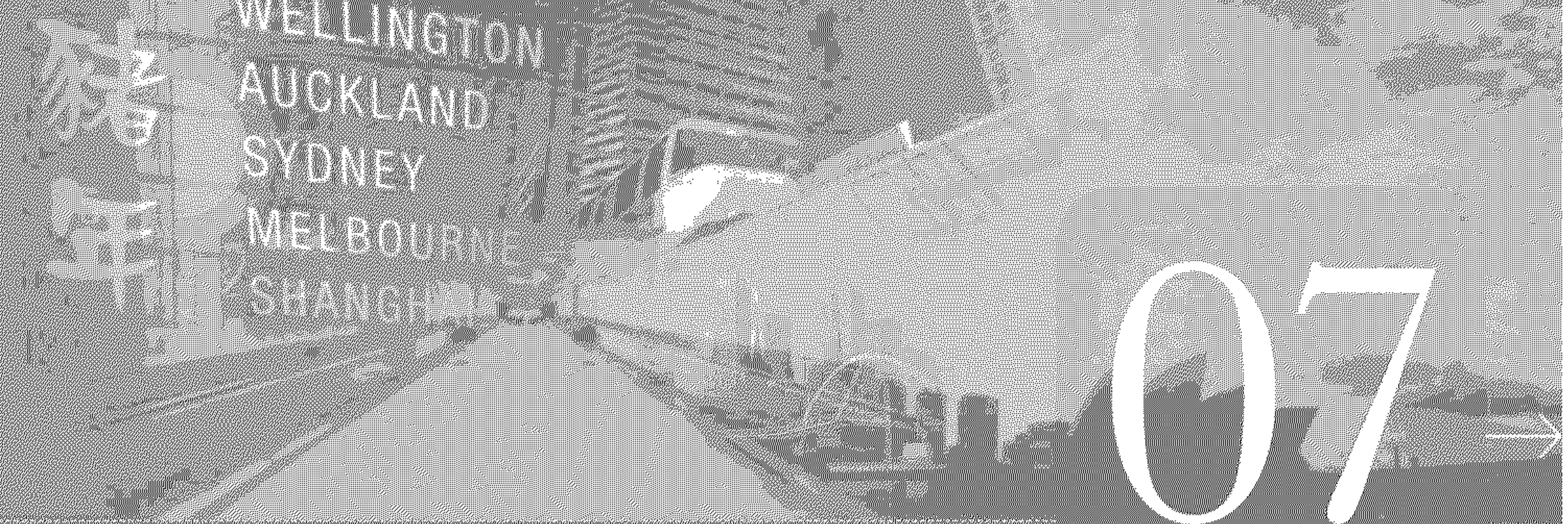


Insights into Consumer Finance

Australia and New Zealand Banking Group Limited

6 March 2007

Jenny Fagg

Managing Director Consumer Finance

www.anz.com

Contents

1. Consumer Finance Overview
2. Business Model and Capabilities
   - Outline
   - Brand
   - Information management (smart analytics)
   - Strategic agility
   - Customer experience
   - People and culture
3. Credit quality

Overview

The Consumer Finance Business

Jenny Fagg
Managing Director
Consumer Finance

Key Metrics

Consumer Cards
- 94 staff
- FUM $6b
- 2.7m cards on issue

Personal Loans
- 101 staff
- FUM $1.5b
- Ave. Balance ~$15k

Commercial Cards
- 49 staff
- FUM $216m
- 132k cards on issue
- 30k accounts

Merchant Services
- 166 staff
- 75k customers

ATMs
- 4 staff
- 2000 ATMs

Australian Call Centre
- 910 staff
- Aust. Leading Call Centre 3 years in a row
- Avg. 3.5m calls per month (including phone banking)

Customer Services & Collections
- 442 staff

Includes;
- Operations
- Collections
- Telesales
- Fraud

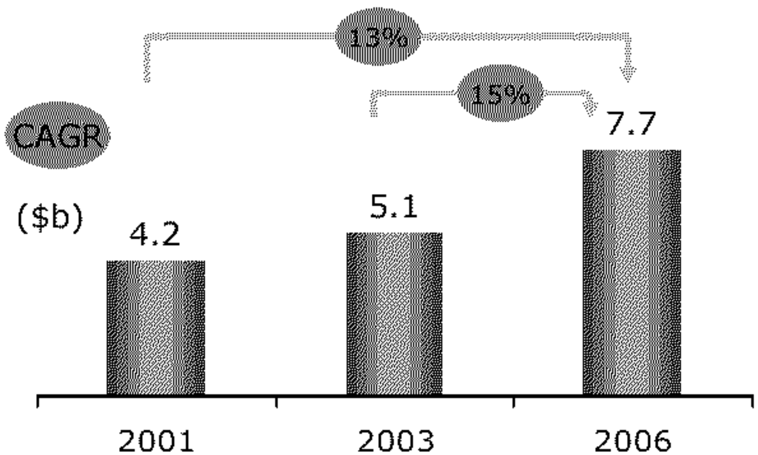
Note – all FUM figures as at 30 Sept 2006

Strong performance in Consumer Finance, within a high performing Personal division

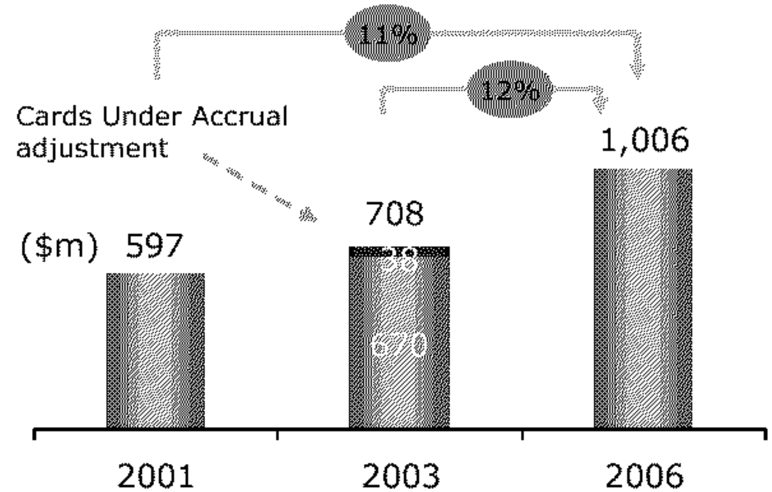
Business Unit	Sep-06 v Sep-05	Cash NPAT ($m)
Mortgages	⇧ 21%	363
Banking Products	⇧ 17%	296
Consumer Finance	⇧ 25%	256
Regional, Rural & Small Business Banking	⇧ 18%	167
Esanda	⇧ 11%	97
Pacific	⇧ 67%	65
Investment & Insurance	⇧ 48%	37

Consumer Finance has consistently been one of the Group's best performing businesses

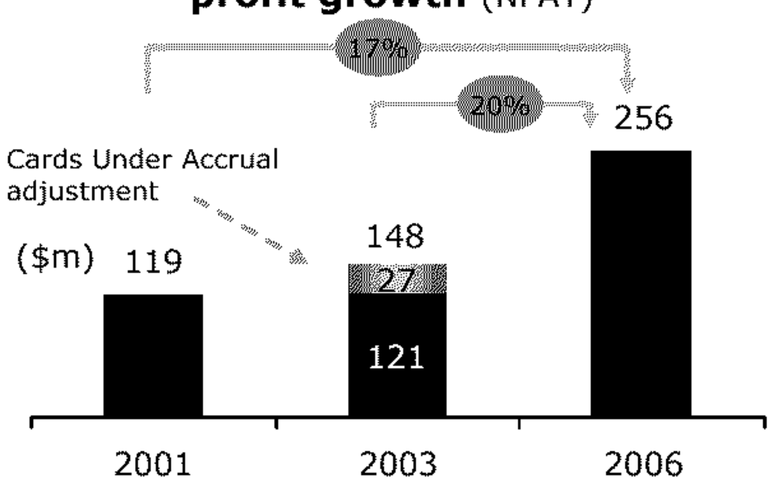
Solid Consumer Finance FUM # growth…



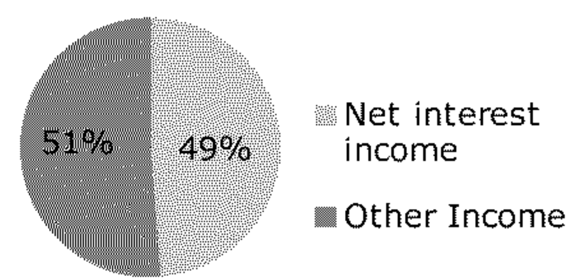
…driving strong growth in revenue…



…and consistently strong profit growth (NPAT)



Income evenly split between NII & Other Income
(FY06 Consumer Finance Income split)



Note - 2001 and 2003 AGAAP, 2006 AIFRS, change in provisioning impact on NPAT CAGR not material

 # Gross Loans & Advances

Business Model & Capabilities

A common business model and capabilities across Consumer Finance

Our approach

"Repeatable formula to rollout a series of initiatives into adjacent customer / market segments"

5 specialised businesses: Consumer Cards, Merchants, Commercial Cards, Personal Loans, ATMs

Brand: Convenient and Simple → Attract New Customers → Increase Profit from existing customers → Retain profitable customers → Expand into adjacent segments

Specialised customer service centres: ACC and Customer Services & Collections

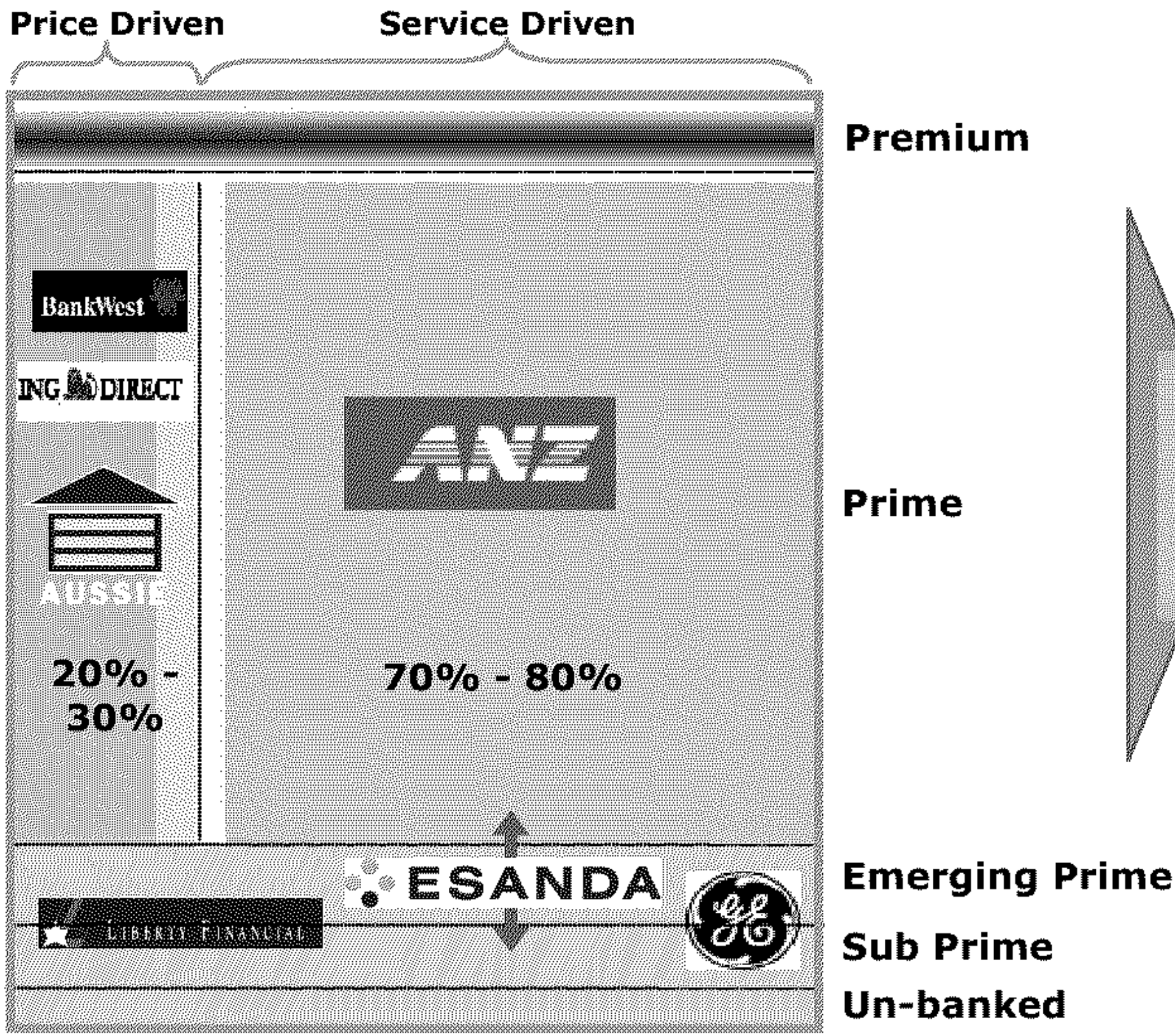
Brand: Convenient and Simple → Apply Production Management disciplines → Reengineer Lower Cost to Serve → Maximise Strategic Value → Expand Capability into Adjacencies

Our core capabilities

"Success relies on all capabilities working together"

Information Management	Right products to right customers via right channels
Strategic Agility	Adaptation & innovation of leading products
People & Culture	Attract, develop & retain the best people
Customer Experience	Convenient, simple & responsible service & distribution

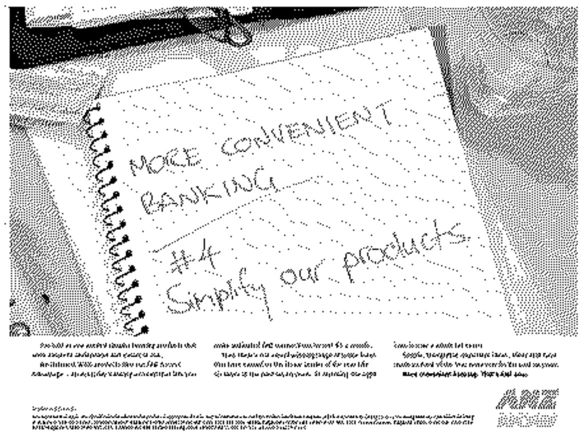
Strategy starts with clear understanding of consumer segmentation

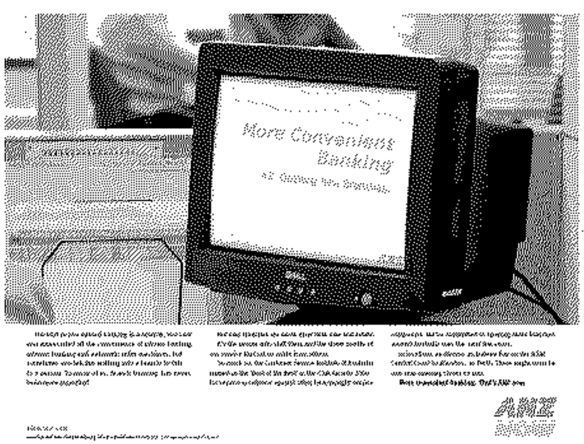


- ANZ brand for non price-driven segments
- Other brands for other segments
- Defend share via price where necessary

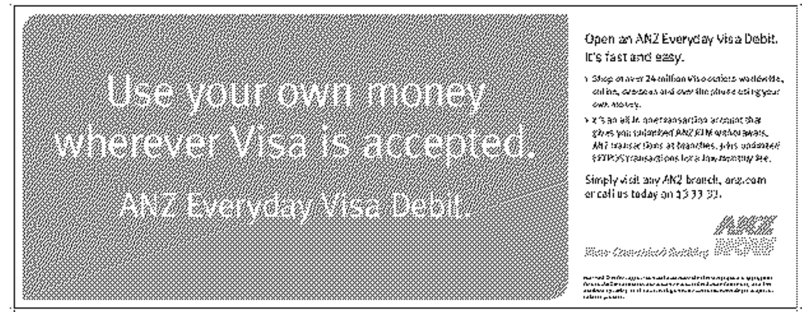
Consumer Finance strategy consistent with "More Convenient Banking"

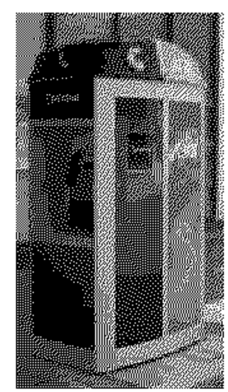
ANZ Now





Consumer Finance





Smart analytics central to Consumer Finance success

- Significant investment in customer data management & market research:

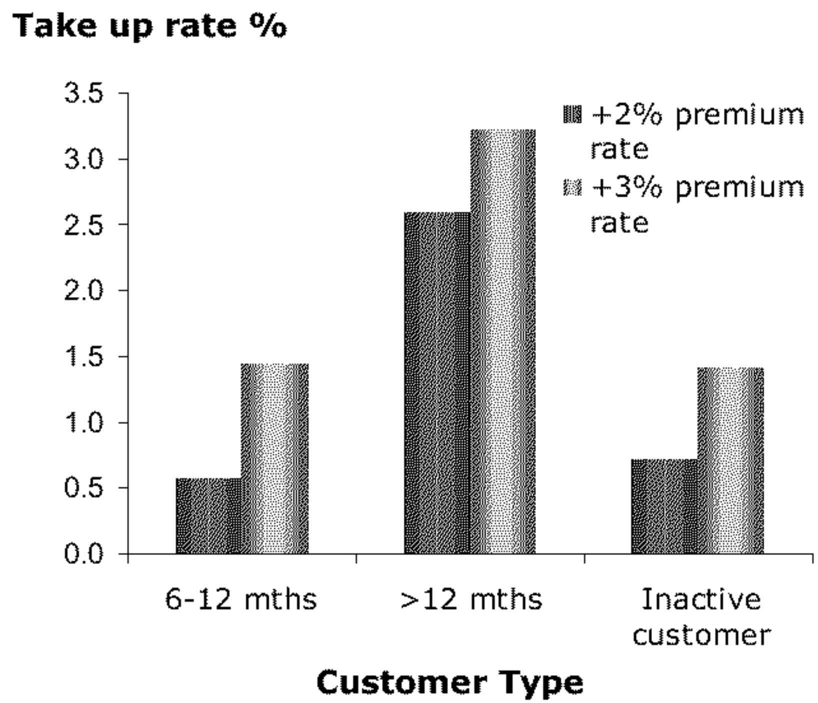
1.Qualitative Research

- Significant resources allocated to development & maintenance of customer information tools
- Comprehensive modeling and analysis of expected and actual campaign and portfolio performance

2.Testing

- Extensive market research undertaken to understand customer attitudes/behaviors
- Extensive active research, typically below the line offers

Case Study: A recent product launch supports the notion that price is not the only lever



Outcome: Higher rate product consistently had higher take up rate. All other features comparable

Case Study: In October 2003 successful interchange fee response based on extensive customer research & analytics...

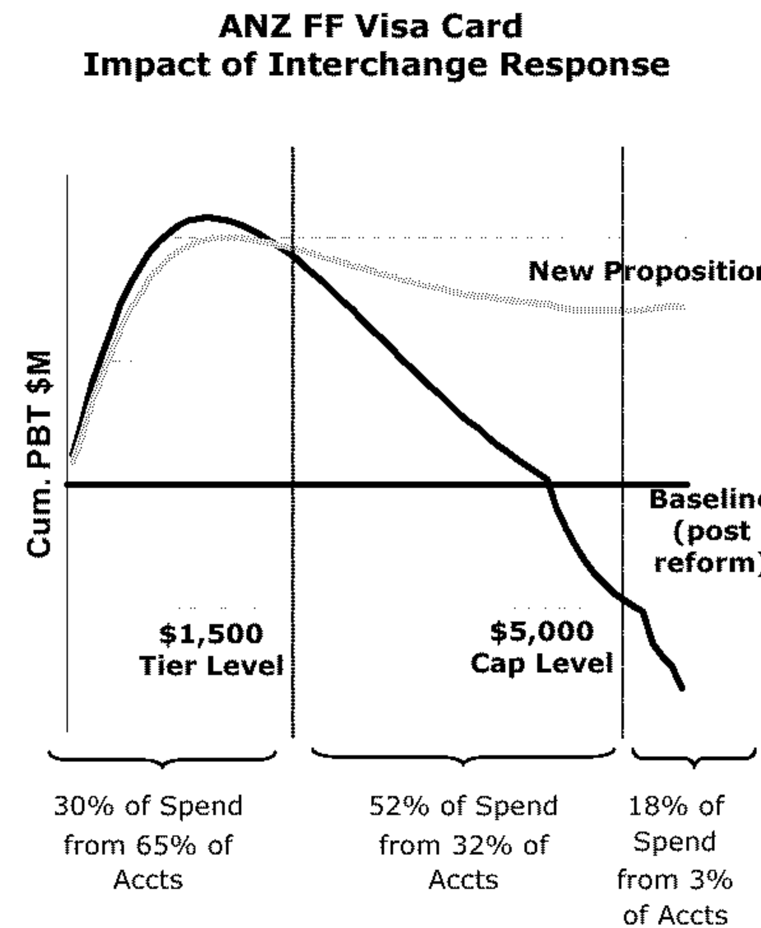
Understanding our Customers

- **Customer Research**: 1,200 existing customers surveyed to understand the perceived impact of different product changes

Key Findings:

- Increased **Annual Fees** found to be the greatest attrition catalyst
- **Points**: Flat reduction in earn rate would result in a significant negative impact on perceived value and affect our most valuable customers

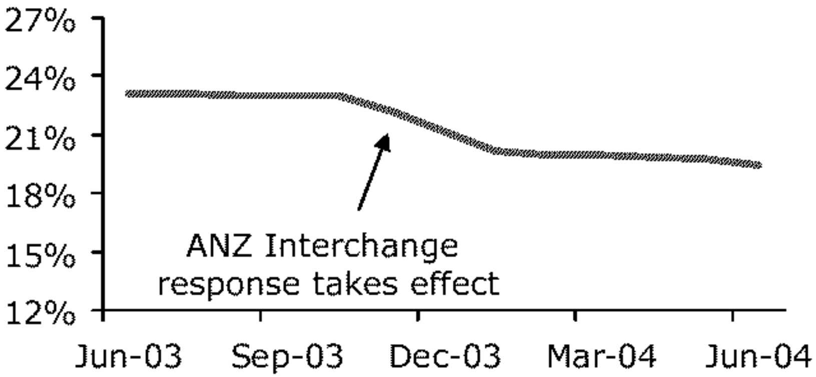
We structured our response based on these findings



...driving a favourable portfolio and profit outcome

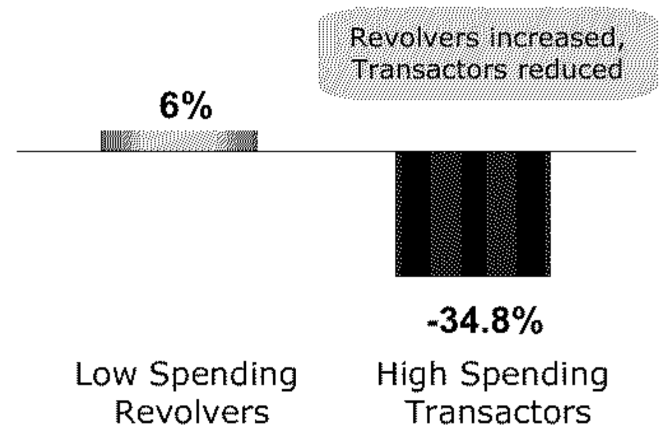
ANZ share of spend was adversely impacted by the reforms...

(Share of Mkt Spend 3 month rolling average)



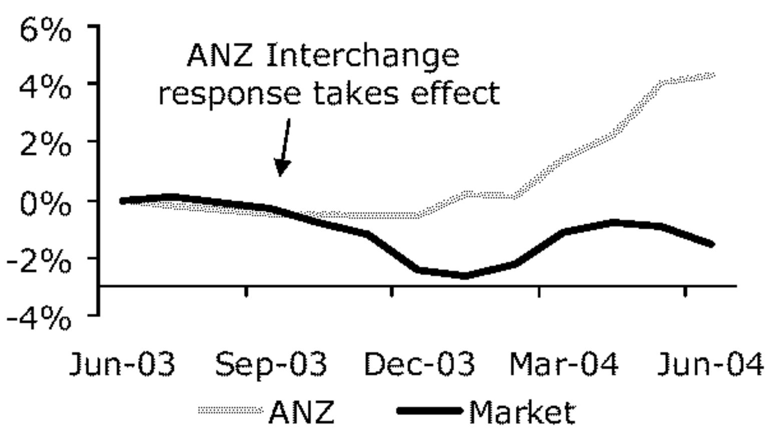
...but we improved the attractiveness of our customer base...

(Share of Mkt Spend 3 month rolling average)

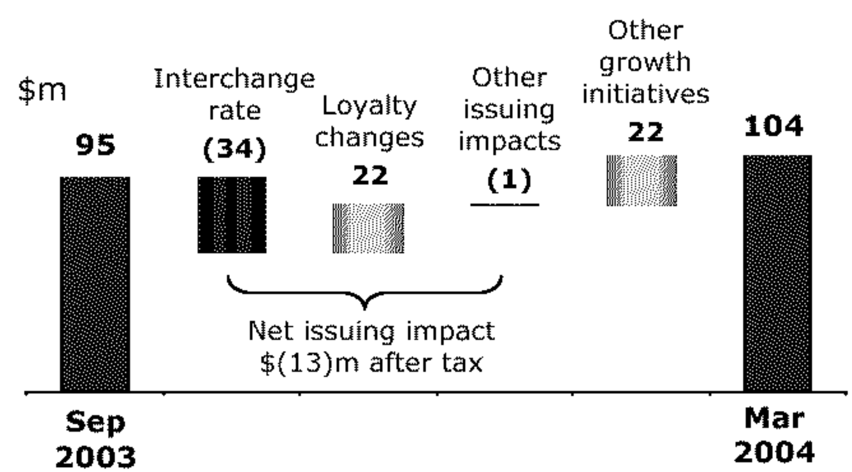


...resulting in increased Outstandings earning interest

(3 month rolling average)



Profit impact contained to $13m



Our new brand position seeks to differentiate on key customer "moments of truth"

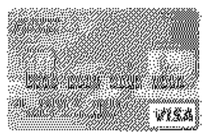
New Brand Positioning

ANZ Credit Cards

Whatever It Takes...

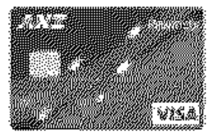
Low Rate

Help you take control of card debt



Premium

Enhance your lifestyle

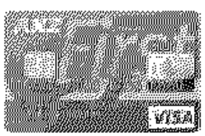


Rewards

Real value from every day spending

Visa Debit

24/7 access to your own money



Low Fee

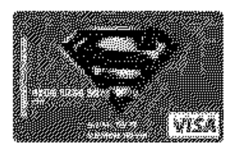
Let you enjoy the now

Platinum

The exclusivity you deserve

Frequent Flyer

Reward you with more life experiences

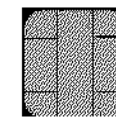


Prepaid

Reward friends and family

\+

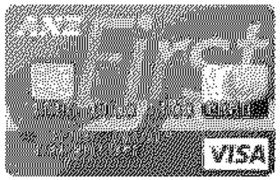
Security



Service

ANZ credit cards ... whatever it takes to deliver more convenient, simple and problem free card services

Innovation is core to our Customer centric strategy



First chip card in Australasia

First major bank low rate card

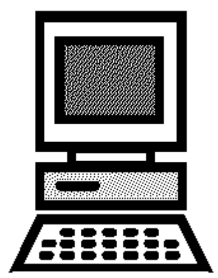
First bank with 24x7 call centre + customer charter

First major bank Visa Debit

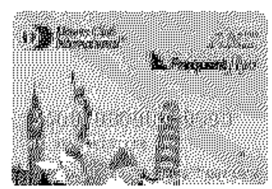
1996… 2001 2002 2003 2004 2005 2006

QANTAS

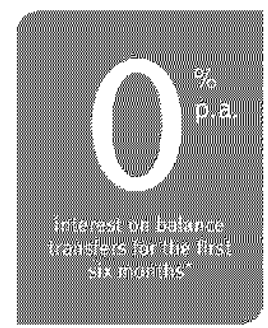
First frequent flyer rewards card



First 60 second online application and online CLIs, BTs, Verified by Visa

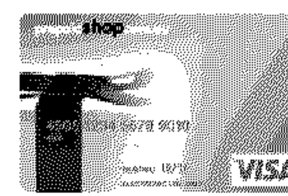


First bank to partner with 3 party scheme



First bank to launch 0% BTs

First bank to launch Design My Card



First bank to launch gift cards

Case Study: Deep understanding of customers, opportunities, and threats enhances our strategic agility

Respond rapidly to competitive opportunities and threats

February 2005 – response to competitor's 0% Balance Transfer threat

- **Sat. 12th** – GE's "Low Rate MasterCard" product announced, with **zero rate** balance transfer – 1st to be offered in Aust.
- **Mon 14th** – ANZ conducted detailed response analysis – recommendation to match GE
- **Tues 15th** – Business case provided to key stakeholders – signed off that day
- **Wed 16th – Fri 18th** – Media plan, TV and press ads developed and scheduled
- **Sat 19th** – ANZ launch – in most markets prior to GE

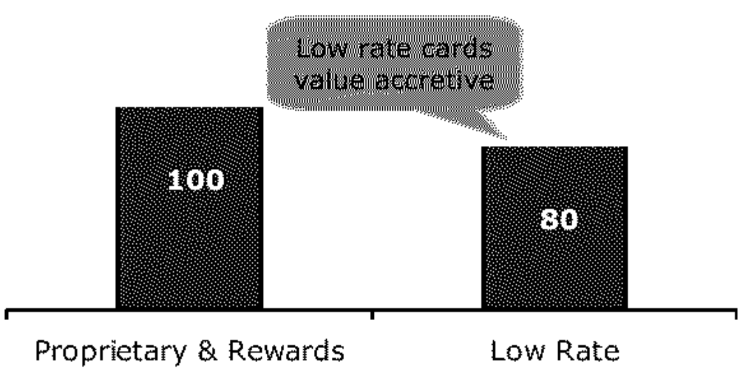
How we responded so promptly

- Anticipated the competitive threat and had a response ready to roll out, having completed test campaigns and detailed customer research

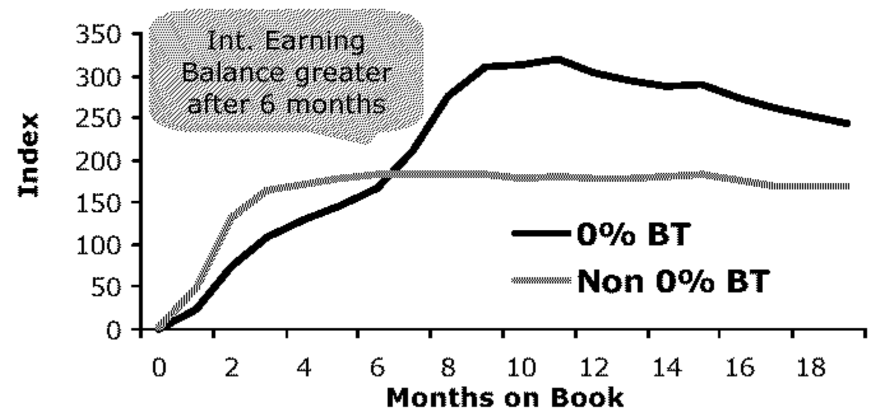
Balance Transfer ("BT") has had a positive impact on our portfolio

- Low rate portfolio is value accretive
- Payment hierarchy central to Balance Transfer ("BT") business case
- 12 months of active testing lead to very targeted marketing and credit BT offers
- 1st mover advantage exists in BT market as rate of growth in non profitable "Quarantiners" (customers who only shift balances and don't transact) continues to increase
- BT is not a permanently embedded feature in card products - it is used as a strategic marketing offering

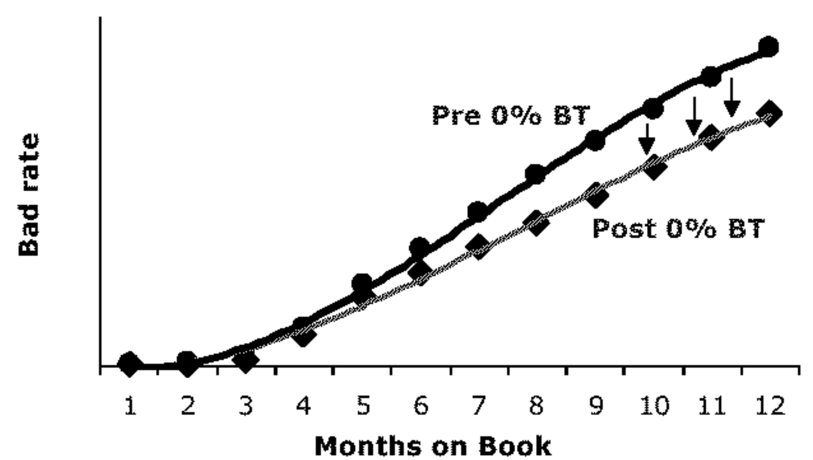
Low Rate cards are profitable
(indexed annual EVA^)



0% BT offers enable ANZ to capture larger interest-earning balances
(Interest Earning Balance per Account)



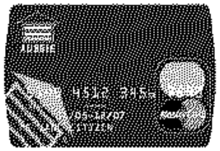
Low rate customer credit quality improved
(Bad customers* as % of total accounts)



*Indexed EVA for FY05

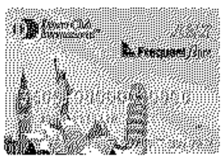
*Bad customers are defined as 90+ days past due, including write-offs

A good track record of successful Alliance relationships in Australia and overseas



ANZ and Aussie
- Partnership model focussed on alignment of interests

Co-brand Partnerships (Qantas, Telstra)
- ANZ, Qantas & Telstra jointly launched the Qantas Telstra Visa Card
- Back-to-back winner of the prestigious International Freddy Award for the best frequent flyer card in the world
- ANZ Frequent Flyer range of cards.



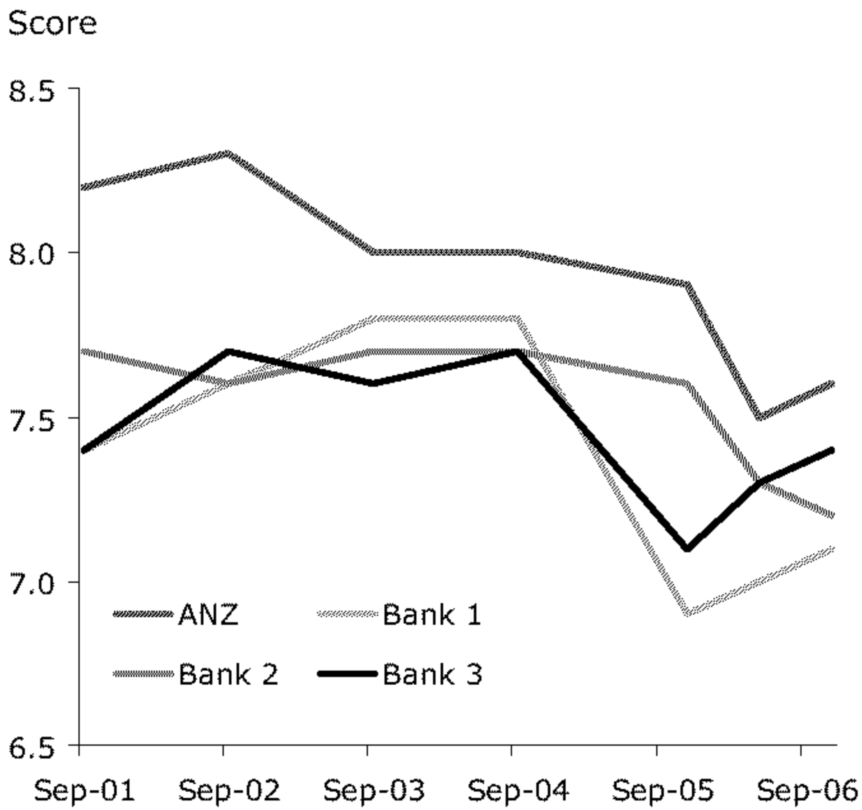
Co-brand Partnerships (Diners Club International)
- Diners Club International partnership to address interchange reform

Asia Cards joint ventures in Indonesia, Philippines & Vietnam
- 85% shareholding in ANZ Panin Bank
- Metrobank Card Corporation joint venture with Metrobank
- Memorandum of Understanding to develop a credit card JV with Sacombank, the largest commercial joint-stock bank in Vietnam

Corporate - ANZ and ING (ING Australia)
- joint venture offering a range of benefits for investors

Continually delivering above peers on product and service excellence

ANZ Consumer Cards remains at top of other majors in customer satisfaction



Award winning customer service capabilities

ANZ is committed to financial literacy

- We continue to invest in community programs and work with community partners aimed at improving the financial literacy of Australians

saverplus

- Financial literacy and matched savings program: ANZ matches $1 for every $1 saved by eligible participants ($1000 cap)
- encourages those on low incomes to build financial skills and establish a savings 'habit'

MoneyMinded financial skills for the future

- Independent adult financial education program delivered by financial counsellors and community educators

MoneyBusiness

- A financial inclusion program for Indigenous communities
- Aims to build financial literacy, budgeting, bill paying and savings skills
- Delivered by trained local Indigenous people

Progress Loans

- Tailored to the needs of people on low incomes currently using 'payday lenders' and other fringe credit providers

Consumer Finance is at the forefront of Responsible Lending

Promoting responsible lending practices to ANZ customers with poor recent credit performance or on income support

What are we doing?

- ANZ Customer Charter includes new 'responsible lending promises' to prevent credit limit increase (CLI)
- Enhanced filtering process excludes CLI offers to recent "poor" credit performers
- A second behavioural scoring filter eliminates CLI offers to customers with "unreliable" credit history over a longer period
- Behavioural scoring tool has effectively reduced the pool of customers to whom ANZ would have otherwise issued a CLI offer by 11%
- ANZ's performance is independently audited and reported each year - the only Australian bank to commit to formal, public, auditable responsible lending promises
- Program will extend to all areas of ANZ Personal division

A strong emphasis on staff, lead by a highly engaged management team

ANZ Consumer Finance employee value proposition

Free to Grow

Be the Best, Be Inspired, Be Responsible

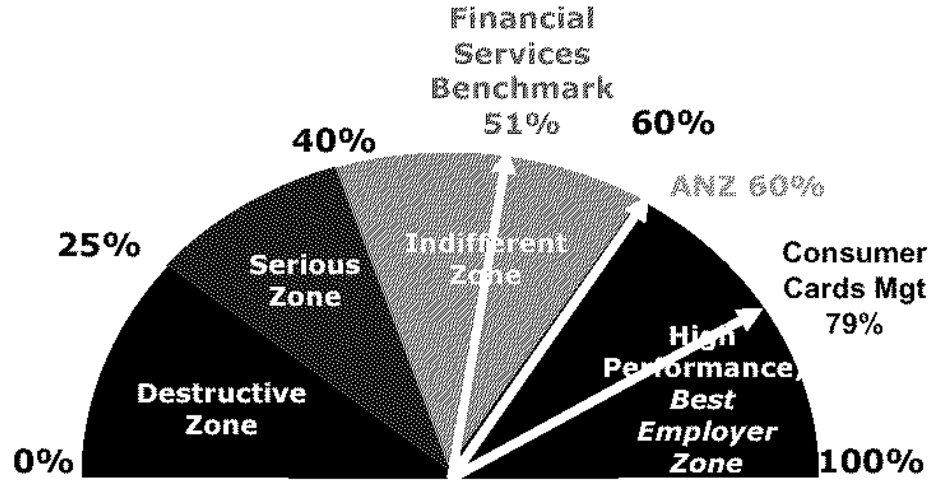
Be the Best
Market Leader, Deliver Results, Dynamic, Alive, Informed, Achieve

Be Inspired
Career, Leadership, Culture, Environment, Balance

Be Responsible
Customer, Community, Diversity

Most engaged workforce of major Australian companies

2006 ANZ Staff engagement results



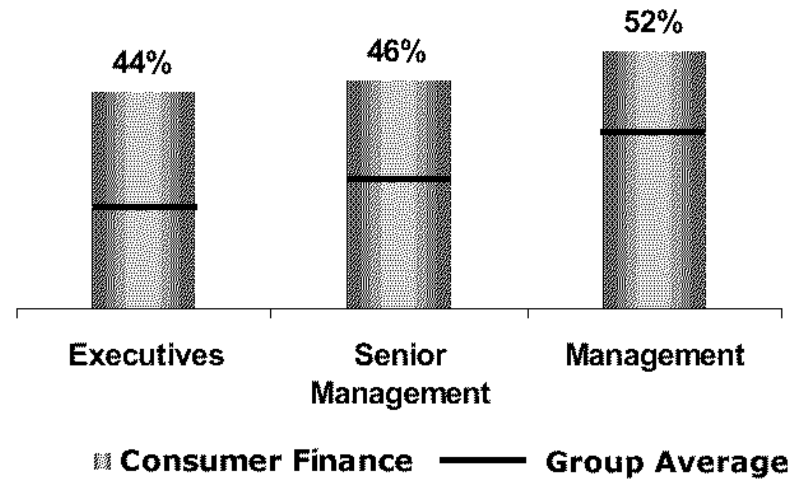
People and cultural values upheld through flexibility and diversity

Flexible work arrangements supported in Consumer Finance

- 24% of staff are on part time contracts
- 23% have utilised carers leave
- 19% of staff have utilised leave without pay (<6mths)
- Other flexible leave utilised includes;
  - Parental Leave
  - Career break
  - Study leave
  - Flexible work hours

Women are well represented in management

(% of women in management roles in consumer Finance)



EOWA EMPLOYER OF CHOICE FOR WOMEN

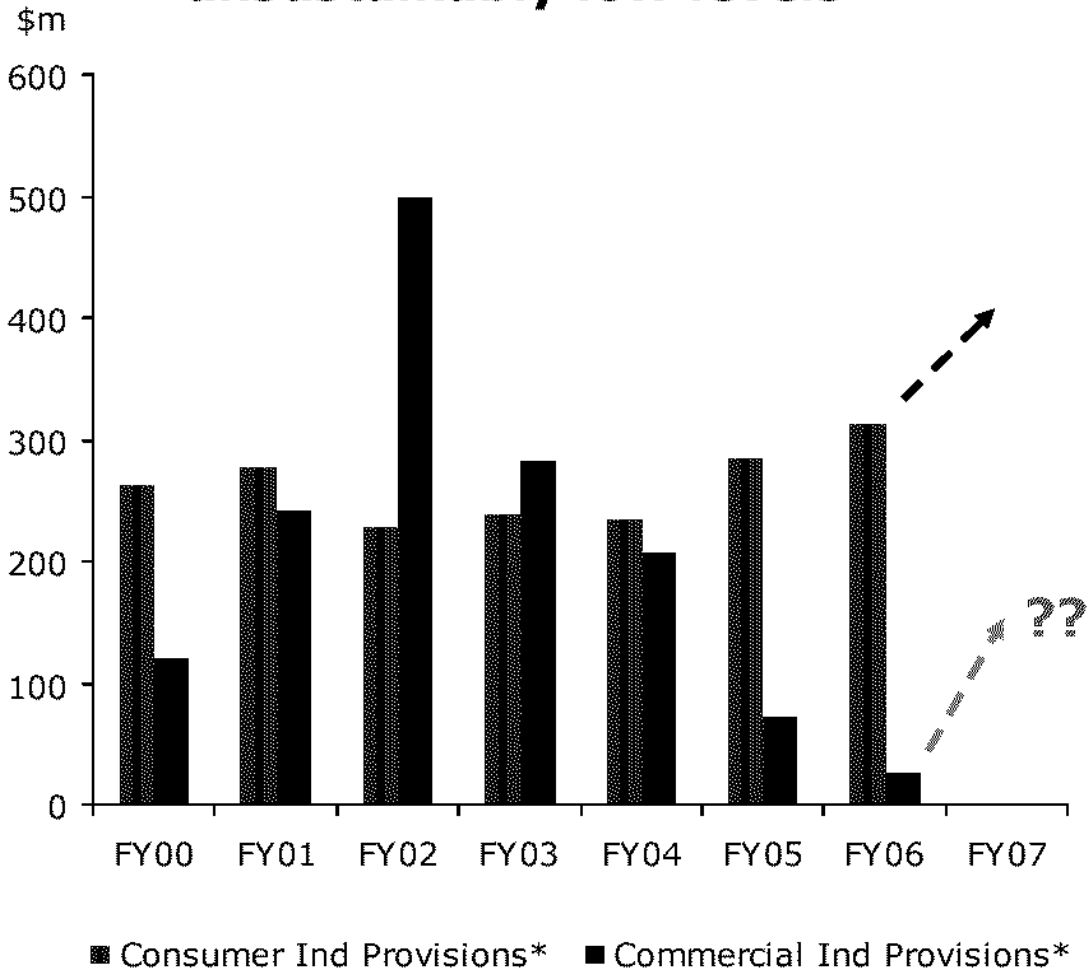
- ANZ recognised as an Employer of Choice for Women
- 5th consecutive citation and one of only 131 organisations

** Figures are at 30 September and include Australia and New Zealand only*

Credit Quality

We said back in October it was hard to see credit quality getting better!

Individual Provisions at unsustainably low levels



Consumer: Key Drivers

- Continued growth in the portfolio
- Change in portfolio mix from growth in unsecured products - low rate cards
- Impact on servicing capacity – interest rates, oil price
- Rising bankruptcies
- Slight reduction in recovery rates - motor vehicles and unsecured debt

**Consumer includes Retail, Rural and Asset Finance businesses*
Commercial includes Institutional Division, NZ Corporate & Commercial and Business Banking businesses

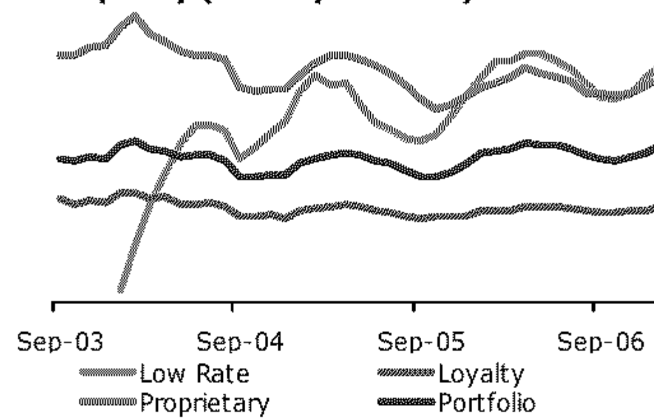
In theory credit card losses result from four key drivers aside from outstandings growth, the economic cycle & collections activity

1 **[1]Cut-off scores/credit policy are set to maximise risk adjusted revenue (RAR)**

Illustrative

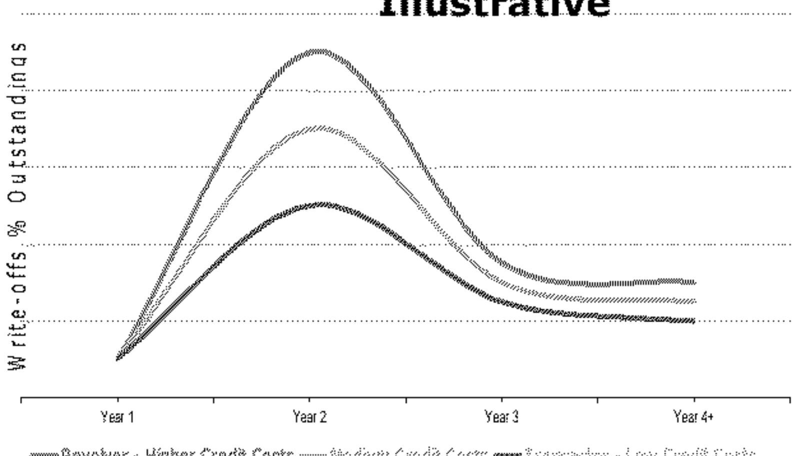
	(A)	(B)	(C)	(D) = C-B
	Population Decile	Total Credit Provisions Rate	Revenue (Interest + Fees)	Risk Adjusted Revenue
	10%	5%	9%	4%
	10%	4%	7%	3%
	10%	5%	8%	3%
	10%	6%	9%	3%
	10%	8%	11%	3%
	10%	11%	11%	0%
	10%	15%	12%	(3%)
Cut-off	10%	45%	24%	(21%)
	--	--	--	--

3 **Different products attract customers of different credit quality (60+days arrears)**



2 **[1]Age of accounts: Credit costs generally peak around 18 to 24 months after an account is opened**

Illustrative



Illustrative

		Yr 1	Yr 2	Yr 3+
Outstandings ($m)		100	200	250
Annual growth		*100*	*100*	*50*
Year 1 Loss	1%	1	1	0.5
Year 2 Loss	3%	-	3	3
Year 3+ Loss	2%	-	-	2
Net Losses		**1**	**4**	**5.5**
Net Losses % O/S		**1.0%**	**2.0%**	**2.2%***

4

Source and channel:

Existing customers have lower losses than new customers

Branch-originated accounts have lower losses than phone and internet-originated accounts

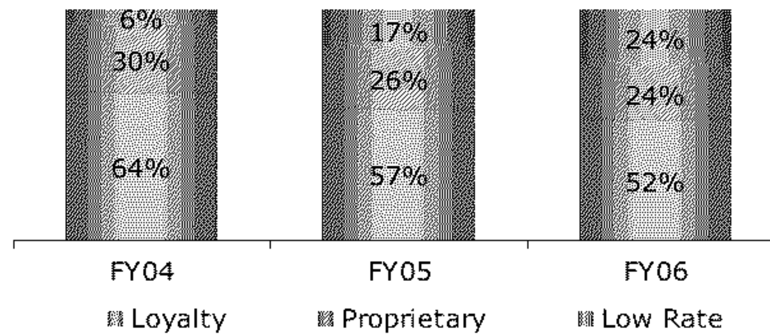
Note: Inherent credit card losses are in turn inflated/deflated by the economic cycle and the effectiveness of collections activity.

ANZ losses largely driven by product mix shift and portfolio 'seasoning'...

- Increased credit card loss growth due to:
  - Strategic shift to higher-revolving, low rate products
  - Portfolio seasoning – losses peak at ~ 18 to 24 months
- Loss rates are tracking in line with business case expectations

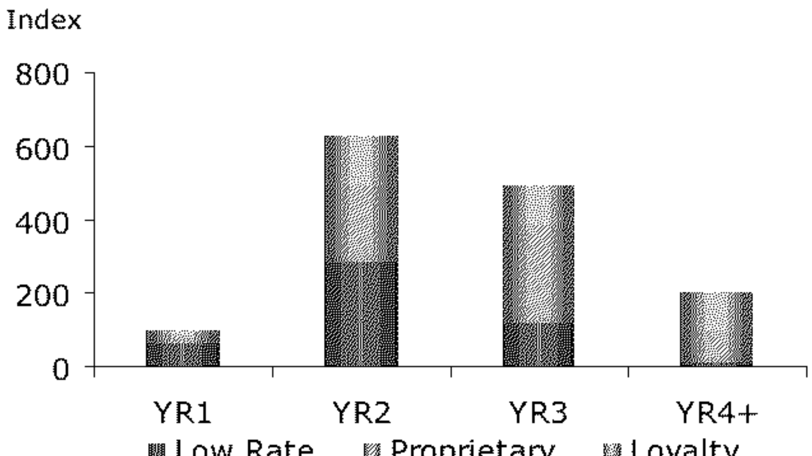
Highest rate of growth in Low Rate cards

(% growth in Outstandings)



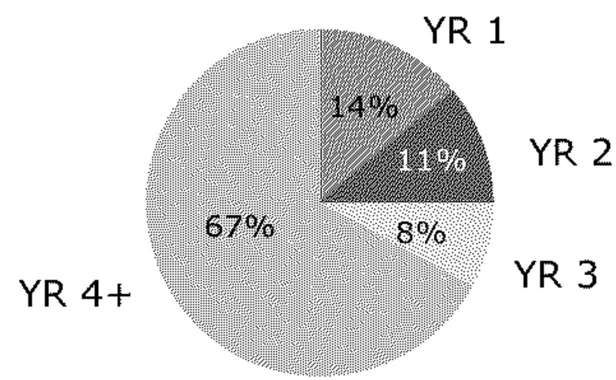
Loss rates will increase as low rate balances 'season'

(Loss Rates by Vintage by Product Index YR1 = 100)



Two thirds of portfolio seasoned beyond high risk vintages

(% Ave. Total O/S Balances)*



* As at 30 September 2006

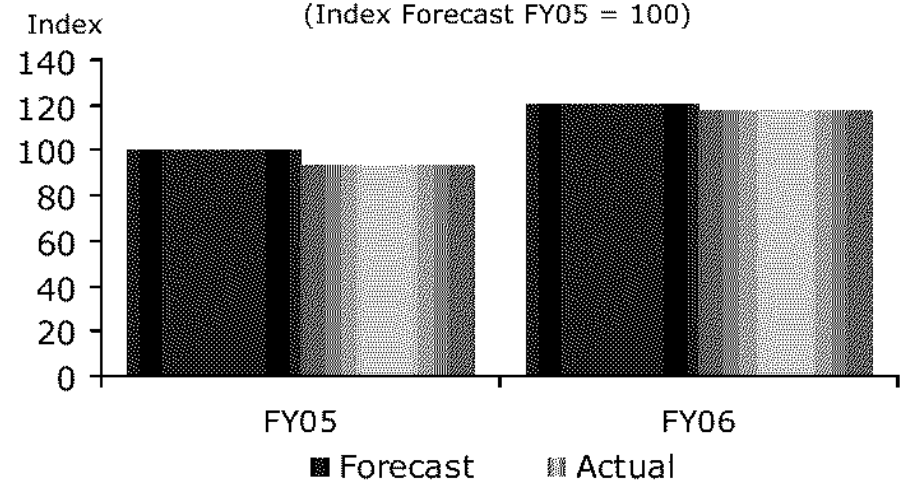
…which are highly predictable

- Consumer Finance Individual Provisions are highly predictable
- Losses are closely monitored against expectations – both loss rates and timing of loss
- Credit policy & scorecards are regularly reviewed to manage lending decisions and loss expectations
- Collections capabilities key contributor to managing loss rates
- Loss rates have historically remained at acceptable levels

Consumer Cards losses highly predictable

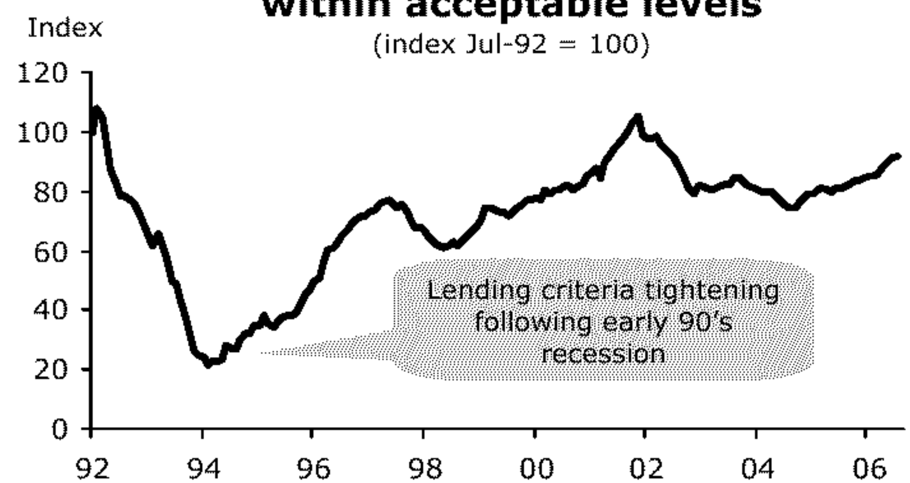
Actual v Forecast Individual Provisions

(Index Forecast FY05 = 100)

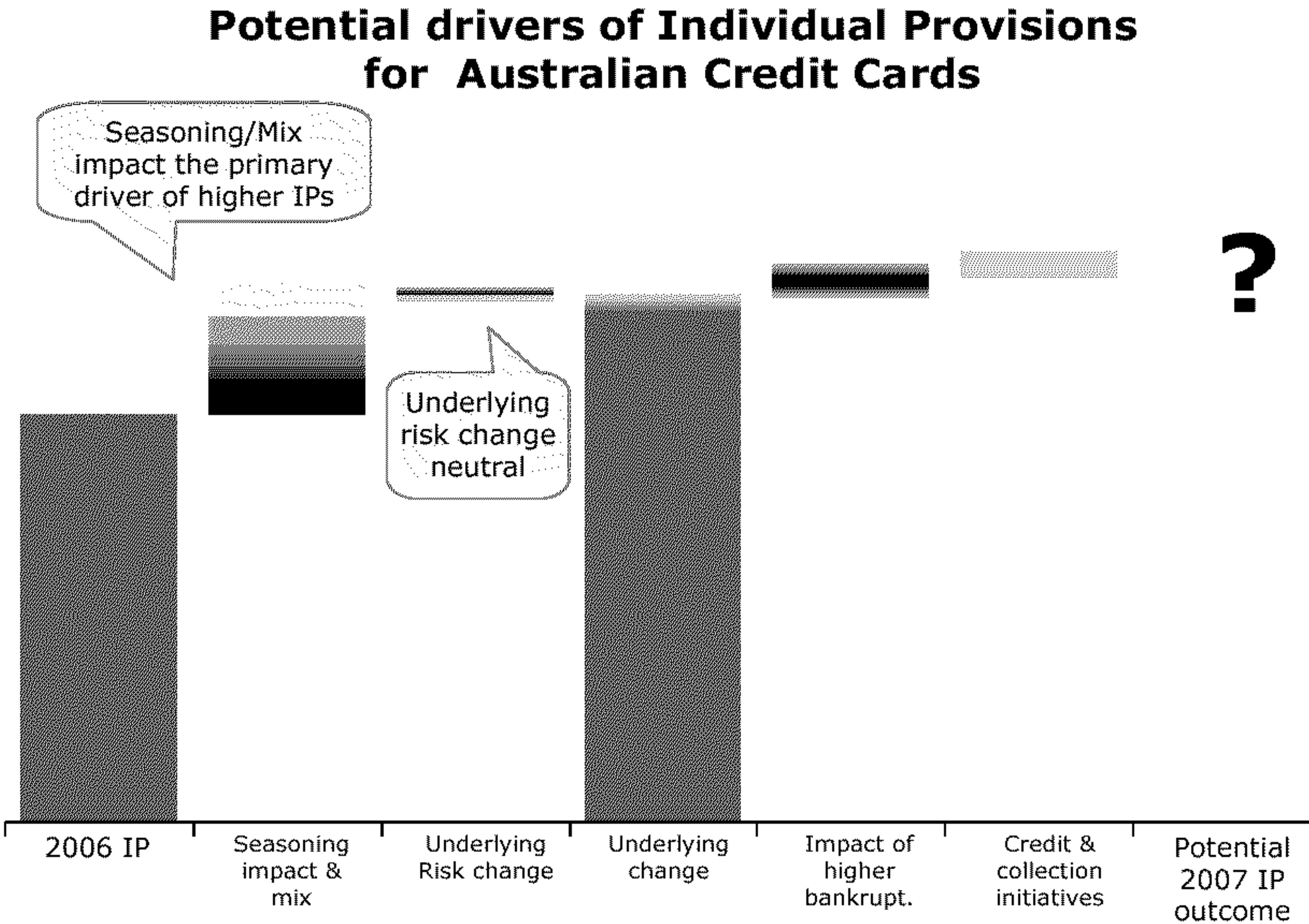


Historic cards loss rates managed within acceptable levels

(index Jul-92 = 100)



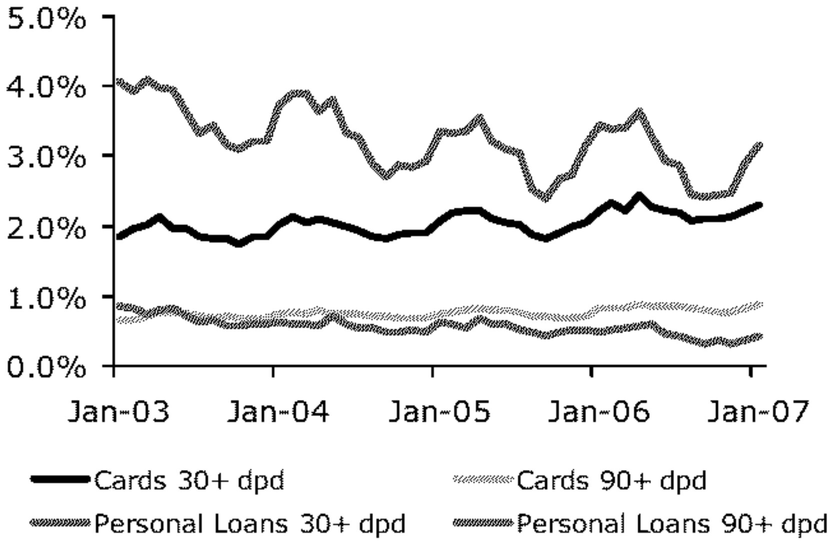
Drivers of higher IPs in 2007 mainly structural in nature, underlying credit quality still solid



No material adverse trends in underlying arrears rates

Short term arrears impacted by seasonality; Long term rates remain stable

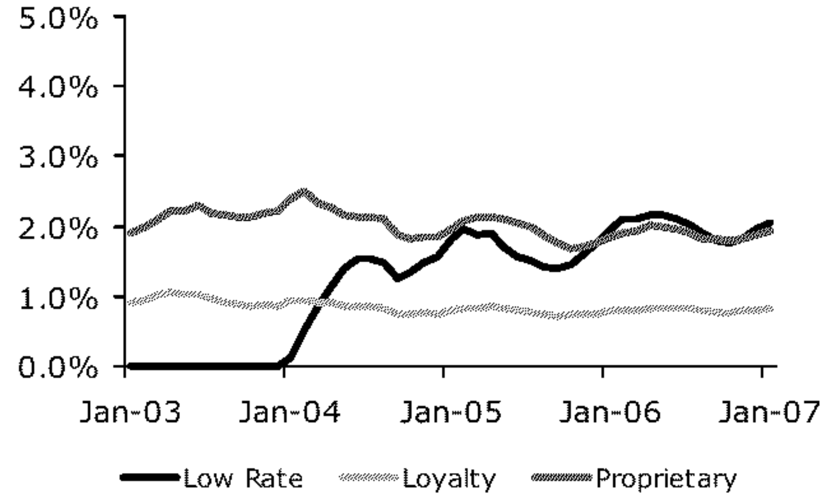
(% arrears to outstandings)



- Short term arrears rates (30+ days past due) impacted by:
  - Seasonality
  - Portfolio mix
- Long term arrears rates (90+ days past due) remain stable, with good improvement in Personal Loans
- Anticipate an increase in long term rates as a result of product mix shift to Low Rate cards

Arrears by cards product remain within expectations

(>60 day arrears to outstandings)



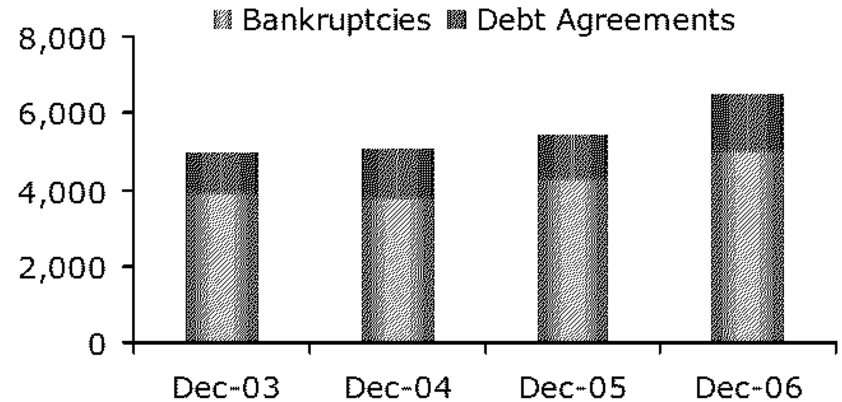
- No material shift in product arrears
- Low Rate arrears and loss rates tracking in line with expectations

Bankruptcies continue to increase

- Bankruptcies hard to detect and predict
- ANZ bankruptcies increasing in line with market trends
- Whilst number of bankruptcies are increasing, value not a material driver of increased provision charge

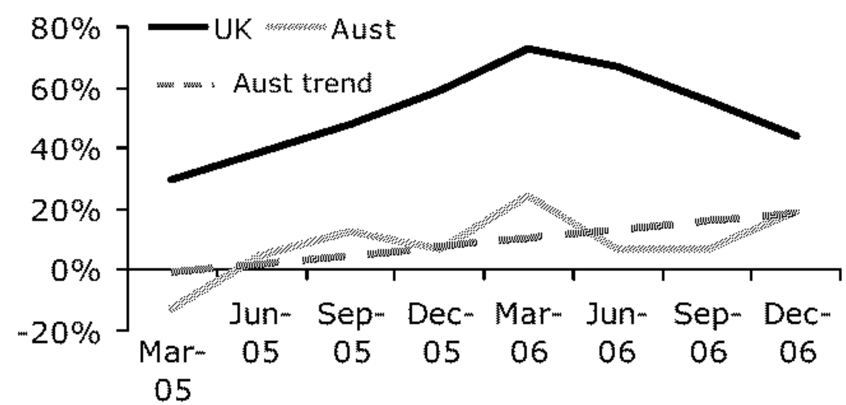
Bankruptcies/debt agreements continuing to rise...*

(Aust. Non Business Bankruptcies and Debt Agreements)



...rate of growth remains well below UK*

(Personal bankruptcies and debt agreements, quarterly data yoy growth)



**Source – ITSA, The Insolvency Service (UK Jun-06 quarter data not released)*

The material in this presentation is general background information about the Bank's activities current at the date of the presentation. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice when deciding if an investment is appropriate.

For further information visit

www.anz.com

or contact

Stephen Higgins
Head of Investor Relations

ph: (613) 9273 4185   fax: (613) 9273 4091   e-mail: higgins@anz.com