



2018 FIRST HALF RESULTS

DEBT INVESTOR UPDATE

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED



Financial information within this Results Presentation & Investor Discussion Pack is on a Cash Profit (Continuing Operations) basis (as defined in the Half Year 31 March 2018 Consolidated Financial Report, Dividend Announcement and Appendix 4D) unless otherwise stated.

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OVERVIEW

DELIVERED ON OUR PROMISE TO SIMPLIFY ANZ

- **Focusing where we can win**
- **Divesting non-core assets**
- **Reducing complexity**
- **Reducing fees and interest rates for many core services**
- **Decommissioning redundant technology applications**
- **Progressing customer and process remediation**
- **Re-shaping our workforce**

FINANCIAL SNAPSHOT

STRENGTHENED THE BUSINESS, MANAGED COSTS, IMPROVED RETURNS

	1H18 \$m	Change vs 1H17
Statutory Profit	3,323	+14%
Cash Profit (continuing operations)		
Cash Profit After Tax	3,493	+4%
Earnings Per Share (cents)	119.4	+4%
Return on Equity	11.9%	+32bp
Dividend Per Share (cents)	80	Stable
CET1 Ratio (APRA)	11.0%	+91bp
CET1 Ratio (Internationally comparable)	16.3%	+109bp
Net Tangible Assets Per Share (\$)	18.27	+6%

FOUR PRIORITIES

1. Creating a simpler, better balanced bank

2. Focusing on areas where we can win

3. Building a superior everyday experience to compete in the digital age

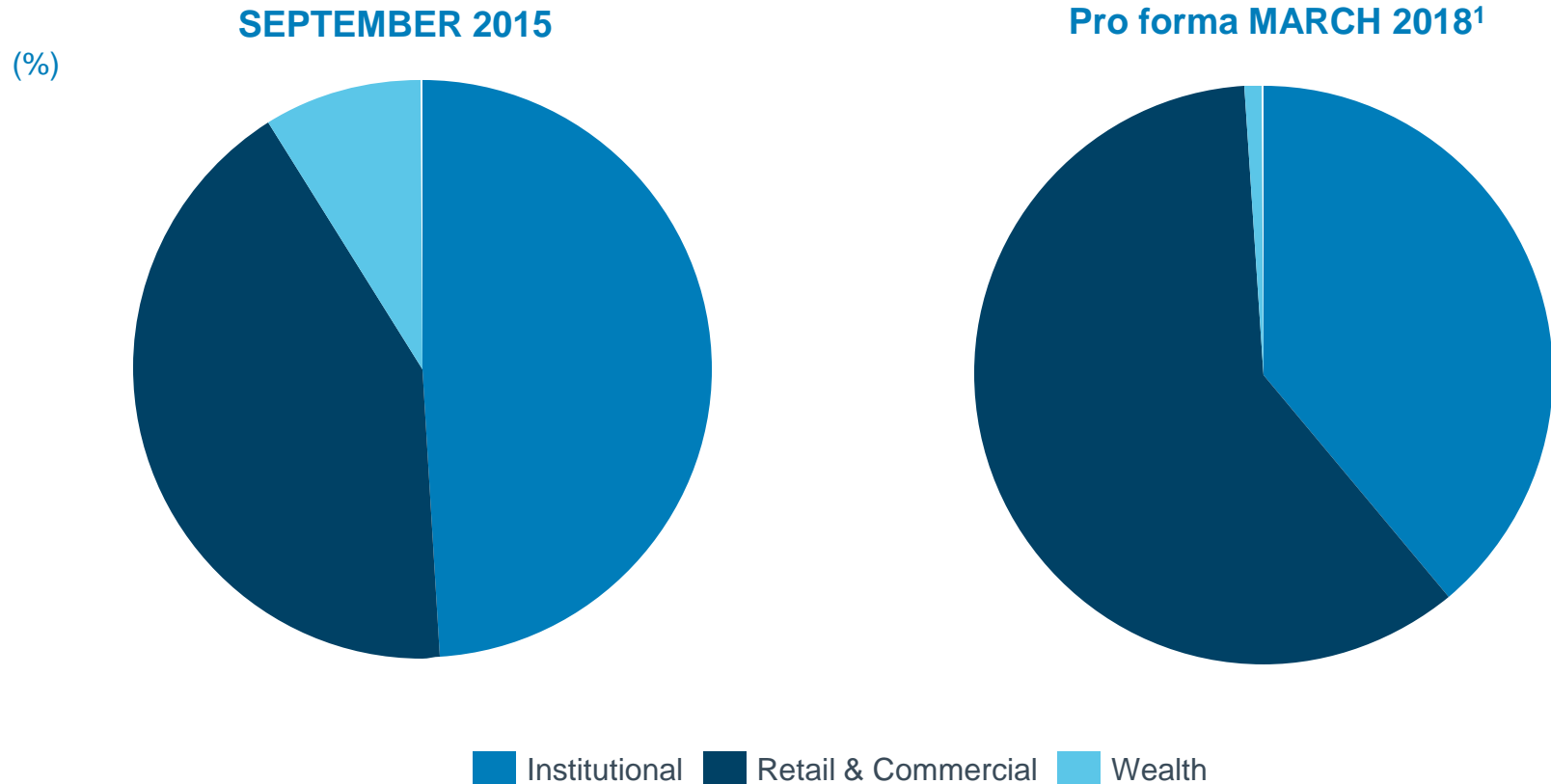
4. Driving a purpose and values led transformation

ASSUMPTIONS UNDERLYING THE STRATEGY

1. **Constrained sector growth** (High household debt, subdued business investment)
2. **Changing customer preferences** (More digital, more third party advice)
3. **Industry transformation** (Open data, new technologies)
4. **Growing regulation** (Capital, liquidity, compliance)
5. **Intensifying competition** (Incumbents, new technology entrants)
6. **Changing community expectations** (Greater accountability and regulation)

A BETTER BALANCED BANK

CAPITAL ALLOCATION



Above allocation based on Regulatory Capital. Institutional shown under 2015 IIB Structure, including Global Institutional and Asia Retail & Pacific.

1. Pro forma incorporates the expected capital benefit from the Wealth Australia divestments (P&I, ADG and Life Insurance) and the second tranche of MCC, which remain subject to regulatory approval, less the capital impact from the completion of the \$1.5b share buyback

STRATEGIC PROGRESS

1H18

1. Creating a simpler, better balanced bank

- Finalised sale of retail and wealth business in Asia along with ANZ's stake in Shanghai Rural Commercial Bank (SRCB) and half our stake in Metrobank Card Corporation (MCC).
- Announced sale of the Australian Pensions & Investments and Aligned Dealer Group businesses and the Australian Life Insurance business.
- Completed \$1.1b of the \$1.5b share buy back announced in December 2017.

2. Focusing on areas where we can win

- Grew home lending in Australia by 6% PCP with strategic focus on owner-occupier (P&I); customer deposits were up 3%. In New Zealand home lending increased 5% and deposits 4%.
- Maintained position as No. 4 Corporate Bank in Asia for sixth consecutive year and No. 1 Lead Bank penetration in Australia and New Zealand.

3. Building a superior everyday experience to compete in the digital age

- New ANZ mobile banking app currently most highly rated in Australian Apple Store.
- Extended mobile payment leadership with the launch of both Garmin Pay and eftpos on Android Pay.
- Preparing for Open Banking through strategic investment and partnership with Australia's leading data company, Data Republic.
- Introduced agile working practices to Australian Division Head Office and Technology Division to increase speed-to-market for key customer initiatives.

4. Driving a purpose and values led transformation

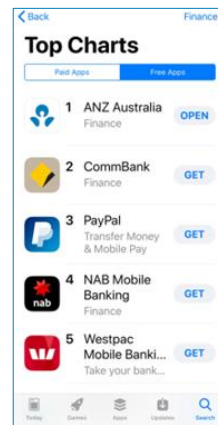
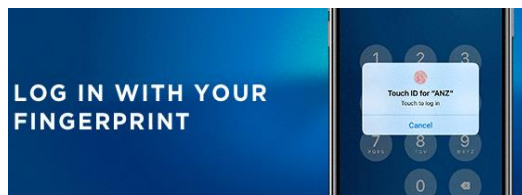
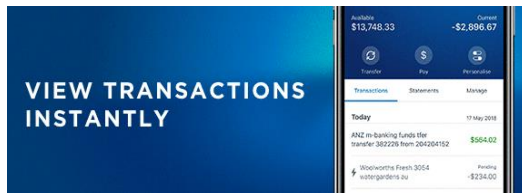
- Increased low carbon finance commitment from \$10 billion to \$15 billion by 2020, with more than \$8 billion financed since 2015.
- Signed the FX Global Code of Conduct, which provides a single set of global principles governing good practice in the global FX market.
- Increased women in leadership to 31.9% (from 31.1% end-FY17); Employer of the Year for LGBTI Inclusion; top private sector organisation for access and inclusion for people with disability.

COMPETING IN A DIGITAL AGE

BUILDING A SUPERIOR EVERYDAY EXPERIENCE



- #1 ranked banking app in the Australian App store¹
- ~25,000 users joining each day²
- Delivered by our first team to adopt New Ways of Working
- Dedicated team focused on maintaining leadership



App	Rating ³	# of Ratings
ANZ	4.6	7.9k
CBA	2.8	1.7k
PayPal	4.5	1.4k
NAB	3.0	0.4k
Westpac	3.6	0.7k

1. Apple App Store (Financial Category) (as at 29 April 2018)
2. as at 30 April 2018
3. Rating is out of 5.0 (as at 29 April 2018)

COMPETING IN A DIGITAL AGE

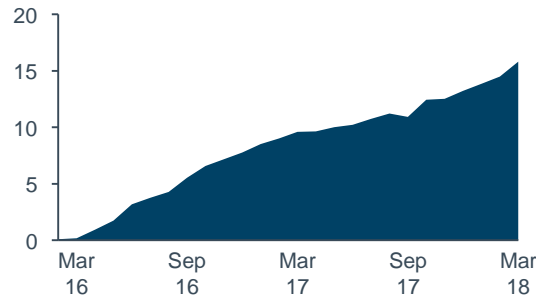
LEADERSHIP POSITION WITHIN THE DIGITAL PAYMENTS MARKET

DIGITAL WALLETS

CARDS AVAILABLE WITHIN DIGITAL WALLETS

Index: Feb 16 = 100

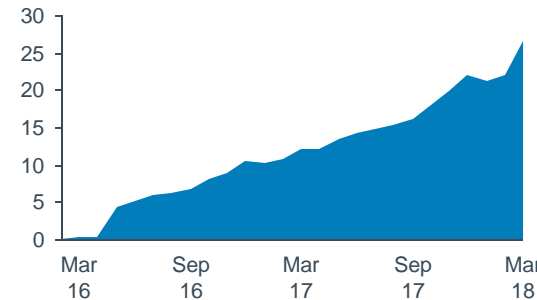
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DIGITAL WALLET # TRANSACTIONS

Index: Feb 16 = 100

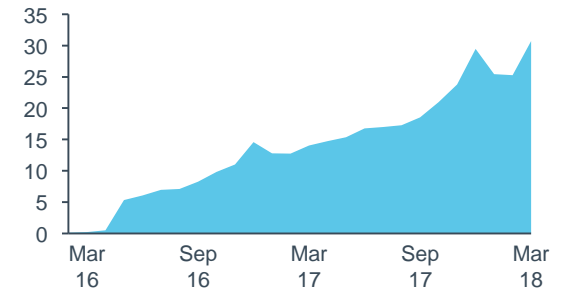
000's



DIGITAL WALLET \$ TRANSACTIONS

Index: Feb 16 = 100

000's



02/16 04/16 06/16 08/16 10/16 12/16 02/17 04/17 06/17 08/17 10/17 12/17 02/18

ANZ
Mobile
Pay

Apple
Pay

Android
Pay

MasterCard
launch

Retail Lost / Stolen
(mobile wallet card information)

Samsung
Pay

GoMoney
Apple Pay

Fitbit
Pay

Garmin
Pay

Commercial
Lost / Stolen



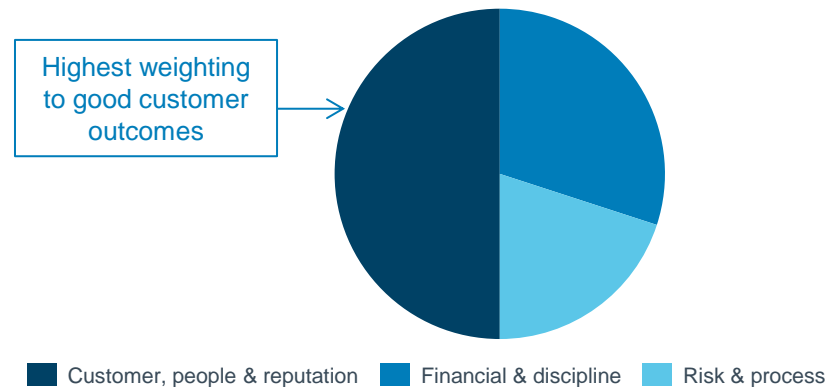
PURPOSE & VALUES LED TRANSFORMATION

- Clear Purpose, Values, Expectations
- Long term focus on engaging our people
- Rebalancing performance scorecards
- Changing what we expect from leaders
- Critical driver of long term shareholder value



Published July 2017

PERFORMANCE SCORECARD¹



1. Australia Division retail branch Service Consultants and Personal Bankers

OUTLOOK

- **Australia, NZ & regional economies continue to grow**
- **Household debt has increased, at a slowing rate**
- **Credit conditions remain benign across the region**
- **Credit standards tightening**
- **Credit growth in the regulated sector is slowing**
- **Reinforces our strategy and the actions we've taken are right for the times**

CORPORATE SUSTAINABILITY

OUR SUSTAINABILITY AGENDA

As part of our strategic priority to drive a purpose and values-led transformation of the bank, we are prioritising our efforts on issues relating to **environmental sustainability**, **financial wellbeing** and **housing**.

Our **Corporate Sustainability Framework** supports our business strategy and is aligned with the bank's purpose. The public sustainability targets we set each year address our strategic priorities and respond to our most material environmental, social and governance issues.



For a copy of ANZ's 2018 Half Year Corporate Sustainability Update, please contact debt investor relations at DebtIR@anz.com.

PROGRESS ON FY18 SUSTAINABILITY TARGETS



Funded and facilitated \$8.3 billion in low carbon and sustainable solutions, including green buildings, low emissions transport, green bonds, renewable energy, efficient irrigation and low emissions gas power generation, since 2015



Over 2,000 people recruited to our Saver Plus matched savings program. Since 2004 more than 36,000 people have participated in this program.



Group-wide representation of **Women in Leadership has increased to 31.9%** (up from 31.1% as at end of 2017)¹



Australia Retail Net Promoter Score (NPS) ranking² increased to 3rd (from 4th at end of 2017)

Unless otherwise stated, the information provided covers the period 1 October 2017 – 31 March 2018 and has not been assured

1. Employee headcount is used for the basis of this disclosure. Includes all employees regardless of leave status excluding contractors (which are included in FTE)
2. Roy Morgan Single Source. Base: Australian population aged 14+, Main Financial Institution, six month rolling average to Mar'18. Ranking based on the four major Australian banks



2018 FIRST HALF RESULTS

FINANCIAL UPDATE

AUSTRALIA AND NEW ZEALAND BANKING
GROUP LIMITED

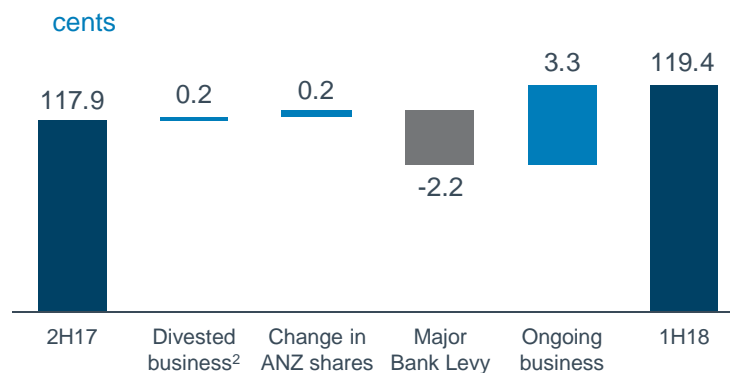


1H18 OVERVIEW

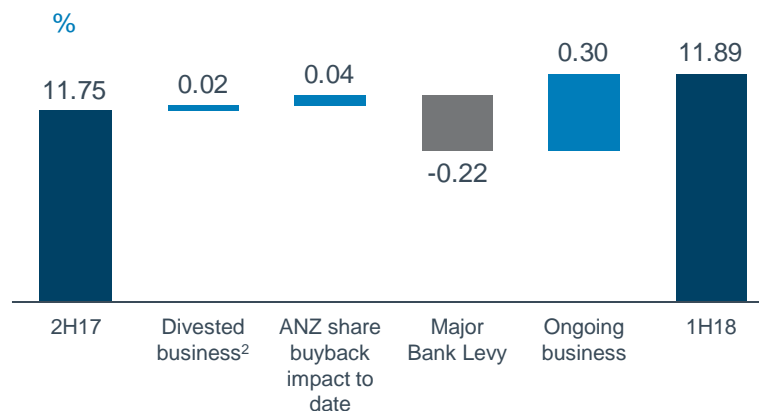
WORKED HARD TO BE A BETTER BALANCED, BETTER CAPITALISED & SIMPLER BANK

- Strengthened capital: CET1 11.0%
- \$1.5bn share buyback underway
- 4th consecutive half of absolute cost reduction
- Continuing cash profit up 4.1% PCP, up 1.1% HoH³
- Better Risk Adjusted Returns
- Annualised credit losses 14bp

CASH EARNINGS PER SHARE¹



RETURN ON EQUITY¹



1. Cash basis (continuing operations)

2. Divested business includes Asia Retail, SRCB & MCC gains/losses on sale and divested business results and UDC cost recovery

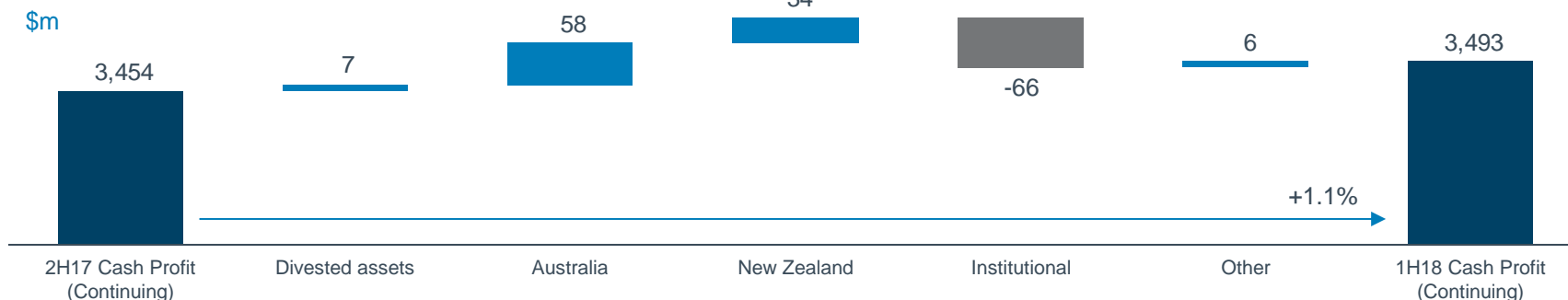
3. PCP: 1H18 vs 1H17; HoH 1H18 vs 2H17

FINANCIAL PERFORMANCE

CASH PROFIT (CONTINUING OPERATIONS)

• \$m	1H18	Change		Change (ex divested assets) ¹	
	\$m	vs 1H17	vs 2H17	vs 1H17	vs 2H17
Cash Profit (continuing)	3,493	4.1%	1.1%	(2.6)%	1.0%
Operating Income	9,808	(1.7)%	(0.3)%	(3.8)%	(0.3)%
Operating Expenses	4,411	(1.7)%	(1.5)%	0.2%	(0.2)%
Profit Before Provisions	5,397	(1.7)%	0.7%	(7.0)%	(0.4)%
Provisions	408	(43.3)%	(14.8)%	(41.1)%	(10.3)%
Earnings per share (cents)	119.4	4.0%	1.3%		
Return on Equity	11.9%	+32bp	+14bp		

CASH PROFIT BY DIVISION (1H18 vs 2H17)



1. Divested assets include Asia Retail, SRCB & MCC gains/losses on sale and divested business results and UDC cost recovery

DISCONTINUED & LARGE/NOTABLE ITEMS

FIRST HALF 2018 (\$m)			GAIN/LOSS ON SALE				DIVESTMENT IMPACT				
2,876	617	3,493	-121	86	-85	-18	0	0	-24	0	3,331
1H18 Cash Profit	Discontinued	1H18 Continuing	MCC	SRCB	Asia Retail	UDC	MCC	SRCB	Asia Retail	Other ¹	1H18 ex L/N items
SECOND HALF 2017 (\$m)			GAIN/LOSS ON SALE				DIVESTMENT IMPACT				
3,527	-73	3,454	0	0	-14	0	-24	0	-117	-47	3,252
2H17 Cash Profit	Discontinued	2H17 Continuing	MCC	SRCB	Asia Retail	UDC	MCC	SRCB	Asia Retail	Other ¹	2H17 ex L/N items
FIRST HALF 2017 (\$m)			GAIN/LOSS ON SALE				DIVESTMENT IMPACT				
3,411	-56	3,355	0	0	284	0	-15	-58	-145	-225	3,196
1H17 Cash Profit	Discontinued	1H17 Continuing	MCC	SRCB	Asia Retail	UDC	MCC	SRCB	Asia Retail	Other ¹	1H17 ex L/N items

L/N: Large/Notable items

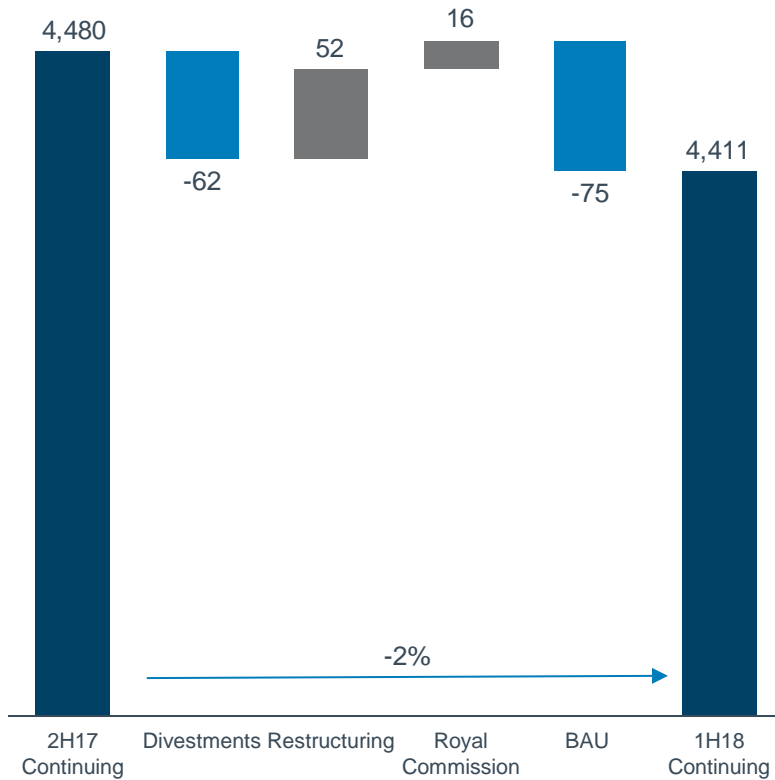
1. Other includes Derivative Valuation Adjustments & Gain on sale of 100 Queen St, Melbourne in 1H17.

EXPENSES

DRIVERS & PRODUCTIVITY

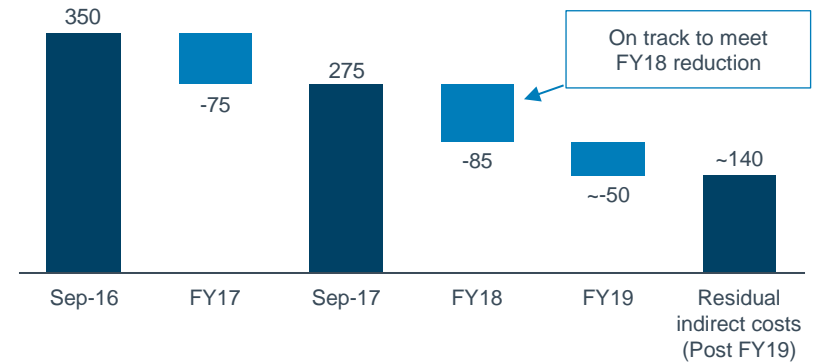
EXPENSES

\$m



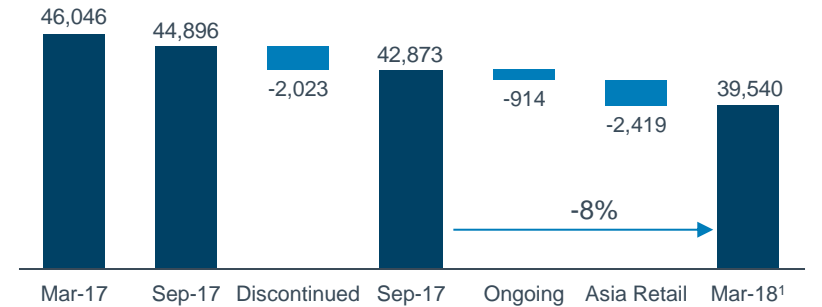
ASIA RETAIL LEGACY COST REDUCTION PROFILE

\$m



FULL TIME EQUIVALENT STAFF (FTE)

#

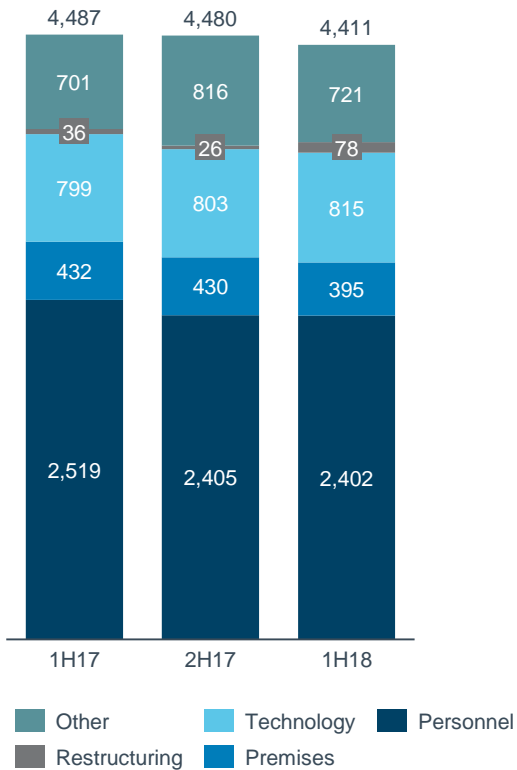


1. Excludes discontinued operations. Total FTE including discontinued operations as at March 18: 41,580

EXPENSES

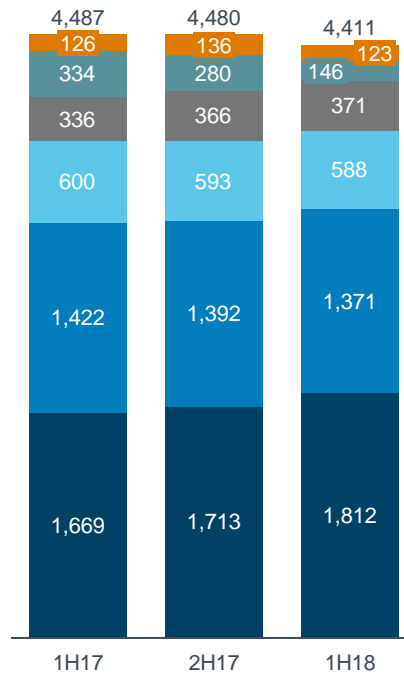
EXPENSES BY CATEGORY

Continuing Operations
\$m



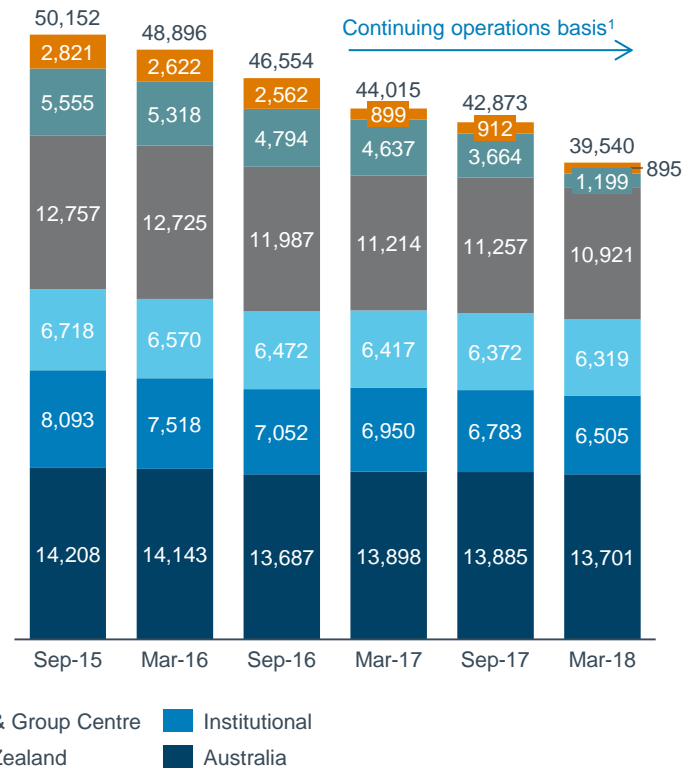
EXPENSES BY DIVISION

Continuing Operations
\$m



FTE BY DIVISION

Full time equivalent staff #

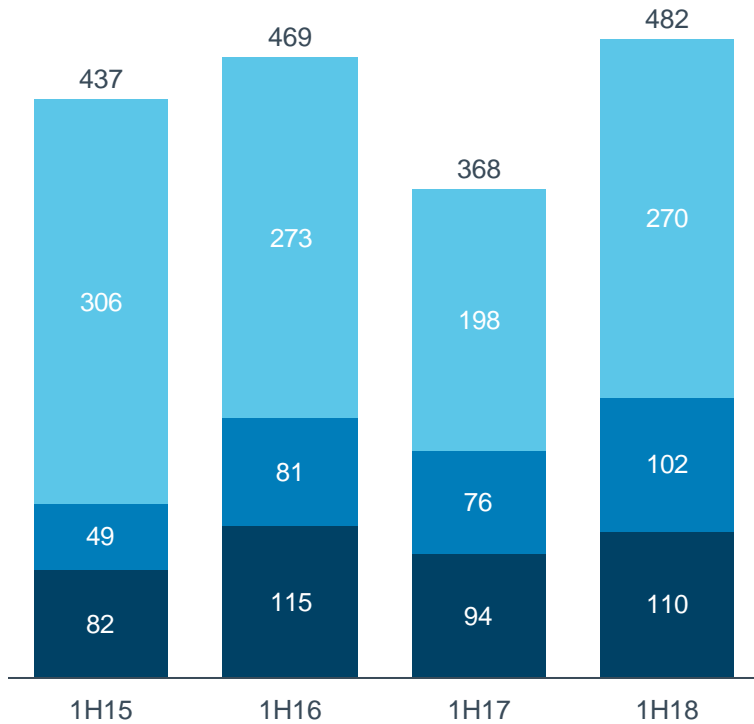


1. Excludes FTE in discontinued operations (1H17 2,031; 2H17 2,023; 1H18 2,040)

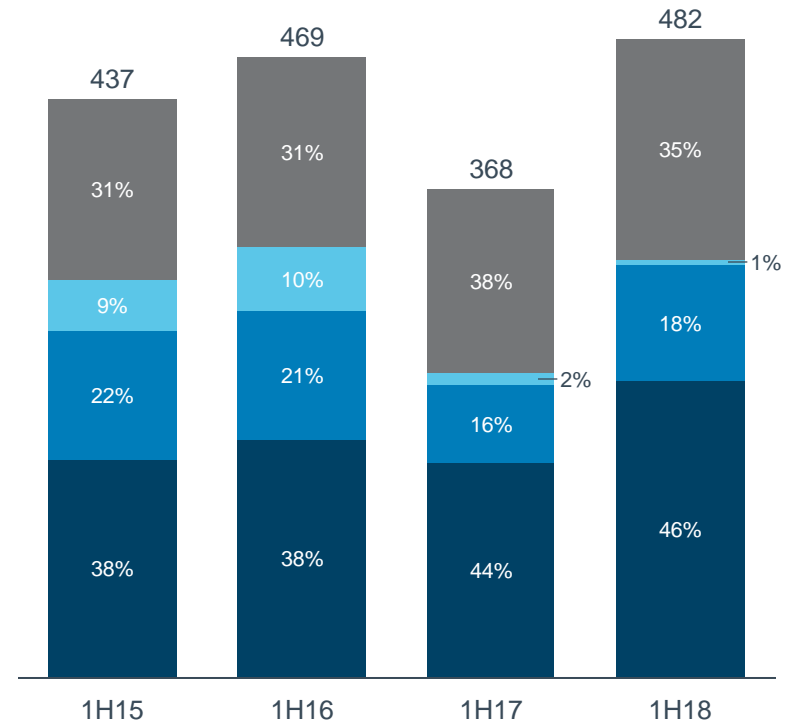
INVESTMENT SPEND

INVESTMENT SPEND

COMPOSITION (\$m)



BY DIVISION (\$m)



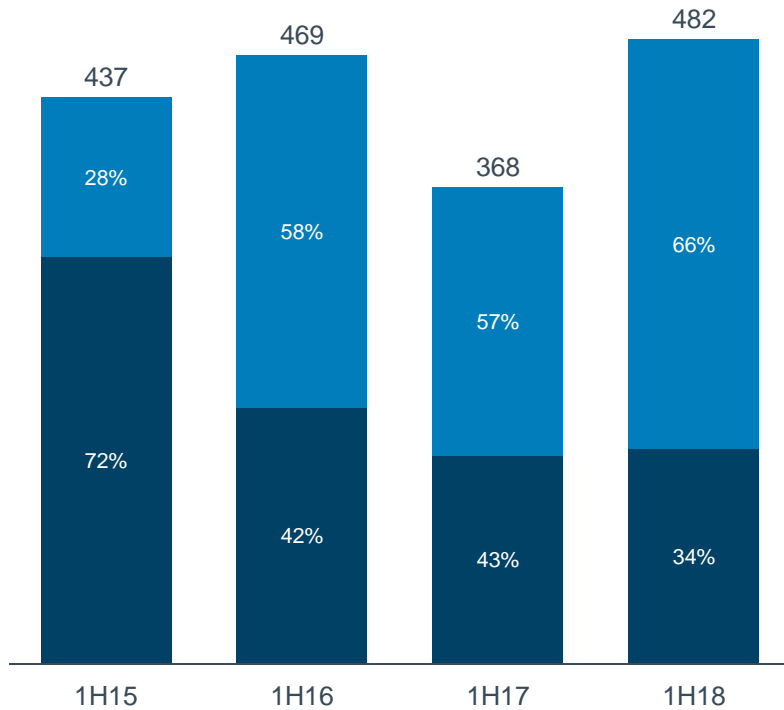
Business Initiatives Infrastructure / Other Risk & Compliance

TSO & Group Centre Other Divisions Institutional Aus & NZ

INVESTMENT SPEND

INVESTMENT SPEND

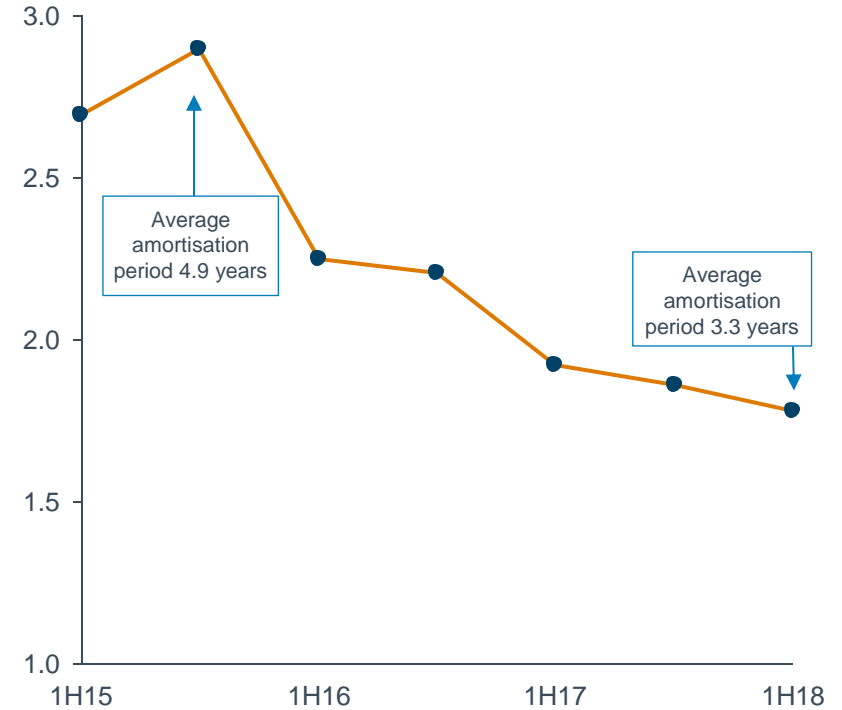
EXPENSED / CAPITALISED (\$m)



■ Capitalised investment spend
 ■ Expensed investment spend

CAPITALISED SOFTWARE BALANCE

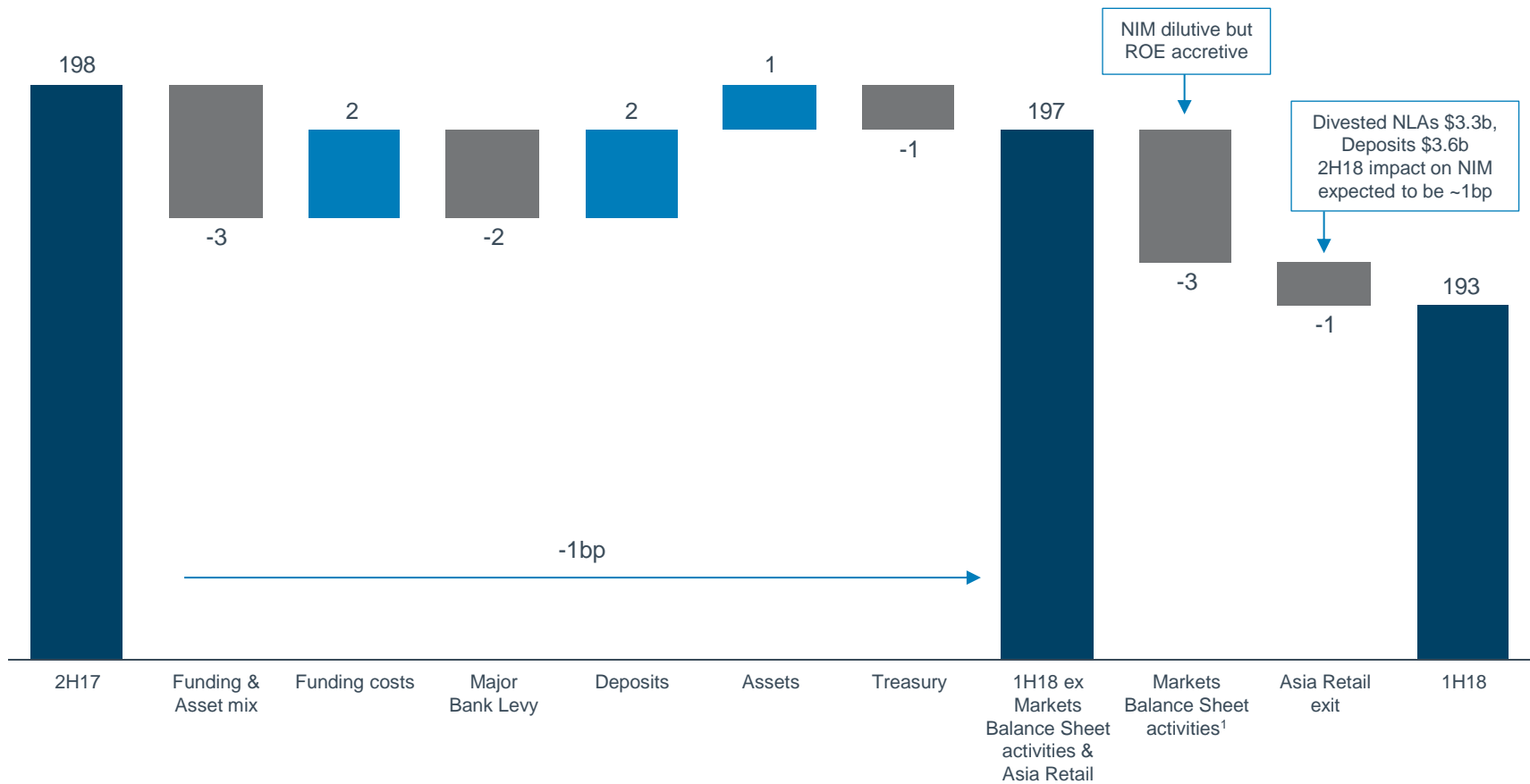
\$b



NET INTEREST MARGIN

GROUP NET INTEREST MARGIN (NIM)

bp

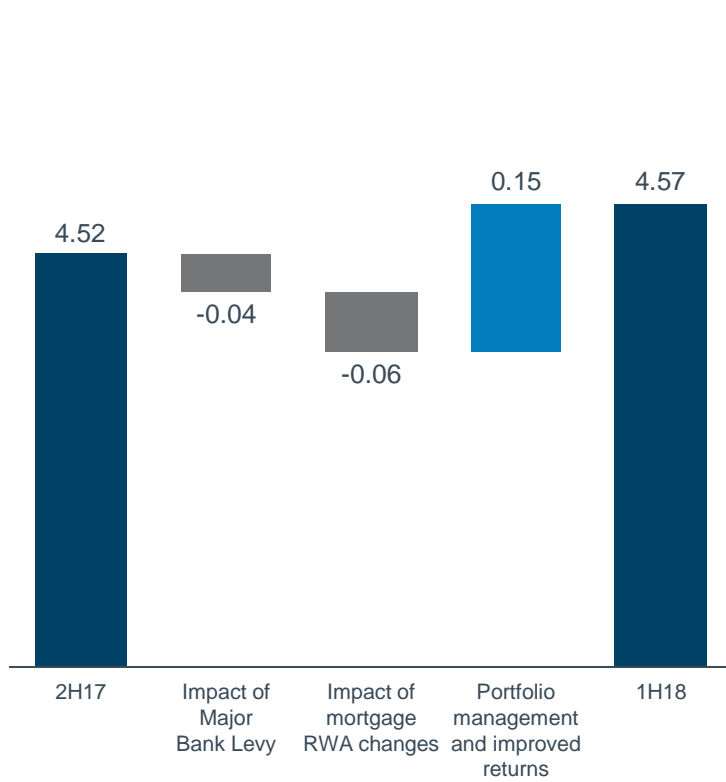


1. Primarily discretionary liquids and trading securities

RISK ADJUSTED MARGINS & RETURNS

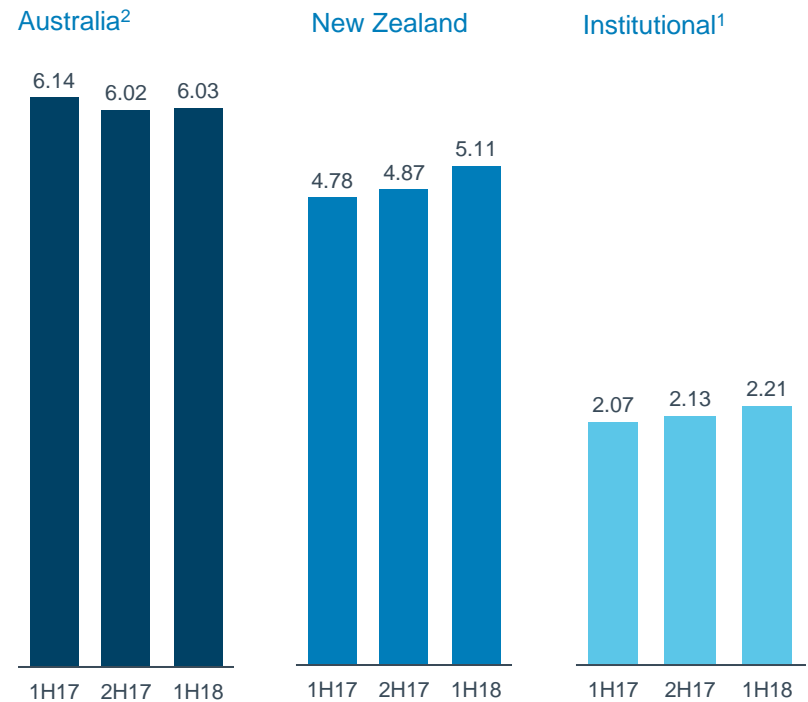
NII / AVERAGE CREDIT RWA¹ MOVEMENT

%



DIVISIONAL NET INTEREST INCOME / AVG CRWA

%



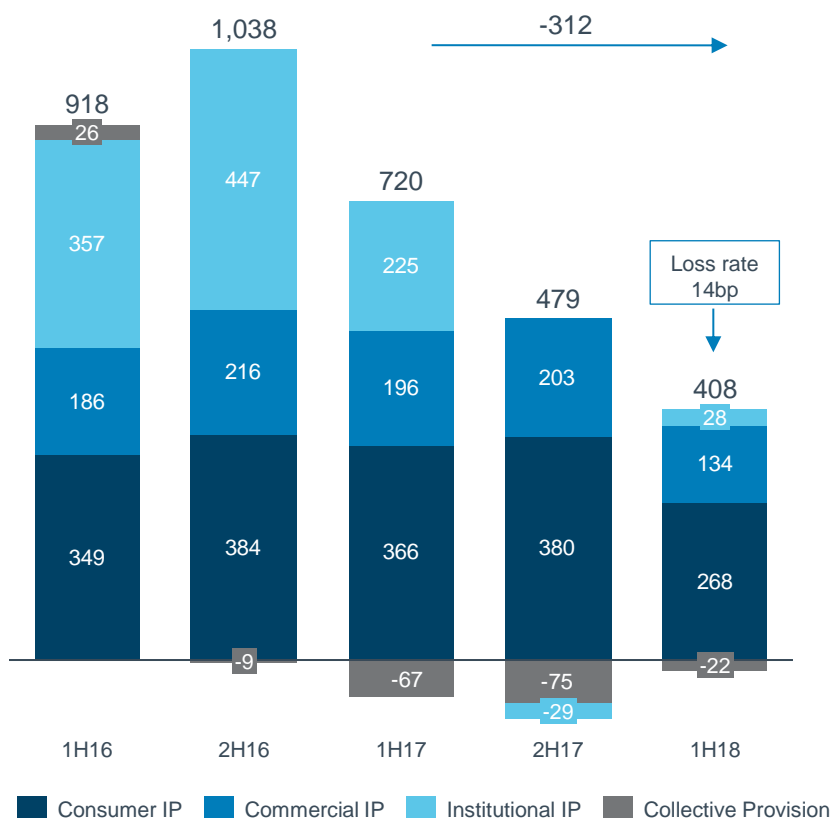
1. Excluding Markets

2. New model for Australian residential mortgages effective from June 2017 had a 17bp impact on Australia Division from 2H17 to 1H18

CREDIT IMPAIRMENT CHARGES

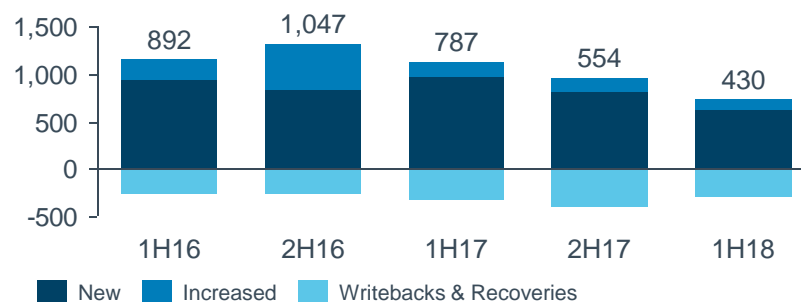
TOTAL PROVISION CHARGE

\$m



INDIVIDUAL PROVISION CHARGE

\$m



COLLECTIVE PROVISION CHARGE

\$m	1H16	2H16	1H17	2H17	1H18
Lending Growth	50	(62)	(25)	(11)	4
Change in Risk/P'folio mix	(37)	59	(75)	(84)	4
Eco Cycle	0	0	41	34	(24)
TOTAL (ex Asia Retail)	13	(3)	(59)	(61)	(16)
Asia Retail	13	(6)	(8)	(14)	(6)
TOTAL	26	(9)	(67)	(75)	(22)

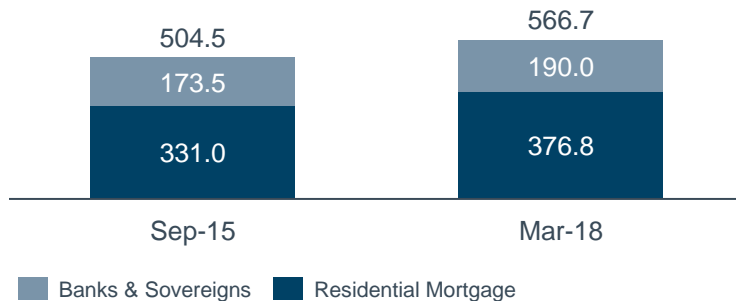
IMPROVING PORTFOLIO RISK PROFILE

Actions taken to improve risk profile:

- Sold Asia Retail & Wealth businesses (IEL 151bp)¹
- Sold Esanda Dealer Finance business (IEL 100bp)²
- Largely exited Emerging Corporate portfolio in Asia (IEL 41bp)¹
- Restricted growth in commercial property & unsecured personal loans
- Focused housing growth to priority segments of Principal & Interest and Owner Occupier loans

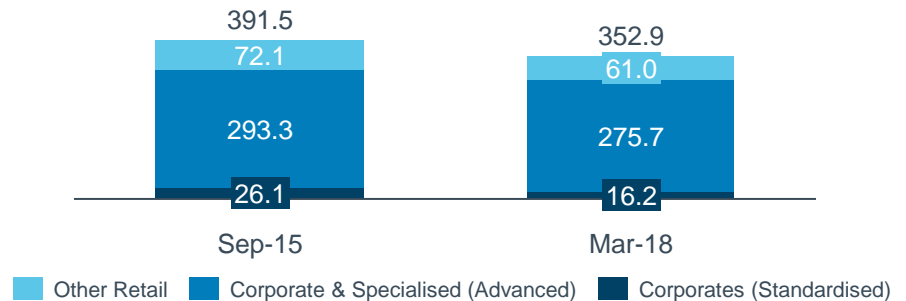
LOWER LOSS RATE ASSET CLASSES

EXPOSURE AT DEFAULT (\$b) (<5bp loss rate)



HIGHER LOSS RATE ASSET CLASSES

EXPOSURE AT DEFAULT (\$b) (>20bp loss rate)

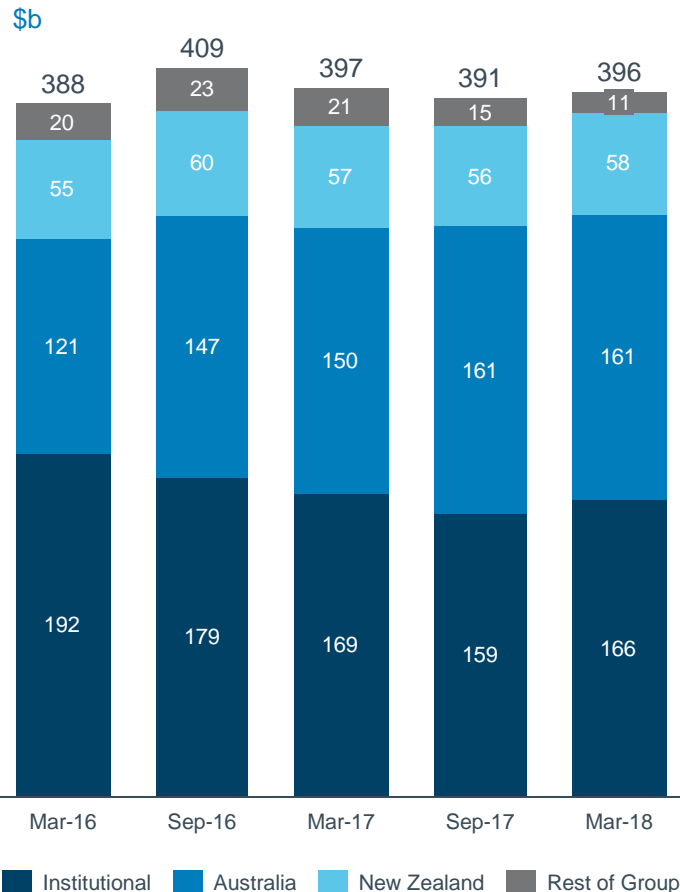


1. Internal expected loss as at September 2016

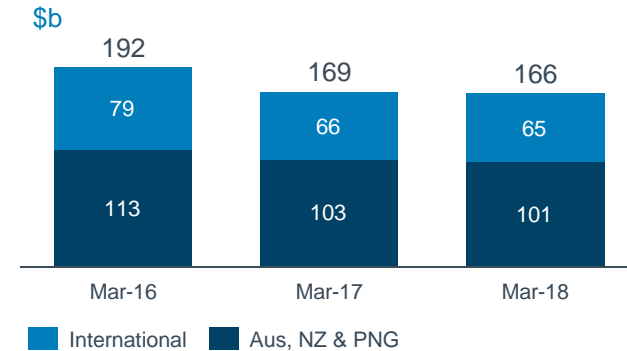
2. Internal expected loss as at September 2015

BALANCE SHEET REBALANCING

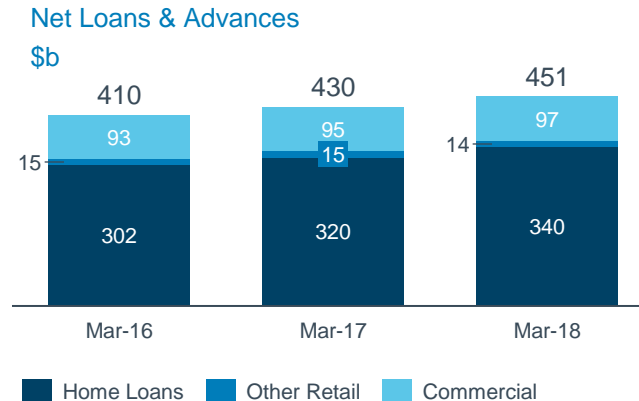
TOTAL RISK WEIGHTED ASSETS¹



INSTITUTIONAL RISK WEIGHTED ASSETS¹



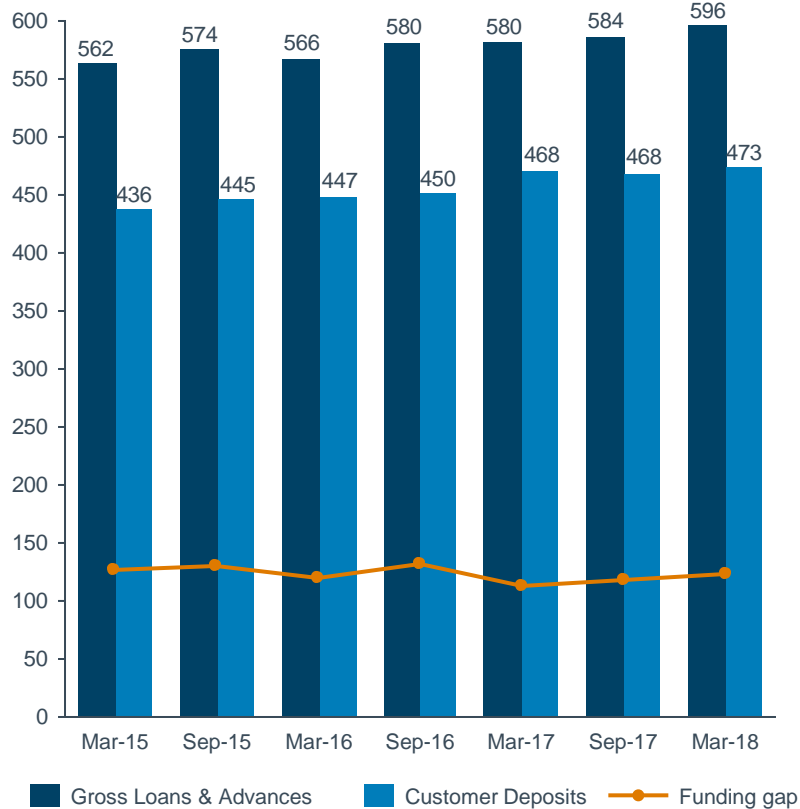
AUSTRALIA & NEW ZEALAND DIVISIONS²



1. Institutional RWAs are inclusive of Corporate Banking, transferred from Australia Division to Institutional in October 2017 and backdated for the purposes of chart time series. \$2bn of 1H18 increase driven by FX.
2. Commercial was impacted by the Esanda divestment which occurred in FY16

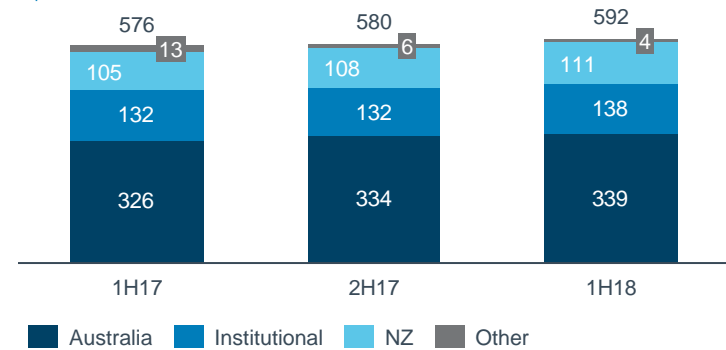
BALANCE SHEET

\$b



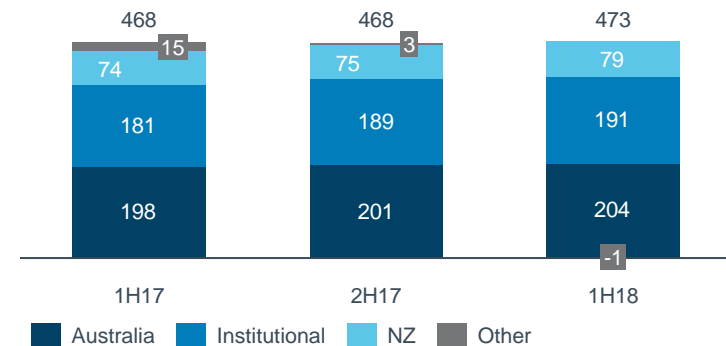
NET LOANS AND ADVANCES (BY DIVISION)

\$b



CUSTOMER DEPOSITS (BY DIVISION)

\$b



IFRS 9- ESTIMATED IMPACT

COLLECTIVE PROVISION BALANCE & COVERAGE (ESTIMATED IMPACT)

Based on September 2017	IAS 39 Sep 17 (\$m)	IFRS 9 Equivalent 'estimate' (\$m)	
Collective Provision	2,662	~2,900 to ~3,200	← Estimated ~\$235m to \$535m increase in Collective Provision balance
CP balance / CRWA	0.79%	~0.86% to ~0.95%	

COMMON EQUITY TIER 1 CAPITAL (ESTIMATED IMPACT ON NON DEFAULTED)

Based on September 2017	IAS 39 Sep 17 (\$m)	
<u>Existing deduction from CET1</u>		← Existing capital deduction sufficient to cover the estimated impact from IFRS 9
APRA Basel 3 expected loss in excess of eligible provisions	719*	

* \$686m as at Mar 2018

AUSTRALIA

DIVISIONAL PERFORMANCE

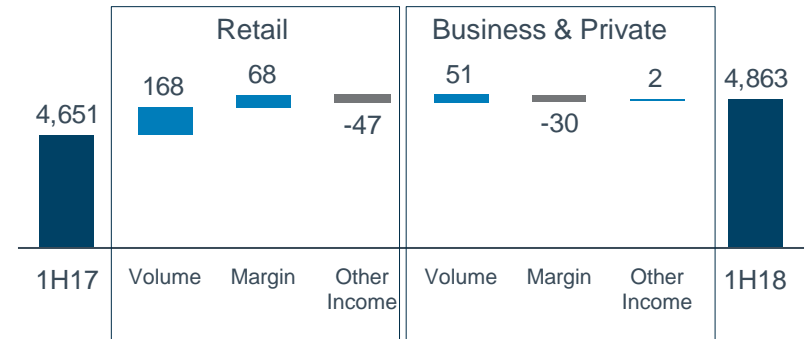
FINANCIAL SUMMARY

	1H18	Change	
	\$m	vs 1H17	vs 2H17
Revenue	4,863	4.6%	1.7%
Operating Expenses ¹	1,812	8.6%	5.8%
Profit Before Provisions	3,051	2.3%	(0.7)%
Provisions	312	(33.3)%	(25.2)%
Cash Profit	1,915	8.9%	3.1%
Net Loans & Advances (\$b)	339.3	4.2%	1.7%
Customer Deposits (\$b)	204.2	3.3%	1.4%

1. 1H18 includes \$57m of restructuring charges

REVENUE DRIVERS

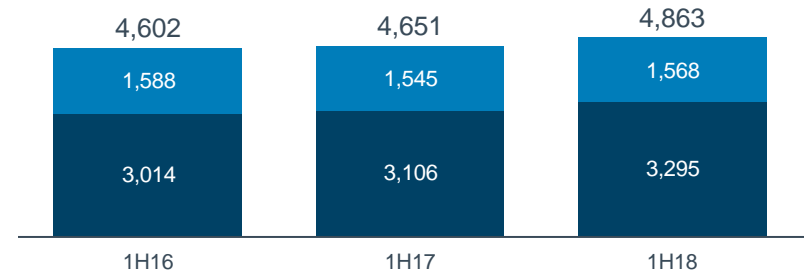
\$m



REVENUE CONTRIBUTION

\$m



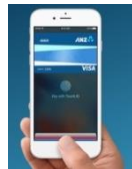

Includes Major Bank Levy:
2H17 -\$54m; 1H18 -\$100m



■ Retail ■ Business & Private Bank

AUSTRALIA DIVISION

PRIORITIES

	PRIORITIES	ACTIONS	METRICS	MOVEMENTS			
				FY15	FY16	FY17	1H18
STRATEGIC FOCUS	Create a simpler, better capitalised, better balanced and more agile bank	Simplified products	# Products decommissioned	<10	<10	47	63
		Optimised branch footprint	# Branches	751	724	684	658
		More digital branches	# Digital branches	5	40	81	99
		More self service	# Over-The-Counter transactions ¹	37.3m	33.8m	29.1m	27.5m
		More digital sales	Digital % of retail sales	15%	16%	21%	24%
		More digitally active customers	Digitally active customers	2.9m	3.0m	3.3m	3.4m
	Focus efforts on attractive areas where we can carve out a winning position	Attract more customers	# Retail Customers	5.3m	5.4m	5.6m	5.7m
			Retail customers > 1 product	60.0%	60.9%	61.5%	61.6%
		Deepen customer relationships	Commercial cross sell (% growth) ²	4.8%	10.8%	8.4%	11.3%
			Housing lending (ANZ v system) ³	1.2x	1.0x	1.2x	1.0x
	Build a superior experience for our people and customers to compete in the digital age	Launch innovative solutions to improve banker and customer experience	Household deposits (ANZ v system) ³	0.9x	0.6x	1.1x	0.8x
			Supported wallet transactions (000's) ^{1,4}	-	5,110	26,369	46,812
			Bladepay transactions (000's) ¹	-	n/a	62	540
			Electronic verification uptake (trans / month)	-	4,405	9,828	21,220
							
	<i>First Home Buyer coach launched</i>						
			<i>Campaign for BladePay</i>				
						<i>EFTPOS on Apple Pay and Android Pay - launched Oct/Nov 2017 respectively</i>	

1. Reported YTDX
2. Cross-sell as at reporting period, 1H18 on a PCP basis
3. APRA system growth numbers
4. Supported wallet transactions includes Apple Pay, Samsung Pay, Android Pay, Fitbit Pay, Garmin Pay and ANZ Mobile Pay

AUSTRALIA DIVISION

DIGITAL

DELIVERING SUPERIOR EXPERIENCE FOR OUR PEOPLE AND CUSTOMERS



Industry leading mobile payment services

ANZ continues to lead the banking sector with its mobile payment services delivering more options for customers than any other major Australian bank.

Support for making purchases on all the major wearable brands.

The launch of Android Pay™ for eftpos cardholders enables ANZ customers to access a complete suite of digital payment options.



Making banking easier for our customers

Launched the new ANZ App, combining the best of the Grow and goMoney apps, offering a single location for ANZ customers banking, super, insurance and investments.

The new app supports voice ID activated payments making it easier for our customers to complete high value transactions on their smartphones.

ANZ partnership with Data Republic

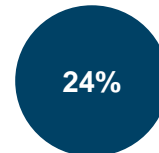
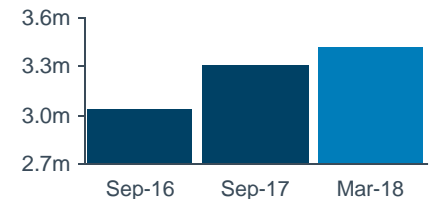
Announced February 2018 and provides ANZ access to the Data Republic platform, a secure data sharing control centre.



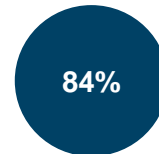
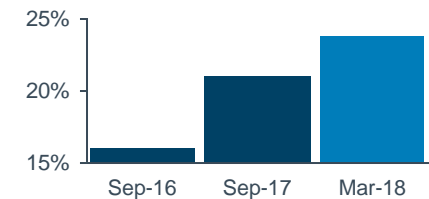
TRANSLATING INTO BUSINESS OUTCOMES



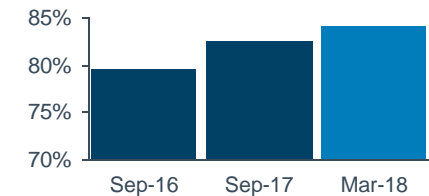
digitally active customers²



of Australia retail sales are completed digitally



of value transactions² (deposits and withdrawals) are now completed digitally

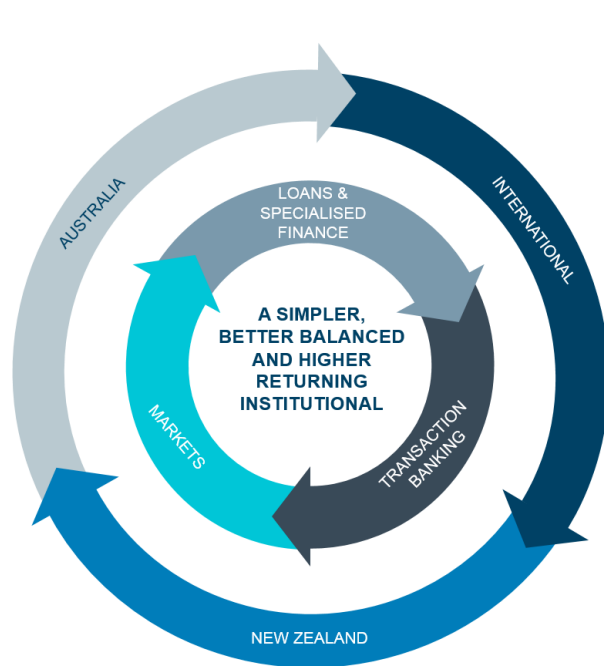


Digital logons weekly

1. Digital logons include app and internet logons
2. As at point of time, March 2018

INSTITUTIONAL

CREATING A PLATFORM FOR PROFITABLE GROWTH



SIMPLIFY AND
RIGHT SIZE THE
BUSINESS

- \$49bn (24%) RWA reduction and ~5,000 client exits in FY16-17
- Rebalanced portfolio toward home markets (from 56% to 62% in FY16-17)¹ and higher returning products

DRIVE PROFITABLE
GROWTH & CAPITAL
EFFICIENCY

- Leading market positions with customers²
- On strategy, profitable customer revenue³ growth, up 2% excluding Major Bank Levy in 1H18

ABSOLUTE COST
REDUCTION

- FTE have reduced ~1,600 (20%) since September 2015
- Fourth consecutive half year of absolute cost reduction, with more to follow

IMPROVE RISK
PROFILE & RETURNS

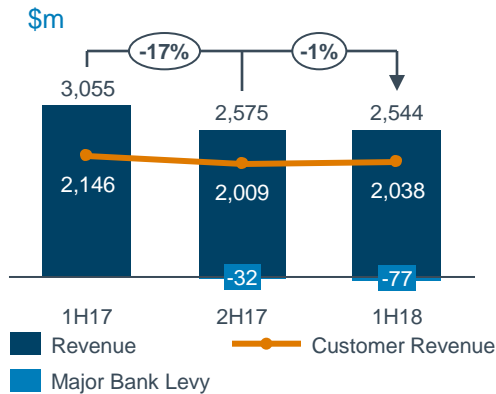
- Improved portfolio quality since FY15 with 84% (+400bps) now investment grade
- Risk adjusted margin has improved 33bps (17%) since FY15 to 2.29%⁴ in 1H18

1. Proportion of Institutional EOP RWA in Australia and New Zealand; 2. Refer to following page; 3. Customer Revenue comprises L&SF, Trade, PCM and Markets Franchise Sales; 4. Institutional ex-Markets net interest income excluding impact of Major Bank Levy divided by average credit risk weighted assets

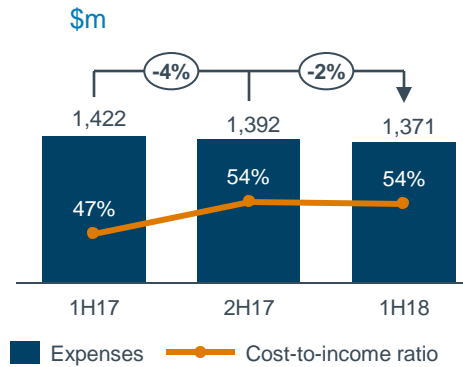
INSTITUTIONAL

PROFITABLE CUSTOMER REVENUE GROWTH AND CONTINUED ABSOLUTE COST REDUCTION, DESPITE MAJOR BANK LEVY AND ASIA RETAIL HEADWINDS

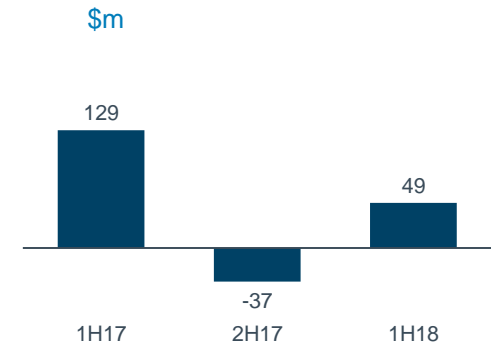
REVENUE¹



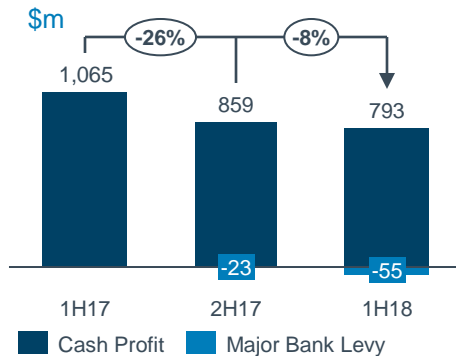
EXPENSES¹



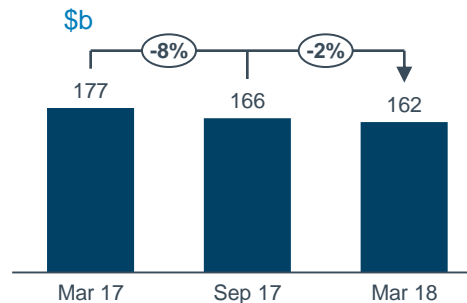
TOTAL PROVISION CHARGES



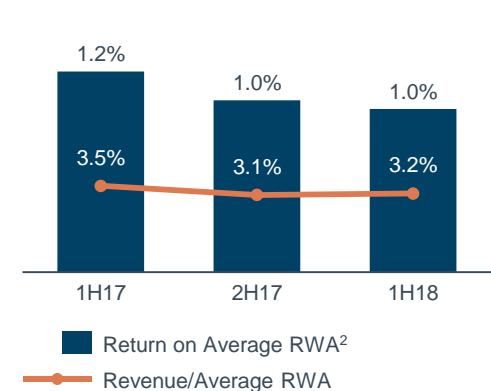
CASH PROFIT¹



AVERAGE RWA



RETURN^{1,2}



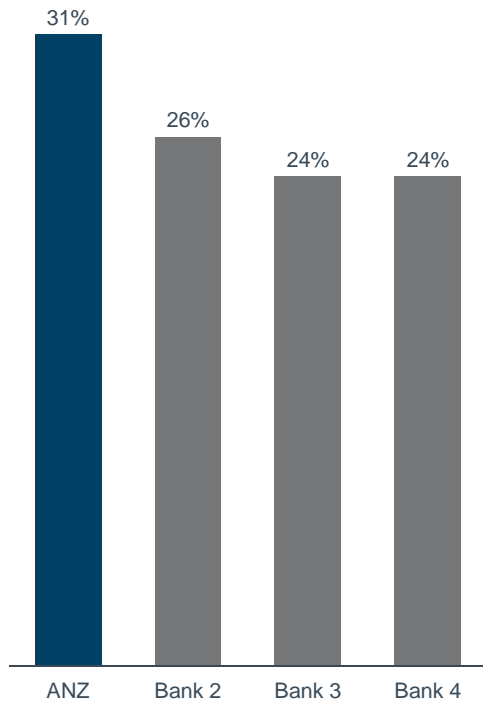
1. If you exclude the Major Bank Levy and incremental Asia Retail costs in 2H17 and 1H18, then HoH Institutional: Revenue \$14m (1%) higher; customer revenue \$50m (2%) higher; expenses \$53m (4%) lower; cash profit \$11m (1%) lower; return on average RWA 2bps higher;
2. Cash Profit divided by average Risk Weighted Assets

INSTITUTIONAL

MAINTAINED OUR LEADING MARKET POSITIONS ACROSS OUR KEY GEOGRAPHIES

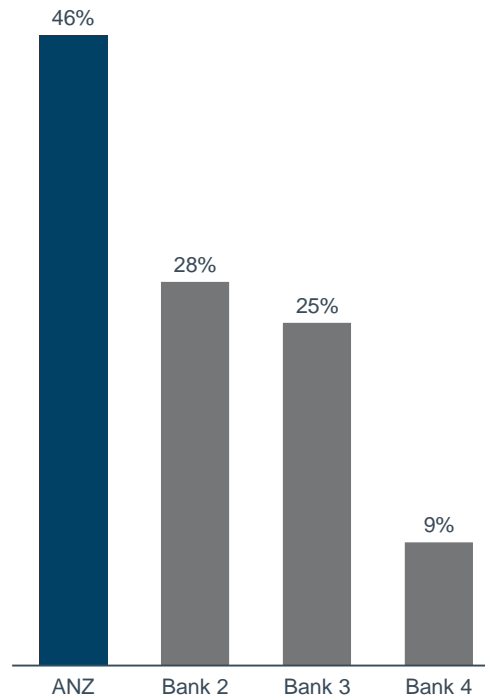
AUSTRALIA

#1 Lead Bank Penetration¹



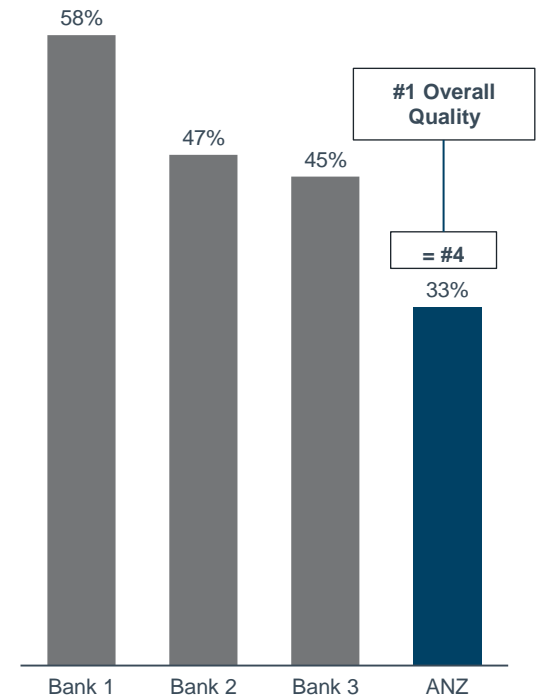
NEW ZEALAND

#1 Lead Bank Penetration¹



ASIA

Top 4 Corporate Bank²



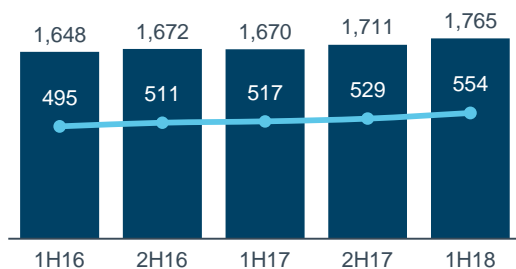
1. Peter Lee Associates 2017 Large Corporate and Institutional Relationship Banking surveys, Australia and New Zealand (issued in June and August 2017 respectively); 2. Greenwich Associates 2017 Asian Large Corporate Banking Study (issued in March 2018)

NEW ZEALAND

FINANCIAL PERFORMANCE¹

REVENUE

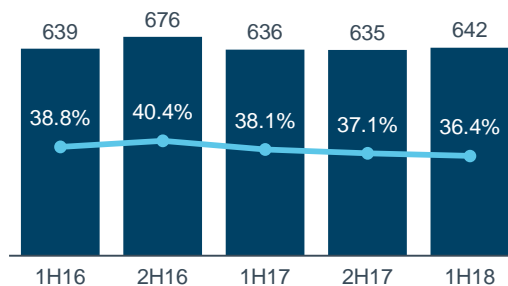
NZDm



■ Revenue — Revenue/Avg FTE (\$k) annualised

EXPENSES

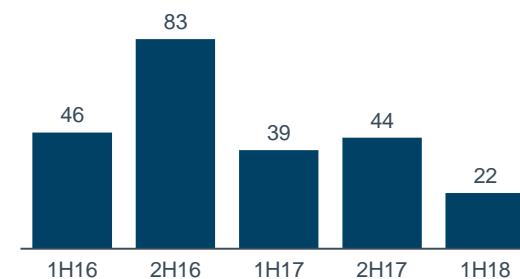
NZDm



■ Expenses — CTI

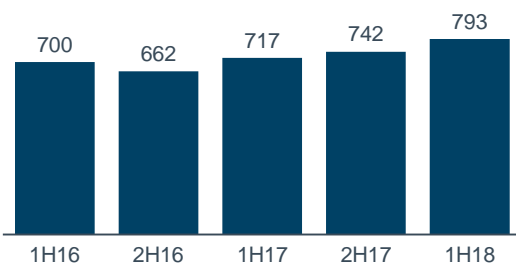
TOTAL PROVISIONS

NZDm



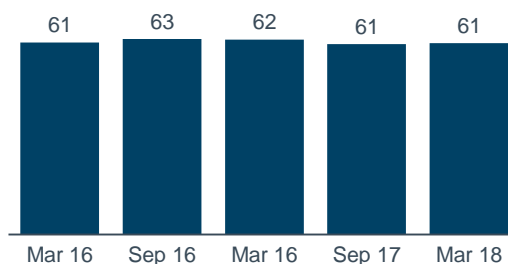
CASH PROFIT

NZDm

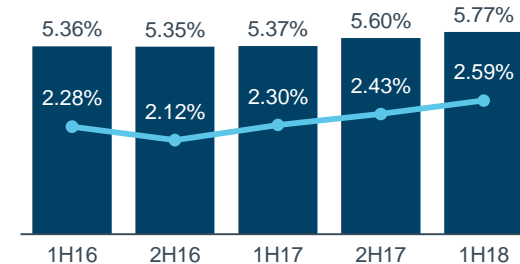


RISK WEIGHTED ASSETS

NZDb



RETURN



■ Revenue/RWA — Return on RWA

1. 1H16 and 2H16 includes large/notable items relevant to New Zealand Division. These are software capitalisation changes and restructuring costs

NEW ZEALAND DIVISION

PRIORITIES

	PRIORITIES	ACTIONS	METRICS	MAR 16	MAR 17	MAR 18
STRATEGIC FOCUS	#1 in service	Grow customer satisfaction and brand consideration	Brand Consideration ¹	45.8%	51.6%	52.1%
			Migrant Banking Brand Consideration ¹	65.3%	72.3%	72.3%
			Retail Net Promoter Score ²	0.1	9.9	15.9
			KiwiSaver Provider ³	24.6%	24.4%	24.6%
	Home ownership and running a small business	Make banking easier for home owners and small business	Home Loans (Market Share) ⁴	31.6%	31.1%	30.9%
			Home Loan (FUM) ⁵	\$70.6b	\$75.0b	\$78.5b
			Household Deposits (Market Share) ⁴	31.7%	34.1%	33.8%
	Leading digital bank	Build a digital bank with a human touch	Business Loans (Market Share) ⁴	30.1%	28.9%	27.4%
			Digitally active customers	1.2m	1.3m	1.4m
			Value transactions completed digitally	76%	80%	83%
	Create a simpler better balanced bank	Continue to automate, simplify and industrialise	Leader in mobile banking ²	30%	36%	37%
			Funding gap ⁵	\$27.4b	\$26.7b	\$25.4b
			NLA ⁵	\$117.5b	\$123.0b	\$126.2b
			Deposits ⁵	\$90.1b	\$96.3b	\$100.8b
			Mortgages LVR <80% ⁶	89.1%	93.3%	94.5%
			FTE	6,570	6,417	6,319
		CTI	38.8%	38.1%	36.4%	

1. Source: McCulley Research Brand Tracking (online survey, first choice or seriously considered); six month rolling average

2. Source: Camorra Retail Market Monitor (RMM); six month rolling score

3. Source: RBNZ, March 2018 FUM market share as of December 2017

4. Source: RBNZ, March 2018 share of all banks as of February 2018. Changes in RBNZ data reporting from February 2017 onwards has resulted in a step change in data vs prior periods

5. New Zealand Geography (NZD)

6. Dynamic basis, as of March 2018

NEW ZEALAND

DIGITAL

DELIVERING SUPERIOR EXPERIENCE FOR OUR PEOPLE AND CUSTOMERS



Delivering more customer functionality more often with automated weekly no outage releases



Enhancing the home loan customer experience through improved features and greater self service



A more intuitive banker experience means everyday customer requests are simplified and automated



Giving customers the ability to make international money transfers through goMoney

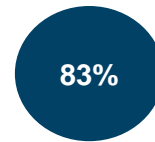
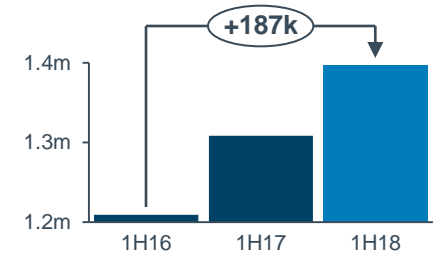


Making it easier for business customers by partnering with SmartPayroll to deliver a fast and easy payroll solution

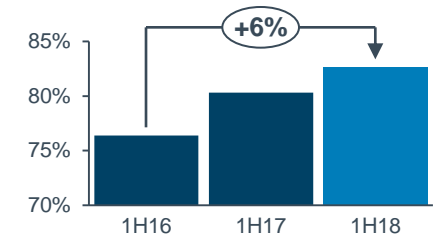
TRANSLATING INTO BUSINESS OUTCOMES



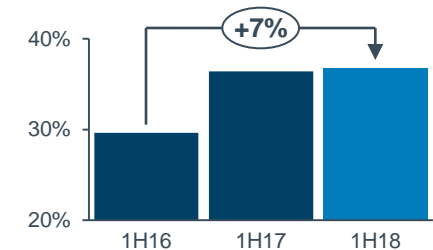
1.4m
digitally active customers¹



83%
of value transactions^{1,2}
(deposits and withdrawals)
are now completed digitally



#1
considered a leader in
mobile banking³



1. As at point of time, March 2018
2. Retail transactions
3. Source: Camorra Retail Market Monitor (RMM)



2018 FIRST HALF RESULTS

GROUP TREASURY

AUSTRALIA AND NEW ZEALAND BANKING
GROUP LIMITED



REGULATORY CAPITAL

CAPITAL UPDATE

Capital Position

- APRA CET1 ratio of 11.0% is in excess of APRA's 'unquestionably strong' benchmark¹ and well ahead of 2020 implementation.
- Internationally Comparable² CET1 ratio of 16.3% – above the Basel top quartile³ CET1 of 14.7%.
- APRA Leverage ratio of 5.4% or 6.1% on an Internationally Comparable basis.
- Completed \$1.1bn of the \$1.5bn on-market share buy back. Completion of this tranche is expected during 2H18.

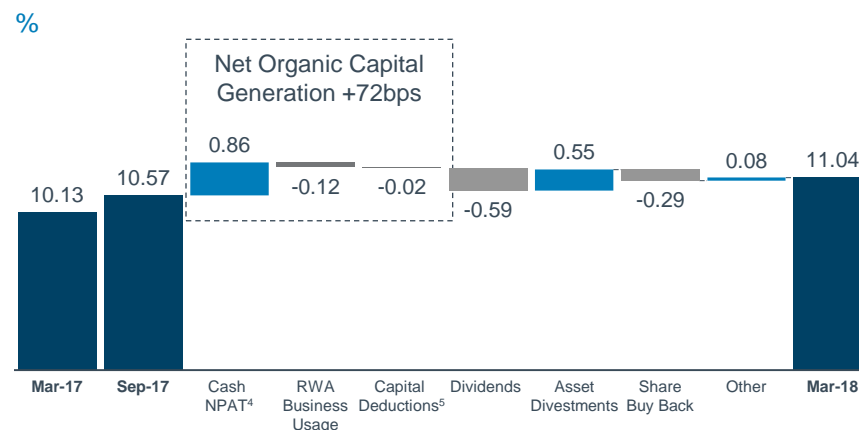
Organic Capital Generation & Dividend

- Interim dividend of 80 cents fully franked.
- Net organic capital generation of +72bps in 1H18 compares favourably to historical averages (+57bps ex Insto rebalancing).

Capital Outlook

- For the third consecutive half, ANZ intends to neutralise the 2018 Interim DRP by acquiring these shares on market.
- Adoption of IFRS 9 is not expected to have a material impact on Capital.
- Completion of announced buyback and asset sales (including sale and reinsurance of OPL, P&I and MCC businesses) will add ~75bps to CET1.
- ANZ will continue to manage its capital prudently. Further capital management initiatives will only be undertaken while ensuring sufficient capital is available to support growth as well as being subject to business conditions and regulatory approval after the actual receipt of the relevant sale proceeds.

APRA COMMON EQUITY TIER 1 (CET1)



BASEL III CET1



1. Based on APRA information paper "Strengthening banking system resilience - establishing unquestionably strong capital ratios" released in July 2017 2. Internationally Comparable methodology aligns with APRA's information paper entitled International Capital Comparison Study (13 July 2015) as interpreted and calculated by ANZ. Basel III Internationally Comparable ratios do not include an estimate of the Basel I capital floor. 3. Based on Group 1 banks as identified by the BIS (internationally active banks with Tier 1 capital of more than €3 billion). The top quartile of this group was 14.7% as at June 2017. 4. Cash Earnings excludes 'Large/notable' items. 5. Represents the movement in retained earnings in deconsolidated entities, capitalised software, EL v EP shortfall and other intangibles.

REGULATORY CAPITAL GENERATION

COMMON EQUITY TIER 1 GENERATION (bp)	First half average 1H12 – 1H17	1H18
Cash Profit ¹	97	86
RWA movement	(13)	(12)
Capital Deductions ²	(13)	(2)
Net capital generation	71	72
Gross dividend	(68)	(60)
Dividend Reinvestment Plan	10	1
Core change in CET1 capital ratio	13	13
Other non-core and non-recurring items	9	34
Net change in CET1 capital ratio	22	47

Organic Capital Generation

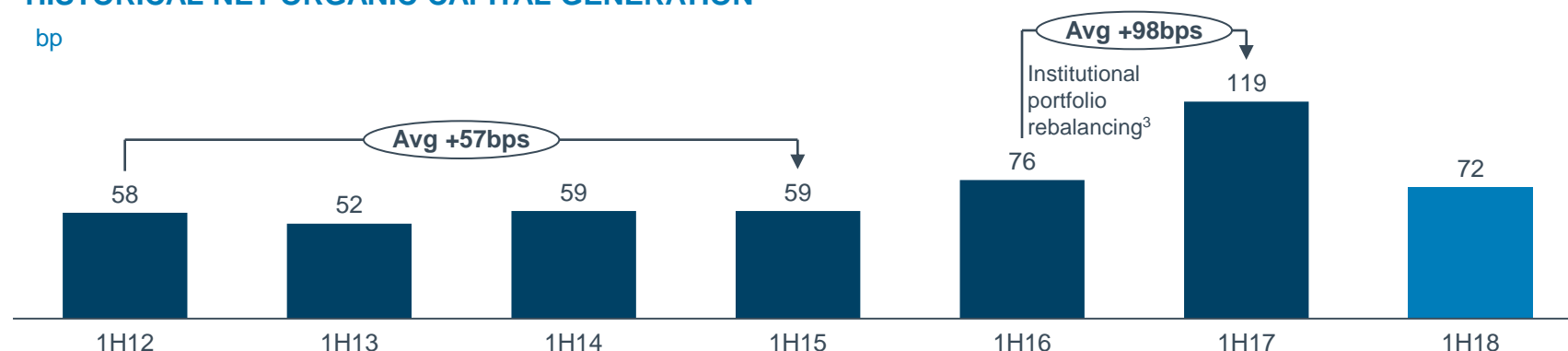
- Net organic capital generation of +72bps is +15bps stronger relative to the average of 1H12 to 1H15 (prior to Institutional portfolio rebalancing).

Non-Core and Non-recurring items

- Non-core and non-recurring items in 1H18 includes benefits from settlement of asset disposals (SRCB, Asia Retail assets and 20% stake in MCC) partly offset by completed \$1.1bn of share buy back.

HISTORICAL NET ORGANIC CAPITAL GENERATION

bp



1. Cash profit for 1H18 excludes 'large/notable items' (which are included as "as capital deductions" and "other non-core and non-recurring items").

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

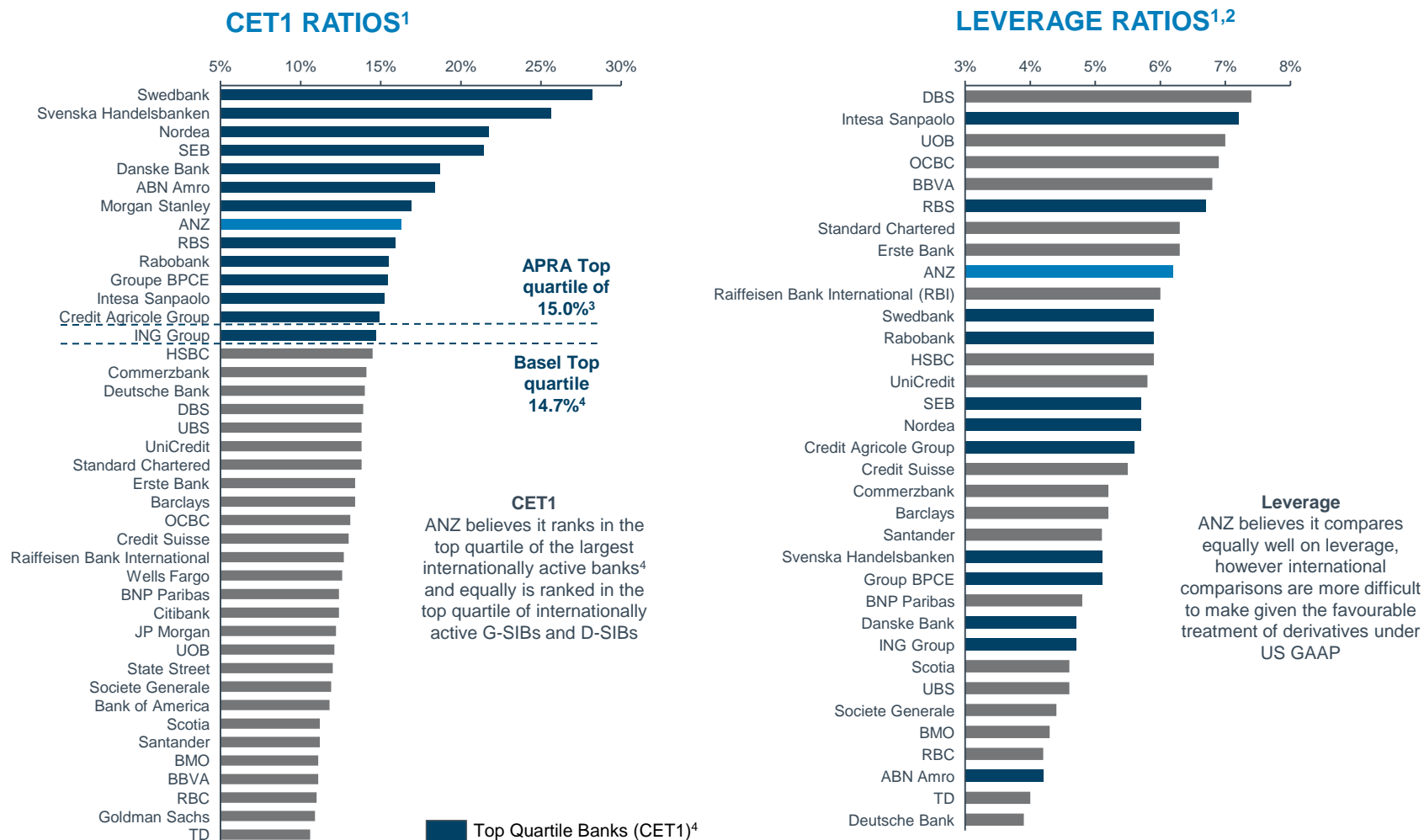
3. Institutional RWA reduction (excluding FX impacts) of ~\$9bn (+21bps) and ~\$10bn (+27bps) in 1H16 and 1H17 respectively.

INTERNATIONALLY COMPARABLE¹ REGULATORY CAPITAL POSITION

APRA Common Equity Tier 1 (CET1) – 31 March 2018		11.0%
Corporate undrawn EAD and unsecured LGD adjustments	Australian ADI unsecured corporate lending LGDs and undrawn CCFs exceed those applied in many jurisdictions.	1.5%
Equity Investments & DTA	APRA requires 100% deduction from CET1 vs. Basel framework which allows concessional threshold prior to deduction.	1.1%
Mortgages	APRA requires use of 20% mortgage LGD floor vs. 10% under Basel framework. Additionally, APRA also requires a higher correlation factor vs 15% under Basel framework.	1.3%
Specialised Lending	APRA requires supervisory slotting approach which results in more conservative risk weights than under Basel framework.	0.7%
IRRBB RWA	APRA includes in Pillar 1 RWA. This is not required under the Basel framework.	0.3%
Other	Includes impact of deductions from CET1 for capitalised expenses and deferred fee income required by APRA, currency conversion threshold and other retail standardised exposures.	0.4%
Basel III Internationally Comparable CET1		16.3%
Basel III Internationally Comparable Tier 1 Ratio		18.7%
Basel III Internationally Comparable Total Capital Ratio		21.3%

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

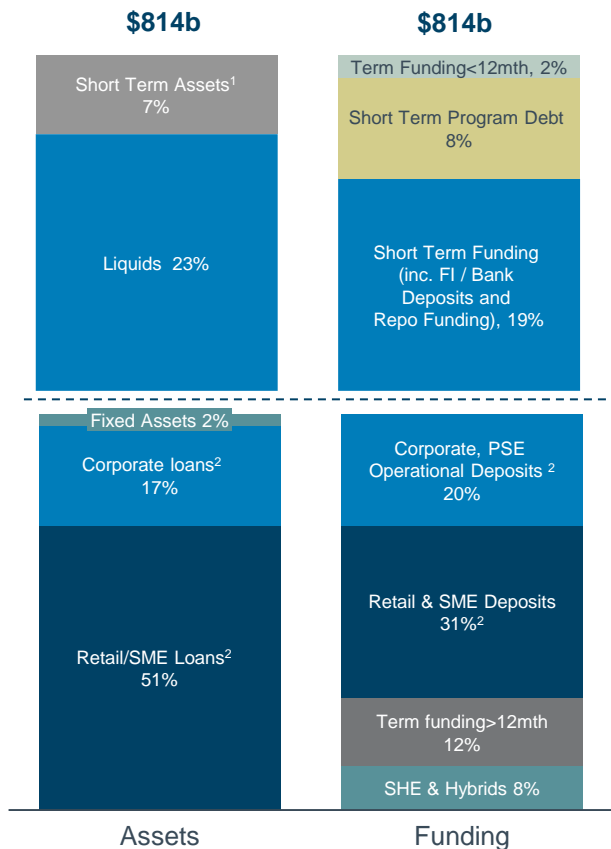
CET1 AND LEVERAGE IN A GLOBAL CONTEXT



1. CET1 and leverage ratios are based on ANZ estimated adjustment for accrued expected future dividends where applicable. ANZ ratios are on an Internationally Comparable basis. All data sourced from company reports and ANZ estimates based on last reported half/full year results assuming Basel III capital reforms fully implemented. 2. Includes adjustments for transitional AT1 where applicable. Exclude US banks as leverage ratio exposures are based on US GAAP accounting and therefore incomparable with other jurisdictions which are based on IFRS. 3. Based on APRA information paper "Strengthening banking system resilience - establishing unquestionably strong capital ratios" release in July 2017 as interpreted and calculated by ANZ. 4. Based on Group 1 banks as identified by the BIS (internationally active banks with Tier 1 capital of more than €3 billion). The top quartile of this group was 14.7% as at June 2017.

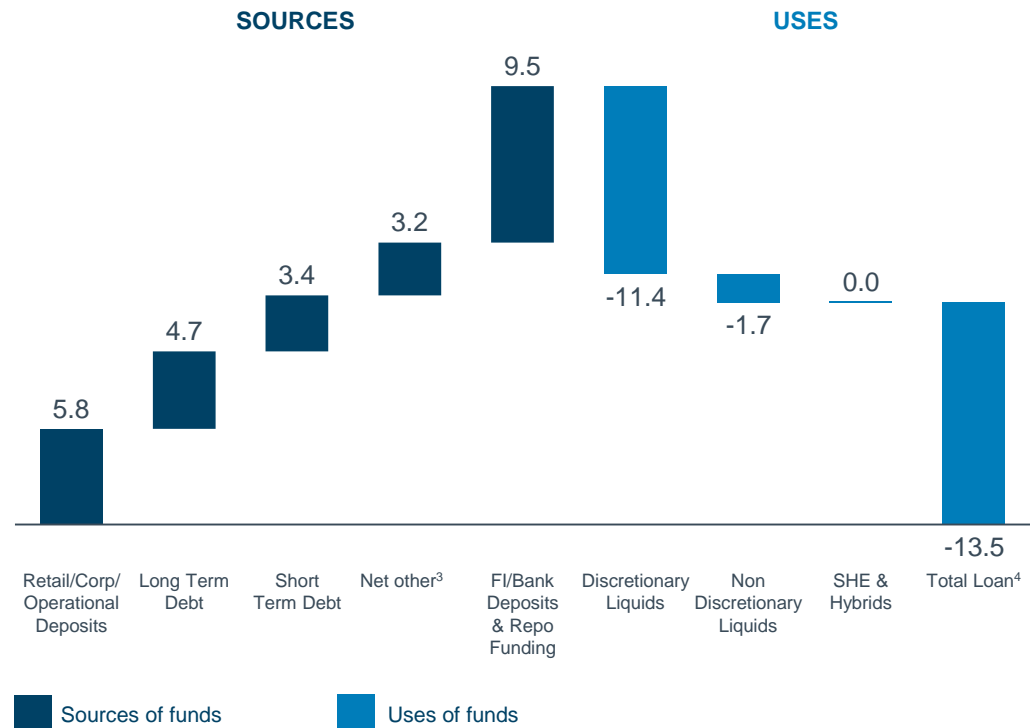
BALANCE SHEET STRUCTURE

FUNDED BALANCE SHEET



SOURCES AND USES OF FUNDS

Sep 17 to Mar 18
\$b

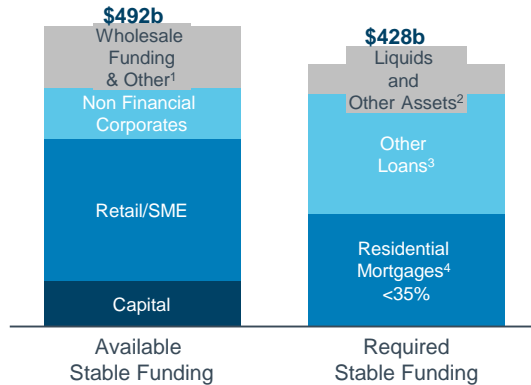


1. Includes FI lending, non-liquid asset trading securities, trade dated assets and other short-dated assets.
 2. Based on NSFR Required Stable Funding (RSF) and Available Stable Funding (ASF) categories per APS 210.
 3. Includes interest accruals, provisions and net tax liabilities, payables and other liabilities.
 4. Excludes interbank, repo loans and bills of acceptances.

FUNDING & LIQUIDITY METRICS

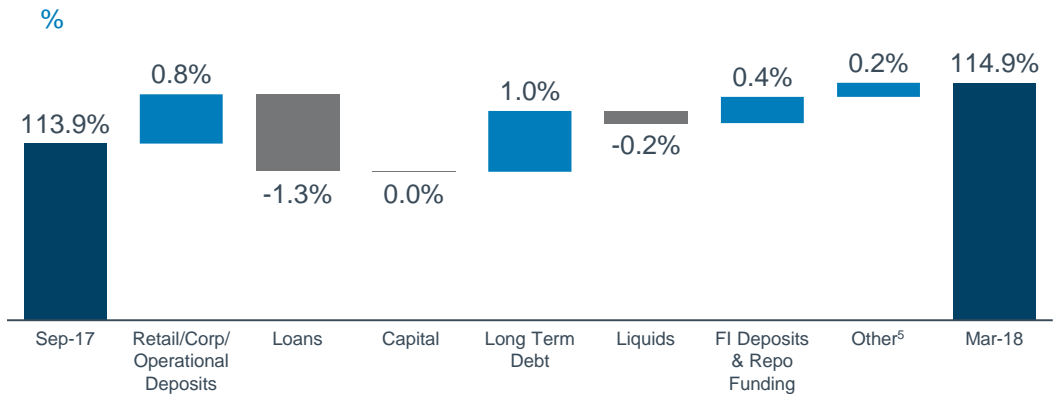
NSFR COMPOSITION

Mar 2018



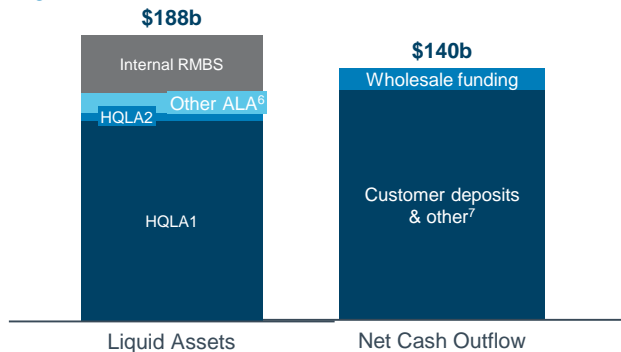
NSFR MOVEMENT

Sep 17 v Mar 18



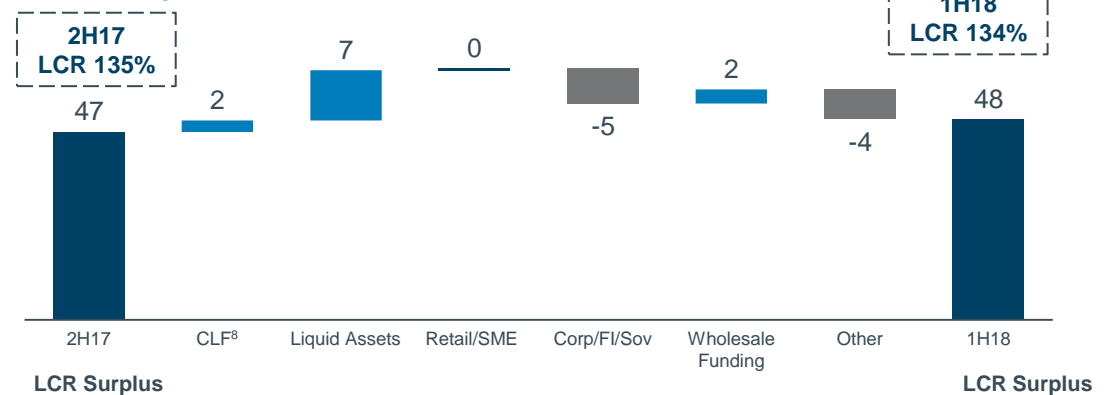
LCR COMPOSITION (AVERAGE)

1H18



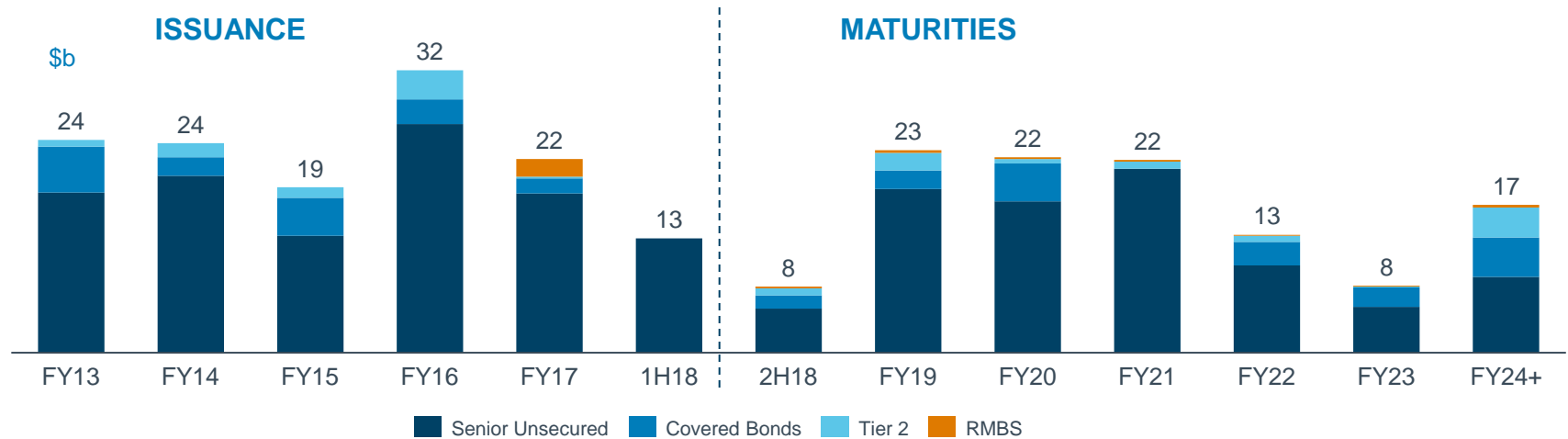
MOVEMENT IN AVERAGE LCR SURPLUS (A\$b)

2H17 v 1H18

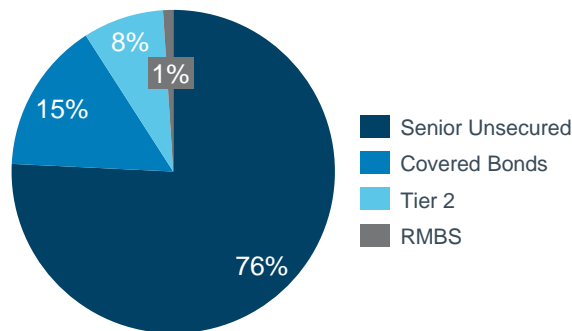


All figures shown on a Level 2 basis. 1. 'Other' includes Sovereign, and non-operational FI Deposits. 2. 'Other Assets' include Off Balance Sheet, Derivatives, Fixed Assets and Other Assets. 3. All lending >35% Risk weight. 4. Includes NSFR impact of self-securitised assets backing the Committed Liquidity Facility (CLF). 5. Net of other ASF and other RSF. 6. Comprised of assets qualifying as collateral for the Committed Liquidity Facility (CLF), excluding internal RMBS, up to approved facility limit; and any assets contained in the RBNZ's liquidity Policy – Annex: Liquidity Assets – Prudential Supervision Department Document BS13A 7. 'Other' includes off-balance sheet and cash inflows. 8. RBA CLF increased by \$3.1b from 1 January 2018 to \$46.9b (2017: \$43.8b, 2016: \$50.3b).

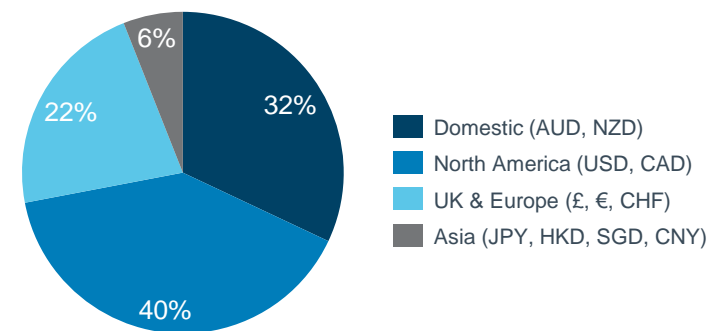
TERM WHOLESALE FUNDING PORTFOLIO¹



PORTFOLIO BY TYPE



PORTFOLIO BY CURRENCY



1. All figures based on historical FX and exclude AT1. Includes transactions with an original call or maturity date greater than 12 months as at the initial reporting date. Tier 2 maturity profile is based on the next callable date.



2018 FIRST HALF RESULTS

RISK MANAGEMENT

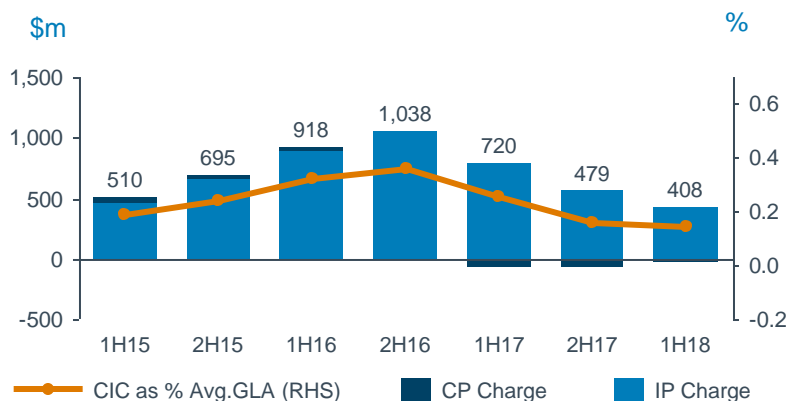
AUSTRALIA AND NEW ZEALAND BANKING
GROUP LIMITED



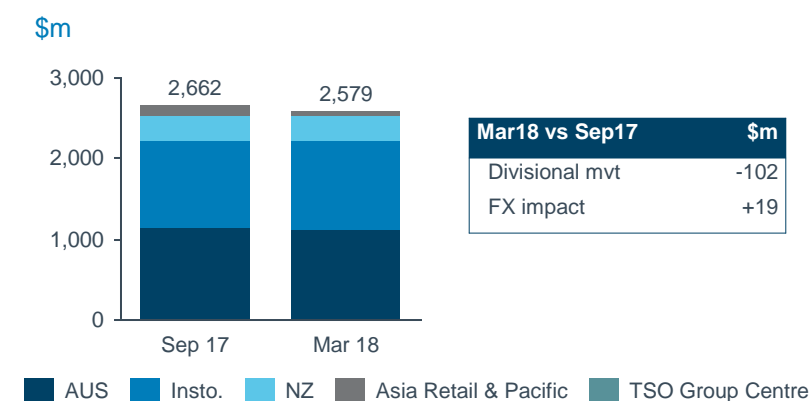
RISK MANAGEMENT

TOTAL & COLLECTIVE PROVISION (CP) CHARGE

TOTAL PROVISION CHARGE



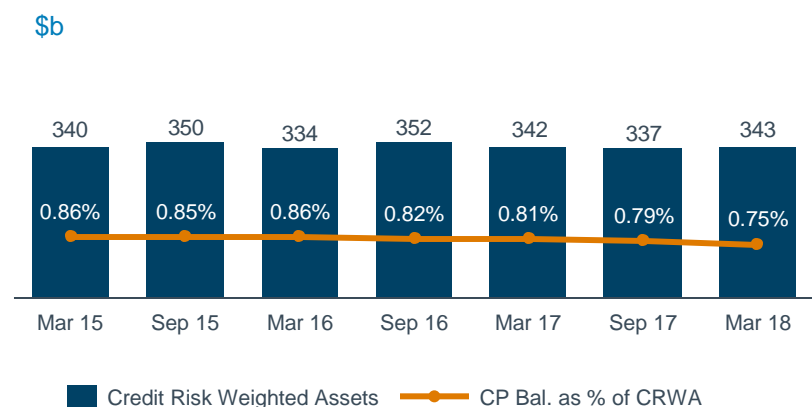
CP BALANCE BY DIVISION



TOTAL PROVISION CHARGE COMPOSITION

	1H15	2H15	1H16	2H16	1H17	2H17	1H18
CIC	510	695	918	1,038	720	479	408
CP Composition							
Lending Growth	54	50	56	-59	-30	-18	0
Change in Risk/Portfolio Mix	8	62	-30	50	-78	-91	2
Eco Cycle ¹	-7	-72	0	0	41	34	-24

CRWA & CP AS % OF CRWA

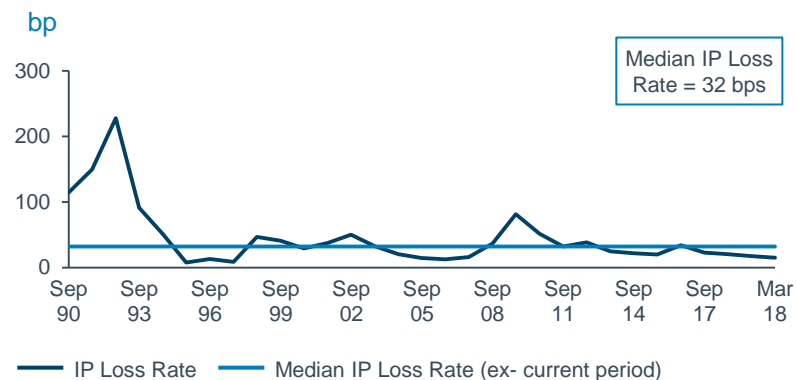


IP: Individual Provision charge CP: Collective Provision charge CIC: Total Credit Impairment charge
 1. 1H18 Eco Cycle release includes a \$12m release of Retail Trade overlay and a \$12m of New Zealand Agri overlay.

RISK MANAGEMENT

INDIVIDUAL PROVISION (IP) CHARGE

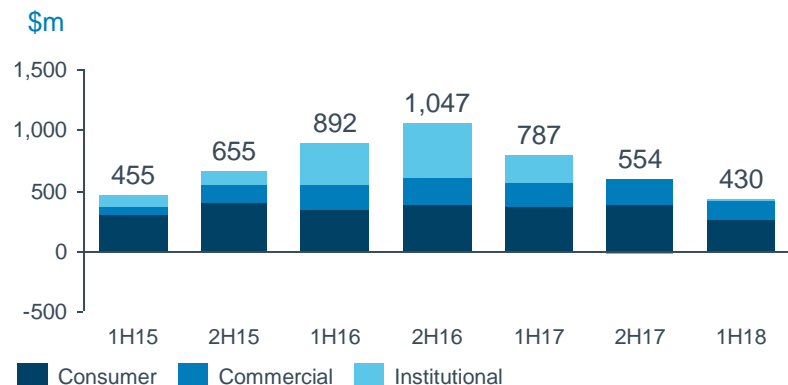
ANZ HISTORICAL LOSS RATES



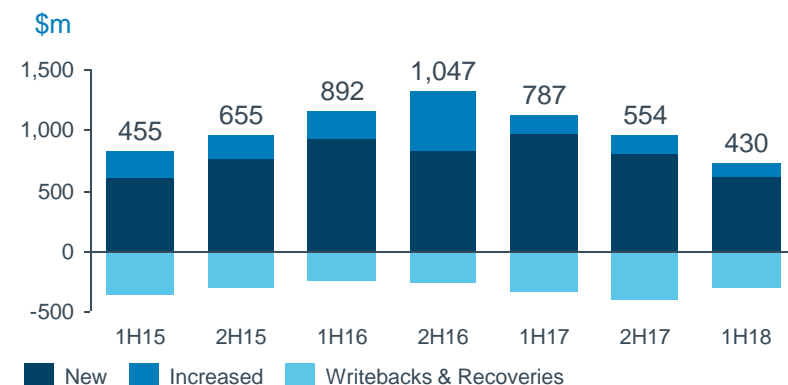
EXPECTED LOSS

%	Mar 16	Sep 16	Mar 17	Sep 17	Mar 18
Australia Div.	0.35	0.33	0.33	0.33	0.31
New Zealand Div.	0.25	0.26	0.26	0.22	0.21
Institutional Div.	0.37	0.36	0.35	0.30	0.32
Other	1.47	1.79	1.60	1.69	1.95
Subtotal	0.34	0.33	0.33	0.30	0.30
Asia Retail ¹	1.50	1.51	1.51	2.75	0
Total	0.37	0.35	0.35	0.32	0.30

IP CHARGE BY SEGMENT



IP CHARGE COMPOSITION



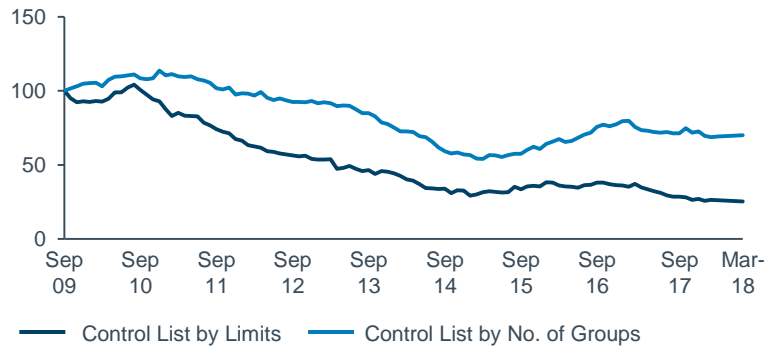
1. Asia Retail portfolio size by Net loans & Advances: Mar 17=\$10.1b , Sep 17=\$3.3b, Mar 18=\$15m . Excludes Pacific.

RISK MANAGEMENT

IMPAIRED ASSETS

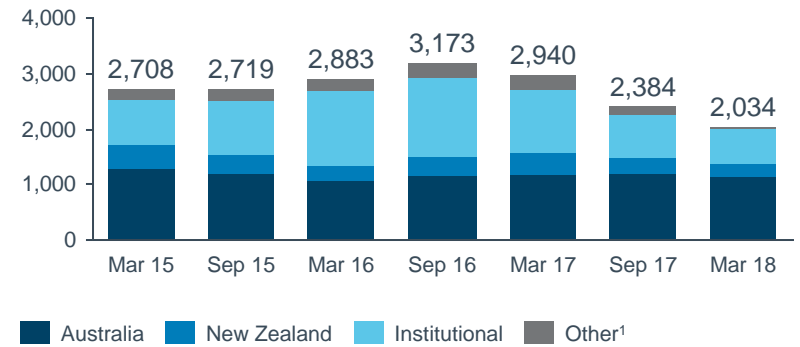
CONTROL LIST

Index Sep 09 = 100



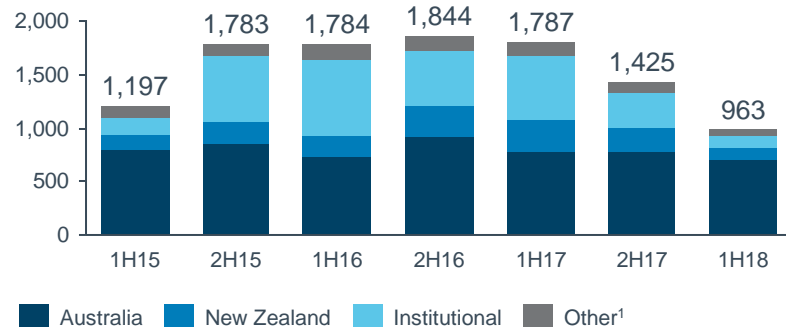
GROSS IMPAIRED ASSETS BY DIVISION

\$m



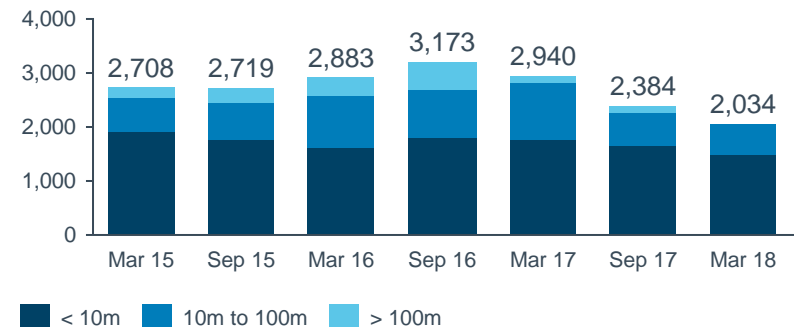
NEW IMPAIRED ASSETS BY DIVISION

\$m



GROSS IMPAIRED ASSETS BY EXPOSURE SIZE

\$m



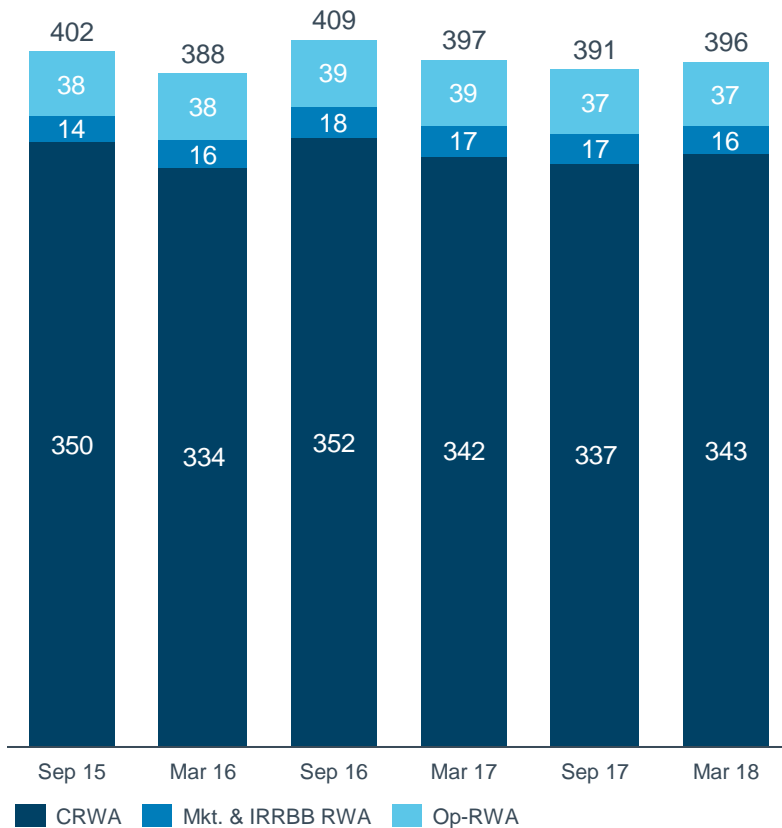
1. Other includes Retail Asia & Pacific and Australian Wealth.

RISK MANAGEMENT

RISK WEIGHTED ASSETS

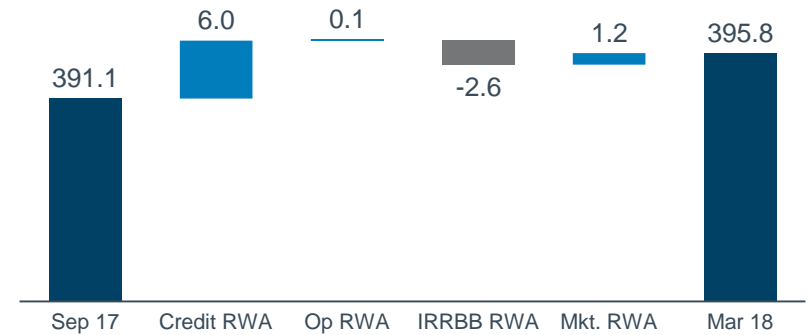
TOTAL RISK WEIGHTED ASSETS

\$b



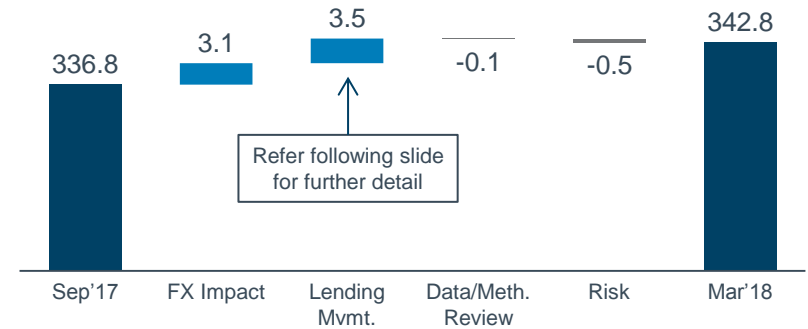
TOTAL RWA MOVEMENT

\$b



CRWA MOVEMENT

\$b

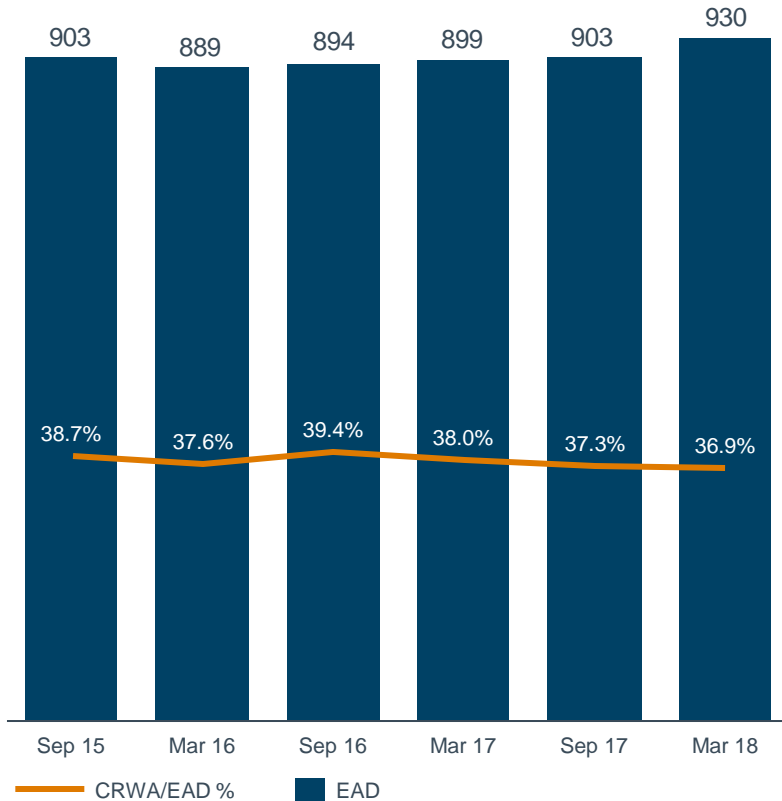


RISK MANAGEMENT

RISK WEIGHTED ASSETS

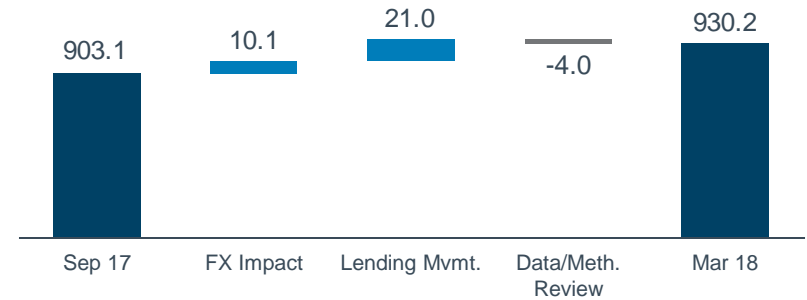
GROUP EAD¹ & CRWAs

\$b



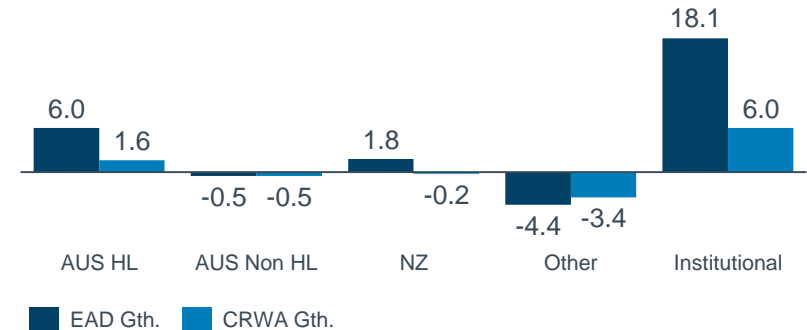
GROUP EAD¹ MOVEMENT

MAR 18 v SEP 17 (\$b)



GROUP EAD¹ & CRWA GROWTH² MOVEMENT

MAR 18 v SEP 17 (\$b)



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

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

IMPROVING PORTFOLIO RISK PROFILE

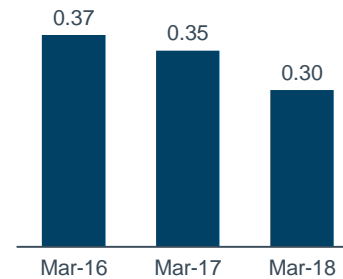
Actions taken to improve risk profile:

- Sold Asia Retail & Wealth businesses (IEL 151bp)¹
- Sold Esanda Dealer Finance business (IEL 100bp)²
- Largely exited Emerging Corporate portfolio in Asia (IEL 41bp)¹
- Restricted growth in commercial property & unsecured personal loans
- Increased Institutional investment grade exposures to 84% of portfolio (from 81% 1H17)
- Focused housing growth to priority segments of Principal & Interest and Owner Occupier loans

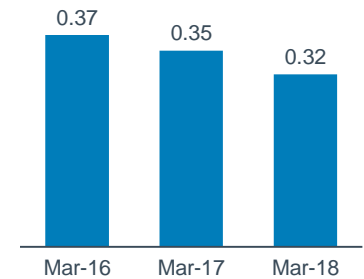
INTERNAL EXPECTED LOSS (IEL)

(as a % of Gross Lending Assets)

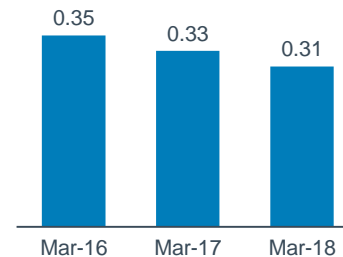
GROUP TOTAL (%)



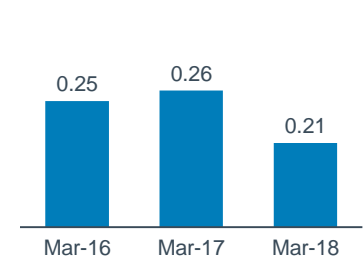
INSTITUTIONAL (%)



AUSTRALIA (%)



NEW ZEALAND (%)



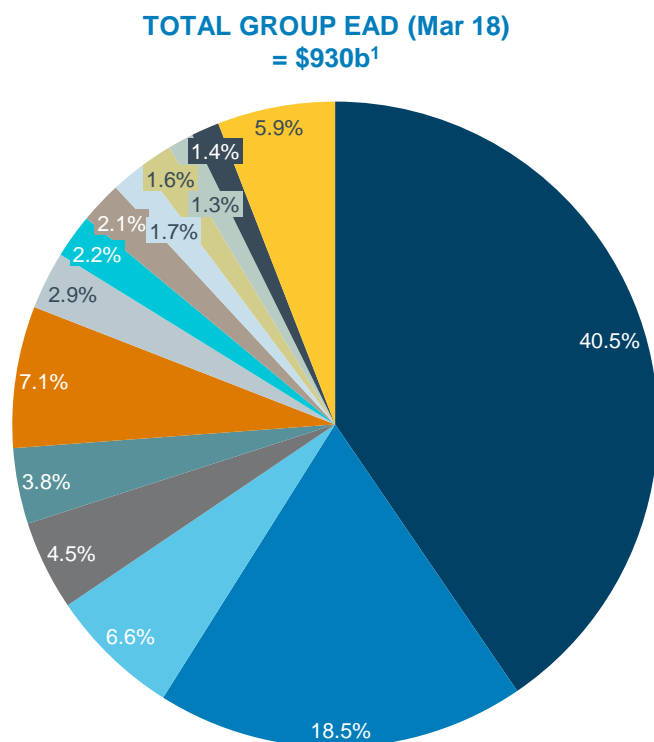
1. Internal expected loss as at September 2016

2. Internal expected loss as at September 2015

RISK MANAGEMENT

PORTFOLIO COMPOSITION

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



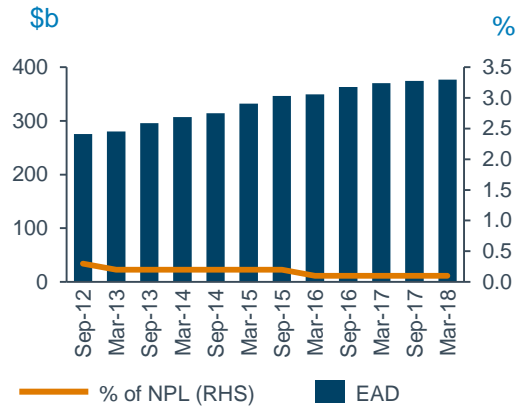
Category	% of Group EAD		% of Portfolio in Non Performing		Portfolio Balance in Non Performing
	Sep 17	Mar 18	Sep 17	Mar 18	Mar 18
Consumer Lending	41.5%	40.5%	0.1%	0.1%	\$425m
Finance, Investment & Insurance	17.2%	18.5%	0.0%	0.0%	\$86m
Property Services	6.6%	6.6%	0.3%	0.3%	\$158m
Manufacturing	4.5%	4.5%	0.7%	0.5%	\$213m
Agriculture, Forestry, Fishing	3.8%	3.8%	1.2%	1.1%	\$378m
Government & Official Institutions	7.2%	7.1%	0.0%	0.0%	\$0m
Wholesale trade	3.0%	2.9%	0.5%	0.4%	\$107m
Retail Trade	2.3%	2.2%	0.8%	0.9%	\$188m
Transport & Storage	2.0%	2.1%	0.7%	0.2%	\$44m
Business Services	1.7%	1.7%	1.1%	0.9%	\$149m
Resources (Mining)	1.5%	1.6%	1.2%	0.9%	\$131m
Electricity, Gas & Water Supply	1.3%	1.3%	0.1%	0.1%	\$15m
Construction	1.4%	1.4%	2.3%	1.8%	\$239m
Other	6.0%	5.9%	0.6%	0.4%	\$222m
Total	100%	100%			\$2,355m
Total Group EAD¹	\$903b	\$930b			

1. EAD excludes amounts for 'Securitisation' and 'Other Assets' Basel classes and manual adjustments. Data provided is as at Mar 18 on a Post CRM basis, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral.

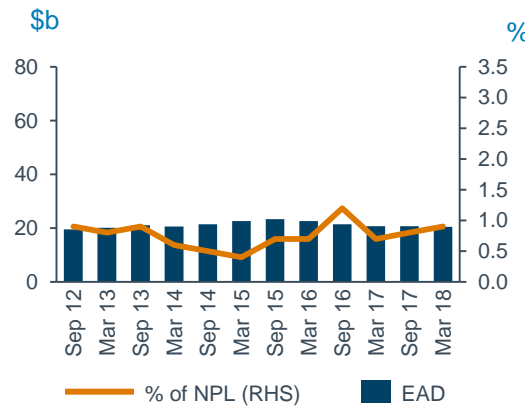
PORTFOLIO TREND

PERCENTAGE OF PORTFOLIO IN NON PERFORMING

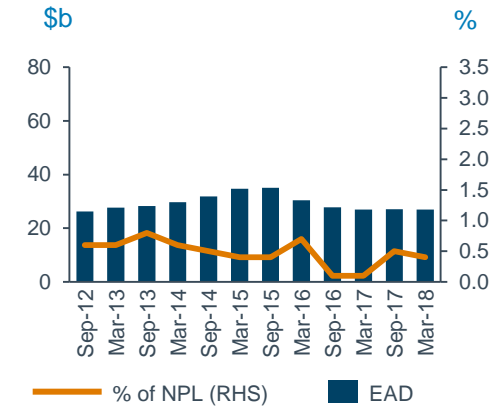
CONSUMER LENDING



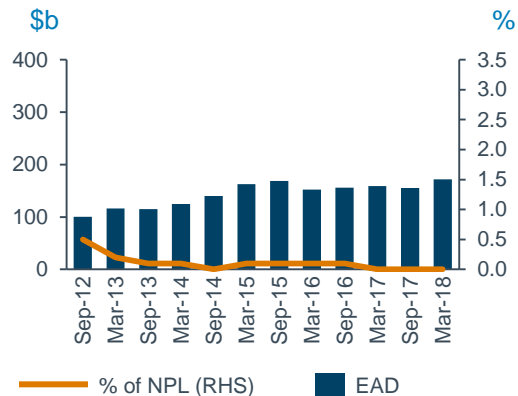
RETAIL TRADE



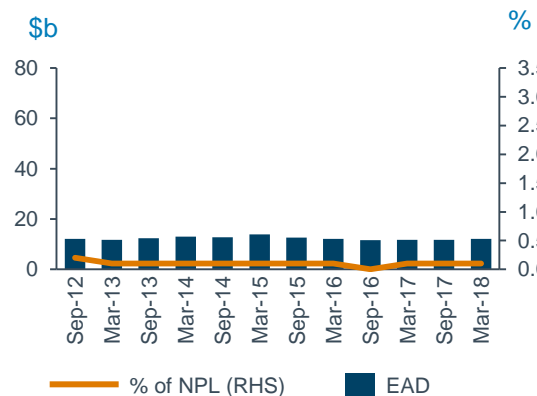
WHOLESALE TRADE



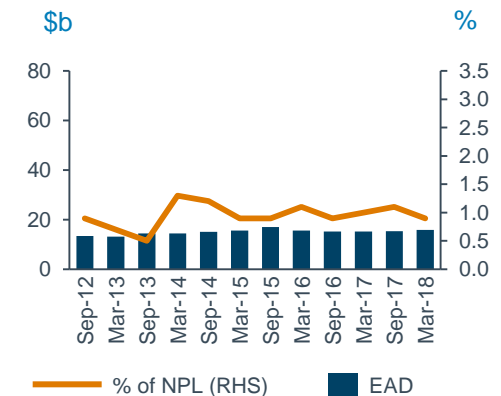
FINANCE, INVEST. & INSURANCE



ELEC, GAS & WATER SUPPLY



BUSINESS SERVICES

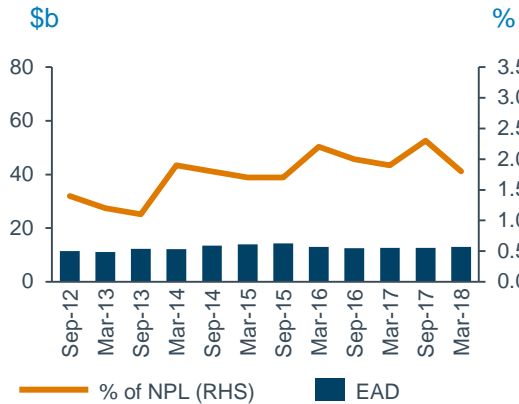


Note: % of portfolio in non performing = % of segment non performing exposures as a % of total segment exposures.

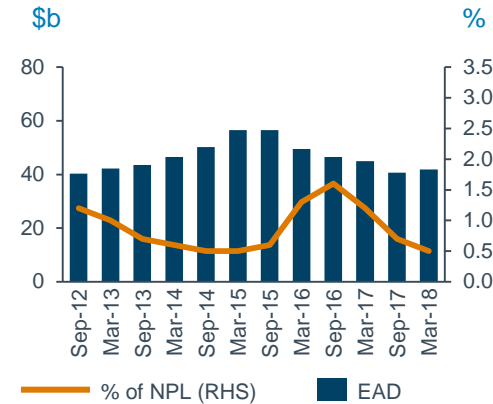
PORTFOLIO TREND

PERCENTAGE OF PORTFOLIO IN NON PERFORMING

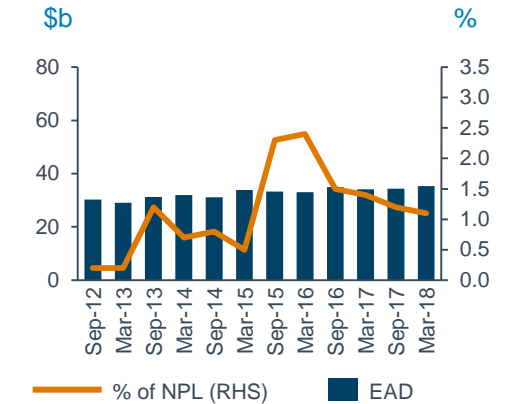
CONSTRUCTION



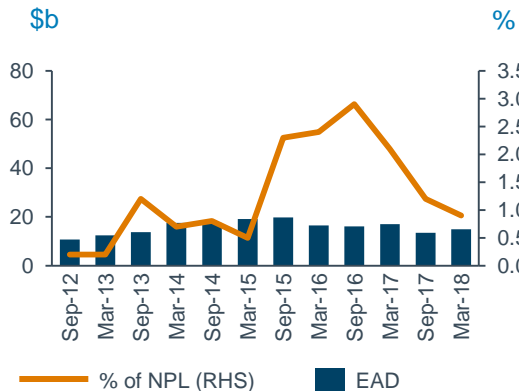
MANUFACTURING



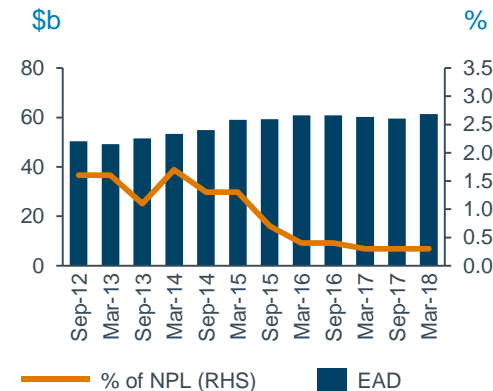
AGRI, FORESTRY, FISHING



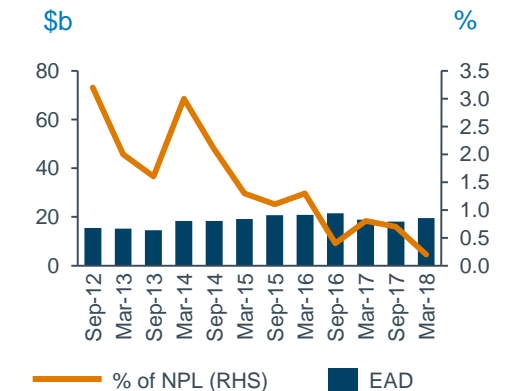
RESOURCES



PROPERTY SERVICES



TRANSPORT & STORAGE



Note: % of portfolio in non performing = % of segment non performing exposures as a % of total segment exposures.

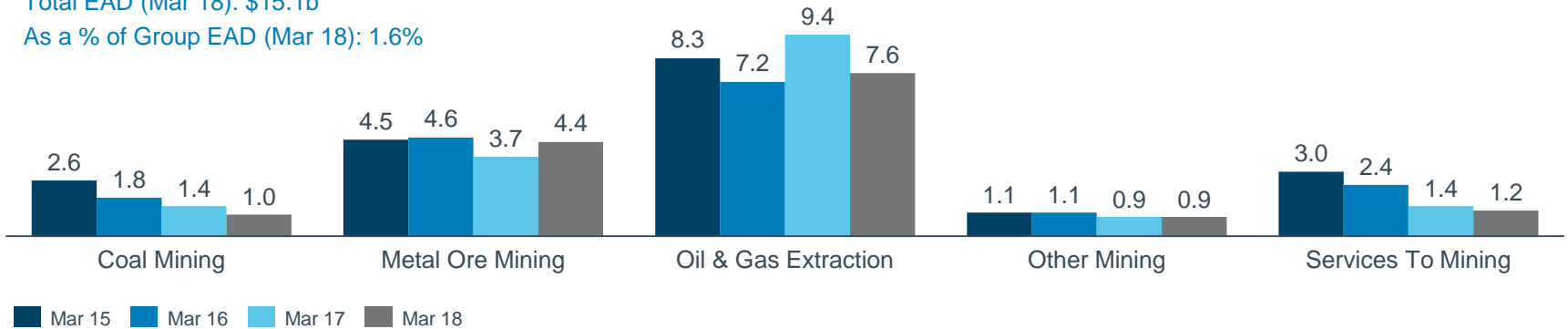
RISK MANAGEMENT

GROUP RESOURCES PORTFOLIO

RESOURCES EXPOSURE BY SECTOR (%)

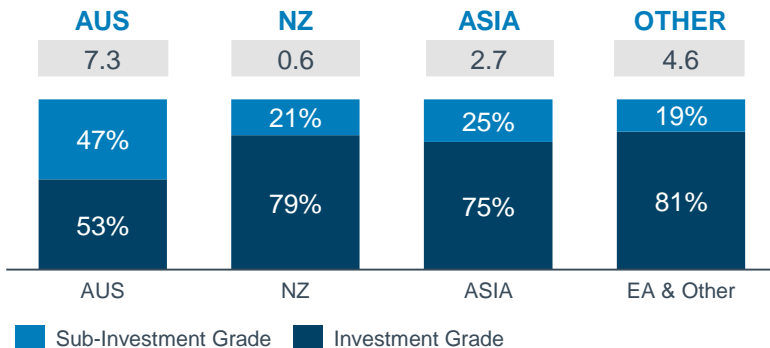
Total EAD (Mar 18): \$15.1b

As a % of Group EAD (Mar 18): 1.6%



RESOURCES EXPOSURE CREDIT QUALITY (EAD)

\$b



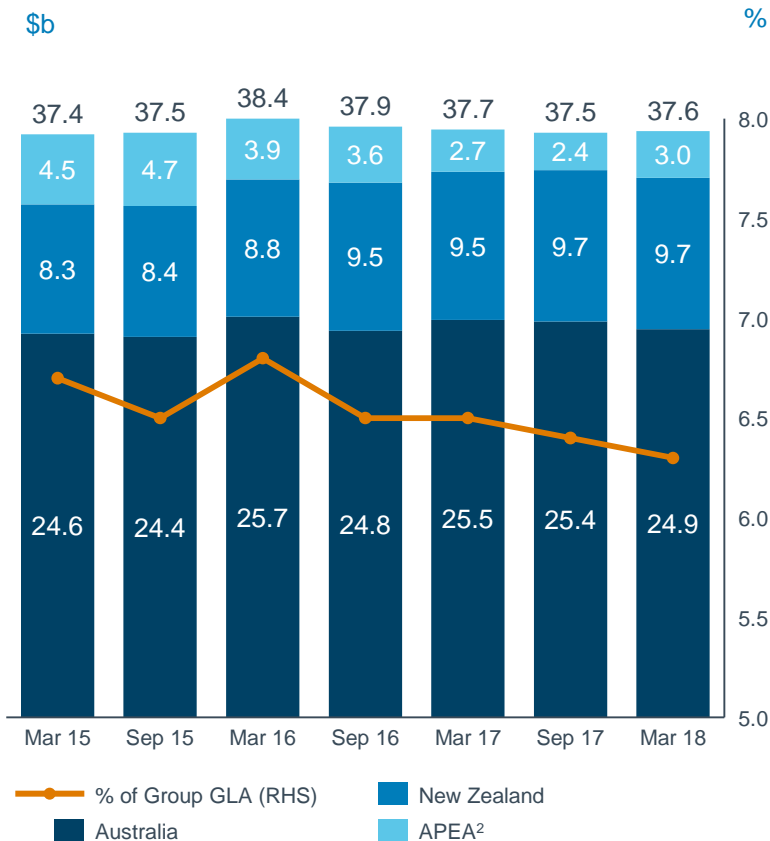
RESOURCES PORTFOLIO MANAGEMENT

- Portfolio is skewed towards well capitalised and lower cost resource producers.
- 32% of the book is less than one year duration.
- Investment grade exposures represent 68% of portfolio vs. 66% at Sep 17 and Trade business unit accounts for 18% of the total Resources EAD.
- Mining services customers are subject to heightened oversight given the cautious outlook for the services sector.

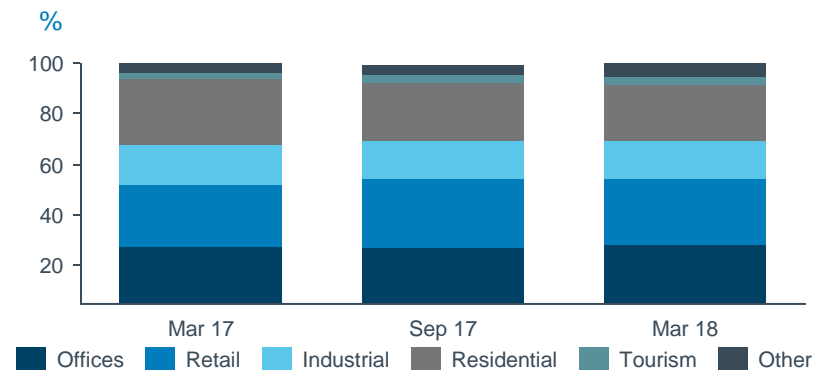
RISK MANAGEMENT

COMMERCIAL PROPERTY PORTFOLIO

COMMERCIAL PROPERTY OUTSTANDINGS BY REGION¹



COMMERCIAL PROPERTY OUTSTANDINGS BY SECTOR¹



PROPERTY PORTFOLIO MANAGEMENT

- Overall Australian volumes decreased modestly by 2% from 1H17. Decreases in the Residential/Land Subdivision sector was due to lower market activity together with the effects of tightening strategy and followed by repayments from some major REITs in the Offices sector. An increase witnessed in the Other sector is due to new lending to a healthcare REIT.
- New Zealand volumes remained stable. Material repayments across the Residential/Land Subdivision and Industrial sectors have been fully offset by exchange rate movement over 1H18.
- APEA volumes for 1H18 increased \$0.6b on the back of a number of large transactions entered into in Hong Kong and Singapore. This follows consecutive quarters of reduction arising from RWA optimization efforts.

1. As per ARF230 disclosure.

2. APEA = Asia Pacific, Europe & America.

RESIDENTIAL DEVELOPMENT

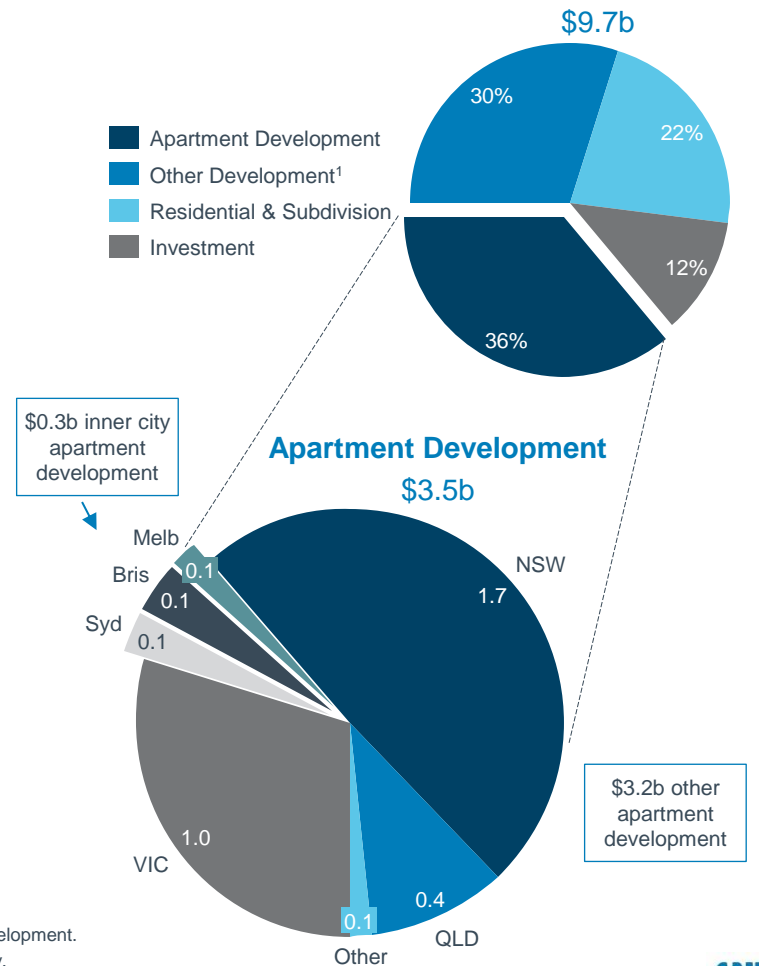
COMMERCIAL PROPERTY EXPOSURE

OVERVIEW

- Overall Apartment Development limits have increased modestly by \$0.06bn (2%) in the first half of 2018.
- Growth has been subdued as appetite tightening strategies have taken effect and market conditions slow.
- Limits to Inner City Apartment Developments have reduced to 9% of Total as at Mar 18 (was 20% as at Sep 17) as a result of repayment from completed projects in Brisbane and Melbourne.
- Average qualifying pre-sales² and LVRs were 116% and 53% respectively for Inner City Apartment Developments. New Inner City Apartment Developments continue to be subject to tight LVR, pre-sale and % of foreign buyer parameters.
- Outside of Inner City, Apartment Development limits were weighted 54% towards NSW and 33% towards VIC, 12% for QLD and minimal exposures in other states.
- Ongoing close monitoring of development projects with regular internal management reporting, noting our facilities are continuing to be repaid on time.
- Industry trends and risks are being closely monitored with appropriate strategies implemented.

PROFILE (Mar 18)

Total Residential Limits:



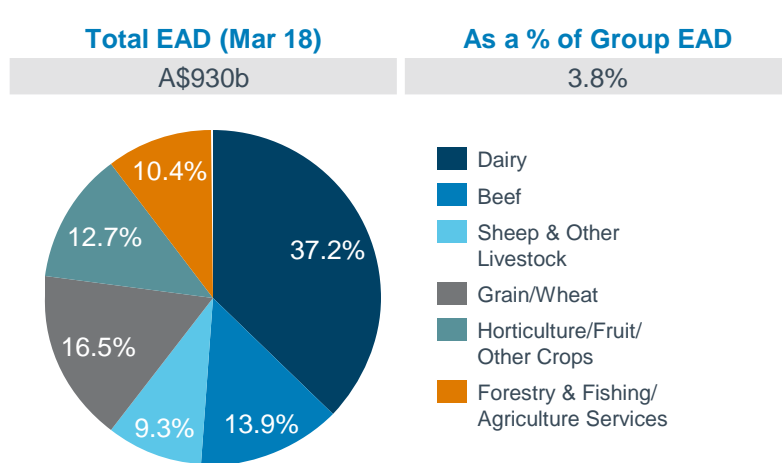
1. Other Development comprises of Low Rise & Prestige Residential and Other Residential or Multi Project Development.

2. Calculated as the average of the qualifying pre-sales to the debt cover ratio, as determined under Bank policy.

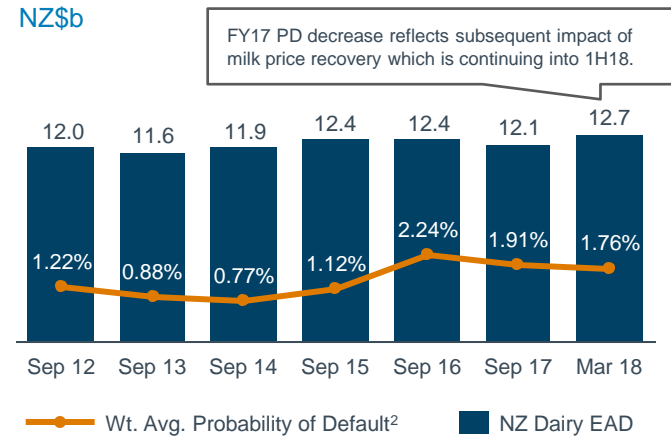
RISK MANAGEMENT

GROUP AGRICULTURE PORTFOLIO

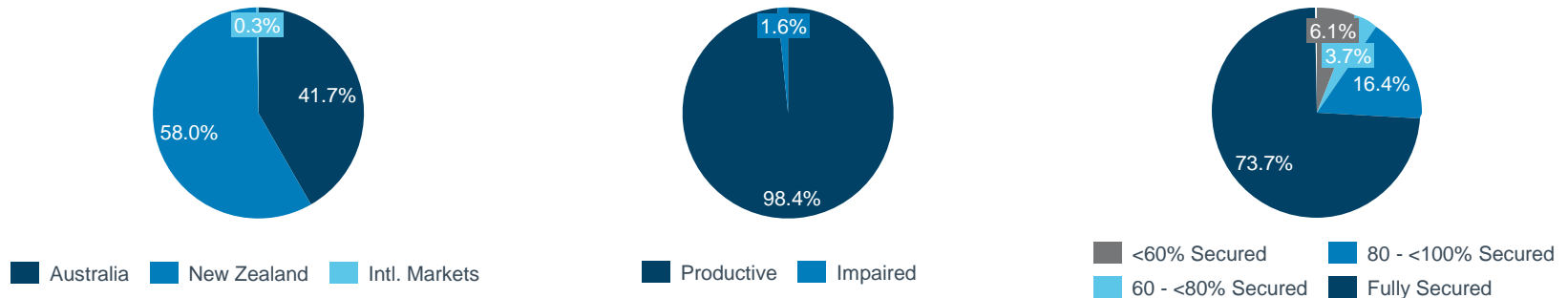
AGRICULTURE EXPOSURE BY SECTOR (% EAD)



NEW ZEALAND¹ DAIRY CREDIT QUALITY



GROUP AGRICULTURE EAD SPLITS³



1. Dairy exposures for all of ANZ New Zealand (includes Commercial and Agriculture, Institutional and Business Banking portfolios).

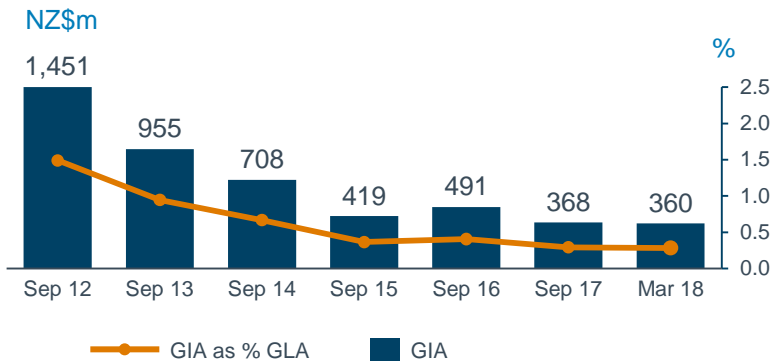
2. Wholesale PD model changes account for 55bps increase in FY16.

3. Security indicator is based on ANZ extended security valuations.

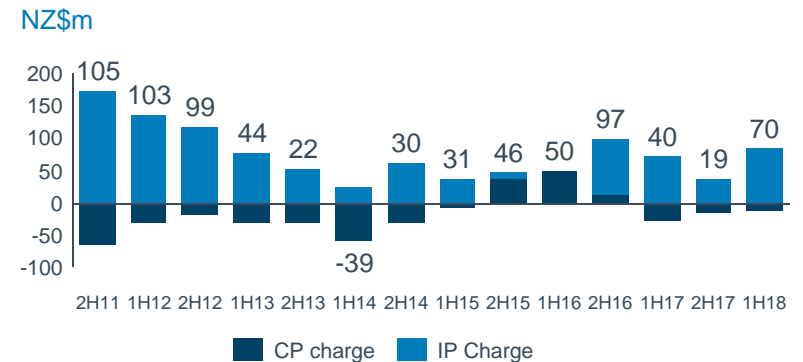
RISK MANAGEMENT

NEW ZEALAND

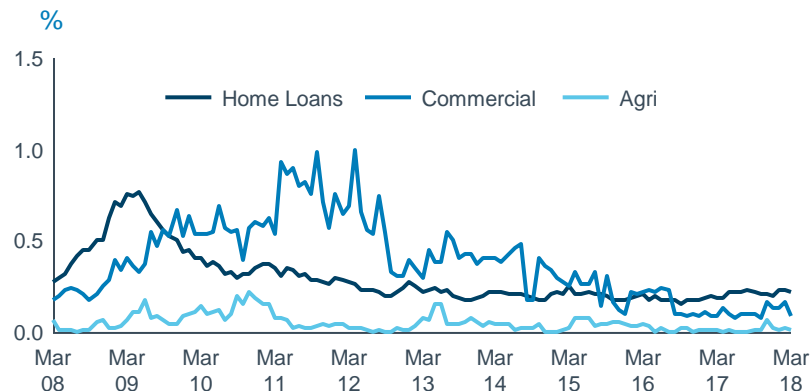
NEW ZEALAND GEOGRAPHY GROSS IMPAIRED ASSETS



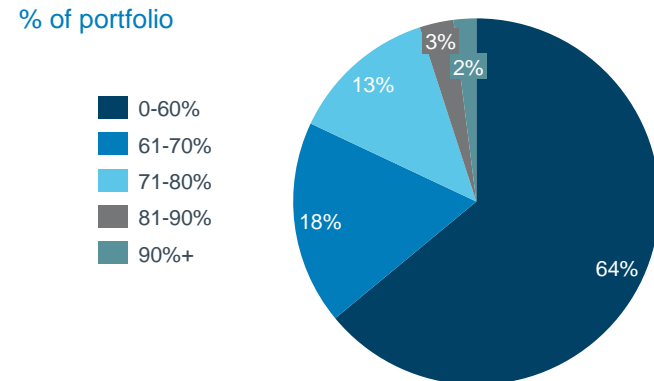
NEW ZEALAND GEOGRAPHY TOTAL PROVISION CHARGE¹



NEW ZEALAND DIVISION 90+DAYS DELINQUENCIES



MORTGAGE DYNAMIC LOAN TO VALUE RATIO²



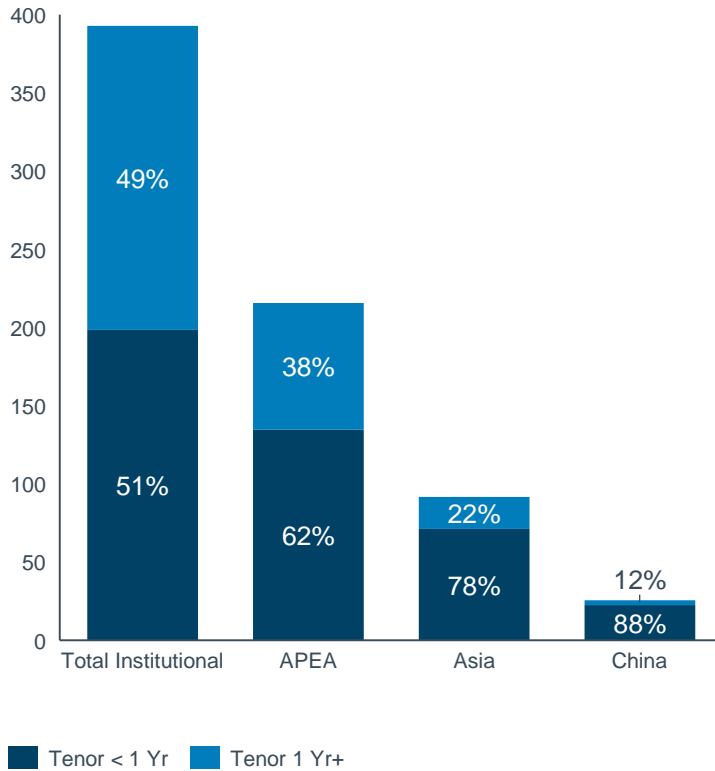
1. Credit valuation adjustments (CVA) for customers with CCR10 are reported differently for cash profit and headline views of earnings. In the headline (statutory) view of provision reported above, changes in CVA are reported in Other Operating Income, but in the cash profit view of earnings the change in CVA is reclassified to IP.
 2. Average dynamic LVR as at March 2018 (not weighted by balance).

RISK MANAGEMENT

ANZ INSTITUTIONAL PORTFOLIO (COUNTRY OF INCORPORATION¹)

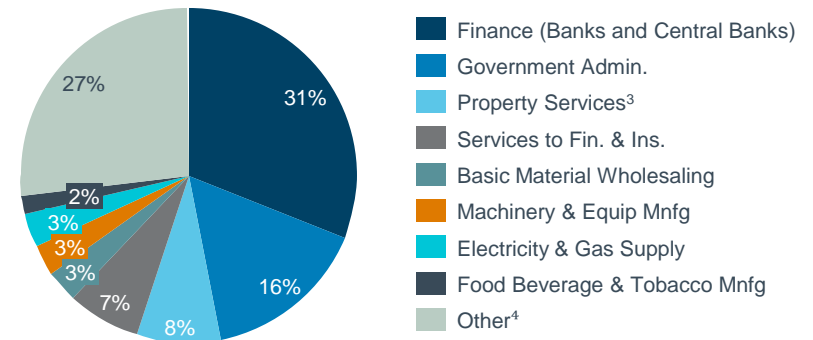
INSTITUTIONAL PORTFOLIO SIZE & TENOR (EAD²)

\$b



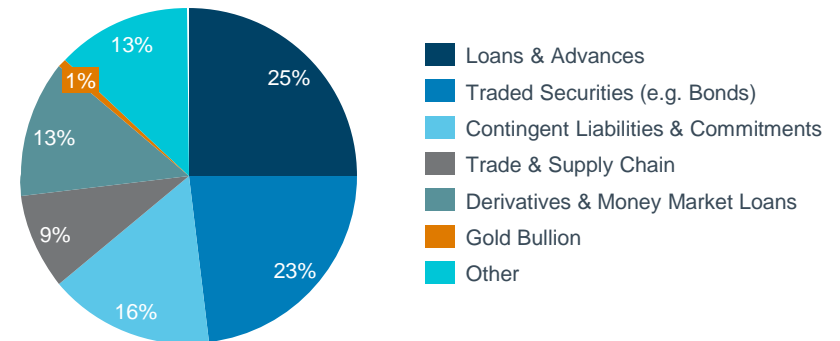
ANZ INSTITUTIONAL INDUSTRY COMPOSITION

EAD (Mar 18): A\$393b²



ANZ INSTITUTIONAL PRODUCT COMPOSITION

EAD (Mar 18): A\$393b²



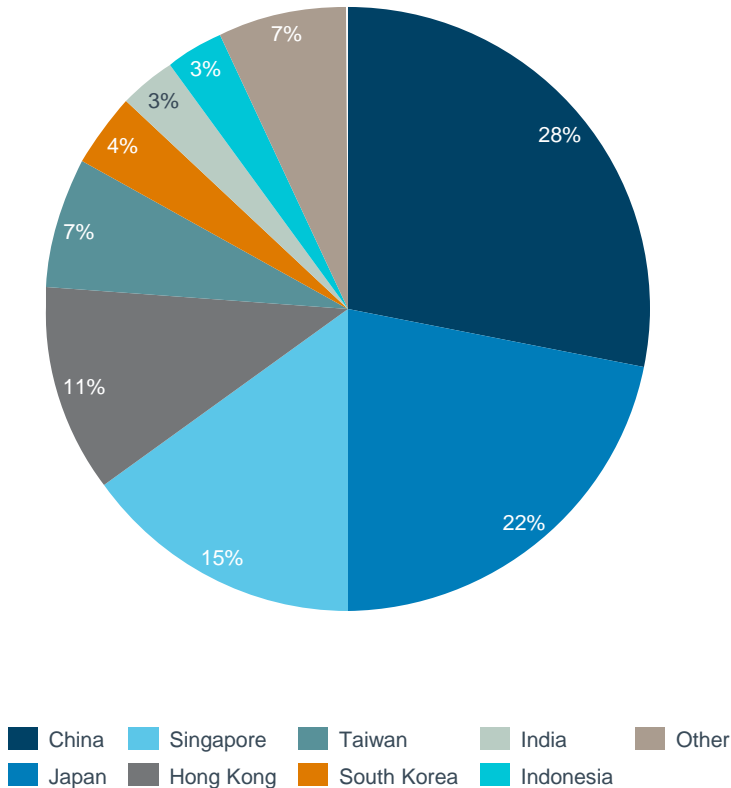
1. Country is defined by the counterparty's Country of Incorporation. 2. Data provided is as at Mar 18 on a Post-CRM basis, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral. Position excludes Basel Asset Class 'Securitisation', 'Other Assets', 'Retail' and manual adjustments. 3. ~88% of the ANZ Institutional "Property Services" portfolio is to entities incorporated in either Australia or New Zealand. 4. Other is comprised of 47 different industries with none comprising more than 2.0% of the Institutional portfolio.

RISK MANAGEMENT

ANZ ASIAN INSTITUTIONAL PORTFOLIO (COUNTRY OF INCORPORATION¹)

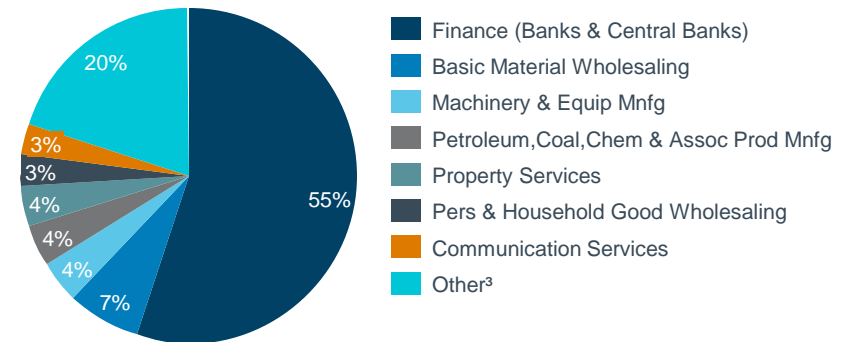
COUNTRY OF INCORPORATION¹

EAD (Mar 18): A\$92b²



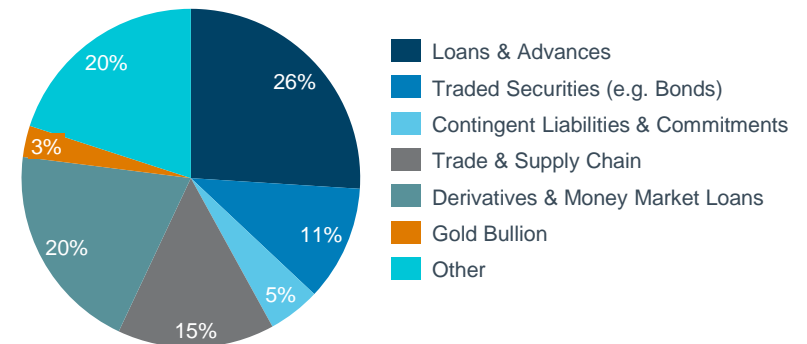
ANZ ASIA INDUSTRY COMPOSITION

EAD (Mar 18): A\$92b²



ANZ ASIA PRODUCT COMPOSITION

EAD (Mar 18): A\$92b²



1. Country is defined by the counterparty's Country of Incorporation. 2. Data provided is as at Mar18 on a Post-CRM basis, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral. Position excludes Basel Asset Class 'Securitisation', 'Other Assets', 'Retail' and manual adjustments. 3. "Other" within industry is comprised of 44 different industries with none comprising more than 3.2% of the Asian Institutional portfolio; Other product category is predominantly exposure due from other financial institutions.



2018 FIRST HALF RESULTS

HOUSING PORTFOLIO

AUSTRALIA AND NEW ZEALAND BANKING
GROUP LIMITED



AUSTRALIA HOME LOANS

PORTFOLIO OVERVIEW

	Portfolio ¹			Flow ²		Portfolio ¹		
	1H16	1H17	1H18	1H18		1H16	1H17	1H18
Number of Home Loan accounts	976k	992k	1,017k	79k ³	Average LVR at Origination ^{8,9,10}	71%	70%	68%
Total FUM ¹	\$243b	\$256b	\$270b	\$31b	Average Dynamic LVR ^{9,10,11}	51%	51%	51%
Average Loan Size	\$249k	\$258k	\$266k	\$387k	Market Share ¹²	15.6%	15.6%	15.8%
% Owner Occupied ⁴	60%	62%	65%	69%	% Ahead of Repayments ¹³	71%	71%	71%
% Investor ⁴	36%	34%	32%	29%	Offset Balances ¹⁴	\$24b	\$26b	\$27b
% Equity Line of Credit	4%	4%	3%	2%	% First Home Buyer	7%	6%	7%
% Paying Variable Rate Loan ⁵	87%	85%	83%	82%	% Low Doc ¹⁵	7%	5%	4%
% Paying Fixed Rate Loan ⁵	13%	15%	17%	18%	Loss Rate ¹⁶	0.01%	0.02%	0.02%
% Paying Interest Only ⁶	37%	36%	26%	14% ⁷	% of Australia Geography Lending ¹⁷	63%	63%	64%
% Broker originated	48%	50%	51%	56%	% of Group Lending ^{17,18}	43%	44%	46%

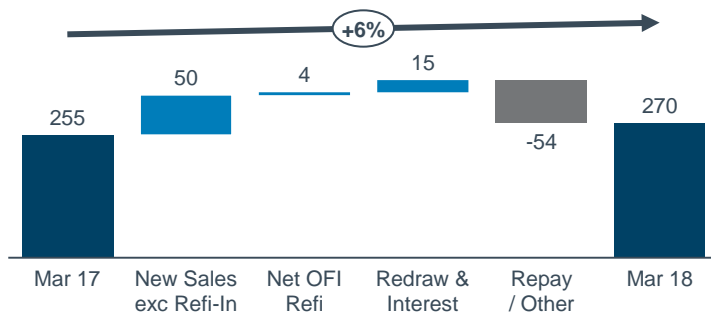
1. Home Loans (excludes Non Performing Loans, excludes offset balances) 2. YTD (6 months to) unless noted 3. New accounts includes increases to existing accounts and split loans (fixed and variable components of the same loan) 4. The current classification of Investor vs Owner Occupier, as reported to regulators and the market, is based on the classification at origination (as advised by the customer) and the ongoing precision relies on the customers obligation to advise ANZ, and ANZ targeted activity to identify, any change in circumstances. 5. Excludes Equity Manager 6. Based on APRA definition ie includes Equity Manager in the total composition 7. March Half to Date 8. Originated in the respective half 9. Unweighted 10. Includes capitalised premiums 11. Valuations updated to Mar'18 where available 12. Source for Australia: APRA to Feb'18 13. % of Owner Occupied and Investment Loans that have any amount ahead of repayments. Includes Offset balances. Excludes Equity Manager. Excludes Non Performing Loans. 14. Balances of Offset accounts connected to existing Instalment Loans 15. Low Doc is comprised of less than or equal to 60% LVR mortgages primarily for self-employed without scheduled PAYG income. However, it also has ~A\$400m of less than or equal to 80% LVR mortgages, primarily booked pre-2008 16. Annualised write-off net of recoveries 17. Based on Gross Loans and Advances 18. Based on Group Cash Profit basis.

AUSTRALIA HOME LOANS

PORTFOLIO GROWTH

LOAN BALANCE & LENDING FLOWS¹

\$b



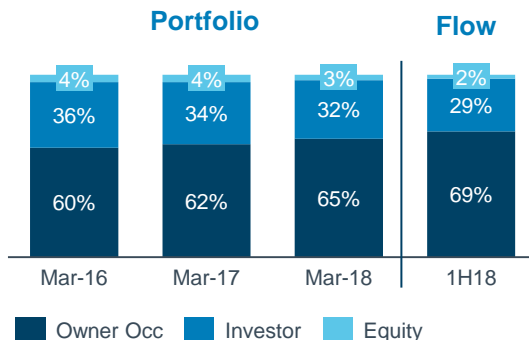
HOME LOAN COMPOSITION

\$b

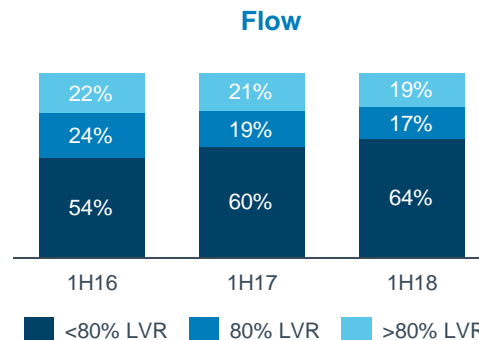
Payment Type	Owner Occupied	Investor	Equity Loan	Total
P&I Loan	146.2	44.0	-	190.2
Interest Only	28.3	43.2	-	71.5
Equity Loan	-	-	8.7	8.7
Total	174.5	87.2	8.7	270.4

PORTFOLIO^{1,2} & FLOW³ COMPOSITION

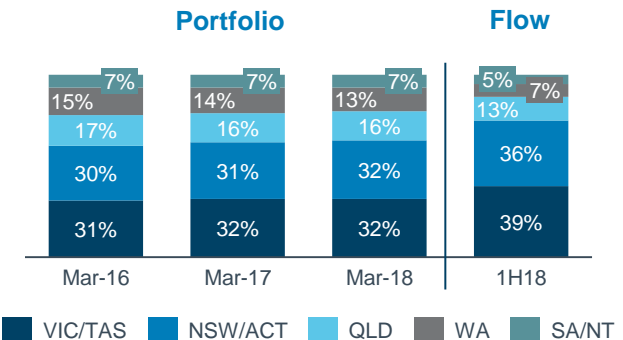
By purpose:



By origination LVR⁴:



By location:



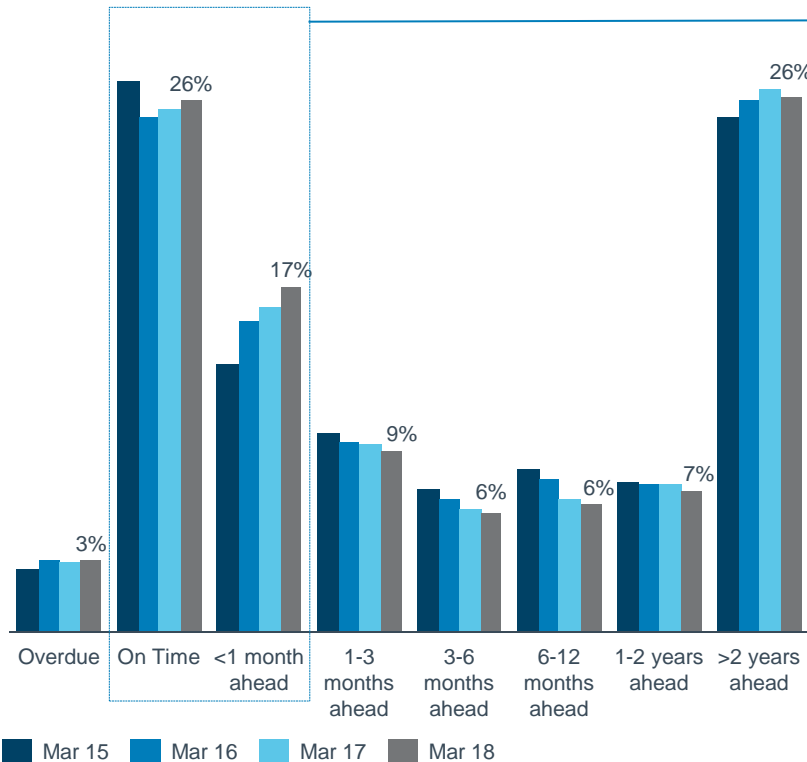
1. Excludes Non Performing Loans. 2. The current classification of Investor vs Owner Occupier, as reported to regulators and the market, is based on the classification at origination (as advised by the customer) and the ongoing precision relies on the customers obligation to advise ANZ, and ANZ targeted activity to identify, any change in circumstances. 3. YTD (6 months to) unless noted. 4. Includes capitalised premiums

AUSTRALIA DIVISION

PORTFOLIO DYNAMICS

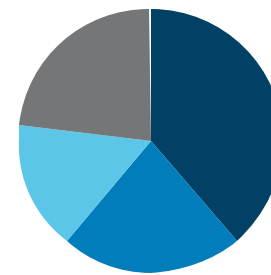
HOME LOANS REPAYMENT PROFILE^{1,2}

71% of accounts ahead of repayments



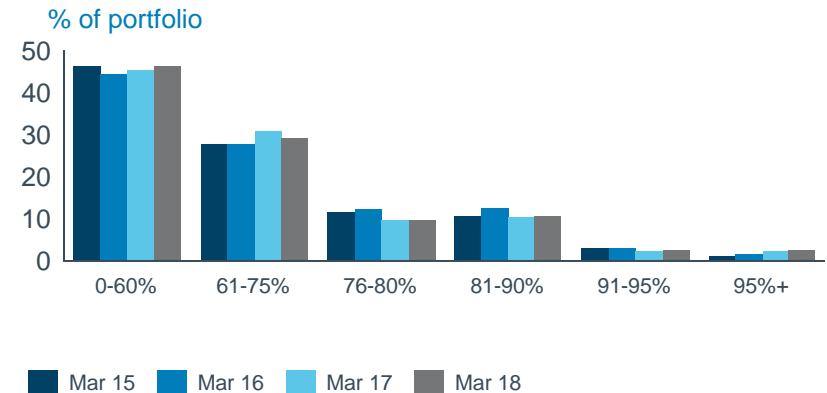
HOME LOANS ON TIME & <1 MONTH AHEAD PROFILE^{1,2}

% composition of accounts (March 18)



- Investment:**⁵ Interest payments may receive negative gearing/tax benefits
- New Accounts:** Less than 1 year old
- Structural:** Loans that restrict payments in advance. E.g. interest only and fixed rate
- Residual:** Less than 1 month repayment buffer

DYNAMIC LOAN TO VALUE RATIO^{1,3,4}

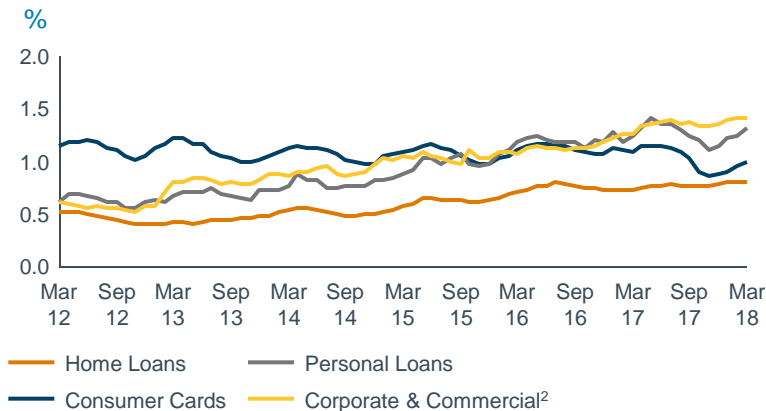


1. Excludes Non Performing Loans 2. % of Owner Occupied and Investment Loans that have any amount ahead of repayments. Includes Offset balances. Excludes Equity Manager. Excludes Non Performing Loans 3. Includes capitalised premiums 4. Valuations updated to Mar'18 where available 5. The current classification of Investor vs Owner Occupier, as reported to regulators and the market, is based on the classification at origination (as advised by the customer) and the ongoing precision relies on the customers obligation to advise ANZ, and ANZ targeted activity to identify, any change in circumstances.

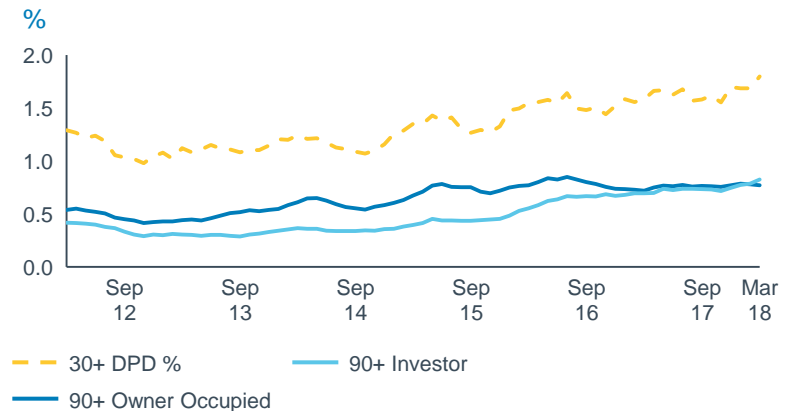
AUSTRALIA DIVISION

PORTFOLIO PERFORMANCE

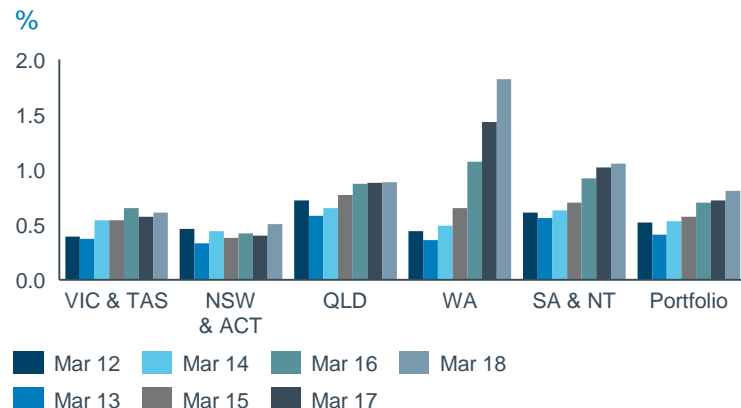
PRODUCT 90+ DAY DELINQUENCIES¹



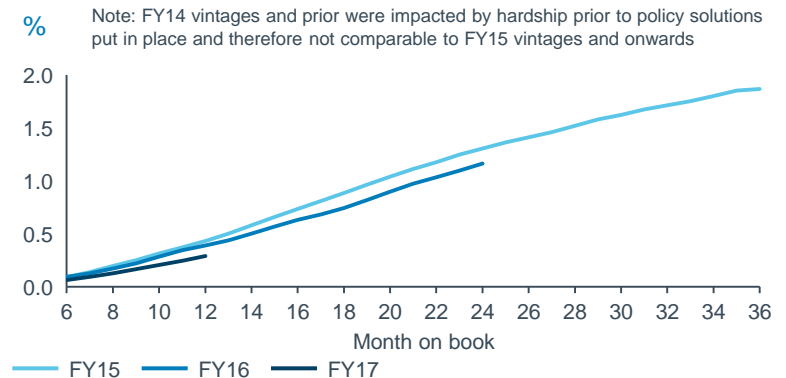
HOME LOAN DELINQUENCIES^{1,3}



HOME LOANS 90+ DPD BY STATE¹



HOME LOANS - 90+ DPD (BY VINTAGE)⁴



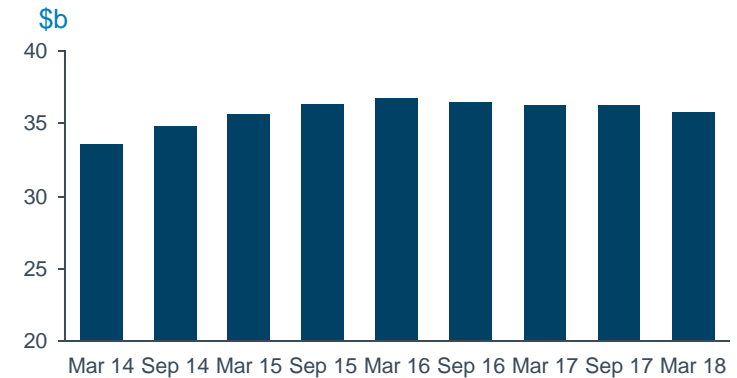
1. Excludes Non Performing Loans 2. Comprises Small Business, Commercial Cards and Asset Finance 3. The current classification of Investor vs Owner Occupier, as reported to regulators and the market, is based on the classification at origination (as advised by the customer) and the ongoing precision relies on the customers obligation to advise ANZ, and ANZ targeted activity to identify, any change in circumstances 4. Home loans 90+ dpd vintages % ratio of ever delinquent (measured by # accounts) contains at least 6 application months of that fiscal year contributing to each data point.

AUSTRALIA HOME LOANS

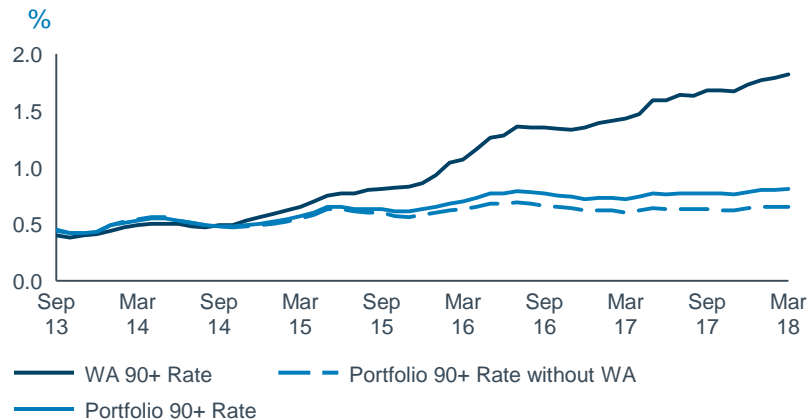
AREAS OF INTEREST

- Greater focus on Acquisition & Collection management strategies have been applied
- Exposure to WA has decreased since Mar-16 driven by the economic environment and credit policy tightening (mining town lending, etc)
- Currently WA makes up 13% of the portfolio FUM (and decreasing), however makes up 30% of 90+ (and approximately half of portfolio losses¹)
- Tailored treatment of collection and account management strategies
- Conservative approach to provisions management

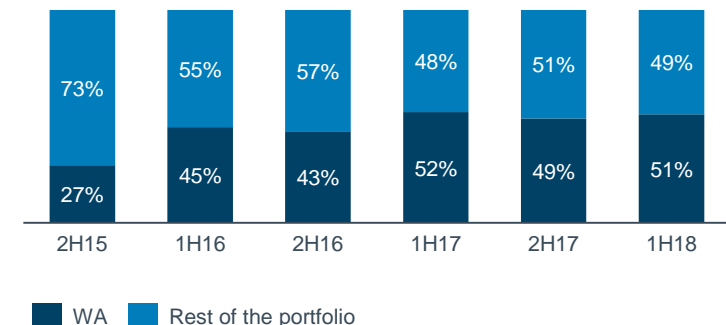
WA OUTSTANDING BALANCE



HOME LOANS AND WA 90+ DELINQUENCIES²



HOME LOANS COMPOSITION OF LOSSES¹



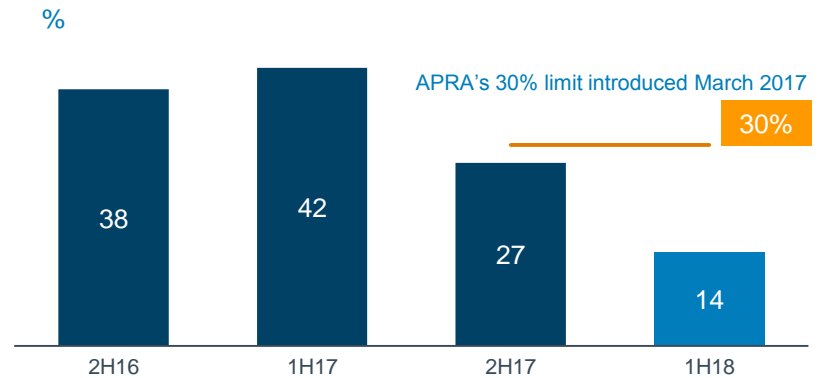
1. Losses are based on New Individual Provision Charges 2. Excludes Non Performing Loans

AUSTRALIA HOME LOANS

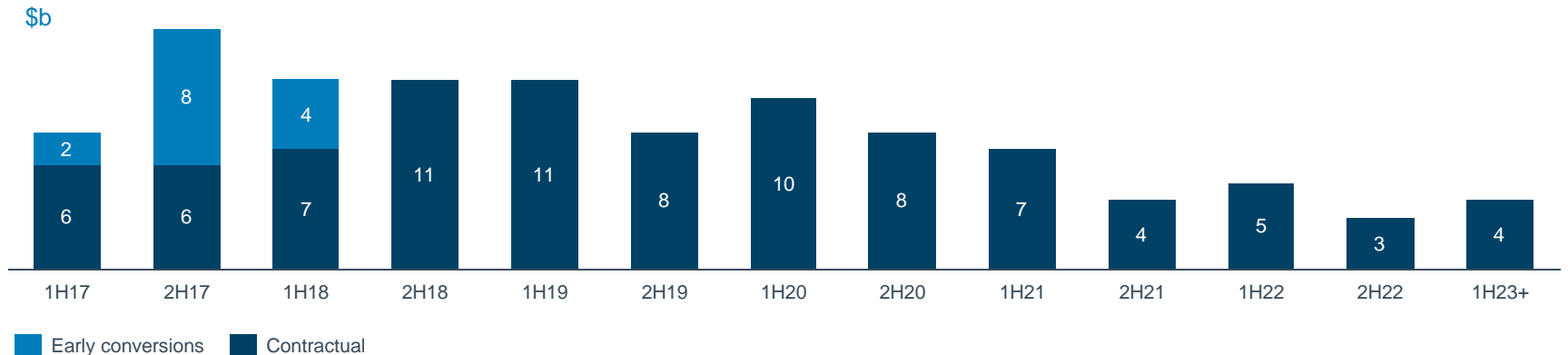
INTEREST ONLY (IO)

- Serviceability assessment is based on ability to repay principal & interest repayments calculated over the residual term of loan
- 81% of IO customers have net income >\$100k pa. (portfolio 64%)
- Arrears levels are lower for Interest Only vs overall portfolio
- Recent policy & pricing changes have led to a reduction in IO lending. ANZ has met APRA's 30% threshold lending requirement and the interest only flow composition is now at 14% for 1H18.
- Proactive contact strategies are in place to prepare customers for the change in their cash repayments ahead of Interest Only expiry

INTEREST ONLY FLOW COMPOSITION¹



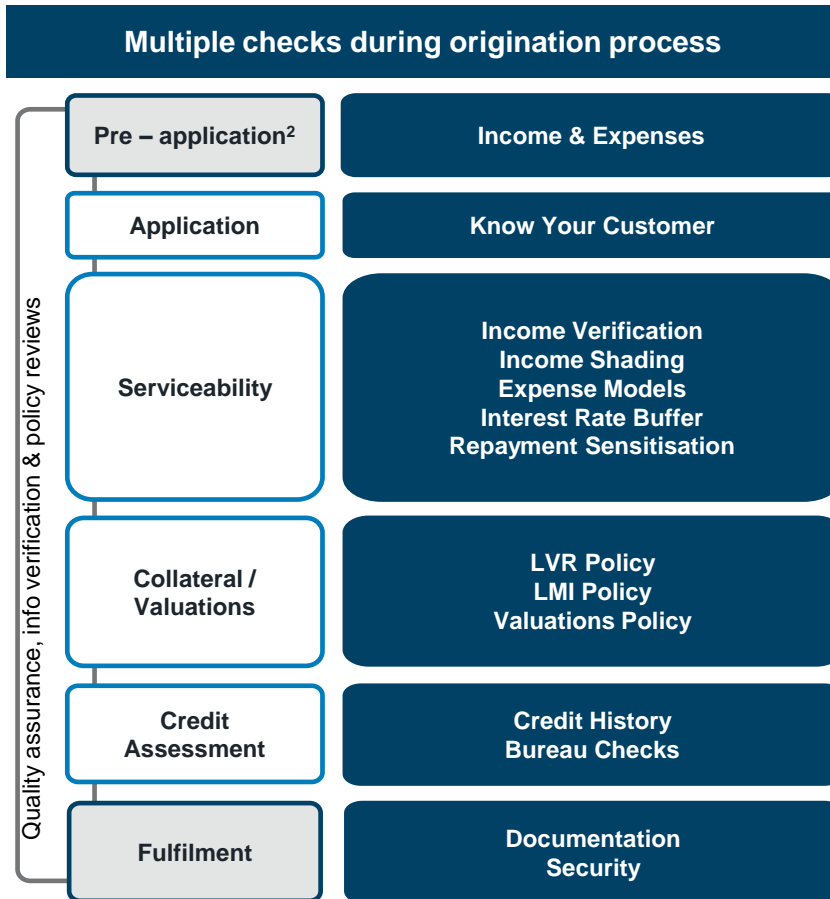
SWITCHING INTEREST ONLY TO P&I AND SCHEDULED INTEREST ONLY TERM EXPIRY²



1. Based on APRA definition (includes Equity Manager). 2. Includes construction loans

AUSTRALIA HOME LOANS

UNDERWRITING PRACTICES AND POLICY CHANGES¹



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

Serviceability

- Aug'15** Interest rate floor applied to new and existing mortgage lending introduced at 7.25%
-
- Apr'16** Introduction of an income adjusted living expense floor (HEM*)
Introduction of a 20% haircut for overtime and commission income
Increased income discount factor for residential rental income from 20% to 25%

*The HEM benchmark is developed by the Melbourne Institute of Applied Economic and Social Research ('the Melbourne Institute'), based on a survey of the spending habits of Australian families.

1. 2015 to 2018 material changes to lending standards and underwriting 2. Customers have the ability to assess their capacity to borrow on ANZ

AUSTRALIA HOME LOANS

UNDERWRITING PRACTICES AND POLICY CHANGES¹

ANZ Policy changes

Jun'15	LVR cap reduced to 70% in high risk mining towns
Jul'15	LVR cap reduced to 90% for investment loans
Aug'15	Interest rate floor applied to new and existing mortgage lending introduced at 7.25%
Apr'16	Introduction of an income adjusted living expense floor (HEM) Introduction of a 20% haircut for overtime and commission income
Sep'16	Increased income discount factor for residential rental income from 20% to 25% Withdrawal of lending to non-residents Limited acceptance of foreign income to demonstrate serviceability and tightened controls on verification
Dec'16	Tightening of acceptances for guarantees
Jan'17	Decreased maximum interest only term of owner occupied interest only loans to 5 years
May'17	The maximum interest only period reduced from 10 years to 5 years for investment lending to align to owner occupier lending Reduced LVR cap of 80% for Interest Only ² lending Interest only lending no longer available on new Simplicity PLUS loans (owner occupier and investment lending)
Jun'17	Minimum default housing expense (rent/board) applied to all borrowers not living in their own home and seeking RILs ³ or EMAs ⁴
Oct'17	Restrict Owner Occupier and Investment Lending (New Security to ANZ) to Maximum 80% LVR for all apartments within 7 inner city Brisbane postcodes. Restrict Investment Lending (New Security to ANZ) to Maximum 80% LVR for all apartments within 4 inner city Perth postcodes
Dec'17	Update to clarify that residential mortgage lending to trading companies is not acceptable.
Mar'18	All Interest Only loan renewals will be Credit Critical events (requiring full income verification and serviceability test) including (i) Changing from P&I to IO and (ii) Converting to or Extending an IO term.

1. 2015 to 2018 material changes to lending standards and underwriting 2. Excludes investment lending for specific medical practitioners (eligible Medicos) where LVR cap is a maximum of 90% of lending. 3. Residential Investment Loans 4. Equity Manager Accounts

AUSTRALIAN HOME LOANS

STRESS TESTING THE AUSTRALIAN MORTGAGE PORTFOLIO

- ANZ conducts regular stress tests of its loan portfolios to meet risk management objectives and satisfy regulatory requirements.
- Stress tests are highly assumption-driven; results will depend on economic assumptions, on modelling assumptions, and on assumptions about actions taken in response to the economic scenario.
- This illustrative recession scenario assumes significant reductions in consumer spending and business investment, which lead to eight consecutive quarters of negative GDP growth. This results in a significant increase in unemployment and material nationwide falls in property prices.
- Estimated portfolio losses under these stressed conditions are manageable and within the Group's capital base, with cumulative total losses at A\$1.6b over three years (net of LMI recoveries).
- The results are not materially different from the stress test six months ago.

Assumptions	Current	Year 1	Year 2	Year 3
Unemployment rate	5.5%	9.0%	10.5%	11.5%
Cash Rate	1.5%	0.25%	0.25%	0.25%
Real GDP year ended growth	2.4	-3.8%	-2.4%	4.7%
Cumulative reduction in house prices	-	-26.8%	-38.3%	-32.7%
Portfolio size ¹ (A\$b)	298	297	290	281

Outcomes	Base	Year 1	Year 2	Year 3
Net Losses (A\$m)	-	158	724	749
Net losses (bps)	-	5	25	27

1. Exposure at default

LENDERS MORTGAGE INSURANCE

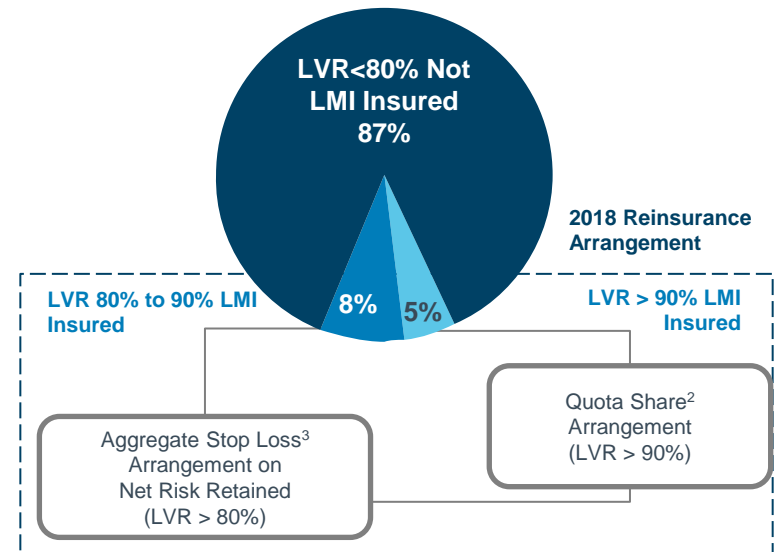
ANZLMI HAS MAINTAINED STABLE LOSS RATIOS

MARCH HALF YEAR 2018 RESULTS

Gross Written Premium (\$m)	\$81.4m
Net Claims Paid (\$m)	\$7.7m
Loss Rate (of Exposure)	2.7bps

LMI & REINSURANCE STRUCTURE

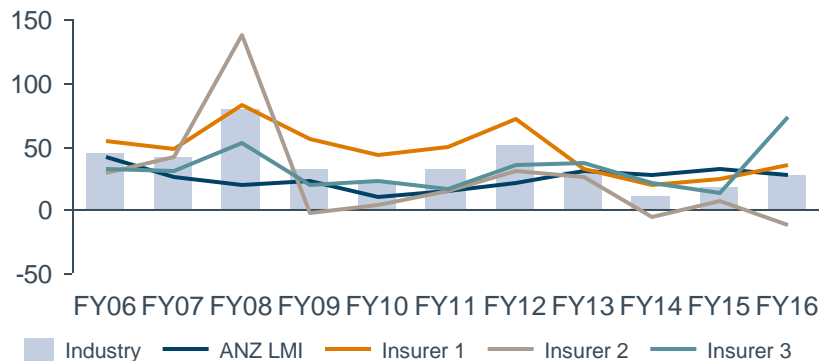
Australian Home Loan portfolio LMI and Reinsurance Structure at 31 Mar 2018 (% New Business FUM Oct-17 to Mar-18)



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

Reinsurance is comprised of a **Quota Share arrangement²** with reinsurers for mortgages 90% LVR and above and in addition an **Aggregate Stop Loss arrangement³** for policies over 80% LVR

ANZLMI MAINTAINS LOW LOSS RATIOS¹



1. Negative Loss ratios are the result of reductions in outstanding claims provisions. Source: APRA general insurance statistics (loss ratio net of reinsurance) last published November 2017; 2. Quota Share arrangement - reinsurer assumes an agreed reinsured % whereby reinsurer shares all premiums and losses accordingly with ANZLMI ; 3. Aggregate Stop Loss arrangement –reinsurer indemnifies ANZLMI for an aggregate (or cumulative) amount of losses in excess of a specified aggregate amount. When the sum of the losses exceeds the pre-agreed amount, the reinsurer will be liable to pay the excess up to a pre-agreed upper limit.

NEW ZEALAND MORTGAGES

PORTFOLIO OVERVIEW ¹

	Portfolio		Growth		Portfolio		Growth
	1H17	1H18	1H18 v 1H17		1H17	1H18	1H18 v 1H17
Number of Home Loan accounts	515k	523k	1.6%	Average LVR at Origination ²	59%	58%	-126bps
Total FUM	NZ\$75b	NZ\$79b	4.7%	Average Dynamic LVR ²	42%	42%	-63bps
Average Loan Size at Origination ²	NZ\$295k	NZ\$274k	-6.9%	Market Share ³	31.1%	30.9%	-16bps
Average Loan Size ²	NZ\$145k	NZ\$150k	3.1%	% Paying Interest Only ⁴	23%	21%	-134bps
% of NZ Geography Lending	61%	62%	123bps	% Paying Principal & Interest	77%	79%	134bps
% of Group Lending	12%	13%	44bps	% Low Doc ⁵	0.48%	0.41%	-7bps
% Owner Occupied	73%	74%	76bps	Mortgage Loss Rates	-0.01%	0.00%	1bps
% Investor	27%	26%	-76bps				
% Paying Variable Rate Loan	22%	20%	-183bps				
% Paying Fixed Rate Loan	78%	80%	183bps				
% Broker Originated	34%	35%	122bps				

1. New Zealand Geography

2. Average data as of March 2018

3. Source for New Zealand: RBNZ, as of February 2018. Changes in RBNZ data reporting from February 2017 onwards has resulted in a step change in data vs prior periods

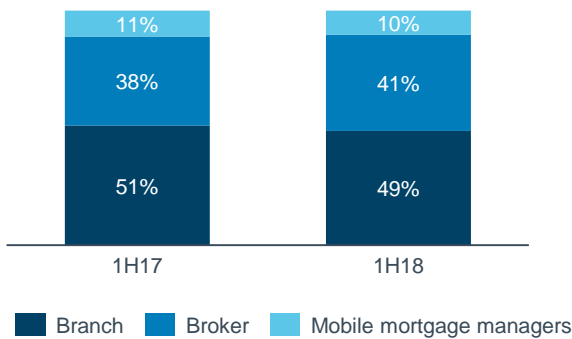
4. Excludes revolving credit facilities

5. Low Documentation (Low Doc) lending allowed customers who met certain criteria to apply for a mortgage with reduced income confirmation requirements. New Low Doc lending ceased in 2007

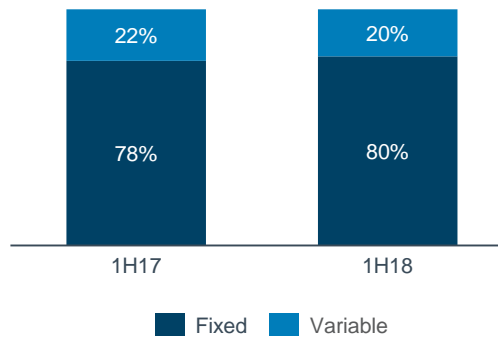
NEW ZEALAND

HOME LENDING¹

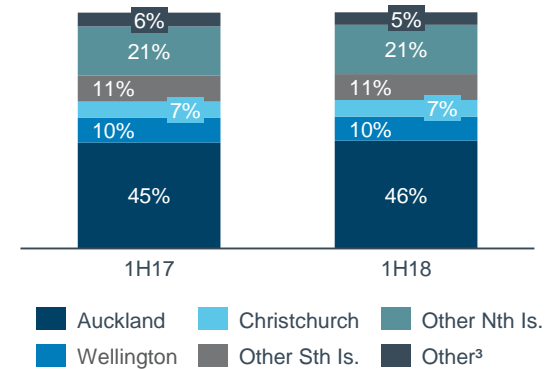
FLOW²



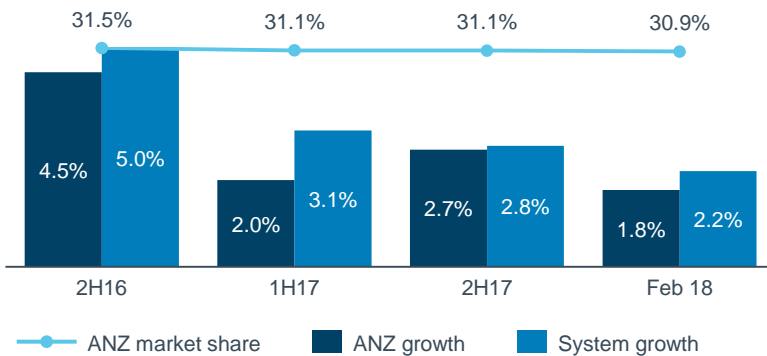
PORTFOLIO



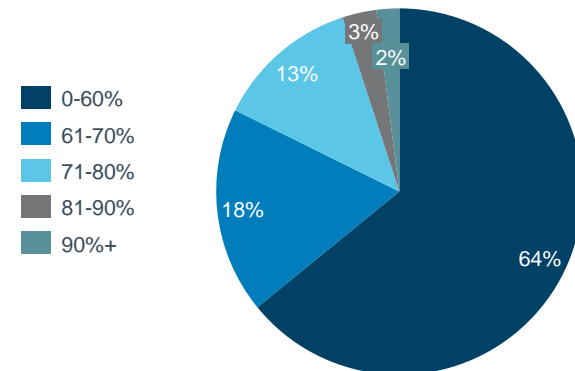
PORTFOLIO



MARKET SHARE⁴



ANZ MORTGAGE LVR PROFILE⁵



1. New Zealand Geography
2. Retail and Small Business Banking mortgage flow. Branch includes Small Business Banking Managers
3. Other includes loans booked centrally (Business Direct, Contact Centre, Lending Services, Property Finance)
4. Source: RBNZ, changes in RBNZ data reporting from February 2017 onwards has resulted in a step change in data vs prior periods
5. Dynamic basis, as of March 2018



2018 FIRST HALF RESULTS

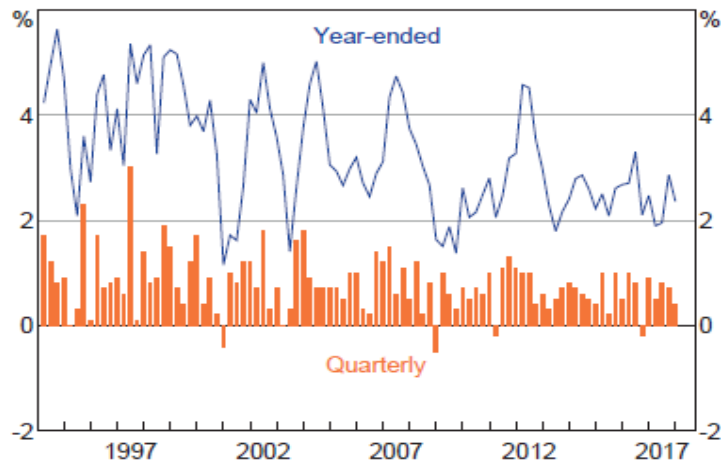
ECONOMICS

AUSTRALIA AND NEW ZEALAND BANKING
GROUP LIMITED



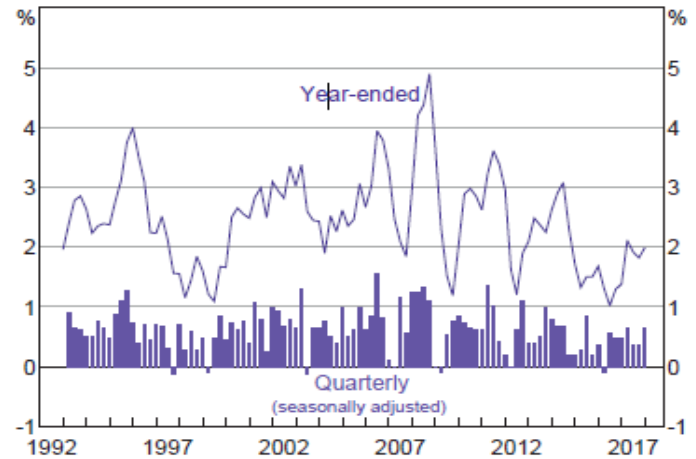
AUSTRALIAN ECONOMY

GDP GROWTH¹



Source: ABS

CONSUMER PRICE INFLATION^{*1}

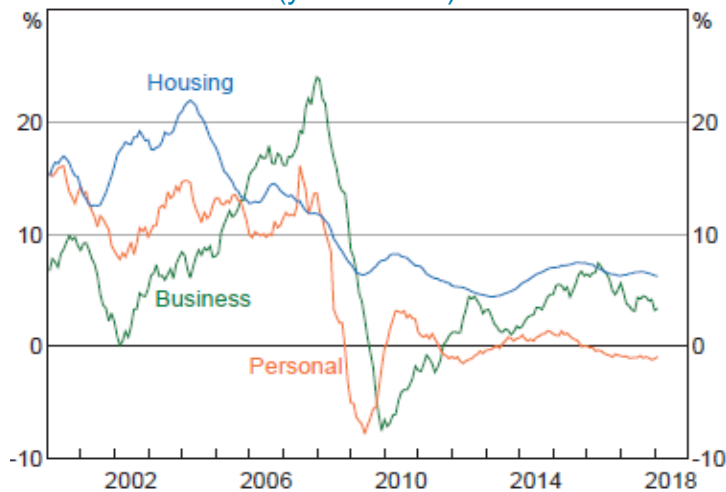


* Excluding interest charges prior to the September quarter 1998 and adjusted for the tax changes of 1999-2000

Sources: ABS; RBA

CREDIT GROWTH BY SECTOR¹

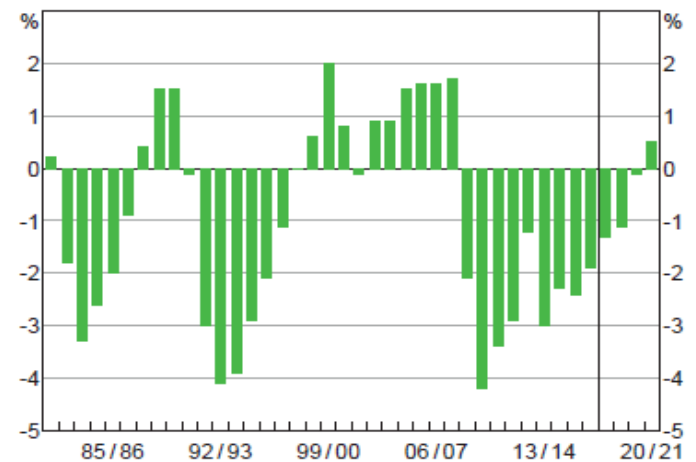
(year ended)



Sources: ABS; APRA; RBA

AUSTRALIAN GOVERNMENT BUDGET BALANCE^{*1}

Per cent of nominal GDP

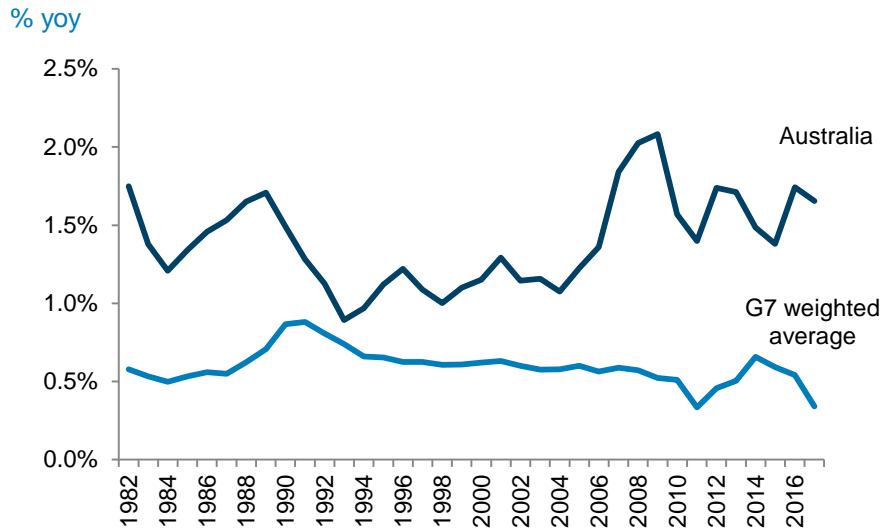


* Underlying cash balance; 2017/18 Mid-year economic and fiscal outlook

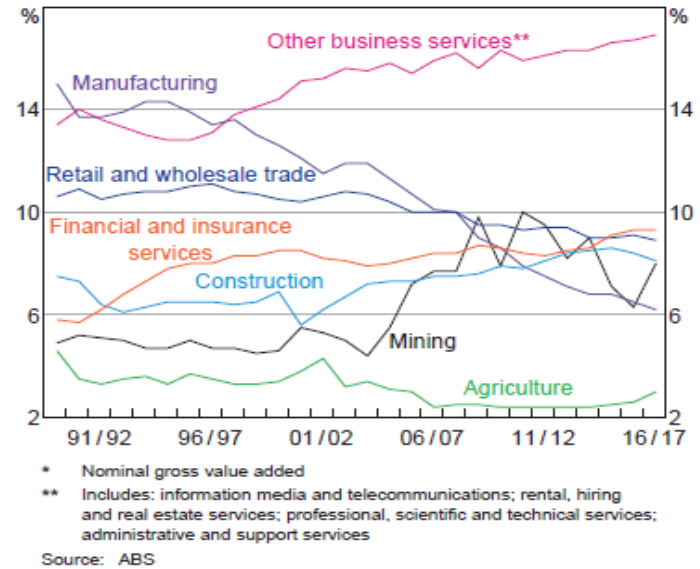
Source: Australian Treasury

AUSTRALIAN ECONOMY AND POPULATION

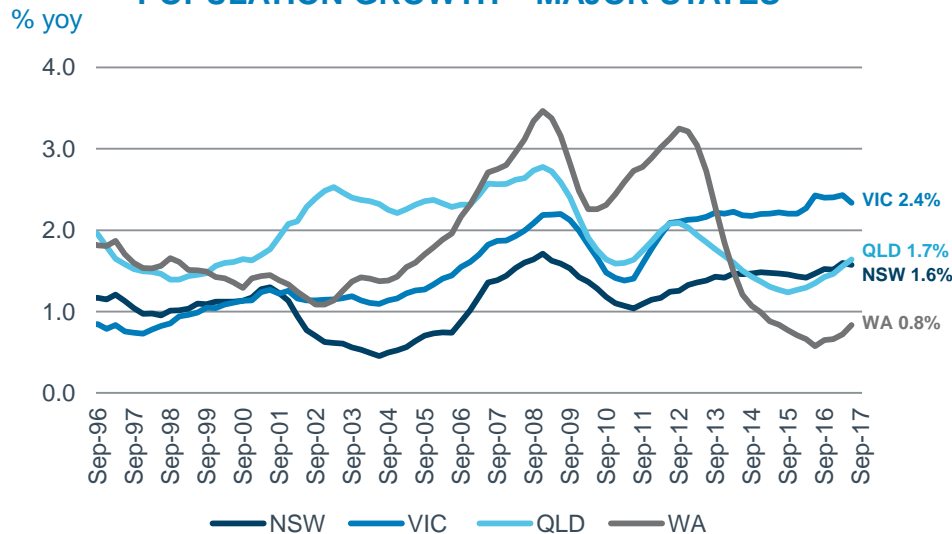
POPULATION GROWTH¹ – AUSTRALIA AND G7



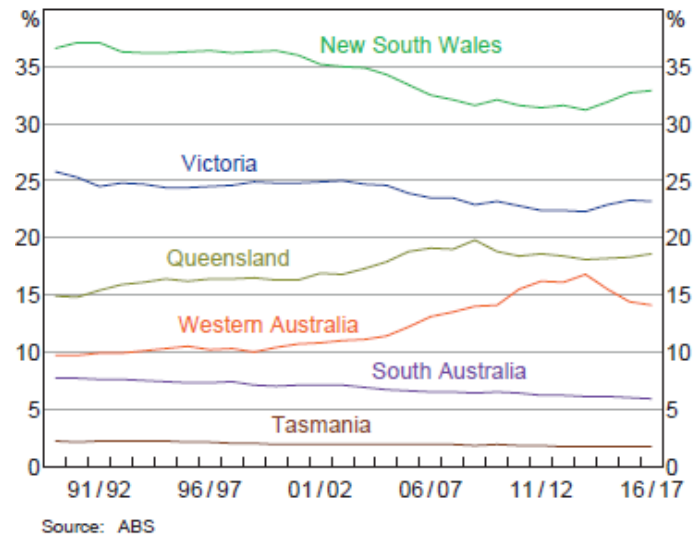
INDUSTRY SHARE OF OUTPUT²



POPULATION GROWTH – MAJOR STATES³

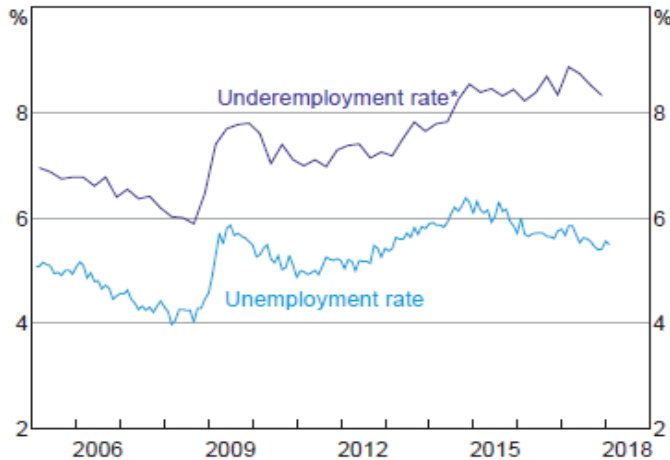


STATE SHARE OF OUTPUT²



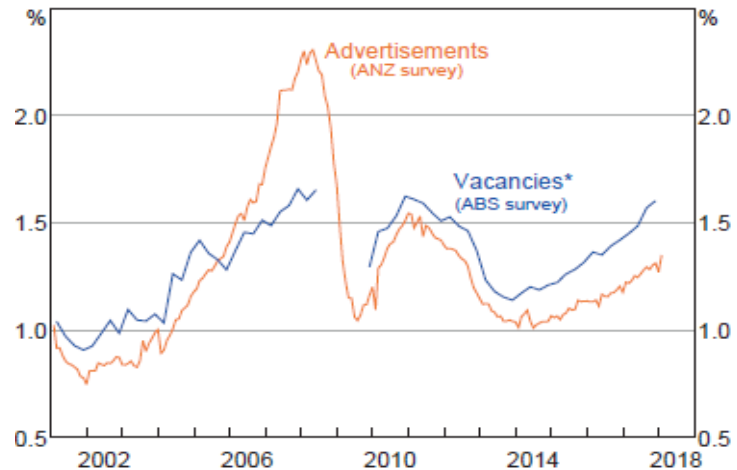
AUSTRALIAN LABOUR MARKET

UNEMPLOYMENT AND UNDEREMPLOYMENT¹



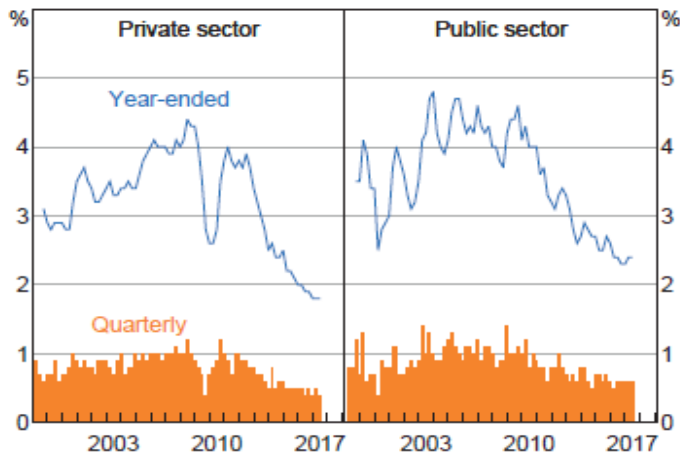
* Full-time workers on reduced hours for economic reasons and part-time workers who would like, and are available, to work more hours
Source: ABS

JOB VACANCIES AND ADVERTISEMENTS



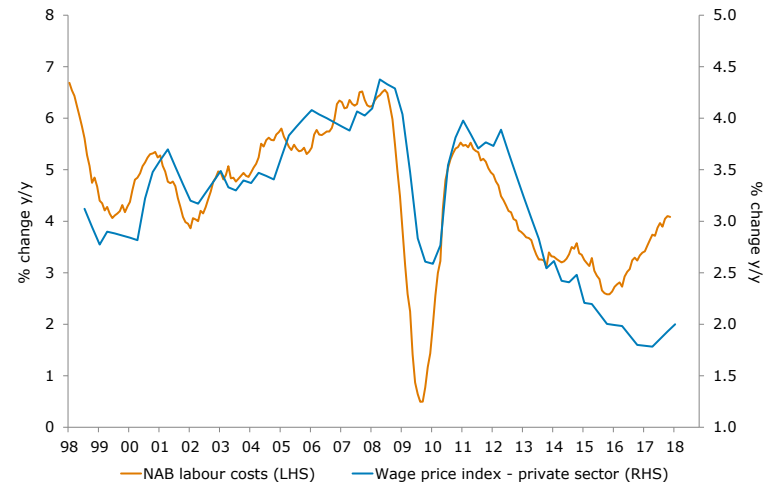
* This survey was suspended between May 2008 and November 2009
Sources: ABS; ANZ

WAGE PRICE INDEX GROWTH¹



Source: ABS

LABOUR COSTS AND INFLATION³

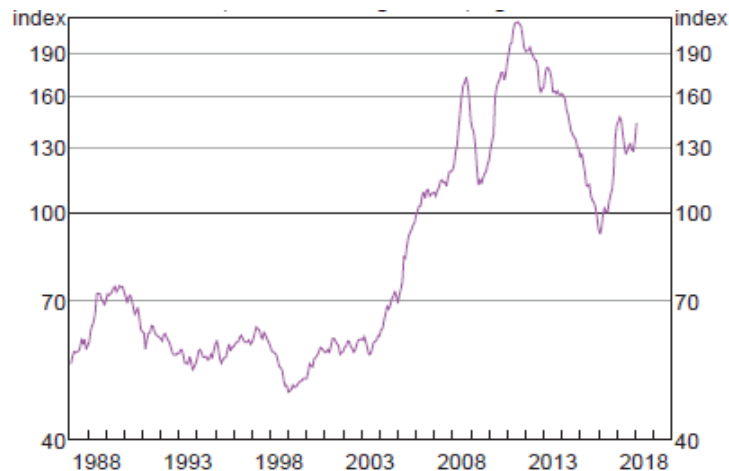


— NAB labour costs (LHS) — Wage price index - private sector (RHS)

COMMODITY PRICES¹

RBA INDEX OF COMMODITY PRICES

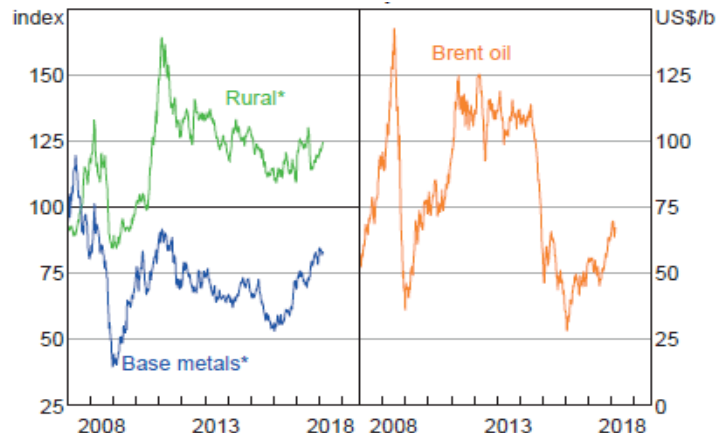
SDR, 2015/16 Average = 100, log scale



Source: RBA

BASE METALS, RURAL, AND OIL PRICES

Weekly

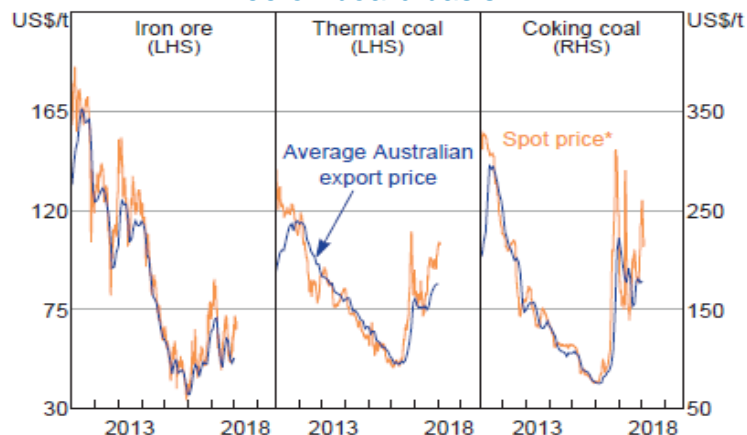


* RBA Index of Commodity Prices sub-indices; SDR terms; 2007 average = 100

Sources: Bloomberg; RBA

BULK COMMODITY PRICES

Free on board basis

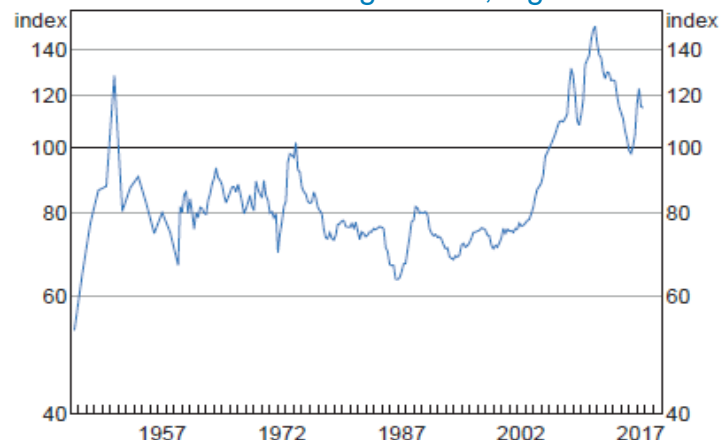


* Iron ore fines; Newcastle thermal coal and premium hard coking coal

Sources: ABS; Bloomberg; IHS; RBA

TERMS OF TRADE*

2014/15 average = 100, log scale

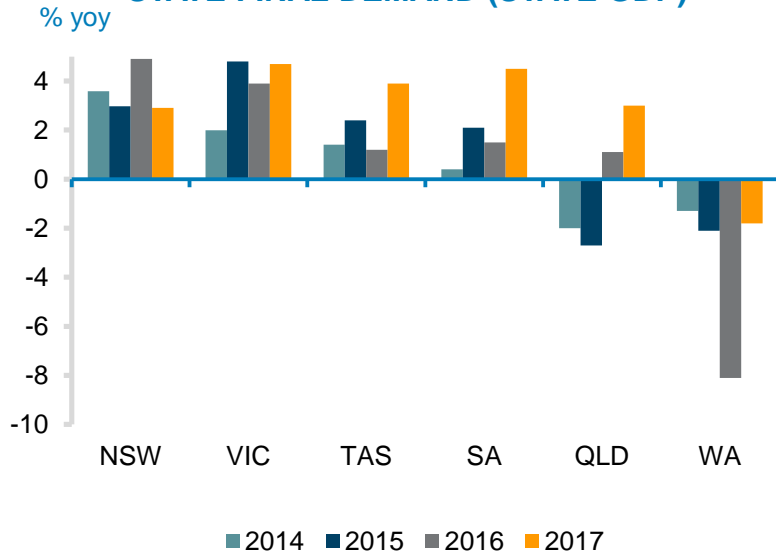


* Annual data are used prior to 1980

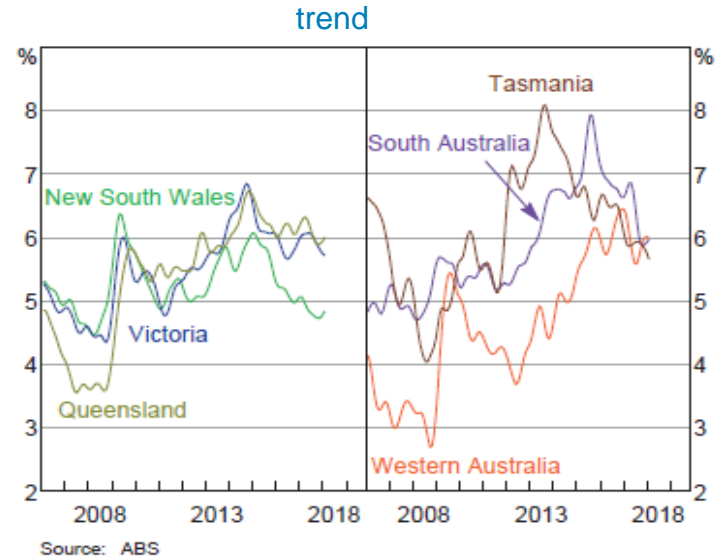
Sources: ABS; RBA

AUSTRALIAN ECONOMY – STATE BY STATE

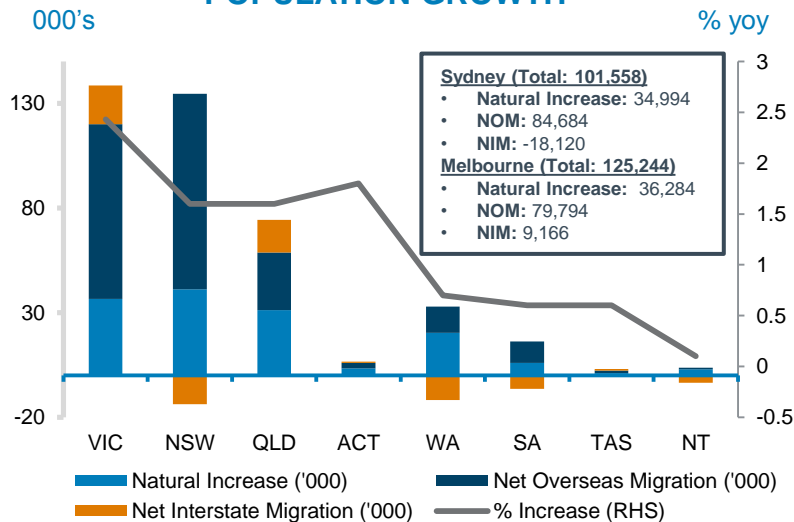
STATE FINAL DEMAND (STATE GDP)¹



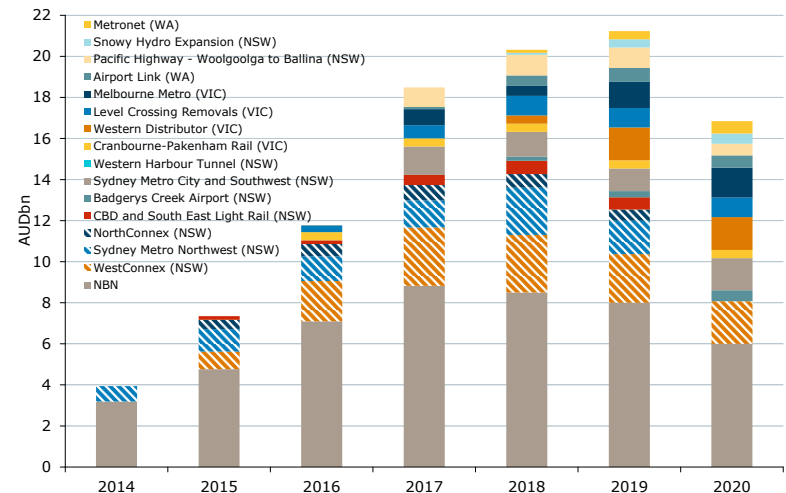
STATE UNEMPLOYMENT²



POPULATION GROWTH¹

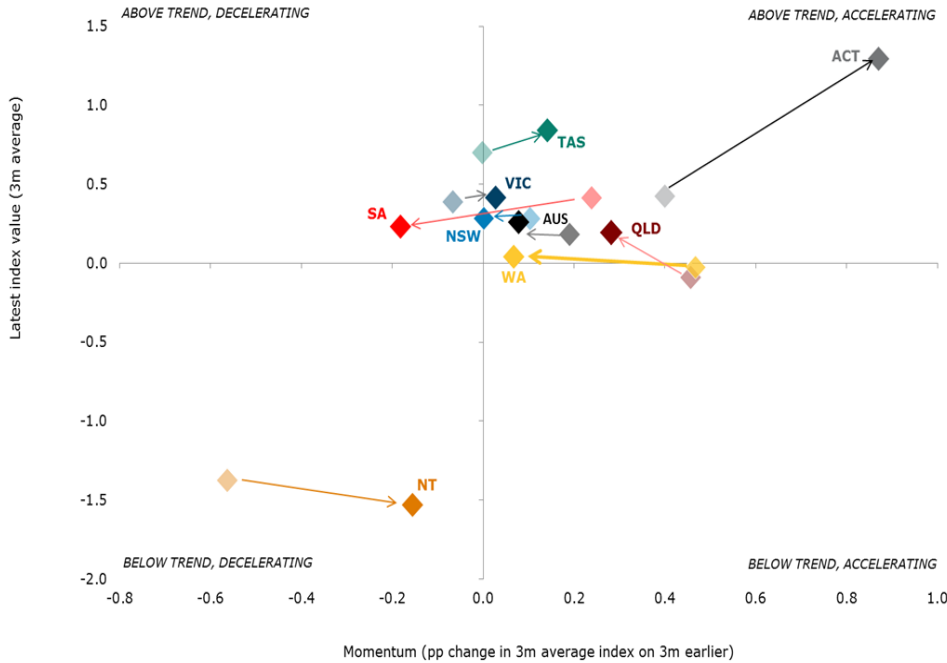


MAJOR INFRASTRUCTURE PROJECTS³



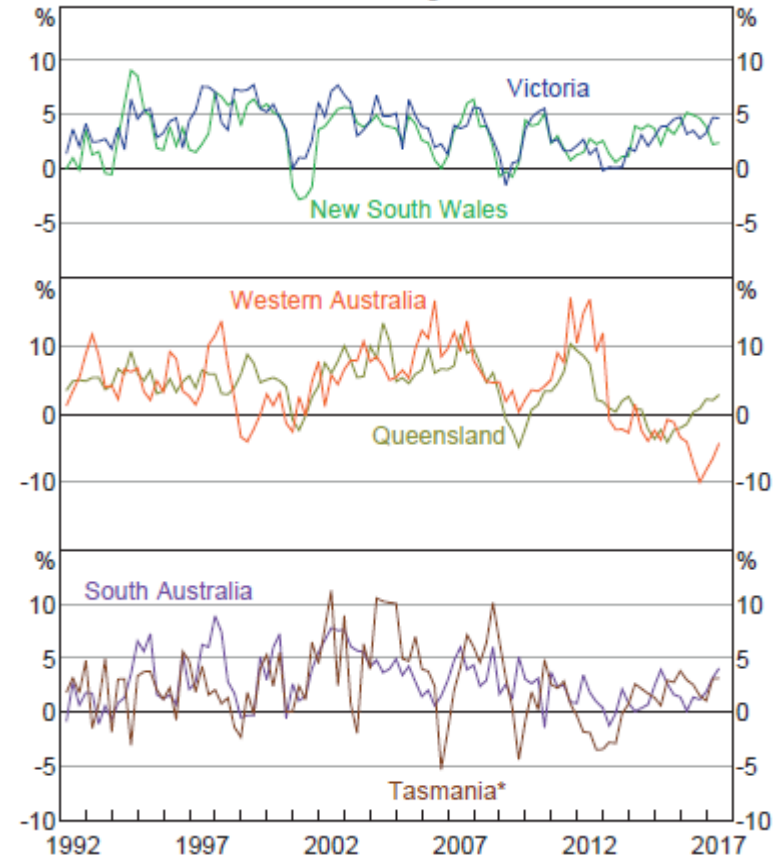
AUSTRALIAN ECONOMY – STATE BY STATE

ANZ STATEOMETER¹



STATE FINAL DEMAND²

Year-ended growth

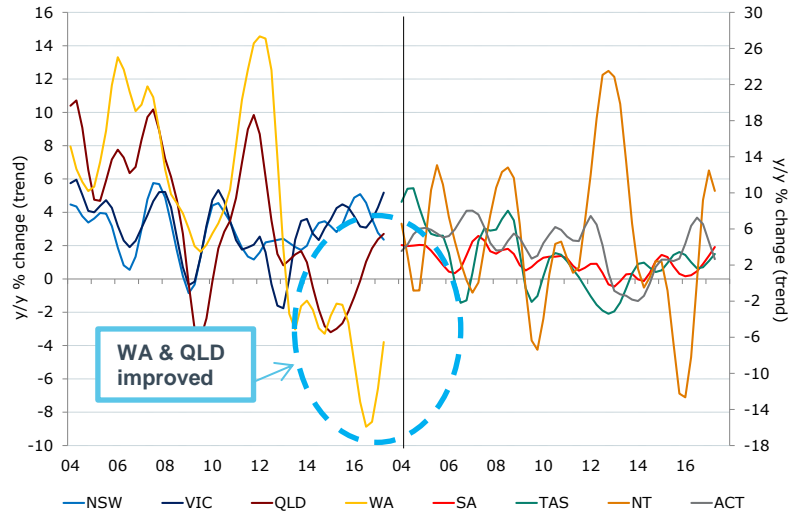


* Adjusted for the purchase and sale of ferries in 2002

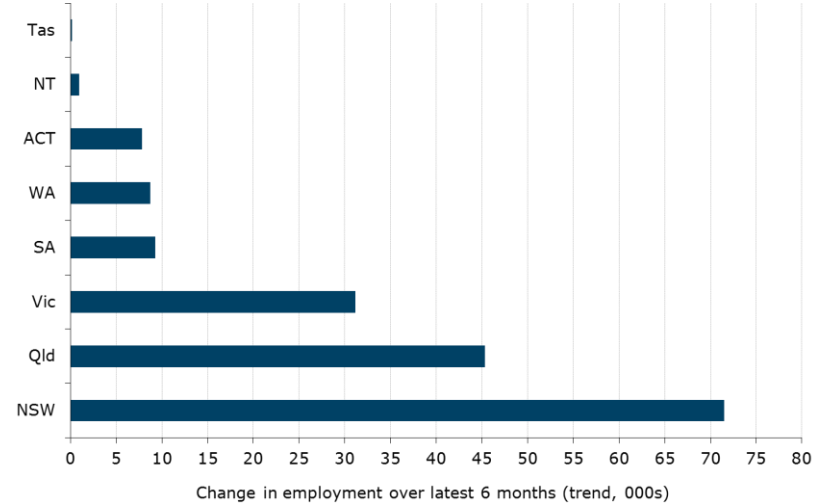
Source: ABS

AUSTRALIAN ECONOMY – WA AND QLD

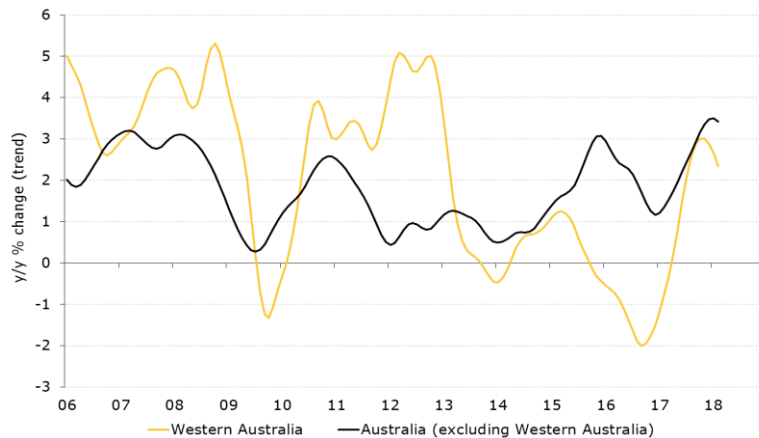
WA AND QLD GDP HAS IMPROVED¹



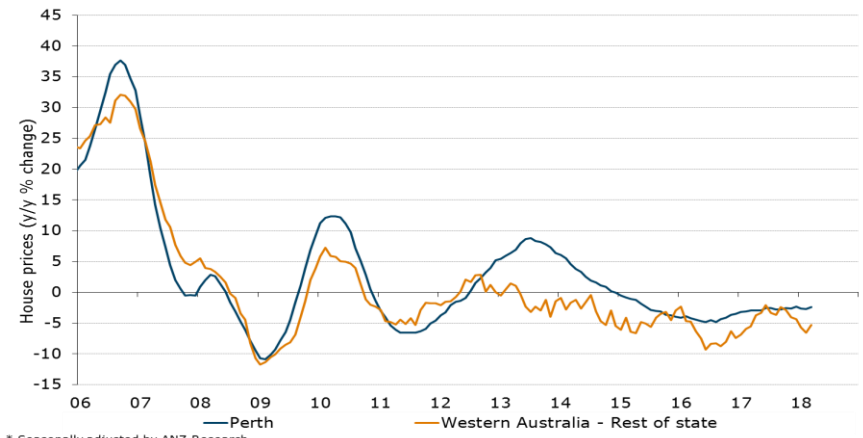
6 MONTHS OF JOB GROWTH IN WA AND QLD¹



WA EMPLOYMENT¹



WA HOUSE PRICES¹

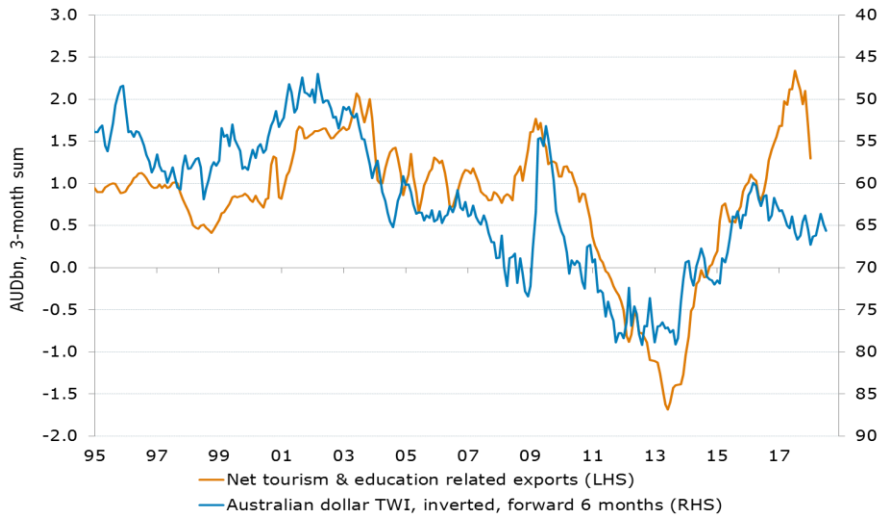


* Seasonally adjusted by ANZ Research

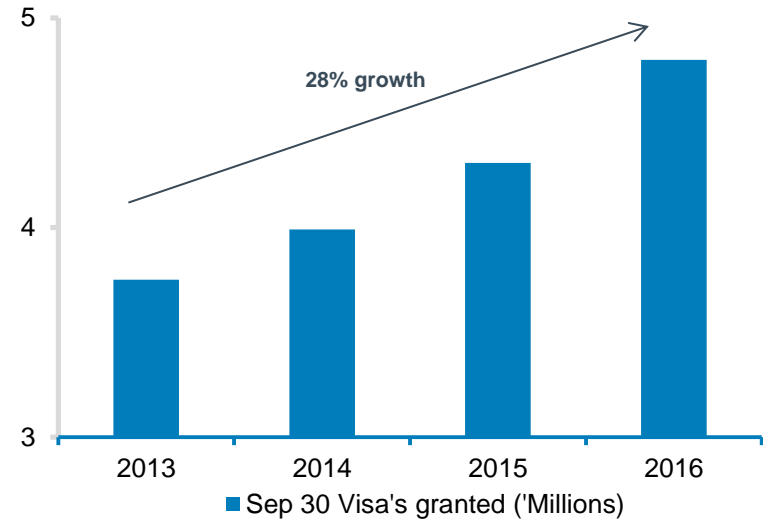
1. ANZ Research

AUSTRALIAN ECONOMY – SERVICE EXPORTS

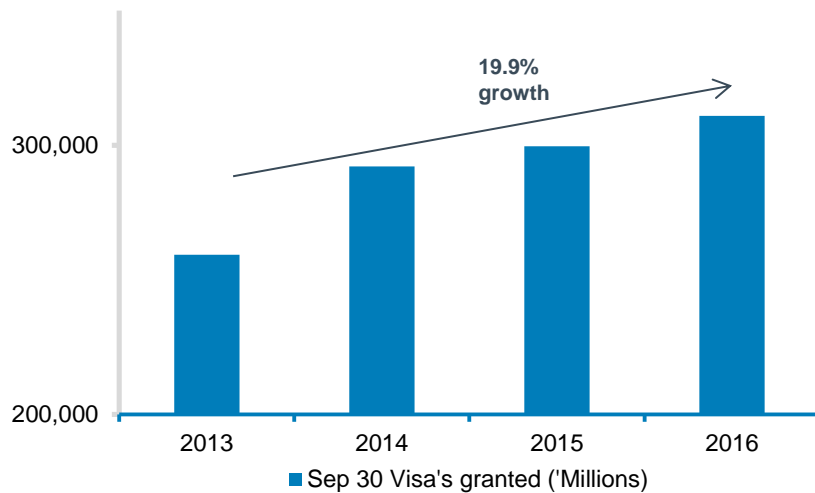
SERVICE EXPORTS AND AUD¹



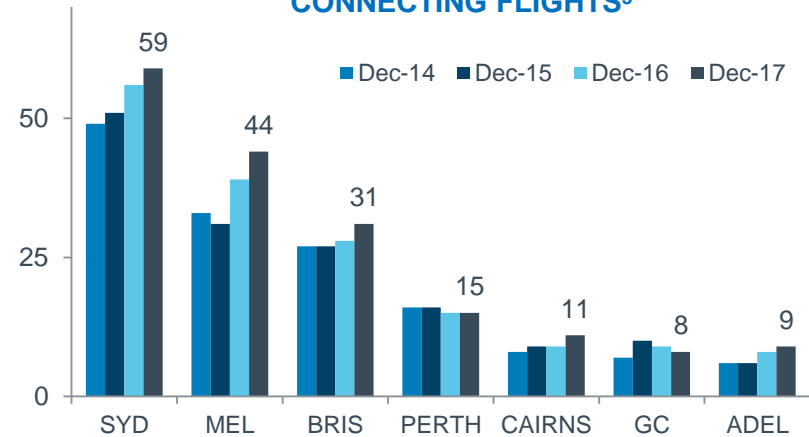
INTERNATIONAL TOURIST VISA'S GRANTED²



INTERNATIONAL STUDENT VISAS²

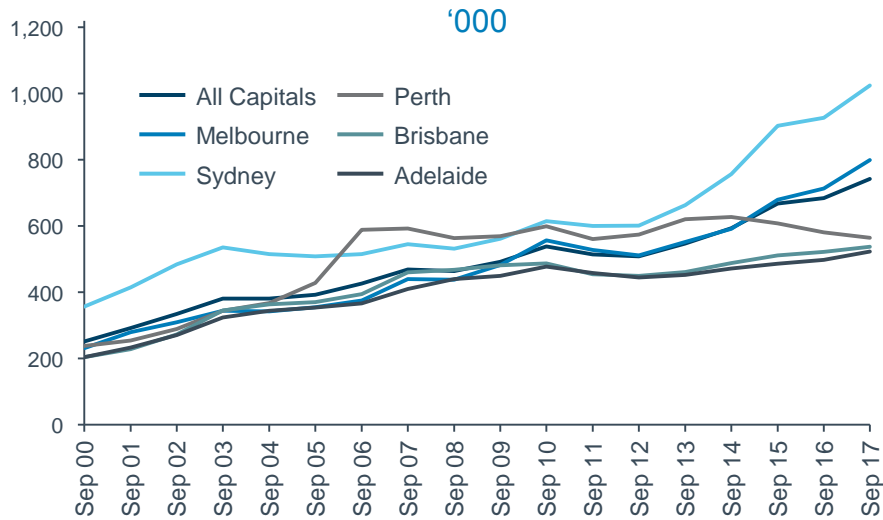


NUMBER OF INTERNATIONAL CITIES WITH CONNECTING FLIGHTS³



AUSTRALIAN HOUSING DYNAMICS

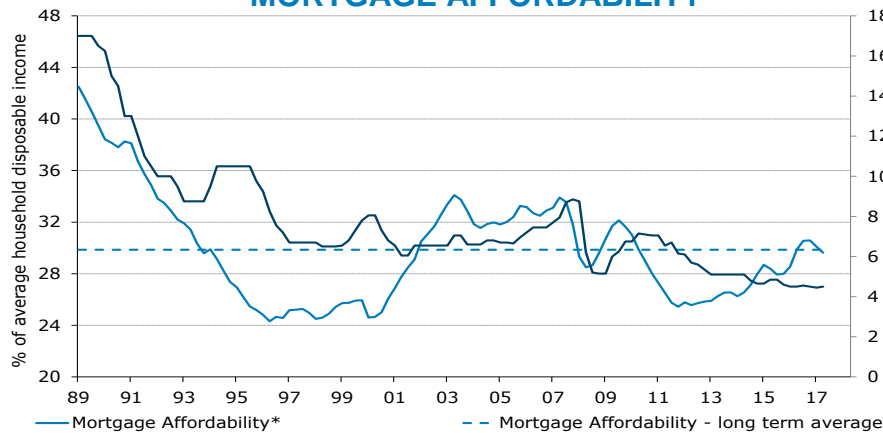
MEDIAN HOUSE PRICES¹



HOUSE PRICE GROWTH²

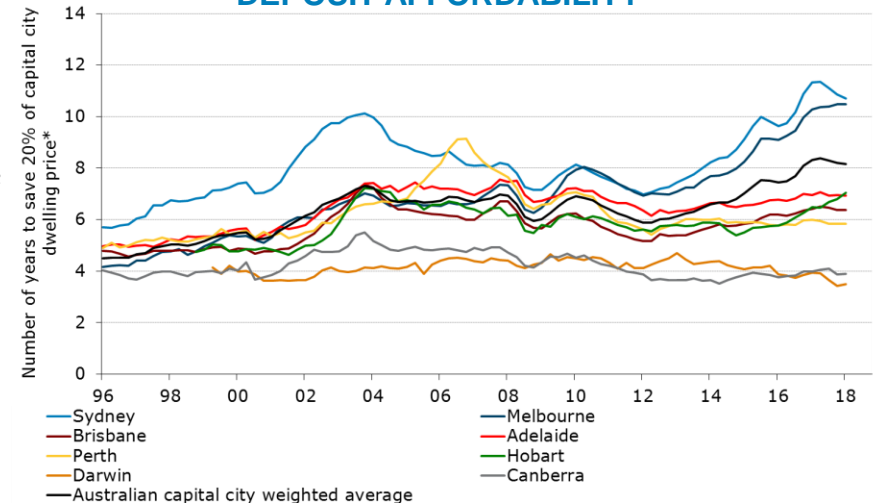
March 2018	All dwellings	Houses	Units
City	yoy %	yoy %	yoy %
Sydney	-2.1	-3.8	1.9
Melbourne	5.4	5.0	6.6
Brisbane	1.3	1.8	-1.4
Adelaide	1.7	2.0	0.0
Perth	-2.4	-2.3	-3.1
Darwin	-7.6	-6.0	-10.6
Canberra	2.9	3.7	0.3
Hobart	13.0	13.4	10.8

MORTGAGE AFFORDABILITY³



* Mortgage repayments on 80% LVR of median capital city house price

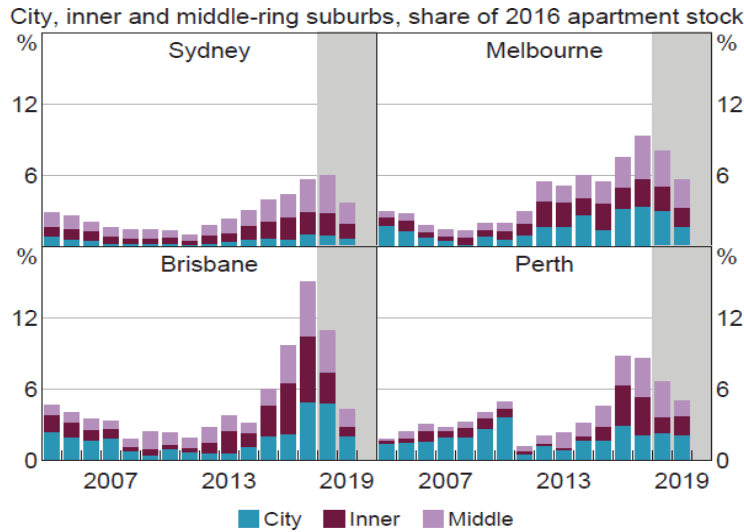
DEPOSIT AFFORDABILITY³



* At 15% savings rate on average state/territory household disposable income

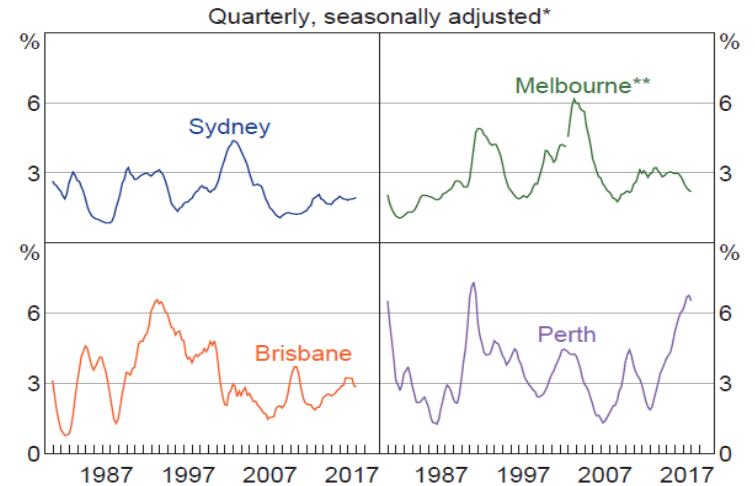
AUSTRALIAN HOUSING DYNAMICS

ESTIMATED APARTMENT COMPLETIONS¹



Sources: ABS; RBA

RENTAL VACANCY RATES¹

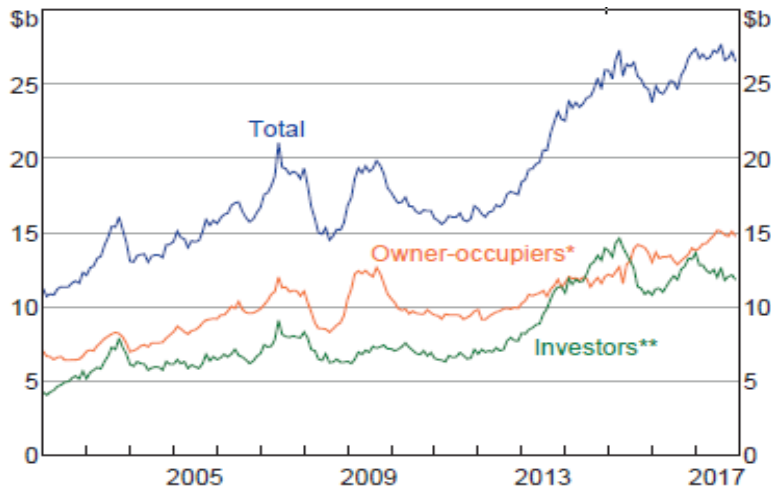


* 12-month moving average

** Series break December quarter 2002

Sources: RBA; REIA; REIVA

HOUSING LOAN APPROVALS²

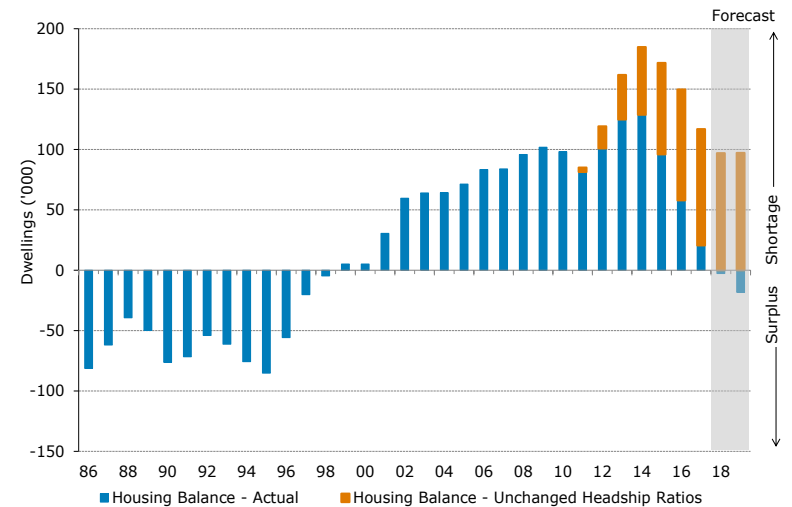


* Excludes refinancing

** Includes refinancing

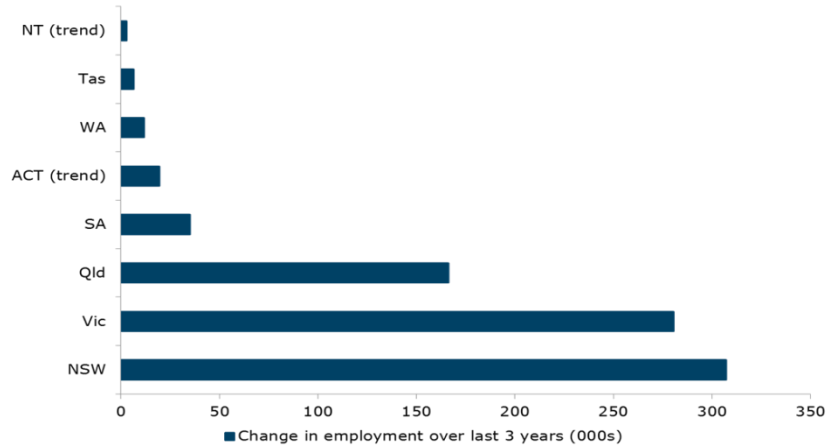
Sources: ABS; RBA

HOUSING BALANCE³

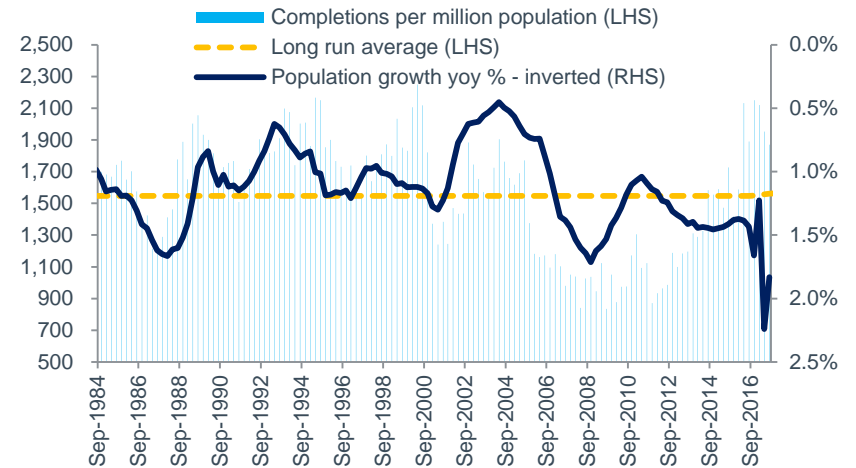


DYNAMICS SUPPORTING NSW & VIC HOUSING

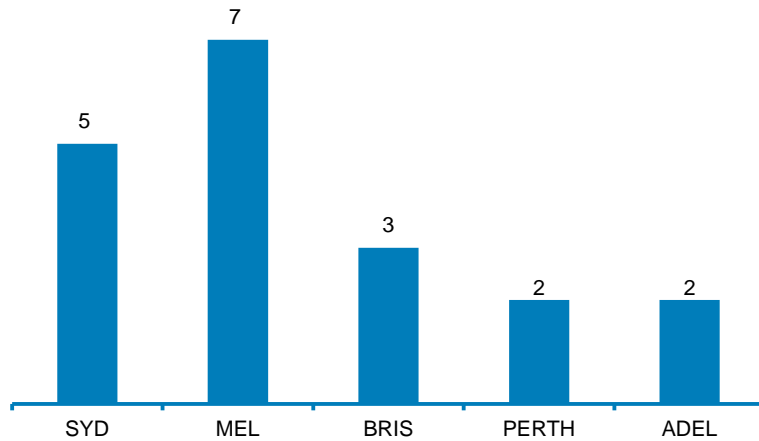
CHANGE IN EMPLOYMENT BY STATE²
Past 3 years



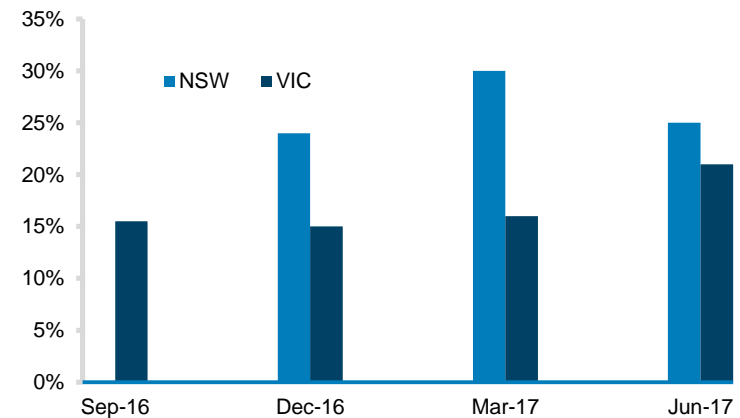
NSW – Dwelling completions per million population²
quarterly



UNIVERSITIES IN THE 2017 SHANGHAI 500 RANKING¹



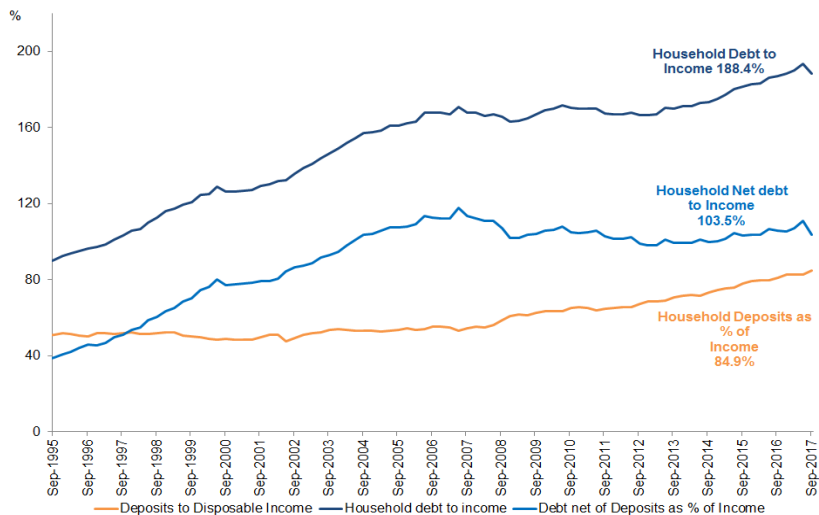
FOREIGN PURCHASES OF NEWLY CONSTRUCTED RESIDENTIAL APARTMENTS³



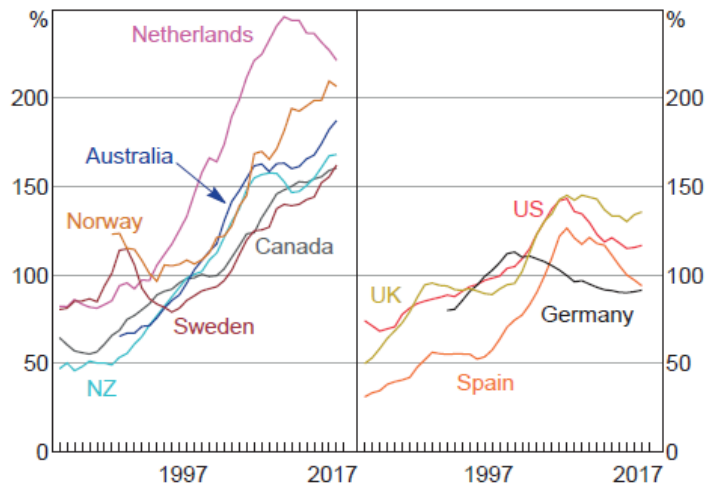
AUSTRALIAN HOUSING HOUSEHOLD DEBT AND INCOME

Household Debt and Deposits¹

% of annual household disposable income

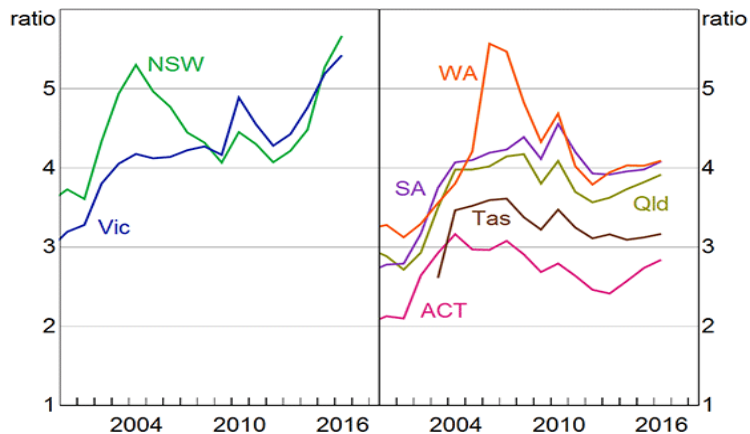


Household Debt-to-income Ratios²



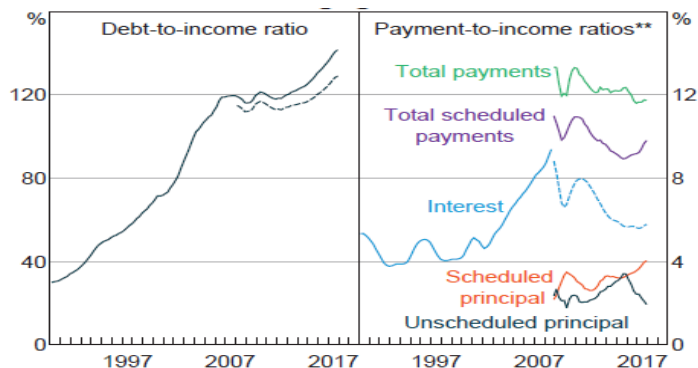
Sources: National sources; OECD; RBA; Thomson Reuters

Housing Price-to-income Ratio*²



* Annual household disposable income, after tax, before the deduction of interest payments and including income of unincorporated enterprises; financial years

Household Mortgage Debt Indicators²



* Excludes non-housing debt; debt-to-income line nets out amounts in redraw facilities; dotted lines are calculations based on debt balances which also exclude offset accounts; income is household disposable income before housing interest costs

** Rolling four-quarter average; unscheduled principal is the change in aggregate mortgage prepayments

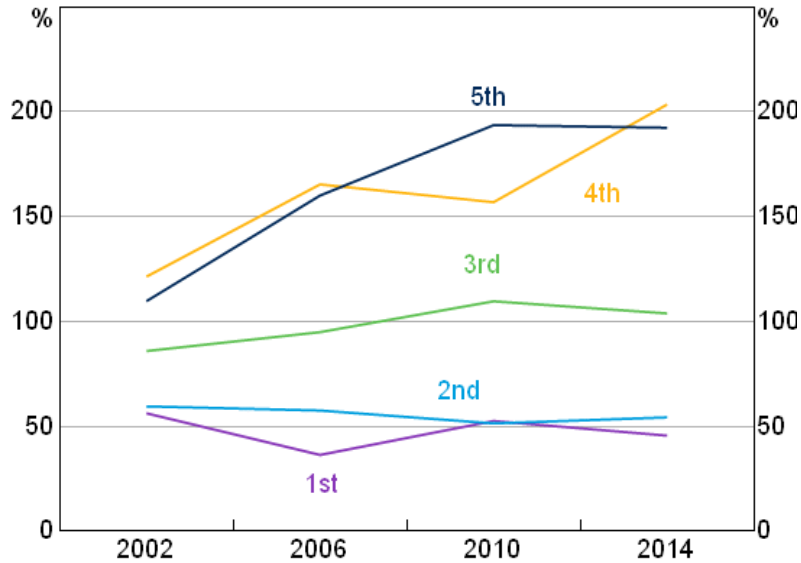
Sources: ABS; APRA; RBA

AUSTRALIAN HOUSING

HOUSEHOLD DEBT AND INCOME

Household Debt-to-income¹

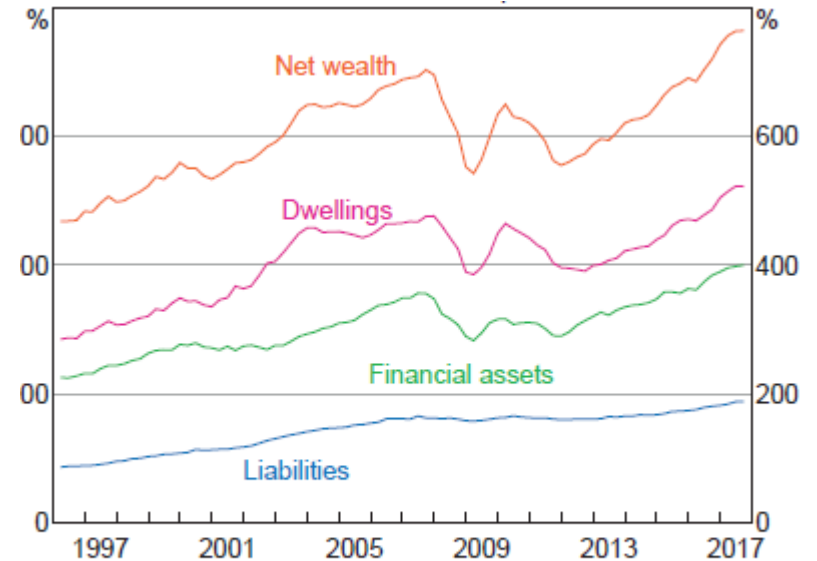
Income quintile, median*



* For households that owe debt
Sources: HILDA Release 15.0; RBA

Household Wealth and Liabilities²

% of annual household disposable income

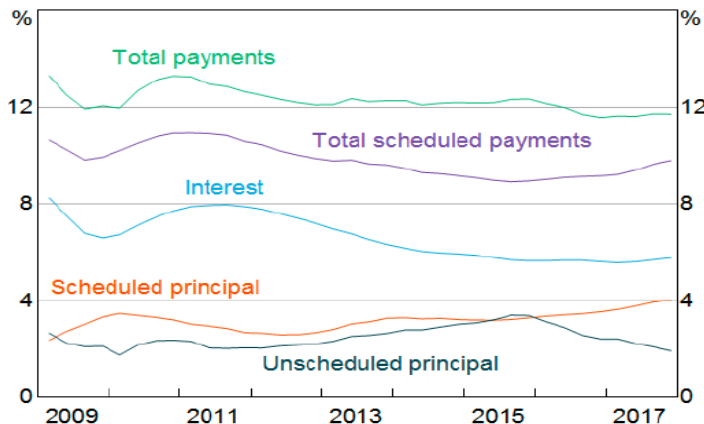


* Household disposable income is after tax, before the deduction of interest payments, and includes income of unincorporated enterprises
Sources: ABS; RBA

AUSTRALIAN HOUSING INTEREST ONLY LENDING

Components of Household Mortgage Payments¹

Share of household disposable income*

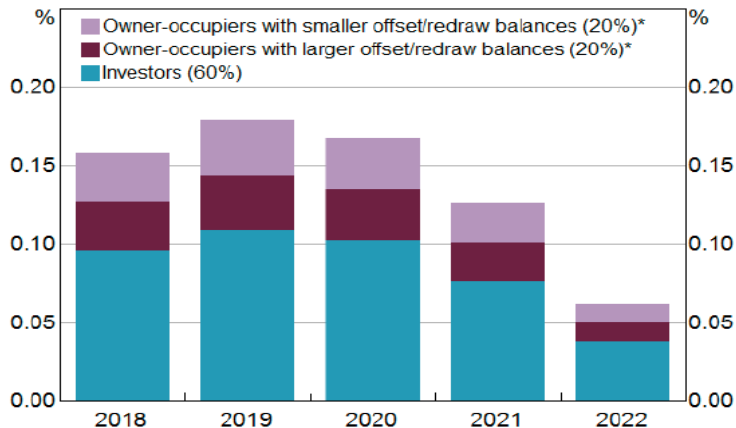


* Income is before housing interest costs; rolling four-quarter average; unscheduled principal is the change in the stock of accumulated redraw and offset accounts

Sources: ABS; APRA; RBA

Additional Mortgage Payments¹

Share of household disposable income



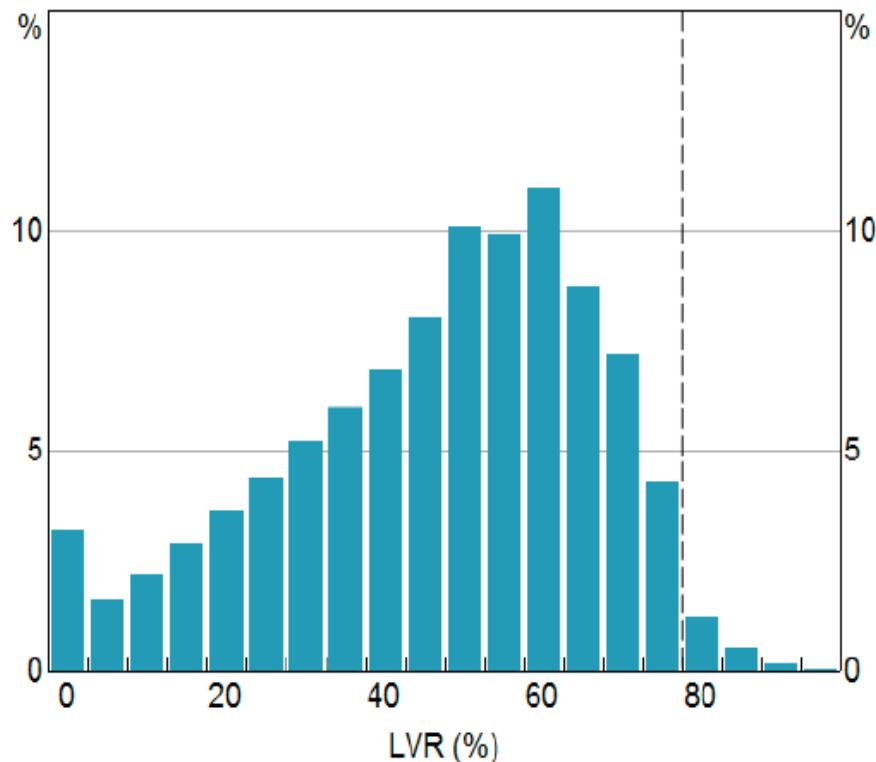
* 'Smaller' balances defined as less than 6 months' scheduled payments as buffer; 'larger' as above 6 months' buffer

Sources: RBA; Securitisation System

Sources: 1. RBA Speech: "The Limits of Interest-Only Lending", April 2018

Indexed Loan-to-Valuation Ratio¹

Share of outstanding interest only securitised mortgages; Dec 2017*

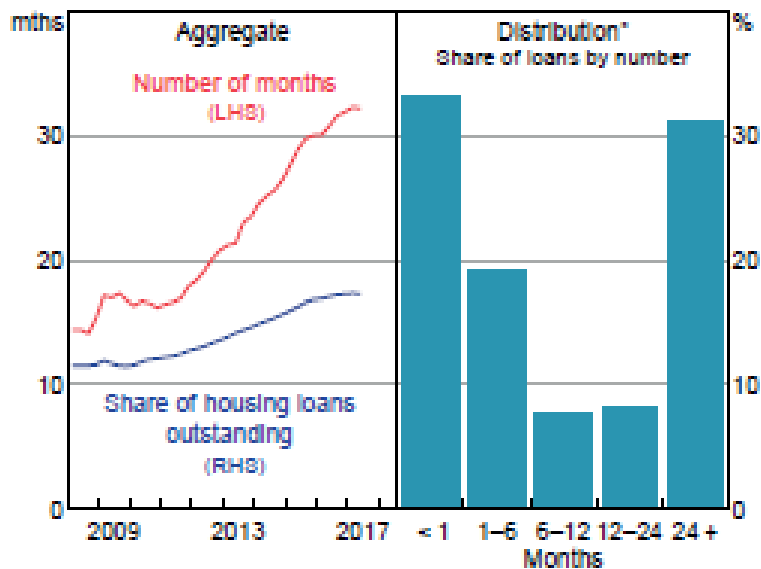


* Property value indexed by ABS HPI; consolidated basis

Sources: ABS; RBA; Securitisation System

MORTGAGE BUFFERS: OFFSET BALANCES

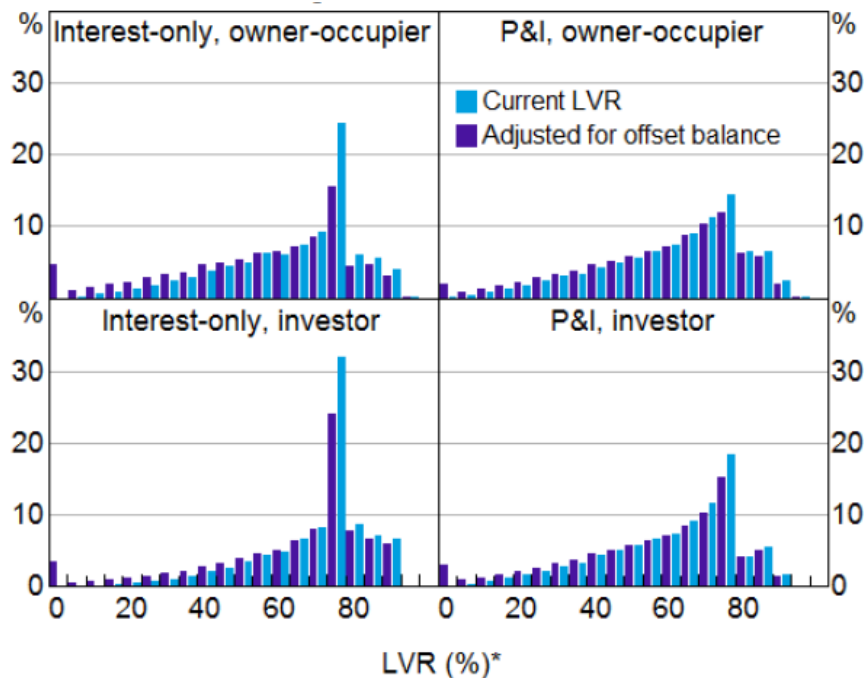
HOUSEHOLD MORTGAGE BUFFERS¹ Offset Balances



* As at June 2017
Sources: APRA; RBA; Securitisation System

- Aggregate buffers of 17% of outstanding mortgage balance or 2.5 years scheduled payments
- Of those with <1 month buffer, this includes
 - Investor mortgages who have tax incentives not to repay tax deductible debt early
 - Fixed rate mortgages

LOAN-TO-VALUATION RATIOS² Balanced-Weighted Share of Securitised Loans



* Each bar represents a 5 ppt range with the largest bars corresponding to an LVR of 75–80%
Sources: RBA; Securitisation System



2018 FIRST HALF RESULTS

APPENDICES

AUSTRALIA AND NEW ZEALAND BANKING
GROUP LIMITED



DIVESTMENT IMPACTS

SALE OF WEALTH AUSTRALIA BUSINESSES (DISCONTINUED OPERATIONS) – IMPACT ON CASH PROFIT & CAPITAL

PROFIT & LOSS SUMMARY	1H17	2H17	1H18
\$m			
'Discontinued operations'	56 ¹	73 ¹	(617) ²
'Continuing operations' (Reported less discontinued)	3,355	3,454	3,493
Group Cash Profit (Total inclusive of discontinued)	3,411	3,527	2,876

← OnePath Life & OnePath Pensions & Investments classified as 'discontinued operations' & shown separately from the 'continuing operations'

EXPECTED CAPITAL OUTCOME ³	
Commencement of reinsurance arrangement (\$1b capital)	~25bp
With completion of divestments	~55bp
Total capital benefit	~80bp

1. Inclusive of P&I/ADG and OPL business results less Group elimination adjustments (whilst still part of ANZ Consolidated Group).
2. Inclusive of P&I/ADG and OPL loss on sale and business results (inclusive of separation costs incurred in 1H18) less Group consolidation adjustments (whilst still part of ANZ Consolidated Group)
3. Each subject to regulatory approval.

OTHER DIVESTMENT IMPACTS

FY18 CHANGE IN CONTRIBUTION FROM DIVESTED BUSINESSES (FY18 vs FY17)

\$m	Asia Retail		SRCB		MCC		UDC		FY18 change in contribution	
	Previous	Updated	Previous	Updated	Previous	Updated	Previous	Updated	Previous	Updated
Divested business results FY18 vs FY17										
Cash Profit impact* (pre gain / (loss) on sale)	~(245)	(238)	(58)	(58)	(39)	(39)	~(40)	-	~(380)	(335)
Gain / (loss) on sale (post tax)									~255 ¹	~262 ²
Capital (CET1) benefit (bp)									~65+	~59

Previous: Indicative change from divestments as illustrated on slide 32 of ANZ FY17 Results Presentation and Investor Discussion Pack
 Updated: Current earnings expectations of divested business in FY18 less actual earnings in FY17

*Indirect costs previously allocated to Asia Retail have now been reallocated to the ongoing business

Further detail on profit & Loss and gain / (loss) on sale impacts are contained in the Investor Discussion Pack (slide 40)

1. Includes Asia Retail \$60m, MCC \$245m, UDC +\$100m and ~-\$150m Wealth Australia (One Path P&I costs)

2. Includes gain on sale of Asia Retail businesses (Taiwan, Vietnam & Indonesia), MCC \$245m, SRCB -\$86m, UDC cost recovery \$18m. Excludes Wealth Australia divestments (P&I/ADG and OPL) which have been classified as discontinued operations

OTHER DIVESTMENT IMPACTS

1H17 & 1H18 CONTRIBUTION FROM DIVESTED BUSINESSES

\$m	Asia Retail		SRCB		MCC		UDC	TOTAL	
	1H17	1H18	1H17	1H18	1H17	1H18		1H17	1H18
Divested business results							Announced divestment not proceeding		
Revenue	370	91	58	-	15	-		443	91
Expenses – Direct*	120	35						120	35
Provisions	71	26						71	26
Cash Profit impact (pre gain / (loss) on sale)	145	24	58	-	15	-	218	24	
Gain / (loss) on sale (post tax)		85		(28) ¹ (58) ²		121	18 ³		~138 ⁴
Capital (CET1) benefit (bp)		10		40		~4-5	-		~55

*Indirect costs previously allocated to Asia Retail have now been reallocated to the ongoing business

1. Loss reflecting additional hedging and tax costs associated with the extended completion
2. Impact of equity accounted earnings of \$58m (recognised in cash profit in 1H17) which increased the carrying value of the investment
3. UDC cost recovery with announced divestment not proceeding
4. Excludes Wealth Australia divestments (P&I/ADG and OPL) which have been classified as discontinued operations

FURTHER INFORMATION

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