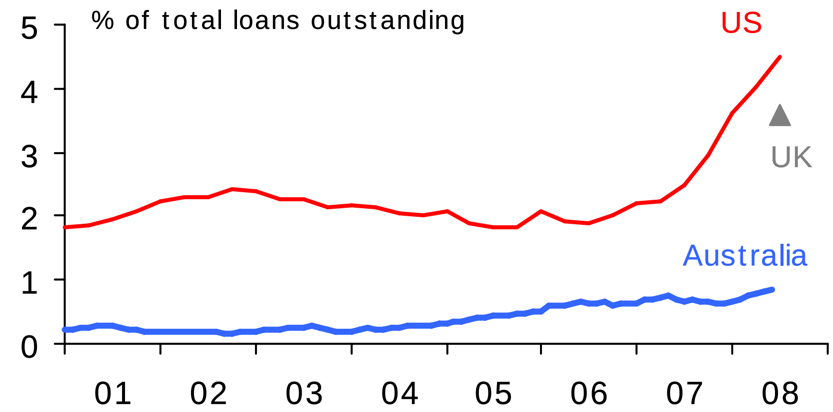
Note: data shown are for the ‘general government’ sector, ie including State and local governments but excluding government business enterprises. *Source:* OECD, *Economic Outlook* 83, June 2008,

Australia's housing market has softened but is still relatively well placed

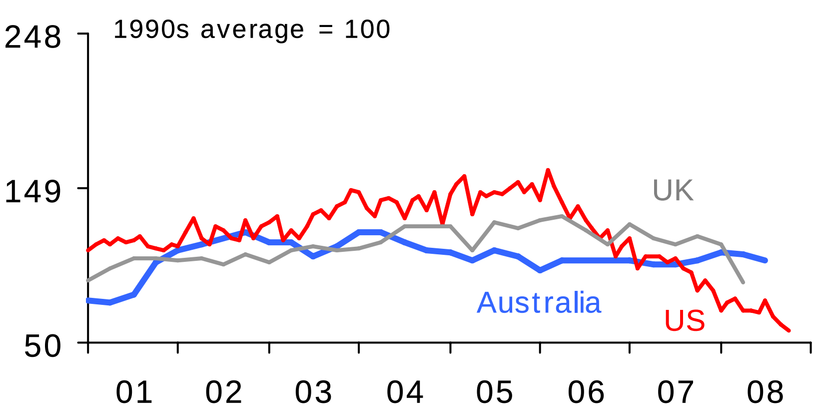
Population growth



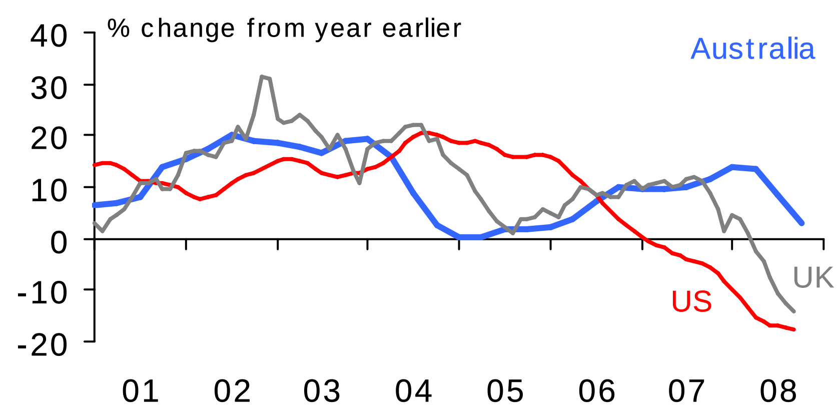
Mortgage delinquency rates*



Housing commencements



House prices

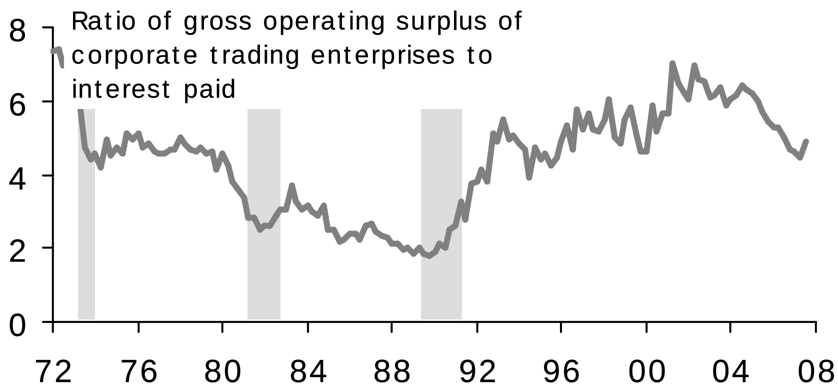


* 90 days or more past due. For Australia, securitized mortgages only (including on-balance sheet mortgages would result in a lower figure). *Sources:* ABS; US Commerce Department; S&P; Mortgage Bankers' Association of America.

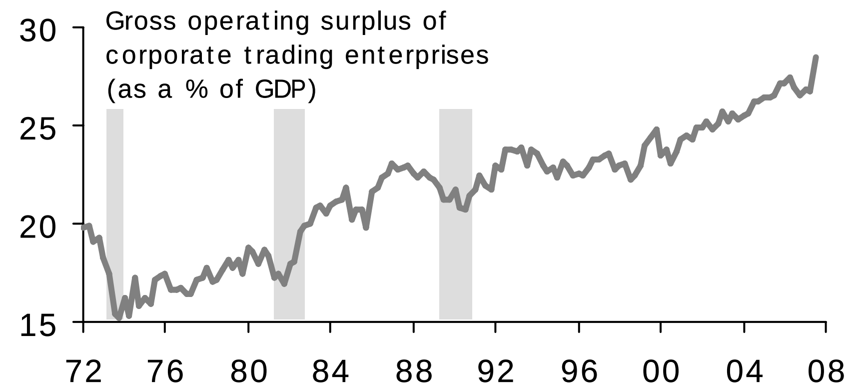
The Australian corporate sector was also in reasonable shape as we entered the global downturn…..

Australian non-financial corporate sector finances

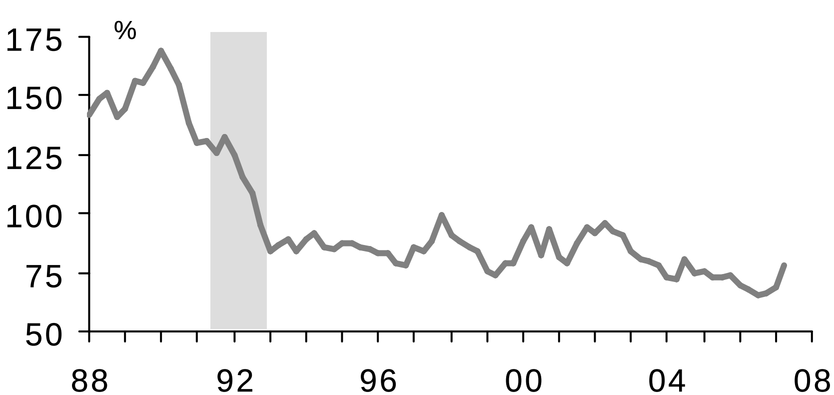
Interest cover ratio



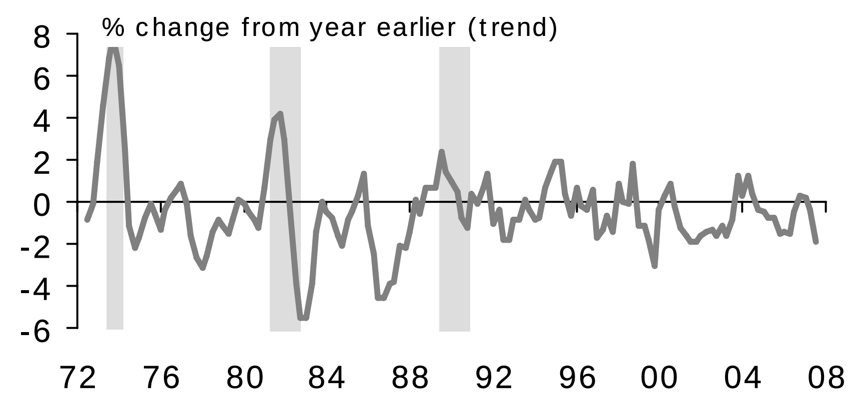
'Profit share' of national income



Debt-equity ratio



Real unit labour costs

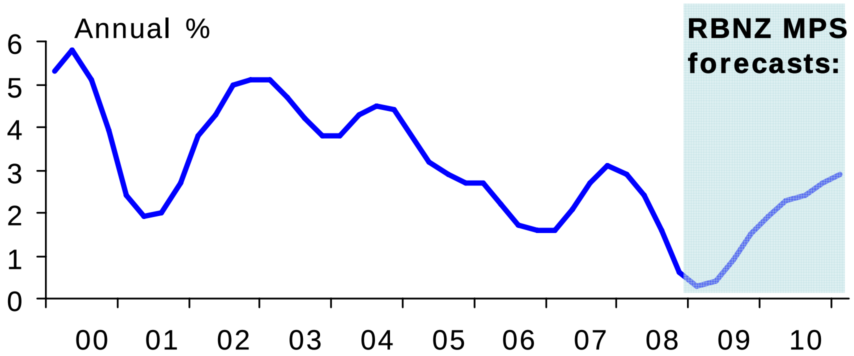


Note: Shaded areas denoted recessions.
Sources: Australian Bureau of Statistics; Reserve Bank of Australia; ANZ.

The New Zealand business has weathered a challenging environment this year

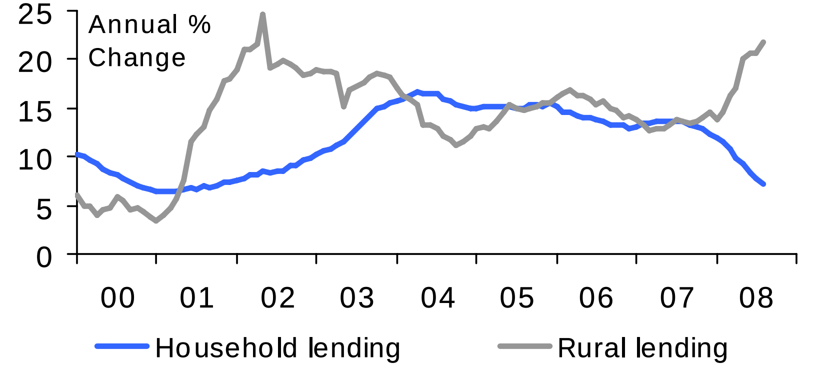
The economy is clearly in a downturn

RBNZ Monetary Policy Statements[1]



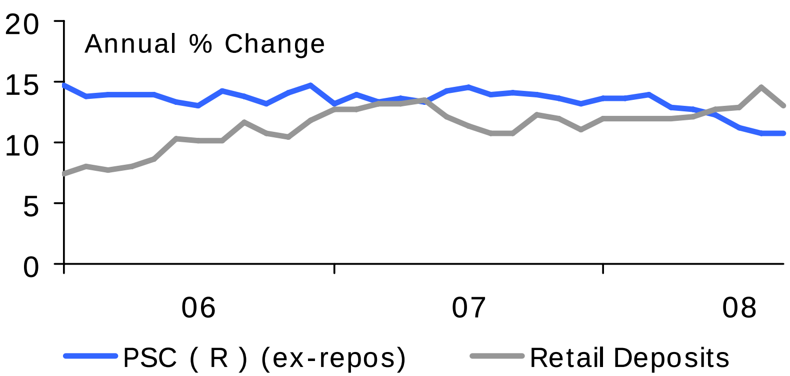
…leading to a 2 tier economy favouring some businesses more than others

System (banks & NBFI's) credit aggregates[2]



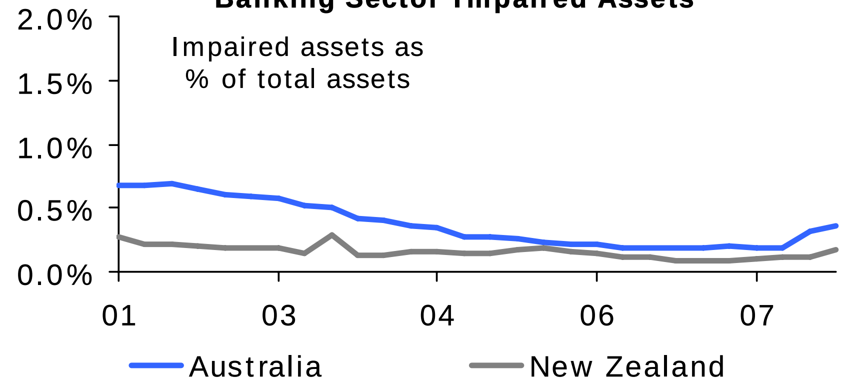
Focus has switched to deposits

Private Sector Credit (Resident, ex-repos) and Retail (non-wholesale) Funding[1]



Credit quality showing signs of deterioration

Banking Sector Impaired Assets[3]



Sources: 1. RBNZ; 2. RBA June2008; 3. *ANZ National Bank, ASB, BNZ, WBC and Kiwibank General Disclosure Statements, June 2008.*

GOVERNMENT GUARANTEE

Australian Government Guarantee

Deposit Guarantee :

- Available for a period of 3 years, applying to deposits denominated in any currency.
- No cost for accounts holding less than $1m. For accounts holding in excess of $1m, a fee applies.

Wholesale Funding Guarantee :

- Available until “market conditions have normalised”.
- Applies to senior unsecured vanilla debt securities for a maximum tenor of 5 years.
- Guarantee is irrevocable & unconditional.
- Australian Government will pay on demand in a timely manner.
- Expected to be AAA / Aaa rated by S&P and Moodys
- APRA risk weighting is 0% (same as Government exposures) confirmed 24/11/08.
- Certificates of deposit and bank bills will be covered under the WFG (not the DG).
- Visit the website for further details : www.guaranteescheme.gov.au

Fee Structure :

Credit Rating	Debt Issues Up to 60 Months
AA	70bp
A	100bp
BBB and Unrated	150bp

CAPITAL, FUNDING AND LIQUIDITY

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

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

Capital Position strengthened:

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

Capital ratios stronger under FSA & OFSI equivalent basis

Capital Management Agenda:

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

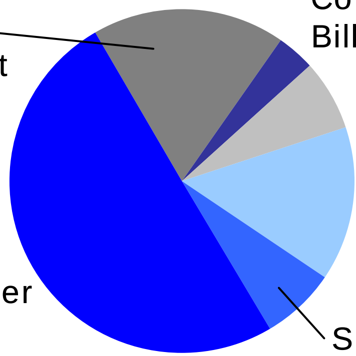
** 'Core Tier 1' = Tier 1 excluding hybrid Tier 1 instruments*

*** Includes DRP underwriting*

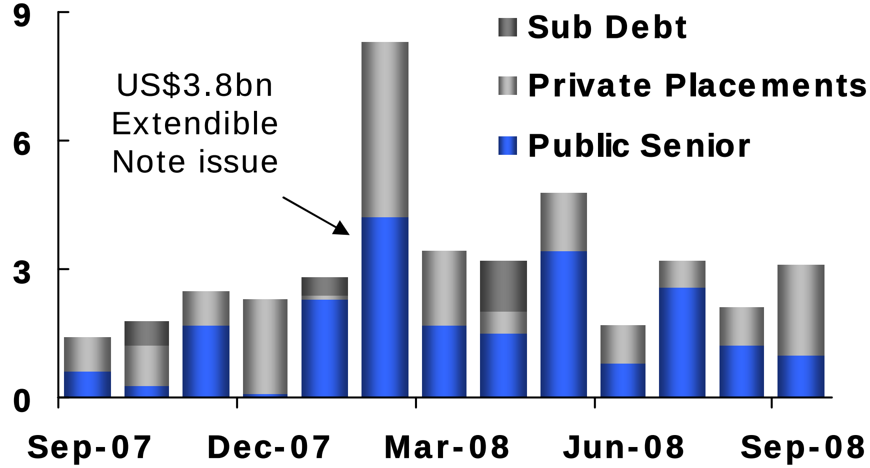
Well placed to manage 2009 - conservative funding strategy and strong liquidity position

Stable and diversified funding base

Group Funding profile* – September 2008



Borrowed consistently over 2008



Wholesale term funding

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

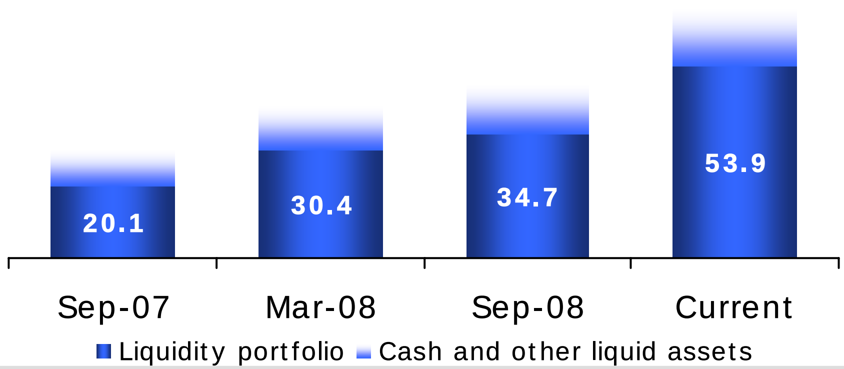
- Total term debt costs have increased to $216m in FY08 from $109m in FY07.

*Percentage of net external assets (i.e. ALL funded asset incl. non-core assets)
^ 1 year, structured and extendable notes

Strong Balance Sheet management

Significant increase in liquid assets ($bn)

>12 months of offshore wholesale funding maturities



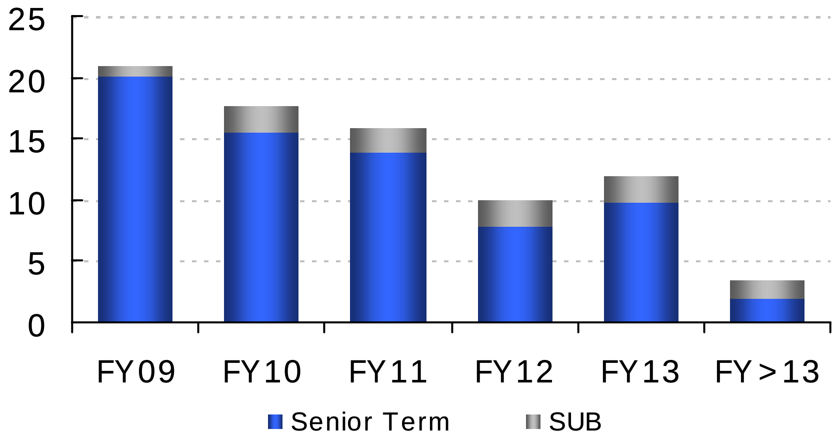
Prime liquid asset portfolio increased to nearly 3 times Sep 2007 levels

All liquid assets eligible for repo with a central bank and held in major treasury sites

Provides a very strong buffer against adverse funding conditions. Portfolio covers:

- 10 weeks of all short and long wholesale funding maturities
- >12 months of total offshore wholesale funding maturities

Balanced term debt maturity profile ($bn)



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

RESULTS SUMMARY
FY 2008

Results overview

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

*Adjusts headline numbers for significant items & fair value hedge gains/losses
^Adjusted for impact of credit risk on derivatives and structured transaction

Business performance overview

Australia (Personal Division)

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

New Zealand (Businesses)

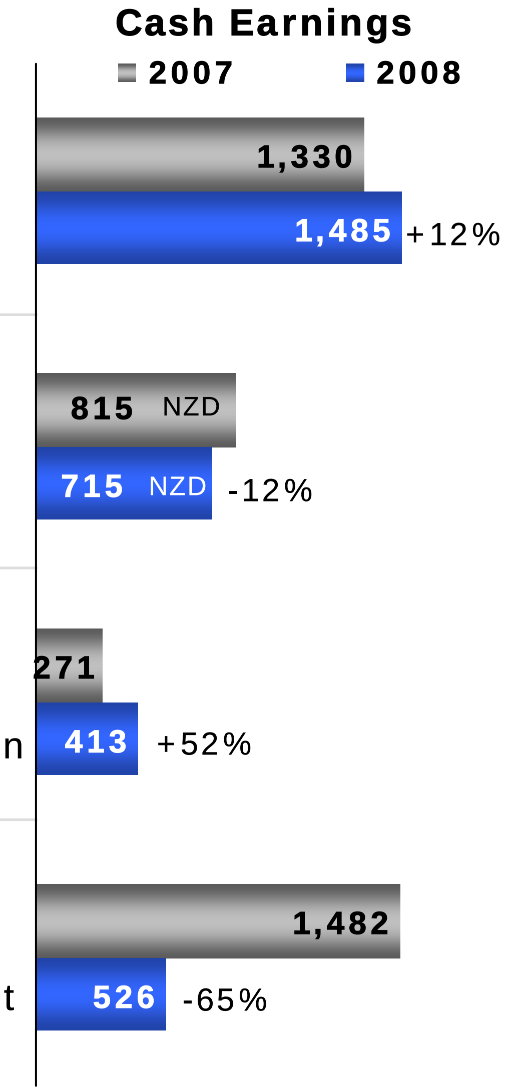
- Solid balance sheet growth, market share gains
- Impacts from slowing economy and higher provisions

Asia Pacific

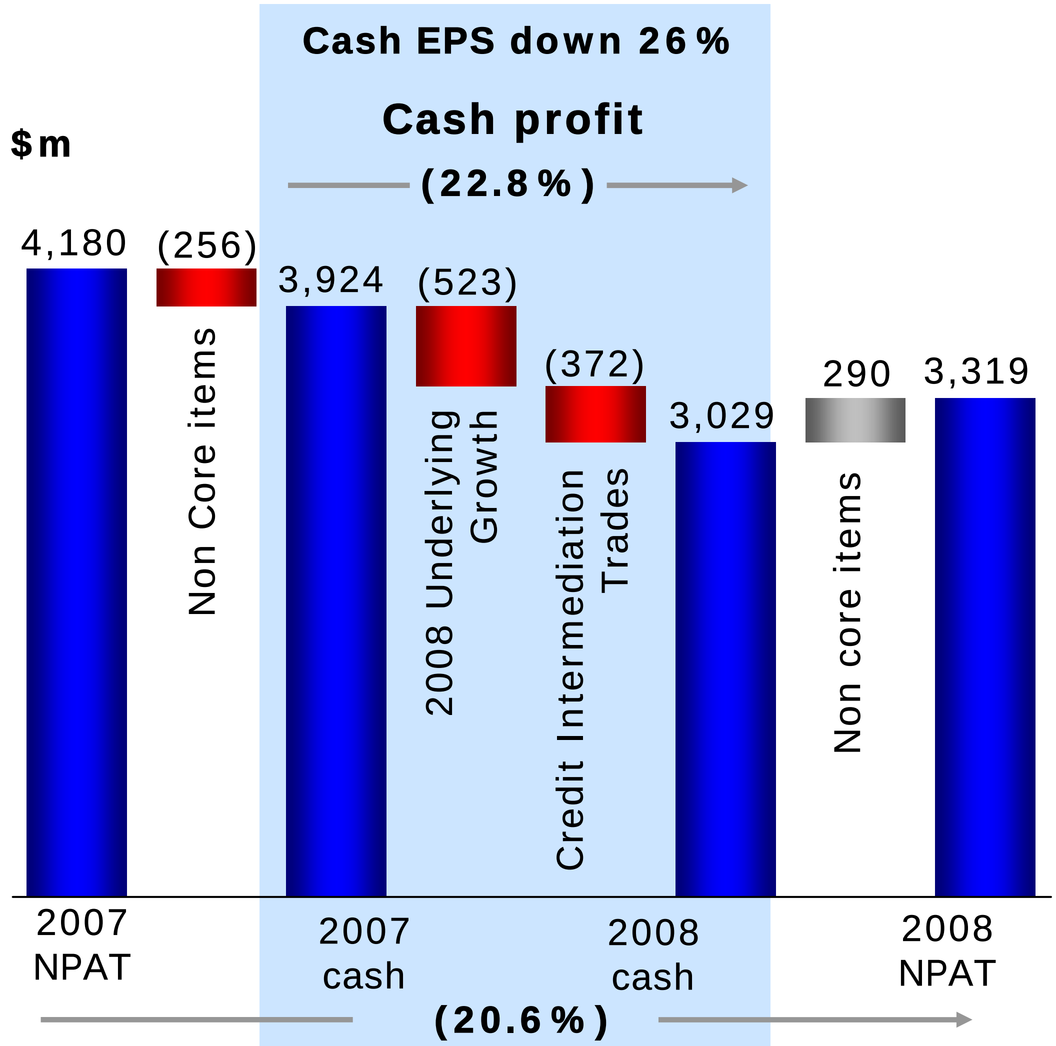
- Excellent performance driven by investment in the business
- Strong revenue growth - increased customer, product penetration

Institutional

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



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



Reconciliation to July Trading update
(excluding the reclassification of credit risk on derivatives to income)

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

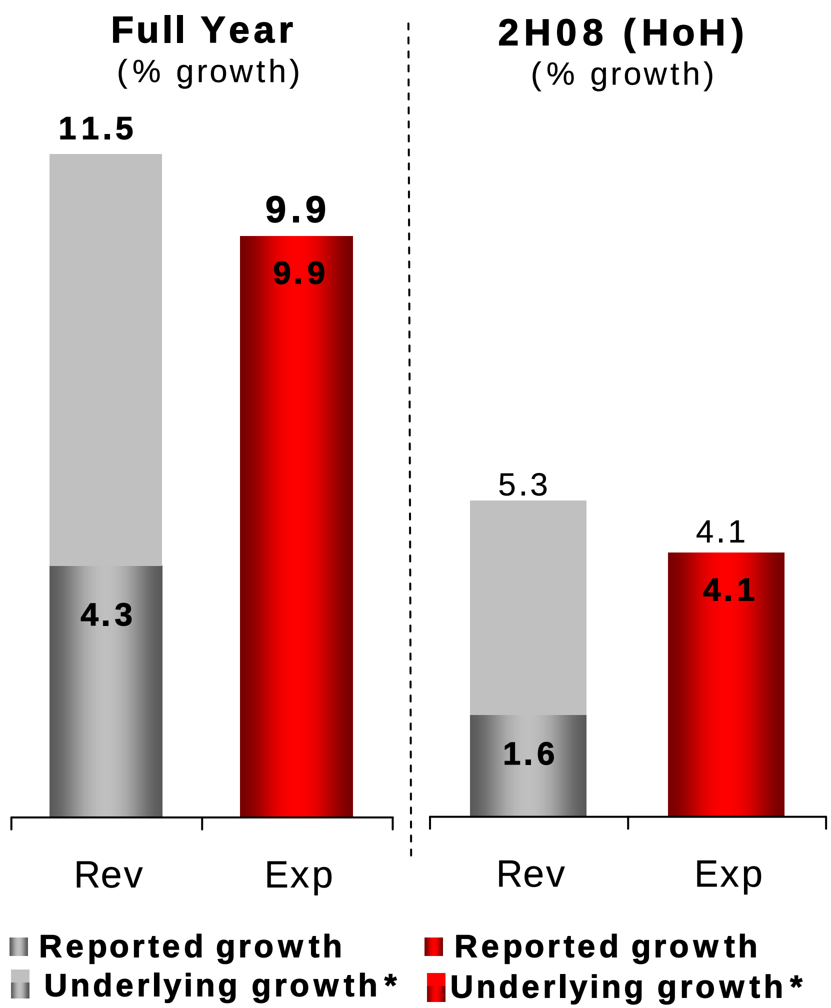
Expenditure
- Slightly higher from a consolidation and higher remediation costs

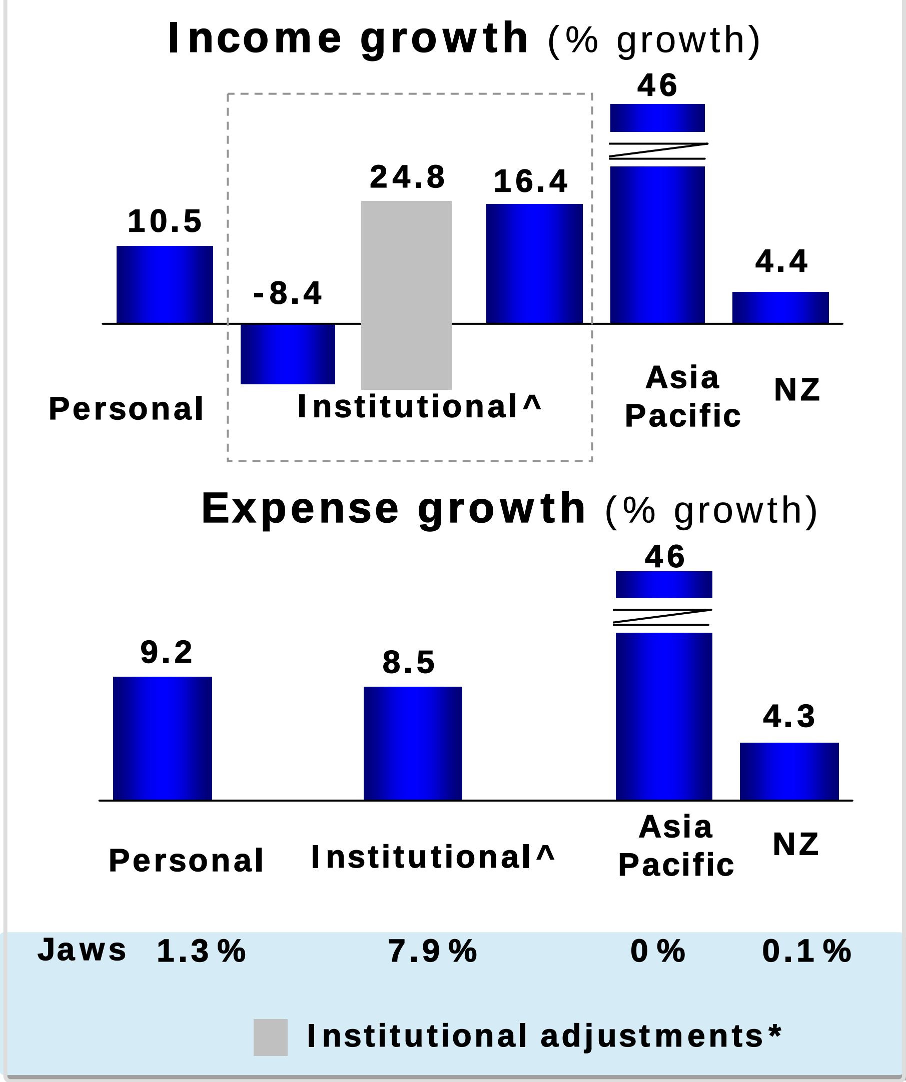
Provisions
- Essentially unchanged with higher CP offset by lower IP

Cash NPAT
- Still >$3bn although lower than expected

Strong underlying PBP and revenue growth
Costs paced with revenue

Full year revenue expense jaws



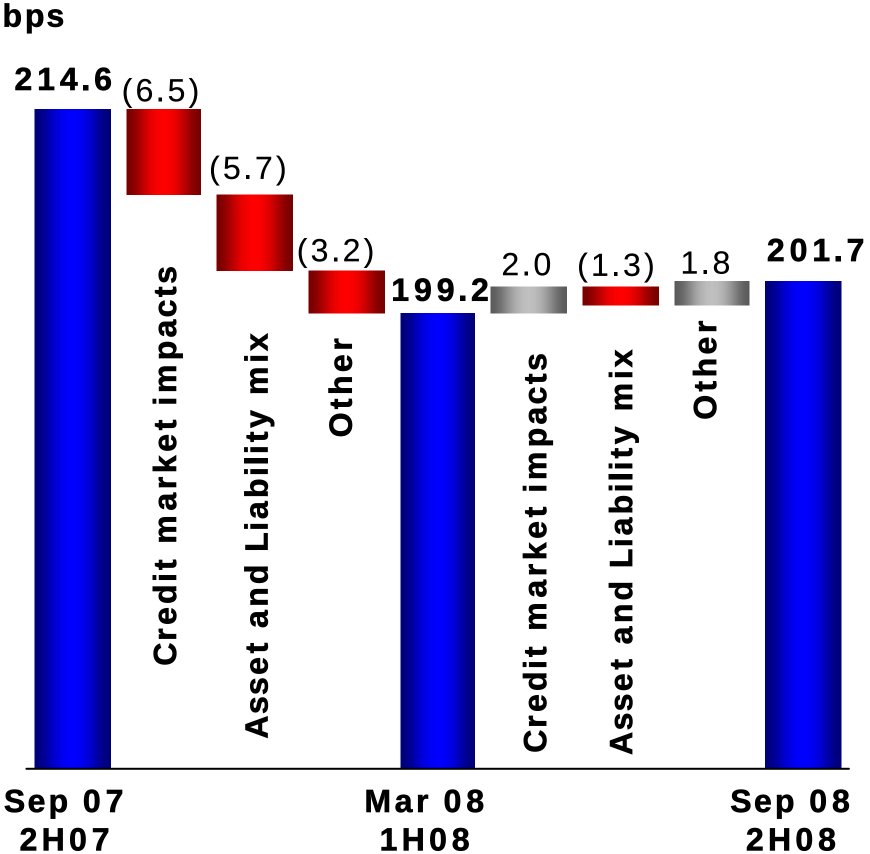


** Adjusted for credit risk on derivatives and structured transaction (matching offsetting tax credit)*

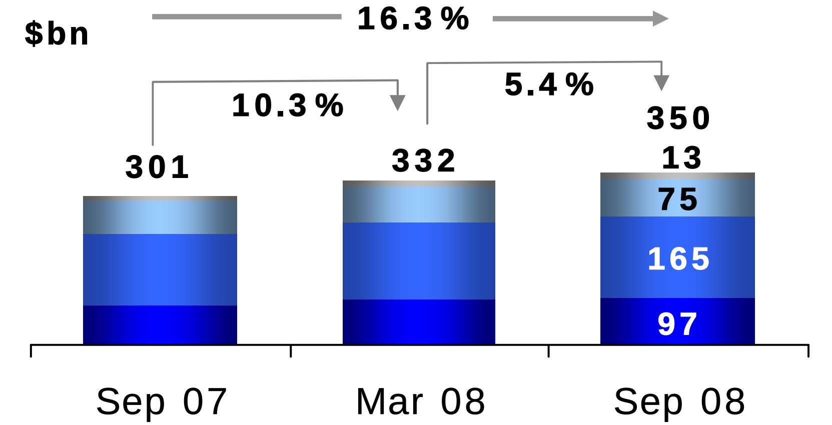
^ Excludes Institutional Asia Pacific, included in Asia Pacific division

Volume growth slowing in the second half while margins have stabilised

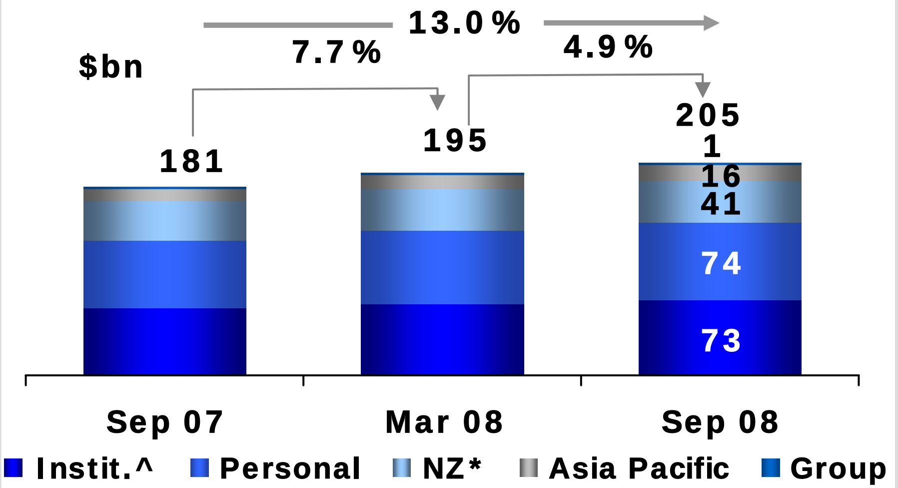
Margin trend improvement from managing impacts of credit crisis



Strong lending growth



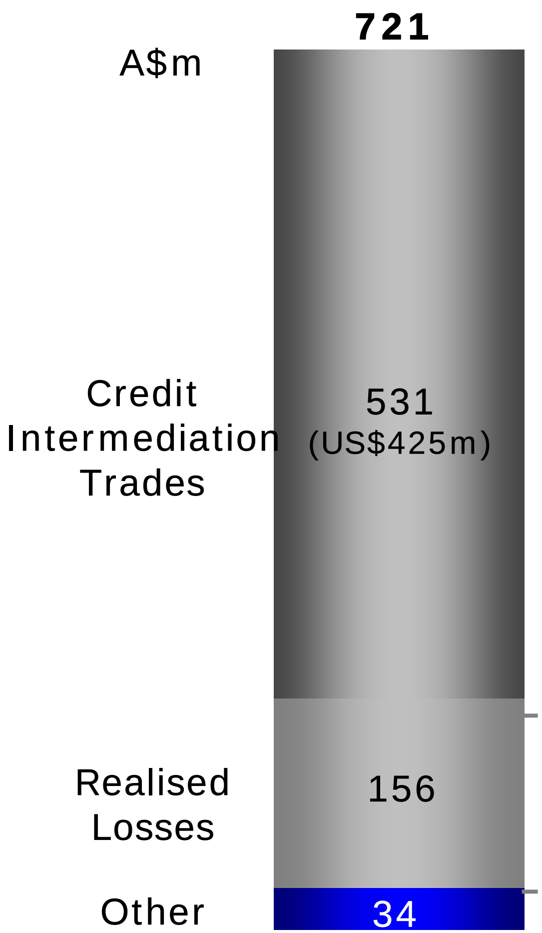
Strong deposit growth



^Excluding Institutional Asia (included in Asia Pacific)
* Removing the impacts of exchange rate movement

Composition of “Credit Risk on Derivatives” charged to Non interest income

Credit risk on derivatives



- Back-to-back sold and bought credit protection trades
- Mark-to-market on trades does not fully offset as one financial guarantor has defaulted and the valuation of the remaining counterparties reflects widening of their credit spreads
- Arises from requirement to mark to market derivatives even though cash losses are expected to be low

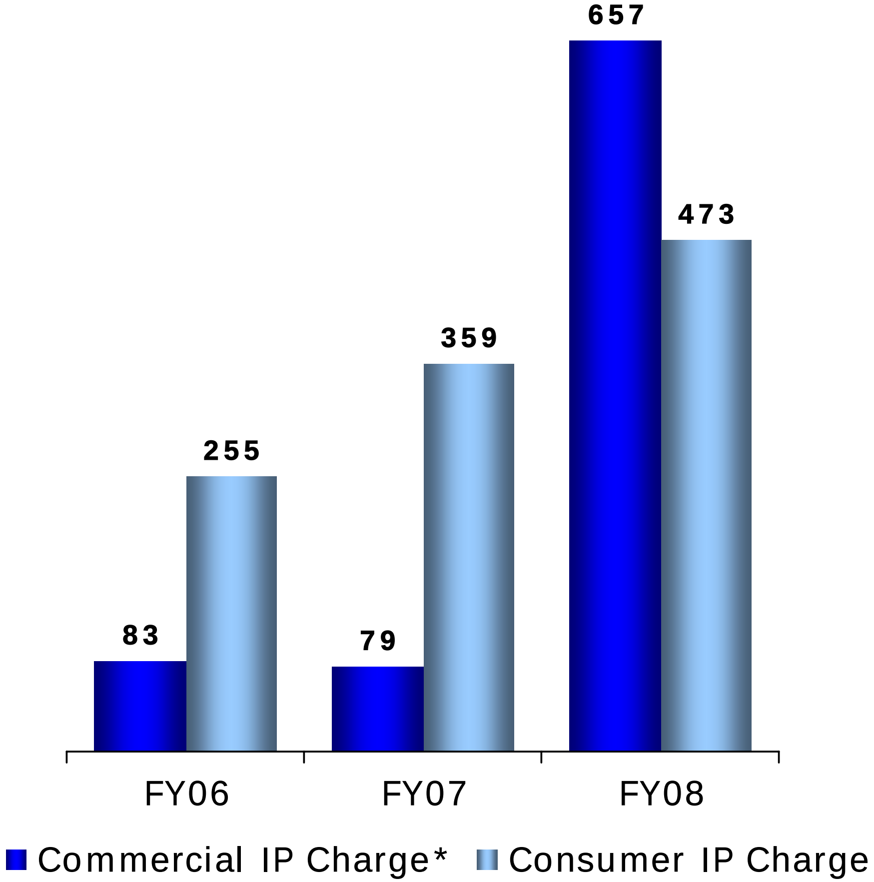
Expect to substantially write back

- Includes losses related to two mining companies and a financial services company

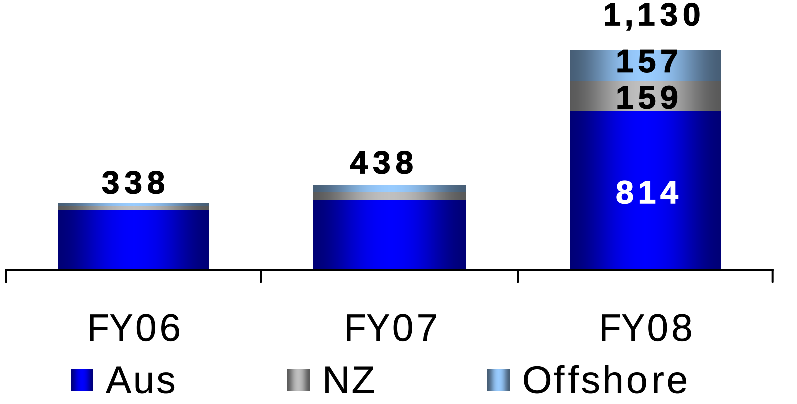
- Previously in Collective Provision

Higher Individual Provisions from Institutional large names and NZ portfolio

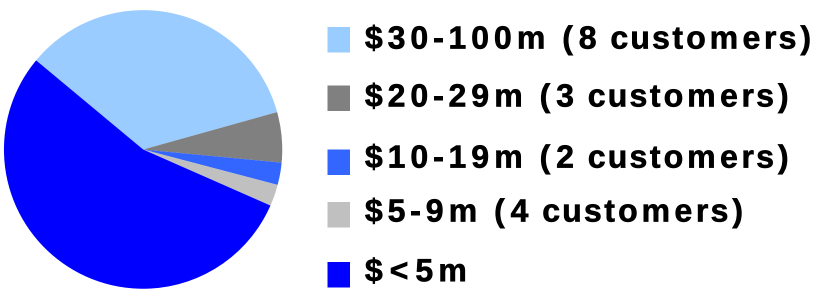
Significant increase in commercial Provisions off a low base, consumer upward trend from NZ ($m)



Higher individual provisions across regions ($m)

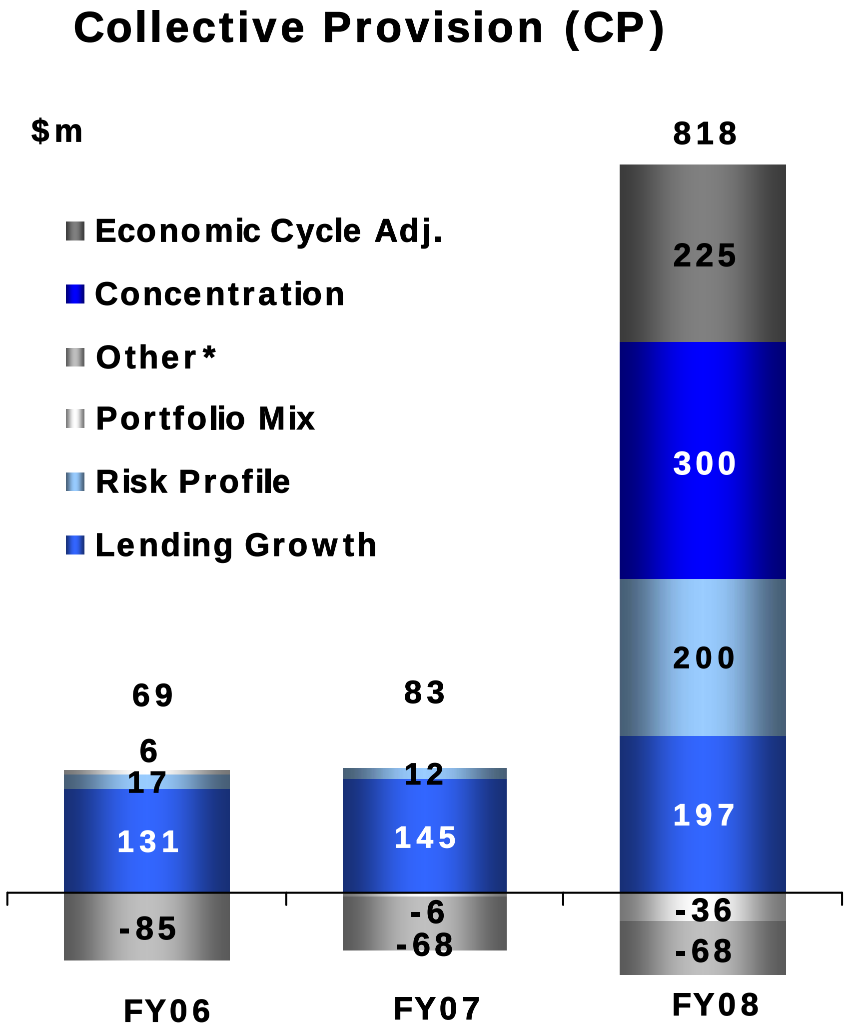


Small number of exposures dominating IP growth ($m)



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

Collective Provision increase reflects changes to the credit environment



Economic cycle adjustment

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

Concentration risk

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

Risk Profile

- Downgrades in Institutional, portfolio movements New Zealand

Volume Growth

- Increase across all divisions

Portfolio mix & Other

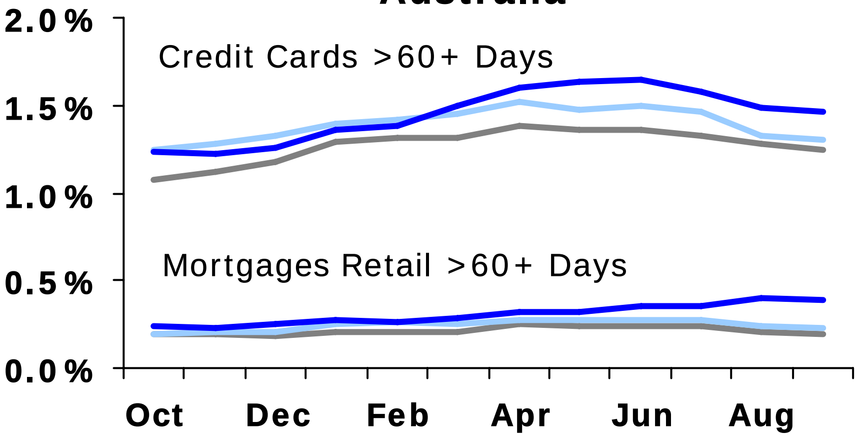
- Includes oil shock roll-off

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

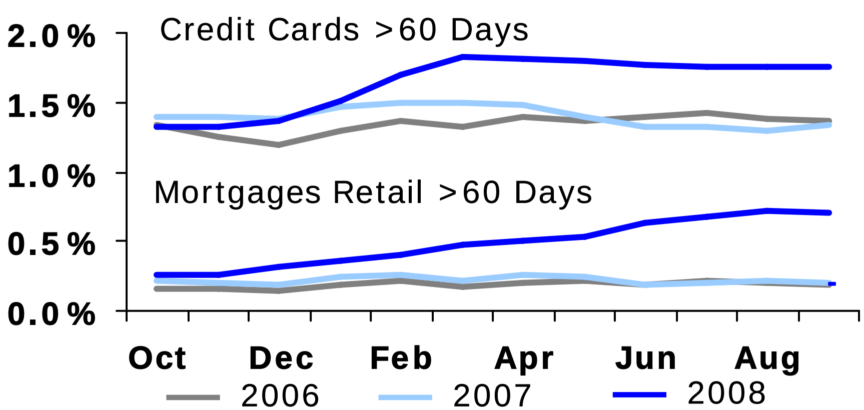
Higher arrears and impaired assets from single name exposures and some increase in consumer stress

Consumer arrears being closely managed

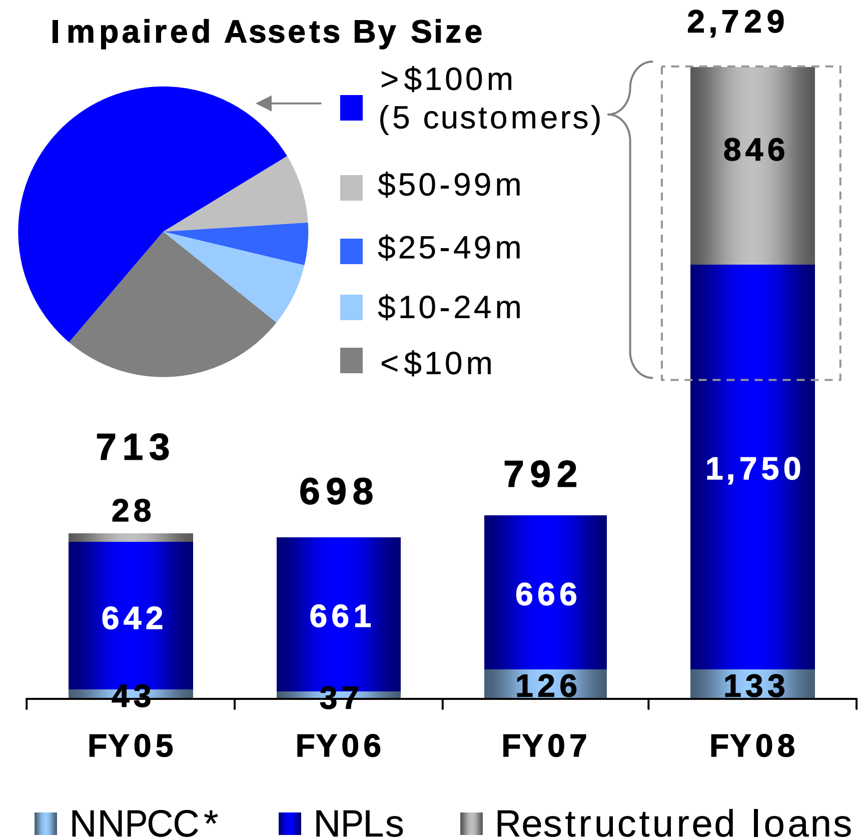
Australia



New Zealand



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



*NNPCC: Net Non Performing Commitments and contingents

CONCLUSION & APPENDICES

Conclusion

- ANZ is 1 of 14 AA rated banks globally
- Good underlying performance in Australia and Asia offset by higher credit charges in Institutional & NZ.
- Addressed legacy institutional issues and simplified business structure for the new economic environment.
- Very strong liquidity levels and lower funding requirements for 2009.
- Conservatively provisioned with Collective Provision increased to > 1.1% of CRWA's.
- Tier 1 capital > 8% post current DRP underwrite.
- Lower domestic growth environment partially offset by Super Regional Strategy.

Appendices

- Australian mortgage markets
- New Zealand exposure
- Property market exposures
- Credit Intermediation Trades

Australian mortgage market

Australian mortgage industry continues to benefit from excess demand and strong underwriting standards

Demand / Supply

- Under-development in housing and rising immigration levels continues to drive excess demand
- Lower delinquencies and lower forced sales relative to the US and UK, resulting in less pressure on the Australian property sector

Underwriting Standards

- Strong underwriting standards for Australian mortgage lending compared with US & UK
- Around 1% non conforming and 7% “low doc” or “no doc” loans across the Australian sector. ANZ below sector average with no sub prime and around 2% low doc.
- Maximum 95% LVR on existing ANZ Australian mortgage loans (reduced to 90% for new lending)
- Lenders mortgage insurance required for >80% LVR lending

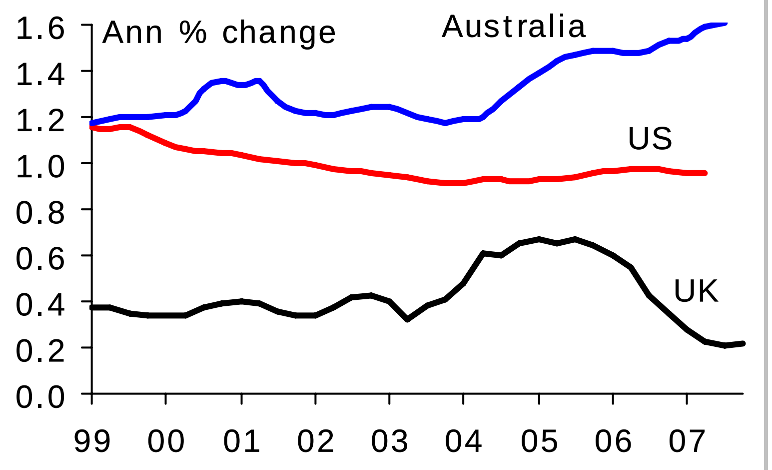
Household Debt levels

- Australia debt to assets (~19%) compares favourably to the US (~26%)
- Only one third of adult Australian population have borrowings

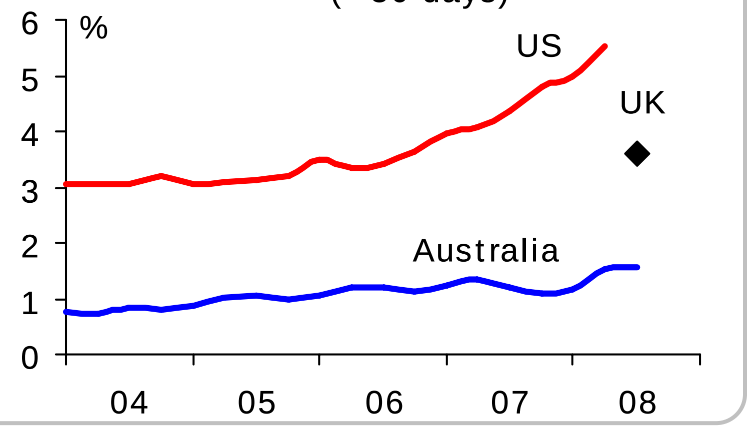
Regulatory and policy differences

- Australia mortgages typically full recourse with ability to pursue debtor’s other assets
- Flexibility with monetary policy and fiscal policy

Population growth

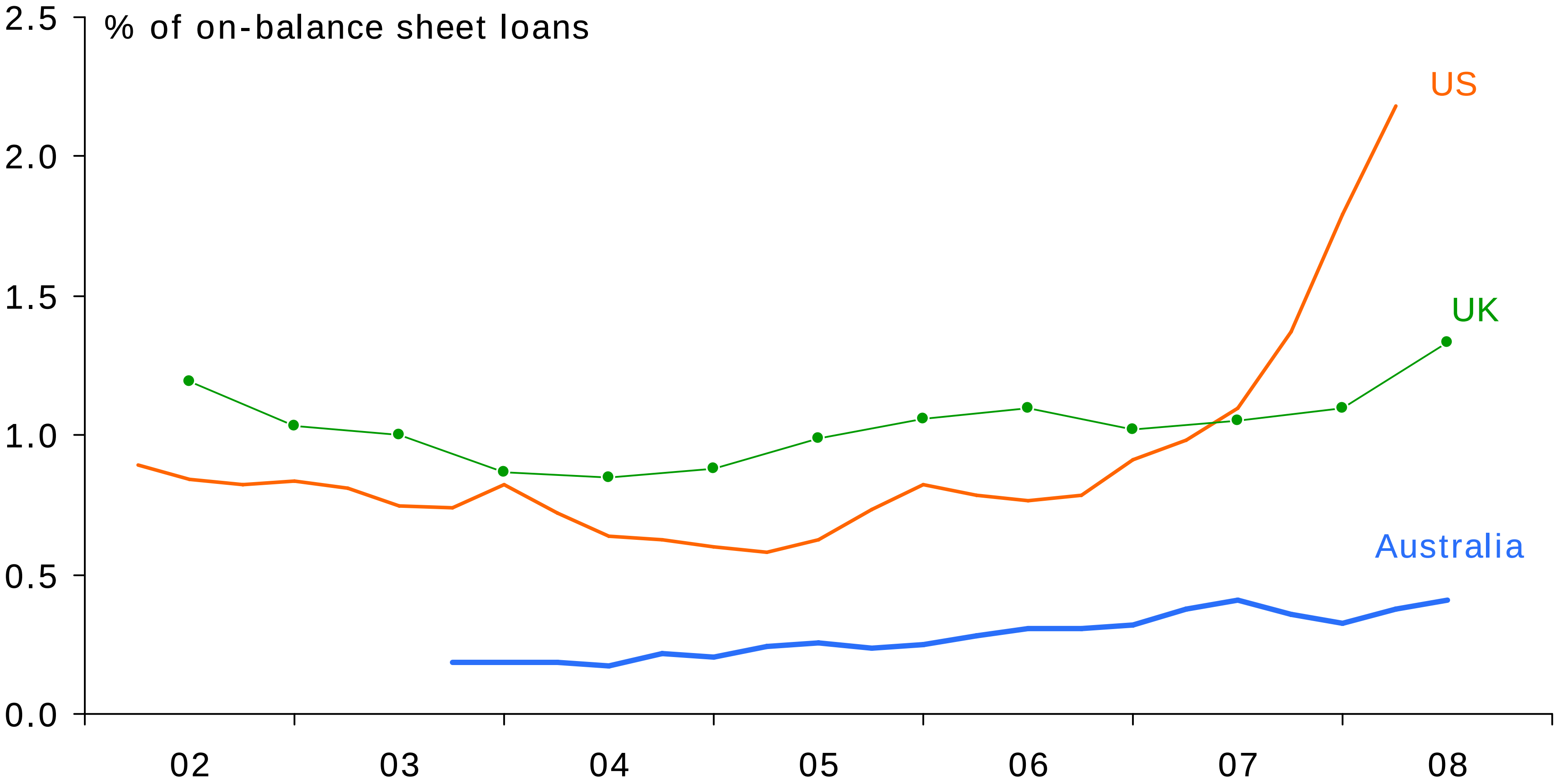


Mortgage Delinquencies
(+30 days)



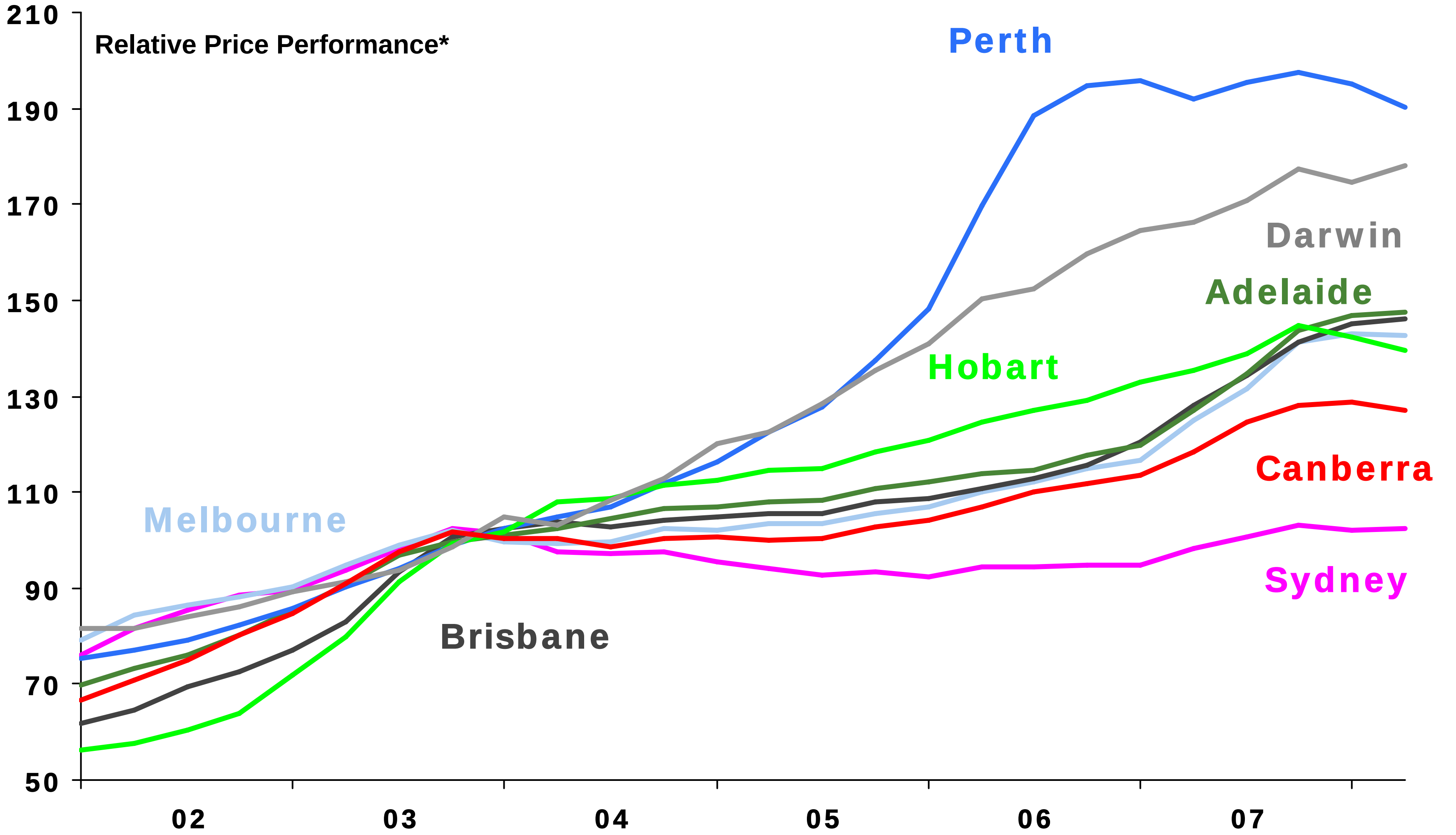
Australian housing loan delinquencies are significantly lower than in the US or the UK…

Banks' non-performing housing loans



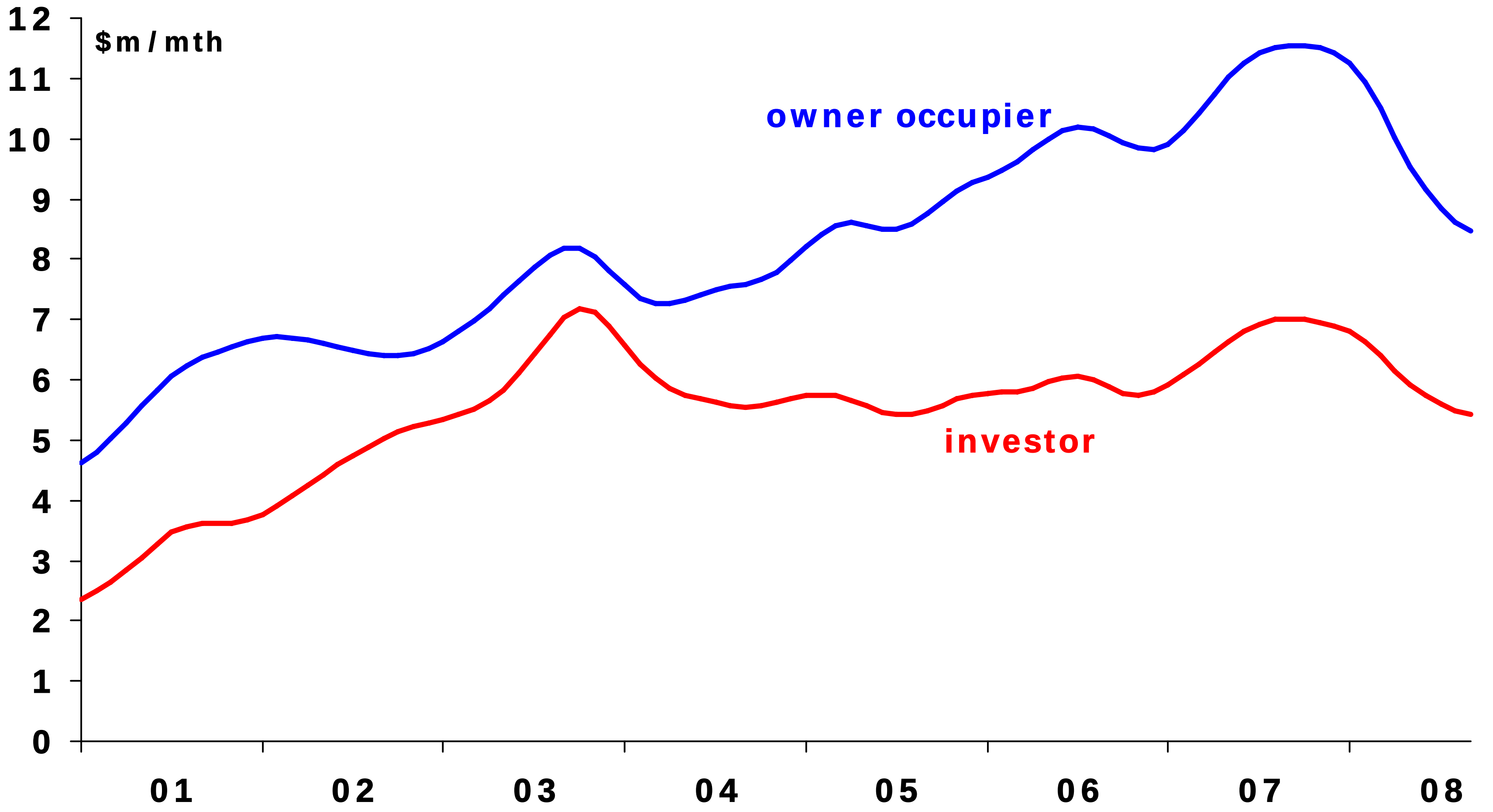
Source: Philip Lowe, *The Financial System and Recent Developments in the Australian Financial System*, Speech to 6th Annual Retail Financial Services Forum, 13th August 2008; APRA; UK Council of Mortgage Lenders; US FDIC.

Individual property markets in Australia have contracted particularly in Sydney

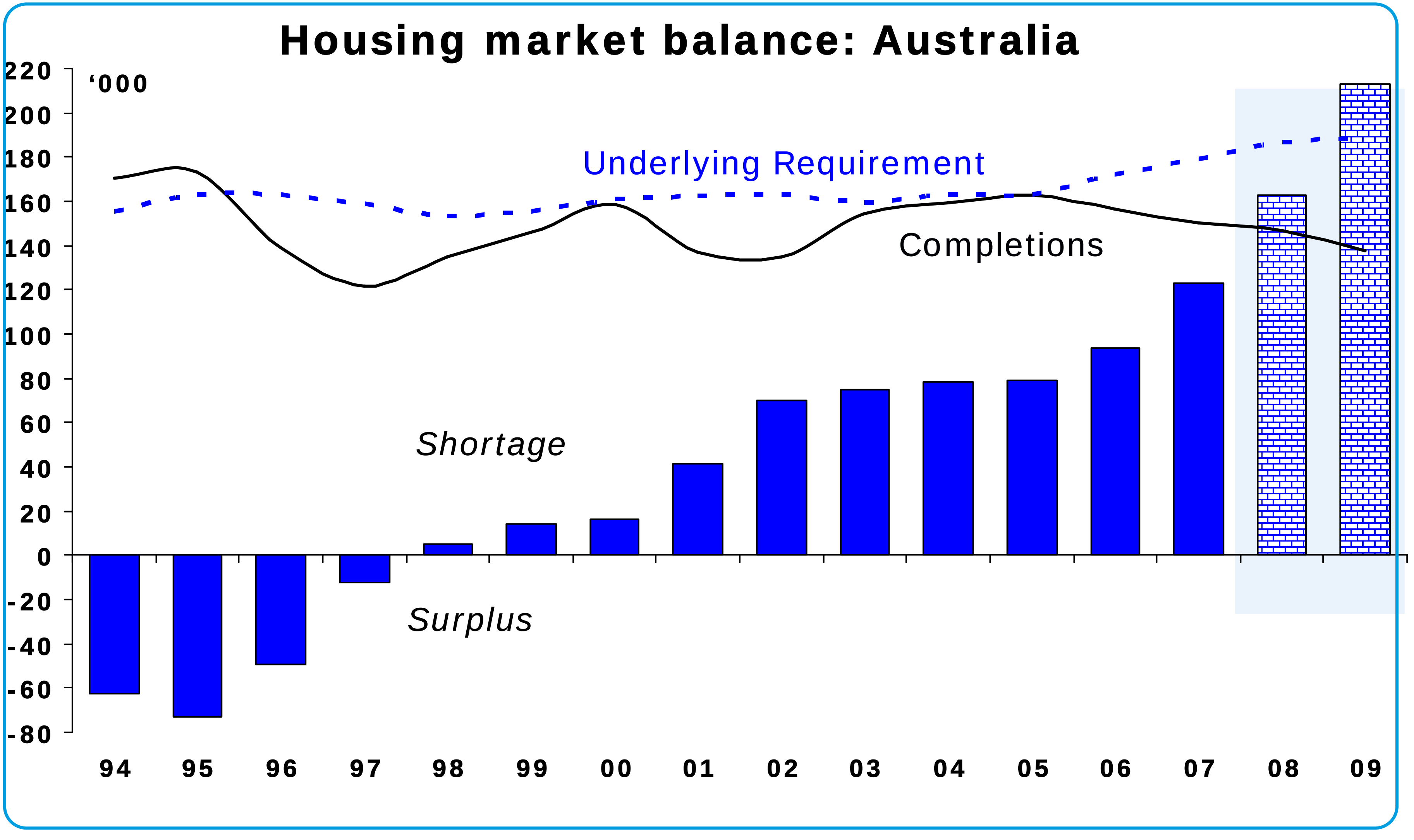


** Chart uses price index levels . All cities have been set to a common base of 100 in 2003 to illustrate relative performance. Source ANZ.*

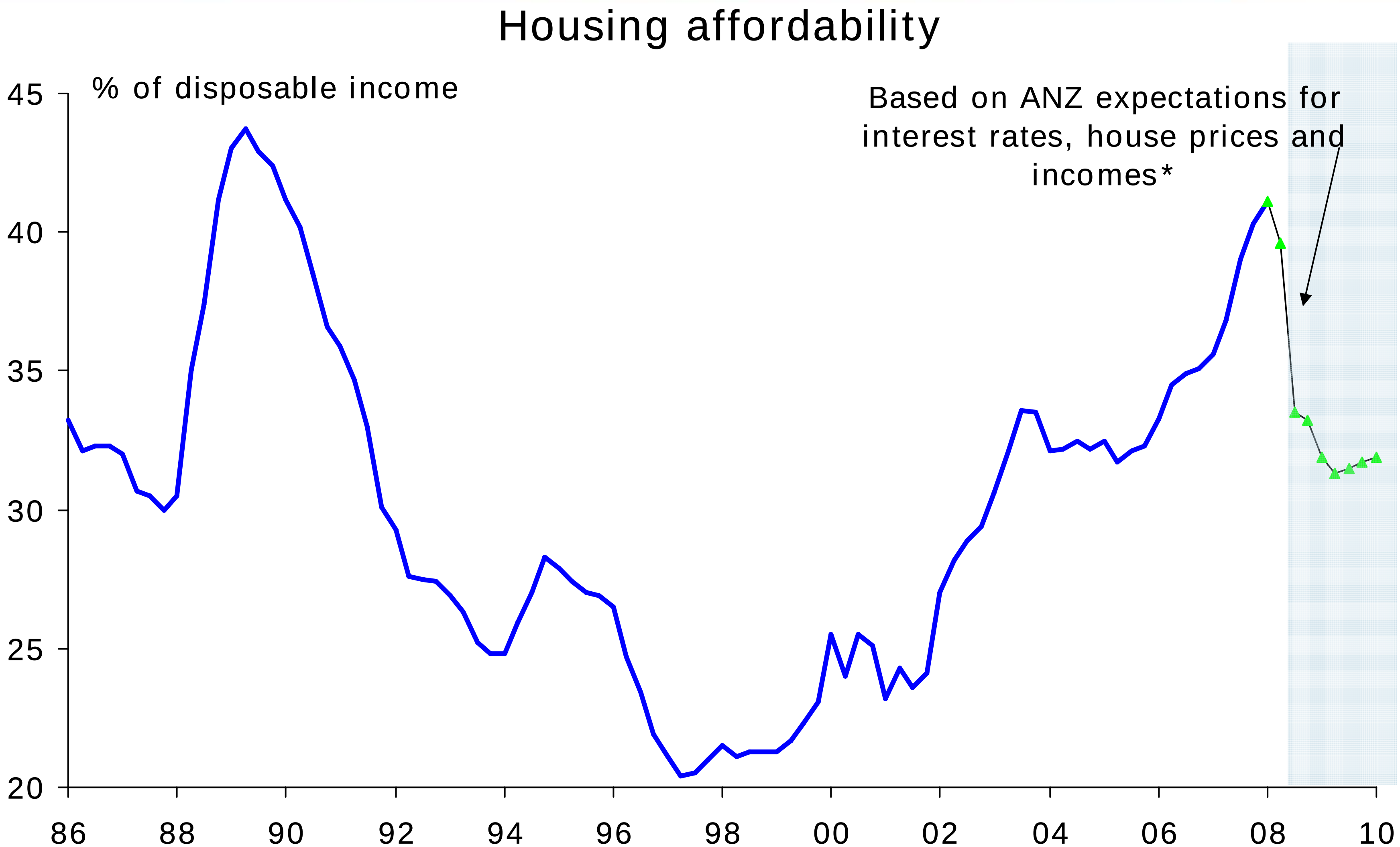
Housing finance commitments declined in 2008



Coupled with weaker construction approvals this is driving housing demand



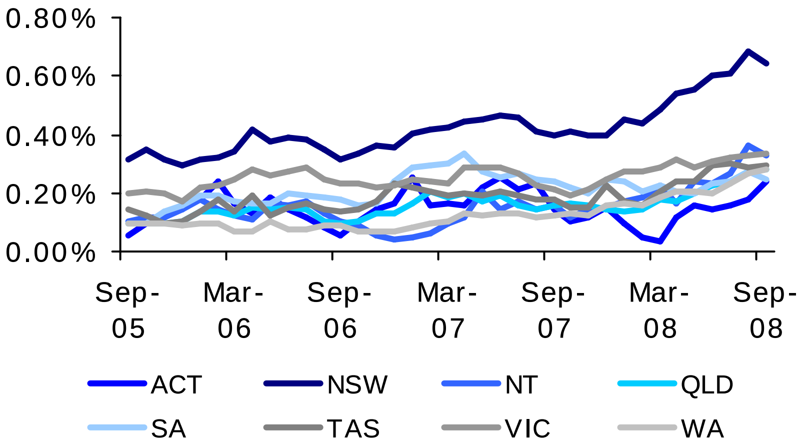
Housing affordability is expected to improve in Australia in 2009



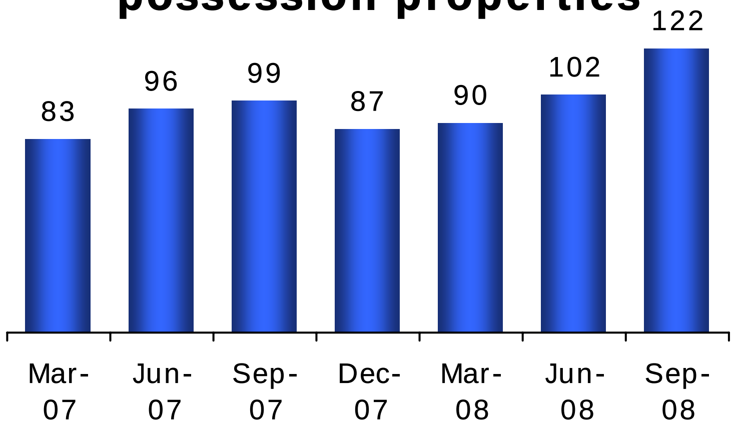
Source: ABS,RBA, Economics@ANZ, ANZ estimates for affordability do not include government grants and assistance for first home buyers

ANZ's strong underwriting standards illustrated in LVR & arrears trends

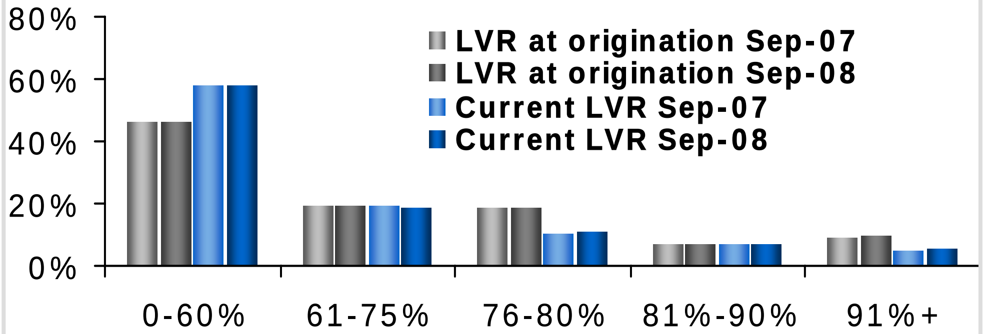
Mortgages^ 60+ Day Delinquencies by State (% of GLA)



Number of mortgagee in possession properties



Mortgages Australia (Retail)



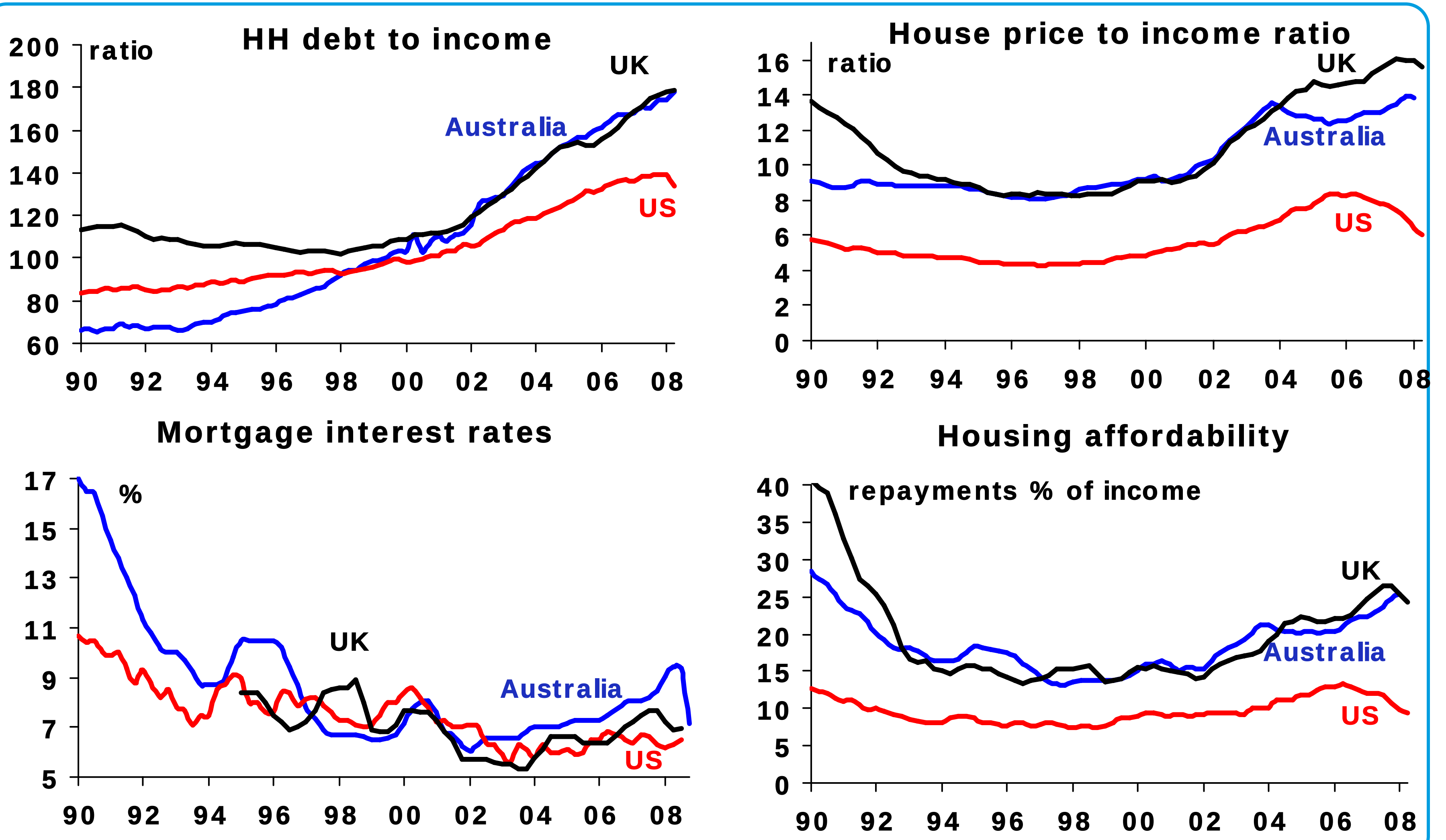
Average LVR last 12mths
- By No of Accounts = 65.5%
- By Outstanding Balance = 69.5%

Average LVR for Australian Retail Portfolio based on Origination
- By No of Accounts = 62.3%
- By Outstanding Balance = 67.8%

Average Dynamic LVR for Australian Retail Portfolio
- By Outstanding Balance = 42.9%

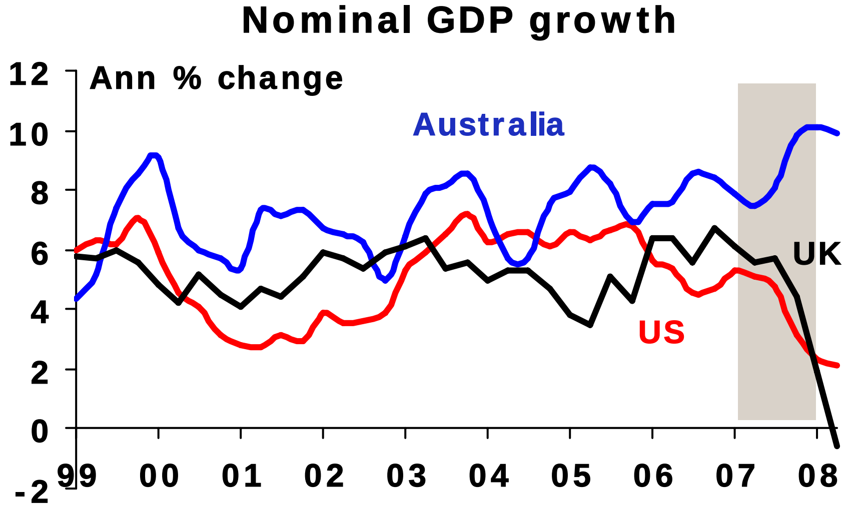
^ANZ Retail excludes Wholesale

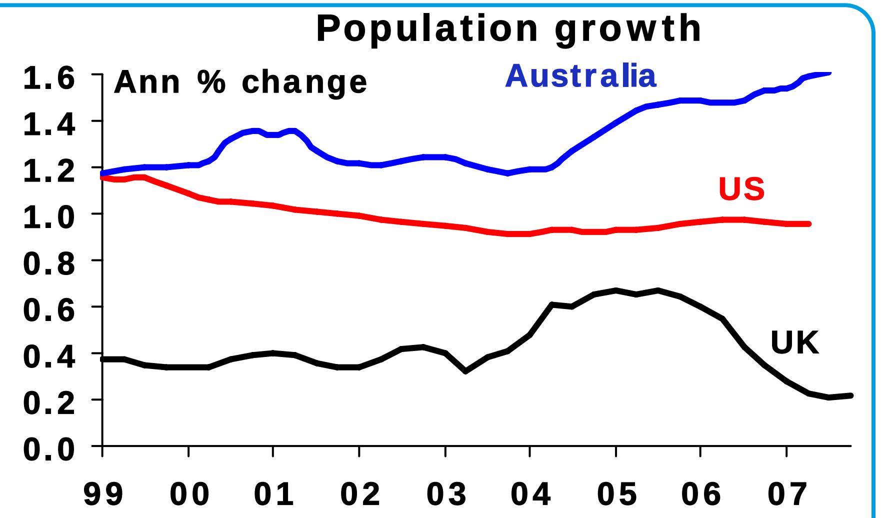
Simplistic metrics could suggest Australian household sector faces similar risks to the UK

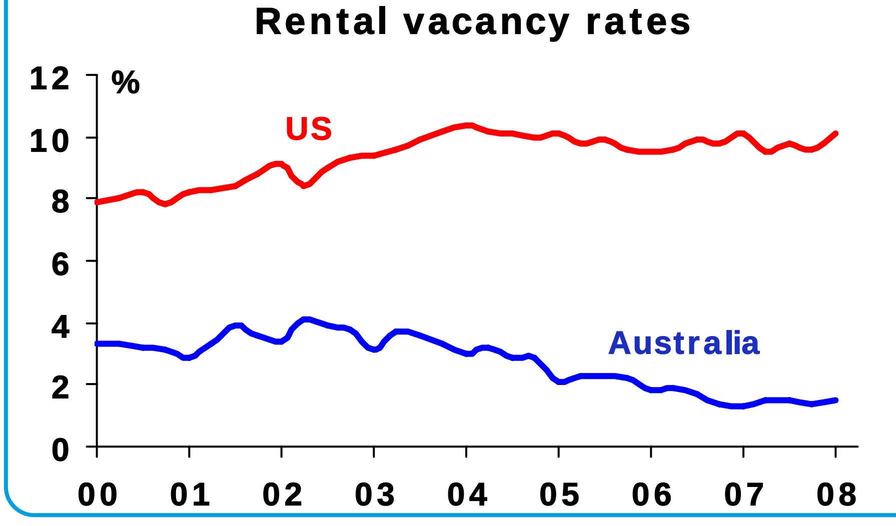


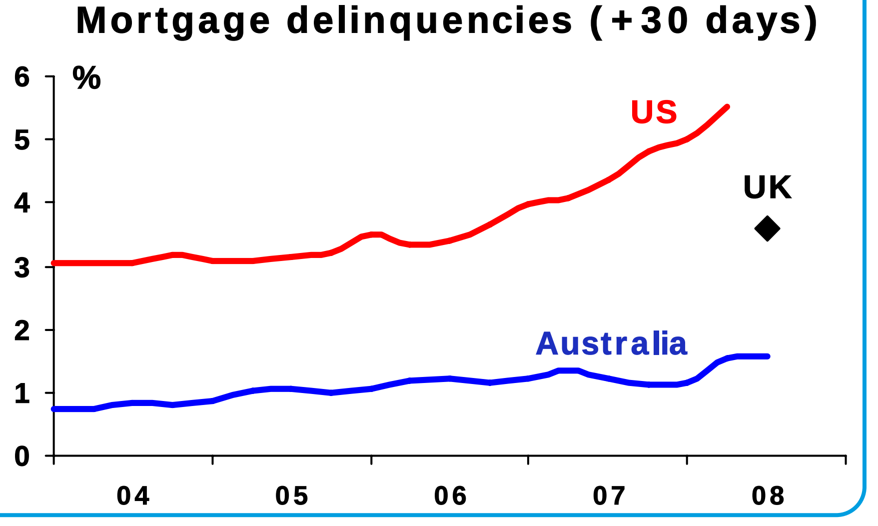
Sources: S&P, MBA, Datastream, ANZ

However the Australian, US and UK residential property market fundamentals have little in common



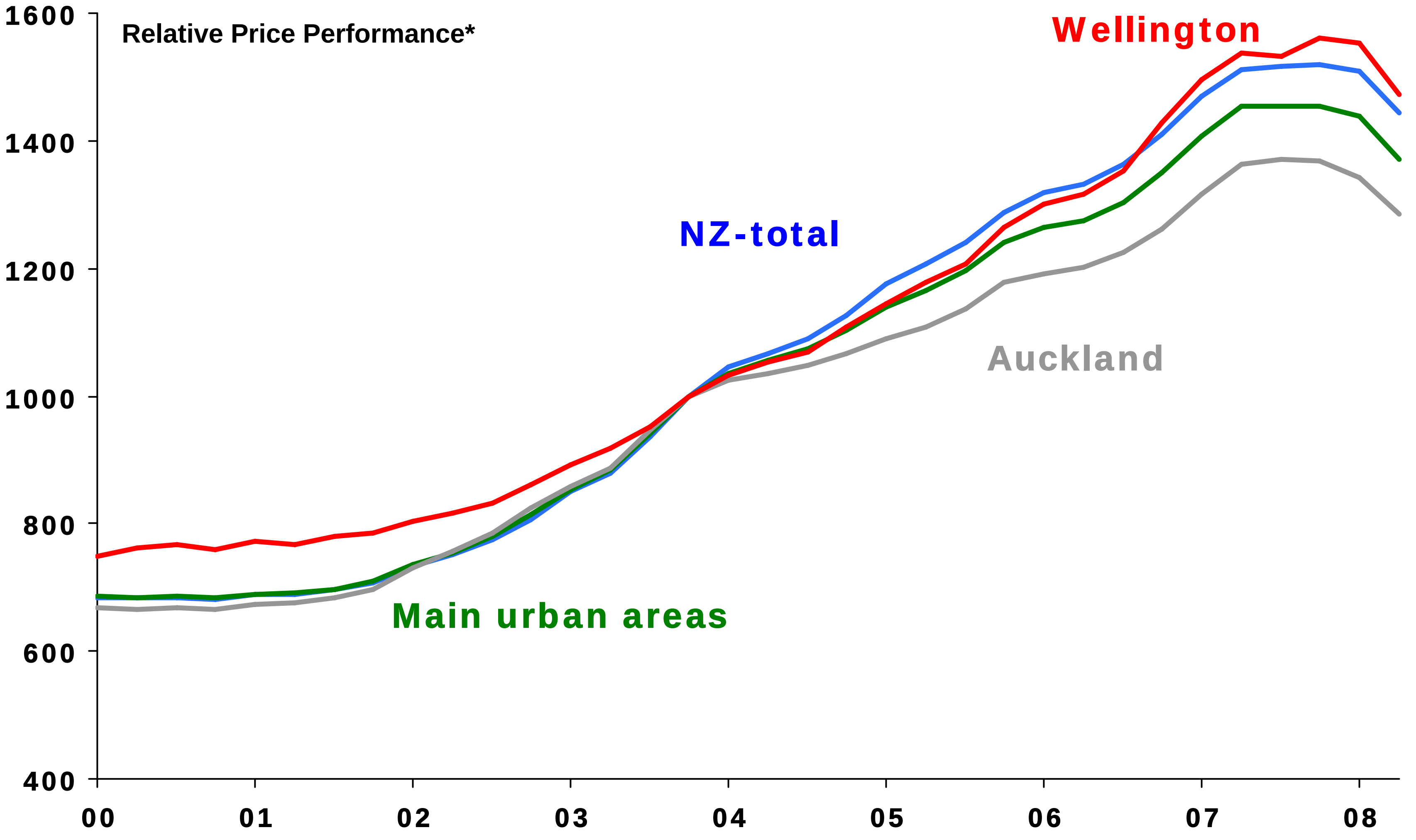






New Zealand

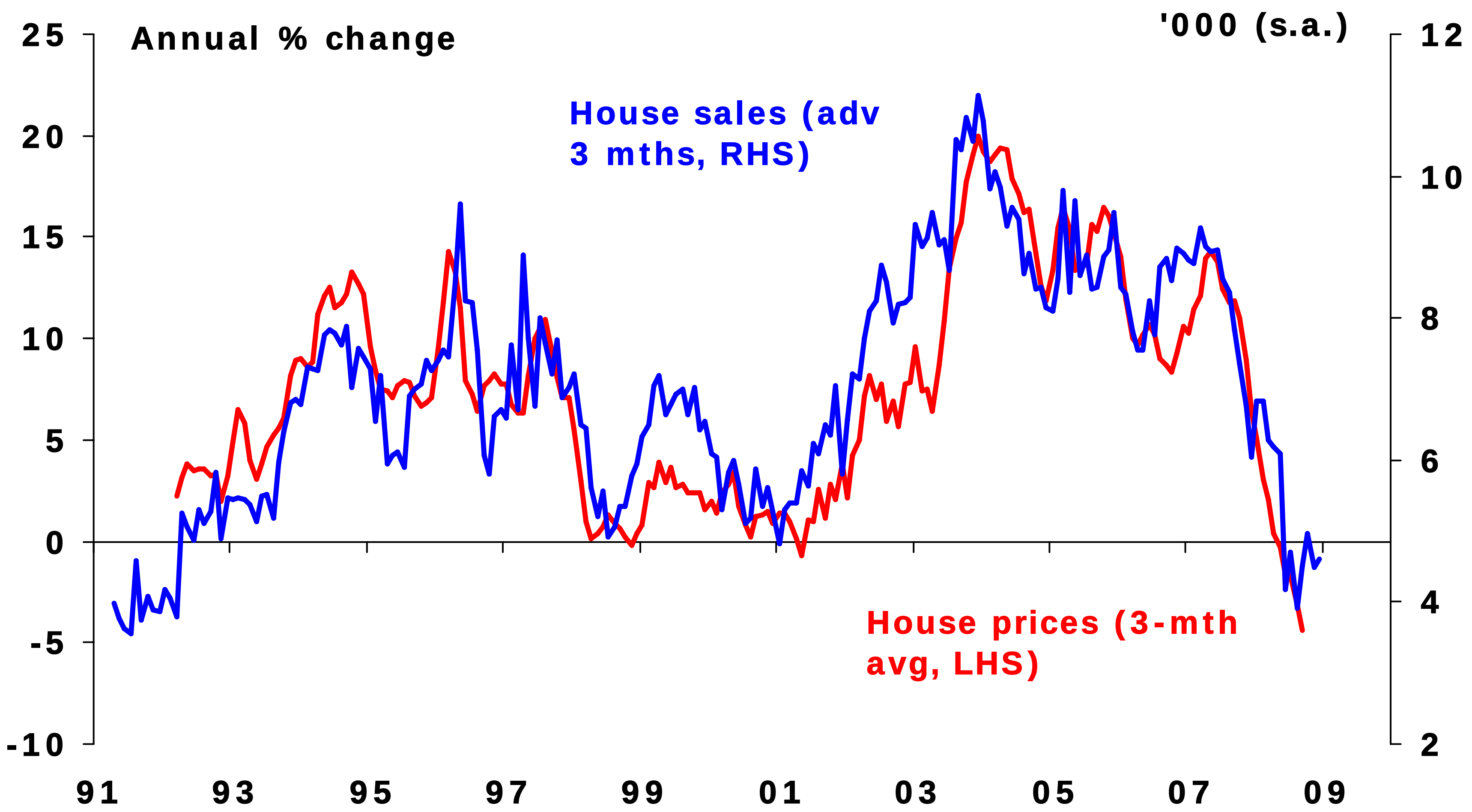
Individual property markets began to contract in 2007



* Chart uses price index levels . All cities have been set to a common base of 100 in 2003 to illustrate relative performance . Source: ANZ, Quotable Value NZ

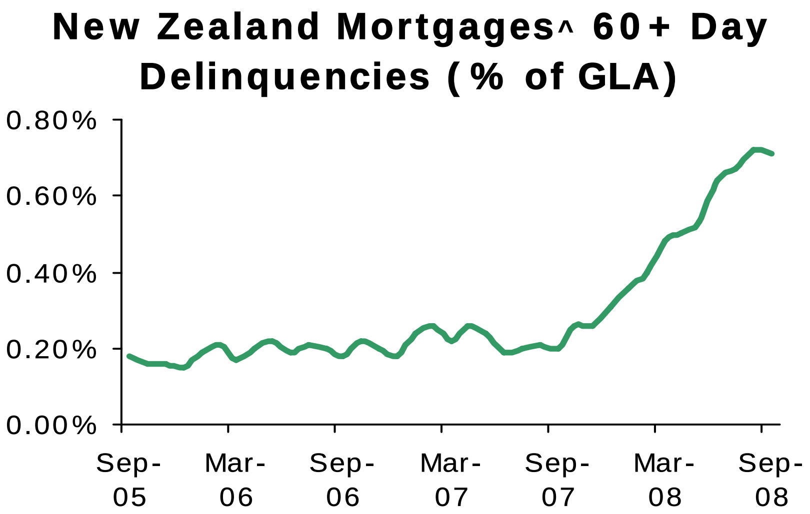
New Zealand property market trends

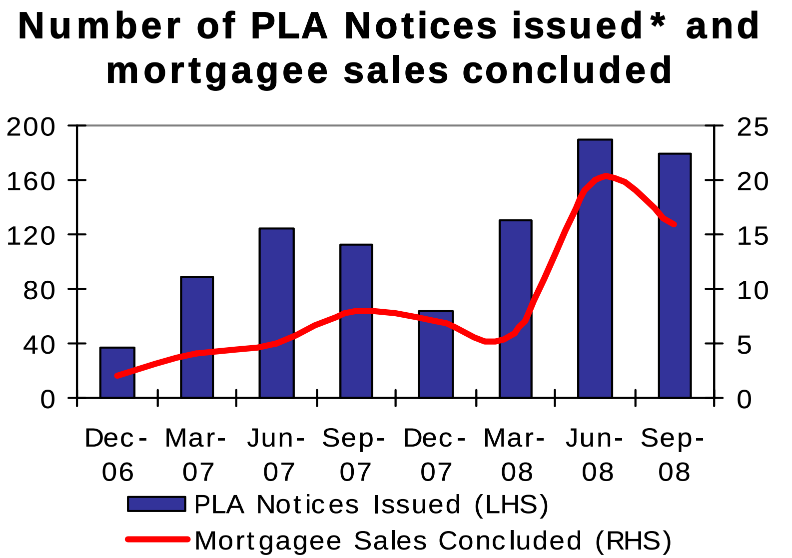
New Zealand housing market

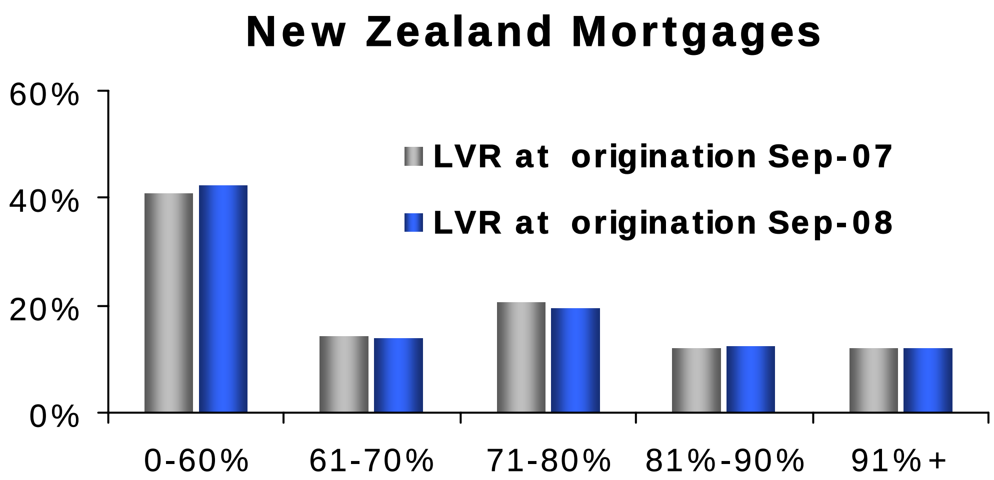


Source: ANZ, Real Estate Institute of NZ

New Zealand Mortgage portfolio profile







Average LVR for New Zealand Mortgages based on Origination

- Sep-08 By Outstanding Balance = 65.21%
- Sep-07 By Outstanding Balance = 65.60%

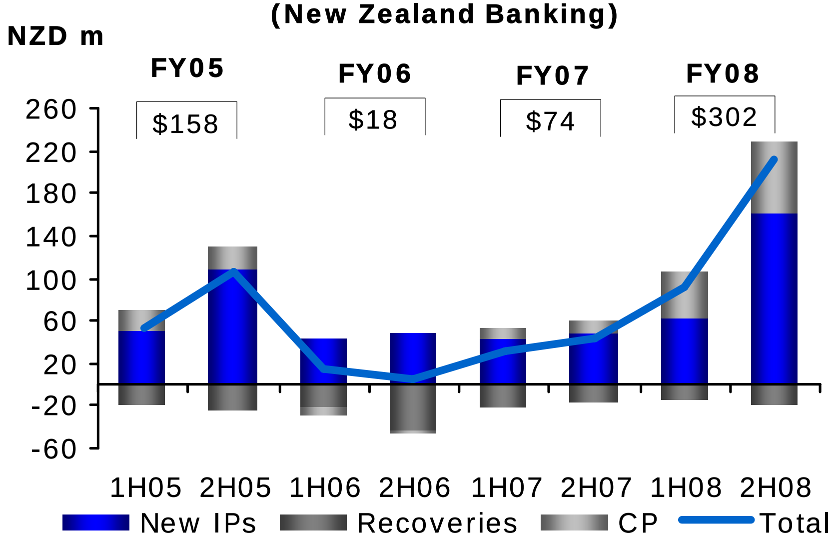
Average LVR of New Zealand Retail Mortgages for the last 12 months

- By Outstanding Balance = 65.47%

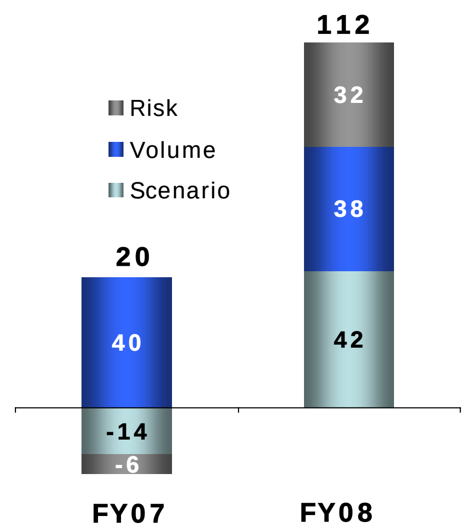
*^ANZ Retail excludes Wholesale * PLA notice = property law action notice. Customer has 45 days to repay arrears owing after which bank can proceed to mortgagee sale. NZ has no equivalent to the Australian mortgagee in possession process*

New Zealand - Provisioning charges increasing with change in economic cycle

Provisions have grown from low levels
(New Zealand Banking)



Contribution to Collective Provision Charge (NZD m)



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

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

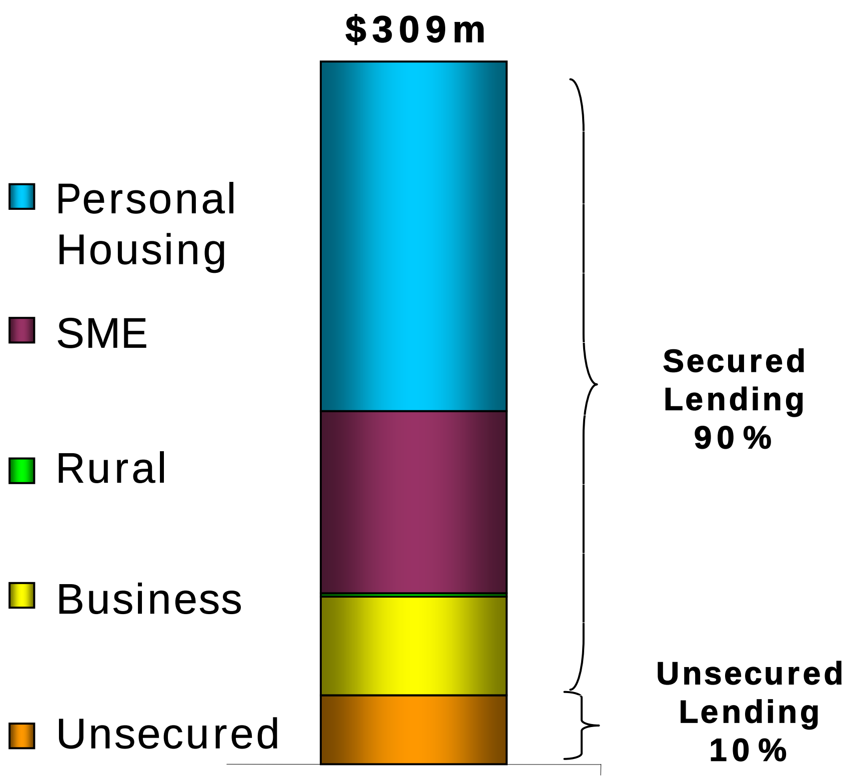
The CP charge increase of NZD92m (by 10bp to 12bp) mainly reflects modest weakening in credit quality (4bp) of consumer and small-to-medium size business books and a cycle adjustment of NZD54m (6bp), spread across the wholesale and retail businesses.

Individual Provision Charge Analysis

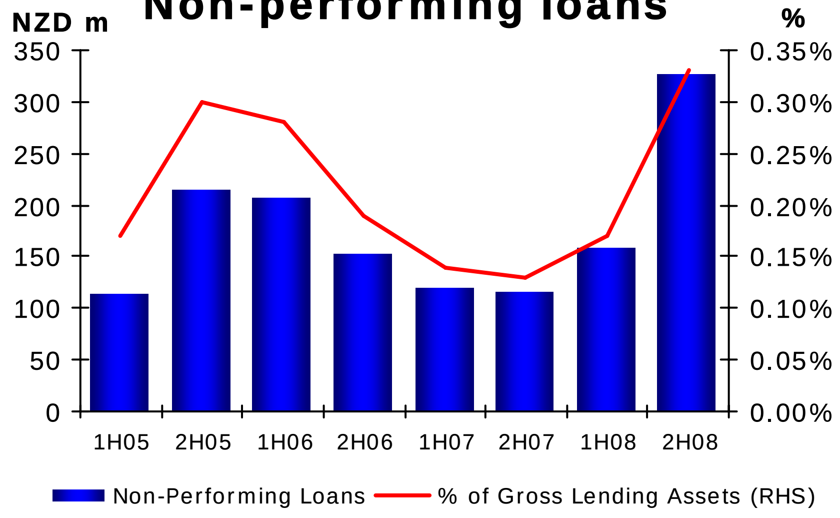
Category	IP Charge		Net Write-off	
	NZDm	bps	NZDm	bps
Personal Housing	24.7m	7	5.7	2
SME	35.5	24	11.9	8
Rural	3.8	2	0.4	0
Business	60.4	24	16.6	7
Unsecured	65.6	259	61.5	244
Total	190.0	21	96.1	10

New Zealand - arrears and impaired assets increased from historical lows with household cashflow pressures

90 days past due largely secured



Non-performing loans



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

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

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

Hedging of $NZ earnings by ANZ

FY08 Hedges

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

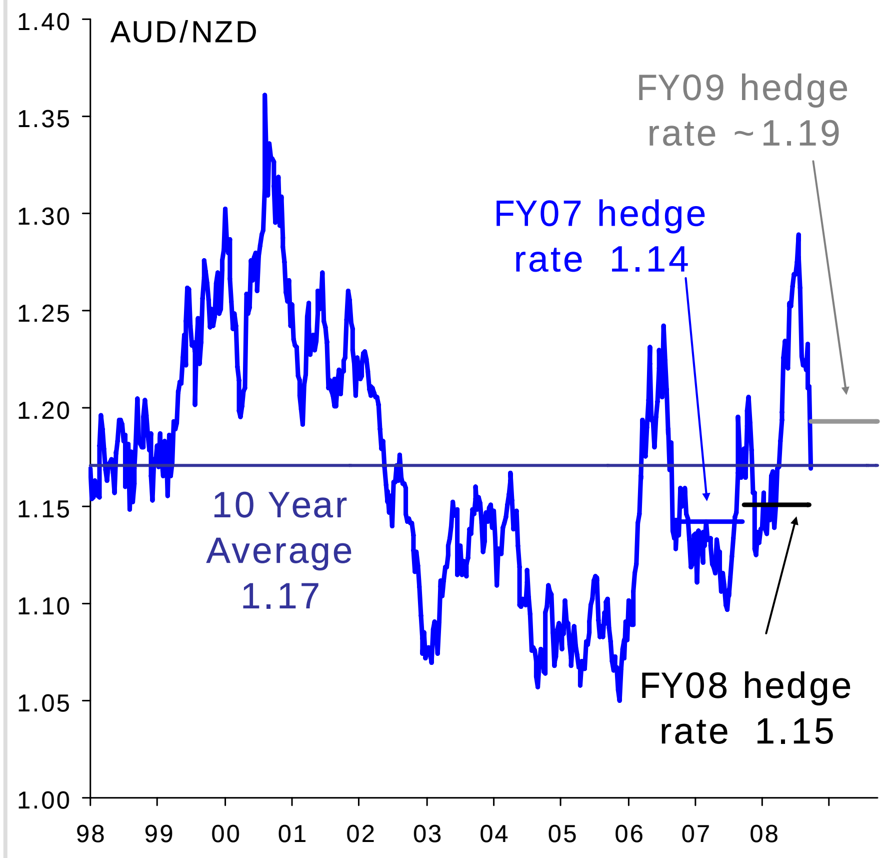
FY09 Hedging Position

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

FY10 Hedging Position

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

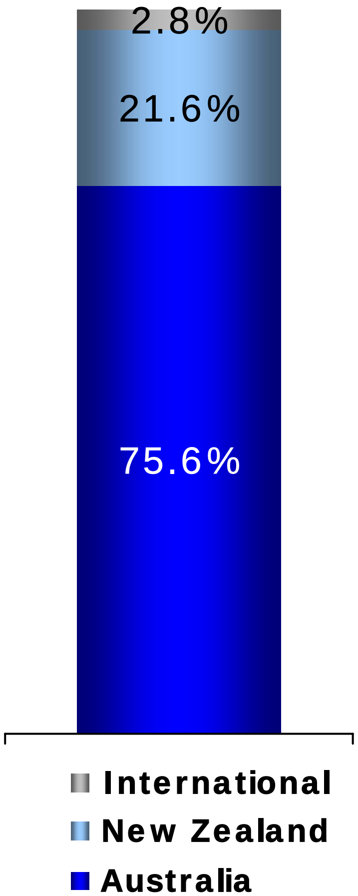
AUD / NZD hedges established where revenues are believed to be at adverse risk

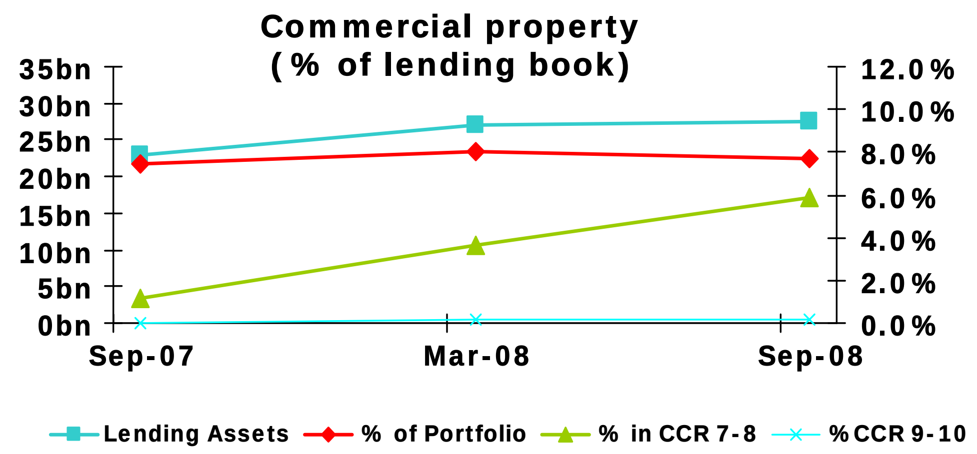


Commercial property

Commercial Property exposure

Geographic split of Commercial property portfolio

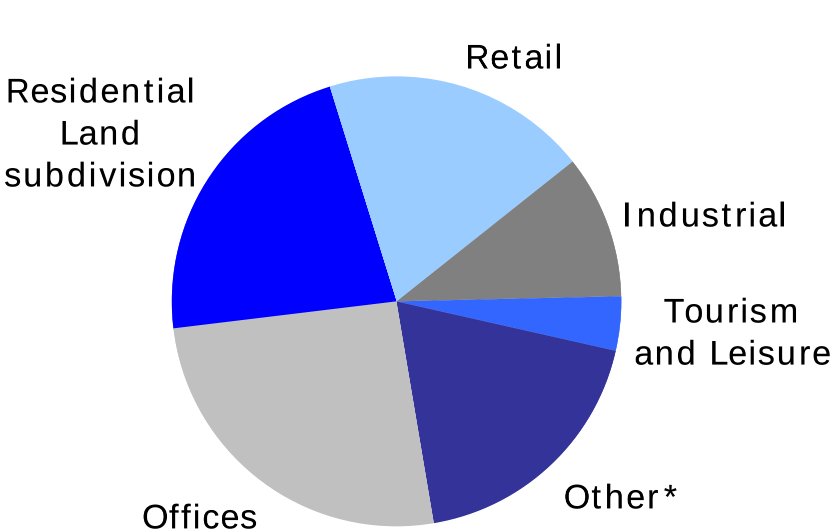




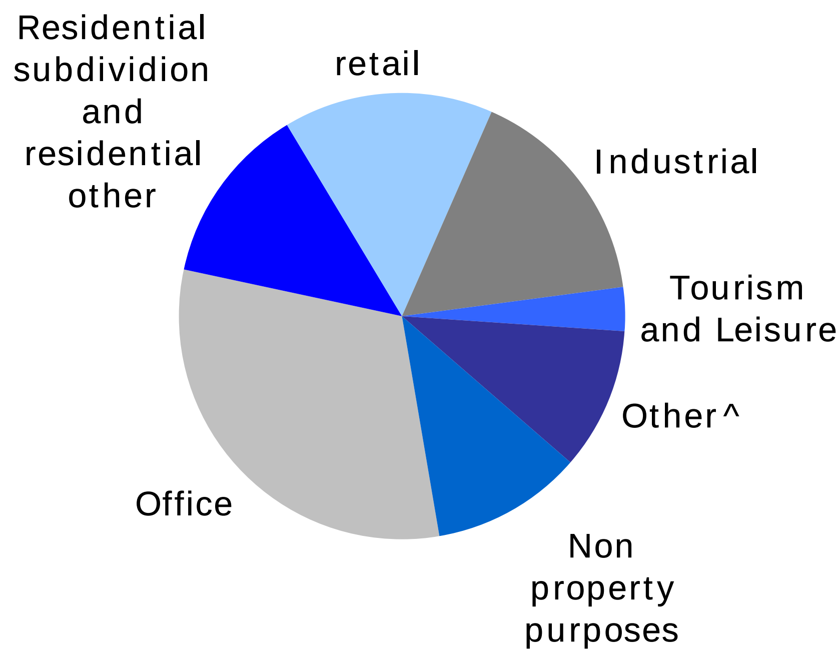
- Commercial property exposure is approximately $27bn or 8% of total lending book
- Commercial property lending cap of 10% of Gross Lending Assets is in place on Australian, New Zealand and combined books
- Australian LPTs make up less than 25% of Commercial property exposures
- Overall gearing to the LPT sector is typically sub 50%

Commercial Property exposure by sector

Australian property portfolio by Sector - Aug 08



New Zealand property portfolio by Sector - Aug 08



*** Major categories of "other" includes high rise, retirement villages, vacant land, non property, other residential**

^ Major categories of "other" includes Land – Commercial, High Rise Residential and non classified

Securitisation and property market

Asset Backed Securities

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

Collateralised Debt Obligations (CDOs)

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

Property market exposures

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

Conduits

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

Credit Intermediation Trades

Credit Intermediation Trades

Sold Protection

- Credit intermediation trades entered into between 2004 & 2007
- No mortgages as reference assets
- Significant subordination (first loss protection)
- CDS protection was sold to bank counterparties
- Reference Assets – 38 structures, mix of CDO, CLO and Bonds/ FRNs

Bought Protection

- All CDO and CLO structures are highly subordinated, NO first loss to ANZ on any structure
- CDS protection purchased over the same structures to mitigate risk
- 8 counterparties (some of which are monolines)
- One financial guarantor defaulted during FY 08. Credit spreads increased on the remaining guarantors reducing the market value of the protection

Net cover

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

Credit Intermediation Trade Structures

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

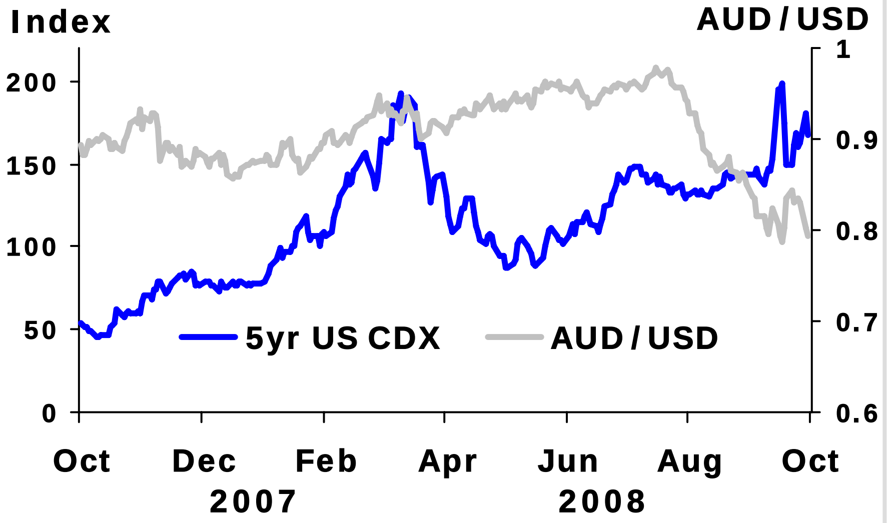
CDOs - 20 transactions that reference synthetic, all of which are rated investment grade . 75% of the underlying reference assets are investment grade corporates with concentrations (approximately 30% each) in consumer goods/services and financials, with the remainder diversified across 8 other industry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

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

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

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

MtM impacted by volatility in CDS spreads* and US currency



Measurement of Credit Risk on Derivatives

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

** US5 Yr CDS index shown as an example of CDS trends. Mark to market impacted by actual underlying* corporate CDS spreads

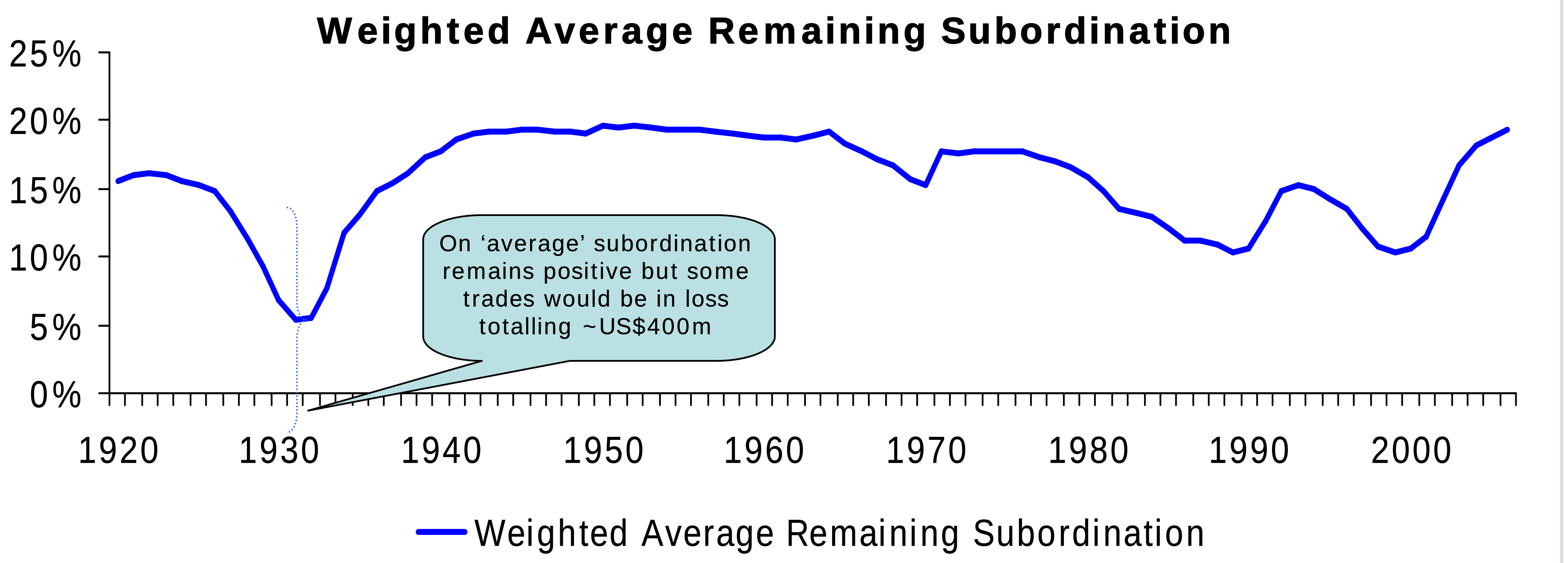
Stress test on Credit Intermediation trades analysing likelihood of cash losses

Data used in stress test

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

Conclusion

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



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

For further information visit

www.anz.com

or contact

David Goode
Head of Debt Investor Relations

ph: (613) 9273 2653 e-mail: david.goode@anz.com