
ANZ National Bank

June 2005 GDS
Discussion Pack

Underlying performance maintained

Item	Jun-05 (NZ\$m)	Jun-04 (NZ\$m)	Change (%)	Commentary
Net Interest Income	470	469	0	NII flat due to growth in lending and deposit volumes offset by continuing decline in margins. Margin decrease driven by price competition, funding cost increase and unfavourable product mix
Other Operating Income	203	198	3	Improved capital markets earnings (FX and trading) due to increased spot volatility; reasonable other income growth offset by implementation of ANZ Retail fee initiative.
Operating Expenses*	296	293	1	Operating costs stable due to tight cost control
Provision for Doubtful Debts	31	38	-18	Lower ELP charge, reflecting growth in mortgage lending and improved credit quality
Tax Expense	111	99	12	Increase in effective tax rate due to non-assessable revenue recorded in June 2004 quarter, not repeated in June 2005 .
NPAT*	235	237	-1	Underlying result flat - excludes impact of goodwill and integration costs

*pre goodwill and integration costs

Reconciliation to underlying result

	QUARTER To Jun-05 \$m	QUARTER TO Jun-04 \$m
Headline profit after tax	169	192
Add back: Goodwill amortisation	45	40
Integration costs (post-tax)	21	5
Underlying profit after tax	235	237
Headline operating expenses	373	339
Add back: Goodwill amortisation	45	40
Integration costs	32	6
Underlying operating expenses	296	293

The business has achieved a strong strategic position

- ANZ National holds strong positions in all core banking markets
- Market share of customers is close to 40% across all major segments
- No. 1 position in Rural banking (lending and deposits FUM)¹
- No. 1 position in the home lending and household deposits markets²
- Highest main bank customer share³
- No. 1 in the corporate⁶ and Institutional⁴ markets on key measures
- The National brand is No.1 for customer service rating amongst major banks⁵
- ANZ brand is at a 7 year high for service rating⁵

Market Share Segment	Share
Retail Banking	
Customers ⁵ / Deposits ²	37%
Mortgages ²	33%
Small Business Customer ⁶	37%
Rural Banking ¹	41%
Corporate & Commercial ⁶	41%
Institutional (estimated)	45%

Sources: 1. RBNZ C5 table and ANZN. 2. General Disclosure Statements and Key Information Summary for all major banks for quarter ending June 2005. 3. ACNielsen© Consumer Finance Monitor - share of main bank customer Q1 2005. 4. Peter Lee Associates Large Corporate and Institutional Relationship Banking 2005/ Foreign Exchange and Interest Rate Derivatives 2004; Insto; Basis Point 5. ACNielsen© Consumer Finance Monitor. Q105 (Customers rating overall service as Excellent or Very Good)6. TNS Business Finance Monitor;

The impact of our investment is reflected in our customer service ratings

Better Customer Experience

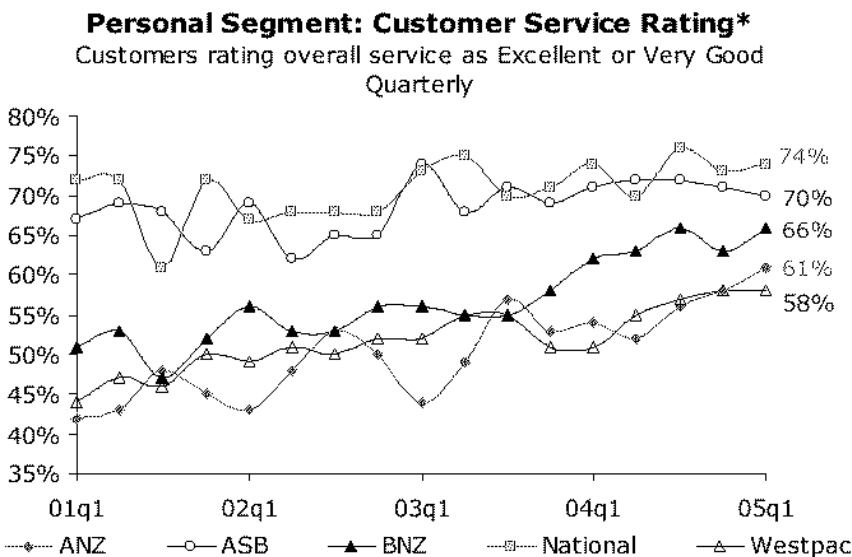
We have launched a number of new products in the last 12 months:

- First Home Option product in the retail market (National Bank)
- Streamlined Mortgage Settlement Services (National Bank)
- Online call account (ANZ)
- Low interest rate credit card (ANZ)

Between our two brands we have opened 7 new branches since June 2003

ANZ customer service ratings hit a 7 year high in the first quarter of 2005

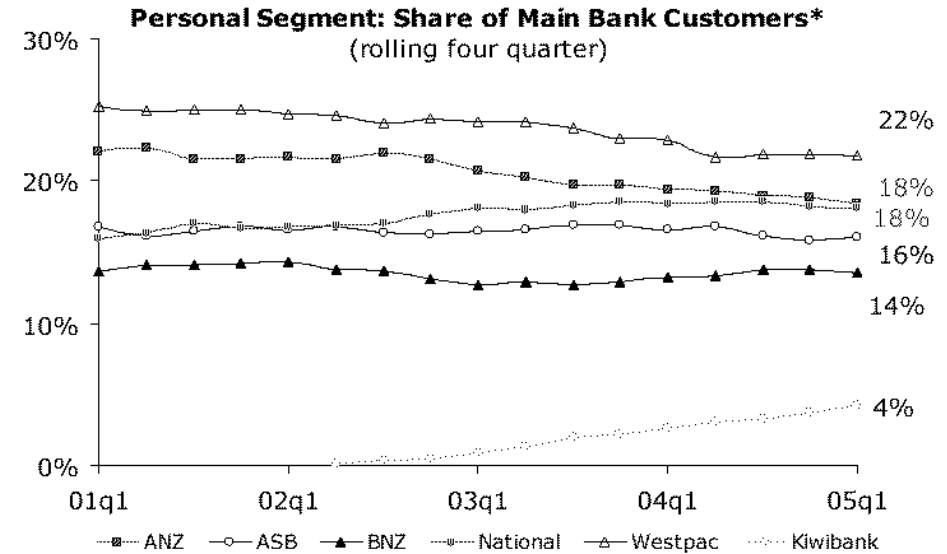
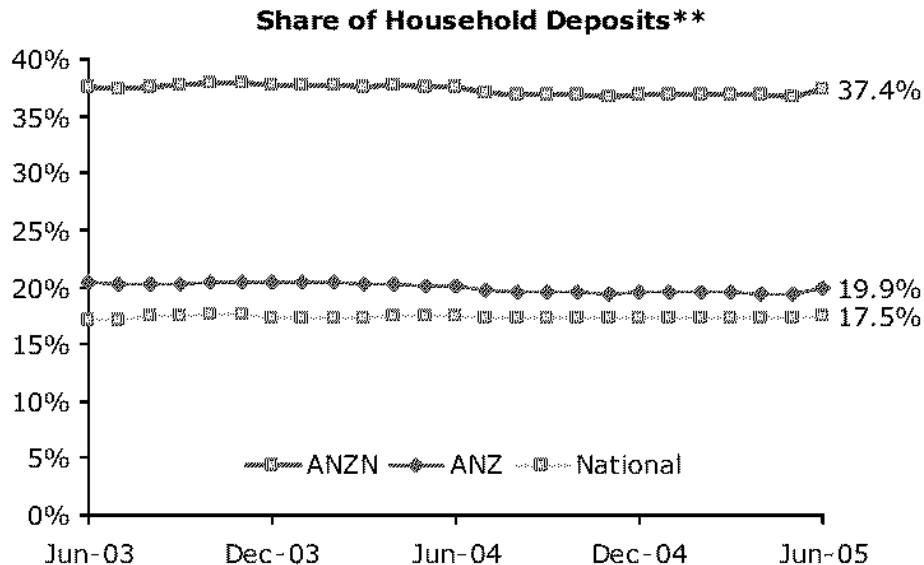
The National Bank brand continues to lead the major banks in Customer Service



*Source: ACNielsen © Consumer Finance Monitor. Sample size is 2500 per quarter; excludes 'Don't Know/Refused' & 'No Bank Accounts'

A focus on our customers has protected our customer base

- The focus since acquisition has been on maintaining our customer franchises and building the business.
- The ANZ brand is clearly showing signs of a turnaround. Customer attrition has slowed by 65% over 2004.
- The National Bank maintains its share of main bank customers.

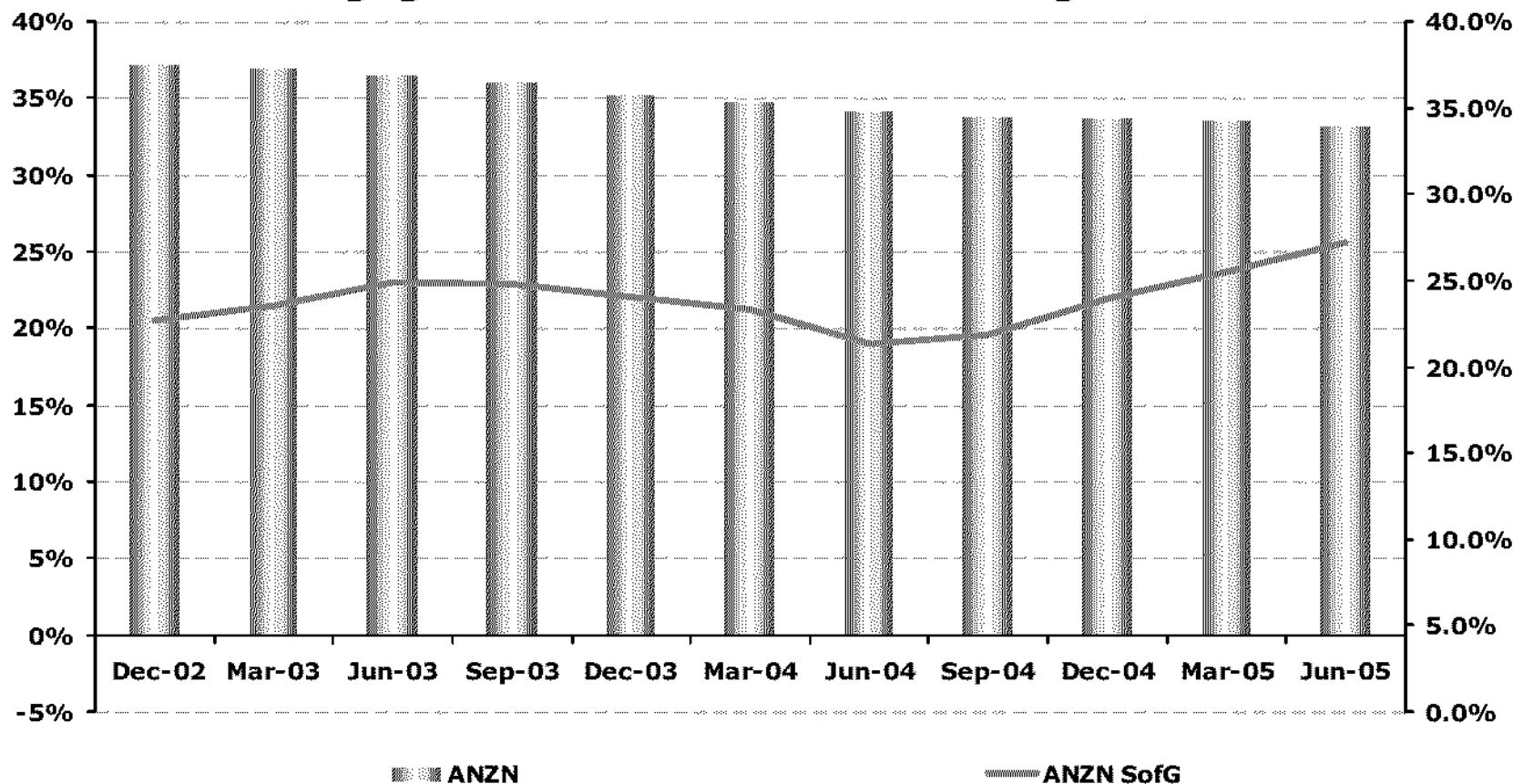


- We have retained our share in the competitive deposit market.
- The ANZ on-line call account product has been a major success since launch in December 2004

*Source: ACNielsen© Consumer Finance Monitor. Sample size is 2500 per quarter; excludes 'Don't Know/Refused' & 'No Bank Accounts'; **Based on ANZNational SSR and RBNZ aggregate SSR for registered banks

A small loss of share in mortgages, but both brands improving

Mortgage market share and share of growth*

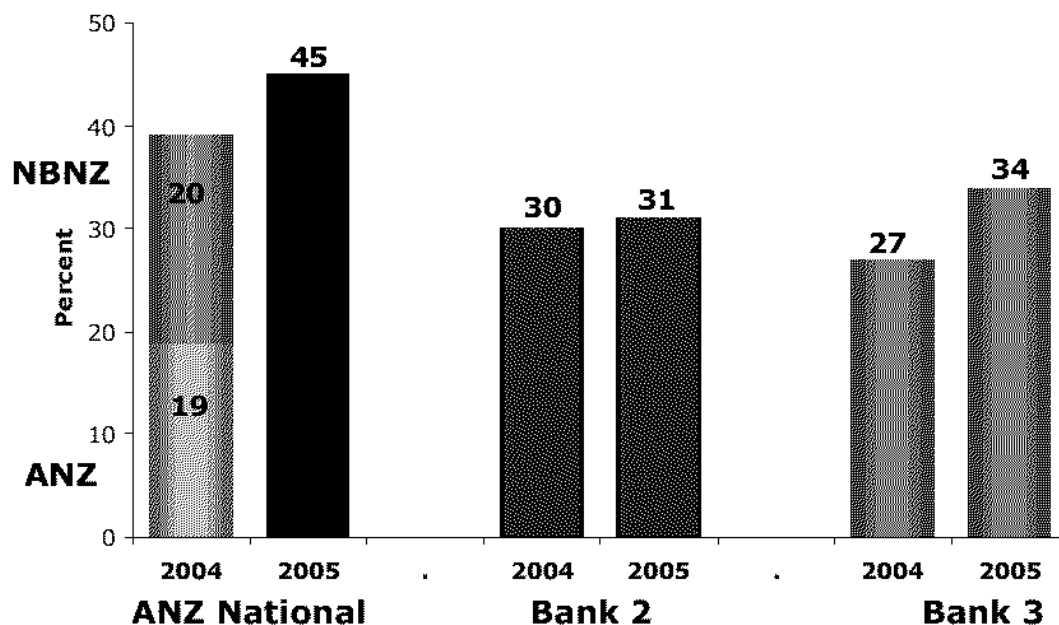


- The gradual erosion of home loan market share has improved since integration
- Alignment of our credit policies resulted in an improvement in our share of growth in September 2004.

* Share of growth based on share of increase in balances over past 12 months

In Institutional, we have strengthened our position following distraction of integration

Lead Domestic Relationship Bank



- **#1** domestic lead bank share (45%)
- **#1** in Trade – share (48% lead bank) and satisfaction
- **#1** in FX – share (51% lead dealer) and relationship
- **#1** in Interest Rate Derivatives – share (59% lead dealer) and relationship
- **#1** in cross sell of syndications and bond originations.
- **#2** Transactional Lead Bank (32%)
- **#1** NZ Mandated Arrangers Syndicated Loans – Basis Point, Jan to June 2005
- **#1** Public corporate domestic bonds Issuance- Insto, 1 Jan to 12 Aug 2005
- **Institutional Bank of the Year** – 2005 Institute of Finance Professionals industry awards

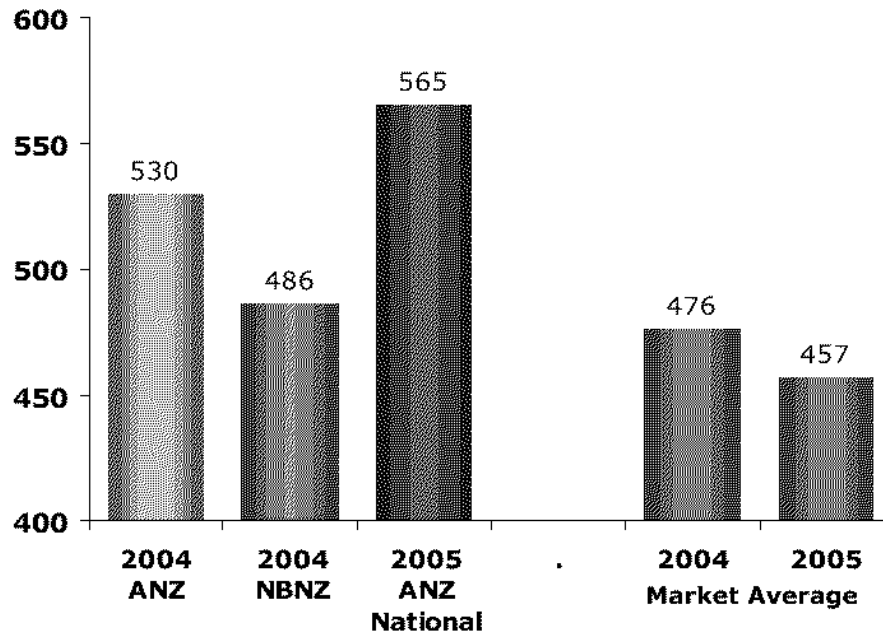
Source: Peter Lee Associates Large Corporate and Institutional Relationship Banking 2005/ Foreign Exchange and Interest Rate Derivatives 2004; Insto; Basis Point

Improvement has been based on excellent customer relationships and improvements in relationship strength

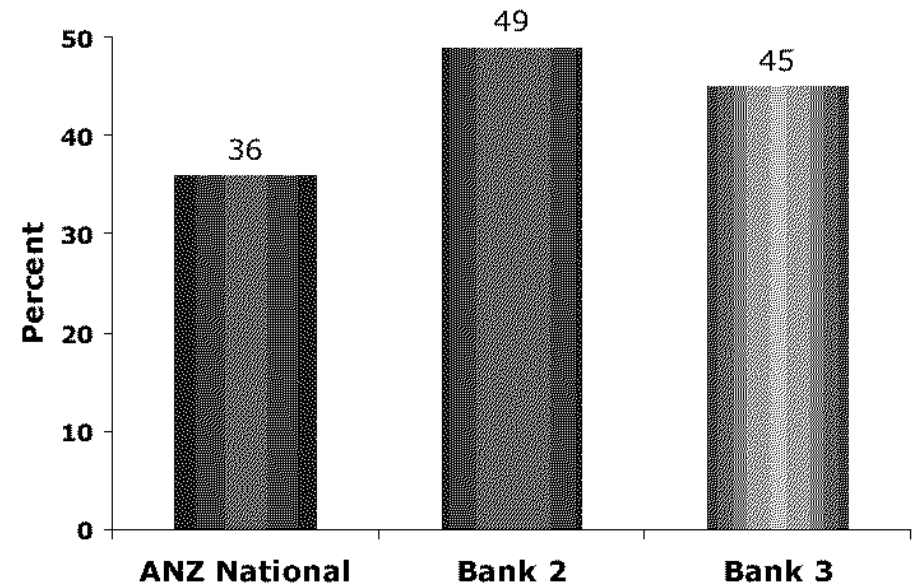
Improved Relationship strength by 7% above 2004 ANZ score and 16% above NBNZ 2004 score.

Gains have been made **without leading the market down on price.**

Institutional Relationship Strength Index



Most Competitive Pricing



Source: Peter Lee Associates Corporate and Institutional Relationship Banking 2005
Relationship Strength Index – based on a measure of all qualitative questions – from 0 = lowest to 1000 = highest

Summary of forecasts – New Zealand (bank year)

New Zealand

	2003-04	2004-05	2005-06	2006-07
Real GDP	4.7	2.7	2.0	2.8
Unemployment (a)	3.8	3.6	4.5	4.5
Inflation	2.5	3.2	3.2	1.8
Housing credit (b)	16.6	14.6	10.0	8.4
Personal credit (b)	6.6	9.6	8.5	8.6
Business credit (b,e)	9.8	16.1	10.9	8.6
90-day bills (c)	6.6	7.0	6.2	6.2
10-yr bonds (c)	6.2	6.0	6.0	6.3
NZ\$/US\$ (d)	0.66	0.67	0.56	0.56
A\$/NZ\$ (d)	1.07	1.11	1.16	1.22

**Please note that all data and forecasts are on a bank year (ie, ended 30 September) basis*

(a)% of labour force, end September. (b) Year ended September quarter. (c) % per annum, end September.

(d) End September. (e) Includes rural lending

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