

2014 FULL YEAR RESULTS

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

31 October 2014

Results Presentation &
Investor Discussion Pack



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Case Study: Australia Home Loans

143

All figures are presented on Cash basis in Australian Dollars unless otherwise noted. In arriving at Cash Profit, Statutory Profit is adjusted to exclude non-core items, further information is set out on page 90 of the 2014 Full Year Consolidated Financial Report

2014 FULL YEAR RESULTS

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

31 October 2014

Mike Smith
Chief Executive Officer



Financial performance

FY14 Result	2014	2013	Growth
Statutory Profit (\$m)	7,271	6,310	up 15%
Cash Profit (\$m)	7,117	6,492	up 10%
Cash Earnings per Share (cents)	260.3	238.3	up 9%
Cash Return on Equity (%)	15.4	15.3	
CET1 (%)	8.8	8.5	

- Clean results in a challenging environment
- Continuing to grow strongly in Asia, Australia and New Zealand
- A stronger, better bank

ANZ today is a more customer focused, regionally diversified, efficient and sustainable bank

	5 year CAGR	FY14 (\$b)	FY09 (\$b)
Revenue	7%	19.6	13.9
Expenses	7%	8.8	6.2
PBP	7%	10.8	7.7
Provisions	(20%)	1.0	3.0
Cash NPAT	16%	7.1	3.4
Capital CET1 (%)		8.8	8.0
Payout Ratio (%)		68.9	70.8

- Strengthened key customer segments in Australia and NZ
- Invested in regional footprint
- Created a more efficient, lower risk bank
- Higher quality earnings
- More disciplined management of capital and liquidity
- Perform in a changing business and regulatory environment

ANZ's strategy and business settings are right for the environment outlook

- Anticipated an environment of modest domestic growth, but still strong regional opportunities
- Risk environment to remain benign
- Shift in orientation of domestic growth from consumer to business segments in response to:
 - ❑ HH sector more leveraged; \$A; new infrastructure; fast growing regional trade and investment flows
- ANZ well placed given our strategy and focus on:
 - ❑ customer service and insights;
 - ❑ business productivity;
 - ❑ improving capital efficiency;
 - ❑ investments in enterprise and regional platforms

SUPER REGIONAL STRATEGY

STRONG
CORE
MARKETS

PROFITABLE
ASIAN
GROWTH

ENTERPRISE
APPROACH

STRONG LIQUIDITY AND CAPITAL MANAGEMENT

DISCIPLINED AND EXPERIENCED MANAGEMENT

CEO PRIORITIES FY14-16

Improving
customer
experience

Diversifying
revenue

Improving
productivity

Improving
returns

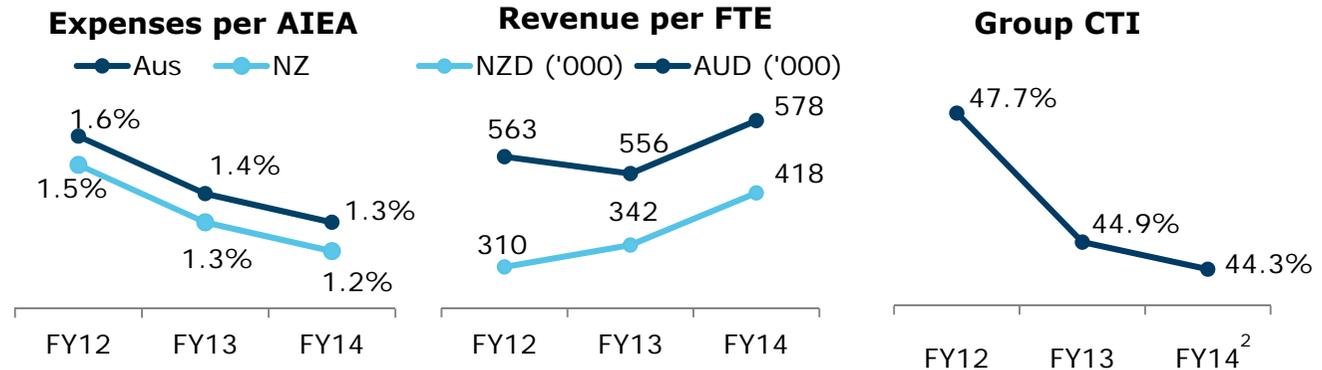
Growth and efficiency drive core market earnings



Customer

18	Consecutive qtrs home loan growth in Australia	✓	Delivering leading digital solutions
16%	Lending growth in small business Australia	100b	\$ transactions on goMoney ³
↑ 13%	# Wealth solutions sold through ANZ channels	#1	Grow by ANZ: awarded best mobile trading App
↑ Market share	NZ Home loans, Small Business & Commercial	#1	Rated Institutional Bank in 17 of 22 categories ¹

Efficient



Sustainable

- Leveraging digital & mobile transformation of all businesses
- Better service ; lower risk ; strong returns
- More products to more customers in more markets

1. Peter Lee Associates 2014 Large Corporate & Institutional Relationship Banking Survey (non credit categories)
 2. Group CTI excluding Trustees and SSI
 3. \$ value of transactions since inception

Our strong diversified Asian business a competitive advantage

PROFITABLE
ASIAN
GROWTH

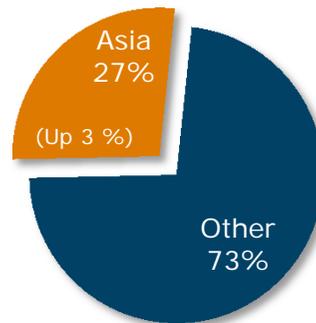
Maintaining strong Asian revenue growth...

Asia Revenue FY14 % change (Fx adj)

IIB Asia	+13.4%
Institutional	+18.0%
Global Markets	+30.8%
Global Loans	+11.0%
Global Transaction Banking	+8.9%
Retail	+7.0%
Partnerships ²	+10.8%

...increasing earnings diversification...

Institutional Revenue (FY14 - % total)



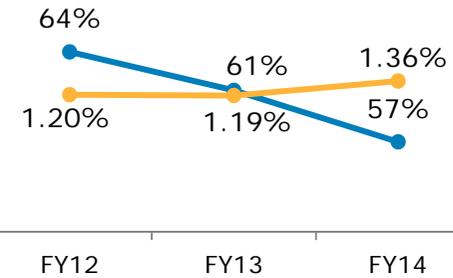
Markets Revenue (FY14 - % total)



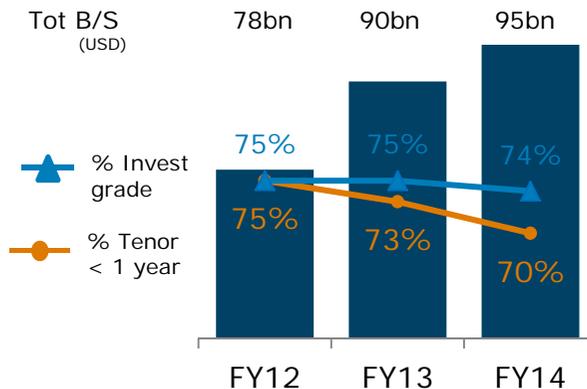
...while balancing risk and return.

IIB Asia

— Cost to Income Ratio (%)
— Return on Risk Weighted Assets



IIB Asia lending balance sheet¹



1. Based on total credit exposure
2. Excludes the impact of SSI

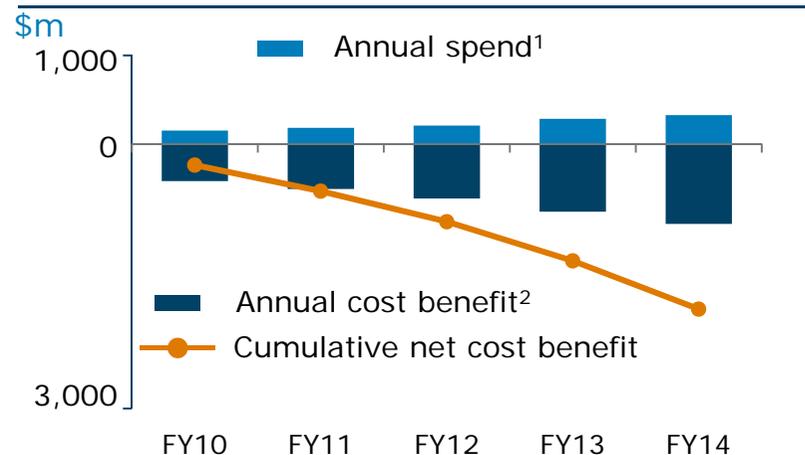
Enterprise investments delivering long term productivity gains



More than 5 years of accelerated investment is paying off

- Anticipated the changing business environment
- Double digit annual productivity growth in Operations
- More consistent, higher quality customer experience
- Strengthened our risk and control environment
- Deepened employee capability

Regional Delivery Network driving sustained productivity benefits



FY11		FY14
59%	% retail transactions on digital platforms	71%
4,469	Efficiency: Transactions per FTE	6,077
865	Operating control: Reduction in error rate (Manual payments Defects per million)	126

1. Includes operational and programme spend on the Regional Delivery Network
 2. Based on operational cost benefits of Regional centres, excludes non financial benefits (such as error rate reductions)

Business implications of outlook

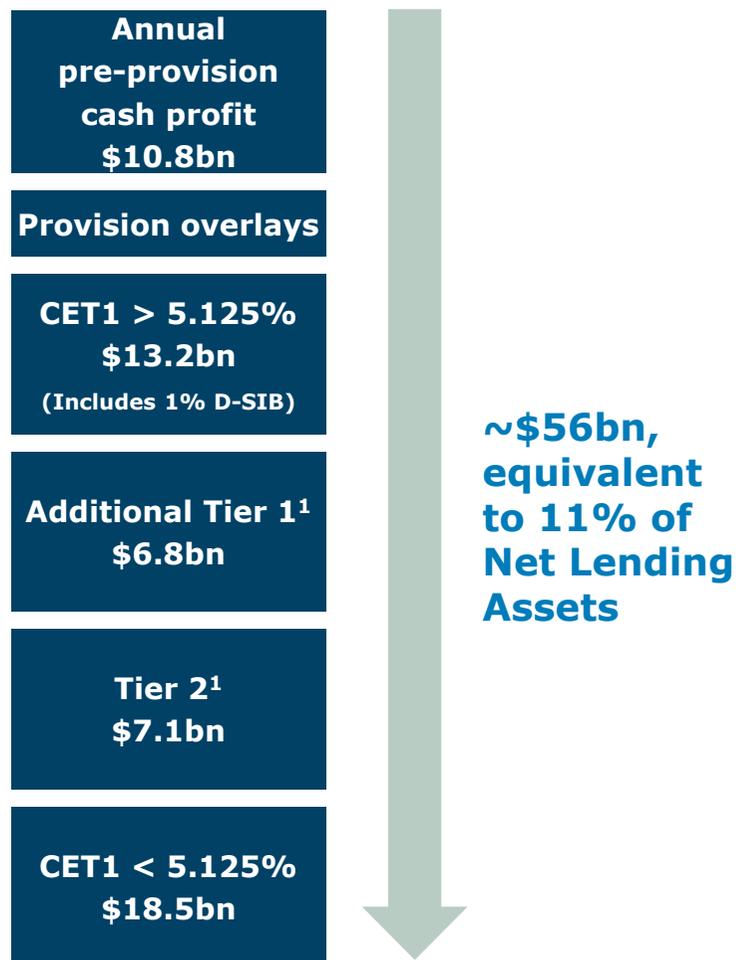
- Maintain the cost and return targets set for FY16 and the disciplines they impose across our business
- Aim for continued share growth in consumer segments in Australia and New Zealand
 - ❑ Moderate credit growth > good credit quality > strong competition
- Leverage our strong business customer position and regional capabilities to continue to deliver high quality and diversified revenue growth
 - ❑ Win share in regional growth corridors > customer insights
- Maintain balance sheet and risk disciplines, even at the expense of domestic revenue opportunities
 - ❑ Maintain strong bank settings > risk adjusted and fee based revenues

Regulation and the FSI

- We all benefit from a strong, well managed banking system
- Regulatory settings have strengthened markedly since the GFC
- Australia has a very sound, well regulated financial system.
- An approach that combines strong regulatory and supervisory frameworks and market based disciplines will deliver the best balance between financial stability and economic efficiency
- Level of capital and loss absorbency should reflect a holistic approach to system stability

Australian Banks – how strong, how safe

At 30 September 2014 ANZ had ~\$56bn in loss absorbency



- Australia has an inherently low risk banking system.
- APRA capital settings are more conservative than global standards²
- Stress tests show Australia's system is already sound, benefiting from:
 - ❑ Strong profitability and provisioning
 - ❑ Conservative business mix, risk appetite and legal frameworks
 - ❑ High relative capital levels leading to very low risk for taxpayers
- There is an economic cost in overly conservative regulatory/policy settings

1. Includes Basel III compliant securities and Basel II securities where APRA has granted transitional capital treatment

2. Under an internationally comparable basis ANZ's loss absorbency would be \$62b under Canadian rules and \$60b under UK rules

Building a
better bank
for customers

Building a
better bank
for shareholders

CEO PRIORITIES FY14-16

Improving
customer
experience

Diversifying
revenue

Improving
productivity

Improving
returns

FY16 FINANCIAL OUTCOMES

Above peer growth

CTI <43%

ROE of 16%+

2014 FULL YEAR RESULTS

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

31 October 2014

Shayne Elliott
Chief Financial Officer



Headline results

	FY14		2H14	
	\$m	v FY13	\$m	v 1H14 Annualised
Revenue	19,578	6.5%	9,910	5.1%
Expenses	8,760	6.1%	4,474	9.0%
PBP	10,818	6.7%	5,436	2.0%
Provisions	989	-17%	461	-24%
Tax	2,700	11%	1,367	5%
Cash Profit	7,117	10%	3,602	5%
Stat. adjustments	154		277	
Statutory Profit	7,271	15%	3,879	31%
Cash EPS (cents)	260.3	+9%		
DPS (cents)	178	+9%		
ROE	15.4%	+10bps		

FX and divestment impacts

\$m	FY14 Cash Profit Growth	FX ¹	Trustees 2H14	SSI 2H14	FX and Divestment Adjusted Growth
Revenue	6.5%	+336	+125	-21	4.0%
Expenses	6.1%	+222	-125		1.8%
PBP	6.7%	+114	-	-21	5.8%
Provisions	-17%	+13	-		-18%
Tax	11%	+18	-4	-14	11%
NPAT	10%	+83	+4	-7	8%

1. Impact of foreign exchange movements

The operating environment

**Very low rates
Excessive global liquidity
Very low market volatility**

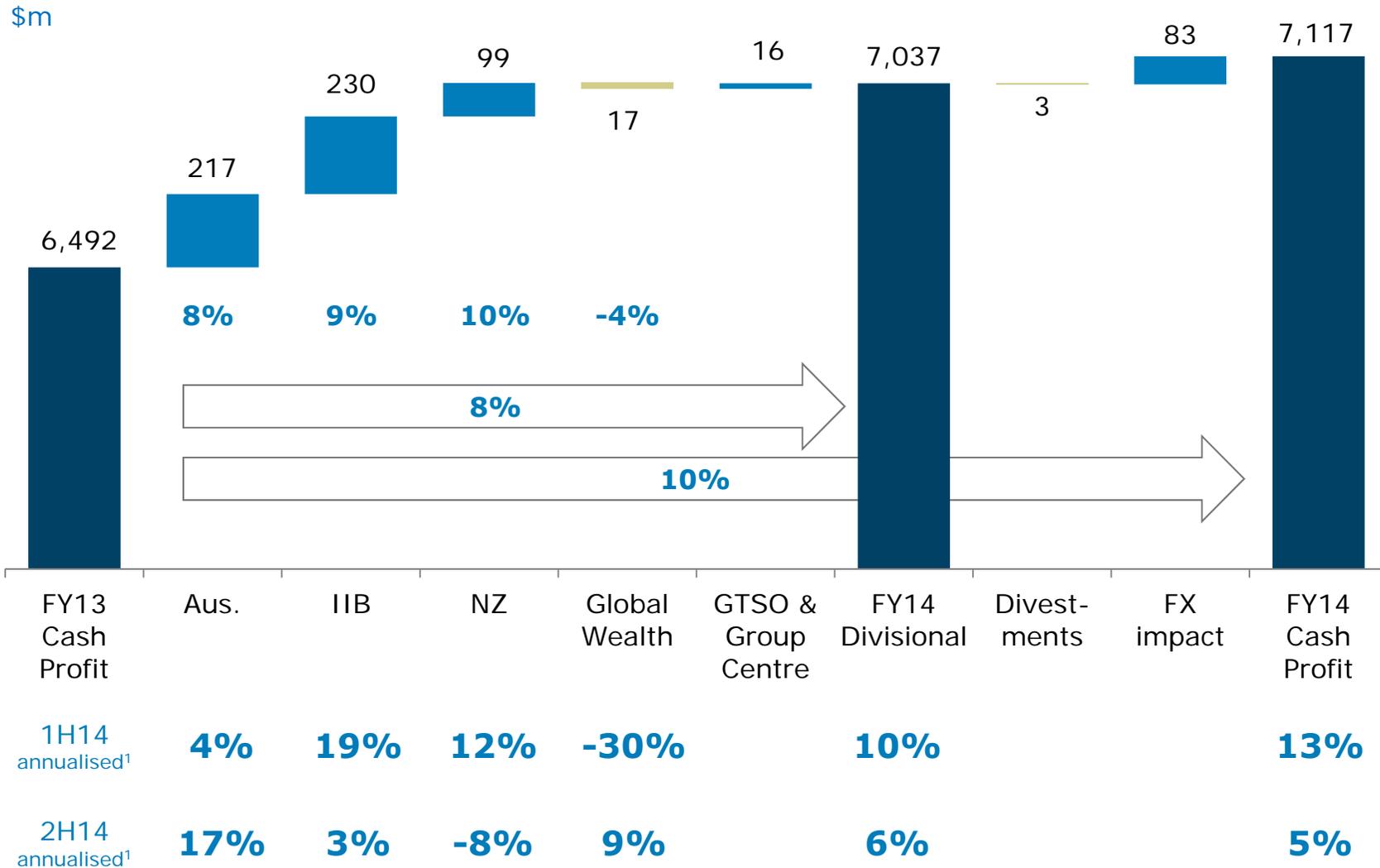
	Retail	Corporate
Environment:	Solid housing market Strong savings Improving system growth	Weak confidence Low leverage Low credit demand
Impact:	Medium credit growth Strong competition Stable margins Low provisions	Slow credit growth Falling loan margins Balance Sheet trading opps. Lower hedging demand Low provisions
Actions:	Invest Grow share responsibly Improve customer experience	Capital efficiency Manage productivity Diversify revenue

Impacts and outcomes – half on half

	1H14 v 2H13 ¹		2H14 v 1H14 ¹	
	Revenue	Expense	Revenue	Expense
Retail ²	2.1%	0.6%	3.9%	1.6%
Corporate ex. Markets	-1.2%	0.5%	1.7%	-1.6%
Partnerships	4.9%	<i>nm</i>	6.3%	<i>nm</i>
Total	0.6%	0.5%	3.0%	0.3%
Global Markets	21.6%	5.6%	-9.1%	0.7%
Total Group³	2.7%	0.2%	1.7%	1.8%

1. FX adjusted (calculated on constant currency) and excluding impact of divestments (Trustees, SSI)
2. Retail includes ANZ's Retail & Wealth Business Units
3. Group includes Corporate Centre, not reflected in this table, not material

Cash profit – Divisional drivers



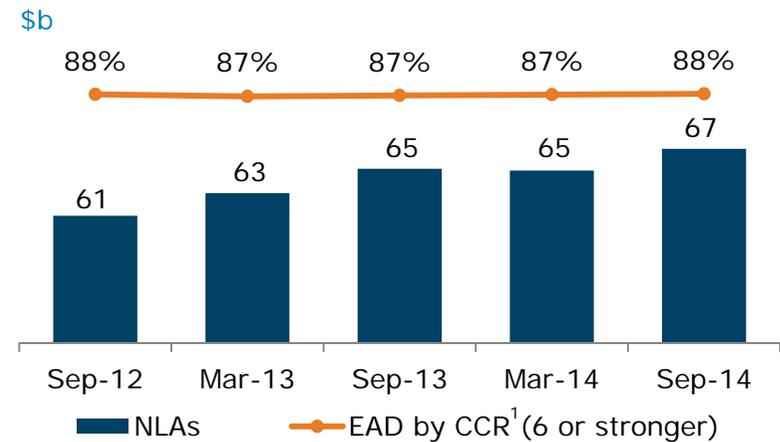
Divestments include Sale of Trustees (within Global Wealth Division) and SSI (within IIB Division)

Australia Division – high quality consistent growth

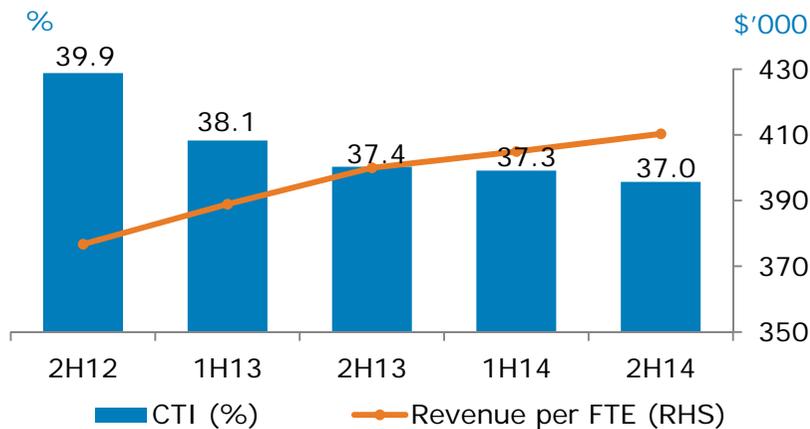
Quality Retail growth



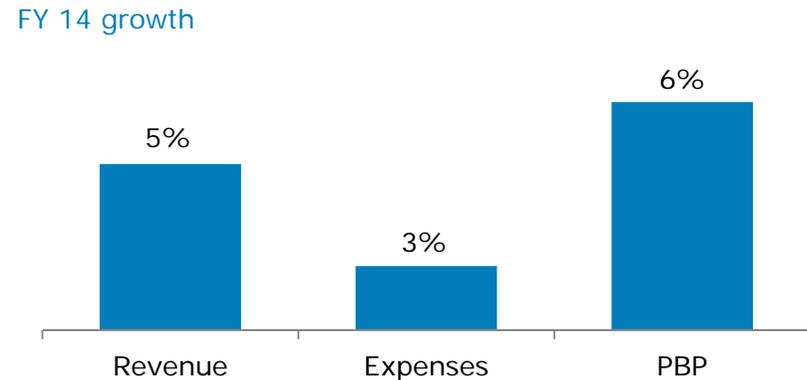
Quality Commercial growth



Improved productivity



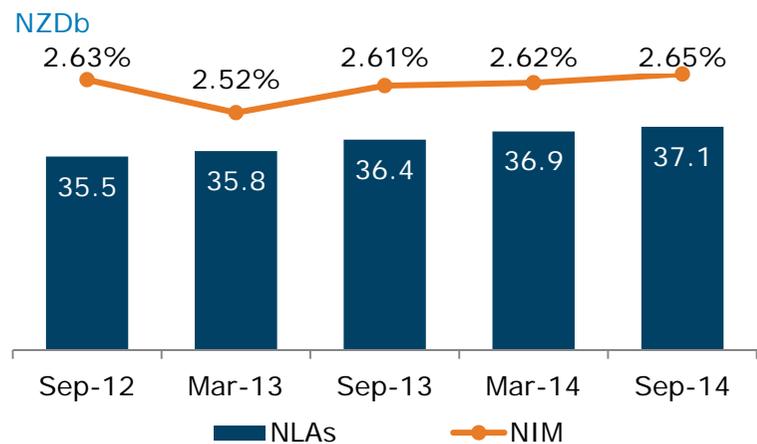
Operating performance



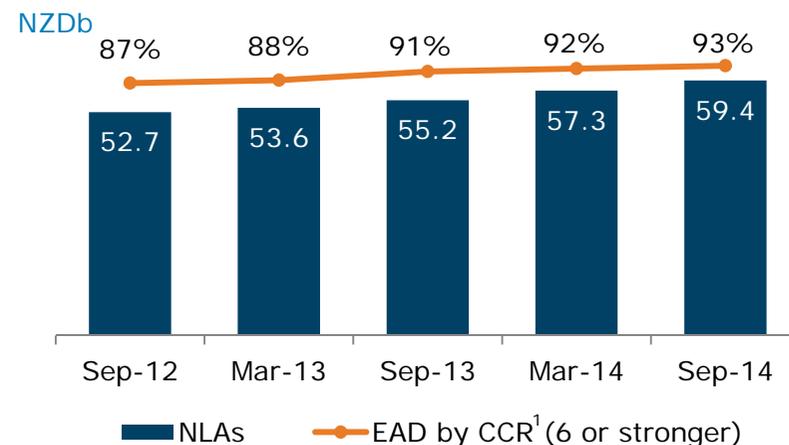
1. CCR = Customer Credit Rating

New Zealand Division – strong productivity dividend

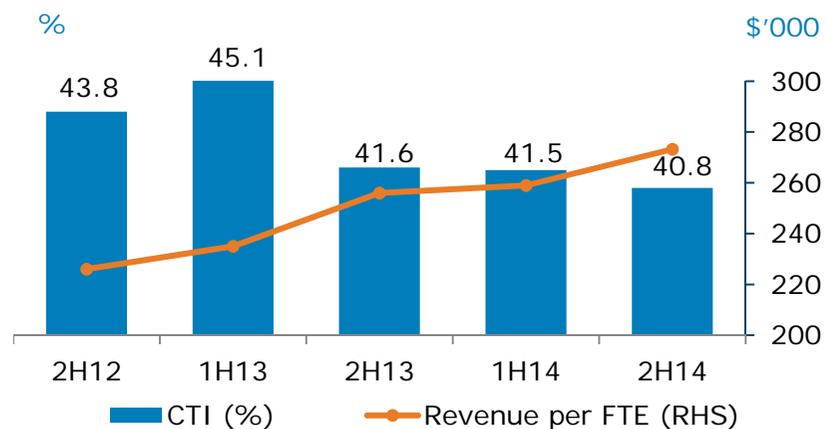
Quality Retail growth



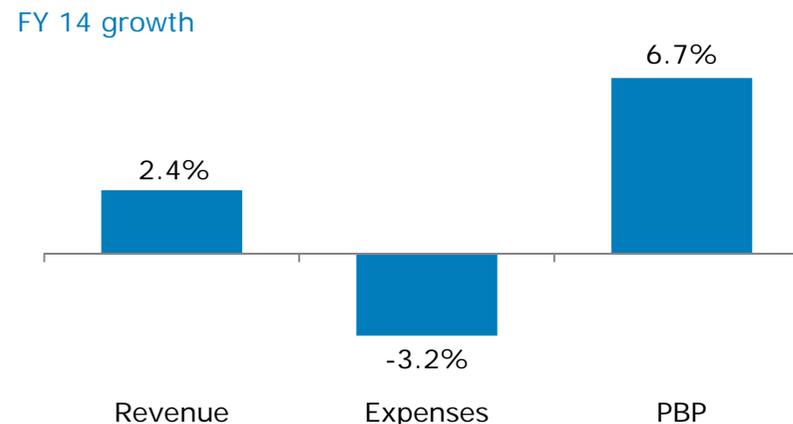
Quality Commercial growth



Improved productivity

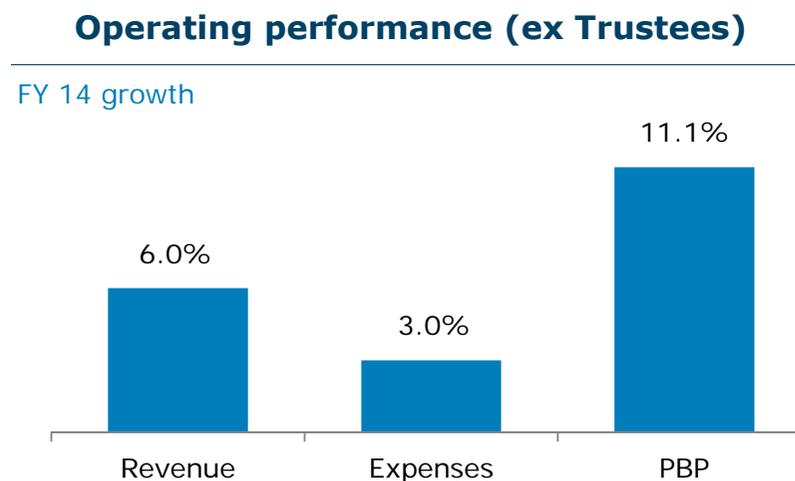
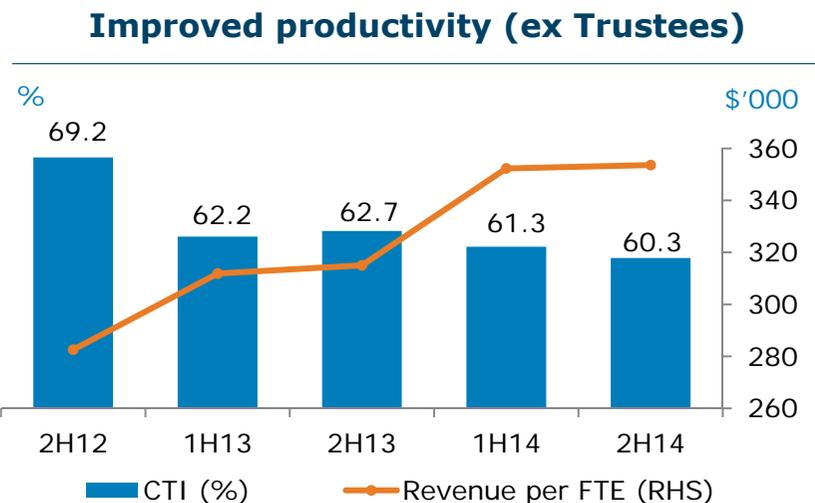
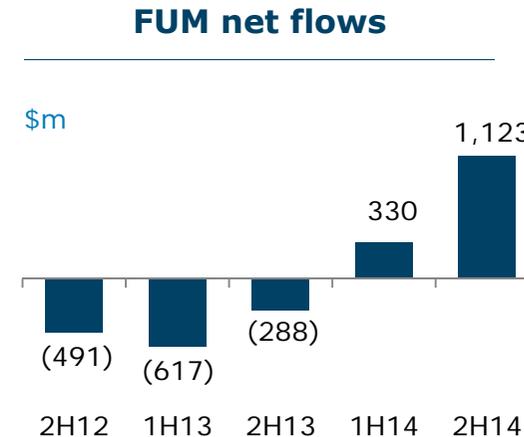
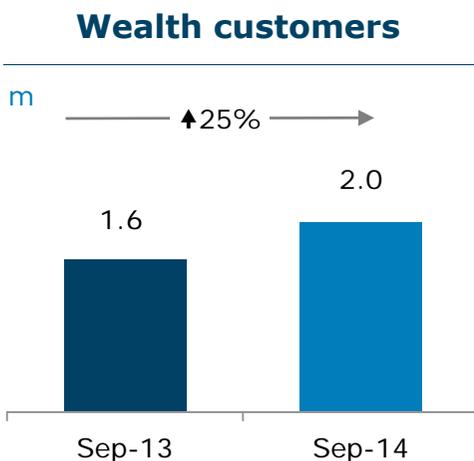


Operating performance



1. CCR = Customer Credit Rating

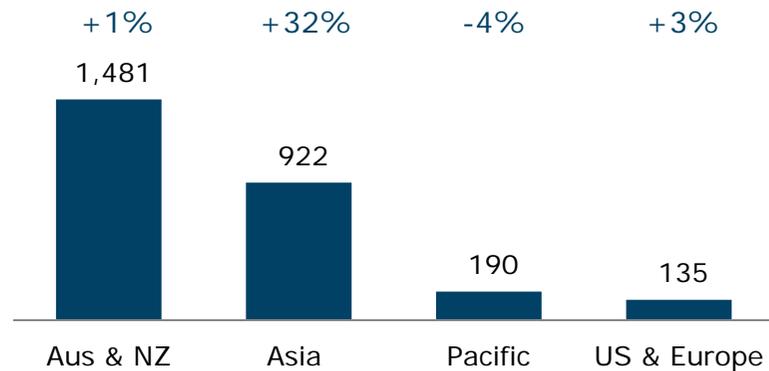
Global Wealth – focused on sales and efficiency



IIB – Diversification driving profitable growth

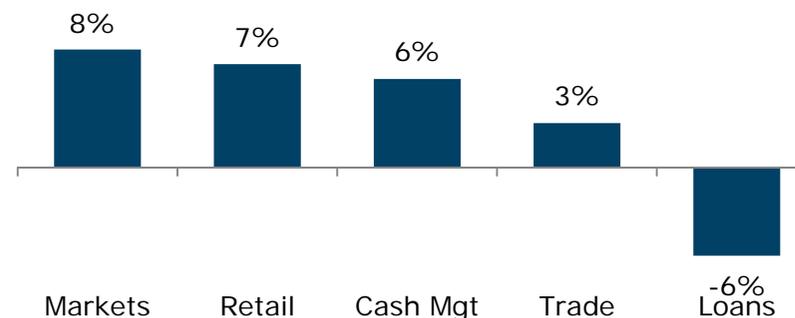
FY14 profit by region¹

AUDm & FX Adjusted growth rate

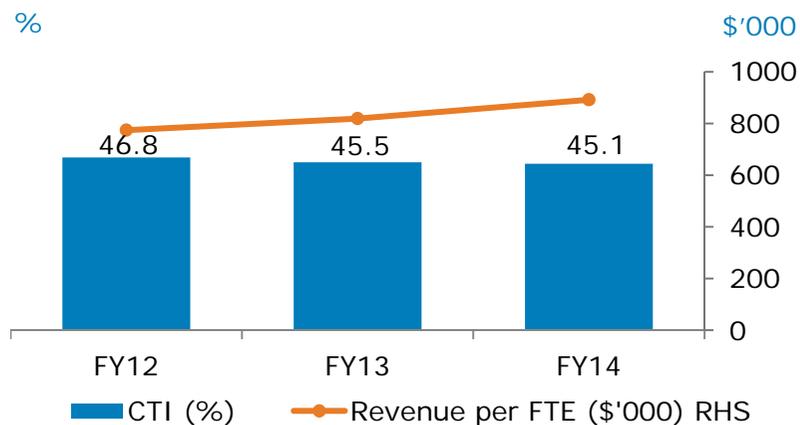


Revenue Growth

FX adjusted growth

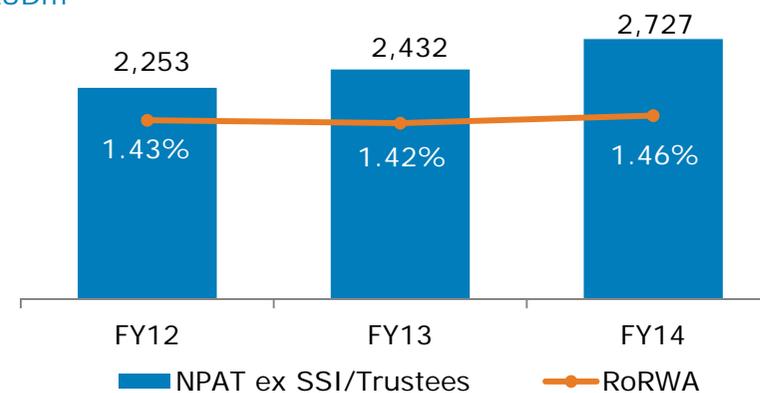


Improved productivity



Cash Profit & Return²

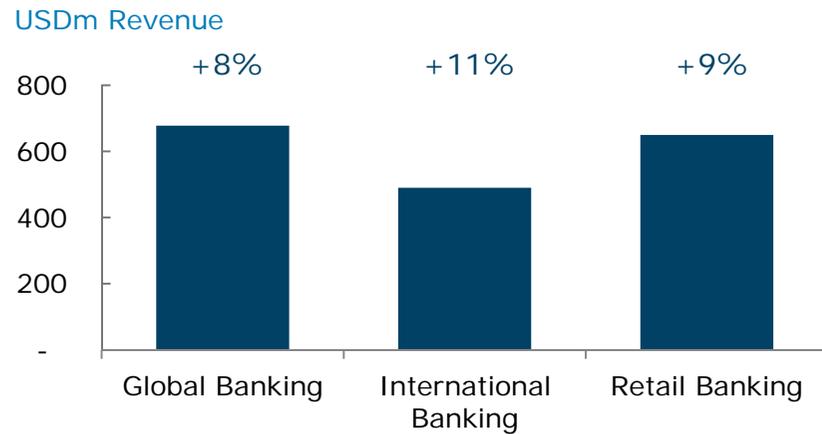
AUDm



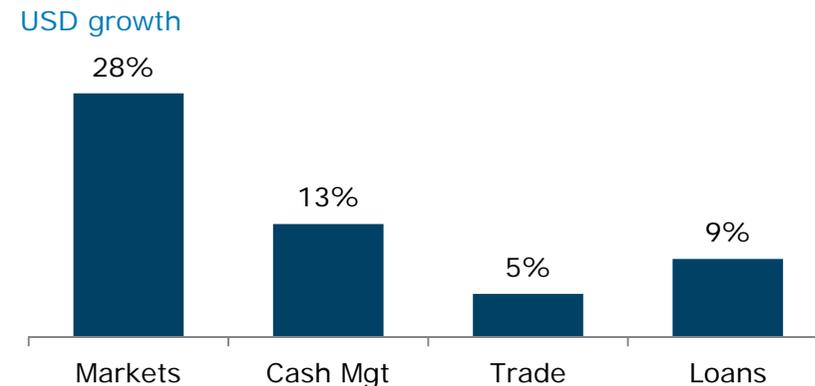
1. Excluding impact of divestments (Trustees, SSI)
2. RoRWA equals Cash Profit divided by average Basel III risk weighted assets. FY12 Cash Profit has been adjusted to exclude one-off software impairment.

IIB – Asia delivering growth with improving returns

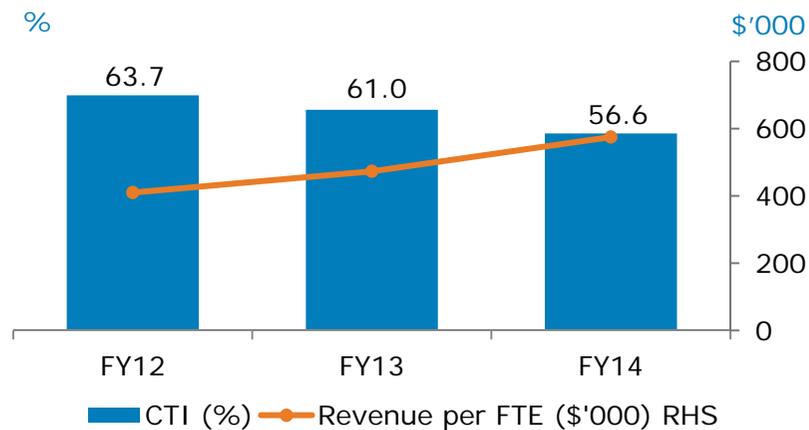
Strong and balanced customer growth



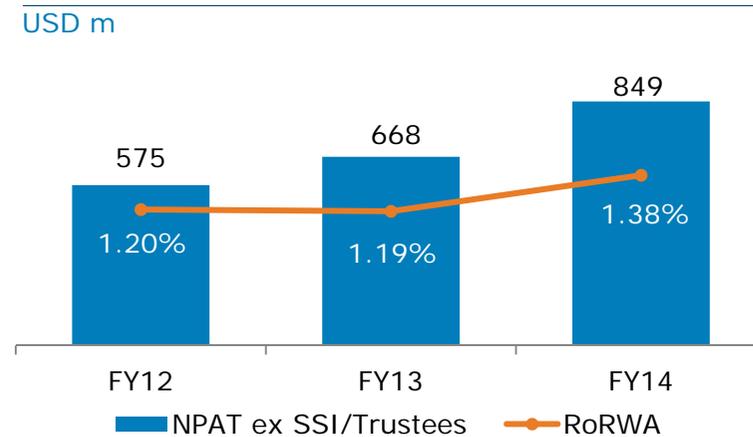
High quality Revenue growth



Improved productivity



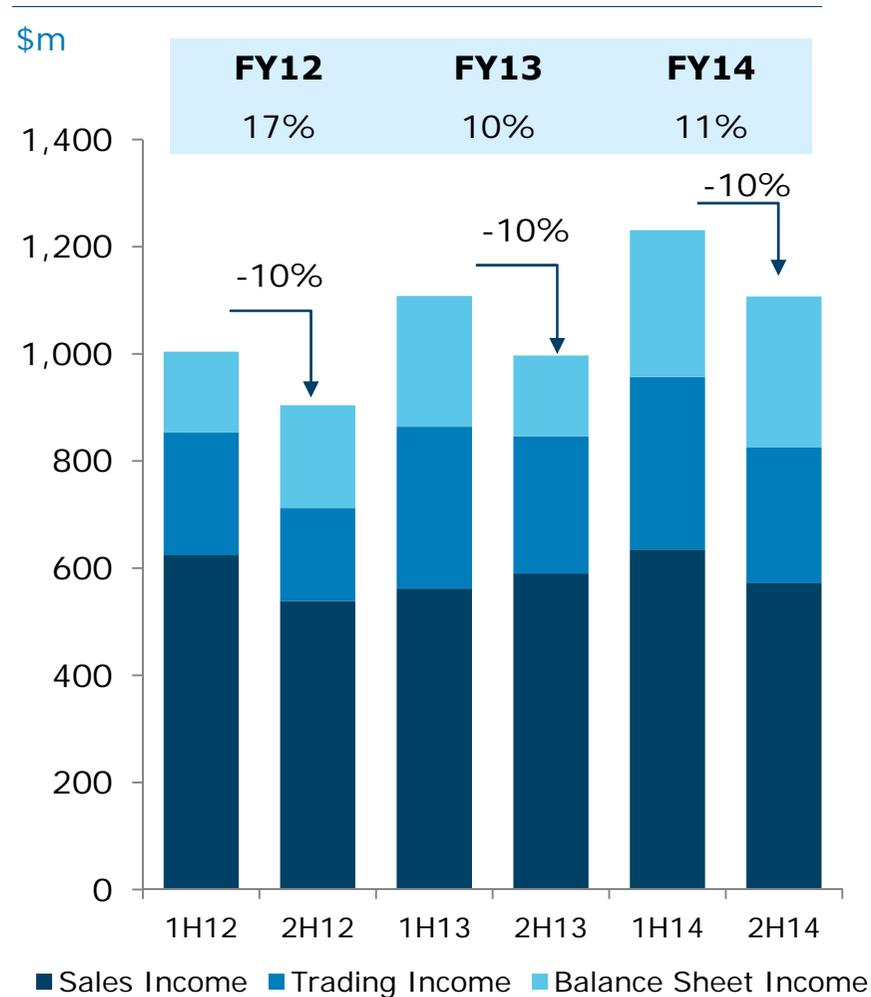
Improving cash profit and return^{1,2}



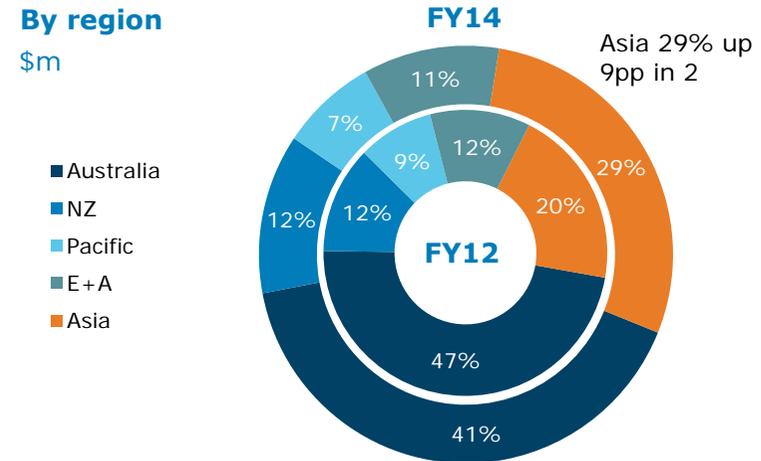
1. RoRWA equals Cash Profit divided by average Basel III risk weighted assets. FY12 Cash Profit has been adjusted to exclude one-off software impairment. 2. excluding impact of divestments (Trustees, SSI)

IIB - Markets continuing to grow and diversify

Revenue growth



Revenue diversity



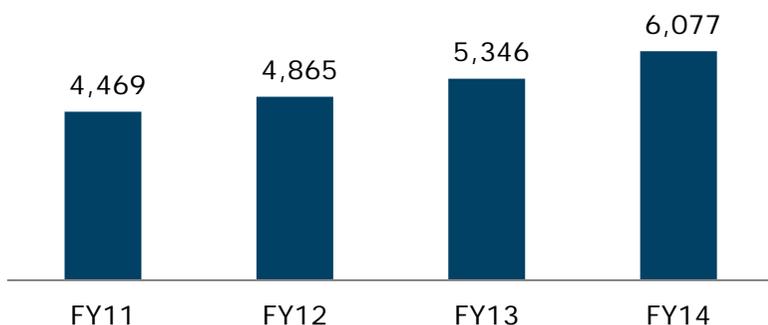
Top 5 Asia markets



Operations and Technology - lower cost, better quality

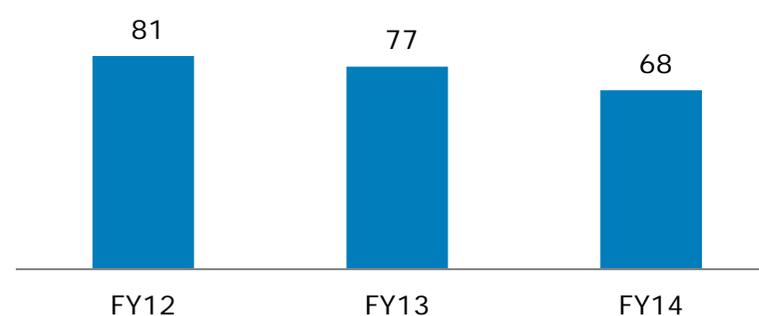
More productive FTE

Transactions per FTE in international markets



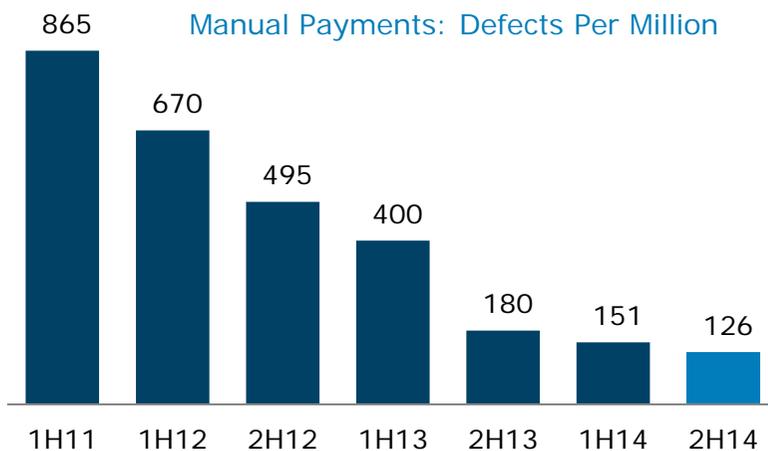
Lower operations cost per FTE

\$000s per FTE

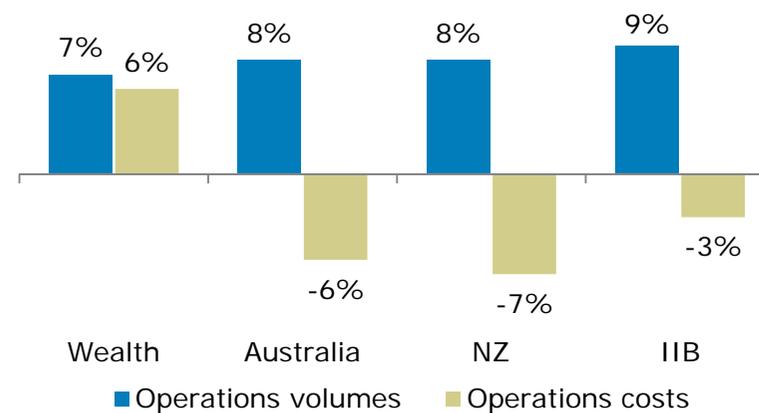


Rapidly improving quality

Manual Payments: Defects Per Million

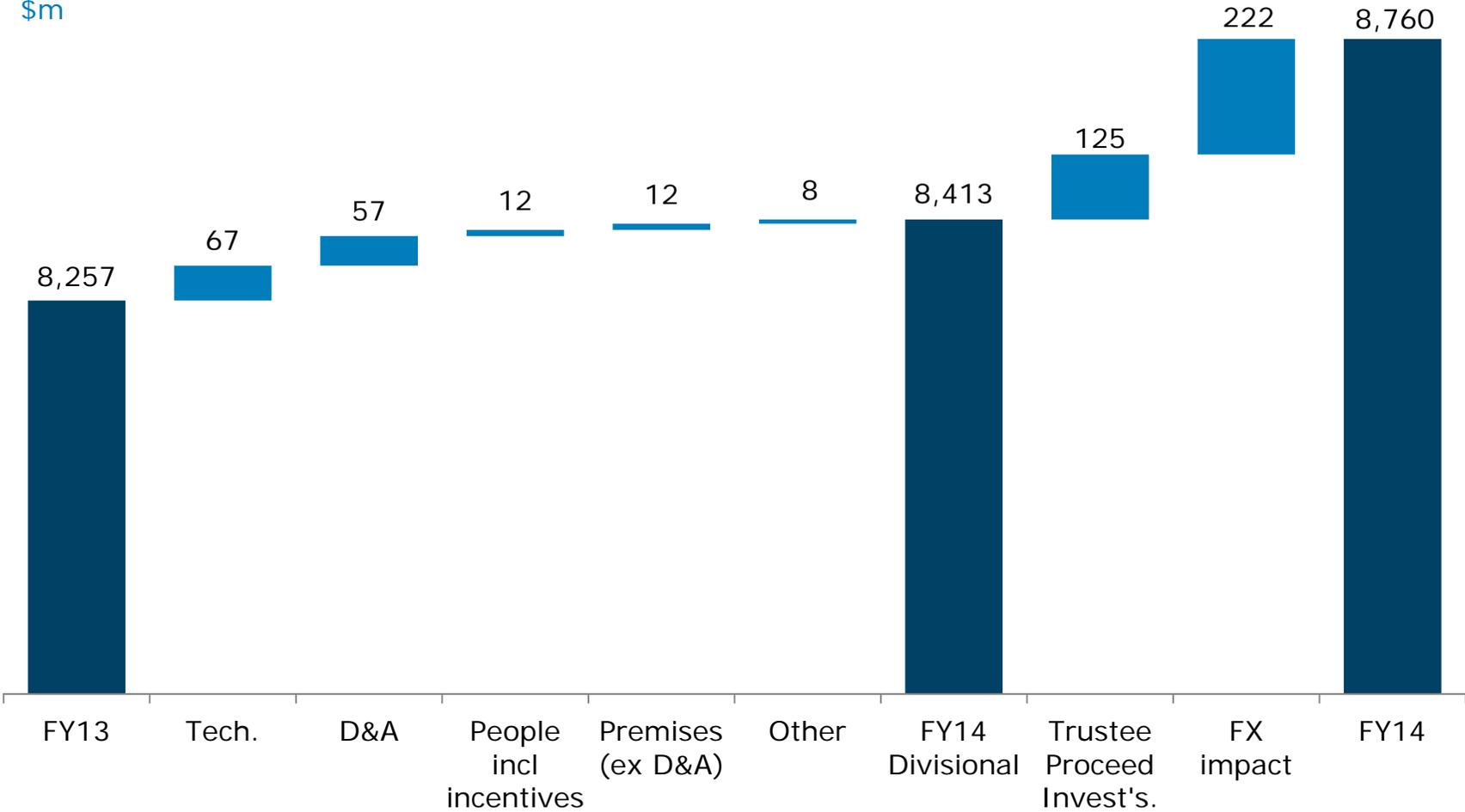


Producing operating leverage



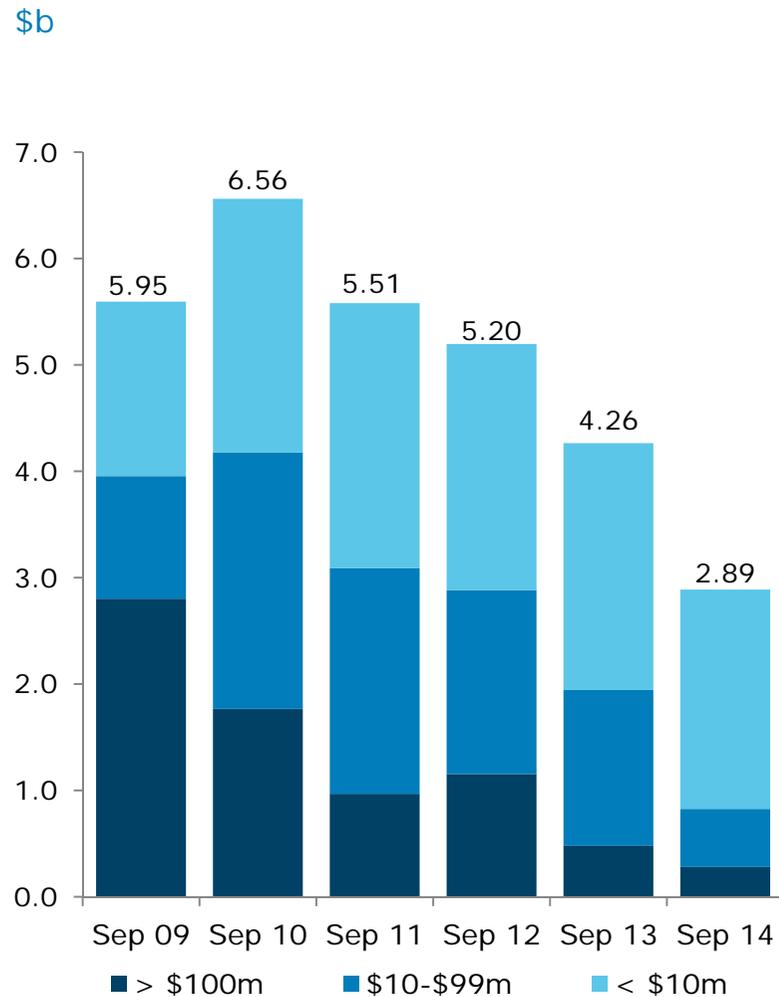
Strong Group wide expense discipline

\$m

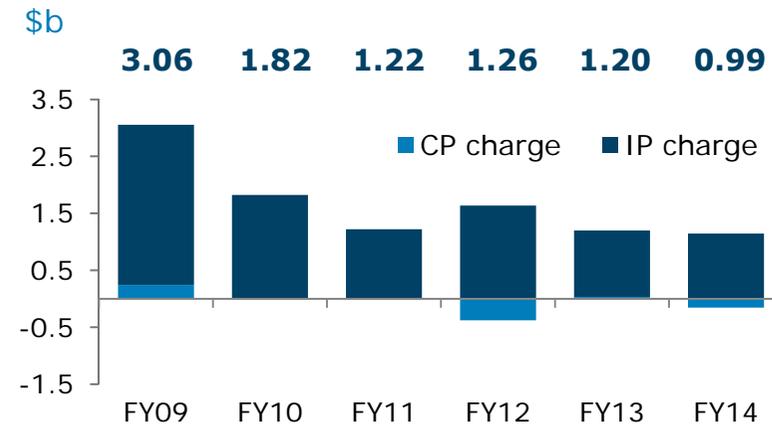


Portfolio credit quality continues to improve

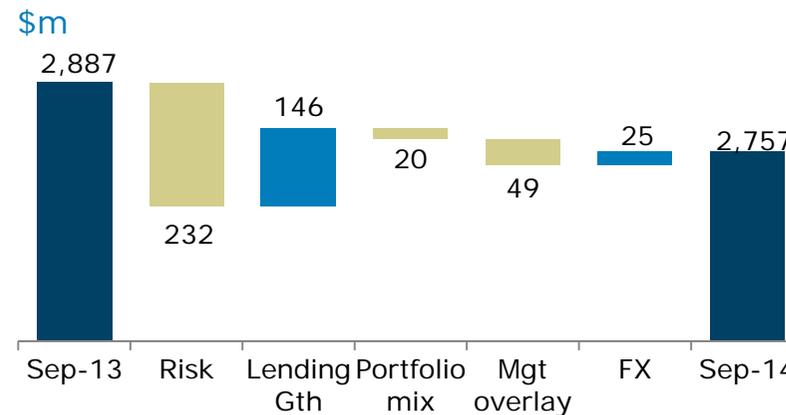
Gross Impaired Assets



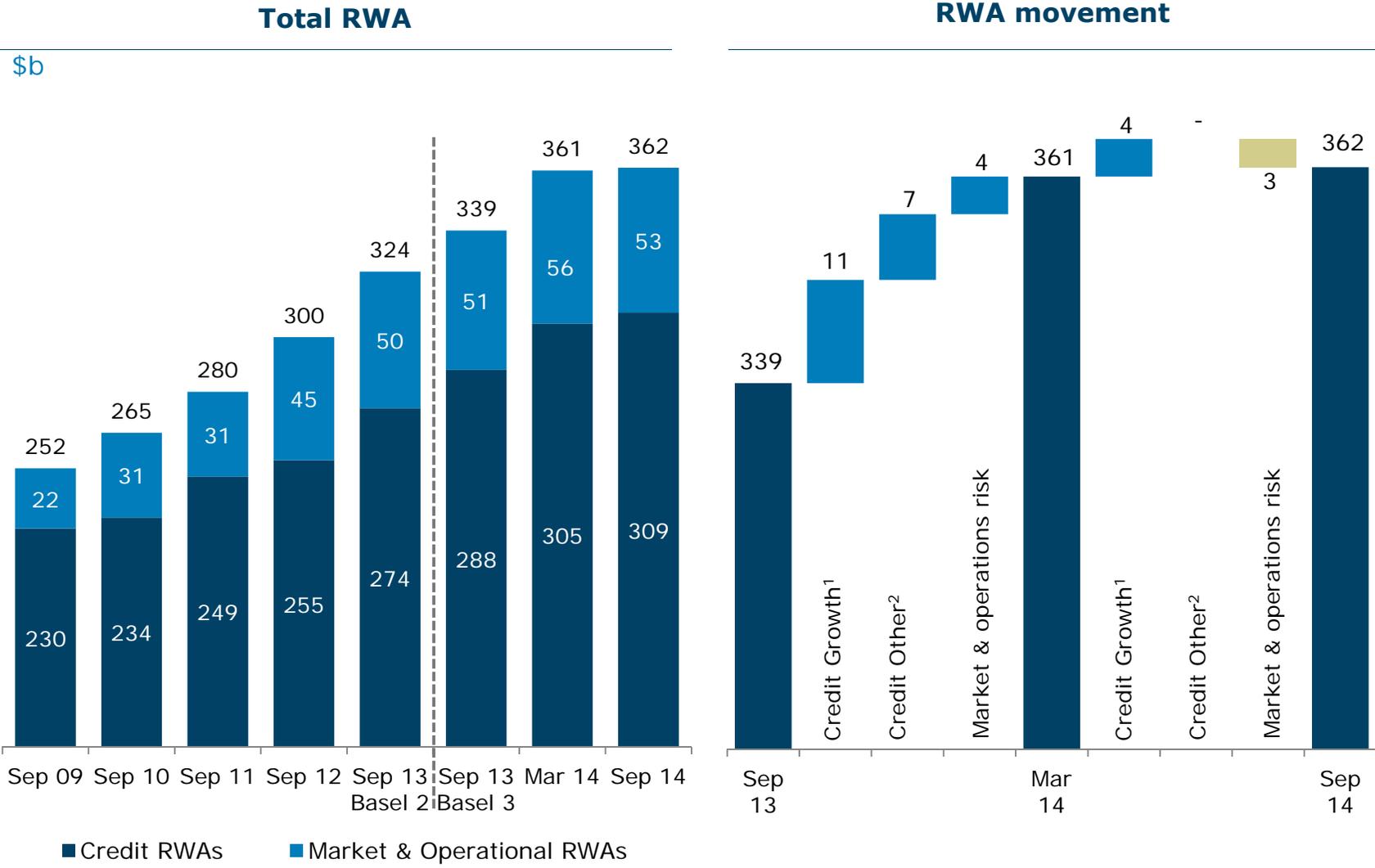
Total Provision Charge



Collective provision balance by source

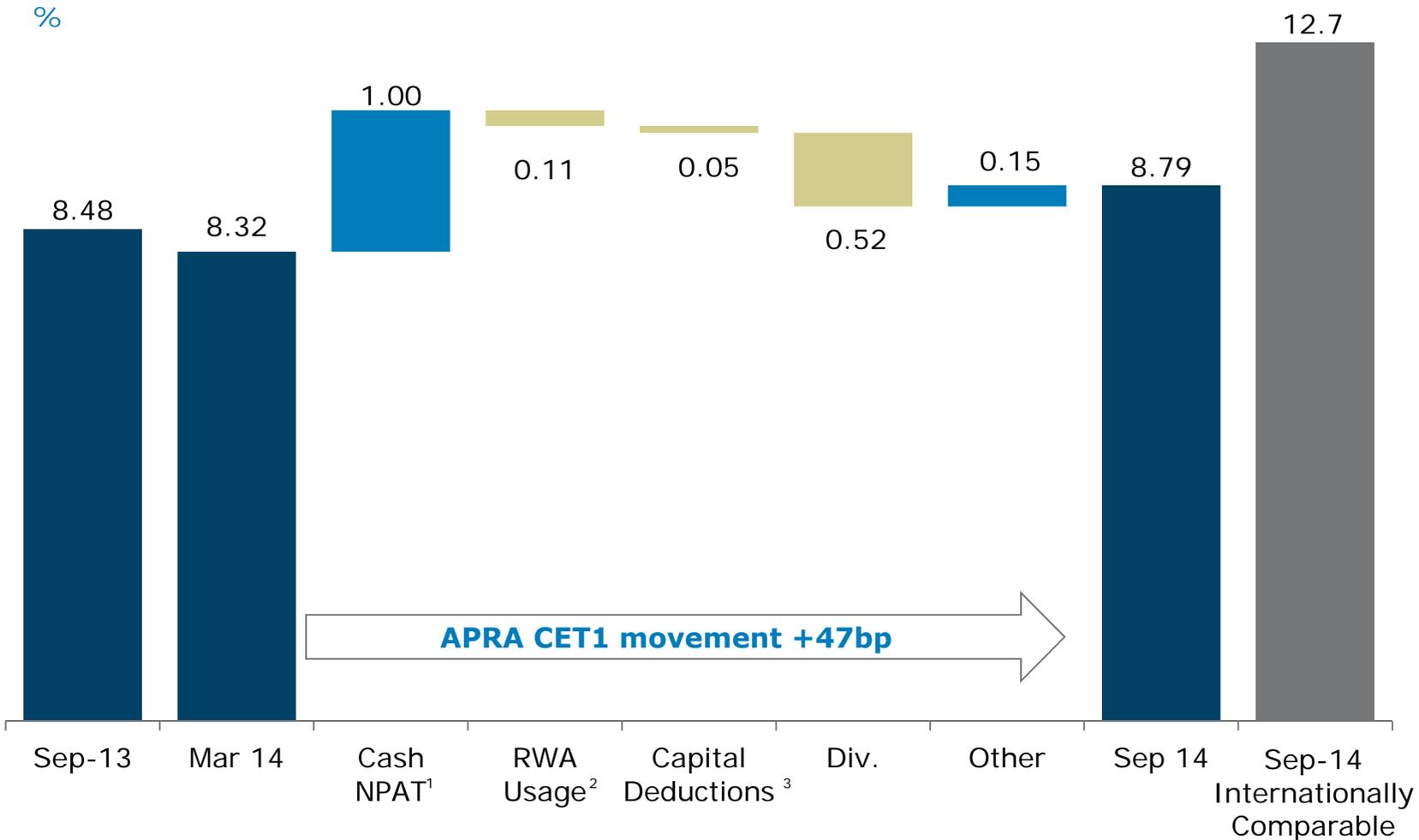


Disciplined management of Risk Weighted Asset growth



1. Credit Risk Growth = EAD growth, includes portfolio mix and risk improvement
 2. Credit Risk Other = Initiatives, Model changes, Regulator changes, FX

Capital-strong organic generation



1. Cash earnings net of preference share dividends.
 2. Includes impact of expected loss versus eligible provision shortfall.
 3. Represents the movement in retained earnings in deconsolidated entities, capitalised software and other intangibles

SUPER REGIONAL STRATEGY

STRONG CORE
MARKETS

PROFITABLE
ASIAN GROWTH

ENTERPRISE
APPROACH

STRONG LIQUIDITY AND CAPITAL MANAGEMENT

DISCIPLINED AND EXPERIENCED MANAGEMENT

ANZ strategy delivering growth and returns

	5 YEAR CAGR			
	ANZ	Peer 1	Peer 2	Peer 3
Revenue	7.0%	5.1%	2.2%	3.5%
Expenses	7.2%	2.9%	6.1%	4.0%
PBP	6.9%	6.9%	(1.4%)	3.2%
Provisions	(19.9%)	(22.4%)	(25.5%)	(25.3%)
Cash NPAT	16.0%	14.9%	6.0%	10.2%
EPS	9.1%	12.7%	2.1%	8.4%
ROE	+340bp	+290bp	-220bp	+510bp

ANZ analysis based on latest available company financial information or consensus data

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31 October 2014

Shayne Elliott
Chief Financial Officer
Additional Information



Performance versus targets

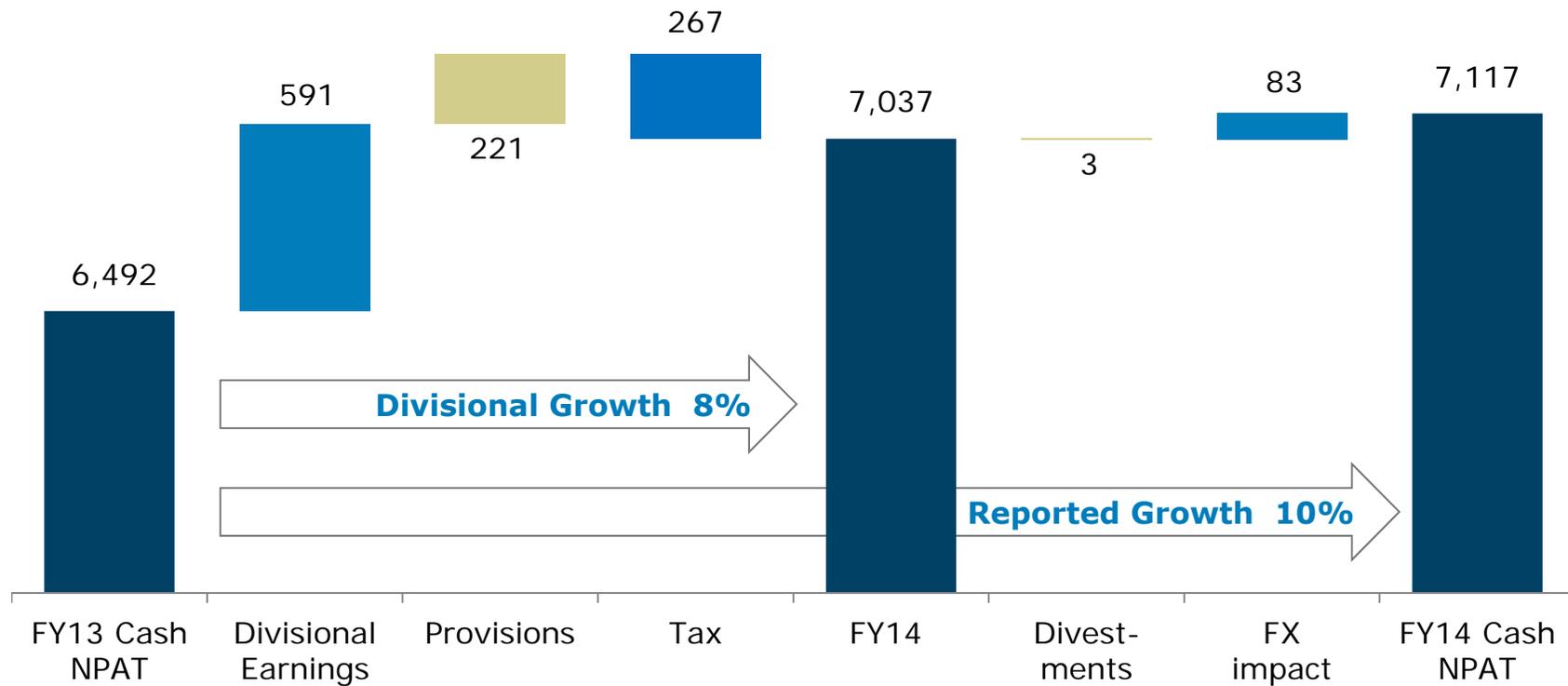
	Target	FY14 ¹
FY14		
Revenue Growth	4%-5%	4.0%
Expense Growth	2%	1.8%
FY16		
ROE	16%+	15.4% & improving
CTI	<43%	44.3% & improving
Capital (CET1)	"High 8's"	8.8% & improving

1. FX adjusted (calculated on constant currency) and excluding impact of divestments (Trustees, SSI)

Cash profit

2014 Full Year Cash Profit

\$m

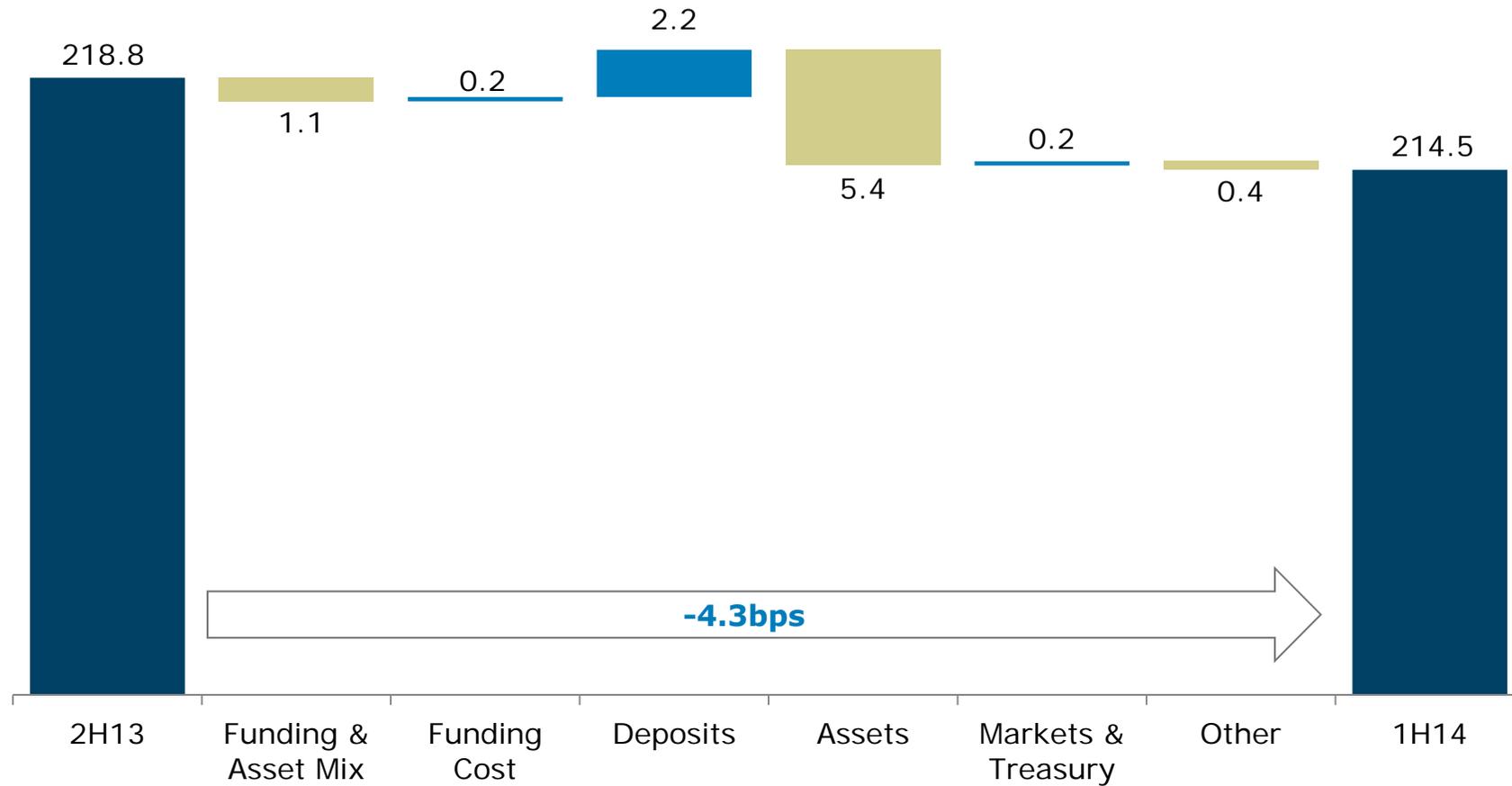


Divestments include Sale of Trustees (within Global Wealth Division) and SSI (within IIB Division)

First half NIM

1H14 Group Net Interest Margin movement

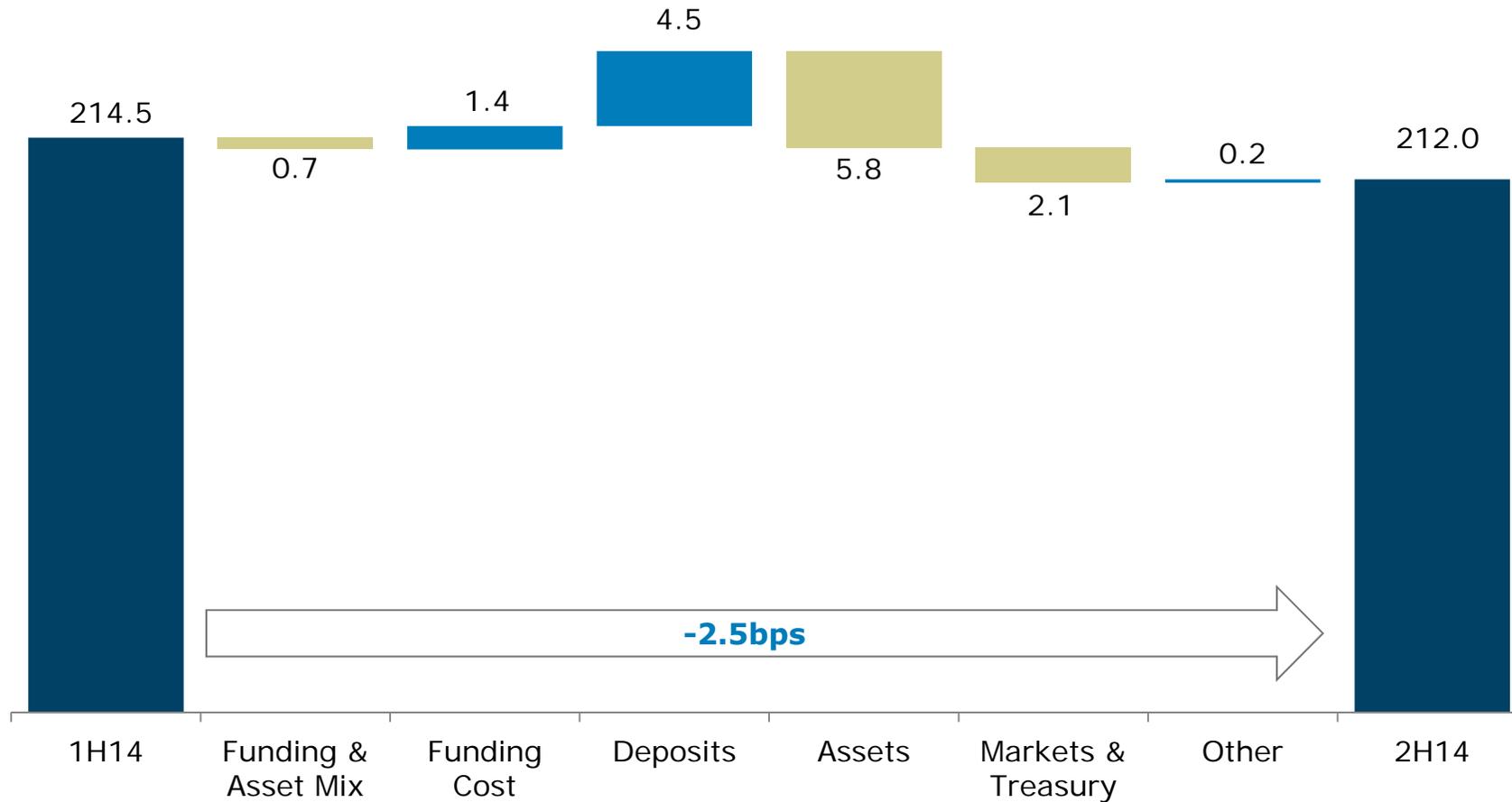
bp



Second half NIM

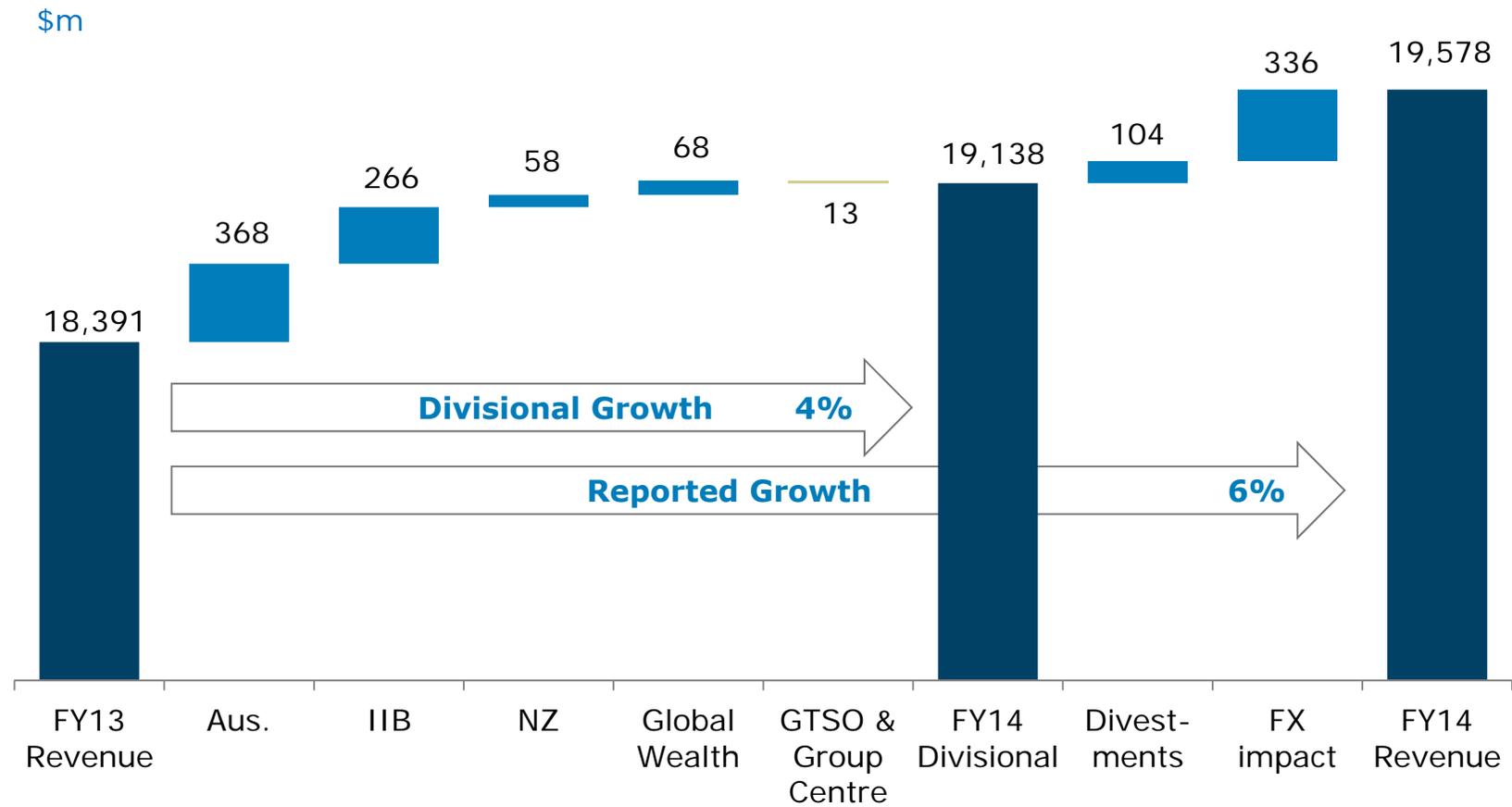
2H14 Group Net Interest Margin movement

bp



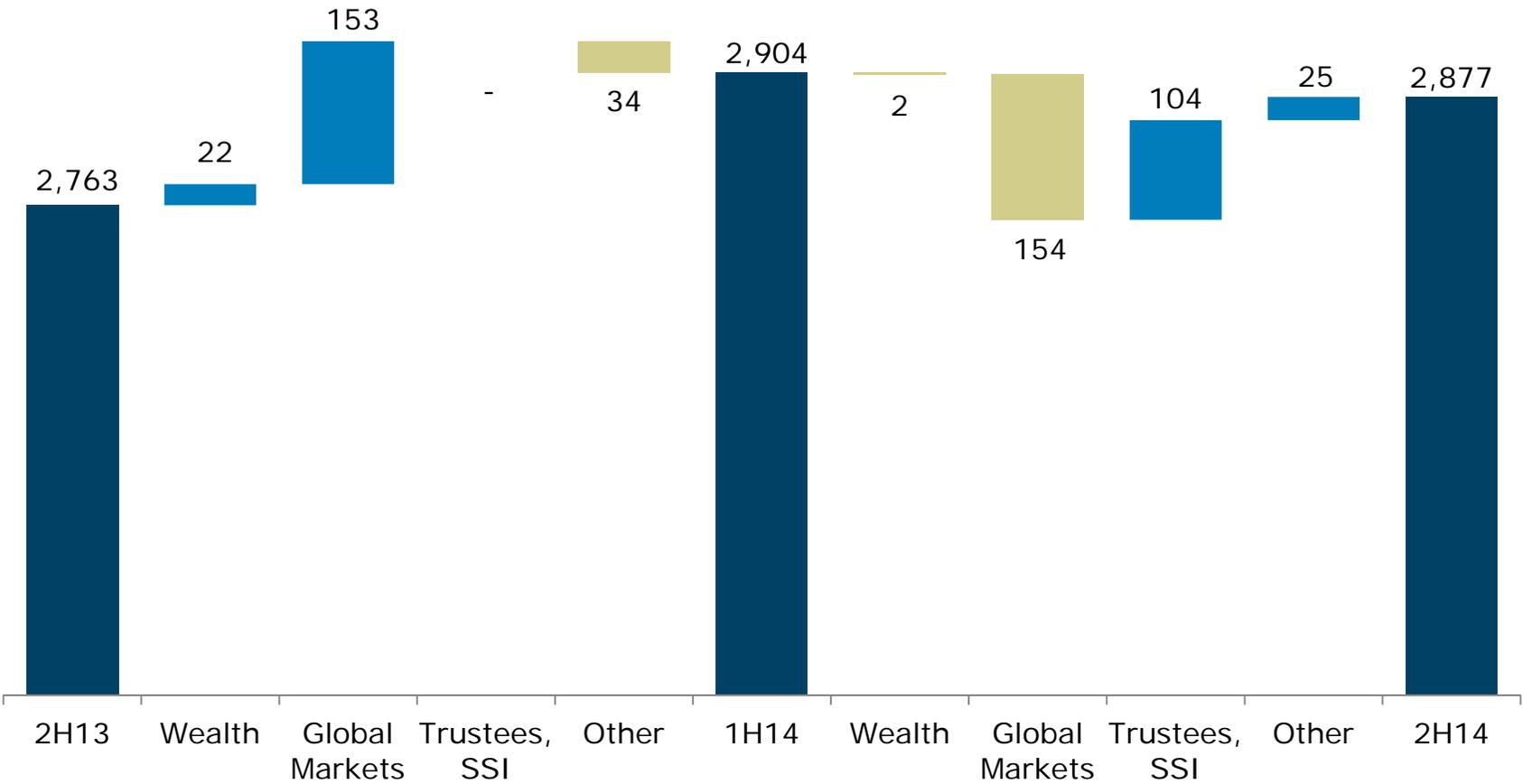
Revenue by Divisions

2014 Full Year Revenue by Division

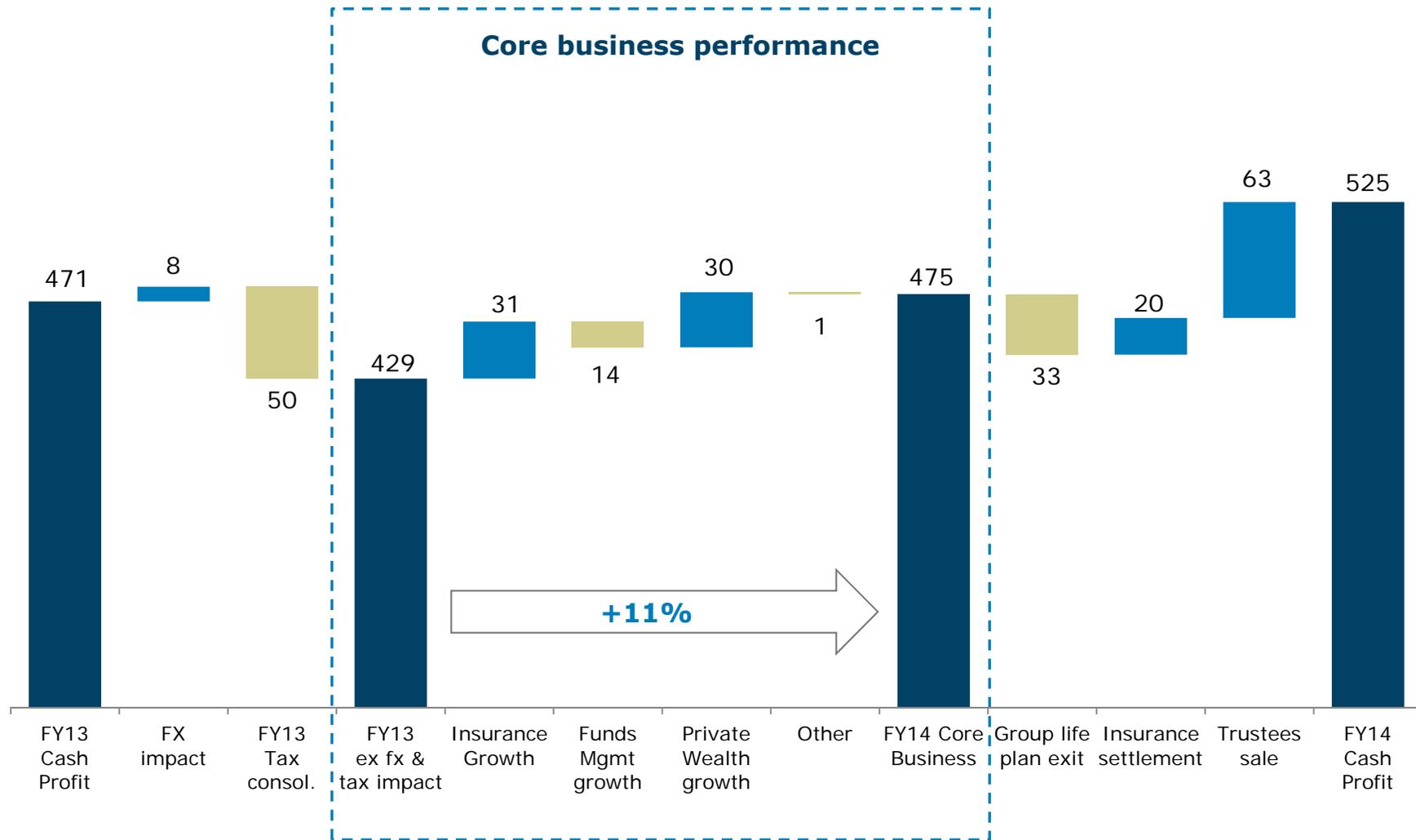


Other Operating Income

\$m



Global Wealth Reconciliation of Reported Numbers



1. Includes a non-recurring insurance settlement net gain of \$20m after tax

2014 FULL YEAR RESULTS

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
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Treasury

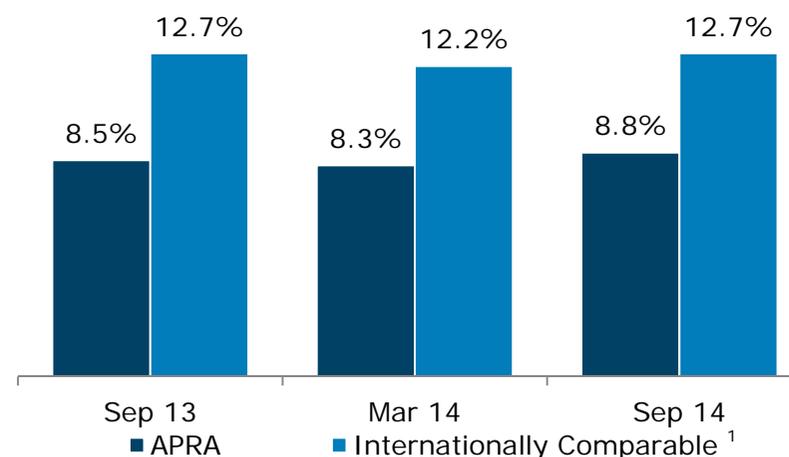


ANZ is well capitalised

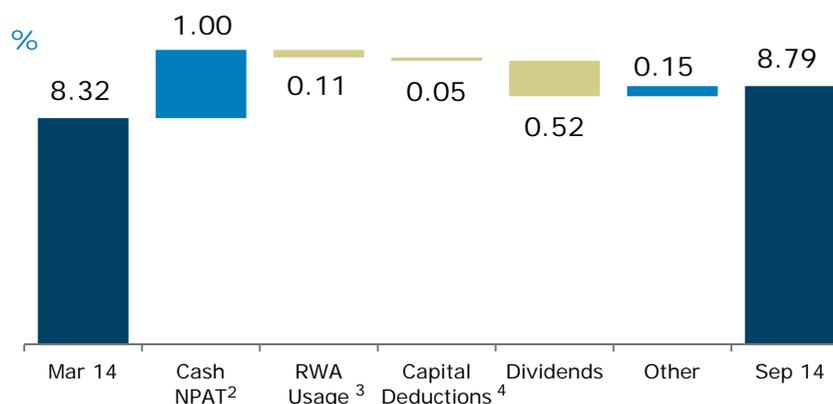
Capital Update

- Strong organic capital generation in 2H14 of 84bps. Growth in CET1 of 47bps in 2H14 to 8.8% largely reflects an ongoing focus on capital efficiency
- 1% CET1 D-SIB capital build largely complete (D-SIB implementation in January 2016)
- Internationally Comparable¹ CET1 ratio is ~3.9% higher than under APRA basis. Reflects variances between Basel III under APRA and Basel standards
- Dividend payout to remain towards upper end of 65-70% range. Consistent with 1H14, no DRP neutralisation or discount will apply

Basel 3 Common Equity Tier 1 (CET1)



APRA CET1 Movement Sep 2014 v Mar 2014

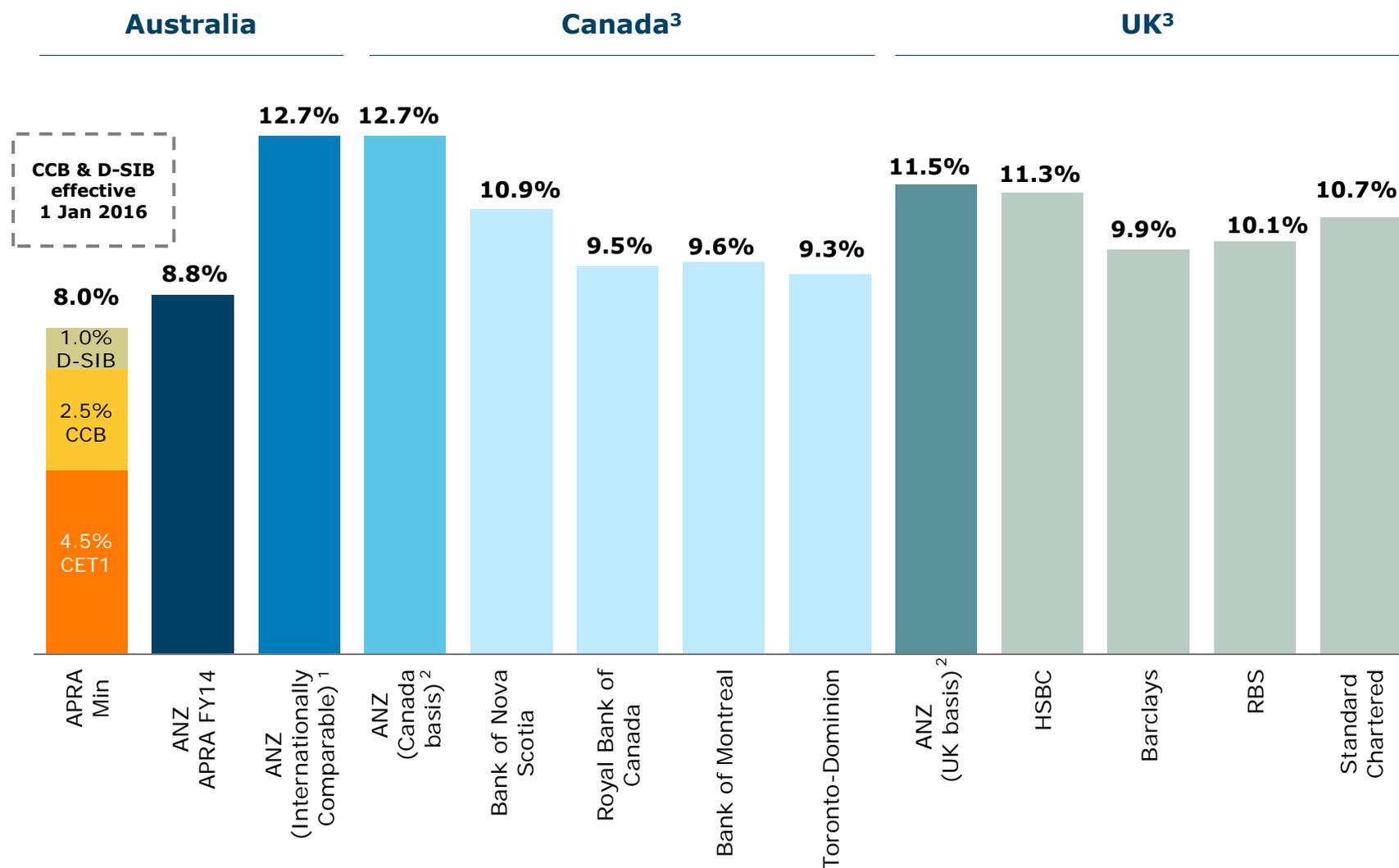


Capital Reconciliation Under Basel 3

	CET1	Tier 1	Total Capital
APRA	8.8%	10.7%	12.7%
10%/15% allowance for equity investments and DTA	1.0%	0.9%	0.9%
Mortgage 20% LGD floor	0.4%	0.5%	0.5%
IRRBB RWA (APRA Pillar 1 approach)	0.4%	0.4%	0.5%
Specialised Lending (Advanced treatment)	0.4%	0.4%	0.5%
Corporate undrawn EAD and unsecured LGD adjustments	1.5%	1.8%	2.1%
Other items	0.2%	0.3%	0.3%
Internationally Comparable	12.7%	15.0%	17.5%

1. Methodology per *Australian Bankers' Association: International comparability of capital ratios of Australia's major banks* (August 2014). Prior year comparatives have been restated based on current methodology; 2. Cash earnings net of preference share dividends; 3. Includes impact of expected loss versus eligible provision shortfall; 4. Represents the movement in retained earnings in deconsolidated entities, capitalised software and other intangibles.

ANZ's CET1 ratio compares favourably to global peers on an Internationally Comparable basis at 12.7%



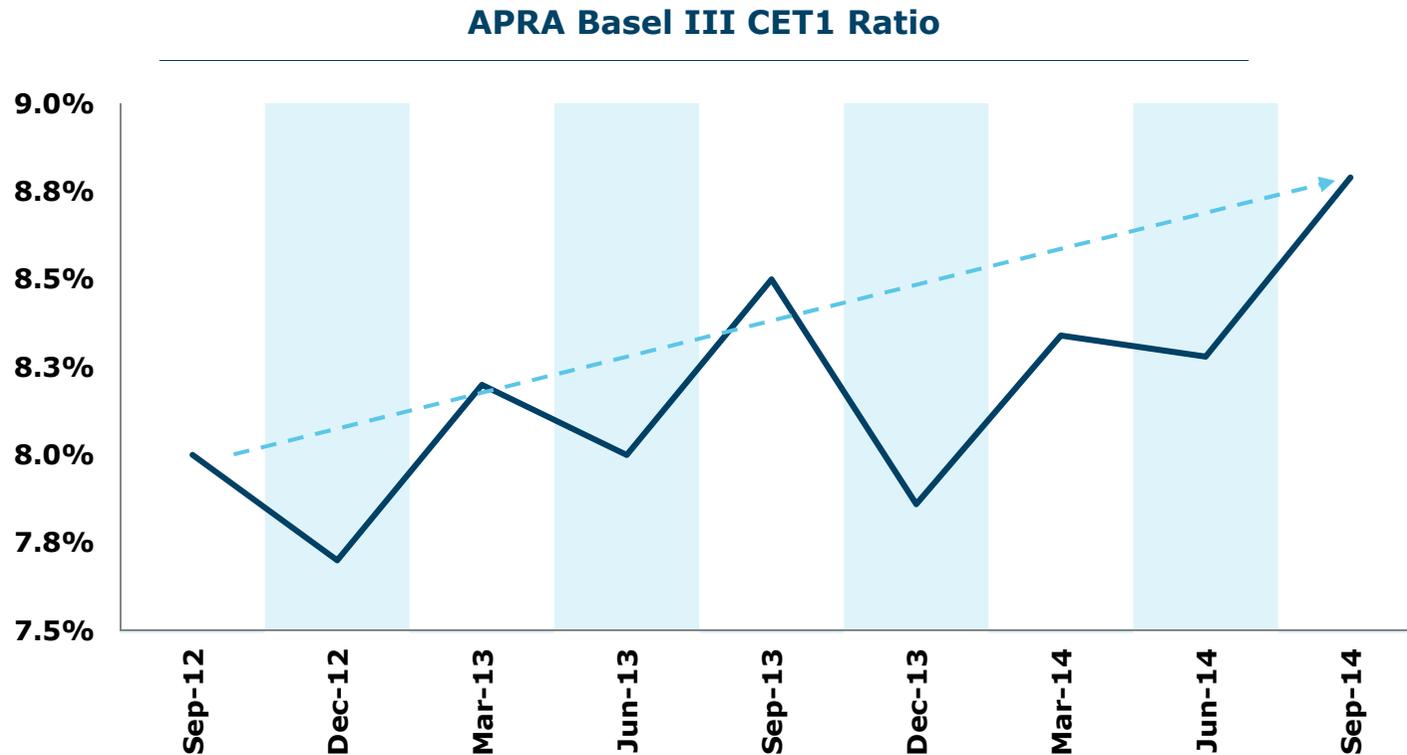
1. Methodology per *Australian Bankers' Association: International comparability of capital ratios of Australia's major banks* (August 2014)
 2. ANZ estimates
 3. Peer data per most recent Capital Adequacy and Risk Management (Pillar 3) disclosures

Regulatory capital generation

	3 year average FY11-14 bps of CET1 pa¹
Capital generation	
Cash profit	198
Capital utilisation	
RWA growth Average 6% pa FY11-14	(44)
Capital deductions Primarily earnings retained in non-consolidated subsidiaries	(23)
Net dividends <ul style="list-style-type: none"> • Target payout 65-70% of cash profit • Average DRP participation ~20% with no discount, or ~40% with 1.5% discount. 1.5% discount would have added ~28bps to CET1 ratio pa on average over this period. 	(105)
Other	18
Net CET1 ratio movement	44

1. Basel III basis

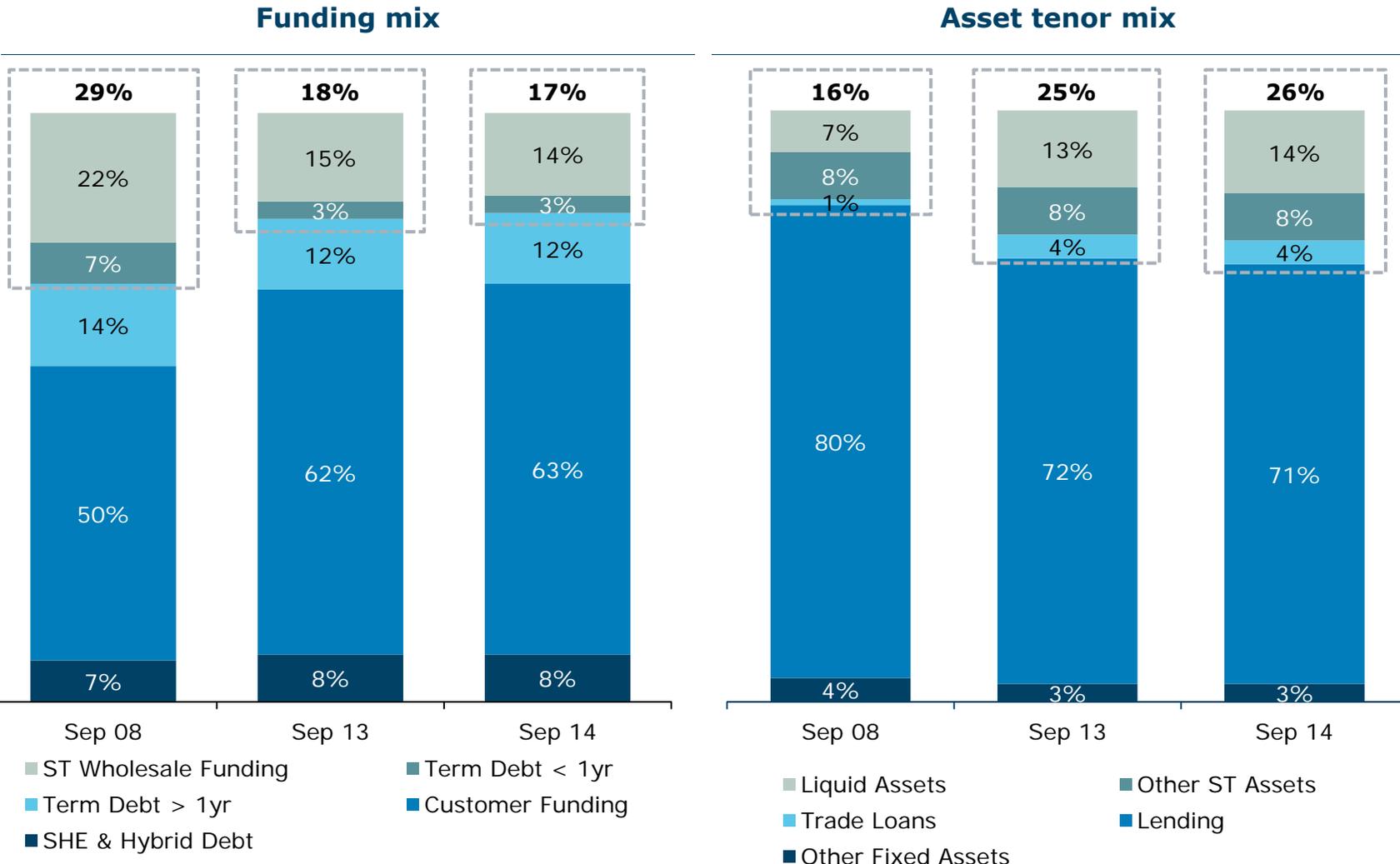
Common Equity Tier 1 generation and dividend payments



Note: shaded quarters represent declaration of dividends. Basel III basis.

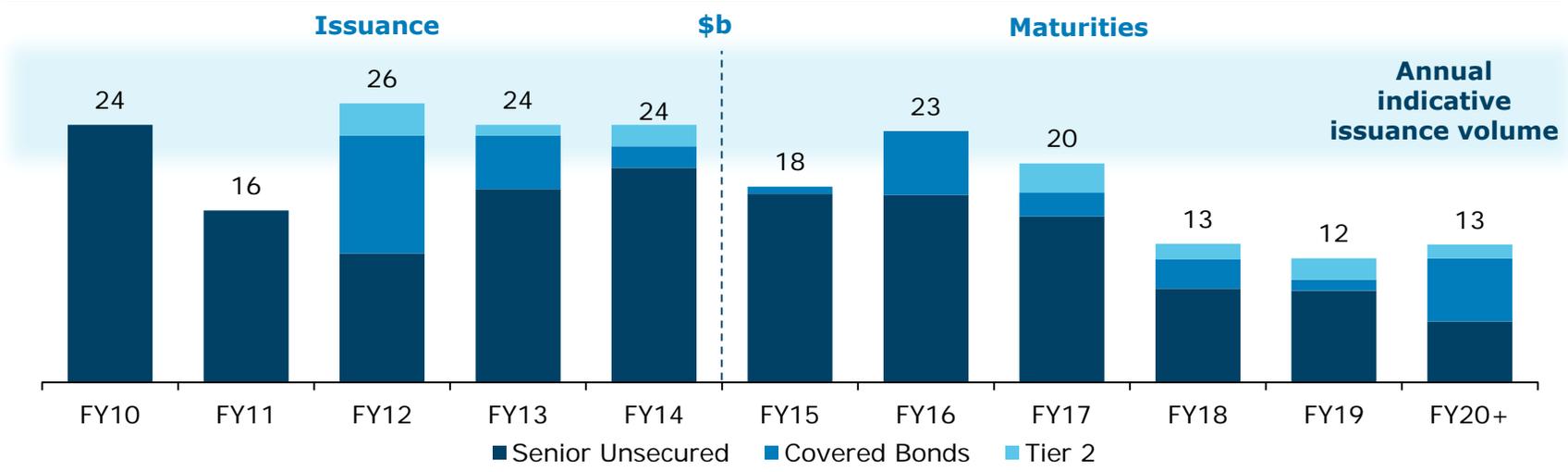
- Under Basel III (from January 2013), dividends are only deducted from regulatory capital in the quarter in which they are declared. This results in volatility in quarterly reported capital ratios
- To assess the underlying regulatory capital position, dividend payments should be adjusted to accrue evenly over the year, aligned with profit generation

Stable balance sheet composition

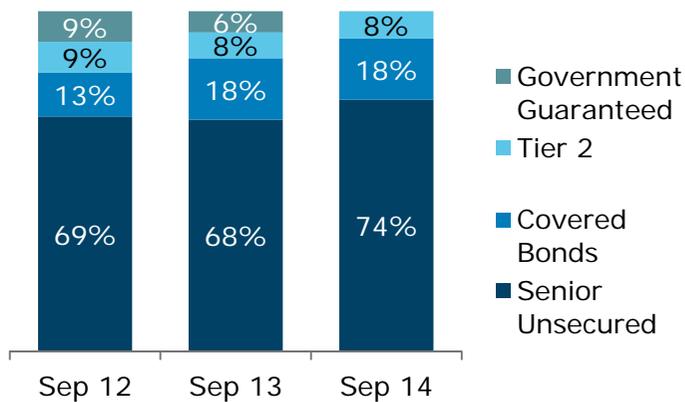


Term wholesale funding portfolio – consistent and well diversified

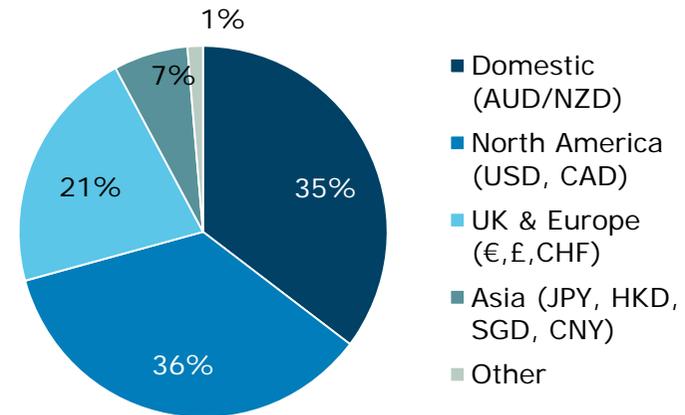
Term Funding Profile



Portfolio by Type

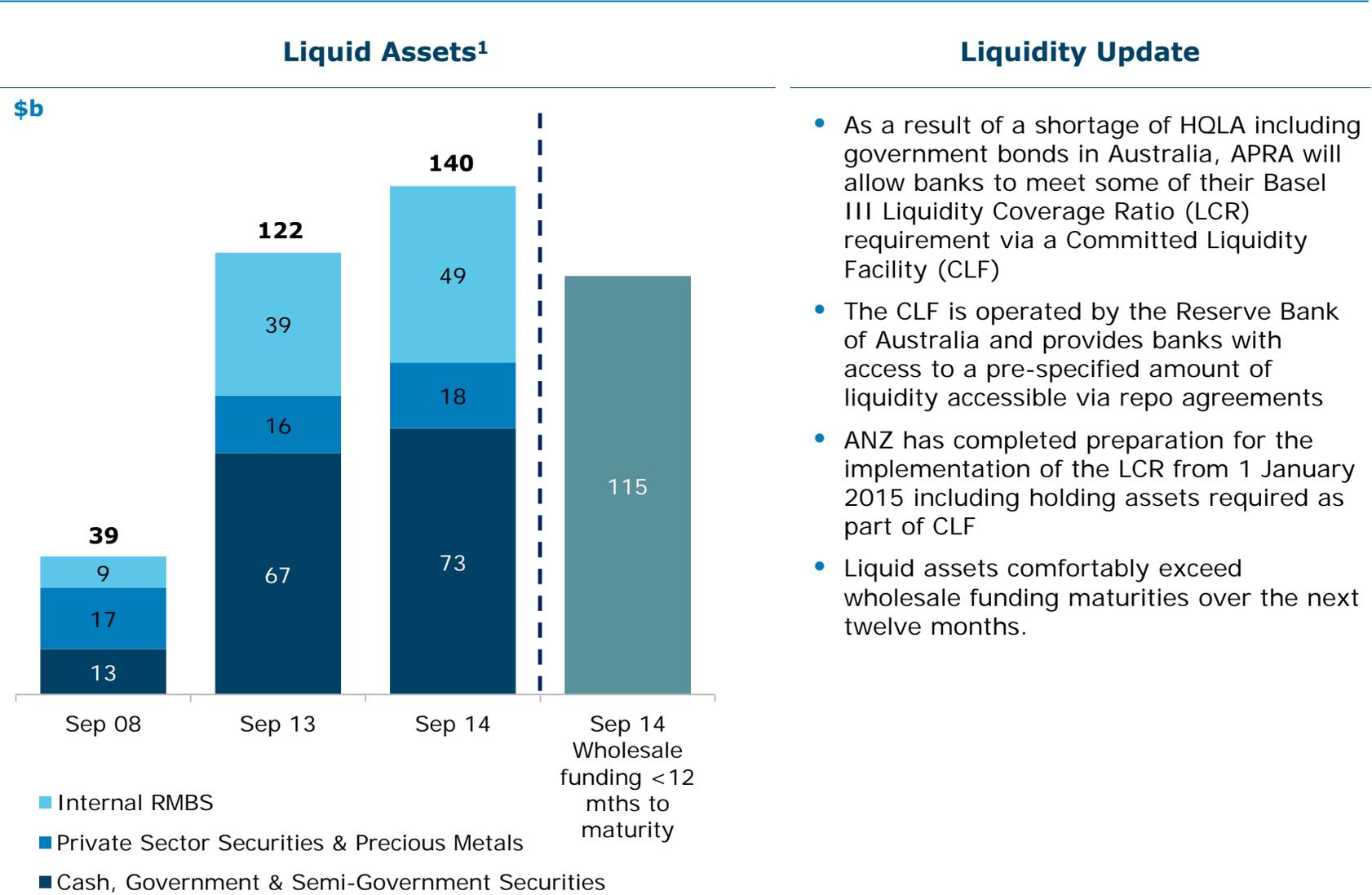


Portfolio by Currency



Note: All figures based on historical FX; and excludes hybrids. Includes transactions with a call or maturity date greater than 12 months as at 30 September 2014 in the respective year of issuance

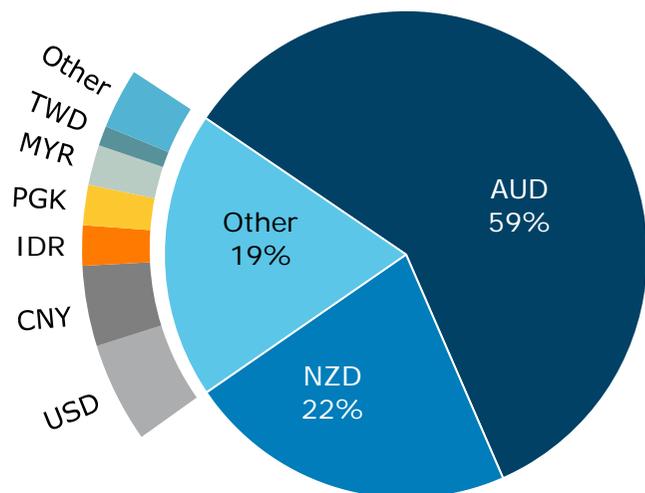
Liquidity – well positioned ahead of LCR implementation



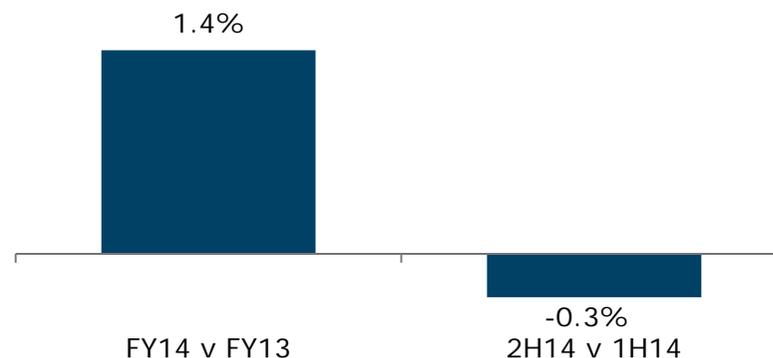
1. Post RBA haircut

Foreign currency hedging – earnings benefit from lower AUD

FY14 Earnings Composition (by currency)

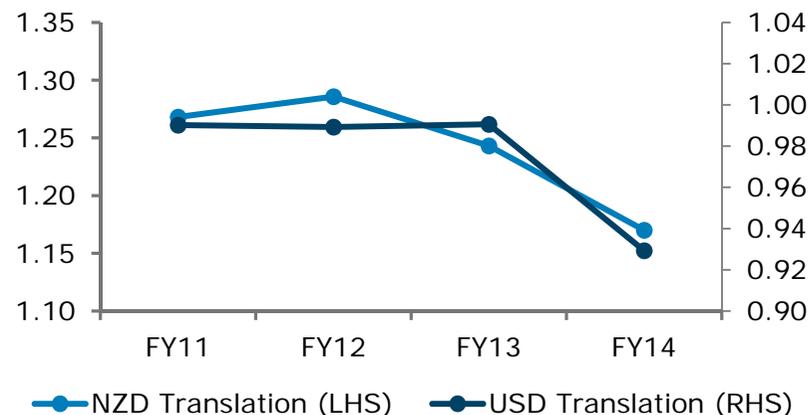


Earnings per Share FX Impact



- The key objective of hedging is to manage short term EPS volatility arising from foreign currency earnings
- Hedges currently in place:
 - FY15: ~70% of NZD and ~55% of USD (incl. USD correlated) earnings
 - FY16: ~20% of expected foreign earnings
- At 30 September 2014 FX rates, the expected impact of FX movements on FY15 earnings (inclusive of hedges) is positive ~1.2% EPS
- Hedging has reduced the impact of a 5% movement of the AUD to less than 1% for FY15 EPS.

Translation Rates (inclusive of hedges)



FX Sensitivity – illustrating the impact of FX

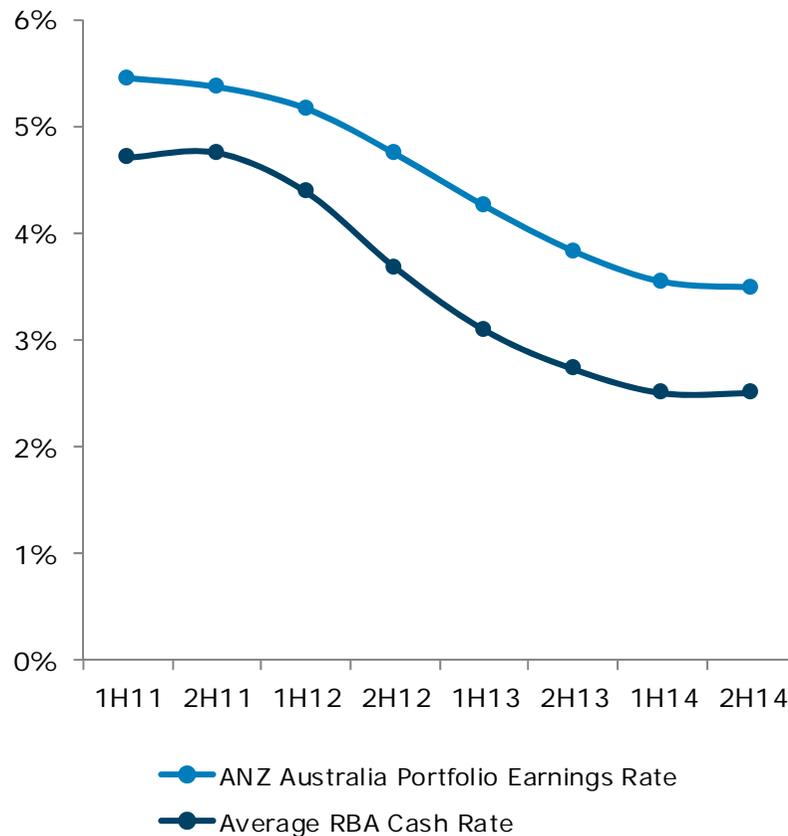
Metric	Full Year impact of 5% fall in AUD ¹	Comments
Income statement		
Revenue	~+\$250m or ~+1.3%%	<ul style="list-style-type: none"> Impact from translation of foreign currency revenue, offset by the impact of hedging losses
Operating expenses	~+\$175m or ~+2.0%	<ul style="list-style-type: none"> Impact from translation of foreign currency expenses
Cash profit	~+\$70m or ~+0.9%	<ul style="list-style-type: none"> The net result of the above
Net interest margin	~-0.5bp	<ul style="list-style-type: none"> Mix impact due to a higher relative contribution from lower risk and lower margin Asian lending
Cost to income ratio	+30bps	<ul style="list-style-type: none"> The impact on FX revenue and expenses largely offset each other. However, losses on the hedges of profit are booked against income, adversely impacting CTI
Balance sheet		
CP/ CRWA	~-0.5bps	<ul style="list-style-type: none"> CP overlays in AUD whereas a proportion of CRWA is denominated in foreign currencies Further impact from higher CRWA on FX derivatives with no corresponding CP (derivatives are marked-to-market and attract CVA)
Funding flows from cross currency swaps	~\$2 to \$3bn inflow	<ul style="list-style-type: none"> Collateral flows under cross currency swaps used to hedge existing offshore funding liabilities.
Return on equity	-20bps	<ul style="list-style-type: none"> Mix impact from geographies that currently have lower ROEs. Timing impact from mismatch between FCTR change and foreign earnings which are substantially hedged near-term. Little or no impact to capital ratio.

1. Impact from a lower AUD relative to foreign currencies including impact of hedges

Capital and replicating portfolio – low interest rates no longer a headwind

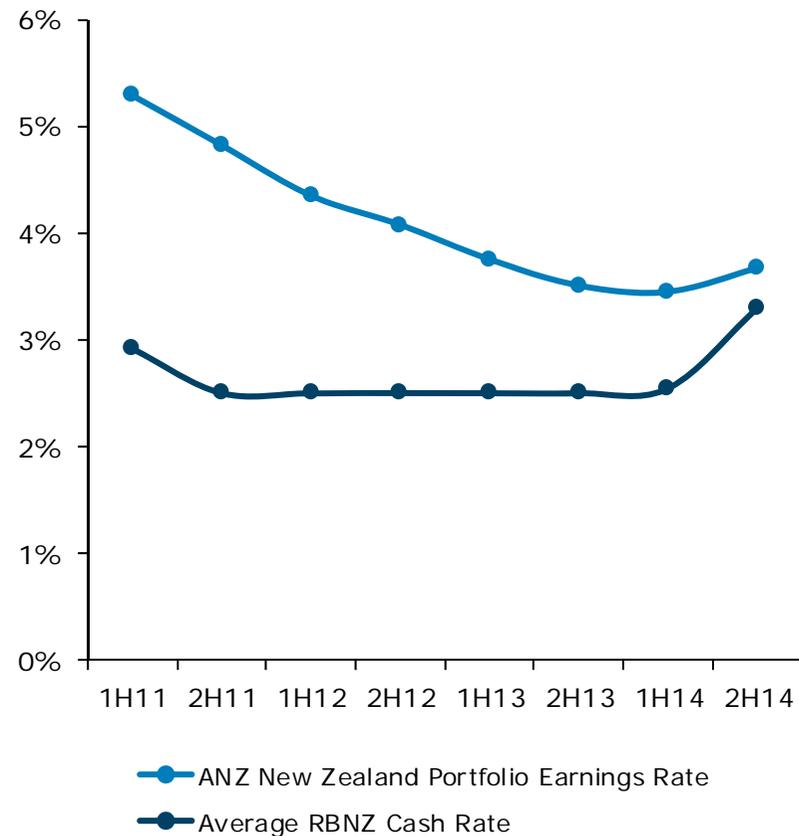
Australia

2H14: ~\$170m portfolio earnings benefit relative to the average RBA cash rate



New Zealand

2H14: ~A\$25m portfolio earnings benefit relative to the average RBNZ cash rate



2014 FULL YEAR RESULTS

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
31 October 2014

Risk Management

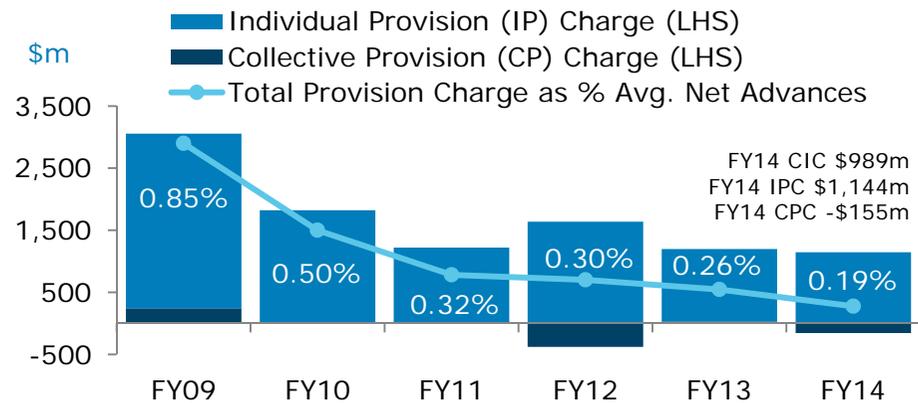


Benign conditions & disciplined management actions drove result

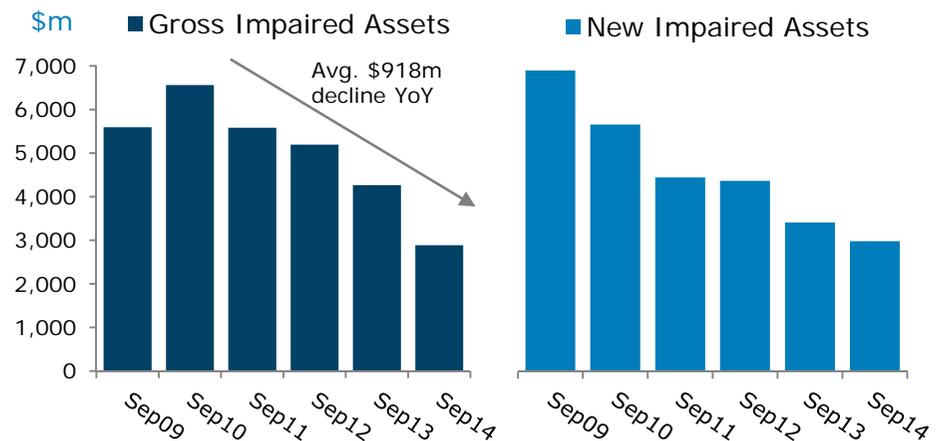
Credit quality

↓32%	Gross impaired assets \$2,889m
↓17%	Credit impairment charge \$989m
↑7%	Total risk weighted assets \$362b
↑10%	Credit exposure (EAD) \$813b ¹
89bps	CP coverage ratio (CP/CRWA)

Provision charge



Impaired assets



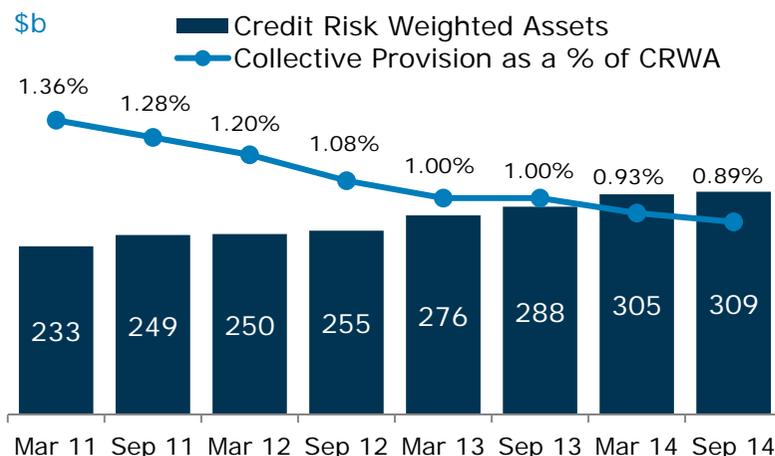
1. Total Post-Credit Risk Methodology EAD without any exclusions

Portfolio quality improvement reflected in a lower CP balance

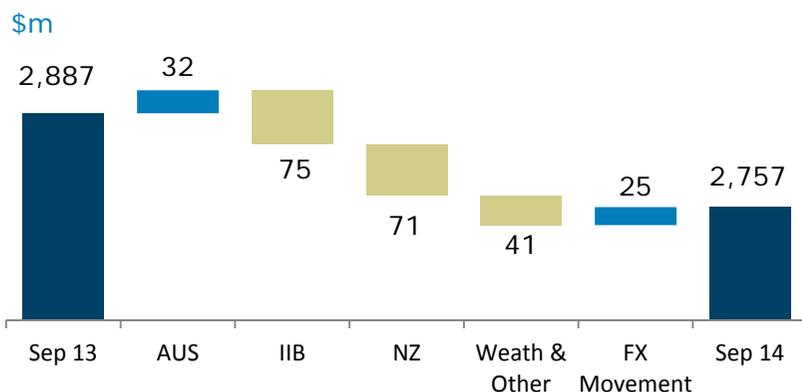
Significant portfolio quality improvement evidenced by CP movement drivers

- Credit quality improvement saw a collective provision reduction of \$232m due to risk profile, while lending growth added \$146m
- \$49m of management overlay was released in FY14, no longer required due to improved credit and markets conditions, and continued strength of the NZ economy

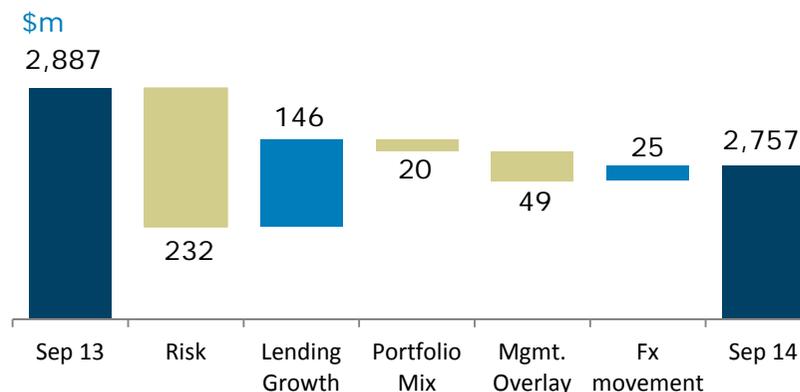
CP coverage reflective of portfolio risk



Collective provision by division

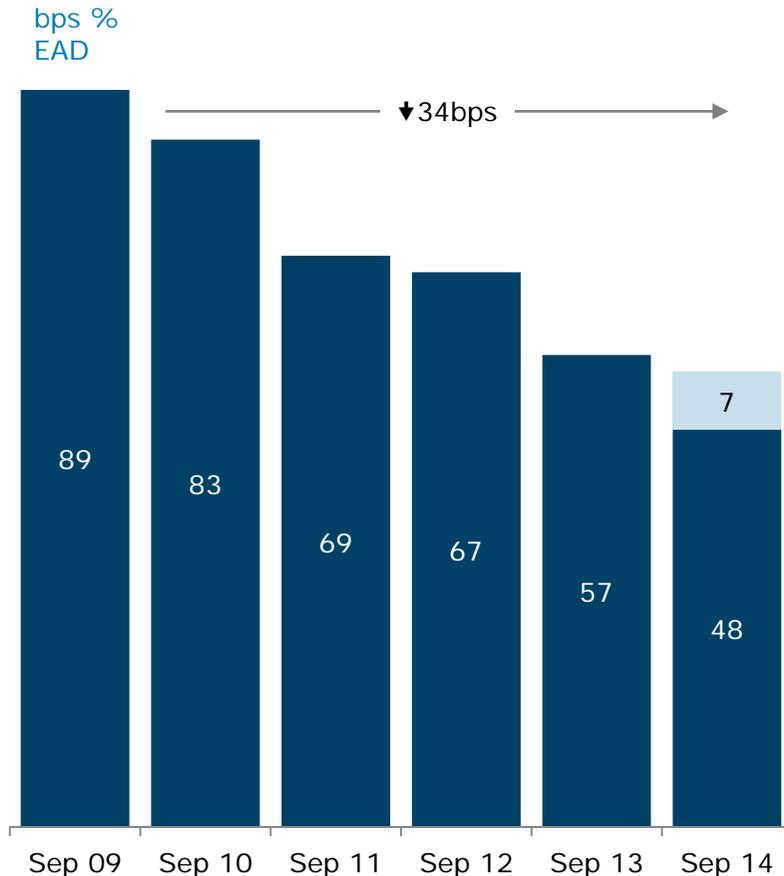


Collective provision by source



Modelled loss rates continue to decline

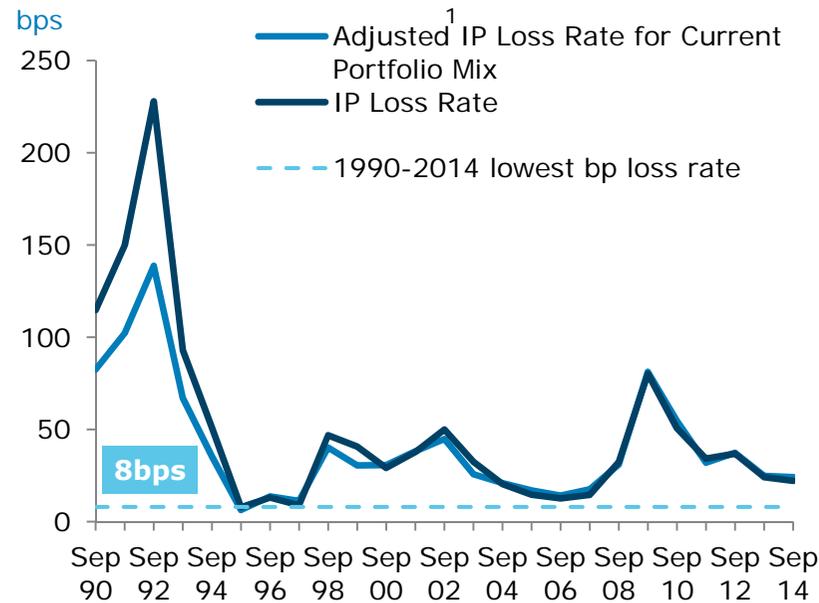
Group regulatory expected loss



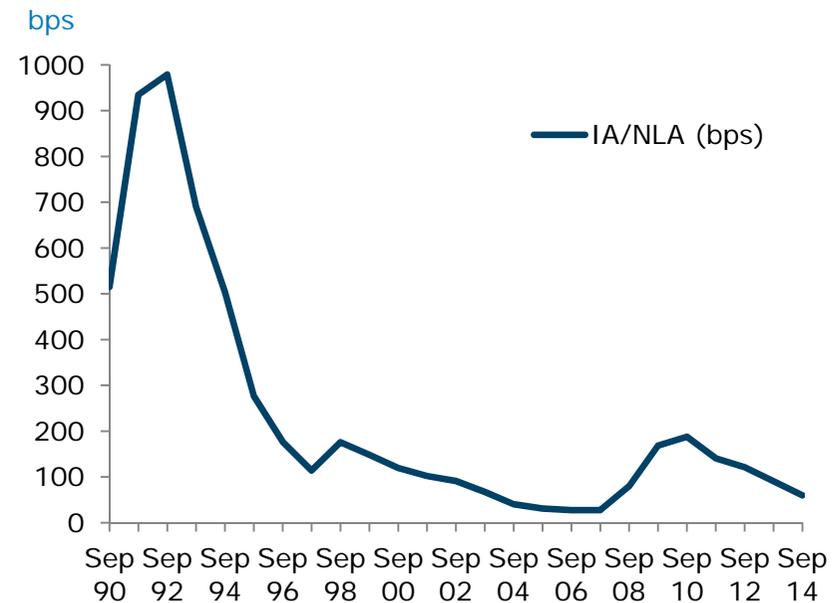
- Regulatory Expected Loss is a one-year downturn loss measure as prescribed by APRA and reported in the Results Announcement
- Includes conservative overlays that are not reflective of an 'expected' outcome, such as:
 - Already expensed Individual Provisions
 - Assumes stressed asset valuations
 - Places a minimum 20% LGD (Loss Given Default) on the Australian mortgage portfolio
- The Sep 14 figure of 55bps includes additional individual provisions for partial write offs that are not included in the prior period figures. This reflects a change in RWA calculation methodology in Sep 13. The result is that the Sep 14 Regulatory Expected Loss figure is inflated by 7bps
- On a like-for-like basis, the Sep 14 Regulatory Expected Loss figure of 48bps reflects continued improvement of portfolio quality

Reduction observed in historical loss rates

Historical observed loss rates



Historical rate of impaireds²



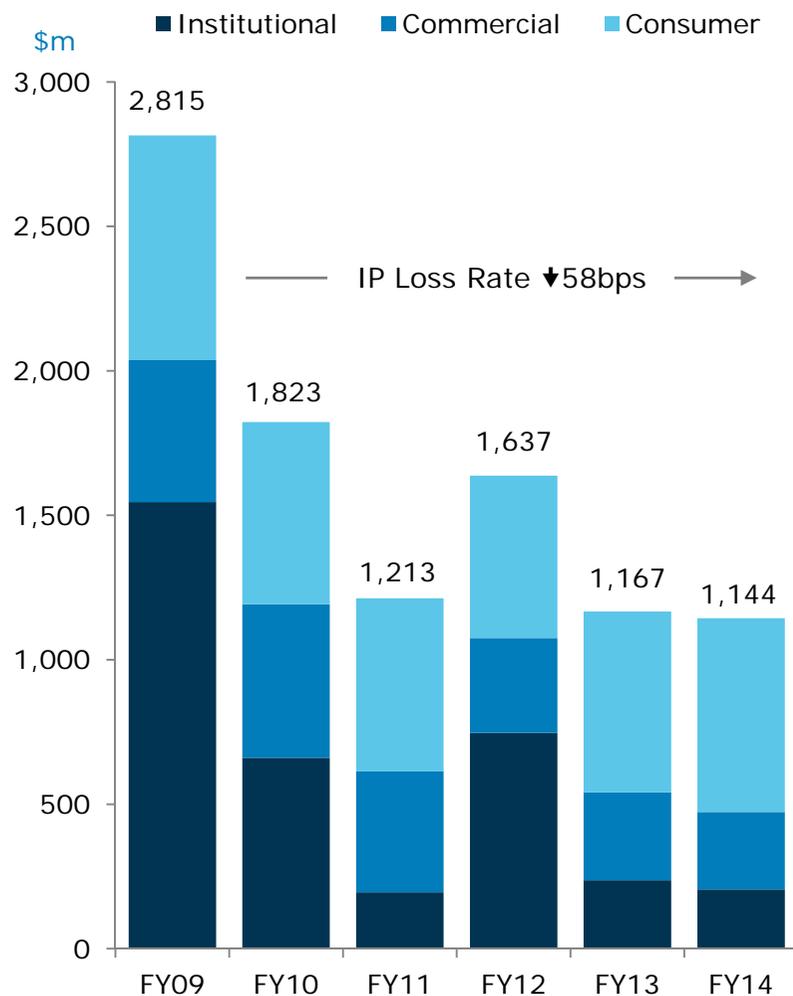
Looking back, projecting forward

- Study of long-run historical loss rate trends can provide insights on potential future trends, including cycle durations, cyclical maximum and minimum divergence and loss “norms” experienced during periods of stability and growth
- The current portfolio exposures have less tail-risk than observed in the early 1990s
- Current IP loss rate is similar to that observed in the early 2000s

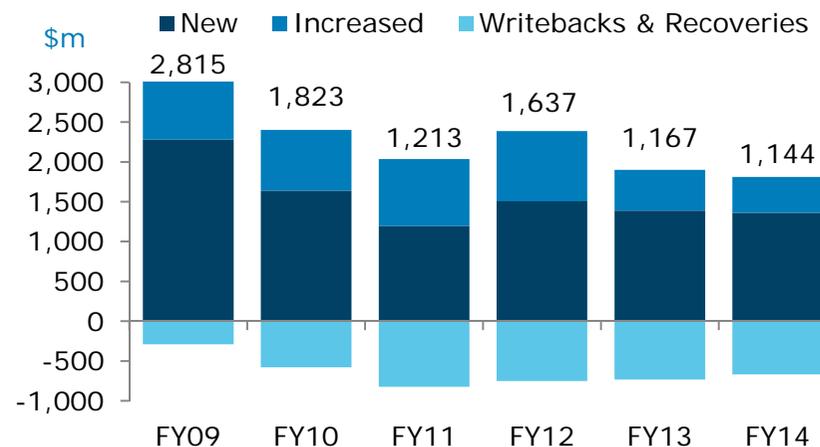
1. Adjusted loss rate is based on applying the current portfolio mix to prior period loss rates
 2. Rate of Impaireds = Impaired Assets / Net Lending Assets

New/increased IPs and writebacks /recoveries have been consistent

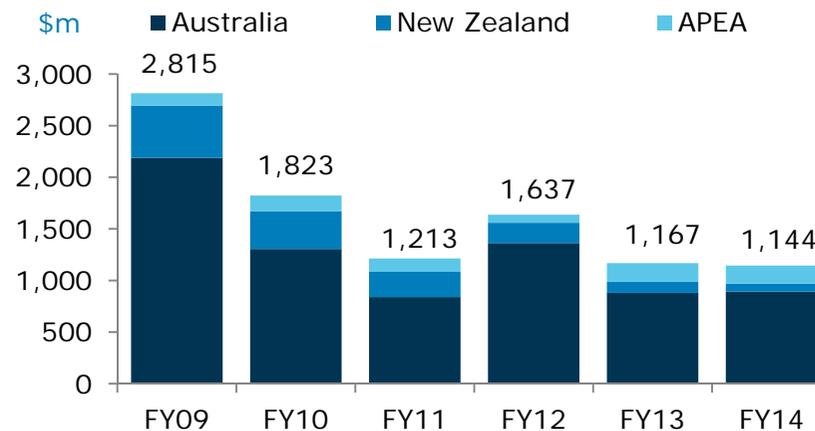
Individual provision charge by segment



Individual provision charge composition

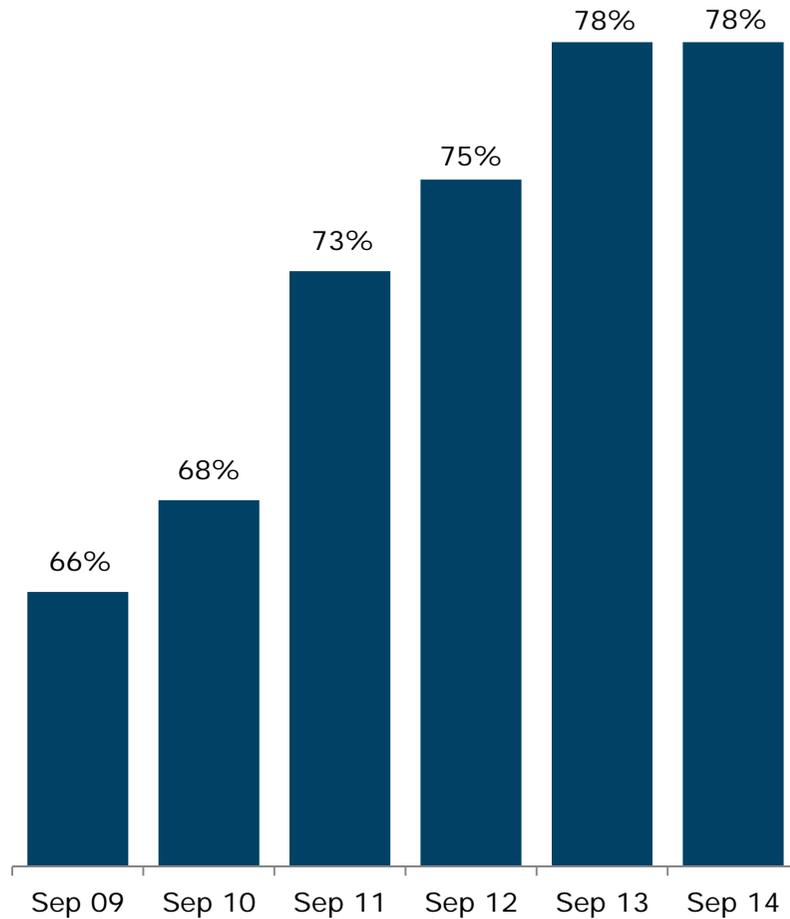


Individual provision charge by region



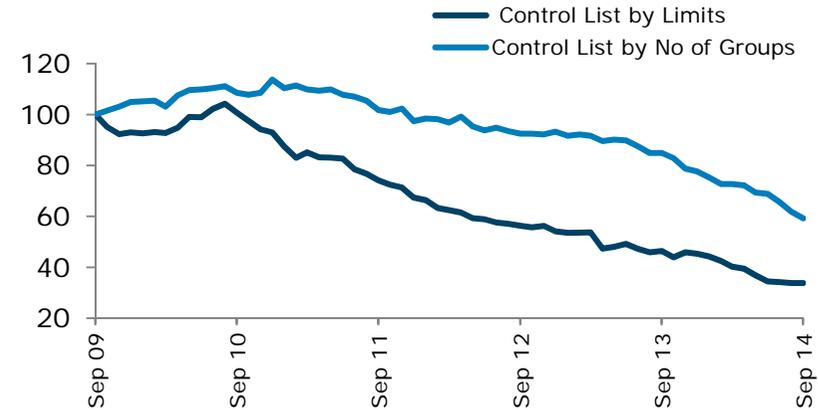
Control list customer numbers down 30% YoY, limits down 27%

Global Institutional investment grade exposures

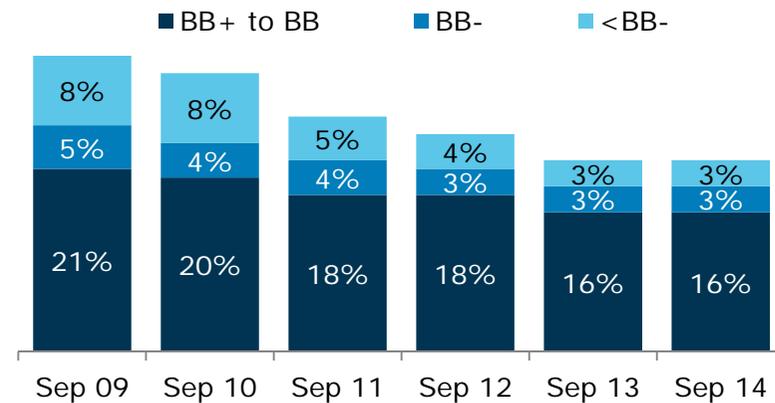


Control list

Index Sep 09 = 100



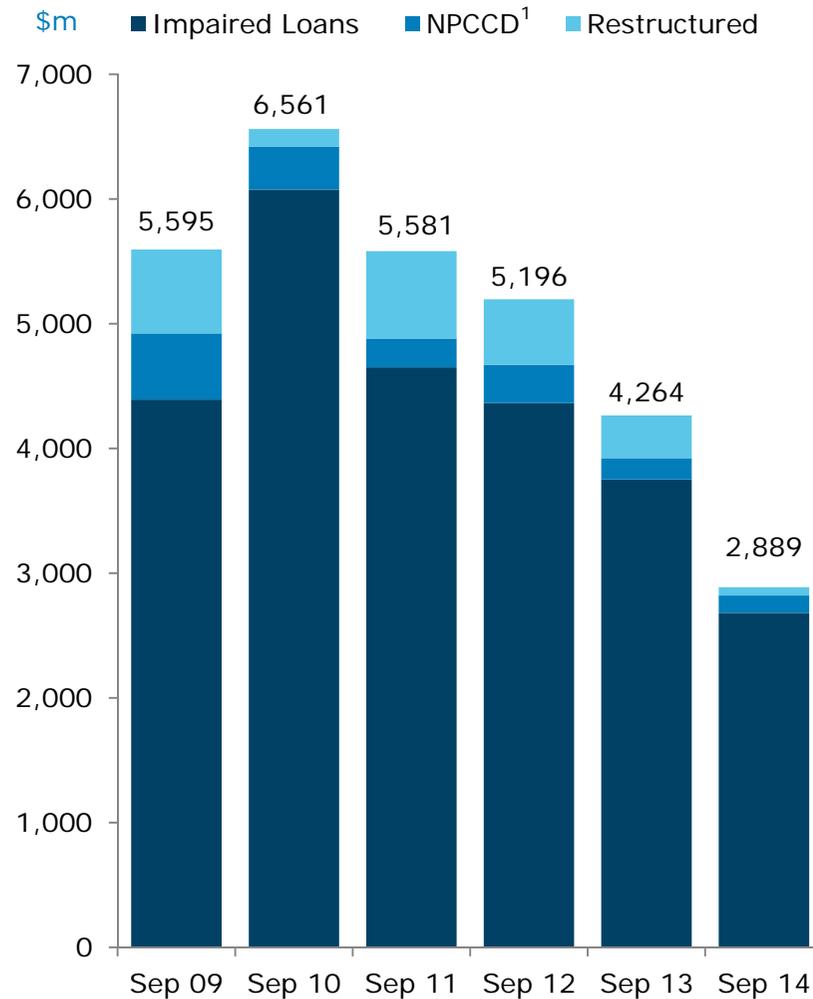
Global Institutional sub-investment grade¹ exposures



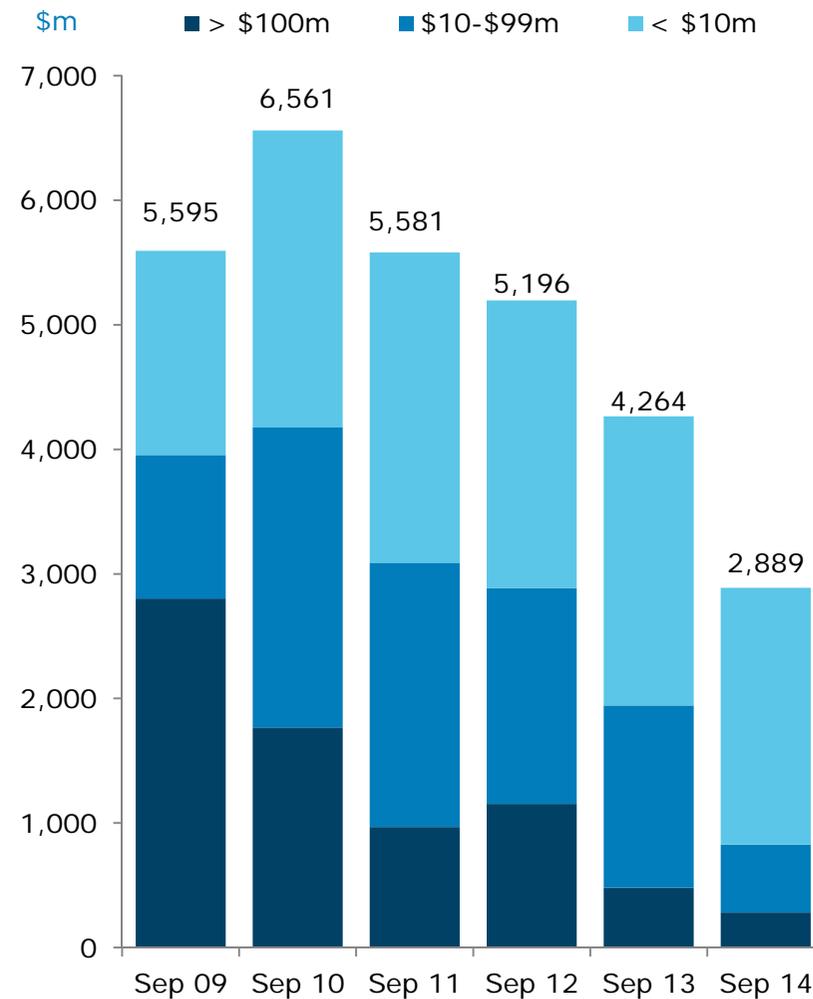
1. Sub-investment grade defined as exposures with a rating below BBB-

Gross impaired assets reduced by 32% (\$1,375m) YoY

Gross impaired assets by type



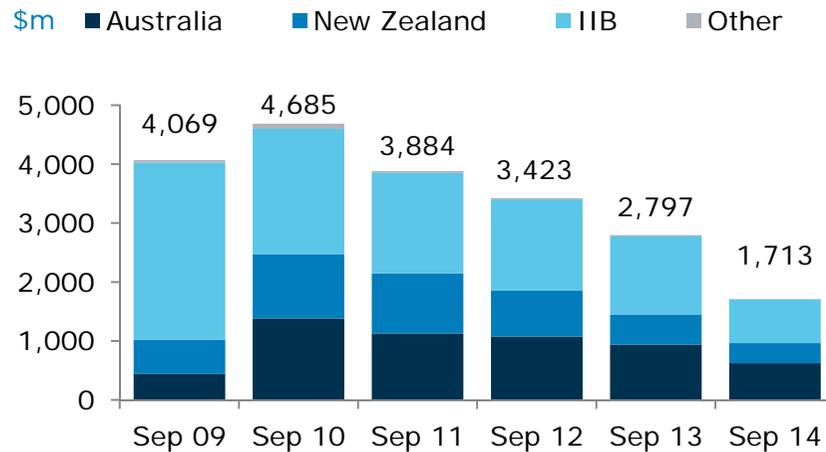
Gross impaired assets by size of exposure



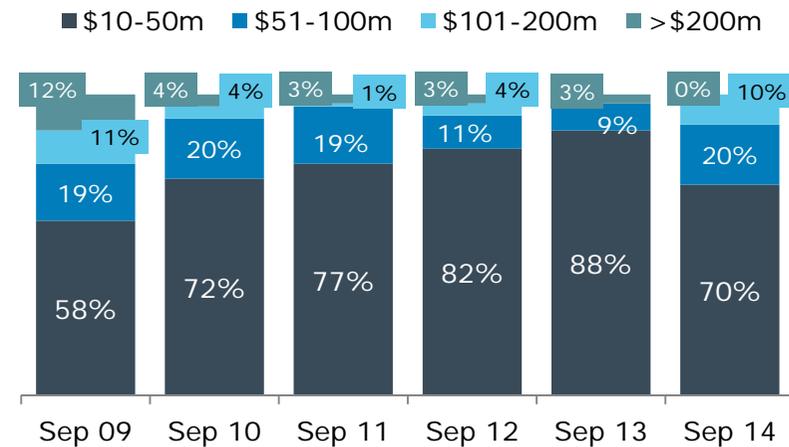
1. NPCCD - Non-Performing Commitments, Contingents & Derivatives

Asset quality improvement is broad-based

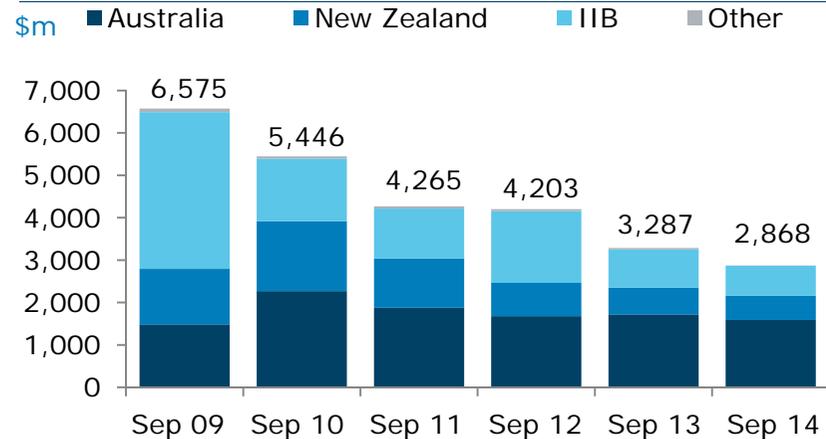
Net impaired assets by division



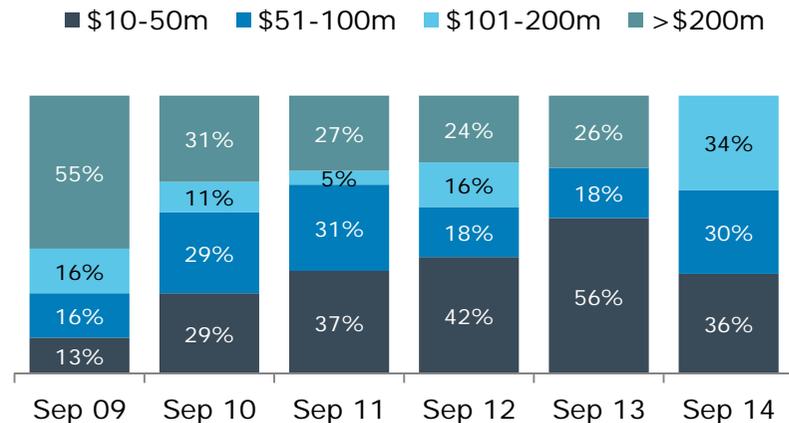
Impaired assets concentration by number of customers¹



New impaired assets by division



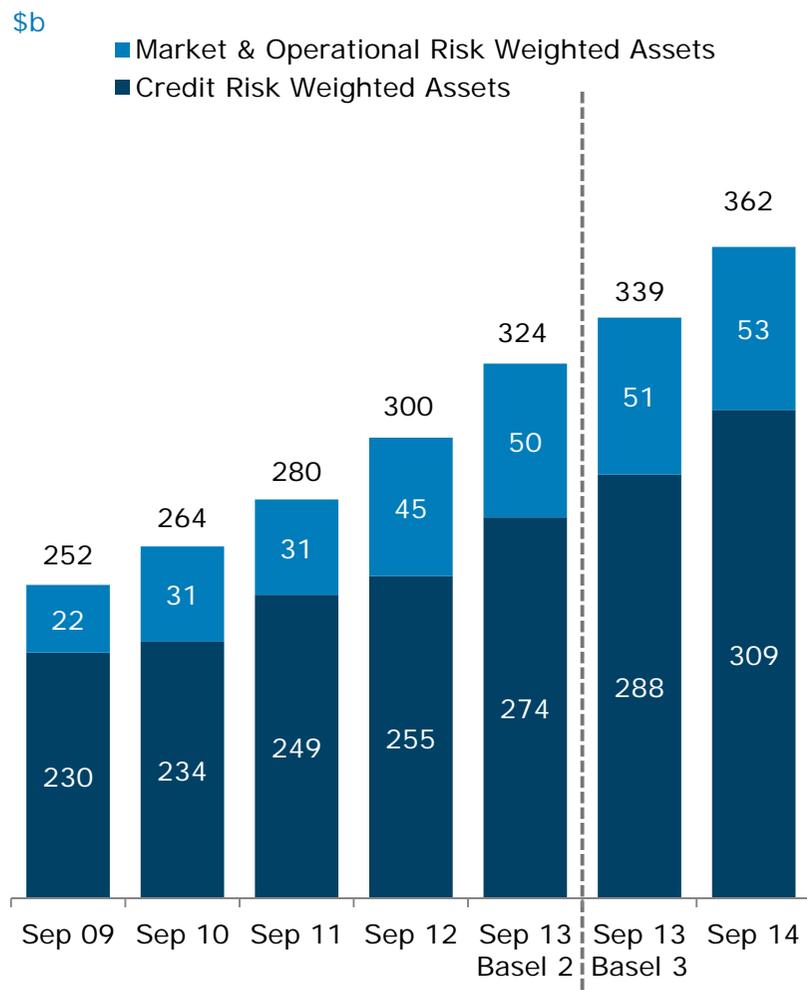
Impaired assets concentration by value of impaired assets¹



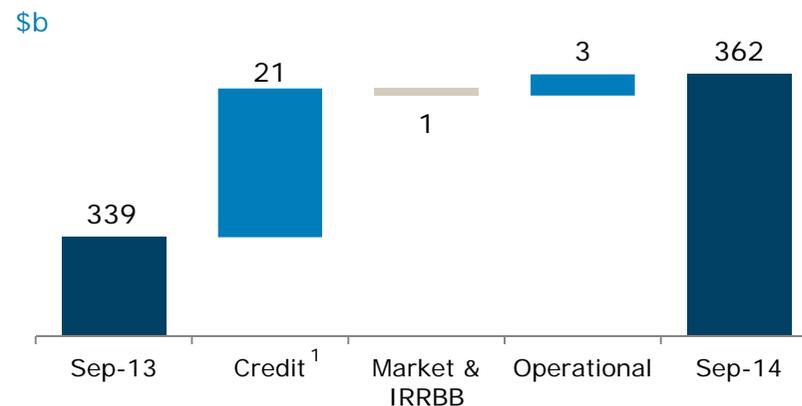
1. Only >\$10m customers

Disciplined Risk Weighted Assets growth

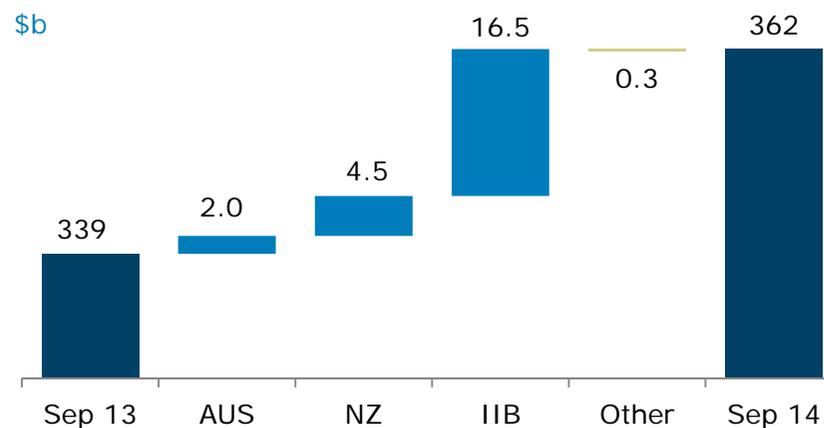
Total risk weighted assets



Total risk weighted assets movement Sep 2014 v Sep 2013



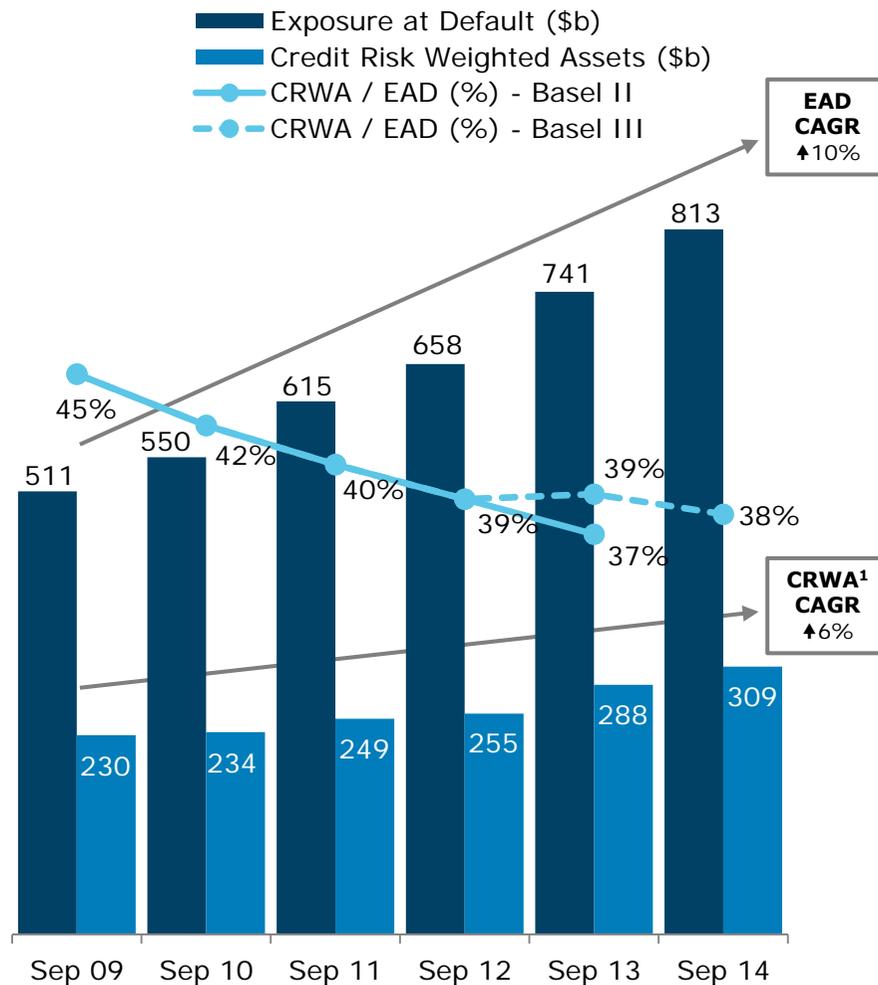
Total risk weighted assets movement by division Sep 2014 v Sep 2013



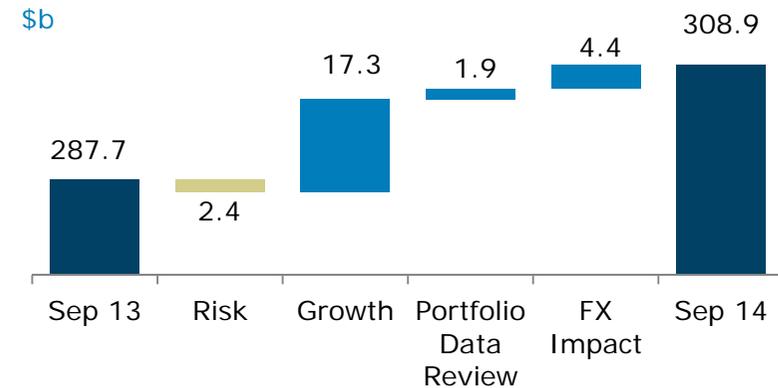
1. Predominately portfolio growth (see next slide)

Credit risk discipline reflected in CRWA growth

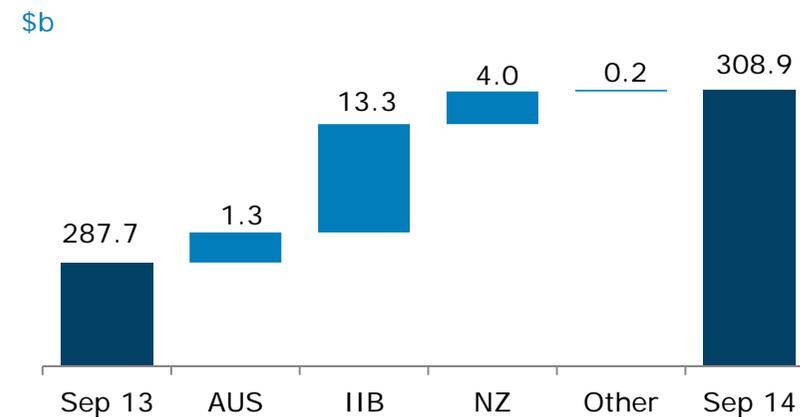
Group exposure at default and credit risk weighted assets



Credit risk weighted assets movement Sep 2014 v Sep 2013



Credit risk weighted assets movement by division Sep 2014 v Sep 2013



1. Adjusted for the Basel II to Basel III step change in Sep 13 figures of approx. \$14bn

Considered management of exposure to market stress

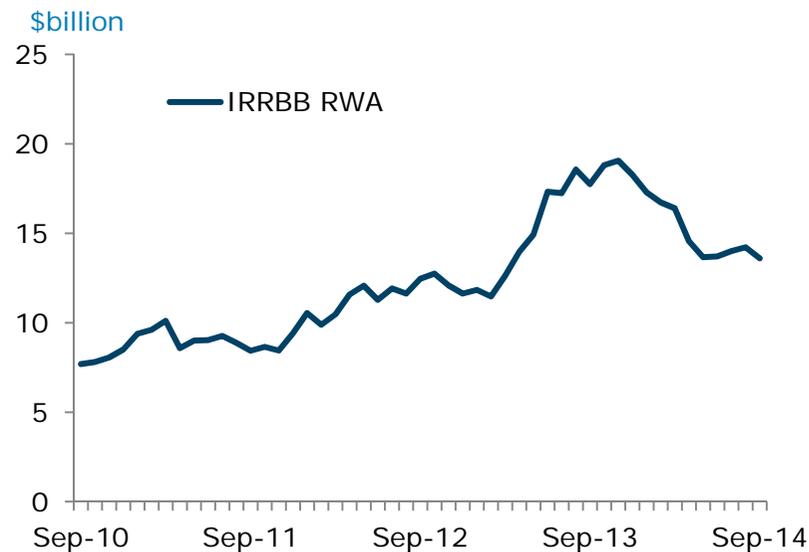
Risk weighted asset and VaR outcomes

- Traded Market Risk VaR usage remained moderate
- Traded Market Risk 1-day 99% VaR and RWA increased YoY but we have remained disciplined on our exposure to market disruption and stress as reflected in RWA
- VaR benefits from diversification across the region and asset classes, relative to Traded Market Risk RWA which reflects 10 day stress VaR

Traded market risk weighted asset trends



IRRBB risk weighted asset trends



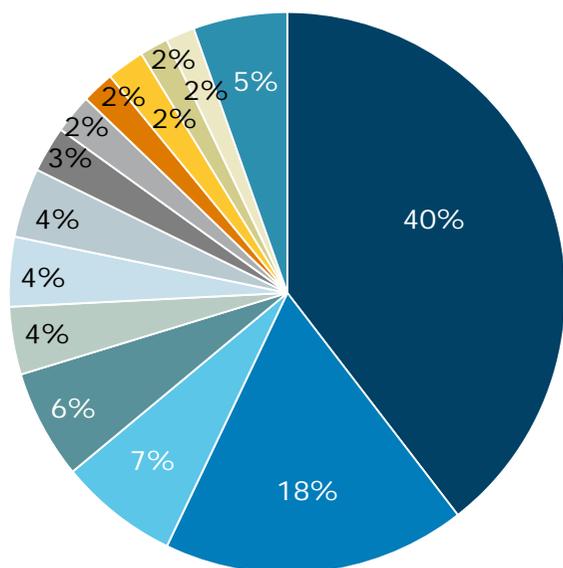
Stable portfolio composition

Exposure at default (EAD) as a % of Group total

ANZ Group

Total EAD (Sep 14)¹

\$796b

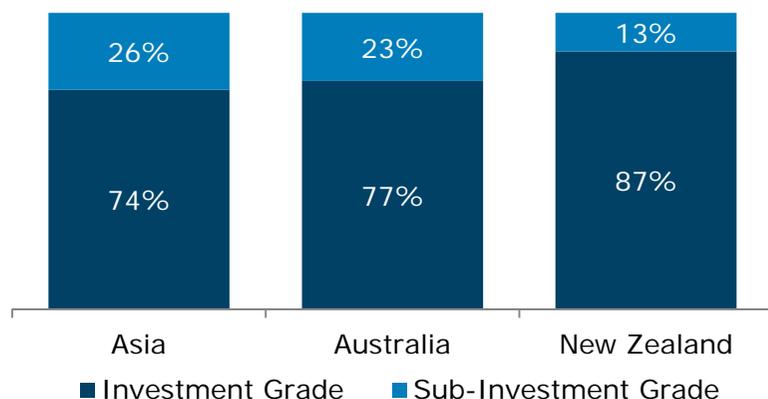


Category	EAD		% in non-performing	
	Sep-13	Sep-14	Sep-13	Sep-14
Consumer Lending	40.8%	39.5%	0.2%	0.2%
Finance, Investment & Insurance	15.9%	17.6%	0.1%	0.0%
Property Services	7.1%	6.9%	1.1%	1.3%
Manufacturing	6.0%	6.3%	0.7%	0.5%
Agriculture, Forestry, Fishing	4.3%	3.9%	4.1%	2.5%
Government & Official Institutions	4.0%	4.0%	0.0%	0.0%
Wholesale trade	3.9%	4.0%	0.8%	0.5%
Retail Trade	2.9%	2.7%	0.9%	0.5%
Transport & Storage	2.2%	2.3%	1.6%	2.1%
Business Services	2.0%	1.9%	0.5%	1.2%
Resources (Mining)	1.9%	2.2%	1.2%	0.8%
Electricity, Gas & Water Supply	1.7%	1.6%	0.1%	0.1%
Construction	1.7%	1.7%	1.1%	1.8%
Other	5.7%	5.5%	0.9%	0.4%

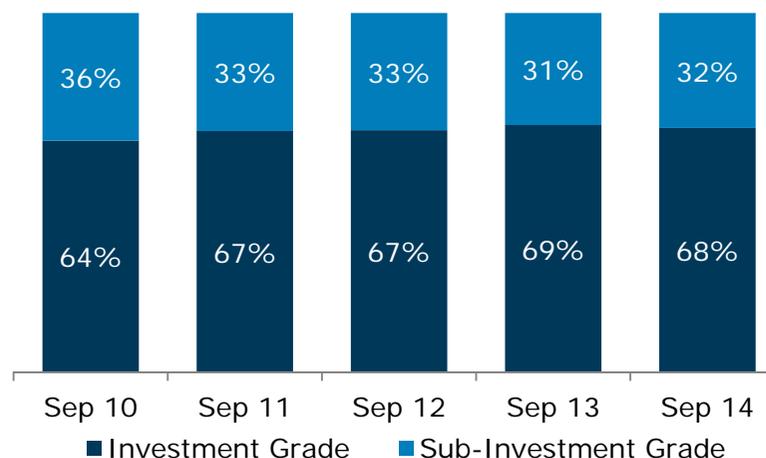
1. EAD excludes amounts for 'Securitisation' and 'Other Assets' Basel asset classes

Quality of Institutional book remains sound

Institutional investment grade exposure by geography



Trade Finance investment grade exposure



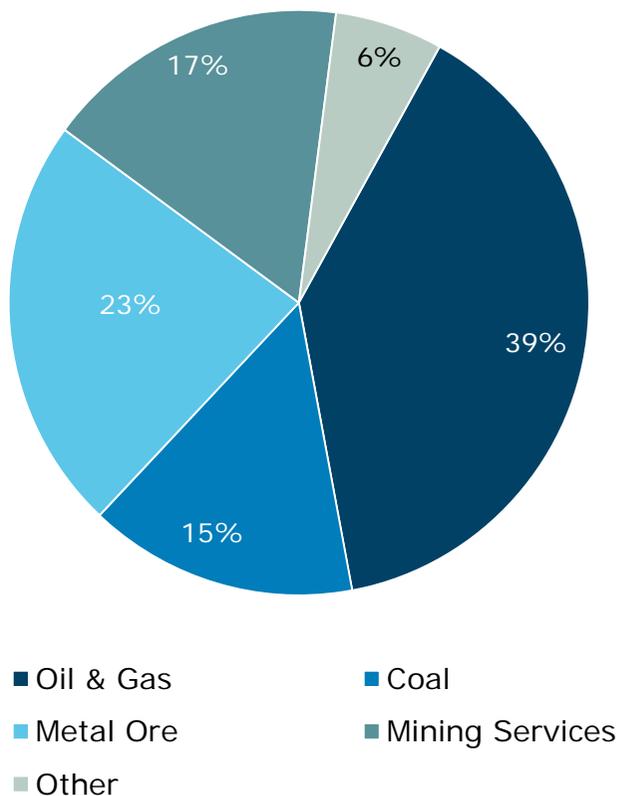
Robust control framework in Trade Finance

- Trade Finance portfolio performed well. The portfolio remains focussed on shorter tenor exposures, and investment grade customers
- We reviewed our Trade terms and conditions in 2013. ANZ is not exposed to the Qingdao commodity finance fraud
- ANZ has been proactive in mitigating our exposure to commodity trade finance and higher risk counterparties
- We have suffered some performance bonds related losses specific to the mining services sector

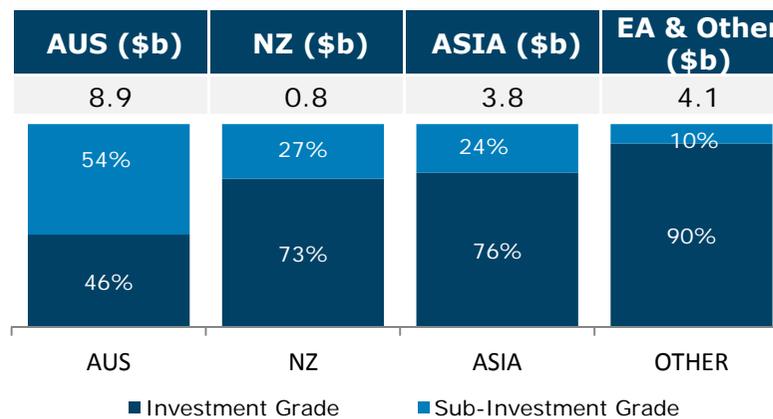
Resources exposure focused on Oil & Gas

Resources exposure by sector (% EAD)

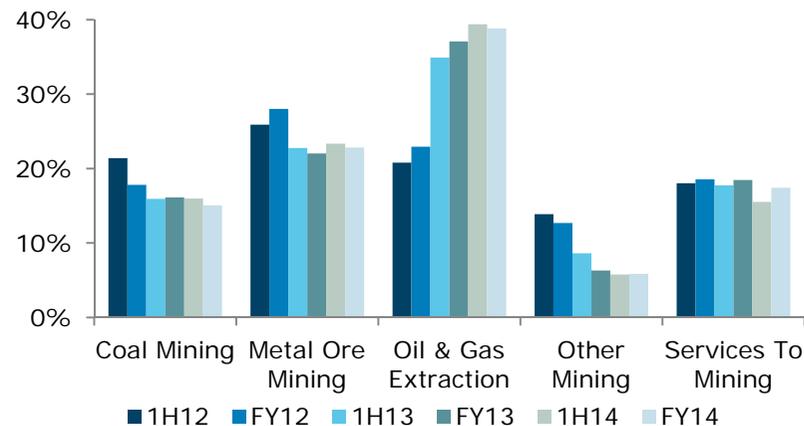
Resources	
Total EAD (Sep 14)	As a % of Group EAD
\$17.6b	2.2%



Resources exposure credit quality by geography (EAD)

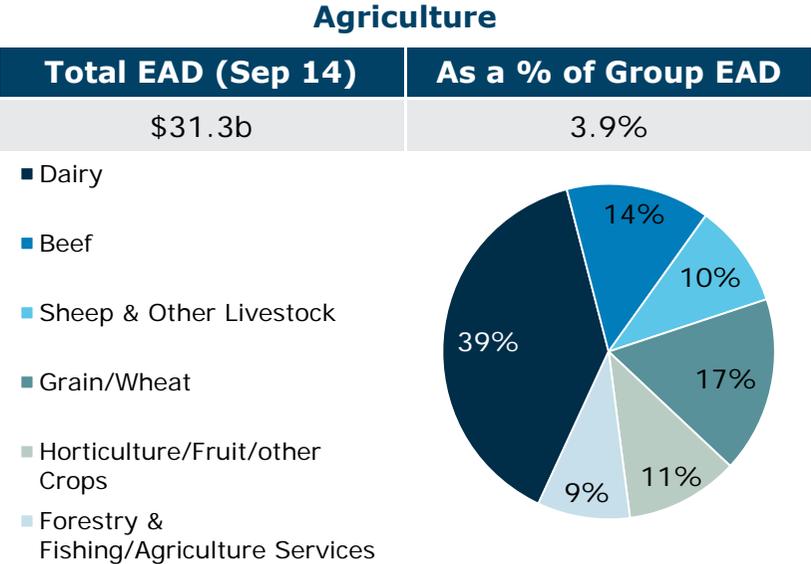


Resources exposure growth trends

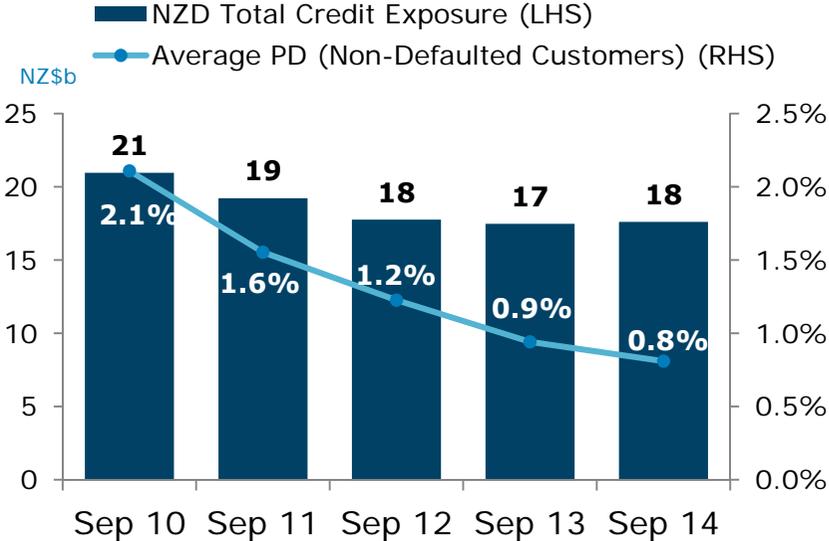


Agri portfolio is focused on cashflow resilient commodities

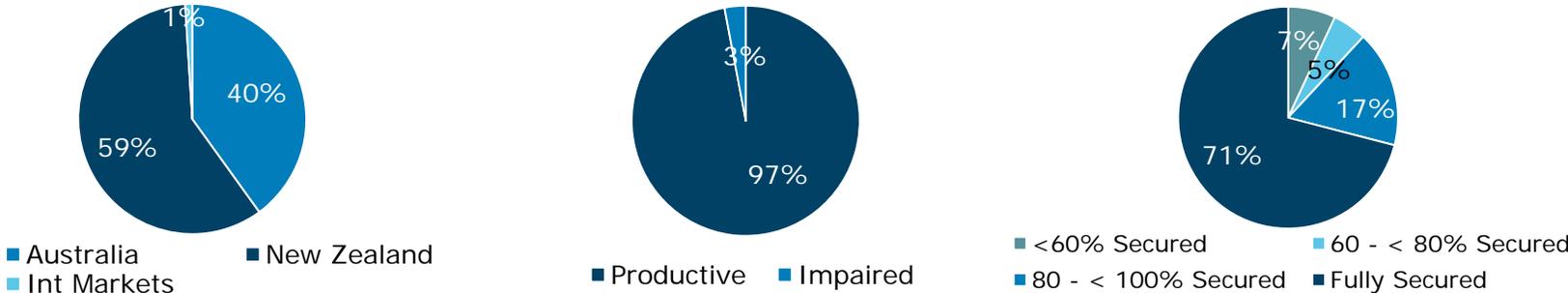
Agriculture exposure by sector (% EAD)



New Zealand Agri credit quality focused on cashflow



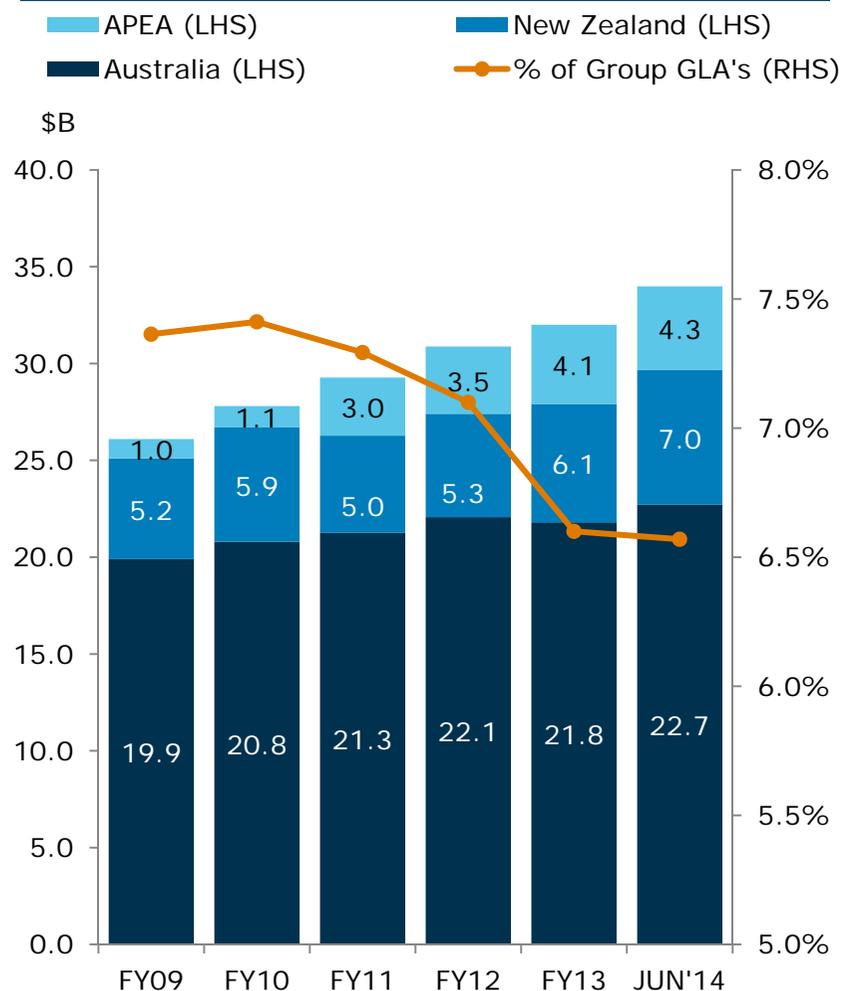
Group Agriculture EAD splits¹



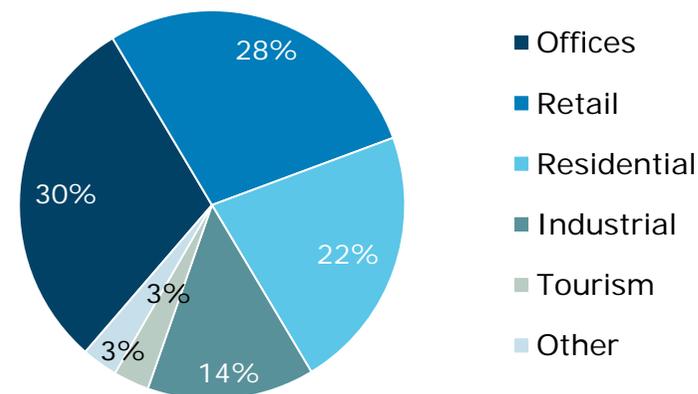
1. Using extended values

Commercial property portfolio lower than peers

Commercial Property outstandings by region



Commercial Property outstandings by sector

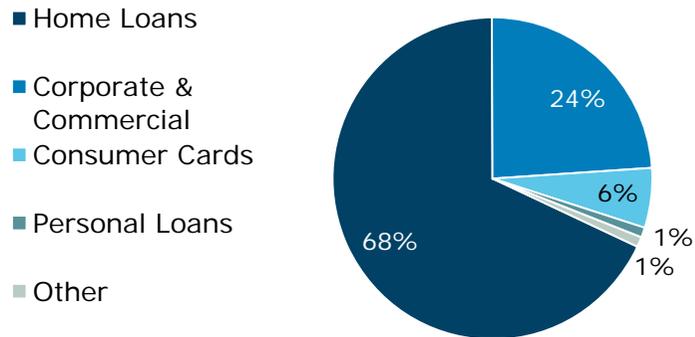


Property services peer comparison

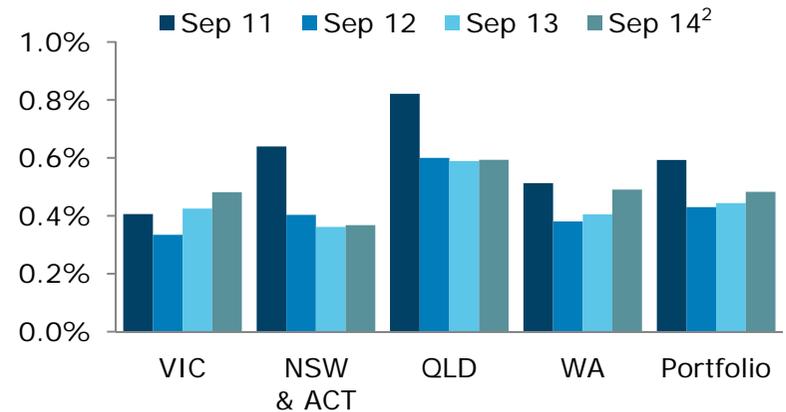
\$M	ANZ	Peer 1	Peer 2	Peer 3
Commercial Property Portfolio EAD	49,838	69,257	68,033	57,359
Commercial Property EAD Growth Rates	9.3%	-1.5%	11.1%	6.7%
Property EAD/Total EAD	5.93%	7.92%	8.31%	6.74%
Impaired Assets	528	2,410	942	373
Property Impaired Assets /Property EAD	1.06%	3.48%	1.38%	0.65%

Australia Division displays a stable delinquency profile

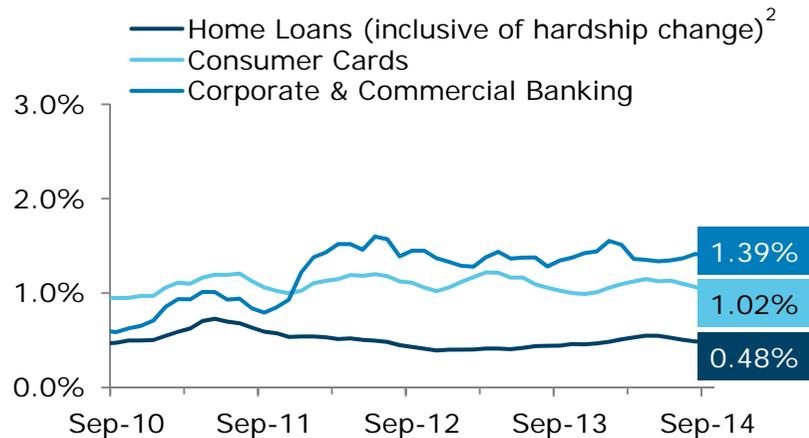
Australia Division credit exposure (EAD)



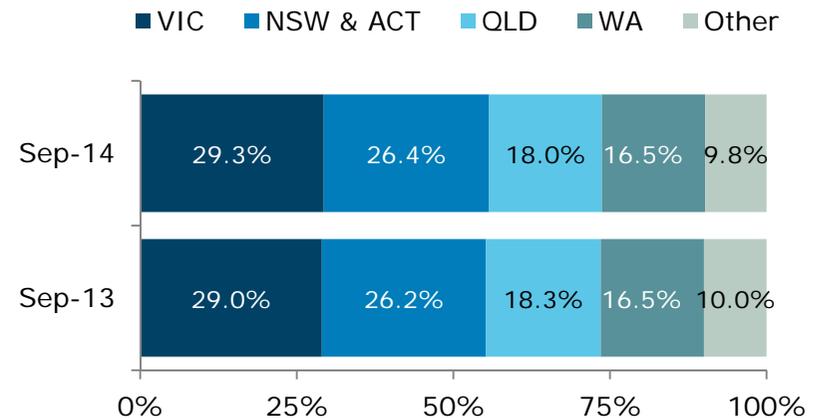
Australia Home Loans 90+ day delinquencies by state¹



Australia Division 90+ day delinquencies¹



Australia Home Loans portfolio by state³



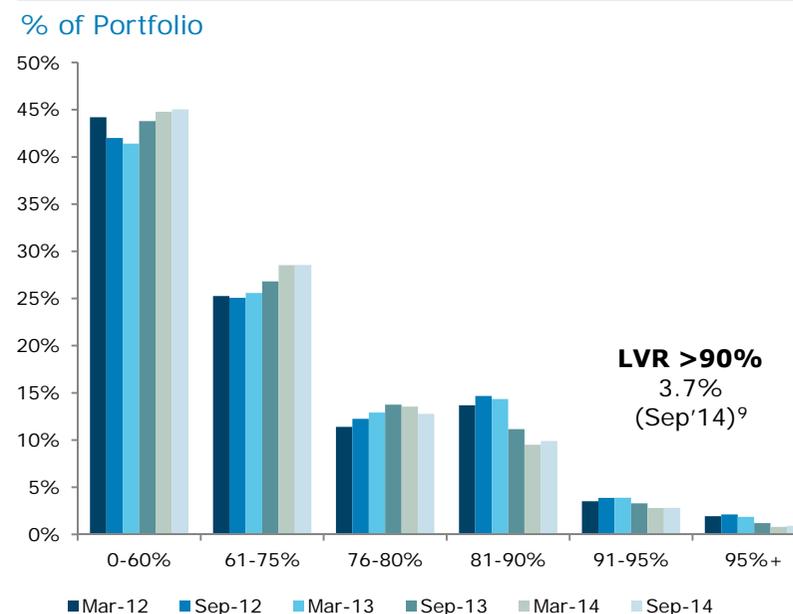
1. Delinquency excludes Non Performing Loans
 2. Hardship changes implemented April'13. For comparison: 90+ excluding hardship changes as at Sep'14 is 0.40%
 3. Gross loans and advances by State

Australia Home Loans portfolio

FY14 portfolio statistics¹

Total Number of Home Loan Accounts	919k
Total Home Loans FUM	\$209b
% of Total Australia Geography Lending	60%
% of Total Group Lending	40%
Owner Occupied Loans - % of Portfolio ²	61%
Average Loan Size at Origination (FY14 average) ^{3,4}	\$352k
Average LVR at Origination (FY14) ^{3,4,5}	71%
Average Dynamic LVR of Portfolio ^{4,5,6}	50%
% of Portfolio Ahead on Repayments ^{7,8}	45%
% of Portfolio Paying Interest Only ⁸	34%

Dynamic loan to value ratio⁵



Individual provision as % of average NLA

	FY11	FY12	FY13	FY14
Group	0.32	0.38	0.25	0.22
Australia Home Loans	0.02	0.02	0.02	0.01

1. Net Home Loans (excluding NPLs and offset balances); 2. Excludes Equity Manager; 3. Originated FY14; 4. Unweighted ; 5. Including capitalised premiums ; 6. Valuations updated Sep'14 where available; 7. % of customers >30 days ahead of repayments; 8. Excludes revolving credit; 9. Excluding capitalised premiums, Sep14 portfolio % with LVR >90% is 2.3% (Mar14 2.3%)

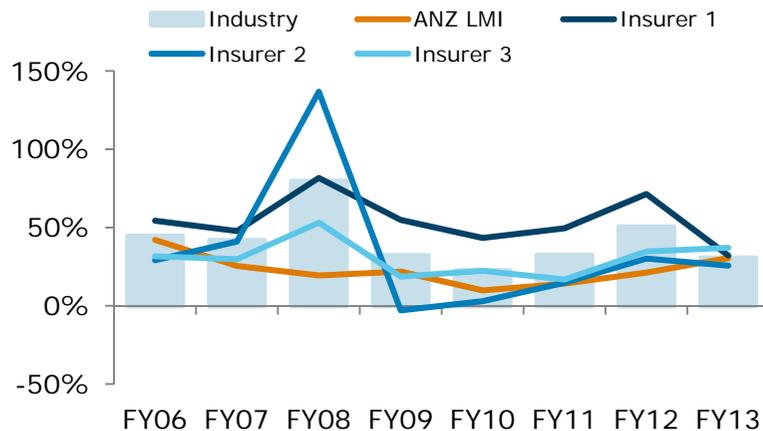
Stable LMI loss rates below industry average

Background

Financial Year 2014 Results

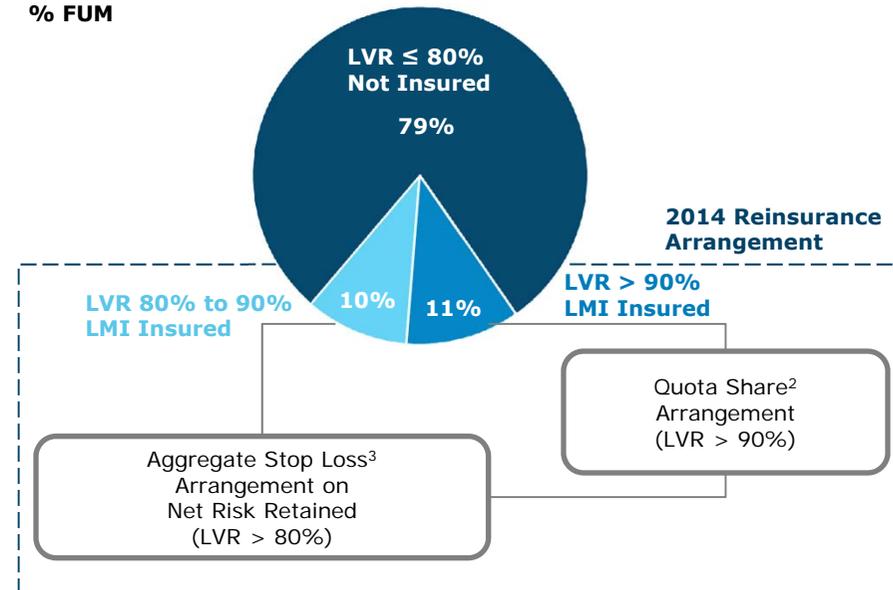
Gross Written Premium (\$m)	\$209m
Net Claims Paid (\$m)	\$10m
Loss Rate (of Exposure)	5.4 bps

ANZLMI maintains low loss ratios¹



Australian Home Loan portfolio LMI and Reinsurance Structure at 30 September 2014

% FUM



ANZLMI uses a **diversified panel of reinsurers** (10+) comprising a mix of APRA authorised reinsurers and reinsurers with highly rated security

Reinsurance is comprised of a **Quota Share arrangement** with reinsurers for mortgages 90% LVR and above and in addition an **Aggregate Stop Loss arrangement** for policies over 80% LVR

1. Negative Loss ratios are the result of reductions in outstanding claims provisions. Source: APRA general insurance statistics (loss ratio net of reinsurance)
 2. Quota Share arrangement - reinsurer assumes an agreed reinsured % whereby reinsurer shares all premiums and losses accordingly with ANZLMI
 3. Aggregate Stop Loss arrangement –reinsurer indemnifies ANZLMI for an aggregate (or cumulative) amount of losses in excess of a specified aggregate amount. When the sum of the losses exceeds the pre-agreed amount, the reinsurer will be liable to pay the excess up to a pre-agreed upper limit.

New Zealand mortgages portfolio

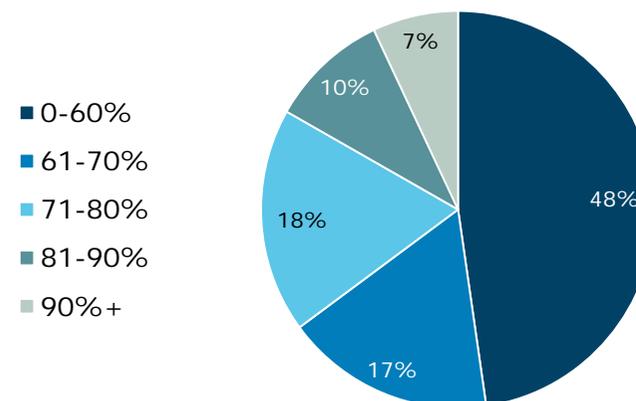
FY14 portfolio statistics

Total Number of Mortgage Accounts	488k
Total Mortgage FUM (NZD)	\$62b
% of Total New Zealand Lending	58%
% of Total Group Lending ¹	11%
Owner Occupied Loans - % of Portfolio	76%
Average Loan Size at Origination (NZD)	\$266k
Average LVR at Origination ²	63%
Average Dynamic LVR of Portfolio ³	50%
% of Portfolio Paying Interest Only ⁴	22%

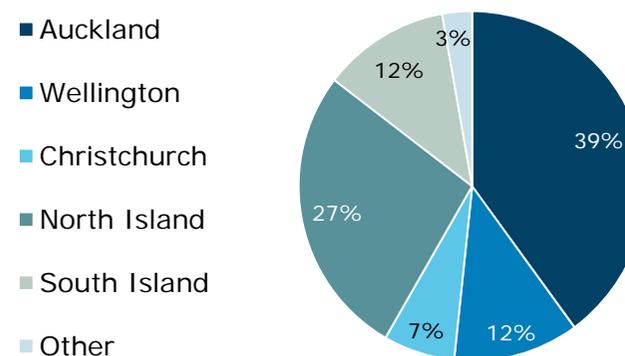
Individual provision as % of average NLA

	FY11	FY12	FY13	FY14
Group ¹	0.32	0.38	0.25	0.22
New Zealand Mortgages ⁵	0.11	0.07	0.04	0.06

Dynamic loan to valuation ratio



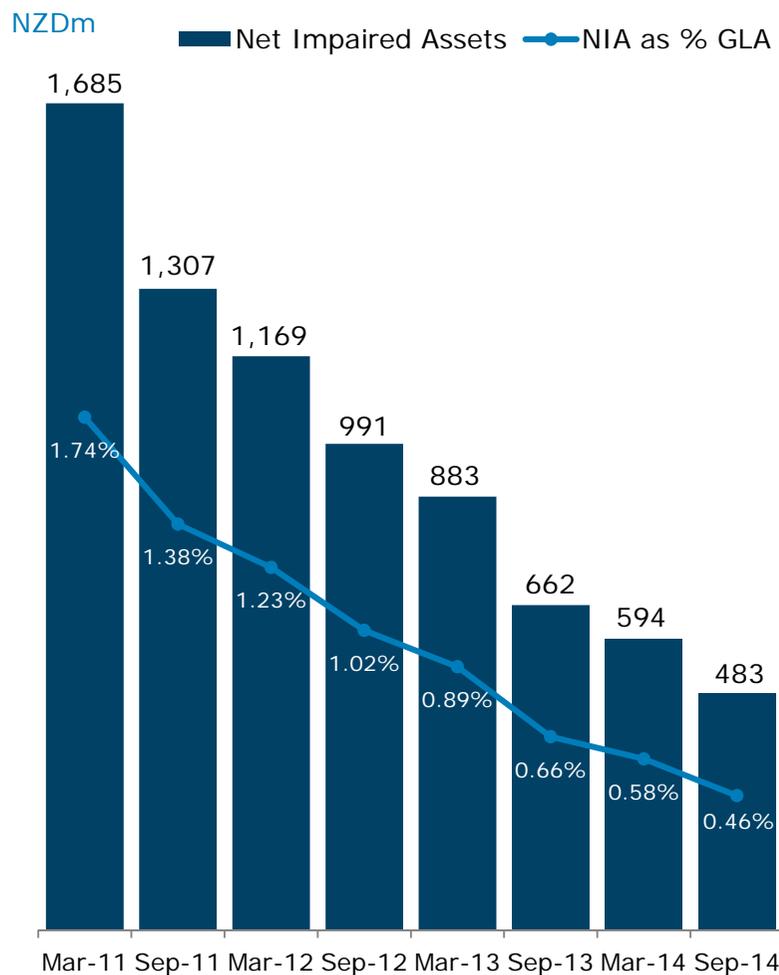
Mortgage portfolio by region



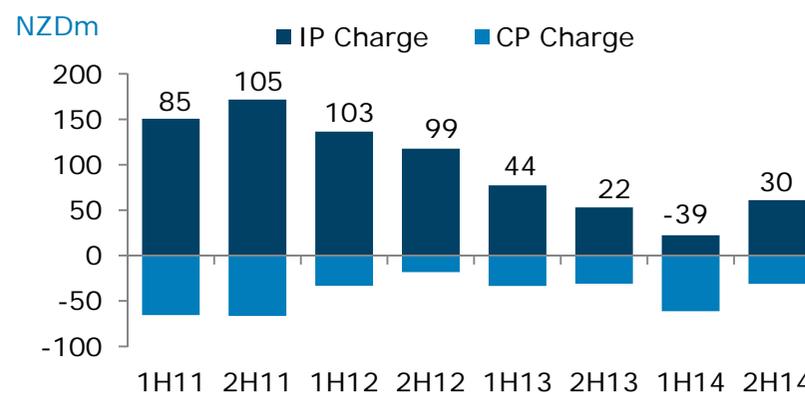
1. As % of group average NLA; 2. Average LVR at Origination (not weighted by balance); 3. Average dynamic LVR as at Aug 2014 (not weighted by balance) – Dynamic LVR graph as at Aug 2014; 4. Excludes revolving credit facilities; 5. Individual Provision as % average NLA

New Zealand credit quality continues to improve

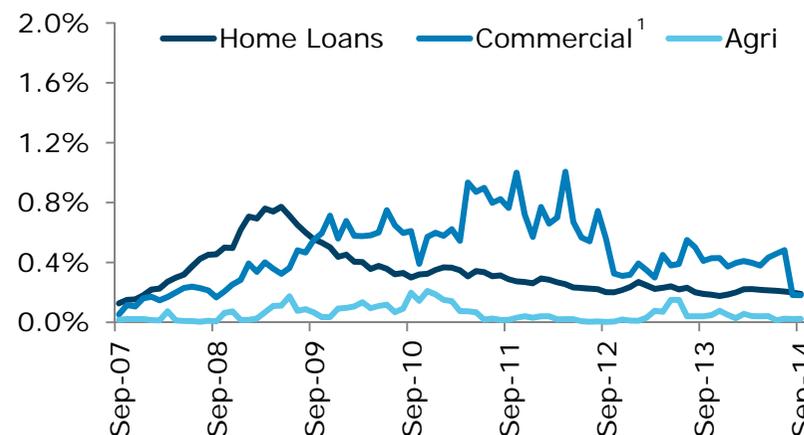
New Zealand geography net impaired assets



New Zealand geography total provision charge



New Zealand Division 90+ days delinquencies



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

2014 FULL YEAR RESULTS

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
31 October 2014

ANZ Overview



ANZ offers a distinctive geographic footprint and business mix that provides earnings diversification

Corporate Profile



- Founded in 1835, ANZ is a super regional bank that serves 10 million retail, commercial and institutional customers in 33 markets and employs 50,000 staff.
- Headquartered in Melbourne, Australia, ANZ is one of the four largest Australian banks and ranked in the top 25 banks globally by market capitalisation.
- Listed on the Australian Stock Exchange (ASX) with a secondary listing on the New Zealand Stock Exchange (NZX)

Top 4 Corporate Bank in Asia ¹		A Top 4 Bank in Australia ²		The Largest Bank in New Zealand	
APEA		Australia		New Zealand	
Staff	20,512	Staff	21,591	Staff	8,225
Customers	~1.6m	Customers	~6m	Customers	~2.1m
Cash NPAT	\$1.2B	Cash NPAT	\$4.4B	Cash NPAT	\$1.5B
RoRWA	1.30%	RoRWA	2.16%	RoRWA	2.51%
Customer Deposits	\$108B	Customer Deposits	\$228B	Customer Deposits	\$68B
Customer Lending	\$79B	Customer Lending	\$349B	Customer Lending	\$94B

1. Greenwich Associates 2013 Asian Large Corporate Banking Study

2. Peter Lee Associates Large Corporate and Institutional Relationship Banking surveys, Australia and New Zealand 2014

ANZ Operating Structure

Operating Divisions

Australia Division

- Retail Banking
- Corporate & Commercial Banking

New Zealand Division

- Retail Banking
- Commercial & Agri Banking

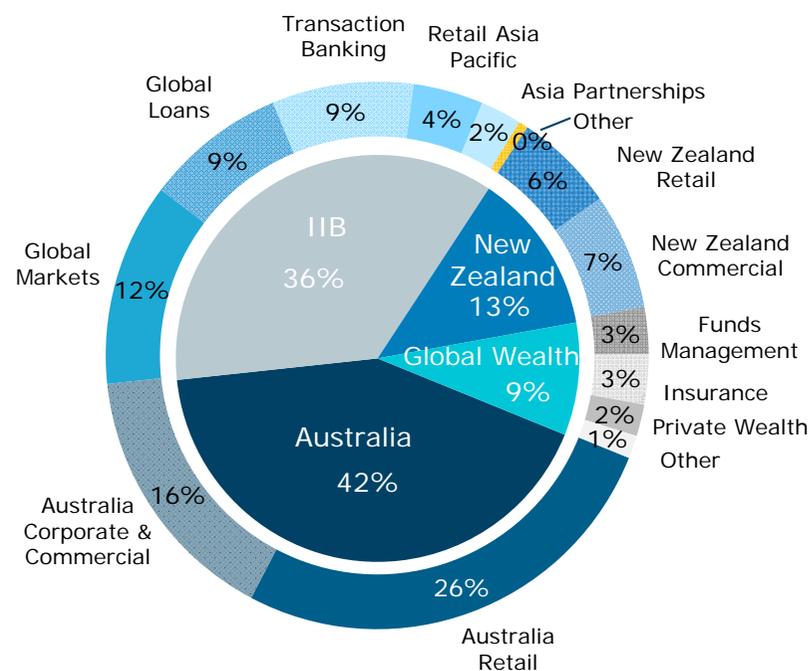
International & Institutional Banking (IIB)

- | | |
|-------------------------------|-----------------------|
| Client Segments | Global Products |
| • Global Banking | • Transaction Banking |
| • International Banking | • Markets |
| • Retail Banking Asia Pacific | • Loans |

Global Wealth

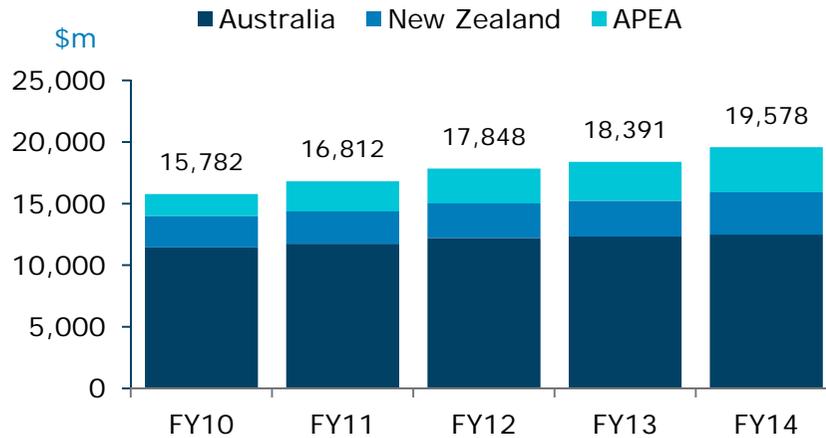
- | | |
|--------------------|-------------------------|
| • Insurance | • Private Wealth |
| • Funds Management | • Advice & Distribution |

FY14 Operating Income Mix by Division

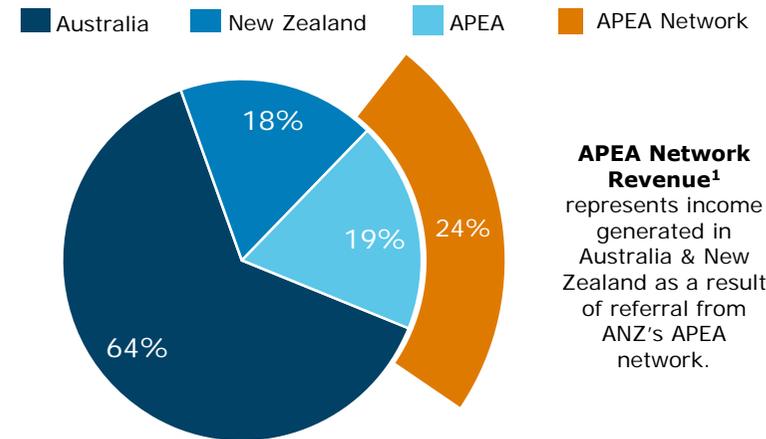


Contribution by geography

Operating Income by Geography

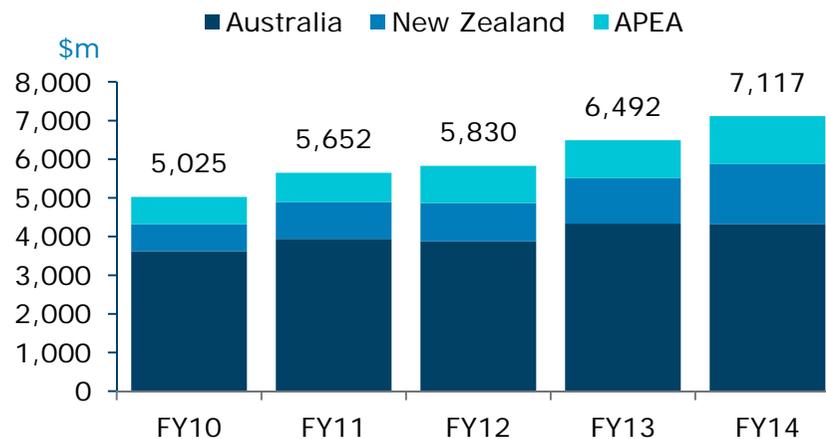


Operating Income by Geography FY14



APEA Network Revenue¹ represents income generated in Australia & New Zealand as a result of referral from ANZ's APEA network.

Net Profit after Tax by Geography



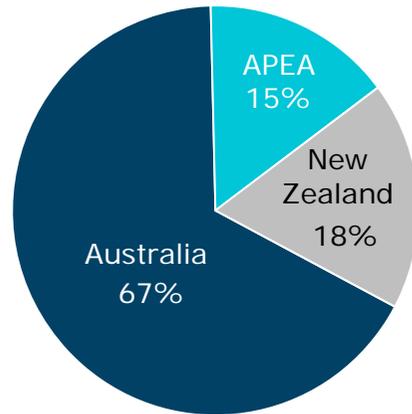
Net Profit after Tax by Geography FY14



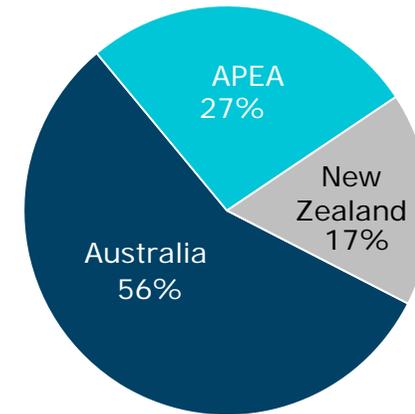
1. APEA Network Revenue represents income generated in Australia & New Zealand as a result of referral from ANZ's APEA network

Customer loans and deposits by Geography

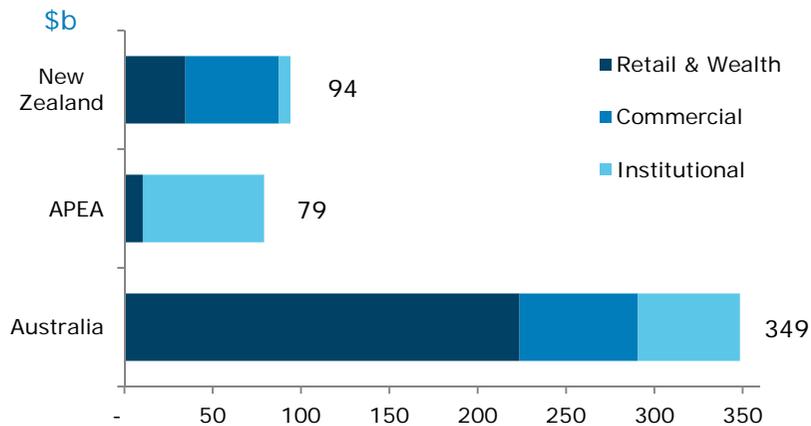
Customer Lending¹ by Geography of FY14



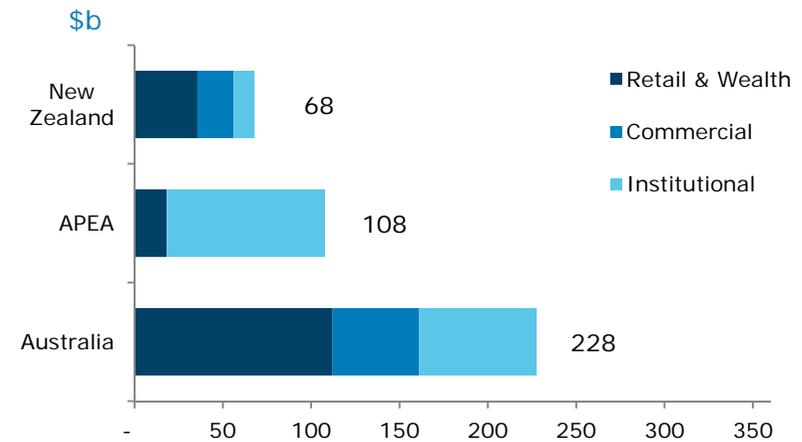
Customer Deposits by Geography of FY14



Customer Lending¹ by Geographic Segment



Customer Deposits by Geographic Segment



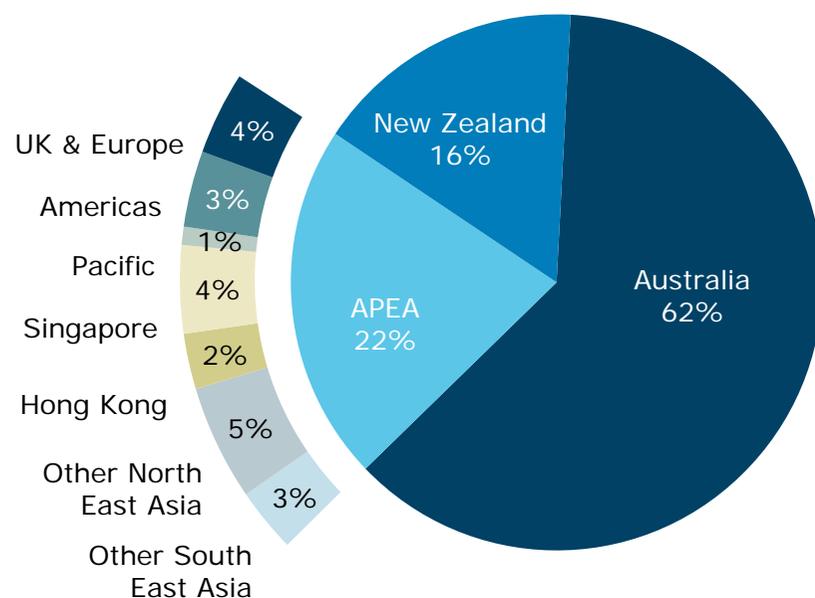
1. Customer lending represents Net Loans & Advances including acceptances

Total Credit Exposure (EAD) by Geography

Exposure at Default¹ by Geography

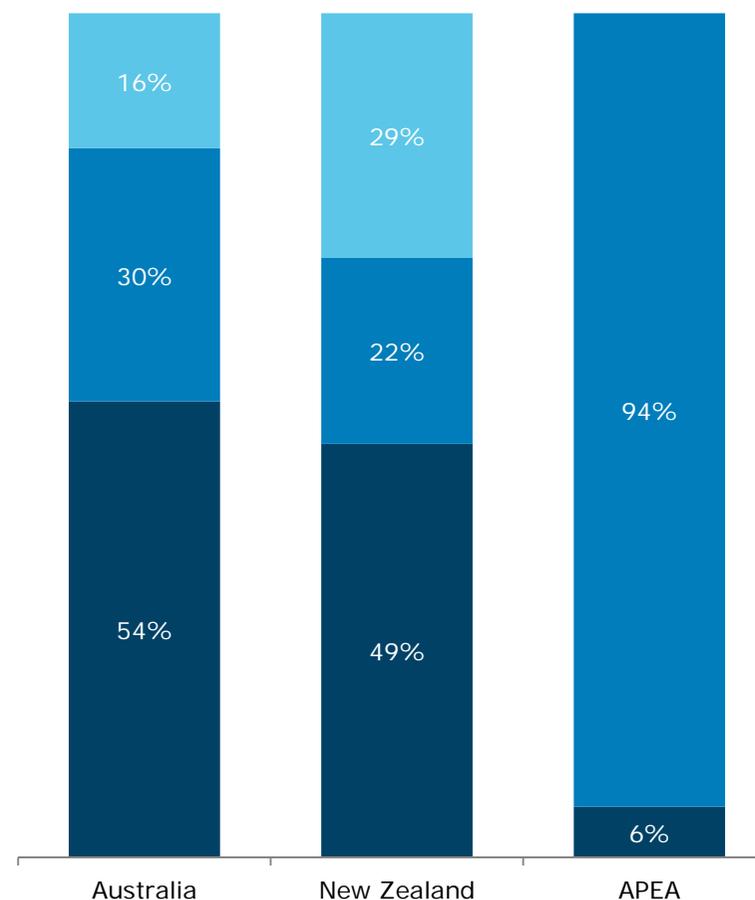
Total Exposure at Default (Sep 14) - \$796b¹

Australia	New Zealand	APEA
\$494.1b	\$131.0b	\$170.8b



Exposure at Default by Line of Business²

■ Retail ■ Institutional ■ Commercial

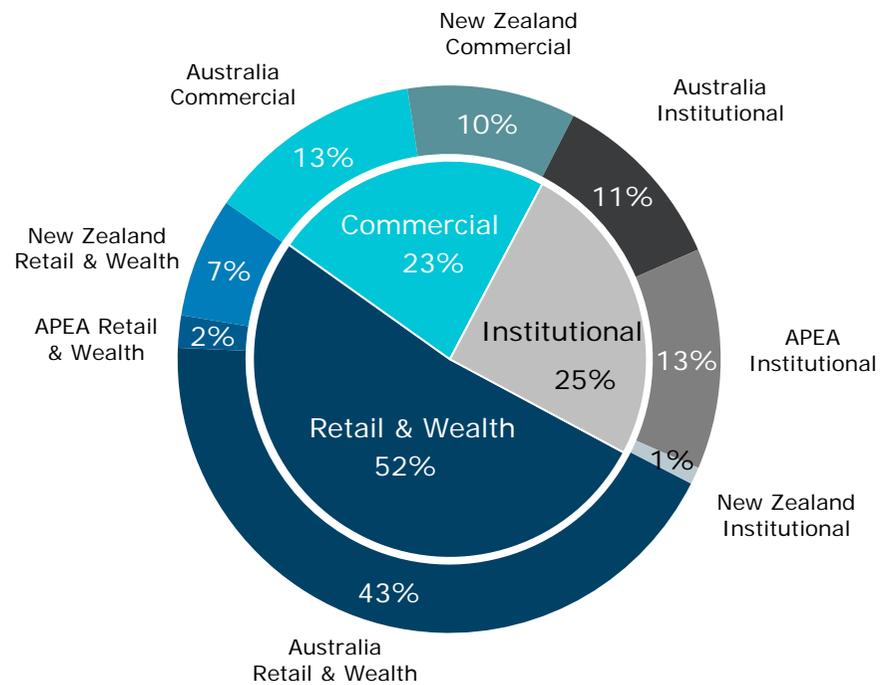


1. EAD excludes amounts for 'Securitisation' and 'Other Assets' Basel asset classes

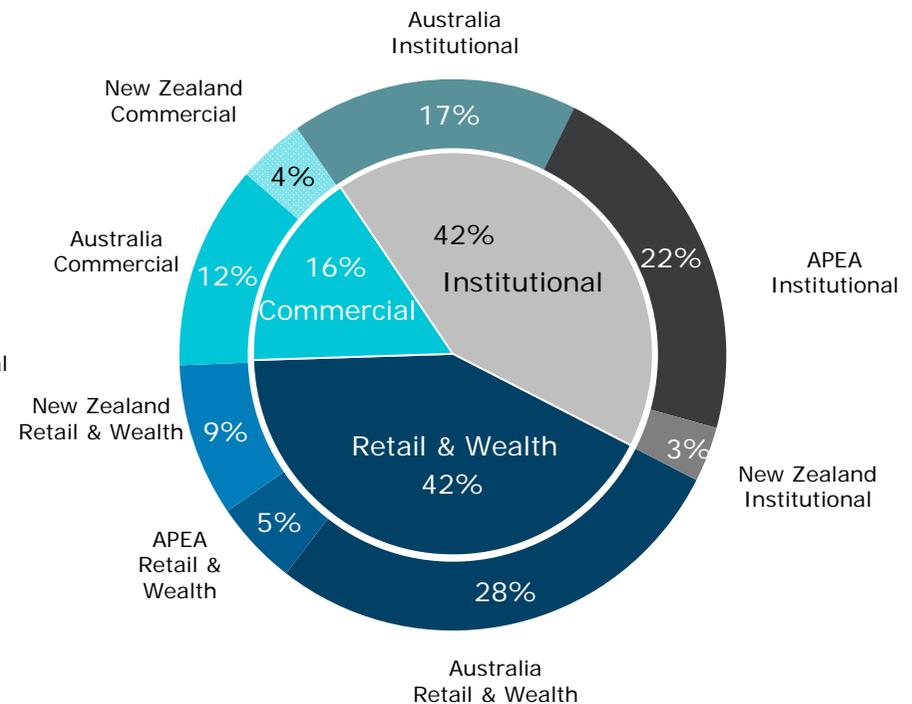
2. Institutional includes exposure to Bank and Sovereign counterparties and ANZ's Liquidity portfolio

Customer loans and deposits by client segment

**Customer Lending¹ by Segment
(Sep-14)**



**Customer Deposits by Segment
(Sep-14)**



1. Customer lending represents Net Loans & Advances including acceptances

2014 FULL YEAR RESULTS

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
31 October 2014

Divisional Performance



Australia Division - strengthening ANZ's position in core markets by focussing on the customer experience

ANZ Group Strategy



Australia Division Strategy

- Deliver customers an easy, connected and insightful experience that puts the customer in control
- Achieve consistent above system growth focused in priority segments
- Maintain strong margins, cost discipline and risk profile
- Leverage our Super Regional advantage to bring the whole of ANZ to customers
- Take an enterprise wide approach and leverage global assets

Banking on Australia is transforming our Retail and Corporate & Commercial businesses based on an understanding of customer needs



Banking on Australia is transforming the business and positioning ANZ for sustainable growth

STRONG CORE MARKETS

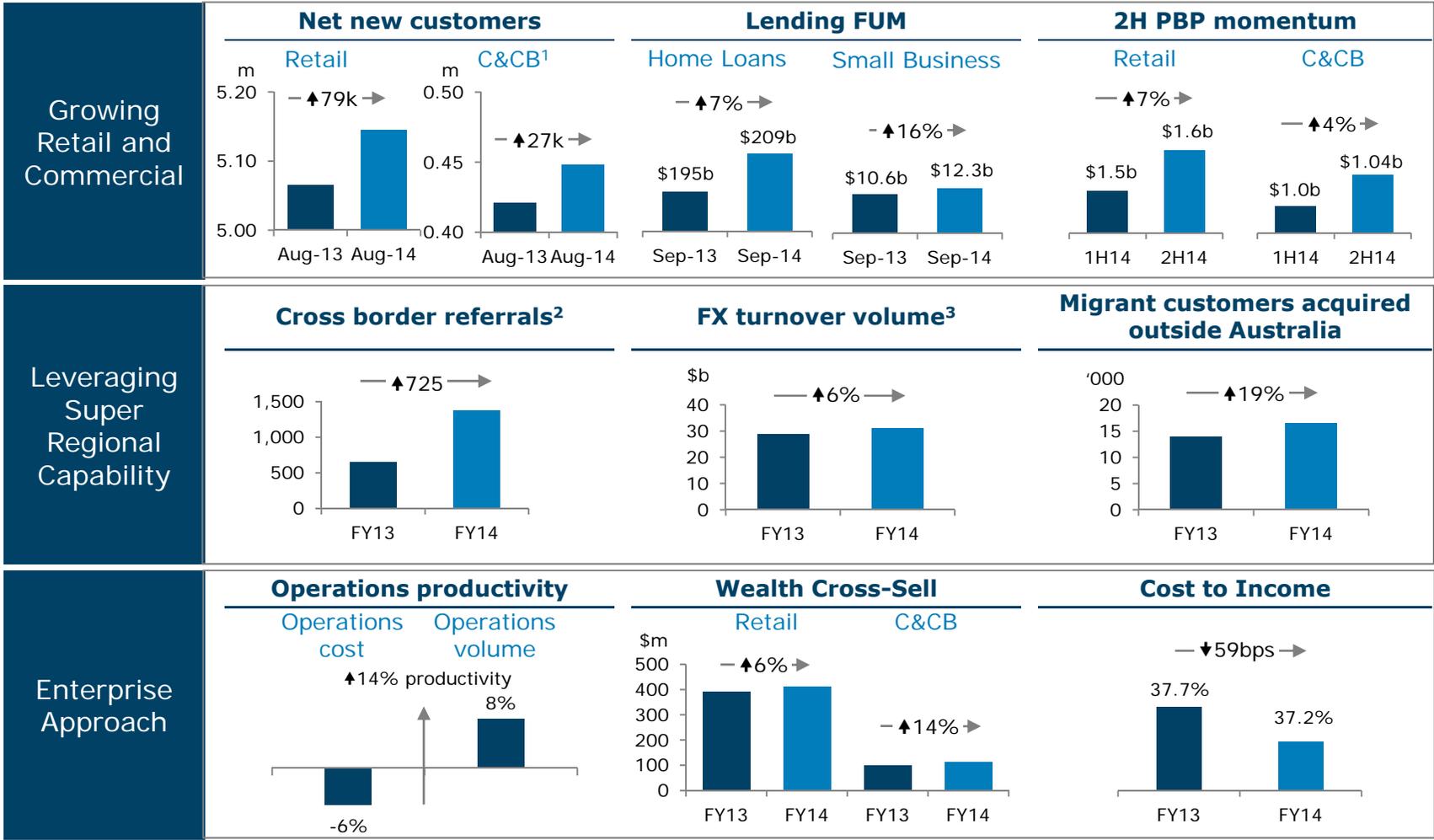
	FY14	FY13		FY14	FY13		
Transforming distribution				Delivering leading digital & mobile solutions			
# new sales focused branches & business centres	143	94		\$ transactions processed on goMoney™ since launch ²	\$100b+	\$56b	
# Smart ATMs improving customer self-service	772	201		% digital sales of Retail Transaction and Credit Card products	21%	17%	
# work requests processed by Business Response Team, increasing C&CB bankers' customer facing time ¹	140k	-	# Digital A-Z Reviews completed by C&CB ³	72k	5k		
Building capability & capacity				Simplifying products & processes			
% Retail frontline staff who are focused on sales	56%	51%		% annual improvement in Australian Operations productivity ⁴	14%	14%	
# Institutional specialists dedicated to supporting C&CB customers	144	114		# Retail accounts receiving 'online only' statements	2.6m	1.6m	
# hours of sales focused training across Retail and C&CB to build capability	219k	181k	# products decommissioned since Banking on Australia inception ⁵	48	27		

1. Business Response Team fully deployed in FY14, data not available for FY13; 2. Represents dollar value of transactions processed on ANZ goMoney™ since launch in Sep-10; 3. Digital A-Z Reviews piloted through 4Q13; 4. Operations productivity in FY14 is a combination of 6% cost reduction and 8% increase in volume; 5. Banking on Australia inception was Oct-12

Australia Division is delivering growth and strengthening our position in key core markets

STRONG CORE MARKETS

Divisional profit up 7% YOY to \$3.05 billion



1. Excludes Esanda contracts
 2. Cross border referrals for commercial opportunities, originating from Australia
 3. Foreign exchange turnover (volume) for C&CB customers

Retail – Continuing to build capability and delivering strong sales outcomes and productivity

STRONG CORE MARKETS

Building sales capability

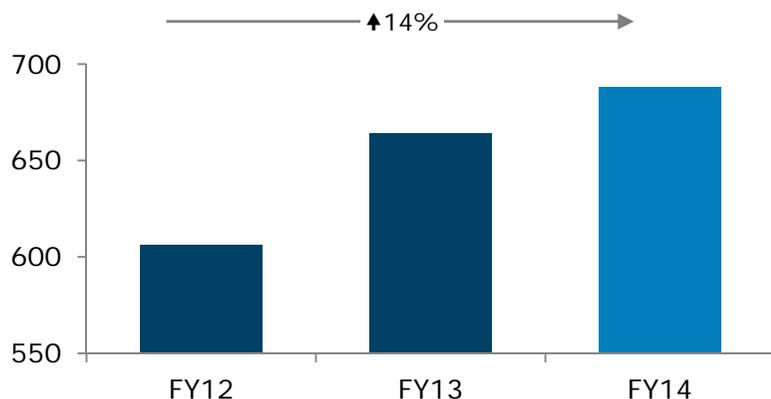


Delivering sales outcomes



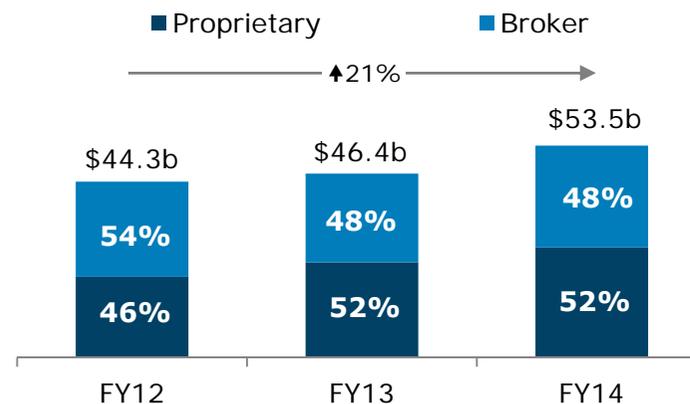
Increasing sales productivity

Retail Revenue per FTE
\$'000/FTE



Growing Home Loan sales in proprietary channels

Home Loan Sales
% of Total



1. Source: APRA Monthly Banking Statistics, 12 months to Aug-14; 2. Based on range of expected results for system growth in Sep-14 quarter; 3. Source: Roy Morgan Research. Retail MFI CSAT – retail customers aged 14+ who hold a deposit product and consider ANZ to be their main financial institution. Customers who are Very or Fairly Satisfied. Rolling 6 months.

Retail – delivering leading mobile and digital solutions to meet changing customer needs and improve productivity

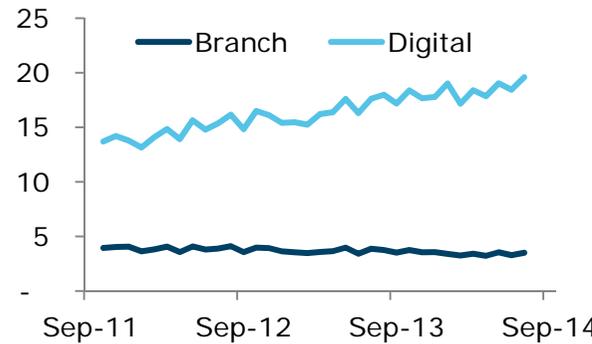
STRONG CORE MARKETS

We're investing in digital channels...

- **Mobile optimised content** to enhance experience for customers on tablet and mobile devices
- **Enhanced online tools and calculators** to drive acquisition and increase conversion
- **Online responsive sales applications** to enable sales through digital channels

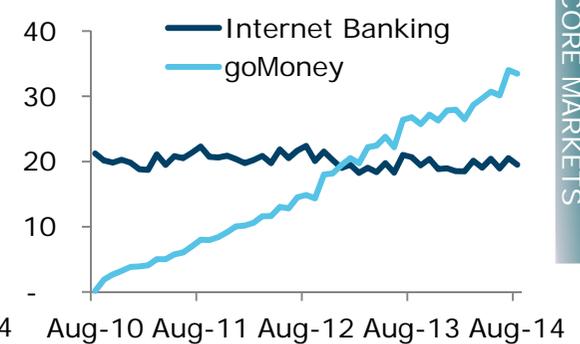
... as customers change the way they want to bank with us...

Monthly Retail Transaction Volumes¹
#m



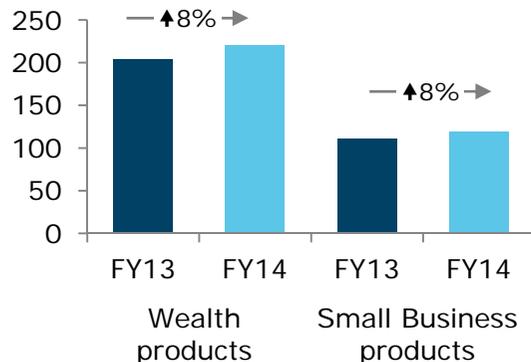
...and increasingly prefer mobile

Monthly Retail Logins
#m



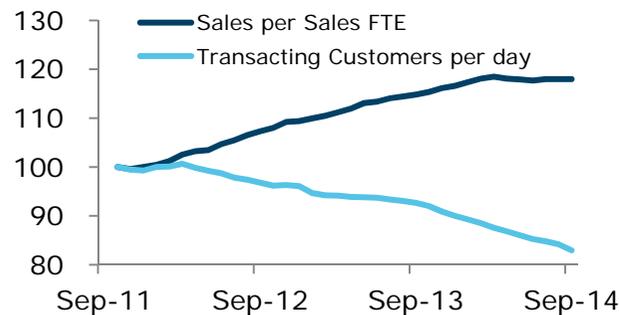
Enabling capacity to focus on higher value sales...

Sales volume in Retail channels²
#k



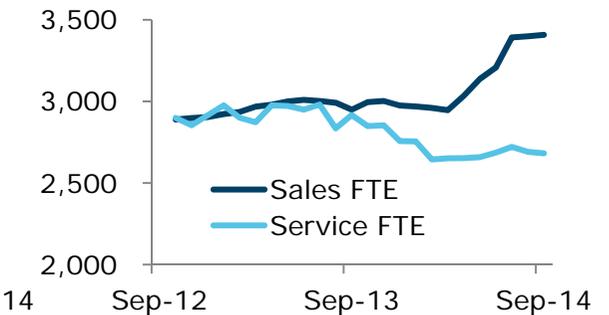
... by improving branch productivity...

Customer Branch Traffic and Sales Productivity
Index Sep-11 = 100



..and increasing our sales capacity

Sales and Service FTE
#

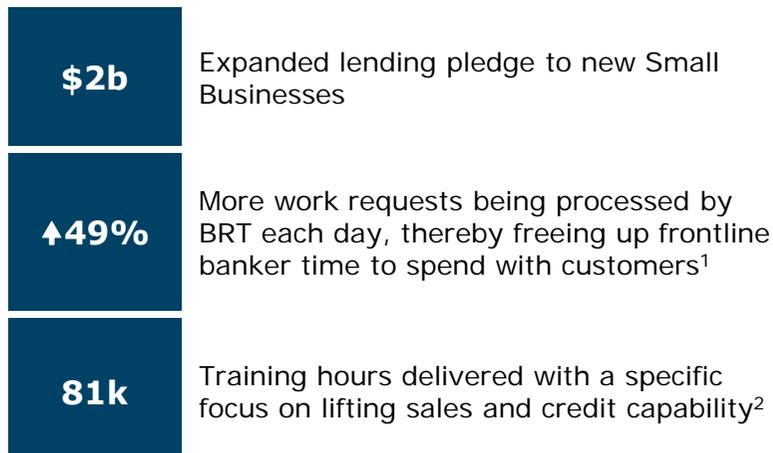


1. Inclusive of Transaction events across Retail and C&CB. Branch excludes Third Party Collections transactions processed in the back office, Digital transactions includes Internet Banking, goMoney and Grow Oct 11 to Sept 14; 2. Excludes sales of Wealth products through Wealth channels

C&CB – Continued focus on transforming the business with improved momentum in 2H14

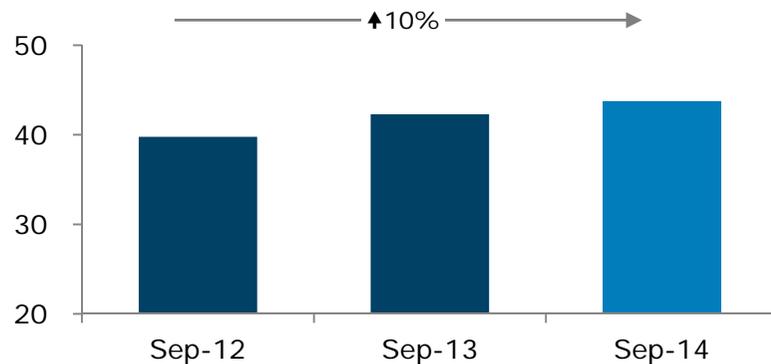
STRONG CORE MARKETS

Key initiatives across the business...

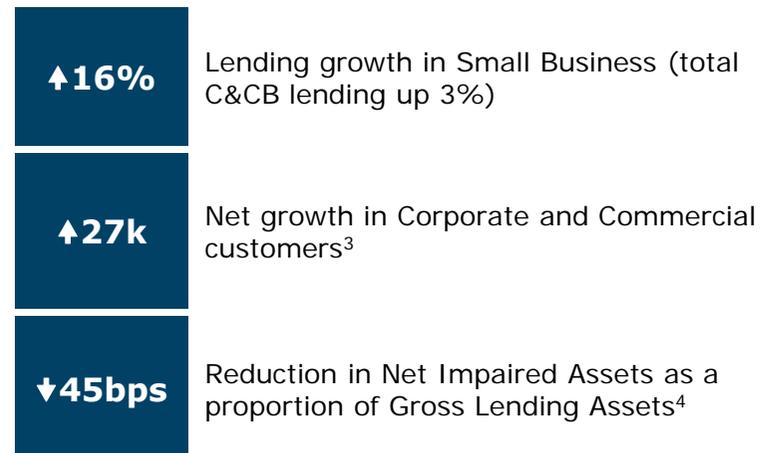


Continued gains in productivity

C&CB FUM per FTE
\$m



...underpin FY14 performance

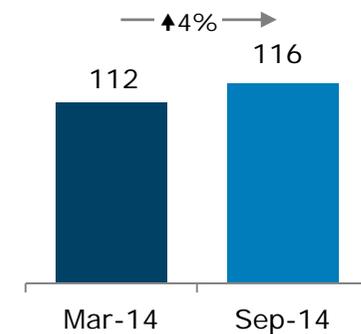


Improved sales momentum in 2H14

Business Credit Growth⁵
%, YoY



C&CB Lending & Deposit FUM
\$b



1. Increase in Business Response Team (BRT) work requests processed per FTE per day from 1H14 to 2H14 (BRT fully deployed in 2Q14); 2. Training hours delivered in FY14; 3. Net increase in customers 12 months to Aug-14. Excludes Esanda contracts; 4. For 12 months to Sep-14; 5. Business Credit, seasonally adjusted, RBA, Oct-12 to Aug-14

Leveraging ANZ's super regional connectivity to deliver long term, sustainable growth

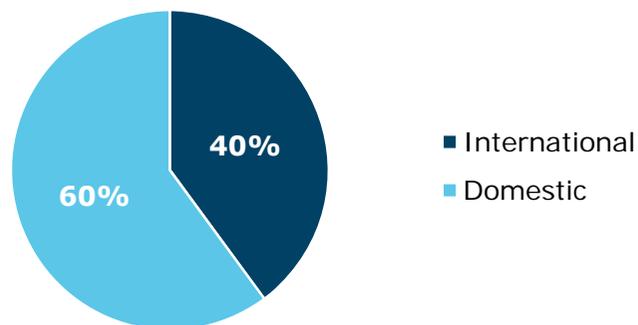
STRONG CORE MARKETS

Being the bank of choice for international customers in Australia

- \$365m** Deposits held by Retail International customers acquired overseas¹
- 17k** International customers acquired and onboarded prior to arriving in Australia
- 64** International Branches² with multi-lingual capability and resources

The International segment represents 40% of Transaction Customer Acquisition

Retail Transaction Customer Acquisition³
%

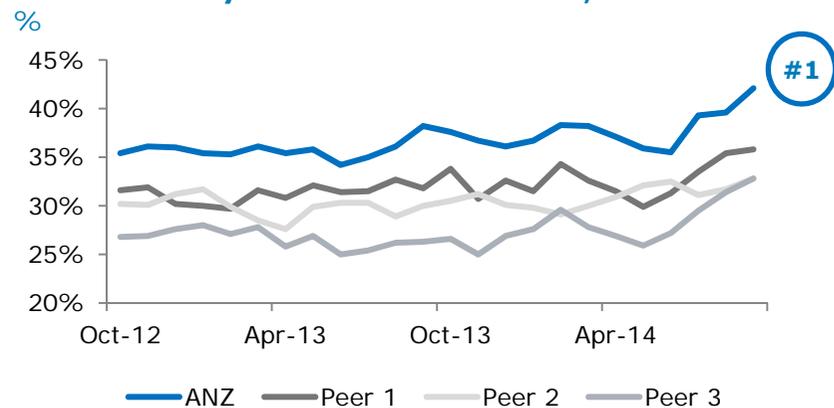


Supporting our customers to do business across the region

- 1,377** Cross border C&CB referrals from Australia supported by new online Global Referral Tool
- ↑16%** Growth in C&CB customers with a Trade relationship
- 7** Dedicated regional desks in key centres, supporting ANZ customers expanding offshore

Leading super regional capability appeals to customers

Can service my business needs in Asia, Australia & NZ⁴
%



1. For customers acquired in FY14; 2. International branches are located in Australia and focussed on International customers; 3. New to bank transaction customer acquisition for the 12 months to Sep-14; 4. Proportion of Commercial customers (\$1m to <\$40m turnover) associating institution with the statement 'can service my business needs across Asia, Australia and New Zealand', rolling 3 month average, DBM Financial Services Monitor, Oct-12 to Sep-14

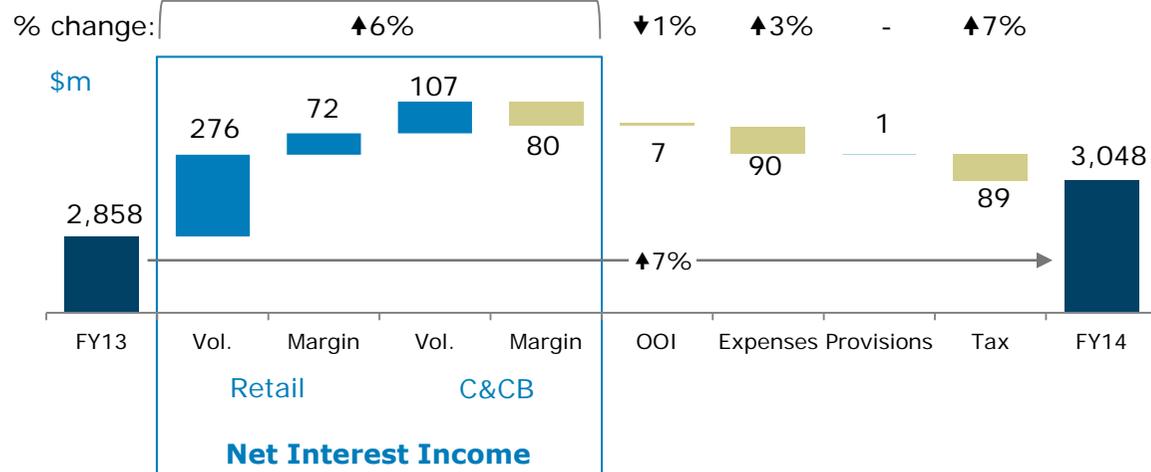


Enterprise approach is driving improvements in productivity, leveraging scale and increasing cross-sell

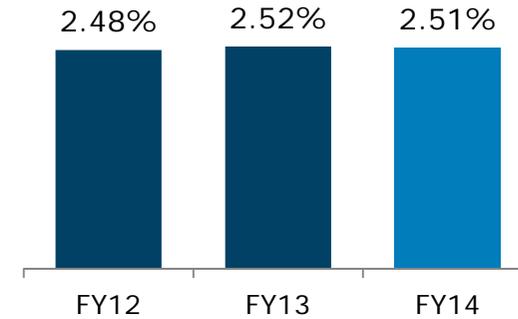
<p>Leveraging our Regional Delivery Network</p> <p><i>Utilising our super regional footprint to enhance productivity</i></p>	<ul style="list-style-type: none"> • Improving Operations overall productivity by 14%, with total costs and cost/FTE reducing, while volumes continued to increase • Customer complaints down 8% through product simplification and taking an end-to-end approach to improve processes
<p>Building common infrastructure</p> <p><i>Driving economies of scale and efficiency across the enterprise</i></p>	<ul style="list-style-type: none"> • Launched Global Asset Finance (GAF), a new core platform to enhance and grow asset finance capability across the Group, reducing the time to complete key sales processes from days to minutes • Deployed a common foundational digital platform for Singapore, Hong Kong and Australia. • Established Enterprise Data Warehouse to build a common data platform
<p>'Whole of ANZ' approach</p> <p><i>Increasing collaboration and connectivity across the enterprise</i></p>	<ul style="list-style-type: none"> • 53% of branch sales staff accredited to sell Wealth products and increased specialised coverage, supporting growth in Wealth cross-sell across the Australia Division. • Increasing coverage from specialist product partners in C&CB (IIB FTE dedicated to C&CB up 26% in FY14), supporting an increase in C&CB customers holding IIB products (up 15% in FY14)

Australia Division Financial Performance – P&L

Profit and Loss movement FY14 vs FY13

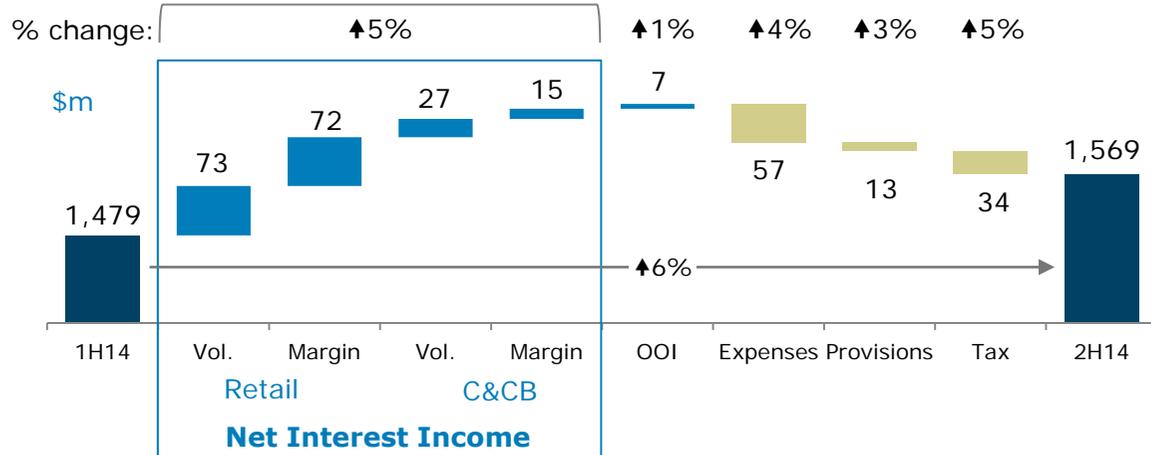


Net Interest Margin

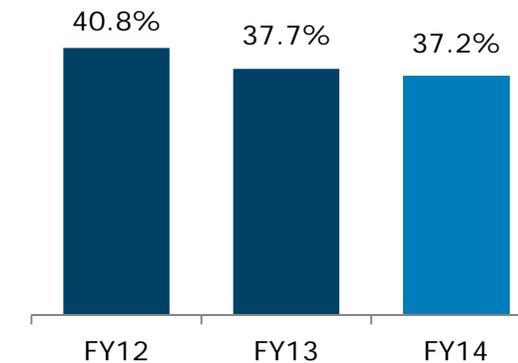


STRONG CORE MARKETS

Profit and Loss movement 2H14 vs 1H14



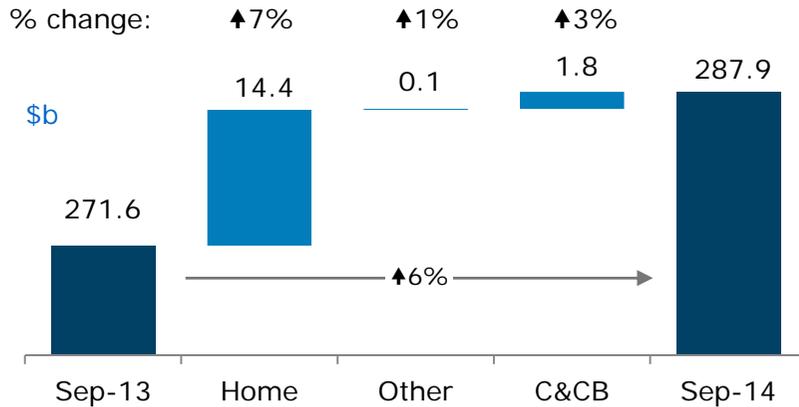
Cost to income



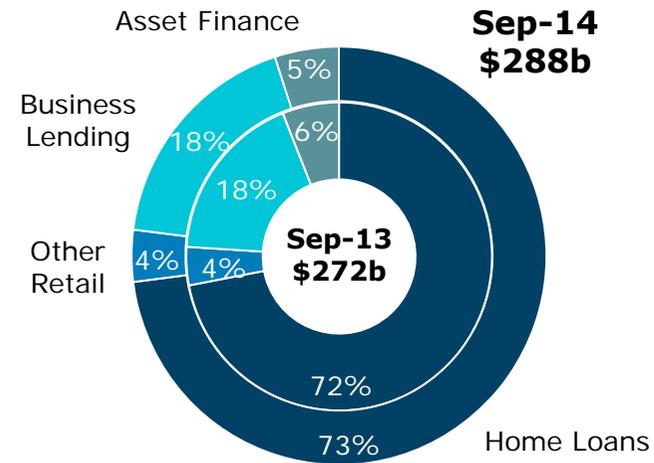
Australia Division Financial Performance – Balance Sheet

STRONG CORE MARKETS

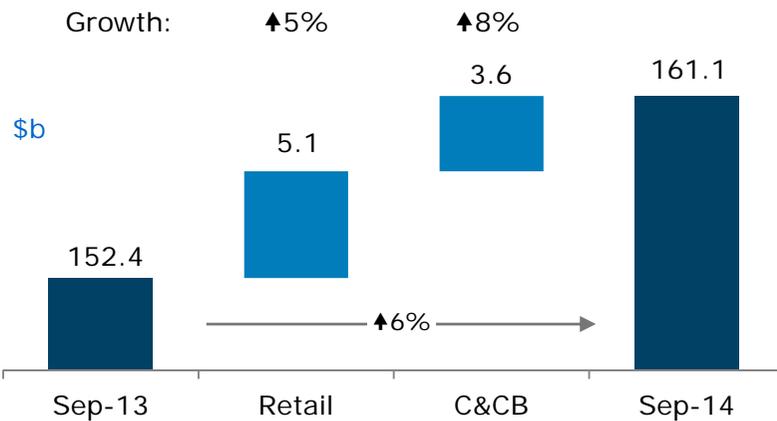
Loan movement



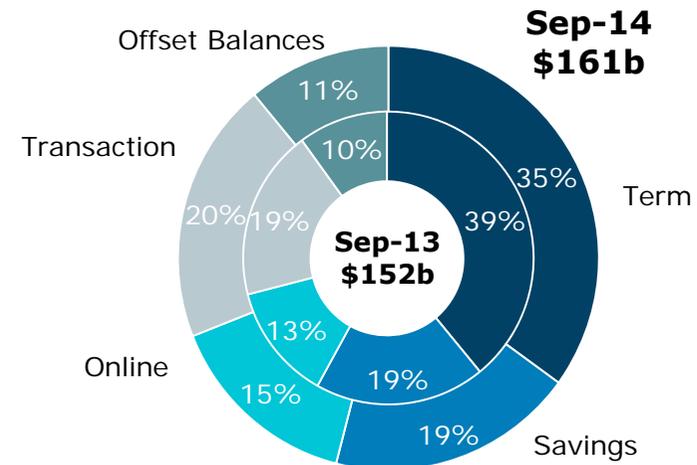
Customer lending composition



Deposit Movement



Customer deposit composition



Australia Division business unit performance

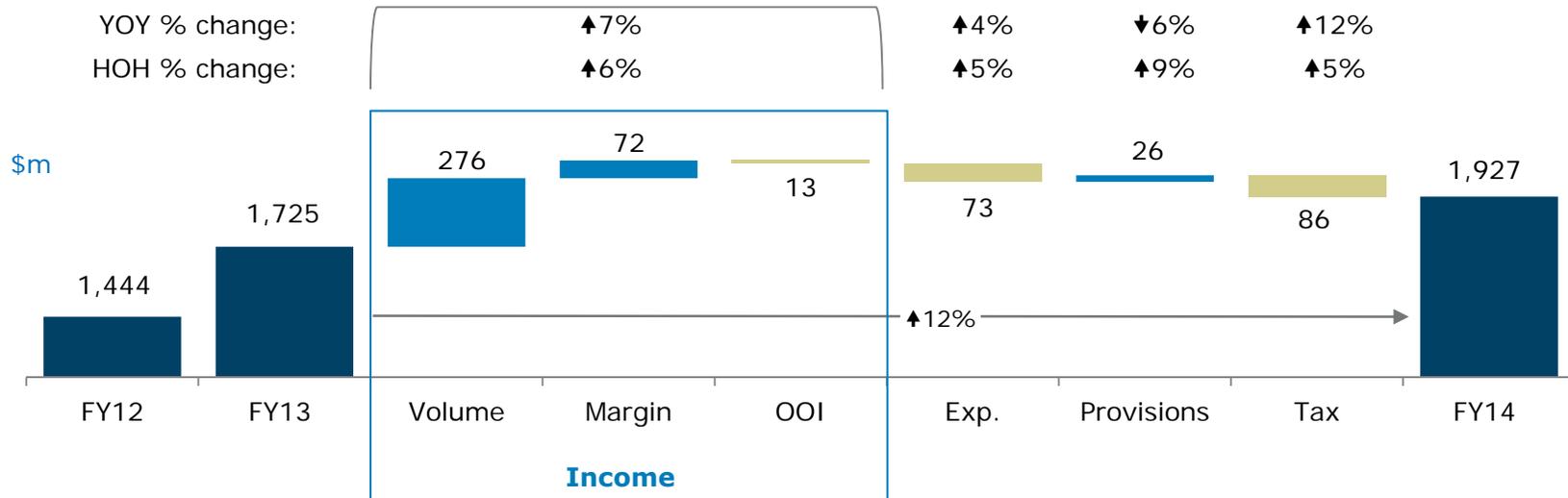
		Income (\$m)	Expenses (\$m)	PBP (\$m)	NPAT (\$m)	Cost to Income %
Australia Division	FY14	8,228	3,057	5,171	3,048	37.2%
	FY14 v FY13	5%	3%	6%	7%	-59bps
	2H14 v 1H14	5%	4%	5%	6%	-37bps
Retail	FY14	5,176	2,051	3,125	1,927	39.6%
	FY14 v FY13	7%	4%	9%	12%	-123bps
	2H14 v 1H14	6%	5%	7%	7%	-42bps
Corporate & Commercial Banking	FY14	3,052	1,006	2,046	1,121	33.0%
	FY14 v FY13	1%	2%	1%	-1%	+20bps
	2H14 v 1H14	3%	2%	4%	5%	-38bps

STRONG CORE MARKETS

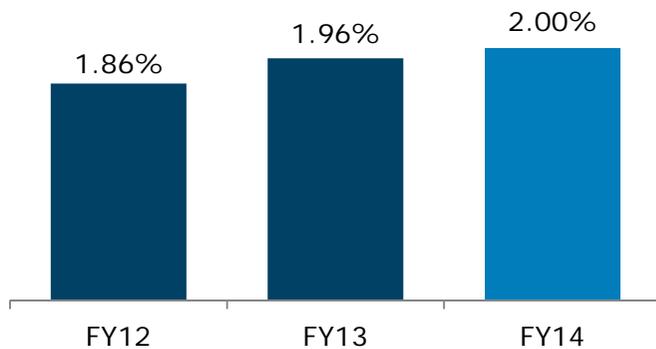
Retail – Financial Performance

STRONG CORE MARKETS

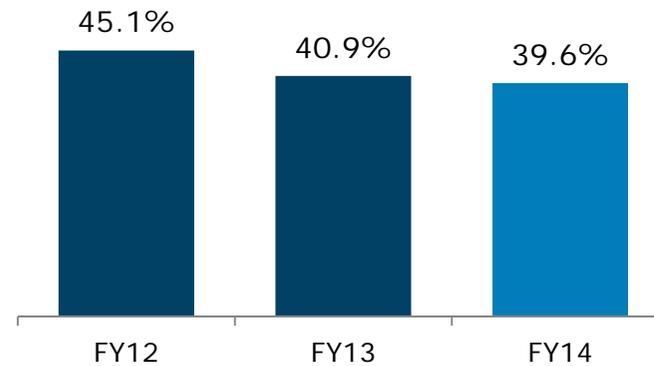
Profit and Loss movement FY14 vs FY13



Net Interest Margin



Cost to Income



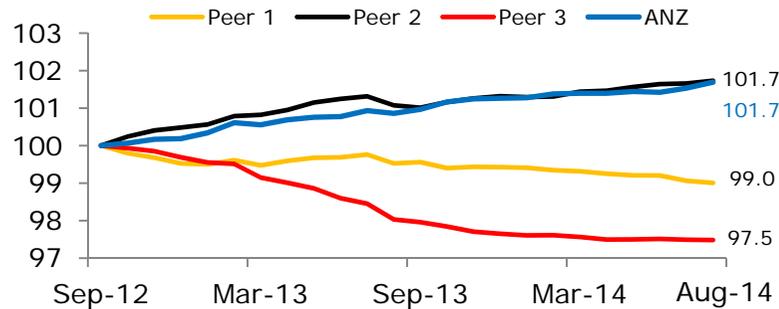
Retail – Consistent balance sheet growth

STRONG CORE MARKETS

Home Loan growth¹

Household Lending Market Share Growth (%)

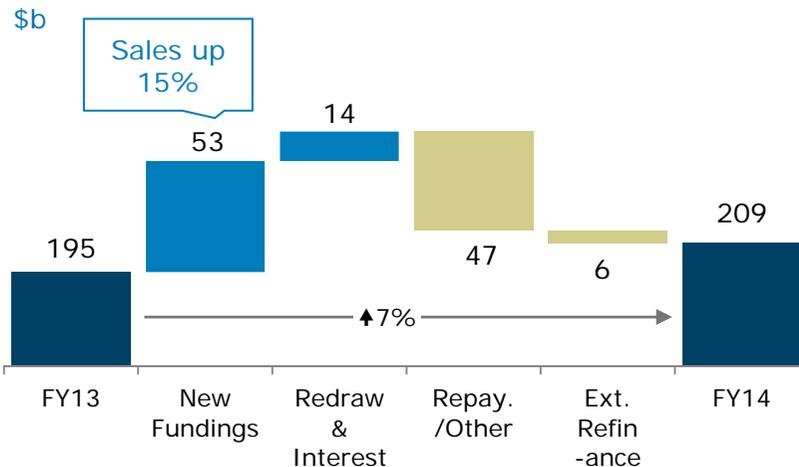
Index Sep-12 = 100



**ANZ
Market
Share:**

14.7% 14.8% 14.8% 14.9% 14.9%

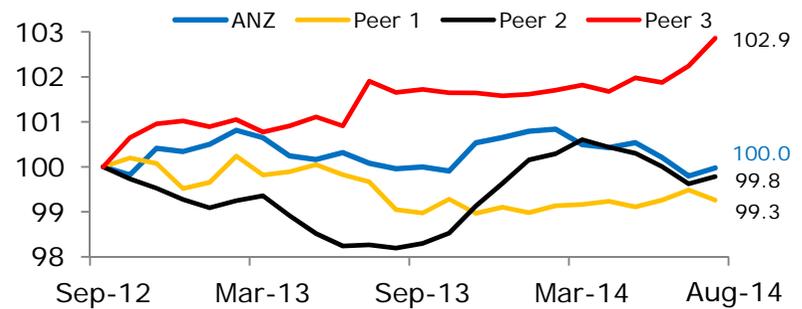
Home Loan sales and paydowns



Deposit Growth¹

Household Deposits Market Share Growth (%)

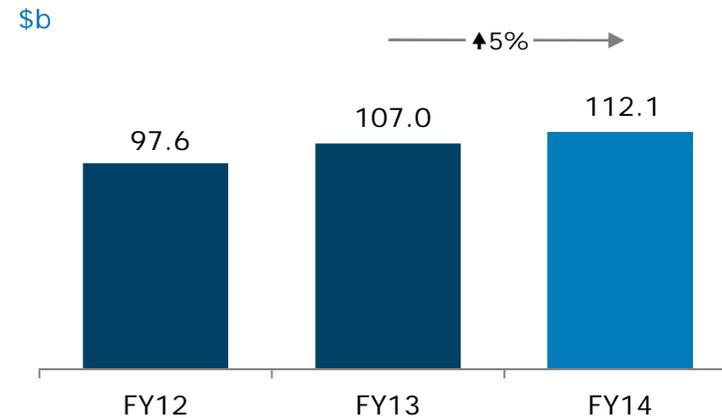
Index Sep-12 = 100



**ANZ
Market
Share:**

14.9% 15.0% 14.9% 15.0% 14.9%

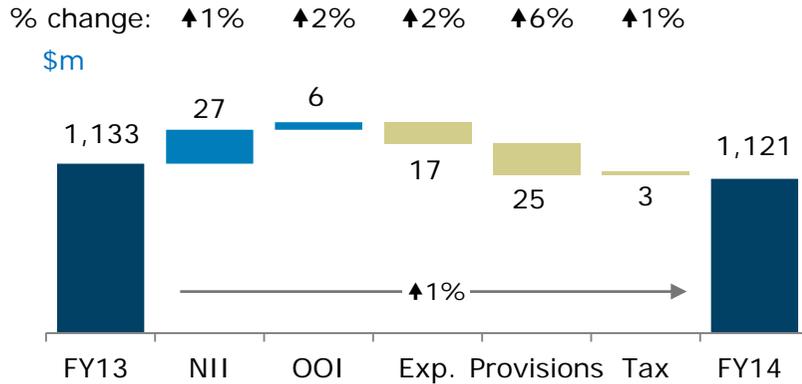
Deposit volume growth



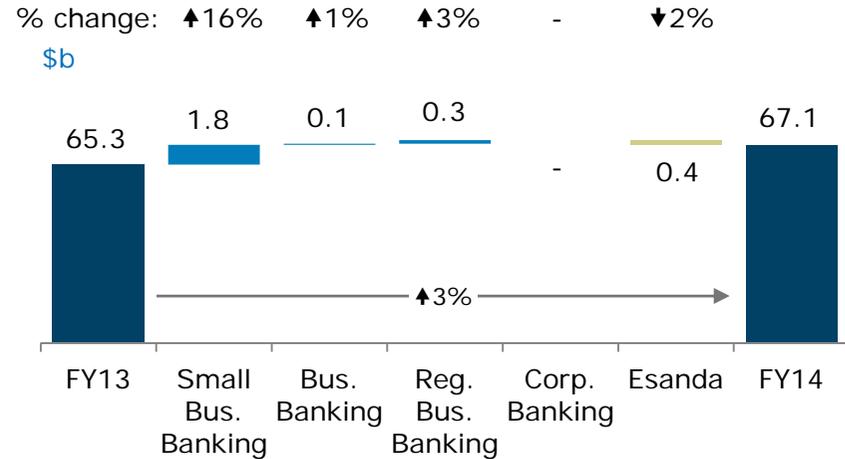
1. Source: APRA Monthly Banking Statistics, August 2014

C&CB – Financial Performance

Profit and Loss movement FY14 vs FY13

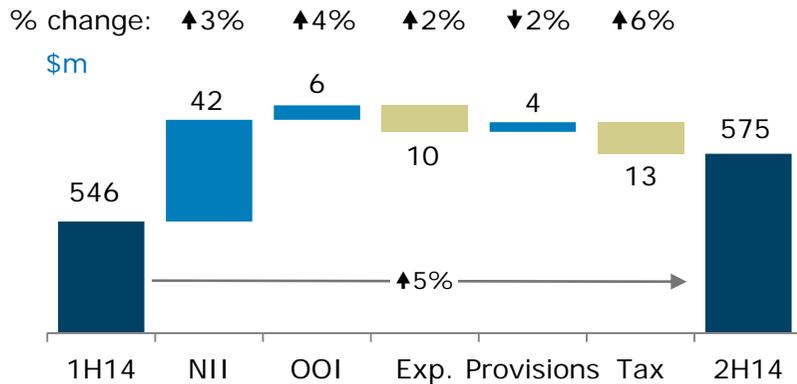


Lending growth by business

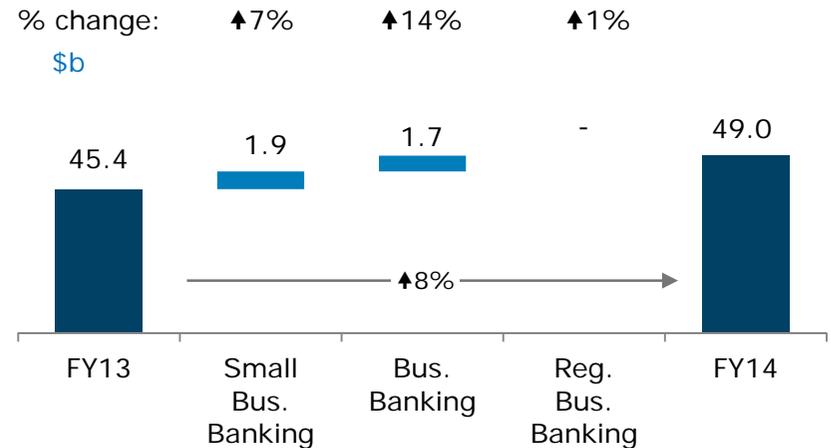


STRONG CORE MARKETS

Profit and Loss movement 2H14 vs 1H14



Deposit growth by business

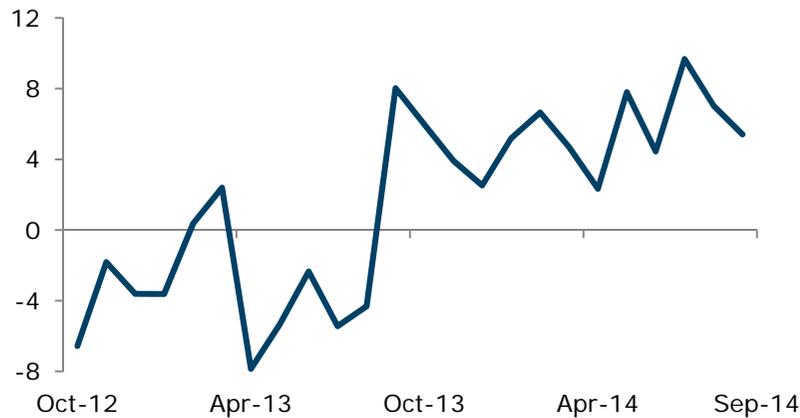


C&CB – greater momentum in second half

STRONG CORE MARKETS

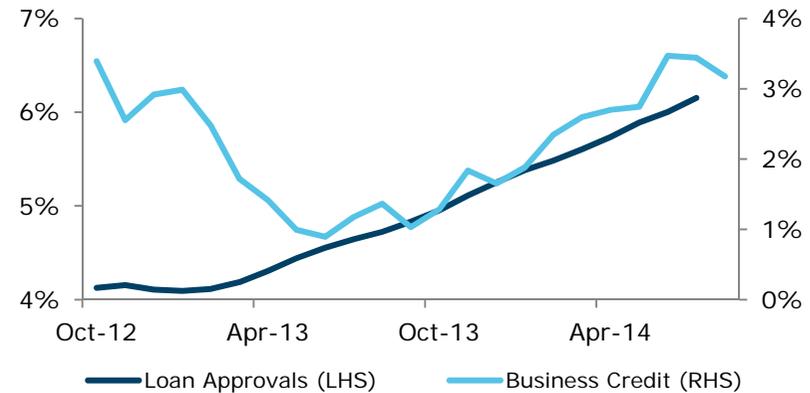
Recent improvements in business confidence and business conditions...

Business Conditions (Net Balance)¹



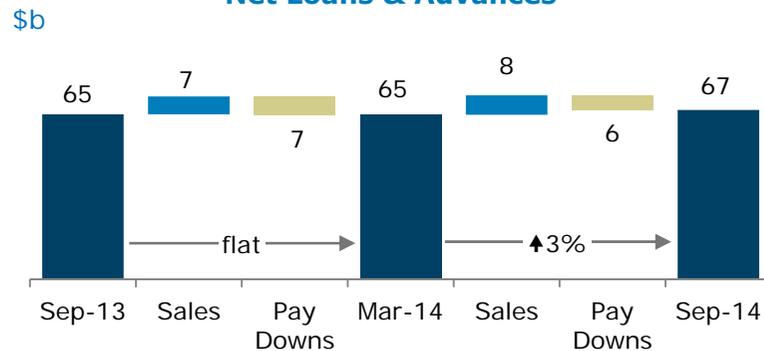
...are slowly translating to increased demand for business credit

Business Credit² and Loan Approvals³



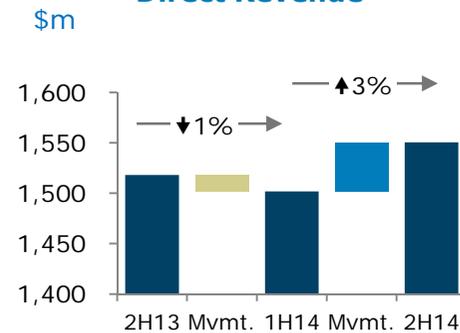
Trends in sales and pay downs are encouraging...

Net Loans & Advances



...and have contributed to improved revenue momentum in 2H14

Direct Revenue



Cross Sell Revenue



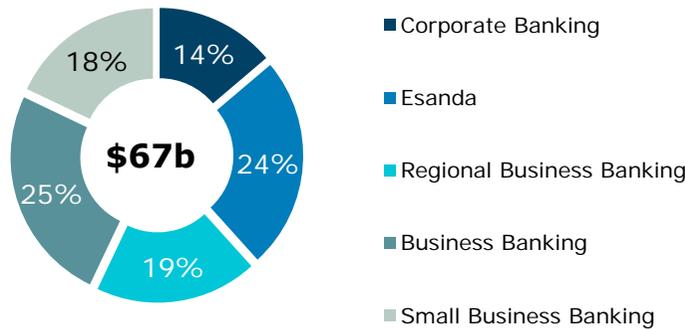
1. AI Group Performance of Construction, Performance of Manufacturing and Performance of Services Indices, combined and indexed by ANZ Research, Oct-12 to Sep-14
 2. Year-on-year change in Business Credit, seasonally adjusted, RBA, Oct-12 to Aug-14
 3. Trend in monthly business loan approvals as a proportion of total business credit outstanding per ABS, Oct-12 to Jul-14

C&CB – a diversified portfolio with continued improvements in asset quality and performance

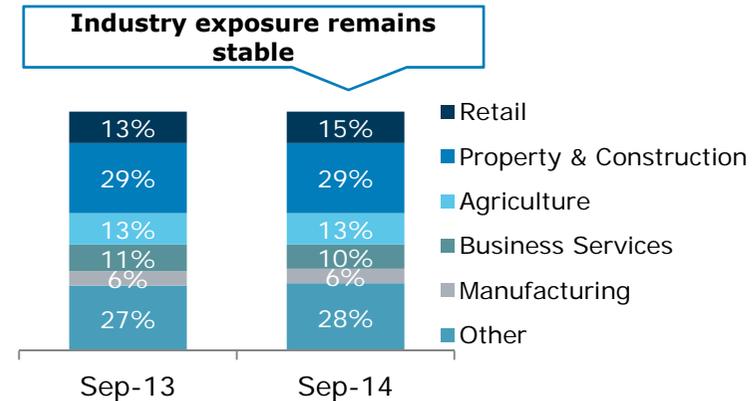
C&CB maintains a diversified portfolio, covering numerous market and customer segments

STRONG CORE MARKETS

Net Loans & Advances

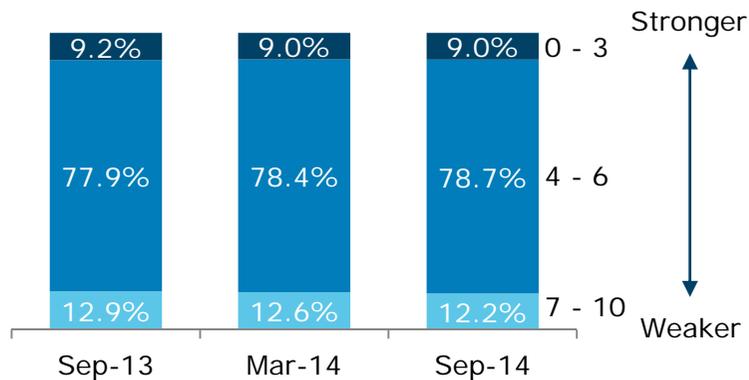


Exposure at Default by Industry (%)



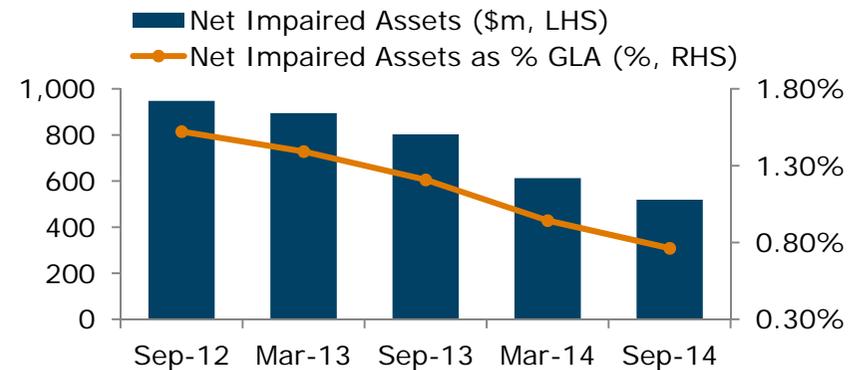
Improving asset quality

EAD by Customer Credit Rating (%)



Portfolio performance has improved

Net Impaired Assets



Creating New Zealand's best bank

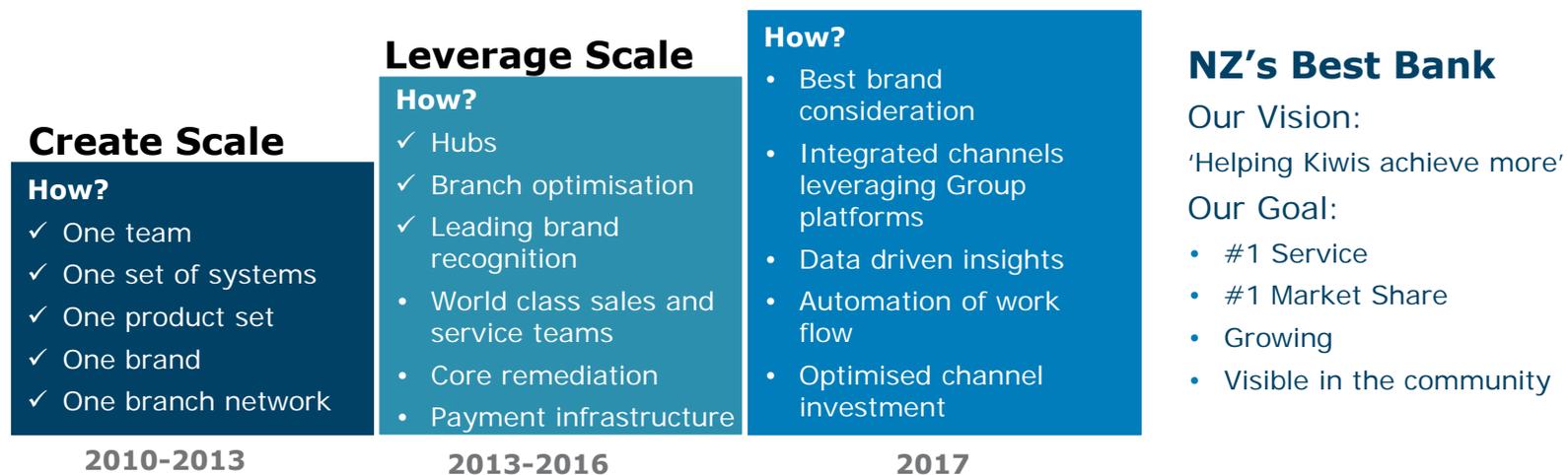


STRONG CORE MARKETS

ANZ New Zealand's Strategy

1. Leverage our scale advantage by **building and enabling world class sales teams** to capture cross sell and share growth
2. Empower customers and drive efficiency and sales through further **developing digital and payments capability**
3. Maximise our scale advantage by **simplifying** our products, processes, policies, technology & leveraging Group investment
4. Capitalise on our data advantage by **improving our data and insights** infrastructure and end-to-end leads processes
5. Improve our **connections between frontline channels** to support customer interactions

NZ's Best Bank



Our strategy is delivering a scale advantage

	<div style="background-color: #003366; color: white; padding: 5px; text-align: center;"> Create scale 2010 - 2013 </div>	<div style="background-color: #0070C0; color: white; padding: 5px; text-align: center;"> Leverage scale 2013 - 2016 </div>	<div style="background-color: #ADD8E6; color: white; padding: 5px; text-align: center;"> Scale advantage 2017 </div>
	2010	2014	2017
Core systems	2	1	1
Brands	2	1	1
ANZ brand consideration¹	27%	44%	Market leading
Staff engagement	64%	78%³	Best practice
NZ Geography - CTI	49.1%	38.9%⁴	Market leading
- Cash profit (NZDm)	866	1,682	
NZ Division - CTI	48.4%²	41.1%	Market leading
- Cash profit (NZDm)	545²	1,170	

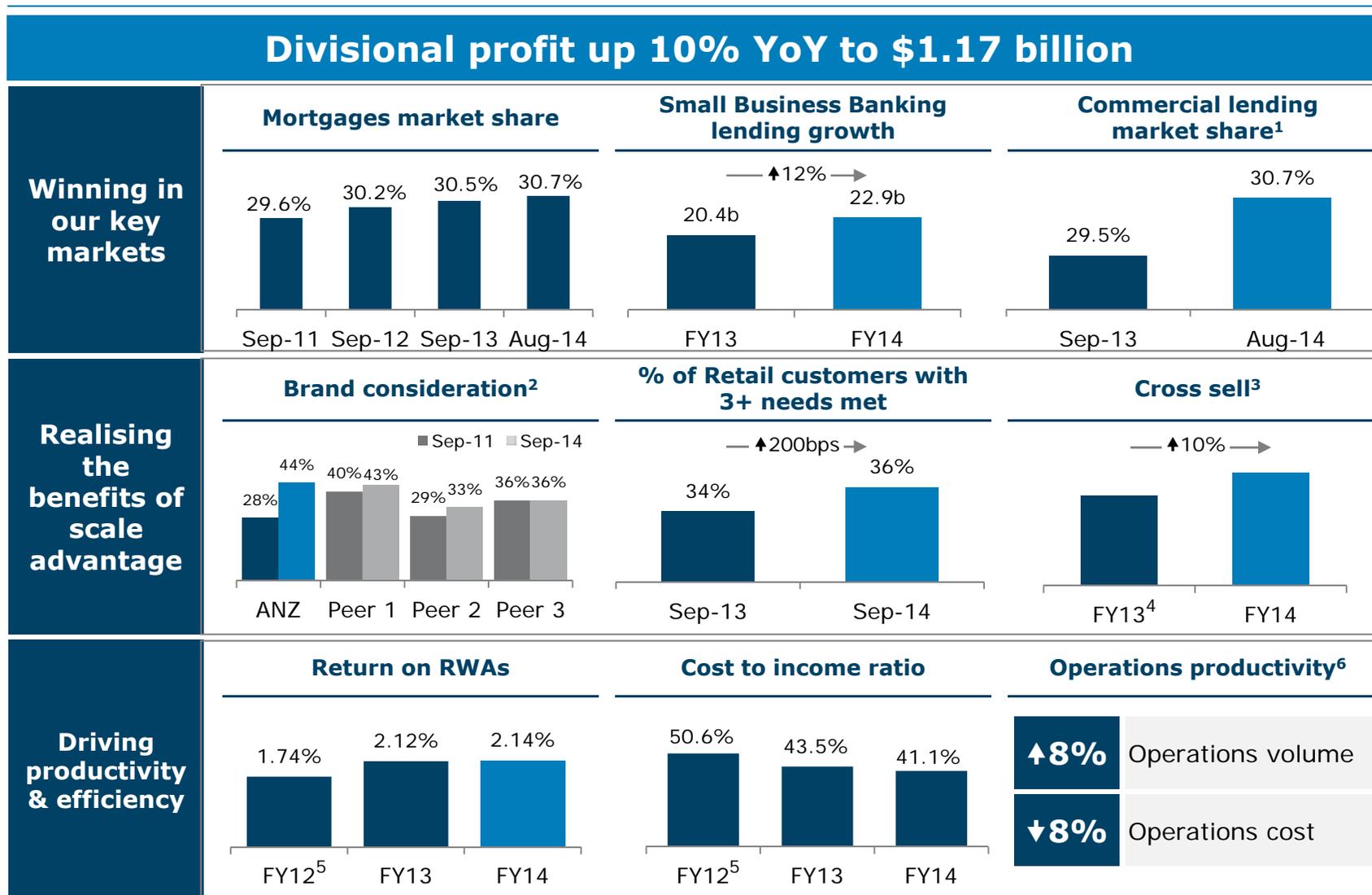
STRONG CORE MARKETS

- | | | |
|---|--|---|
| <ul style="list-style-type: none"> Brought 2 brands together Moved to 1 core banking system Created 1 management structure Simplified and moved to a single set of policies, processes and products | <ul style="list-style-type: none"> Leveraging global hubs and shared platforms Improving branch coverage Rolling out customer data focused sales strategy | <ul style="list-style-type: none"> Natural competitive advantage in key markets Enhancing digital offering for improved customer experience and banker efficiency |
|---|--|---|

1. Source: McCulley Research Limited (first choice or seriously considered)
 2. FY10 result on a consistent basis
 3. Staff engagement survey for 2014 as at July 2014
 4. Including the one off insurance recovery related to the ING frozen funds (excluding: 39.87%)

Building on a strong core market position

STRONG CORE MARKETS



1. RBNZ – Aug 14; 2. Source: McCulley Research Limited (first choice or seriously considered); 3. Institutional products to Commercial customers; 4. FY13 index = 100; 5. NPAT and CTI includes NZ Simplification Programme (NZS) costs (pre-tax: FY10 nil, FY12 NZD196m, FY13 NZD222m); 6. FY13 – FY14

Enhancing customer experience and driving efficiency

Transforming distribution channels

	FY13	FY14
• Smart ATMs	31	93
• Over the counter transactions		↓1.9m
• Time reduction in answering Contact Centre calls		↓50%

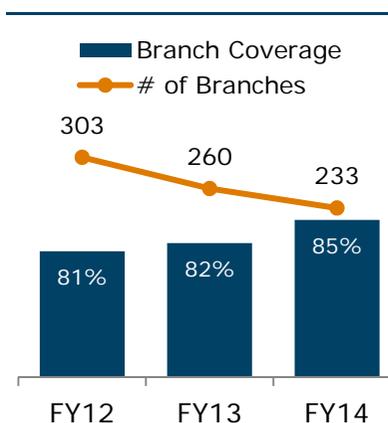
Mobile & digital

	FY13	FY14
• Active goMoney™ users	240k	421k
• Fastpay merchants registered ¹		1,800+
• Contactless merchants	1,308	1,910
• Mobile banking customer sat'n	92%	97%

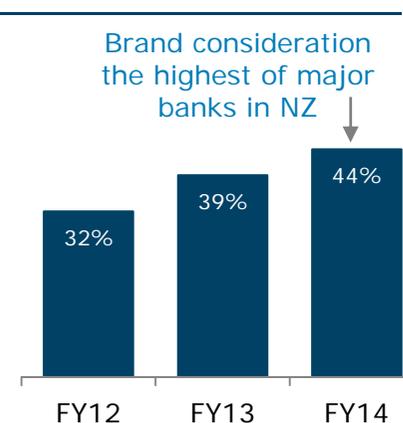
Enhancing capability, simplifying processes

	FY13	FY14
• % of retail & business products with statement suppression ²	40%	47%
• Frontline hours released for sales	90k	110k
• Product simplification ³	56 ⁴	24

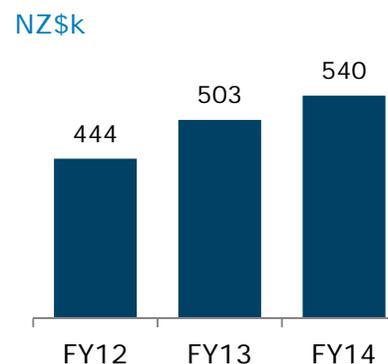
Branch coverage⁵



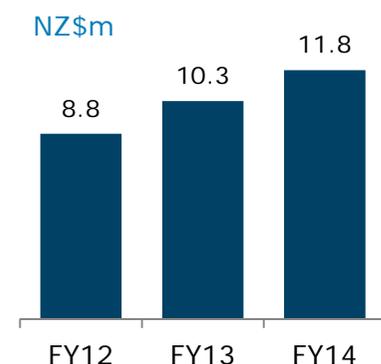
Brand consideration⁶



Revenue per FTE⁷



Revenue per branch⁷

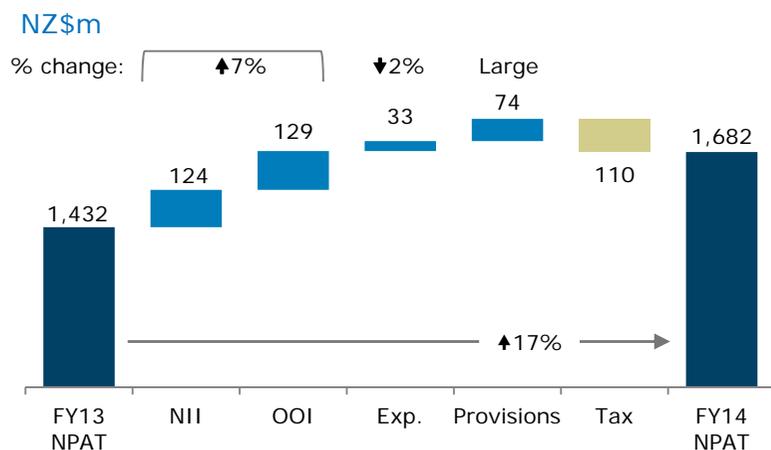


STRONG CORE MARKETS

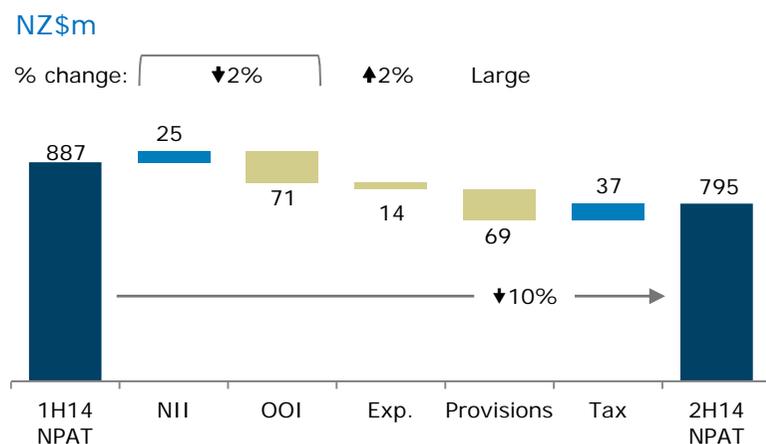
1. ANZ Fastpay launched on 13 December 2013; 2. Excluding Bonus Bonds. Statement suppression provides option to elect to receive statements online; 3. Products offered in Retail & Small Business Banking; 4. September 2011 comparative position; 5. Branch coverage measures the areas in which ANZ is represented relative to where New Zealanders do business; 6. Source: McCulley Research Limited (first choice or seriously considered); 7. Amounts based on end of period FTE and branch numbers

New Zealand Geography - Profit and loss performance

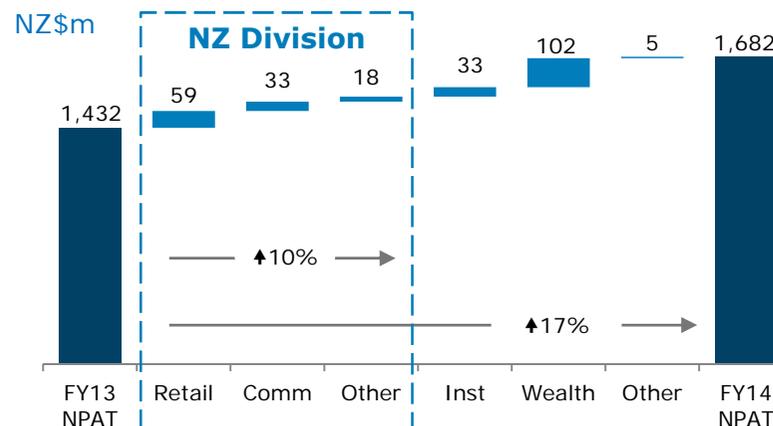
Profit and loss movement FY14 vs. FY13



Profit and loss movement 2H14 vs. 1H14



Profit and loss contribution



STRONG CORE MARKETS

Half on half profit & loss impacts

Income

- First half OOI included a \$91m one off insurance recovery related to the ING frozen funds recorded in Wealth

Provisions

- 2H14 IP charge \$39m higher due to lower level of provision write-backs
- Lower net CP release in 2H14, partly reflective of CP charges due to higher lending growth
- Continued improvement in credit quality, although 2H14 improvements at a slower rate

New Zealand performance

FY14 New Zealand business unit performance

NZ\$m		Revenue	Expenses	PBP	Provisions	NPAT
Retail	FY14	1,272	(632)	640	(31)	438
	FY14 v FY13	↑4%	↓1%	↑10%	↓46%	↑16%
	2H14 v 1H14	Flat	Flat	Flat	↑58%	↓3%
Small Business Banking	FY14	591	(239)	352	(32)	231
	FY14 v FY13	Flat ¹	↓2%	↑1%	↑452%	↓8%
	2H14 v 1H14	↑2%	↓1%	↑4%	↑141%	↓4%
CommAgri	FY14	872	(250)	622	72	500
	FY14 v FY13	↑2%	↑1%	↑3%	↓320%	↑12%
	2H14 v 1H14	↑4%	↑2%	↑5%	↑76%	↓8%
NZ Division						
Institutional	FY14	626	(183)	443	(1)	320
	FY14 v FY13	↑3%	↓7%	↑7%	↓97%	↑12%
	2H14 v 1H14	↓3%	↓2%	↓4%	↑268%	↓5%
Wealth	FY14	377	(137)	240	1	182
	FY14 v FY13	↑63%	↓2%	↑159%	↓46%	↑128%
	2H14 v 1H14	↓35%	↑3%	↓51%	↑104%	↓50%

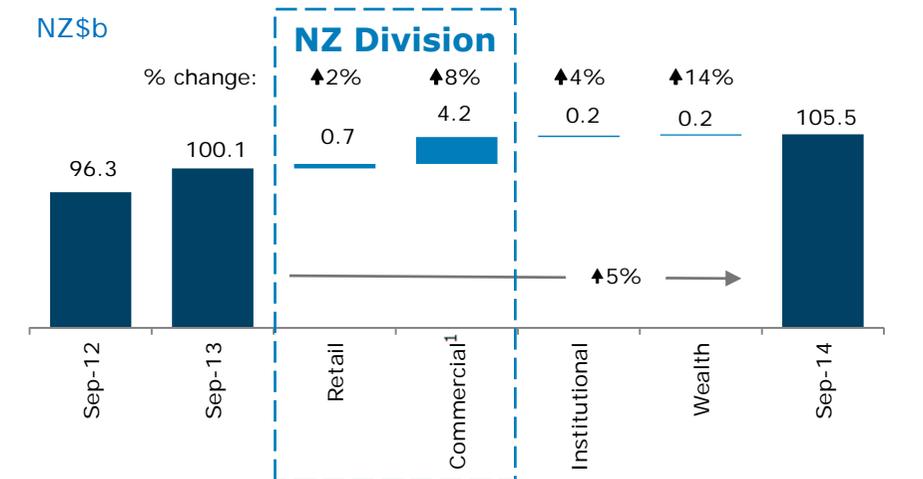
STRONG CORE MARKETS

1. FY13 result includes gain on sale of EFTPOS New Zealand Limited ('EFTPOS') \$17m and revenue forgone \$23m

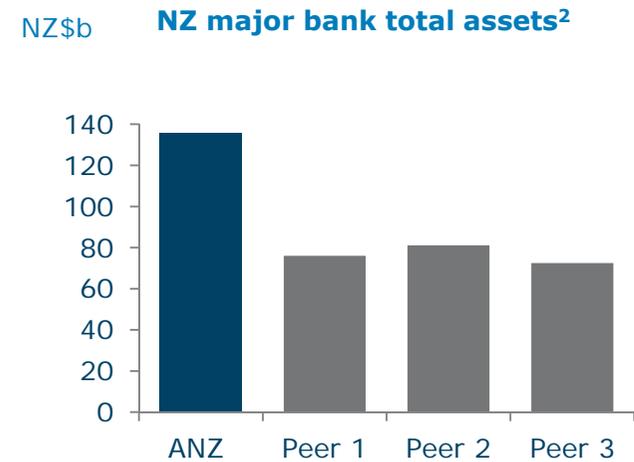
New Zealand Geography – balance sheet performance

STRONG CORE MARKETS

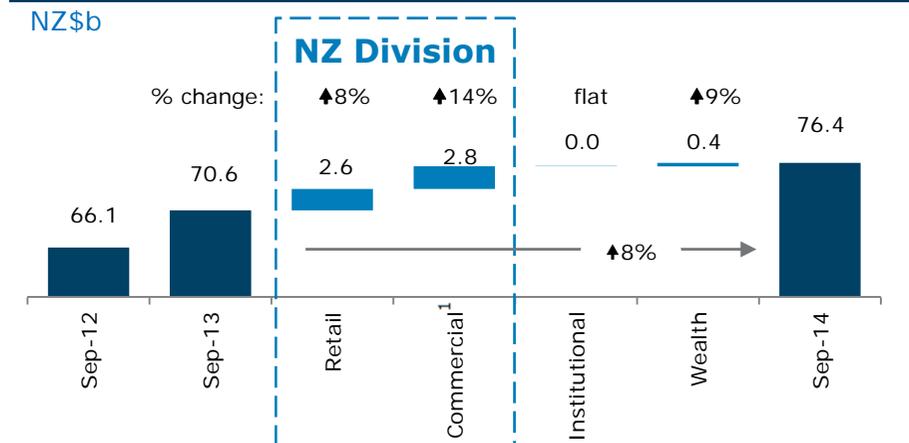
FY loan movement



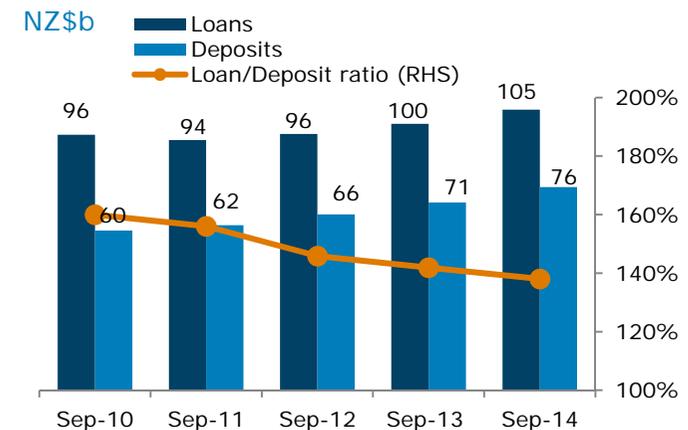
Leading position in NZ



FY deposit movement



Improving loans to deposit ratio NZ Geography

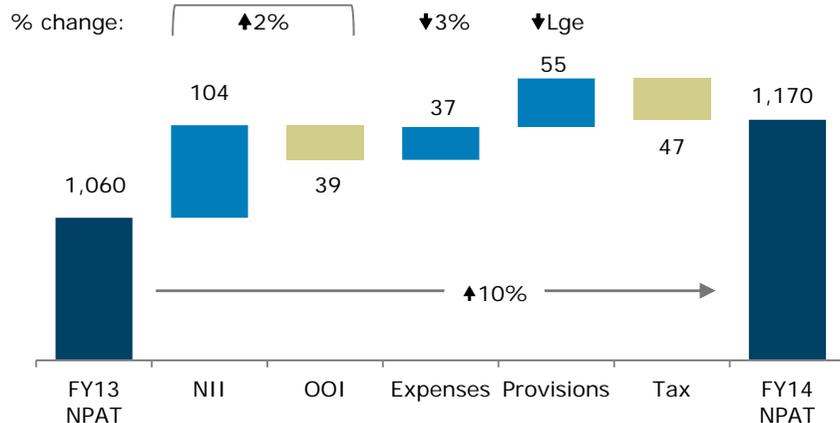


1. Commercial includes Small Business Banking and Commercial & Agri
 2. As reported in 30 June 2014 company reports

New Zealand Division: financial performance

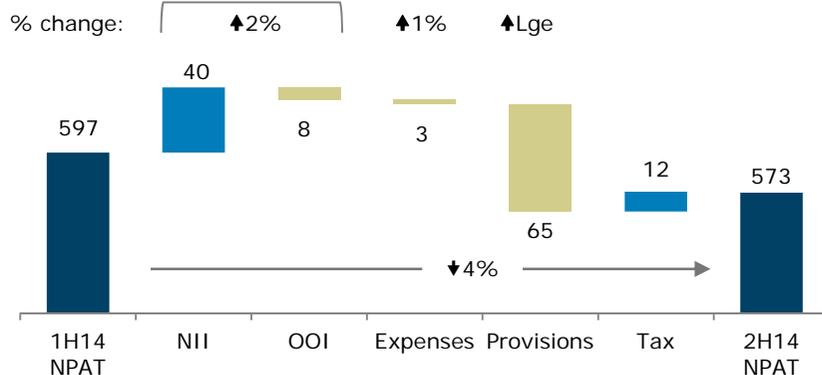
Profit and loss movement FY14 vs. FY13

NZ\$m

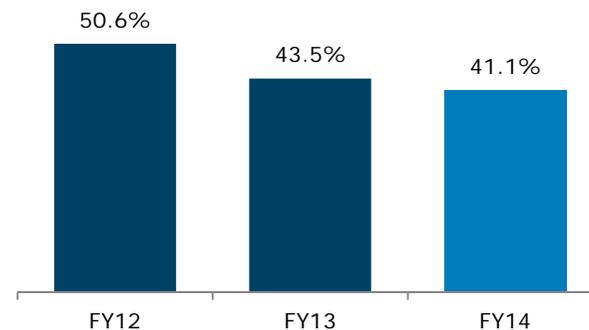


Profit and loss movement 2H14 vs. 1H14

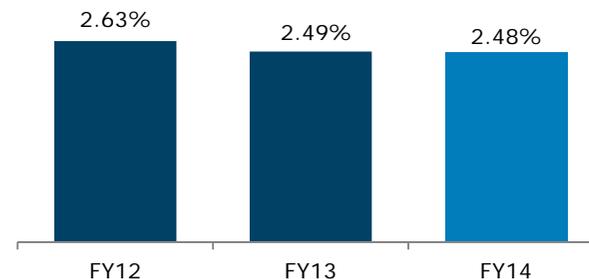
NZ\$m



Cost to income

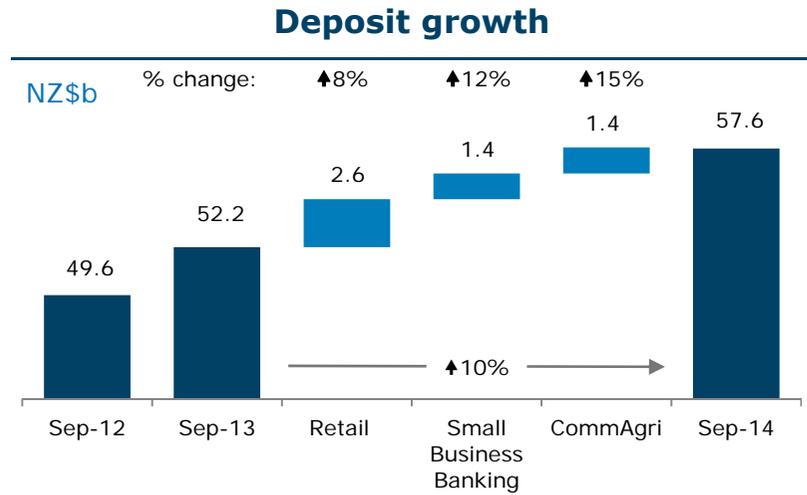
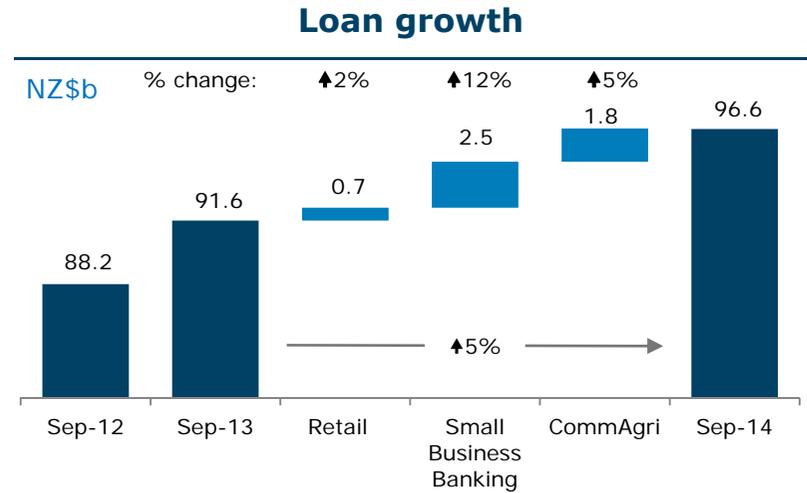
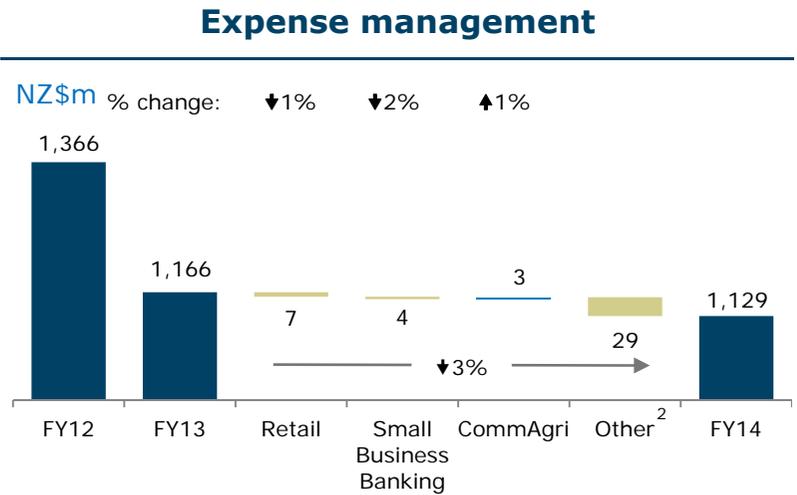
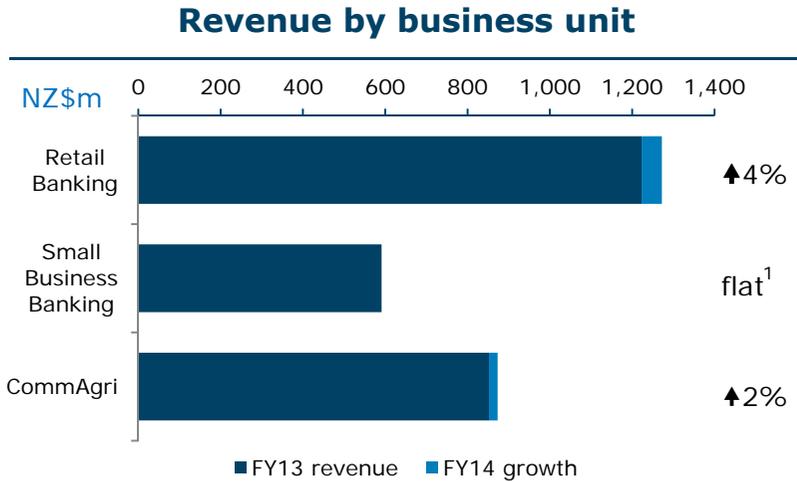


Net interest margin



STRONG CORE MARKETS

New Zealand Division: business unit contribution



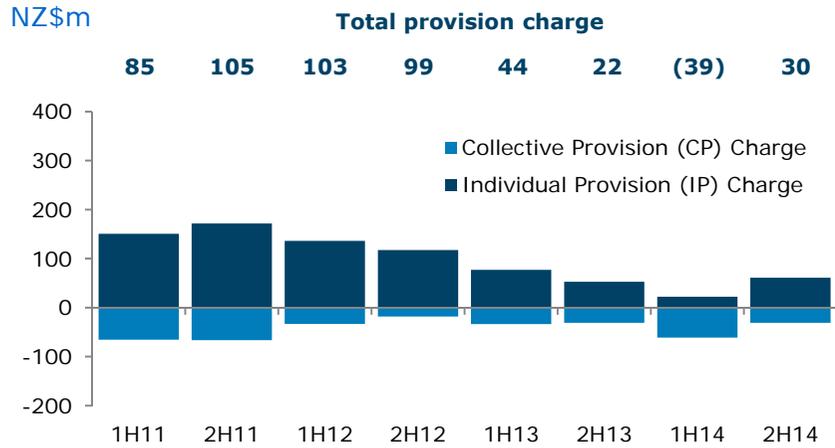
STRONG CORE MARKETS

1. FY13 result includes gain on sale of EFTPOS \$17m and revenue foregone \$23m, excluding the impact of EFTPOS growth was 7%
 2. Other includes NZ Simplification Programme Costs (FY13 NZD22m)

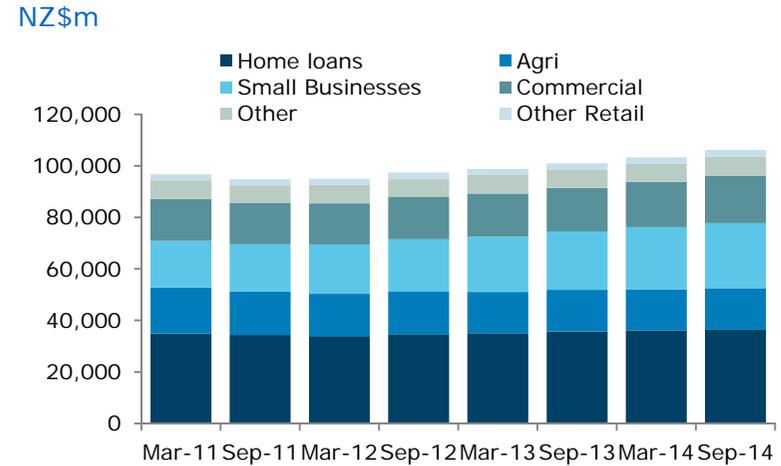
New Zealand Geography: portfolio composition

STRONG CORE MARKETS

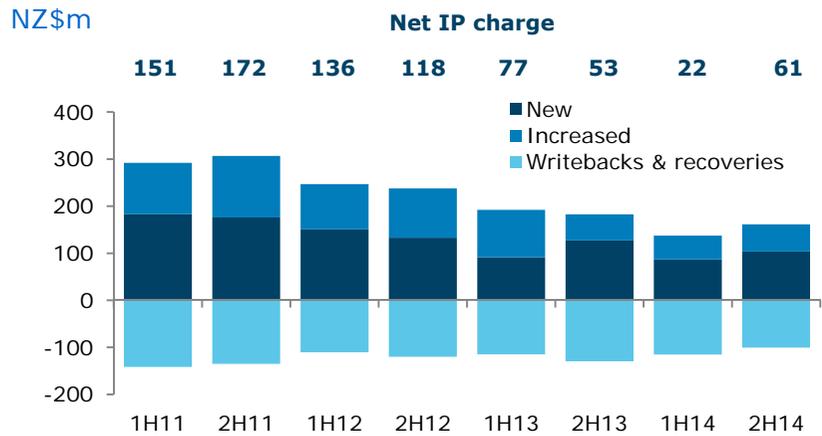
Provision charge



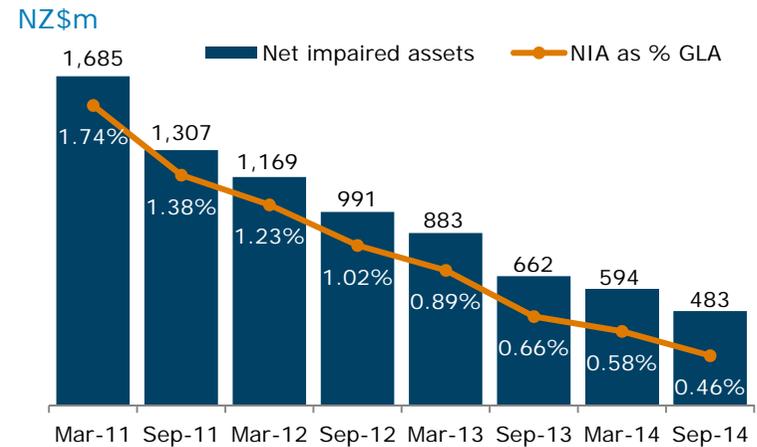
Portfolio composition



Individual provision charge composition



NZ Geography net impaired assets



New Zealand Retail: continuing to drive productivity

STRONG CORE MARKETS

Optimising distribution channels



110,000 additional sales hours

- Simplifying key business processes
- Introducing straight through processing
- Centralising non-customer facing activities



↑34% revenue per branch¹

- Rolling out new format branches
- Optimising branch network



↑22% revenue per FTE¹

- Ensuring right people are in the right place
- Driving resource optimisation

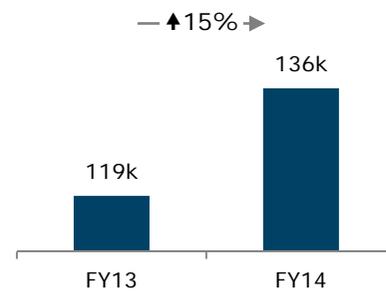


↑20% Smart ATMs¹

- Improving customer experience
- Ensuring self-service ATMs for deposits and withdrawals are easily available

Customer trends

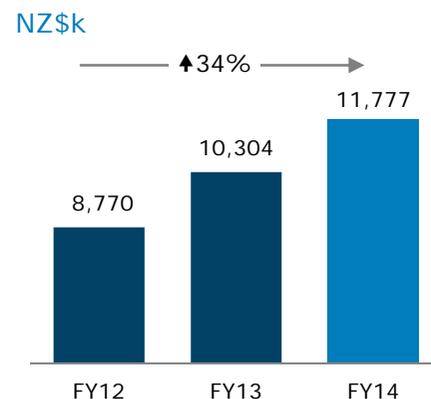
Gross Retail customer acquisition



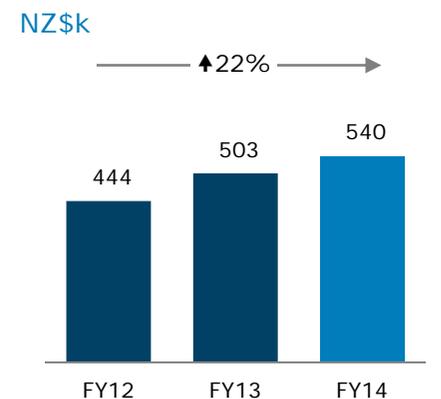
Gross Small Business customer acquisition



Revenue² per branch



Revenue² per FTE

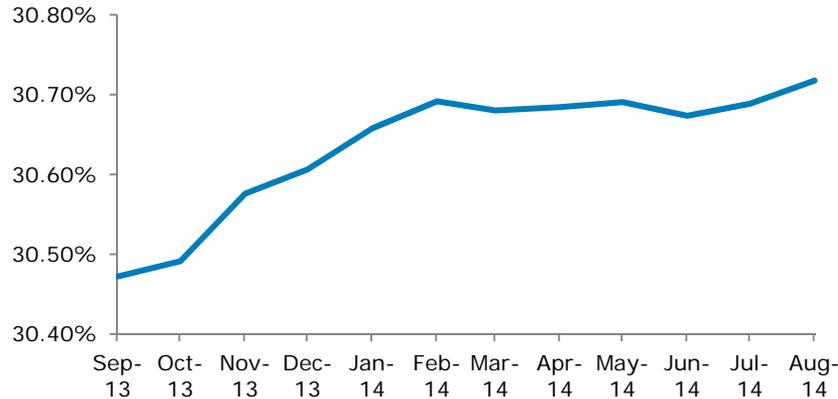


1. FY12 – FY14
2. Revenue is based on NZ Division

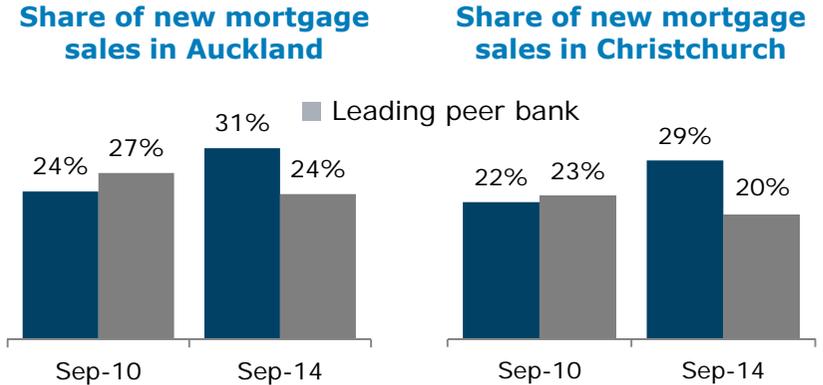
New Zealand Retail: delivering higher returns in mortgages

STRONG CORE MARKETS

Strong mortgage share momentum¹

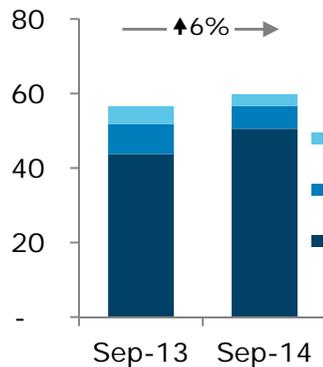


#1 in Auckland and Christchurch³

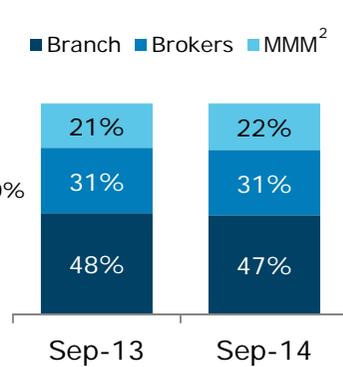


Growth weighted to lower LVR loans, origination diversified across channels

Balances by LVR band NZ\$b

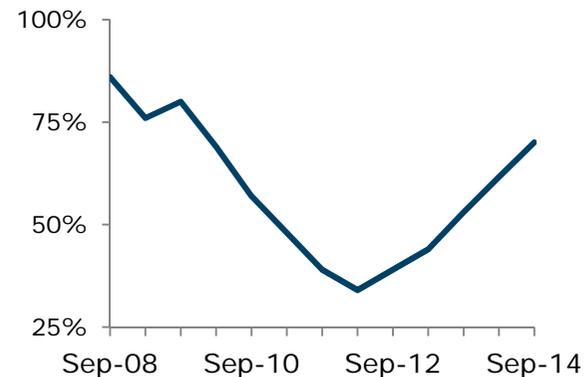


% of mortgage sales by channel

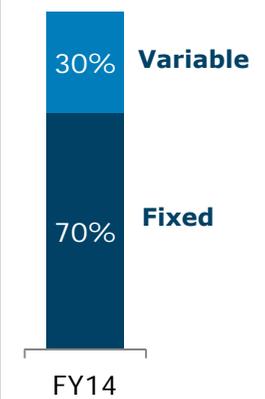


Managed NIM well in the face of continued trend towards fixed mortgages

ANZ % Fixed Rate mortgages in portfolio



Sales mix

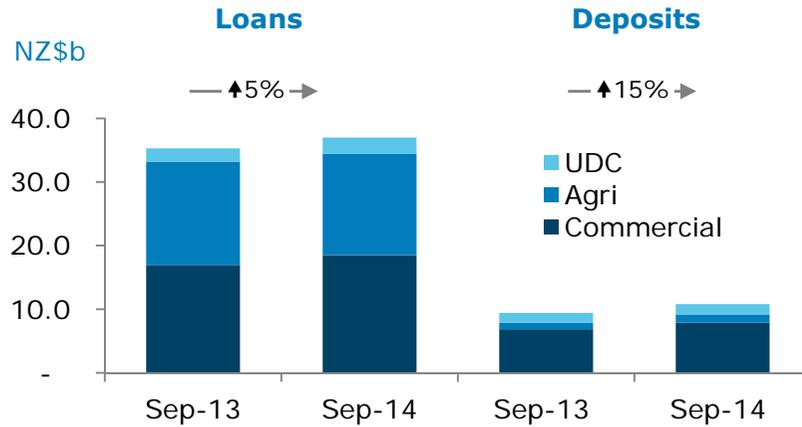


1. RBNZ – Aug 14
 2. Mobile Mortgage Managers
 3. CoreLogic – Sep 14

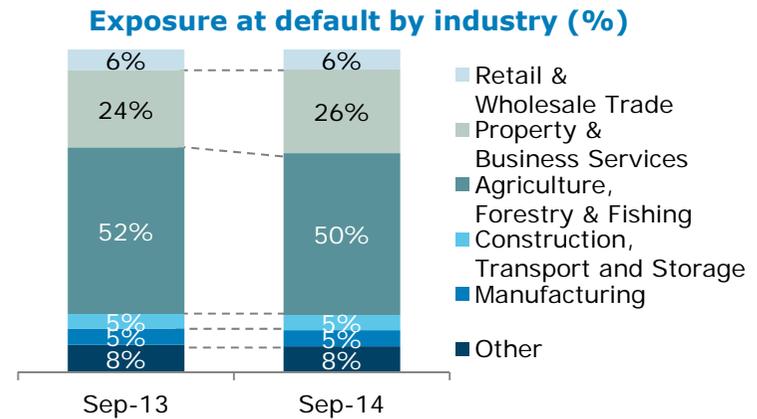
Commercial & Agri delivering high quality growth

STRONG CORE MARKETS

Strong growth in loans and deposits

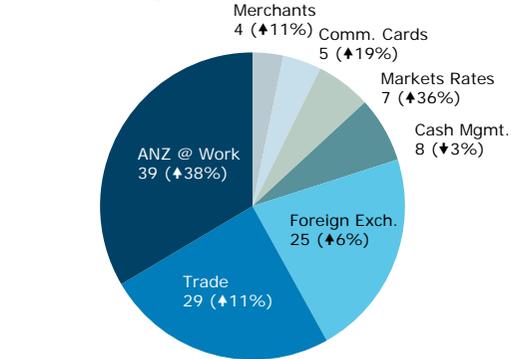


Stable diversified portfolio

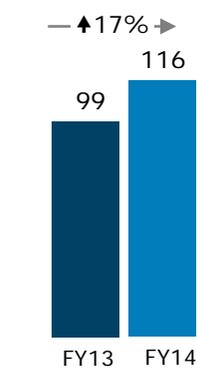


Connecting customers to specialists has driven strong cross-sell growth

FY14 Cross-sell revenue

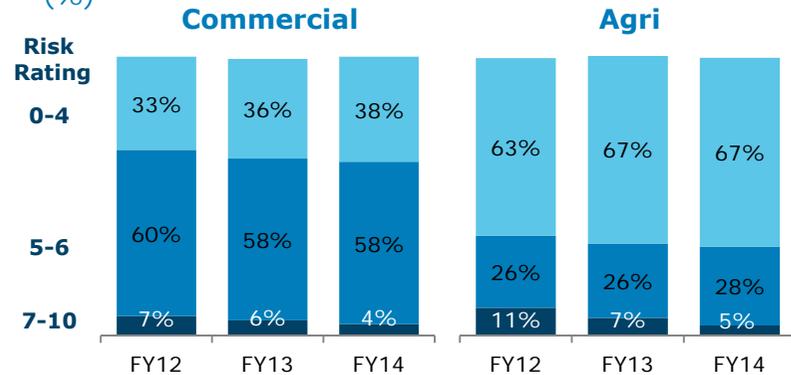


Total value



FUM increase has been achieved while still improving the book credit quality

EAD distribution by CCR¹



1. Customer Credit Rating CCR Internal ANZ Rating

Global Wealth delivering value through ANZ channels

Global Wealth is transforming the way customers connect, protect and grow their wealth through:

- Simple, accessible and affordable solutions
- Integrated physical and digital channels, bringing customers' wealth and banking together into one place
- Transforming the advice process to provide transparent, relevant and valued advice
- Extending innovations into Asia and New Zealand.

Improved customer economics²

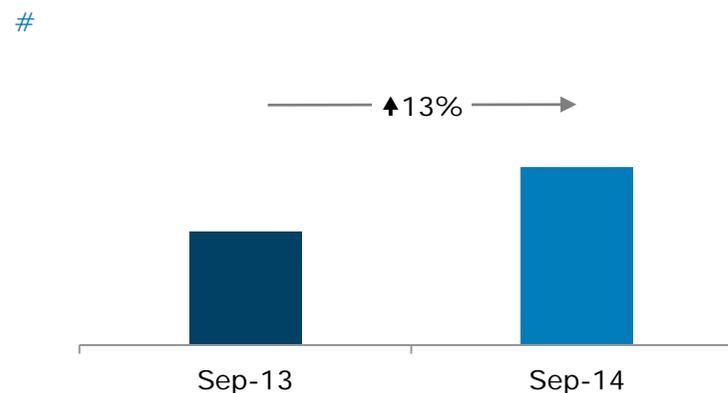
↑47% Revenue per Customer

Increased revenue per customer with a Wealth solution

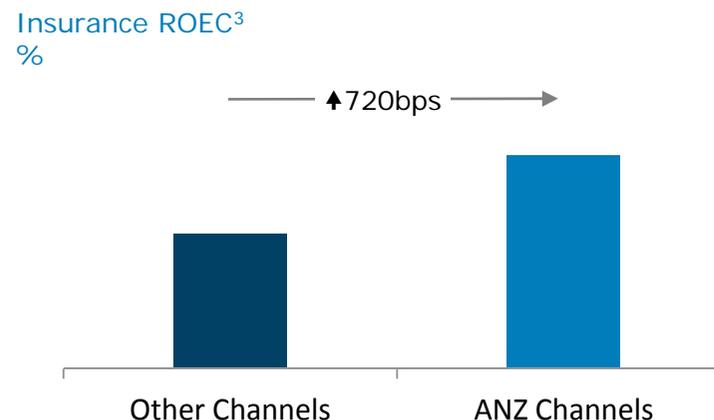
↓44% Customer attrition

Lower attrition for customers with a Wealth solution

Growth in number of Wealth solutions sold through ANZ channels¹



Focus on channels driving higher returns



STRONG CORE MARKETS

1. Includes Australia, New Zealand and Asia
 2. Australia only, as at June 2014
 3. Return on Economic Capital

Grow... a series of innovations across the digital, physical and advice space

<p>Simple, accessible and affordable</p>	<p>ANZ Smart Choice Super</p>	<ul style="list-style-type: none"> • Lowest retail super fees¹ • Award winning product • Via mobile platform • Appeals to Gen X / Y
<p>Your financial life all in one place</p>	<p>Grow by ANZ™</p>	<ul style="list-style-type: none"> • Rated 4/5 stars in the Apple App Store • #3 most popular Finance app on iPad² • Won 'Best Mobile Trading App' at the 2014 Australian Mobile and App Awards
<p>New physical environments</p>	<p>ANZ Grow Centre</p>	<ul style="list-style-type: none"> • Average customer satisfaction score of 8.5/10³ • Additional Grow Centres planned for Australia, New Zealand and Asia



STRONG CORE MARKETS

1. As at June 2014, research conducted by SuperRatings Pty Ltd. For further details refer to <<http://www.wealth.anz.com/content/dam/anzwealth/pdfs/superannuation/ANZ-smart-choice-fee-analysis.pdf>>
 2. As at 30 September 2014, ranked 3rd in free finance app category on iTunes Australia
 3. Survey of seminar attendees

ANZ Smart Choice Super – a simple, accessible and affordable retirement solution

STRONG CORE MARKETS



- #1** Australia's lowest-fee retail superannuation fund¹
- 40%** Customers buy insurance when they open an account²
- #1** Highest MySuper netflows in the market³



Awarded 5 star 'Outstanding Value' by CANSTAR for all superannuation categories in 2014



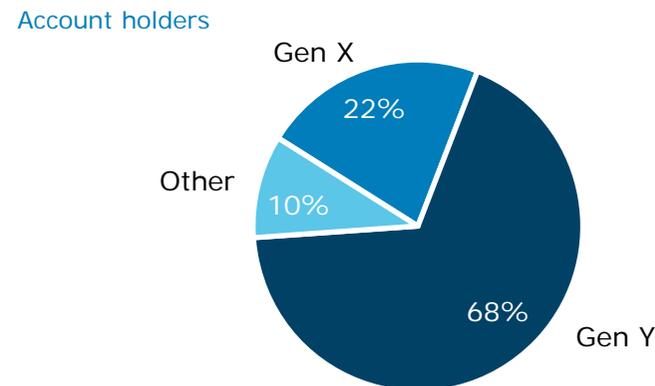
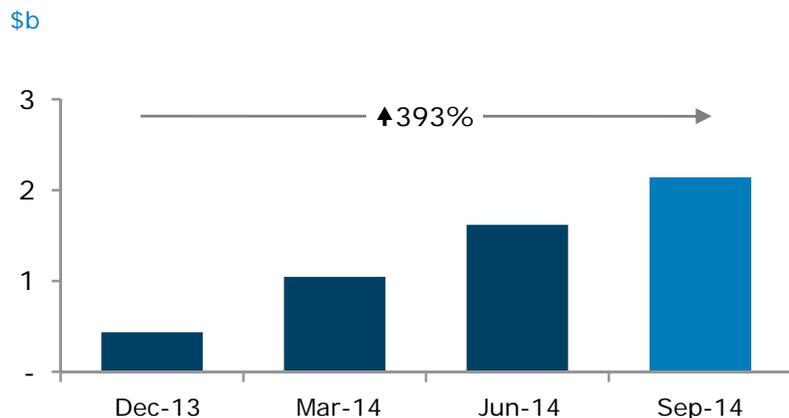
Awarded 'Best Innovative Investing Product 2014',⁴ 'Lowest Cost Default Super Fund' and 'Lowest Cost Default Pension Fund' by Money Magazine



Awarded 'Best New Product'⁴ by SuperRatings and the 'Fast Mover' as the fund with highest growth in membership and FUM over 2014

ANZ Smart Choice Super FUM⁵

ANZ Smart Choice Super demographics⁶



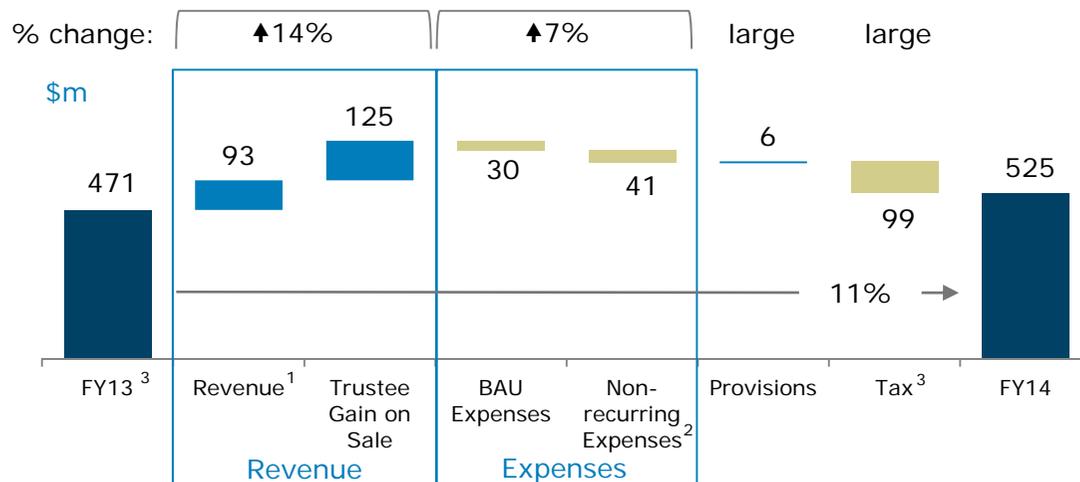
1. As at June 2014, research conducted by SuperRatings Pty Ltd. For further details refer to <<http://www.wealth.anz.com/content/dam/anzwealth/pdfs/superannuation/ANZ-smart-choice-fee-analysis.pdf>>; 2. 40% of funded Retail ANZ Smart Choice Super accounts had active insurance as at 30 September 2014; 3. Highest netflows for the March quarter. As per Plan for Life, MySuper Report (March 2014); 4. Awarded for new paperless rollover feature; 5. FUM includes Retail and MySuper products; 6. Retail account holders. For the purposes of the research, 'Gen Y' are born after 1981. 'Gen X' born 1965 – 1981. 'Other' were born prior to 1965



Global Wealth Financial Performance – P&L

STRONG CORE MARKETS

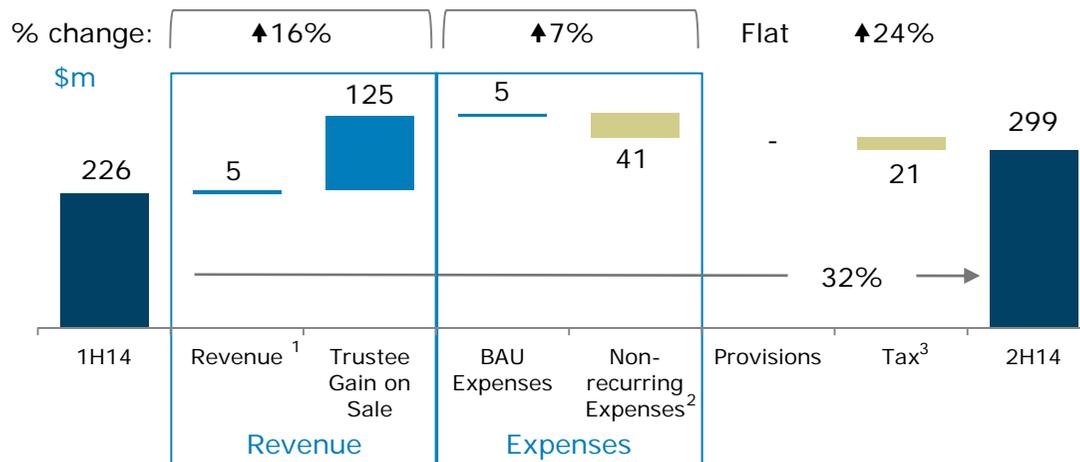
Profit and Loss movement FY14 vs FY13



FY14 v FY13

- Global Wealth reported cash profit increased 11% FY14 on FY13. Operating income increased 14% and expenses 7%
- Excluding the impact of the sale of ANZ Trustees and prior year tax credit, cash profit increased 10%.

Profit and Loss movement 2H14 vs 1H14



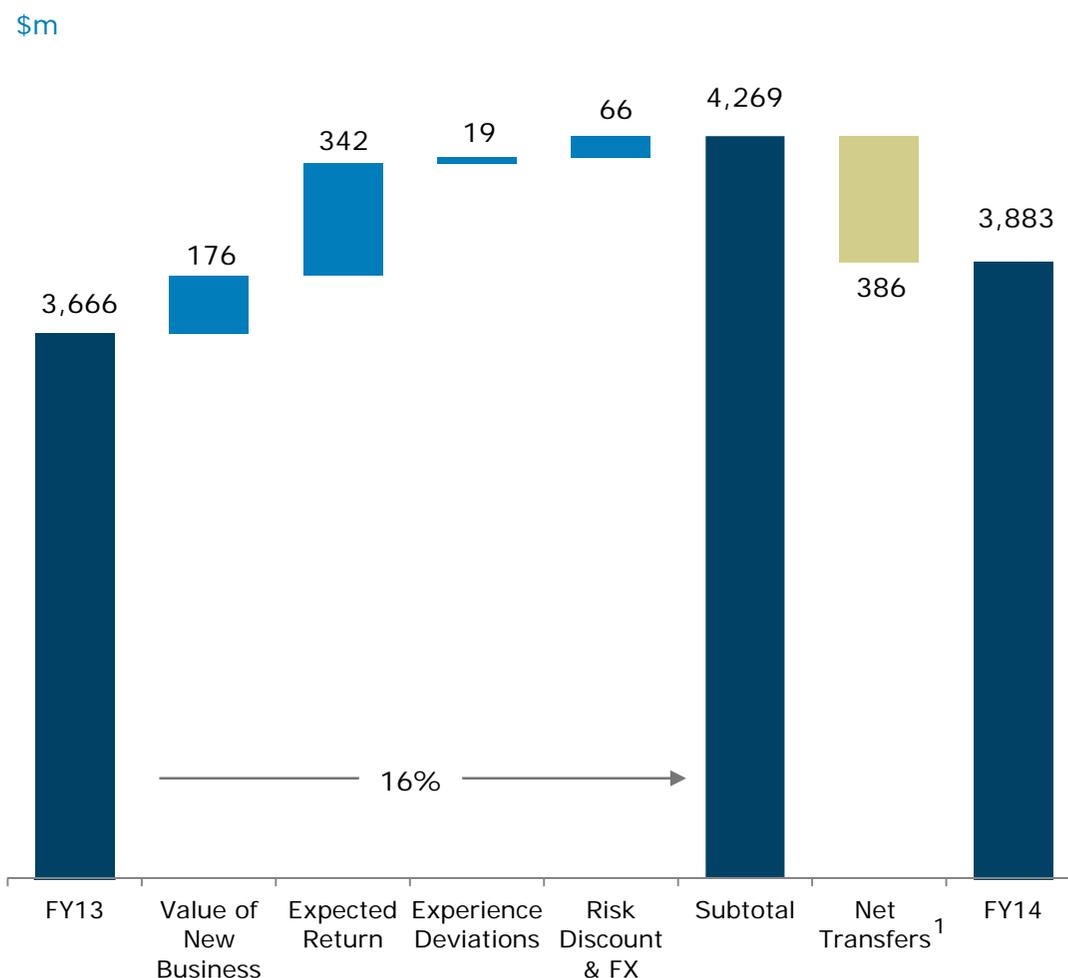
2H14 v 1H14

- Global Wealth cash profit up 32% HOH
- Excluding the impact of ANZ Trustees sale, Global Wealth cash profit increased 4% driven by growth in inforce premiums and improved Group Insurance lapse experience partially offset by higher claims. 1H14 benefitted from a non-recurring insurance settlement gain.

1. Revenue includes \$47m loss from the exit of a Group Life Insurance plan and a non-recurring insurance settlement net gain of \$26m
 2. Non-recurring expenses includes \$41m of strategic initiatives
 3. FY13 includes \$50m one-off tax consolidation adjustment

Embedded Value – Insurance and Investments

Embedded Value growth over FY14



- Strong business performance resulted in an increase in Embedded Value² of 16%³ over the twelve months to September 2014
- Value of New Business up by \$176m predominantly driven by retail insurance
- Expected return recognises realisation of current year planned profit and expected growth of inforce business
- FY14 experience has been in line with expectations.

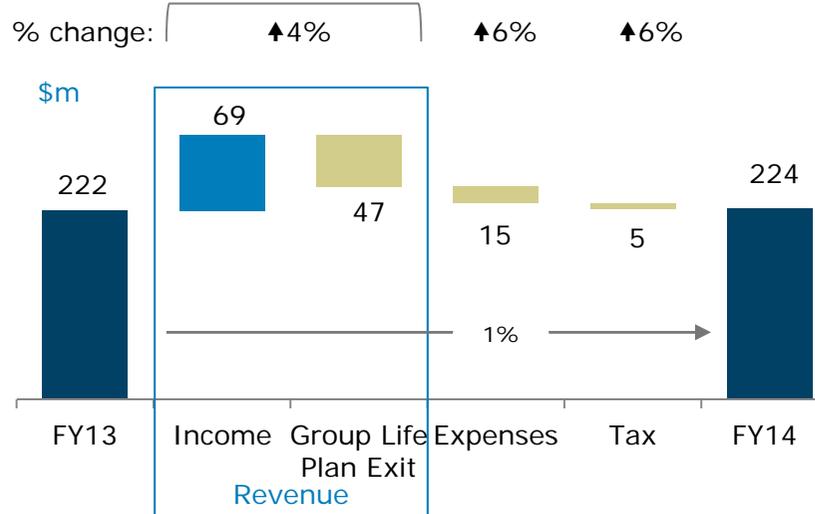
STRONG CORE MARKETS

1. Net transfers represent net capital movements over the period including restructuring of the business, capital injections, transfer of cash dividends and value of franking credits
2. Includes Insurance and Investments in Australia and New Zealand
3. Before capital returns and dividend payments

Global Insurance

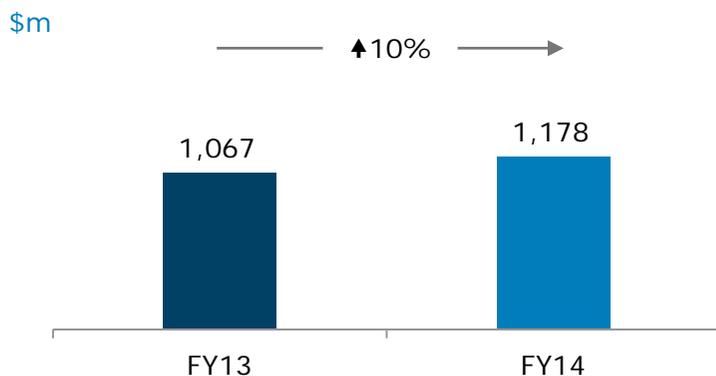
- Global Insurance reported cash profit increased 1%. Excluding the impact of the exit of a Group Life Insurance plan, Insurance cash profit increased by 16%
- ANZ had the highest retail life insurance sales amongst the four major Australian banks and second overall in the industry¹
- Australian Retail Life Insurance lapse rate continues to outperform the industry² driven by retention initiatives.

Profit and Loss movement FY14 vs FY13

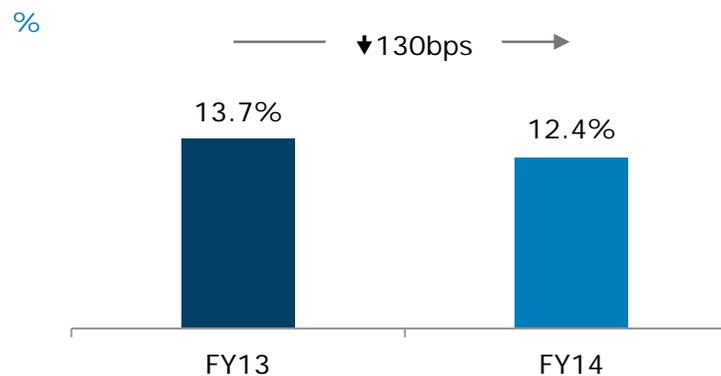


STRONG CORE MARKETS

Retail and Direct Life Insurance inforce



Australian Retail Life Insurance lapse rates

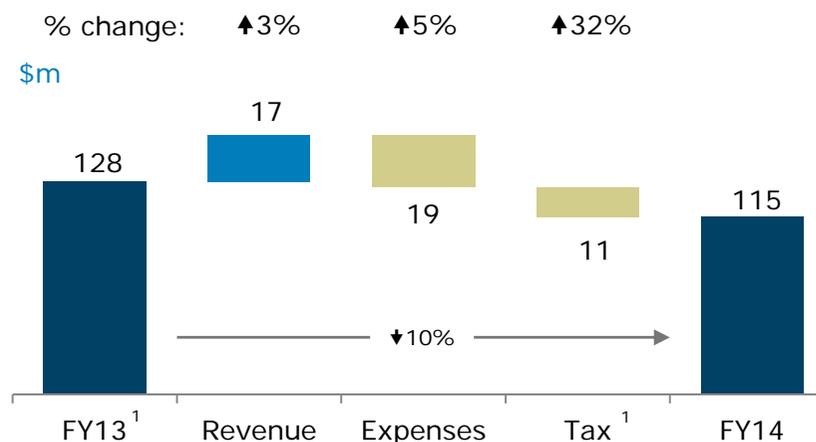


1. Individual risk income and lump sales in the 12 months to June 2014. ANZ's sales grew 3.1% over the period. Sourced from Plan for Life, Life Insurance Statistics, June 2014
 2. Average Australian industry lapse rates at 16.5%. Market discontinuance and inforce data sourced from Plan For Life, Life Insurance Statistics, June 2014

Global Funds Management

- Cash profit decreased by 10%. Revenue growth of 3% was offset by expense growth of 5% due to higher regulatory compliance costs
- Excluding the additional regulatory compliance costs and the one-off tax credit¹ in FY13, cash profit increased 5%
- Average funds under management (FUM) increased 12% driven by stronger netflows and improved investment market gains
- Netflows improved \$2.4b driven by strong growth of ANZ Smart Choice Super and KiwiSaver.

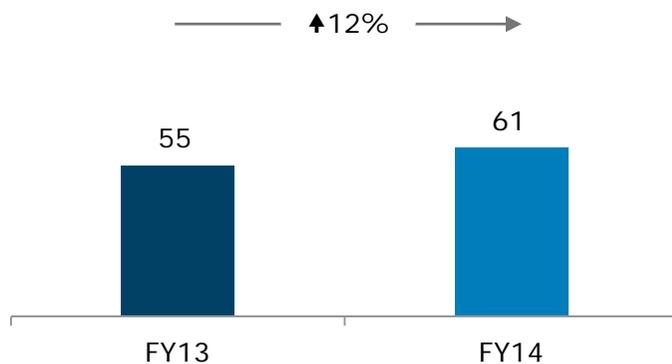
Profit and Loss movement FY14 vs FY13



STRONG CORE MARKETS

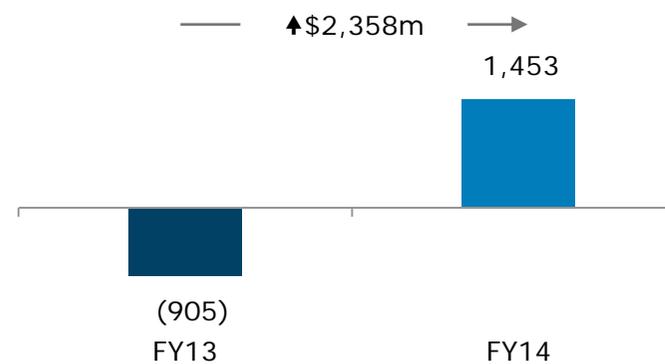
Average FUM²

\$b



Funds Management netflows

\$m



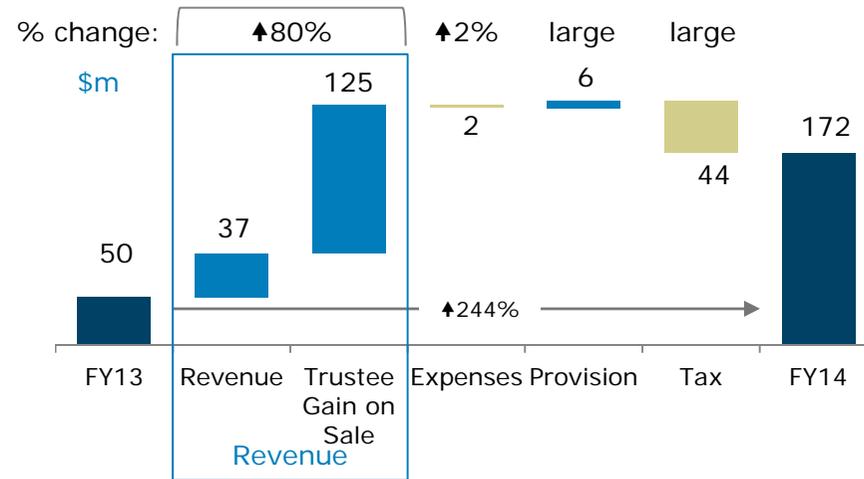
1. FY13 includes tax credits mostly relating to recognition of capital losses and a tax refund

2. Includes Private Wealth investment FUM

Global Private Wealth

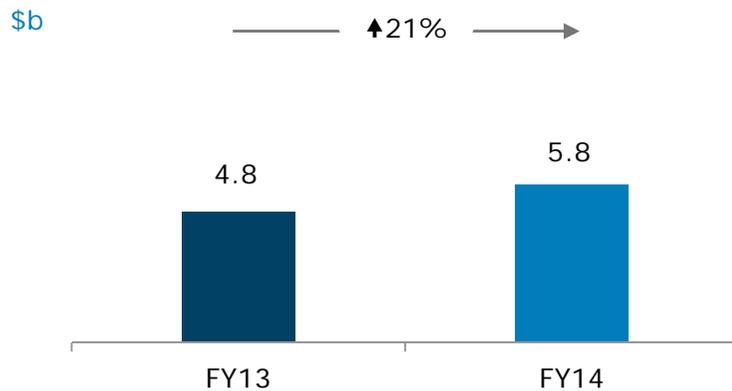
- Global Private Wealth reported cash profit increased 244%. Excluding the impact of the ANZ Trustees sale, cash profit increased 62%, driven by strong volume growth
- Investment FUM grew by 21% and customer deposits grew by 20% in FY14, driven by improved product offerings and investment capabilities.

Profit and Loss movement FY14 vs FY13

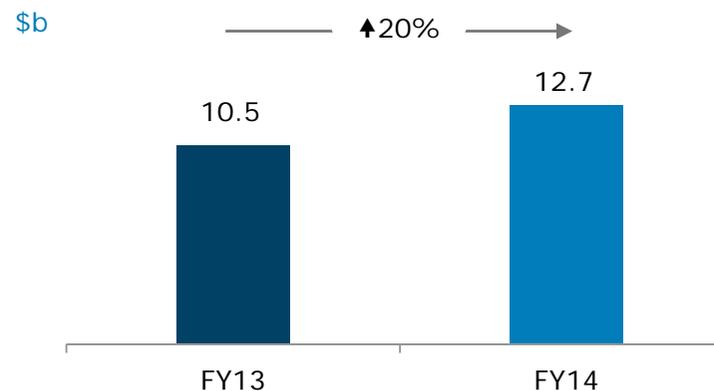


STRONG CORE MARKETS

Global Private Wealth investment FUM



Global Wealth average deposits FUM

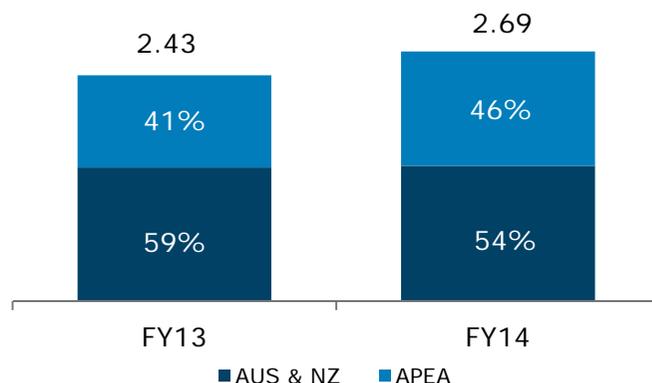


International & Institutional Banking – a regionally diversified business

NPAT by geography

IIB NPAT by Region

\$b



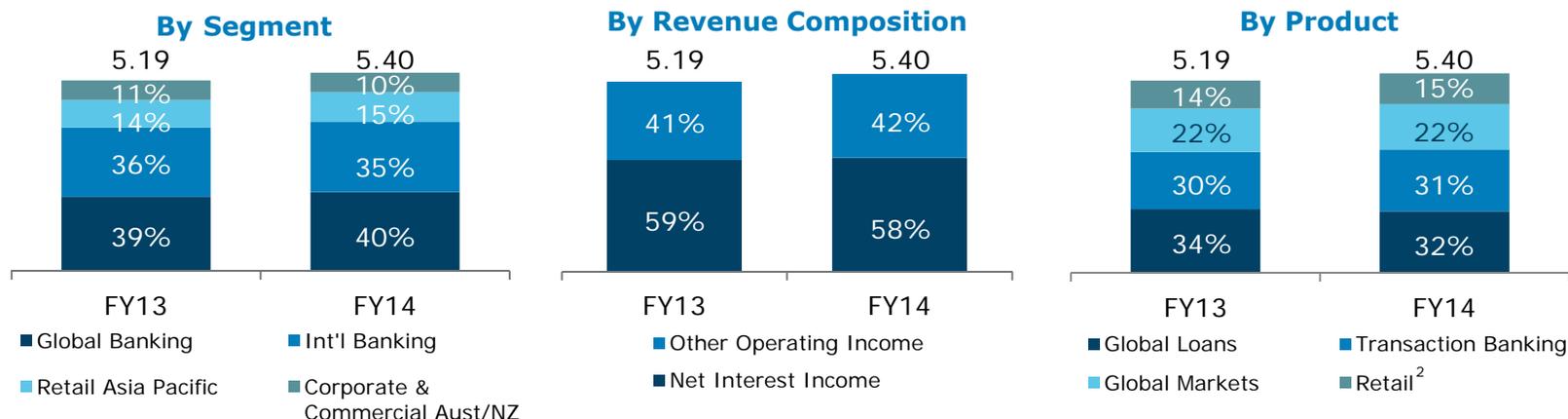
Earnings diversification



STRONG CORE MARKETS

PROFITABLE ASIAN GROWTH

IIB customer¹ revenue

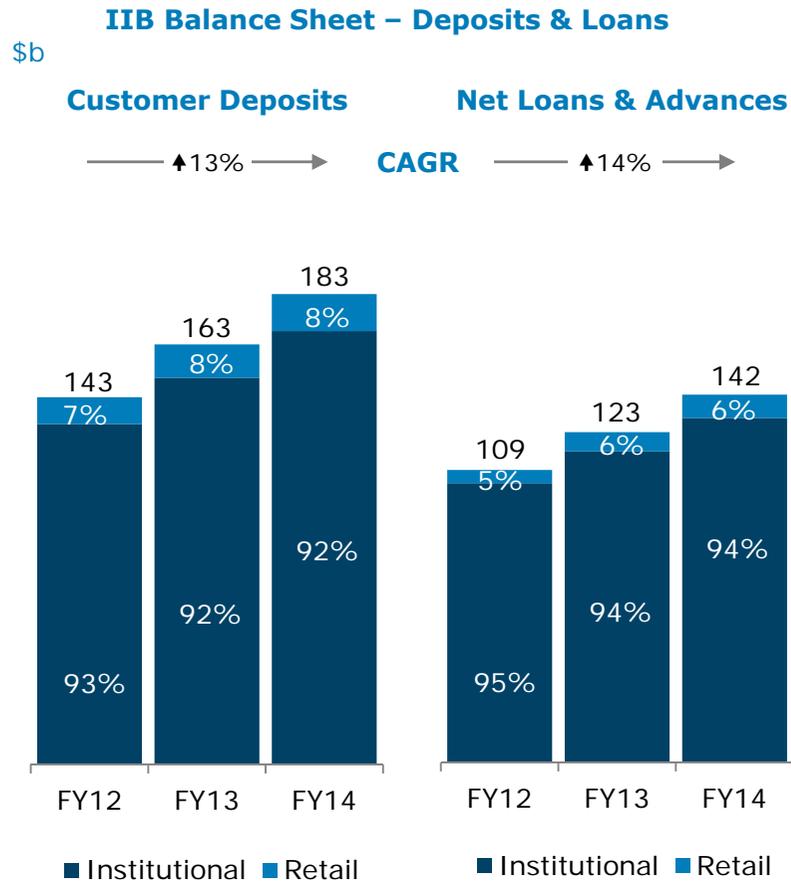


1. Based on Global Banking, International Banking, Corporate & Commercial Aust/NZ & Retail Banking

2. Includes Mortgages & Unsecured Loans, Transaction Banking, Credit Cards and Investments & Insurance products

IIB – well funded with customer deposits, high investment grade balance sheet

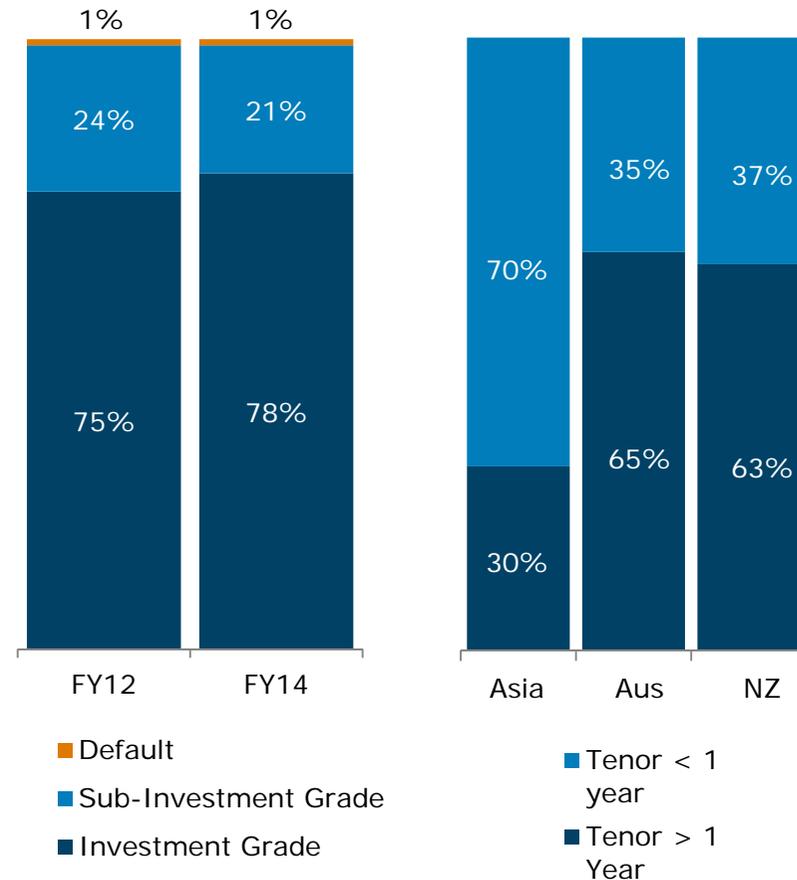
Deposit growth funding secure loan growth – no material reliance on term w/sale debt



Operating a lower risk strategy

Regional risk grade profile by total exposure (%)¹

Regional risk grade profile by tenor – FY14 (%)



STRONG CORE MARKETS

PROFITABLE ASIAN GROWTH

1. Sub-Investment Grade defined as exposures with a rating below BBB-

IIB - Strong core markets

Market leading products

No. 1 Lead Trade Finance Provider
(Peter Lee)

Best Domestic Provider of FX Services
(Asiamoney FX)

No.1 Mandated Syndicated Loan Lead
Arranger & Bookrunner (Dealogic)

Connectivity across key corridors a competitive advantage



Provided trade finance services for ~35% of all iron ore exports from Australia to China

Involved in all large FDI from China into New Zealand

STRONG CORE MARKETS

Delivering solutions for our customers

SPOTLESS

AUD837M

Mandated Lead Arranger and Bookrunner and Agent (SFA A\$637m/ANZ Bilat A\$200m)

SPOTLESS GROUP

IPO Financing

MAY 2014

APA Group

AUD1.25BN

Mandated lead arranger and Bookrunner

APA GROUP

Syndicated facilities

JUN 2014

G

Size Undisclosed

Debt facility for Premium Funding Business

ARTHUR J. GALLAGHER & CO

Debt Financing

JUN 2014

THE TREASURY

NZD2.0BN

Joint Lead Manager of New Zealand Government syndicated bond

GOVERNMENT OF NEW ZEALAND

Syndicated bond

JUL 2014

中國銀行
BANK OF CHINA

CNH2.0B

Joint lead manager Inaugural CNH denominated bond by a domestic ADI

BANK OF CHINA, Sydney

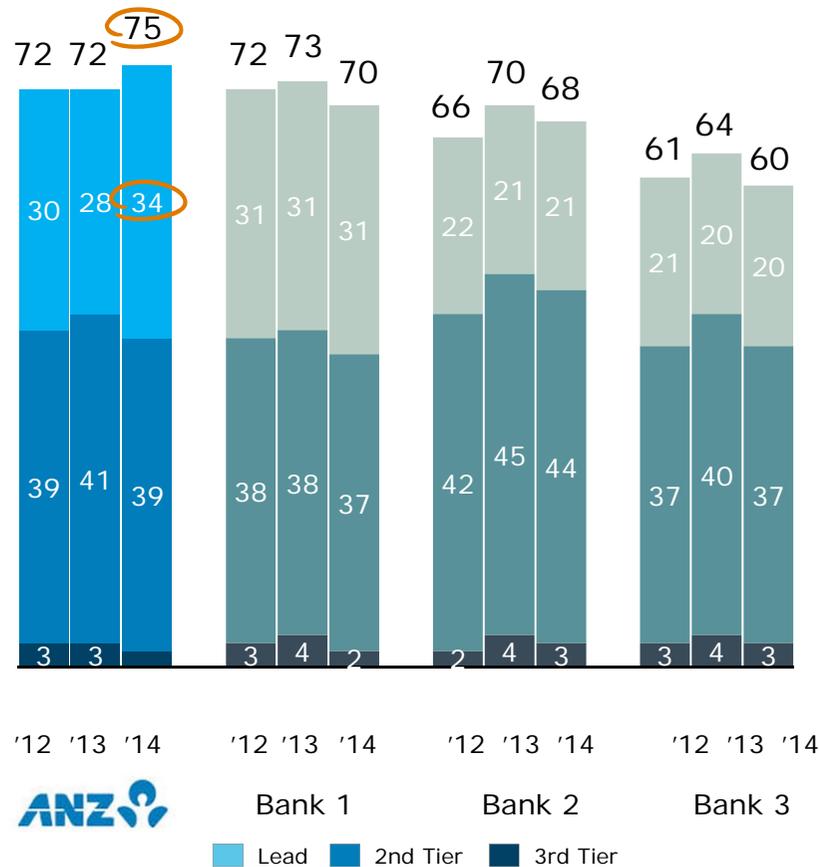
CNH2.0b bond

APR 2014

IIB - strengthened customer leadership position

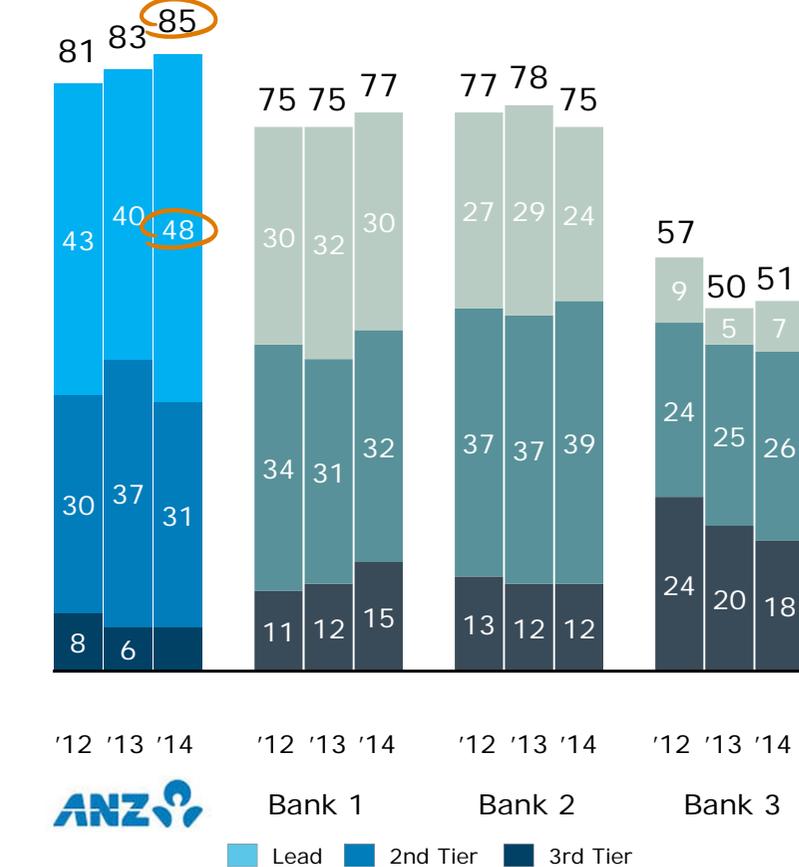
ANZ has regained it's market leadership in Australia for overall & lead penetration

Australia - Domestic Banking Relationships Market Penetration and Competitive Position¹



We continue to be #1 in New Zealand with a substantial and widening gap

New Zealand - Domestic Banking Relationships Market Penetration and Competitive Position¹



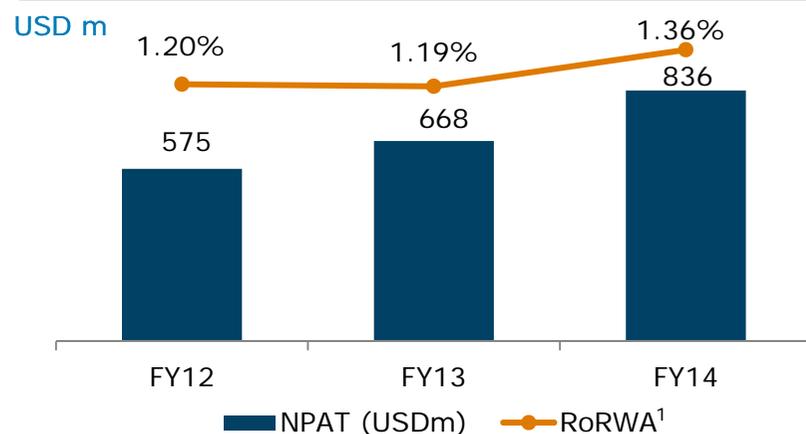
STRONG CORE MARKETS

1. Peter Lee Associates Large Corporate and Institutional Relationship Banking surveys, Australia and New Zealand 2014; 2nd tier includes 'top 3' relationships but not lead; 3rd tier includes all relationships outside 'top 3' relationships, up to a maximum of 8 relationships

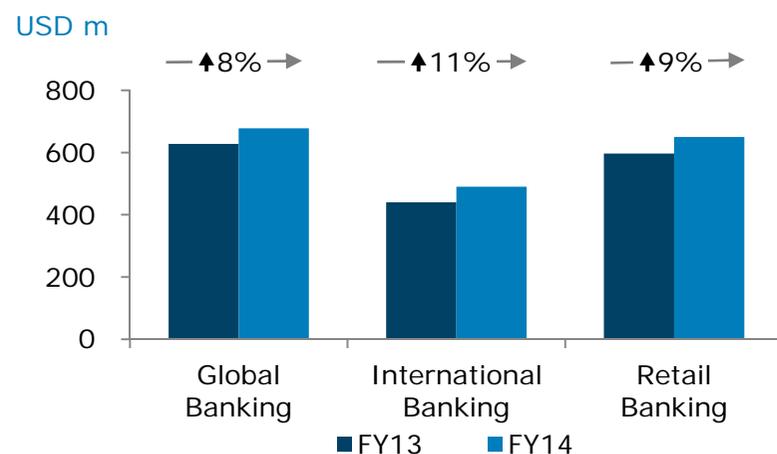
IIB - Profitable Asia growth from distinct customer propositions via people, business & product capability

PROFITABLE ASIAN GROWTH

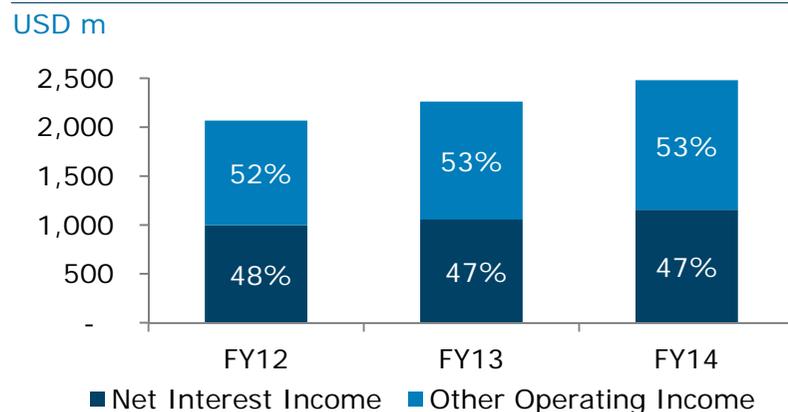
IIB Asia profitable growth



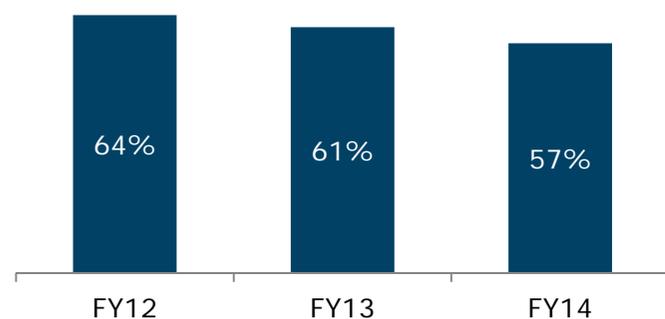
IIB Asia customer revenue contribution



IIB Asia revenue contribution



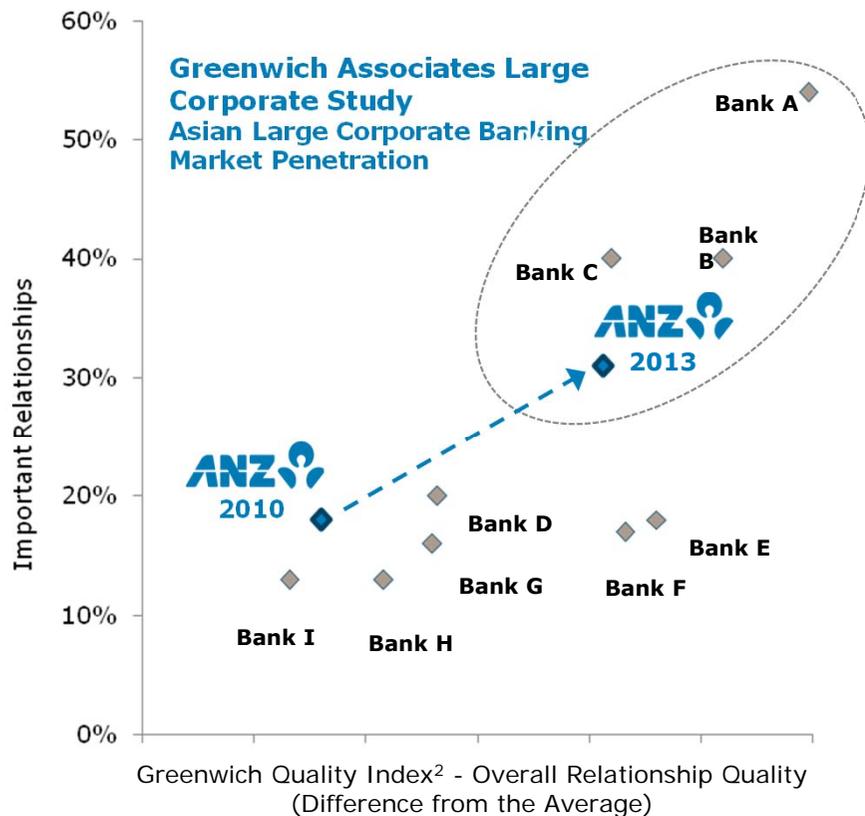
IIB Asia cost to income ratio



1. 'RoRWA' equals Net Profit After Tax divided by average Basel III risk weighted assets

IIB – A Top 4 Corporate Bank in Asia, with a globally recognised brand

A top 4 corporate bank in Asia¹ by market penetration



---> **Represents the momentum of growth and quality improvement achieved by ANZ Bank over the past 4 years**

Improving brand recognition



BrandZ Top 100 Most Valuable Global Brand

**2013: #52, brand value USD 16,565m
2014: #51, brand value USD 19,072m
(uplift USD 2,507m / 15%)**

ANZ is ahead of Citi & Westpac.
SCB, DBS, NAB are not on Top 100 chart

The Banker

Brand Finance Global Brand Banking 500

**2013: #39, brand value USD 5,832m
2014: #39, brand value USD 5,926m
(uplift USD 94m / 1.6%)**

ANZ is ahead of Commonwealth, NAB, Westpac, DBS

PROFITABLE ASIAN GROWTH

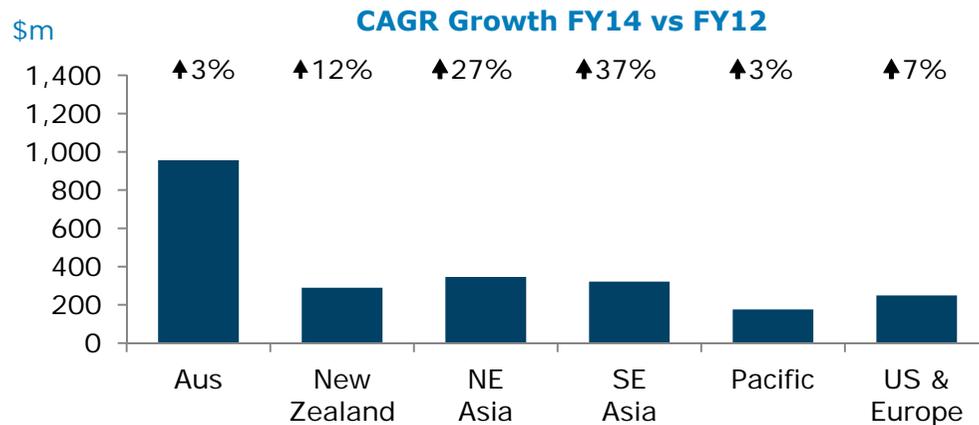
1. As defined by Total Relationships Market Penetration In Asia
2. The Greenwich Quality Index score is based upon a normalized composite of all qualitative evaluations transformed to a scale of 0 to 1,000 with the difference from the average shown. Note: Cross-hairs are calculated by the average of the banks shown in graph.

IIB Global Markets - built around supporting customer needs

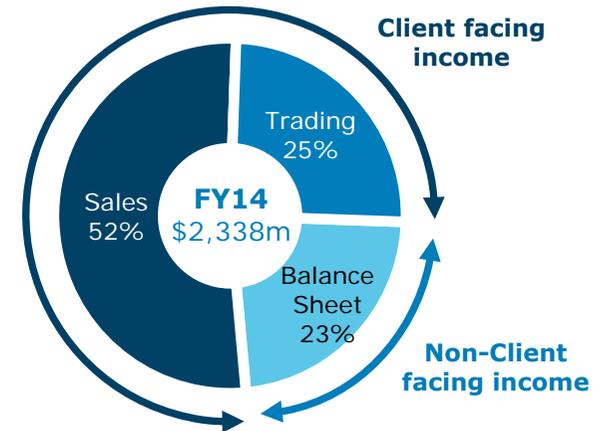
Global Markets income is generated through three principal sources

Sales	<ul style="list-style-type: none"> • Direct client flow business on core products such as Fixed Income, Foreign Exchange, Commodities and DCM • Focused on increasing the mix of sales income through client acquisition and greater penetration
Trading	<ul style="list-style-type: none"> • Trading represents management of positions taken as part of direct client sales flow and strategic positions
Balance Sheet	<ul style="list-style-type: none"> • Management of the Group's interest rate and liquidity risk

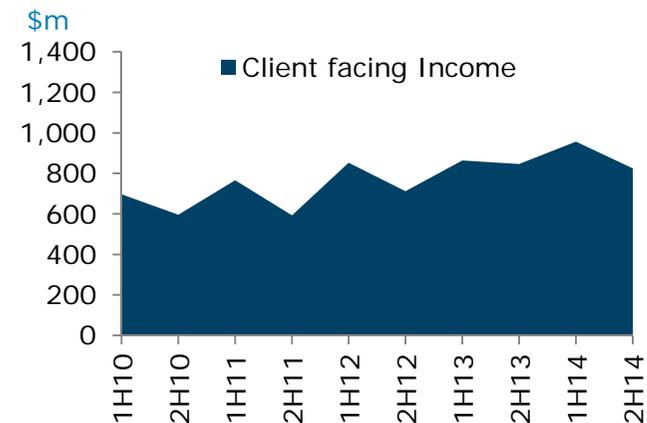
Super Regional strategy provides market optionality delivering increased revenue opportunities



Majority of Global Markets income is customer linked



Global Markets income



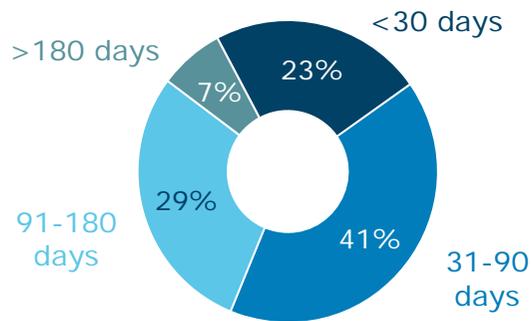
STRONG CORE MARKETS

PROFITABLE ASIAN GROWTH

IIB Trade – self liquidating, driving cross sell and deepening customer relationships

Self Liquidating

Tenor profile of the funded trade portfolio of \$ 30bn (Sep-14)



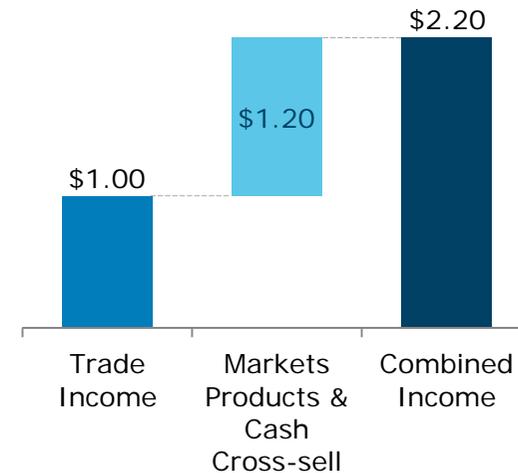
Short tenor and visibility into underlying trade flows lowers risk

Customer relationships

- * Key driver of **Lead bank relationship**
- * Deepens client wallet through strong links to other Transactional Banking products such as **Payments and Cash Management**
- * **Builds insights** into clients business

Driver of cross-sell income¹

FY14: \$1 of Trade income = \$1.20 of Cross-Sell into Cash & Markets¹



Importance to ANZ

The Trade and Supply Chain business is strategic to ANZ as it enables us to leverage and build on the regional client franchise for businesses across the bank

STRONG CORE MARKETS

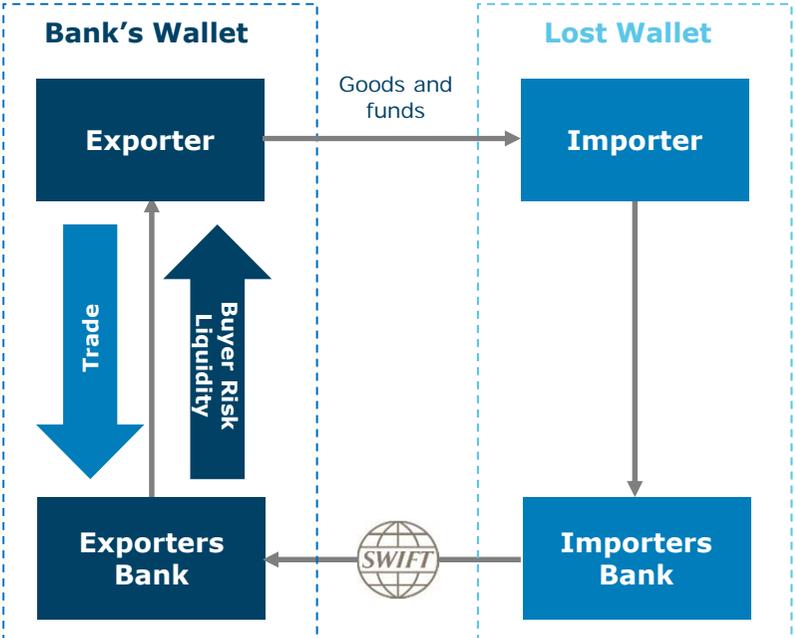
PROFITABLE ASIAN GROWTH

1. Trade clients using Markets and Payments & Cash Management Products. Global Markets products include FX, Commodities and Capital Markets

The future of Trade business lies in driving strategic client relationships

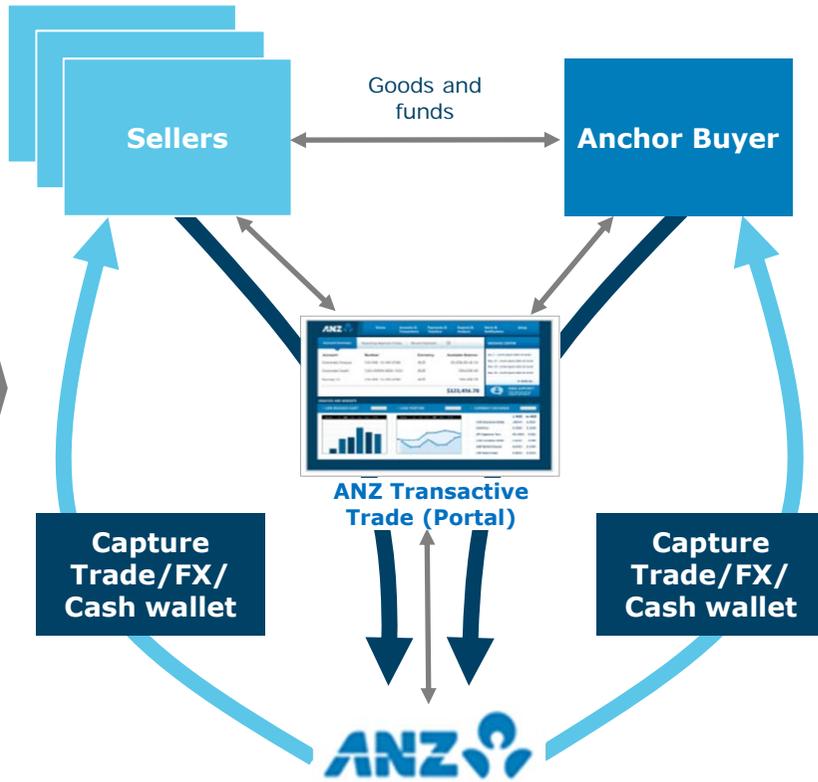
Traditional trade (Transactional client engagement)

Many banks, especially the domestic ones have this view



"New" trade (Strategic client engagement)

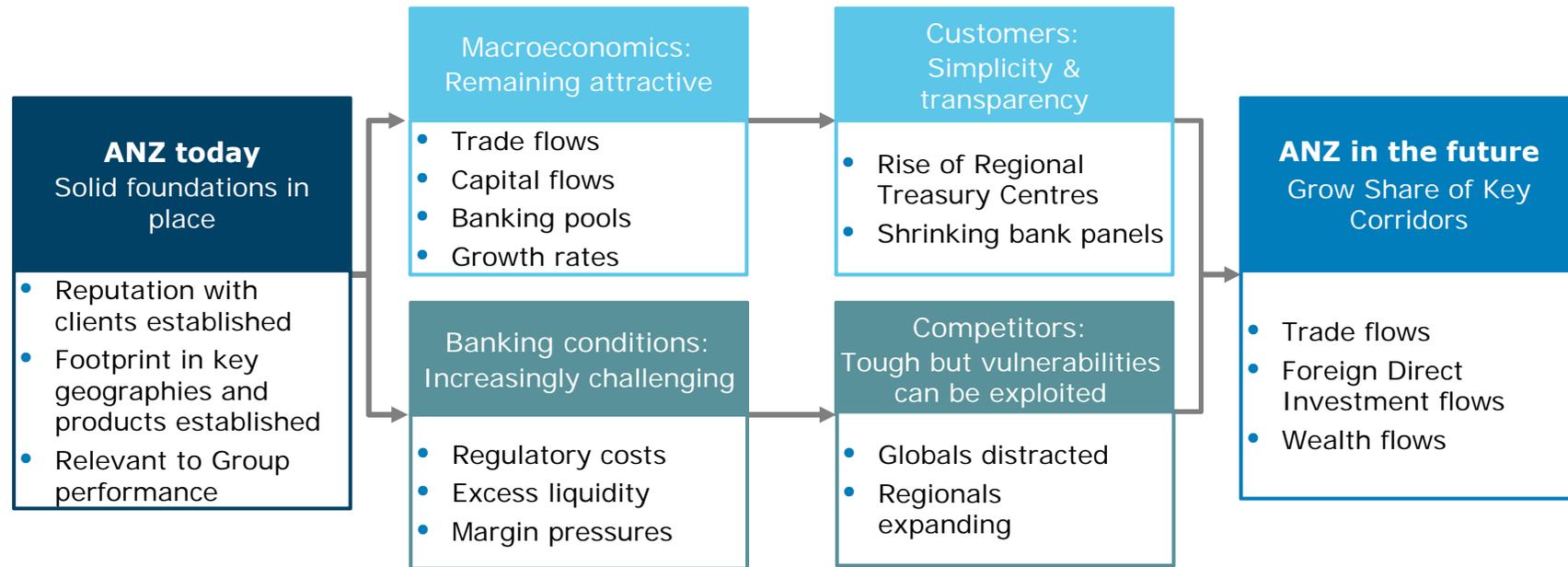
ANZ will continue to engage with clients at both ends of the trade including Cross Sell of Cash and Markets products



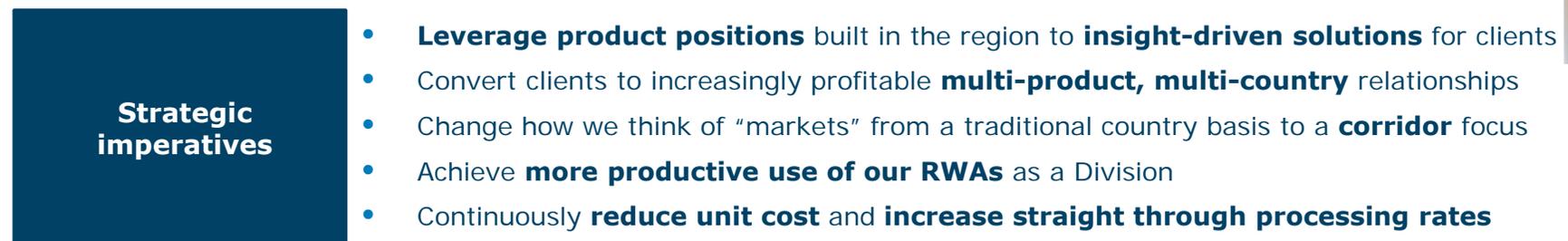
STRONG CORE MARKETS
PROFITABLE ASIAN GROWTH

IIB's solid foundation positions the business well for changing conditions across the region

Positioned for notably different conditions to the past 5 years



Against this backdrop, objective is to deliver growth while also improving returns



STRONG CORE MARKETS

PROFITABLE ASIAN GROWTH

IIB 4 strategic priorities are delivering positive customer, balance sheet & productivity outcomes

1. Connecting more customers by providing Seamless Value

Relationship strength in core markets	
Ranking	Metric
#1	Lead Bank penetration in Australia Highest ANZ result since 2009 ¹
#1	Relationship Strength Index (RSI) in Australia #1 in 18 of the 20 RSI factors ¹
#1	Lead Bank penetration and RSI in NZ Substantial and widening gap over Peers ²

Across the Region	
#4	Corporate Bank in Asia ³
#1	In 17 categories of Asia Money FX Poll ⁴
#4	Important Trade Finance Provider in Asia ⁵

2. Delivering leading products through insights

Growth in product capability		
Product	3 years ago	Current rank
Global FX Market share ⁶	#42	#20
Mandated Lead Arranger Asia ex Japan ⁷	#1	#1
Large Corporate Trade Finance Asia Market penetration ⁸	#7	#5

Growth in retail capability	
The Best Consumer Internet Bank in Taiwan ⁹	
Best Deposit Service Bank Award ¹⁰	
Strategy Excellence in Customer Centricity Award ¹¹	

STRONG CORE MARKETS

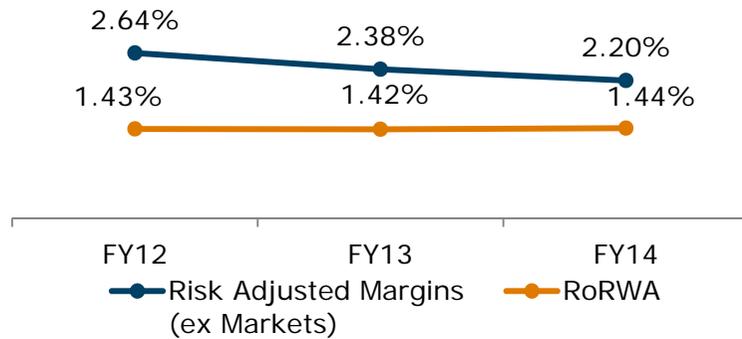
PROFITABLE ASIAN GROWTH

1.Peter Lee Associates 2014 Large Corporate & Institutional Relationship Banking Survey; 2.Peter Less Associates 2014 Large Corporate & Institutional Relationship Banking Survey, NZ; 3. Greenwich Associates 2013 Asian Large Corporate Banking Study; 4.Asiamoney Foreign Exchange Poll 2014, voted by Corporates & Financial Institutions; 5. Greenwich Leaders: Asian Large Corporate Trade Finance. Tied for 4th; 6.Euromoney FX Survey 2014; 7.Thomson Reuters; 8.Greenwich Associates; 9. Global Finance 2014; 10.Capital Outstanding Enterprise Awards 2014; 11. Retail Banker

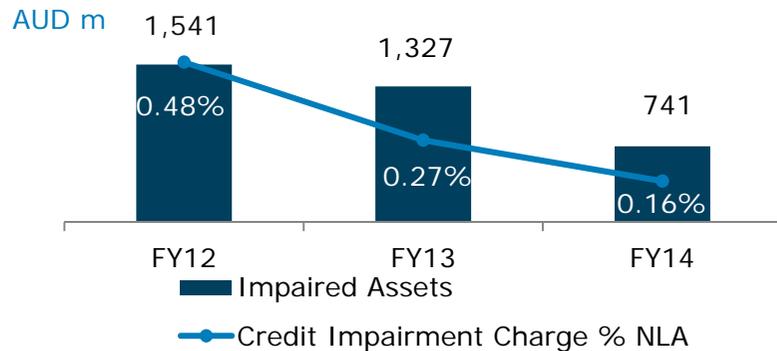
IIB 4 strategic priorities are delivering positive customer, balance sheet & productivity outcomes

3. Intensifying balance sheet discipline

Maintained RoRWA despite margin compression¹

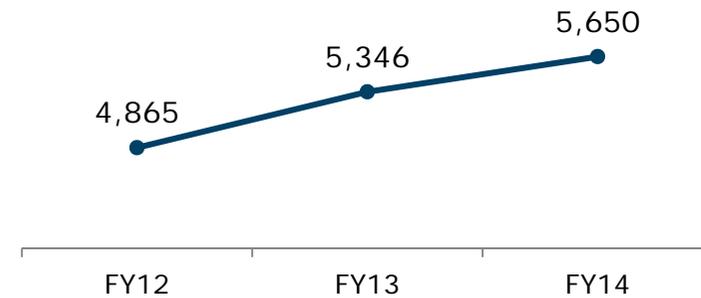


Improving loss rate experience

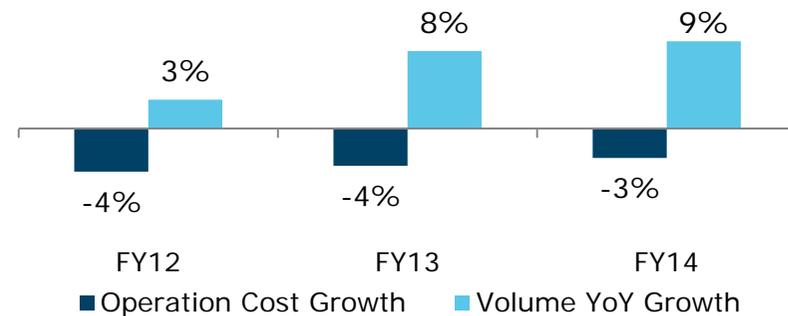


4. Scaling & optimising infrastructure

Improving transactions per FTE



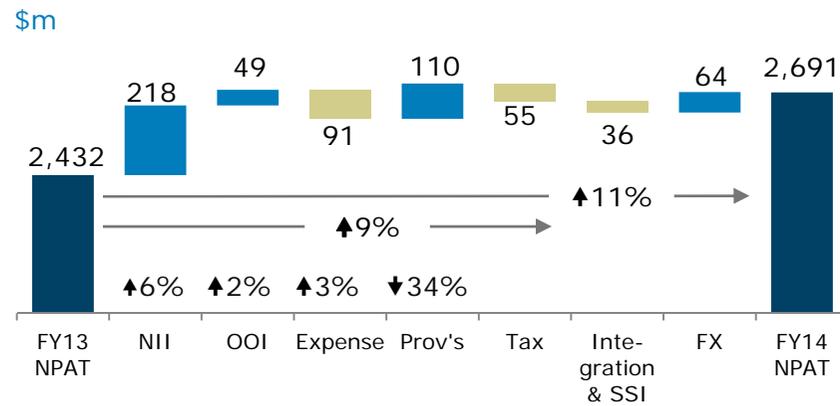
Lower IIB Operations cost to serve



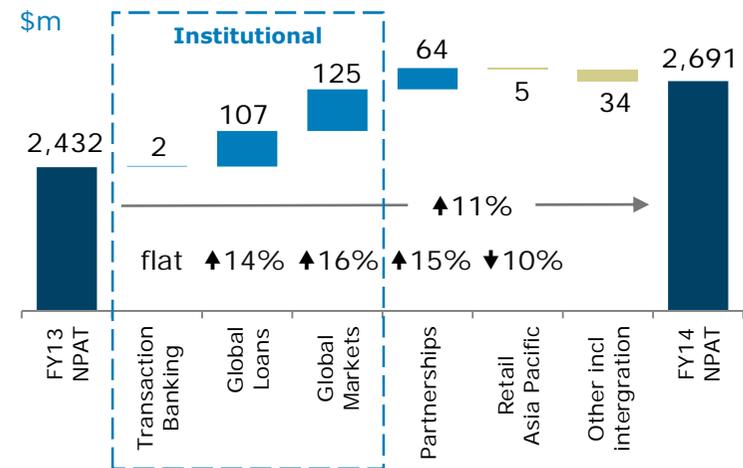
1. 'RoRWA' equals Net Profit After Tax divided by average Basel III risk weighted Assets. 'Risk Adjusted Margins' equals net interest income divided by average credit risk weighted Assets, and excludes Global Markets

IIB - Divisional Financial Performance (Profit & Loss)

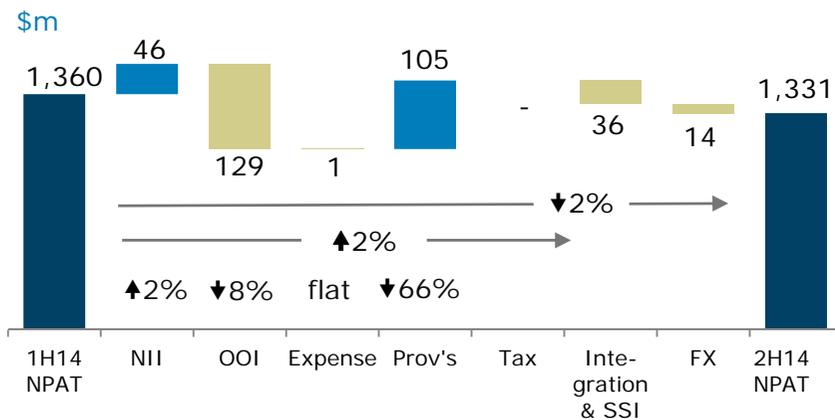
Profit and loss movement FY14 vs FY13



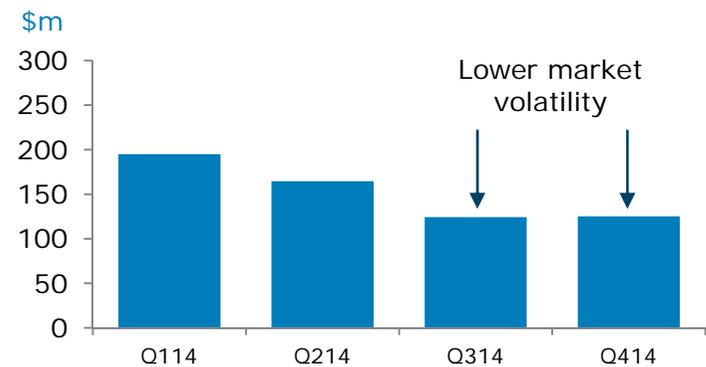
Business unit contribution to NPAT FY14 vs FY13



Profit and loss movement 2H14 vs 1H14



Markets FX Sales revenue

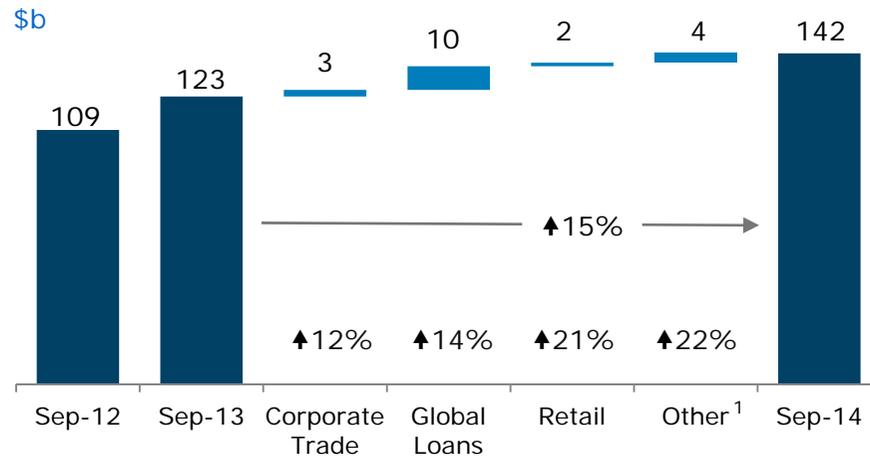


STRONG CORE MARKETS

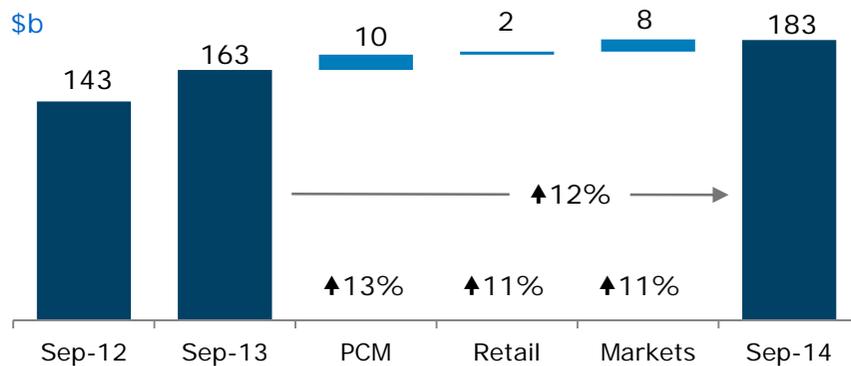
PROFITABLE ASIAN GROWTH

IIB - Divisional Financial Performance (Balance sheet)

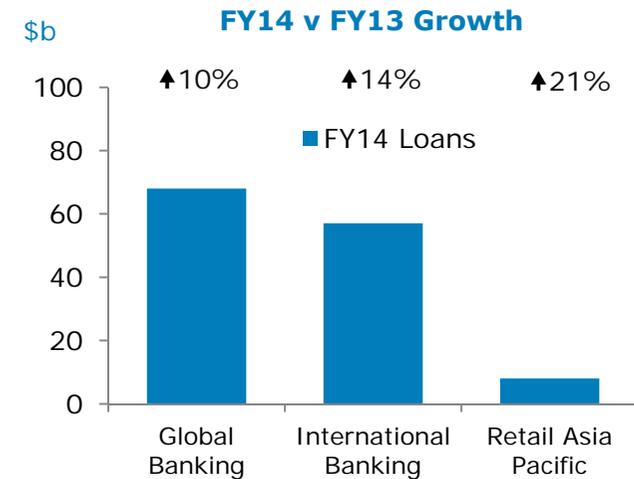
Loans movement



Customer deposit movement



Lending by customer²



Lending by geography²



1. Other includes 4bn reclassification of liquid assets to net loans and advances within Markets

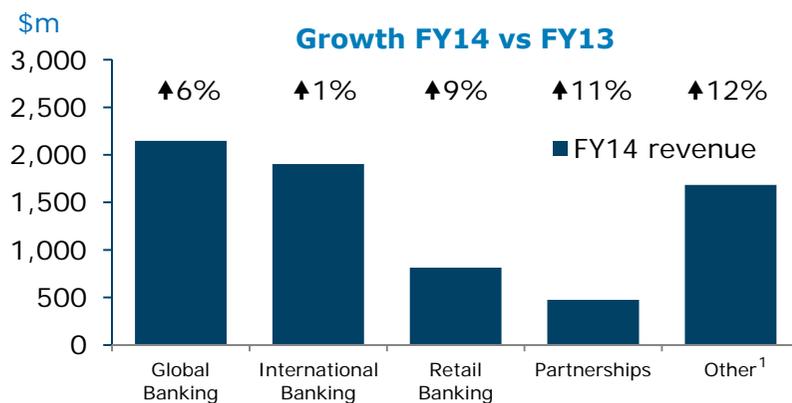
2. Excludes 4bn reclassification of liquid assets to net loans and advances within Markets

STRONG CORE MARKETS

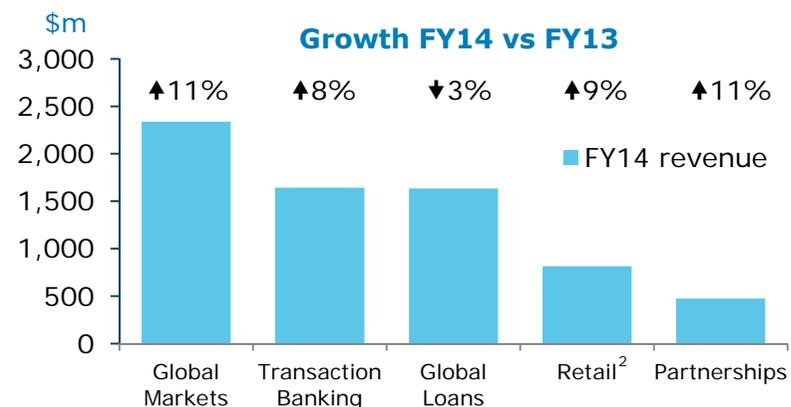
PROFITABLE ASIAN GROWTH

IIB - Revenue and expense composition

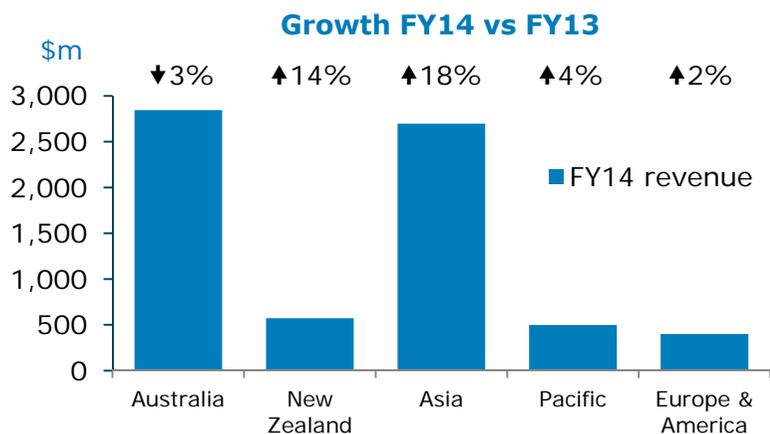
Revenue by customer



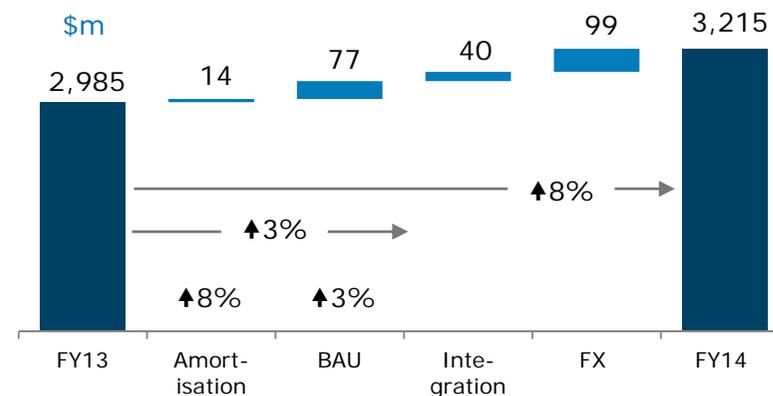
Revenue by product



Revenue by region



Operating expenses



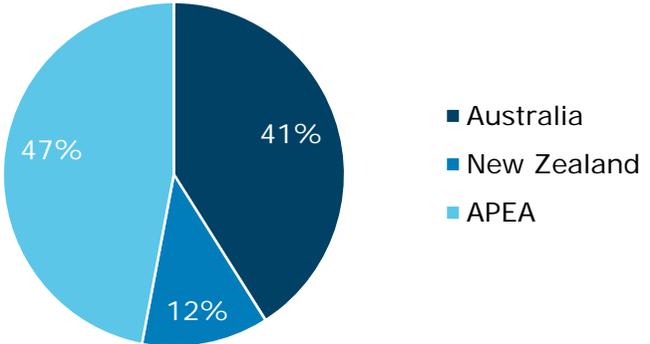
STRONG CORE MARKETS

PROFITABLE ASIAN GROWTH

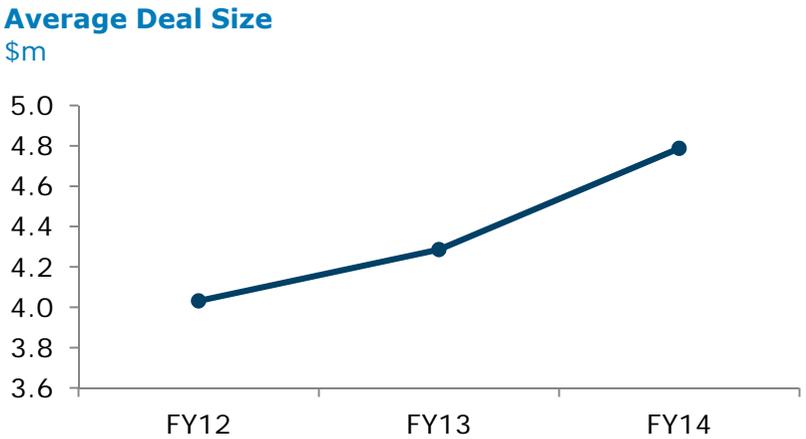
1. 'Other' represents Balance Sheet Trading, Markets Trading and revenue generated from the sale of Institutional Products to non-IIB customers
 2. Includes Mortgages & Unsecured Loans, Transaction Banking, Credit Cards and Investments & Insurance products

IIB Global Markets - Diverse client focused business

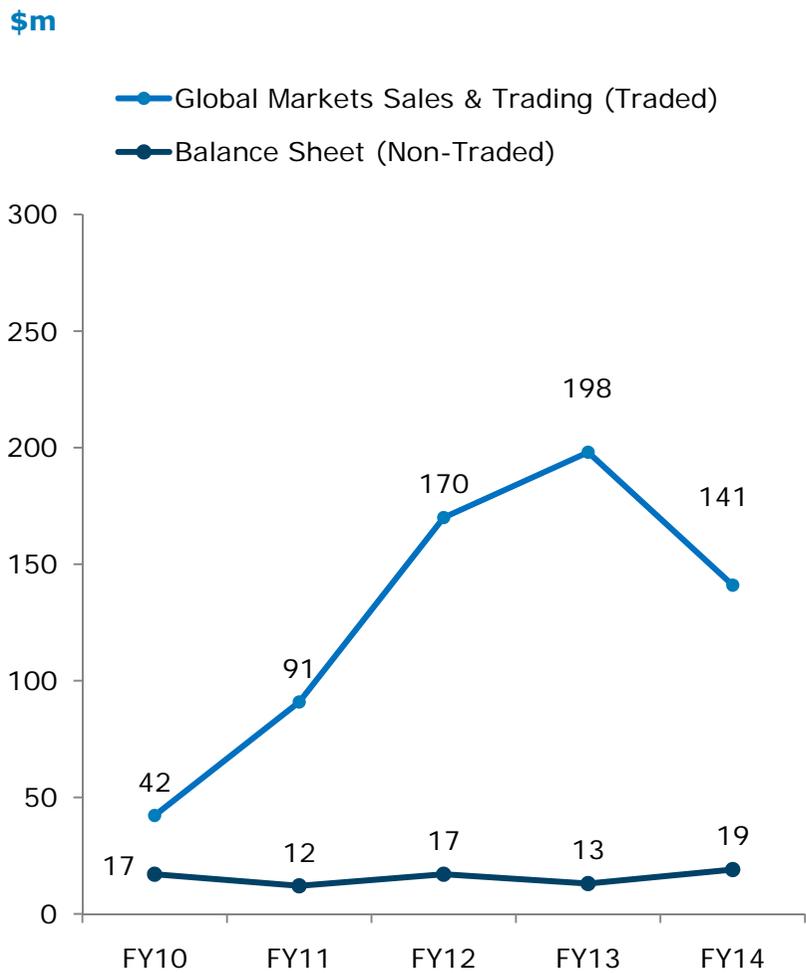
Regionally diverse client base



Average client deal size



Revenue per \$ Value at Risk¹

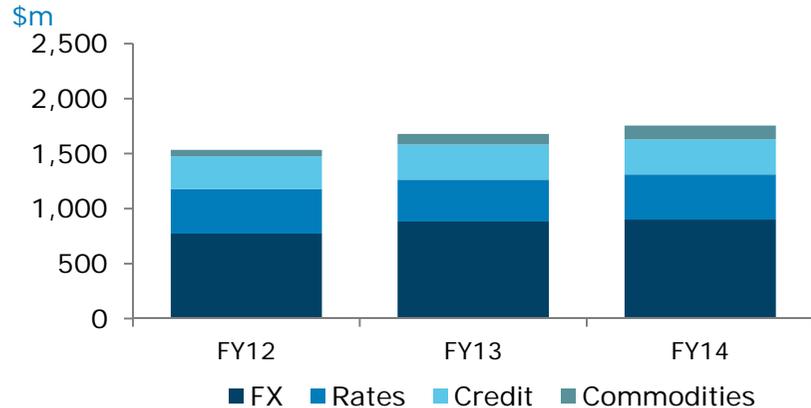


STRONG CORE MARKETS
PROFITABLE ASIAN GROWTH

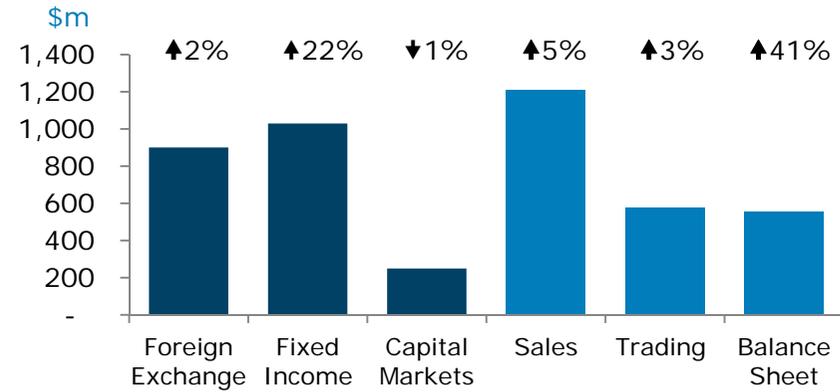
1. Average 1-day 99% VaR

IIB Global Markets – delivering growth through geographic and product diverse business

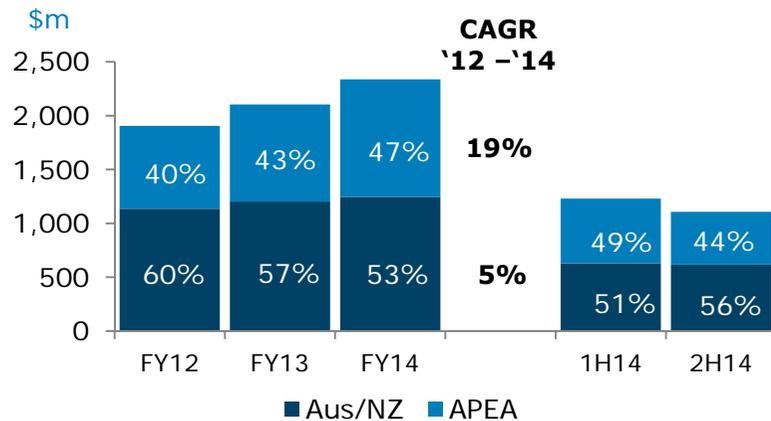
Global Markets revenue by product (Excludes Balance Sheet)



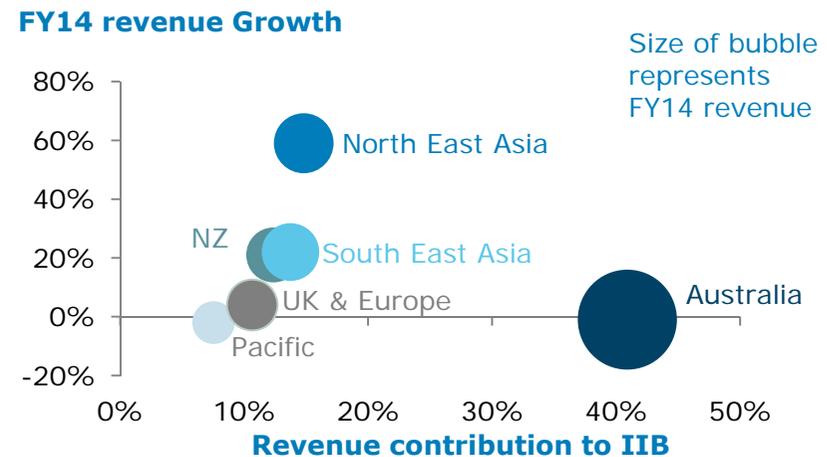
Revenue by product / type (FY14 v FY13 % growth)



Global markets revenue by geography



Revenue by region (FY14)



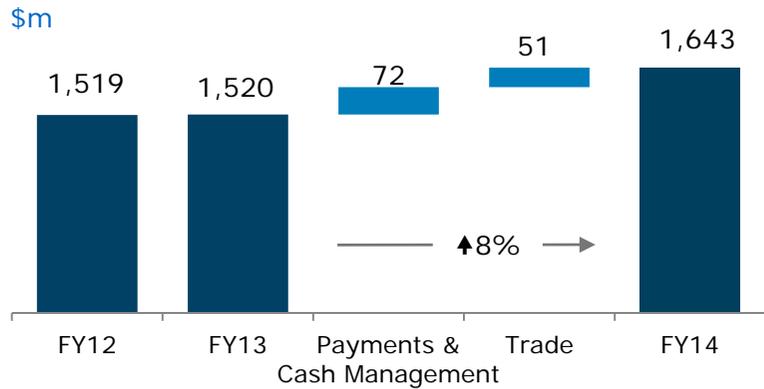
STRONG CORE MARKETS

PROFITABLE ASIAN GROWTH

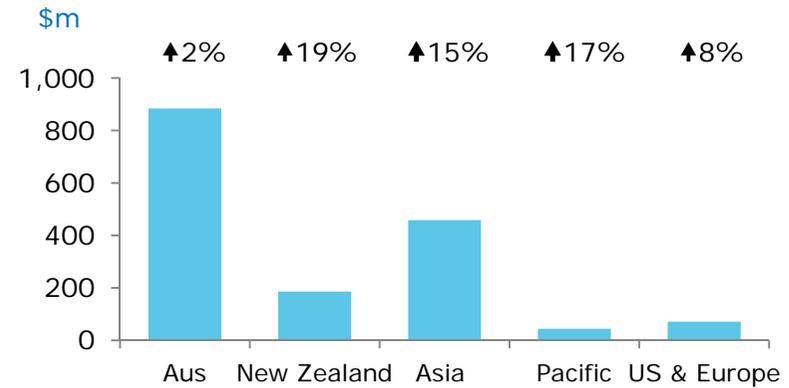
1. Average 1-day 99% VaR

IIB Transaction Banking – uplift in revenue across geographies and products

Transaction Banking revenue



Transaction Banking Revenue by region (FY14 v FY13 % growth)

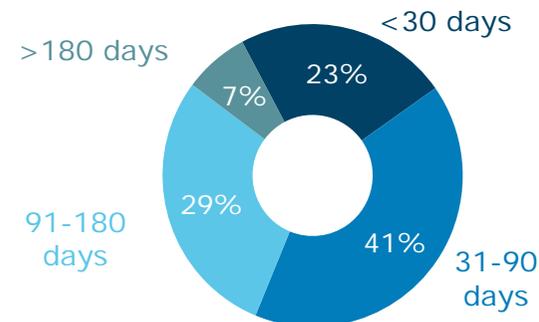


FUM by Product



Short tenor / Transaction visibility

Tenor profile of the Funded Trade Portfolio of \$ 30bn (Sep-14)



STRONG CORE MARKETS

PROFITABLE ASIAN GROWTH

Adopting common platforms & utilising our regional delivery network to improve customer experience, productivity & control

An enterprise approach to **operations** and **technology**

Delivers a stronger and more efficient bank

Benefiting our **customers** and **shareholders**

ENTERPRISE APPROACH

Building Common Technology Platforms

across all main business lines to drive standardisation, simplification and automation

Utilising our Regional Delivery Network

to improve customer experience and drive down cost to serve.

Improving customer experience:

- Easier on-boarding and faster approvals
- Quality service
- Consistency across channels

Driving operational productivity:

- Absorb significant volume growth
- Sustainable cost reduction
- Simplified processes

Reducing operating risk:

- Consistent, standard processes
- Reduced error rates
- Upgraded infrastructure and security systems

Selectively building common technology platforms that enable our super regional strategy

Our common platforms are delivering value and external recognition
Global Wholesale Digital (Transactive)	17 countries	\$174 billion	Transactions processed this year	<p>2014 Asian Banker's Best Corporate Payment Project Award</p> <p>'ANZ Grow' – Finalist in Australian Mobile & App Design Awards 2014</p> <p>PEGA Innovation Award - Financial Services</p> <p>18 JP Morgan quality awards for payment services</p> <p>Deutsche Bank STP Excellence Award</p> <p>Peter Lee puts ANZ as clear market leaders across every key measure (Corp. & Inst. Banking, Aus)</p> <p>Rated by FImetrix as the #1 provider of AUD and NZD clearing services</p>
Global Retail Digital (goMoney, Grow)	7 countries	\$400 million	Funds transfers per month	
Global Process Management (PEGA, FileNet)	15 countries	↓72% YOY	Reduction in resolution time for payments investigations	
Global Payments (Global PayPlus)	10 countries	↓64% YOY	Reduction in payment error rates	
Global FX (Wallstreet)	8 countries	#20	World ranking in FX transaction processing by volume	
Global Customer Registry (IBM MDM)	25 countries	>12 million	Customer records so far	

ENTERPRISE APPROACH

Utilising our regional delivery network to drive quality, operating resilience and productivity gains

Our regional network is in place ...

- Providing full service regional coverage across our operating time zones.
- Developing centres of excellence across the network around key business domains such as payments, markets and lending operations.



... and is generating significant value.

Resilience

Reducing disruption risks, increasing load-management flexibility

Efficiency

Using process standardisation and integration across the network

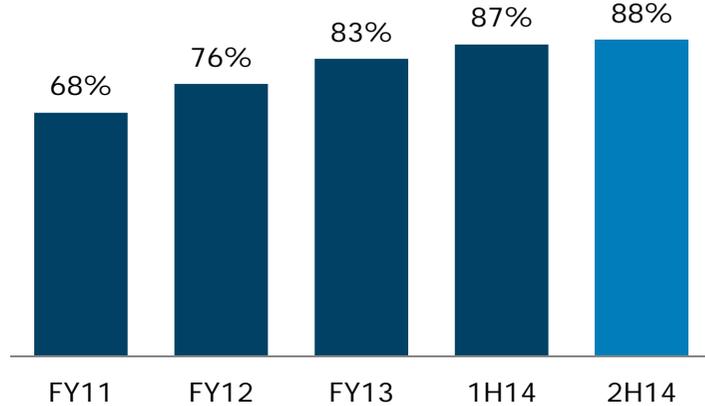
18	Global Trade Operations locations
20	Global Markets Operations locations
26	Global Payments Operations locations
4	Australia and New Zealand Retail Lending Operations locations
↑12%	Collections productivity from cross-regional integration
30,000 hours	Branch capacity freed by standardising reconciliations processes
< 24 hours	Time to assess 95% of home loan applications
↓92%	Reduction in customer servicing time for ANZ Travel Card
12%	Operations productivity gains from broad-based process improvement and cost management

Driving better customer outcomes through global processes and increased automation

ENTERPRISE APPROACH

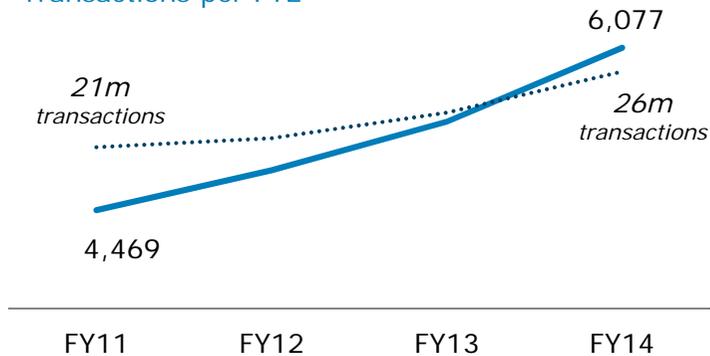
Straight Through Processing rate in AUD / NZD payments continues to rise

% of total transactions



Transaction processing efficiency continues to rise in our international markets

Transactions per FTE



Australian customer complaints continue to fall even as customer numbers increase

Average Customer Complaints



New mortgage assessments are processed more efficiently at higher quality from the outset

% of assessments within 24 hrs



Annual investment program delivering broad-based enterprise capabilities supporting super regional growth

Risk

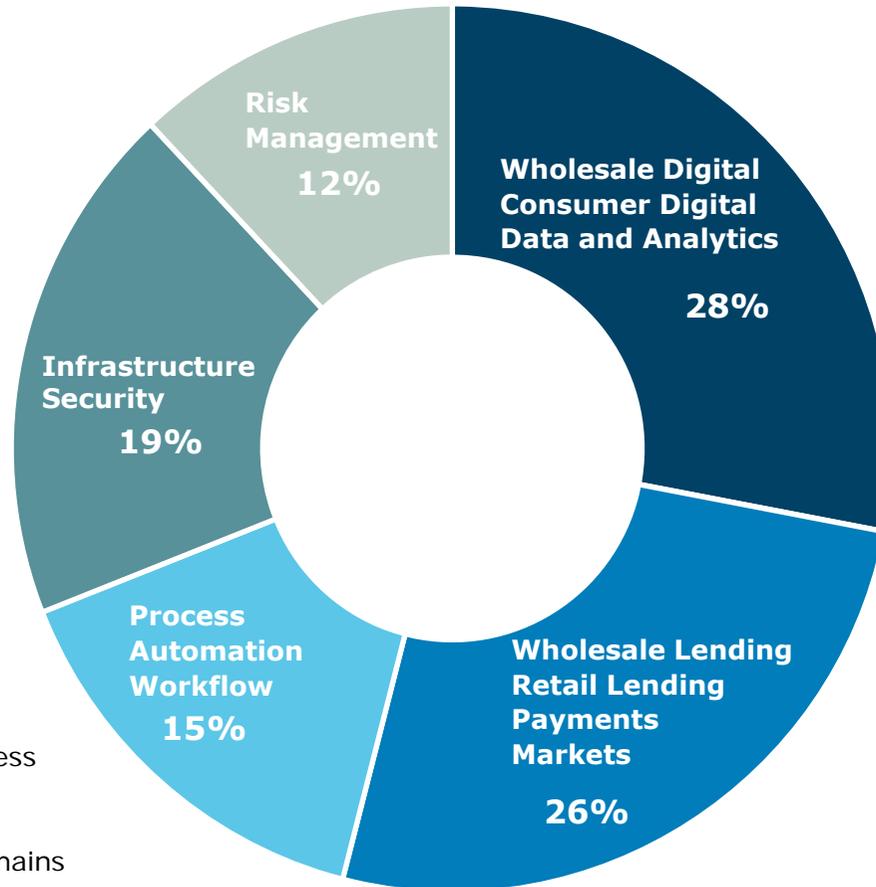
- Minimised operating risks
- Maintain the confidence of our customers and regulators

Stability

- Upgraded infrastructure
- Enhanced resilience
- Reduced cost-to-serve

Productivity

- Simplify and integrate end-to-end workflow
- Increase systems and process standardisation
- Re-engineer and automate high-priority enterprise domains



Digitisation

- Consistent customer experience across channels
- Supporting our segment-based businesses
- Enterprise-wide data management

Product Lines

- Coordinated approach to end-to-end wholesale lending
- Global capabilities for consumer lending
- Modern, resilient payments network
- Supporting markets growth with scalable platforms

ANZ invests approximately AUD1,200m¹ per year on technology-based capabilities. Disciplined management is allowing us to fund an increasing proportion of this annual investment from the productivity gains in our wider delivery cost base.

1. Excludes technology run costs.

2014 FULL YEAR RESULTS

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

31 October 2014

Case Study: Australia Home Loans

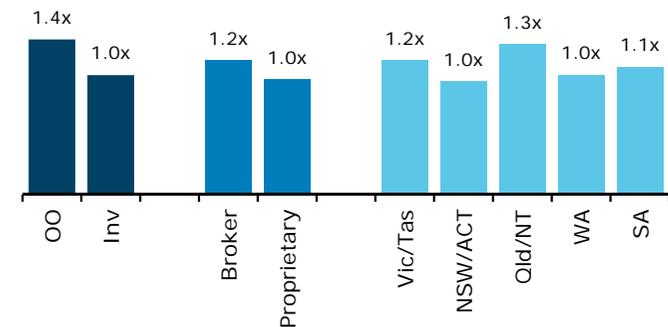


ANZ's Home Loan strategy is to generate balanced market share growth while maintaining margins and risk profile

Sustained long term growth...

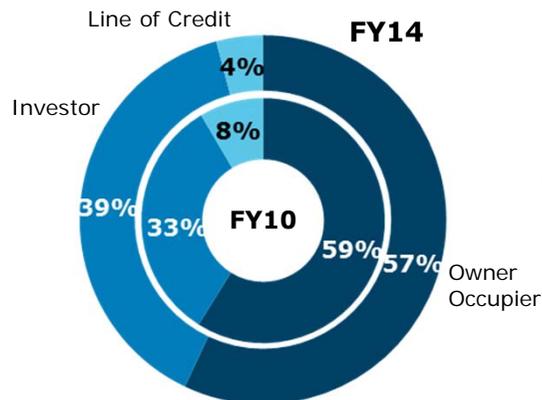
- ANZ has grown its Australian home loan portfolio by 8.3% (CAGR) over 5 years
- RBA home loans market share has increased from 12.2% (Aug-09) to 14.1% (Aug-14)
- Growth has been balanced by customer segment, channel (broker/proprietary) and geography
- Risk and margins have been well managed through this growth with stable NIM and the portfolio exhibiting very low loss and delinquency rates

ANZ Growth against system by segment; FY14¹

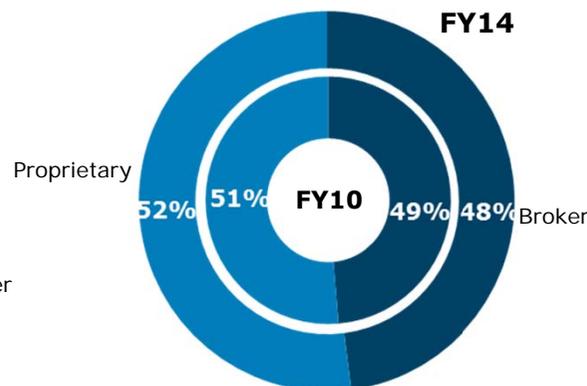


...with balanced sales across customer segments, channels and geographies

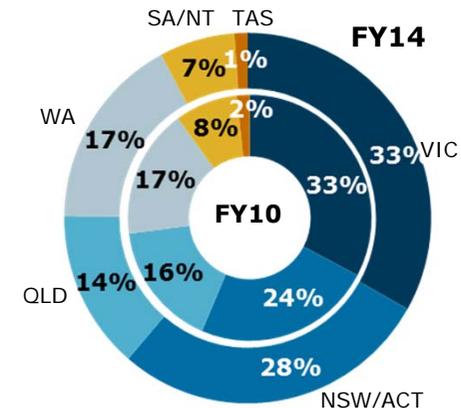
Customer Segment



Channel



Geography



Sales Composition: FY10 (inner) vs FY14 (outer²)

1. Customer Segments (Owner Occupier and Investor) defined by RBA; Channel performance relative to overall market growth; Geography sourced from Cannex
 2. FY14 sales \$53b (outer charts)

Consistent, long term growth through a leading proposition, investing in capacity & capability & making it easy for customers

We have a leading proposition	We have increased channel capacity and sales capability in FY14	We aim to make it easy for customers
<p>Consistently award winning</p>  <p>Home Lender of the Year 2014; 13 times in the past 16 years¹</p>	<p>↑250 ↑12%</p> <p>Existing branch staff trained & accredited to sell home loans</p>	<p>Same day</p> <p>Faster turnaround: 95% same day assessment for branch & premium broker apps (70% auto approved)</p>
<p>We listen to our customers</p>  <p>Collected 32,000 pieces of real time feedback from ANZ home loan customers³</p>	<p>↑181 ↑29%</p> <p>New specialist sales FTE across branches, mobile & contact centre</p>	<p>5mins</p> <p>Time to complete simple loan changes, down from 45 minutes</p>
<p>We help our customers be informed</p>  <p>Providing customer insights "<i>Buy Ready: The property buyer's edge</i>"</p>	<p>↑600 ↑150%</p> <p>Brokers on-boarded to premium broker service</p>	<p>↓40%</p> <p>Complaint reduction over 2 years through end-to-end process re-engineering & reliable settlements</p>
<p>Providing super-regional capability</p>  <p>Delivered a connected customer experience with our new Non Resident proposition</p>	<p>\$53b ↑15%</p> <p>Home Loan Sales across all channels</p>	<p>Digital</p> <p>Upgraded tools & calculators available online & on mobile</p>

1. CANNEX Money magazine's Home Loan Lender of the Year 2014, 2012, 2010, 2008, 2007, 2006, 2005. CANNEX Personal Investor magazine's Home Lender of the Year 2005, 2004, 2002, 2001, 2000, 1999.
 2. All FY14 figures unless otherwise noted
 3. Since July 2012

Investment in our home loan proposition has enabled growth while maintaining margins and risk profile

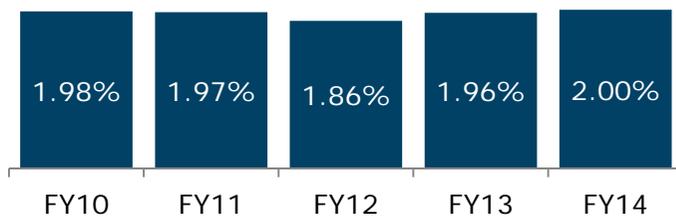
Maintain price position while managing margins

ANZ price vs peers¹; as at Oct-14



- ANZ's pricing approach ensures we are competitive, but not a price leader
- ANZ targets attractive segments of the market with appropriate price points to maximise growth within pricing & margin appetite

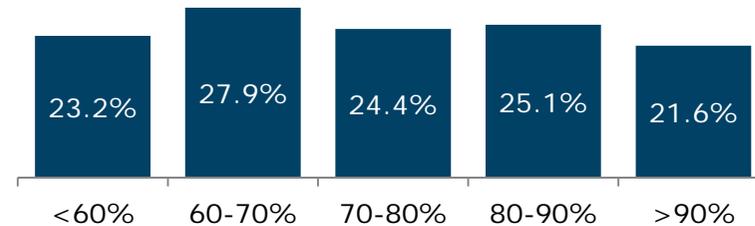
Retail NIM; FY10-14



- Retail NIM (2.00%) is consistent with prior years
- Active margin management & targeted use of discounting implemented to maintain margins

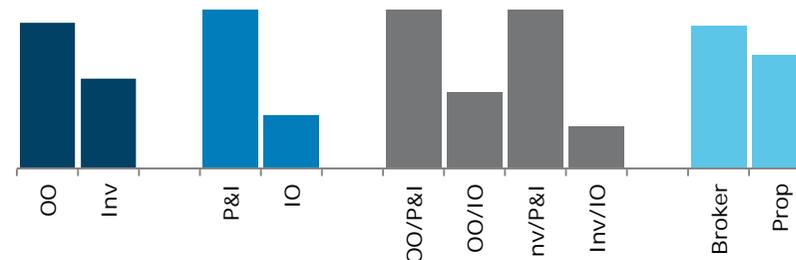
Low share of higher LVR lending

ANZ share of major bank new sales(\$) by LVR band²; 9mths to Jun-14



- Based on recent sales, ANZ captures 24.3% of the major banks' activity
- However, ANZ represents only 21.6% of >90% LVR system lending (>90% LVR lending comprises 12% of major bank recent sales)

% FUM 90+ days past due³; Sep-14



- Performance across customer and market segments is monitored closely
- Current delinquency rates are within risk appetite and feed into consideration of desired portfolio mix

1. Pricing based on carded discounted customer rate for new sales under package; variable rates based on lending <=80% LVR;
 2. Comparator Home Loans benchmarking;
 3. Excluding Non-Performing Loans (as per APRA reporting)

Australian market structural features mean that, even in a downturn, better outcomes would be expected relative to comparative international markets

Weak market attributes

Housing oversupply

- Spain¹
- USA e.g. Nevada, Arizona and Florida

Population declines

- Large US manufacturing cities²
- Northern UK

Weak underwriting standards apparent prior to GFC

- US Subprime lending
- UK lending >100% LVR
- US 'Teaser Rates' (i.e. Adjustable rate mortgages)

Culture of non payment

- Non-recourse lending in many US States (27 out of 50 states³)
- Tax deductibility discourages early repayment

Banks do not 'own' all their credit risk

- Dominance of securitisation in the US market

Australian market attributes

Housing undersupply

- Continues to trail population growth

Sustained population growth

- Australian population growth over double UK/US⁴
- All main markets growing⁵

Strong underwriting standards prior to GFC which have been further enhanced

- Introduction of National Consumer Credit Protection Act 2009 led to low doc lending reducing to <1%⁶
- Low levels of 100% LVR lending

Culture of repayment

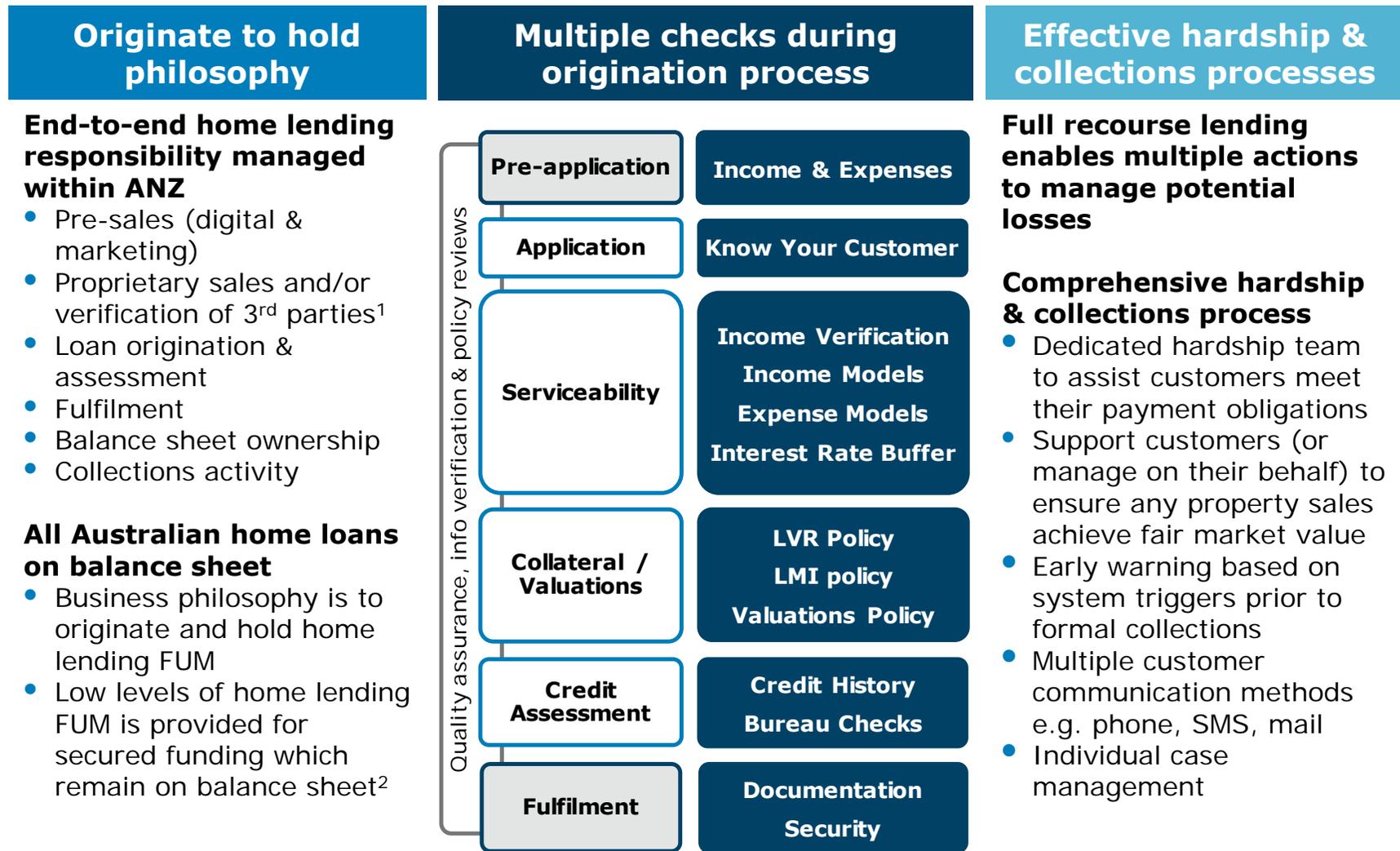
- Interest is non tax deductible on primary residence
- Full recourse lending
- Repayment trend is accelerating⁷ repayments

Banks 'own' their credit risks strengthening underwriting standards

- Origination is held on bank balance sheets
- Low levels of securitisation across the industry⁸
- Lenders perform income verification and internally credit assess (including broker origination)

1. 1.6m in housing stock vs annual demand of 259k in 2012 according to RR de Acuña & Associates; 2. e.g. Detroit lost 25% of residents from 2000-10 – US Census; 3. Oliver Wyman 2012 ; 4. Australia currently 1.8% vs US 0.7% and UK 0.6% per Worldbank; 5. Main markets are Sydney, Melbourne, Brisbane and Perth; 6. 'low doc' loans have declined from 6.4% of new loans to 0.7% in 2010 per APRA; 7. "balances in mortgage offset and redraw facilities – has risen to be around 15 per cent of outstanding balances" RBA Financial Services Review Sept 2014; 8. 2.3% housing loans securitised, APRA Monthly banking statistics - Aug-14

ANZ assesses and manages home lending risk across the end-to-end value chain from origination to collections

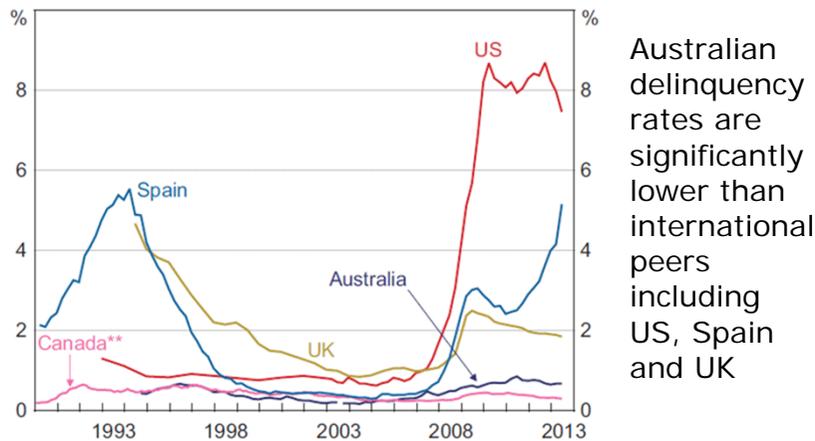


1. 3rd party sales channels (e.g. Broker) require ANZ accreditation & are subject to ongoing compliance monitoring to distribute ANZ home lending products
 2. ~\$20b of Home Loans FUM used to secure Covered Bonds (Internal RMBS excluded)

The current quality of the portfolio is supported by low loss rates and stable delinquency patterns

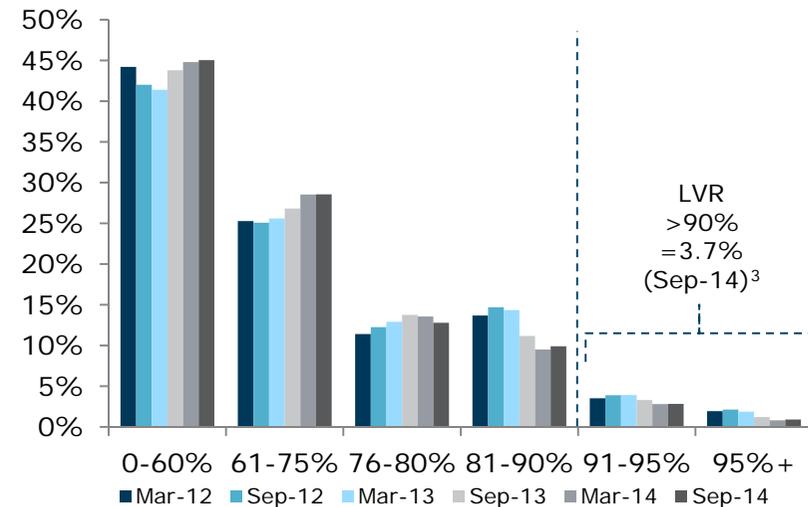
Australian & ANZ delinquencies are low by international standards

International comparison of delinquency rates as % of total lending¹

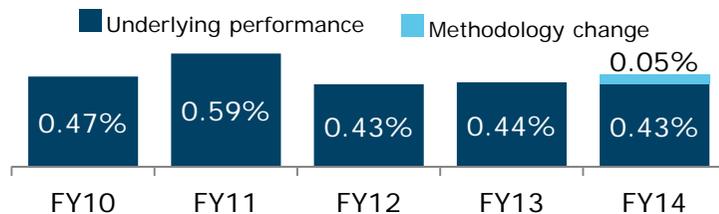


Portfolio skewed to lower LVR bands & realised losses are consistently low

Dynamic Portfolio LVR Bands; FY12 -14

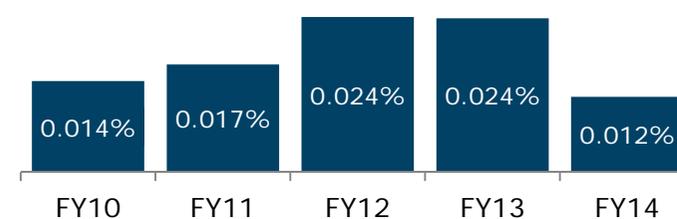


ANZ % FUM 90+ days past due²; FY10-14



- FY14 reflects changes to hardship methodology & reporting requirements (APRA); impact is 5bps

% Individual Provision Loss Rates; FY10-14



- FY14 losses of 1.2bps; 5 year average of 1.8bps
- FY14 portfolio performance: \$24m losses (IP) on \$209b FUM

1. Source: RBA Financial Services Review September 2013
 2. Excluding Non-Performing Loans (as per APRA reporting)
 3. Excluding capitalised premiums, Sep14 portfolio % with LVR >90% is 2.3% (Mar14 2.3%)

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