

ANZ Investor Update

November 2012

**AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED**

**Luke Davidson, Head of Group Funding
David Goode, Head of Debt IR**



Super Regional Strategy based on trade, migration and capital flows across ANZ's three core geographic regions

APEA

FY12 Earnings contribution ¹	16%
2017 earnings target ¹	25-30%
Net loans & advances ¹	45b
Customer Deposits ¹	81b
Employees ¹	17,500

Asia Population (2011)	3.9b
Asia Nominal GDP (2012) USDb	9,561.3
Asia GDP growth ex. Japan (2011)	7.6%

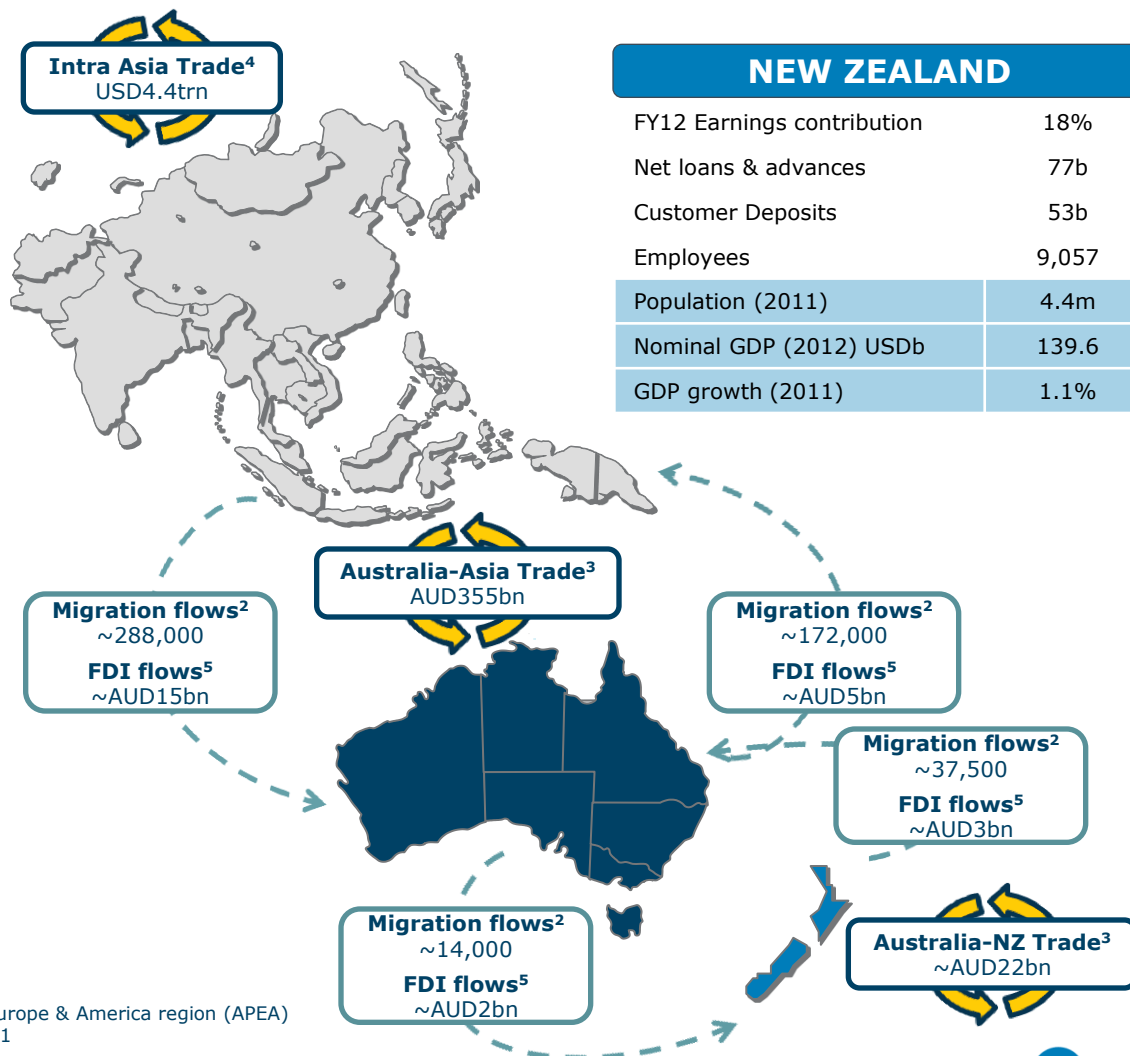
AUSTRALIA

FY12 Earnings contribution	66%
Net loans & advances	306b
Customer Deposits	195b
Employees	21,682

Population (2011)	21.5m
Nominal GDP (2012) USDb	1,234.3
GDP growth (2011)	2.1%

Note/source:

1. Net loans & advances and staff numbers for Asia, Pacific, Europe & America region (APEA)
2. Department of Immigration and Citizenship (DIAC) 2010-11
3. Department of Foreign Affairs and Trade (DFAT) 2011
4. World Bank WITS 2010 and ANZ economics
5. Australian Bureau of Statistics (2011)



NEW ZEALAND

FY12 Earnings contribution	18%
Net loans & advances	77b
Customer Deposits	53b
Employees	9,057

Population (2011)	4.4m
Nominal GDP (2012) USDb	139.6
GDP growth (2011)	1.1%



Overview of 2012 Full Year financial performance

	2012	
	\$M	%
Underlying Profit^{1, 2, 3}	6,011	+6%
Operating Income	17,579	+5%
Expenses	8,022	+4%
Provisions	1,246	+3%
Statutory Net Profit After Tax	5,661	+6%
EPS (cents)	225.3	+3%
Dividend per Share (cents)	145	+4%
Net Interest Margin	2.31%	-11bps
Customer deposits	327,876	+10%
Net loans and advances⁴	427,823	+8%

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

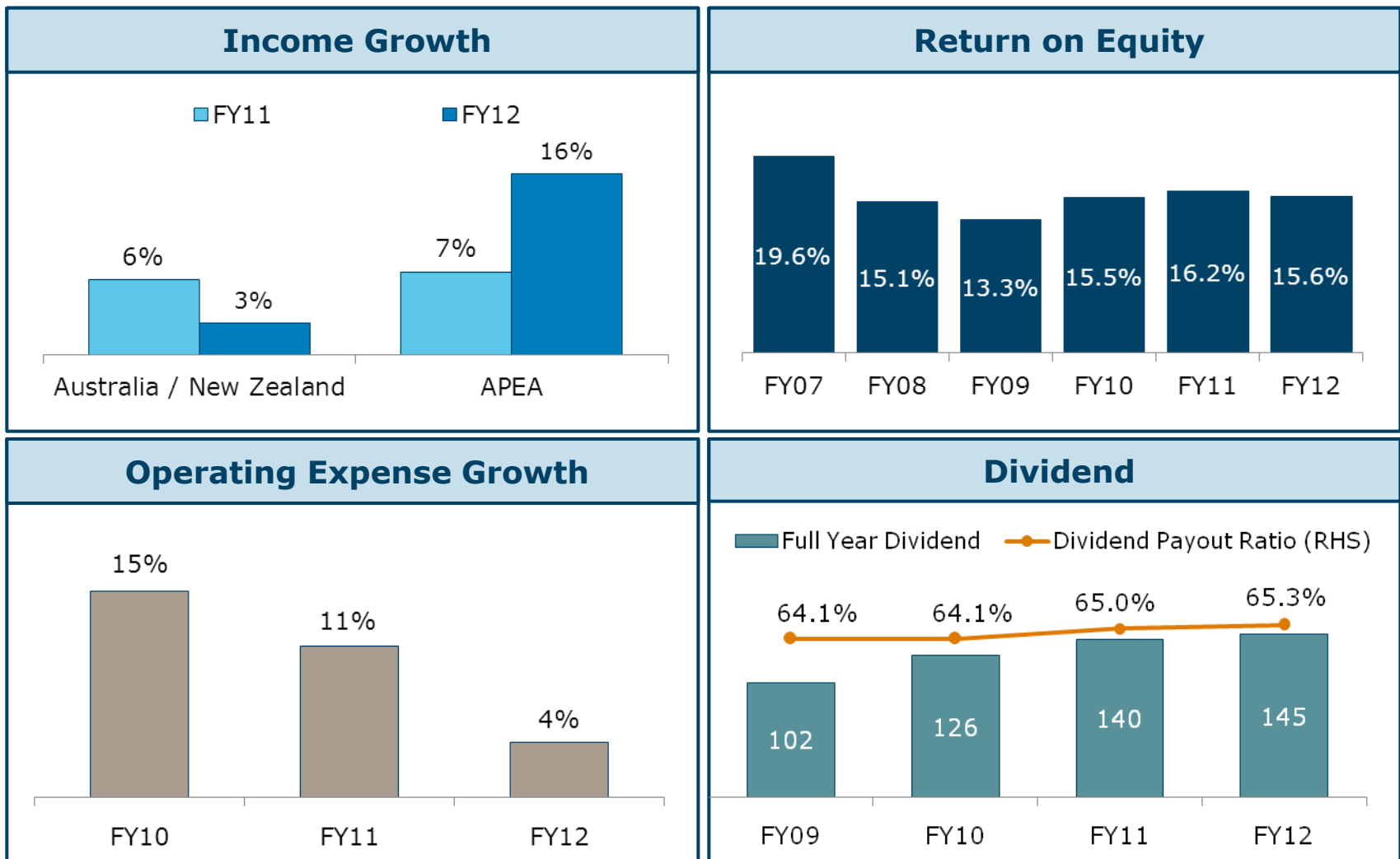
1. The statutory profit is adjusted to exclude certain non-core items to arrive at underlying profit

2. A reconciliation between statutory profit to underlying profit has been provided on page 23 of this presentation

3. Refer to pages 75 to 84 of the ANZ Consolidated Financial Report Dividend Announcement and Appendix 4E for an analysis of the reconciliation of statutory profit to underlying profit

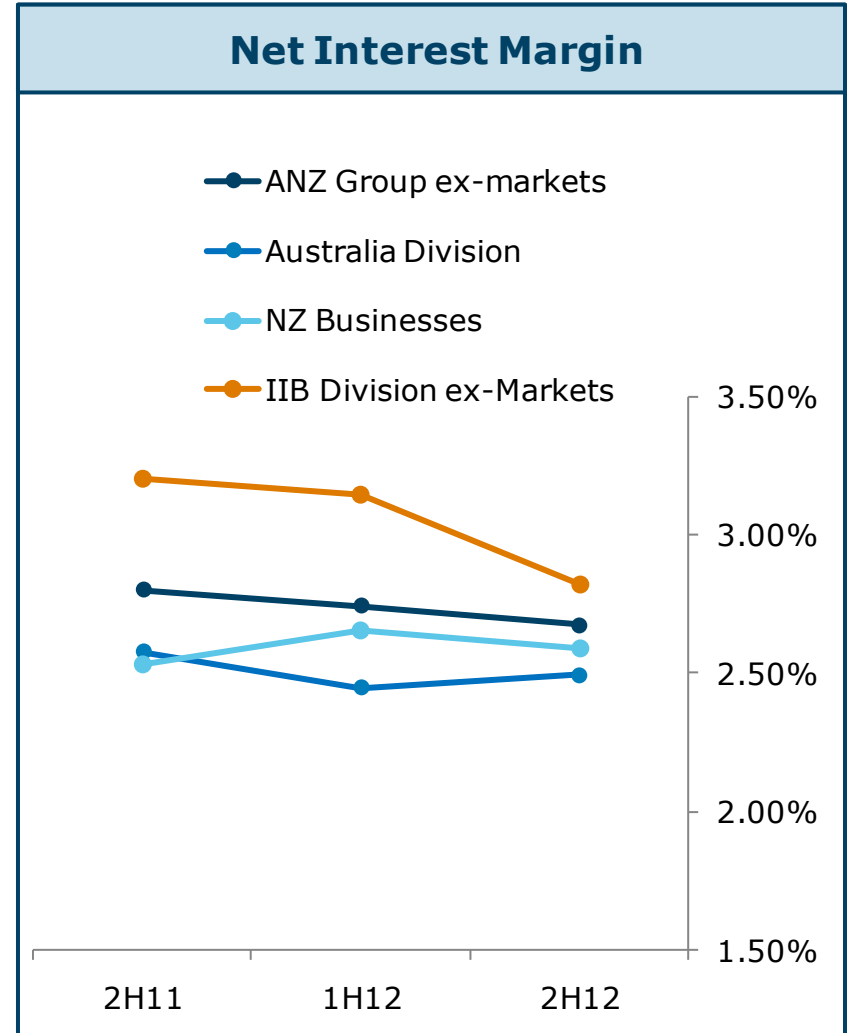
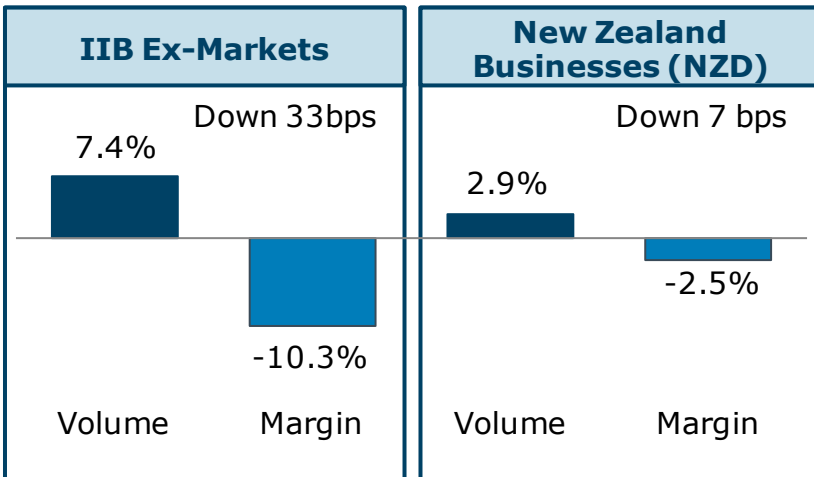
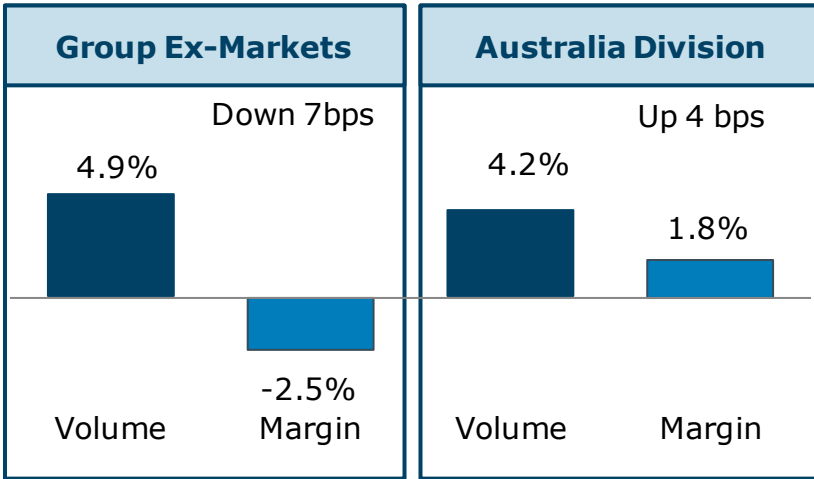
4. Including acceptances

Continuing to execute on our super regional strategy

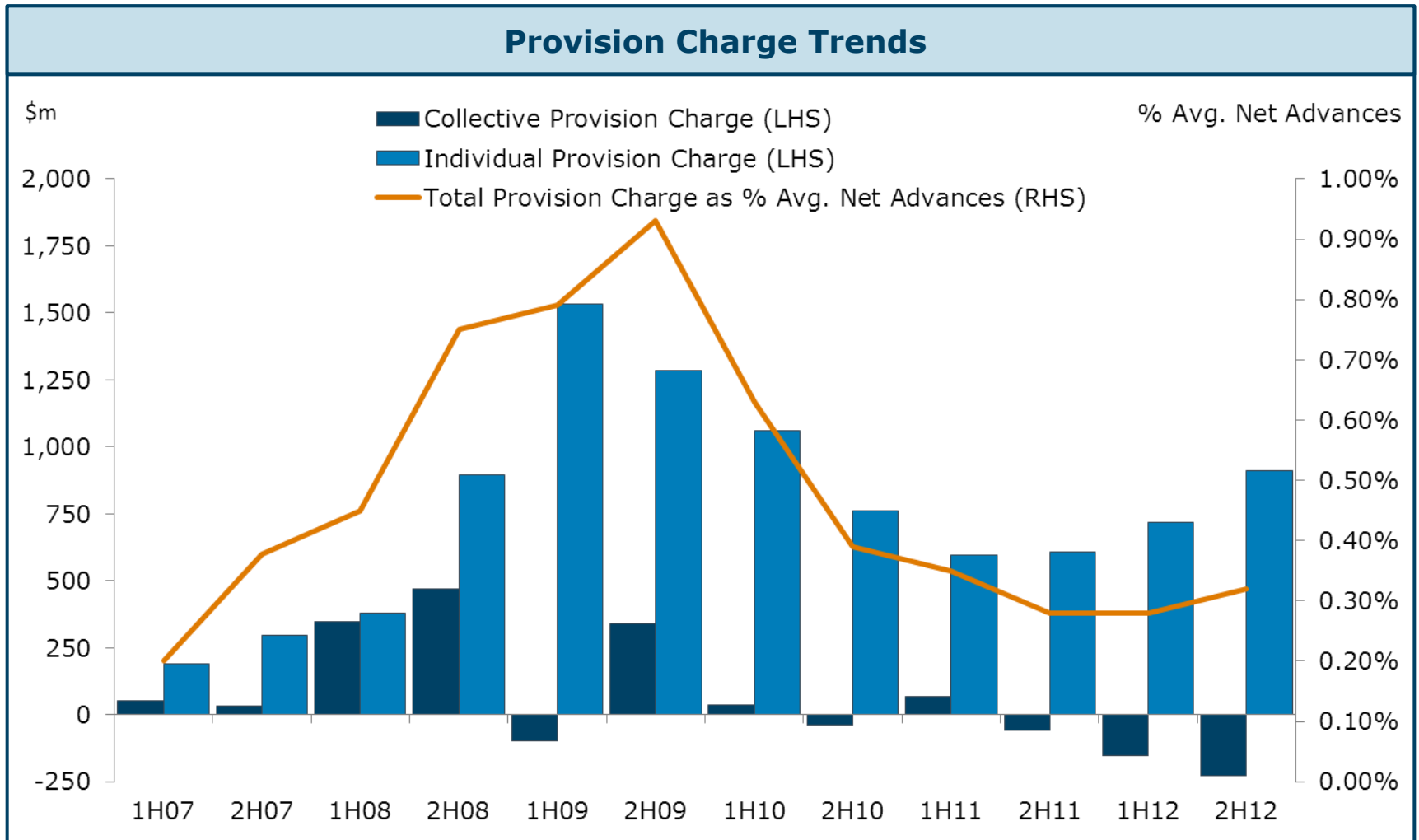


Net Interest Margin trends

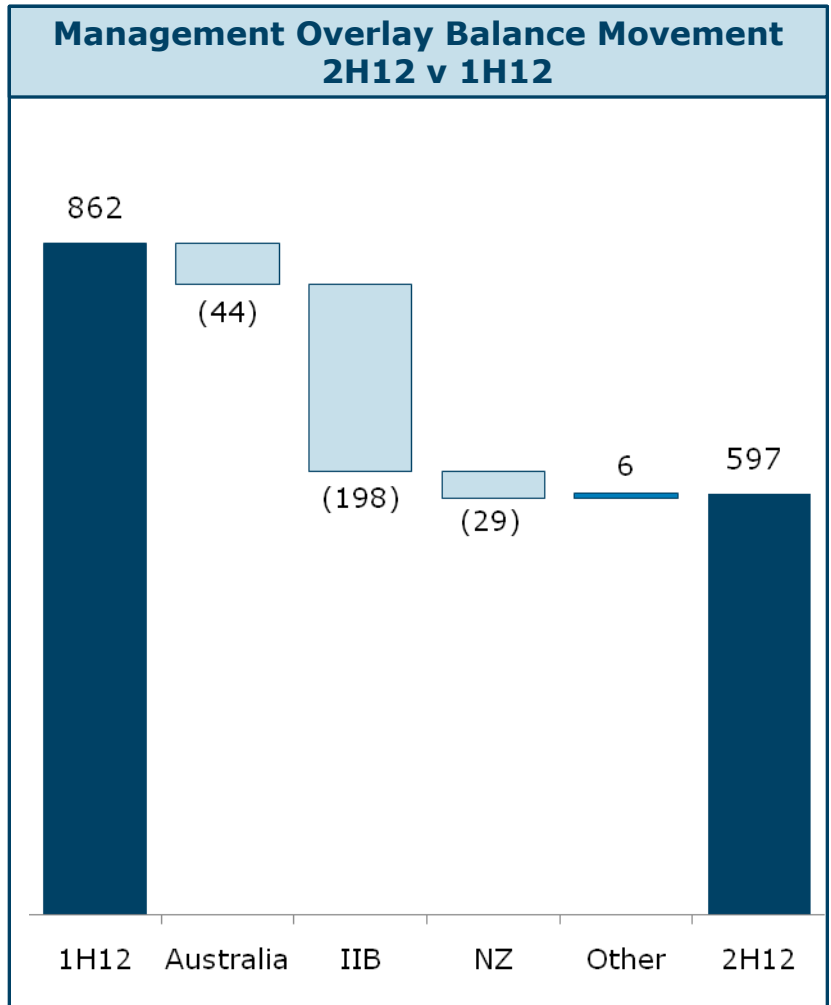
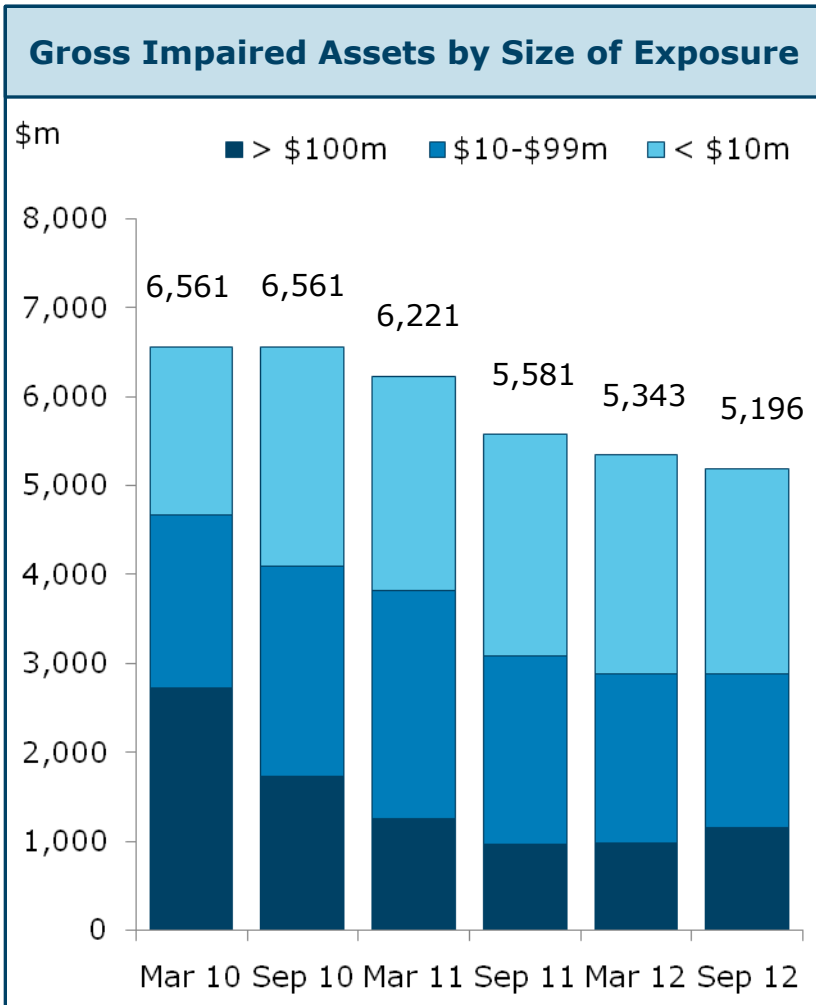
Net Interest Income 2H12 v 1H12



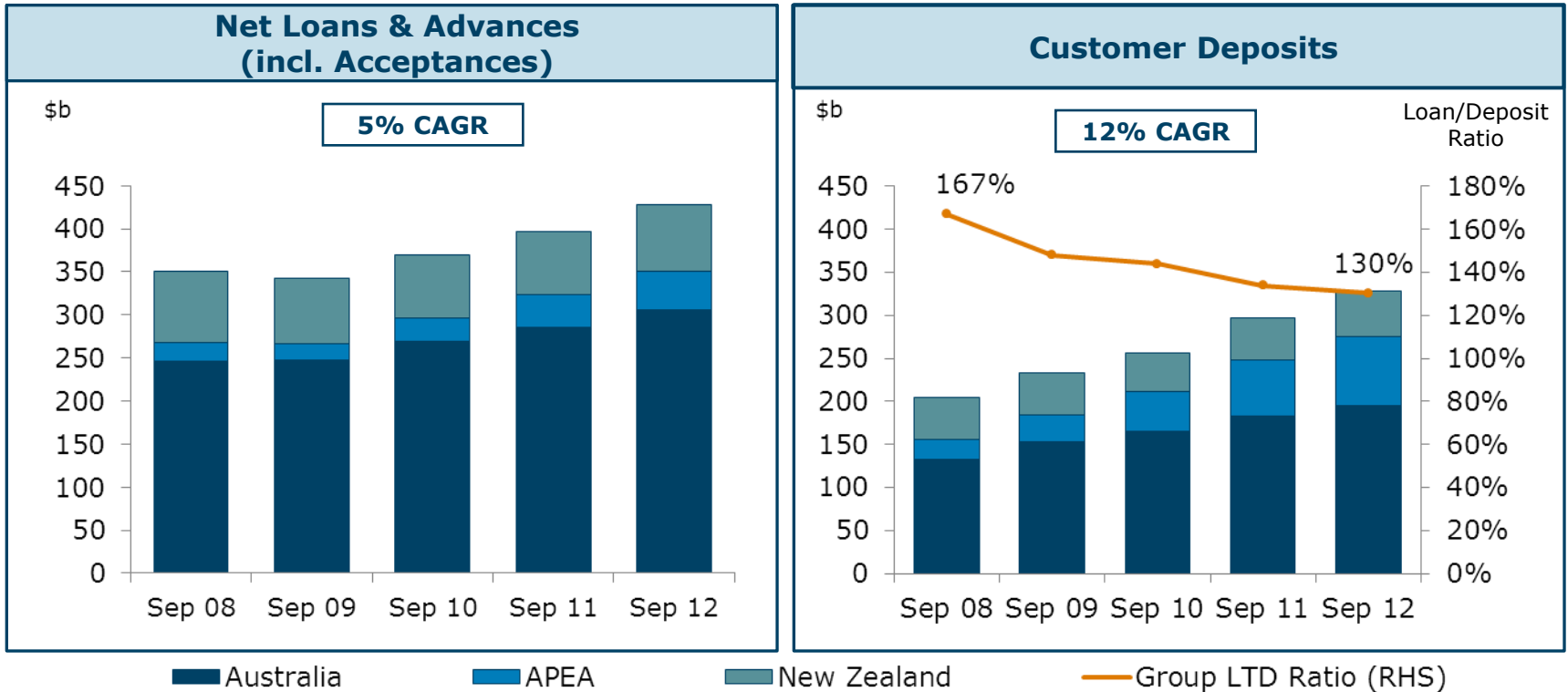
Provision charge largely stable although mix has changed



Credit quality tracking in line with expectations

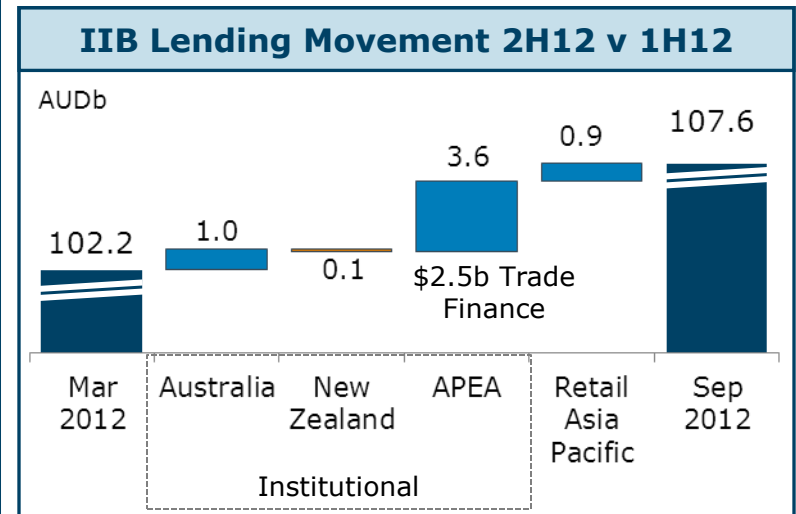
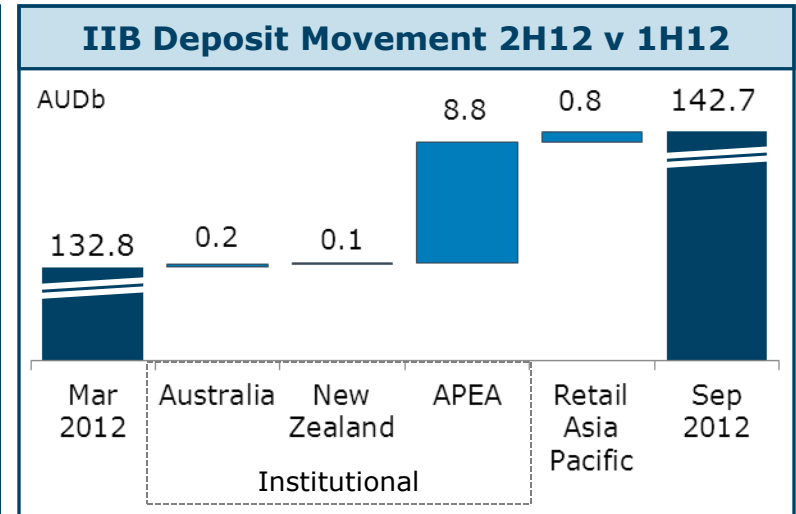
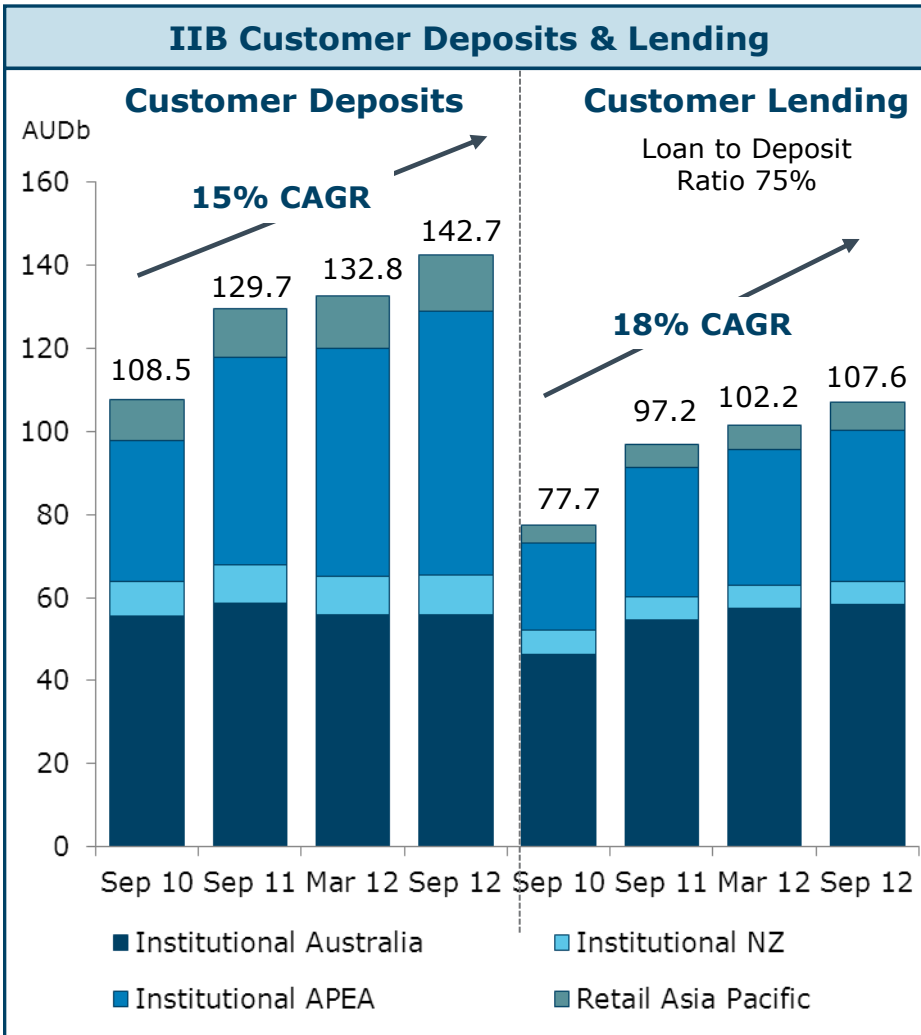


Deposit growth continues to fund lending growth



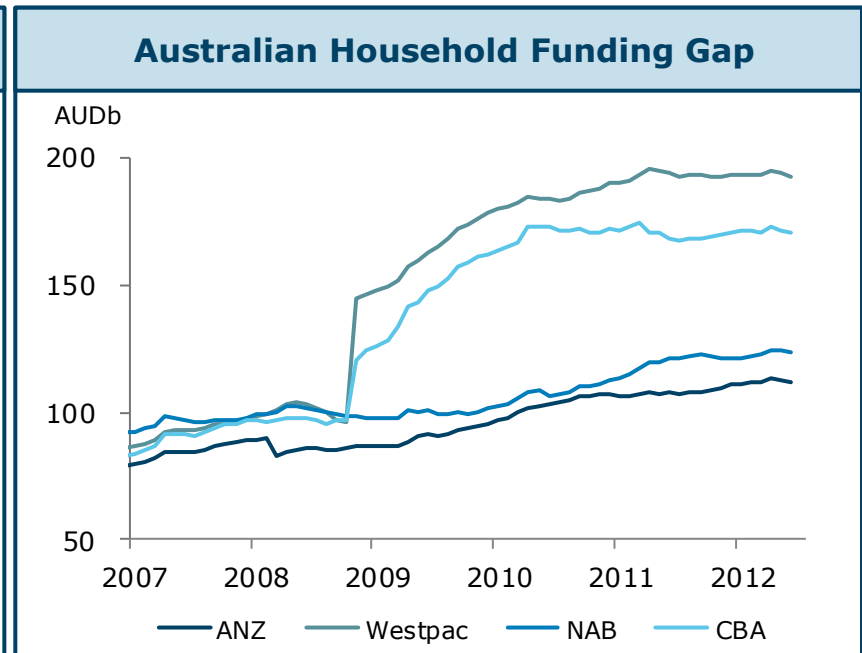
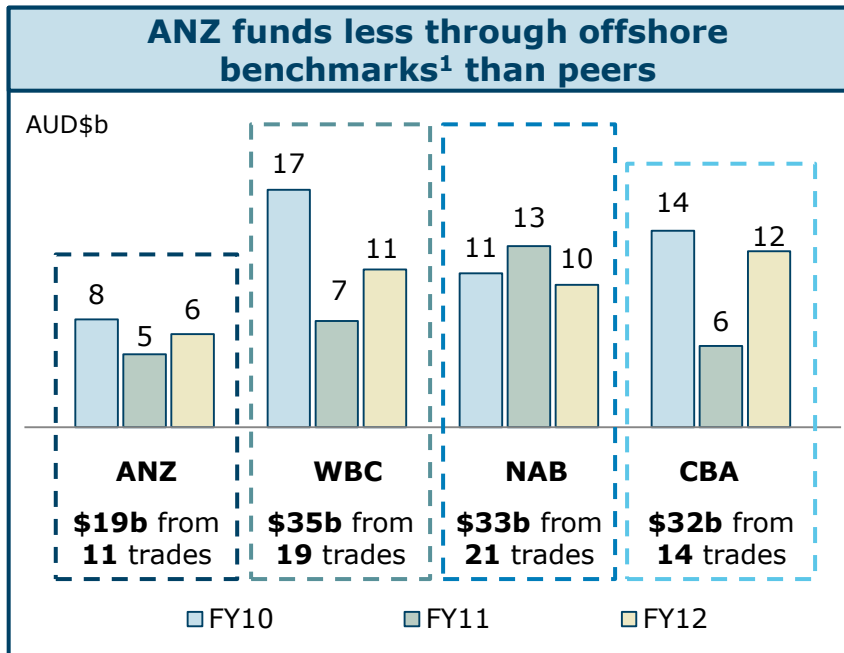
Loan-Deposit Gap				
	Australia	APEA	New Zealand	Group
Sep 11 v Sep 12	(10)	9	1	0
Sep 08 v Sep 12	3	34	8	45

APEA provides higher growth prospects and continues to strengthen group balance sheet



Lower structural funding gap provides funding flexibility

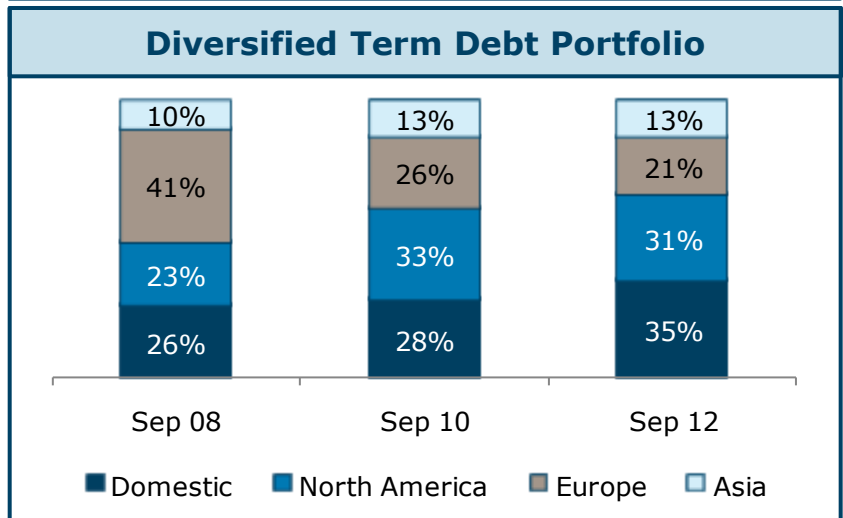
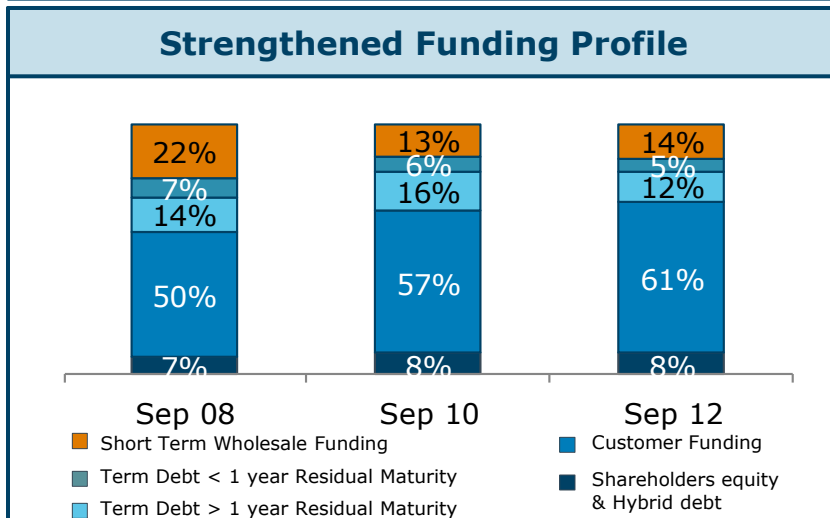
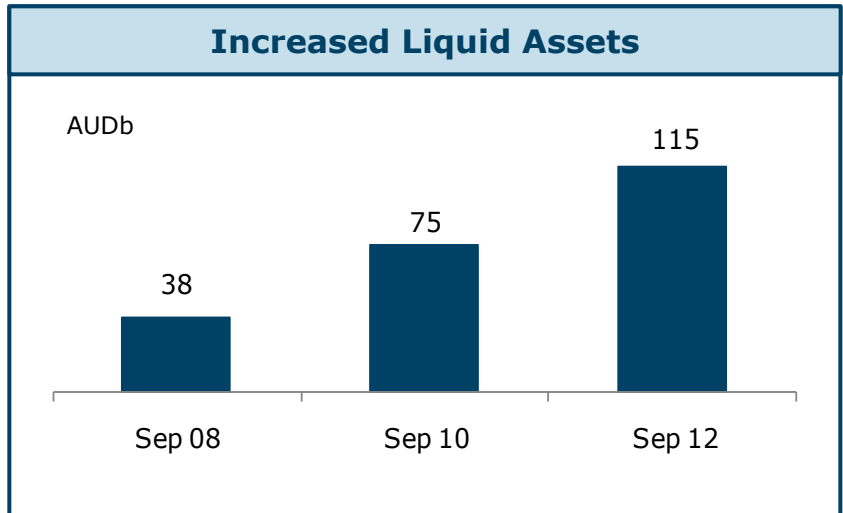
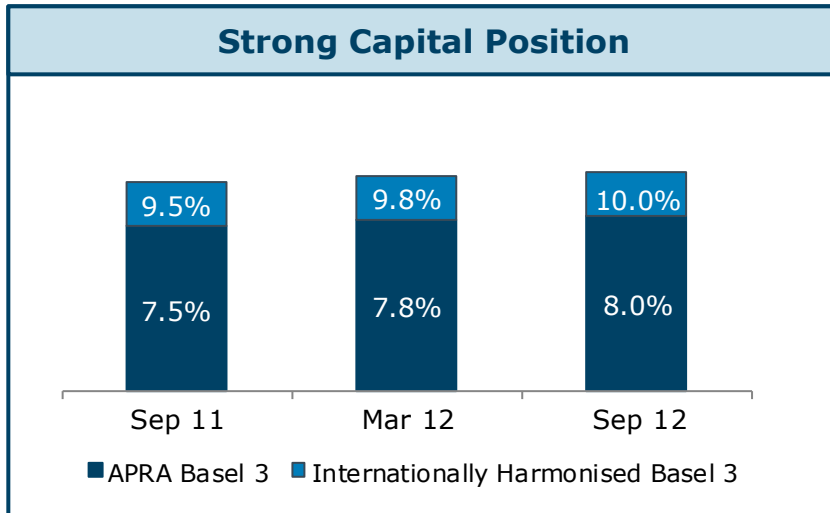
	ANZ	Westpac	NAB	CBA
Loan – Deposit Ratio (%)	130%	158%	152%	141%
Loan – Deposit Gap (\$b)	100	186	165	156
Australia Household Funding Gap (\$b)	112	193	124	171



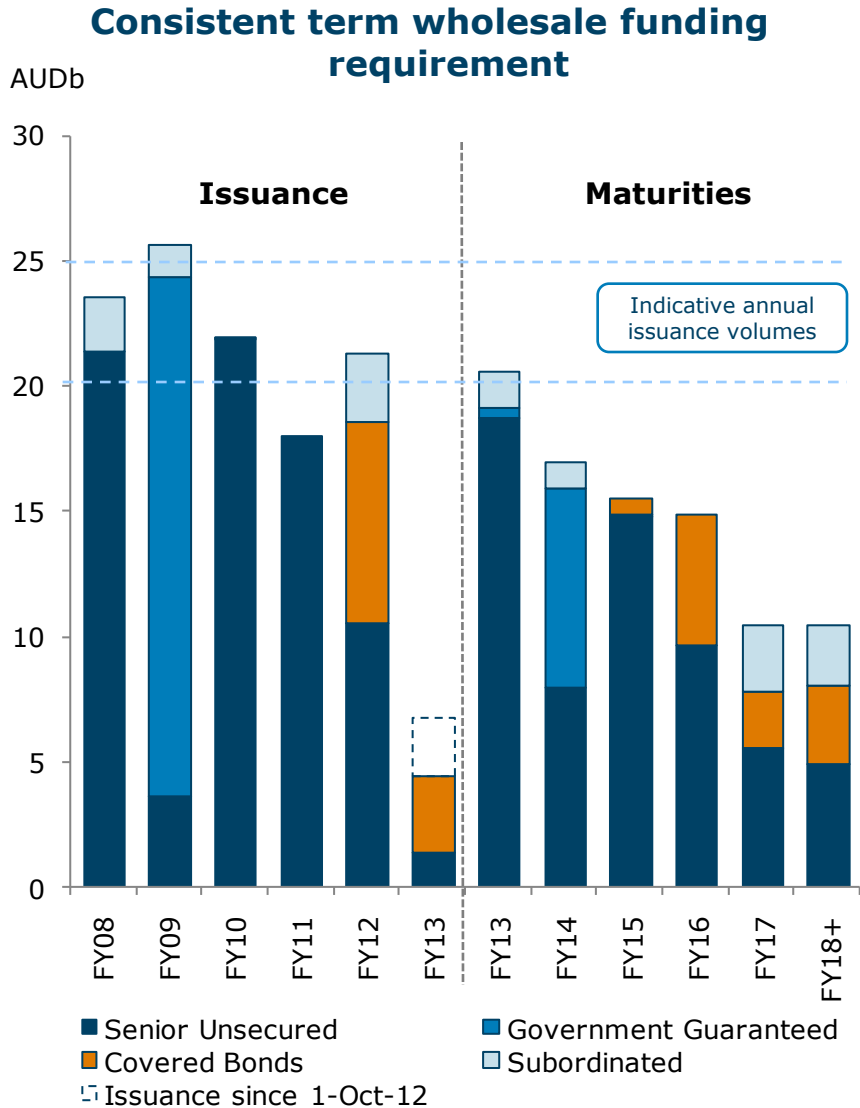
Source: APRA (Aug 12), latest bank published financial statements and Bloomberg
 1. Offshore benchmarks are public issues in USD, EUR and JPY



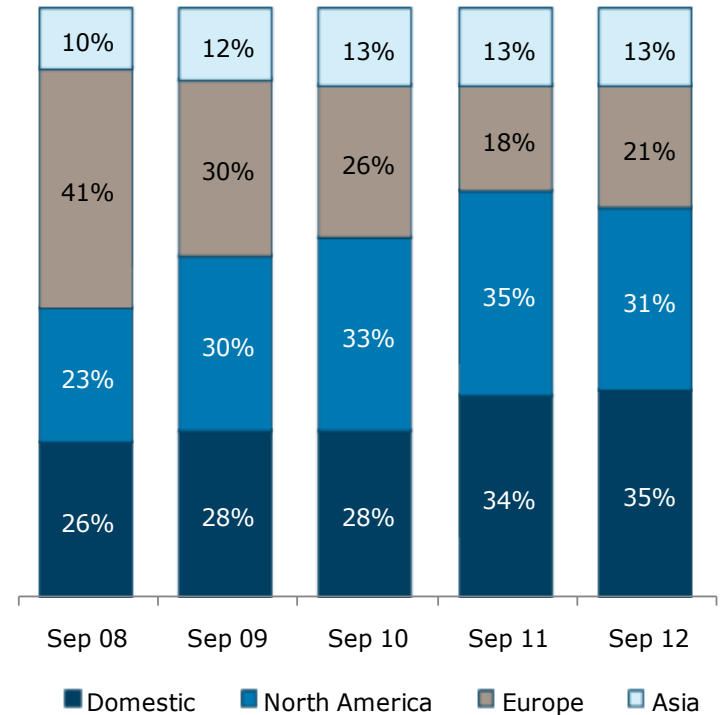
Balance Sheet strengthening has been a consistent focus



FY13 term funding well progressed, already 1/3rd complete

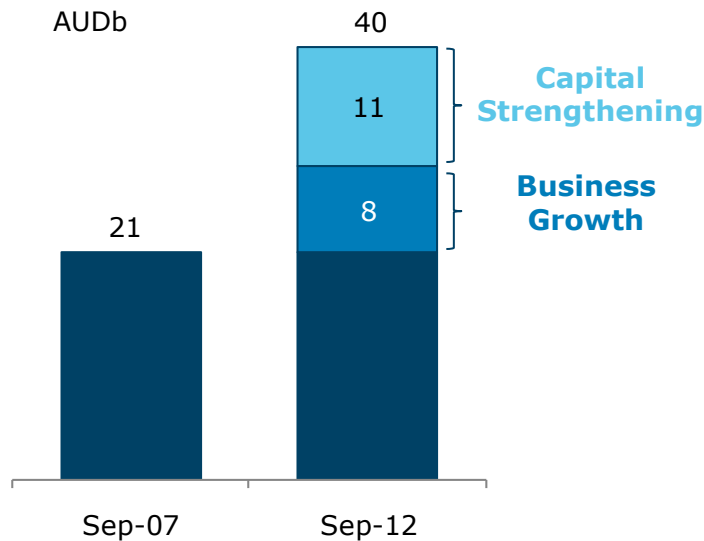


Term Debt Outstandings

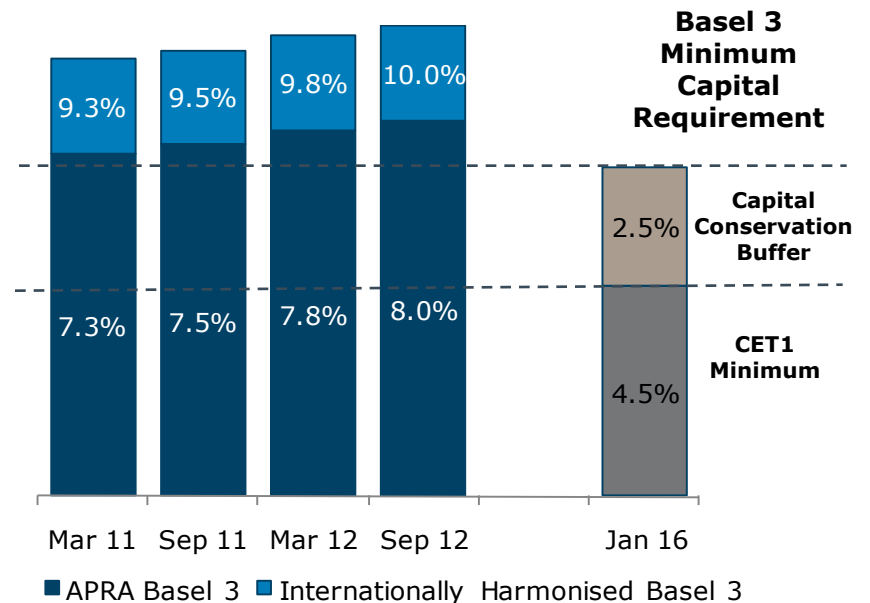


ANZ is in a strong capital position

\$11bn of shareholders' equity used to strengthen capital ratios



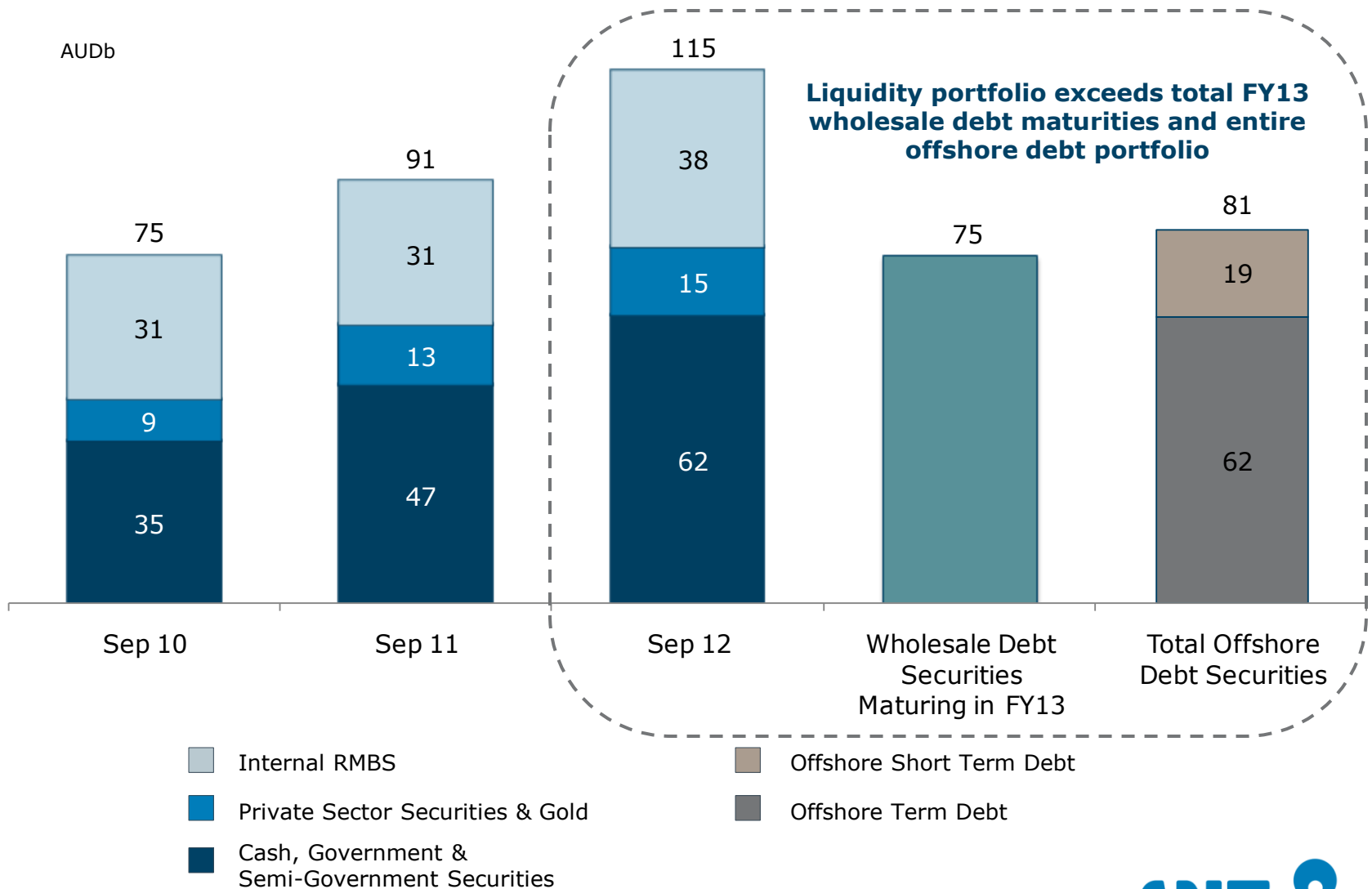
Capital levels are well positioned (CET1)



Capital Management Agenda

- Capital strengthening phase is largely complete
- Discount applied to Dividend Reinvestment Plan removed for the 2012 Final Dividend
- Continuing focus on capital allocation and optimisation

Liquid assets of \$115b provides a high level of coverage and significantly exceeds total offshore debt outstanding



ANZ Economic forecasts

	Australia				New Zealand			
	2011	2012	2013	2014	2011	2012	2013	2014
GDP	2.8	3.6	2.8	2.8	1.3	2.3	2.5	2.6
Inflation	3.4	1.6	3.2¹	2.5	4.6 ²	1.1	2.5	2.7
Unemployment	5.2	5.3	5.7	5.7	6.6	6.7	6.3	6.0
Cash rate	4.25	3.0	3.0	3.0	2.5	2.5	2.5	3.0
AUD/USD	0.97	1.02	1.07	0.98				
Credit	3.3	3.8	3.7	4.8	1.7	3.5	2.3	4.3
- Housing	5.9	4.8	4.0	5.6	1.6	2.2	2.4	3.6
- Business³	-0.3	3.1	3.5	4.1	2.0	5.3	2.2	5.2
- Other	-0.1	-1.3	1.4	0.5	0.7	3.0	1.8	3.7

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

1. Affected by the introduction of the carbon tax from 1 July 2012 and a reduction in the Government's health insurance rebate from 1 July 2012

2. Affected by an increase in the Goods and Services tax rate from 12.5% to 15% effective 1 October 2010

3. NZ Business includes Rural lending

Appendices :

Appendices

- 1. 2012 Full Year Results**
- 2. Asset quality**
- 3. Australian mortgage portfolio**
- 4. Covered bonds**
- 5. Australian Economy**
- 6. China – a medium term perspective**

2012 Full Year results

(released 25th October 2012)



Australia Division

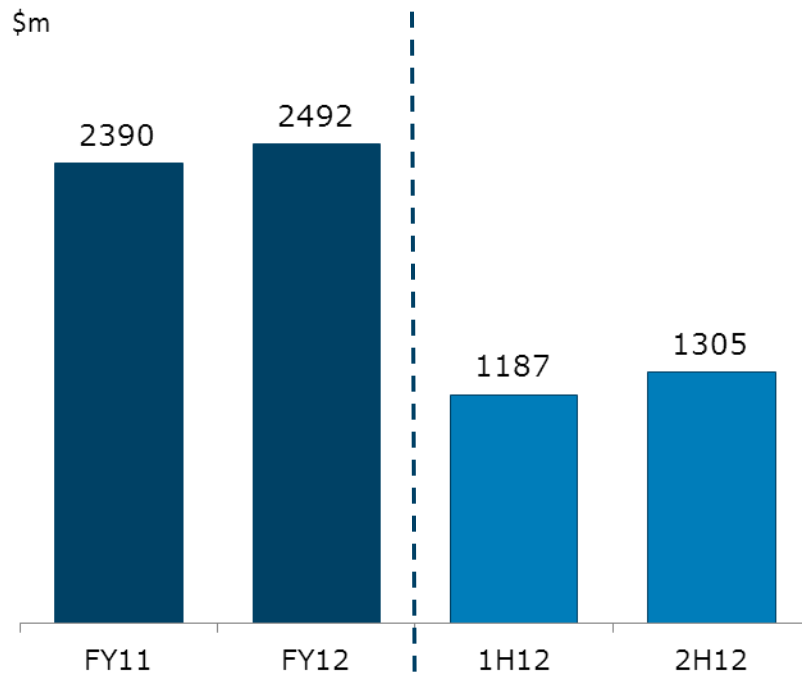
Underlying profit growth

FY12 v FY11

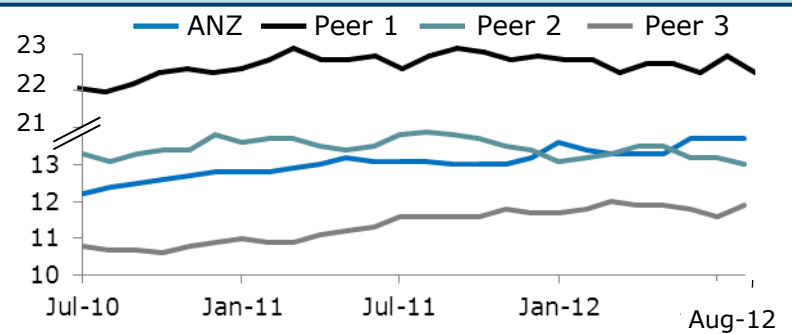
Australia Division

4%

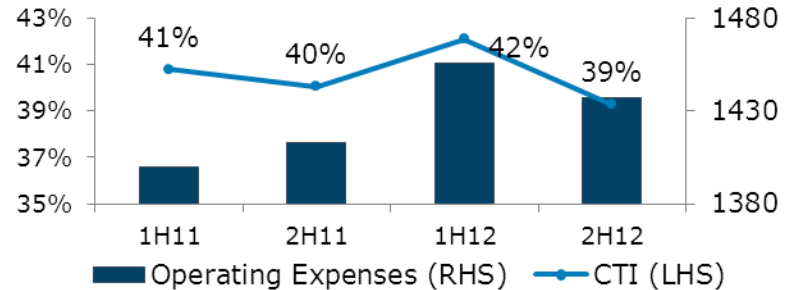
Underlying Net Profit after Tax



Traditional Banking Market Share¹



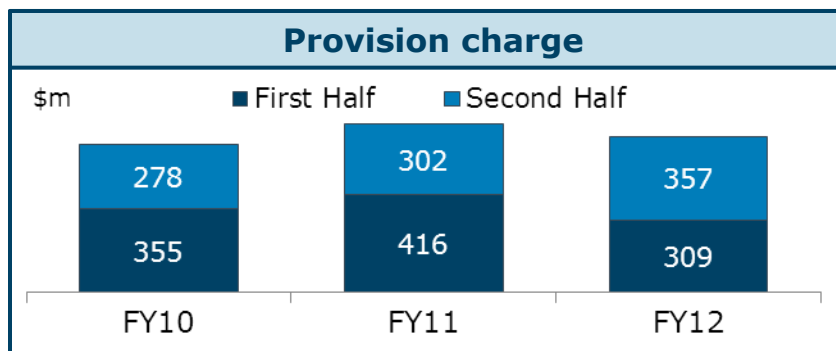
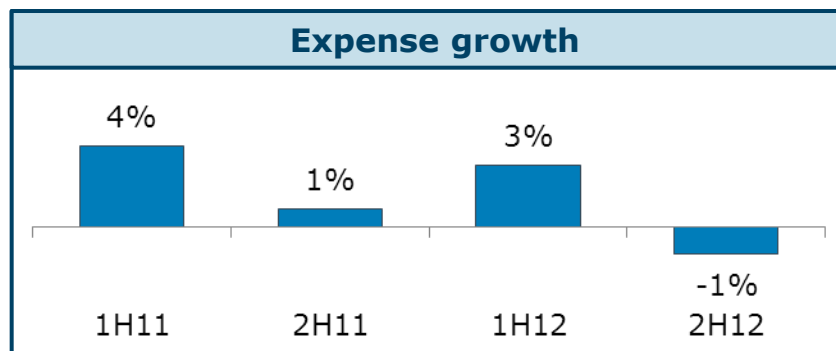
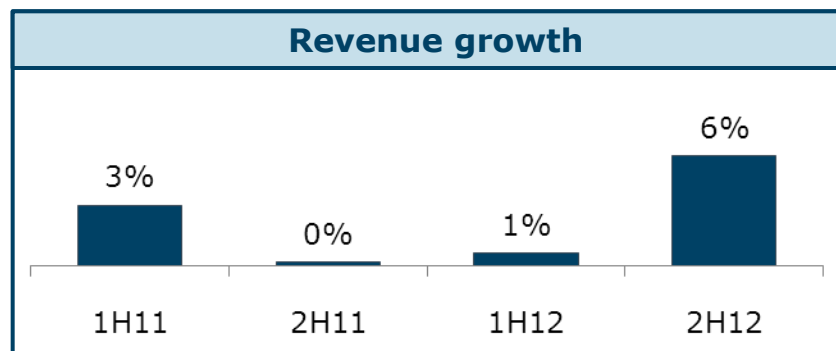
Cost to Income Ratio (%)



1. Source: Roy Morgan Research: Aust Pop'n aged 14+, rolling 12 months, Trad Banking Consumer Market (Deposits, Cards & Loans), Peers: CBA (excl Bankwest), NAB, Westpac (excl Bank of Melbourne & St George)



Australia Division – Outlook



Revenue

- Above system growth in mortgages in FY12 provides good balance sheet momentum leading into FY13
- Targeting to grow lending at or above system in FY13
- Disciplined management of margins in FY12 to continue in FY13 to minimise downside from funding impacts
- Continuing to transform business to address revenue headwinds, including competition for deposits

Expenses

- Full year effect of productivity initiatives implemented in FY12 will be reflected in FY13
- However, seasonal impact of wage increases expected in 1H13

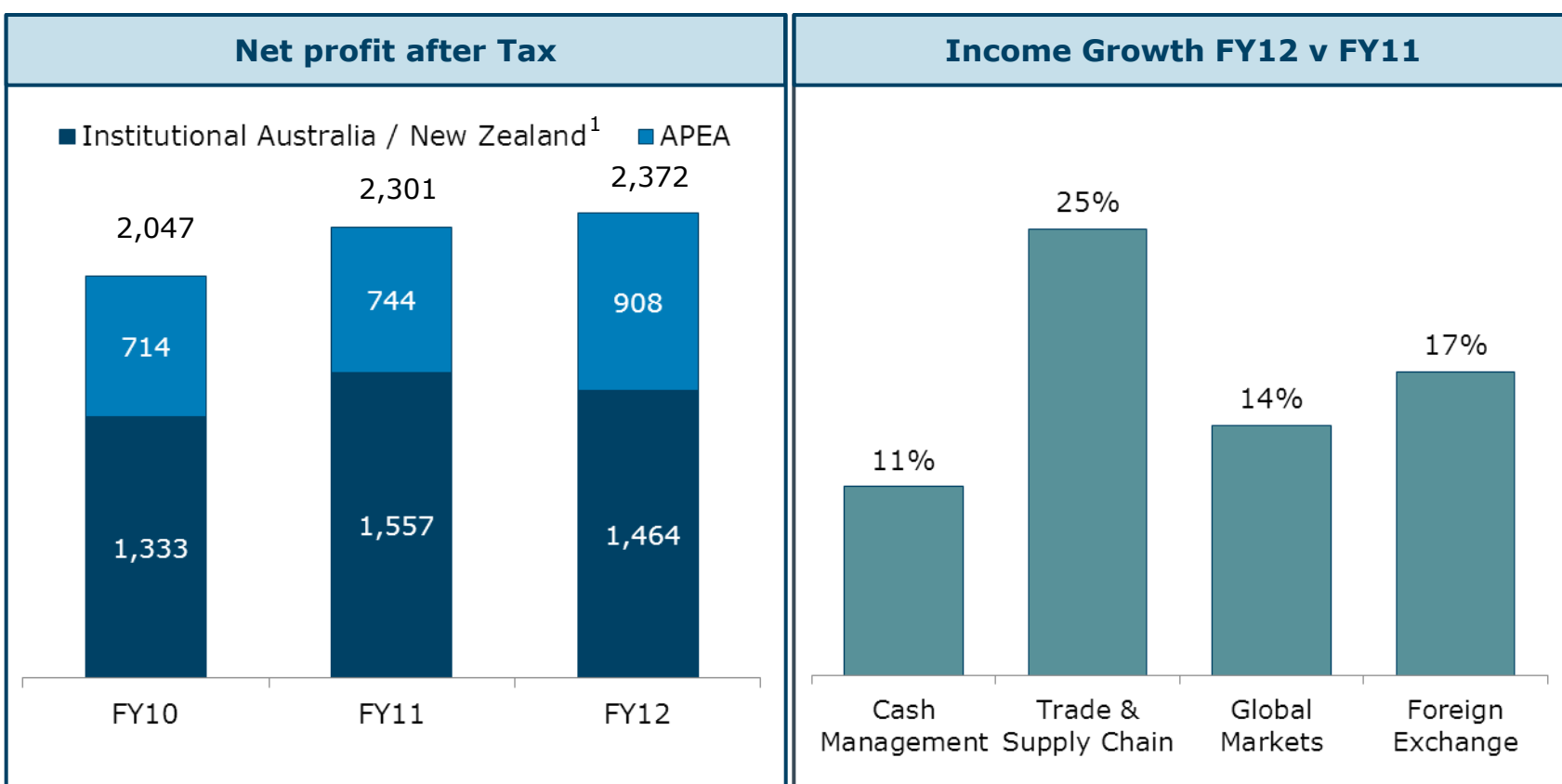
Provisions

- FY12 provision release associated with flood provisions not expected to recur in FY13
- Modest increase in 2H12 provisions likely to continue into FY13
- Continue to be cautious and disciplined in our approach to lending and risk management

International and Institutional Banking (IIB) Division

Underlying profit growth (AUDm) **FY12 v FY11**

IIB Division **3%**

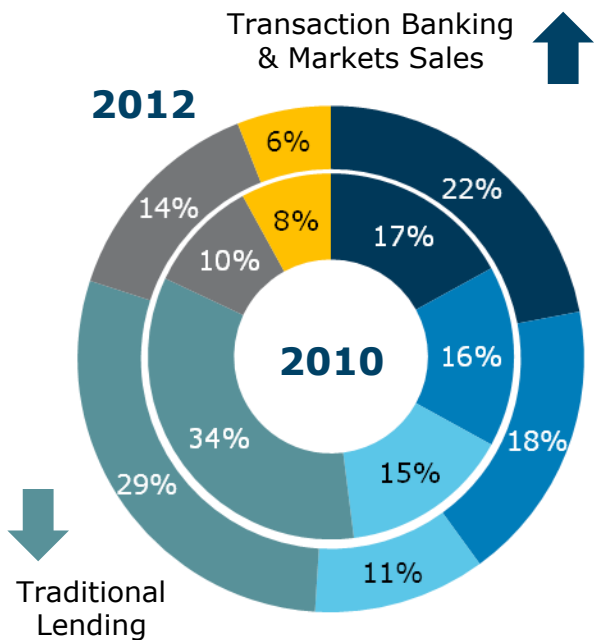


1. Includes Relationship & Infrastructure Australia / New Zealand



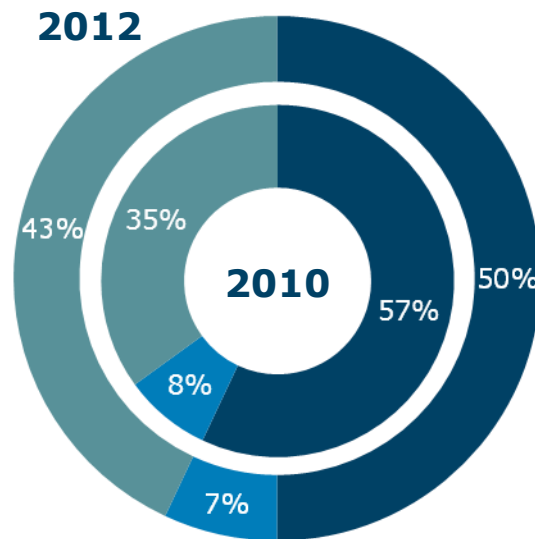
Increasing geographic diversity and increasing contribution of value added and flow products

Income Mix by Product



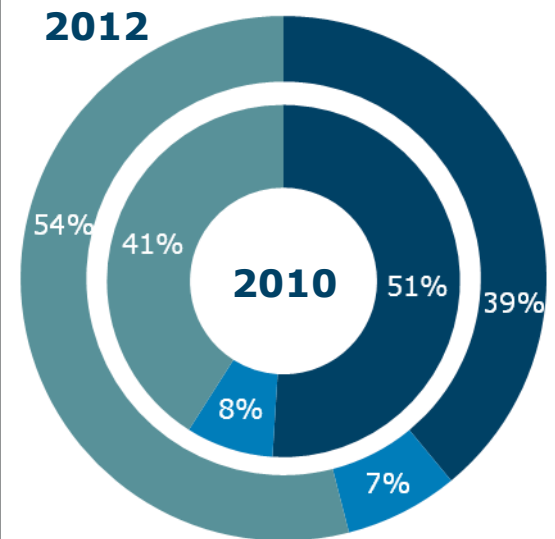
- Transaction Banking
- Markets Sales
- Markets Trading & Balance Sheet
- Global Loans
- Retail
- Partnerships / Other

Income Mix by Geography



- Institutional Australia
- Institutional New Zealand
- APEA

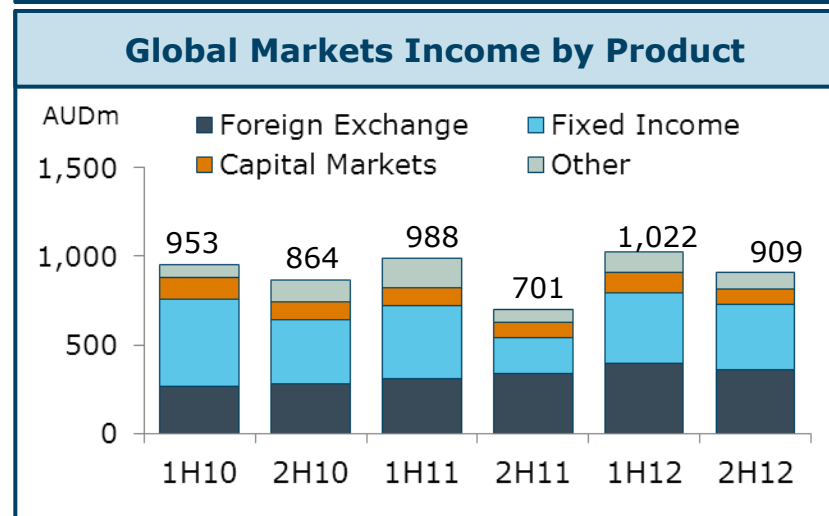
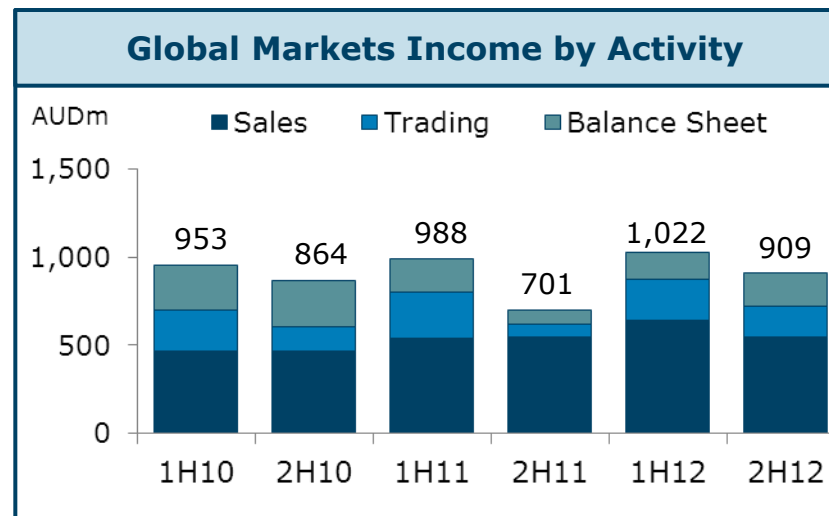
Deposit Mix by Geography



- Institutional Australia
- Institutional New Zealand
- APEA

Global Markets

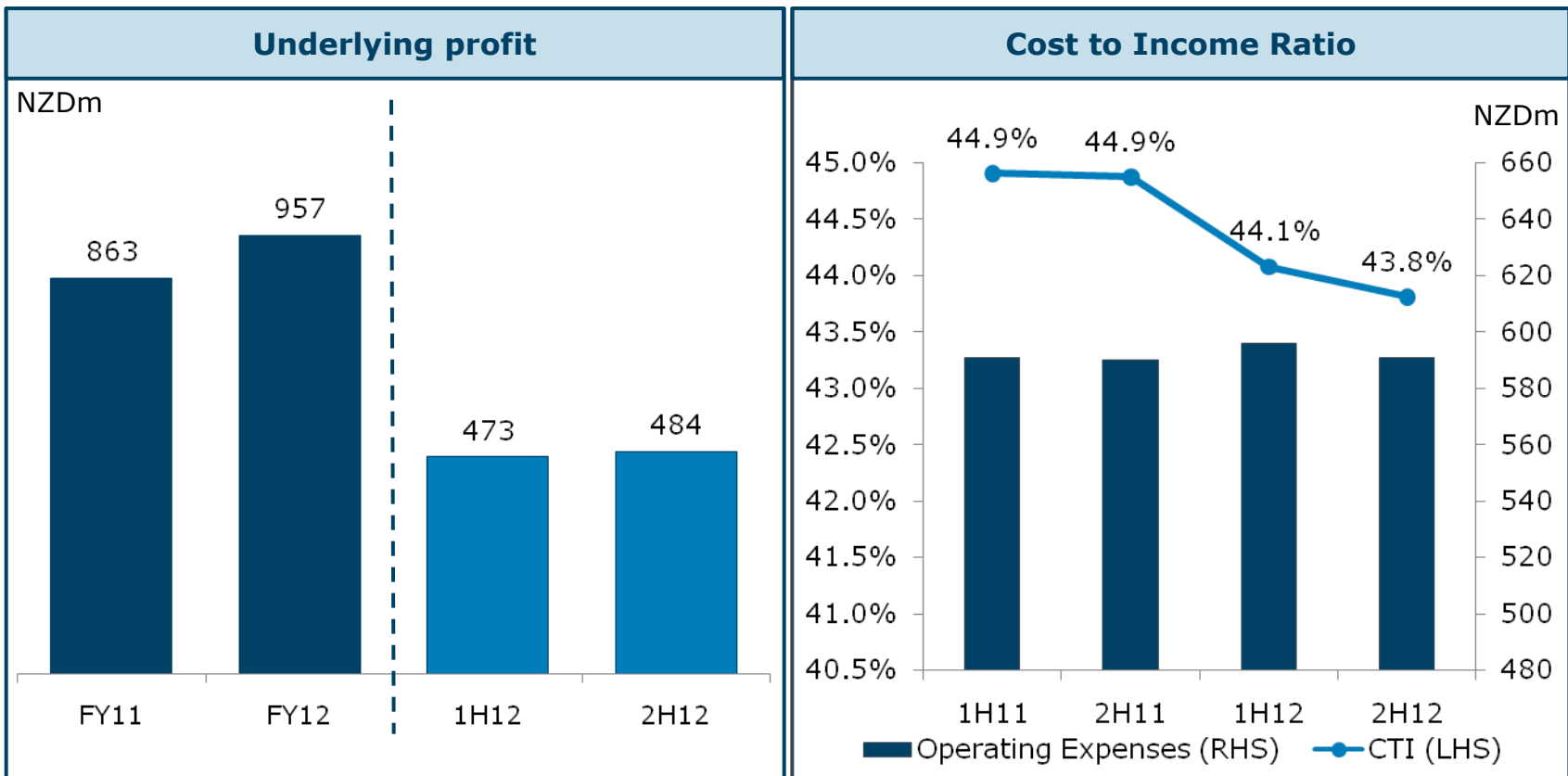
- APEA continued to show strong growth with total income up 26% YOY and now represents 40% of Markets income
- Sales income was up 9% YOY due to a broadening of our client base with Capital Markets up 6%, Investor Sales up 23% and Wealth Sales up 33% YOY
- Sales income HOH was down 16% reflecting low volatility and a softening economy in 2H12.
- However, all regions showed continued growth from FY11 to FY12 in line with our strategic objectives
- Trading and Balance Sheet income grew 23% YOY, reflecting a recovery from the volatile trading environment experienced in late 2011
- Continued focus on FX as a priority product resulted in income growth of 17% YOY and now represents 39% of Markets income
- Progress in FX is reflected in ANZ's rankings in recent 2012 FX Polls
 - Asiamoney - No. 2 in FX Services to Financial Institutions
 - Asiamoney - No. 5 in FX Services to Corporates
 - Euromoney – Best in Asian Currencies



New Zealand Businesses

Underlying profit growth (NZDm) **FY12 v FY11**

New Zealand Businesses **11%**



The New Zealand simplification strategy is delivering

Most convenient

- We have the most branches and the most ATM's. 7 new branches opened in growth areas since the simplification programme began
- Increasing the number of wealth, commercial and small business specialists
- NBNZ's #1 internet banking¹ and ANZ's GoMoney give customers more access to services and products than any other bank

Most efficient

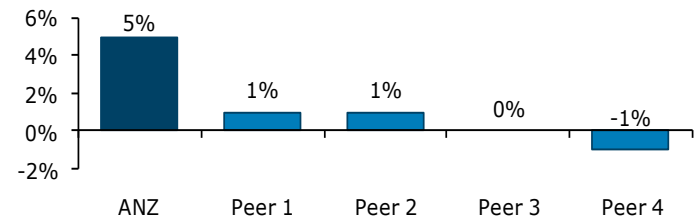
- Productivity and simplification focus resulting in efficiency gains (lower cost to income ratio and tight management of headcount)
- One product suite enabling broader and more effective reach. Product variations reduced from 309 to 137
- Aligned processes across the bank enhancing automation and increasing sales conversion whilst reducing errors and duplication

Most connected

- Super regional advantage - the only bank in NZ to directly access 32 markets across the region
- Connecting businesses within the region via Trans-Tasman and China forums for Commercial customers
- Connecting businesses within New Zealand through hosted workshops, forums and events

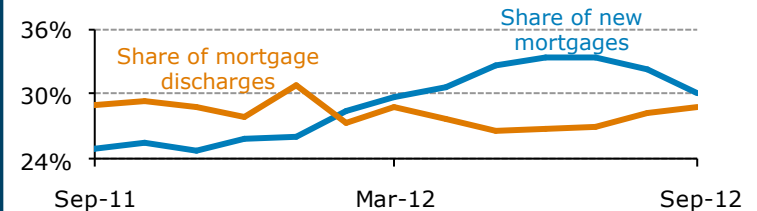
1. Source: Nielson

Change in Customer Satisfaction



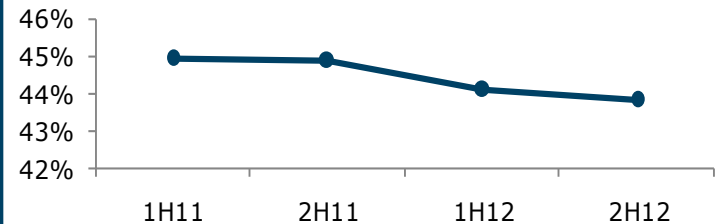
Source: Nielsen Consumer Finance Monitor.
Change measured from September 2011 to September 2012

Mortgage Market Share



Source: Terralink

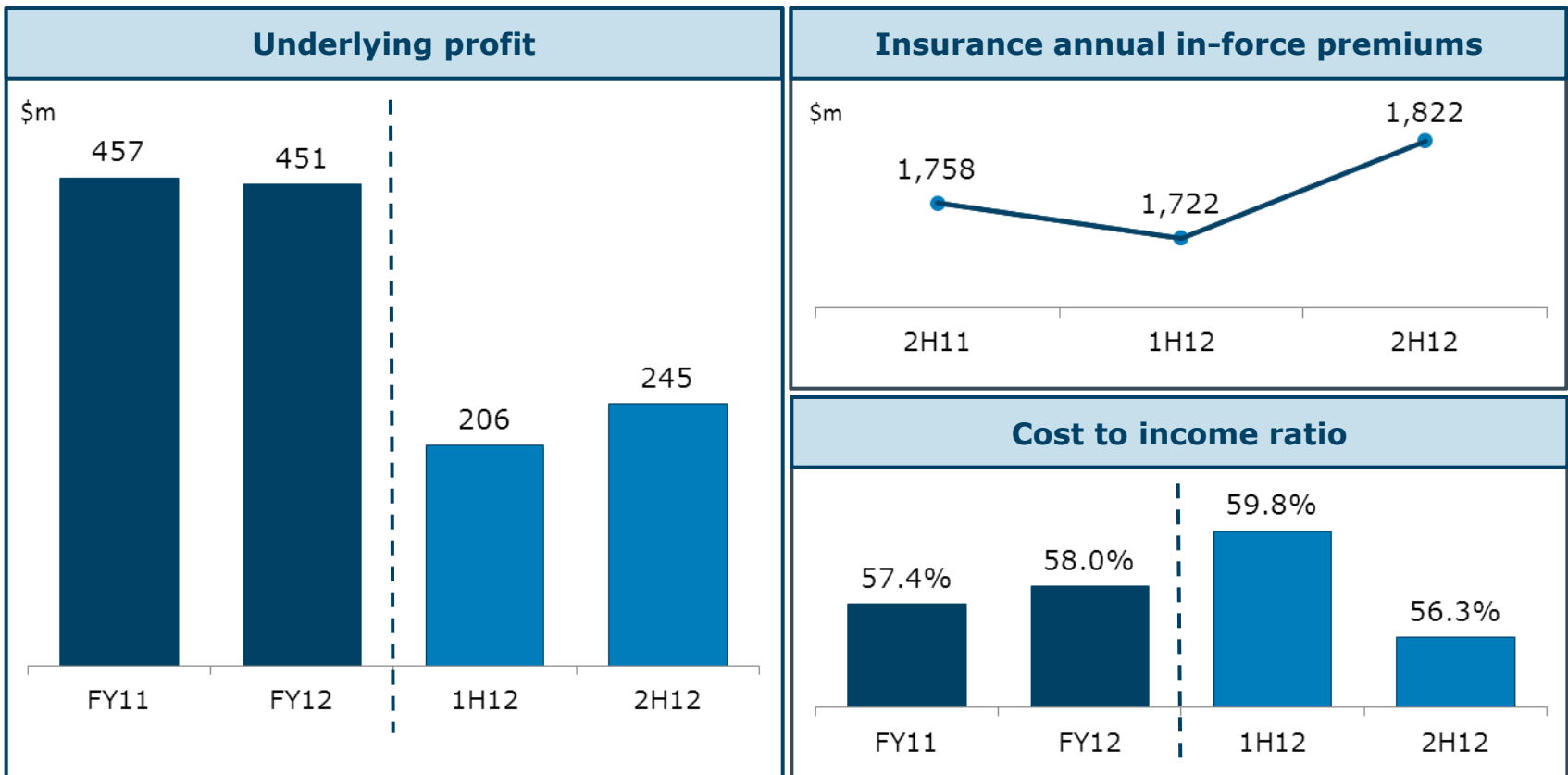
Cost to Income Ratio



Global Wealth and Private Banking Division

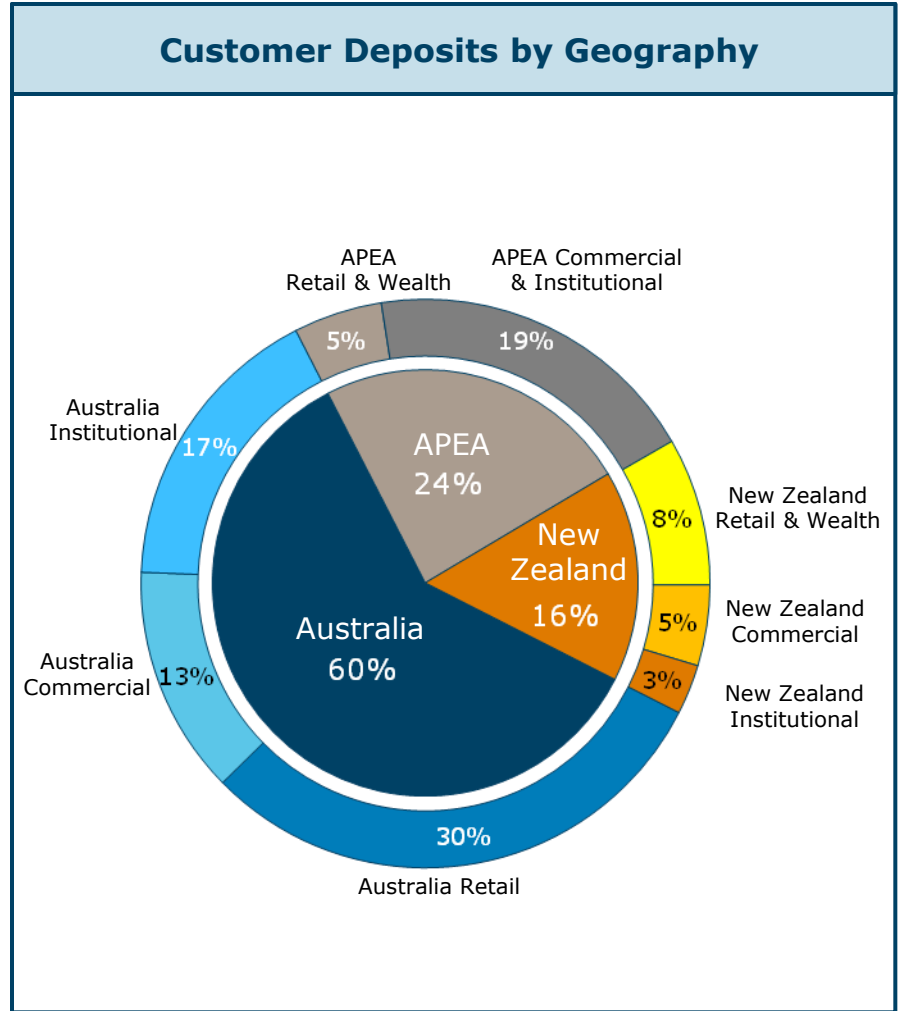
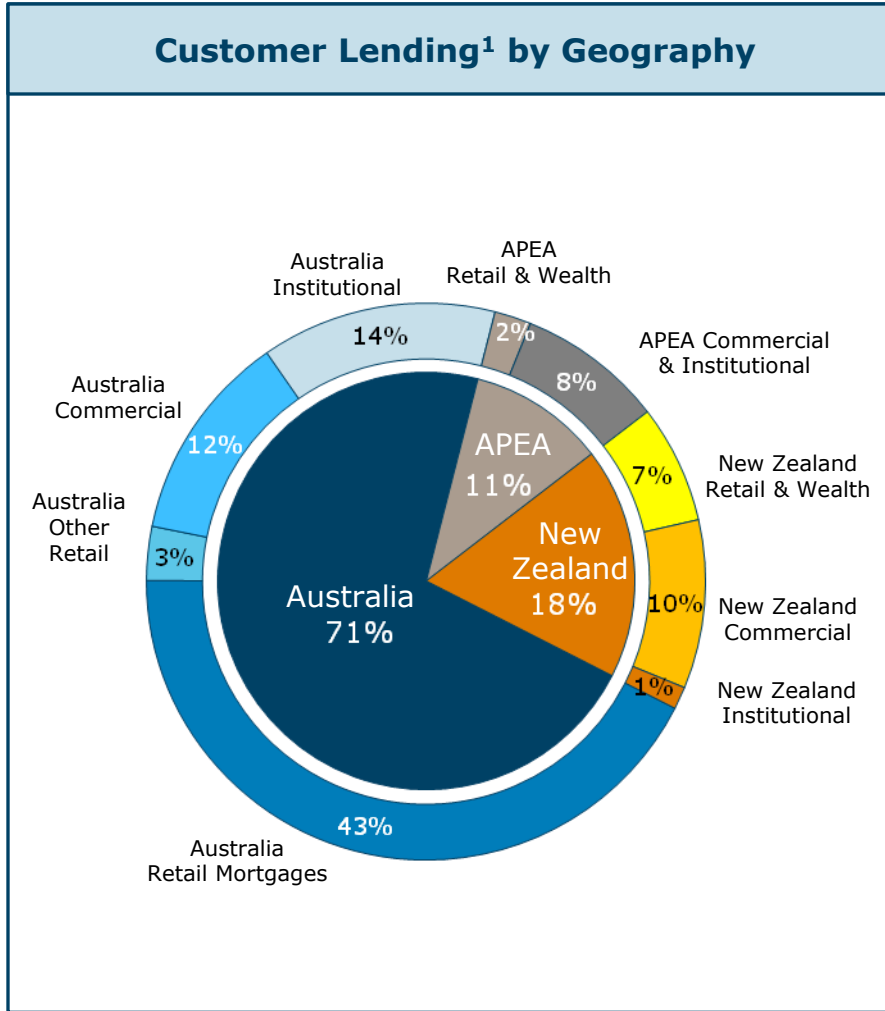
Underlying profit growth	FY12 v FY11
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Global Wealth and Private Banking Division	-1%
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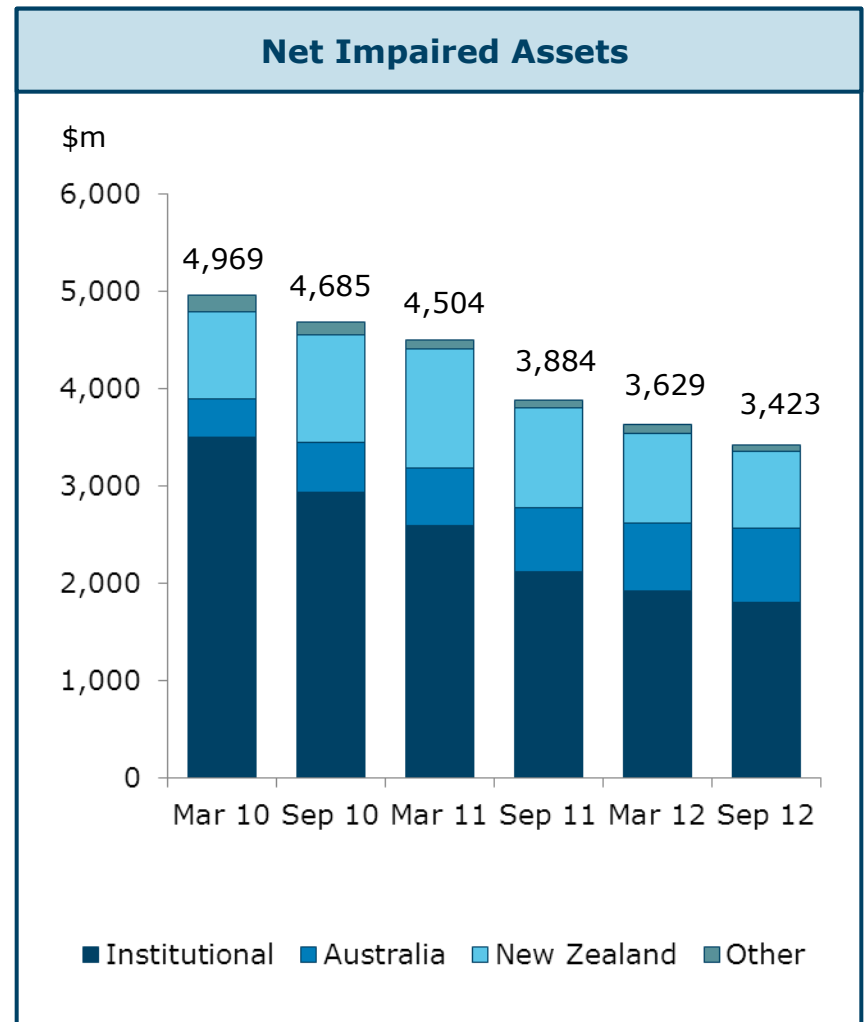
Asset Quality

Balance Sheet – Composition by Geography

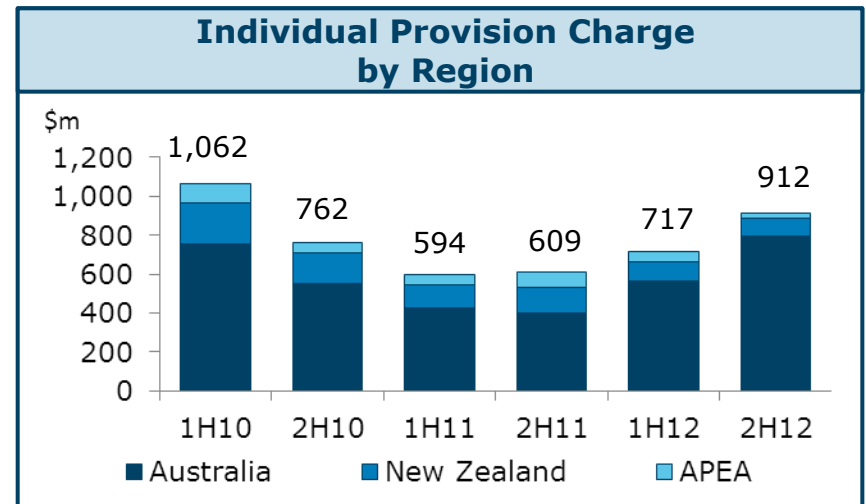
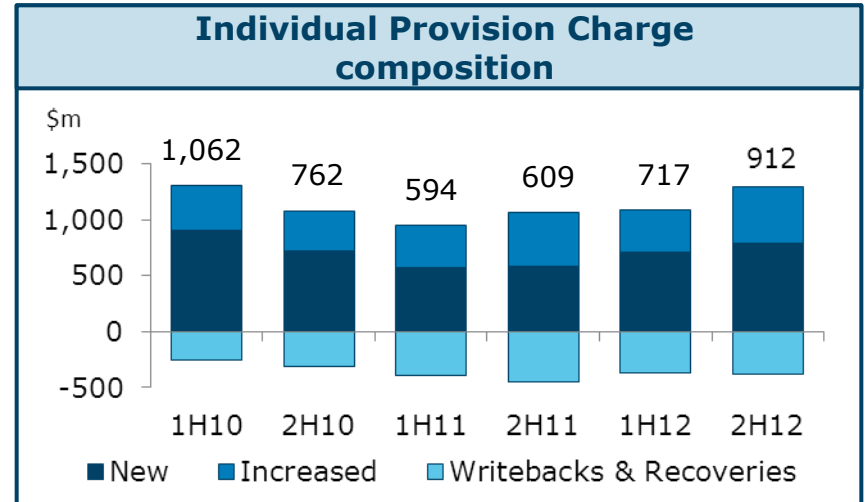
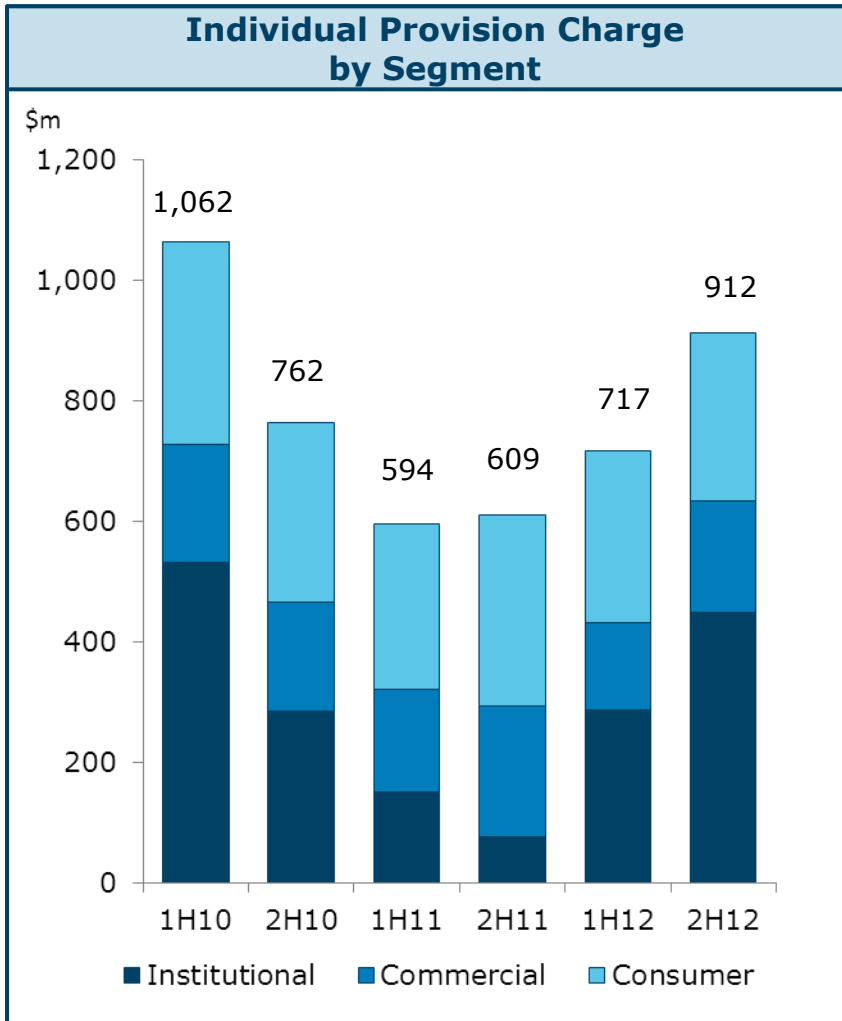


1. Customer lending represents Net Loans & Advances including acceptances

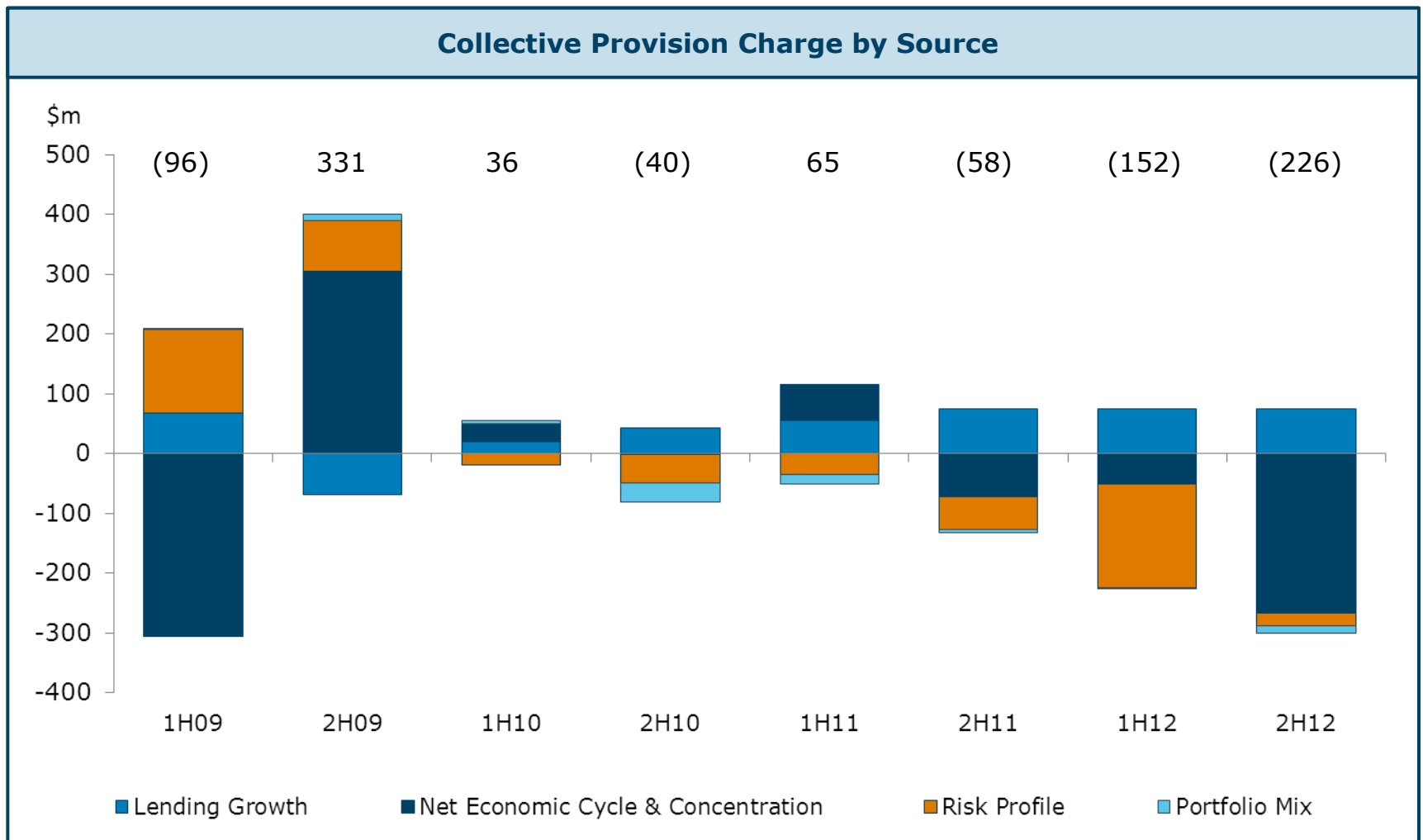
Impaired Assets by Division



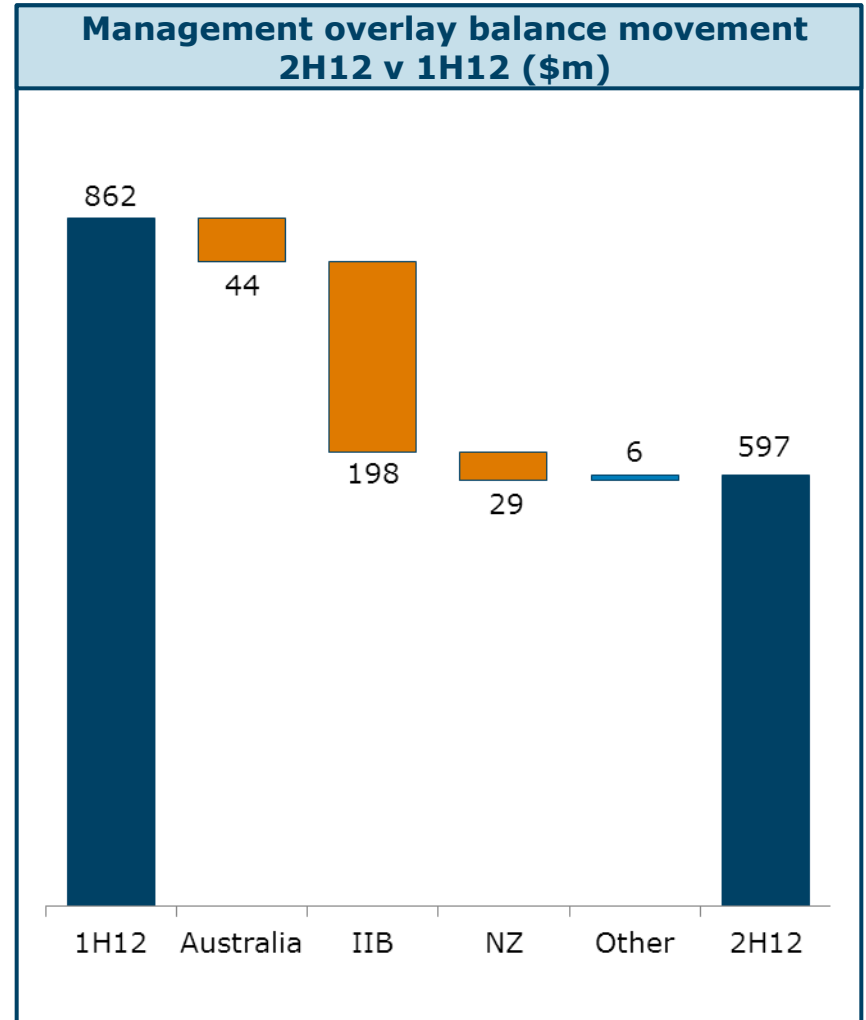
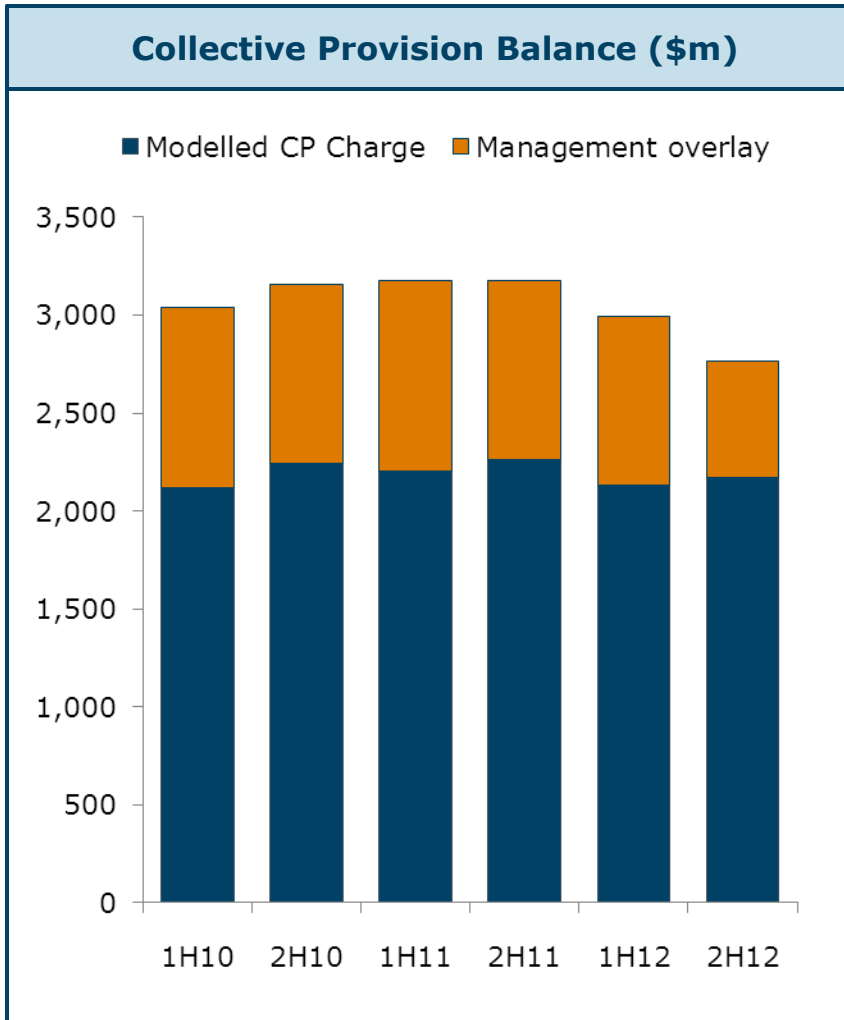
Individual Provision Charge



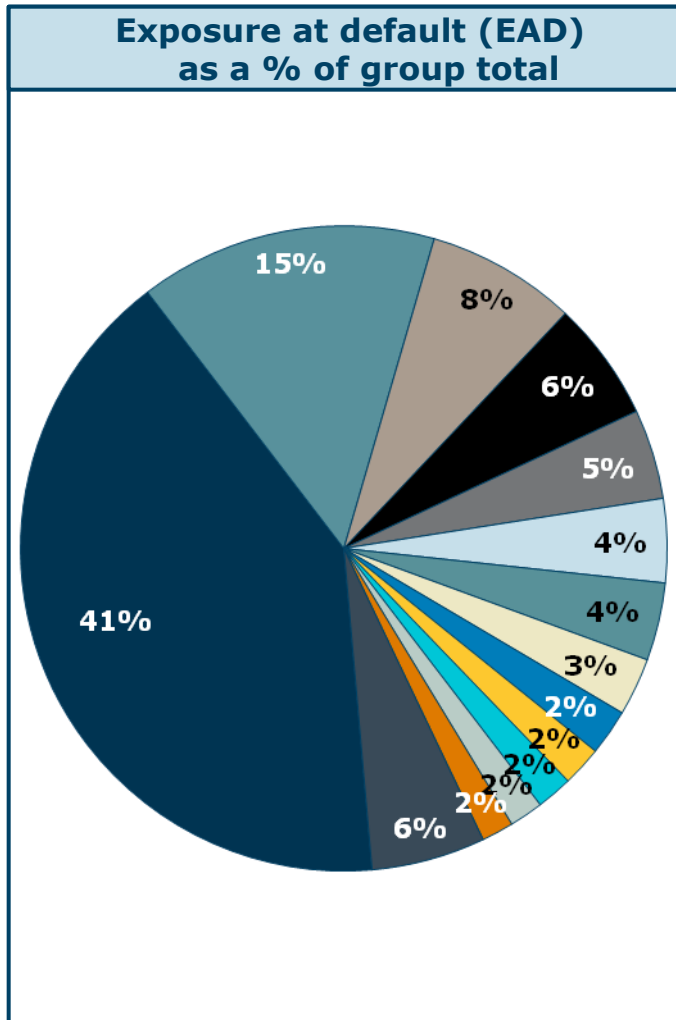
Collective Provision Charge



Collective Provision Balance

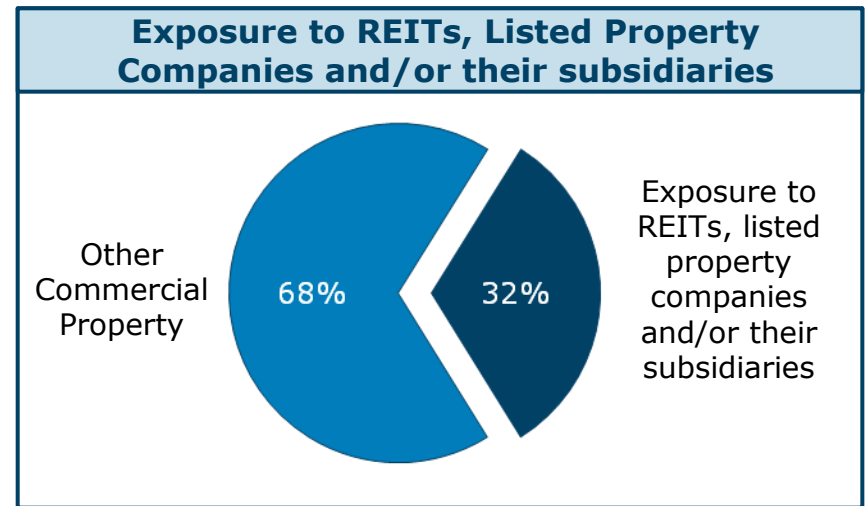
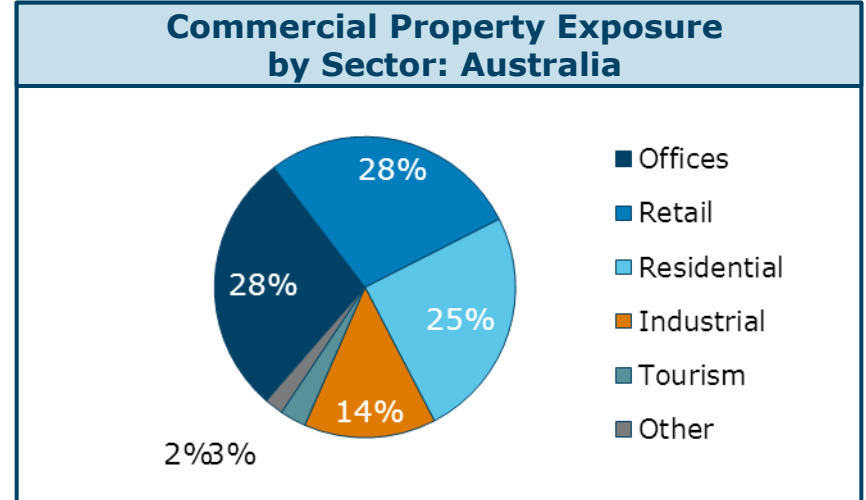
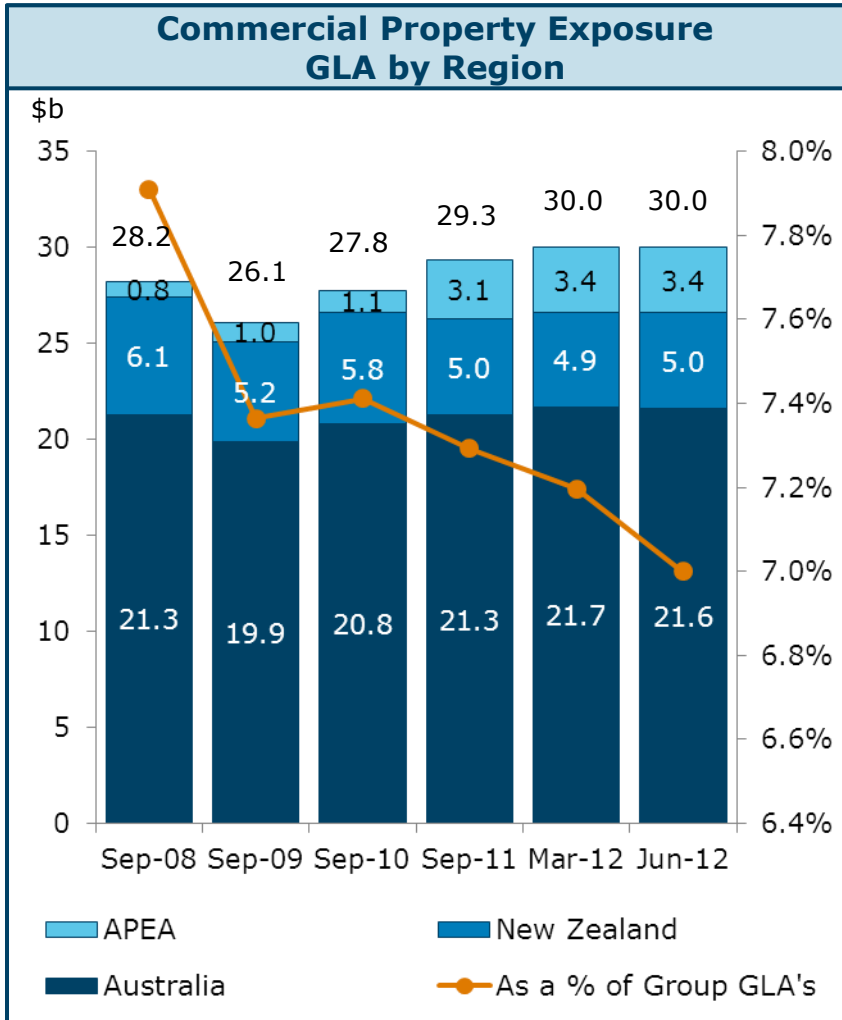


Total lending exposures by Industry Sector

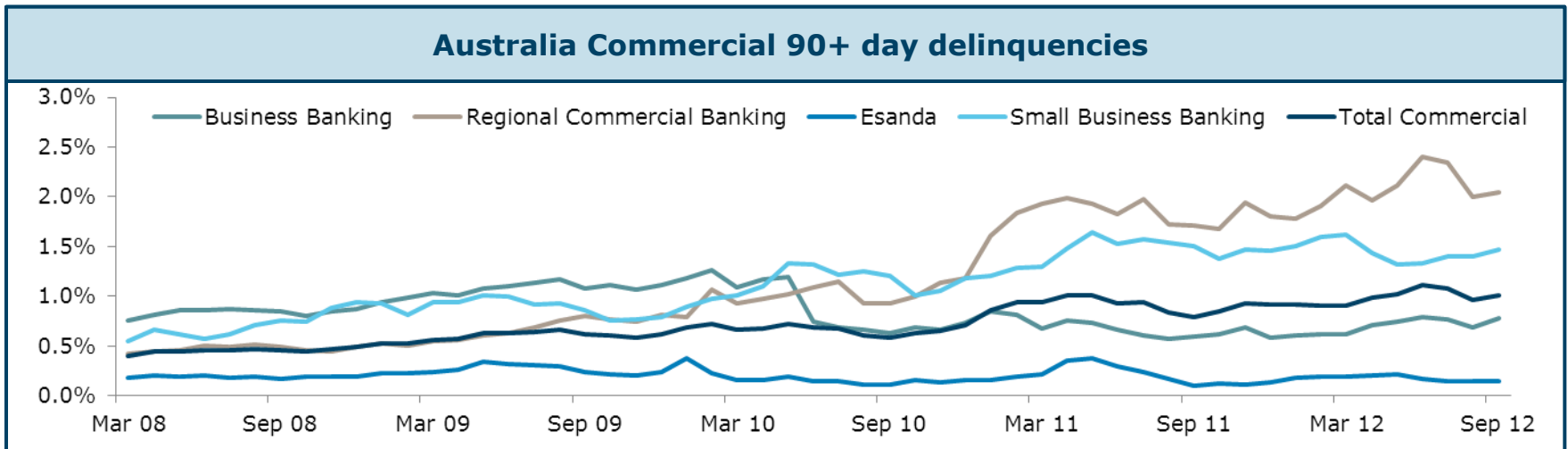
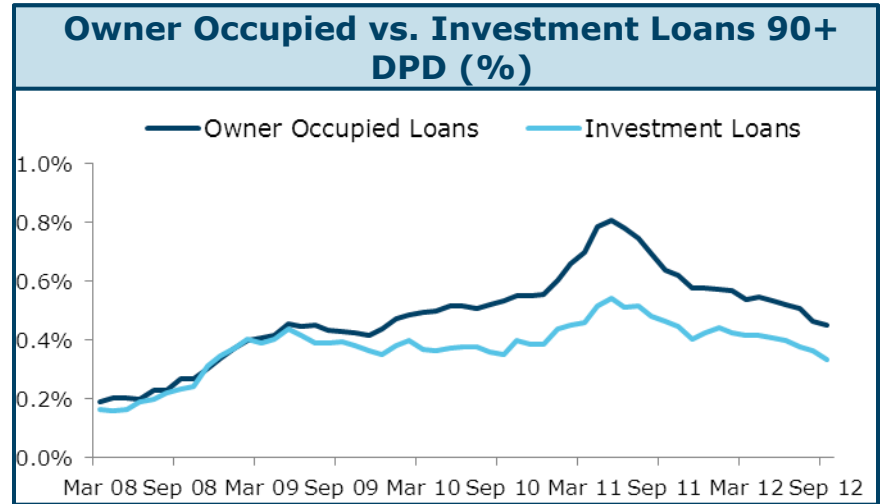
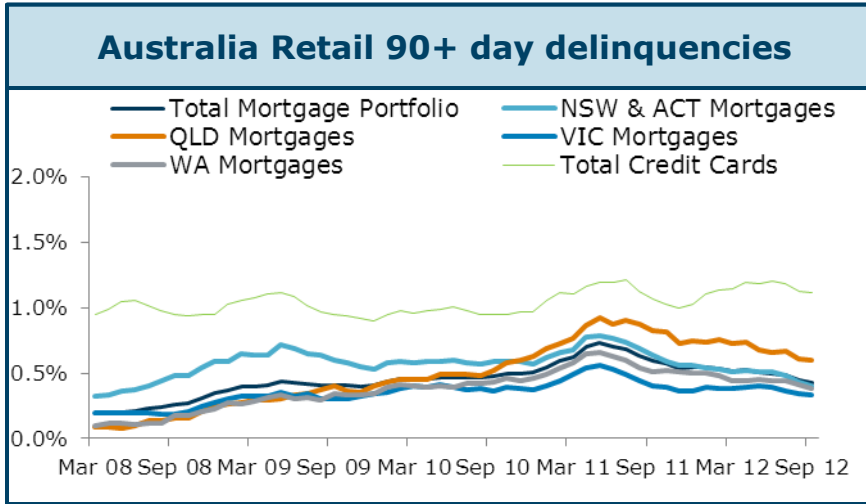


Category	EAD		% in Non Performing	
	Sep-11	Sep-12	Sep-11	Sep-12
Consumer Lending	43.6%	41.0%	0.3%	0.3%
Finance, Investment & Insurance	14.5%	14.9%	0.3%	0.5%
Property Services	7.1%	7.5%	1.9%	1.6%
Manufacturing	5.9%	6.0%	1.9%	1.2%
Agriculture, Forestry, Fishing	4.5%	4.5%	4.4%	3.9%
Government & Official Institutions	4.4%	4.2%	0.0%	0.0%
Wholesale trade	3.2%	3.9%	0.8%	0.6%
Retail Trade	2.6%	2.9%	0.7%	0.9%
Transport & Storage	2.1%	2.3%	0.7%	3.2%
Business Services	1.8%	2.0%	1.1%	0.9%
Electricity, Gas & Water Supply	1.7%	1.8%	0.0%	0.2%
Construction	1.6%	1.7%	4.5%	1.4%
Resources (Mining)	1.5%	1.6%	0.1%	0.2%
Other	5.5%	5.7%	0.1%	0.1%

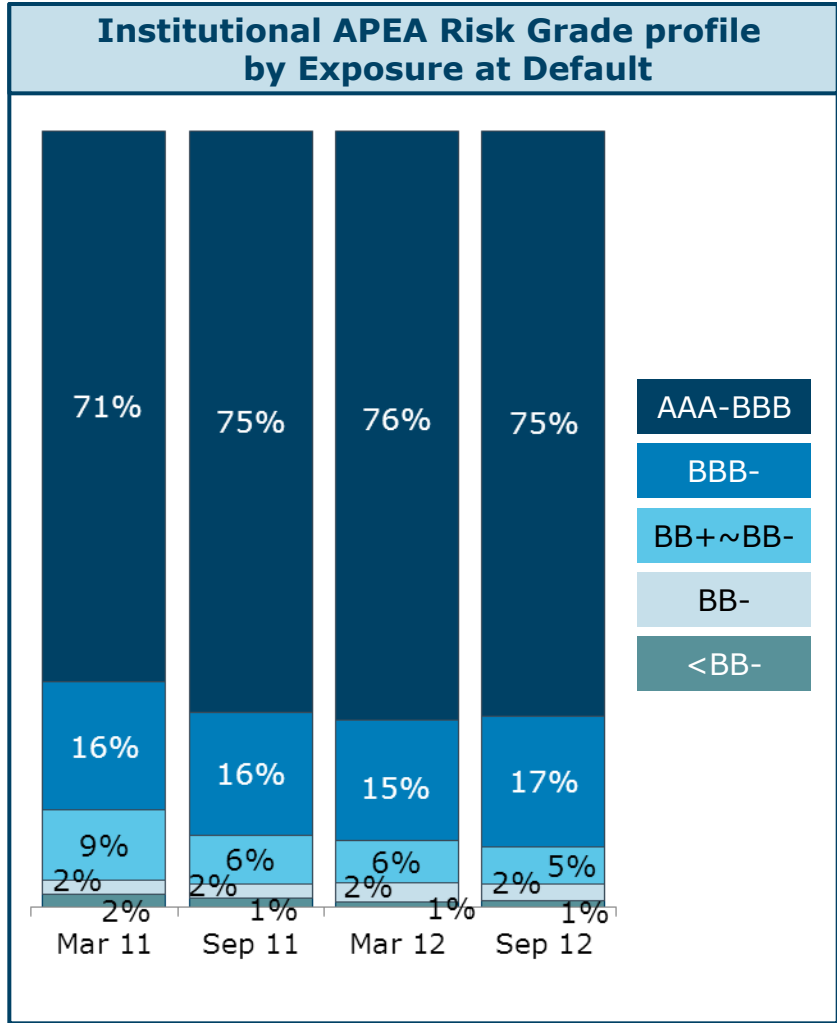
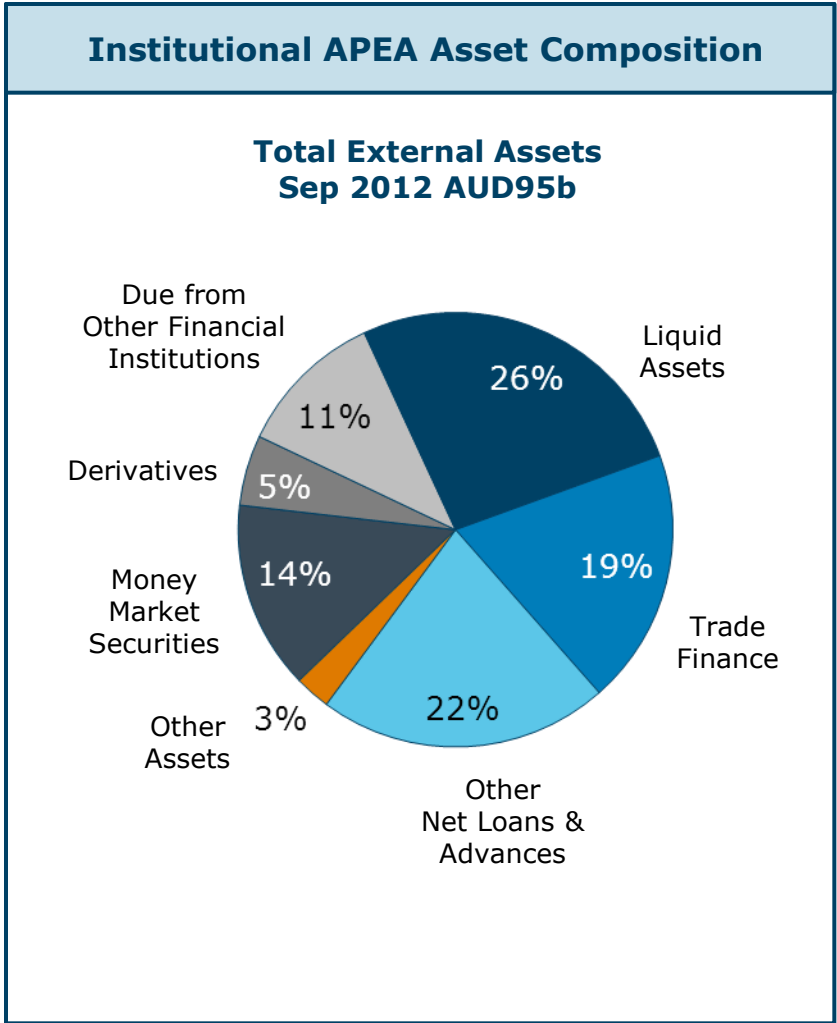
Commercial Property Credit Exposure



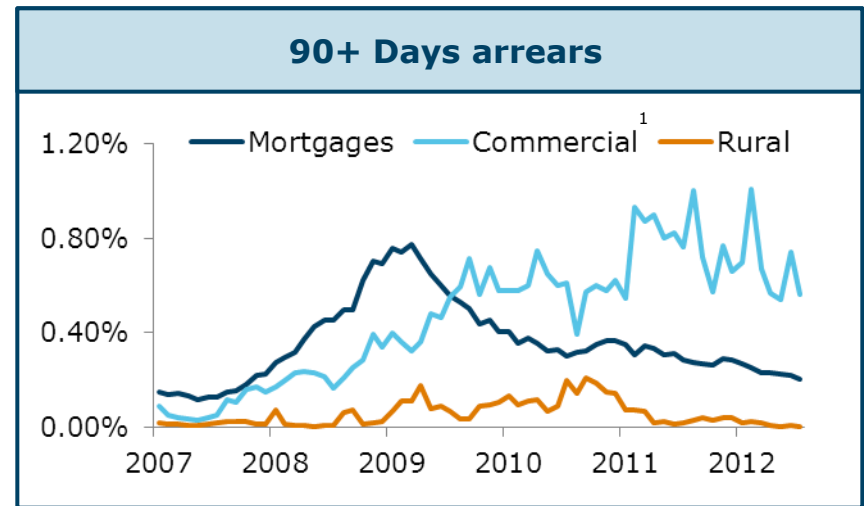
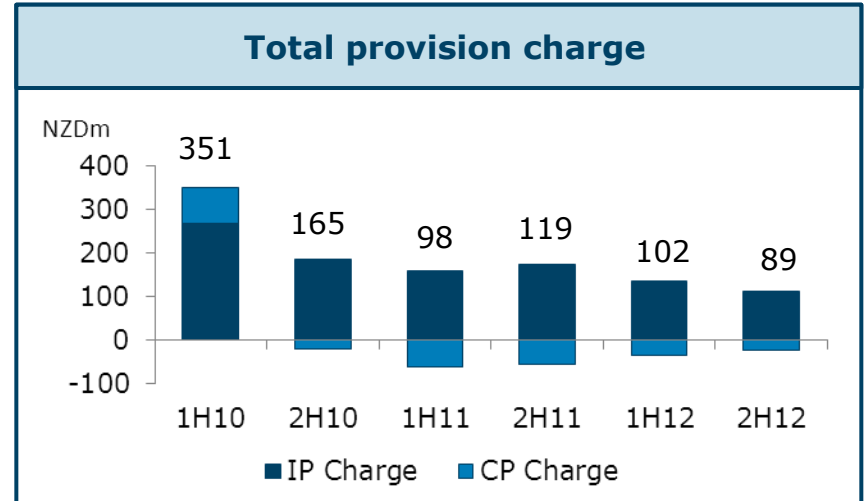
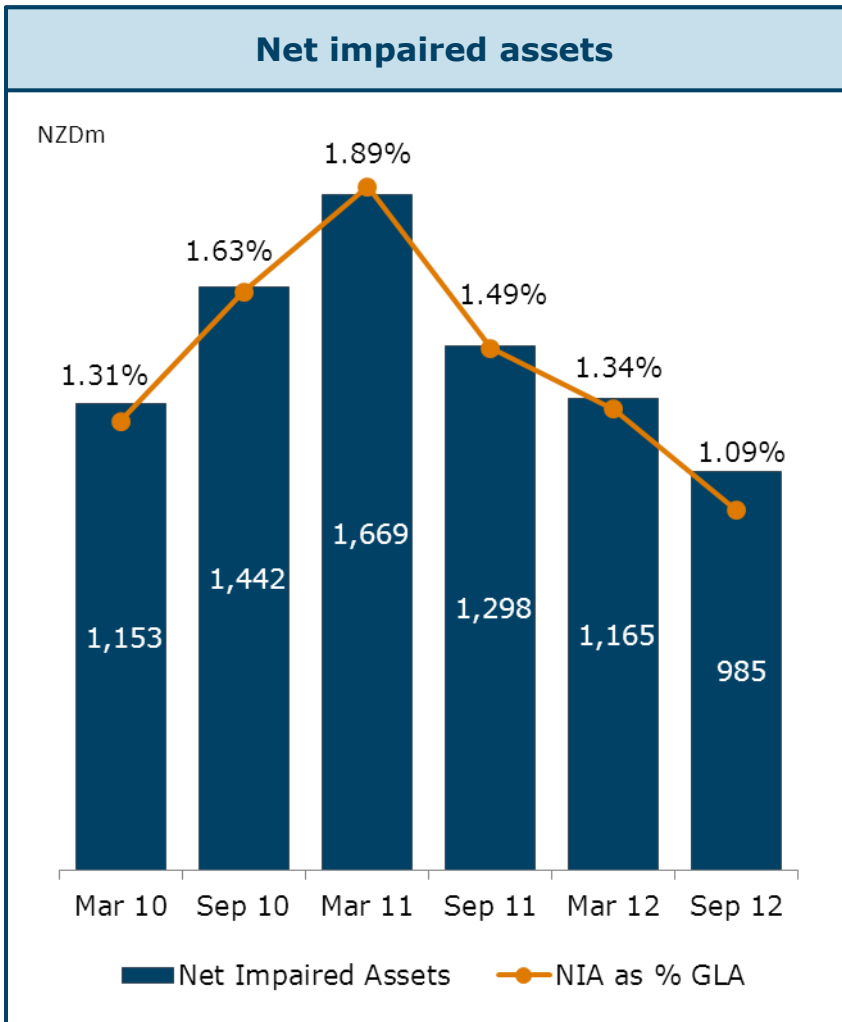
Australia 90+ day delinquencies



Well diversified and high quality assets in APEA



New Zealand Businesses



1. Spikes in 2012 Commercial 90 day delinquencies are primarily due to internal classifications rather than any deterioration in underlying credit quality.

ANZ's Australian Mortgage Portfolio

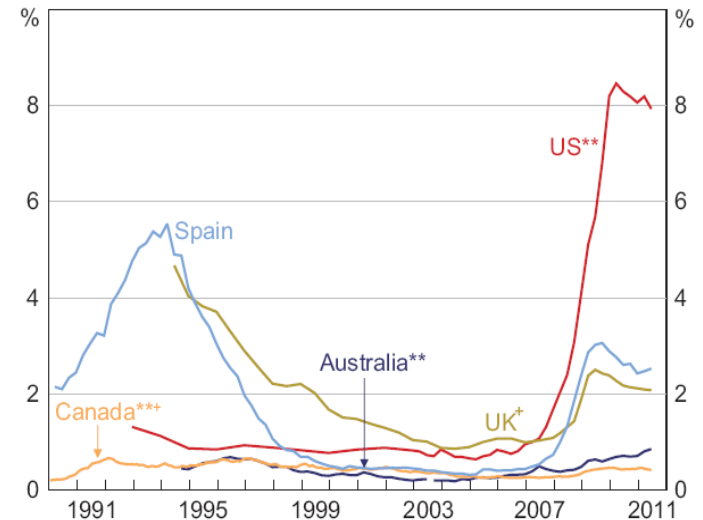


The structure of the Australian mortgage market has resulted in very low losses through various cycles

Full Recourse	<ul style="list-style-type: none"> All mortgage lending is full recourse Investment loans are also secured by mortgage over primary residence
Variable rate	<ul style="list-style-type: none"> Most mortgage lending in variable rate format (ANZ ~85%) Direct transmission for monetary policy
Low LVRs	<ul style="list-style-type: none"> Average dynamic LVR is ~52% (or ~64% at origination) Loans with LVR > 80% require mortgage insurance No sub prime market
Limited tax advantages	<ul style="list-style-type: none"> Mortgage debt on owner occupied homes is not tax deductible Results in high prepayment levels Consequently mortgage debt as proportion of housing stock is low (~30% in Aust vs ~62% in the US)
Originate to hold model	<ul style="list-style-type: none"> Mortgages typically retained on balance sheet Last Securitisation by ANZ in 2004

Non-performing Housing Loans

Per cent of loans*



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

Individual Provision Loss Rates

	1H10	2H10	1H11	2H11	1H12	2H12
Group	0.62%	0.42%	0.32%	0.31%	0.36%	0.43%
Australia Mortgages	0.02%	0.01%	0.01%	0.03%	0.03%	0.02%

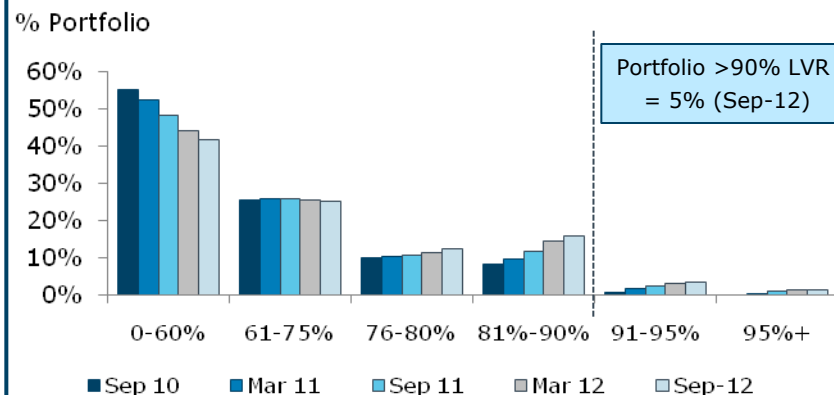


Australia Division – Mortgages

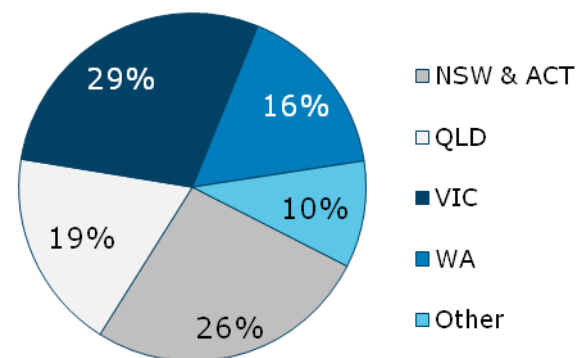
Portfolio Statistics

Total Number of Mortgage Accounts	848k
Total Mortgage FUM	\$182b
% of Total Australia Region Lending	60%
% of Total Group Lending	43%
Owner Occupied Loans - % of Portfolio	63%
Average Loan Size at Origination	\$262k
Average LVR at Origination	64%
Average Dynamic LVR of Portfolio	52%
% of Portfolio Ahead on Repayments ¹	49%
First Home Owners - % of Portfolio	9%
First Home Owners - % of New Lending	8%

Dynamic Loan to Valuation Ratio

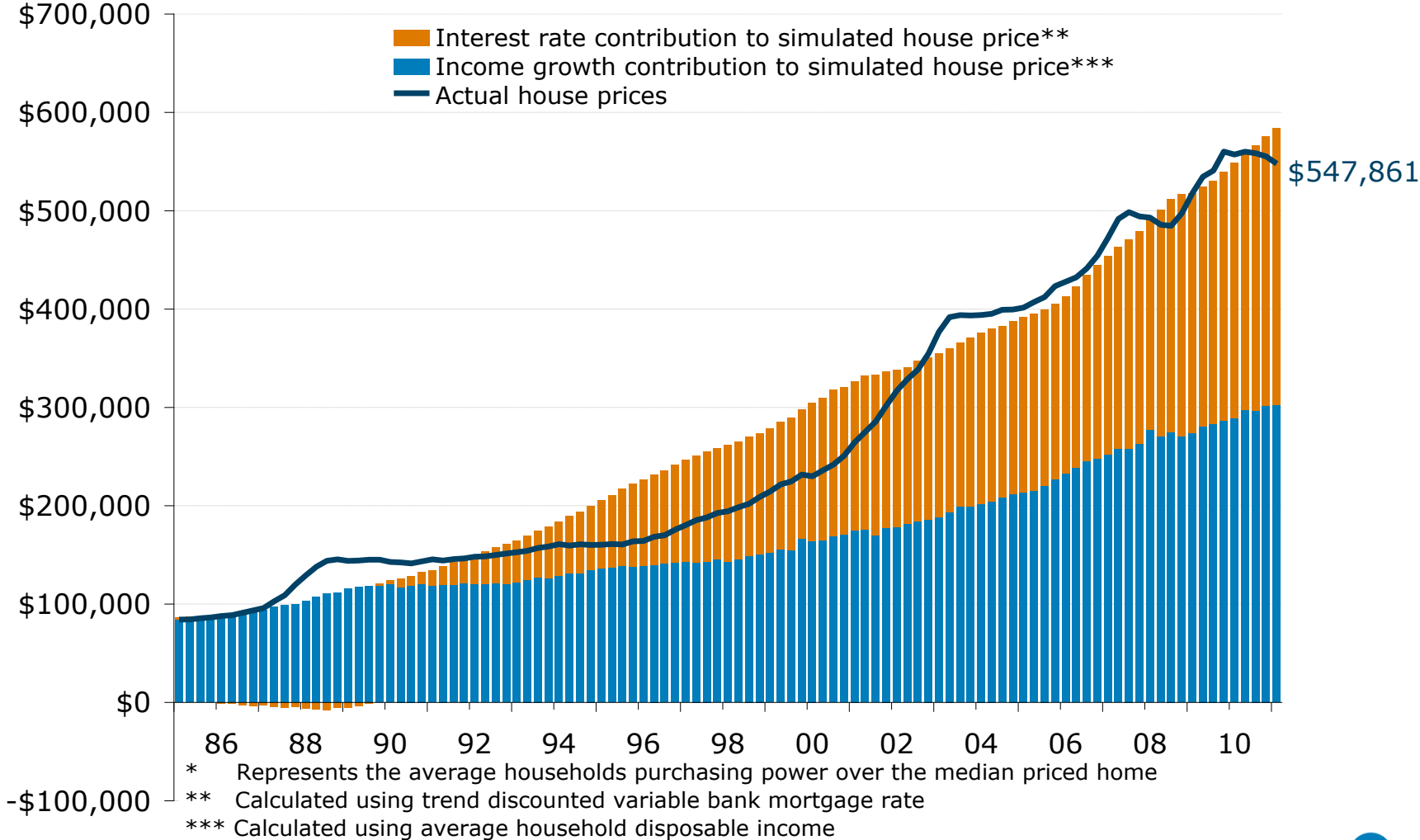


Mortgage Portfolio by State (Sep 2012)



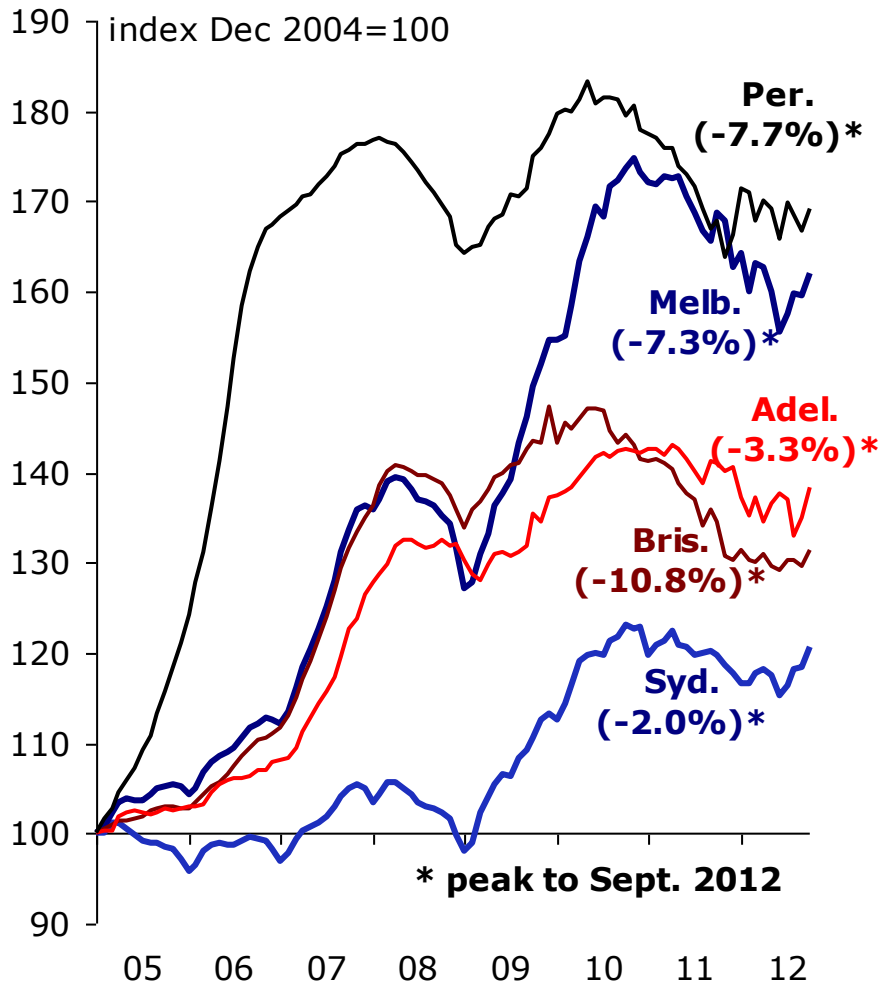
1. One month or more ahead of repayments. Excludes funds in offset accounts.

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

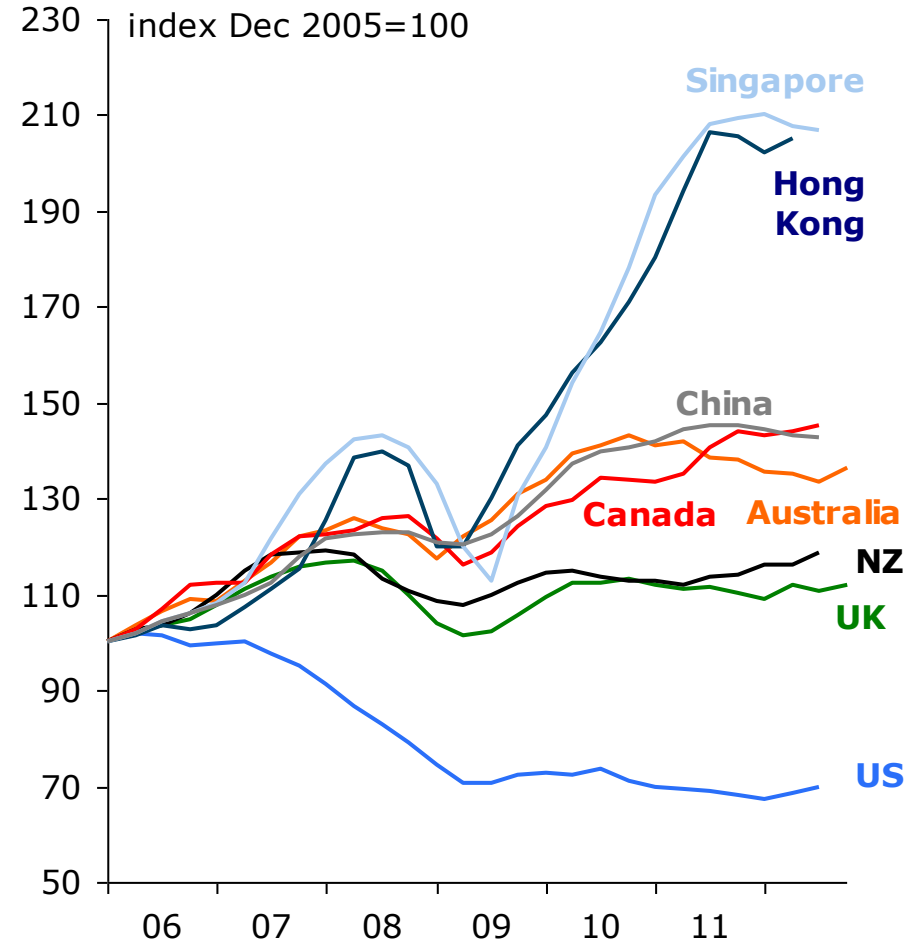


House prices appear to be stabilising after recent weakness

Median Australian house prices



International housing prices

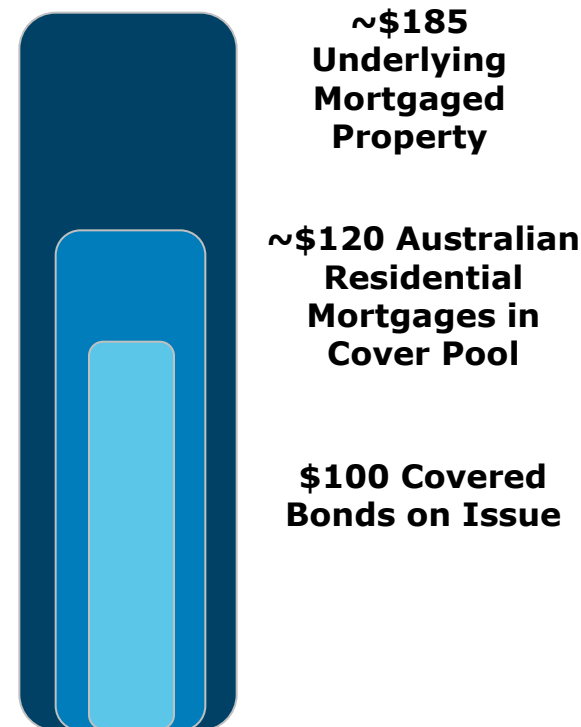


Covered Bonds

Australian Covered Bonds have a number of elements of structural support

Structure	<ul style="list-style-type: none">✓ Legislative framework✓ Dual recourse✓ No time subordination for investors
Collateral	<ul style="list-style-type: none">✓ Residential mortgage collateral✓ Indexed for price movements✓ High level of transparency
Supervision	<ul style="list-style-type: none">✓ APRA regulated✓ Independent Asset Monitor
Ratings	<ul style="list-style-type: none">✓ AAA rating (Fitch & Moody's)✓ Issuer rating downgrade protection✓ Major issuers have high leeway

Illustration of Supporting Collateral Portfolio



ANZ's Covered Bond Strategy

Rationale	<p>Diversification of investor base</p> <ul style="list-style-type: none">• Access to AAA investor base - timely to assist in redemption of Government Guaranteed debt maturing from 2012 to 2014• Reduces requirements for senior unsecured debt in offshore markets <p>Lengthen funding profile in a cost effective manner</p>
Metrics	<p>Based on ANZ's balance sheet size and legislative requirements:</p> <ul style="list-style-type: none">• Cover pool limited to 8% of Australian assets• Provides capacity for ~\$28bn of Australian covered bond outstandings• ANZ's Australian mortgage portfolio currently ~\$182bn
Programme	<p>ANZ established a US\$20bn Australian covered bond programme</p> <ul style="list-style-type: none">• Multi-currency capability, with focus on EUR, USD and AUD• Additionally have executed in CHF, NOK, HKD• Allows use of Hard or Soft bullets
Expected Future Execution	<p>Liquid yield curves to be established in AUD, EUR and USD via regular but not too frequent issuance</p> <ul style="list-style-type: none">• Plan to issue ~\$5bn per annum (20-25% of planned term debt issuance)• 1-2 transactions per year in each of EUR, USD and AUD markets• Focus on 5-10yr tenors for covered bonds, 2-5yr for senior unsecured

Australian Covered Bond Legislation

Structure	<ul style="list-style-type: none">• Enabling legislation (to amend the Banking Act 1959) passed the Australian Federal Parliament and became law in October 2011• ADIs to be covered bond issuer, with dual recourse to issuer and cover pool• Guarantee provided by an SPV, used for segregation of cover pool assets and provides legal certainty of a priority claim over the cover pool
Priority	<ul style="list-style-type: none">• Bondholders have priority against a cover pool of financial assets• Demand loan structure regulates priority and size of cover pool and use of the issuance limit. APRA has limited powers with respect to assets in the cover pool
Cover pool	<ul style="list-style-type: none">• Australian assets only - includes cash, Aust Government bonds, State-Government bonds, <100 day bank debt (up to 15%), residential or commercial mortgage loans and derivatives• ANZ pool will limit State-Government Bonds to less than 15% and will not include commercial mortgage loans.• Minimum level of over-collateralisation of 3% (with contractual OC in addition) where value is only provided up to 80% LVR for residential loans
Issuance Limits	<ul style="list-style-type: none">• Issuance not permitted if cover pool assets > 8% of ADI's Australian assets• Implies potential covered bond issuance of ~\$28bn by ANZ
Supervision	<ul style="list-style-type: none">• APRA has prudential supervision responsibilities• Defined role of independent cover pool monitor eg audit firm

Programme Structural Enhancements

Over Collateralisation

- Monthly Asset Coverage Test (ACT) to ensure cover pool is sufficient to secure the outstanding covered bonds per minimum contractual OC
- Maximum Asset Percentage 95%
- Asset Percentage (as at September 2012) was 86%
- OC is the inverse of Asset Percentage (~16.3% OC)

Indexation of Collateral

- The nominal property values are adjusted to reflect changes in house prices using RP Data-Rismark Home Value Index
- The Asset Coverage Test uses both the Latest and Indexed Valuation for each property
- The Amortisation Test require the use of the Indexed Valuation
- Indexing is applied with 100% of any loss and 85% of any gain applied
- Housing Loans in arrears by more than 90 days receive zero value

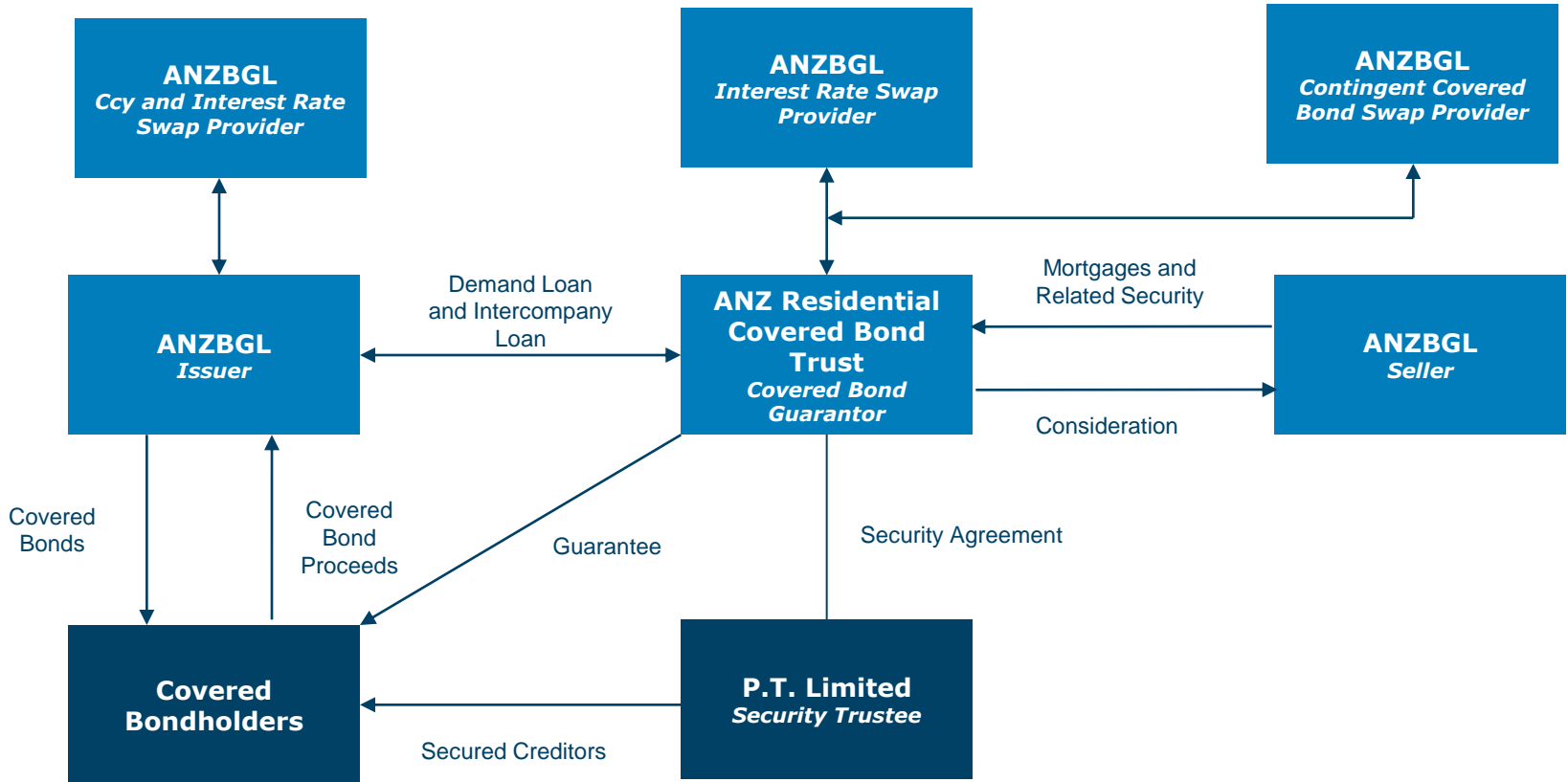
Hedging

- Provided by ANZBGL to the Guarantor
 - Interest Rate Swap
 - Contingent currency swap
- Required to post collateral, obtain guarantees and/or be replaced if specified rating triggers occur

Issuer Event of Default and Covered Bond Guarantee

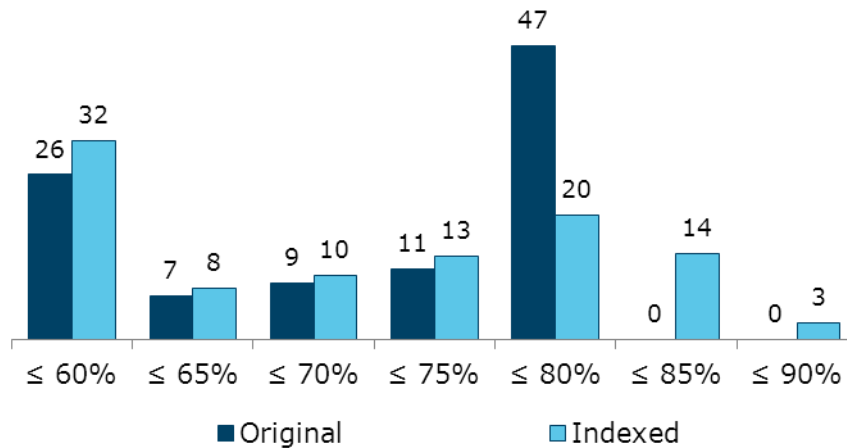
Issuer Events of Default	<p>Include:</p> <ul style="list-style-type: none">• Default in principal or interest for 7 days• Fail to perform obligations for 30 days• Winding up, encumbrancer takes possession of all assets• Bankruptcy proceedings• An uncured breach of ACT
Following an Issuer Event of Default	<ul style="list-style-type: none">• Service of an Issuer Acceleration Notice to the Issuer will accelerate claims against the Issuer but not the Guarantor. The bonds do not accelerate.• Bondholders may immediately claim against the Issuer for the full Early Termination Amount and rank pari passu with ANZ's senior unsecured debt• Any money obtained under that claim is paid to the Guarantor for payment on bonds as they fall due
Activation of the Covered Bond Guarantee	<ul style="list-style-type: none">• Following an Issuer Acceleration Notice, the Trustee may serve a Notice to Pay on the Covered Bond Guarantor• Investors receive payment of interest and principal under the Covered Bond Guarantee according to the original payment schedule as if no Issuer Event of Default had occurred• To the extent the Covered Bond Guarantor has insufficient funds to repay in full Covered Bonds on the Maturity Date, the unpaid amount of Covered Bonds will be deferred and shall be due and payable 12 months later (or earlier if the CB Guarantor has sufficient funds). This provision does not apply to Hard Bullet Covered Bonds.

Programme Structure

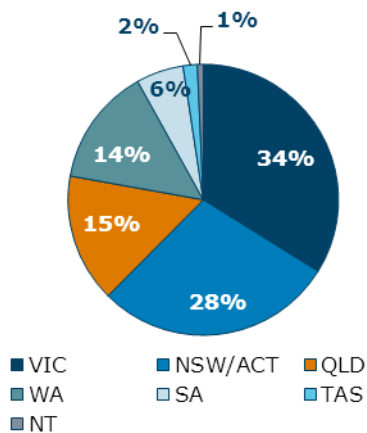


Cover Pool - Composition and qualifying criteria

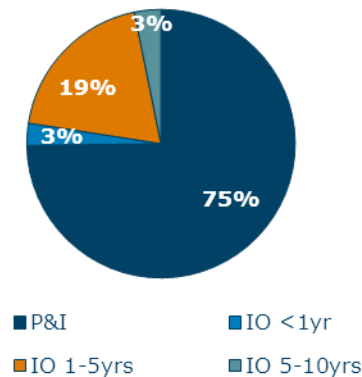
Weighted Average LVR (%)



Geographic Spread (State/Territory)



Amortising vs Interest Only



Portfolio Summary at 20 September 2012

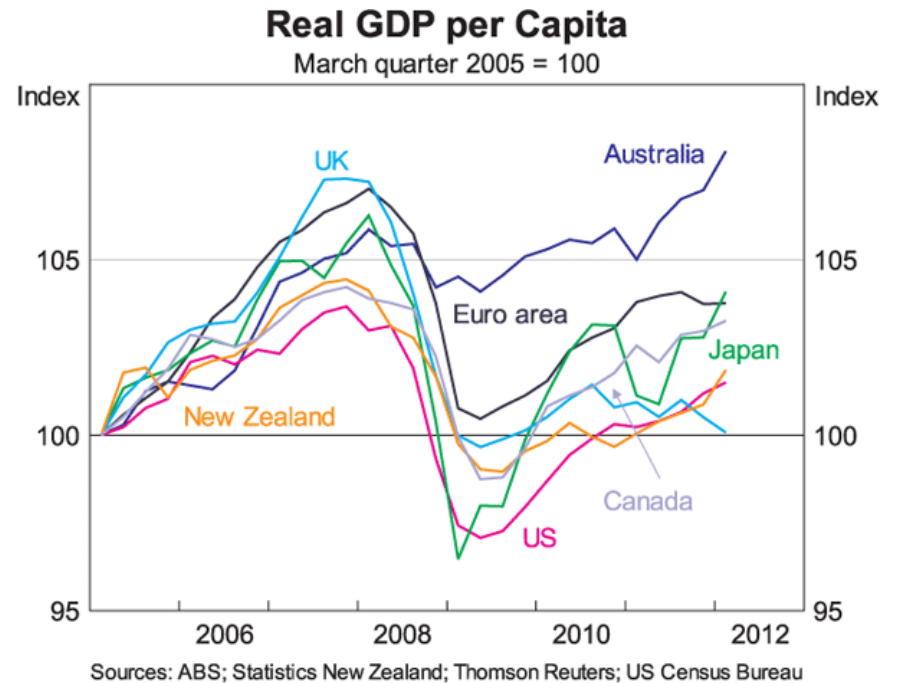
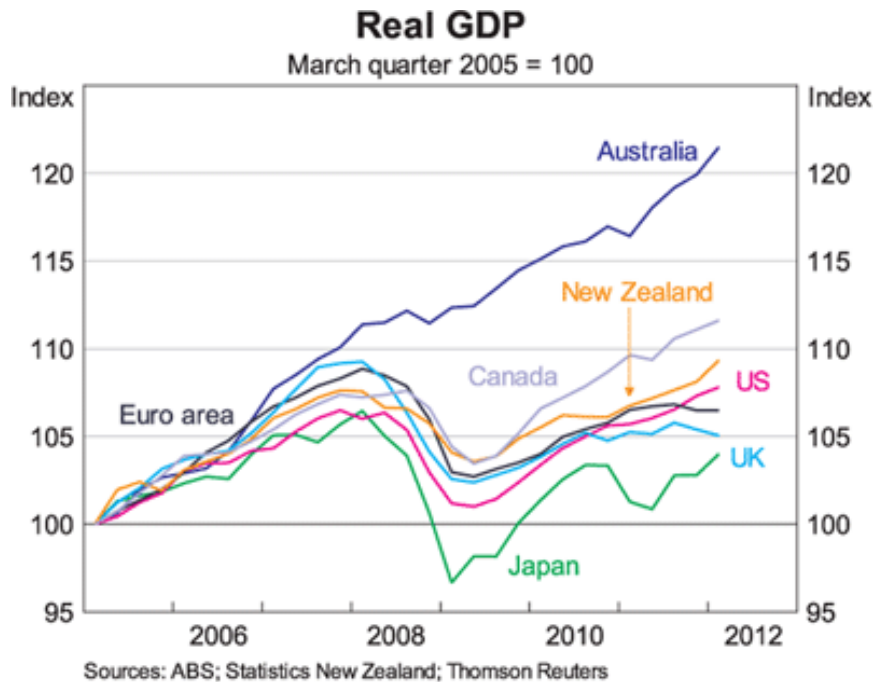
Covered Bond Pool	\$11,224m
Covered Bonds on issue	\$8,803m
Average loan size	\$279,617
Weighted Ave Current LVR	64%
Weighted Ave Indexed LVR	65%
Weighted Ave Seasoning	16 months
Min Required AP% / OC%	86% / 16%
Owner-Occupied / Investment	76% / 24%
Full-Doc loans	100%

Qualifying Loan Criteria

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

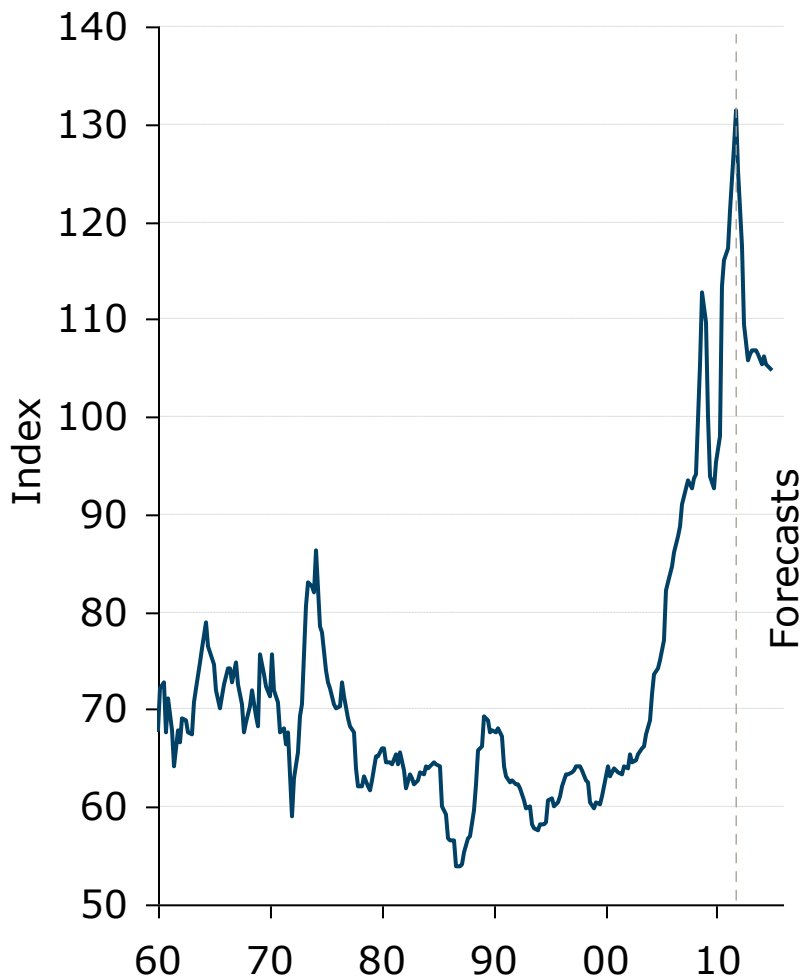
Australian Economy

The Australian economy has performed relatively well in aggregate

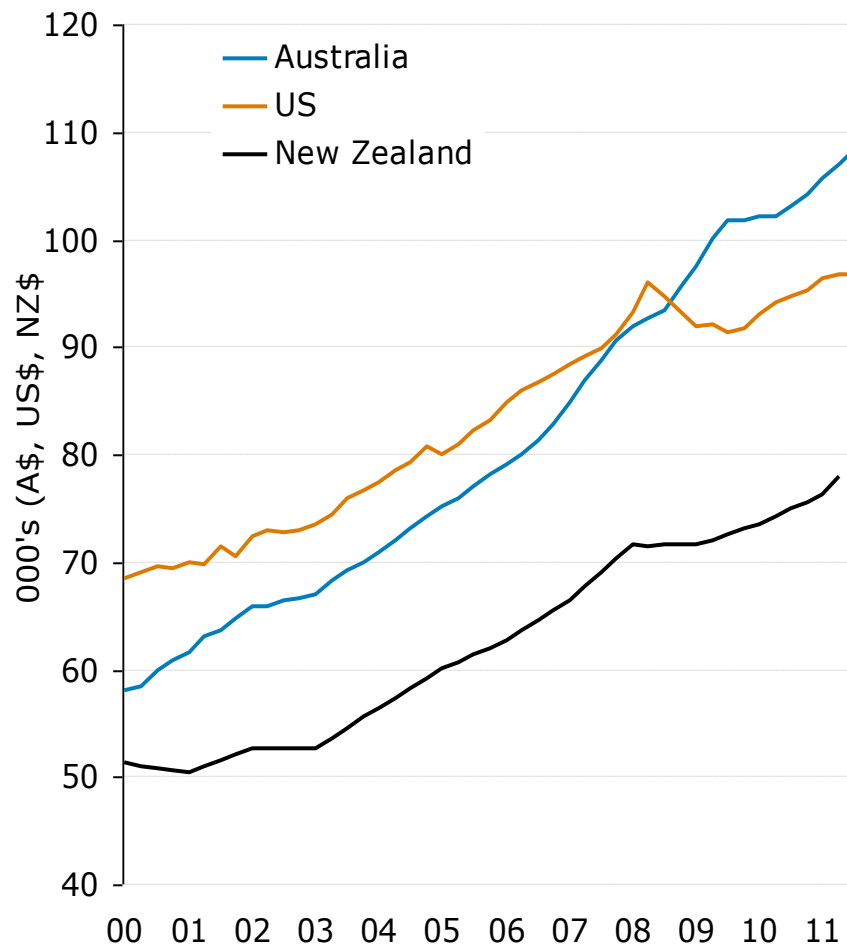


The Terms of Trade has driven the economy and resulted in strong income growth

Terms of trade since 1960

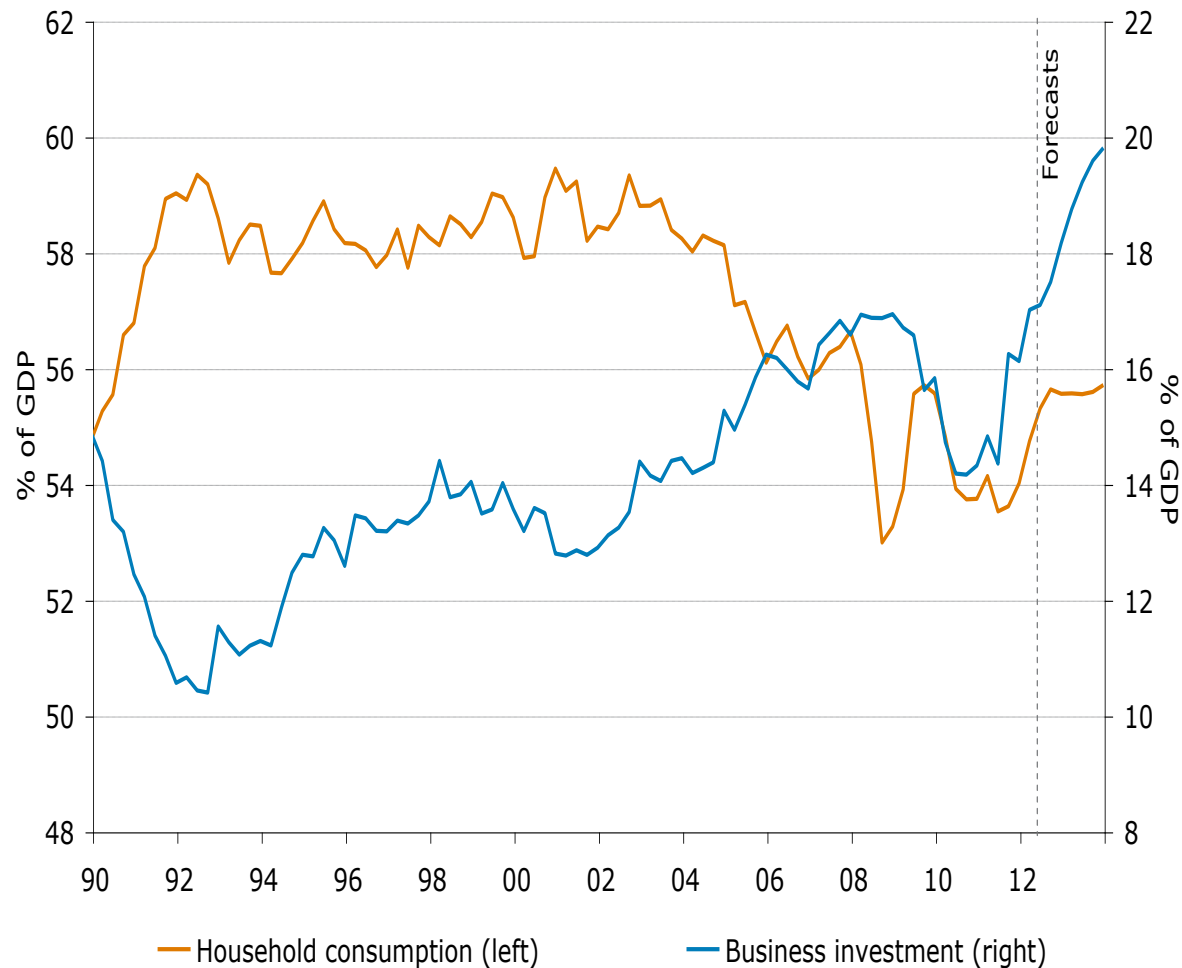


Income growth is continuing



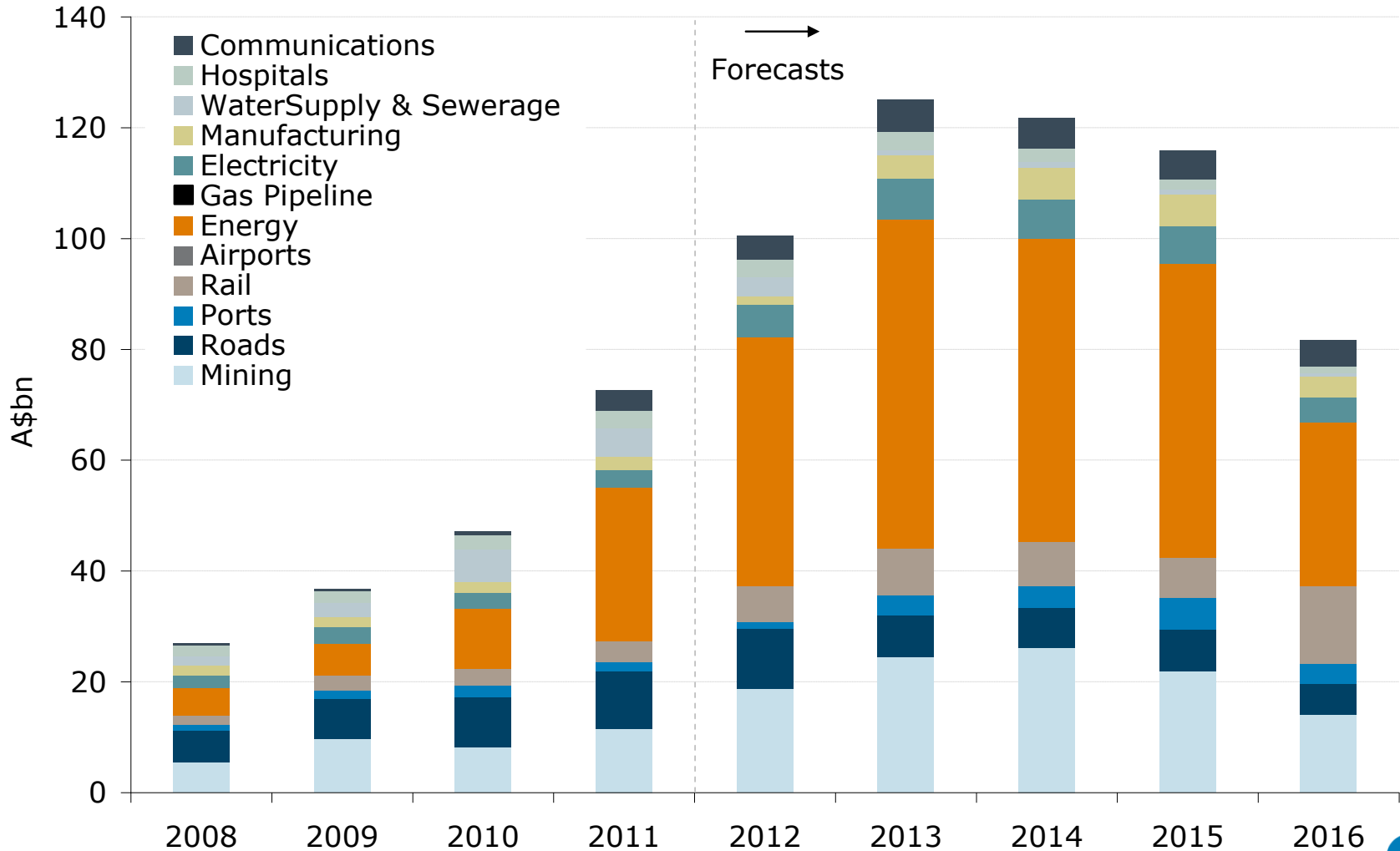
Strong investment growth driving the economy

Business investment vs. consumption

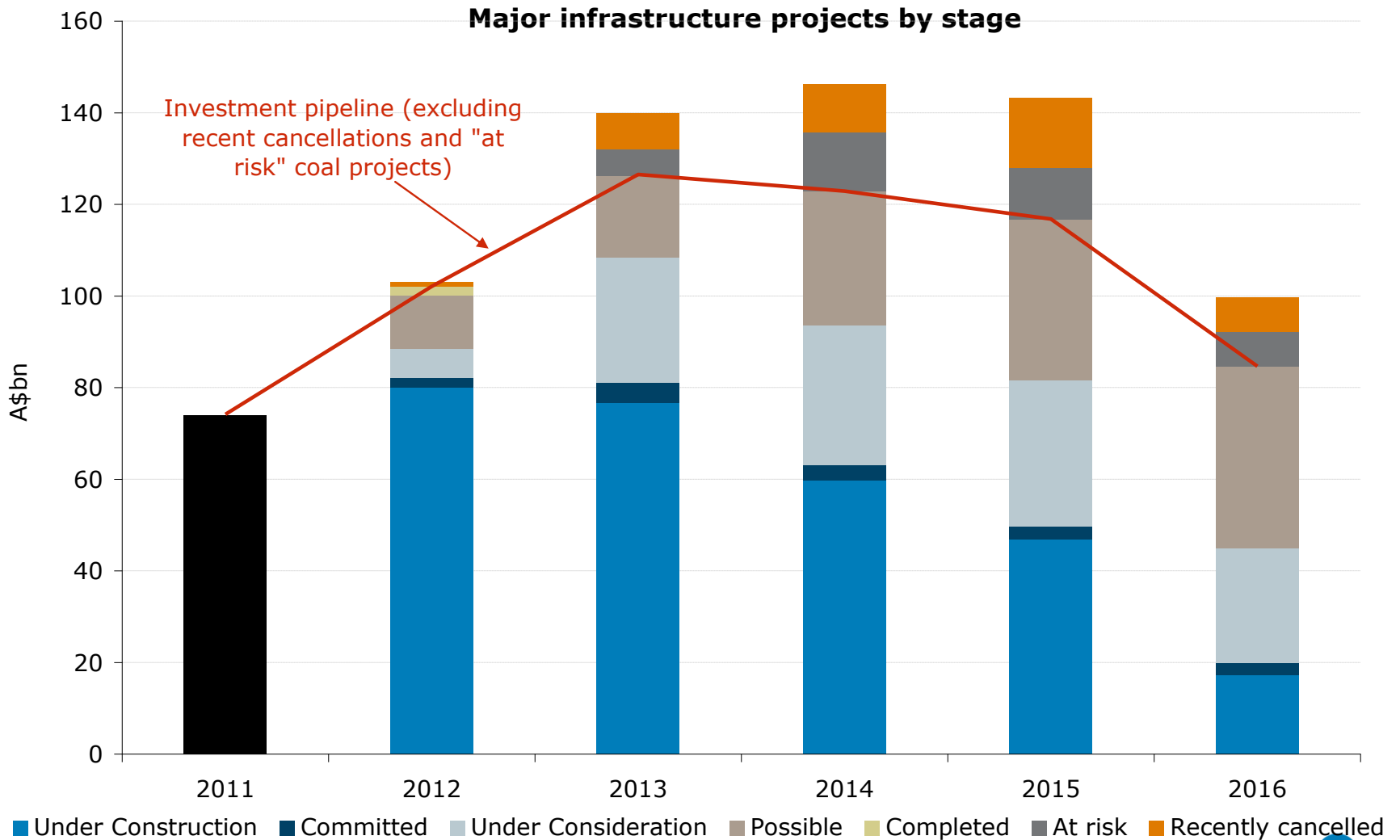


Investment is concentrated in the mining, energy and infrastructure sectors

Major infrastructure projects by industry

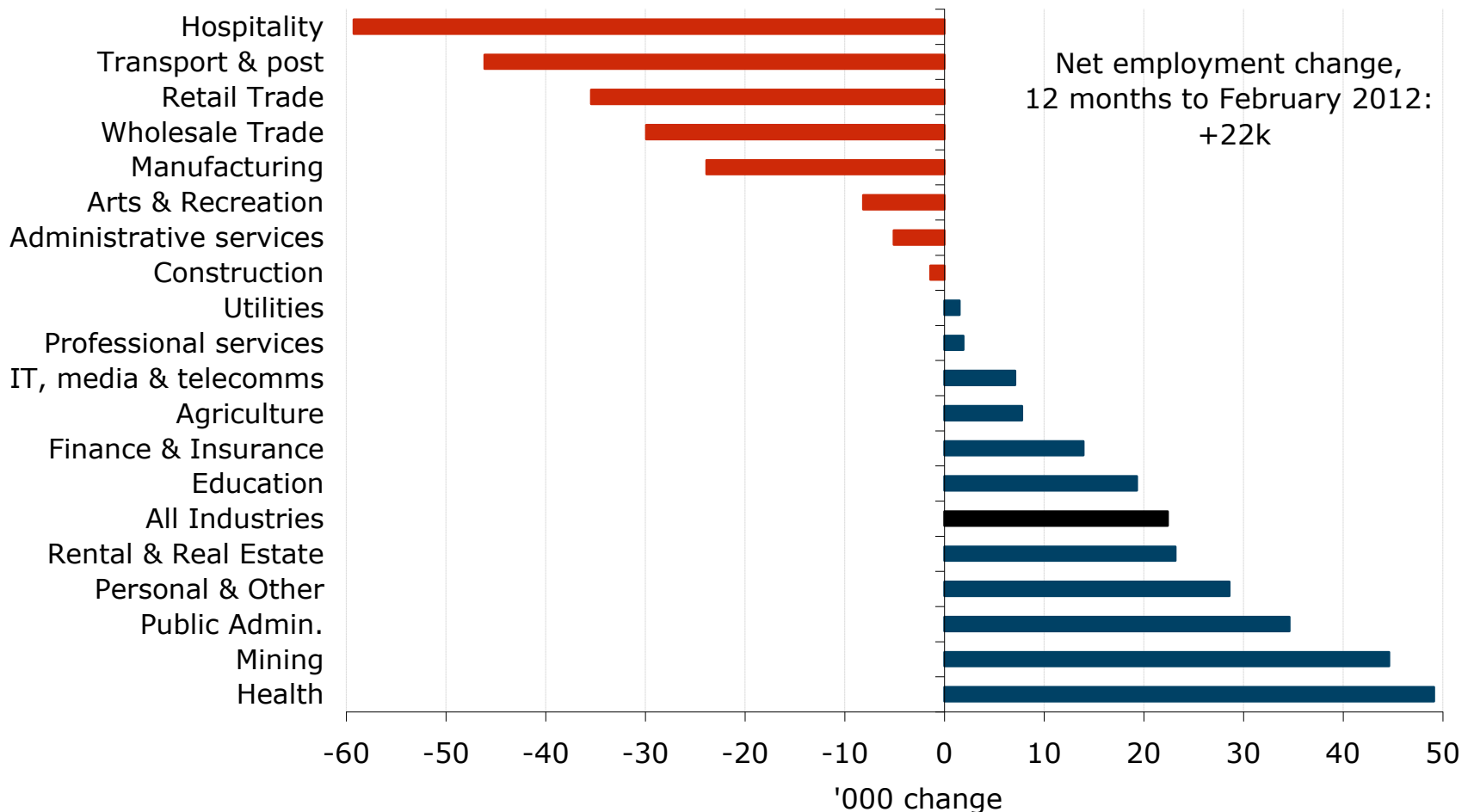


Downside risks to the investment pipeline (post 2014) have emerged due to lower prices and rising costs.

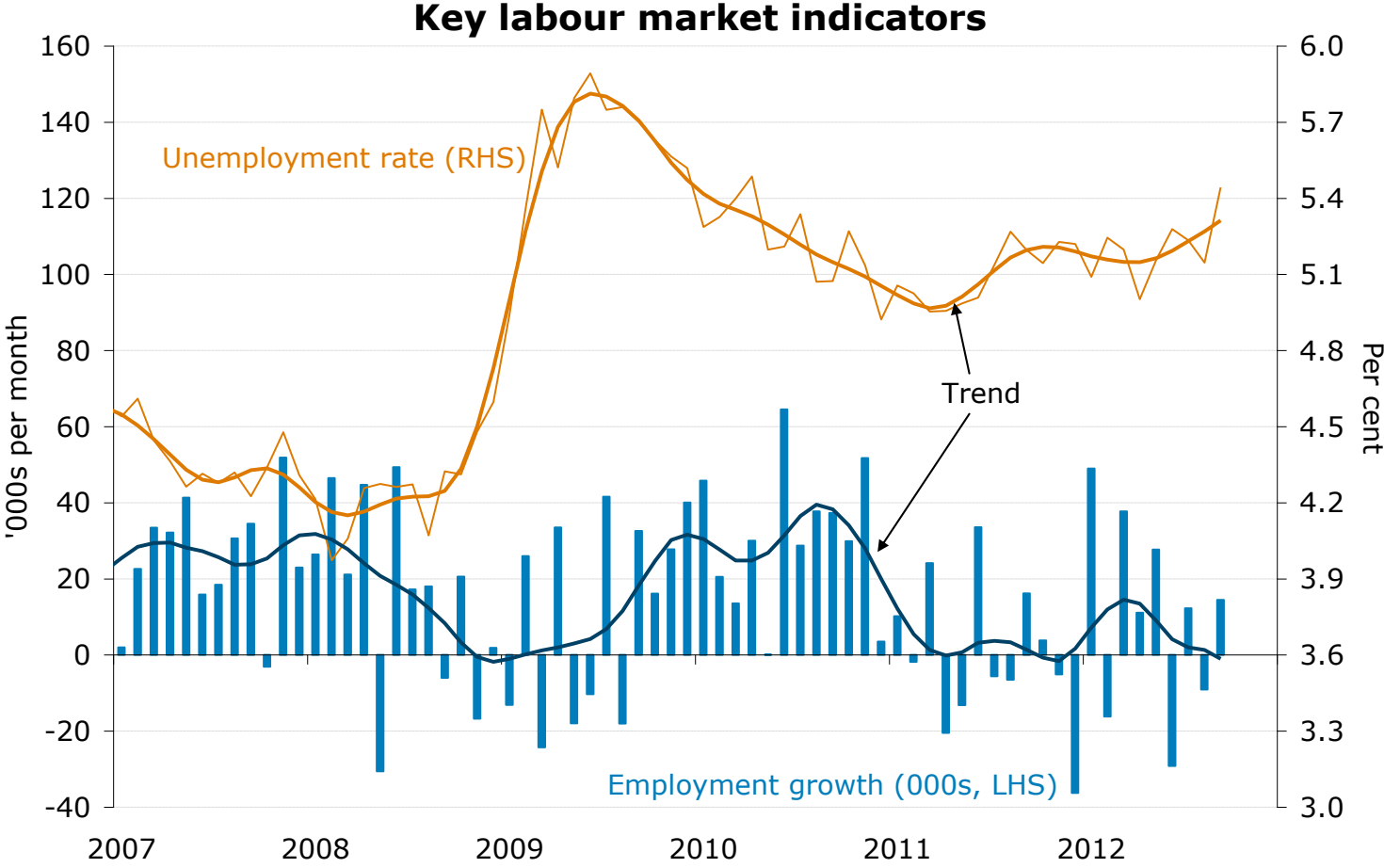


The Australian economy is grappling with the structural change associated with this 2 speed economy

Employment growth by industry, 12 months to Feb 2012



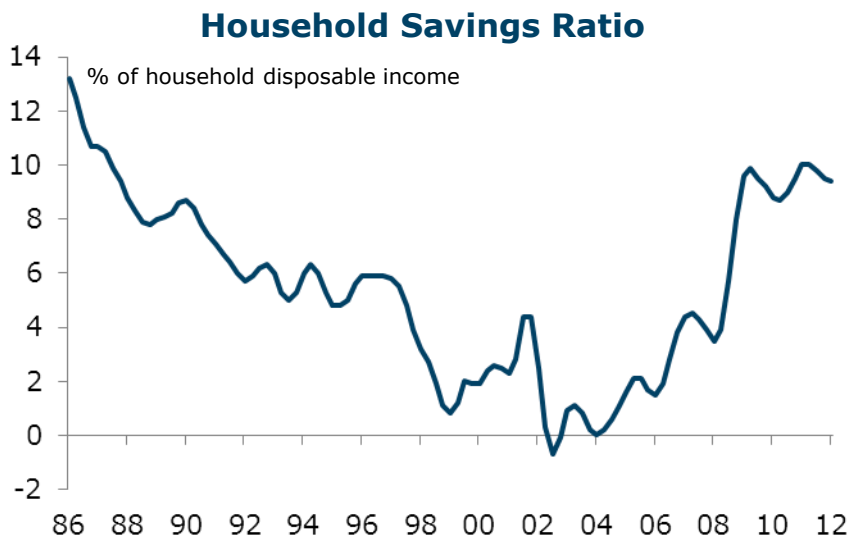
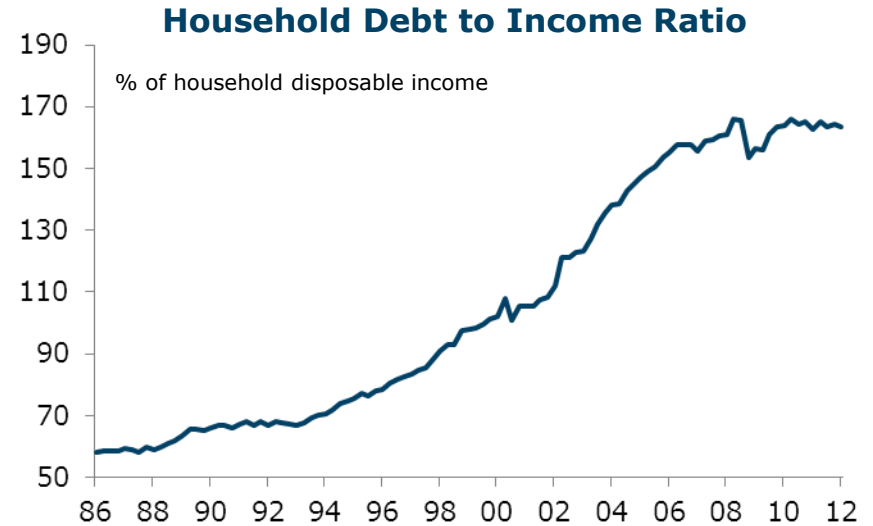
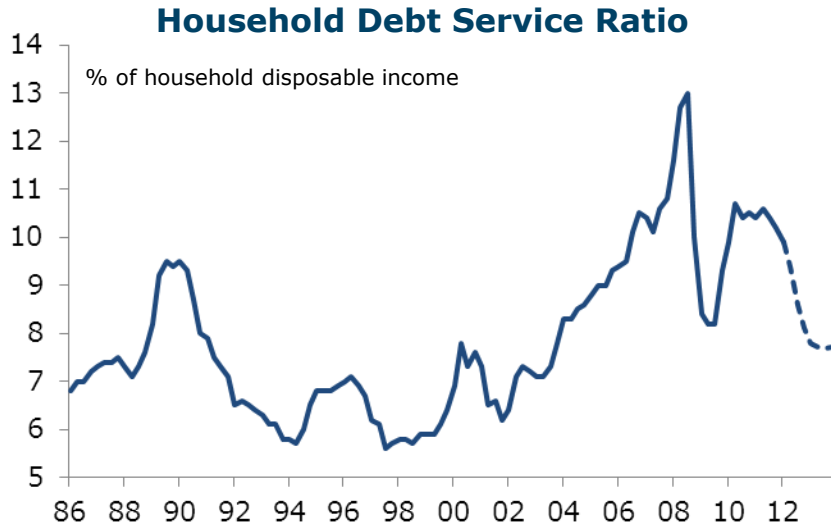
Employment is growing only very slowly. The unemployment rate remains low but should drift a little higher.



Sources: ABS, ANZ



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

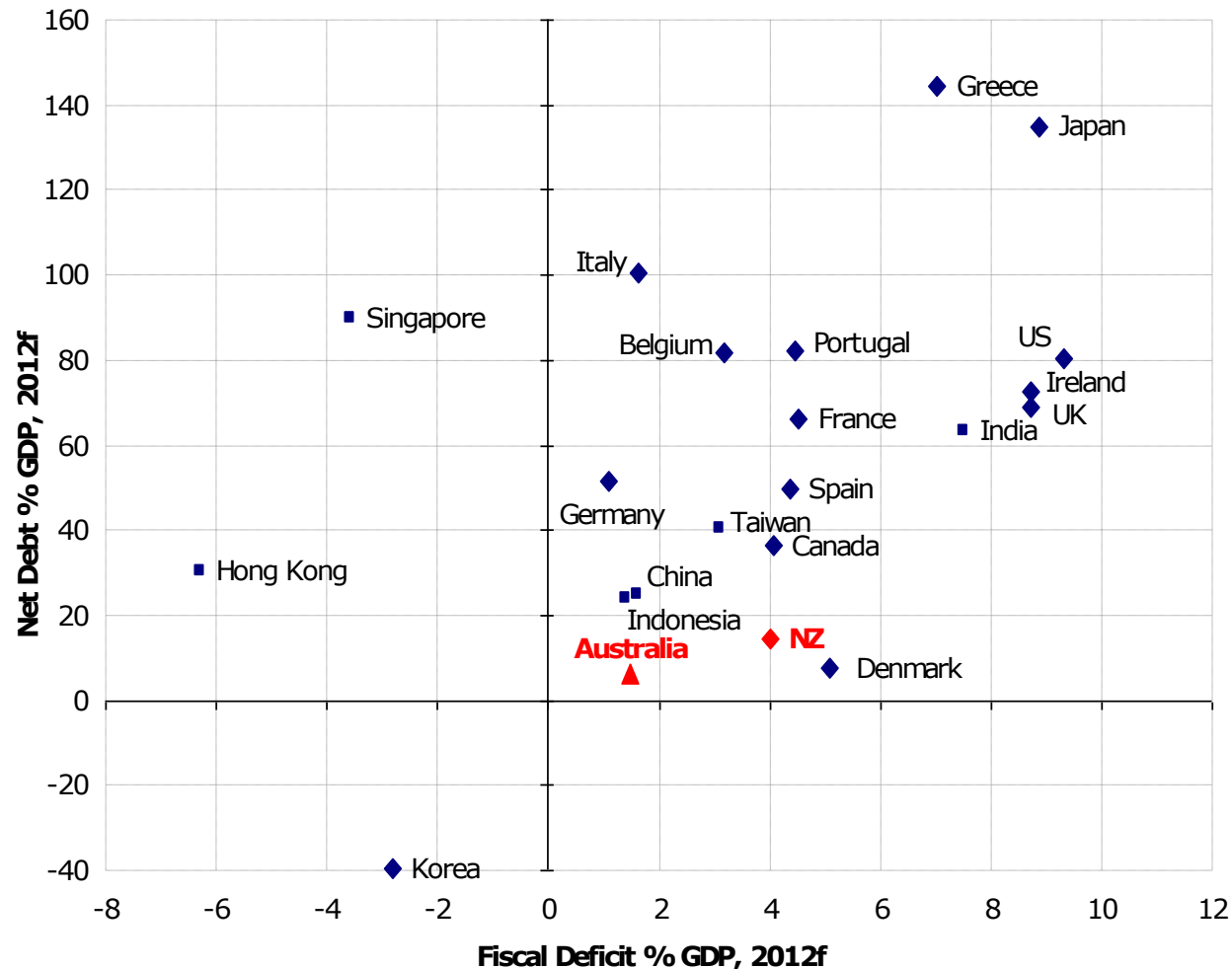


- As a result of lower interest rates, the household debt service ratio has declined
- Household debt to income has remained broadly stable since 2006
- Household savings ratio has reverted back to long term averages after abnormally low levels over the past decade



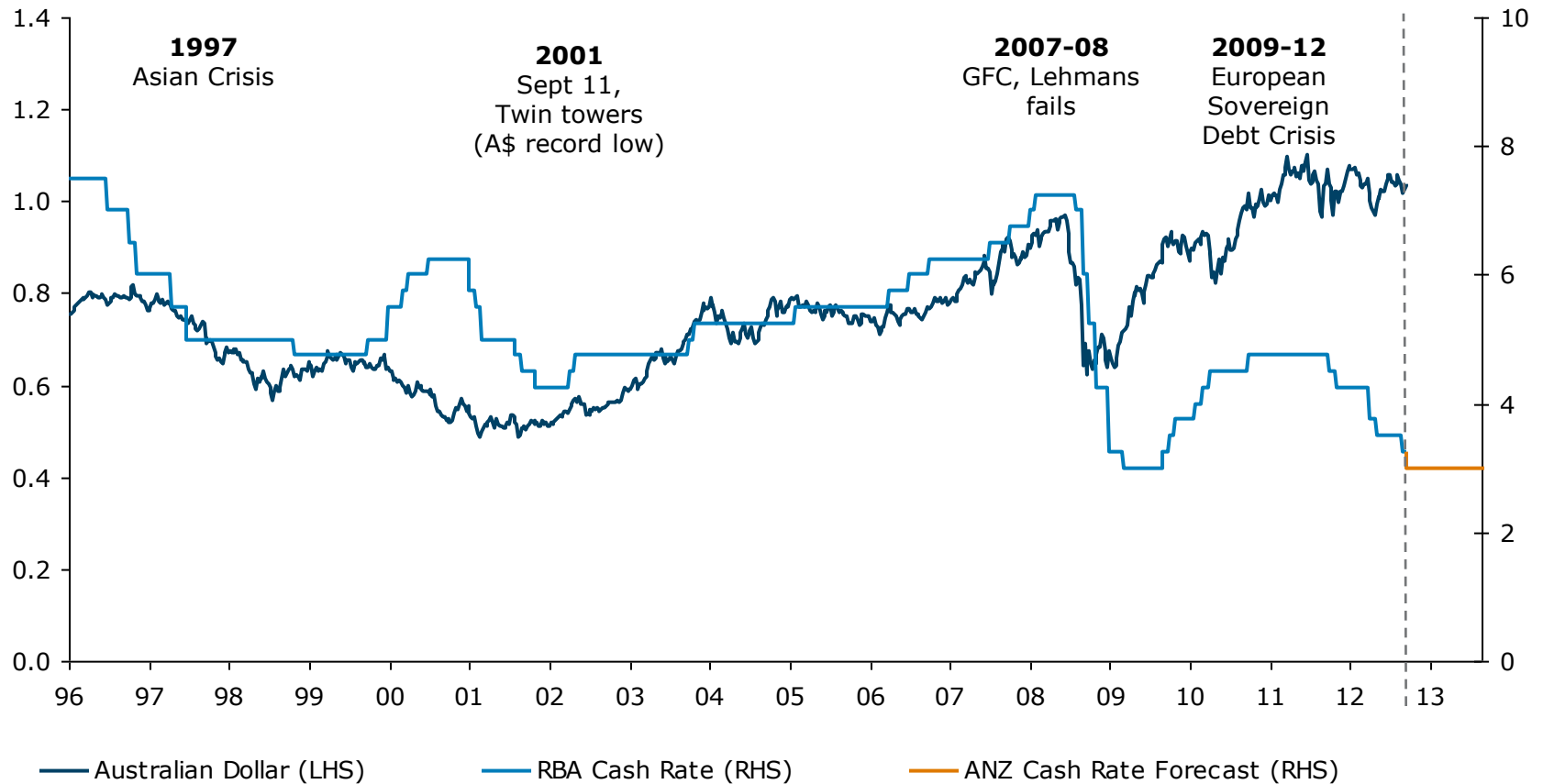
Financial flexibility : Australia remains in a very strong fiscal position

Fiscal & Debt position



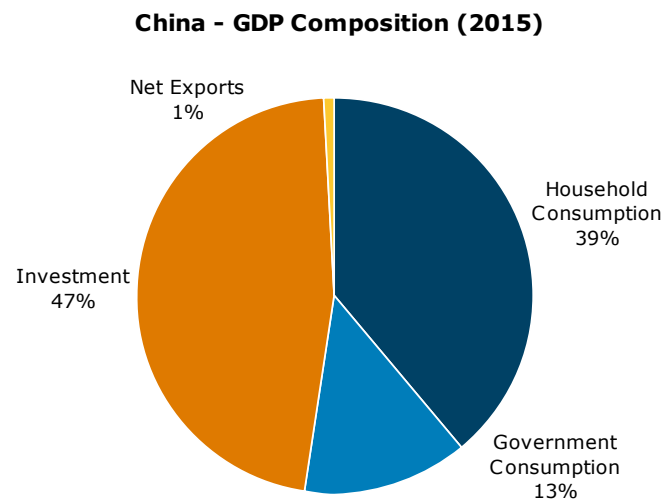
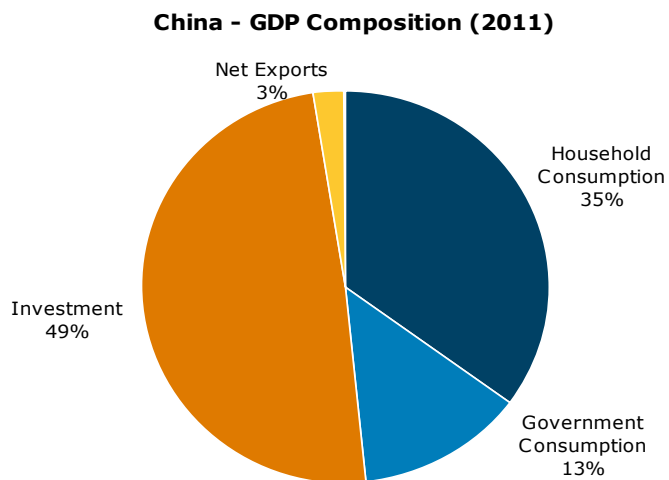
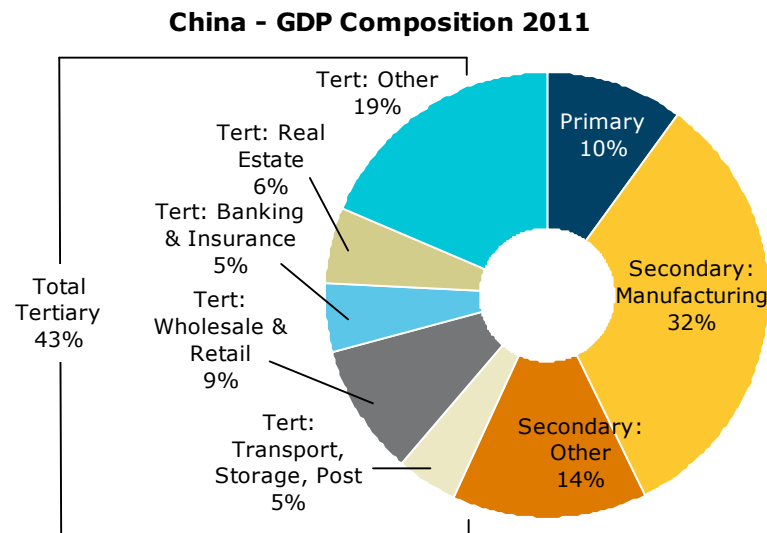
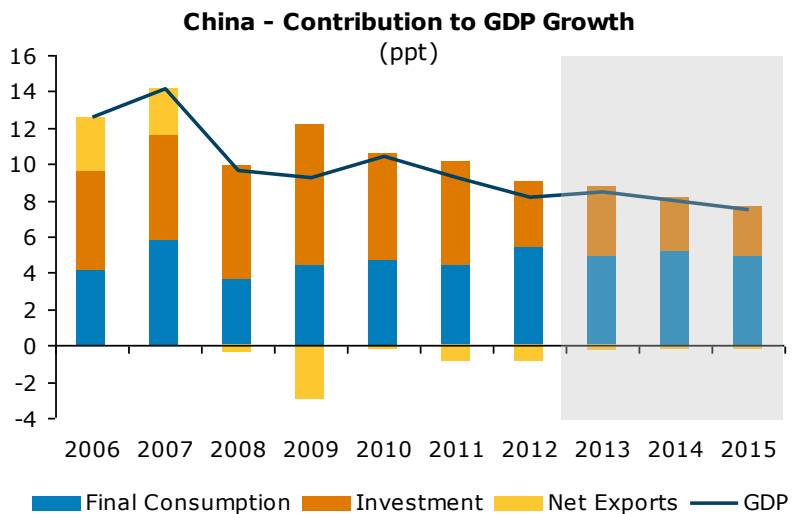
Financial flexibility : the Australian economy has two other key policy adjustments to offset global shocks

Australian Dollar & RBA Cash Rate



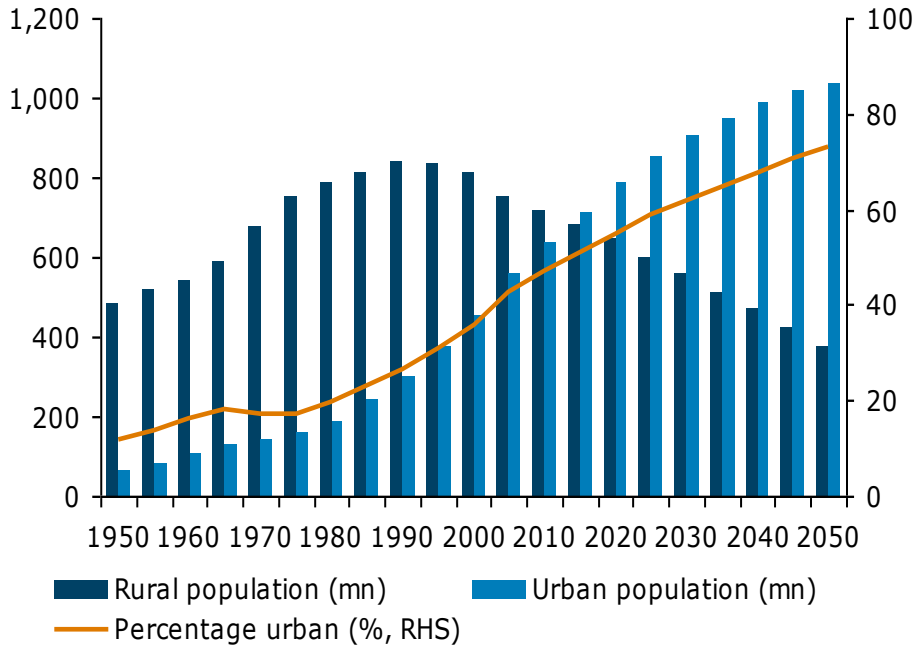
China : A medium term perspective

Policy focus is now to boost consumption and *gradually* reduce the importance of investment in boosting growth

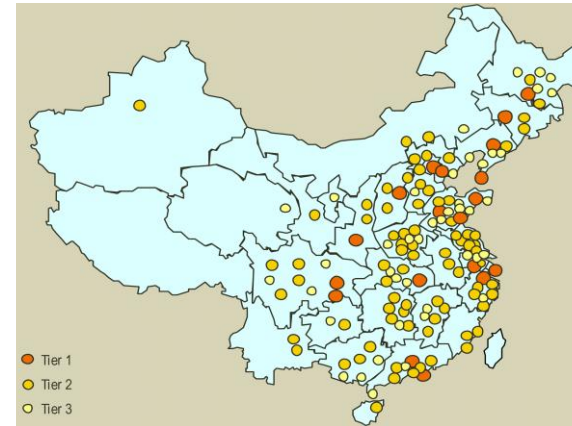


Urbanisation in China will continue to drive investment over the medium term

China - Urbanisation



China's rapid growth in large cities



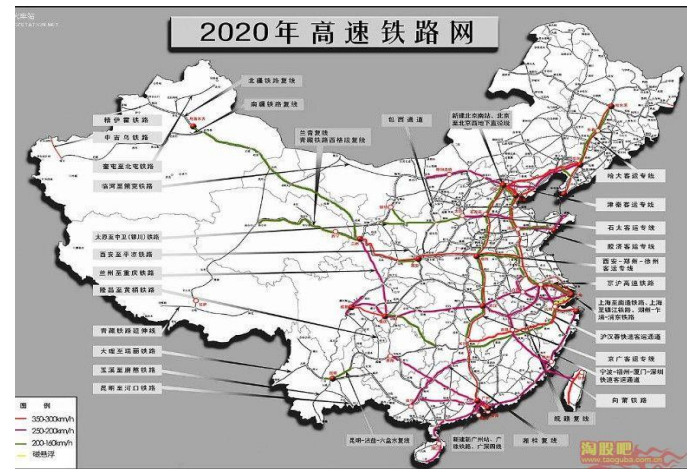
2003 :
45 tier 1 - 3 cities

2025:
147 tier 1-3 cities

11 cities ~ 15 m

18 cities ~ 10 m

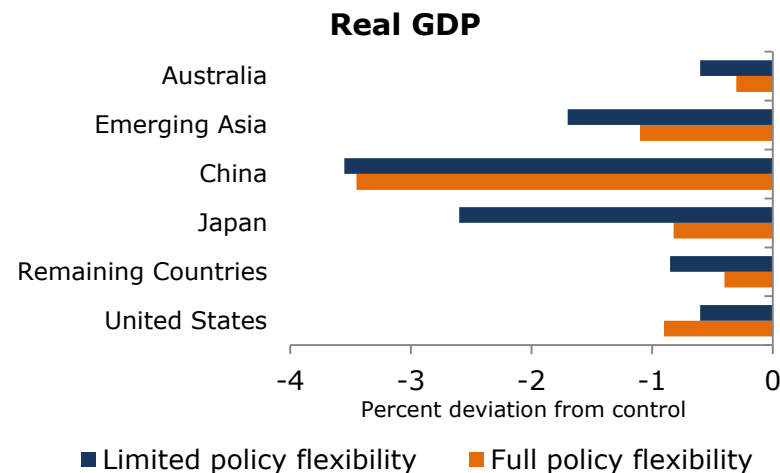
China's high speed rail network by 2020



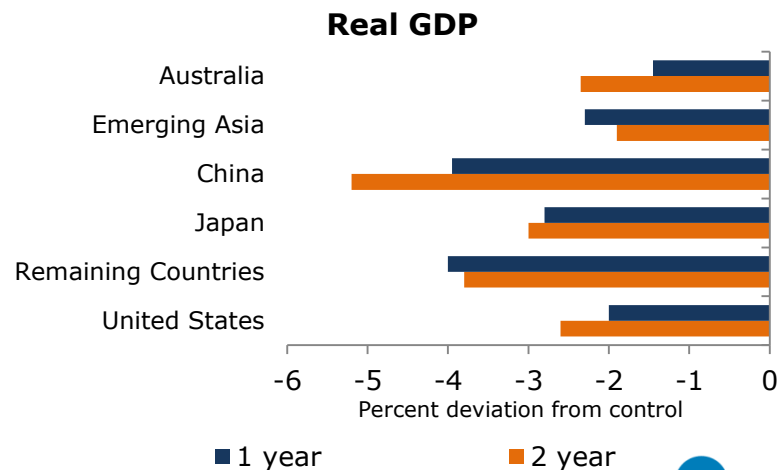
What does a slowdown in China mean for Australia ?

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

Case 1 : China shock



Case 2 : Global downturn



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