

2017 HALF YEAR RESULTS

INVESTOR DISCUSSION PACK

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
2 MAY 2017

To be read in conjunction with ANZ 2017 half year results
presentation



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2017 HALF YEAR RESULTS

To be read in conjunction with ANZ 2017 half year results presentation available at [ANZ Shareholder Centre Results Announcement page](#)

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All figures within this investor discussion pack are presented on Cash basis in Australian Dollars unless otherwise noted. In arriving at Cash Profit, Statutory Profit has been adjusted to exclude non-core items, further information is set out on page 68 of the 2017 Half Year Consolidated Financial Report.

2017 HALF YEAR RESULTS

CORPORATE PROFILE & SUSTAINABILITY

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
2 MAY 2017



CORPORATE PROFILE

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ABOUT ANZ

- ANZ is one of the 5 largest listed companies in Australia and number one bank in New Zealand
 - Market capitalisation of AU\$93.4b¹
 - Total Assets of AU\$896.5 billion¹
- We operate in 34 markets across
 - Australia
 - New Zealand
 - Asia
 - Pacific
 - Europe
 - America
 - Middle East
- Our ~46,000 staff serve retail, commercial and institutional customers through
 - consumer and corporate offerings in our core markets, and
 - Regional trade and capital flows across the region
- We have over 550,000 shareholders and paid ~\$5b in dividends in 2016

BUILDING A BETTER BANK - OUR PRIORITIES



Creating a simpler,
better balanced bank



Focusing on areas
where we can win



Building a superior everyday
experience for our customers
and our people



Driving a purpose and
values led transformation

1. As at 31 March 2017

STRATEGIC PRIORITIES

PROGRESS



Creating a simpler, better balanced bank

Reduce operating costs & risks
Remove product and management complexity.
Exist low return and non-core businesses.
Reduce reliance on low return aspects of Institutional.

- APRA CET1 ratio 10.1% (up 52bps); costs down 2%
- FTE down 1%
- Announced sale of SRCB, UDC, Asia Retail & Wealth in 6 countries
- Further reduction in Credit Risk Weighted Assets in Institutional, with continued growth in Australia division



Focusing on areas where we can win

Make buying & owning a home or starting, running & growing a small business in Aus. & NZ easy
Be the best bank in the world for customers driven by movement of goods and capital in our region.

- Home lending FUM up \$8b in Aus & NZ
- 5% increase in Small Business deposits
- 33% of Institutional 1H17 revenue from Cross border flow²
- Our Institutional business in Aus & NZ ranks No.1 for overall market and lead penetration and the quality of our service³
- Top 4 Corporate Bank in Asia for a fifth successive year⁴



Building a superior everyday experience for our customers and our people

Build more convenient, engaging banking solutions to simplify the lives of customers and our people

- 20% of projects being delivered under the Agile framework that delivered ApplePay™
- Delivery of Honcho and Blade to improve customer experience
- 44 applications decommissioned reducing complexity and risk



Driving a purpose and values led transformation

Create a strong sense of core purpose, ethics & fairness.
Invest in leaders who can help sense and navigate a rapidly changing environment.

- Re-aligned staff performance objectives, increasing customer focus
- ESG board
- Diversified leadership expertise, new Group Executive Talent and Culture, established new Chief Tech officer and Data officer roles

1. All financial numbers are on an Adjusted Pro-forma basis unless otherwise stated. All growth rates 1H17 vs 2H16 2. Cross border flows defined as thrown revenue (the region where the relationship with the customer exists is different to the region where the revenue is generated and booked). Region defined as Australia, Pacific, NZ, Asia, Europe and America 3. Peter Lee Associates 2016 Large Corporate and Institutional Relationship Banking surveys, Australia and New Zealand (issued in June and August 2016 respectively). Quality of service is based on No.1 ranking for Relationship Strength Index (RSI) that the bank achieved in the above surveys. 4. Greenwich Associates 2017 Asian Large Corporate Banking Study (issued in March 2017): =No.4

CORPORATE SUSTAINABILITY

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CORPORATE SUSTAINABILITY FRAMEWORK



Our Corporate Sustainability Framework supports ANZ's business strategy and is aligned with the bank's Purpose, which is to shape a world where people and communities thrive. We report bi-annually on our sustainability performance.

Our 1H17 Corporate Sustainability Update, discussing progress against the bank's FY17 sustainability targets, will be available on anz.com/cs on 10 May 2017.

PROGRESS ON FY17 SUSTAINABILITY TARGETS



\$5B funded and facilitated in low carbon and sustainable solutions



Almost 500,000 people reached through our financial inclusion programs¹



177,149 customers registered for ANZ goMoney™ mobile banking in the Pacific²



41.4% women in management positions³



108 people employed from under-represented groups⁴

The information provided covers the period 1 October 2016 – 31 March 2017 and has not been externally assured. Our full year Corporate Sustainability Review, to be released in December 2017, will be assured by KPMG 1. This is the estimated number of people who have benefitted from ANZ's MoneyMinded and SaverPlus programs since 2003. 2. Cumulative total since launch in 2013. 3. Includes all employees regardless of leave status excluding contractors (which are included in FTE). 4. Year to date, and Includes Aboriginal and Torres Strait Islander people, people with a disability and refugees

CORPORATE SUSTAINABILITY

SUPPORTING THE TRANSITION TO A LOW CARBON ECONOMY

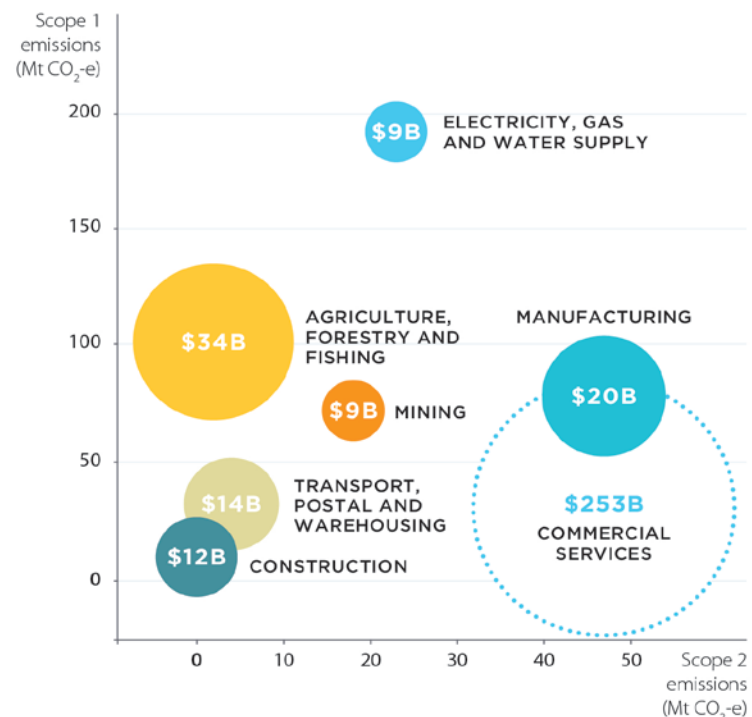
MANAGING OUR BUSINESS SUSTAINABLY

- We seek to support companies with the capacity to manage and adapt to climate change.
- We are supportive of the recommendations made by the FSB's Taskforce on Climate-related Financial Disclosures, and will adopt many of the recommendations as soon as practicable.
- We have a \$10 billion target to fund and facilitate low carbon and sustainable solutions to support our customers to transition to a low carbon economy. In the first 18 months of this five year target, we have funded and facilitated \$5 billion.
- Average emissions intensity of direct funding of electricity generation has reduced since 2014 (measured in tonnes CO₂-e per megawatt hour of electricity generated):

	Australia ³	Outside Australia ³
2016 ¹	0.62	0.16
Movement 2014- 2016	-19%	-36%

CLIMATE-RISK MANAGEMENT¹

ANZ'S business lending exposure² and carbon emissions³ of key industry sectors⁴ in Australia and New Zealand



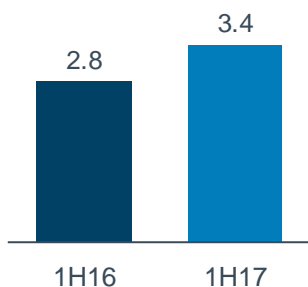
1. This information will be updated in our full year Corporate Sustainability Review, to be released in December 2017
 2. Size of 'bubbles' equates to ANZ's Exposure at Default (EAD) in Australia and New Zealand – the 'bubble' for commercial services is not proportional
 3. Scope 1 Emissions: direct GHG emissions, Scope 2 Emissions: indirect GHG emissions from consumption of purchased electricity, heat or steam
 4. Refer to page 78, 2016 Corporate Sustainability Review for explanatory notes relating to financed emissions and business lending graph

FIRST HALF 2017 PERFORMANCE¹

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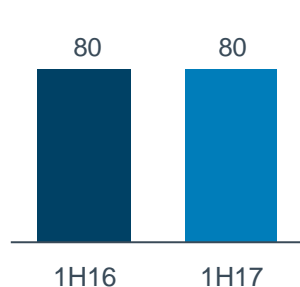
CASH PROFIT

\$b



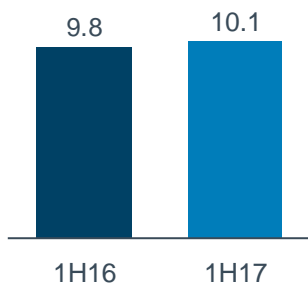
DIVIDEND PER SHARE

cents



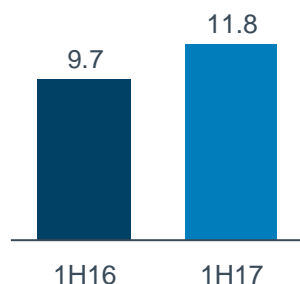
CET1 RATIO³

%



RETURN ON EQUITY

%



	ANZ Group	Australia Division	NZ Division	Institutional Division
Income	\$10,303m	\$4,735m	\$1,577m	\$2,945m
Expenses	\$4,731m	\$1,693	\$600m	\$1,379
Cash NPAT	\$3,411m	\$1,798m	\$677m	\$1,021m
Customer lending²	\$576b	\$337b	\$105b	\$121b
Customer Deposits	\$468b	\$198b	\$74b	\$179b
RoRWA⁴	1.80%	2.27%	2.31%	1.23%
Staff (FTE)	46,046	11,518	6,250	4,899

1. Information is on a Cash basis unless otherwise specified. AUD

2. Net Loans & Advances

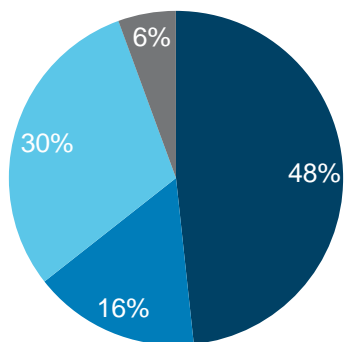
3. Common Equity Tier 1 Ratio

4. Income is on an Annualised Adjusted Pro-forma basis

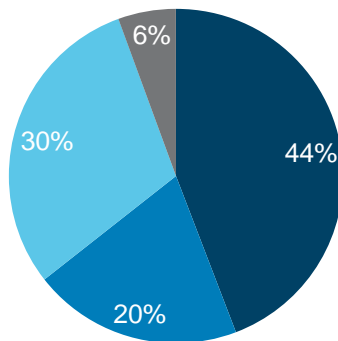
FIRST HALF 2017 EARNINGS¹

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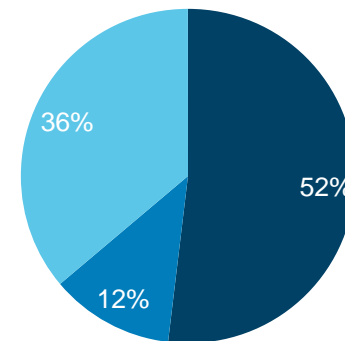
CONTRIBUTION BY DIVISION
INCOME



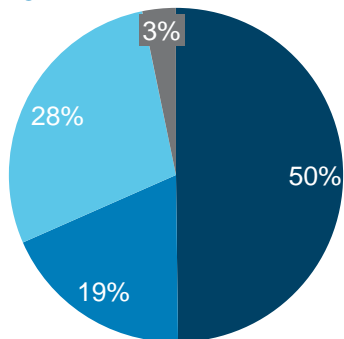
CONTRIBUTION BY CUSTOMER
INCOME



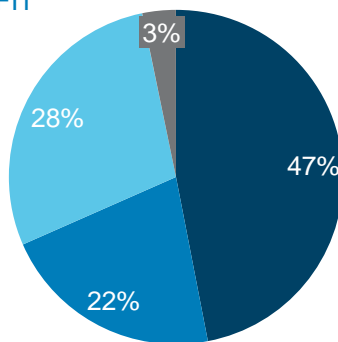
INSTITUTIONAL
INCOME



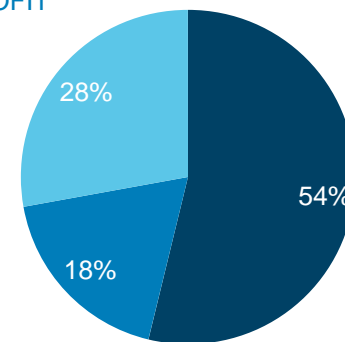
PROFIT



PROFIT



PROFIT



Australia Division
 Institutional Division
 New Zealand Division
 Wealth Australia

Retail
 Institutional
 Commercial
 Wealth (Australia)

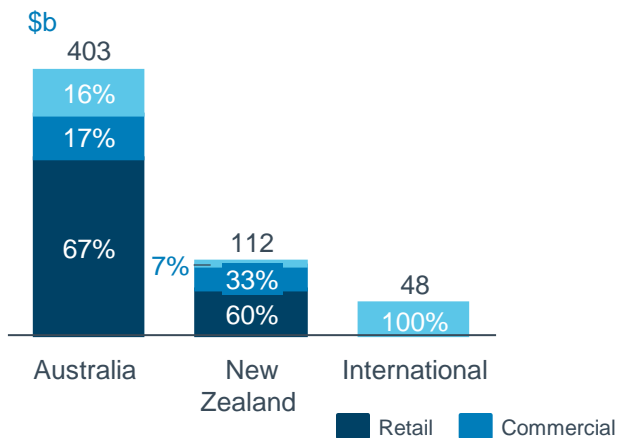
Australia
 International
 New Zealand

1. Information is on a Cash basis unless otherwise specified. Excludes retail Asia & Pacific and TSO & Group Centre

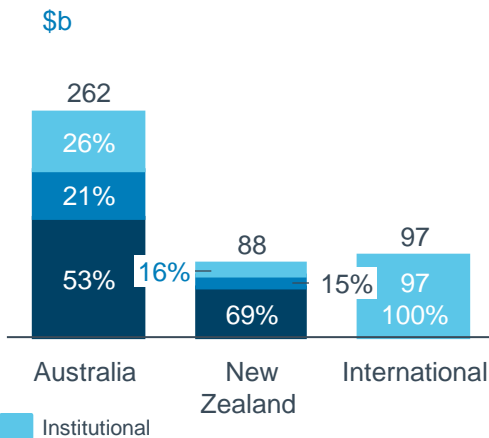
BALANCE SHEET¹

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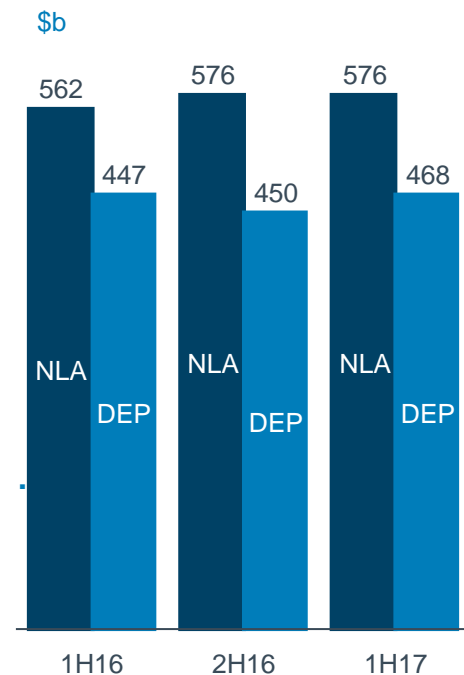
LENDING BY REGION²



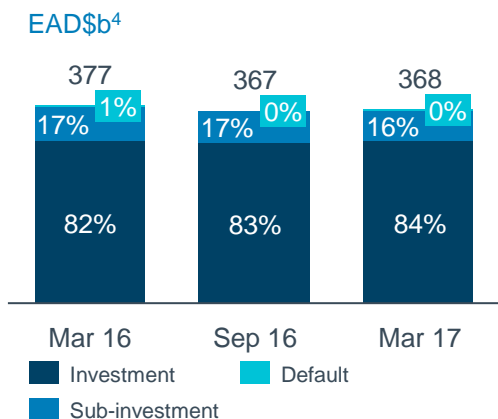
DEPOSITS BY REGION³



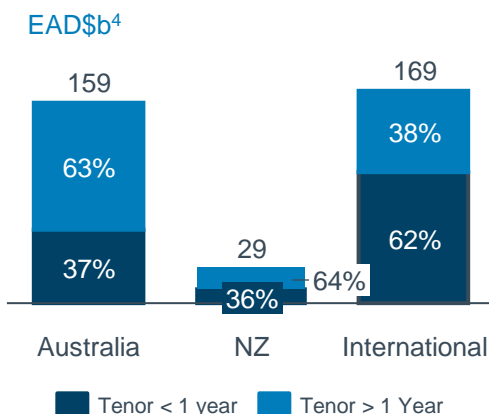
BALANCE SHEET



INSTITUTIONAL GRADE



INSTITUTIONAL TENOR



	Lending ²		Deposits ³	
	1H16	1H17	1H16	1H17
Retail	58%	60%	44%	45%
Comm	19%	19%	15%	15%
Inst	23%	21%	41%	40%

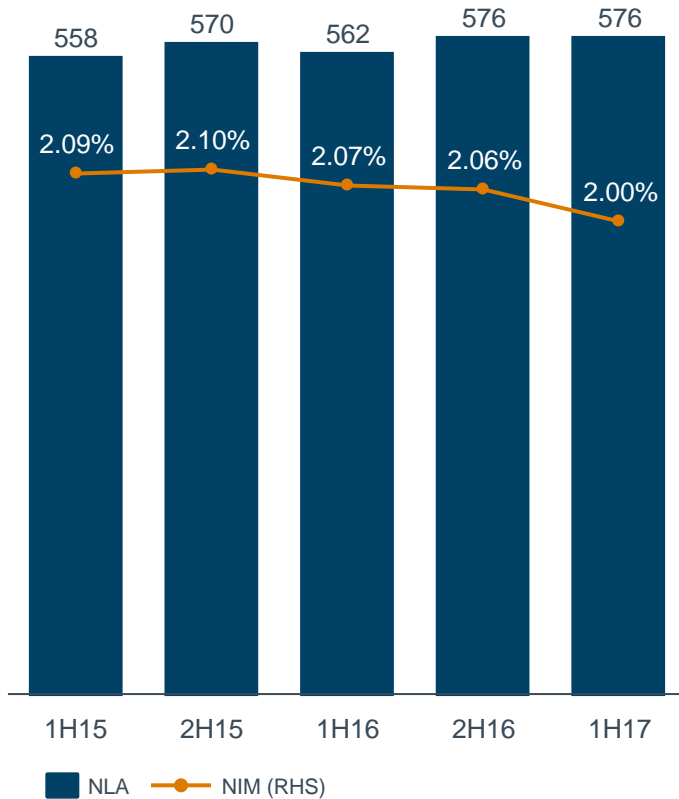
1. As at 31 March 2017 2. Net Loans and Advances. Excludes TSO & Group Centre, Wealth (\$1.8b) and Retail Asia & Pacific (\$12.5b). Australia includes PNG 3. Customer Deposits. Excludes TSO & Group Centre, Wealth (\$0.3b) and Retail Asia & Pacific (\$21.9b). Australia includes PNG 4. Post CRM EAD, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral. Includes amounts for 'Securitisation' and 'Other Assets' Basel asset classes

VOLUMES & MARGINS

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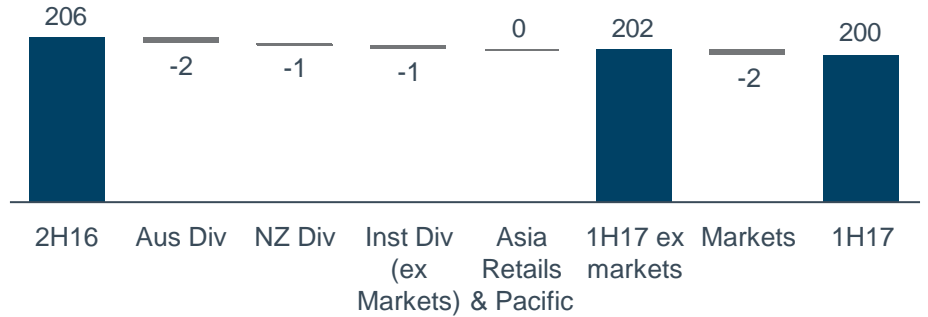
ANZ GROUP

\$b



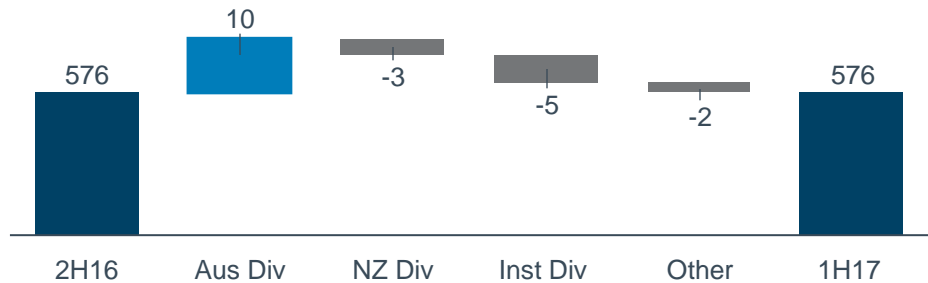
GROUP NET INTEREST MARGIN¹

bps



NET LOANS AND ADVANCES

\$b



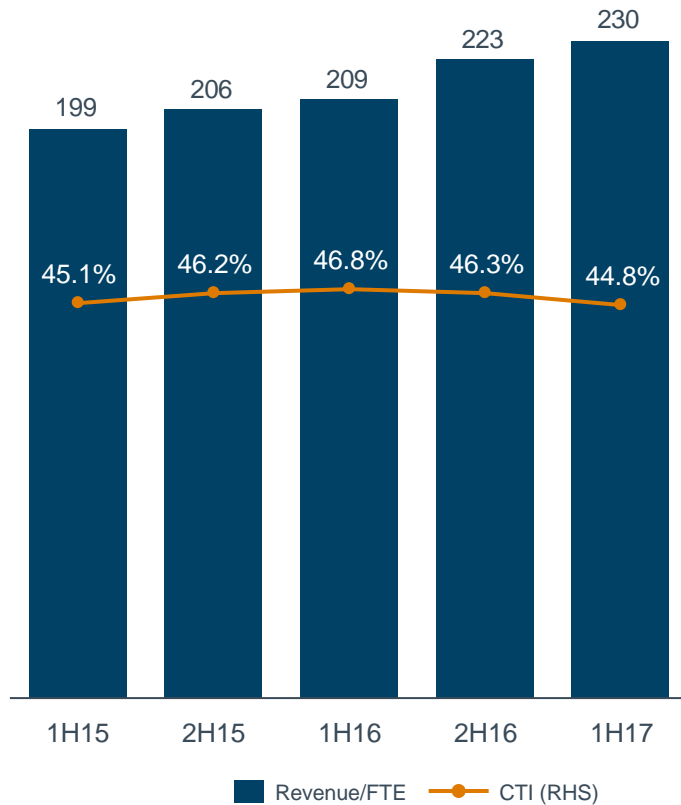
Information is on a Cash basis unless otherwise specified

PRODUCTIVITY

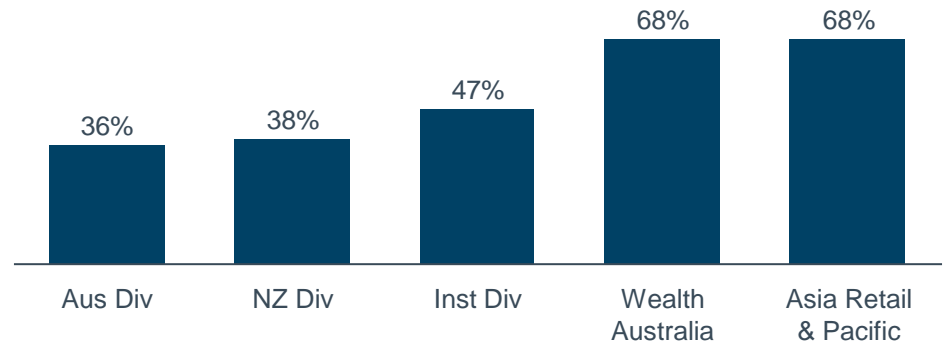
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ANZ GROUP

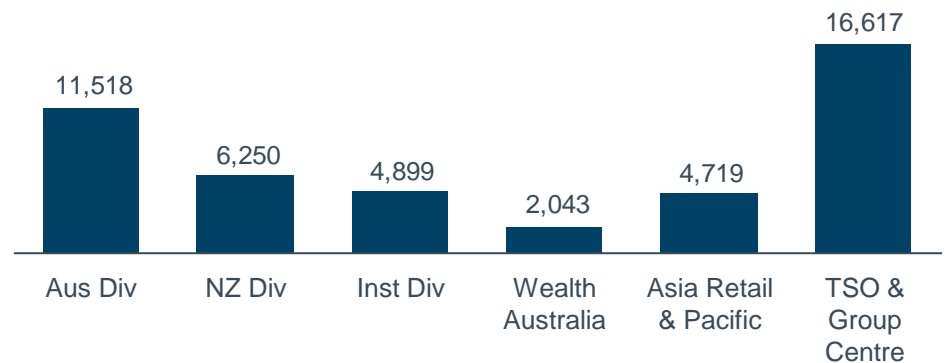
\$'000



COST TO INCOME 1H17



FTE 1H17



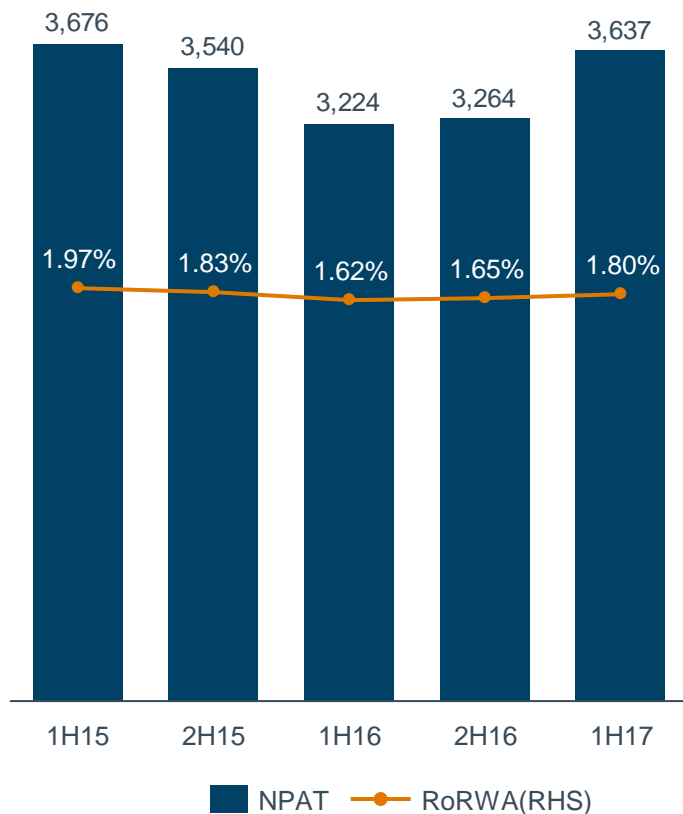
1. Information is on an Adjusted pro-forma basis for 1H16, 2H16 and 1H17

PROFITABILITY

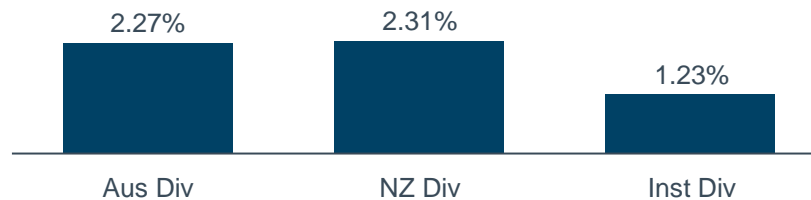
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ANZ GROUP

\$m

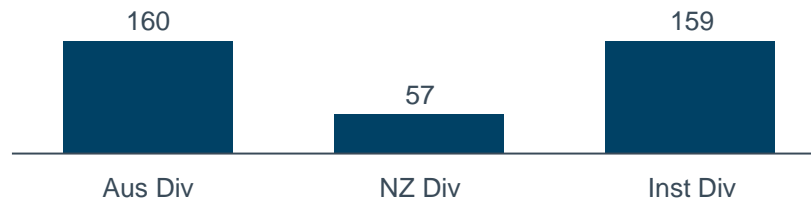


RoRWA¹ 1H17



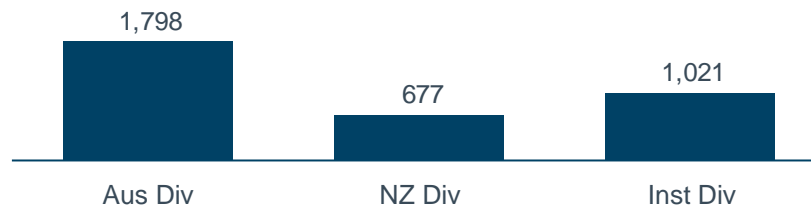
RISK WEIGHTED ASSETS 1H17

\$m



PROFIT 1H17

\$b



Information is on an Adjusted pro-forma basis for 1H16, 2H16 and 1H17

1. Income is on an Annualised Adjusted Pro-forma basis

2017 HALF YEAR RESULTS

GROUP TREASURY

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
2 MAY 2017



REGULATORY CAPITAL

CAPITAL UPDATE

Capital Position

- APRA CET1 ratio of 10.1% on an APRA basis or 15.2% on an Internationally Comparable¹ basis – comfortably above Basel top quartile² CET1 of 13.8%.
- APRA Leverage ratio of 5.3% or 6.0% on an Internationally Comparable basis.

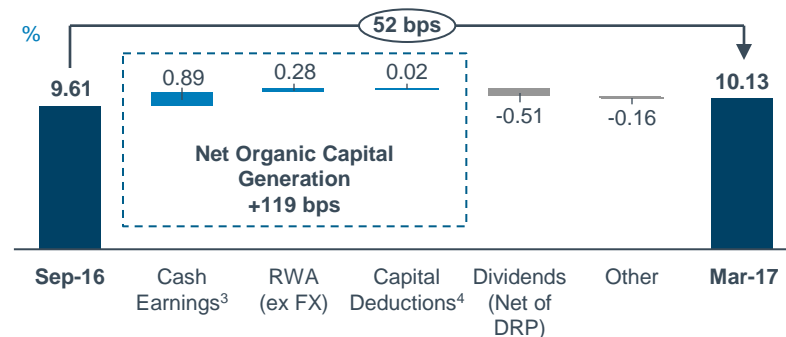
Organic Capital Generation & Dividend

- 1H17 organic capital generation of 119 bps is 58 bps higher than recent 1H averages⁵, driven mainly by the reduction in Institutional RWA.
- Interim dividend of 80 cents consistent with revised 60%-65% payout target.

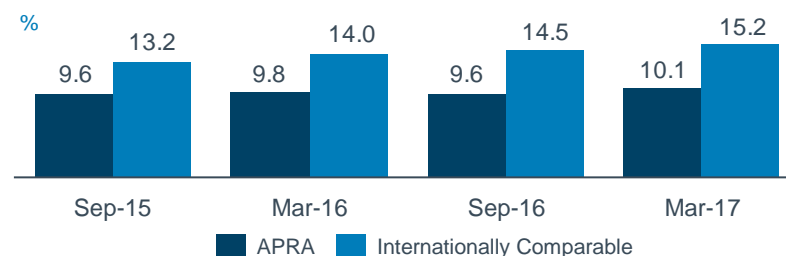
Capital Outlook

- Announced asset sales (Asia Retail and Wealth business, SRCB and UDC Finance) expected to increase CET1 ratio by 65 to 70 bps, increasing the pro-forma CET1 ratio to ~ 10.8%.
- ANZ intends to neutralise shares allocated under the 1H17 Dividend Reinvestment Plan (DRP) by acquiring an equivalent number of shares on market (as approved by APRA).
- Capital management strategy and initiatives will be reviewed following further clarity in regards to APRA's "unquestionably strong" requirements including further Basel reforms and any RWA modelling changes .

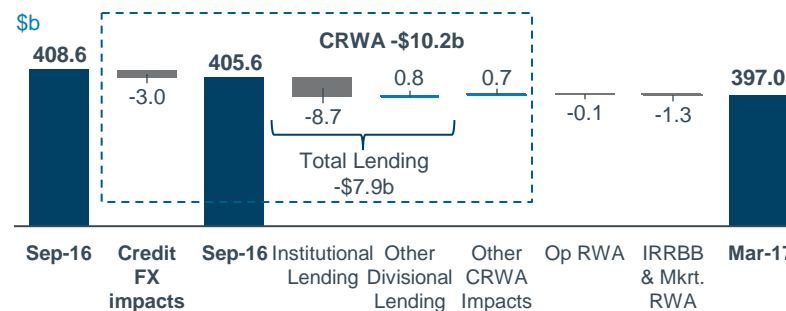
APRA COMMON EQUITY TIER 1 (CET1)



BASEL III CET1



TOTAL RWA MOVEMENT



1. Internationally Comparable methodology aligns with APRA's information paper entitled International Capital Comparison Study (13 July 2015). Basel III Internationally Comparable ratios do not include an estimate of the Basel I capital floor. 2. Based on Group 1 banks as identified by the BIS (internationally active banks with Tier 1 capital of more than €3 billion). The top quartile of this group was 13.8% as at June 2016. 3. Cash Earnings on pro forma basis adjusted for 'Specified items'. 4. Represents the movement in retained earnings in deconsolidated entities, capitalised software, EL v EP shortfall and other intangibles. 5. 2012-2016 1H averages.

REGULATORY CAPITAL GENERATION

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COMMON EQUITY TIER 1 GENERATION (bps)	First half average 1H12 – 1H16	2H16	1H17
Cash Profit ¹	97	84	89
RWA movement	(21)	22	28
Capital Deductions ²	(15)	1	2
Net capital generation	61	107	119
Gross dividend	(70)	(60)	(57)
Dividend Reinvestment Plan	11	6	6
Core change in CET1 capital ratio	2	53	68
Other non-core and non-recurring items	7	(73)	(16)
Net change in CET1 capital ratio	9	(20)	52

Organic Capital Generation

- Net capital generation for 1H17 is 119 bps, which is 58 bps higher than prior period averages. This reflects the benefit of strong balance sheet discipline and the Group's strategic intent to run-off low return assets in Institutional, offsetting lower Cash NPAT.

Non-Core and non-recurring items

- Non-core and non-recurring items in 1H17 predominantly driven by RWA measurement changes and the movement in Non-cash earnings.

1. Cash profit for 1H16, 2H16 and 1H17 are on Adjusted Pro-forma basis adjusted for 'Specified items'.

2. Represents movement in retained earnings in deconsolidated entities, capitalised software, EL v EP shortfall and other intangibles.

INTERNATIONALLY COMPARABLE¹ REGULATORY CAPITAL POSITION

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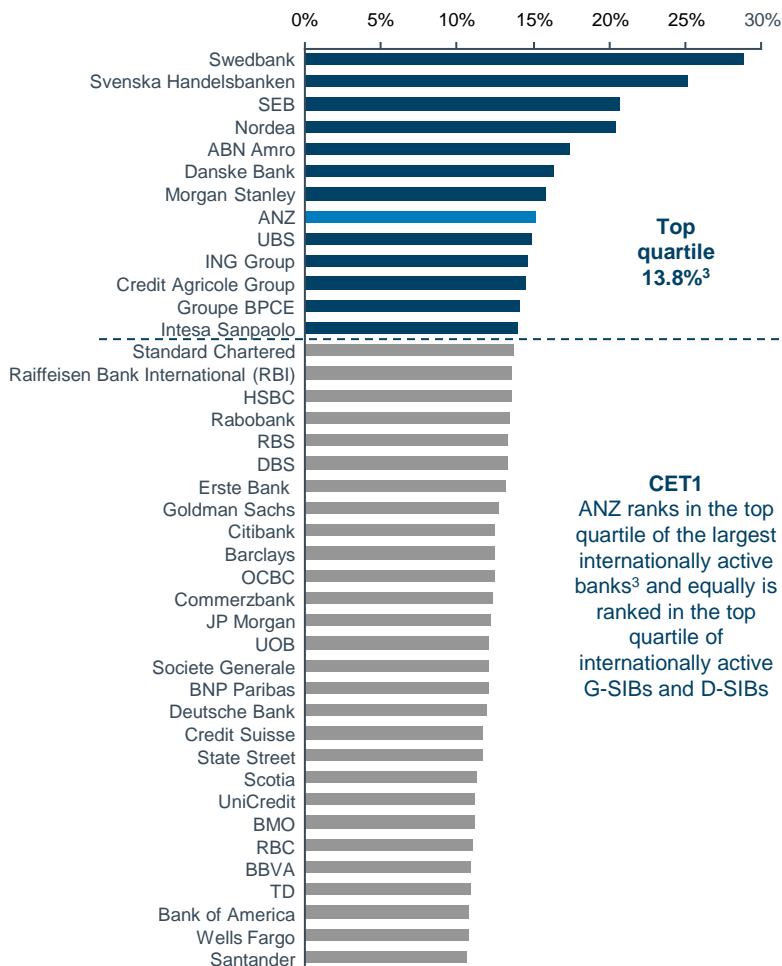
APRA Common Equity Tier 1 (CET1) – 31 March 2017		10.1%
Corporate undrawn EAD and unsecured LGD adjustments	Australian ADI unsecured corporate lending LGDs and undrawn CCFs exceed those applied in many jurisdictions	1.4%
Equity Investments & DTA	APRA requires 100% deduction from CET1 vs. Basel framework which allows concessional threshold prior to deduction	1.1%
Mortgages	APRA requires use of 20% mortgage LGD floor vs. 10% under Basel framework. Additionally, APRA also requires a higher correlation factor vs 15% under Basel framework to target an average risk weighting of at least 25% for Australian residential mortgages	1.3%
Specialised Lending	APRA requires supervisory slotting approach which results in more conservative risk weights than under Basel framework	0.6%
IRRBB RWA	APRA includes in Pillar 1 RWA. This is not required under the Basel framework	0.3%
Other	Includes impact of deductions from CET1 for capitalised expenses and deferred fee income required by APRA, currency conversion threshold and other retail standardised exposures	0.4%
Basel III Internationally Comparable CET1		15.2%
Basel III Internationally Comparable Tier 1 Ratio		18.2%
Basel III Internationally Comparable Total Capital Ratio		21.3%

1. Internationally Comparable methodology aligns with APRA's information paper entitled International Capital Comparison Study (13 July 2015). Basel III Internationally Comparable ratios do not include an estimate of the Basel I capital floor.

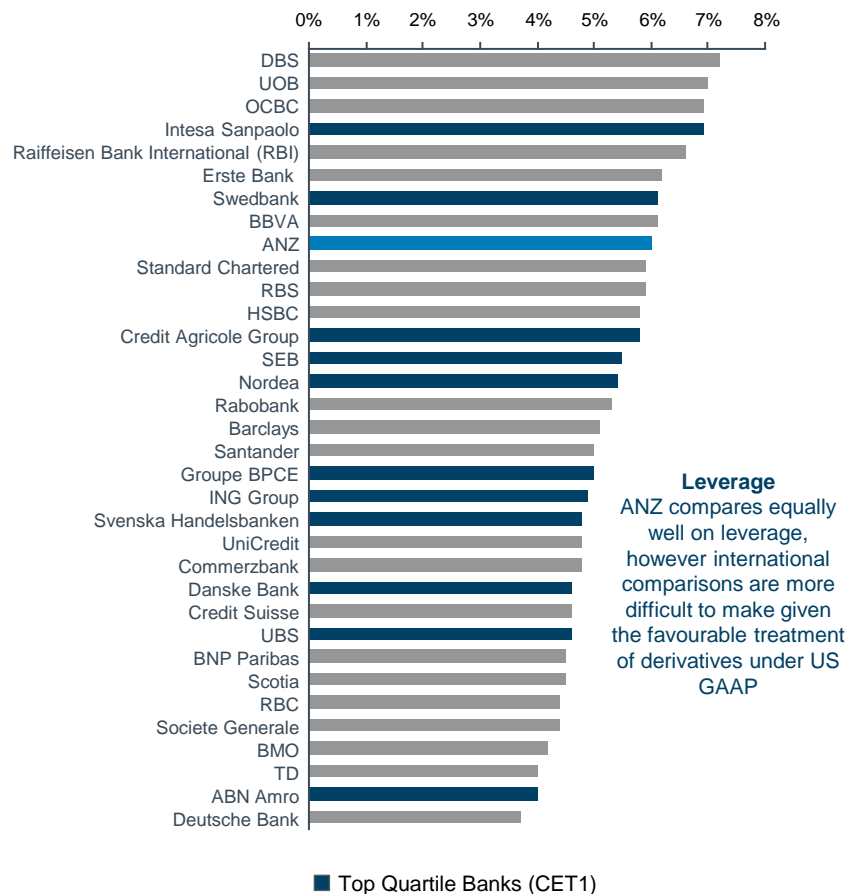
CET1 AND LEVERAGE IN A GLOBAL CONTEXT

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CET1 RATIOS¹



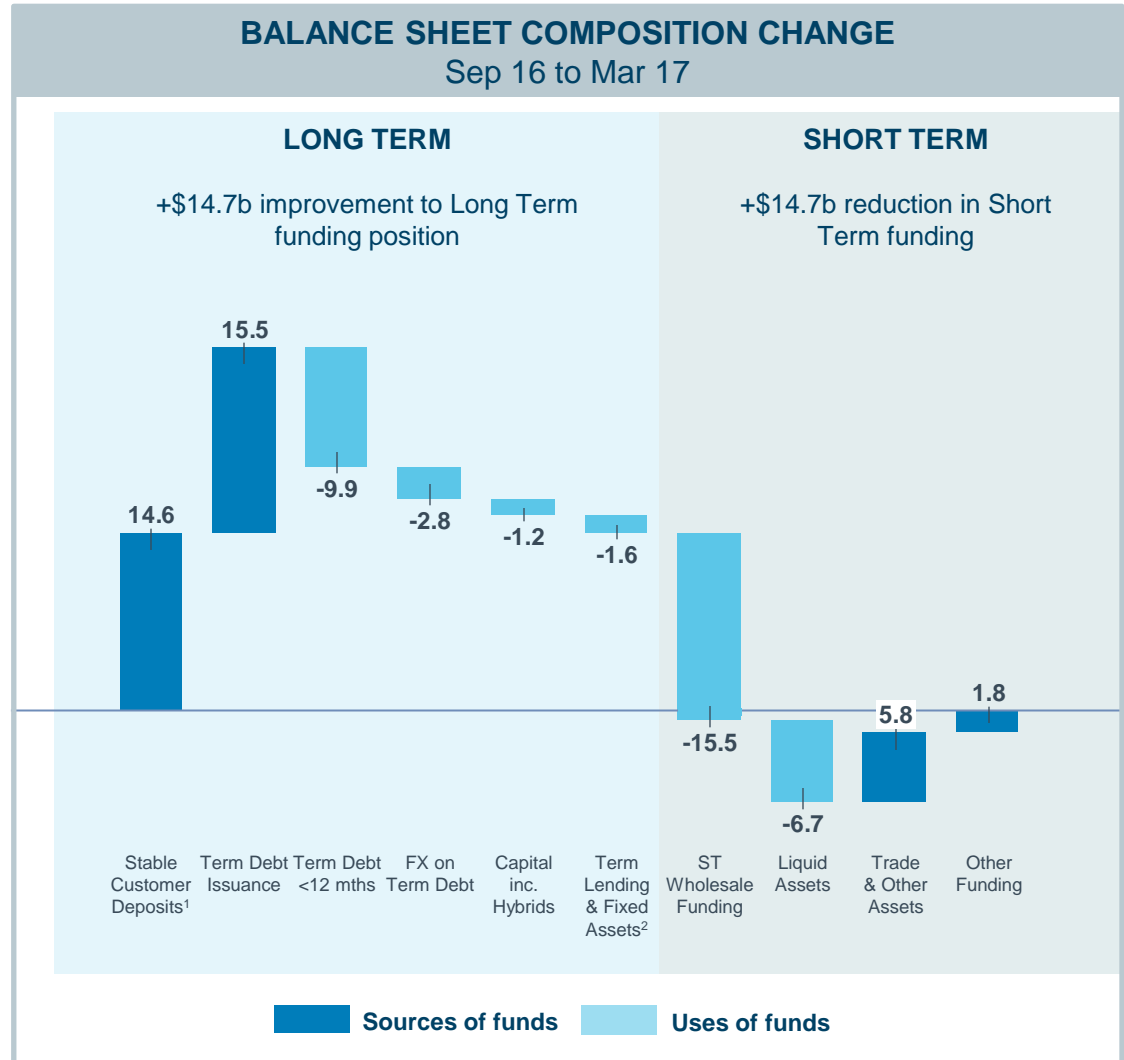
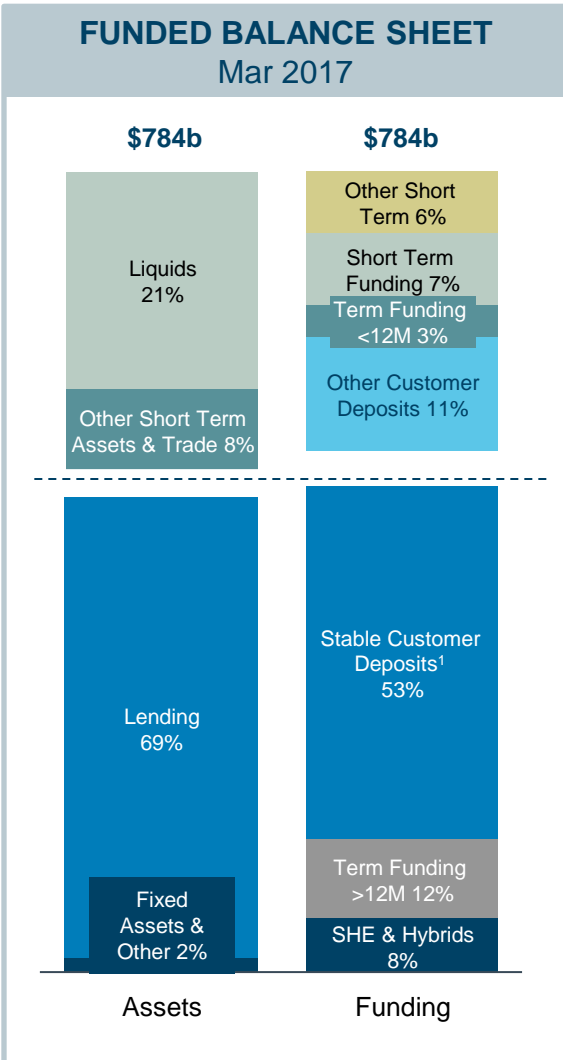
LEVERAGE RATIOS^{1,2}



1. CET1 and leverage ratios are based on ANZ estimated adjustment for accrued expected future dividends where applicable. ANZ ratios are on an Internationally Comparable basis. All data sourced from company reports and ANZ estimates based on last reported half/full year results assuming Basel III capital reforms fully implemented. 2. Includes adjustments for transitional AT1 where applicable. Exclude US banks as leverage ratio exposures are based on US GAAP accounting and therefore incomparable with other jurisdictions which are based on IFRS. 3. Based on Group 1 banks as identified by the BIS (internationally active banks with Tier 1 capital of more than €3 billion). The top quartile of this group was 13.8% as at June 2016.

BALANCE SHEET STRUCTURE

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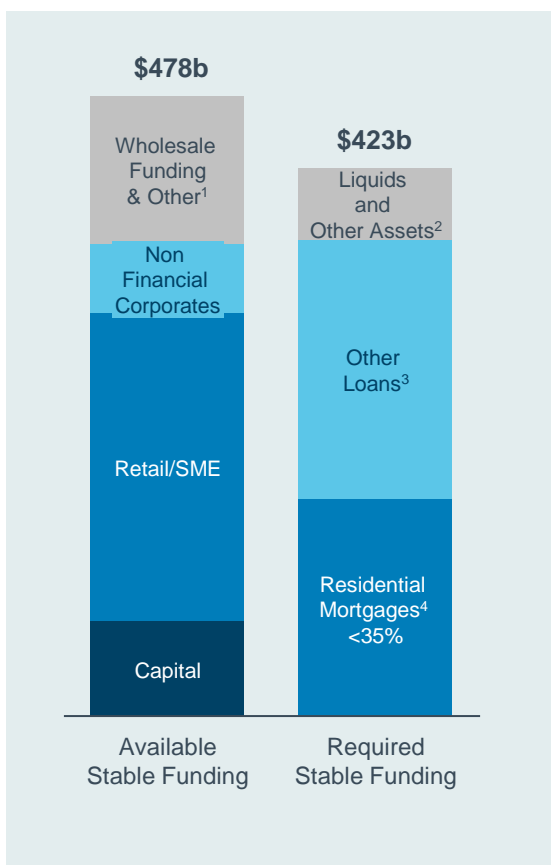
1. Stable customer deposits represent operational type deposits or those sourced from retail / business / corporate customers and the stable component of Other funding liabilities. 2. Excludes trade lending, repo, interbank and bills of acceptances

NET STABLE FUNDING RATIO

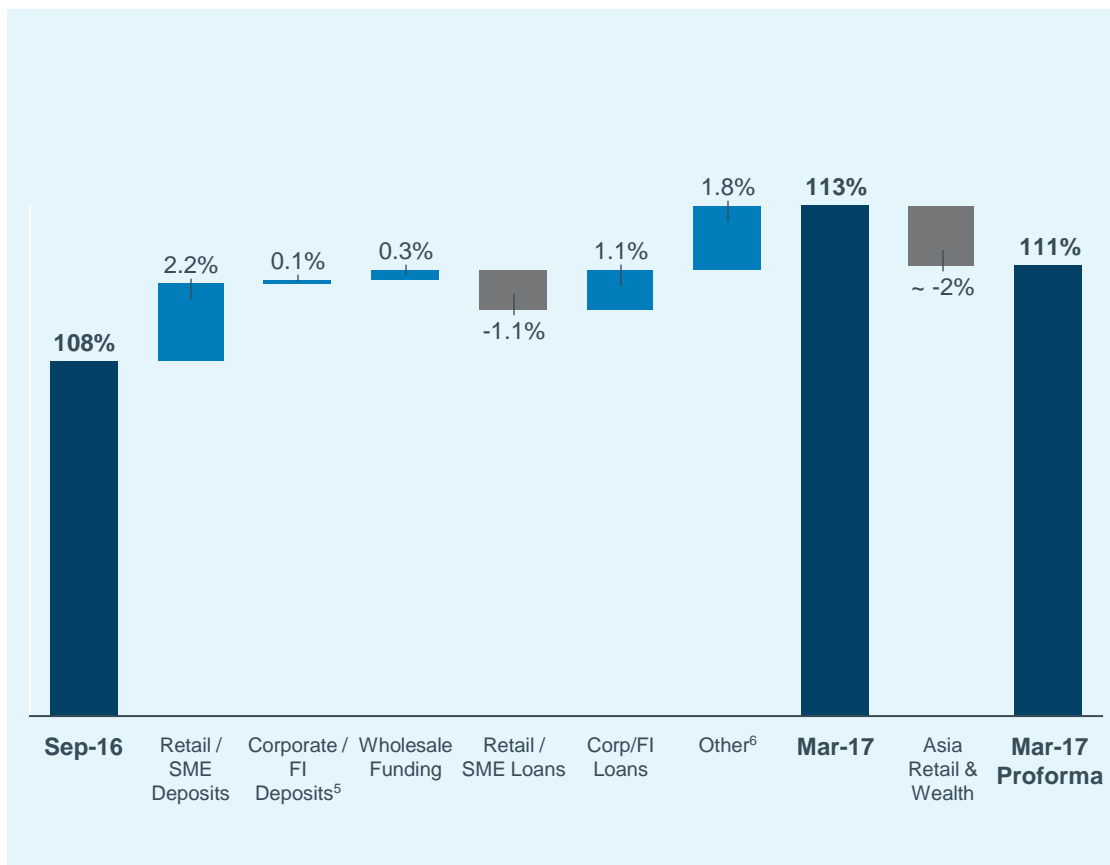
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Pro-forma NSFR ~111%

NSFR COMPOSITION Mar 2017



NSFR MOVEMENT Sep 16 v Mar 17



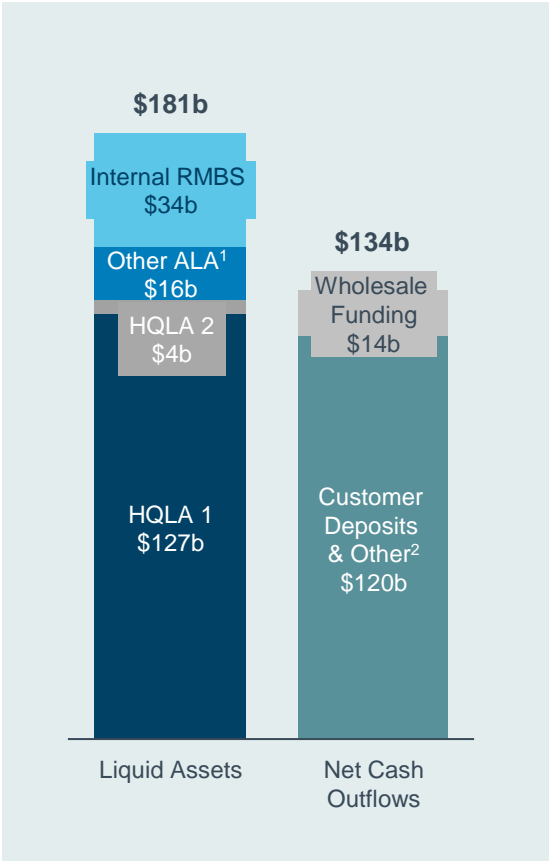
All figures shown on a Level 2 basis and based on current estimates. 1. 'Other' includes Sovereign, PSE and FI Deposits. 2. 'Other Assets' include Off Balance Sheet, Derivatives, Fixed Assets and Other Assets. 3. All lending other than Residential Mortgages <35% Risk Weight. 4. Includes NSFR impact of self-securitised assets backing the Committed Liquidity Facility (CLF). 5. Includes corporate, FI, PSE and central bank deposits. 6. Net of other ASF and other RSF.

LIQUIDITY COVERAGE RATIO

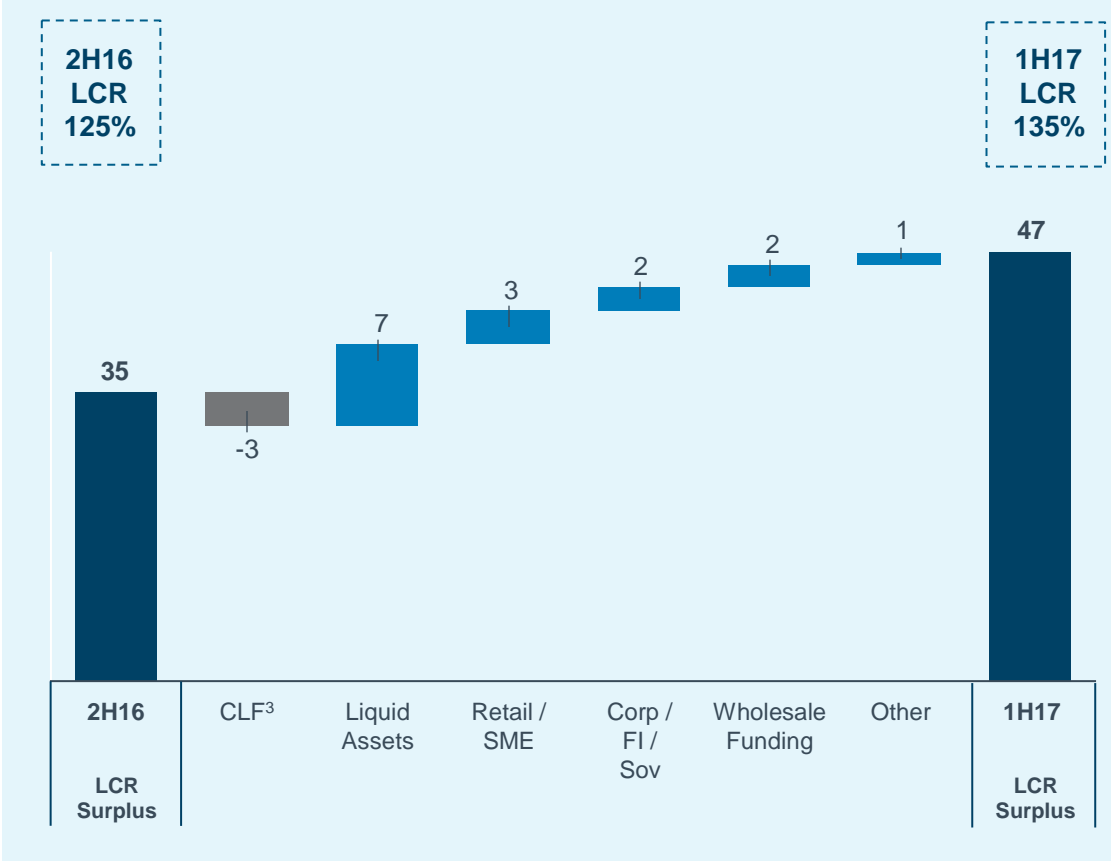
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1H17 Average LCR 135%

LCR Composition 1H17



Movement in Average LCR Surplus (A\$b) 2H16 to 1H17



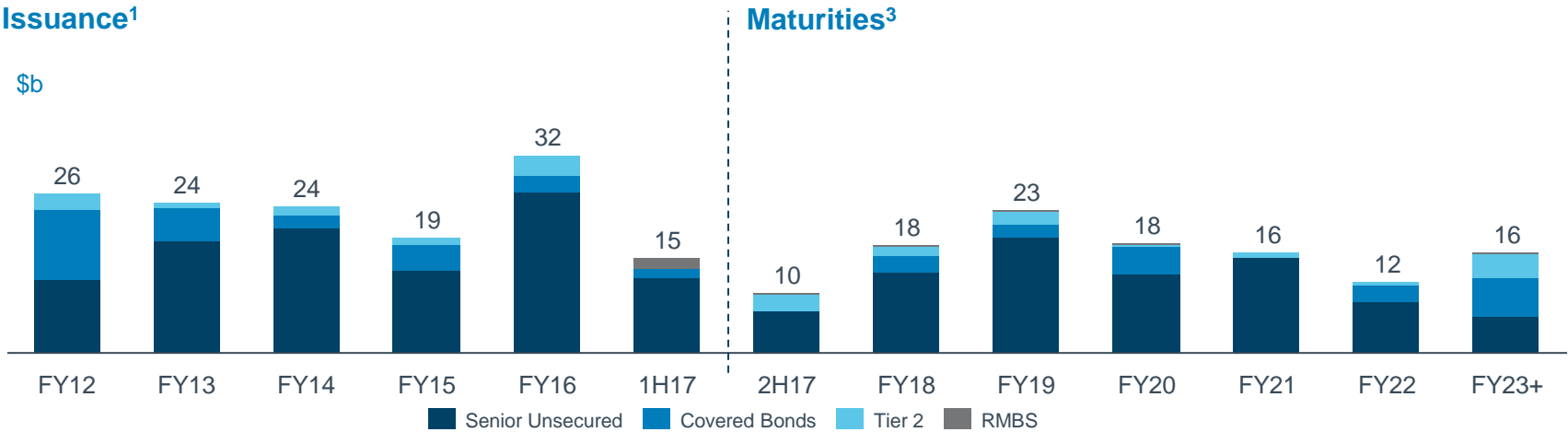
All figures shown on a Level 2 basis. 1. Comprised of assets qualifying as collateral for the Committed Liquidity Facility (CLF), excluding internal RMBS and any assets contained in the RBNZ's Liquidity Policy – Annex: Liquidity Assets – Prudential Supervision Department Document BS13A12. 2. 'Other' includes off-balance sheet and cash inflows. 3. RBA CLF reduced by \$6.5b, from 1 January 2017 (to \$43.8b).

TERM WHOLESALE FUNDING PORTFOLIO²

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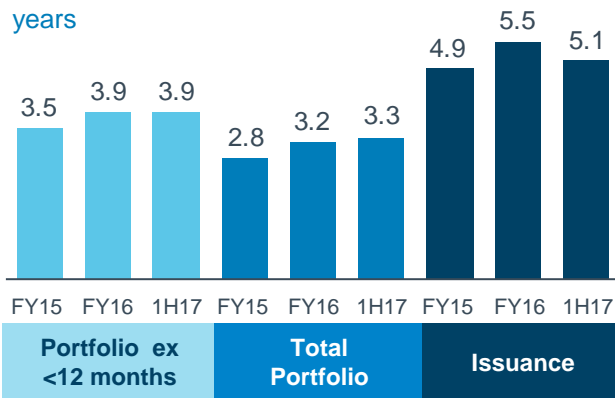
Issuance¹

\$b

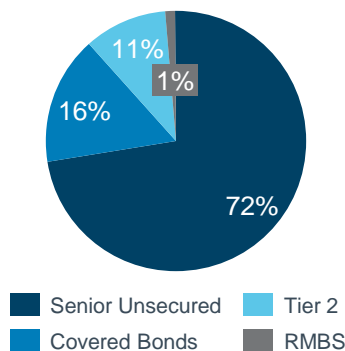


WEIGHTED AVERAGE TENOR

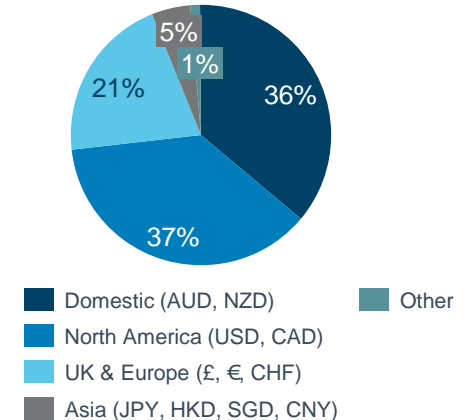
years



PORTFOLIO BY TYPE



PORTFOLIO BY CURRENCY



All figures based on historical FX. 1. Includes transactions with a call or maturity date greater than 12 months as at the respective reporting date. 2. Excludes AT1. 3. Tier 2 profile is based on the next optional call date

2017 HALF YEAR RESULTS

RISK MANAGEMENT

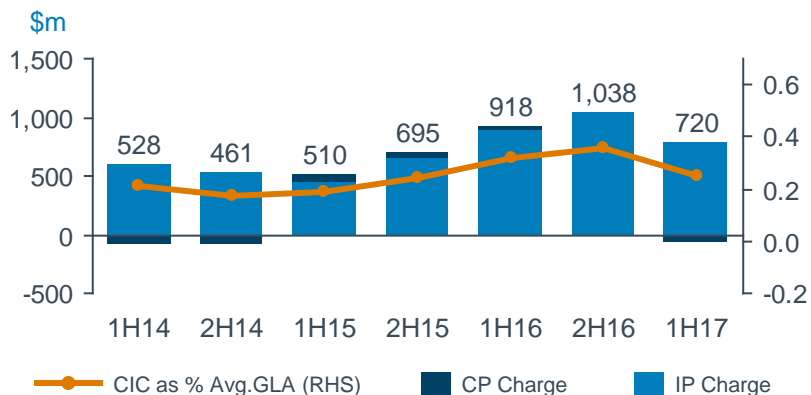
AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
2 MAY 2017



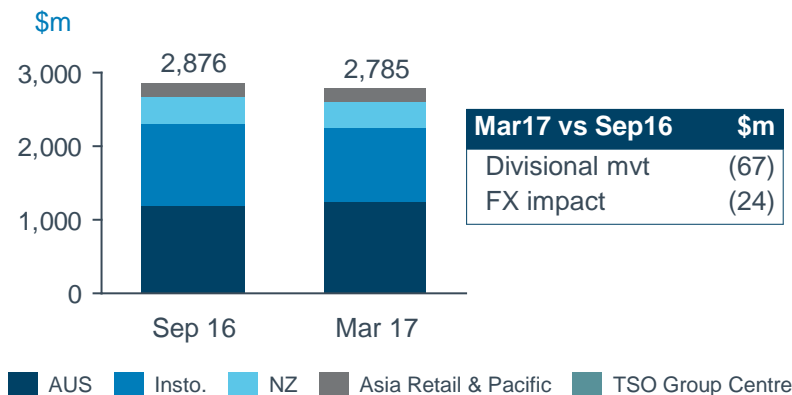
RISK MANAGEMENT

TOTAL & COLLECTIVE PROVISION (CP) CHARGE

TOTAL PROVISION CHARGE



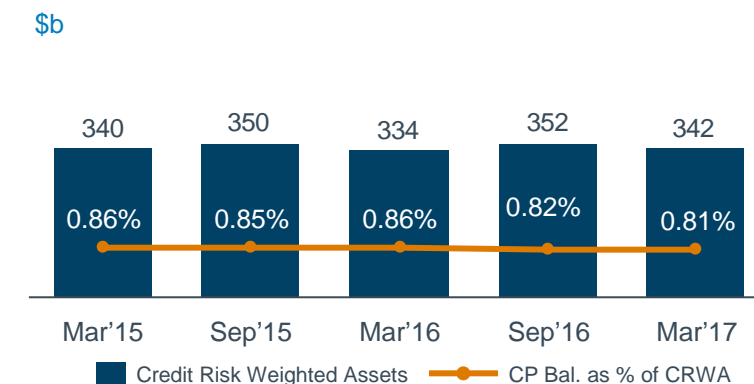
CP BALANCE BY DIVISION



TOTAL PROVISION CHARGE COMPOSITION

	1H14	2H14	1H15	2H15	1H16	2H16	1H17
CIC	528	461	510	695	918	1,038	720
CP Composition							
Lending Growth	85	61	54	50	56	-59	-30
Risk/Portfolio Mix	-200	-52	8	62	-30	50	-78
Eco Cycle	41	-90	-7	-72	0	0	41

CRWA & CP AS A % OF CRWA

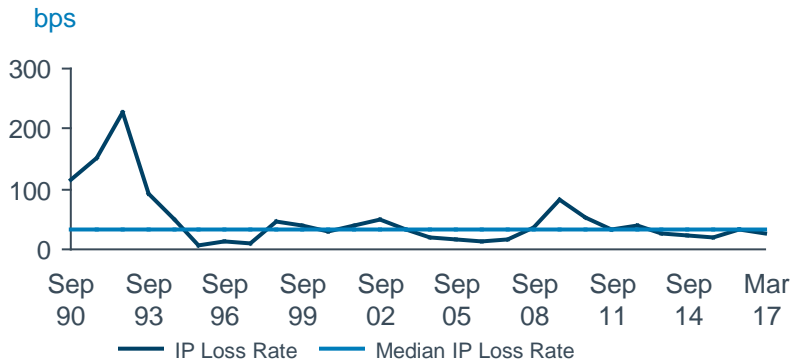


IP: Individual Provision charge CP: Collective Provision charge CIC: Total Credit Impairment charge

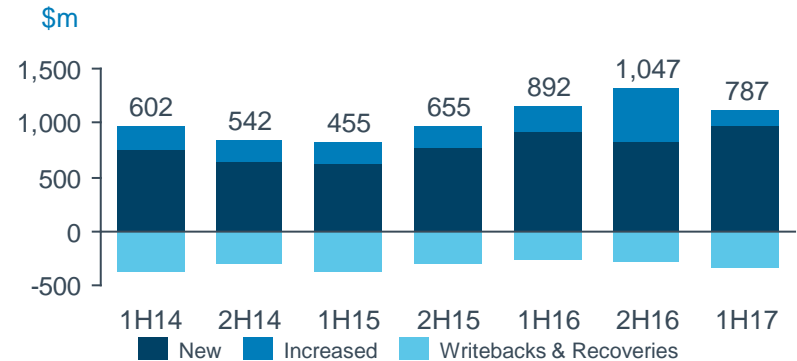
RISK MANAGEMENT

INDIVIDUAL PROVISION (IP) CHARGE

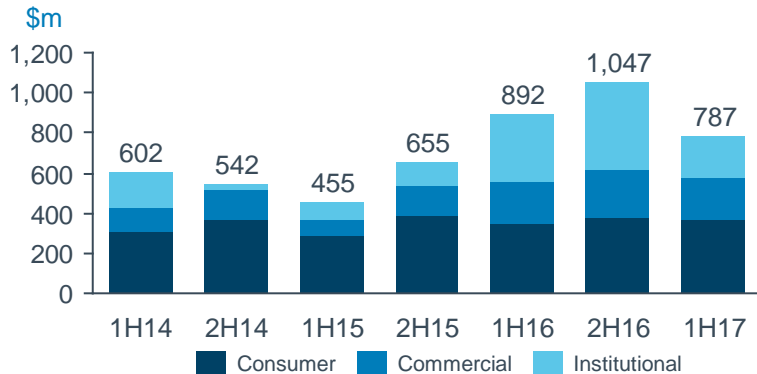
ANZ HISTORICAL OBSERVED LOSS RATES



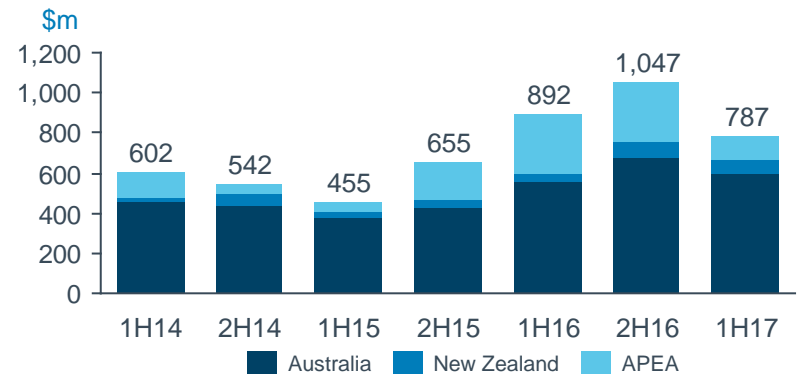
IP CHARGE COMPOSITION



IP CHARGE BY SEGMENT



IP CHARGE BY REGION



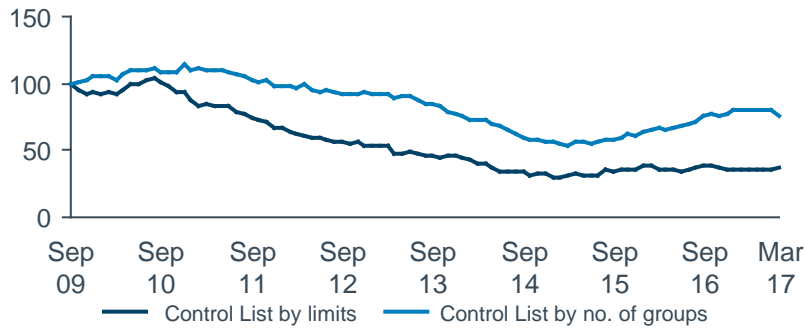
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RISK MANAGEMENT

IMPAIRED ASSETS

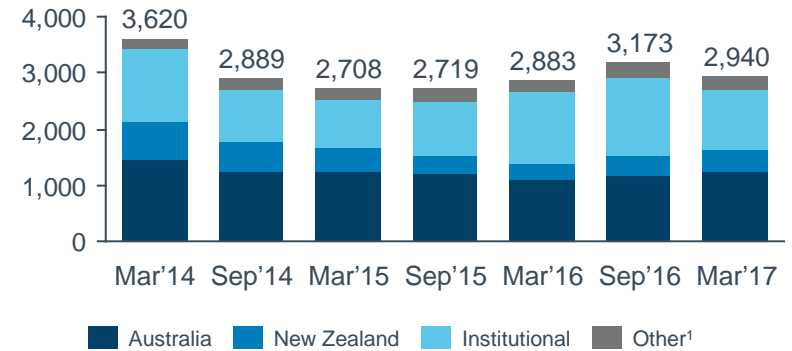
CONTROL LIST

Index Sep 09 =100



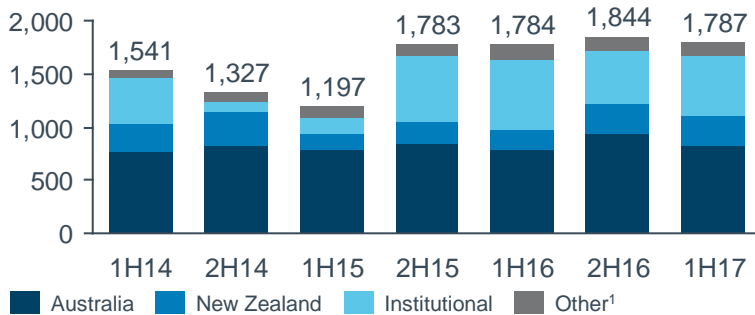
GROSS IMPAIRED ASSETS BY DIVISION

\$m



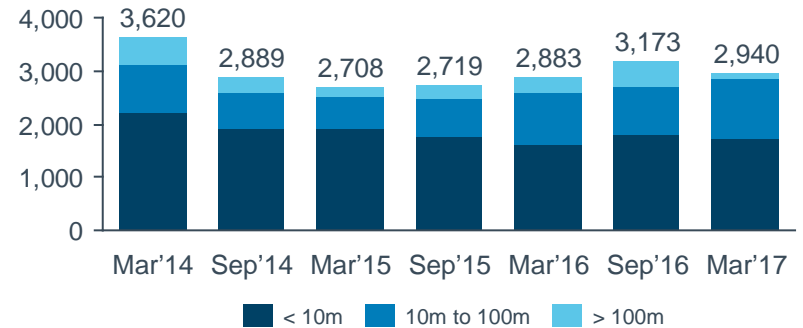
NEW IMPAIRED ASSETS BY DIVISION

\$m



GROSS IMPAIRED ASSETS¹ BY EXPOSURE SIZE

\$m



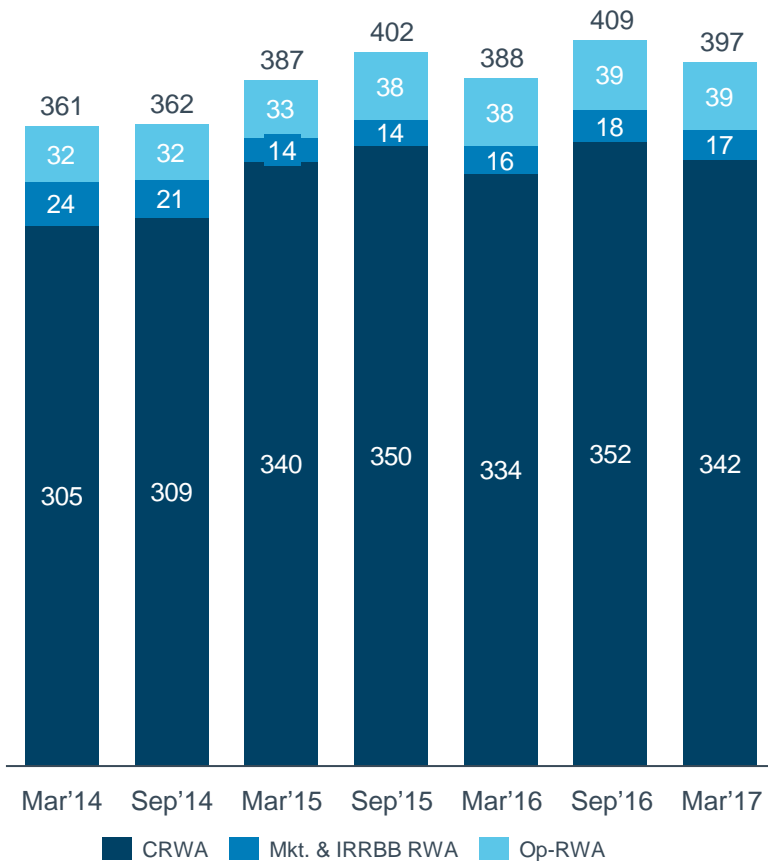
1. Other includes Retail Asia & Pacific and Australia Wealth

RISK MANAGEMENT

RISK WEIGHTED ASSETS

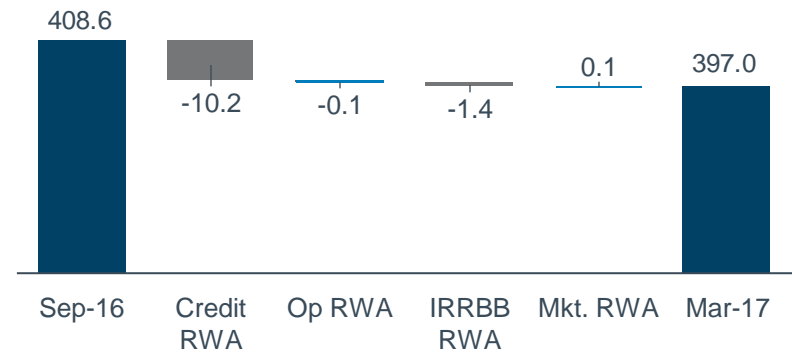
TOTAL RISK WEIGHTED ASSETS

\$b



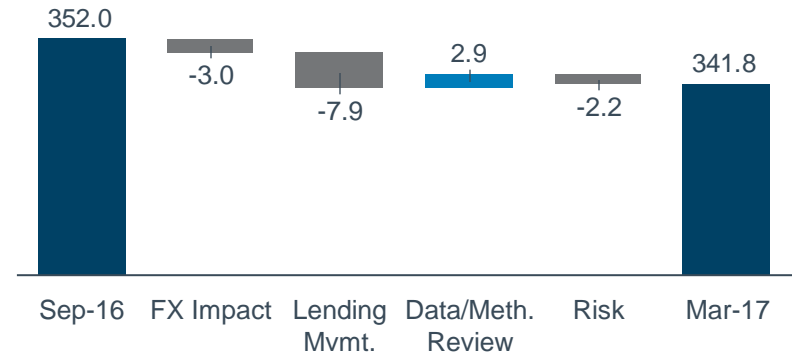
TOTAL RWA MOVEMENT

\$b



CRWA MOVEMENT

\$b

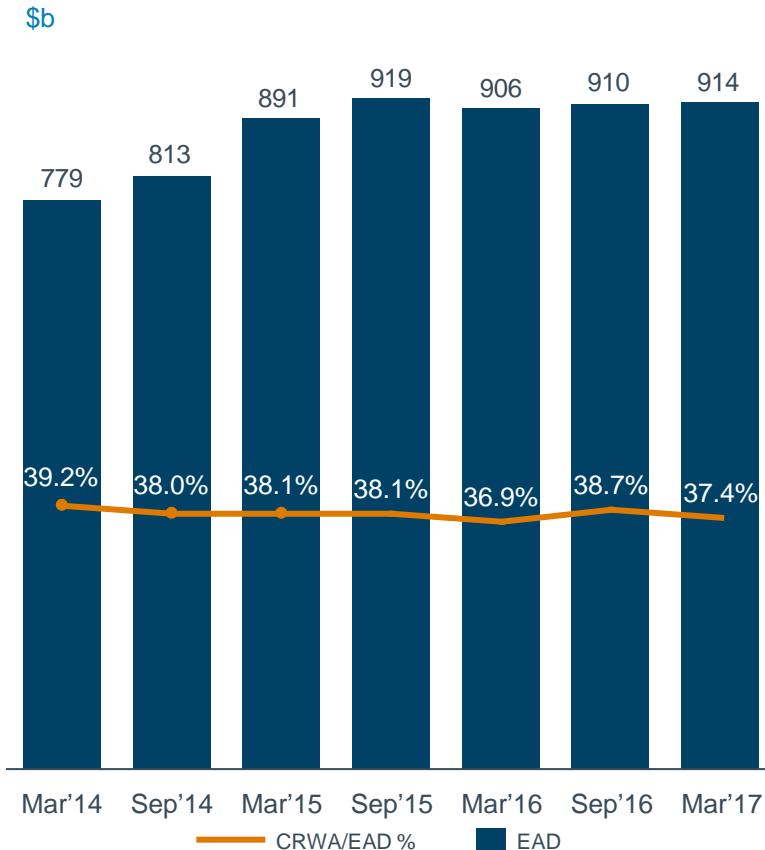


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RISK MANAGEMENT

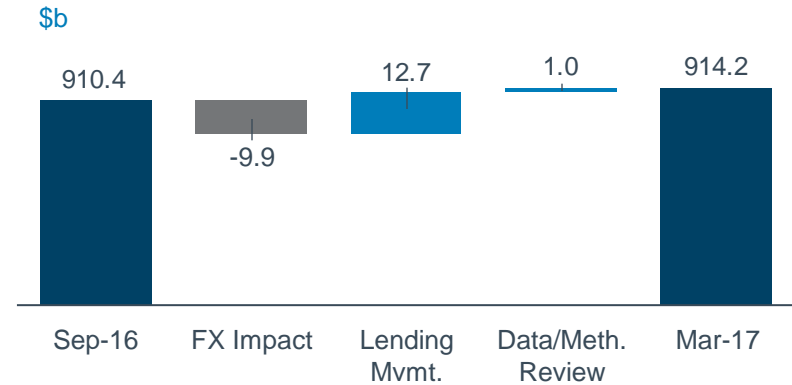
RISK WEIGHTED ASSETS

GROUP EAD¹ & CRWAs



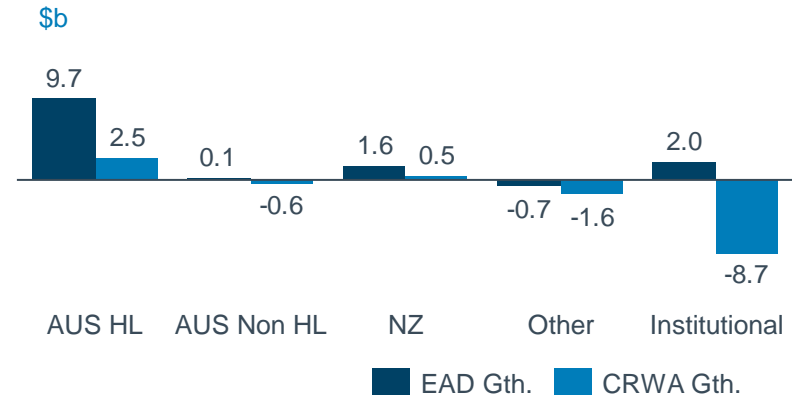
GROUP EAD¹ MOVEMENT

MAR 17 V SEP 16



GROUP EAD¹ & CRWA GROWTH² MOVEMENT

MAR 17 V SEP 16



1. Post CRM EAD, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral. Includes amounts for 'Securitisation' and 'Other Assets' Basel asset classes

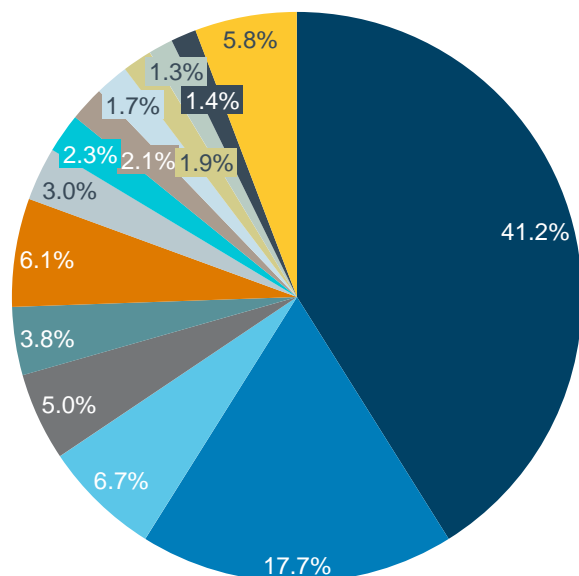
2. Refers to lending movement, excluding FX Impact, Data/Meth Review and Risk

RISK MANAGEMENT

PORTFOLIO COMPOSITION

EXPOSURE AT DEFAULT (EAD) AS A % OF GROUP TOTAL

TOTAL GROUP EAD (Mar 17)
= \$899b¹



Category	% of Group EAD		% of Portfolio in Non Performing		Portfolio Balance in Non Performing
	Sep 16	Mar 17	Sep 16	Mar 17	Mar 17
Consumer Lending	40.6%	41.2%	0.1%	0.1%	\$447m
Finance, Investment & Insurance	17.4%	17.7%	0.1%	0.0%	\$25m
Property Services	6.8%	6.7%	0.4%	0.3%	\$166m
Manufacturing	5.2%	5.0%	1.6%	1.2%	\$550m
Agriculture, Forestry, Fishing	3.9%	3.8%	1.5%	1.4%	\$485m
Government & Official Institutions	6.2%	6.1%	0.0%	0.0%	\$0m
Wholesale trade	3.1%	3.0%	0.5%	0.5%	\$142m
Retail Trade	2.4%	2.3%	1.2%	0.7%	\$154m
Transport & Storage	2.2%	2.1%	0.4%	0.8%	\$146m
Business Services	1.7%	1.7%	0.9%	1.0%	\$146m
Resources (Mining)	1.8%	1.9%	2.9%	2.1%	\$357m
Electricity, Gas & Water Supply	1.3%	1.3%	0.0%	0.1%	\$16m
Construction	1.4%	1.4%	2.0%	1.9%	\$234m
Other	6.0%	5.8%	0.4%	0.6%	\$291m
Total	100.0%	100.0%			\$3,159m
Total Group EAD¹ \$b	\$895b	\$899b			

1. EAD excludes amounts for 'Securitisation' and 'Other Assets' Basel classes and manual adjustments. Data provided is as at Mar 17 on a Post CRM basis, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral. Note that APS330 disclosure is reported on a Post CRM basis from 30 June 2016

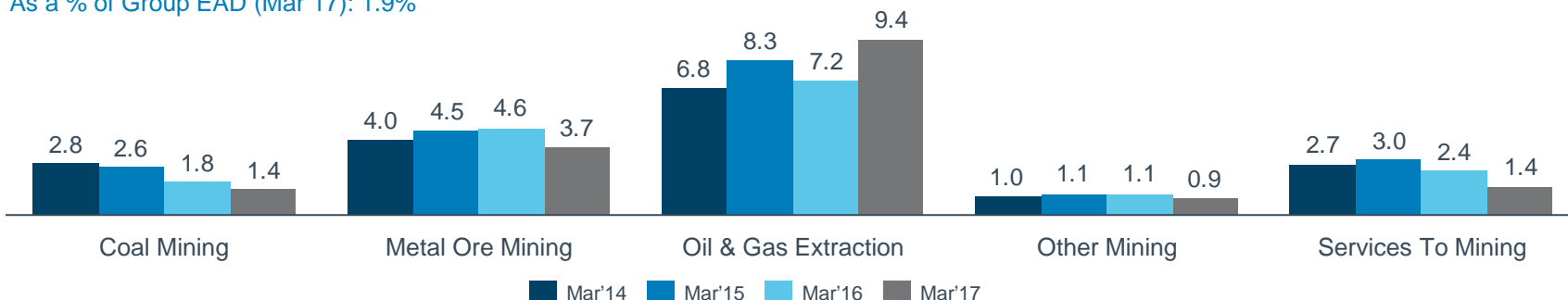
RISK MANAGEMENT

GROUP RESOURCES PORTFOLIO

RESOURCES EXPOSURE BY SECTOR

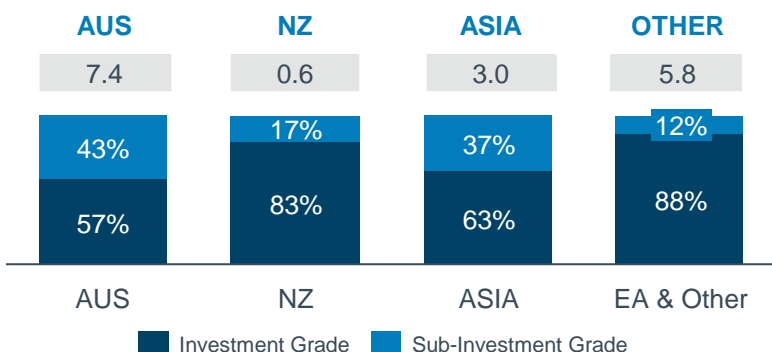
Total EAD (Mar 17): \$17b

As a % of Group EAD (Mar 17): 1.9%



RESOURCES EXPOSURE CREDIT QUALITY (EAD)

\$b



RESOURCES PORTFOLIO MANAGEMENT

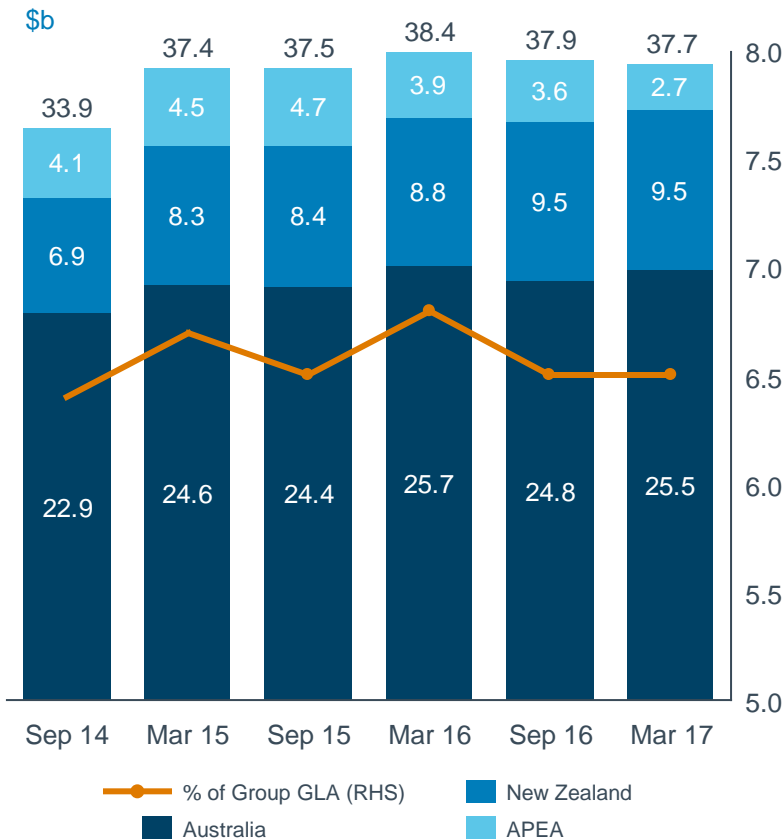
- Portfolio is skewed towards well capitalised and lower cost resource producers. 25% of the book is less than one year duration
- Investment grade exposures represent 70% of portfolio vs. 65% at Sep 16 and Trade business unit accounts for 12% of the total Resources EAD
- Mining services customers are subject to heightened oversight given the cautious outlook for the services sector

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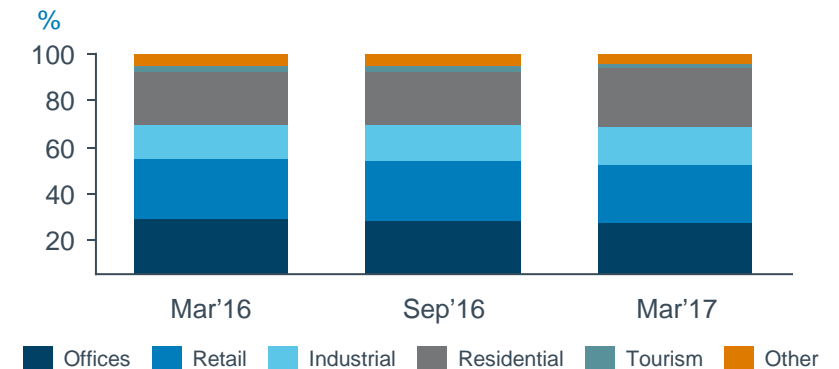
RISK MANAGEMENT

COMMERCIAL PROPERTY PORTFOLIO

COMMERCIAL PROPERTY OUTSTANDINGS BY REGION¹



COMMERCIAL PROPERTY OUTSTANDINGS BY SECTOR¹



PROPERTY PORTFOLIO MANAGEMENT

- Australian volumes grew 2.8% across 1H17, primarily driven by draw downs for residential development projects and loans to REITs to restock land inventories.
- Overall New Zealand volumes were flat due to exchange rate movements offsetting underlying portfolio growth. Excluding FX movements a 3.5% half on half increase in draw downs for residential development projects was the main source of growth.
- APEA volumes in 1H17 was primarily driven by run-off of lower return lending.

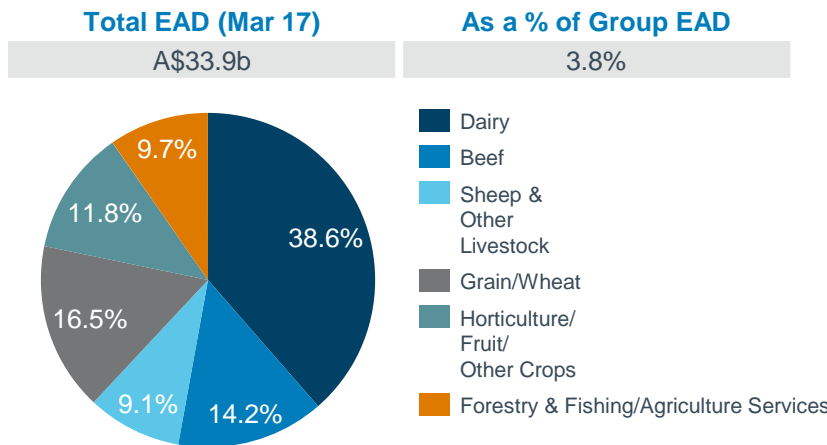
1. As per ARF230 disclosure
 2. APEA = Asia Pacific, Europe & America

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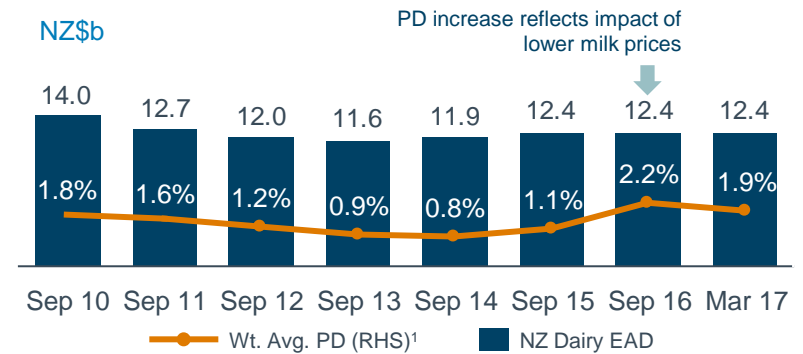
RISK MANAGEMENT

GROUP AGRICULTURE PORTFOLIO

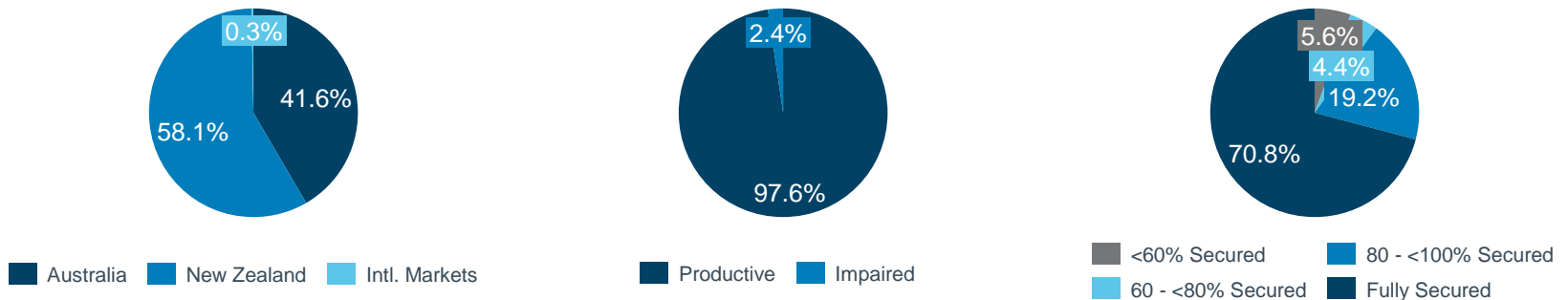
AGRICULTURE EXPOSURE BY SECTOR (% EAD)



NEW ZEALAND DAIRY CREDIT QUALITY



GROUP AGRICULTURE EAD SPLITS²

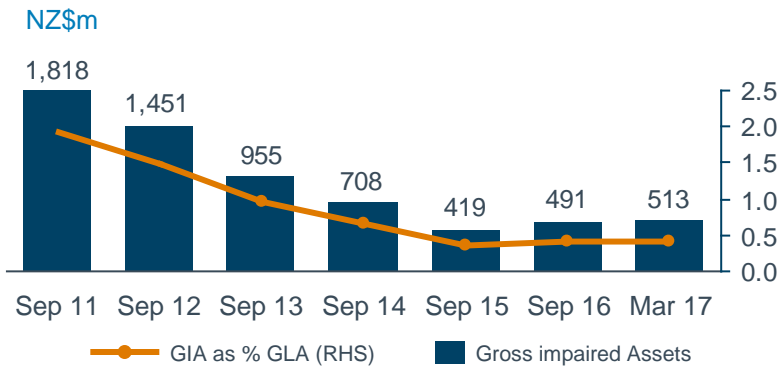


1. Wholesale PD model changes account for 55 bps in FY16
 2. Security indicator is based on ANZ extended security valuations

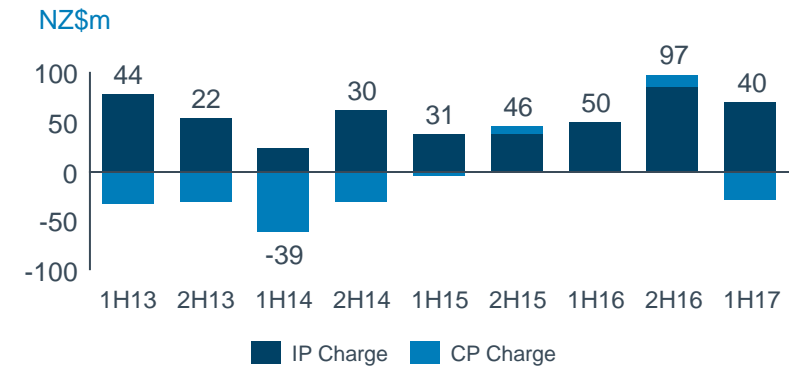
RISK MANAGEMENT

NEW ZEALAND

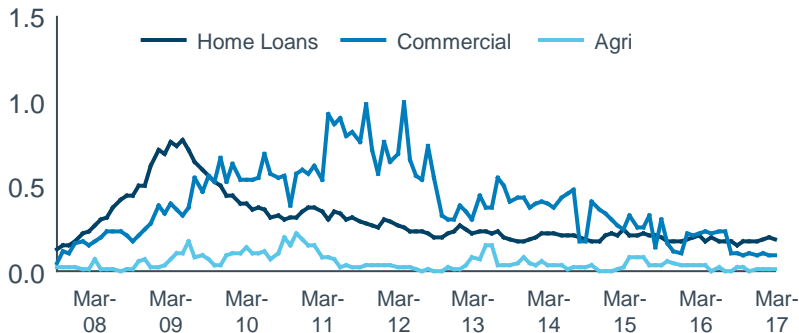
NEW ZEALAND GEOGRAPHY GROSS IMPAIRED ASSETS



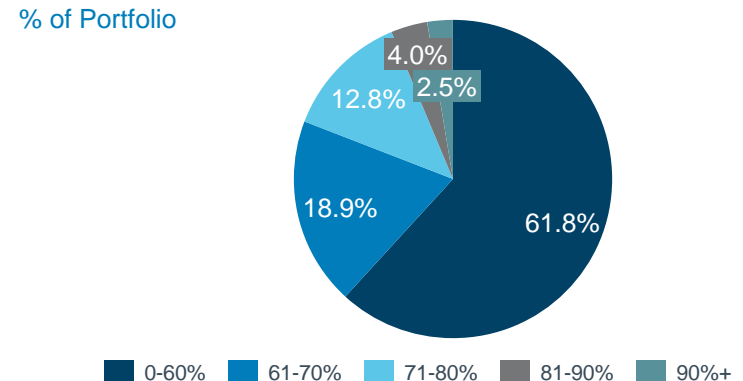
NEW ZEALAND GEOGRAPHY TOTAL PROVISION CHARGE²



NEW ZEALAND DIVISION 90+DAYS DELINQUENCIES



MORTGAGE DYNAMIC LOAN TO VALUE RATIO¹



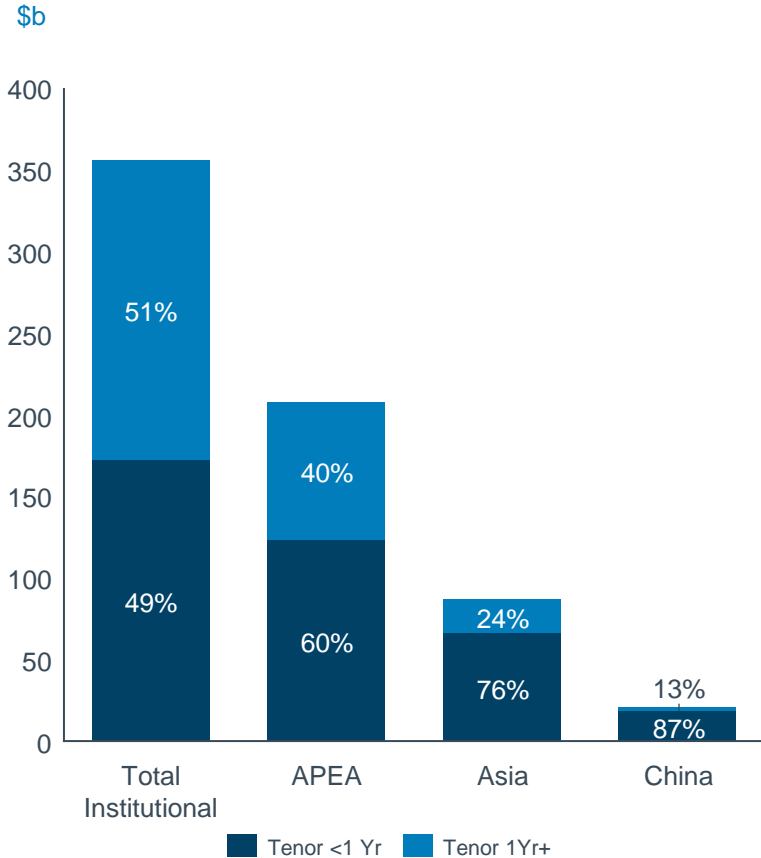
1. Average dynamic LVR as at Feb 2017 (not weighed by balance)

2. Credit valuation adjustments (CVA) for customers with CCR10 are reported differently for cash profit and headline views of earnings. In the headline (statutory) view of provision reported above, changes in CVA are reported in Other Operating Income, but in the cash profit view of earnings the change in CVA is reclassified to IP

RISK MANAGEMENT

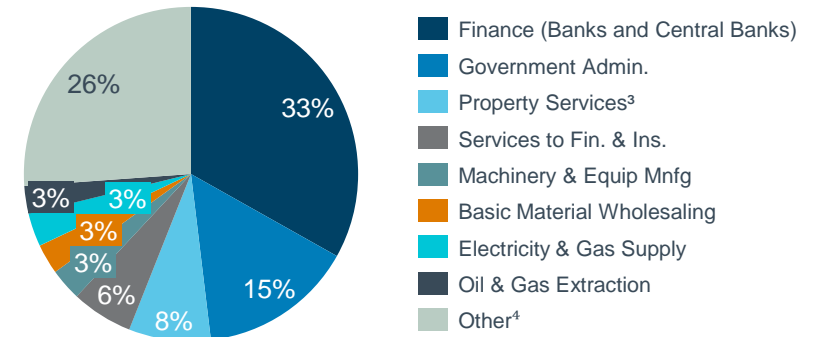
ANZ INSTITUTIONAL PORTFOLIO (COUNTRY OF INCORPORATION¹)

INSTITUTIONAL PORTFOLIO SIZE & TENOR (EAD²)



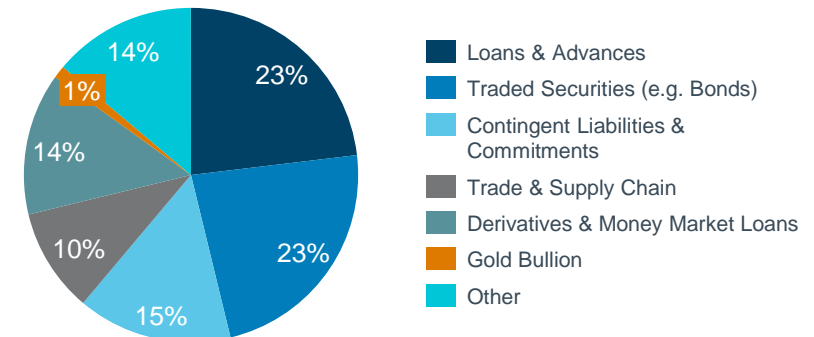
ANZ INSTITUTIONAL INDUSTRY COMPOSITION

EAD (Mar 17): A\$356b²



ANZ INSTITUTIONAL PRODUCT COMPOSITION

EAD (Mar 17): A\$356b²



1. Country is defined by the counterparty's Country of Incorporation. 2. Data provided is as at Mar17 on a Post CRM basis, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral. Position excludes Basel Asset Class 'Securitisation', 'Other Assets', 'Retail' and manual adjustments. 3. ~88% of the ANZ Institutional "Property Services" portfolio is to entities incorporated in either Australia or New Zealand. 4. Other is comprised of 48 different industries with none comprising more than 2.4% of the Institutional portfolio.

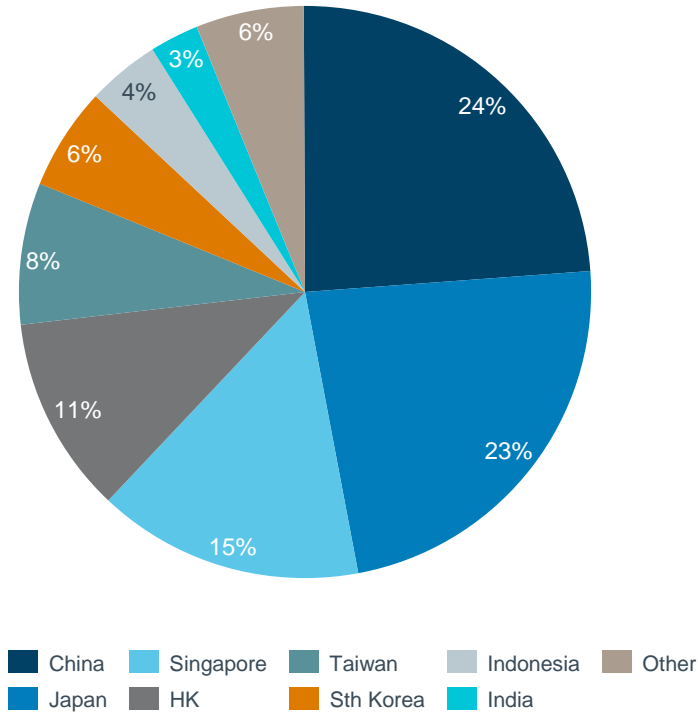
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RISK MANAGEMENT

ANZ ASIAN INSTITUTIONAL PORTFOLIO (COUNTRY OF INCORPORATION¹)

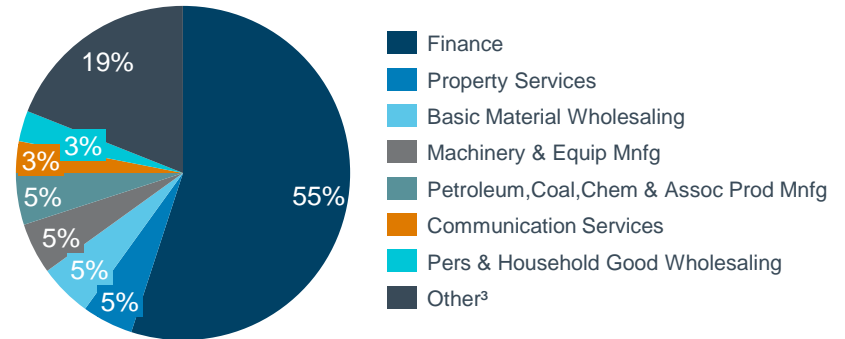
COUNTRY OF INCORPORATION¹

EAD (Mar 17): A\$87b²



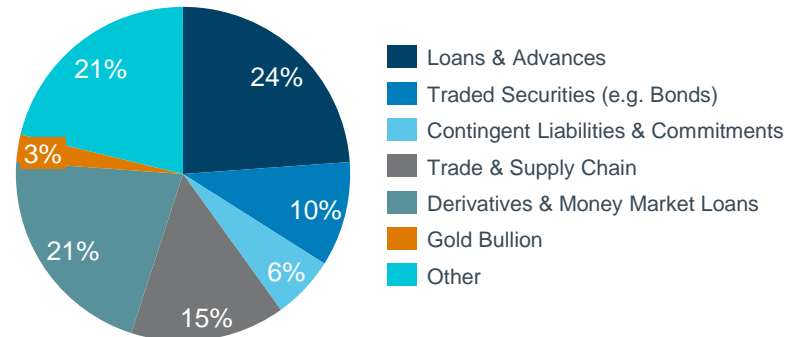
ANZ ASIA INDUSTRY COMPOSITION

EAD (Mar 17): A\$87b²



ANZ ASIA PRODUCT COMPOSITION

EAD (Mar 17): A\$87b²



1. Country is defined by the counterparty's Country of Incorporation. 2. Data provided is as at Mar17 on a Post CRM basis, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral. Position excludes Basel Asset Class 'Securitisation', 'Other Assets', 'Retail' and manual adjustments. 3. "Other" within industry is comprised of 46 different industries with none comprising more than 2.7% of the Asian Institutional portfolio; Other product category is predominantly exposure due from other financial institutions.

RISK MANAGEMENT

ANZ CHINA PORTFOLIO (COUNTRY OF INCORPORATION¹)

COUNTRY OF INCORPORATION¹

EAD (Mar 17): A\$21b²

China EAD

- Total China EAD of A\$21b, with 39% or A\$8.2b booked onshore in China

Tenor

- ~87% of EAD has a tenor less than 1 year

Risk rating

- China exposure has a stronger average credit rating compared to Asia, Australia and NZ

Industry

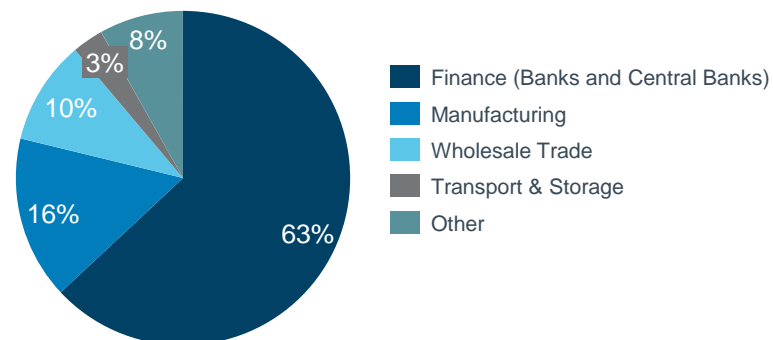
- 63% of China exposures to Financial institutions, with ~54% of this to China's central bank and its Top 5 largest banks

Products

- Largest growth in 'Derivatives & Money Market Loans' (+A\$1.9b) mostly from increase in Money Market Loans whilst reduction in 'Other' (A\$1.7b) due to decline in Nostro accounts
- Within Loans and Advances ~77% have a tenor of less than 1 year, up from 74% as at Sep 16

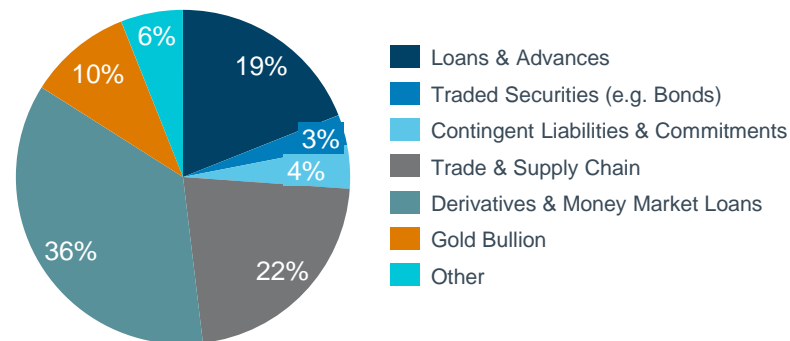
ANZ CHINA INDUSTRY COMPOSITION

EAD (Mar 17): A\$21b²



ANZ CHINA PRODUCT COMPOSITION

EAD (Mar 17): A\$21b²



1. Country is defined by the counterparty's Country of Incorporation

2. Data provided is as at Mar17 on a Post CRM basis, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral. Position excludes Basel Asset Class 'Securitisation', 'Other Assets', 'Retail' and manual adjustments.

2017 HALF YEAR RESULTS

HOUSING PORTFOLIO TRENDS

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
2 MAY 2017



AUSTRALIA HOME LOANS

PORTFOLIO OVERVIEW

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	Portfolio ¹		Flow
	1H16	1H17	1H17
Number of Home Loan accounts	976k	992k	89k ²
Total FUM ¹	\$243b	\$256b	\$34b
Average Loan Size	\$249k	\$258k	\$382k
% Owner Occupied	60%	62%	67%
% Investor	36%	34%	31%
% Equity Line of Credit	4%	4%	2%
% Paying Variable Rate Loan ³	87%	85%	84%
% Paying Fixed Rate Loan ³	13%	15%	16%
% Paying Interest Only ³	38%	37%	43%
% Paying Principal & Interest ³	62%	63%	57%
% Broker originated	48%	50%	55%

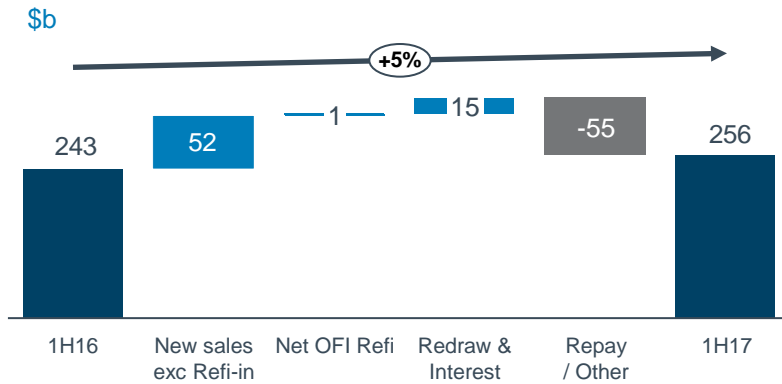
	Portfolio	
	1H16	1H17
Average LVR at Origination ^{4,5,6}	71%	70%
Average Dynamic LVR ^{5,6,7}	51%	51%
Market Share ⁸	15.6%	15.6%
% Ahead of Repayments ⁹	40%	39%
Offset Balances ¹⁰	\$24b	\$26b
% First Home Buyer	7%	6%
% Low Doc ¹¹	7%	5%
Home Loan IP Loss Rate	0.01%	0.03%
Group IP Loss Rate	0.32%	0.27%
% of Australia Geography Lending ¹²	63%	63%
% of Group Lending ^{12,13}	43%	44%

1. Home Loans (exclusive of Non Performing Loans, exclusive of offset balances) 2. New accounts includes increases to existing accounts and split loans (fixed and variable components of the same loan) 3. Excludes Equity Manager 4. Originated 1H16 for 1H16, originated 1H17 for 1H17 5. Unweighted 6. Including capitalised premiums 7. Valuations updated Mar'17 where available 8. Source for Australia: APRA 9. % of Owner Occupied and Investment Loans that are one month or more ahead of repayments. Excludes Equity Loans 10. Balances of Offset accounts connected to existing Instalment Loans 11. Low Doc is comprised of less than or equal to 60% LVR mortgages primarily for self-employed without scheduled PAYG income. However, it also has ~A\$500m of less than or equal to 80% LVR mortgages, primarily booked pre-2008 12. Based on Gross Loans and Advances 13. Based on Group Cash Profit basis.

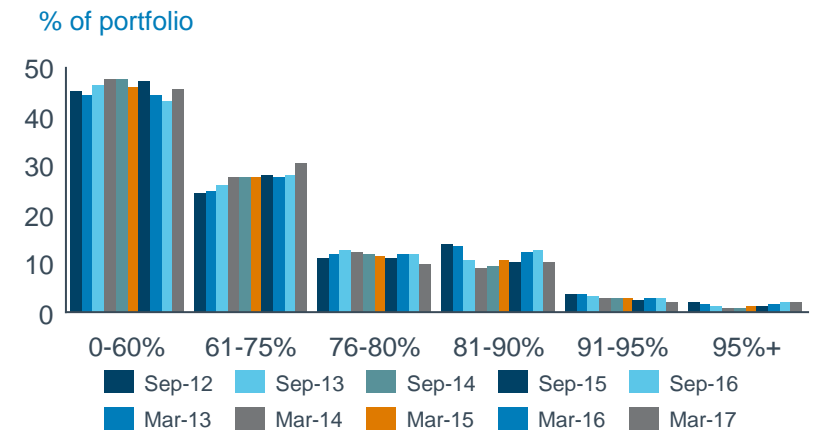
AUSTRALIA HOME LOANS

PORTFOLIO TRENDS

HOME LOAN BALANCE & LENDING FLOWS¹

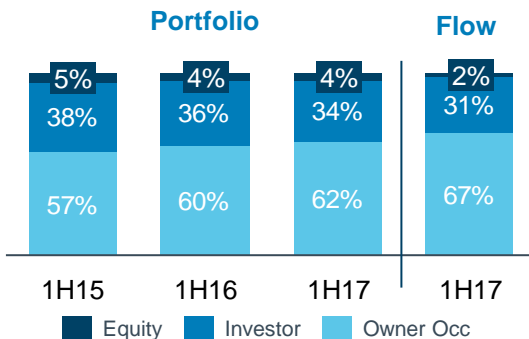


HOME LOAN PORTFOLIO: LOAN TO VALUE RATIO^{1,2,3}

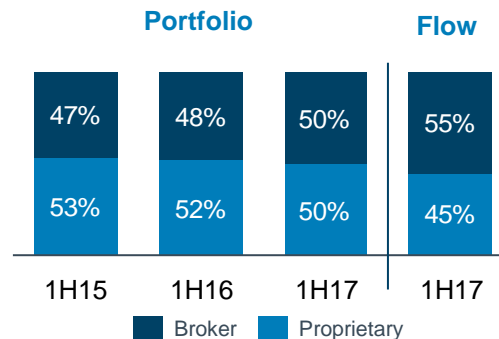


PORTFOLIO¹ & FLOW COMPOSITION

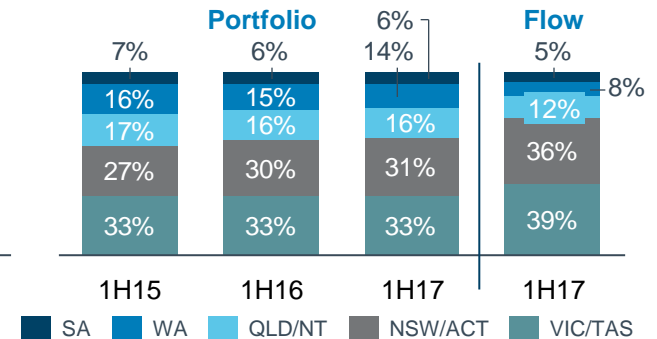
By purpose:



By channel:



By location:

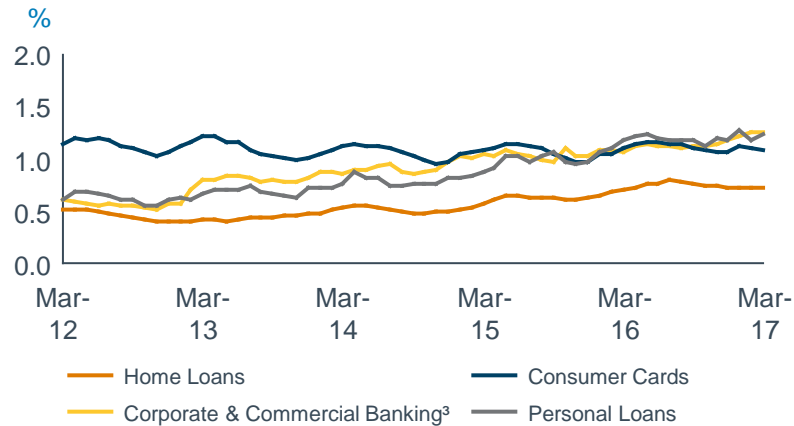


1. Exclusive of Non Performing Loans. 2. Including capitalised premiums 3. Dynamic LVR reported. Valuations updated Mar-17 where available

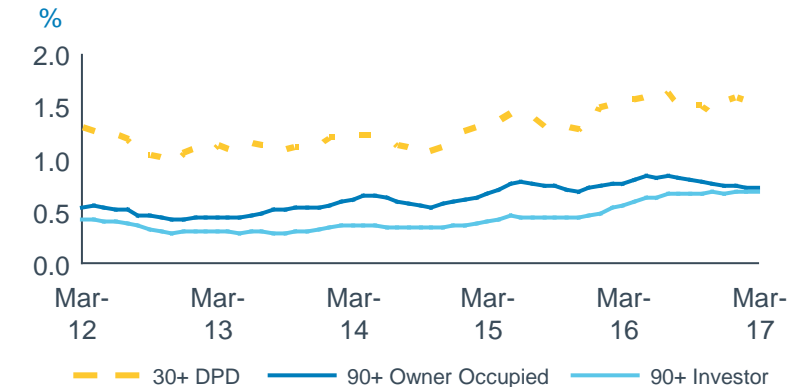
AUSTRALIA DIVISION

PORTFOLIO PERFORMANCE

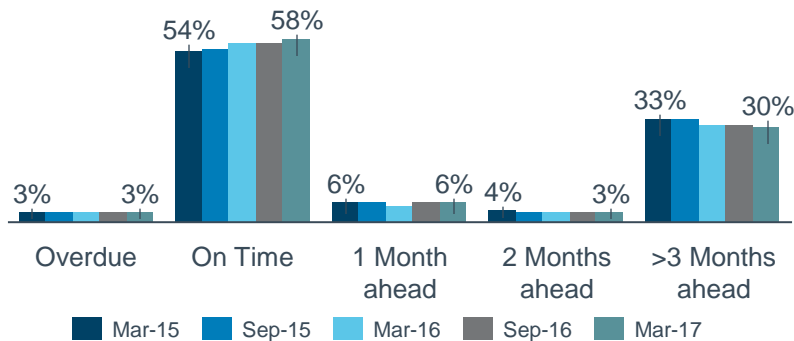
PRODUCT 90+ DAY DELINQUENCIES¹



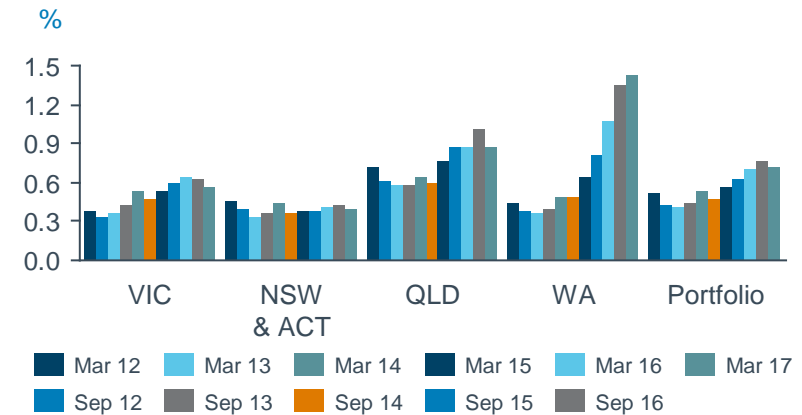
HOME LOAN DELINQUENCIES¹



HOME LOANS REPAYMENT PROFILE⁴



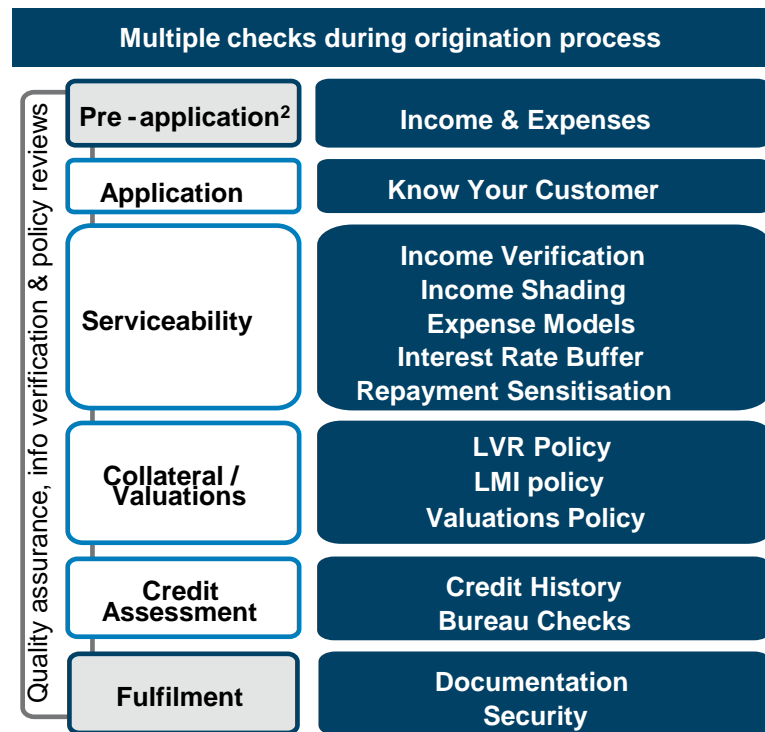
HOME LOANS 90+ DPD BY STATE^{1,2}



1. Exclusive of Non Performing Loans 2. VIC, NSW & ACT, QLD and WA represent 91% of total portfolio, with remaining 9% distributed between TAS, NT and SA 3. Comprises Small Business, Commercial Cards and Asset Finance 4. Repayment profile on % of Owner Occupied and Investment loans. Excludes Equity Manager, non performing loans and offset balances

AUSTRALIA HOME LOANS

UNDERWRITING PRACTICES AND MATERIAL POLICY CHANGES¹



- End-to-end home lending responsibility managed within ANZ
- Effective hardship & collections processes
- Full recourse lending
- ANZ assessment process across all channels

Serviceability

- Interest rate floor applied to new and existing mortgage lending introduced at 7.25%
- Introduction of an income adjusted living expense floor (HEM)
- Introduction of a 20% haircut for overtime and commission income
- Increased income discount factor for residential rental income from 20% to 25%

Material Policy changes

- LVR cap reduced to 90% for investment loans
- LVR cap reduced to 70% in high risk mining towns
- Decreased maximum interest only term of owner occupied interest only loans to 5 years
- Withdrawal of lending to non-residents
- Limited acceptance of foreign income to demonstrate serviceability and tightened controls on verification
- Tightening of acceptances for guarantees
- LVR cap introduced on new Interest Only Owner Occupied at 90%
- Reduced LVR cap of 80% for external refinances for Interest Only Owner Occupied

1. 2015 to 2017 changes to lending standards and underwriting
2. Customers have the ability to assess their capacity to borrow on ANZ tools

AUSTRALIAN HOME LOANS

STRESS TESTING THE AUSTRALIAN MORTGAGE PORTFOLIO

- ANZ conducts regular stress tests of its loan portfolios to meet risk management objectives and satisfy regulatory requirements.
- Stress tests are highly assumption-driven; results will depend on economic assumptions, on modelling assumptions, and on assumptions about actions taken in response to the economic scenario.
- This illustrative recession scenario assumes significant reductions in consumer spending and business investment, which lead to eight consecutive quarters of negative GDP growth. This results in a significant increase in unemployment and material nationwide falls in property prices.
- Estimated portfolio losses under these stressed conditions are manageable and within the Group's capital base, with cumulative total losses of A\$1.6b over three years (net of LMI recoveries).

Assumptions	Current	Year 1	Year 2	Year 3
Unemployment rate	5.8%	9.0%	10.5%	11.5%
Cash Rate	1.5%	0.25%	0.25%	0.25%
Real GDP year ended growth	3.1	-3.8%	-2.4%	4.7%
Cumulative reduction in house prices	-	-26.8%	-38.3%	-32.7%
Portfolio size ¹ (A\$b)	274	275	264	253

Outcomes	Base	Year 1	Year 2	Year 3
Net Losses (A\$m)	-	193	698	745
Net losses (bps)	-	7	26	29

1. Exposure at default.

NEW ZEALAND MORTGAGES

PORTFOLIO OVERVIEW ¹

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	Portfolio		Growth
	1H16	1H17	1H17
Number of Home Loan accounts	508k	515k	1.4%
Total FUM	NZ\$70b	NZ\$75b	6.5%
Average Loan Size at Origination	NZ\$295k	NZ\$295k	-0.0%
Average Loan Size	NZ\$138k	NZ\$145k	5.1%
% of NZ Geography Lending	60%	61%	107bps
% of Group Lending	11%	12%	60bps
% Owner Occupied	73%	73%	-32bps
% Investor	27%	27%	32bps
% Paying Variable Rate Loan	24%	22%	-259bps
% Paying Fixed Rate Loan	76%	78%	259bps
% Broker originated	32%	34%	174bps

	Portfolio		Growth
	1H16	1H17	1H17
Average LVR at Origination ²	63%	59%	-392bps
Average Dynamic LVR ³	46%	42%	-376bps
Market Share ⁴	32%	31%	-38bps
% Paying Interest Only ⁵	24%	23%	-84bps
% Paying Principal & Interest	76%	77%	84bps
% First Home Buyer	N/A	N/A	N/A
% Low Doc	0.55%	0.48%	-7bps
Mortgage Loss Rates	0.00%	-0.01%	-1bps
Group IP Loss Rates	0.32%	0.27%	-5bps

1. New Zealand Geography

2. Average LVR at origination (not weighted by balance)

4. Source for New Zealand: RBNZ as at February 2017

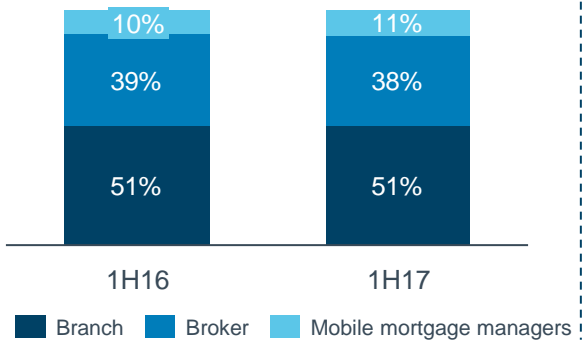
3. Average dynamic LVR as at March 2017 (not weighted by balance)

5. Excludes revolving credit facilities

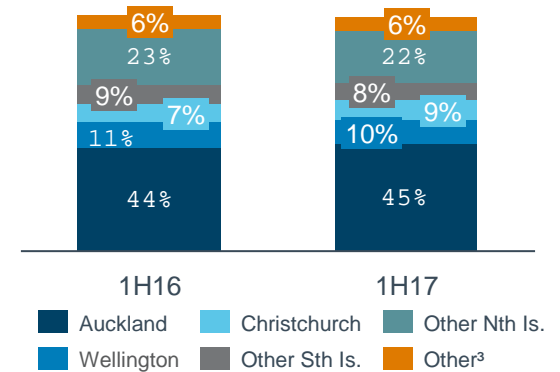
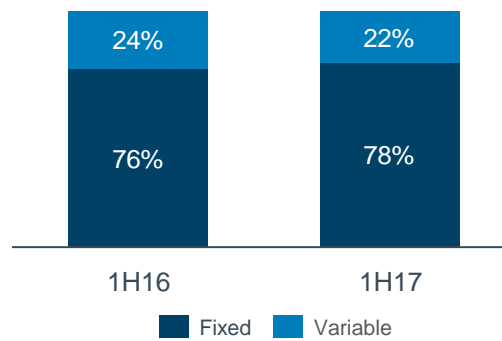
NEW ZEALAND

HOME LENDING¹

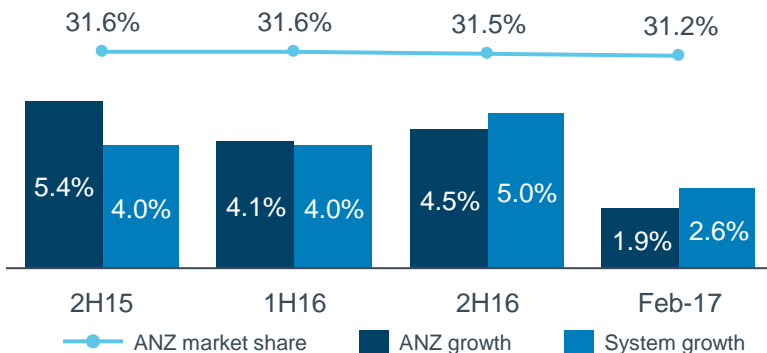
FLOW²



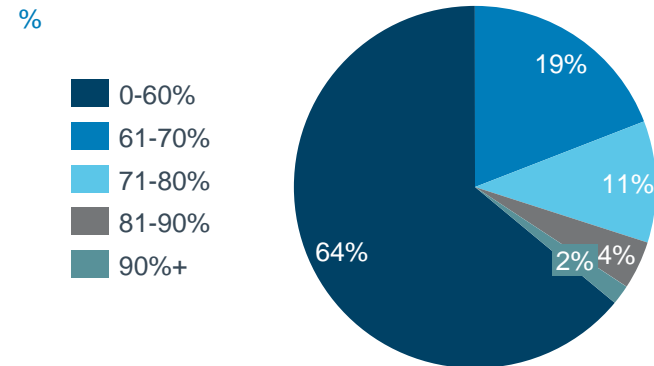
PORTFOLIO



MARKET SHARE⁴



ANZ MORTGAGE LVR PROFILE FOR AUCKLAND⁵



1. New Zealand Geography

2. Retail and Small Business Banking mortgage flow. Branch includes Small Business Banking Managers Lending Services, Property Finance)

3. Other includes loans booked centrally (Business Direct, Contact Centre, Lending Services, Property Finance)

4. Source: RBNZ, Changes in RBNZ data reporting from February 2017 onwards has resulted in a step change in data vs prior periods

5. Source: Dynamic basis, as of March 2017

2017 HALF YEAR RESULTS

AUSTRALIA DIVISION

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
2 MAY 2017



AUSTRALIA

STRATEGIC FOCUS

STRATEGIC FOCUS

1. Create a simpler, better capitalised, better balanced and more agile bank
2. Focus efforts on attractive areas where we can carve out a winning position
3. Build a superior experience for our people and customers to compete in the digital age

PROGRESS

Simpler, better capitalised, better balanced, more agile:

- Efficient operations, 3% more activity, 3% lower cost
- More effective frontline bankers, more customer solutions, more self service, more digital sales
- Simplified organisation: 7% fewer FTEs over past 2 years and reduced expense growth

Efforts on attractive areas:

- Home Loans: above system performance, digital applications launched, good momentum, NSW performance strong, margins stable
- Small Business: continues to grow well, increased digital ability to meet customer needs through Honcho online business setup and EmploymentHero payroll solution, enhanced payment and transaction solutions
- NSW investment continues to generate outperformance against other states

Superior experience for our people and customers:

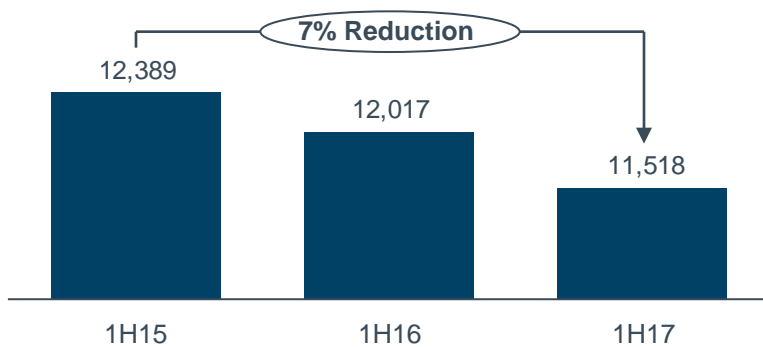
- Better banker tools for Small Business, accelerating origination, lending and assessment activities
- Enhanced customer features – TouchID for goMoney, Digital Card Replacement, Falcon fraud protection security
- More digital customers, more digital transactions, more digital branches, more customers able to bank where and when they want to

AUSTRALIA

SIMPLER, BETTER CAPITALISED & MORE AGILE BANK

SIMPLER ORGANISATION

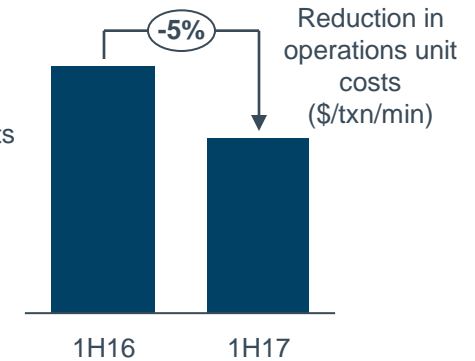
#FTE



MORE EFFICIENT OPERATIONS

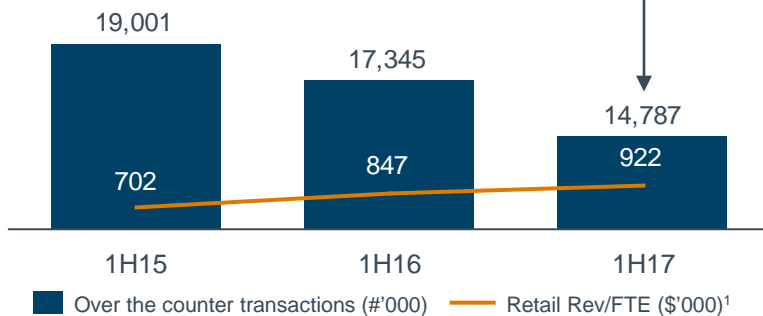
3% more transactions

3% lower operational costs

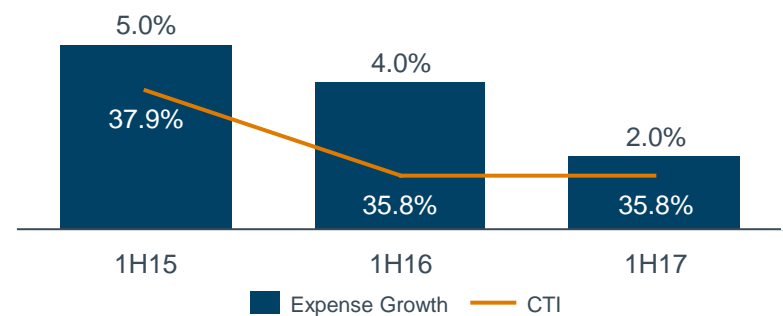


MORE SELF SERVICE

22% fewer OTC transactions
31% higher revenue / FTE



REDUCING EXPENSE GROWTH AND CTI



1. Income is on an annualised basis

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AUSTRALIA

HOME LOANS

BUSINESS MOMENTUM

\$256b Home Loan Portfolio
(44% of group lending)

15.6% Market share, ranked 3rd¹

169k Number of customers we
helped to buy a property²

1.2x System growth¹

GROWTH

\$64b Gross sales²

↑5% FUM growth²

↑12% Increase in applications
(\$ volume)³

↑11% NSW Home Loan
FUM growth²

MANAGED PRUDENTLY

51% Dynamic LVR

✓ Good momentum, stable
margins

✓ Portfolio delinquencies
stabilising

3bps IP loss rate

Comparisons are on a prior comparable period basis (Mar 17 v Mar 16) unless otherwise stated.

1. APRA market share as at March 2017
2. 12 months to 31 March 2017
3. Comparing 1H17 to 1H16

AUSTRALIA

SMALL BUSINESS BANKING

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BUSINESS MOMENTUM

\$51b

Small Business Lending & Deposit Portfolio



Expanded partnership with Honcho helping customers set up their business



Launched Employment Hero and Be Trade Ready helping customers to run and grow their business



Launched new banker tools, accelerating origination lending and assessment

GROWTH¹

↑18%

Increase in core transaction account deposits



8% deposit FUM growth
4% lending FUM growth

↑5%

Increase in small business customers who bank with us



7% NSW lending FUM growth
11% NSW deposit FUM growth

MANAGED PRUDENTLY

70%

% of portfolio that is well secured



Balanced growth, diversified portfolio, low concentration risk



Individual provisions have stabilised



Growth in credit charges slower than growth in lending

1. 12 months to 31 March 2017

AUSTRALIA

BUILDING A SUPERIOR EXPERIENCE FOR OUR PEOPLE AND CUSTOMERS TO COMPETE IN THE DIGITAL AGE

BUILDING A SUPERIOR EXPERIENCE



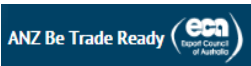
Launched Home Loans Online Application, making it easier to obtain approval in principle for home loans



Launched new systems, FastPay II and BladePay making it easier for customers to transact and make payments.



Launched two new initiatives, Employment Hero and Be Trade Ready to help our business customers start, run and grow their business



Enhanced features on existing applications, including TouchID for goMoney and Digital Card Replacement

IMPROVING BUSINESS OUTCOMES

65%

Growth in digital logins since 2014

60%

Digitally active retail customers, from 54% in 2014 (Roy Morgan)

67%

Growth in digital sales transactions since 2014

81%

Digital proportion of value transactions, from 71% in 2014

20%

Percentage of all Retail sales via digital, from 12% in 2014

58

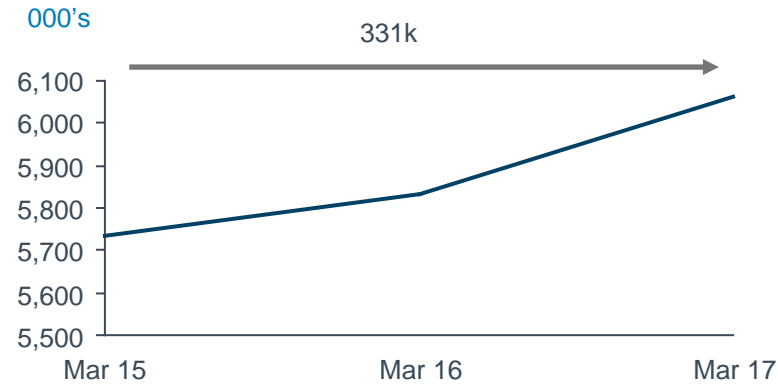
Number of digital branches from zero in 2014

1. Roy Morgan Research – Digitally Active customers – All Financial Services customer who conducted Internet Banking (using institution's website or using an app on a mobile phone or tablet) in the last 4 weeks – 12 months to March 2014 (53.7%); 12 months to March 2017 (59.8%)

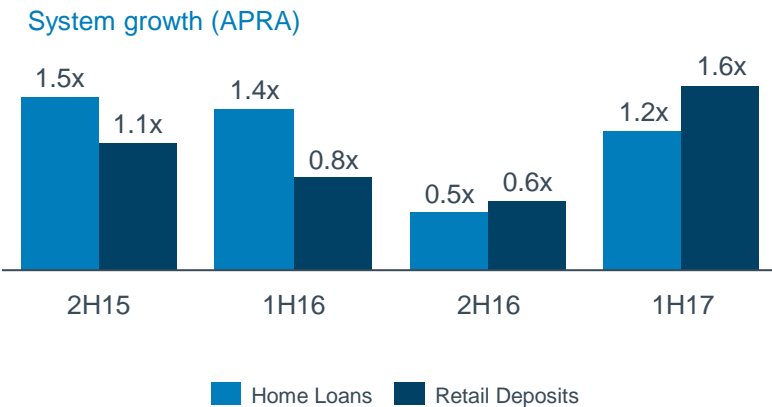
AUSTRALIA

PERFORMANCE DRIVERS

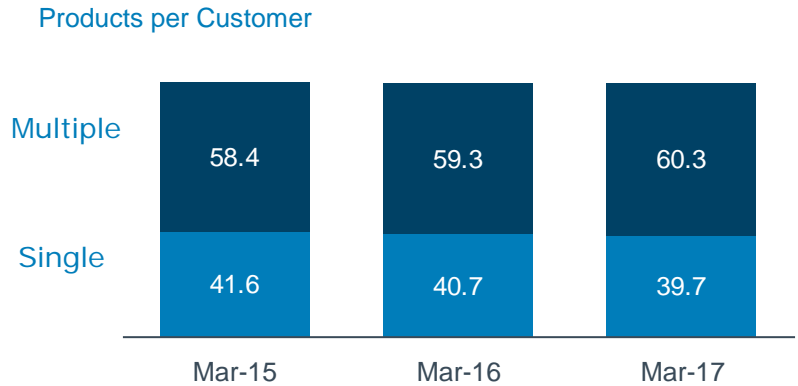
OVER 6 MILLION CUSTOMERS



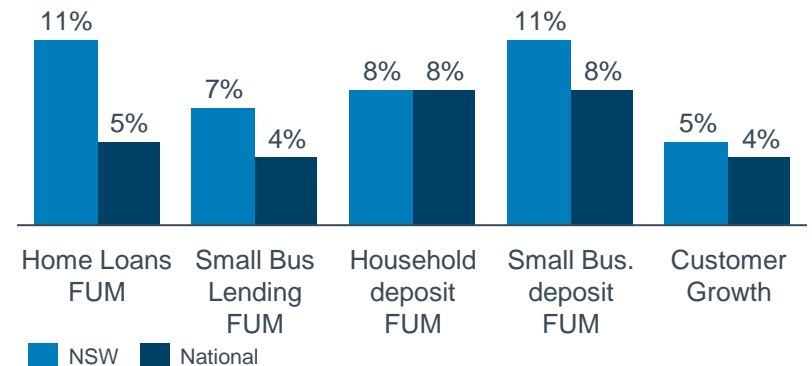
GOOD MOMENTUM



MORE PRODUCTS PER CUSTOMER (%)



NSW INVESTMENT DELIVERING



2017 HALF YEAR RESULTS

NEW ZEALAND DIVISION

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
2 MAY 2017



NEW ZEALAND

STRATEGIC FOCUS

STRATEGIC FOCUS

1. Continue to grow our customer satisfaction and brand consideration
2. Make buying a home or starting, running and growing a small business easier
3. Build a digital bank with a human touch by having customer led digital solutions and attracting, developing and retaining the best staff
4. Continue to leverage our leading position in migrant banking

PROGRESS

Grow customer satisfaction and brand consideration

- Reached #1 in consumer brand consideration in Feb-17 while we continue to increase net promoter score and customer satisfaction
- This focus has seen continued customer growth with net acquisition of 35k customers in the first half of FY17
- Corresponding strong FUM growth has been seen in target segments of deposits, home loans and migrants

Make it easier for home and business owners. Leverage leading position in migrant banking

- Maintained our #1 market share position while continuing to lead the market in responsible lending
- Extended our leading position in the key migrant banking segment with consideration at an all-time high
- Focused on customer deposits, gaining deposit share to continue reducing funding gap

Build a digital bank with a human touch. Attract, develop and retain the best staff

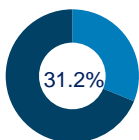
- First bank in NZ to launch Apple Pay™
- 1.3m digitally active customers, up 124k from Sept-15
- Over 80% of value transactions now completed digitally, up 5 pps from Sept-15

NEW ZEALAND

KEY PRODUCTS MARKET SHARE

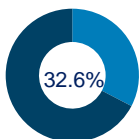
OVERALL

- Maintained our leading position in core banking products to support our vision of helping more Kiwis succeed
- Our focus on well managed sustainable growth means our deposit growth has exceeded that of lending



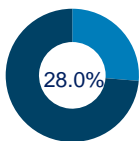
Mortgages¹

- Maintained our #1 market share position while continuing to lead the market in responsible lending
- Managed risk by taking a cautious approach in selected segments (overseas income earners and long term interest only loans)



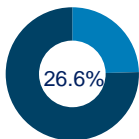
Household deposits¹

- We have continued to experience strong household deposit growth in an increasingly competitive marketplace with our emphasis on encouraging New Zealanders to save



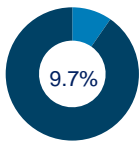
Credit cards¹

- Our focus on productive business has seen our attention remain on interest bearing balances and share remains strong
- We have simplified our product offerings in the market, reducing the number of active consumer products from 11 to 5



KiwiSaver²

- #1 KiwiSaver provider with more than 725,000 KiwiSaver members. FUM growth of \$700m in 1H17 to almost \$10b
- Annualised defection rate is 150bps better than the market



Life insurance³

- Maintained share in an increasingly competitive insurance landscape
- We continue to improve the quality of proprietary distribution, with bank channel lapse rates improving 120bps from last year (PCP)

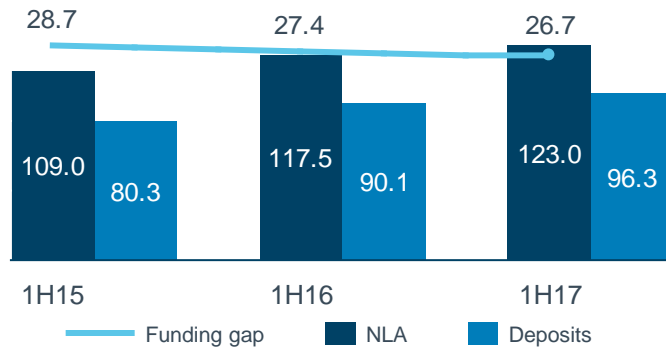
1. Source: RBNZ, share of all banks as of February 2017
2. Source: IRD, member market share as of March 2017
3. Source: FSC (Financial Services Council), share of all providers as of December 2016

NEW ZEALAND

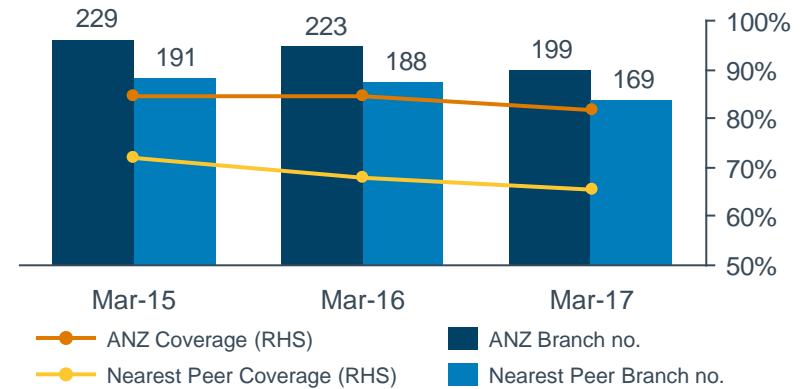
STRATEGIC FOCUS SIMPLER, BETTER CAPITALISED & MORE AGILE BANK

FUNDING GAP¹

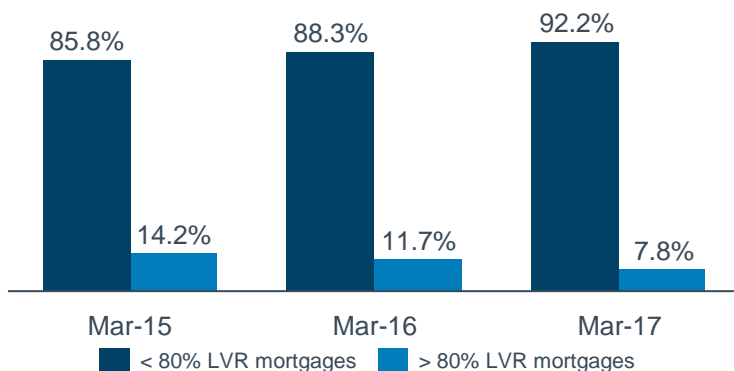
NZD\$b



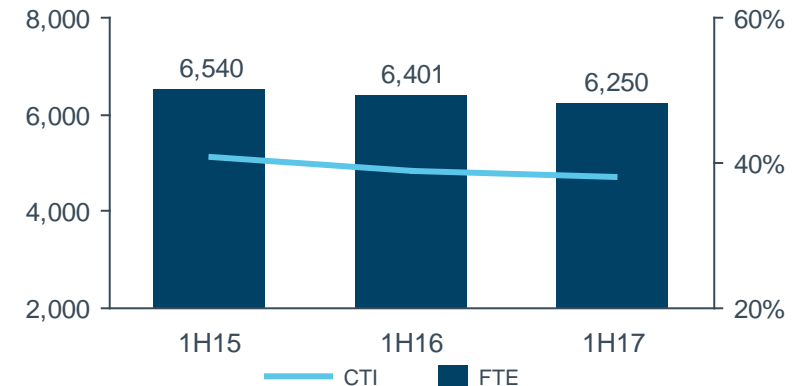
MAINTAINING LEADING BRANCH COVERAGE



MORTGAGES LOAN TO VALUE RATIO²



SIMPLIFYING & AUTOMATING OUR BUSINESS³



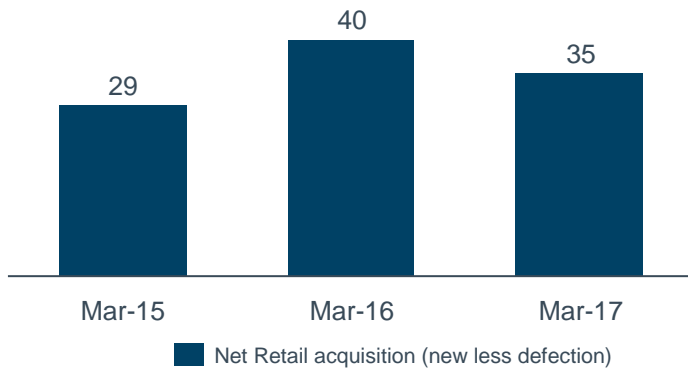
1. NZ Geography
 2. Dynamic basis, as of March 2017
 3. NZ Division

NEW ZEALAND

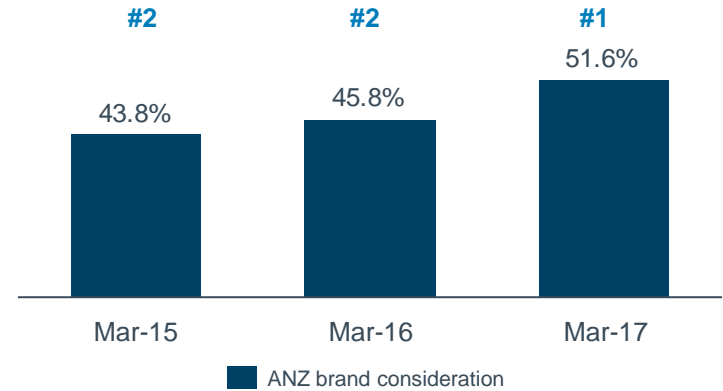
STRATEGIC FOCUS – CUSTOMER OUTCOMES

NET CUSTOMER GROWTH

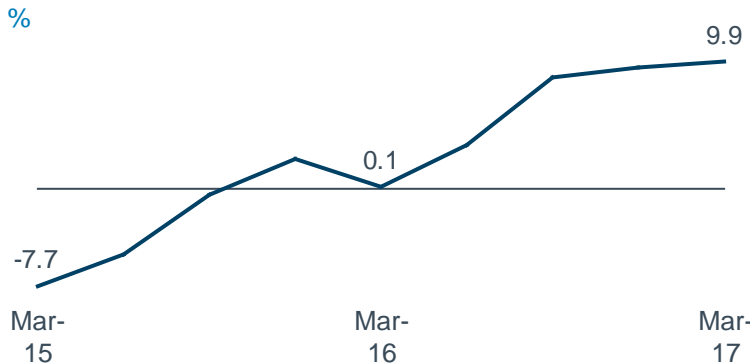
New Zealand Division ('000)



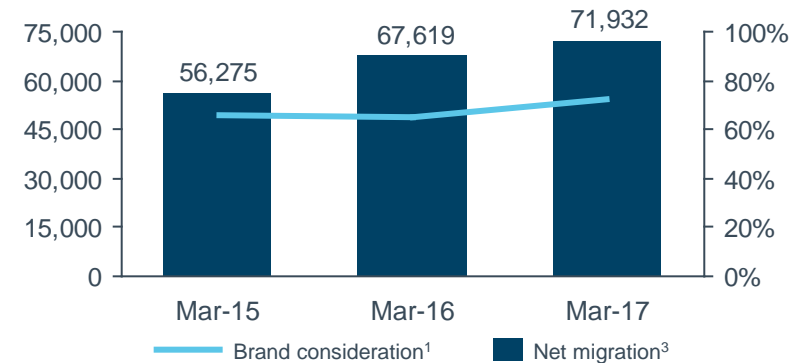
BRAND CONSIDERATION¹



RETAIL NET PROMOTER SCORE²



BRAND CONSIDERATION – MIGRANTS



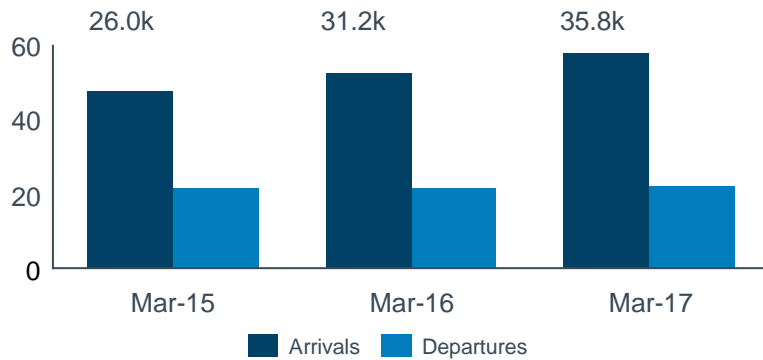
1. McCulley Research Brand Tracking (online survey, first choice or seriously considered); six month rolling average
 2. Camorra Retail Market Monitor (RMM); six month rolling score
 3. Source: Statistics NZ

NEW ZEALAND

AUCKLAND

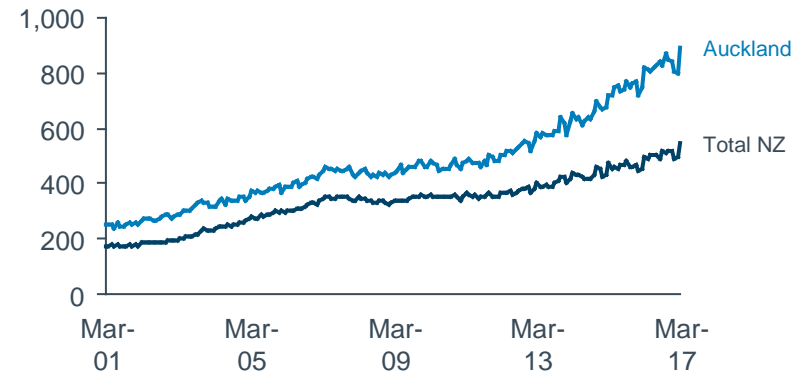
NET MIGRATION FOR AUCKLAND¹

Net Migration (000's)

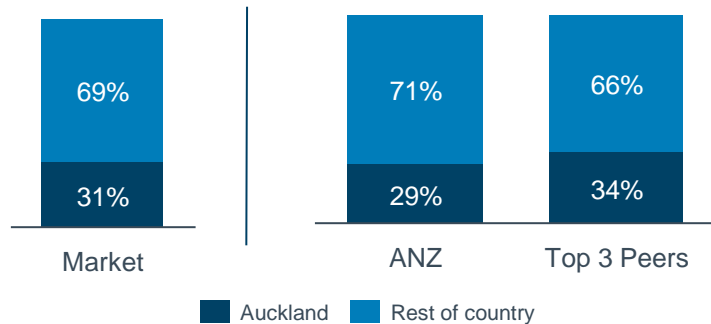


HOUSE PRICES²

\$'000 NZD

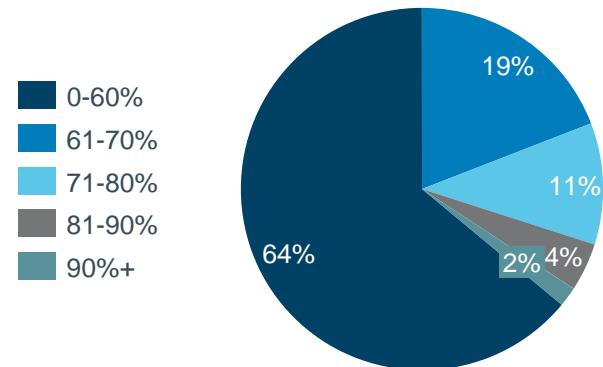


EXPOSURE TO AUCKLAND HOME LOANS³



ANZ MORTGAGE LVR PROFILE FOR AUCKLAND⁴

%



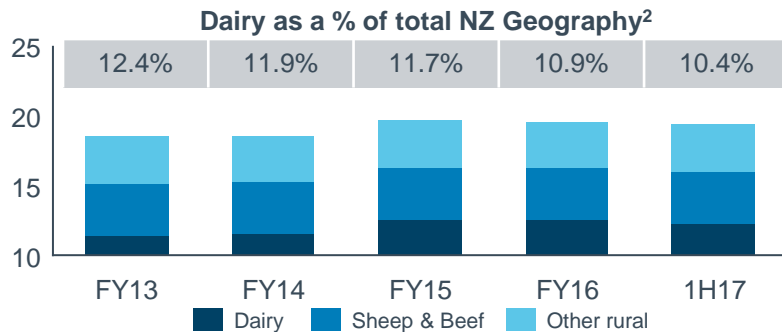
1. Statistics NZ; six month rolling average
 2. REINZ
 3. CoreLogic, stock (number) of mortgage registrations. Top 3 peer banks are ASB, WBC and BNZ, as of March 2017
 4. Dynamic basis, as of March 2017

NEW ZEALAND

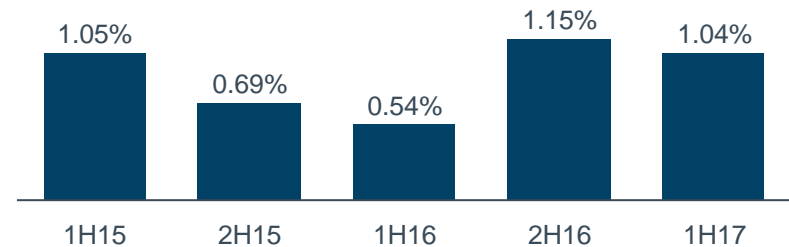
AGRICULTURE PORTFOLIO¹

AGRI PORTFOLIO (GLA)

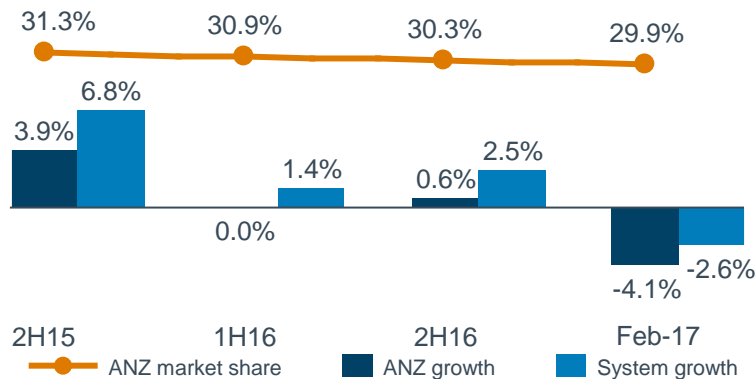
NZ\$b



AGRI CREDIT QUALITY – GIA AS % OF GLA



AGRICULTURE MARKET SHARE³



APPROACH TO THE AGRICULTURE SECTOR

Portfolio: (NZ\$19b)	Agri portfolio comprises 63% Dairy, 20% Sheep & Beef, 17% Other
Profile	Customer base remains well established and highly secured. GIA as a % of GLA increased in FY16 driven by a downturn in the dairy sector. The portfolio has performed well and this measure has improved in 1H17. We are now seeing dairy prices rise leaving farmers with positive cash flow in 2017
Customer approach	Long-standing relationships with a focus on supporting existing customers and diversifying our portfolio

1. NZ Geography (Gross Loans and Advances)
 2. Due to change in methodology for calculating the split of the Agri Portfolio GLA, dairy percentages for prior periods have been restated
 3. Source: RBNZ, share of all banks as of February 2017. Changes in RBNZ data reporting from February 2017 onwards has resulted in a step change in data vs prior periods

NEW ZEALAND

DIGITAL

DELIVERING SUPERIOR EXPERIENCE FOR OUR PEOPLE AND CUSTOMERS...



First bank in NZ to launch Apple Pay™



Improved payment capabilities with near real-time payments



Improved frontline tools. Time for staff to book a customer appointment reduced by 75%



Continual focus on simplification with 65% of credit card maintenance now straight through processed

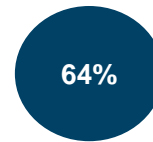
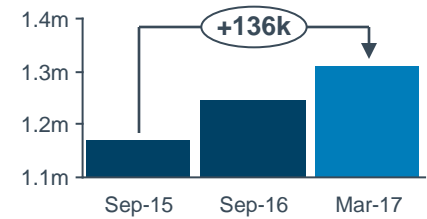


Delivering better functionality more often in Internet Banking and goMoney using an agile approach

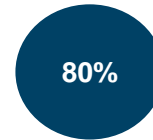
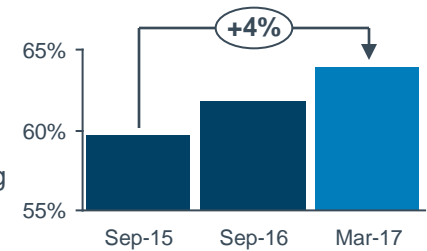
...IS TRANSLATING INTO BUSINESS OUTCOMES



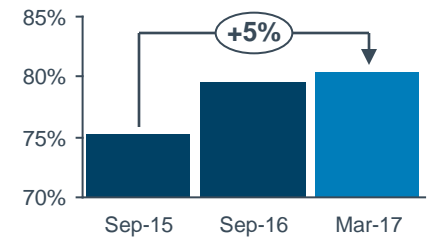
1.3m
digitally active customers



64%
of retail customer base banking digitally¹



80%
of value transactions (deposits and withdrawals) are now completed digitally



1. Total active digital customers over total retail bank customers. Active customers based on a 90 day period

NEW ZEALAND GEOGRAPHY

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CASH PROFIT			
	1H17	2H16	1H16
	NZ\$m	NZ\$m	NZ\$m
Income	2,048	1,929	1,895
Net interest	1,534	1,536	1,493
Other income	514	393	402
Expenses	718	765	815
PBP	1,330	1,164	1,080
Provisions charge	40	99	50
Cash profit	928	778	751
CTI	35.0%	39.7%	43.0%
Customer deposits	96,259	91,360	90,148
NLA	122,954	120,651	117,470
RWA²	74,511	76,005	74,537

ADJUSTED PRO-FORMA ¹			
	1H17	2H16	1H16
	NZ\$m	NZ\$m	NZ\$m
Income	2,048	1,971	1,895
Net interest	1,534	1,536	1,493
Other income	514	435	402
Expenses	718	745	737
PBP	1,330	1,226	1,158
Provisions charge	40	99	50
Cash profit	928	823	807
CTI	35.0%	37.8%	38.9%
Customer deposits	96,259	91,360	90,148
NLA	122,954	120,651	117,470
RWA²	74,511	76,005	74,537

1. Specified items relevant to New Zealand Geography are software capitalisation changes, derivative credit valuation adjustment changes and restructuring
2. RWA is on an APRA basis

2017 HALF YEAR RESULTS

INSTITUTIONAL DIVISION

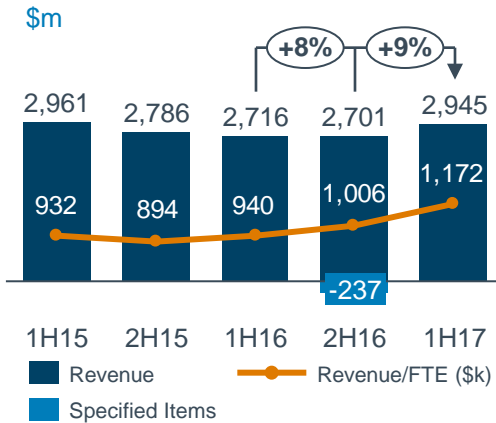
AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
2 MAY 2017



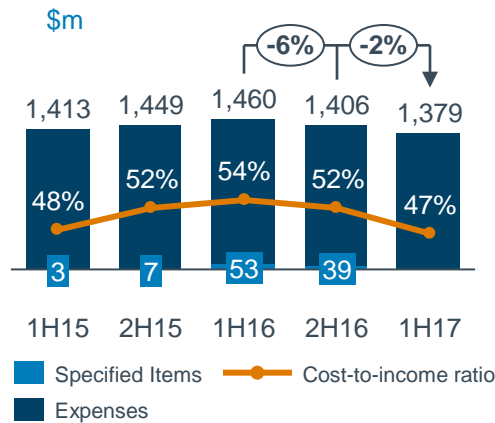
INSTITUTIONAL

A SIMPLER, BETTER-BALANCED AND HIGH RETURNING INSTITUTIONAL

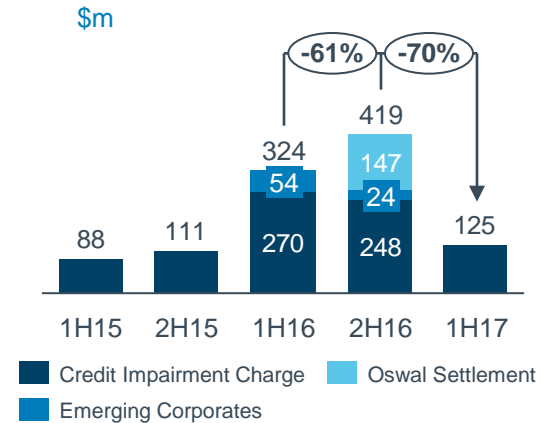
REVENUE¹



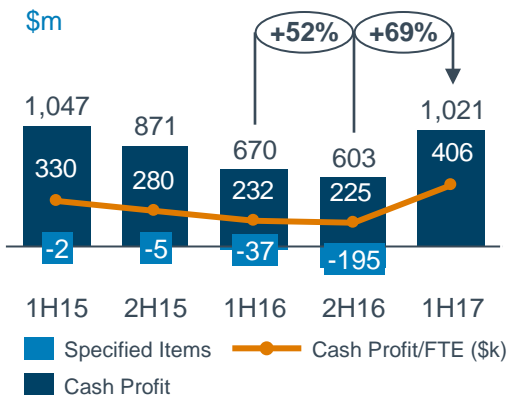
EXPENSES¹



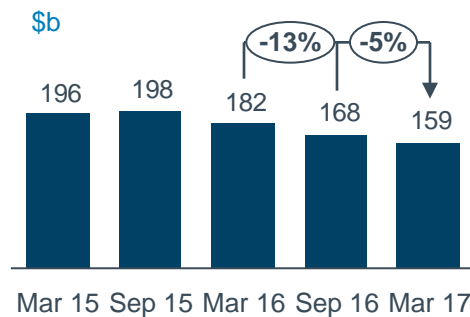
TOTAL PROVISIONS



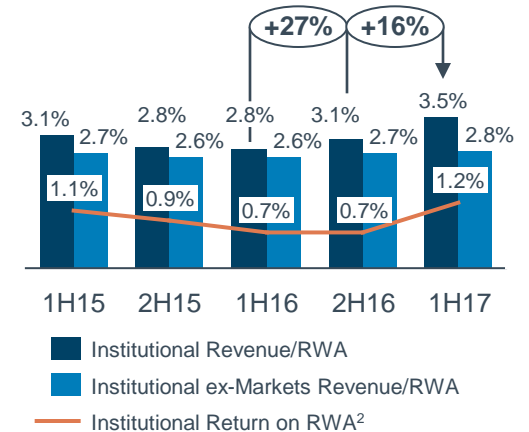
CASH PROFIT¹



RISK WEIGHTED ASSETS



RETURN¹



1. On a pro-forma basis excluding Specified Items relating to restructuring (FY15 and FY16) and the derivative CVA methodology change (2H16) which are separately identified above. Metrics and percentage changes are calculated on a pro-forma basis and using average FTE and RWA for the period where applicable

2. Pro-forma cash profit divided by average risk weighted assets

INSTITUTIONAL

CONSISTENTLY DELIVERING ON OUR TRANSFORMATION AGENDA

PRIORITIES	ACTIONS	METRICS ¹	MOVEMENTS VS PRIOR HALF			
			1H16	2H16	1H17	
IMMEDIATE FOCUS	Improve capital efficiency	RWA	-\$16b ↓	-\$14b ↓	-\$9b ↓	
		Return ²	-5bps ↓	+25bps ↑	+49bps ↑	
	Reduce costs	Lower FTE by reducing organisational complexity and rightsizing support and enablement functions	FTE	-8% ↓	-9% ↓	-4% ↓
		Simplify and streamline business to improve productivity	Cost-to-income ratio	+177bps ↑	-174bps ↓	-520bps ↓
		Build an appropriately scaled coverage model to win on the basis of customer and industry insights	Costs	+1% ↑	-4% ↓	-2% ↓
Connect customers across the region	Focus on and serve key institutional customers connected to the region via trade and capital flows	Cross border flow ³	+38bps ↑	+196bps ↑	-56bps ↓	
	Increase geographic focus to move decision-making closer to the customer					
GROWTH	Continue targeted investment	Customers on digital platform ⁴				
		# customers	+15% ↑	+14% ↑	+11% ↑	
		# transactions	+9% ↑	+12% ↑	+3% ↑	
	Grow profitable businesses	Grow our Markets Franchise Sales and Cash Management businesses	Markets Franchise Sales	-1% ↓	0% ↔	-11% ↓
Cash			+3% ↑	+3% ↑	0% ↔	

1. On a pro-forma basis excluding Specified Items relating to restructuring (FY15 and FY16) and the derivative CVA methodology change (2H16); 2. Revenue on average RWA; 3. Cross border flows defined as thrown revenue (the region where the relationship with the customer exists is different to the region where the revenue is generated and booked). Region defined as Australia, Pacific, NZ, Asia, Europe and America; 4. Number of Cash Management customers and transactions processed through Global Customer Integration Solution (GCIS). GCIS provides host-to-host connectivity that allows two-way data exchange with our customers in a highly secure, file agnostic environment

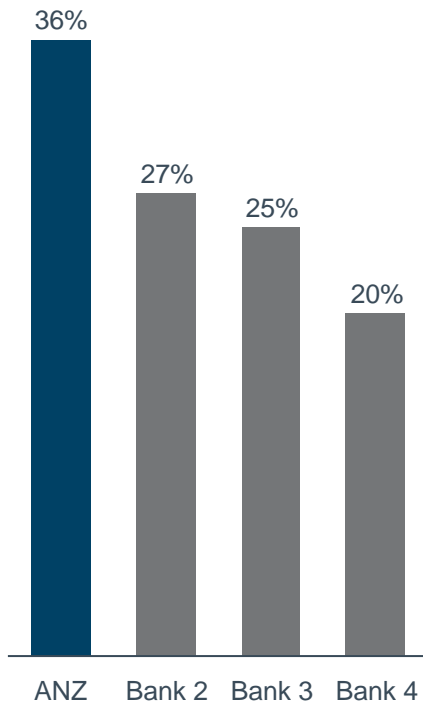
INSTITUTIONAL

MAINTAINING OUR LEADING MARKET POSITIONS

AUSTRALIA

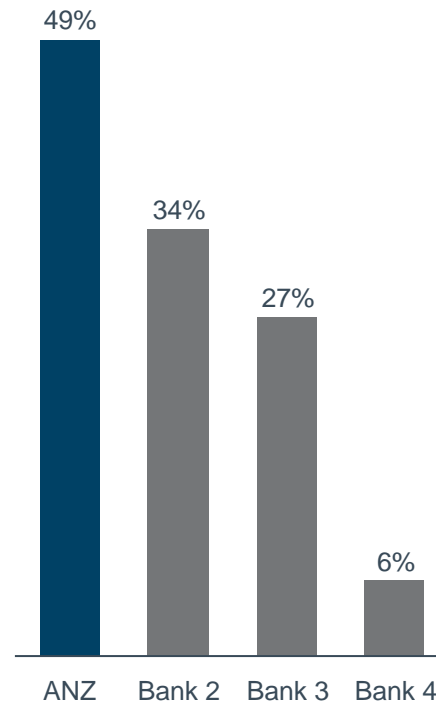
#1 Lead Bank Penetration¹

Clear leadership positions for key performance indicators including overall market share, lead penetration and quality of service



NEW ZEALAND

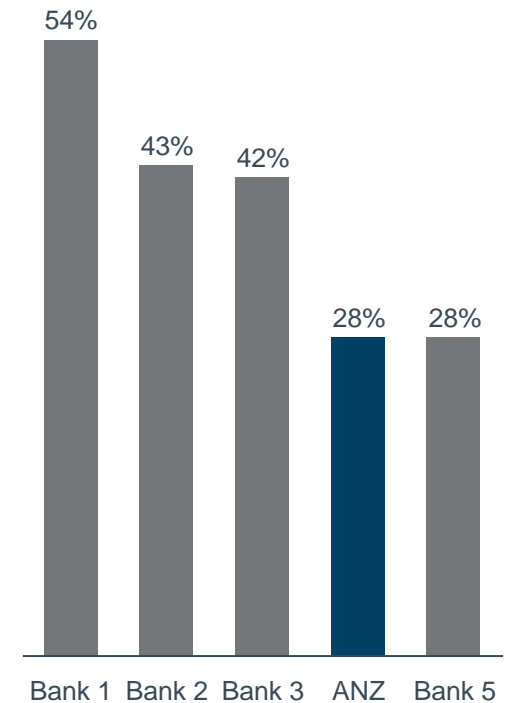
#1 Lead Bank Penetration¹



ASIA

Top 4 Corporate Bank²

Top 4 Corporate Bank in Asia for a fifth successive year²

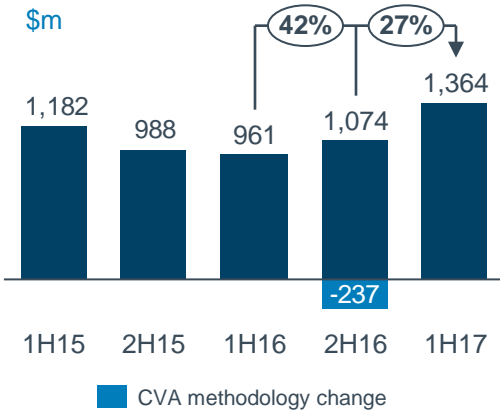


1. Peter Lee Associates 2016 Large Corporate and Institutional Relationship Banking surveys, Australia and New Zealand (issued in June and August 2016 respectively)
2. Greenwich Associates 2017 Asian Large Corporate Banking Study (issued in March 2017): =No.4

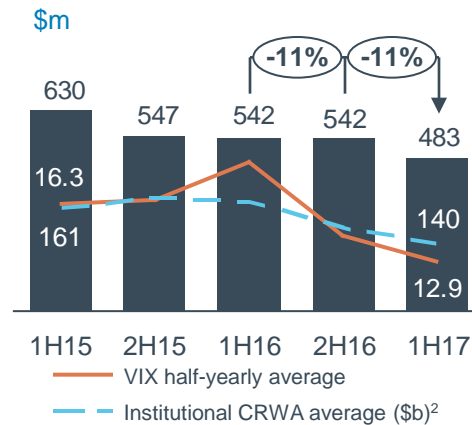
INSTITUTIONAL

STRONG MARKETS RESULTS DRIVEN BY BALANCE SHEET AND VALUATION ADJUSTMENTS

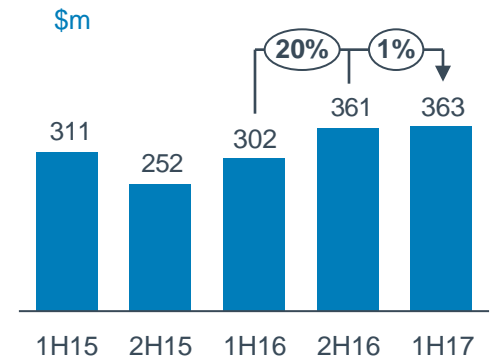
MARKETS INCOME¹



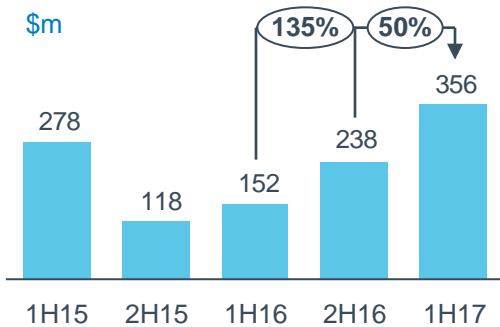
FRANCHISE SALES



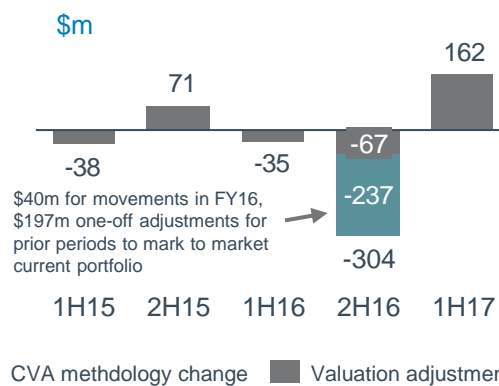
FRANCHISE TRADING³



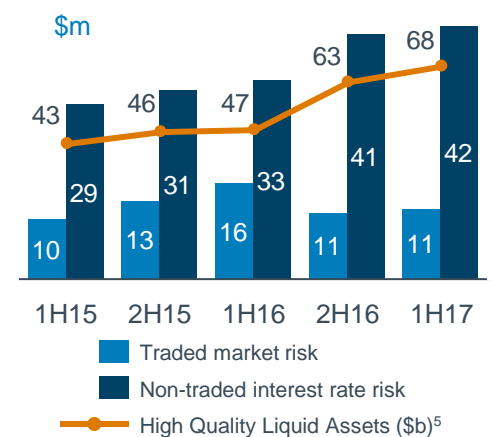
BALANCE SHEET



VALUATION ADJUSTMENTS⁴



AVERAGE VALUE AT RISK

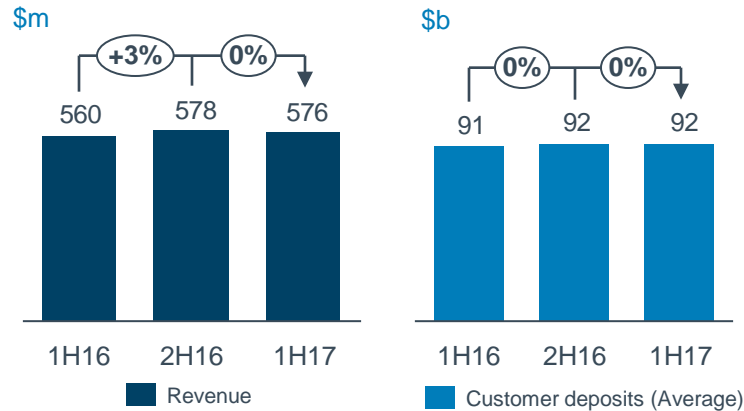


1. On a pro-forma basis excluding Specified Items relating to the derivative CVA methodology change (2H16) which is separately identified above. Totals and percentage changes are calculated on a pro forma basis; 2. Counterparty credit risk-weighted assets; 3. Markets Franchise Trading excluding Valuation Adjustments; 4. Credit and funding adjustments (collectively referred to as XVA) net of associated hedges; 5. Market value of HQLA1 securities

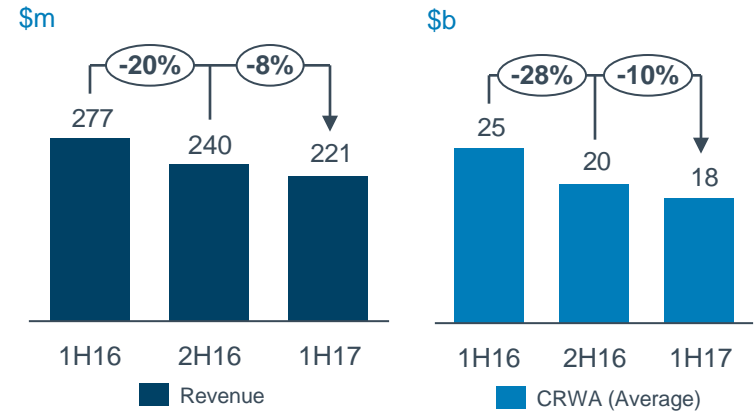
INSTITUTIONAL

TRANSACTION BANKING AND LENDING BUSINESSES IMPACTED BY PORTFOLIO RE-POSITIONING

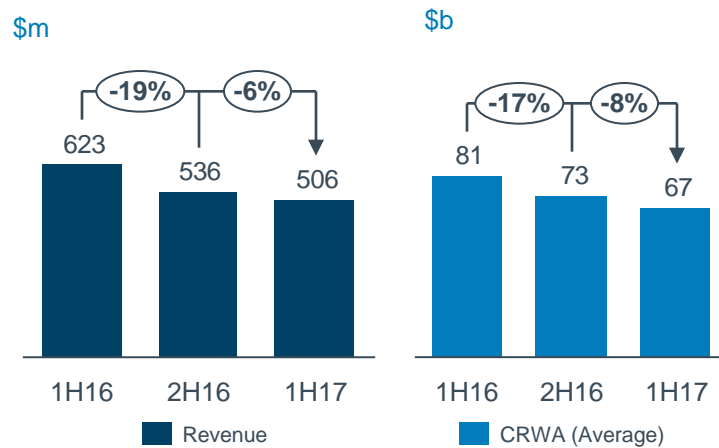
PAYMENTS AND CASH MANAGEMENT



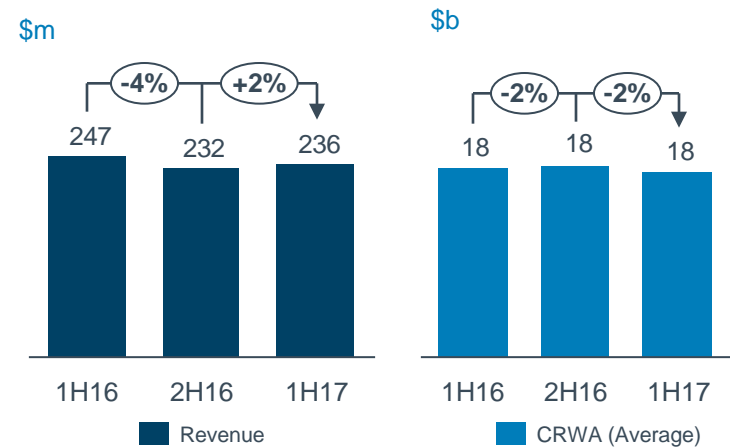
TRADE AND SUPPLY CHAIN



LOAN PRODUCT



SPECIALISED FINANCE

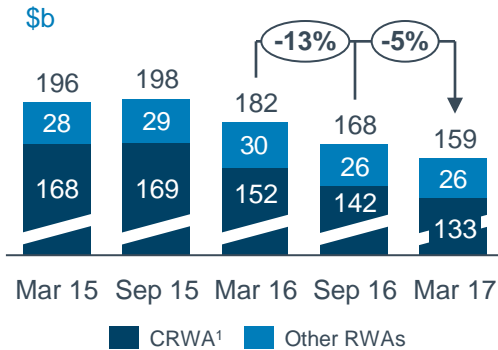


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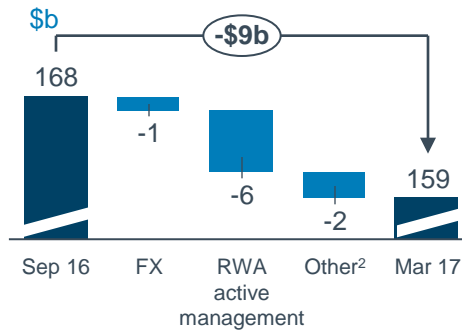
INSTITUTIONAL

REDUCING RWA, OPTIMISING PORTFOLIO MIX AND MANAGING MARGINS

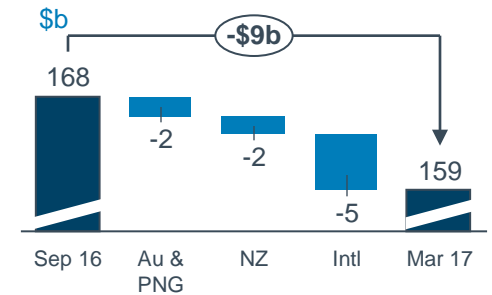
RWA



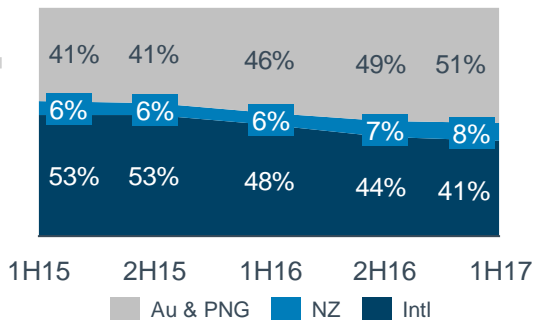
RWA REDUCTION



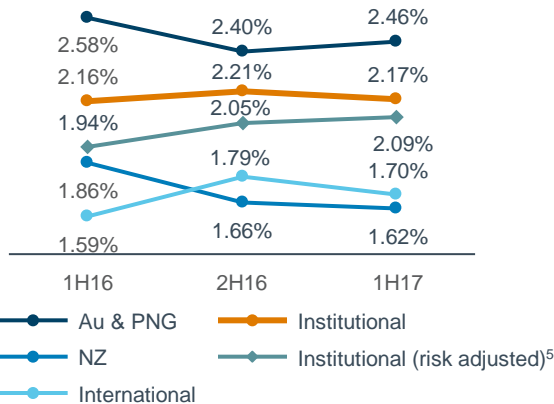
RWA REDUCTION BY REGION



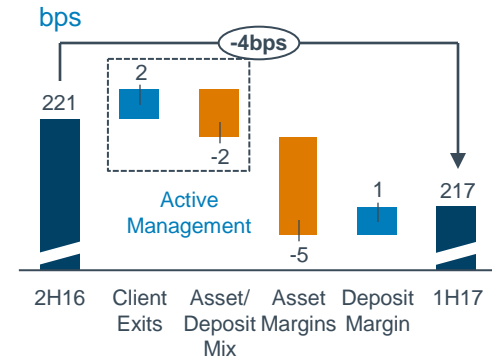
INTEREST EARNING ASSETS³



MARGINS BY REGION⁴



1H17 MARGINS⁴

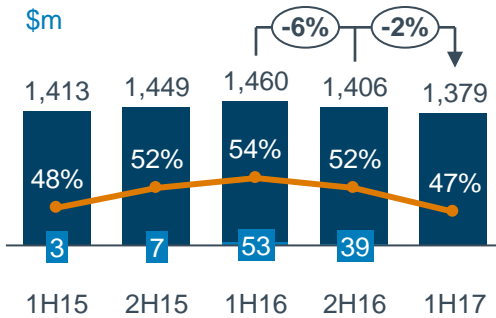


1. Counterparty credit risk-weighted assets; 2. Movement includes Operating Risk and Market Risk; 3. External average interest earning assets excluding Markets; 4. NIM excluding Markets; 5. Risk adjusted NIM is Net Interest Income / total Credit Risk Weighted Assets.

INSTITUTIONAL

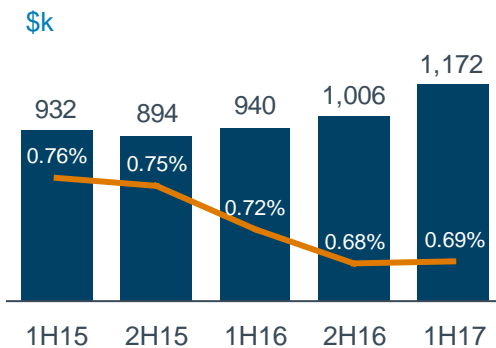
DRIVING PRODUCTIVITY BY FURTHER RESHAPING THE WORKFORCE

EXPENSES¹



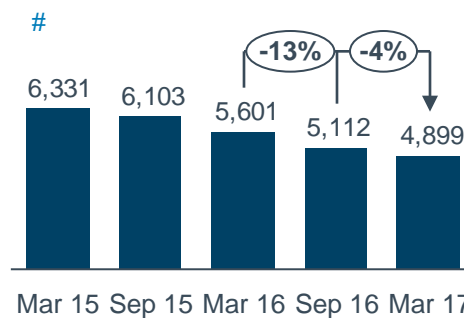
■ Specified Items ● Cost-to-income ratio
 ■ Expenses

PRODUCTIVITY¹

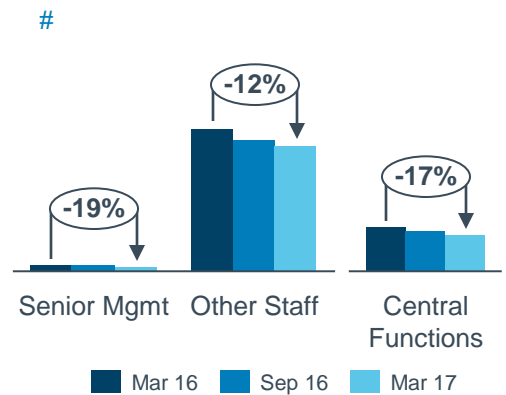


■ Revenue/FTE
 ● Operating Expenses/Average Assets

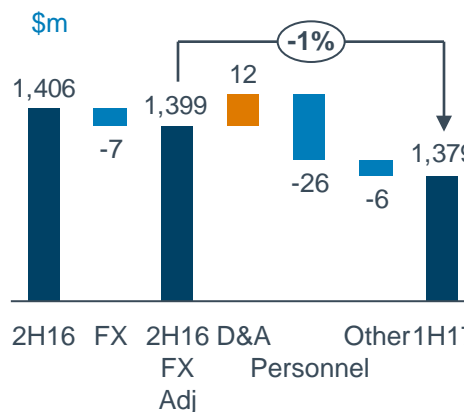
FTE



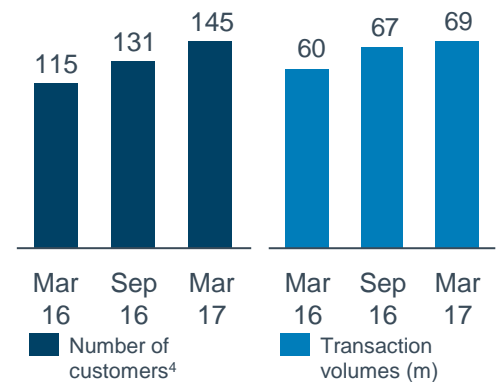
FTE REDUCTIONS²



EXPENSE DRIVERS¹



CUSTOMERS ON DIGITAL PLATFORM³



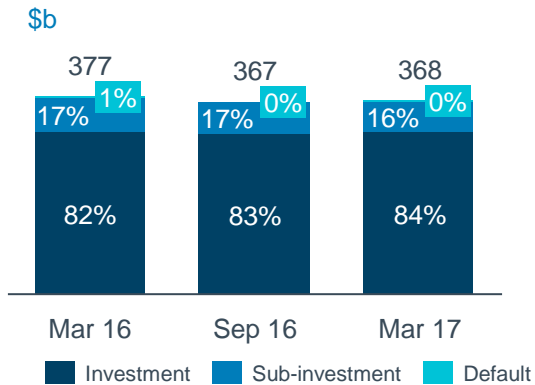
1. On a pro forma basis excluding Specified Items relating to restructuring (FY15 and FY16) which are separately identified above. Metrics and percentage changes are calculated on a pro forma basis; 2. Senior management and other staff include central functions. Central functions comprises enablement and support functions within Institutional; 3. Cash Management customers and transactions on Global Customer Integration Solution (GCIS); 4. Indexed to 100 at Sep 15

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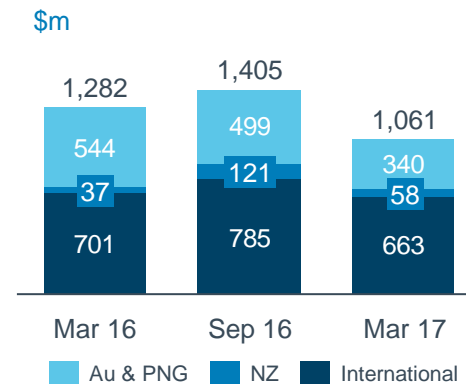
INSTITUTIONAL

DISCIPLINED PORTFOLIO MANAGEMENT AND BENIGN CREDIT ENVIRONMENT
DELIVERING LOWER LOSS RATES

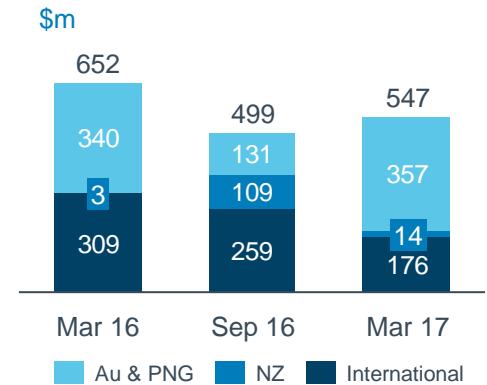
EXPOSURE-AT-DEFAULT¹



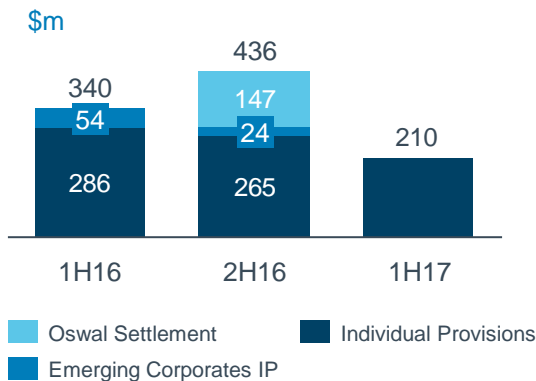
GROSS IMPAIRED ASSETS



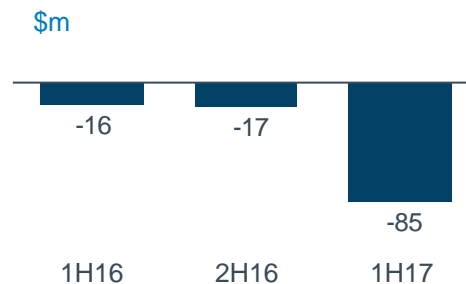
NEW IMPAIRED ASSETS



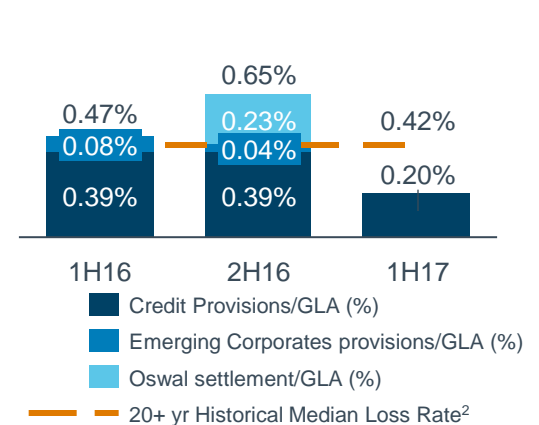
IP CHARGES



CP CHARGES



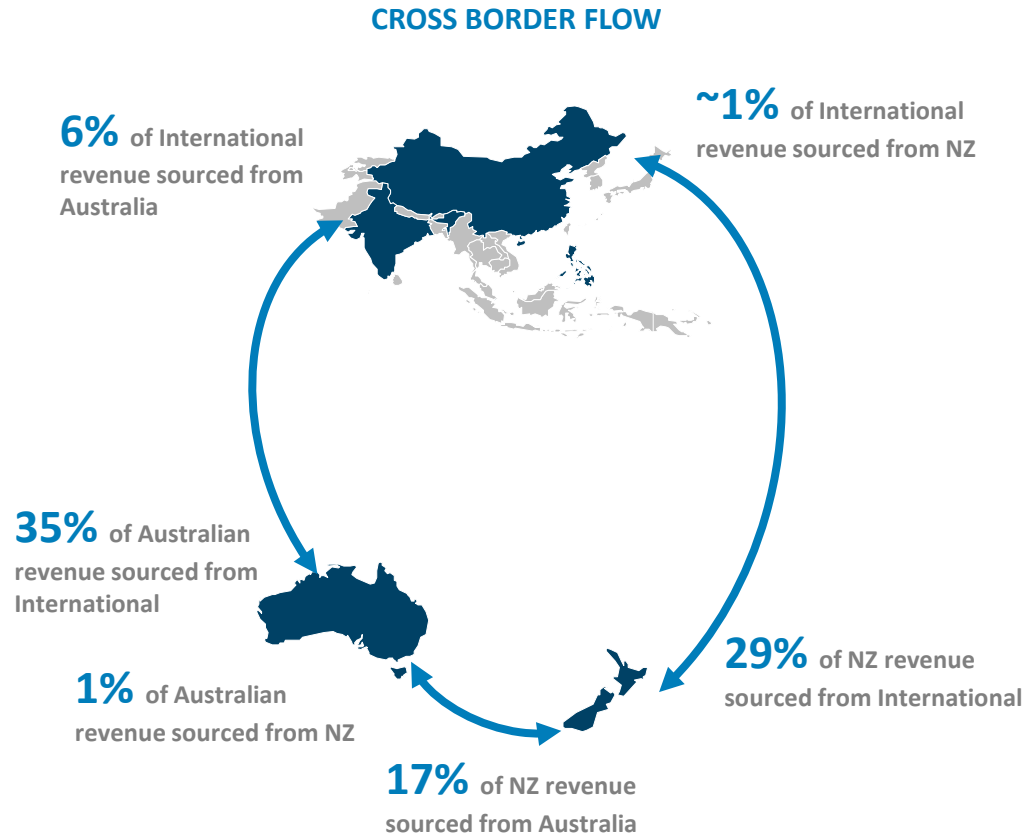
TOTAL LOSS RATES



1. Post CRM EAD, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral. Includes amounts for 'Securitisation' and 'Other Assets' Basel asset classes. Includes liquid assets. Includes FX Impact, Data/Meth Review and Risk
2. Median Loss Rate is Individual Provisions divided by Net Loans & Advances

INSTITUTIONAL

ANZ'S NETWORK CONTINUES TO BE A KEY DIFFERENTIATOR FOR INSTITUTIONAL



- Since October 2015, Institutional has been repositioning the business to lift returns and position it for growth. Our network, particularly Asia, continues to be core to our strategy and remains a key differentiator that is valued by our customers
- Cross border flow¹ as a proportion of total revenue is marginally lower at 33.0% in 1H17 compared to 33.6% in 2H16
- To maximise our network advantage, we have:
 - realigned our coverage model, by strengthening the geographic focus and moving decision-making closer to the customer
 - sharpened the focus of our countries, to have a clear mission aligned to our strategy
 - reduced organisational complexity, by delayering the organisation and reducing the size of the central functions

1. Cross border flows defined as thrown revenue (the region where the relationship with the customer exists is different to the region where the revenue is generated and booked). Region defined as Australia, Pacific, NZ, Asia, Europe and America

2017 HALF YEAR RESULTS

WEALTH AUSTRALIA DIVISION

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
2 MAY 2017



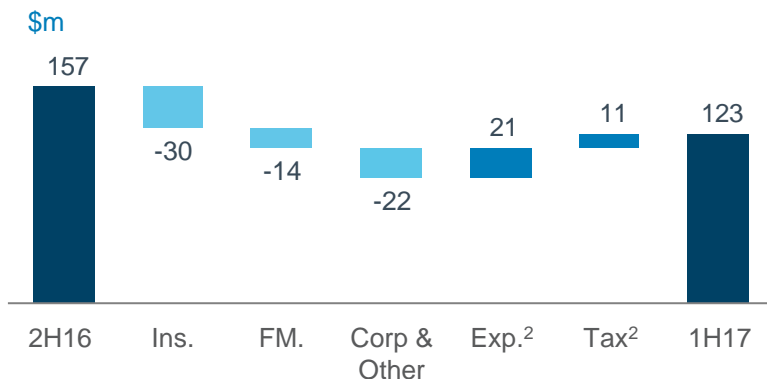
WEALTH AUSTRALIA

FINANCIAL HIGHLIGHTS

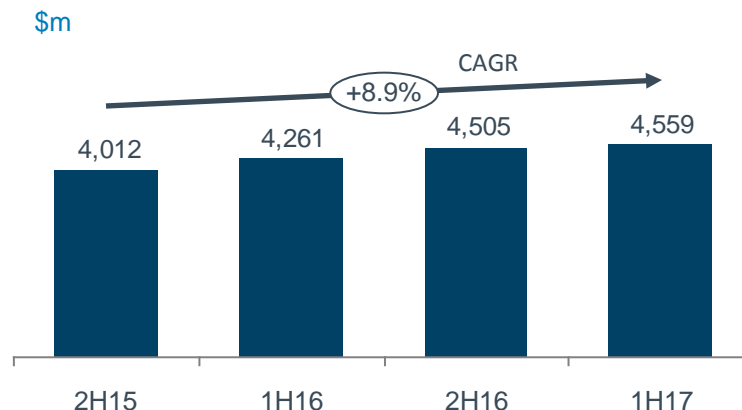
FINANCIAL PERFORMANCE EXPLANATION

- **Insurance** revenue impacted by adverse disability and lump sum claims experience and a one-off loss as a result of the exit of a Group Life insurance plan, partially offset by reinsurance profit share benefits and favourable claims experience in Lenders Mortgage Insurance.
- **Funds Management** decline in profitability reflects planned strategy to rationalise the legacy portfolio to SmartChoice, a simpler and lower risk model.
- **Corporate & Other** revenue declined due to unrealised losses arising from the guaranteed business. 2H16 also benefited from realised gains as a result of rebalancing invested capital.
- **Expenses** decreased as a result of good cost discipline and productivity initiatives.

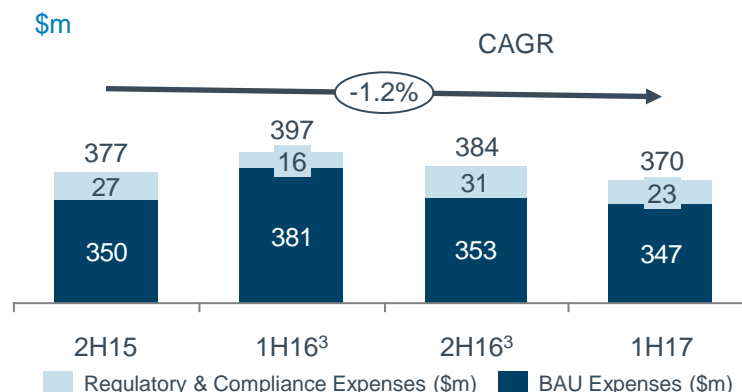
PROFIT CONTRIBUTION - HOH



EMBEDDED VALUE¹



COST MANAGEMENT



1. Embedded value includes Insurance and Funds Management businesses only. The product lines used are on the same basis as the Results Announcement in prior periods. This is different to the product lines used in the strategic review. Embedded value is adjusted to allow for the impact of dividends and net transfers.

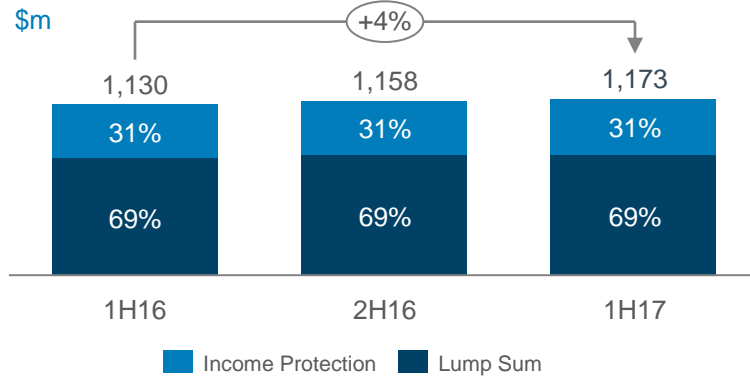
2. Expenses include specified items representing restructuring costs of \$7m. Tax includes tax on restructuring costs of -\$2m.

3. BAU expenses have been pro-forma adjusted for restructuring costs (1H16: \$13m and 2H16: \$7m)

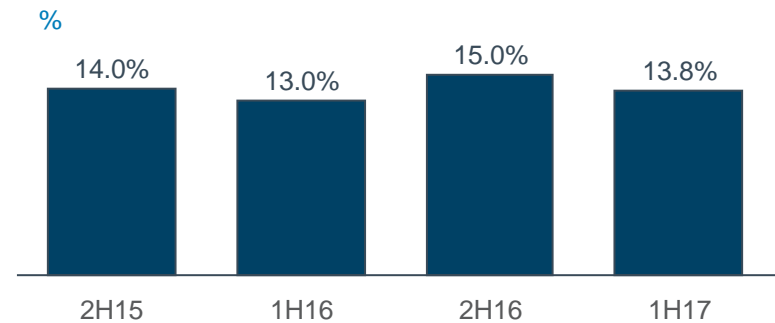
WEALTH AUSTRALIA

INSURANCE

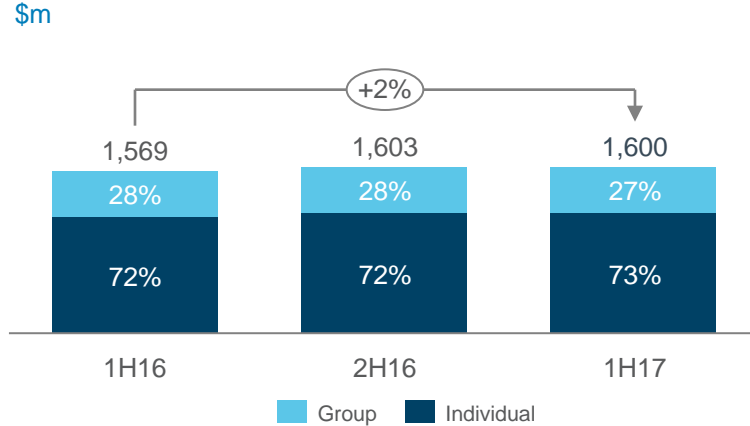
PRODUCT MIX IN INDIVIDUAL LIFE INSURANCE IN-FORCE



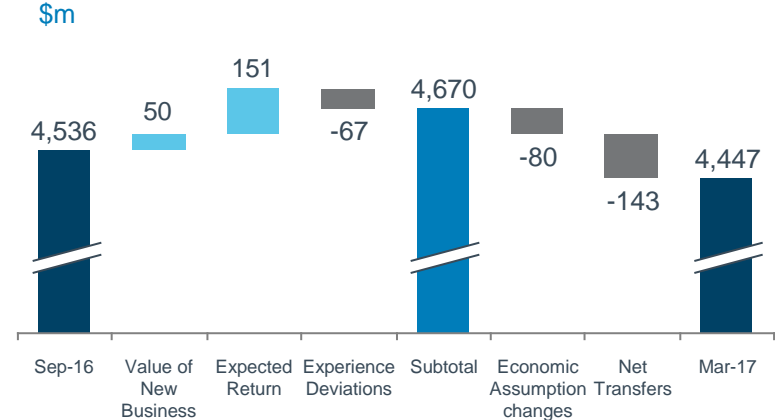
RETAIL LIFE LAPSE RATES



COMPOSITION OF LIFE INSURANCE IN-FORCE



EMBEDDED VALUE¹



1. Embedded value includes Insurance and Funds Management businesses only. The product lines used are on the same basis as the Results Announcement in prior periods. This is different to the product lines used in the strategic review.

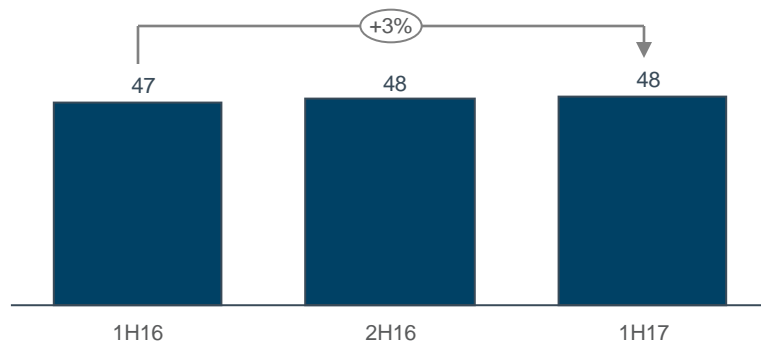
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WEALTH AUSTRALIA

FUNDS MANAGEMENT

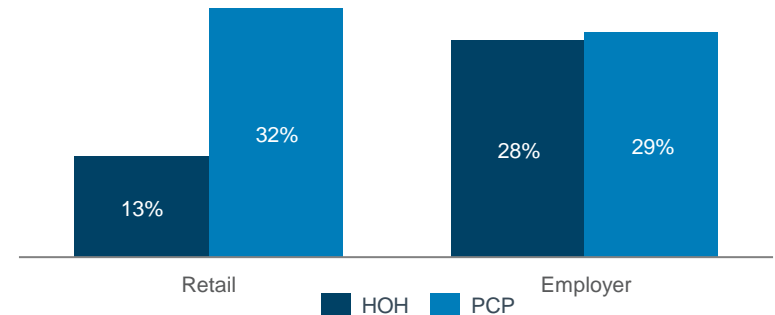
FUNDS MANAGEMENT AVERAGE FUM

\$b



SMARTCHOICE ACTIVE MEMBERS

% growth

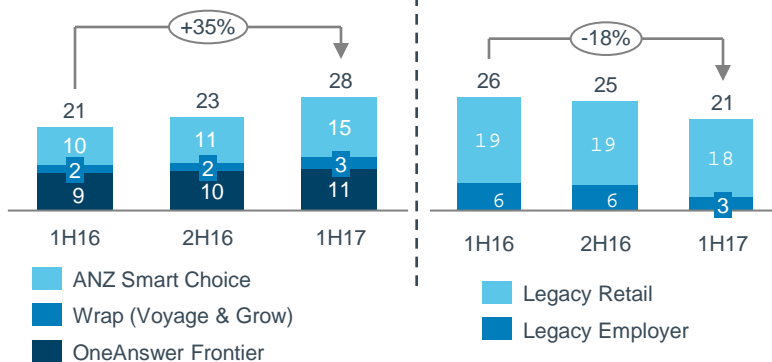


FUNDS MANAGEMENT FUM BY SOLUTION

FUM \$b

Open solutions¹

Closed solutions¹

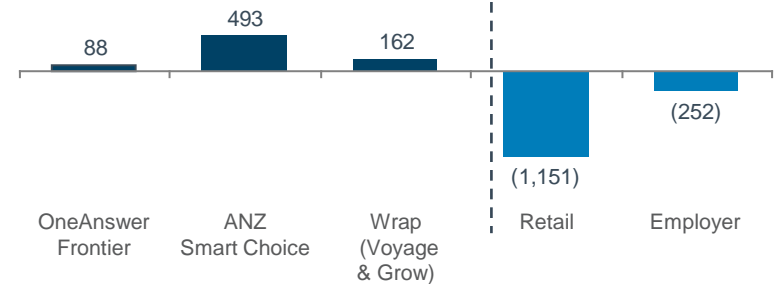


1H17 FUNDS MANAGEMENT NETFLOWS BY SOLUTION

\$m

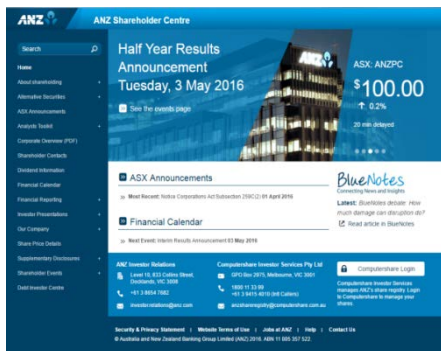
Open solutions¹

Closed solutions¹



1. Includes the transition of Closed Employer Super plans to ANZ Smart Choice (Employer)

Further Information



Our Shareholder information

shareholder.anz.com

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This presentation may contain forward-looking statements including statements regarding our intent, belief or current expectations with respect to ANZ's business and operations, market conditions, results of operations and financial condition, capital adequacy, specific provisions and risk management practices. When used in this presentation, the words "estimate", "project", "intend", "anticipate", "believe", "expect", "should" and similar expressions, as they relate to ANZ and its management, are intended to identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Such statements constitute "forward-looking statements" for the purposes of the United States Private Securities Litigation Reform Act of 1995. ANZ does not undertake any obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events.

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