



2016 FULL YEAR INVESTOR DISCUSSION PACK

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
November 2016

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November 2016

FY16 RESULTS PRESENTATION

SHAYNE ELLIOTT
CHIEF EXECUTIVE OFFICER

HEADLINE FINANCIAL PERFORMANCE

\$m	2016 FULL YEAR		2016 SECOND HALF	
	FY16	vs FY15	2H16	vs 1H16
Statutory Profit	5,709	-24%	2,971	9%
Cash Profit	5,889	-18%	3,107	12%
Operating Income	20,577	0%	10,261	-1%
Operating Expenses	-10,422	11%	-4,943	-10%
Profit Before Provisions	10,155	-9%	5,318	10%
Provisions	-1,956	62%	-1,038	13%
Cash EPS (cents)	202.6	-22%	106.7	11%
Cash ROE (%)	10.3%	-370bps	10.9%	120bps
Dividend per share (cents)	160	-12%	80	0%
CET1 (%)	9.6%	2bps	9.6%	-20bps
CET1 Internationally Comparable Basel 3¹	14.5%	130bps	14.5%	50bps

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

HEADLINE COMPONENTS

OPERATIONAL PERFORMANCE



SPECIFIED ITEMS¹



1. Post tax basis. 'Specified items' include the impact of software capitalisation policy changes, Asia Partnership impairment charge (AMMB) and gain of cessation of equity accounting (Bank of Tianjin), restructuring expenses, sale of Esanda Dealer Finance business, and derivative credit valuation adjustment. Further detail provided in the ANZ Full Year 2016 consolidated Financial Report page 16.

ADJUSTED PRO-FORMA

FINANCIAL PERFORMANCE

\$m	2016 FULL YEAR		2016 SECOND HALF	
	FY16	vs FY15	2H16	vs 1H16
Adjusted Pro-forma				
Operating Income	20,936	3.5%	10,498	0.6%
Operating Expenses	-9,384	0.9%	-4,683	-0.4%
Profit Before Provisions	11,552	5.7%	5,815	1.4%
Provisions	-1,933	79.8%	-1,028	13.6%
Profit	6,966	-2.5%	3,467	-0.9%
ROE	12.2%	-160bps	12.2%	0bps

Adjusted Pro-forma refers to Cash Profit adjusted to remove the impact of 'Specified items' including the impact of software capitalisation policy changes, Asia Partnership impairment charge (AMMB) and gain of cessation of equity accounting (Bank of Tianjin), restructuring expenses, sale of Esanda Dealer Finance business, and derivative credit valuation adjustment. Further detail provided in the ANZ Full Year 2016 consolidated Financial Report page 16

FOUR PRIORITIES

BUILDING A BETTER BANK

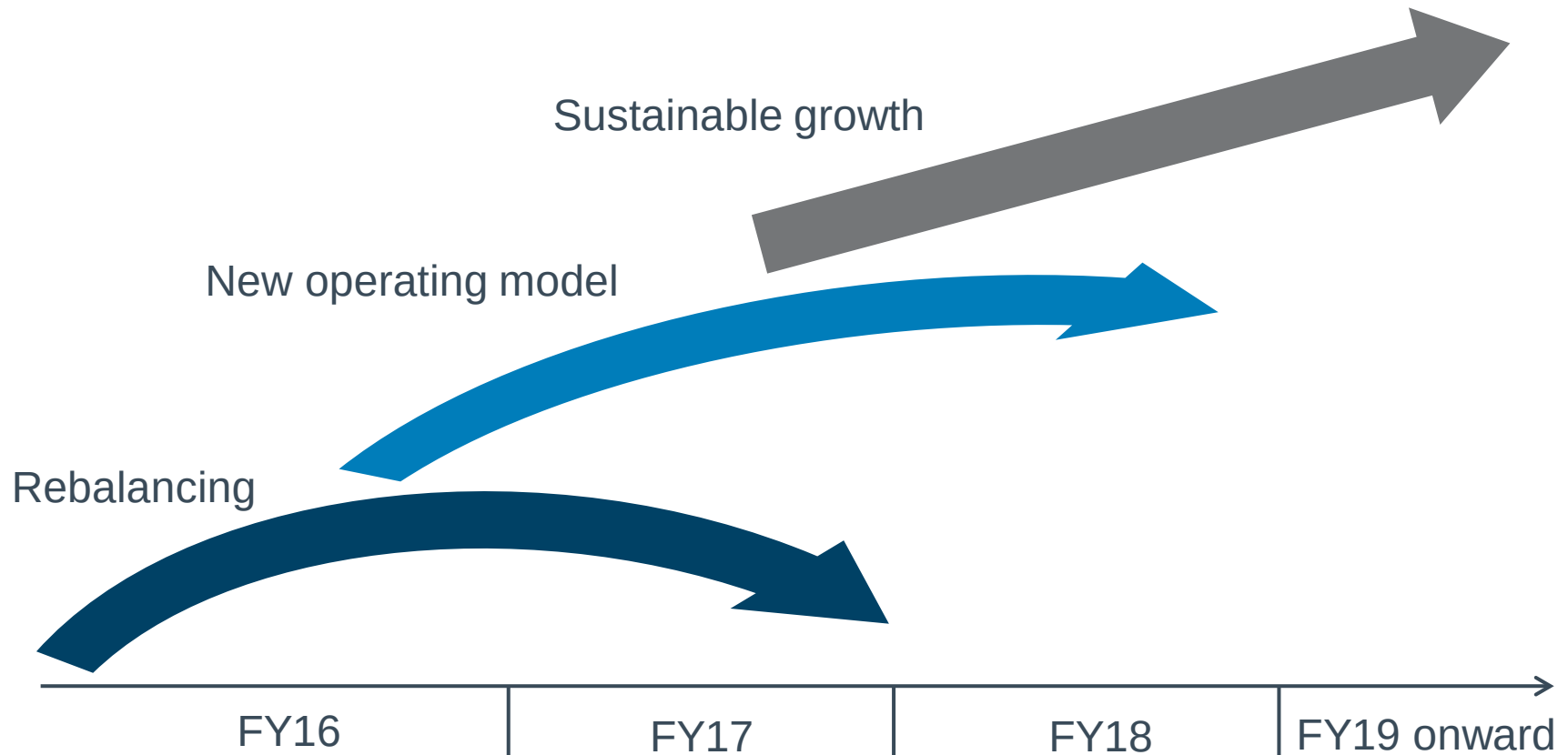
1. Create a simpler, better capitalised, better balanced and more agile bank

2. Focus our efforts on attractive areas where we can carve out a winning position

3. Drive a purpose and values led transformation of the Bank

4. Build a superior everyday experience for our people and customers in order to compete in the digital age

GETTING FIT FOR PERFORMANCE



WORK TO DATE

1. **Reset strategy**
2. **Rebuilt executive team**
3. **Rebalanced portfolio organically**
4. **Progressed on disposals**
5. **Reshaped workforce**
6. **Changed cost trajectory**
7. **Adjusted operating model**
8. **Responding to changing expectations**

RETAIL & COMMERCIAL PERFORMANCE

AUSTRALIA & NEW ZEALAND

HIGHLIGHTS AND DRIVERS ¹	AUSTRALIA		NEW ZEALAND	
Movement vs prior half	1H16	2H16	1H16	2H16
Customer acquisition	+43k	+110k	+36k	+26k
Small Business Lending (NLA's)	+5%	+3%	+7%	+4%
Net interest margins (NIM)	+3bps	-2bps	-6bps	-5bps
Revenue growth	+6%	+2%	+1%	+2%
Productivity: CTI	34.7% -160bps	34.5% -20bps	38.2% -150bps	37.7% -50bps
Provisions	+13% +52m	0% -1m	+18% +7m	+80% +37m
Profit growth	+7%	+3%	+4%	-2%

1. Financials on an Adjusted Pro-forma basis, NZ financials calculated on NZD

INSTITUTIONAL PERFORMANCE

TRANSFORMATION PROGRESS

HIGHLIGHTS AND DRIVERS ¹	INSTITUTIONAL	
Movement vs prior half	1H16	2H16
Customers Focus on reducing off-strategy low return	>10% reduction	>13% reduction
RWA reductions	\$16b -8%	\$14b -7%
Net interest margin (NIM)²	+10bps	+4bps
Revenue	-3%	-0%
Expenses	+3%	-6%
Profit Before Provisions	-8%	+6%
FTE	-4%	-10%
Product highlights		
• Markets Sales (Revenue)	-5%	+5%
• Cash management (Revenue)	+4%	+3%
• Digital transaction volumes	+9%	+12%

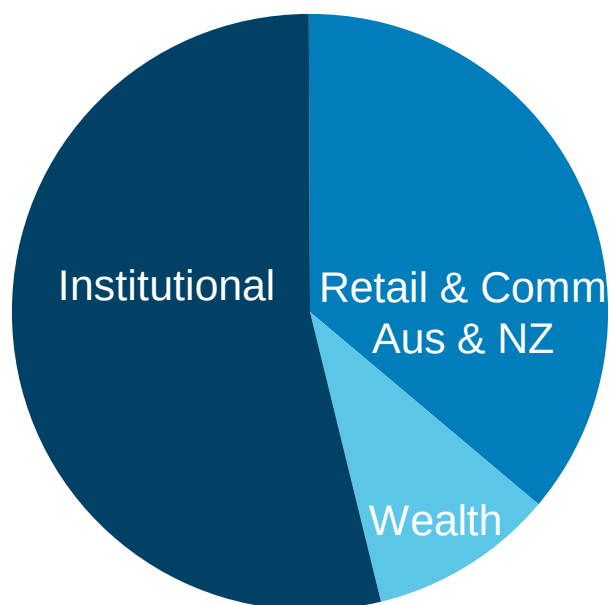
1. Financials on an Adjusted Pro-forma basis

2. Institutional NIM excluding markets

A GOOD START

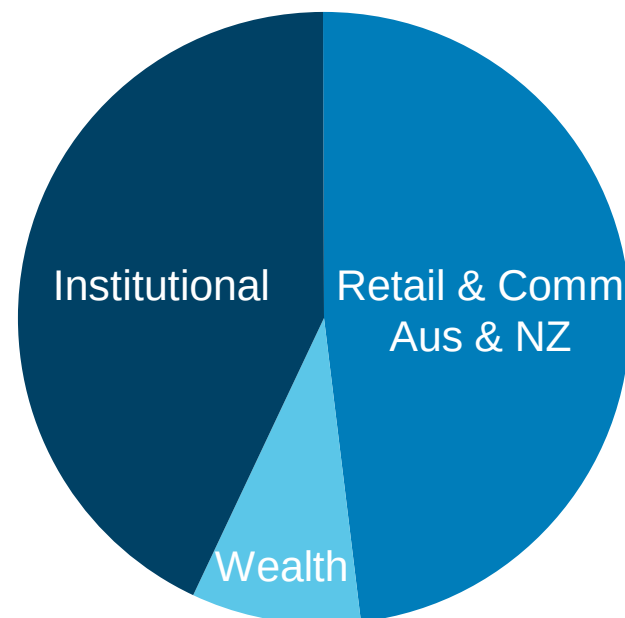
A BETTER BALANCED, HIGHER RETURN BUSINESS

COMPOSITION OF TOTAL ANZ CAPITAL
SEPTEMBER 2015¹



Capital²
\$53.4b

COMPOSITION OF TOTAL ANZ CAPITAL
SEPTEMBER 2016¹



Capital²
\$58.6b

Charts are Illustrative only as at September 15 & September 16. September 16 is post sale of Asia Retail and Wealth business and includes the impact of higher residential mortgage risk weights from regulatory change.

1. Institutional shown under the 2015 IIB structure, including Global Institutional, Asia minority interests and Asia Retail & Pacific
2. End of period capital balance

OPERATING ENVIRONMENT

Low and negative
interest rates

Dynamic competitive
landscape

Stubborn cost
pressures

Turning credit cycle

Increased regulation

Higher capital and
liquidity thresholds

 Cyclical  Structural

CAPITAL EFFICIENCY

EXECUTIVE FOCUS

COMMON EQUITY TIER 1 GENERATION			
CET1 bps	FY12-FY15 FY avg	FY16	Change FY16 vs FY12-FY15 avg
Cash Profit	204	173 ¹	-31
RWA growth	-42	25	+67
Capital Deductions ²	-32	-21	+11
Net capital generation	130	177	+47
Gross dividend	-135	-127	
Dividend Reinvestment Plan	29	13	
Core change in CET1	24	63	
Other items	9	-61	
Net change in CET1	33	2	

1. Cash profit is on an Adjusted Pro-forma basis adjusted for 'Specified items'

2. Represents movement in retained earnings in deconsolidated entities, capitalised software and other intangibles.

BUSINESS OUTLOOK

GETTING MORE STUFF DONE

1. Continued strength and cautious growth in Australia and NZ
2. Ongoing re-positioning of Institutional
3. Continued focus on re-balancing our business portfolio
4. Execution on four business priorities
 - Create a simpler better bank
 - Focus where we can win
 - Drive a purpose and values led transformation
 - Build a superior customer experience for the digital age

FOCUS FOR 2017

1. **Delivering the benefits of decisions taken in 2016**
2. **Further re-shaping of our portfolio including decisions on our Wealth business as a result of our strategic review**
3. **Continued reductions in Institutional RWA**
4. **Further strengthening of our core franchises in Australia and New Zealand**
5. **Delivering benefits from our focus on digital**



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FY16 RESULTS PRESENTATION

MICHELLE JABLKO
CHIEF FINANCIAL OFFICER

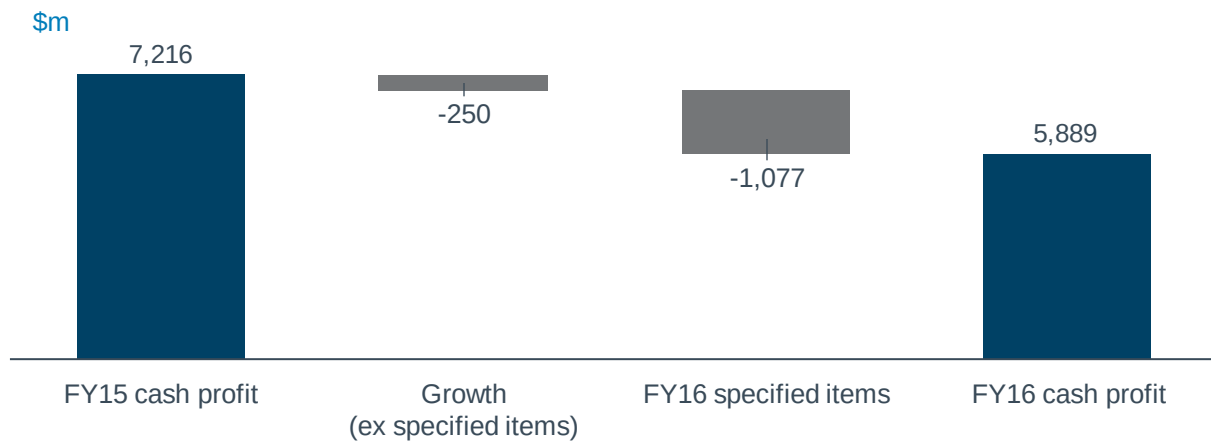
OVERVIEW

- Specified items
- Portfolio movement
- Operating performance
- Capital management

FINANCIAL PERFORMANCE

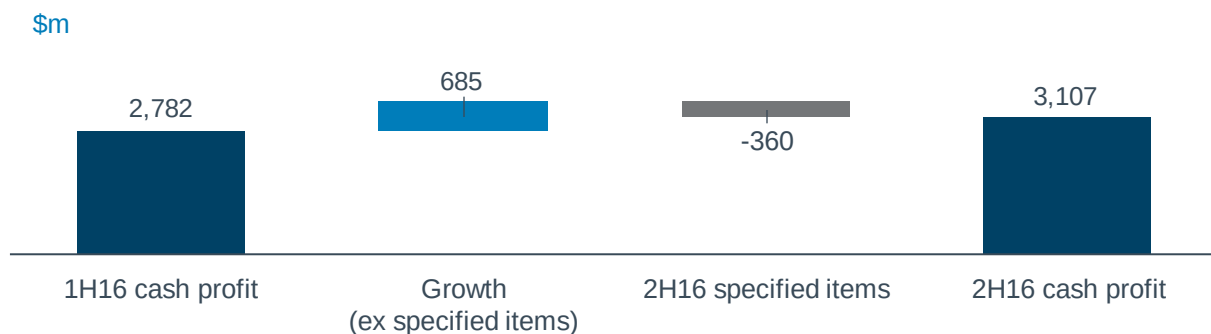
CASH PROFIT

FULL YEAR 2016



Cash Profit growth	-18.4%
EPS (basic) growth	-22.2%
ROE	10.3%

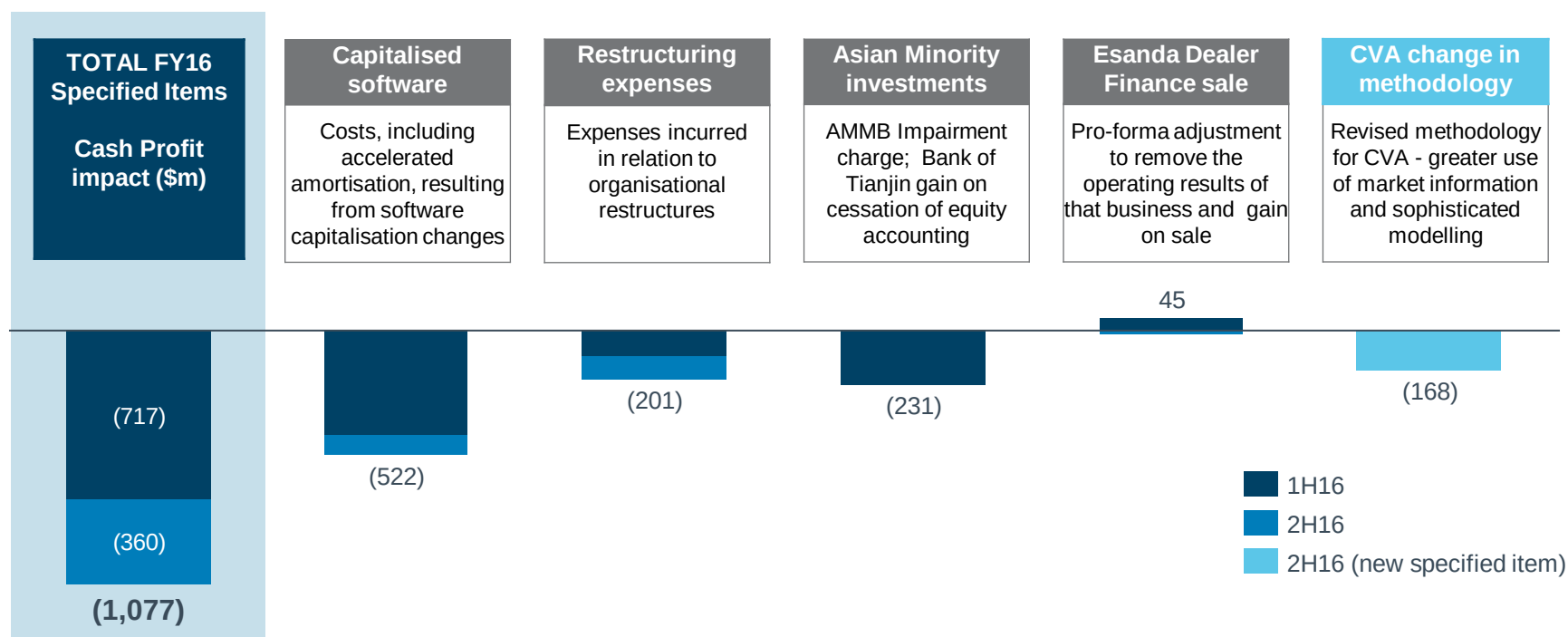
SECOND HALF 2016



Cash Profit growth	11.7%
EPS (basic) growth	11.3%
ROE	10.9%

SPECIFIED ITEMS

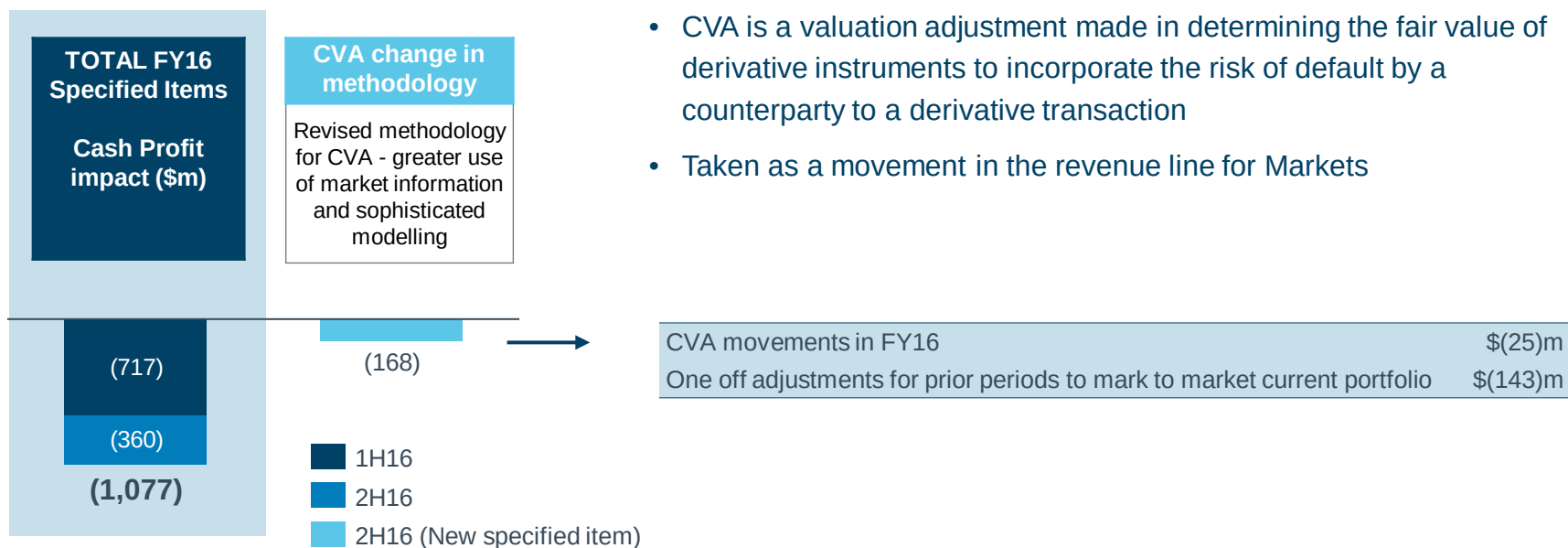
ALL TAKEN THROUGH CASH PROFIT



'Specified items' include the impact of software capitalisation policy changes, Asia Partnership impairment charge (AMMB) and gain of cessation of equity accounting (Bank of Tianjin), restructuring expenses, sale of Esanda Dealer Finance business, and derivative credit valuation adjustment. Further detail provided in the ANZ Full Year 2016 consolidated Financial Report page 16

SPECIFIED ITEMS

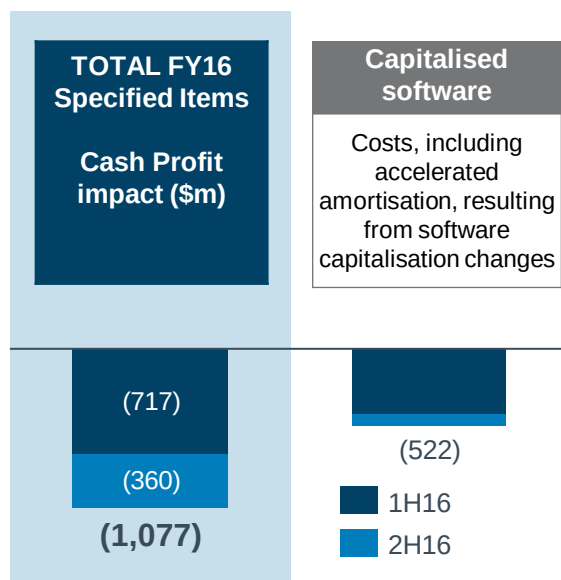
CVA METHODOLOGY ADJUSTMENTS



- CVA is a valuation adjustment made in determining the fair value of derivative instruments to incorporate the risk of default by a counterparty to a derivative transaction
- Taken as a movement in the revenue line for Markets

SPECIFIED ITEMS

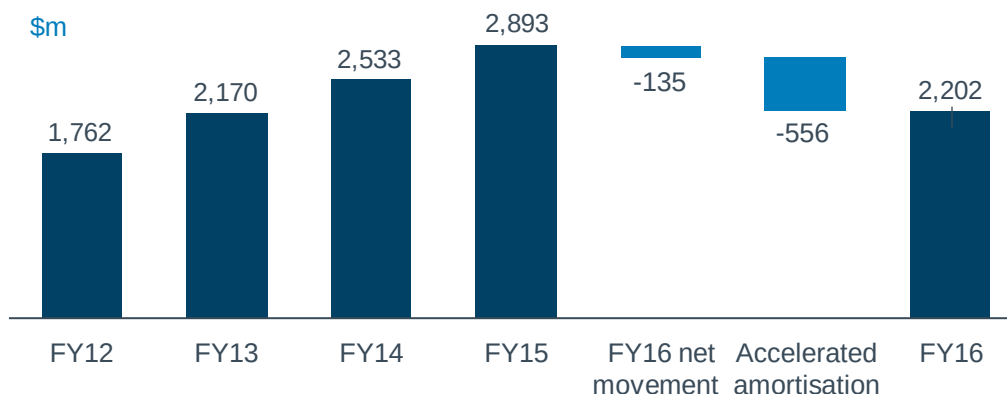
CAPITALISED SOFTWARE



CAPITALISED SOFTWARE SPECIFIED ITEM COMPONENTS

\$m	1H16	2H16	FY16
Accelerated Amortisation	556	-	556
Amortisation benefit	(88)	(95)	(183)
Higher expenses from amended policy	161	209	370
TOTAL PRE TAX	629	114	743
TOTAL POST TAX	441	81	522

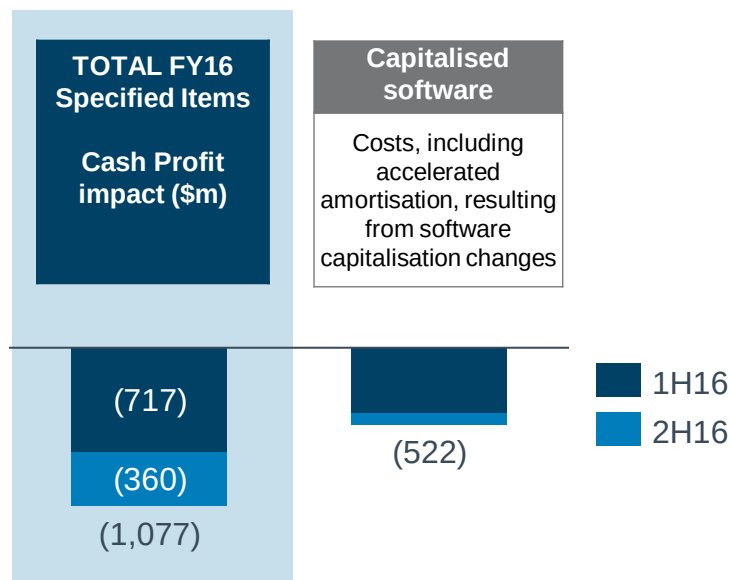
CAPITALISED SOFTWARE BALANCE



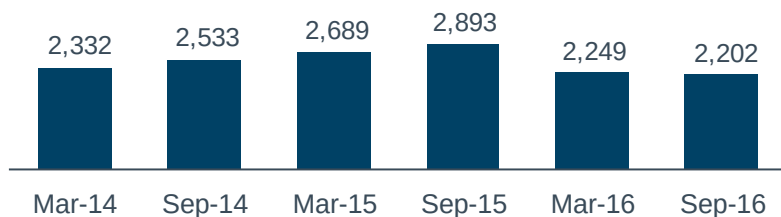
'Specified items' include the impact of software capitalisation policy changes, Asia Partnership impairment charge (AMMB) and gain of cessation of equity accounting (Bank of Tianjin), restructuring expenses, sale of Esanda Dealer Finance business, and derivative credit valuation adjustment. Further detail provided in the ANZ Full Year 2016 consolidated Financial Report page 16

SPECIFIED ITEMS

CAPITALISED SOFTWARE



CAPITALISED SOFTWARE BALANCE IMPACT (\$m)



CAPITALISED SOFTWARE POLICY CHANGES

- o Increased the threshold for capitalisation of software development costs
- o Directly expensing more project related costs

RATIONALE

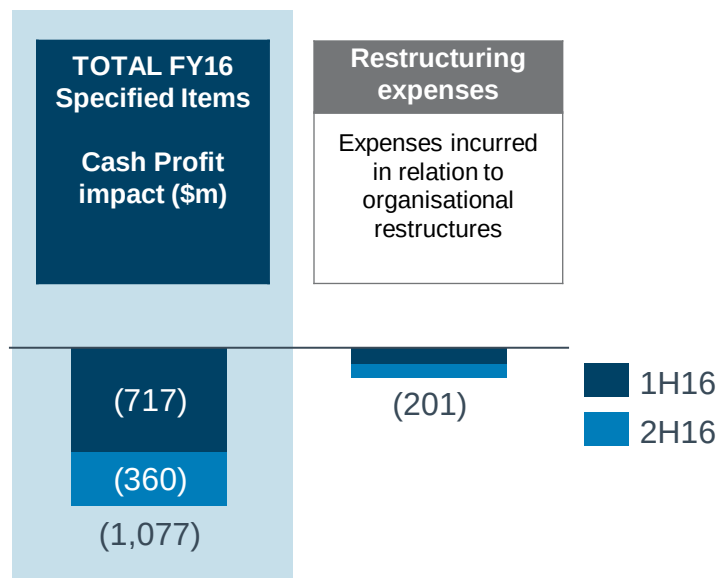
- o Reflects the rapidly changing technology landscape & increased pace of innovation in financial services, resulting in increasingly shorter useful lives for smaller items of software in the “digital world”
- o Driving more disciplined commercial decisions

IMPACT

- o Accelerated amortisation of previously capitalised software balances with an original costs below the revised threshold
- o Increased operating expenses for software projects in the current period that would otherwise have been capitalised and amortised in future periods
- o Higher software expenses in the near term but lower amortisation charges in future years
- o Reduced capitalised software balance

SPECIFIED ITEMS

RESTRUCTURING EXPENSES



RESTRUCTURE EXPENSES

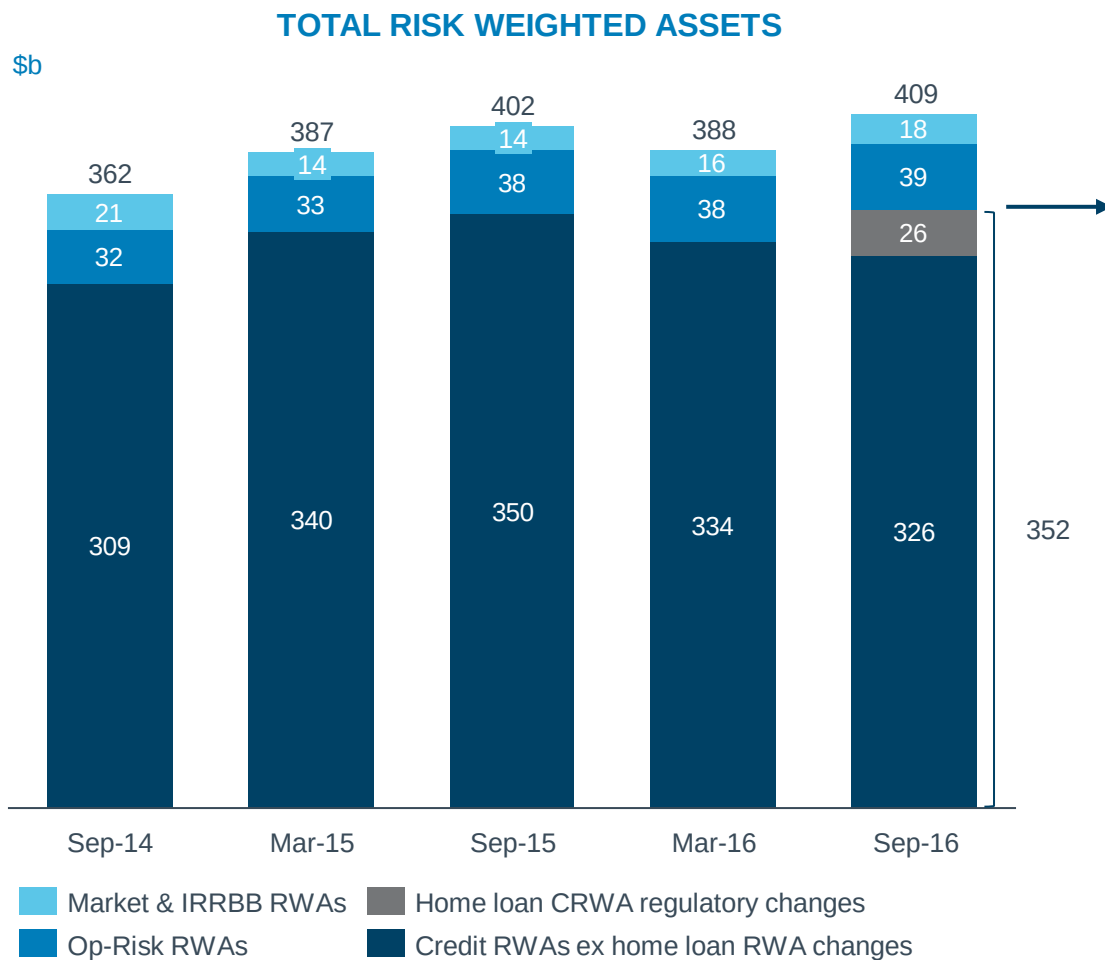
- o Reshaping the workforce to reduce complexity and duplication
- o Aligning to the new organisation structure, including our changing emphasis on Institutional
- o This includes simplification of the Institutional and Wealth businesses, restructure of Asia Retail & Pacific, and simplification and digitisation in Australia and TSO and Group Centre

BENEFITS

- o Streamlined divisions with improved connectivity and productivity
- o Simpler organisational structure with fewer senior management required to run the business
- o Right sized support and enablement functions to meet business requirements

PORTFOLIO MOVEMENT

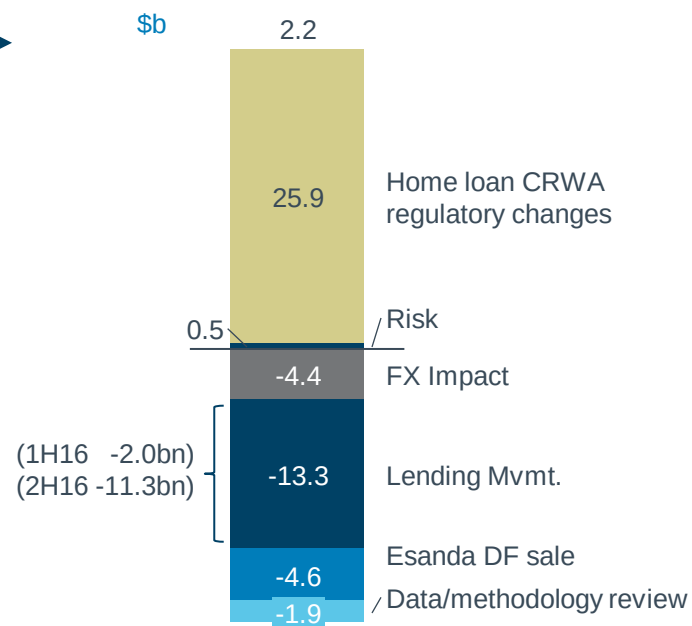
RISK WEIGHTED ASSETS



CREDIT RWA MOVEMENT

(Sep 16 vs Sep 15)

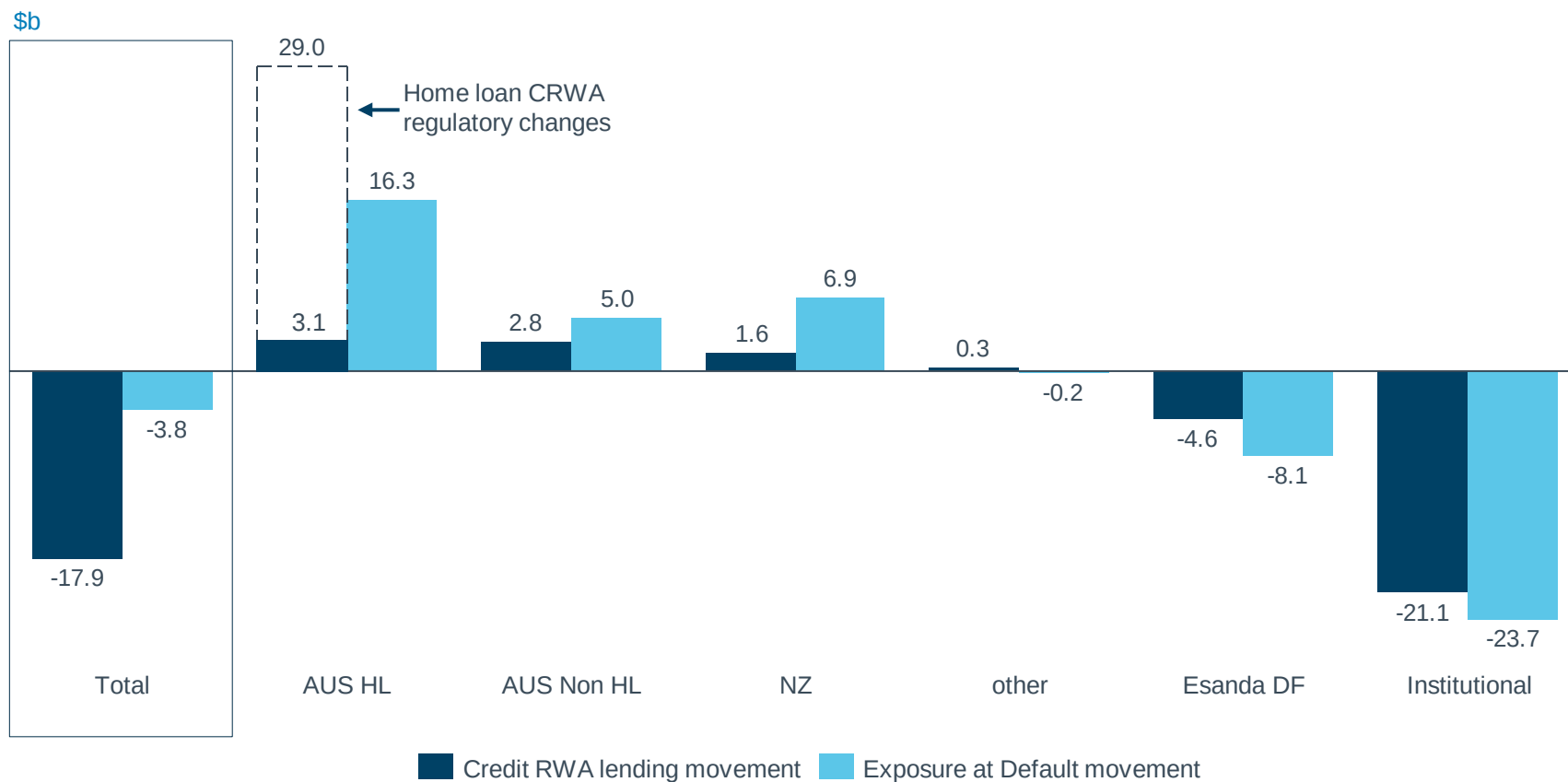
CRWA increase \$2.2bn



PORTFOLIO MOVEMENT

EAD & LENDING CRWA MOVEMENT¹

(Sep 16 vs Sep 15)



1. FX adjusted

PORTFOLIO MOVEMENT

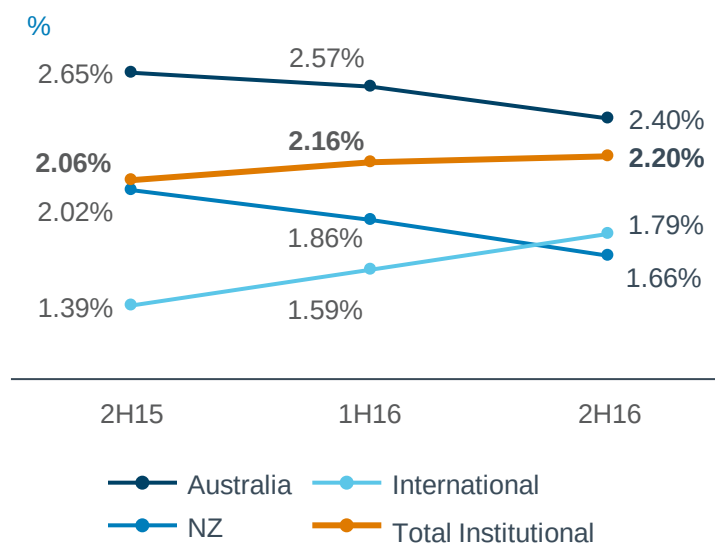
INSTITUTIONAL CRWA & MARGINS

INSTITUTIONAL CREDIT RWA MOVEMENT¹

\$b

	1H16 (Mar 16 vs Sep 15)		2H16 (Sep 16 vs Mar 16)		FY16 change
	Aus & NZ	International	Aus & NZ	International	Total
Trade	-1.0	-5.6	-0.1	-2.6	-9.2
Loans	0.9	-5.5	-3.1	-5.1	-12.9
Other ²	-3.2	-2.9	0.2	0	-5.8

INSTITUTIONAL NIM^{1,3}

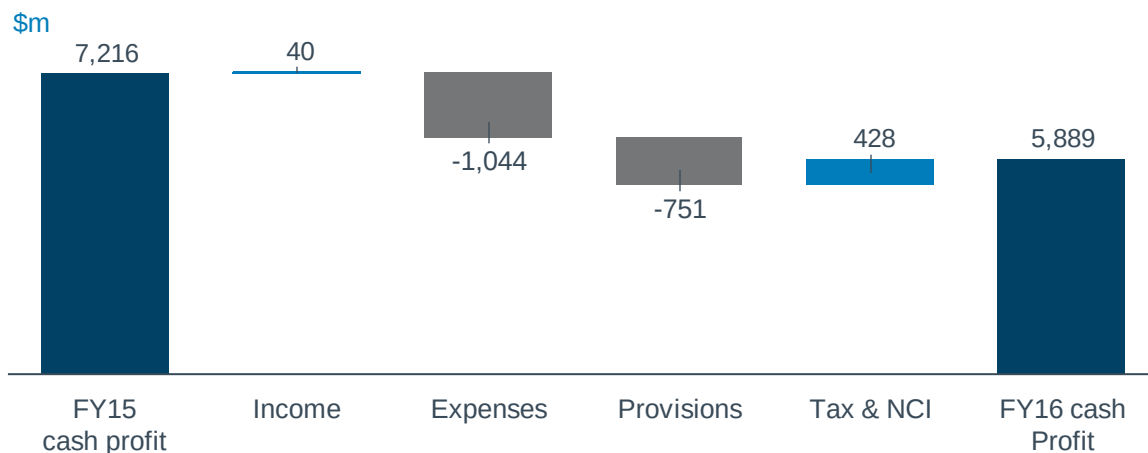


1. PNG included in Australia geography.
2. Other is primarily Markets
3. Net interest margin excluding Markets

OPERATING PERFORMANCE

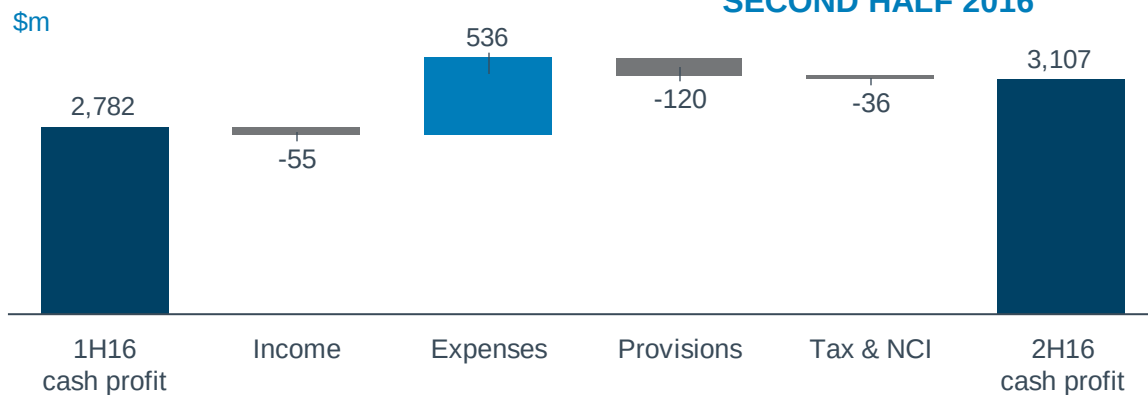
CASH PROFIT

FULL YEAR 2016



	Cash Profit change	Adj. Pro-forma change
Income	0.2%	3.5%
Expenses	11.1%	0.9%
PBP	-9.0%	5.7%
Provisions	62.3%	79.8%
Net Profit	-18.4%	-2.5%
EPS (basic)	-22.2%	-7.0%

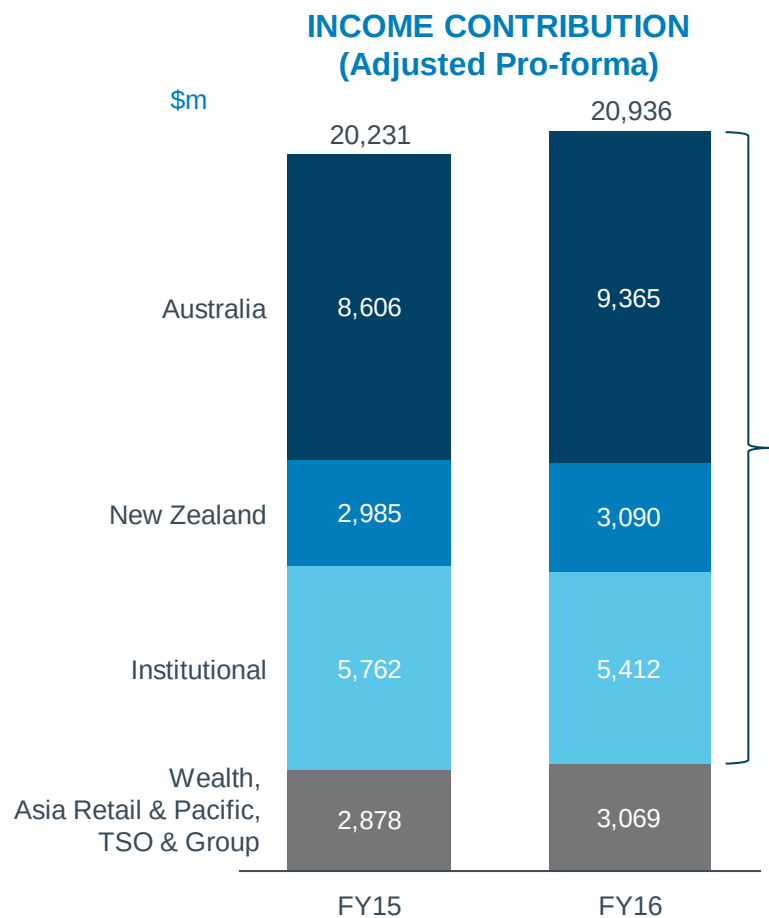
SECOND HALF 2016



	Cash Profit change	Adj. Pro-forma change
Income	-0.5%	0.6%
Expenses	-9.8%	-0.4%
PBP	9.9%	1.4%
Provisions	13.1%	13.6%
Net Profit	11.7%	-0.9%
EPS (basic)	11.3%	-1.2%

PORTFOLIO CONTRIBUTION

ADJUSTED PRO-FORMA



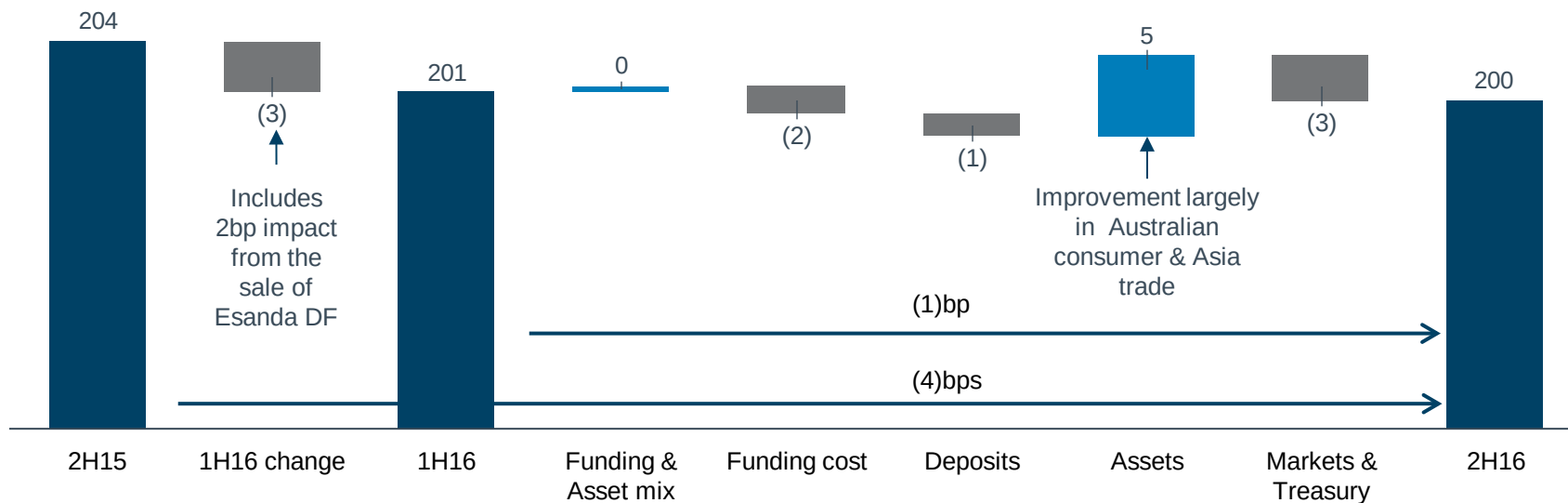
Adjusted Pro-forma	FY16 vs FY15	2H16 vs 1H16
AUSTRALIA DIVISION		
Income	8.8%	1.7%
Expenses	3.0%	1.1%
Profit Before Provisions	12.2%	2.0%
Cash Profit	10.3%	2.7%
NEW ZEALAND DIVISION (NZD)		
Income	3.1%	1.6%
Expenses	-2.3%	0.5%
Profit Before Provisions	6.6%	2.3%
Cash Profit	3.4%	-1.6%
INSTITUTIONAL		
Income	-6.1%	-0.5%
Expenses	0.8%	-6.0%
Profit Before Provisions	-12.6%	5.8%
Cash Profit	-33.8%	-5.6%

INCOME DRIVERS

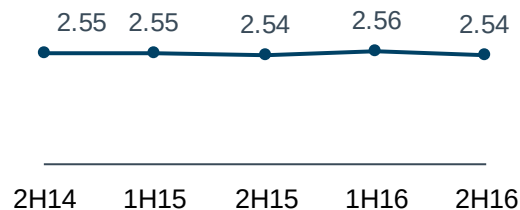
GROUP NET INTEREST MARGIN

FY16 INCOME CONTRIBUTION

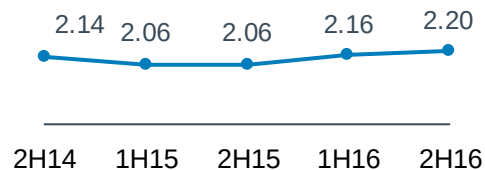
Basis points



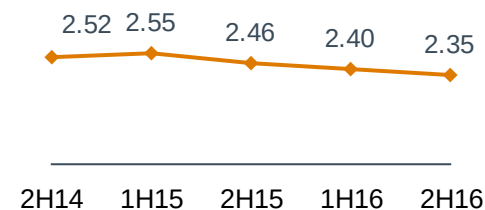
AUSTRALIA NIM¹ (%)



INSTITUTIONAL NIM^{1,2} (%)



NEW ZEALAND NIM¹ (%)

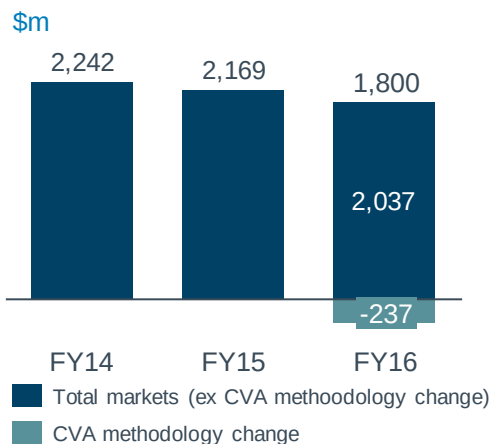


1. Prior halves restated for divisional resegmentation
2. Institutional NIM excluding markets

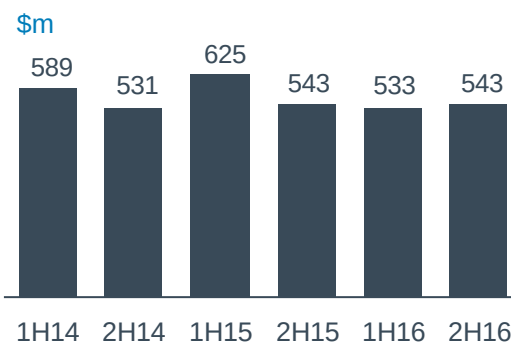
INCOME DRIVERS

MARKETS INCOME

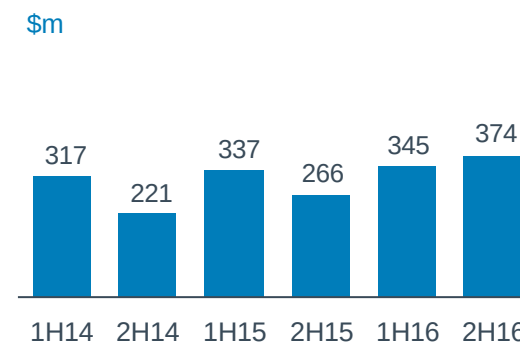
TOTAL INCOME YOY



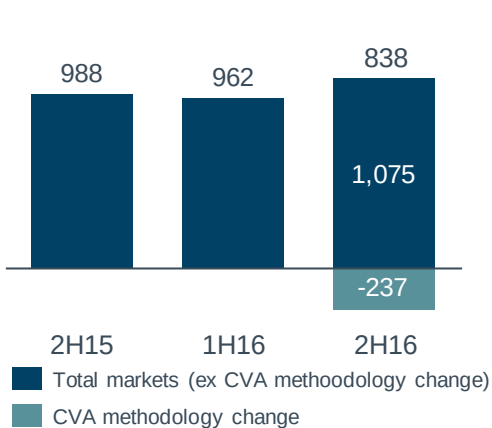
SALES



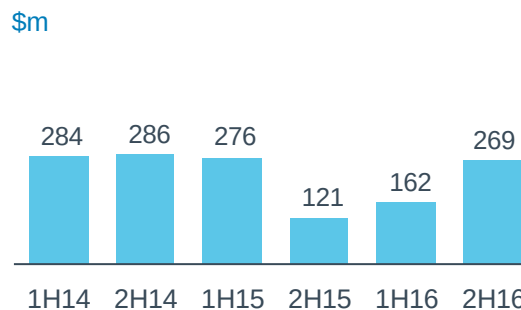
TRADING



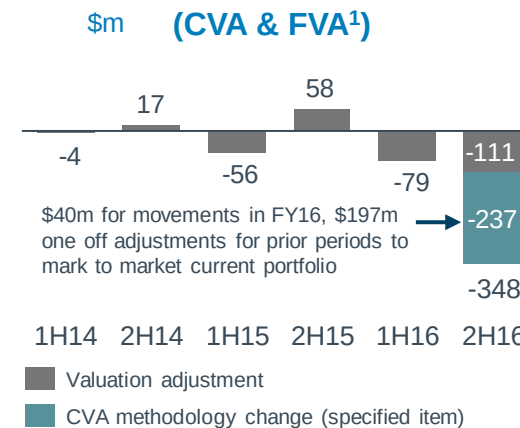
TOTAL INCOME HOH



BALANCE SHEET



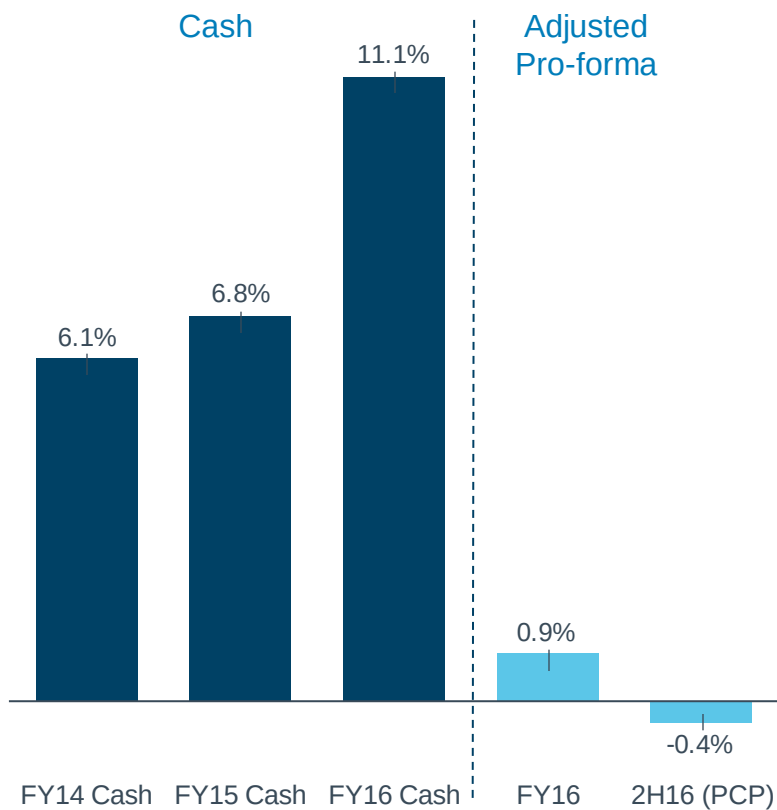
VALUATION ADJUSTMENTS



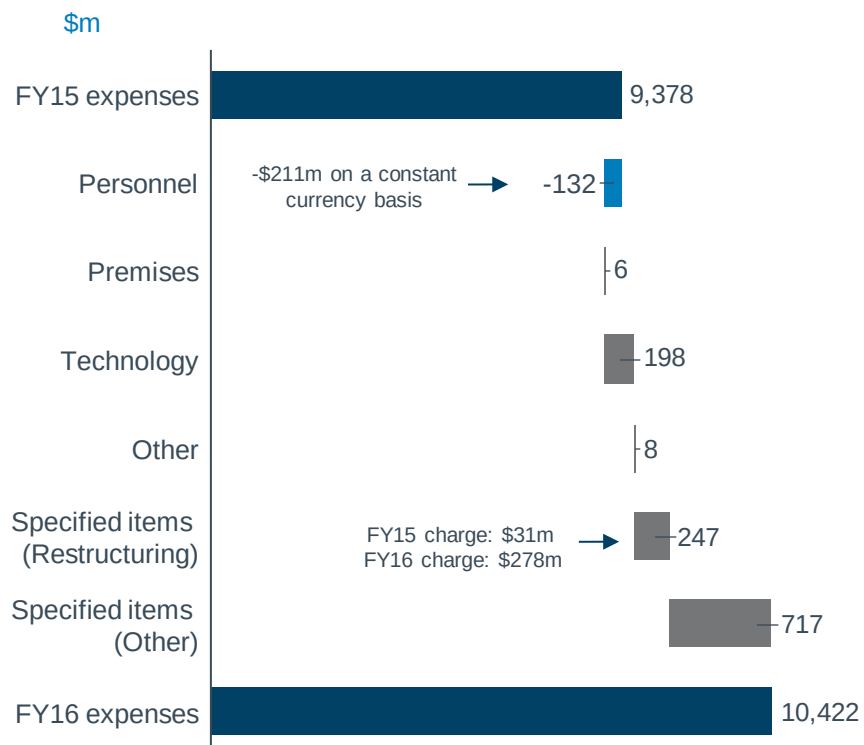
1. Adjusted Pro-Forma basis, excludes CVA methodology changes specified item

COST MANAGEMENT

EXPENSE TREND

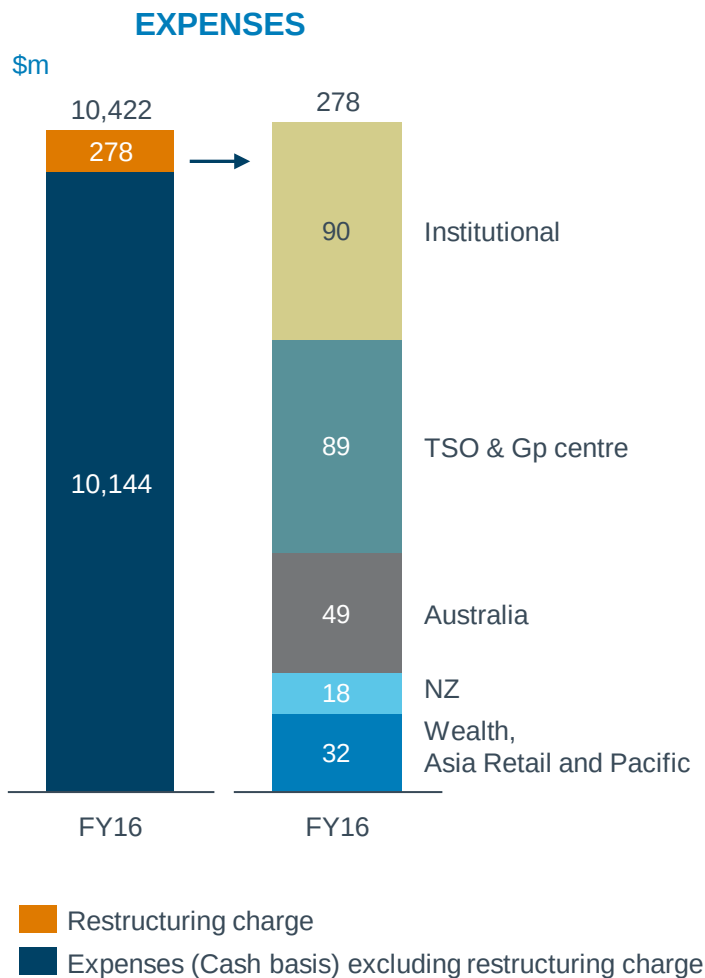


EXPENSE DRIVERS



COST MANAGEMENT

RESTRUCTURING COSTS DRIVING SIMPLIFICATION, REDUCING FTE

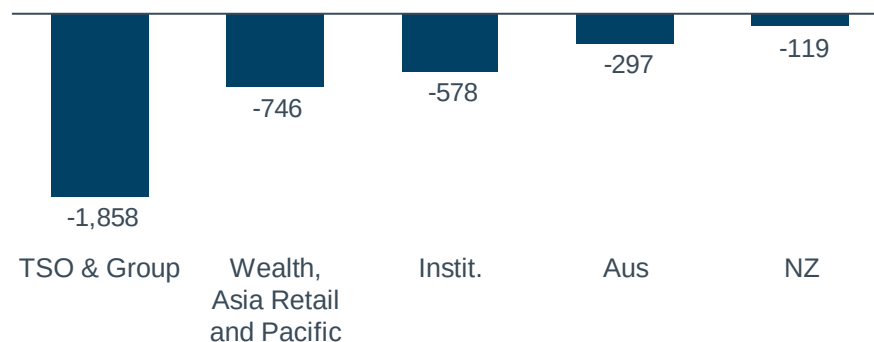


ACTIONS

- FTE reductions ~ 3,600 (7%) in 2016
 - ~50% from role eliminations, utilising restructuring spend
- FY16 actions (from restructuring charge spent: \$166m of \$278m)
 - Delivered savings of ~\$100 m in FY16
 - Expected to deliver ~\$200m savings annually from FY17
- FY17 actions (from remaining restructuring charge: \$112m of \$278m)
 - Expected FY17 benefit of ~\$100m
 - Expected to deliver ~\$200m savings annually from FY18

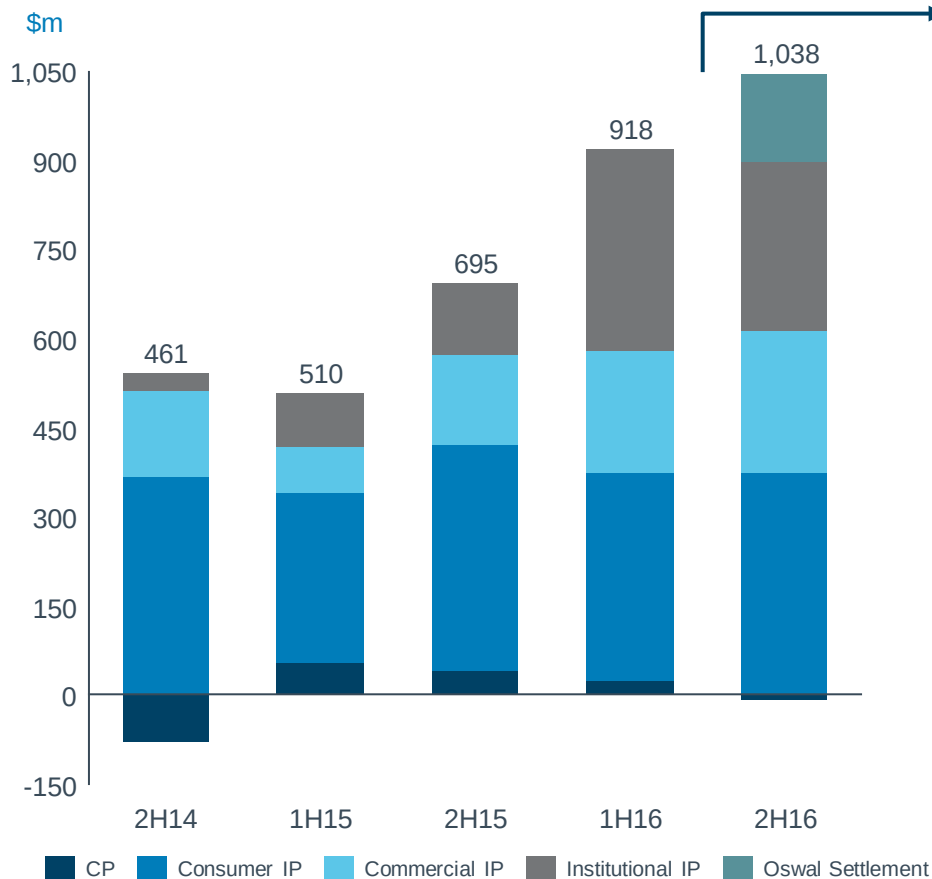
FULL TIME EQUIVALENT (FTE) FY16 MOVEMENT

FY 16 movement (FTE #)

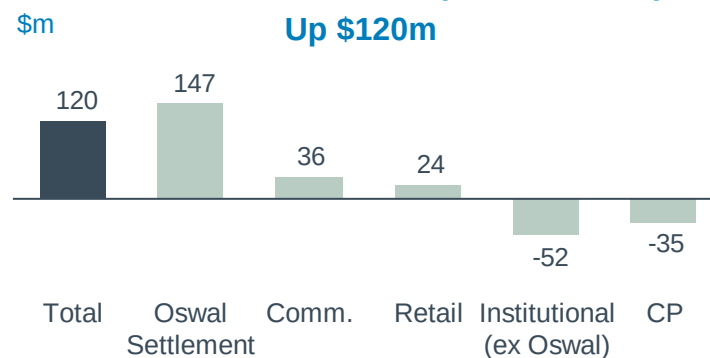


PROVISIONS

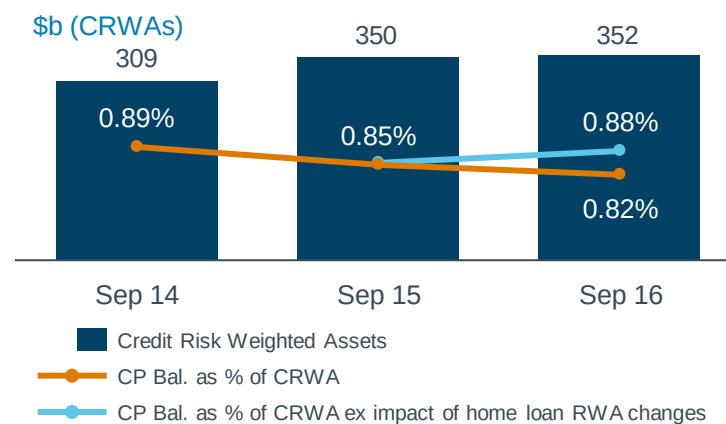
TOTAL PROVISION CHARGE



PROVISION MOVEMENT (2H16 vs 1H16)

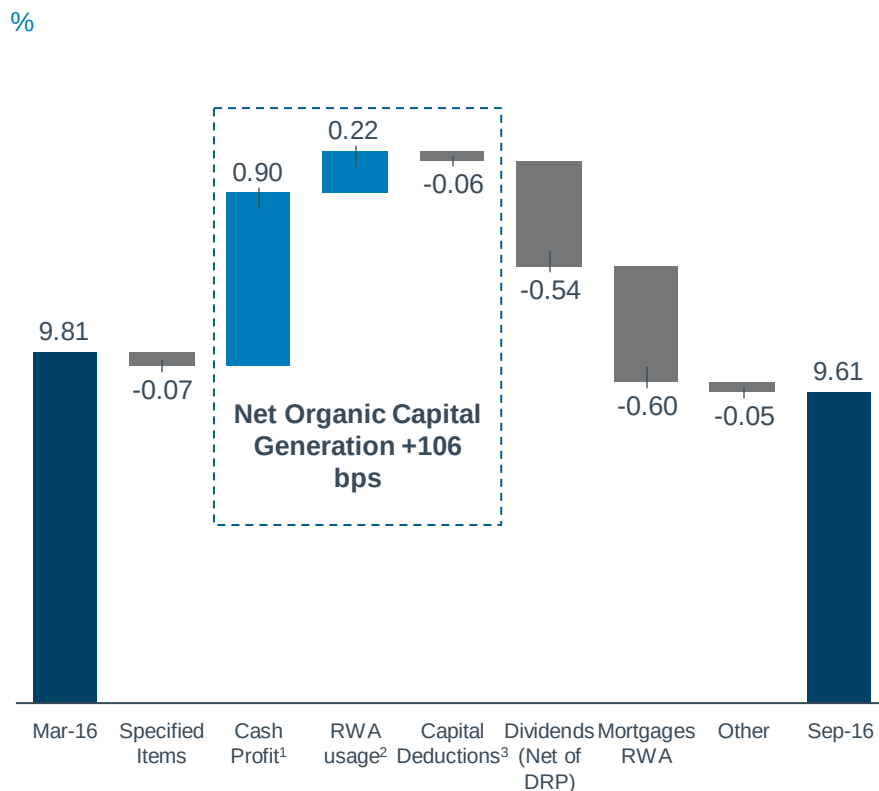


COLLECTIVE PROVISION COVERAGE

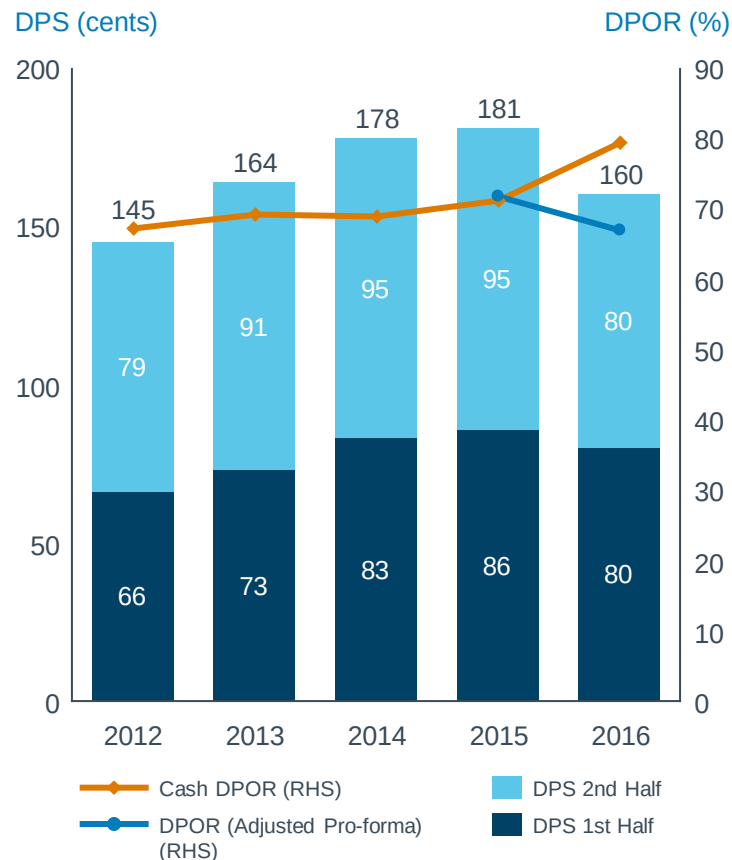


CAPITAL MANAGEMENT & DIVIDEND

APRA COMMON EQUITY TIER 1 (CET1) POSITION



DIVIDEND & PAYOUT RATIO



1. Cash profit is on an Adjusted Pro-forma basis adjusted for 'Specified items'
2. Includes EL vs. EP shortfall
3. Represents the movement in retained earnings in deconsolidated entities, capitalised software and other intangibles

TRANSITION OF ASIA RETAIL AND WEALTH PORTFOLIO

BUSINESS TRANSITION (ILLUSTRATIVE ONLY)

ILLUSTRATIVE¹ IMPACT ON ANZ REVENUE AND EXPENSES ASSOCIATED WITH THE RETAIL AND WEALTH BUSINESS IN THE 5 ASIAN COUNTRIES

REVENUE



EXPENSES – EXCLUDES LOSS ON SALE



DIRECT TRANSACTION		
Item	Impact	Indicative timing
CET1 benefit	~15 to ~20 bps (internationally comparable Basel 3 ² ~30 bps)	In line with business transition
Loss on sale	~\$265m	Slightly higher in 1H17 Offset back to ~\$265m in 2H17 and 1H18

IMPACT ON ANZ'S ONGOING BUSINESS		
Item	Indicative annualised impact ³	Indicative timing
Revenue	~\$800m	~50% in 2H17 ~50% in 1H18
Expenses	~\$600m	
Direct expenses	A little under half of expenses	>50% in 2H17 <50% in 1H18
Indirect / allocated expenses	A little over half of expenses	Slower roll off over the next 2 - 3 years
Amortisation saving from impairment of software	~\$30m pa	From 1H17

1. Revenue and expense impacts will vary by country with chart not necessarily representative of relative size of impact per country. Timing of country transfers, revenue impacts and expense impacts may also vary to that illustrated.
 2. ANZ's interpretation of the regulations documented in the Basel Committee publications: "Base 3: a global regulatory framework for more resilient banks and banking systems" (June 2011) and "International Convergence of Capital Measurement and Capital Standards" (June 2006). Also includes differences identified in APRA's information paper entitled "International Capital Comparison Study (12 July 2013)".
 3. Impact refers to the annual financial contribution from the retail and wealth business in the 5 Asian countries, based on FY18 financial performance.

- No impact in FY16
- Estimated premium of \$110m to NTA
- Estimated CET1 release of 15-20bps
- Net transaction P&L impact of \$265m, expected to be slightly higher in the first half of financial year 2017, but offset back to ~\$265m in subsequent periods
- Revenue, direct expenses and provisions to go as country sales complete over next 18 months
- Indirect expenses to roll off more slowly (largely over the next 2-3 years)

Sale of retail and wealth business in Singapore, China, Hong Kong, Taiwan and Indonesia announced 31 October 2016

ANZ RETAIL & WEALTH TRANSACTION OVERVIEW

Overview

- ANZ to sell its retail and wealth business in Singapore, China, Hong Kong, Taiwan and Indonesia to DBS Bank Limited
- Sale reflects the bank's strategic priority to create a simpler, better capitalised and better balanced bank, and follows a review of the retail and wealth business in Asia, taking into consideration:
 - changes in the retail regulatory environment
 - ongoing investment required to build a distinctive Asia retail customer proposition
 - strategic focus of the bank to grow in attractive areas where we can carve out winning positions and improve capital efficiency and shareholder returns
- Transaction enables resources in Asia to be focused on running a world class institutional business in the region, serving key institutional clients connected to the region via trade and capital flows

Transaction summary (ANZ financials as at 30 September 2016)

- Business being sold includes ~\$11 billion in gross loans and advances, ~\$7 billion in credit risk weighted assets and ~\$17 billion in deposits
- In FY16, the business generated revenue of ~\$825 million, provisions of ~\$160 million; and net profit of ~\$50 million
- Sale price represents an estimated premium to net tangible assets at completion of approximately \$110 million
- As part of the transaction, ANZ will take a net loss of ~\$265 million including write-downs of software, goodwill and fixed assets; and separation and transaction costs. The impact is expected to be slightly higher in the first half of financial year 2017, but offset back to ~\$265 million in subsequent periods

Capital impact

- Sale is expected to improve ANZ's CET1 ratio by ~15 to ~20 bps (~30 bps internationally comparable Basel 3¹), and excluding the write-downs in 1H FY17, there will be a small impact on ROE and EPS

Timing

- Sales of the business will occur progressively over the next 18 months, with 3 of the 5 countries expected to occur during the second half of the 2017 financial year, and the remaining 2 in the first half of financial year 2018. Sale is conditional upon regulatory approval in each market

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

ANZ ASIA PORTFOLIO

ONGOING BUSINESS¹

ANZ Institutional Asia

Gross loans and advances	\$43b
Deposits	\$41b
FTE	1,490
Coverage (Asian Markets)	15

Products

- Relationship banking - corporate and institutional banking
- Markets, loans and specialised finance - customer solutions, corporate and institutional sales, commodities solutions, trading, debt capital markets, syndications, project & structured finance, structured asset finance, structured export finance
- Transaction banking - trade and supply chain, payments and cash management and clearing services

ANZ operational hubs

FTE	>9,100
Locations: Bengaluru, India; Manila, Philippines; Chengdu, China	

NON CORE BUSINESS

Retail and Wealth Asia – this transaction²

Gross loans and advances	~\$11b
Deposits	~\$17b
Countries	5

Minority investments in Asia³

# of material minority investments	4
Carrying value	~4.1bn

1. as at 30 September 2016

2. excludes ANZ retail and wealth businesses in Vietnam, Cambodia, Philippines & Japan

3. carrying value as at 31 March 2016 refers to ANZ's equity accounted investments in AMMB Holdings Berhad, PT Bank Pan Indonesia and Shanghai Rural Commercial Bank. The fourth minority investment refers to ANZ's investment in Bank of Tianjin, accounted for as an available-for-sale asset



2016 FULL YEAR INVESTOR DISCUSSION PACK

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
November 2016

CORPORATE PROFILE

CORPORATE PROFILE

OVERVIEW



- Founded in 1835 and headquartered in Melbourne, Australia, ANZ is one of the four largest Australian banks and ranked in the top 25 banks globally by market capitalisation
- ANZ serves over 10 million retail, commercial and institutional customers¹, with consumer and corporate offerings in our core markets and supporting regional trade and investment flows across the region
- ANZ is listed on the Australian Stock Exchange (ASX) with a secondary listing on the New Zealand Stock Exchange (NZX)
- Credit Ratings: S&P AA- / Negative outlook, Moody's Aa2 / Negative outlook, Fitch AA- / Stable outlook

	Cash NPAT	Customer Lending ³	Customer Deposits	RoRWA ²	Staff (FTE)
ANZ Group FY16	\$5,889m	\$575.9b	\$449.6b	1.44%	46,554
Australia Division	\$3,573m	\$327.1b	\$187.6b	2.27%	8,864
New Zealand Division	\$1,267m	\$107.9b	\$72.8b	1.78%	5,240
Institutional Division	\$1,057m	\$125.9b	\$171.1b	0.75%	3,640
Australia	\$599m	\$65.9b	\$65.4b		
New Zealand	\$190m	\$7.0b	\$14.3b		
International	\$268m	\$53.0b	\$91.4b		

Information is on a Cash basis unless otherwise noted

1. Customer numbers as at 30 September 2015

2. RoRWA: Return on Average Risk Weighted Assets

3. Net Loans and Advances

CORPORATE PROFILE

STRATEGIC FOCUS

1. Create a simpler, better capitalised, better balanced and more agile bank

1. Reduce operating costs and risks by removing product and management complexity
2. Exit low return and non-core businesses
3. Reduce reliance on low-return aspects of Institutional banking in particular
4. Further strengthen the balance sheet by rebalancing our portfolio

2. Focus our efforts on attractive areas where we can carve out a winning position

1. Make buying and owning a home or starting, running and growing a small business in Australia and New Zealand easy
2. Be the best bank in the world for customers driven by the movement of goods and capital in our region

3. Drive a purpose and values led transformation of the Bank

1. Create a stronger sense of core purpose, ethics and fairness,
2. Invest in leaders who can help sense and navigate the rapidly changing environment

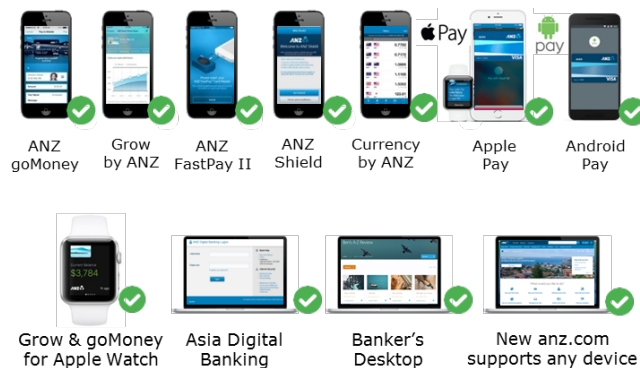
4. Build a superior everyday experience for our people and customers in order to compete in the digital age

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

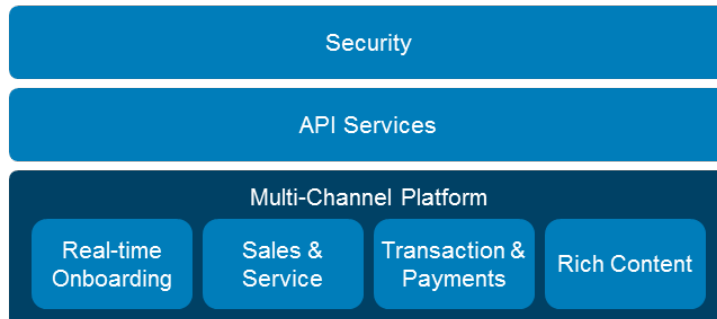
CORPORATE PROFILE

DIGITAL, TECHNOLOGY & OPERATIONS

OUR PORTFOLIO OF DIGITAL SOLUTIONS



SUPPORTED BY OUR MULTI-CHANNEL PLATFORM (MCP)



DELIVERING BETTER CUSTOMER EXPERIENCE

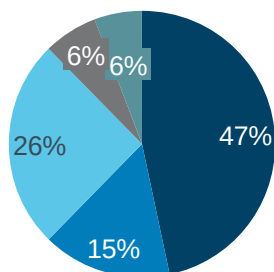
- First major Australian bank to launch Apple Pay™ and Android Pay™. the only bank in New Zealand to offer Apple Pay™
- Over 1 million customers using goMoney™ apps on our new Digital Banking Multi-Channel Platform.
- Leading levels of customer satisfaction with Mobile Banking channels (98% in NZ, 92% in Australia).
- Digital Identity Verification launched with 65% of customers applying for a savings account online having their identity verified successfully.
- \$72b transactions processed p.a. over goMoney™ mobile.
- New ANZ website with redesigned Home Loans pages optimised for any device
- Multiple awards for customer service/excellence and security (Best Customer Experience Credit Cards, Best Consumer Digital Bank in Pacific, ANZ Indonesia - Customer Experience Banking, Australian Information Security "Information Security Project of the Year").
- Banker Desktop implemented for Personal Loans to enable seamless interaction with customers from discovery to fulfilment.
- Enhanced GROW with new Wealth products and Apple Touch Id and Watch support.

CORPORATE PROFILE

EARNINGS

INCOME BY DIVISION

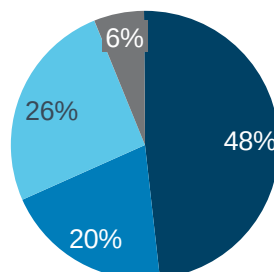
\$m



■ Australia ■ Institutional ■ Asia Retail & Pacific
■ New Zealand ■ Wealth Aust.

INCOME BY CUSTOMER²

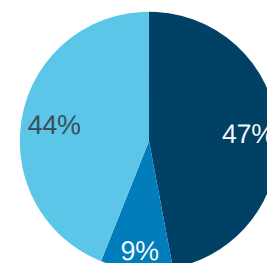
\$m



■ Retail ■ Institutional
■ Commercial ■ Wealth

INSTITUTIONAL INCOME

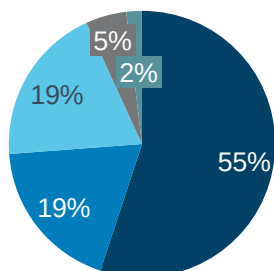
\$m



■ Australia ■ International
■ New Zealand

PROFIT BY DIVISION²

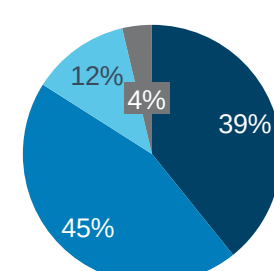
\$m



■ Australia ■ Wealth Aust.
■ New Zealand ■ Asia Retail & Pacific
■ Institutional

PROFIT BY CUSTOMER²

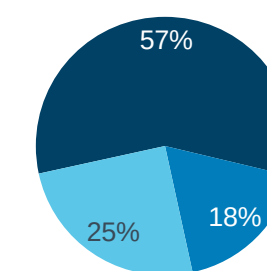
\$m



■ Retail ■ Institutional
■ Commercial ■ Wealth

INSTITUTIONAL PROFIT

\$m



■ Australia ■ International
■ New Zealand

Information is on a Cash basis unless otherwise specified and exclude TSO & Group Centre

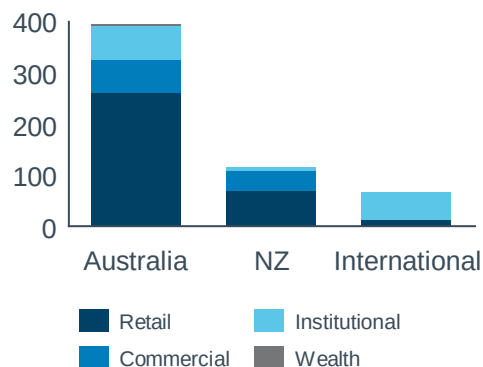
1. Wealth refers to Wealth Australia customers.
2. Pro-forma basis

CORPORATE PROFILE

BALANCE SHEET

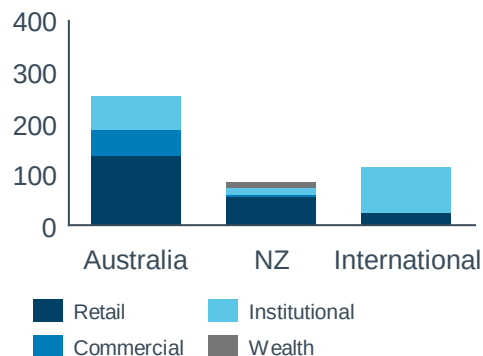
LENDING BY REGION¹

EAD³ \$b



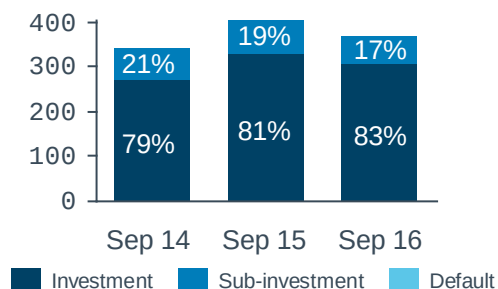
DEPOSITS BY REGION³

\$b



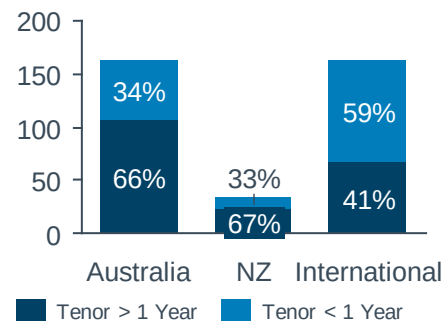
INSTITUTIONAL GRADE

EAD² \$b



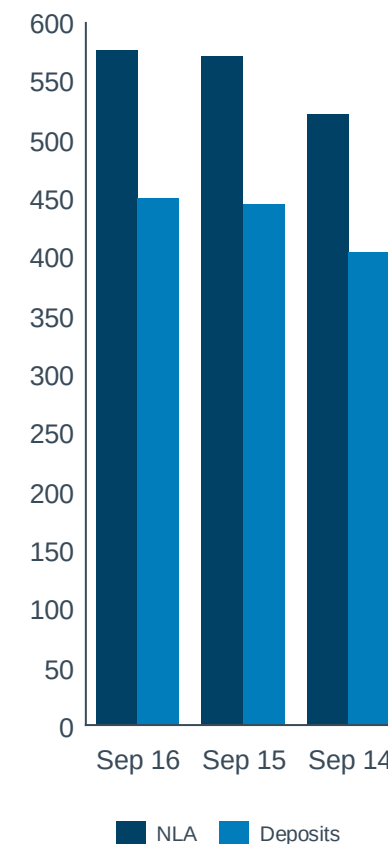
INSTITUTIONAL BY TENOR

EAD² \$b



BALANCE SHEET

\$b



NOTE: Information is on a Cash basis unless otherwise specified

1. Net Loans and Advances. Excludes TSO & Group Centre. Australia includes PNG.

2. Exposure-at-default as defined by APRA standards

3. Excludes TSO & Group Centre. Australia includes PNG.

CORPORATE PROFILE

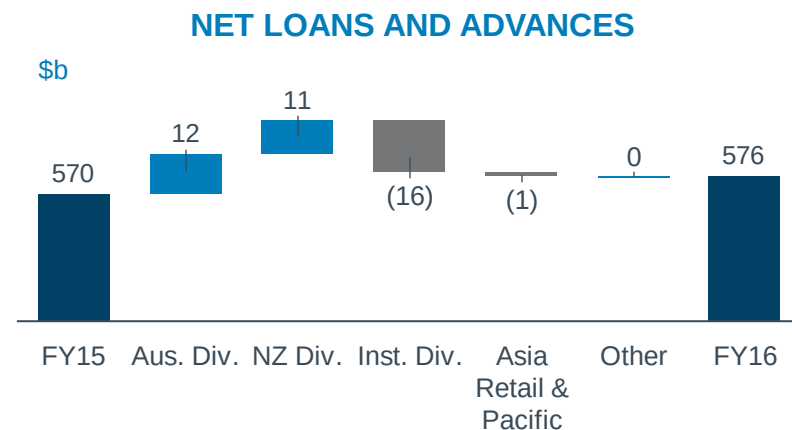
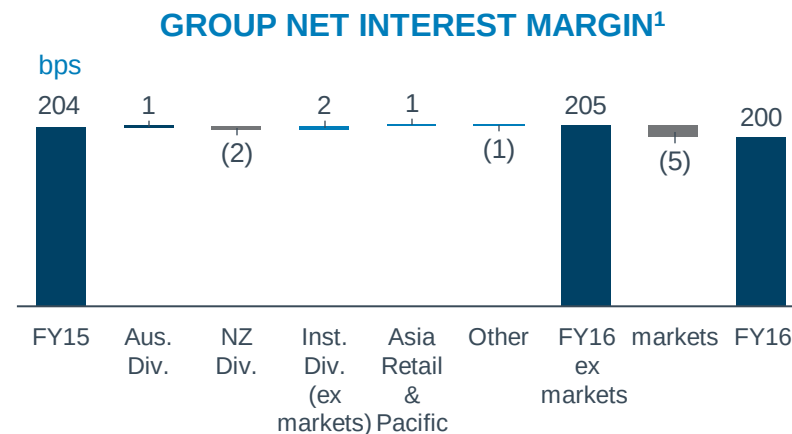
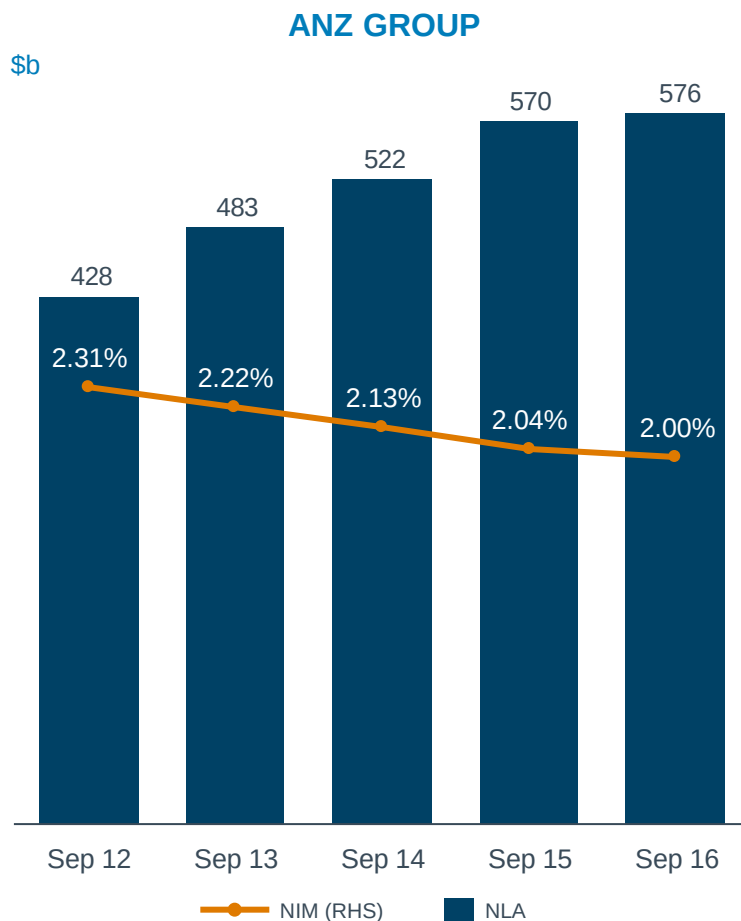
RISK WEIGHTED ASSETS BY DIVISION

\$b (AUD)	Australia Division	Institutional Division	New Zealand Divisional	Other ¹	TOTAL
Sep 2015					
Credit Risk Weighted Assets	114	169	49	18	350
Market & Operational Risk Weighted Assets	16	29	6	1	52
Total Risk Weighted Assets	130	198	55	19	402
Institutional total RWAs by region	Australia & New Zealand	102			
	Asia, Pacific, Europe & America	96			
Sep 2016					
Credit Risk Weighted Assets	140	141	53	18	352
Market & Operational Risk Weighted Assets	17	27	6	7	57
Total Risk Weighted Assets	157	168	59	25	409
Institutional total RWAs by region	Australia & New Zealand	93			
	Asia, Pacific, Europe & America	75			
Movement					
Credit RWA movement	+26	-28	+4	0	+2
Total RWA movement	+27	-30	+4	+6	+7
Institutional total RWAs by region	Australia & New Zealand	-9			
	Asia, Pacific, Europe & America	-21			
Credit RWA movement: Major drivers (ex. BAU growth)					
Mortgage RWA regulatory changes	+26				+26
Esanda Dealer Finance Sale	-5				-5
Active RWA management		-22			-22
FX		-6			-6

1. Other: includes Asia Retail & Pacific, Wealth Australia, Technology, Services & Operations, and Group Centre

CORPORATE PROFILE

VOLUMES & MARGINS

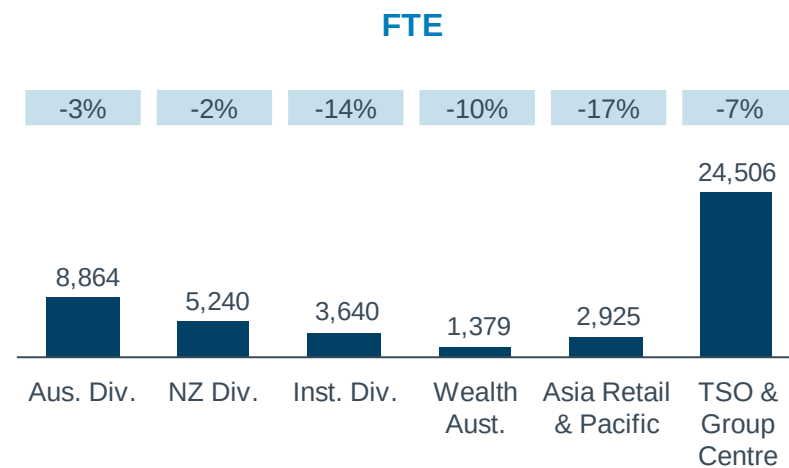
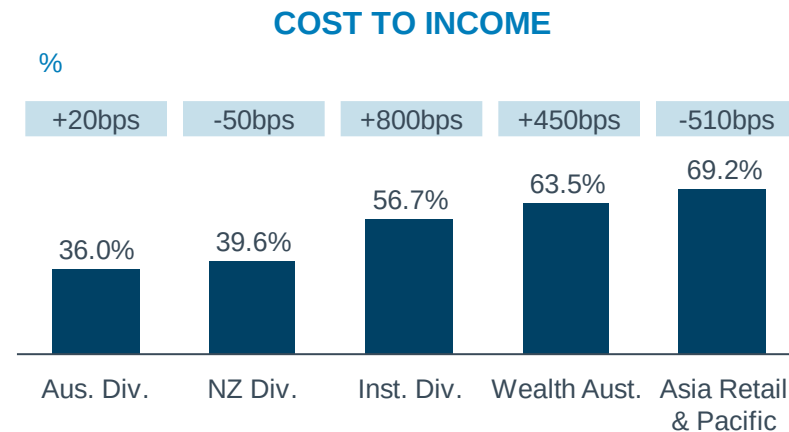
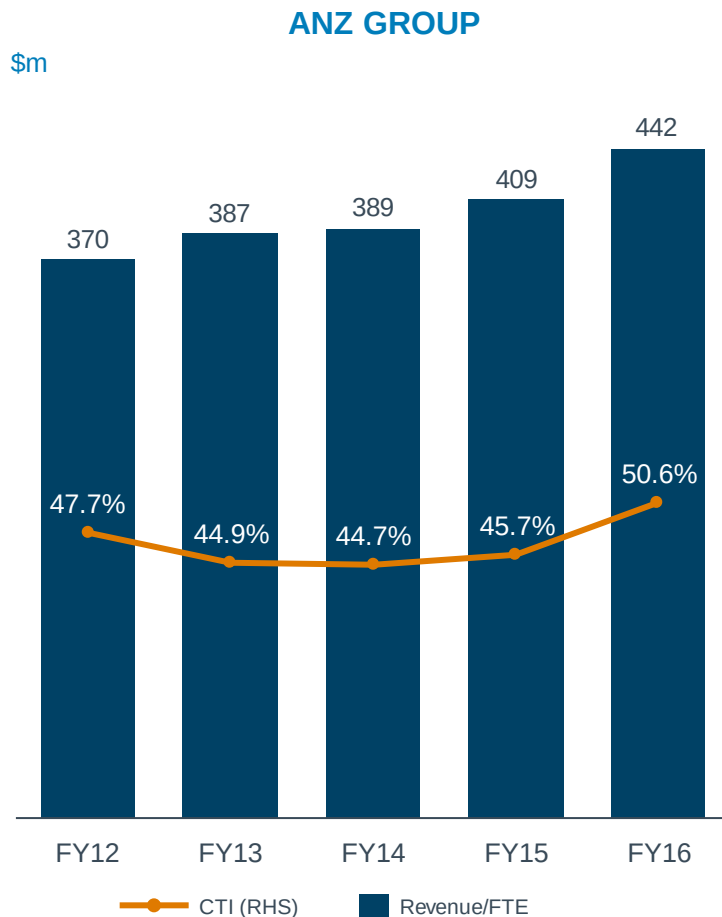


Information is on a Cash basis unless otherwise specified

1. Australia Division: September 2016 full year included \$31 million (September 2016 half: nil, March 2016 half: \$31million; September 2015 full year: \$255 million) related to the Esanda Dealer Finance assets divested to Macquarie in the March 2016 half.

CORPORATE PROFILE

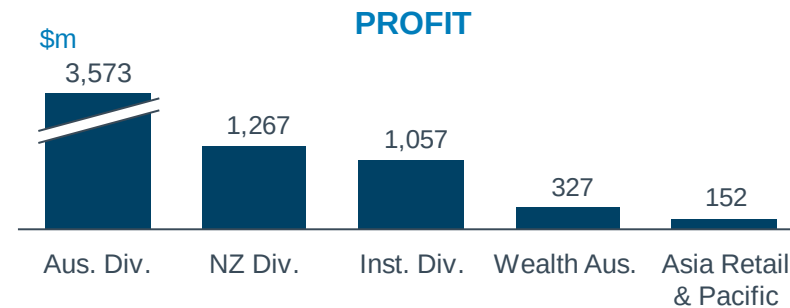
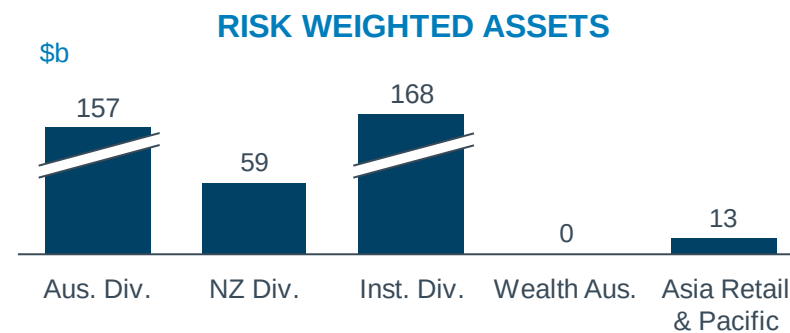
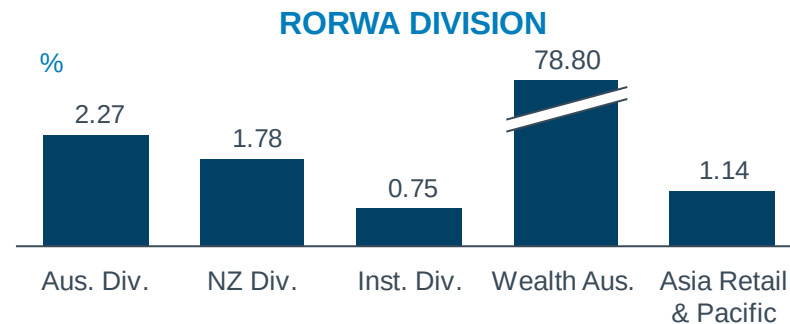
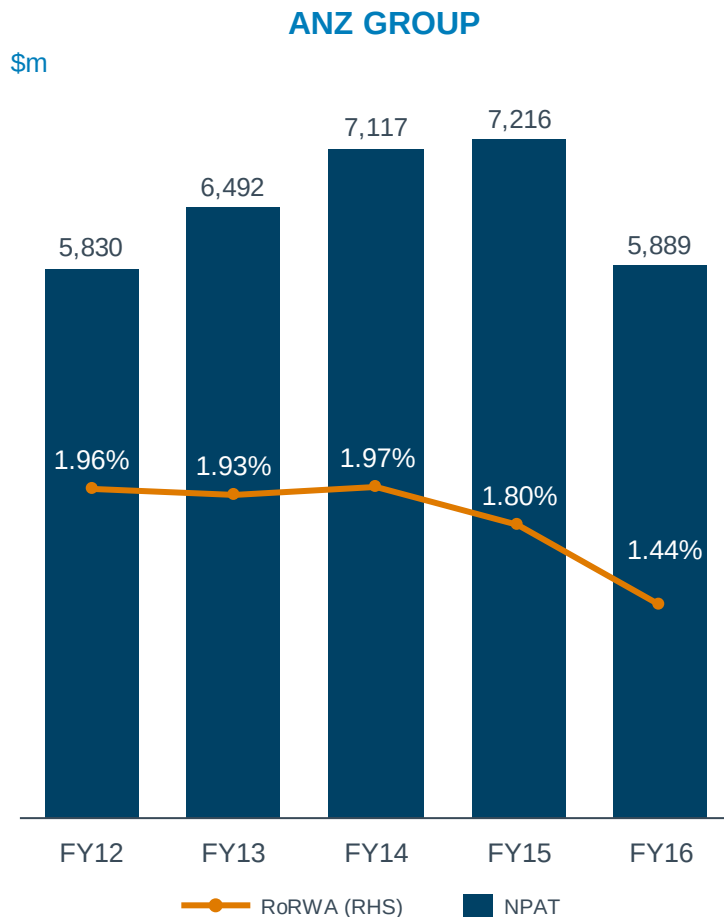
PRODUCTIVITY



Information is on a Cash basis unless otherwise specified

CORPORATE PROFILE

PROFITABILITY



Information is on a Cash basis unless otherwise specified



2016 FULL YEAR INVESTOR DISCUSSION PACK

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
November 2016

TREASURY

REGULATORY CAPITAL

CAPITAL UPDATE

Capital Position

- APRA CET1 ratio of 9.6% on an APRA basis or 14.5% on an Internationally Comparable¹ basis – comfortably above Basel top quartile² CET1 of 13.1%
- APRA Leverage ratio of 5.3% or 6.0% on an Internationally Comparable basis

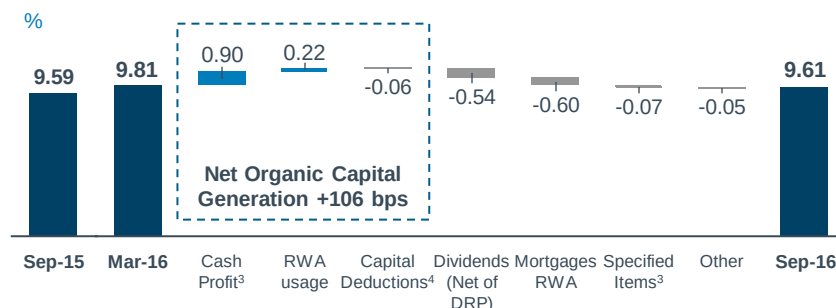
Organic Capital Generation

- 2H16 organic capital generation of 106 bps in 2H16 is 33 bps higher than recent 2H averages⁵, driven mainly by the reduction in Institutional Credit RWA from lending movement (\$12b over 2H16 and \$21b over FY16, FX adjusted)
- Net regulatory and other RWA impost of \$26b for 2H16 driven mainly by higher RWA requirements for Australian Mortgages
- Final dividend of 80 cents per share reflects revised dividend strategy as announced in 1H16

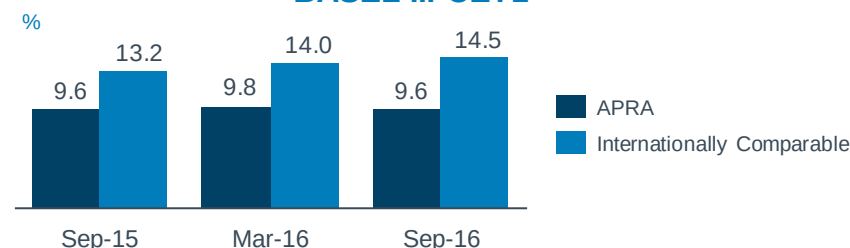
Capital Outlook

- Changes to capital requirements arising from Basel RWA reforms (“Basel IV”) yet to be finalised, however, other minor RWA imposts likely

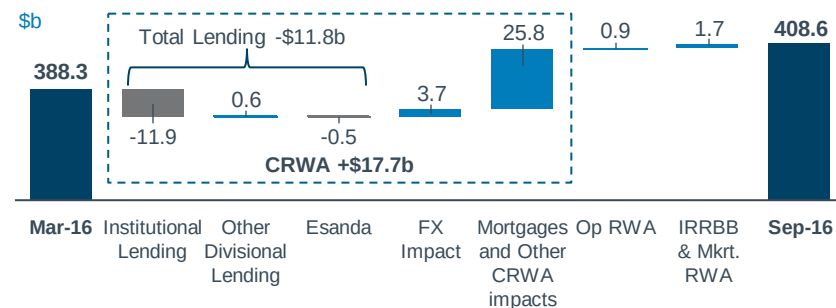
APRA COMMON EQUITY TIER 1 (CET1)



BASEL III CET1



TOTAL RWA MOVEMENT



1. Internationally Comparable methodology aligns with APRA's information paper entitled International Capital Comparison Study (13 July 2015). Basel III Internationally Comparable ratios do not include an estimate of the Basel I capital floor. 2. Based on Group 1 banks as identified by the BIS (internationally active banks with Tier 1 capital of more than €3 billion). The top quartile of this group was 13.1% as at December 2015. 3. Cash profit is on pro forma basis adjusted for 'Specified items'. 4. Represents the movement in retained earnings in deconsolidated entities, capitalised software, EL v EP shortfall and other intangibles. 5. 2012-2015 2H averages

REGULATORY CAPITAL GENERATION

COMMON EQUITY TIER 1 GENERATION (bps)	Second half average 2H12 – 2H15	2H16	Full year average FY12 – FY15	FY16
Cash Profit	102	90 ¹	204	173 ¹
RWA movement	(16)	22	(42)	25
Capital Deductions ²	(13)	(6)	(32)	(21)
Net capital generation	73	106	130	177
Gross dividend	(64)	(60)	(135)	(127)
Dividend Reinvestment Plan	16	6	29	13
Core change in CET1 capital ratio	25	52	24	63
Other non-core and non-recurring items	2	(72)	9	(61)
Net change in CET1 Capital ratio	27	(20)	33	2

Organic Capital Generation

- Net capital generation for FY16 and 2H16 are 177 bps and 106 bps respectively, which is higher than prior period averages (+47 bps and +33 bps respectively). This reflects the benefit of strong balance sheet discipline and the Group's strategic intent to run-off low return assets in Institutional, offsetting lower Cash NPAT
- Non-core and non-recurring items in 2H16 and FY16 largely reflects the impact of Australian IRB mortgage RWA at 25% (-60bps)

1. Cash profit is on an Adjusted Pro-forma basis, adjusted for 'Specified items'

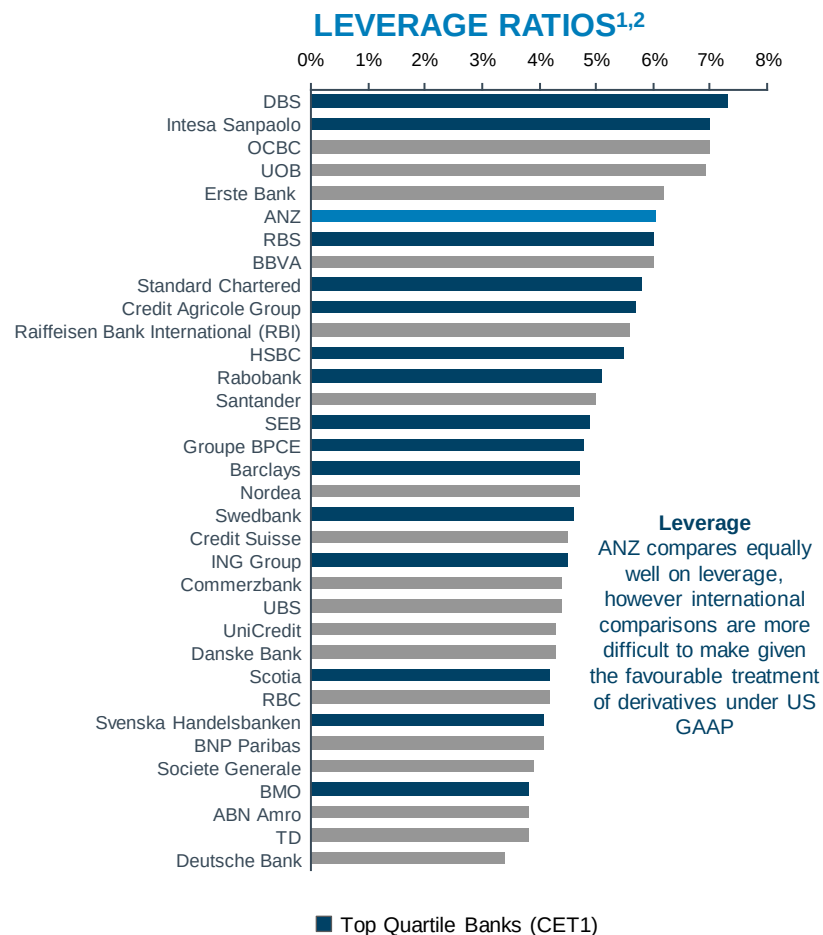
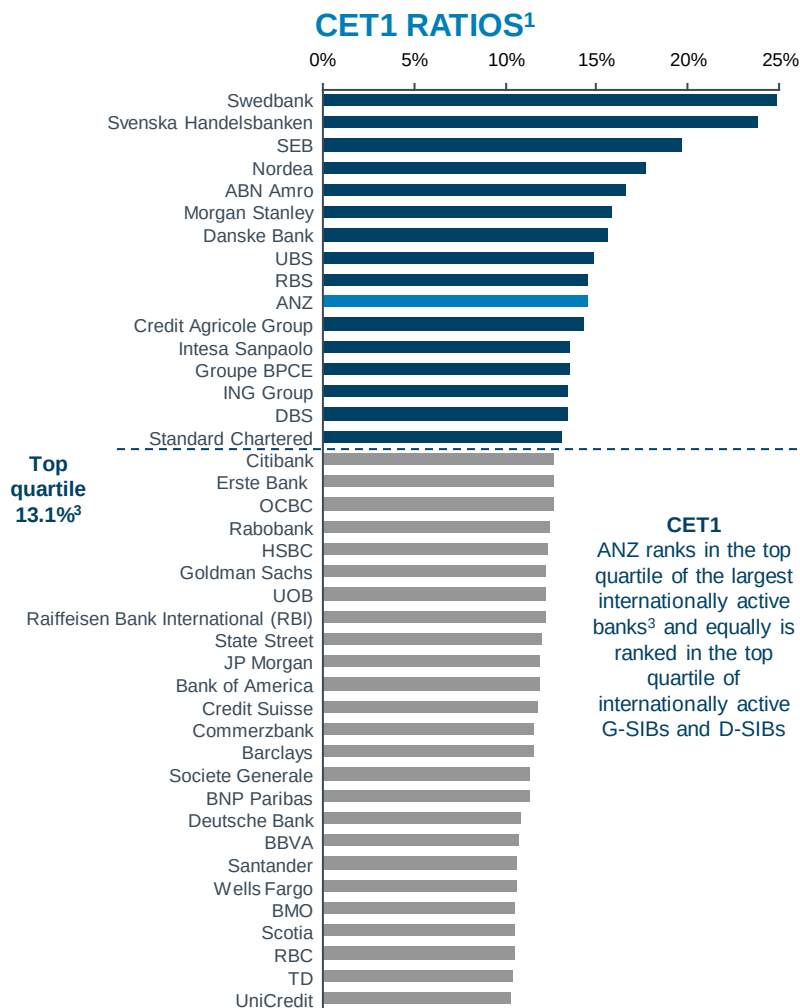
2. Represents the movement in retained earnings in deconsolidated entities, capitalised software, EL v EP shortfall and other intangibles

INTERNATIONALLY COMPARABLE¹ REGULATORY CAPITAL POSITION

APRA Common Equity Tier 1 (CET1) – 30 September 2016		9.6%
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	1.0%
Mortgages	APRA requires use of 20% mortgage LGD floor vs. 10% under Basel framework. Additionally, APRA also requires a higher correlation factor vs 15% under Basel framework to target an average risk weighting of at least 25% for Australian residential mortgages	1.1%
Specialised Lending	APRA requires supervisory slotting approach which results in more conservative risk weights than under Basel framework	0.6%
IRRBB RWA	APRA includes in Pillar 1 RWA. This is not required under the Basel framework	0.3%
Other	Includes impact of deductions from CET1 for capitalised expenses and deferred fee income required by APRA, currency conversion threshold and other retail standardised exposures	0.4%
Basel III Internationally Comparable CET1		14.5%
Basel III Internationally Comparable Tier 1 Ratio		17.4%
Basel III Internationally Comparable Total Capital Ratio		20.7%

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

CET1 AND LEVERAGE IN A GLOBAL CONTEXT

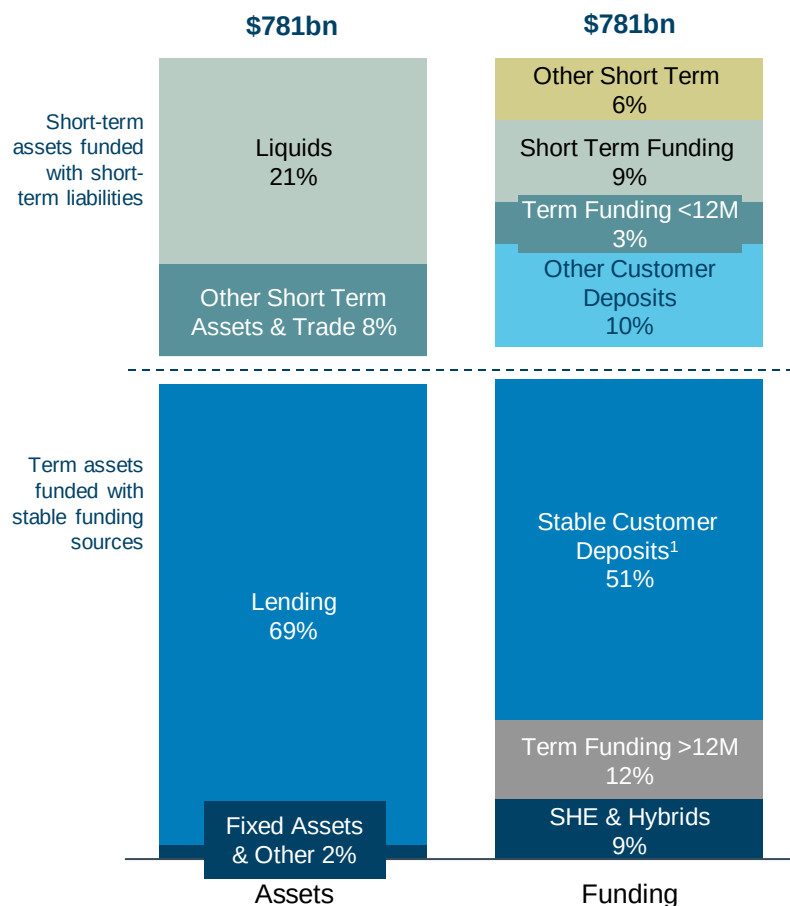


1. CET1 and leverage ratios are based on ANZ estimated adjustment for accrued expected future dividends where applicable. ANZ ratios are on an Internationally Comparable basis. All data sourced from company reports and ANZ estimates based on last reported half/full year results assuming Basel III capital reforms fully implemented. 2. Includes adjustments for transitional AT1 where applicable. Exclude US banks as leverage ratio exposures are based on US GAAP accounting and therefore incomparable with other jurisdictions which are based on IFRS. 3. Based on Group 1 banks as identified by the BIS (internationally active banks with Tier 1 capital of more than €3 billion). The top quartile of this group was 13.1% as at December 2015

BALANCE SHEET STRUCTURE

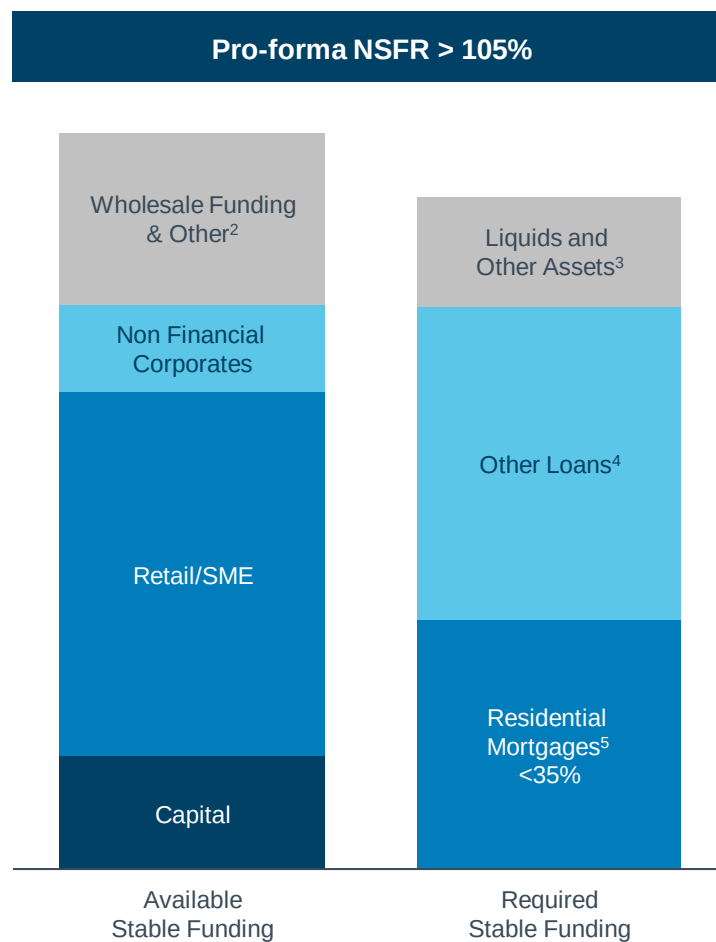
FUNDED BALANCE SHEET

September 2016



NET STABLE FUNDING RATIO (NSFR)

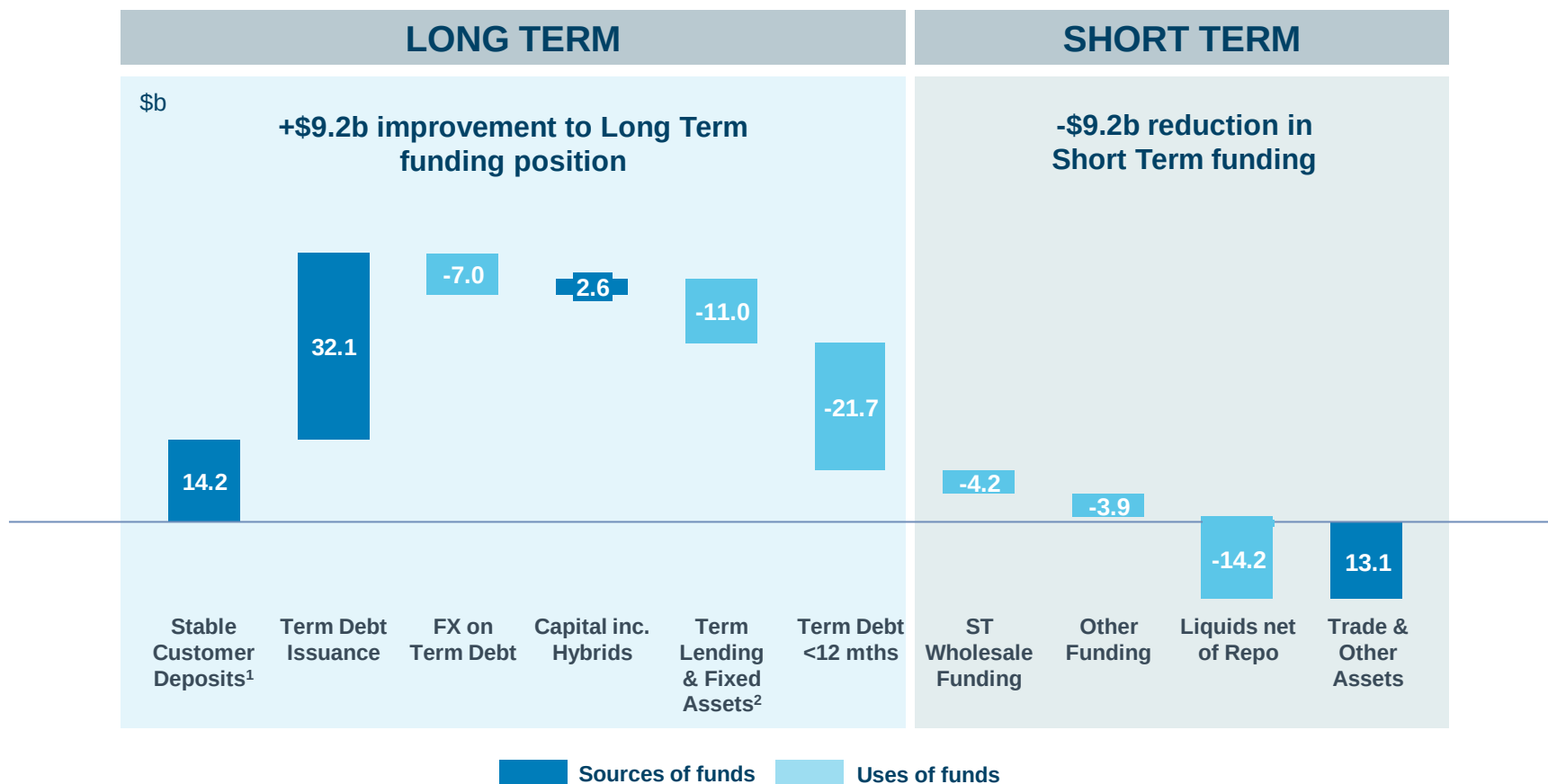
September 2016



1. Stable customer deposits represent operational type deposits or those sourced from retail / business / corporate customers and the stable component of Other funding liabilities. 2. Sovereign, PSE and FI Deposits. 3. Off Balance Sheet, Derivatives, Fixed Assets and Other Assets. 4. All lending other than Residential Mortgages <35% Risk Weight. 5. Includes NSFR impact of self-securitised assets backing the CLF

BALANCE SHEET COMPOSITION

The structural composition of the balance sheet improved in FY16



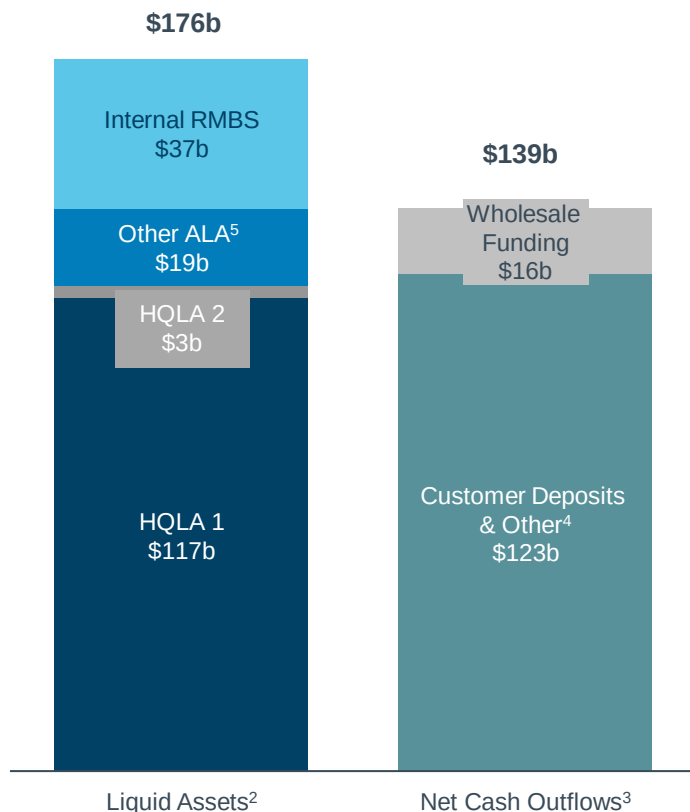
1. Stable customer deposits represent operational type deposits or those sourced from retail / business / corporate customers and the stable component of Other funding liabilities
 2. Excludes trade lending, repo, interbank and bills of acceptances

LIQUIDITY COVERAGE RATIO

Liquidity Coverage Ratio (LCR)

March 2016

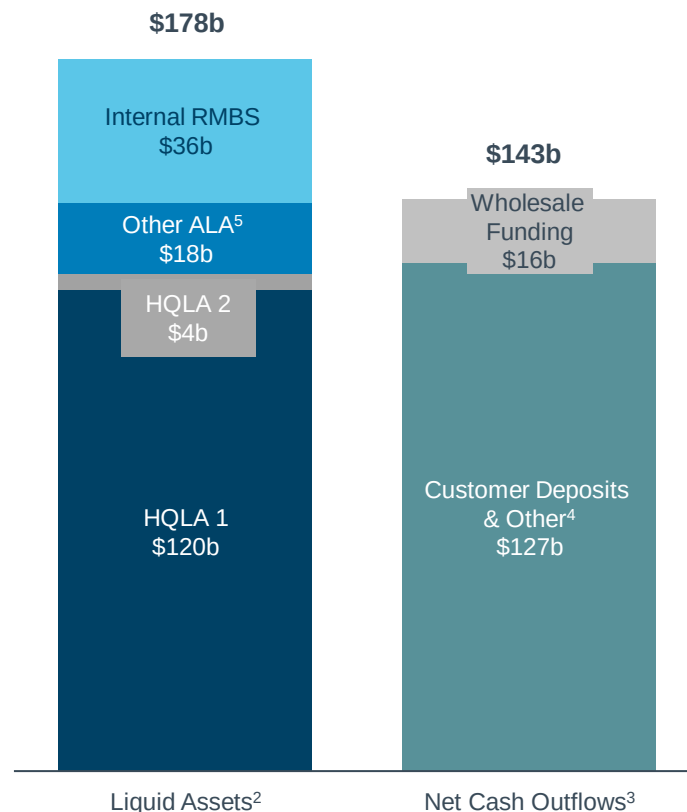
Average¹ LCR 126% (\$37b Surplus)



Liquidity Coverage Ratio (LCR)

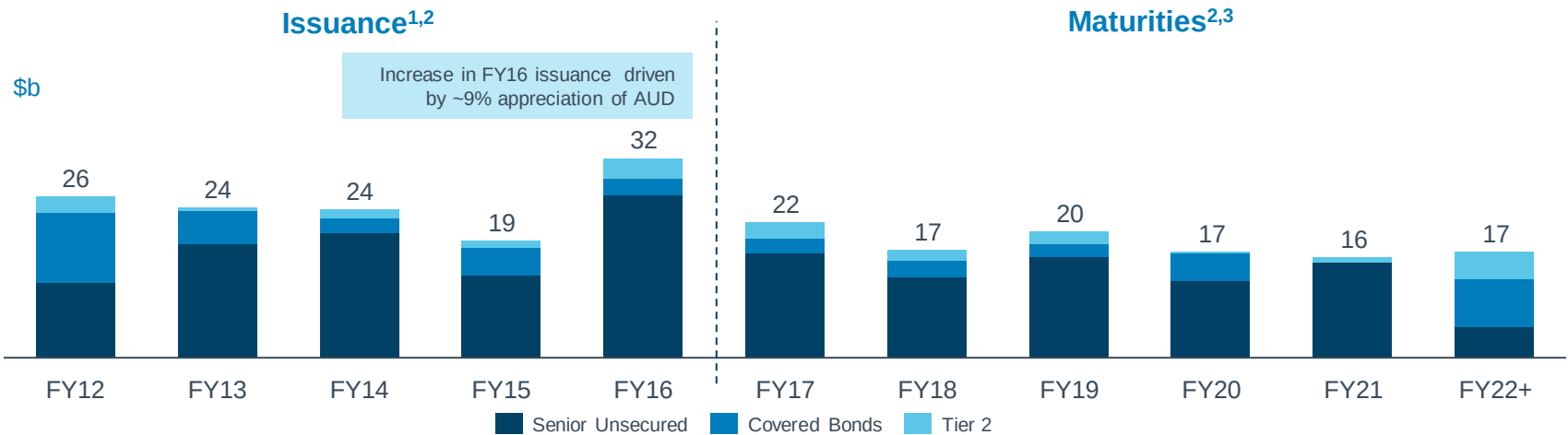
September 2016

Average¹ LCR 125% (\$35b Surplus)

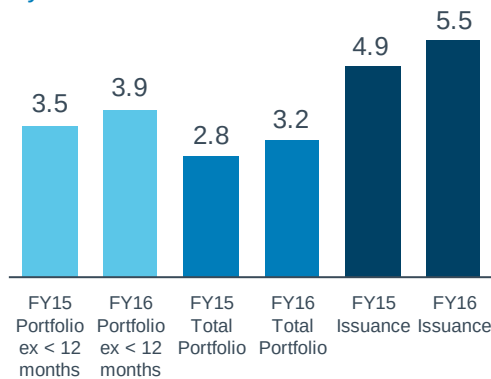


1. Half year average calculated as prescribed per APRA Prudential Regulatory Standard (APS 210 Liquidity) and consistent with APS 330 requirements. 2. Post Haircut market value as prescribed per APS 210, includes Committed Liquidity Facility: \$54bn as at 30 September 2015, \$50bn as at 31 March 2016. 3. Basel III LCR 30 day stress scenario cash outflows. 4. Other includes off-balance sheet and cash inflows 5. Comprised of assets qualifying as collateral for the CLF, excluding internal RMBS, up to approved facility limit; and any liquid assets contained in the RBNZ's Liquidity Policy - Annex: Liquidity Assets - Prudential Supervision Department Document BS13A12

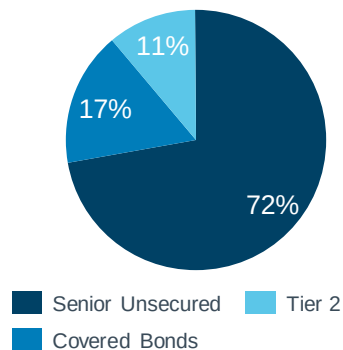
TERM WHOLESALE FUNDING PORTFOLIO



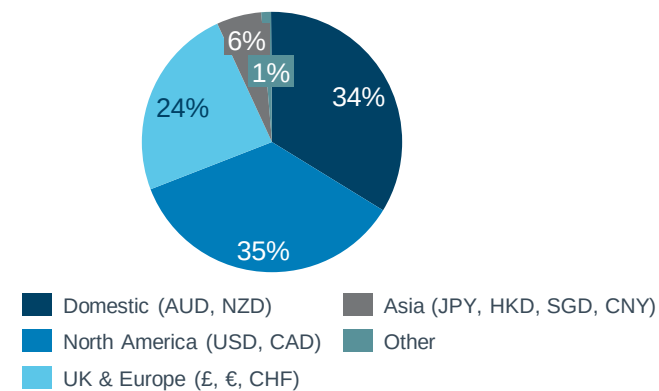
WEIGHTED AVERAGE TENOR years



PORTFOLIO BY TYPE



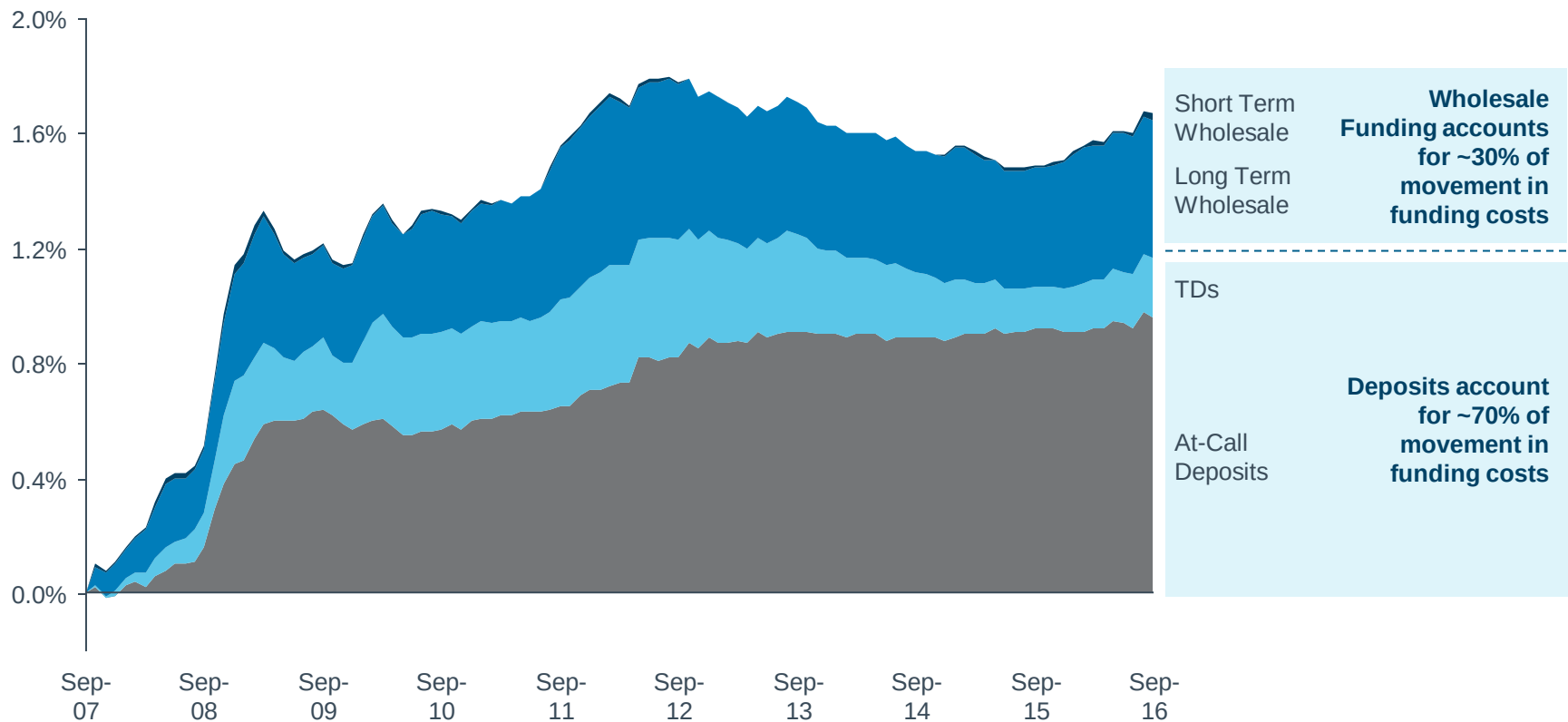
PORTFOLIO BY CURRENCY



AUS HOME LOANS FUNDING COSTS

INCREASE IN FUNDING COSTS RELATIVE TO OFFICIAL RBA CASH RATE
DRIVEN MAINLY BY INCREASED COMPETITION FOR DEPOSITS

Weighted difference in Home Loans Funding Costs to Official Cash Rate





2016 FULL YEAR INVESTOR DISCUSSION PACK

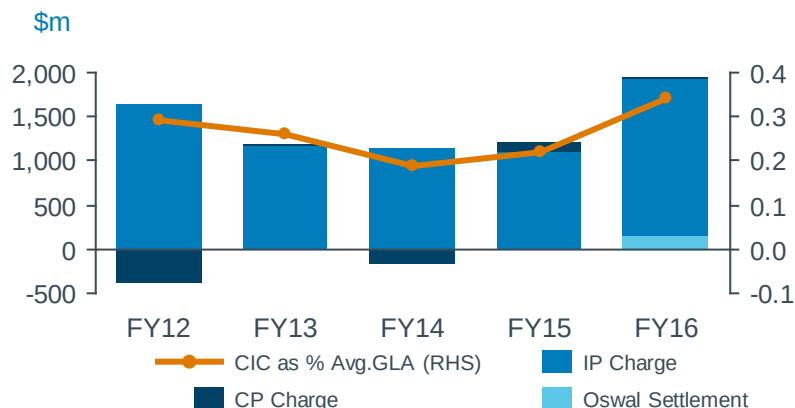
AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
November 2016

RISK MANAGEMENT

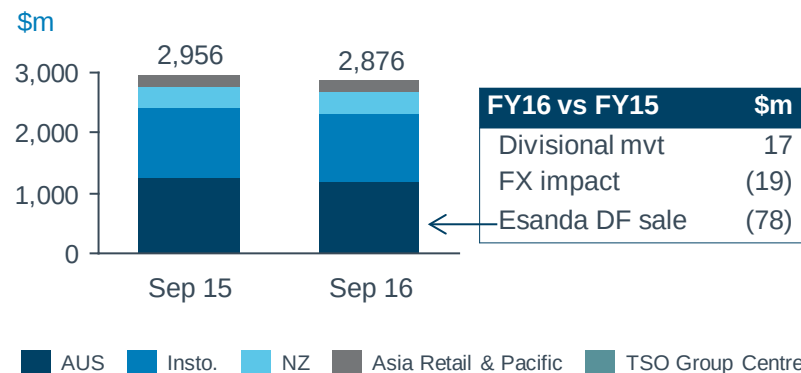
RISK MANAGEMENT

TOTAL & COLLECTIVE PROVISION (CP) CHARGE

TOTAL PROVISION CHARGE



CP BALANCE BY DIVISION



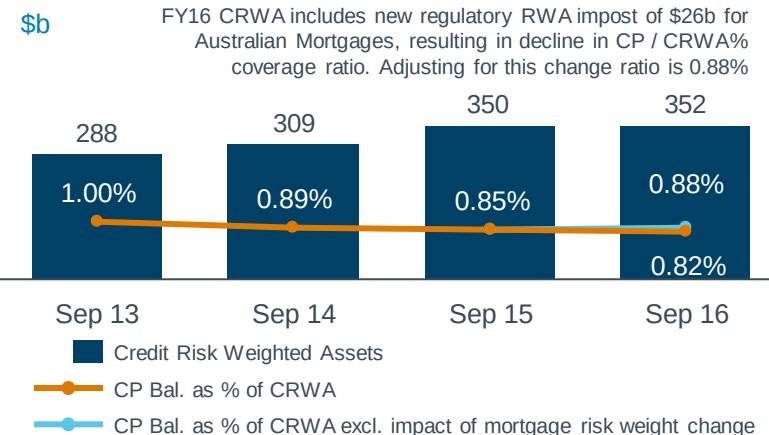
TOTAL PROVISION CHARGE COMPOSITION

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

* Includes Oswal Settlement (\$147m)

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

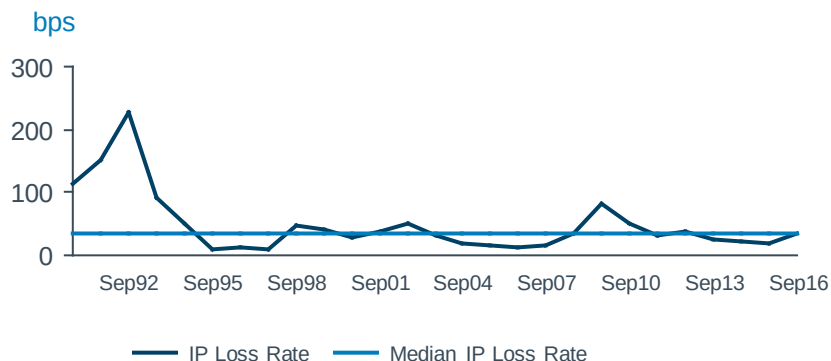
CRWA & CP AS A % OF CRWA



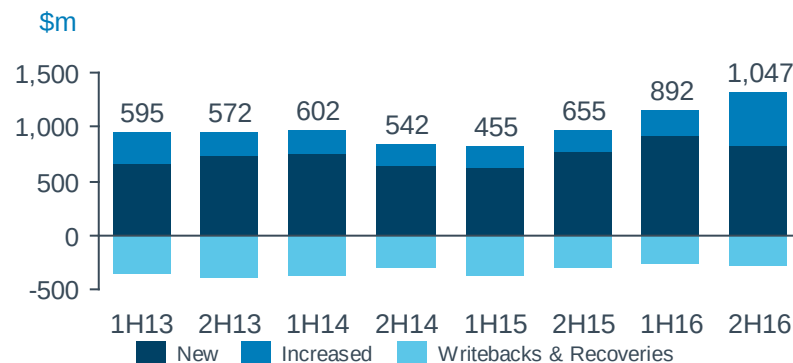
RISK MANAGEMENT

INDIVIDUAL PROVISION (IP) CHARGE

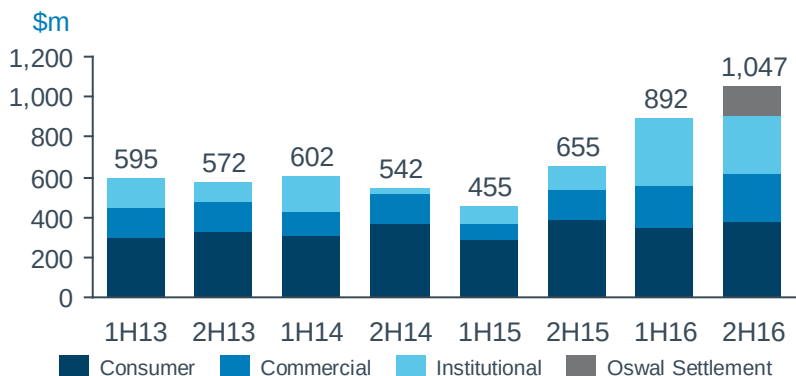
ANZ HISTORICAL OBSERVED LOSS RATES



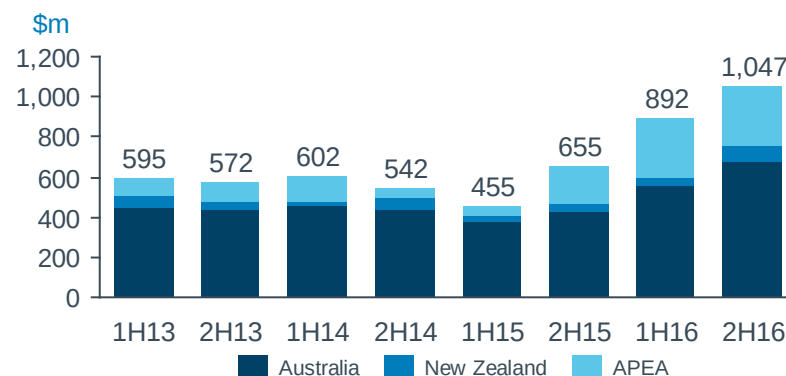
IP CHARGE COMPOSITION



IP CHARGE BY SEGMENT



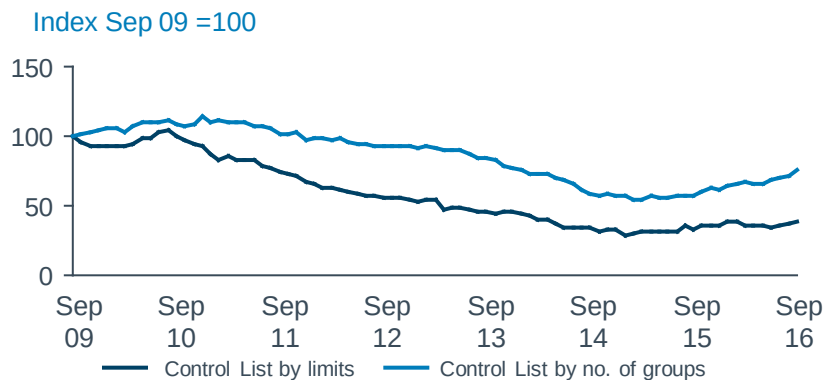
IP CHARGE BY REGION



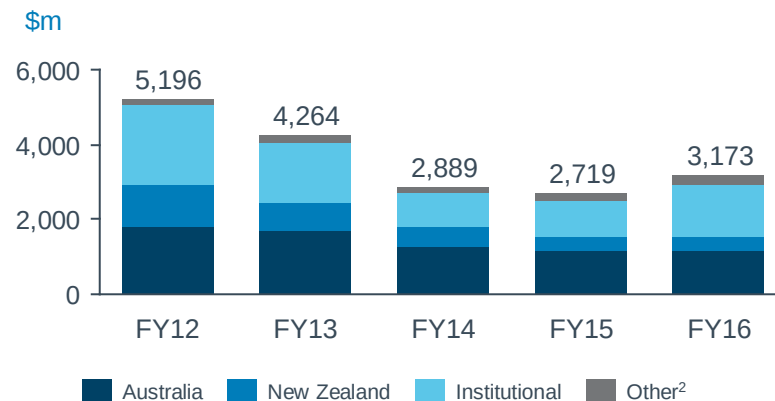
RISK MANAGEMENT

IMPAIRED ASSETS

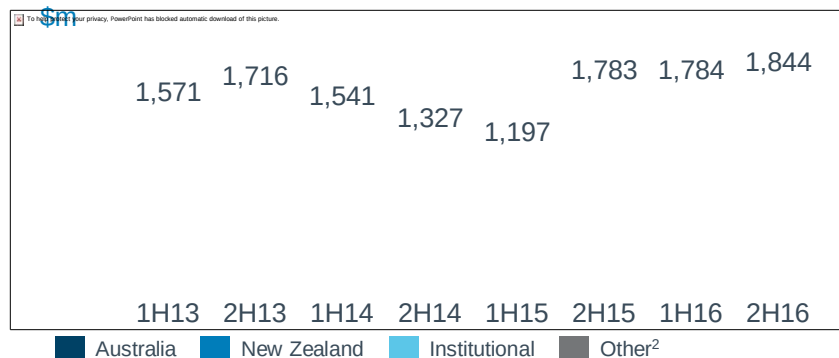
CONTROL LIST



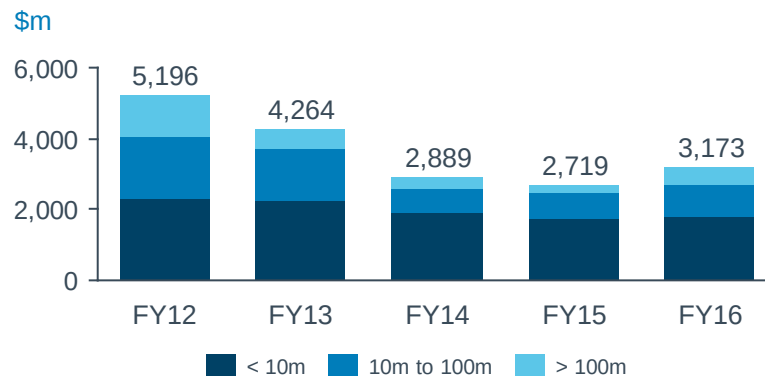
GROSS IMPAIRED ASSETS¹ BY DIVISION



NEW IMPAIRED ASSETS BY DIVISION



GROSS IMPAIRED ASSETS¹ BY EXPOSURE SIZE

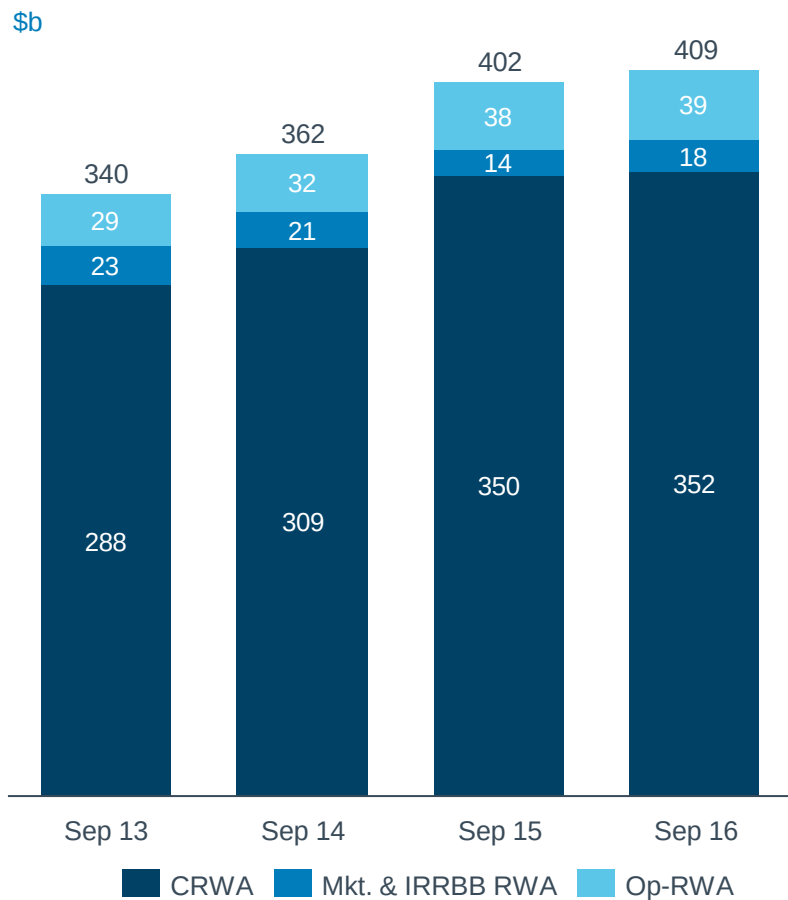


1. Impaired Assets inclusive of Oswal settlement
 2. Other includes Retail Asia & Pacific and Australia Wealth

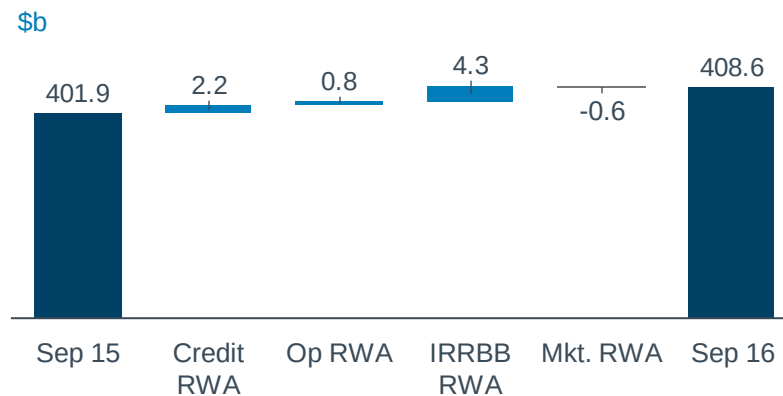
RISK MANAGEMENT

RISK WEIGHTED ASSETS

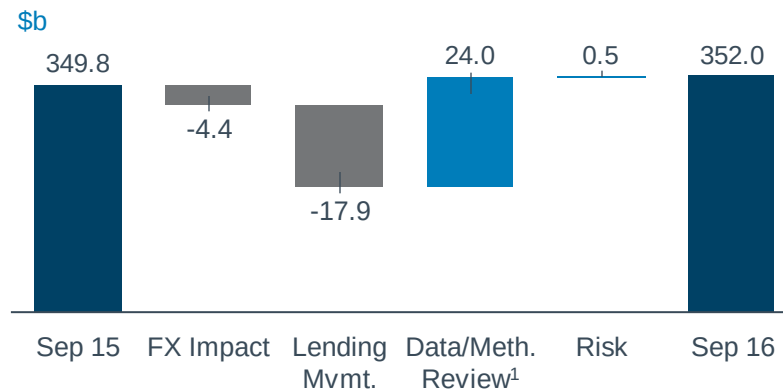
TOTAL RISK WEIGHTED ASSETS



TOTAL RWA MOVEMENT



CRWA MOVEMENT

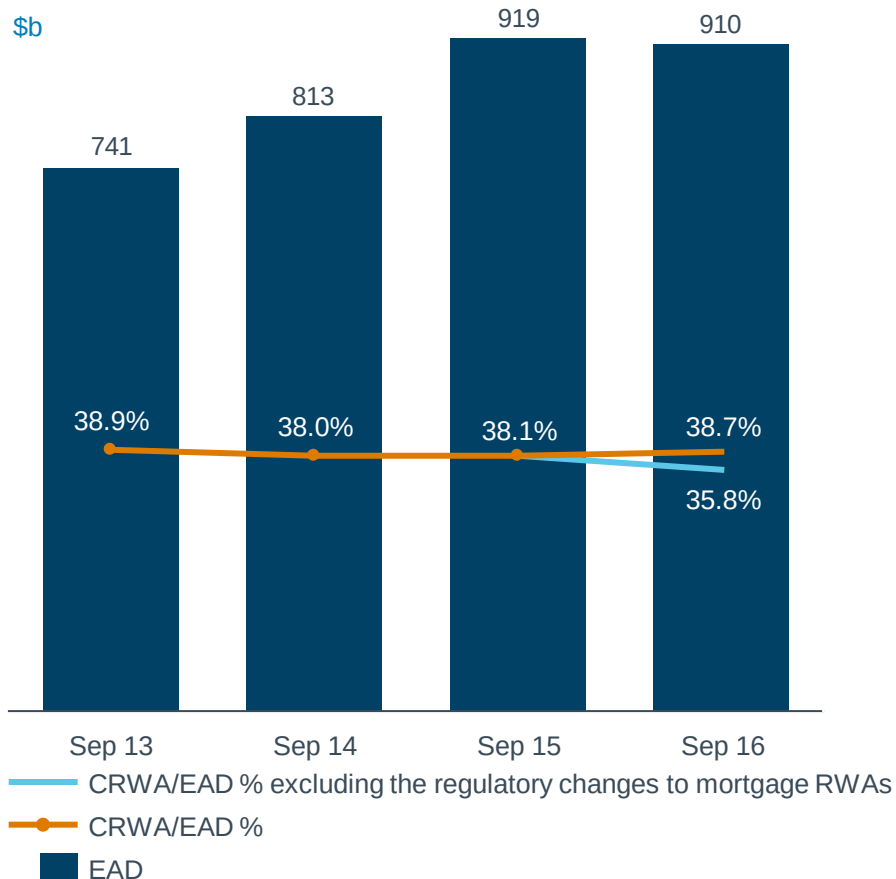


1. Primarily driven by change to Residential Mortgage risk weights in July 2016 (resulting in a ~\$26b CRWA uplift)

RISK MANAGEMENT

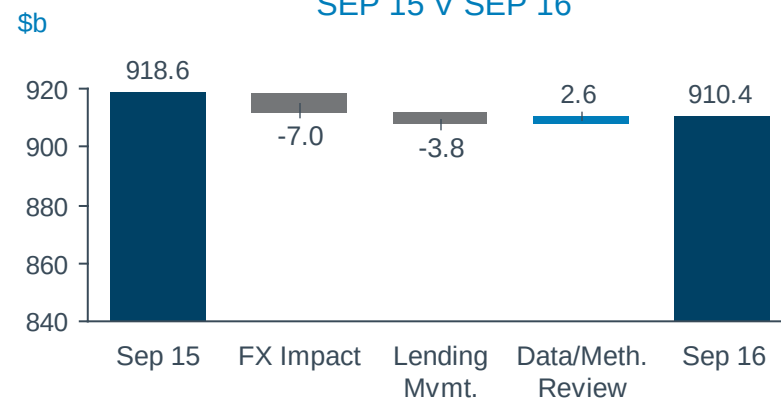
RISK WEIGHTED ASSETS

GROUP EAD¹ & CRWAs



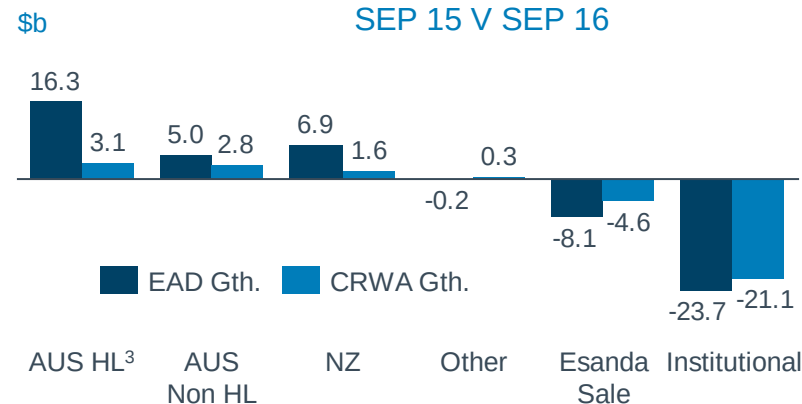
GROUP EAD¹ MOVEMENT

SEP 15 V SEP 16



GROUP EAD¹ & CRWA GROWTH² MOVEMENT

SEP 15 V SEP 16



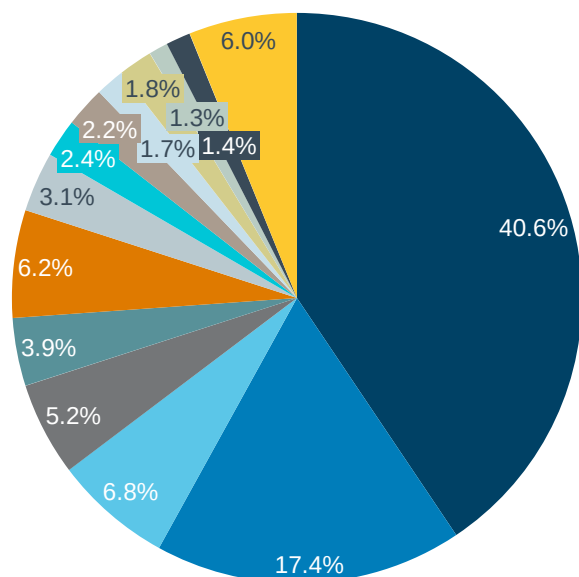
1. Post CRM EAD, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral. Includes amounts for 'Securitisation' and 'Other Assets' Basel asset classes
2. Refers to lending movement, excluding FX Impact, Data/Meth Review and Risk
3. Excludes impact of mortgage risk weight regulatory change

RISK MANAGEMENT

PORTFOLIO COMPOSITION

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

TOTAL GROUP EAD (Sep 16)
= \$895b¹



Category	% of Group EAD		% of Portfolio in Non Performing		Portfolio Balance in Non Performing
	Sep 15	Sep 16	Sep 15	Sep 16	
Consumer Lending	38.6%	40.6%	0.2%	0.1%	\$427m
Finance, Investment & Insurance	18.8%	17.4%	0.1%	0.1%	\$82m
Property Services	6.6%	6.8%	0.7%	0.4%	\$225m
Manufacturing	6.3%	5.2%	0.6%	1.6%	\$742m
Agriculture, Forestry, Fishing	3.7%	3.9%	1.8%	1.5%	\$520m
Government & Official Institutions	4.6%	6.2%	0.0%	0.0%	\$0m
Wholesale trade	3.9%	3.1%	0.4%	0.5%	\$141m
Retail Trade	2.6%	2.4%	0.7%	1.2%	\$262m
Transport & Storage	2.3%	2.2%	1.1%	0.4%	\$87m
Business Services	1.9%	1.7%	0.9%	0.9%	\$136m
Resources (Mining)	2.2%	1.8%	2.3%	2.9%	\$461m
Electricity, Gas & Water Supply	1.4%	1.3%	0.1%	0.0%	\$5m
Construction	1.6%	1.4%	1.7%	2.0%	\$253m
Other	5.5%	6.0%	0.4%	0.4%	\$209m
Total	100.0%	100.0%			\$3,550m
Total Group EAD¹ \$b	\$898b	\$895b			

1. EAD excludes amounts for 'Securitisation' and 'Other Assets' Basel classes and manual adjustments. Data provided is as at Sep 16 on a Post CRM basis, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral. Note that APS330 disclosure is reported on a Post CRM basis from 30 June 2016

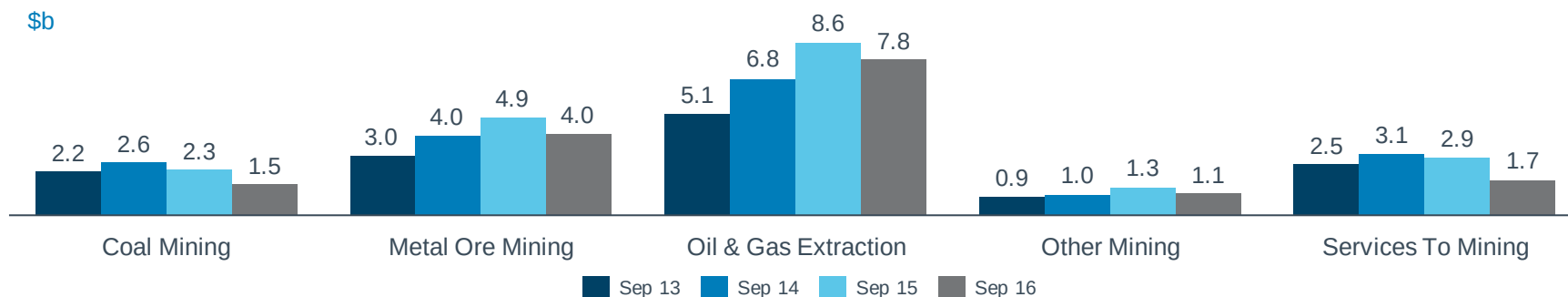
RISK MANAGEMENT

GROUP RESOURCES PORTFOLIO

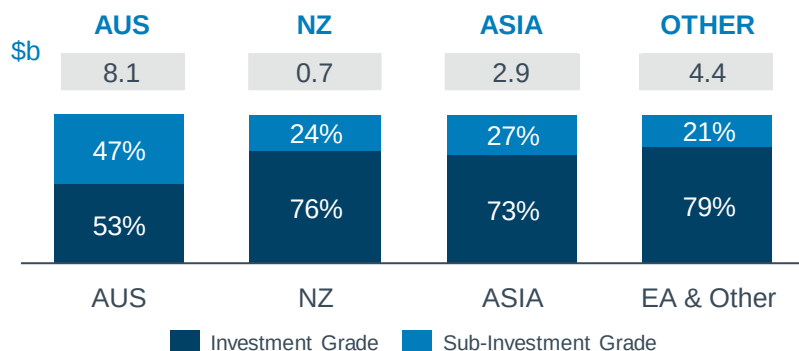
RESOURCES EXPOSURE BY SECTOR

Total EAD (Sep 16): \$16b ↓ \$4b YoY

As a % of Group EAD (Sep 16): 1.8% ↓ 40 bps YoY



RESOURCES EXPOSURE CREDIT QUALITY (EAD)



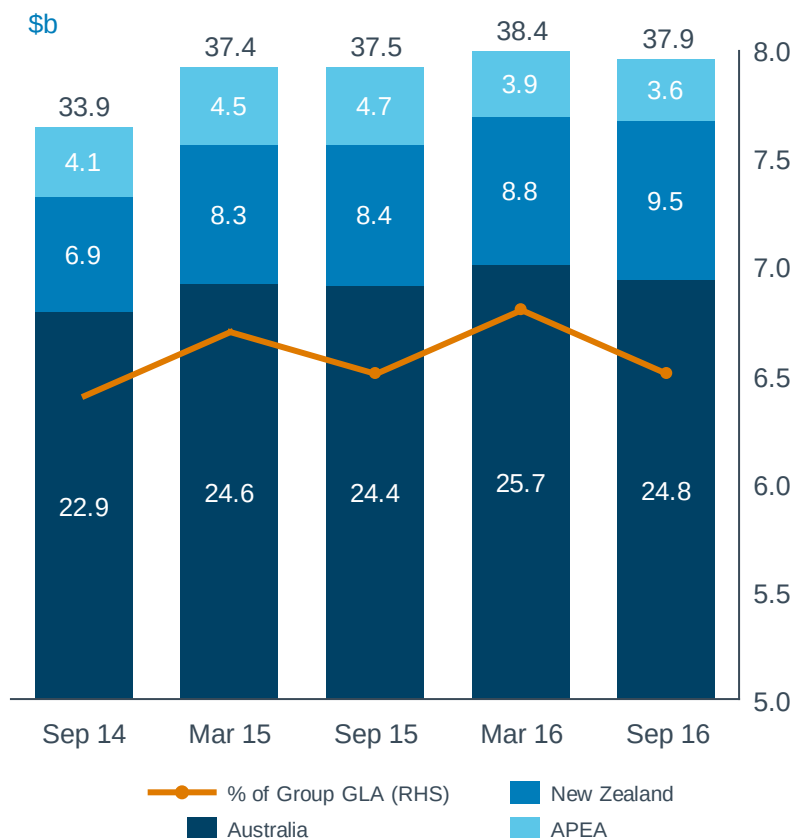
RESOURCES PORTFOLIO MANAGEMENT

- Portfolio is skewed towards well capitalised and lower cost resource producers. 22% of the book is less than one year duration
- Investment grade exposures represent 65% of portfolio vs. 68% at Sep 15 and Trade business unit accounts for 14% of the total Resources EAD
- Mining services customers are subject to heightened oversight given the cautious outlook for the services sector

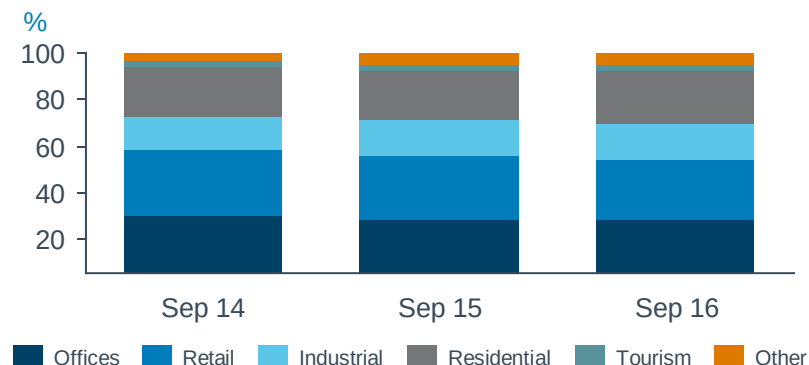
RISK MANAGEMENT

COMMERCIAL PROPERTY PORTFOLIO

COMMERCIAL PROPERTY OUTSTANDINGS BY REGION¹



COMMERCIAL PROPERTY OUTSTANDINGS BY SECTOR¹



PROPERTY PORTFOLIO MANAGEMENT

- After strong 1H16 growth, Australian volumes reduced during 2H16. Residential fell from 1H16 due to loan repayments from completed projects and appetite tightening implemented in 2Q16
- New outstandings grew nearly 8% HoH due to underlying volume growth across all major commercial property sectors as well as exchange rate translation movements
- APEA² reduced in 4Q16 reflecting loan repayments, sell downs and run-off of lower return lending

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

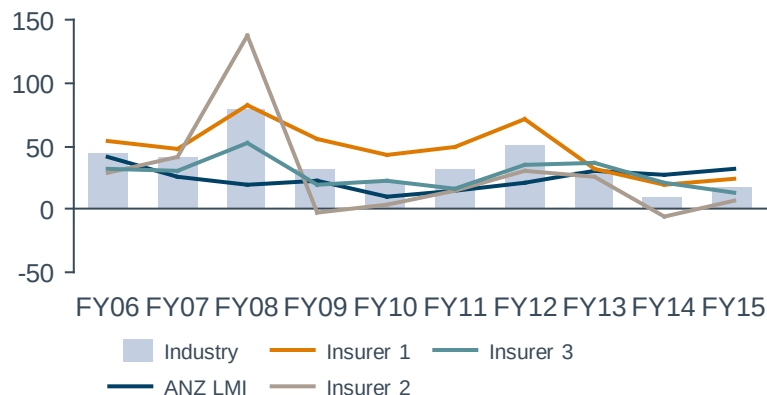
RISK MANAGEMENT

ANZLMI HAS MAINTAINED STABLE LOSS RATIOS

FINANCIAL YEAR 2016 RESULTS

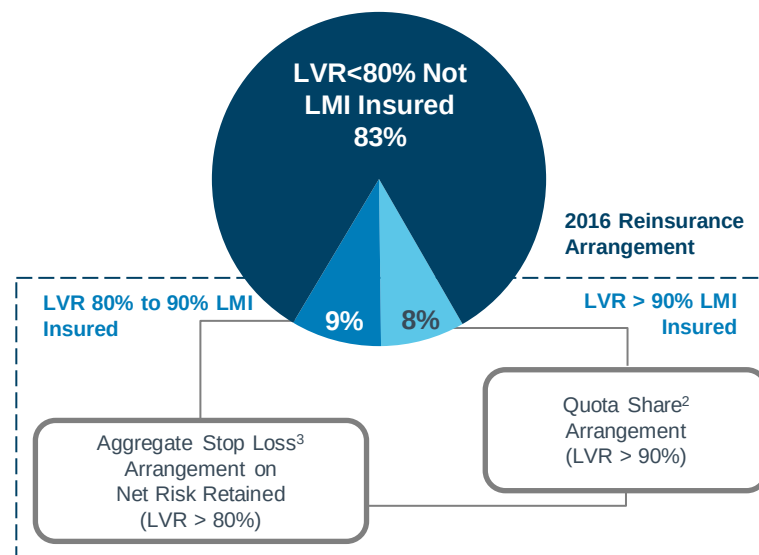
Gross Written Premium (\$m)	\$196m
Net Claims Paid (\$m)	\$26m
Loss Rate (of Exposure)	5.1 bps

ANZLMI MAINTAINS LOW LOSS RATIOS¹



LMI & REINSURANCE STRUCTURE

Australian Home Loan portfolio LMI and Reinsurance Structure at 30 Sep 2016 (% FUM)



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

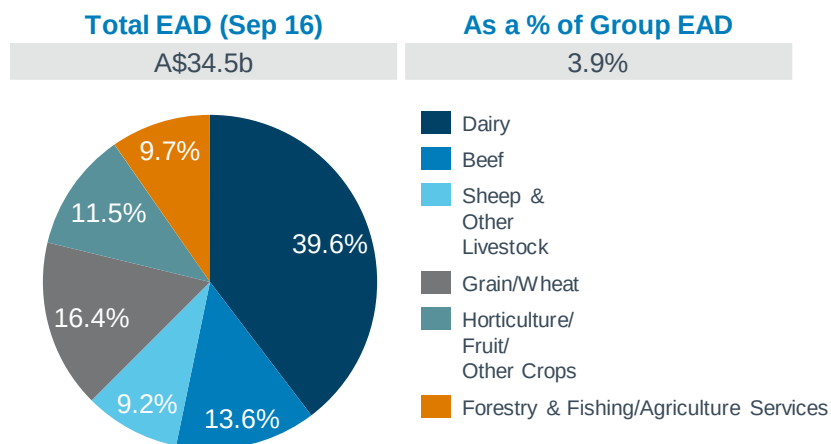
Reinsurance is comprised of a **Quota Share arrangement²** with reinsurers for mortgages 90% LVR and above and in addition an **Aggregate Stop Loss arrangement³** for policies over 80% LVR

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

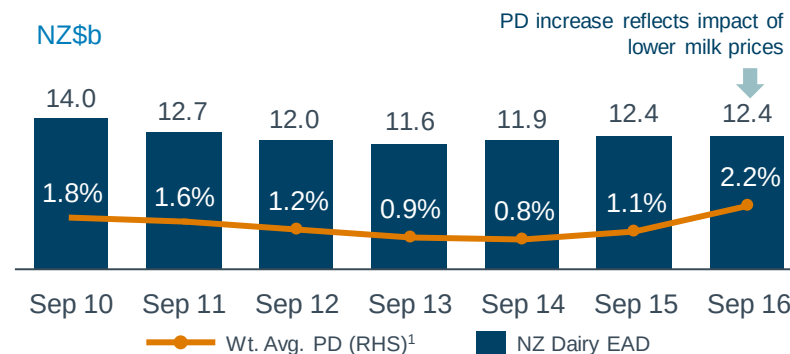
RISK MANAGEMENT

GROUP AGRICULTURE PORTFOLIO

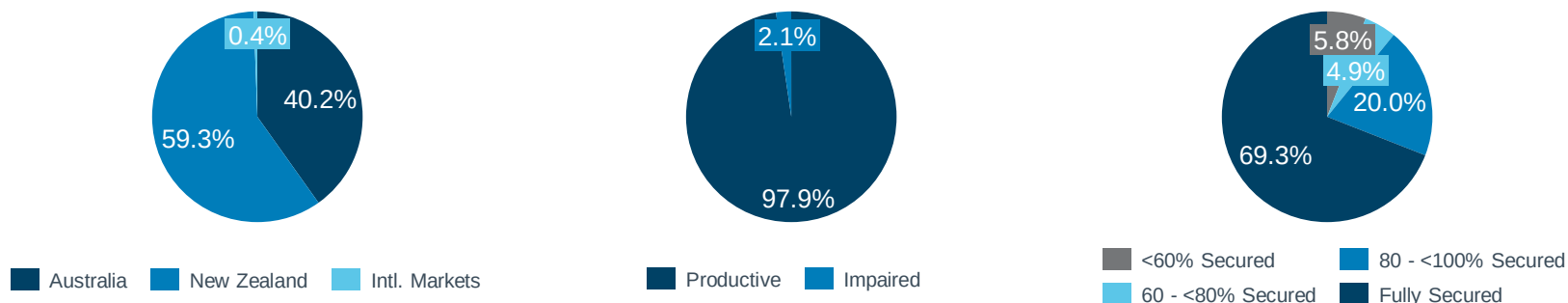
AGRICULTURE EXPOSURE BY SECTOR (% EAD)



NEW ZEALAND DAIRY CREDIT QUALITY



GROUP AGRICULTURE EAD SPLITS²

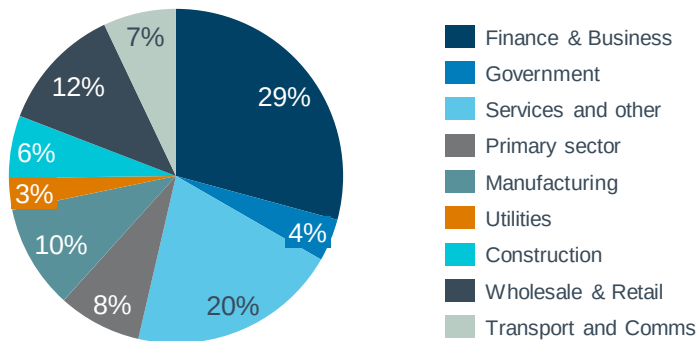


1. Wholesale PD model changes account for 55 bps in FY16
2. Security indicator is based on ANZ extended security valuations

RISK MANAGEMENT

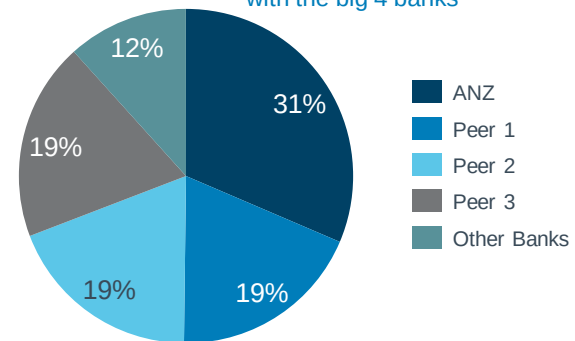
NEW ZEALAND MARKET CHARACTERISTICS

GDP CONTRIBUTION BY INDUSTRY¹

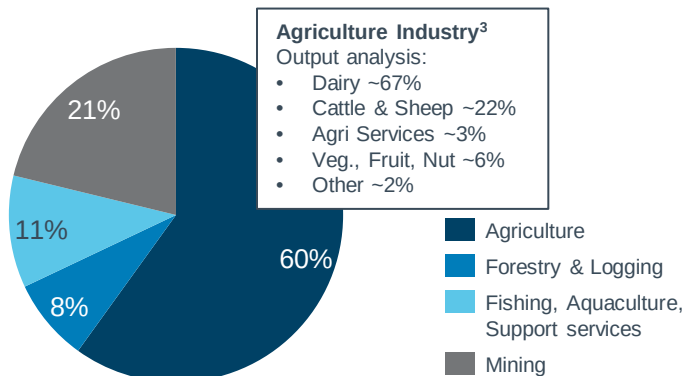


BANKING MARKET²

88% of NZ banking sector Net Loans & Advances (\$365b) are with the big 4 banks

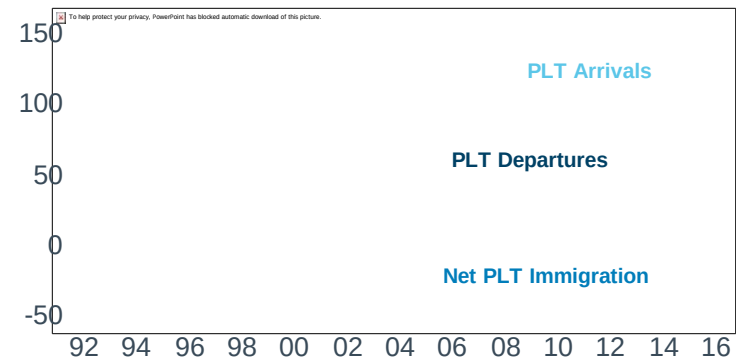


PRIMARY SECTOR GDP CONTRIBUTION³



POSITIVE MIGRATION IMPACT ON POPULATION⁴

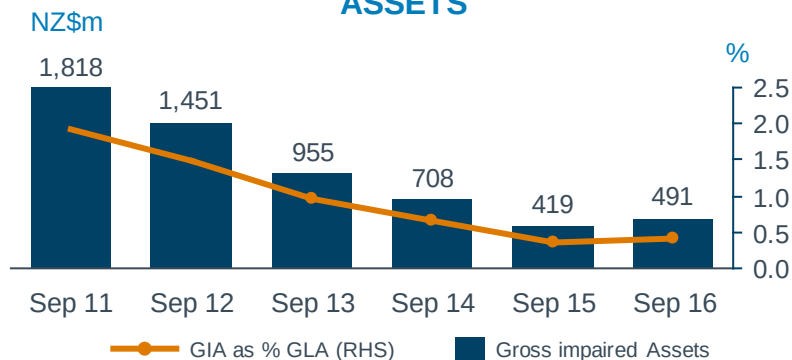
Persons, 12 month total ('000)



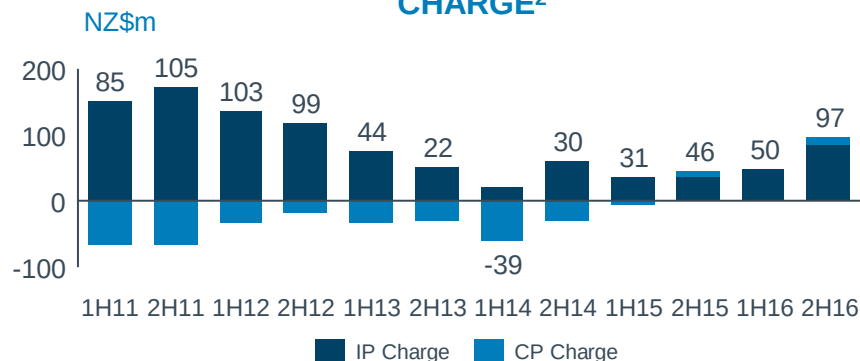
RISK MANAGEMENT

NEW ZEALAND

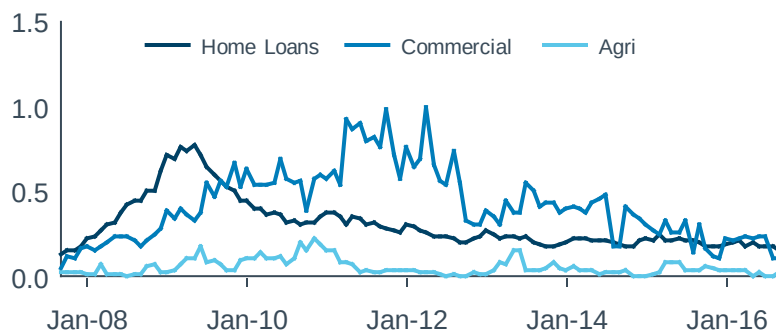
NEW ZEALAND GEOGRAPHY GROSS IMPAIRED ASSETS



NEW ZEALAND GEOGRAPHY TOTAL PROVISION CHARGE²

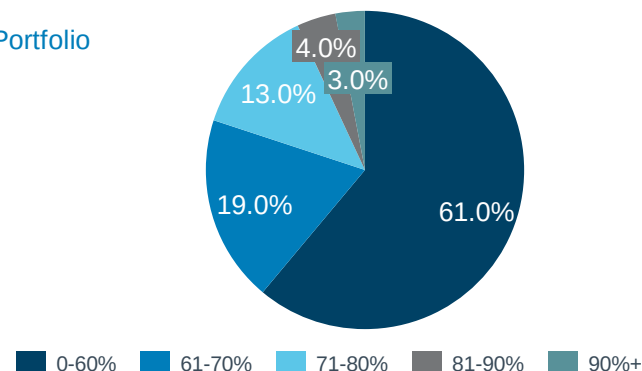


NEW ZEALAND DIVISION 90+DAYS DELINQUENCIES



MORTGAGE DYNAMIC LOAN TO VALUE RATIO¹

% of Portfolio

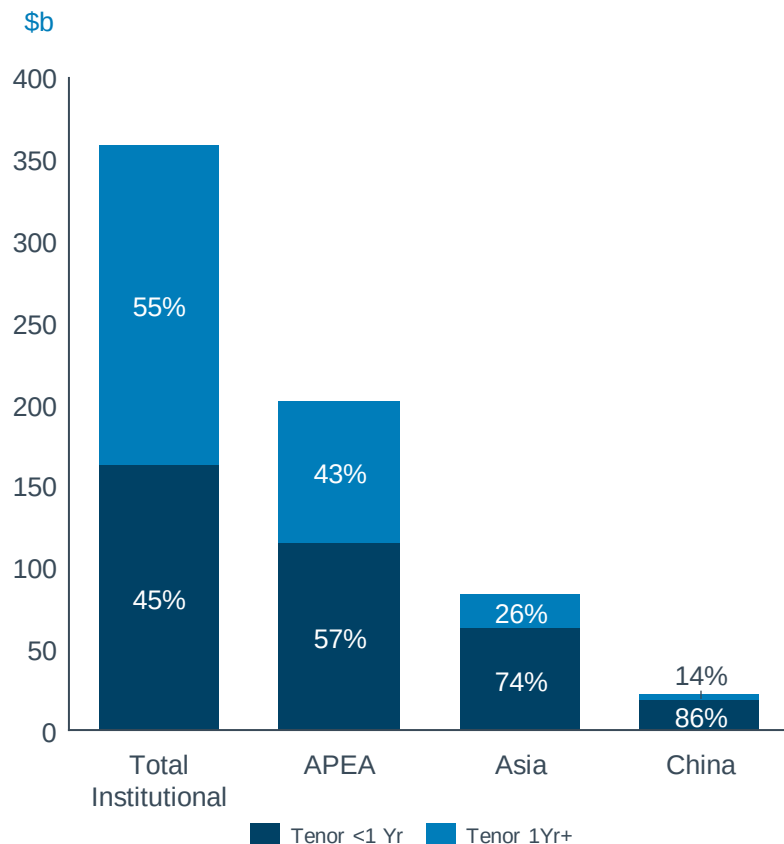


1. Average dynamic LVR as at Aug 2016 (not weighed by balance)
2. Credit valuation adjustments (CVA) for customers with CCR10 are reported differently for cash profit and headline views of earnings. In the headline (statutory) view of provision reported above, changes in CVA are reported in Other Operating Income, but in the cash profit view of earnings the change in CVA is reclassified to IP

RISK MANAGEMENT

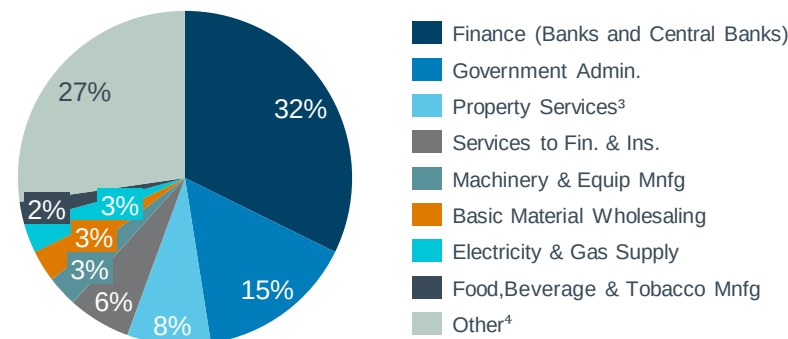
ANZ INSTITUTIONAL PORTFOLIO (COUNTRY OF INCORPORATION¹)

INSTITUTIONAL PORTFOLIO SIZE & TENOR (EAD²)



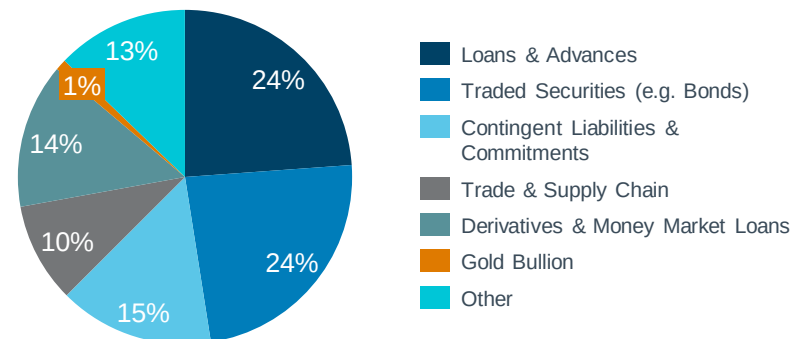
ANZ INSTITUTIONAL INDUSTRY COMPOSITION

EAD (Sep 16): A\$358b²



ANZ INSTITUTIONAL PRODUCT COMPOSITION

EAD (Sep 16): A\$358b²



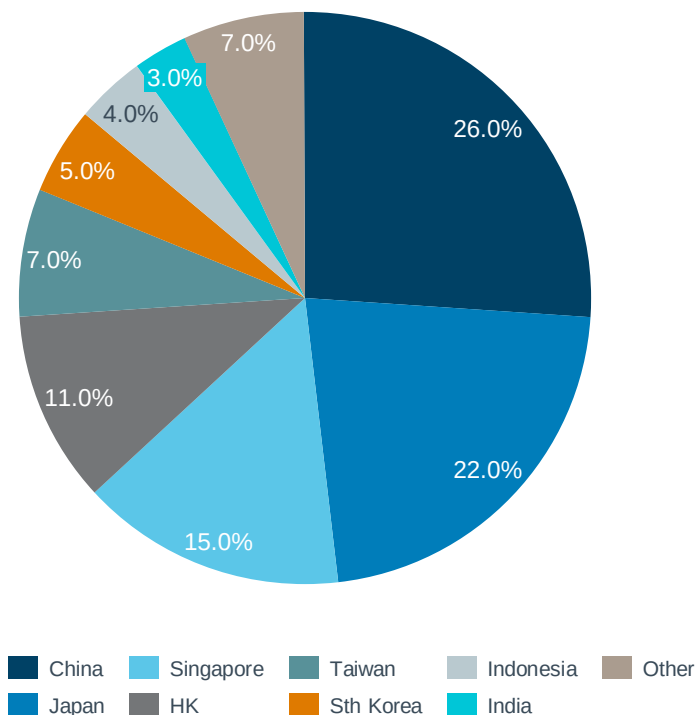
1. Country is defined by the counterparty's Country of Incorporation. 2. Data provided is as at Sept16 on a Post CRM basis, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral. Position excludes Basel Asset Class "Retail" and manual adjustments. 3. ~85% of the ANZ Institutional "Property Services" portfolio is to entities incorporated in either Australia or New Zealand. 4. Other is comprised of 48 different industries with none comprising more than 2.2% of the Institutional portfolio

RISK MANAGEMENT

ANZ ASIAN INSTITUTIONAL PORTFOLIO (COUNTRY OF INCORPORATION¹)

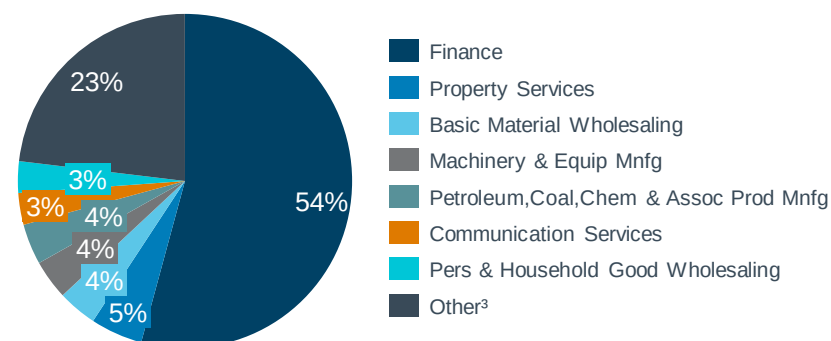
COUNTRY OF INCORPORATION¹

EAD (Sep 16): A\$83b²



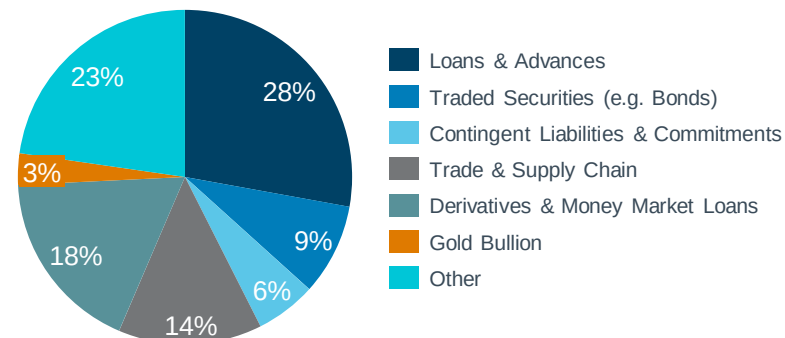
ANZ ASIA INDUSTRY COMPOSITION

EAD (Sep 16): A\$83b²



ANZ ASIA PRODUCT COMPOSITION

EAD (Sep 16): A\$83b²



1. Country is defined by the counterparty's Country of Incorporation. 2. Data is provided as at Sept16 on a Post CRM basis, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral. Position excludes Basel Asset Class "Retail" and manual adjustments. 3. "Other" within industry is comprised of 44 different industries with none comprising more than 2.5% of the Asian Institutional portfolio; Other product category is predominantly exposure due from other financial institutions.

RISK MANAGEMENT

ANZ CHINA PORTFOLIO (COUNTRY OF INCORPORATION¹)

COUNTRY OF INCORPORATION¹

EAD (Sep 16): A\$22b²

China EAD

- Total China EAD of A\$22b, with 52% or A\$11.3b booked onshore in China

Tenor

- ~86% of EAD has a tenor less than 1 year

Risk rating

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

Industry

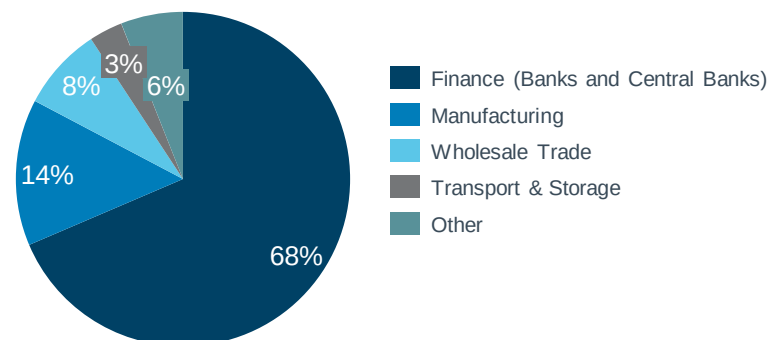
- 68% of China exposures to Financial institutions, with ~61% of this to China's central bank and its Top 5 largest banks

Products

- Reduction in 'Trade & Supply chain' (A\$1.4b in Finance Industry, A\$1.4b in Manufacturing), whilst largest growth in 'Other' (+A\$2.9b) due to increase in Nostro accounts
- Within Loans and Advances ~74% have a tenor of less than 1 year, up from 62% as at Sep 15

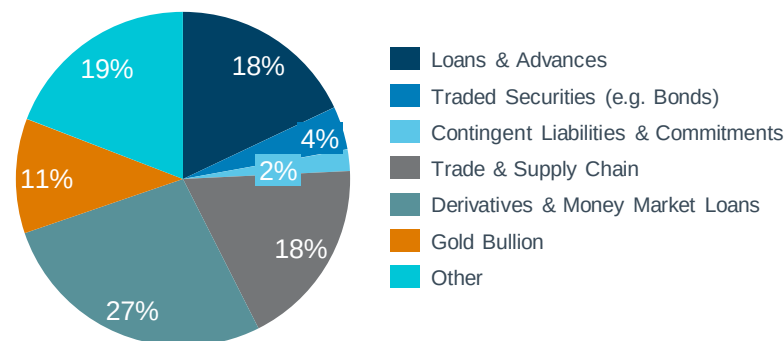
ANZ CHINA INDUSTRY COMPOSITION

EAD (Sep 16): A\$22b²



ANZ CHINA PRODUCT COMPOSITION

EAD (Sep 16): A\$22b²



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

2. Data is provided as at Sep16 on a Post CRM basis, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral. Position excludes Basel Asset Class "Retail" and manual adjustments.

RISK MANAGEMENT

ANZ INDONESIA PORTFOLIO (COUNTRY OF INCORPORATION¹)

COUNTRY OF INCORPORATION¹

EAD (Sep 16): A\$3.7b²

Indonesia EAD

- Total Indonesia EAD of A\$3.7b, with 72% or A\$2.7b booked onshore in Indonesia and A\$1.0b booked in Singapore

Tenor

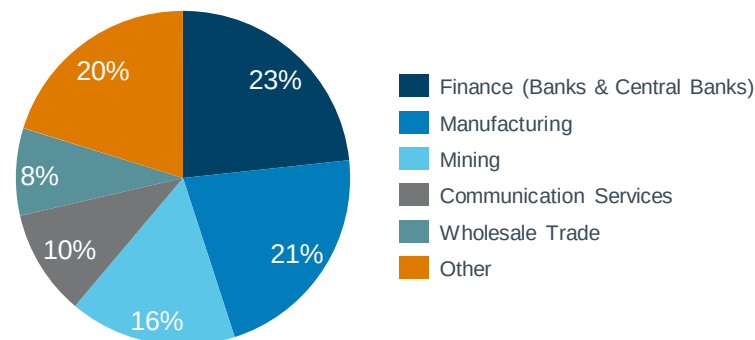
- ~47% of EAD has a tenor less than 1 year

Industry

- 35% of Indonesia's portfolio exposure is to government-related entities
- Reduced exposure to Mining, led by coal mining and related services. Sector now comprises 16% of total portfolio compared to 19% as at Sep 15

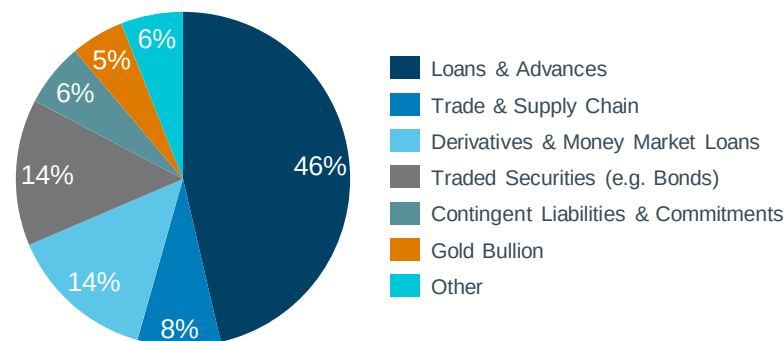
ANZ INDONESIA INDUSTRY COMPOSITION

EAD (Sep 16): A\$3.7b²



ANZ INDONESIA PRODUCT COMPOSITION

EAD (Sep 16): A\$3.7b²



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

2. Data is provided as at Sep16 on a Post CRM basis, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral. Position excludes Basel Asset Class "Retail" and manual adjustments.



2016 FULL YEAR INVESTOR DISCUSSION PACK

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
November 2016

HOUSING PORTFOLIO TRENDS

AUSTRALIA HOME LOANS

PORTFOLIO OVERVIEW

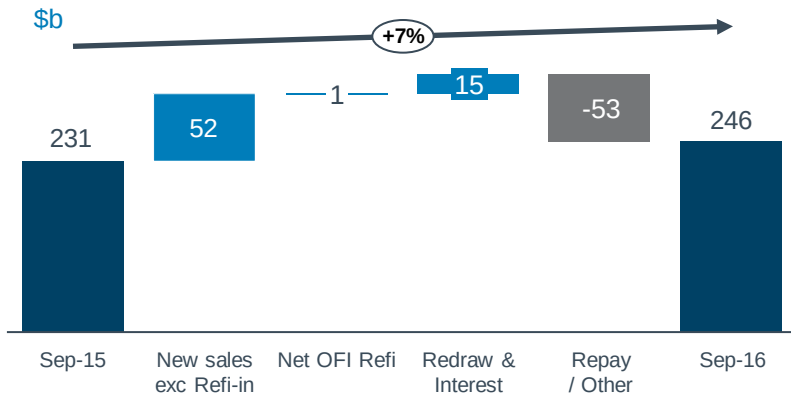
	Portfolio ²		Flow		Portfolio	
	FY15	FY16	FY16		FY15	FY16
Number of Home Loan accounts	954k	975k	177k ¹³	Average LVR at Origination ^{4,5,6}	71%	71%
Total FUM ²	\$231bn	\$246bn	\$65bn	Average Dynamic LVR ^{5,6,7}	50%	52%
Average Loan Size	\$242k	\$252k	\$407k ^{4,5}	Market Share ¹	15.6%	15.5%
% Owner Occupied	58%	62%	68%	% Ahead of Repayments ⁸	42%	39%
% Investor	37%	34%	29%	Offset Balances ⁹	\$22b	\$24b
% Equity Line of Credit	5%	4%	3%	% Paying Interest Only ³	37%	37%
% Paying Variable Rate Loan	88%	87%	84%	% Paying Principle & Interest ³	63%	63%
% Paying Fixed Rate Loan	12%	13%	16%	% First Home Buyer	7%	7%
% Broker originated	48%	49%	52%	% Low Doc ¹²	7%	5%
				Home Loan IP Loss Rate	0.01%	0.02%
				Group IP Loss Rate	0.20%	0.34%
				% of Australia Geography Lending ¹⁰	60%	62%
				% of Group Lending ^{10,11}	40%	43%

1. Source for Australia: APRA 2. Home Loans (exclusive of Non Performing Loans, exclusive of offset balances) 3. Excludes Equity Manager 4. Originated FY15 for FY15, originated FY16 for FY16 5. Unweighted 6. Including capitalised premiums 7. Valuations updated Sep'16 where available 8. % of Owner Occupied and Investment Loans that are one month or more ahead of repayments. Excludes Equity Loans 9. Balances of Offset accounts connected to existing Instalment Loans 10. Based on Gross Loans and Advances 11. Group Cash Profit basis. 12. Low Doc is comprised of less than or equal to 60% LVR mortgages primarily for self-employed without scheduled PAYG income. However, it also has ~A\$500m of less than or equal to 80% LVR mortgages, primarily booked pre-2008. 13. New accounts includes increases to existing accounts and split loans (fixed and variable components of the same loan)

AUSTRALIA HOME LOANS

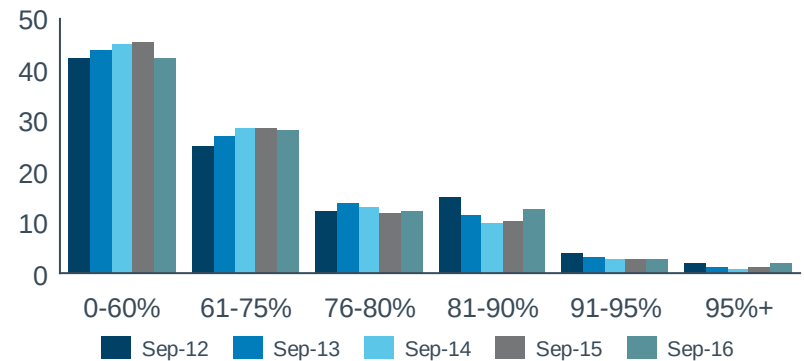
PORTFOLIO TRENDS

HOME LOAN BALANCE & LENDING FLOWS¹



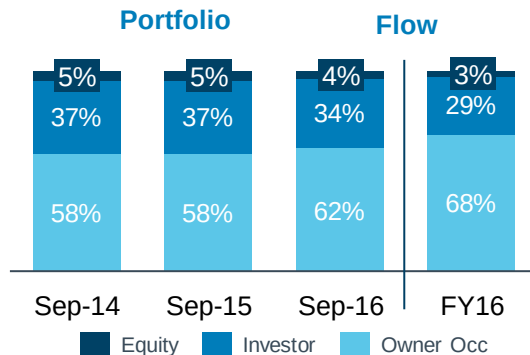
HOME LOAN PORTFOLIO: LOAN TO VALUE RATIO^{1,2,3}

% of portfolio

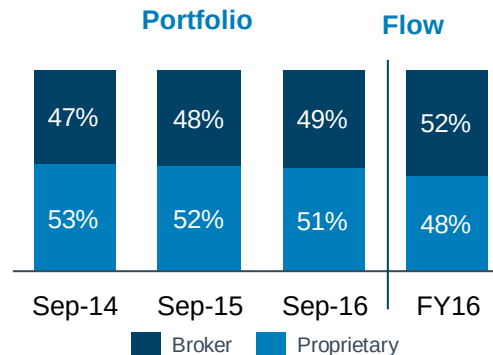


PORTFOLIO¹ & FLOW COMPOSITION

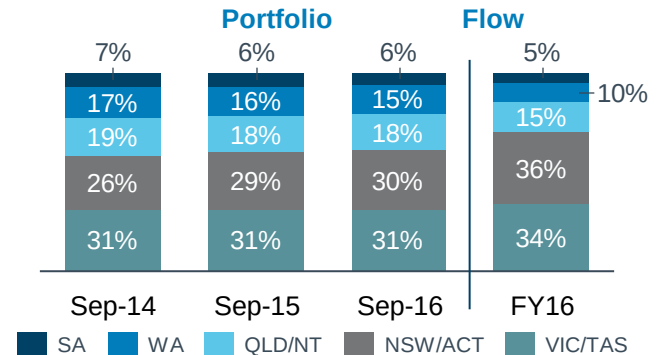
By purpose:



By channel:



By location:

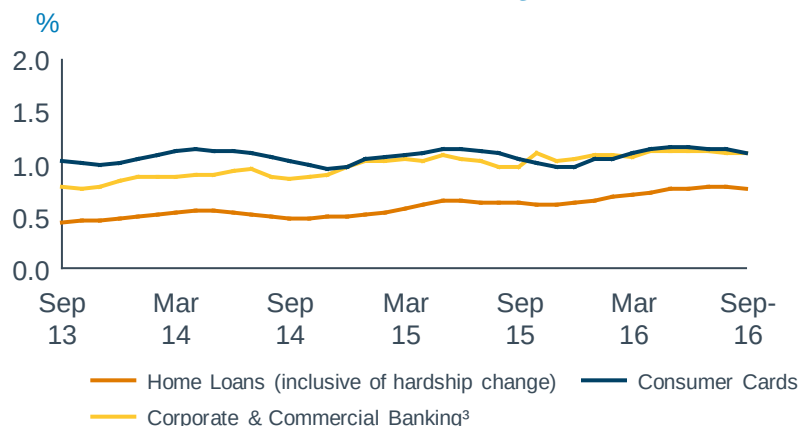


1. Exclusive of Non Performing Loans.
2. Including capitalised premiums
3. Valuations updated Sep-16 where available

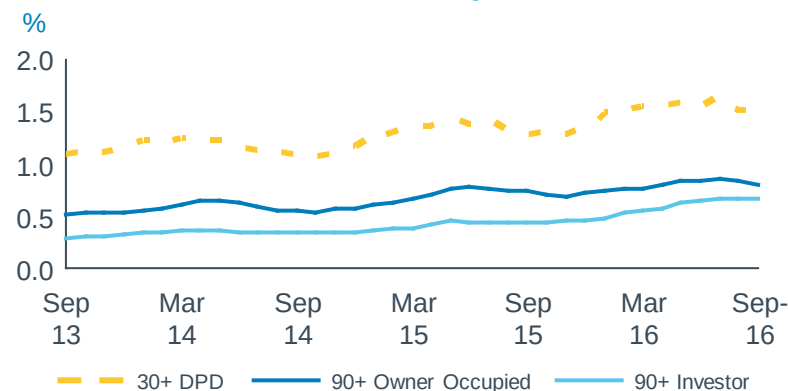
AUSTRALIA DIVISION

PORTFOLIO PERFORMANCE

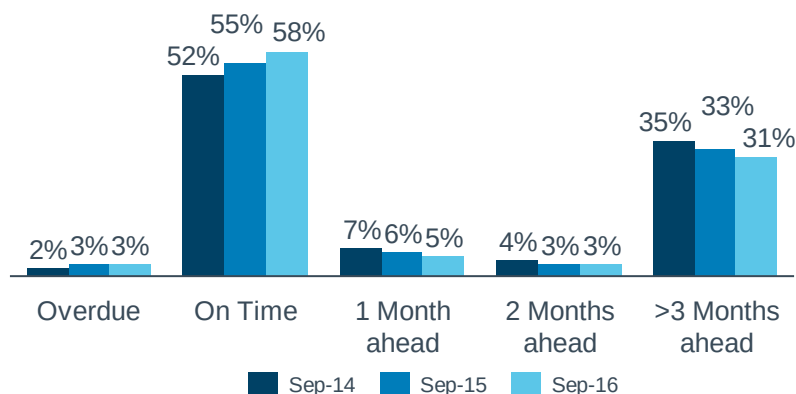
AUS DIV 90+ DAY DELINQUENCIES¹



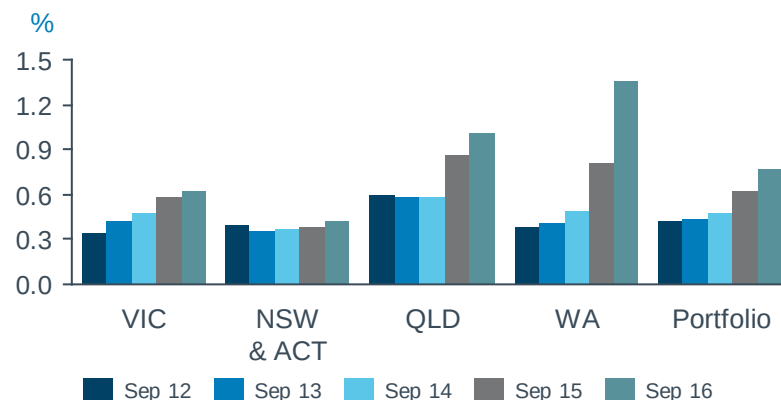
HOME LOAN DELINQUENCIES¹



HOME LOANS REPAYMENT PROFILE⁴



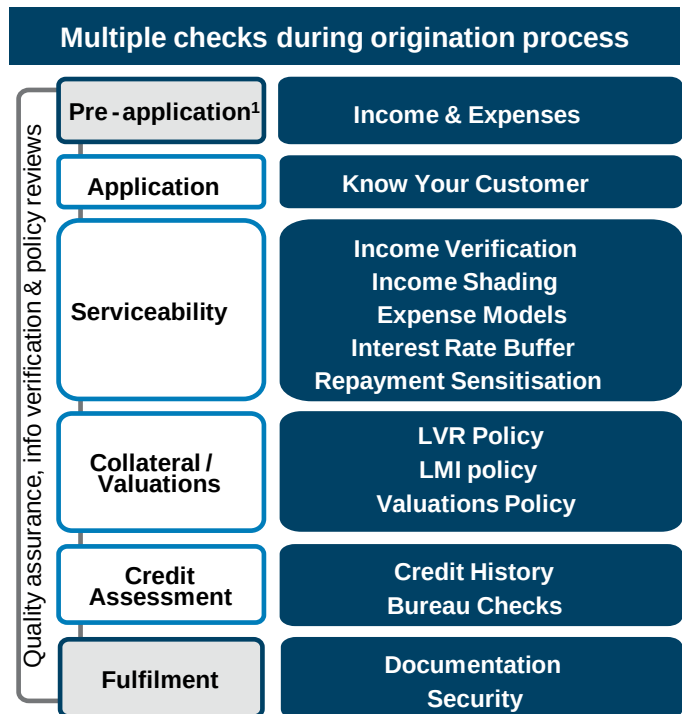
HOME LOANS 90+ DPD BY STATE^{1,2}



1. Exclusive of Non Performing Loans.
2. VIC, NSW & ACT, QLD and WA represent 91% of total portfolio, with remaining 9% distributed between TAS, NT and SA.
3. Includes Small Business, Commercial Cards and Asset Finance
4. Repayment profile on % of Owner Occupied and Investment loans. Excludes equity loans, non performing loans and offset balances. Overdue refers to past due by 1 day+

AUSTRALIA HOME LOANS

UNDERWRITING PRACTICES AND MATERIAL POLICY CHANGES



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

2015/2016 changes to lending standards and underwriting:

Serviceability

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

Material Policy changes

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

1. Customers have the ability to assess their capacity to borrow on ANZ tools

NEW ZEALAND MORTGAGES

PORTFOLIO OVERVIEW ¹

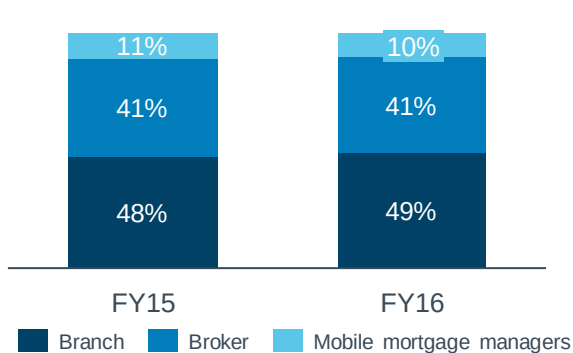
	Portfolio		Growth		Portfolio	
	FY15	FY16	FY16		FY15	FY16
Number of Home Loan accounts	502k	511k	1.8%	Average LVR at Origination ²	64%	60%
Total FUM	NZ\$68b	NZ\$73b	7.4%	Average Dynamic LVR ³	47%	44%
Average Loan Size at Origination	NZ\$306k	NZ\$300k	(2.0%)	Market Share ⁴	31.6%	31.5%
Average Loan Size	NZ\$135k	NZ\$143k	5.9%	% Paying Interest Only ⁵	23%	24%
% of NZ Geography Lending	57%	58%	156bps	% Paying Principal & Interest	77%	76%
% of Group Lending	10%	12%	131bps	% First Home Buyer	N/A	N/A
% Owner Occupied	74%	73%	(124bps)	% Low Doc	0.6%	0.5%
% Investor	26%	27%	124bps	Mortgage Loss Rates	0.01%	(0.01%)
% Paying Variable Rate Loan	25%	24%	(112bps)	Group Loss Rates	0.20%	0.34%
% Paying Fixed Rate Loan	75%	76%	112bps			
% Broker originated	31%	34%	251bps			

1. New Zealand Geography
2. Average LVR at Origination (not weighted by balance)
3. Average dynamic LVR as at September 2016 (not weighted by balance)
4. Source for New Zealand: RBNZ 5. Excludes revolving credit facilities

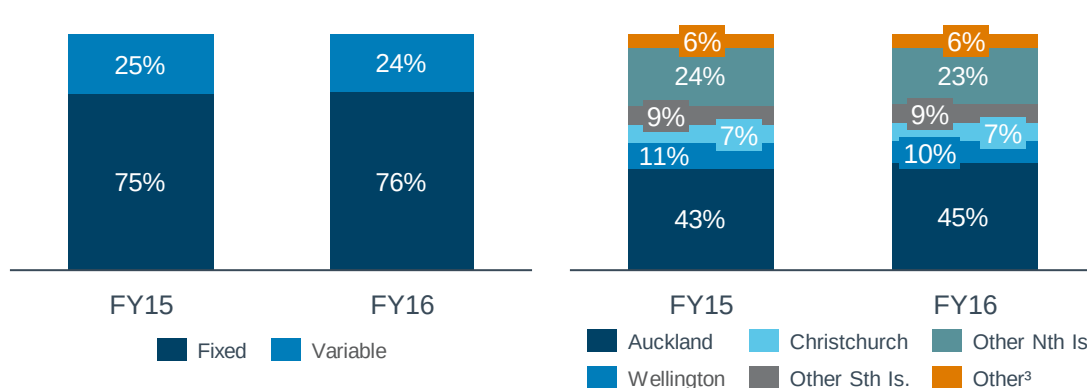
NEW ZEALAND

HOME LENDING¹

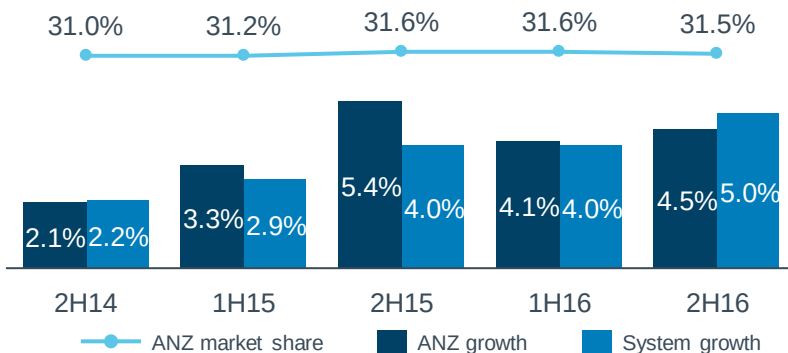
FLOW²



PORTFOLIO

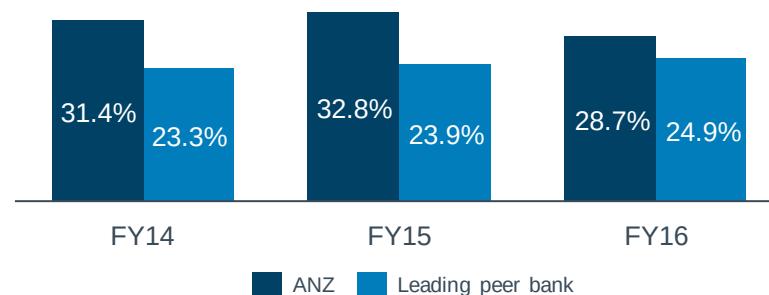


MARKET SHARE⁴



AUCKLAND MARKET SHARE⁵

Share of new home loans registrations in Auckland



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 September 2016, share of all banks
 5. Source: CoreLogic September 2016



2016 FULL YEAR INVESTOR DISCUSSION PACK

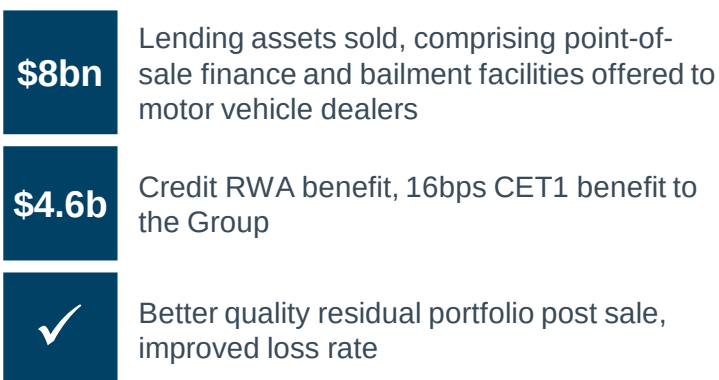
AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
November 2016

DIVISIONAL INFORMATION

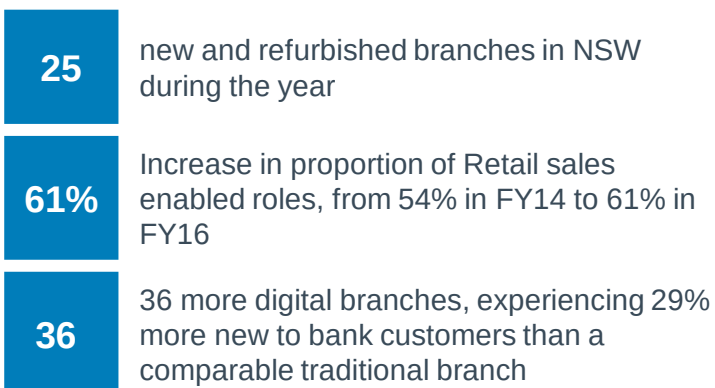
AUSTRALIA

SIMPLER, BETTER CAPITALISED & MORE AGILE BANK

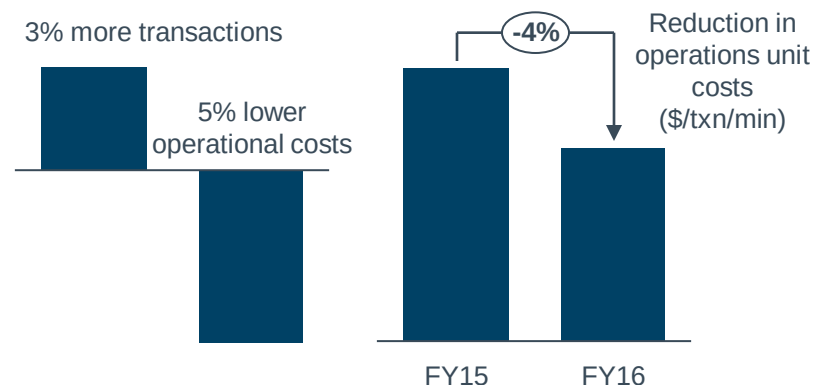
SALE OF ESANDA DEALER FINANCE



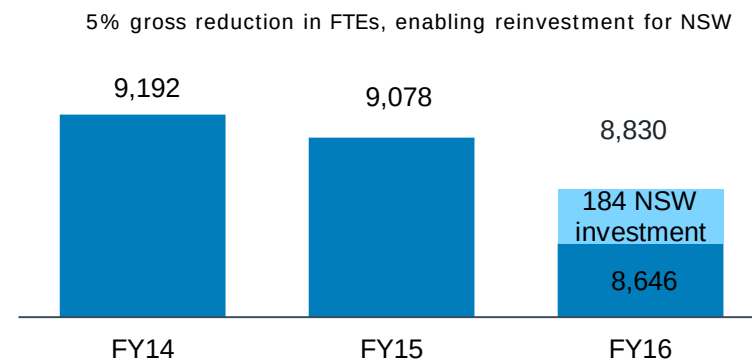
OPTIMISING BRANCH NETWORK



MORE EFFICIENT OPERATIONS



SIMPLIFYING HEAD OFFICE



NOTE: Information is on an Adjusted Pro-forma basis unless otherwise specified

AUSTRALIA

HOME LOANS

GOOD BUSINESS

\$247b Home Loan Portfolio
(43% of group lending)

#3 Achieved market share¹

168k Number of people we helped to
buy a property

1.0x system growth¹

GROWING STRONGLY

\$65b Gross sales of \$65bn

↑7% Strong FUM growth driving
\$3.3b revenue

↑\$6bn Increase in Proprietary
channel FUM growth

↑13% NSW Home Loan
FUM growth

MANAGED PRUDENTLY

52% Dynamic LVR of the
portfolio

✓ Balanced volume and margin,
optimising revenue

✓ Credit policies strengthened

2bps IP loss rate

NOTE: Information is on an Adjusted Pro-forma basis unless otherwise specified

1. APRA excluding incorporations, as at September 2016

AUSTRALIA

SMALL BUSINESS BANKING

GOOD BUSINESS

\$49b

Small Business Lending
& Deposit Portfolio

↑9%

Strong lending FUM growth



Launched ANZ Business
Ready



Local, specialised bankers,
offering industry specialisation

GROWING STRONGLY

36%

New business lending to
startups, supporting innovation

↑17%

Increase in core transaction
account deposits

↑6%

Increase in small business
customers who bank with us

↑7%

Sales productivity
(Revenue/FTE)

MANAGED PRUDENTLY

70%

% portfolio that is well secured



Balanced growth, diversified
portfolio, low concentration risk



Credit policies strengthened



Risk based pricing

AUSTRALIA

INVESTING IN CAPABILITY AND CAPACITY IN NSW

FOCUSED INVESTMENT IN NSW

184

Expanding our sales capacity with 184 additional FTE hired in NSW since FY15.

25

Investing in our branch network with 25 new and refurbished branches across the state in FY16

27%

Increasing the investment in our marketing spend in NSW in FY16

#2

Rank in Top of Mind Awareness in Sydney⁴

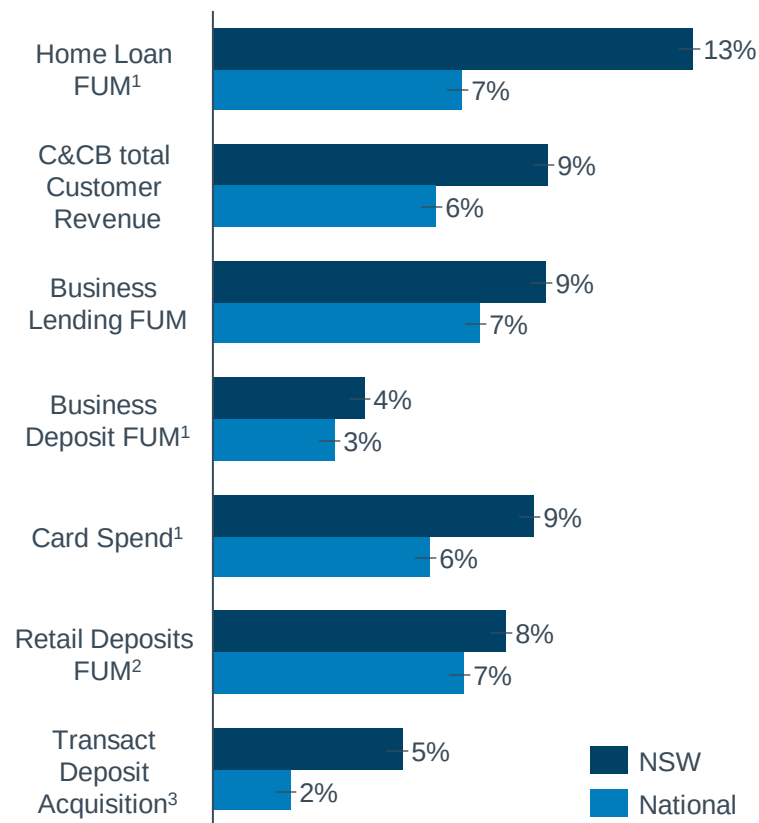
#2

Rank in both Home Loans and Overall Purchase Intention⁴

1st

Australia's first dedicated Home Loans centre opened in Parramatta

DRIVING STRONGER GROWTH IN NSW vs NATIONAL GROWTH



NOTE: Information is on an Adjusted Pro-forma basis unless otherwise specified

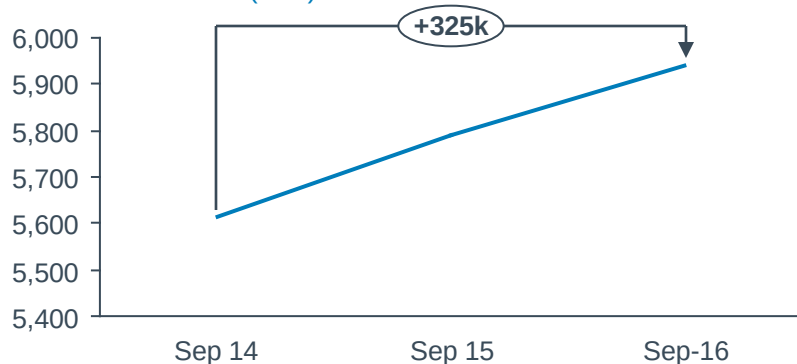
1. PCP: Comparing end of period 30 September 2016 to 30 September 2015 for FUM. Card spend relates to card spend volume in dollars. 2. Excludes offset balances 3. Refers to Branch channel only 4. Source: Brand Monitor (IP SOS) August 2016.

AUSTRALIA

PERFORMANCE DRIVERS

NET CUSTOMER GROWTH

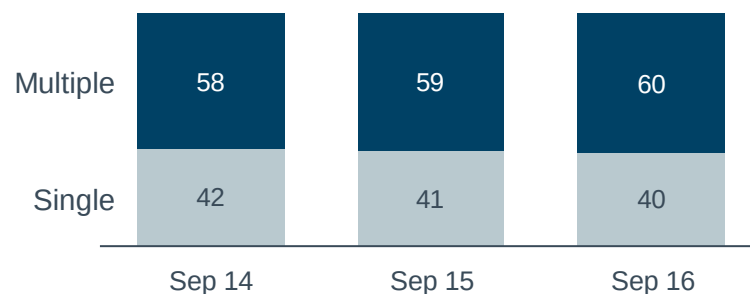
Australia Division ('000)



GROW PRODUCTS PER CUSTOMER

Retail Products per Customer

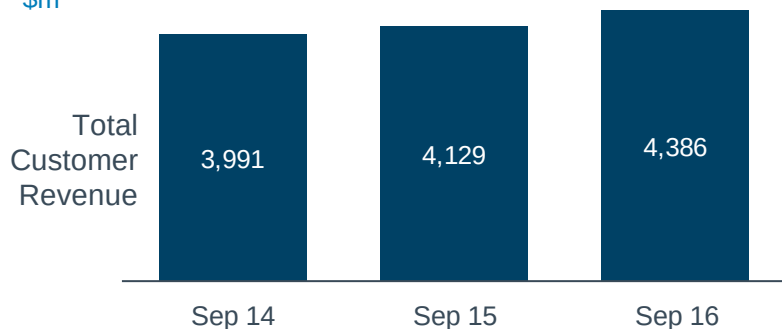
%



DEEPENING CUSTOMER RELATIONSHIPS

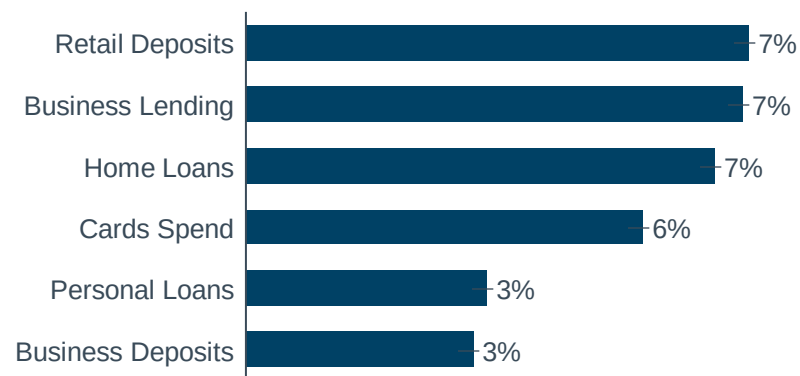
C&CB contribution of total customer revenue

\$m



STRONG FUM GROWTH (PCP¹)

FUM growth

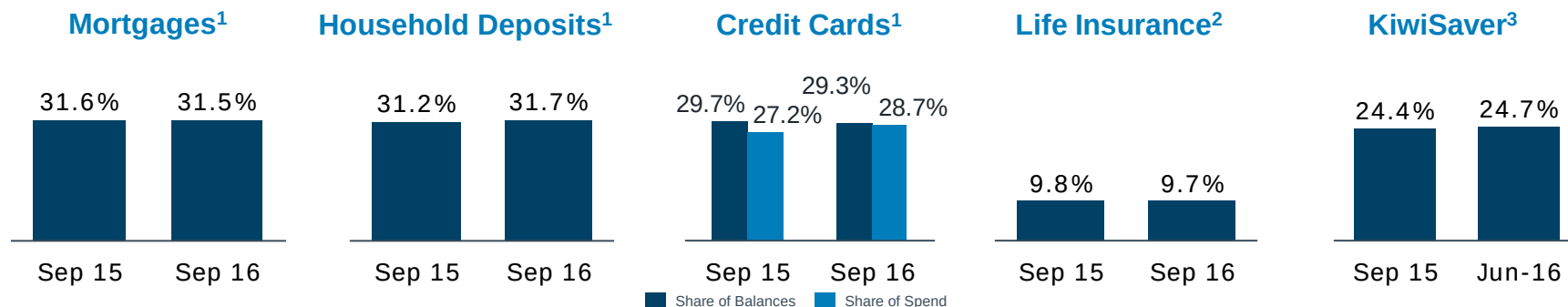


NOTE: Information is on an Adjusted Pro-forma basis unless otherwise specified

1. PCP: Comparing end of period 30 September 2016 to 30 September 2015 for FUM. Card spend relates to card spend volume in dollars

NEW ZEALAND

KEY PRODUCTS MARKET SHARE



Mortgages

- Maintained our #1 market share position while taking a lead role in promoting a responsible approach to lending in a low interest rate environment
- Continuing to improve the quality of our book by reducing appetite in segments such as foreign income earners and long term interest only loans

Household deposits

- We have been focussed on supporting New Zealanders to save, by increasing both customer and staff awareness with relevant deposit offers
- We have experienced strong household deposit growth in an increasingly competitive marketplace

Credit cards

- Decline in share of outstanding balances reflects our decision to move away from 0% balance transfers
- Share of spend continues to grow strongly and the launch of Apple Pay™ is expected to drive additional credit card sales

Life Insurance

- Maintained share in an increasingly competitive insurance landscape
- We continue to improve the quality of proprietary distribution, with bank channel lapse rates improving 25bps from last year

KiwiSaver

- We now have more than 710,000 KiwiSaver members, FUM growth of NZ\$1.8b in FY16 with market share up 30bps³
- Annualised defection rate of 4.9% well below market average of 7.5%

1. Source: RBNZ, share of all banks as at September 16

2. Source: FSC (Financial Services Council), share of all providers as at September 16

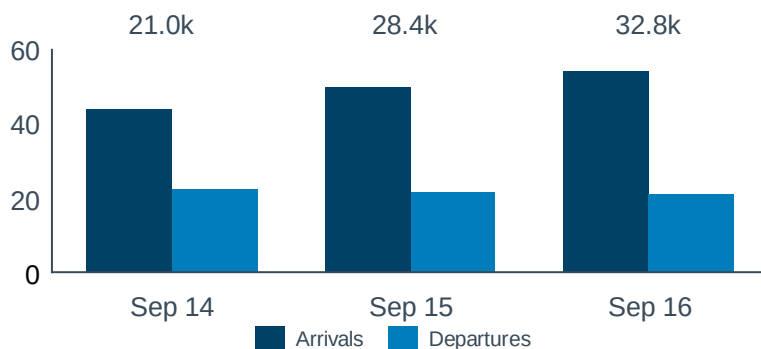
3. RBNZ, share of FUM of all providers as at June 16

NEW ZEALAND

AUCKLAND

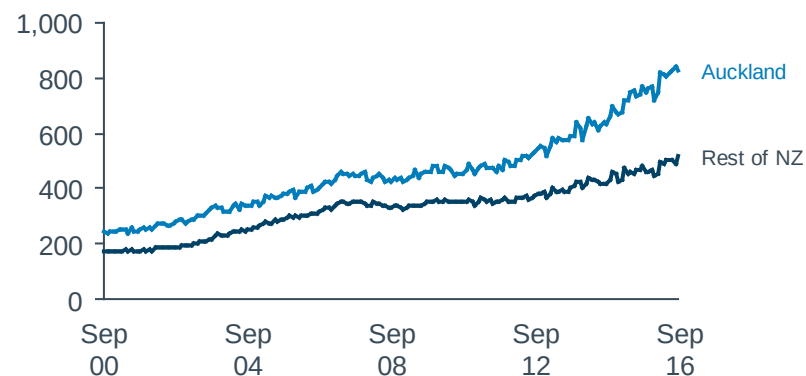
NET MIGRATION FOR AUCKLAND¹

Net Migration 000's

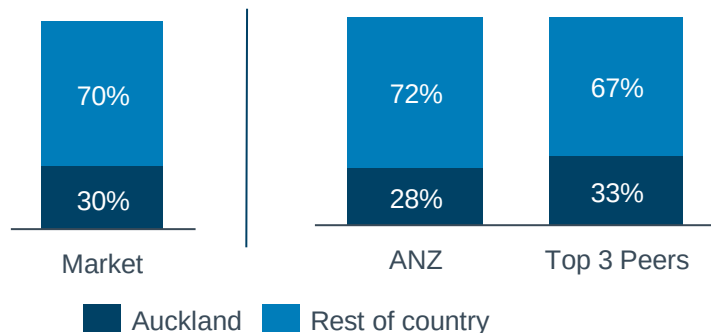


HOUSE PRICES²

NZ\$'000

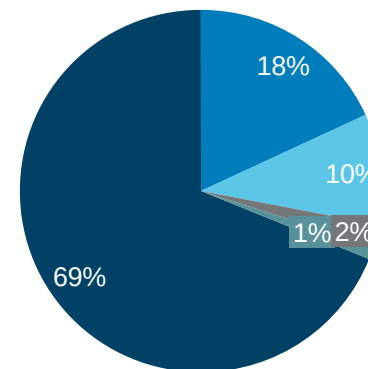
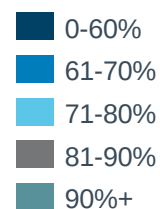


EXPOSURE TO AUCKLAND HOME LOANS³



ANZ MORTGAGE LVR PROFILE FOR AUCKLAND⁴

%

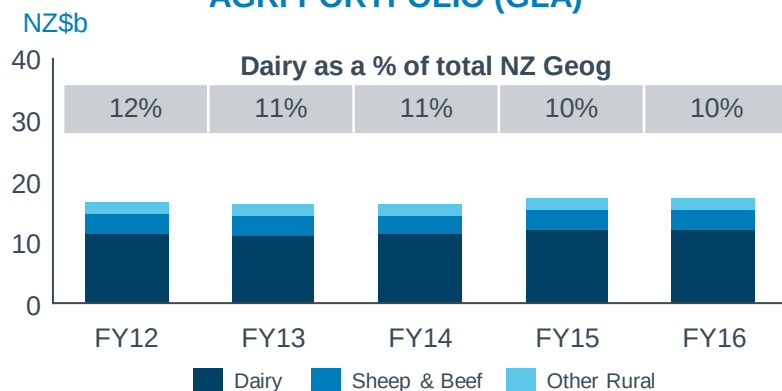


1. Statistics NZ
2. REINZ
3. Core Logic, stock (number) of mortgage registrations. Top 3 peer banks are ASB, WBC and BNZ, as of September 2016
4. Dynamic basis, as of September 2016

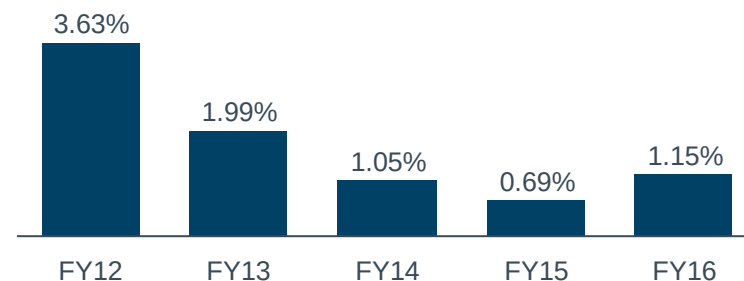
NEW ZEALAND

AGRICULTURE PORTFOLIO¹

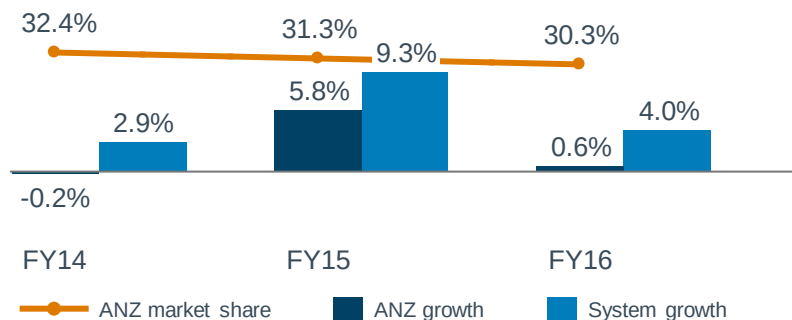
AGRI PORTFOLIO (GLA)



AGRI CREDIT QUALITY – GIA AS % OF GLAs



MARKET SHARE² AGRICULTURE



APPROACH TO THE AGRICULTURE SECTOR

Portfolio:
(NZ\$18b)

Agri portfolio comprises 67% Dairy, 23% Sheep & Beef, 10% Other

Profile

Well established customer base and a highly secured portfolio. Stresses seen in Dairy are reflected in GIA as a % of GLA which has increased in FY16. ANZ Agri lending remained broadly flat in the year

Customer approach

Long-standing relationships with a focus on supporting existing dairy customers. Stringent credit assessment process

1. New Zealand Geography (Gross Loans and Advances)
2. Source: RBNZ, share of all banks as at September 16

NEW ZEALAND GEOGRAPHY

2016 FULL YEAR GROWTH RATES (% CHANGE)

	Cash	Adjusted Pro- forma ¹
FY16 vs FY15	NZ(NZD)	NZ(NZD)
Income	(2%)	0%
Net interest	5%	5%
Other income	(21%)	(17%)
Expenses	7%	(2%)
PBP	(7%)	0%
Provisions Charge	96%	96%
Cash Profit	(9%)	(2%)
AIEA	8%	8%
Customer Deposits	8%	8%
Gross Loans & Adv.	5%	5%
RWA	3%	3%

SECOND HALF 2016 GROWTH RATES (% CHANGE)

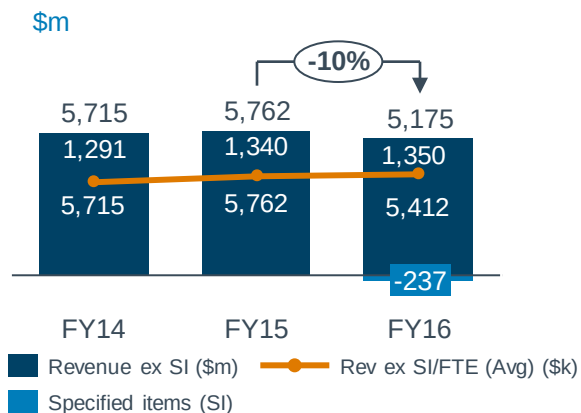
	Cash	Adjusted Pro-forma ¹
2H16 vs 1H16	NZ(NZD)	NZ(NZD)
Income	2%	4%
Net interest	3%	3%
Other income	(2%)	8%
Expenses	(6%)	0%
PBP	8%	7%
Provisions Charge	98%	98%
Cash Profit	4%	3%
AIEA	3%	3%
Customer Deposits	1%	1%
Gross Loans & Adv.	3%	3%
RWA	2%	2%

1. Specified items relevant to New Zealand Geography are software capitalisation changes, derivative credit valuation adjustment changes and restructuring

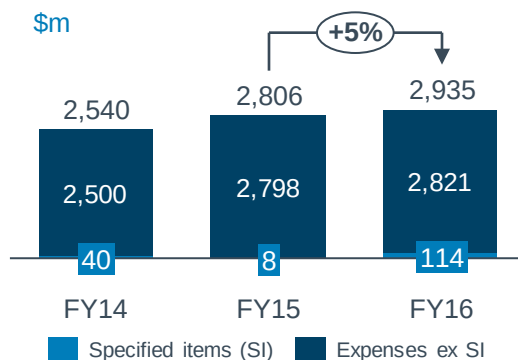
INSTITUTIONAL

2016 FINANCIAL PERFORMANCE IMPACTED BY TRANSFORMATION

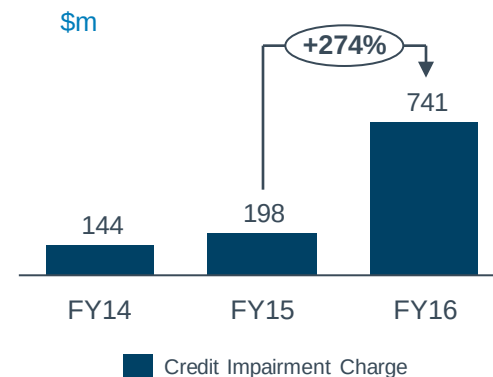
REVENUE¹



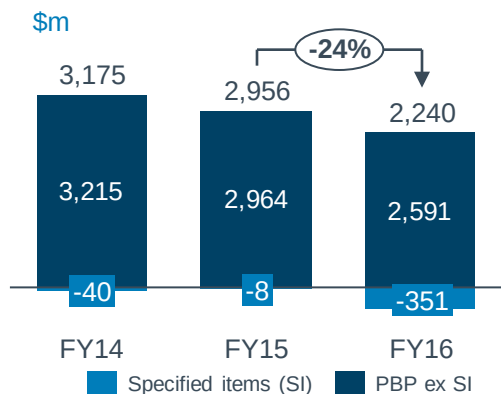
EXPENSES²



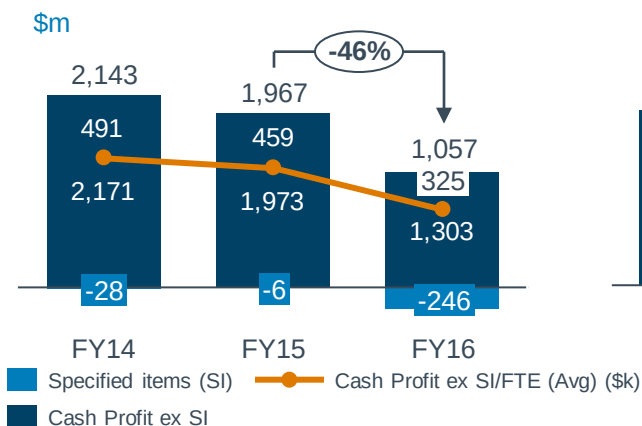
TOTAL PROVISIONS



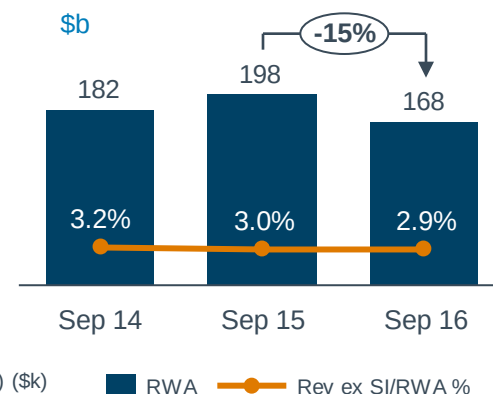
PROFIT BEFORE PROVISIONS



CASH PROFIT



RISK WEIGHTED ASSETS



1. Specified items within revenue reflects the change in methodology for derivative credit valuation adjustment calculation
 2. Specified items within expenses reflects the impact of software capitalisation policy changes (FY16 only) and restructuring costs (FY14 to FY16)

INSTITUTIONAL

SIGNIFICANT ONE-OFF-ITEMS IN 2016

ONE-OFF ITEM ¹		DESCRIPTION	
Revenue	Derivatives credit valuation adjustment	Revised methodology for determining the credit valuation adjustment (CVA) for derivatives	\$m 5,175 237 5,412 FY16 Revenue CVA Adjusted FY16 Revenue
Expenses	Restructuring costs and software capitalisation changes	Expenses incurred in relation to organisational restructures and costs resulting from software capitalisation changes (including accelerated amortisation)	\$m 2,935 -90 -24 2,821 FY16 Expenses Restructuring costs Software capitalisation changes Adjusted FY16 Expenses
Provisions	Oswal settlement	Commercial settlement of a significant single name legal dispute impacting provisions, as announced to the ASX on 22 September 2016	\$m 741 -147 594 FY16 Provisions Oswal settlement Adjusted FY16 Provisions

1. One-off items are shown on a pre-tax basis

INSTITUTIONAL

PROGRESS ON INSTITUTIONAL TRANSFORMATION AGENDA

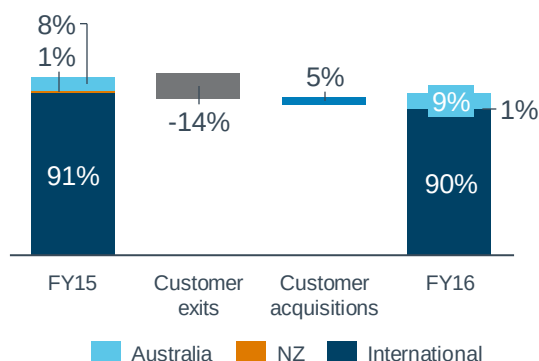
	PRIORITIES	ACTIONS	PROGRESS	1H16	2H16
IMMEDIATE FOCUS	Improve capital efficiency	Actively sell down or run off low-returning RWAs across Loans & Specialised Finance, Markets and Transaction Banking	RWA	↓	↓
		Improve return on RWA through disciplined pricing and active customer management	Margin	Stabilised	Improved
	Reduce costs	Lower FTE by reducing organisational complexity and rightsizing support and enablement functions	FTE	↓	↓
		Simplify and streamline the division to improve productivity			
		Build an appropriately scaled coverage model to win on the basis of customer and industry insight	Cost	→	↓
	Connect customers across the region	Focus on and serve key institutional customers connected to the region via trade and capital flows	Cross-border flow	↑	↑
		Increase geographic focus to move decision-making closer to the customer			
GROWTH	Continue targeted investment	Target the build out of regional Trade, Cash Management and Markets platforms	STP rates	↑	↑
		Improve customer experience and straight-through-processing rates, and reduce operational risk			
	Grow profitable businesses	Grow our Markets Sales and Cash Management businesses	Cash	↑	↑
			Markets Sales	↘	→

INSTITUTIONAL

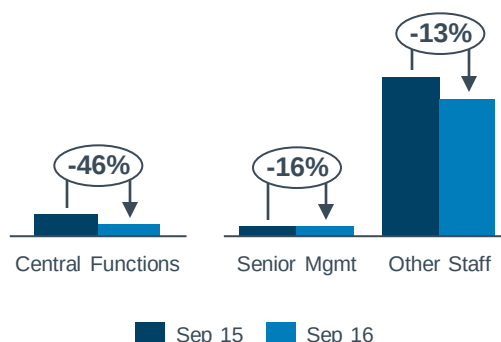
INSTITUTIONAL TRANSFORMATION PROGRESS

BUSINESS SIMPLIFICATION AND SHARPENED FOCUS REDUCING FTE, COST AND RWA

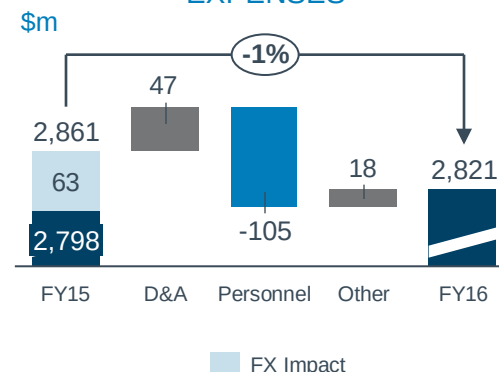
CUSTOMER MOVEMENT¹



STAFF²

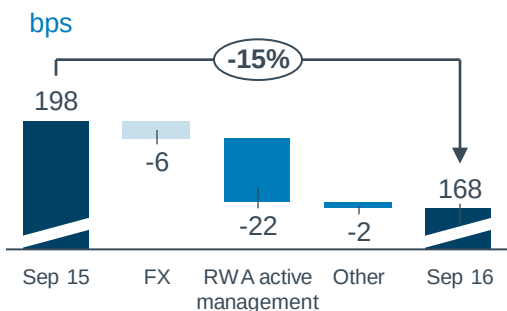


EXPENSES

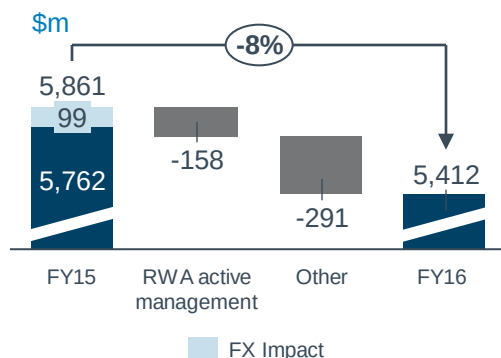


OUTCOMES FROM REDUCTION IN LOW RETURNING ASSETS

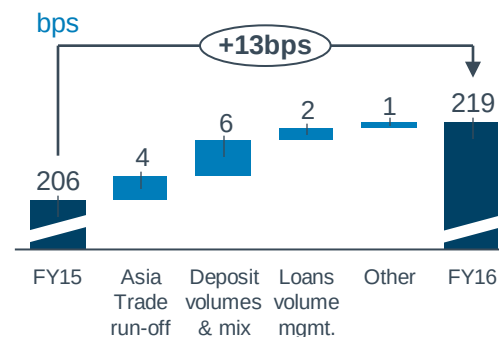
RISK WEIGHTED ASSETS



REVENUE



NIM³



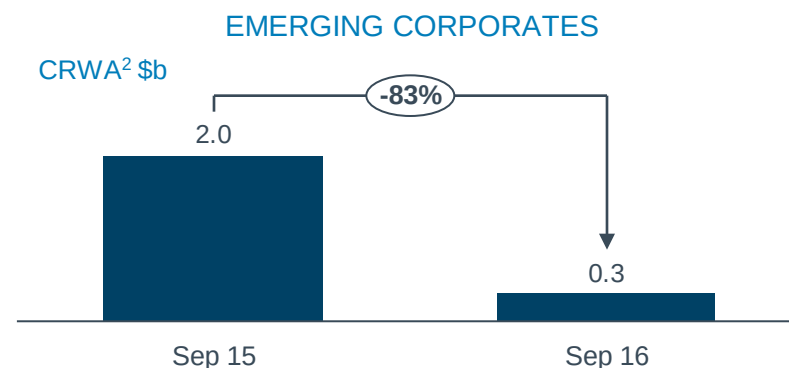
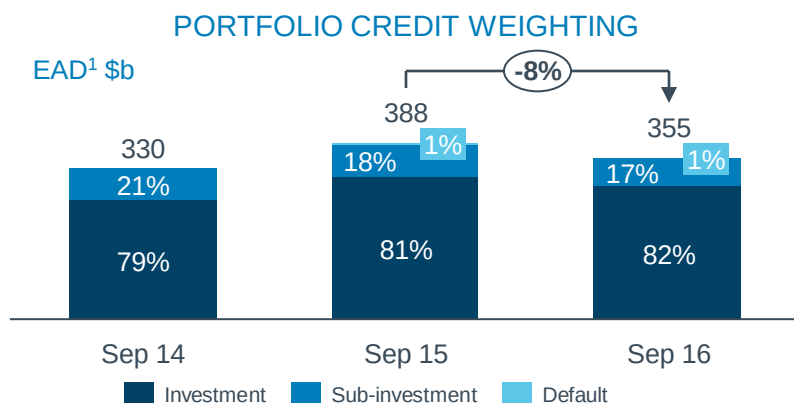
1. Customer exits account for a 14% reduction in the customer base. The net change in customers (including new customers) was a 9% reduction. Customer numbers exclude PNG
2. Senior management and other staff include central functions. Central functions comprises enablement and support functions within Institutional
3. NIM ex-Markets

NOTE: All financial information on a cash profit Adjusted Pro-forma basis

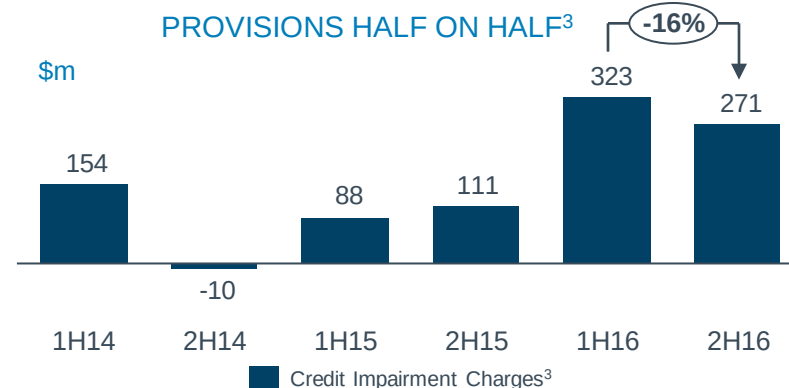
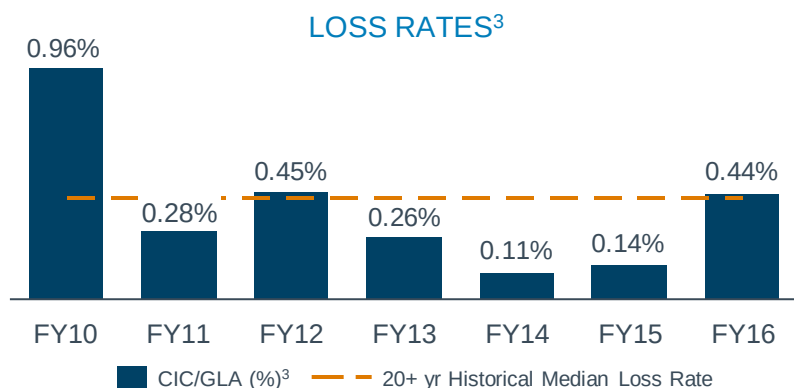
INSTITUTIONAL

MANAGING THE PORTFOLIO FOR THE CHANGING CREDIT ENVIRONMENT

DISCIPLINED PORTFOLIO MANAGEMENT



PORTFOLIO TRENDS REFLECTIVE OF CHANGING ENVIRONMENT



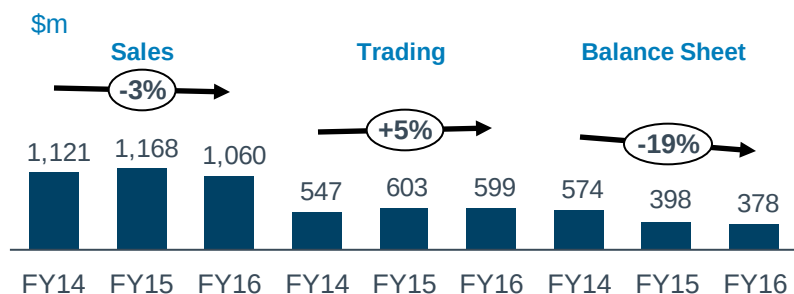
1. Exposure-at-default as defined by APRA Prudential Standards. 2. CRWA refers to counterparty credit risk weighted assets. 3. CIC refers to total credit impairment charges excluding the Oswal settlement on 22 September 2016. Median IP Loss Rate denominator is Net Loans & Advances. 10% of the individual provision charges in FY16 (1% in FY15) are to customers classified as Emerging Corporates
NOTE: All financial information on a cash profit Adjusted Pro-forma basis

INSTITUTIONAL

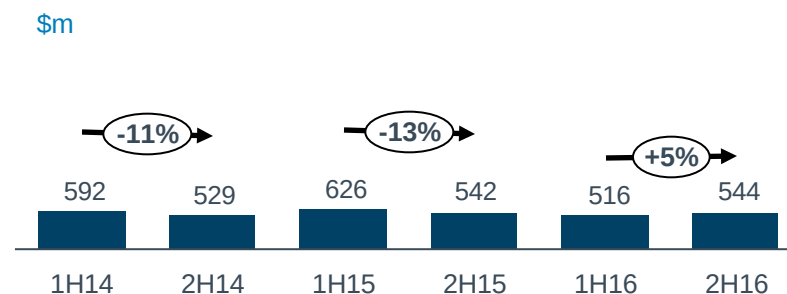
PRIORITY PRODUCTS PERFORMING WELL GIVEN MARKET CONDITIONS

MARKETS

REVENUE COMPOSITION¹

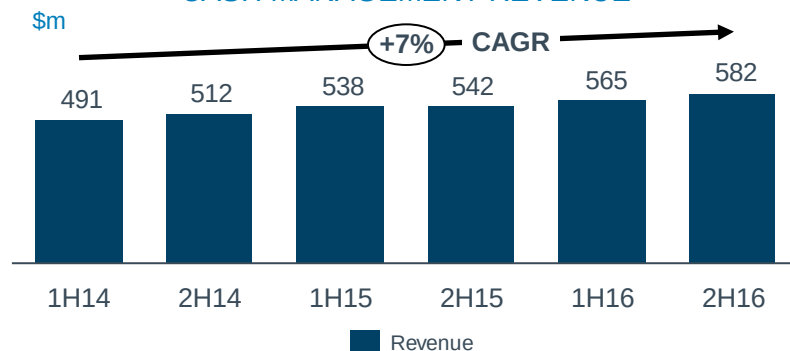


MARKETS SALES REVENUE¹ HALF ON HALF

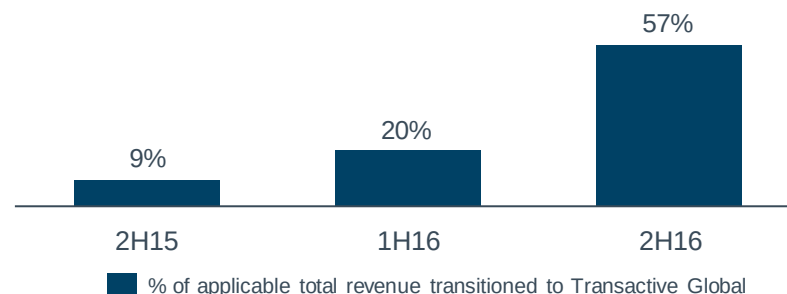


CASH MANAGEMENT

CASH MANAGEMENT REVENUE



MIGRATION OF CUSTOMERS TO A SINGLE INTERFACE²



1. Markets income restated from prior disclosures due to transfer of Pacific to Asia Retail & Pacific and Loan Syndications to Loans & Specialised Finance

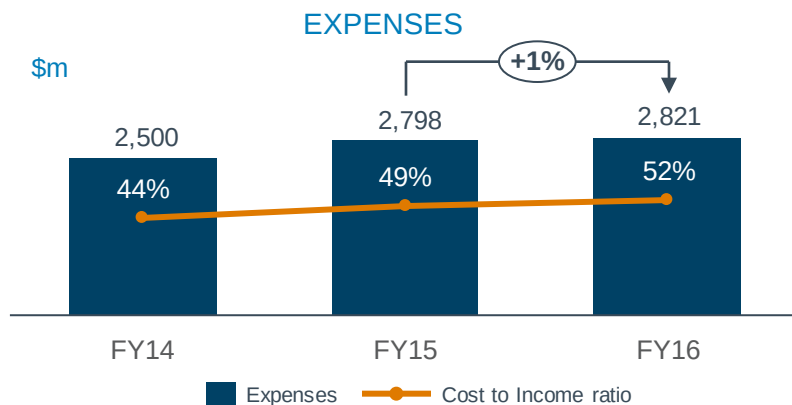
2. Online (TB Transactive Global) migrations across Australia and New Zealand

NOTE: All financial information on a cash profit Adjusted Pro-forma basis

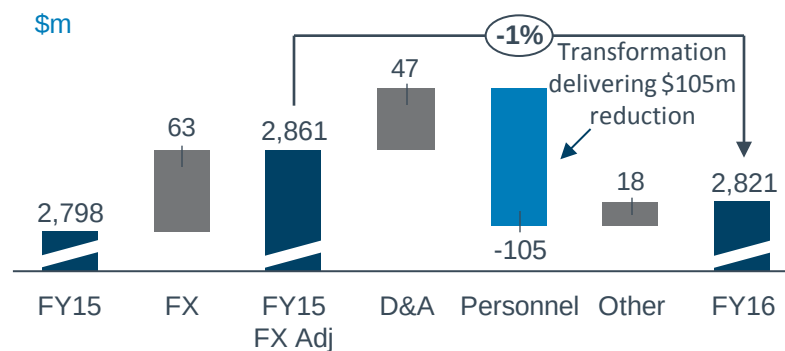
INSTITUTIONAL

MANAGING COST THROUGH SIMPLIFICATION

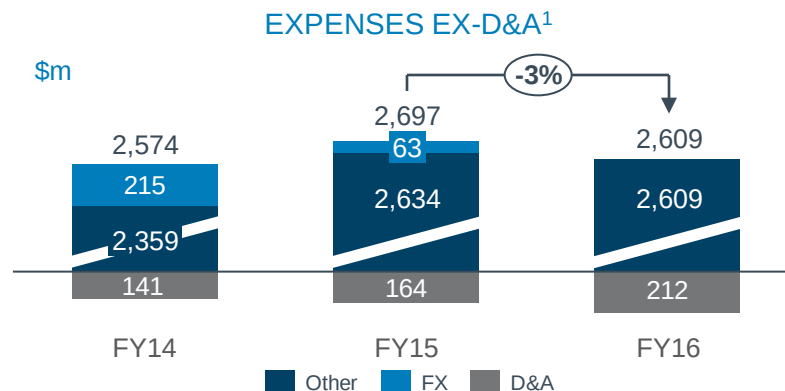
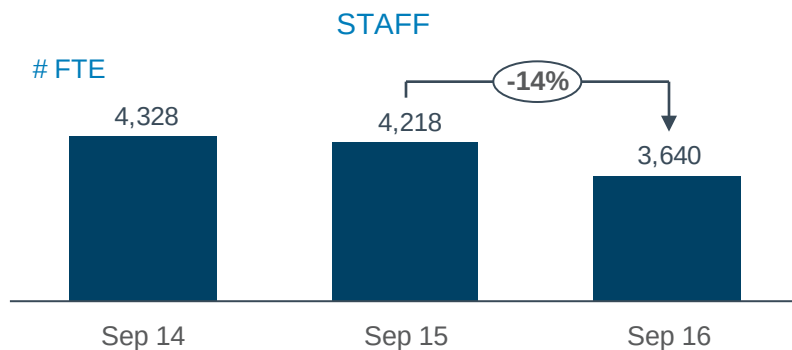
PROGRESS ON EXPENSE MANAGEMENT



IMPACT OF TRANSFORMATION ON EXPENSES



SIMPLIFICATION OUTCOMES



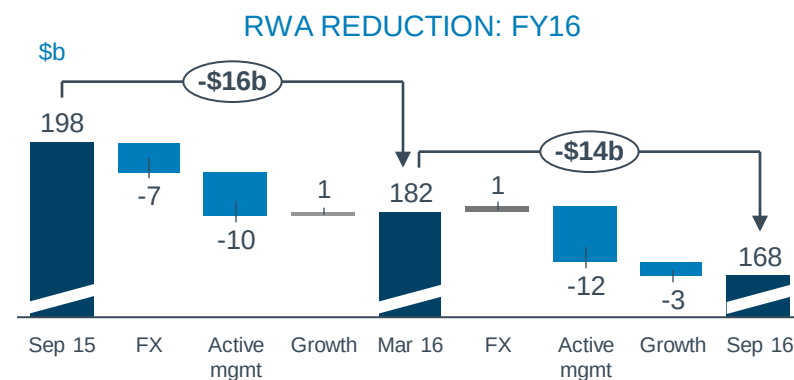
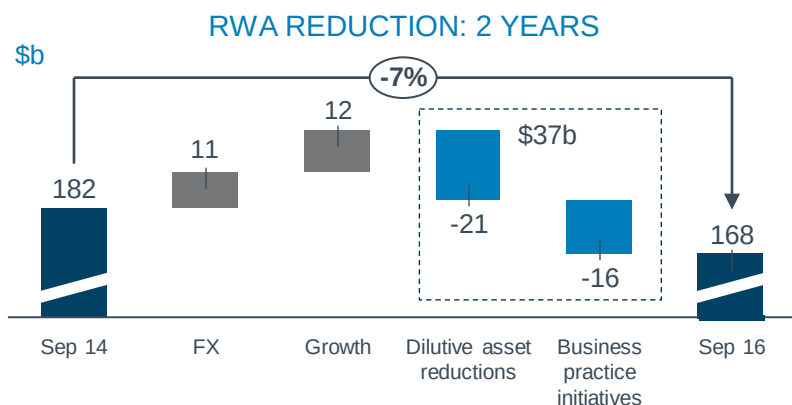
1. Totals exclude depreciation and amortisation cost

NOTE: All financial information on a cash profit Adjusted Pro-forma basis

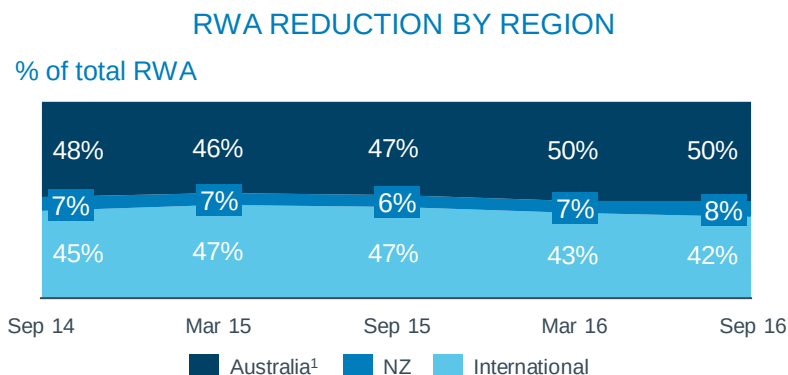
INSTITUTIONAL

PROGRESS ON CAPITAL EFFICIENCY INITIATIVES

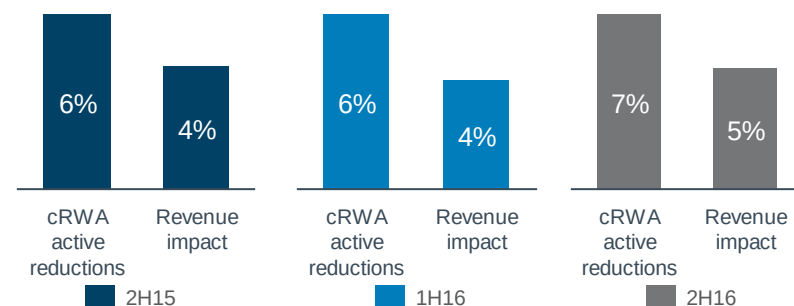
TARGETED, CONSISTENT RISK WEIGHTED ASSET REDUCTIONS



REDUCTION IN LOWER RETURNING RISK WEIGHTS (PRINCIPALLY IN INTERNATIONAL)



REVENUE AND CRWA REDUCTION RELATIONSHIP²



1. The Australia region includes Australia and PNG. PNG represents 2% of total risk weighted assets in Sep 16

2. CRWA refers to counterparty credit risk-weighted assets. CRWA and revenue impacts are shown for the half, on a non-cumulative basis

NOTE: All financial information on a cash profit Adjusted Pro-forma basis

INSTITUTIONAL

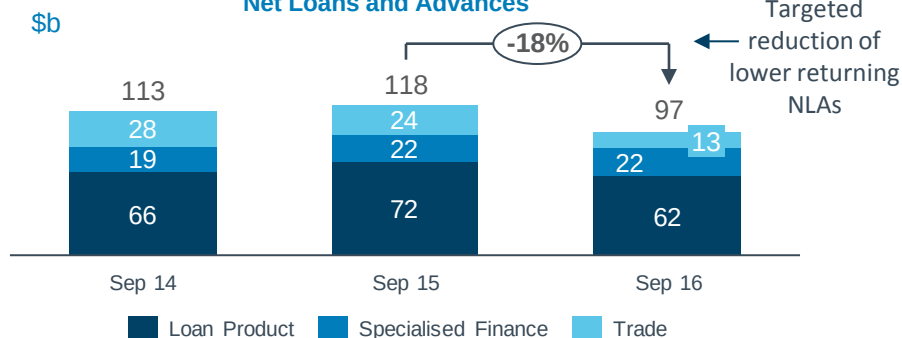
BALANCE SHEET DISCIPLINE FOCUS CONTINUES

PORTFOLIO MANAGEMENT

LOAN AND TRADE BOOK REDUCTION

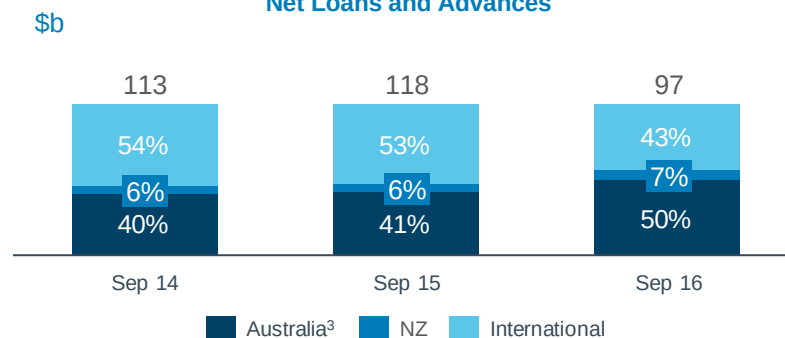
Net Loans and Advances

Targeted reduction of lower returning NLAs



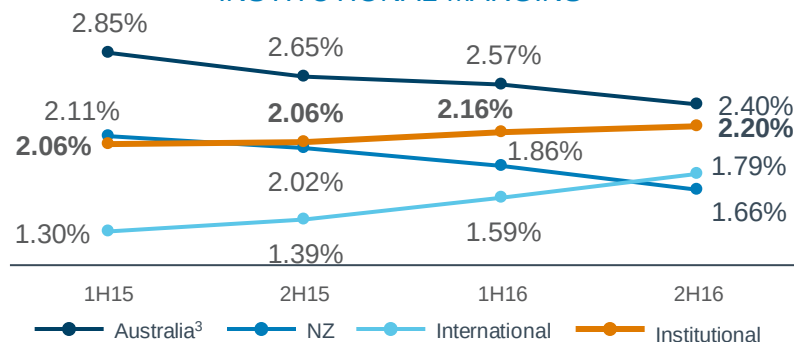
PORTFOLIO BY REGION

Net Loans and Advances



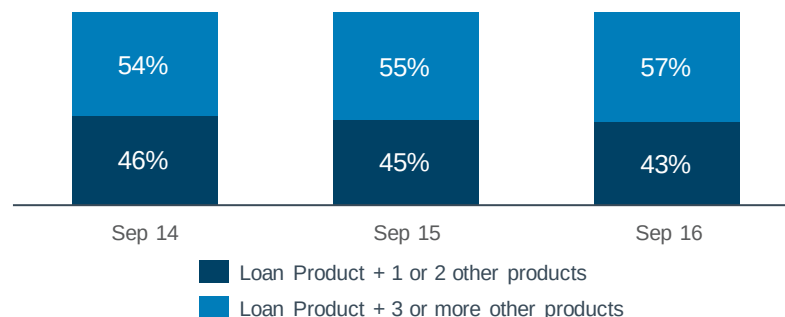
OUTCOMES FROM BALANCE SHEET DISCIPLINE

INSTITUTIONAL MARGINS¹



TRANSITION TO PROVIDING CUSTOMER SOLUTIONS²

Number of customers

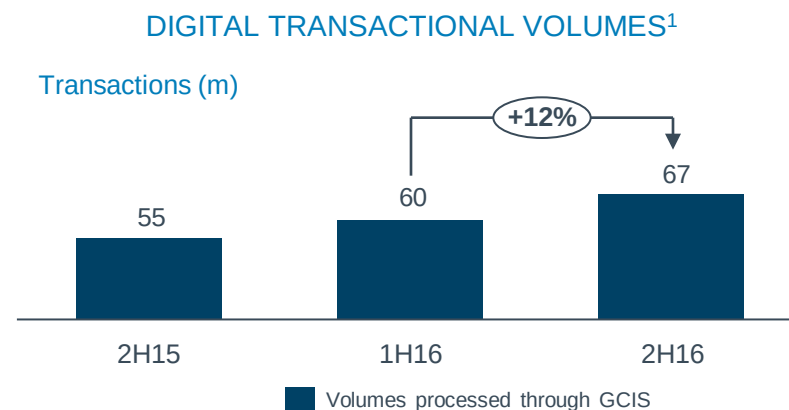
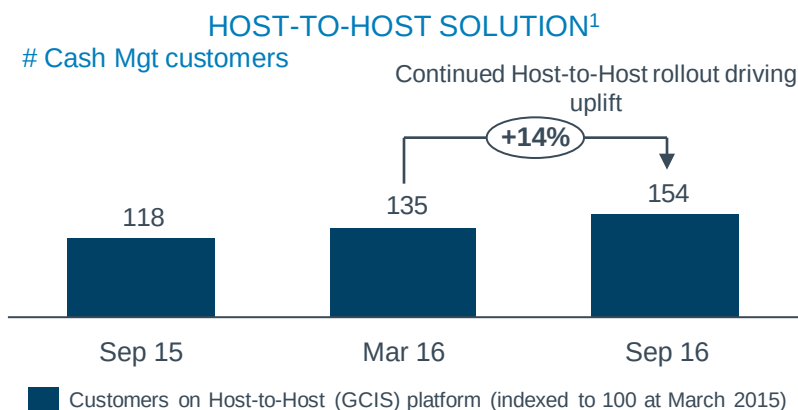


1. NIM shown on the basis of Institutional ex-Markets
 2. Refers to any additional product(s) other than Loan Product. Excludes PNG
 3. The Australia region includes Australia and PNG
 NOTE: All financial information on a cash profit Adjusted Pro-forma basis

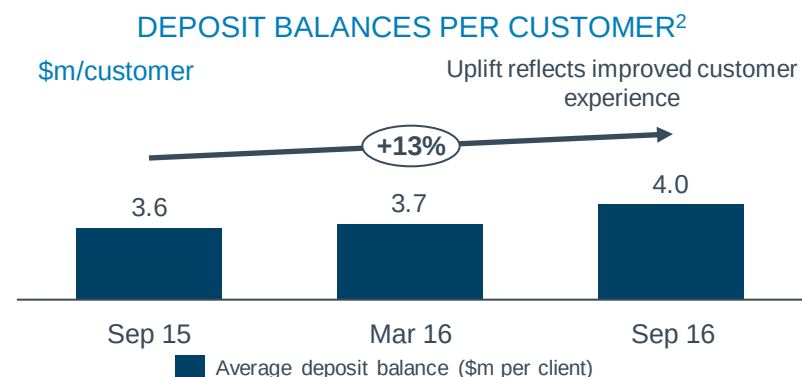
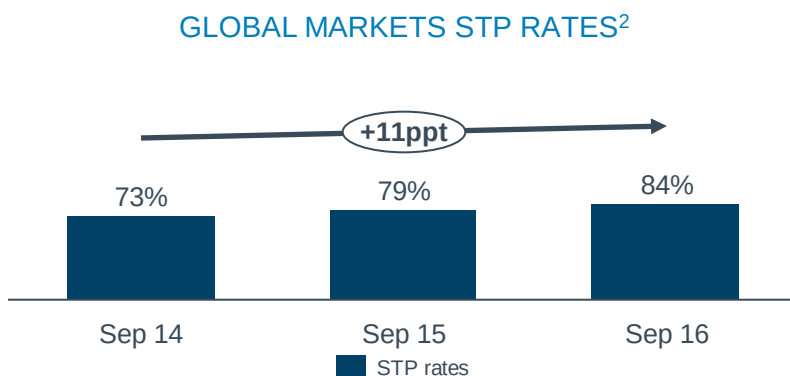
INSTITUTIONAL

GLOBALLY CONSISTENT CUSTOMER EXPERIENCE THROUGH DIGITAL INVESTMENT

CUSTOMER SOLUTIONS



OPERATIONAL EFFICIENCY THROUGH DIGITAL INVESTMENT



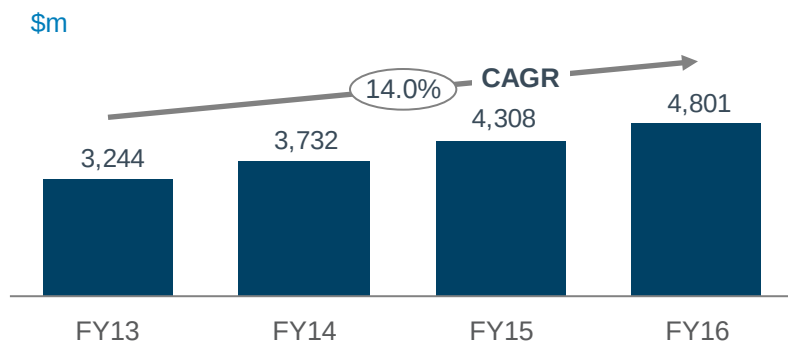
1. Global Customer Integration Solution (GCIS) provides host-to-host connectivity that allows two way data exchange with our customers in a highly secure, file agnostic environment. GCIS enables a closer integration on payments that significantly increases straight through processing for our customers. 2. Data represents process stages from trade capture, confirmations to settlements. Aggregate rate for volumes traded in September each year. 3. Average balance per customer excludes customers with zero balance. Pacific (ex PNG) no longer included in Institutional.

NOTE: All financial information on a cash profit Adjusted Pro-forma basis

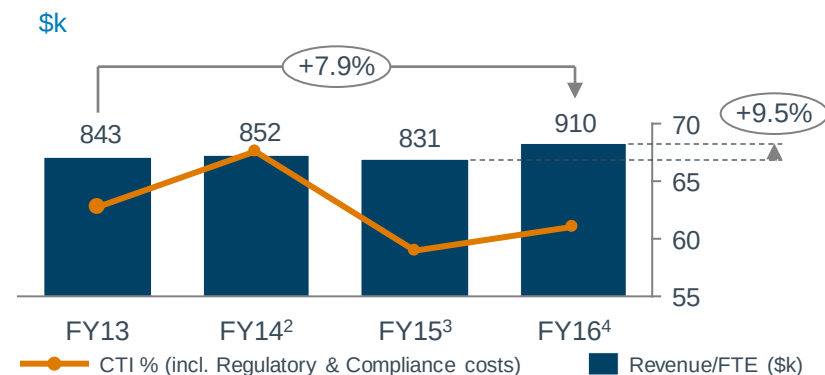
WEALTH AUSTRALIA

FINANCIAL HIGHLIGHTS

EMBEDDED VALUE GROWTH¹



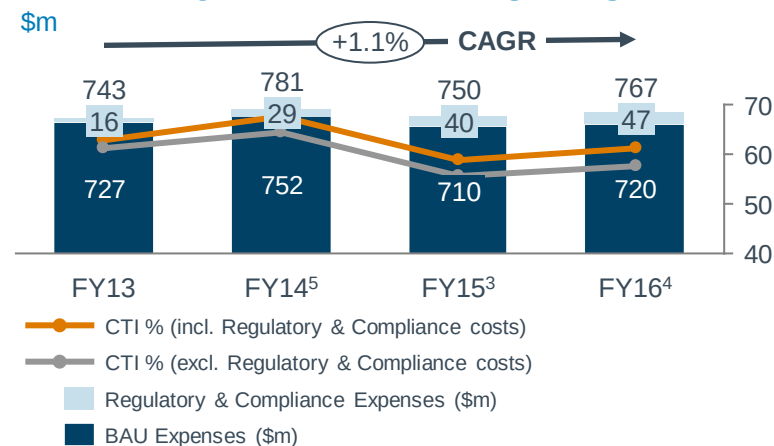
REVENUE/ FTE



INCREASING REGULATORY AND COMPLIANCE COSTS

- Super related compliance (Stronger Super reforms, MySuper, SuperStream/ATO E-Commerce)
- Life Insurance recommendations regarding advisor commissions for life insurance products
- Increased scrutiny on financial advice and regulatory review of claims payments practices
- Foreign Account Tax Compliance Act reporting obligations
- Increased oversight and information requests from government and regulators across the industry

BROADLY FLAT EXPENSE BASE

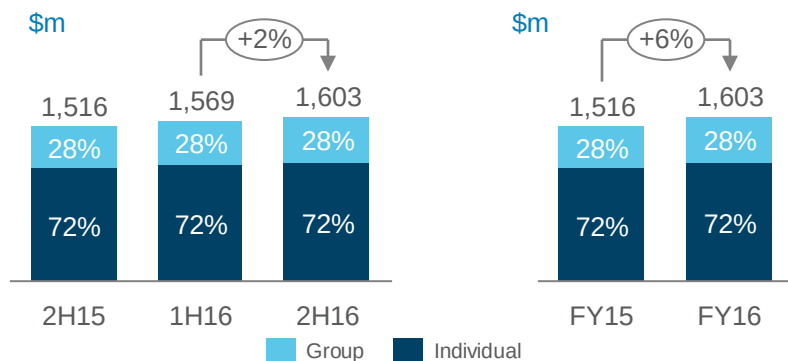


1. Embedded Value is adjusted to allow for the impact of dividends and net transfers 2. FY14 FTE includes a restatement of 55 Direct Channels FTE to Australia Division 3. FY15 CTI has been Pro-forma Adjusted for Restructuring costs (-\$1m) 4. FY16 CTI has been Pro-forma Adjusted for Restructuring costs (-\$20m), and Capitalisation write-offs (-\$9m) 5. FY14 has been normalised to exclude a Corporate branding cost of \$9m

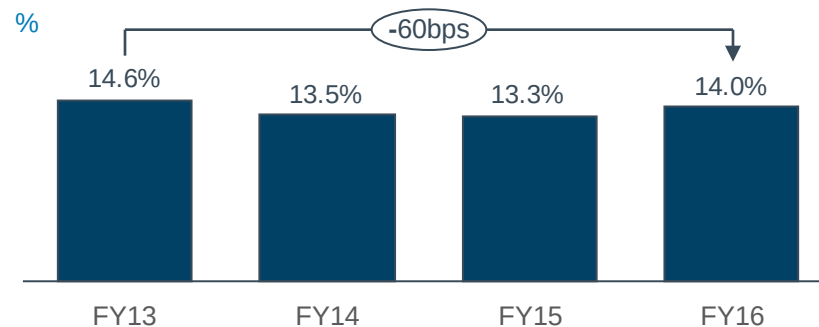
WEALTH AUSTRALIA

INSURANCE – CONSISTENT, DIVERSIFIED PRODUCT MIX

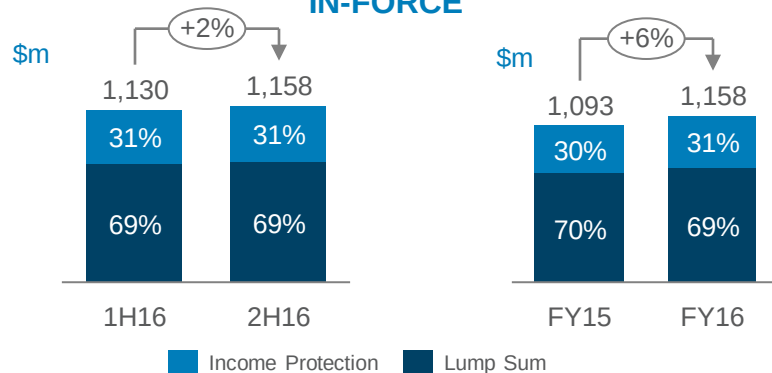
COMPOSITION OF RETAIL INSURANCE IN-FORCE



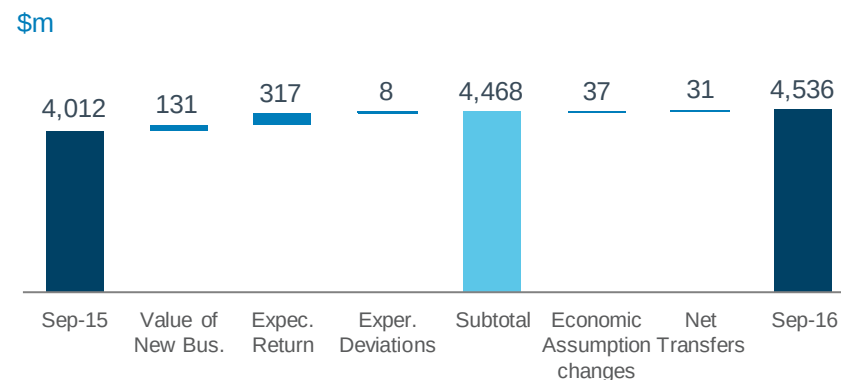
STABLE LAPSE RATES¹



PRODUCT MIX IN INDIVIDUAL LIFE INSURANCE IN-FORCE



EMBEDDED VALUE²

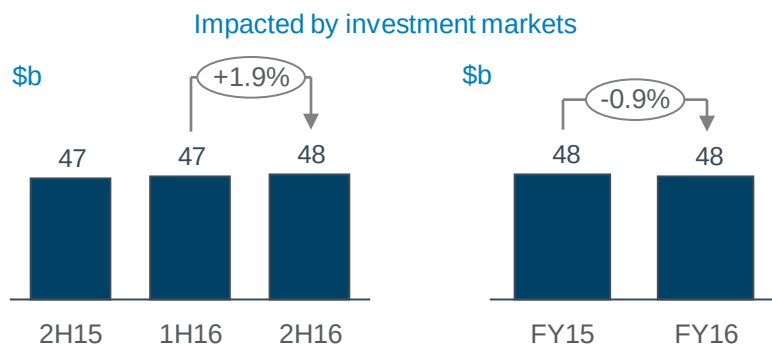


1. A definition change to the Australian risk lapse rate was implemented in September 2015 to reflect the inclusion of partial premium reductions within the policy renewal period. Prior comparative periods have been restated to align with revised methodology
2. Embedded value includes Insurance and Funds Management businesses

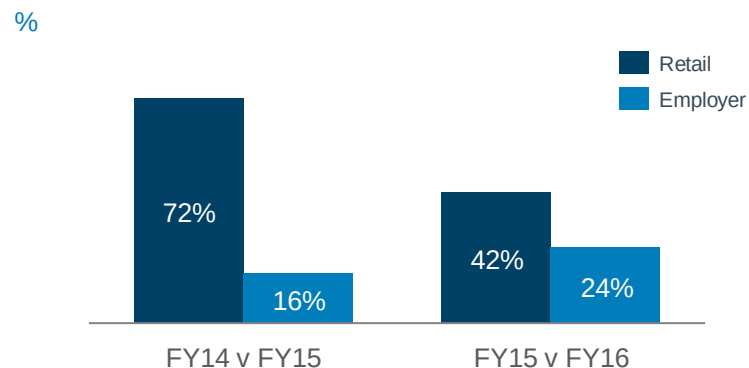
WEALTH AUSTRALIA

FUNDS MANAGEMENT – SIMPLER, LOWER MARGIN, LOWER RISK MODEL

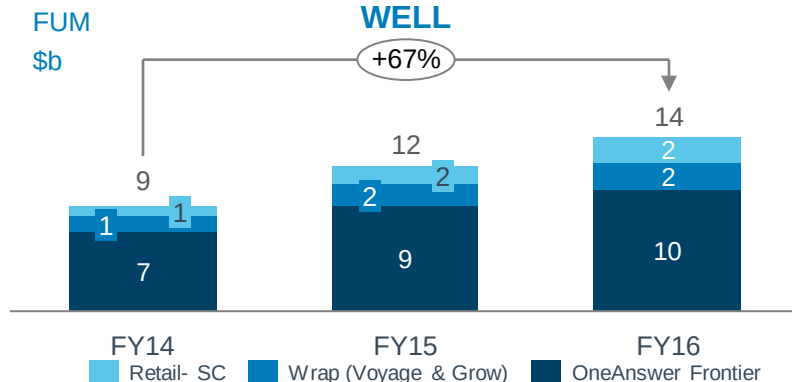
FUNDS MANAGEMENT AVERAGE FUM¹



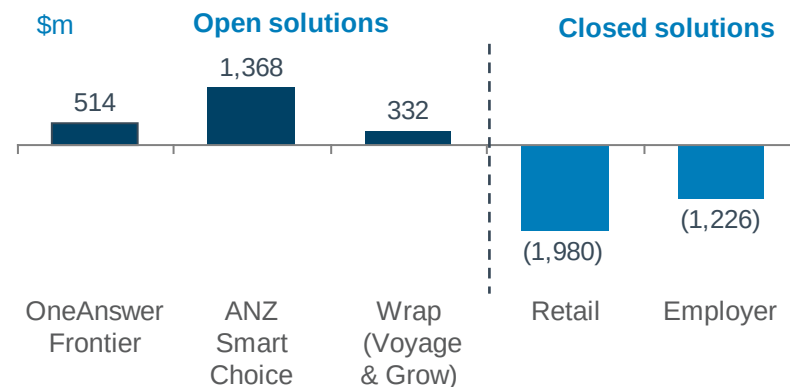
SMARTCHOICE ACTIVE MEMBERS ARE GROWING



FLAGSHIP PRODUCTS CONTINUE TO PERFORM WELL

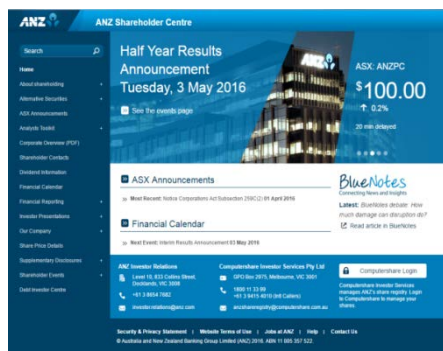


FY16 FUNDS MANAGEMENT NETFLOWS BY SOLUTION



1. Funds Management average FUM excludes Private Wealth FUM. This is now included under Australia division

Further Information



Our Shareholder information

shareholder.anz.com

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Equity Investor

Jill Campbell
Group General Manager Investor Relations
 +61 3 8654 7749
 +61 412 047 448
jill.campbell@anz.com

Cameron Davis
Executive Manager Investor Relations
 +61 3 8654 7716
 +61 421 613 819
cameron.davis@anz.com

Katherine Hird
Senior Manager Investor Relations
 +61 3 8655 3261
 +61 435 965 899
katherine.hird@anz.com

Retail Investors

Michelle Weerakoon
Manager Shareholder Services & Events
 +61 3 8654 7682
 +61 411 143 090
michelle.weerakoon@anz.com

Debt Investors

Donna Chow
Associate Director
Debt Investor Relations
 +61 3 8655 1402
donna.chow@anz.com