



2016 HALF YEAR RESULTS

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
3 MAY 2016

RESULTS PRESENTATION
AND INVESTOR DISCUSSION PACK

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2016 HALF YEAR RESULTS

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
3 MAY 2016

SHAYNE ELLIOTT
CHIEF EXECUTIVE OFFICER

Headline Financial Performance

	1H16 growth	
	vs 1H15	vs 2H15
Statutory Profit	-22 %	-31 %
Cash Profit	-24 %	-21 %
Operating Income	1 %	0 %
Operating Expenses	19 %	15 %
Profit Before Provisions	-14 %	-13 %
Provisions	80 %	32 %
Cash EPS (cents)	-28 %	-24 %

	1H15	1H16
Cash ROE (%)	14.7	9.7
Dividend per share (cents)	86	80
CET1 (%)	8.7	9.8
CET1 Internationally Comparable Basel 3¹	12.1	14.0

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.

Business overview - Five key messages

1. Strong performance from Retail and Commercial businesses in Australia & NZ
2. Difficult trading conditions in Institutional markets globally, but decisive action taken to restructure our business
3. Tough decisions made across the Group to re-position for growth and return:
 - Big 4 “Specified Items”
 - Cost and FTE reductions
4. Setting the business for a subdued and challenging operating environment:
 - Amend risk appetite
 - Strengthen capital generation
 - Remove complexity
5. A well thought out plan to build a better bank for long term value creation:
 - Rebalancing the capital portfolio
 - Driving productivity
 - Building Digital capability

Australia & NZ Retail and Commercial

Strong overall performance

HIGHLIGHTS & DRIVERS ¹	1H16 vs 1H15	
	Australia	New Zealand (NZD)
Ongoing customer acquisition	+102,000	+53,000
Improved share - Home Loans - Business Lending (NLAs)	Moved to #3 share +12% Small Bus.	Uplift in #1 share +7% Commercial
Margins managed	+1bp	-15bp
Good revenue momentum	+10%	+3%
Improved productivity: CTI	34.8% (-210bp)	37.5% (-240bp)
Provisions absorbed	+\$123m (+38%)	+\$26m (+126%)
Strong Profit growth	+11%	+5%

1. Adjusted to remove 'Specified items': the impacts of software capitalisation policy changes, restructuring expenses and sale of Esanda Dealer Finance portfolio Further detail provided in the ANZ Half Year 2016 consolidated Financial Report page 14. NZ growth rates based on NZD

Institutional

Decisive action to reposition our business

HIGHLIGHTS & DRIVERS ¹	1H16 vs 2H15
Reduced off-strategy, low return customers	>10% reduction in customer base
Reduced NLAs	-\$17b (-12%)
Reduced RWAs	-\$16b (-8%)
Improved margins	+10bp ²
Short term revenue impact	-3%
Reduced FTE	-4%

1. Adjusted to remove 'Specified items': the impacts of software capitalisation policy changes and restructuring expenses. Further detail provided in the ANZ Half Year 2016 consolidated Financial Report page 14.
2. Institutional NIM less markets

Business execution



ANZ strengths & core competencies

1. Retail banking skewed to affluent base
2. Strong and loyal SME business segment
3. Leading Institutional customer franchises
4. Superior Regional Trade, FX, DCM and Cash Management capabilities
5. Differentiated regional footprint and connectivity

Long term trends

1. Growth and transformation of Asia
2. Shift from trade in goods & commodities to data & services
3. Rise in economic power and influence of SME and the self-employed
4. Ever increasing rise in consumer power and expectations

Operating environment remains challenging

**Low and negative
interest rates**

**Dynamic competitive
landscape**

**Stubborn cost
pressures**

Turning credit cycle

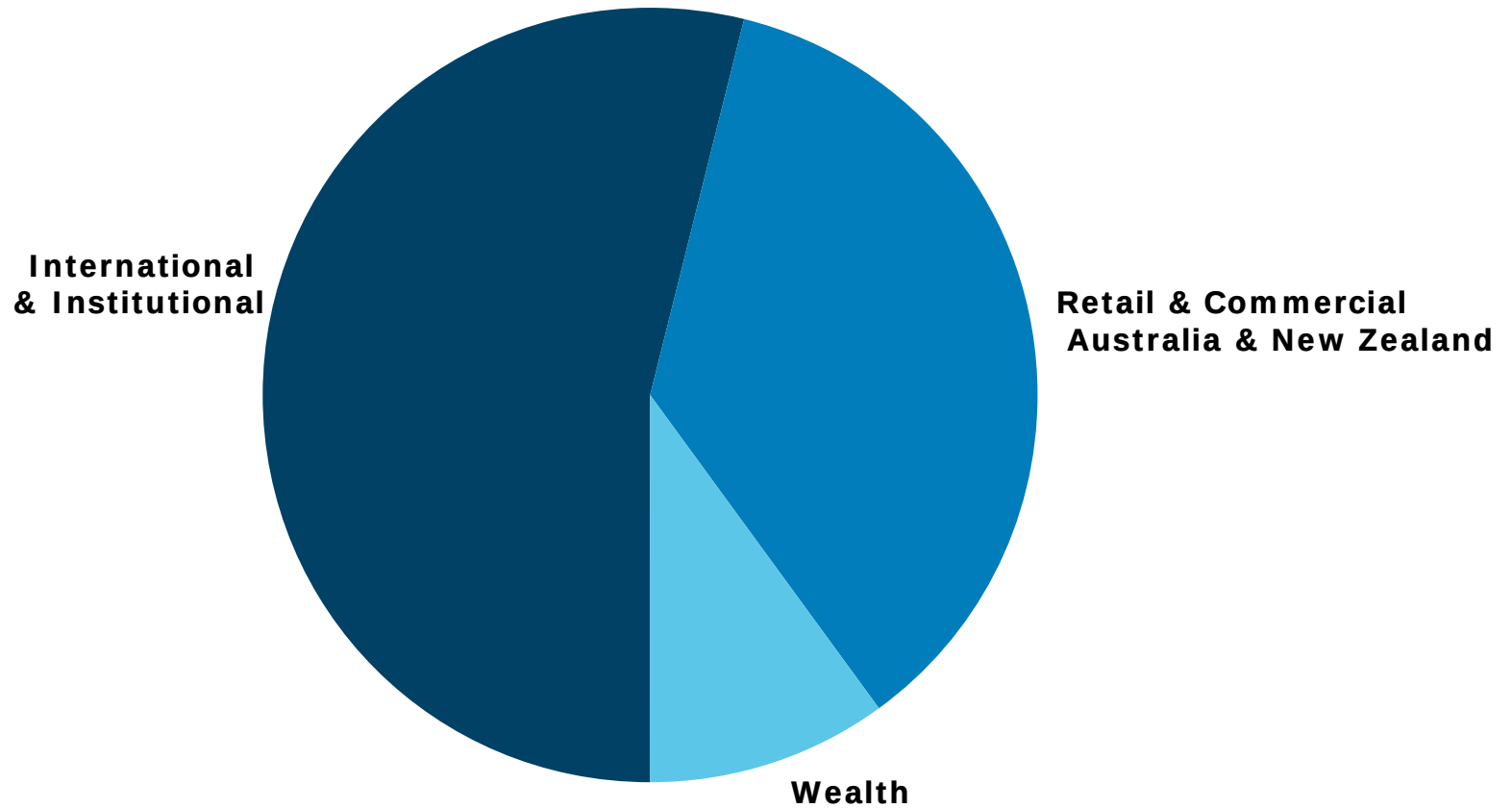
Increased regulation

**Higher capital and
liquidity thresholds**

 Cyclical  Structural

Re-balancing our portfolio

COMPOSITION OF TOTAL ANZ CAPITAL*



** chart is Illustrative only as at Sep 15*

Four Priorities

Building a better bank

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

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

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

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

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

STRATEGIC FOCUS

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

PROGRESS

- o Reduced absolute operating costs, FTE and RWA
- o Completed sale of Esanda & Wealth Oasis platform
- o Merged Asia Wealth with Asia Retail and commenced a strategic review
- o \$138m restructuring charge taken to drive further simplification
- o Repositioned minority investments in Asia as Group assets, and took a \$231m valuation adjustment
- o Reduced 1H16 dividend providing foundation for a conservative, sustainable and fully franked payout ratio of 60-65% of cash profit

Dividend

- o We recognise that stability of payout ratio and ability to fully frank dividends are critical considerations for our shareholders
- o Significant rebalancing of our business is underway to drive fundamental value improvement
- o The adjustment to DPOR provides a more conservative and sustainable base in Fully Frankable DPS

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

STRATEGIC FOCUS

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

PROGRESS

- o New organisation structure and executive committee aligned with focus areas
- o Merged Wealth distribution activities with core Retail to align priority segments
- o Simplified and re-focused Institutional
- o Established new Digital Banking Division to support growth in priority areas
- o Moved to #3 Market share in Australian Home Loans

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

STRATEGIC FOCUS

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

PROGRESS

- o Signed up to ABA conduct review
- o Launched review of recruitment and remuneration
- o Invested in MIT Digital Leadership Program
- o Uncompromising approach to enforcing ANZ's Code of Conduct

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

STRATEGIC FOCUS

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

PROGRESS

- o Maile Carnegie, ex Google Australia CEO, appointed to lead Digital Division
- o Prepared for transfer of assets, projects, people and P&L to new Digital Division
- o New software capitalisation treatment recognises the nature and speed of digital change and supports innovation
- o Implementation of multi-channel digital platform for Australian Retail banking to support improved customer experience
- o First Australian bank to launch Apple Pay, augmenting existing Android Pay plans

1H16 Financial Performance Drivers



Four Priorities

Building a better bank

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

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

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

Executive focus

Managing the Transition well

1) BUSINESS EARNINGS

Cash Profit (adjusted pro forma) ¹	
	1H16 vs 2H15
Operating income	2%
Operating expenses	-1%
Profit Before Provisions	5%
Provisions	43%
Profit before tax	0%
Cash Profit (adj. pro forma)	0%

2) CAPITAL GENERATION

Common equity tier 1 generation		
(bps)	1H avg 1H12 - 1H15	1H16
Cash Profit ¹	102	87
RWA growth	(27)	1
Capital Deductions ²	(18)	(12)
Net capital generation	57	76
Gross dividend	(70)	(69)
Dividend Reinvestment Plan	13	7
Core change in CET1	-	14
Other items	7	8
Net change in CET1	7	22

- 1H16 Cash profit is on pro forma basis adjusted for 'Specified items', which include the impacts of software capitalisation policy changes, Asian minority investment impairment charge (AMMB) and gain on cessation of equity accounting (Bank of Tianjin), restructuring expenses and the sale of Esanda Dealer Finance portfolio. Further detail provided in the ANZ Half Year 2016 consolidated Financial Report page 14
- Represents movement in retained earnings in deconsolidated entities, capitalised software (excluding the capitalised software policy change in 1H16) and other intangibles

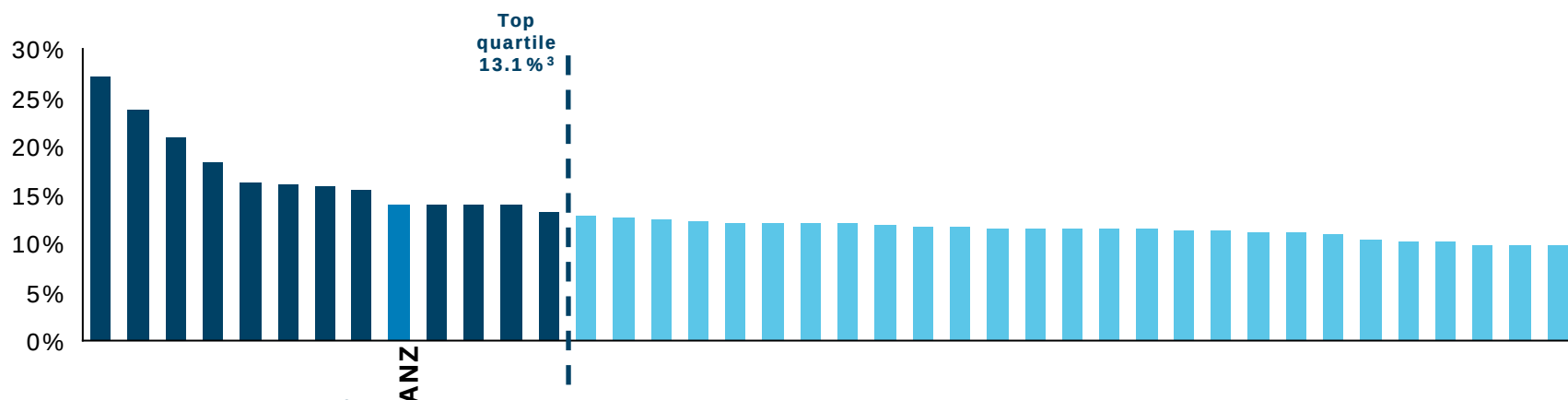
Executive focus

Managing the Transition well

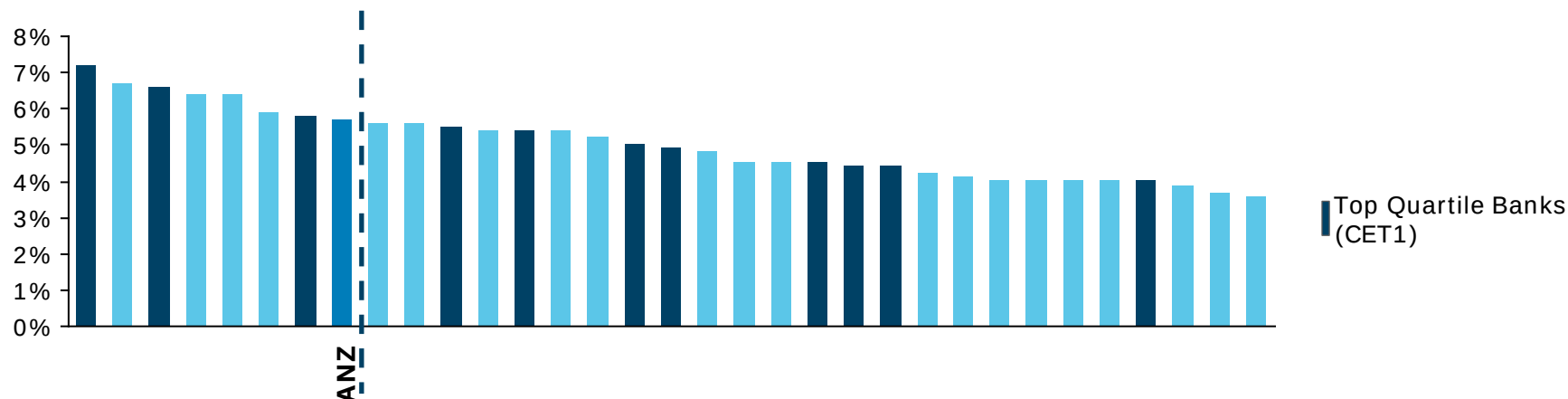
3) BALANCE SHEET STRENGTH

Position vs Internationally comparable banks (ex Aust banks)

CET1 RATIOS¹



LEVERAGE RATIOS²



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

Business Outlook and Future Focus

1. Continued strength and growth in Australia and NZ core franchise
2. Ongoing re-positioning of Institutional focused on Target Market selection
3. Strengthen balance sheet
4. Continued focus on re-balancing our business portfolio:
 - Capital
 - Productivity
 - Simplification
5. Execution on four business priorities:
 - Create a simpler better bank
 - Focus where we can win
 - Drive a purpose and values led transformation
 - Build a superior customer experience for the Digital age

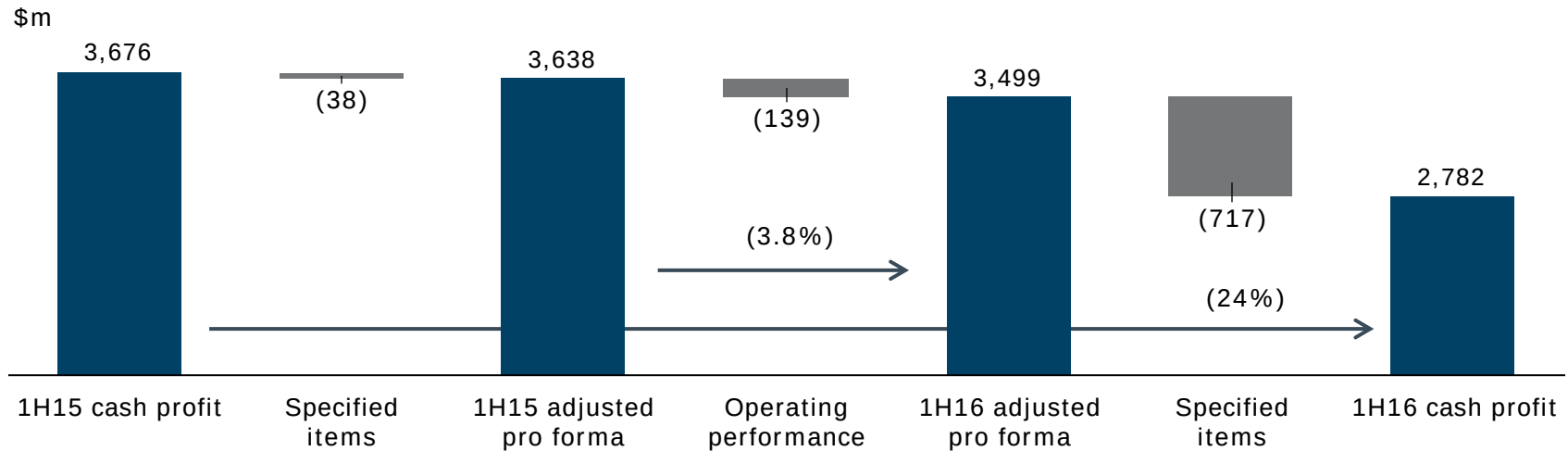


2016 HALF YEAR RESULTS

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BANKING GROUP LIMITED
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GRAHAM HODGES
CHIEF FINANCIAL OFFICER (ACTING)
DEPUTY CHIEF EXECUTIVE OFFICER

Financial performance



- o Cash profit \$2.78b, down 24%, specified items a significant impact on results
- o Cash profit (adjusted pro forma basis) down 4% PCP and flat on HoH

- **Impact of specified items**
- **Operating performance**
- **Key areas of focus**

Specified items 1H16 – All above the line

Total	Capitalised Software
	Costs, including accelerated amortisation, resulting from software capitalisation changes
PROFIT IMPACT 1H16(\$m)	
(717)	(441)

CAPITALISED SOFTWARE POLICY CHANGES

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

RATIONALE

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

IMPACT

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

Specified items 1H16 – All above the line

Total	Capitalised Software	Restructuring expenses
	Costs, including accelerated amortisation, resulting from software capitalisation changes	Expenses incurred in relation to organisational restructures
PROFIT IMPACT 1H16(\$m)		
(717)	(441)	(101)

RESTRUCTURE EXPENSES

- o Reshaping the workforce to reduce complexity and duplication
- o Aligning to the new organisation structure, including our changing emphasis on Institutional and international banking
- o \$138m (pre tax) expenses associated with 1H16 organisational restructure & provision for planned actions in 2H16

BENEFITS

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

Specified items 1H16 – All above the line

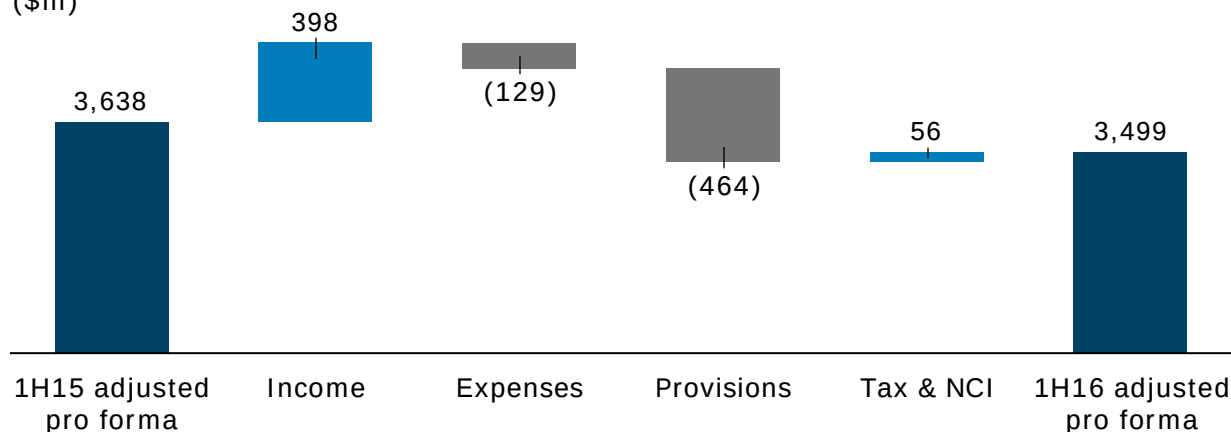
Total	Capitalised Software	Restructuring expenses	Asian Minority Investments	Esanda Dealer Finance sale
	Costs, including accelerated amortisation, resulting from software capitalisation changes	Expenses incurred in relation to organisational restructures	AMMB Impairment charge; Bank of Tianjin gain on cessation of equity accounting	Pro-forma adjustment to remove the operating results of that business and gain on sale
PROFIT IMPACT 1H16(\$m)		(101)	(231)	56
(717)	(441)			
CET1 IMPACTS	Zero	Marginal	Zero	Positive
P&L IMPACTS	Timing of expenses	Timing of Expenses	One time OOI impact	Negative

Further detail on 'Specified items' is provided in the ANZ Half Year 2016 consolidated Financial Report page 14.

Operating performance (excludes specified items)

1H16 vs 1H15 (PCP)

(\$m)



1H16 PCP	change
Income	4.0 %
Expenses	2.8 %
PBP	4.9 %
Provisions	105.2 %
Net Profit	-3.8 %
EPS (basic)	-8.8 %

1H16 vs 2H15 (HoH)

(\$m)

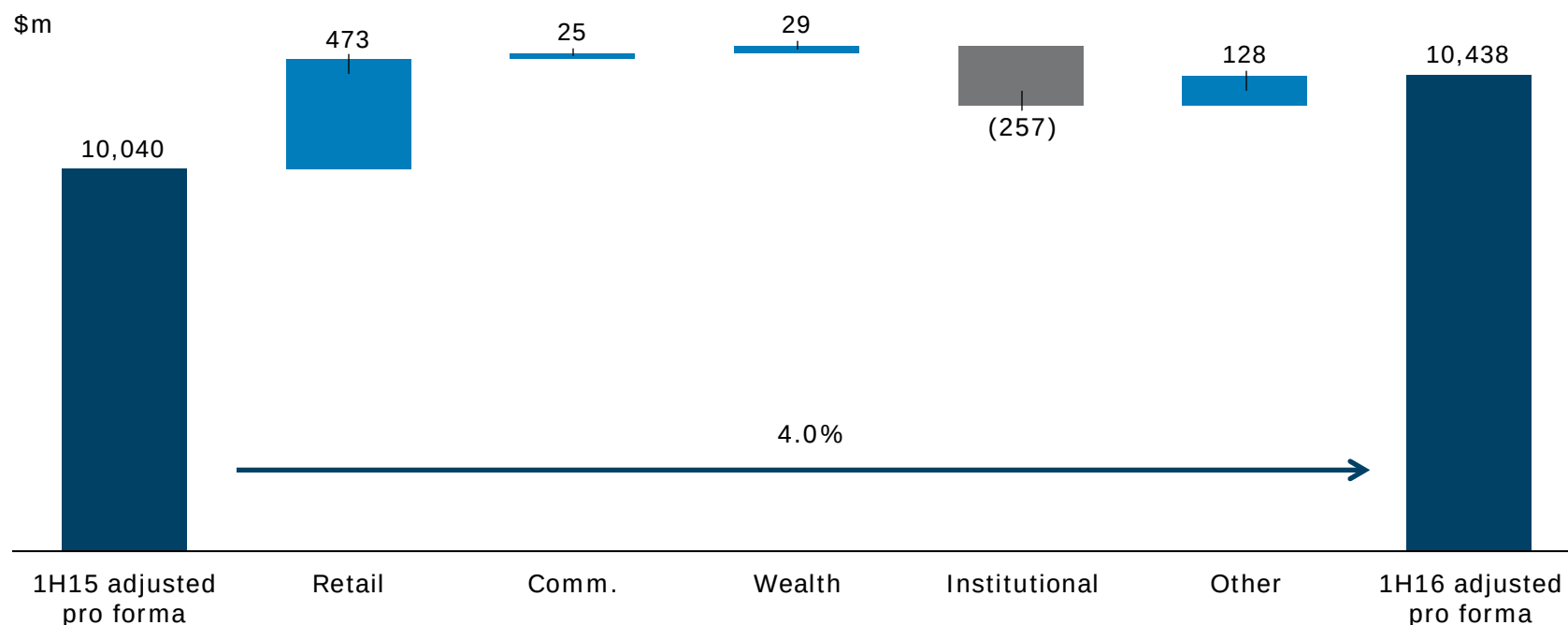


1H16 HoH	change
Income	2.4 %
Expenses	-0.7 %
PBP	5.1 %
Provisions	42.8 %
Net Profit	-0.2 %
EPS (basic)	-4.0 %

'Adjusted Pro forma' refers to cash profit adjusted for 'Specified items': the impacts of software capitalisation policy changes, Asian Minority Investment impairment charge (AMMB) and gain of cessation of equity accounting (Bank of Tianjin), restructuring expenses and sale of Esanda Dealer Finance portfolio. Further detail provided in the ANZ Half Year 2016 consolidated Financial Report page 14. Note: Adjusted pro forma has not been adjusted for FX

Income drivers (excludes specified items)

Retail	chg	Commercial	chg	Wealth	chg	Institutional	chg
Income	12%	Income	1%	Income ¹	4%	Income	(9%)
• Au	15%	• Au	2%	• Insurance ¹	8%	• Transaction Bank'g	(4%)
• NZ (NZD)	5%	• NZ (\$NZD)	(2%)	• Funds Mgt	(3%)	• Loans & SF	1%
• Asia & PNG	8%			• Private	12%	• Markets	(19%)
Loans (NLAs)	8%	Loans (NLAs)	4%	Loans (NLAs)	7%	Loans (NLAs)	(13%)
Deposits	7%	Deposits	6%	Avg FUM	3%	Deposits	(4%)



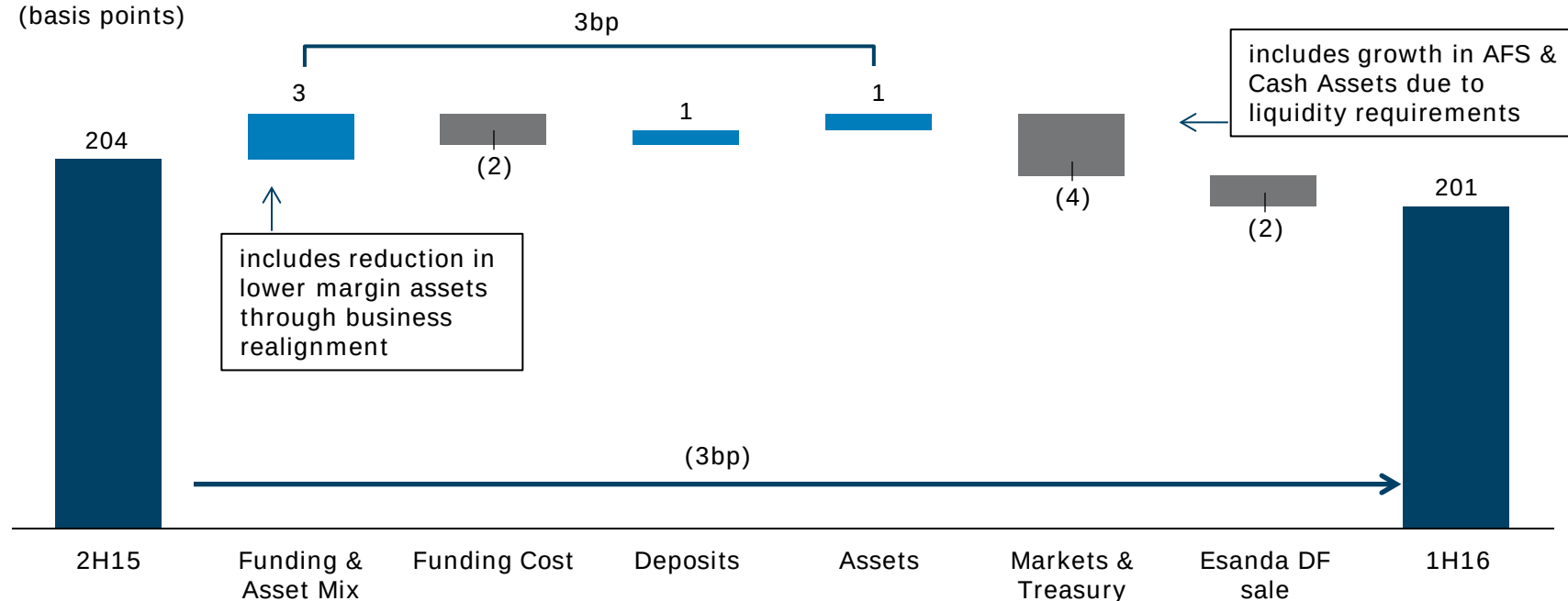
1. Normalised to exclude the sale of the New Zealand medical insurance business in 1H16

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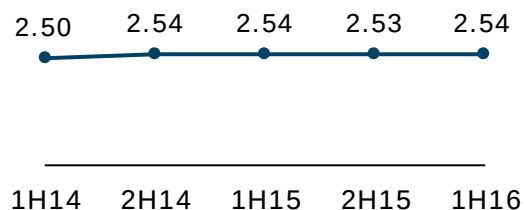
Net Interest Margin

GROUP NET INTEREST MARGIN

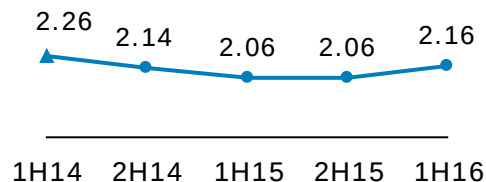
(basis points)



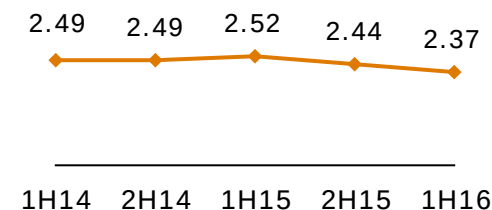
AUSTRALIA NIM (%)



INSTITUTIONAL NIM¹ (%)



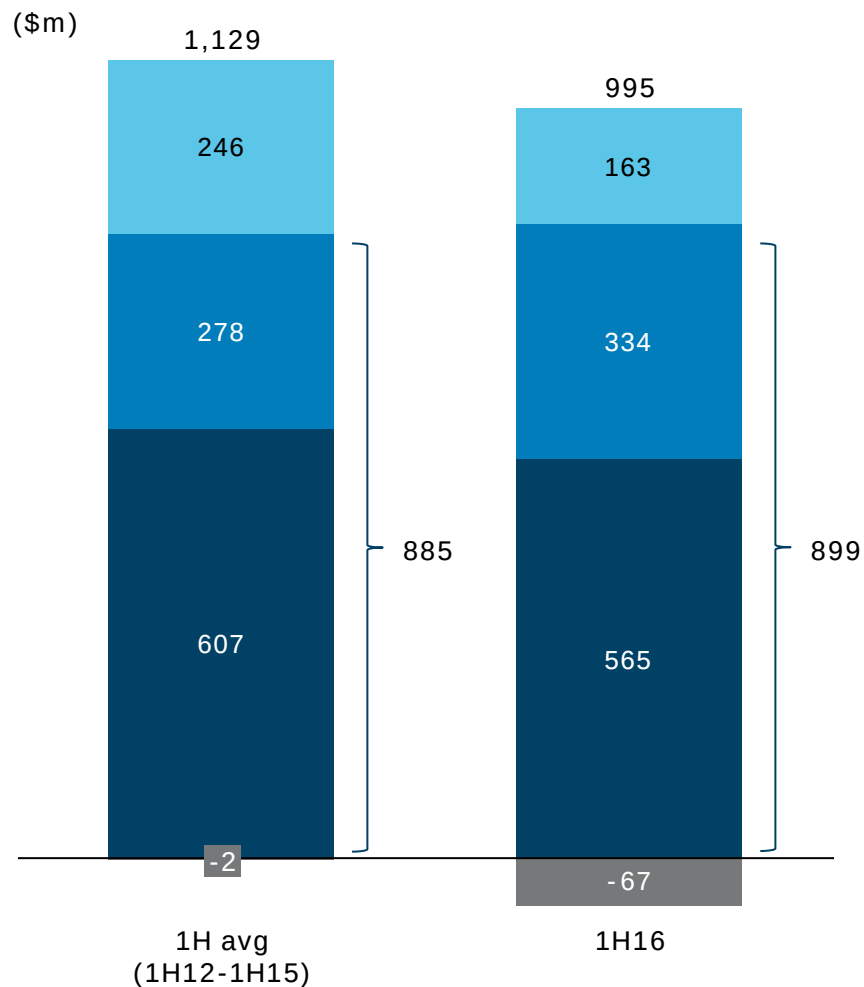
NEW ZEALAND NIM (%)



1. Excluding Markets

Markets performance

MARKETS INCOME

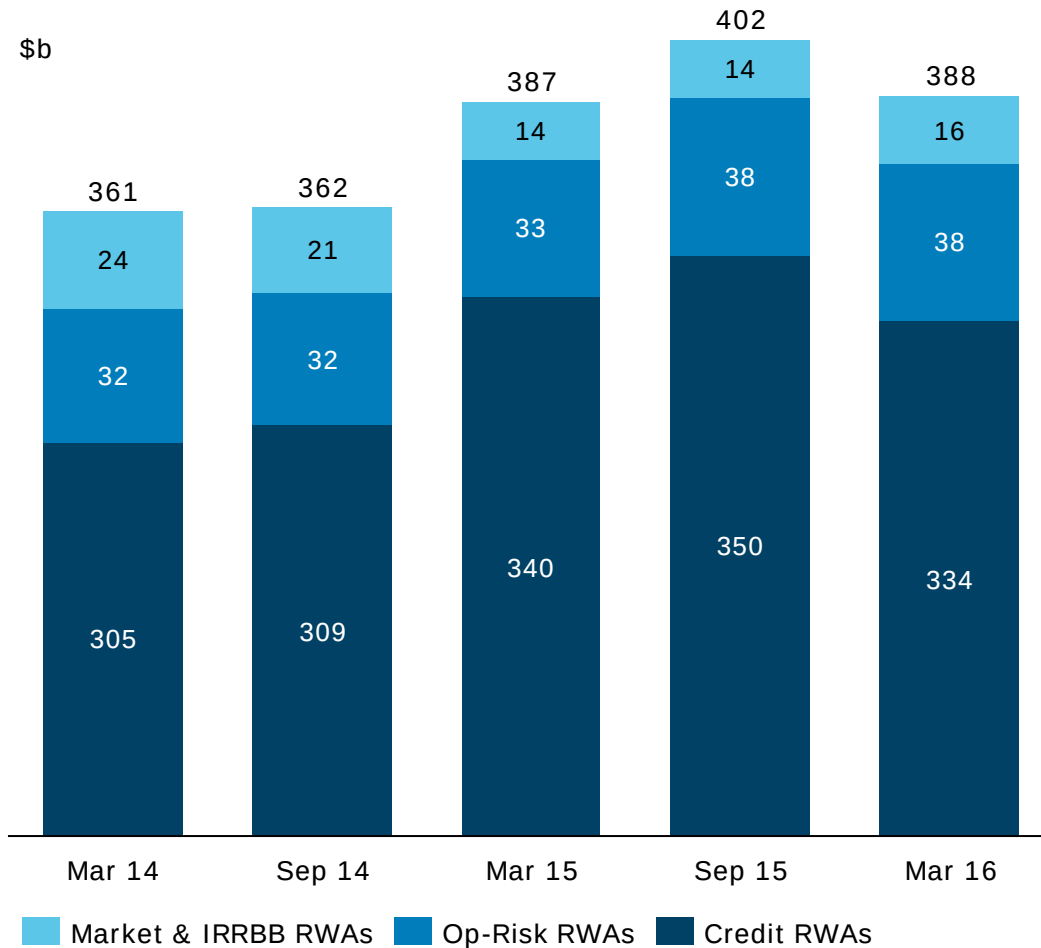


1H16	vs 1H15 (PCP)	vs 1H avg (1H12-1H15)
Total Markets	-19 %	-12 %
Balance Sheet	-41 %	-34 %
Sales & Trading	-10 %	2 %

Val'n adj.
 Trading
 Sales
 Balance Sheet

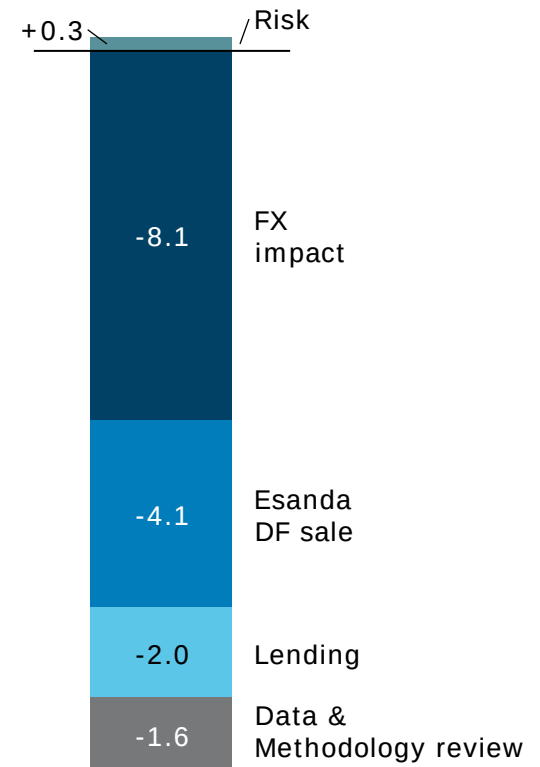
Risk Weighted Asset reduction

TOTAL RISK WEIGHTED ASSETS



CREDIT RWA MOVEMENT

\$15.5b reduction
1H16 vs 2H15

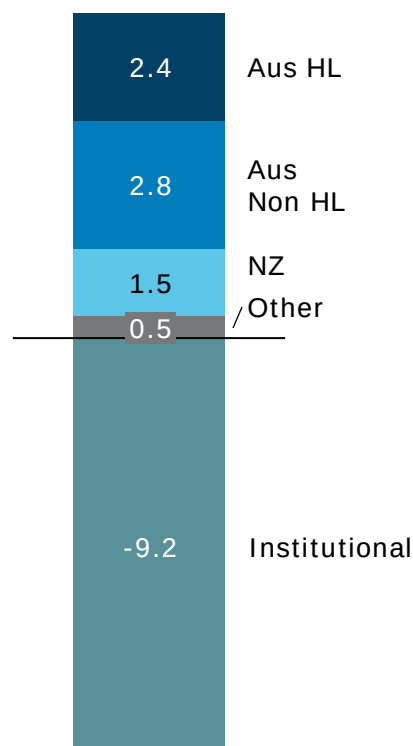


Re-weighting the portfolio

LENDING CRWA MOVEMENT

\$2.0b reduction

1H16 vs 2H15



INSTITUTIONAL NLA MOVEMENT

1H16 vs 2H15

	Australia & New Zealand	International	Total
	1H16 vs 2H15	1H16 vs 2H15	1H16 vs 2H15
Trade	-\$0.9b	-\$8.2b	-\$9.2b
Loans	\$0.8b	-\$6.8b	-\$6.0b
Other²	-\$1.5b	\$0.1b	-\$1.4b

Industry sectors with largest NLA reduction:

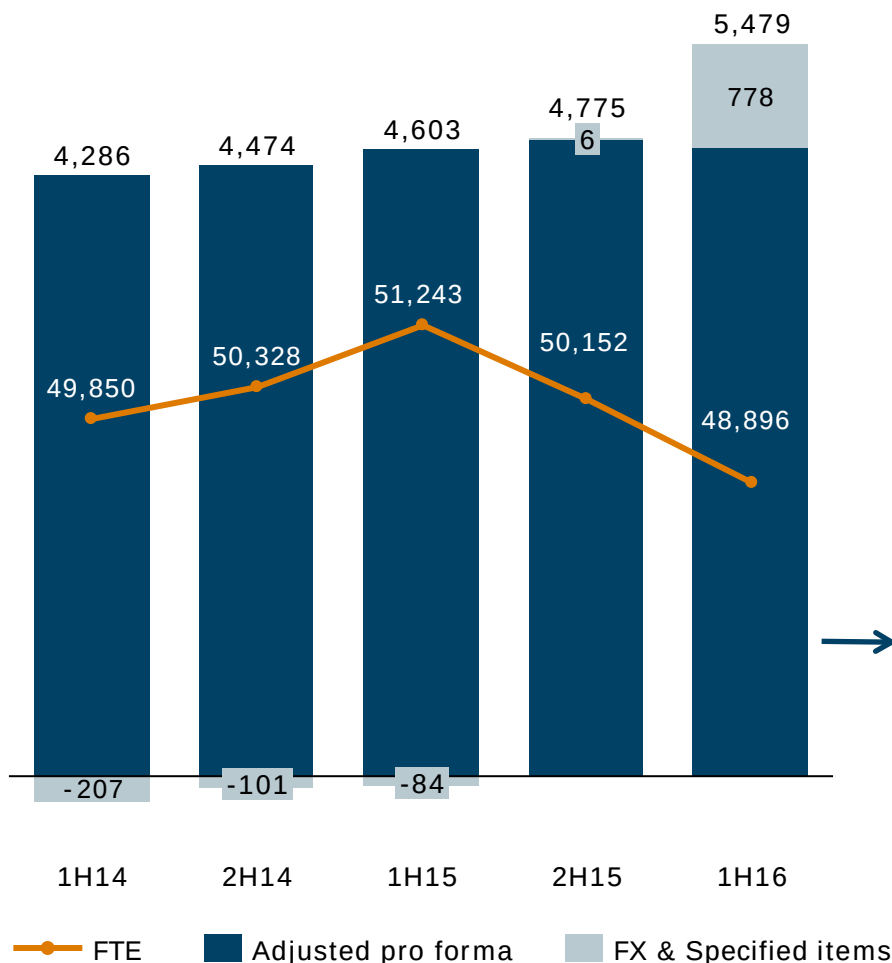
- o Resources
- o Manufacturing
- o Wholesale Trade
- o Finance, Investment & Insurance (low returning trade loans)

1. Lending CRWA, excludes fx, risk movement and regulatory requirements

2. Mostly Markets

Expense focus

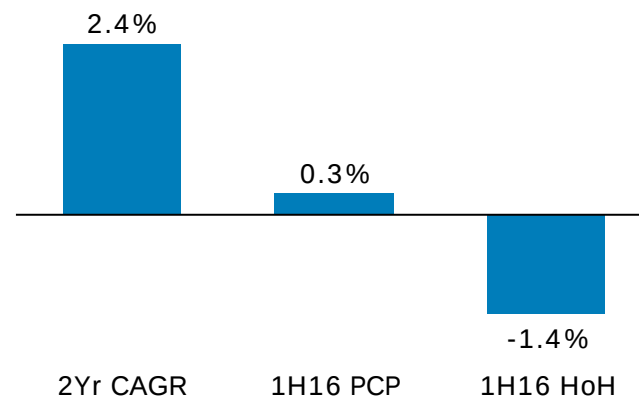
EXPENSES & FTE



ACTIONS

- o Strong underlying cost management
- o FTE down 2.5% in 1H16, 4.6% PCP
- o Simplifying our organisational structure and reducing duplication
- o Productivity benefits from operations automation & process improvements

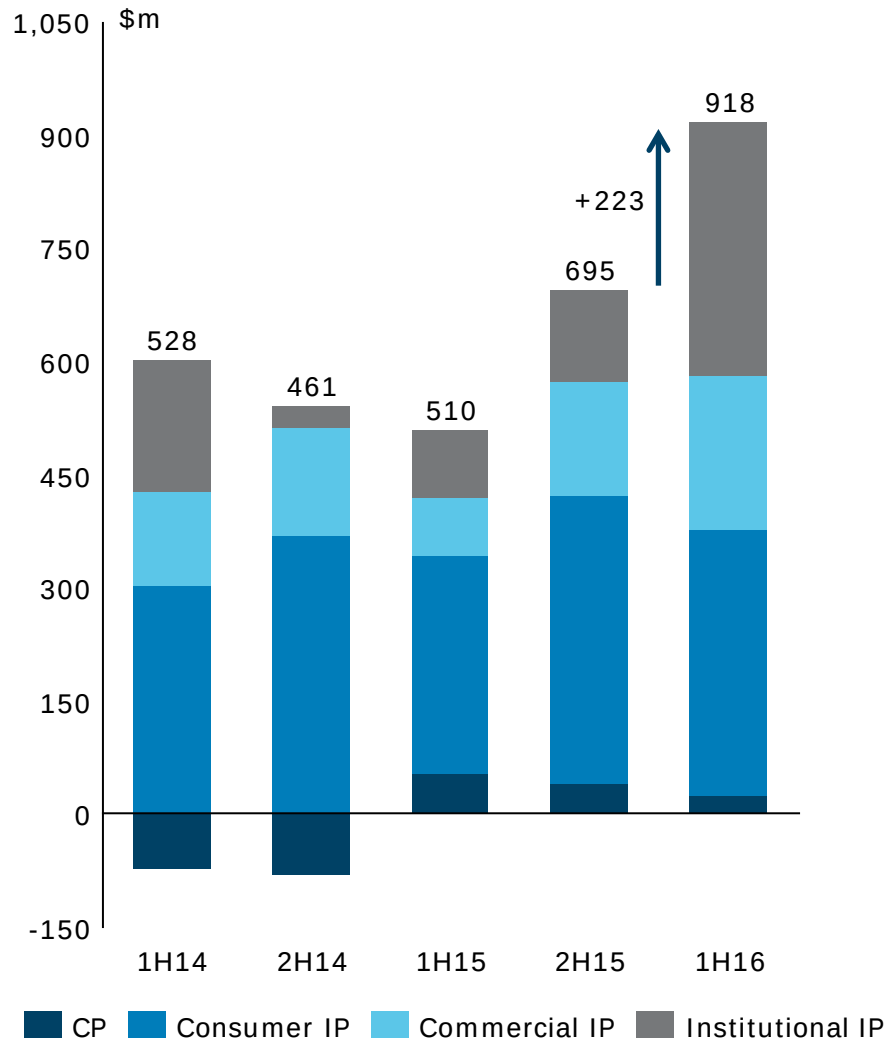
EXPENSE MOVEMENT



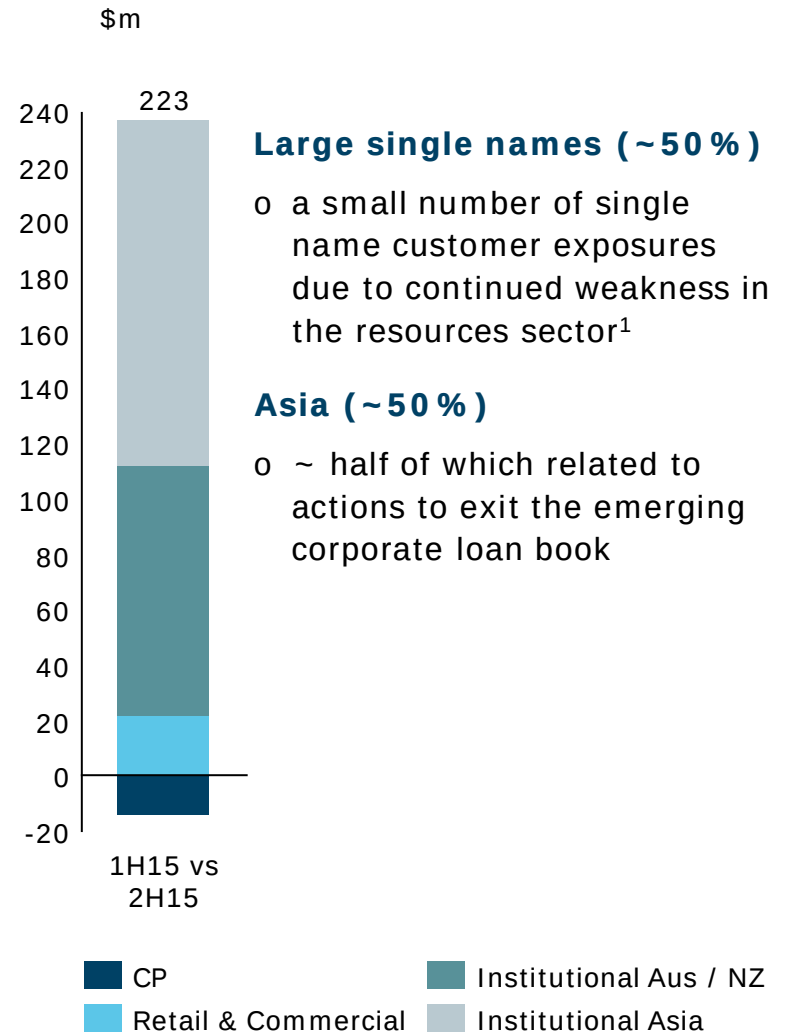
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Provisions

TOTAL PROVISION CHARGE



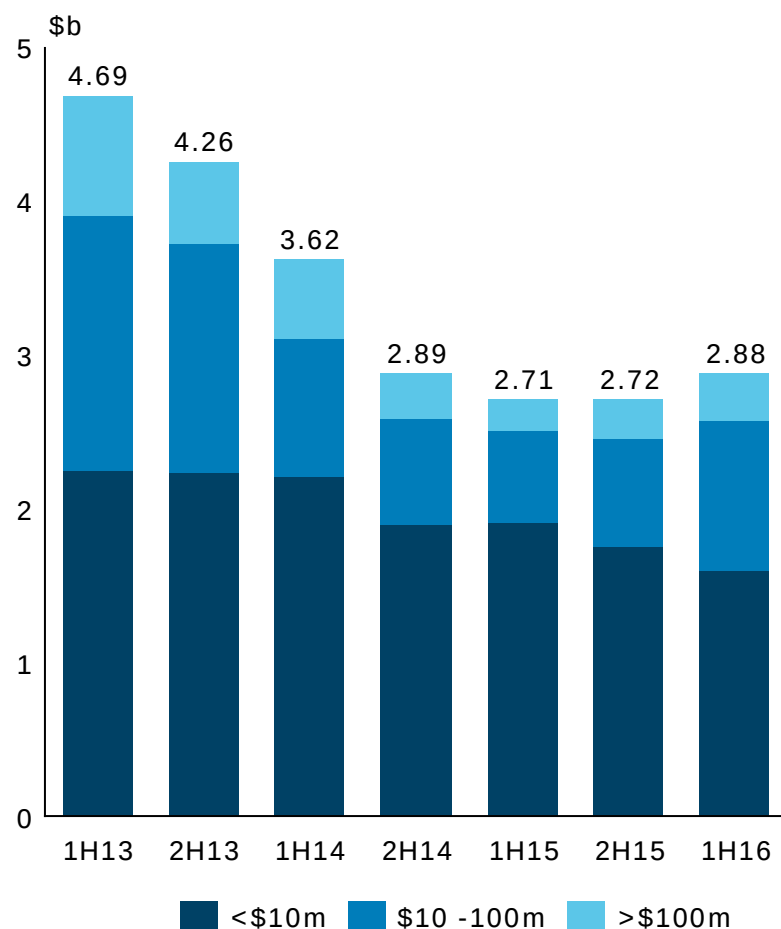
PROVISION DELTA (1H16 vs 2H15)



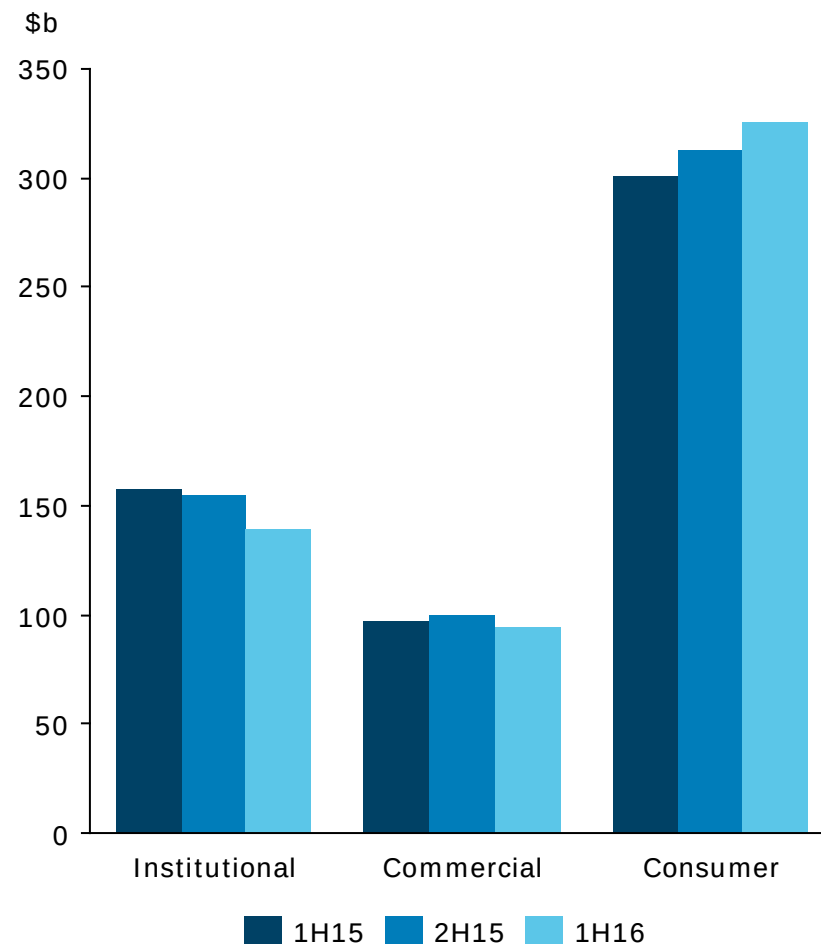
1. As per 24 March 2016 disclosure

Credit Quality

GROSS IMPAIRED ASSETS

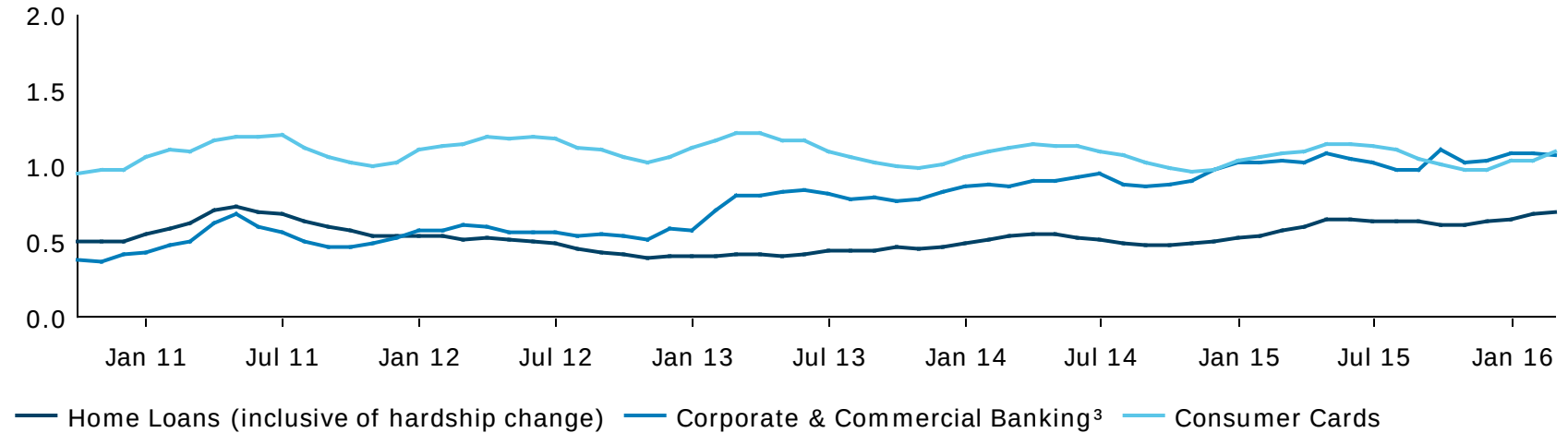


GROSS LOANS AND ADVANCES

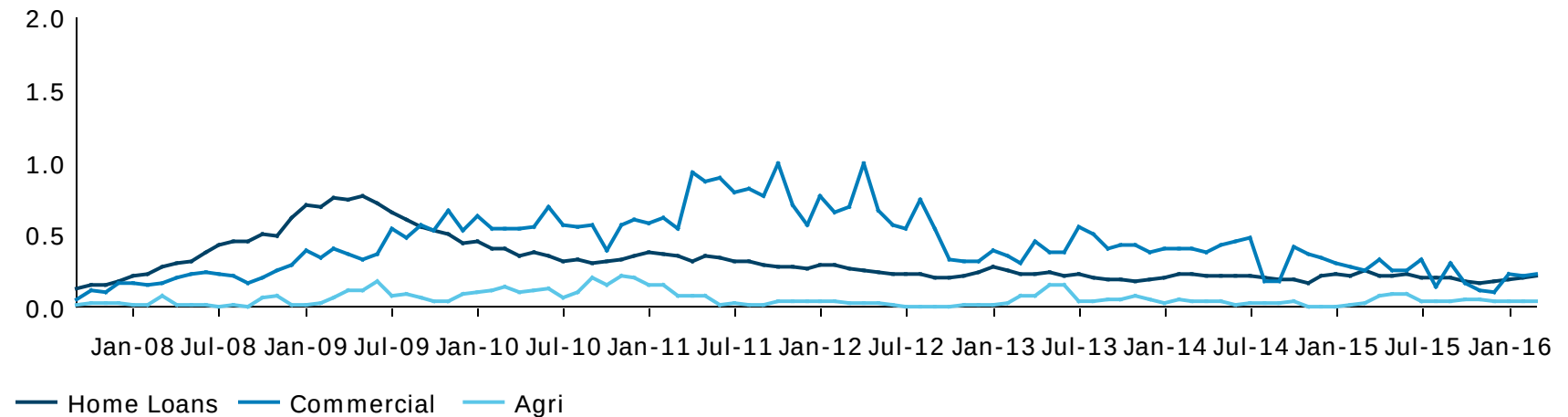


Credit Quality

AUSTRALIA 90+ DAY ARREARS

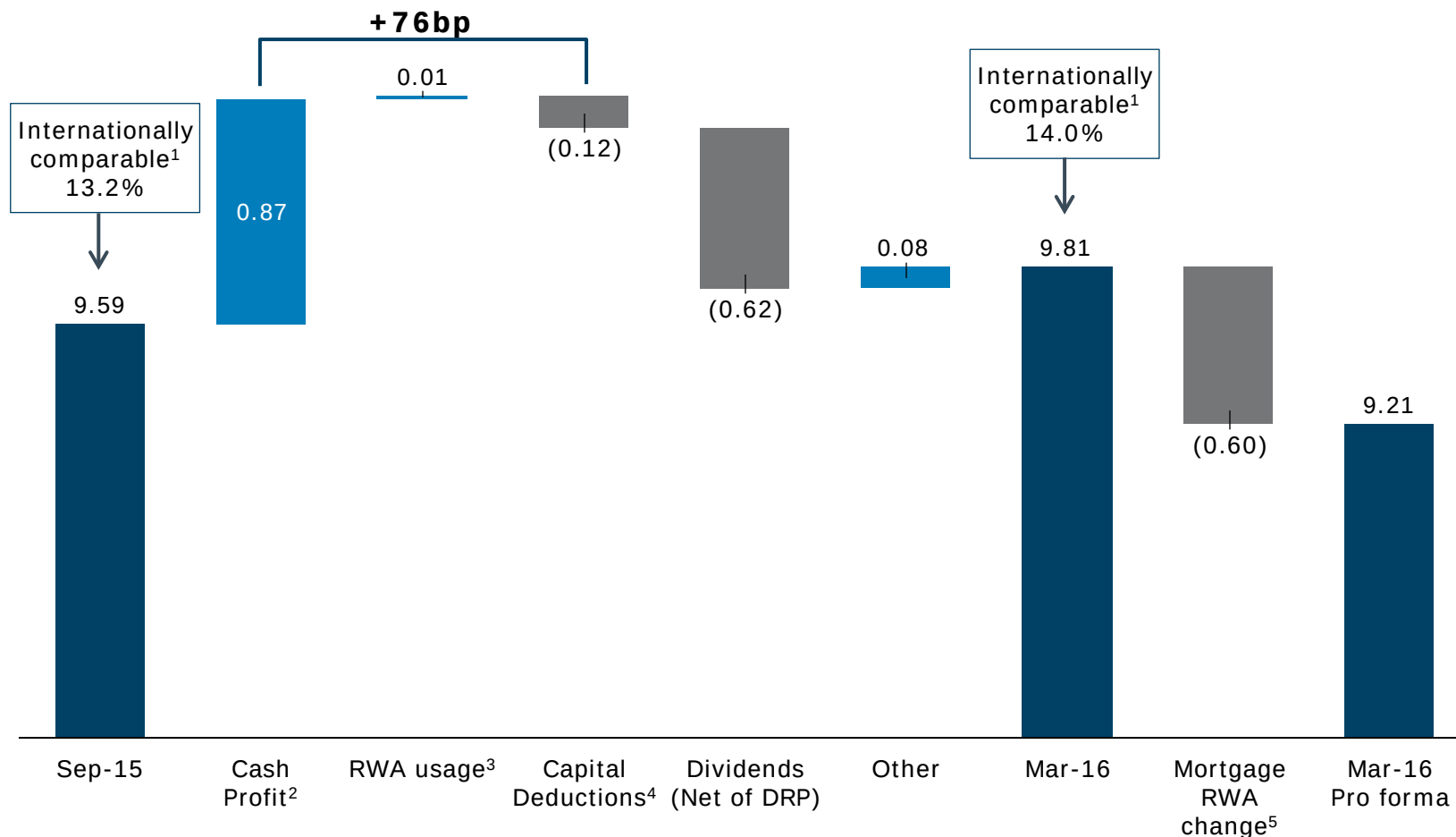


NEW ZEALAND 90+ DAY ARREARS



Capital Management

APRA COMMON EQUITY TIER 1 (CET1) POSITION



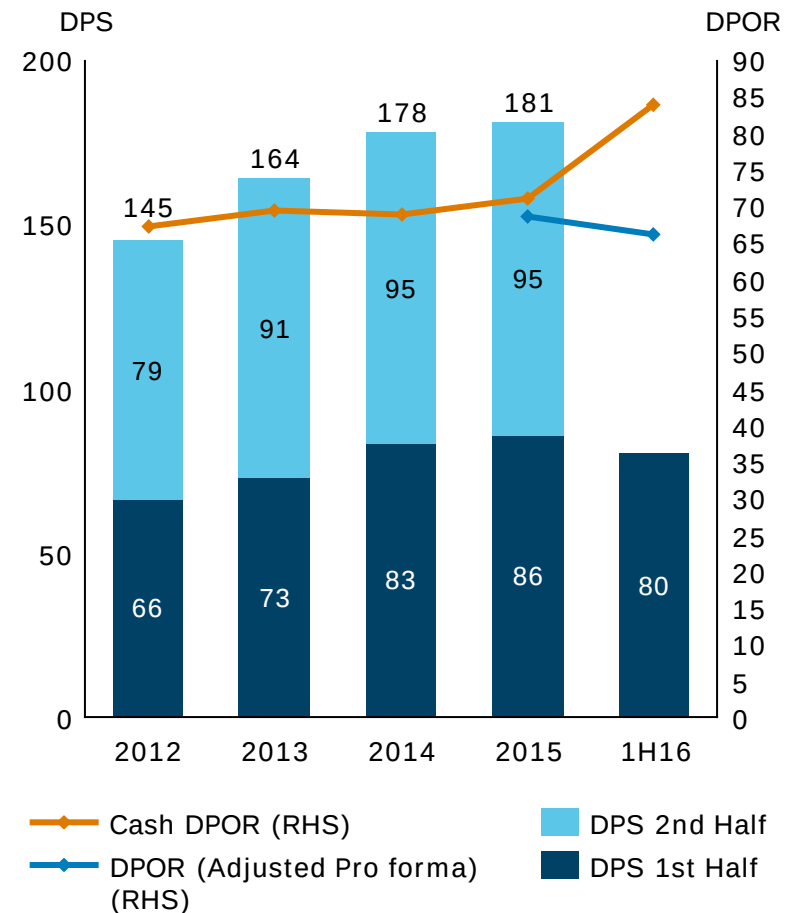
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Dividend

DIVIDEND CONSIDERATIONS

- o Setting a conservative, sustainable DPS
- o Confidence in the strong ongoing capital generation (NPAT) in our Retail / Commercial businesses and continued capital efficiency in Institutional
- o Credit quality trends
- o Expected capital requirements
- o The impact of expected asset sales on earnings and on opportunities for capital management initiatives
- o Importance of a stable payout ratio and franking credits

DIVIDEND & PAYOUT RATIO





2016 HALF YEAR RESULTS

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BANKING GROUP LIMITED
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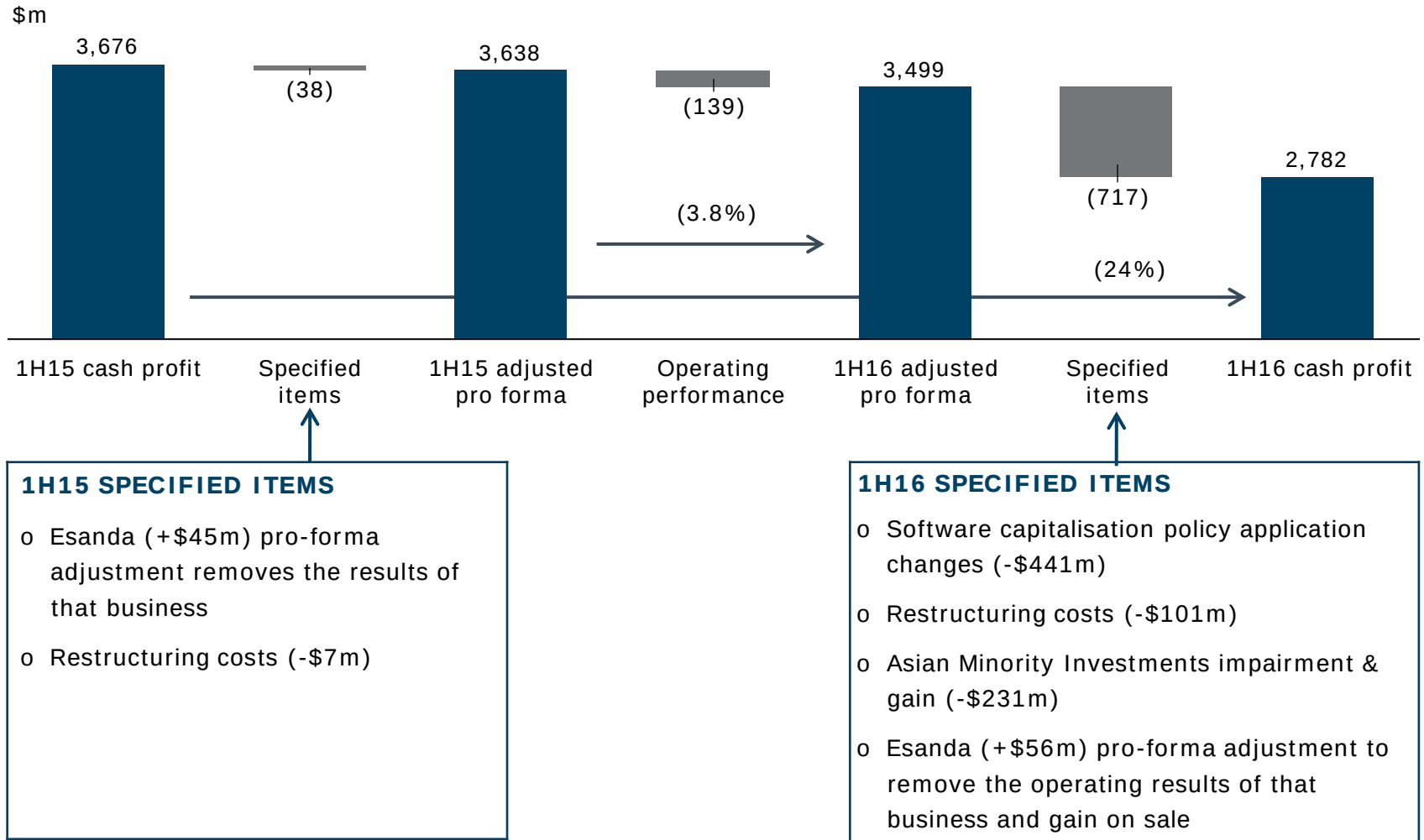
INVESTOR DISCUSSION PACK
SPECIFIED ITEMS ANALYSIS

Cash Profit (adjusted pro forma)

	\$m			1H16 growth	
	1H15	2H15	1H16	vs 1H15	vs 2H15
Operating Profit (adjusted pro forma)					
Operating Income	10,040	10,191	10,438	4%	2%
Operating Expenses	4,572	4,732	4,701	3%	-1%
Profit before Provisions	5,468	5,459	5,737	5%	5%
Provisions	441	634	905	105%	43%
Operating Profit	3,638	3,507	3,499	-4%	0%
Specified Items	38	33	-717		
Cash Profit	3,676	3,540	2,782	-24%	-21%

'Adjusted Pro forma' refers to cash profit adjusted for 'Specified items': the impacts of software capitalisation policy changes, Asian Minority Investment impairment charge (AMMB) and gain of cessation of equity accounting (Bank of Tianjin), restructuring expenses and sale of Esanda Dealer Finance portfolio. Further detail provided in the ANZ Half Year 2016 consolidated Financial Report page 14. Note: Adjusted pro forma has not been adjusted for FX

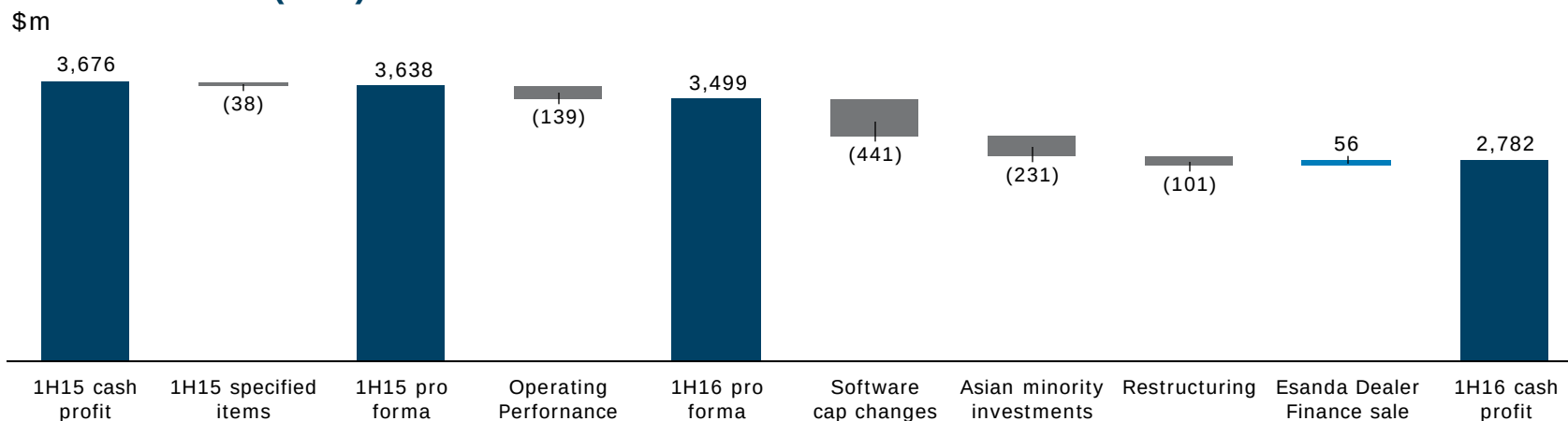
Financial performance



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Financial performance – specific items

1H16 vs 1H15 (PCP)

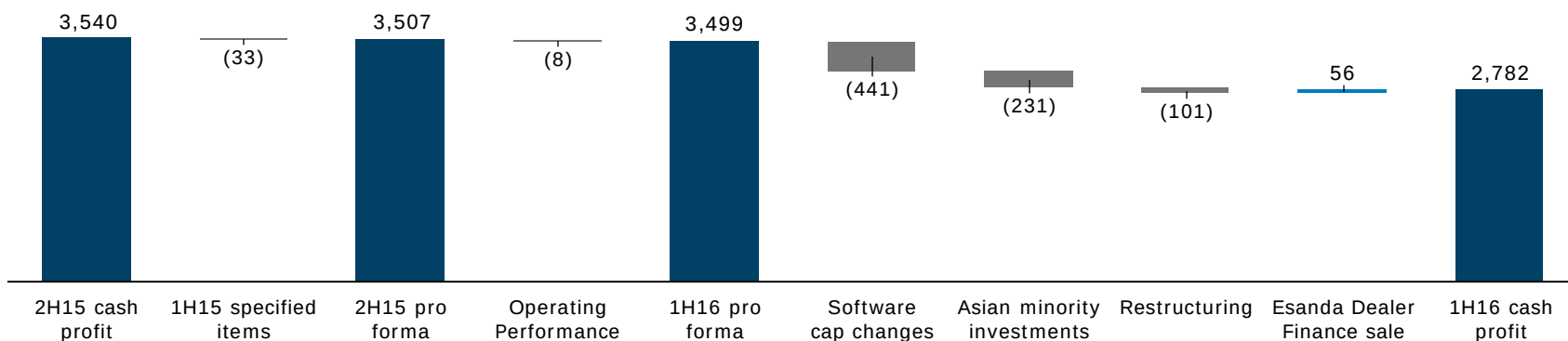


	March 2016 Half Year						March 2015 Half Year						Mar 16 pro forma v. Mar 15		
	Cash profit	Software cap change	Asian minority inv's.	Restructuring	Esanda Dealer Finance	Adjusted pro forma	Cash profit	Restructuring	Esanda Dealer Finance	Adj pro forma pre FX	FX impact	Adj pro forma fx adj	Cash profit	Adj pro forma pre FX	Adj pro forma Fx adj
Revenue	10,316	-	231	-	(109)	10,438	10,195	-	(155)	10,040	226	10,266	1.2%	4.0%	1.7%
Expenses	(5,479)	629	-	138	11	(4,701)	(4,603)	10	21	(4,572)	(115)	(4,687)	19.0%	2.8%	0.3%
PBP	4,837	629	231	138	(98)	5,737	5,592	10	(134)	5,468	111	5,579	-13.5%	4.9%	2.8%
Provisions	(918)	-	-	-	13	(905)	(510)	-	69	(441)	(5)	(446)	80.0%	large	large
PBT	3,919	629	231	138	(85)	4,832	5,082	10	(65)	5,027	106	5,133	-22.9%	-3.9%	-5.9%
Tax & NCI	(1,137)	(188)	-	(37)	29	(1,333)	(1,406)	(3)	20	(1,389)	(27)	(1,416)	-19.1%	-4.0%	-5.9%
Cash profit	2,782	441	231	101	(56)	3,499	3,676	7	(45)	3,638	79	3,717	-24.3%	-3.8%	-5.9%

Financial performance – specific items

1H16 vs 2H15 (HOH)

\$m



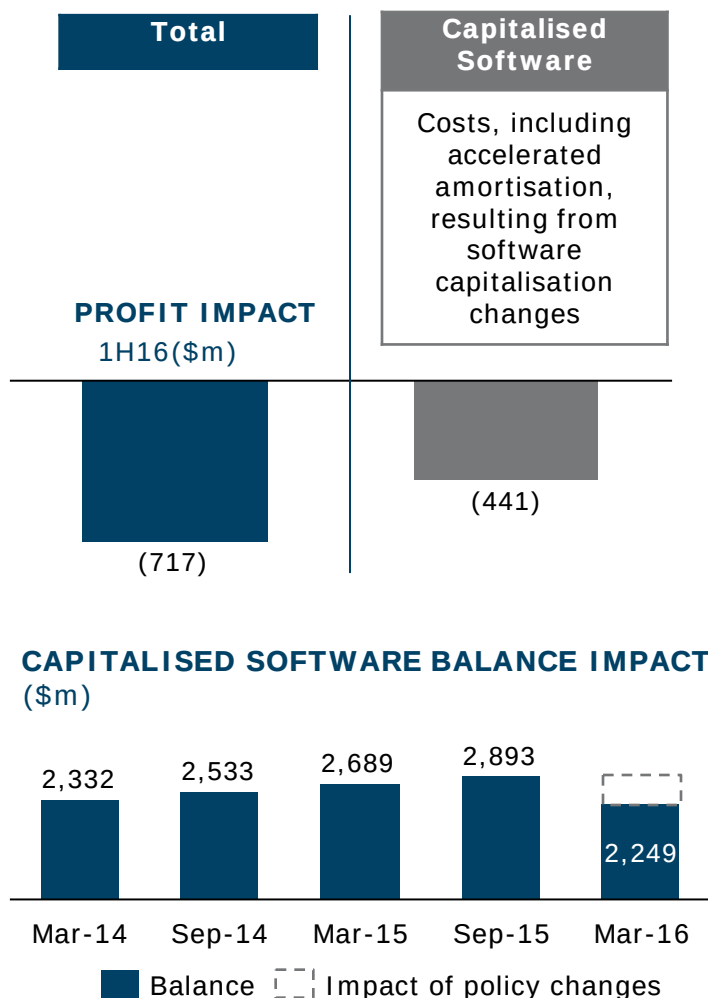
	March 2016 Half Year						September 2015 Half Year						Mar 16 pro forma v. Sep 15		
	Cash profit	Software cap change	Asian minority inv's.	Restructuring	Esanda Dealer Finance	Adjusted pro forma	Cash profit	Restructuring	Esanda Dealer Finance	Adj pro forma pre FX	FX impact	Adj pro forma fx adj	Cash profit	Adj pro forma pre FX	Adj pro forma Fx adj
Revenue	10,316	-	231	-	(109)	10,438	10,342	-	(151)	10,191	135	10,326	-0.3%	2.4%	1.1%
Expenses	(5,479)	629	-	138	11	(4,701)	(4,775)	21	22	(4,732)	(37)	(4,769)	14.7%	-0.7%	-1.4%
PBP	4,837	629	231	138	(98)	5,737	5,567	21	(129)	5,459	98	5,557	-13.1%	5.1%	3.2%
Provisions	(918)	-	-	-	13	(905)	(695)	-	61	(634)	(8)	(642)	32.1%	42.7%	41.0%
PBT	3,919	629	231	138	(85)	4,832	4,872	21	(68)	4,825	90	4,915	-19.6%	0.1%	-1.7%
Tax & NCI	(1,137)	(188)	-	(37)	29	(1,333)	(1,332)	(6)	20	(1,318)	(27)	(1,345)	-14.6%	1.1%	-0.9%
Cash profit	2,782	441	231	101	(56)	3,499	3,540	15	(48)	3,507	63	3,570	-21.4%	-0.2%	-2.0%

Specified items 1H16 – All above the line

Total	Capitalised Software	Restructuring expenses	Asian Minority Investments	Esanda Dealer Finance sale
	Costs, including accelerated amortisation, resulting from software capitalisation changes	Expenses incurred in relation to organisational restructures	AMMB Impairment charge; Bank of Tianjin gain on cessation of equity accounting	Pro-forma adjustment to remove the operating results of that business and gain on sale
PROFIT IMPACT 1H16(\$m)				56
	(441)	(101)	(231)	
(717)				
CET1 IMPACTS	Zero	Marginal	Zero	Positive
P&L IMPACTS	Timing of expenses	Timing of Expenses	One time OOI impact	Negative

Further detail on 'Specified items' is provided in the ANZ Half Year 2016 consolidated Financial Report page 14.

Specified items 1H16 – All above the line



CAPITALISED SOFTWARE POLICY CHANGES

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

RATIONALE

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

IMPACT

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

Further detail on 'Specified items' is provided in the ANZ Half Year 2016 consolidated Financial Report page 14.

Specified items 1H16 – All above the line

Total	Restructuring expenses
	Expenses incurred in relation to organisational restructures
PROFIT IMPACT 1H16(\$m)	
(717)	(101)

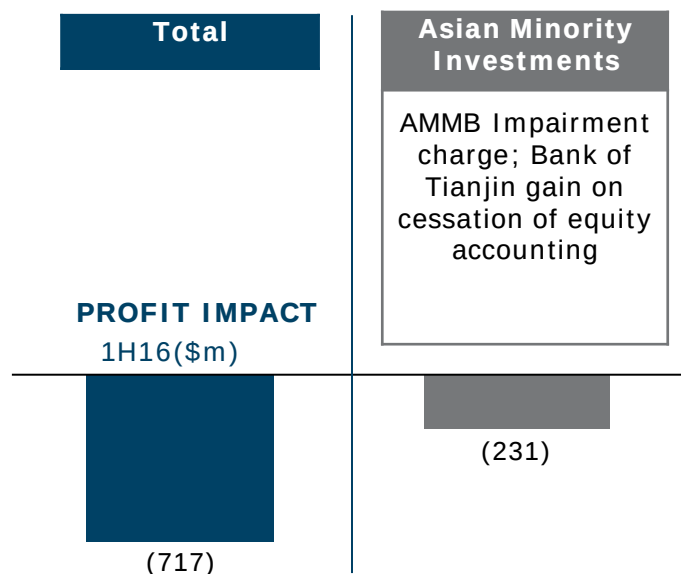
RESTRUCTURE EXPENSES

- o Reshaping the workforce to reduce complexity and duplication
- o Aligning to the new organisation structure, including our changing emphasis on Institutional and international banking
- o \$138m (pre tax) expenses associated with 1H16 organisational restructure & provision for planned actions in 2H16

BENEFITS

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

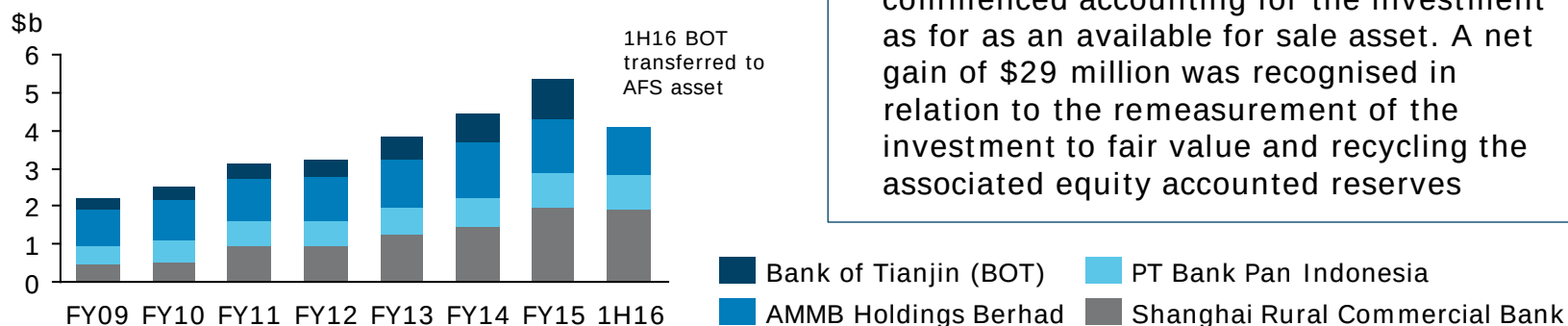
Specified items 1H16 – All above the line



ASIAN MINORITY INVESTMENT ADJUSTMENTS

- o During the March 2016 half, the Group recognised a \$260 million impairment to its equity accounted investment in AMMB Holdings Berhad (Ambank) bringing the carrying value in line with value-in-use calculations
- o On 30 March 2016, Bank of Tianjin (BoT), an equity accounted investment, completed a capital raising. As the Group did not participate in the capital raising, its ownership interest decreased from 14% to 12%. As a consequence, the Group ceased equity accounting the investment in BoT and commenced accounting for the investment as for as an available for sale asset. A net gain of \$29 million was recognised in relation to the remeasurement of the investment to fair value and recycling the associated equity accounted reserves

Carrying value of Asia Minority Investments



Further detail on 'Specified items' is provided in the ANZ Half Year 2016 consolidated Financial Report page 14.

Specified items 1H16 – All above the line

Total	Esanda Dealer Finance sale
	Pro-forma adjustment to remove the operating results of that business and gain on sale
PROFIT IMPACT 1H16(\$m)	56
(717)	

ESANDA DEALER FINANCE SALE

- o On 1 November 2015, the Group sold the Esanda Dealer Finance portfolios with the majority of the business transferred by 31 December 2015.
- o Proforma results have been prepared on the assumption that the sale which occurred during the March 2016 half took effect from 1 October 2014, effectively restating the Group's cash profit for each of the March 2015, September 2015 and March 2016 halves.



2016 HALF YEAR RESULTS

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
3 MAY 2016

INVESTOR DISCUSSION PACK
CORPORATE PROFILE

Corporate profile



OVERVIEW

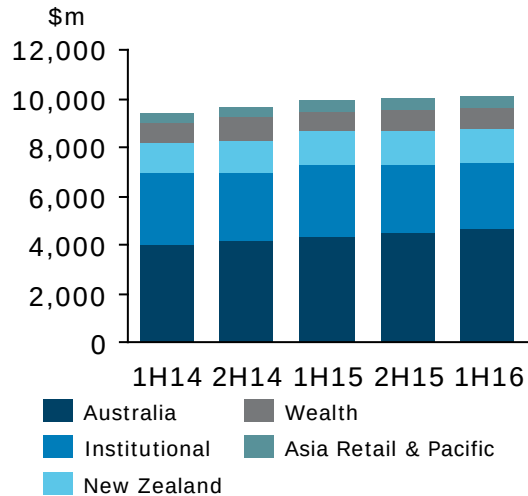
- Founded in 1835 and headquartered in Melbourne, Australia, ANZ is one of the four largest Australian banks and ranked in the top 25 banks globally by market capitalisation
- ANZ serves over 10 million retail, commercial and institutional customers, with consumer and corporate offerings in our core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

		Customers ¹	Staff (FTE)	Cash NPAT	RoRWA ²	Customer Lending ³	Customer Deposits
ANZ Group 1H16		~10m	48,896	\$2,782m	1.40%	\$561.8b	\$446.8b
Geography	Australia	~6m	20,808	\$1,830m	1.62%	\$386.7b	\$245.8b
	New Zealand	~2m	8,063	\$693m	2.03%	\$105.9b	\$81.3b
	International	~2m	20,025	\$259m	0.49%	\$69.1b	\$119.7b
Division	Australia		8,791	\$1,753	2.74%	\$320b	\$175.8b
	Institutional		4,056	\$632m	0.65%	\$125.6b	\$176.1b
	New Zealand		5,022	\$578m	2.11%	\$97.2b	\$62.3b
	Wealth		2,385	\$261m	nm	\$6.6b	\$18.9b

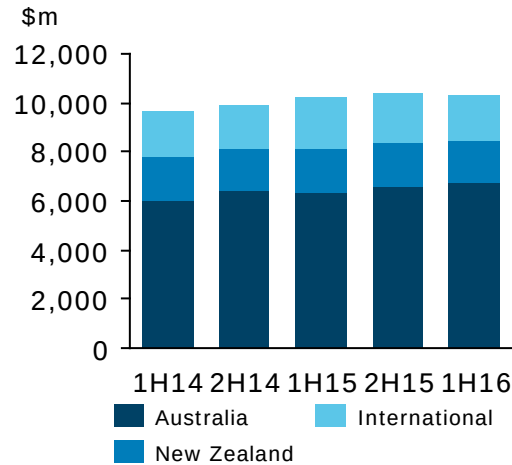
1. Customer numbers as at 30 September 2015
2. RoRWA: Return on Average Risk Weighted Assets
3. Net Loans and Advances

Corporate profile - earnings

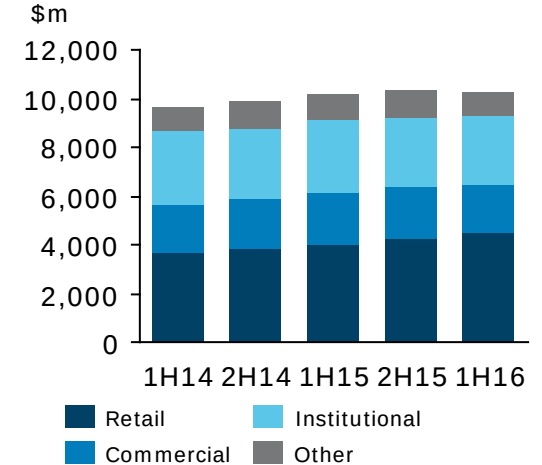
INCOME BY DIVISION



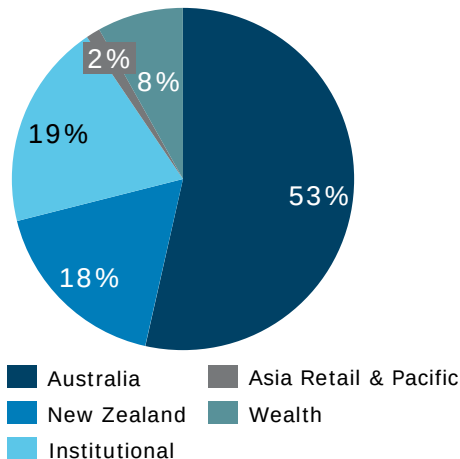
INCOME BY REGION



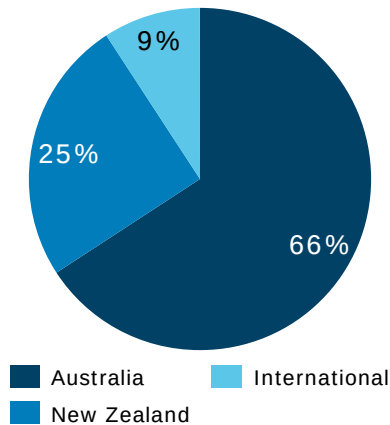
INCOME BY CUSTOMER



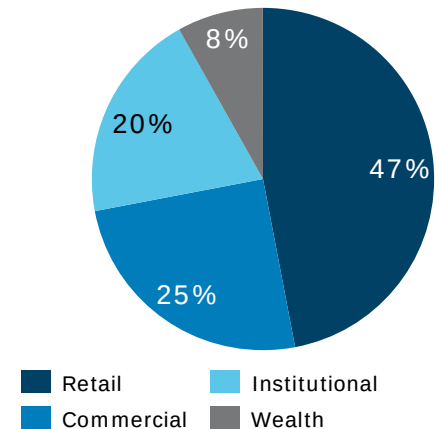
PROFIT BY DIVISION¹



PROFIT BY REGION



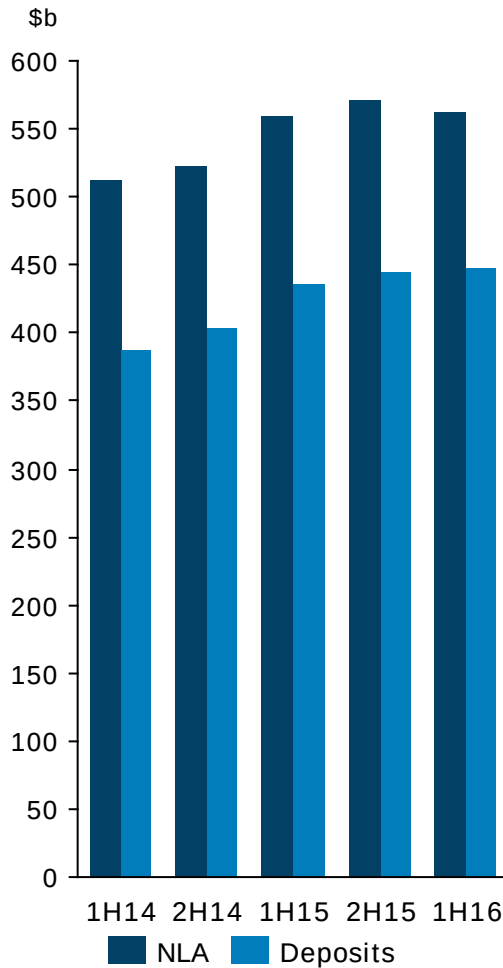
PROFIT BY CUSTOMER¹



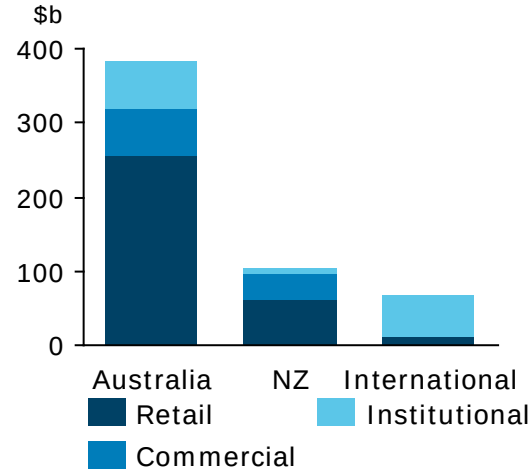
1. Excludes TSO & Group Centre

Corporate profile – Balance Sheet

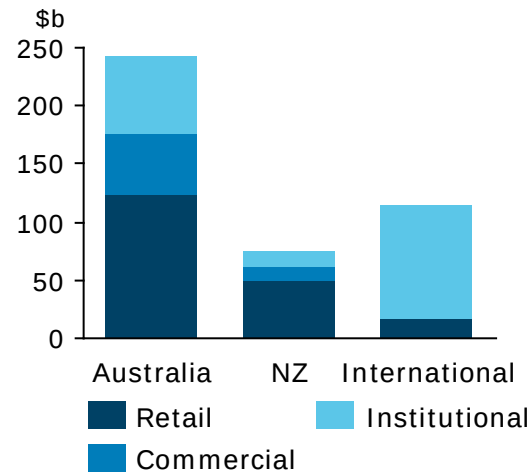
BALANCE SHEET



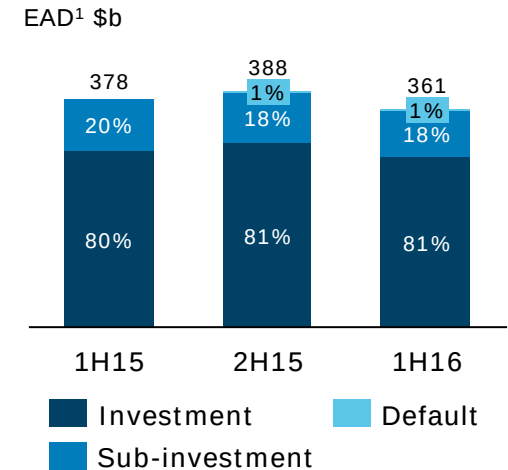
LENDING BY REGION



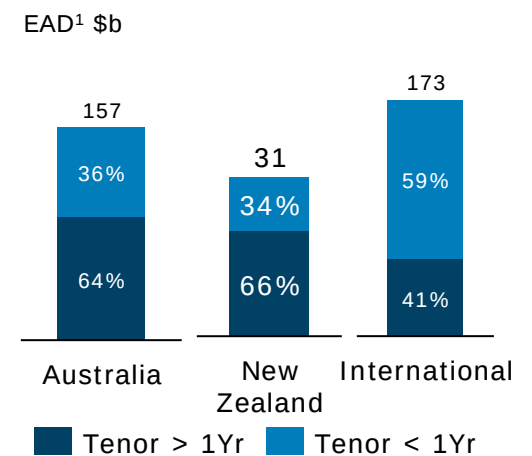
DEPOSITS BY REGION



INSTITUTIONAL GRADE



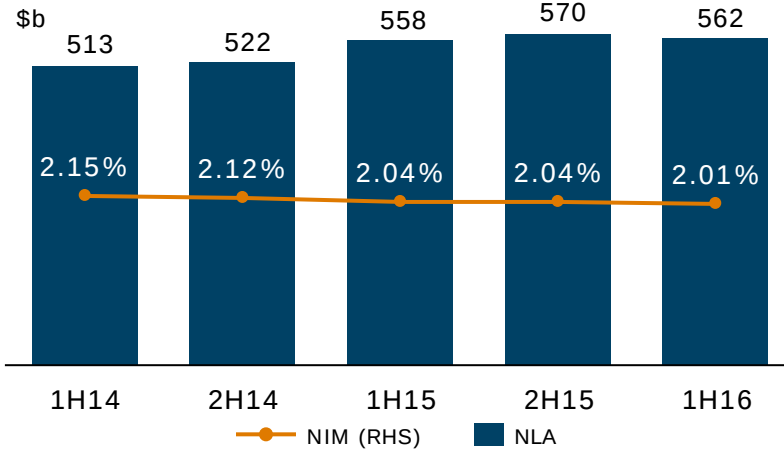
INSTITUTIONAL BY TENOR



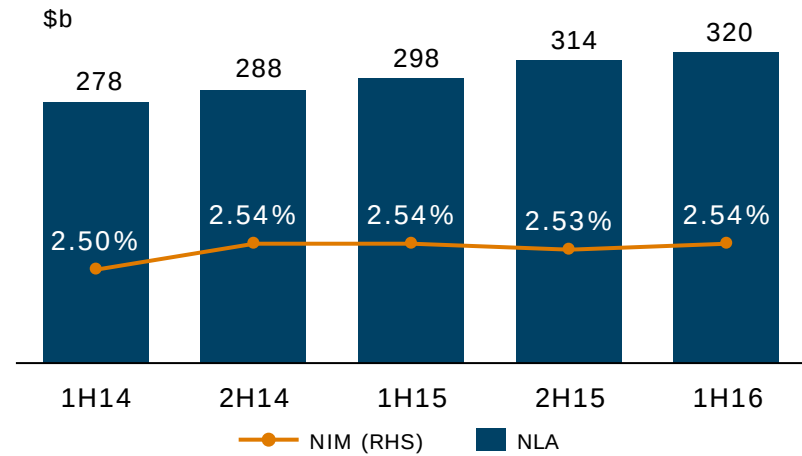
1. Exposure-at-default as defined by APRA Prudential Standards

Volume & Margins

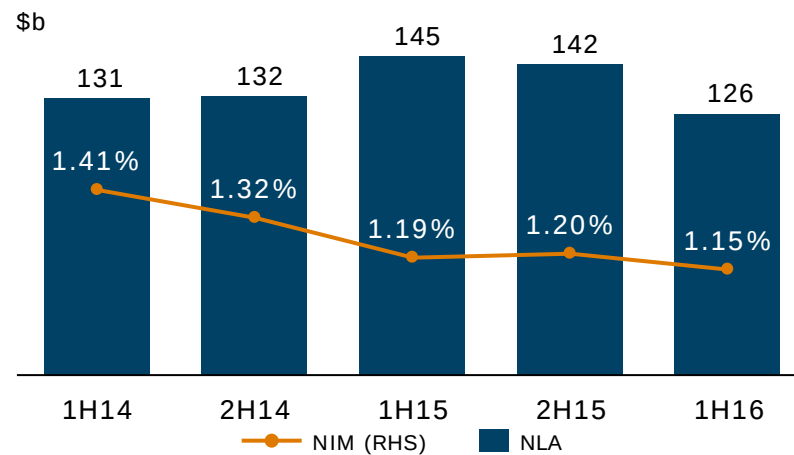
ANZ TOTAL



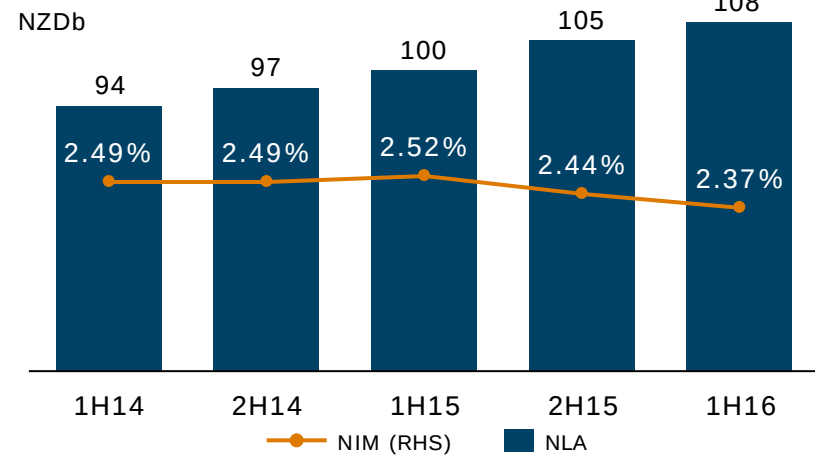
AUSTRALIA DIVISION



INSTITUTIONAL DIVISION

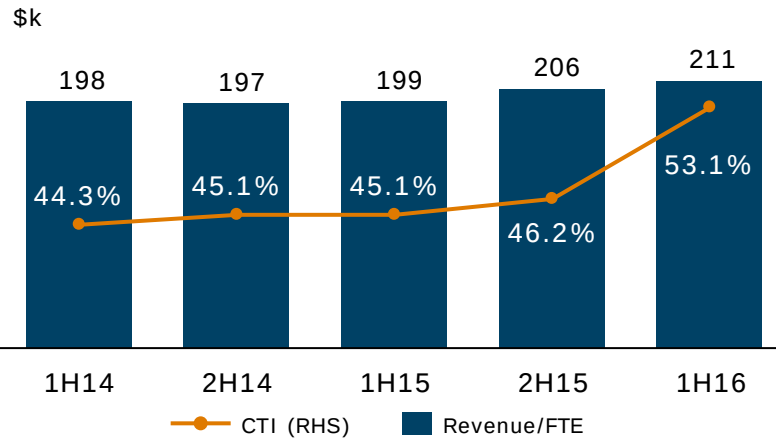


NEW ZEALAND DIVISION

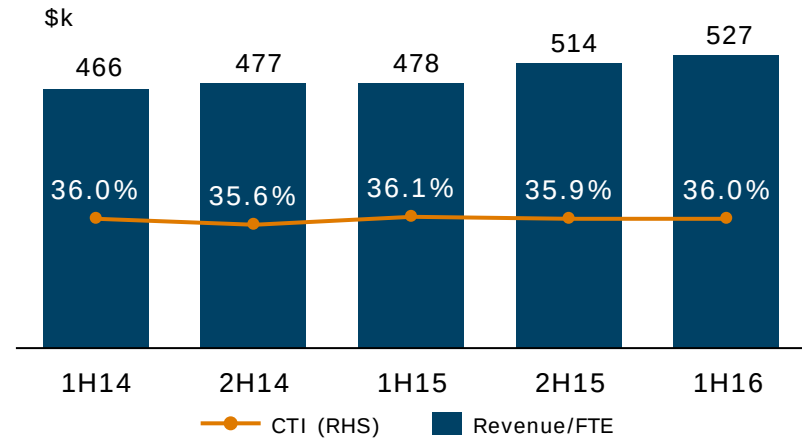


Productivity

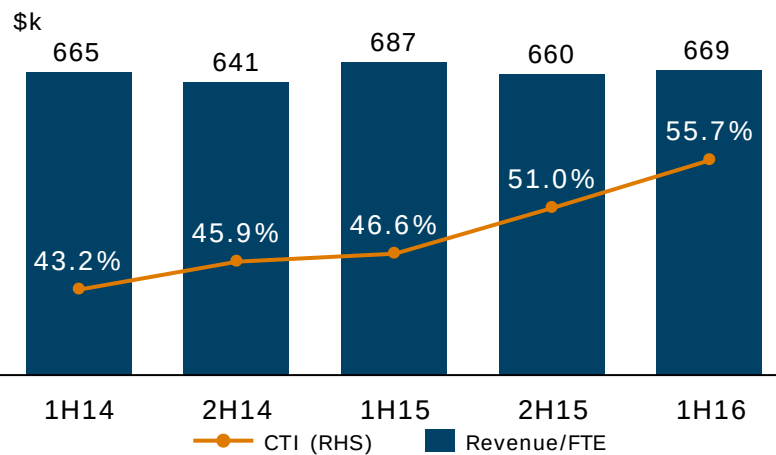
ANZ TOTAL



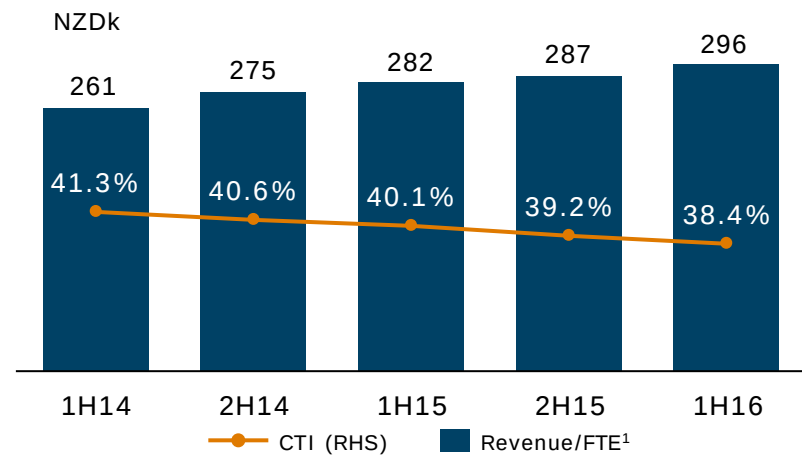
AUSTRALIA DIVISION



INSTITUTIONAL DIVISION

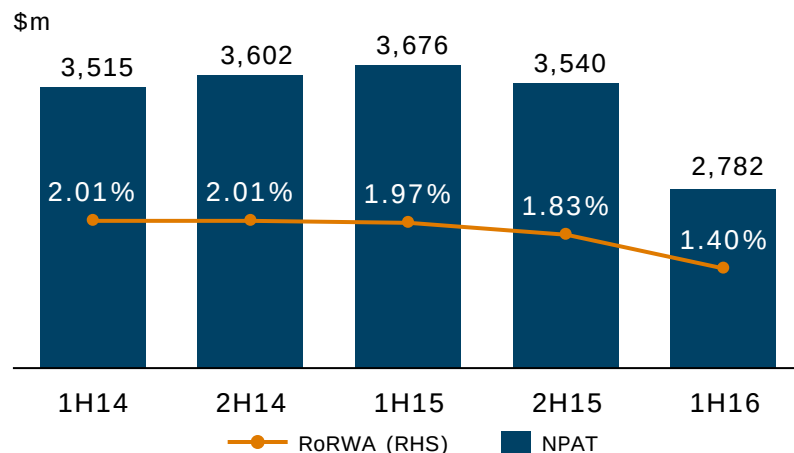


NEW ZEALAND DIVISION

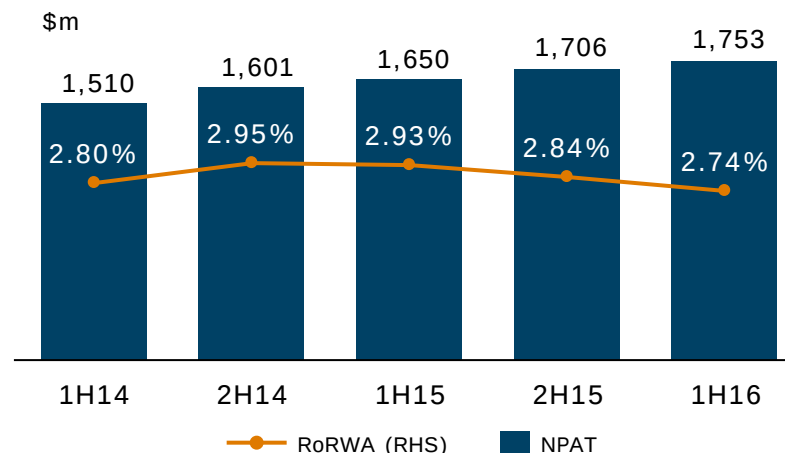


Profitability

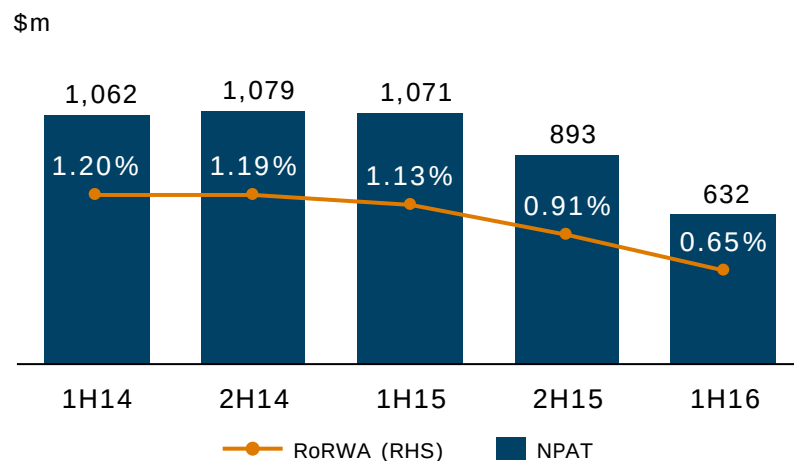
ANZ TOTAL



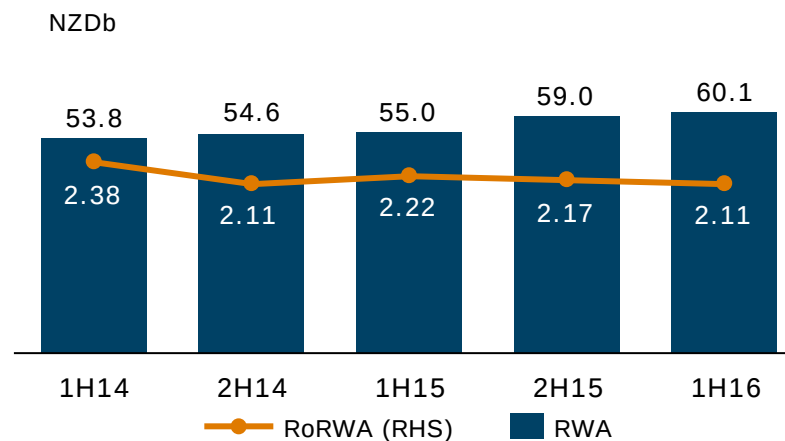
AUSTRALIA DIVISION



INSTITUTIONAL DIVISION



NEW ZEALAND DIVISION



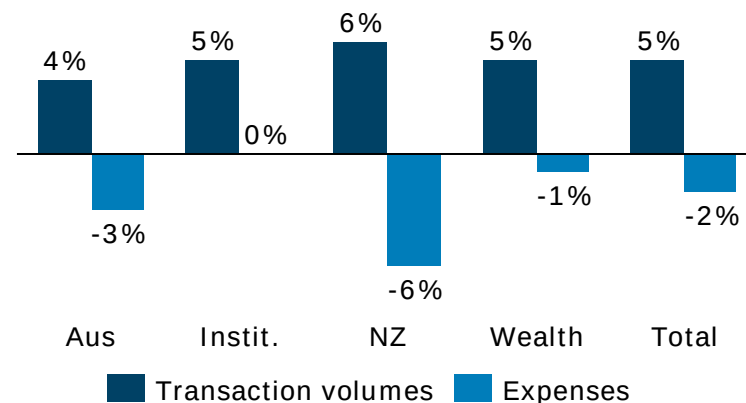
RoRWA: Return on Average Risk Weighted Assets

Operations

KEY ACHIEVEMENTS

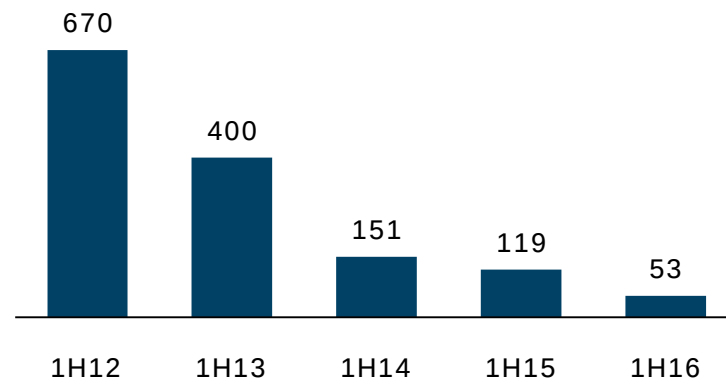
- o Operations and service costs continue to fall whilst absorbing transactional volume growth.
- o TSO¹ FTE contained through productivity benefits from operations automation, process improvements and simplification initiatives.
- o Rollout of World Class Delivery model progressing well, delivering common operating model, methods, tools and standards across our regional footprint.
- o Implemented Robotic Process Automation, improving efficiency and accuracy, and enabling FTE savings.
- o Manila Hub awarded Best Global In-House Centre of the Year at the International ICT Awards in the Philippines.
- o Deepened relationship with strategic supply partners, with attendant cost and delivery benefits.

OPERATIONS VOLUMES & EXPENSE MOVEMENT 1H16 vs 1H15



QUALITY IMPROVEMENT

Manual Payment defects per million transactions



1. Technology, Services and Operations.

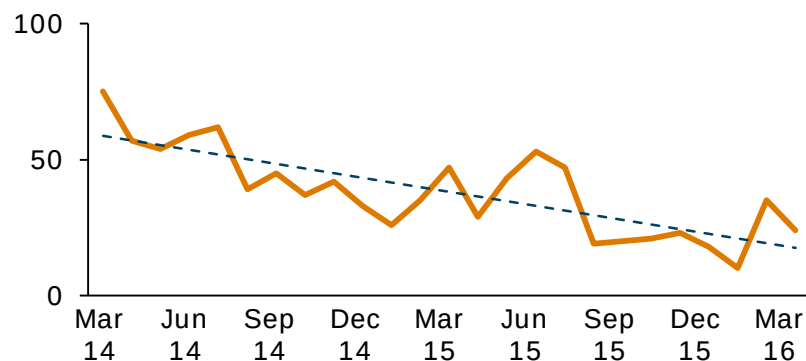
Technology

KEY ACHIEVEMENTS

- o Delivered the digital banking Multi-Channel Platform as a major foundational component of our Consumer Digital strategy.
- o Delivered standardised platform for payment and accounting services across 16 countries.
- o Delivering more frequent and better quality change through the rapid adoption of Agile methodologies.
- o Refreshed cloud strategy to reduce time to market, with 17 cloud services approved to date in FY16.
- o Reduced major incidents by 40% YoY whilst handling significant increases in change volumes.
- o Decommissioned 91 applications YTD as part of continued focus on asset lifecycle management.
- o Built a Digital Partner Ecosystem in Australia, focusing on relevant disruptive technologies, supported by an open innovation platform, and actively engaging the fintech community.

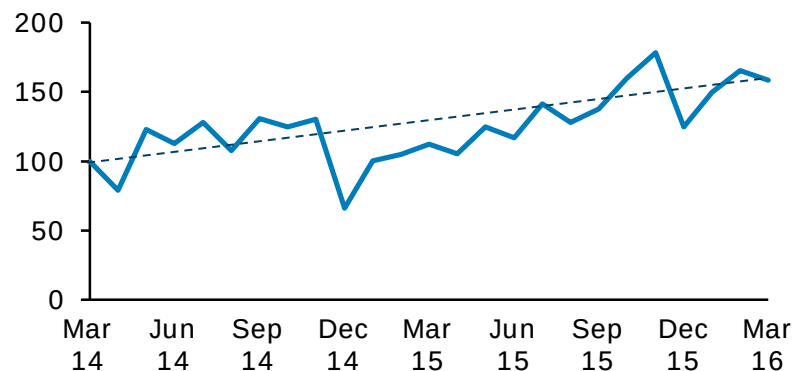
INCIDENT VOLUMES

Priority 1, 2 Incidents



TECHNOLOGY CHANGE VOLUMES¹

Index Mar 14 = 100



1. All changes to technology assets in production, from small enhancements through to major releases.

Project Investment

ANNUAL INVESTMENT SPEND ~\$1B

Risk

- o Minimised operating risks
- o Maintain the confidence of our customers and regulators

Digitisation and CX

- o Drive consistent customer experience across segment channels
- o Foundations for omni-channel CX
- o Enterprise-wide data management
- o Customer insight and related analytics

Divisional Product Enhancement

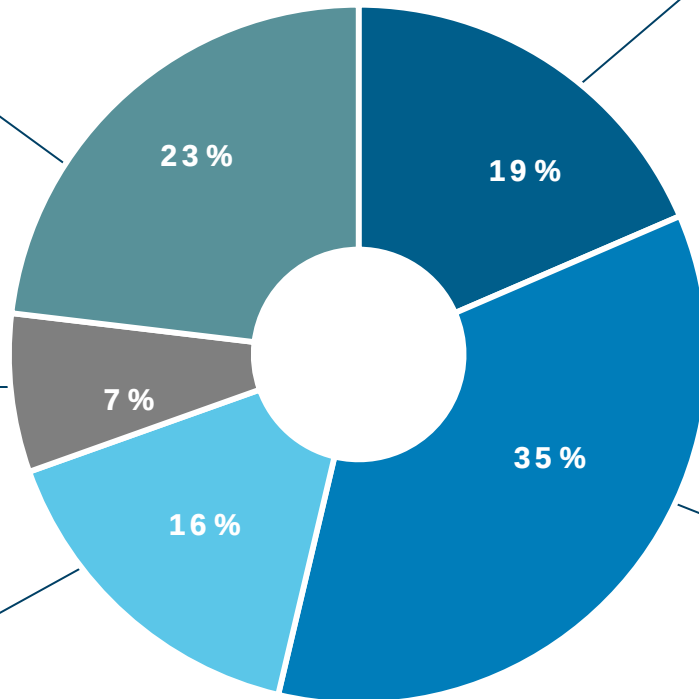
- o Product enhancements and changes
- o Continued improvement to customer servicing
- o Re-engineering and automating divisional platforms

Service & Product Processing

- o Increase systems and process standardisation
- o Coordinated approach to end-to-end wholesale lending
- o Global capabilities for consumer lending
- o Modern, resilient payments network
- o Supporting markets growth with scalable platforms

Stability and Security

- o Upgraded infrastructure
- o Enhanced resilience
- o Strong security
- o Reduced cost-to-serve



Building key capabilities for digital delivery, improving customer experience

BUILDING KEY CAPABILITIES

Key Achievements

- o Over 1.3 million customers using goMoney iOS and Android apps on our new Digital Banking Multi-Channel Platform
- o Banker Desktop platform implemented for Personal Loans to enable seamless and shared interaction with customers from discovery to fulfilment
- o Digital Identity Verification launched with 65% of customers applying for a savings account online having their identity verified successfully
- o Enablement of Touch ID and Apple Watch for Grow by ANZ and addition of comprehensive life and general insurance functionality
- o Leading levels of customer satisfaction with Mobile Banking channels (99%¹ in New Zealand, 92%² in Australia)
- o Multiple awards for customer service/excellence (ANZ Digital - Best Customer Experience Credit Cards, ANZ Pacific - Best Consumer Digital Bank in Pacific, ANZ Indonesia - Customer Experience Banking)
- o \$72b transactions processed p.a. over goMoney mobile.

FOUNDATION CAPABILITIES DELIVERED



SUPPORTED BY THE IMPLEMENTATION OF A MULTI-CHANNEL PLATFORM IN ANZ'S KEY AUSTRALIAN MARKET

Security

API Services

Multi-Channel Platform

Real-time Onboarding

Sales & Service

Transaction & Payments

Rich Content

1. Camorra RMM. 6 months to Mar-16.

2. Roy Morgan Research. MFI customers aged 14+ who conducted Internet banking using an App on a mobile phone or tablet. Proportion very or fairly satisfied. 12 months to Mar-16.

Multi-channel Platform

FOUNDATIONS FOR A CONSISTENT DIGITAL EXPERIENCE ACROSS ANY CHANNEL OR DEVICE

MULTI-CHANNEL PLATFORM (MCP)	FUTURE CAPABILITIES
SIMPLIFICATION • Mobile banking app for iOS and Android (goMoney AU) replatformed onto MCP	• Migrate internet banking onto MCP to further reduce complexity
MODERN SECURITY • Scalable modern security capabilities to further protect ANZ customers from fraudulent activity	• Extend modern security capabilities across ANZ services
ARCHITECTURE • High availability architecture to support mobile banking growth goals. Over 1.3 million customers migrated without service disruption	• Ability to integrate more effectively with other channel offerings, as well as ecosystem partners via standard API services
CUSTOMER SERVICE • Significantly enhanced customer service and support capabilities, including simpler service tools for bankers	• Further consolidation of customer support processes for all Digital channels for a more seamless customer experience
FASTER DELIVERY • Automated testing improving quality of outcomes and speed to market	• More rapid and regular releases of new customer features

Sustainability scorecard

	1H2016	2015	2014	2013
SERVING OUR CUSTOMERS				
Retail Customer Satisfaction				
Australia ¹ (%)	80.8	82.1	82.6	80.2
New Zealand ² (%)	88	89	85	84
Institutional Relationship Strength Index³				
Australia	1	1	1	2
New Zealand	1	1	1	1
MANAGING OUR BUSINESS SUSTAINABLY				
Direct financing commitment to renewables and gas ⁴ as a % of total	80.4	81.7	67.0	65.7
INVESTING IN OUR COMMUNITIES				
Volunteer hours	51,000	108,142	101,801	89,289
Saver Plus number of people enrolled	2,813	2,838	5,461	5,191
DEVELOPING OUR PEOPLE				
Employee engagement survey results (%)	Annual	76	73	72
Total women in management ⁵ (%)	40.8	40.4	39.2	38.7



1. Roy Morgan Research. Base: MFI Customers, aged 14+, based on 6 months rolling average.
 2. Camorra Research Retail Market Monitor, March 2016. 3. Peter Lee Associates 2015 Large Corporate and Institutional Banking Relationship Survey, Australia/New Zealand. 4. Refers to our project finance commitments. 5. Based on employee headcount.

Supporting the transition to a low carbon economy

MANAGING OUR BUSINESS SUSTAINABLY

Half year highlights:

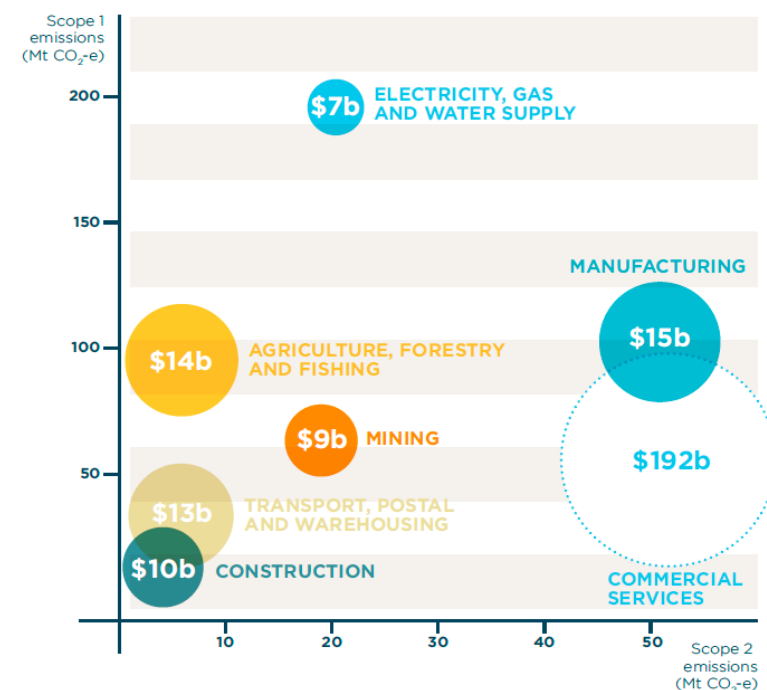
- o \$1.1 billion in finance and advisory services for energy efficiency improvements, low carbon energy generation, resilient infrastructure and carbon abatement towards a target of \$10 billion by 2020
- o Average carbon emissions intensity of direct funding of electricity generation is down against 2014 (measured in tonnes CO₂-e per megawatt hour of electricity generated):

	Australia	Outside Australia
1H 16	0.66	0.17
2015	0.64	0.20
2014	0.77	0.25
Movement 2014- 1H16	14% reduction	32% reduction

- o New disclosure: our business lending¹ in Australia by sector against the greenhouse gas emissions attributed to those sectors. We are actively managing exposures through our strengthened due diligence processes for lending to high emissions sectors (e.g. power generation, coal mining and transport) and our commitment to fund and facilitate our customers' transition to a low carbon economy

CARBON RISK MANAGEMENT

ANZ'S business lending exposure and carbon emissions of key industry sectors² in Australia



Scope 1 Emissions: direct GHG emissions

Scope 2 Emissions: indirect GHG emissions from consumption of purchased electricity, heat or steam

1. Exposure at Default (EAD)

2. See anz.com/cs for methodologies used for financed emissions and EAD disclosures



2016 HALF YEAR RESULTS

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
3 MAY 2016

INVESTOR DISCUSSION PACK
TREASURY

Regulatory capital

CAPITAL UPDATE

Organic Capital Generation

- Net Capital Generation of 76 bps in 1H16 is higher than recent first halves, reflecting balance sheet discipline and reduction of RWA in Institutional
- Absorbed the maturity of the final tranche of ANZ Wealth debt (~10bps reduction in CET1) in March 2016

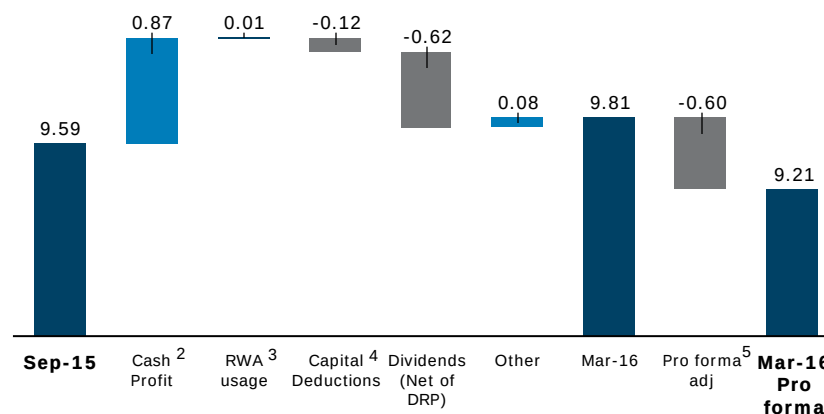
Improved Capital Position

- CET1 ratio increased to 9.8% on an APRA basis or 14.0% on an Internationally Comparable¹ basis
- Leverage ratio 5.1% on an APRA basis, 5.7% on an Internationally Comparable basis

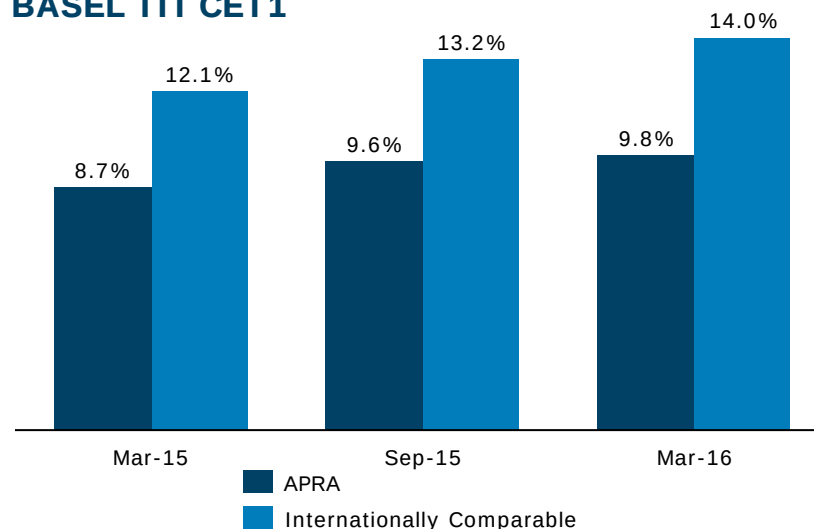
Capital Efficiency and Dividend

- Interim dividend of 80 cents per share reflects revised dividend strategy, targeting a payout ratio of 60-65% over time to:
 - Maintain an unquestionably strong capital and balance sheet position
 - Maintain a fully franked dividend
 - Improve capacity to absorb credit cycle volatility
 - Improve capital efficiency and support EPS growth via: lower reliance on DRPs (BAU assumption of only 10% participation); surplus capital periodically returned to shareholders

APRA COMMON EQUITY TIER 1 (CET1) POSITION



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. Cash profit is on pro forma basis adjusted for 'Specified items', which include the impacts of software capitalisation policy changes, Asian minority investment impairment charge (AMMB) and gain on cessation of equity accounting (Bank of Tianjin), restructuring expenses and the sale of Esanda Dealer Finance portfolio. 3. Includes EL vs. EP shortfall. 4. Represents the movement in retained earnings in deconsolidated entities, capitalised software and other intangibles. 5. Approximate impact of Australian IRB mortgage RWA at 25%, in line with APRA's requirement of a minimum average risk weight of 25% to commence 1 July 2016

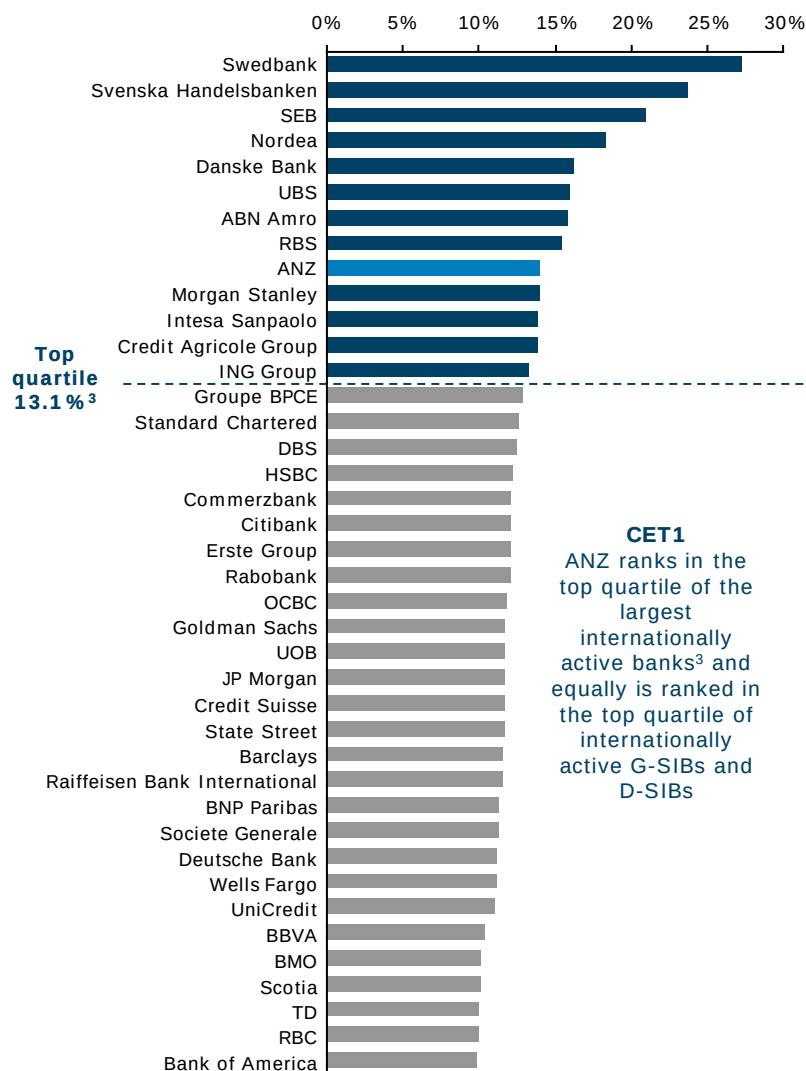
Internationally comparable¹ regulatory capital position

APRA Common Equity Tier 1 (CET1)		9.8 %
Corporate undrawn EAD and unsecured LGD adjustments	Australian ADI unsecured corporate lending LGDs and undrawn CCFs exceed those applied in many jurisdictions	1.7 %
Equity Investments & DTA	APRA requires 100% deduction from CET1 vs. Basel framework which allows concessional threshold prior to deduction	1.0 %
Mortgage 20% LGD floor	APRA requires use of 20% mortgage LGD floor vs. 10% under Basel framework	0.4 %
Specialised Lending	APRA requires supervisory slotting approach which results in more conservative risk weights than under Basel framework	0.6 %
IRRBB RWA	APRA includes in Pillar 1 RWA. This is not required under the Basel framework	0.3 %
Other	Includes impact of deductions from CET1 for capitalised expenses and deferred fee income required by APRA	0.2 %
Basel III Internationally Comparable CET1		14.0 %
Basel III Internationally Comparable Tier 1 Ratio		16.2 %
Basel III Internationally Comparable Total Capital Ratio		18.7 %

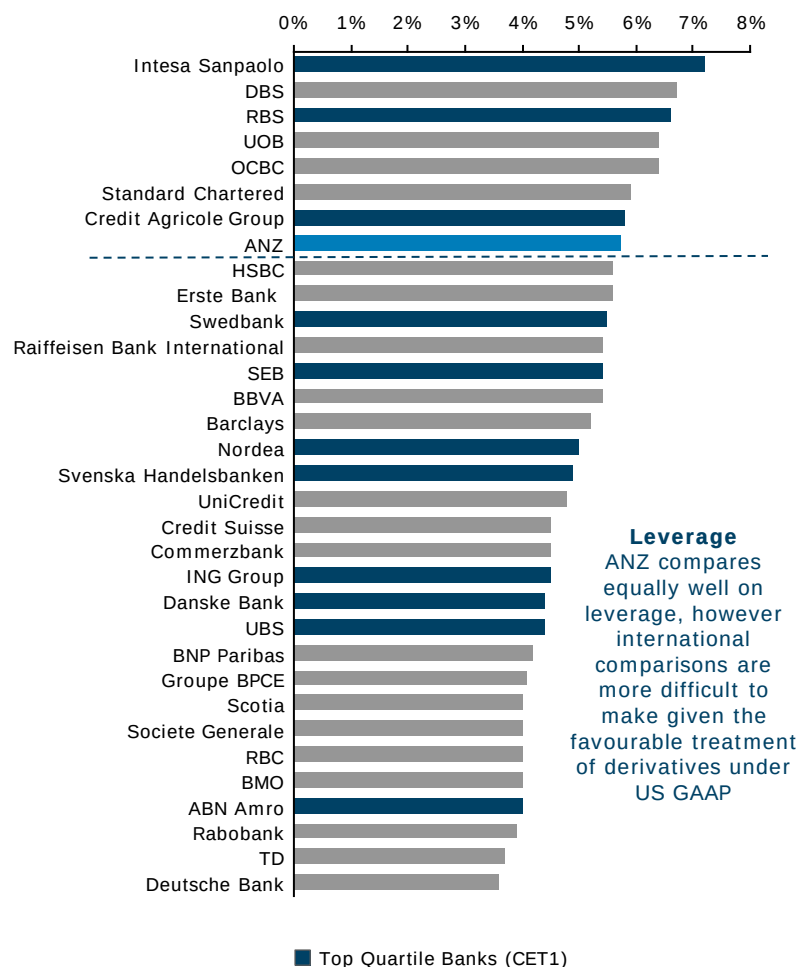
1. Internationally Comparable methodology aligns with APRA's information paper entitled International Capital Comparison Study (13 July 2015). Basel III Internationally Comparable ratios do not include an estimate of the Basel I capital floor.

CET1 and leverage in a global context

CET1 RATIOS¹



LEVERAGE RATIOS^{1,2}



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

Regulatory capital generation

COMMON EQUITY TIER 1 GENERATION (BPS)

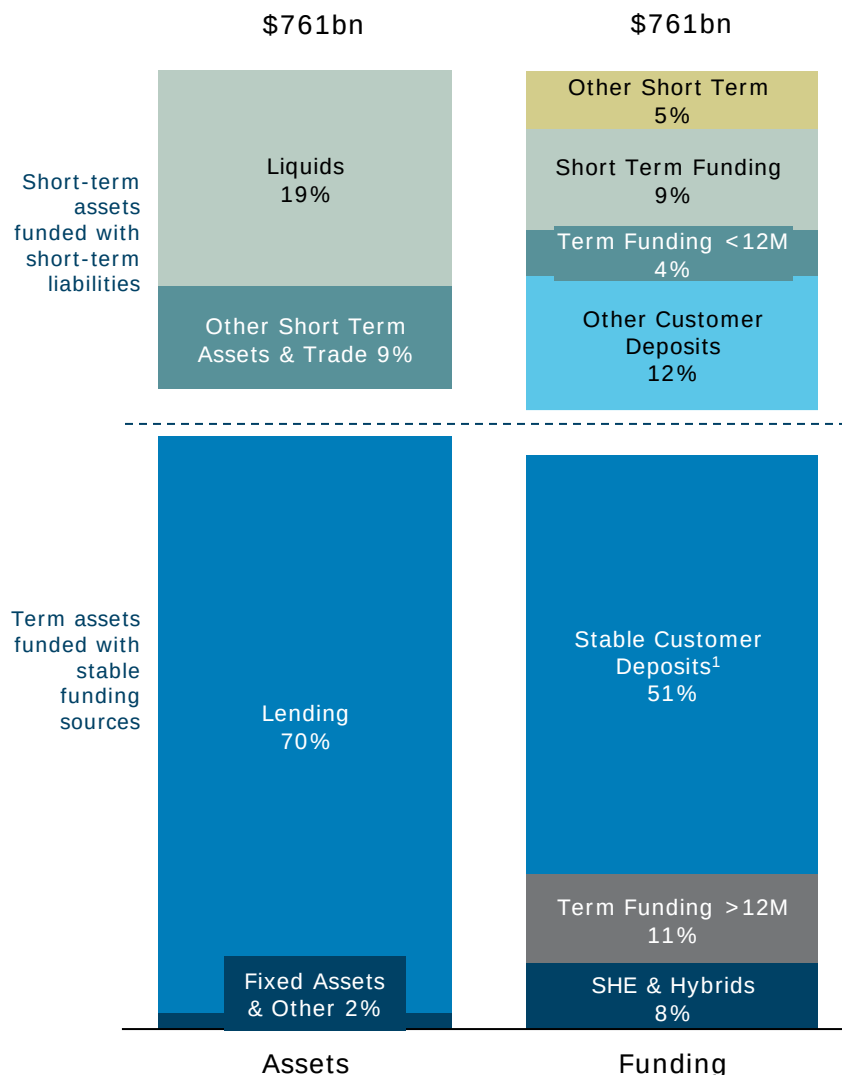
	First half average 1H12 - 1H15	1H16
Cash Profit ¹	102	87
RWA growth	(27)	1
Capital Deductions ²	(18)	(12)
Net capital generation	57	76
Gross dividend	(70)	(69)
Dividend Reinvestment Plan	13	7
Core change in CET1 capital ratio	-	14
Other non-core and non-recurring items	7	8
Net change in CET1 Capital ratio	7	22

- Net capital generation of 76bps is higher than previous first halves, reflecting the benefit of strong balance sheet discipline and the Group's strategic intent to run-off low return assets in Institutional
- Non-core and non-recurring items broadly in line with prior halves. For 1H16 this includes capital benefits from the sale of Esanda Dealer Finance assets (~16bps), partially offset by maturity of the final tranche of ANZ Wealth debt (~-10bps)

1. 1H16 Cash profit is on pro forma basis adjusted for 'Specified items', which include the impacts of software capitalisation policy changes, Asian minority investment impairment charge (AMMB) and gain on cessation of equity accounting (Bank of Tianjin), restructuring expenses and the sale of Esanda Dealer Finance portfolio

2. Represents movement in retained earnings in deconsolidated entities, capitalised software (excluding the capitalised software policy change in 1H16) and other intangibles

Balance sheet composition



Structural Funding

- Term assets almost entirely funded by equity, long-term funding and stable customer deposits.
- The funding profile is broadly unchanged from FY15. Some FX impacts due to higher AUD reversing prior period depreciation.

NSFR

- Group NSFR at Mar-16 estimated to be modestly above 100%.
- Focus is on building a suitable buffer over time. This is likely to include balance sheet actions such as reducing high NSFR intensive assets rather than a material increase in term wholesale debt.

Short term Wholesale Debt

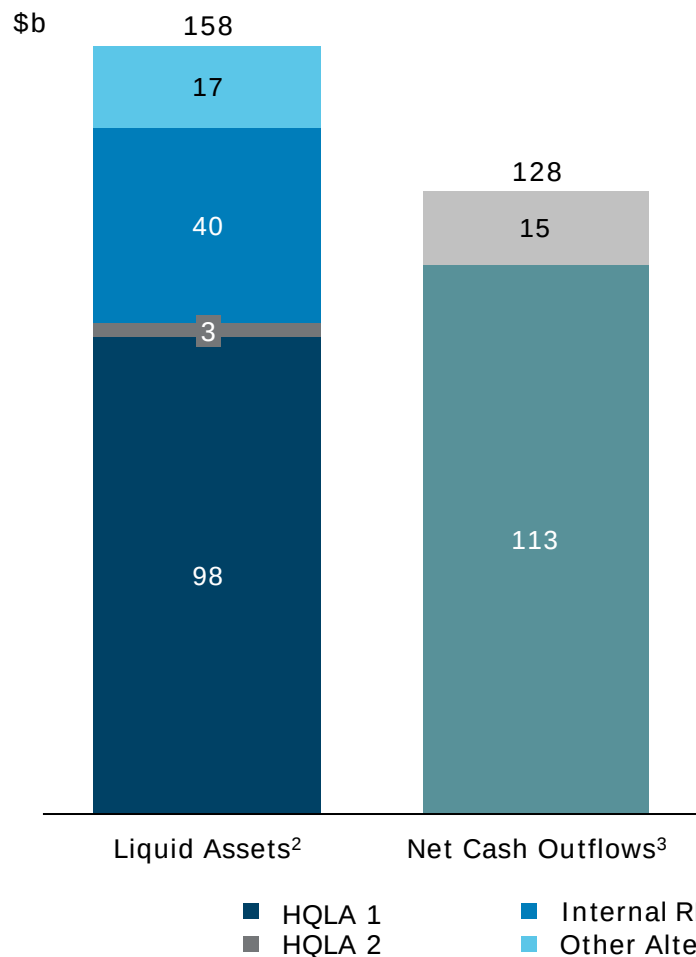
- Short term wholesale debt (both domestic and offshore) used to fund liquids, trade lending and other short term assets.
- Offshore short-term wholesale only represents ~3% of total funding.

1. Stable customer deposits represent operational type deposits or those sourced from retail / business / corporate customers and the stable component of Other funding liabilities

Basel III Liquidity Coverage Ratio

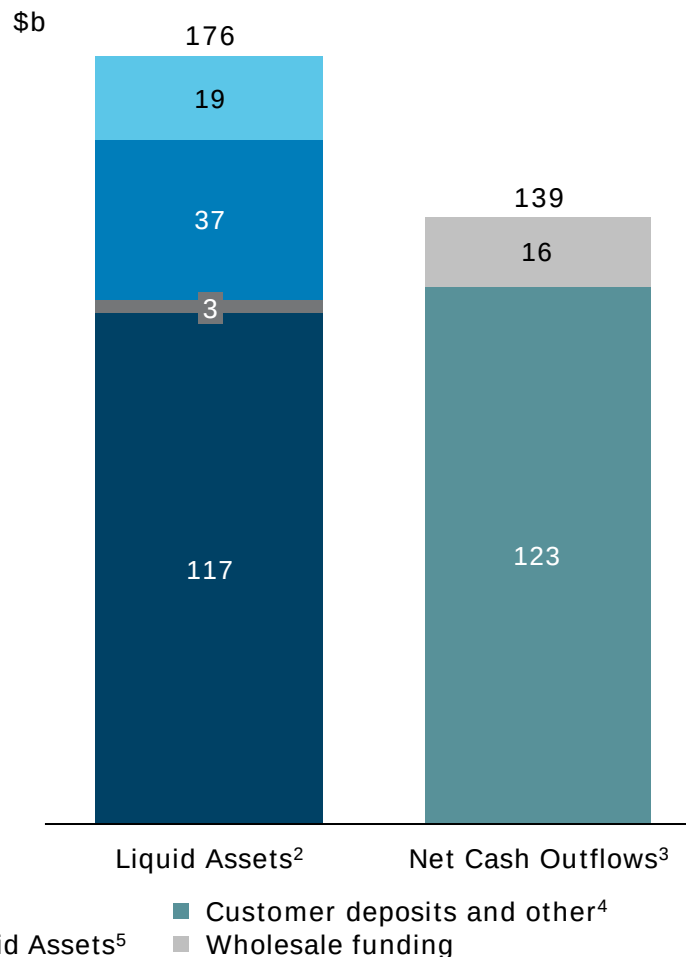
SEPTEMBER 2015

Average¹ LCR 124 % (\$30b Surplus)



MARCH 2016

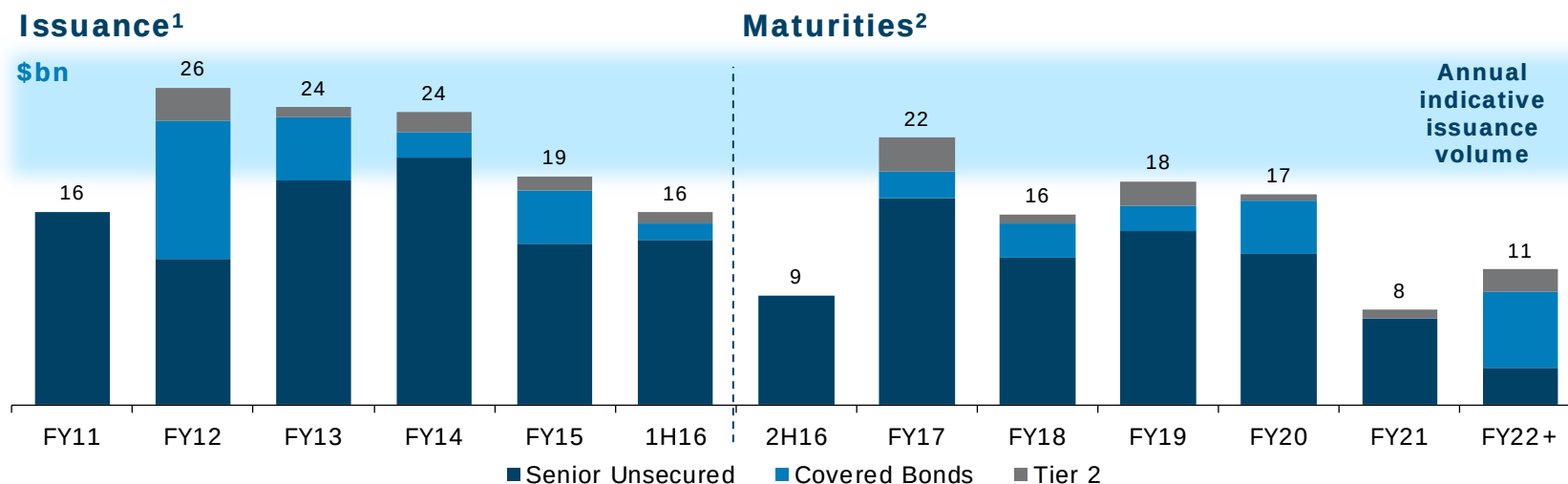
Average¹ LCR 126 % (\$37b Surplus)



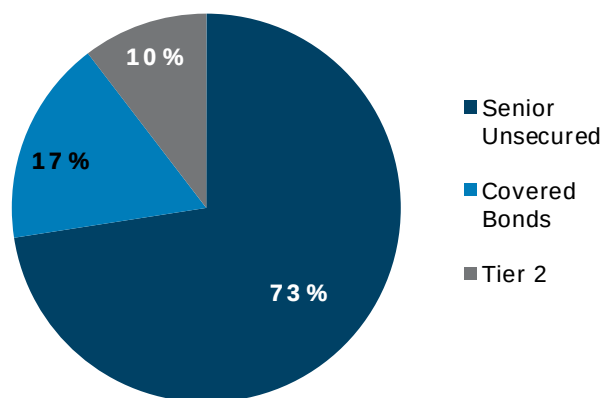
1. Half year average calculated as prescribed per APRA Prudential Regulatory Standard (APS 210 Liquidity) and consistent with APS 330 requirements.
2. Post Haircut market value as prescribed per APS 210, includes Committed Liquidity Facility : \$54bn as at 30 September 2015, \$50bn as at 31 March 2016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

Term wholesale funding portfolio

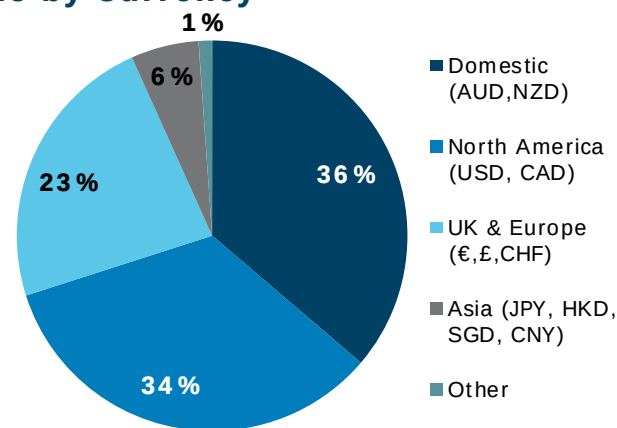
TERM FUNDING PROFILE



Portfolio by Type



Portfolio by Currency



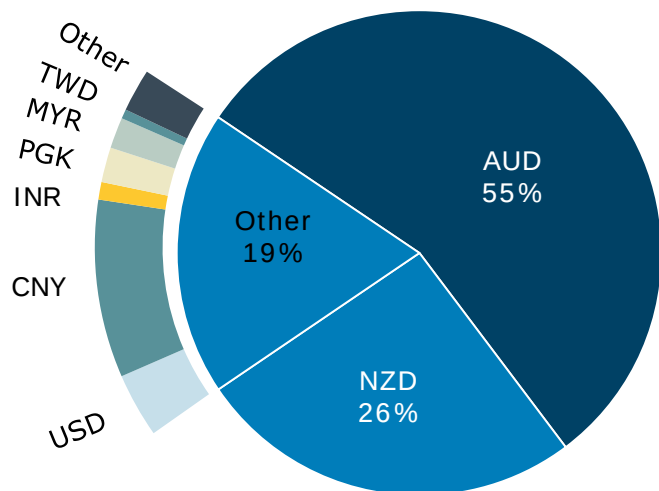
All figures based on historical FX and excludes hybrids.

1. Includes transactions with a call or maturity date greater than 12 months as at the respective reporting date.

2. Tier 2 profile is based on the next callable date.

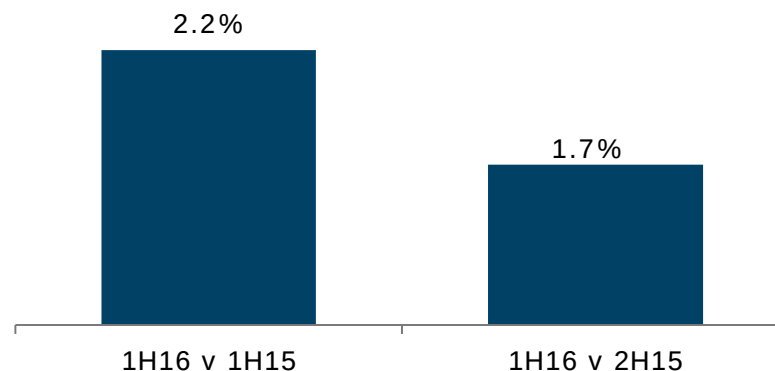
Foreign currency hedging – earnings benefit from lower AUD

1H16 EARNINGS COMPOSITION (BY CURRENCY)

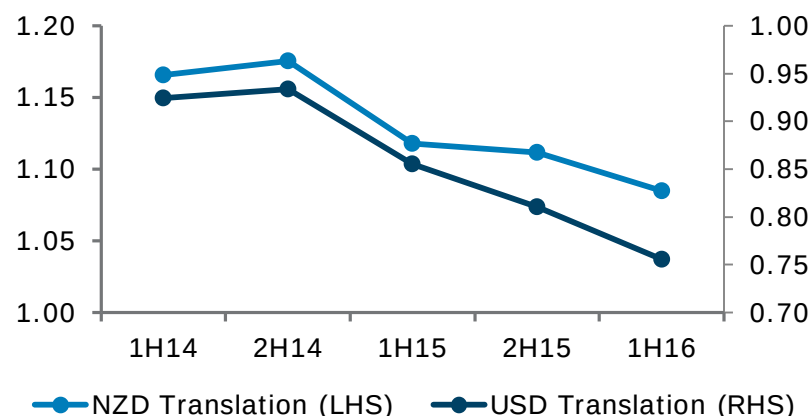


- The key objective of hedging is to manage short term EPS volatility arising from foreign currency earnings
- Hedges currently in place:
 - FY16: ~70% of NZD and ~ 34% of USD (inc. currencies that are highly correlated to AUD/USD) earnings.
 - FY17: ~54% of NZD earnings.
 - FY18: ~48% of NZD earnings.
- Hedging has reduced the impact of a 5% movement of the AUD on FY17 EPS to ~1.3%.

EARNINGS PER SHARE FX IMPACT



TRANSLATION RATES (INCLUSIVE OF HEDGES)





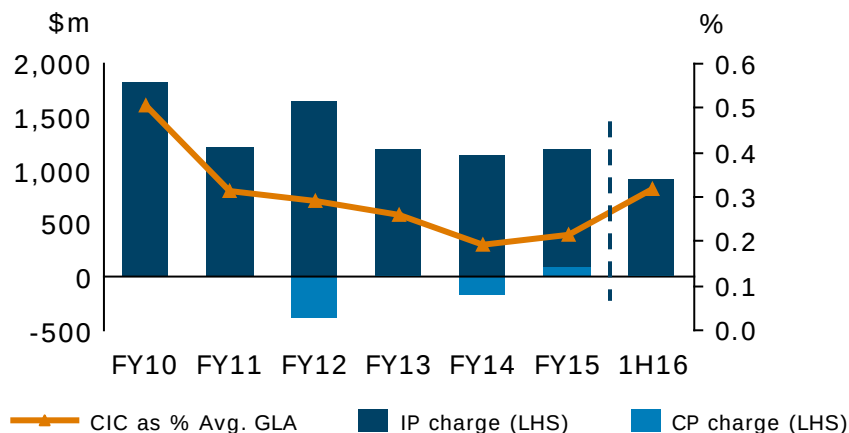
2016 HALF YEAR RESULTS

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
3 MAY 2016

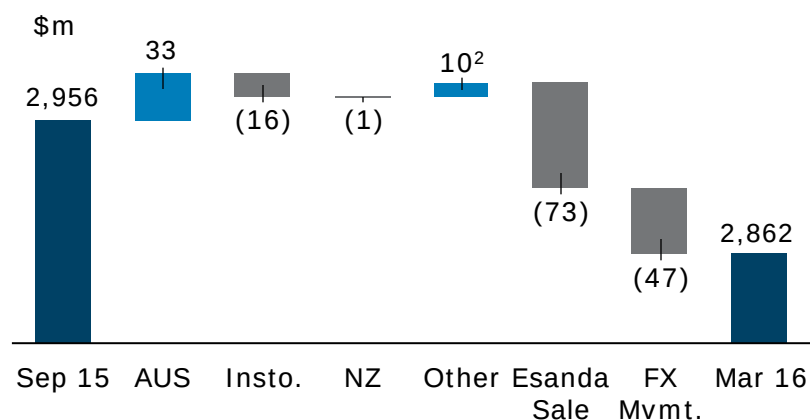
INVESTOR DISCUSSION PACK
RISK

Total & Collective Provision Charge

TOTAL PROVISION CHARGE



CP BALANCE BY DIVISION



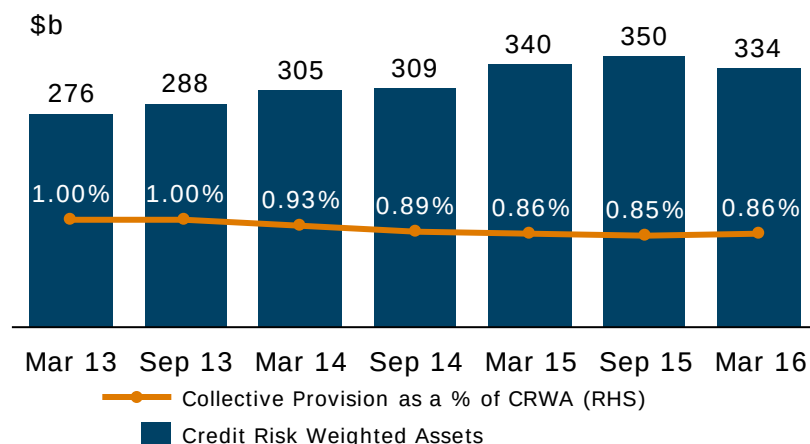
TOTAL PROVISION CHARGE COMPOSITION

	1H14	2H14	1H15	2H15	1H16
Total IP	602	542	455	655	892
Total CP	(74)	(81)	55	40	26

CP composition:

Lending Growth	85	61	54	50	56
Risk Profile	(190)	(42)	5	65	(30) ¹
Portfolio Mix	(10)	(10)	3	(3)	0
Eco cycle	41	(90)	(7)	(72)	0

CP as a % of cRWA



1. Total CP reduction captured within the 1H16 risk component is impacted by customer downgrades to impaireds / IP.

2. The number includes Retail Asia & Pacific, Global Wealth and Central Functions

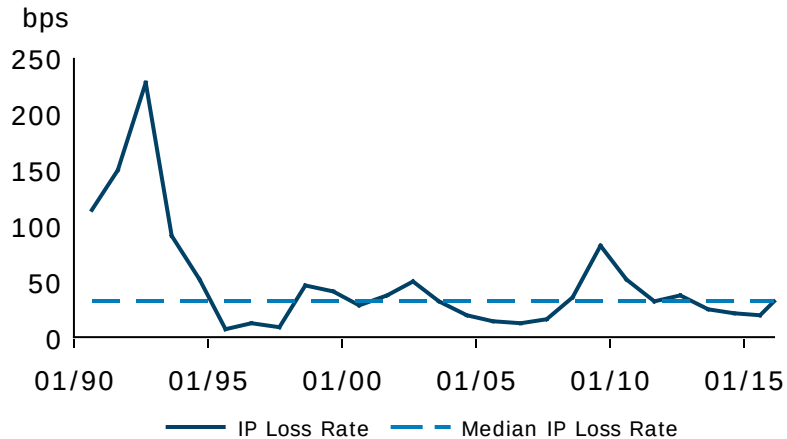
IP: Individual Provision charge

CP: Collective Provision charge

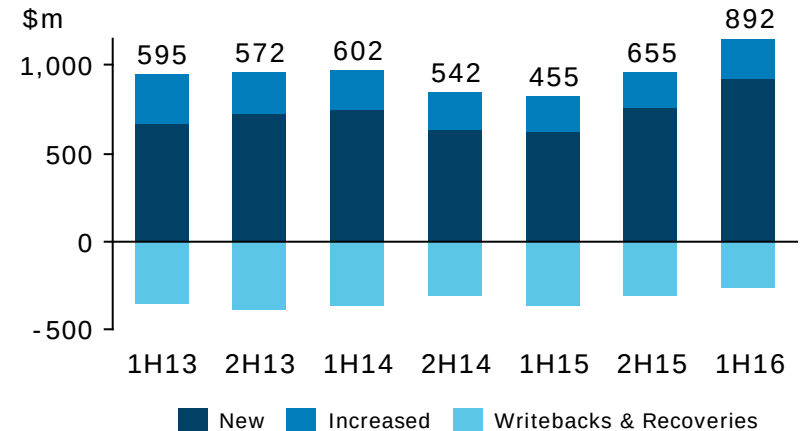
CIC: Total Credit Impairment charge

Individual Provision Charge

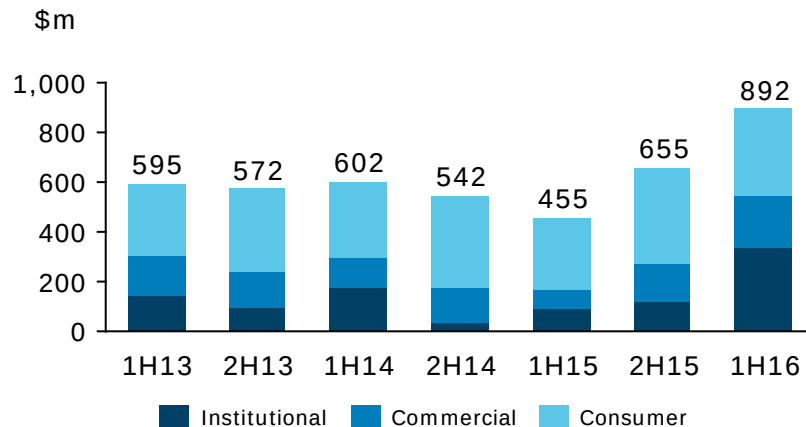
ANZ HISTORICAL OBSERVED LOSS RATES



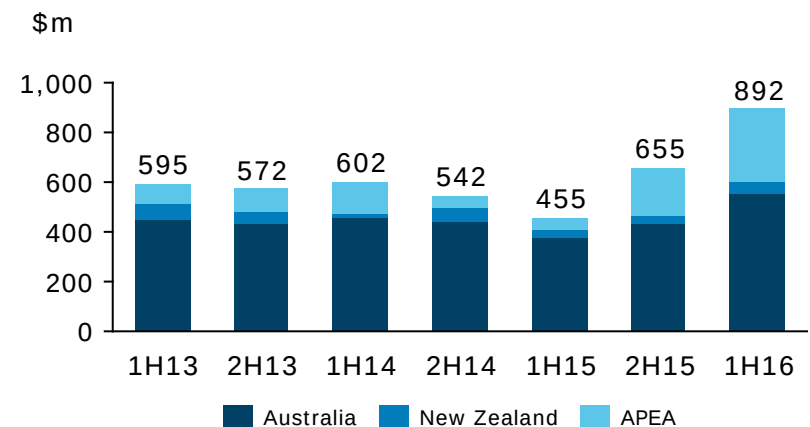
IP CHARGE COMPOSITION



IP CHARGE BY SEGMENT



IP CHARGE BY REGION

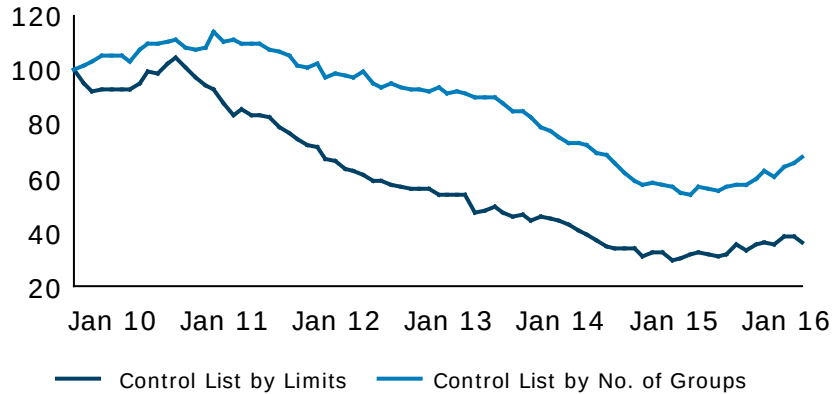


IP: Individual Provision charge

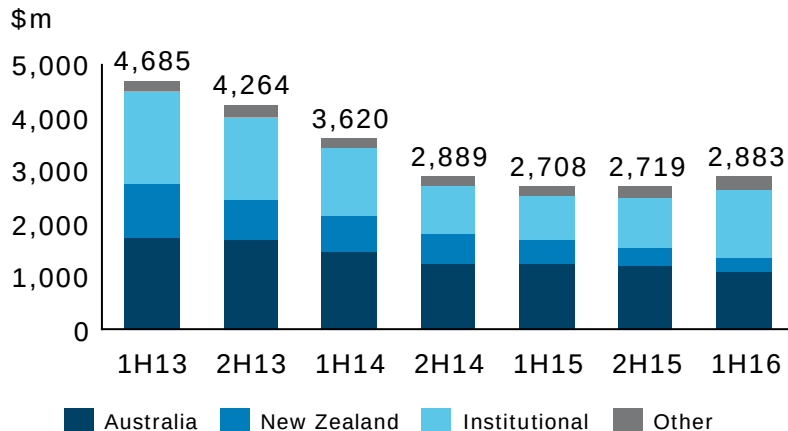
High Risk & Impaired Assets

CONTROL LIST

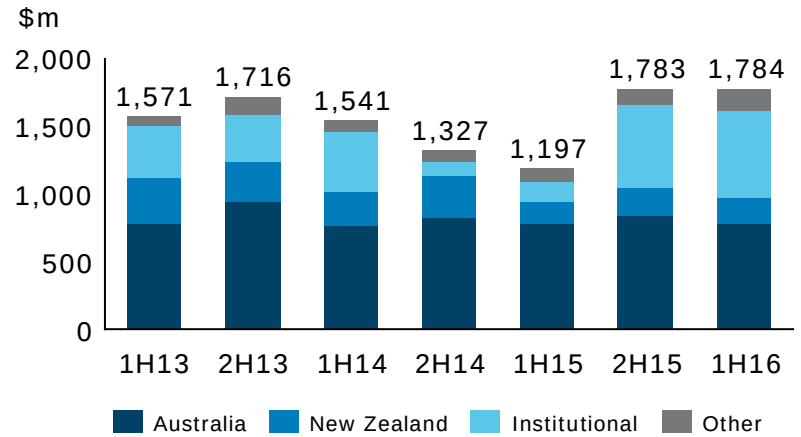
Index Sep 09 = 100



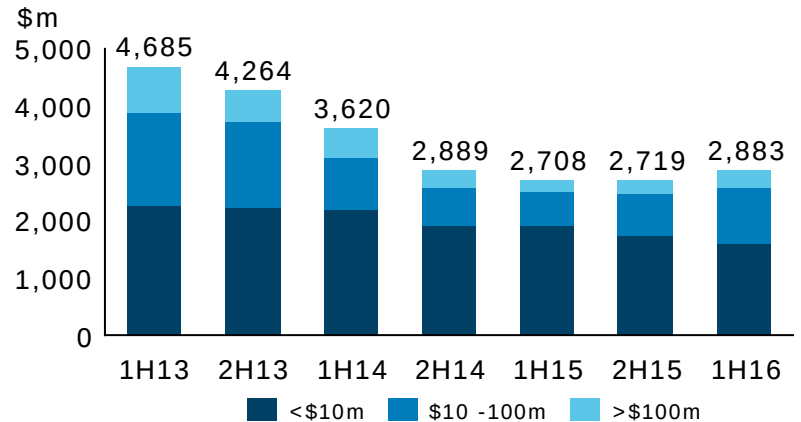
GROSS IMPAIRED ASSETS BY DIVISION



NEW IMPAIRED ASSETS BY DIVISION



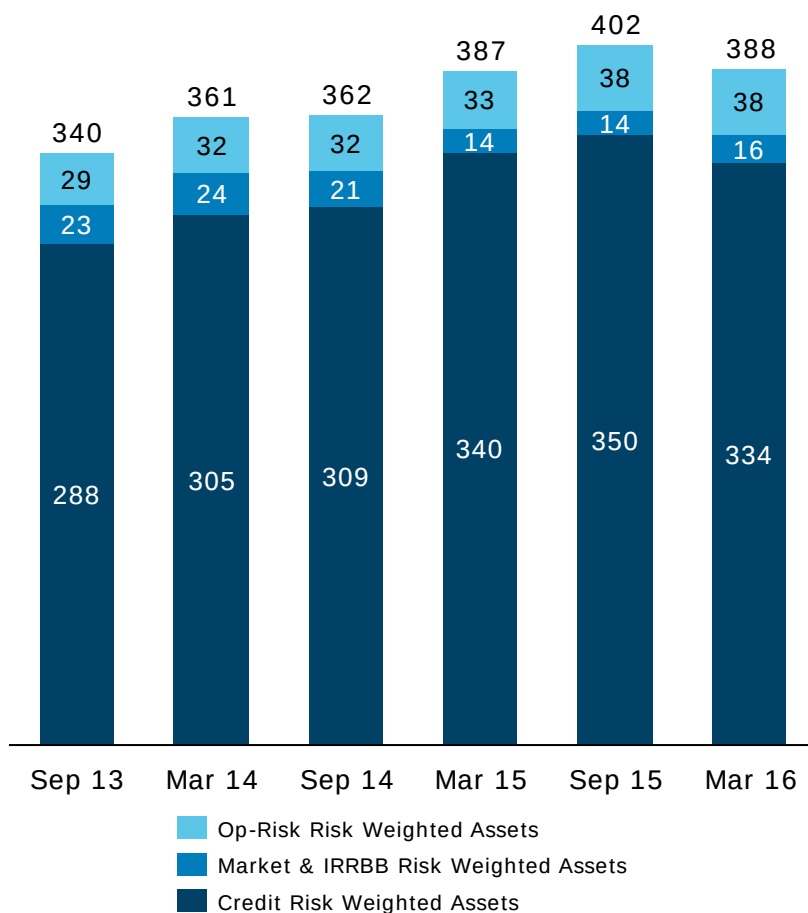
GROSS IMPAIRED ASSETS BY SIZE OF EXPOSURE



Risk Weighted Assets

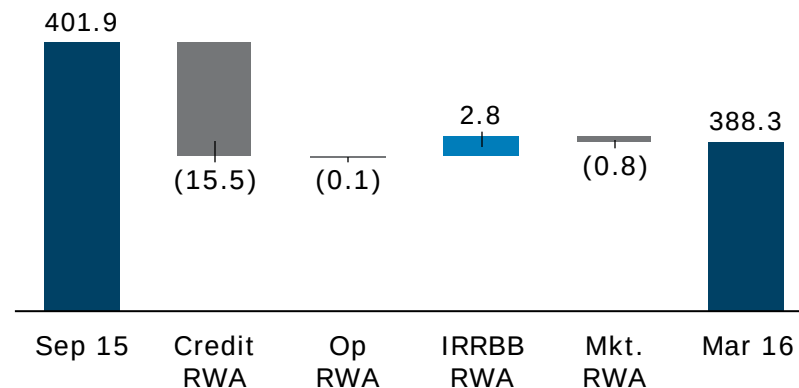
TOTAL RISK WEIGHTED ASSETS

\$b



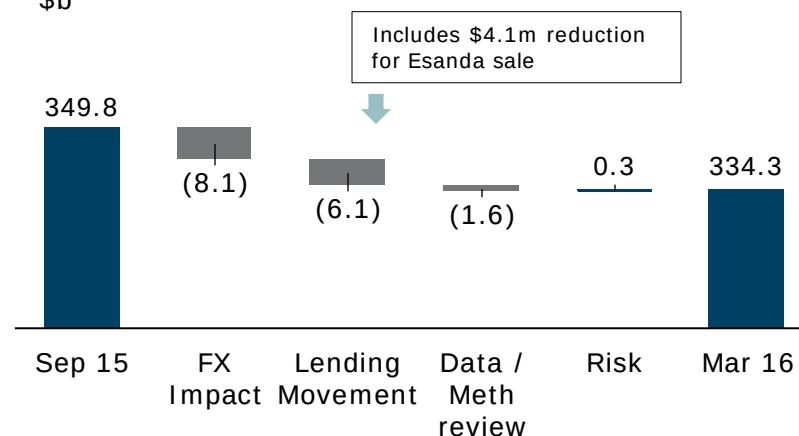
TOTAL RWA MOVEMENT

\$b



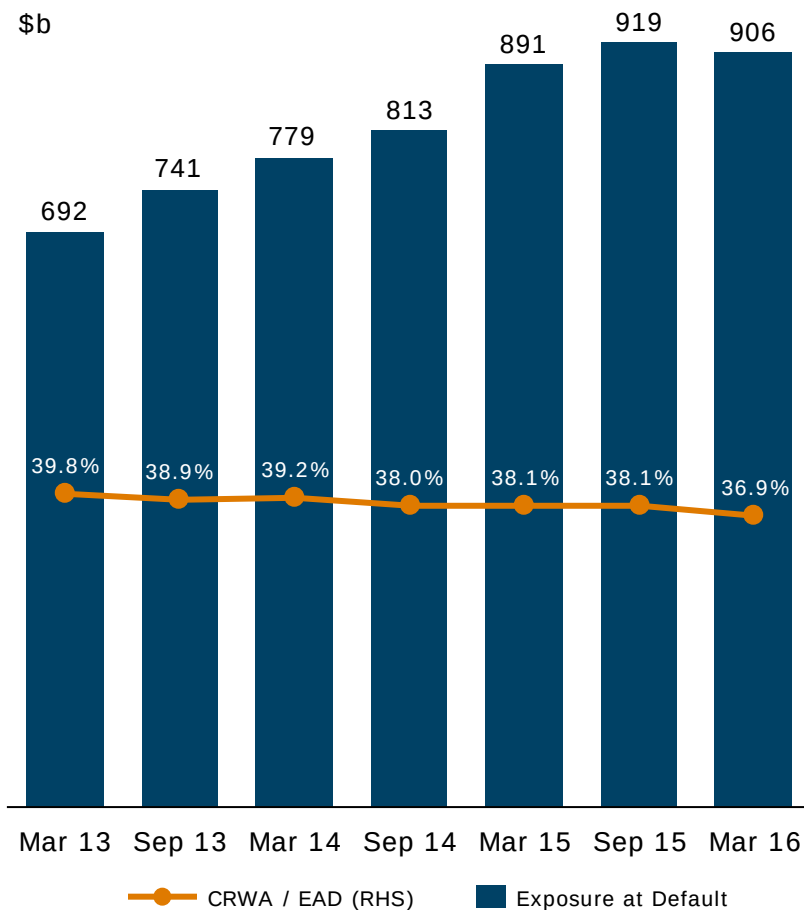
CRWA MOVEMENT - MAR 16 V SEP 15

\$b

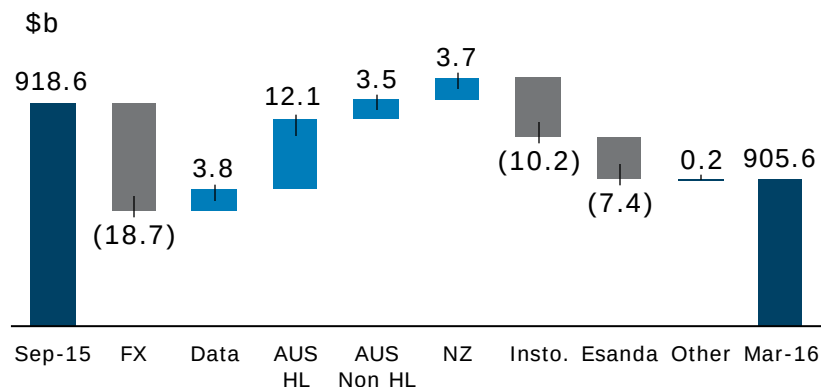


Risk Weighted Assets

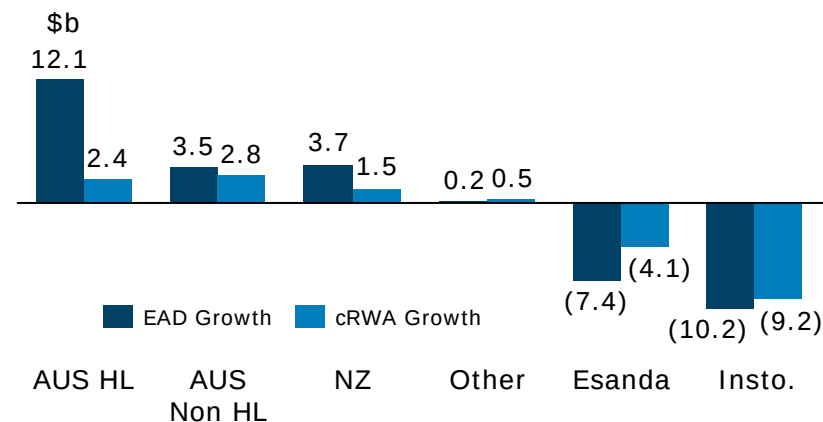
GROUP EAD¹ & CRWAs



GROUP EAD¹ MOVEMENT - MAR 16 v SEP 15



GROUP EAD & CRWA GROWTH MOVEMENT - MAR 16 V SEP 15



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

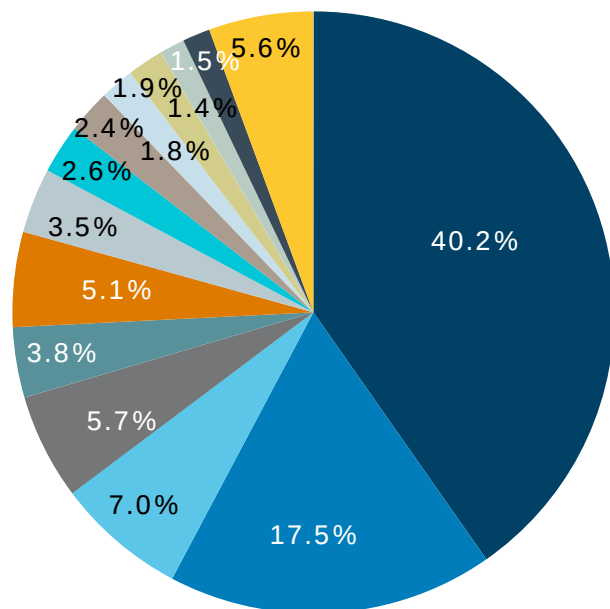
Portfolio Composition

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

ANZ Group

Total Group EAD (Mar 16)

\$882b¹

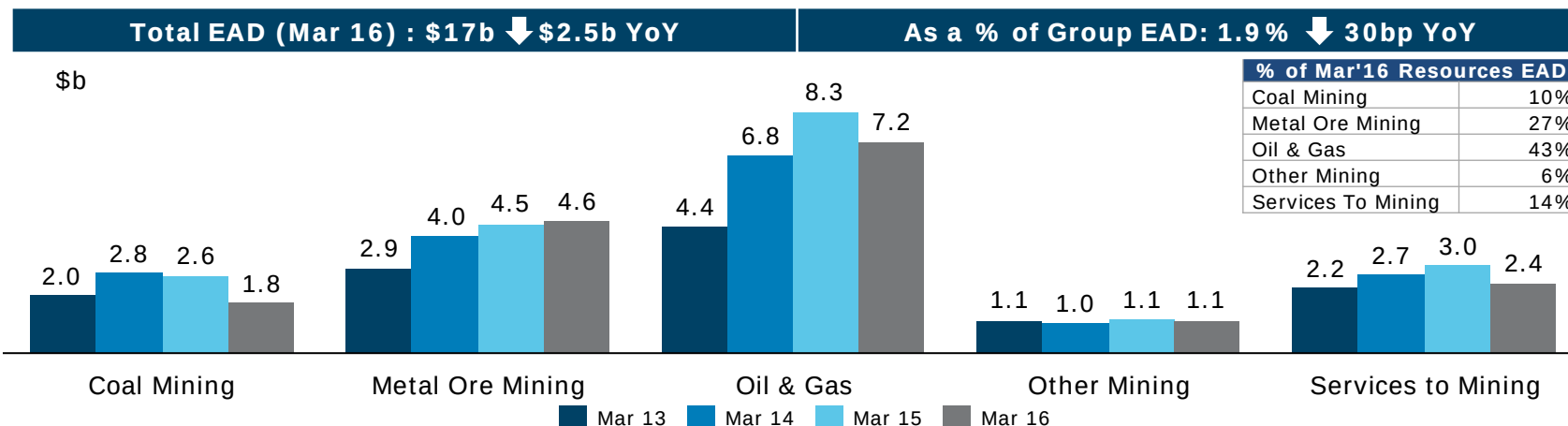


Category	% of Group EAD		% of Portfolio in Non Performing		Portfolio Balance in Non Performing
	Mar-15	Mar-16	Mar-15	Mar-16	Mar-16
Consumer Lending	38.2%	40.2%	0.2%	0.1%	426m
Finance, Investment & Insurance	18.7%	17.5%	0.1%	0.1%	88m
Property Services	6.8%	7.0%	1.3%	0.4%	247m
Manufacturing	6.5%	5.7%	0.5%	1.3%	625m
Agriculture, Forestry, Fishing	3.9%	3.8%	2.1%	1.5%	496m
Government & Official Institutions	4.4%	5.1%	0.0%	0.0%	0m
Wholesale trade	4.0%	3.5%	0.4%	0.7%	201m
Retail Trade	2.6%	2.6%	0.4%	0.7%	167m
Transport & Storage	2.2%	2.4%	1.3%	1.3%	268m
Business Services	1.8%	1.8%	0.9%	1.1%	181m
Resources (Mining)	2.2%	1.9%	0.5%	2.4%	409m
Electricity, Gas & Water Supply	1.6%	1.4%	0.1%	0.1%	10m
Construction	1.6%	1.5%	1.7%	2.2%	290m
Other	5.5%	5.6%	0.5%	0.4%	197m
TOTAL	100.0%	100.0%	0.4%	0.4%	3,605m
TOTAL \$b	\$869¹	\$882¹			

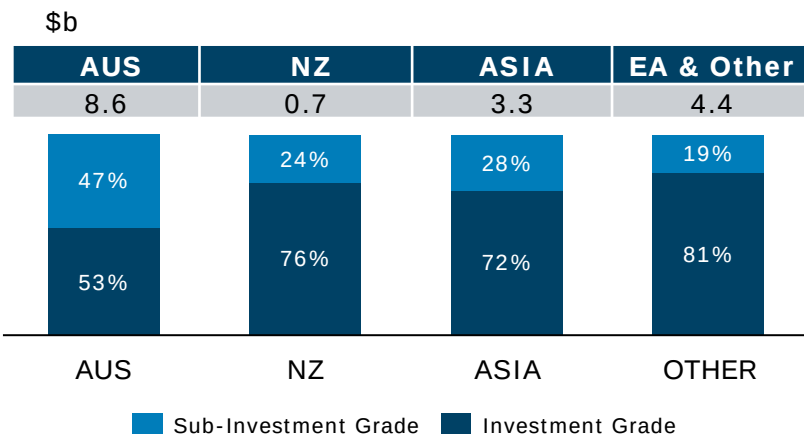
1. EAD excludes amounts for 'Securitisation' and 'Other Assets' Basel asset classes and manual adjustments. Data provided is as at Mar 16 on a Post CRM basis, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral. Note that APS330 disclosure is reported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

Group Resources Portfolio

RESOURCES EXPOSURE BY SECTOR (EAD)



RESOURCES EXPOSURE CREDIT QUALITY (EAD)

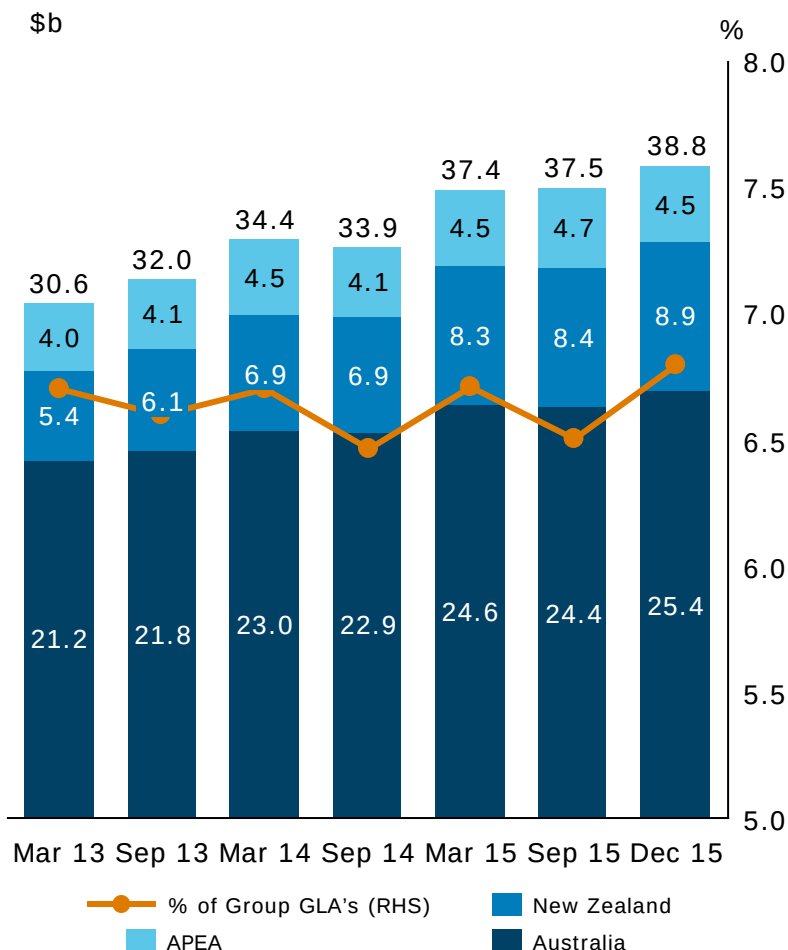


RESOURCES PORTFOLIO MANAGEMENT

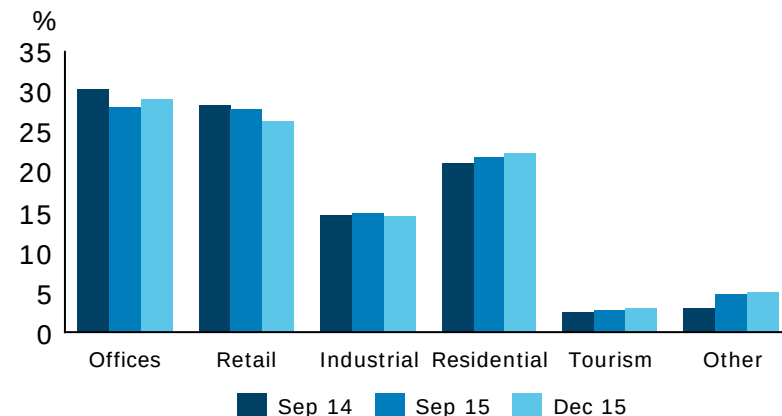
- Portfolio is skewed towards well capitalised and lower cost resource producers. 27% of the book is less than one year duration.
- Investment grade exposures represent 65% of portfolio vs. 68% at Sep15.
- Trade business unit accounts for 17% of the total Resources EAD.
- Mining services customers are subject to heightened oversight given the cautious outlook for services sector.

Commercial Property Portfolio

COMMERCIAL PROPERTY OUTSTANDINGS BY REGION¹



COMMERCIAL PROPERTY OUTSTANDINGS BY SECTOR¹



PROPERTY PORTFOLIO MANAGEMENT

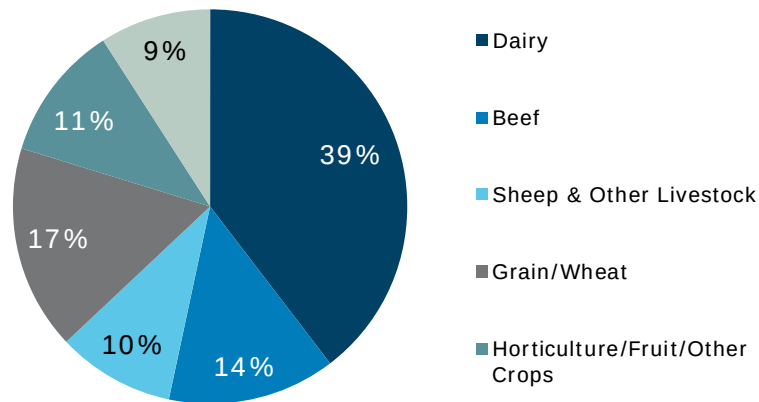
- Continued to tighten our risk appetite within agreed strategy parameters.
- This includes tightened criteria around LVR and pre-sales qualifications, as well as reduced lending discretions for non-specialist lenders to originate residential development business.
- EAD growth has primarily occurred in the metro capital city markets on the Eastern seaboard of Australia, driven by the strong residential development cycle underway.

1. As per ARF230 disclosure.

Group Agriculture Portfolio

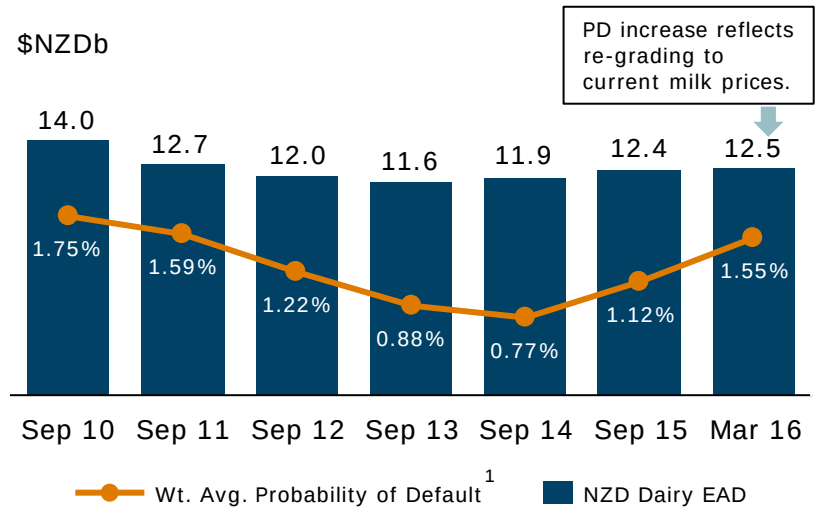
AGRICULTURE EXPOSURE BY SECTOR (% EAD)

Total EAD (Mar 16)	As a % of Group EAD
A\$33b	3.8%

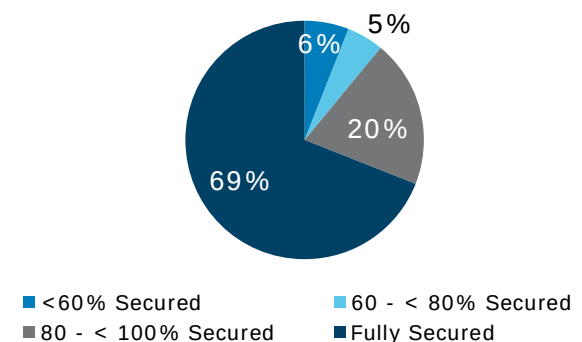
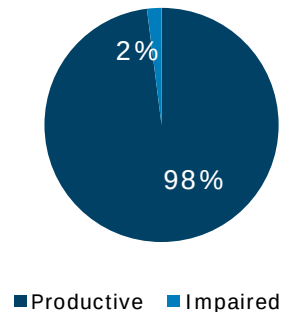
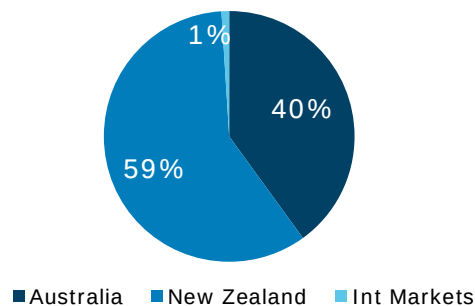


NEW ZEALAND DAIRY CREDIT QUALITY

\$NZDb



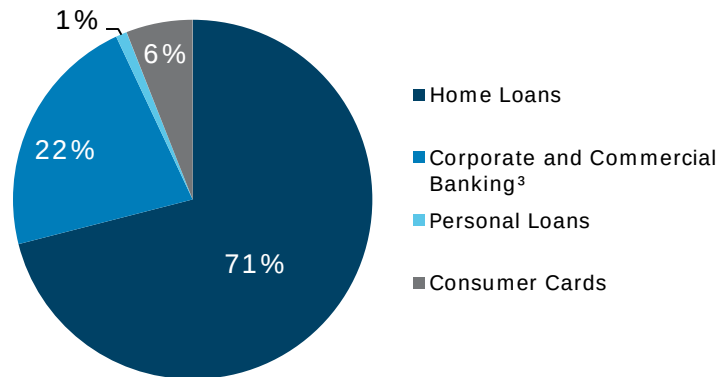
GROUP AGRICULTURE EAD SPLITS



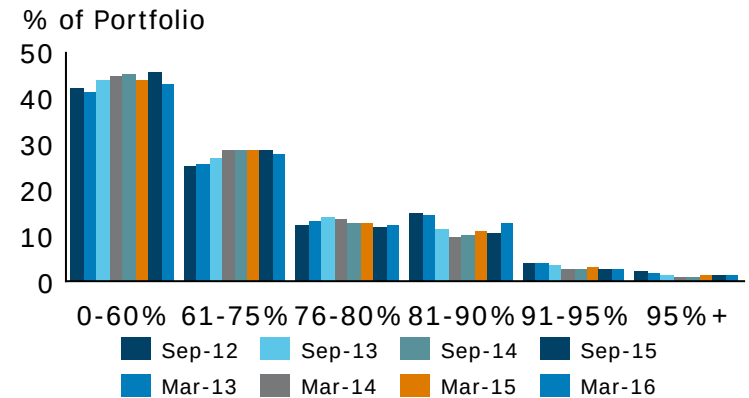
1. Wholesale PD model changes account for 16bps increase in FY15.

Australia Division

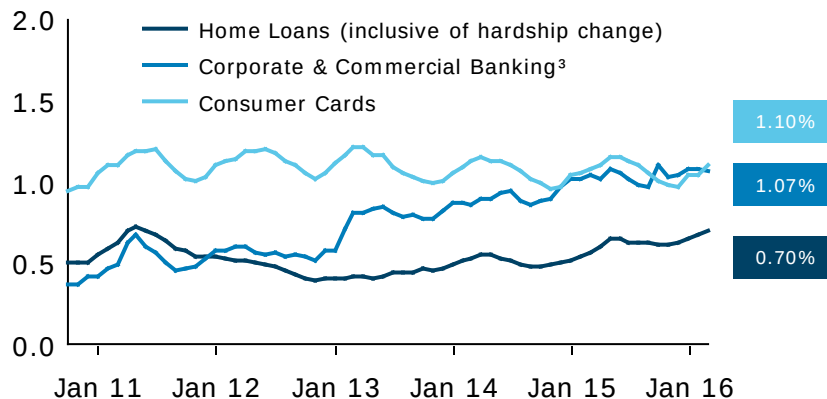
AUSTRALIA DIVISION CREDIT EXPOSURE (EAD)



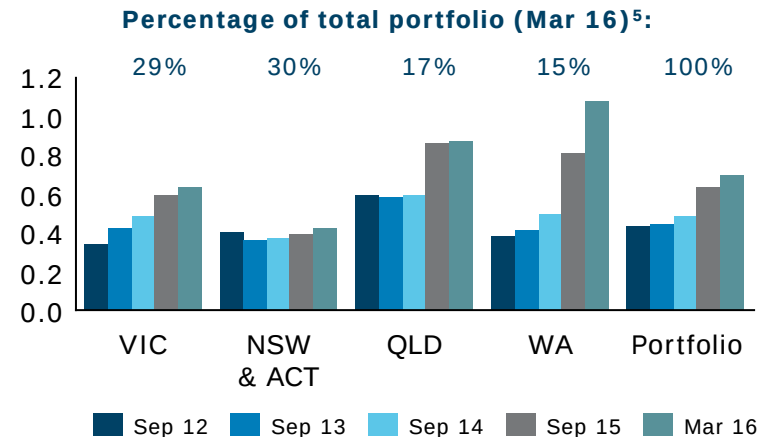
DYNAMIC LOAN TO VALUE RATIO (1H16)^{2,4}



AUSTRALIA DIVISION 90+ DAY DELINQUENCIES¹



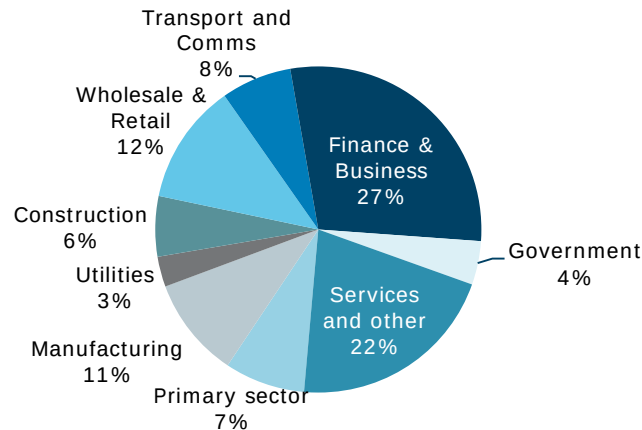
AUSTRALIA HOME LOANS 90+ DPD BY STATE¹



1. Exclusive of Non Performing Loans.
2. Including capitalised premiums.
3. Includes Small Business, Commercial Cards and Esanda Retail.
4. Valuations updated Mar-16 where available.
5. VIC, NSW & ACT, QLD and WA represent 91% of total portfolio, with remaining 9% distributed between TAS, NT and SA.

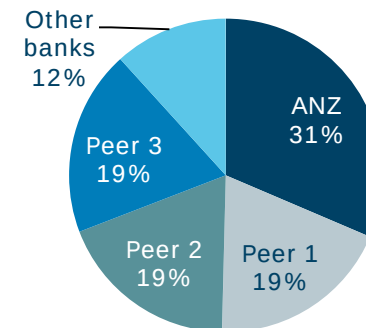
New Zealand – market characteristics

GDP CONTRIBUTION BY INDUSTRY¹

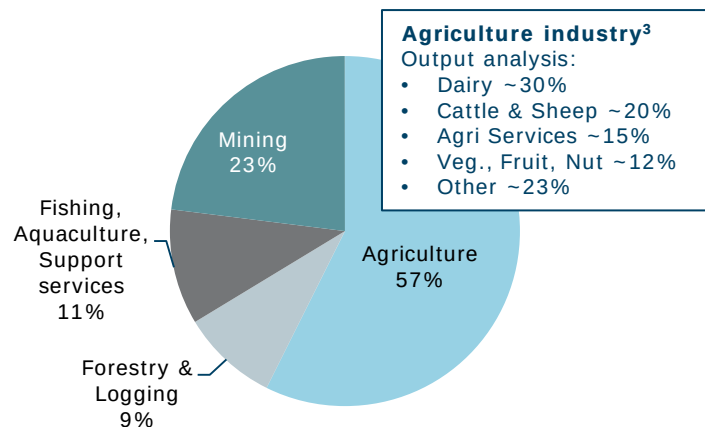


BANKING MARKET²

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

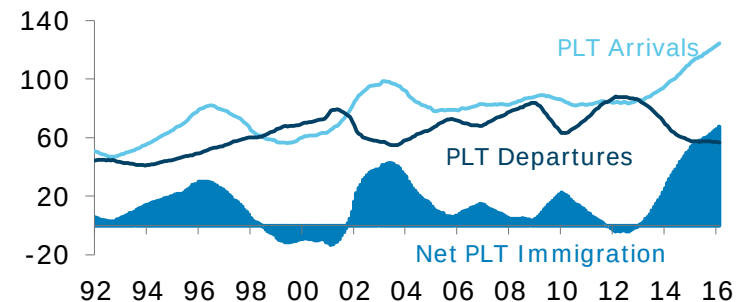


PRIMARY SECTOR GDP CONTRIBUTION³



POSITIVE MIGRATION IMPACT ON POPULATION⁴

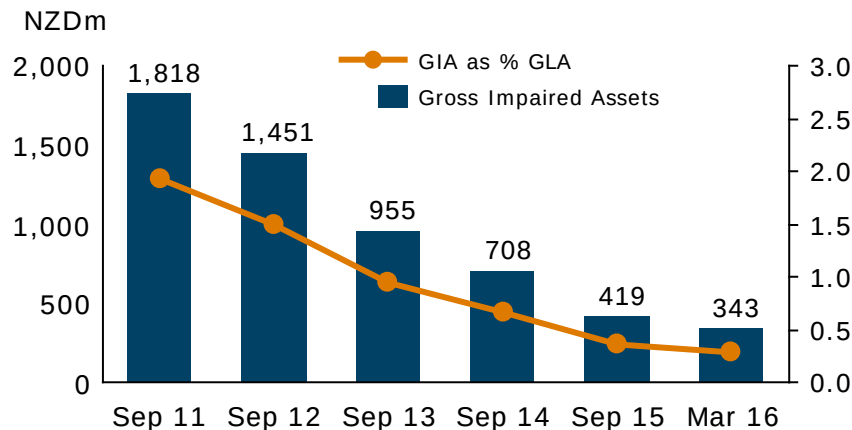
Persons, 12 month total ('000)



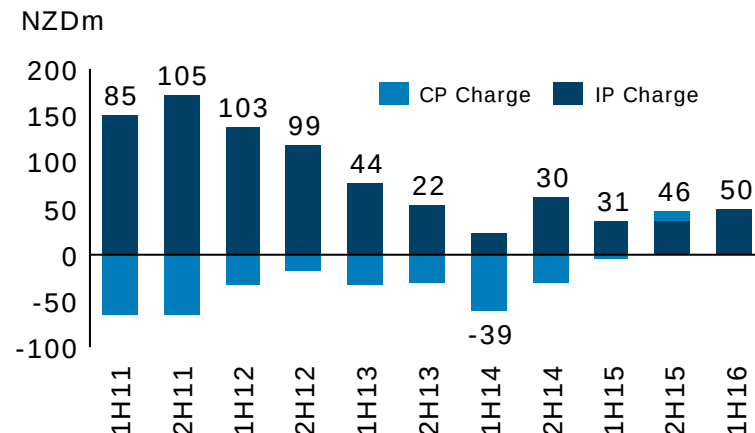
1. Statistics NZ.
2. Source: 2015 KPMG Financial Institutions Performance Survey.
3. Statistics NZ, ANZ analysis, as at June 2015.
4. PLT refers to Permanent Long Term. Data as at February 2016.

New Zealand

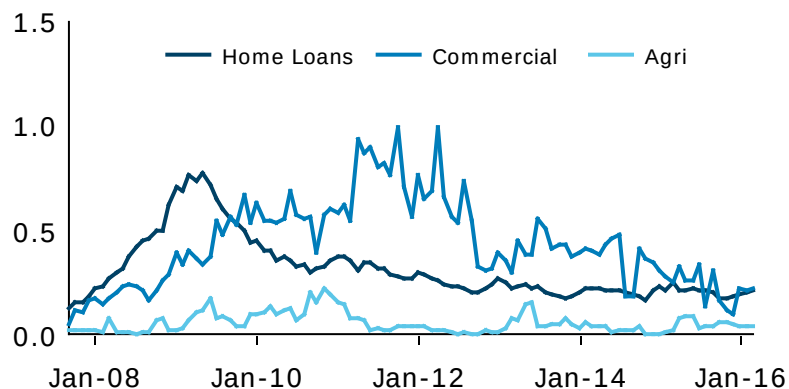
NEW ZEALAND GEOGRAPHY GROSS IMPAIRED ASSETS



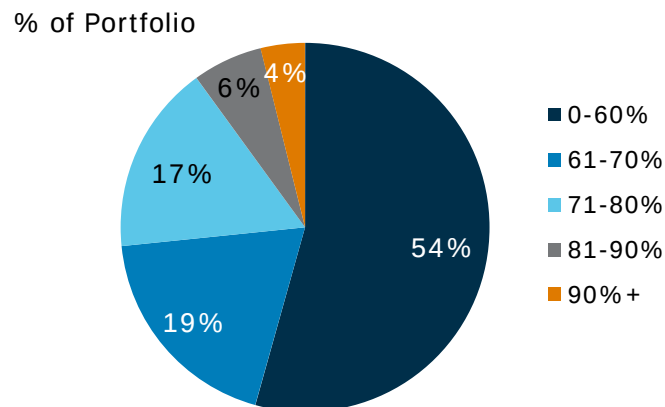
NEW ZEALAND GEOGRAPHY TOTAL PROVISION CHARGE



NEW ZEALAND DIVISION 90+ DAYS DELINQUENCIES



MORTGAGE DYNAMIC LOAN TO VALUE RATIO¹



1. Average dynamic LVR as at Feb 2016 (not weighted by balance)



2016 HALF YEAR RESULTS

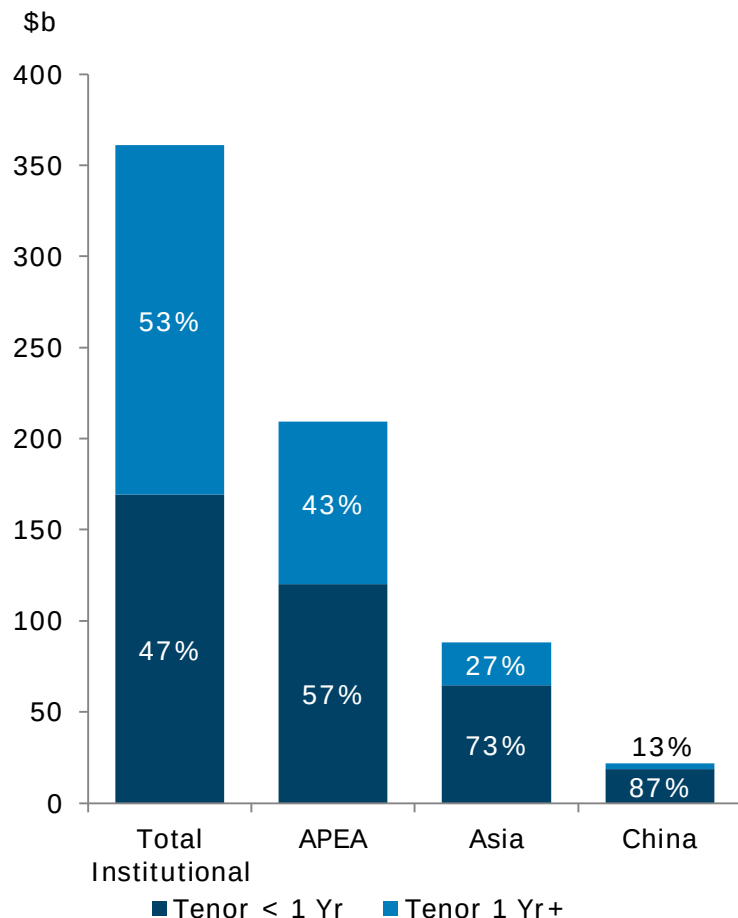
AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
3 MAY 2016

INVESTOR DISCUSSION PACK
PORTFOLIO COMPOSITION

ANZ Institutional Portfolio

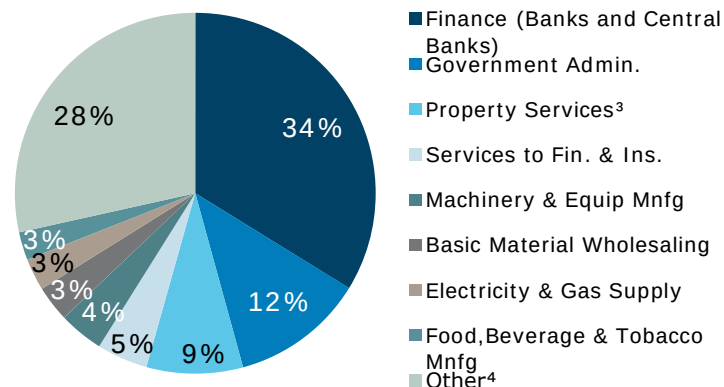
Country of Incorporation²

INSTITUTIONAL PORTFOLIO SIZE & TENOR (EAD)¹



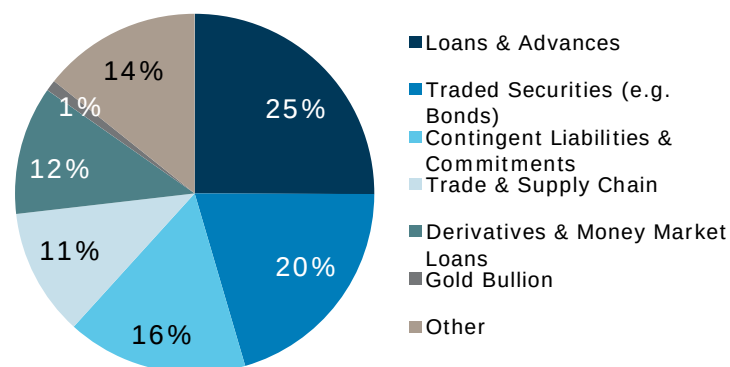
ANZ INSTITUTIONAL INDUSTRY COMPOSITION

EAD (March16): AU\$361b¹



ANZ INSTITUTIONAL PRODUCT COMPOSITION

EAD (March16): AU\$361b¹



1. Data provided is as at Mar 16 on a Post CRM basis, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral. Position excludes Basel Asset Class "Retail".

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

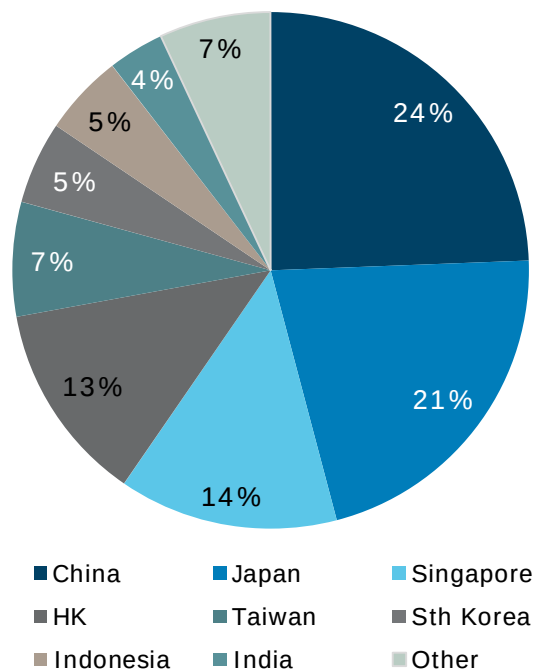
3. ~83% of the ANZ Institutional "Property Services" portfolio is to entities incorporated in either Australia or New Zealand. 4. Other is comprised of 48 different industries with none comprising more than 2.2% of the Institutional portfolio

ANZ Asian Institutional Portfolio

Country of Incorporation²

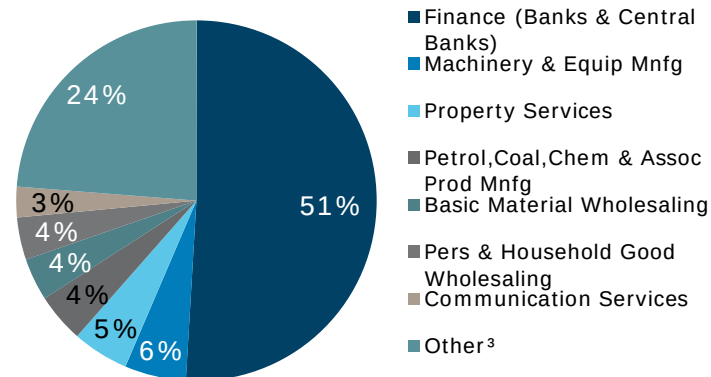
COUNTRY OF INCORPORATION²

EAD (March16): AU\$88b¹



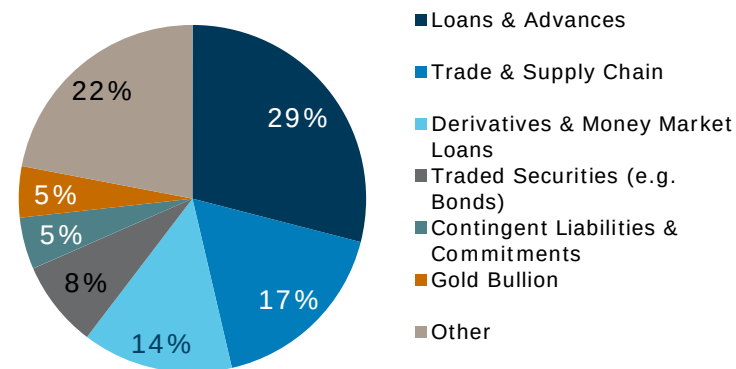
ANZ ASIA INDUSTRY COMPOSITION

EAD (March16): AU\$88b¹



ANZ ASIA PRODUCT COMPOSITION

EAD (March16): AU\$88b¹



1. Data is provided as at Mar16 on a Post CRM basis, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral. Position excludes Basel Asset Class "Retail". 2. Country is defined by the counterparty's Country of Incorporation. 3. "Other" within industry is comprised of 45 different industries with none comprising more than 2.3% of the Asian Institutional portfolio; Other product category is predominantly exposure due from other financial institutions.

ANZ China Portfolio

Country of Incorporation²

COUNTRY OF INCORPORATION²

China EAD

- Total China EAD of A\$22b, with 49% or \$10.5b booked onshore in China.

Tenor ~87% of EAD has a tenor less than 1 year

Risk rating

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

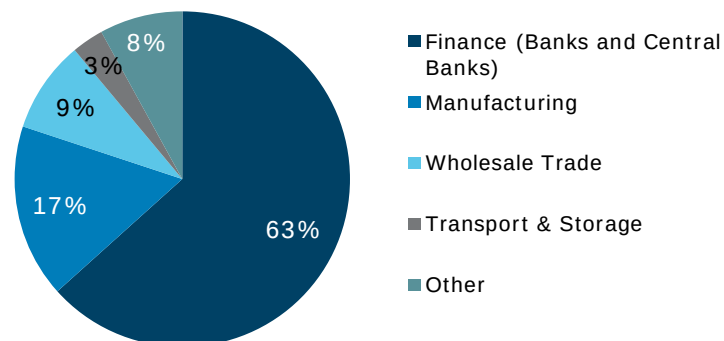
Industry

- 63% of China exposures to Financial institutions, with ~55% of this to China's central bank and its Top 4 largest banks.

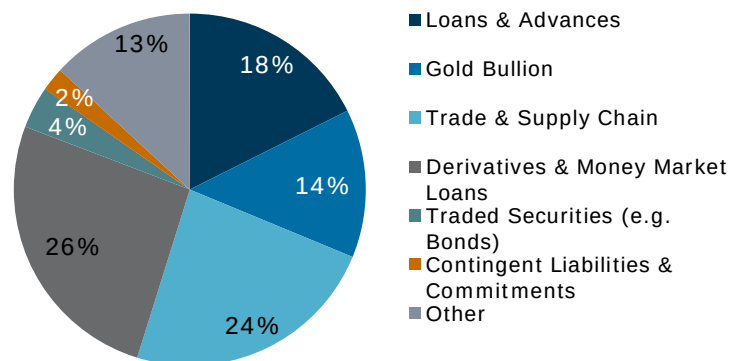
Products

- Product reduction seen in Trade & Supply chain (1.0b in Finance Industry, 1.0b in Manufacturing), while largest growth in Other (+1.8b) due to increase in Nostro accounts
- Within loans and advances circa 87% have a tenor of less than 1 year, up from 63% at Sep15.

ANZ CHINA INDUSTRY COMPOSITION (EAD)¹



ANZ CHINA PRODUCT COMPOSITION (EAD)¹



1. Data is provided as at Mar16 on a Post CRM basis, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral. Position excludes Basel Asset Class "Retail". 2. Country is defined by the counterparty's Country of Incorporation



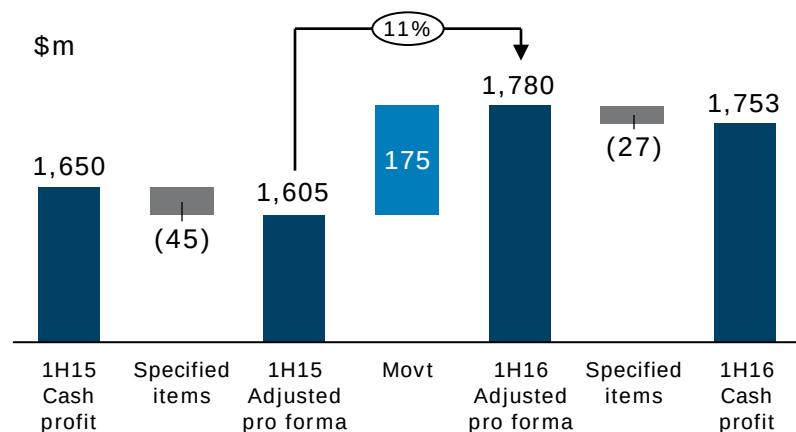
2016 HALF YEAR RESULTS

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
3 MAY 2016

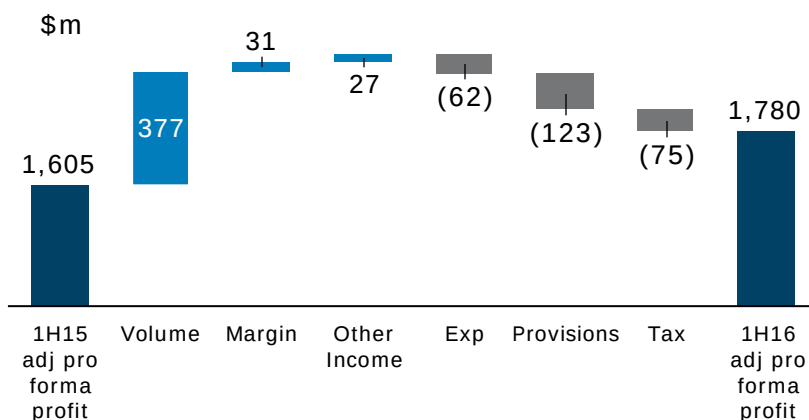
INVESTOR DISCUSSION PACK
AUSTRALIA DIVISION

Australia Division - Financial Performance (PCP)

PROFIT



PRO FORMA PROFIT CONTRIBUTION



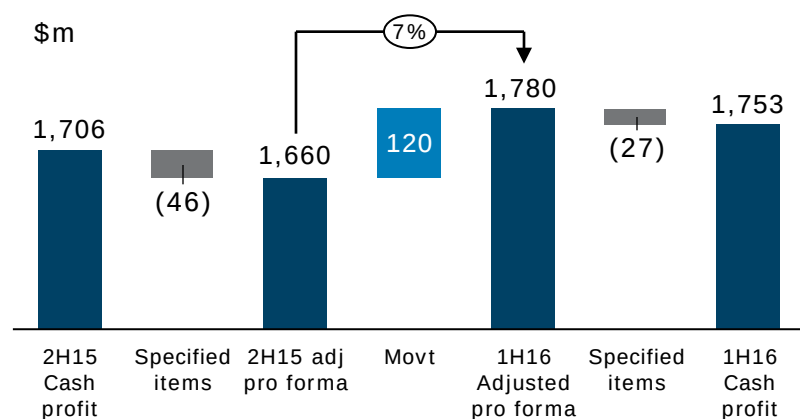
PRO FORMA (PCP)¹

	Drivers	1H16 \$m	Change
Cash Profit	Increase in cash profit driven primarily by volume growth	1,780	11 %
Income			10 %
NII	Lending growth in Home Loans +11% and SBB +12%, Deposits +8%	4,589	11%
OOI	Fee income growth across Retail and SBB		5%
Expenses	Investment in priority segments, wage inflation and volume related costs largely offset by productivity	1,597	4 %
Provisions Charge	Lower write backs in C&CB (1H16) and higher charges in SBB, Personal Loans and Regional Business Bank	449	38 %
Net Interest Margin	Margin improvement across Retail, partially offset by ongoing competitive pressures	2.54 %	+1bps

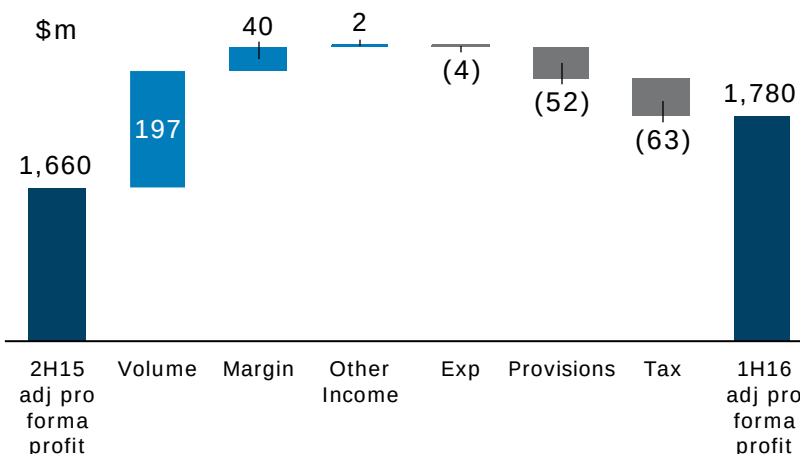
1. Financial results and growth rates have been adjusted for sale of Esanda Dealer Finance, restructuring costs and changes to software capitalisation policy. For reported numbers, refer to Results Announcement pages 52-59. PCP: Comparisons are on an underlying cash basis comparing 6 months to 31 March 2016 to 6 months to 31 March 2015. C&CB refers to Corporate and Commercial Banking

Australia Division - Financial Performance (HoH)

PROFIT



PRO FORMA PROFIT CONTRIBUTION



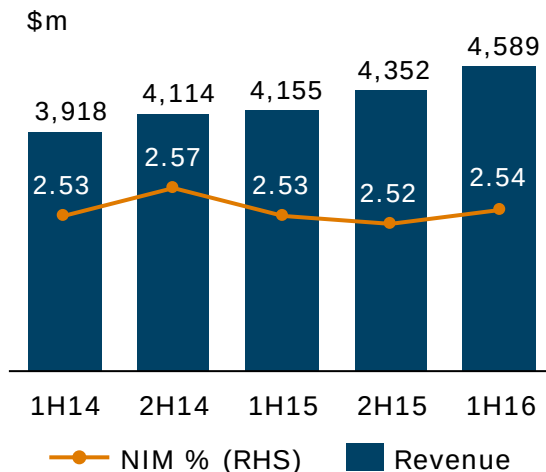
PRO FORMA (HoH)¹

	Drivers	1H16 \$m	Change
Cash Profit	Increase in cash profit driven primarily by volume growth and disciplined cost management, partly offset by higher provision charges	1,780	7 %
Income			5 %
NII	Lending growth in Home Loans +5% and SBB +5%, Deposits +4%	4,589	6%
OOI	Seasonal impact in Cards, offset by growth in Deposits & Payments		flat
Expenses	Investment in priority segments, wage inflation and volume related costs largely offset by productivity	1,597	flat
Provisions Charge	Higher charges in SBB, Regional BB and Corporate Banking	449	13 %
Net Interest Margin	Margin improvement across Retail, partially offset by ongoing competitive pressures	2.54 %	+2bps

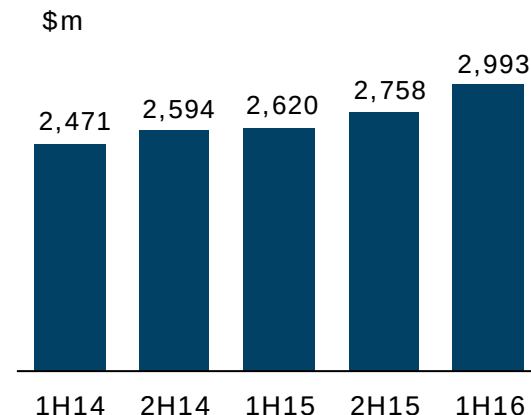
1. Financial results and growth rates have been adjusted for sale of Esanda Dealer Finance, restructuring costs and changes to software capitalisation policy. For reported numbers, refer to Results Announcement pages 52-59. HoH: Comparisons are on an underlying cash basis comparing 6 months to 31 March 2016 to 6 months to 30 September 2015.

Home Loans, Small Business & NSW driving strong financial results

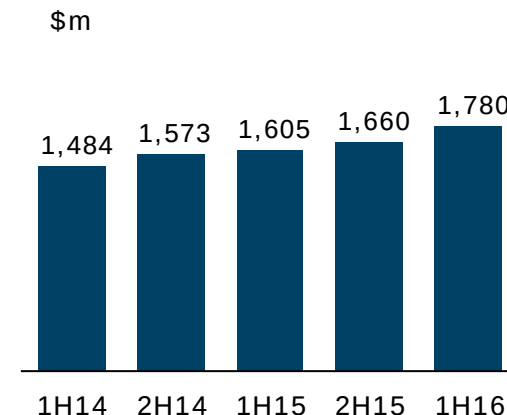
REVENUE & NIM



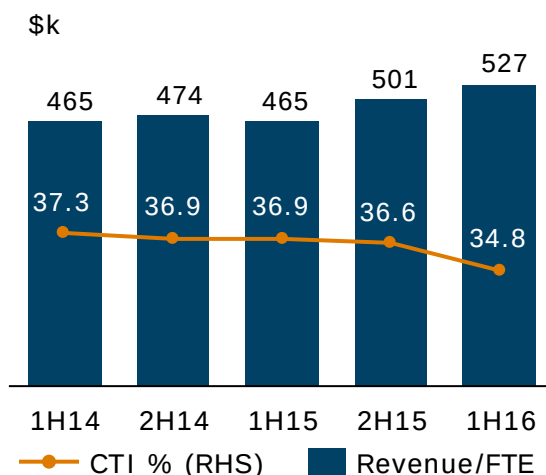
PROFIT BEFORE PROVISIONS



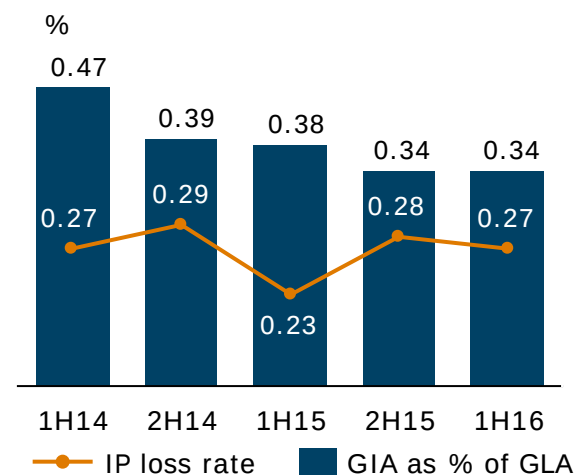
CASH PROFIT



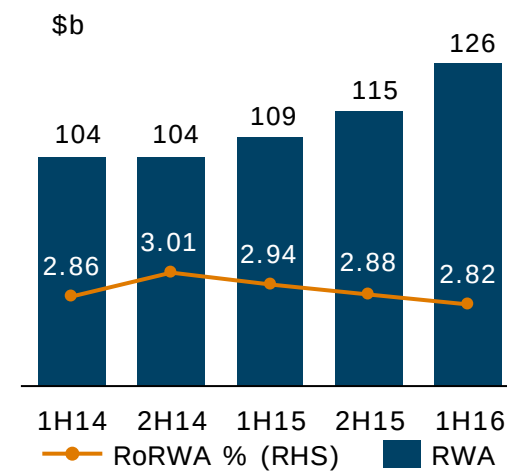
REVENUE PER FTE & CTI



CREDIT QUALITY¹



RWA AND RORWA



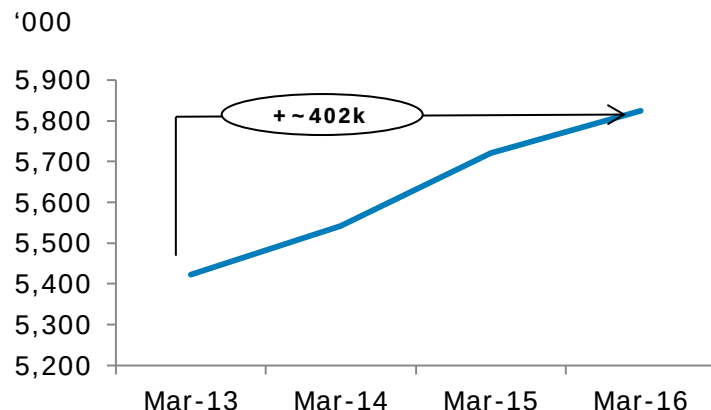
Adjusted pro forma basis except for IP loss rates, which is on a statutory basis

1. IP loss rates are inclusive of the Esanda Dealer Financial portfolio

Strong outcomes in customer acquisition, product penetration and sales

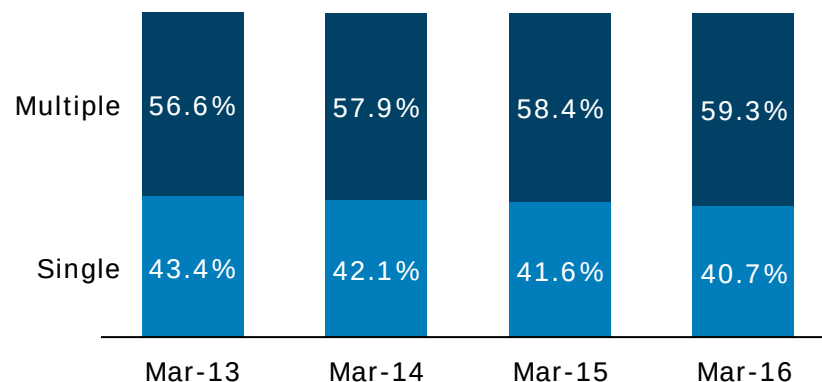
CUSTOMERS

Australia Division



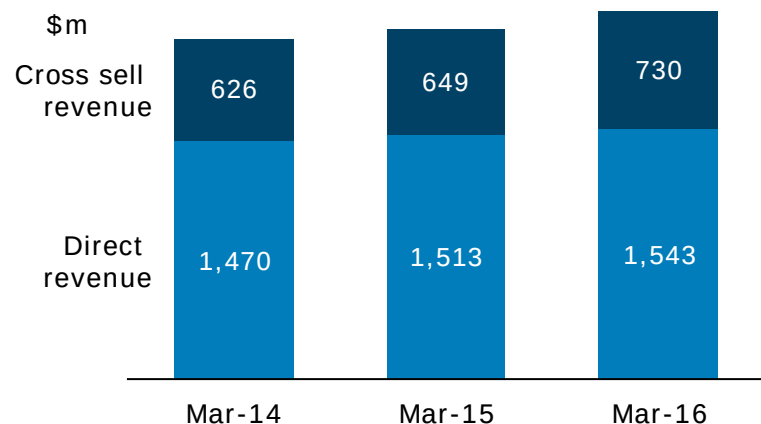
PRODUCTS PER CUSTOMER

Retail products per customer



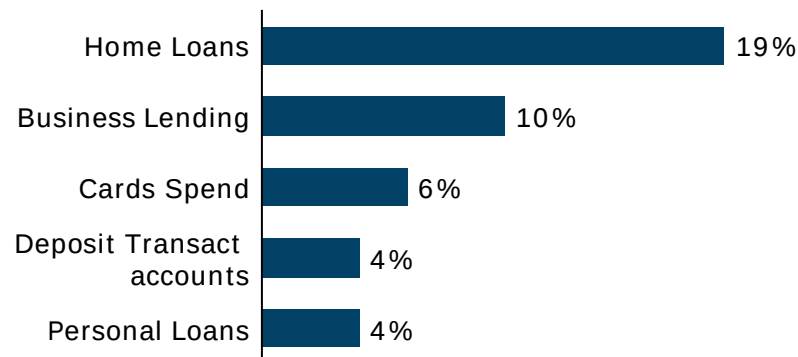
CUSTOMER RELATIONSHIPS

C&CB Contribution of Cross Sell



SALES OUTCOMES (PCP¹)

Sales growth

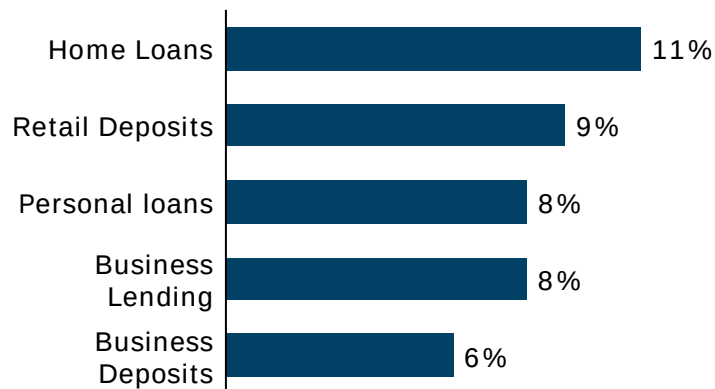


1. Sales metrics are on a pro forma basis and relate to gross lending FUM on acquisition except for Cards Spend and Deposit Transact accounts. Cards spend relates to the cards spend volume in dollars. Business Lending sales exclude Esanda. PCP: Comparing half year ended 31 March 2016 to half year ended 31 March 2015.

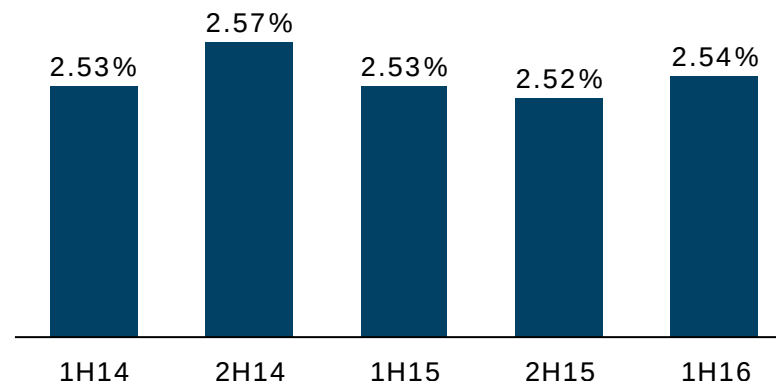
Australia Division: strong revenue and volume growth, while managing costs and credit quality

FUM GROWTH PCP¹

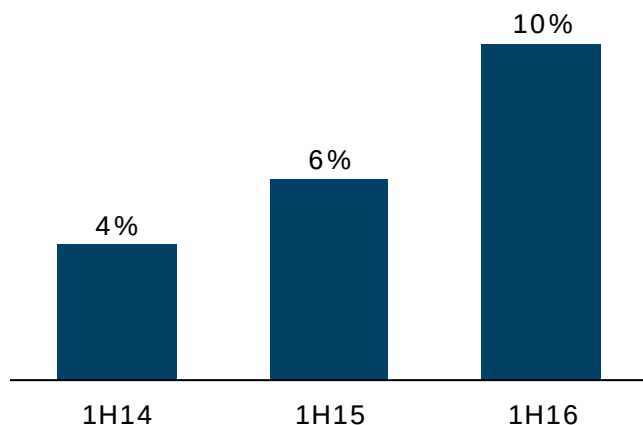
FUM growth



EFFECTIVE MARGIN MANAGEMENT (NIM)

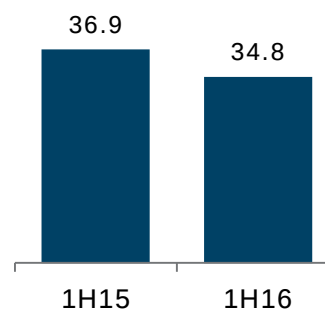


STRONG REVENUE GROWTH

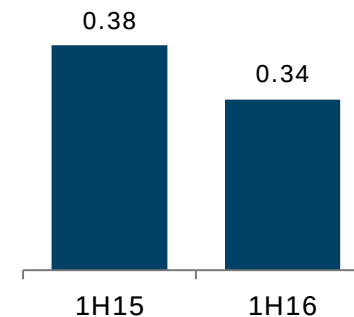


COSTS AND PROVISIONS WELL MANAGED

CTI (%)



GIA as a % of GLA (%)



Adjusted pro forma basis

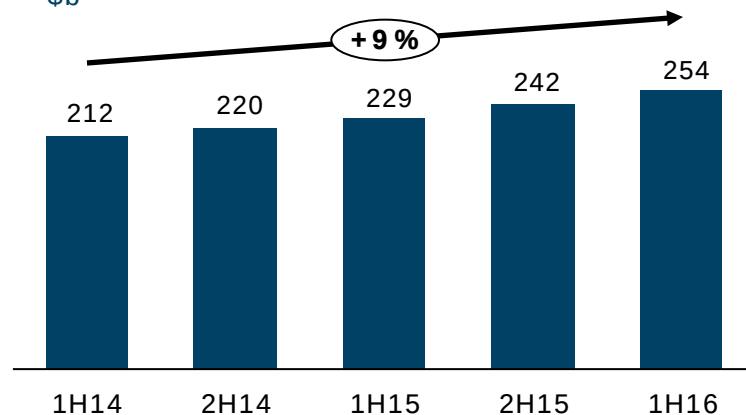
1. PCP: Comparing half year ended 31 March 2016 to half year ended 31 March 2015.

Retail

LENDING

FUM

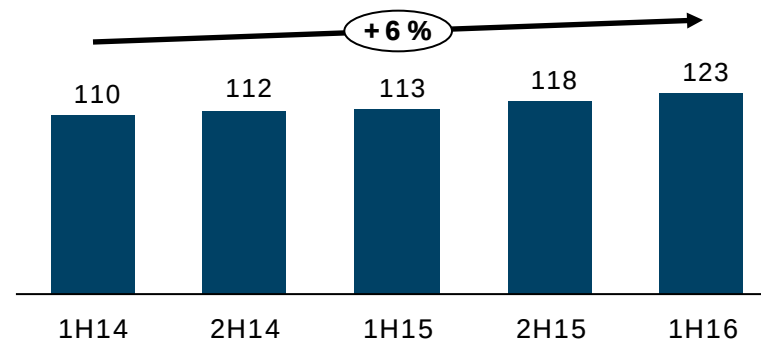
\$b



DEPOSITS

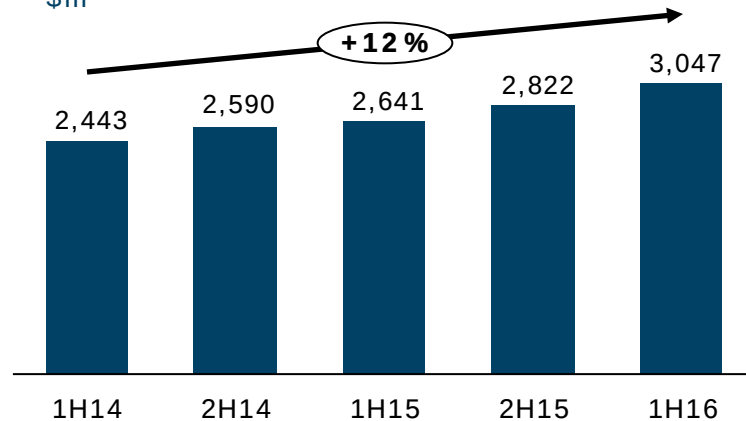
FUM

\$b

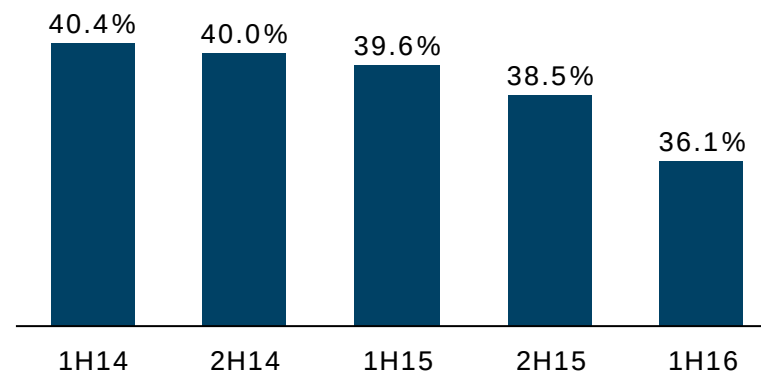


REVENUE

\$m



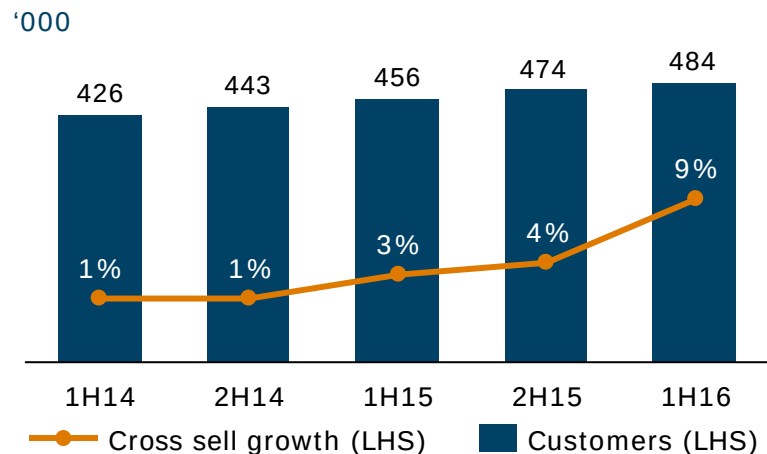
COST TO INCOME



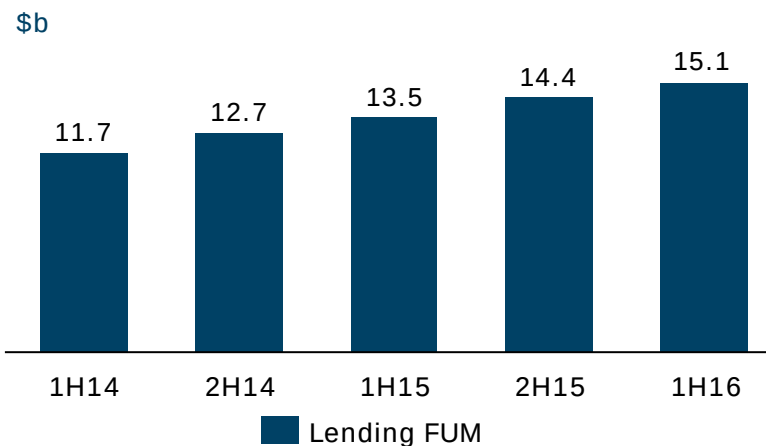
Adjusted pro forma basis

Corporate and Commercial

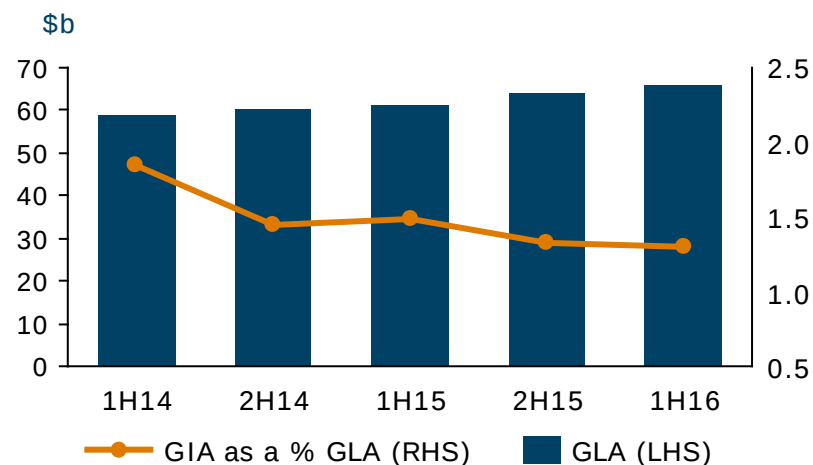
CUSTOMERS¹



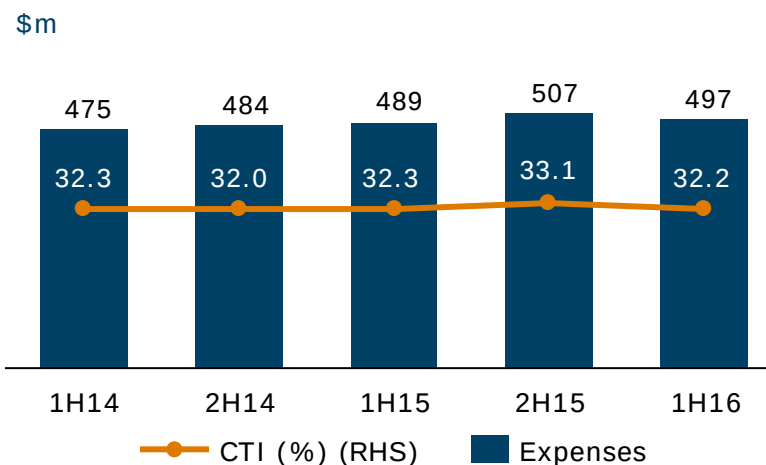
SMALL BUSINESS A PRIORITY SEGMENT



ASSET QUALITY



COST MANAGEMENT

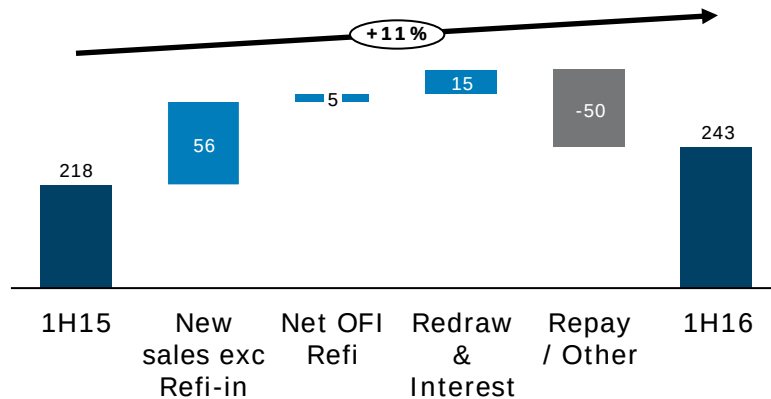


Adjusted pro forma basis

1. Corporate and Commercial Banking customers excluding Esanda.

Australian Home Loans: Composition and flows

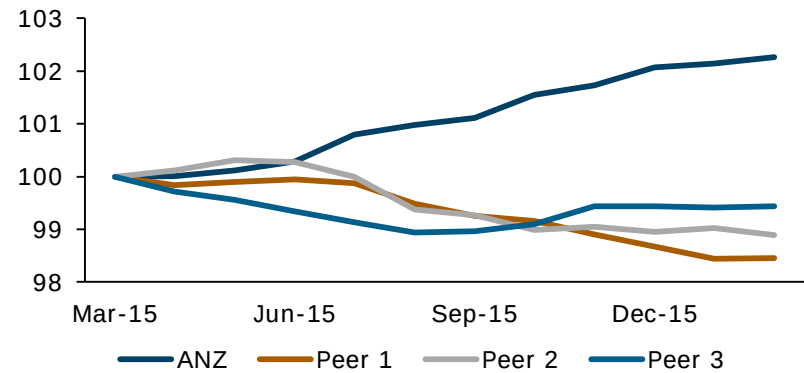
HOME LOAN LENDING FLOWS (\$B)



HOME LOAN MARKET SHARE MOVEMENT

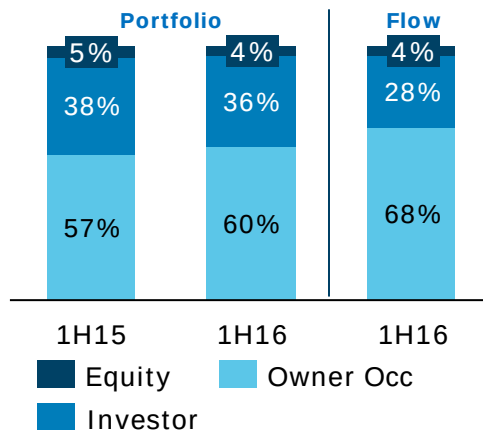
APRA Mortgage Market Share

Index Mar 15 = 100

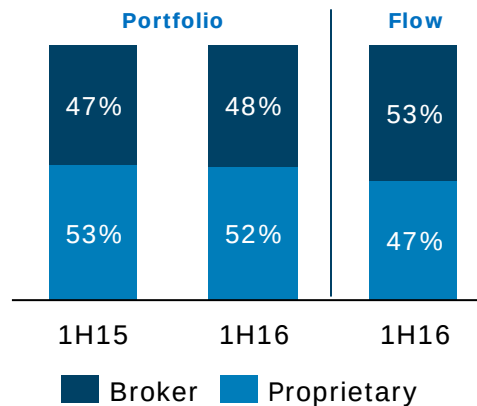


HOME LOAN PORTFOLIO & FLOW COMPOSITION

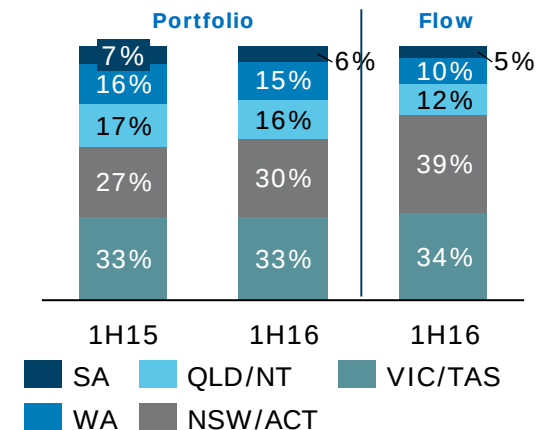
By purpose



By channel



By state



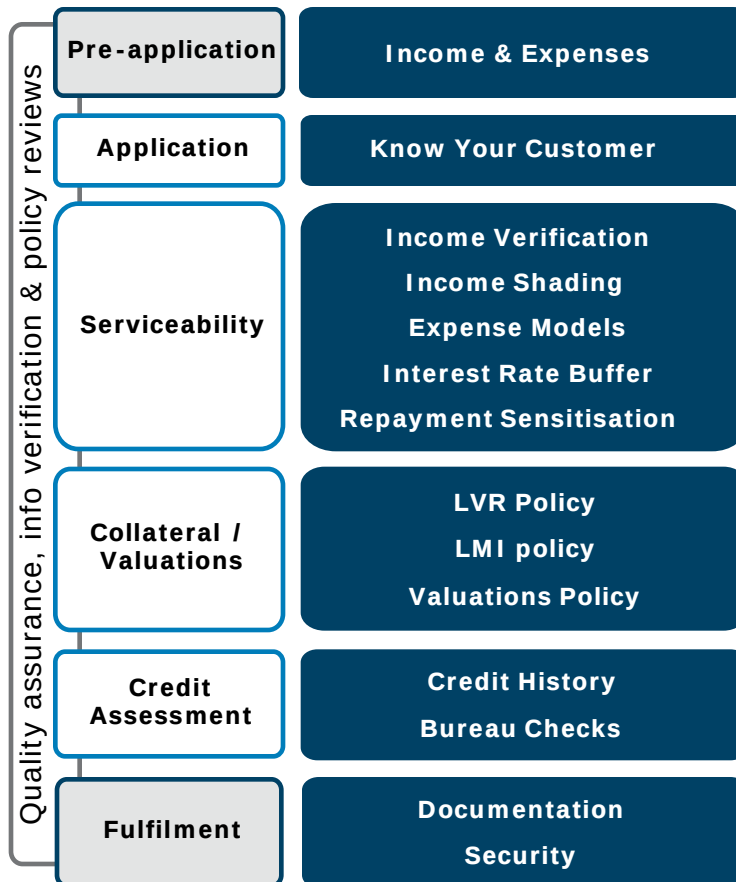
Australian Home Loans: Balanced portfolio growth

PORTFOLIO STATISTICS ¹	1H15	1H16	PORTFOLIO STATISTICS ¹	1H15	1H16
Total Number of Home Loan Accounts	934k	976k	Average Loan Size at Origination ^{3,4}	\$376k	\$415k
Total Home Loans FUM	\$218b	\$243b	Average Loan Size	\$233k	\$249k
% of Total Australia Geography Lending ¹⁰	60%	63%	Average LVR at Origination ^{3,4,5}	71%	71%
% of Total Group Lending ¹⁰	39%	43%	Average Dynamic LVR of Portfolio ^{4,5,6}	51%	51%
Owner Occupied Loans - % of Portfolio ²	60%	63%	First home buyer	7%	7%
Investor Loans - % of Portfolio ²	40%	37%	Broker originated	47%	48%
Offset balances	\$19b	\$24b	Low doc	9%	7%
% of Portfolio Paying Interest Only ^{8,9}	35%	38%	Group Loss Rates	0.19%	0.32%
% of Portfolio Ahead on Repayments ^{7,8}	43%	40%	Home Loans Loss Rate	0.01%	0.01%

1. Home Loans (inclusive of NPLs, exclusive of offset balances) 2. Excludes Equity Manager 3. Originated 1H15 for 1H15 and 1H16 for 1H16 4. Unweighted 5. Including capitalised premiums 6. Valuations updated Mar 2015 (for 1H15) and Mar 2016 (for 1H16) where available 7. % of Customer >30 days ahead of repayments 8. Excludes revolving credit 9. At reporting period 10. Based on Net Loans and Advances

Australian Home Loans: Sound underwriting practices

Multiple checks during origination process



End-to-end home lending responsibility managed within ANZ

- Pre-sales (digital & marketing)
- Proprietary sales and/or verification of 3rd parties¹
- In-house loan origination, assessment, fulfilment
- Collections activity

Effective hardship & collections processes

- Dedicated hardship team
- Early warning based on system triggers

Full recourse lending

- Multiple actions to manage potential losses

ANZ assessment process across all channels

- ANZ network
- Mobile
- Broker
- Digital
- Ongoing management of serviceability requirements

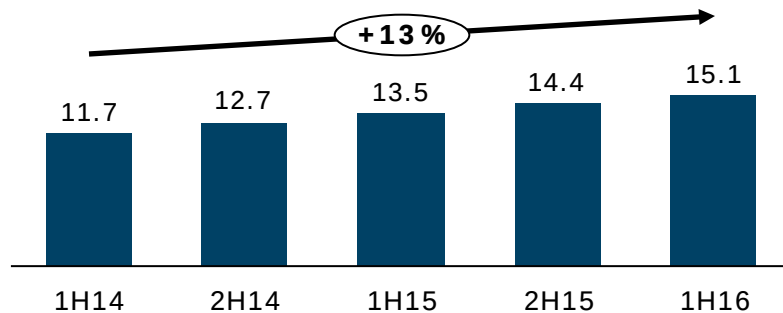
1. 3rd party sales channels (e.g. Broker) require ANZ accreditation & are subject to ongoing compliance monitoring to distribute ANZ home lending products

Small Business Banking: Priority segment

LENDING

Net Loans and Advances

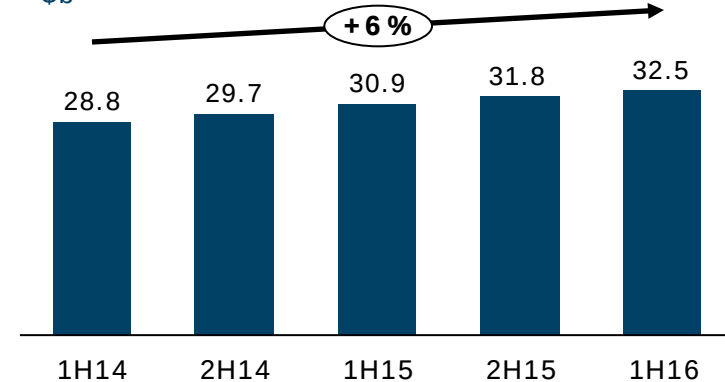
\$b



DEPOSITS

Deposit FUM

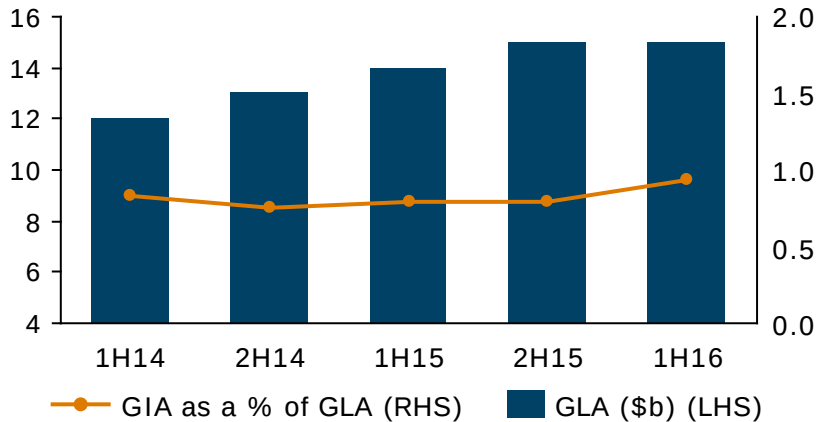
\$b



ASSET QUALITY

\$b

%



INVESTMENT FOR GROWTH



ANZ Business Ready providing tailored tools, packages and a \$2b lending pledge



Automated data integration with major accounting software providers

+ 3 %

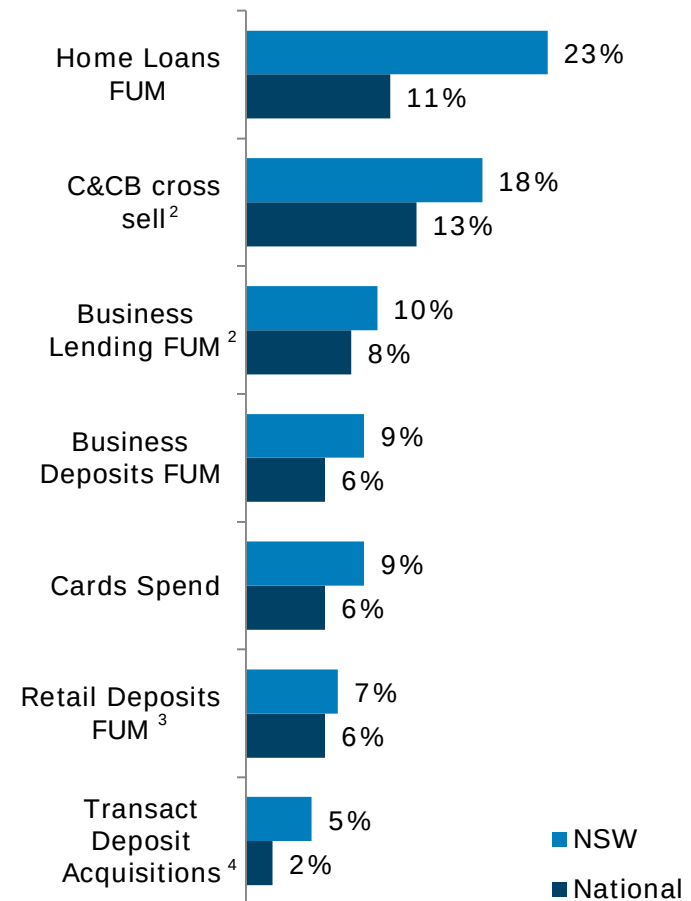
Increase in Small Business bankers

NSW: Expansion into NSW delivering strong results

FOCUSED INVESTMENT IN NSW



DRIVING STRONGER GROWTH IN NSW VS NATIONAL GROWTH¹



1. PCP: Comparing end of period 31 March 2016 to 31 March 2015 for FUM. Card spend relates to card spend volume in dollars. All other metrics are comparing half year ended 31 March 2016 to half year ended 31 March 2015. 2. Excludes Esanda 3. Excludes offset balances 4. Refers to Branch channel only 5. ANZ Brand and Advertising Monitor conducted by Ipsos – rolling 3 months, Jan 2016



2016 HALF YEAR RESULTS

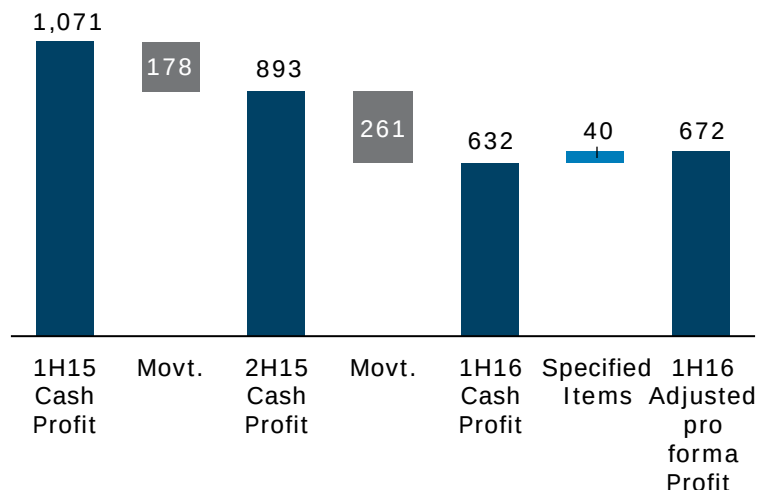
AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
3 MAY 2016

INVESTOR DISCUSSION PACK
INSTITUTIONAL

Institutional Division – financial performance

PROFIT¹

\$m



Institutional	1H16	Movement	
	\$m	% PCP	% HoH
Total Income	2,713	-9%	-3%
Expenses	1,510	9%	6%
Profit Before Provisions	1,203	-24 %	-12 %
Provision Charge	323	Large	Large
Cash Profit	632	-41 %	-29 %
Specified Items	40	Large	Large
Cash Profit ex. Specified Items	672	-37 %	-25 %
Net Loans and Adv. (\$b)	126	-13%	-12%
Customer Deposits (\$b)	176	-4%	-4%

PERFORMANCE DRIVERS²

Income	- Mainly impacted by market conditions (including market dislocation, price competition, lower commodity prices and lower trade volumes) resulting in revenue weakness across most products, in particular Balance Sheet Trading and FICC³ related flow income - Targeted growth businesses (Market Sales and Cash Management) continued to perform well given market conditions - Active RWA reduction contributed to ~25% of the revenue decline
Expenses	Impacted mainly by FX (5%), as well as restructuring and increased D&A. Organisational streamlining is now having a clear positive impact on the underlying expense base
Provisions	- The provision charge has increased off a cyclical low - Increased charges mainly in Loans & Specialised Finance and Trade due to the challenging macro-economic environment
Loans & Deposits	- NLA down mainly as a result of active RWA management and controlled asset growth - Deposits declined in Asia, impacted by the slowdown in the Resources sector, offset partially by growth in Australia
Products	Markets: Sales impacted by subdued demand for hedging products compared to 1H15, due to a low AUD and continued low interest rates. Trading impacted by challenging market conditions - Balance Sheet Trading impacted by widening asset swap spreads, continued market dislocation and regulatory requirement to hold more higher quality (lower yielding) assets Loans: NIM continues to stabilise through management actions related to loan book rebalancing Transaction Banking: Strong growth in Cash Management business offset by management actions to reduce dilutive trade assets

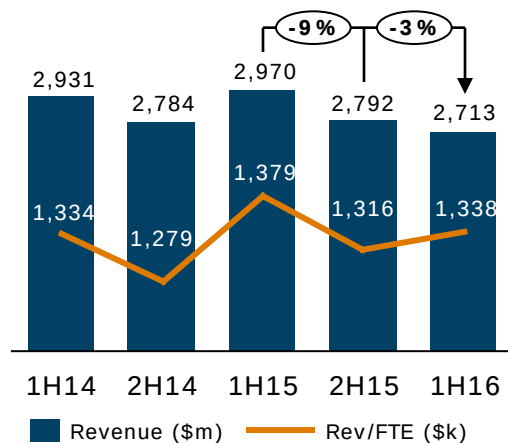
1. Specified Items relevant to Institutional are software capitalisation changes and restructuring

2. Excluding Specified Items

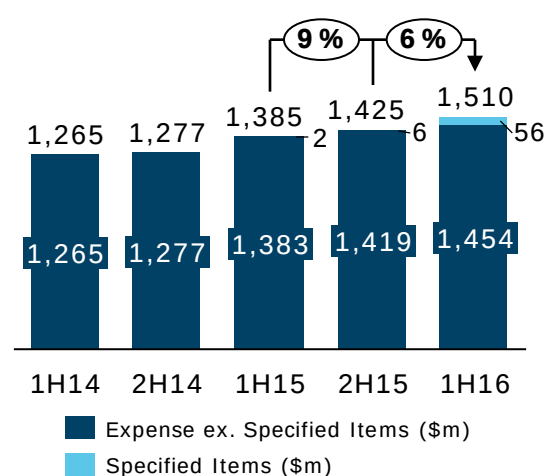
3. FICC includes Rates, Credit, FX and Commodities businesses

Portfolio reshaping, together with the challenging economic & market conditions, have impacted Institutional's performance

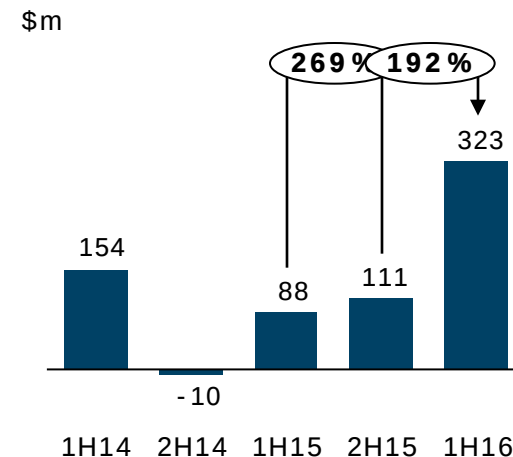
REVENUE



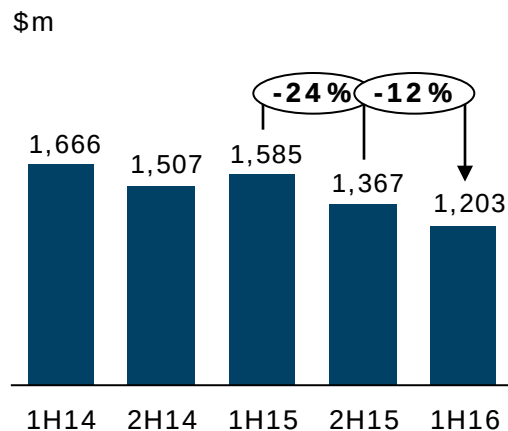
EXPENSES¹



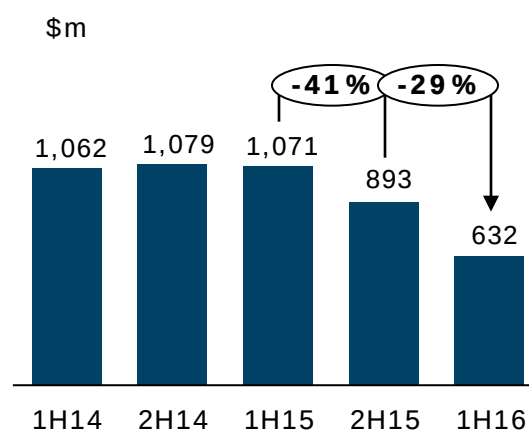
PROVISIONS



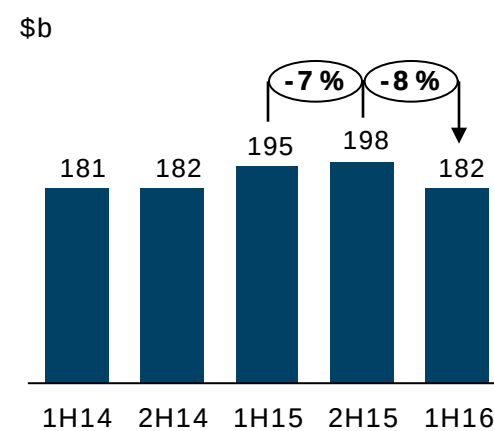
PROFIT BEFORE PROVISIONS



CASH PROFIT



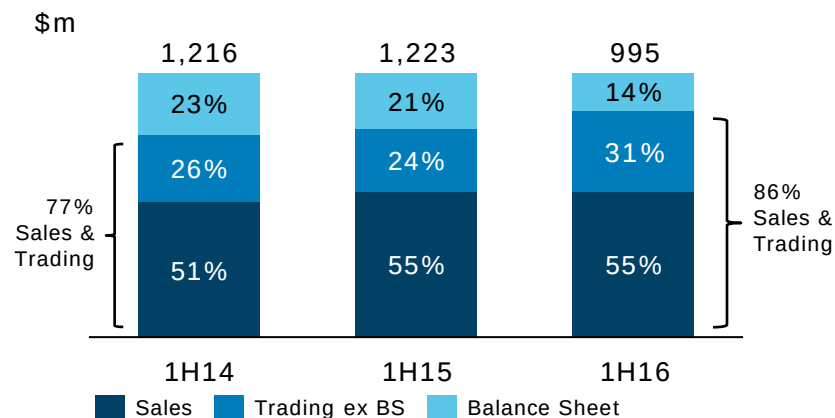
RISK WEIGHTED ASSETS



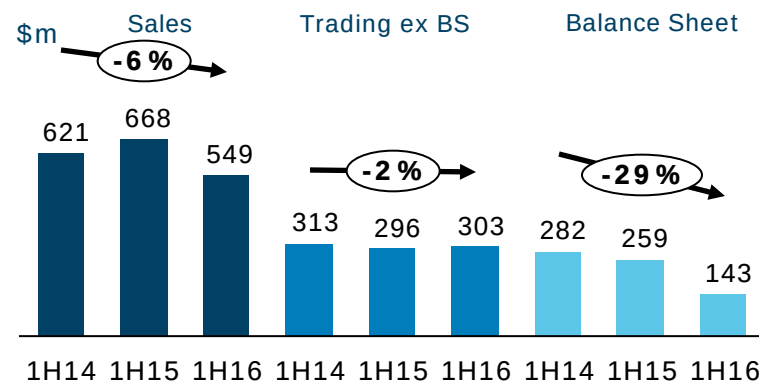
1. Specified items relevant to Institutional are software capitalisation changes and restructuring

Markets Sales and Trading has performed well given market conditions

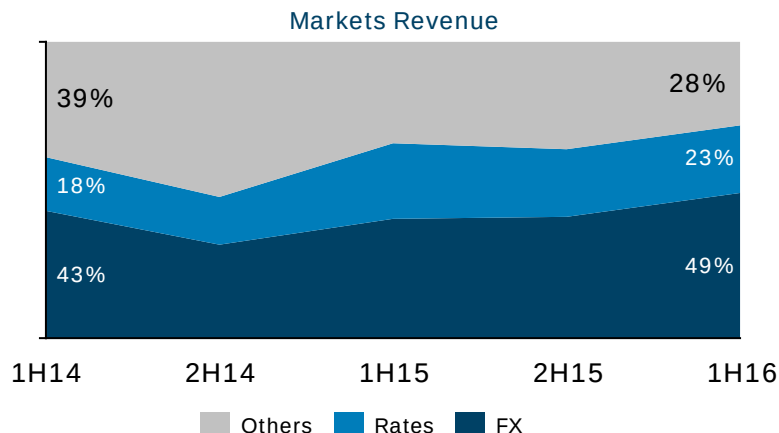
SALES AND TRADING REVENUES CONTINUE TO DRIVE MARKETS PERFORMANCE...



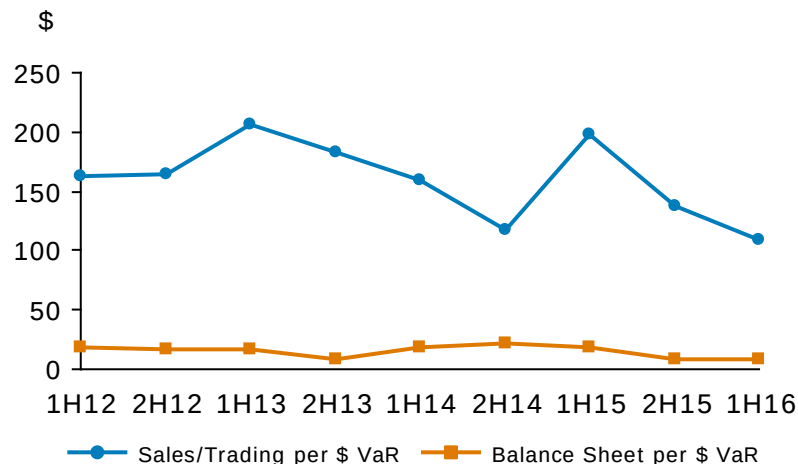
... AND HAVE PERFORMED WELL GIVEN MARKET CONDITIONS



OUR FX FRANCHISE CONTINUES TO GROW...



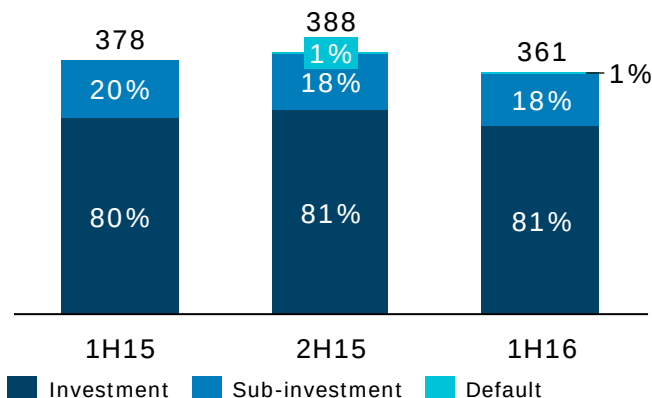
...AND VAR REMAINS CONSERVATIVE



ANZ is reducing lending exposure and rebalancing the portfolio to address the change in the credit cycle

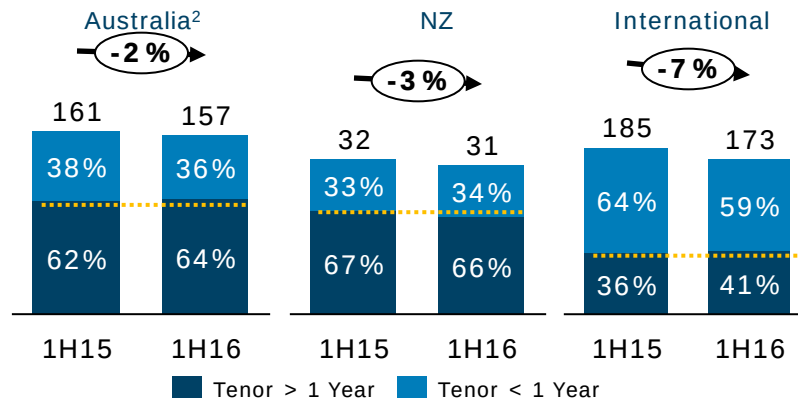
81 % OF THE PORTFOLIO IS INVESTMENT GRADE...

EAD³ \$b

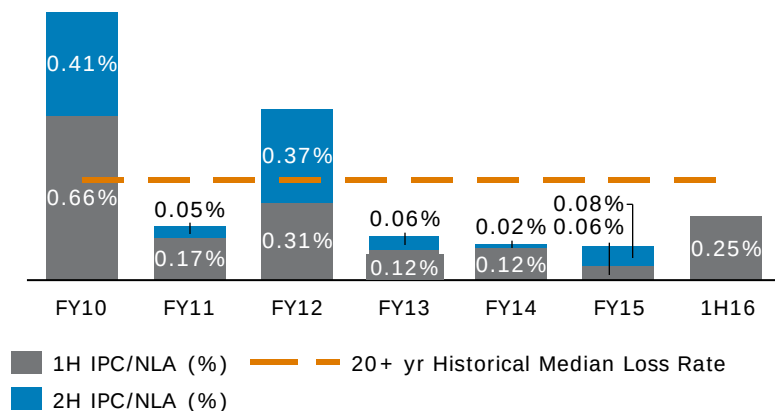


... AND IN INTERNATIONAL 59 % OF THE PORTFOLIO IS LESS THAN A YEAR IN DURATION¹

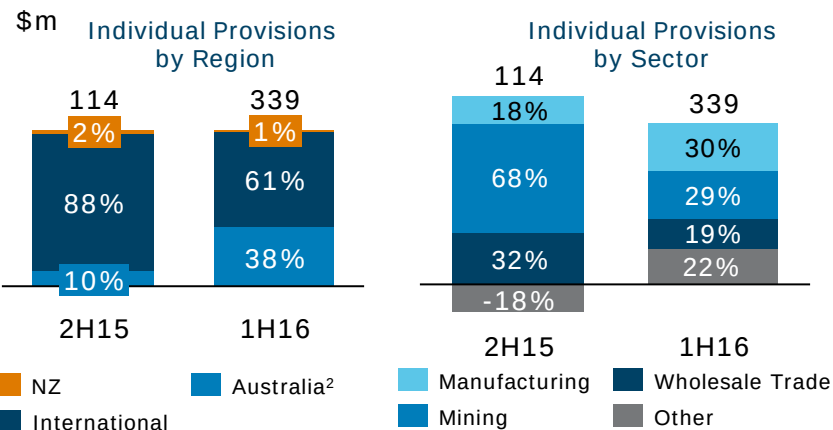
EAD³ \$b



BUT PROVISION CHARGES HAVE INCREASED OFF A CYCLICAL LOW...⁴



...WITH INCREASES IN RESOURCES-RELATED INDUSTRIES IN PARTICULAR⁴



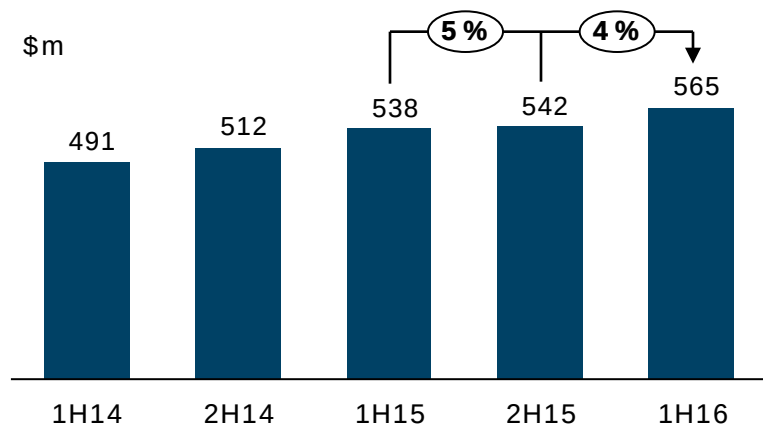
1. Asset risk grade profile includes Institutional exposure excluding PNG. International includes Asia, Middle East, Europe and America
2. The Australian region includes Australia and PNG
3. Exposure-at-default as defined by APRA Prudential Standards
4. 18% of the net IP charges in 1H16 are to customers classified as Emerging Corporates

Our Institutional priorities will deliver improved returns

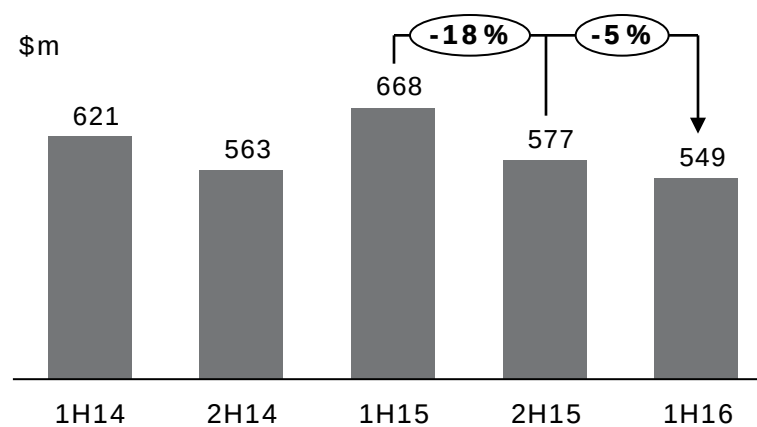
PRIORITIES		ACTIONS	PROGRESS	
Immediate Focus	Improve Capital Efficiency	Actively sell down or run off low-returning RWAs across Loans & Specialised Finance, Markets and Transaction Banking	RWA	↓
		Improve return on RWA through disciplined pricing and active customer management	Margin	Stabilised
	Reduce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

Our targeted growth products have performed relatively well

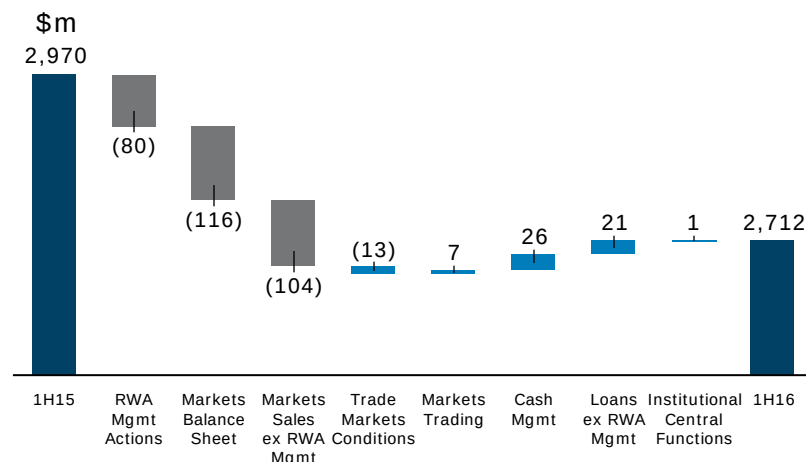
CASH MANAGEMENT REVENUE CONTINUED TO SHOW STRONG GROWTH



MARKETS SALES PERFORMED SOLIDLY IN TOUGH CONDITIONS



~ 1 / 4 OF THE REVENUE DECLINE WAS A RESULT OF RWA REDUCTION INITIATIVES



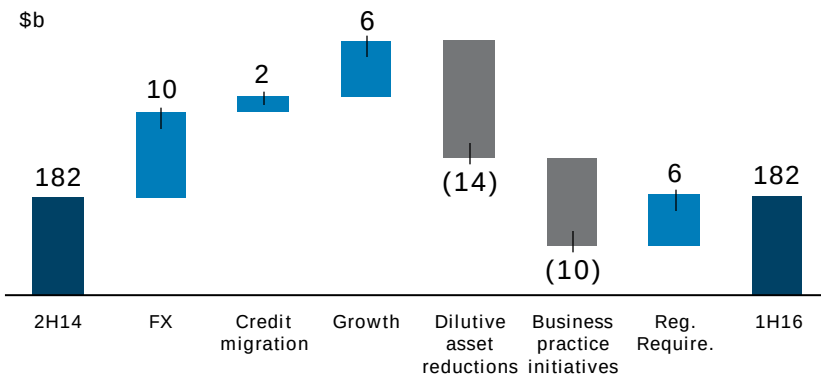
KEY IMPACTS ON REVENUE

- **Active sell-down and run-off** of Loans, Trade and Commodities books has significantly reduced RWAs and contributed to 1/4 of the revenue decline
- **Balance Sheet Trading** has been impacted by widening asset swap spreads, continued market dislocation and regulatory requirement to hold more higher quality (lower yielding) assets
- **Markets Sales** was down significantly PCP after a particularly strong 1H15. Global economic uncertainty and the low interest rate environment have contributed to reduced customer appetite for hedging
- **Trade** revenues were impacted by active RWA management, ongoing weakness in commodity prices and lower trade volumes

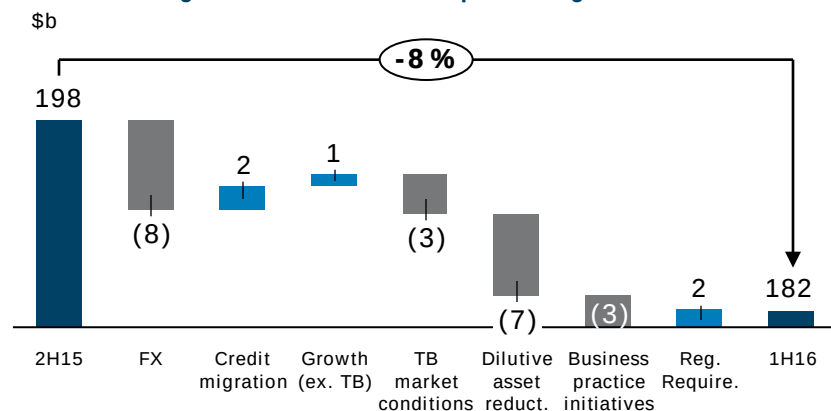
We have made further progress on our capital efficiency initiatives

RISK WEIGHTED ASSETS DRIVERS

Active reduction in RWAs by \$24bn over 18 months, has offset FX movement, portfolio growth and regulatory imposts...

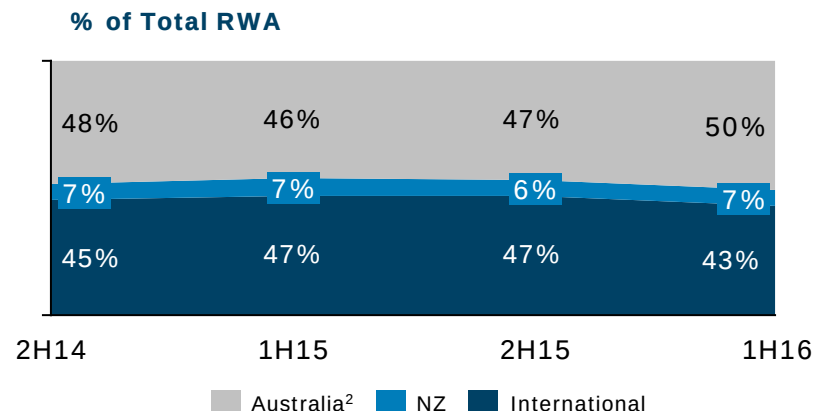


RWAs have reduced in 1H16 through a combination of continued active management and controlled portfolio growth...



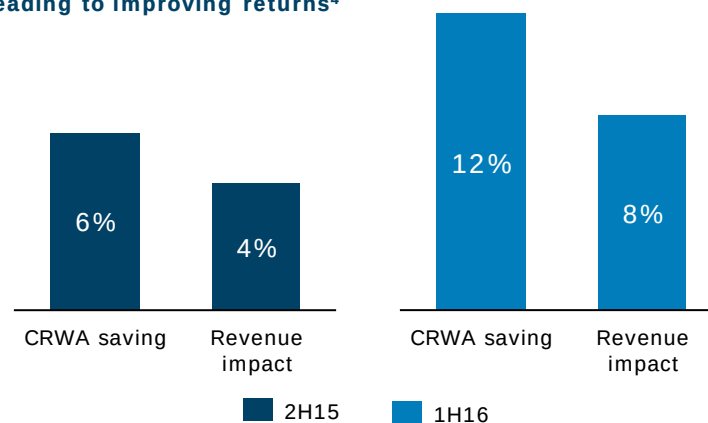
RISK WEIGHTED ASSETS BY GEOGRAPHY¹

... Targeting lower returning geographies



CRWA SAVING & REVENUE IMPACT

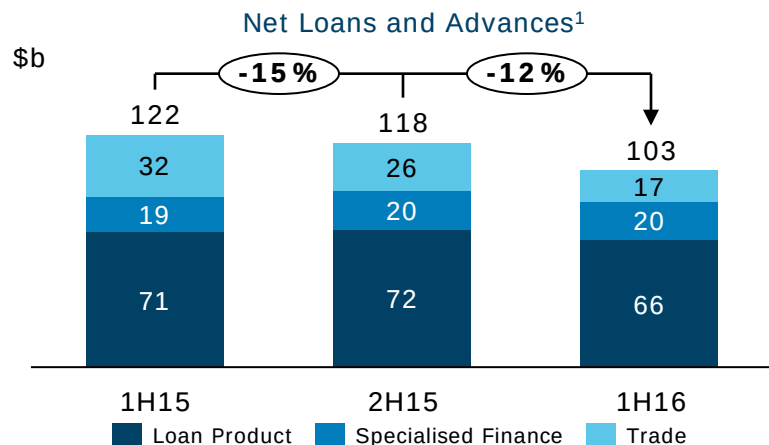
... and the impact on revenue is lower than the CRWA³ reduction, leading to improving returns⁴



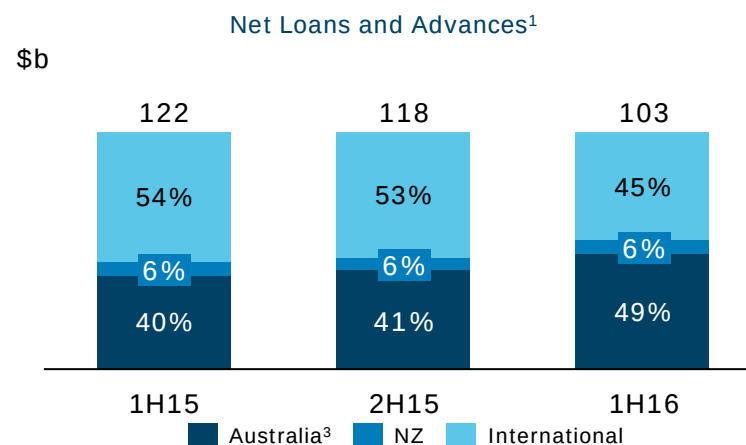
1. International includes Asia, Middle East, Europe and America
2. The Australian region includes Australia and PNG. PNG represents 4% of the total amount shown
3. Counterparty credit risk-weighted-assets
4. Revenue and cRWA for 2H15 is limited to impact from active reduction of low returning assets for Loan Products and Trade run-off; 1H16 includes impact of run-off from Loans, Trade, and Commodities

Balance sheet usage has remained disciplined

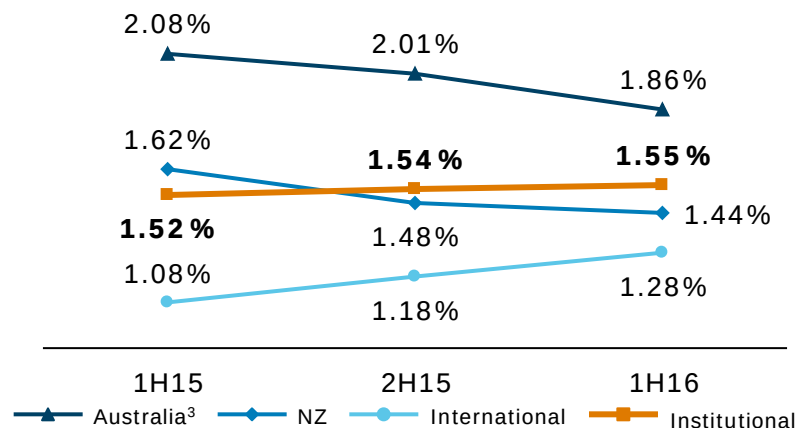
ACTIVE MANAGEMENT HAS REDUCED THE SIZE OF THE LOAN AND TRADE BOOKS...



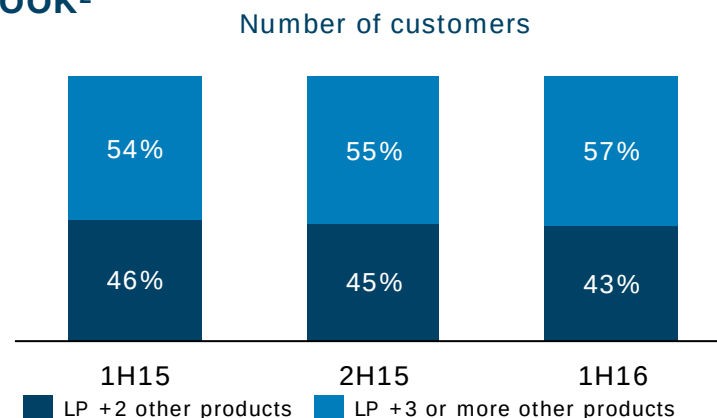
... AND WE HAVE REBALANCED THE PORTFOLIO TOWARDS AUSTRALIA



OVERALL MARGINS ARE IMPROVING AS A RESULT¹...



... AND WE ARE INCREASING OUR CROSS-SELL PENETRATION FROM THE LENDING BOOK²



1. Consisting of Loans, Specialised Finance and Trade; International includes Asia, Middle East, Europe and America

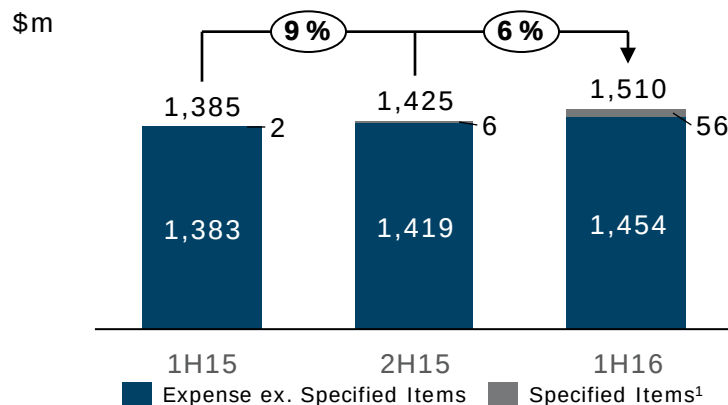
2. Refers to any additional product(s) other than Loan Product

3. The Australian region includes Australia and PNG

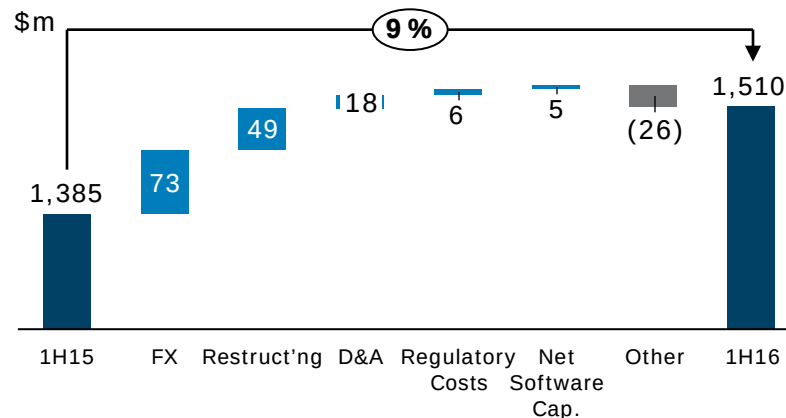
Simplification initiatives are reducing structural cost

- but FX, restructuring costs and D&A have dampened the impact in the first half

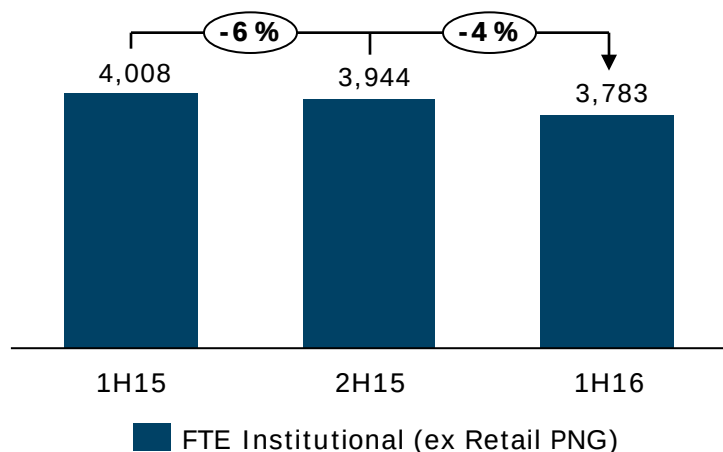
OUR COST BASE INCREASED 9 % PCP ...



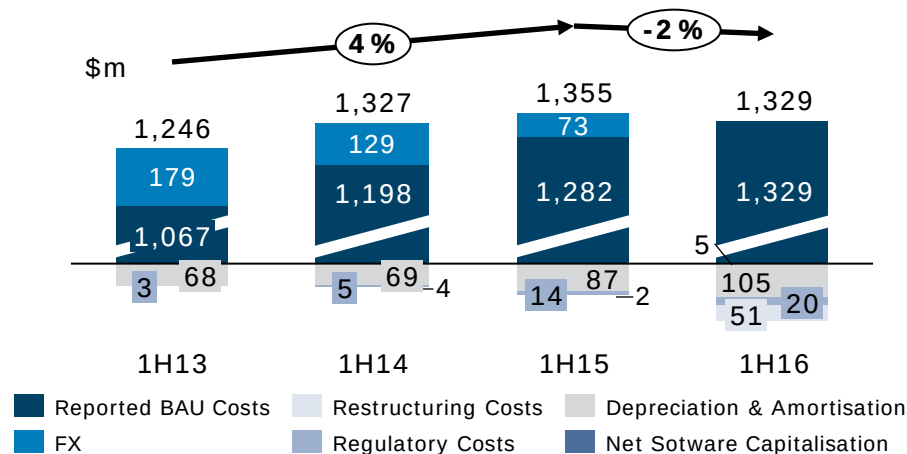
... MAINLY DRIVEN BY FX, RESTRUCTURING AND D&A



BUT BY SIMPLIFYING THE BUSINESS...



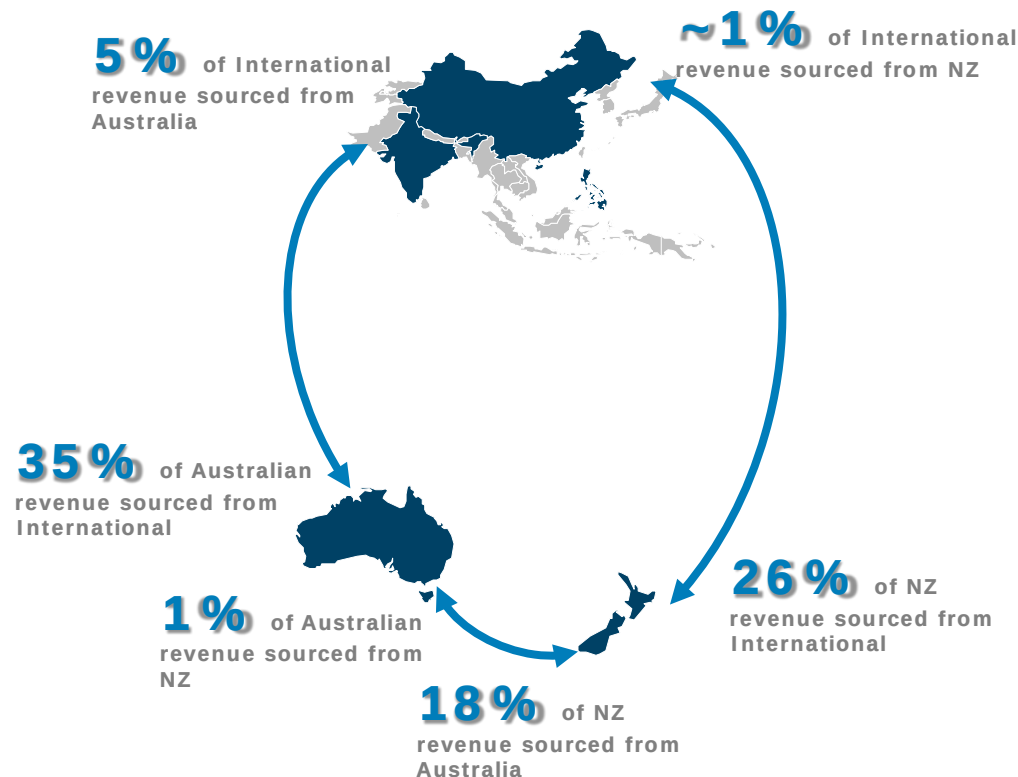
...WE HAVE REDUCED UNDERLYING COST²



1. Specified items relevant to Institutional are software capitalisation changes and restructuring
2. Chart totals refer to Reported BAU costs and FX

ANZ's network is a major contributor to the strength of the Institutional home markets franchise

INSTITUTIONAL NETWORK REVENUES ARE STRONG



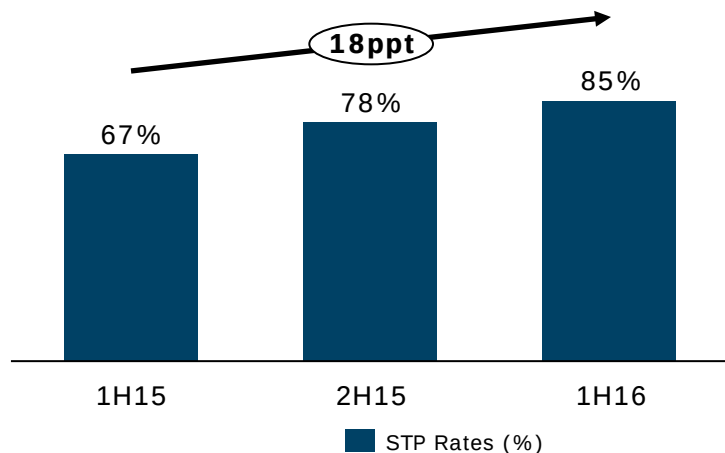
... AND WE HAVE STREAMLINED OUR STRUCTURE TO DRIVE AGILITY AND EFFICIENCY

- The International¹ network is connecting the world to our home markets
- Institutional is positioned for further growth in trade and capital flows in Asia – the largest export destination for our home markets
- To maximise our network advantage, we have:
 - realigned our coverage model, by strengthening the geographic focus and moving decision-making closer to the customer
 - Reduced organisational complexity, by delayering the organisation and significantly reducing the size of the central functions

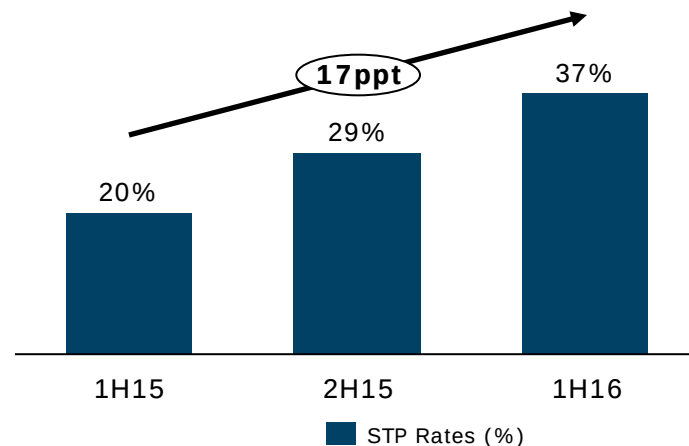
1. International includes Asia, Middle East, Europe and America

Our platform investments are improving customer experience and reducing operational risk

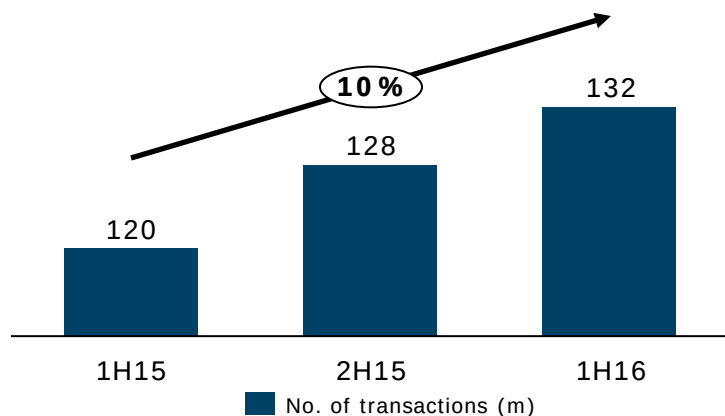
STP¹ RATES CONTINUE TO IMPROVE IN MARKETS OPERATIONS...



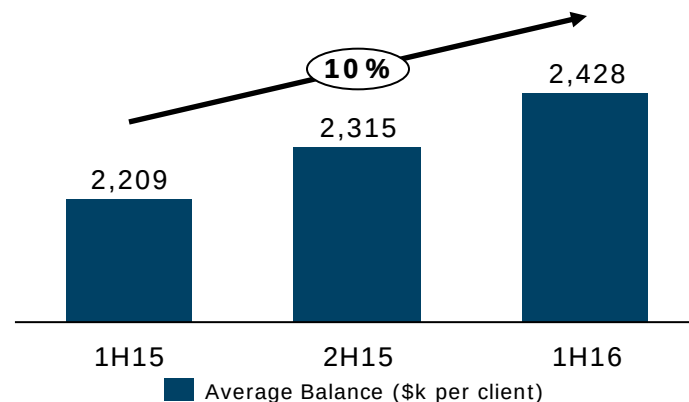
... AND IN APEA PAYMENTS



OUR INVESTMENT IN CASH PLATFORMS IS SUPPORTING INCREASING VOLUMES...



... AND A HIGHER AVERAGE DEPOSIT BALANCE PER CLIENT²



1. STP refers to straight-through-processed transactions
2. Average balance per client excludes clients with zero balance



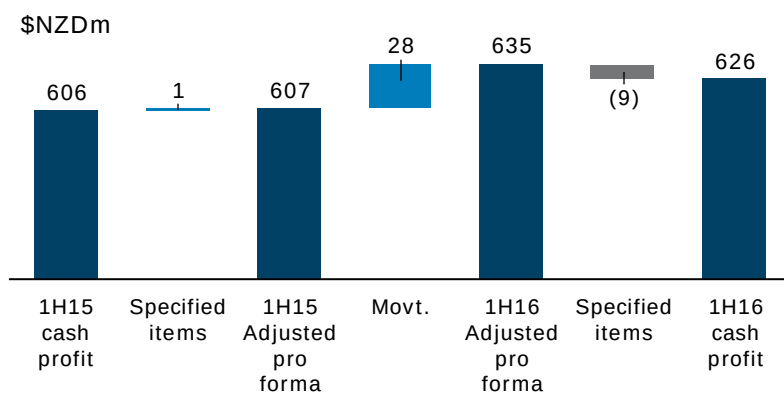
2016 HALF YEAR RESULTS

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
3 MAY 2016

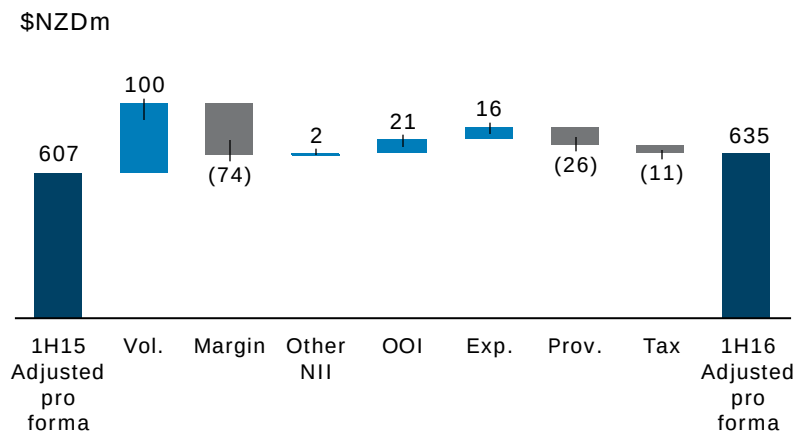
INVESTOR DISCUSSION PACK
NEW ZEALAND

New Zealand Division – Financial performance (PCP)

PROFIT



PRO FORMA PROFIT CONTRIBUTION



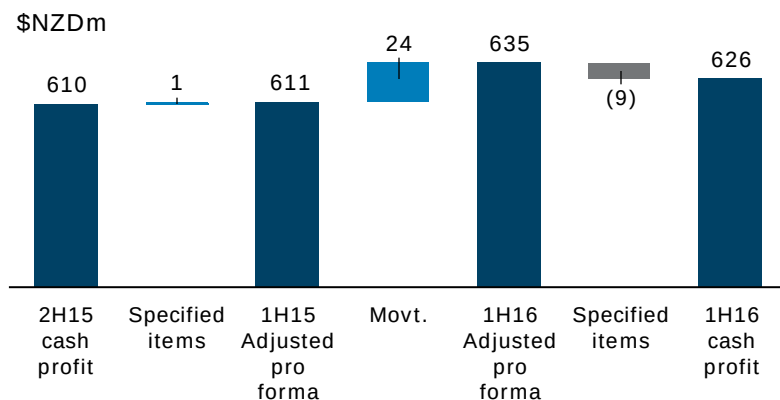
PRO FORMA (PCP)¹

	Drivers	1H16 NZDm	Change
Cash Profit	Increase in cash profit driven primarily by volume growth and disciplined cost management, partly offset by higher provision charges	635	5 %
Income		1,487	3 %
NII	Lending growth, average gross loans grew 9%		2%
OOI	Fixed asset gain on sale and higher fee income		11%
Expenses	Productivity gains more than offset inflationary and investment impacts	558	(3 %)
Provisions Charge	Primarily driven by lower write-backs	46	large
Net Interest Margin	Competition for lending assets, customer preference for lower margin fixed rate lending	2.37 %	(15bps)

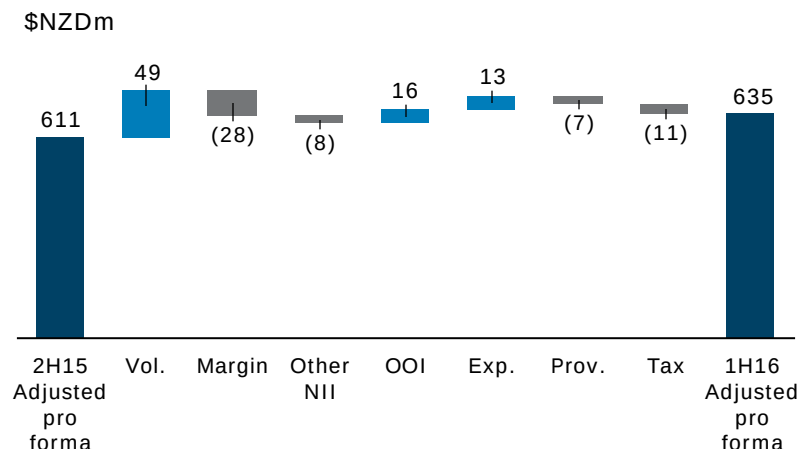
1. PCP: Comparisons are on a cash basis comparing 6 months to 31 March 2016 with 6 months to 31 March 2015.
2. 'Specified items' include the impacts of software capitalisation policy changes and restructuring expenses. Further detail provided in the ANZ Half Year 2016 Consolidated Financial Report page 14.

New Zealand Division – Financial performance (HoH)

PROFIT GROWTH



PRO FORMA PROFIT CONTRIBUTION



PRO FORMA (HoH)¹

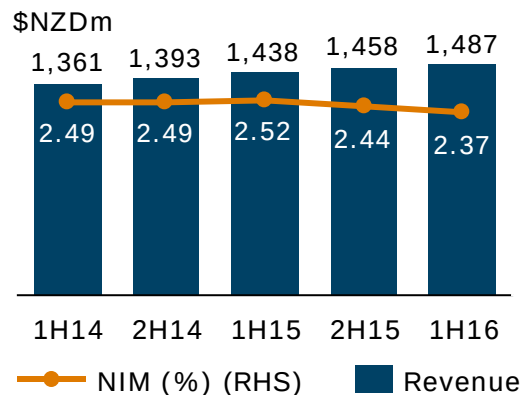
	Drivers	1H16 NZDm	Change
Cash Profit	Cash profit increase driven primarily by volume growth and disciplined cost management	635	4 %
Income		1,487	2 %
NII	Lending growth, average gross loans grew 4%		1%
OOI	OOI increase driven by fixed asset gain on sale		8%
Expenses	Productivity gains more than offset inflationary and investment impacts	558	(2 %)
Provisions Charge	Driven by lower write-backs	46	18 %
Net Interest Margin	Competition for lending assets, customer preference for lower margin fixed rate lending	2.37 %	(7bps)

1. HoH: Comparisons are on a cash basis comparing 6 months to 31 March 2016 with 6 months to 30 September 2015.

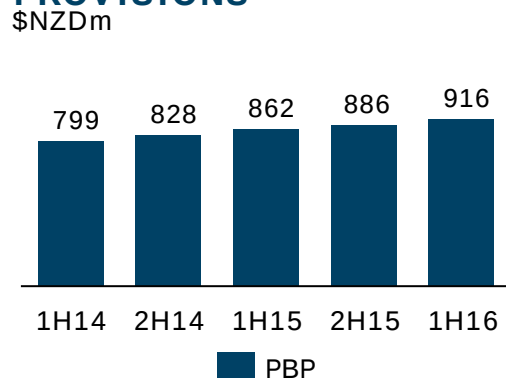
2. 'Specified items' include the impacts of software capitalisation policy changes and restructuring expenses. Further detail provided in the ANZ Half Year 2016 Consolidated Financial Report page 14.

New Zealand Division – overview

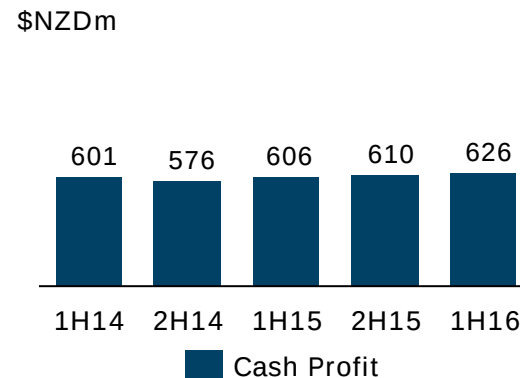
REVENUE & NIM



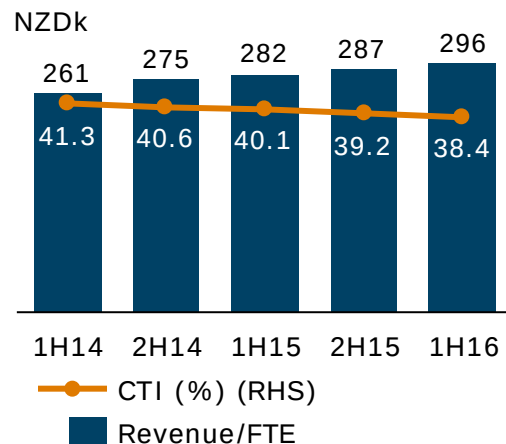
PROFIT BEFORE PROVISIONS



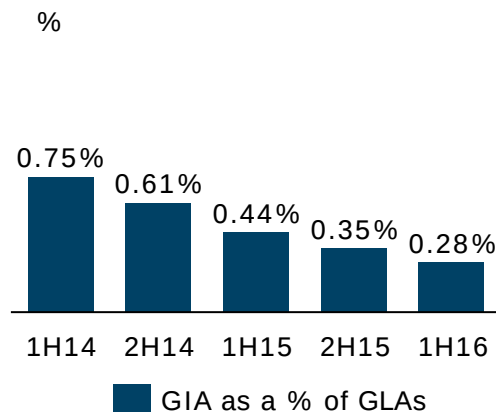
CASH PROFIT



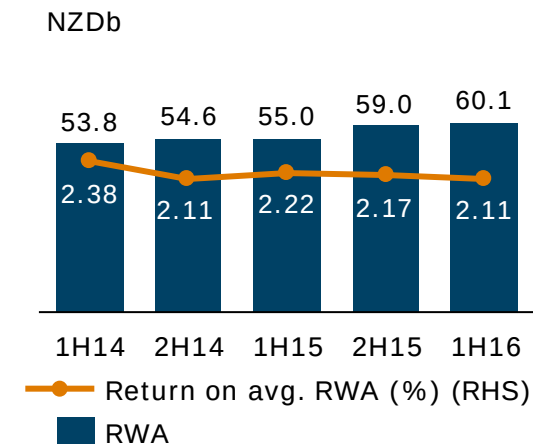
REVENUE PER FTE & CTI



CREDIT QUALITY

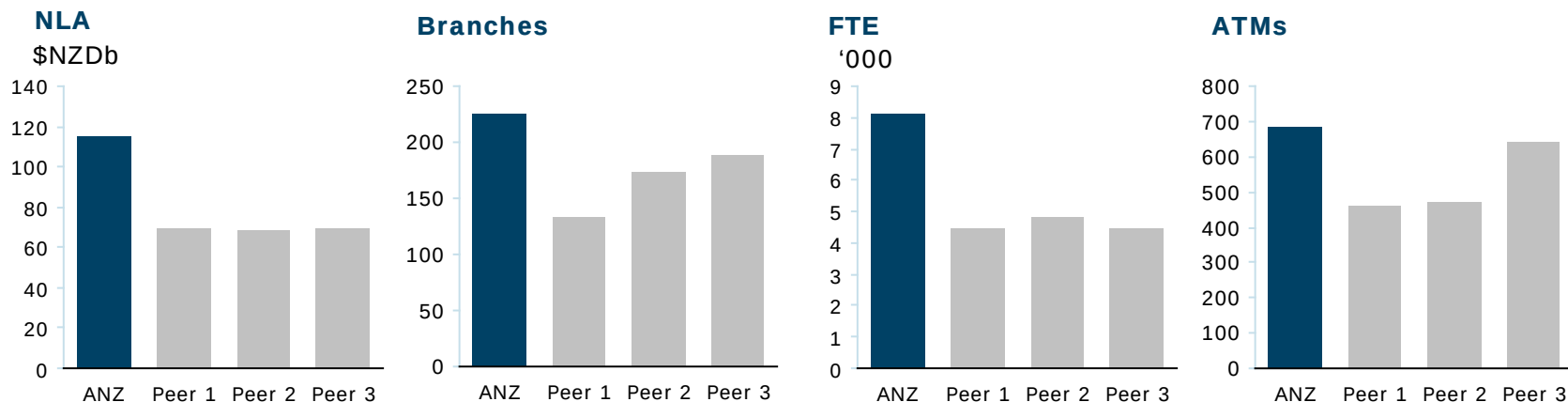


RISK WEIGHTED ASSETS



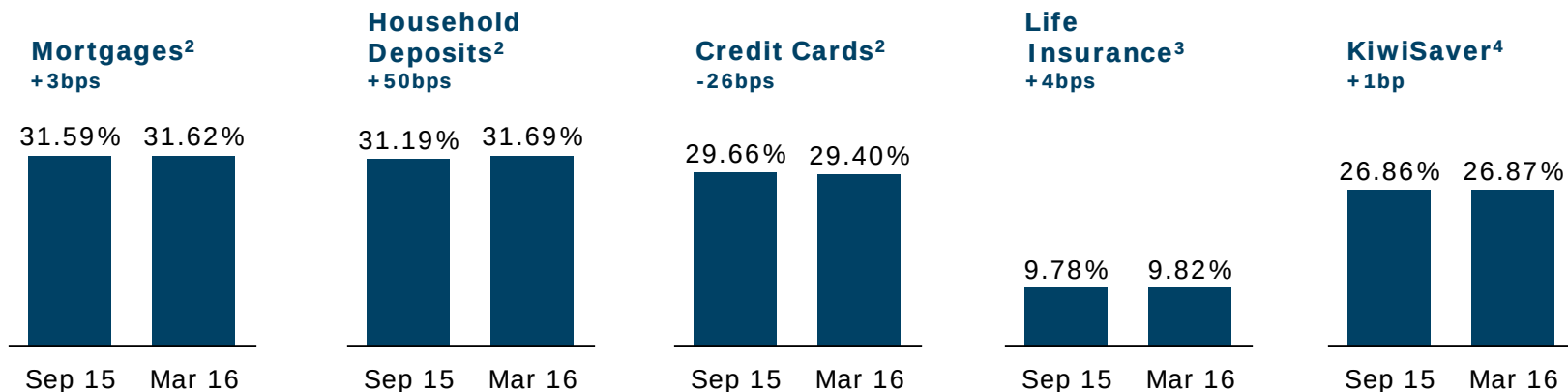
New Zealand – continuing to build scale

COMPARATIVE SCALE¹



GROWTH IN KEY PRODUCTS

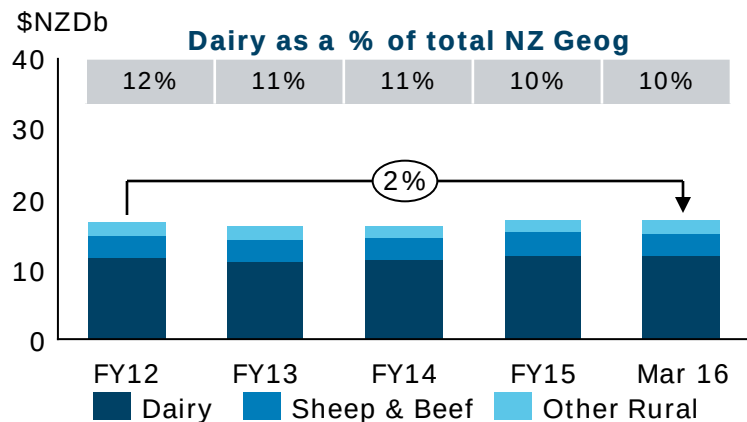
Market Share



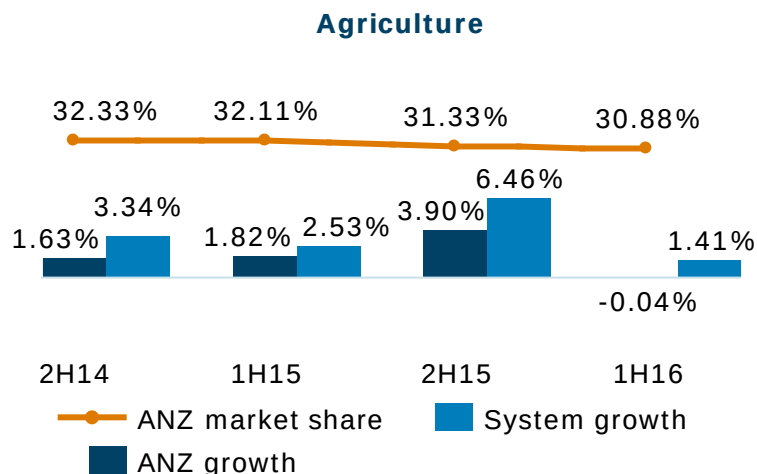
1. Source: KPMG Financial Institutions Performance Survey, ANZ = New Zealand Geography 2. Source: RBNZ, share of all banks. 3. Source: FSC (Financial Services Council), share of all providers. 4. Source: IRD, member share of all providers.

New Zealand – Agri¹

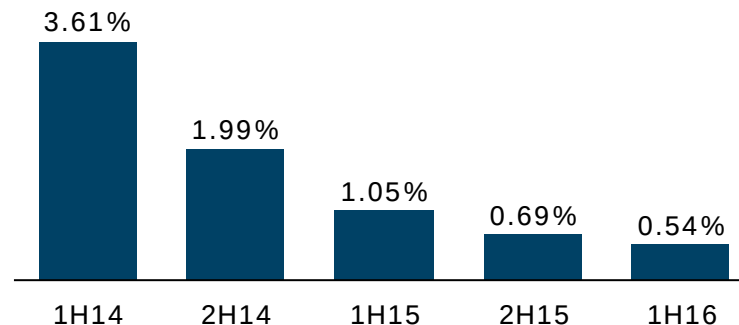
AGRI PORTFOLIO² (GLA)



MARKET SHARE³



AGRI CREDIT QUALITY – GIA AS % OF GLAs



APPROACH TO THE AGRICULTURE SECTOR

Portfolio²:
(NZD17b)

Diversified Agriculture portfolio
70% Dairy, 19% Sheep and Beef, 11% Other Rural

Profile

Well established customer base and a highly secured portfolio. ANZ's Agri lending reduced during the half while system has grown and our customers also increased deposits faster than system

Customer approach

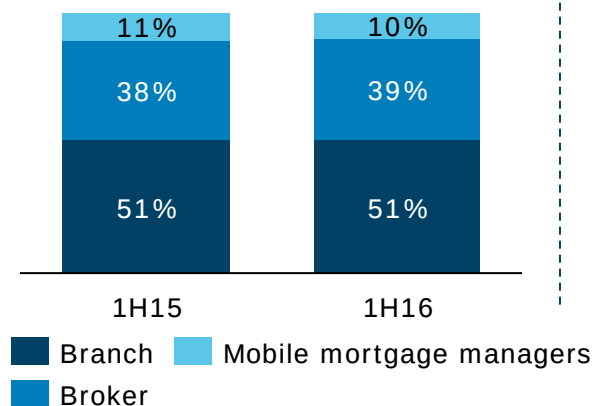
Long-standing relationships with a focus on supporting existing dairy customers. Stringent credit assessment process

1. New Zealand Geography.
2. Gross loans and advances.
3. Source: RBNZ March 2016, share of all banks.

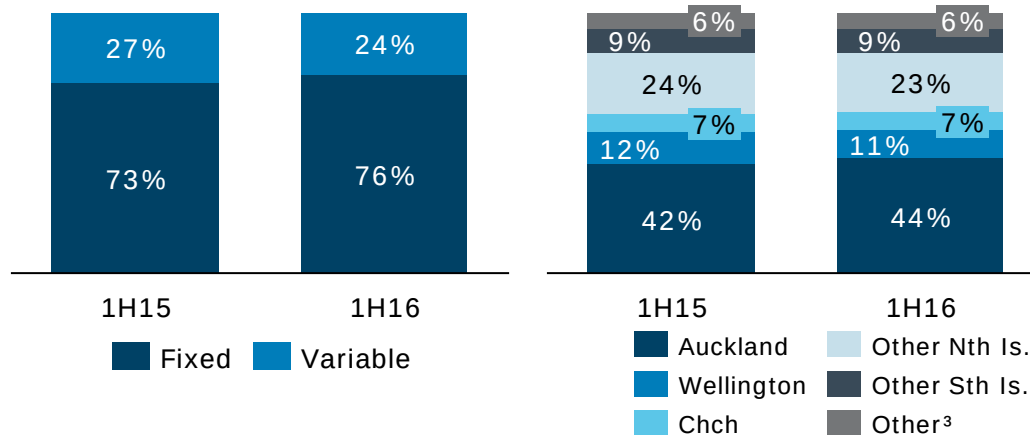
New Zealand – Home Loan Portfolio¹

Composition and flows

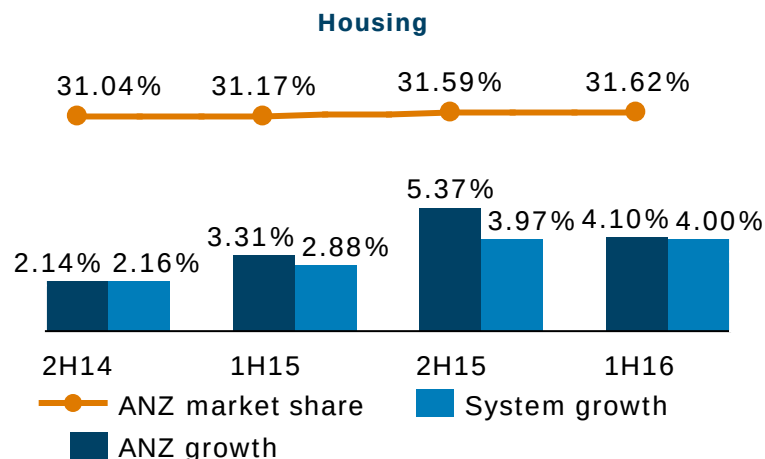
FLOW²



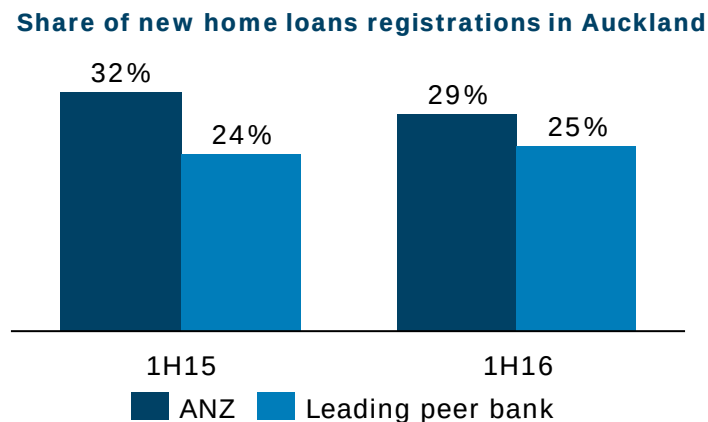
PORTFOLIO



MARKET SHARE⁴



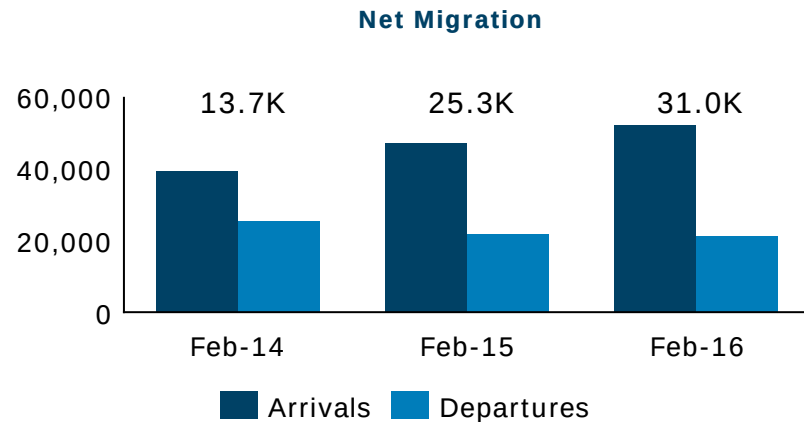
#1 IN AUCKLAND⁵



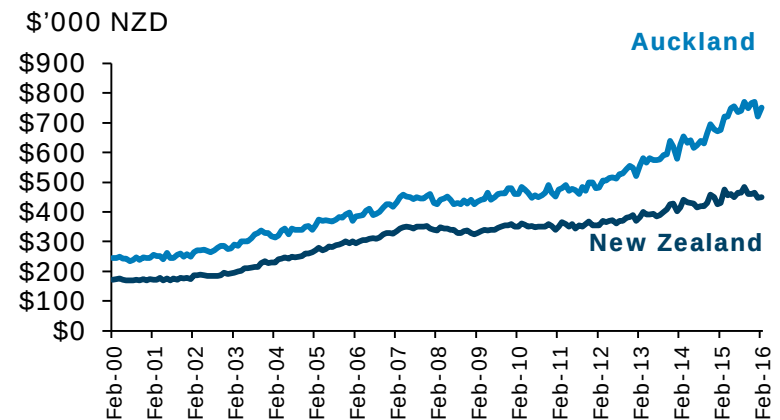
1. New Zealand Geography. 2. Retail and Small Business Banking mortgage flow. Branch includes Small Business Banking Managers. 3. Other includes loans booked centrally (Business Direct, Contact Centre, Lending Services, Property Finance). 4. Source: RBNZ March 2016, share of all banks. 5. Source: CoreLogic February 2016.

Auckland

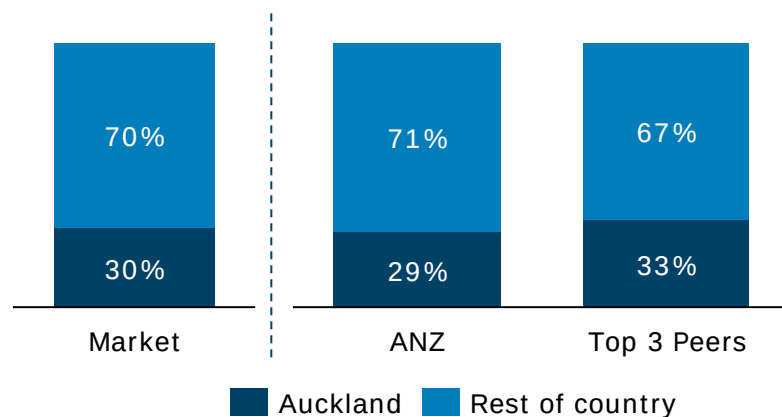
NET MIGRATION FOR AUCKLAND¹



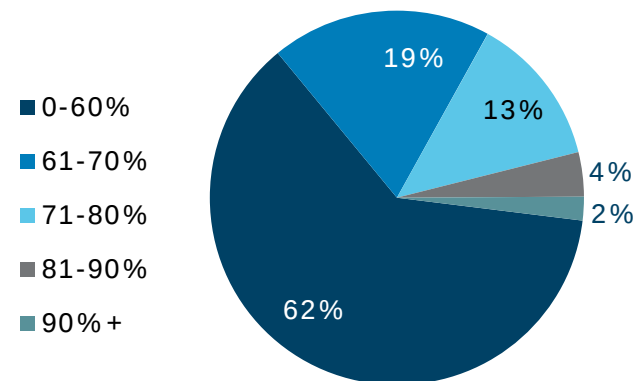
HOUSE PRICES²



TOTAL NUMBER OF AUCKLAND HOME LOANS HELD³



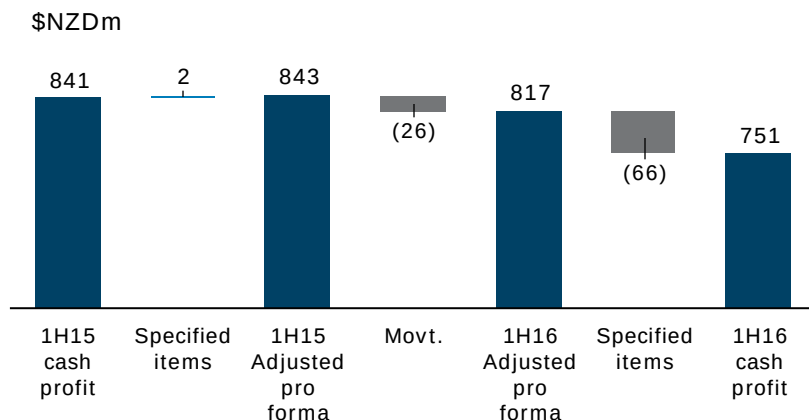
ANZ MORTGAGE LVR PROFILE FOR AUCKLAND⁴



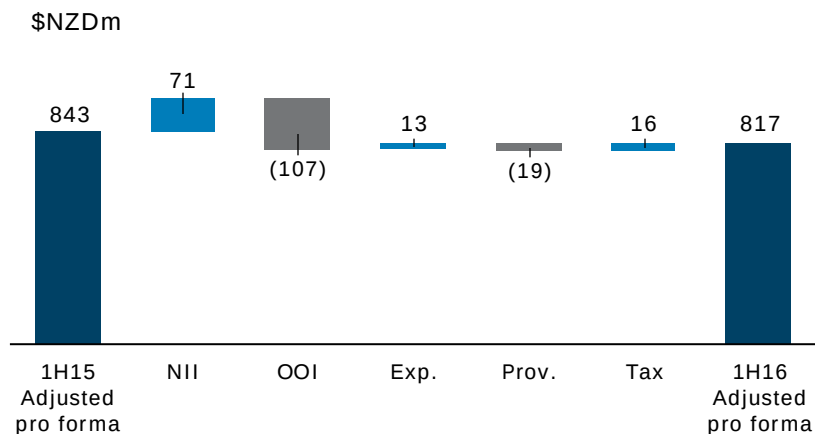
1. Statistics NZ.
2. REINZ.
3. Core Logic, stock (number) of mortgage registrations. Top 3 peer banks are ASB, WBC and BNZ, as of February 2016.
4. Dynamic basis, as of March 2016.

New Zealand Geography – Financial performance (PCP)

PROFIT



PRO FORMA PROFIT CONTRIBUTION



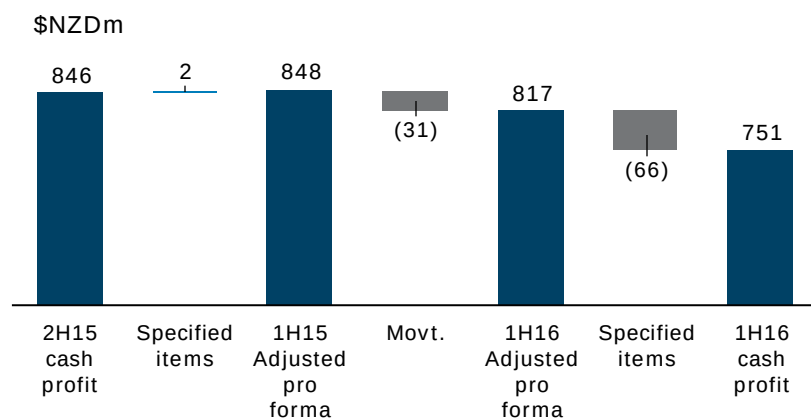
PRO FORMA (PCP)¹

	Drivers	1H16 NZDm	Change
Cash Profit	Lower Institutional revenue and higher provision charges, partly offset by lending volume growth and disciplined cost management	817	(3 %)
Income		1,895	(2 %)
Institutional	Lower earnings, driven by credit spread widening		
Wealth	Non recurring \$9m pre-tax loss arising from the sale of the NZ medical business (nil on after tax basis)		
NZ Division	Impacts above partly offset by lending and deposit growth and fixed asset gain on sale		
Expenses	Productivity gains more than offset inflationary and investment impacts	724	(2 %)
Provisions Charge	Individual provision higher driven by lower write-backs	50	61 %

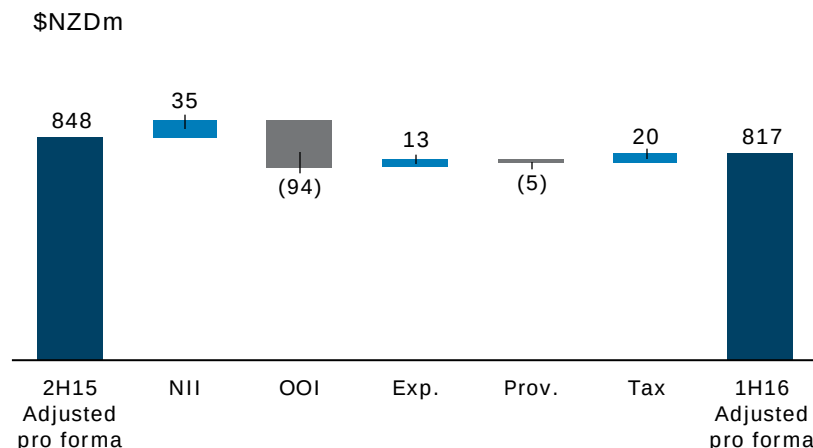
1. PCP: Comparisons are on a cash basis comparing 6 months to 31 March 2016 with 6 months to 31 March 2015.
2. 'Specified items' include the impacts of software capitalisation policy changes and restructuring expenses. Further detail provided in the ANZ Half Year 2016 Consolidated Financial Report page 14.

New Zealand Geography – Financial performance (HoH)

PROFIT



PRO FORMA PROFIT CONTRIBUTION



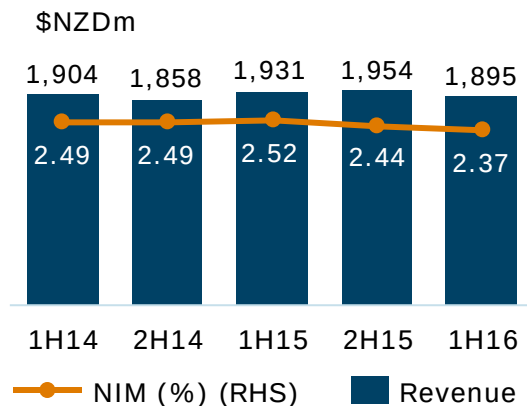
PRO FORMA (HoH)¹

	Drivers	1H16 NZDm	Change
Cash Profit	Cash profit decrease due to lower Institutional revenue and higher provision charges, partly offset by lending volume growth and disciplined cost management	817	(4 %)
Income		1,895	(3 %)
Institutional	Lower earnings, driven by credit spread widening		
Wealth	Non recurring \$9m pre-tax loss arising from the sale of the NZ medical business (nil on after tax basis)		
NZ Division	Impacts above partly offset by lending and deposit growth and fixed asset gain on sale		
Expenses	Productivity gains more than offset inflationary and investment impact	724	(2 %)
Provisions Charge	Individual provision higher driven by lower write-backs	50	11 %

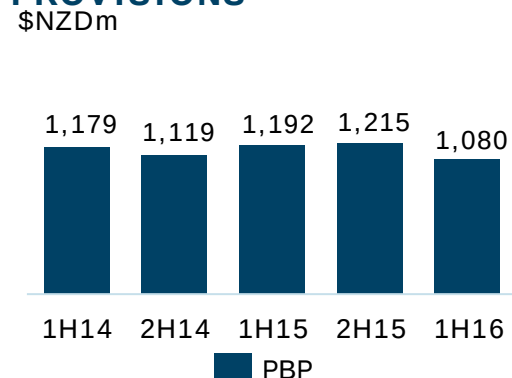
1. HoH: Comparisons are on a cash basis comparing 6 months to 31 March 2016 with 6 months to 30 September 2015.
2. 'Specified items' include the impacts of software capitalisation policy changes and restructuring expenses. Further detail provided in the ANZ Half Year 2016 Consolidated Financial Report page 14.

New Zealand Geography – overview

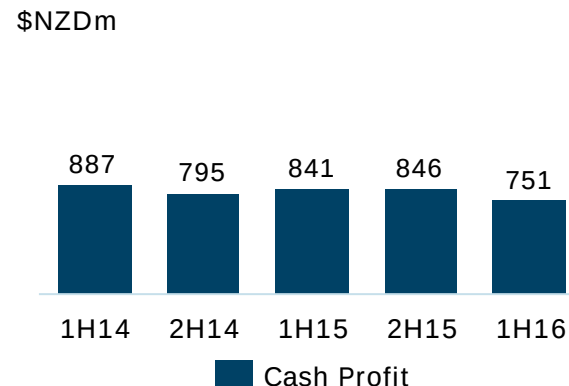
REVENUE & NIM¹



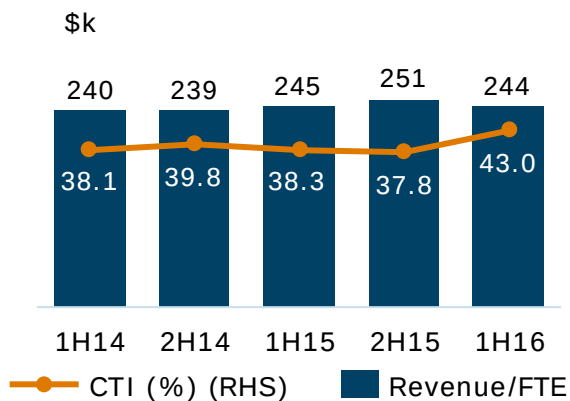
PROFIT BEFORE PROVISIONS



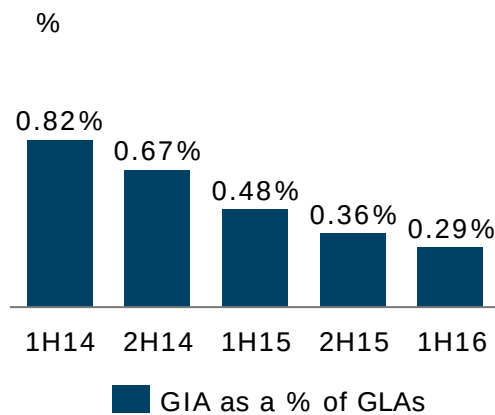
CASH PROFIT



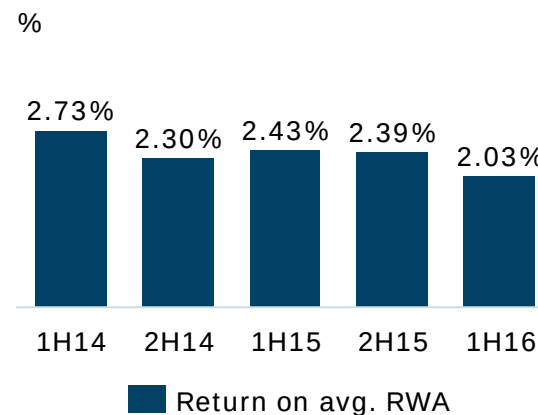
REVENUE PER FTE² & CTI



CREDIT QUALITY



RISK WEIGHTED ASSETS



1. New Zealand Division NIM
2. FTE exclusive of Global Hubs FTE in NZ

New Zealand – Home Loan Portfolio¹

PORTFOLIO STATISTICS	1H15	1H16	PORTFOLIO STATISTICS	1H15	1H16
Total Number of Home Loan Accounts	494k	508k	% of Portfolio Paying Interest Only ²	22%	24%
Total Home Loans FUM	\$64b	\$70b	Average Loan Size at Origination	\$289k	\$295K
% of Total New Zealand Geography Lending	59%	60%	Average LVR at Origination ³	64%	63%
% of Total Group Lending	11%	11%	Average Dynamic LVR of Portfolio ⁴	49%	47%
Owner Occupied Loans Fixed Rate - % of Portfolio	54%	54%	Broker originated	29%	32%
Owner Occupied Loans Variable Rate - % of Portfolio	21%	19%	Low doc (discontinued in 2009)	1%	1%
Investor Loans Fixed Rate - % of Portfolio	19%	21%	Group Loss Rates	0.19%	0.32%
Investor Loans Variable Rate - % of Portfolio	6%	6%	NZ Mortgage Loss Rates	0.01%	0.00%

1. New Zealand Geography.

2. Excludes revolving credit facilities.

3. Average LVR at Origination (not weighted by balance).

4. Average dynamic LVR as at February 2016 (not weighted by balance).



2016 HALF YEAR RESULTS

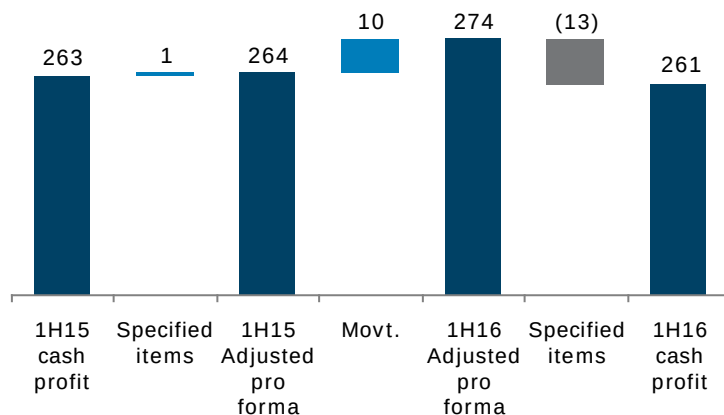
AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
3 MAY 2016

INVESTOR DISCUSSION PACK
WEALTH

Wealth Division - Financial performance (PCP)²

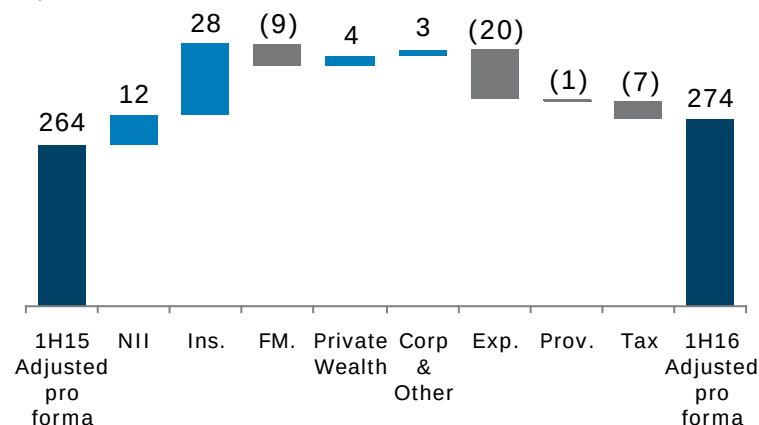
PROFIT¹

\$m



PROFIT CONTRIBUTION¹

\$m



PRO FORMA HIGHLIGHTS

	Drivers	1H16 ¹ \$m	Change
Cash Profit	Favourable lapse experience & growth in customer deposits & NLAs, partly offset by adverse claims experience, market volatility, lower margin product mix and expense growth.	274	4 %
Income		889	4 %
Insurance	Favourable insurance experience with improved lapses as a result of retention initiatives. Consistent with broader industry experience, retail new business volumes are slowing.		8 %
Funds Mgt	Revenue challenged by margin compression, lower netflows and increased market volatility.		(3 %)
Private Wealth	Strong volume growth in average customer deposits and net loans and advances.		12 %
Expenses	Driven by inflationary growth and spend on strategic projects.	503	4 %
Life inforce premiums		1,736	6 %
Embedded Value³		4,860	11 %

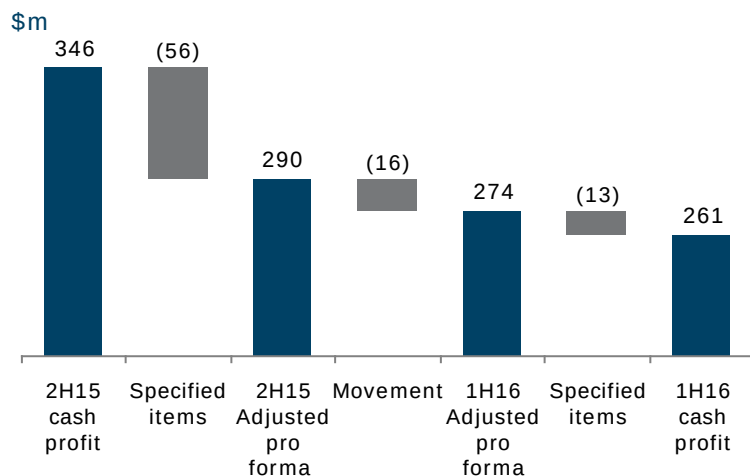
1. 1H16 profit has been pro-forma adjusted for the following specified items: non-recurring income loss arising from sale of the New Zealand medical insurance business (+\$9m), Restructuring costs (-\$13m), Capitalisation write-offs (-\$5m), New Zealand reversal of tax credits (+\$8m), NPAT net impact (\$13m). 1H15 profit has been pro-forma adjusted for the following specified items: Restructuring costs (+\$1m).

2. PCP: Comparisons are on a pro-forma adjusted basis comparing 6 months to 31 March 2016 to 6 months to 31 March 2015.

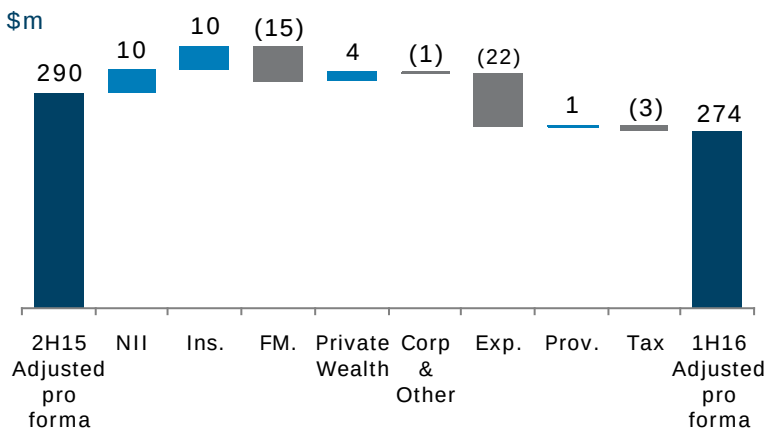
3. Embedded value is gross of transfers.

Wealth Division - Financial performance (HoH)²

PROFIT¹



PROFIT CONTRIBUTION¹



PRO FORMA HIGHLIGHTS

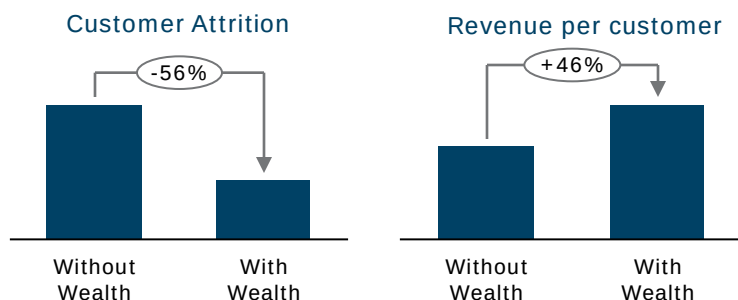
	Drivers	1H16 ¹ \$m	Change
Cash Profit	Cash Profit impacted by market volatility, lower margin product mix and expense growth, partly offset by growth in life insurance in-force premiums, improved lapse experience and growth in customer deposits & NLAs.	274	(6%)
Income		889	1%
Insurance	Stable insurance experience with continued favourable lapses. Insurance business momentum remains positive despite growing challenges.		3%
Funds Mgt	Impacted by a shift in business towards lower margin products and volatile investment markets.		(5%)
Private Wealth	Solid volume growth continues in Private Wealth with average customer deposits and Investment FUM up by 7% and 6%, respectively.		10%
Expenses	Driven by inflationary growth and spend on strategic projects.	503	5%
Life inforce premiums		1,736	2%
Embedded Value³		4,860	6%

- 1H16 profit has been pro-forma adjusted for the following specified items: non-recurring income loss arising from sale of the New Zealand medical insurance business (+\$9m), Restructuring costs (-\$13m), Capitalisation write-offs (-\$5m), New Zealand reversal of tax credits (+\$8m), NPAT net impact (\$13m). 2H15 profit has been pro-forma adjusted for the non-recurring tax consolidation benefit (-\$56m).
- HoH: Comparisons are on a pro-forma adjusted basis comparing 6 months to 31 March 2016 to 6 months to 30 September 2015.
- Embedded value is gross of transfers.

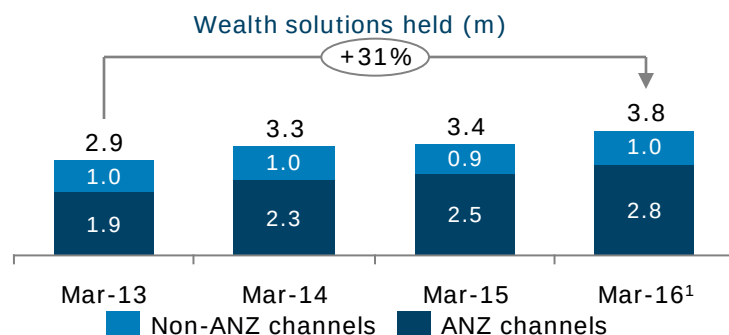
Progress on strategic priorities

STRATEGIC PRIORITIES

1. Strengthening and deepening customer relationships by successfully integrating into ANZ Channels



2. Drive value from existing businesses



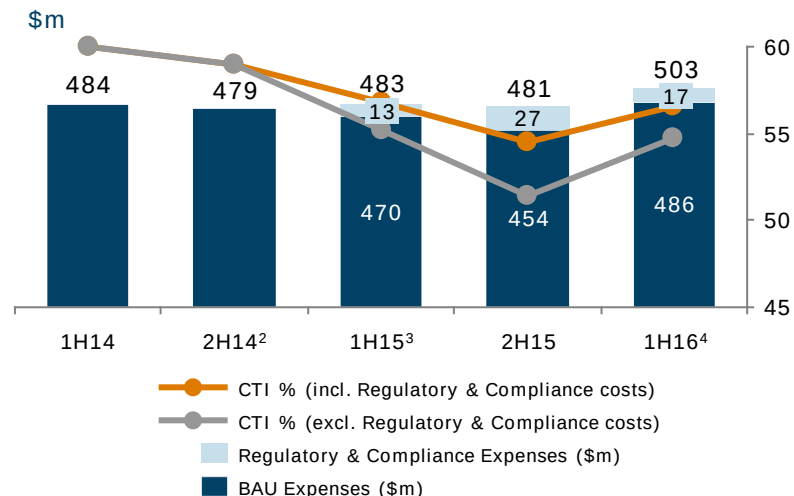
3. Deliver digitalised platform to improve planner productivity

REGULATORY ENVIRONMENT

Responding to regulatory & compliance obligations

- Superannuation related compliance (Stronger Super reforms, MySuper).
- Life Insurance recommendations regarding advisor commissions for life insurance products.
- Increased scrutiny on financial advice.
- Regulators' response to industry wide issues relating to wealth products.
- Foreign Account Tax Compliance Act (FATCA) reporting obligations.

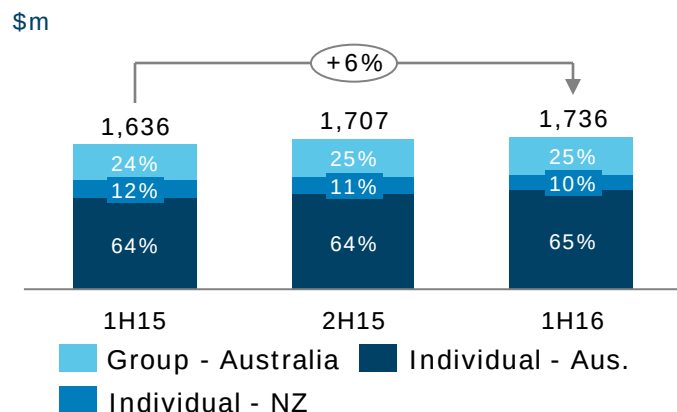
EXPENSES



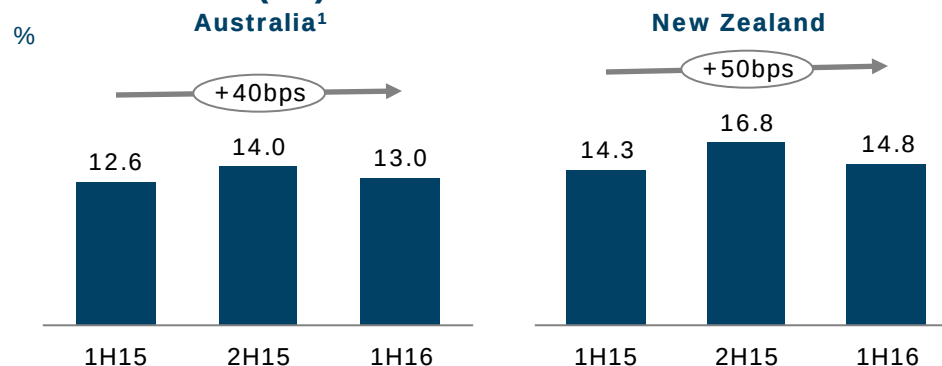
1. March 2016 Wealth Solutions number is based on Q1 2016 Actuals. 2. 2H14 normalised for ANZ Trustees gain on sale income (-\$125m), and ANZ Trustees related expenses (\$41m). 3. 1H15 has been pro-forma adjusted for Restructuring costs (-\$1m). 4. 1H16 has been pro-forma adjusted for the following specified items: non-recurring income loss arising from sale of the New Zealand medical insurance business (+\$9m), Restructuring costs (-\$13m), Capitalisation write-offs (-\$5m), New Zealand reversal of tax credits (+\$8m), NPAT net impact (\$13m).

Insurance delivering a consistent outcome

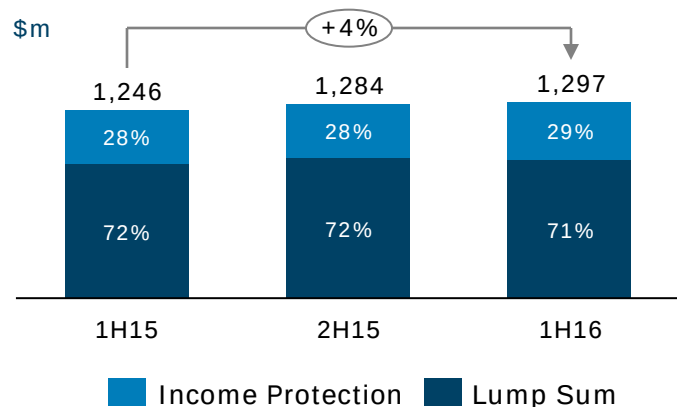
DIVERSIFIED MIX OF LIFE INSURANCE INFORCE



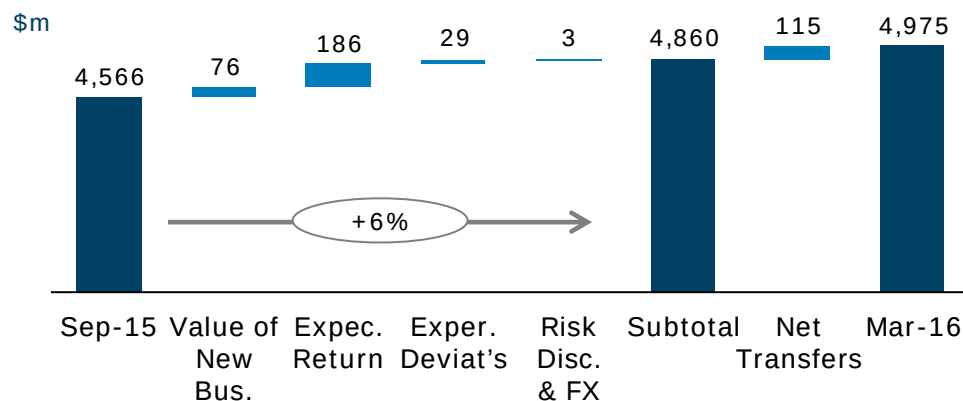
LAPSE RATES (%)



CONSISTENT PRODUCT MIX IN INDIVIDUAL LIFE INSURANCE



EMBEDDED VALUE GROWTH²



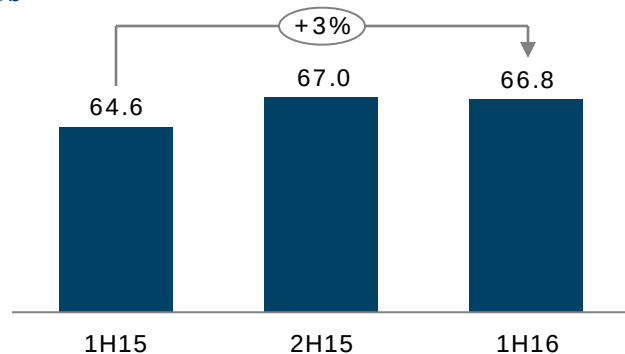
1. A definition change to the Australian Retail risk lapse rate was implemented in September 2015 to reflect the inclusion of partial premium reductions within the policy renewal period. Prior comparative periods have been restated to align with revised methodology.
2. Embedded value includes Insurance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

Solid growth in Private Wealth volume whilst Funds Management impacted by lower netflows

FUNDS MANAGEMENT AVERAGE

FUM¹

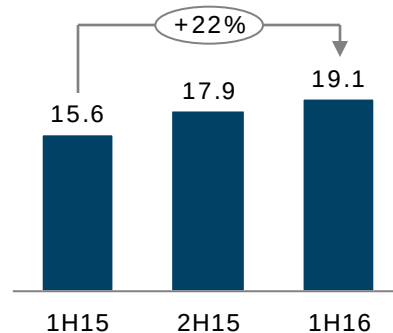
\$b



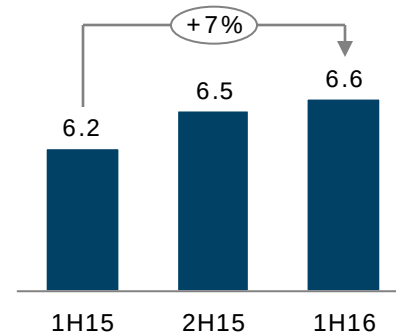
PRIVATE WEALTH

\$b

Average Customer Deposits

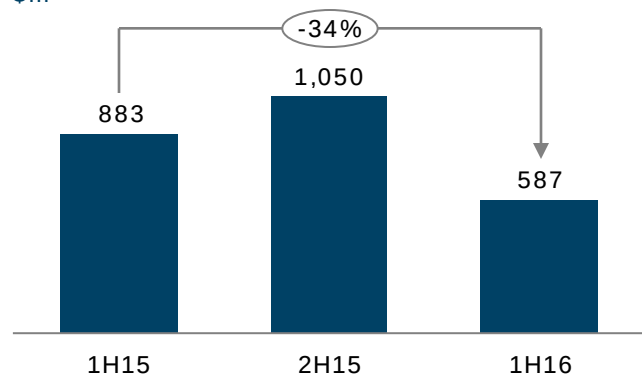


Net Loans & Advances



FUNDS MANAGEMENT NETFLOWS¹

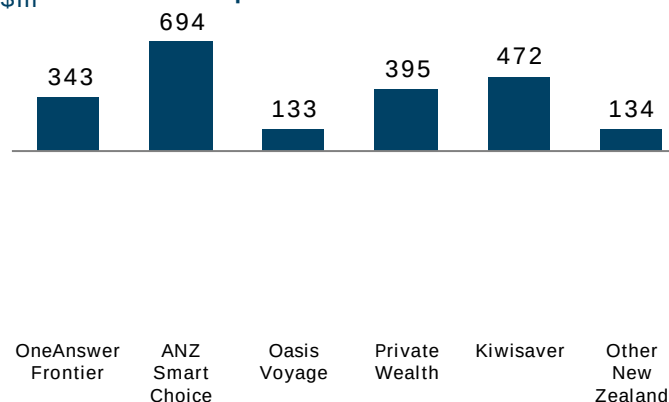
\$m



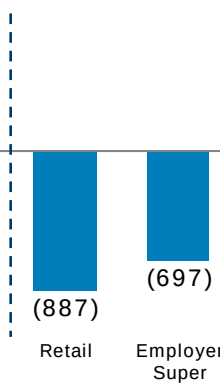
1H16 FUNDS MANAGEMENT NETFLOWS BY SOLUTION

\$m

Open solutions

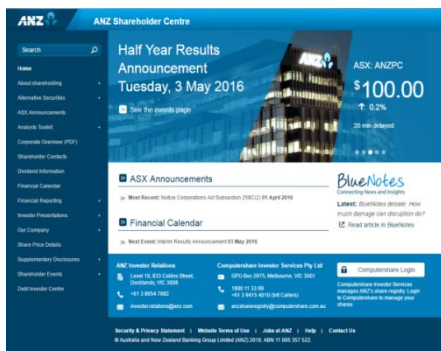


Closed solutions



1. Funds Management FUM and netflows include Private Wealth Investment FUM and netflows.

Further Information



Our Shareholder information

shareholder.anz.com

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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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