



2017 FULL YEAR RESULTS

DEBT INVESTOR UPDATE

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
NOVEMBER 2017



ANZ staff volunteers helping out on Daffodil Day to raise vital funds for Cancer Council Australia. Volunteers used ANZ BladePay™ devices powered by the Shout app to facilitate cashless purchases and donations.

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FY17 RESULTS

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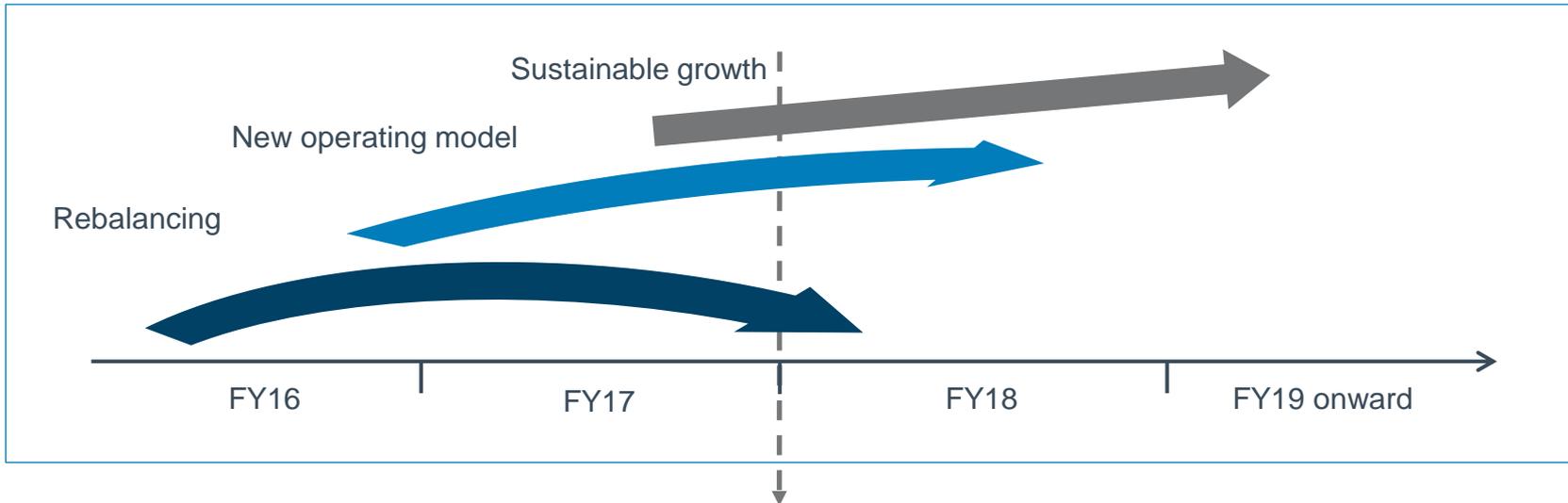
ASSUMPTIONS UNDERLYING NEW STRATEGY

OPERATING ENVIRONMENT

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

BETTER PLACED TO WIN

GETTING FIT FOR PURPOSE



DRIVERS OF SUSTAINABLE GROWTH

1. Focus

- A few things done extremely well

2. Speed

- Listen to customers, test, develop, launch
- Learn & repeat

3. Digital

- Balances digital capability
- Human design & service

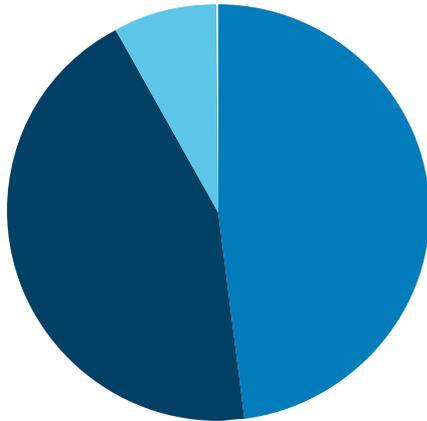
4. Culture

- Stronger sense of core purpose, ethics & fairness
- Investing in people for a rapidly changing world

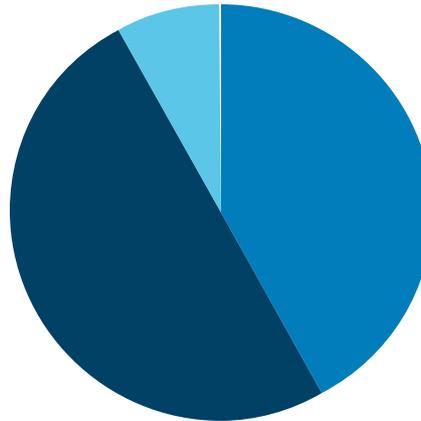
A BETTER BALANCED BANK

CAPITAL ALLOCATION

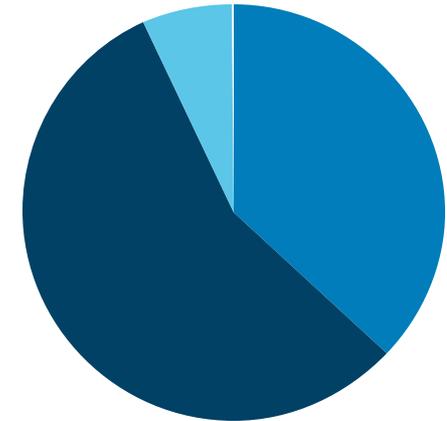
SEPTEMBER 2015
(%)



SEPTEMBER 2016



SEPTEMBER 2017
Includes announced
asset disposals²



■ Institutional¹ ■ Retail & Commercial ■ Wealth

RORWA
(Pre provision) **2.93%**

2.55%

2.75%

RORWA
(Post provisions) **1.90%**

1.48%

1.73%

NOTE: Allocation based on Regulatory Capital.

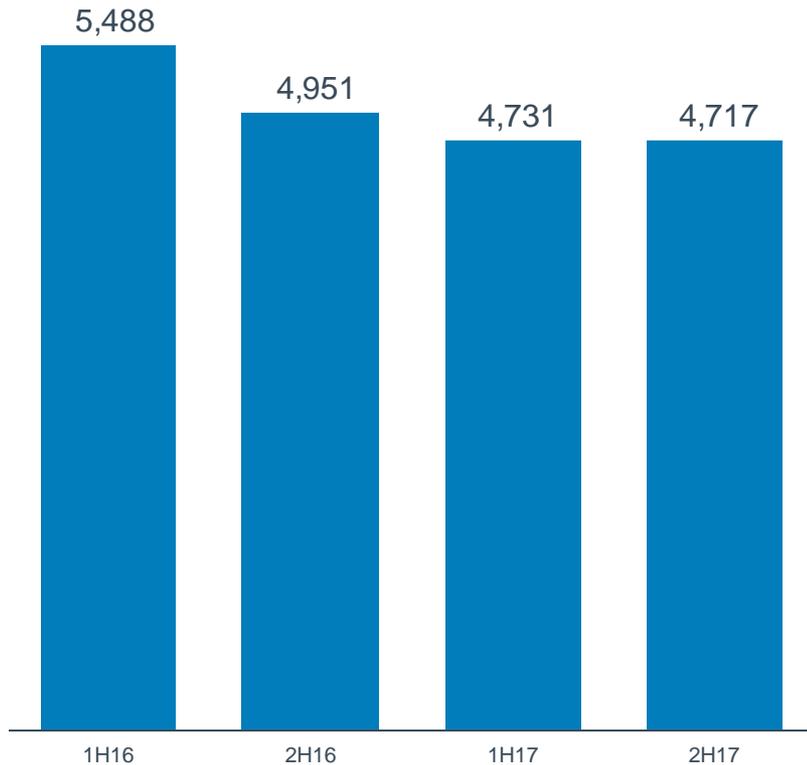
1. Institutional shown under 2015 IIB Structure, including Global Institutional and Asia Retail & Pacific

2. Pro-Forma adjusted for all announced Asset disposals (Remaining Retail Asia and Wealth, SRCB, MCC, UDC Finance and OnePath Pension & Investment and aligned dealer groups (OP P&I/ADG))

DRIVERS OF PERFORMANCE

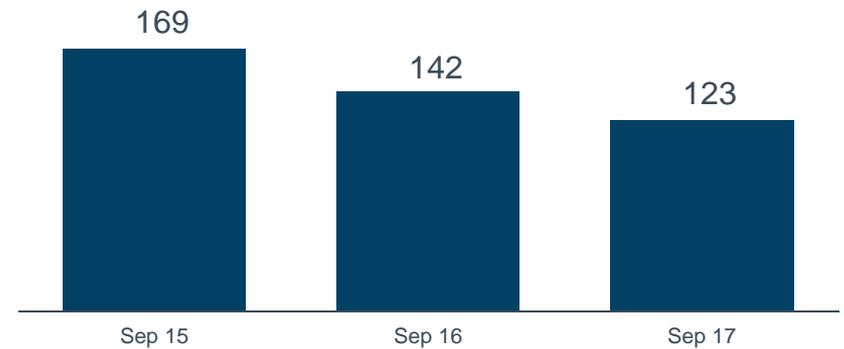
COST DISCIPLINE

\$m



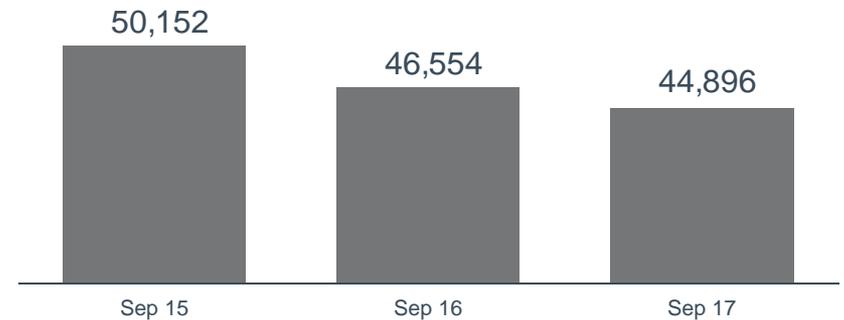
INSTITUTIONAL CREDIT RWAs

\$b



LEANER ORGANISATION

Full time equivalent staff #s



WHERE WE CAN WIN

STRATEGIC FOCUS

1. By being the best bank for people who want to buy and own a home, or start, run and grow a small business in Australia and New Zealand
 - ~250,000 net new retail customers
 - Bought and leveraging RealAs property ready
 - For the first time >1m home loan accounts in Aus.
 - Held #1 Market share in NZ Home Loans
 - Strengthened #3 Market Share Aus. Home Loans
 - Introduced First Home Buyer coaches in Aus
 - Small Business deposits up 9% in Australia
 - Commercial deposits up 6% in NZ
 - #1 Institutional lead bank in Aus & NZ¹
 - #4 Institutional Bank in Asia²
2. Being the best bank for customers who move goods and capital around Asia Pacific

1. Peter Lee Associates 2017 Large Corporate and Institutional Relationship Banking surveys, Australia and New Zealand (issued in June and August 2017 respectively)

2. Greenwich Associates 2016 Asian Large Corporate Banking Study (issued in March 2017): ANZ ranked =No.4

HOW WE WILL WIN

COST PLUS CUSTOMER EXPERIENCE

CONVENIENT, ENGAGING CUSTOMER SOLUTIONS

Expanded digital channels

- Digital Branches
- Smart ATMs
- Digital sales

Leading the payment revolution

(the only major bank supporting all mobile wallets)

- Android Pay™
- Apple Pay™
- Apple Watch Pay
- FitBit™ Pay
- Samsung Pay

Making business easy

- ANZ Be Business Ready (Honcho)
- ANZ Be Trade Ready
- Employment Hero
- BladePay™



Voice Biometrics



HOW WE WILL WIN

CULTURE

- Clarified ANZ Purpose, Values, Expectations
- Long term focus on engaging our people
- Rebalancing performance scorecards
- Changing what we expect from leaders
- Protecting social licence
- Engaging with community and regulators



KEY INDICATORS

	FY15	FY16	FY17
Return on equity (%)	14.0	10.3	11.9
Cash earnings per share (cents)	260	203	237
Economic profit (% growth year on year)	-13	-56	+38
CET1 ratio (%)	9.6	9.6	10.6
NTA / Avg share (\$)	16.9	17.1	17.7
Operating Expenses (% growth year on year)	+6.8	+11.1	-9.5
Profit Before Provisions / Avg Share	\$4.03	\$3.49	\$3.77
Full Time Equivalent staff	50,152	46,554	44,896
Loss Rate (%)	0.22	0.34	0.21
Total Shareholder Return (% growth year on year)	-7.5	+9.2	+13.1



2017 FULL YEAR RESULTS

FINANCIAL UPDATE AND
DIVISIONAL PERFORMANCE

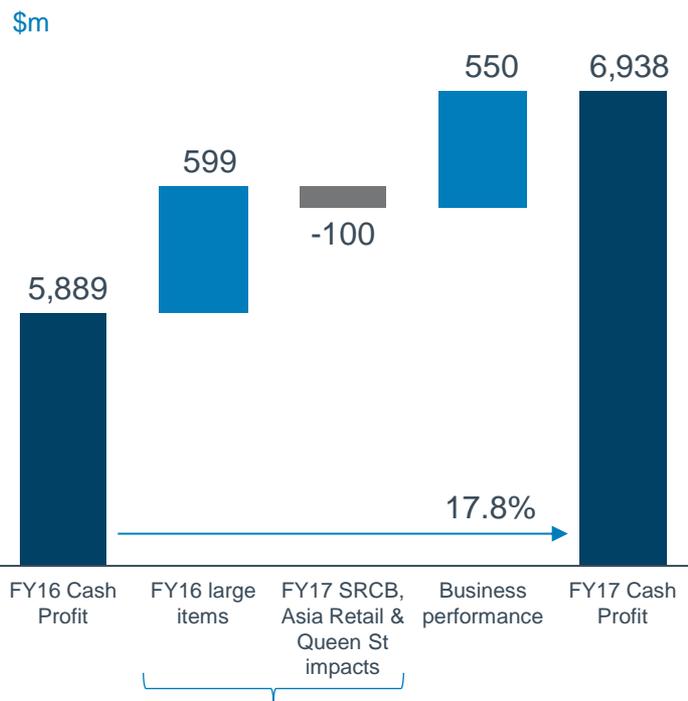


HEADLINE FINANCIAL PERFORMANCE

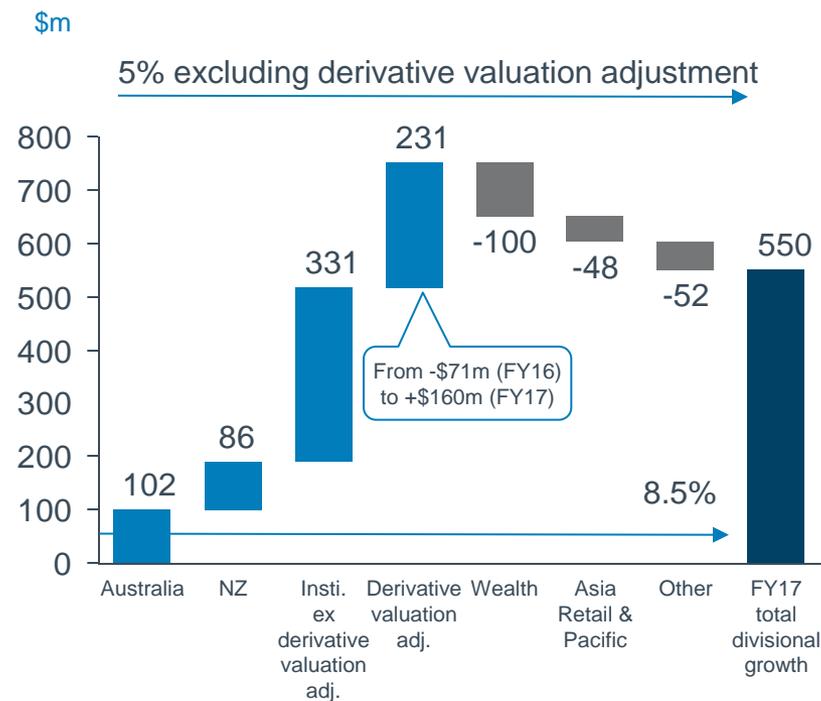
	FY17 (\$m)	Change (FY17 vs FY16)
Statutory Profit	6,406	12%
Cash Profit	6,938	18%
Operating Income	20,489	-1%
Operating Expenses	9,448	-9%
Profit Before Provisions	11,041	9%
Provisions	1,199	-39%
Cash EPS (cents)	237	17%
Dividend per share (cents)	160	Stable
Cash ROE (%)	11.9	159 bp
CET1 (%)	10.6	96 bp
CET1 Internationally Comparable Basel 3 (%)	15.8	126 bp

FINANCIAL PERFORMANCE DRIVERS

CASH PROFIT – FULL YEAR 2017



BUSINESS PERFORMANCE – FULL YEAR 2017



FY16 LARGE ITEMS & FY17 DIVESTMENTS AND GAIN ON SALE

FY16 large items

- Equity accounted earnings SRCB & BOT
- Software capitalisation changes
- Asian minority valuation adjustments
- (AMMB & BOT)
- Restructuring charge
- Esanda Dealer Finance divestment
- Derivative CVA methodology change

FY17 SRCB, Asia Retail & Queen St impacts

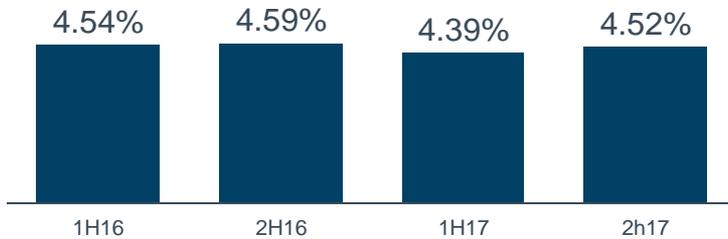
- Equity accounted earnings SRCB (1QFY17)
- Sale of Asia Retail & Wealth (Loss on sale)
- Gain of sale of 100 Queen St

DETAILS OF LARGE/NOTABLE ITEMS ARE INCLUDED WITHIN THE INVESTOR DISCUSSION PACK

RISK ADJUSTED MARGINS & RETURNS

TOTAL GROUP

NET INTEREST INCOME (NII) / AVERAGE CREDIT RWA¹



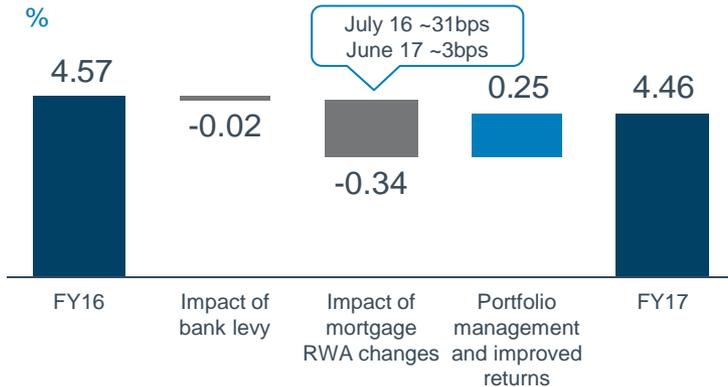
DIVISIONS²

NII / AVERAGE CREDIT RWA¹ (%)

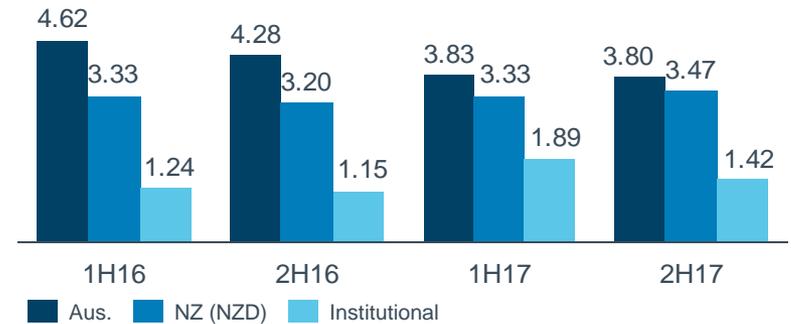


NII / AVERAGE CREDIT RWA¹ MOVEMENT

%



PROFIT BEFORE PROVISIONS / AVERAGE TOTAL RWA (%)



1. Excluding Global Markets

2. Australia Division FY16 includes impacts from regulatory changes to Australian housing risk weights introduced 1 July 2016. Australia Division FY17 includes impacts from further increases to Australia housing risk weights following APRA having completed its review of ANZ's mortgage capital model and approved the new model for Australian residential mortgages effective from June 2017

INCOME DRIVERS

TOTAL INCOME

\$m



TOTAL INCOME GROWTH

	Half Year growth (vs prior half)		Full Year growth
	1H17	2H17	FY17
%			
Group	0.3	-1.1	-0.5
Australia	0.3	2.8	2.1
New Zealand (NZD)	-0.1	2.4	1.8
Institutional	19.5	-16.2	4.5
Wealth	-10.8	-0.4	-13.5

INSTITUTIONAL (EX. MARKETS)

% (FY17 vs FY16)

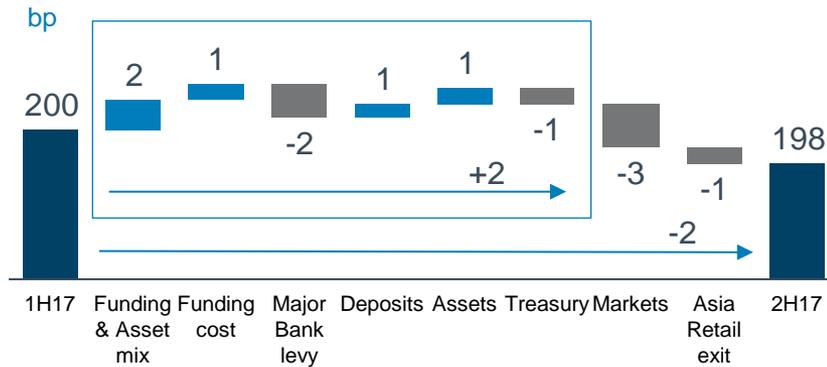


1. Other includes Wealth Australia, Asia Retail & Pacific, TSO & Group Centre

INCOME DRIVERS

GROUP NET INTEREST MARGIN

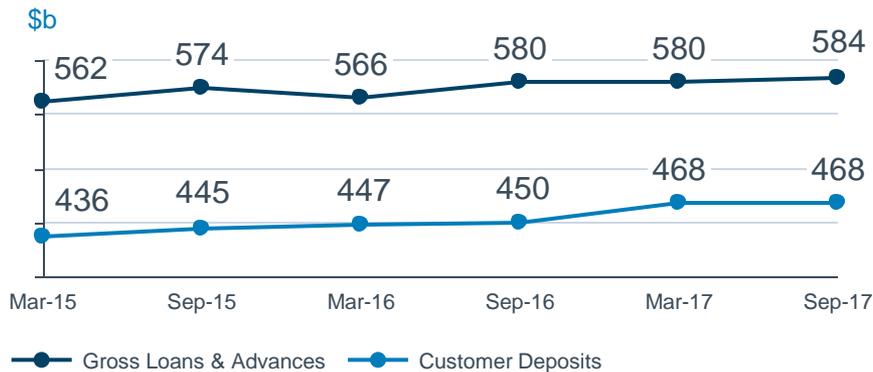
GROUP NET INTEREST MARGIN



NIM 2H17 TIMING IMPACTS

	3 rd Quarter	4 th Quarter
Home loan repricing	*	*
Home Loan switching		*
Asia Retail exits	*	*
	(China, Singapore)	(& Hong Kong)
Bank Levy		*

BALANCE SHEET

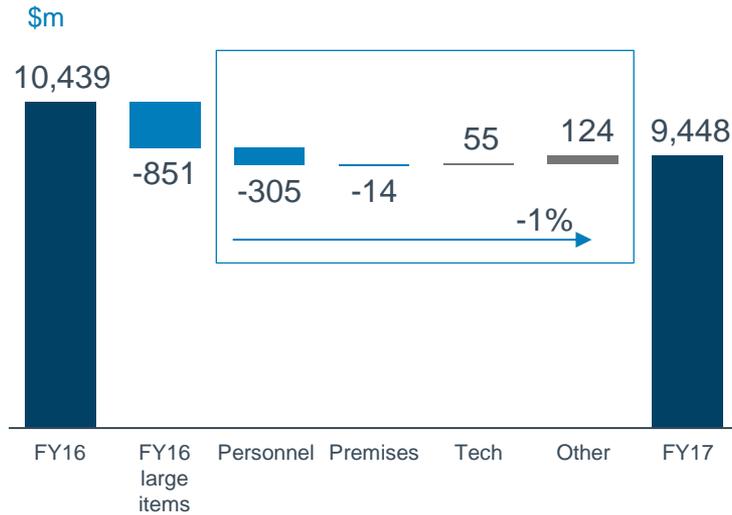


RATE MOVEMENTS

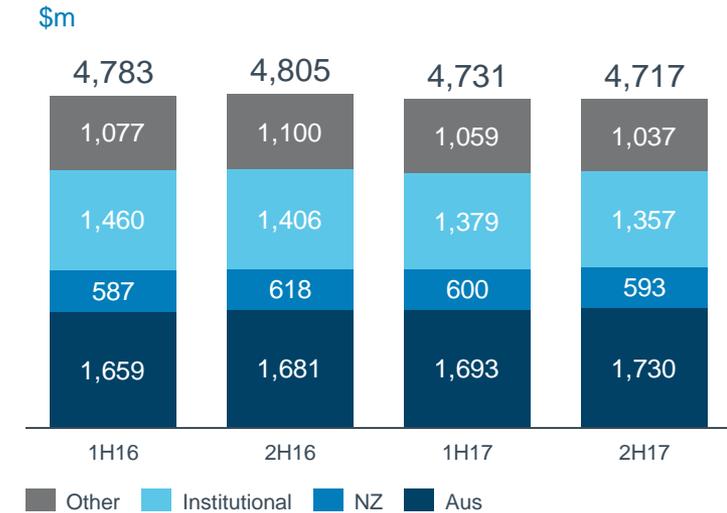


EXPENSE DRIVERS

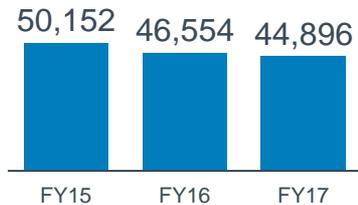
FULL YEAR 2017 EXPENSES¹



DIVISIONAL EXPENSE CONTRIBUTION¹



FTE (TOTAL #)



FTE REDUCTION

YOY change	FY16	FY17
TOTAL	-7%	-4%
Senior Mgt	-16%	-6%

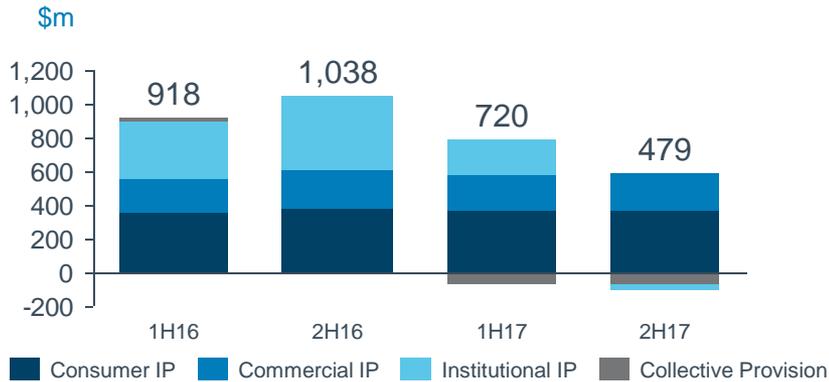
DIVISIONAL EXPENSE GROWTH

% change (HoH)	2H16	1H17	2H17
Aus	1.3	0.7	2.2
NZ (NZD)	3.3	-3.2	0
Institutional	-3.7	-1.9	-1.6

1. Excluding FY16 large items

PROVISIONS

TOTAL PROVISION CHARGE

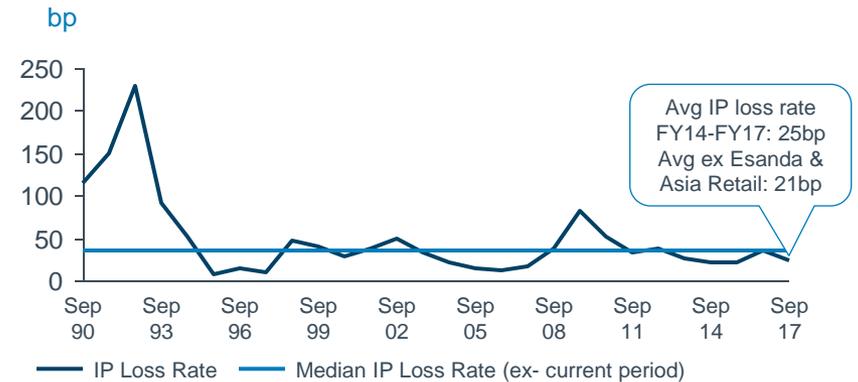


EXPECTED LOSS

Individual provision expected loss as % of Gross Lending Assets

%	Sep 16	Sep 17
Australia	0.33	0.33
New Zealand	0.26	0.22
Institutional	0.35	0.30
Subtotal	0.33	0.31
Asia Retail	1.51	2.67
Total	0.35	0.32

LONG TERM IP LOSS RATES



COLLECTIVE PROVISION CHARGE

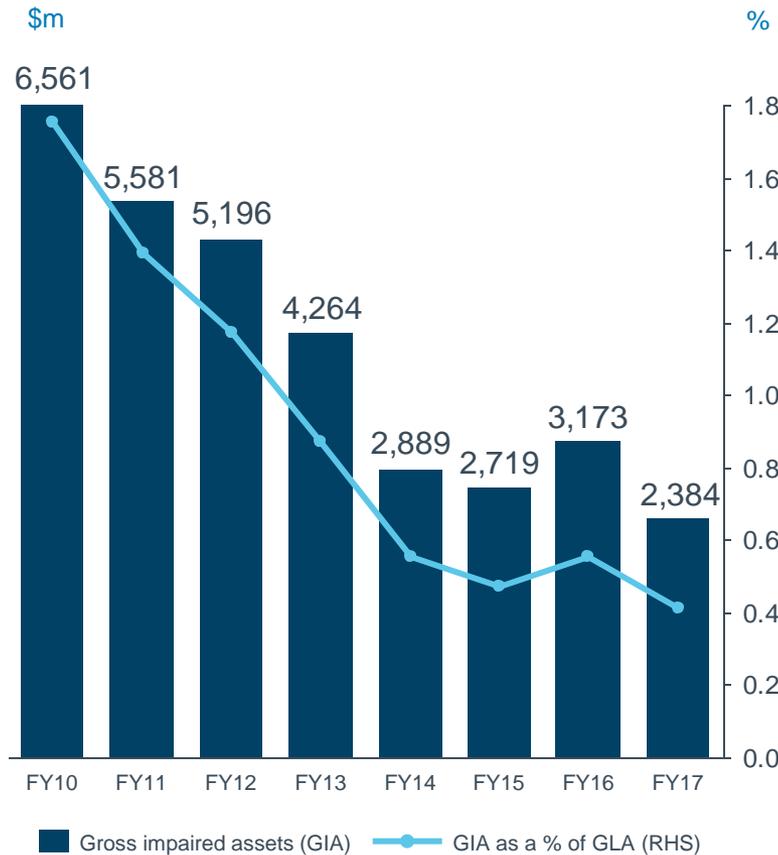
\$m

	1H16	2H16	1H17	2H17	FY17
Lending Growth	56	-59	-30	-18	-48
Change in Risk/Portfolio mix ¹	-30	50	-78	-91	-169
Eco Cycle	0	0	41	34	75
TOTAL	26	-9	-67	-75	-142

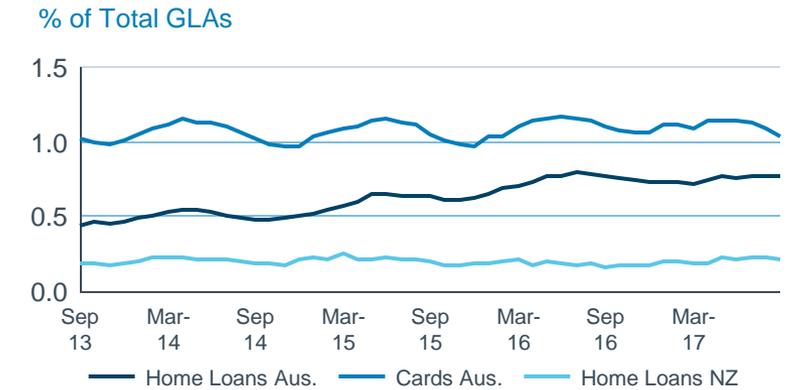
Net impact of new \$75m retail trade overlay, less release of \$41m Qld flood and Asia Retail & Pacific overlays

CREDIT QUALITY

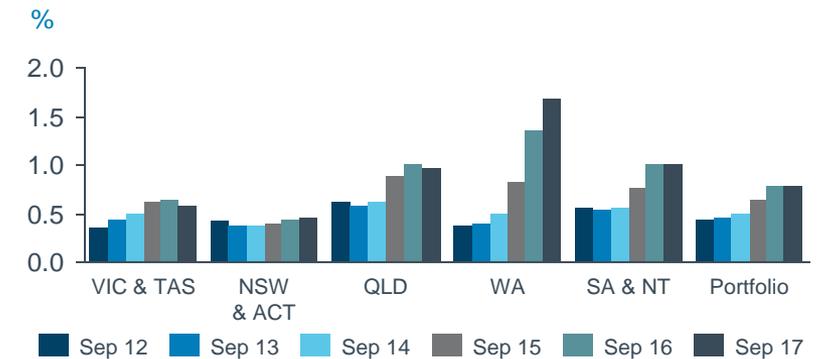
GROSS IMPAIRED ASSETS



CONSUMER 90+ DAY ARREARS



HOME LOANS 90+ DPD BY STATE¹



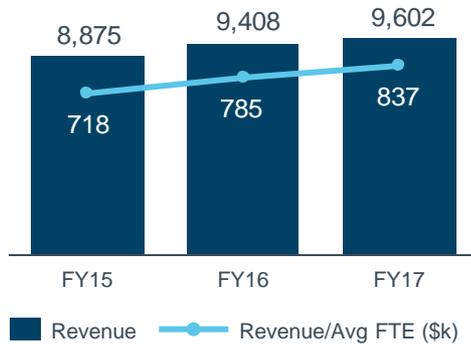
1. Excludes Non Performing Loans

AUSTRALIA

FINANCIAL PERFORMANCE

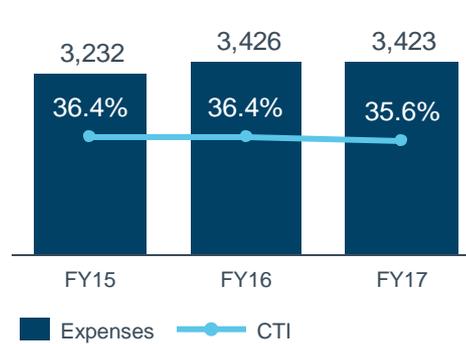
REVENUE

\$m



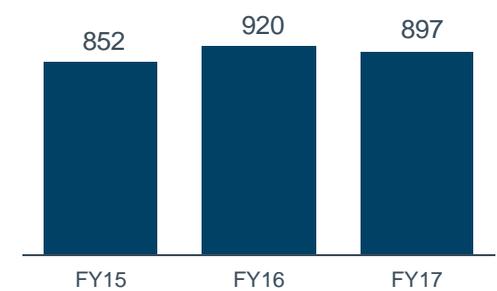
EXPENSES

\$m



TOTAL PROVISIONS

\$m



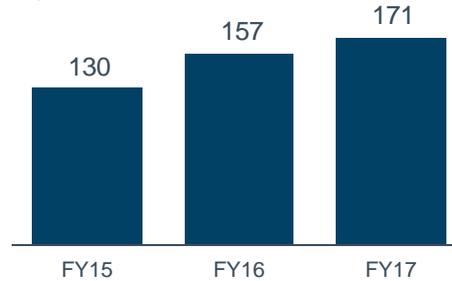
CASH PROFIT

\$m



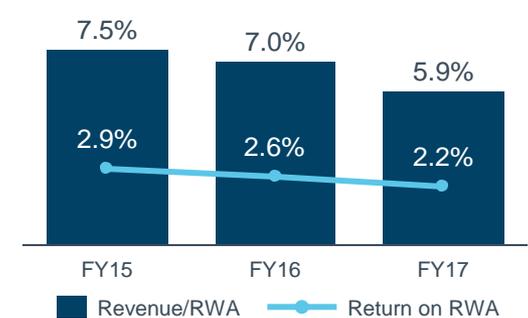
RISK WEIGHTED ASSETS

\$b



RETURN¹

%



AUSTRALIA DIVISION

PRIORITIES

	PRIORITIES	ACTIONS	METRICS	MOVEMENTS		
				FY15	FY16	FY17
STRATEGIC FOCUS	Create a simpler, better capitalised, better balanced and more agile bank	Simplified products	# Products decommissioned	<10	<10	47
		More digital branches	# Digital branches	5	40	81
		More self service	# OTC transactions	37.3m	33.8m	29.1m
		More digital sales	Digital % of retail sales	15%	16%	21%
		More digitally active customers	Digital active customers	2.9m	3.0m	3.3m
	Focus efforts on attractive areas where we can carve out a winning position	Attract more customers	# Retail Customers	5.3m	5.4m	5.6m
		Deepen customer relationships	Retail Customers holding >1 Product	59.0%	59.9%	60.6%
		Grow FUM above system	Commercial Cross Sell (% growth)	4.8%	10.8%	6.7%
			HL (ANZ vs system) ¹	1.2x	1.0x	1.2x
	Build a superior experience for our people and customers to compete in the digital age	Launch innovative solutions to improve banker & customer experience	Household Deposits (ANZ vs system) ¹	0.9x	0.6x	1.1x
Android Pay transaction (000's)			-	138	1,871	
Bladepay transactions (000's)			-	n/a	62	
Electronic verification uptake (trans / month)			-	4,405	9,828	

Innovative solutions in place, improving the banker and customer experience



BladePay



Apple Pay™



Android Pay™, ANZ Mobile Pay, Samsung Pay



FitBit™ Pay



VoicID to authorise payments



41 new digital branches, full range of digital banking options

Digital Branches



Improved Frontline Tools for our bankers

1. APRA System growth numbers up to Aug-17

AUSTRALIA DIVISION

DIGITAL

DELIVERING SUPERIOR EXPERIENCE FOR OUR PEOPLE AND CUSTOMERS



Cutting Edge Experiences

Launched Fitbit Pay™, Samsung Pay™ and delivered Touch ID, instant card replacement for customers with a digital wallet and voice biometrics for high value payments.



Helping Australians buy a house

- In its first month alone, 40 thousand unique visitors have used RealAs – Australia’s most accurate property price prediction service – to better buy their home.
- Launched HOLA, an online home loan service enabling customers to be “Auction Ready” within minutes – generating \$200m in FUM pipeline and now accounts for 25% of call centre home loans volumes.



Helping Australians start and run their business

- Partnered with Employment Hero to help our Small Business customers manage their employee base.
- Launched SBOS, reducing business loan processing times by up to 65% and enabling “Walk out working” - real time account opening for Deposit & Transaction products.



Leading with Data for our clients

Built a world class Institutional Data Science team enabling better client experience and winning ANZ new client business.



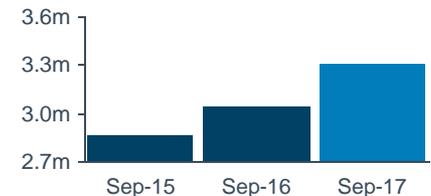
Making banking easier for our customers

- Opened 41 new digital branches with a full range of digital banking options including digital self-service.
- Launched PLCC, personal loans online in just a few steps, with an answer within 60 seconds.

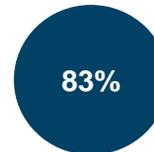
TRANSLATING INTO BUSINESS OUTCOMES



digitally active customers



of Australia retail sales are completed digitally



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



App logons weekly

CUSTOMER EXPERIENCE

STRONG FOUNDATION BUILT TO CAPITALISE ON EMERGING MOBILE PAYMENTS LANDSCAPE

BUILDING KEY CAPABILITIES

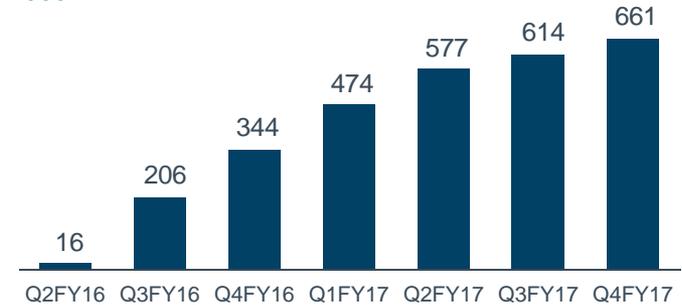
KEY ACHIEVEMENTS:

- 661k cards provisioned across eligible devices in digital wallets with particularly strong adoption of Apple Pay
- Ongoing customer engagement and adoption with digital wallets with 31m transactions and \$1b spend since launch
- Continued to strengthen ANZ's leadership position in Mobile Payments through launch of ANZ with Samsung Pay, Fitbit Pay and virtual Apple Pay provisioning through goMoney
- Enabled Australia's domestic payments system, eftpos, to join mobile payments revolution through partnership with Apple Pay
- Close attention to managing risk and regulatory landscape
- Demonstrated capability to partner and deliver to customer needs – underlying capabilities are scalable



DIGITAL WALLET ADOPTION

Volume of cards provisioned and available per quarter '000



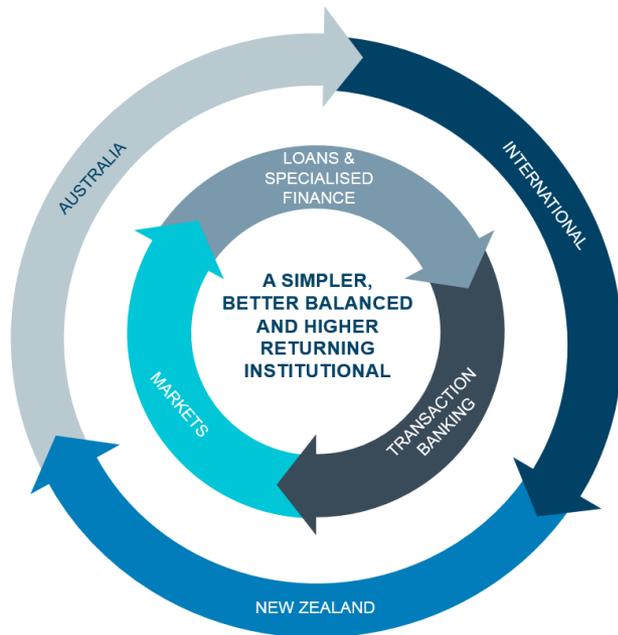
DIGITAL WALLET USAGE

Volume of transactions per quarter m



INSTITUTIONAL

DELIVERING ON OUR STRATEGIC AGENDA



RWA

\$50b (25%) reduction in RWA¹ by focussing on higher return, on-strategy priority segments

SIMPLIFICATION

22% fewer staff² and 5% reduction in costs² by simplifying and streamlining the business

NETWORK

36% of Australia and 29% of New Zealand revenue sourced from our International network³

RISK & RETURN

Lowered the risk profile⁴ of the business and improved returns⁵ of Institutional (15% higher) and the Group

CUSTOMER

Maintained our leading market position with customers, while transforming the business (37% fewer customers⁶)

FUTURE FOCUSED

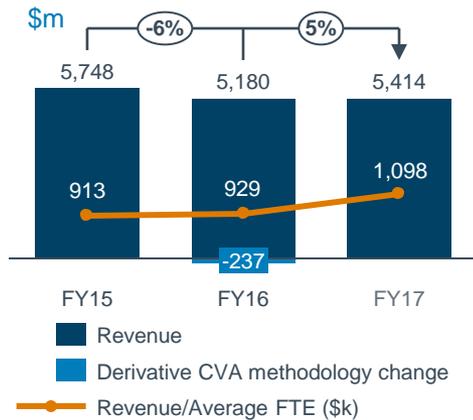
Making targeted investment in priority channels and products to improve customer experience and position the business for profitable growth

1. Peak RWA was \$199b in January 2015; 2.FTE and expense reduction from FY15 to FY17; 3. From October 2016 to September 2017; 4. Weighted average CCR of the portfolio; 5. Cash profit divided by average risk weighted assets from FY15 to FY17; 6. From peak at September 2015; excludes Papua New Guinea

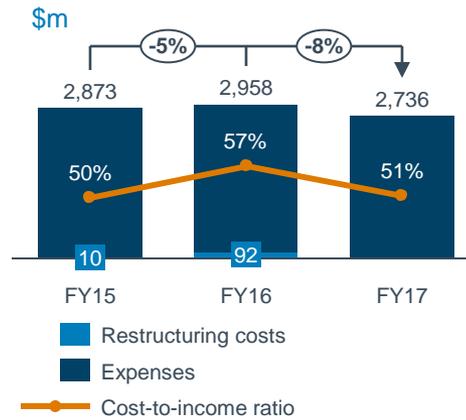
INSTITUTIONAL

A SIMPLER, BETTER-BALANCED AND HIGHER RETURNING INSTITUTIONAL

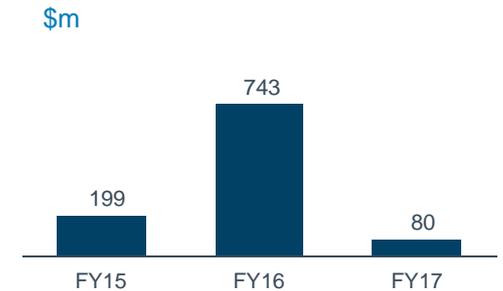
REVENUE¹



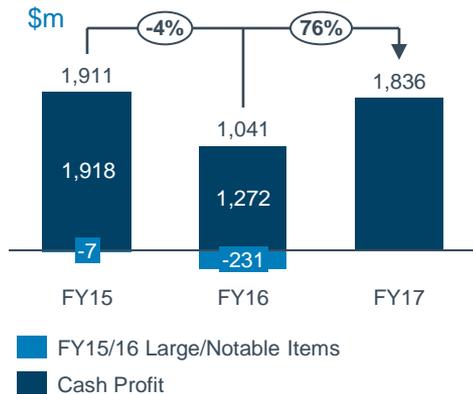
EXPENSES¹



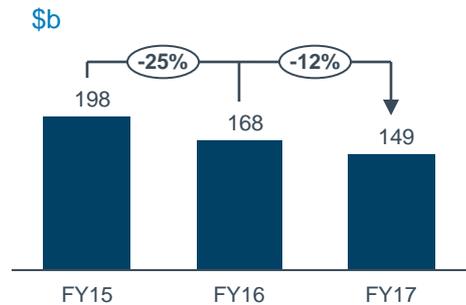
TOTAL PROVISION CHARGES



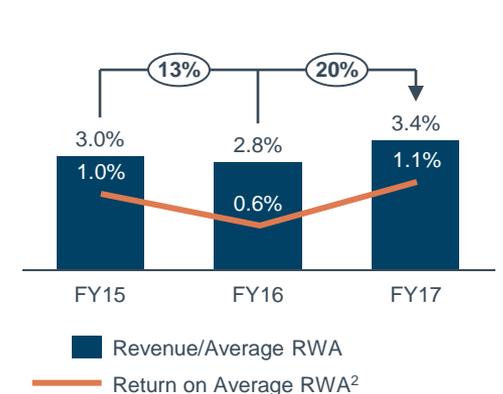
CASH PROFIT¹



RISK WEIGHTED ASSETS



RETURN¹



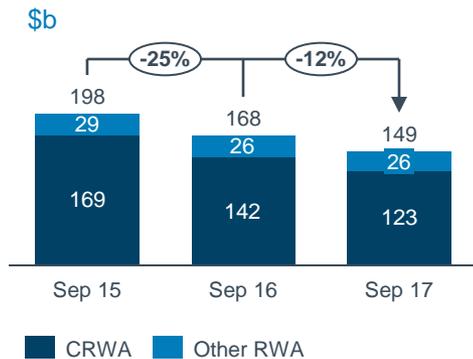
1. Excluding FY16 large/notable Items (derivative CVA methodology change and restructuring costs): Institutional revenue was \$3m (0%) lower; expenses were \$130m (5%) lower; cash profit was \$564m (44%) higher; and revenue/average RWA was 44bps (15%) higher in FY17

2. Cash Profit divided by average Risk Weighted Assets

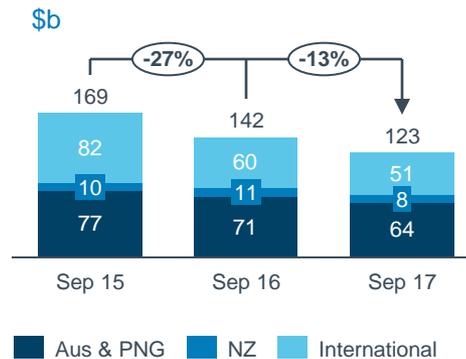
INSTITUTIONAL

SMALLER, BETTER BALANCED AND HIGHER RETURNING

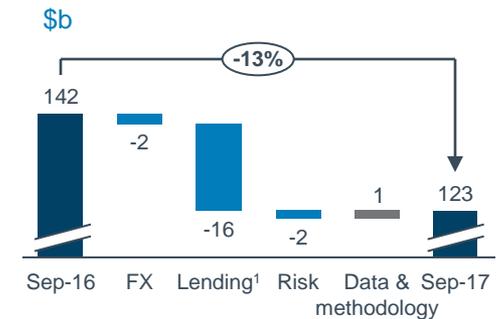
TOTAL RWA



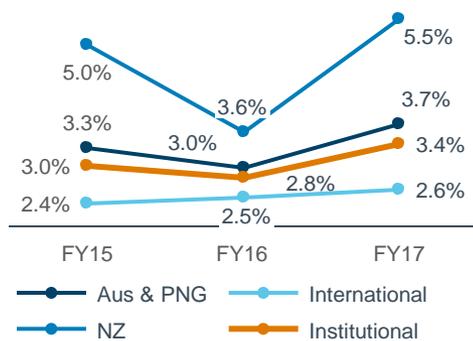
CREDIT RWA



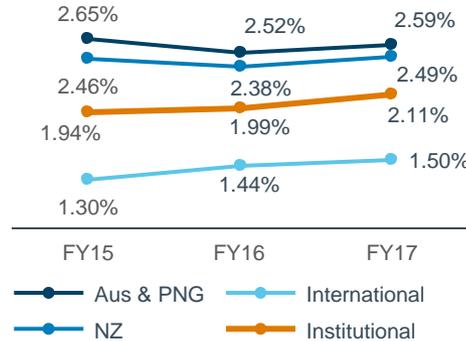
CRWA REDUCTION



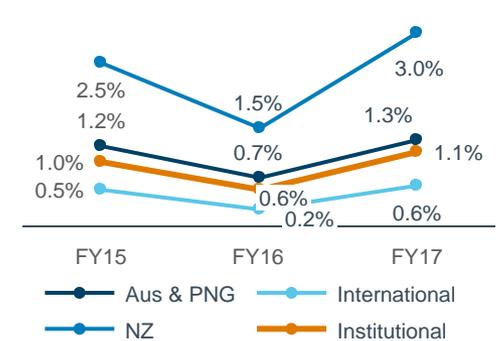
REVENUE ON AVERAGE RWA



RISK ADJUSTED NIM²



RETURN ON AVERAGE RWA³



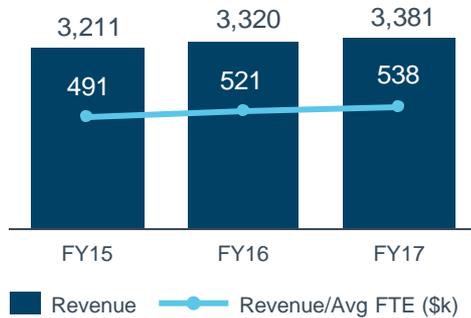
- Lending movement comprises \$10b reduction from active client management, \$3b reduction from shorter tenor across the portfolio and \$3b from reduction in counterparty credit risk on derivatives
- Institutional ex-Markets net interest income divided by average credit risk weighted assets
- Cash profit divided by average risk weighted assets

NEW ZEALAND

FINANCIAL PERFORMANCE¹

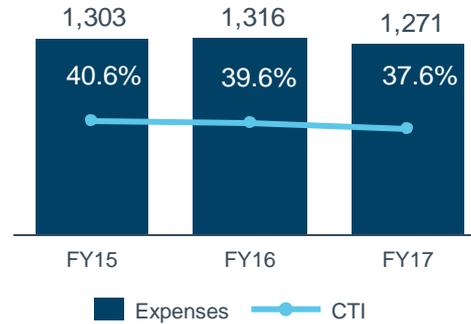
REVENUE

NZDm



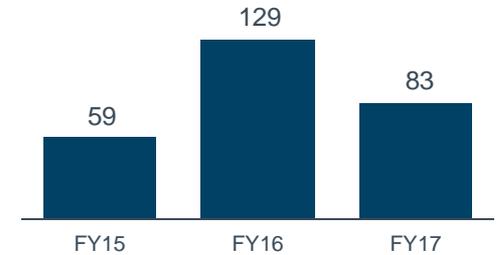
EXPENSES

NZDm



TOTAL PROVISIONS

NZDm



CASH PROFIT

NZDm

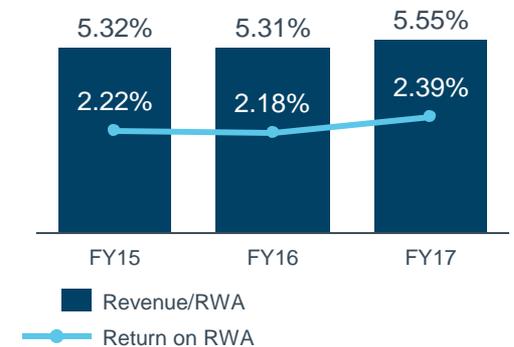


RISK WEIGHTED ASSETS

NZDb



RETURN



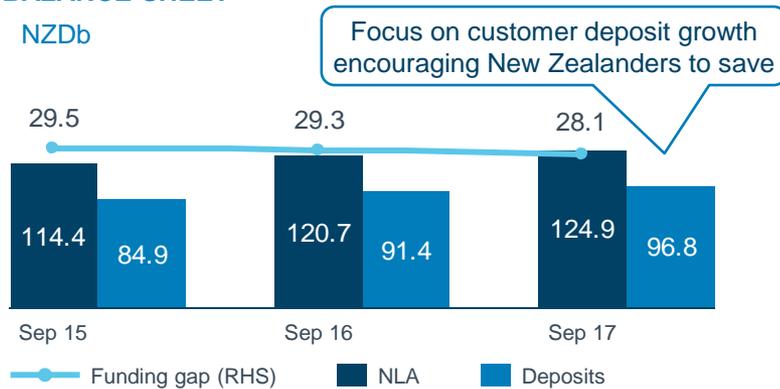
1. FY16 includes large/notable items relevant to New Zealand Division. These are software capitalisation changes and restructuring costs

NEW ZEALAND

STRATEGIC FOCUS – SIMPLER, BETTER BALANCED BANK

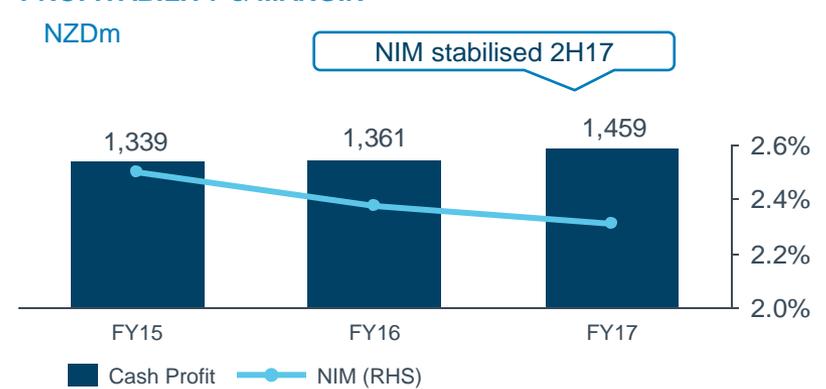
BALANCE SHEET¹

NZDb

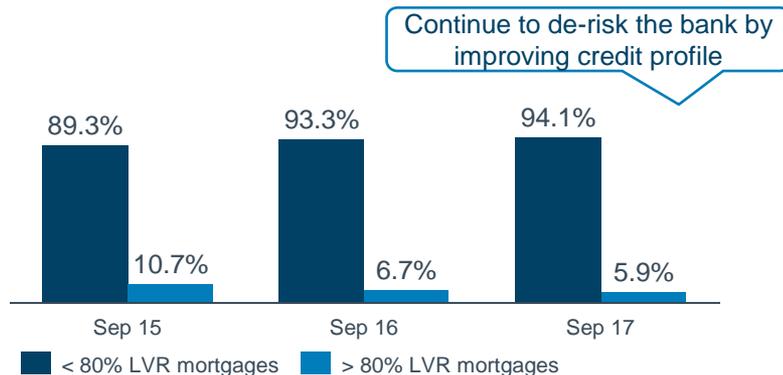


PROFITABILITY & MARGIN²

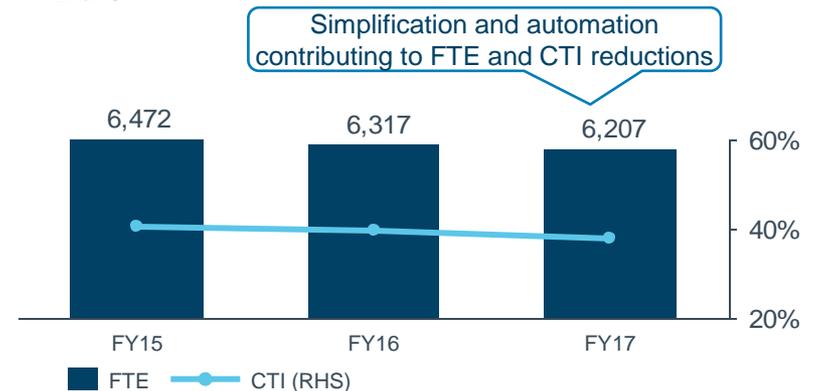
NZDm



MORTGAGES LOAN TO VALUE RATIO³



FTE & CTI²



1. NZ Geography
 2. NZ Division
 3. Dynamic basis, as of September 2017

NEW ZEALAND

DIGITAL

DELIVERING SUPERIOR EXPERIENCE FOR OUR PEOPLE AND CUSTOMERS



Apply & Open functionality in goMoney for Everyday Accounts, Savings, Cards, Loans and KiwiSaver



Banker Workbench¹ won a Gold Award for User Experience in 2017 NZ Design Institute Awards



Enabled self-service to report lost or stolen cards and arrange a replacement card via goMoney



An enhanced and intuitive view of the Cards pages on ANZ.co.nz

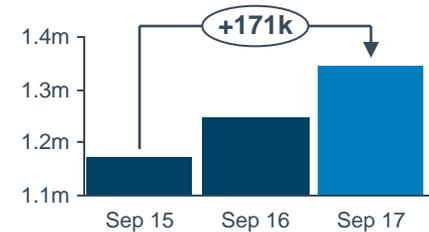


First Bank in NZ to launch Apple Pay™

TRANSLATING INTO BUSINESS OUTCOMES

1.3m

digitally active customers



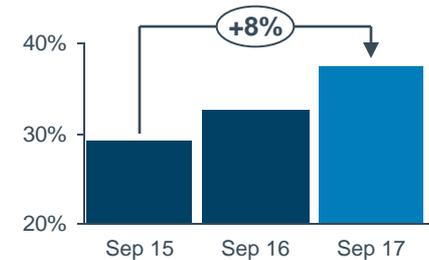
82%

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



#1

considered a leader in mobile banking



1. Banker Workbench is a frontline ANZ tool
2. As at point of time, September 2017



2017 FULL YEAR RESULTS

CORPORATE SUSTAINABILITY PROFILE



ANZ'S CORPORATE SUSTAINABILITY FRAMEWORK

OUR APPROACH



- Supports our business strategy by aligning the bank's purpose with:
- The social and environmental impacts of our operations
- How we support a diverse and inclusive society
- How we create opportunities all of our customers to pursue sustainable growth
- Bi-annual reporting on our sustainability performance
- We have commenced mapping our sustainability targets to relevant United Nations SDGs in 2016.

2017 HIGHLIGHTS

\$7b	Funded and facilitated in low carbon and sustainable solutions – as part of our \$10 billion commitment by 2020
20%	Reduction in Greenhouse Gas emissions in Australia ³
>113k	Hours volunteered by employees
~500k	People reached through our financial education program MoneyMinded ²
1st	Lead Bank Penetration (Institutional Customers) ⁴
41.5%	Women in management ⁵
>185k	Customers registered for goMoney™ in the Pacific since launch in 2013
\$131m	In community investment ¹

SUSTAINABLE DEVELOPMENT GOALS



1. Includes foregone revenue. 2. Since 2003 (approximate number). 3. From premises energy against a 2013 baseline. 4. Peter Lee Research 2017 relationship banking survey. 5. Based on headcount



2017 FULL YEAR RESULTS

TREASURY



REGULATORY CAPITAL

CAPITAL UPDATE

Capital Position

- APRA CET1 ratio of 10.6% achieves APRA's 'unquestionably strong' requirements well ahead of 2020 implementation.
- Internationally Comparable¹ CET 1 ratio of 15.8% – above the APRA Unquestionably Strong top quartile² calibration of 15% and Basel top quartile³ CET1 of 14.4%.
- APRA Leverage ratio of 5.4% or 6.2% on an Internationally Comparable basis.

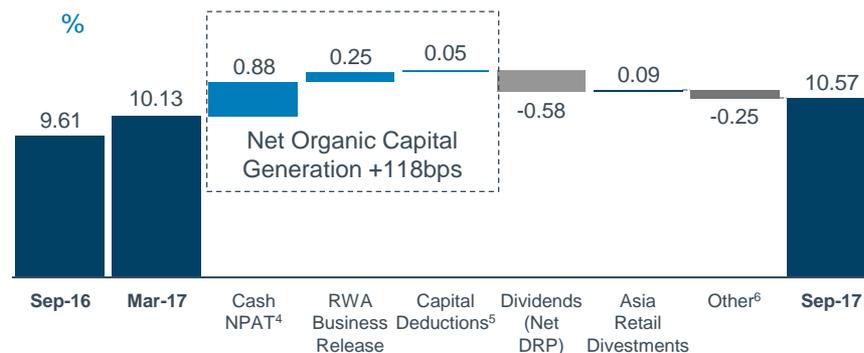
Organic Capital Generation & Dividend

- Relative to historical averages, higher organic capital generation for FY17 (+229bp) and 2H17 (+118bp) was mainly driven by the reduction in Institutional Credit RWA (from lending) of \$16.4bn and \$7.6bn respectively.
- Final dividend of 80 cents fully franked, consistent with transition to revised 60%-65% payout strategy.

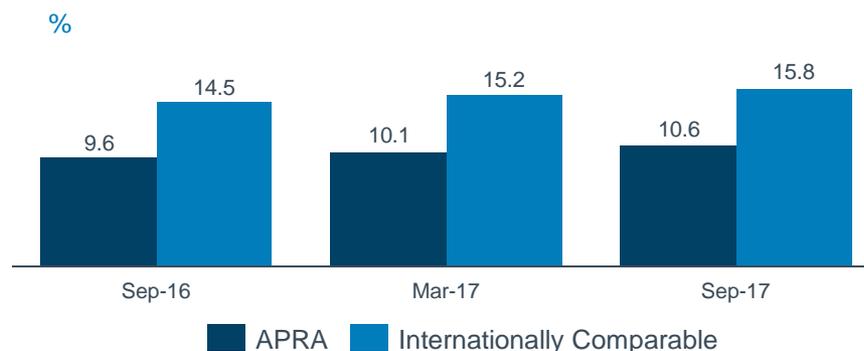
Capital Outlook

- ANZ intends to neutralise shares allocated under the FY17 Final Dividend Re-investment Plan (DRP) by acquiring an equivalent number of shares on market.
- Announced asset sales would increase the CET1 ratio by ~80 bps (taking Sep-17 pro-forma CET1 ratio to ~ 11.4%).
- As we receive the proceeds from the announced sales of non-core businesses we will have the flexibility to consider additional capital management initiatives.

APRA COMMON EQUITY TIER 1 (CET1)



BASEL III CET1



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 APRA information paper "Strengthening banking system resilience - establishing unquestionably strong capital ratios" released in July 2017. 3. Based on Group 1 banks as identified by the BIS (internationally active banks with Tier 1 capital of more than €3 billion). The top quartile of this group was 14.4% as at December 2016. 4. Cash Earnings excludes 'Large/notable' items'. 5. Represents the movement in retained earnings in deconsolidated entities, capitalised software, EL v EP shortfall and other intangibles. 6. Other mainly due to implementation of ANZ's new Australian mortgages capital model.

REGULATORY CAPITAL GENERATION

COMMON EQUITY TIER 1 GENERATION (bps)	Second half average 2H12 – 2H16	2H17	Full Year average FY12-FY16	FY17
Cash Profit ¹	98	88	195	169
RWA movement	(10)	25	(31)	54
Capital Deductions ²	(9)	5	(24)	6
Net capital generation	79	118	140	229
Gross dividend	(63)	(59)	(133)	(115)
Dividend Reinvestment Plan	14	1	25	7
Core change in CET1 capital ratio	30	60	32	121
Other non-core and non-recurring items	(13)	(16)	(6)	(25)
Net change in CET1 capital ratio	17	44	26	96

Organic Capital Generation

- Strong net organic capital generation in FY17 and 2H17. Reflects progress on the Group's strategy to reshape its business, including the run-off of low returning assets in Institutional.

Non-Core and non-recurring items

- Non-core and non-recurring items in 2H17 and FY17 largely reflect the impact of increased risk weights following implementation of ANZ's new Australian mortgages capital model -22bps, non cash adjustments and FX impacts, partially offset by benefits from Asia Retail and Wealth sale +9bps (Singapore, Hong Kong and China).

1. Cash profit for 2H17 and FY17 excludes 'large/notable items' (which are included as "as capital deductions" and "other non-core and non-recurring items").

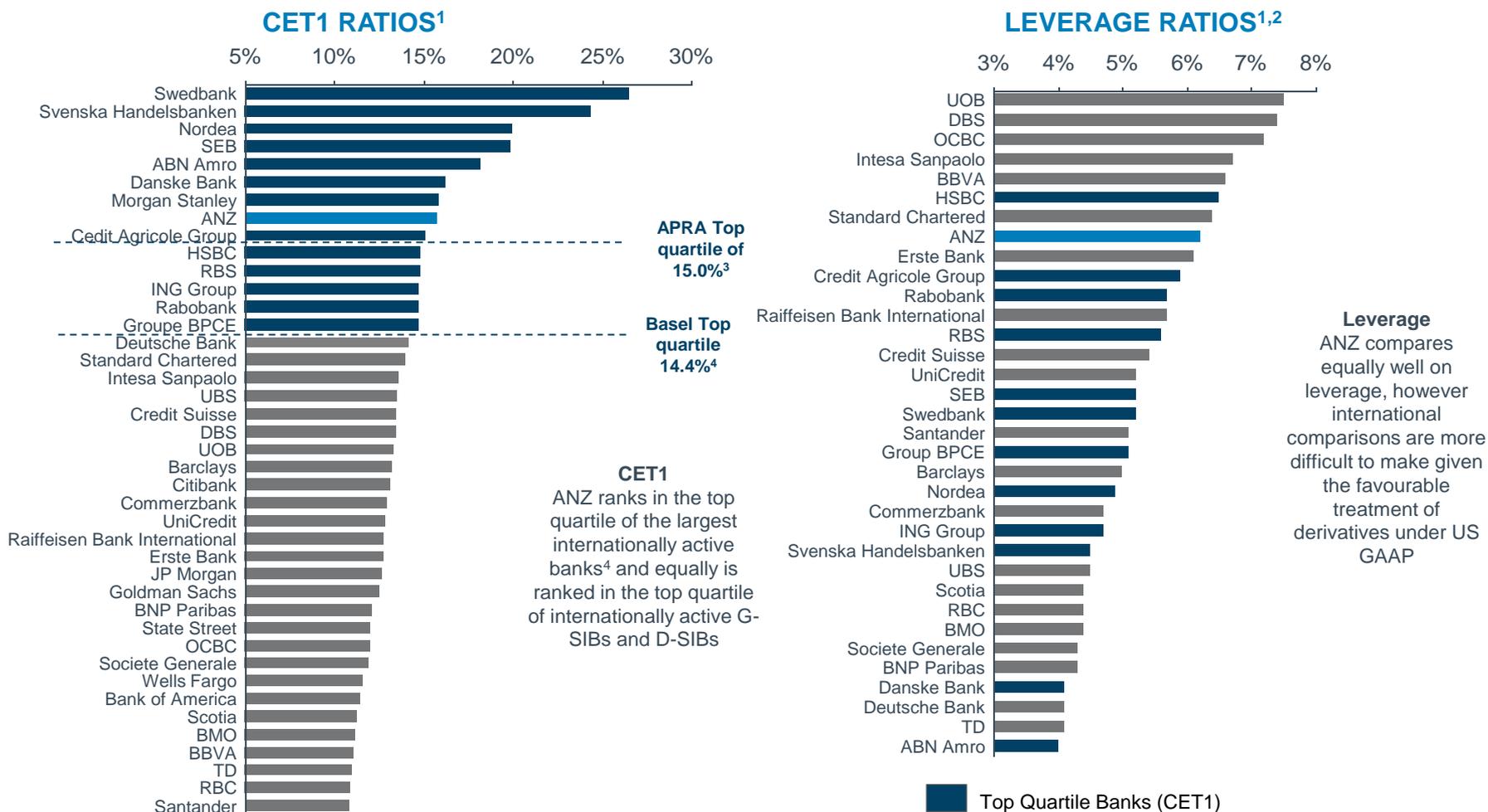
2. Represents movement in retained earnings in deconsolidated entities, capitalised software, EL v EP shortfall and other intangibles.

INTERNATIONALLY COMPARABLE¹ REGULATORY CAPITAL POSITION

APRA Common Equity Tier 1 (CET1) – 30 September 2017		10.6%
Corporate undrawn EAD and unsecured LGD adjustments	Australian ADI unsecured corporate lending LGDs and undrawn CCFs exceed those applied in many jurisdictions	1.4%
Equity Investments & DTA	APRA requires 100% deduction from CET1 vs. Basel framework which allows concessional threshold prior to deduction	1.1%
Mortgages	APRA requires use of 20% mortgage LGD floor vs. 10% under Basel framework. Additionally, APRA also requires a higher correlation factor vs 15% under Basel framework	1.3%
Specialised Lending	APRA requires supervisory slotting approach which results in more conservative risk weights than under Basel framework	0.6%
IRRBB RWA	APRA includes in Pillar 1 RWA. This is not required under the Basel framework	0.4%
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		15.8%
Basel III Internationally Comparable Tier 1 Ratio		18.4%
Basel III Internationally Comparable Total Capital Ratio		21.2%

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

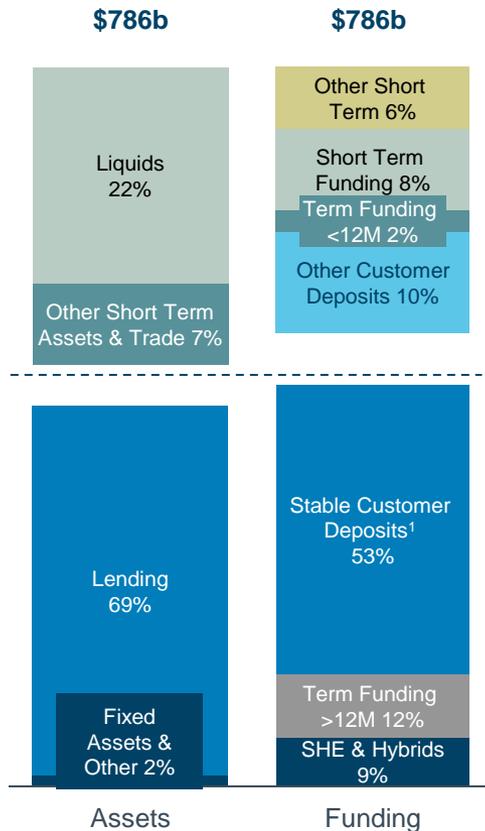


1. CET1 and leverage ratios are based on ANZ estimated adjustment for accrued expected future dividends where applicable. ANZ ratios are on an Internationally Comparable basis. All data sourced from company reports and ANZ estimates based on last reported half/full year results assuming Basel III capital 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 APRA information paper "Strengthening banking system resilience - establishing unquestionably strong capital ratios" release in July 2017. 4. Based on Group 1 banks as identified by the BIS (internationally active banks with Tier 1 capital of more than €3 billion). The top quartile of this group was 14.4% as at December 2016.

BALANCE SHEET STRUCTURE

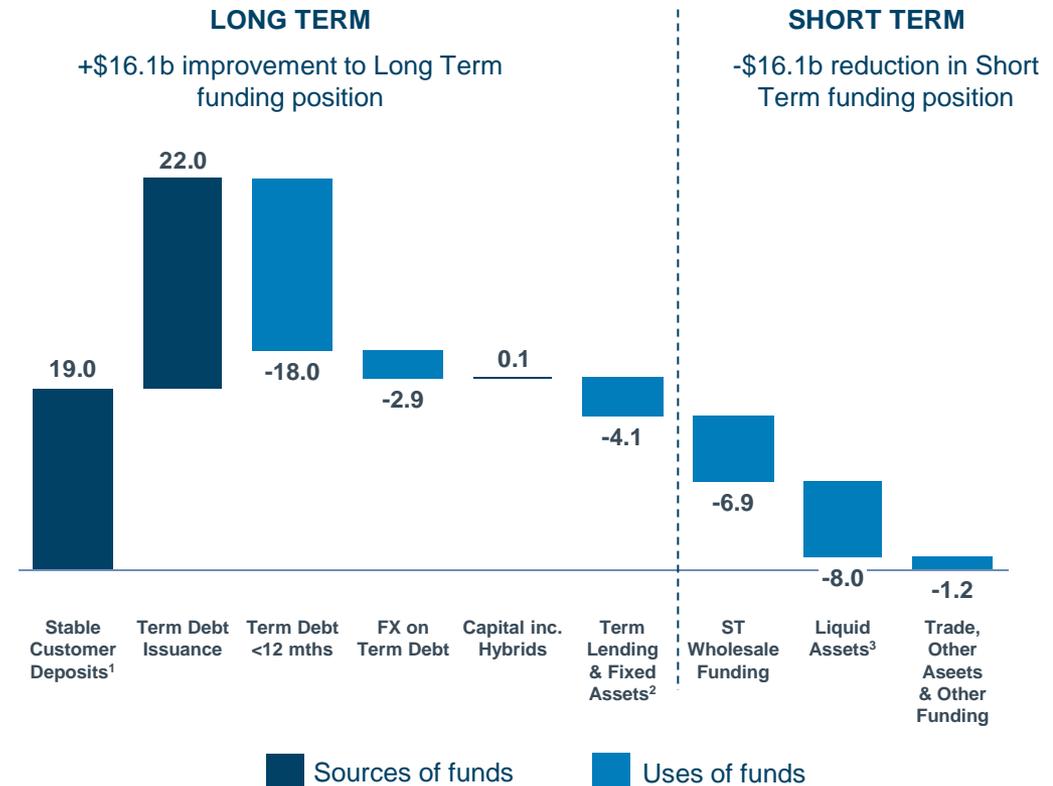
FUNDED BALANCE SHEET

Sep 2017



SOURCES AND USES OF FUNDS

Sep 16 to Sep 17

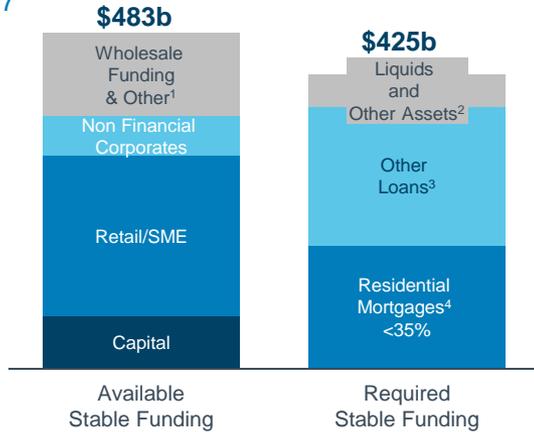


1. Stable customer deposits represent operational type deposits or those sourced from retail / business / corporate customers and the stable component of Other funding liabilities.
2. Excludes trade lending, repo, interbank and bills of acceptances.
3. Includes \$5.3b mandatory and \$2.7b discretionary liquids growth.

FUNDING & LIQUIDITY METRICS

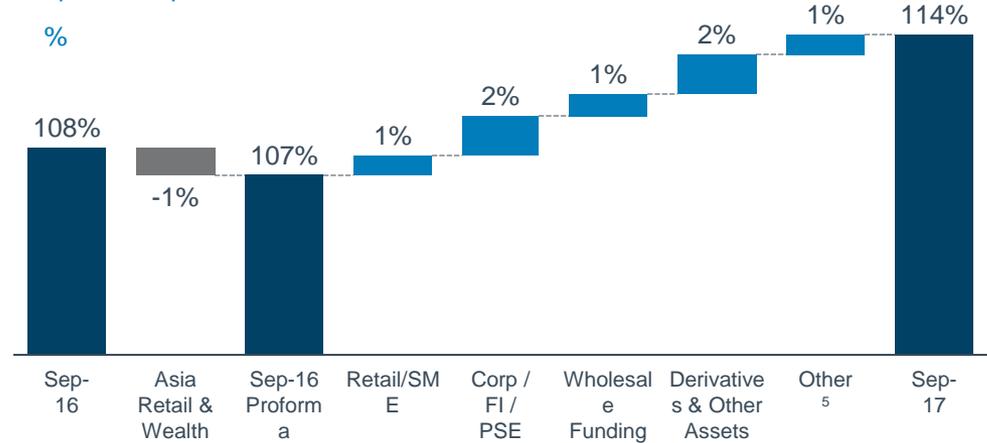
NSFR COMPOSITION

Sep 2017



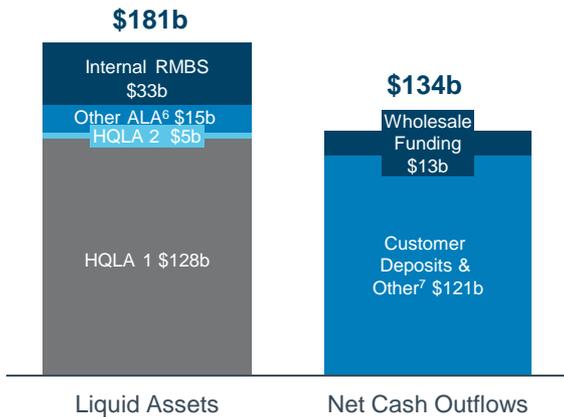
NSFR MOVEMENT

Sep 16 v Sep 17



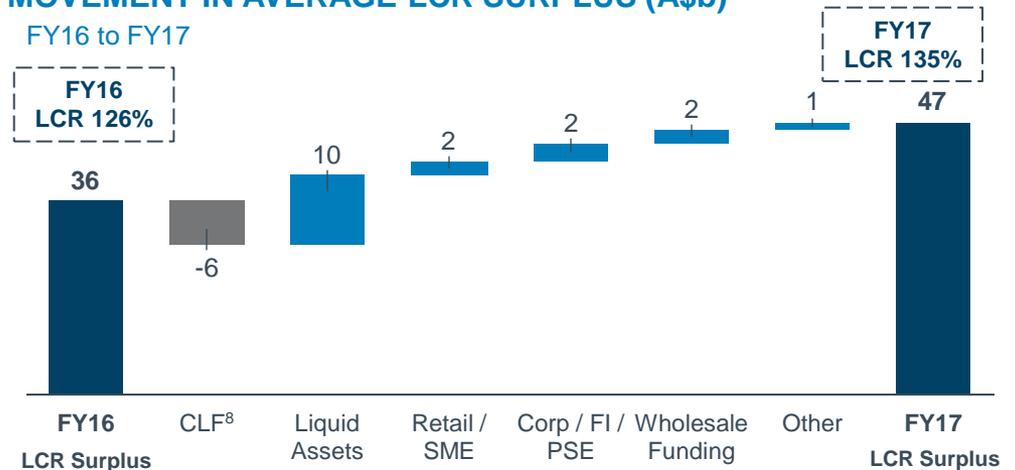
LCR COMPOSITION (AVERAGE)

FY17



MOVEMENT IN AVERAGE LCR SURPLUS (A\$b)

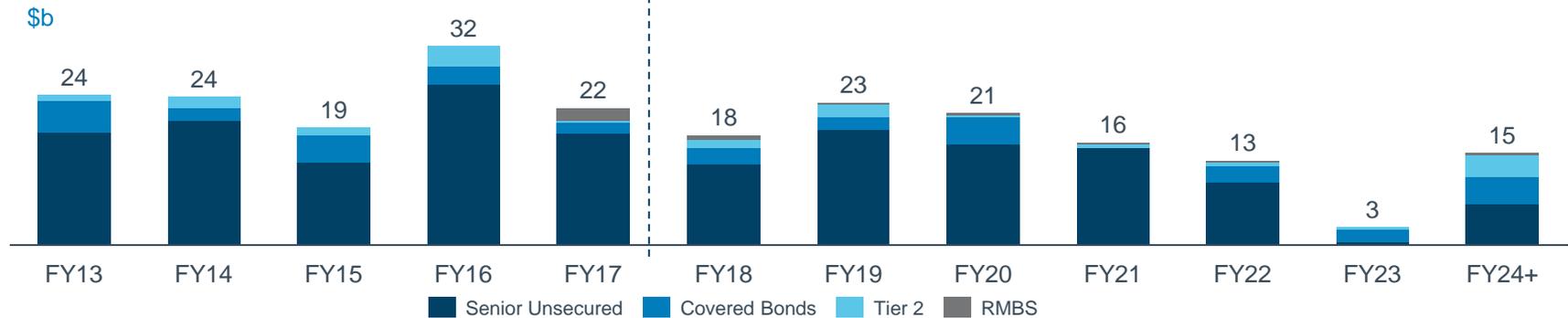
FY16 to FY17



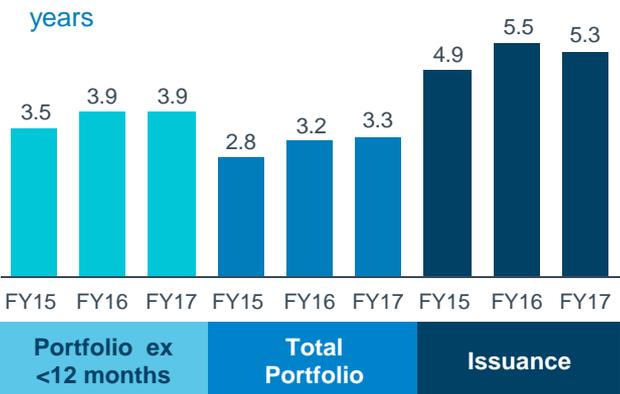
All figures shown on a Level 2 basis. 1. 'Other' includes Sovereign, PSE and FI Deposits. 2. 'Other Assets' include Off Balance Sheet, Derivatives, Fixed Assets and Other Assets. 3. All lending other than Residential Mortgages <35% Risk Weight. 4. Includes NSFR impact of self-securitised assets backing the Committed Liquidity Facility (CLF), excluding internal RMBS and any assets contained in the RBNZ's Liquidity Policy – Annex: Liquidity Assets – Prudential Supervision Department Document BS13A12. 5. Net of other ASF and other RSF. 6. Comprised of assets qualifying as collateral for the Committed Liquidity Facility (CLF). 7. 'Other' includes off-balance sheet and cash inflows. 8. RBA CLF reduced by \$6.5b, from 1 January 2017 (to \$43.8b).

TERM WHOLESALE FUNDING PORTFOLIO¹

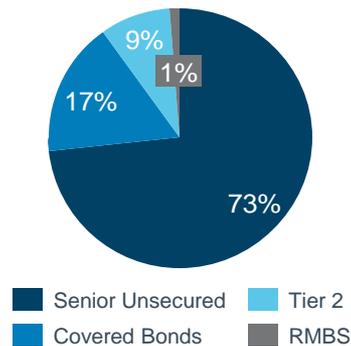
ISSUANCE



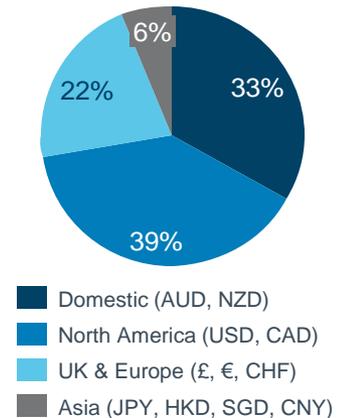
WEIGHTED AVERAGE TENOR



PORTFOLIO BY TYPE



PORTFOLIO BY CURRENCY



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



2017 FULL YEAR RESULTS

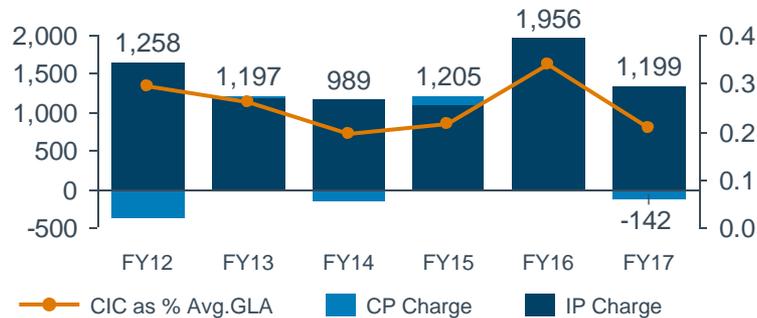
RISK MANAGEMENT

RISK MANAGEMENT

TOTAL & COLLECTIVE PROVISION (CP) CHARGE

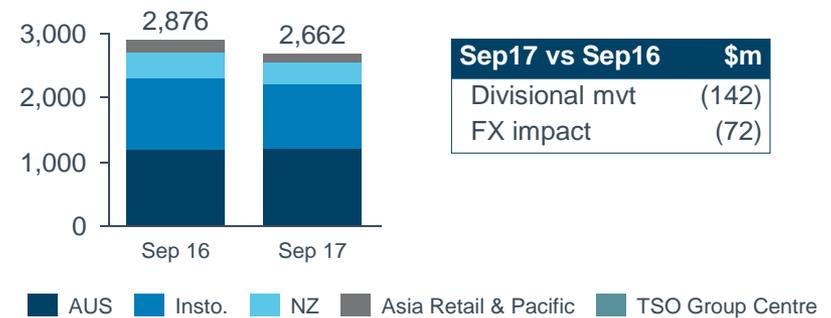
TOTAL PROVISION CHARGE

\$m



CP BALANCE BY DIVISION

\$m



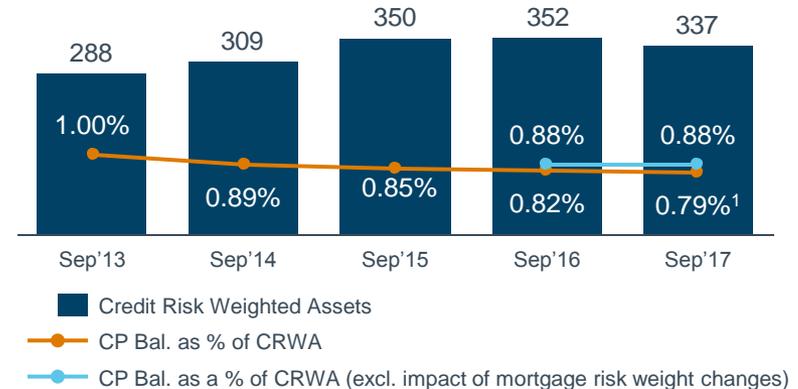
TOTAL PROVISION CHARGE COMPOSITION

\$m

	2H14	1H15	2H15	1H16	2H16	1H17	2H17
CIC	461	510	695	918	1,038	720	479
CP Composition							
Lending Growth	61	54	50	56	-59	-30	-18
Change in Risk/Portfolio Mix	-52	8	62	-30	50	-78	-91
Eco Cycle ²	-90	-7	-72	0	0	41	34

CRWA & CP AS A % OF CRWA

\$b



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

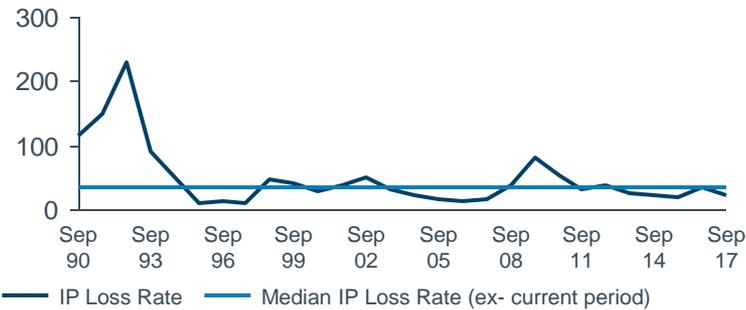
1. FY16 and FY17 CRWA includes the impact of regulatory changes and revised capital models on Australian mortgage CRWA. Excluding these: CP Balance as a % of CRWA increases to 88 bp;
 2. 2H17 Eco Cycle charge includes a \$75m overlay for retail trade

RISK MANAGEMENT

INDIVIDUAL PROVISION (IP) CHARGE

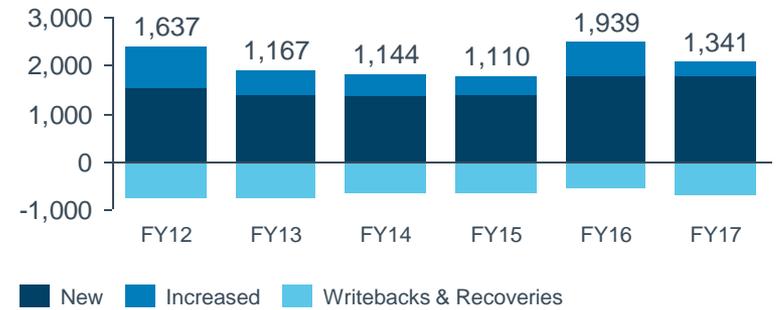
ANZ HISTORICAL LOSS RATES

bps



IP CHARGE COMPOSITION

\$m



IP CHARGE BY SEGMENT

\$m



IP CHARGE BY REGION

\$m



RISK MANAGEMENT

IMPAIRED ASSETS

CONTROL LIST

Index Sep 09 = 100



GROSS IMPAIRED ASSETS BY DIVISION

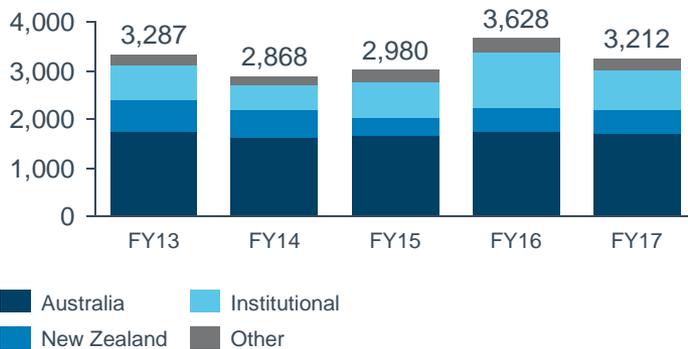
\$m

bp



NEW IMPAIRED ASSETS BY DIVISION

\$m



GROSS IMPAIRED ASSETS BY EXPOSURE SIZE

\$m



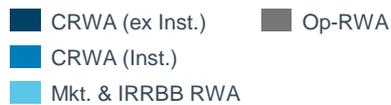
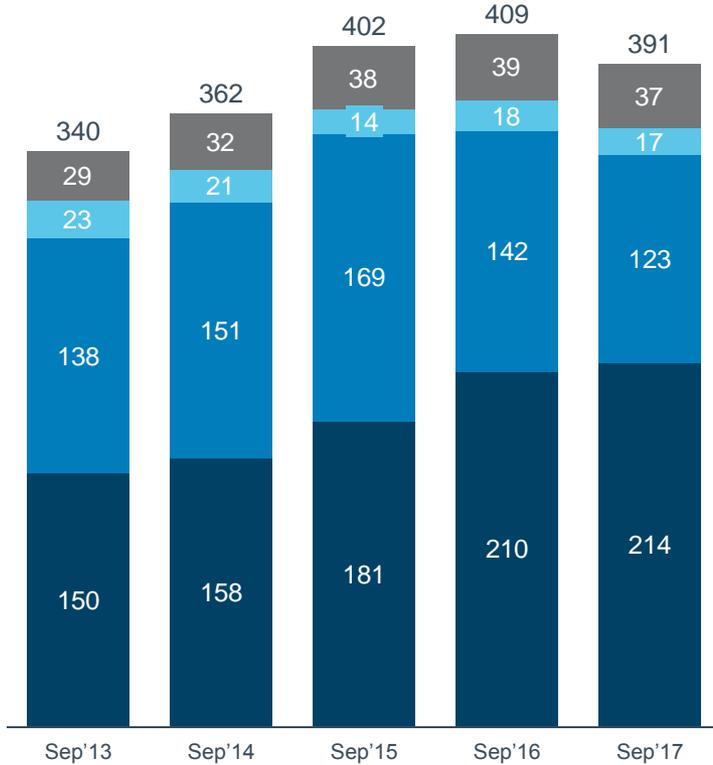
1. Other includes Retail Asia & Pacific and Australian Wealth

RISK MANAGEMENT

RISK WEIGHTED ASSETS

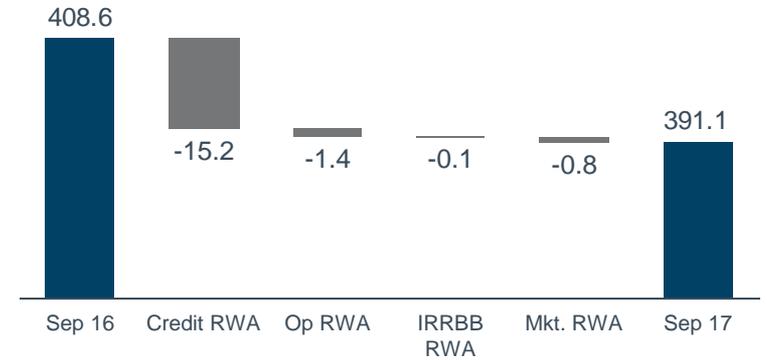
TOTAL RISK WEIGHTED ASSETS

\$b



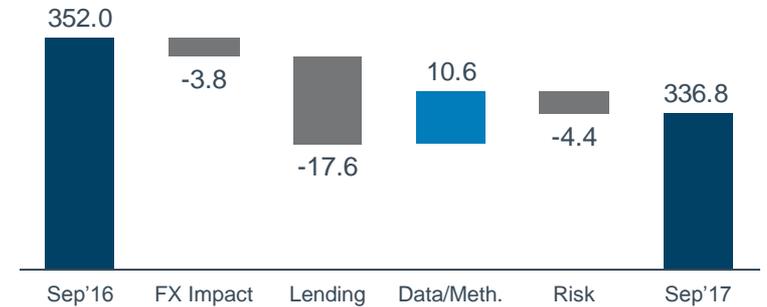
TOTAL RWA MOVEMENT

\$b



CRWA MOVEMENT

\$b

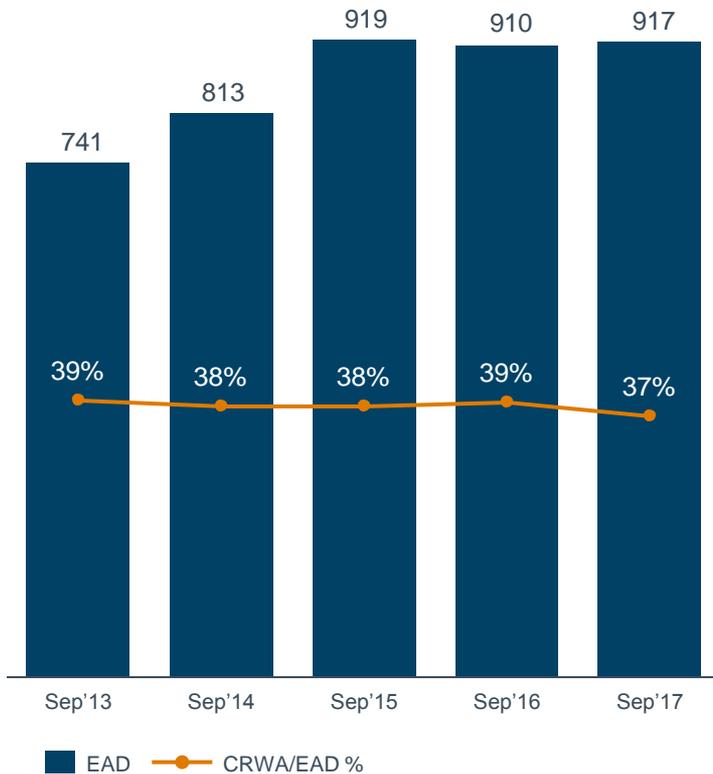


RISK MANAGEMENT

RISK WEIGHTED ASSETS

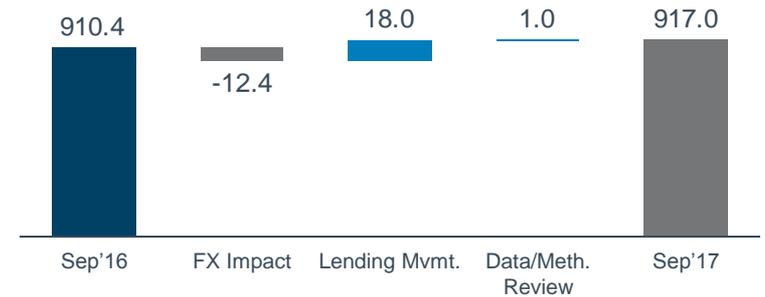
GROUP EAD¹ & CRWAs

\$b



GROUP EAD¹ MOVEMENT

SEP 17 v SEP 16 (\$b)



GROUP EAD¹ & CRWA GROWTH² MOVEMENT

SEP 17 v SEP 16 (\$b)



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

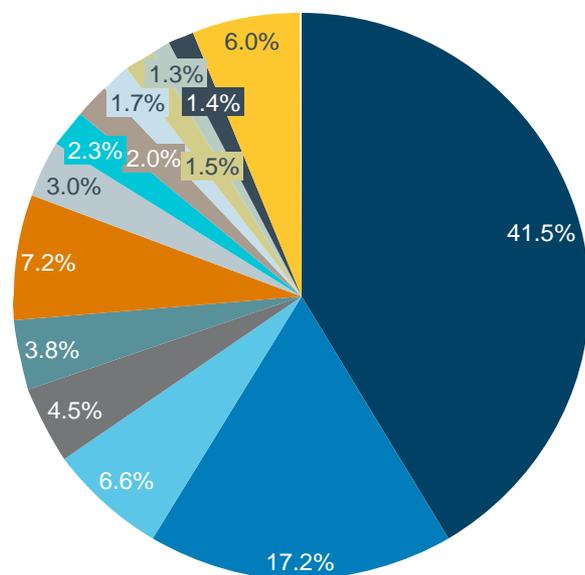
2. Refers to lending movement, excluding FX Impact, Data/Meth Review and Risk

RISK MANAGEMENT

PORTFOLIO COMPOSITION

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

TOTAL GROUP EAD (Sep 17)
= \$903b¹



Category	% of Group EAD		% of Portfolio in Non Performing		Portfolio Balance in Non Performing
	Sep 16	Sep 17	Sep 16	Sep 17	Sep 17
Consumer Lending	40.6%	41.5%	0.1%	0.1%	\$436m
Finance, Investment & Insurance	17.4%	17.2%	0.1%	0.0%	\$20m
Property Services	6.8%	6.6%	0.4%	0.3%	\$150m
Manufacturing	5.2%	4.5%	1.6%	0.7%	\$289m
Agriculture, Forestry, Fishing	3.9%	3.8%	1.5%	1.2%	\$393m
Government & Official Institutions	6.2%	7.2%	0.0%	0.0%	\$0m
Wholesale trade	3.1%	3.0%	0.5%	0.5%	\$136m
Retail Trade	2.4%	2.3%	1.2%	0.8%	\$170m
Transport & Storage	2.2%	2.0%	0.4%	0.7%	\$126m
Business Services	1.7%	1.7%	0.9%	1.1%	\$169m
Resources (Mining)	1.8%	1.5%	2.9%	1.2%	\$170m
Electricity, Gas & Water Supply	1.3%	1.3%	0.0%	0.1%	\$16m
Construction	1.4%	1.4%	2.0%	2.3%	\$290m
Other	6.0%	6.0%	0.4%	0.6%	\$308m
Total	100.0%	100.0%			\$2,673m
Total Group EAD¹ \$b	\$895b	\$903b			

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

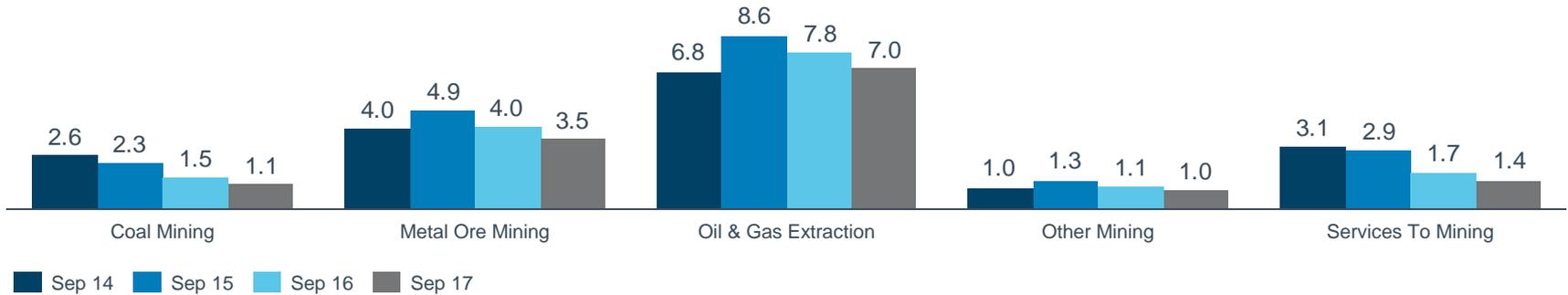
RISK MANAGEMENT

GROUP RESOURCES PORTFOLIO

RESOURCES EXPOSURE BY SECTOR

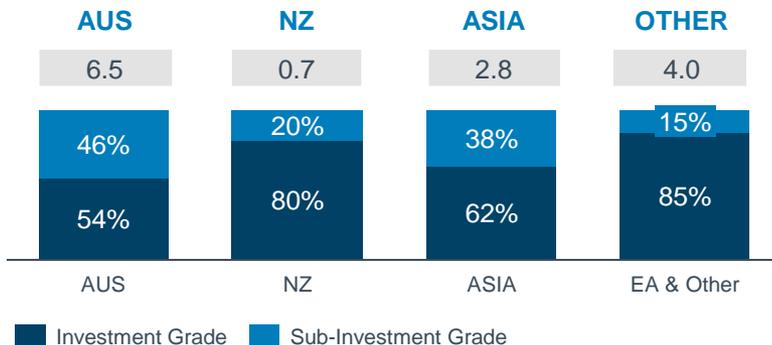
TOTAL EAD (Sep 17): \$14b

As a % of Group EAD (Sep 17): 1.5%



RESOURCES EXPOSURE CREDIT QUALITY (EAD)

\$b



RESOURCES PORTFOLIO MANAGEMENT

- Portfolio is skewed towards well capitalised and lower cost resource producers. 29% of the book is less than one year duration.
- Investment grade exposures represent 66% of portfolio vs. 65% at Sep'16 and Trade business unit accounts for 16% of the total Resources EAD.
- Mining services customers are subject to heightened oversight given the cautious outlook for the services sector.

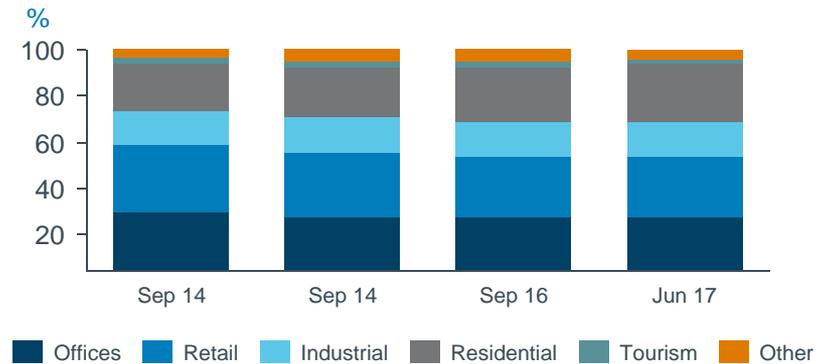
RISK MANAGEMENT

COMMERCIAL PROPERTY PORTFOLIO

COMMERCIAL PROPERTY OUTSTANDINGS BY REGION¹



COMMERCIAL PROPERTY OUTSTANDINGS BY SECTOR¹



PROPERTY PORTFOLIO MANAGEMENT

- Australia volumes decreased by 3%, primarily driven by tightening strategies in Residential development and Land exposures. The decrease in Industrial exposure was offset by increase in Office volumes, mainly due to rebalancing of portfolio mix by one of the major REITs.
- New Zealand volumes grew 8% across the portfolio over the 9 months of FY17, driven by investment lending to larger commercial customers across Office, Retail and Industrial.
- APEA volumes for 2Q17 declined 15% qoq due to continued RWA optimisation efforts to reduce lower returns lending, a more competitive landscape and margin compression evidenced in key markets of HK & Singapore.

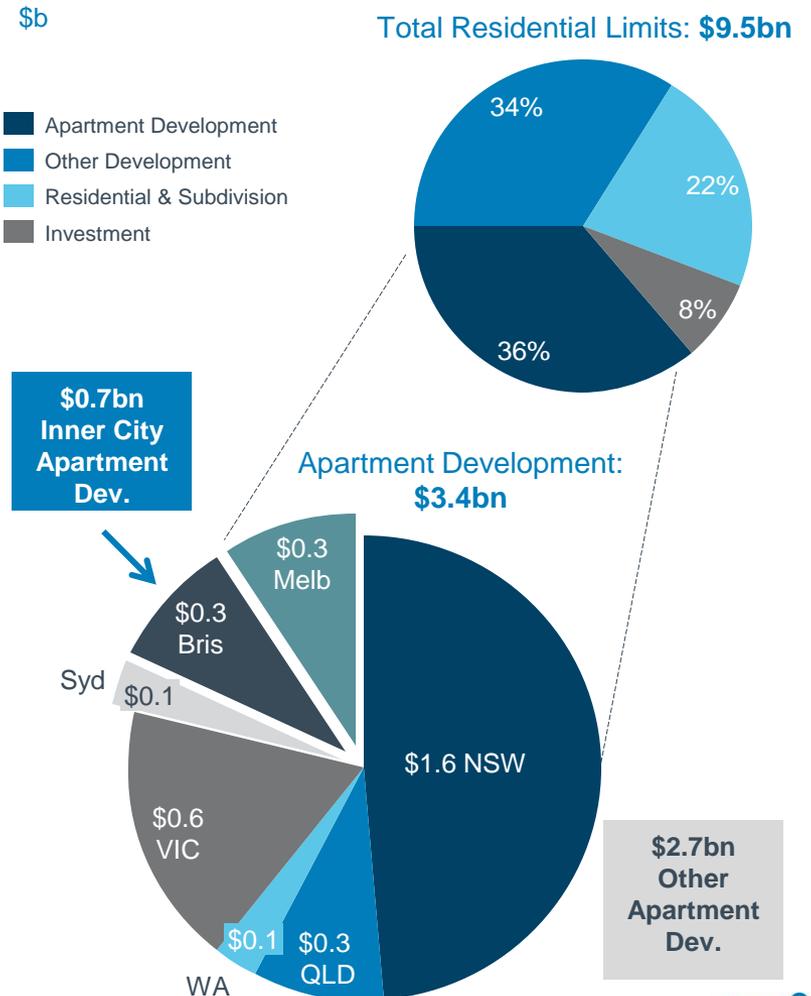
1. As per ARF230 disclosure
 2. APEA = Asia Pacific, Europe & America

RESIDENTIAL APARTMENT DEVELOPMENT PROPERTY EXPOSURE

OVERVIEW

- Overall Apartment Development limits reduced by \$0.7bn (17%) in the second half of 2017.
- Tightening strategies were introduced to moderate appetite for Inner City Apartment development during 2015, with formal changes made to lending guidelines for residential development since Jan 2016. Strategies include increase in Pre-sales coverage, with lower level of foreign buyers, and reduced LVRs.
- Limits to Inner City Apartment Development remained modest accounting for 20% of total. This was spread mainly across Melbourne, Brisbane and Sydney.
- Average qualifying pre-sales and LVRs were 104% and 57% respectively for Inner City Apartment Developments.
- Outside of Inner City, Apartment Development limits were weighted 59% towards NSW and otherwise diversified across VIC, QLD and WA.
- Ongoing monitoring of development projects with regular internal management reporting, noting our facilities are continuing to be repaid on time to date.
- Industry trends and risks are being closely monitored with tightening strategies implemented where appropriate.
- \$0.7b of inner city CBD apartment developments predominantly in Brisbane and Melbourne.

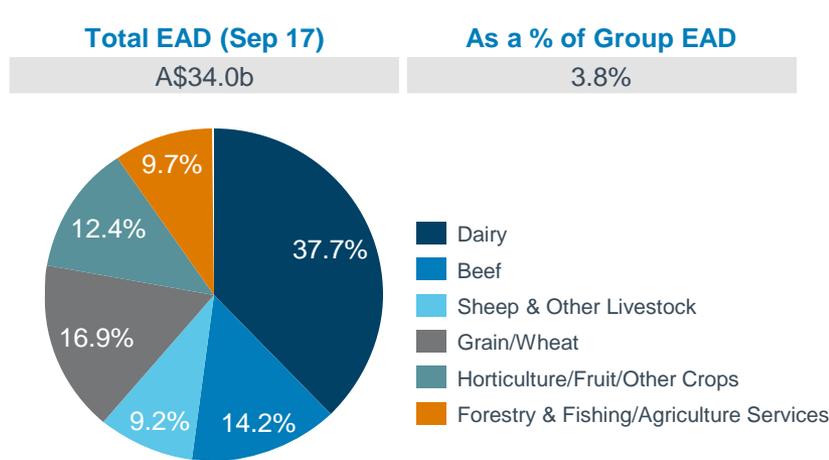
PROFILE (Sep 17)



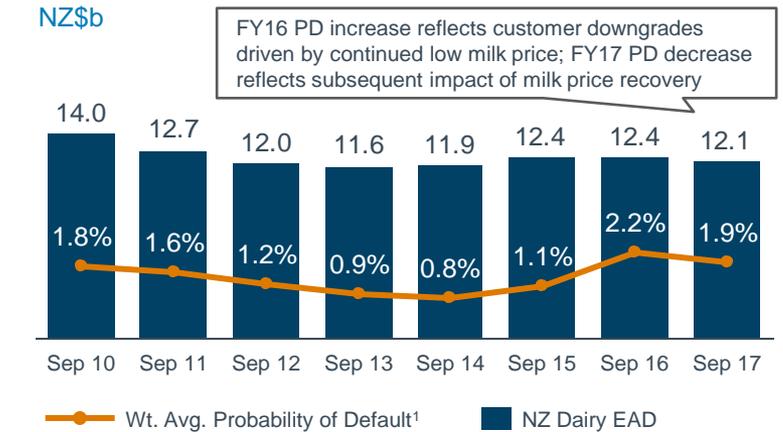
RISK MANAGEMENT

GROUP AGRICULTURE PORTFOLIO

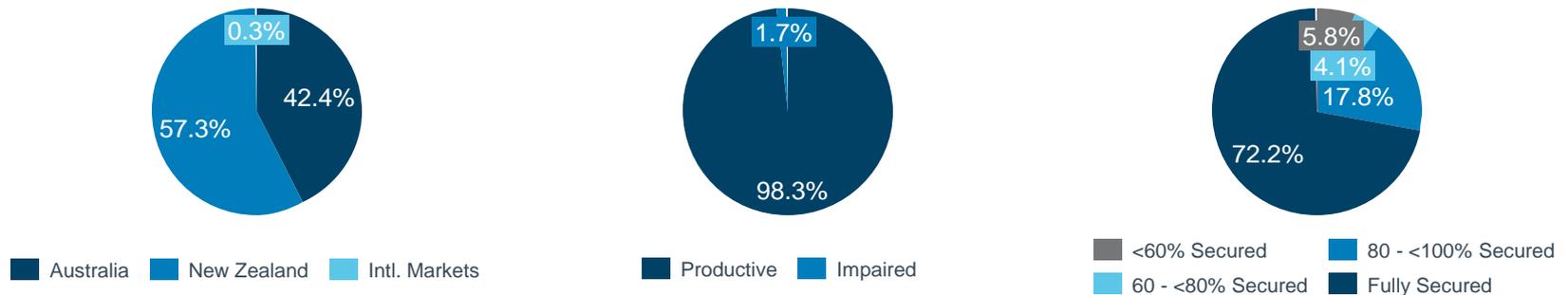
AGRICULTURE EXPOSURE BY SECTOR (% EAD)



NEW ZEALAND DAIRY CREDIT QUALITY



GROUP AGRICULTURE EAD SPLITS²

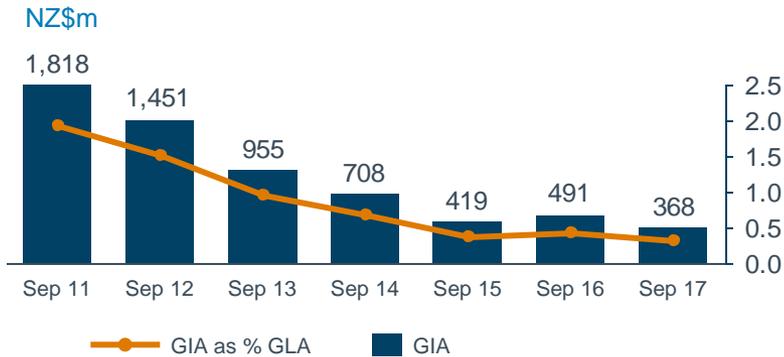


1. Wholesale PD model changes account for 55 bps increase in FY16
 2. Security indicator is based on ANZ extended security valuations

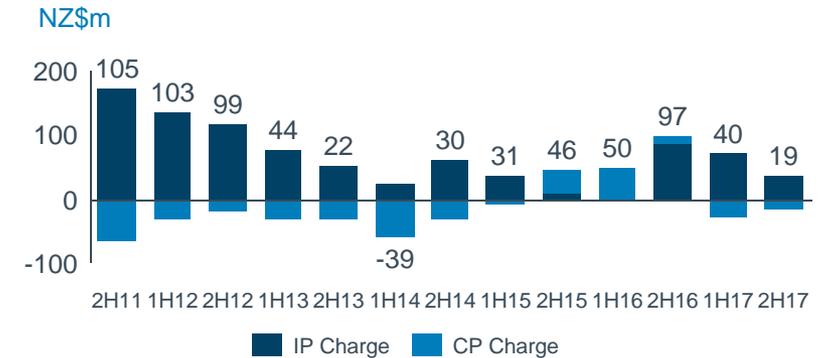
RISK MANAGEMENT

NEW ZEALAND

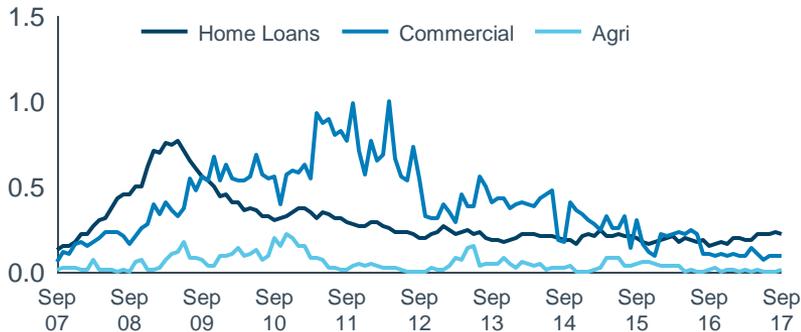
NEW ZEALAND GEOGRAPHY GROSS IMPAIRED ASSETS



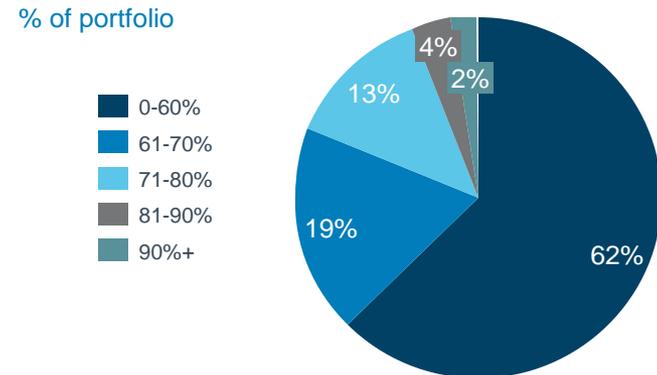
NEW ZEALAND GEOGRAPHY TOTAL PROVISION CHARGE¹



NEW ZEALAND DIVISION 90+DAYS DELINQUENCIES



MORTGAGE DYNAMIC LOAN TO VALUE RATIO²



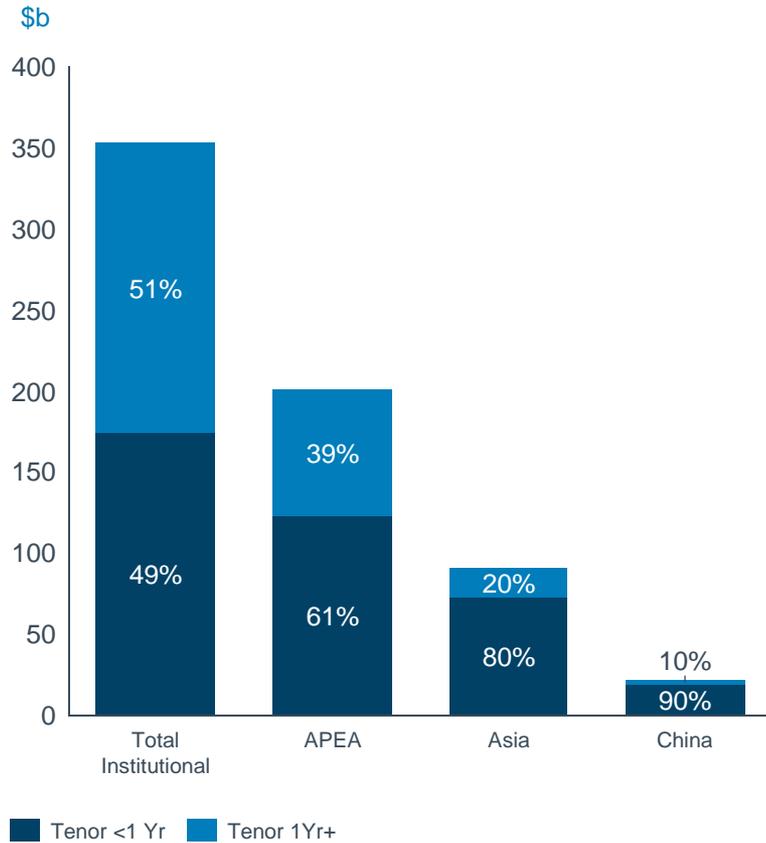
1. Credit valuation adjustments (CVA) for customers with CCR10 are reported differently for cash profit and headline views of earnings. In the headline (statutory) view of provision reported above, changes in CVA are reported in Other Operating Income, but in the cash profit view of earnings the change in CVA is reclassified to IP

2. Dynamic basis, as of September 2017

RISK MANAGEMENT

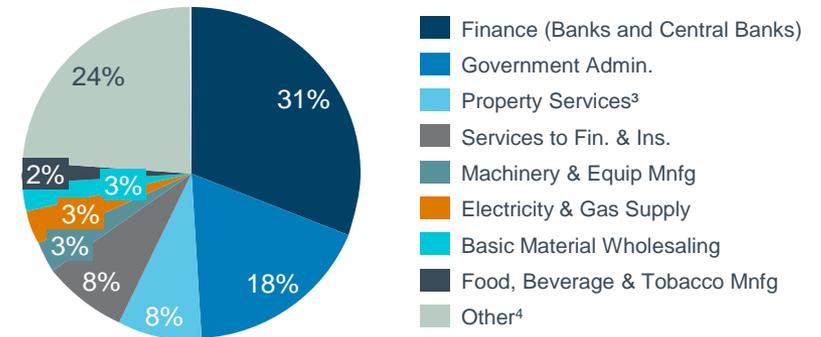
ANZ INSTITUTIONAL PORTFOLIO (COUNTRY OF INCORPORATION¹)

INSTITUTIONAL PORTFOLIO SIZE & TENOR (EAD²)



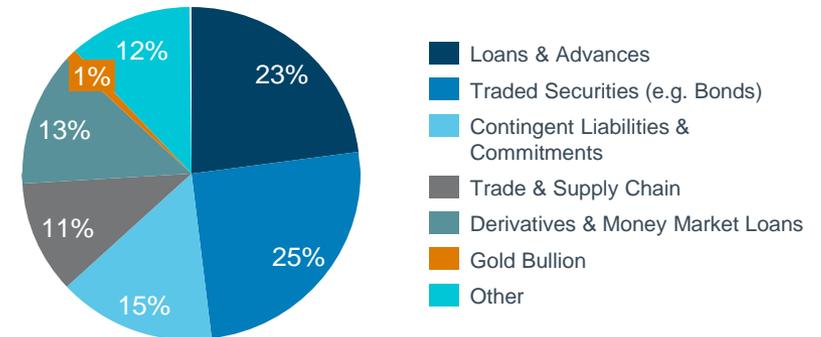
ANZ INSTITUTIONAL INDUSTRY COMPOSITION

EAD (Sep 17): A\$353²



ANZ INSTITUTIONAL PRODUCT COMPOSITION

EAD (Sep 17): A\$353²



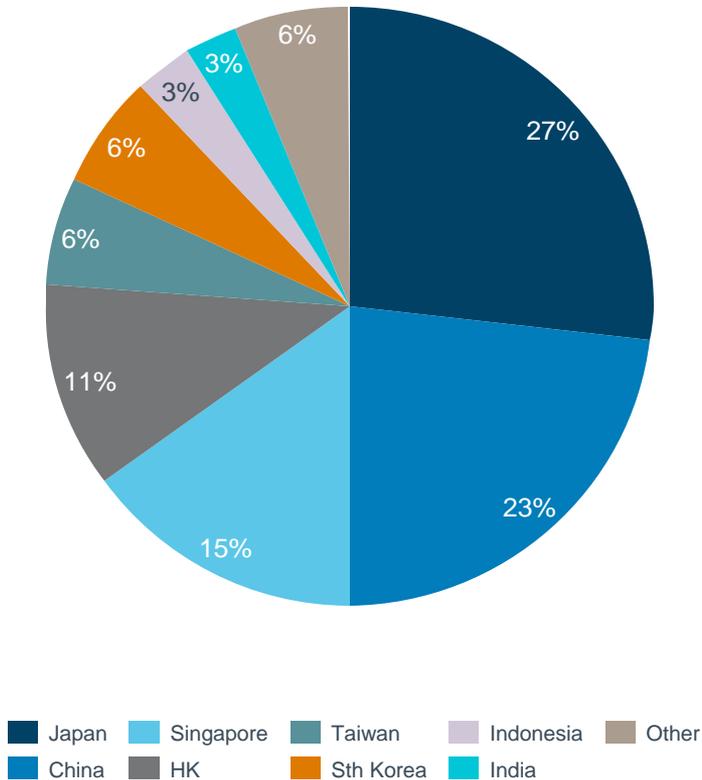
1. Country is defined by the counterparty's Country of Incorporation. 2. Data provided is as at Sep17 on a Post CRM basis, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral. Position excludes Basel Asset Class 'Securitisation', 'Other Assets', 'Retail' and manual adjustments. 3. ~88% of the ANZ Institutional "Property Services" portfolio is to entities incorporated in either Australia or New Zealand. 4. Other is comprised of 48 different industries with none comprising more than 2.0% of the Institutional portfolio.

RISK MANAGEMENT

ANZ ASIAN INSTITUTIONAL PORTFOLIO (COUNTRY OF INCORPORATION¹)

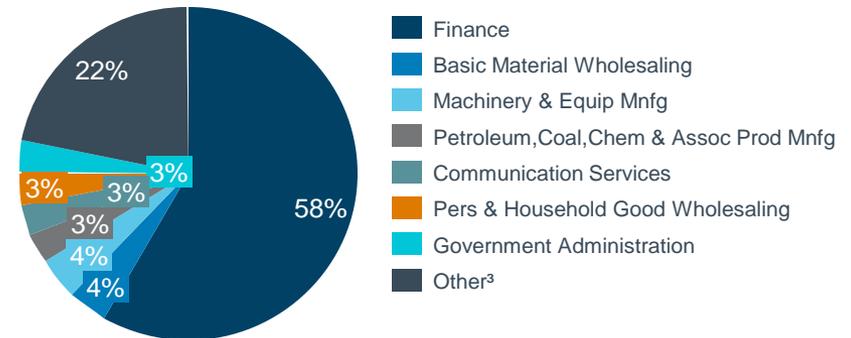
COUNTRY OF INCORPORATION¹

EAD (Sep 17): A\$91b²



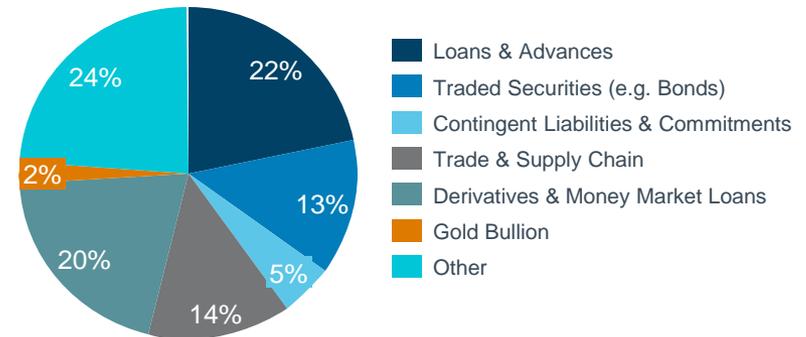
ANZ ASIA INDUSTRY COMPOSITION

EAD (Sep 17): A\$91b²



ANZ ASIA PRODUCT COMPOSITION

EAD (Sep 17): A\$91b²



1. Country is defined by the counterparty's Country of Incorporation. 2. Data provided is as at Sep17 on a Post CRM basis, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral. Position excludes Basel Asset Class 'Securitisation', 'Other Assets', 'Retail' and manual adjustments. 3. "Other" within industry is comprised of 46 different industries with none comprising more than 3.2% of the Asian Institutional portfolio; Other product category is predominantly exposure due from other financial institutions.

RISK MANAGEMENT

ANZ CHINA INSTITUTIONAL PORTFOLIO (COUNTRY OF INCORPORATION¹)

COUNTRY OF INCORPORATION¹

EAD (Sep 17): A\$21b²

China EAD

- Total China EAD of A\$21b, with 39% or A\$8.0b booked onshore in China

Tenor

- ~90% of EAD has a tenor less than 1 year

Risk rating

- China exposure has a stronger average credit rating compared to Australia.

Industry

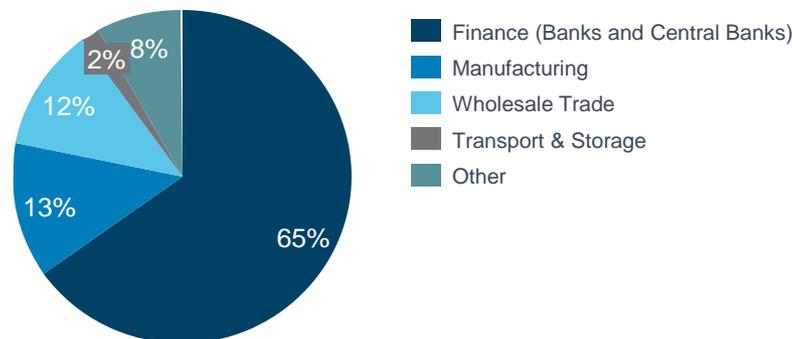
- 65% of China exposures to Financial institutions, with ~62% of this to China's central bank and its Top 5 largest banks

Products

- Largest growth in 'Derivatives & Money Market Loans' (+A\$2.0b) mostly from increase in Money Market Loans whilst reduction in 'Other' (A\$2.9b) due to decline in Nostro accounts
- Within Loans and Advances ~69% have a tenor of less than 1 year, down from ~74% as at Sep 16

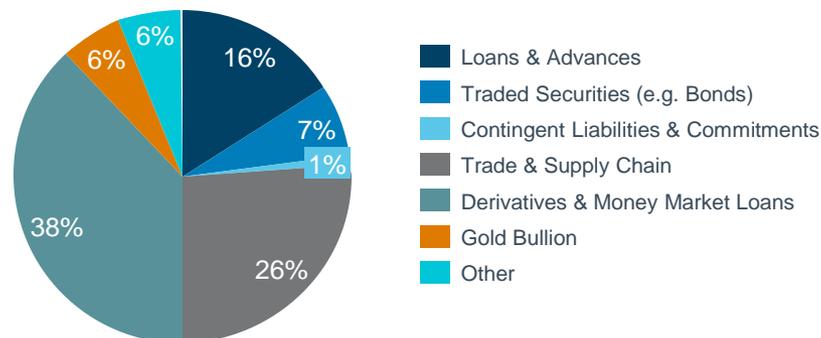
ANZ CHINA INDUSTRY COMPOSITION

EAD (Sep 17): A\$21b²



ANZ CHINA PRODUCT COMPOSITION

EAD (Sep 17): A\$21b²



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

2. Data provided is as at Sep17 on a Post CRM basis, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral. Position excludes Basel Asset Class 'Securitisation', 'Other Assets', 'Retail' and manual adjustments.



2017 FULL YEAR RESULTS

HOUSING

AUSTRALIA HOME LOANS

PORTFOLIO OVERVIEW

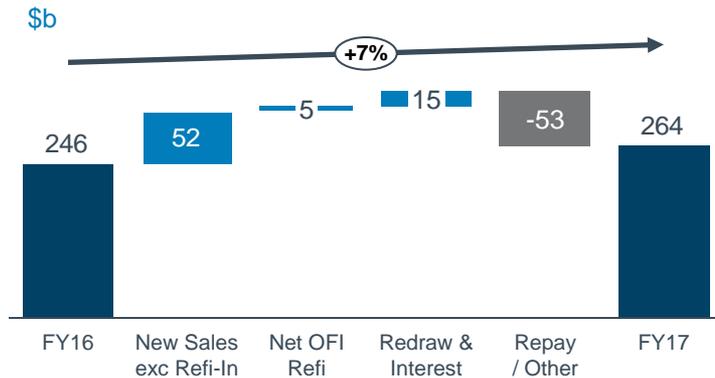
	Portfolio ¹		Flow ²	Portfolio ¹		
	FY16	FY17	FY17	FY16	FY17	
Number of Home Loan accounts	975k	1,008k	178k ³	Average LVR at Origination ^{8,9,10}	71%	69%
Total FUM ¹	\$246bn	\$264bn	\$67bn	Average Dynamic LVR ^{9,10,11}	52%	50%
Average Loan Size	\$252k	\$262k	\$379k	Market Share ¹²	15.5%	15.7%
% Owner Occupied ⁴	62%	63%	66%	% Ahead of Repayments ¹³	73%	71%
% Investor ⁴	34%	33%	32%	Offset Balances ¹⁴	\$24b	\$27b
% Equity Line of Credit	4%	4%	2%	% First Home Buyer	7%	7%
% Paying Variable Rate Loan ⁵	87%	83%	82%	% Low Doc ¹⁵	5%	4%
% Paying Fixed Rate Loan ⁵	13%	17%	18%	Loss Rate ¹⁶	0.01%	0.02%
% Paying Interest Only ⁶	36%	31%	27% ⁷	% of Australia Geography Lending ¹⁷	62%	64%
% Broker originated	49%	51%	56%	% of Group Lending ^{17,18}	43%	45%

1. Home Loans (excludes Non Performing Loans, excludes offset balances) 2. YTD (12 months to) unless noted 3. New accounts includes increases to existing accounts and split loans (fixed and variable components of the same loan) 4. The current classification of Investor vs Owner Occupier, as reported to regulators and the market, is based on the classification at origination (as advised by the customer) and the ongoing precision relies on the customers obligation to advise ANZ of any change in circumstances. We have initiated a customer contact program to determine whether there are any inconsistencies in this approach. Outcomes and impacts will be determined in due course 5. Excludes Equity Manager 6. Based on APRA definition ie includes Equity Manager 7. September Half to Date 8. Originated FY16 for FY16, originated FY17 for FY17 9. Unweighted 10. Includes capitalised premiums 11. Valuations updated to Sep'17 where available 12. Source for Australia: APRA to Aug'17 13. % of Owner Occupied and Investment Loans that have any amount ahead of repayments. Includes Offset balances. Excludes Equity Manager. Excludes Non Performing Loans. 14. Balances of Offset accounts connected to existing Instalment Loans 15. Low Doc is comprised of less than or equal to 60% LVR mortgages primarily for self-employed without scheduled PAYG income. However, it also has ~A\$500m of less than or equal to 80% LVR mortgages, primarily booked pre-2008 16. Write-off net of recoveries 17. Based on Gross Loans and Advances 18. Based on Group Cash Profit basis.

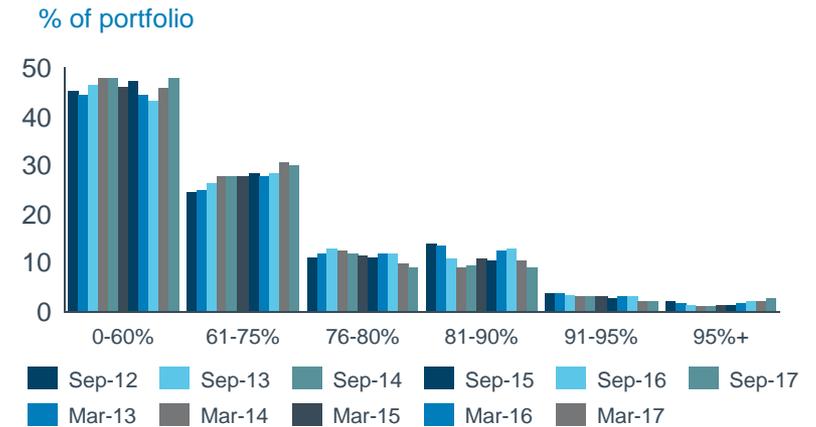
AUSTRALIA HOME LOANS

PORTFOLIO TRENDS

LOAN BALANCE & LENDING FLOWS¹

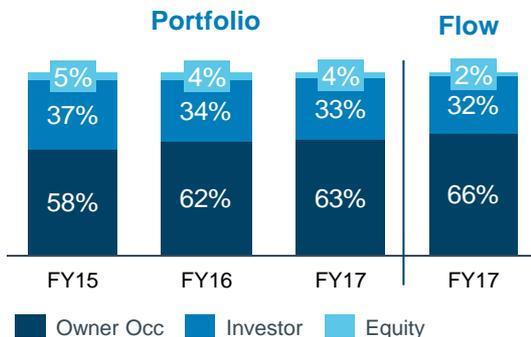


DYNAMIC LOAN TO VALUE RATIO^{1,2,3}

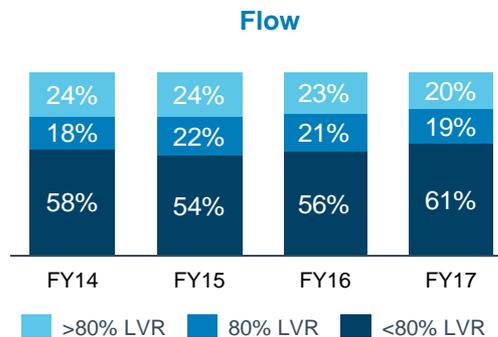


PORTFOLIO^{1,4} & FLOW⁵ COMPOSITION

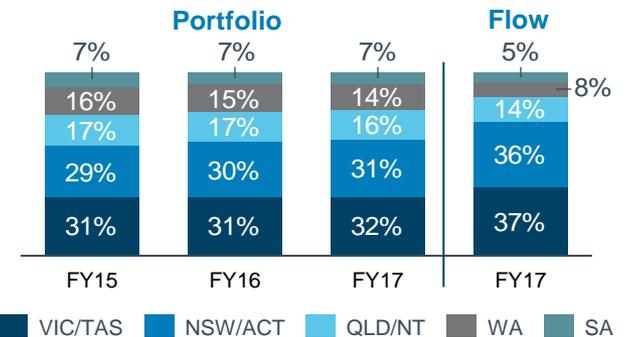
By purpose:



By origination LVR⁶:



By location:



1. Excludes Non Performing Loans. 2. Includes capitalised premiums 3. Valuations updated to Sep'17 where available 4. The current classification of Investor vs Owner Occupier, as reported to regulators and the market, is based on the classification at origination (as advised by the customer) and the ongoing precision relies on the customers obligation to advise ANZ of any change in circumstances. We have initiated a customer contact program to determine whether there are any inconsistencies in this approach. Outcomes and impacts will be determined in due course.

5. YTD (12 months to) unless noted 6. Includes capitalised premiums

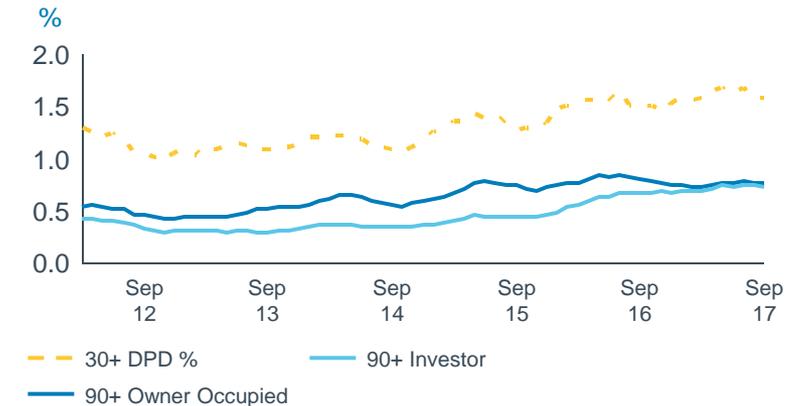
AUSTRALIA DIVISION

PORTFOLIO PERFORMANCE

PRODUCT 90+ DAY DELINQUENCIES¹

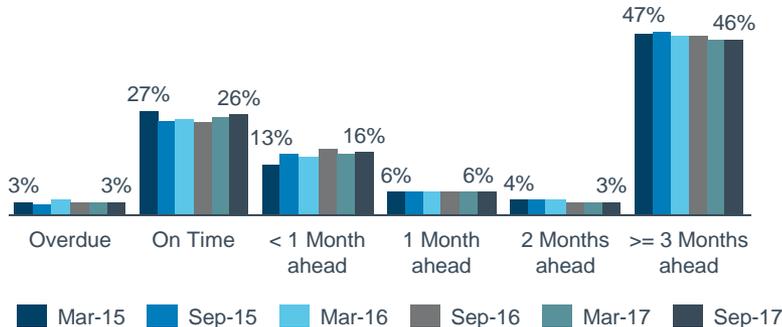


HOME LOAN DELINQUENCIES^{1,3}

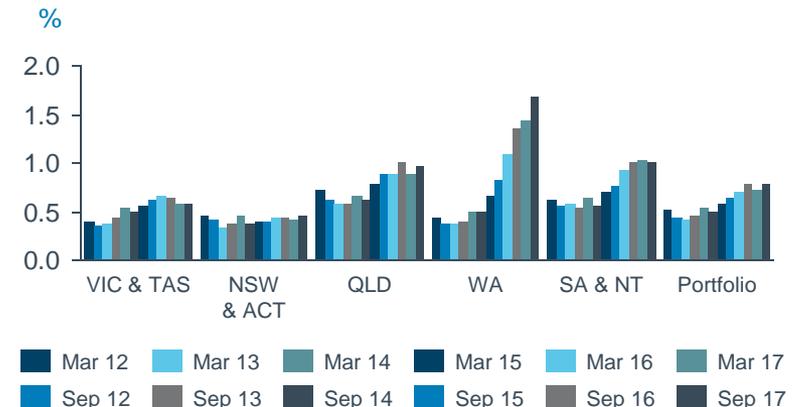


HOME LOANS REPAYMENT PROFILE⁴

71% of accounts ahead of repayments



HOME LOANS 90+ DPD BY STATE¹



1. Excludes Non Performing Loans 2. Comprises Small Business, Commercial Cards and Asset Finance 3. The current classification of Investor vs Owner Occupier, as reported to regulators and the market, is based on the classification at origination (as advised by the customer) and the ongoing precision relies on the customers obligation to advise ANZ of any change in circumstances. We have initiated a customer contact program to determine whether there are any inconsistencies in this approach. Outcomes and impacts will be determined in due course. 4. % of Owner Occupied and Investment Loans that have any amount ahead of repayments. Includes Offset balances. Excludes Equity Manager. Excludes Non Performing Loans.

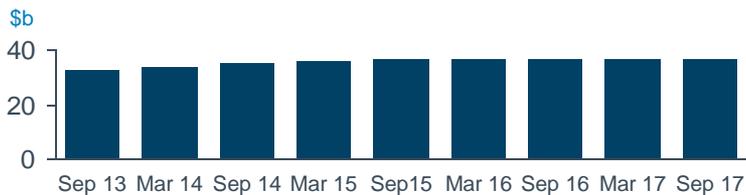
AUSTRALIA HOME LOANS

AREAS OF INTEREST

WESTERN AUSTRALIA

- Greater focus on Acquisition & Collection management strategies have been applied
- Exposure to WA has decreased since Mar-16 driven by the economic environment and credit policy tightening (mining town lending, etc)
- Currently WA makes up 14% of portfolio FUM (and decreasing), however makes up 30% of 90+ (and approximately half of portfolio losses¹)
- Tailored treatment of collection and account management strategies
- Conservative approach to provisions management

WA OUTSTANDING BALANCE



HOME LOANS AND WA 90+ DELINQUENCIES

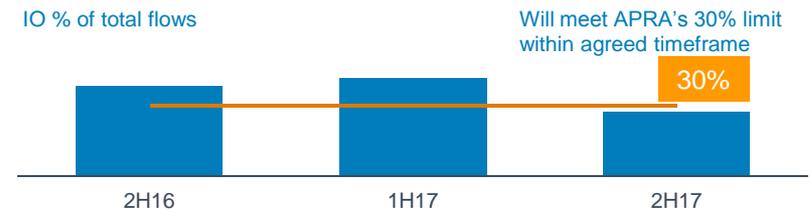


1. Losses is based on New Individual Provision Charges 2. Based on APRA definition i.e. includes Equity Manager 3. Excludes Non Performing Loans; Includes offset balances

HOME LOAN INTEREST ONLY (IO)

- Serviceability assessment is based on ability to repay principal & interest repayments calculated over the residual term of loan
- 80% of IO customers have net income >\$100k pa. (vs portfolio 64%)
- IO customers typically further ahead of repayments vs portfolio avg
- Arrears levels are lower for Interest Only vs overall portfolio
- Recent policy and pricing changes have led to a reduction in IO lending resulting in ANZ meeting the APRA 30% threshold lending requirement

INTEREST ONLY FLOW COMPOSITION²

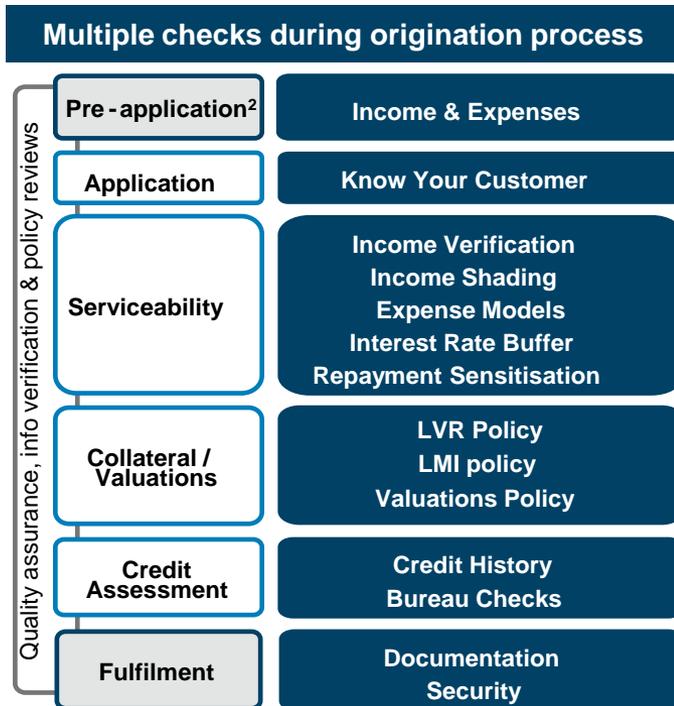


PAYMENTS IN ADVANCE³



AUSTRALIA HOME LOANS

UNDERWRITING PRACTICES AND POLICY CHANGES¹



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

Serviceability

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

ANZ Policy changes

- Jun'15 LVR cap reduced to 70% in high risk mining towns
- Jul'15 LVR cap reduced to 90% for investment loans
- Sep'16 Withdrawal of lending to non-residents
Limited acceptance of foreign income to demonstrate serviceability and tightened controls on verification
- Dec'16 Tightening of acceptances for guarantees
- Jan'17 Decreased maximum interest only term of owner occupied interest only loans to 5 years
- May'17 The maximum interest only period reduced from 10 years to 5 years for investment lending to align to owner occupier lending
Reduced LVR cap of 80% for Interest Only³ lending
Interest only lending no longer available on new Simplicity PLUS loans (owner occupier and investment lending)
- Jun'17 Minimum default housing expense (rent/board) applied to all borrowers not living in their own home and seeking RILs⁴ or EMAs⁵
- Oct'17 Restrict Owner Occupier and Investment Lending (New Security to ANZ) to Maximum 80% LVR for all apartments within 7 inner city Brisbane postcodes.
Restrict Investment Lending (New Security to ANZ) to Maximum 80% LVR for all apartments within 4 inner city Perth postcodes

1. 2015 to 2017 changes to lending standards and underwriting 2. Customers have the ability to assess their capacity to borrow on ANZ tools 3. Excludes investment lending for specific medical practitioners (eligible Medicos) where LVR cap is a maximum of 90% of lending. 4. Residential Investment Loans 5 Equity Manager Accounts

AUSTRALIA HOME LOANS

STRESS TESTING THE AUSTRALIAN MORTGAGE PORTFOLIO

- ANZ conducts regular stress tests of its loan portfolios to meet risk management objectives and satisfy regulatory requirements.
- Stress tests are highly assumption-driven; results will depend on economic assumptions, on modelling assumptions, and on assumptions about actions taken in response to the economic scenario.
- This illustrative recession scenario assumes significant reductions in consumer spending and business investment, which lead to eight consecutive quarters of negative GDP growth. This results in a significant increase in unemployment and material nationwide falls in property prices.
- Estimated portfolio losses under these stressed conditions are manageable and within the Group's capital base, with cumulative total losses at A\$1.6b over three years (net of LMI recoveries).

Assumptions	Current	Year 1	Year 2	Year 3
Unemployment rate	5.8%	9.0%	10.5%	11.5%
Cash Rate	1.5%	0.25%	0.25%	0.25%
Real GDP year ended growth	3.1	-3.8%	-2.4%	4.7%
Cumulative reduction in house prices	-	-26.8%	-38.3%	-32.7%
Portfolio size ¹ (A\$b)	290	289	281	273

Outcomes	Base	Year 1	Year 2	Year 3
Net Losses (A\$m)	-	184	688	739
Net losses (bps)	-	6	24	27

1. Exposure at default

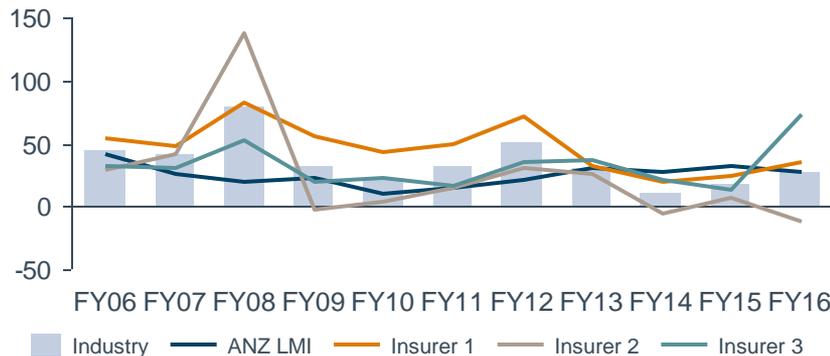
LENDERS MORTGAGE INSURANCE

ANZLMI HAS MAINTAINED STABLE LOSS RATIOS

FINANCIAL YEAR 2017 RESULTS

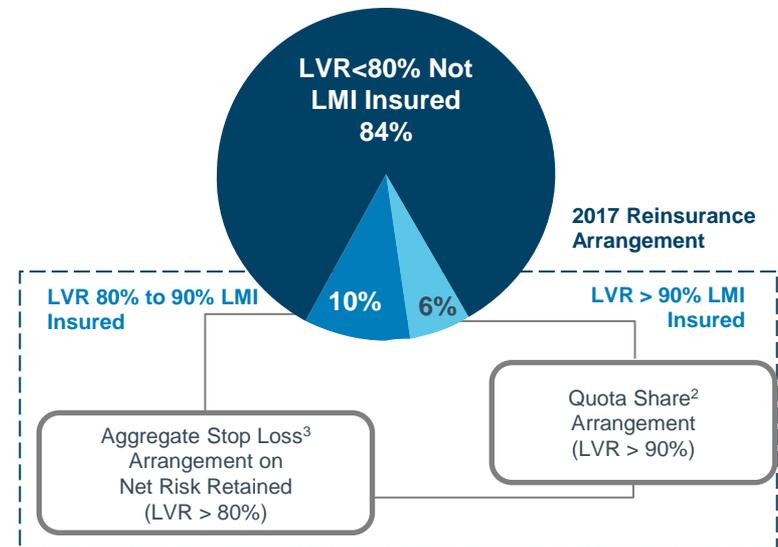
Gross Written Premium (\$m)	\$173.6m
Net Claims Paid (\$m)	\$14.7m
Loss Rate (of Exposure)	2.4 bps

ANZLMI MAINTAINS LOW LOSS RATIOS¹



LMI & REINSURANCE STRUCTURE

Australian Home Loan portfolio LMI and Reinsurance Structure at 30 Sep 2017 (% New Business 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.

NEW ZEALAND MORTGAGES

PORTFOLIO OVERVIEW ¹

	Portfolio		Growth		Portfolio		Growth
	FY16	FY17	FY17		FY16	FY17	FY17
Number of Home Loan accounts	511k	520k	1.7%	Average LVR at Origination ²	60%	59%	-108bps
Total FUM	NZ\$73b	NZ\$77b	5.0%	Average Dynamic LVR ²	44%	43%	-106bps
Average Loan Size at Origination ²	NZ\$300k	NZ\$285k	-5.0%	Market Share ³	31.5%	31.1%	-38bps
Average Loan Size ²	NZ\$143k	NZ\$148k	3.3%	% Paying Interest Only ⁴	24%	22%	-154bps
% of NZ Geography Lending	58%	61%	290bps	% Paying Principal & Interest	76%	78%	154bps
% of Group Lending	12%	12%	10bps	% First Home Buyer	N/A	N/A	N/A
% Owner Occupied	73%	73%	72bps	% Low Doc ⁵	0.49%	0.44%	-5bps
% Investor	27%	27%	-72bps	Mortgage Loss Rates	(0.01%)	(0.01%)	-
% Paying Variable Rate Loan	24%	21%	-346bps	Group IP Loss Rates	0.34%	0.21%	-13bps
% Paying Fixed Rate Loan	76%	79%	346bps				
% Broker Originated	34%	35%	90bps				

1. New Zealand Geography

2. Average data as of September 2017

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

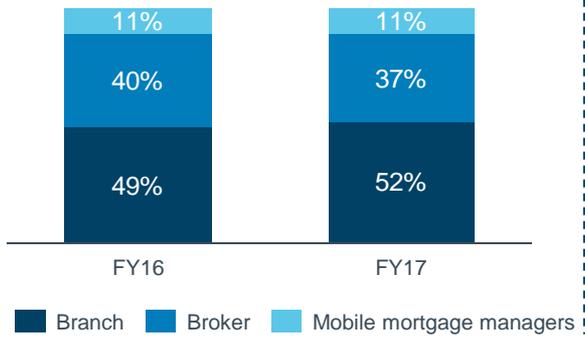
4. Excludes revolving credit facilities

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

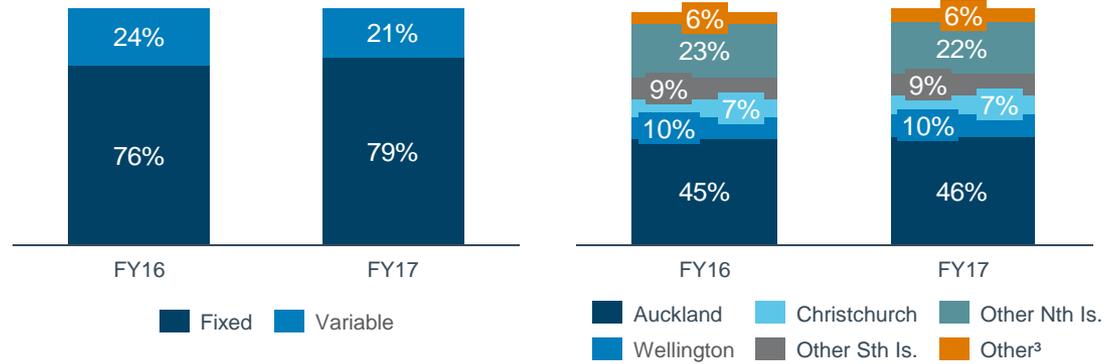
NEW ZEALAND

HOME LENDING¹

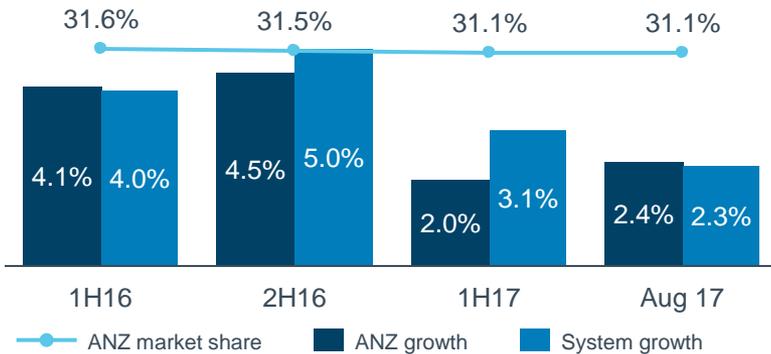
FLOW²



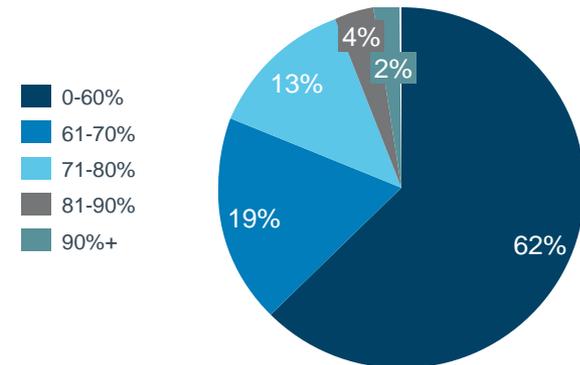
PORTFOLIO



MARKET SHARE⁴



ANZ MORTGAGE LVR PROFILE⁵



1. New Zealand Geography
2. Retail and Small Business Banking mortgage flow. Branch includes Small Business Banking Managers (FY16 restated)
3. Other includes loans booked centrally (Business Direct, Contact Centre, Lending Services, Property Finance)
4. Source: RBNZ, changes in RBNZ data reporting from February 2017 onwards has resulted in a step change in data vs prior periods
5. Dynamic basis, as of September 2017

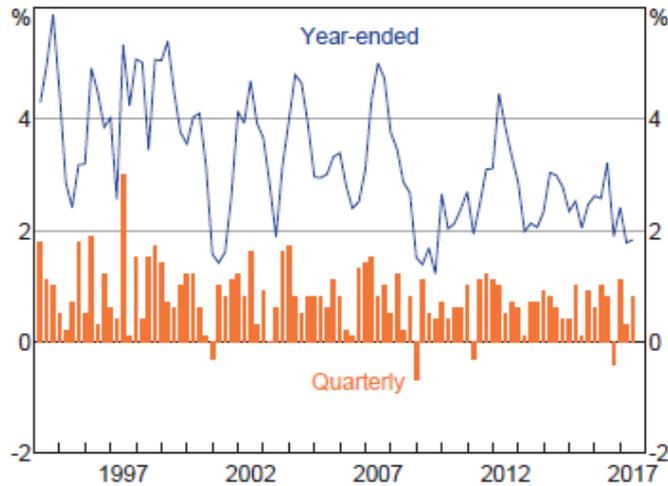


2017 FULL YEAR RESULTS

ECONOMICS

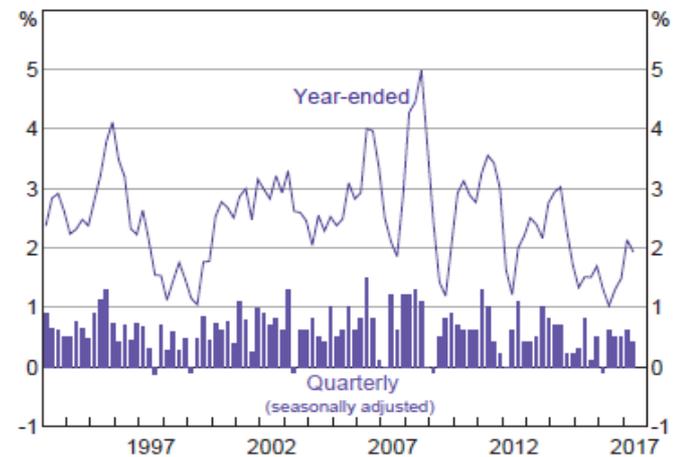
AUSTRALIAN ECONOMY

GDP GROWTH¹



Source: ABS

CONSUMER PRICE INFLATION*¹

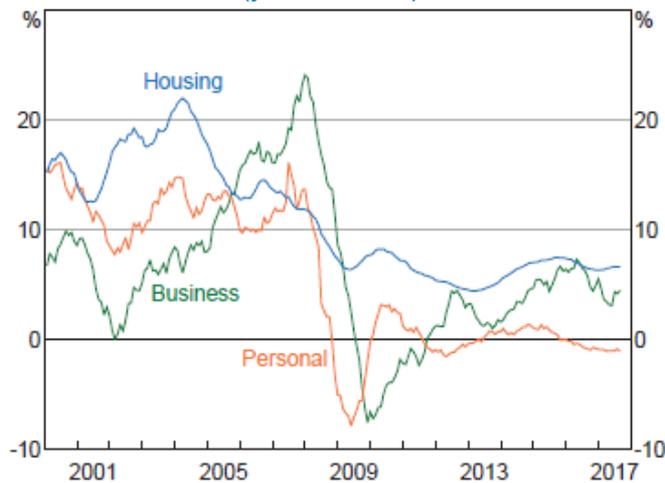


* Excluding interest charges prior to the September quarter 1998 and adjusted for the tax changes of 1999-2000

Sources: ABS; RBA

CREDIT GROWTH BY SECTOR ¹

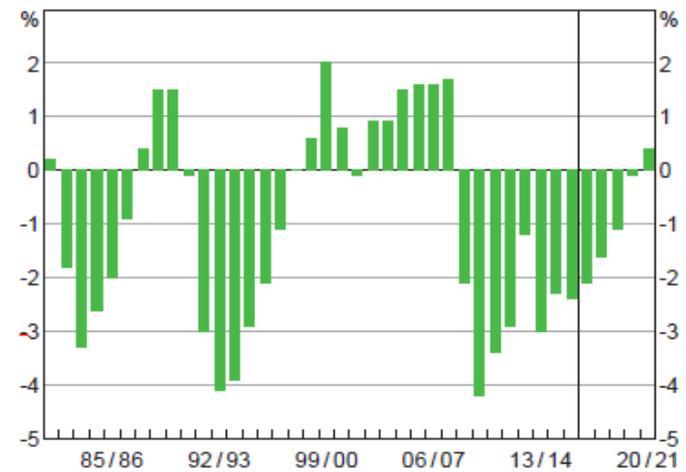
(year ended)



Sources: ABS; APRA; RBA

AUSTRALIAN GOVERNMENT BUDGET BALANCE*¹

Per cent of nominal GDP

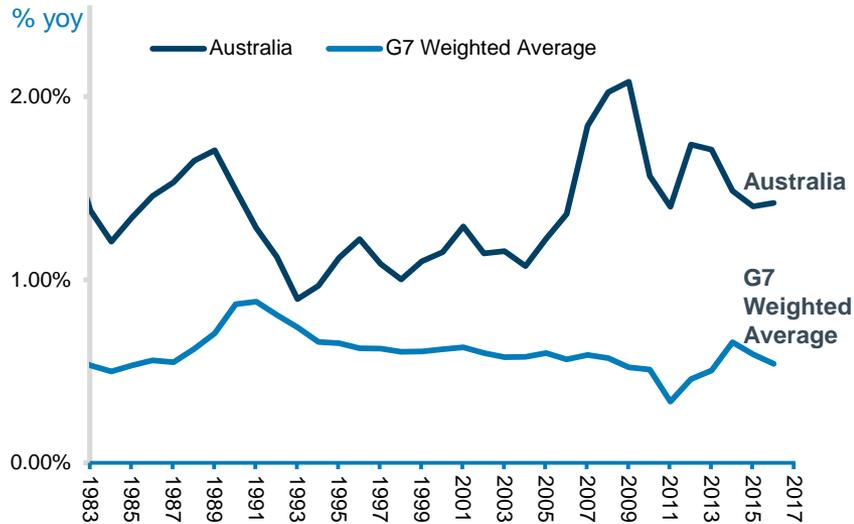


* Underlying cash balance; 2017/18 Budget

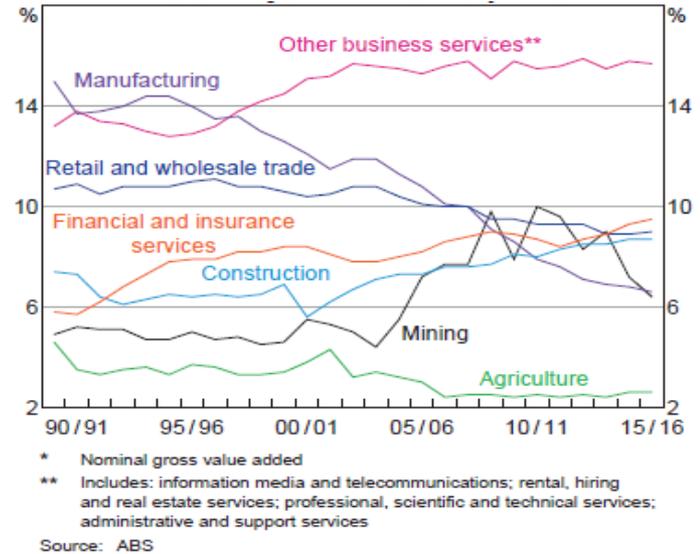
Source: Australian Treasury

AUSTRALIAN ECONOMY AND POPULATION

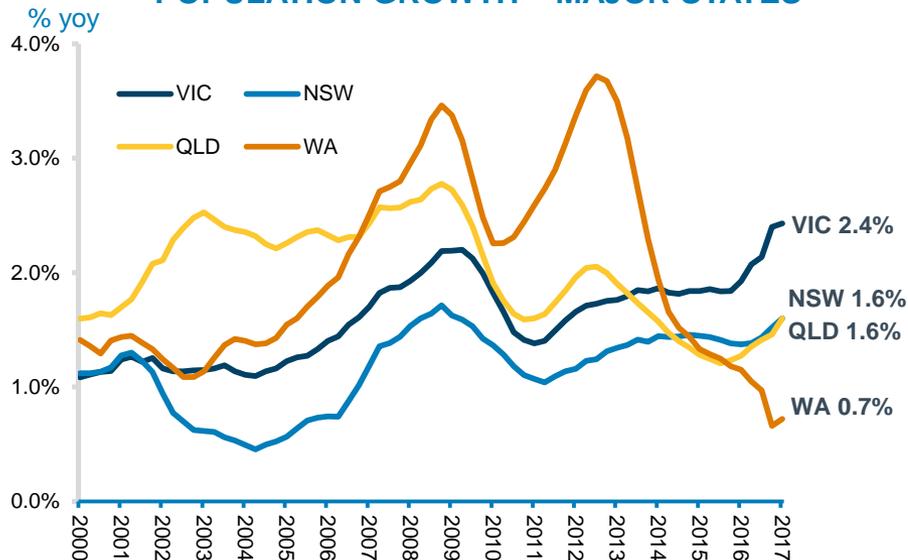
POPULATION GROWTH¹ – AUSTRALIA AND G7



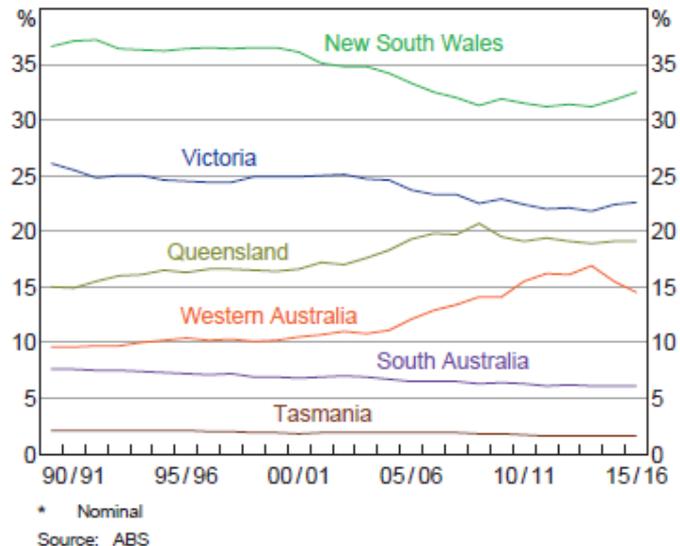
INDUSTRY SHARE OF OUTPUT²



POPULATION GROWTH – MAJOR STATES³

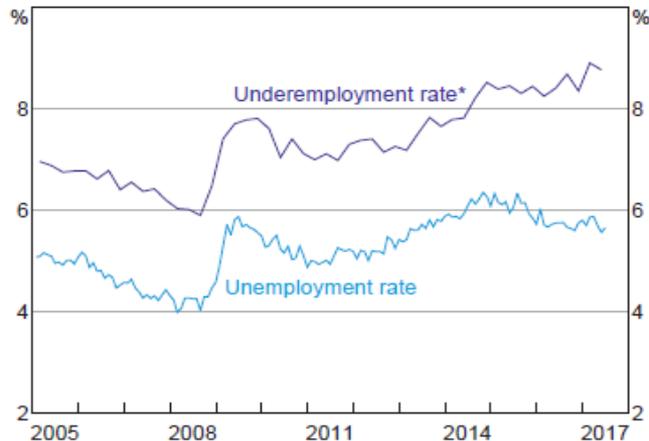


STATE SHARE OF OUTPUT^{*2}



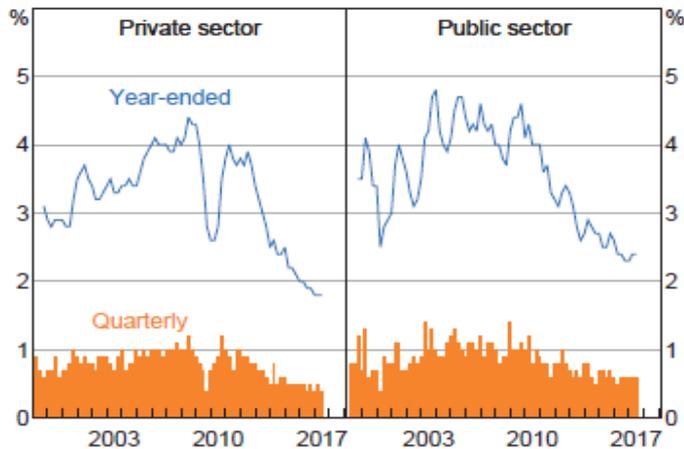
AUSTRALIAN LABOUR MARKET

UNEMPLOYMENT AND UNDEREMPLOYMENT¹



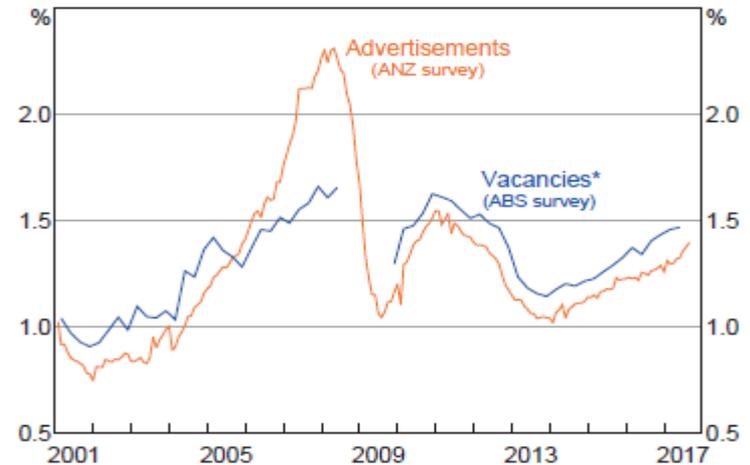
* Full-time workers on reduced hours for economic reasons and part-time workers who would like, and are available, to work more hours
Source: ABS

WAGE PRICE INDEX GROWTH²



Source: ABS

JOB VACANCIES AND ADVERTISEMENTS



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

LABOUR COSTS AND INFLATION³



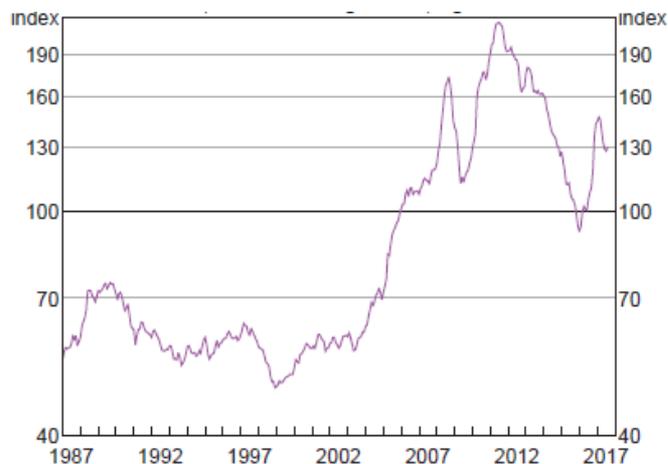
— Domestic market services inflation (lhs)* — Non-farm unit labour costs, forward 1 year, (rhs)

* Excludes deposit & loan facilities to June quarter 2011, housing services

COMMODITY PRICES¹

RBA INDEX OF COMMODITY PRICES

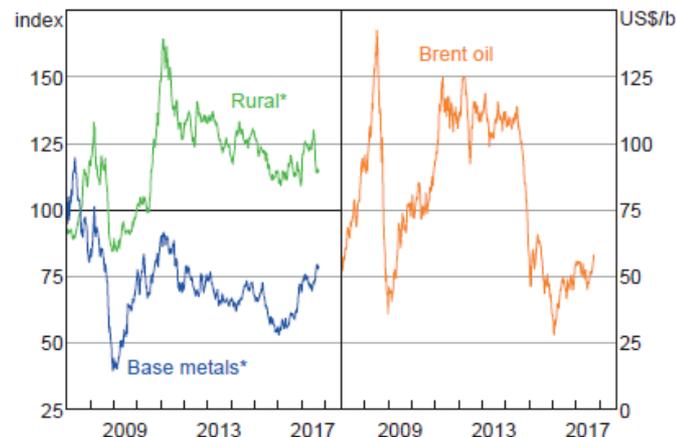
SDR, 2015/16 Average = 100, log scale



Source: RBA

BASE METALS, RURAL, AND OIL PRICES

Weekly

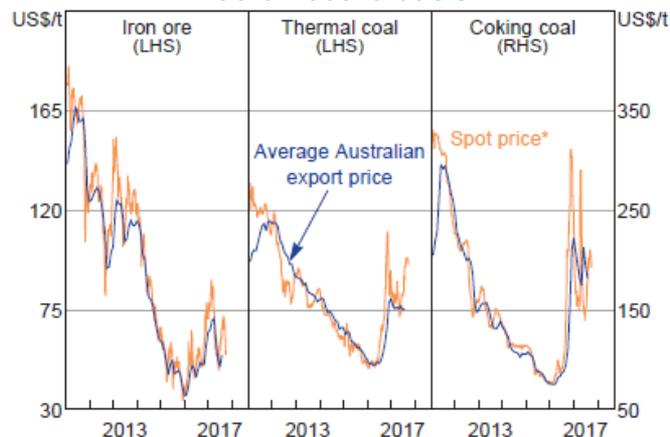


* RBA Index of Commodity Prices sub-indices; SDR terms; 2007 average = 100

Sources: Bloomberg; RBA

BULK COMMODITY PRICES

Free on board basis

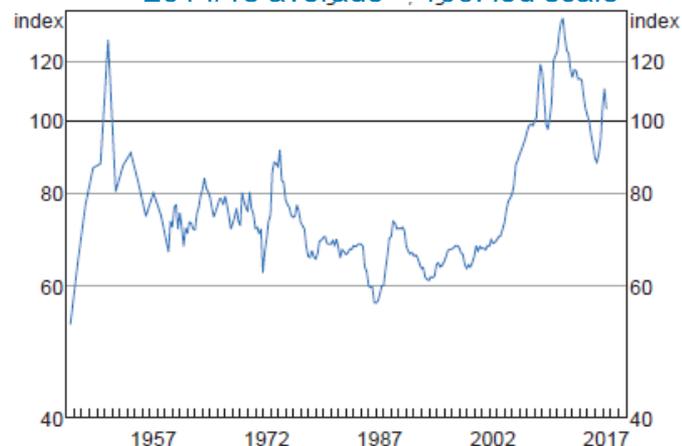


* Iron ore fines; Newcastle thermal coal and premium hard coking coal

Sources: ABS; Bloomberg; IHS; RBA

TERMS OF TRADE*

2014/15 average = 100. log scale

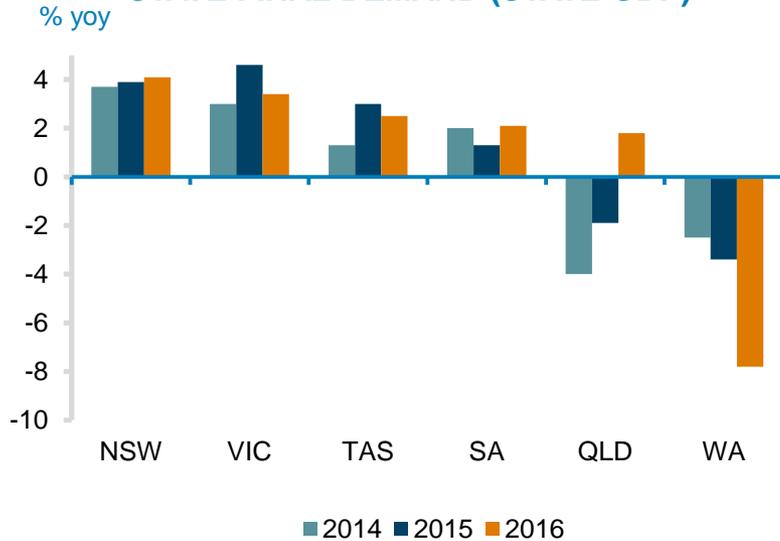


* Annual data are used prior to 1960

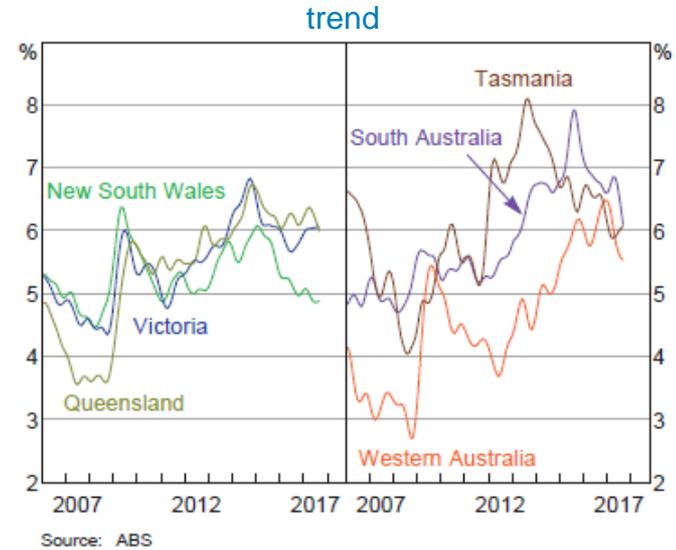
Sources: ABS; RBA

AUSTRALIAN ECONOMY – STATE BY STATE

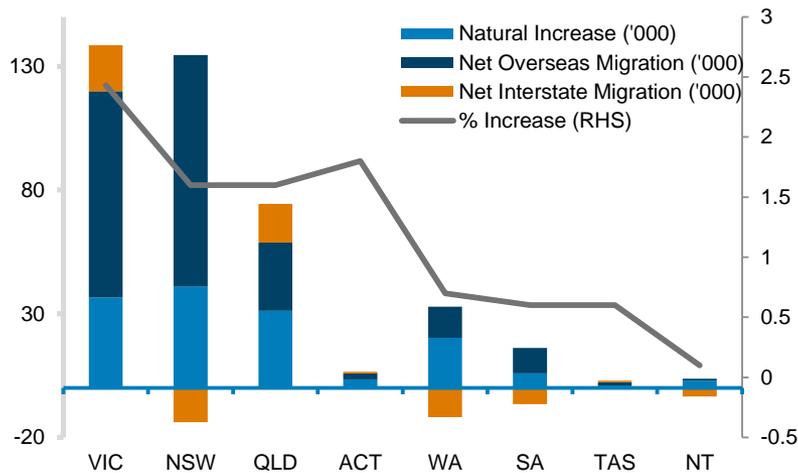
STATE FINAL DEMAND (STATE GDP)¹



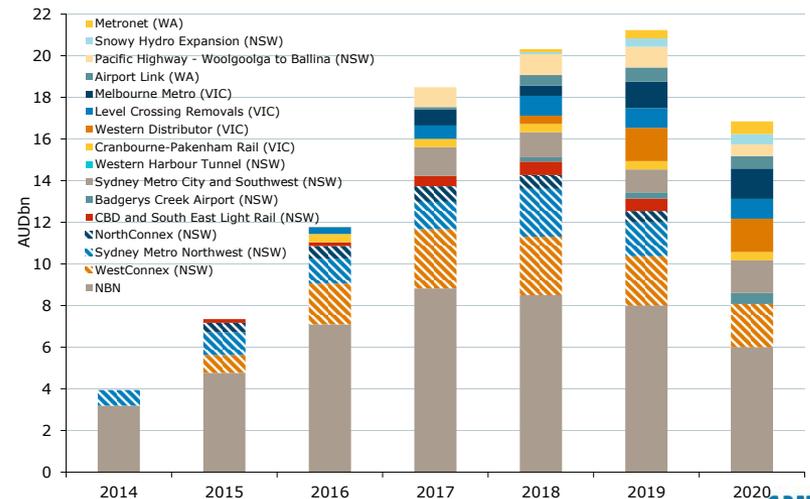
STATE UNEMPLOYMENT²



POPULATION GROWTH¹

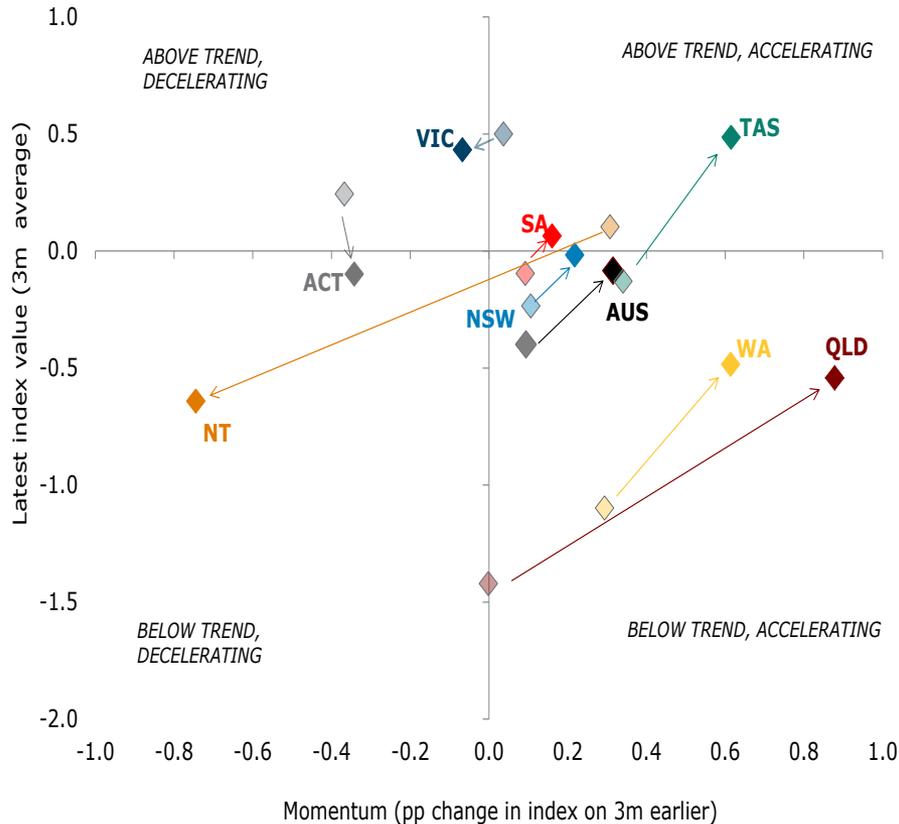


MAJOR INFRASTRUCTURE PROJECTS³



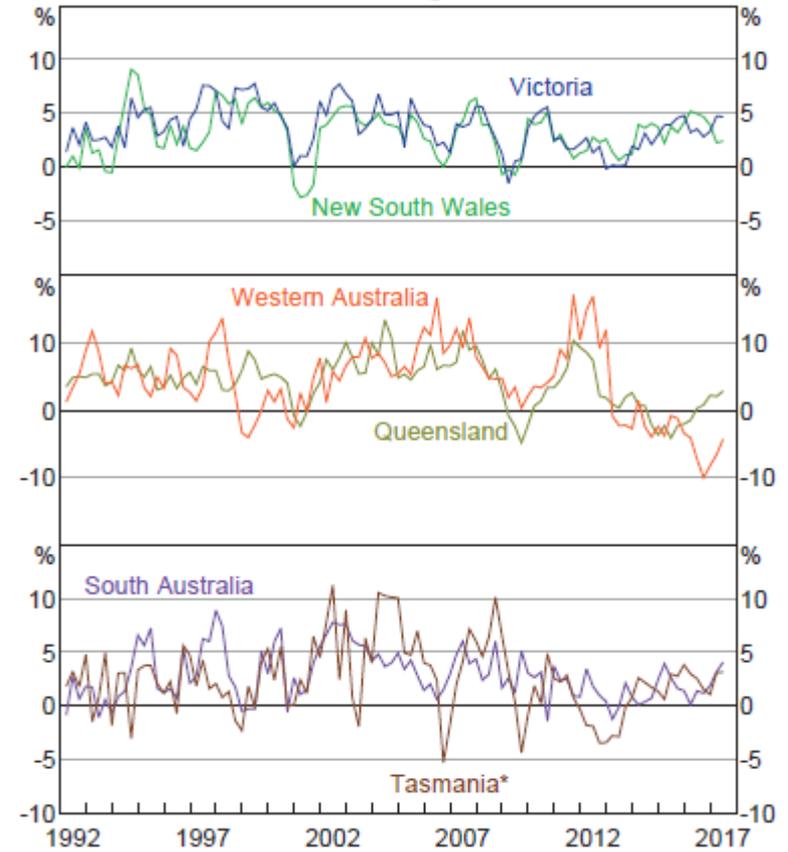
AUSTRALIAN ECONOMY – STATE BY STATE

ANZ STATEOMETER¹



STATE FINAL DEMAND²

Year-ended growth

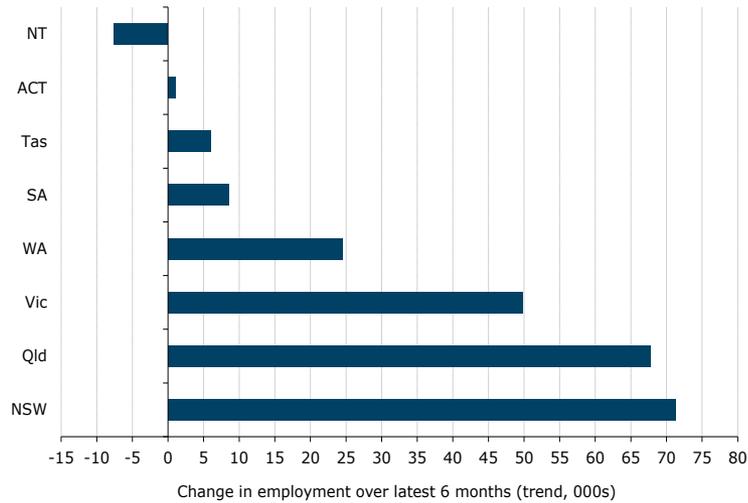


* Adjusted for the purchase and sale of ferries in 2002

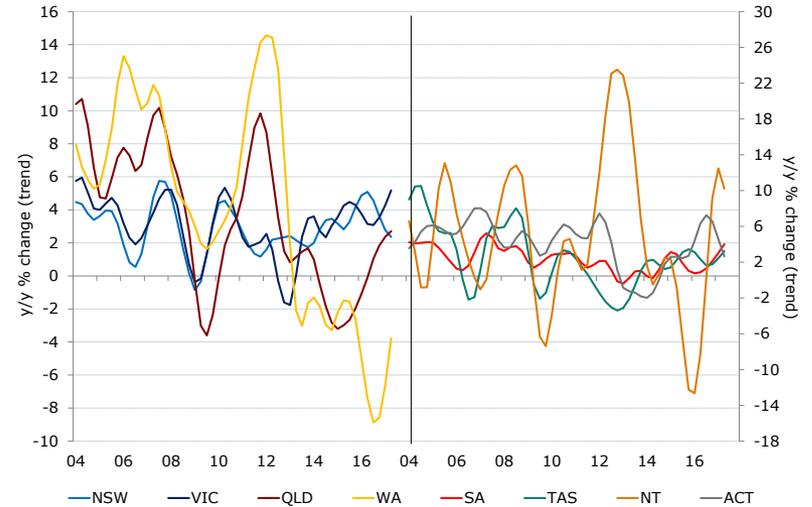
Source: ABS

AUSTRALIAN ECONOMY – WA AND QLD

STRONG 6 MONTH JOB GROWTH IN WA AND QLD



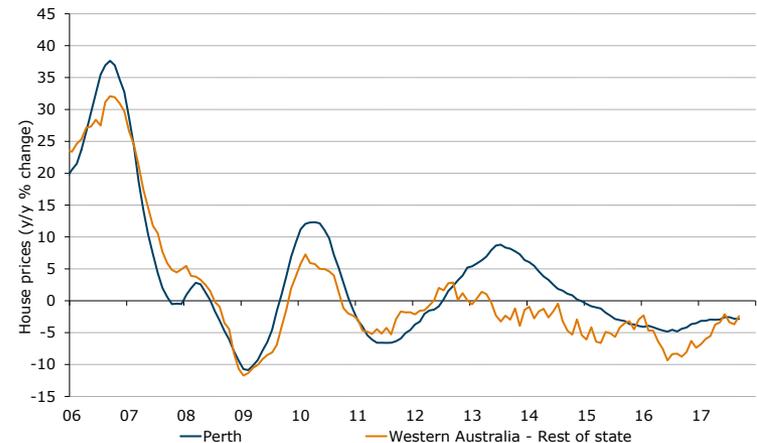
WA AND QLD GDP HAS IMPROVED



WA EMPLOYMENT



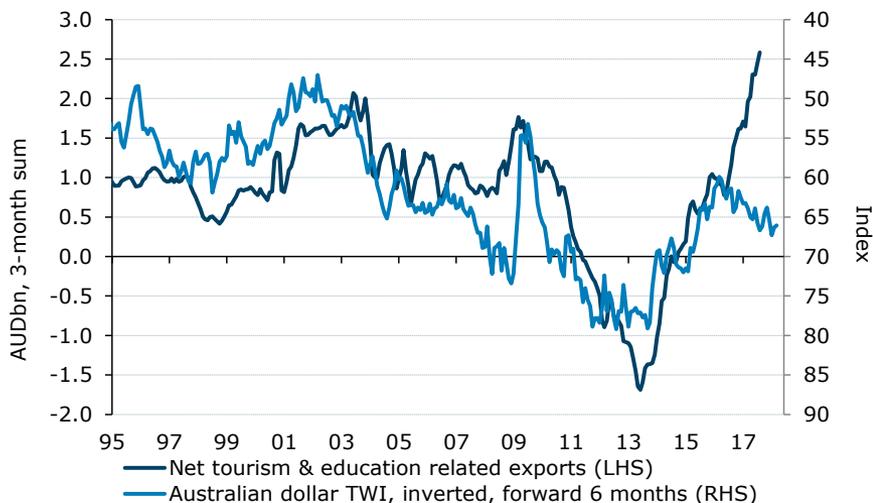
WA HOUSE PRICES



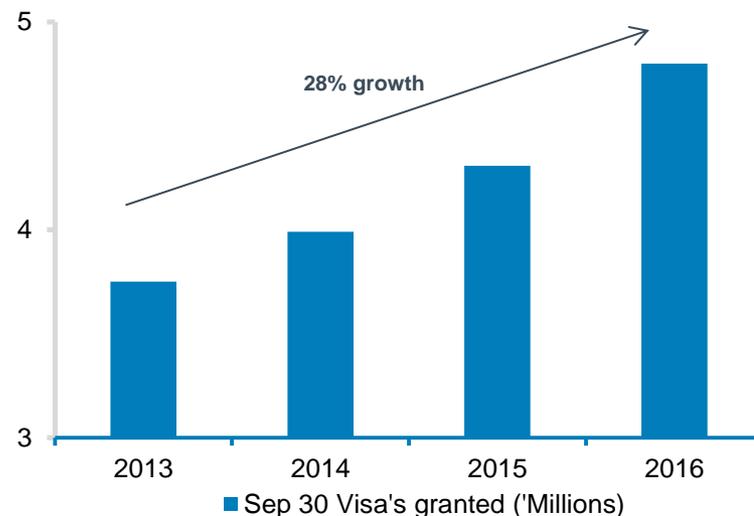
* Seasonally adjusted by ANZ Research

AUSTRALIAN ECONOMY – SERVICE EXPORTS

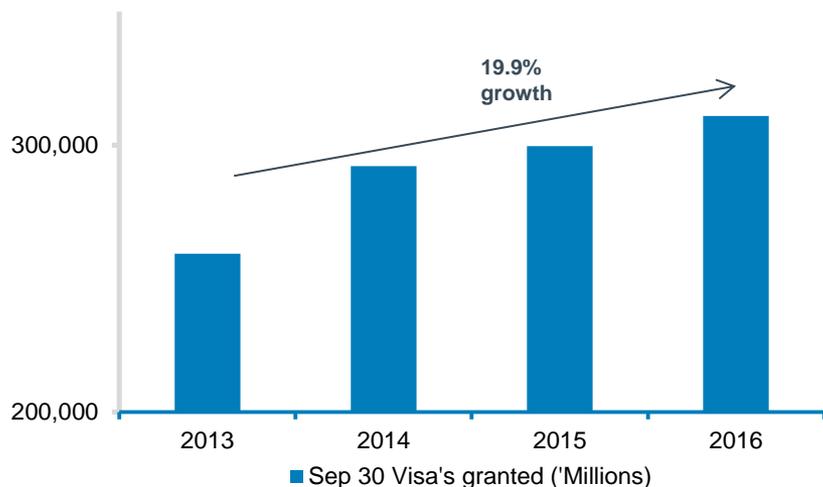
SERVICE EXPORTS AND AUD¹



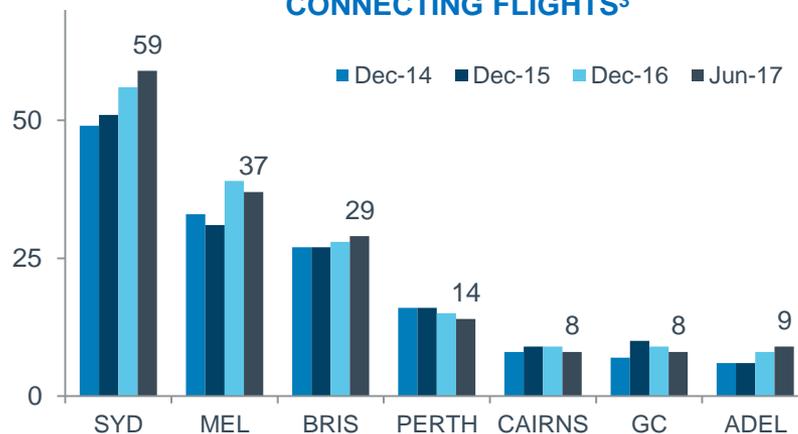
INTERNATIONAL TOURIST VISA'S GRANTED²



INTERNATIONAL STUDENT VISAS²

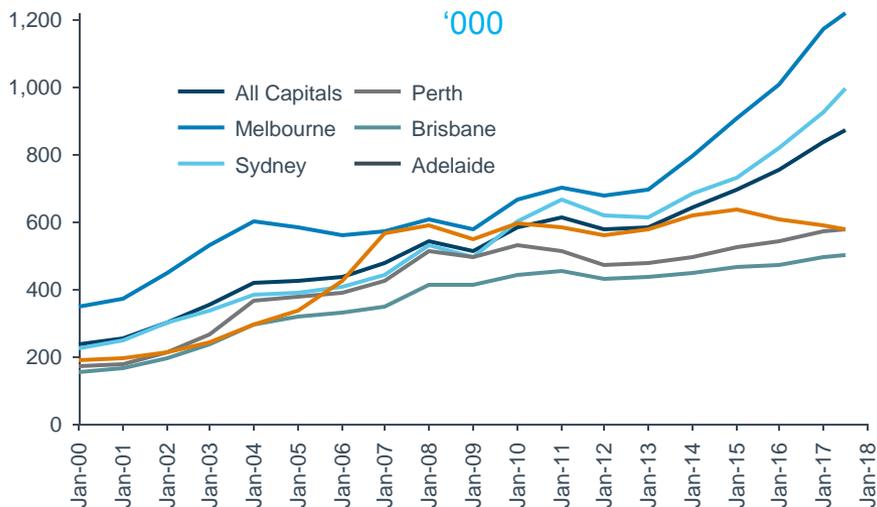


NUMBER OF INTERNATIONAL CITIES WITH CONNECTING FLIGHTS³



AUSTRALIAN HOUSING DYNAMICS

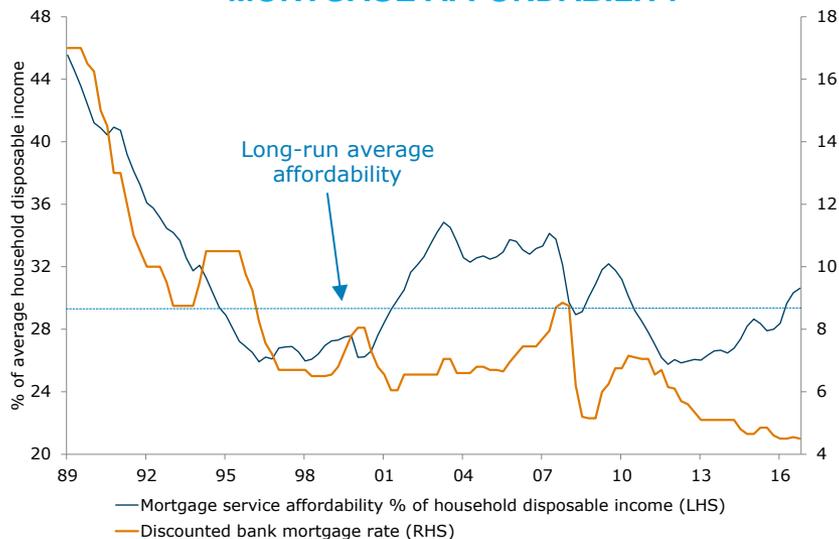
MEDIAN HOUSE PRICES¹



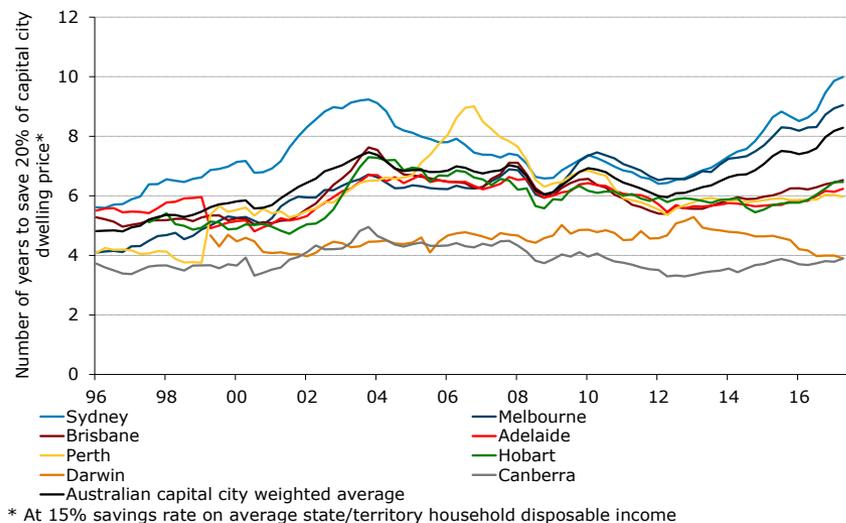
HOUSE PRICE GROWTH²

City	Sep 2017		
	All dwellings yoy %	Houses yoy %	Units yoy %
Sydney	10.5	10.9	9.5
Melbourne	12.0	13.0	9.2
Brisbane	2.9	4.0	-2.9
Adelaide	5.0	5.5	1.3
Perth	-2.9	-2.9	-2.8
Darwin	-4.7	-1.4	-10.6
Canberra	7.7	9.3	3.2
Hobart	14.3	15.0	10.6

MORTGAGE AFFORDABILITY³



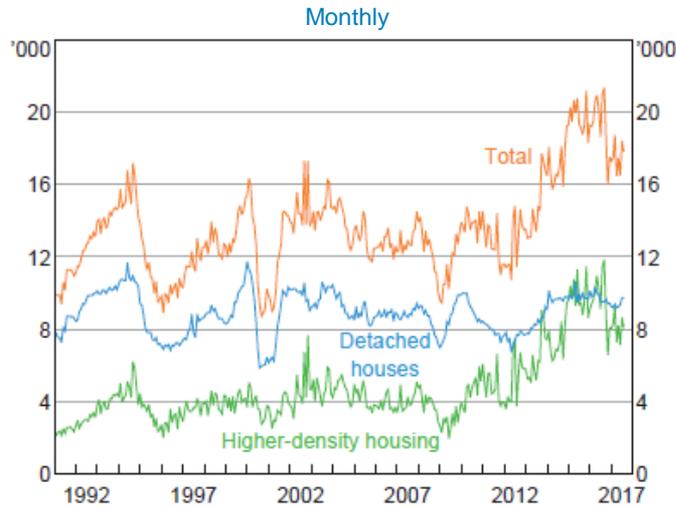
DEPOSIT AFFORDABILITY³



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

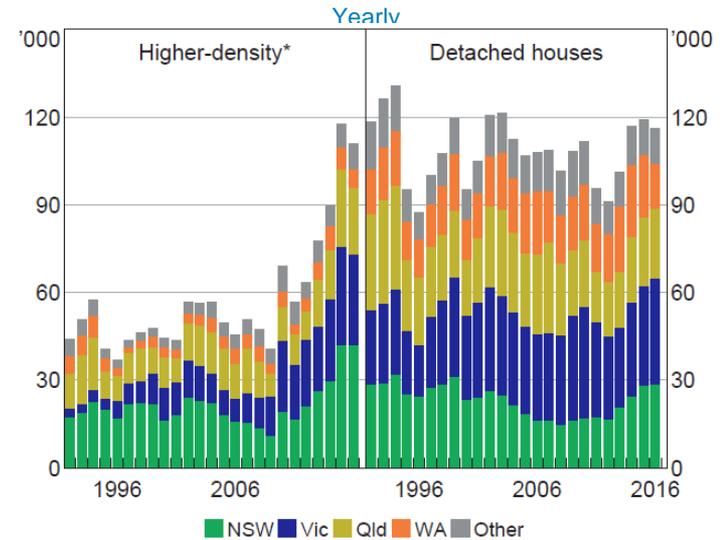
AUSTRALIAN HOUSING DYNAMICS

PRIVATE RESIDENTIAL BUILDING APPROVALS¹

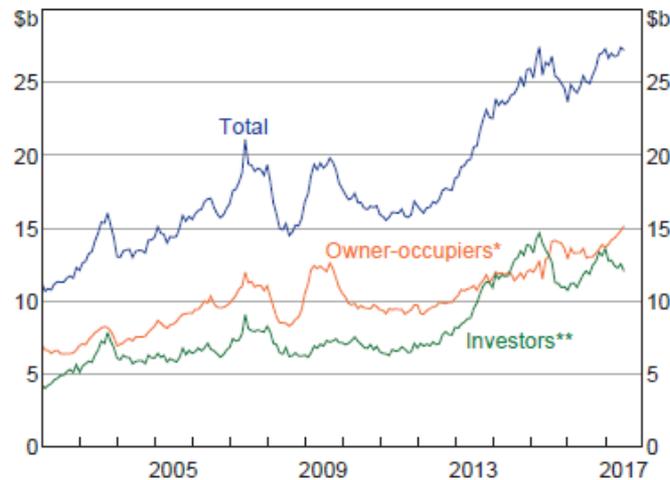


Source: ABS

DWELLING APPROVALS BY STATE²



HOUSING LOAN APPROVALS¹

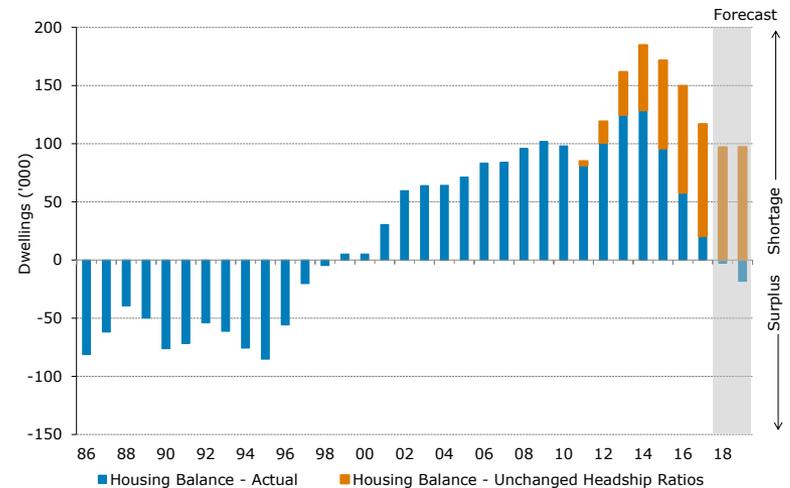


* Excludes refinancing

** Includes refinancing

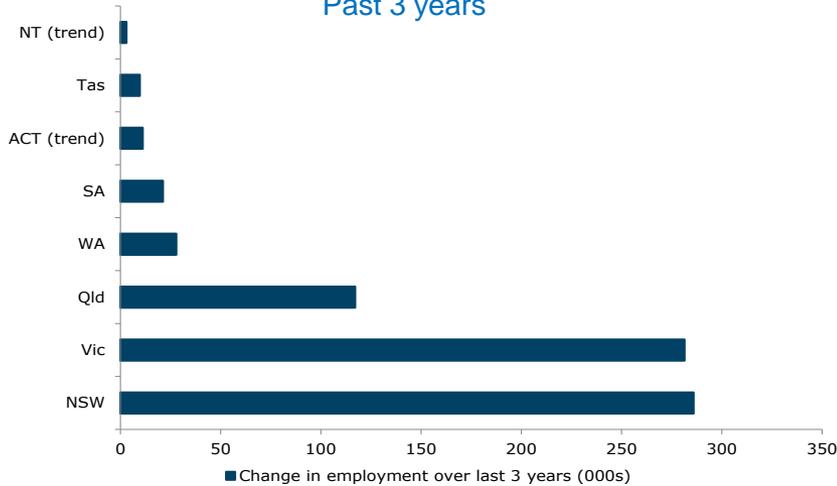
Sources: ABS; RBA

SUPPLY/DEMAND ANZ CHART

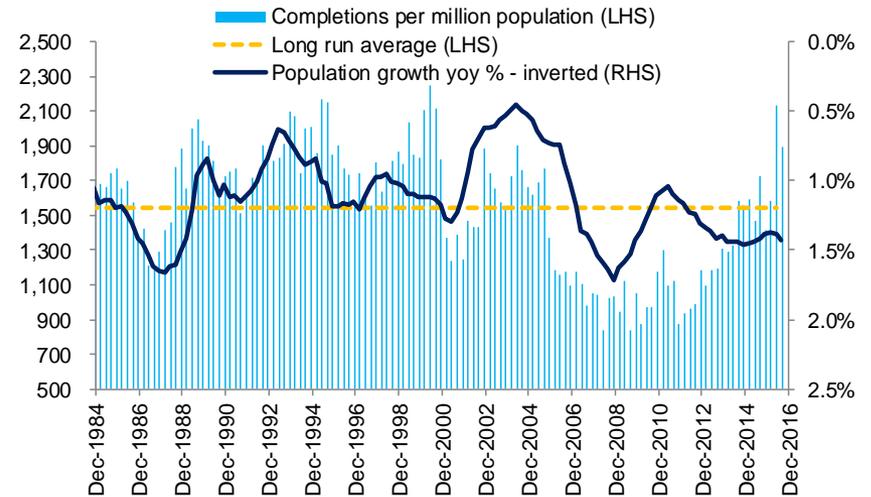


DYNAMICS SUPPORTING NSW & VIC HOUSING

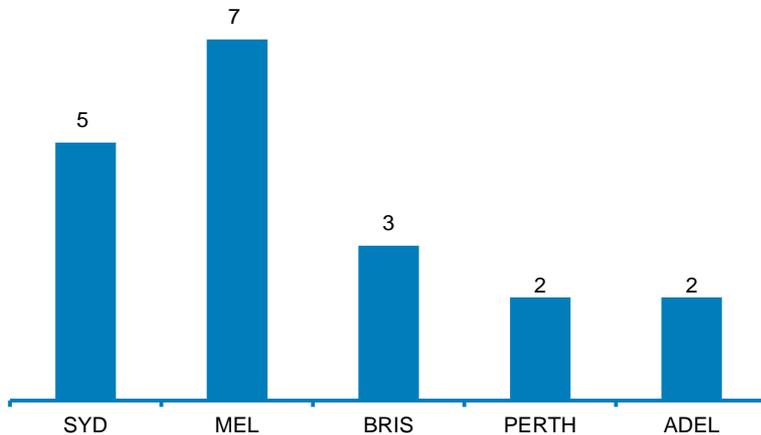
CHANGE IN EMPLOYMENT BY STATE²
Past 3 years



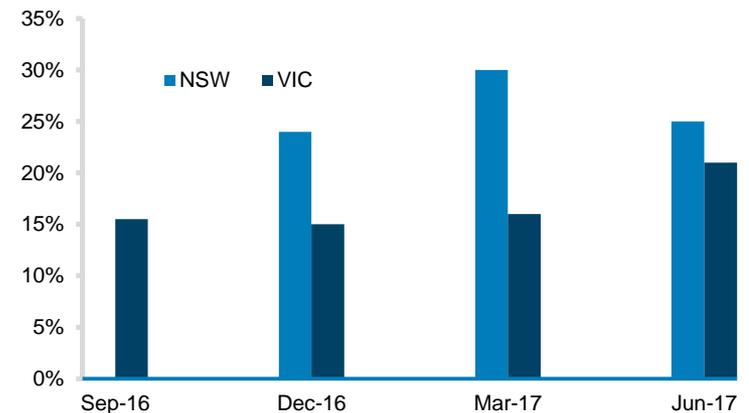
NSW – Dwelling completions per million population²
quarterly



UNIVERSITIES IN THE 2017 SHANGHAI 500 RANKING



FOREIGN PURCHASES OF NEWLY CONSTRUCTED RESIDENTIAL APARTMENTS

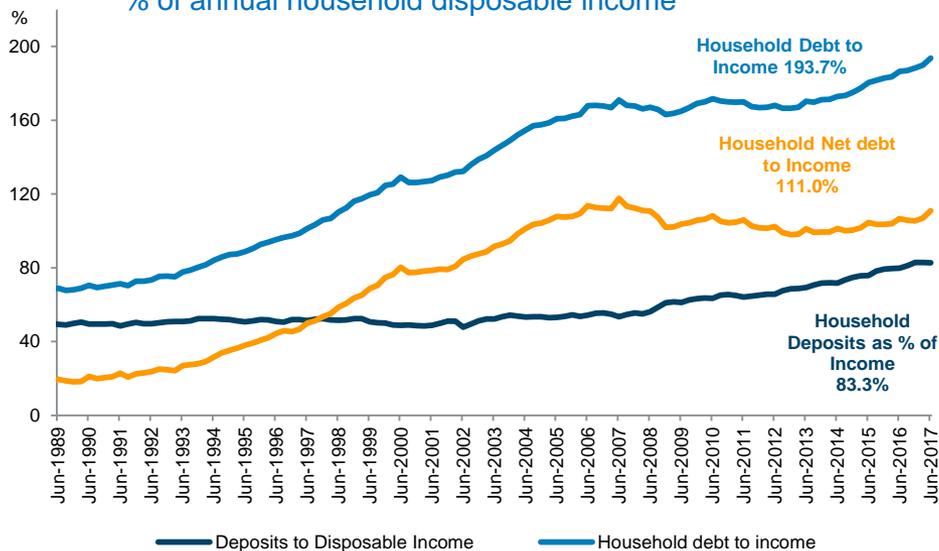


Sources: 1. Shanghai 500 University Rating. 2. ABS. 3. Credit Suisse Research, based on state revenue stamp duty data.

AUSTRALIAN HOUSING HOUSEHOLD DEBT AND INCOME

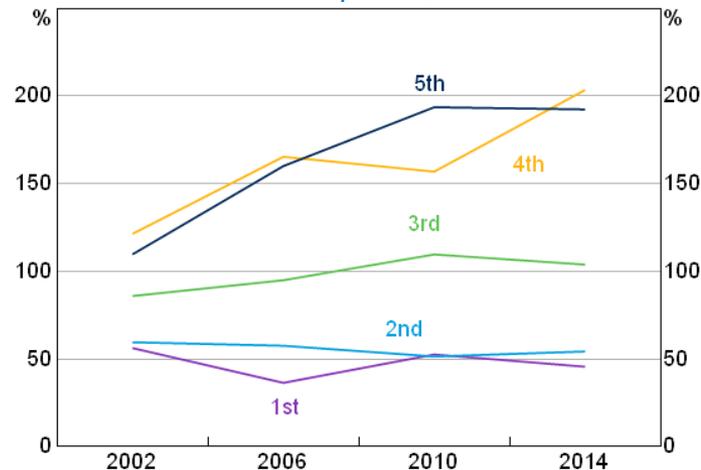
Household Debt and Deposits¹

% of annual household disposable income



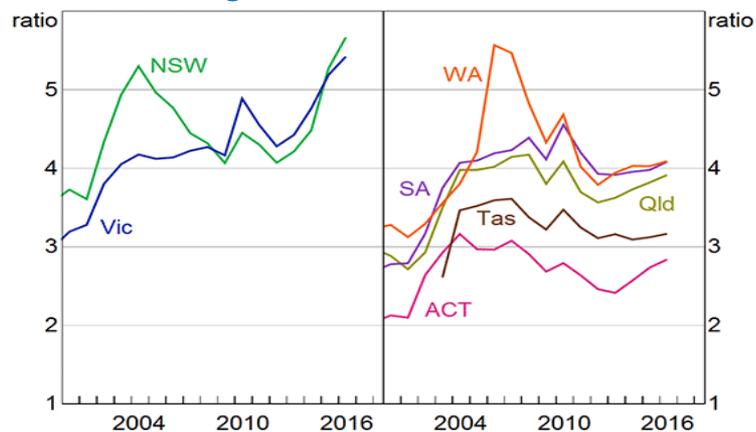
Household Debt-to-income²

Income quintile, median*



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

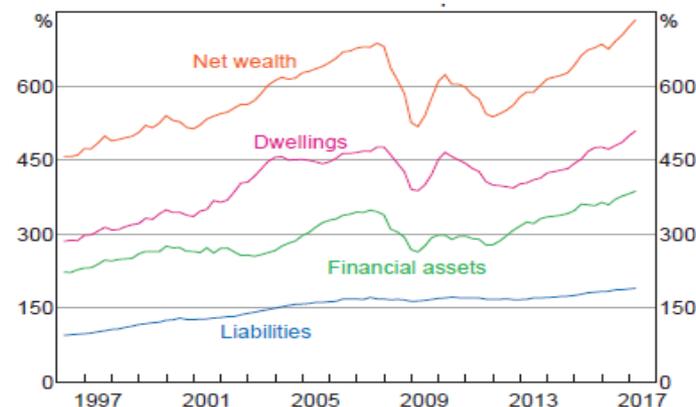
Housing Price-to-income Ratio^{*2}



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

Household Wealth and Liabilities³

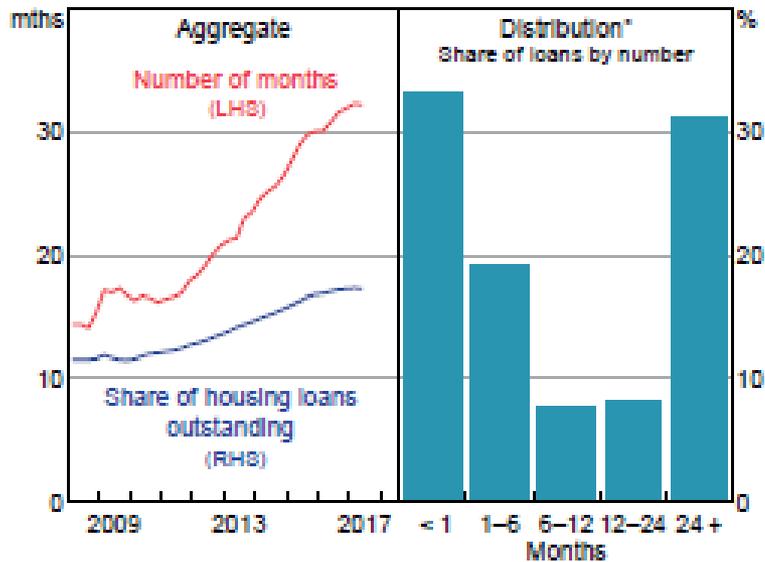
% of annual household disposable income



* Disposable income is after tax and before the deduction of interest payments
Sources: ABS; RBA

MORTGAGE BUFFERS: OFFSET BALANCES

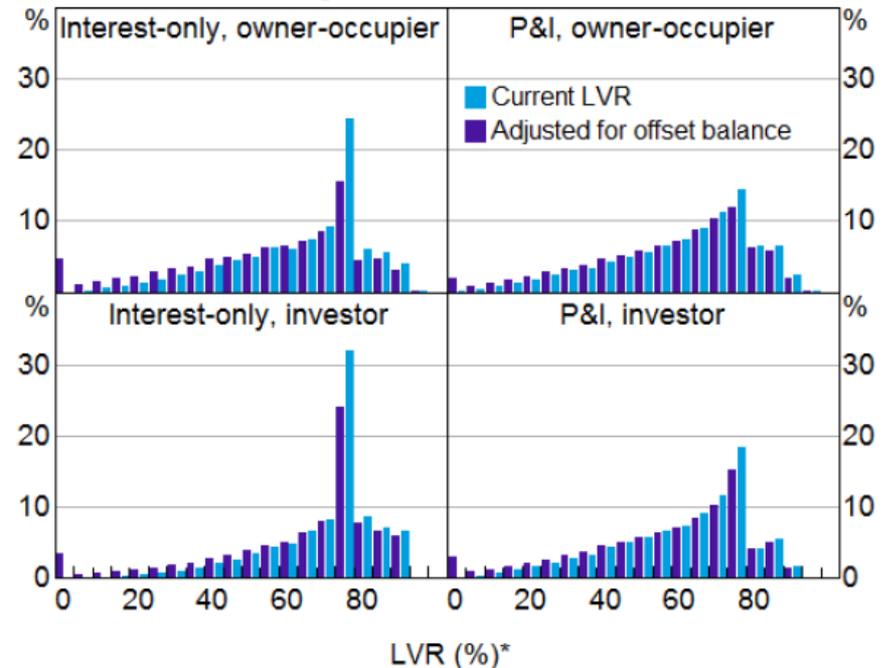
HOUSEHOLD MORTGAGE BUFFERS¹ Offset Balances



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

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

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



* Each bar represents a 5 ppt range with the largest bars corresponding to an LVR of 75-80%

Sources: RBA; Securitisation System

FURTHER INFORMATION

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This presentation may contain forward-looking statements including statements regarding our intent, belief or current expectations with respect to ANZ's business and operations, market conditions, results of operations and financial condition, capital adequacy, specific provisions and risk management practices. When used in this presentation, the words "estimate", "project", "intend", "anticipate", "believe", "expect", "should" and similar expressions, as they relate to ANZ and its management, are intended to identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Such statements constitute "forward-looking statements" for the purposes of the United States Private Securities Litigation Reform Act of 1995. ANZ does not undertake any obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events.

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