

2017 HALF YEAR RESULTS

RESULTS PRESENTATION

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
2 MAY 2017

To be read in conjunction with ANZ 2017 half year
Investor Discussion Pack



2017 HALF YEAR RESULTS

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CHIEF EXECUTIVE OFFICER

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
2 MAY 2017



HEADLINE FINANCIAL PERFORMANCE

\$m		1H16	1H17	Growth
Statutory Profit		2,738	2,911	+6%
Cash	Profit	2,782	3,411	+23%
	EPS (cents)	96	117	+22%
	ROE	9.7%	11.8%	+210bp
Adjusted Pro-forma	Profit	3,224	3,637	+13%
	EPS (cents)	111	124	+12%
	ROE	11.2%	12.5%	+130bp
Dividend per share (cents)		80	80	-
CET1 Ratio (APRA Basel 3)		9.8%	10.1%	+32bp
CET1 Ratio (International)¹		14.0%	15.2%	+123bp

NOTE: Adjusted Pro-forma refers to Cash Profit adjusted to remove the impact of 'Specified items' as detailed in ANZ First Half 2017 Results Announcement pages 12-15

1. CET1 Internationally comparable Basel 3: 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

FOUR PRIORITIES

BUILDING A BETTER BANK

**1. Creating a simpler,
better balanced bank**

**2. Focusing on areas
where we can win**

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

**4. Driving a purpose and
values led transformation**

WORK TO DATE

1H17 PROGRESS

1. **Completed senior executive team**
2. **Further rebalancing of the portfolio**
3. **More progress on disposals**
4. **Continued reshaping of workforce**
5. **Adjusted operating model**
6. **Changed cost trajectory**
7. **Better response to changing expectations**

RESPONDING TO CHANGING EXPECTATIONS

1. Reduced interest rates on credit cards
2. Constructive responses to parliamentary inquiries
3. Ongoing customer innovation
 - Apple Pay & ANZ BladePay™
 - Voice Bio Security
 - Digital Card Replacement
 - Be Trade Ready

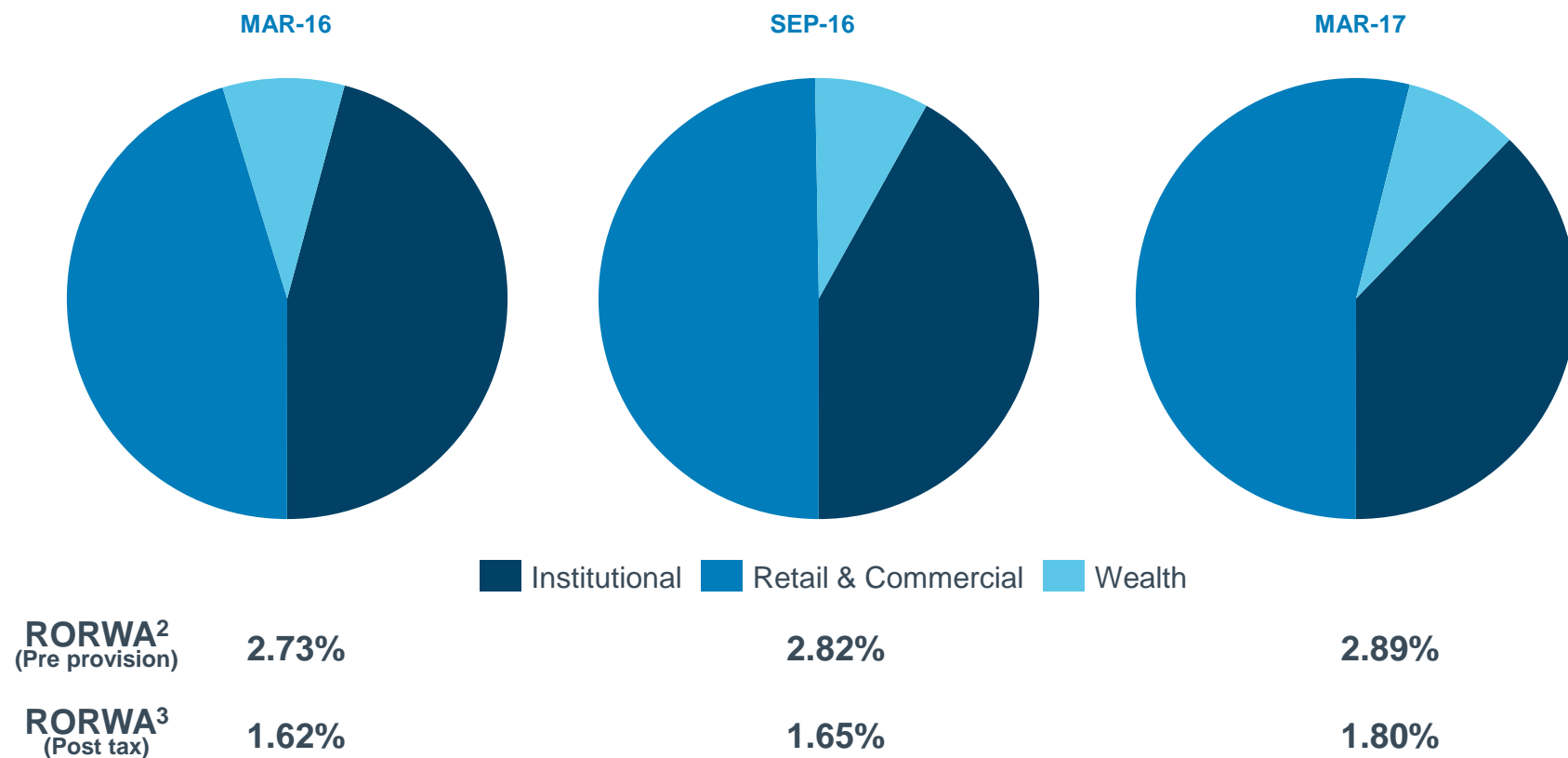


PROGRESS ON PORTFOLIO REBALANCING

A BETTER BALANCED, HIGHER RETURN BUSINESS

CAPITAL ALLOCATION¹

% of total Capital allocated (Sep 16 & Mar 17 on a post announced divestments basis)



1. Sep-16 and Mar-17 include the impact of higher residential mortgage risk weights from regulatory change. Mar-17 further Pro-forma adjusted for the sale of Asia Retail and Wealth businesses in 5 Asian countries and the announced disposal of UDC and SRCB. Institutional capital allocation is shown under the 2015 IIB structure, including Global Institutional, Asia minority interests and Asia Retail & Pacific

2. RORWA (pre provision) is calculated on annualised Profit Before Provisions (Adjusted Pro-forma basis for Mar-16, Sep-16 & Mar-17) / Average Risk Weighted Assets

3. RORWA (post tax) is calculated on annualised cash profit (Adjusted Pro-forma basis for Mar-16, Sep-16 & Mar-17) / Average Risk Weighted Assets

CAPITAL EFFICIENCY

EXECUTIVE FOCUS

COMMON EQUITY TIER 1 GENERATION			
CET1 bps	First half average 1H12 – 1H16	2H16	1H17
Cash Profit ¹	97	84	89
RWA impact	-21	22	28
Capital Deductions ²	-15	1	2
Net capital generation	61	107	119
Gross dividend	-70	-60	-57
Dividend Reinvestment Plan	11	6	6
Core change in CET1	2	53	68
Other items	7	-73	-16
Net change in CET1	9	-20	52

1. Cash profit for 1H16, 2H16 and 1H17 are on Adjusted Pro-forma basis adjusted for 'Specified items'.

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

OPERATING ENVIRONMENT

WELL POSITIONED

ENVIRONMENTAL FORCES

Lower credit growth

Low wage growth

Regulatory intervention

Geopolitical & economic uncertainty

Lower global trade volumes

STRATEGIC RESPONSE

Strong capital management

Absolute cost discipline

Risk based pricing

De-risking

OUR FOCUS

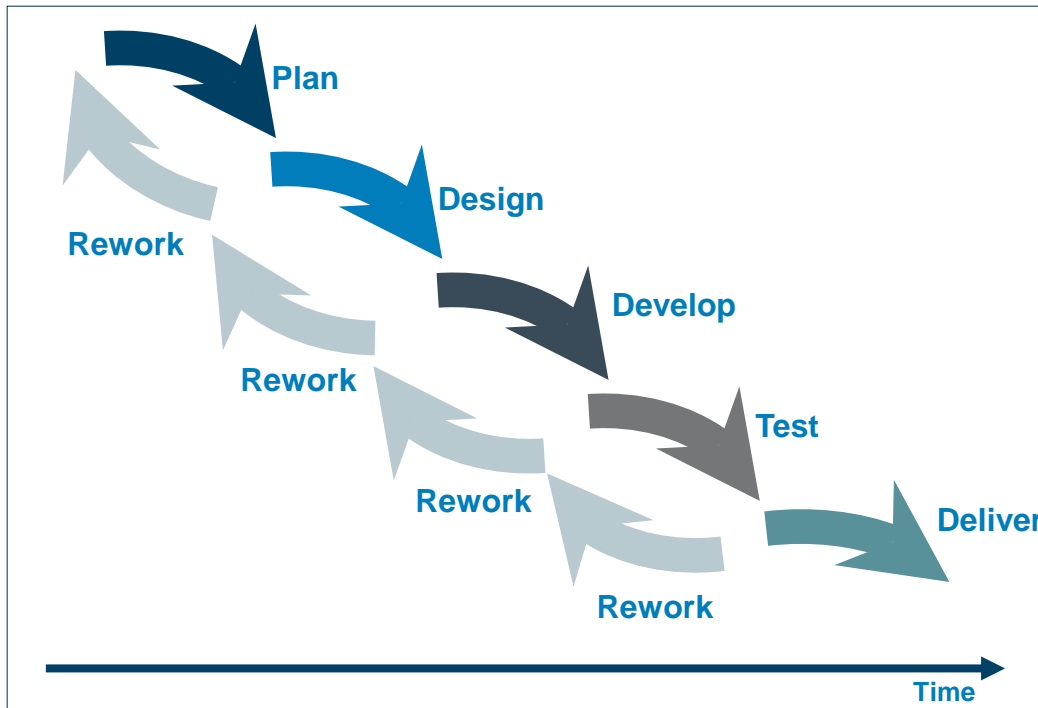
1. **Consistent execution**
2. **Responsible growth in Retail & Commercial**
3. **Ongoing re-positioning of Institutional**
4. **Further rationalisation of non-core assets**
5. **Continued focus on productivity**
6. **Implementing 'Scaled Agile'**

SCALED AGILE

FASTER TO MARKET, MORE EFFICIENT, HIGHER ENGAGEMENT

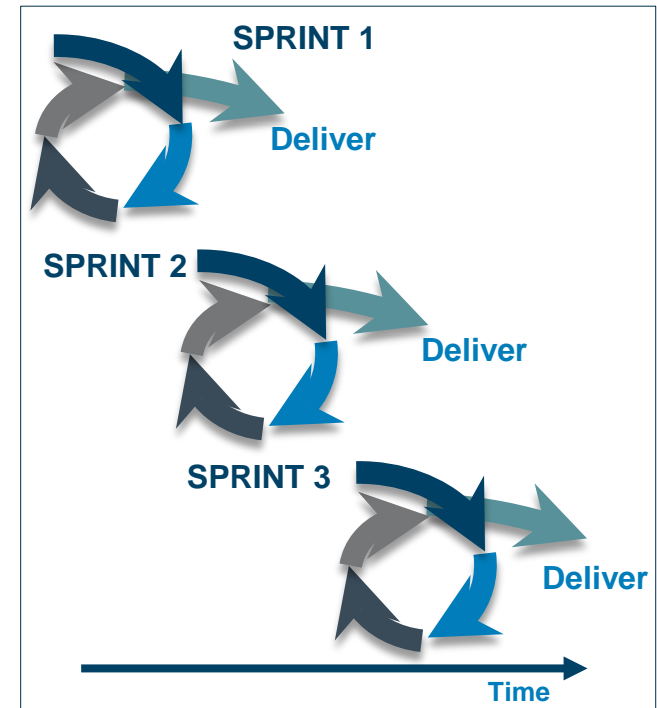
WATERFALL METHODOLOGY

- Project based
- Multiple Handoffs
- Sequential
- Specialists, Hierarchical



AGILE METHODOLOGY¹

- Team based
- Generalists
- Self-directed
- Collaborative



1. Sprint refer to a fixed unit of time, agreed upon in advance of the Sprint, incorporating Plan, Design, Develop, Test and Deliver stages

RESULTS SUMMARY

	FROM (1H16)	TO (1H17)
RETURN ON EQUITY¹	11.2%	12.5%
CET1 RATIO	9.8%	10.1%
EARNINGS PER SHARE¹	111 cents	124 cents

1. Adjusted Pro-forma basis

2017 HALF YEAR RESULTS

MICHELLE JABLKO
CHIEF FINANCIAL OFFICER

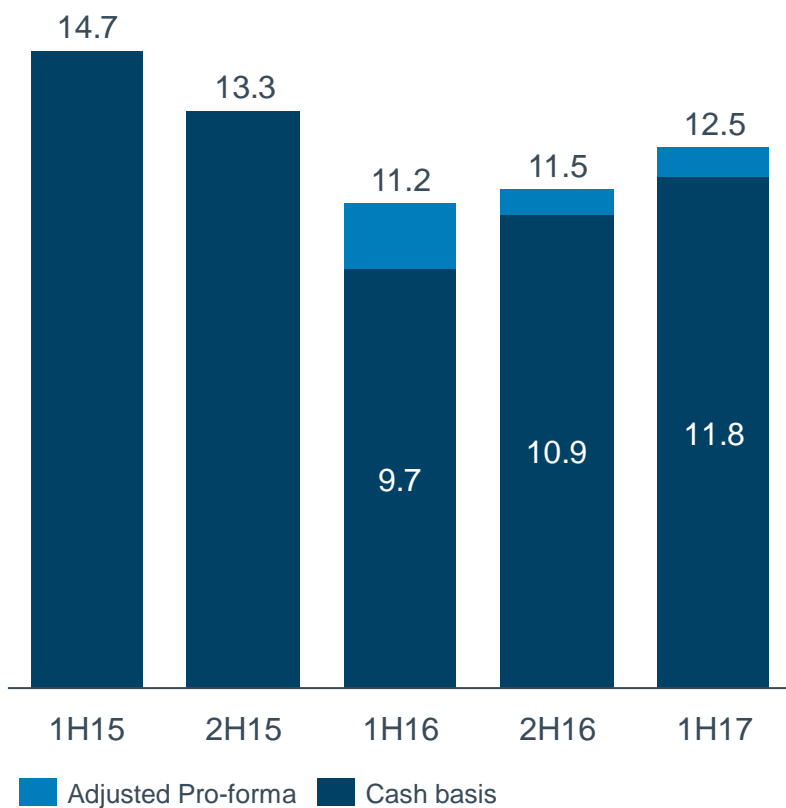
AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
2 MAY 2017



OVERVIEW

RETURN ON EQUITY

%



	% growth (1H17 v 1H16)	Cash	Adjusted Pro-forma
Net Profit After Tax		23%	13%
Net interest income		-2%	-2%
• Net Loans and advances		3%	3%
• Net interest Margin		-7bps	-7bps
Other income		5%	17%
Total income		0%	3%
Expenses		-14%	-1%
Provisions		-22%	-20%
CET1 RATIO	10.1%	32bps	32bps
Average equity		1%	1%

NOTE: Adjusted Pro-forma refers to Cash Profit adjusted to remove the impact of 'Specified items' as detailed in ANZ First Half 2017 Results Announcement pages 12-15

AGENDA

1

Cash profit compared to last year

2

Key drivers of 1H17 Result

3

Revenue and margins

4

Capital, funding and dividends

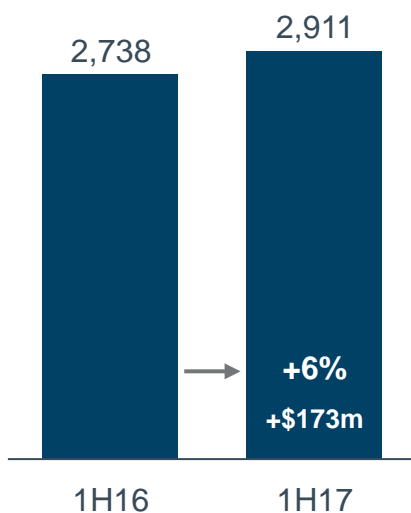
FINANCIAL PERFORMANCE

CASH PROFIT

1 2 3 4

STATUTORY PROFIT

\$m



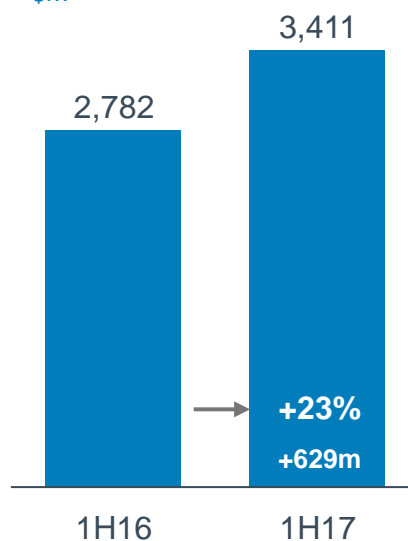
Statutory Profit movement

\$629m cash profit growth

- \$140m change in stat adj. (ex SRCB)¹
- \$316m SRCB reclassification²

CASH PROFIT

\$m



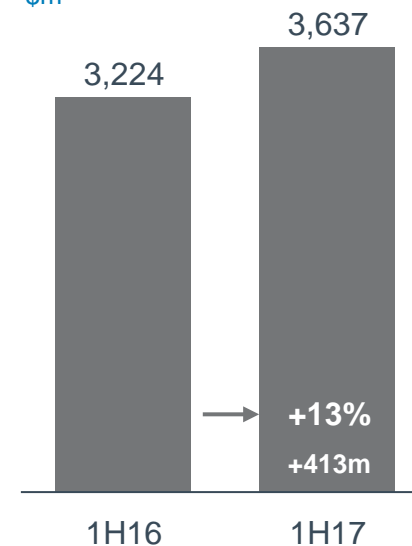
Cash Profit movement

\$413m operating profit growth

- Specified items in 1H16³
- Impact of divestments in 1H17³

ADJST PRO-FORMA PROFIT

\$m



Adjusted pro-forma movement

\$413m operating profit growth

- (Like for like operating performance, excluding specified items in 1H16 & impact of divestments in 1H17)³

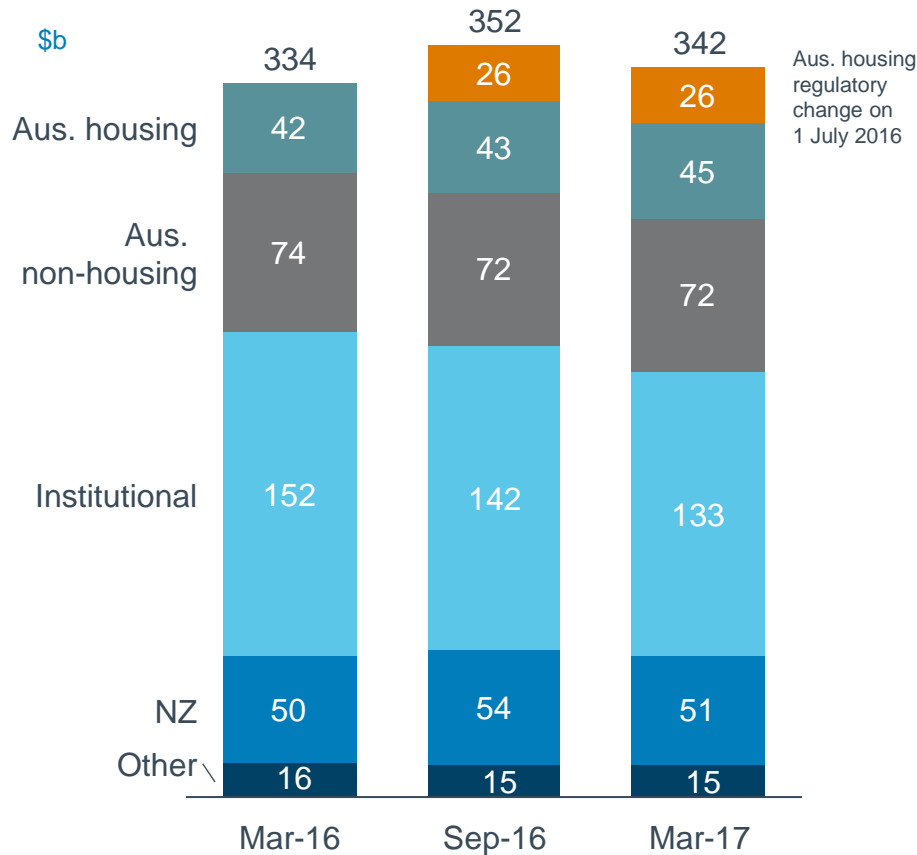
1. Adjustments largely from movement in treasury shares, revaluation of policy liabilities, fair value adjustments from economic and revenue hedges
 2. Classified as a non cash item in light of timing differences in recognition of the net loss on reclassification to held for sale (1H17) and release of reserves on completion (expected 2H17)
 3. Detail of 'Specified items' (SI) and 'Impact of divestments' is shown on slide s 29-31 including a reconciliation of 2016 items classified as SI's in the First Half 17 Results Announcement vs 2016 Results Announcement

PORTFOLIO REBALANCING

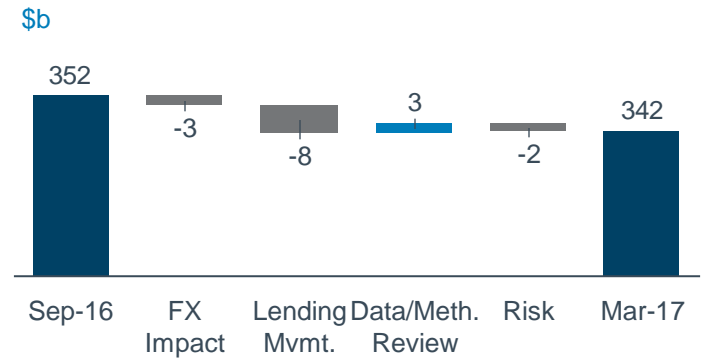
CREDIT RISK WEIGHTED ASSETS

1 2 3 4

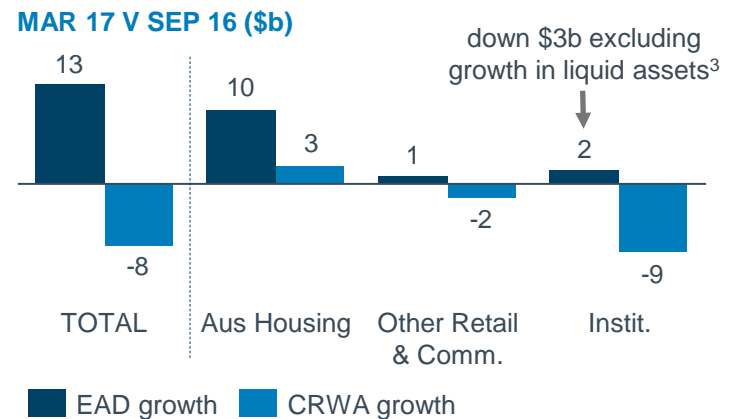
CREDIT RWAs¹



CRWA MOVEMENT



LENDING GROWTH MOVEMENT²



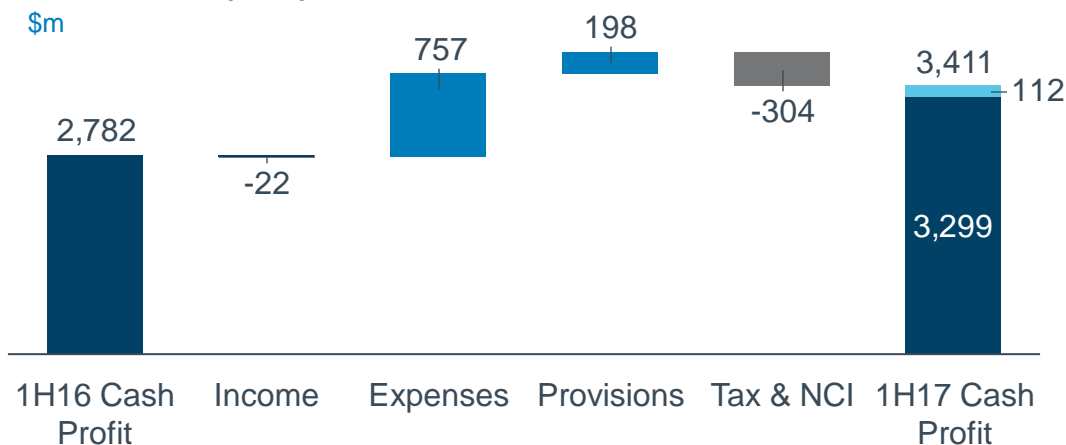
1. Sep-16 & Mar-17 \$26b 'Aus. housing regulatory change on 1 July 2016' category reflects the impact of higher residential mortgage risk weights from regulatory change
 2. Post CRM EAD, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral. Includes amounts for 'Securitisation' and 'Other Assets' Basel asset classes. Refers to lending movement, excluding FX Impact, Data/Meth Review and Risk.
 3. HQLA1 securities

OPERATING PERFORMANCE

CASH PROFIT

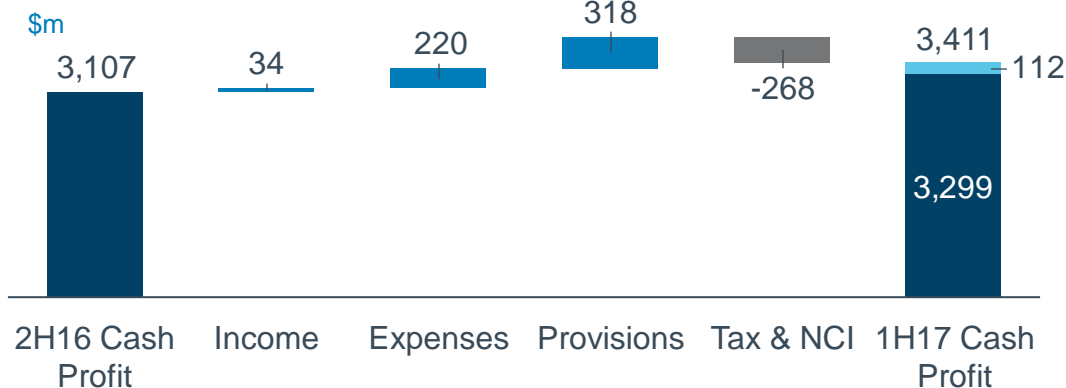
1 2 3 4

1H17 vs 1H16 (PCP)



	Cash	Adjusted Pro-forma
Income	-0.2%	3.4%
Expenses	-13.8%	-1.1%
PBP	15.2%	7.3%
Provisions	-21.6%	-20.4%
Net Profit	22.6%	12.8%
EPS (basic)	21.7%	12.0%

1H17 vs 2H16 (HoH)



	Cash	Adjusted Pro-forma
Income	0.3%	1.8%
Expenses	-4.4%	-1.5%
PBP	4.8%	4.6%
Provisions	-30.6%	-30.0%
Net Profit	9.8%	11.4%
EPS (basic)	9.4%	11.0%

Queen St sale

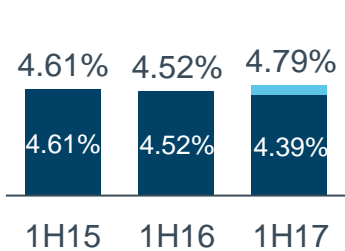
PORTFOLIO REBALANCING

RISK ADJUSTED RETURNS¹

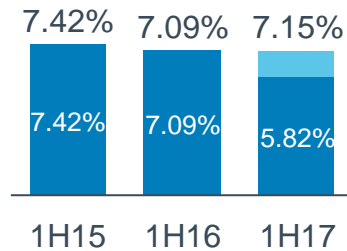


NET INTEREST INCOME / AVERAGE CREDIT RISK WEIGHTED ASSETS

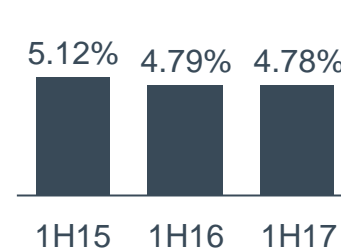
Group ex-Markets



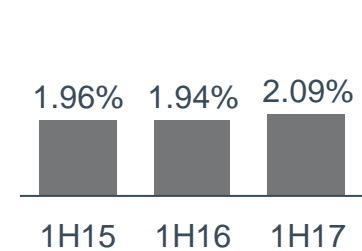
Australia



New Zealand (NZD)

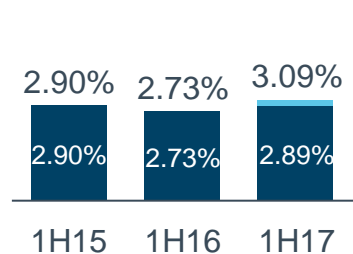


Institutional ex-Markets

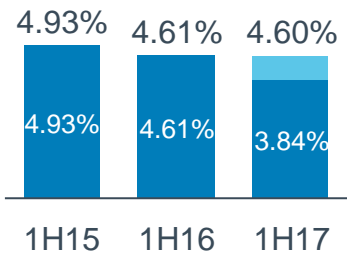


PROFIT BEFORE PROVISIONS / AVERAGE TOTAL RISK WEIGHTED ASSETS

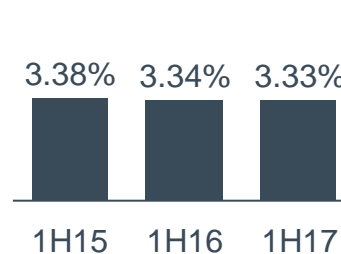
Group²



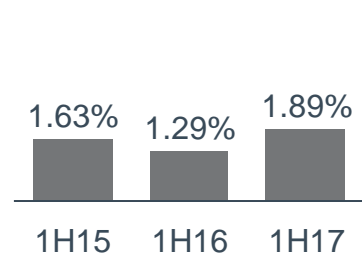
Australia



New Zealand (NZD)



Institutional



Adjusted for the impact of higher residential mortgage risk weights from regulatory change

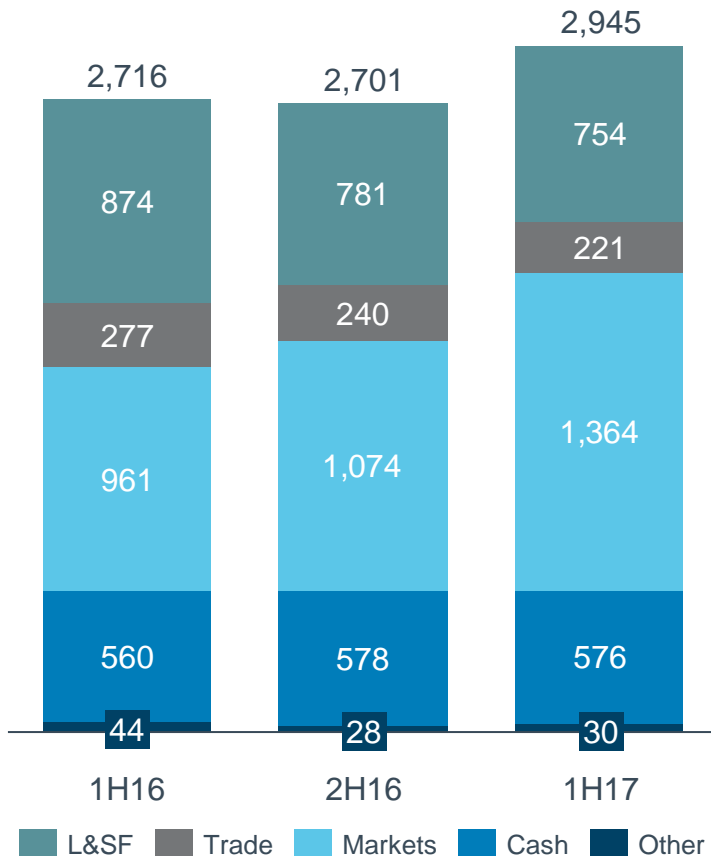
1. 1H16 and 1H17 on an Adjusted Pro-forma basis
 2. Excludes BOT & SRCB earnings

INSTITUTIONAL PERFORMANCE

1 2 3 4

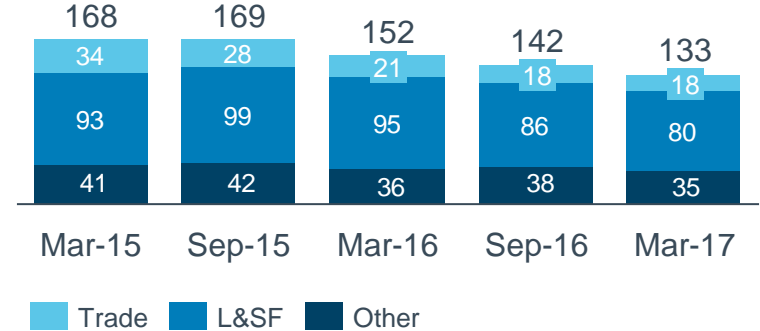
INSTITUTIONAL INCOME CONTRIBUTION¹

\$m



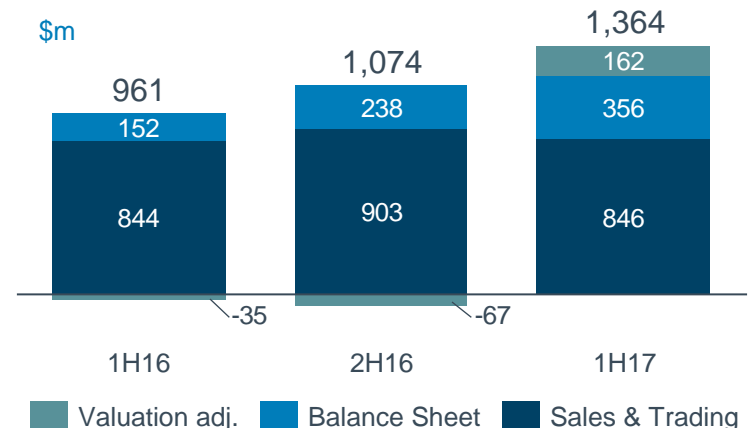
INSTITUTIONAL CREDIT RISK WEIGHTED ASSETS

\$b



MARKETS INCOME CONTRIBUTION²

\$m



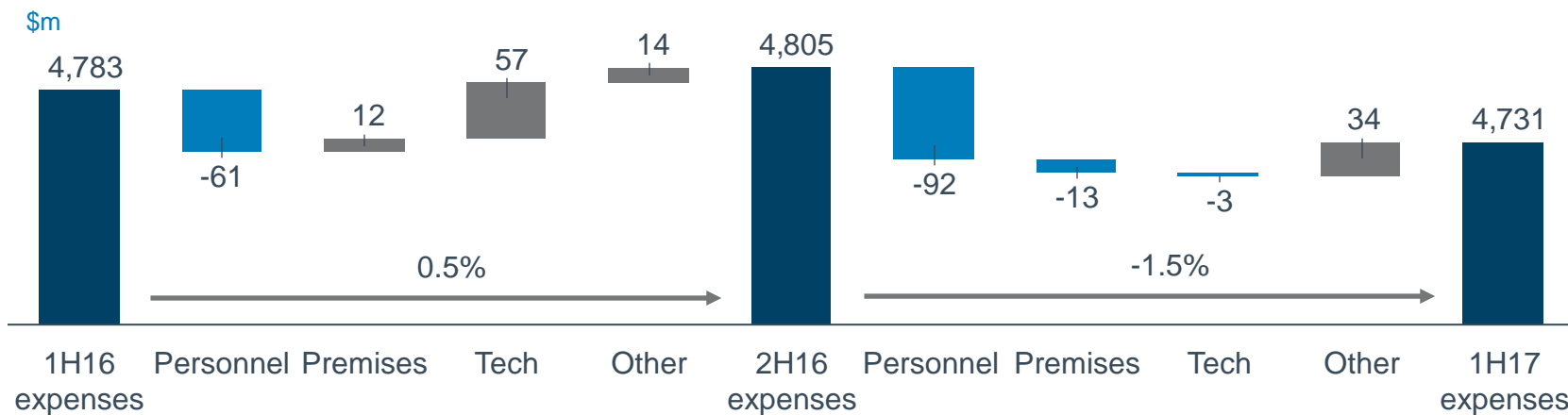
Note: L&SF = Loan Product, Specialised Finance and Corporate Advisory; Trade = Trade and Supply Chain; Cash = Payments and Cash Management

- Adjusted Pro-forma basis.
- Sales & Trading and Balance Sheet excluding valuation adjustments

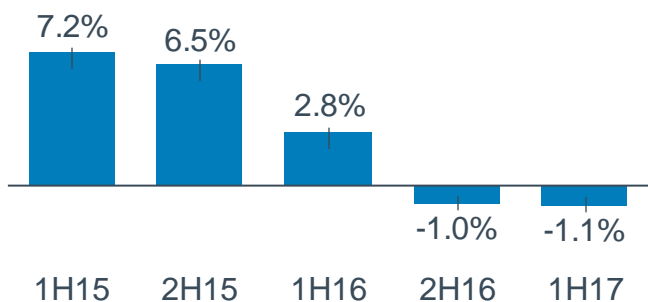
PRODUCTIVITY

1 2 3 4

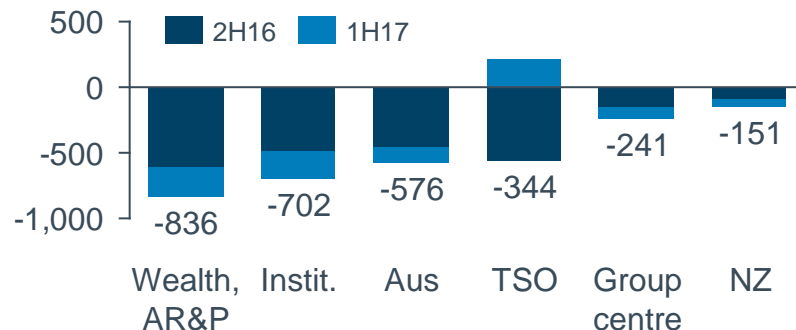
EXPENSE COMPOSITION¹



EXPENSE GROWTH¹ (PCP)



FULL TIME EQUIVALENT STAFF (FTE) CHANGE²



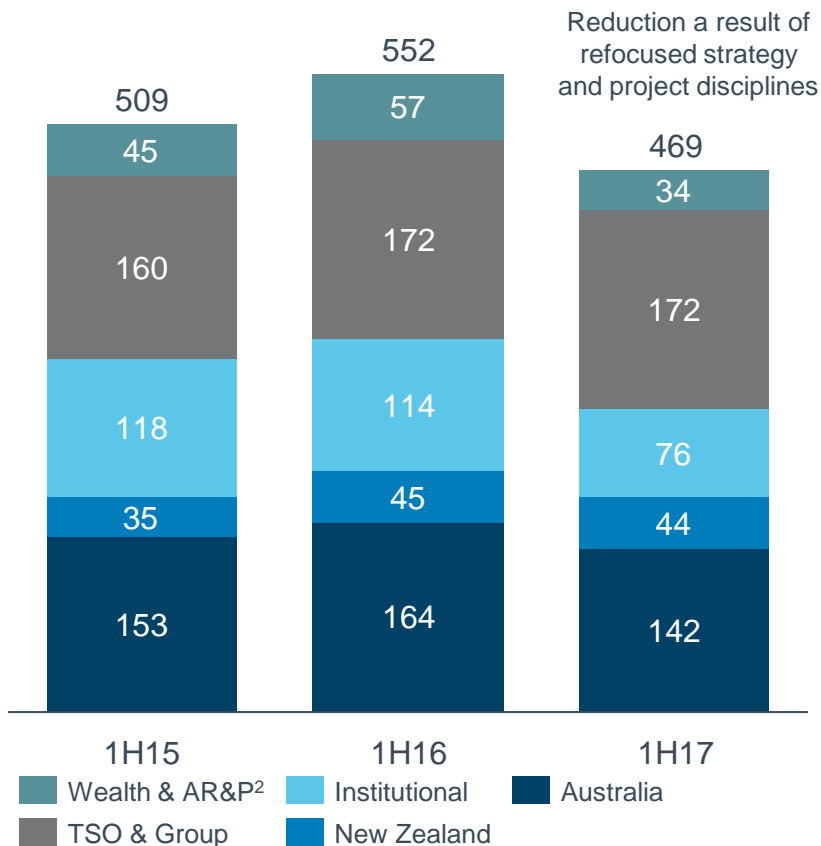
1. Adjusted Pro-Forma basis for 1H16, 2H16, 1H17
 2. AR&P: Asia Retail & Pacific; Instit. = Institutional; TSO = Technology, Services & Operations

INVESTMENT

- 1
- 2
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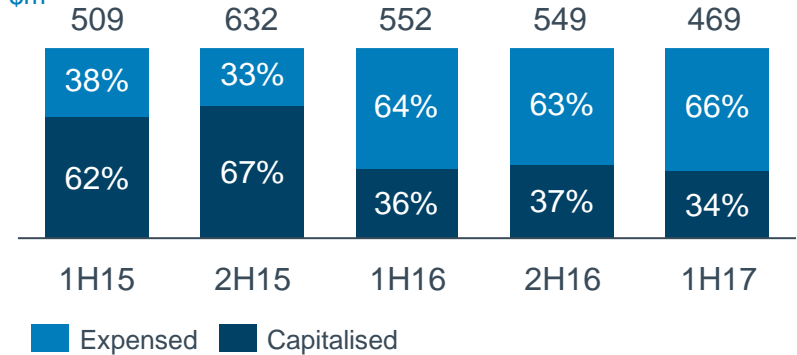
TOTAL INVESTMENT SPEND¹

\$m



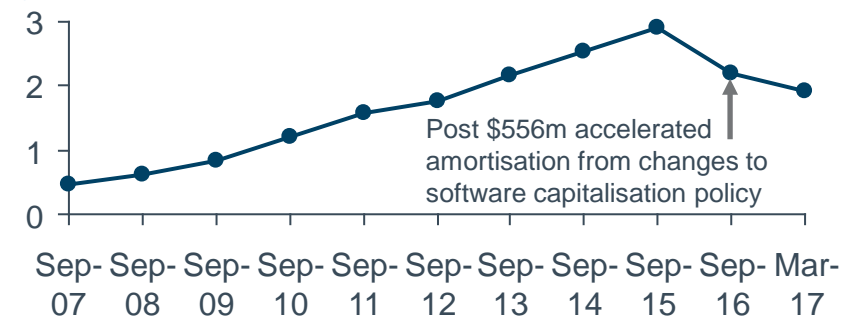
TOTAL INVESTMENT SPEND¹

\$m



CAPITAL SOFTWARE BALANCE

\$b

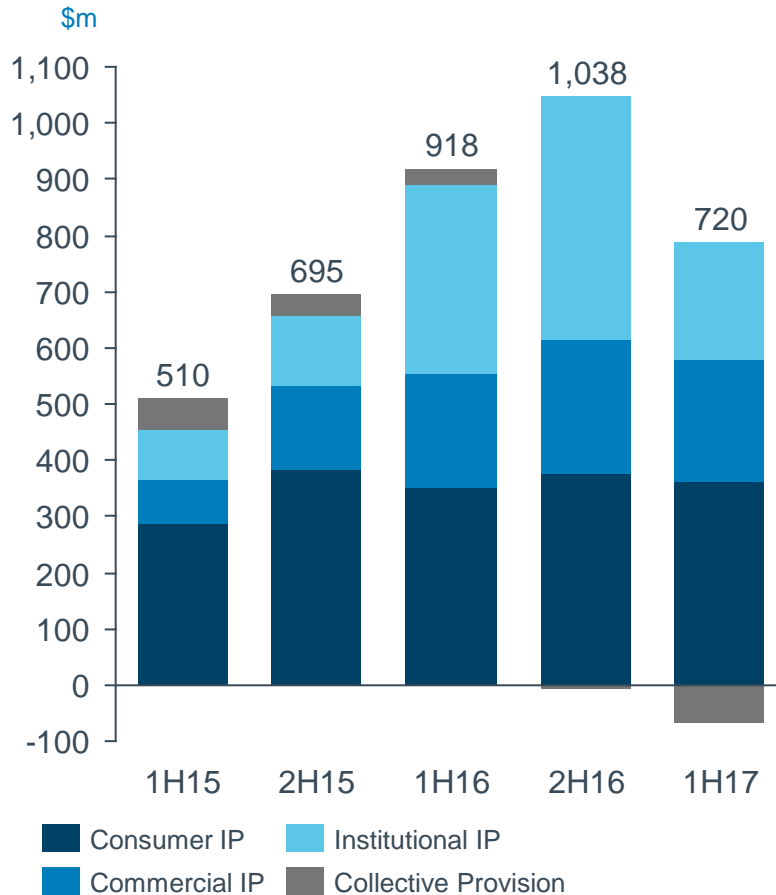


1. Includes investment spend on projects of less than \$1m
 2. AR&P = Asia Retail & Pacific

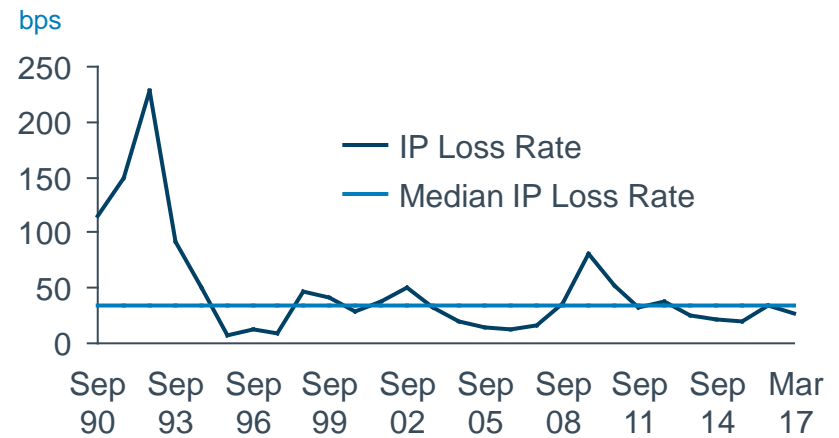
CREDIT QUALITY

1 2 3 4

TOTAL PROVISION CHARGE



ANZ HISTORICAL OBSERVED LOSS RATES



COLLECTIVE PROVISION CHARGE

\$m

	1H15	2H15	1H16	2H16	1H17
Lending Growth	54	50	56	-59	-30
Risk/Portfolio mix ¹	8	62	-30	50	-78
Eco Cycle	-7	-72	0	0	41

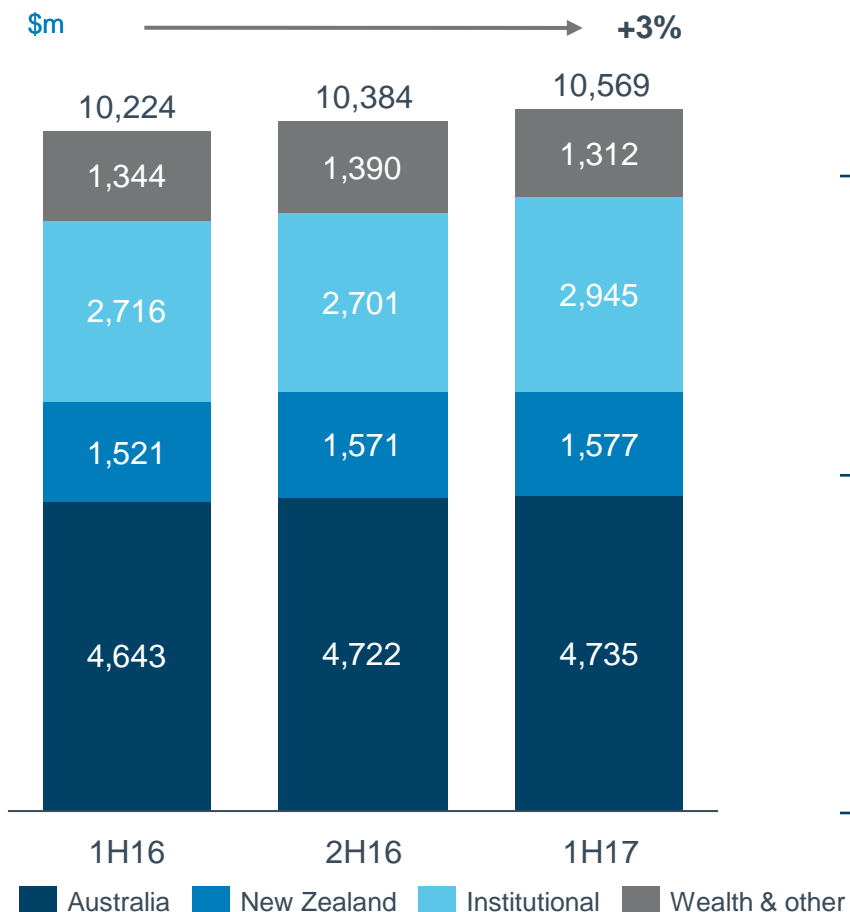
1. 1H17 Risk/Portfolio mix impact of -\$78m includes \$49m transfer to individual provisions. 1H16 impact of -\$30m includes \$39m transfer to individual provisions

REVENUE COMPOSITION

DIVISIONAL PERFORMANCE¹

1 2 3 4

INCOME CONTRIBUTION



GROWTH	AUS.	NZ (NZD)	INST'L
(1H17 VS 1H16)			
Income	2%	1%	8%
Expenses	2%	0%	-6%
PBP	2%	2%	25%
Cash Profit	1%	2%	52%
(1H17 VS 2H16)			
Income	0%	0%	9%
Expenses	1%	-3%	-2%
PBP	0%	2%	21%
Cash Profit	-1%	6%	69%

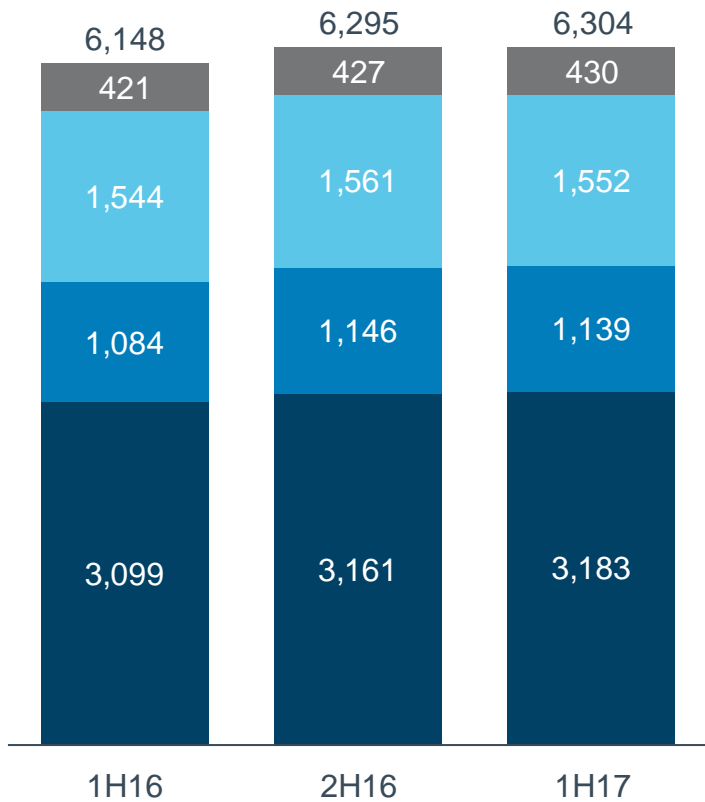
1. Adjusted Pro-forma basis

AUSTRALIA & NEW ZEALAND

1 2 **3** 4

INCOME CONTRIBUTION¹

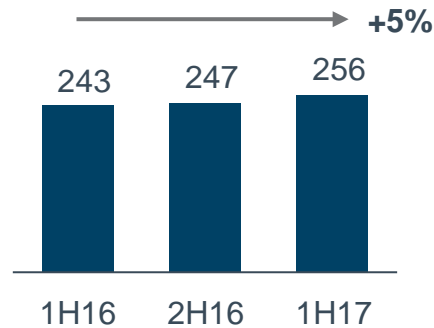
\$m → +2%



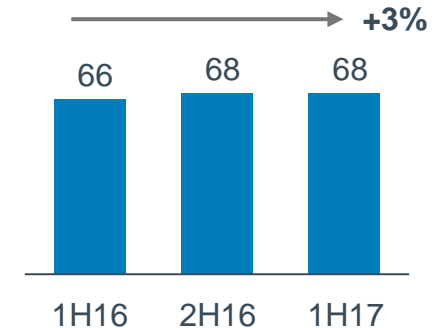
■ Aus Retail ■ NZ Retail ■ Aus C&CB ■ NZ Comm

AUSTRALIA DIVISION LENDING

Home Loans (\$)

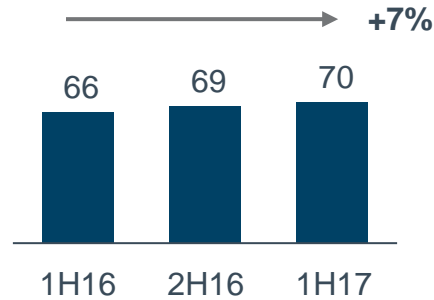


Corporate & Commercial (\$)

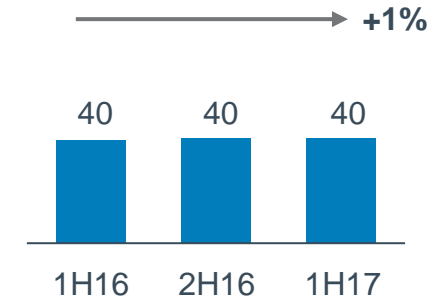


NEW ZEALAND DIVISION LENDING

Home Loans (Retail) (NZDb)



Commercial (NZDb)

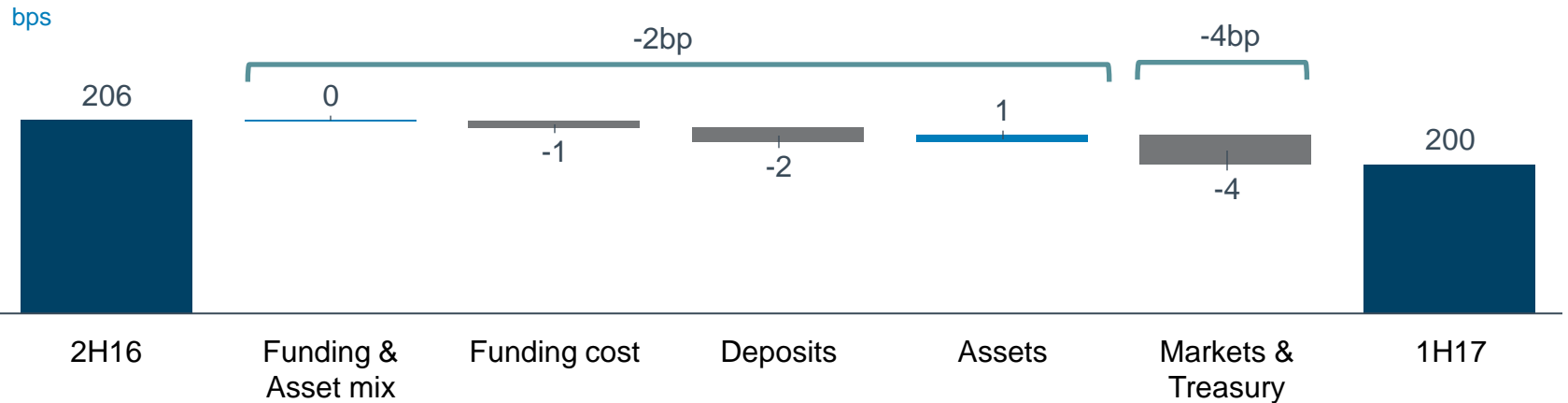


1. Adjusted Pro-forma basis. NZ excludes central functions

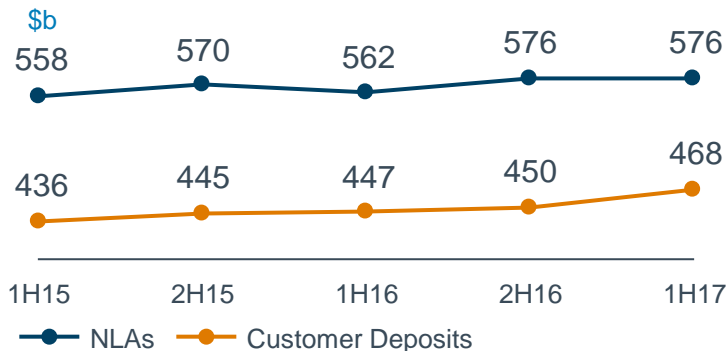
NET INTEREST MARGINS

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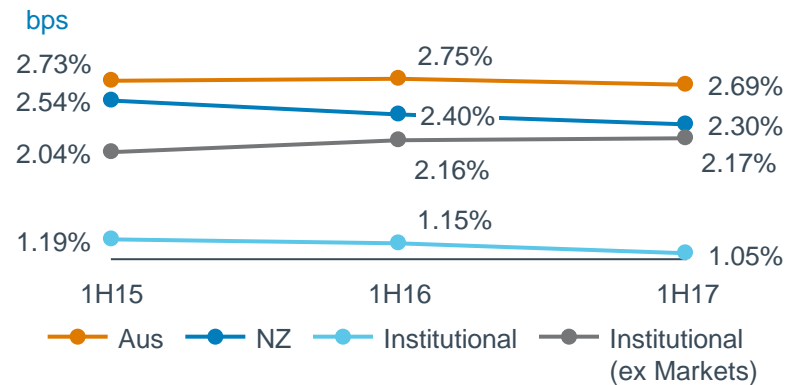
GROUP NET INTEREST MARGIN



BALANCE SHEET



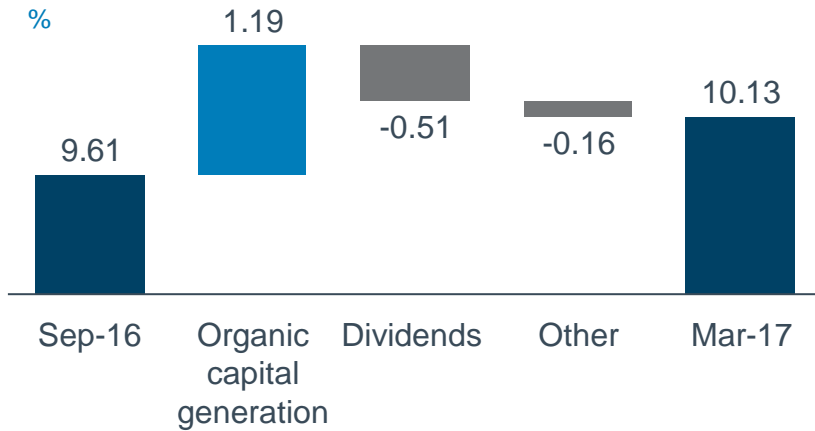
DIVISIONAL NIM



CAPITAL, LIQUIDITY & DIVIDENDS

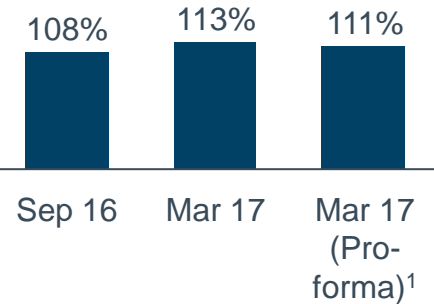
- 1
- 2
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CAPITAL

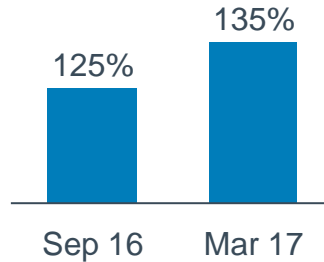


FUNDING & LIQUIDITY

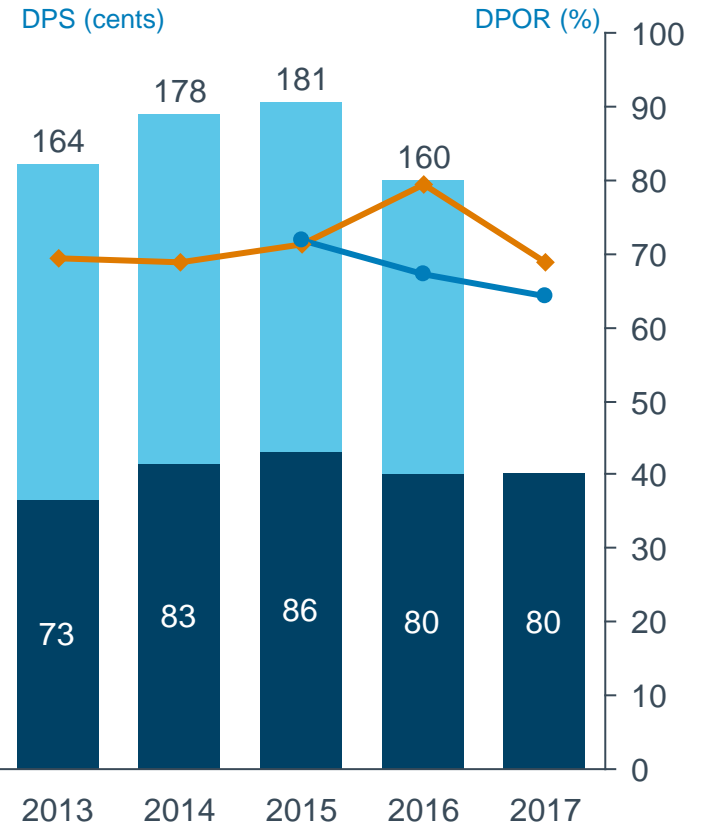
Net Stable Funding Ratio



Liquidity Coverage Ratio



DIVIDEND AND DIVIDEND PAYOUT RATIO



- ◆ Cash DPOR (RHS)
- Pro-forma DPOR (RHS)
- 2nd half DPS
- 1st half DPS

1. Adjusted for the sale of Asia Retail & Wealth in 5 countries

2017 HALF YEAR RESULTS

GROUP PERFORMANCE
ADDITIONAL INFORMATION

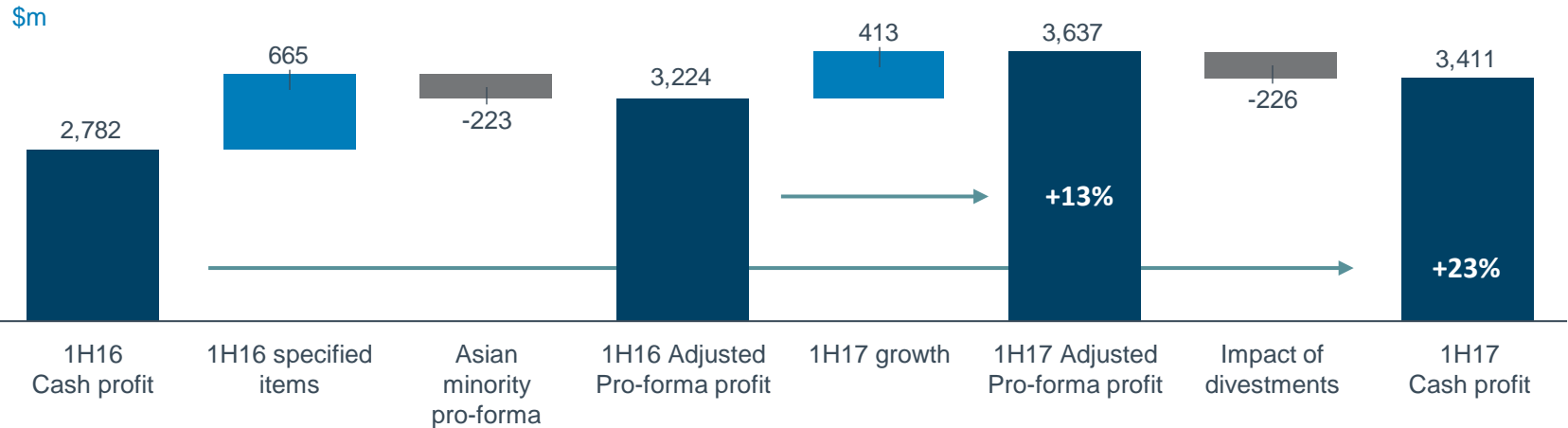
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BANKING GROUP LIMITED
2 MAY 2017



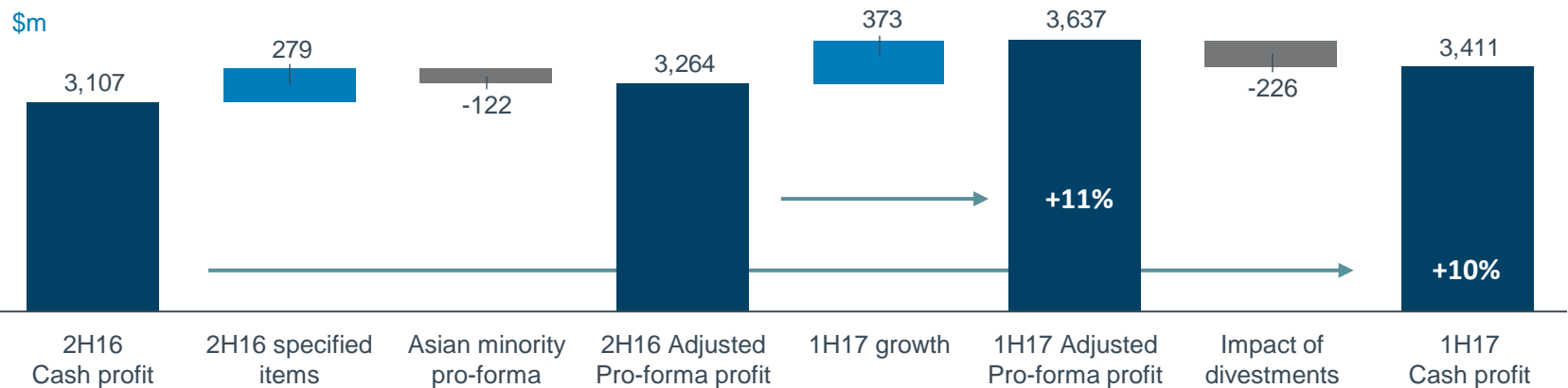
FINANCIAL PERFORMANCE

CASH PROFIT

1H17 VS 1H16 (PCP MOVEMENT)



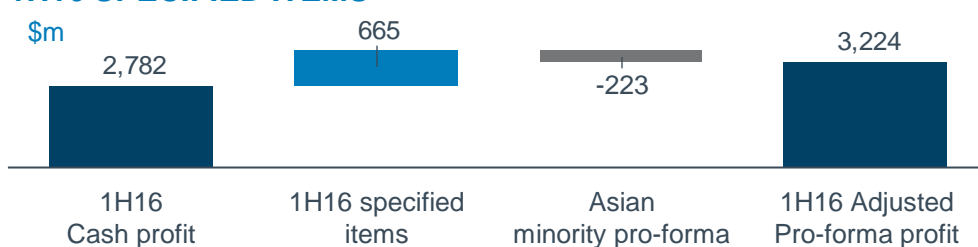
1H17 VS 2H16 (HOH MOVEMENT)



FINANCIAL PERFORMANCE

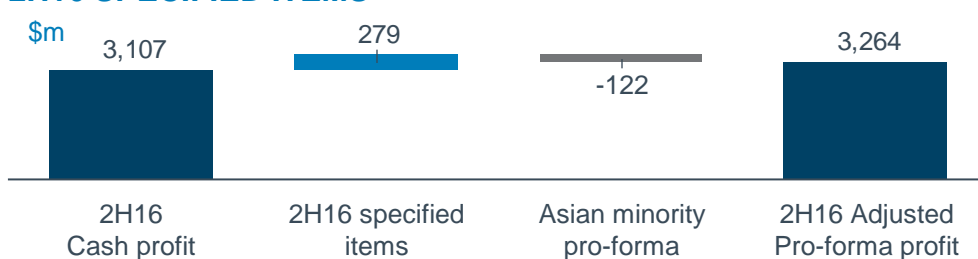
SPECIFIED ITEMS (SI)

1H16 SPECIFIED ITEMS



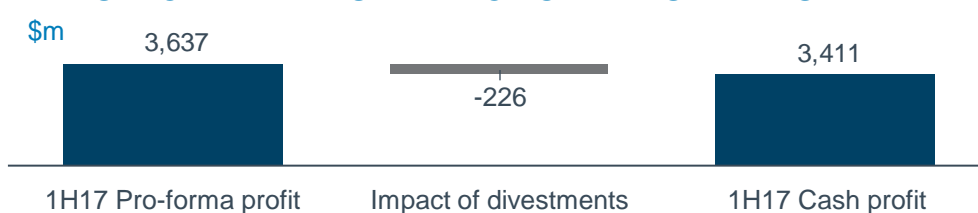
	1H16 ¹
Software capitalisation changes	389
Restructuring	101
Asian Minority pro-forma	-223
AmBank & BOT valuation adjustments	231
Esanda DF divestment	-56
TOTAL	442

2H16 SPECIFIED ITEMS



	2H16 ¹
Restructuring	100
Asian Minority pro-forma	-122
Esanda DF divestment	11
CVA methodology change	168
TOTAL	157

1H17 SPECIFIED ITEMS – IMPACT OF DIVESTMENTS



	1H17
Asian Minority pro-forma	-58
Impairment on sale of Asia Retail & Wealth in 5 countries	284
TOTAL	226

1. Reconciliation of 2016 items classified as SI's in the First Half 17 Results Announcement vs 2016 Results Announcement is shown on slide 30. 2016 items no longer classified as SI in 1H17 Results Announcement include higher expenses from changes to capitalised software policy & amortisation benefit from accelerated amortisation (a recurring item in FY16 and FY17). 2016 items added to SI classification include 'Asian minority pro-forma' due to cessation of equity accounting in order to show like for like positions across 2016 and 1H17

GROUP PERFORMANCE

2016 SPECIFITED ITEM RECONCILIATION

Results disclosure	\$m					1H16 SPECIFIED ITEMS		TOTAL SPECIFIED ITEMS
	Software capitalisation changes	Asian minority valuation Adjust. ¹	Restructuring	Esanda DF divestment	CVA methodology change	Subtotal Specified items	Asian Minority pro-forma	
1H17 RA								
Income		231		-109		122	-223	-101
Expenses	556		138	11		705		705
PBP	556	231	138	-98		827	-223	604
Profit	389	231	101	-56		665	-223	442
FY16 RA								
Income		231		-109		122		122
Expenses	629		138	11		778		778
PBP	629	231	138	-98		900		900
Profit	441	231	101	-56		717		717
Change to 1H16 specified items								
Income							-223	-223
Expenses	-73					-73		-73
PBP	-73					-73	-223	-295
Profit	-52					-52	-223	-275

Results disclosure	\$m					2H16 SPECIFIED ITEMS		TOTAL SPECIFIED ITEMS
	Software capitalisation changes	Asian minority valuation Adjust. ¹	Restructuring	Esanda DF divestment	CVA methodology change	Subtotal Specified items	Asian Minority pro-forma	
1H17 RA								
Income					237	237	-122	115
Expenses			140	6	-	146	-	146
PBP			140	6	237	383	-122	261
Profit			100	11	168	279	-122	157
FY16 RA								
Income					237	237	-	237
Expenses	114		140	6	-	260	-	260
PBP	114		140	6	237	497	-	497
Profit	81		100	11	168	360	-	360
Change to 2H16 specified items								
Income							-122	-122
Expenses	-114					-114		-114
PBP	-114					-114	-122	-236
Profit	-81					-81	-122	-203

Software capitalisation changes:

Reported Number as at 31 March 2017 includes only the one off accelerated amortisation amount. Higher expenses from amended capitalised software policy, and amortisation benefit from accelerated amortisation has been removed from 2016 specified item as costs are incurred in both financial years 2016 and 2017

Asia Minority pro-forma (Cessation of Equity Accounting):

Normalised for transfer of 20% ownership of SRCB from equity accounted to held for sale as at 31 December 2016 and transfer of 12% ownership in Bank of Tianjin from Equity accounted to available for sale as at 31 March 2016

ASSET DIVESTMENTS

EARNINGS IMPACTS – BASED ON FULL COMPLETION OF TRANSACTIONS¹

\$m	Announced divestments			Cessation of Equity Accounting	TOTAL IMPACT
	ASIA RETAIL & WEALTH ²	SRCB	UDC	Bank of Tianjin	
Revenue	~(850)	~(250)	~(100)	~(150)	~(1,350)
Expenses	~(400) to ~(600)	-	~(30)	-	~(430) to ~(630)
Profit Before Provisions	~(250) to ~(450)	~(250)	~(70)	~(150)	~(720) to ~(920)
Provisions	~(150)	-	~(10)	-	~(160)
Cash Profit (pre tax)	~(100) to ~(300)	~(250)	~(60)	~(150)	~(560) to ~(760)
Cash Profit (post tax)					~(530) to ~(680)
Gain / Loss on sale (approx.)	~290	~0	~100	n/a	~(190)
CET1 benefit from sale (approx.)	~15 to 20bp	~40bp	~10bp	n/a	~65 to 70bp
Date of signing	30 Oct. 2016	31 Dec. 2016	11 Jan. 2017	n/a	
Expected completion	Progressively to 1H18	Mid 2017 calendar year	Late 2017 calendar year	n/a	

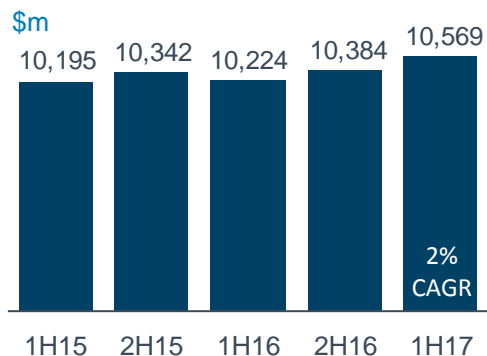
- All financial impacts detailed above are treated as Cash Profit items
- Due to timing differences with SRCB reclassification to held for sale (\$316m impact in 1H17), and the release of foreign currency translation and available for sale reserves (\$289m release in 2H17) both elements will be excluded from cash profit in each of the impacted half yearly results.

1. Profit and Loss impacts based on most recent full year contribution to ANZ financial performance
 2. Excludes Vietnam

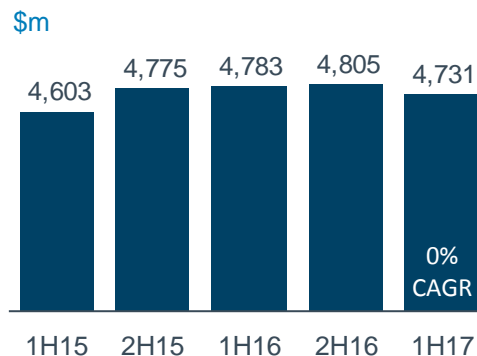
GROUP PERFORMANCE

GROUP PERFORMANCE TRENDS¹

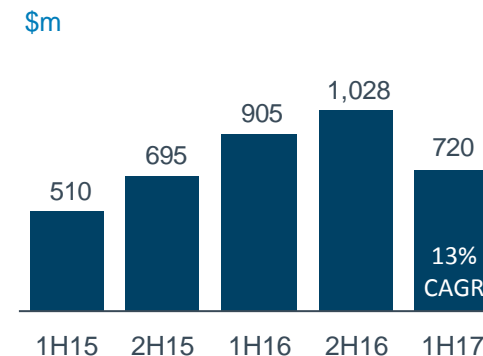
INCOME



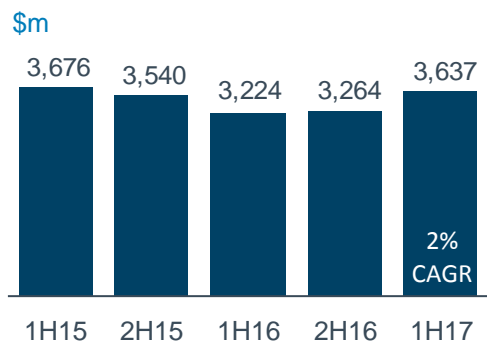
EXPENSES



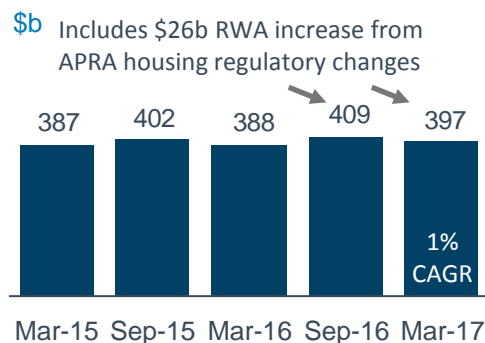
PROVISIONS



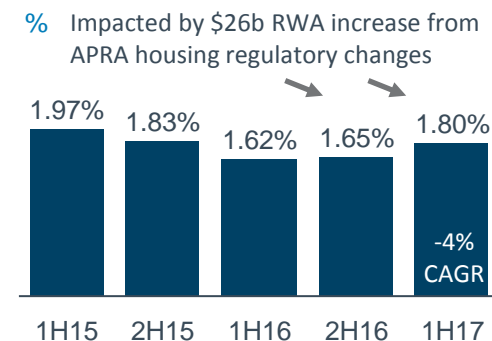
CASH PROFIT



RISK WEIGHTED ASSETS



RETURN ON AVG RWAs²



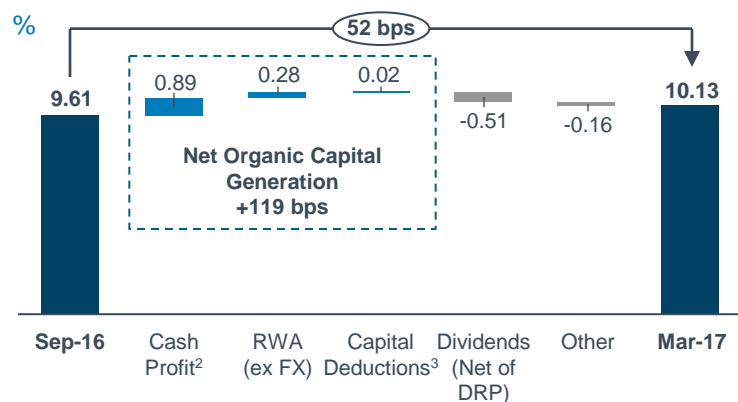
1. Adjusted Pro-forma basis unless otherwise specified. CAGR is based on a pro-forma growth rate for the period 1H15 to 1H17
 2. Income is on an annualised basis

GROUP PERFORMANCE

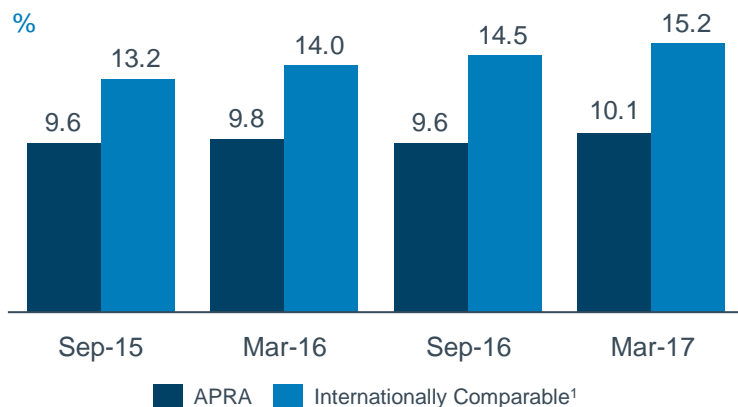
TREASURY – CAPITAL

Further detail on capital, funding and liquidity is contained in the 1H17 investor discussion pack available on shareholder.anz.com

APRA COMMON EQUITY TIER 1 (CET1)



BASEL III CET1 – INTERNATIONAL COMPARABILITY



REGULATORY CAPITAL GENERATION

COMMON EQUITY TIER 1 GENERATION (bps)	First half average ⁴ 1H12 – 1H16	2H16	1H17
Cash Profit ²	97	84	89
RWA movement	(21)	22	28
Capital Deductions ³	(15)	1	2
Net capital generation	61	107	119
Gross dividend	(70)	(60)	(57)
Dividend Reinvestment Plan	11	6	6
Core change in CET1 capital ratio	2	53	68
Other non-core and non-recurring items	7	(73)	(16)
Net change in CET1 capital ratio	9	(20)	52

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. Cash profit for 1H16, 2H16 and 1H17 are on Adjusted Pro-forma basis adjusted for 'Specified items'.

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

4. 2012-2016 1H averages.

GROUP PERFORMANCE

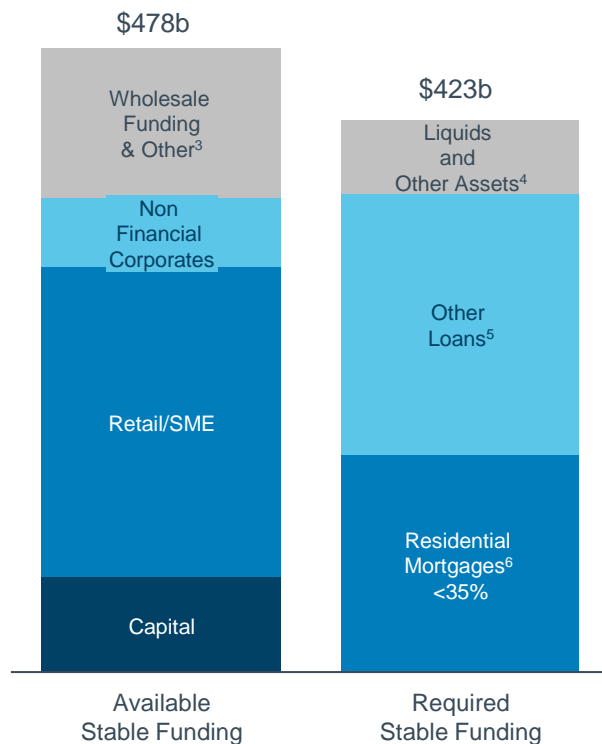
TREASURY – FUNDING & LIQUIDITY

Further detail on capital, funding and liquidity is contained in the 1H17 investor discussion pack available on shareholder.anz.com

NSFR¹ COMPOSITION

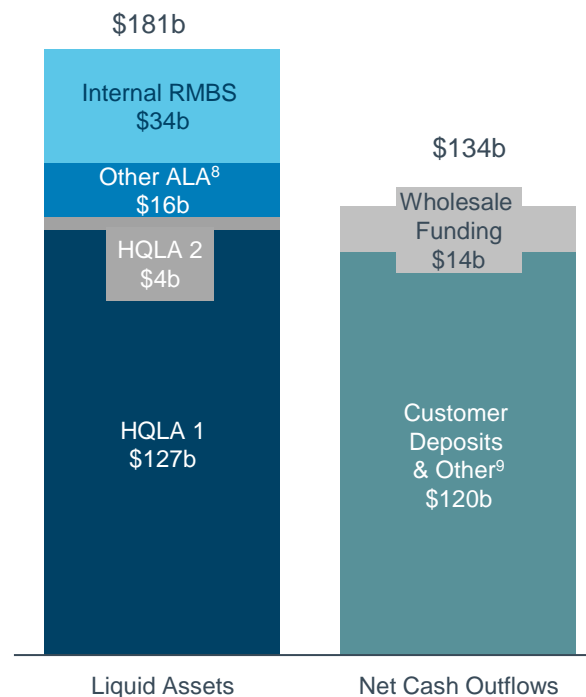
MARCH 2017 NSFR ~113%

MARCH 2017 PRO-FORMA NSFR ~111%²



LCR⁷ COMPOSITION

MARCH 2017 LCR 135%



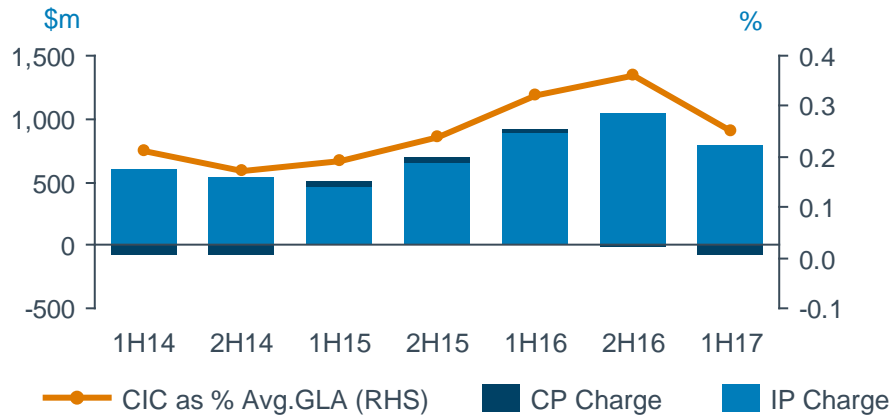
1. All figures shown on a Level 2 basis and based on current estimates; 2. Pro-forma, adjusted for sale of Asia Retail & Wealth in 5 countries; 3. 'Other' includes Sovereign, PSE and FI Deposits; 4. 'Other Assets' include Off Balance Sheet, Derivatives, Fixed Assets and Other Assets; 5. All lending other than Residential Mortgages <35% Risk Weight; 6. Includes NSFR impact of self-securitised assets backing the CLF; 7. All figures shown on a Level 2 basis; 8. Comprised of assets qualifying as collateral for the CLF, excluding internal RMBS and any assets contained in the RBNZ's Liquidity Policy – Annex: Liquidity Assets – Prudential Supervision Department Document BS13A12; 9. Other' includes off-balance sheet and cash inflows

GROUP PERFORMANCE

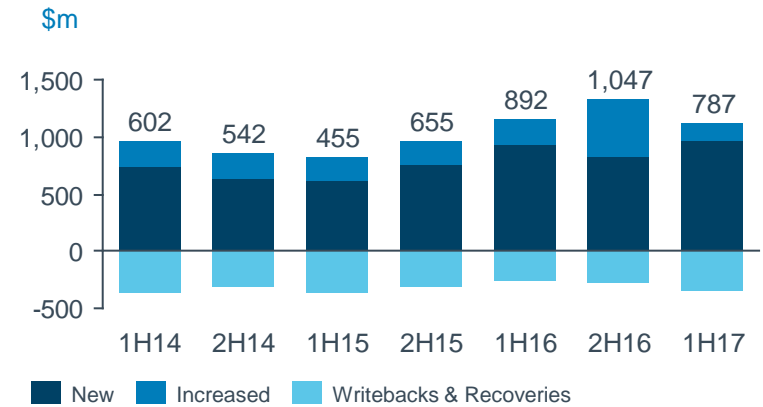
RISK MANAGEMENT – PROVISIONS & CREDIT QUALITY

Further detail on provisions and credit quality is contained in the 1H17 investor discussion pack available on shareholder.anz.com

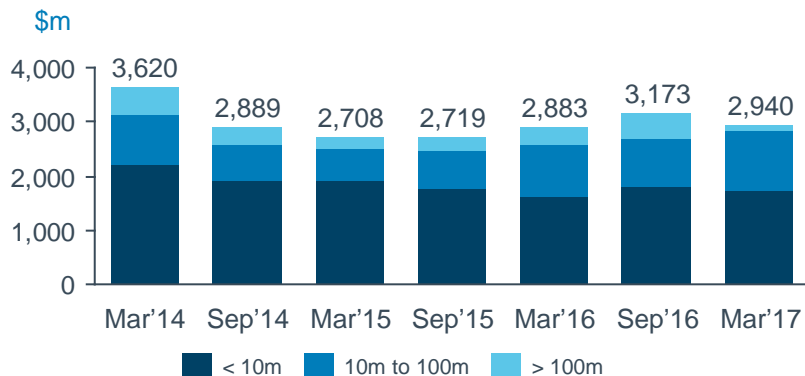
TOTAL PROVISION CHARGE¹



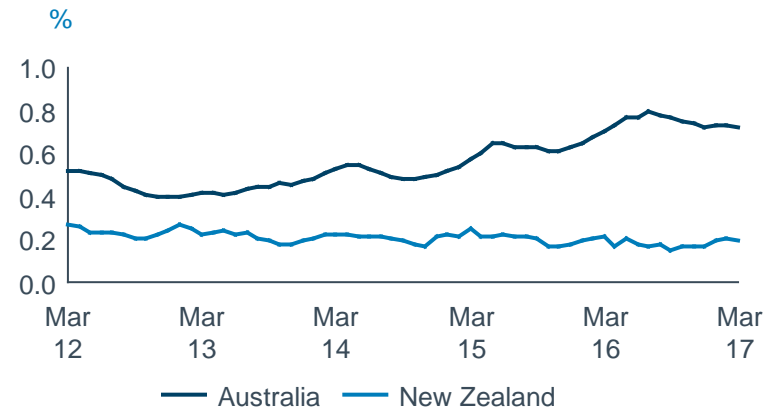
IP CHARGE COMPOSITION



GROSS IMPAIRED ASSETS BY EXPOSURE SIZE



HOME LOAN 90+ DAYS DELINQUENCIES



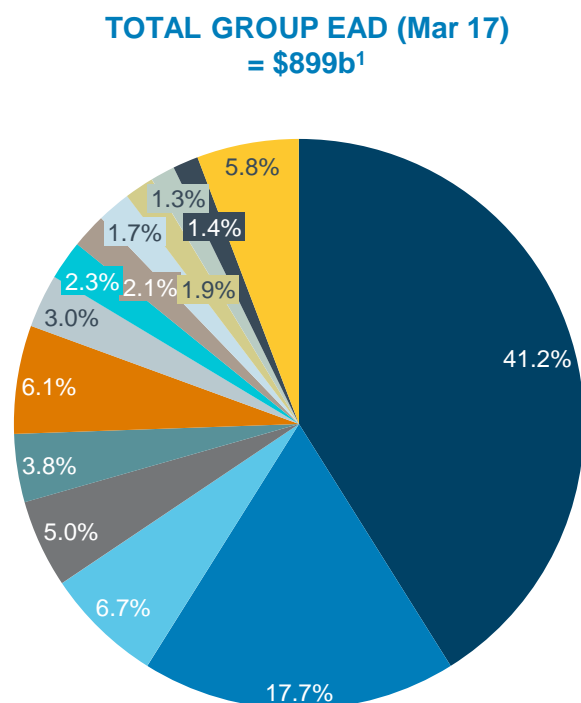
1. IP: Individual Provision charge CP: Collective Provision charge CIC: Total Credit Impairment charge
 2. Other includes Retail Asia & Pacific and Australia Wealth

RISK MANAGEMENT

RISK MANAGEMENT – PORTFOLIO COMPOSITION

Further detail on provisions and credit quality is contained in the 1H17 investor discussion pack available on shareholder.anz.com

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



Category	% of Group EAD		% of Portfolio in Non Performing		Portfolio Balance in Non Performing
	Sep 16	Mar 17	Sep 16	Mar 17	Mar 17
Consumer Lending	40.6%	41.2%	0.1%	0.1%	\$447m
Finance, Investment & Insurance	17.4%	17.7%	0.1%	0.0%	\$25m
Property Services	6.8%	6.7%	0.4%	0.3%	\$166m
Manufacturing	5.2%	5.0%	1.6%	1.2%	\$550m
Agriculture, Forestry, Fishing	3.9%	3.8%	1.5%	1.4%	\$485m
Government & Official Institutions	6.2%	6.1%	0.0%	0.0%	\$0m
Wholesale trade	3.1%	3.0%	0.5%	0.5%	\$142m
Retail Trade	2.4%	2.3%	1.2%	0.7%	\$154m
Transport & Storage	2.2%	2.1%	0.4%	0.8%	\$146m
Business Services	1.7%	1.7%	0.9%	1.0%	\$146m
Resources (Mining)	1.8%	1.9%	2.9%	2.1%	\$357m
Electricity, Gas & Water Supply	1.3%	1.3%	0.0%	0.1%	\$16m
Construction	1.4%	1.4%	2.0%	1.9%	\$234m
Other	6.0%	5.8%	0.4%	0.6%	\$291m
Total	100.0%	100.0%			\$3,159m
Total Group EAD¹ \$b	\$895b	\$899b			

1. EAD excludes amounts for 'Securitisation' and 'Other Assets' Basel classes and manual adjustments. Data provided is as at Mar 17 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

STRATEGIC PRIORITIES

PROGRESS



Creating a simpler, better balanced bank

Reduce operating costs & risks
Remove product and management complexity.
Exist low return and non-core businesses.
Reduce reliance on low return aspects of Institutional.

- APRA CET1 ratio 10.1% (up 52bps); costs down 2%
- FTE down 1%
- Announced sale of SRCB, UDC, Asia Retail & Wealth in 6 countries
- Further reduction in Credit Risk Weighted Assets in Institutional, with continued growth in Australia division



Focusing on areas where we can win

Make buying & owning a home or starting, running & growing a small business in Aus. & NZ easy
Be the best bank in the world for customers driven by movement of goods and capital in our region.

- Home lending FUM up \$8b in Aus & NZ
- 5% increase in Small Business deposits
- 33% of Institutional 1H17 revenue from Cross border flow²
- Our Institutional business in Aus & NZ ranks No.1 for overall market and lead penetration and the quality of our service³
- Top 4 Corporate Bank in Asia for a fifth successive year⁴



Building a superior everyday experience for our customers and our people

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

- 20% of projects being delivered under the Agile framework that delivered ApplePay™
- Delivery of Honcho and Blade to improve customer experience
- 44 applications decommissioned reducing complexity and risk



Driving a purpose and values led transformation

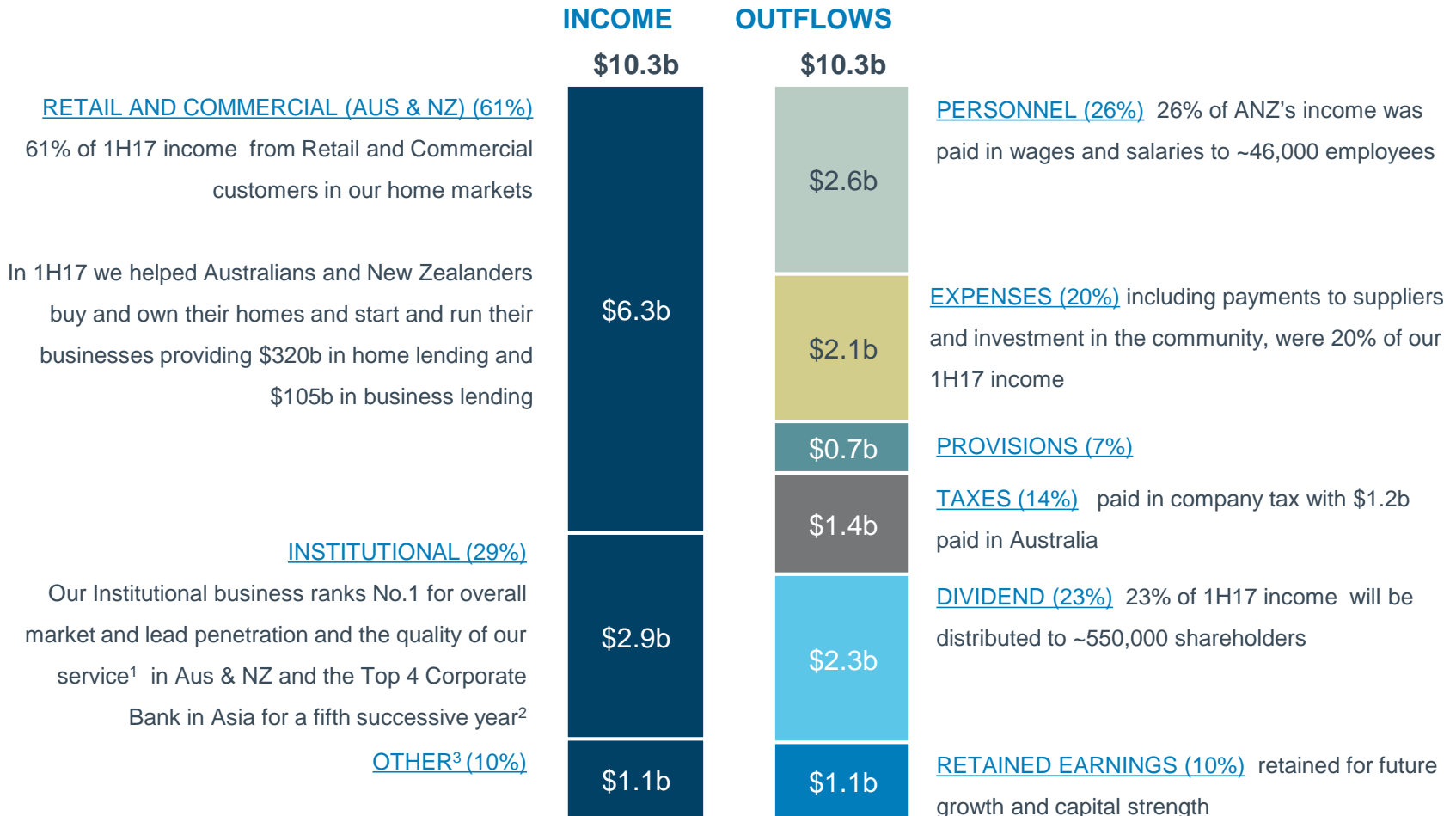
Create a strong sense of core purpose, ethics & fairness.
Invest in leaders who can help sense and navigate a rapidly changing environment.

- Re-aligned staff performance objectives, increasing customer focus
- ESG board
- Diversified leadership expertise, new Group Executive Talent and Culture, established new Chief Tech officer and Data officer roles

1. All financial numbers are on an Adjusted Pro-forma basis unless otherwise stated. All growth rates 1H17 vs 2H16 2. Cross border flows defined as thrown revenue (the region where the relationship with the customer exists is different to the region where the revenue is generated and booked). Region defined as Australia, Pacific, NZ, Asia, Europe and America 3. Peter Lee Associates 2016 Large Corporate and Institutional Relationship Banking surveys, Australia and New Zealand (issued in June and August 2016 respectively). Quality of service is based on No.1 ranking for Relationship Strength Index (RSI) that the bank achieved in the above surveys. 4. Greenwich Associates 2017 Asian Large Corporate Banking Study (issued in March 2017): =No.4

INCOME AND OUTFLOWS

1H17



1. Peter Lee Associates 2016 Large Corporate and Institutional Relationship Banking surveys, Australia and New Zealand (issued in June and August 2016 respectively). Quality of service is based on No.1 ranking for Relationship Strength Index (RSI) that the bank achieved in the above surveys.

2. Greenwich Associates 2017 Asian Large Corporate Banking Study (issued in March 2017): =No.4

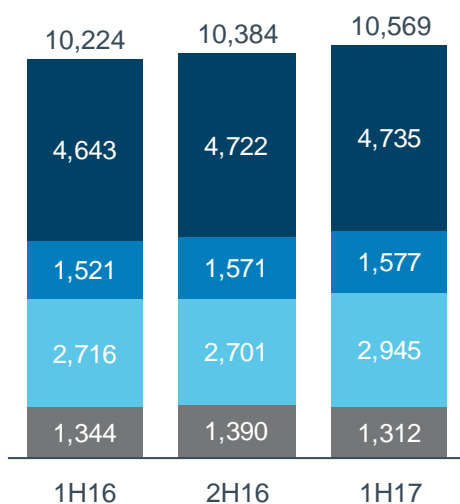
3. Other Includes Wealth Australia, Asia Pacific & Retail, TSO and Group Centre

DIVISIONAL CONTRIBUTION

DIVISIONAL RESULTS¹

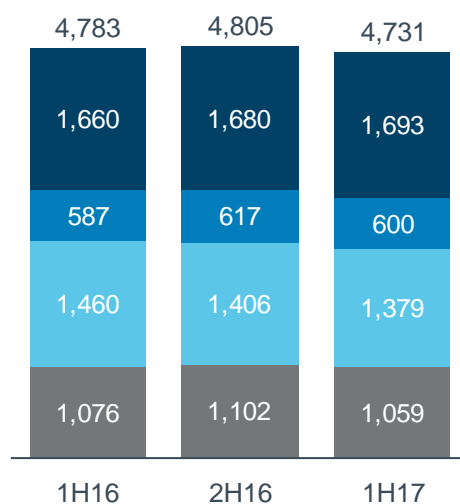
INCOME

\$m



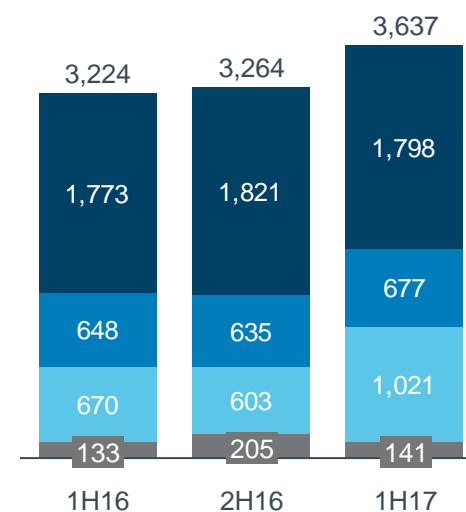
EXPENSES

\$m



CASH PROFIT AFTER TAX

\$m



■ Australia
 ■ New Zealand
 ■ Institutional
 ■ Wealth & other

1H17 GROWTH

INCOME

EXPENSES

PBP

NPAT

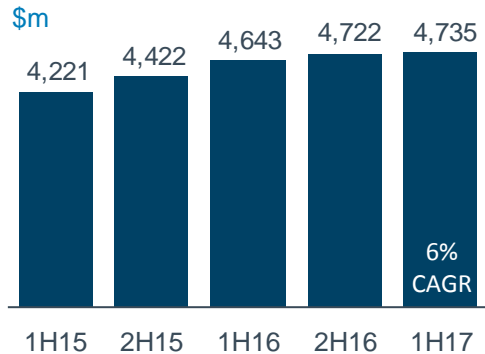
	HOH	PCP	HOH	PCP	HOH	PCP	HOH	PCP
Australia	0%	2%	1%	2%	0%	2%	-1%	1%
New Zealand (NZD)	0%	1%	-3%	0%	2%	2%	6%	2%
Institutional	9%	8%	-2%	-6%	21%	25%	69%	52%
Wealth & Other	-6%	-2%	-4%	-2%	-12%	-6%	-31%	6%

1. Adjusted Pro-forma basis

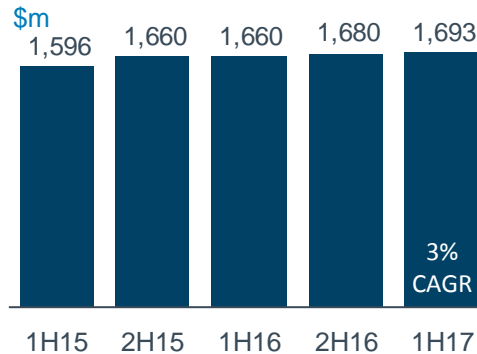
AUSTRALIA PERFORMANCE

AUSTRALIA DIVISION PERFORMANCE TRENDS¹

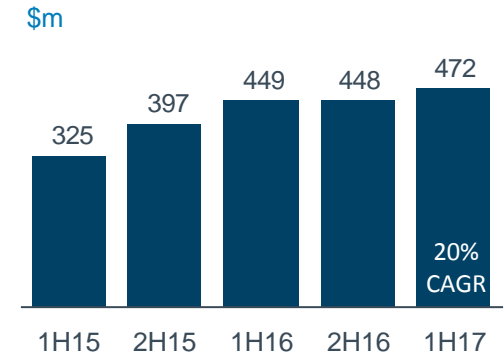
INCOME



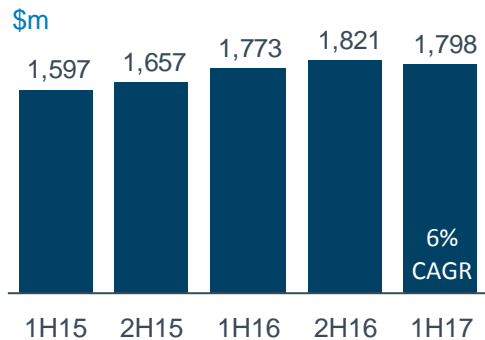
EXPENSES



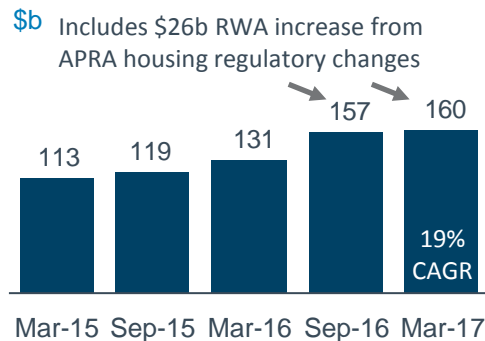
PROVISIONS



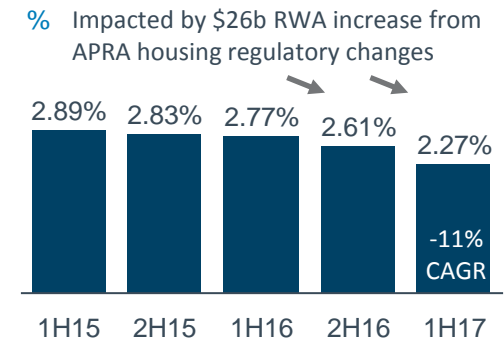
CASH PROFIT



RISK WEIGHTED ASSETS



RETURN ON AVG RWAs²



1. Adjusted Pro-forma basis. CAGR is based on the period 1H15 to 1H17
 2. Earnings are on an annualised basis

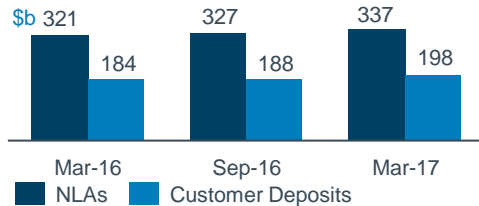
AUSTRALIA

AUSTRALIA DIVISION 1H17 PERFORMANCE¹

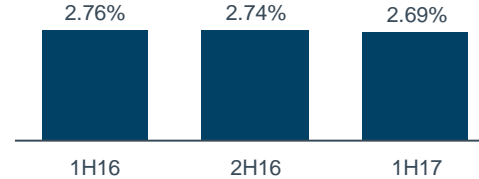


PROFIT GROWTH	HOH	PCP
Retail	-1%	2%
Commercial	-1%	0%
TOTAL	-1%	1%

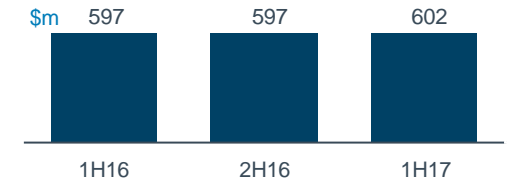
VOLUMES



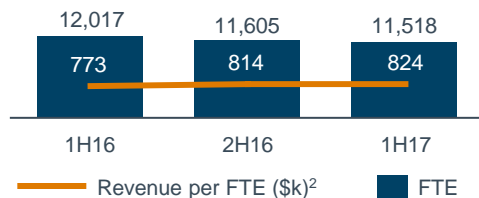
NET INTEREST MARGIN



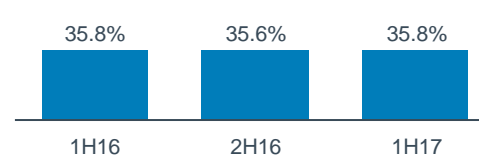
OTHER OPERATING INCOME



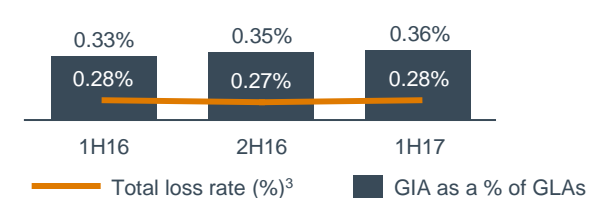
STAFF



COST TO INCOME



ASSET QUALITY

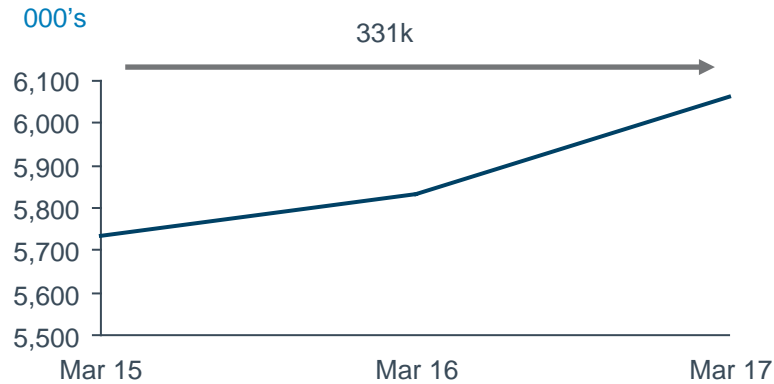


- Adjusted Pro-form basis
- Income is on an annualised basis
- Credit impairment charges (annualised) / Average GLA for the period

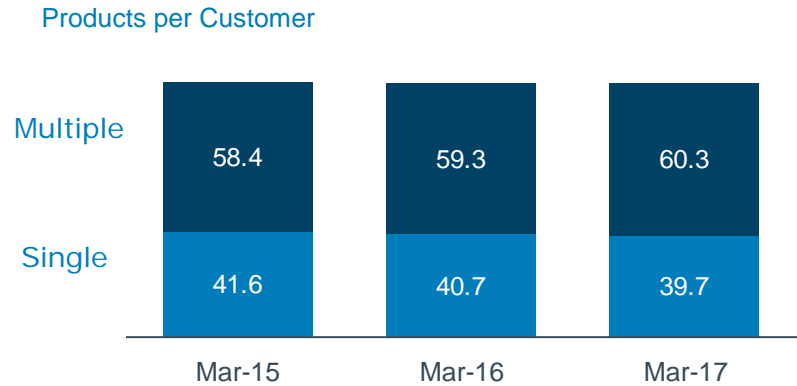
AUSTRALIA

PERFORMANCE DRIVERS

OVER 6 MILLION CUSTOMERS

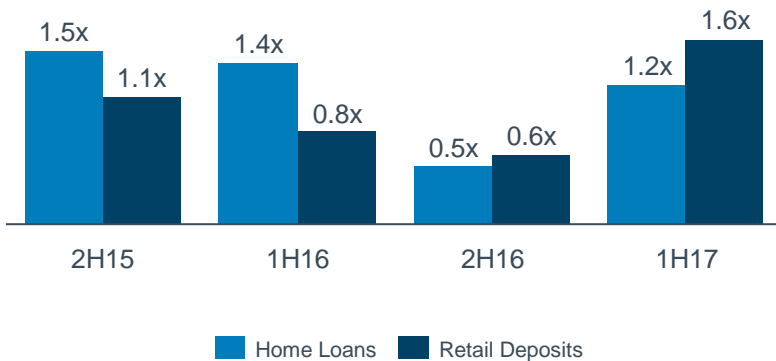


MORE PRODUCTS PER CUSTOMER (%)

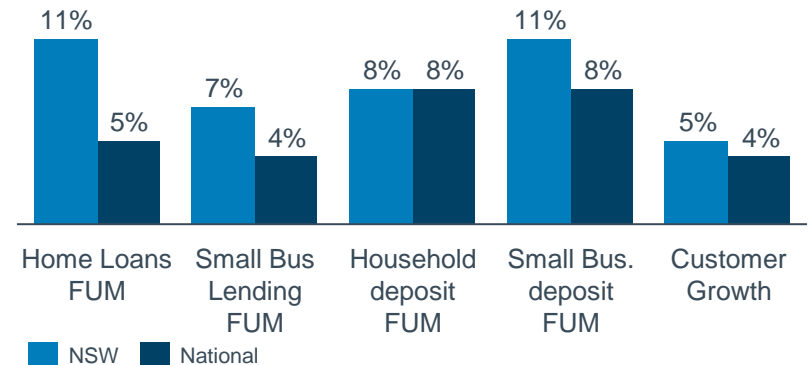


GOOD MOMENTUM

System growth (APRA)

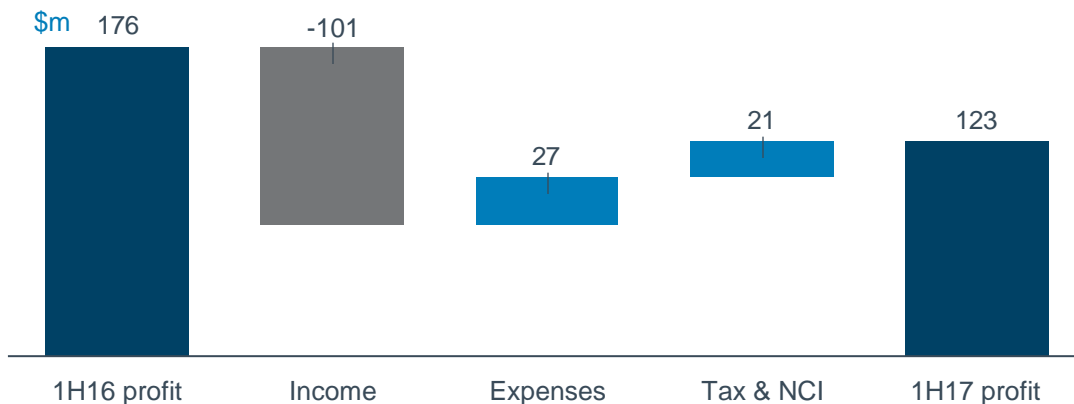


NSW INVESTMENT DELIVERING



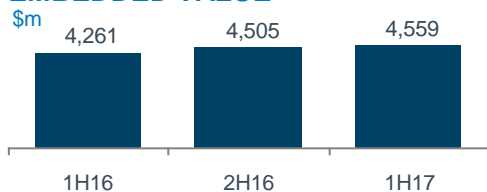
WEALTH AUSTRALIA

1H17 PERFORMANCE¹

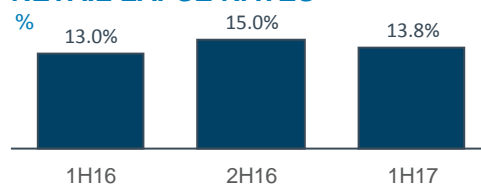


PROFIT GROWTH	HOH	PCP
Insurance	-20%	-19%
Funds Mgt	-15%	5%
TOTAL	-24%	-30%

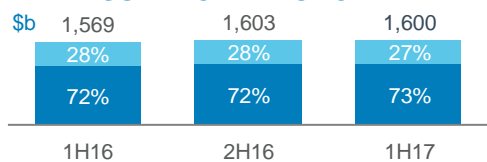
EMBEDDED VALUE²



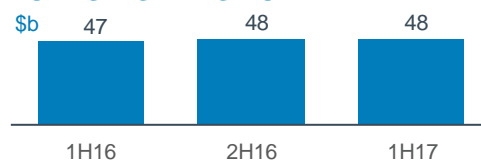
RETAIL LAPSE RATES



LIFE INSURANCE IN-FORCE



FUNDS MGT AVG FUM



Insurance

- Revenue impacted by adverse disability claims experience and a one-off loss as a result of the exit of a Group Life insurance plan
- Partially offset by reinsurance profit share benefits and favourable claims experience in Lenders Mortgage Insurance.

Funds Management

- Decline in profitability reflects planned strategy to rationalise the legacy portfolio to Smart Choice, a simpler and lower risk model

1. Adjusted Pro-forma, excluding 1H16 restructuring cost of \$9m post tax.

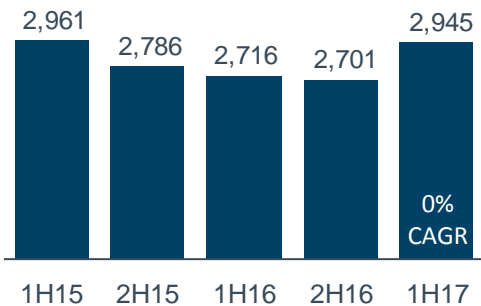
2. Embedded value includes Insurance and Funds Management businesses only. The product lines used are on the same basis as the Results Announcement in prior periods. This is different to the product lines used in the strategic review. Embedded value is adjusted to allow for the impact of dividends and net transfers.

INSTITUTIONAL PERFORMANCE

PERFORMANCE TRENDS¹

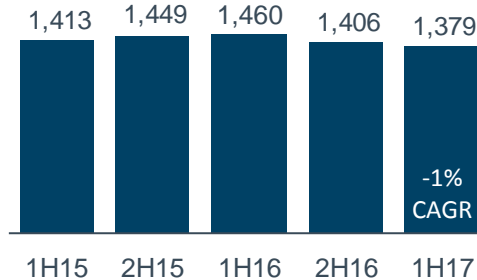
INCOME

\$m



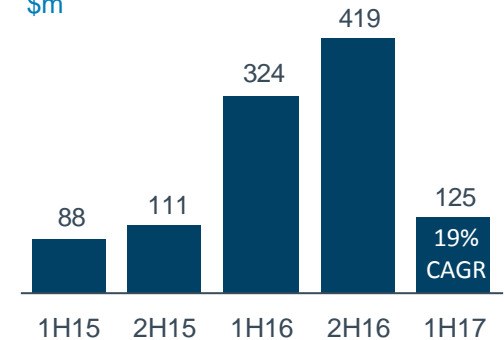
EXPENSES

\$m



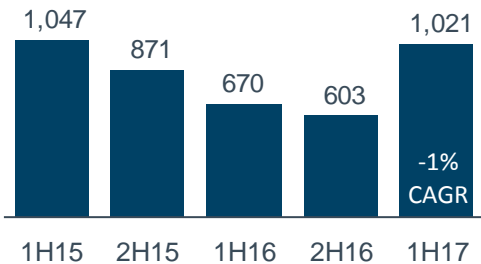
PROVISIONS

\$m



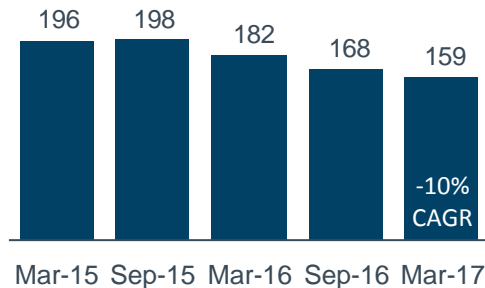
CASH PROFIT

\$m



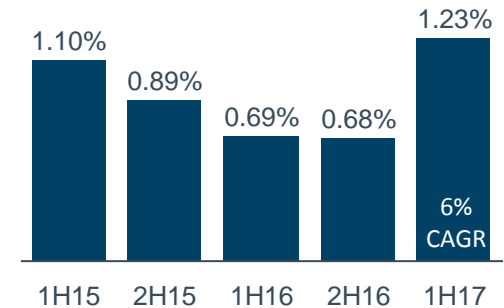
RISK WEIGHTED ASSETS

\$b



RETURN ON AVG RWAs²

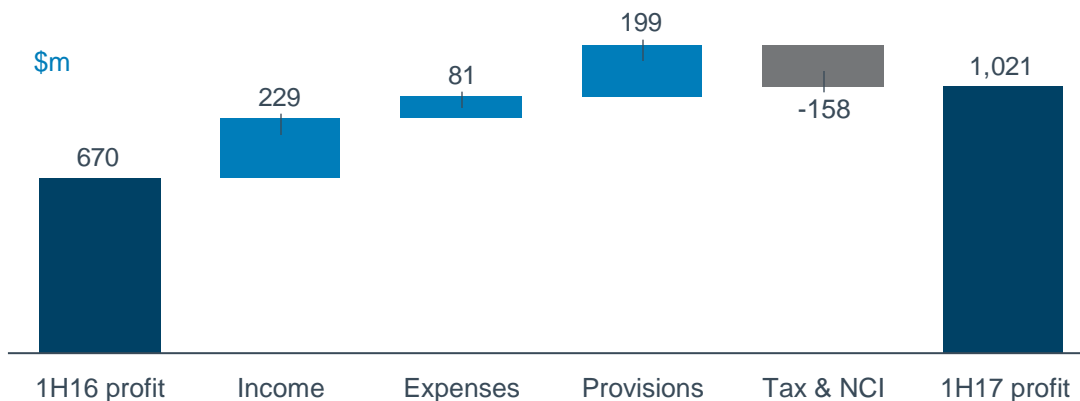
%



1. On a pro forma basis excluding Specified Items relating to restructuring (FY15 and FY16) and the derivative CVA methodology change (2H16). CAGR is based on the period 1H15 to 1H17
2. Earnings are on an annualised basis

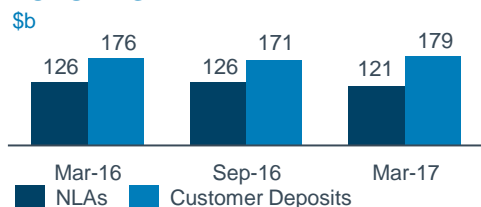
INSTITUTIONAL

1H17 PERFORMANCE¹

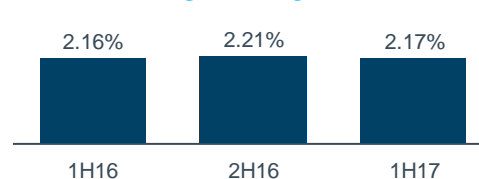


PROFIT GROWTH	HOH	PCP
Markets	46%	169%
Transaction Banking	3%	25%
Loans & SF	150%	13%
TOTAL	69%	52%

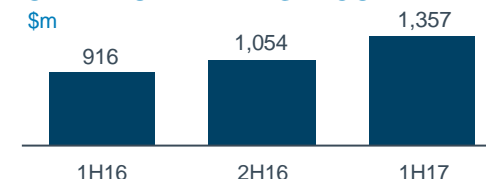
VOLUMES



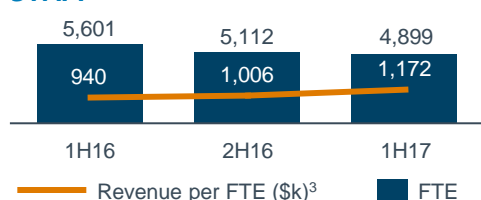
NET INTEREST MARGIN²



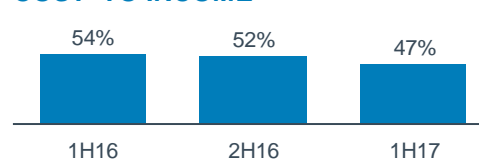
OTHER OPERATING INCOME



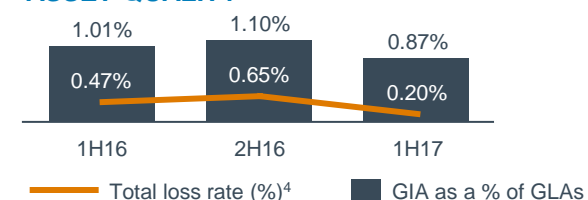
STAFF



COST TO INCOME



ASSET QUALITY



1. On a pro forma basis excluding Specified Items relating to restructuring (FY15 and FY16) and the derivative CVA methodology change (2H16)

2. Institutional net interest margin excluding Markets

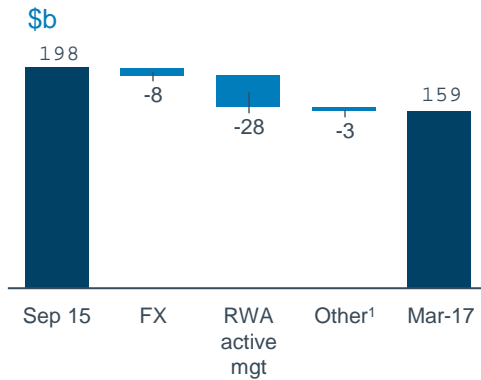
3. Income is on an annualised basis

4. Credit impairment charges (annualised) / Average GLA for the period

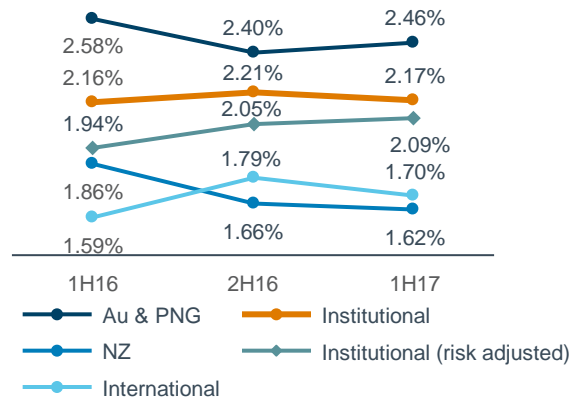
INSTITUTIONAL

MAINTAINING LEADING MARKET POSITIONS

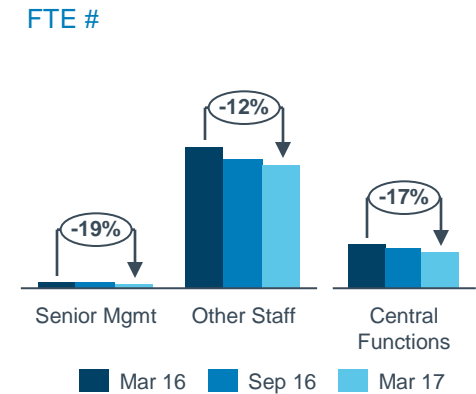
RWA REDUCTIONS



MARGINS²

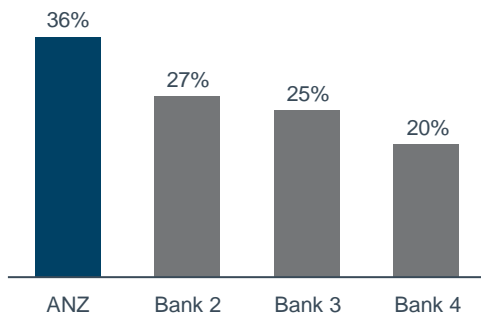


WORKFORCE RESHAPING³



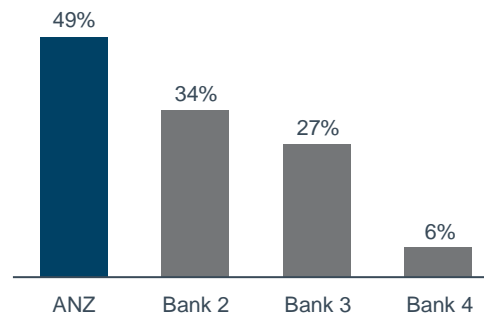
AUSTRALIA

#1 Lead Bank Penetration⁴



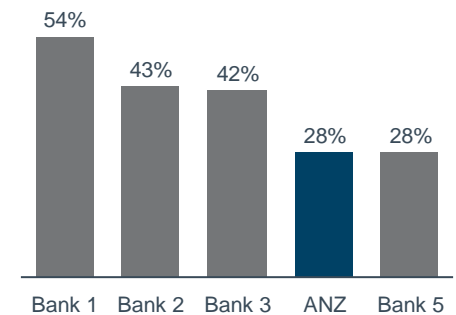
NEW ZEALAND

#1 Lead Bank Penetration⁴



ASIA

Top 4 Corporate Bank⁵

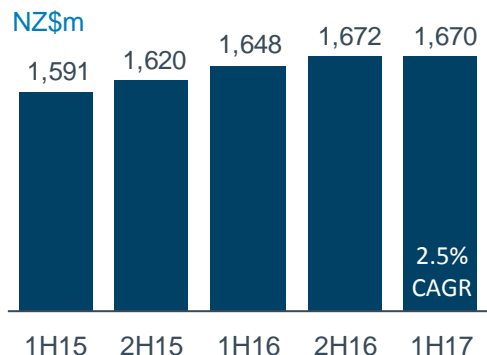


1. Other includes operating risk and market risk
2. Net interest margin excluding Markets. Risk adjusted NIM is Net Interest Income / total Credit Risk Weighted Assets
3. Senior management and other staff include central functions. Central functions comprises enablement and support functions within Institutional
4. Peter Lee Associates 2016 Large Corporate and Institutional Relationship Banking surveys, Australia and New Zealand (issued in June and August 2016 respectively)
5. Greenwich Associates 2017 Asian Large Corporate Banking Study (issued in March 2017): =No.4

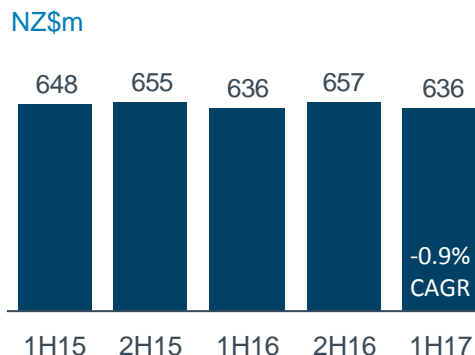
NEW ZEALAND PERFORMANCE

NZ DIVISION PERFORMANCE TRENDS¹

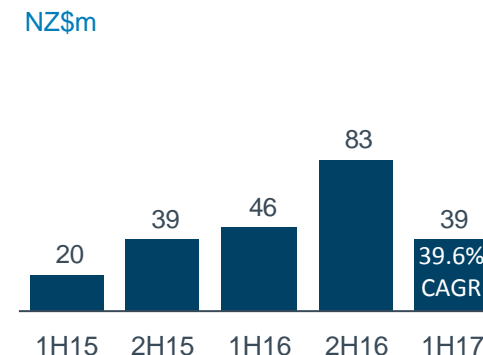
INCOME



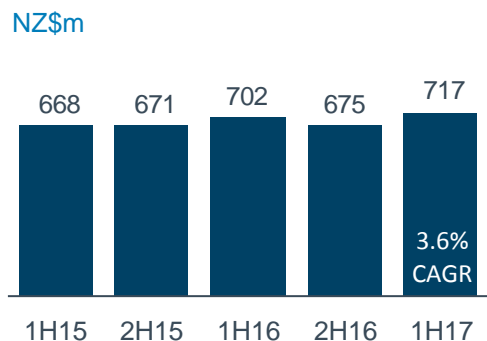
EXPENSES



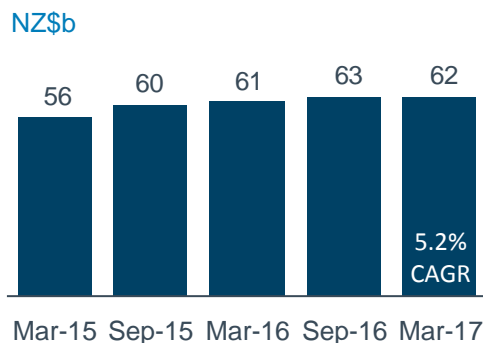
PROVISIONS



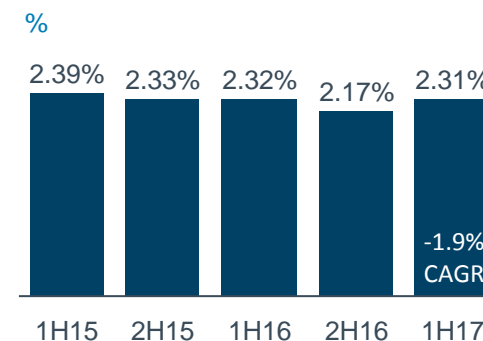
CASH PROFIT



RISK WEIGHTED ASSETS



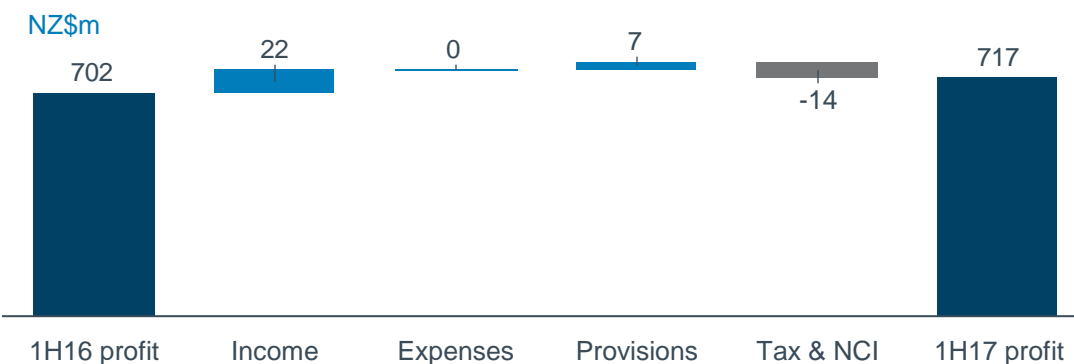
RETURN ON AVG RWAs²



1. Adjusted Pro-forma 1H16, 2H16 & 1H17. CAGR is based on the period 1H15 to 1H17
 2. Earnings are on an annualised basis

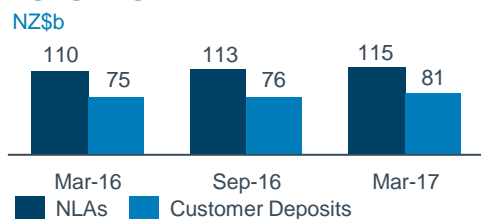
NEW ZEALAND PERFORMANCE

NZ DIVISION 1H17 PERFORMANCE¹

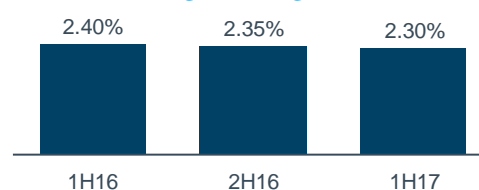


	PROFIT GROWTH	HOH	PCP
Retail		2%	7%
Commercial		12%	-2%
TOTAL		6%	2%

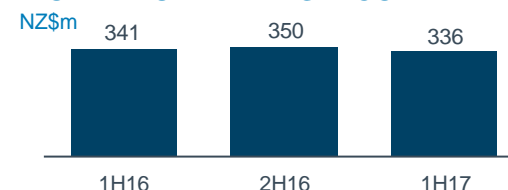
VOLUMES



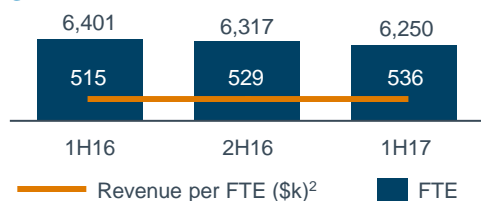
NET INTEREST MARGIN



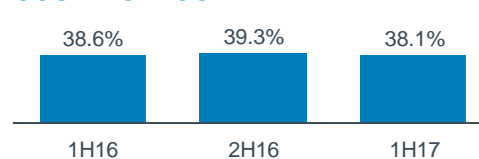
OTHER OPERATING INCOME



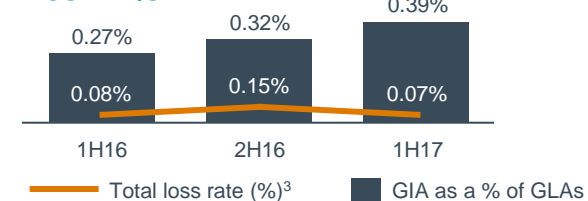
STAFF



COST TO INCOME



ASSET QUALITY



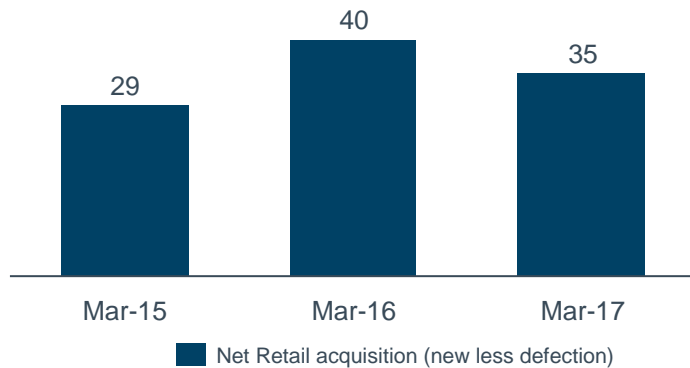
- Adjusted Pro-forma basis
- Income is on an annualised basis
- Credit impairment charges (annualised) / Average GLA for the period

NEW ZEALAND

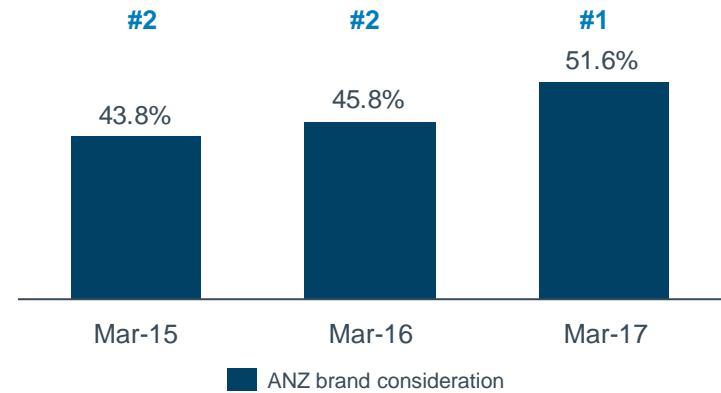
STRATEGIC FOCUS – CUSTOMER OUTCOMES

NET CUSTOMER GROWTH

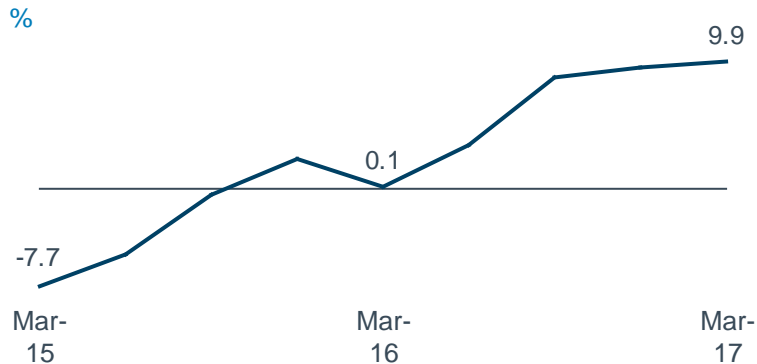
New Zealand Division ('000)



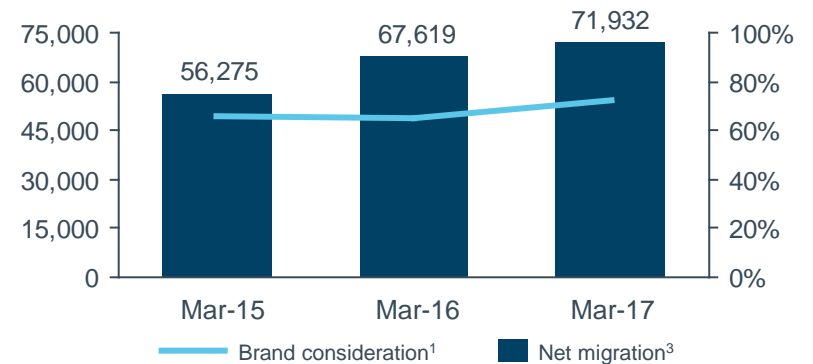
BRAND CONSIDERATION¹



RETAIL NET PROMOTER SCORE²

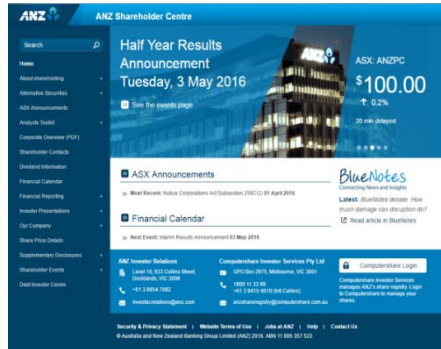


BRAND CONSIDERATION – MIGRANTS



1. McCulley Research Brand Tracking (online survey, first choice or seriously considered); six month rolling average
 2. Camorra Retail Market Monitor (RMM); six month rolling score
 3. Source: Statistics NZ

FURTHER INFORMATION



Our Shareholder information

shareholder.anz.com

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