Australia and New Zealand Banking Group Limited

ABN 11 005 357 522

Full Year
30 September 2018

Consolidated Financial Report
Dividend Announcement
and Appendix 4E

The Consolidated Financial Report and Dividend Announcement contains information required by Appendix 4E of the Australian Securities Exchange (ASX) Listing Rules. It should be read in conjunction with ANZ's 2018 Annual Report, and is lodged with the ASX under listing rule 4.3A.

Name of Company: Australia and New Zealand Banking Group Limited
ABN 11 005 357 522

Report for the year ended 30 September 2018

Operating Results[1]				AUD million
Statutory operating income from continuing operations	⇧	2%	to	19,831
Statutory profit attributable to shareholders	▫	0%	to	6,400
Cash profit[2]	⇩	-16%	to	5,805
Cash profit from continuing operations	⇩	-5%	to	6,487

Dividends[3]	Cents per share	Franked amount[4] per share
Proposed Final dividend	80	100%
Interim dividend	80	100%
Record date for determining entitlements to the proposed 2018 final dividend		13 November 2018
Payment date for the proposed 2018 final dividend		18 December 2018

Dividend Reinvestment Plan and Bonus Option Plan

Australia and New Zealand Banking Group Limited (ANZ) has a Dividend Reinvestment Plan (DRP) and a Bonus Option Plan (BOP) that will operate in respect of the proposed 2018 final dividend. For the 2018 final dividend, ANZ intends to provide shares under the DRP through an on-market purchase and BOP through the issue of new shares. The 'Acquisition Price' to be used in determining the number of shares to be provided under the DRP and BOP will be calculated by reference to the arithmetic average of the daily volume weighted average sale price of all fully paid ANZ ordinary shares sold in the ordinary course of trading on the ASX and Chi-X during the ten trading days commencing on 16 November 2018, and then rounded to the nearest whole cent. Shares provided under the DRP and BOP will rank equally in all respects with existing fully paid ANZ ordinary shares. Election notices from shareholders wanting to commence, cease or vary their participation in the DRP or BOP for the 2018 final dividend must be received by ANZ's Share Registrar by 5.00pm (Australian Eastern Daylight Time) on 14 November 2018. Subject to receiving effective contrary instructions from the shareholder, dividends payable to shareholders with a registered address in the United Kingdom (including the Channel Islands and the Isle of Man) or New Zealand will be converted to Pounds Sterling or New Zealand Dollars respectively at an exchange rate calculated on 16 November 2018.

1 Unless otherwise noted, all comparisons are to the year ended 30 September 2017.

2 Cash profit excludes non-core items included in statutory profit and is provided to assist readers in understanding the result of the ongoing business activities of the Group. The non-core items are calculated consistently period on period so as not to discriminate between positive and negative adjustments, and fall into one of the three categories: gains or losses included in earnings arising from changes in tax, legal or accounting legislation or other non-core items not associated with the ongoing operations of the Group; treasury shares, revaluation of policy liabilities, economic hedging and similar accounting items that represent timing differences that will reverse through earnings in the future; and accounting reclassifications between individual line items that do not impact reported results, such as policyholders tax gross up. Cash profit is not a measure of cash flow or profit determined on a cash basis. The net after tax adjustment was a reduction to statutory profit of ($595) million made up of several items. Refer pages 73 to 77 for further details.

3 There is no conduit foreign income attributed to the dividends.

4 It is proposed that the final dividend will be fully franked for Australian tax purposes (30% tax rate) and carry New Zealand imputation credits of NZD 10 cents per ordinary share.

KPMG has audited the financial statements contained within the Australia and New Zealand Banking Group Limited Annual Report and has issued an unmodified audit report. The Annual Report will be available on 5 November 2018, and will include a copy of the KPMG audit report. The financial information contained in the Condensed Consolidated Financial Statements section of this preliminary final report includes financial information extracted from the audited financial statements together with financial information that has not been audited.

Cash profit is not subject to review or audit by the external auditor. The external auditor has informed the Audit Committee that recurring adjustments have been determined on a consistent basis across each period presented, and the adjustments for the sale impact of Shanghai Rural Commercial Bank (SRCB) in the March 2018 half and the September 2017 full year are appropriate.

David M Gonski, AC
Chairman

Shayne C Elliott
Director

30 October 2018

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CONSOLIDATED FINANCIAL REPORT, DIVIDEND ANNOUNCEMENT AND APPENDIX 4E
Year ended 30 September 2018

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This Consolidated Financial Report, Dividend Announcement and Appendix 4E has been prepared for Australia and New Zealand Banking Group Limited (the "Company" or "Parent Entity") together with its subsidiaries which are variously described as "ANZ", "Group", "ANZ Group", "the consolidated entity", "the Bank", "us", "we" or "our".

All amounts are in Australian dollars unless otherwise stated. The Company has a formally constituted Audit Committee of the Board of Directors. The Condensed Consolidated Financial Statements were approved by resolution of a Committee of the Board of Directors on 30 October 2018.

When used in this Results Announcement the words "estimate", "project", "intend", "anticipate", "believe", "expect", "should" and similar expressions, as they relate to ANZ and its management, are intended to identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. ANZ does not undertake any obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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SUMMARY OF 2018 FULL YEAR RESULTS AND ASSOCIATED DISCLOSURE MATERIALS

The following disclosure items were lodged separately with the ASX and NZX and can be accessed via the ANZ Shareholder Centre on the Group website http://www.shareholder.anz.com within the disclosures for 2018 Full Year Results.

Available on 31 October 2018 – 2018 Full Year Results

- **Consolidated Financial Report, Dividend Announcement & Appendix 4E**
- **Results Presentation and Investor Discussion Pack**
- **News Release**
- **Key Financial Data Summary**

Available on or after 5 November 2018

- **2018 Annual Report**
- **2018 The Company Financial Report**
- **2018 Annual Review**
- **2018 Corporate Governance Statement**
- **APS 330 Pillar III Disclosure at 30 September 2018**
- **2018 Corporate Sustainability Review**
- **United Kingdom Disclosure and Transparency Rules Submission**

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Guide to Full Year Results

NON-IFRS INFORMATION

Statutory profit is prepared in accordance with recognition and measurement requirements of Australian Accounting Standards, which comply with International Financial Reporting Standards (IFRS). The Group provides additional measures of performance in the Consolidated Financial Report & Dividend Announcement which are prepared on a basis other than in accordance with accounting standards. The guidance provided in *Australian Securities and Investments Commission (ASIC) Regulatory Guide 230* has been followed when presenting this information.

Cash Profit

Cash profit, a non-IFRS measure, represents ANZ's preferred measure of the result of the ongoing business activities of the Group, enabling readers to assess Group and Divisional performance against prior periods and against peer institutions. The items below are included in statutory profit which is subject to audit within the context of the external auditor's audit of the 2018 ANZ Annual Financial Report. Cash profit is not subject to audit by the external auditor. The external auditor has informed the Audit Committee that recurring adjustments have been determined on a consistent basis across each period presented, and the adjustments for the sale impact of Shanghai Rural Commercial Bank (SRCB) in the March 2018 half and the September 2017 full year are appropriate.

- **Adjustments between statutory profit and cash profit**

  To calculate cash profit, the Group excludes non-core items from statutory profit (refer to Definitions for further details). Refer to pages 73 to 77 for adjustments between statutory and cash profit.

- **Large/Notable items within cash profit**

  The Group's cash profit results from continuing operations include a number of items collectively referred to as Large/Notable items. While these items form part of cash profit, given the nature and significance of these items, they have been called out separately with comparative information provided, where relevant, to provide transparency and aid comparison. Refer to pages 15 to 19 for Large/Notable items.

DISCONTINUED OPERATIONS

As a result of the sales outlined below, the financial results of the Wealth Australia businesses being divested and associated Group reclassification and consolidation impacts are treated as discontinued operations from a financial reporting perspective. These businesses qualify as discontinued operations, a subset of assets held for sale, as they represent a major line of business.

The comparative Group Income Statements and Statement of Comprehensive Income have been restated to show discontinued operations separately from continuing operations in a separate line item 'Profit/(Loss) from discontinued operations'. This impacts the current and comparative financial information for Wealth Australia and Technology, Services & Operations (TSO) and Group Centre divisions.

- **Sale to IOOF Holdings Limited (IOOF)**

  On 17 October 2017, the Group announced it had agreed to sell its OnePath pensions and investments (OnePath P&I) and aligned dealer groups (ADG) businesses to IOOF. The aligned dealer groups business consists of aligned advice businesses that operate under their own Australian Financial Services licences. The sale of the aligned dealer groups business completed on 1 October 2018. The completion of the remaining OnePath pensions and investment business is planned to occur after the successful completion of the successor fund transfer, which is expected to occur in the first half of the 2019 financial year.

- **Sale to Zurich Financial Services Australia (Zurich)**

  On 12 December 2017, ANZ announced that it had agreed to the sale of its life insurance business to Zurich and regulatory approval was obtained on 10 October 2018. The transaction is subject to closing conditions and ANZ expects it to complete in the first half of the 2019 financial year.

Included in the 2018 'Loss from discontinued operations' is:

- A $632 million loss (pre and post-tax) recognised on the reclassification of Wealth Australia businesses to held for sale; and
- Customer remediation of $181 million ($127 million post-tax) for refunds to customers and related remediation costs. These items primarily relate to compensation to customers for receiving inappropriate advice or services not provided within the Group's former aligned dealer groups.

Continuing operations includes the retained Wealth Australia division, which is made up of lenders mortgage insurance, share investing, financial planning and general insurance distribution.

DIVISIONAL PERFORMANCE

As part of the broader simplification strategy for ANZ, there have been several structural changes during the September 2018 full year. Prior period comparatives have been aligned with these changes, which include:

- the corporate business, formerly part of the Corporate and Commercial Banking business within the Australia division, has been transferred to the Institutional division;
- the residual Asia Retail and Wealth businesses in Philippines, Japan and Cambodia not sold as part of the Asia Retail and Wealth divestment have been transferred to the Institutional division; and
- the Group made a further realignment by transferring Group Hub's divisional specific operations from TSO and Group Centre to the respective divisions. As these costs were previously recharged, there is no change to previously reported divisional cash profit. Divisional full time equivalent employees (FTEs) have been restated to reflect this change.

Statutory Profit Results

	Half Year Sep 18 $M	Half Year Mar 18 $M	Movt	Full Year Sep 18 $M	Full Year Sep 17 $M	Movt
Net interest income	**7,164**	7,350	-3%	**14,514**	14,875	-2%
Other operating income	**2,492**	2,825	-12%	**5,317**	4,523	18%
Operating income	**9,656**	10,175	-5%	**19,831**	19,398	2%
Operating expenses	**(4,837)**	(4,411)	10%	**(9,248)**	(8,967)	3%
Profit before credit impairment and income tax	**4,819**	5,764	-16%	**10,583**	10,431	1%
Credit impairment charge	**(280)**	(408)	-31%	**(688)**	(1,198)	-43%
Profit before income tax	**4,539**	5,356	-15%	**9,895**	9,233	7%
Income tax expense	**(1,358)**	(1,426)	-5%	**(2,784)**	(2,874)	-3%
Non-controlling interests	**(9)**	(7)	29%	**(16)**	(15)	7%
Profit attributable to shareholders of the Company from continuing operations	**3,172**	3,923	-19%	**7,095**	6,344	12%
Profit/(Loss) from discontinued operations	**(95)**	(600)	-84%	**(695)**	62	large
Profit attributable to shareholders of the Company	**3,077**	3,323	-7%	**6,400**	6,406	0%

Earnings Per Ordinary Share (cents)	Reference Page	Half Year Sep 18	Half Year Mar 18	Movt	Full Year Sep 18	Full Year Sep 17	Movt
Basic	93	**107.3**	114.2	-6%	**221.6**	220.1	1%
Diluted	93	**103.2**	108.6	-5%	**212.1**	210.8	1%

	Reference Page	Half Year Sep 18	Half Year Mar 18	Full Year Sep 18	Full Year Sep 17
Ordinary Share Dividends (cents)					
Interim - 100% franked[1]	92	**-**	80	**80**	80
Final - 100% franked[1]	92	**80**	-	**80**	80
Total - 100% franked[1]	92	**80**	80	**160**	160
Ordinary share dividend payout ratio[2]	92	**74.6%**	69.7%	**72.1%**	73.4%
Profitability Ratios					
Return on average ordinary shareholders' equity[3]		**10.4%**	11.3%	**10.9%**	11.0%
Return on average assets[4]		**0.64%**	0.71%	**0.68%**	0.70%
Net interest margin		**1.82%**	1.93%	**1.87%**	1.99%
Net interest income to average credit RWAs[4]		**4.21%**	4.35%	**4.28%**	4.29%
Efficiency Ratios					
Operating expenses to operating income		**51.6%**	46.8%	**49.2%**	46.6%
Operating expenses to average assets[4]		**1.08%**	1.00%	**1.04%**	1.03%
Credit Impairment Charge/(Release)					
Individual credit impairment charge ($M)	95	**343**	430	**773**	1,340
Collective credit impairment charge/(release) ($M)	95	**(63)**	(22)	**(85)**	(142)
Total credit impairment charge ($M)	95	**280**	408	**688**	1,198
Individual credit impairment charge as a % of average gross loans and advances[4]		**0.11%**	0.15%	**0.13%**	0.23%
Total credit impairment charge as a % of average gross loans and advances[4]		**0.09%**	0.14%	**0.12%**	0.21%

1. *Fully franked for Australian tax purposes and carry New Zealand imputation credits of NZD 10 cents per ordinary share for the proposed 2018 final dividend (2018 interim dividend: NZD 9 cents; 2017 final dividend: NZD 10 cents; 2017 interim dividend: NZD 9 cents).*
2. *Dividend payout ratio is calculated using the proposed 2018 final, 2018 interim, 2017 final and 2017 interim dividends.*
3. *Average ordinary shareholders' equity excludes non-controlling interests.*
4. *Average assets, average gross loans and advances and average credit RWAs include assets held for sale.*

Cash Profit Results[1]

	Half Year			Full Year		
	Sep 18 $M	Mar 18 $M	Movt	Sep 18 $M	Sep 17 $M	Movt
Net interest income	**7,164**	7,350	-3%	**14,514**	14,875	-2%
Other operating income	**2,242**	2,458	-9%	**4,700**	4,941	-5%
Operating income	**9,406**	9,808	-4%	**19,214**	19,816	-3%
Operating expenses	**(4,837)**	(4,411)	10%	**(9,248)**	(8,967)	3%
Profit before credit impairment and income tax	**4,569**	5,397	-15%	**9,966**	10,849	-8%
Credit impairment charge	**(280)**	(408)	-31%	**(688)**	(1,199)	-43%
Profit before income tax	**4,289**	4,989	-14%	**9,278**	9,650	-4%
Income tax expense	**(1,286)**	(1,489)	-14%	**(2,775)**	(2,826)	-2%
Non-controlling interests	**(9)**	(7)	29%	**(16)**	(15)	7%
Cash profit from continuing operations	**2,994**	3,493	-14%	**6,487**	6,809	-5%
Cash profit/(loss) from discontinued operations	**(65)**	(617)	-89%	**(682)**	129	large
Cash profit	**2,929**	2,876	2%	**5,805**	6,938	-16%

Earnings Per Ordinary Share (cents)	Half Year			Full Year		
	Sep 18	Mar 18	Movt	Sep 18	Sep 17	Movt
Basic	**101.6**	98.3	3%	**199.9**	237.1	-16%
Diluted	**97.9**	94.2	4%	**192.3**	226.4	-15%

		Half Year		Full Year	
	Reference Page	Sep 18	Mar 18	Sep 18	Sep 17
Ordinary Share Dividends					
Ordinary share dividend payout ratio[2]		**78.4%**	80.6%	**79.5%**	67.7%
Profitability Ratios					
Return on average ordinary shareholders' equity[3]		**9.9%**	9.8%	**9.8%**	11.9%
Return on average assets[4]		**0.61%**	0.62%	**0.62%**	0.75%
Net interest margin		**1.82%**	1.93%	**1.87%**	1.99%
Net interest income to average credit RWAs[4]		**4.21%**	4.35%	**4.28%**	4.29%
Efficiency Ratios					
Operating expenses to operating income		**54.0%**	49.3%	**51.6%**	46.1%
Operating expenses to average assets[4]		**1.07%**	1.00%	**1.04%**	1.03%
Credit Impairment Charge/(Release)					
Individual credit impairment charge ($M)	32	**343**	430	**773**	1,341
Collective credit impairment charge/(release) ($M)	32	**(63)**	(22)	**(85)**	(142)
Total credit impairment charge ($M)	32	**280**	408	**688**	1,199
Individual credit impairment charge as a % of average gross loans and advances[4]		**0.11%**	0.15%	**0.13%**	0.23%
Total credit impairment charge as a % of average gross loans and advances[4]		**0.09%**	0.14%	**0.12%**	0.21%

Cash Profit/(Loss) By Division	Half Year			Full Year		
	Sep 18 $M	Mar 18 $M	Movt	Sep 18 $M	Sep 17 $M	Movt
Australia	**1,665**	1,915	-13%	**3,580**	3,616	-1%
Institutional	**742**	793	-6%	**1,535**	1,924	-20%
New Zealand	**749**	726	3%	**1,475**	1,369	8%
Wealth Australia	**8**	44	-82%	**52**	95	-45%
Asia Retail & Pacific	**45**	106	-58%	**151**	(157)	large
TSO and Group Centre	**(215)**	(91)	large	**(306)**	(38)	large
Discontinued Operations	**(65)**	(617)	-89%	**(682)**	129	large
Cash profit	**2,929**	2,876	2%	**5,805**	6,938	-16%

1. *Cash profit excludes non-core items included in statutory profit and is provided to assist readers in understanding the results of the ongoing business activities of the Group. Refer to pages 73 to 77 for the reconciliation between statutory and cash profit. Refer to pages 15 to 19 for information on large/notable items included in continuing cash profit.*
2. *Dividend payout ratio is calculated using the proposed 2018 final, 2018 interim and 2017 final and 2017 interim dividends.*
3. *Average ordinary shareholders' equity excludes non-controlling interests.*
4. *Average assets, average gross loans and advances and average credit RWAs include assets held for sale.*

Financial Performance Summary – Total and continuing operations

For financial reporting purposes the results of discontinued operations are shown in a separate line item 'Profit/(Loss) from discontinued operations'. In the table below we show Total cash profit, inclusive of discontinued operations, and continuing operations cash profit. For the purpose of comparison, Total - inclusive of discontinued operations is presented such that each Income Statement line item is inclusive of discontinued operations.

	Half Year						Full Year					
	Total - inclusive of discontinued operations		Movement	Continuing operations		Movement	Total - inclusive of discontinued operations		Movement	Continuing operations		Movement
	Sep 18 $M	Mar 18 $M	Sep 18 v. Mar 18	Sep 18 $M	Mar 18 $M	Sep 18 v. Mar 18	Sep 18 $M	Sep 17 $M	Sep 18 v. Sep 17	Sep 18 $M	Sep 17 $M	Sep 18 v. Sep 17
Net interest income	**7,164**	7,350	-3%	**7,164**	7,350	-3%	**14,514**	14,872	-2%	**14,514**	14,875	-2%
Other operating income	**2,358**	2,090	13%	**2,242**	2,458	-9%	**4,448**	5,617	-21%	**4,700**	4,941	-5%
Operating income	**9,522**	9,440	1%	**9,406**	9,808	-4%	**18,962**	20,489	-7%	**19,214**	19,816	-3%
Operating expenses	**(5,138)**	(4,654)	10%	**(4,837)**	(4,411)	10%	**(9,792)**	(9,448)	4%	**(9,248)**	(8,967)	3%
Profit before credit impairment and income tax	**4,384**	4,786	-8%	**4,569**	5,397	-15%	**9,170**	11,041	-17%	**9,966**	10,849	-8%
Credit impairment charge	**(280)**	(408)	-31%	**(280)**	(408)	-31%	**(688)**	(1,199)	-43%	**(688)**	(1,199)	-43%
Profit before income tax	**4,104**	4,378	-6%	**4,289**	4,989	-14%	**8,482**	9,842	-14%	**9,278**	9,650	-4%
Income tax expense	**(1,166)**	(1,495)	-22%	**(1,286)**	(1,489)	-14%	**(2,661)**	(2,889)	-8%	**(2,775)**	(2,826)	-2%
Non-controlling interests	**(9)**	(7)	29%	**(9)**	(7)	29%	**(16)**	(15)	7%	**(16)**	(15)	7%
Cash Profit	**2,929**	2,876	2%	**2,994**	3,493	-14%	**5,805**	6,938	-16%	**6,487**	6,809	-5%
Average interest earning assets	**784,501**	765,186	3%	**784,501**	765,186	3%	**774,884**	748,000	4%	**774,884**	748,000	4%
Average deposits and other borrowings	**621,699**	612,291	2%	**621,699**	612,291	2%	**617,008**	604,709	2%	**617,008**	604,543	2%
Funds under management[1]	**81,122**	80,178	1%	**30,734**	30,596	0%	**81,122**	77,985	4%	**30,734**	28,925	6%
Earnings per share (basic)	**101.6**	98.3	3%	**103.9**	119.4	-13%	**199.9**	237.1	-16%	**223.4**	232.7	-4%
Ordinary share dividend payout ratio	**78.4%**	80.6%		**76.7%**	66.3%		**79.5%**	67.7%		**71.1%**	69.0%	
Profitability Ratios												
Return on average ordinary shareholders' equity[2]	**9.9%**	9.8%		**10.1%**	11.9%		**9.8%**	11.9%		**11.0%**	11.7%	
Return on average assets	**0.61%**	0.62%		**0.66%**	0.79%		**0.62%**	0.75%		**0.72%**	0.78%	
Net interest margin	**1.82%**	1.93%		**1.82%**	1.93%		**1.87%**	1.99%		**1.87%**	1.99%	
Efficiency Ratios												
Operating expenses to operating income	**54.0%**	49.3%		**51.4%**	45.0%		**51.6%**	46.1%		**48.1%**	45.3%	
Operating expenses to average assets	**1.07%**	1.00%		**1.06%**	0.99%		**1.04%**	1.03%		**1.03%**	1.02%	
FTE[3]	**39,924**	41,580	-4%	**37,860**	39,655	-5%	**39,924**	44,896	-11%	**37,860**	43,011	-12%

1. *Funds under management for continuing operations relates to New Zealand Wealth and Private Bank in Australia division.*
2. *Average ordinary shareholders' equity excludes non-controlling interests.*
3. *The actual FTE that will transfer to IOOF or Zurich on sale completion or at a later date is currently being determined. Discontinued FTE is based on an estimate using an allocation methodology. Discontinued FTE for the September 2017 full year has been restated to reflect a more accurate estimate of the FTEs that will transfer to IOOF or Zurich.*

Key Balance Sheet Metrics[1]

	Reference Page	As at Sep 18	Mar 18	Sep 17	Movement Sep 18 v. Mar 18	Sep 18 v. Sep 17
Capital Management						
Common Equity Tier 1						
- APRA Basel 3	43	**11.4%**	11.0%	10.6%		
- Internationally Comparable Basel 3[2]	43	**16.8%**	16.3%	15.8%		
Credit risk weighted assets ($B)	108	**337.6**	342.8	336.8	-2%	0%
Total risk weighted assets ($B)	43	**390.8**	395.8	391.1	-1%	0%
Leverage Ratio	46	**5.5%**	5.4%	5.4%		
Balance Sheet: Key Items						
Gross loans and advances ($B)		**608.4**	595.5	584.1	2%	4%
Net loans and advances ($B)		**604.9**	591.9	580.3	2%	4%
Total assets ($B)		**942.6**	935.1	897.3	1%	5%
Customer deposits ($B)		**487.3**	472.8	467.6	3%	4%
Total equity ($B)		**59.4**	59.5	59.1	0%	1%

Liquidity Risk	Reference Page	As at Sep 18	Mar 18	Sep 17	Movement Sep 18 v. Mar 18	Sep 18 v. Sep 17
Liquidity Coverage Ratio	41	**142%**	134%	135%	8%	7%
Net Stable Funding Ratio	42	**115%**	115%	114%	0%	1%

	Reference Page	As at Sep 18	Mar 18	Sep 17	Movement Sep 18 v. Mar 18	Sep 18 v. Sep 17
Impaired Assets						
Gross impaired assets ($M)	34	**2,013**	2,034	2,384	-1%	-16%
Gross impaired assets as a % of gross loans and advances		**0.33%**	0.34%	0.41%		
Net impaired assets ($M)	34	**1,093**	1,018	1,248	7%	-12%
Net impaired assets as a % of shareholders' equity		**1.8%**	1.7%	2.1%		
Individual provision ($M)	33	**920**	1,016	1,136	-9%	-19%
Individual provision as a % of gross impaired assets		**45.7%**	50.0%	47.7%		
Collective provision ($M)	33	**2,523**	2,579	2,662	-2%	-5%
Collective provision as a % of credit risk weighted assets		**0.75%**	0.75%	0.79%		
Net Assets						
Net tangible assets attributable to ordinary shareholders ($B)[3]		**53.1**	53.0	51.9	0%	2%
Net tangible assets per ordinary share ($)		**18.47**	18.27	17.66	1%	5%

Net Loans And Advances By Division (Excluding Held for Sale)	As at Sep 18 $B	Mar 18 $B	Sep 17 $B	Movement Sep 18 v. Mar 18	Sep 18 v. Sep 17
Australia	**340.3**	339.3	333.6	0%	2%
Institutional	**148.8**	137.9	131.6	8%	13%
New Zealand	**111.3**	108.3	104.9	3%	6%
Wealth Australia	**0.9**	0.9	1.7	0%	-47%
Asia Retail & Pacific	**2.1**	2.2	2.5	-5%	-16%
TSO and Group Centre	**0.5**	0.3	-	67%	n/a
Net loans and advances by division	**603.9**	588.9	574.3	3%	5%

1. *Balance Sheet amounts and metrics include assets and liabilities held for sale unless otherwise stated.*
2. *See page 43 for further details regarding the differences between APRA Basel 3 and Internationally Comparable Basel 3 standards.*
3. *Equals total shareholders' equity less total non-controlling interests, goodwill and other intangible assets.*

Large/Notable Items – continuing operations

Large/notable items included in cash profit from continuing operations are described below.

Divestment impacts (continuing operations)

The Group announced the following divestments in line with the Group's strategy to create a simpler, better capitalised, better balanced and more agile bank. As these divestments do not qualify as discontinued operations under accounting standards they form part of continuing operations. The financial impacts from these divestments are summarised below including the business results for those divestments that have completed:

	Gain/(Loss) on sale from divestments				Completed divestment business results			
	Half Year		Full Year		Half Year		Full Year	
Cash Profit Impact	**Sep 18 $M**	**Mar 18 $M**	**Sep 18 $M**	**Sep 17 $M**	**Sep 18 $M**	**Mar 18 $M**	**Sep 18 $M**	**Sep 17 $M**
Asia Retail and Wealth businesses	**-**	99	**99**	(310)	**-**	30	**30**	325
SRCB	**-**	2	**2**	-	**-**	-	**-**	58
UDC	**(7)**	18	**11**	-	**-**	-	**-**	-
MCC	**121**	119	**240**	-	**10**	-	**10**	39
Cambodia JV	**(42)**	-	**(42)**	-	**-**	-	-	-
OPL NZ	**(3)**	-	**(3)**	-	**-**	-	-	-
PNG Retail, Commercial and SME	**(19)**	-	**(19)**	-	**-**	-	**-**	-
Profit/(Loss) before income tax	**50**	238	**288**	(310)	**10**	30	**40**	422
Income tax benefit/(expense) and non-controlling interests	**3**	(100)	**(97)**	40	**-**	(6)	**(6)**	(63)
Cash profit/(loss) from continuing operations	**53**	138	**191**	(270)	**10**	24	**34**	359

- **Asia Retail and Wealth businesses**

  The Group announced that it had agreed to sell its Retail and Wealth businesses in Singapore, Hong Kong, China, Taiwan and Indonesia to Singapore's DBS Bank on 31 October 2016, and its Retail business in Vietnam to Shinhan Bank Vietnam on 21 April 2017. The Group recognised the following impacts:

  - During the September 2018 full year, the Group recognised a $99 million gain relating to the completed transition of the Vietnam, Taiwan, and Indonesia businesses, net of costs associated with the sale. The Group recognised $30 million in respect of the divested business results.
  - During the September 2017 full year, the Group recognised a net loss of $310 million. This comprises a $324 million loss on the reclassification of assets to held for sale in addition to costs associated with the sale, and a $14 million gain on the completed transition of the China, Singapore and Hong Kong businesses comprising sale premium and recoveries, net of related sale costs. The Group recognised $325 million in respect of the divested business results.

- **Shanghai Rural Commercial Bank (SRCB)**

  On 3 January 2017, the Group announced it had agreed to sell its 20% stake in Shanghai Rural Commercial Bank (SRCB). The sale was completed in the September 2018 full year and the Group recognised a net gain of $2 million ($86 million loss after tax). Equity accounted earnings of $58 million were recorded in the September 2017 full year prior to the reclassification to held for sale.

- **UDC Finance (UDC)**

  On 11 January 2017, the Group announced that it had entered into a conditional agreement to sell UDC to HNA Group (HNA). On 21 December 2017, the Group announced that it had been informed that New Zealand's Overseas Investment Office had declined HNA's application to acquire UDC and the agreement with HNA was terminated in January 2018 and an $18 million cost recovery was recognised in respect of the terminated transaction process. The Group incurred transaction costs of $7 million in the September 2018 half. The assets and liabilities of UDC are no longer classified as held for sale as at 30 September 2018.

- **Metrobank Card Corporation (MCC)**

  On 18 October 2017, the Group announced it had entered into a sale agreement with its joint venture partner Metropolitan Bank & Trust Company (Metrobank) in relation to its 40% stake in the Philippines based Metrobank Card Corporation (MCC). The Group sold its 40% stake in two equal tranches in January and September 2018. During the September 2018 full year, the Group recognised a net gain on sale of $240 million and a dividend of $10 million. Equity accounted earnings of $39 million were recorded in the September 2017 full year prior to the reclassification to held for sale.

- **ANZ Royal Bank (Cambodia) Ltd (Cambodia JV)**

  On 17 May 2018, the Group announced it had reached an agreement to sell its 55% stake in Cambodia JV to J Trust, a Japanese diversified financial holding company listed on the Tokyo Stock Exchange. The transaction is subject to closing conditions and regulatory approval and ANZ expects it to close in the 2019 financial year. During the September 2018 full year, the Group recognised a $42 million loss on the reclassification of assets to held for sale.

- **OnePath Life NZ Ltd (OPL NZ)**

  On 30 May 2018, the Group announced that it had agreed to sell OnePath Life NZ Limited to Cigna Corporation and the final regulatory approval was obtained on 29 October 2018. The transaction is subject to closing conditions and ANZ expects it to close in the 2019 financial year. During the September 2018 full year, the Group incurred $3 million relating to transaction costs.

- **Papua New Guinea Retail, Commercial and Small-Medium Sized Enterprise businesses (PNG Retail, Commercial and SME)**

  On 25 June 2018, the Group announced it had entered into an agreement to sell its Retail, Commercial and Small-Medium Sized Enterprise (SME) banking businesses in Papua New Guinea to Kina Bank. The transaction is subject to closing conditions and regulatory approval and ANZ expects it to close by late 2019 calendar year. During the September 2018 full year, the Group recognised a $19 million loss on the reclassification of assets to held for sale.

Other large/notable items (continuing operations)

- **Customer remediation**

  Customer remediation charges of $419 million have been recognised in the September 2018 full year (Sep 17 full year: $153 million) for refunds to customers and related remediation costs. $228 million relates to customer remediation impacting operating income (Sep 17 full year: $70 million), and $191 million relating to remediation costs impacting operating expenses (Sep 17 full year: $83 million). These impacts were primarily identified from product reviews in the Australia division to date. These reviews remain ongoing.

- **Accelerated software amortisation**

  The Group has accelerated the amortisation of certain software assets, predominantly relating to the Institutional division. This follows a recent review of the International business in light of recent divestments. An accelerated amortisation expense of $251 million was recognised in the September 2018 full year.

- **Royal Commission legal costs**

  External legal costs associated with responding to the Royal Commission were $55 million for the September 2018 full year.

- **Restructuring**

  The Group recognised restructuring expenses of $227 million in the September 2018 full year (Sep 17 full year: $62 million), largely relating to the previously announced move of the Australia and Technology divisions to agile ways of working.

- **Gain on sale of 100 Queen Street, Melbourne**

  The Group sold the 100 Queen Street office tower and former head office in Melbourne, Australia during the September 2017 full year. The transaction resulted in a net gain on sale of $114 million.

Large/Notable items - continuing operations

Cash Profit Results	Half Year							Full Year						
	Sep 18 $M	Large/ notables $M	Sep 18 ex. Large/ notables $M	Mar 18 $M	Large/ notables $M	Mar 18 ex. Large/ notables $M	Movt ex. Large/ notables	Sep 18 $M	Large/ notables $M	Sep 18 ex. Large/ notables $M	Sep 17 $M	Large/ notables[1] $M	Sep 17 ex. Large/ notables $M	Movt ex. Large/ notables
Net interest income	**7,164**	**(86)**	**7,250**	7,350	34	7,316	-1%	**14,514**	**(52)**	**14,566**	14,875	406	14,469	1%
Other operating income	**2,242**	**(40)**	**2,282**	2,458	263	2,195	4%	**4,700**	**223**	**4,477**	4,941	91	4,850	-8%
Operating income	**9,406**	**(126)**	**9,532**	9,808	297	9,511	0%	**19,214**	**171**	**19,043**	19,816	497	19,319	-1%
Operating expenses	**(4,837)**	**(605)**	**(4,232)**	(4,411)	(164)	(4,247)	0%	**(9,248)**	**(769)**	**(8,479)**	(8,967)	(362)	(8,605)	-1%
Profit before credit impairment and income tax	**4,569**	**(731)**	**5,300**	5,397	133	5,264	1%	**9,966**	**(598)**	**10,564**	10,849	135	10,714	-1%
Credit impairment charge	**(280)**	**-**	**(280)**	(408)	(26)	(382)	-27%	**(688)**	**(26)**	**(662)**	(1,199)	(124)	(1,075)	-38%
Profit/(Loss) before income tax	**4,289**	**(731)**	**5,020**	4,989	107	4,882	3%	**9,278**	**(624)**	**9,902**	9,650	11	9,639	3%
Income tax benefit/(expense) and non-controlling interests	**(1,295)**	**207**	**(1,502)**	(1,496)	(56)	(1,440)	4%	**(2,791)**	**151**	**(2,942)**	(2,841)	35	(2,876)	2%
Cash profit/(loss) from continuing operations	**2,994**	**(524)**	**3,518**	3,493	51	3,442	2%	**6,487**	**(473)**	**6,960**	6,809	46	6,763	3%

Cash Profit/(Loss) By Division	Half Year							Full Year						
	Sep 18 $M	Large/ notables $M	Sep 18 ex. Large/ notables $M	Mar 18 $M	Large/ notables $M	Mar 18 ex. Large/ notables $M	Movt ex. Large/ notables	Sep 18 $M	Large/ notables $M	Sep 18 ex. Large/ notables $M	Sep 17 $M	Large/ notables[1] $M	Sep 17 ex. Large/ notables $M	Movt ex. Large/ notables
Australia	**1,665**	**(233)**	**1,898**	1,915	(76)	1,991	-5%	**3,580**	**(309)**	**3,889**	3,616	(69)	3,685	6%
Institutional	**742**	**(210)**	**952**	793	-	793	20%	**1,535**	**(210)**	**1,745**	1,924	(20)	1,944	-10%
New Zealand	**749**	**(19)**	**768**	726	(6)	732	5%	**1,475**	**(25)**	**1,500**	1,369	(13)	1,382	9%
Wealth Australia	**8**	**(44)**	**52**	44	(13)	57	-9%	**52**	**(57)**	**109**	95	(21)	116	-6%
Asia Retail & Pacific	**45**	**-**	**45**	106	109	(3)	large	**151**	**109**	**42**	(157)	(8)	(149)	large
TSO and Group Centre[2]	**(215)**	**(18)**	**(197)**	(91)	37	(128)	54%	**(306)**	**19**	**(325)**	(38)	177	(215)	51%
Cash profit/(loss) from continuing operations	**2,994**	**(524)**	**3,518**	3,493	51	3,442	2%	**6,487**	**(473)**	**6,960**	6,809	46	6,763	3%

1. *Where applicable, comparative information has been restated for large/notable items included in the 2018 full year. Derivative valuation adjustments for the September 2018 full year are not considered to be a large/notable item and the September 2017 full year large/notable items have been restated accordingly. Refer to page 64 for further information on derivative valuation adjustments.*
2. *TSO and Group Centre includes the Gain/(Loss) on sale from divestments including SRCB, UDC, MCC, Cambodia JV, OPL NZ, PNG Retail, Commercial and SME. It also includes the completed MCC and SRCB divestment business results.*

Large/Notable items - continuing operations

Within continuing cash profit, the Group has recognised some large/notable items. These items are shown in the tables below.

	September 2018 Full Year							September 2017 Full Year[1]					
	Large/notable items included in continuing cash profit							Large/notable items included in continuing cash profit					
	Gain/(Loss) on sale from divestments $M	Divested business results[2] $M	Customer remediation $M	Accelerated software amortisation $M	Royal Commission legal costs $M	Restructuring $M	Total $M	Gain/(Loss) on sale from divestments $M	Divested business results[2] $M	Customer remediation $M	Restructuring $M	Gain on sale of 100 Queen St, Melbourne $M	Total $M
Cash Profit													
Net interest income	-	53	(105)	-	-	-	**(52)**	-	442	(36)	-	-	**406**
Other operating income	298	48	(123)	-	-	-	**223**	(310)	321	(34)	-	114	**91**
Operating income	298	101	(228)	-	-	-	**171**	(310)	763	(70)	-	114	**497**
Operating expenses	(10)	(35)	(191)	(251)	(55)	(227)	**(769)**	-	(217)	(83)	(62)	-	**(362)**
Profit before credit impairment and income tax	288	66	(419)	(251)	(55)	(227)	**(598)**	(310)	546	(153)	(62)	114	**135**
Credit impairment charge	-	(26)	-	-	-	-	**(26)**	-	(124)	-	-	-	**(124)**
Profit before income tax	288	40	(419)	(251)	(55)	(227)	**(624)**	(310)	422	(153)	(62)	114	**11**
Income tax benefit/(expense) and non-controlling interests	(97)	(6)	124	45	17	68	**151**	40	(63)	41	19	(2)	**35**
Cash profit from continuing operations	191	34	(295)	(206)	(38)	(159)	**(473)**	(270)	359	(112)	(43)	112	**46**

	September 2018 Half Year							March 2018 Half Year					
	Large/notable items included in continuing cash profit							Large/notable items included in continuing cash profit					
	Gain/(Loss) on sale from divestments $M	Divested business results[2] $M	Customer remediation $M	Accelerated software amortisation $M	Royal Commission legal costs $M	Restructuring $M	Total $M	Gain/(Loss) on sale from divestments $M	Divested business results[2] $M	Customer remediation $M	Royal Commission legal costs $M	Restructuring $M	Total $M
Cash Profit													
Net interest income	-	-	(86)	-	-	-	**(86)**	-	53	(19)	-	-	**34**
Other operating income	60	10	(110)	-	-	-	**(40)**	238	38	(13)	-	-	**263**
Operating income	60	10	(196)	-	-	-	**(126)**	238	91	(32)	-	-	**297**
Operating expenses	(10)	-	(156)	(251)	(39)	(149)	**(605)**	-	(35)	(35)	(16)	(78)	**(164)**
Profit before credit impairment and income tax	50	10	(352)	(251)	(39)	(149)	**(731)**	238	56	(67)	(16)	(78)	**133**
Credit impairment charge	-	-	-	-	-	-	**-**	-	(26)	-	-	-	**(26)**
Profit before income tax	50	10	(352)	(251)	(39)	(149)	**(731)**	238	30	(67)	(16)	(78)	**107**
Income tax benefit/(expense) and non-controlling interests	3	-	102	45	12	45	**207**	(100)	(6)	22	5	23	**(56)**
Cash profit from continuing operations	53	10	(250)	(206)	(27)	(104)	**(524)**	138	24	(45)	(11)	(55)	**51**

1. *Where applicable, comparative information has been restated for large/notable items included in the 2018 full year. Derivative valuation adjustments for the September 2018 full year are not considered to be a large/notable item and the September 2017 full year large/notable items have been restated accordingly. Refer to page 64 for further information on derivative valuation adjustments.*
2. *Relates to business results for completed divestments.*

Large/Notable items - continuing operations

Within continuing cash profit, the Group has recognised some large/notable items. The impact of these items on the divisional results are shown in the tables below.

	September 2018 Full Year							September 2017 Full Year[1]					
	Large/notable items included in continuing cash profit							Large/notable items included in continuing cash profit					
	Gain/(Loss) on sale from divestments $M	Divested business results[2] $M	Customer remediation $M	Accelerated software amortisation $M	Royal Commission legal costs $M	Restructuring $M	Total $M	Gain/(Loss) on sale from divestments $M	Divested business results[2] $M	Customer remediation $M	Restructuring $M	Gain on sale of 100 Queen St, Melbourne $M	Total $M
Profit before income tax													
Australia	-	-	(304)	(29)	-	(110)	**(443)**	-	-	(94)	(6)	-	**(100)**
Institutional	-	-	(7)	(222)	-	(25)	**(254)**	-	-	(16)	(6)	-	**(22)**
New Zealand	-	-	(27)	-	-	(9)	**(36)**	-	-	(15)	(3)	-	**(18)**
Wealth Australia	-	-	(81)	-	-	(1)	**(82)**	-	-	(28)	(1)	-	**(29)**
Asia Retail & Pacific	99	30	-	-	-	-	**129**	(310)	325	-	-	-	**15**
TSO and Group Centre[3]	189	10	-	-	(55)	(82)	**62**	-	97	-	(46)	114	**165**
Profit before income tax	288	40	(419)	(251)	(55)	(227)	**(624)**	(310)	422	(153)	(62)	114	**11**
Income tax benefit/(expense) and non-controlling interests	(97)	(6)	124	45	17	68	**151**	40	(63)	41	19	(2)	**35**
Cash profit from continuing operations	191	34	(295)	(206)	(38)	(159)	**(473)**	(270)	359	(112)	(43)	112	**46**

	September 2018 Half Year							March 2018 Half Year					
	Large/notable items included in continuing cash profit							Large/notable items included in continuing cash profit					
	Gain/(Loss) on sale from divestments $M	Divested business results[2] $M	Customer remediation $M	Accelerated software amortisation $M	Royal Commission legal costs $M	Restructuring $M	Total $M	Gain/(Loss) on sale from divestments $M	Divested business results[2] $M	Customer remediation $M	Royal Commission legal costs $M	Restructuring $M	Total $M
Profit before income tax													
Australia	-	-	(254)	(29)	-	(53)	**(336)**	-	-	(50)	-	(57)	**(107)**
Institutional	-	-	(12)	(222)	-	(17)	**(251)**	-	-	5	-	(8)	**(3)**
New Zealand	-	-	(24)	-	-	(4)	**(28)**	-	-	(3)	-	(5)	**(8)**
Wealth Australia	-	-	(62)	-	-	-	**(62)**	-	-	(19)	-	(1)	**(20)**
Asia Retail & Pacific	-	-	-	-	-	(1)	**(1)**	99	30	-	-	1	**130**
TSO and Group Centre[3]	50	10	-	-	(39)	(74)	**(53)**	139	-	-	(16)	(8)	**115**
Profit before income tax	50	10	(352)	(251)	(39)	(149)	**(731)**	238	30	(67)	(16)	(78)	**107**
Income tax benefit/(expense) and non-controlling interests	3	-	102	45	12	45	**207**	(100)	(6)	22	5	23	**(56)**
Cash profit from continuing operations	53	10	(250)	(206)	(27)	(104)	**(524)**	138	24	(45)	(11)	(55)	**51**

1. *Where applicable, comparative information has been restated for large/notable items included in the 2018 full year. Derivative valuation adjustments for the September 2018 full year are not considered to be a large/notable item and the September 2017 full year large/notable items have been restated accordingly. Refer to page 64 for further information on derivative valuation adjustments.*
2. *Relates to business results for completed divestments.*
3. *TSO and Group Centre includes the Gain/(Loss) on sale from divestments including SRCB, UDC, MCC, Cambodia JV, OPL NZ, PNG Retail, Commercial and SME. It also includes the completed MCC and SRCB divestment business results.*

Full Time Equivalent Staff

As at 30 September 2018, ANZ employed 39,924 staff (Mar 18: 41,580; Sep 17: 44,896) on a full-time equivalent (FTE) basis.

Division	Half Year			Full Year		
	Sep 18	Mar 18	Movt	Sep 18	Sep 17	Movt
Australia	**12,885**	13,701	-6%	**12,885**	13,885	-7%
Institutional	**6,188**	6,505	-5%	**6,188**	6,783	-9%
New Zealand	**6,165**	6,319	-2%	**6,165**	6,372	-3%
Wealth Australia	**2,314**	2,388	-3%	**2,314**	2,512	-8%
Asia Retail & Pacific	**1,131**	1,199	-6%	**1,131**	3,664	-69%
TSO and Group Centre	**11,241**	11,468	-2%	**11,241**	11,680	-4%
Total FTE	**39,924**	41,580	-4%	**39,924**	44,896	-11%
Continuing operations[1]	**37,860**	39,655	-5%	**37,860**	43,011	-12%
Discontinued operations[1]	**2,064**	1,925	7%	**2,064**	1,885	9%
Average FTE	**40,760**	44,029	-7%	**42,388**	46,068	-8%

Geography	Half Year			Full Year		
	Sep 18	Mar 18	Movt	Sep 18	Sep 17	Movt
Australia	**18,671**	19,351	-4%	**18,671**	19,657	-5%
Asia Pacific, Europe & America	**13,742**	14,511	-5%	**13,742**	17,484	-21%
New Zealand	**7,511**	7,718	-3%	**7,511**	7,755	-3%
Total FTE	**39,924**	41,580	-4%	**39,924**	44,896	-11%

1. *The actual FTE that will transfer to IOOF and Zurich on sale completion or at a later date is currently being determined. The FTE allocated to discontinued operations is based on an estimate using an allocation methodology. Discontinued FTE for the September 2017 full year has been restated to reflect a more accurate estimate of the FTEs that will transfer to IOOF and Zurich.*

Other Non-Financial Information

	Half Year			Full Year		
Shareholder value - ordinary shares	Sep 18	Mar 18	Movt	Sep 18	Sep 17	Movt
Share price ($)						
- high	**30.39**	30.80	-1%	**30.80**	32.95	-7%
- low	**26.08**	26.81	-3%	**26.08**	25.78	1%
- closing	**28.18**	26.86	5%	**28.18**	29.60	-5%
Closing market capitalisation of ordinary shares ($B)	**81.0**	77.9	4%	**81.0**	86.9	-7%
Total shareholder returns (TSR)	**8.0%**	-6.8%	large	**0.6%**	13.1%	-95%

	As at Sep 18		
Credit Ratings	Short-Term	Long-Term	Outlook
Moody's Investor Services	P-1	Aa3	Stable
Standard & Poor's	A-1+	AA-	Negative
Fitch Ratings	F1+	AA-	Stable

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Non-IFRS Information

Statutory profit is prepared in accordance with recognition and measurement requirements of Australian Accounting Standards, which comply with International Financial Reporting Standards (IFRS). The Group provides additional measures of performance in the Consolidated Financial Report & Dividend Announcement which are prepared on a basis other than in accordance with accounting standards. The guidance provided in Australian Securities and Investments Commission (ASIC) Regulatory Guide 230 has been followed when presenting this information.

Cash Profit

Cash profit, a non-IFRS measure, represents ANZ's preferred measure of the result of the ongoing business activities of the Group, enabling readers to assess Group and Divisional performance against prior periods and against peer institutions. To calculate cash profit, the Group excludes non-core items from statutory profit (refer to Definitions for further details). The adjustments made in arriving at cash profit are included in statutory profit which is subject to audit within the context of the external auditor's audit of the 2018 ANZ Annual Financial Report. Cash profit is not subject to audit by the external auditor. The external auditor has informed the Audit Committee that recurring adjustments have been determined on a consistent basis across each period presented, and the adjustments for the sale impact of Shanghai Rural Commercial Bank (SRCB) in the March 2018 half and the September 2017 full year are appropriate.

The Group Results section is reported on a cash profit basis for continuing operations unless otherwise stated. For continuing operations, comparatives have been restated for the impact of discontinued operations. For information on discontinued operations please refer to the Guide to Full Year Results on page 10.

	Half Year			Full Year		
	Sep 18 $M	Mar 18 $M	Movt	Sep 18 $M	Sep 17 $M	Movt
Statutory profit attributable to shareholders of the Company from continuing operations	**3,172**	3,923	-19%	**7,095**	6,344	12%
Adjustments between statutory profit and cash profit[1]						
Revaluation of policy liabilities	**(4)**	(10)	-60%	**(14)**	25	large
Economic hedges	**(124)**	(124)	0%	**(248)**	209	large
Revenue and expense hedges	**(49)**	40	large	**(9)**	(99)	-91%
Structured credit intermediation trades	**(1)**	(3)	-67%	**(4)**	(3)	33%
Sale of SRCB	**-**	(333)	-100%	**(333)**	333	large
Total adjustments between statutory profit and cash profit for continuing operations	**(178)**	(430)	-59%	**(608)**	465	large
Cash profit from continuing operations	**2,994**	3,493	-14%	**6,487**	6,809	-5%

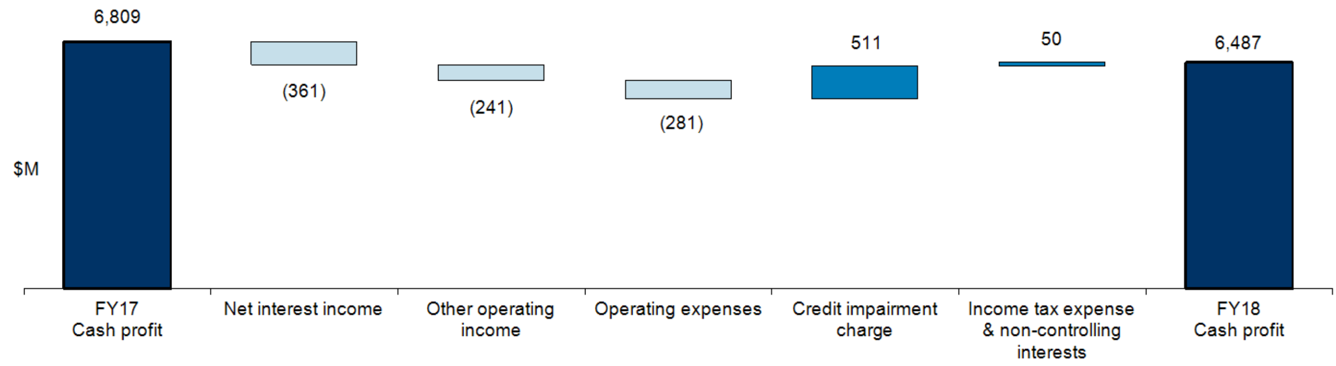
1. *Refer to pages 73 to 77 for analysis of the adjustments between statutory profit and cash profit.*

Group performance - cash profit	Half Year			Full Year		
	Sep 18 $M	Mar 18 $M	Movt	Sep 18 $M	Sep 17 $M	Movt
Net interest income	**7,164**	7,350	-3%	**14,514**	14,875	-2%
Other operating income	**2,242**	2,458	-9%	**4,700**	4,941	-5%
Operating income	**9,406**	9,808	-4%	**19,214**	19,816	-3%
Operating expenses	**(4,837)**	(4,411)	10%	**(9,248)**	(8,967)	3%
Profit before credit impairment and income tax	**4,569**	5,397	-15%	**9,966**	10,849	-8%
Credit impairment charge	**(280)**	(408)	-31%	**(688)**	(1,199)	-43%
Profit before income tax	**4,289**	4,989	-14%	**9,278**	9,650	-4%
Income tax expense	**(1,286)**	(1,489)	-14%	**(2,775)**	(2,826)	-2%
Non-controlling interests	**(9)**	(7)	29%	**(16)**	(15)	7%
Cash profit from continuing operations	**2,994**	3,493	-14%	**6,487**	6,809	-5%

	Half Year			Full Year		
Cash profit/(loss) by Division	Sep 18 $M	Mar 18 $M	Movt	Sep 18 $M	Sep 17 $M	Movt
Australia	**1,665**	1,915	-13%	**3,580**	3,616	-1%
Institutional	**742**	793	-6%	**1,535**	1,924	-20%
New Zealand	**749**	726	3%	**1,475**	1,369	8%
Wealth Australia	**8**	44	-82%	**52**	95	-45%
Asia Retail & Pacific	**45**	106	-58%	**151**	(157)	large
TSO and Group Centre	**(215)**	(91)	large	**(306)**	(38)	large
Cash profit	**2,994**	3,493	-14%	**6,487**	6,809	-5%

Group Performance – continuing operations

Group Cash Profit - September 2018 Full Year v September 2017 Full Year



- **September 2018 v September 2017**

  Cash profit from continuing operations decreased $322 million (-5%) compared with the September 2017 full year.

  - Net interest income decreased $361 million (-2%) largely due to a 12 basis point decrease in the net interest margin, partially offset by 4% growth in average interest earning assets. The lower net interest margin reflects growth in lower margin liquid assets, changes in product mix, the sale of the Asia Retail and Wealth businesses, the introduction of the major bank levy from July 2017, and the impact of higher customer remediation charges ($69 million). This was partially offset by higher deposit margins and home loans re-pricing. The increase in average interest earning assets reflects growth in ANZ's home loans and Institutional banking portfolios, partially offset by the sale of Asia Retail and Wealth businesses. Refer to page 24 and 25 for further details on key movements.
  - Other operating income decreased $241 million (-5%) largely as a result of a $318 million decrease in Markets income, a $89 million increase in customer remediation charges, a $30 million reduction in lending fee income, and the $114 million gain on the sale of Queen street recognised in the September 2017 full year. This was partially offset by a $335 million impact from divestments. Refer to pages 26 to 28 for further details on key movements.
  - Operating expenses increased $281 million (3%) primarily due to an accelerated software amortisation charge ($251 million), higher restructuring ($165 million) and customer remediation ($108 million), Royal Commission legal costs ($55 million), higher technology and consulting fees associated with investment in digital and data capabilities, and inflation. This was partially offset by lower personnel costs due to a reduction in incentives and a 9% reduction in average FTE. Refer to pages 29 to 30 for further details on key movements.
  - Credit impairment charges decreased $511 million (-43%) largely due to lower individual credit impairment charges. Refer to page 32 and 33 for further details on key movements.

  Excluding large/notable items, cash profit increased $197 million (3%).

- **September 2018 v March 2018**

  Cash profit from continuing operations decreased $499 million (-14%) compared with the March 2018 half.

  - Net interest income decreased $186 million (-3%) largely due to a 11 basis point decrease in the net interest margin, partially offset by 3% growth in average interest earning assets. The lower net interest margin reflects growth in lower margin liquid assets, changes in product mix, the impact of higher customer remediation charges ($67 million), asset price competition, higher funding costs, and the sale of the Asia Retail and Wealth businesses. This was partially offset by higher deposit margins. The increase in average interest earning assets reflects growth in ANZ's home loans and Institutional banking portfolios, partially offset by the sale of Asia Retail and Wealth businesses. Refer to page 24 and 25 for further details on key movements.
  - Other operating income decreased $216 million (-9%) largely the result of divestment impacts ($206 million) and higher customer remediation ($97 million), partially offset by higher Markets income ($41 million). Refer to pages 26 to 28 for further details on key movements.
  - Operating expenses increased $426 million (10%) primarily due to an accelerated software amortisation charge ($251 million), higher customer remediation ($121 million), restructuring ($71 million), Royal Commission legal costs ($23 million), technology and consulting fees associated with increased investment in digital and data capabilities, and higher premises expenses. This was partially offset by lower personnel costs due to a reduction in incentives and a 7% reduction in average FTE. Refer to pages 29 to 30 for further details on key movements.
  - Credit impairment charges decreased $128 million (-31%) largely due to lower individual credit impairment charges. Refer to page 32 and 33 for further details on key movements.

  Excluding large/notable items, cash profit increased $76 million (2%).

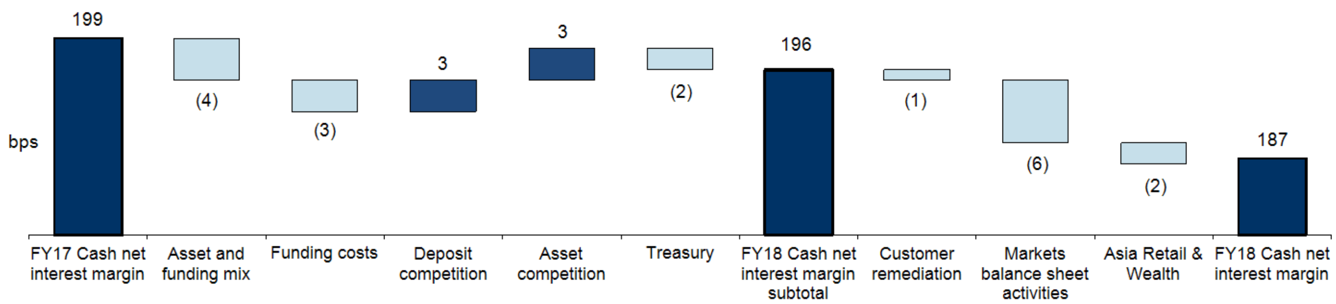
Net Interest Income - continuing operations

	Half Year			Full Year		
Group	**Sep 18 $M**	**Mar 18 $M**	**Movt**	**Sep 18 $M**	**Sep 17 $M**	**Movt**
Cash net interest income[1]	**7,164**	7,350	-3%	**14,514**	14,875	-2%
Average interest earning assets[2]	**784,501**	765,186	3%	**774,884**	748,000	4%
Average deposits and other borrowings[2,3]	**621,699**	612,291	2%	**617,008**	604,543	2%
Net interest margin (%) - cash	**1.82**	1.93	-11 bps	**1.87**	1.99	-12 bps
Group (excluding Markets business unit)						
Cash net interest income[1]	**6,850**	6,981	-2%	**13,831**	13,955	-1%
Average interest earning assets[2]	**549,398**	538,968	2%	**544,212**	537,766	1%
Average deposits and other borrowings[2,3]	**456,936**	455,946	0%	**456,442**	458,162	0%
Net interest margin (%) - cash	**2.49**	2.60	-11 bps	**2.54**	2.59	-5 bps

	Half Year			Full Year		
Cash profit net interest margin by major division[1]	**Sep 18 $M**	**Mar 18 $M**	**Movt**	**Sep 18 $M**	**Sep 17 $M**	**Movt**
Australia						
Net interest margin (%) - cash	**2.61**	2.78	-17 bps	**2.69**	2.73	-4 bps
Average interest earning assets	**313,895**	310,830	1%	**312,367**	301,096	4%
Average deposits and other borrowings	**202,530**	203,239	0%	**202,884**	196,234	3%
Institutional						
Net interest margin (%) - cash	**0.89**	0.91	-2 bps	**0.90**	1.03	-13 bps
Average interest earning assets[2]	**349,090**	333,919	5%	**341,525**	316,205	8%
Average deposits and other borrowings[2]	**269,578**	257,874	5%	**263,742**	246,931	7%
New Zealand						
Net interest margin (%) - cash	**2.35**	2.37	-2 bps	**2.36**	2.31	5 bps
Average interest earning assets[2]	**111,092**	108,008	3%	**109,554**	109,212	0%
Average deposits and other borrowings[2]	**81,214**	79,669	2%	**80,444**	78,968	2%

1. *Includes large/notable items of -$86 million for the September 2018 half (Mar 18 half: $34 million) and -$52 million for the September 2018 full year (Sep 17 full year: $406 million). Refer to pages 15 to 19 for further details on large/notable items. Also includes the major bank levy of -$178 million for the September 2018 half (Mar 18 half: -$177 million) and -$355 million for the September 2018 full year (Sep 17 full year: -$86 million).*
2. *Average balance sheet amounts include assets and liabilities reclassified as held for sale from continuing operations.*
3. *In the March 2018 half, certain instruments were reclassified from average non-deposit interest bearing liabilities to average deposit and other borrowings to better reflect their nature. Comparatives have been restated accordingly (Sep 17 full year: $4,357 million).*

Group net interest margin - September 2018 Full Year v September 2017 Full Year



- **September 2018 v September 2017**

  Net interest margin (-12 bps)

  - Asset mix and funding mix (-4 bps): unfavourable asset mix from home loan customers switching from interest only to principal and interest loans, and a lower proportion of business lending in Australia and Institutional divisions.
  - Funding costs (-3 bps): mostly the impact of the major bank levy effective from July 2017.
  - Deposits (+3 bps): improved deposit margins in Australia and Institutional divisions.

- Asset competition (+3 bps): impact of home loan re-pricing in Australia and New Zealand divisions, partially offset by higher discounting on home loans.
- Treasury and other (-2 bps): lower earnings on capital as a result of lower interest rates.
- Customer remediation (-1 bps): impact of customer remediation in Australia and New Zealand divisions.
- Markets Balance Sheet activities (-6 bps): growth in lower margin trading and liquid assets and lower earnings from markets activities.
- Asia Retail and Wealth (-2 bps): adverse impact from the sale of Asia Retail and Wealth businesses.

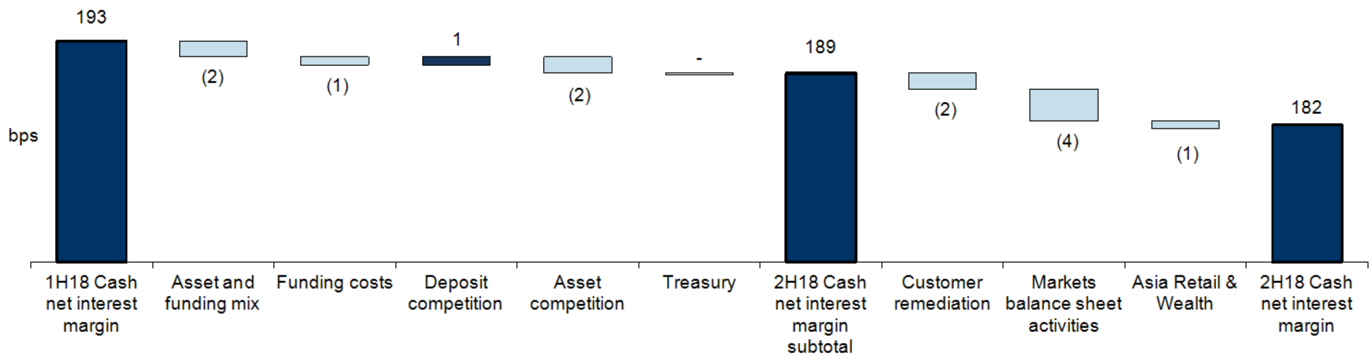
Average interest earning assets (+$26.9 billion or +4%)

- Average net loans and advances (+$9.9 billion or +2%): increase driven by growth in Australia and New Zealand home loans. This was partially offset by the sale of Asia Retail and Wealth businesses and the impact of foreign currency exchange rate movements.
- Average trading and available-for-sale assets (+$5.0 billion or +5%): increase driven by growth in government securities.
- Average cash and other liquids (+$12.0 billion or +14%): increase driven by higher central bank cash balances and repurchase agreements.

Average deposits and other borrowings (+$12.5 billion or +2%)

- Average deposits and other borrowings (+$12.5 billion or +2%): increase driven by growth in customer deposits in Australia, Institutional and New Zealand divisions, partially offset by the sale of Asia Retail and Wealth businesses.

Group net interest margin - September 2018 Half Year v March 2018 Half Year



- **September 2018 v March 2018**

Net interest margin (-11 bps)

- Asset mix and funding mix (-2 bps): unfavourable asset mix from the impacts of customer switching from interest only to principal and interest home loans, and unfavourable mix from a higher proportion of wholesale funding.
- Funding costs (-1 bps): unfavourable basis risk, partially offset by favourable spreads on wholesale funding.
- Deposit competition (+1 bps): improved deposit margins in Australia and Institutional divisions.
- Asset competition (-2 bps): adverse impact of home loan competition in Australia division, partially offset by improved Institutional margins.
- Treasury (0 bps): broadly flat earnings on capital.
- Customer remediation (-2 bps): impact of customer remediation in Australia and New Zealand divisions.
- Markets Balance Sheet activities (-4 bps): growth in lower margin trading and liquid assets and lower earnings from market activities.
- Asia Retail and Wealth (-1 bps): adverse margin impact from the sale of Asia Retail and Wealth businesses.

Average interest earning assets (+$19.3 billion or +3%)

- Average net loans and advances (+$11.0 billion or +2%): increase driven by growth in home loans in Australia and New Zealand divisions, growth in Institutional lending and the impact of foreign currency exchange rate movements. This was partially offset by the sale of Asia Retail and Wealth businesses.
- Average trading and available-for-sale assets (-$2.6 billion or -2%): decrease driven by a reduction in trading securities, partially offset by the impact of foreign currency exchange rate movements.
- Average cash and other liquids (+$10.9 billion or +12%): increase driven by higher central bank cash balances and repurchase agreements and the impact of foreign currency exchange rate movements.

Average deposits and other borrowings (+$9.4 billion or +2%)

- Average deposits and other borrowings (+$9.4 billion or +2%): increase driven by growth in New Zealand and Institutional divisions and the impact of foreign currency exchange rate movements, partially offset by the loss of deposits associated with the sale of Asia Retail and Wealth businesses.

Other Operating Income - continuing operations

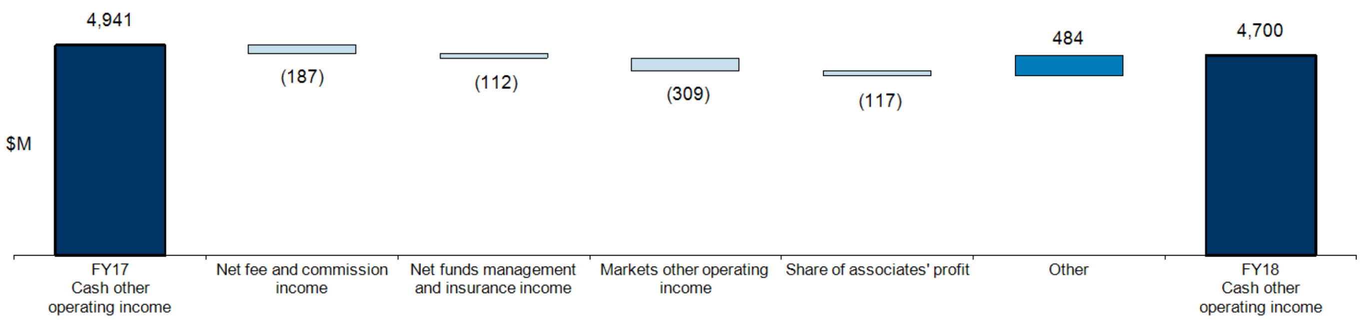
	Half Year			Full Year		
	Sep 18 $M	Mar 18 $M	Movt	Sep 18 $M	Sep 17 $M	Movt
Net fee and commission income[1]	**1,065**	1,110	-4%	**2,175**	2,362	-8%
Net funds management and insurance income[1]	**263**	293	-10%	**556**	668	-17%
Markets other operating income	**576**	551	5%	**1,127**	1,436	-22%
Share of associates' profit[1]	**95**	88	8%	**183**	300	-39%
Other[1]	**243**	416	-42%	**659**	175	large
Total cash other operating income from continuing operations[2]	**2,242**	2,458	-9%	**4,700**	4,941	-5%

	Half Year			Full Year		
Markets income	Sep 18 $M	Mar 18 $M	Movt	Sep 18 $M	Sep 17 $M	Movt
Net interest income	**314**	369	-15%	**683**	920	-26%
Other operating income	**576**	551	5%	**1,127**	1,436	-22%
Total cash Markets income from continuing operations[2]	**890**	920	-3%	**1,810**	2,356	-23%

	Half Year			Full Year		
Other operating income by division	Sep 18 $M	Mar 18 $M	Movt	Sep 18 $M	Sep 17 $M	Movt
Australia	**527**	559	-6%	**1,086**	1,217	-11%
Institutional	**1,034**	1,028	1%	**2,062**	2,366	-13%
New Zealand	**325**	338	-4%	**663**	653	2%
Wealth Australia	**120**	162	-26%	**282**	344	-18%
Asia Retail & Pacific	**62**	184	-66%	**246**	18	large
TSO and Group Centre	**174**	187	-7%	**361**	343	5%
Total cash other operating income from continuing operations[2]	**2,242**	2,458	-9%	**4,700**	4,941	-5%

1. *Excluding Markets.*
2. *Includes large/notable items of -$40 million for the September 2018 half (Mar 18 half: $263 million) and $223 million for the September 2018 full year (Sep 17 full year: $91 million). Refer to items on pages 15 to 19 for further details on large/notable items.*

Other operating income - September 2018 Full Year v September 2017 Full Year



Other operating income (excluding large/notable items)	Half Year			Full Year		
	Sep 18 $M	Mar 18 $M	Movt	Sep 18 $M	Sep 17 $M	Movt
Net fee and commission income[1]	**1,089**	1,098	-1%	**2,187**	2,250	-3%
Net funds management and insurance income[1]	**294**	283	4%	**577**	591	-2%
Markets other operating income	**587**	547	7%	**1,134**	1,452	-22%
Share of associates' profit[1]	**95**	88	8%	**183**	203	-10%
Other[1]	**217**	179	21%	**396**	354	12%
Total cash other operating income from continuing operations	**2,282**	2,195	4%	**4,477**	4,850	-8%

1. *Excluding Markets.*

- **September 2018 v September 2017**

  Other operating income decreased by $241 million (-5%).

  Net fee and commission income (-$187 million or -8%)

  - $85 million decrease in the Asia Retail & Pacific division primarily as a result of the sale of the Asia Retail and Wealth businesses.
  - $81 million decrease in the Australia division primarily due to lower lending fee income, customer remediation ($27 million) and the removal of ATM fees during the March 2018 half. This was partially offset by higher annual and reward card fees.

  Net funds management and insurance income (-$112 million or -17%)

  - $66 million decrease in the Asia Retail & Pacific division as a result of the sale of the Asia Retail and Wealth businesses.
  - $59 million decrease in the Wealth Australia division primarily due to lower financial planning income, customer remediation ($34 million) and a reinsurance benefit included in the September 2017 full year.
  - $10 million increase in the New Zealand division due to higher funds under management.

  Markets income (-$546 million or -23%)

  - $444 million decrease in Franchise Trading primarily attributable to a $166 million reduction in the benefit of positive derivative credit and funding valuation adjustments (net of associated hedges) compared to the September 2017 full year following significant gains from narrowing credit spreads. In addition, a $287 million reduction due to challenging trading conditions when compared to the September 2017 full year which benefited from a strengthening USD and rising yield curves post the US election, partially offset by lower customer remediation ($9 million).
  - $63 million decrease in Balance Sheet Trading driven by increased funding costs and lower mark-to-market on the liquidity portfolio compared to the September 2017 full year.
  - $39 million decrease in Franchise Sales due to the impact of business transformation initiatives implemented during the September 2017 full year (client and product rationalisation) and subdued client hedging activity resulting from the ongoing low interest rate environment and low foreign exchange volatility.

  Share of associates' profit (-$117 million or -39%)

  - $97 million decrease due to cessation of equity accounting of SRCB from January 2017 ($58 million) and MCC from October 2017 ($39 million).
  - $20 million net decrease in profits from associates of which $6 million relates to AmBank and $12 million to P.T. Bank Pan Indonesia.

  Other (+$484 million)

  - $409 million increase due to a non-recurring $310 million net charge recognised on reclassification of Asia Retail and Wealth businesses to held for sale in the September 2017 full year, and a $99 million gain recognised in the September 2018 full year associated with sale completions.
  - $240 million increase related to the sale of the Group's 40% stake in MCC.
  - $18 million increase relating to a cost recovery in respect of the UDC terminated transaction process.
  - $114 million decrease due to the gain on sale of 100 Queen Street, Melbourne recognised in the September 2017 full year.
  - $61 million decrease as a result of the net charge recognised on reclassification of Cambodia JV and PNG Retail, Commercial & SME to held for sale.
  - $37 million decrease as a result of higher customer remediation.

  Excluding large/notable items, other operating income decreased $373 million (-8%).

- **September 2018 v March 2018**

  Other operating income decreased by $216 million (-9%).

  Net fee and commission income (-$45 million or -4%)

  - $19 million decrease in the Australia division primarily due to lower lending fee income and customer remediation ($11 million). This was partially offset by higher annual and reward card fees.
  - $18 million decrease in the Asia Retail & Pacific division following the progressive sale of the Asia Retail and Wealth businesses.
  - $10 million decrease in the Institutional division primarily as the result of lower fees in Loans & Specialised Finance.

  Net funds management and insurance income (-$30 million or -10%)

  - $28 million decrease in the Wealth Australia division primarily due to customer remediation ($29 million).
  - $12 million decrease in the Asia Retail & Pacific division following the sale of the Asia Retail and Wealth businesses.
  - $7 million increase in the New Zealand division due to higher funds under management.

Markets income (-$30 million or -3%)

- $28 million decrease in Franchise Trading primarily attributable to challenging trading conditions with flattening yield curves, constrained volatility, higher funding costs, wider corporate credit spreads and higher customer remediation ($15 million).
- $19 million decrease in Balance Sheet Trading attributable to higher cost of funds and flattening yield curves.
- $17 million increase in Franchise Sales primarily attributable to higher client flows in the Australia and Singapore franchises.

Share of associates' profit (+$7 million or +8%)

- $7 million net increase in profits from associates of which $6 million relates to AmBank.

Other (-$173 million or -42%)

- $99 million decrease as a result of the net gain recognised on the sale of the Asia Retail and Wealth businesses in the March 2018 half.
- $61 million decrease as a result of the net charge recognised on reclassification of Cambodia JV and PNG Retail, Commercial & SME to held for sale.
- $42 million decrease as result of higher customer remediation.
- $18 million decrease relating to a cost recovery in respect of the UDC terminated transaction process recognised in the March 2018 half.
- $38 million increase due to dividend income received from Bank of Tianjin of $28 million and MCC of $10 million.

Excluding large/notable items, other operating income increased $87 million (4%).

Operating Expenses - continuing operations

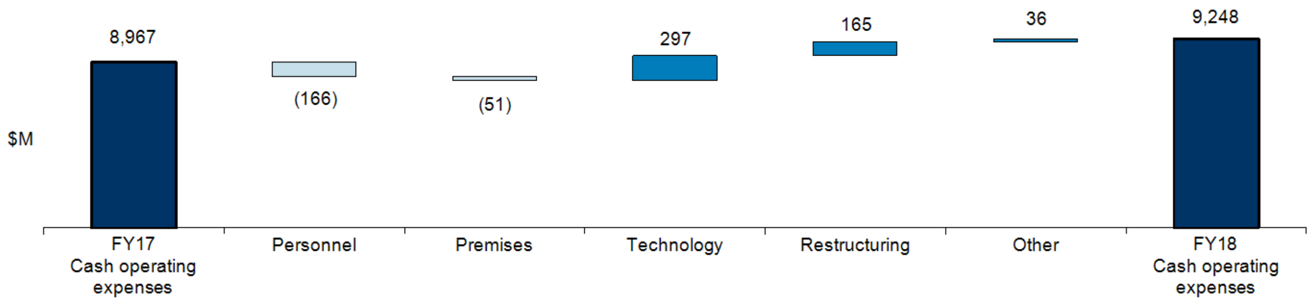
	Half Year			Full Year		
	Sep 18 $M	Mar 18 $M	Movt	Sep 18 $M	Sep 17 $M	Movt
Personnel expenses	**2,356**	2,402	-2%	**4,758**	4,924	-3%
Premises expenses	**416**	395	5%	**811**	862	-6%
Technology expenses	**1,084**	815	33%	**1,899**	1,602	19%
Restructuring expenses	**149**	78	91%	**227**	62	large
Other expenses	**832**	721	15%	**1,553**	1,517	2%
Total cash operating expenses from continuing operations[1]	**4,837**	4,411	10%	**9,248**	8,967	3%
Full time equivalent staff (FTE) from continuing operations	**37,860**	39,655	-5%	**37,860**	43,011	-12%
Average full time equivalent staff (FTE) from continuing operations	**38,463**	41,568	-7%	**40,016**	44,038	-9%

	Half Year			Full Year		
Expenses by division	Sep 18 $M	Mar 18 $M	Movt	Sep 18 $M	Sep 17 $M	Movt
Australia	**1,865**	1,812	3%	**3,677**	3,382	9%
Institutional	**1,573**	1,371	15%	**2,944**	2,814	5%
New Zealand	**608**	588	3%	**1,196**	1,193	0%
Wealth Australia	**134**	123	9%	**257**	262	-2%
Asia Retail & Pacific	**65**	146	-55%	**211**	614	-66%
TSO and Group Centre	**592**	371	60%	**963**	702	37%
Total cash operating expenses from continuing operations[1]	**4,837**	4,411	10%	**9,248**	8,967	3%

	Half Year			Full Year		
FTE by division	Sep 18 $M	Mar 18 $M	Movt	Sep 18 $M	Sep 17 $M	Movt
Australia	**12,885**	13,701	-6%	**12,885**	13,885	-7%
Institutional	**6,188**	6,505	-5%	**6,188**	6,783	-9%
New Zealand	**6,165**	6,319	-2%	**6,165**	6,372	-3%
Wealth Australia	**845**	972	-13%	**845**	997	-15%
Asia Retail & Pacific	**1,131**	1,199	-6%	**1,131**	3,664	-69%
TSO and Group Centre	**10,646**	10,959	-3%	**10,646**	11,310	-6%
Total FTE	**37,860**	39,655	-5%	**37,860**	43,011	-12%
Average FTE	**38,463**	41,568	-7%	**40,016**	44,038	-9%

1. *Includes large/notable items of $605 million for the September 2018 half (Mar 18 half: $164 million) and $769 million for the September 2018 full year (Sep 17 full year: $362 million). Refer to items on pages 15 to 19 for further details on large/notable items.*

Operating expenses - September 2018 Full Year v September 2017 Full Year



Expenses (excluding large/notable items)	Half Year			Full Year		
	Sep 18 $M	Mar 18 $M	Movt	Sep 18 $M	Sep 17 $M	Movt
Personnel expenses	**2,270**	2,365	-4%	**4,635**	4,752	-2%
Premises expenses	**416**	395	5%	**811**	862	-6%
Technology expenses	**830**	815	2%	**1,645**	1,596	3%
Restructuring expenses	**-**	-	n/a	**-**	-	n/a
Other expenses	**716**	672	7%	**1,388**	1,395	0%
Total cash operating expenses from continuing operations	**4,232**	4,247	0%	**8,479**	8,605	-1%

- **September 2018 v September 2017**

  Operating expenses increased by $281 million (+3%).

  - Personnel expenses decreased $166 million (-3%) largely due to a reduction in incentives and a 9% reduction in average FTE, partially offset by higher customer remediation costs ($75 million) and wage inflation.
  - Premises expenses decreased $51 million (-6%) primarily driven by the consolidation of our property portfolio in Asia.
  - Technology expenses increased $297 million (+19%) largely due to an accelerated amortisation charge for certain software assets ($251 million) and higher investment in digital and data capabilities.
  - Restructuring expenses increased $165 million associated with the move to agile ways of working in the Australian and Technology divisions and other transformation activities.
  - Other expenses increased $36 million (+2%) largely related to Royal Commission legal costs ($55 million) and a higher customer remediation costs ($34 million), partially offset by the reduction from the completion of the sale of the Asia Retail and Wealth businesses.

  Excluding large/notable items, operating expenses decreased $126 million (-1%).

- **September 2018 v March 2018**

  Operating expenses increased by $426 million (+10%).

  - Personnel expenses decreased $46 million (-2%) largely due to a reduction in incentives and a 7% reduction in average FTE, partially offset by a higher customer remediation costs ($63 million).
  - Premises expenses increased $21 million (+5%) primarily driven by rent increases and higher expenditure on property projects.
  - Technology expenses increased $269 million (+33%) largely due to an accelerated amortisation charge for certain software assets ($251 million) and higher investment in digital and data capabilities.
  - Restructuring expenses increased $71 million associated with the move to agile ways of working in the Australian and Technology division and other transformation activities.
  - Other expenses increased $111 million (+15%) largely related to higher customer remediation costs ($59 million), consultancy fees associated with increased investment expenditure, and higher Royal Commission legal costs ($23 million).

  Excluding large/notable items, operating expenses decreased $15 million (0%).

Software Capitalisation - continuing operations

As at 30 September 2018, the Group's intangible assets included $1,421 million of costs incurred to acquire and develop software. Details are set out in the table below:

	Half Year			Full Year		
	Sep 18 $M	**Mar 18 $M**	**Movt**	**Sep 18 $M**	**Sep 17 $M**	**Movt**
Balance at start of period	**1,775**	1,856	-4%	**1,856**	2,196	-15%
Software capitalised during the period	**195**	198	-2%	**393**	404	-3%
- Current period amortisation	**(288)**	(281)	2%	**(569)**	(565)	1%
- Accelerated amortisation[1]	**(251)**	-	n/a	**(251)**	-	n/a
Software impaired/written-off						
- Reclassification of Asia Retail and Wealth to held for sale[2]	**-**	-	n/a	**-**	(154)	-100%
- Other	**(12)**	(5)	large	**(17)**	(17)	0%
Foreign exchange differences	**2**	7	-71%	**9**	(8)	large
Total capitalised software from continuing operations	**1,421**	1,775	-20%	**1,421**	1,856	-23%

Net book value by Division	Half Year			Full Year		
	Sep 18 $M	**Mar 18 $M**	**Movt**	**Sep 18 $M**	**Sep 17 $M**	**Movt**
Australia	**334**	413	-19%	**334**	441	-24%
Institutional	**277**	542	-49%	**277**	597	-54%
New Zealand	**17**	20	-15%	**17**	24	-29%
Wealth Australia	**10**	13	-23%	**10**	14	-29%
TSO and Group Centre	**783**	787	-1%	**783**	780	0%
Total from continuing operations	**1,421**	1,775	-20%	**1,421**	1,856	-23%

1. *ANZ has accelerated the amortisation of certain software assets, predominantly relating to its Institutional division. This follows a recent review of the International business along with a number of divestments announced or completed this year. Accelerated amortisation expense of $251 million ($206 million post-tax) has been recorded in the September 2018 half.*
2. *Reclassification of Asia Retail & Wealth to held for sale in the September 2017 full year included an impairment to software supporting both the Institutional and Asia Retail and Wealth businesses. Only components relating to the Asia Retail and Wealth businesses were impaired which were recorded on the Institutional and Asia Retail & Pacific balance sheet. These impairment charges were recognised as other operating income in the Condensed Consolidated Income Statement.*

Credit Risk – continuing operations

	Full Year			Full Year			Movement		
	Sep 18			Sep 17			Sep 18 v. Sep 17		
Division	Individual charge $M	Collective charge $M	Total charge $M	Individual charge $M	Collective charge $M	Total charge $M	Individual charge %	Collective charge %	Total charge %
Australia	712	(14)	698	864	21	885	-18%	large	-21%
Institutional	(24)	(20)	(44)	196	(104)	92	large	-81%	large
New Zealand	49	(43)	6	116	(38)	78	-58%	13%	-92%
Asia Retail & Pacific	36	(8)	28	165	(21)	144	-78%	-62%	-81%
Total	**773**	**(85)**	**688**	1,341	(142)	1,199	-42%	-40%	-43%

	Half Year			Half Year			Movement		
	Sep 18			Mar 18			Sep 18 v. Mar 18		
Division	Individual charge $M	Collective charge $M	Total charge $M	Individual charge $M	Collective charge $M	Total charge $M	Individual charge %	Collective charge %	Total charge %
Australia	375	11	386	337	(25)	312	11%	large	24%
Institutional	(52)	(41)	(93)	28	21	49	large	large	large
New Zealand	15	(29)	(14)	34	(14)	20	-56%	large	large
Asia Retail & Pacific	5	(4)	1	31	(4)	27	-84%	0%	-96%
Total	**343**	**(63)**	**280**	430	(22)	408	-20%	large	-31%

Individual credit impairment charge

	Half Year			Full Year		
	Sep 18 $M	Mar 18 $M	Movt	Sep 18 $M	Sep 17 $M	Movt
New and increased individual credit impairments						
Australia	**581**	528	10%	**1,109**	1,220	-9%
Institutional	**51**	92	-45%	**143**	438	-67%
New Zealand	**76**	67	13%	**143**	211	-32%
Asia Retail & Pacific	**8**	41	-80%	**49**	201	-76%
New and increased individual credit impairments	**716**	728	-2%	**1,444**	2,070	-30%
Recoveries and write-backs						
Australia	**(206)**	(191)	8%	**(397)**	(356)	12%
Institutional	**(103)**	(64)	61%	**(167)**	(242)	-31%
New Zealand	**(61)**	(33)	85%	**(94)**	(95)	-1%
Asia Retail & Pacific	**(3)**	(10)	-70%	**(13)**	(36)	-64%
Recoveries and write-backs	**(373)**	(298)	25%	**(671)**	(729)	-8%
Total individual credit impairment charge	**343**	430	-20%	**773**	1,341	-42%

- **September 2018 v September 2017**

  The individual credit impairment charge decreased by $568 million (-42%) due to a $626 million (-30%) decrease in new and increased individual credit impairment charges primarily in the Institutional and New Zealand divisions. The Australia division experienced lower provisions on new impairments in Business & Private Bank, combined with higher recoveries and write-backs in the unsecured Retail portfolios. Asia Retail & Pacific division decreased $129 million (-78%) due to the sale of the Asia Retail and Wealth businesses.

- **September 2018 v March 2018**

  The individual credit impairment charge decreased by $87 million (-20%) primarily driven by lower new and increased provisions in the Institutional division combined with higher write-backs. New Zealand division decreased $19 million (-56%) driven by higher write-backs in the Commercial and Agri portfolio. Asia Retail & Pacific division decreased $26 million (-84%) due to the sale of the Asia Retail and Wealth businesses. This was partially offset by a $38 million (11%) increase in the Australia division due to increased provisions in Retail lending.

Collective credit impairment charge

	Half Year			Full Year		
Collective credit impairment charge/(release) by source	**Sep 18 $M**	**Mar 18 $M**	**Movt**	**Sep 18 $M**	**Sep 17 $M**	**Movt**
Lending growth - excluding Asia Retail and Wealth businesses	**(4)**	4	large	**-**	(36)	-100%
Lending growth - Asia Retail and Wealth businesses	**-**	(4)	-100%	**(4)**	(12)	-67%
Risk profile	**(108)**	2	large	**(106)**	(169)	-37%
Economic cycle adjustment	**49**	(24)	large	**25**	75	-67%
Total collective credit impairment charge/(release)	**(63)**	(22)	large	**(85)**	(142)	-40%

- **September 2018 v September 2017**

  The reduction in the collective credit impairment release of $57 million (-40%) was primarily driven by reduced risk profile releases across all divisions. The collective credit impairment releases for lending growth reduced reflecting growth in the Institutional and New Zealand divisions. The economic cycle adjustment charge was $25 million for the year, with increased economic cycle adjustments in the Australia division, partially offset by the part release of economic cycle adjustments in the New Zealand and Institutional divisions.

- **September 2018 v March 2018**

  The increase in the collective credit impairment release of $41 million is primarily driven by risk profile releases across all divisions with the largest impact in the Institutional and New Zealand divisions. This partially was offset by an increase of $73 million in the economic cycle adjustment which related to the Australia division.

Provision for credit impairment

	As at			As at			Movement		
	Sep 18			Sep 17			Sep 18 v. Sep 17		
Division	**Individual provision $M**	**Collective provision $M[1]**	**Total provision $M**	**Individual provision $M**	**Collective provision $M[1]**	**Total provision $M**	**Individual provision %**	**Collective provision %**	**Total provision %**
Australia	569	1,125	1,694	633	1,139	1,772	-10%	-1%	-4%
Institutional	251	1,073	1,324	353	1,069	1,422	-29%	0%	-7%
New Zealand	81	279	360	131	323	454	-38%	-14%	-21%
Asia Retail & Pacific	19	43	62	19	128	147	0%	-66%	-58%
TSO and Group Centre	-	3	3	-	3	3	n/a	0%	0%
Total	**920**	**2,523**	**3,443**	1,136	2,662	3,798	-19%	-5%	-9%

	As at			As at			Movement		
	Sep 18			Mar 18			Sep 18 v. Mar 18		
Division	**Individual provision $M**	**Collective provision $M[1]**	**Total provision $M**	**Individual provision $M**	**Collective provision $M[1]**	**Total provision $M**	**Individual provision %**	**Collective provision %**	**Total provision %**
Australia	569	1,125	1,694	577	1,113	1,690	-1%	1%	0%
Institutional	251	1,073	1,324	320	1,101	1,421	-22%	-3%	-7%
New Zealand	81	279	360	104	316	420	-22%	-12%	-14%
Asia Retail & Pacific	19	43	62	15	46	61	27%	-7%	2%
TSO and Group Centre	-	3	3	-	3	3	n/a	0%	0%
Total	**920**	**2,523**	**3,443**	1,016	2,579	3,595	-9%	-2%	-4%

1. *The collective provision includes amounts for off-balance sheet credit exposures of $500 million as at 30 September 2018 (Mar 18: $522 million; Sep 17: $544 million). The impact on the Income Statement for the September 2018 half was a $25 million release (Mar 18 half: $26 million release; Sep 17 full year: $66 million release).*

Group Expected Loss

Management believe that disclosure of modelled expected loss data for individual provisions assists in assessing the longer term expected loss rates of the lending portfolio as it removes the volatility of reported earnings created by the use of accounting losses. The expected loss methodology used for return on equity and economic profit is an internal measure and is not based on the credit loss provision principles of AASB 9 *Financial Instruments* which are effective from 1 October 2018.

	As at		
Expected loss as a % of gross lending assets	**Sep 18**	**Mar 18**	**Sep 17**
Australia division	**0.29%**	0.31%	0.33%
New Zealand division	**0.19%**	0.21%	0.22%
Institutional division	**0.27%**	0.32%	0.30%
Subtotal	**0.27%**	0.29%	0.30%
Asia Retail and Wealth businesses[1]	**-**	-	2.75%
Total Group	**0.27%**	0.30%	0.32%

1. *September 2018 and March 2018 expected loss is nil given the sale completion of Asia Retail and Wealth businesses. September 2017 expected loss reflects the partial sale completion of Asia Retail and Wealth businesses, with the countries not completed at September 2017 having high unsecured lending (primarily credit cards).*

Gross Impaired Assets[1]

	As at			Movement	
	Sep 18 $M	**Mar 18 $M**	**Sep 17 $M**	**Sep 18 v. Mar 18**	**Sep 18 v. Sep 17**
Impaired loans	**1,676**	1,863	2,118	-10%	-21%
Restructured items[2]	**269**	76	167	large	61%
Non-performing commitments and contingencies	**68**	95	99	-28%	-31%
Gross impaired assets	**2,013**	2,034	2,384	-1%	-16%
Individual provisions					
Impaired loans	**(894)**	(990)	(1,118)	-10%	-20%
Non-performing commitments and contingencies	**(26)**	(26)	(18)	0%	44%
Net impaired assets	**1,093**	1,018	1,248	7%	-12%
Gross impaired assets by division					
Australia	**1,285**	1,114	1,180	15%	9%
Institutional	**442**	626	757	-29%	-42%
New Zealand	**236**	244	307	-3%	-23%
Asia Retail & Pacific	**50**	50	140	0%	-64%
TSO and Group Centre	**-**	-	-	n/a	n/a
Gross impaired assets	**2,013**	2,034	2,384	-1%	-16%
Gross impaired assets by size of exposure					
Less than $10 million	**1,489**	1,487	1,622	0%	-8%
$10 million to $100 million	**335**	547	655	-39%	-49%
Greater than $100 million	**189**	-	107	n/a	77%
Gross impaired assets	**2,013**	2,034	2,384	-1%	-16%

1. *Balance sheet amounts include assets and liabilities reclassified as held for sale from continuing and discontinued operations.*
2. *Restructured items are facilities where the original contractual terms have been modified for reasons related to the financial difficulties of the customer. Restructuring may consist of reduction of interest, principal or other payments legally due, or an extension in maturity materially beyond those typically offered to new facilities with similar risk.*

- **September 2018 v September 2017**

  Gross impaired assets decreased $371 million (-16%) primarily driven by repayments and upgrades in the Institutional division (-$315 million), repayments in the New Zealand division (-$71 million) and a reduction in the Asia Retail & Pacific division (-$90 million) following the sale of the Asia Retail and Wealth businesses. This was offset by an increase in the Australia division ($105 million) primarily driven by a single name restructured loan. The Group's individual provision coverage ratio on impaired assets was 45.7% at 30 September 2018 (Sep 17: 47.7%).

- **September 2018 v March 2018**

  Gross impaired assets decreased $21 million (-1%) primarily driven by the Institutional division (-$184 million) with repayments and upgrades to a number of large impaired assets. This is offset by an increase in the Australia division ($171 million) primarily driven by a single name restructured loan. The Group's individual provision coverage ratio on impaired assets was 45.7% at 30 September 2018 (Mar 18: 50.0%).

New Impaired Assets[1]

	Half Year			Full Year		
	Sep 18 $M	**Mar 18 $M**	**Movt**	**Sep 18 $M**	**Sep 17 $M**	**Movt**
Impaired loans	**929**	917	1%	**1,846**	2,952	-37%
Restructured items	**203**	21	large	**224**	109	large
Non-performing commitments and contingencies	**13**	25	-48%	**38**	151	-75%
Total new impaired assets	**1,145**	963	19%	**2,108**	3,212	-34%
New impaired assets by division						
Australia	**905**	699	29%	**1,604**	1,535	4%
Institutional	**45**	124	-64%	**169**	943	-82%
New Zealand	**191**	101	89%	**292**	512	-43%
Asia Retail & Pacific	**4**	39	-90%	**43**	222	-81%
Total new impaired assets	**1,145**	963	19%	**2,108**	3,212	-34%

1. *Balance sheet amounts include assets and liabilities reclassified as held for sale from continuing and discontinued operations.*

- **September 2018 v September 2017**

  New impaired assets decreased $1,104 million (-34%) primarily driven by the Institutional division as the result of an improved risk profile due to portfolio rebalancing, combined with a benign credit environment, along with improvements in portfolio credit quality in the Commercial and Agri business in New Zealand in the March 2018 half. In addition, new impaired assets decreased due to lending reductions associated with the sale of the Asia Retail and Wealth businesses.

- **September 2018 v March 2018**

  New impaired assets increased by $182 million (19%) driven by the Australia division primarily due to a single name restructured loan, combined with increases in the New Zealand Commercial and Agri business off a low base in the March 2018 half. This was partially offset by Institutional division as the result of an improved risk profile due to portfolio rebalancing, combined with a benign credit environment, and lending reductions associated with the sale of the Asia Retail and Wealth businesses.

Ageing analysis of net loans and advances that are past due but not impaired[1]

	As at			Movement	
	Sep 18 $M	**Mar 18 $M**	**Sep 17 $M**	**Sep 18 v. Mar 18**	**Sep 18 v. Sep 17**
1-29 days	**8,958**	8,974	8,790	0%	2%
30-59 days	**2,240**	2,576	2,143	-13%	5%
60-89 days	**1,268**	1,233	1,148	3%	10%
>90 days	**2,998**	3,038	2,953	-1%	2%
Total	**15,464**	15,821	15,034	-2%	3%

1. *Balance sheet amounts include assets and liabilities reclassified as held for sale from continuing and discontinued operations.*

- **September 2018 v September 2017**

  Net loans and advances past due but not impaired increased $430 million (3%) driven by Australia division home loans including portfolio deterioration in New South Wales, Victoria and Western Australia.

- **September 2018 v March 2018**

  Net loans and advances past due but not impaired decreased $357 million (-2%) driven by the Australia division home loan portfolio due to a combination of seasonality, revised collection processes, and the impact of tightened underwriting strategies.

Income Tax Expense - continuing operations

	Half Year			Full Year		
	Sep 18 $M	Mar 18 $M	Movt	Sep 18 $M	Sep 17 $M	Movt
Income tax expense on cash profit	**1,286**	1,489	-14%	**2,775**	2,826	-2%
Effective tax rate (cash profit)	**30.0%**	29.8%		**29.9%**	29.3%	

- **September 2018 v September 2017**

  The effective tax rate has increased from 29.3% to 29.9%. The increase of +60 bps is primarily due to the non-tax deductible net loss on completion of the sale of Shanghai Rural Commercial Bank (+95 bps), non-tax deductible losses on the sale of Cambodia JV and PNG Retail, Commercial & SME (+22 bps), provision for foreign tax on dividend repatriation (+19 bps) and a reduction in equity accounted earnings (+34 bps). This was partially offset by non-taxable profit on the disposal of the Group's stake in Metrobank Card Corporation (-84 bps) and higher offshore earnings which attract a lower average tax rate (-17 bps).

- **September 2018 v March 2018**

  The effective tax rate has increased from 29.8% to 30.0%. The March 2018 half included a non-tax deductible net loss on completion of the sale of Shanghai Rural Commercial Bank (-176 bps). The September 2018 half includes lower offshore earnings which attract a lower average tax rate (+73 bps), non-tax deductible losses on the sale of Cambodia JV and PNG Retail, Commercial & SME (+48 bps), and a net increase in the provision for foreign tax on dividend repatriation (+53 bps).

Impact of Foreign Currency Translation - continuing operations

The following tables present the Group's cash profit results and net loans and advances neutralised for the impact of foreign currency translation. Comparative data has been adjusted to remove the translation impact of foreign currency movements by retranslating prior period comparatives at current period foreign exchange rates.

Cash Profit - September 2018 Full Year vs September 2017 Full Year

	Full Year				Movement	
	Actual	FX unadjusted	FX impact	FX adjusted	FX unadjusted	FX adjusted
	Sep 18 $M	Sep 17 $M	Sep 17 $M	Sep 17 $M	Sep 18 v. Sep 17	Sep 18 v. Sep 17
Net interest income	**14,514**	14,875	(61)	14,814	-2%	-2%
Other operating income	**4,700**	4,941	40	4,981	-5%	-6%
Operating income	**19,214**	19,816	(21)	19,795	-3%	-3%
Operating expenses	**(9,248)**	(8,967)	24	(8,943)	3%	3%
Profit before credit impairment and income tax	**9,966**	10,849	3	10,852	-8%	-8%
Credit impairment charge	**(688)**	(1,199)	4	(1,195)	-43%	-42%
Profit before income tax	**9,278**	9,650	7	9,657	-4%	-4%
Income tax expense	**(2,775)**	(2,826)	(1)	(2,827)	-2%	-2%
Non-controlling interests	**(16)**	(15)	-	(15)	7%	7%
Cash profit	**6,487**	6,809	6	6,815	-5%	-5%
Balance Sheet						
Net loans and advances[1]	**604,937**	580,293	3,637	583,930	4%	4%

1. *Balance sheet amounts include assets and liabilities reclassified as held for sale from continuing and discontinued operations.*

Cash Profit- September 2018 Half Year vs March 2018 Half Year

	Half Year				Movement	
	Actual	FX unadjusted	FX impact	FX adjusted	FX unadjusted	FX adjusted
	Sep 18 $M	Mar 18 $M	Mar 18 $M	Mar 18 $M	Sep 18 v. Mar 18	Sep 18 v. Mar 18
Net interest income	**7,164**	7,350	33	7,383	-3%	-3%
Other operating income	**2,242**	2,458	12	2,470	-9%	-9%
Operating income	**9,406**	9,808	45	9,853	-4%	-5%
Operating expenses	**(4,837)**	(4,411)	(27)	(4,438)	10%	9%
Profit before credit impairment and income tax	**4,569**	5,397	18	5,415	-15%	-16%
Credit impairment charge	**(280)**	(408)	(1)	(409)	-31%	-32%
Profit before income tax	**4,289**	4,989	17	5,006	-14%	-14%
Income tax expense	**(1,286)**	(1,489)	(3)	(1,492)	-14%	-14%
Non-controlling interests	**(9)**	(7)	(1)	(8)	29%	13%
Cash profit	**2,994**	3,493	13	3,506	-14%	-15%
Balance Sheet						
Net loans and advances[1]	**604,937**	591,947	(685)	591,262	2%	2%

1. *Balance sheet amounts include assets and liabilities reclassified as held for sale from continuing and discontinued operations.*

Earnings Related Hedges – continuing operations

Where it is considered appropriate, the Group takes out economic hedges against larger foreign exchange denominated revenue streams (primarily New Zealand Dollar, US Dollar and US Dollar correlated). New Zealand Dollar exposure relates to the New Zealand geography and USD exposures relate to Asia Pacific, Europe & America. Details of these hedges are set out below.

	Half Year		Full Year	
	Sep 18 $M	Mar 18 $M	Sep 18 $M	Sep 17 $M
NZD Economic hedges				
Net open NZD position (notional principal)[1]	**2,076**	2,669	**2,076**	3,036
Amount taken to income (pre-tax statutory basis)[2]	**63**	(50)	**13**	91
Amount taken to income (pre-tax cash basis)[3]	**(2)**	7	**5**	(46)
USD Economic hedges				
Net open USD position (notional principal)[1]	**174**	-	**174**	-
Amount taken to income (pre-tax statutory basis)[2]	**2**	-	**2**	-
Amount taken to income (pre-tax cash basis)[3]	**-**	-	**-**	-

1. *Value in AUD at contracted rate.*
2. *Unrealised valuation movement plus realised revenue from matured or closed out hedges.*
3. *Realised revenue from closed out hedges.*

As at 30 September 2018, the following hedges were in place to partially hedge future earnings against adverse movements in exchange rates:

- NZD 2.2 billion at a forward rate of approximately NZD 1.08 /AUD.
- USD 0.1 billion at a forward rate of approximately USD 0.72/AUD.

During the September 2018 full year:

- NZD 1.8 billion of economic hedges matured and a realised gain of $5 million (pre-tax) was recorded in cash profit.
- An unrealised gain of $10 million (pre-tax) on the outstanding NZD and USD economic hedges were recorded in the statutory Income Statement during the year. This unrealised gain has been treated as an adjustment to statutory profit in calculating cash profit as these are hedges of future NZD and USD revenues.

Earnings per Share - continuing operations

	Half Year			Full Year		
	Sep 18	Mar 18	Movt	Sep 18	Sep 17	Movt
Cash earnings per share (cents) from continuing operations						
Basic	**103.9**	119.4	-13%	**223.4**	232.7	-4%
Diluted	**100.0**	113.4	-12%	**213.9**	222.4	-4%
Cash weighted average number of ordinary shares (M)[1]						
Basic	**2,882.2**	2,924.6	-1%	**2,903.3**	2,926.4	-1%
Diluted	**3,132.3**	3,204.3	-2%	**3,163.7**	3,191.7	-1%
Cash profit from continuing operations ($M)	**2,994**	3,493	-14%	**6,487**	6,809	-5%
Cash profit used in calculating diluted cash earnings per share ($M)	**3,132**	3,634	-14%	**6,766**	7,097	-5%

1. *Cash weighted average number of ordinary shares includes treasury shares held in Wealth Australia which will no longer be eliminated post disposal of discontinued operations.*

Dividends - continuing operations

	Half Year			Full Year		
Dividend per ordinary share (cents) - continuing operations	**Sep 18**	**Mar 18**	**Movt**	**Sep 18**	**Sep 17**	**Movt**
Interim (fully franked)	**-**	80	n/a	**80**	80	0%
Final (fully franked)[1]	**80**	-	n/a	**80**	80	0%
Ordinary share dividends used in payout ratio ($M)[2]	**2,296**	2,317	-1%	**4,613**	4,699	-2%
Cash profit from continuing operations ($M)	**2,994**	3,493	-14%	**6,487**	6,809	-5%
Ordinary share dividend payout ratio (cash basis)[2]	**76.7%**	66.3%		**71.1%**	69.0%	

1. *Final dividend for 2018 is proposed.*
2. *Dividend payout ratio is calculated using proposed 2018 final dividend of $2,296 million, which is based on the forecast number of ordinary shares on issue at the dividend record date. Dividend payout ratios for the March 2018 half and September 2017 full year were calculated using actual dividend paid of $2,317 million and $4,699 million respectively.*

The Directors propose a final dividend of 80 cents be paid on each eligible fully paid ANZ ordinary share on 18 December 2018. The proposed 2018 final dividend will be fully franked for Australian tax purposes. New Zealand imputation credits of NZD 10 cents per ordinary share will also be attached.

Economic Profit - continuing operations

	Half Year			Full Year		
	Sep 18 $M	**Mar 18 $M**	**Movt**	**Sep 18 $M**	**Sep 17 $M**	**Movt**
Statutory profit attributable to shareholders of the Company from continuing operations	**3,172**	3,923	-19%	**7,095**	6,344	12%
Adjustments between statutory profit and cash profit from continuing operations	**(178)**	(430)	-59%	**(608)**	465	large
Cash Profit from continuing operations	**2,994**	3,493	-14%	**6,487**	6,809	-5%
Economic credit cost adjustment	**(434)**	(369)	18%	**(803)**	(564)	42%
Imputation credits	**529**	600	-12%	**1,129**	1,394	-19%
Economic return from continuing operations	**3,089**	3,724	-17%	**6,813**	7,639	-11%
Cost of capital	**(2,684)**	(2,624)	2%	**(5,308)**	(5,214)	2%
Economic profit from continuing operations	**405**	1,100	-63%	**1,505**	2,425	-38%

Economic profit is a risk adjusted profit measure used to evaluate business unit performance and is considered in determining the variable component of remuneration packages. This is used for internal management purposes and is not subject to audit.

Economic profit is calculated via a series of adjustments to cash profit. The economic credit cost adjustment replaces the actual credit loss charge with internal expected loss based on the average loss per annum on the portfolio over an economic cycle. The benefit of imputation credits is recognised, measured at 70% of Australian tax. The cost of capital is a major component of economic profit. At an ANZ Group level, this is calculated using average ordinary shareholders' equity (excluding non-controlling interests), multiplied by the cost of capital rate (currently 9.5% and applied across comparative periods). At a business unit level, capital is allocated based on economic capital, whereby higher risk businesses attract higher levels of capital. This method is designed to help drive appropriate risk management and ensure business returns align with the level of risk. Key risks covered include credit risk, operating risk, market risk and other risks.

Economic profit decreased $920 million (-38%) against the September 2017 full year driven by lower cash profit, higher economic credit costs and lower imputation credits on lower Australian profits.

Economic profit decreased $695 million (-63%) against the March 2018 half driven by lower cash profit and higher economic credit costs and lower imputation credits on lower Australian profits.

Condensed Balance Sheet - including discontinued operations

	As at			Movement	
Assets	**Sep 18 $B**	**Mar 18 $B**	**Sep 17 $B**	**Sep 18 v. Mar 18**	**Sep 18 v. Sep 17**
Cash / Settlement balances owed to ANZ / Collateral paid[1]	**98.0**	98.0	82.5	0%	19%
Trading and available-for-sale assets[1]	**112.0**	115.3	113.0	-3%	-1%
Derivative financial instruments[1]	**68.4**	70.9	62.5	-4%	9%
Net loans and advances[1]	**603.9**	588.9	574.3	3%	5%
Investments backing policy liabilities[1]	**-**	-	38.0	n/a	-100%
Assets held for sale	**45.2**	45.3	8.0	0%	large
Other[1]	**15.1**	16.7	19.0	-10%	-21%
Total assets	**942.6**	935.1	897.3	1%	5%
Liabilities					
Settlement balances owed by ANZ / Collateral received	**18.3**	20.0	15.8	-9%	16%
Deposits and other borrowings[1]	**618.2**	616.2	595.6	0%	4%
Derivative financial instruments[1]	**69.7**	70.6	62.3	-1%	12%
Debt issuances	**121.2**	114.9	108.0	5%	12%
Policy liabilities and external unit holder liabilities[1]	**-**	-	41.9	n/a	-100%
Liabilities held for sale	**47.2**	44.8	4.7	5%	large
Other[1]	**8.6**	9.1	9.9	-5%	-13%
Total liabilities	**883.2**	875.6	838.2	1%	5%
Total equity	**59.4**	59.5	59.1	0%	1%

1. *Balances exclude assets and liabilities held for sale.*

- **September 2018 v September 2017**
  - Cash / Settlement balances owed to/by ANZ / Collateral paid/received increased $13.0 billion (+19%) primarily driven by higher liquid asset holdings in Markets, increase in collateral paid, and the impact of foreign currency exchange rate movements.
  - Derivative financial assets and liabilities increased $5.9 billion (+9%) and $7.4 billion (+12%) respectively as foreign exchange rate and interest rate movements resulted in higher derivative fair values.
  - Net loans and advances increased $29.6 billion (+5%) primarily driven by growth in home loans across the Australia and New Zealand divisions (+$10.9 billion), lending growth in the Institutional division (+$12.9 billion), UDC net loans and advances no longer being classified as held for sale (+$3.0 billion) and the impact of foreign currency exchange rate movements.
  - Assets and liabilities held for sale increased $37.2 billion and $42.5 billion respectively, primarily driven by the reclassification of Wealth Australia businesses and other smaller divestments to held for sale, partially offset by the sale completion of the Asia Retail and Wealth businesses, and UDC no longer being classified as held for sale.
  - Deposits and other borrowings increased $22.6 billion (+4%) primarily driven by growth in customer deposits across Institutional, New Zealand and Australia divisions (+$9.3 billion), and a $11.4 billion increase in deposits from banks and repurchase agreements, and the impact of foreign currency exchange rate movements. This was partially offset by a reduction of $12.7 billion in certificates of deposit.
  - Debt issuances increased $13.2 billion (+12%) primarily driven by senior debt issuances and the impact of foreign currency exchange rate movements.
- **September 2018 v March 2018**
  - Trading and available-for-sale assets decreased $3.3 billion (-3%) primarily driven by decreased liquid assets in Markets, partially offset by the impact of foreign currency exchange rate movements.
  - Net loans and advances increased $15.0 billion (+3%) primarily driven by growth in home loans across the Australia and New Zealand divisions (+3.6 billion), lending growth in Institutional division (+$9.2 billion), and UDC net loans and advances no longer being classified as held for sale (+$3.0 billion). This was partially offset by the impact of foreign currency exchange rate movements.
  - Assets and liabilities held for sale decreased $0.1 billion and increased $2.4 billion respectively, primarily driven by the reclassification of Cambodia JV, OPL NZ, PNG Retail, Commercial & SME to held for sale, partially offset by UDC no longer being classified as held for sale and the sale completion of MCC.
  - Debt issuances increased $6.3 billion (+5%) primarily driven by senior debt issuances and the impact of foreign currency exchange rate movements.

The investments backing policy liabilities, policy liabilities and external unit holder liabilities nil balances as at September and March 2018 reflect the reclassification of assets and liabilities to held for sale. Refer to Note 10 to the financial statements for details of assets and liabilities held for sale.

Liquidity Risk - including discontinued operations

Liquidity risk is the risk that the Group is unable to meet its payment obligations as they fall due, including repaying depositors or maturing wholesale debt, or that the Group has insufficient capacity to fund increases in assets. The timing mismatch of cash flows and the related liquidity risk is inherent in all banking operations and is closely monitored by the Group and managed in accordance with the risk appetite set by the Board.

The Group's approach to liquidity risk management incorporates two key components:

- **Scenario modelling of funding sources**

  ANZ's liquidity risk appetite is defined by the ability to meet a range of regulatory requirements and internal liquidity metrics mandated by the Board. The metrics cover a range of scenarios of varying duration and level of severity. The objective of this framework is to:

  - Provide protection against shorter-term extreme market dislocation and stress.
  - Maintain structural strength in the balance sheet by ensuring that an appropriate amount of longer-term assets are funded with longer-term funding.
  - Ensure that no undue timing concentrations exist in the Group's funding profile.

  A key component of this framework is the Liquidity Coverage Ratio (LCR), which is a severe short term liquidity stress scenario mandated by banking regulators including APRA. As part of meeting LCR requirements, ANZ has a Committed Liquidity Facility (CLF) with the Reserve Bank of Australia (RBA). The CLF has been established to offset the shortage of available High Quality Liquid Assets (HQLA) in Australia and provides an alternative form of contingent liquidity. The total amount of the CLF available to a qualifying ADI is set annually by APRA. From 1 January 2018, ANZ's CLF is $46.9 billion (2017 calendar year end: $43.8 billion).

- **Liquid assets**

  The Group holds a portfolio of high quality unencumbered liquid assets in order to protect the Group's liquidity position in a severely stressed environment, as well as to meet regulatory requirements. High Quality Liquid Assets comprise three categories, with the definitions consistent with Basel 3 LCR:

  - Highest-quality liquid assets (HQLA1): Cash, highest credit quality government, central bank or public sector securities eligible for repurchase with central banks to provide same-day liquidity.
  - High-quality liquid assets (HQLA2): High credit quality government, central bank or public sector securities, high quality corporate debt securities and high quality covered bonds eligible for repurchase with central banks to provide same-day liquidity.
  - Alternative liquid assets (ALA): Assets qualifying as collateral for the CLF and other eligible securities listed by the Reserve Bank of New Zealand (RBNZ).

  The Group monitors and manages the size and composition of its liquid assets portfolio on an ongoing basis in line with regulatory requirements and the risk appetite set by the Board.

	Half Year Average			Movement	
	Sep 18 $B	Mar 18 $B	Sep 17 $B	Sep 18 v. Mar 18	Sep 18 v. Sep 17
Market Values Post Discount[1]					
HQLA1[2]	**137.0**	131.8	128.7	4%	6%
HQLA2	**5.1**	4.9	4.7	4%	9%
Internal Residential Mortgage Backed Securities (Australia)[2]	**33.4**	31.6	30.3	6%	10%
Internal Residential Mortgage Backed Securities (New Zealand)[3]	**5.5**	6.2	1.1	-11%	large
Other ALA[4]	**13.1**	13.8	14.9	-5%	-12%
Total Liquid Assets	**194.1**	188.3	179.7	3%	8%
Cash flows modelled under stress scenario					
Cash outflows	**177.5**	180.5	174.5	-2%	2%
Cash inflows	**41.2**	40.4	41.3	2%	0%
Net cash outflows	**136.3**	140.1	133.2	-3%	2%
Liquidity Coverage Ratio[5]	**142%**	134%	135%	8%	7%

1. *Half year average basis, calculated as prescribed per APRA Prudential Regulatory Standard (APS 210 Liquidity) and consistent with APS 330 requirements.*
2. *RBA open repo arrangement netted down from CLF, with a corresponding increase in HQLA.*
3. *Includes ANZ Bank New Zealand Limited LCR surplus, capped at Level 1 all currency LCR for Mar 18 and Sep 18 half year averages.*
4. *Comprised of assets qualifying as collateral for the CLF, excluding internal RMBS, up to approved facility limit; and any liquid assets contained in the RBNZ's Liquidity Policy - Annex: Liquidity Assets - Prudential Supervision Department Document BS13A12.*
5. *All currency Level 2 LCR.*

Funding - including discontinued operations

ANZ targets a diversified funding base, avoiding undue concentrations by investor type, maturity, market source and currency.

$21.8 billion of term wholesale debt with a remaining term greater than one year as at 30 September 2018 was issued during the year ended 30 September 2018.

The following table shows the Group's total funding composition:

	As at			Movement	
	Sep 18 $B	Mar 18 $B	Sep 17 $B	Sep 18 v. Mar 18	Sep 18 v. Sep 17
Customer deposits and other liabilities[1]					
Australia	**202.7**	204.2	201.3	-1%	1%
Institutional	**205.8**	190.7	189.0	8%	9%
New Zealand	**79.8**	79.2	75.3	1%	6%
Asia Retail & Pacific	**3.5**	3.4	7.0	3%	-50%
TSO and Group Centre[1]	**(4.5)**	(4.7)	(5.0)	-4%	-10%
Customer deposits	**487.3**	472.8	467.6	3%	4%
Other funding liabilities[2,3]	**8.1**	8.0	8.5	1%	-5%
Total customer liabilities (funding)	**495.4**	480.8	476.1	3%	4%
Wholesale funding[3,4]					
Debt issuances	**105.3**	97.5	90.3	8%	17%
Subordinated debt	**15.9**	17.2	17.7	-8%	-10%
Certificates of deposit	**42.7**	50.3	55.2	-15%	-23%
Commercial paper	**17.0**	24.1	18.0	-29%	-6%
Other wholesale borrowings[4,5]	**86.8**	84.4	69.2	3%	25%
Total wholesale funding	**267.7**	273.5	250.4	-2%	7%
Shareholders' equity	**59.4**	59.5	59.1	0%	1%
Total funding	**822.5**	813.8	785.6	1%	5%

1. *Includes term deposits, other deposits and an adjustment recognised in Group Centre to eliminate Wealth Australia investments in ANZ deposit products.*
2. *Includes interest accruals, payables and other liabilities, provisions and net tax provisions, excluding other liabilities in Wealth Australia.*
3. *Excludes liability for acceptances as they do not provide net funding.*
4. *Includes borrowings from banks, securities sold under repurchase agreements, net derivative balances, special purpose vehicles and other borrowings.*
5. *Includes RBA open repo arrangement netted down by the exchange settlement account cash balance.*

Net Stable Funding Ratio

The following table shows the Level 2 Net Stable Funding Ratio (NSFR) composition:

	As at			Movement	
	Sep 18 $B	Mar 18 $B	Sep 17 $B	Sep 18 v. Mar 18	Sep 18 v. Sep 17
Required Stable Funding[1]					
Retail & small and medium enterprises, corporate loans <35% risk weight[2]	**183.9**	184.0	181.7	0%	1%
Retail & small and medium enterprises, corporate loans >35% risk weight[2]	**182.6**	177.2	176.2	3%	4%
Other lending[3]	**23.2**	19.1	17.2	21%	35%
Liquid assets	**9.8**	9.7	9.3	1%	5%
Other assets[4]	**36.6**	38.4	39.1	-5%	-6%
Total Required Stable Funding	**436.1**	428.4	423.5	2%	3%
Available Stable Funding[1]					
Retail & small and medium enterprise customer deposits	**231.7**	233.4	230.7	-1%	0%
Corporate, public sector entities & operational deposits	**91.8**	83.4	80.8	10%	14%
Central bank & other financial institution deposits	**5.3**	4.2	4.2	26%	26%
Term funding	**96.3**	94.0	87.6	2%	10%
Short term funding & other liabilities	**1.3**	2.7	5.3	-52%	-75%
Capital	**73.3**	74.4	73.9	-1%	-1%
Total Available Stable Funding	**499.7**	492.1	482.5	2%	4%
Net Stable Funding Ratio	**115%**	115%	114%	0%	1%

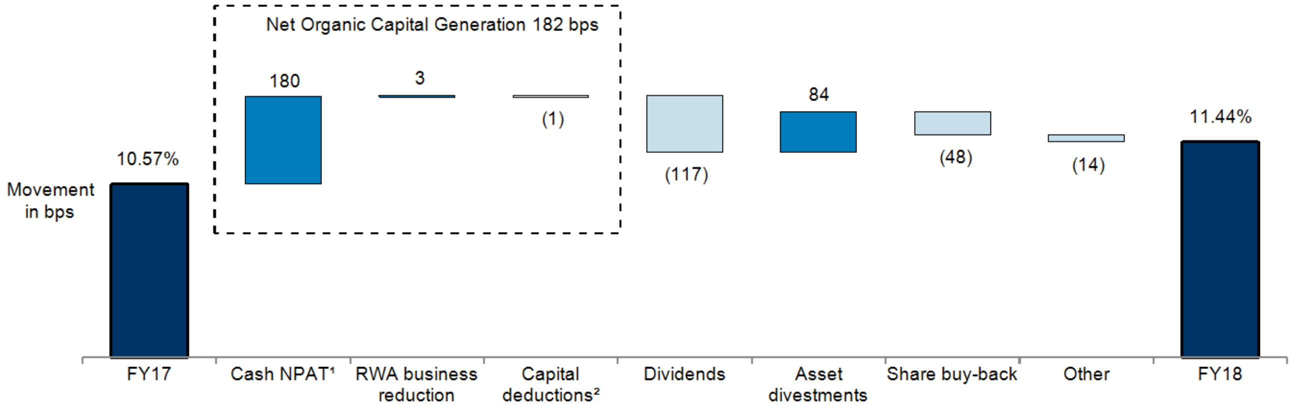
1. *NSFR factored balance as per APRA Prudential Regulatory Standard APS 210 Liquidity.*
2. *Risk weighting as per APRA Prudential Regulatory Standard APS 112 Capital Adequacy: Standardised Approach to Credit Risk.*
3. *Includes financial institution and central bank loans.*
4. *Includes off-balance sheet items, net derivatives and other assets.*

Capital Management - including discontinued operations

	As at					
	APRA Basel 3			Internationally Comparable Basel 3[1]		
	Sep 18	Mar 18	Sep 17	Sep 18	Mar 18	Sep 17
Capital Ratios						
Common Equity Tier 1	**11.4%**	11.0%	10.6%	**16.8%**	16.3%	15.8%
Tier 1	**13.4%**	12.9%	12.6%	**19.2%**	18.7%	18.4%
Total capital	**15.2%**	14.9%	14.8%	**21.6%**	21.3%	21.2%
Risk weighted assets ($B)	**390.8**	395.8	391.1	**305.6**	311.5	306.5

1. *Internationally Comparable methodology aligns with APRA's information paper entitled "International Capital Comparison Study" (13 July 2015).*

APRA Basel 3 Common Equity Tier 1 (CET1) – September 2018 v September 2017



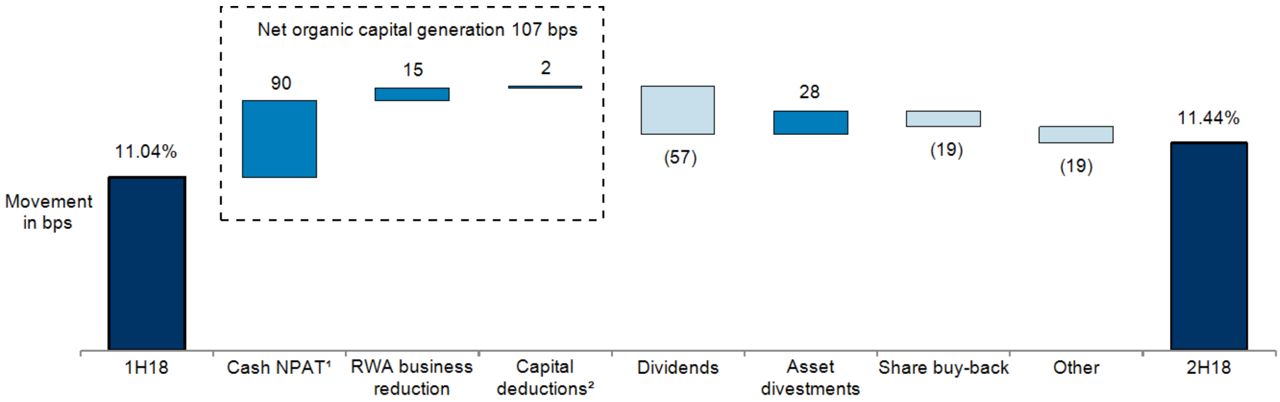
1. *Excludes large/notable items for the purposes of Capital Management attribution. Refer to pages 18 to 19.*
2. *Capital deductions represent the movement in retained earnings in deconsolidated entities, capitalised software, expected losses in excess of eligible provisions shortfall and other intangibles in the period.*

- **September 2018 v September 2017**

  ANZ's CET1 ratio increased 87 bps to 11.4% during the year. Key drivers of the movement in the CET1 ratio were:

  - Net organic capital generation of 182 bps. This was primarily driven by cash profit (excluding large/notable items), a net reduction in underlying RWA growth (excluding foreign exchange impacts, regulatory changes and other one-offs), partially offset by other business capital deductions.
  - Payment of the March 2018 interim and September 2017 final dividends (net of BOP issuance, neutralised DRP) which reduced the CET1 ratio by 117 bps.
  - Capital benefits from asset disposals increased the CET1 ratio by 84 bps (SRCB, Asia Retail and Wealth businesses in Vietnam, Taiwan and Indonesia, 40% stake in MCC and reinsurance proceeds in relation to the Australian life insurance sale).
  - The asset disposals benefits are partially offset by $1.9 billion (of the announced $3 billion) on-market share buy-back (-48 bps) during the year. The remaining $1.1 billion on-market share buy-back is expected to be completed during the March 2019 half.
  - Other impacts include large/notable items affecting the September 2018 full year cash earnings (except for the accelerated software amortisation charge which is included in capital deductions), movements in non-cash earnings, RWA modelling changes and net foreign currency translation.

APRA Basel 3 Common Equity Tier 1 (CET1 ratio) - September 2018 v March 2018



1. *Excludes large/notable items for the purposes of Capital Management attribution. Refer to pages 15 to 19.*
2. *Capital deductions represent the movement in retained earnings in deconsolidated entities, capitalised software, expected losses in excess of eligible provision shortfall and other intangibles in the period.*

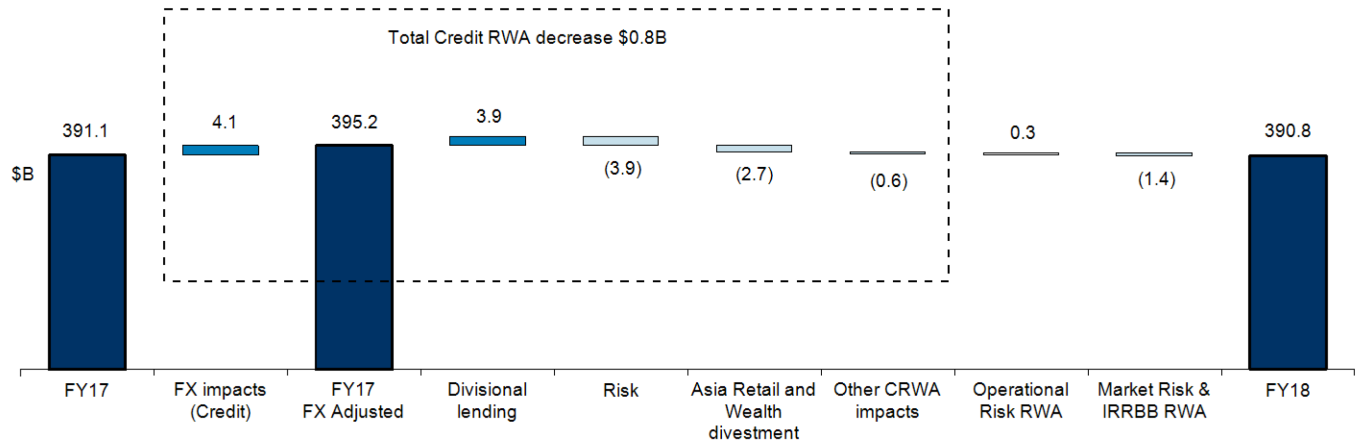
- **September 2018 v March 2018**

  ANZ's CET1 ratio increased 40 bps to 11.4% during the September 2018 half. Key drivers of the movement in the CET1 ratio were:

  - Net organic capital generation of 107 bps. This was primarily driven by cash profit (excluding large/notable items), a net reduction in underlying RWA growth (excluding foreign exchange impacts, regulatory changes and other one-offs) and other business capital deductions.
  - Payment of the March 2018 interim dividend (net of BOP issuance, neutralised DRP) which reduced the CET1 ratio by 57 bps.
  - Capital benefits from asset disposals increased the CET1 ratio by 28 bps (reinsurance proceeds in relation to the Australian life insurance sale and the disposal of the second 20% stake in MCC). This was partially offset by on-market share buy-back (-19 bps).
  - Other impacts include large/notable items affecting the September 2018 cash earnings (except for the accelerated software amortisation charge which is included in capital deductions), movements in non-cash earnings, RWA modelling changes and net foreign currency translation.

Total Risk Weighted Assets	**As at**			**Movement**	
	Sep 18 $B	**Mar 18 $B**	**Sep 17 $B**	**Sep 18 v. Mar 18**	**Sep 18 v. Sep 17**
Credit RWA	**337.6**	342.8	336.8	-2%	0%
Market risk and IRRBB RWA	**15.6**	15.6	17.0	0%	-8%
Operational RWA	**37.6**	37.4	37.3	1%	1%
Total RWA	**390.8**	395.8	391.1	-1%	0%

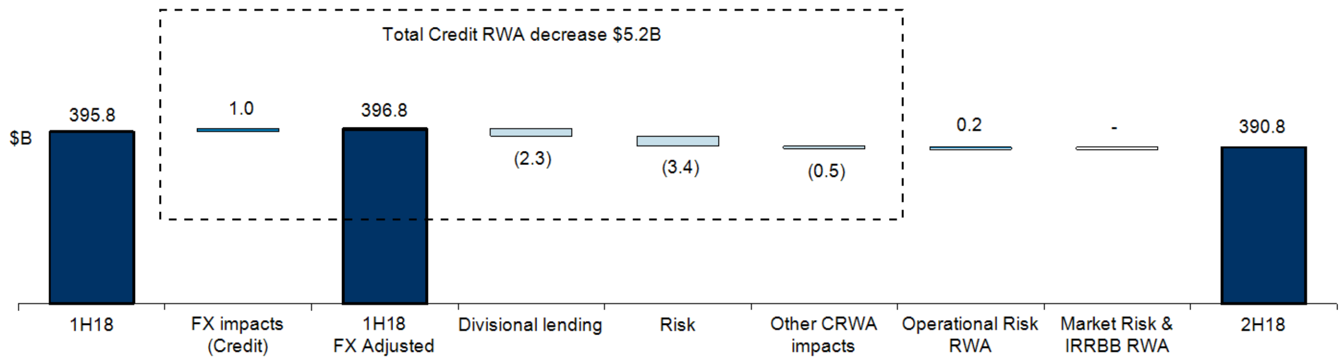
Total Risk Weighted Assets (RWA) – September 2018 v September 2017



- **September 2018 v September 2017**

  ANZ's total RWA decreased by $0.3 billion. Excluding the impact of foreign currency translation and other non-recurring CRWA changes, underlying CRWA (divisional lending offset by risk migration) was flat as lending growth in Institutional division (partially offset by reduction in Australia and New Zealand divisions) was offset by favourable impact from risk migration (lower CRWA) across the Group. Other CRWA changes mainly reflect the sale of remaining Asia Retail and Wealth businesses (Vietnam, Taiwan and Indonesia) and modest net impacts from RWA modelling changes. Non-CRWA decreased by $1.1 billion mainly driven by lower risk profile in IRRBB RWA.

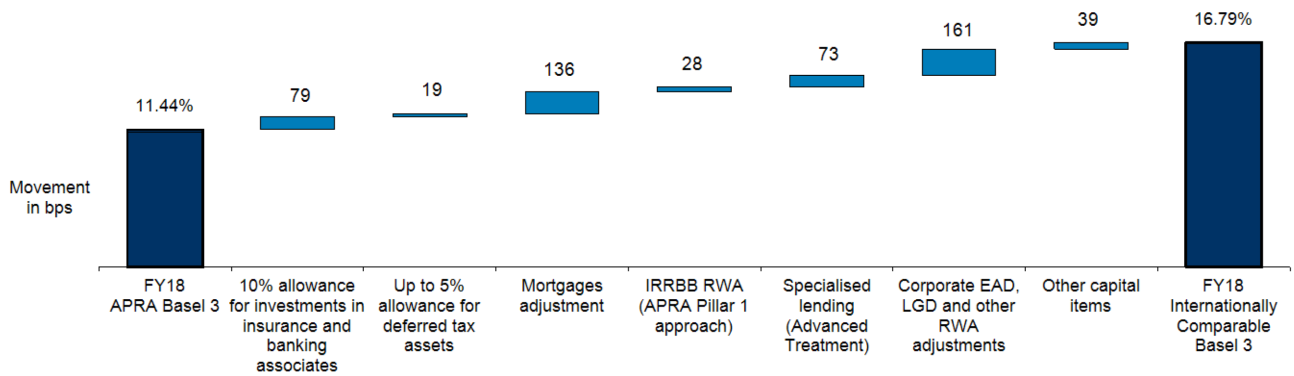
Total Risk Weighted Assets (RWA) - September 2018 v March 2018



- **September 2018 v March 2018**

  ANZ's total RWA decreased by $5.0 billion. Excluding the impact of foreign currency translation and other non-recurring CRWA changes, underlying CRWAs (divisional lending offset by risk migration) decreased by $5.7 billion. Other CRWA changes mainly reflect modest net impacts from RWA modelling changes. Non-CRWA increased slightly by $0.2 billion.

APRA to Internationally Comparable[1] Common Equity Tier 1 (CET1 ratio) as at 30 September 2018



1. *ANZ's interpretation of the regulations documented in the Basel Committee publications: "Basel 3: A global regulatory framework for more resilient banks and banking systems" (June 2011) and "International Convergence of Capital Measurement and Capital Standards" (June 2006). Also includes differences identified in APRA's information paper entitled "International Capital Comparison Study" (13 July 2015).*

The above provides a reconciliation of the CET1 ratio under APRA's Basel 3 prudential capital standards to Internationally Comparable Basel 3 standards. APRA views the Basel 3 reforms as a minimum requirement and hence has not incorporated some of the concessions proposed in the Basel 3 rules and has also set higher requirements in other areas. As a result, Australian banks' Basel 3 reported capital ratios will not be directly comparable with international peers. The International Comparable Basel 3 CET1 ratio incorporates differences between APRA and both the Basel Committee Basel 3 framework (including differences identified in the March 2014 Basel Committee's Regulatory Consistency Assessment Programme (RCAP) on Basel 3 implementation in Australia) and its application in major offshore jurisdictions.

The material differences between APRA Basel 3 and Internationally Comparable Basel 3 ratios include:

Deductions

- Deferred tax assets - A full deduction is required from CET1 for deferred tax assets (DTA) relating to temporary differences. On an Internationally Comparable basis, this is first subject to a concessional threshold before the deduction is required.
- Investments in insurance and banking associates - APRA requires full deduction against CET1. On an Internationally Comparable basis, these investments are subject to a concessional threshold before a deduction is required.

Risk Weighted Assets (RWA)

- IRRBB RWA - APRA requires inclusion of Interest Rate Risk in the Banking Book (IRRBB) within the RWA base for the CET1 ratio calculation. This is not required on an Internationally Comparable basis.
- Mortgages RWA - APRA imposes a floor of 20% on the downturn Loss Given Default (LGD) used in credit RWA calculations for residential mortgages. The Internationally Comparable Basel 3 framework requires a downturn LGD floor of 10%. Additionally, from July 2016, APRA requires a higher correlation factor than the Basel framework.
- Specialised lending - APRA requires the supervisory slotting approach to be used in determining credit RWA for specialised lending exposures. The Internationally Comparable basis allows for the advanced internal ratings based approach to be used when calculating RWA for these exposures.
- Unsecured Corporate Lending LGD - an adjustment to align ANZ's unsecured corporate lending LGD to 45% to be consistent with banks in other jurisdictions. The 45% LGD rate is also used in the Foundation Internal Ratings-Based approach (FIRB).
- Undrawn Corporate Lending Exposure at Default (EAD) - an adjustment to ANZ's credit conversion factors (CCF) for undrawn corporate loan commitments to 75% (used in FIRB approach) to align with banks in other jurisdictions.

Leverage Ratio - including discontinued operations

At 30 September 2018, the Group's APRA Leverage Ratio was 5.5% which is above the 3% minimum required by the Basel Committee on Banking Supervision (BCBS). APRA has not finalised a minimum leverage ratio requirement for Australian Authorised Deposit-taking Institutions (ADIs). The following table summarises the Group's Leverage Ratio calculation:

	As at			Movement	
	Sep 18 $M	**Mar 18 $M**	**Sep 17 $M**	**Sep 18 v. Mar 18**	**Sep 18 v. Sep 17**
Tier 1 Capital (net of capital deductions)	**52,218**	51,125	49,324	2%	6%
On-balance sheet exposures (excluding derivatives and securities financing transaction exposures)	**785,405**	780,272	752,347	1%	4%
Derivative exposures	**30,676**	32,747	31,469	-6%	-3%
Securities Financing Transaction (SFT) exposures	**36,066**	29,351	28,598	23%	26%
Other off-balance sheet exposures	**102,810**	99,921	96,765	3%	6%
Total exposure measure	**954,957**	942,291	909,179	1%	5%
APRA Leverage Ratio[1]	**5.5%**	5.4%	5.4%		
Internationally Comparable Leverage Ratio[1]	**6.1%**	6.1%	6.2%		

1. *Leverage ratio includes Additional Tier 1 securities subject to Basel 3 transitional relief, net of any transitional adjustments (applicable to Sep 17 only).*

- **September 2018 v September 2017**

  ANZ's leverage ratio increased 4 bps during the year. Key drivers of the movement in the leverage ratio were:

  - Net organic capital generation of 27 bps driven by cash profit (excluding large/notable items) less dividend payments.
  - Benefits from asset disposals increased leverage ratio by 35 bps (SRCB, Asia Retail and Wealth businesses in Vietnam, Taiwan and Indonesia, 40% stake in MCC and reinsurance proceeds in relation to the Australian life insurance sale).
  - The asset disposal benefits were partially offset by $1.9 billion (of the announced $3 billion) on-market share buy-back (-21 bps) and the redemption of the remaining CPS3 Additional Tier 1 capital instruments (-6 bps).
  - Exposure growth primarily from growth in loans and securities financing transaction decreased leverage ratio by 22 bps.
  - Other impacts (-9 bps) include large/notable items affecting the September 2018 full year cash earnings (except for accelerated amortisation) (-7 bps), net FX impacts (-5 bps) and net other items of (+3 bps).

- **September 2018 v March 2018**

  ANZ's leverage ratio increased 4 bps during the September 2018 half. Key drivers of the movement were:

  - Net organic capital generation of 14 bps from cash profit (excluding large/notable items) less dividend payments.
  - Benefits from asset disposals increased leverage ratio by 12 bps (reinsurance proceeds in relation to the Australian life insurance sale and the disposal of the second 20% stake in MCC).
  - The asset disposal benefits were partially offset by on-market share buy-backs (-8 bps).
  - Exposure growth primarily from growth in loans and securities financing transactions decreased leverage ratio by 6 bps.
  - Other impacts (-8 bps) include large/notable items affecting the September 2018 half cash earnings (except for accelerated amortisation) (-5 bps) and net FX impacts (-3 bps).

Capital Management - Other Regulatory Developments

- **Financial System Inquiry (FSI)**

  The Australian Government completed a comprehensive inquiry into Australia's financial system in 2014 which included a number of key recommendations that may have an impact on regulatory capital levels. Recent initiatives by APRA in support of the FSI are:

  - In July 2017, APRA released an information paper outlining its assessment on the additional capital required for the Australian banking sector to be considered 'unquestionably strong' as originally outlined in the FSI final report in December 2014. APRA indicated that "in the case of the four major Australian banks, this equated to a benchmark CET1 capital ratio, under the current capital adequacy framework, of at least 10.5 percent. APRA also stated that the major banks should meet this benchmark by 1 January 2020 at the latest".
  - In February 2018, APRA released two further discussion papers to commence its consultation on the following:
    - APRA's proposal regarding a risk-based capital approach for credit, market and operational risk following finalisation of requirements by the Basel Committee in December 2017. Whilst the final forms of these proposals will only be determined later in 2020, the Group expects the implementation of any revisions to the current requirements will result in further changes to the risk weighting framework for certain asset classes and other risk types (such as market and operational risks). APRA has announced that it does not expect that the changes to risk weights will necessitate further increases in capital for ADIs, although this could vary by ADIs depending on the final requirements. ANZ's current capital position is in excess of APRA's unquestionably strong CET1 benchmark of 10.5% and therefore, the Group is likely to be in a strong position to meet future changes that will arise as a result of final revisions to the capital framework.
    - The design and application of a minimum leverage ratio requirement as a complement to the risk-based capital framework proposal. APRA has proposed a minimum leverage ratio requirement of 4% (Basel minimum is 3%) as well as changes to the Exposure Measure requirements. The Group is well placed to meet the proposed changes in its current form based on its Leverage Ratio position at September 2018.

Further to the above, APRA released a discussion paper in August 2018 on adjustments to the overall design of the capital framework to improve transparency, international comparability and flexibility of the ADI capital framework. The focus of the proposals is on the presentation of the capital ratios to facilitate comparability whilst recognising the relative capital strength of the ADI and measures to enhance supervisory flexibility in times of financial stress.

APRA's consultation for the above is currently taking place with final prudential standards planned to be made available by 2020. APRA has proposed an implementation date of 2021, which is one year earlier than the Basel Committee's equivalent, with no phase-in arrangements.

APRA's prudential standards may also be further supplemented by yet to be released proposals to implement other key FSI recommendations such as a minimum Total Loss Absorbing Capacity (TLAC).

Given the number of items that are currently open for consultation with APRA, the final outcome of the FSI including any further changes to APRA's prudential standards or other impacts on the Group remains uncertain.

- **Level 3 Conglomerates (Level 3)**

  APRA is extending its prudential supervision framework to Conglomerate Groups via the Level 3 framework which will regulate a bancassurance group such as ANZ as a single economic entity with minimum capital requirements and additional monitoring of risk exposure levels.

  In August 2016, APRA confirmed the deferral of capital requirements for Conglomerate Groups until 2019 at the earliest. This is to allow for the final capital requirements arising from FSI recommendations and from international initiatives to be determined.

  The non-capital components of the Level 3 framework relating to group governance, risk exposures, intragroup transactions and other risk management and compliance requirements came into effect on 1 July 2017. These have had no material impact on the Group's capital position.

- **The Reserve Bank of New Zealand (RBNZ) review of capital requirements**

  On 1 May 2017, the RBNZ announced that it is undertaking a comprehensive review of the capital adequacy framework applying to New Zealand locally incorporated registered banks over 2017 and 2018. The aim of the review is to identify the most appropriate framework for setting capital requirements for New Zealand banks, taking into account how the current framework has operated and international developments in bank capital requirements. The capital review is focused on the three key components of the current framework:

  - The definition of eligible capital instruments;
  - The measurement of risk; and
  - The minimum capital ratios and buffers.

  The RBNZ released consultation papers on the definition of eligible capital instruments (14 July 2017) and the measurement of risk (19 December 2017) on which submissions have been made. To date the RBNZ has released its in principle position on eligible capital instruments and the calculation of risk-weighted assets.

  The RBNZ is currently reviewing the Quantitative Impact Survey (QIS) that New Zealand Advanced Banks completed in September 2018. The RBNZ is expected to consult before the end of 2018 calendar year on the minimum capital ratios and their options for the introduction of risk weight floors. Responses to this consultation are expected to be due February 2019, with the RBNZ indicating their final policy decisions on this consultation will be published in March 2019. The impact on Group and our subsidiary bank in New Zealand (ANZ Bank New Zealand Limited) arising from the above consultations will not be known until the RBNZ finalises its review.

- **Revisions to the related entities framework for ADI**

  In July 2018, APRA released a consultation paper and draft prudential standards on proposed revisions to its existing related entities framework, which also incorporated changes to its large exposures framework finalised and published in December 2017. APRA's proposals include revisions to:

  - The definition of related entities;
  - The measurement of exposures to related entities by aligning with requirements in the revised large exposures framework;
  - The prudential limits on exposures to related entities. APRA is proposing to align the capital base used in limit calculations to Level 1 Tier 1 Capital (capital base used in the revised large exposures framework) and to reduce the individual and aggregate limits of exposures to individual related ADIs;
  - The extended licensed entity (ELE) framework by amending the criteria for a subsidiary to be consolidated in an ADI's ELE.

  APRA is currently consulting on the proposed changes, taking into account submissions already received from the Group and the industry. The impact on the Group and our subsidiaries arising from the above consultation will not be known until APRA finalises its review. APRA intends to have the revised related entities framework implemented by 1 January 2020.

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Divisional Performance - continuing operations

The Group operates on a divisional structure with six continuing divisions: Australia, Institutional, New Zealand, Wealth Australia, Asia Retail & Pacific, and Technology, Services & Operations (TSO) and Group Centre. For further information on the composition of divisions, refer to the Definitions on page 119.

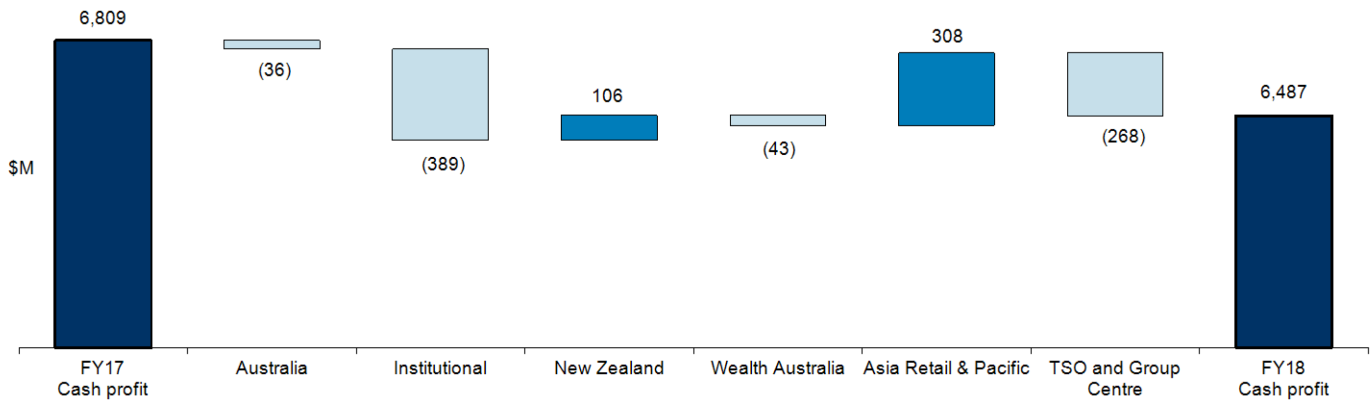
As part of the broader simplification strategy for ANZ, there have been several structural changes during the September 2018 full year. Prior period comparatives have been aligned with these changes, which include:

- the corporate business, formerly part of the Corporate and Commercial Banking business within the Australia division, has been transferred to the Institutional division;
- the residual Asia Retail and Wealth businesses in Philippines, Japan and Cambodia not sold as part of the Asia Retail and Wealth divestment have been transferred to the Institutional division; and
- the Group made a further realignment by transferring Group Hub's divisional specific operations from TSO and Group Centre to the respective divisions. As these costs were previously recharged, there is no change to previously reported divisional cash profit. Divisional full time equivalent employees (FTEs) have been restated to reflect this change.

The Divisional Results section is reported on a cash profit basis for continuing operations and comparatives have been restated accordingly. For information on discontinued operations please refer to the Guide to Full Year Results on page 10. The retained businesses of the Wealth Australia division include lenders mortgage insurance, share investing, financial planning and general insurance distribution.

The divisions reported are consistent with internal reporting provided to the chief operating decision maker, being the Chief Executive Officer.

Cash profit by division - September 2018 Full Year v September 2017 Full Year



September 2018 Full Year	Australia $M	Institutional $M	New Zealand $M	Wealth Australia $M	Asia Retail & Pacific $M	TSO and Group Centre $M	Group $M
Net interest income	8,409	3,068	2,587	49	186	215	**14,514**
Other operating income	1,086	2,062	663	282	246	361	**4,700**
Operating income	9,495	5,130	3,250	331	432	576	**19,214**
Operating expenses	(3,677)	(2,944)	(1,196)	(257)	(211)	(963)	**(9,248)**
Profit before credit impairment and income tax	5,818	2,186	2,054	74	221	(387)	**9,966**
Credit impairment (charge)/release	(698)	44	(6)	-	(28)	-	**(688)**
Profit/(Loss) before income tax	5,120	2,230	2,048	74	193	(387)	**9,278**
Income tax expense and non-controlling interests	(1,540)	(695)	(573)	(22)	(42)	81	**(2,791)**
Cash profit/(loss) from continuing operations	3,580	1,535	1,475	52	151	(306)	**6,487**

September 2017 Full Year	Australia $M	Institutional $M	New Zealand $M	Wealth Australia $M	Asia Retail & Pacific $M	TSO and Group Centre $M	Group $M
Net interest income	8,218	3,264	2,519	49	576	249	**14,875**
Other operating income	1,217	2,366	653	344	18	343	**4,941**
Operating income	9,435	5,630	3,172	393	594	592	**19,816**
Operating expenses	(3,382)	(2,814)	(1,193)	(262)	(614)	(702)	**(8,967)**
Profit before credit impairment and income tax	6,053	2,816	1,979	131	(20)	(110)	**10,849**
Credit impairment (charge)/release	(885)	(92)	(78)	-	(144)	-	**(1,199)**
Profit/(Loss) before income tax	5,168	2,724	1,901	131	(164)	(110)	**9,650**
Income tax expense and non-controlling interests	(1,552)	(800)	(532)	(36)	7	72	**(2,841)**
Cash profit/(loss) from continuing operations	3,616	1,924	1,369	95	(157)	(38)	**6,809**

September 2018 Full Year vs September 2017 Full Year

	Australia	Institutional	New Zealand	Wealth Australia	Asia Retail & Pacific	TSO and Group Centre	Group
Net interest income	2%	-6%	3%	0%	-68%	-14%	**-2%**
Other operating income	-11%	-13%	2%	-18%	large	5%	**-5%**
Operating income	1%	-9%	2%	-16%	-27%	-3%	**-3%**
Operating expenses	9%	5%	0%	-2%	-66%	37%	**3%**
Profit before credit impairment and income tax	-4%	-22%	4%	-44%	large	large	**-8%**
Credit impairment charge/(release)	-21%	large	-92%	n/a	-81%	n/a	**-43%**
Profit/(Loss) before income tax	-1%	-18%	8%	-44%	large	large	**-4%**
Income tax expense and non-controlling interests	-1%	-13%	8%	-39%	large	13%	**-2%**
Cash profit/(loss) from continuing operations	-1%	-20%	8%	-45%	large	large	**-5%**

Cash profit by division - September 2018 Half Year v March 2018 Half Year

September 2018 Half Year	Australia $M	Institutional $M	New Zealand $M	Wealth Australia $M	Asia Retail & Pacific $M	TSO and Group Centre $M	Group $M
Net interest income	4,105	1,552	1,309	25	67	106	**7,164**
Other operating income	527	1,034	325	120	62	174	**2,242**
Operating income	4,632	2,586	1,634	145	129	280	**9,406**
Operating expenses	(1,865)	(1,573)	(608)	(134)	(65)	(592)	**(4,837)**
Profit before credit impairment and income tax	2,767	1,013	1,026	11	64	(312)	**4,569**
Credit impairment (charge)/release	(386)	93	14	-	(1)	-	**(280)**
Profit/(Loss) before income tax	2,381	1,106	1,040	11	63	(312)	**4,289**
Income tax expense and non-controlling interests	(716)	(364)	(291)	(3)	(18)	97	**(1,295)**
Cash profit/(loss) from continuing operations	1,665	742	749	8	45	(215)	**2,994**

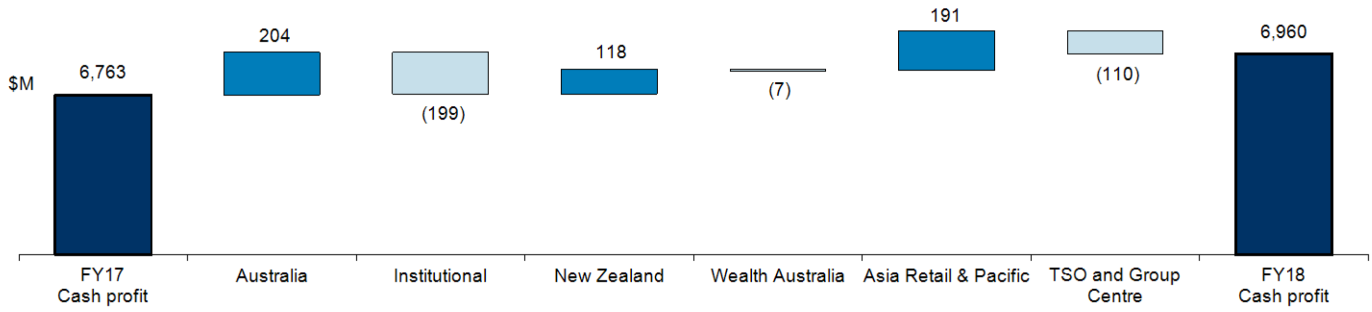
March 2018 Half Year	Australia $M	Institutional $M	New Zealand $M	Wealth Australia $M	Asia Retail & Pacific $M	TSO and Group Centre $M	Group $M
Net interest income	4,304	1,516	1,278	24	119	109	**7,350**
Other operating income	559	1,028	338	162	184	187	**2,458**
Operating income	4,863	2,544	1,616	186	303	296	**9,808**
Operating expenses	(1,812)	(1,371)	(588)	(123)	(146)	(371)	**(4,411)**
Profit before credit impairment and income tax	3,051	1,173	1,028	63	157	(75)	**5,397**
Credit impairment (charge)/release	(312)	(49)	(20)	-	(27)	-	**(408)**
Profit/(Loss) before income tax	2,739	1,124	1,008	63	130	(75)	**4,989**
Income tax expense and non-controlling interests	(824)	(331)	(282)	(19)	(24)	(16)	**(1,496)**
Cash profit/(loss) from continuing operations	1,915	793	726	44	106	(91)	**3,493**

September 2018 Half Year vs March 2018 Half Year

	Australia	Institutional	New Zealand	Wealth Australia	Asia Retail & Pacific	TSO and Group Centre	Group
Net interest income	-5%	2%	2%	4%	-44%	-3%	**-3%**
Other operating income	-6%	1%	-4%	-26%	-66%	-7%	**-9%**
Operating income	-5%	2%	1%	-22%	-57%	-5%	**-4%**
Operating expenses	3%	15%	3%	9%	-55%	60%	**10%**
Profit before credit impairment and income tax	-9%	-14%	0%	-83%	-59%	large	**-15%**
Credit impairment charge/(release)	24%	large	large	n/a	-96%	n/a	**-31%**
Profit/(Loss) before income tax	-13%	-2%	3%	-83%	-52%	large	**-14%**
Income tax expense and non-controlling interests	-13%	10%	3%	-84%	-25%	large	**-13%**
Cash profit/(loss) from continuing operations	-13%	-6%	3%	-82%	-58%	large	**-14%**

Cash profit by division (excluding large/notable items[1]) - September 2018 Full Year v September 2017 Full Year

The Group cash profit results include a number of items collectively referred to as large/notable items. While these items form part of cash profit they have been called out separately given the nature and significance of these items.



1. *Refer to pages 15 to 19 for a description of large/notable items.*

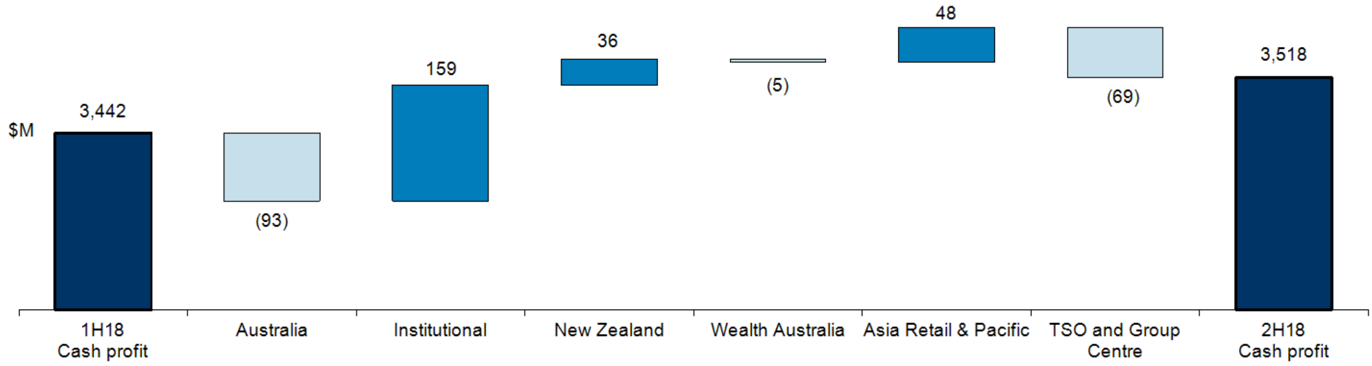
September 2018 Full Year	Australia $M	Institutional $M	New Zealand $M	Wealth Australia $M	Asia Retail & Pacific $M	TSO and Group Centre $M	Group $M
Net interest income	8,500	3,068	2,601	49	133	215	**14,566**
Other operating income	1,167	2,068	665	316	109	152	**4,477**
Operating income	9,667	5,136	3,266	365	242	367	**19,043**
Operating expenses	(3,406)	(2,696)	(1,176)	(209)	(176)	(816)	**(8,479)**
Profit before credit impairment and income tax	6,261	2,440	2,090	156	66	(449)	**10,564**
Credit impairment (charge)/release	(698)	44	(6)	-	(2)	-	**(662)**
Profit/(Loss) before income tax	5,563	2,484	2,084	156	64	(449)	**9,902**
Income tax expense and non-controlling interests	(1,674)	(739)	(584)	(47)	(22)	124	**(2,942)**
Cash profit/(loss) from continuing operations	3,889	1,745	1,500	109	42	(325)	**6,960**

September 2017 Full Year	Australia $M	Institutional $M	New Zealand $M	Wealth Australia $M	Asia Retail & Pacific $M	TSO and Group Centre $M	Group $M
Net interest income	8,243	3,264	2,530	49	134	249	**14,469**
Other operating income	1,235	2,382	653	344	104	132	**4,850**
Operating income	9,478	5,646	3,183	393	238	381	**19,319**
Operating expenses	(3,325)	(2,808)	(1,186)	(233)	(397)	(656)	**(8,605)**
Profit before credit impairment and income tax	6,153	2,838	1,997	160	(159)	(275)	**10,714**
Credit impairment (charge)/release	(885)	(92)	(78)	-	(20)	-	**(1,075)**
Profit/(Loss) before income tax	5,268	2,746	1,919	160	(179)	(275)	**9,639**
Income tax expense and non-controlling interests	(1,583)	(802)	(537)	(44)	30	60	**(2,876)**
Cash profit/(loss) from continuing operations	3,685	1,944	1,382	116	(149)	(215)	**6,763**

September 2018 Full Year vs September 2017 Full Year

	Australia	Institutional	New Zealand	Wealth Australia	Asia Retail & Pacific	TSO and Group Centre	Group
Net interest income	3%	-6%	3%	0%	-1%	-14%	**1%**
Other operating income	-6%	-13%	2%	-8%	5%	15%	**-8%**
Operating income	2%	-9%	3%	-7%	2%	-4%	**-1%**
Operating expenses	2%	-4%	-1%	-10%	-56%	24%	**-1%**
Profit before credit impairment and income tax	2%	-14%	5%	-3%	large	63%	**-1%**
Credit impairment charge/(release)	-21%	large	-92%	n/a	-90%	n/a	**-38%**
Profit/(Loss) before income tax	6%	-10%	9%	-3%	large	63%	**3%**
Income tax expense and non-controlling interests	6%	-8%	9%	7%	large	large	**2%**
Cash profit/(loss) from continuing operations	6%	-10%	9%	-6%	large	51%	**3%**

Cash profit by division (excluding large/notable items[1]) - September 2018 Half Year v March 2018 Half Year



1. *Refer to pages 15 to 19 for a description of large/notable items.*

September 2018 Half Year	Australia $M	Institutional $M	New Zealand $M	Wealth Australia $M	Asia Retail & Pacific $M	TSO and Group Centre $M	Group $M
Net interest income	4,179	1,552	1,321	25	67	106	**7,250**
Other operating income	592	1,045	327	152	62	104	**2,282**
Operating income	4,771	2,597	1,648	177	129	210	**9,532**
Operating expenses	(1,669)	(1,333)	(594)	(103)	(64)	(469)	**(4,232)**
Profit before credit impairment and income tax	3,102	1,264	1,054	74	65	(259)	**5,300**
Credit impairment (charge)/release	(386)	93	14	-	(1)	-	**(280)**
Profit/(Loss) before income tax	2,716	1,357	1,068	74	64	(259)	**5,020**
Income tax expense and non-controlling interests	(818)	(405)	(300)	(22)	(19)	62	**(1,502)**
Cash profit/(loss) from continuing operations	1,898	952	768	52	45	(197)	**3,518**

March 2018 Half Year	Australia $M	Institutional $M	New Zealand $M	Wealth Australia $M	Asia Retail & Pacific $M	TSO and Group Centre $M	Group $M
Net interest income	4,321	1,516	1,280	24	66	109	**7,316**
Other operating income	575	1,023	338	164	47	48	**2,195**
Operating income	4,896	2,539	1,618	188	113	157	**9,511**
Operating expenses	(1,737)	(1,363)	(582)	(106)	(112)	(347)	**(4,247)**
Profit before credit impairment and income tax	3,159	1,176	1,036	82	1	(190)	**5,264**
Credit impairment (charge)/release	(312)	(49)	(20)	-	(1)	-	**(382)**
Profit/(Loss) before income tax	2,847	1,127	1,016	82	-	(190)	**4,882**
Income tax expense and non-controlling interests	(856)	(334)	(284)	(25)	(3)	62	**(1,440)**
Cash profit/(loss) from continuing operations	1,991	793	732	57	(3)	(128)	**3,442**

September 2018 Half Year vs March 2018 Half Year

	Australia	Institutional	New Zealand	Wealth Australia	Asia Retail & Pacific	TSO and Group Centre	Group
Net interest income	-3%	2%	3%	4%	2%	-3%	**-1%**
Other operating income	3%	2%	-3%	-7%	32%	large	**4%**
Operating income	-3%	2%	2%	-6%	14%	34%	**0%**
Operating expenses	-4%	-2%	2%	-3%	-43%	35%	**0%**
Profit before credit impairment and income tax	-2%	7%	2%	-10%	large	36%	**1%**
Credit impairment (charge)/release	24%	large	large	n/a	0%	n/a	**-27%**
Profit/(Loss) before income tax	-5%	20%	5%	-10%	n/a	36%	**3%**
Income tax expense and non-controlling interests	-4%	21%	6%	-12%	large	0%	**4%**
Cash profit/(loss) from continuing operations	-5%	20%	5%	-9%	large	54%	**2%**

Australia - continuing operations

Fred Ohlsson

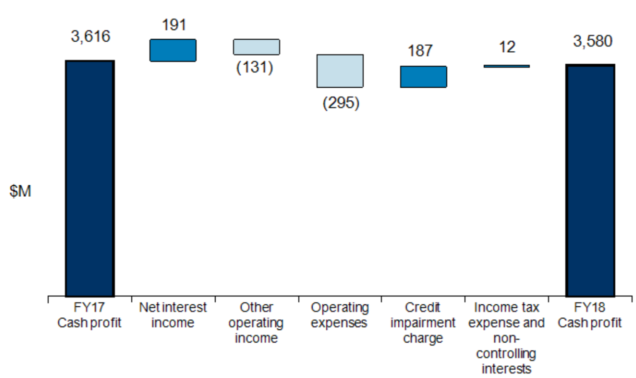
Divisional performance was impacted by a number of large/notable items. Refer to pages 15 to 19 and pages 53 to 54 for details.

	Half Year			Full Year		
	Sep 18 $M	Mar 18 $M	Movt	Sep 18 $M	Sep 17 $M	Movt
Net interest income	**4,105**	4,304	-5%	**8,409**	8,218	2%
Other operating income	**527**	559	-6%	**1,086**	1,217	-11%
Operating income	**4,632**	4,863	-5%	**9,495**	9,435	1%
Operating expenses	**(1,865)**	(1,812)	3%	**(3,677)**	(3,382)	9%
Profit before credit impairment and income tax	**2,767**	3,051	-9%	**5,818**	6,053	-4%
Credit impairment charge	**(386)**	(312)	24%	**(698)**	(885)	-21%
Profit before income tax	**2,381**	2,739	-13%	**5,120**	5,168	-1%
Income tax expense and non-controlling interests	**(716)**	(824)	-13%	**(1,540)**	(1,552)	-1%
Cash profit	**1,665**	1,915	-13%	**3,580**	3,616	-1%
Balance Sheet						
Net loans and advances	**340,259**	339,345	0%	**340,259**	333,560	2%
Other external assets	**2,855**	3,136	-9%	**2,855**	3,058	-7%
External assets	**343,114**	342,481	0%	**343,114**	336,618	2%
Customer deposits	**202,732**	204,165	-1%	**202,732**	201,326	1%
Other external liabilities	**9,577**	9,895	-3%	**9,577**	10,856	-12%
External liabilities	**212,309**	214,060	-1%	**212,309**	212,182	0%
Risk weighted assets	**158,595**	160,644	-1%	**158,595**	160,915	-1%
Average gross loans and advances	**341,837**	338,697	1%	**340,271**	327,200	4%
Average deposits and other borrowings	**202,530**	203,239	0%	**202,884**	196,234	3%
Ratios						
Return on average assets	**0.97%**	1.13%		**1.05%**	1.10%	
Net interest margin	**2.61%**	2.78%		**2.69%**	2.73%	
Operating expenses to operating income	**40.3%**	37.3%		**38.7%**	35.8%	
Operating expenses to average assets	**1.08%**	1.07%		**1.08%**	1.03%	
Individual credit impairment charge/(release)	**375**	337	11%	**712**	864	-18%
Individual credit impairment charge/(release) as a % of average GLA	**0.22%**	0.20%		**0.21%**	0.26%	
Collective credit impairment charge/(release)	**11**	(25)	large	**(14)**	21	large
Collective credit impairment charge/(release) as a % of average GLA	**0.01%**	(0.01%)		**0.00%**	0.01%	
Gross impaired assets	**1,285**	1,114	15%	**1,285**	1,180	9%
Gross impaired assets as a % of GLA	**0.38%**	0.33%		**0.38%**	0.36%	
Total full time equivalent staff (FTE)	**12,885**	13,701	-6%	**12,885**	13,885	-7%

Performance September 2018 v September 2017

- Lending volumes grew primarily in owner occupier and principal and interest home loans. Customer deposits grew mainly in small business banking and home loans (offset accounts).
- Net interest margin decreased as a result of home loan mix changes, customer remediation, and the introduction of the major bank levy from July 2017. This was partially offset by higher deposit margins due to re-pricing.
- Other operating income decreased as the result of customer remediation and lower lending fee income.
- Operating expenses increased due to customer remediation costs, an accelerated software amortisation charge, restructuring, and inflation. This was partially offset by a reduction in FTE related costs.
- Credit impairment charges decreased as the result of lower delinquency and higher write-backs and recoveries in cards and personal loans, lower new provisions in business banking, partially offset by a net increase in economic cycle adjustments.

Cash Profit - September 2018 v September 2017



Australia - continuing operations
Fred Ohlsson

Individual credit impairment charge/(release)	Half Year			Full Year		
	Sep 18 $M	Mar 18 $M	Movt	Sep 18 $M	Sep 17 $M	Movt
Retail	**229**	**198**	**16%**	**427**	**497**	**-14%**
Home Loans	55	44	25%	99	82	21%
Cards and Personal Loans	166	144	16%	310	389	-20%
Deposits and Payments[1]	8	10	-30%	18	26	-31%
Business & Private Bank	**146**	**139**	**5%**	**285**	**367**	**-22%**
Business Banking	50	44	14%	94	154	-39%
Small Business Banking	96	95	1%	191	213	-10%
Private Bank	-	-	n/a	-	-	n/a
Individual credit impairment charge/(release)	**375**	**337**	**11%**	**712**	**864**	**-18%**

Collective credit impairment charge/(release)	Half Year			Full Year		
	Sep 18 $M	Mar 18 $M	Movt	Sep 18 $M	Sep 17 $M	Movt
Retail	**(27)**	**(10)**	**large**	**(37)**	**(7)**	**large**
Home Loans	22	8	large	30	10	large
Cards and Personal Loans	(46)	(18)	large	(64)	(16)	large
Deposits and Payments[1]	(3)	-	n/a	(3)	(1)	large
Business & Private Bank	**38**	**(15)**	**large**	**23**	**28**	**-18%**
Business Banking	43	(8)	large	35	27	30%
Small Business Banking	(5)	(7)	-29%	(12)	1	large
Private Bank	-	-	n/a	-	-	n/a
Collective credit impairment charge/(release)	**11**	**(25)**	**large**	**(14)**	**21**	**large**
Total credit impairment charge/(release)	**386**	**312**	**24%**	**698**	**885**	**-21%**

Net loans and advances	As at			Movement	
	Sep 18 $M	Mar 18 $M	Sep 17 $M	Sep 18 v. Mar 18	Sep 18 v. Sep 17
Retail	**282,124**	**281,728**	**275,229**	**0%**	**3%**
Home Loans	271,993	271,132	264,612	0%	3%
Cards and Personal Loans	10,074	10,536	10,543	-4%	-4%
Deposits and Payments[1]	57	60	74	-5%	-23%
Business & Private Bank	**58,135**	**57,617**	**58,331**	**1%**	**0%**
Business Banking	41,239	40,746	41,202	1%	0%
Small Business Banking	14,954	15,296	15,584	-2%	-4%
Private Bank	1,942	1,575	1,545	23%	26%
Net loans and advances	**340,259**	**339,345**	**333,560**	**0%**	**2%**

Customer deposits	As at			Movement	
	Sep 18 $M	Mar 18 $M	Sep 17 $M	Sep 18 v. Mar 18	Sep 18 v. Sep 17
Retail	**119,763**	**120,990**	**119,437**	**-1%**	**0%**
Home Loans[2]	27,639	27,488	26,771	1%	3%
Cards and Personal Loans	263	242	261	9%	1%
Deposits and Payments	91,861	93,260	92,405	-2%	-1%
Business & Private Bank	**82,969**	**83,175**	**81,889**	**0%**	**1%**
Business Banking	19,191	20,932	20,841	-8%	-8%
Small Business Banking	39,976	37,546	36,288	6%	10%
Private Bank	23,802	24,697	24,760	-4%	-4%
Customer deposits	**202,732**	**204,165**	**201,326**	**-1%**	**1%**

1. *Net loans and advances for the deposits and payments business represent amounts in overdraft.*
2. *Customer deposit amounts for the home loans business represent balances in offset accounts.*

Australia - continuing operations

Fred Ohlsson

September 2018 Full Year	Retail $M	B&PB $M	Australia Total $M
Net interest income	5,691	2,718	**8,409**
Other operating income	649	437	**1,086**
Operating income	6,340	3,155	**9,495**
Operating expenses	(2,541)	(1,136)	**(3,677)**
Profit before credit impairment and income tax	3,799	2,019	**5,818**
Credit impairment (charge)/release	(390)	(308)	**(698)**
Profit before income tax	3,409	1,711	**5,120**
Income tax expense and non-controlling interests	(1,024)	(516)	**(1,540)**
Cash profit	2,385	1,195	**3,580**
Individual credit impairment charge/(release)	427	285	**712**
Collective credit impairment charge/(release)	(37)	23	**(14)**
Net loans and advances	282,124	58,135	**340,259**
Customer deposits	119,763	82,969	**202,732**
Risk weighted assets	105,203	53,392	**158,595**

September 2017 Full Year	Retail $M	B&PB $M	Australia Total $M
Net interest income	5,567	2,651	8,218
Other operating income	761	456	1,217
Operating income	6,328	3,107	9,435
Operating expenses	(2,270)	(1,112)	(3,382)
Profit before credit impairment and income tax	4,058	1,995	6,053
Credit impairment (charge)/release	(490)	(395)	(885)
Profit before income tax	3,568	1,600	5,168
Income tax expense and non-controlling interests	(1,071)	(481)	(1,552)
Cash profit	2,497	1,119	3,616
Individual credit impairment charge/(release)	497	367	864
Collective credit impairment charge/(release)	(7)	28	21
Net loans and advances	275,229	58,331	333,560
Customer deposits	119,437	81,889	201,326
Risk weighted assets	105,865	55,050	160,915

September 2018 Full Year vs September 2017 Full Year	Retail	B&PB	Australia Total
Net interest income	2%	3%	2%
Other operating income	-15%	-4%	-11%
Operating income	0%	2%	1%
Operating expenses	12%	2%	9%
Profit before credit impairment and income tax	-6%	1%	-4%
Credit impairment (charge)/release	-20%	-22%	-21%
Profit before income tax	-4%	7%	-1%
Income tax expense and non-controlling interests	-4%	7%	-1%
Cash profit	-4%	7%	-1%
Individual credit impairment charge/(release)	-14%	-22%	-18%
Collective credit impairment charge/(release)	large	-18%	large
Net loans and advances	3%	0%	2%
Customer deposits	0%	1%	1%
Risk weighted assets	-1%	-3%	-1%

Australia - continuing operations

Fred Ohlsson

September 2018 Half Year	Retail $M	B&PB $M	Australia Total $M
Net interest income	2,728	1,377	**4,105**
Other operating income	317	210	**527**
Operating income	3,045	1,587	**4,632**
Operating expenses	(1,279)	(586)	**(1,865)**
Profit before credit impairment and income tax	1,766	1,001	**2,767**
Credit impairment (charge)/release	(202)	(184)	**(386)**
Profit before income tax	1,564	817	**2,381**
Income tax expense and non-controlling interests	(471)	(245)	**(716)**
Cash profit	1,093	572	**1,665**
Individual credit impairment charge/(release)	229	146	**375**
Collective credit impairment charge/(release)	(27)	38	**11**
Net loans and advances	282,124	58,135	**340,259**
Customer deposits	119,763	82,969	**202,732**
Risk weighted assets	105,203	53,392	**158,595**

March 2018 Half Year			
Net interest income	2,963	1,341	4,304
Other operating income	332	227	559
Operating income	3,295	1,568	4,863
Operating expenses	(1,262)	(550)	(1,812)
Profit before credit impairment and income tax	2,033	1,018	3,051
Credit impairment (charge)/release	(188)	(124)	(312)
Profit before income tax	1,845	894	2,739
Income tax expense and non-controlling interests	(553)	(271)	(824)
Cash profit	1,292	623	1,915
Individual credit impairment charge/(release)	198	139	337
Collective credit impairment charge/(release)	(10)	(15)	(25)
Net loans and advances	281,728	57,617	339,345
Customer deposits	120,990	83,175	204,165
Risk weighted assets	106,875	53,769	160,644

September 2018 Half Year vs March 2018 Half Year			
Net interest income	-8%	3%	-5%
Other operating income	-5%	-7%	-6%
Operating income	-8%	1%	-5%
Operating expenses	1%	7%	3%
Profit before credit impairment and income tax	-13%	-2%	-9%
Credit impairment (charge)/release	7%	48%	24%
Profit before income tax	-15%	-9%	-13%
Income tax expense and non-controlling interests	-15%	-10%	-13%
Cash profit	-15%	-8%	-13%
Individual credit impairment charge/(release)	16%	5%	11%
Collective credit impairment charge/(release)	large	large	large
Net loans and advances	0%	1%	0%
Customer deposits	-1%	0%	-1%
Risk weighted assets	-2%	-1%	-1%

Institutional - continuing operations
Mark Whelan

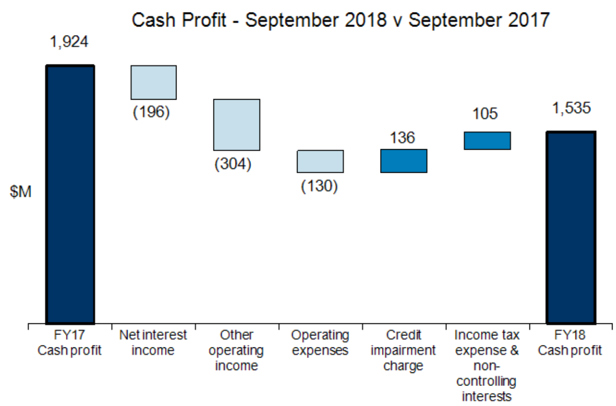
Divisional performance was impacted by a number of large/notable items. Refer to pages 15 to 19 and pages 53 to 54 for details.

	Half Year			Full Year		
	Sep 18 $M	Mar 18 $M	Movt	Sep 18 $M	Sep 17 $M	Movt
Net interest income	**1,552**	1,516	2%	**3,068**	3,264	-6%
Other operating income	**1,034**	1,028	1%	**2,062**	2,366	-13%
Operating income	**2,586**	2,544	2%	**5,130**	5,630	-9%
Operating expenses	**(1,573)**	(1,371)	15%	**(2,944)**	(2,814)	5%
Profit before credit impairment and income tax	**1,013**	1,173	-14%	**2,186**	2,816	-22%
Credit impairment (charge)/release	**93**	(49)	large	**44**	(92)	large
Profit before income tax	**1,106**	1,124	-2%	**2,230**	2,724	-18%
Income tax expense and non-controlling interests	**(364)**	(331)	10%	**(695)**	(800)	-13%
Cash profit	**742**	793	-6%	**1,535**	1,924	-20%
Balance Sheet[1]						
Net loans and advances	**149,826**	137,884	9%	**149,826**	131,582	14%
Other external assets	**276,607**	281,079	-2%	**276,607**	254,769	9%
External assets	**426,433**	418,963	2%	**426,433**	386,351	10%
Customer deposits	**205,809**	190,733	8%	**205,809**	189,015	9%
Other deposits and borrowings	**67,374**	68,190	-1%	**67,374**	57,297	18%
Deposits and other borrowings	**273,183**	258,923	6%	**273,183**	246,312	11%
Other external liabilities	**104,552**	108,737	-4%	**104,552**	94,728	10%
External liabilities	**377,735**	367,660	3%	**377,735**	341,040	11%
Risk weighted assets	**163,713**	165,614	-1%	**163,713**	158,783	3%
Average gross loans and advances	**144,488**	137,864	5%	**141,184**	135,308	4%
Average deposits and other borrowings	**269,578**	257,874	5%	**263,742**	246,931	7%
Ratios[1]						
Return on average assets	**0.34%**	0.38%		**0.36%**	0.47%	
Net interest margin	**0.89%**	0.91%		**0.90%**	1.03%	
Net interest margin (excluding Markets)	**2.17%**	2.14%		**2.15%**	2.21%	
Operating expenses to operating income	**60.8%**	53.9%		**57.4%**	50.0%	
Operating expenses to average assets	**0.72%**	0.65%		**0.68%**	0.68%	
Individual credit impairment charge/(release)	**(52)**	28	large	**(24)**	196	large
Individual credit impairment charge/(release) as a % of average GLA	**(0.07%)**	0.04%		**(0.02%)**	0.14%	
Collective credit impairment charge/(release)	**(41)**	21	large	**(20)**	(104)	-81%
Collective credit impairment charge/(release) as a % of average GLA	**(0.06%)**	0.03%		**(0.01%)**	(0.08%)	
Gross impaired assets	**442**	626	-29%	**442**	757	-42%
Gross impaired assets as a % of GLA	**0.29%**	0.45%		**0.29%**	0.57%	
Total full time equivalent staff (FTE)	**6,188**	6,505	-5%	**6,188**	6,783	-9%

1. *Balance Sheet amounts include asset and liabilities reclassified as held for sale from continuing operations.*

Performance September 2018 v September 2017

- Lending volumes grew across all portfolios. Customer deposits grew in Markets and Transaction Banking.
- Net interest margin ex-Markets decreased largely due to the introduction of the major bank levy from July 2017, and growth in Markets liquid assets.
- Other operating income decreased due to lower Markets Franchise Trading income due to less favourable trading conditions in 2018, and large positive derivative valuation adjustments recognised in 2017.
- Operating expenses increased due to an accelerated software amortisation charge, restructuring, and inflation. This was partially offset by a reduction in FTE as the result of ongoing transformation activities and lower non-lending losses.
- Credit impairment charges decreased due to ongoing portfolio rebalancing and a benign credit environment.



Institutional - continuing operations
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Institutional by Geography[1]

	Half Year			Full Year		
Australia	**Sep 18 $M**	**Mar 18 $M**	**Movt**	**Sep 18 $M**	**Sep 17 $M**	**Movt**
Net interest income	**868**	845	3%	**1,713**	1,864	-8%
Other operating income	**510**	452	13%	**962**	1,147	-16%
Operating income	**1,378**	1,297	6%	**2,675**	3,011	-11%
Operating expenses	**(625)**	(614)	2%	**(1,239)**	(1,274)	-3%
Profit before credit impairment and income tax	**753**	683	10%	**1,436**	1,737	-17%
Credit impairment (charge)/release	**66**	(18)	large	**48**	(121)	large
Profit before income tax	**819**	665	23%	**1,484**	1,616	-8%
Income tax expense and non-controlling interests	**(245)**	(198)	24%	**(443)**	(509)	-13%
Cash profit	**574**	467	23%	**1,041**	1,107	-6%
Individual credit impairment charge/(release)	**(28)**	(18)	56%	**(46)**	153	large
Collective credit impairment charge/(release)	**(38)**	36	large	**(2)**	(32)	-94%
Net loans and advances	**85,099**	78,029	9%	**85,099**	76,008	12%
Customer deposits	**78,562**	77,466	1%	**78,562**	77,134	2%
Risk weighted assets	**82,993**	85,181	-3%	**82,993**	83,766	-1%
Asia Pacific, Europe, and America						
Net interest income	**532**	524	2%	**1,056**	1,061	0%
Other operating income	**414**	442	-6%	**856**	936	-9%
Operating income	**946**	966	-2%	**1,912**	1,997	-4%
Operating expenses	**(862)**	(675)	28%	**(1,537)**	(1,364)	13%
Profit before credit impairment and income tax	**84**	291	-71%	**375**	633	-41%
Credit impairment (charge)/release	**25**	13	92%	**38**	7	large
Profit before income tax	**109**	304	-64%	**413**	640	-35%
Income tax expense and non-controlling interests	**(69)**	(90)	-23%	**(159)**	(159)	0%
Cash profit	**40**	214	-81%	**254**	481	-47%
Individual credit impairment charge/(release)	**(25)**	3	large	**(22)**	60	large
Collective credit impairment charge/(release)	**-**	(16)	-100%	**(16)**	(67)	-76%
Net loans and advances	**58,163**	52,652	10%	**58,163**	48,590	20%
Customer deposits	**111,717**	97,869	14%	**111,717**	98,103	14%
Risk weighted assets	**70,456**	69,565	1%	**70,456**	64,797	9%
New Zealand						
Net interest income	**152**	147	3%	**299**	339	-12%
Other operating income	**110**	134	-18%	**244**	283	-14%
Operating income	**262**	281	-7%	**543**	622	-13%
Operating expenses	**(86)**	(82)	5%	**(168)**	(176)	-5%
Profit before credit impairment and income tax	**176**	199	-12%	**375**	446	-16%
Credit impairment (charge)/release	**2**	(44)	large	**(42)**	22	large
Profit before income tax	**178**	155	15%	**333**	468	-29%
Income tax expense and non-controlling interests	**(50)**	(43)	16%	**(93)**	(132)	-30%
Cash profit	**128**	112	14%	**240**	336	-29%
Individual credit impairment charge/(release)	**1**	43	-98%	**44**	(17)	large
Collective credit impairment charge/(release)	**(3)**	1	large	**(2)**	(5)	-60%
Net loans and advances	**6,564**	7,203	-9%	**6,564**	6,984	-6%
Customer deposits	**15,530**	15,398	1%	**15,530**	13,778	13%
Risk weighted assets	**10,264**	10,868	-6%	**10,264**	10,220	0%

1. *Balance Sheet amounts include asset and liabilities reclassified as held for sale from continuing operations.*

Institutional - continuing operations
Mark Whelan

Individual credit impairment charge/(release)[1]	Half Year			Full Year		
	Sep 18 $M	Mar 18 $M	Movt	Sep 18 $M	Sep 17 $M	Movt
Transaction Banking	(6)	11	large	5	46	-89%
Loans & Specialised Finance	(45)	17	large	(28)	143	large
Markets	(3)	(1)	large	(4)	-	n/a
Central Functions	2	1	100%	3	7	-57%
Individual credit impairment charge/(release)	**(52)**	**28**	**large**	**(24)**	**196**	**large**

Collective credit impairment charge/(release)[1]	Half Year			Full Year		
	Sep 18 $M	Mar 18 $M	Movt	Sep 18 $M	Sep 17 $M	Movt
Transaction Banking	(5)	(7)	-29%	(12)	3	large
Loans & Specialised Finance	(35)	26	large	(9)	(104)	-91%
Markets	-	1	-100%	1	-	n/a
Central Functions	(1)	1	large	-	(3)	-100%
Collective credit impairment charge/(release)	**(41)**	**21**	**large**	**(20)**	**(104)**	**-81%**
Total credit impairment charge/(release)	**(93)**	**49**	**large**	**(44)**	**92**	**large**

Net loans and advances[1]	As at			Movement	
	Sep 18 $M	Mar 18 $M	Sep 17 $M	Sep 18 v. Mar 18	Sep 18 v. Sep 17
Transaction Banking	16,568	15,897	14,344	4%	16%
Loans & Specialised Finance	101,637	94,939	87,556	7%	16%
Markets	31,188	26,598	29,303	17%	6%
Central Functions	433	450	379	-4%	14%
Net loans and advances	**149,826**	**137,884**	**131,582**	**9%**	**14%**

Customer deposits[1]	As at			Movement	
	Sep 18 $M	Mar 18 $M	Sep 17 $M	Sep 18 v. Mar 18	Sep 18 v. Sep 17
Transaction Banking	99,519	95,707	96,000	4%	4%
Loans & Specialised Finance	1,289	1,336	993	-4%	30%
Markets	102,490	91,237	89,431	12%	15%
Central Functions	2,511	2,453	2,591	2%	-3%
Customer deposits	**205,809**	**190,733**	**189,015**	**8%**	**9%**

1. *Balance Sheet amounts include asset and liabilities reclassified as held for sale from continuing operations.*

Institutional - continuing operations

Mark Whelan

September 2018 Full Year[1]	Transaction Banking $M	Loans & Specialised Finance $M	Markets $M	Central Functions $M	Institutional Total $M
Net interest income	917	1,418	683	50	**3,068**
Other operating income	720	172	1,127	43	**2,062**
Operating income	1,637	1,590	1,810	93	**5,130**
Operating expenses	(823)	(639)	(1,178)	(304)	**(2,944)**
Profit/(Loss) before credit impairment and income tax	814	951	632	(211)	**2,186**
Credit impairment (charge)/release	7	37	3	(3)	**44**
Profit/(Loss) before income tax	821	988	635	(214)	**2,230**
Income tax expense and non-controlling interests	(235)	(265)	(167)	(28)	**(695)**
Cash profit/(Loss)	586	723	468	(242)	**1,535**
Individual credit impairment charge/(release)	5	(28)	(4)	3	**(24)**
Collective credit impairment charge/(release)	(12)	(9)	1	-	**(20)**
Net loans and advances	16,568	101,637	31,188	433	**149,826**
Customer deposits	99,519	1,289	102,490	2,511	**205,809**
Risk weighted assets	24,287	88,902	49,657	867	**163,713**
September 2017 Full Year					
Net interest income	876	1,413	920	55	3,264
Other operating income	733	141	1,436	56	2,366
Operating income	1,609	1,554	2,356	111	5,630
Operating expenses	(833)	(653)	(1,285)	(43)	(2,814)
Profit/(Loss) before credit impairment and income tax	776	901	1,071	68	2,816
Credit impairment (charge)/release	(49)	(39)	-	(4)	(92)
Profit/(Loss) before income tax	727	862	1,071	64	2,724
Income tax expense and non-controlling interests	(221)	(239)	(293)	(47)	(800)
Cash profit	506	623	778	17	1,924
Individual credit impairment charge/(release)	46	143	-	7	196
Collective credit impairment charge/(release)	3	(104)	-	(3)	(104)
Net loans and advances	14,344	87,556	29,303	379	131,582
Customer deposits	96,000	993	89,431	2,591	189,015
Risk weighted assets	24,593	84,863	48,594	733	158,783
September 2018 Full Year vs September 2017 Full Year					
Net interest income	5%	0%	-26%	-9%	-6%
Other operating income	-2%	22%	-22%	-23%	-13%
Operating income	2%	2%	-23%	-16%	-9%
Operating expenses	-1%	-2%	-8%	large	5%
Profit/(Loss) before credit impairment and income tax	5%	6%	-41%	large	-22%
Credit impairment (charge)/release	large	large	n/a	-25%	large
Profit/(Loss) before income tax	13%	15%	-41%	large	-18%
Income tax expense and non-controlling interests	6%	11%	-43%	-40%	-13%
Cash profit/(Loss)	16%	16%	-40%	large	-20%
Individual credit impairment charge/(release)	-89%	large	n/a	-57%	large
Collective credit impairment charge/(release)	large	-91%	n/a	-100%	-81%
Net loans and advances	16%	16%	6%	14%	14%
Customer deposits	4%	30%	15%	-3%	9%
Risk weighted assets	-1%	5%	2%	18%	3%

1. *Balance Sheet amounts include asset and liabilities reclassified as held for sale from continuing operations.*

Institutional - continuing operations

Mark Whelan

September 2018 Half Year[1]	Transaction Banking $M	Loans & Specialised Finance $M	Markets $M	Central Functions $M	Institutional Total $M
Net interest income	471	744	314	23	**1,552**
Other operating income	359	82	576	17	**1,034**
Operating income	830	826	890	40	**2,586**
Operating expenses	(417)	(317)	(560)	(279)	**(1,573)**
Profit/(Loss) before credit impairment and income tax	413	509	330	(239)	**1,013**
Credit impairment (charge)/release	11	80	3	(1)	**93**
Profit/(Loss) before income tax	424	589	333	(240)	**1,106**
Income tax expense and non-controlling interests	(121)	(156)	(86)	(1)	**(364)**
Cash profit/(Loss)	303	433	247	(241)	**742**
Individual credit impairment charge/(release)	(6)	(45)	(3)	2	**(52)**
Collective credit impairment charge/(release)	(5)	(35)	-	(1)	**(41)**
Net loans and advances	16,568	101,637	31,188	433	**149,826**
Customer deposits	99,519	1,289	102,490	2,511	**205,809**
Risk weighted assets	24,287	88,902	49,657	867	**163,713**
March 2018 Half Year					
Net interest income	446	674	369	27	1,516
Other operating income	361	90	551	26	1,028
Operating income	807	764	920	53	2,544
Operating expenses	(406)	(322)	(618)	(25)	(1,371)
Profit/(Loss) before credit impairment and income tax	401	442	302	28	1,173
Credit impairment (charge)/release	(4)	(43)	-	(2)	(49)
Profit/(Loss) before income tax	397	399	302	26	1,124
Income tax expense and non-controlling interests	(114)	(109)	(81)	(27)	(331)
Cash profit/(Loss)	283	290	221	(1)	793
Individual credit impairment charge/(release)	11	17	(1)	1	28
Collective credit impairment charge/(release)	(7)	26	1	1	21
Net loans and advances	15,897	94,939	26,598	450	137,884
Customer deposits	95,707	1,336	91,237	2,453	190,733
Risk weighted assets	24,297	89,310	51,056	951	165,614
September 2018 Half Year vs March 2018 Half Year					
Net interest income	6%	10%	-15%	-15%	2%
Other operating income	-1%	-9%	5%	-35%	1%
Operating income	3%	8%	-3%	-25%	2%
Operating expenses	3%	-2%	-9%	large	15%
Profit/(Loss) before credit impairment and income tax	3%	15%	9%	large	-14%
Credit impairment (charge)/release	large	large	n/a	-50%	large
Profit/(Loss) before income tax	7%	48%	10%	large	-2%
Income tax expense and non-controlling interests	6%	43%	6%	-96%	10%
Cash profit/(Loss)	7%	49%	12%	large	-6%
Individual credit impairment charge/(release)	large	large	large	100%	large
Collective credit impairment charge/(release)	-29%	large	-100%	large	large
Net loans and advances	4%	7%	17%	-4%	9%
Customer deposits	4%	-4%	12%	2%	8%
Risk weighted assets	0%	0%	-3%	-9%	-1%

1. *Balance Sheet amounts include asset and liabilities reclassified as held for sale from continuing operations.*

Institutional - continuing operations

Mark Whelan

Analysis of Markets operating income

Composition of Markets operating income by business activity	Half Year Sep 18 $M	Half Year Mar 18 $M	Half Year Movt	Full Year Sep 18 $M	Full Year Sep 17 $M	Full Year Movt
Franchise Sales[1]	**456**	439	4%	**895**	934	-4%
Franchise Trading[2]	**158**	186	-15%	**344**	788	-56%
Balance Sheet[3]	**276**	295	-6%	**571**	634	-10%
Markets operating income	**890**	920	-3%	**1,810**	2,356	-23%
Includes:						
Derivative valuation adjustments	**52**	11	large	**63**	229	-72%

1. *Franchise Sales represents direct client flow business on core products such as fixed income, foreign exchange, commodities and capital markets.*
2. *Franchise Trading primarily represents management of the Group's strategic positions and those taken as part of direct client sales flow. Franchise Trading also includes the impact of valuation adjustments made to derivatives risk free value when determining fair value (includes credit and funding adjustments, bid-offer adjustments and associated hedges).*
3. *Balance Sheet represents hedging of interest rate risk on the Group's loan and deposit books and the management of the Group's liquidity portfolio.*

Composition of Markets operating income by geography	Half Year Sep 18 $M	Half Year Mar 18 $M	Half Year Movt	Full Year Sep 18 $M	Full Year Sep 17 $M	Full Year Movt
Australia	**357**	319	12%	**676**	1,071	-37%
Asia Pacific, Europe & America	**408**	456	-11%	**864**	950	-9%
New Zealand	**125**	145	-14%	**270**	335	-19%
Markets operating income	**890**	920	-3%	**1,810**	2,356	-23%

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Market risk

Traded market risk

Below are aggregate Value at Risk (VaR) exposures at 99% confidence level covering both physical and derivatives trading positions for the Bank's principal trading centres.

99% confidence level (1 day holding period)

	As at	High for year	Low for year	Avg for year	As at	High for year	Low for year	Avg for year
	Sep 18 $M	Sep 18 $M	Sep 18 $M	Sep 18 $M	Sep 17 $M	Sep 17 $M	Sep 17 $M	Sep 17 $M
Value at Risk at 99% confidence								
Foreign exchange	**3.7**	**10.3**	**1.7**	**4.2**	4.2	10.5	2.5	5.1
Interest rate	**8.4**	**16.0**	**4.9**	**7.9**	6.3	21.3	5.1	7.9
Credit	**2.5**	**6.5**	**2.3**	**4.0**	4.4	5.4	2.0	3.4
Commodities	**3.7**	**4.5**	**1.4**	**3.1**	2.2	3.8	1.4	2.1
Equity	**-**	**-**	**-**	**-**	-	0.5	-	0.2
Diversification benefit	**(10.5)**	**n/a**	**n/a**	**(8.1)**	(7.6)	n/a	n/a	(7.7)
Total VaR	**7.8**	**19.9**	**6.9**	**11.1**	9.5	24.9	6.9	11.0

Non-traded interest rate risk

Non-traded interest rate risk is managed by Markets and relates to the potential adverse impact of changes in market interest rates on future net interest income for the Group. Interest rate risk is reported using various techniques including VaR and scenario analysis based on a 1% shock.

99% confidence level (1 day holding period)

	As at	High for year	Low for year	Avg for year	As at	High for year	Low for year	Avg for year
	Sep 18 $M	Sep 18 $M	Sep 18 $M	Sep 18 $M	Sep 17 $M	Sep 17 $M	Sep 17 $M	Sep 17 $M
Value at Risk at 99% confidence								
Australia	**21.9**	**32.7**	**20.3**	**23.6**	31.6	37.5	25.9	31.3
New Zealand	**6.8**	**7.1**	**5.6**	**6.6**	11.8	15.1	11.1	12.4
Asia Pacific, Europe & America	**15.1**	**15.1**	**12.5**	**13.7**	14.6	19.0	14.3	15.9
Diversification benefit	**(16.1)**	**n/a**	**n/a**	**(14.4)**	(20.6)	n/a	n/a	(19.7)
Total VaR	**27.7**	**36.4**	**26.0**	**29.5**	37.4	44.0	33.5	39.9

Impact of 1% rate shock on the next 12 months' net interest income margin

	As at	
	Sep 18	**Sep 17**
As at period end	**0.20%**	0.52%
Maximum exposure	**0.60%**	0.65%
Minimum exposure	**0.03%**	0.01%
Average exposure (in absolute terms)	**0.25%**	0.28%

New Zealand - continuing operations

David Hisco

Divisional performance was impacted by a number of large/notable items. Refer to pages 15 to 19 and pages 53 to 54 for details (in AUD).

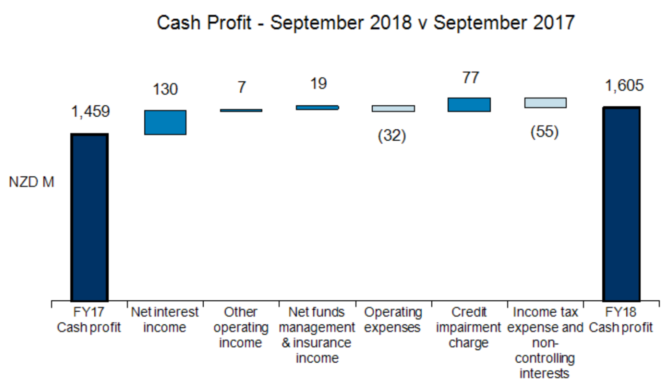
Table reflects NZD for New Zealand (AUD results shown on page 70)

	Half Year			Full Year		
	Sep 18 NZD M	**Mar 18 NZD M**	**Movt**	**Sep 18 NZD M**	**Sep 17 NZD M**	**Movt**
Net interest income	**1,421**	1,395	2%	**2,816**	2,686	5%
Other operating income	**156**	181	-14%	**337**	330	2%
Net funds management and insurance income	**195**	189	3%	**384**	365	5%
Operating income	**1,772**	1,765	0%	**3,537**	3,381	5%
Operating expenses	**(661)**	(642)	3%	**(1,303)**	(1,271)	3%
Profit before credit impairment and income tax	**1,111**	1,123	-1%	**2,234**	2,110	6%
Credit impairment (charge)/release	**16**	(22)	large	**(6)**	(83)	-93%
Profit before income tax	**1,127**	1,101	2%	**2,228**	2,027	10%
Income tax expense and non-controlling interests	**(315)**	(308)	2%	**(623)**	(568)	10%
Cash profit	**812**	793	2%	**1,605**	1,459	10%
Balance Sheet[1]						
Net loans and advances	**121,498**	118,540	2%	**121,498**	117,242	4%
Other external assets	**4,515**	4,911	-8%	**4,515**	3,869	17%
External assets	**126,013**	123,451	2%	**126,013**	121,111	4%
Customer deposits	**87,101**	84,372	3%	**87,101**	81,855	6%
Other deposits and borrowings	**2,486**	2,555	-3%	**2,486**	3,721	-33%
Deposits and other borrowings	**89,587**	86,927	3%	**89,587**	85,576	5%
Other external liabilities	**24,540**	22,883	7%	**24,540**	22,297	10%
External liabilities	**114,127**	109,810	4%	**114,127**	107,873	6%
Risk weighted assets	**62,463**	61,332	2%	**62,463**	60,971	2%
Average gross loans and advances	**120,587**	118,091	2%	**119,342**	115,383	3%
Average deposits and other borrowings	**88,052**	87,027	1%	**87,541**	84,188	4%
In-force premiums	**198**	196	1%	**198**	194	2%
Funds under management	**30,665**	29,185	5%	**30,665**	28,490	8%
Average funds under management	**30,132**	29,195	3%	**29,700**	27,096	10%
Ratios[1]						
Return on average assets	**1.30%**	1.31%		**1.30%**	1.22%	
Net interest margin	**2.35%**	2.37%		**2.36%**	2.31%	
Operating expenses to operating income	**37.3%**	36.4%		**36.8%**	37.6%	
Operating expenses to average assets	**1.06%**	1.06%		**1.06%**	1.06%	
Individual credit impairment charge/(release)	**16**	36	-56%	**52**	123	-58%
Individual credit impairment charge/(release) as a % of average GLA	**0.03%**	0.06%		**0.04%**	0.11%	
Collective credit impairment charge/(release)	**(32)**	(14)	large	**(46)**	(40)	15%
Collective credit impairment charge/(release) as a % of average GLA	**(0.05%)**	(0.02%)		**(0.04%)**	(0.03%)	
Gross impaired assets	**258**	260	-1%	**258**	334	-23%
Gross impaired assets as a % of GLA	**0.21%**	0.22%		**0.21%**	0.28%	
Total full time equivalent staff (FTE)	**6,165**	6,319	-2%	**6,165**	6,372	-3%

1. *Balance Sheet amounts include asset and liabilities reclassified as held for sale from continuing operations.*

Performance September 2018 v September 2017

- Volumes grew in home loans and funds under management. Customer deposits grew across all portfolios.
- Net interest margin increased due to higher lending margins, partly offset by portfolio mix changes and lower deposit margins.
- Other operating income increased primarily due to a one-off insurance recovery in 2018, partially offset by customer fee reductions. Net funds management and insurance income increased due to higher funds under management.
- Operating expenses increased due to customer remediation, increased business investment in digital capability, and inflation. This was partially offset by a reduction in FTE driven by customer migration to lower cost channels.
- Credit impairment charges decreased due to credit quality improvements across Retail and Commercial and Agri portfolios, and the release of the Agri economic cycle adjustment.



New Zealand - continuing operations

David Hisco

Individual credit impairment charge/(release)[1]	Half Year			Full Year		
	Sep 18 NZD M	Mar 18 NZD M	Movt	Sep 18 NZD M	Sep 17 NZD M	Movt
Retail	**27**	**23**	**17%**	**50**	**46**	**9%**
Home Loans	2	-	n/a	2	(7)	large
Other	25	23	9%	48	53	-9%
Commercial	**(11)**	**13**	**large**	**2**	**77**	**-97%**
Individual credit impairment charge/(release)	**16**	**36**	**-56%**	**52**	**123**	**-58%**

Collective credit impairment charge/(release)[1]	Half Year			Full Year		
	Sep 18 NZD M	Mar 18 NZD M	Movt	Sep 18 NZD M	Sep 17 NZD M	Movt
Retail	**(10)**	**8**	**large**	**(2)**	**(13)**	**-85%**
Home Loans	(1)	3	large	2	(5)	large
Other	(9)	5	large	(4)	(8)	-50%
Commercial	**(22)**	**(22)**	**0%**	**(44)**	**(27)**	**63%**
Collective credit impairment charge/(release)	**(32)**	**(14)**	**large**	**(46)**	**(40)**	**15%**
Total credit impairment charge/(release)	**(16)**	**22**	**large**	**6**	**83**	**-93%**

Net loans and advances[1, 2]	As at			Movement	
	Sep 18 NZD M	Mar 18 NZD M	Sep 17 NZD M	Sep 18 v. Mar 18	Sep 18 v. Sep 17
Retail	**79,053**	**77,066**	**76,279**	**3%**	**4%**
Home Loans	75,685	73,651	72,353	3%	5%
Other	3,368	3,415	3,926	-1%	-14%
Commercial	**42,445**	**41,474**	**40,963**	**2%**	**4%**
Net loans and advances	**121,498**	**118,540**	**117,242**	**2%**	**4%**

Customer deposits[1,2]	As at			Movement	
	Sep 18 NZD M	Mar 18 NZD M	Sep 17 NZD M	Sep 18 v. Mar 18	Sep 18 v. Sep 17
Retail	70,260	67,735	67,797	4%	4%
Commercial	16,841	16,637	14,058	1%	20%
Customer deposits	**87,101**	**84,372**	**81,855**	**3%**	**6%**

1. *During the March 2018 half, business agri customers transferred from retail to commercial. Prior periods have not been restated.*
2. *Balance Sheet amounts include asset and liabilities reclassified as held for sale from continuing operations.*

Net funds management and insurance income

	Half Year			Full Year		
	Sep 18 NZD M	Mar 18 NZD M	Movt	Sep 18 NZD M	Sep 17 NZD M	Movt
Insurance	**84**	**83**	**1%**	**167**	**166**	**1%**
Insurance income	90	89	1%	179	177	1%
Insurance volume related expenses	(6)	(6)	0%	(12)	(11)	9%
Funds Management	**111**	**106**	**5%**	**217**	**199**	**9%**
Funds management income	127	122	4%	249	225	11%
Funds management volume related expenses	(16)	(16)	0%	(32)	(26)	23%
Total net funds management and insurance income	**195**	**189**	**3%**	**384**	**365**	**5%**
In-force premiums	**198**	196	1%	**198**	194	2%
Funds under management	**30,665**	29,185	5%	**30,665**	28,490	8%
Average funds under management	**30,132**	29,195	3%	**29,700**	27,096	10%
Retail Insurance lapse rates	**13.9%**	12.8%		**13.3%**	14.2%	

New Zealand - continuing operations

David Hisco

September 2018 Full Year[1]	Retail NZD M	Commercial NZD M	Central Functions NZD M	New Zealand Total NZD M
Net interest income	1,832	970	14	**2,816**
Other operating income	299	20	18	**337**
Net funds management and insurance income	387	-	(3)	**384**
Operating income	2,518	990	29	**3,537**
Operating expenses	(1,037)	(258)	(8)	**(1,303)**
Profit before credit impairment and income tax	1,481	732	21	**2,234**
Credit impairment (charge)/release	(48)	42	-	**(6)**
Profit before income tax	1,433	774	21	**2,228**
Income tax expense and non-controlling interests	(400)	(217)	(6)	**(623)**
Cash profit	1,033	557	15	**1,605**
Individual credit impairment charge/(release)	50	2	-	**52**
Collective credit impairment charge/(release)	(2)	(44)	-	**(46)**
Net loans and advances[2]	79,053	42,445	-	**121,498**
Customer deposits[2]	70,260	16,841	-	**87,101**
Risk weighted assets[2]	30,043	31,264	1,156	**62,463**

September 2017 Full Year				
Net interest income	1,773	900	13	2,686
Other operating income	314	18	(2)	330
Net funds management and insurance income	367	1	(3)	365
Operating income	2,454	919	8	3,381
Operating expenses	(1,007)	(259)	(5)	(1,271)
Profit before credit impairment and income tax	1,447	660	3	2,110
Credit impairment (charge)/release	(33)	(50)	-	(83)
Profit before income tax	1,414	610	3	2,027
Income tax expense and non-controlling interests	(395)	(171)	(2)	(568)
Cash profit	1,019	439	1	1,459
Individual credit impairment charge/(release)	46	77	-	123
Collective credit impairment charge/(release)	(13)	(27)	-	(40)
Net loans and advances[2]	76,279	40,963	-	117,242
Customer deposits[2]	67,797	14,058	-	81,855
Risk weighted assets[2]	28,757	31,004	1,210	60,971

September 2018 Full Year vs September 2017 Full Year				
Net interest income	3%	8%	8%	5%
Other operating income	-5%	11%	large	2%
Net funds management and insurance income	5%	-100%	0%	5%
Operating income	3%	8%	large	5%
Operating expenses	3%	0%	60%	3%
Profit before credit impairment and income tax	2%	11%	large	6%
Credit impairment (charge)/release	45%	large	n/a	-93%
Profit before income tax	1%	27%	large	10%
Income tax expense and non-controlling interests	1%	27%	large	10%
Cash profit	1%	27%	large	10%
Individual credit impairment charge/(release)	9%	-97%	n/a	-58%
Collective credit impairment charge/(release)	-85%	63%	n/a	15%
Net loans and advances[2]	4%	4%	n/a	4%
Customer deposits[2]	4%	20%	n/a	6%
Risk weighted assets[2]	4%	1%	-4%	2%

1. *During the March 2018 half, business agri customers transferred from retail to commercial. Prior periods have not been restated.*
2. *Balance Sheet amounts include asset and liabilities reclassified as held for sale from continuing operations.*

New Zealand - continuing operations

David Hisco

September 2018 Half Year	Retail NZD M	Commercial NZD M	Central Functions NZD M	New Zealand Total NZD M
Net interest income	922	492	7	**1,421**
Other operating income	147	10	(1)	**156**
Net funds management and insurance income	197	-	(2)	**195**
Operating income	1,266	502	4	**1,772**
Operating expenses	(523)	(132)	(6)	**(661)**
Profit/(Loss) before credit impairment and income tax	743	370	(2)	**1,111**
Credit impairment (charge)/release	(17)	33	-	**16**
Profit/(Loss) before income tax	726	403	(2)	**1,127**
Income tax expense and non-controlling interests	(203)	(113)	1	**(315)**
Cash profit/(Loss)	523	290	(1)	**812**
Individual credit impairment charge/(release)	27	(11)	-	**16**
Collective credit impairment charge/(release)	(10)	(22)	-	**(32)**
Net loans and advances[2]	79,053	42,445	-	**121,498**
Customer deposits[2]	70,260	16,841	-	**87,101**
Risk weighted assets[2]	30,043	31,264	1,156	**62,463**
March 2018 Half Year[1]				
Net interest income	910	478	7	1,395
Other operating income	152	10	19	181
Net funds management and insurance income	190	-	(1)	189
Operating income	1,252	488	25	1,765
Operating expenses	(514)	(126)	(2)	(642)
Profit/(Loss) before credit impairment and income tax	738	362	23	1,123
Credit impairment (charge)/release	(31)	9	-	(22)
Profit/(Loss) before income tax	707	371	23	1,101
Income tax expense and non-controlling interests	(197)	(104)	(7)	(308)
Cash profit/(Loss)	510	267	16	793
Individual credit impairment charge/(release)	23	13	-	36
Collective credit impairment charge/(release)	8	(22)	-	(14)
Net loans and advances[2]	77,066	41,474	-	118,540
Customer deposits[2]	67,735	16,637	-	84,372
Risk weighted assets[2]	29,441	30,748	1,143	61,332
September 2018 Half Year vs March 2018 Half Year				
Net interest income	1%	3%	0%	2%
Other operating income	-3%	0%	large	-14%
Net funds management and insurance income	4%	n/a	100%	3%
Operating income	1%	3%	-84%	0%
Operating expenses	2%	5%	large	3%
Profit/(Loss) before credit impairment and income tax	1%	2%	large	-1%
Credit impairment (charge)/release	-45%	large	n/a	large
Profit/(Loss) before income tax	3%	9%	large	2%
Income tax expense and non-controlling interests	3%	9%	large	2%
Cash profit/(Loss)	3%	9%	large	2%
Individual credit impairment charge/(release)	17%	large	n/a	-56%
Collective credit impairment charge/(release)	large	0%	n/a	large
Net loans and advances[2]	3%	2%	n/a	2%
Customer deposits[2]	4%	1%	n/a	3%
Risk weighted assets[2]	2%	2%	1%	2%

1. *During the March 2018 half, business agri customers transferred from retail to commercial. Prior periods have not been restated.*
2. *Balance Sheet amounts include asset and liabilities reclassified as held for sale from continuing operations.*

New Zealand - continuing operations

David Hisco

Table reflects AUD for New Zealand
NZD results shown on page 66

	Half Year			Full Year		
	Sep 18 $M	**Mar 18 $M**	**Movt**	**Sep 18 $M**	**Sep 17 $M**	**Movt**
Net interest income	**1,309**	1,278	2%	**2,587**	2,519	3%
Other operating income	**145**	165	-12%	**310**	310	0%
Net funds management and insurance income	**180**	173	4%	**353**	343	3%
Operating income	**1,634**	1,616	1%	**3,250**	3,172	2%
Operating expenses	**(608)**	(588)	3%	**(1,196)**	(1,193)	0%
Profit before credit impairment and income tax	**1,026**	1,028	0%	**2,054**	1,979	4%
Credit impairment (charge)/release	**14**	(20)	large	**(6)**	(78)	-92%
Profit before income tax	**1,040**	1,008	3%	**2,048**	1,901	8%
Income tax expense and non-controlling interests	**(291)**	(282)	3%	**(573)**	(532)	8%
Cash profit	**749**	726	3%	**1,475**	1,369	8%
Consisting of:						
Retail	**482**	467	3%	**949**	956	-1%
Commercial	**268**	244	10%	**512**	412	24%
Central Functions	**(1)**	15	large	**14**	1	large
Cash profit	**749**	726	3%	**1,475**	1,369	8%
Balance Sheet[1]						
Net loans and advances	**111,286**	111,308	0%	**111,286**	107,886	3%
Other external assets	**4,135**	4,610	-10%	**4,135**	3,560	16%
External assets	**115,421**	115,918	0%	**115,421**	111,446	4%
Customer deposits	**79,780**	79,225	1%	**79,780**	75,323	6%
Other deposits and borrowings	**2,277**	2,398	-5%	**2,277**	3,424	-33%
Deposits and other borrowings	**82,057**	81,623	1%	**82,057**	78,747	4%
Other external liabilities	**22,477**	21,488	5%	**22,477**	20,518	10%
External liabilities	**104,534**	103,111	1%	**104,534**	99,265	5%
Risk weighted assets	**57,213**	57,590	-1%	**57,213**	56,106	2%
Average gross loans and advances	**111,218**	108,107	3%	**109,667**	108,229	1%
Average deposits and other borrowings	**81,214**	79,669	2%	**80,444**	78,968	2%
In-force premiums	**181**	184	-2%	**181**	179	1%
Funds under management	**28,087**	27,404	2%	**28,087**	26,215	7%
Average funds under management	**27,791**	26,727	4%	**27,292**	25,416	7%
Ratios[1]						
Return on average assets	**1.30%**	1.31%		**1.30%**	1.22%	
Net interest margin	**2.35%**	2.37%		**2.36%**	2.31%	
Operating expenses to operating income	**37.2%**	36.4%		**36.8%**	37.6%	
Operating expenses to average assets	**1.06%**	1.06%		**1.06%**	1.06%	
Individual credit impairment charge/(release)	**15**	34	-56%	**49**	116	-58%
Individual credit impairment charge/(release) as a % of average GLA	**0.03%**	0.06%		**0.04%**	0.11%	
Collective credit impairment charge/(release)	**(29)**	(14)	large	**(43)**	(38)	13%
Collective credit impairment charge/(release) as a % of average GLA	**(0.05%)**	(0.03%)		**(0.04%)**	(0.03%)	
Gross impaired assets	**236**	244	-3%	**236**	307	-23%
Gross impaired assets as a % of GLA	**0.21%**	0.22%		**0.21%**	0.28%	
Retail Insurance lapse rates	**13.9%**	12.8%		**13.3%**	14.2%	
Total full time equivalent staff (FTE)	**6,165**	6,319	-2%	**6,165**	6,372	-3%

1. *Balance Sheet amounts include assets and liabilities reclassified as held for sale from continuing operations.*

Wealth Australia - continuing operations

Alexis George

Divisional performance was impacted by a number of large/notable items. Refer to pages 15 to 19 and pages 53 to 54 for details.

	Half Year			Full Year		
	Sep 18 $M	Mar 18 $M	Movt	Sep 18 $M	Sep 17 $M	Movt
Net interest income	**25**	24	4%	**49**	49	0%
Other operating income	**28**	42	-33%	**70**	73	-4%
Net funds management and insurance income	**92**	120	-23%	**212**	271	-22%
Operating income	**145**	186	-22%	**331**	393	-16%
Operating expenses	**(134)**	(123)	9%	**(257)**	(262)	-2%
Profit before income tax	**11**	63	-83%	**74**	131	-44%
Income tax expense and non-controlling interests	**(3)**	(19)	-84%	**(22)**	(36)	-39%
Cash profit from continuing operations	**8**	44	-82%	**52**	95	-45%
Key metrics - LMI (Lenders Mortgage Insurance)						
Gross written premium	**60**	81	-26%	**141**	173	-18%
Net claims paid	**10**	8	25%	**18**	15	20%
Loss rate (of exposure)[1]	**0.04%**	0.03%	33%	**0.07%**	0.02%	large
Total full time equivalent staff (FTE)[2]	**845**	972	-13%	**845**	997	-15%

1. *Loss rate (of exposure) is calculated as net claims (paid and reserved) for each reporting period over total gross lending assets insured by LMI.*
2. *Wealth Australia division FTE are allocated between continuing and discontinued operations. The actual FTE that will transfer to IOOF or Zurich on sale completion or at a later date is currently being determined. Continuing FTE for the March 2018 half and September 2017 full year have been restated to reflect a more accurate estimate of the FTEs that will transfer to IOOF or Zurich.*

Asia Retail & Pacific - continuing operations[1]

David Hisco

Divisional performance was impacted by a number of large/notable items. Refer to pages 15 to 19 and pages 53 to 54 for details of these items.

	Half Year			Full Year		
	Sep 18 $M	Mar 18 $M	Movt	Sep 18 $M	Sep 17 $M	Movt
Net interest income	**67**	119	-44%	**186**	576	-68%
Other operating income	**62**	184	-66%	**246**	18	large
Operating income	**129**	303	-57%	**432**	594	-27%
Operating expenses[2]	**(65)**	(146)	-55%	**(211)**	(614)	-66%
Profit/(Loss) before credit impairment and income tax	**64**	157	-59%	**221**	(20)	large
Credit impairment (charge)/release	**(1)**	(27)	-96%	**(28)**	(144)	-81%
Profit/(Loss) before income tax	**63**	130	-52%	**193**	(164)	large
Income tax expense and non-controlling interests	**(18)**	(24)	-25%	**(42)**	7	large
Cash profit/(loss)	**45**	106	-58%	**151**	(157)	large
Balance Sheet[3]						
Net loans and advances	**2,117**	2,168	-2%	**2,117**	5,503	-62%
Customer deposits	**3,475**	3,382	3%	**3,475**	6,964	-50%
Risk weighted assets	**4,093**	4,049	1%	**4,093**	6,791	-40%
Ratios						
Return on average assets	**2.18%**	3.60%		**3.02%**	(0.84%)	
Net interest margin	**3.95%**	4.51%		**4.30%**	3.20%	
Operating expenses to operating income	**50.4%**	48.2%		**48.8%**	103.4%	
Operating expenses to average assets	**3.16%**	4.96%		**4.22%**	3.27%	
Individual credit impairment charge/(release)	**5**	31	-84%	**36**	165	-78%
Individual credit impairment charge/(release) as a % of average GLA	**0.45%**	1.61%		**1.18%**	1.41%	
Collective credit impairment charge/(release)	**(4)**	(4)	0%	**(8)**	(21)	-62%
Collective credit impairment charge/(release) as a % of average GLA	**(0.36%)**	(0.22%)		**(0.26%)**	(0.18%)	
Gross impaired assets	**50**	50	0%	**50**	140	-64%
Gross impaired assets as a % of GLA	**2.29%**	2.23%		**2.29%**	2.47%	
Total full time equivalent staff (FTE)	**1,131**	1,199	-6%	**1,131**	3,664	-69%

1. *The table above includes Asia Retail and Wealth business results to the date of disposal. Refer to large/notable items on pages 15 to 19 for further details.*
2. *Operating expenses include indirect costs allocated to the division. These have not been restated for the impact of the Asia Retail and Wealth business divestment.*
3. *Balance Sheet amounts include assets and liabilities reclassified as held for sale from continuing operations.*

Technology, Services & Operations and Group Centre - continuing operations

Divisional performance was impacted by a number of large/notable items. Refer to pages 15 to 19 and pages 53 to 54 for details of these items.

	Half Year			Full Year		
	Sep 18 $M	Mar 18 $M	Movt	Sep 18 $M	Sep 17 $M	Movt
Operating income (minority investments in Asia)	**249**	209	19%	**458**	319	44%
Operating income (other)	**31**	87	-64%	**118**	273	-57%
Operating income	**280**	296	-5%	**576**	592	-3%
Operating expenses	**(592)**	(371)	60%	**(963)**	(702)	37%
Profit/(Loss) before credit impairment and income tax	**(312)**	(75)	large	**(387)**	(110)	large
Credit impairment (charge)/release	**-**	-	n/a	**-**	-	n/a
Profit/(Loss) before income tax	**(312)**	(75)	large	**(387)**	(110)	large
Income tax expense and non-controlling interests	**97**	(16)	large	**81**	72	13%
Cash profit/(loss)	**(215)**	(91)	large	**(306)**	(38)	large
Risk weighted assets	**6,052**	6,813	-11%	**6,052**	7,287	-17%
Total full time equivalent staff (FTE)[1]	**10,646**	10,959	-3%	**10,646**	11,310	-6%

1. *TSO and Group Centre division FTE are allocated between continuing and discontinued operations. The actual FTE that will transfer to IOOF or Zurich on sale completion or at a later date is currently being determined. Continuing FTE for the March 2018 half and September 2017 full year have been restated to reflect a more accurate estimate of the FTEs that will transfer to IOOF or Zurich.*

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Non-IFRS information

The Group provides additional measures of performance in the Consolidated Financial Report & Dividend Announcement which are prepared on a basis other than in accordance with accounting standards. The guidance provided in *ASIC's Regulatory Guide 230* has been followed when presenting this information.

Adjustments between statutory profit and cash profit

Cash profit represents ANZ's preferred measure of the result of the ongoing business activities of the Group, enabling readers to assess Group and Divisional performance against prior periods and against peer institutions. To calculate cash profit, the Group excludes non-core items from statutory profit (refer to Definitions for further details). The adjustments made in arriving at cash profit are included in statutory profit which is subject to audit within the context of the external auditor's audit of the 2018 ANZ Annual Financial Report. Cash profit is not subject to review or audit by the external auditor. The external auditor has informed the Audit Committee that recurring adjustments have been determined on a consistent basis across each period presented, and the adjustments for the sale impact of Shanghai Rural Commercial Bank (SRCB) in the March 2018 half and the September 2017 full year are appropriate.

	Half Year			Full Year		
	Sep 18 $M	**Mar 18 $M**	**Movt**	**Sep 18 $M**	**Sep 17 $M**	**Movt**
Statutory profit attributable to shareholders of the Company from continuing operations	**3,172**	3,923	-19%	**7,095**	6,344	12%
Adjustments between statutory profit and cash profit from continuing operations						
Revaluation of policy liabilities	**(4)**	(10)	-60%	**(14)**	25	large
Economic hedges	**(124)**	(124)	0%	**(248)**	209	large
Revenue and expense hedges	**(49)**	40	large	**(9)**	(99)	-91%
Structured credit intermediation trades	**(1)**	(3)	-67%	**(4)**	(3)	33%
Sale of SRCB	**-**	(333)	-100%	**(333)**	333	large
Total adjustments between statutory profit and cash profit from continuing operations	**(178)**	(430)	-59%	**(608)**	465	large
Cash profit from continuing operations	**2,994**	3,493	-14%	**6,487**	6,809	-5%
Statutory profit attributable to shareholders of the Company from discontinued operations	**(95)**	(600)	-84%	**(695)**	62	large
Adjustments between statutory profit and cash profit from discontinued operations						
Treasury shares adjustment	**30**	(23)	large	**7**	58	-88%
Revaluation of policy liabilities	**-**	6	-100%	**6**	9	-33%
Total adjustments between statutory profit and cash profit from discontinued operations	**30**	(17)	large	**13**	67	-81%
Cash profit/(loss) from discontinued operations	**(65)**	(617)	-89%	**(682)**	129	large
Cash profit	**2,929**	2,876	2%	**5,805**	6,938	-16%

Explanation of adjustments between statutory profit and cash profit - continuing operations

- Revaluation of policy liabilities - New Zealand division

  When calculating policy liabilities, the projected future cash flows on insurance contracts are discounted to reflect the present value of the obligation, with the impact of changes in the market discount rate each period being reflected in the Income Statement. ANZ includes the impact on the re-measurement of the insurance contract attributable to changes in market discount rates as an adjustment to statutory profit to remove the volatility attributable to changes in market interest rates which reverts to zero over the life of the insurance contract.

- Economic and revenue and expense hedges

  The Group enters into economic hedges to manage its interest rate and foreign exchange risk which, in accordance with accounting standards, result in fair value gains and losses being recognised within the Income Statement. ANZ removes the fair value adjustments from cash profit since the profit or loss resulting from the hedge transactions will reverse over time to match with the profit or loss from the economically hedged item as part of cash profit. This includes gains and losses arising from approved classes of derivatives not designated in accounting hedge relationships but which are considered to be economic hedges, including hedges of larger foreign exchange denominated revenue and expense streams, primarily NZD and USD (and USD correlated), as well as ineffectiveness from designated accounting hedges.

  Economic hedges comprise:

  - Funding related swaps (primarily cross currency interest rate swaps) used to convert the proceeds of foreign currency debt issuances into floating rate Australian dollar and New Zealand dollar debt. As these swaps do not qualify for hedge accounting, movements in the fair values are recorded in the Income Statement. The main drivers of these fair values are currency basis spreads and Australian dollar and New Zealand dollar fluctuations against other major funding currencies.
  - Economic hedges of select structured finance and specialised leasing transactions that do not qualify for hedge accounting. The main drivers of these fair value adjustments are movements in the Australian and New Zealand term structure of interest rates.
  - Ineffectiveness from designated accounting hedge relationships.

In the September 2018 full year, the majority of the gain on economic hedges adjusted from cash profit relates to funding related swaps, principally from widening basis spreads on AUD/USD and NZD/USD currency pairs and from weakening of the AUD against the USD and EUR.

The gains on revenue and expense hedges adjusted from cash profit in the September 2018 full year was due to the strengthening of the AUD against the NZD.

	Half Year		Full Year	
	Sep 18 $M	Mar 18 $M	Sep 18 $M	Sep 17 $M
Economic hedges	**(174)**	(175)	**(349)**	296
Revenue and expense hedges	**(69)**	57	**(12)**	(140)
Increase/(decrease) to cash profit before tax	**(243)**	(118)	**(361)**	156
Increase/(decrease) to cash profit after tax	**(173)**	(84)	**(257)**	110

- Structured credit intermediation trades

  ANZ entered into a series of structured credit intermediation trades prior to the Global Financial Crisis with eight US financial guarantors. This involved selling credit default swaps (CDSs) as protection over specific debt structures and purchasing CDS protection over the same structures. ANZ has subsequently exited its positions with six US financial guarantors and is monitoring the remaining two portfolios with a view to reducing the exposures when ANZ deems it cost effective relative to the perceived risk associated with a specific trade or counterparty.

  The notional value of outstanding bought and sold CDSs at 30 September 2018 amounted to $0.3 billion (Mar 18: $0.3 billion; Sep 17: $0.7 billion). While both the bought and sold CDSs are measured at fair value through profit and loss, the associated fair value movements do not fully offset due to the impact of credit risk on the bought CDSs which is driven by market movements in credit spreads and AUD/USD and NZD/USD rates. The fair value of the CDSs (excluding CVA) is $26 million (Mar 18: $27 million; Sep 17: $59 million) with CVA on the bought protection of $4 million (Mar 18: $5 million; Sep 17: $7 million).

  The profit and loss associated with the bought and sold protection is included as an adjustment to cash profit as it relates to a legacy business where, unless terminated early, the fair value movements are expected to reverse to zero in future periods.

- Sale of Shanghai Rural Commercial Bank (SRCB)

  On 3 January 2017, the Group announced that it had agreed to sell its 20% stake in Shanghai Rural Commercial Bank (SRCB). On 18 September 2017, the Group announced a revision to the 3 January arrangement in which Baoshan Iron & Steel Co. Ltd. (Bao) replaced Shanghai Sino-Poland Enterprise Management Development Corporation Limited to join China COSCO Shipping Corporation Limited (COSCO) to acquire ANZ's 20% stake in SRCB. Under the updated arrangement, COSCO and Bao each acquired a 10% stake in SRCB. The key financial terms of the revised sale agreement were unchanged from the original transaction announcement. The sale completed in the March 2018 half.

  The impact of SRCB has been treated as an adjustment between statutory profit to cash profit. The rationale being the loss on reclassification to held for sale was expected to be largely offset by the release of reserve gains on sale completion. The transaction was initially expected to complete in the 2017 financial year, however completion was delayed until the March 2018 half.

  The March and September 2017 halves include the impairment to the investment, losses on release of reserves and additional tax expenses associated with the delay in completion. In the March 2018 half, the Group recycled the reserve gains to profit, which was partly offset by further foreign exchange losses, and tax expenses.

  In the March 2018 half, the entire impact of the transaction was recognised in cash profit. Accordingly, the adjustments between statutory profit and cash profit in the March and September 2017 halves have been reversed.

- Credit risk on impaired derivatives (nil profit after tax impact)

  Derivative credit valuation adjustments on defaulted and impaired derivative exposures are reclassified to cash credit impairment charges to reflect the manner in which the defaulted and impaired derivatives are managed.

Explanation of adjustments between statutory profit and cash profit - discontinued operations

- Treasury shares adjustment

  ANZ shares held by the Group in Wealth Australia (Sep 18: 15.5 million shares; Mar 18: 14.8 million shares; Sep 17: 15.4 million shares) are deemed to be Treasury shares for accounting purposes. Dividends and realised and unrealised gains and losses from these shares are reversed as these are not permitted to be recognised as income for statutory reporting purposes. In deriving cash profit, these earnings are included to ensure there is no asymmetrical impact on the Group's profits because the Treasury shares are held to support policy liabilities which are revalued through the Income Statement.

- Revaluation of policy liabilities - Wealth Australia division

  When calculating policy liabilities, the projected future cash flows on insurance contracts are discounted to reflect the present value of the obligation, with the impact of changes in the market discount rate each period being reflected in the Income Statement. ANZ includes the impact on the re-measurement of the insurance contract attributable to changes in market discount rates as an adjustment to statutory profit to remove the volatility attributable to changes in market interest rates which reverts to zero over the life of the insurance contract.

PROFIT RECONCILIATION

		Adjustments to statutory profit								
	Statutory profit	**Treasury shares adjustment**	**Revaluation of policy liabilities**	**Economic hedges**	**Revenue and expense hedges**	**Structured credit intermediation trades**	**Credit risk on impaired derivatives**	**Reclassi-fication of SRCB to held for sale**	**Total adjustments to statutory profit**	**Cash profit**
	$M	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
September 2018 Full Year										
Net interest income	14,514	-	-	-	-	-	-	-	-	14,514
Net fee and commission income	2,254	-	-	-	-	-	-	-	-	2,254
Net funds management and insurance income	576	-	(20)	-	-	-	-	-	(20)	556
Other	2,487	-	-	(349)	(12)	(5)	-	(231)	(597)	1,890
Other operating income	5,317	-	(20)	(349)	(12)	(5)	-	(231)	(617)	4,700
Operating income	19,831	-	(20)	(349)	(12)	(5)	-	(231)	(617)	19,214
Operating expenses	(9,248)	-	-	-	-	-	-	-	-	(9,248)
Profit before credit impairment and tax	10,583	-	(20)	(349)	(12)	(5)	-	(231)	(617)	9,966
Credit impairment charge	(688)	-	-	-	-	-	-	-	-	(688)
Profit before income tax	**9,895**	**-**	**(20)**	**(349)**	**(12)**	**(5)**	**-**	**(231)**	**(617)**	**9,278**
Income tax expense	(2,784)	-	6	101	3	1	-	(102)	9	(2,775)
Non-controlling interests	(16)	-	-	-	-	-	-	-	-	(16)
Profit after tax from continuing operations	**7,095**	**-**	**(14)**	**(248)**	**(9)**	**(4)**	**-**	**(333)**	**(608)**	**6,487**
Profit/(Loss) after tax from discontinued operations	(695)	7	6	-	-	-	-	-	13	(682)
Profit after tax	**6,400**	**7**	**(8)**	**(248)**	**(9)**	**(4)**	**-**	**(333)**	**(595)**	**5,805**
September 2017 Full Year										
Net interest income	14,875	-	-	-	-	-	-	-	-	14,875
Net fee and commission income	2,453	-	-	-	-	-	-	-	-	2,453
Net funds management and insurance income	634	-	34	-	-	-	-	-	34	668
Other	1,436	-	-	296	(140)	(4)	1	231	384	1,820
Other operating income	4,523	-	34	296	(140)	(4)	1	231	418	4,941
Operating income	19,398	-	34	296	(140)	(4)	1	231	418	19,816
Operating expenses	(8,967)	-	-	-	-	-	-	-	-	(8,967)
Profit before credit impairment and tax	10,431	-	34	296	(140)	(4)	1	231	418	10,849
Credit impairment charge	(1,198)	-	-	-	-	-	(1)	-	(1)	(1,199)
Profit before income tax	**9,233**	**-**	**34**	**296**	**(140)**	**(4)**	**-**	**231**	**417**	**9,650**
Income tax expense	(2,874)	-	(9)	(87)	41	1	-	102	48	(2,826)
Non-controlling interests	(15)	-	-	-	-	-	-	-	-	(15)
Profit after tax from continuing operations	**6,344**	**-**	**25**	**209**	**(99)**	**(3)**	**-**	**333**	**465**	**6,809**
Profit/(Loss) after tax from discontinued operations	62	58	9	-	-	-	-	-	67	129
Profit after tax	**6,406**	**58**	**34**	**209**	**(99)**	**(3)**	**-**	**333**	**532**	**6,938**

	Statutory profit	Adjustments to statutory profit								Cash profit
		Treasury shares adjustment	Revaluation of policy liabilities	Economic hedges	Revenue and expense hedges	Structured credit intermediation trades	Credit risk on impaired derivatives	Sale of Shanghai Rural Commercial Bank	Total adjustments to statutory profit	
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
September 2018 Half Year										
Net interest income	7,164	-	-	-	-	-	-	-	-	7,164
Net fee and commission income	1,102	-	-	-	-	-	-	-	-	1,102
Net funds management and insurance income	269	-	(6)	-	-	-	-	-	(6)	263
Other	1,121	-	-	(174)	(69)	(1)	-	-	(244)	877
Other operating income	2,492	-	(6)	(174)	(69)	(1)	-	-	(250)	2,242
Operating income	9,656	-	(6)	(174)	(69)	(1)	-	-	(250)	9,406
Operating expenses	(4,837)	-	-	-	-	-	-	-	-	(4,837)
Profit before credit impairment and tax	4,819	-	(6)	(174)	(69)	(1)	-	-	(250)	4,569
Credit impairment charge	(280)	-	-	-	-	-	-	-	-	(280)
Profit before income tax	**4,539**	**-**	**(6)**	**(174)**	**(69)**	**(1)**	**-**	**-**	**(250)**	**4,289**
Income tax expense	(1,358)	-	2	50	20	-	-	-	72	(1,286)
Non-controlling interests	(9)	-	-	-	-	-	-	-	-	(9)
Profit after tax from continuing operations	**3,172**	**-**	**(4)**	**(124)**	**(49)**	**(1)**	**-**	**-**	**(178)**	**2,994**
Profit/(Loss) after tax from discontinued operations	(95)	30	-	-	-	-	-	-	30	(65)
Profit after tax	**3,077**	**30**	**(4)**	**(124)**	**(49)**	**(1)**	**-**	**-**	**(148)**	**2,929**
March 2018 Half Year										
Net interest income	7,350	-	-	-	-	-	-	-	-	7,350
Net fee and commission income	1,152	-	-	-	-	-	-	-	-	1,152
Net funds management and insurance income	307	-	(14)	-	-	-	-	-	(14)	293
Other	1,366	-	-	(175)	57	(4)	-	(231)	(353)	1,013
Other operating income	2,825	-	(14)	(175)	57	(4)	-	(231)	(367)	2,458
Operating income	10,175	-	(14)	(175)	57	(4)	-	(231)	(367)	9,808
Operating expenses	(4,411)	-	-	-	-	-	-	-	-	(4,411)
Profit before credit impairment and tax	5,764	-	(14)	(175)	57	(4)	-	(231)	(367)	5,397
Credit impairment charge	(408)	-	-	-	-	-	-	-	-	(408)
Profit before income tax	**5,356**	**-**	**(14)**	**(175)**	**57**	**(4)**	**-**	**(231)**	**(367)**	**4,989**
Income tax expense	(1,426)	-	4	51	(17)	1	-	(102)	(63)	(1,489)
Non-controlling interests	(7)	-	-	-	-	-	-	-	-	(7)
Profit after tax from continuing operations	**3,923**	**-**	**(10)**	**(124)**	**40**	**(3)**	**-**	**(333)**	**(430)**	**3,493**
Profit/(Loss) after tax from discontinued operations	(600)	(23)	6	-	-	-	-	-	(17)	(617)
Profit after tax	**3,323**	**(23)**	**(4)**	**(124)**	**40**	**(3)**	**-**	**(333)**	**(447)**	**2,876**

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Australia and New Zealand Banking Group Limited

		Half Year			Full Year[1]		
	Note	Sep 18 $M	Mar 18 $M	Movt	Sep 18 $M	Sep 17 $M	Movt
Interest income		**15,478**	14,849	4%	**30,327**	29,120	4%
Interest expense		**(8,314)**	(7,499)	11%	**(15,813)**	(14,245)	11%
Net interest income	2	**7,164**	7,350	-3%	**14,514**	14,875	-2%
Other operating income	2	**2,128**	2,430	-12%	**4,558**	3,589	27%
Net funds management and insurance income	2	**269**	307	-12%	**576**	634	-9%
Share of associates' profit	2, 13	**95**	88	8%	**183**	300	-39%
Operating income		**9,656**	10,175	-5%	**19,831**	19,398	2%
Operating expenses	3	**(4,837)**	(4,411)	10%	**(9,248)**	(8,967)	3%
Profit before credit impairment and income tax		**4,819**	5,764	-16%	**10,583**	10,431	1%
Credit impairment charge	8	**(280)**	(408)	-31%	**(688)**	(1,198)	-43%
Profit before income tax		**4,539**	5,356	-15%	**9,895**	9,233	7%
Income tax expense	4	**(1,358)**	(1,426)	-5%	**(2,784)**	(2,874)	-3%
Profit after tax from continuing operations		**3,181**	3,930	-19%	**7,111**	6,359	12%
Profit/(Loss) after tax from discontinued operations	10	**(95)**	(600)	-84%	**(695)**	62	large
Profit for the period		**3,086**	3,330	-7%	**6,416**	6,421	0%
Comprising:							
Profit attributable to shareholders of the Company		**3,077**	3,323	-7%	**6,400**	6,406	0%
Profit attributable to non-controlling interests		**9**	7	29%	**16**	15	7%
Earnings per ordinary share (cents) including discontinued operations							
Basic	6	**107.3**	114.2	-6%	**221.6**	220.1	1%
Diluted	6	**103.2**	108.6	-5%	**212.1**	210.8	1%
Earnings per ordinary share (cents) from continuing operations							
Basic	6	**110.6**	134.8	-18%	**245.6**	218.0	13%
Diluted	6	**106.2**	127.4	-17%	**234.2**	208.8	12%
Dividend per ordinary share (cents)	5	**80**	80	0%	**160**	160	0%

1. *Information has been restated and presented on a continuing operations basis. Discontinued operations consists of OnePath pensions and investments and aligned dealer groups being sold to IOOF Holdings Limited and the life insurance business being sold to Zurich Financial Services Australia.*

The notes appearing on pages 85 to 103 form an integral part of the Condensed Consolidated Financial Statements.

Australia and New Zealand Banking Group Limited

	Full Year[1]		
	Sep 18 $M	Sep 17 $M	Movt
Profit for the period from continuing operations	**7,111**	6,359	12%
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss	**32**	26	23%
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation reserve[2]	**222**	(748)	large
Other reserve movements	**137**	(297)	large
Income tax attributable to the above items	**(118)**	8	large
Share of associates' other comprehensive income[3]	**25**	1	large
Other comprehensive income after tax from continuing operations	**298**	(1,010)	large
Profit/(Loss) after tax from discontinued operations	**(695)**	62	large
Other comprehensive income after tax from discontinued operations	**18**	(30)	large
Total comprehensive income for the period	**6,732**	5,381	25%
Comprising total comprehensive income attributable to:			
Shareholders of the Company	**6,706**	5,372	25%
Non-controlling interests	**26**	9	large

1. *Information has been restated and presented on a continuing operations basis. Discontinued operations consists of OnePath pensions and investments and aligned dealer groups being sold to IOOF Holdings Limited and the life insurance being sold to Zurich Financial Services Australia.*
2. *Includes foreign currency translation differences attributable to non-controlling interests of $10 million gain (Sep 17 full year: $6 million loss).*
3. *Share of associates' other comprehensive income includes an available-for-sale revaluation reserve gain of $28 million (Sep 17 full year: $1 million loss) and a foreign currency translation reserve loss of $3 million (Sep 17 full year: $2 million gain) that may be reclassified subsequently to profit or loss.*

The notes appearing on pages 85 to 103 form an integral part of the Condensed Consolidated Financial Statements.

Australia and New Zealand Banking Group Limited

		As At			Movement	
Assets	**Note**	**Sep 18 $M**	**Mar 18 $M**	**Sep 17 $M**	**Sep 18 v. Mar 18**	**Sep 18 v. Sep 17**
Cash and cash equivalents[1]		**84,636**	82,071	68,048	3%	24%
Settlement balances owed to ANZ		**2,319**	5,037	5,504	-54%	-58%
Collateral paid		**11,043**	10,863	8,987	2%	23%
Trading securities		**37,722**	45,058	43,605	-16%	-13%
Derivative financial instruments		**68,423**	70,915	62,518	-4%	9%
Available-for-sale assets		**74,284**	70,239	69,384	6%	7%
Net loans and advances	7	**603,938**	588,946	574,331	3%	5%
Regulatory deposits		**882**	1,229	2,015	-28%	-56%
Assets held for sale	10	**45,248**	45,278	7,970	0%	large
Investment in associates		**2,553**	2,481	2,248	3%	14%
Current tax assets		**268**	15	30	large	large
Deferred tax assets		**900**	840	675	7%	33%
Goodwill and other intangible assets		**4,930**	5,338	6,970	-8%	-29%
Investments backing policy liabilities		**-**	-	37,964	n/a	-100%
Premises and equipment		**1,833**	1,892	1,965	-3%	-7%
Other assets		**3,645**	4,914	5,112	-26%	-29%
Total assets		**942,624**	935,116	897,326	1%	5%
Liabilities						
Settlement balances owed by ANZ		**11,810**	10,577	9,914	12%	19%
Collateral received		**6,542**	9,395	5,919	-30%	11%
Deposits and other borrowings	9	**618,150**	616,230	595,611	0%	4%
Derivative financial instruments		**69,676**	70,624	62,252	-1%	12%
Current tax liabilities		**300**	371	241	-19%	24%
Deferred tax liabilities		**59**	258	257	-77%	-77%
Liabilities held for sale	10	**47,159**	44,773	4,693	5%	large
Policy liabilities		**-**	-	37,448	n/a	-100%
External unit holder liabilities		**-**	-	4,435	n/a	-100%
Payables and other liabilities		**6,788**	7,442	8,350	-9%	-19%
Provisions		**1,578**	1,110	1,158	42%	36%
Debt issuances		**121,179**	114,836	107,973	6%	12%
Total liabilities		**883,241**	875,616	838,251	1%	5%
Net assets		**59,383**	59,500	59,075	0%	1%
Shareholders' equity						
Ordinary share capital	11	**27,205**	27,933	29,088	-3%	-6%
Reserves	11	**323**	541	37	-40%	large
Retained earnings	11	**31,715**	30,900	29,834	3%	6%
Share capital and reserves attributable to shareholders of the Company	11	**59,243**	59,374	58,959	0%	0%
Non-controlling interests	11	**140**	126	116	11%	21%
Total shareholders' equity	11	**59,383**	59,500	59,075	0%	1%

1. *Includes settlement balances owed to ANZ that meet the definition of cash and cash equivalents.*

The notes appearing on pages 85 to 103 form an integral part of the Condensed Consolidated Financial Statements.

Australia and New Zealand Banking Group Limited

The Condensed Consolidated Cash Flow Statement includes discontinued operations. Please refer to Note 10 for cash flows associated with discontinued operations and cash and cash equivalents reclassified as held for sale.

	Full Year	
	Inflows (Outflows) Sep 18 $M	Inflows (Outflows) Sep 17 $M
Profit after income tax	**6,416**	6,421
Adjustments to reconcile to net cash provided by/(used in) operating activities:		
Provision for credit impairment charge	**688**	1,198
Depreciation and amortisation	**1,199**	972
(Profit)/loss on sale of premises and equipment	**(4)**	(114)
Net derivatives/foreign exchange adjustment	**6,721**	(3,409)
(Gain)/loss on sale from divestments	**(594)**	541
Reclassification of business to held for sale	**693**	-
Other non-cash movements	**(55)**	(167)
Net (increase)/decrease in operating assets:		
Collateral paid	**(1,648)**	3,533
Trading securities	**8,565**	2,081
Net loans and advances	**(24,739)**	(17,838)
Investments backing policy liabilities[1]	**(3,914)**	(2,122)
Other assets	**(973)**	509
Net increase/(decrease) in operating liabilities:		
Deposits and other borrowings	**12,207**	30,904
Settlement balances owed by ANZ	**1,853**	(627)
Collateral received	**186**	(310)
Life insurance contract policy liabilities[1]	**4,263**	2,260
Other liabilities	**(298)**	215
Total adjustments	**4,150**	17,626
Net cash provided by/(used in) operating activities[2]	**10,566**	24,047
Cash flows from investing activities		
Available-for-sale assets:		
Purchases	**(23,806)**	(27,220)
Proceeds from sale or maturity	**20,592**	19,751
Proceeds from divestments	**2,148**	(5,213)
Proceeds from Zurich reinsurance arrangement	**1,000**	-
Other assets	**232**	(148)
Net cash provided by/(used in) investing activities	**166**	(12,830)
Cash flows from financing activities		
Debt issuances[3]:		
Issue proceeds	**25,075**	25,128
Redemptions	**(15,898)**	(27,409)
Dividends paid	**(4,563)**	(4,386)
On market purchase of treasury shares	**(114)**	(75)
Share buy-back	**(1,880)**	-
Net cash provided by/(used in) financing activities	**2,620**	(6,742)
Net increase in cash and cash equivalents	**13,352**	4,475
Cash and cash equivalents at beginning of period	**68,048**	66,220
Effects of exchange rate changes on cash and cash equivalents	**3,564**	(2,647)
Cash and cash equivalents at end of period[4]	**84,964**	68,048

1. *Investments backing policy liabilities and life insurance contract policy liabilities have been reclassified as held for sale.*
2. *Net cash provided by/(used in) operating activities includes income taxes paid of $3,373 million (Sep 17 full year: $2,864 million).*
3. *Non-cash changes in debt issuances includes fair value hedging gains of $1,443 million (Sep 17 full year: gain $1,498 million) and foreign exchange losses of $5,712 million (Sep 17 full year: gain of $1,324 million).*
4. *Includes cash and cash equivalents recognised on the face of balance sheet of $84,636 million (Sep 17: $68,048 million) and amounts recorded as part of assets held for sale of $328 million (Sep 17: nil).*

The notes appearing on pages 85 to 103 form an integral part of the Condensed Consolidated Financial Statements.

Australia and New Zealand Banking Group Limited

	Ordinary share capital $M	Reserves $M	Retained earnings $M	Share capital and reserves attributable to shareholders of the Company $M	Non-controlling interests $M	Total shareholders' equity $M
As at 1 October 2016	28,765	1,078	27,975	**57,818**	109	**57,927**
Profit or loss from continuing operations	-	-	6,344	**6,344**	15	**6,359**
Profit or loss from discontinued operations	-	-	62	**62**	-	**62**
Other comprehensive income for the period from continuing operations	-	(1,019)	15	**(1,004)**	(6)	**(1,010)**
Other comprehensive income for the period from discontinued operations	-	(30)	-	**(30)**	-	**(30)**
Total comprehensive income for the period	-	(1,049)	6,421	**5,372**	9	**5,381**
Transactions with equity holders in their capacity as equity holders:[1]						
Dividends paid	-	-	(4,609)	**(4,609)**	(1)	**(4,610)**
Dividend income on treasury shares held within the Group's life insurance statutory funds	-	-	26	**26**	-	**26**
Dividend reinvestment plan[2]	198	-	-	**198**	-	**198**
Other equity movements:[1]						
Treasury shares Wealth Australia adjustment	69	-	-	**69**	-	**69**
Group employee share acquisition scheme	56	-	-	**56**	-	**56**
Other items	-	8	21	**29**	(1)	**28**
As at 30 September 2017	29,088	37	29,834	**58,959**	116	**59,075**
Profit or loss from continuing operations	-	-	7,095	**7,095**	16	**7,111**
Profit or loss from discontinued operations	-	-	(695)	**(695)**	-	**(695)**
Other comprehensive income for the period from continuing operations	-	264	24	**288**	10	**298**
Other comprehensive income for the period from discontinued operations	-	18	-	**18**	-	**18**
Total comprehensive income for the period	-	282	6,424	**6,706**	26	**6,732**
Transactions with equity holders in their capacity as equity holders:[1]						
Dividends paid	-	-	(4,585)	**(4,585)**	(2)	**(4,587)**
Dividend income on treasury shares held within the Group's life insurance statutory funds	-	-	24	**24**	-	**24**
Dividend reinvestment plan[2]	-	-	-	**-**	-	**-**
Group share buy-back[3]	(1,880)	-	-	**(1,880)**	-	**(1,880)**
Other equity movements:[1]						
Treasury shares Wealth Australia adjustment	(2)	-	-	**(2)**	-	**(2)**
Group employee share acquisition scheme	(1)	-	-	**(1)**	-	**(1)**
Other items	-	4	18	**22**	-	**22**
As at 30 September 2018	27,205	323	31,715	**59,243**	140	**59,383**

1. *Current period and prior periods include discontinued operations.*
2. *No new shares were issued under the Dividend Reinvestment Plan (DRP) for the 2018 interim dividend (nil shares for the 2017 final dividend; nil shares for the 2017 interim dividend; 7.1 million shares for the 2016 final dividend) as the shares were purchased on-market and provided directly to the shareholders participating in the DRP. On-market share purchases for the DRP in the September 2018 full year were $392 million (Sept 17 full year: $176 million).*
3. *As announced on 18 December 2017, 22 June 2018 and 19 October 2018, there is currently an on-market buy-back in relation to ANZ's ordinary shares of $3.0 billion. The Company bought back $748 million worth of shares in the September 2018 half (March 18 half: $1,132 million) resulting in 26.6 million shares being cancelled in the September 2018 half (March 18 half: 40.1 million).*

The notes appearing on pages 85 to 103 form an integral part of the Condensed Consolidated Financial Statements.

1. Basis of preparation

These Condensed Consolidated Financial Statements:

- have been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards (AASs);
- should be read in conjunction with ANZ's Annual Financial Statements for the year ended 30 September 2018 and any public announcements made by the Parent Entity and its controlled entities (the Group) for the year ended 30 September 2018 (when released) in accordance with the continuous disclosure obligations under the *Corporations Act 2001* and the *ASX Listing Rules*;
- do not include all notes of the type normally included in ANZ's Annual Financial Report;
- are presented in Australian dollars unless otherwise stated; and
- were approved by the Board of Directors on 30 October 2018.

i) Accounting policies

These Condensed Consolidated Financial Statements have been prepared on the basis of accounting policies and using methods of computation consistent with those applied in the 2017 ANZ Annual Financial Report.

Discontinued operations are excluded from the results of the continuing operations and are presented as a single line item 'profit/(loss) after tax from discontinued operations' in the Condensed Consolidated Income Statement. Notes to the Condensed Consolidated Income Statement have been restated and presented on a continuing basis. Assets and liabilities of discontinued operations have been presented as held for sale on the Condensed Consolidated Balance Sheet as at 30 September 2018.

ii) Basis of measurement

The financial information has been prepared in accordance with the historical cost basis except that the following assets and liabilities are stated at their fair value:

- derivative financial instruments as well as, in the case of fair value hedging, the fair value adjustment on the underlying hedged exposure;
- available-for-sale financial assets;
- financial instruments held for trading;
- other financial assets and liabilities designated at fair value through profit and loss; and
- assets and liabilities held for sale (except those at carrying value as per Note 10).

In accordance with AASB 1038 *Life Insurance Contracts*, life insurance liabilities are measured using the Margin on Services model.

In accordance with AASB 119 *Employee Benefits*, defined benefit obligations are measured using the Projected Unit Credit method.

iii) Use of estimates, assumptions and judgements

The preparation of these Condensed Consolidated Financial Statements requires the use of management judgement, estimates and assumptions that affect reported amounts and the application of accounting policies. Discussion of the critical accounting estimates and judgements, which include complex or subjective decisions or assessments are provided in Note 1 of the 2018 ANZ Annual Financial Report (when released). Such estimates and judgements are reviewed on an ongoing basis.

Investments in associates

At 30 September 2018, the impairment assessment of non-lending assets identified that two of the Group's associate investments (AMMB Holdings Berhad (AmBank) and PT Bank Pan Indonesia (PT Panin) had indicators of impairment. Although their market value (based on share price) was below their carrying value, no impairment was recognised as the carrying value was supported by their value in use (VIU).

The VIU calculation is sensitive to a number of key assumptions, including discount rate, long term growth rates, future profitability and capital levels. A change in key assumptions could have an adverse impact on the recoverable amount of the investment. The key assumptions used in the VIU calculations are outlined below:

	As at 30 Sep 18	
	AmBank	**PT Panin**
Carrying value supported by VIU calculation ($m)	1,427	1,103
Post-tax discount rate	11.0%	12.3%
Terminal growth rate	4.9%	5.6%
Expected NPAT growth (compound annual growth rate - 5 years)	4.6%	7.6%
Core equity tier 1 ratio	12% to 12.5%	10.6%

Available-for-sale revaluation reserve

As a result of persistent illiquidity of the quoted share price of Bank of Tianjin (BoT), the Group determines the fair value based on a valuation model. Judgement is required in both the selection of the model and inputs used.

Customer remediation provision

At 30 September 2018, the Group has recognised provisions of $602 million (Sep 17: $142 million) in respect of customer remediation and related costs.

Determining the amount of the provisions, which represent management's best estimate of the cost of settling the identified matters, requires the exercise of significant judgement. It will often be necessary to form a view on a number of different assumptions, including, the number of impacted customers, the average refund per customer and the associated remediation costs.

Consequently, the appropriateness of the underlying assumptions is reviewed on a regular basis against actual experience and other relevant evidence and adjustments are made to the provisions where appropriate.

Discontinued operations

Management is required to exercise significant judgement when assessing the fair value less costs to sell for assets and liabilities held for sale. The judgemental factors include determining: costs to sell, allocation of goodwill, indemnities provided under the sale contract and consideration received - particularly where elements of consideration are contingent in nature. Any impairment we record is based on the best available evidence of fair value compared to the carrying value before the impairment. The final sale price may be different to the fair value we estimate when recording the impairment. Management regularly assess the appropriateness of the underlying assumptions against actual outcomes and other relevant evidence and adjustments are made to fair value where appropriate.

Software useful lives

Management judgement is used to assess the useful life of software assets. A number of factors can influence the useful lives of software assets, including changes to business strategy, significant divestments and the underlying pace of technological change.

The Group reassess the useful lives of software assets on an annual basis which has resulted in accelerated amortisation of certain software assets in the Institutional and Australia divisions. An accelerated software amortisation charge of $251 million was recorded in the September 2018 half.

iv) Rounding of amounts

The amounts contained in these Condensed Consolidated Financial Statements have been rounded to the nearest million dollars, except where otherwise indicated, as permitted by *Australian Securities and Investments Commission Corporations Instrument 2016/191*.

v) Future accounting developments

AASB 9 *Financial Instruments* (AASB 9)

In December 2014, the AASB issued the Australian Accounting Standard AASB 9 *Financial Instruments* which has replaced AASB 139 *Financial Instruments: Recognition and Measurement* (AASB 139). AASB 9 is effective for the Group from 1 October 2018.

AASB 9 stipulates new requirements for the impairment of financial assets, classification and measurement of financial assets and liabilities and general hedge accounting. Details of the key requirements and estimated impacts on the Group are outlined below.

Impairment

AASB 9 replaces the incurred loss impairment model under AASB 139 with an Expected Credit Loss (ECL) model incorporating forward looking information and which does not require an actual loss event to have occurred for an impairment provision to be recognised.

The ECL model will be applied to all financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income, lease receivables, certain loan commitments and financial guarantees not measured at fair value through profit or loss.

Under the ECL model, the following three-stage approach is applied to measuring ECL based on credit migration between the stages since origination:

- Stage 1: At the origination of a financial asset, and where there has not been a significant increase in credit risk since origination, a provision equivalent to 12 months ECL is recognised.
- Stage 2: Where there has been a significant increase in credit risk since origination, a provision equivalent to lifetime ECL is recognised. If credit risk were to improve in a subsequent period such that the increase in credit risk since origination is no longer considered significant, the exposure returns to a Stage 1 classification and a 12 month ECL.
- Stage 3: Similar to the current AASB 139 requirements for individual impairment provisions, lifetime ECL is recognised for loans where there is objective evidence of impairment.

Expected credit losses are estimated at the facility level by using a probability of default reflecting a probability weighted range of possible future economic scenarios, and applying this to the estimated exposure of the Group at the point of default (exposure at default) after taking into account the value of any collateral held or other mitigants of loss (loss given default), while allowing for the impact of discounting for the time value of money.

Key judgements and estimates made by the Group include the following:

- *Significant increase in credit risk*

  Stage 2 assets are those that have experienced a significant increase in credit risk (SICR) since initial recognition. In determining what constitutes a SICR, the Group considers both qualitative and quantitative information. For the majority of portfolios, the primary indicator of a SICR is a significant deterioration in the internal credit rating grade of a facility since origination. The Group will also use secondary indicators, such as 30 days past due arrears, as backstops to these primary indicators.

  The determination of trigger points in relation to the deterioration of rating grades, combined with secondary risk indicators where used, requires judgement. In determining the Group's policy, alternative indicators have been considered and assessed, and these will be subject to regular review to ensure they remain appropriate.

- *Forward looking information*

  The measurement of expected credit losses reflects an unbiased probability-weighted range of possible future outcomes.

  In applying forward looking information in the Group's AASB 9 credit models, the Group uses four alternative economic scenarios in estimating ECL. A base case scenario reflects management's base case assumptions used for medium term planning purposes. Additional upside and downside scenarios are determined together with a severe downside scenario. The Group's Credit and Market Risk Committee (CMRC) will be responsible for reviewing and approving forecast economic scenarios and the associated probability weights applied to each scenario.

  Where applicable, adjustments may be made to account for situations where known or expected risks have not been adequately addressed in the modelling process. CMRC will be responsible for recommending such adjustments.

The overall level of expected credit losses and areas of significant management judgement will be reported to, and oversighted by, the Group's Risk Committee.

Classification and measurement

Financial assets - general

There are three measurement classifications for financial assets under AASB 9: Amortised Cost, Fair Value through Profit or Loss (FVTPL) and Fair Value through Other Comprehensive Income (FVOCI). Financial assets are classified into these measurement classifications on the basis of two criteria:

- the business model within which the financial asset is managed; and
- the contractual cash flow characteristics of the financial asset (specifically whether the contractual cash flows represent 'solely payments of principal and interest').

The resultant financial asset classifications are as follows:

- Amortised cost: Financial assets with contractual cash flows that comprise the payment of principal and interest only and which are held in a business model whose objective is to collect their cash flows;
- Fair value through other comprehensive income: Financial assets with contractual cash flows that comprise the payment of principal and interest only and which are held in a business model whose objective is to collect their cash flows or to sell; and
- Fair value through profit or loss: Any other financial assets not falling into the categories above are measured at FVTPL.

In December 2017, the AASB issued AASB 2017-6 *Amendments to Australian Accounting Standards - Prepayment Features with Negative Compensation* which amends the requirements of AASB 9 so that certain prepayment features meet the solely payments of principal and interest test. The Group intends to early adopt this amendment so that it applies from the date of initial application of AASB 9.

AASB 9 allows the Group to irrevocably elect to designate a financial asset as measured at FVTPL on initial recognition if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets - equity instruments

AASB 9 also permits non-traded equity investments to be designated at FVOCI on an instrument by instrument basis. If this election is made under AASB 9, gains or losses are not reclassified from other comprehensive income to profit or loss on disposal of the investment. However, gains or losses may be reclassified within equity.

Financial liabilities

The classification and measurement requirements for financial liabilities under AASB 9 are largely consistent with AASB 139 with the exception that for financial liabilities designated as measured at fair value, gains or losses relating to changes in the entity's own credit risk are included in other comprehensive income, except where doing so would create or enlarge an accounting mismatch in profit or loss. This part of the standard was early adopted by the Group on 1 October 2013.

General hedge accounting

AASB 9 introduces new hedge accounting requirements which more closely align accounting with risk management activities undertaken when hedging financial and non-financial risks.

AASB 9 provides the Group with an accounting policy choice to continue to apply the AASB 139 hedge accounting requirements until the International Accounting Standards Board's ongoing project on macro hedge accounting is completed. The Group's current expectation is that it will continue to apply the hedge accounting requirements of AASB 139.

Transition to AASB 9

Other than as noted above under classification and measurement of financial liabilities, AASB 9 has a date of initial application for the Group of 1 October 2018.

The classification and measurement, and impairment requirements, will be applied retrospectively by adjusting opening retained earnings at 1 October 2018. The Group does not intend to restate comparatives.

Impact

The estimated impact of AASB 9 relates to the Impairment and the Classification and Measurement provisions. These estimates are based on accounting policies, assumptions and judgements and estimation techniques that remain subject to change until the Group finalises its financial statements for the year ending 30 September 2019.

Impairment

For the consolidated financial statements of the Group, the adoption of AASB 9 is expected to reduce net assets at 1 October 2018 by approximately $813 million offset by deferred tax of approximately $232 million. This will result in a reduction in the CET1 capital ratio of approximately 6 bps at Level 2, and approximately 12 bps at Level 1.

Classification and measurement of financial assets

While some classification changes will occur as a result of the application of the business model and contractual cash flow characteristics tests, these are not expected to be significant from a Group perspective.

The adoption of the Classification and Measurement requirements of the standard will result in measurement differences compared to those under AASB 139. Financial assets with a current carrying value of approximately $4.5 billion, predominantly bonds and debt instruments, will be reclassified between amortised cost, FVTPL and FVOCI. The net re-measurement from these reclassifications is not material. There are no other material changes in the measurement categories.

Classification and measurement of financial liabilities

The Group has issued certain financial liabilities (bonds included within the Debt issuances caption) with an amortised cost carrying amount at 30 September 2018 of $879 million. The Group will elect to designate these liabilities as measured at fair value through profit or loss effective from initial application of AASB 9 to reduce an accounting mismatch that currently exists. The impact on net assets and retained earnings is not material.

AASB 15 *Revenue from Contracts with Customers* (AASB 15)

AASB 15 is effective for the Group from 1 October 2018 and replaces existing guidance on the recognition of revenue from contracts with customers. The standard requires identification of distinct performance obligations within a contract, and allocation of the transaction price of the contract to those performance obligations. Revenue is then recognised as each performance obligation is satisfied. The standard also provides guidance on whether an entity is acting as a principal or an agent which impacts the presentation of revenue on a gross or net basis.

The Group has assessed all revenue streams existing at the date of transition to the new standard and determined that the impact of AASB 15 is immaterial given a majority of Group revenues are outside the scope of the standard. The Group will adopt AASB 15 retrospectively including restatement of prior period comparatives.

Certain revenues for the Retail credit cards and Wealth businesses will be impacted as follows:

- Trail commissions: Certain trail commission income previously recognised over time by the Group will be recognised at inception of a contract when the Group distributes the underlying products to customers. This will result in the Group recognising the expected future trail commission income upfront where it is highly probable the revenue will not need to be reversed in future periods.
- Credit card revenue: Certain loyalty costs will be presented as operating expenses rather than presented as a net reduction of other operating income where the Group is assessed to be acting as a principal (rather than an agent) under the new standard. In addition, certain incentives received from card scheme providers related to card marketing and migration activities will be presented as operating income and no longer netted against operating expenses.

AASB 16 *Leases* (AASB 16)

The final version of AASB 16 was issued in February 2016 and is not effective for the Group until 1 October 2019. AASB 16 requires a lessee to recognise its:

- right to use the underlying leased asset, as a right-of-use asset; and
- obligation to make lease payments as a lease liability.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117 *Leases*.

The Group is in the process of assessing the impact of the application of AASB 16 and is not yet able to reasonably estimate the impact on its financial statements.

AASB 17 *Insurance Contracts* (AASB 17)

The final version of AASB 17 was issued in July 2017 and is not effective for the Group until 1 October 2021. It will replace AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*. AASB 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts.

The measurement, presentation and disclosure requirements under AASB 17 are significantly different from current accounting standards. Although the overall profit recognised in respect of insurance contracts will not change, it is expected that the timing of profit recognition will change.

The Group is not yet able to reasonably estimate the impact of AASB 17 on its financial statements.

2. Income

	Half Year			Full Year[1]		
	Sep 18 $M	Mar 18 $M	Movt	Sep 18 $M	Sep 17 $M	Movt
Interest income	**15,478**	14,849	4%	**30,327**	29,120	4%
Interest expense	**(8,136)**	(7,322)	11%	**(15,458)**	(14,159)	9%
Major bank levy	**(178)**	(177)	1%	**(355)**	(86)	large
Net interest income	**7,164**	7,350	-3%	**14,514**	14,875	-2%
i) Fee and commission income						
Lending fees[2]	**307**	348	-12%	**655**	732	-11%
Non-lending fees and commissions	**1,394**	1,429	-2%	**2,823**	2,993	-6%
Fee and commission income	**1,701**	1,777	-4%	**3,478**	3,725	-7%
Fee and commission expense	**(599)**	(625)	-4%	**(1,224)**	(1,272)	-4%
Net fee and commission income	**1,102**	1,152	-4%	**2,254**	2,453	-8%
ii) Other income						
Net foreign exchange earnings and other financial instruments income[3]	**896**	770	16%	**1,666**	1,445	15%
Gain on sale of 100 Queen Street, Melbourne	**-**	-	n/a	**-**	114	-100%
Sale of Asia Retail and Wealth businesses	**-**	99	-100%	**99**	(310)	large
Sale of SRCB	**-**	233	-100%	**233**	(231)	large
Sale of MCC	**121**	119	2%	**240**	-	n/a
Sale of Cambodia JV	**(42)**	-	n/a	**(42)**	-	n/a
Sale of PNG Retail, Commercial & SME	**(19)**	-	n/a	**(19)**	-	n/a
Other[4]	**70**	57	23%	**127**	118	8%
Other income	**1,026**	1,278	-20%	**2,304**	1,136	large
Other operating income	**2,128**	2,430	-12%	**4,558**	3,589	27%
iii) Net funds management and insurance income						
Funds management income	**119**	142	-16%	**261**	321	-19%
Investment income	**(1)**	1	large	**-**	17	-100%
Insurance premium income	**192**	183	5%	**375**	424	-12%
Commission expense	**(18)**	(11)	64%	**(29)**	(47)	-38%
Claims	**(36)**	(31)	16%	**(67)**	(49)	37%
Changes in policy liabilities	**13**	23	-43%	**36**	(32)	large
Net funds management and insurance income	**269**	307	-12%	**576**	634	-9%
iv) Share of associates' profit	**95**	88	8%	**183**	300	-39%
Operating income[5]	**9,656**	10,175	-5%	**19,831**	19,398	2%

1. *Information has been restated and presented on a continuing operations basis.*
2. *Lending fees exclude fees treated as part of the effective yield calculation in interest income.*
3. *Includes fair value movements (excluding realised and accrued interest) on derivatives not designated as accounting hedges entered into to manage interest rate and foreign exchange risk on funding instruments, ineffective portions of cash flow hedges, and fair value movements in financial assets and liabilities designated at fair value through profit and loss.*
4. *Other income includes external dividend income of $39 million (Mar 18 half: nil; Sep 17 full year: $27 million).*
5. *Includes customer remediation of $196 million for the September 2018 half (Mar 18 half: $32 million) and $228 million for the September 2018 full year (Sep 17 full year: $70 million).*

3. Operating expenses

	Half Year			Full Year[1]		
	Sep 18 $M	Mar 18 $M	Movt	Sep 18 $M	Sep 17 $M	Movt
i) Personnel						
Salaries and related costs	**2,092**	2,133	-2%	**4,225**	4,332	-2%
Superannuation costs	**141**	149	-5%	**290**	303	-4%
Other	**123**	120	3%	**243**	289	-16%
Personnel expenses	**2,356**	2,402	-2%	**4,758**	4,924	-3%
ii) Premises						
Rent	**236**	232	2%	**468**	500	-6%
Other	**180**	163	10%	**343**	362	-5%
Premises expenses	**416**	395	5%	**811**	862	-6%
iii) Technology						
Depreciation and amortisation	**371**	368	1%	**739**	721	2%
Licences and outsourced services	**348**	327	6%	**675**	633	7%
Accelerated amortisation[2]	**251**	-	n/a	**251**	-	n/a
Other	**114**	120	-5%	**234**	248	-6%
Technology expenses	**1,084**	815	33%	**1,899**	1,602	19%
iv) Restructuring	**149**	78	91%	**227**	62	large
v) Other						
Advertising and public relations	**101**	99	2%	**200**	239	-16%
Professional fees	**285**	243	17%	**528**	429	23%
Freight, stationery, postage and communication	**107**	116	-8%	**223**	258	-14%
Royal Commission legal costs	**39**	16	large	**55**	-	n/a
Other	**300**	247	21%	**547**	591	-7%
Other expenses	**832**	721	15%	**1,553**	1,517	2%
Operating expenses[3]	**4,837**	4,411	10%	**9,248**	8,967	3%

1. *Information has been restated and presented on a continuing operations basis.*
2. *Accelerated amortisation charge relates to certain software assets in the Institutional and Australia divisions following the reassessment of useful lives.*
3. *Includes customer remediation expenses of $156 million for the September 2018 half (Mar 18 half: $35 million) and $191 million for the September 2018 full year (Sep 17 full year: $83 million).*

4. Income tax expense

Reconciliation of the prima facie income tax expense on pre-tax profit with the income tax expense recognised in the profit and loss.

	Half Year			Full Year[1]		
	Sep 18 $M	Mar 18 $M	Movt	Sep 18 $M	Sep 17 $M	Movt
Profit before income tax from continuing operations	**4,539**	5,356	-15%	**9,895**	9,233	7%
Prima facie income tax expense at 30%	**1,362**	1,607	-15%	**2,969**	2,770	7%
Tax effect of permanent differences:						
Sale of MCC	**(41)**	(37)	11%	**(78)**	-	n/a
Share of associates' profit	**(29)**	(26)	12%	**(55)**	(90)	-39%
Sale of SRCB	**-**	(84)	-100%	**(84)**	172	large
Sale of Cambodia JV	**13**	-	n/a	**13**	-	n/a
Sale of PNG Retail, Commercial & SME	**8**	-	n/a	**8**	-	n/a
Interest on convertible instruments	**33**	34	-3%	**67**	69	-3%
Overseas tax rate differential	**(13)**	(45)	-71%	**(58)**	(37)	57%
Provision for foreign tax on dividend repatriation	**27**	5	large	**32**	15	large
Tax provisions no longer required	**(18)**	(23)	-22%	**(41)**	-	n/a
Other	**13**	(5)	large	**8**	(6)	large
Subtotal	**1,355**	1,426	-5%	**2,781**	2,893	-4%
Income tax (over)/under provided in previous years	**3**	-	n/a	**3**	(19)	large
Income tax expense	**1,358**	1,426	-5%	**2,784**	2,874	-3%
Australia	**850**	949	-10%	**1,799**	2,017	-11%
Overseas	**508**	477	6%	**985**	857	15%
Effective tax rate	**29.9%**	26.6%		**28.1%**	31.1%	

[1] *Information has been restated and presented on a continuing operations basis.*

5. Dividends

Dividend per ordinary share (cents) - including discontinued operations	Half Year			Full Year		
	Sep 18	**Mar 18**	**Movt**	**Sep 18**	**Sep 17**	**Movt**
Interim (fully franked)	**-**	80	n/a	**80**	80	0%
Final (fully franked)	**80**	-	n/a	**80**	80	0%
Total	**80**	80	0%	**160**	160	0%
Ordinary share dividend ($M)[1]						
Interim dividend	**2,317**	-	n/a	**2,317**	2,349	-1%
Final dividend	**-**	2,350	n/a	**2,350**	2,342	0%
Bonus option plan adjustment	**(40)**	(42)	-5%	**(82)**	(82)	0%
Total	**2,277**	2,308	-1%	**4,585**	4,609	-1%
Ordinary share dividend payout ratio (%)[2]	**74.6%**	69.7%		**72.1%**	73.4%	

1. *Dividends paid to ordinary equity holders of the Company. Excludes dividends paid by subsidiaries of the Group to non-controlling equity holders for the September 2018 full year of $1.6 million (Sep 18 half: $1.6 million, Mar 18 half: nil; Sep 17 full year: $1.3 million).*
2. *Dividend payout ratio is calculated using the proposed 2018 final dividend of $2,296 million (not shown in the above table). The proposed 2018 final dividend of $2,296 million is based on the forecast number of ordinary shares on issue at the dividend record date. Dividend payout ratios for the March 2018 half and September 2017 full year are calculated using actual dividends paid of $2,317 million and $4,699 million respectively.*

Ordinary Shares

The Directors propose that a final dividend of 80 cents be paid on each eligible fully paid ANZ ordinary share on 18 December 2018. The proposed 2018 final dividend will be fully franked for Australian tax purposes. New Zealand imputation credits of NZ 10 cents per ordinary share will also be attached.

ANZ has a Dividend Reinvestment Plan (DRP) and a Bonus Option Plan (BOP) that will operate in respect of the proposed 2018 final dividend. For the 2018 final dividend, ANZ intends to provide shares under the DRP through an on market purchase and BOP through the issue of new shares. The “Acquisition Price” to be used in determining the number of shares to be provided under the DRP and BOP will be calculated by reference to the arithmetic average of the daily volume weighted average sale price of all fully paid ANZ ordinary shares sold in the ordinary course of trading on the ASX and Chi-X during the ten trading days commencing on 16 November 2018, and then rounded to the nearest whole cent. Shares provided under the DRP and BOP will rank equally in all respects with existing fully paid ANZ ordinary shares. Election notices from shareholders wanting to commence, cease or vary their participation in the DRP or BOP for the 2018 final dividend must be received by ANZ's Share Registrar by 5.00pm (Australian Eastern Daylight Time) on 14 November 2018.

Subject to receiving effective contrary instructions from the shareholder, dividends payable to shareholders with a registered address in the United Kingdom (including the Channel Islands and the Isle of Man) or New Zealand will be converted to Pounds Sterling or New Zealand Dollars respectively at an exchange rate calculated on 16 November 2018.

6. Earnings per share

	Half Year			Full Year		
	Sep 18	**Mar 18**	**Movt**	**Sep 18**	**Sep 17**	**Movt**
Earnings Per Share (EPS) - Basic						
Earnings Per Share (cents)[1]	**107.3**	114.2	-6%	**221.6**	220.1	1%
Earnings Per Share (cents) from continuing operations	**110.6**	134.8	-18%	**245.6**	218.0	13%
Earnings Per Share (cents) from discontinued operations	**(3.3)**	(20.6)	-84%	**(24.0)**	2.1	large
Earnings Per Share (EPS) - Diluted						
Earnings Per Share (cents)	**103.2**	108.6	-5%	**212.1**	210.8	1%
Earnings Per Share (cents) from continuing operations	**106.2**	127.4	-17%	**234.2**	208.8	12%
Earnings Per Share (cents) from discontinued operations	**(3.0)**	(18.8)	-84%	**(22.1)**	2.0	large
Reconciliation of earnings used in EPS Calculations						
Basic:						
Profit for the period ($M)	**3,086**	3,330	-7%	**6,416**	6,421	0%
Less: Profit attributable to non-controlling interests ($M)	**9**	7	29%	**16**	15	7%
Earnings used in calculating basic earnings per share ($M)	**3,077**	3,323	-7%	**6,400**	6,406	0%
Less: Profit/(Loss) after tax from discontinued operations ($M)	**(95)**	(600)	-84%	**(695)**	62	large
Earnings used in calculating basic earnings per share from continuing operations ($M)	**3,172**	3,923	-19%	**7,095**	6,344	12%
Diluted:						
Earnings used in calculating basic earnings per share ($M)	**3,077**	3,323	-7%	**6,400**	6,406	0%
Add: Interest on convertible subordinated debt ($M)	**138**	141	-2%	**279**	288	-3%
Earnings used in calculating diluted earnings per share ($M)	**3,215**	3,464	-7%	**6,679**	6,694	0%
Less: Profit/(Loss) after tax from discontinued operations ($M)	**(95)**	(600)	-84%	**(695)**	62	large
Earnings used in calculating diluted earnings per share from continuing operations ($M)	**3,310**	4,064	-19%	**7,374**	6,632	11%
Reconciliation of weighted average number of ordinary shares (WANOS) used in EPS calculations[2]						
WANOS used in calculating basic earnings per share	**2,867.1**	2,909.6	-1%	**2,888.3**	2,910.3	-1%
Add: Weighted average dilutive potential ordinary shares (M)						
Convertible subordinated debt (M)	**240.6**	269.7	-11%	**249.0**	253.3	-2%
Share based payments (options, rights and deferred shares) (M)	**9.5**	10.0	-5%	**11.4**	11.9	-4%
Adjusted weighted average number of shares - diluted (M)	**3,117.2**	3,189.3	-2%	**3,148.7**	3,175.5	-1%

1. *Post disposal of the discontinued operations, treasury shares held in Wealth Australia will cease to be eliminated in the Group's consolidated financial statements and will be included in the denominator used in calculating earnings per share. If the weighted average number of treasury shares held in Wealth Australia was included in the denominator used in calculating earnings per share from continuing operations for the half year ended 30 September 2018, basic earnings per share would have been 110.1 cents (Mar 18 half: 134.1 cents; Sep 18 full year: 244.4 cents and Sep 17 full year 216.8) and diluted earnings per share would have been 105.7 cents (Mar 18 half: 126.8 cents; Sep 18 full year: 233.1 cents; Sep 17 full year: 207.8 cents).*

2. *Weighted average number of ordinary shares excludes the weighted average number of treasury shares held in ANZEST and Wealth Australia as summarised in the table below:*

	Sep 18 half (Million)	*Mar 18 half (Million)*	*Sep 18 full year (Million)*	*Sep 17 full year (Million)*
ANZEST Pty Ltd	*5.5*	*6.3*	*5.9*	*8.1*
Wealth Australia	*15.1*	*15.0*	*15.0*	*16.2*
Total treasury shares	***20.6***	***21.3***	***20.9***	***24.3***

7. Net loans and advances

	As at			Movement	
	Sep 18 $M	**Mar 18 $M**	**Sep 17 $M**	**Sep 18 v. Mar 18**	**Sep 18 v. Sep 17**
Australia					
Overdrafts	**5,741**	5,843	5,939	-2%	-3%
Credit cards outstanding	**8,372**	8,629	8,632	-3%	-3%
Commercial bills outstanding	**6,861**	7,467	8,471	-8%	-19%
Term loans - housing	**271,554**	270,631	264,105	0%	3%
Term loans - non-housing	**134,503**	125,901	124,307	7%	8%
Lease receivables	**1,054**	1,072	1,153	-2%	-9%
Hire purchase contracts	**548**	893	634	-39%	-14%
Other	**5**	8	15	-38%	-67%
Total Australia	**428,638**	420,444	413,256	2%	4%
Asia Pacific, Europe & America					
Overdrafts	**491**	538	449	-9%	9%
Credit cards outstanding	**12**	13	869	-8%	-99%
Term loans - housing	**767**	729	2,469	5%	-69%
Term loans - non-housing[1]	**59,446**	53,971	50,901	10%	17%
Lease receivables	**180**	210	117	-14%	54%
Other	**14**	17	34	-18%	-59%
Total Asia Pacific, Europe & America	**60,910**	55,478	54,839	10%	11%
New Zealand					
Overdrafts	**829**	809	957	2%	-13%
Credit cards outstanding	**1,506**	1,558	1,508	-3%	0%
Term loans - housing	**73,833**	73,751	70,735	0%	4%
Term loans - non-housing	**40,456**	41,306	40,697	-2%	-1%
Lease receivables	**168**	182	189	-8%	-11%
Hire purchase contracts	**1,473**	1,411	1,263	4%	17%
Total New Zealand	**118,265**	119,017	115,349	-1%	3%
Sub-total	**607,813**	594,939	583,444	2%	4%
Unearned income	**(430)**	(441)	(411)	-2%	5%
Capitalised brokerage/mortgage origination fees[2]	**997**	1,044	1,058	-5%	-6%
Gross loans and advances (including assets reclassified as held for sale)	**608,380**	595,542	584,091	2%	4%
Provision for credit impairment (refer to Note 8)	**(3,443)**	(3,595)	(3,798)	-4%	-9%
Net loans and advances (including assets reclassified as held for sale)	**604,937**	591,947	580,293	2%	4%
Net loans and advances held for sale (refer to Note 10)	**(999)**	(3,001)	(5,962)	-67%	-83%
Net loans and advances	**603,938**	588,946	574,331	3%	5%

1. *Loans previously shown in Commercial bills outstanding have been reclassified to Term loans - non-housing. Restatement impact of $2,597 million for September 2017.*
2. *Capitalised brokerage/mortgage origination fees are amortised over the expected life of the loan.*

8. Provision for credit impairment

	Half Year			Full Year		
	Sep 18 $M	Mar 18 $M	Movt	Sep 18 $M	Sep 17 $M	Movt
Individual provision						
Balance at start of period	**1,016**	1,136	-11%	**1,136**	1,307	-13%
New and increased provisions	**716**	728	-2%	**1,444**	2,069	-30%
Write-backs	**(234)**	(191)	23%	**(425)**	(501)	-15%
Adjustment for exchange rate fluctuations and transfers	**5**	5	0%	**10**	(14)	large
Discount unwind	**(10)**	(7)	43%	**(17)**	(32)	-47%
Bad debts written-off	**(573)**	(651)	-12%	**(1,224)**	(1,693)	-28%
Asia Retail and Wealth businesses divestment	**-**	(4)	-100%	**(4)**	-	n/a
Total individual provision	**920**	1,016	-9%	**920**	1,136	-19%
Collective provision						
Balance at start of period	**2,579**	2,662	-3%	**2,662**	2,876	-7%
Charge/(Release) to Income Statement	**(63)**	(22)	large	**(85)**	(142)	-40%
Adjustment for exchange rate fluctuations and transfers	**7**	18	-61%	**25**	(33)	large
Asia Retail and Wealth businesses divestment	**-**	(79)	-100%	**(79)**	(39)	large
Total collective provision[1]	**2,523**	2,579	-2%	**2,523**	2,662	-5%
Total provision for credit impairment	**3,443**	3,595	-4%	**3,443**	3,798	-9%

1. *The collective provision includes amounts for off-balance sheet credit exposures of $500 million as at 30 September 2018 (Mar 18: $522 million; Sep 17: $544 million). The impact on the Income Statement for the September 2018 half was a $25 million release (Mar 18 half: $26 million release; Sep 17 full year: $66 million release).*

	Half Year			Full Year		
Provision movement analysis	Sep 18 $M	Mar 18 $M	Movt	Sep 18 $M	Sep 17 $M	Movt
New and increased individual provisions	**716**	728	-2%	**1,444**	2,069	-30%
Write-backs	**(234)**	(191)	23%	**(425)**	(501)	-15%
Recoveries of amounts previously written-off	**(139)**	(107)	30%	**(246)**	(228)	8%
Individual credit impairment charge	**343**	430	-20%	**773**	1,340	-42%
Collective credit impairment charge/(release)	**(63)**	(22)	large	**(85)**	(142)	-40%
Credit impairment charge	**280**	408	-31%	**688**	1,198	-43%

9. Deposits and other borrowings

	As at			Movement	
	Sep 18 $M	Mar 18 $M	Sep 17 $M	Sep 18 v. Mar 18	Sep 18 v. Sep 17
Australia					
Certificates of deposit	**39,671**	43,157	50,565	-8%	-22%
Term deposits	**75,551**	75,116	72,679	1%	4%
On demand and short term deposits	**190,055**	191,228	190,480	-1%	0%
Deposits not bearing interest	**11,163**	10,548	10,221	6%	9%
Deposits from banks and securities sold under repurchase agreements	**41,480**	37,718	35,896	10%	16%
Commercial paper	**14,742**	21,658	14,599	-32%	1%
Total Australia	**372,662**	379,425	374,440	-2%	0%
Asia Pacific, Europe & America					
Certificates of deposit	**2,242**	5,234	2,894	-57%	-23%
Term deposits	**92,145**	77,335	78,863	19%	17%
On demand and short term deposits	**18,056**	19,557	21,769	-8%	-17%
Deposits not bearing interest	**4,993**	4,362	4,519	14%	10%
Deposits from banks and securities sold under repurchase agreements	**30,738**	30,756	23,251	0%	32%
Total Asia Pacific, Europe & America	**148,174**	137,244	131,296	8%	13%
New Zealand					
Certificates of deposit	**833**	1,897	1,763	-56%	-53%
Term deposits	**46,986**	44,810	41,829	5%	12%
On demand and short term deposits	**38,106**	39,580	38,143	-4%	0%
Deposits not bearing interest	**9,365**	9,334	8,173	0%	15%
Deposits from banks and securities sold under repurchase agreements	**473**	1,543	145	-69%	large
Commercial paper and other borrowings	**3,130**	3,297	4,380	-5%	-29%
Total New Zealand	**98,893**	100,461	94,433	-2%	5%
Total deposits and other borrowings (including liabilities reclassified as held for sale)	**619,729**	617,130	600,169	0%	3%
Deposits and other borrowings held for sale (refer to Note 10)	**(1,579)**	(900)	(4,558)	75%	-65%
Total deposits and other borrowings	**618,150**	616,230	595,611	0%	4%

10. Discontinued operations and assets and liabilities held for sale

i) Discontinued operations

On 17 October 2017, the Group announced it had agreed to sell its OnePath pensions and investments (OnePath P&I) and aligned dealer groups (ADG) businesses to IOOF Holdings Limited. The aligned dealer groups business consists of aligned advice businesses that operate under their own Australian Financial Services licences. The sale of the aligned dealer groups business completed on 1 October 2018. The completion of the remaining OnePath pensions and investment business will occur after the successful completion of the successor fund transfer, which is expected to occur in the first half of the 2019 financial year.

On 12 December 2017, ANZ announced that it had agreed to the sale of its life insurance business to Zurich Financial Services Australia (Zurich) and regulatory approval was obtained on 10 October 2018. The transaction is subject to closing conditions and ANZ expects it to complete in the first half of the 2019 financial year.

As a result of the sale transactions outlined above, the financial results of the businesses to be divested and associated Group reclassification and consolidation impacts are treated as discontinued operations from a reporting perspective. This impacts the current and comparative financial information for Wealth Australia and TSO and Group Centre divisions.

Details of the financial performance and cash flows of discontinued operations are shown below.

Income Statement

	Half Year			Full Year		
	Sep 18 $M	Mar 18 $M	Movt	Sep 18 $M	Sep 17 $M	Movt
Net interest income	-	-	n/a	-	(3)	-100%
Other operating income[1]	9	(655)	large	(646)	11	large
Net funds management and insurance income[2]	301	426	-29%	727	867	-16%
Operating income	310	(229)	large	81	875	-91%
Operating expenses[2]	(301)	(243)	24%	(544)	(481)	13%
Profit/(Loss) before income tax	9	(472)	large	(463)	394	large
Income tax expense [2]	(104)	(128)	-19%	(232)	(332)	-30%
Profit/(Loss) for the period attributable to shareholders of the Company[2]	(95)	(600)	-84%	(695)	62	large

1. *Includes a $632 million loss recognised on the reclassification of Wealth Australia businesses to held for sale.*
2. *Includes customer remediation of $127 million post-tax recognised in the September 2018 half (Mar 18 half: nil; Sep 17 full year: nil) comprising $106 million of customer remediation recognised in Net funds management and insurance income, $75 million of remediation costs recognised in Operating expenses, and a $54 million benefit in Income tax expense.*

Cash Flow Statement

	Half Year			Full Year		
	Sep 18 $M	Mar 18 $M	Movt	Sep 18 $M	Sep 17 $M	Movt
Net cash provided by/(used in) operating activities[1]	2,065	924	large	2,989	1,582	89%
Net cash provided by/(used in) investing activities	(1,311)	(1,133)	16%	(2,444)	(2,167)	13%
Net cash provided by/(used in) financing activities[1]	(754)	179	large	(575)	575	large
Net increase/(decrease) in cash and cash equivalents	-	(30)	-100%	(30)	(10)	large

1. *$225 million has been reclassified from financing to operating activities in the September 2017 full year to better reflect the nature of cash flows.*

ii) Assets and liabilities held for sale

At 30 September 2018, assets and liabilities held for sale are re-measured at the lower of their existing carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement and continue to be recognised at their existing carrying value.

In addition to the assets and liabilities associated with the Group's discontinued operations, assets and liabilities held for sale contain the assets and liabilities of other assets or disposal groups, subject to sale, which do not meet the criteria to classify as a discontinued operation under the accounting standards.

Assets and liabilities held for sale[1]

	As at 30 September 2018					As at 31 March 2018				As at 30 September 2017			
	Discontinued operations $M	Cambodia JV $M	OPL NZ $M	PNG Retail, Commercial & SME $M	Total $M	Discontinued operations $M	UDC and Paymark $M	Metrobank Card Corporation $M	Total $M	Asia Retail and Wealth businesses $M	UDC $M	SRCB and MCC $M	Total $M
Cash and cash equivalents	5	323	-	-	328	5	-	-	5	-	-	-	-
Derivative financial instruments	-	3	-	-	3	1	-	-	1	-	-	-	-
Available-for-sale assets	1,079	-	-	-	1,079	1,040	-	-	1,040	-	-	-	-
Net loans and advances	46	806	-	147	999	118	2,883	-	3,001	3,283	2,679	-	5,962
Regulatory deposits	-	146	-	-	146	-	-	-	-	-	-	-	-
Investment in associates	1	1	-	-	2	1	7	60	68	-	-	1,868	1,868
Deferred tax assets	102	2	-	-	104	72	-	-	72	-	-	-	-
Goodwill and other intangible assets	1,155	-	93	-	1,248	946	124	-	1,070	-	122	-	122
Investments backing policy liabilities	40,054	-	-	-	40,054	38,803	-	-	38,803	-	-	-	-
Premises and equipment	4	6	-	6	16	5	-	-	5	-	-	-	-
Other assets	450	92	727	-	1,269	1,198	15	-	1,213	-	18	-	18
Total assets held for sale	**42,896**	**1,379**	**820**	**153**	**45,248**	**42,189**	**3,029**	**60**	**45,278**	**3,283**	**2,819**	**1,868**	**7,970**
Deposits and other borrowings	-	1,067	-	512	1,579	-	900	-	900	3,602	956	-	4,558
Derivative financial instruments	-	1	-	-	1	-	-	-	-	-	-	-	-
Current tax liabilities	(33)	8	15	-	(10)	(158)	36	-	(122)	-	22	-	22
Deferred tax liabilities	160	1	160	-	321	387	(9)	-	378	-	(8)	-	(8)
Policy liabilities	39,607	-	-	-	39,607	38,381	-	-	38,381	-	-	-	-
External unit holder liabilities	4,712	-	-	-	4,712	4,618	-	-	4,618	-	-	-	-
Payables and other liabilities	644	98	130	-	872	560	28	-	588	47	30	-	77
Provisions	28	43	-	6	77	29	1	-	30	43	1	-	44
Total liabilities held for sale	**45,118**	**1,218**	**305**	**518**	**47,159**	**43,817**	**956**	**-**	**44,773**	**3,692**	**1,001**	**-**	**4,693**

1. *Amounts in the table above are shown net of intercompany balances.*

10. Discontinued operations and assets and liabilities held for sale, cont'd

Other strategic not classified as discontinued operations but have been presented as assets and liabilities held for sale:

- **Asia Retail and Wealth Businesses**

  The Group announced that it had agreed to sell its Retail and Wealth businesses in Singapore, Hong Kong, China, Taiwan and Indonesia to Singapore's DBS Bank on 31 October 2016, and its Retail business in Vietnam to Shinhan Bank Vietnam on 21 April 2017. The Group successfully completed the transition of businesses in China, Singapore and Hong Kong in the September 2017 half, and Vietnam, Taiwan, and Indonesia in the March 2018 half. These businesses were part of the Asia Retail & Pacific division.

- **Shanghai Rural Commercial Bank (SRCB)**

  On 3 January 2017, the Group announced it had agreed to sell its 20% stake in Shanghai Rural Commercial Bank (SRCB). The sale was completed in the March 2018 half. This asset was part of the TSO and Group Centre division.

- **UDC Finance and Paymark Limited (UDC and Paymark)**

  On 11 January 2017, the Group announced that it had entered into a conditional agreement to sell UDC to HNA Group (HNA). On 21 December 2017, the Group announced that it had been informed that New Zealand's Overseas Investment Office had declined HNA's application to acquire UDC and the agreement with HNA was terminated in January 2018.The assets and liabilities of UDC are no longer classified as held for sale as at 30 September 2018.

  On 17 January 2018, the Group entered into an agreement to sell its 25% shareholding in Paymark to Ingenico Group. The carrying amount of the Group's investment in Paymark at 31 March 2018 was $7 million. While the sale process is ongoing, the assets and liabilities of Paymark are no longer classified as held for sale as at 30 September 2018.

  These businesses are part of the New Zealand division.

- **Metrobank Card Corporation (MCC)**

  On 18 October 2017, the Group announced it had entered into a sale agreement with its joint venture partner Metropolitan Bank & Trust Company (Metrobank) in relation to its 40% stake in the Philippines based Metrobank Card Corporation (MCC). The Group sold its 40% stake in two equal tranches in January and September 2018. This asset was part of the TSO and Group Centre division.

- **ANZ Royal Bank (Cambodia) Ltd (Cambodia JV)**

  On 17 May 2018, the Group announced it had reached an agreement to sell its 55% stake in Cambodia JV ANZ Royal Bank to J Trust, a Japanese diversified financial holding company listed on the Tokyo Stock Exchange. The transaction is subject to closing conditions and regulatory approval and ANZ expects it to close in the 2019 financial year. This asset is part of the Institutional division.

- **OnePath Life NZ Ltd (OPL NZ)**

  On 30 May 2018, the Group announced that it had agreed to sell OnePath Life NZ Limited to Cigna Corporation and the final regulatory approval was obtained on 29 October 2018. The transaction is subject to closing conditions and ANZ expects it to close in the 2019 financial year. This business is part of the New Zealand division.

- **Papua New Guinea Retail, Commercial and Small-Medium Sized Enterprise businesses (PNG Retail, Commercial & SME)**

  On 25 June 2018, the Group announced it had entered into an agreement to sell its Retail, Commercial and Small-Medium Sized Enterprise (SME) banking businesses in Papua New Guinea to Kina Bank. The transaction is subject to closing conditions and regulatory approval and ANZ expects it to close by late 2019 calendar year. This business is part of the Institutional division.

Income Statement impact relating to assets and liabilities held for sale

During the September 2018 half year, the Group recognised the following impacts in relation to assets and liabilities held for sale:

- $42 million loss after tax relating to the reclassification of the Cambodia JV to held for sale, comprising a $27 million impairment and $15 million of costs associated with the sale. The loss is recognised in continuing operations.
- $21 million loss after tax relating to the reclassification of the PNG Retail, Commercial and SME businesses to held for sale, comprising a $12 million impairment of goodwill, $7 million costs associated with the sale and a $2 million tax expense. The loss is recognised in continuing operations.
- $3 million loss after tax relating to OnePath Life NZ transaction costs. The loss is recognised in continuing operations.
- $126 million gain after tax relating to MCC comprising a $138 million gain on sale of the second 20% stake, $14 million of foreign exchange losses, $3 million loss on release of reserves and a $5 million tax benefit. This gain is recognised in continuing operations.

During the March 2018 half year, the Group recognised the following impacts in relation to assets and liabilities held for sale:

- $632 million loss after tax recognised on the reclassification of the Wealth Australia businesses to held for sale. This loss is recognised in discontinued operations.
- $85 million gain after tax comprising $99 million relating to the sale of the remaining Asia Retail and Wealth businesses, net of costs associated with the sale and a $14 million tax expense. This gain is recognised in continuing operations.
- $18 million gain after tax relating to UDC comprising a cost recovery in respect of the terminated transaction process. This gain is recognised in continuing operations.
- $247 million gain after tax relating to SRCB comprising a $289 million gain on release of reserves, $56 million of foreign exchange losses and other costs, and a $14 million tax benefit. This gain is recognised in continuing operations.

- $121 million gain after tax relating to MCC comprising a $121 million gain on sale of the first 20% stake, $1 million of foreign exchange gains, $3 million loss on release of reserves, and a $2 million tax benefit. This gain is recognised in continuing operations.

During the September 2017 full year, the Group recognised the following impacts in continuing operations in relation to assets and liabilities held for sale:

- $333 million loss after tax relating to the Group's investment in SRCB comprising of a $219 million impairment to the investment, $12 million of foreign exchange losses, and $102 million of tax expenses.
- $270 million loss after tax relating to the reclassification of the Group's Asia Retail and Wealth businesses to held for sale comprising $225 million of software, goodwill and other assets impairment charges, $99 million of costs associated with the sale, a $40 million tax benefit as a result of the loss on reclassification to held for sale, and a $14 million gain recognised on the partial completion of the Asia Retail and Wealth sale.

The impacts on continuing operations are shown in the relevant Income Statement categories and items relating to discontinued operations are included in Profit/(Loss) after tax from discontinued operations.

11. Shareholders' equity

Issued and quoted securities	Half Year		Full Year	
Ordinary shares	**Sep 18 No.**	**Mar 18 No.**	**Sep 18 No.**	**Sep 17 No.**
Closing balance	**2,873,618,118**	2,898,758,978	**2,873,618,118**	2,937,415,327
Issued/(Repurchased) during the period[1]	**(25,140,860)**	(38,656,349)	**(63,797,209)**	9,938,667

1. *The Company issued 1.4 million shares under the Bonus Option Plan (BOP) for the 2018 interim dividend (1.5 million shares for the 2017 final dividend; 1.4 million shares for the 2017 interim dividend; 1.5 million shares for the 2016 final dividend). No new shares were issued under the Dividend Reinvestment Plan (DRP) for the 2018 interim dividend (nil shares for the 2017 final dividend; nil shares for the 2017 interim dividend; 7.1 million shares for the 2016 final dividend) as the shares were purchased on-market and provided directly to the shareholders participating in the DRP. On-market purchases for the DRP in the September 2018 full year were $392 million (September 17 full year: $176 million). As announced on 18 December 2017, 22 June 2018 and 19 October 2018, there is currently an on-market buy-back in relation to ANZ's ordinary shares of $3.0 billion. The Company bought back $748 million worth of shares in the September 2018 half (March 18 half: $1,132 million) resulting in 26.6 million shares being cancelled in the September 2018 half (March 18 half: 40.1 million).*

	As At			Movement	
Shareholders' equity	**Sep 18 $M**	**Mar 18 $M**	**Sep 17 $M**	**Sep 18 v. Mar 18**	**Sep 18 v. Sep 17**
Ordinary share capital	**27,205**	27,933	29,088	-3%	-6%
Reserves					
Foreign currency translation reserve	**12**	257	(196)	-95%	large
Share option reserve	**92**	70	87	31%	6%
Available-for-sale revaluation reserve	**113**	119	38	-5%	large
Cash flow hedge reserve	**127**	117	131	9%	-3%
Transactions with non-controlling interests reserve	**(21)**	(22)	(23)	-5%	-9%
Total reserves	**323**	541	37	-40%	large
Retained earnings	**31,715**	30,900	29,834	3%	6%
Share capital and reserves attributable to shareholders of the Company	**59,243**	59,374	58,959	0%	0%
Non-controlling interests	**140**	126	116	11%	21%
Total shareholders' equity	**59,383**	59,500	59,075	0%	1%

12. Acquisition and disposal of controlled entities

We did not acquire, or dispose of, any material entities during the year ended 30 September 2018.

13. Investments in Associates

	Half Year			Full Year		
	Sep 18	**Mar 18**	**Sep 18 v. Mar 18**	**Sep 18**	**Sep 17**	**Sep 18 v. Sep 17**
Share of associates' profit	**95**	88	8%	**183**	300	-39%

Contributions to profit[1]	Contribution to Group post-tax profit				Ownership interest held by Group		
Associates	**Half Year**		**Full Year**		**As at**		
	Sep 18 $M	**Mar 18 $M**	**Sep 18 $M**	**Sep 17 $M**	**Sep 18 %**	**Mar 18 %**	**Sep 17 %**
P.T. Bank Pan Indonesia	**44**	45	**89**	101	**39**	39	39
AMMB Holdings Berhad	**48**	42	**90**	96	**24**	24	24
Shanghai Rural Commercial Bank[2]	**-**	-	**-**	58	**-**	-	20
Other associates[3]	**3**	1	**4**	45	**n/a**	n/a	n/a
Share of associates' profit	**95**	88	**183**	300			

1. *Contributions to profit reflect the IFRS equivalent results adjusted to align with the Group's financial year end which may differ from the published results of these entities. Excludes gains or losses on disposal or valuation adjustments.*
2. *On 3 January 2017, the Group announced that it had agreed to sell its 20% stake in Shanghai Rural Commercial Bank (SRCB). The Group ceased equity accounting for the investment in SRCB from that date. The sale concluded during the March 2018 half.*
3. *Includes Metrobank Card Corporation (MCC). On 18 October 2017, the Group announced it had entered into a sale agreement with its joint venture partner Metropolitan Bank & Trust Company (Metrobank) in relation to its 40% stake in the Philippines based Metrobank Card Corporation (MCC). MCC was reclassified as an asset held for sale and the Group ceased equity accounting for the investment from 1 October 2017. The Group sold its 40% stake in two equal tranches in January and September 2018.*

14. Contingent liabilities and contingent assets

There are outstanding court proceedings, claims and possible claims for and against the Group. Where relevant, expert legal advice has been obtained and, in the light of such advice, provisions and/or disclosures as deemed appropriate have been made. In some instances we have not disclosed the estimated financial impact of the individual items either because it is not practicable to do so or because such disclosure may prejudice the interests of the Group.

Note 33 of the 2018 ANZ Annual Financial Report (when released) will contain a description of contingent liabilities and contingent assets as at 30 September 2018. A summary of some of those contingent liabilities is set out below.

- **Bank fees litigation**

  A litigation funder commenced a class action against the Company in 2010, followed by a second similar class action in March 2013. The applicants contended that certain exception fees (honour, dishonour and non-payment fees on transaction accounts and late payment and over-limit fees on credit cards) were unenforceable penalties and that various of the fees were also unenforceable under statutory provisions governing unconscionable conduct, unfair contract terms and unjust transactions. A further action, limited to late payment fees only, commenced in August 2014.

  The penalty and statutory claims in the March 2013 class action failed and the claims have been dismissed. The August 2014 action was discontinued in October 2016.

  The original claims in the 2010 class action have been dismissed. In 2017, a new claim was added to the 2010 class action, in relation to the Company's entitlement to charge certain periodical payment non-payment fees.

- **Benchmark/rate actions**

  In July and August 2016, class action complaints were brought in the United States District Court against local and international banks, including the Company - one action relating to the bank bill swap rate (BBSW), and one action relating to the Singapore Interbank Offered Rate (SIBOR) and the Singapore Swap Offer Rate (SOR). The class actions are expressed to apply to persons and entities that engaged in US-based transactions in financial instruments that were priced, benchmarked, and/or settled based on BBSW, SIBOR, or SOR. The claimants seek damages or compensation in amounts not specified, and allege that the defendant banks, including the Company, violated US anti-trust laws, anti-racketeering laws, the Commodity Exchange Act, and (in the BBSW case only) unjust enrichment principles. The Company is defending the proceedings. The matters are at an early stage.

  In February 2017, the South African Competition Commission commenced proceedings against local and international banks including the Company alleging breaches of the cartel provisions of the South African Competition Act in respect of trading in the South African rand. The potential civil penalty or other financial impact is uncertain. The matter is at an early stage.

- **Capital raising actions**

  In June 2018, the Commonwealth Director of Public Prosecutions commenced criminal proceedings against the Company and a senior employee alleging that they were knowingly concerned in cartel conduct by the joint lead managers of the Company's August 2015 underwritten institutional equity placement of approximately 80.8 million ordinary shares. The matter is at an early stage. The Company and its senior employee are defending the allegations.

  In September 2018, the Australian Securities and Investments Commission (ASIC) commenced civil penalty proceedings against the Company alleging failure to comply with continuous disclosure obligations in connection with the Company's August 2015 underwritten institutional equity placement. ASIC alleges the Company should have advised the market that the joint lead managers took up approximately 25.5 million ordinary shares of the placement. The matter is at an early stage. The Company is defending the allegations.

- **Franchisee litigation**

  In February 2018, two related class actions were brought against the Company. The primary action alleges that the Company breached contractual obligations and acted unconscionably when it lent to the applicant, and other 7-Eleven franchisees. The action seeks to set aside the loans to those franchisees and claims unspecified damages. The second action seeks to set aside related mortgages and guarantees given to the Company. The matters are at an early stage.

- **Regulatory and customer exposures**

  In recent years there has been an increase in the number of matters on which ANZ engages with its regulators. There have been significant increases in the nature and scale of regulatory investigations and reviews, enforcement actions (whether by court action or otherwise) and the quantum of fines issued by regulators, particularly against financial institutions both in Australia and globally. ANZ also instigates engagement with its regulators. The nature of these interactions can be wide ranging and, for example, currently include a range of matters including responsible lending practices, product suitability, wealth advice, pricing and competition, conduct in financial markets and capital market transactions and product disclosure documentation. ANZ has received various notices and requests for information from its regulators as part of both industry-wide and ANZ-specific reviews and has also made disclosures to its regulators at its own instigation. There may be exposures to customers which are additional to any regulatory exposures. These could include class actions, individual claims or customer remediation or compensation activities. The outcomes and total costs associated with such reviews and possible exposures remain uncertain.

- **Royal Commission**

  The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry was established on 14 December 2017. The Commission has been asked to submit its final report by 1 February 2019 (an interim report was released on 28 September 2018). The Commission is likely to result in additional costs and may lead to further exposures, including exposures associated with further regulator activity or potential customer exposures such as class actions, individual claims or customer remediation or compensation activities. The outcomes and total costs associated with these possible exposures remain uncertain.

- **Security recovery actions**

  Various claims have been made or are anticipated, arising from security recovery actions taken to resolve impaired assets. These claims will be defended.

- **Warranties and Indemnities**

  The Group has provided warranties, indemnities and other commitments in favour of the purchaser and other persons in connection with various disposals of businesses and assets and other transactions, covering a range of matters and risks. It is exposed to potential claims under those warranties, indemnities and commitments.

15. Events Since the End of the Financial Year

There have been no significant events from 30 September 2018 to the date of signing this report.

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Capital management - including discontinued operations

		As at			Movement	
Qualifying Capital		**Sep 18 $M**	**Mar 18 $M**	**Sep 17 $M**	**Sep 18 v. Mar 18**	**Sep 18 v. Sep 17**
Tier 1						
Shareholders' equity and non-controlling interests		**59,383**	59,500	59,075	0%	1%
Prudential adjustments to shareholders' equity	Table 1	**(322)**	(394)	(481)	-18%	-33%
Gross Common Equity Tier 1 capital		**59,061**	59,106	58,594	0%	1%
Deductions	Table 2	**(14,370)**	(15,399)	(17,258)	-7%	-17%
Common Equity Tier 1 capital		**44,691**	43,707	41,336	2%	8%
Additional Tier 1 capital	Table 3	**7,527**	7,418	7,988	1%	-6%
Tier 1 capital		**52,218**	51,125	49,324	2%	6%
Tier 2 capital	Table 4	**7,291**	8,040	8,669	-9%	-16%
Total qualifying capital		**59,509**	59,165	57,993	1%	3%
Capital adequacy ratios						
Common Equity Tier 1		**11.4%**	11.0%	10.6%		
Tier 1		**13.4%**	12.9%	12.6%		
Tier 2		**1.9%**	2.0%	2.2%		
Total capital ratio		**15.2%**	14.9%	14.8%		
Risk weighted assets	Table 5	**390,820**	395,777	391,113	-1%	0%

Capital management - including discontinued operations, cont'd

		As at			Movement	
		Sep 18 $M	Mar 18 $M	Sep 17 $M	Sep 18 v. Mar 18	Sep 18 v. Sep 17
Table 1: Prudential adjustments to shareholders' equity						
Treasury shares attributable to ANZ Wealth Australia policyholders		**328**	306	326	7%	1%
Accumulated retained profits and reserves of insurance and funds management entities		**(509)**	(608)	(711)	-16%	-28%
Deferred fee revenue including fees deferred as part of loan yields		**132**	135	131	-2%	1%
Available-for-sale reserve attributable to deconsolidated subsidiaries		**(99)**	(91)	(83)	9%	19%
Other		**(174)**	(136)	(144)	28%	21%
Total		**(322)**	(394)	(481)	-18%	-33%
Table 2: Deductions from Common Equity Tier 1 capital						
Unamortised goodwill & other intangibles (excluding ANZ Wealth Australia and New Zealand)		**(3,776)**	(3,638)	(3,553)	4%	6%
Intangible component of investments in ANZ Wealth Australia and New Zealand		**(1,629)**	(1,634)	(2,100)	0%	-22%
Capitalised software		**(1,421)**	(1,745)	(1,826)	-19%	-22%
Capitalised expenses including loan and lease origination fees		**(1,077)**	(1,133)	(1,149)	-5%	-6%
Applicable deferred net tax assets		**(1,118)**	(869)	(946)	29%	18%
Expected losses in excess of eligible provisions	Table 8	**(609)**	(686)	(719)	-11%	-15%
Investment in other insurance and funds management subsidiaries		**(270)**	(274)	(274)	-1%	-1%
Investment in ANZ Wealth Australia and New Zealand		**(750)**	(1,751)	(1,750)	-57%	-57%
Investment in banking associates and minority interests		**(2,333)**	(2,272)	(3,919)	3%	-40%
Other deductions		**(1,387)**	(1,397)	(1,022)	-1%	36%
Total		**(14,370)**	(15,399)	(17,258)	-7%	-17%
Table 3: Additional Tier 1 capital						
ANZ Convertible Preference Shares 3		**-**	-	573	n/a	-100%
ANZ Capital Notes 1		**1,117**	1,117	1,116	0%	0%
ANZ Capital Notes 2		**1,605**	1,604	1,604	0%	0%
ANZ Capital Notes 3		**965**	961	963	0%	0%
ANZ Capital Notes 4		**1,610**	1,609	1,608	0%	0%
ANZ Capital Notes 5		**924**	924	925	0%	0%
ANZ Bank NZ Capital Notes		**456**	467	457	-2%	0%
ANZ Capital Securities		**1,240**	1,188	1,206	4%	3%
Regulatory adjustments and deductions		**(390)**	(452)	(464)	-14%	-16%
Total		**7,527**	7,418	7,988	1%	-6%
Table 4: Tier 2 capital						
General reserve for impairment of financial assets		**119**	123	200	-3%	-41%
Perpetual subordinated notes		**416**	390	1,150	7%	-64%
Term subordinated debt notes		**7,575**	8,216	8,108	-8%	-7%
Regulatory adjustments and deductions		**(819)**	(689)	(789)	19%	4%
Total		**7,291**	8,040	8,669	-9%	-16%

Capital management - including discontinued operations, cont'd

		As at			Movement	
		Sep 18 $M	Mar 18 $M	Sep 17 $M	Sep 18 v. Mar 18	Sep 18 v. Sep 17
Table 5: Risk weighted assets						
On balance sheet		**255,196**	257,304	254,534	-1%	0%
Commitments		**52,408**	53,644	53,546	-2%	-2%
Contingents		**11,938**	12,333	11,704	-3%	2%
Derivatives		**18,038**	19,541	17,050	-8%	6%
Total credit risk weighted assets	Table 6	**337,580**	342,822	336,834	-2%	0%
Market risk - Traded		**6,808**	6,558	5,363	4%	27%
Market risk - IRRBB		**8,814**	9,019	11,611	-2%	-24%
Operational risk		**37,618**	37,378	37,305	1%	1%
Total risk weighted assets		**390,820**	395,777	391,113	-1%	0%

	As at			Movement	
	Sep 18 $M	Mar 18 $M	Sep 17 $M	Sep 18 v. Mar 18	Sep 18 v. Sep 17
Table 6: Credit risk weighted assets by Basel asset class					
Subject to Advanced IRB approach					
Corporate	**121,891**	123,253	121,915	-1%	0%
Sovereign	**6,955**	6,896	7,555	1%	-8%
Bank	**15,908**	15,129	13,080	5%	22%
Residential mortgage	**97,764**	99,560	96,267	-2%	2%
Qualifying revolving retail (credit cards)	**6,314**	6,845	7,059	-8%	-11%
Other retail	**29,373**	30,769	31,077	-5%	-5%
Credit risk weighted assets subject to Advanced IRB approach	**278,205**	282,452	276,953	-2%	0%
Credit risk specialised lending exposures subject to slotting criteria	**33,110**	32,065	31,845	3%	4%
Subject to Standardised approach					
Corporate	**13,760**	15,105	13,365	-9%	3%
Residential mortgage	**327**	321	950	2%	-66%
Other retail (includes credit cards)	**88**	102	2,000	-14%	-96%
Credit risk weighted assets subject to Standardised approach	**14,175**	15,528	16,315	-9%	-13%
Credit Valuation Adjustment and Qualifying Central Counterparties	**7,344**	7,864	7,269	-7%	1%
Credit risk weighted assets relating to securitisation exposures	**1,600**	1,728	1,083	-7%	48%
Other assets	**3,146**	3,185	3,369	-1%	-7%
Total credit risk weighted assets	**337,580**	342,822	336,834	-2%	0%

Capital management - including discontinued operations, cont'd

Table 7: Total provision for credit impairment and Basel expected loss by division	Collective Provision and Individual Provision			Basel Expected Loss[1]		
	Sep 18 $M	Mar 18 $M	Sep 17 $M	Sep 18 $M	Mar 18 $M	Sep 17 $M
Australia	**1,694**	1,690	1,772	**2,428**	2,499	2,625
Institutional	**1,324**	1,421	1,422	**1,052**	1,097	1,076
New Zealand	**360**	420	454	**664**	725	754
Asia Retail & Pacific	**62**	61	147	**9**	8	8
TSO and Group Centre	**3**	3	3	**-**	-	-
Total provision for credit impairment and expected loss	**3,443**	3,595	3,798	**4,153**	4,329	4,463

1. *Only applicable to Advanced Internal Ratings based portfolios.*

Table 8: APRA Expected loss in excess of eligible provisions	As at Sep 18 $M	As at Mar 18 $M	As at Sep 17 $M	Movement Sep 18 v. Mar 18	Movement Sep 18 v. Sep 17
APRA Basel 3 expected loss: non-defaulted	**2,664**	2,826	2,829	-6%	-6%
Less: Qualifying collective provision					
Collective provision	**(2,523)**	(2,579)	(2,662)	-2%	-5%
Non-qualifying collective provision	**307**	312	352	-2%	-13%
Standardised collective provision	**119**	123	200	-3%	-41%
Non-defaulted excess included in deduction	**567**	682	719	-17%	-21%
APRA Basel 3 expected loss: defaulted	**1,489**	1,503	1,634	-1%	-9%
Less: Qualifying individual provision					
Individual provision	**(920)**	(1,016)	(1,136)	-9%	-19%
Additional individual provision for partial write offs	**(325)**	(301)	(300)	8%	8%
Standardised individual provision	**79**	108	117	-27%	-32%
Collective provision on advanced defaulted	**(281)**	(290)	(320)	-3%	-12%
	42	4	(5)	large	large
Shortfall in expected loss not included in deduction	**-**	-	5	n/a	-100%
Defaulted excess included in deduction	**42**	4	-	large	n/a
Gross deduction	**609**	686	719	-11%	-15%

Average balance sheet and related interest[1, 2] – including discontinued operations

	Full Year Sep 18			Full Year Sep 17		
	Avg bal $M	Int $M	Rate %	Avg bal $M	Int $M	Rate %
Loans and advances						
Home loans	**316,520**	**14,635**	**4.6%**	307,312	14,193	4.6%
Consumer finance	**17,280**	**1,848**	**10.7%**	23,319	2,357	10.1%
Business lending	**234,221**	**9,875**	**4.2%**	227,732	9,388	4.1%
Individual provisions for credit impairment	**(1,008)**	**-**	**n/a**	(1,291)	-	n/a
Total (continuing operations)	**567,013**	**26,358**	**4.6%**	557,072	25,938	4.7%
Non-lending interest earning assets						
Cash and other liquid assets	**96,216**	**1,031**	**1.1%**	84,161	654	0.8%
Trading and available-for-sale assets	**110,413**	**2,664**	**2.4%**	105,398	2,322	2.2%
Other assets	**1,242**	**274**	**n/a**	1,369	206	n/a
Total (continuing operations)	**207,871**	**3,969**	**1.9%**	190,928	3,182	1.7%
Total interest earning assets (continuing operations)[3]	**774,884**	**30,327**	**3.9%**	748,000	29,120	3.9%
Non-interest earning assets (continuing operations)	**126,414**			171,084		
Total average assets (continuing operations)	**901,298**			919,084		
Total average assets (discontinued operations)	**42,302**			-		
Total average assets	**943,600**			919,084		
Deposits and other borrowings						
Certificates of deposit	**49,796**	**1,071**	**2.2%**	58,553	1,267	2.2%
Term deposits	**204,040**	**4,689**	**2.3%**	199,651	4,041	2.0%
On demand and short term deposits	**221,069**	**3,725**	**1.7%**	219,979	3,607	1.6%
Deposits from banks and securities sold under agreement to repurchase	**68,713**	**1,231**	**1.8%**	63,464	821	1.3%
Commercial paper and other borrowings[4]	**22,008**	**437**	**2.0%**	10,875	346	2.3%
Total (continuing operations)	**565,626**	**11,153**	**2.0%**	552,522	10,082	1.8%
Non-deposit interest bearing liabilities						
Collateral received and settlement balances owed by ANZ	**12,356**	**102**	**0.8%**	10,910	67	0.6%
Debt issuances & subordinated debt[4]	**112,837**	**3,927**	**3.5%**	113,297	3,804	3.5%
Other liabilities	**3,012**	**631**	**n/a**	2,779	292	n/a
Total (continuing operations)	**128,205**	**4,660**	**3.6%**	126,986	4,163	3.4%
Total interest bearing liabilities (continuing operations)[3]	**693,831**	**15,813**	**2.3%**	679,508	14,245	2.1%
Non-interest bearing liabilities (continuing operations)	**146,616**			181,312		
Total average liabilities (continuing operations)	**840,447**			860,820		
Total average liabilities (discontinued operations)	**44,154**			-		
Total average liabilities	**884,601**			860,820		
Total average shareholders' equity	**58,999**			58,264		

1. *Averages used are predominantly daily averages.*
2. *Assets and liabilities held for sale are included in continuing operations balance sheet categories and discontinued operations.*
3. *Intra-group interest earning assets and interest income and Intra-group interest earning liabilities and interest expense have been eliminated.*
4. *In the March 2018 half certain instruments were reclassified from average debt issuances and subordinated debt to average commercial paper and other borrowings to better reflect their nature. Comparatives have been restated accordingly (Sep 17 full year: $4,357 million average balance and $77 million interest reclassified).*

Average balance sheet and related interest[1, 2] – including discontinued operations (cont'd)

	Full Year Sep 18			Full Year Sep 17		
	Avg bal $M	Int $M	Rate %	Avg bal $M	Int $M	Rate %
Loans and advances						
Australia	**392,705**	**18,677**	**4.8%**	379,137	18,323	4.8%
Asia Pacific, Europe & America	**57,426**	**2,135**	**3.7%**	62,278	2,141	3.4%
New Zealand	**116,882**	**5,546**	**4.7%**	115,657	5,474	4.7%
Total (continuing operations)	**567,013**	**26,358**	**4.6%**	557,072	25,938	4.7%
Trading and available-for-sale assets						
Australia	**60,555**	**1,574**	**2.6%**	59,650	1,333	2.2%
Asia Pacific, Europe & America	**35,768**	**723**	**2.0%**	31,330	560	1.8%
New Zealand	**14,090**	**367**	**2.6%**	14,418	429	3.0%
Total (continuing operations)	**110,413**	**2,664**	**2.4%**	105,398	2,322	2.2%
Total interest earning assets[3]						
Australia	**490,030**	**20,952**	**4.3%**	470,056	20,074	4.3%
Asia Pacific, Europe & America	**149,754**	**3,360**	**2.2%**	144,049	3,013	2.1%
New Zealand	**135,100**	**6,015**	**4.5%**	133,895	6,033	4.5%
Total (continuing operations)	**774,884**	**30,327**	**3.9%**	748,000	29,120	3.9%
Total average assets						
Australia	**577,087**			596,514		
Asia Pacific, Europe & America	**175,082**			169,630		
New Zealand	**149,129**			152,940		
Total average assets (continuing operations)	**901,298**			919,084		
Total average assets (discontinued operations)	**42,302**			-		
Total average assets	**943,600**			919,084		
Interest bearing deposits and other borrowings						
Australia[4]	**336,095**	**6,952**	**2.1%**	322,837	6,676	2.0%
Asia Pacific, Europe & America	**140,160**	**2,092**	**1.5%**	141,543	1,330	0.9%
New Zealand	**89,371**	**2,109**	**2.4%**	88,142	2,076	2.4%
Total (continuing operations)	**565,626**	**11,153**	**2.0%**	552,522	10,082	1.8%
Total interest bearing liabilities[3]						
Australia	**414,023**	**10,186**	**2.5%**	403,650	9,422	2.3%
Asia Pacific, Europe & America	**167,077**	**2,717**	**1.6%**	165,464	1,901	1.1%
New Zealand	**112,731**	**2,910**	**2.6%**	110,394	2,922	2.6%
Total (continuing operations)	**693,831**	**15,813**	**2.3%**	679,508	14,245	2.1%
Total average liabilities						
Australia	**515,478**			537,791		
Asia Pacific, Europe & America	**192,309**			188,154		
New Zealand	**132,660**			134,875		
Total average liabilities (continuing operations)	**840,447**			860,820		
Total average liabilities (discontinued operations)	**44,154**			-		
Total average liabilities	**884,601**			860,820		
Total average shareholders' equity						
Ordinary share capital, reserves, retained earnings and non-controlling interests	**58,999**			58,264		
Total average shareholders' equity	**58,999**			58,264		
Total average liabilities and shareholder's equity	**943,600**			919,084		

1. *Averages used are predominantly daily averages.*
2. *Assets and liabilities held for sale are included in continuing operations balance sheet categories and discontinued operations.*
3. *Intra-group interest earning assets and interest income and Intra-group interest earning liabilities and interest expense have been eliminated.*
4. *In the March 2018 half certain instruments were reclassified from average debt issuances and subordinated debt to average commercial paper and other borrowings to better reflect their nature. Comparatives have been restated accordingly (Sep 17 full year: $4,357 million average balance and $77 million interest reclassified).*

Average balance sheet and related interest[1, 2] – including discontinued operations (cont'd)

	Half Year Sep 18			Half Year Mar 18		
	Avg bal $M	Int $M	Rate %	Avg bal $M	Int $M	Rate %
Loans and advances						
Home loans	**319,241**	**7,336**	**4.6%**	314,135	7,296	4.7%
Consumer finance	**18,209**	**914**	**10.0%**	19,250	1,003	10.4%
Business lending	**236,014**	**5,129**	**4.3%**	229,117	4,680	4.1%
Individual provisions for credit impairment	**(959)**	**-**	**n/a**	(1,057)	-	n/a
Total (continuing operations)	**572,505**	**13,379**	**4.7%**	561,445	12,979	4.6%
Non-lending interest earning assets						
Cash and other liquid assets	**101,825**	**593**	**1.2%**	90,591	438	1.0%
Trading and available-for-sale assets	**109,101**	**1,392**	**2.5%**	111,734	1,271	2.3%
Other assets	**1,070**	**114**	**n/a**	1,416	161	n/a
Total (continuing operations)	**211,996**	**2,099**	**2.0%**	203,741	1,870	1.8%
Total interest earning assets (continuing operations)[3]	**784,501**	**15,478**	**3.9%**	765,186	14,849	3.9%
Non-interest earning assets (continuing operations)	**126,316**			126,019		
Total average assets (continuing operations)	**910,817**			891,205		
Total average assets (discontinued operations)	**42,859**			42,263		
Total average assets	**953,676**			933,468		
Deposits and other borrowings						
Certificates of deposit	**47,855**	**541**	**2.3%**	51,748	529	2.1%
Term deposits	**207,804**	**2,503**	**2.4%**	200,255	2,185	2.2%
On demand and short term deposits	**219,609**	**1,883**	**1.7%**	222,540	1,843	1.7%
Deposits from banks and securities sold under agreement to repurchase	**71,952**	**722**	**2.0%**	65,455	508	1.6%
Commercial paper and other borrowings	**22,653**	**230**	**2.0%**	21,359	208	2.0%
Total	**569,873**	**5,879**	**2.1%**	561,357	5,273	1.9%
Non-deposit interest bearing liabilities						
Collateral received and settlement balances owed by ANZ	**12,652**	**55**	**0.9%**	12,060	48	0.8%
Debt issuances & subordinated debt	**116,634**	**2,070**	**3.5%**	109,020	1,858	3.4%
Other liabilities	**1,977**	**310**	**n/a**	4,050	320	n/a
Total (continuing operations)	**131,263**	**2,435**	**3.7%**	125,130	2,226	3.6%
Total interest bearing liabilities (continuing operations)[3]	**701,136**	**8,314**	**2.4%**	686,487	7,499	2.2%
Non-interest bearing liabilities (continuing operations)	**149,072**			144,409		
Total average liabilities (continuing operations)	**850,208**			830,896		
Total average liabilities (discontinued operations)	**44,469**			43,573		
Total average liabilities	**894,677**			874,469		
Total average shareholders' equity	**58,999**			58,999		

1. *Averages used are predominantly daily averages.*
2. *Balance sheet amounts and metrics as at 30 September 2018 and 31 March 2018 include assets and liabilities held for sale.*
3. *Intra-group interest earning assets and interest income and Intra-group interest earning liabilities and interest expense have been eliminated.*

Average balance sheet and related interest[1, 2] – including discontinued operations (cont'd)

	Half Year Sep 18			Half Year Mar 18		
	Avg bal $M	Int $M	Rate %	Avg bal $M	Int $M	Rate %
Loans and advances						
Australia	**395,442**	**9,404**	**4.7%**	389,907	9,273	4.8%
Asia Pacific, Europe & America	**58,826**	**1,158**	**3.9%**	56,019	977	3.5%
New Zealand	**118,237**	**2,817**	**4.8%**	115,519	2,729	4.7%
Total (continuing operations)	**572,505**	**13,379**	**4.7%**	561,445	12,979	4.6%
Trading and available-for-sale assets						
Australia	**59,075**	**833**	**2.8%**	62,044	740	2.4%
Asia Pacific, Europe & America	**36,135**	**379**	**2.1%**	35,399	344	1.9%
New Zealand	**13,891**	**180**	**2.6%**	14,291	187	2.6%
Total (continuing operations)	**109,101**	**1,392**	**2.5%**	111,734	1,271	2.3%
Total interest earning assets[3]						
Australia	**495,373**	**10,605**	**4.3%**	484,628	10,346	4.3%
Asia Pacific, Europe & America	**152,803**	**1,827**	**2.4%**	146,690	1,533	2.1%
New Zealand	**136,325**	**3,046**	**4.5%**	133,868	2,970	4.4%
Total (continuing operations)	**784,501**	**15,478**	**3.9%**	765,186	14,849	3.9%
Total average assets						
Australia	**582,708**			570,913		
Asia Pacific, Europe & America	**177,885**			172,264		
New Zealand	**150,224**			148,028		
Total average assets (continuing operations)	**910,817**			891,205		
Total average assets (discontinued operations)	**42,859**			42,263		
Total average assets	**953,676**			933,468		
Interest bearing deposits and other borrowings						
Australia	**337,037**	**3,568**	**2.1%**	335,149	3,382	2.0%
Asia Pacific, Europe & America	**142,316**	**1,237**	**1.7%**	137,993	855	1.2%
New Zealand	**90,520**	**1,074**	**2.4%**	88,215	1,036	2.4%
Total (continuing operations)	**569,873**	**5,879**	**2.1%**	561,357	5,273	1.9%
Total interest bearing liabilities[3]						
Australia	**418,313**	**5,306**	**2.5%**	409,712	4,880	2.4%
Asia Pacific, Europe & America	**168,840**	**1,536**	**1.8%**	165,303	1,182	1.4%
New Zealand	**113,983**	**1,472**	**2.6%**	111,472	1,437	2.6%
Total (continuing operations)	**701,136**	**8,314**	**2.4%**	686,487	7,499	2.2%
Total average liabilities						
Australia	**522,636**			508,544		
Asia Pacific, Europe & America	**193,591**			191,020		
New Zealand	**133,981**			131,332		
Total average liabilities (continuing operations)	**850,208**			830,896		
Total average liabilities (discontinued operations)	**44,469**			43,573		
Total average liabilities	**894,677**			874,469		
Total average shareholders' equity						
Ordinary share capital, reserves, retained earnings and non-controlling interests	**58,999**			58,999		
Total average shareholders' equity	**58,999**			58,999		
Total average liabilities and shareholder's equity	**953,676**			933,468		

1. *Averages used are predominantly daily averages.*
2. *Balance sheet amounts and metrics as at 30 September 2018 and 31 March 2018 include assets and liabilities held for sale.*
3. *Intra-group interest earning assets and interest income and Intra-group interest earning liabilities and interest expense have been eliminated.*

	Half Year		Full Year	
Gross earnings rate[1]	**Sep 18 %**	**Mar 18 %**	**Sep 18 %**	**Sep 17 %**
Australia	**4.46**	4.49	**4.47**	4.48
Asia Pacific, Europe & America	**2.41**	2.12	**2.26**	2.03
New Zealand	**4.46**	4.45	**4.45**	4.51
Group	**3.94**	3.89	**3.91**	3.89

Net interest spread and net interest margin analysis as follows:

	Half Year		Full Year	
Australia[1]	**Sep 18 %**	**Mar 18 %**	**Sep 18 %**	**Sep 17 %**
Net interest spread	**1.81**	1.99	**1.90**	2.07
Interest attributable to net non-interest bearing items	**0.31**	0.28	**0.30**	0.24
Net interest margin - Australia	**2.12**	2.27	**2.20**	2.31
Asia Pacific, Europe & America[1]				
Net interest spread	**0.60**	0.68	**0.64**	0.89
Interest attributable to net non-interest bearing items	**0.10**	0.08	**0.09**	0.05
Net interest margin - Asia Pacific, Europe & America	**0.70**	**0.76**	**0.73**	**0.94**
New Zealand[1]				
Net interest spread	**1.83**	1.83	**1.83**	1.82
Interest attributable to net non-interest bearing items	**0.33**	0.33	**0.33**	0.33
Net interest margin - New Zealand	**2.16**	**2.16**	**2.16**	**2.15**
Group				
Net interest spread	**1.57**	1.70	**1.63**	1.80
Interest attributable to net non-interest bearing items	**0.25**	0.23	**0.24**	0.19
Net interest margin	**1.82**	**1.93**	**1.87**	**1.99**
Net interest margin (excluding Markets)	**2.49**	**2.60**	**2.54**	**2.59**

1. *Geographic gross earnings rate, net interest spread and net interest margin are calculated gross of intra-group items (Intra-group interest earning assets and associated interest income and intra-group interest bearing liabilities and associated interest expense).*

Select geographical disclosures – including discontinued operations

The following divisions operate across the geographic locations illustrated below:

- Institutional division - Asia, Europe & America, Pacific, New Zealand and Australia
- Asia Retail & Pacific division - Asia and Pacific
- New Zealand division - New Zealand

The International geography includes Asia, Europe & America and Pacific

	Australia $M	New Zealand $M	International $M	Total $M
September 2018 Full Year				
Statutory profit	**3,874**	**1,819**	**707**	**6,400**
Cash profit	**3,387**	**1,745**	**673**	**5,805**
Net loans and advances[1]	**426,794**	**117,861**	**60,282**	**604,937**
Customer deposits[1]	**276,769**	**95,310**	**115,194**	**487,273**
Risk weighted assets[1]	**248,504**	**67,627**	**74,689**	**390,820**
September 2017 Full Year				
Statutory profit	4,111	1,672	623	6,406
Cash profit	4,617	1,740	581	6,938
Net loans and advances[1]	411,298	114,915	54,080	580,293
Customer deposits[1]	273,383	89,100	105,147	467,630
Risk weighted assets[1]	252,983	66,403	71,727	391,113
September 2018 Half Year				
Statutory profit	1,890	939	248	3,077
Cash profit	1,804	885	240	2,929
Net loans and advances[1]	426,794	117,861	60,282	604,937
Customer deposits[1]	276,769	95,310	115,194	487,273
Risk weighted assets[1]	248,504	67,627	74,689	390,820
March 2018 Half Year				
Statutory profit	1,984	880	459	3,323
Cash profit	1,583	860	433	2,876
Net loans and advances	418,588	118,537	54,822	591,947
Customer deposits	276,892	94,623	101,249	472,764
Risk weighted assets	253,491	68,559	73,727	395,777

1. *Balance Sheet amounts include assets and liabilities held for sale.*

New Zealand geography (in NZD)

	Half Year			Full Year		
	Sep 18 NZD M	Mar 18 NZD M	Movt	Sep 18 NZD M	Sep 17 NZD M	Movt
Net interest income	**1,605**	1,572	2%	**3,177**	3,078	3%
Other operating income	**471**	535	-12%	**1,006**	999	1%
Operating income	**2,076**	2,107	-1%	**4,183**	4,077	3%
Operating expenses	**(757)**	(737)	3%	**(1,494)**	(1,446)	3%
Profit before credit impairment and income tax	**1,319**	1,370	-4%	**2,689**	2,631	2%
Credit impairment (charge)/release	**17**	(70)	large	**(53)**	(59)	-10%
Profit before income tax	**1,336**	1,300	3%	**2,636**	2,572	2%
Income tax expense and non-controlling interests	**(373)**	(359)	4%	**(732)**	(717)	2%
Cash profit	**963**	941	2%	**1,904**	1,855	3%
Adjustments between statutory profit and cash profit	**59**	23	large	**82**	(75)	large
Statutory profit	**1,022**	964	6%	**1,986**	1,780	12%
Individual credit impairment charge/(release) - cash	**17**	84	-80%	**101**	105	-4%
Collective credit impairment charge/(release) - cash	**(34)**	(14)	large	**(48)**	(46)	4%
Net loans and advances[1]	**128,677**	126,239	2%	**128,677**	124,880	3%
Customer deposits[1]	**104,055**	100,771	3%	**104,055**	96,829	7%
Risk weighted assets[1]	**73,833**	73,014	1%	**73,833**	72,162	2%
Total full time equivalent staff (FTE)	**7,511**	7,718	-3%	**7,511**	7,755	-3%

1. *Balance Sheet amounts include assets and liabilities held for sale from continuing operations.*

Exchange rates

Major exchange rates used in the translation of foreign subsidiaries, branches, investments in associates and issued debt are as follows:

	Balance sheet			Profit & Loss Average			
	As at			Half Year		Full Year	
	Sep 18	**Mar 18**	**Sep 17**	**Sep 18**	**Mar 18**	**Sep 18**	**Sep 17**
Chinese Renminbi	**4.9679**	4.8276	5.2297	**4.8977**	5.0410	**4.9691**	5.1868
Euro	**0.6205**	0.6221	0.6655	**0.6315**	0.6460	**0.6387**	0.6896
Pound Sterling	**0.5520**	0.5445	0.5848	**0.5584**	0.5718	**0.5651**	0.6010
Indian Rupee	**52.363**	49.860	51.289	**50.956**	50.145	**50.552**	50.074
Indonesian Rupiah	**10,743**	10,556	10,565	**10,620**	10,534	**10,577**	10,132
Japanese Yen	**81.863**	81.664	88.404	**81.952**	85.957	**83.949**	84.655
Malaysian Ringgit	**2.9858**	2.9677	3.3155	**2.9865**	3.1401	**3.0631**	3.3043
New Taiwan Dollar	**22.013**	22.362	23.795	**22.460**	23.087	**22.773**	23.479
New Zealand Dollar	**1.0918**	1.0650	1.0867	**1.0841**	1.0924	**1.0882**	1.0661
Papua New Guinean Kina	**2.4052**	2.4945	2.5102	**2.4430**	2.5060	**2.4744**	2.4193
United States Dollar	**0.7216**	0.7671	0.7845	**0.7428**	0.7772	**0.7599**	0.7612

AASB - Australian Accounting Standards Board. The term "AASB" is commonly used when identifying Australian Accounting Standards issued by the AASB.

ADI - Authorised Deposit-taking Institution.

APRA - Australian Prudential Regulation Authority.

APS - ADI Prudential Standard.

BCBS - Basel Committee on Banking Supervision.

Cash and cash equivalents comprise coins, notes, money at call, balances held with central banks, liquid settlement balances (readily convertible to known amounts of cash which are subject to insignificant risk of changes in value) and securities purchased under agreements to resell (reverse repos) in less than three months.

Cash profit is an additional measure of profit which is prepared on a basis other than in accordance with accounting standards. Cash profit represents ANZ's preferred measure of the result of the ongoing business activities of the Group, enabling readers to assess Group and Divisional performance against prior periods and against peer institutions. To calculate cash profit, the Group excludes non-core items from statutory profit as noted below. These items are calculated consistently period on period so as not to discriminate between positive and negative adjustments.

Gains and losses are adjusted where they are significant, or have the potential to be significant in any one period, and fall into one of three categories:

1. gains or losses included in earnings arising from changes in tax, legal or accounting legislation or other non-core items not associated with the ongoing operations of the Group;
2. treasury shares, revaluation of policy liabilities, economic hedging impacts and similar accounting items that represent timing differences that will reverse through earnings in the future; and
3. accounting reclassifications between individual line items that do not impact reported results, such as policyholders tax gross up.

Cash profit is not a measure of cash flow or profit determined on a cash accounting basis.

Collective provision is the provision for credit losses that are inherent in the portfolio but not able to be individually identified. A collective provision is only recognised when a loss event has occurred. Losses expected as a result of future events, no matter how likely, are not recognised.

Covered bonds are bonds issued by an ADI to external investors secured against a pool of the ADI's assets (the cover pool) assigned to a bankruptcy remote special purpose entity. The primary assets forming the cover pool are mortgage loans. The mortgages remain on the issuer's balance sheet. The covered bond holders have dual recourse to the issuer and the cover pool assets. The mortgages included in the cover pool cannot be otherwise pledged or disposed of but may be repurchased and substituted in order to maintain the credit quality of the pool. The Group issues covered bonds as part of its funding activities.

Credit risk is the risk of financial loss resulting from the failure of ANZ's customers and counterparties to honour or perform fully the terms of a loan or contract.

Credit risk weighted assets (CRWA) represent assets which are weighted for credit risk according to a set formula as prescribed in APS 112/113.

Customer deposits represent term deposits, other deposits bearing interest, deposits not bearing interest and borrowing corporations' debt excluding securitisation deposits.

Derivative credit valuation adjustment (CVA) - Over the life of a derivative instrument, ANZ uses a model to adjust fair value to take into account the impact of counterparty credit quality. The methodology calculates the present value of expected losses over the life of the financial instrument as a function of probability of default, loss given default, expected credit risk exposure and an asset correlation factor. Impaired derivatives are also subject to a CVA.

Dividend payout ratio is the total ordinary dividend payment divided by profit attributable to shareholders of the Company, adjusted for the amount of preference share dividends paid.

Gross loans and advances (GLA) is made up of loans and advances, acceptances and capitalised brokerage/mortgage origination fees less unearned income.

IFRS - International Financial Reporting Standards.

Impaired assets are those financial assets where doubt exists as to whether the full contractual amount will be received in a timely manner, or where concessional terms have been provided because of the financial difficulties of the customer. Financial assets are impaired if there is objective evidence of impairment as a result of a loss event that occurred prior to the reporting date, and that loss event has had an impact, which can be reliably estimated, on the expected future cash flows of the individual asset or portfolio of assets.

Impaired loans comprise drawn facilities where the customer's status is defined as impaired.

Individual provision is the amount of expected credit losses on financial instruments assessed for impairment on an individual basis (as opposed to on a collective basis). It takes into account expected cash flows over the lives of those financial instruments.

Interest rate risk in the banking book (IRRBB) relates to the potential adverse impact of changes in market interest rates on ANZ's future net interest income. The risk generally arises from:

1. Repricing and yield curve risk - the risk to earnings or market value as a result of changes in the overall level of interest rates and/or the relativity of these rates across the yield curve;
2. Basis risk - the risk to earnings or market value arising from volatility in the interest margin applicable to banking book items; and
3. Optionality risk - the risk to earnings or market value arising from the existence of stand-alone or embedded options in banking book items.

Internationally comparable ratios are ANZ's interpretation of the regulations documented in the Basel Committee publications; "Basel 3: A global regulatory framework for more resilient banks and banking systems" (June 2011) and "International Convergence of Capital Measurement and Capital Standards" (June 2006). They also include differences identified in APRA's information paper entitled International Capital Comparison Study (13 July 2015).

Level 1 in the context of APRA supervision, Australia and New Zealand Banking Group Limited consolidated with certain approved subsidiaries.

Level 2 in the context of APRA supervision, the consolidated ANZ Group excluding associates, insurance and funds management entities, commercial non-financial entities and certain securitisation vehicles.

Net interest margin is net interest income as a percentage of average interest earning assets.

Net loans and advances represent gross loans and advances less provisions for credit impairment.

Net tangible assets equal share capital and reserves attributable to shareholders of the Company less preference share capital and unamortised intangible assets (including goodwill and software).

Operating expenses include personnel expenses, premises expenses, technology expenses, restructuring expenses, and other operating expenses (excluding credit impairment charges).

Operating income includes net interest income, net fee and commission income, net funds management and insurance income, share of associates' profit and other income.

Regulatory deposits are mandatory reserve deposits lodged with local central banks in accordance with statutory requirements.

Restructured items comprise facilities in which the original contractual terms have been modified for reasons related to the financial difficulties of the customer. Restructuring may consist of reduction of interest, principal or other payments legally due, or an extension in maturity materially beyond those typically offered to new facilities with similar risk.

Return on average assets is the profit attributable to shareholders of the Company, adjusted for the amount of preference share dividends paid, divided by average total assets.

Return on average ordinary shareholders' equity is the profit attributable to shareholders of the Company, adjusted for the amount of preference share dividends paid, divided by average ordinary shareholders' equity.

Risk weighted assets (RWA) - Assets (both on and off-balance sheet) are risk weighted according to each asset's inherent potential for default and what the likely losses would be in the case of default. In the case of non asset backed risks (i.e. market and operational risk), RWA is determined by multiplying the capital requirements for those risks by 12.5.

Settlement balances owed to/by ANZ represent financial assets and/or liabilities which are in the course of being settled. These may include trade dated assets and liabilities, nostro/vostro accounts and securities settlement accounts.

Description of divisions

The Group operates on a divisional structure with six continuing divisions: Australia, New Zealand, Institutional, Asia Retail & Pacific, Wealth Australia, and Technology, Services & Operations (TSO) and Group Centre.

During the September 2018 full year:

- the Group transferred Wealth Australia businesses to be divested and associated Group reclassification and consolidation impacts to discontinued operations;
- the Corporate business, formerly part of the Corporate and Commercial Banking business within the Australia division, was transferred to the Institutional division;
- the residual Asia Retail and Wealth businesses in Philippines, Japan and Cambodia not sold as part of the Asia Retail and Wealth divestment have been transferred to the Institutional division; and
- the Group made a further realignment by transferring Group Hub's divisional specific operations in TSO and Group Centre to the respective divisions. As these costs were previously recharged, there is no change to any previously reported divisional cash profit. Divisional full time equivalents (FTEs) have been restated to reflect this change.

Other than the changes described above, there have been no other significant structural changes during the year. However, certain prior period comparatives have been restated to align with current period presentation. The divisions reported below are consistent with internal reporting provided to the chief operating decision maker, being the Chief Executive Officer.

Australia

The Australia division comprises the Retail and Business & Private Banking (B&PB) business units.

- Retail provides products and services to consumer customers in Australia via the branch network, mortgage specialists, contact centres and a variety of self-service channels (internet banking, phone banking, ATMs, website and digital banking) and third party brokers.
- B&PB provides a full range of banking products and financial services, including asset financing, across the following customer segments: medium to large commercial customers and agribusiness customers across regional Australia, small business owners and high net worth individuals and family groups.

Institutional

The Institutional division services global institutional and corporate customers across three product sets: Transaction Banking, Loans & Specialised Finance and Markets.

- Transaction Banking provides working capital and liquidity solutions including documentary trade, supply chain financing, commodity financing as well as cash management solutions, deposits, payments and clearing.
- Loans & Specialised Finance provides loan products, loan syndication, specialised loan structuring and execution, project and export finance, debt structuring and acquisition finance and corporate advisory.
- Markets provide risk management services on foreign exchange, interest rates, credit, commodities and debt capital markets in addition to managing the Group's interest rate exposure and liquidity position.

New Zealand

The New Zealand division comprises the Retail and Commercial business units.

- Retail provides a full range of banking and wealth management services to consumer, private banking and small business banking customers. We deliver our services via our internet and app-based digital solutions and network of branches, mortgage specialists, relationship managers and contact centres.
- Commercial provides a full range of banking services including traditional relationship banking and sophisticated financial solutions through dedicated managers focusing on privately owned medium to large enterprises and the agricultural business segment.

Wealth Australia

The retained Wealth Australia business includes lenders mortgage insurance, share investing, financial planning and general insurance distribution.

Refer to Note 10 for details on Wealth Australia discontinued operations.

Asia Retail & Pacific

The Asia Retail & Pacific division comprises the Asia Retail and Wealth, and the Pacific business units, connecting customers to specialists for their banking needs.

- Asia Retail and Wealth provides general banking and wealth management services to affluent and emerging affluent retail customers via relationship managers, branches, contact centres and a variety of self-service digital channels (internet and mobile banking, phone and ATMs). Core products offered include deposits, credit cards, loans, investments and insurance. Refer to Note 10 for details on the sale of Asia Retail and Wealth businesses.
- Pacific provides products and services to retail customers, small to medium-sized enterprises, institutional customers and Governments located in the Pacific Islands. Products and services include retail products provided to consumers, traditional relationship banking and sophisticated financial solutions provided to business customers through dedicated managers.

Technology, Services & Operations (TSO) and Group Centre

TSO and Group Centre provide support to the operating divisions, including technology, group operations, shared services, property, risk management, financial management, strategy, marketing, human resources and corporate affairs. The Group Centre includes Group Treasury, Shareholder Functions and minority investments in Asia. Refer to Note 10 for details on TSO and Group Centre discontinued operations.

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