



**AUSTRALIA AND  
NEW ZEALAND  
BANKING GROUP  
LIMITED**  
NOVEMBER 2013

Investor Discussion Pack

## Delivering for shareholders and customers

2013 Result	FY13 \$M	FY12 \$M	FY13 v FY12
Cash Profit	6,498	5,830	Up 11%
Statutory Profit	6,272	5,661	Up 11%
Cash Earnings per Share (cents)	238.5	218.5	Up 9%
Dividend per share (cents)	164.0	145.0	Up 13%
Cash Return on Equity	15.3%	15.1%	Up 20bps

- Super regional strategy delivering sustained business growth and improving returns
- Strong growth in key customer segments and markets
- A more efficient, higher quality bank

# SUPER REGIONAL STRATEGY

STRONG  
CORE  
MARKETS

PROFITABLE  
ASIAN  
GROWTH

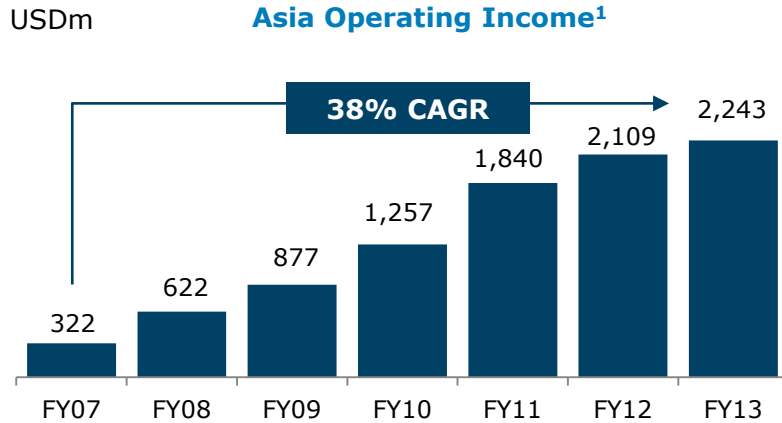
ENTERPRISE  
APPROACH

STRONG LIQUIDITY AND CAPITAL MANAGEMENT

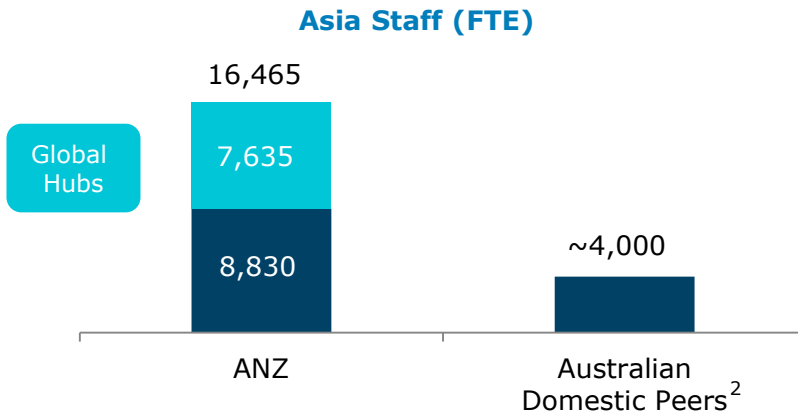
DISCIPLINED AND EXPERIENCED MANAGEMENT

# We have built scale, capability and momentum in Asia

## ANZ has built a substantial business in Asia

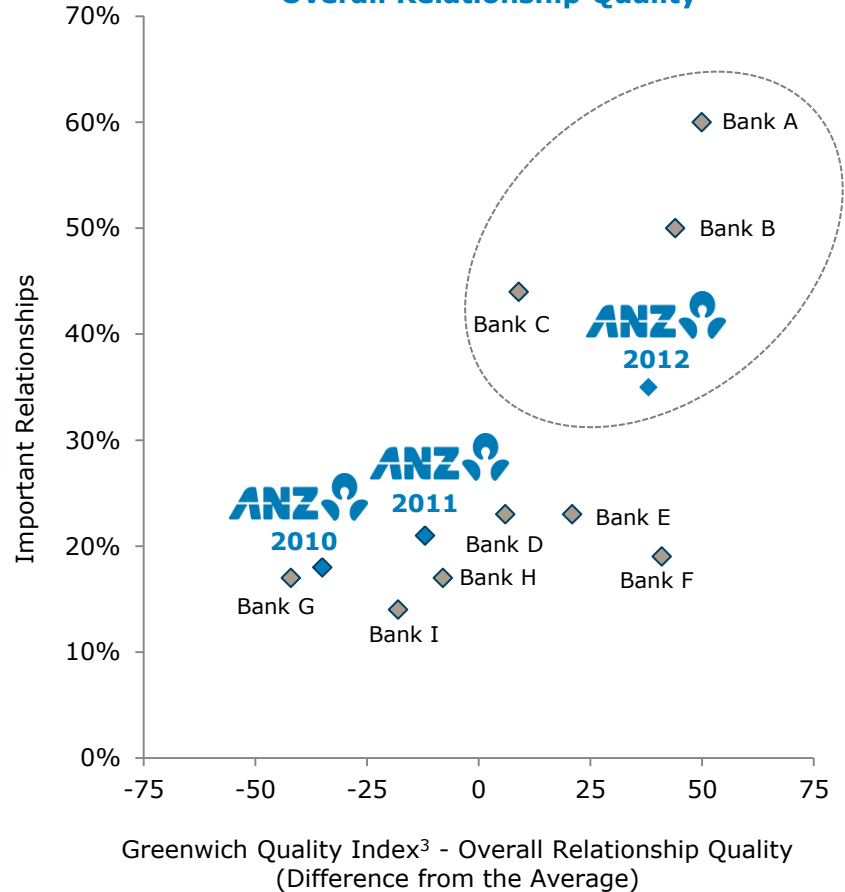


**Significantly larger presence than domestic peers**



## A top 4 Corporate Bank in Asia

### Greenwich Associates Large Corporate Survey Overall Relationship Quality

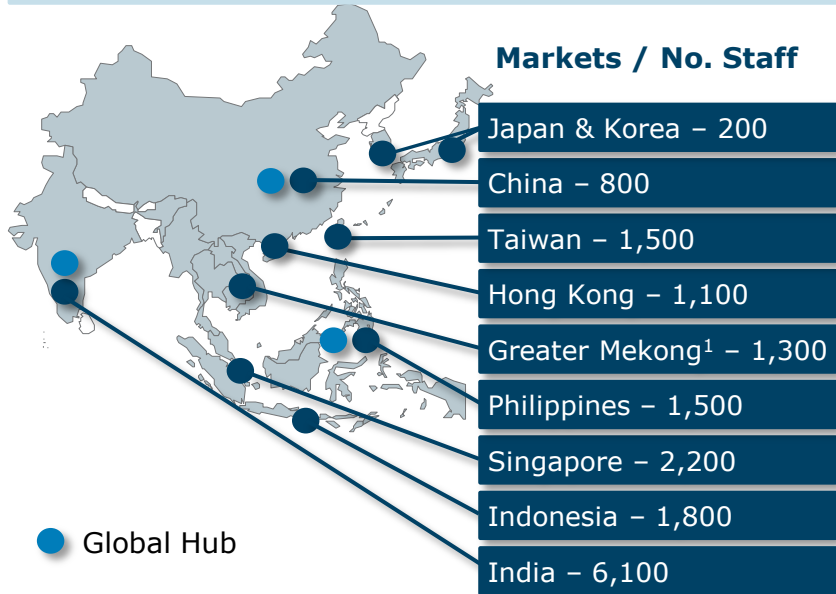


1. Includes Asia Private Bank. 2. Total estimated Asia based staff of CBA, Westpac and NAB.

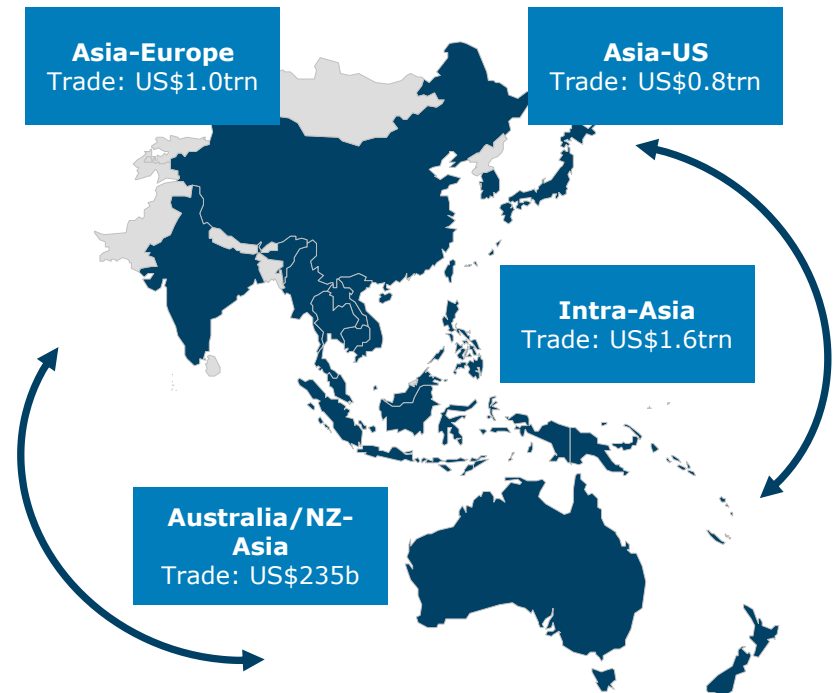
3. The Greenwich Quality Index score is based upon a normalized composite of all qualitative evaluations transformed to a scale of 0 to 1,000 with the difference from the average shown. Note: Cross-hairs are calculated by the average of the banks shown in graph.

# A differentiated strategy that is delivering for shareholders and customers

ANZ has built a substantial business in Asia

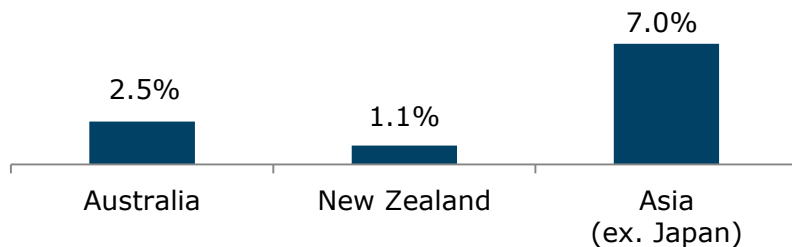


Established network to support faster growing regional flows in trade, capital and wealth



Source: World Trade Organisation

Average 5 year GDP growth

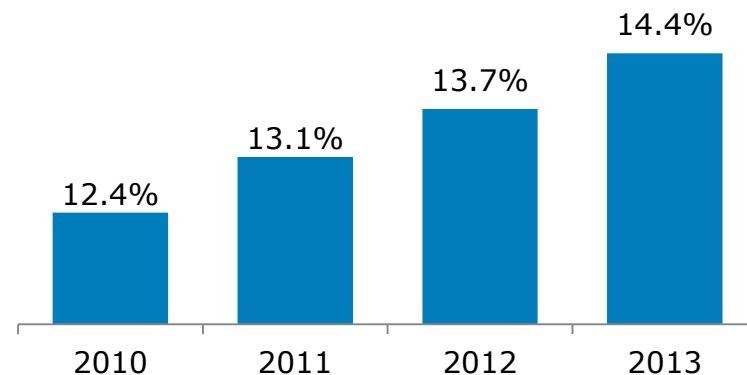


1. Greater Mekong includes Vietnam, Cambodia & Laos.

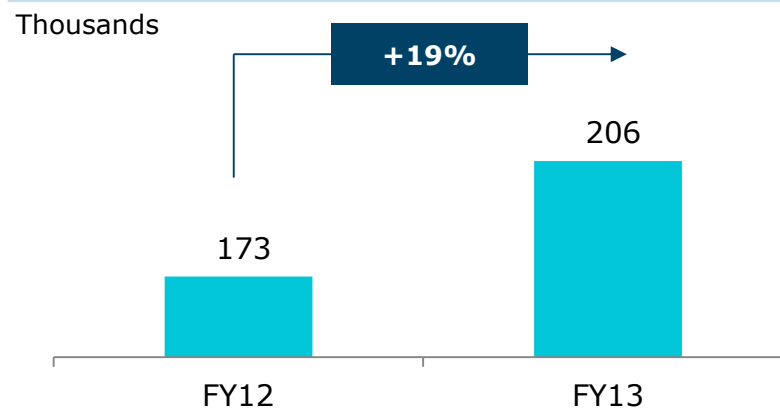
# Strengthening Australia – Retail & Wealth

<b>↑ 9%</b>	Increase in economic capital allocated to Australia Retail
<b>68%</b>	Branch sales staff now accredited to sell home loans
<b>30%</b>	Branch sales staff accredited to sell Wealth products
<b>201</b>	Smart ATM's installed
<b>↑ 16%</b>	Increase in branch Home Loan sales
<b>50,000</b>	New Smart Choice superannuation customers

## Retail Market Share<sup>1</sup>



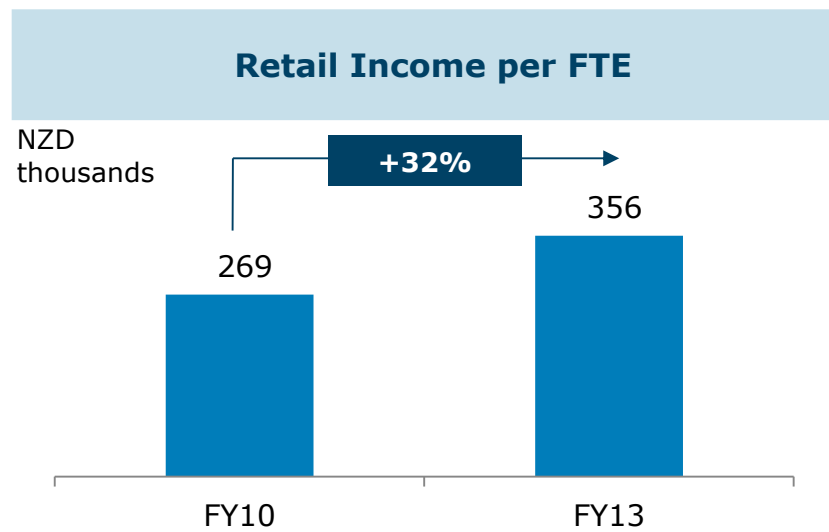
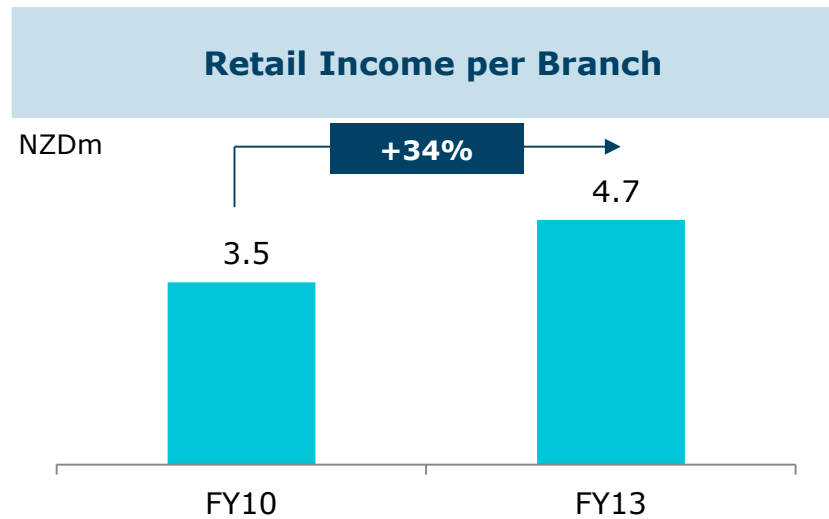
## Wealth Products Sold Through Retail Distribution



1. Source: Roy Morgan Research: rolling 12 months, traditional banking consumer market (Deposits, Cards & Loans). All years as at August

# Strengthening New Zealand – Retail & Wealth

<b>85</b>	Products removed as part of simplification
<b>↑31%</b>	Increase in Kiwisaver FUM, 81% of sales via branches
<b>↑7%</b>	Increase in branch coverage since 2010 <sup>1</sup>
<b>↓7%</b>	Reduction in branch expenses
<b>60%</b>	Auckland sales staff relocated to match market opportunities
<b>↓10%</b>	Total New Zealand FTE



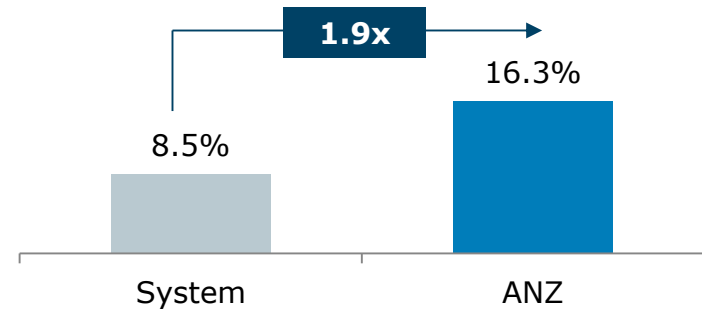
1. Branch coverage measures the areas in which ANZ is represented relative to where New Zealanders do business

# Strengthening Institutional and Commercial in Australia & New Zealand

## Grow Commercial

<b>↑ 9%</b>	Increase in economic capital allocated to Australia
<b>↑ 30,000</b>	Growth in Australia customer numbers <sup>1</sup>
<b>↑ 13%</b>	Growth in New Zealand Small Business customers

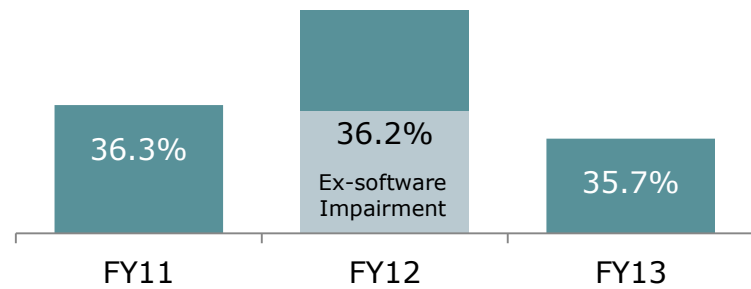
### Corporate & Commercial Banking Australia Combined Lending and Deposit Growth<sup>2</sup>



## Drive productivity in Institutional

<b>↓ 5%</b>	Reduction in Aust/NZ operating expenses
<b>↓ 6%</b>	Reduction in FTE Aust/NZ
<b>↑ 36%</b>	Increase in income referred to Asia

### Institutional Australia & New Zealand Cost to Income Ratio



1. Excludes Esanda; 2. Source: Lending - RBA Lending and Credit Aggregates and Deposits – APRA Monthly Banking Statistics, Non-Financial Corporations

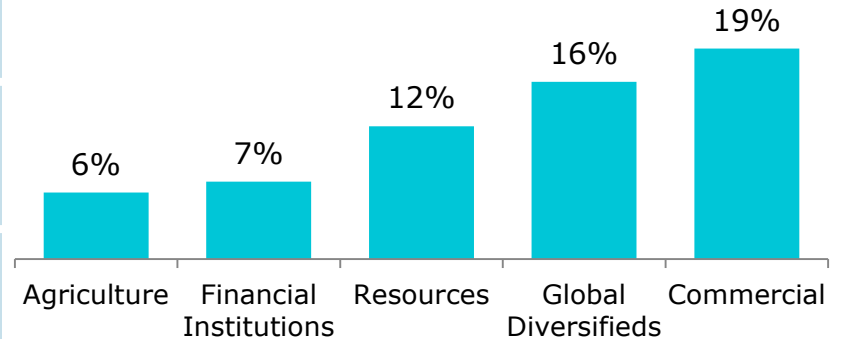


# Profitable Growth in Asia

## Build Scale

<b>↑ 11%</b>	Institutional Asia customer growth
<b>↑ 35%</b>	ANZ Transactive customer growth
<b>↑ 96%</b>	ANZ Transactive monthly transaction volume growth

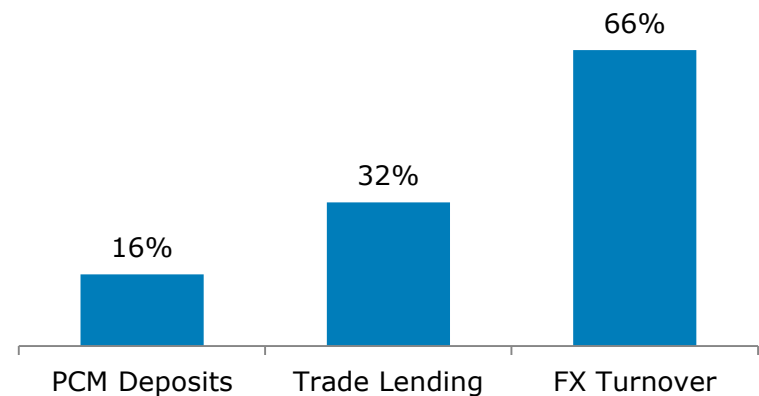
## Asia Customer Growth FY13 v FY12



## Drive Capital Efficiency

<b>↑ 24%</b>	Increase in capital allocated to Asia Trade
<b>74%</b>	% Institutional Asia portfolio with tenor < 1 year
<b>↓ 270bps<sup>1</sup></b>	Decline in Asia cost to income

## Asia Volume Growth FY13 v FY12



1. Adjusted for FX and prior period one-off items, unadjusted down 710bps

# Trade a key driver of return

## What Customers Want

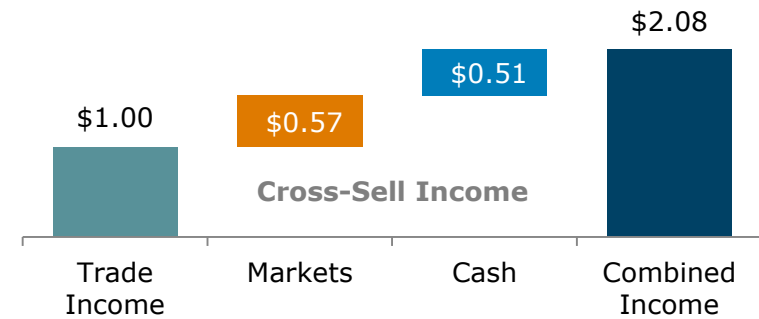
- ✓ On the ground presence
- ✓ Risk and liquidity appetite
- ✓ Processing expertise

## What ANZ Likes

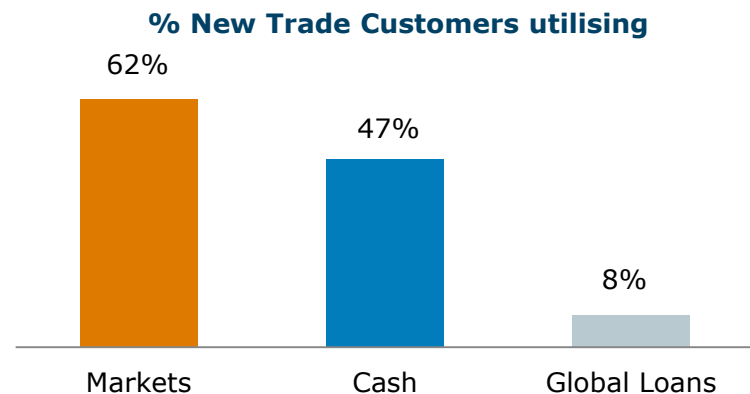
- ✓ Quality multinational customer base
- ✓ Short duration
- ✓ High quality, high probability cross-sell

## Natural cross sell product for Cash and Markets

**\$1 of Trade income = \$1.08 of Cross-Sell<sup>1</sup>**



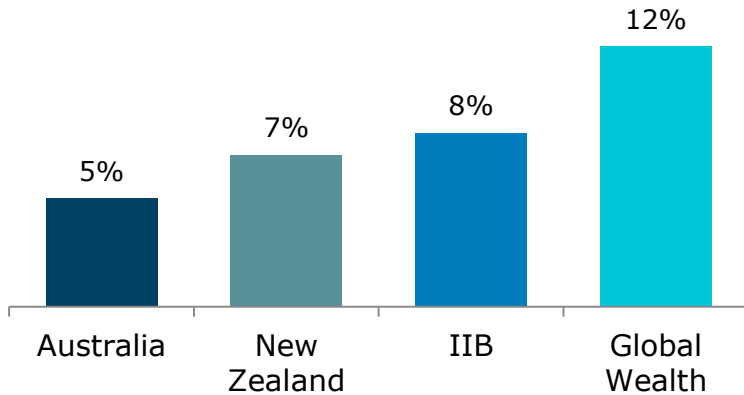
## With strong utilisation by new to bank Trade led customers



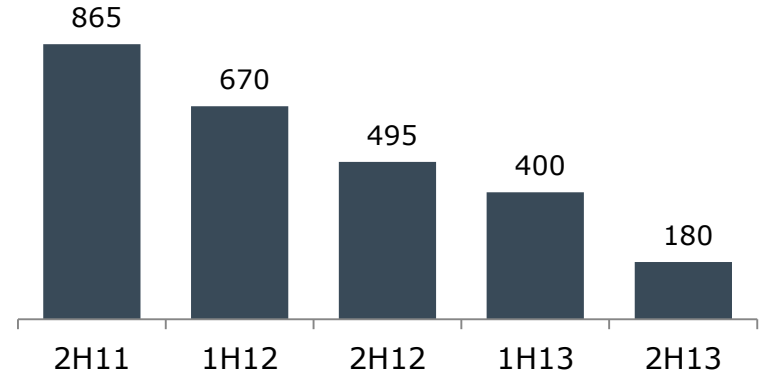
1. New to bank trade led customers using Markets and Payments & Cash Management Products

# Productivity

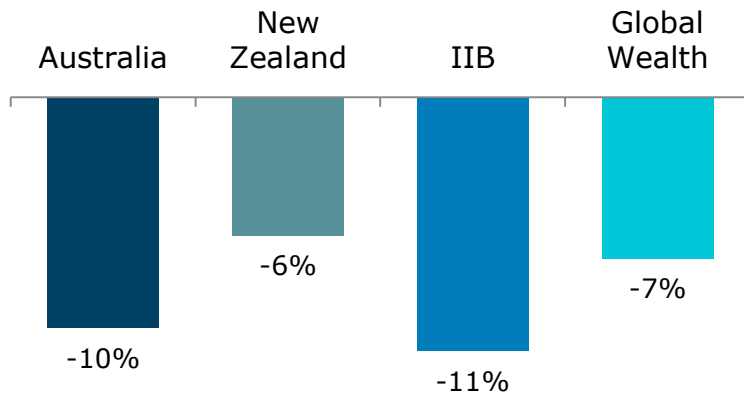
**Operations Volume Growth  
FY13 v FY12**



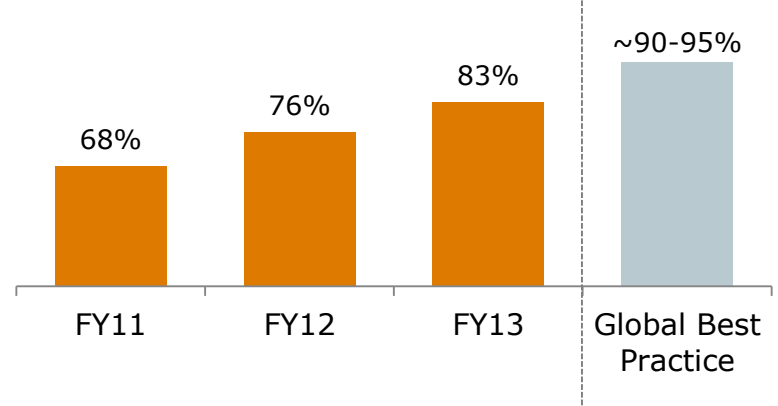
**Transaction Quality, Manual Payments  
Defects Per Million**



**Operations Expense Growth  
FY13 v FY12**



**Straight Through Processing Aust/NZ  
% of Total Transactions**



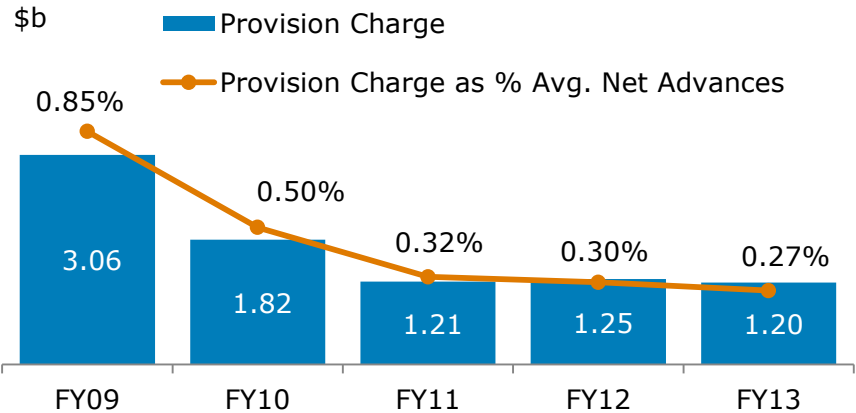
# Credit Quality

**Institutional diversification  
delivering improved credit quality**

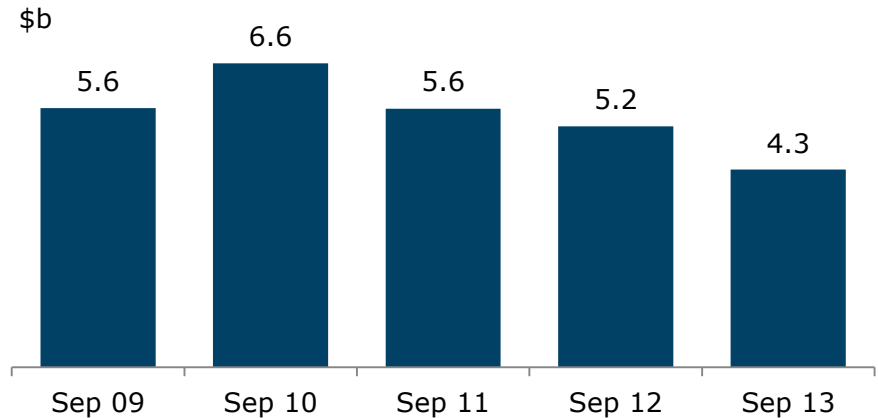
% Institutional Exposure At Default

<b>48%</b>	Exposures < 1 year Tenor
<b>78%</b>	Investment Grade Exposures (68% in 2010)
<b>29%</b>	Asia Exposures 74% <1 year tenor
<b>39%</b>	Global Loans (47% in 2010)
<b>41%</b>	Average Credit RWA rate (54% in 2010) <sup>1</sup>

## Group Provision Charge



## Group Impaired Assets

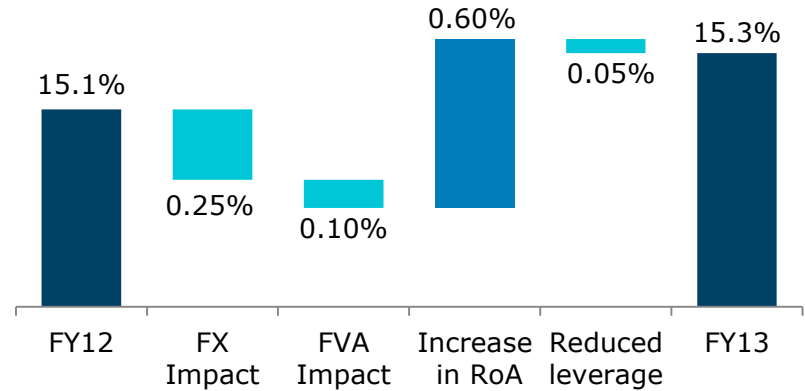


1. Basel 2 basis

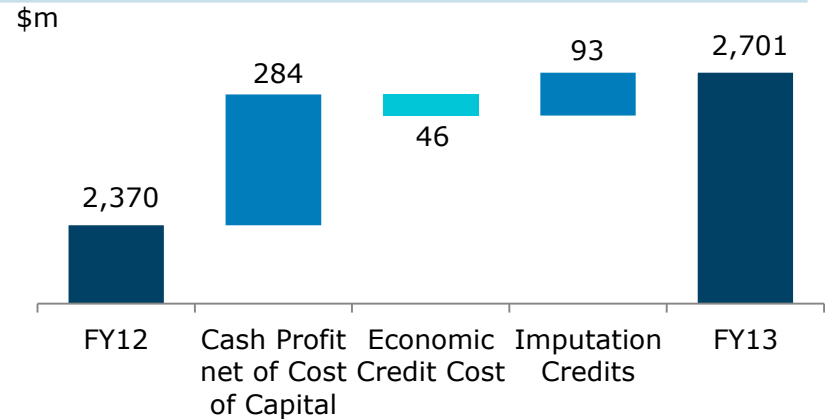
# Capital efficiency

<b>\$4.5 billion</b>	Organic capital generated in FY13
<b>↑ 7bps</b>	Return on Risk Weighted Assets increase <sup>1</sup>
<b>✓</b>	Proactive allocation of resources
<b>↓ 200bps</b>	Average Credit RWA rate (CRWA/EAD) <sup>1</sup>
<b>↑ 510bps</b>	3 year DPOR increase
<b>✓</b>	Neutralised Dividend Reinvestment Plan

**Return on Equity Movement FY13 v FY12**



**Economic Profit Movement FY13 v FY12**



1. Basel 2 basis

## CEO Priorities

Improving customer experience

Diversifying revenue

Improving productivity

Improving returns

## Strategic Focus

- ✓ Proactive capital allocation
- ✓ Build share in Australia
- ✓ Grow Institutional businesses aligned to trade and capital flows
- ✓ Further improve productivity in NZ
- ✓ Use scale to lower unit cost
- ✓ Maintain risk appetite

## FY14 Outlook

Revenue Growth  
~4-5%

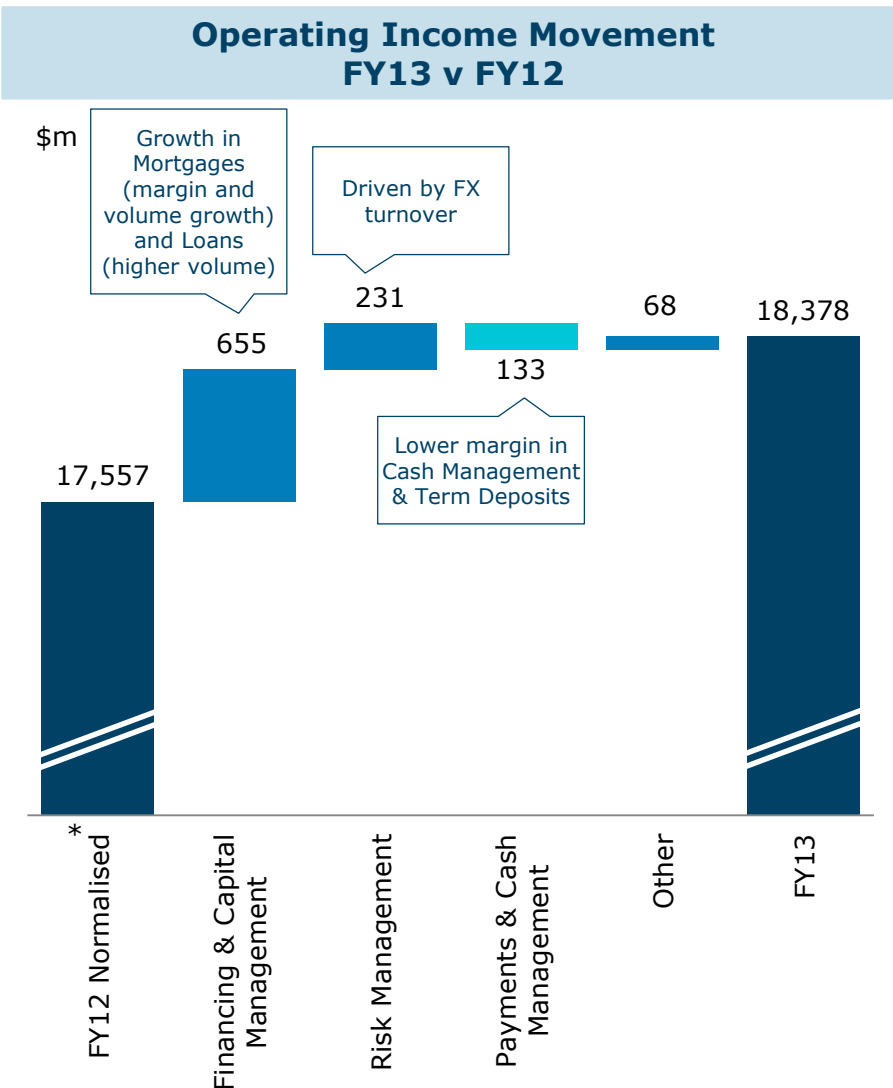
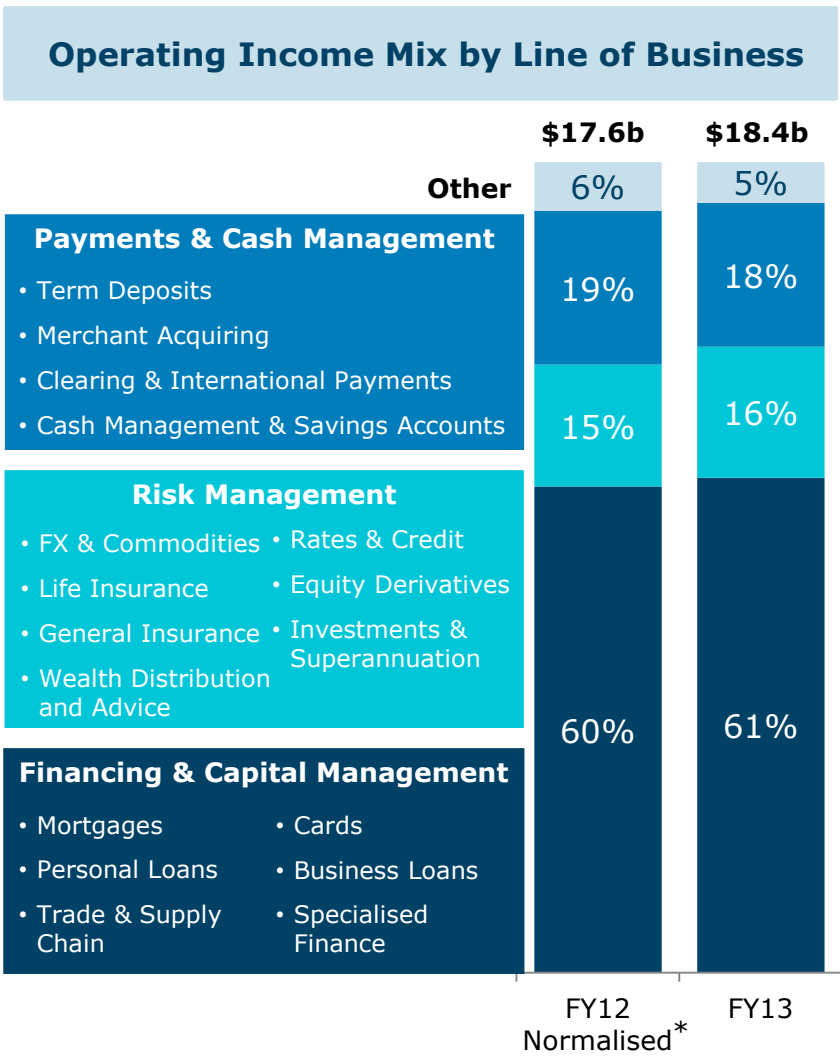
Expense Growth  
~2%

Stable Risk

Above Peer  
EPS

Improved  
ROE

# Income by Line of Business

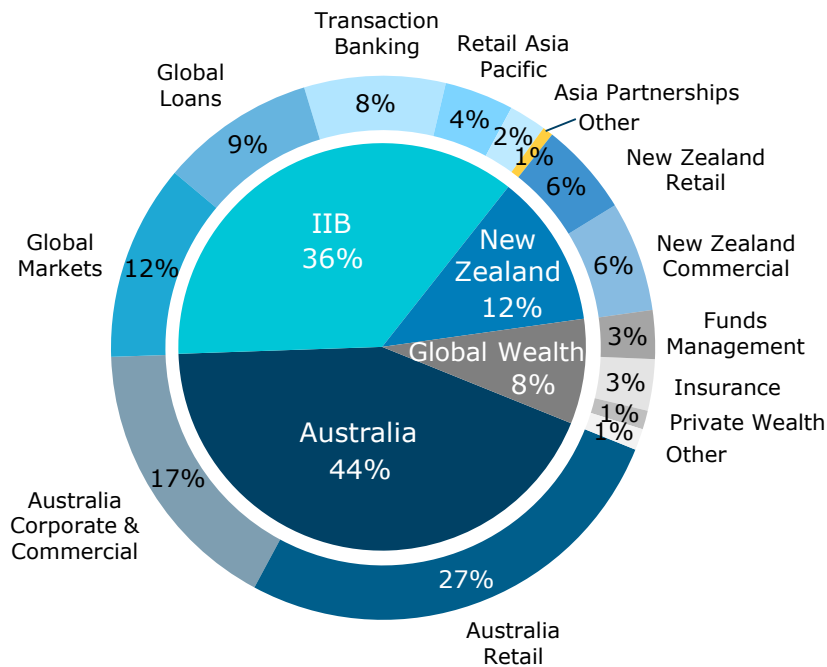


\* FY12 operating income adjusted to exclude the gain on Visa share sale (\$291m)



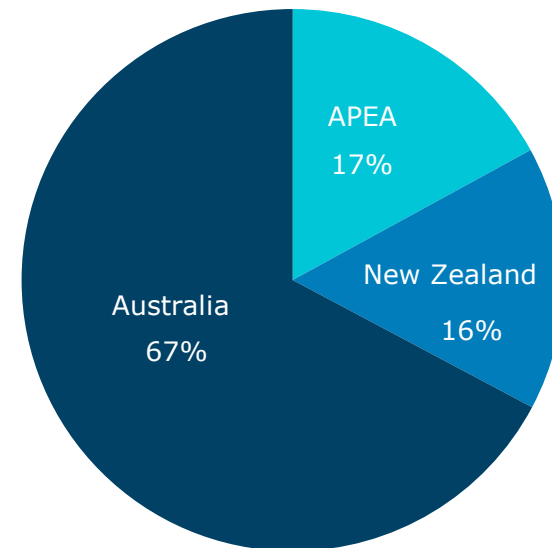
# Income by Division and Geography

Operating Income Mix by Division (FY13)



Operating Income Mix by Geography (FY13)

**FY13 Network Revenue<sup>1</sup> from APEA represented 21.4% of Group Operating Income**

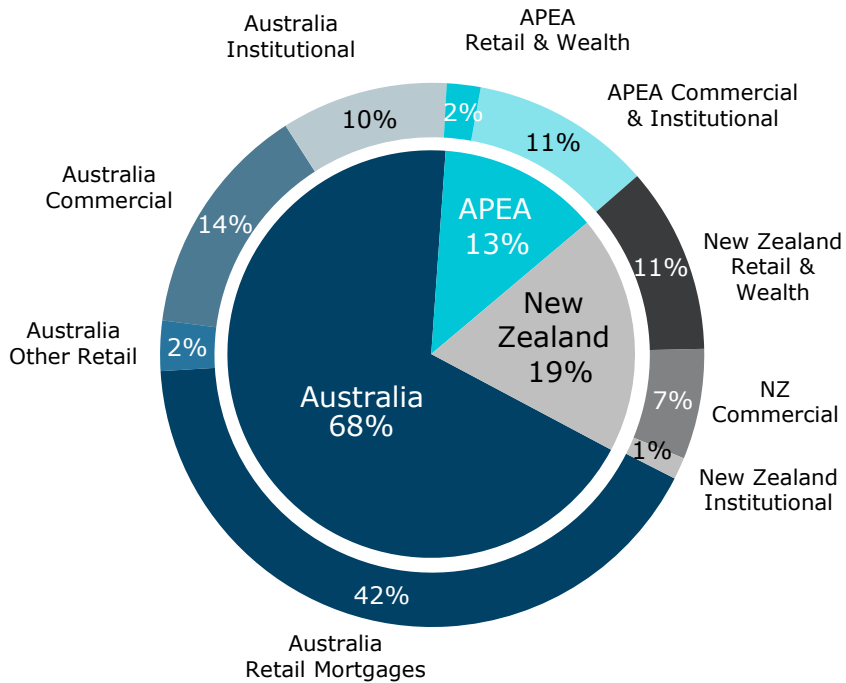


1. Network revenue represents income booked in a jurisdiction different from where a client relationship is managed

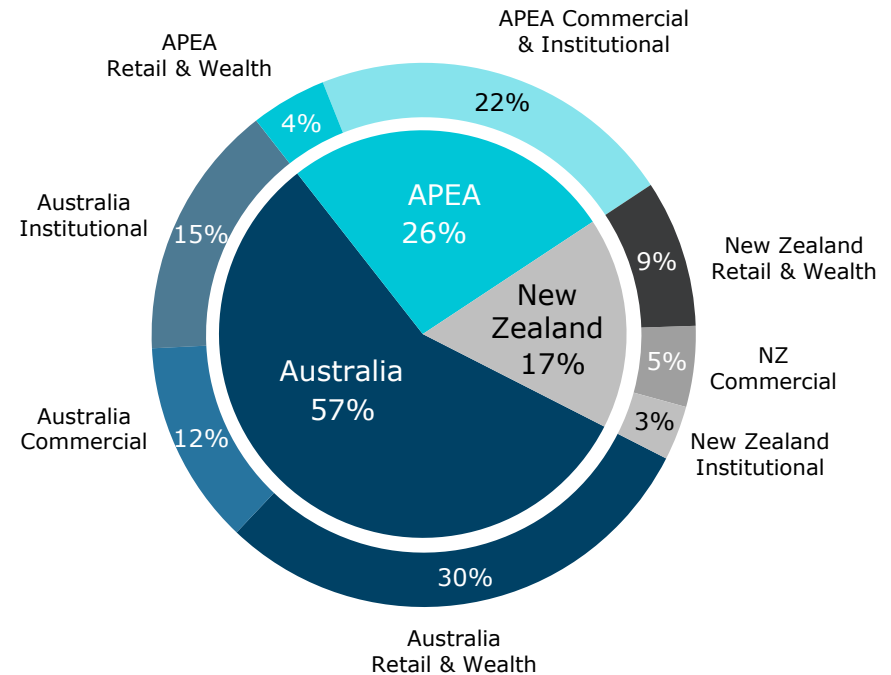


# Balance Sheet composition by Geography

## Customer Lending<sup>1</sup> by Geography



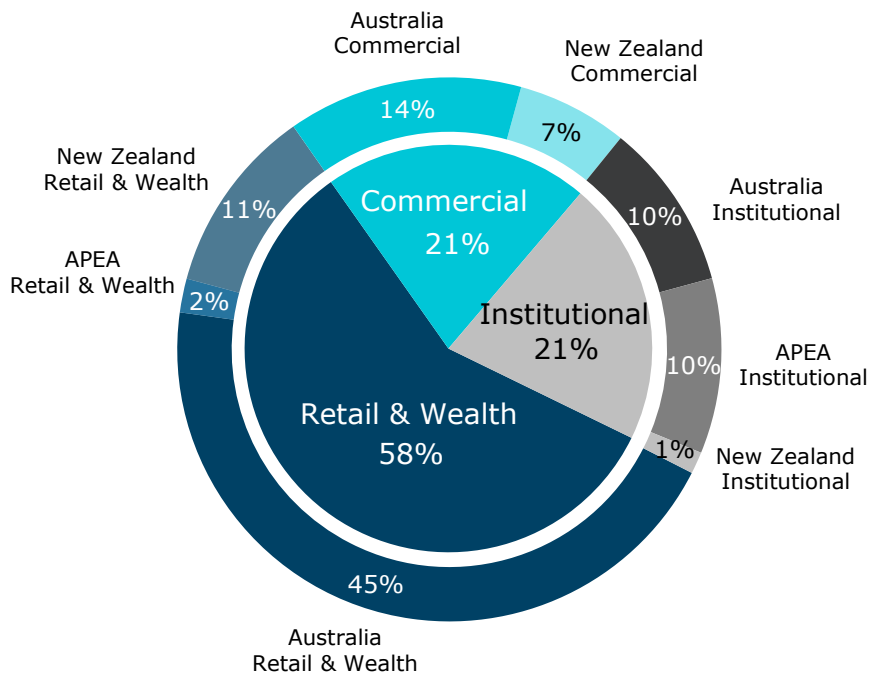
## Customer Deposits by Geography



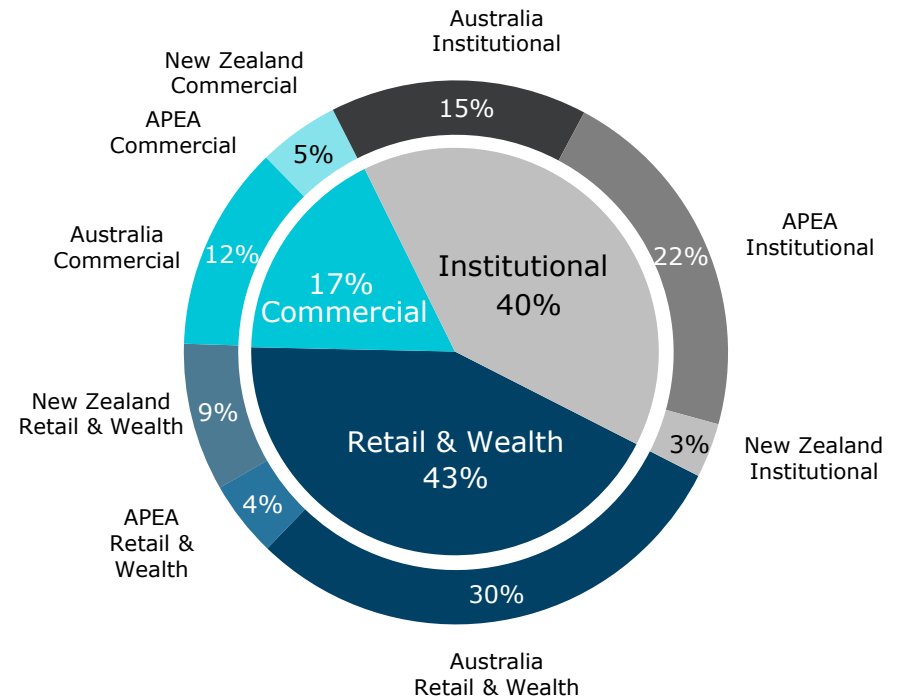
1. Customer lending represents Net Loans & Advances including acceptances

# Balance Sheet composition by Segment

## Customer Lending<sup>1</sup> by Segment



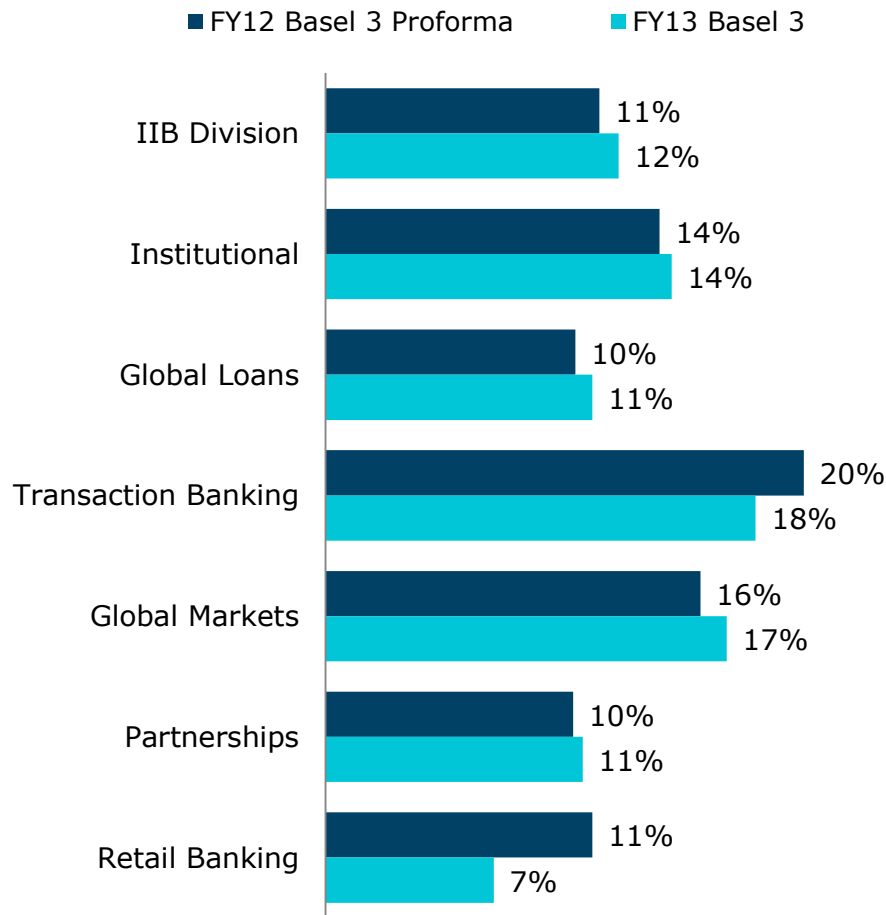
## Customer Deposits by Segment



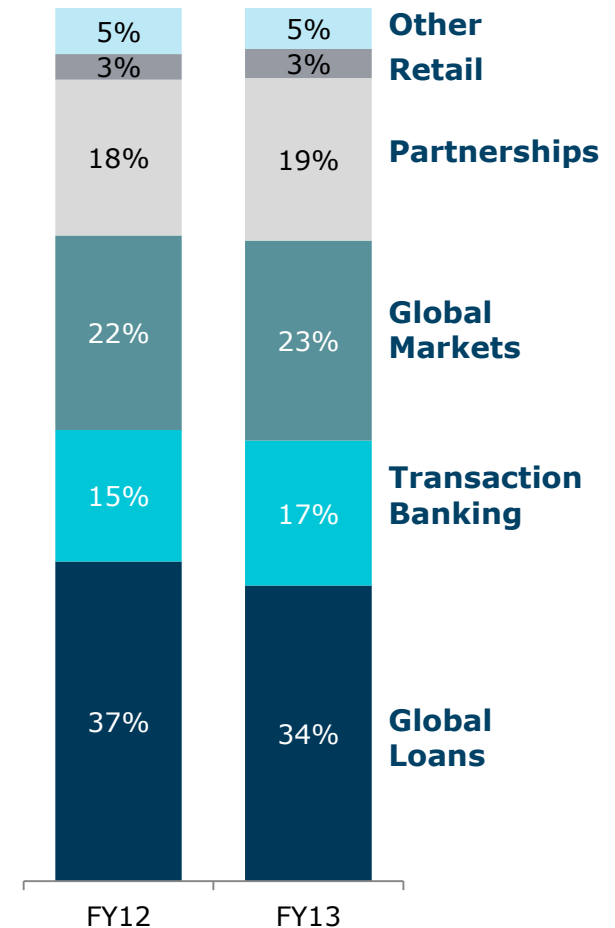
1. Customer lending represents Net Loans & Advances including acceptances

# Return on Equity

## IIB Return on Equity (Regulatory Capital Basel 3)<sup>1</sup>



## Basel 3 Capital Usage Mix

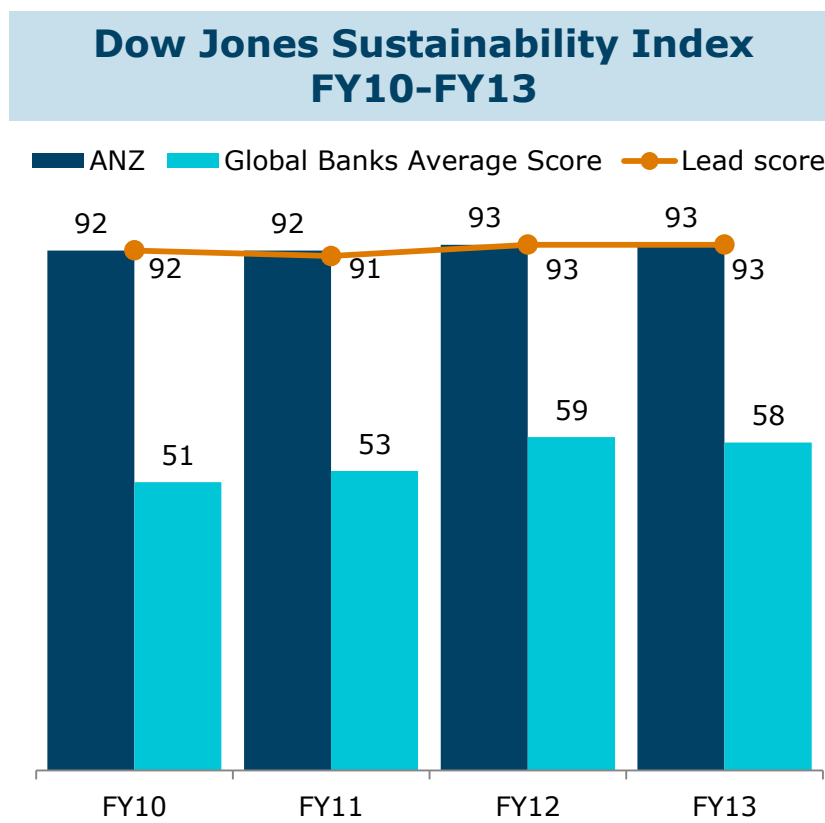


1. Capital calculated in accordance with APRA Standards. Capital represents Converted Basel 3 Average RWA plus Average Capital Deductions (i.e. partnership investment)

## Rated most sustainable bank globally in the 2013 Dow Jones Sustainability Index for the sixth time in seven years

DJSI assesses business management practices including corporate governance, risk management, customer relations, brand management, human resources policies and practices, corporate community investment, climate change mitigation and environmental performance.

<b>72%</b>	ANZ Employee Engagement up from 70% in FY12
<b>38%</b>	Women in management, steady since FY12
<b>5,286</b>	IIB lenders who completed Social & Environmental training since introduction in 2011
<b>49,259</b>	People reached through financial education programs in FY13; 240,000 in the past 10 years



# 13 FULL YEAR RESULTS

AUSTRALIA AND  
NEW ZEALAND  
BANKING GROUP  
LIMITED  
29 OCTOBER 2013



Group Treasury

# Strong Balance Sheet profile

## FY13 v FY12

**↑ 47bps**

APRA Basel 3 CET1

**↑ 76bps**

Internationally Harmonised CET1

**62%**

Customer Funded Balance Sheet

**\$24b**

Term Wholesale Funding issued, 29% to Domestic investors



Lowest funding gap of Australian major banks

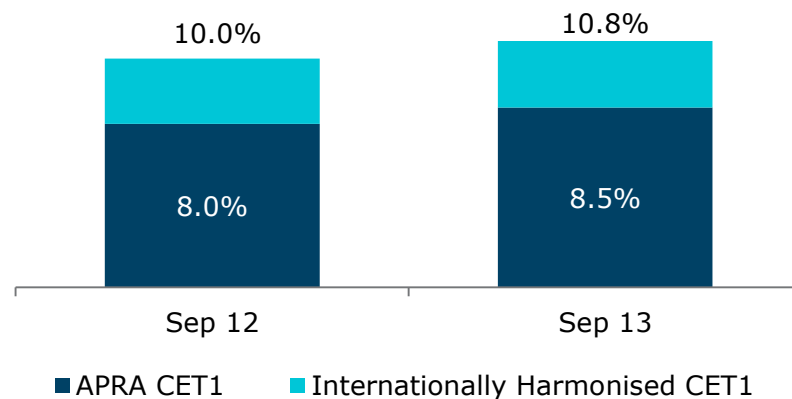
**↑ \$7b**

Total Liquidity Portfolio

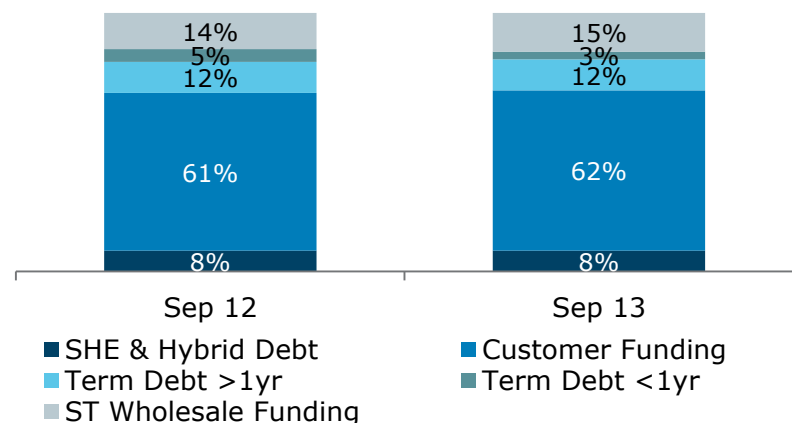
**~60%**

FX earnings hedges in place for FY14

## Capital

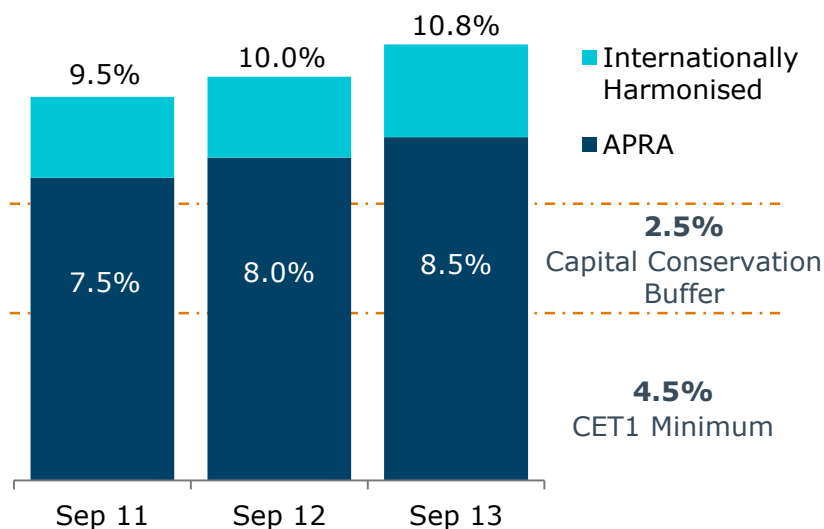


## Stable Funding Mix



# Capital levels remain well positioned

## Basel 3 CET1



## Capital Overview

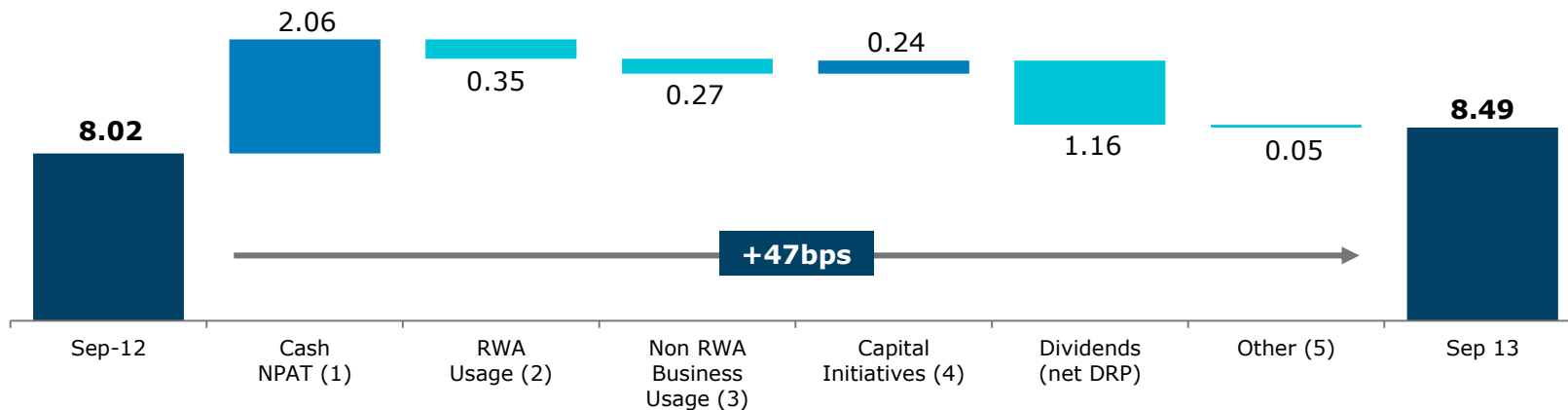
- Capital generation and initiatives in FY13 have lifted capital levels by 47bps (APRA CET1) and 76bps (Internationally Harmonised CET1)
- The group is well placed in regards to capital targets and remains focused on driving further efficiencies
- Dividend Payout to remain towards upper end of 65% - 70% range (Cash Earnings) in the near term, 69.3% in FY13
- DRP/BOP will again be neutralised via on-market buyback

## Capital position reconciliation under Basel 3

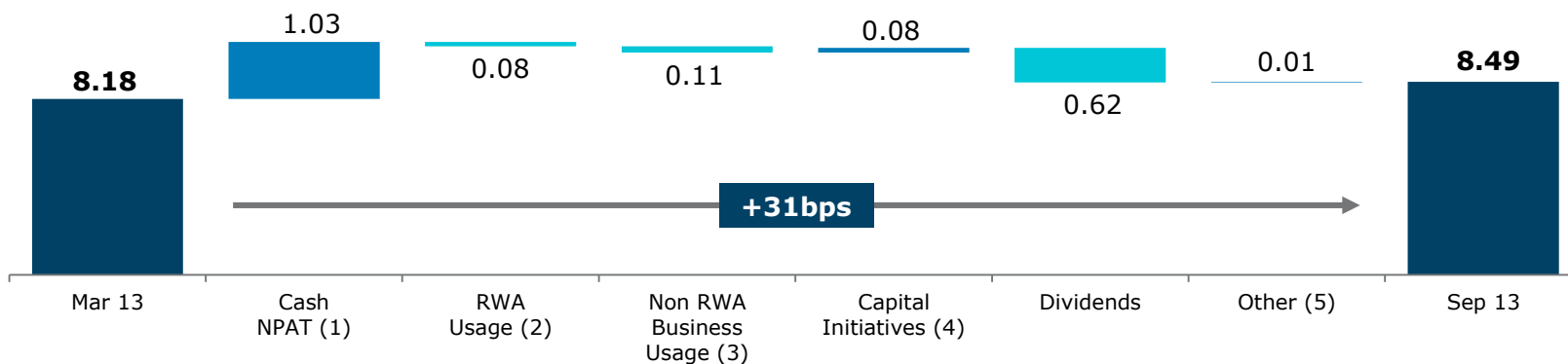
	CET1	Tier 1	Total Capital
<b>Sep 13 APRA</b>	<b>8.5%</b>	<b>10.4%</b>	<b>12.2%</b>
10% allowance for investments in insurance subs and ADIs	0.8%	0.8%	0.7%
Mortgage 20% LGD floor and other measures	0.5%	0.6%	0.7%
IRRBB RWA (APRA Pillar 1 approach)	0.5%	0.6%	0.7%
Up to 5% allowance for deferred tax asset	0.3%	0.2%	0.2%
Other capital items	0.2%	0.2%	0.2%
<b>Sep 13 Internationally Harmonised</b>	<b>10.8%</b>	<b>12.8%</b>	<b>14.7%</b>

# Capital levels have increased in FY13

## CET1 – APRA (Sep 2013 v Sep 2012)



## CET1 – APRA (Sep 2013 v Mar 2013)



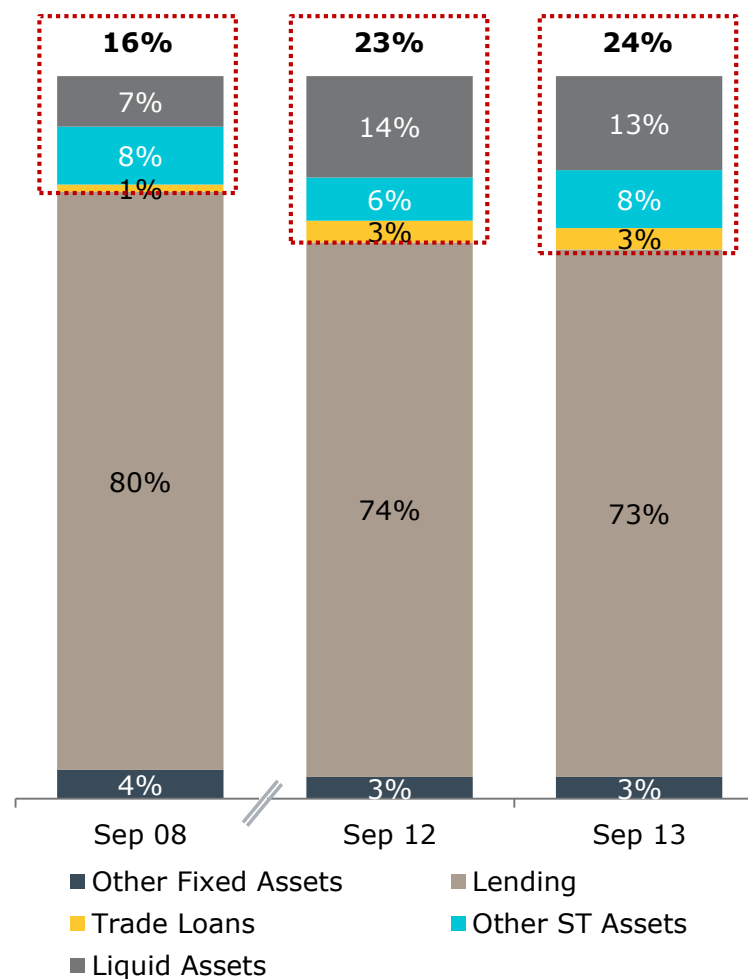
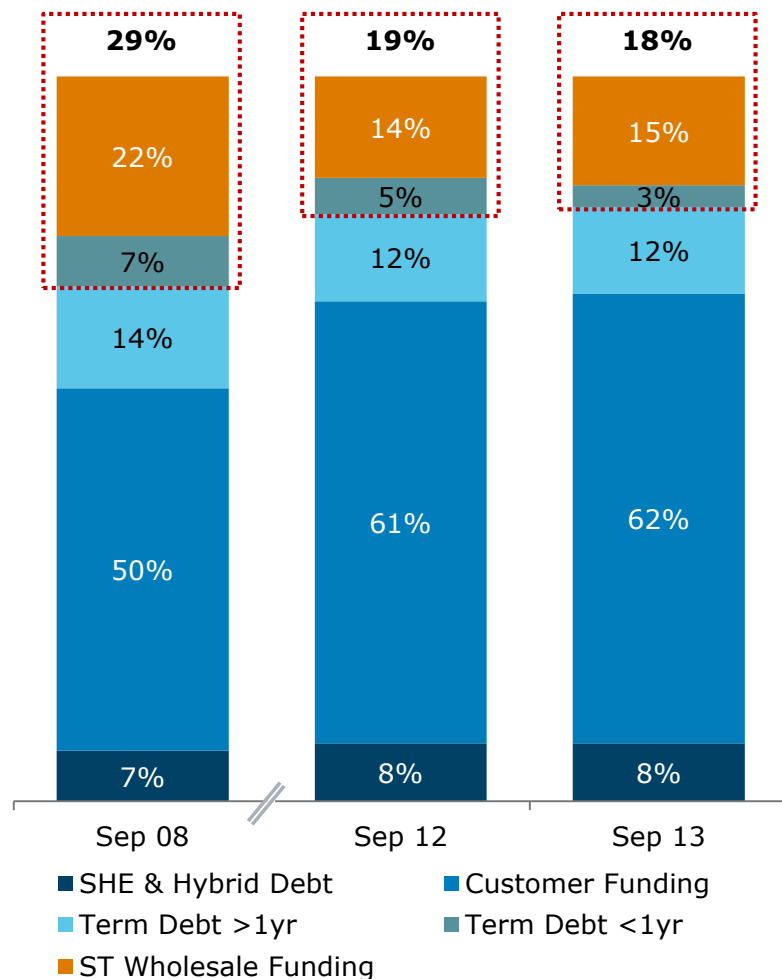
1. Cash earnings net of pref shares. 2. Includes impact of expected loss versus eligible provision shortfall 3. Includes capital retention of deconsolidated entities, capitalised software and other intangibles. 4. Includes refinance of ANZ Wealth (1H13) and ANZ LMI (2H13). 5. Includes net FX, Non-Cash NPAT items, net deferred tax assets.



# Liquidity position has benefitted from an improvement in both funding mix and asset profile

## Funding mix has stabilised

## Shortened asset tenor

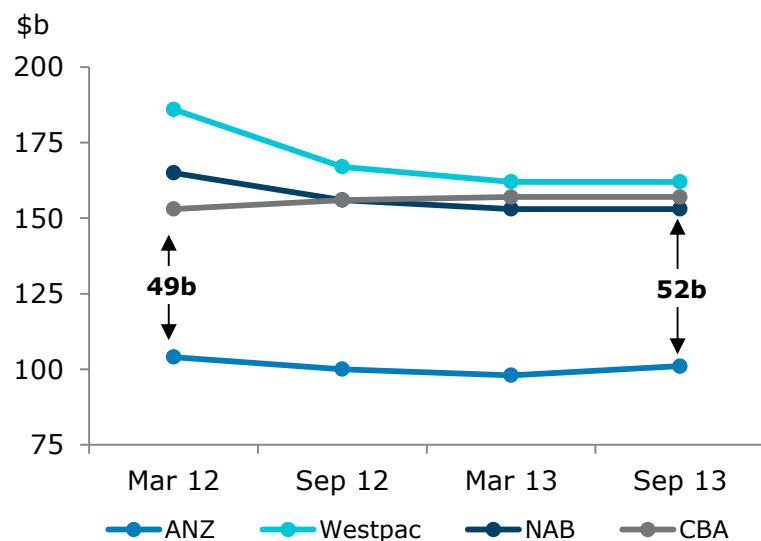


# Lowest structural funding gap of major domestic peers, providing flexibility

## Peer Funding Comparison

	ANZ	Westpac	NAB	CBA
<b>Loan – Deposit Ratio (%)</b>	127%	145%	145%	139%
<b>Loan – Deposit Gap (\$b)</b>	101	162	153	157
<b>Australia Household Funding Gap (\$b)</b>	115	181	129	174

### Loan – Deposit Gap

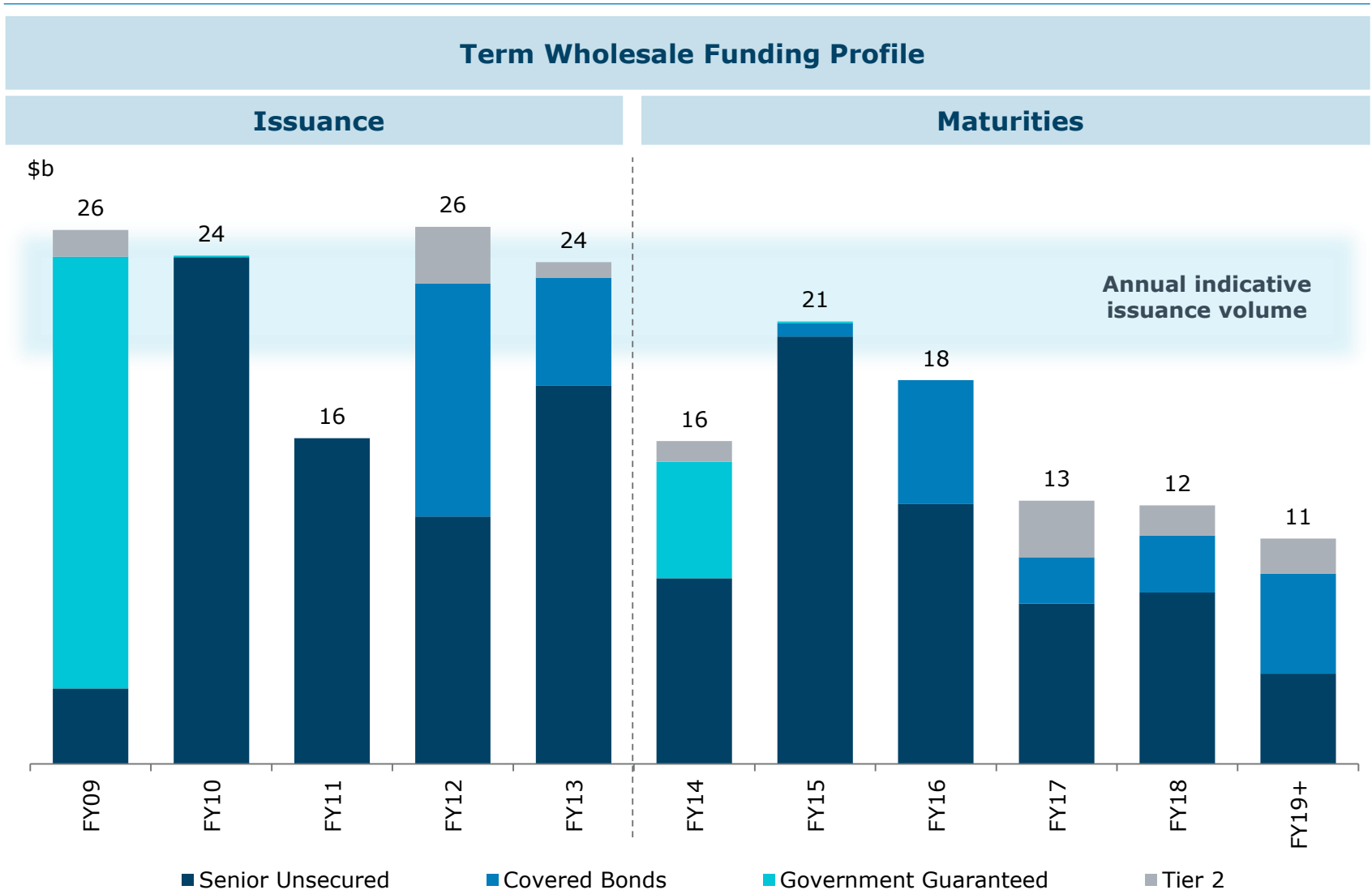


### Benefits of a lower Funding Gap

- Improved capability to manage periods of market volatility
- Lessens reliance on offshore wholesale markets – a key focus of Rating Agencies
- Enables ANZ to be a regular, but not too frequent, issuer in offshore benchmark markets
- Provides greater flexibility for ANZ to manage changes in system credit growth

Source: APRA (Aug 13) and latest bank published financial statements

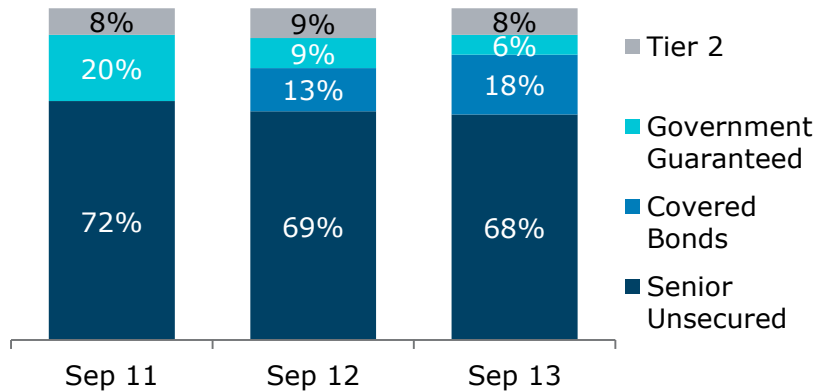
# A sustainable term wholesale funding profile



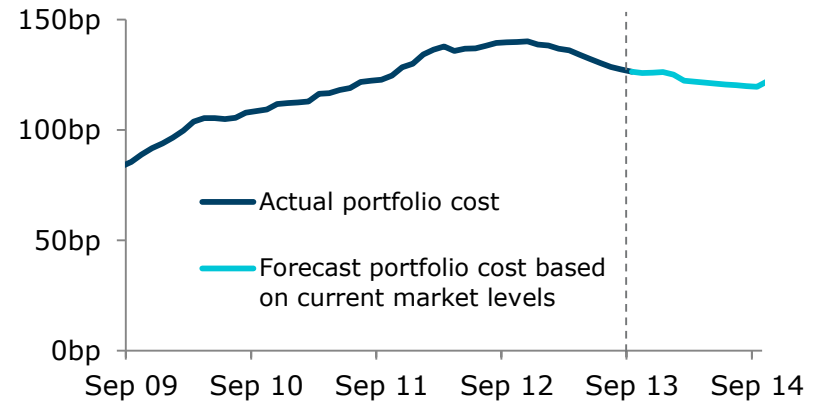
Includes transactions with a call date or maturity date greater than 12 months at time of issue. Excludes Hybrids.

# ...which is well diversified

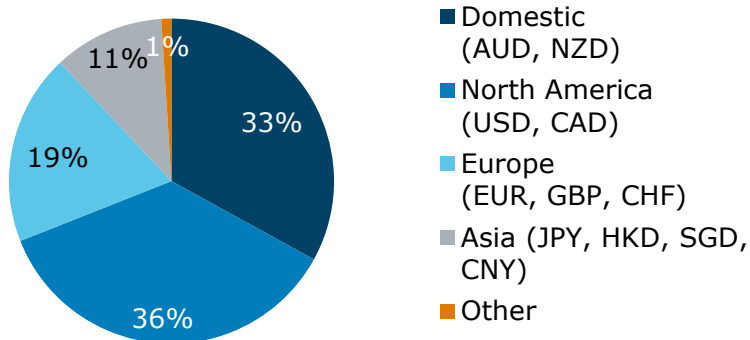
### Term Wholesale Funding Portfolio (by Type)



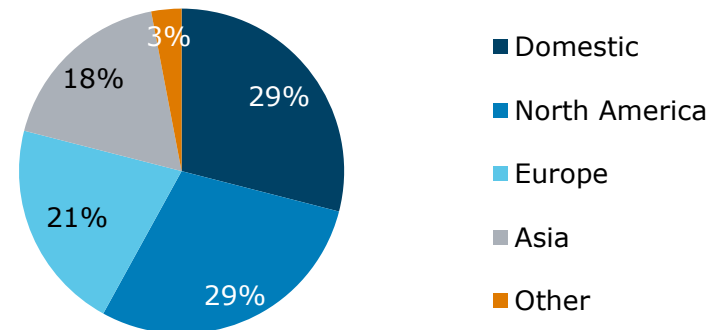
### Term Wholesale Funding Portfolio Cost



### Term Wholesale Funding Portfolio (by Currency)

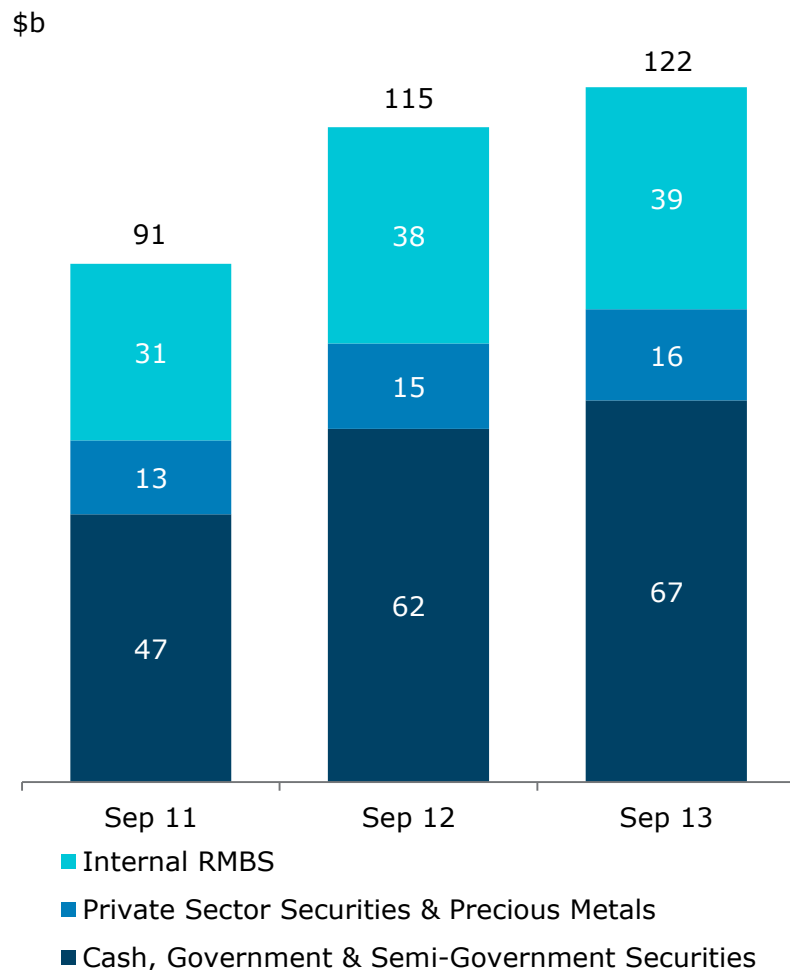


### FY13 Term Debt Issuance (by Investor Location)



# Strong liquid asset position

## Liquidity Portfolio

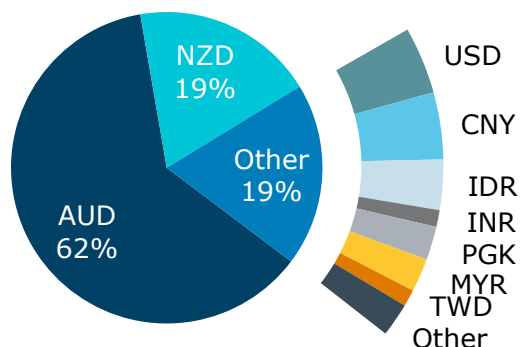


## Basel 3 Liquidity Rules Update

- In August, APRA provided further details on their approach to Basel 3 Liquidity implementation relating to High Quality Liquid Assets (“HQLA”)
- Each ADI needs to hold their relative component of the available HQLA in the system
- The RBA have indicated that the current aggregate holdings of HQLA at an industry level is appropriate
- Final mix of HQLA and Committed Liquidity Facility (CLF) for individual banks is still to be determined by APRA

# Impact of the lower \$A

## Earnings Composition by Currency

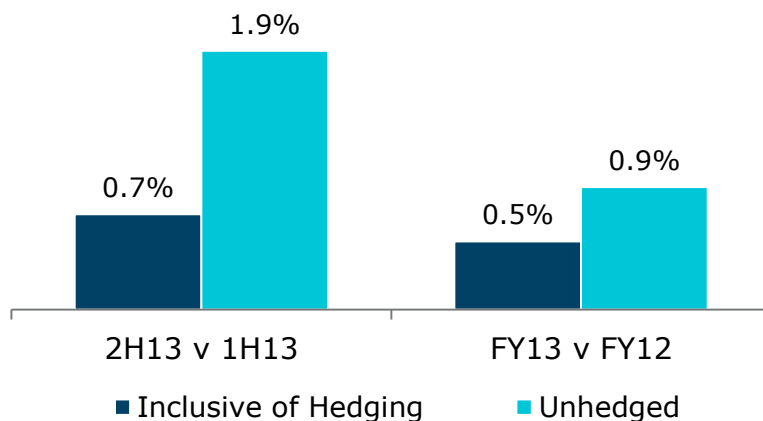


## Funding impact

A lower \$A has a favourable impact on ANZ's funding activities:

- Results in cash inflows under the cross currency swaps in place for the existing foreign currency wholesale funding
- Future foreign currency wholesale funding requirements are lower to meet the same \$A funding task

## FY13 Earnings Per Share (EPS) impact



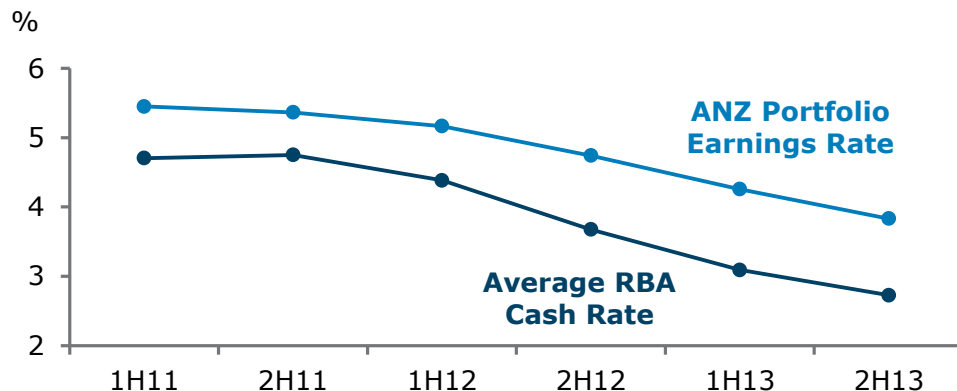
## FY14 foreign currency hedging

- The key objective of hedging is to manage short term EPS volatility arising from foreign currency earnings
- Hedging currently in place to meet FY14 foreign currency earnings: ~50% of USD earnings and ~65% of NZD earnings
- At 30 September hedging levels, expected EPS impact on FY14 earnings (inclusive of hedges) is positive ~1% of earnings
- Sensitivity to a 5% appreciation of the AUD would negatively impact FY14 EPS by ~0.7% of earnings

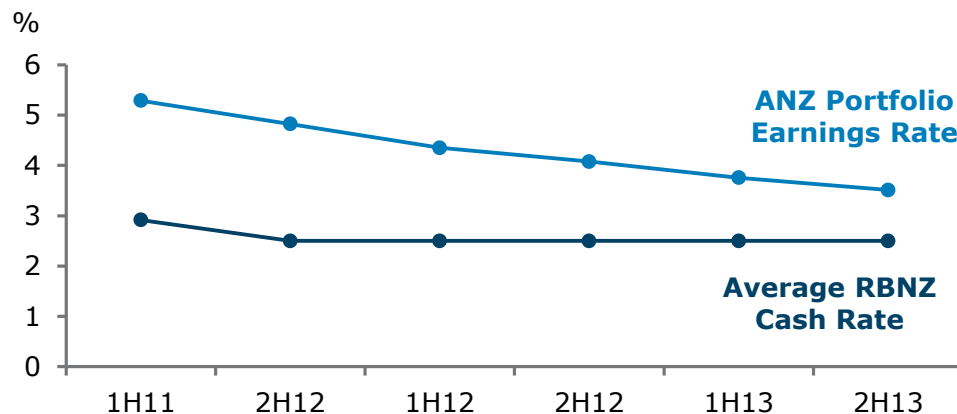
# Capital and Replicating Portfolio

## Portfolio Earnings & Spread to Cash

### Australia



### New Zealand



## Replicating Portfolios

- Portfolio earnings on capital are fully allocated to ANZ businesses and therefore impact business NIM's
- ~\$45bn of capital and low interest rate sensitive deposits are notionally invested along the yield curve – typical investment tenor is between 3 and 5 years
- This strategy has resulted in a consistently higher yield and NIM outcome relative to being invested at the cash rate
- In FY13, portfolio earnings benefit relative to the average cash rate was ~\$370m in Australia and ~\$125m in New Zealand
- The low interest rate environment is reducing the absolute NIM benefit. This impact is lessening as term rates bottom

# 13 FULL YEAR RESULTS

AUSTRALIA AND  
NEW ZEALAND  
BANKING GROUP  
LIMITED  
29 OCTOBER 2013



Risk Management

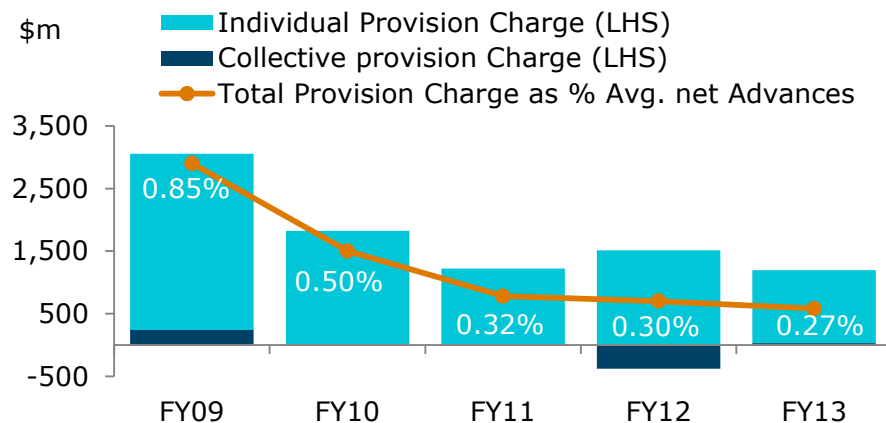


# Strong credit quality

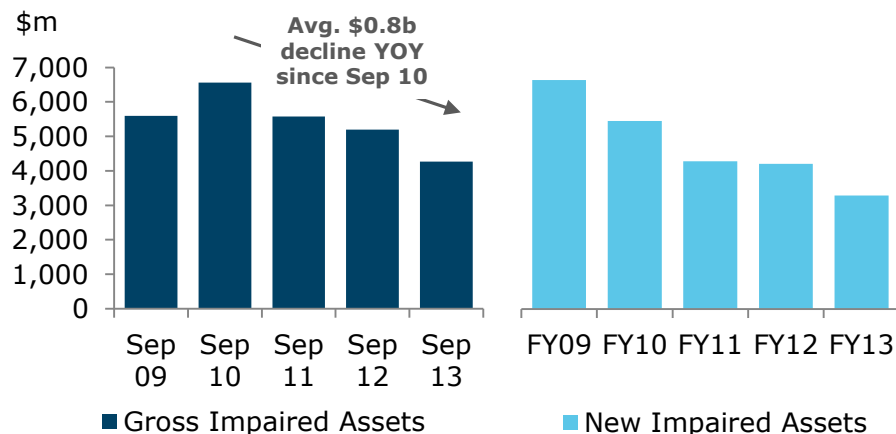
## Credit Quality Trends FY13 v FY12

<b>100bps</b>	Collective Provision coverage <sup>1</sup>
<b>↓ 5%</b>	Total Provision charge
<b>↓ 18%</b>	Gross Impaired Assets
<b>↓ 22%</b>	New Impaired Assets
<b>↓ 200bps</b>	Average Credit RWA rate (CRWA/EAD) <sup>2</sup>

## Provision Charge



## Impaired Assets

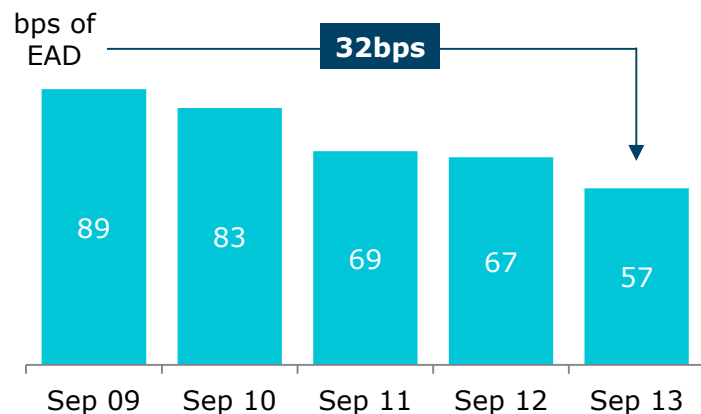


1. Collective Provision coverage on an APRA Basel 3 basis. This ratio is the collective provision balance as a proportion of Credit Risk Weighted Assets  
 2. Credit RWA measured on a Basel 2 basis

# Continued transformation of Institutional business delivering improved Group credit quality

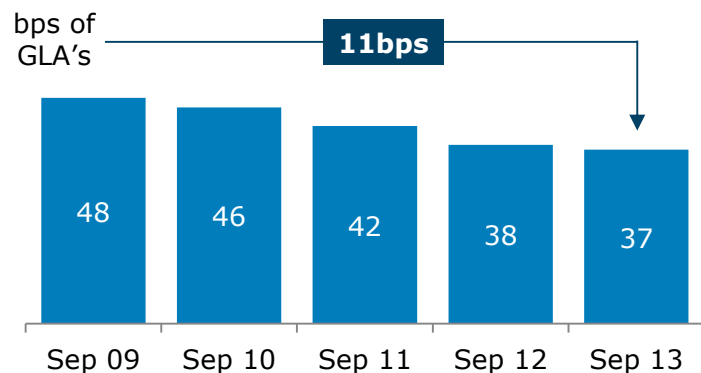
## Expected Loss rates continue to decline...

### Group Regulatory Expected Loss



- Regulatory Expected Loss is a one-year downturn loss measure as prescribed by APRA and reported in the Results Announcement
- Includes conservative overlays that are not reflective of an 'expected' outcome such as:
  - includes Balance Sheet Individual Provisions (which have already been expensed to Profit and Loss)
  - assumes stressed asset valuations
  - places a minimum 20% LGD (Loss Given Default) on all Australian Mortgages

### Group Internal Expected Loss

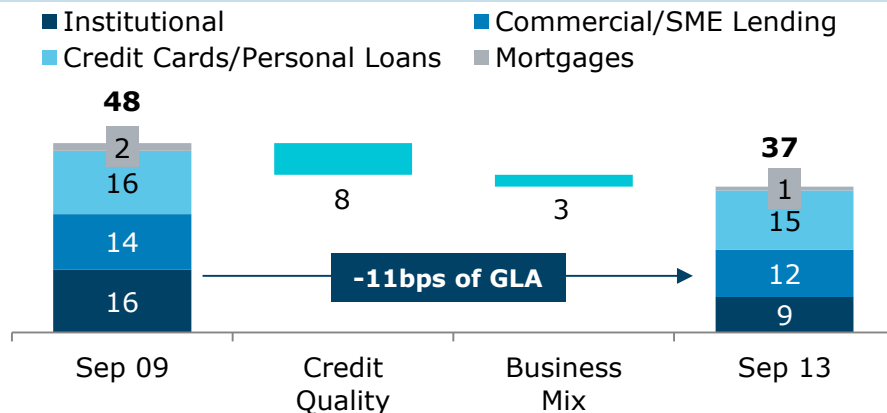


- The Group's Internal Expected Loss is intended to reflect an average one-year loss outcome through an economic cycle measured using regulatory inputs (except for collateral values)
- In most years the actual loss rate will be below the Internal Expected Loss rate
- The 11bps improvement in Internal Expected Loss rate since FY09 is predominantly credit quality driven
- As Internal Expected Loss assumes a one-year portfolio it does not capture the benefit of a shortening average tenor, for example Trade Finance

# Continued transformation of Institutional business delivering improved Group credit quality

...driven by targeted credit quality improvement in Institutional

## Contribution to Group Internal Expected Loss



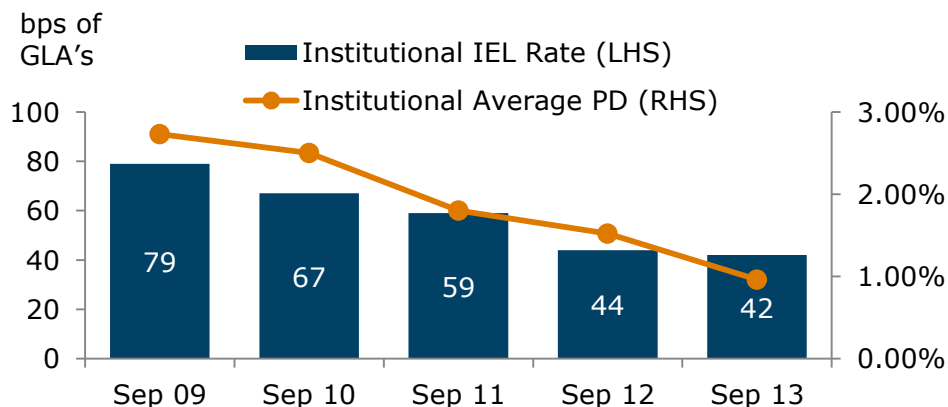
### Credit Quality improvement reflects:

- Progression in credit cycle, as stress moved through the Institutional book and the portfolio re-rated
- Actively improving the credit quality mix of our customer base

### Business Mix improvement reflects:

- Institutional credit exposure growth exceeding SME/Commercial growth

## Significant reduction in Institutional average Probability of Default (PD)

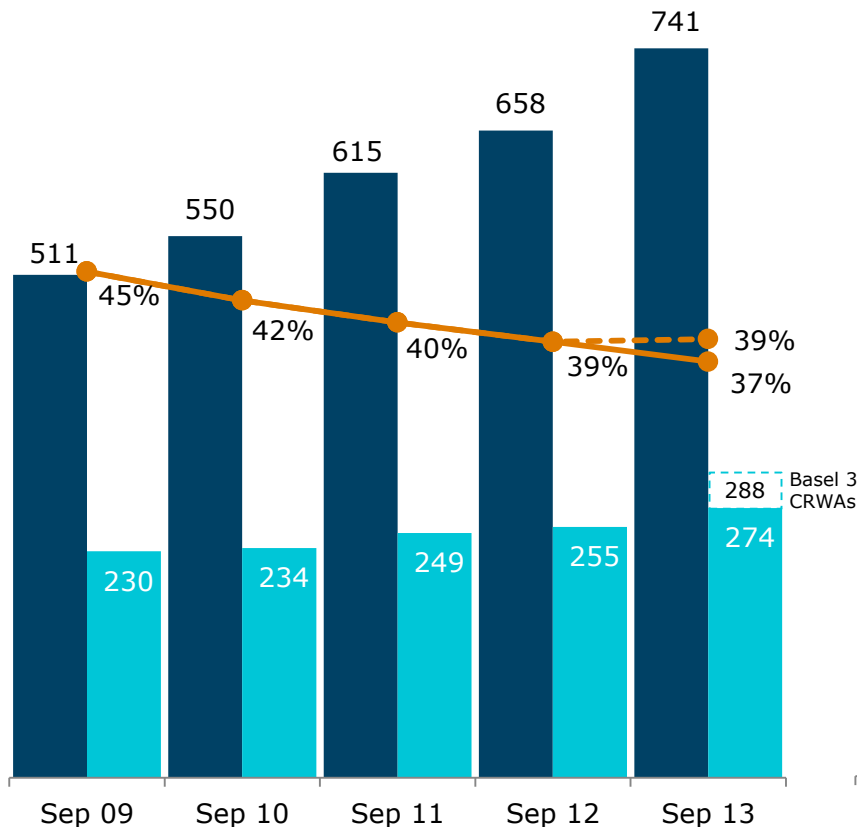


- Global Institutional Expected Loss rate has reduced by more than 37bps since FY09
- Loss rate improvement driven by average counterparty credit quality improvement
- Counterparty credit quality improvement can be seen via the ongoing reduction in Institutional average PD

# Continued improvement in Credit RWA rate

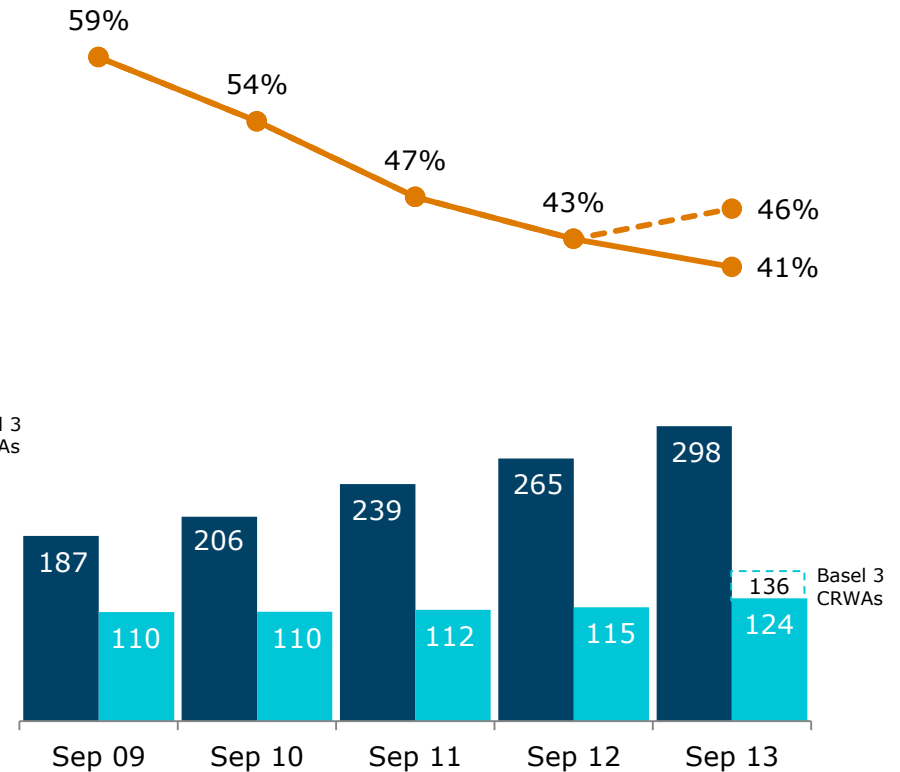
## Group Exposure at Default and Credit Risk Weighted Assets

- Exposure at Default (\$b)
- Basel 2 Credit Risk Weighted Assets (\$b)
- CRWA / EAD (%) - Basel 2
- CRWA / EAD (%) - Basel 3



## Global Institutional Exposure at Default and Credit Risk Weighted Assets

- Exposure at Default (\$b)
- Basel 2 Credit Risk Weighted Assets (\$b)
- CRWA / EAD (%) - Basel 2
- CRWA / EAD (%) - Basel 3



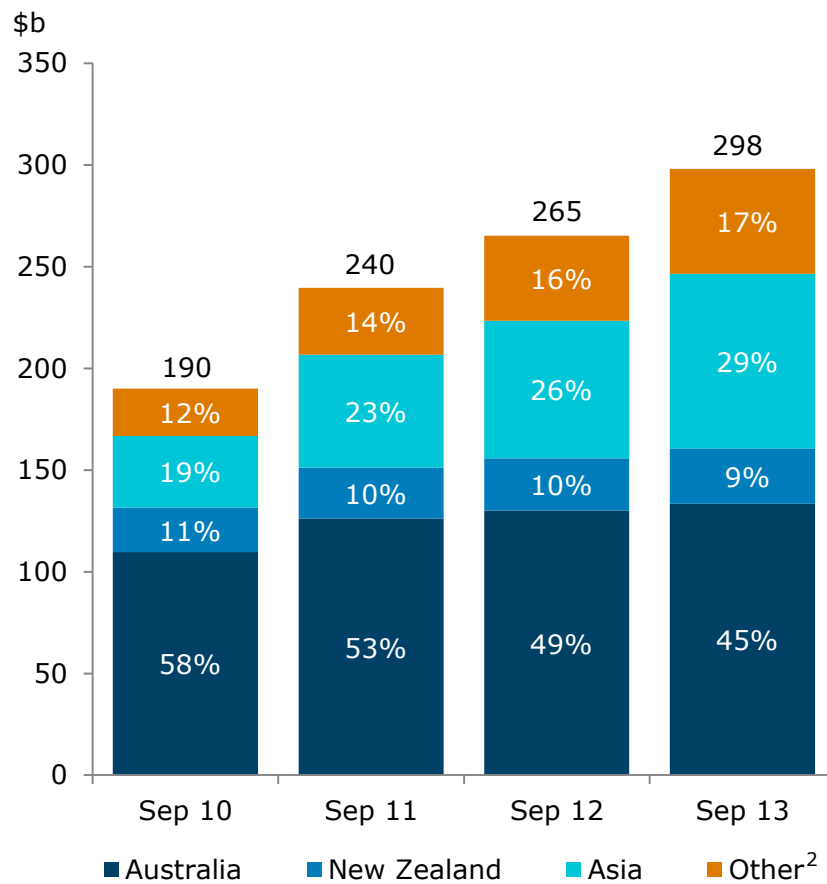
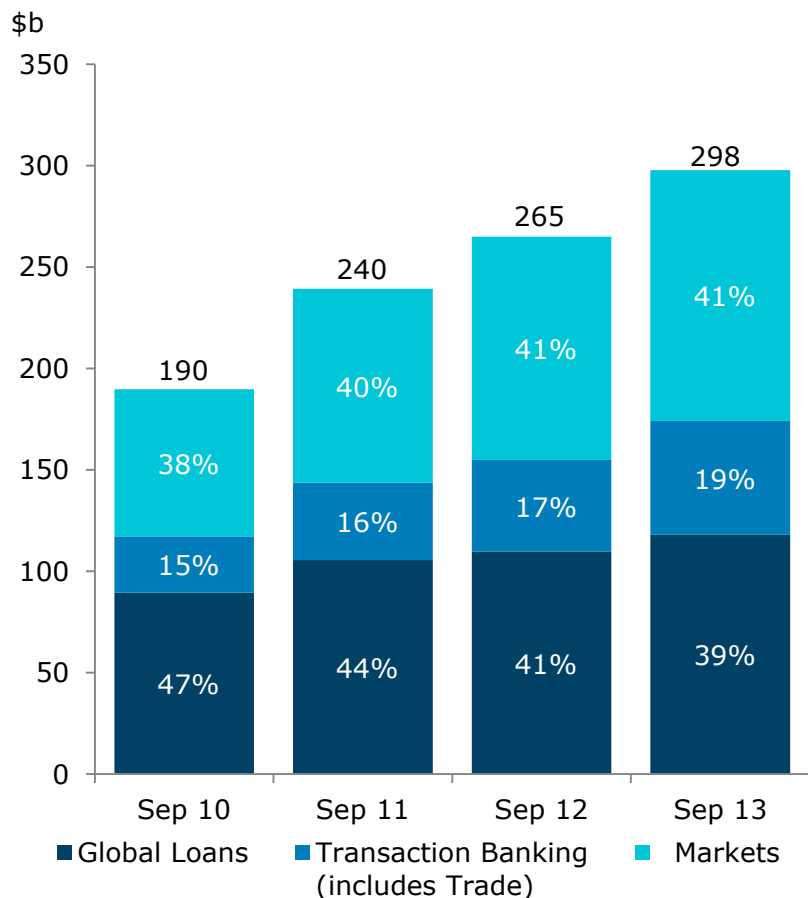
# Super Regional strategy has diversified the Institutional portfolio by Product and Geography

Traditional Lending has reduced to ~40% of Institutional credit exposure...

...driven by increased diversification into Asia

Institutional credit exposure composition (by Product)<sup>1</sup>

Institutional credit exposure composition (by Geography)<sup>1</sup>

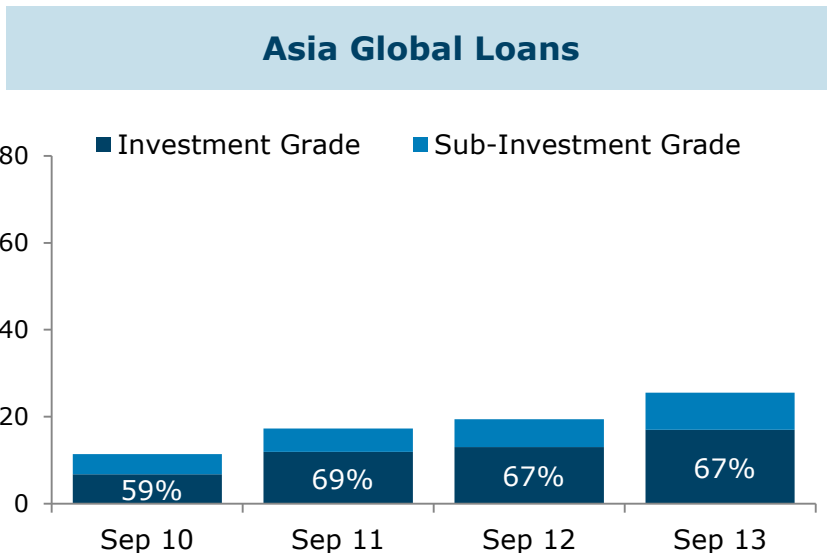
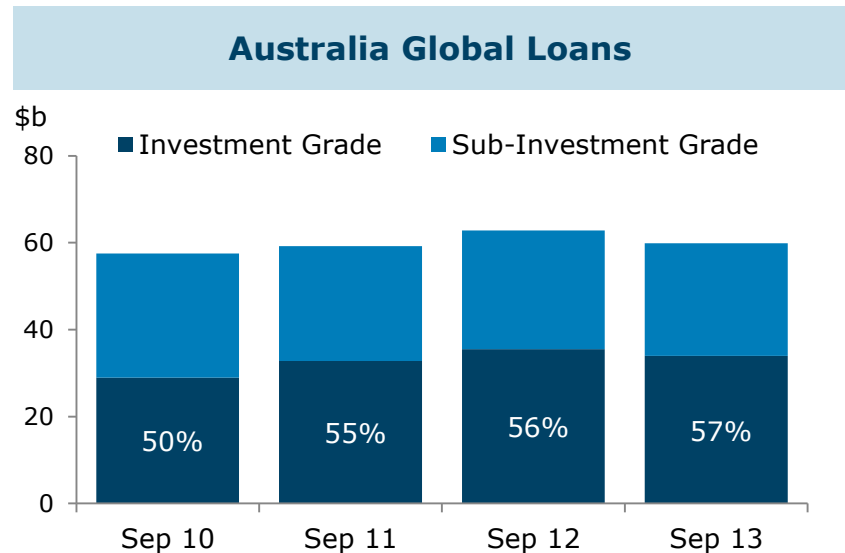
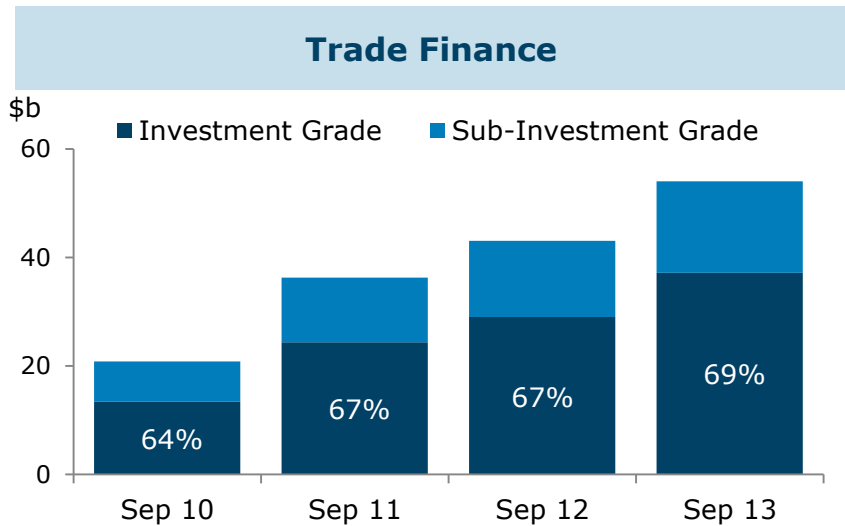


1. Credit exposure represents Regulatory Exposure At Default (EAD)

2. Europe, America, Pacific and Other

# Trade Finance and Asia Institutional growth has improved average credit quality for Institutional

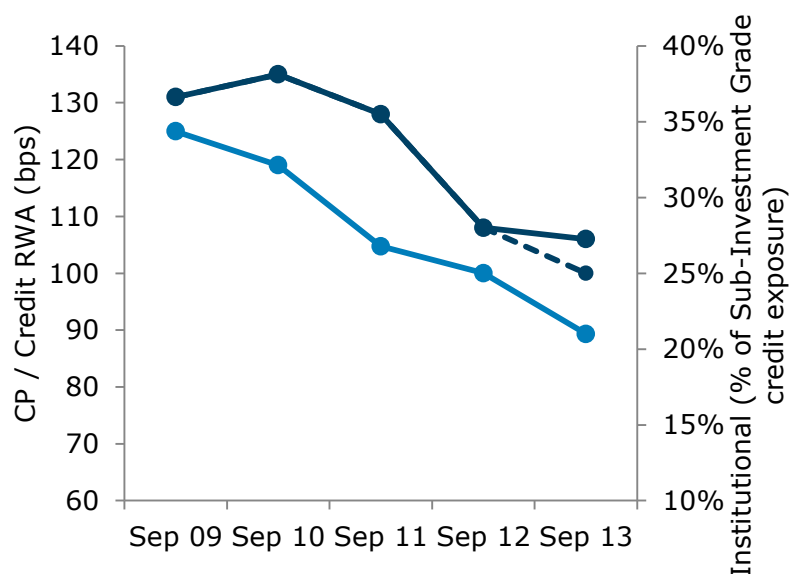
- Trade Finance portfolios provide access to a large and high quality multi-national customer base
- Strong growth in Trade Finance portfolio focussed on shorter duration exposures to investment grade counterparties
- Asia Global Loans focussed on shorter duration to Investment Grade customers
- Asia Global Loans has a higher proportion of investment grade credit exposure than Australia Global Loans



# Strong Collective Provisioning Coverage

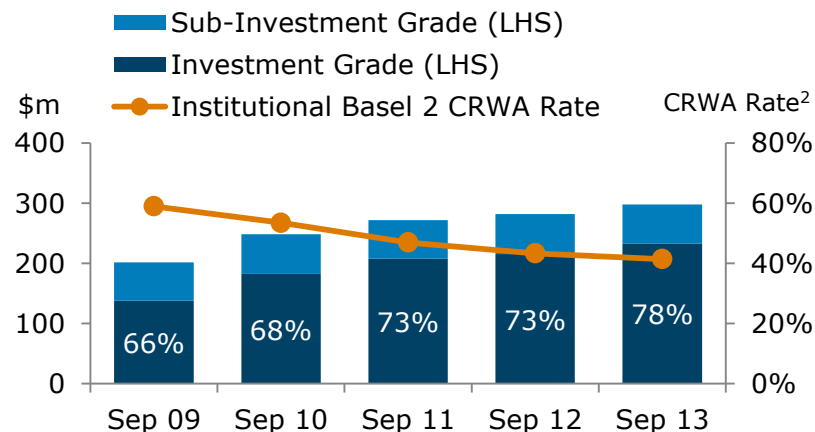
## Global Institutional Sub-Investment Grade<sup>1</sup> Exposures continue to decline

- ANZ remains appropriately provided for with a Collective Provision coverage ratio of 100bps
- Reductions in Collective Provision overlay have occurred in line with portfolio improvement
- This improvement can be seen by the reduction in Institutional Sub-Investment Grade Exposure

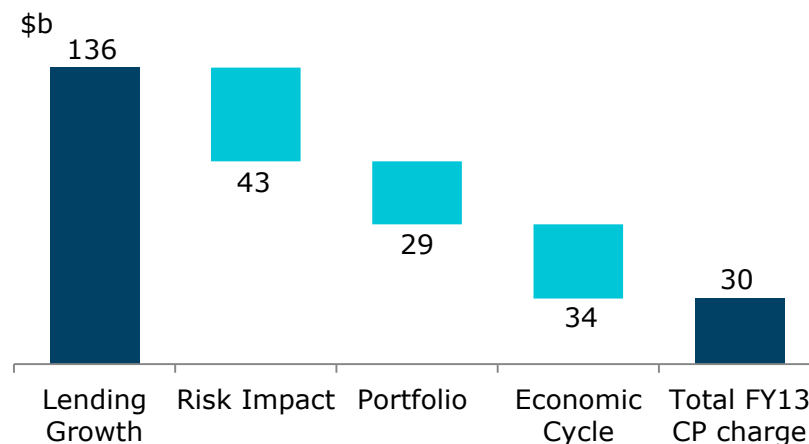


- Group CP/CRWA Ratio (Basel 3)
- Group CP/CRWA Ratio (Basel 2)
- Institutional Sub-Investment Grade Exposure (RHS)

## Trend in Global Institutional composition



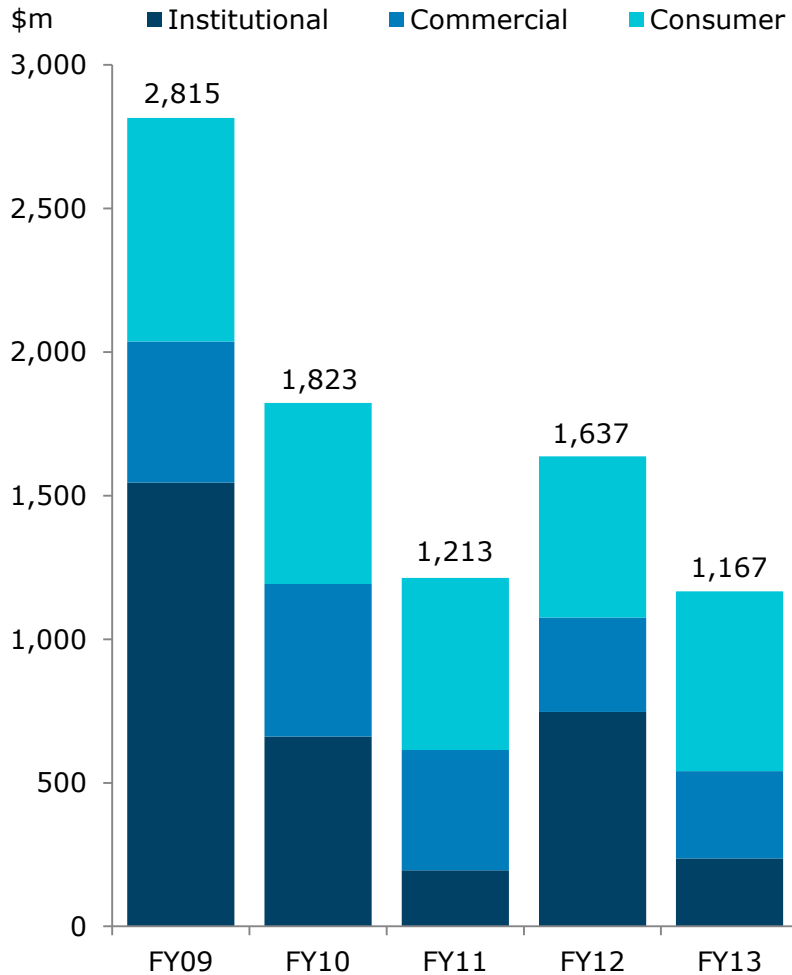
## Collective Provision Charge (CP) by Source



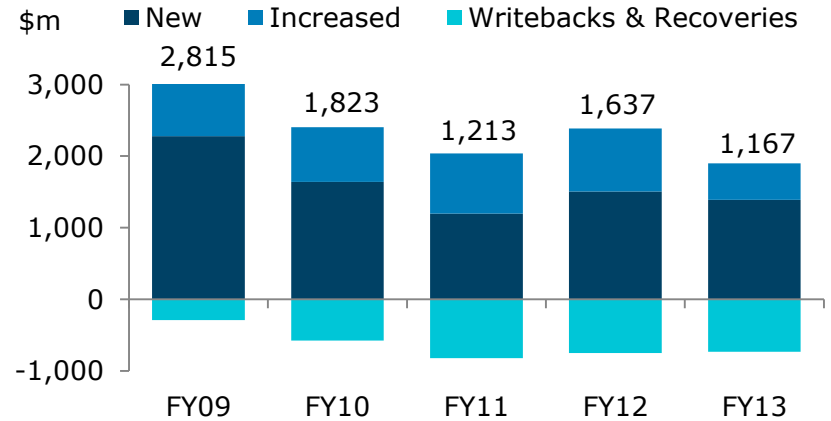
1. Sub-Investment grade defined as exposures with a rating below BBB-  
 2. CRWA Rate defined as Credit Risk Weighted Assets as a percentage of Exposure at Default (EAD)

# Individual Provision Charge

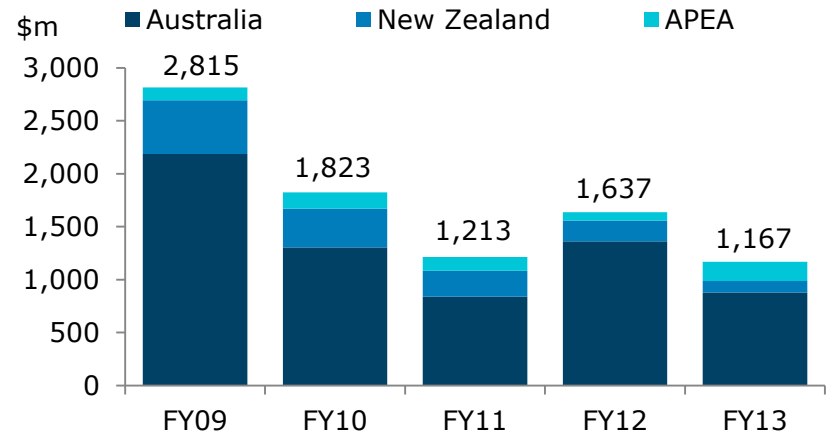
## Individual Provision Charge by Segment



## Individual Provision Charge Composition



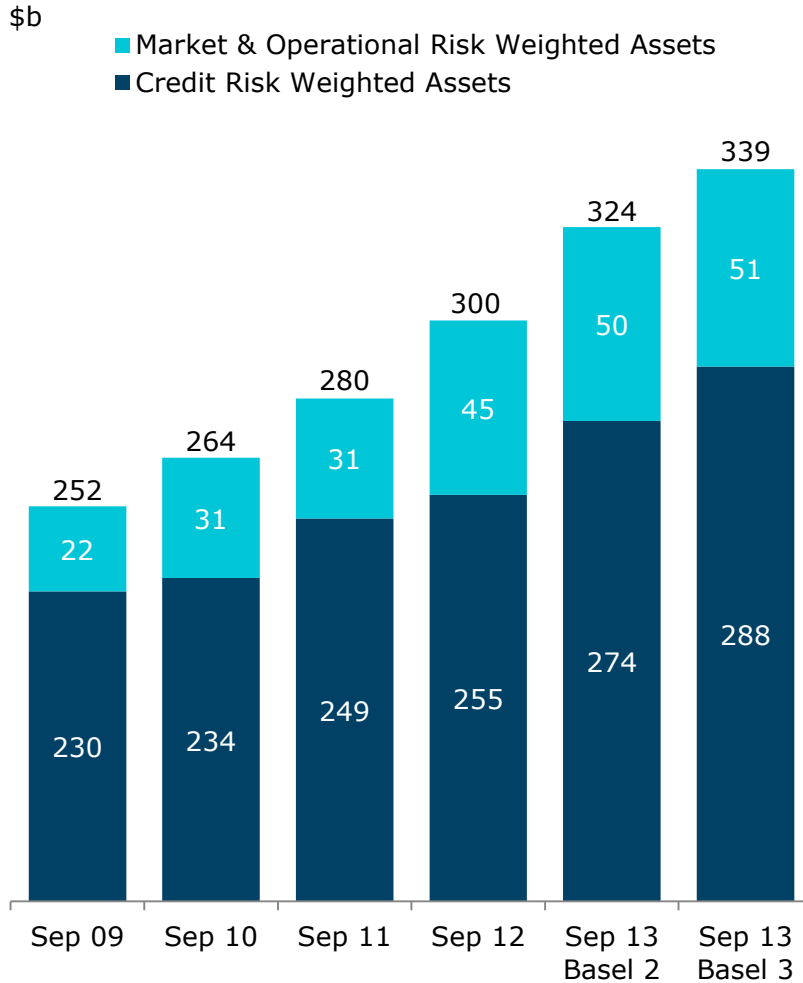
## Individual Provision Charge by Region



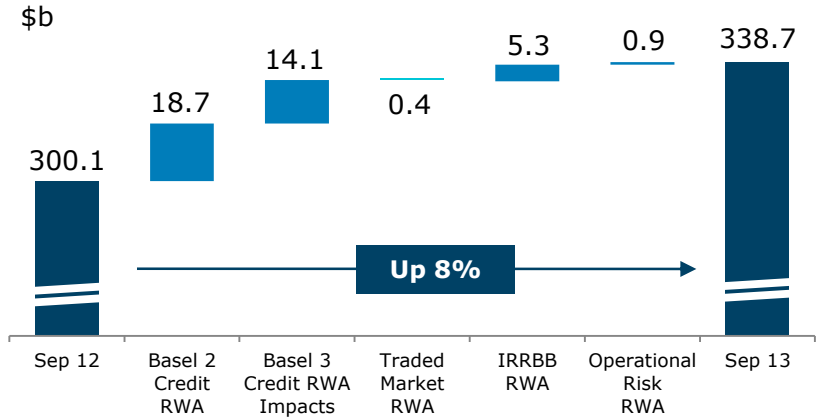


# Risk Weighted Assets

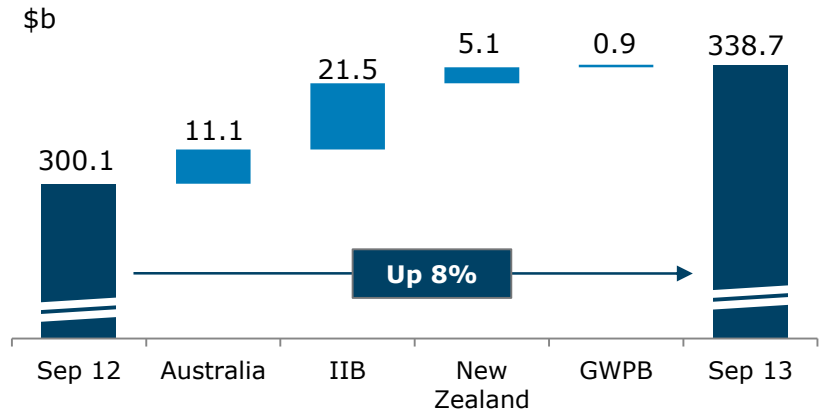
## Total Risk Weighted Assets



## Total Risk Weighted Assets movement Sep 2013 v Sep 2012



## Total Risk Weighted Assets movement by Division Sep 2013 v Sep 2012

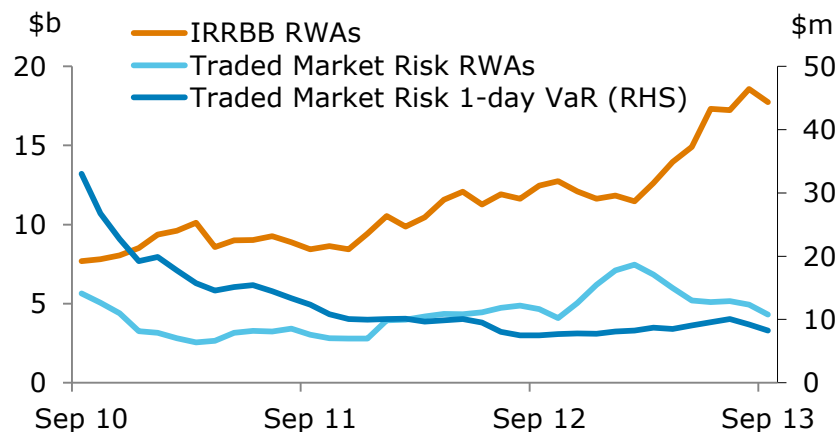


# Traded Market Risk & IRRBB Risk Weighted Assets

## Strategic decisions driving Risk Weighted Asset and VaR outcomes

- FY13 increase in IRRBB VaR and RWA partly reflects modest increase in Capital and Replicating portfolio duration and additional liquid assets
- Increased diversification over time in the Traded Market portfolio has reduced Traded Market Risk 1-day 99% VaR whilst Traded Market Risk RWAs were impacted by Jan 2012 Basel 2.5 introduction

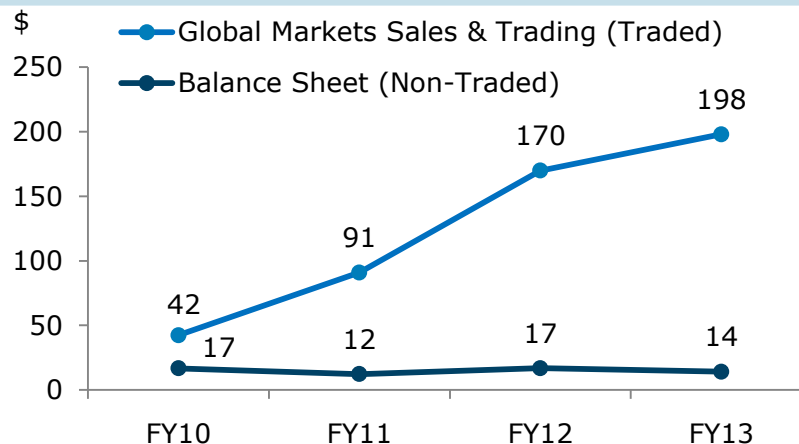
## Market Risk Weighted Asset Trends



## Generating improved Markets Risk-adjusted Income outcomes

- Sales & Trading business has continued to grow its income stream in parallel with reducing the Traded Market Risk 1-day 99% VaR
- The improved 1-day 99% VaR trend reflects the diversification benefit achieved via Asian growth and via growth and diversity in our Foreign Exchange business

## Income (\$) / VaR<sup>1</sup>

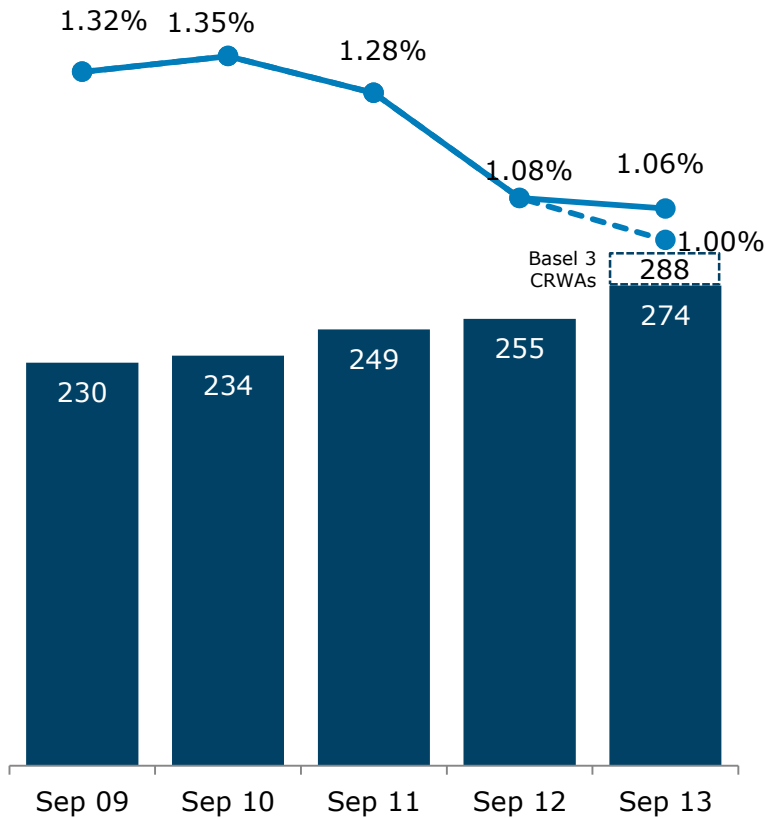


1. Average 1-day 99% VaR

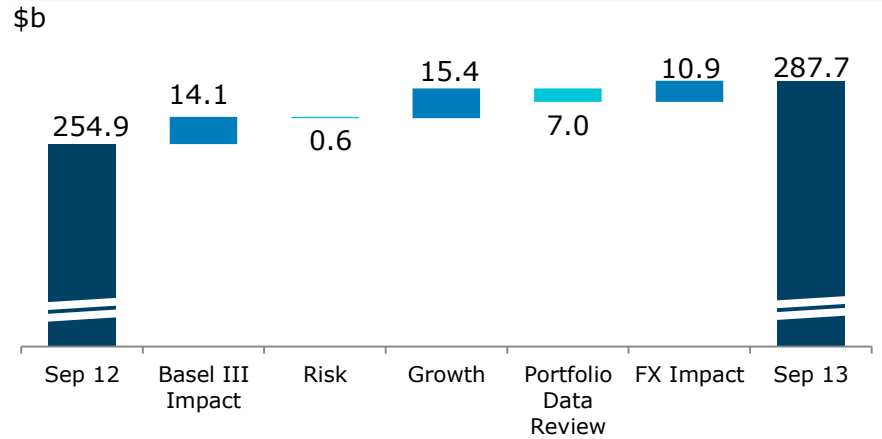
# Credit Risk Weighted Assets

## Credit Risk Weighted Assets

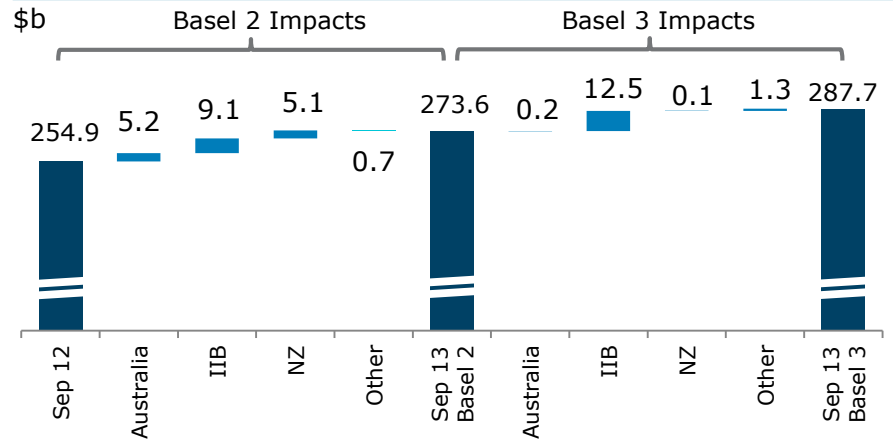
- Basel 2 Credit Risk Weighted Assets
- Collective Provision as a % of CRWA (Basel 2)
- Collective Provision as a % of CRWA (Basel 3)



## Credit Risk Weighted Assets movement Sep 2013 v Sep 2012

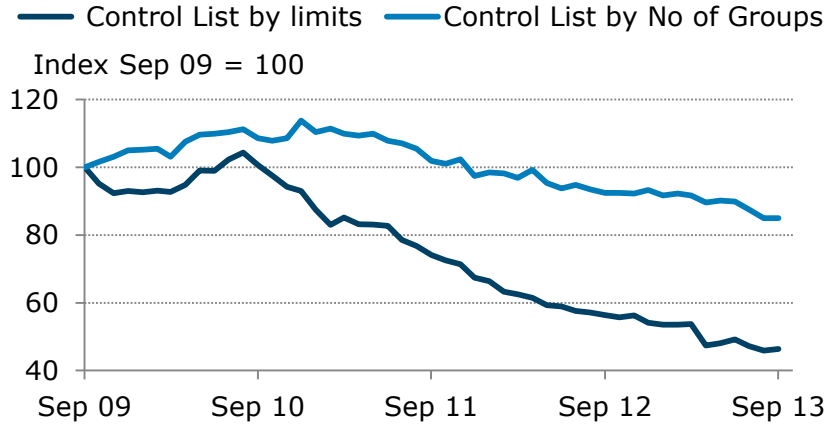


## Credit Risk Weighted Assets movement by Division Sep 2013 v Sep 2012

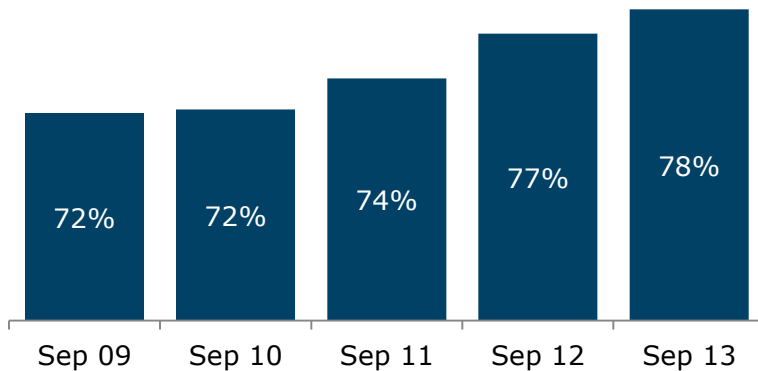


# Control List and Risk Grade Profiles

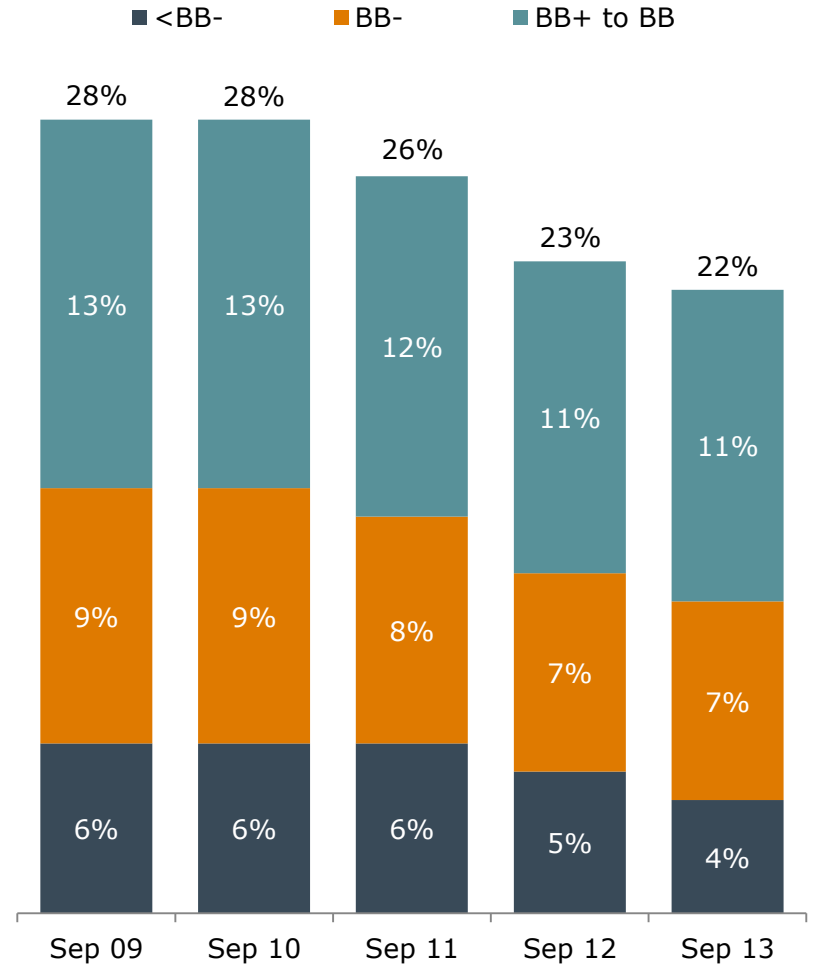
## Control List



## Investment Grade Risk Profile



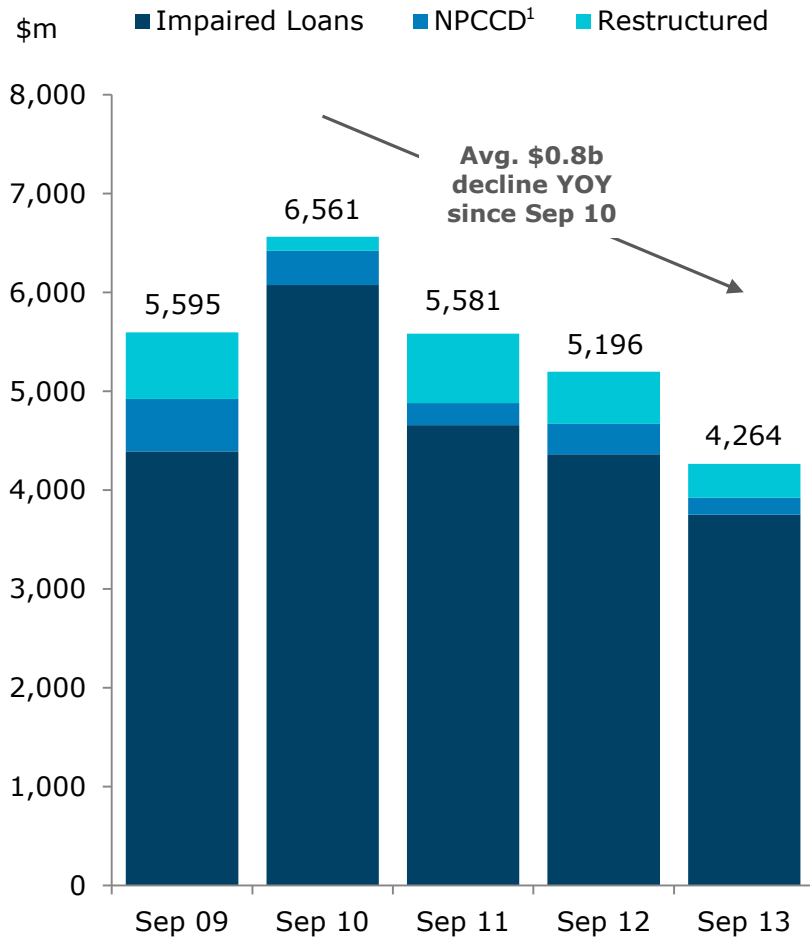
## Group Sub-Investment Grade<sup>1</sup> Exposures as % Exposure at Default



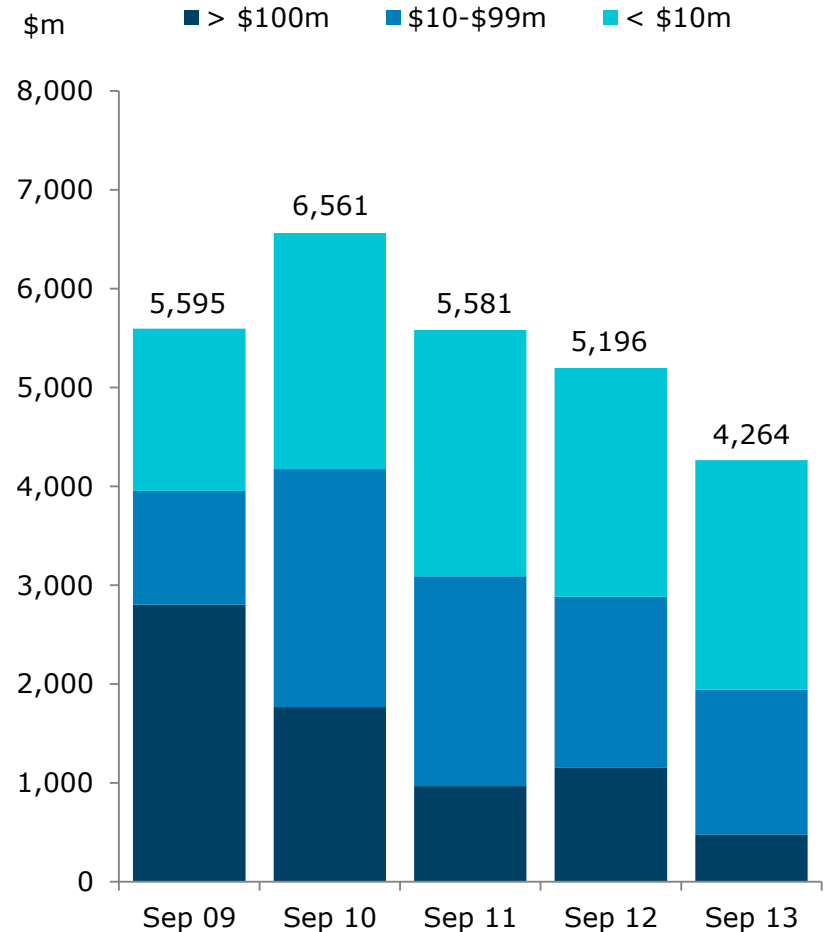
1. Sub-investment grade defined as exposures with a rating below BBB-

# Gross Impaired Assets

## Gross Impaired Assets by Type



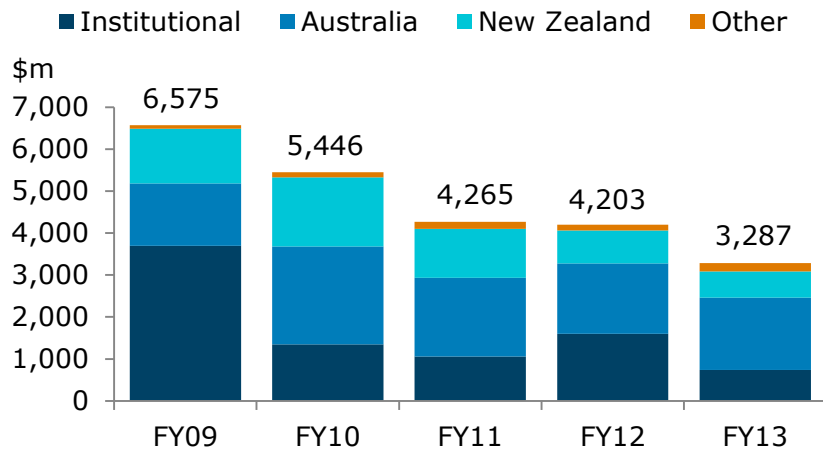
## Gross Impaired Assets by Size of Exposure



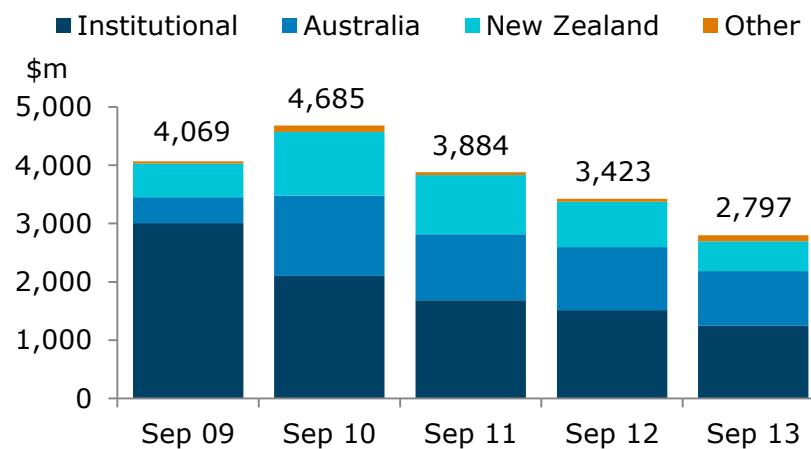
1. NPCCD - Non-Performing Commitments, Contingents & Derivatives

# Impaired Assets

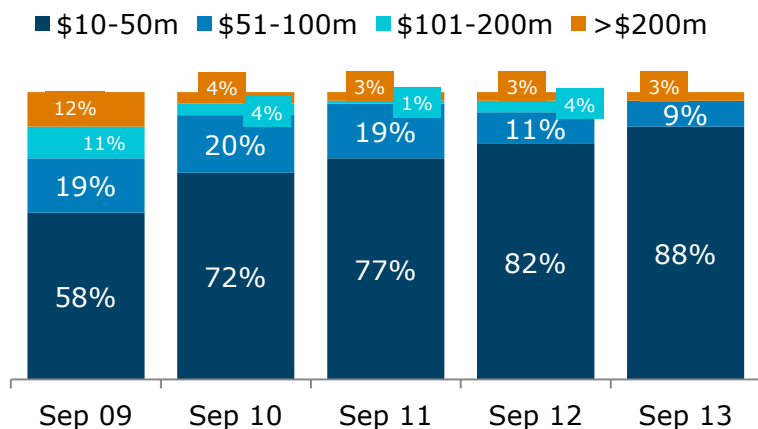
## New Impaired Assets by Division



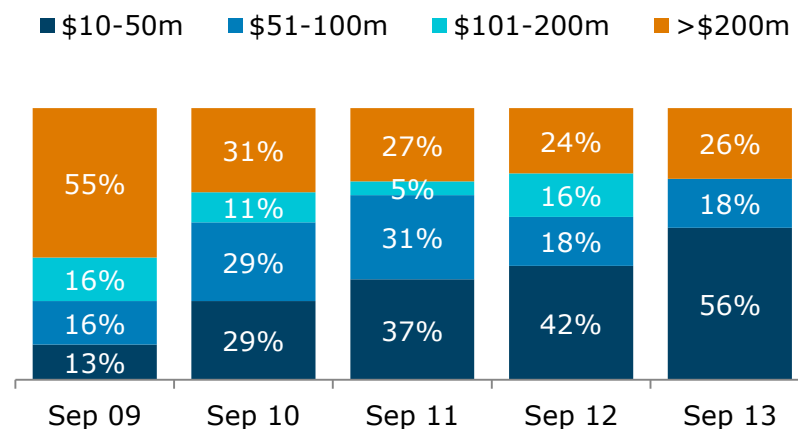
## Net Impaired Assets by Division



## Impaired Assets Concentration by number of Customers<sup>1</sup>



## Impaired Assets Concentration by value of Impaired Assets<sup>1</sup>



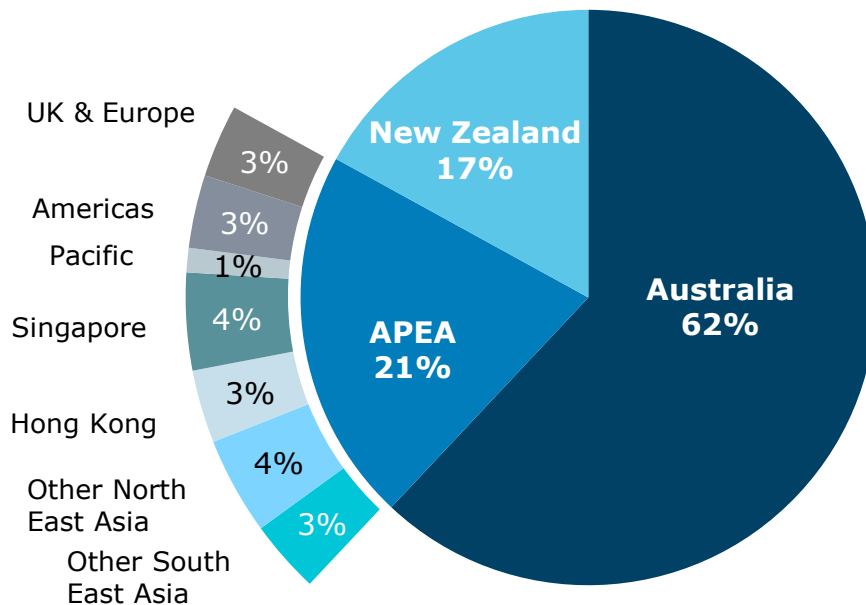
1. Only >\$10m customers

# Total Credit Exposure (EAD) by Geography

## Exposure by Geography

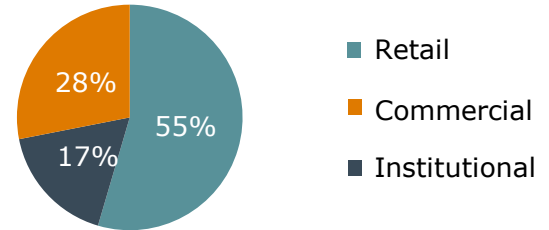
Total Exposure at Default (Sep 13) - \$725b<sup>1</sup>

Australia	New Zealand	APEA
\$450.6b	\$123.6b	\$150.8b

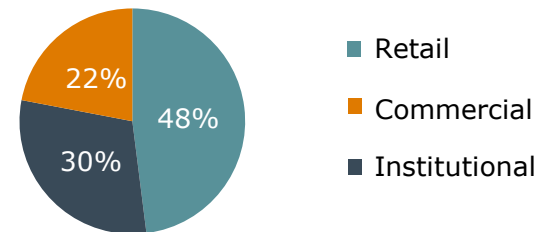


## Exposure at Default by Line of Business<sup>2</sup>

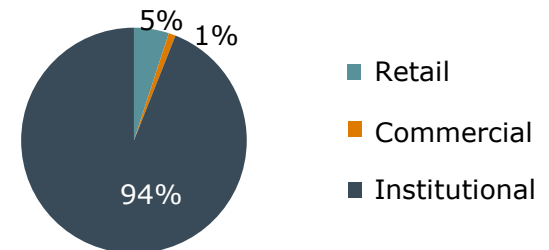
### Australia



### New Zealand



### APEA



1. EAD excludes amounts for 'Securitisation' and 'Other Assets' Basel asset classes  
 2. Institutional includes exposure to Bank and Sovereign counterparties and ANZ's Liquidity portfolio

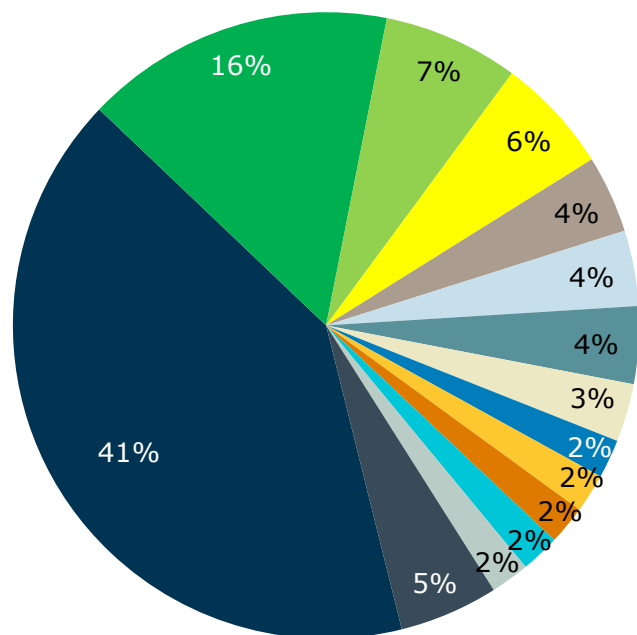
# Total Credit Exposure (EAD) by Industry

Exposure at Default (EAD)  
as a % of group total

ANZ Group

Total EAD (Sep 13)

\$725b



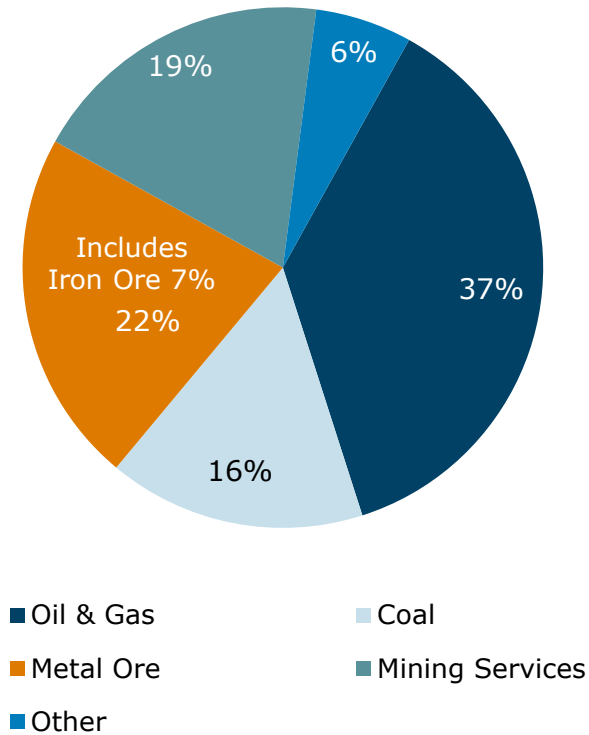
Category	EAD		% in Non Performing	
	Mar 13	Sep 13	Mar 13	Sep 13
Consumer Lending	40.4%	40.8%	0.2%	0.2%
Finance, Investment & Insurance	16.8%	15.9%	0.2%	0.1%
Property Services	7.1%	7.1%	1.6%	1.1%
Manufacturing	6.1%	6.0%	1.0%	0.7%
Agriculture, Forestry, Fishing	4.2%	4.3%	4.1%	4.1%
Government & Official Institutions	3.9%	4.0%	0.0%	0.0%
Wholesale trade	4.0%	3.9%	0.6%	0.8%
Retail Trade	2.9%	2.9%	0.8%	0.9%
Transport & Storage	2.2%	2.2%	2.0%	1.6%
Business Services	1.9%	2.0%	0.7%	0.5%
Resources (Mining)	1.8%	1.9%	0.2%	1.2%
Electricity, Gas & Water Supply	1.7%	1.7%	0.1%	0.1%
Construction	1.6%	1.7%	1.2%	1.1%
Other	5.4%	5.7%	0.1%	0.9%



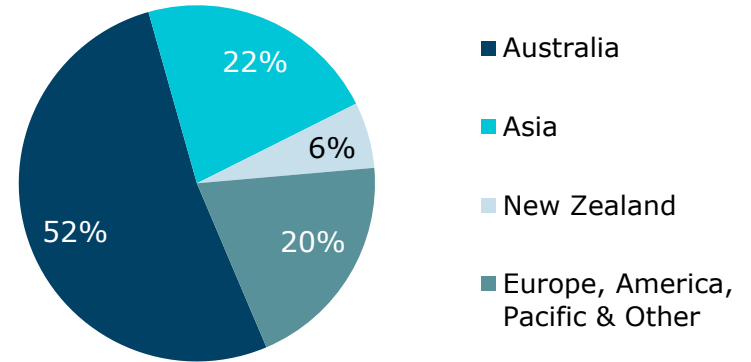
# Resources

## Resources Exposure by Sector (% EAD)

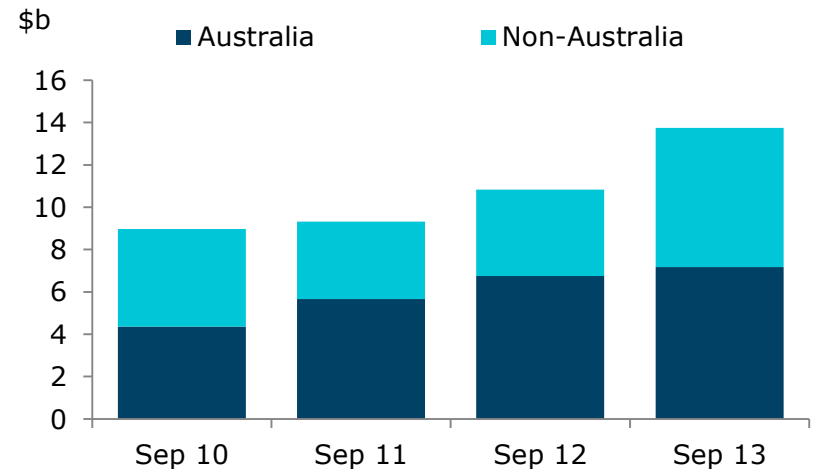
Resources	
Total EAD (Sep 13)	As a % of Group EAD
\$13.7b	1.9%



## Resources Exposure by Geography (EAD)



## Resources Exposure by Geography (EAD)

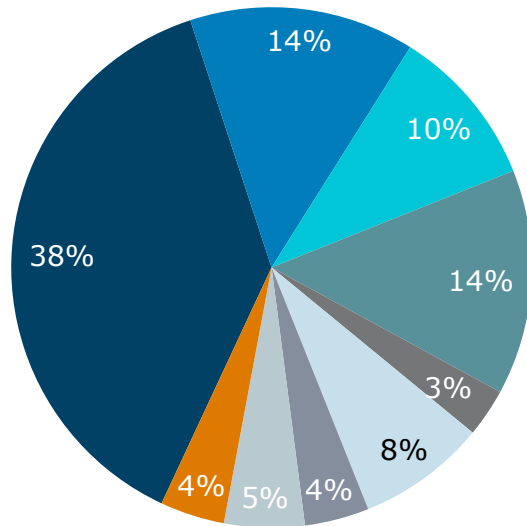


# Agriculture

## Agriculture Exposure by Sector (% EAD)

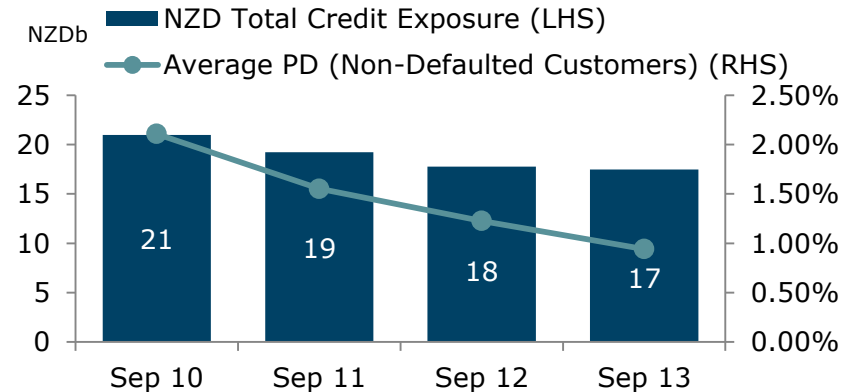
### Agriculture

Total EAD (Sep 13)	As a % of Group EAD
\$30.9b	4.3%

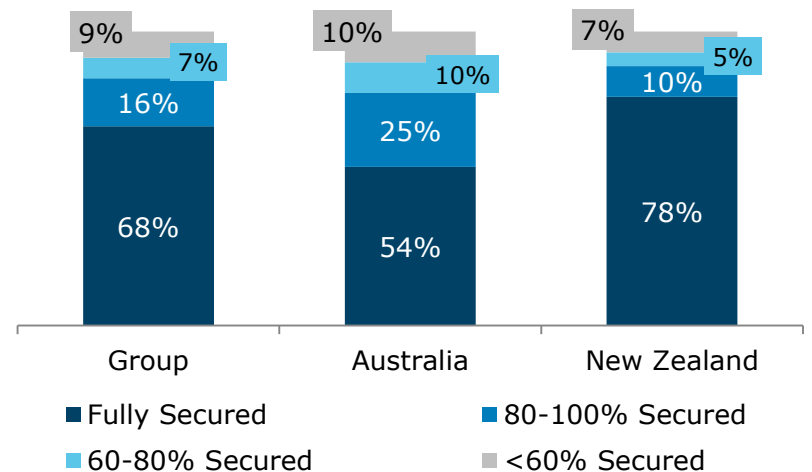


- Dairy<sup>1</sup>
- Beef
- Sheep & Other Livestock
- Grain
- Wheat
- Horticulture/Fruit
- Other Crops
- Forestry & Fishing
- Agriculture Services

## New Zealand Agri Credit Exposure (EAD) and Average Probability of Default



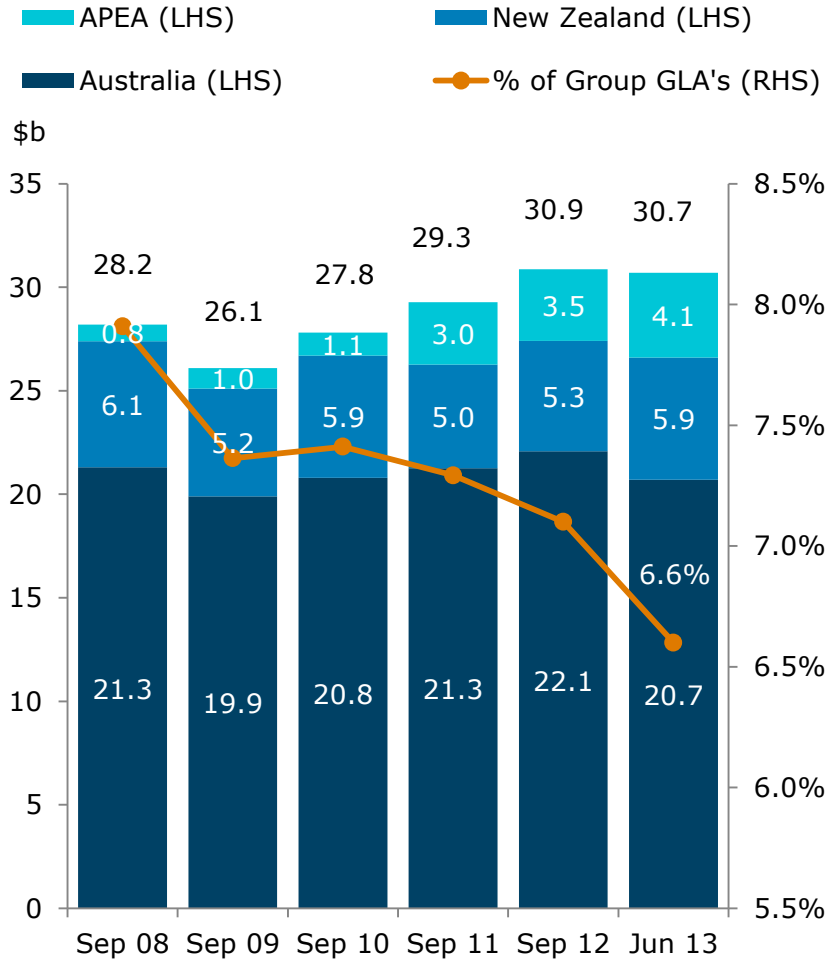
## Agriculture Security Levels



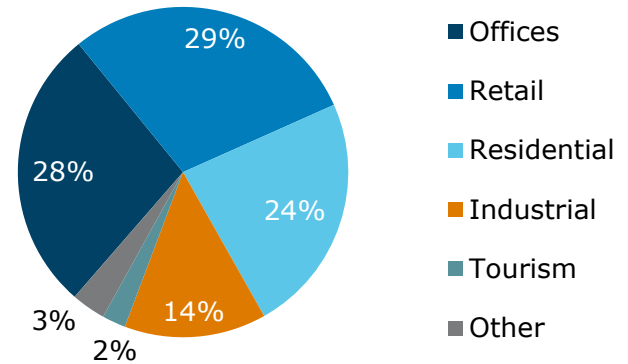
1. 93% of Dairy exposure is in New Zealand Agri

# Commercial Property credit exposure

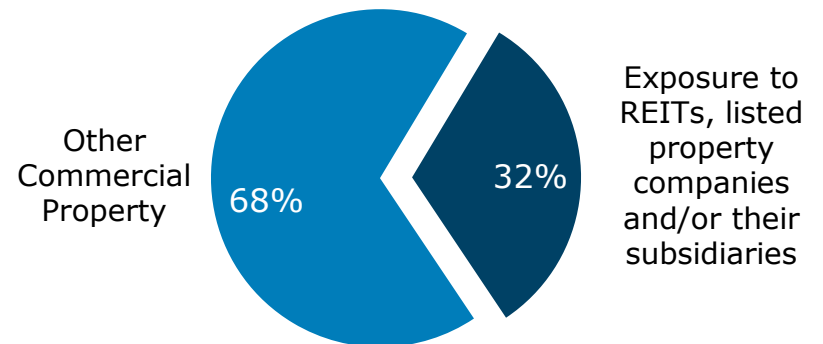
## Commercial Property Exposure Gross Loans and Advances by Region



## Commercial Property Exposure by Sector

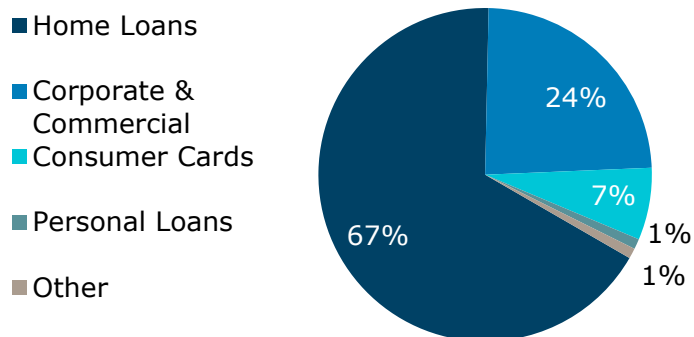


## Exposure to REIT's, Listed Property Companies and/or their subsidiaries

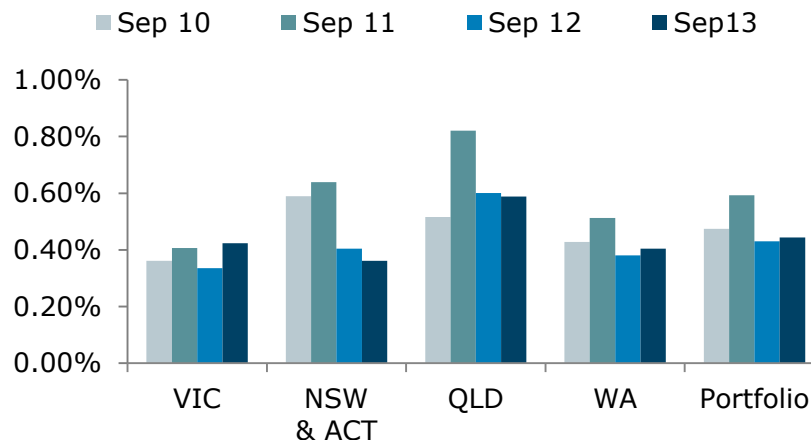


# Australia Division Credit Quality

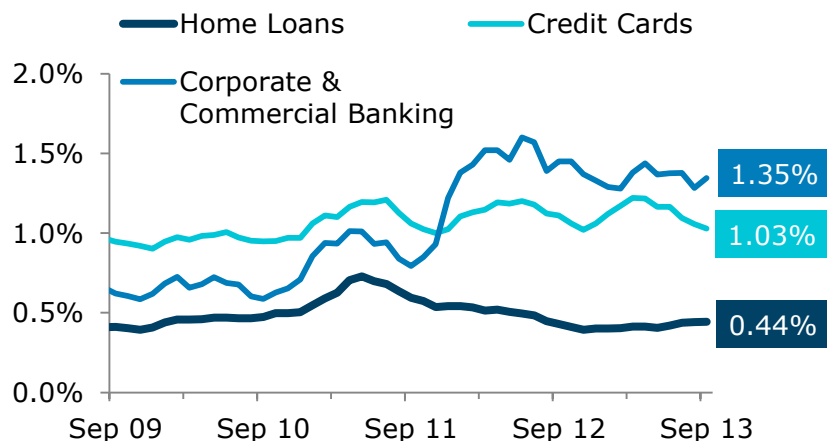
## Australia Division Credit Exposure (EAD)



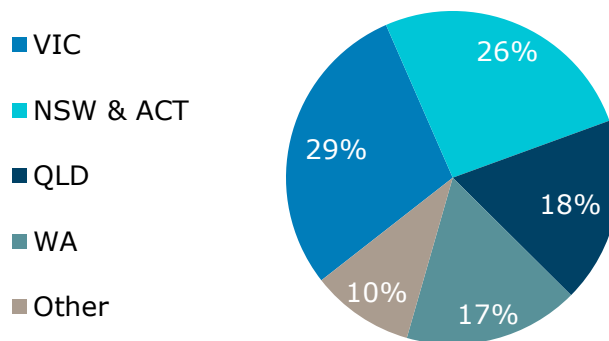
## Australia Home Loans 90+ day delinquencies by state



## Australia Division 90+ day delinquencies



## Australia Home Loan Portfolio by state

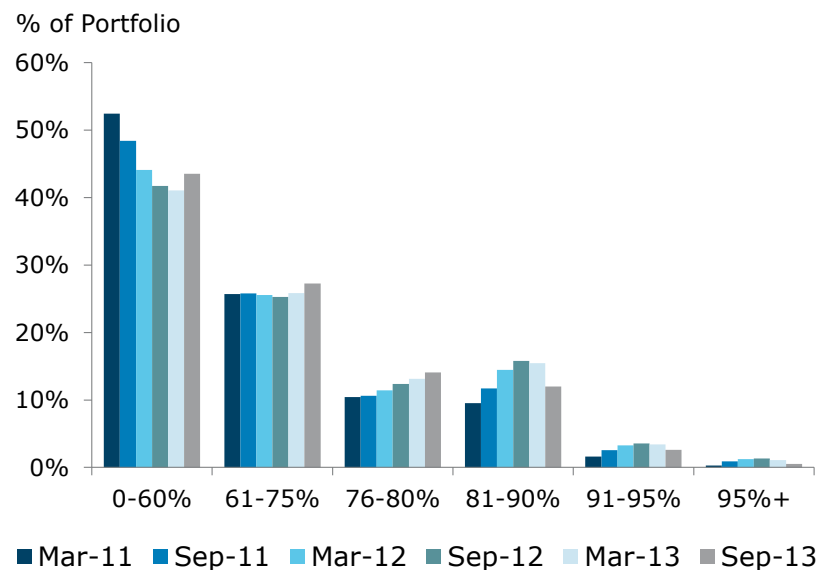


Changes to treatment of hardship cases within Home Loan 90+ DPD impacted underlying trends during FY13. Sep 2013 90+ DPD 0.40% excluding change and 0.44% including.

# Australia Division - Home Loan Portfolio

Total Number of Home Loan Accounts	887k
Total Home Loan FUM	\$195b
% of Total Australia Geography Lending	60%
% of Total Group Lending	41%
Owner Occupied Loans - % of Portfolio <sup>1</sup>	62%
Average Loan Size at Origination (2H13 average) <sup>2</sup>	\$329k
Average LVR at Origination (2H13 average)	70%
Average Dynamic LVR of Portfolio	50%
% of Portfolio Ahead on Repayments <sup>3</sup>	57%
First Home Owners - % of New Lending	7%
% of Portfolio Paying Interest Only <sup>4</sup>	32%

## Dynamic Loan to Value Ratio



## Individual Provision as % Gross Loans

	1H12	2H12	1H13	2H13
<b>ANZ Group Total</b>	0.36%	0.43%	0.27%	0.24%
<b>Australia Home Loans</b>	0.03%	0.02%	0.02%	0.02%

1. Excludes funds in Equity Manager Accounts.
2. Average loan size of home loans written in 2H13 excluding offset accounts
3. % of customers paying Principal and Interest that are one month or more ahead of repayments
4. Excludes revolving credit facilities

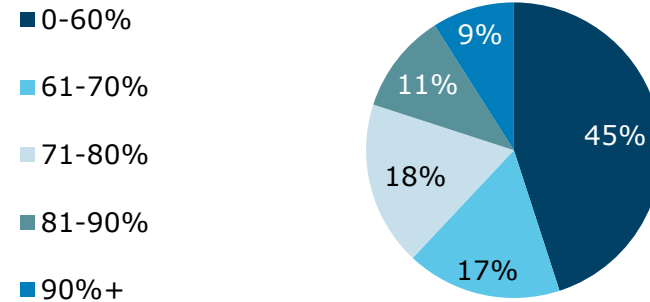
# New Zealand Division – Home Loan Portfolio

Total Number of Home Loan Accounts	478k
Total Home Loan FUM (NZD)	\$59b
% of Total New Zealand Lending	56%
% of Total Group Lending	11%
Owner Occupied Loans - % of Portfolio	77%
Average Loan Size at Origination (2H13 average) (NZD)	\$247k
Average LVR at Origination (2H13 average)	67%
Average Dynamic LVR of Portfolio	47%
% of Portfolio Paying Interest Only <sup>1</sup>	21%

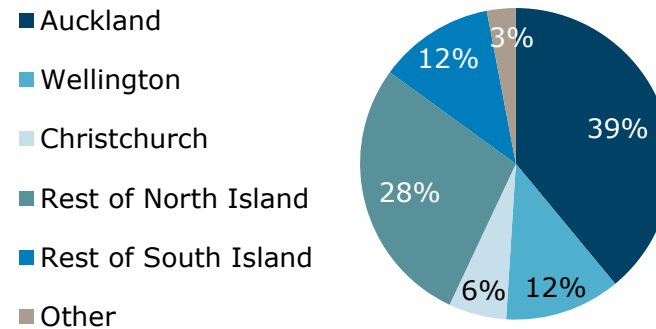
## Individual Provision as % Gross Loans

	1H12	2H12	1H13	2H13
<b>ANZ Group Total</b>	0.36%	0.43%	0.27%	0.24%
<b>New Zealand Home Loans</b>	0.05%	0.03%	0.02%	0.02%

## Dynamic Loan to Valuation Ratio



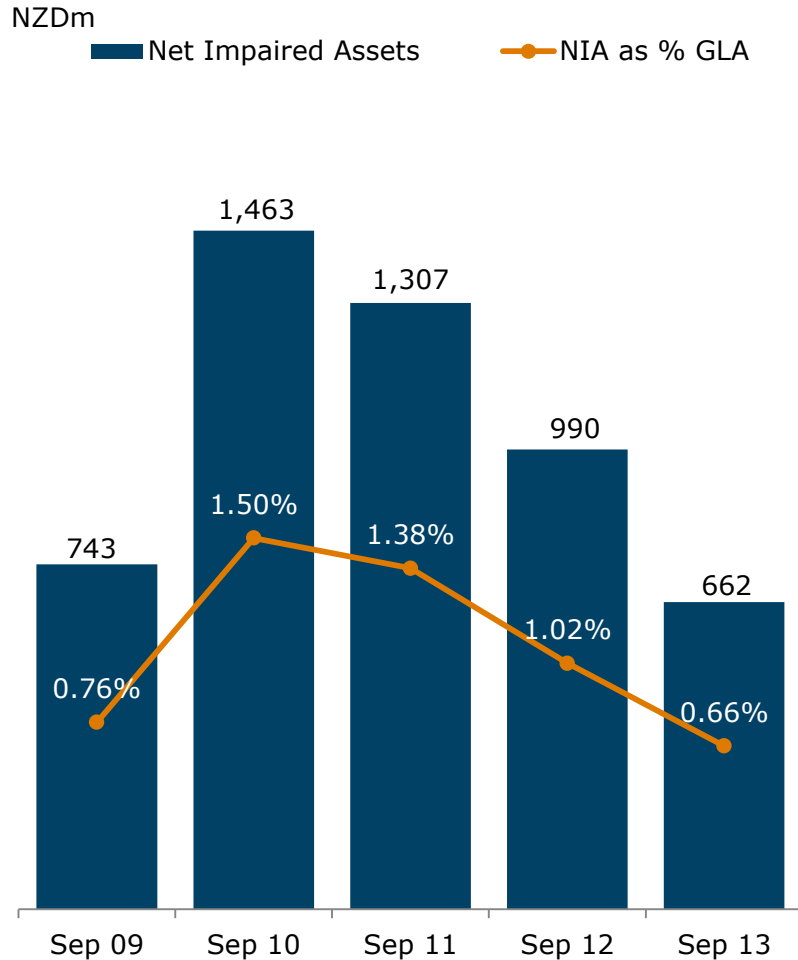
## Home Loan Portfolio by Region



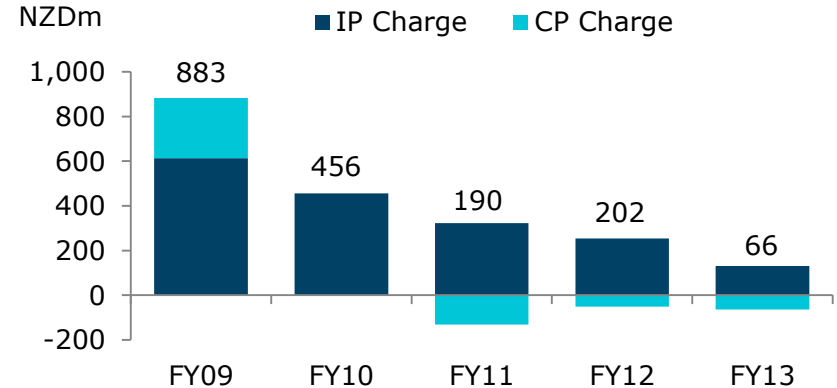
1. Excludes revolving credit facilities

# New Zealand – Credit Quality

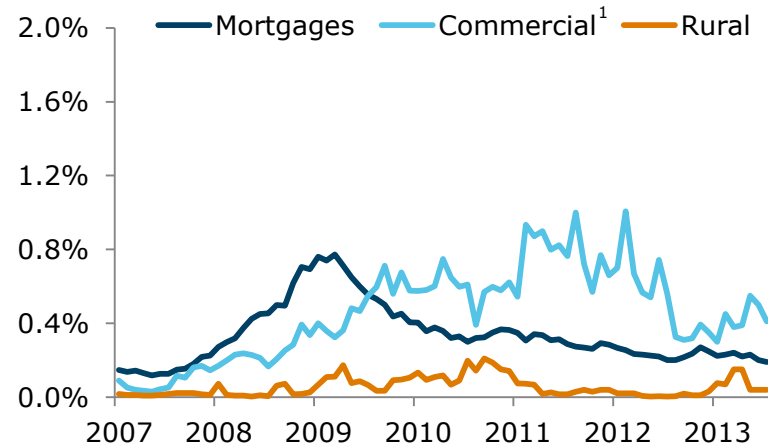
## New Zealand Geography Net Impaired Assets



## New Zealand Geography Total Provision Charge



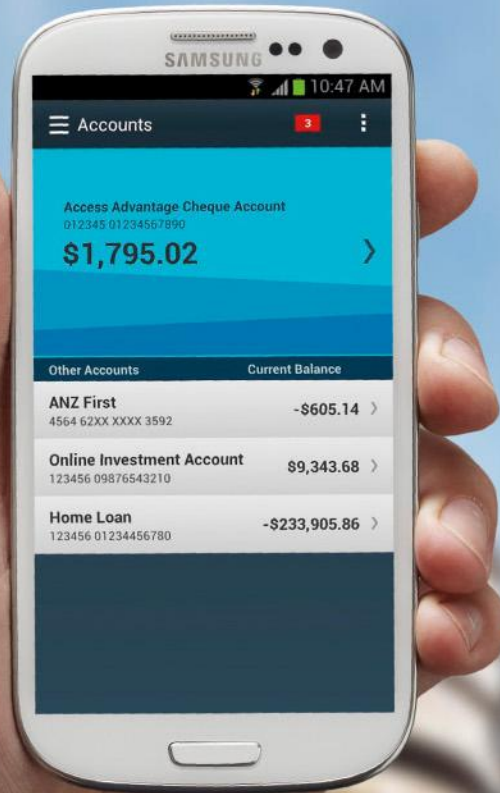
## New Zealand Division 90+ days delinquencies



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

# 13 FULL YEAR RESULTS

AUSTRALIA AND  
NEW ZEALAND  
BANKING GROUP  
LIMITED  
29 OCTOBER 2013



Australia Division



# We are transforming the business to position ANZ for growth in a changing environment

## Building our lead in mobile & digital



- Expanding customer reach and deepening loyalty
- New mobile & digital foundations
- Rapid evolution of our market leading applications



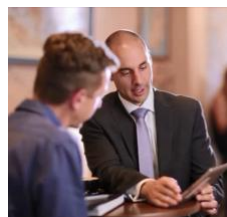
## Transforming our distribution channels

### Retail



- Transforming branches and contact centres to focus on more complex sales
- Multi-channel connectivity
- Migrating low value transactions to self service

### Corporate & Commercial Banking



- Using our super regional advantage to bring whole of ANZ
- Providing market leading banker tools & centralised service
- Offering deep industry insight

## Simplifying our products & process



- Digitising and automating
- Paperless processing
- Simplifying product range

## Accelerating through customer insights



- New information platforms
- Single customer view enabled
- Insight driven offers

# Banking on Australia is delivering strong outcomes

## FY13 Performance: NPAT up 11% to \$2.87bn

Retail		Corporate & Commercial Banking	
<b>#1</b>	Strongest overall growth of major banks across Home Loans, Deposits and Cards in FY13 <sup>1</sup>	<b>↑ 7%</b>	Lending Growth
<b>14</b>	Quarters of Above System Home Loan growth <sup>2</sup>	<b>6</b>	Quarters of Above System Lending growth <sup>2</sup>
<b>↑ 17%</b>	Profit before Provisions growth	<b>↑ 30,000</b>	Growth in Customer Numbers <sup>4</sup>
<b>&gt;80%</b>	MFI Customer satisfaction <sup>3</sup>	<b>7,000+</b>	ANZ Fastpay Users
<b>↑ 19%</b>	Increase in sales via Digital channels	<b>↓ 158bps</b>	Reduction in Cost to Income ratio
<b>↓ 11%</b>	Reduction in customer complaints	<b>45,000+</b>	Frontline training hours invested

1. Source: APRA Monthly Banking Statistics, 12 months to August 2013. Excludes impact from sale of Origin Mortgage Management Services;

2. To June quarter 2013. Retail Source: APRA Monthly Banking Statistics, excludes impact from sale of Origin Mortgage Management Services; C&CB

Source: RBA Lending and Credit Aggregates - Non Financial Corporations.; 3. Source: Roy Morgan Research, 6 months to August 2013;

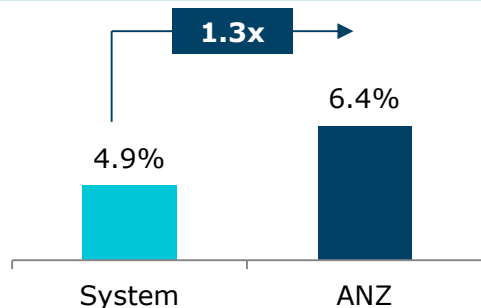
4. Excludes Esanda.

# Achieving above system growth

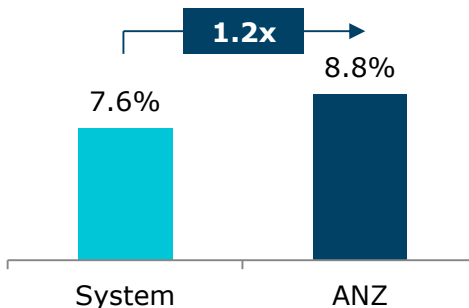
## Retail

Strongest overall growth of major banks across Home Loans, Deposits and Cards in FY13

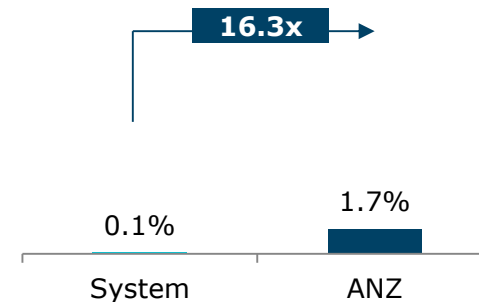
### Home Loans<sup>1</sup>



### Deposits<sup>1</sup>



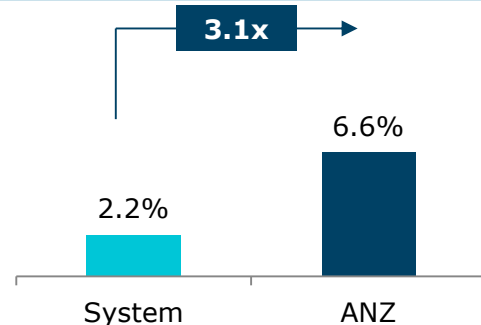
### Consumer Cards<sup>1</sup>



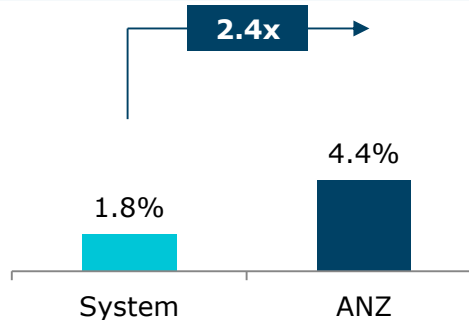
## Corporate & Commercial Banking

Delivering above system growth and cross sell income to Institutional, Retail and Wealth

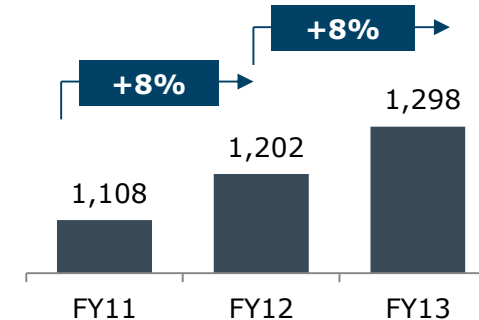
### Lending<sup>2</sup>



### Deposits<sup>2</sup>



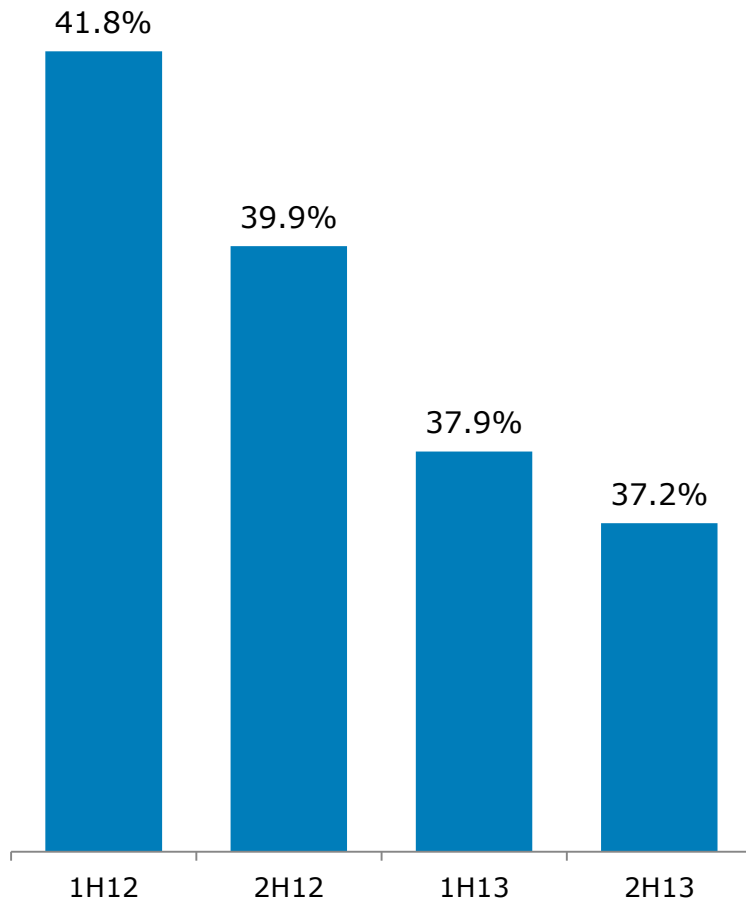
### Cross Sell Income<sup>3</sup> (\$m)



1. Source: APRA Monthly Banking Statistics, Sep 2012 to Aug 2013. System adjusted for new ADI incorporations; 2. Source: Lending - RBA Lending and Credit Aggregates and Deposits - APRA Monthly Banking Statistics, Non-Financial Corporations, Sep 2012 to Aug 2013; 3. C&CB cross sell includes income booked in Retail, Wealth and International and Institutional Banking.

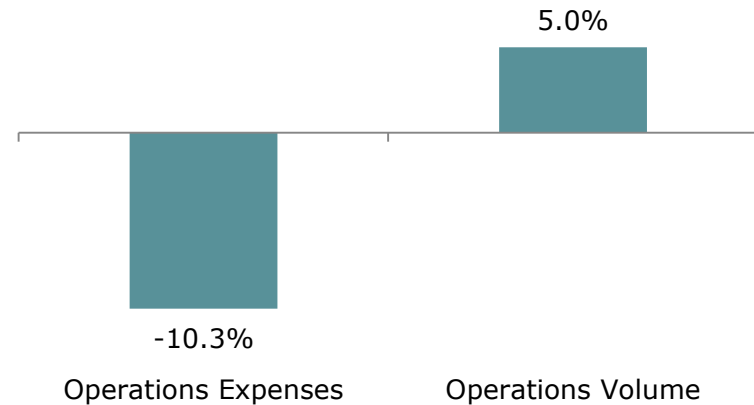
# Improving sales efficiency and productivity

## Australia Division Cost to Income Ratio



## Australia Operations Efficiency

### Growth FY13 v FY12



↑ 7%

Uplift in branch sales per FTE in 2013

↑ 15%

Increase in Home loans approved at first application 2H13

178,000

Frontline hours freed up through Operations efficiency

# Retail Credit Quality

↓ **3bps**

Improvement in Home Loan 90+ days past due in 2013<sup>1</sup>

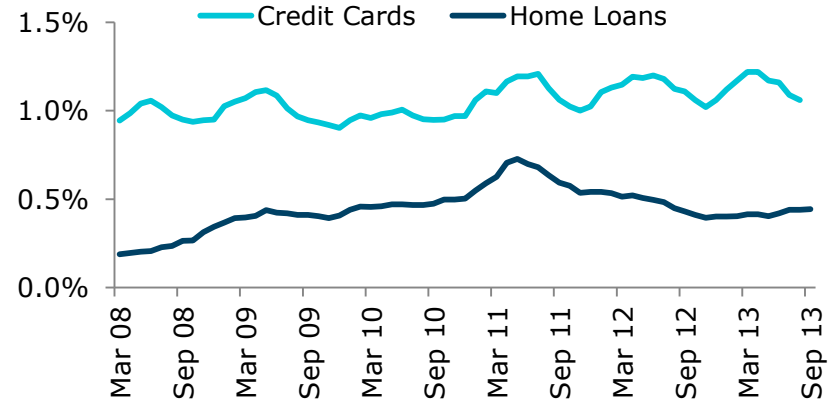
↓ **13%**

Reduction in Credit Card provisions in FY13, 30+ and 90+ day delinquencies at lowest level in 3 years

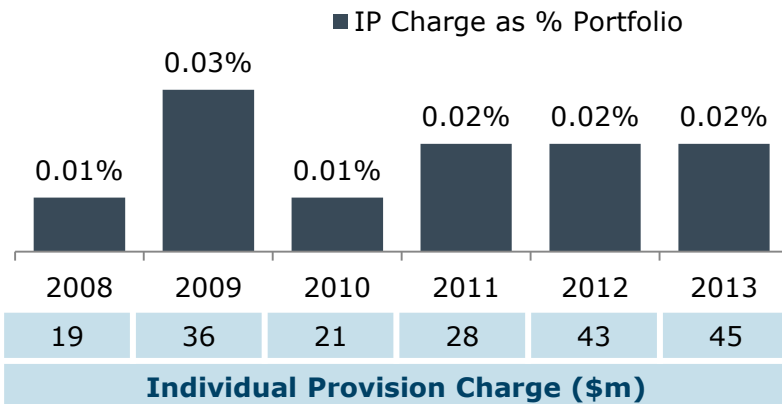
✓

Maintained prudent risk settings

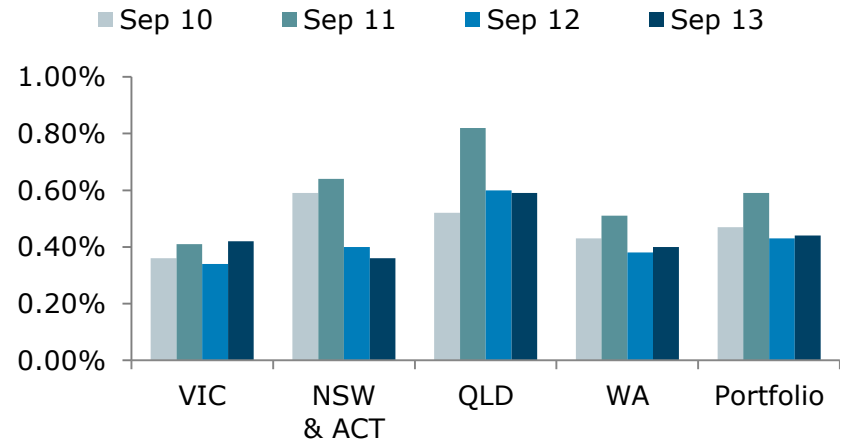
## Australia Retail 90+ days past due<sup>1</sup>



## Home Loan Loss Rates



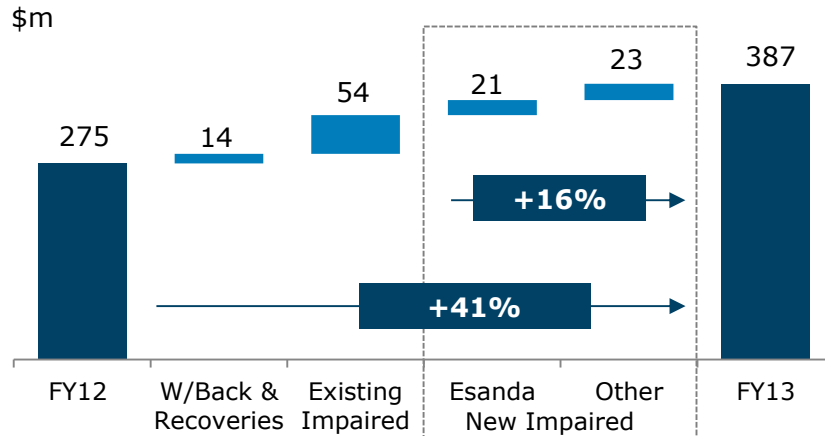
## Home Loans 90+ days past by state



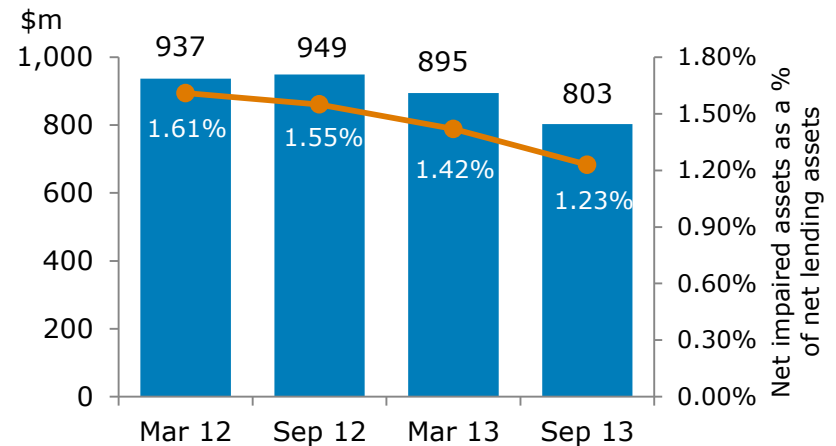
1. Excludes changes to treatment of hardship cases that impacted underlying trend. Sep 2013 90+ DPD 0.40% excluding hardship change and 0.44% including.

# Corporate & Commercial Banking Credit Quality

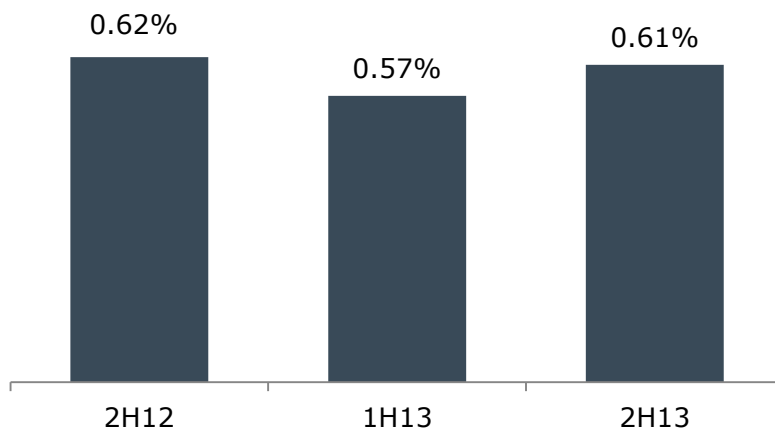
## Individual Provision Charge Movement FY13 v FY12



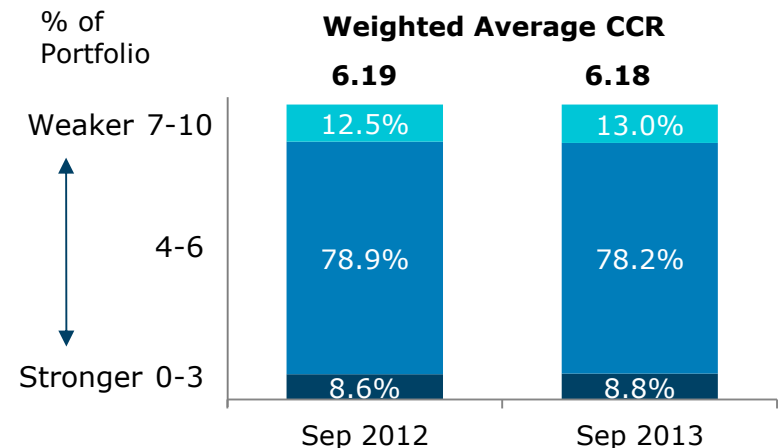
## Net Impaired Assets



## Individual Provision Charge as % Gross Loans & Advances



## Customer Credit Rating (CCR) Profiles by Exposure at Default



# Significant progress made on mobile and digital agenda

## Banking on Australia



# ANZ goMoney™ is our market leading mobile banking app



2010

**First payments app in the Australian market**



**Available for iPhone and Android**

1.0m

**Active goMoney users<sup>2</sup>**

>25m

**goMoney logins per month**

>\$56b

**Transactions processed**

**ANZ's award-winning app<sup>1</sup> provides a secure and convenient way to bank, 24/7**

**Customers with ANZ goMoney™ demonstrate greater loyalty**



## Transforming our branches to focus on more complex needs, generate increased cross-sell and productivity



7%

**Uplift in branch sales in FY13**

5%

**Drop in branch traffic due to increased self service**

18%

**Uplift in sales via Video Conference in 2H13**

74

**New look sales focused branches**

201

**Smart ATMs installed**

**Transforming our distribution network by embracing new technology to meet the changing needs of customers**

# Interactive frontline sales tools that improve banker productivity and deliver ANZ's super regional capabilities to our customers

100%

**C&CB frontline bankers with iPads**

>5,000

**Digital A-Z reviews completed in last 3 months**

33

**Markets connected via Super Regional App**

↓48 hrs

**Average turnaround time saving with each "Sign-on-Glass" application**

## 8 Frontline Applications Developed

- 1 **A-Z Review**  
Customer needs assessment
- 2 **Collaboration**  
Video access to specialists
- 3 **Super Regional**  
ANZ regional capability resource
- 4 **Voice notes**  
Capture of customer notes
- 5 **On Boarding & Identification**  
Customer information capture
- 6 **ANZ Podcast**  
Banker Training
- 7 **ANZ Hub**  
Customer & frontline information
- 8 **ANZ App catalogue**  
Source of banker apps



- **Faster application turnaround**
- **Access to bank-wide digital customer information**

# ANZ FastPay™ is our award winning mobile merchant app, enabling our small business customers to be paid 'on the go'



- **Mobile merchant app for faster card payments**
- **Allows businesses to accept card sales on iPhone or iPad with same-day settlement**



**Winner, FIIA Award for Innovation and the Trailblazer award for innovation in banking<sup>1</sup>**



**Available for iPhone and iPad**

**7,000+ FastPay users**

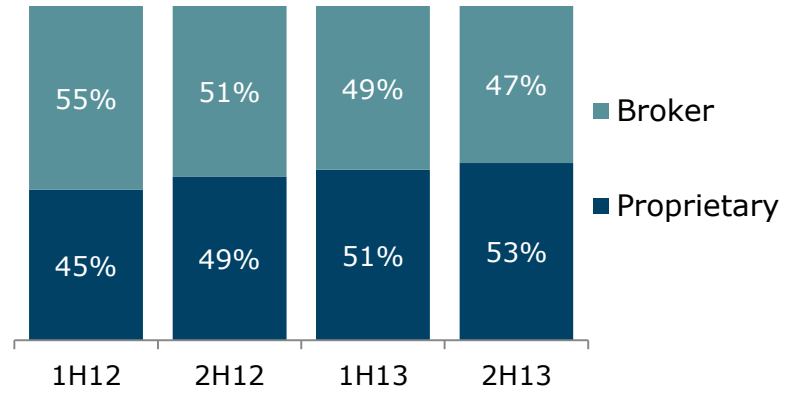
**30% Monthly growth in FastPay customers**

**>140k Transactions processed**

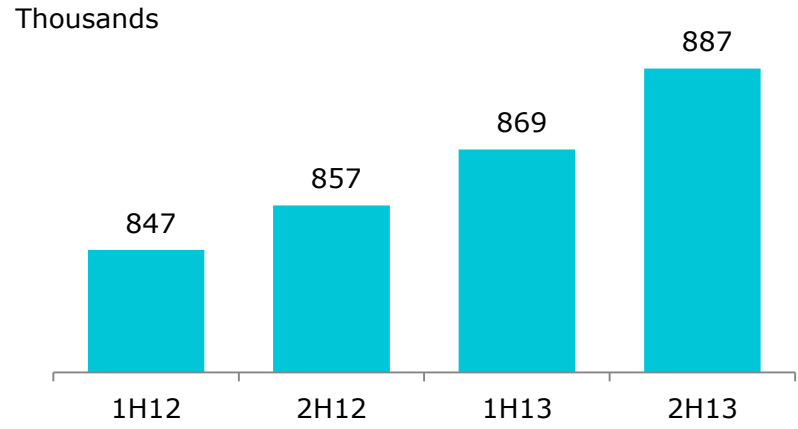
# Retail Transformation is improving Home Loan capability

<b>1.1 million</b>	A to Z customer needs reviews completed in 2013
<b>68%</b>	Branch sales staff now accredited to sell home loans
<b>↑ 16%</b>	Increase in branch Home Loan sales in 2013
<b>✓</b>	Delivered Home Loan continuous improvement program
<b>\$13 billion</b>	Home Loan growth achieved in 2013
<b>19%</b>	Percentage of online chats generating mortgage referrals

**Home Loan Sales Mix by Channel**



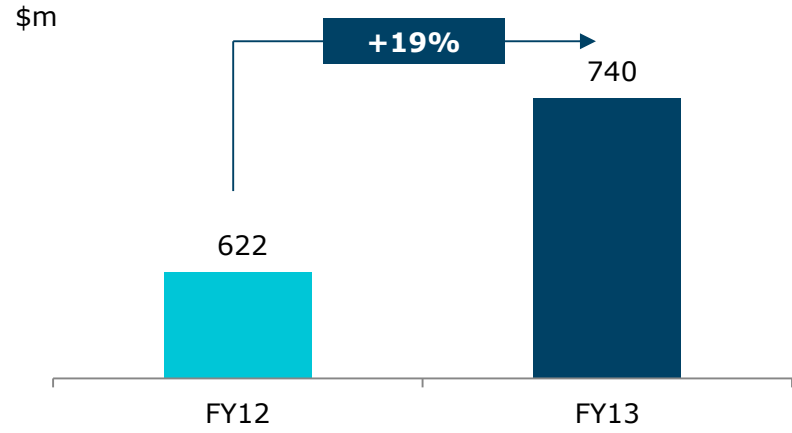
**Total Home Loan Accounts**



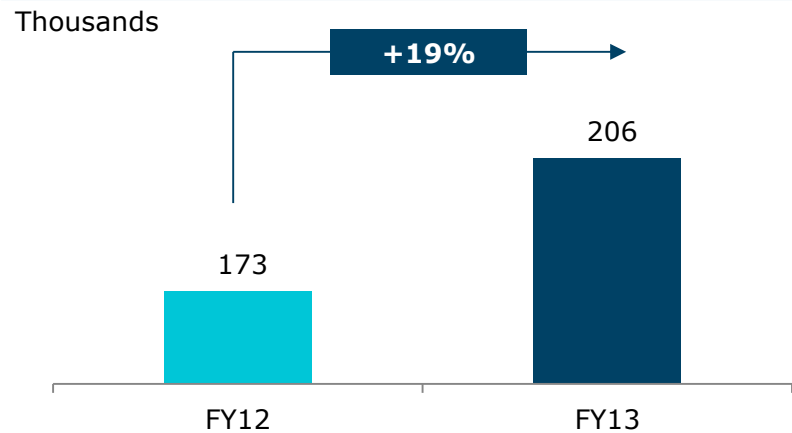
# And increasing cross sell of retail, wealth and small business solutions to our customers

<b>1,600</b>	Branch staff trained to sell Small Business transaction accounts
<b>1,300</b>	Branch staff accredited to sell Wealth products
<b>23,000</b>	Smart Choice Super sales sold through branch network since November 2012 launch
<b>↑ 16%</b>	Growth in Small Business deposit accounts
<b>414,000</b>	Business sales and wealth referrals through branches

**Revenue from Retail Products Sold to Commercial Customers**

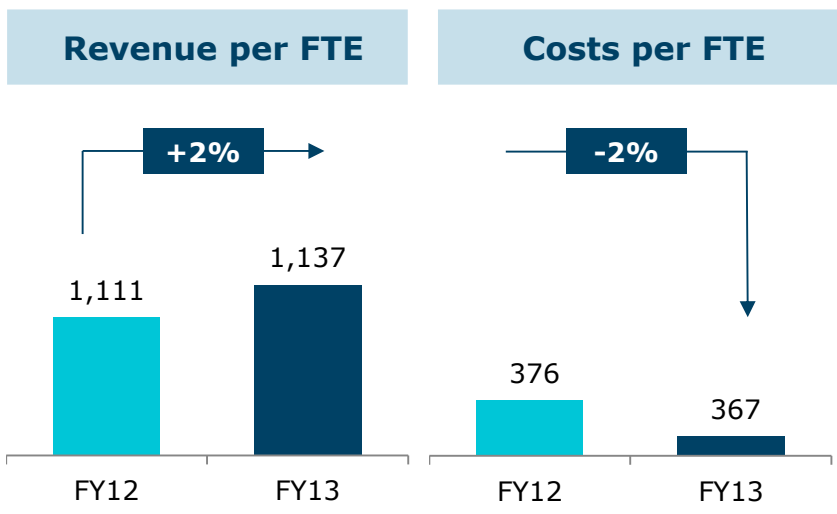


**Wealth Products Sold Through Retail Distribution**



# Corporate & Commercial Banking transformation is enhancing banker productivity

<b>↑ 8%</b>	Growth in cross sell revenue to \$1.3 billion
<b>↑ 20%</b>	Growth in leads to frontline
<b>✓</b>	Establishment of cross border on-boarding team
<b>47</b>	Processes removed from frontline staff
<b>12 to 1</b>	Different product applications consolidated to a single form
<b>12</b>	Products decommissioned



Money Magazine Business Bank of the Year



Best Value Australia Agribusiness

CANSTAR Best Value Australia Agribusiness Award



Financial Insights Innovation Award

FIIA Innovative in Mobile Payments Award 2013



Banking & Payments ASIA TRAILBLAZER AWARDS CHANNEL EXCELLENCE

Trailblazer 'Channel Excellence in Mobile - Payments' Award 2013

# Delivering leading insight and support to help corporate & commercial customers improve their business

<b>#1</b>	No.1 Most Trusted Adviser <sup>1</sup>
<b>\$750 million</b>	Lent to new small businesses in the first 6 months under our \$1 billion pledge
<b>6,000</b>	Monthly customer visits to the Small Business HUB, an online customer portal
✓	Small business customer approval notification via SMS
✓	Simplified application and assessment for new small businesses
✓	Single point of contact for Business Banking servicing

## Leading Insights Capabilities

**Business Insights**

Real-time peer benchmarking tool for small and medium sized business clients



**Client Insights**

Bespoke strategic industry and customer insight for corporate clients



**ANZ Insight Series**

A series of client reports covering long-term opportunities and challenges across Asia Pacific



1. Peter Lee Associates 2013 Large Corporate and Institutional Relationship Banking survey Australia

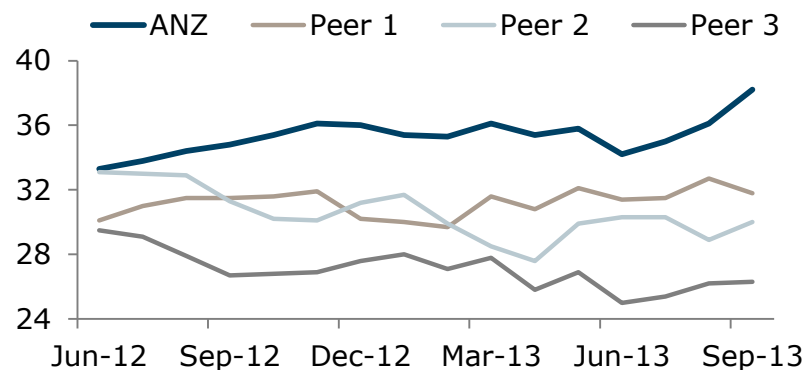
# And leveraging our super regional advantage to bring the whole of ANZ to our customers

<b>100%</b>	Relationship Frontline staff with Super Regional training
<b>↑ 45%</b>	Growth in cross-border referrals from Australia
<b>25%</b>	Relationship Frontline staff with hands-on experience in key Asian markets
<b>↑ 30%</b>	Growth in foreign exchange customers
<b>2,500</b>	Customers per week visit anz.com Super-regional site

## Super Regional iPad App to facilitate cross-border customer conversations



## "Can Service My Business Needs Across Australia, NZ and Asia"<sup>1</sup>

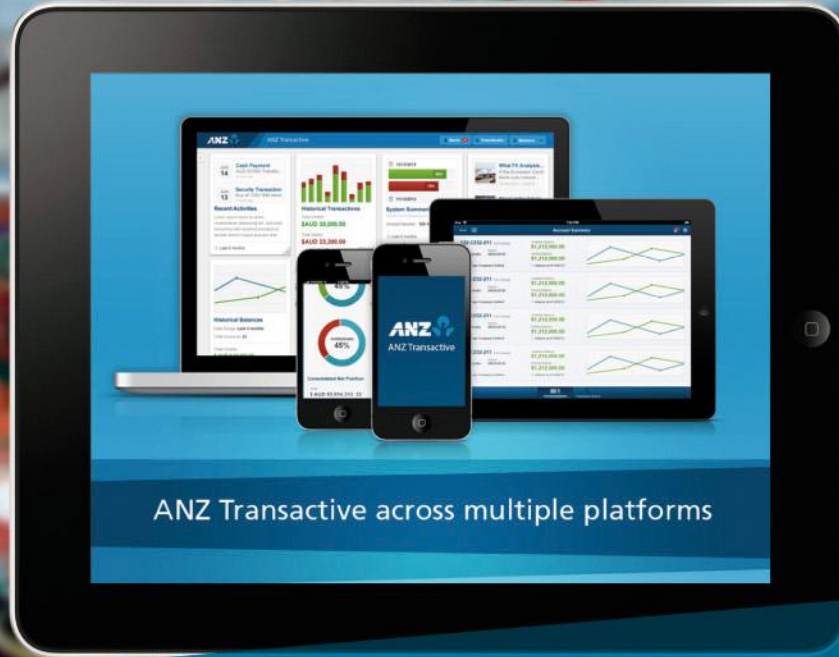


1. DBM's Business Financial Services Monitor. Rolling 3 month average, as at Sept-13. Defined as proportion of Commercial Banking customers with \$1m to less than \$40m turnover who associate bank with the statement 'can service my business needs across Australia, NZ and Asia'



# 13 FULL YEAR RESULTS

AUSTRALIA AND  
NEW ZEALAND  
BANKING GROUP  
LIMITED  
29 OCTOBER 2013



International and  
Institutional Banking  
Division

# Disciplined execution of our strategy is driving improved performance

<b>Customer</b>	<b>32%</b>	% Institutional customers dealing with IIB in multiple countries
	<b>↑ Volume<sup>1</sup> growth</b>	Strong growth in priority segments – Natural Resources +6%, Global Diversified +9%, Financial Institutions +17%, Asia Commercial +30%, Asia Retail Affluent +31%, Agriculture -13%
	<b>↑ Customer Acquisition in Asia</b>	Institutional +11%, Affluent Retail +16%, Commercial +19%
<b>Geography</b>	<b>35%</b>	Cross border income <sup>2</sup> as a percentage of Institutional customer income
	<b>3x faster</b>	Cross border income growth = 3x Local income growth <sup>3</sup>
	<b>48%</b>	FY13 APEA operating income as a percentage of Total IIB operating income - up 12% since FY10
<b>Product</b>	<b>Diversification</b>	FX income represents 41% of Global Markets income growing at a 14% CAGR since FY10
		Trade income represents 13% of Global Institutional income growing at a 18% CAGR since FY10
		Trade volumes growing at 59% CAGR since FY10

Note: Growth rates compare FY13 v FY12 unless specifically stated

1. Volume represents total lending and deposits

2. Represents referred income booked in a jurisdiction different from where a client relationship is managed

3. Income CAGR FY10 – FY13

# Strong customer relationships

Source	Performance Indicator	2013 Rank	2012 Rank
<b>Australia</b>			
Peter Lee Associates <sup>1</sup>	Overall Market Penetration	Tied for 1 <sup>st</sup>	2
	Relationship Strength Index	2	2
<b>New Zealand</b>			
Peter Lee Associates <sup>2</sup>	Overall Market Penetration	1	1
	Relationship Strength Index	1	1
<b>Asia Pacific</b>			
Greenwich Associates <sup>3</sup>	Overall Market Penetration	4	5
	Greenwich Quality Index <sup>4</sup>	Tied for 1 <sup>st</sup>	Tied for 10 <sup>th</sup>
Asiamoney <sup>5</sup>	Overall FX Services voted by Financial Institutions	1	2
	FX Services voted by Corporates	4	5
	FX Options voted by Financial Institutions	2	1

**Sources:**

1. Peter Lee Associates 2013 Large Corporate and Institutional Relationship Banking survey Australia
2. Peter Lee Associates 2013 Large Corporate and Institutional Relationship Banking survey NZ
3. Greenwich Associates 2012 Large Corporate Banking survey Asia (Note that results for the 2013 survey will be made available at the end of 2013)
4. Greenwich Quality Index is based on overall relationship quality
5. Asiamoney, 2013

# Diversification by customer

## Customer Value Proposition

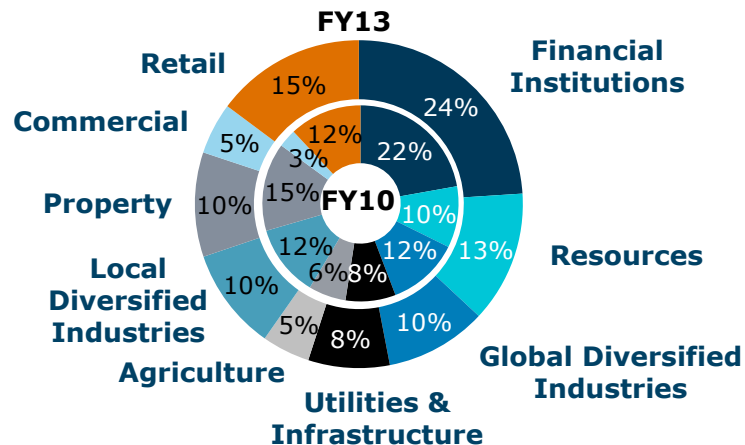
**Institutional:** International connectivity, insights, strong balance sheet and consistency of relationship to deliver flow and value added solutions

**Asia Pacific Commercial:** Seamless connectivity to customers targeting those with cross border needs

**Asia Pacific Retail:** Banking and wealth solutions focussed primarily on affluent and emerging affluent customers

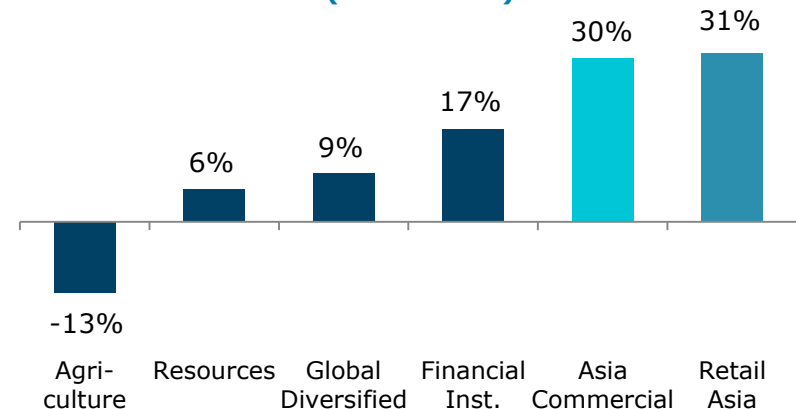
### Growing priority customers

Income by Customer Segment (FY10-FY13)



### Growing volume with target customers

Volume Growth<sup>1</sup> (FY12-FY13)



- **Financial Institutions** - capital, portfolio management, liquidity & transactional banking solutions
- **Resources** - specialist banking products and services
- **Global Diversified Industries** - financial and capital management solutions to clients across a range of global industries
- **Commercial** - solutions, insights and banking support to corporates with cross border needs
- **Retail** - banking solutions and advisory capabilities for affluent and emerging affluent customers

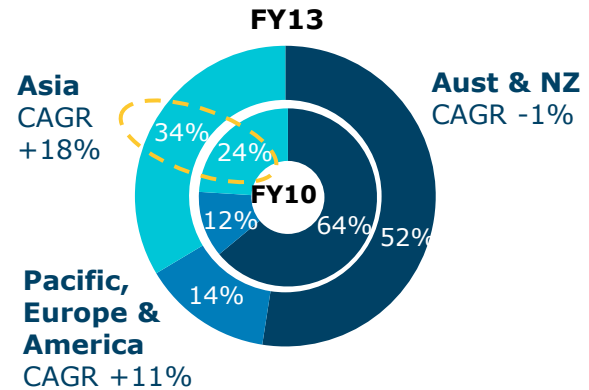
1. Volume reflects total lending and deposits on a constant currency basis

# Diversification by geography and product

<b>Geography</b>	Accessing fast growing Asia: 18% CAGR in Asia IIB income over last three years <sup>1</sup>
<b>Product</b>	Diversifying income to create greater resilience against changing economic cycles
<b>Income Mix</b>	Lowering balance sheet intensity and delivering improved capital efficiency

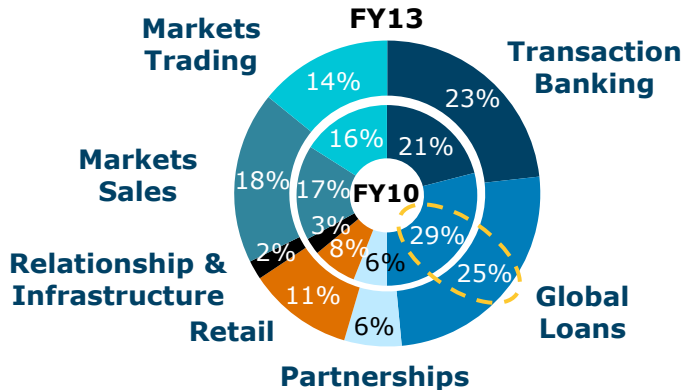
## Income by Geography

Income by Geography (FY10-FY13)



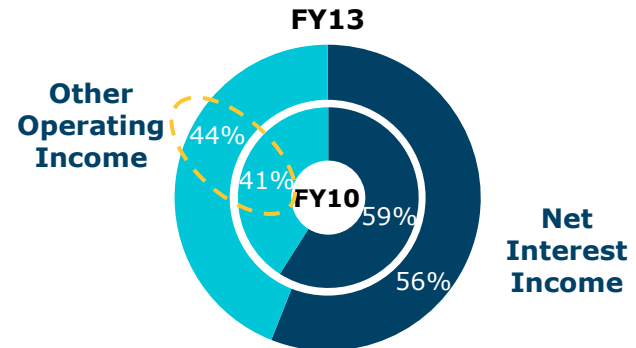
## Income by Product

Income by Product (FY10-FY13)





## Income Mix

Income Composition (FY10-FY13)



1. CAGR calculated using AUD

# Cross border income is 35% of Institutional customer revenue - 3x faster growth than domestic

Domestic Institutional		Cross Border <sup>1</sup> Institutional	
<b>\$0.5 billion</b>	FY13 cross sell of Institutional products into Commercial Australia & NZ	<b>\$1.6 billion</b>	FY13 cross border income
<b>5% CAGR<sup>2</sup></b>	Local income growth	<b>15% CAGR<sup>2</sup></b>	Cross border income growth with 43% CAGR <sup>2</sup> in Intra Asia Referrals
 <b>6%</b>	Domestic lending growth	 <b>18%</b>	Cross border lending growth
<b>14%</b>	% Top 100 Institutional customers <sup>3</sup> banked in one country	<b>86%</b>	% Top 100 Institutional customers <sup>3</sup> banked in multiple countries

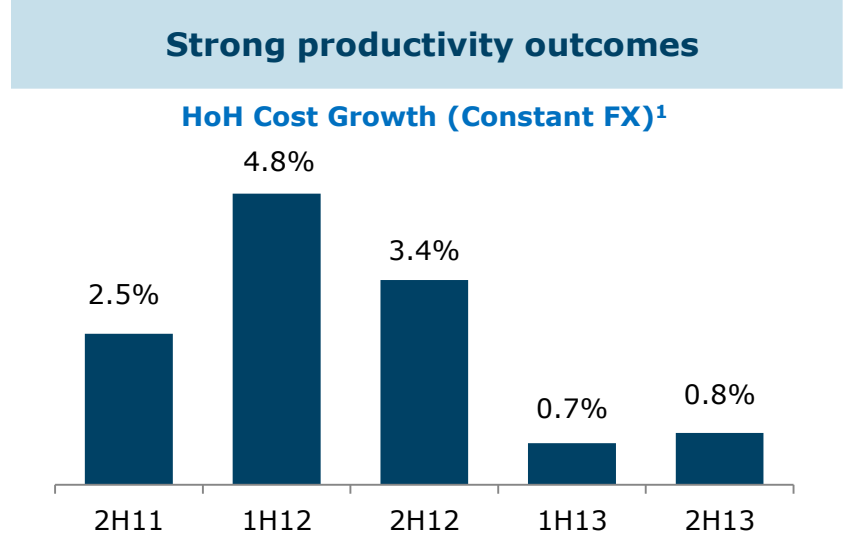
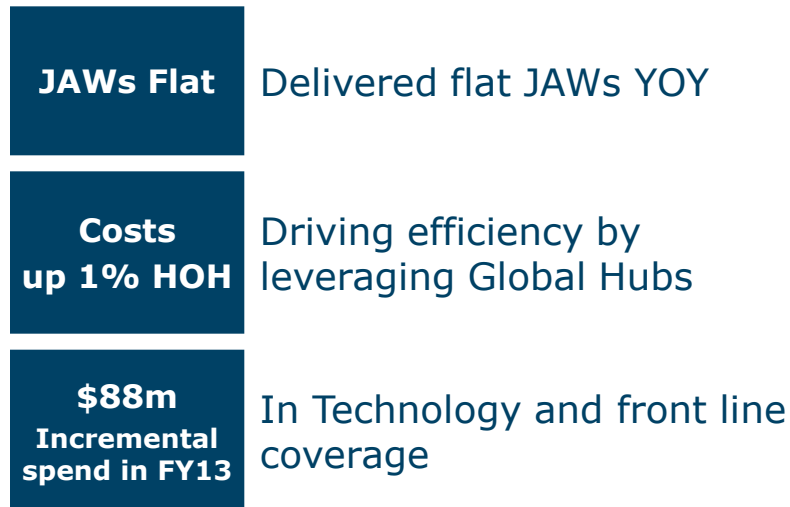
Note: Growth rates compare FY13 v FY12 unless specifically stated

1. Cross border business represents income booked in a jurisdiction different to where a client relationship is managed

2. Income CAGR FY10 – FY13

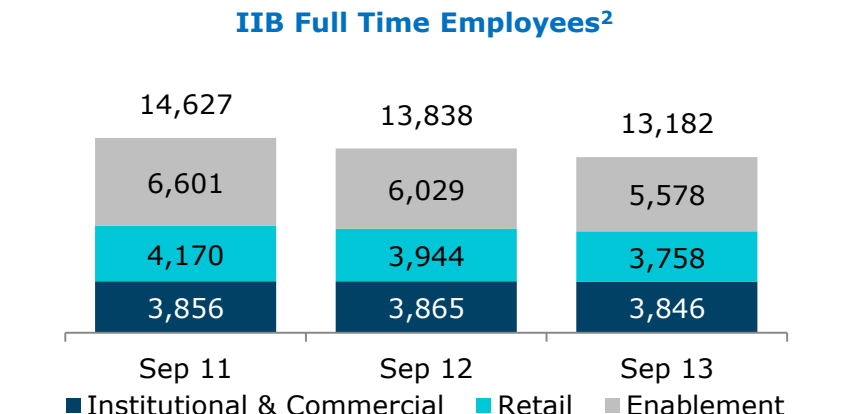
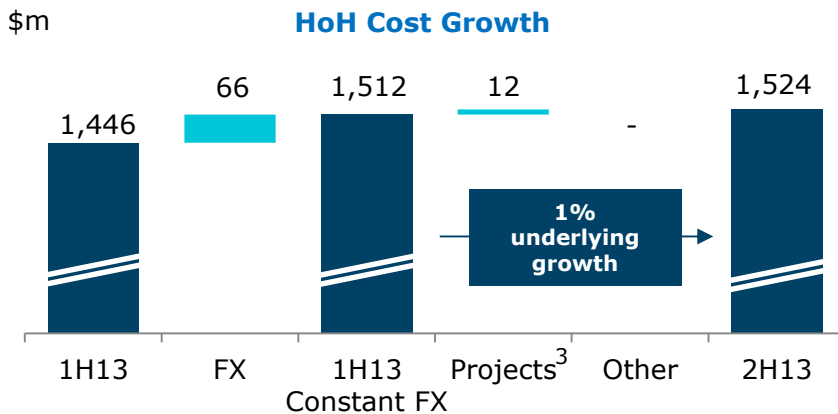
3. Top 100 Institutional customers by FY13 income

# Productivity gains enabling focused investment spend



**Very modest HoH growth from projects**

**Managing FTE whilst selectively investing**



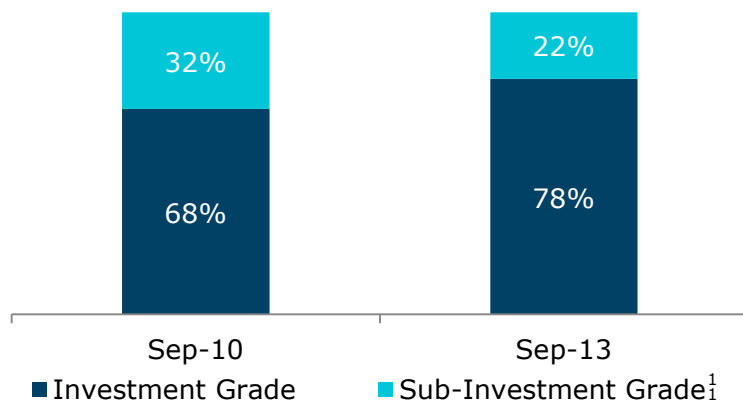
1. 2H12 figures exclude one-off Software impairment of AUD162m

2. Includes contract employees

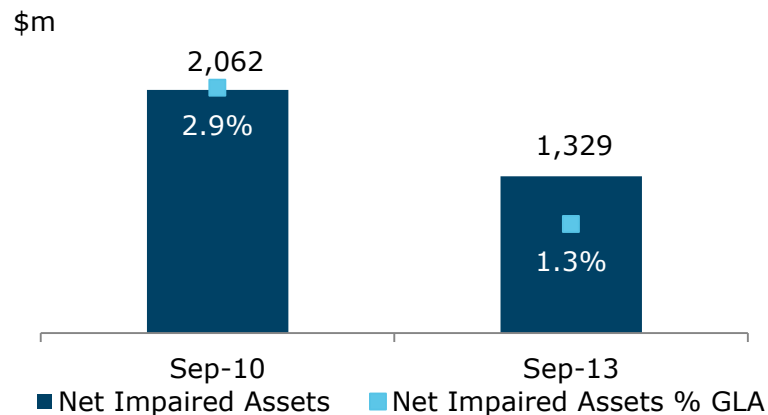
3. Includes Asian Core Banking Engine, Transactive and compliance projects

# Institutional - A higher quality balance sheet

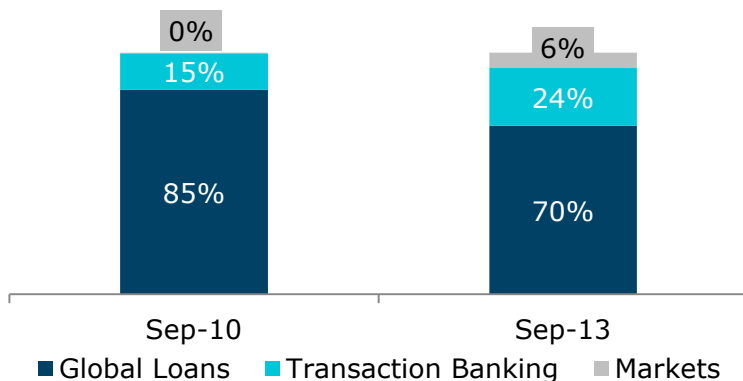
## Institutional Risk Grade Profile by Exposure at Default



## Net Impaired Assets



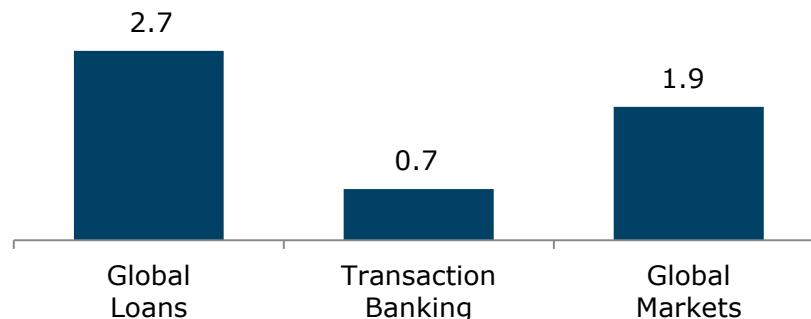
## Lending Composition



## Tenor by Exposure at Default

FY13 Avg. Tenor (years)

**48% of portfolio has a tenor <1 year**

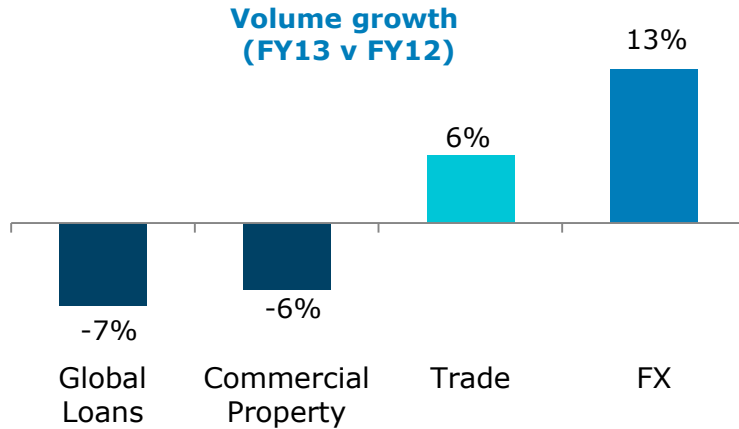


1. Sub-investment grade defined as exposures with a rating below BBB-

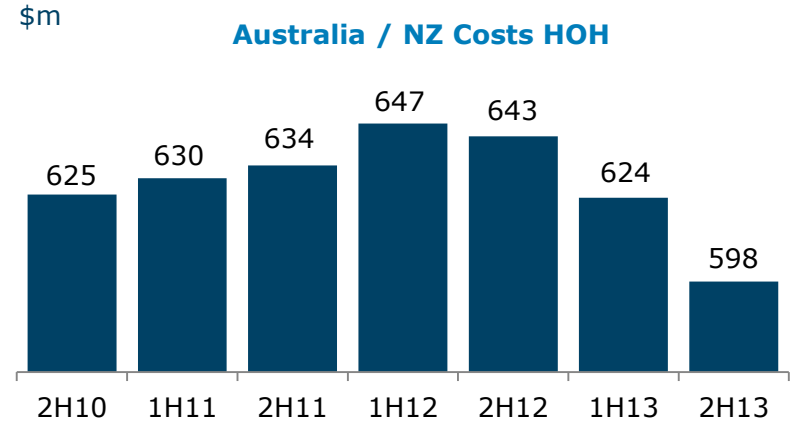


# Re-shaping the Australia and New Zealand Institutional businesses

## Shifting business mix with a greater focus on flow and value added products

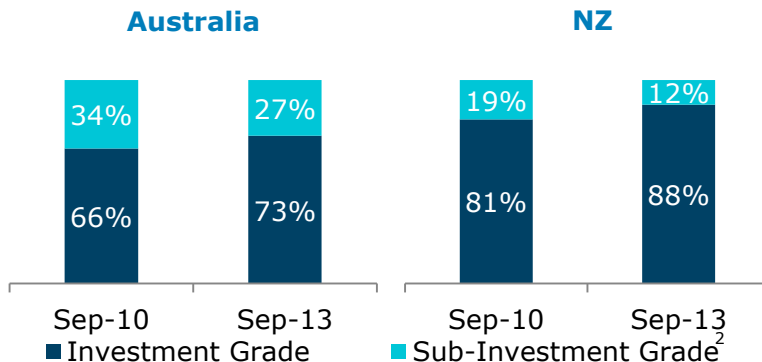


## Maintaining cost discipline with costs down 5% YOY<sup>1</sup>



## Improving risk profile

### Institutional Aus/NZ Risk Grade Profile by Exposure at Default



## Greater connectivity and cross sell



Note: Growth rates compare FY13 v FY12

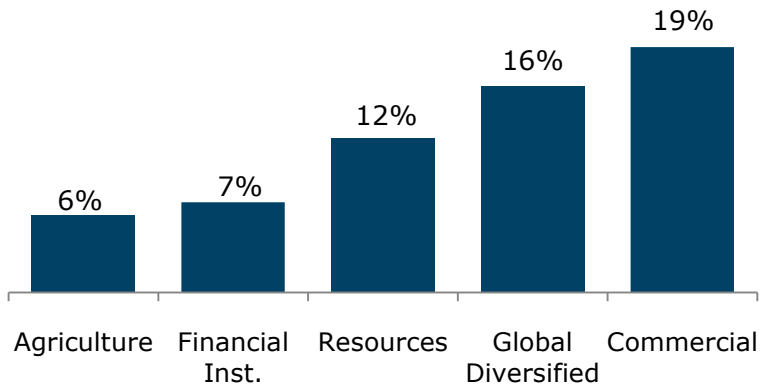
1. Costs exclude 2H12 software impairment of \$66m

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

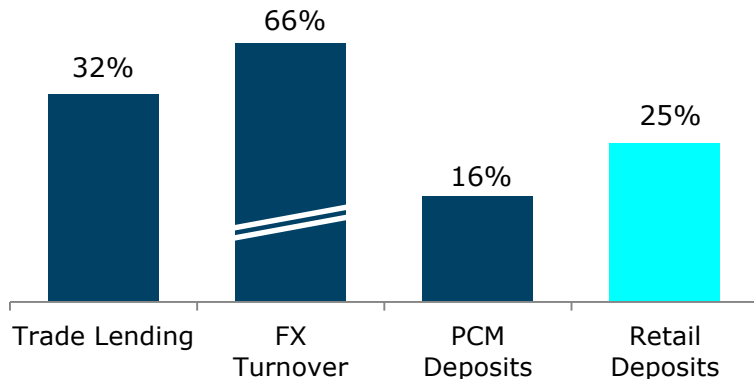
# A top 4 Corporate Bank in Asia with a growing customer base

## Growing our customer base and volume in key products

Growth In Asia Customer Numbers By Segment (FY13 v FY12)

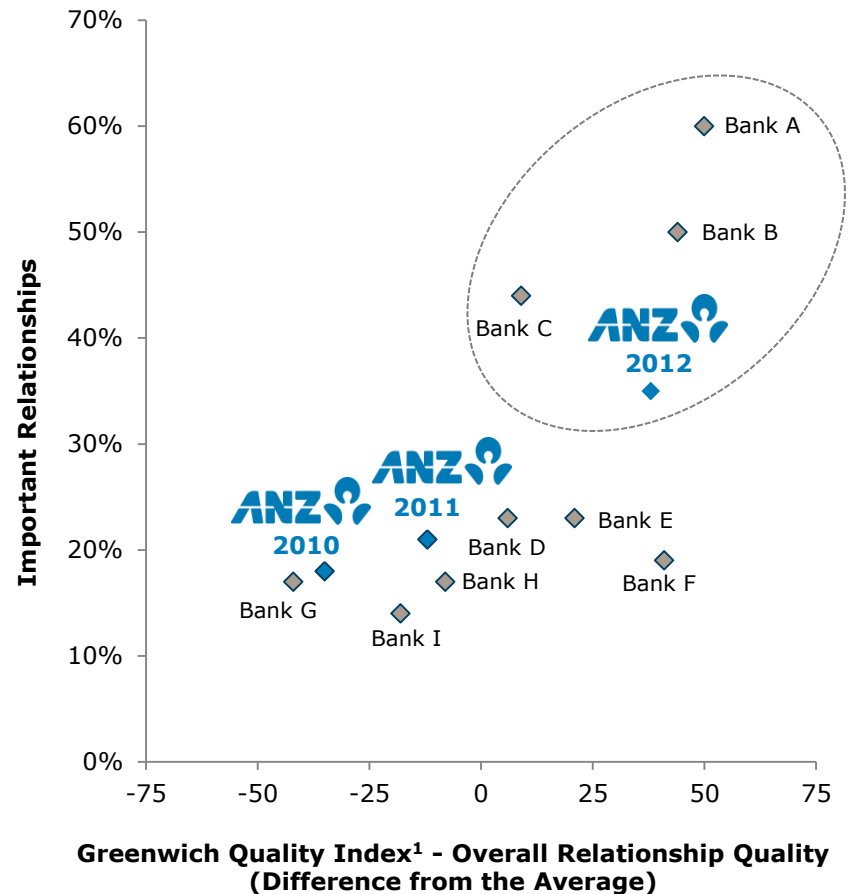


Asia Volume Growth (FY13 v FY12)



## A top 4 Corporate Bank in Asia

Greenwich Associates Large Corporate Survey Overall Relationship Quality

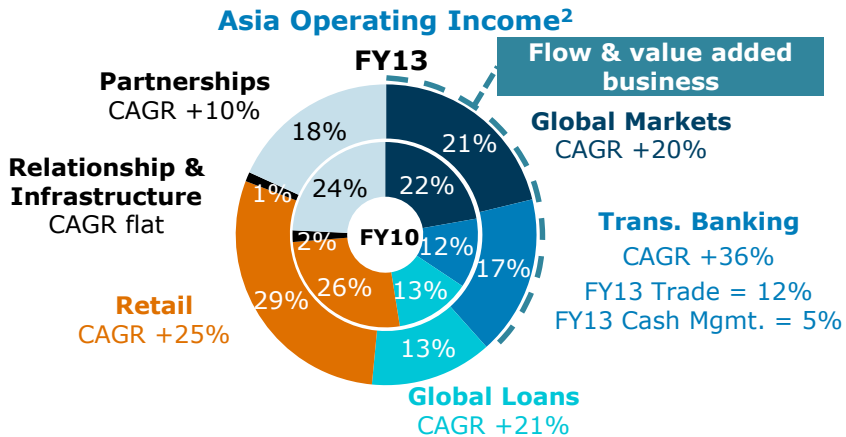


1. The Greenwich Quality Index score is based upon a normalized composite of all qualitative evaluations transformed to a scale of 0 to 1,000 with the difference from the average shown. Note: Cross-pairs are calculated by the average of the banks shown in graph.

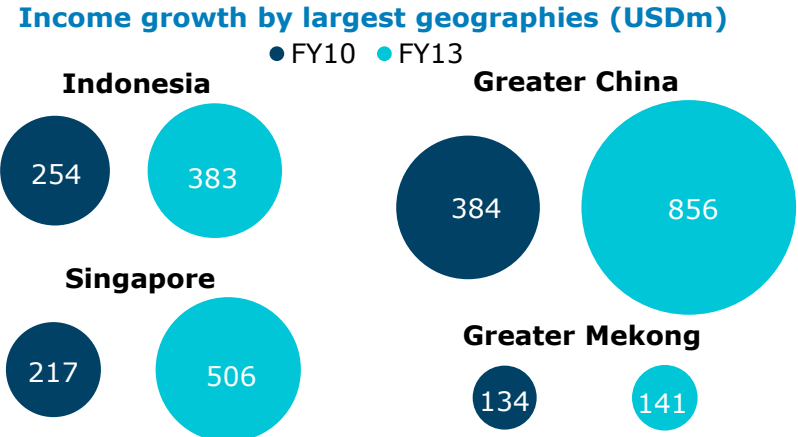
# Asian business growing in line with strategy

## FY13 Performance: NPAT up 45% to USD0.6 billion<sup>1</sup>

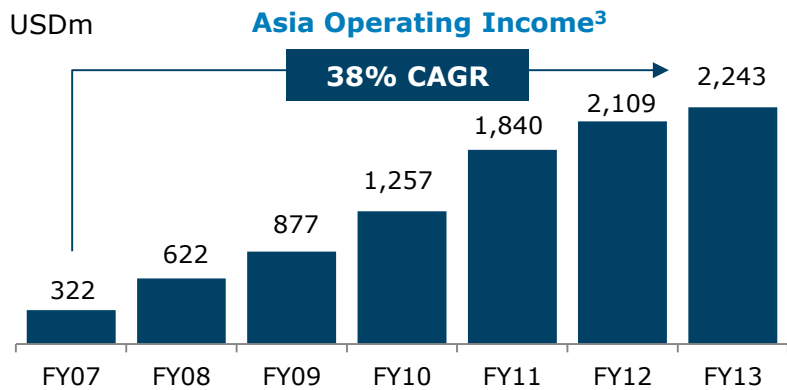
### Growing flow and value added products



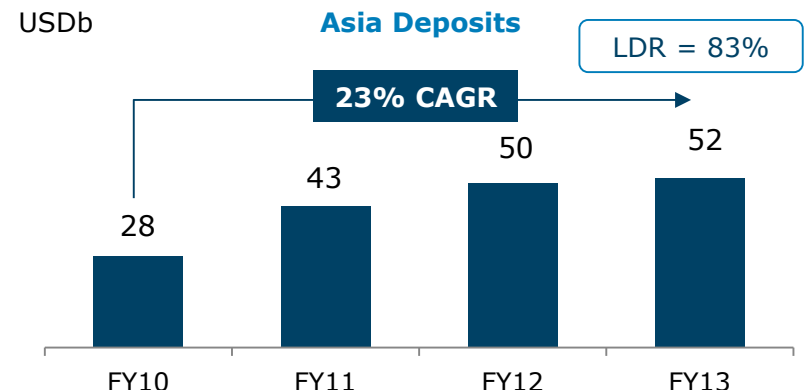
### Gaining momentum across the region



### Delivering strong growth



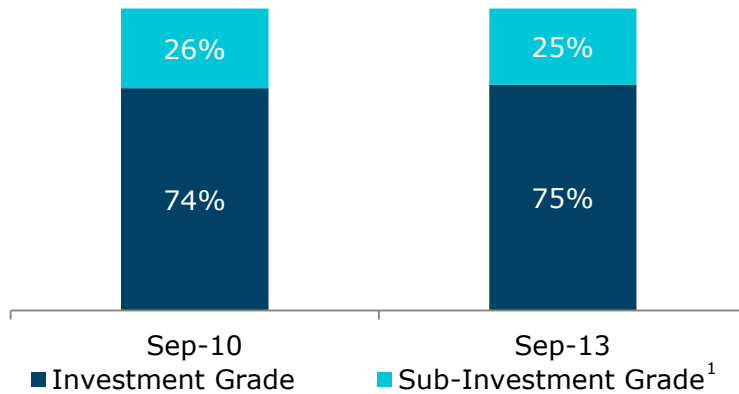
### Realising liquidity advantages



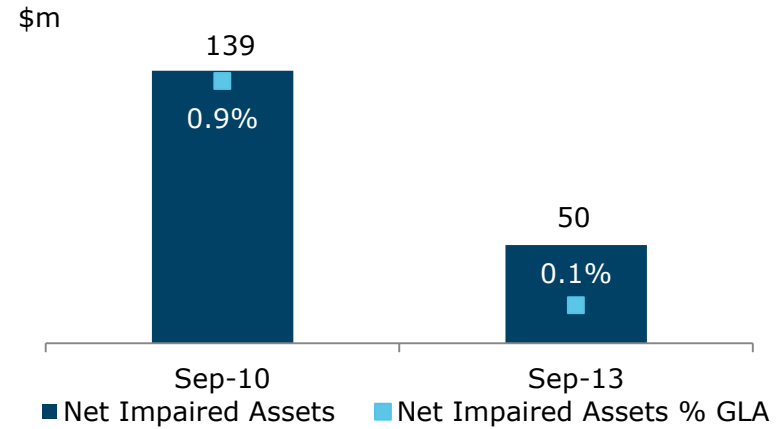
1. NPAT up 19% if adjusted for software impairment on a USD basis  
 2. FY10-13 CAGR in USD  
 3. Includes Asia Private Bank

# Asia Institutional balance sheet – Shorter tenor

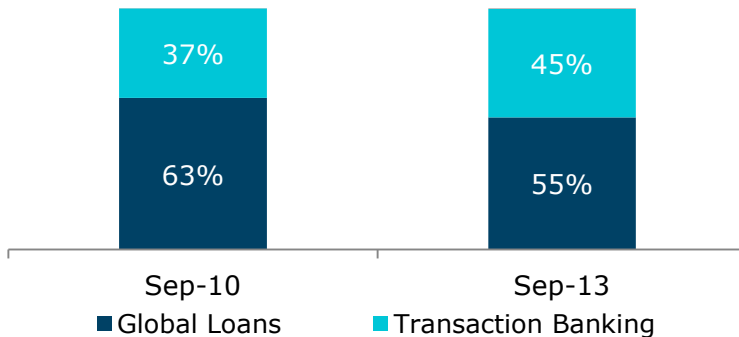
## Institutional Asia Risk Grade Profile by Exposure at Default



## Net Impaired Assets



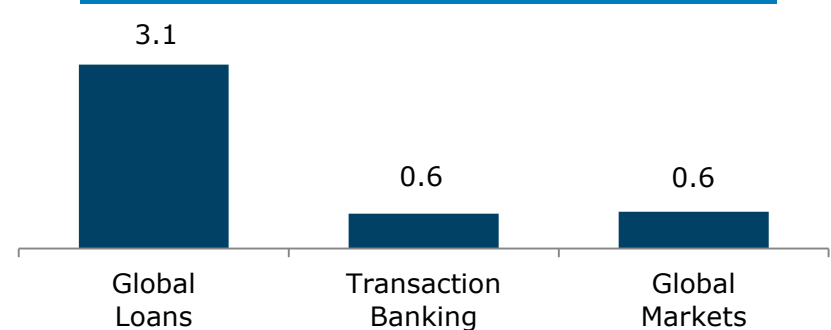
## Lending Composition



## Tenor by Exposure at Default

### FY13 Avg. Tenor (years)

74% of portfolio has a tenor <1 year

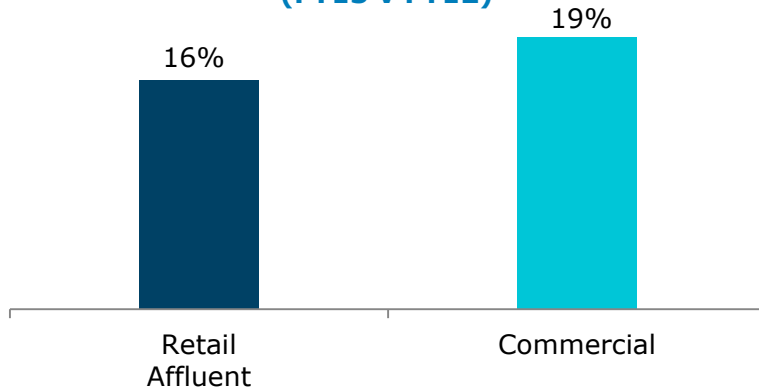


1. Sub-investment grade defined as exposures with a rating below BBB-

# Asia Pacific Commercial and Retail

## Ongoing customer acquisition in Asia

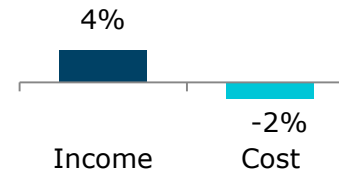
### Active Customer Growth (FY13 v FY12)



## Growing with positive JAWS (FY13 v FY12)

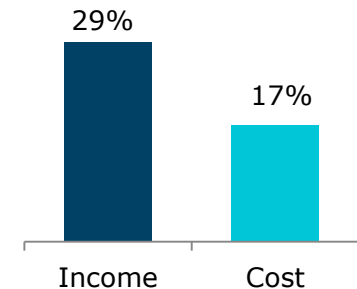
### Retail

JAWs +6%



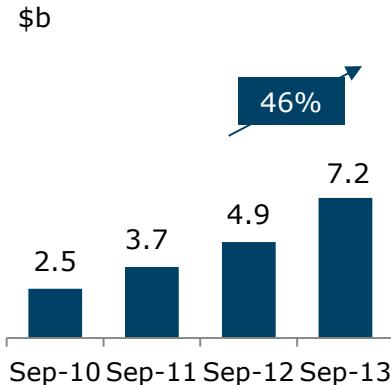
### Commercial

JAWs +12%

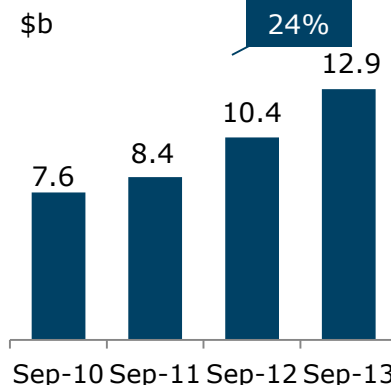


## Retail: A source of liquidity

### Lending

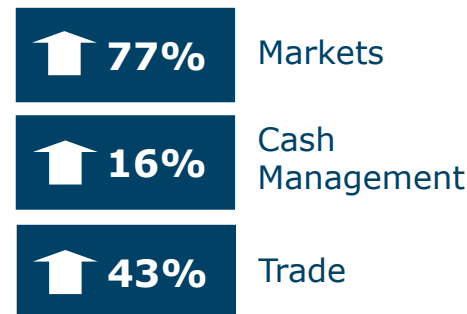


### Deposits



## Commercial Asia: Institutional product cross sell to Commercial customers

### Commercial Asia cross sell income growth (FY13 v FY12)



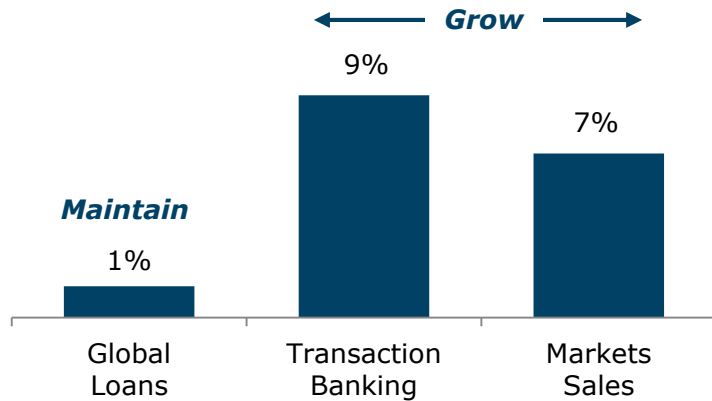
**87% of Commercial income is generated from markets, cash and trade**

Note: Growth rates compare FY13 v FY12

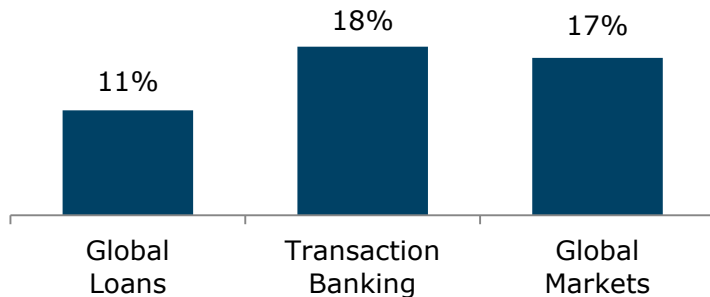
# Growing faster in higher return products

## Growing higher return flow and value added products

Revenue Growth by Product (FY10-FY13)

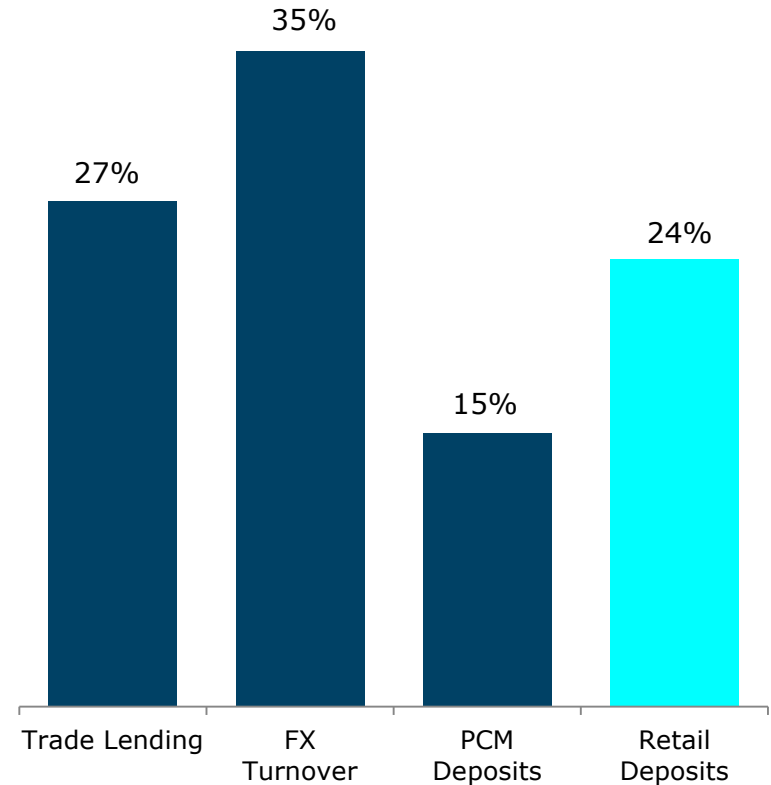


FY13 Return on Equity (Regulatory Capital Basel 3<sup>1</sup>)



## Growing volume

IIB Volume Growth (FY12-FY13)



1. Capital calculated in accordance with APRA Standards, and represents Average Basel 3 RWA plus Capital Deductions

# Transaction Banking

## Trade & Supply Chain

**Asia Expansion**

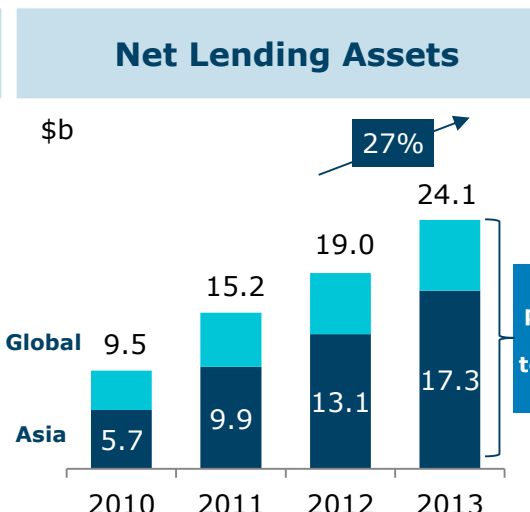
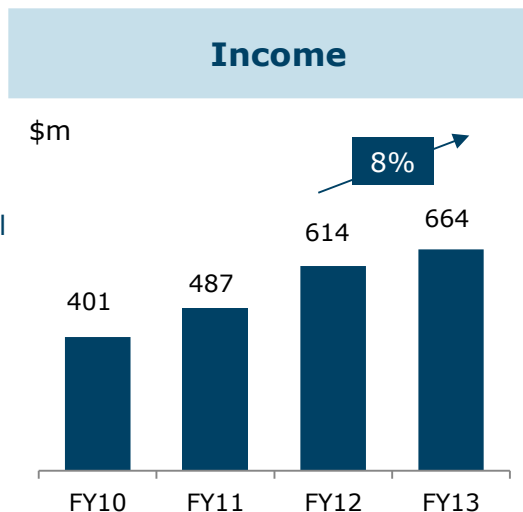
Franchise expansion into Asia has driven volumes and income growth

**Customer Segments**

75% of Assets with Financial Institutions, Resources and Global Diversified. 60% of assets are Intra-Asia trade

**Strong Market Position**

#1 in Australia and NZ<sup>1</sup>  
Rapid growth in Asia, now ranked #5 in the region<sup>2</sup>



## Payments & Cash

**Self funded**

Provided ~\$50b in surplus deposits after self funding low risk trade assets

**Strong Deposit Growth**

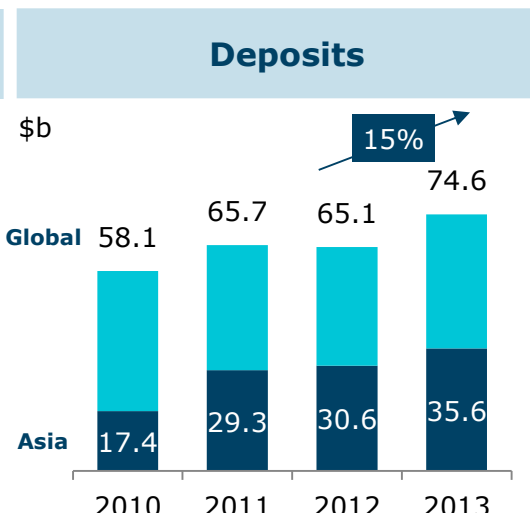
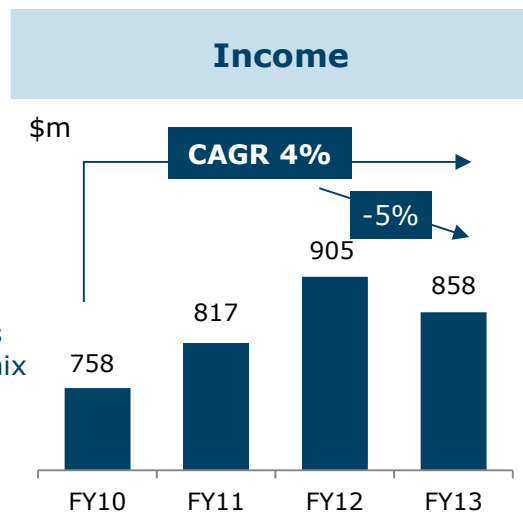
Deposit growth assisting to offset margin impact from low base rate environment

**Asian Income Growth**

9% growth in Asia revenue driven by increased volumes and better quality funding mix

**Transactive Asia**

Coverage to be extend beyond existing 5<sup>3</sup> markets to Taiwan, India, Philippines and China in 2014



1. Global Finance Magazine, 2012 Best Trade Finance Banks  
2. Greenwich Associates, 2013 Asian Large Corporate Trade Finance Survey  
3. Existing deployment includes Singapore, Hong Kong, Vietnam, Cambodia and Japan (Liquidity only)

# Trade a key driver of returns

## What Customers Want

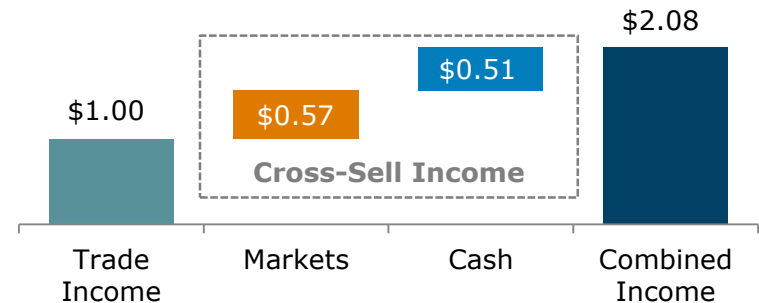
- ✓ On the ground presence
- ✓ Risk and liquidity appetite
- ✓ Processing expertise

## What ANZ Likes

- ✓ Quality multinational customer base
- ✓ Short duration
- ✓ Cross-sell income

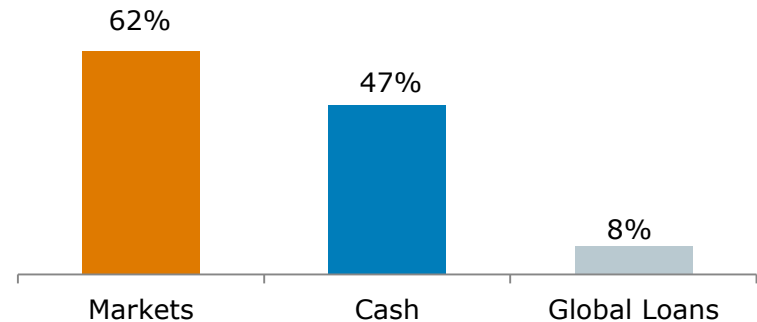
## Natural cross sell product for Cash and Markets

For every \$1 of Trade income we generate additional Cross Sell of \$1.08<sup>1</sup>



## Strong utilisation by new to bank Trade led customers

% of cross sold products that new to bank trade led customers used over past 30mths (as at Sep 2013)



1. Trade led customers using Markets and Payments & Cash Management Products



# Global Markets

## Increased & Diversified Earnings

**↑ 11%**

Markets income growth - FX income up 14% YOY

**↑ 28%**

Trading income on the back of client flows and improved execution capabilities

## Expanded Asia Footprint

**24%**

Contribution to Global Markets sales from Asian clients

**#1**

Overall FX Services voted by Financial Institutions<sup>1</sup>

**#1**

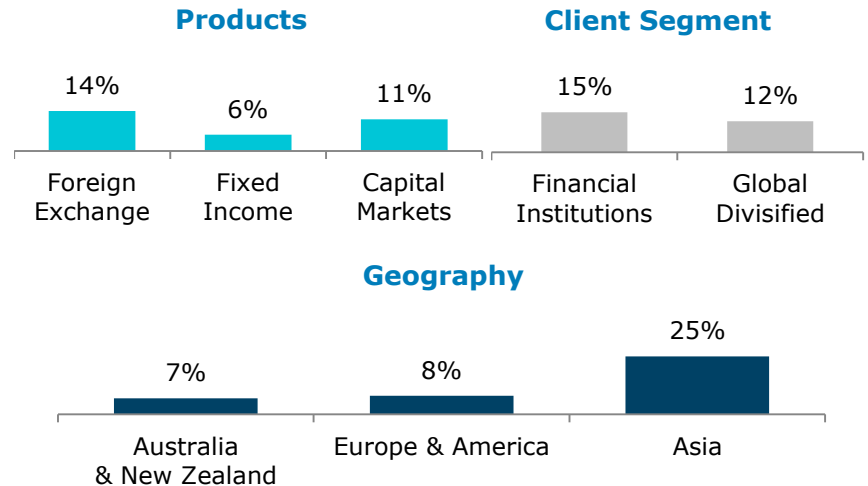
Regional Best Sales Service in Interest Rate Derivatives – G10<sup>1</sup>

## Enhanced Risk Systems Framework

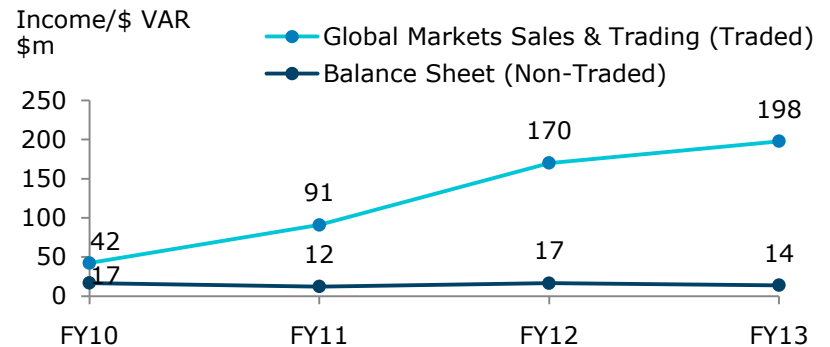
**↑ 16%**

Improvement in Traded Income/\$ VAR to global best practice levels driven by a strong risk framework

## Global Markets income growth by product, client and geography (FY13 v FY12)



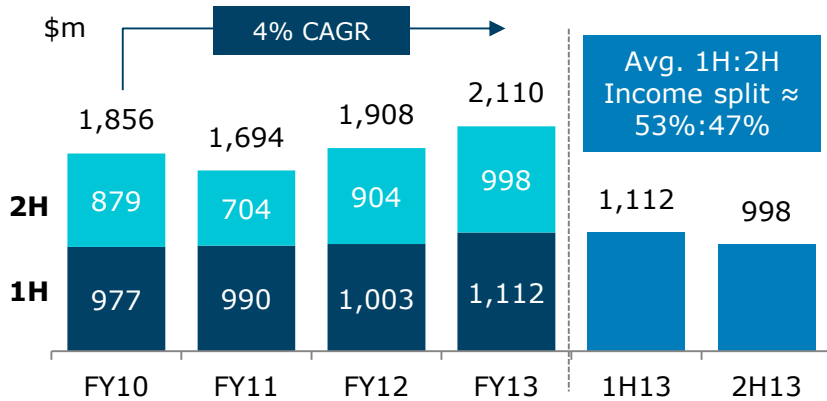
## An improved risk profile



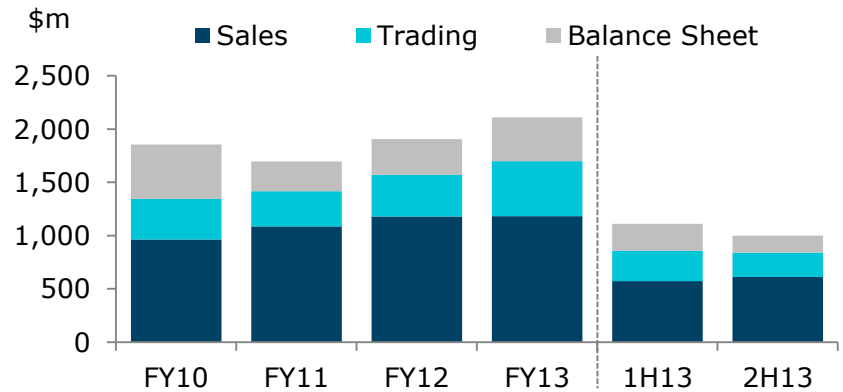
1. Asiamoney FX & FI polls 2013

# Global Markets showing consistent growth while building out capabilities in core franchise products

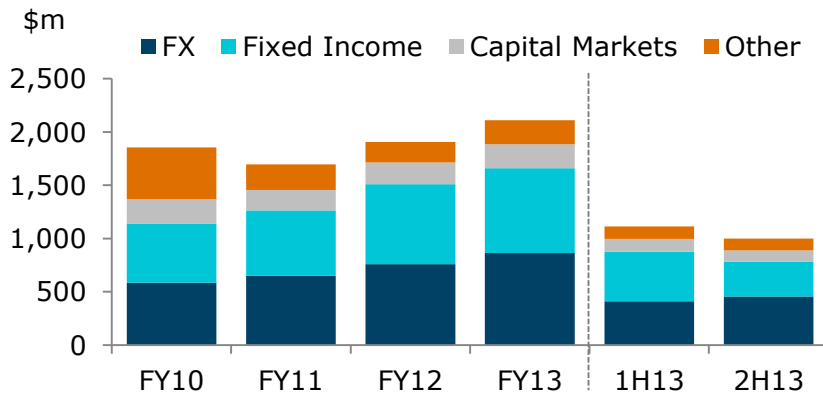
## Global Markets Income



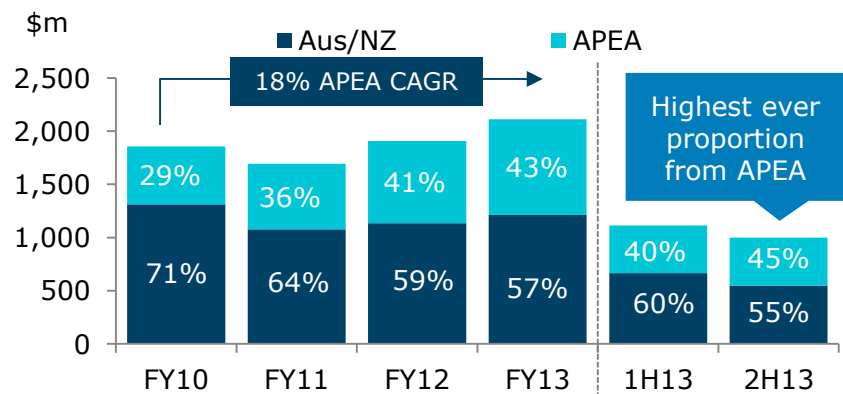
## Global Markets Income by Type



## Global Markets Income by Product



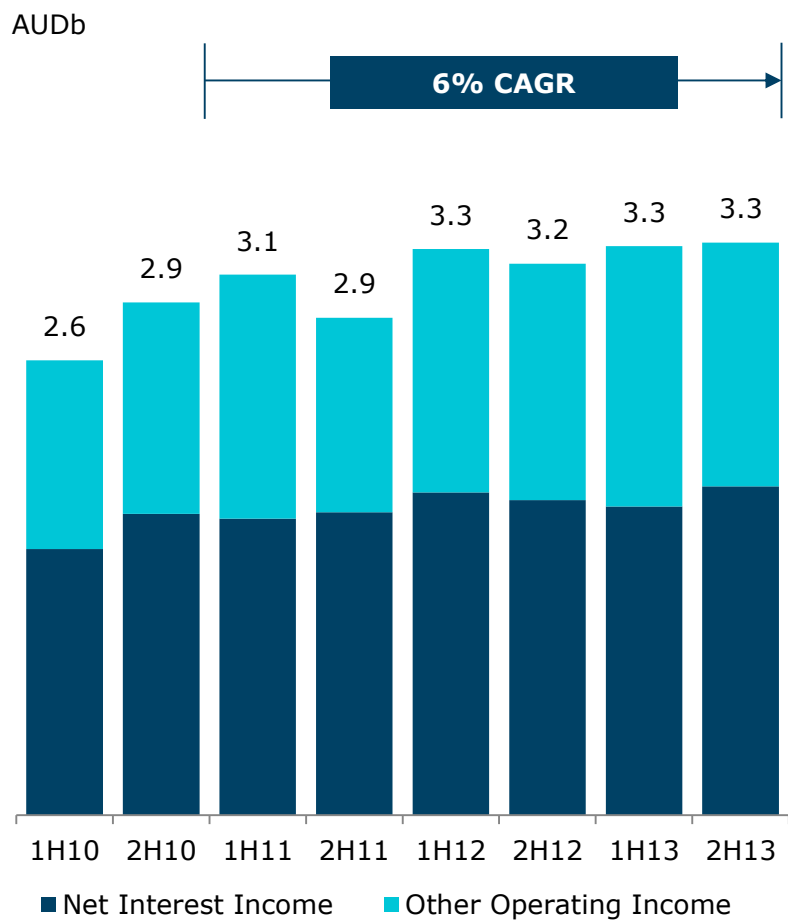
## Global Markets Income by Geography



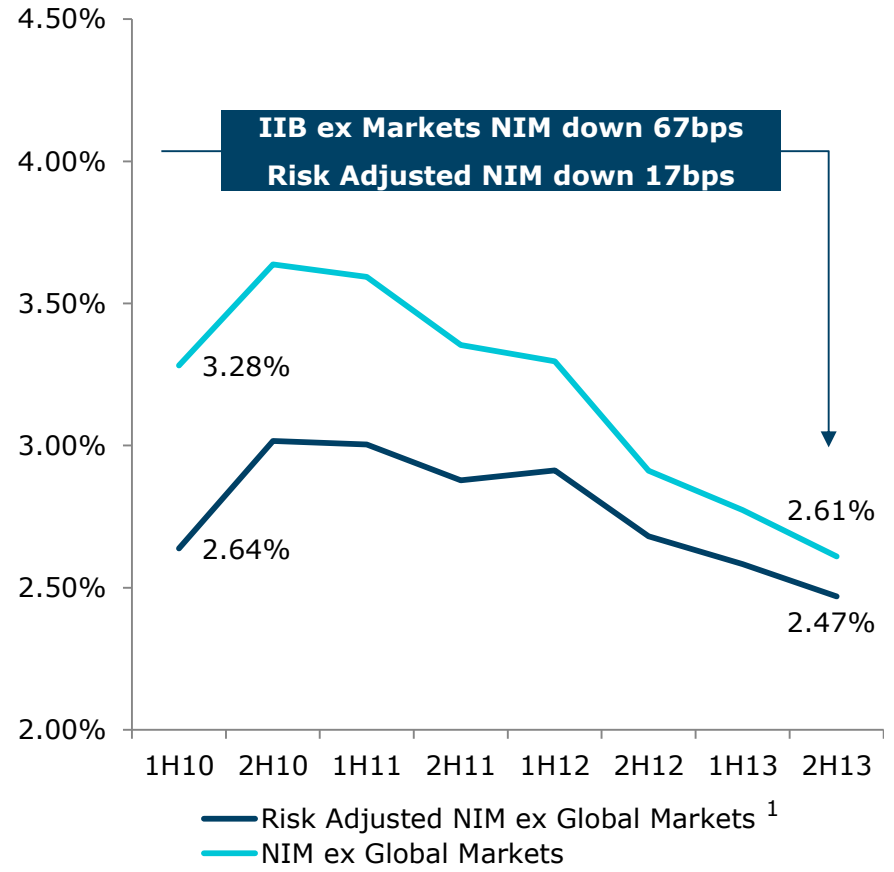
# Diversification of income and more stable risk adjusted margins

Income

Net Interest Margin

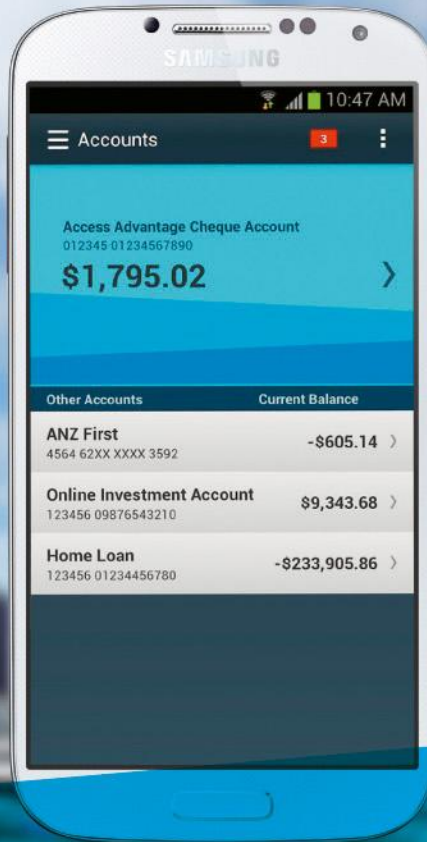


*NIM is more stable on a risk adjusted basis reflecting an improved portfolio risk profile*



1. Risk Adjusted NIM represents NII/CRWA

# 13 FULL YEAR RESULTS



AUSTRALIA AND  
NEW ZEALAND  
BANKING GROUP  
LIMITED  
29 OCTOBER 2013


New Zealand Division

# Our strategy has been to significantly simplify and focus our business to create scale

Create Scale  
2010 - 2013

Leverage Scale  
2013-2016

Scale advantage  
2017+

	2010	2012	2013	2017+
<b>Systems</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Brands</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Brand Consideration<sup>1</sup></b>	<b>27%</b>	<b>32%</b>	<b>39%</b>	<b>Market leading</b>
<b>Staff engagement</b>	<b>64%</b>	<b>74%</b>	<b>76%</b>	<b>Best practice</b>
<b>CTI – NZ Geography<sup>2</sup></b>	<b>49.1%</b>	<b>47.7%</b>	<b>42.5%</b>	<b>Market leading</b>
<b>CTI – NZ Division<sup>2</sup></b>	<b>48.4%</b>	<b>50.6%</b>	<b>43.1%</b>	<b>Market leading</b>
<b>Cash profit NZDm<sup>2</sup></b>	<b>545</b>	<b>827</b>	<b>1,068</b>	

- Brought together 2 brands as ANZ
- Moved to 1 core banking system
- Created 1 management structure
- Simplified and moved to a single set of policies, processes and products

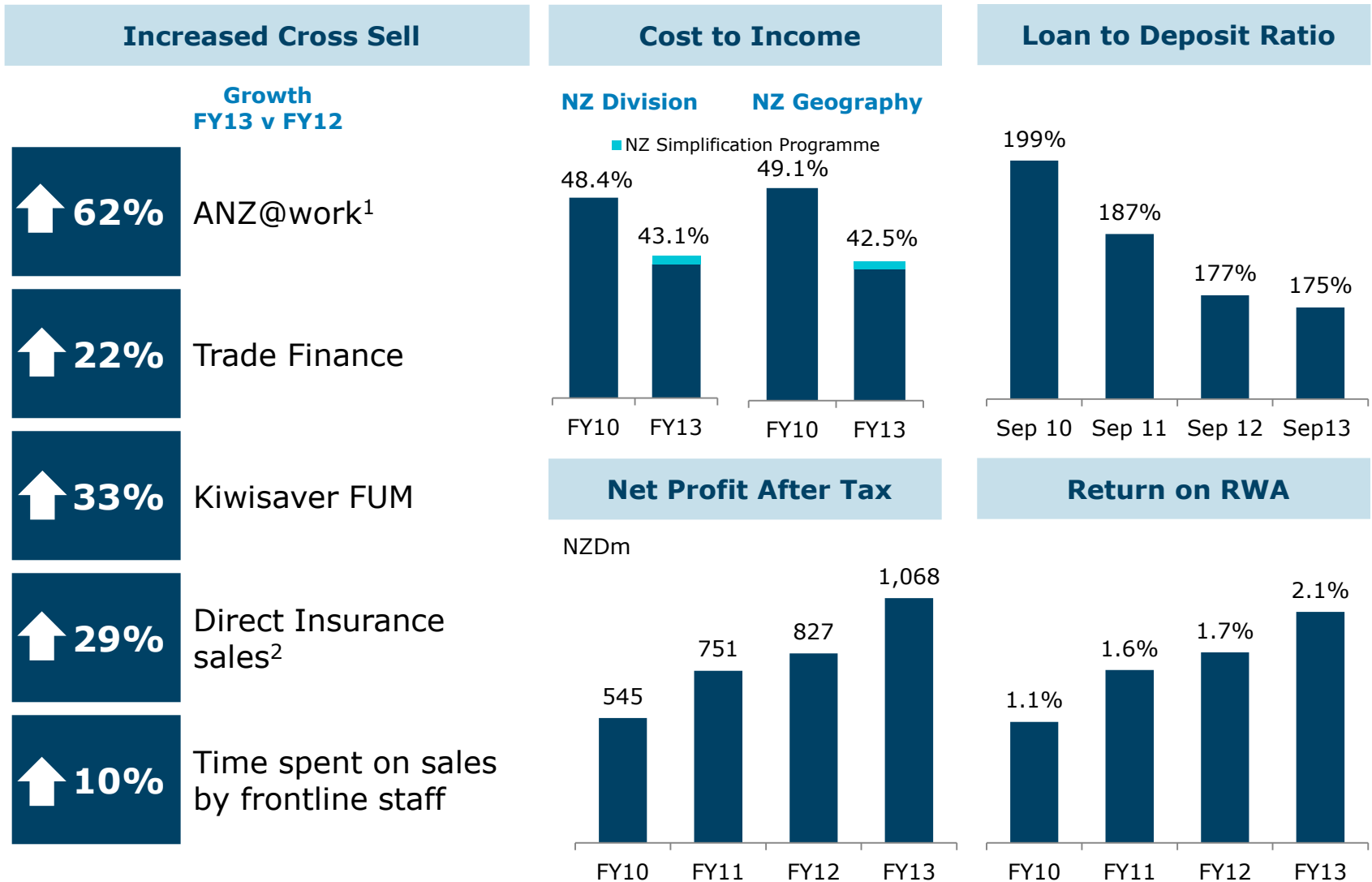
- Leverage global hubs and shared platforms
- Further improve branch coverage
- Roll out customer data focused sales strategy

- Natural competitive advantage in key markets

Note:

1. Brand consideration - sourced from IPSOS Brand Tracking (first choice, or seriously considered)
2. NPAT and CTI includes NZ Simplification Programme (NZS) costs (pre-tax: FY10 nil, FY12 NZD196m, FY13 NZD22m)
3. Represents NZ Division, unless otherwise noted

# Creating scale to build a stronger bank

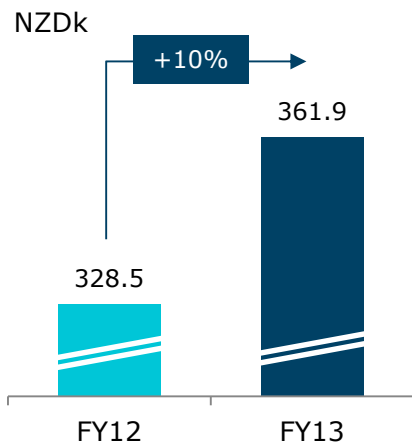


1. ANZ@work is a banking benefits program for employees of ANZ's corporate, institutional and selected commercial customers. The program provides consumer product benefits and discounts along with local relationship and financial literacy support, because of the relationship ANZ has with the customers' employer

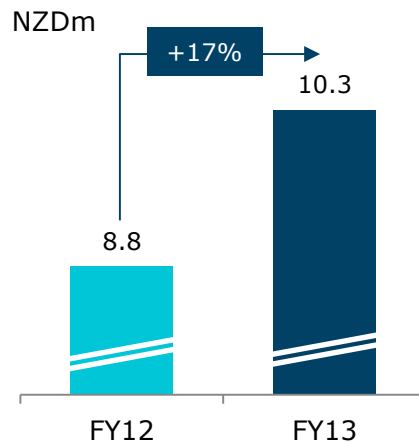
2. Includes sales of white-labelled General Insurance products

# New operating model is enabling productivity and efficiency improvements

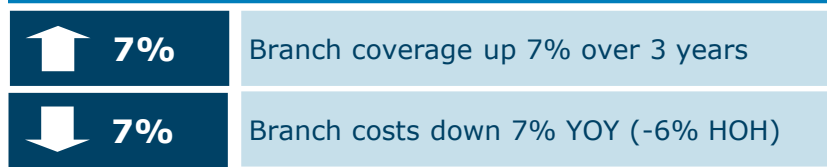
## Revenue per FTE



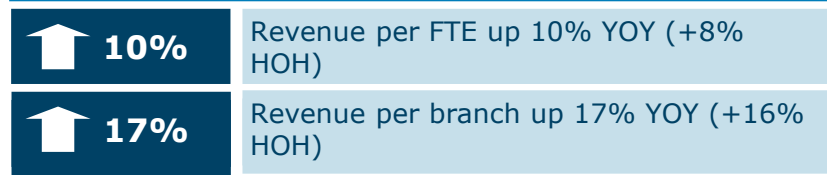
## Revenue per Branch



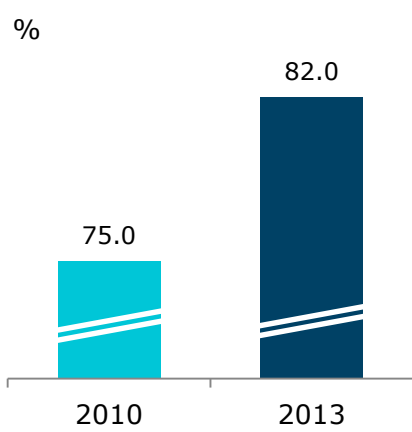
## Optimising branch network



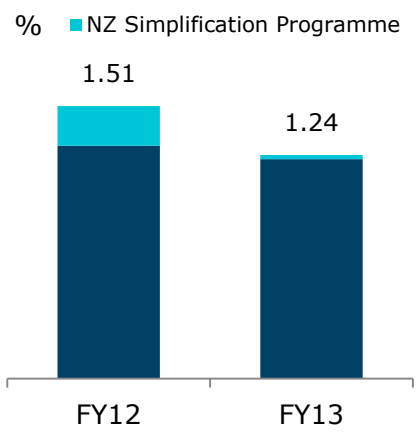
## Leveraging scale



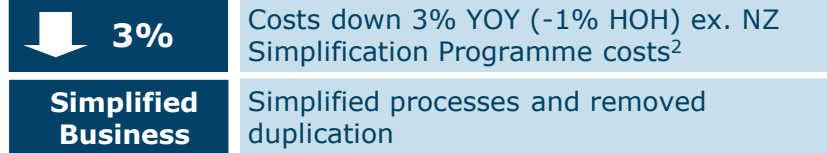
## Branch Coverage<sup>1</sup>



## Cost % average total assets



## Achieving productivity gains



## Productivity savings enabling increased investment

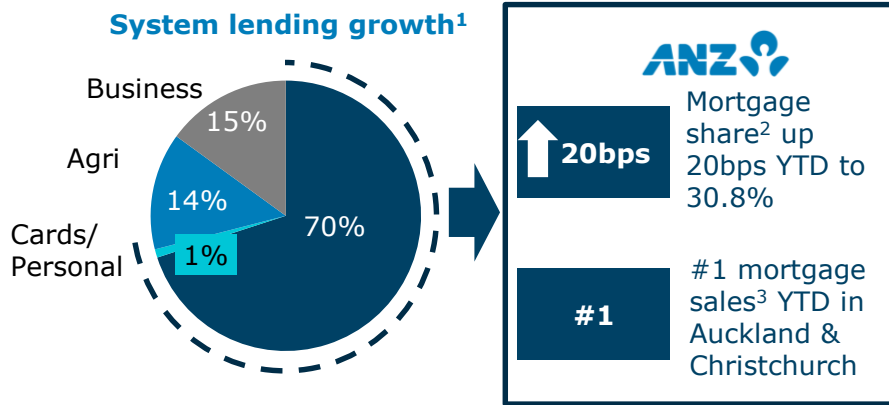
**Investing in sales capability leading to increased retail sales from proprietary channels & improved customer experience**

1. Branch coverage measures the areas in which ANZ is represented relative to where New Zealanders do business  
 2. NZ Simplification pre-tax costs were FY12 NZD196m; FY13 NZD22m; 1H13 NZD18m; 2H13 NZD4m

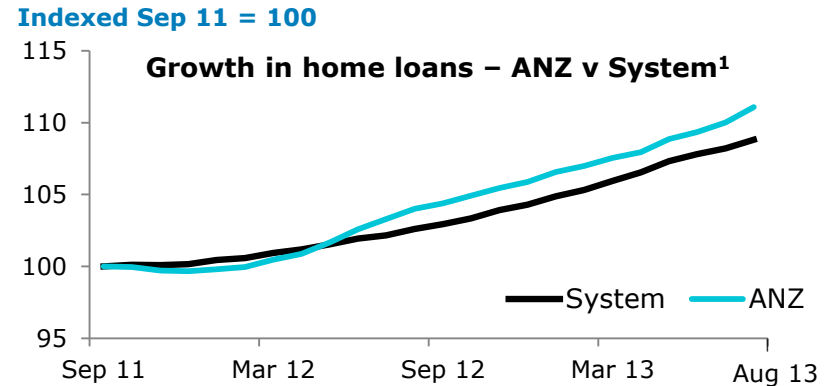


# Transforming our lending book by focusing on growing mortgage share and balancing risk in the Agri portfolio...

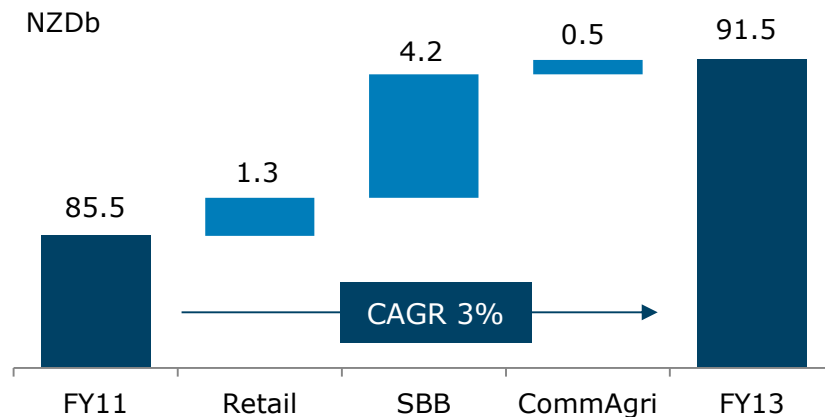
## System lending growth driven by mortgages



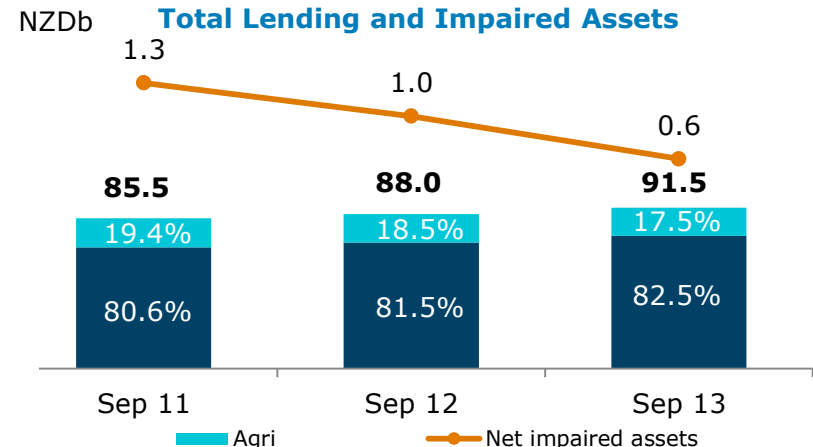
## ANZ out-performing system in key home loans segment



## Growing mortgages through Retail and Small Business Bank, de-leveraging in Agri



## Agri exposure rebalanced and credit quality improved

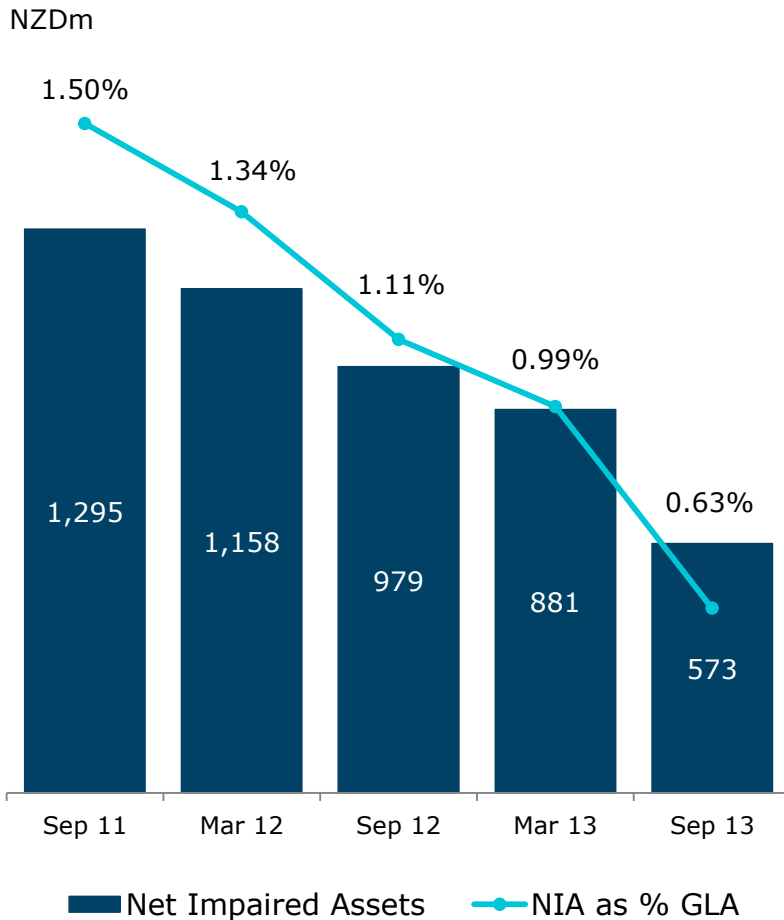


1. Source: RBNZ schedule S7; September 11 to August 13  
 2. Source: RBNZ schedule S7; September 12 v August 13  
 3. Terralink

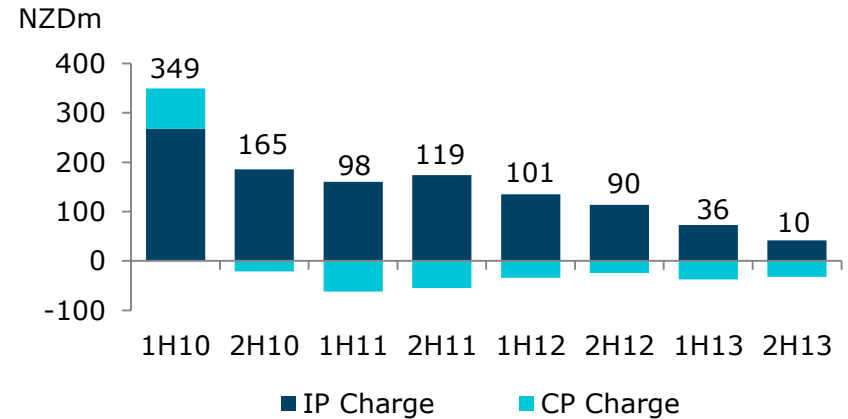


# ... and this is driving continued improvement in credit quality

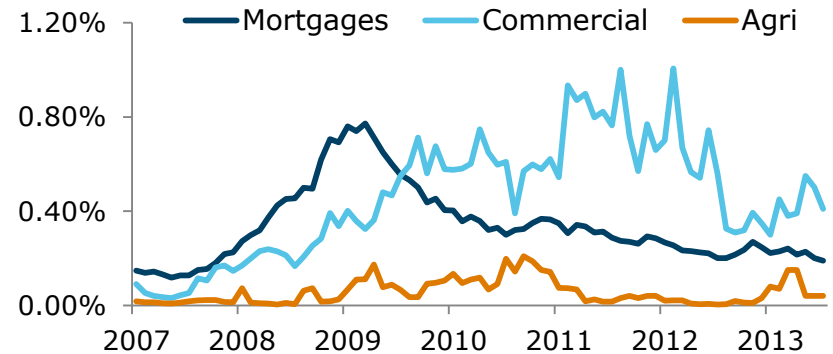
## Net impaired assets (NIA)



## Total provision charge



## 90+ days arrears



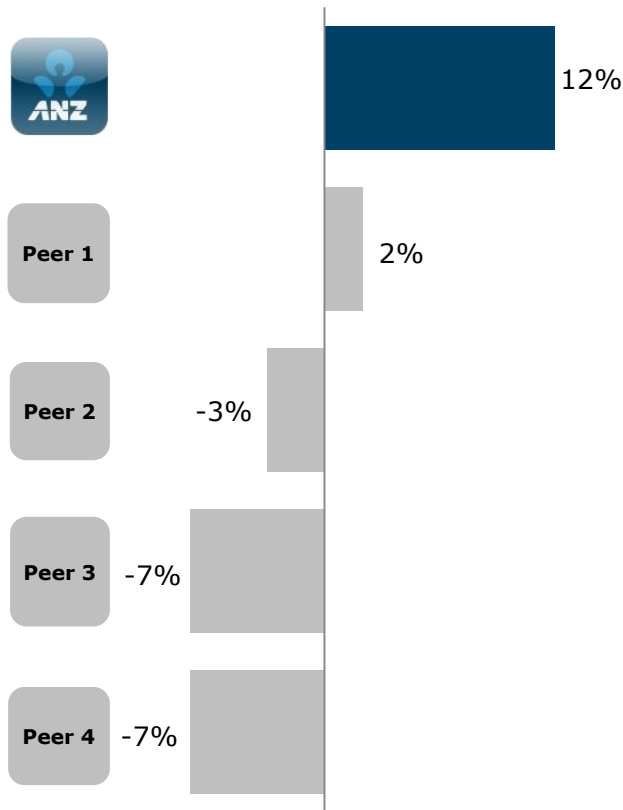
# Single brand focus has resulted in increased consideration and higher profile

Increased Brand Consideration...

... driven by best in market advertising campaigns

Brand Consideration<sup>1</sup>

ANZ's advertising stands out in the market and is delivering high advertising awareness. Combining our marketing spend from two brands into one is having the expected impact



... and evidenced by greater market recognition



1. NZ brand consideration change from August 2010 to August 2013 sourced from IPSOS Brand Tracking (online survey, first choice or seriously considered). Six month rolling average

# Retail – Driving sales through investment in sales capability, channels and branch coverage

## Strong result

↑ 4%

Cash profit up 4% YOY & 15% HOH

↓ 2%

CTI down 2% YOY & 3% HOH

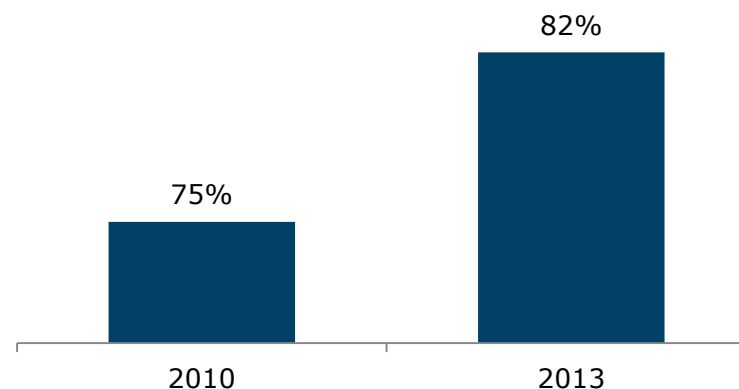
↑ 12%

Consideration<sup>1</sup> scores

↑ 13%

Staff engagement up 13% to 76% over 3 years

## Increased branch coverage<sup>2</sup>



## Increased sales capability during the year

↑ Coverage

Added branches in 8 new communities over 2 years

↑ 30%

Improved insurance sales performance of front line staff that completed new life insurance training

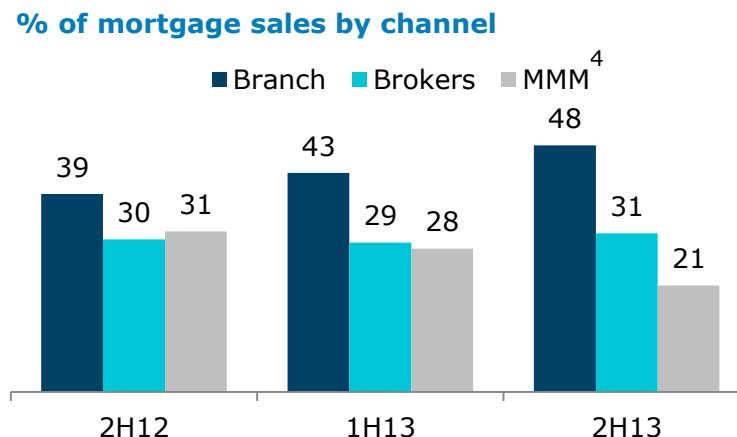
↑ 10%

Average time frontline spent on sales

↑ 20%

Sales of general and life insurance products

## Increased sales capability driving higher % of mortgage sales<sup>3</sup> through branches



1. Brand consideration – IPSOS Brand Tracking

2. Branch coverage represents the areas in which ANZ is represented relative to where people do business

3. Excludes Small Business Banking

4. Mobile Mortgage Manager

# Retail - fewer, simpler products

**ANZ has award-winning products, including more 5-star Credit Card Ratings<sup>1</sup> than any other bank – which has driven market share gains**



**Low rate**



**Airpoints Platinum**



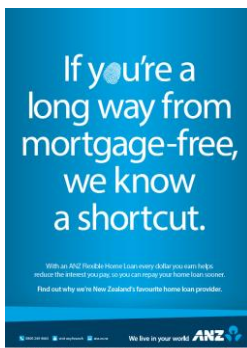
**Freedom transaction**



**Cashback Rewards**



**Flexiplus Mortgage**

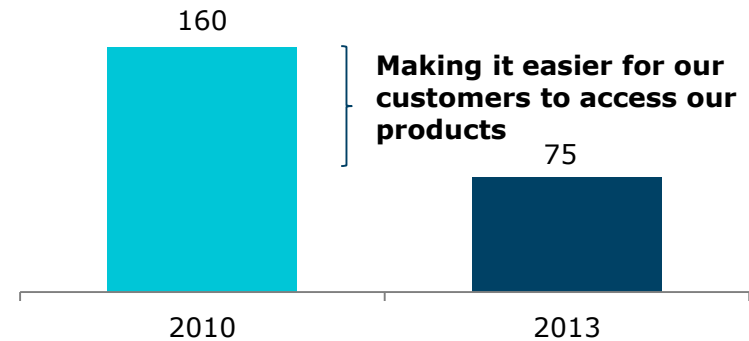


**Fixed Mortgage**



**A simplified product suite**

**# Retail & Business Banking Products**



**Increased cross sell**



**The proportion of Retail customers with four or more needs met has increased 9% over the past three years**

1. Source: Canstar Credit Card rating report November 2012

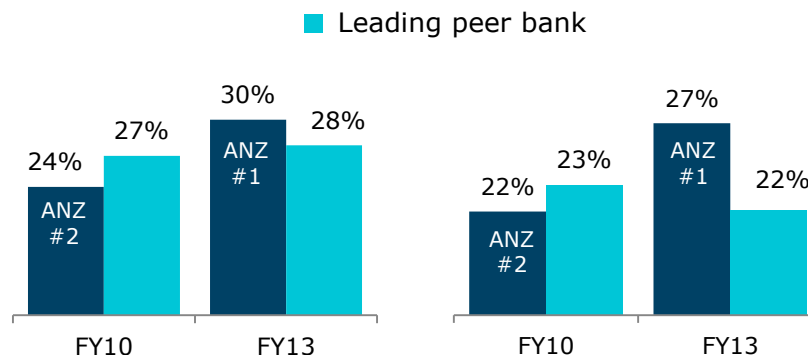
# Winning in key growth mortgage markets without increasing risk

<b>#1</b>	Share of new mortgage sales <sup>1</sup> in Auckland and Christchurch
<b>67%</b>	Average LVR at origination <sup>4</sup>
<b>24% &gt;80% LVR mortgages</b>	<p>&gt;80% LVR lending accounts for c.24% of ANZ NZ's existing mortgage book<sup>2</sup></p> <p>ANZ &gt;80% LVR new mortgage lending is less than the NZ banks average of c.30%<sup>3</sup> due to our lower emphasis on &gt;90% LVR lending</p>

## Winning share in Auckland and Christchurch

Share of new mortgage sales in Auckland<sup>1</sup>

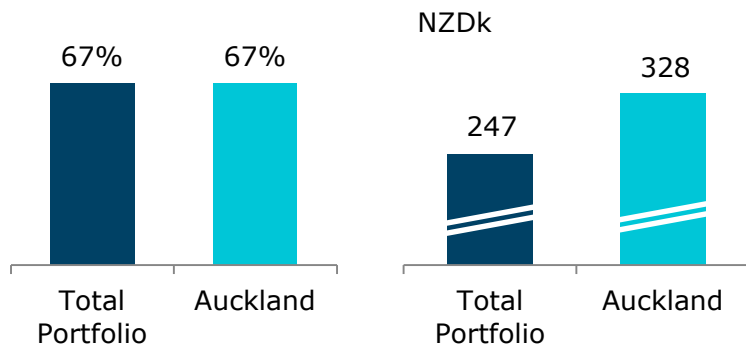
Share of new mortgage sales in Christchurch<sup>1</sup>



## Auckland mortgages reflect higher average loan size but similar portfolio quality

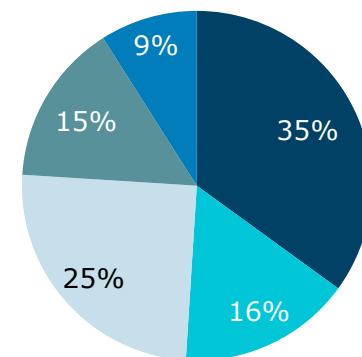
Average LVR at Origination<sup>4</sup>

Average Loan Size at Origination<sup>4</sup>



## Loan to Valuation Ratio - portfolio composition (on balance sheet)

- 0-60%
- 61-70%
- 71-80%
- 81-90%
- 90%+



1. Source: Terralink

2. New RBNZ restrictions effective 1 October 2013 require banks' new >80% LVR mortgage lending to be capped at 10% of total new mortgage lending. Banks must be compliant by March 2014

3. RBNZ publication, Regulatory impact assessment: restrictions on high-LVR residential mortgage lending, August 2013

4. 2H13 Average

# Commercial - Strong growth in Small Business Banking

## Profit growth driven by lending volumes and improved economic environment

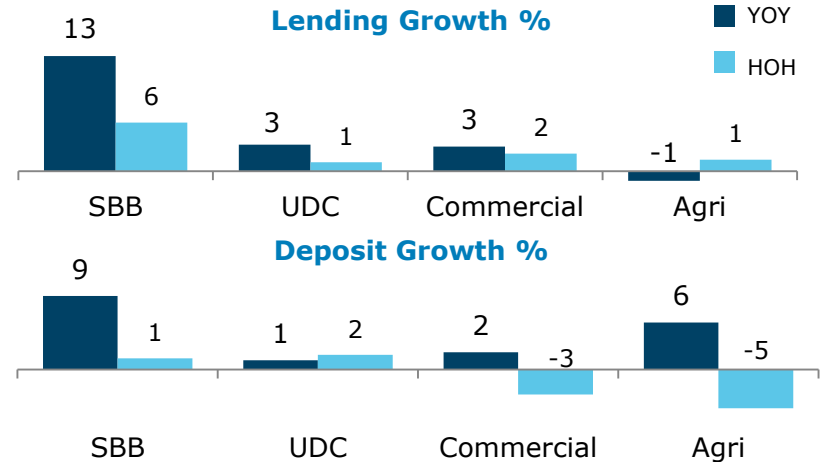
**↑ 11%** HOH profit growth (+17% YOY) driven by small business lending

**↑ 11%** YOY increase in revenue cross sell to \$93m

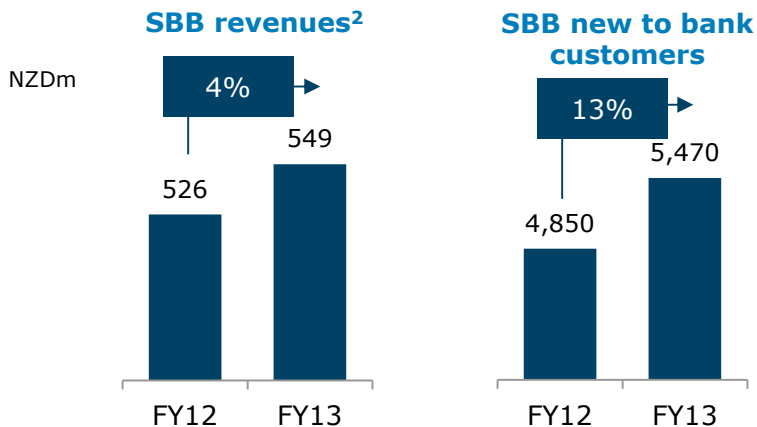
**↓ Risk** Higher risk exposures at default (CCR<sup>1</sup> 7-10) has reduced by NZD3b since FY10

**↑ 18%** Return on RWA up 18% YOY

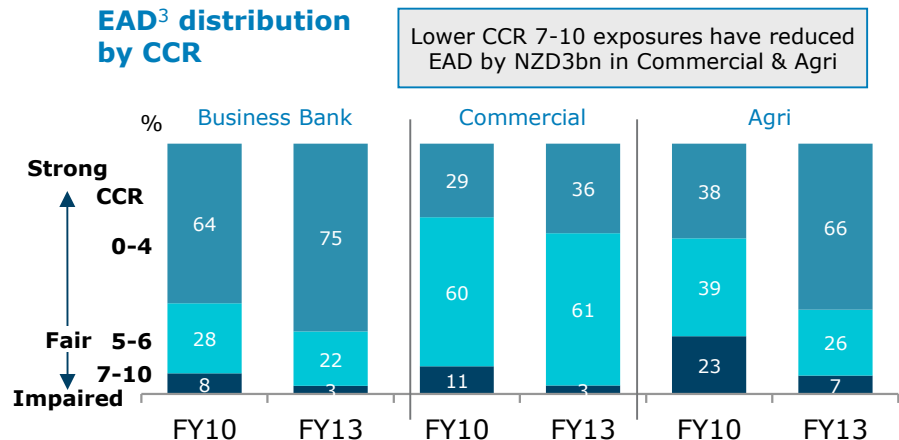
## Lending and Deposit Growth



## SBB is performing well



## Considerable improvement in book quality

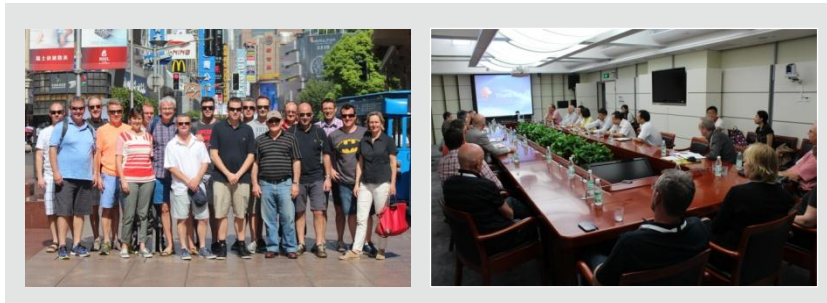


1. Customer Credit Rating  
 2. Normalised to exclude EFTPOS  
 3. EAD=Exposure at Default

# Commercial – delivering insight to our customers and connecting them to the region

## Connecting customers abroad

Customer tours to India, Hong Kong and China



## Leading the Agribusiness market

Best Agri Bank



Best Agribusiness Bank  
New Zealand

Sponsor:  
Young  
Farmers



Strategic Partner: National  
Fieldays



## Providing thought-leadership

'Passing the Baton'  
Succession planning guide



Sector focus papers



## UDC - 75 years of providing asset finance to customers



# Customers are increasingly using digital channels to do their banking

**>50%**

Greater than 50% of ANZ NZ customers are using digital channels to do their banking

**57%**

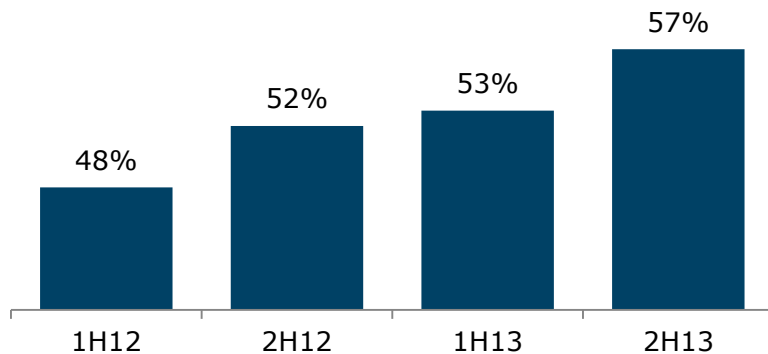
57% of customer transactions now digital (up 5% YOY)

**#1 Banking App<sup>1</sup>**

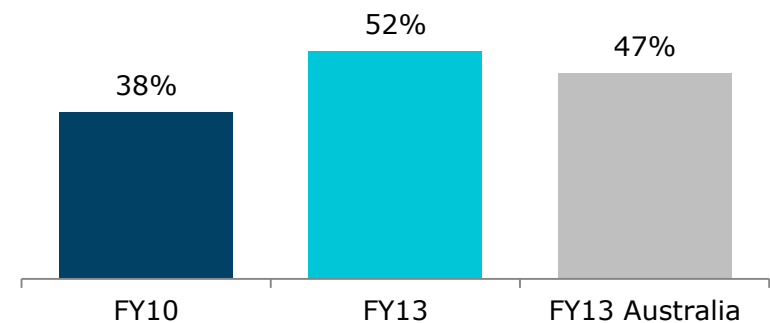
ANZ goMoney™ is currently the most downloaded banking app in New Zealand



% of transactions<sup>2</sup> using digital channels



% of customers actively using Internet Banking or goMoney™

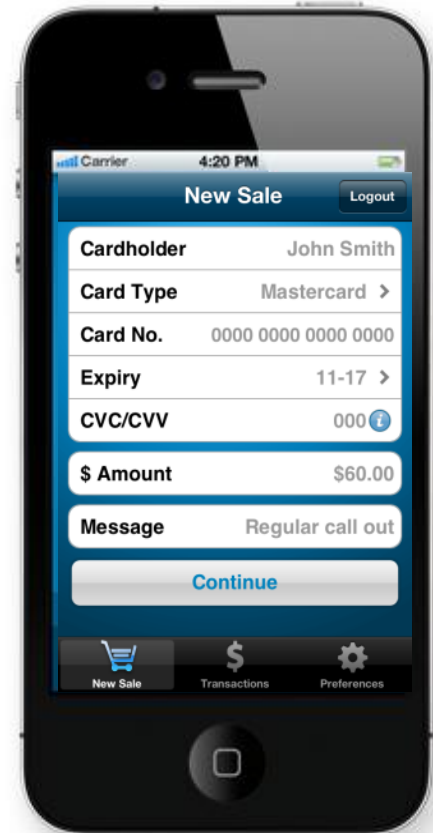


1. Source: Apple App Store, Google Play  
2. Volume of retail transactions by number



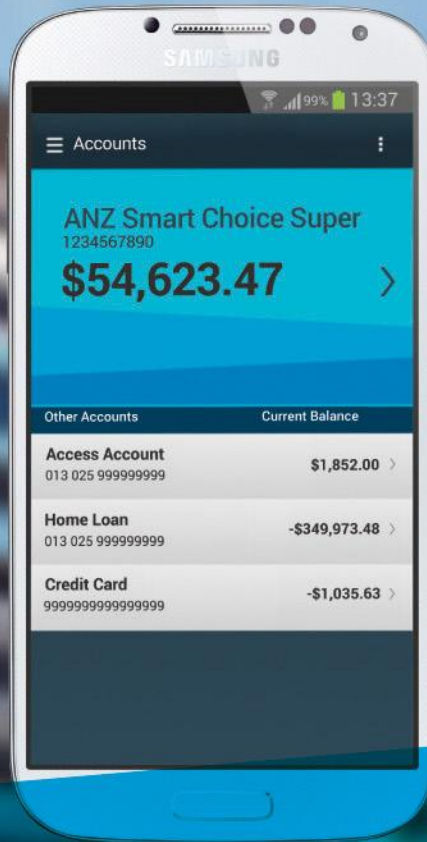
# ANZ FastPay™ to be launched

- Award winning mobile merchant app currently operational in Australia and soon to be launched in New Zealand
- Enables business customers to process credit and debit card payments securely using their iPhone or Android smartphone
- Provides same day access to takings in your linked ANZ Business Account
- Receipts are emailed directly to the customer



# 13 FULL YEAR RESULTS

AUSTRALIA AND  
NEW ZEALAND  
BANKING GROUP  
LIMITED  
29 OCTOBER 2013



Global Wealth

# Global Wealth supports ANZ's Super Regional Strategy

## Improved customer economics

### Customer Attrition



### Revenue per customer



Without Wealth

With Wealth

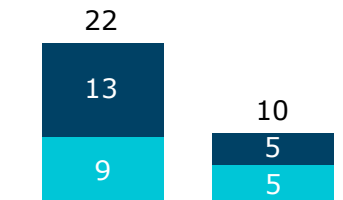
Without Wealth

With Wealth

## Important source of liquidity

### FY12

\$b



Deposits

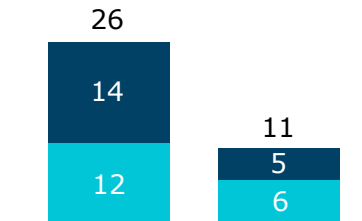
Loans

■ Wealth

■ Wealth sourced<sup>1</sup>

### FY13

\$b

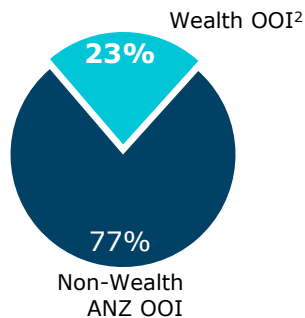


Deposits

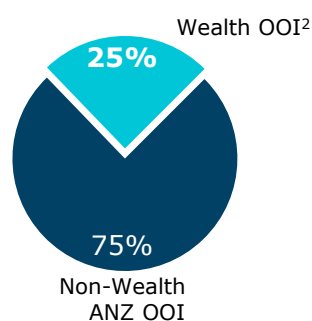
Loans

## Significant source of other operating income (OOI) for ANZ

### FY12



### FY13



## Delivering value to the Group

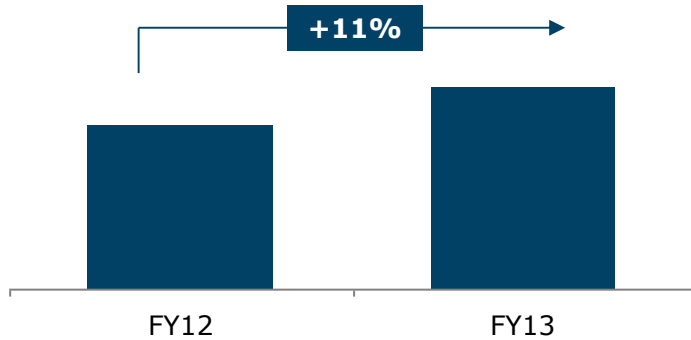
- Deeper and longer customer relationships with improved customer economics
- Diversified revenue stream (significant source of non-interest income)
- Important and growing source of liquidity

1. Wealth Sourced includes deposits & lending from Private Bank and E\*TRADE which is sourced by Global Wealth but registered in other divisions.  
 2. Wealth OOI includes Other Operating Income, Net Funds Management and Insurance Income

# Embed wealth solutions into all customer touch points across the bank

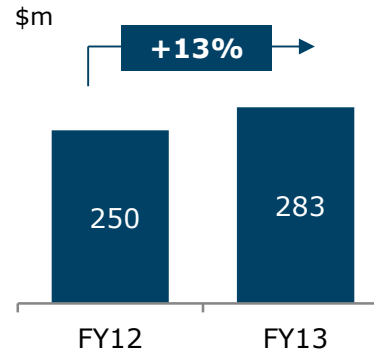
## Increased Wealth Solutions to ANZ Customers

(Includes Australia, New Zealand & Asia)

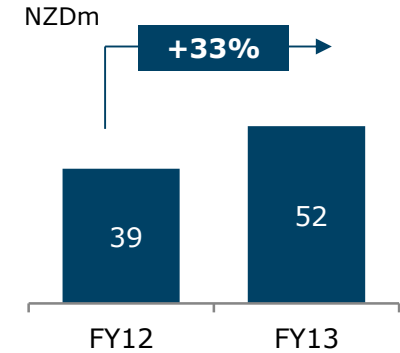


## Direct Insurance sales

### Australia



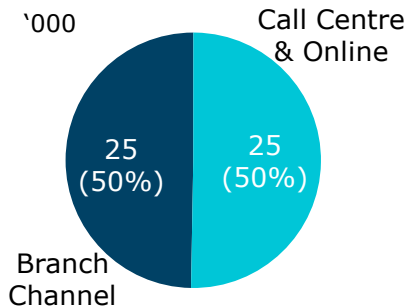
### New Zealand<sup>1</sup>



## ANZ Smart Choice Super Accounts and FUM

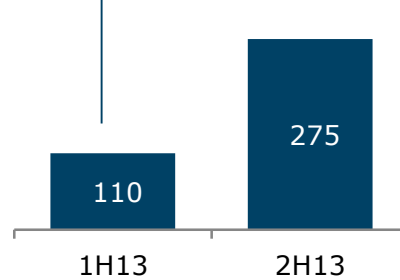
### FY13 Sales

Total: 50,000



### FUM

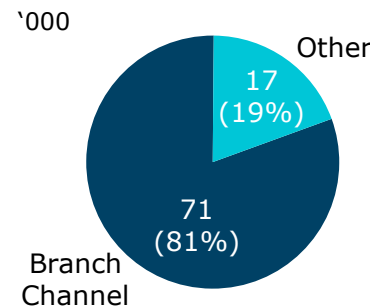
\$m +150%



## KiwiSaver Accounts and FUM

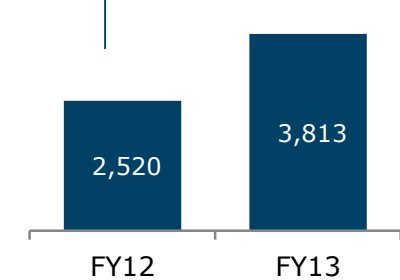
### FY13 Sales

Total: 88,000



### FUM<sup>2</sup>

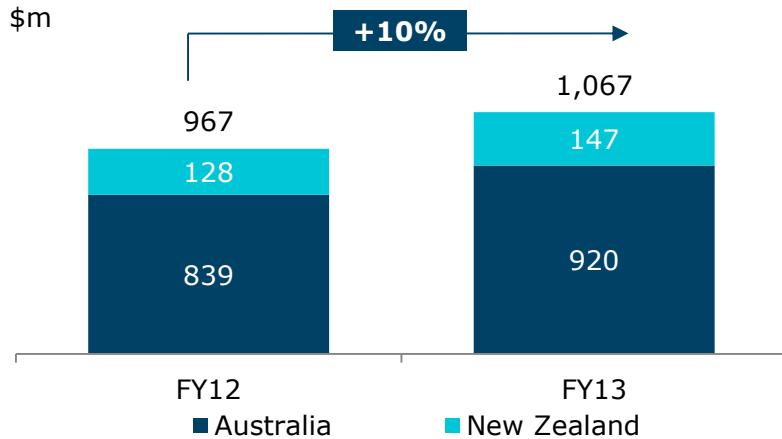
\$m +51%



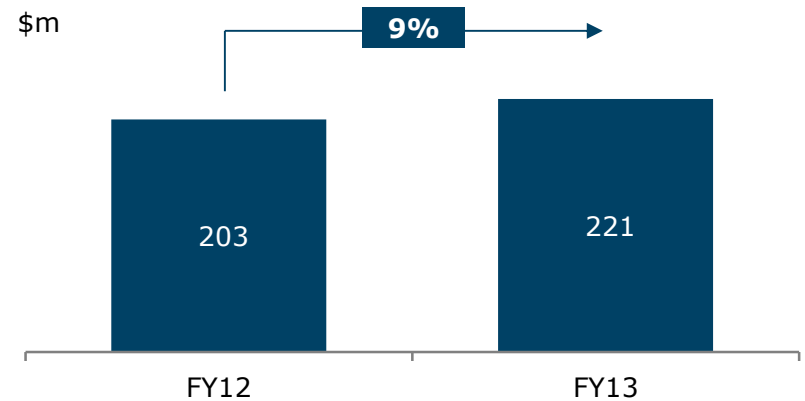
1. Includes sales of white-labelled General Insurance products  
 2. KiwiSaver FUM in AUD

# Deliver higher returns in Life Insurance

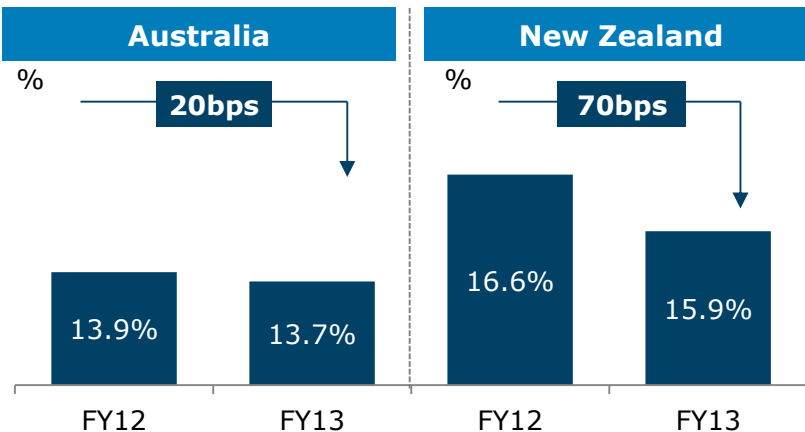
## Retail Life Insurance Inforce



## Insurance Cash Profit



## Retail Life Lapse Rates

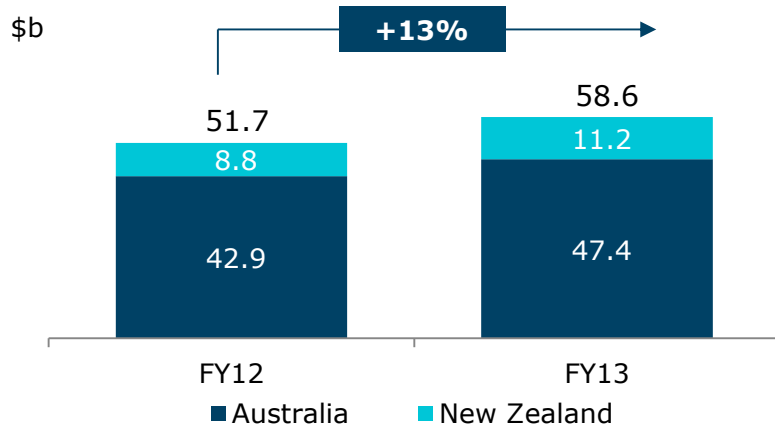


## Awards

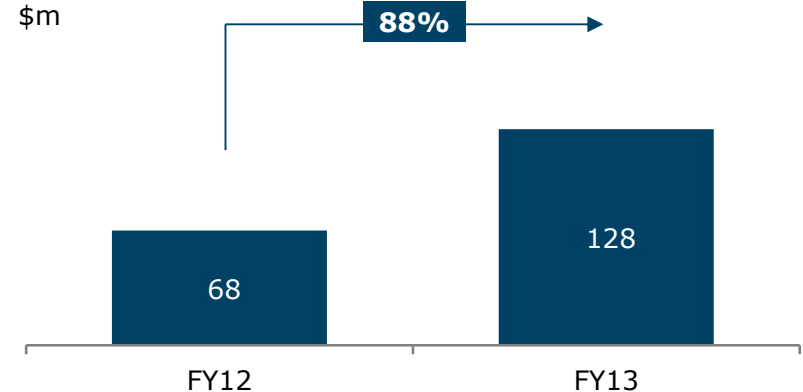


# Position for growth in Funds Management

## Funds Under Management (FUM)



## Funds Management Cash Profit



## Efficiently delivering MySuper

- MySuper license approved by APRA
- Our MySuper compliant offering (ANZ Smart Choice Super) is a market leading solution that secures our ability to capture the growth of superannuation in Australia
- With ANZ Smart Choice Super, we are seizing the opportunity of regulatory reform to materially grow our business and increase market share

## Awards



### CANSTAR

ANZ SmartChoice Super awarded 'Outstanding Value' in all life stage categories for 2013



### Money Magazine

OneAnswer Frontier awarded 'Best Featured Pension Product' for 2013



### FundSource

New Zealand Fund Manager and KiwiSaver Manager of the Year for 2012

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