



2018 FULL YEAR RESULTS

DEBT INVESTOR UPDATE

AUSTRALIA & NEW ZEALAND BANKING GROUP LIMITED

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All figures within this investor discussion pack are presented on Cash Profit (Continuing operations) basis in Australian Dollars unless otherwise noted. In arriving at Cash Profit, Statutory Profit has been adjusted to exclude non-core items, further information is set out on page 73-78 of the 2018 Full Year Consolidated Financial Report.

EXECUTIVE COMMITTEE PRIORITIES

1. Improve the process and speed of remediation
2. Continue simplification and cost out
3. Complete announced asset sales, move to new partnership model
4. Bias resources to the redesign of our Australia business

FINANCIAL SNAPSHOT

	FY18	Change (vs FY17)
Statutory Profit (\$m)	6,400	0 %
Cash Profit After Tax (continuing operations) (\$m)	6,487	-5 %
Earnings Per Share (cents)	223.4	-4 %
Return on Equity	11.0%	-67bp
Dividend Per Share (cents)	160	Flat
CET1 Ratio (APRA)	11.4%	87bp
Net Tangible Assets Per Share (\$)	18.47	+5 %

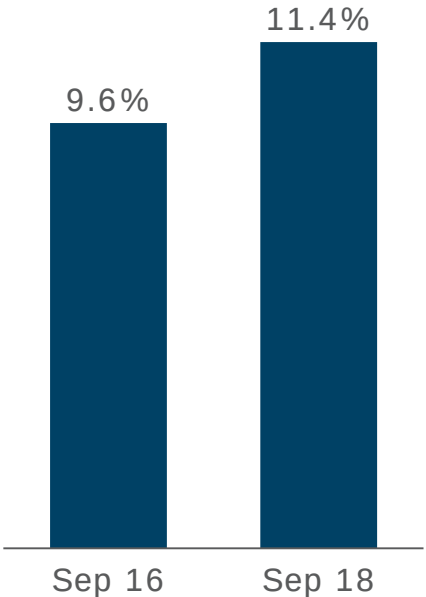
- ❑ Good result in a challenging environment
- ❑ Disciplined approach to balance sheet growth
- ❑ Capital management driving real benefits to shareholders

STRATEGIC FOCUS

OUTCOMES

CAPITAL

CET1



RETURNS

ROE¹



~12.2% calculated on an APRA CET1 ratio of 10.5%

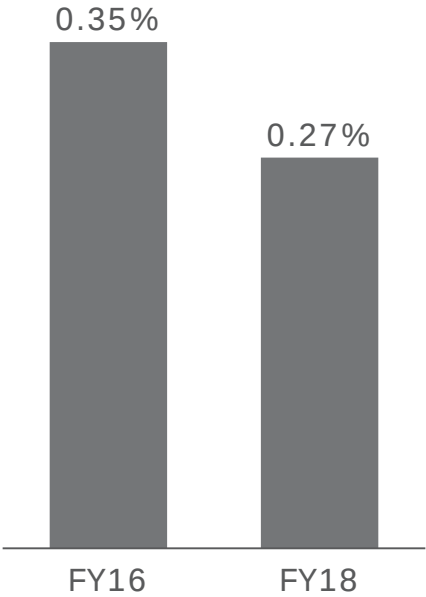
ASSETS

NTA PER SHARE



CREDIT QUALITY

INTERNAL EXPECTED LOSS



1. ANZ 2018 on a Cash Continuing basis (excluding large / notable items). 2016 on a Cash Profit Adjusted Pro Forma basis (excluding 'specified items')

STRATEGIC FOCUS

1. Creating a simpler, better balanced bank

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

2. Focusing on areas where we can win

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

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

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

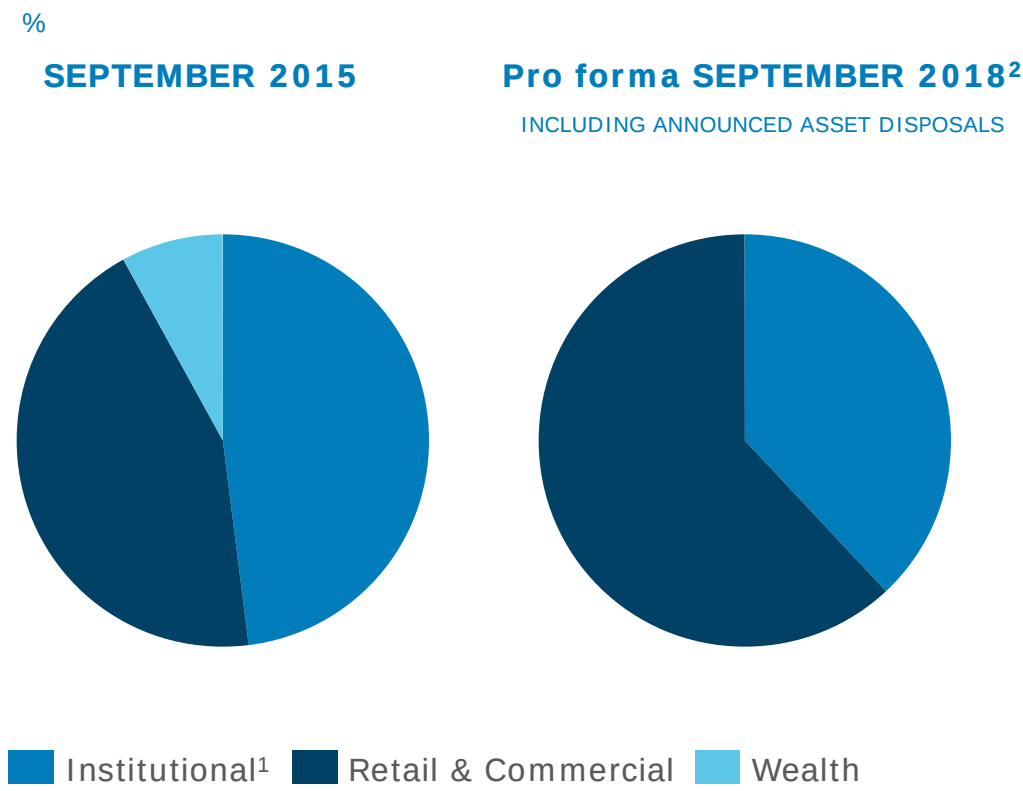
4. Driving a purpose and values led transformation

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.

STRATEGIC FOCUS

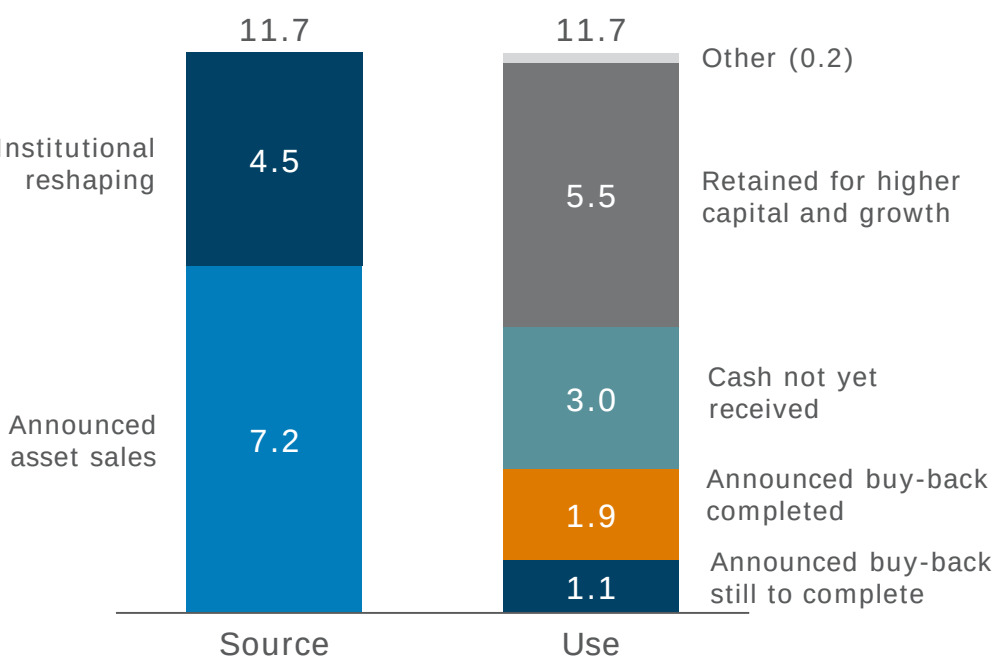
A SIMPLER BETTER BALANCED BANK

CAPITAL REALLOCATION¹



CAPITAL FLEXIBILITY

CET1 CAPITAL FREED UP FROM TRANSFORMATION (\$b)



1. Allocation based on Regulatory Capital. Institutional shown under 2015 IIB Structure, including Institutional, Asia Partnerships and Asia Retail & Pacific

2. Pro forma adjusted for all announced Asset disposals – OnePath P&I, OnePath Life, OnePath Life NZ, Cambodia JV and PNG Retail, Commercial and SME business. Wealth continuing included in Retail & Commercial

NEW ZEALAND 8 YEARS IN

EXECUTION CONSISTENCY

New Zealand Division ¹	Sep 2010	Sep 2018
Core systems	2	1
Brands	2	1
ANZ brand consideration ²	27%	51%
FTE ³	9,412	7,511
Staff engagement	64%	77%
Revenue (NZDm)	2,675	3,555
Expenses (NZDm)	1,349	1,282
CTI	50.4%	36.1%
Cash Profit (NZDm)	585	1,633

1. 2010 financial performance is on a Pro forma profit basis. 2018 financial performance is on a Cash Profit Continuing Operations basis (excluding large / notable items)

2. 2010 source: IPSOS Brand Tracking (first choice, or seriously considered); 2018 source: McCulley Research (online survey, first choice or seriously considered); six month rolling average

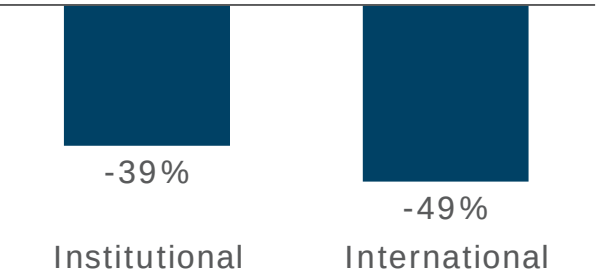
3. FTE on a geographic basis

INSTITUTIONAL 3 YEARS IN

EXECUTION CONSISTENCY

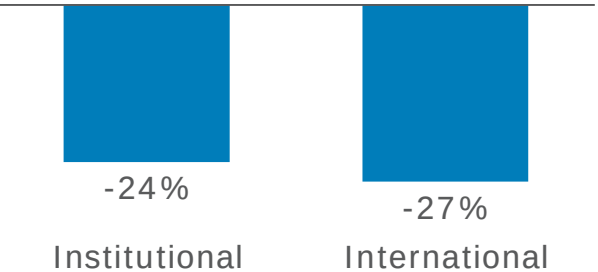
CUSTOMERS

% change in # of customers^{1,2}



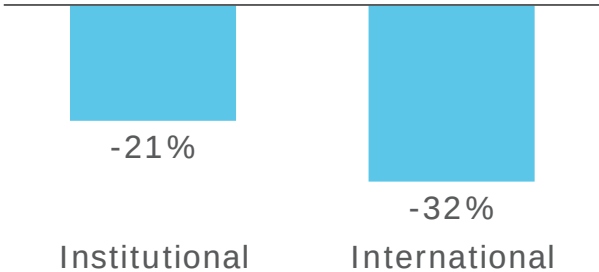
FTE

% change in # of FTE²



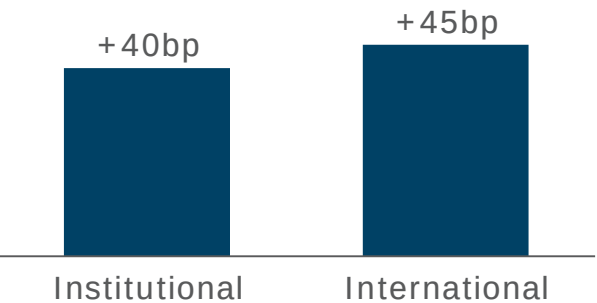
CREDIT RISK WEIGHTED ASSETS

% change in CRWA²



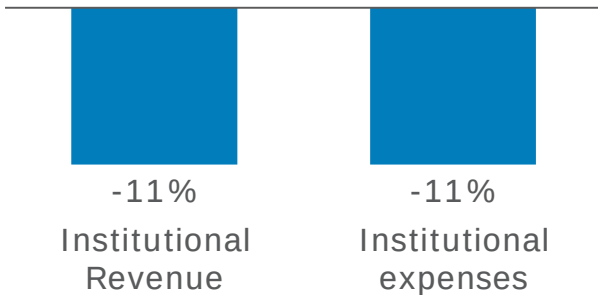
RISK ADJUSTED NIM

bp change^{3,4}



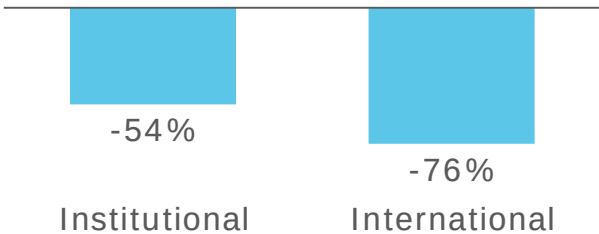
REVENUE & EXPENSES

% change³



GROSS IMPAIRED ASSETS

% change²



1. Institutional customers excluding PNG
2. Sep 18 v Sep 15
3. 2H18 v 2H15. 2H18 on a Cash Continuing basis excluding large / notable items
4. Institutional ex Markets net interest income divided by average credit risk weighted assets

AUSTRALIA

Australia Division ¹	Sep 2016	Sep 2018
Retail customers	5.4m	5.7m
Small Business customers	472k	500k
Branches	724	629
includes digital branches	40	114
Products	373	236
FTE ²	13,687	12,885
Revenue (\$m)	9,197	9,667
Expenses (\$m)	3,242	3,406
Cash Profit (\$m)	3,551	3,889
CTI	35.3%	35.2%
Risk Profile - Internal Expected Loss	33bp	29bp

1. 2016 financial performance is on a Pro forma profit basis. 2018 financial performance is on a Cash Profit Continuing Operations basis (excluding large / notable items)

2. 2016 FTE is on a restated basis for comparison to 2018



2018 FULL YEAR RESULTS

FINANCIAL PERFORMANCE

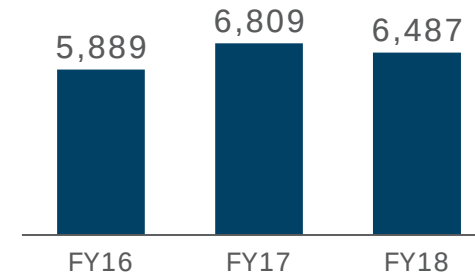
AUSTRALIA & NEW ZEALAND BANKING GROUP LIMITED

OVERVIEW

- ❑ Strong balance sheet
- ❑ 'BAU' costs well managed
- ❑ Strong credit quality
- ❑ Difficult year in Australia division
- ❑ Good result in Institutional & NZ

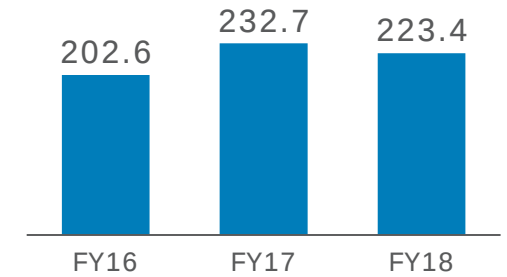
CASH PROFIT¹

\$m



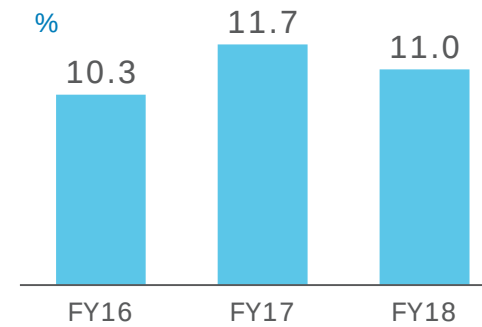
CASH EPS¹

cents



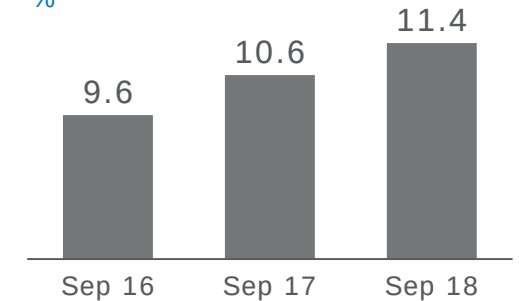
ROE¹

%



CET1 RATIO

%

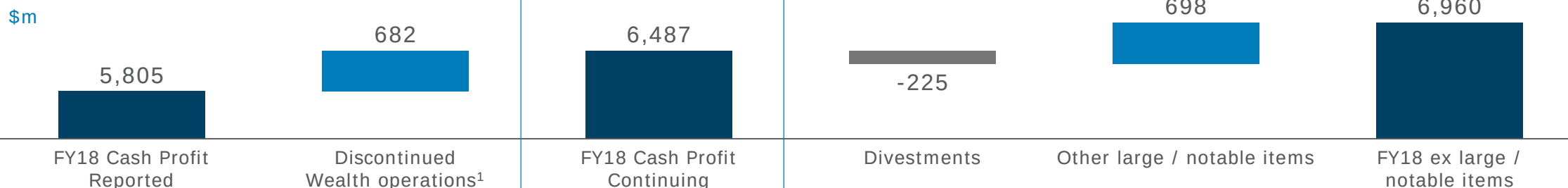


1. Cash profit from continuing operations for FY17 & FY18

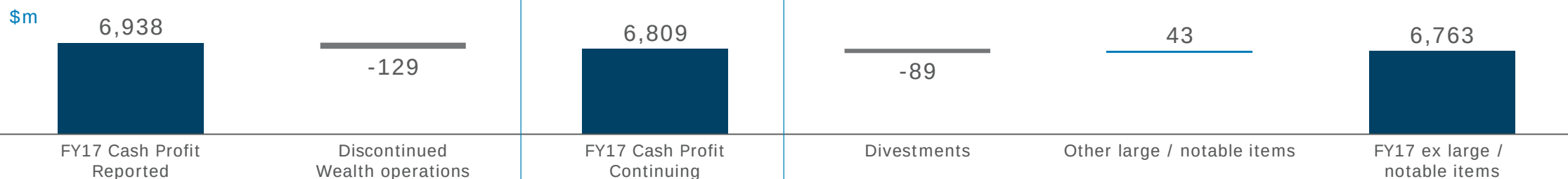
CASH PROFIT COMPOSITION – FULL YEAR

IMPACT OF DIVESTMENTS AND OTHER LARGE / NOTABLE ITEMS

FULL YEAR 2018



FULL YEAR 2017



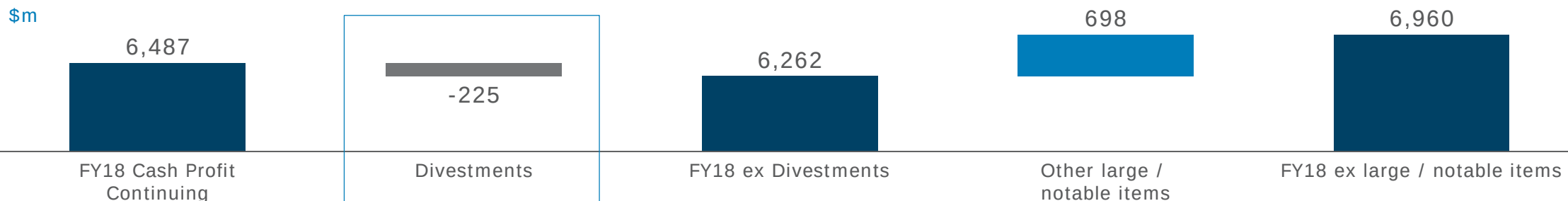
FY18 Cash Profit Reported		FY18 Cash Profit Continuing		FY18 ex large / Notable items
-16.3 %		-4.7 %		2.9 %

1. Inclusive of P&I/ADG and OPL loss on sale and business results (inclusive of customer remediation). The OPL and P&I/ADG divestments are expected to be completed in 1H19

CASH PROFIT COMPOSITION – FULL YEAR

DIVESTMENTS (CONTINUING OPERATIONS)

FULL YEAR 2018



\$m	Continuing operations		
	Earnings ¹	Gain/(Loss) ²	TOTAL
FY18 Cash Profit impact	34	191	225
FY17 Cash Profit impact	359	(270)	89
Change (FY18 vs FY17)	(325)	461	136
FY18 CET1 benefit	59bp		

Announced divestment status	
<u>Completed in FY18</u>	<u>Still to complete</u>
Asia Retail businesses	Cambodia JV
SRCB	OnePath Life NZ
MCC	PNG Retail, Comm. & SME
<u>Discontinued</u>	
OnePath Life	
OnePath Pensions & Investments	

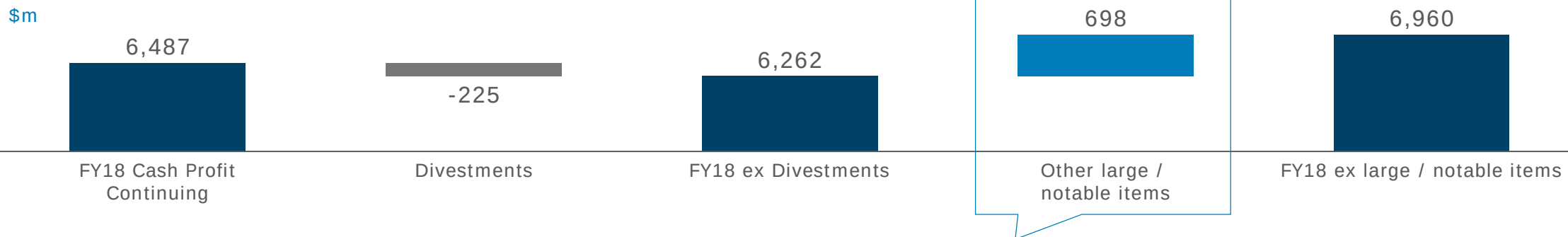
1. Earnings from completed divestments only. FY18 includes Asia Retail businesses and MCC. FY17 includes Asia Retail businesses, MCC and SRCB

2. FY18 includes Asia Retail businesses \$85m, SRCB -\$86m, UDC \$18m, MCC \$247m, Cambodia JV -\$42m, OPL NZ -\$10, PNG Retail, Commercial and SME -\$21m. FY17 includes Asia Retail businesses -\$270m

CASH PROFIT COMPOSITION – FULL YEAR

OTHER LARGE / NOTABLE ITEMS

FULL YEAR 2018



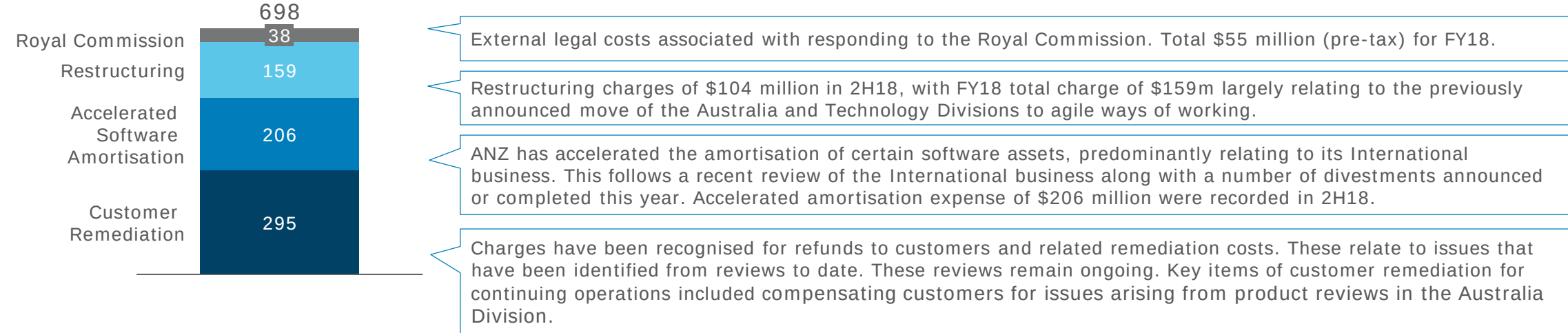
\$m	Other large / notable items within Continuing Operations					
	External legal costs (Royal Commission)	Restructuring	Accelerated software amortisation	Customer remediation	Sale of 100 Queen Street Melbourne	Total
Cash Profit impact						
FY18	38	159	206	295	-	698
FY17	-	43	-	112	(112)	43
Change (FY18 vs FY17)	38	116	206	183	112	655

OTHER LARGE / NOTABLE ITEMS

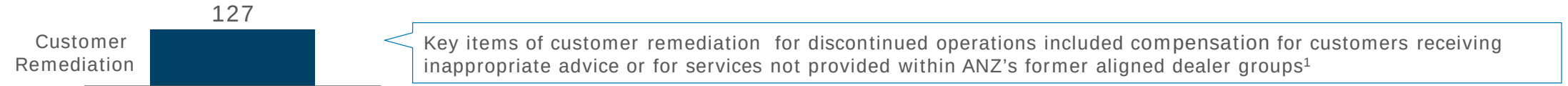
FULL YEAR 2018 CASH PROFIT IMPACT (REDUCTION)

\$m

CONTINUING OPERATIONS



DISCONTINUED

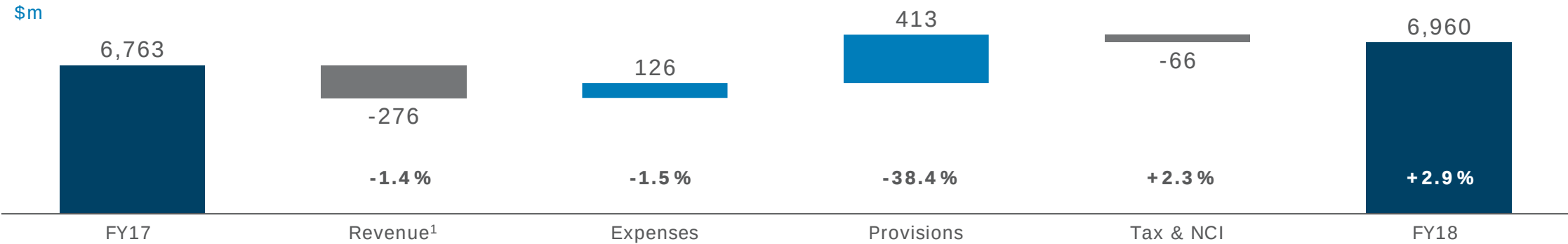


1. ANZ completed the sale of its Aligned Dealer Groups to IOOF on 1 October 2018

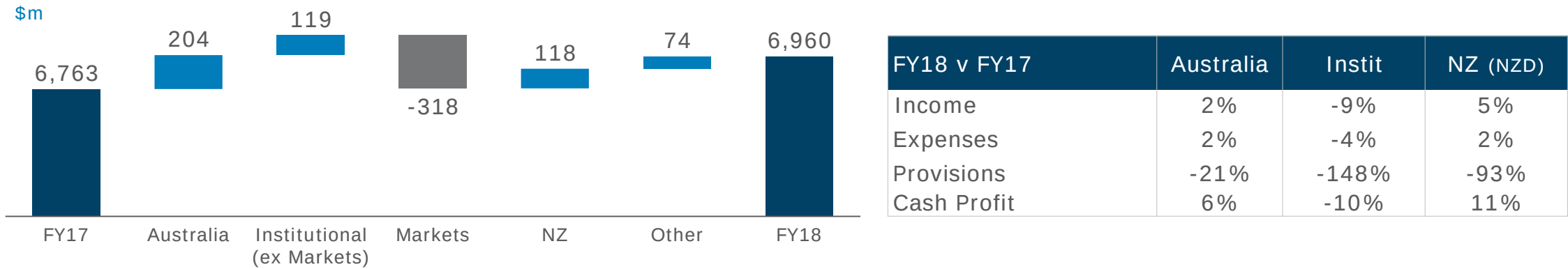
2018 FINANCIAL PERFORMANCE

CASH PROFIT CONTINUING OPERATIONS (EXCLUDING LARGE / NOTABLE ITEMS)

GROUP PERFORMANCE



DIVISIONAL PERFORMANCE

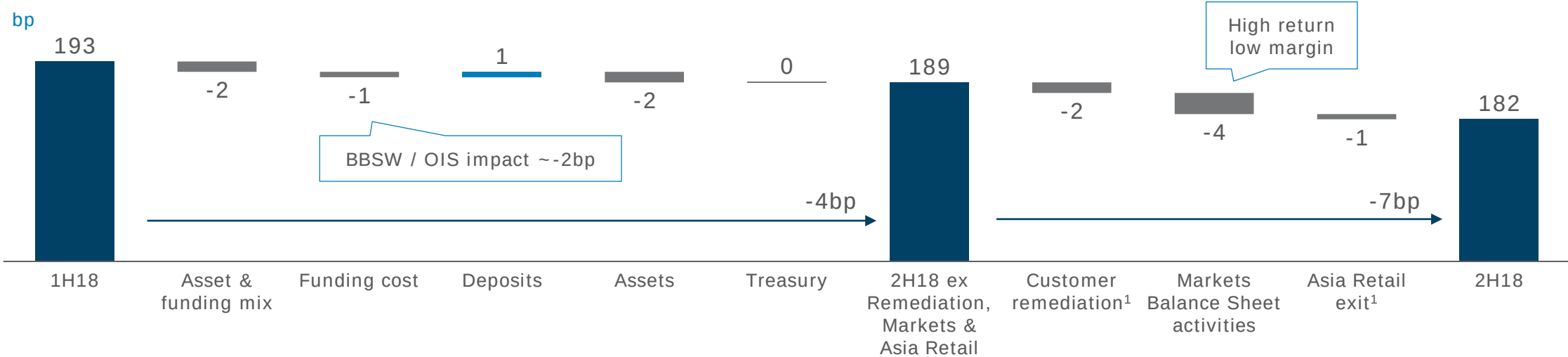


1. Includes major bank levy impact of \$355m (before tax) in FY18 and \$86m (before tax) in FY17

NET INTEREST MARGIN

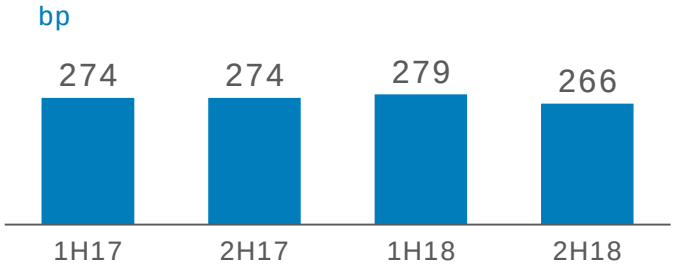
CASH PROFIT CONTINUING OPERATIONS

GROUP NET INTEREST MARGIN (NIM)

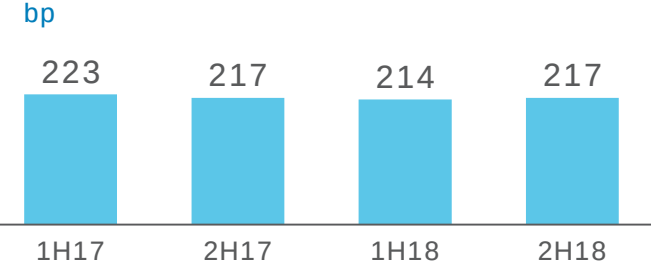


DIVISIONAL NIM (EXCLUDING LARGE/NOTABLE ITEMS)

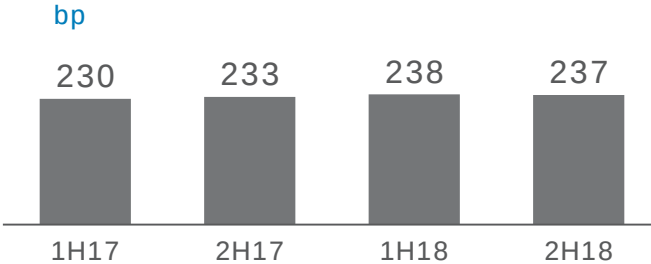
AUSTRALIA DIVISION



INSTITUTIONAL²



NEW ZEALAND DIVISION

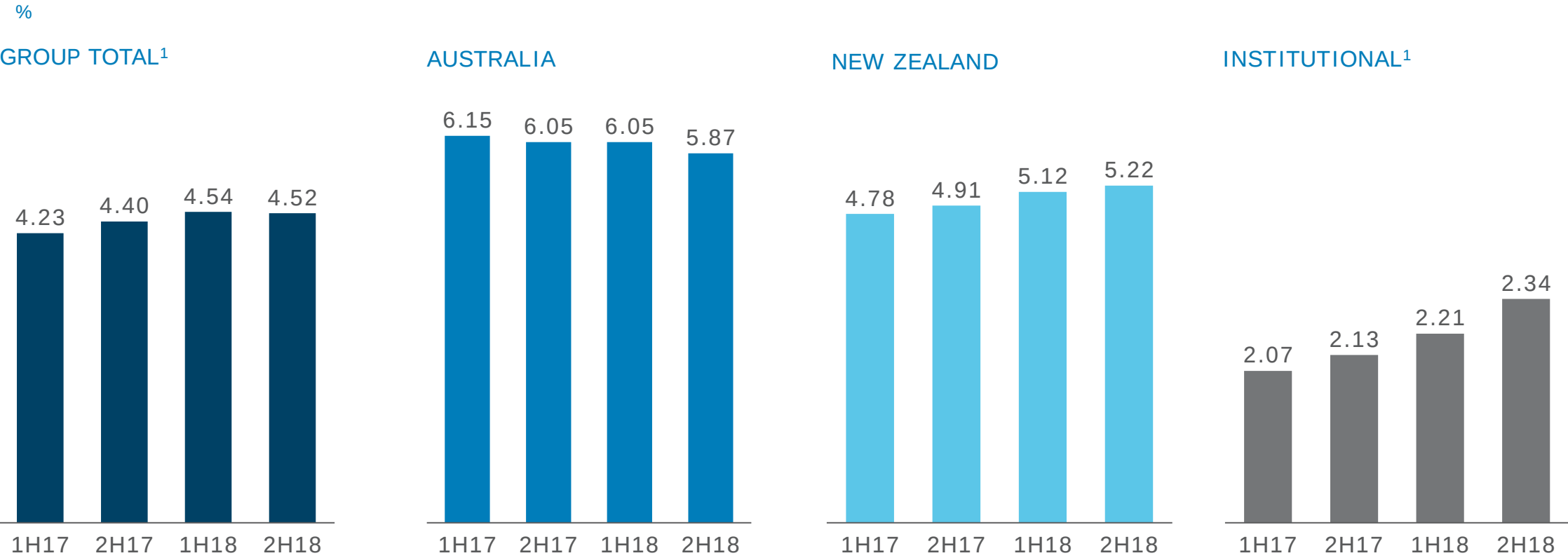


1. Item included as a large / notable item
2. Excluding Markets business unit

RISK ADJUSTED PERFORMANCE

CASH PROFIT CONTINUING OPERATIONS (EXCLUDING LARGE / NOTABLE ITEMS)

NET INTEREST INCOME / AVERAGE CREDIT RWA

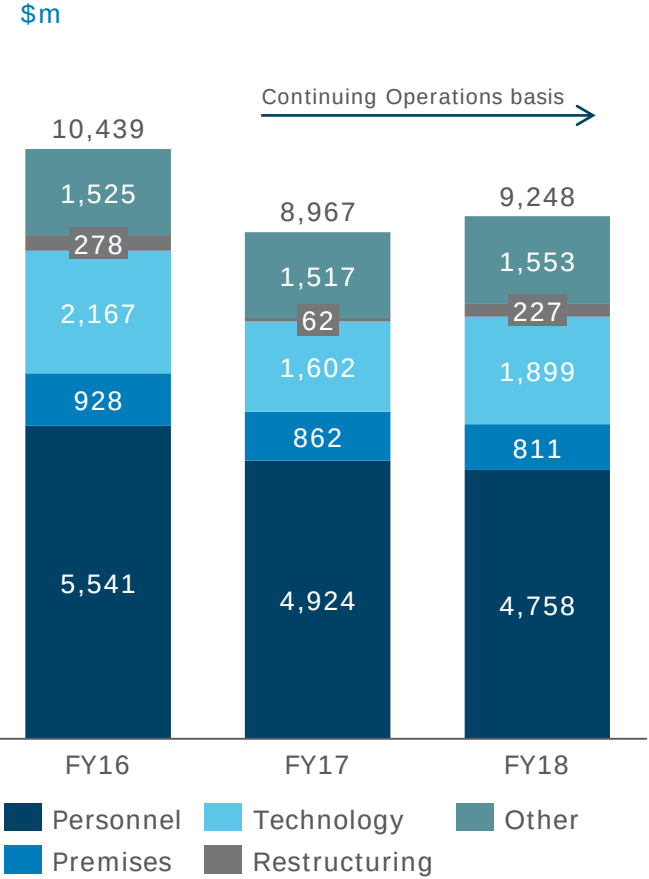


1. Excluding Markets business unit

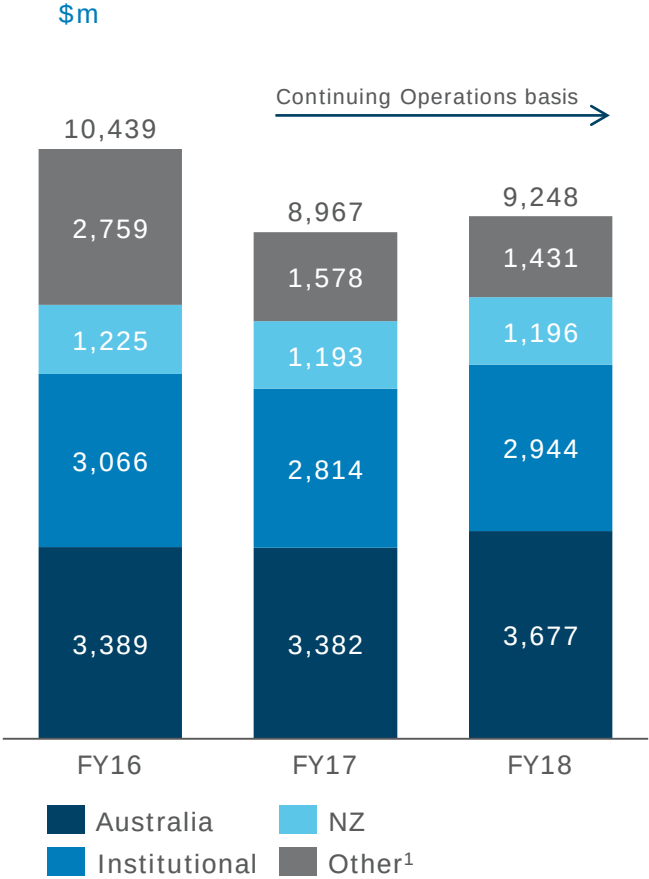
EXPENSES

CONTINUING OPERATIONS

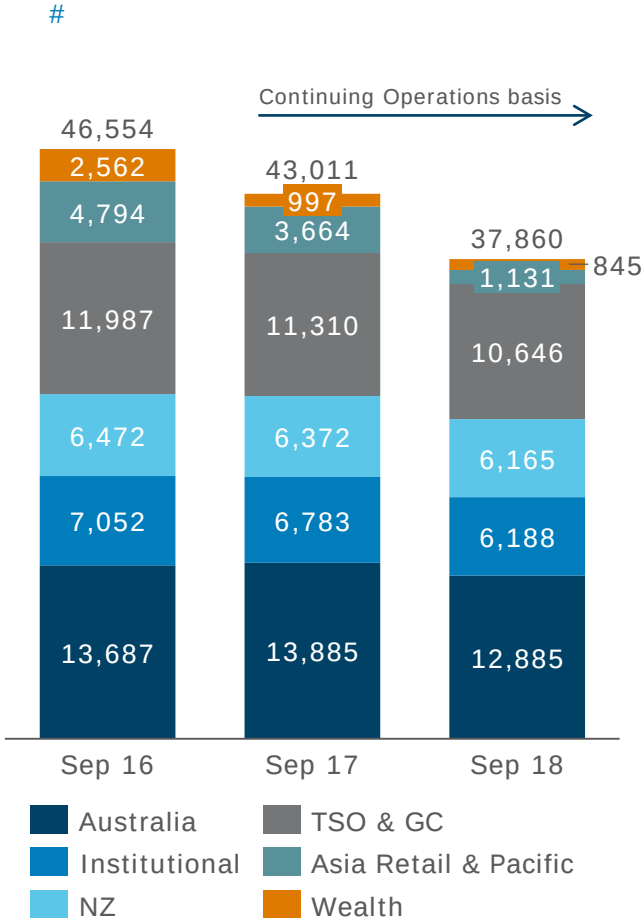
BY CATEGORY



BY DIVISION



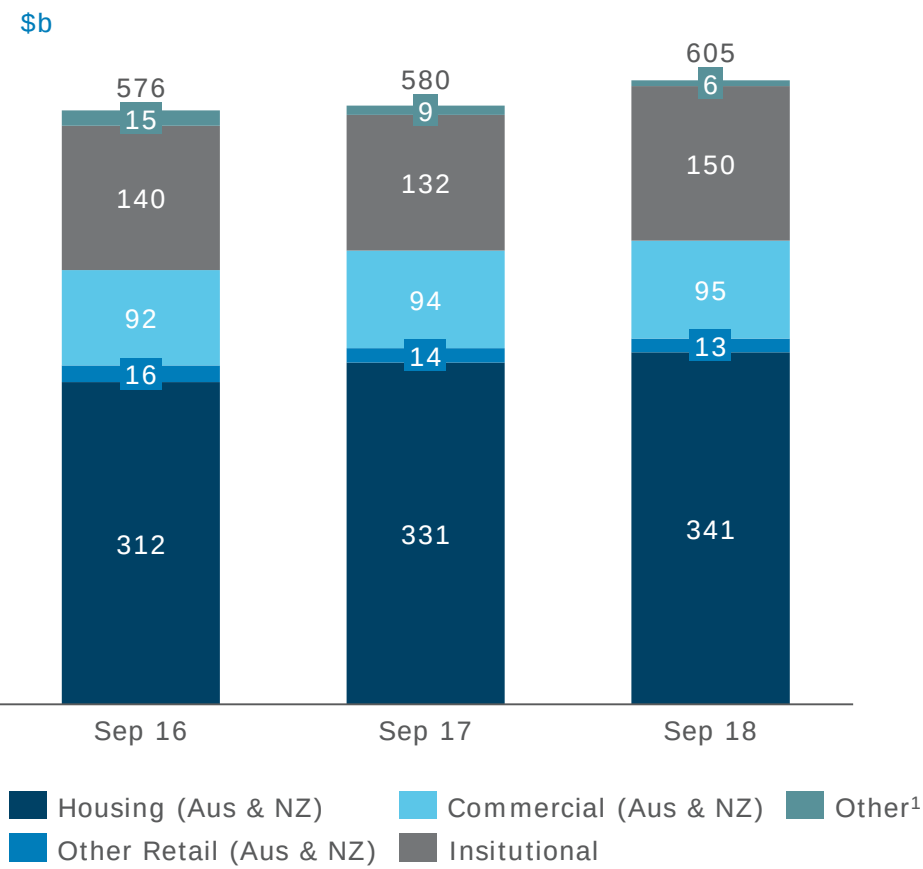
FULL TIME EQUIVALENT STAFF



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

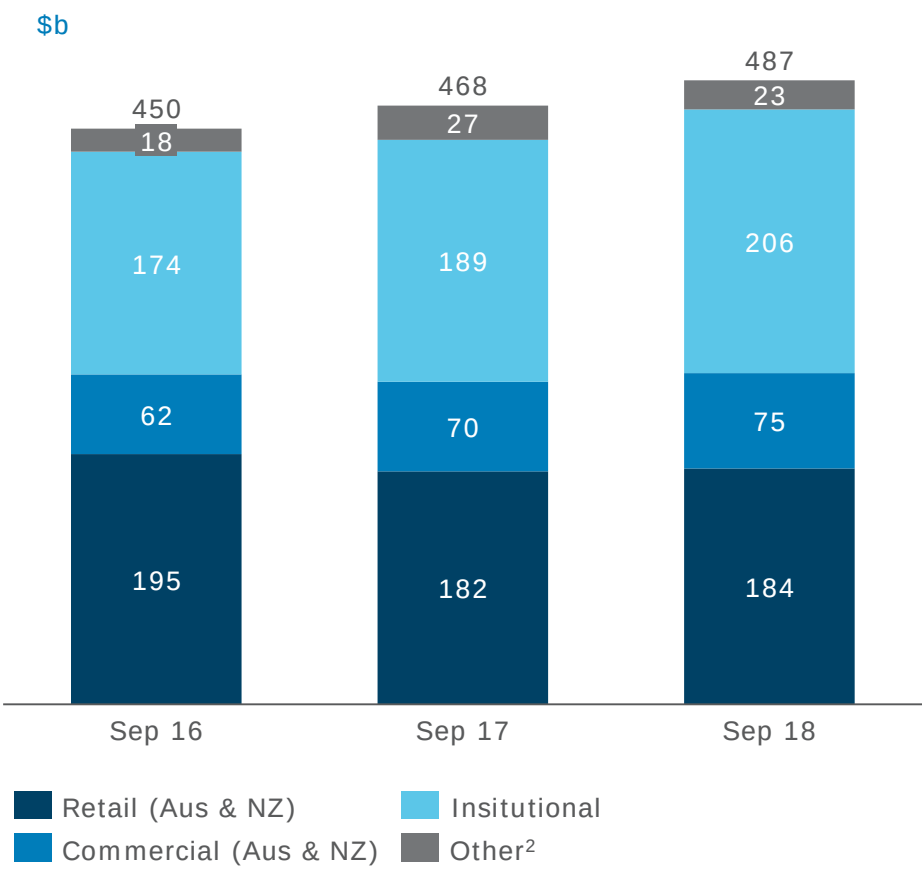
FY18 BALANCE SHEET

NET LOANS & ADVANCES – BY SEGMENT



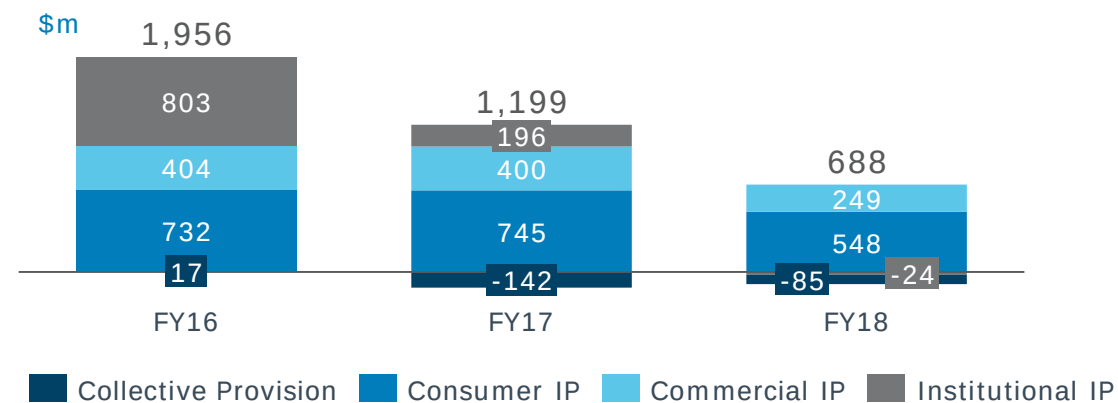
1. Other = Wealth Australia, Asia Retail & Pacific and TSO & Group Centre
2. Other = Wealth Australia, Asia Retail & Pacific ,TSO & Group Centre and Private Bank

CUSTOMER DEPOSITS – BY SEGEMENT



CREDIT IMPAIRMENT CHARGES

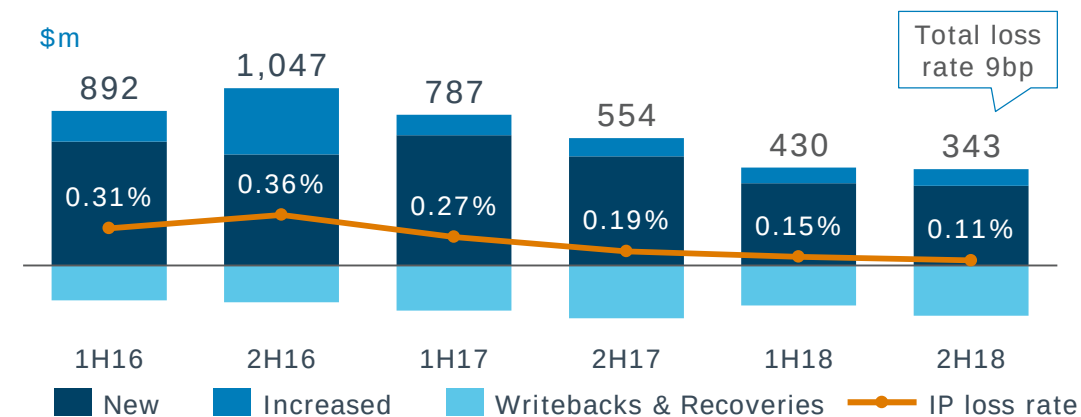
TOTAL PROVISION CHARGE



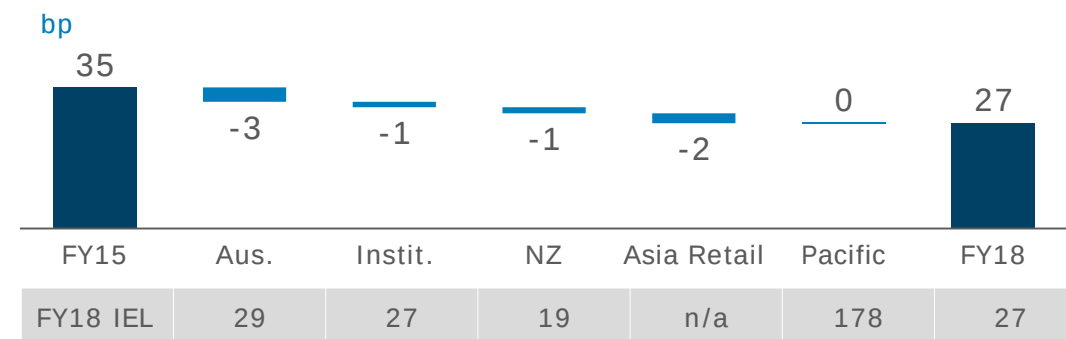
COLLECTIVE PROVISION CHARGE

\$m	FY17	FY18	1H18	2H18
Lending growth	(36)	0	4	(4)
Risk/P'folio mix change	(159)	(104)	4	(108)
Economic cycle	75	25	(24)	49
Total (ex Asia Retail)	(120)	(79)	(16)	(63)
Asia Retail	(22)	(6)	(6)	0
Total	(142)	(85)	(22)	(63)

INDIVIDUAL PROVISION CHARGE



INTERNAL EXPECTED LOSS BY DIVISION (FY18 V FY15)



AASB 9 FINANCIAL INSTRUMENTS – TRANSITION IMPACT

ILLUSTRATIVE DAY 1 IMPACT: COLLECTIVE PROVISION BALANCE & COVERAGE

	AASB 139	AASB 9	Increase
Collective Provision balance	\$2,523m	\$3,336m	\$813m
Existing deduction from CET1 APRA Basel 3 expected loss in excess of eligible provisions (Non-Defaulted)	\$567m	0	\$246m impact to CET1 ¹
CP balance / CRWA	0.75%	0.99%	24bp increase in coverage

AASB 9: EFFECTIVE FOR ANZ FROM 1 OCTOBER 2018

- replaces the “incurred loss” impairment model under AASB 139 with a forward looking “expected loss” model
- uses a three-stage approach to measuring expected credit losses (ECL) based on changes in credit risk since origination
- where loans have had a significant increase in credit risk (SICR) since origination, lifetime ECL is applied, otherwise a 12-month ECL is applied
- 4 economic scenarios are applied and probability weighted to determine the expected credit loss for financial assets
- key management judgements and estimates are made in determining:
 - o whether a SICR has occurred - using predominantly internal credit rating grades and 30 day past-due arrears data
 - o the four economic scenarios (base case, upside, downside & severe downside scenario) and their probability weightings
- **Expected day 1 Level 2 CET 1 capital ratio impact of 6bp – remaining unquestionably strong**

1. For the Non-defaulted book under AASB 9, there is no CET1 impact up to the amount that Regulatory Expected Loss currently exceed Eligible Provisions (in this illustration \$567m). The \$246m CET1 impact is calculated on the increase in the collective provision balance (\$813m in this illustration) above the existing deduction from CET1 (\$567m in this illustration)

AUSTRALIA DIVISION

PRIORITIES

STRATEGIC FOCUS	PRIORITIES	ACTIONS	METRICS	MOVEMENTS			
				FY15	FY16	FY17	FY18
	Create a simpler, better capitalised, better balanced and more agile bank	Simplified products	# Products decommissioned	<10	<10	47	90
		Optimised branch footprint	# Branches	751	724	684	629
		More digital branches	# Digital branches	5	40	81	114
		More self service	# Over-The-Counter transactions ¹	37.3m	33.8m	29.1m	26.2m
		More digital sales	Digital % of retail sales	15%	16%	21%	25%
		More digitally active customers	Digitally active customers	2.9m	3.0m	3.3m	3.5m
	Focus efforts on attractive areas where we can carve out a winning position	Attract more customers	# Retail customers	5.3m	5.4m	5.6m	5.7m
			Retail customers > 1 product	60.0%	60.9%	61.5%	62.0%
Grow FUM		# Small Business Banking customers (000's)	450	472	486	500	
		Housing: Owner Occupied (ANZ v system) ²	1.2x	1.0x	1.3x	0.9x	
		Housing Lending (ANZ v system) ²	1.2x	1.0x	1.2x	0.7x	
		Household deposits (ANZ v system) ²	0.9x	0.6x	1.1x	0.5x	
Build a superior experience for our people and customers to compete in the digital age	Launch innovative solutions to improve banker and customer experience	Supported wallet transactions (#m) ³	-	5.1	26.4	64.2	
		Bladepay transactions (000's)	-	n/a	62	826	
		Electronic verification uptake (trans / month)	-	4,405	9,828	22,470	
			-	4,405	9,828	22,470	



Canstar; Small Business Bank of the Year 2018





Canstar; Agribusiness Bank of the Year 2016 - 2018

1. MyTell OTC transactions

2. APRA system growth numbers as at Aug-18

3. Supported wallet transactions includes Apple Pay, Samsung Pay, Android Pay, Fitbit Pay, Garmin Pay and ANZ Mobile Pay. FY18 excludes ANZ Mobile Pay

AUSTRALIA DIVISION

DIGITAL

DELIVERING SUPERIOR EXPERIENCE FOR OUR CUSTOMERS



ANZ App

Introduced ANZ App in Feb 18, combining goMoney and Grow into a new unified mobile banking application.

ANZ app offers a single location for Australian retail customers to access their banking, super, insurance and investments. The app enables faster development cycles for delivering enhancements and improvements based on customer feedback and removes complexity in supporting multiple apps.



Voice ID

The app has been highly rated by customers: scoring 4.7 of 5 stars in the Apple AU App store.



ANZ Shield for Business

Secured biometric security solutions: Delivered new capabilities through ANZID (Voice ID, Electronic verification for customers, Shield for business bank customers, credentials recovery)

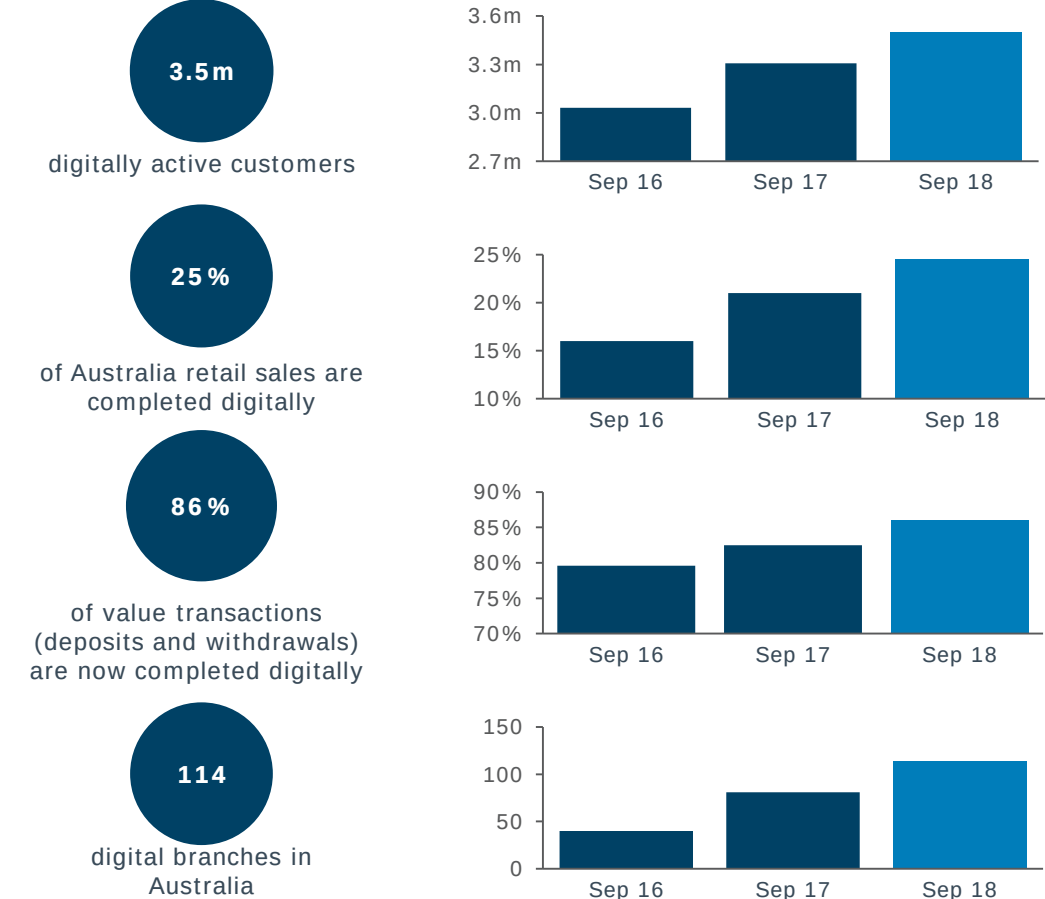


We've piloted **"Collab Zone"** to provide an online community for Business Owners



More digital branches with 114 digital branches across Australia, representing 18% of our branch fleet

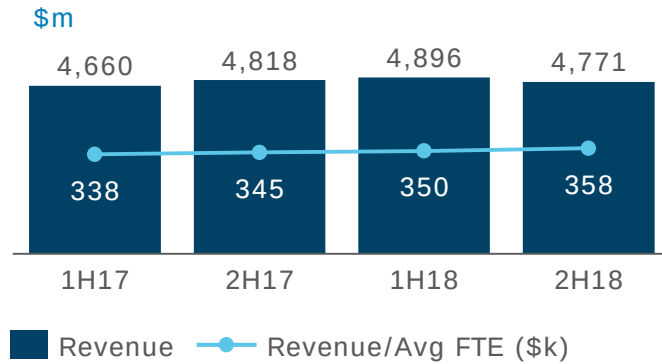
TRANSLATING INTO BUSINESS OUTCOMES



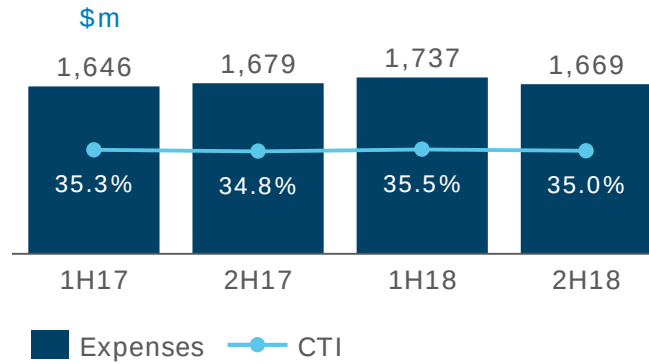
AUSTRALIA DIVISION

CONTINUING OPERATIONS (EXCLUDING LARGE / NOTABLE ITEMS)

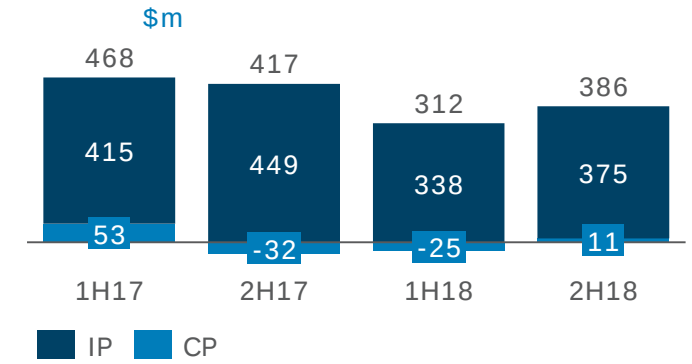
REVENUE



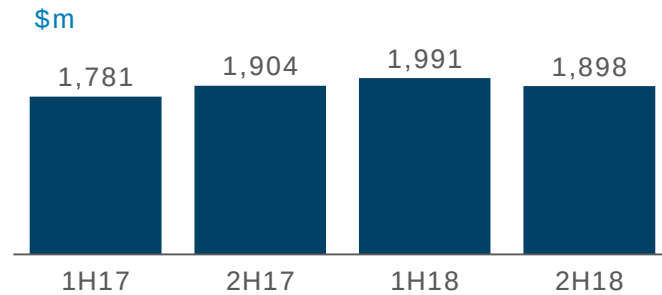
EXPENSES



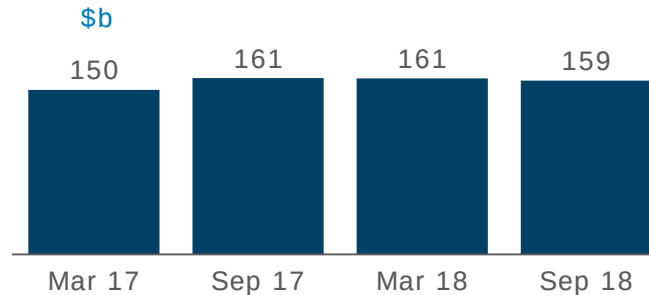
TOTAL PROVISIONS



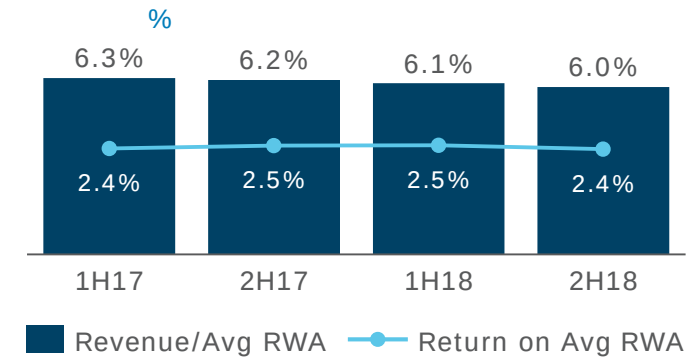
CASH PROFIT



RISK WEIGHTED ASSETS¹



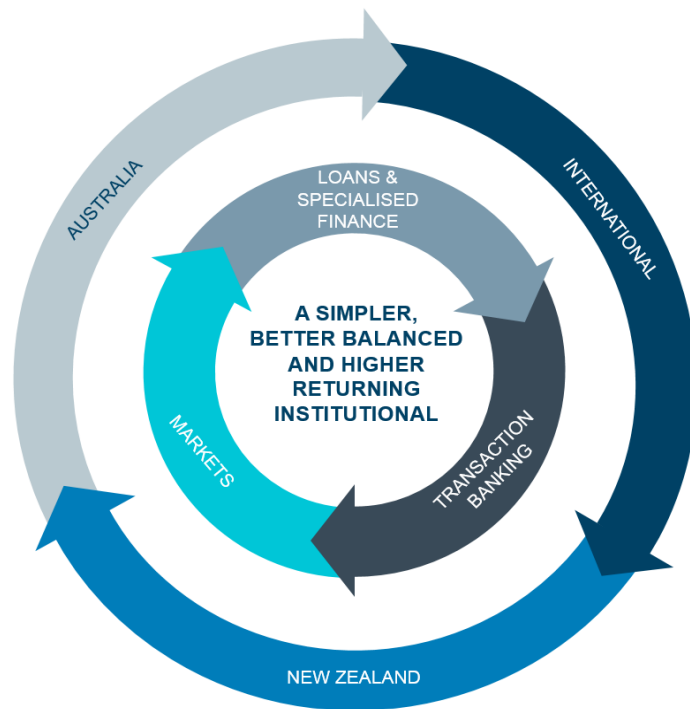
RETURN



1. Increased capital requirements for Australia Residential Mortgage Exposures in 2017

INSTITUTIONAL

RESHAPING THE BUSINESS, TRANSITIONING TO DISCIPLINED GROWTH



RESHAPE THE BUSINESS AND IMPROVE RISK PROFILE

- RWA \$44b (21%) lower and ~6,000 reduction in clients¹ since September 2015
- Improved portfolio quality since September 2015 with 85% (+510bps) of exposures now investment grade

DRIVE PROFITABLE GROWTH

- Leading market positions with customers²
- Customer revenue³ growth up 5% in 2H18

ABSOLUTE COST REDUCTION

- FTE have reduced ~1,900 (24%) since September 2015
- Fifth consecutive half year of absolute cost reduction,⁴ with more to follow

IMPROVE RETURNS & CAPITAL EFFICIENCY

- Risk adjusted margin⁵ has improved 38bps (19%) since FY15 to 2.34% in 2H18
- Risk weight intensity⁶ has reduced from 105% to 94% since September 2015

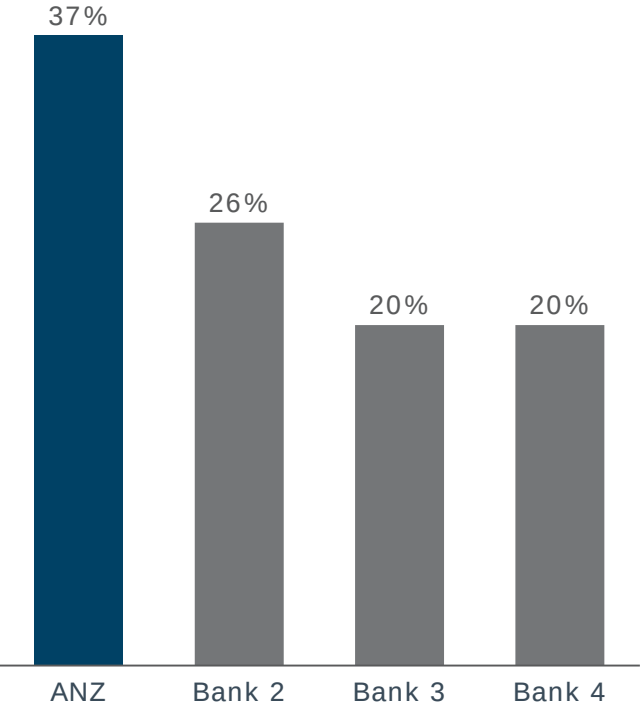
1. Institutional Customers excluding PNG; 2. Refer to Peter Lee Associates and Greenwich Associates Survey on subsequent page; 3. Customer revenue comprises Markets Franchise Sales, L&SF, Trade and PCM revenue; 4. Excluding large/notable item; 5. Institutional ex-Markets net interest income divided by average credit risk weighted assets; 6. Institutional ex-Markets average credit risk weighted assets divided by average interest earning assets

INSTITUTIONAL

MAINTAINED OUR LEADING MARKET POSITIONS ACROSS OUR KEY GEOGRAPHIES

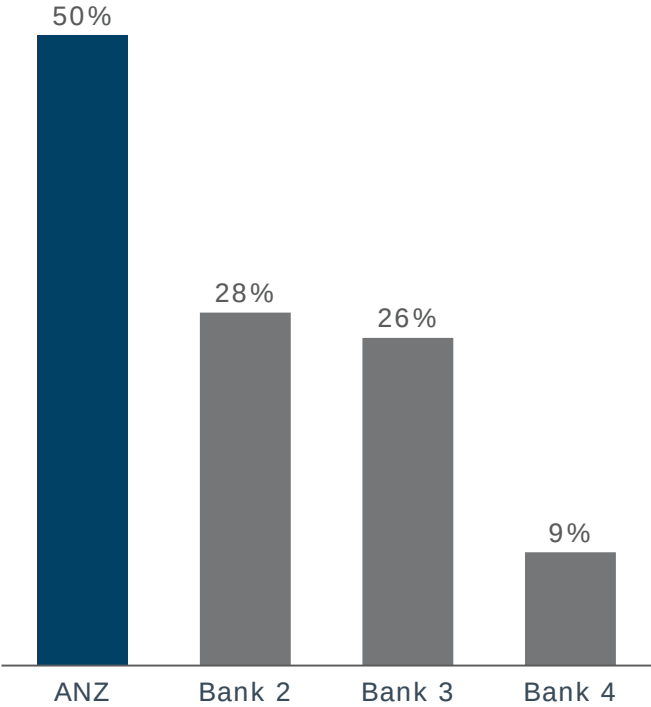
AUSTRALIA

#1 Lead Bank Penetration¹



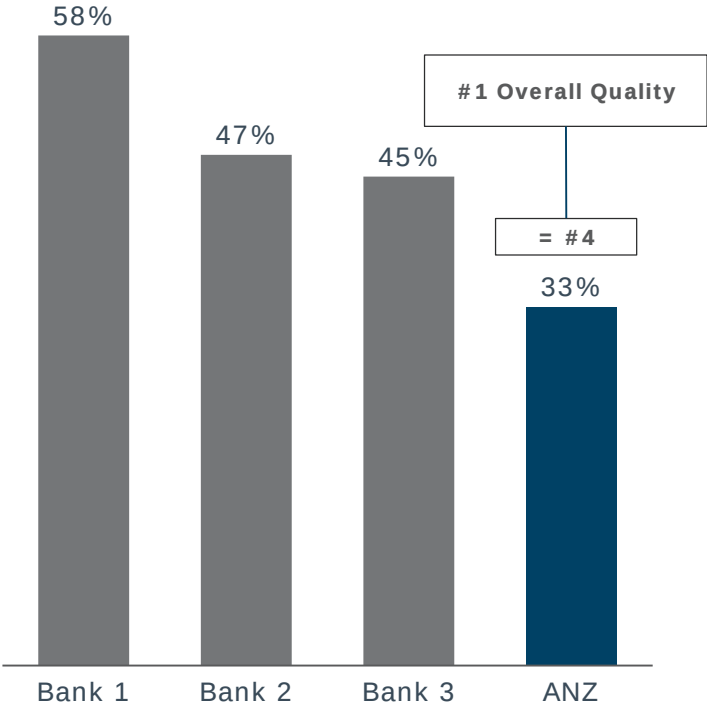
NEW ZEALAND

#1 Lead Bank Penetration¹



ASIA

Top 4 Corporate Bank²

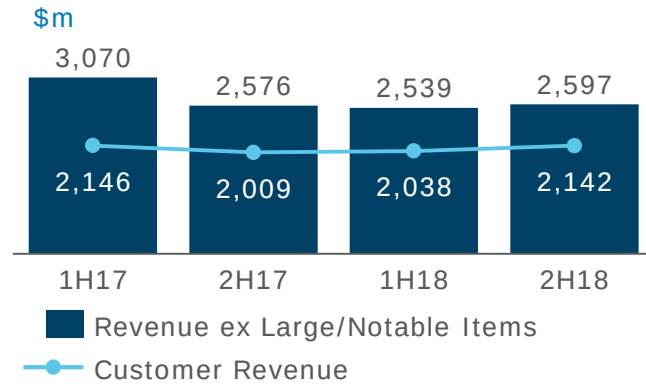


1. Peter Lee Associates 2018 Large Corporate and Institutional Relationship Banking surveys, Australia and New Zealand (issued in June and August 2018 respectively)
2. Greenwich Associates 2017 Asian Large Corporate Banking Study (issued in March 2018)

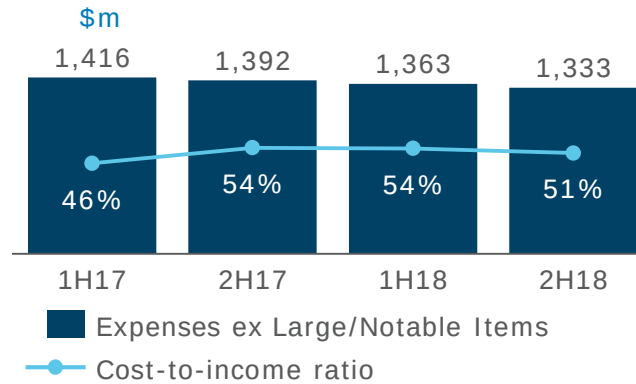
INSTITUTIONAL

CONTINUED MOMENTUM IN 2H18 WITH PROFITABLE CUSTOMER REVENUE GROWTH, A FIFTH CONSECUTIVE HALF YEAR OF ABSOLUTE COST REDUCTION, AND IMPROVED RETURNS

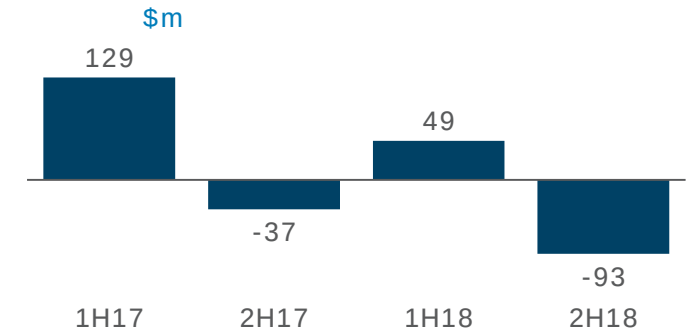
REVENUE¹



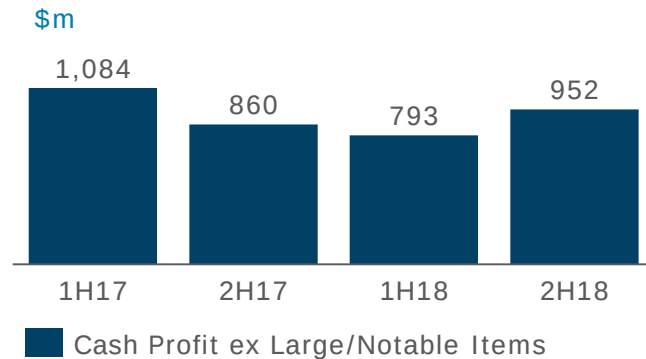
EXPENSES¹



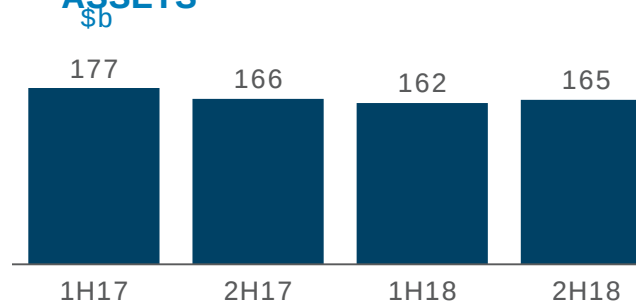
TOTAL PROVISIONS



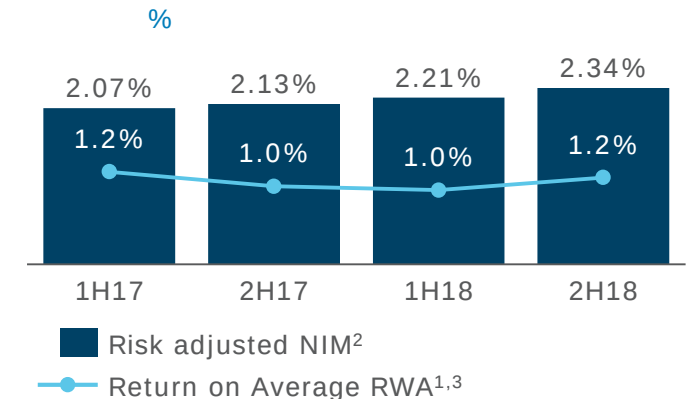
CASH PROFIT¹



AVERAGE RISK WEIGHTED ASSETS



RETURN^{1,2,3}



1. Excluding large/notable items; 2. Institutional ex-Markets net interest income divided by average credit risk weighted assets; 3. Cash profit divided by average risk weighted assets

NEW ZEALAND DIVISION

PRIORITIES

	PRIORITIES	ACTIONS	METRICS	SEP 16	SEP 17	SEP 18
STRATEGIC FOCUS	#1 in service	Grow customer satisfaction and brand consideration	Brand consideration ¹	49.6%	50.9%	51.4%
			Migrant Banking brand consideration ¹	74.9%	74.1%	70.2%
			Retail Net Promoter Score ²	8.6	12.3	16.0
			KiwiSaver provider (market share) ³	24.8%	24.6%	24.2%
	Home ownership and running a small business	Make banking easier for home owners and small business	Home loans (market share) ⁴	31.5%	31.1%	31.0%
			Home loan (FUM) ⁶	\$73.2b	\$76.8b	\$80.6b
			Household deposits (market share) ⁴	31.7%	34.0%	33.8%
			Business loans (market share) ⁴	29.6%	28.2%	26.9%
	Leading digital bank	Build a digital bank with a human touch	Digitally active customers	1.2m	1.3m	1.4m
			Value transactions completed digitally	80%	82%	84%
			Leader in mobile banking ⁵	32%	37%	40%
	Create a simpler better balanced bank	Continue to automate, simplify and industrialise	Funding gap ⁶	\$29.3b	\$28.1b	\$24.6b
			NLA ⁶	\$120.7b	\$124.9b	\$128.7b
			Deposits ⁶	\$91.4b	\$96.8b	\$104.1b
			Mortgages LVR <80% ⁷	93.3%	94.1%	94.6%
			FTE	6,472	6,372	6,165
			CTI ⁸	39.6%	37.2%	36.1%

1. Source: McCulley Research (online survey, first choice or seriously considered); six month rolling average; 2. Source: Camorra Retail Market Monitor (RMM); six month rolling score; 3. Source: RBNZ, FUM market share as of June 2018; 4. Source: RBNZ, September 2018 share of all banks as of August 2018. Changes in RBNZ data reporting from February 2017 onwards has resulted in a step change in data vs prior periods; 5. Source: McCulley Research; 6. New Zealand Geography (NZD); 7. Dynamic basis, as of September 2018; 8. Financials FY17 and FY18 adjusted for large and notable items

NEW ZEALAND

DIGITAL

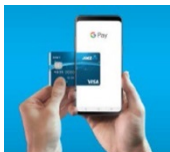
DELIVERING SUPERIOR EXPERIENCE FOR OUR PEOPLE AND CUSTOMERS



Introduced Jamie, a digital assistant on help.anz.co.nz to assist customers with over 40 common help questions



Enhanced the experience for home loan customers through new self service tools and insights such as estimated property values in goMoney and internet banking



Launched Google Pay giving our Android customers a simple and secure way to make mobile payments with their Visa debit or credit card



Continued to deliver an intuitive banker experience meaning everyday customer requests are simplified and automated



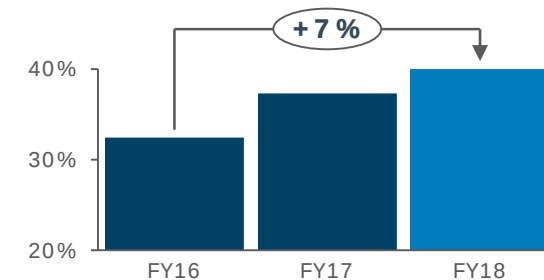
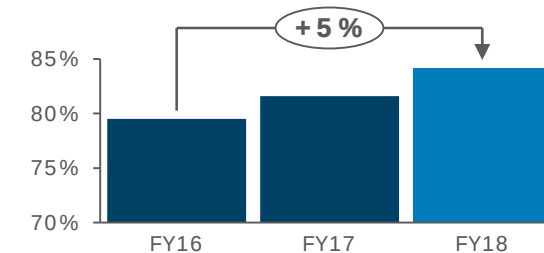
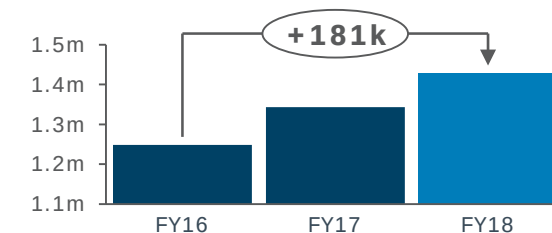
Launched FastPay 3, providing contactless acceptance to our smallest business segment for the first time

TRANSLATING INTO BUSINESS OUTCOMES

1.4m
digitally active customers

84 %
of value transactions^{1,2}
(deposits and withdrawals)
are now completed digitally

1
considered a leader in
mobile banking³

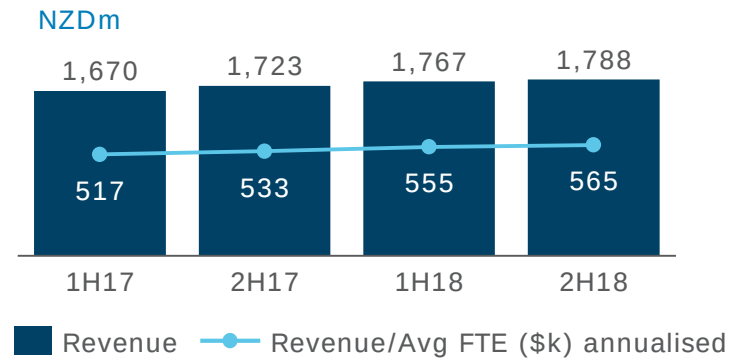


1. As at point of time, September 2018
2. Retail transactions
3. Source: McCulley Research

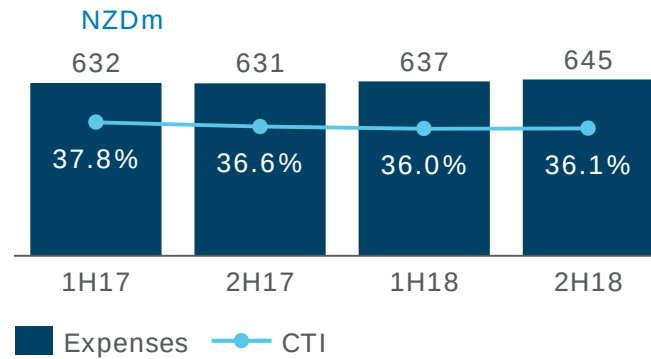
NEW ZEALAND DIVISION¹

FINANCIAL PERFORMANCE

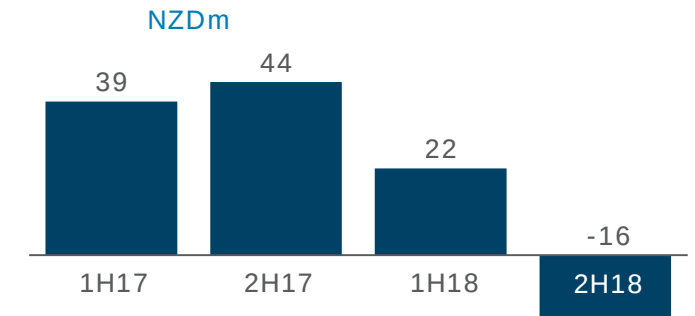
REVENUE



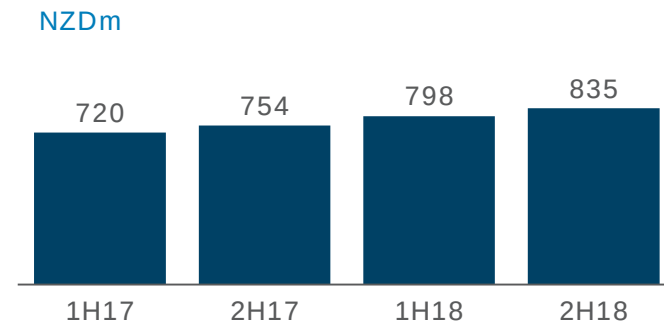
EXPENSES



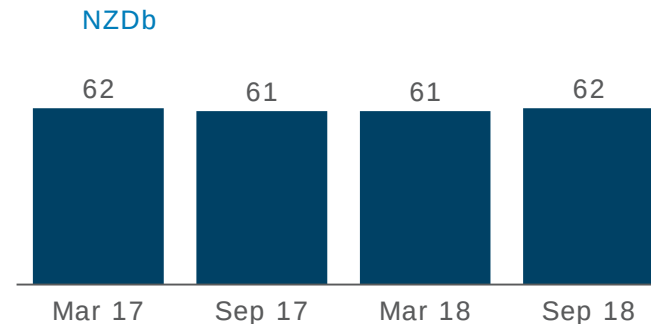
TOTAL PROVISIONS



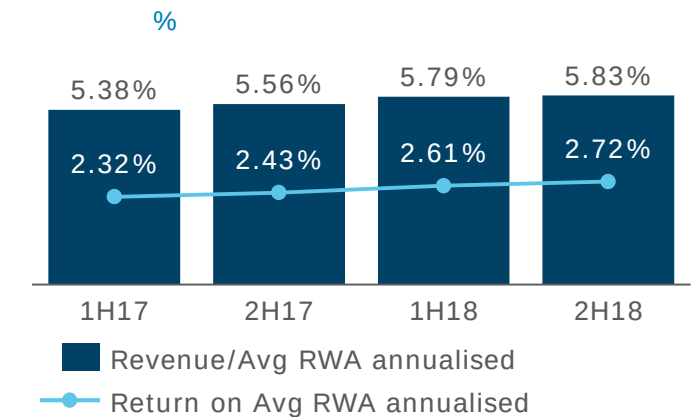
CASH PROFIT



RISK WEIGHTED ASSETS



RETURN



1. Financials adjusted for large and notable items



2018 FULL YEAR RESULTS

TREASURY

AUSTRALIA & NEW ZEALAND BANKING GROUP LIMITED

REGULATORY CAPITAL

CAPITAL UPDATE

Capital Position

- APRA Level 2 CET1 ratio of 11.4% (or 16.8% on an Internationally Comparable basis¹), which is in excess of APRA's 'unquestionably strong' benchmark², well ahead of the 2020 implementation timeframe.
- APRA Level 1 CET1 ratio of 11.6%.
- APRA Leverage ratio of 5.5% (or 6.1% on an Internationally Comparable basis).
- Completed \$1.9bn of the announced \$3bn on-market share buy-back. Completion of the remaining \$1.1bn is expected by the end of 1H19 subject to market conditions.

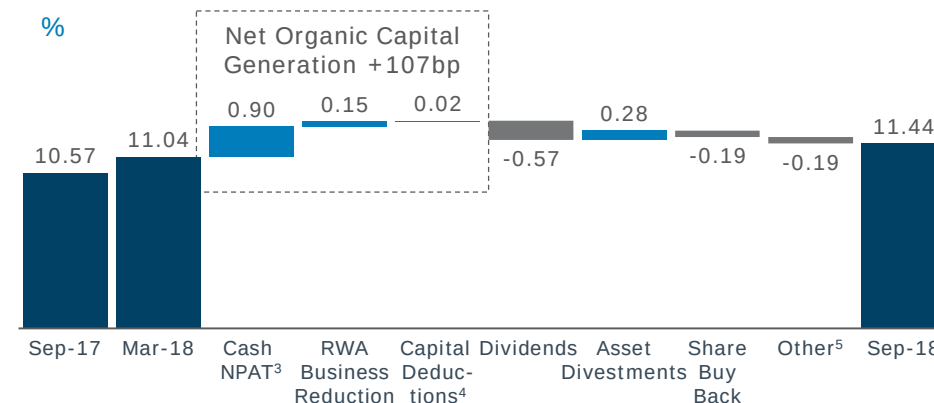
Organic Capital Generation & Dividend

- Final dividend of 80 cents fully franked.
- Net organic capital generation of 182bp for FY18 and 107bp for 2H18 compares favourably to historical averages (130 bp and 74bp, respectively ex Institutional rebalancing in FY16 and FY17).

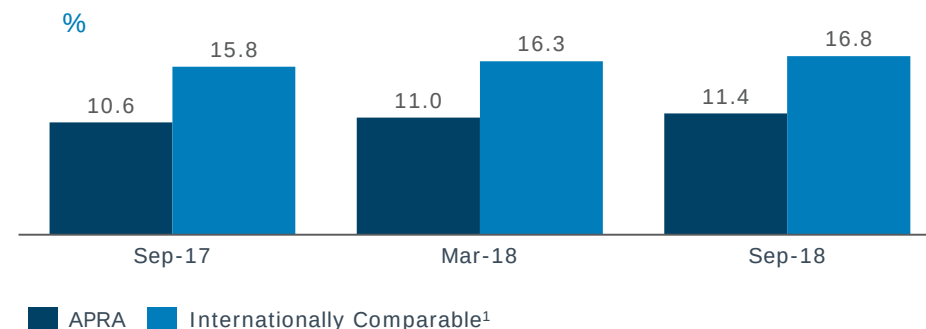
Capital Outlook

- For the fourth consecutive half, ANZ intends to neutralise the DRP by acquiring these shares on market.
- Completion of the remaining announced asset sales will add ~45bp to the Level 2 CET1 ratio net of completing the \$3bn buy-back announced in FY18.
- This provides flexibility for future capital management, subject to regulatory reviews currently underway and business needs.

APRA LEVEL 2 COMMON EQUITY TIER 1 (CET1)



LEVEL 2 BASEL III CET1



1. Internationally Comparable methodology aligns with APRA's information paper entitled International Capital Comparison Study (13 July 2015). Basel III Internationally Comparable ratios do not include an estimate of the Basel I capital floor. 2. Based on APRA information paper "Strengthening banking system resilience – establishing unquestionably strong capital ratios" released in July 2017. 3. Cash NPAT excludes 'Large/notable' items'. 4. Represents the movement in retained earnings in deconsolidated entities, capitalised software, expected losses in excess of eligible provisions shortfall and other intangibles. 5. Other impacts include large/notable items affecting the September 2018 cash earnings (except for accelerated software amortisation charge which is included in capital deductions), movements in non-cash earnings, RWA modelling changes and net foreign currency translation.

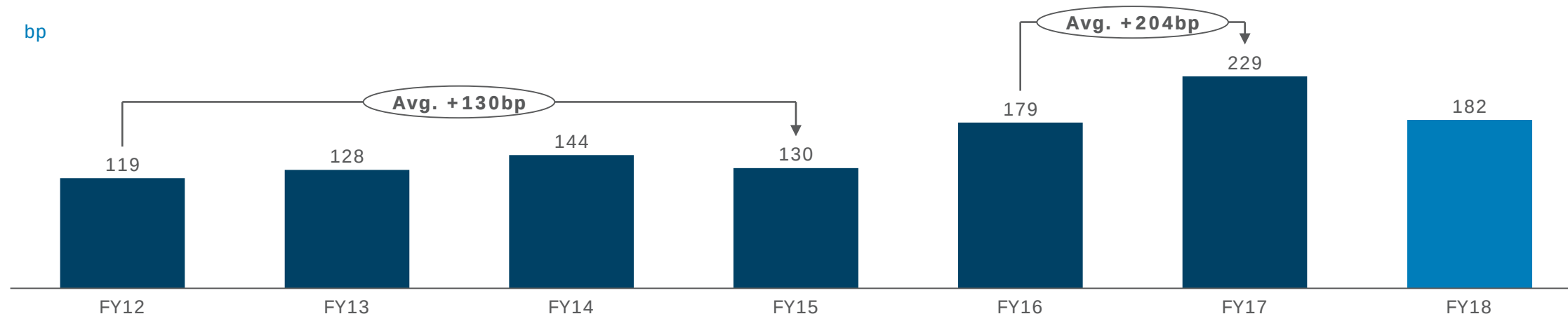
REGULATORY CAPITAL GENERATION

COMMON EQUITY TIER 1 GENERATION (bp)	Second half average 2H12 – 2H17	2H18	Full Year average FY12- FY17	FY18
Cash NPAT ¹	95	90	191	180
RWA movement	(1)	15	(16)	3
Capital Deductions ²	(7)	2	(21)	(1)
Net capital generation	87	107	154	182
Gross dividend	(62)	(58)	(130)	(119)
Dividend Reinvestment Plan ³	12	1	22	2
Core change in CET1 capital ratio	37	50	46	65
Other non-core and non-recurring items	(1)	(10)	4	22
Net change in CET1 capital ratio	36	40	50	87

Organic Capital Generation

- Net organic capital generation of +182bp for FY18 and +107bp for 2H18 are stronger than historical averages by +28bp and +20bp respectively.
- The above increase to +52bp and +33bp respectively if compared to the periods prior to Institutional portfolio rebalancing.

HISTORICAL NET ORGANIC CAPITAL GENERATION



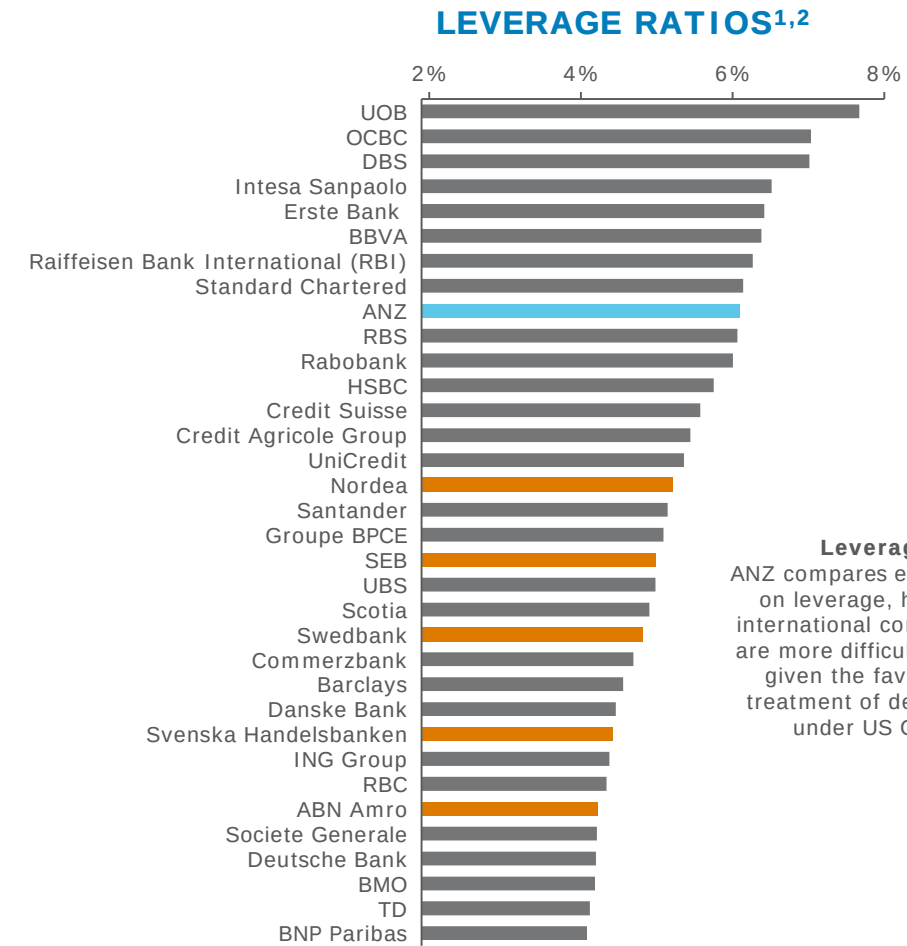
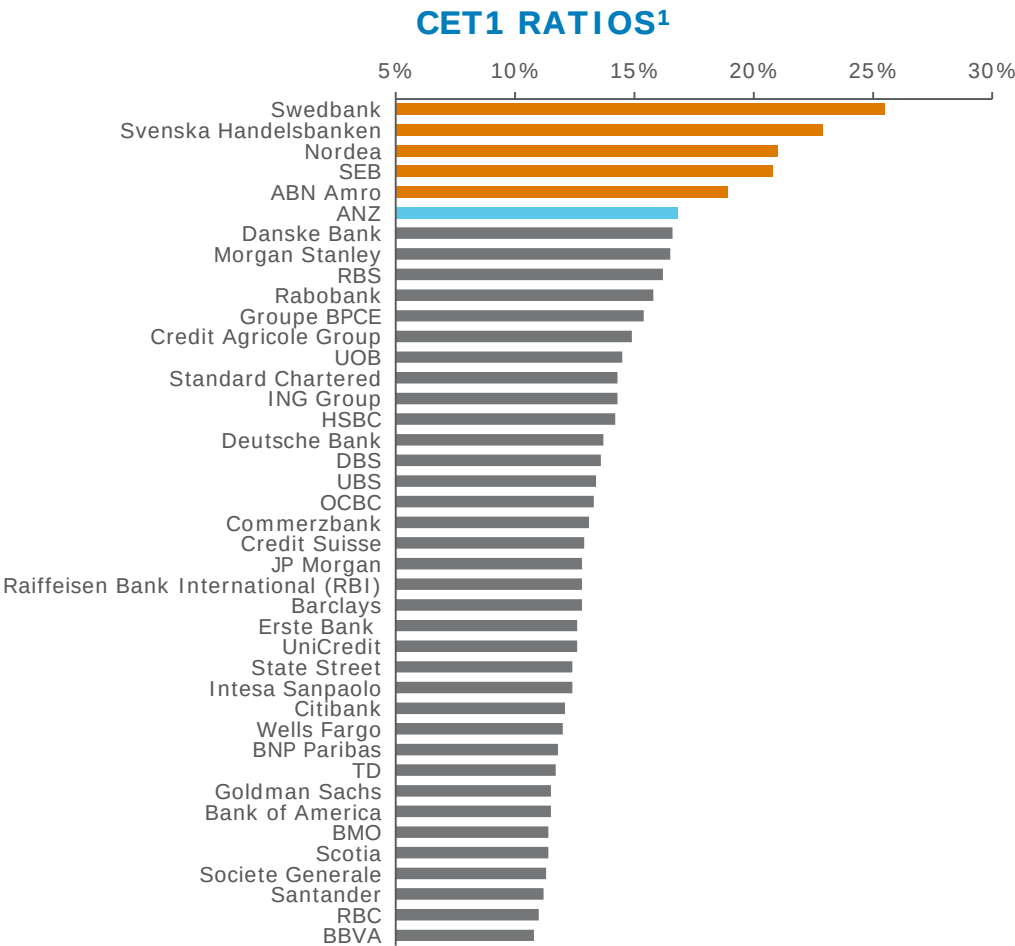
1. Cash NPAT for 2H18 and FY18 excludes 'large/notable items' (which are included as "capital deductions" and "other non-core and non-recurring items").
2. Represents movement in retained earnings in deconsolidated entities, capitalised software, expected losses in excess of eligible provisions shortfall and other intangibles.
3. Includes Bonus Option Plan.

INTERNATIONALLY COMPARABLE¹ REGULATORY CAPITAL POSITION

APRA Level 2 CET1 – 30 September 2018		11.4 %
Corporate undrawn EAD and unsecured LGD adjustments	Australian ADI unsecured corporate lending LGDs and undrawn CCFs exceed those applied in many jurisdictions	1.6%
Equity Investments & DTA	APRA requires 100% deduction from CET1 vs. Basel framework which allows concessional threshold prior to deduction	1.0%
Mortgages	APRA requires use of 20% mortgage LGD floor vs. 10% under Basel framework. Additionally, APRA also requires a higher correlation factor vs 15% under Basel framework.	1.4%
Specialised Lending	APRA requires supervisory slotting approach which results in more conservative risk weights than under Basel framework	0.7%
IRRBB RWA	APRA includes in Pillar 1 RWA. This is not required under the Basel framework	0.3%
Other	Includes impact of deductions from CET1 for capitalised expenses and deferred fee income required by APRA, currency conversion threshold and other retail standardised exposures	0.4%
Basel III Internationally Comparable CET1		16.8 %
Basel III Internationally Comparable Tier 1 Ratio		19.2 %
Basel III Internationally Comparable Total Capital Ratio		21.6 %

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

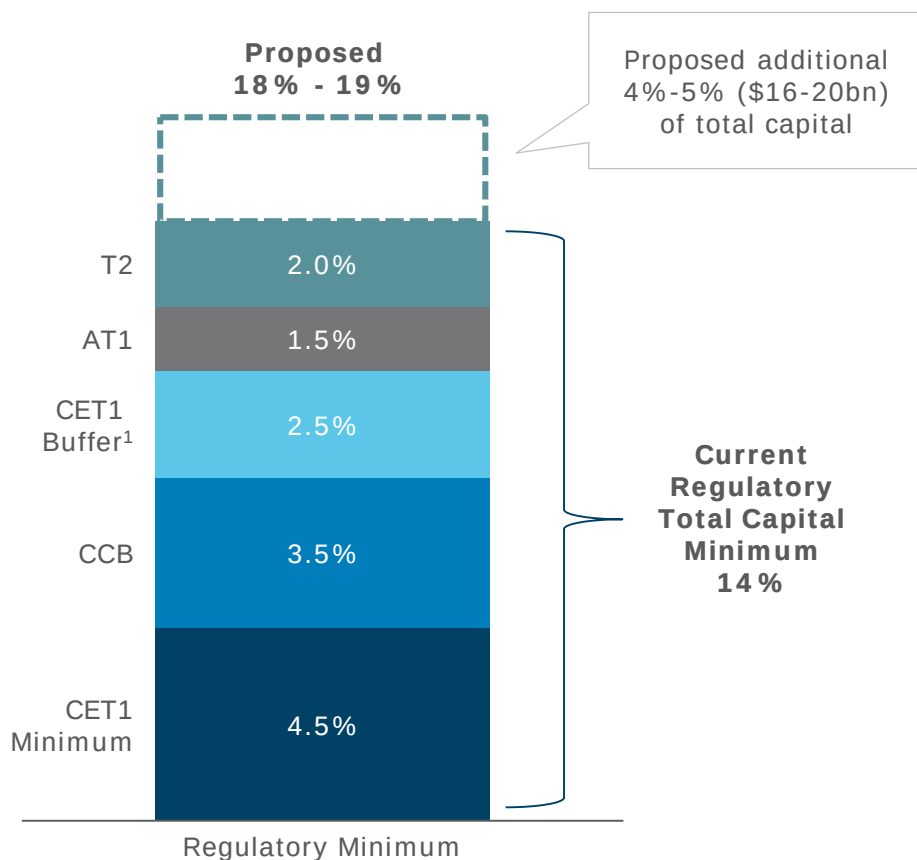


Leverage
ANZ compares equally well on leverage, however international comparisons are more difficult to make given the favourable treatment of derivatives under US GAAP

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.

TLAC

APRA ANNOUNCEMENT: INCREASING LOSS ABSORBING CAPACITY OF ADIs TO SUPPORT ORDERLY RESOLUTION



KEY CONSIDERATIONS

- The key element of APRA's proposal for the 4 major banks is to **increase Total Capital requirements by 4-5%** of RWA, under the current capital adequacy framework
- APRA notes that it anticipates the D-SIB's would satisfy this requirement predominantly with **additional Tier 2** capital.
- Based on ANZ's RWA of \$391b as at 30 September 2018, this equates to an incremental increase of approximately **\$16b to \$20b** of Total Capital
- This will result in an estimated Total Capital ratio, on an internationally harmonised basis of 26-27%, well in excess of the FSB TLAC minimum of 21.5% (18% plus Capital Conservation Buffer of 3.5%)
- D-SIBs to satisfy by 2023²

1. Buffer may change as a result of increased RWA due to implementation of further Basel reforms. APRA intends for the absolute amount of additional loss absorbency to remain unchanged.

2. D-SIBs have an implementation period of four years from the release of the final Total Capital requirements (expected in 2019)

KEY TERMS AN AUSTRALIAN TIER 2 SECURITIES

Structure

- Basel 3 Australian tier 2 securities include contractual PONV loss absorption
- In liquidation ranks ahead of ANZ Ordinary Shares and AT1 Capital and behind Tier 2 issued pre 1 January 2013

Loss Absorption

- Conversion to ordinary equity once regulator deems PONV reached
- 20% floor on conversion price
- Issue of shares to a Nominee if any investor is unable to receive shares
- If conversion within 5 business days is prevented by applicable law, the Notes will be permanently written off
- Waterfall is respected : Conversion or Write-off required for AT1 prior to T2

What is PONV?

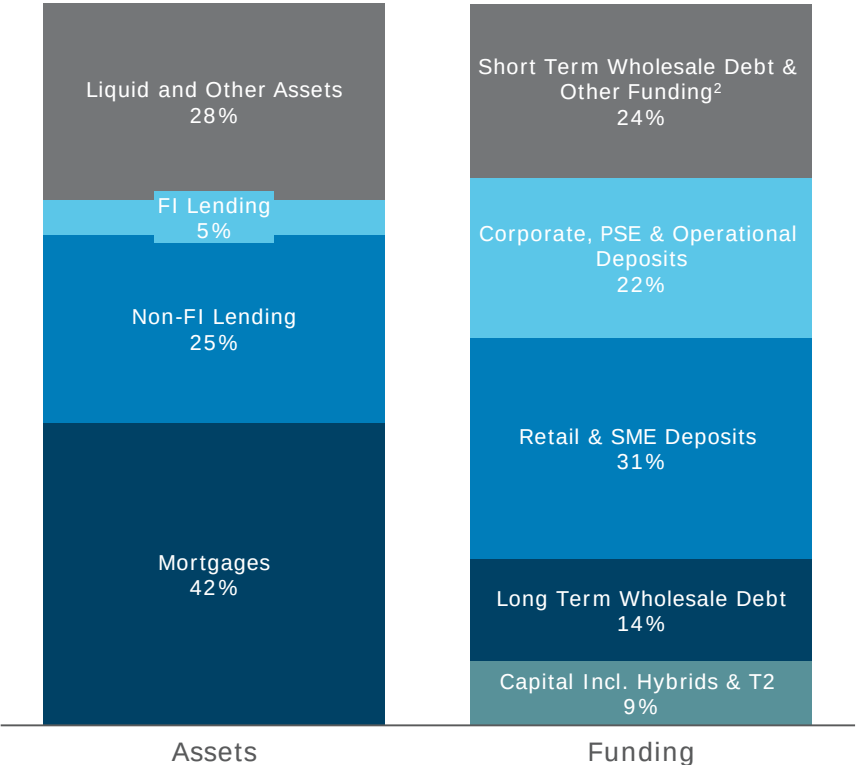
- A Non Viability Trigger Event would occur if APRA notifies ANZ in writing that it believes that ANZ would become non-viable without:
 - Conversion / write-off of capital instruments; or
 - A public sector injection of capital, or equivalent support

Contractual Framework

- Australian banks issue B3 Tier 2 securities under a contractual framework
- Generally the regulator retains full discretion to determine when PONV occurs under either “contractual” or “statutory” loss absorption approaches

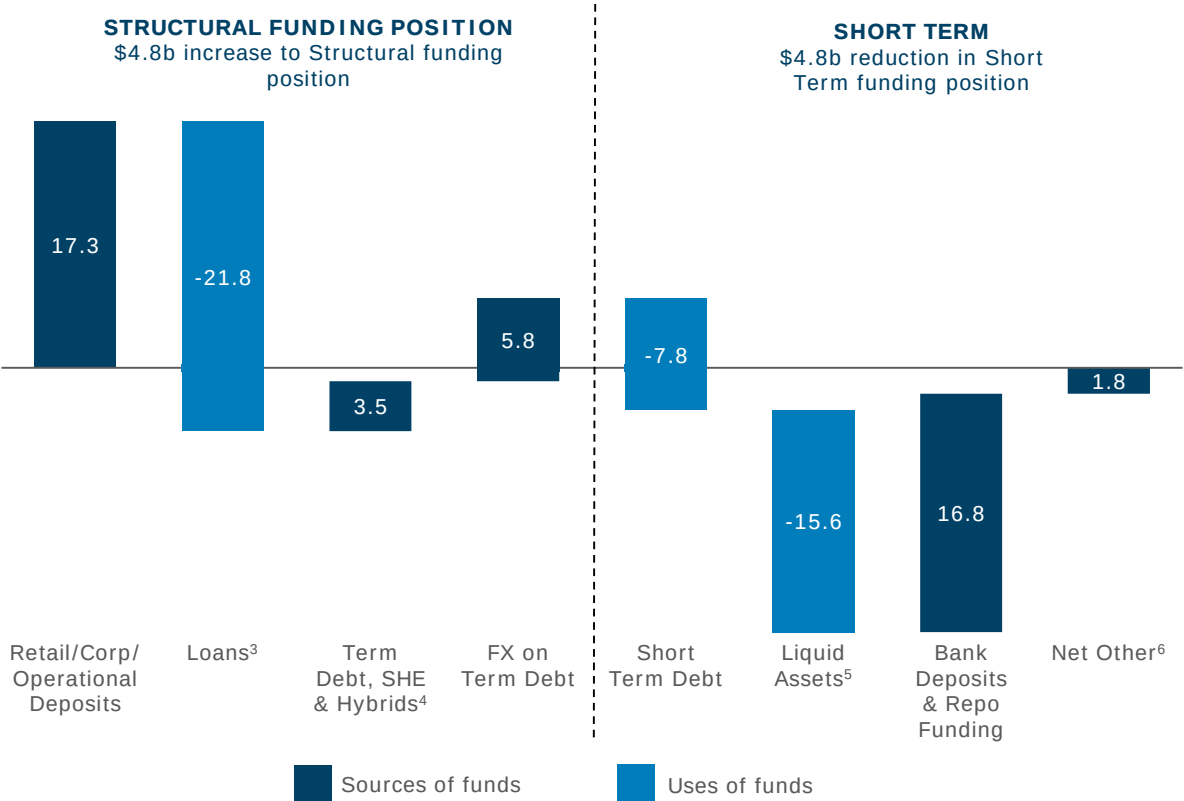
BALANCE SHEET STRUCTURE

FUNDED BALANCE SHEET COMPOSITION¹



SOURCES AND USES OF FUNDS

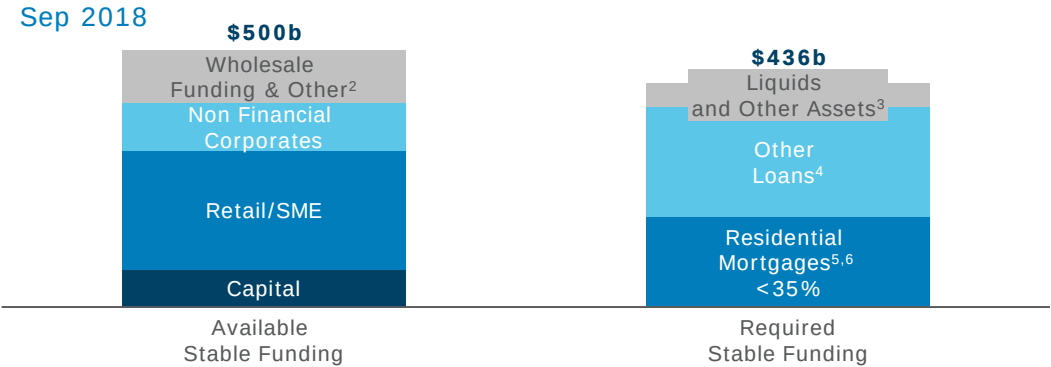
Sep 2017 to Sep 2018
\$b



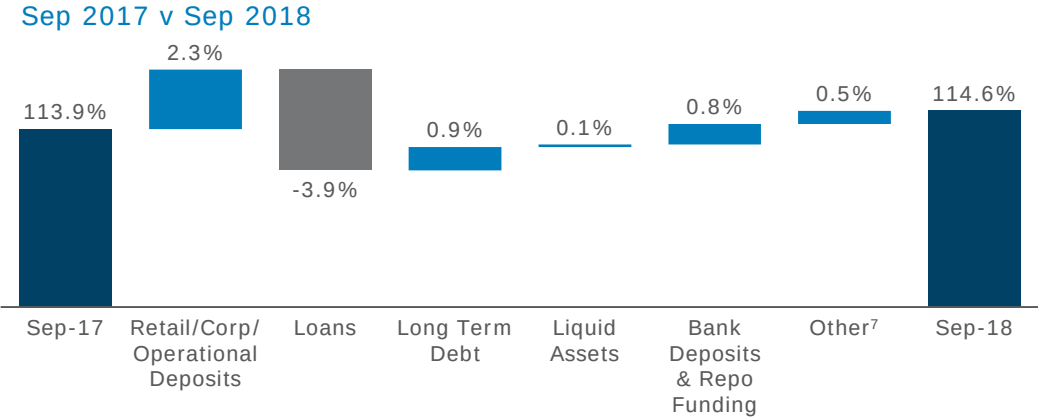
1. Based on NSFR Required Stable Funding (RSF) and Available Stable Funding (ASF) categories per APS 210. 2. Includes FI/Bank deposits, Repo funding, and other short dated liabilities. 3. Excludes interbank, repo loans and bills of acceptances. 4. Term Debt & Hybrid issuance, net of maturities. 5. Includes \$1.9bn mandatory and \$13.7bn discretionary liquids growth. 6. Includes interest accruals, provisions, payables and net tax liabilities, payables and other liabilities.

FUNDING & LIQUIDITY METRICS¹

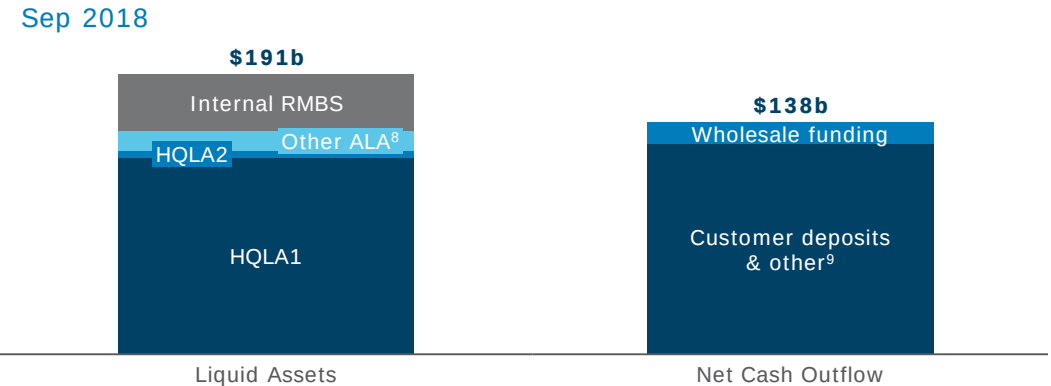
NSFR COMPOSITION



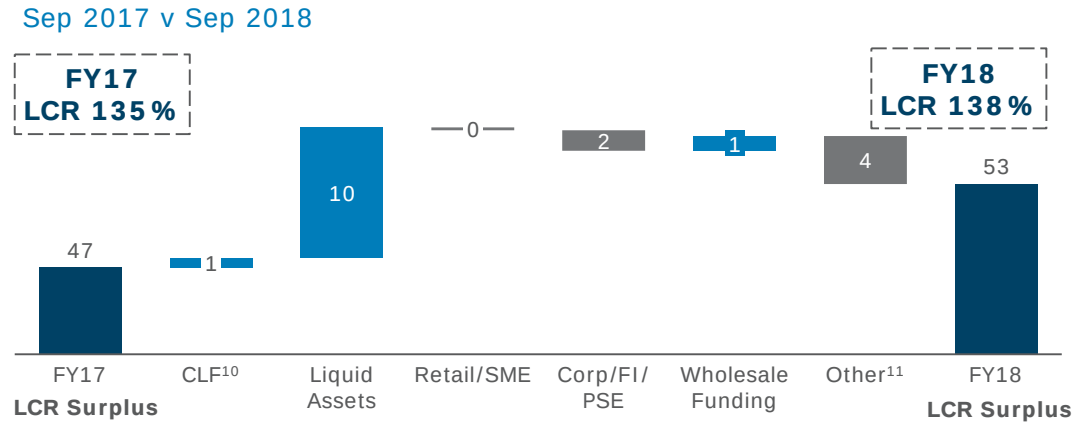
NSFR MOVEMENT



LCR COMPOSITION (AVERAGE)



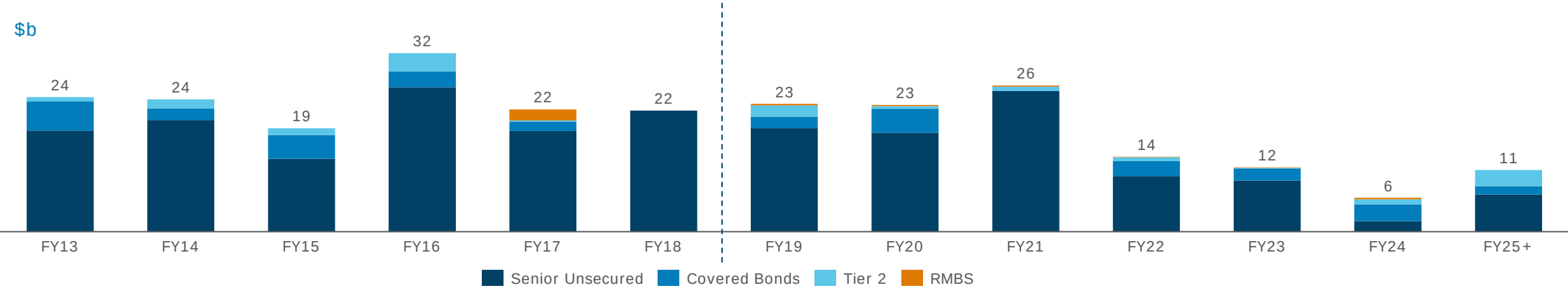
MOVEMENT IN AVERAGE LCR SURPLUS (A\$b)



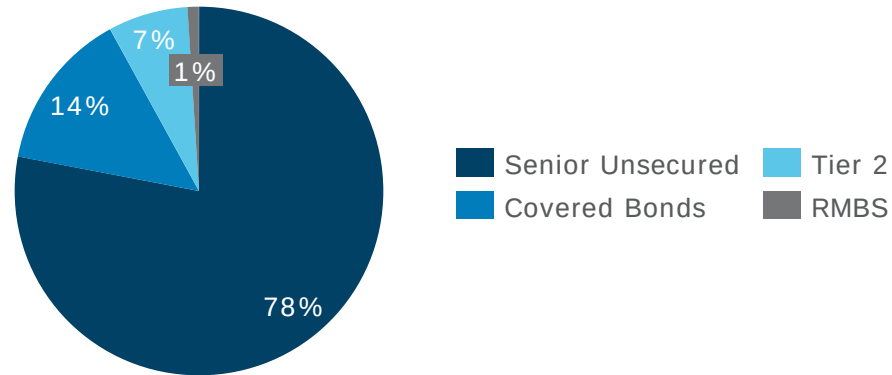
1. All figures shown on a Level 2 basis as per APRA Prudential Standard APS210. 2. 'Other' includes Sovereign, and non-operational FI Deposits. 3. 'Other Assets' include Off Balance Sheet, Derivatives, Fixed Assets and Other Assets. 4. All lending >35% Risk weight. 5. Includes NSFR impact of self-securitised assets backing the Committed Liquidity Facility (CLF). 6. <35% Risk weighting as per APS 112 Capital Adequacy: Standardised Approach to Credit Risk. 7. Net of other ASF and other RSF. 8. Comprised of assets qualifying as collateral for the Committed Liquidity Facility (CLF), excluding internal RMBS, up to approved facility limit; and any assets contained in the RBNZ's Liquidity Policy – Annex: Liquidity Assets – Prudential Supervision Department Document BS13A. 9. 'Other' includes off-balance sheet and cash inflows. 10. RBA CLF increased by \$3.1b from 1 January 2018 to \$46.9b (2017: \$43.8b, 2016: \$50.3b). 11. 'Other' includes off-balance sheet and cash inflows.

TERM WHOLESALE FUNDING PORTFOLIO¹

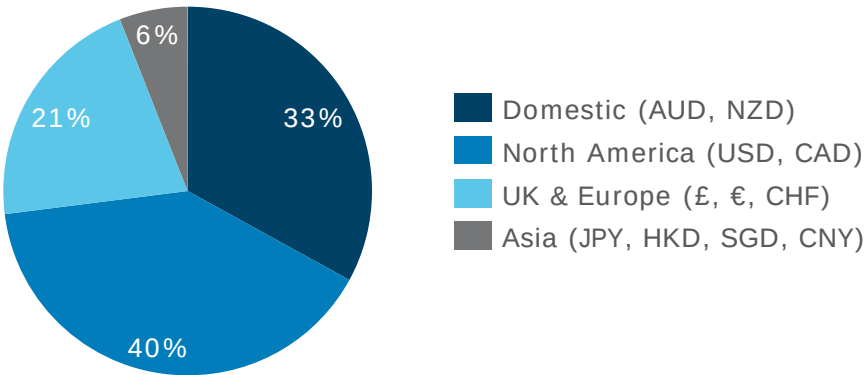
ISSUANCE



PORTFOLIO



PORTFOLIO BY CURRENCY



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



2018 FULL YEAR RESULTS

CORPORATE OVERVIEW & SUSTAINABILITY

AUSTRALIA & NEW ZEALAND BANKING GROUP LIMITED

ANZ CORPORATE PROFILE

CORPORATE PROFILE

- Top 5 listed corporate in Australia and the largest bank in New Zealand by bank market share
- Market capitalisation of AU\$81b¹
- Total Assets of AU\$942.6 billion¹
- ~38,000² staff serve retail, commercial and institutional customers through
- Consumer and corporate offerings in our core markets, and regional trade and capital flows across the region
- Over 500,000 shareholders, over \$4.5b in dividends paid in 2018

CREDIT RATING



OUR LARGEST BUSINESSES

FULL YEAR 2018 CASH PROFIT (\$m)²



1. As at 30 September 2018
2. Cash Profit (Continuing Operations) basis

SUSTAINABILITY

OUR APPROACH

Our Sustainability Framework supports our business strategy, reflects our most material issues and is aligned with our purpose. This year we refreshed our Framework:

At the core of our Framework is **Fair and responsible banking** - keeping pace with the expectations of our customers, employees and the community, behaving fairly and responsibly and maintaining high standards of conduct.

Financial wellbeing - improving the financial wellbeing of our customers, employees and the community by helping them make the most of their money throughout their lives.

Environmental sustainability - supporting household, business and financial practices that improve environmental sustainability.

Housing – improving the availability of suitable and affordable housing options for all Australians and New Zealanders.



ANZ is committed to the United Nations' Sustainable Development Goals (SDGs) and our Framework, together with public targets that we set annually, supports the achievement of the SDGs. Our activities support 10 of the 17 SDGs:

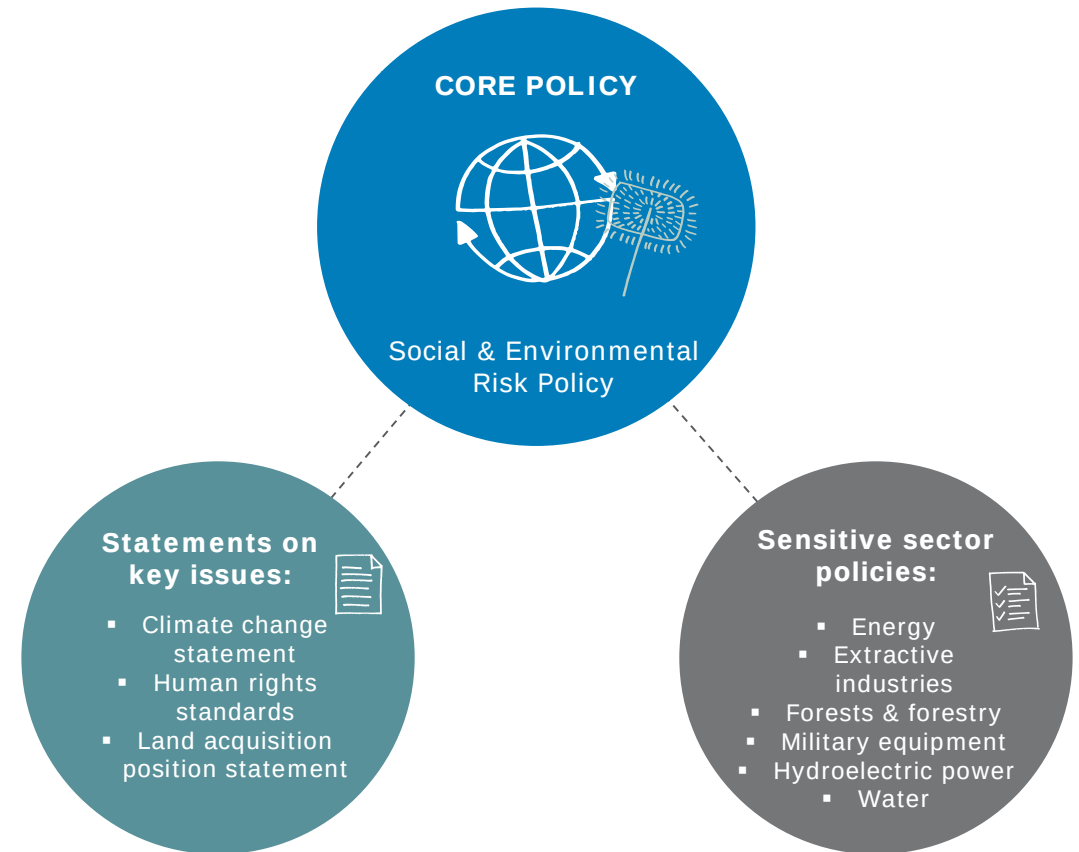


SUSTAINABLE DEVELOPMENT POLICIES

OUR POLICIES SHAPE DECISIONS ON WHO WE BANK

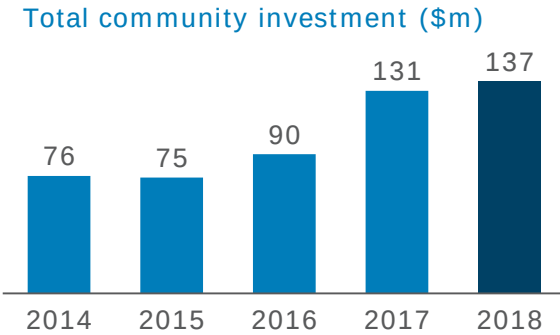
SUSTAINABLE DEVELOPMENT POLICIES

- Our policies align to our purpose and our sustainability priorities
- We assess business customers against our policies to ensure they manage their social and environmental impacts
- Enhanced due diligence is applied for sensitive sectors and on key issues (e.g. human rights) to ensure risks are being identified and managed by customers
- In 2018 we reviewed our core policy and sensitive sector policies to reflect emerging issues (e.g. customer grievance mechanisms) and leading practices (e.g. palm oil and customer policies on deforestation, peat and exploitation)

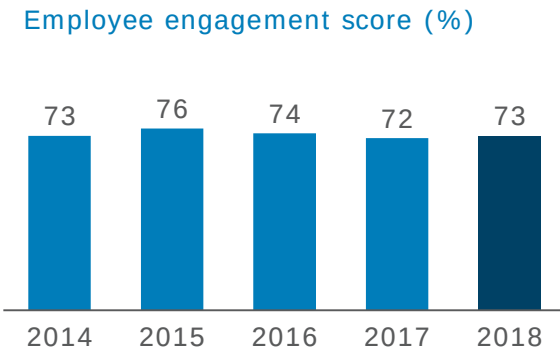


SUSTAINABILITY PERFORMANCE TRENDS

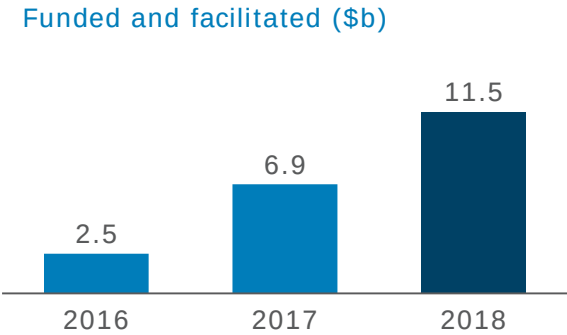
COMMUNITY INVESTMENT¹



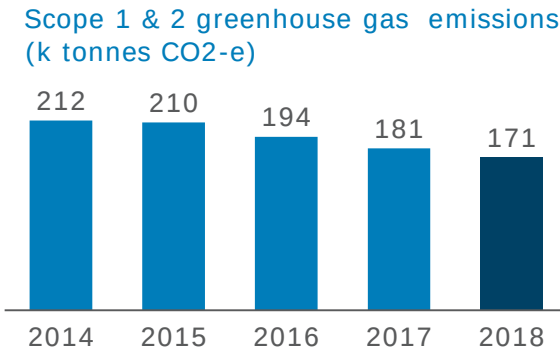
EMPLOYEE ENGAGEMENT²



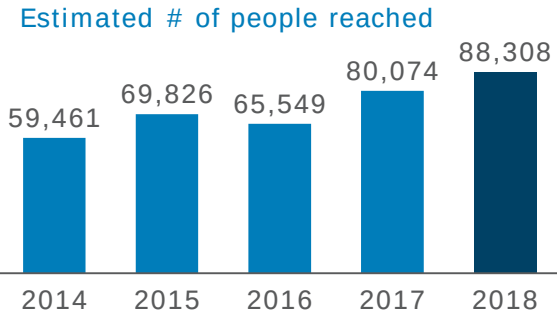
ENVIRONMENTAL FINANCING \$15B TARGET



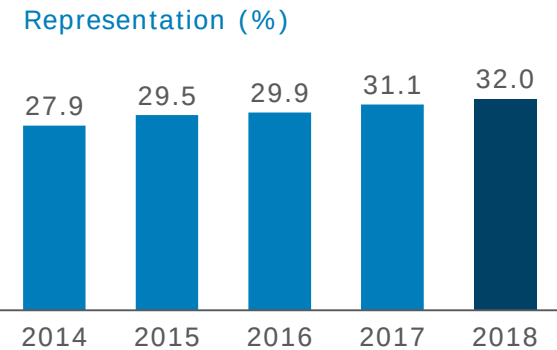
ENVIRONMENTAL FOOTPRINT TARGET



MONEYMINDED & SAVER PLUS



WOMEN IN LEADERSHIP³



1. Figure includes foregone revenue (2018 = \$107m), being the cost of providing low or fee-free accounts to a range of customers such as government benefit recipients, not-for-profit organisations and students 2. The 2017 engagement survey was run as a pulse survey sent to 10% of the bank's employees with a 57% response rate. For all other years the employee engagement survey was sent to all staff 3. FY18-FY20 target is defined as Women in Leadership which measures representation at the Senior Manager, Executive and Senior Executive levels

CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)¹

Governance	Strategy	Risk Management	Metrics & targets
- Board Risk Committee oversees management of climate-related risks - Board Ethics, Environment, Social and Governance Committee approves climate-related objectives, including goals and targets - An Executive Management Committee (Ethics and responsible Business Committee) provides leadership on sustainability matters and reviews climate change-related risks	- Identifying material sustainability risks, including climate-related risks supports our business strategy - Managing the low carbon transition challenge as a 'whole-of-economy' issue - Our strategic response includes: setting targets; establishing low carbon financial products and services; policies to guide our decision making; employee training; and managing direct operational impacts - Our strategy needs to be resilient under a range of climate-related scenarios. In 2018 we joined a UNEP FI² working group to develop new methods to address TCFD recommendations, including scenario analysis	- Climate-related financial risks identified as a potential credit risk - Climate change risk added to Group and Institutional Risk Appetite Statements - We are committed to supporting businesses that are resilient and have the capacity to successfully manage the transition to a low carbon future	- Support at least 100 of our largest emitting business customers in energy, transport, buildings and agriculture to establish public 'transition plans' by 2021 - Since 2015 we have funded and facilitated \$11.5 billion under our Environmental Sustainability target; on track to achieve our goal of \$15 billion by 2020 - Lending to the most carbon-intensive businesses has declined since 2015 - We set emissions reduction targets for energy we use across our operations

1. A Financial Stability Board Taskforce released recommendations on financial disclosures in June 2017 to help investors better understand climate-related risks and opportunities. ANZ supports the TCFD recommendations and is using them to guide its disclosures.

2. United Nations Environmental Programme for Financial Institutions

TCFD-RELATED METRICS AND INDUSTRY EXPOSURES

IMPROVED CREDIT QUALITY IN KEY INDUSTRIES IDENTIFIED BY THE TCFD

INDUSTRY GROUPS AND CREDIT QUALITY SUMMARY

	Exposure at Default (EAD) (\$b)			Non performing Loans (% of sector EAD)			Investment Grade (% of sector EAD)		
	FY16	FY17	FY18	FY16	FY17	FY18	FY16	FY17	FY18
Energy	27.8	28.3	28.7	1.4%	0.3%	0.1%	79.5%	79.6%	80.0%
Transportation	16.6	15.3	16.5	0.5%	0.8%	0.3%	63.0%	61.0%	63.9%
Materials & Building	91.1	86.8	92.5	1.0%	0.6%	0.4%	36.3%	35.9%	40.7%
Agriculture, Food & Forestry	42.8	41.8	42.3	1.3%	1.1%	0.9%	31.6%	30.8%	35.8%
TOTAL	178.3	172.1	179.9	1.1%	0.7%	0.5%	44%	44%	48%

PORTFOLIO MOVEMENT

- Improved percentage of investment grade exposures for all four industries; Energy at 80% reflects our strategy to bank larger well-rated clients
- Declining proportion of non-performing loans to 0.5% overall, primarily because provisions are at a low point of the cycle
- Overall exposure to four key industry groups is 19% of the Group EAD

EXPOSURES TO KEY TCFD SUB-INDUSTRIES

		EAD (\$b)		
		FY16	FY17	FY18
Energy	Oil & Gas	17.7	18.0	18.4
	Coal Mining ¹	1.5	1.1	1.4
	Electric Utilities	8.6	9.1	8.9
Transportation	Air Freight	3.4	3.3	3.4
	Passenger Air			
	Maritime Transportation	2.2	1.7	1.7
	Rail Transportation	1.5	1.5	2.0
	Trucking Services	5.9	5.5	5.1
	Automobiles	3.7	3.3	4.3
Materials & Building	Metals and Mining	7.5	6.7	6.7
	Chemicals	2.8	1.9	2.6
	Construction Materials	1.8	1.7	1.8
	Capital Goods	21.1	19.5	20.3
	Real Estate Mgt & Development	57.8	55.9	61.1
Agriculture, Food & Forestry Products	Beverages	3.0	2.9	3.0
	Agriculture	31.1	30.7	31.2
	Packaged Foods and Meats	7.5	7.0	7.1
	Paper and Forest Products	1.2	1.2	1.0

1. Coal mining includes exposures to metallurgical (coking) coal used for steel making and thermal coal used for energy generation

KEY ANZ REFORMS

IMPLEMENTED OVER THE LAST TWO YEARS

IMPROVED MONITORING, CONDUCT AND SAFEGUARDS

- Appointed Colin Neave AM as Customer Fairness Advisor, a new role to help improve fairness of the bank's products and services
- Implemented a new Retail 'Customer Experience Framework' in branches and the Customer Contact Centre focused on good customer outcomes. The Framework involves regular team meetings, coaching and performance recognition
- Introduced weekly balanced scorecard reporting for Retail to increase focus on good customer outcomes
- Introduced a home loan sales practice reporting tool for branches and mortgage brokers to monitor customer outcomes and identify areas of potential risk or for follow up
- Introduced a new "Customer Service Mindset" and ICARE values system for small business bankers. Involves rating customer outcomes and banker behaviour each month
- Adopted the ABA Conduct Background Check Protocol for bank employees. Where a person applies for a role with a subscribing bank within five years of leaving ANZ, we must disclose misconduct findings (or investigation if the employee resigned during the investigation)
- Introduced process to provide customers with a copy of instructions and reports produced by external valuers for valuations paid for by customers and for agricultural or commercial property; and produced by investigative accountants
- Developed a new Vulnerable Customer mandatory learning module to help staff identify customers experiencing vulnerable circumstances and taking extra care with them

Note: The reforms listed are examples of changes made to date to improve customer banking outcomes in the Australia Division. Further changes will be made with the full implementation of the new Banking Code of Practice in 2019, Sedgwick remuneration review future other regulatory changes

KEY ANZ REFORMS

IMPLEMENTED OVER THE LAST TWO YEARS

REDUCED REMUNERATION FOCUS ON SALES

- Updated and published ANZ Remuneration Principles to further reinforce our focus on customer outcomes
- Changed Retail (branch and call centre) and Business and Private Bank incentive plans removing campaign incentives, accelerators and financial gateways, moving to a balanced scorecard structure
- Re-weighted frontline scorecards (Retail, Business Banking, Financial Planning) to increase the weight on customer, team work and well managed outcomes and reduce financial incentives
- Introduced a balanced scorecard framework for ANZ Mobile Lending and replaced 'soft dollar' incentives for sales only outcomes with a balanced scorecard
- For home lending removed volume based incentives from payments to aggregators, brokers and introducers

BETTER PRODUCTS

- Simplified ANZ's main standard form small business lending contract, halving contract length and increasing safeguards for customers
- Abolished ATM fees for non-ANZ customers
- Reduced purchase interest rates on ANZ low rate credit cards
- Reduced international money transfer fees benefitting Pacific Island communities
- Ceased the sale of Credit Card insurance to new customers
- Introduced larger font and tactile indicators on debit cards



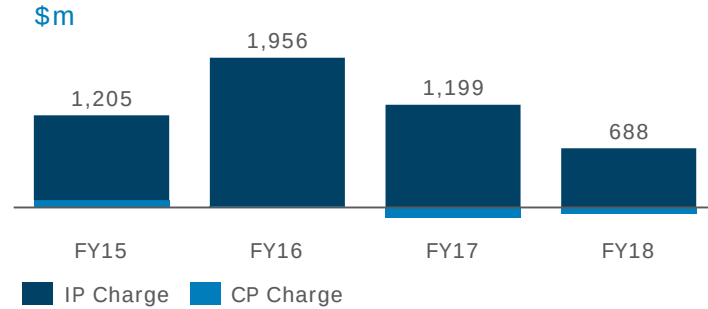
2018 FULL YEAR RESULTS

RISK MANAGEMENT

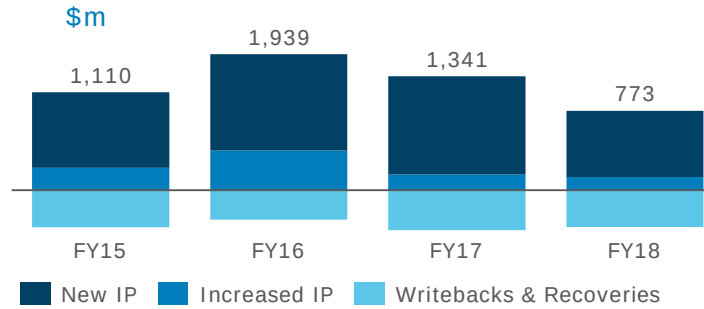
AUSTRALIA & NEW ZEALAND BANKING GROUP LIMITED

KEY RISK METRICS

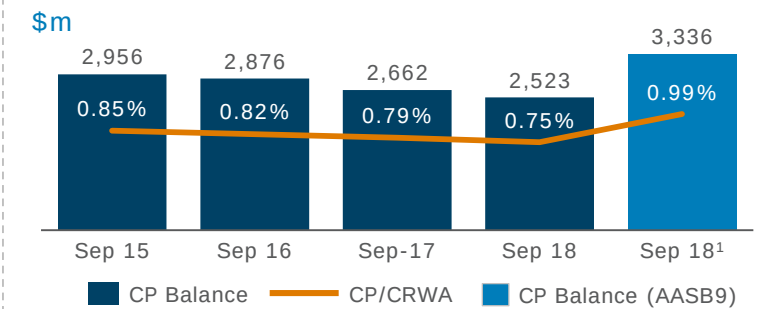
CREDIT IMPAIRMENT CHARGE



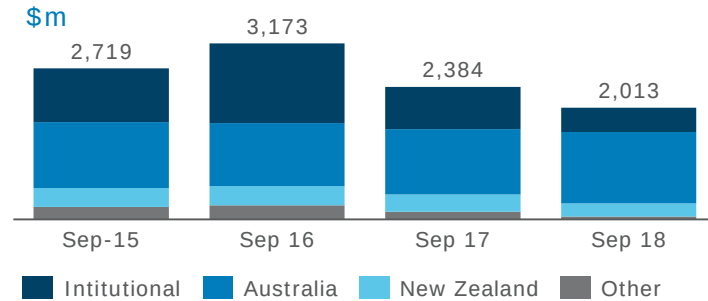
INDIVIDUAL PROVISION CHARGE



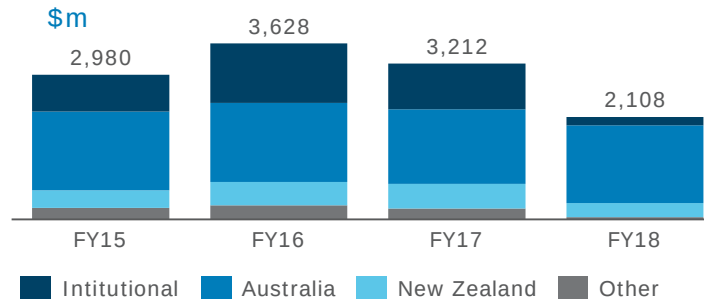
CP BALANCE & COVERAGE



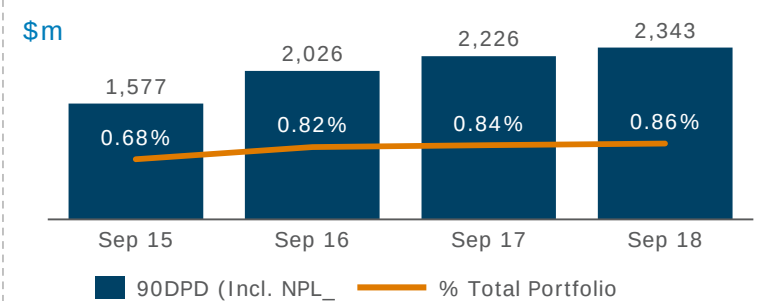
GROSS IMPAIRED ASSETS



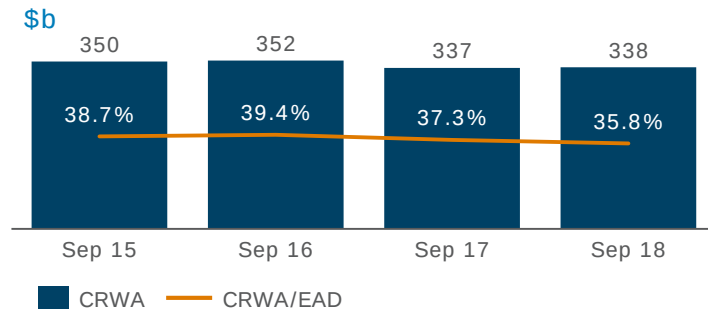
NEW IMPAIRED ASSETS



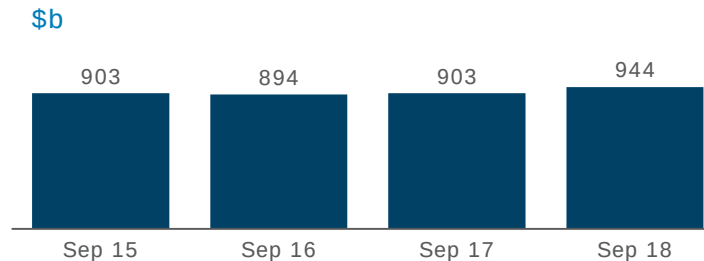
AUSTRALIA MORTGAGES 90DPD (INCL NPL)



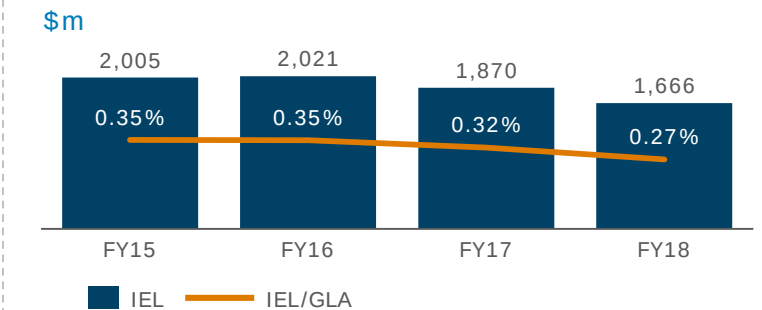
CREDIT RWA



EXPOSURE AT DEFAULT



INTERNAL EXPECTED LOSS

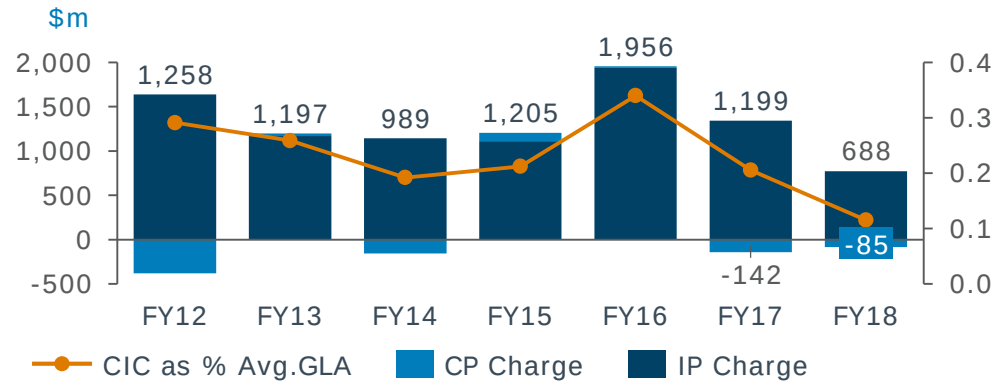


1. Transition balance as at 30 September under AASB9

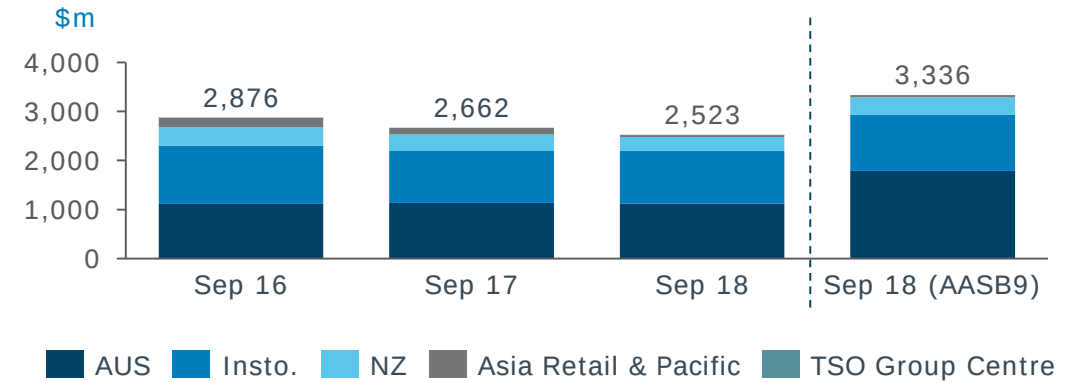
RISK MANAGEMENT

TOTAL & COLLECTIVE PROVISION (CP) CHARGE

TOTAL PROVISION CHARGE



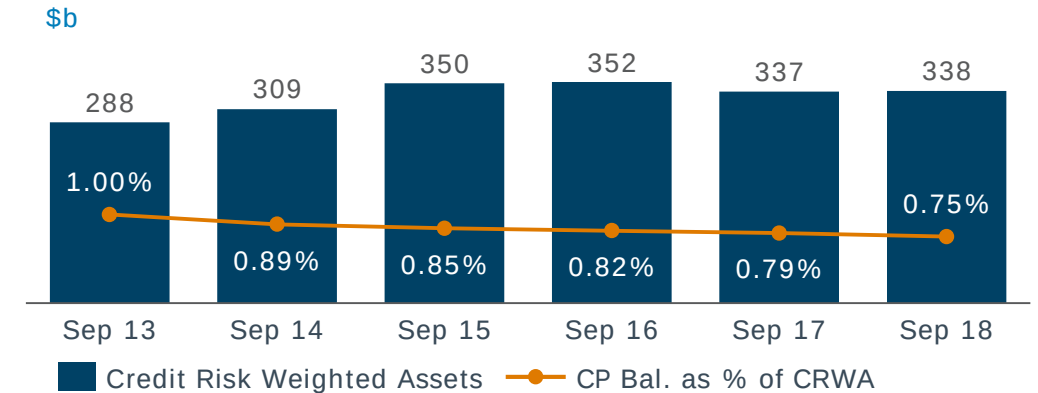
CP BALANCE BY DIVISION



TOTAL PROVISION CHARGE COMPOSITION

\$m	1H15	2H15	1H16	2H16	1H17	2H17	1H18	2H18
CIC	510	695	918	1,038	720	479	408	280
CP Composition								
Lending Growth	54	50	56	-59	-30	-18	0	-4
Change in Risk/Portfolio Mix	8	62	-30	50	-78	-91	2	-108
Eco Cycle ¹	-7	-72	0	0	41	34	-24	49
CP Total	55	40	26	-9	-67	-75	-22	-63

CRWA & CP AS A % OF CRWA



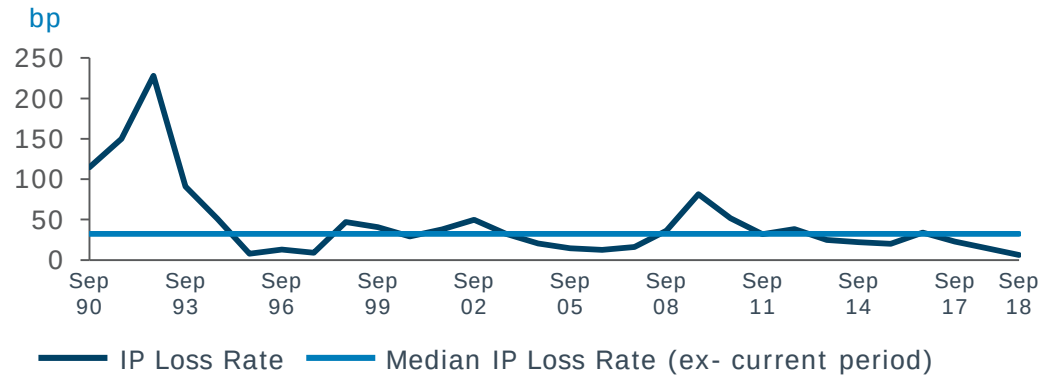
IP: Individual Provision charge; CP: Collective Provision charge; CIC: Total Credit Impairment charge

1. FY18 Eco Cycle charge includes overlays for Drought: \$40m, Home Loans: \$20m and releases for NZ Agri: -\$23m and Australia Retail Trade: -\$12m

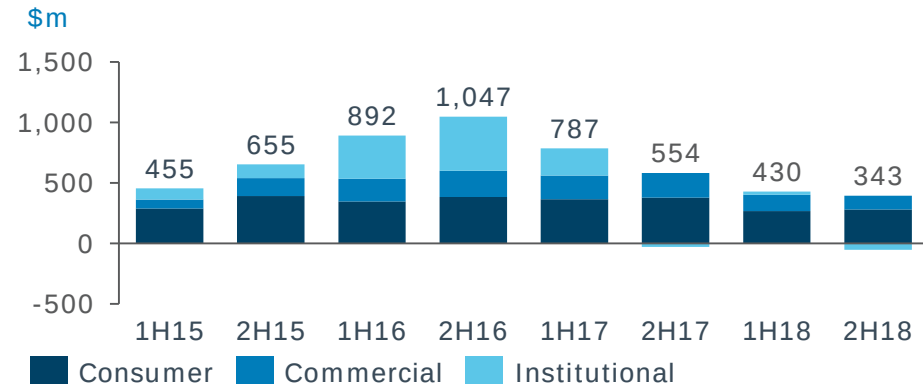
RISK MANAGEMENT

INDIVIDUAL PROVISION (IP) CHARGE

ANZ HISTORICAL LOSS RATES



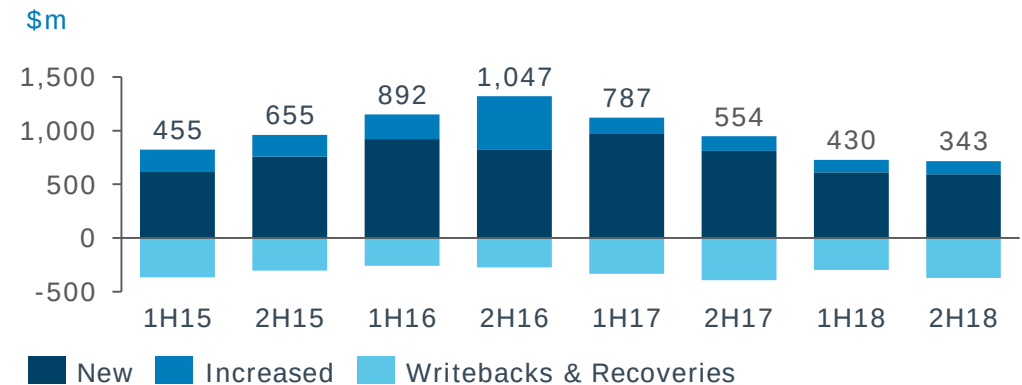
IP CHARGE BY SEGMENT



INTERNAL EXPECTED LOSS

	Mar 16	Sep 16	Mar 17	Sep 17	Mar 18	Sep 18
Australia Div.	0.35	0.33	0.33	0.33	0.31	0.29
New Zealand Div.	0.25	0.26	0.26	0.22	0.21	0.19
Institutional Div.	0.37	0.36	0.35	0.30	0.32	0.27
Other	1.47	1.79	1.60	1.69	1.95	1.78
Subtotal	0.34	0.33	0.33	0.30	0.29	0.27
Asia Retail ¹	1.50	1.51	1.51	2.75	0	0
Total	0.37	0.35	0.35	0.32	0.30	0.27

IP CHARGE COMPOSITION

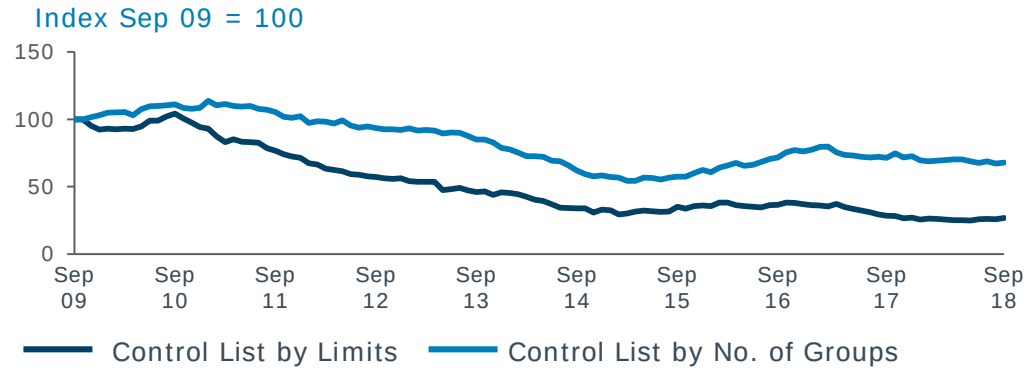


1. Asia Retail portfolio size by Net loans & Advances: Mar 17=\$10.1b , Sep 17=\$3.3b, Mar 18=\$15m, Sep-18=\$14m. Excludes Pacific.

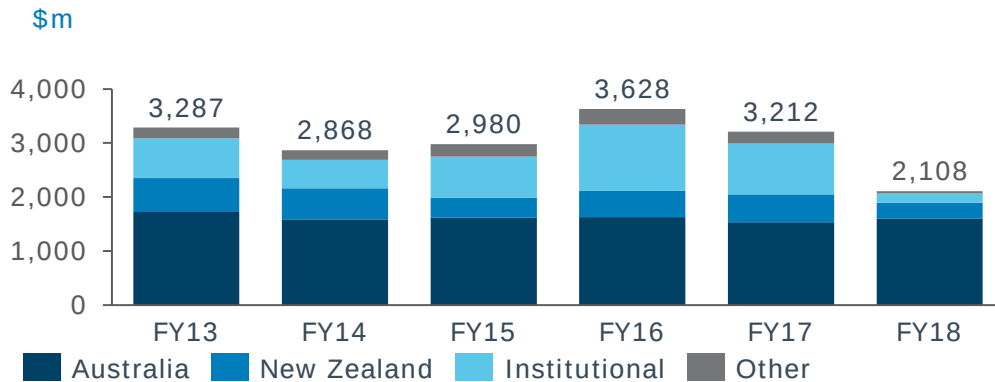
RISK MANAGEMENT

IMPAIRED ASSETS

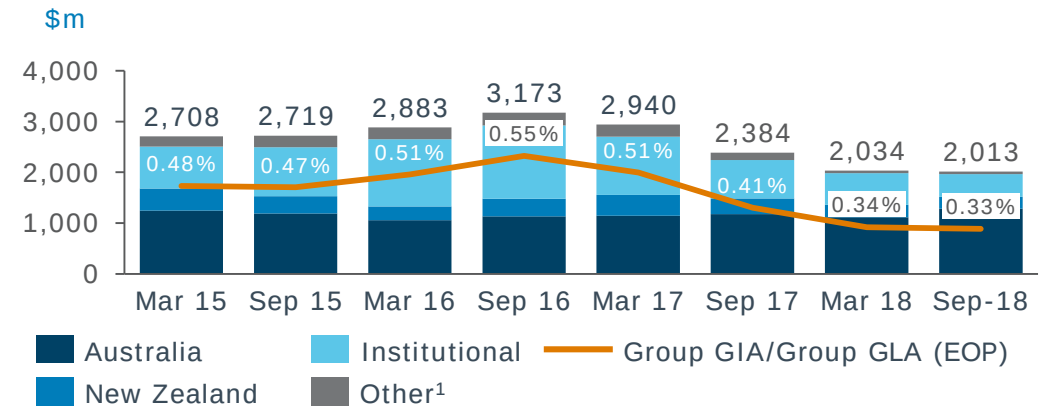
CONTROL LIST



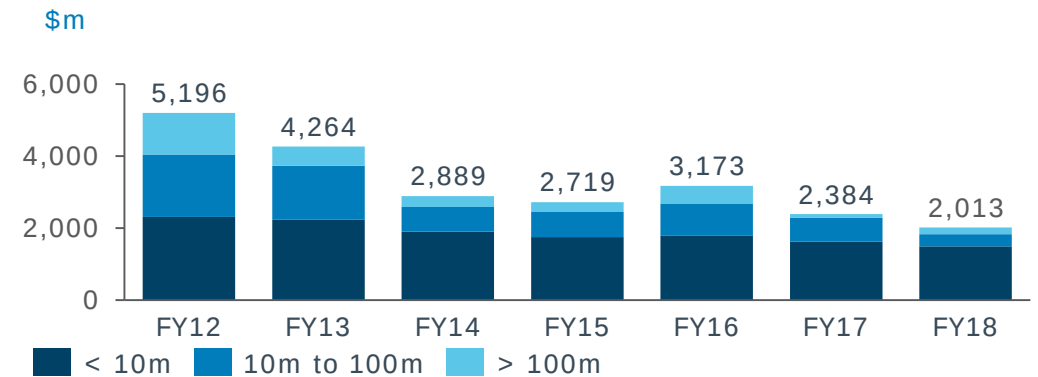
NEW IMPAIRED ASSETS BY DIVISION



GROSS IMPAIRED ASSETS BY DIVISION



GROSS IMPAIRED ASSETS BY EXPOSURE SIZE

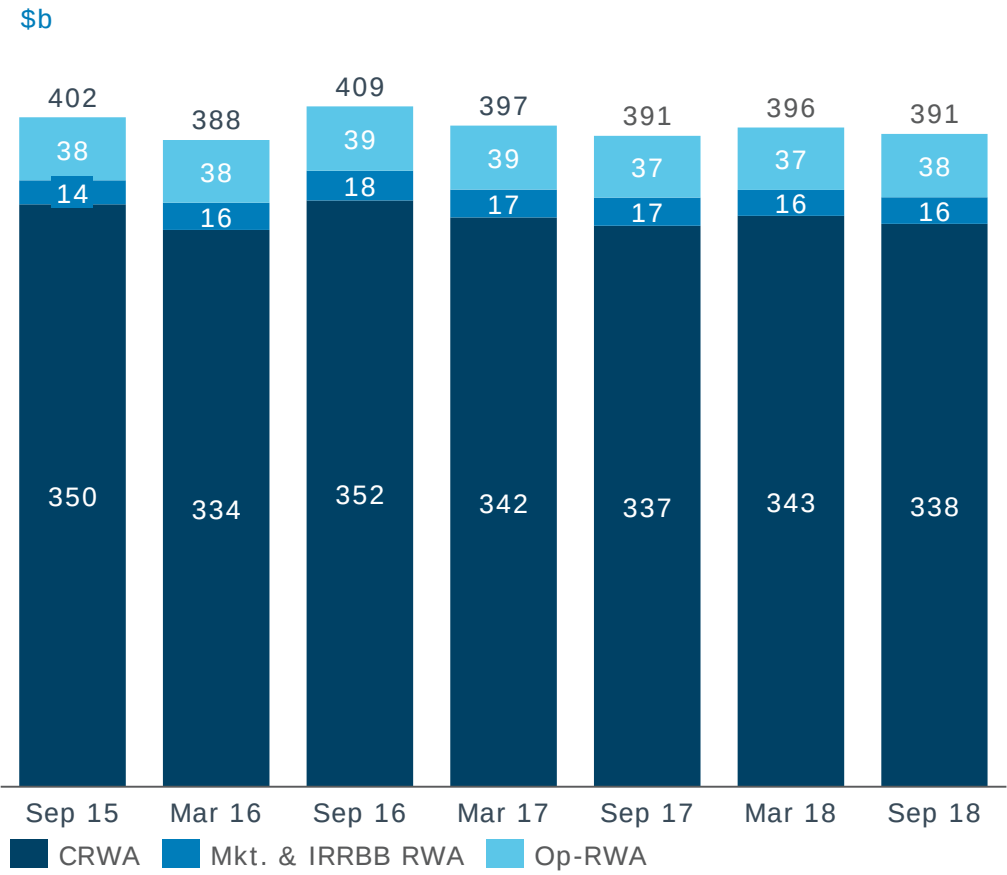


1. Other includes Retail Asia & Pacific and Australian Wealth.

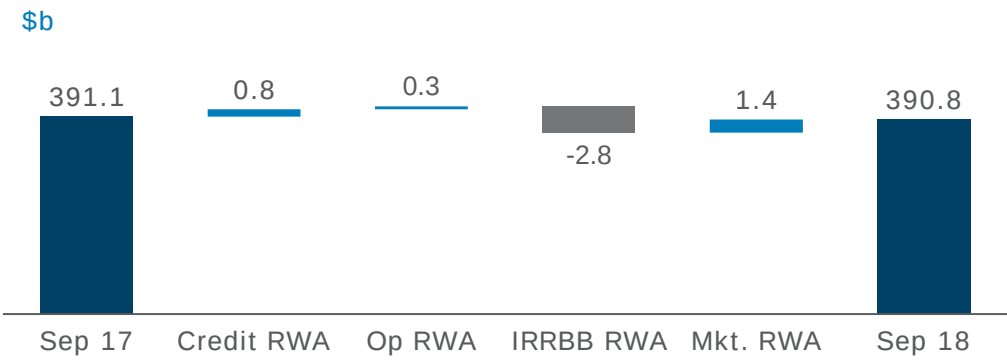
RISK MANAGEMENT

RISK WEIGHTED ASSETS

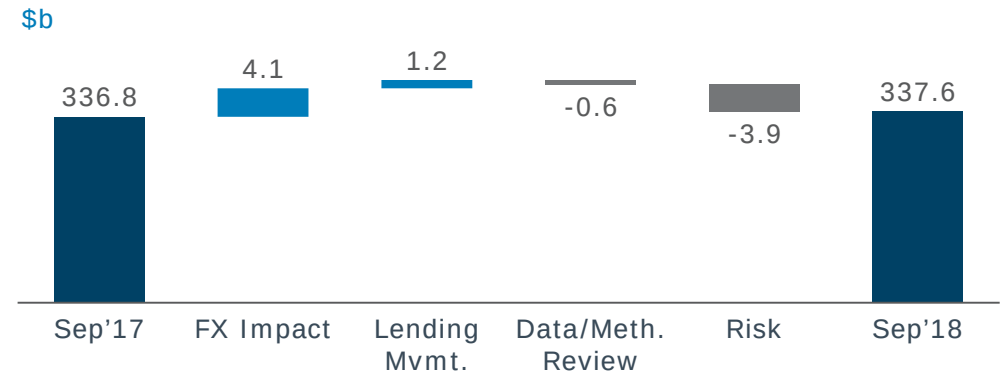
TOTAL RISK WEIGHTED ASSETS



TOTAL RWA MOVEMENT



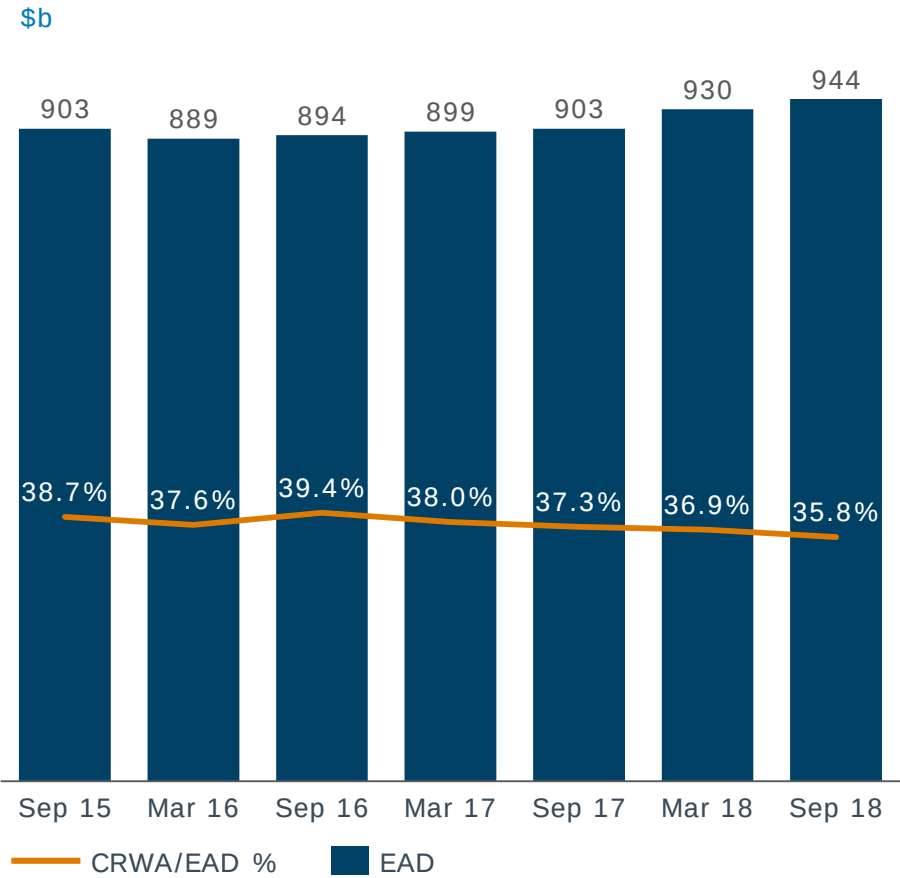
CRWA MOVEMENT



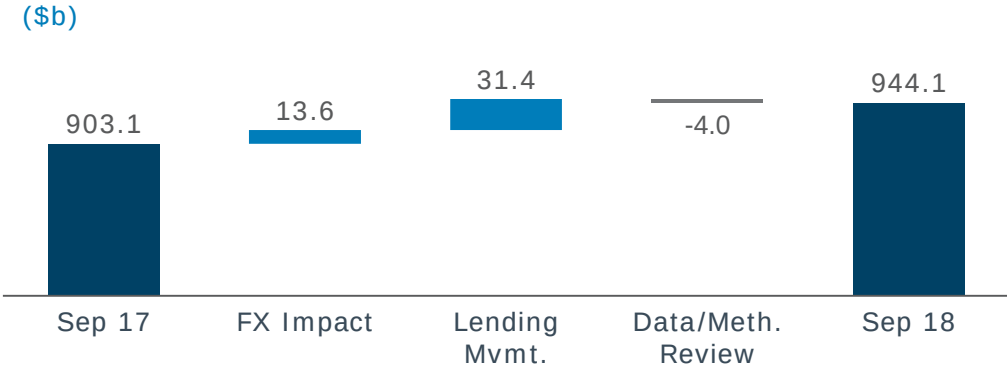
RISK MANAGEMENT

RISK WEIGHTED ASSETS

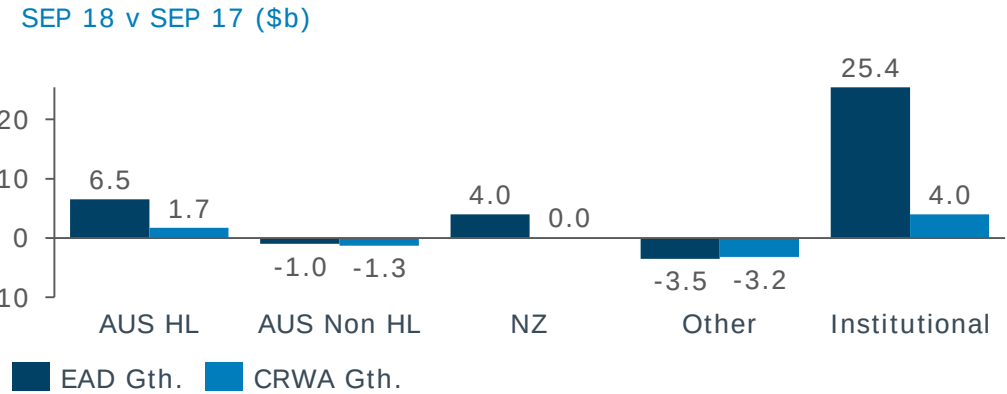
GROUP EAD¹ & CRWA's



GROUP EAD¹ MOVEMENT



GROUP EAD & CRWA GROWTH MOVEMENT^{1,2}



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

IMPROVING PORTFOLIO RISK PROFILE

ACTIONS TAKEN TO IMPROVE RISK PROFILE	
Sold Asia Retail & Wealth businesses	(IEL 151bp) ¹
Sold Esanda Dealer Finance business	(IEL 100bp) ²
Largely exited Emerging Corporate portfolio in Asia	(IEL 41bp) ¹
Restricted growth in Australia unsecured retail lending	
Increased Institutional investment grade exposures	85% (Sep 18) 81% (Sep 15)
Focused housing growth to priority segments of Principal & Interest and Owner Occupier loans	

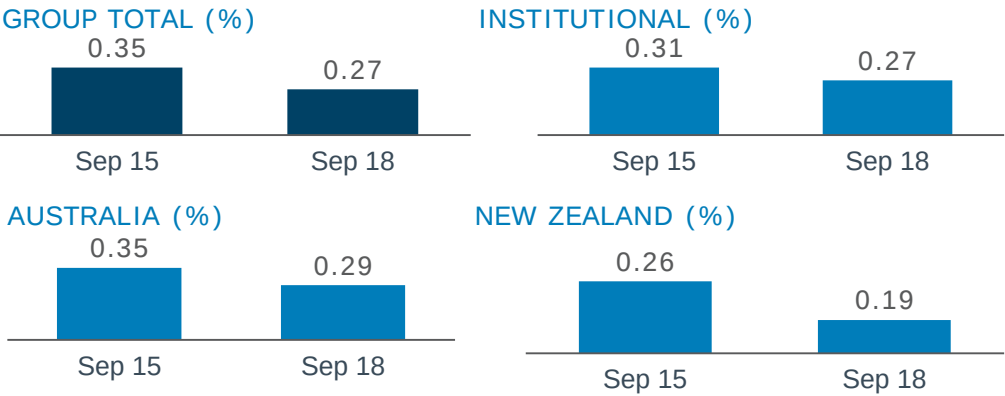
LOWER LOSS RATE ASSET CLASSES

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



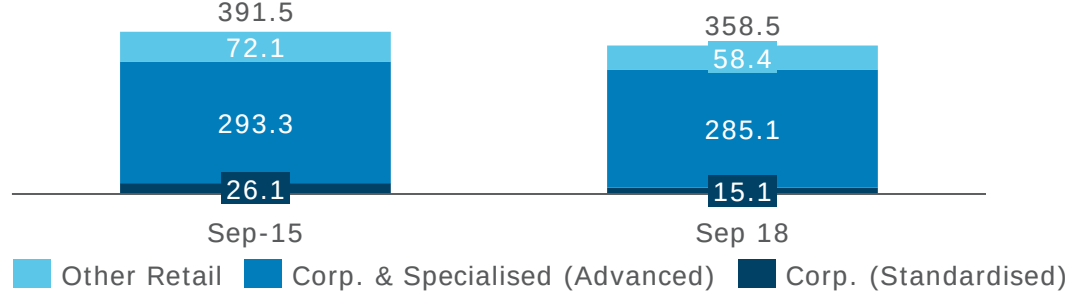
INTERNAL EXPECTED LOSS (IEL)

(AS A % OF GROSS LENDING ASSETS)



HIGHER LOSS RATE ASSET CLASSES

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

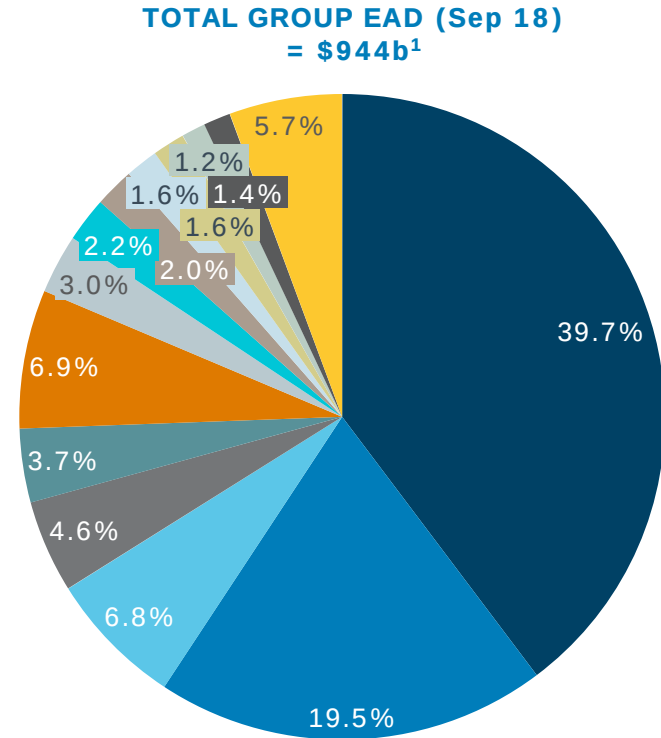


1. Internal expected loss as at September 2016
 2. Internal expected loss as at September 2015

RISK MANAGEMENT

PORTFOLIO COMPOSITION

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



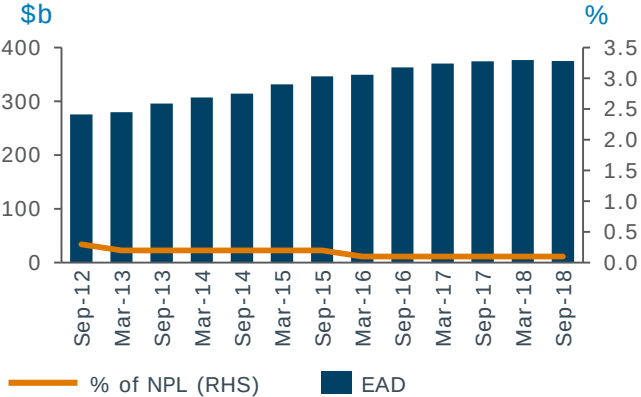
Category	% of Group EAD		% of Portfolio in Non Performing		Portfolio Balance in Non Performing
	Sep 17	Sep 18	Sep 17	Sep 18	Sep 18
Consumer Lending	41.5%	39.7%	0.1%	0.1%	\$448
Finance, Investment & Insurance	17.2%	19.6%	0.0%	0.0%	\$81
Property Services	6.6%	6.8%	0.3%	0.3%	\$174
Manufacturing	4.5%	4.6%	0.7%	0.4%	\$171
Agriculture, Forestry, Fishing	3.8%	3.7%	1.2%	1.1%	\$388
Government & Official Institutions	7.2%	6.9%	0.0%	0.0%	\$0
Wholesale trade	3.0%	3.0%	0.5%	0.3%	\$91
Retail Trade	2.3%	2.2%	0.8%	0.9%	\$187
Transport & Storage	2.0%	2.0%	0.7%	0.2%	\$44
Business Services	1.7%	1.6%	1.1%	0.9%	\$134
Resources (Mining)	1.5%	1.6%	1.2%	0.3%	\$47
Electricity, Gas & Water Supply	1.3%	1.2%	0.1%	0.1%	\$16
Construction	1.4%	1.4%	2.3%	1.7%	\$223
Other	6.0%	5.7%	0.6%	0.4%	\$199
Total	100%	100%			\$2,203m
Total Group EAD ¹	\$903b	\$944b			

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

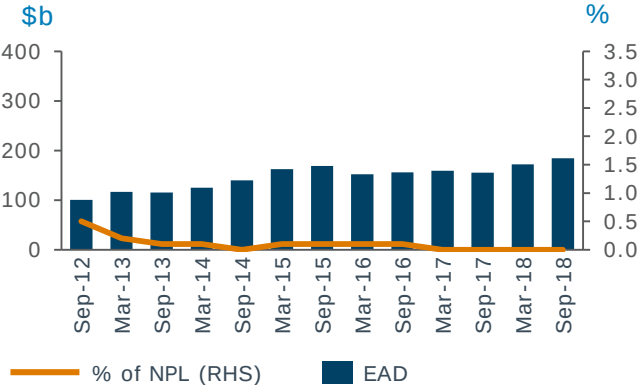
PORTFOLIO TREND

PERCENTAGE OF PORTFOLIO IN NON PERFORMING

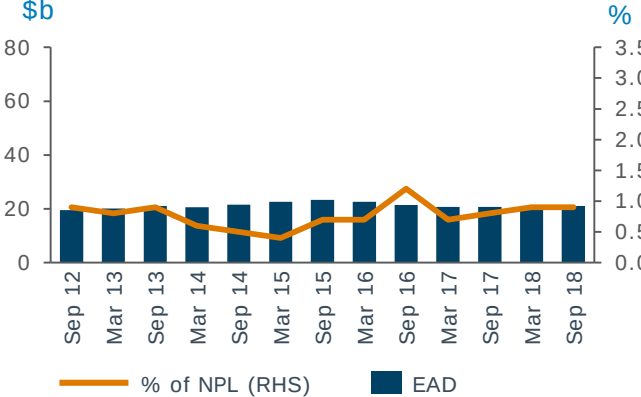
CONSUMER LENDING



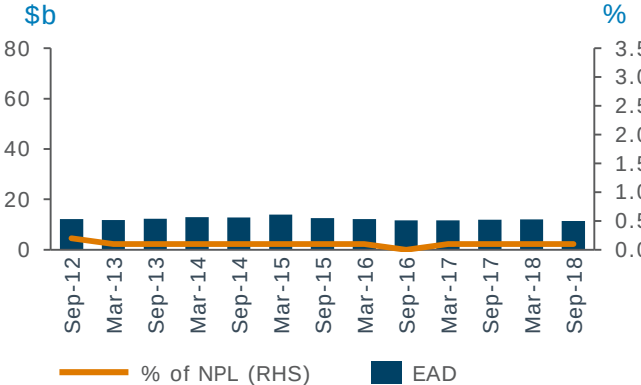
FINANCE, INVEST. & INSURANCE



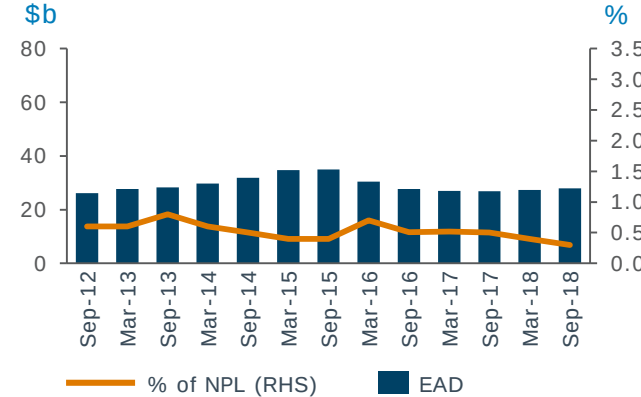
RETAIL TRADE



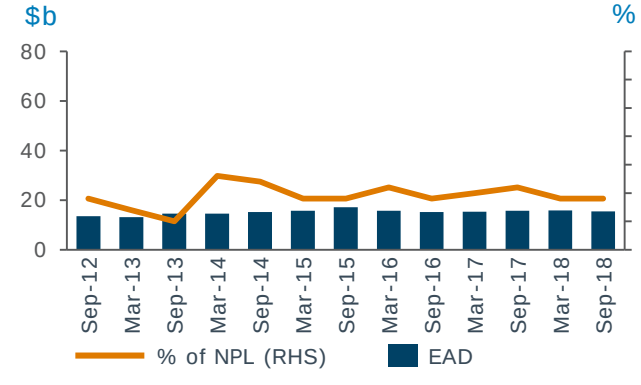
ELEC, GAS & WATER SUPPLY



WHOLESALE TRADE



BUSINESS SERVICES

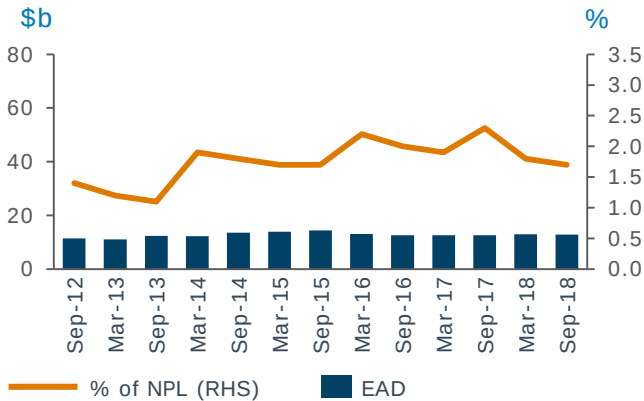


Note: % of portfolio in non performing = % of segment non performing exposures as a % of total segment exposures.

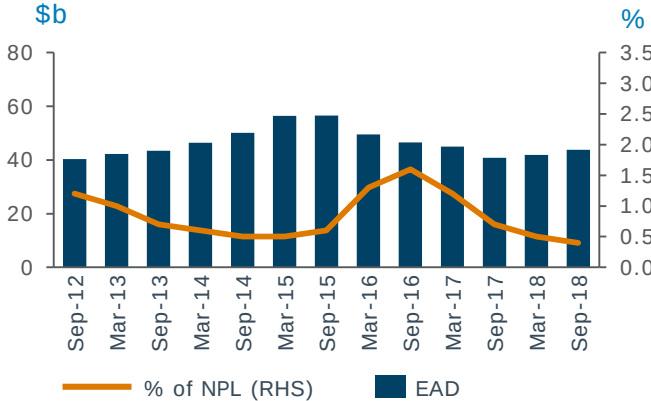
PORTFOLIO TREND

PERCENTAGE OF PORTFOLIO IN NON PERFORMING

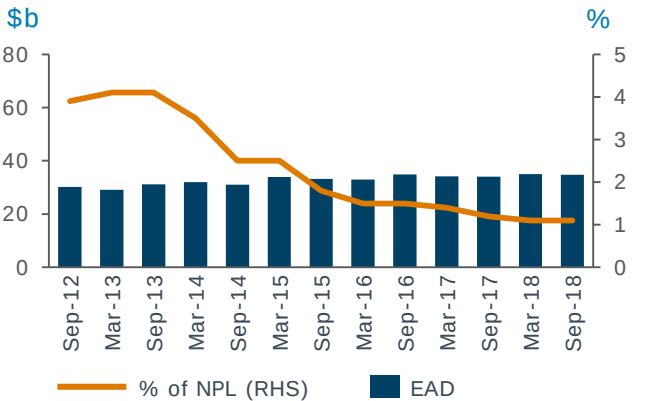
CONSTRUCTION



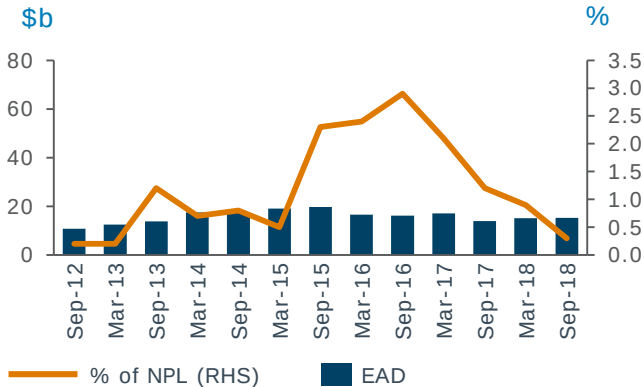
MANUFACTURING



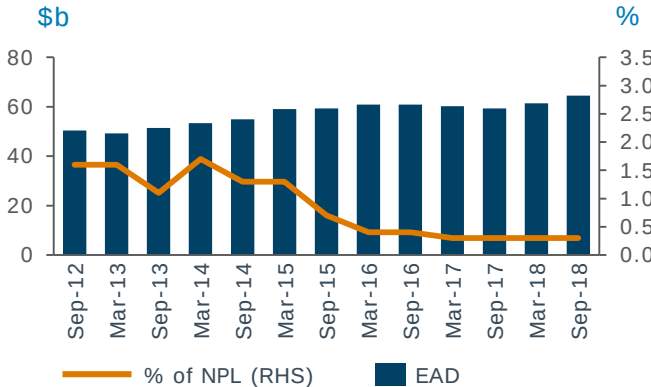
AGRI, FORESTRY, FISHING



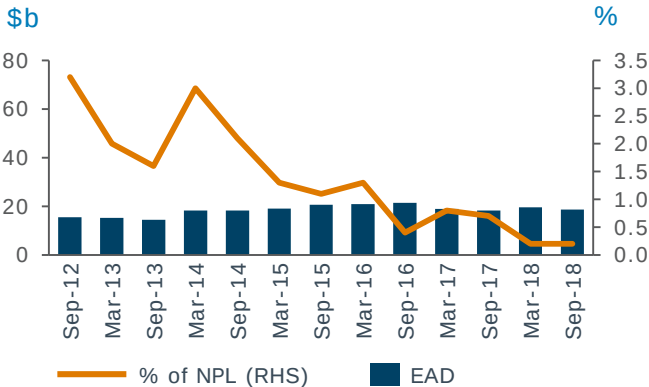
RESOURCES



PROPERTY SERVICES



TRANSPORT & STORAGE



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

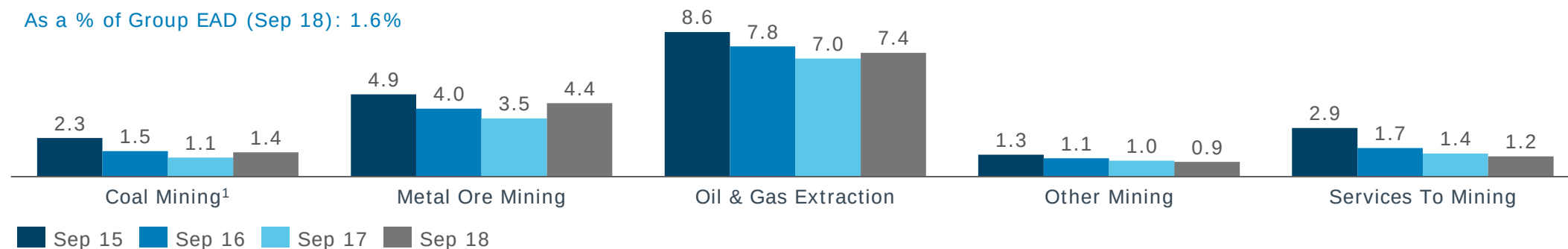
RISK MANAGEMENT

GROUP RESOURCES PORTFOLIO

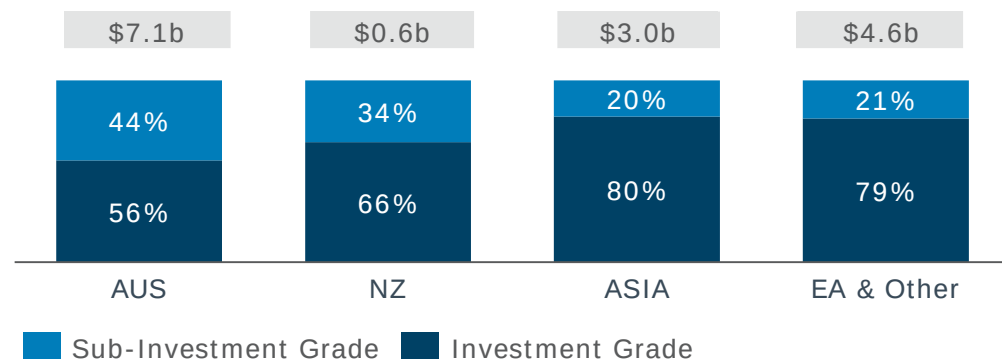
RESOURCES EXPOSURE BY SECTOR (%)

Total EAD (Sep 18): \$15.3b

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



GEOGRAPHIC EXPOSURES (EAD) & CREDIT QUALITY



RESOURCES PORTFOLIO MANAGEMENT

- Portfolio is skewed towards well capitalised and lower cost resource producers.
- 30% of the book is less than one year duration.
- Investment grade exposures represent 68% of portfolio vs. 66% at Sep 17 and Trade business unit accounts for 17% of the total Resources EAD.
- Mining services customers are subject to heightened oversight given the cautious outlook for the services sector.
- Increased coal mining exposure in FY18 reflects mergers and acquisitions activity related to existing mines, i.e. predominantly metallurgical coal assets sold by diversified miners to existing customers.

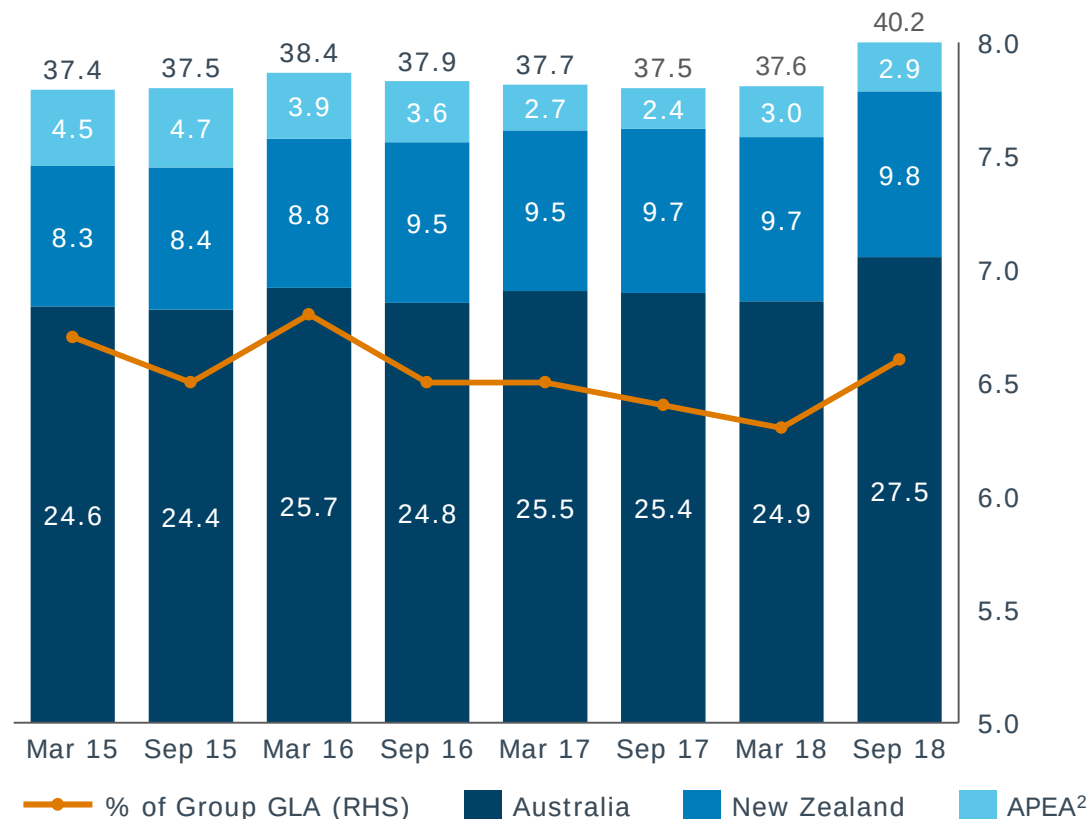
1. Increased coal mining exposure in FY18 reflects mergers and acquisitions activity related to existing mines, ie predominantly metallurgical coal assets sold by diversified miners to existing customers

RISK MANAGEMENT

COMMERCIAL PROPERTY PORTFOLIO

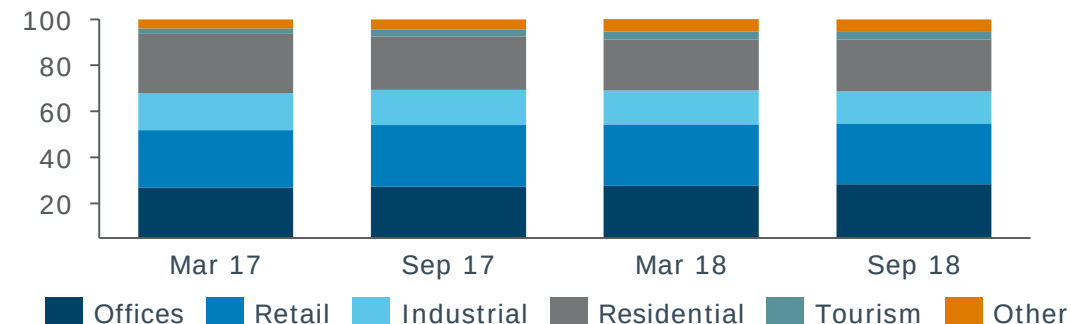
COMMERCIAL PROPERTY OUTSTANDINGS BY REGION¹

\$b



COMMERCIAL PROPERTY OUTSTANDINGS BY SECTOR¹

%



PROPERTY PORTFOLIO MANAGEMENT

- Australian volumes increased by 10% driven by higher lending to REITs in both the Office and Retail sectors as well as short-term financing provided against a premium office property. Slight increase in Residential exposure was driven by drawdowns by large private developers and a few new residential projects. Increase witnessed in the Other sector is due to new lending to a healthcare real estate client.
- New Zealand volumes remained relatively stable in 2H18. Growth within the Office sector has been largely offset by exchange rate movements and decreased exposure to the Industrial and Retail sectors.
- APEA volumes remained stable for 2H18 with the portfolio concentrated on large well rated names.

1. As per ARF230 disclosure.

2. APEA = Asia Pacific, Europe & America.

RESIDENTIAL DEVELOPMENT

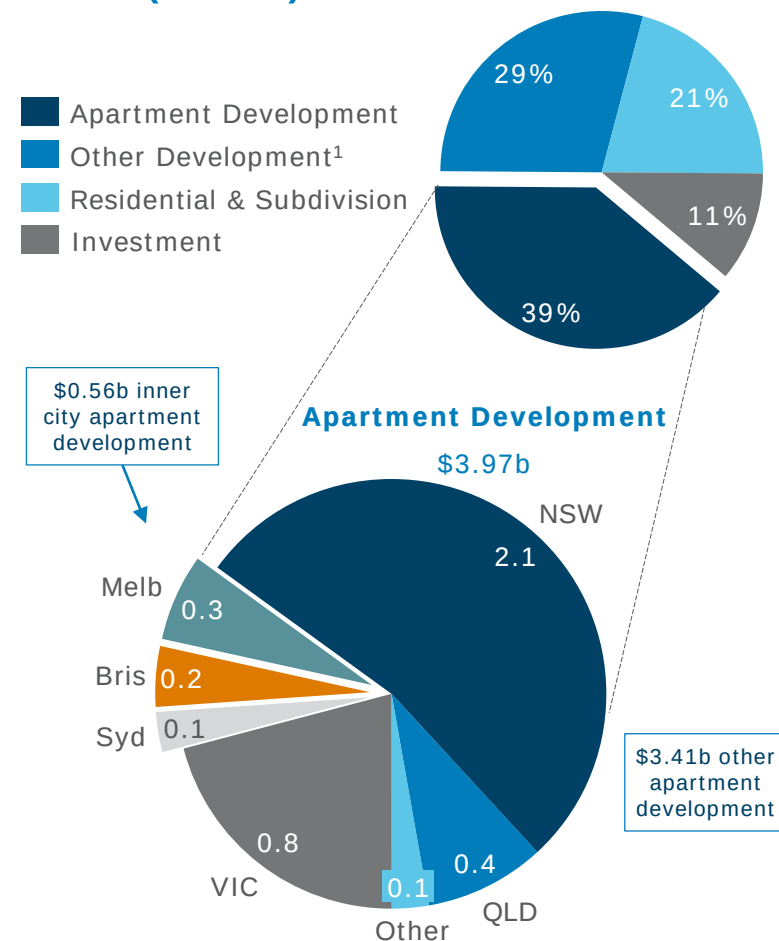
COMMERCIAL PROPERTY EXPOSURE

OVERVIEW

- Overall Apartment Development limits have increased by \$0.56bn (17%) to ~\$4bn in FY18 and now accounts for ~39% of Total Residential Limits.
- Inner City Apartment limits totalled \$0.56bn and accounted for 14% of total Apartment Development limit in FY18 as compared to 20% prior year. This reduction was due to repayments from a number of completed projects in Brisbane and Melbourne.
- Average qualifying pre-sales for Inner City Apartments Development loans and LVRs were 101% and 56% respectively as at Sep 18. These loans remain subject to tight parameters around LVR, presale debt cover and foreign purchaser.
- Outside of Inner City locations, Apartment Development limits were weighted towards the states of NSW (62%), VIC (24%) and QLD (11%) with minimal exposures in other states.
- Ongoing close monitoring of development projects is maintained.
- Industry trends and emerging risks continue to be closely monitored with actions taken where appropriate.

PROFILE (SEP 18)

Total Residential Limits: **\$10.28b**

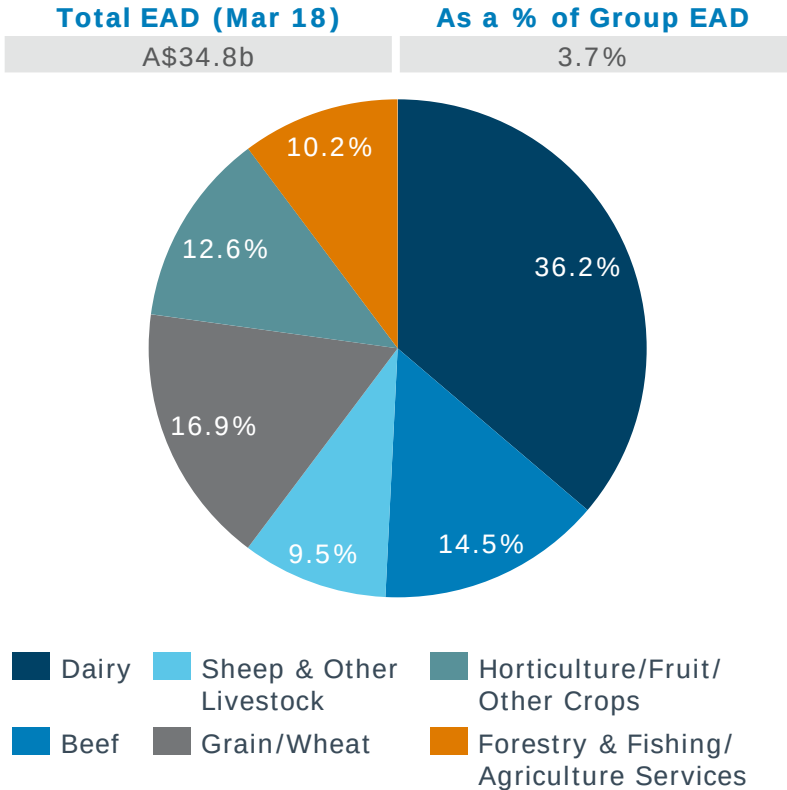


1. Other Development comprises of Low Rise & Prestige Residential and Other Residential or Multi Project Development

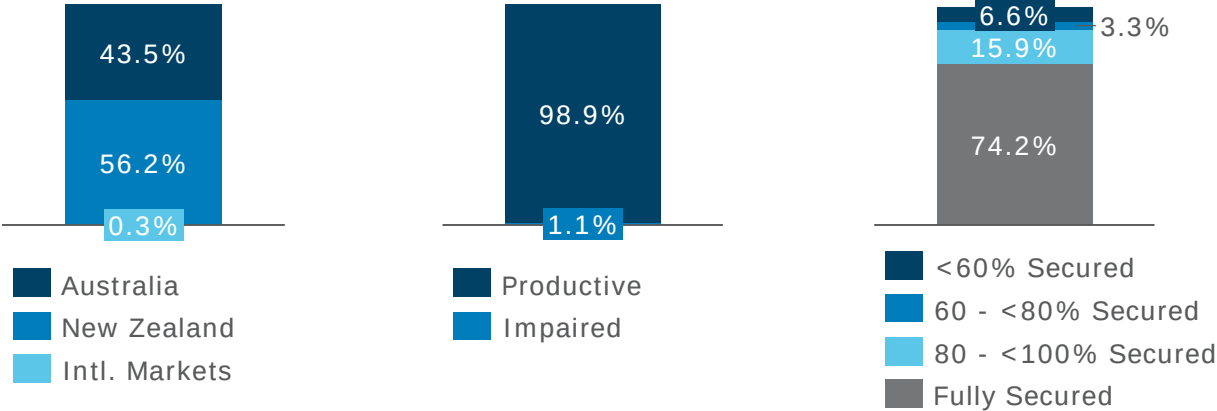
RISK MANAGEMENT

GROUP AGRICULTURE PORTFOLIO

AGRICULTURE EXPOSURE BY SECTOR (% EAD)



GROUP AGRICULTURE EAD SPLITS¹



DROUGHT

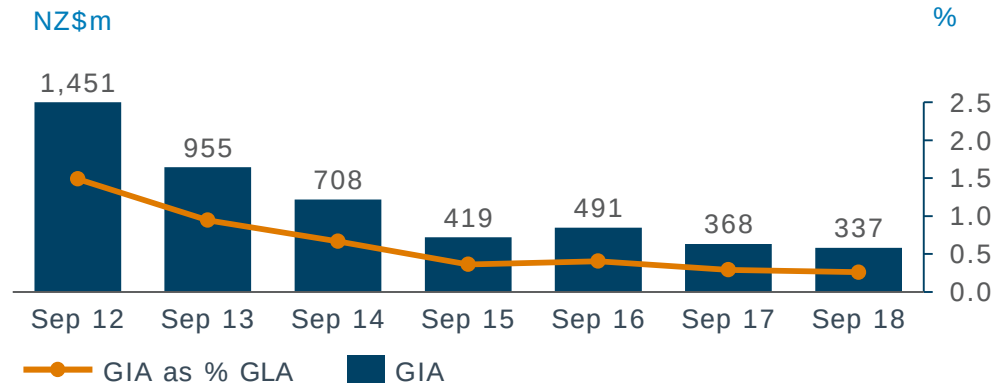
- At a portfolio level, total ANZ Wholesale exposures affected by drought across all states is \$4.7b. Agribusiness is performing well, noting that the portfolio's health has been supported by well-performing preceding seasons and strong soft commodity prices (particularly in sheep, wool and beef).
- ANZ has worked closely with government, industry and the community on relief packages to provide some much-needed support to customers in drought declared areas.
- We are actively working with our customers to effectively manage current circumstances whilst also formulating a strategy to build resilience into future years.
- We remain confident in Australian Agribusiness and its capacity to grow over time to become a critical supplier to the domestic and international market.

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

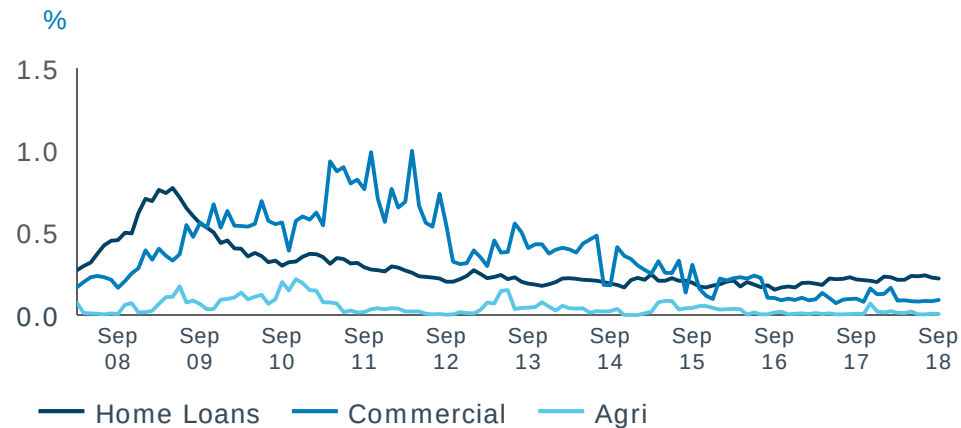
RISK MANAGEMENT

NEW ZEALAND

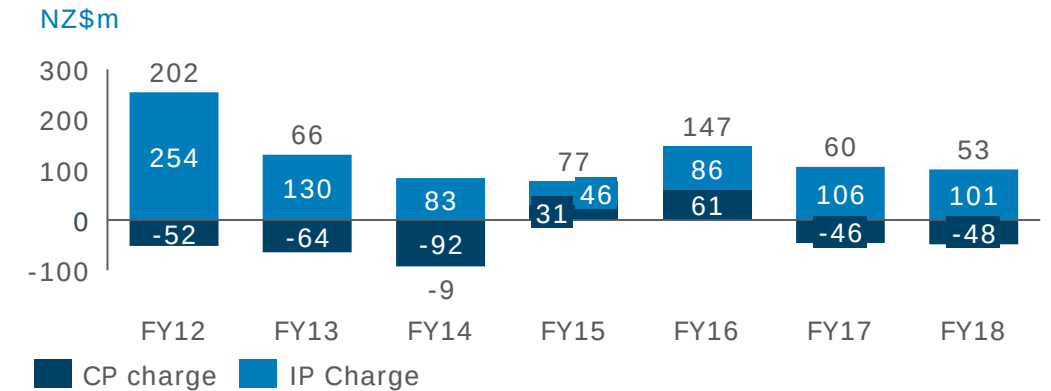
NEW ZEALAND GEOGRAPHY GROSS IMPAIRED ASSETS



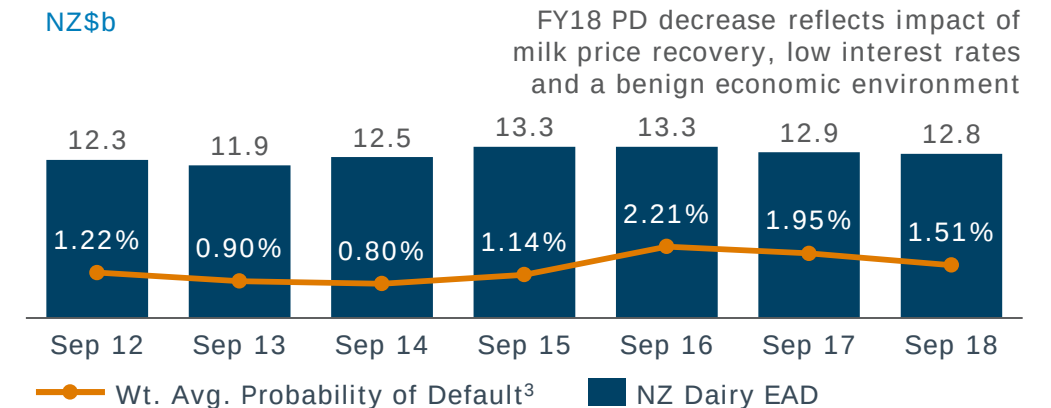
NEW ZEALAND DIVISION 90+ DAYS DELINQUENCIES



NEW ZEALAND GEOGRAPHY TOTAL PROVISION CHARGE¹



NEW ZEALAND² DAIRY CREDIT QUALITY

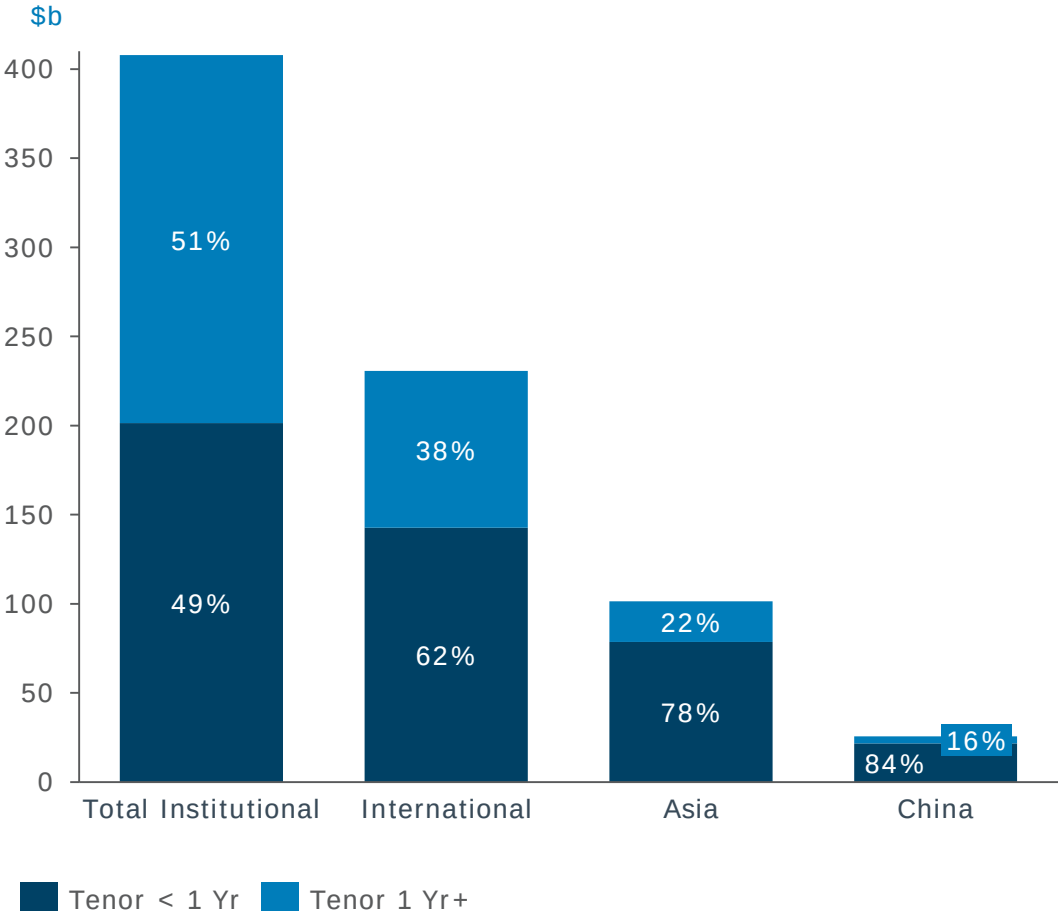


1. Credit valuation adjustments (CVA) for customers with CCR10 are reported differently for cash profit and headline views of earnings. In the headline (statutory) view of provision reported above, changes in CVA are reported in Other Operating Income, but in the cash profit view of earnings the change in CVA is reclassified to IP. 2. Dairy exposures for all of ANZ New Zealand (includes Commercial and Agriculture, Institutional and Business Banking portfolios). 3. Wholesale PD model changes account for 55bps increase in FY16.

RISK MANAGEMENT

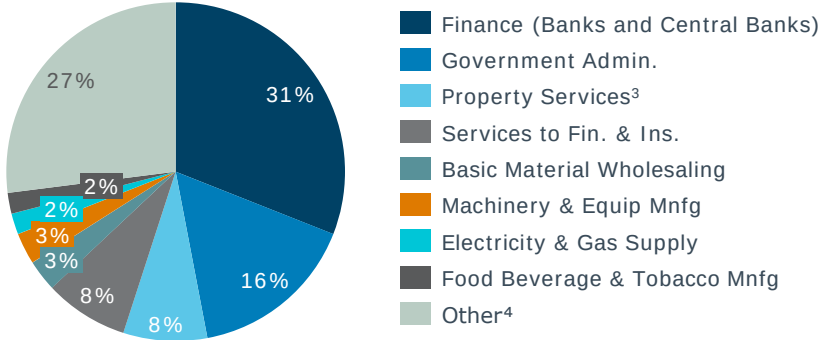
ANZ INSTITUTIONAL PORTFOLIO (COUNTRY OF INCORPORATION¹)

INSTITUTIONAL PORTFOLIO SIZE & TENOR (EAD²)



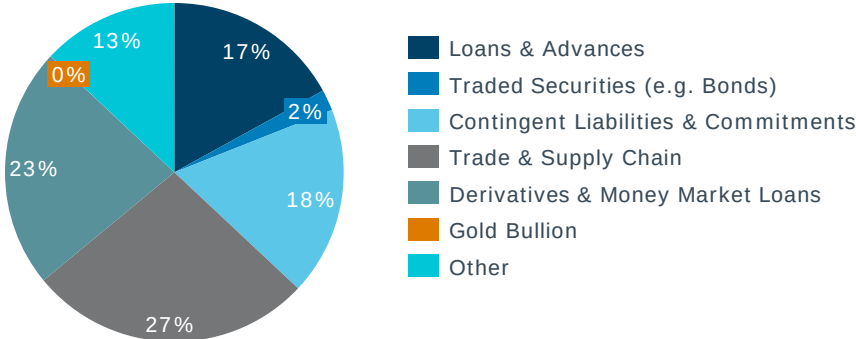
ANZ INSTITUTIONAL INDUSTRY COMPOSITION

EAD (Sep 18): A\$408b²



ANZ INSTITUTIONAL PRODUCT COMPOSITION

EAD (Sep-18) A\$408b²



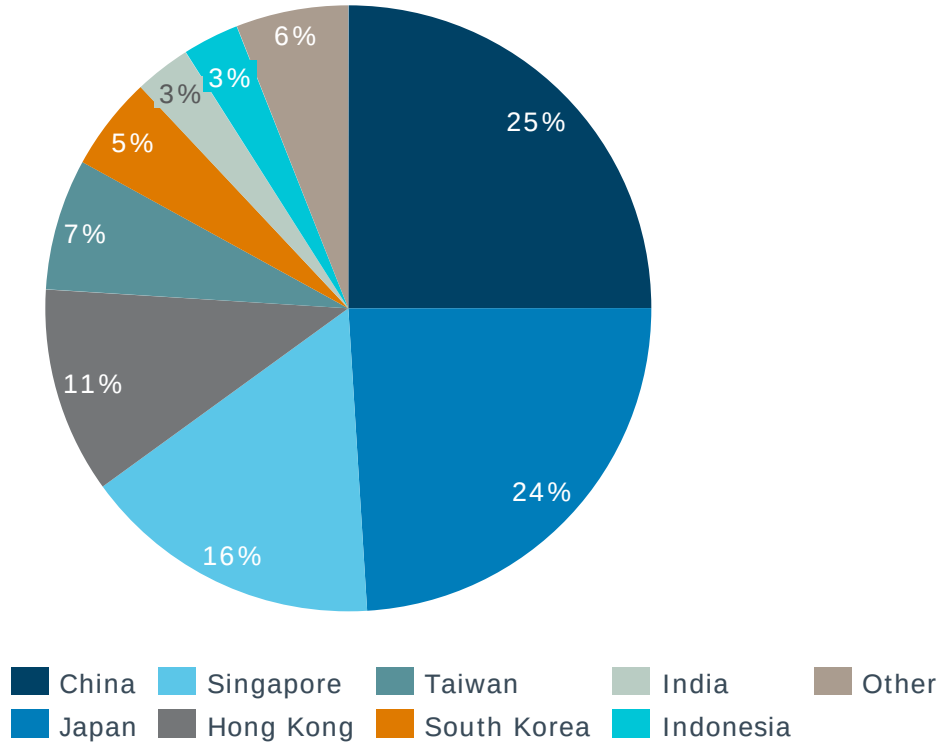
1. Country is defined by the counterparty's Country of Incorporation. 2. Data provided is as at Sep18 on a Post CRM basis, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral. Position excludes Basel Asset Class 'Securitisation', 'Other Assets', 'Retail' and manual adjustments. 3. ~89% of the ANZ Institutional "Property Services" portfolio is to entities incorporated in either Australia or New Zealand. 4. Other is comprised of 48 different industries with none comprising more than 2.0% of the Institutional portfolio.

RISK MANAGEMENT

ANZ ASIAN INSTITUTIONAL PORTFOLIO (COUNTRY OF INCORPORATION¹)

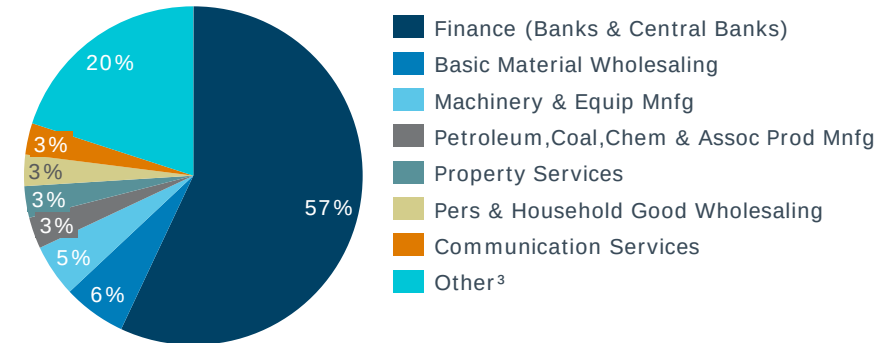
COUNTRY OF INCORPORATION¹

EAD (Sep 18): A\$101b²



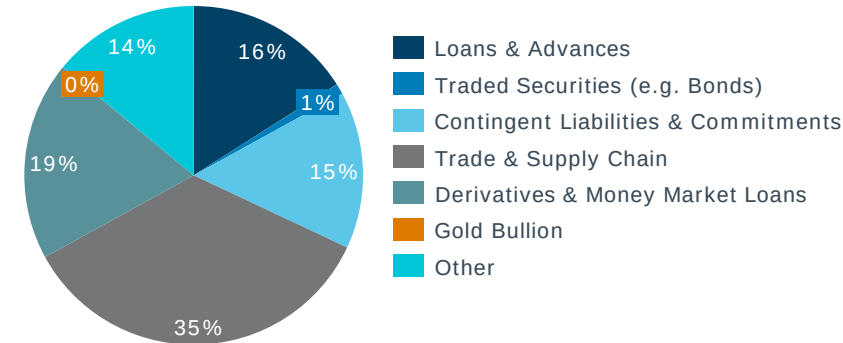
ANZ ASIA INDUSTRY COMPOSITION

EAD (Sep 18): A\$101b²



ANZ ASIA PRODUCT COMPOSITION

EAD (Sep 18): A\$101b²



1. Country is defined by the counterparty's Country of Incorporation. 2. Data provided is as at Sep18 on a Post CRM basis, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral. Position excludes Basel Asset Class 'Securitisation', 'Other Assets', 'Retail' and manual adjustments. 3. "Other" within industry is comprised of 44 different industries with none comprising more than 2.6% of the Asian Institutional portfolio; Other product category is predominantly exposure due from other financial institutions.



2018 FULL YEAR RESULTS

HOUSING PORTFOLIO

AUSTRALIA & NEW ZEALAND BANKING GROUP LIMITED

AUSTRALIA HOME LOANS

PORTFOLIO OVERVIEW

	Portfolio ¹			Flow ²
	FY16	FY17	FY18	FY18
Number of Home Loan accounts ¹	976k	1,009k	1,011k	170k ³
Total FUM ¹	\$246b	\$264b	\$272b	\$57b
Average Loan Size ⁴	\$252k	\$262k	\$269k	\$382k
% Owner Occupied ⁵	62%	63%	65%	70%
% Investor ⁵	34%	33%	32%	29%
% Equity Line of Credit	4%	4%	3%	1%
% Paying Variable Rate Loan ⁶	87%	83%	84%	84%
% Paying Fixed Rate Loan ⁶	13%	17%	16%	16%
% Paying Interest Only ⁷	36%	31%	22%	13% ⁸
% Broker originated	49%	51%	52%	55%

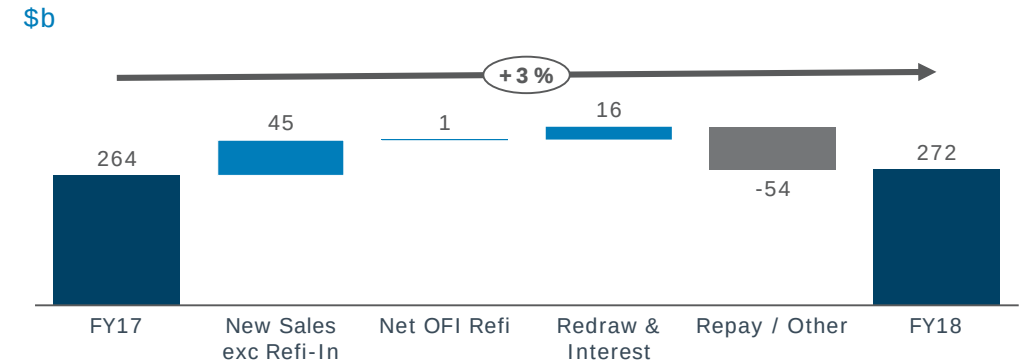
	Portfolio ¹		
	FY16	FY17	FY18
Average LVR at Origination ^{9, 10, 11}	71%	69%	67%
Average Dynamic LVR ^{10,11,12, 13}	55%	54%	54%
Market Share ¹⁴	15.5%	15.7%	15.5%
% Ahead of Repayments ¹⁵	73%	71%	72%
Offset Balances ¹⁶	\$24b	\$27b	\$28b
% First Home Buyer	6%	7%	7%
% Low Doc ¹⁷	5%	4%	4%
Loss Rate ¹⁸	0.01%	0.02%	0.02%
% of Australia Geography Lending ¹⁹	62%	64%	63%
% of Group Lending ¹⁹	43%	45%	45%

1. Home Loans portfolio (includes Non Performing Loans, excludes offset balances) 2. YTD unless noted 3. New accounts includes increases to existing accounts and split loans (fixed and variable components of the same loan) 4. Average loan size excludes increases to existing accounts 5. The current classification of Investor vs Owner Occupier, as reported to regulators and the market, is based on the classification at origination (as advised by the customer) and the ongoing precision relies on the customers obligation to advise ANZ, and ANZ targeted activity to identify, any change in circumstances. 6. Excludes Equity Manager 7. Based on APRA definition i.e. includes Equity Manager in the total composition 8. September Half to Date 9. Originated in the respective half 10. Unweighted 11. Includes capitalised premiums 12. Valuations updated to Aug'18 where available 13. Dynamic LVR methodology has been enhanced to utilise more granular level property data and improved identification of all accounts and their linkages to securities 14. Source for Australia: APRA to Aug'18 15. % of Owner Occupied and Investment Loans that have any amount ahead of repayments. Includes Offset balances. Excludes Equity Manager. Includes Non Performing Loans. 16. Balances of Offset accounts connected to existing Instalment Loans 17. Low Doc is comprised of less than or equal to 60% LVR mortgages primarily for self-employed without scheduled PAYG income. However, it also has ~A\$200m of less than or equal to 80% LVR mortgages, primarily booked pre-2008 18. Annualised write-off net of recoveries 19. Based on Gross Loans and Advances

AUSTRALIA HOME LOANS

PORTFOLIO GROWTH

LOAN BALANCE & LENDING FLOWS¹



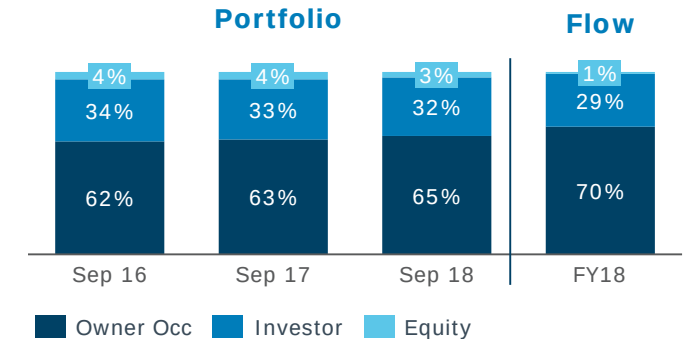
HOME LOAN COMPOSITION²

\$b

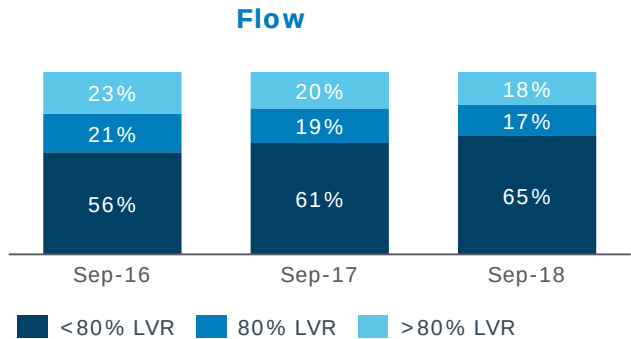
Payment Type	Owner Occupied	Investor	Equity Loan	Total
P&I Loan	155.6	49.1	-	204.7
Interest Only	21.9	36.8	-	58.7
Equity Loan	-	-	8.2	8.2
Total	177.5	85.9	8.2	271.6

PORTFOLIO^{1,2} & FLOW³ COMPOSITION

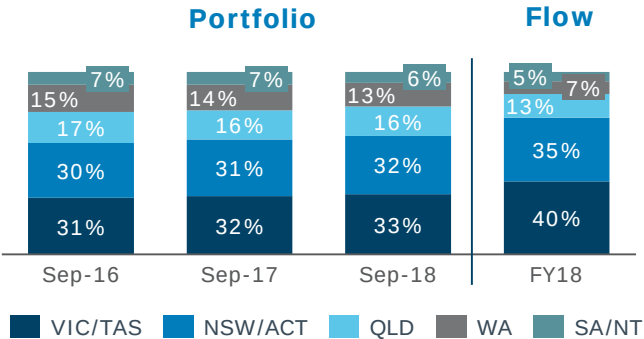
By purpose:



By origination LVR⁴:



By location:



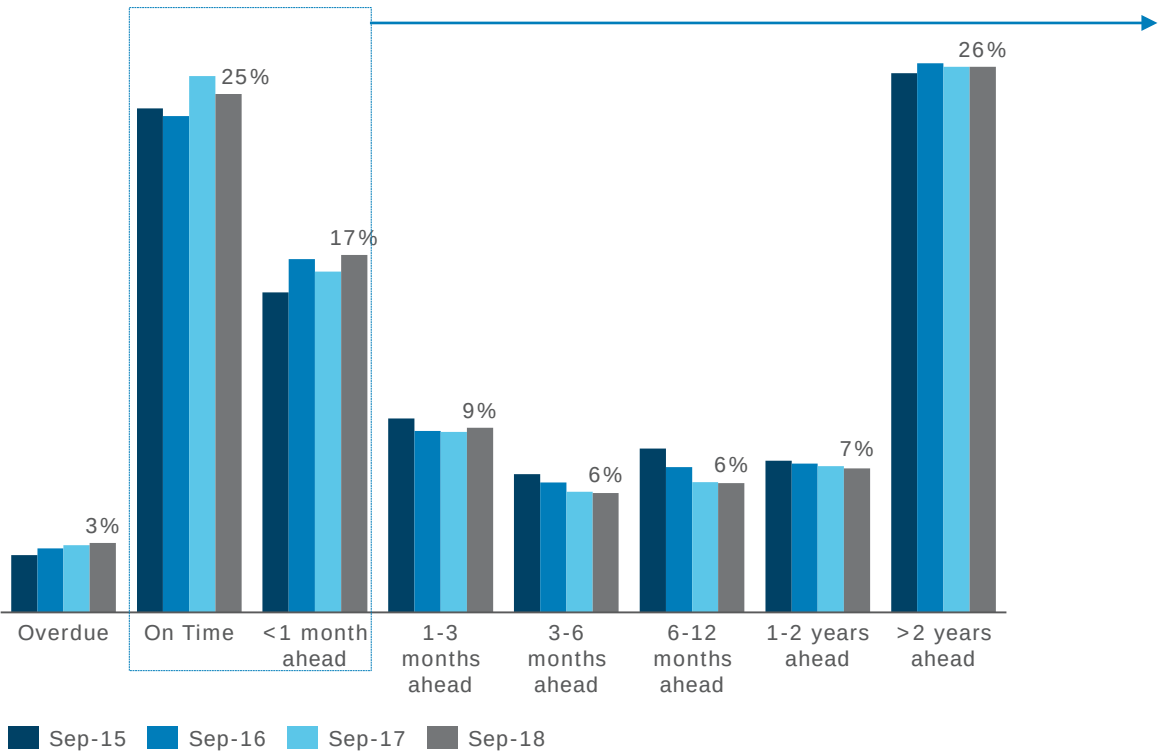
1. Includes Non Performing Loans. 2. The current classification of Investor vs Owner Occupier, as reported to regulators and the market, is based on the classification at origination (as advised by the customer) and the ongoing precision relies on the customers obligation to advise ANZ, and ANZ targeted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

AUSTRALIA DIVISION

PORTFOLIO DYNAMICS

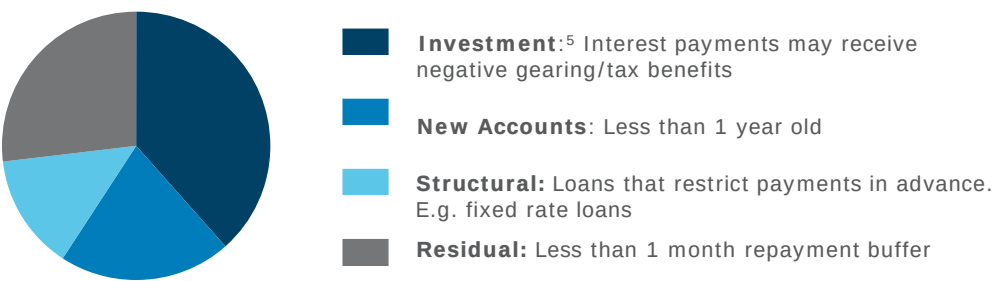
HOME LOANS REPAYMENT PROFILE^{1,2}

72% of accounts ahead of repayments

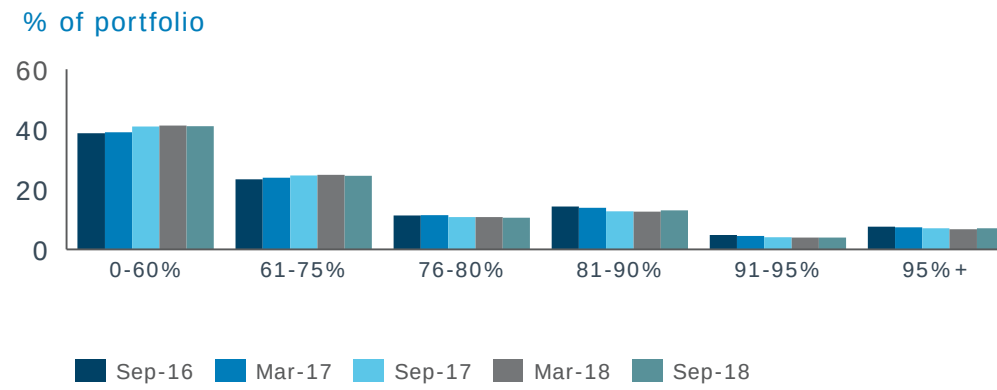


HOME LOANS ON TIME & <1 MONTH AHEAD PROFILE^{1,2}

% composition of accounts (September 18)



DYNAMIC LOAN TO VALUE RATIO^{1,3,4,6}

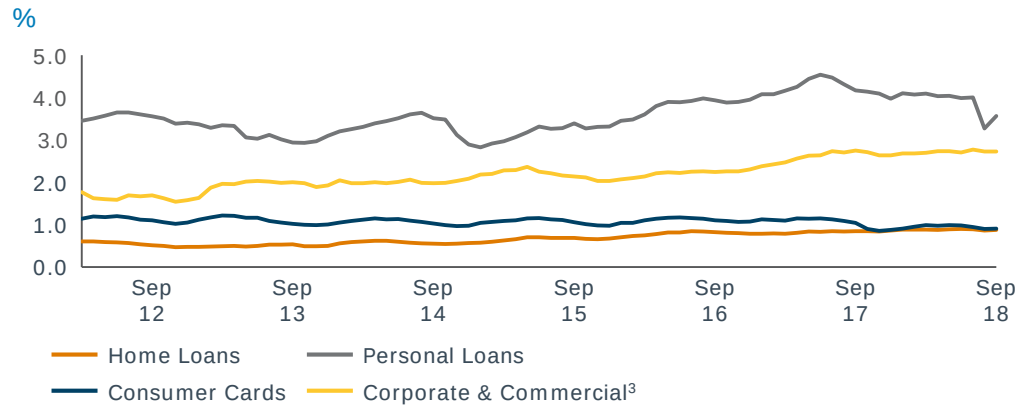


1. Includes Non Performing Loans 2. % of Owner Occupied and Investment Loans that have any amount ahead of repayments. Includes Offset balances. Excludes Equity Manager. Includes Non Performing Loans 3. Includes capitalised premiums 4. Valuations updated to Aug'18 where available 5. The current classification of Investor vs Owner Occupier, as reported to regulators and the market, is based on the classification at origination (as advised by the customer) and the ongoing precision relies on the customers obligation to advise ANZ, and ANZ targeted activity to identify, any change in circumstances 6. Dynamic LVR methodology has been enhanced to utilise more granular level property data and improved identification of all accounts and their linkages to securities

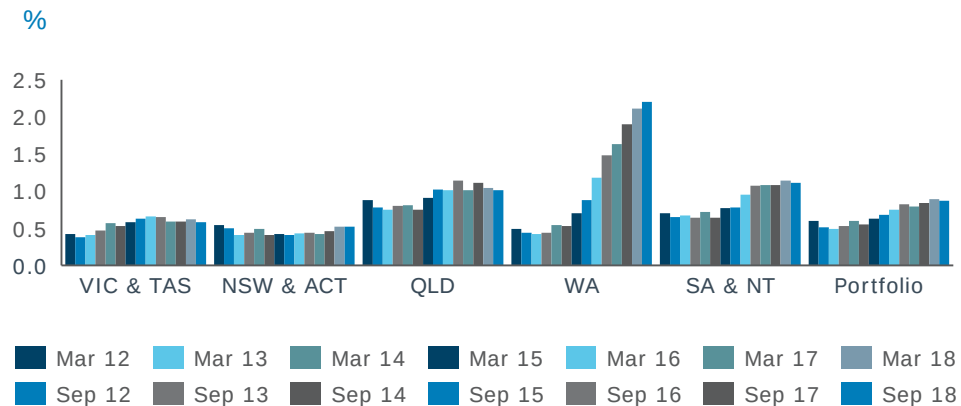
AUSTRALIA DIVISION

PORTFOLIO PERFORMANCE

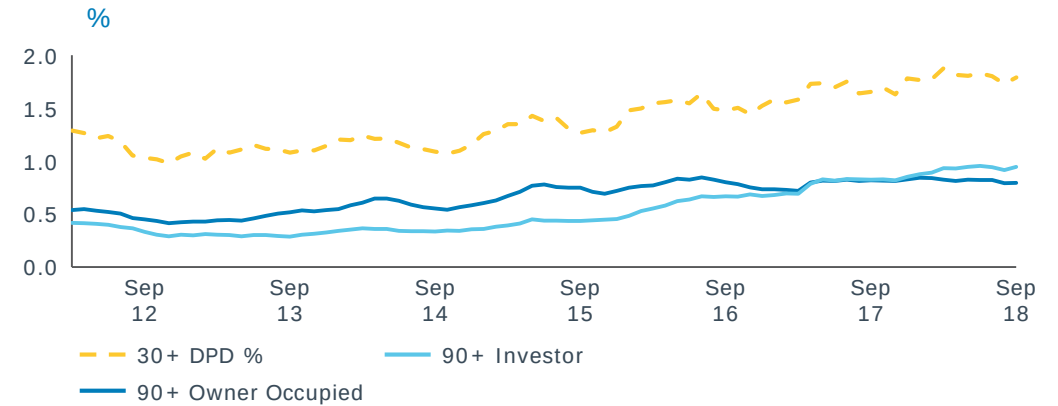
PRODUCT 90+ DAY DELINQUENCIES^{1,2}



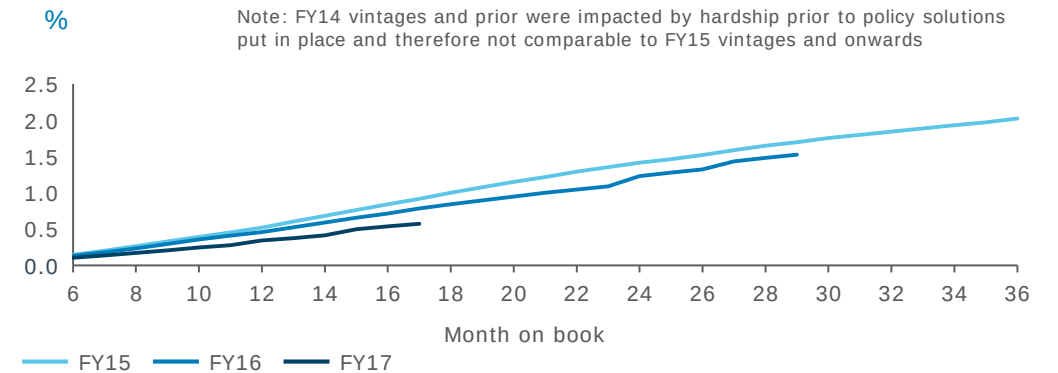
HOME LOANS 90+ DPD BY STATE^{1,2}



HOME LOAN DELINQUENCIES^{1,2,4}



HOME LOANS - 90+ DPD (BY VINTAGE)⁵



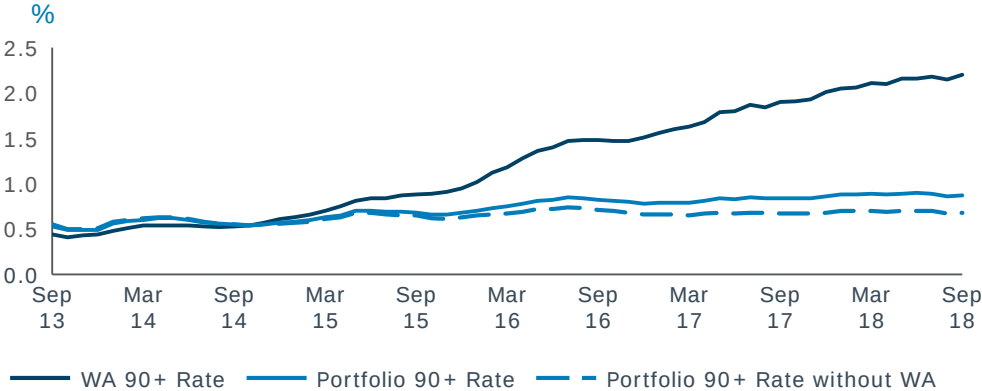
1. Includes Non Performing Loans 2. ANZ delinquencies calculated on a missed payment basis 3. Comprises Small Business, Commercial Cards and Asset Finance 4. The current classification of Investor vs Owner Occupier, as reported to regulators and the market, is based on the classification at origination (as advised by the customer) and the ongoing precision relies on the customers obligation to advise ANZ, and ANZ targeted activity to identify, any change in circumstances 5. Home loans 90+ dpd vintages % ratio of ever delinquent (measured by # accounts) contains at least 6 application months of that fiscal year contributing to each data point

AUSTRALIA HOME LOANS

AREAS OF INTEREST

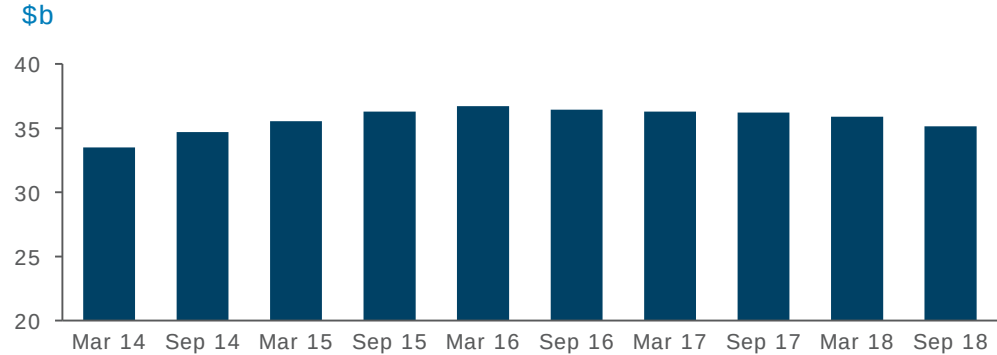
- Greater focus on Acquisition & Collection management strategies have been applied
- Exposure to WA has decreased since Mar-16 driven by the economic environment and credit policy tightening (mining town lending, etc)
- Currently WA makes up 13% of the portfolio FUM (and decreasing), however makes up 33% of 90+ (and over half of portfolio losses¹)
- Tailored treatment of collection and account management strategies
- Conservative approach to provisions management

HOME LOANS AND WA 90+ DELINQUENCIES^{2,3}

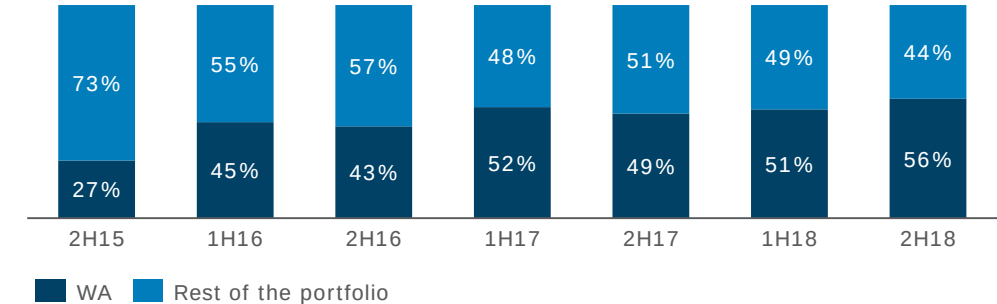


1. Losses are based on New Individual Provision Charges
2. Includes Non Performing Loans
3. ANZ delinquencies calculated on a missed payment basis

WA OUTSTANDING BALANCE



HOME LOANS COMPOSITION OF LOSSES¹

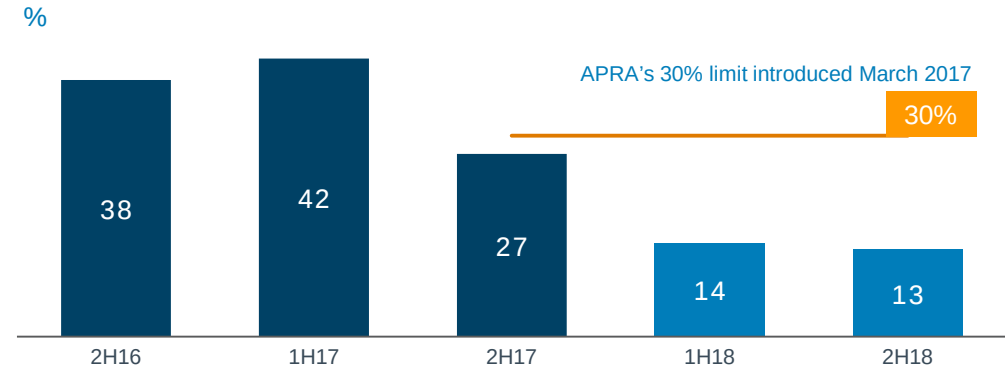


AUSTRALIA HOME LOANS

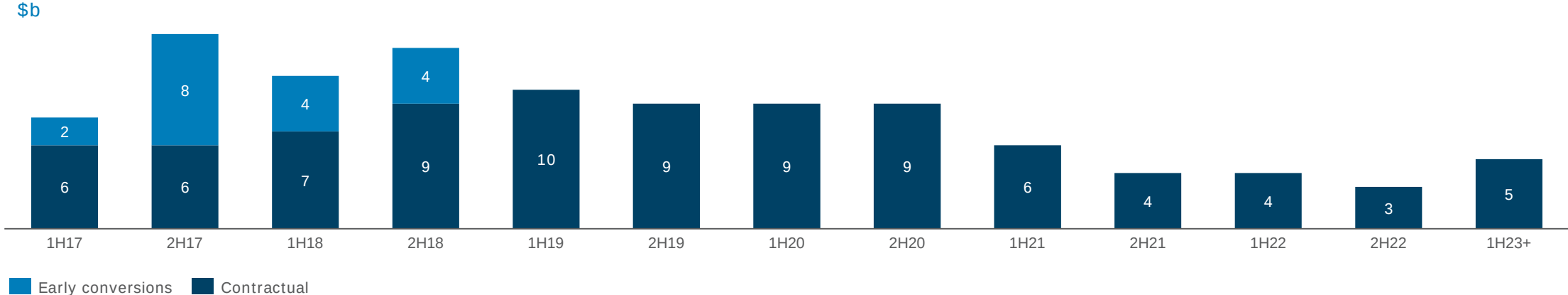
INTEREST ONLY

- Serviceability assessment is based on ability to repay principal & interest repayments calculated over the residual term of loan
- 83% of Interest Only customers have net income >\$100k pa. (portfolio 65%)
- Arrears levels are lower for Interest Only vs overall portfolio
- Recent policy & pricing changes have led to a reduction in interest only lending. ANZ has met APRA's 30% threshold lending requirement and the interest only flow composition is now at 13% for 2H18.
- Proactive contact strategies are in place to prepare customers for the change in their cash repayments ahead of Interest Only expiry

INTEREST ONLY FLOW COMPOSITION¹



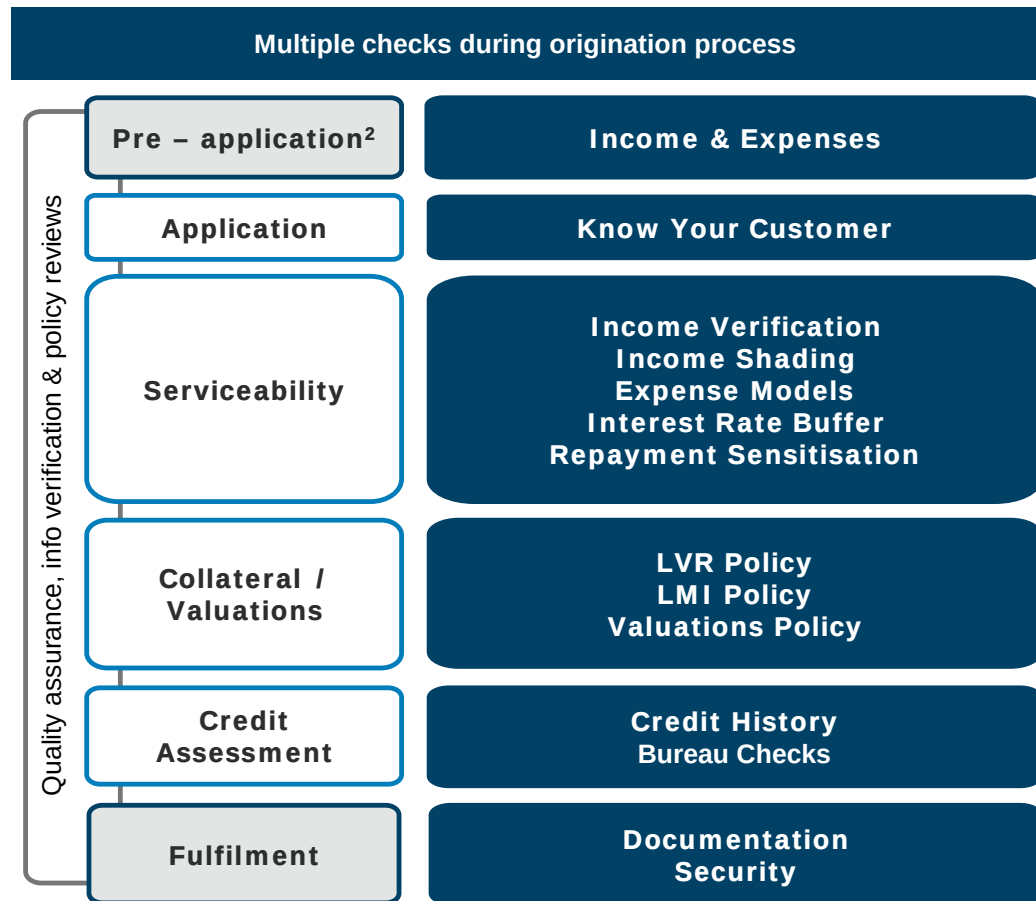
SWITCHING INTEREST ONLY TO P&I AND SCHEDULED INTEREST ONLY TERM EXPIRY²



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

AUSTRALIA HOME LOANS

UNDERWRITING PRACTICES AND POLICY CHANGES¹



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

Serviceability

Aug'15

Interest rate floor applied to new and existing mortgage lending introduced at 7.25%

Apr'16

Introduction of an income adjusted living expense floor (HEM*)

Introduction of a 20% haircut for overtime and commission income

Increased income discount factor for residential rental income from 20% to 25%

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

1. 2015 to 2018 material changes to lending standards and underwriting

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

AUSTRALIA HOME LOANS

UNDERWRITING PRACTICES AND POLICY CHANGES¹

ANZ Policy changes

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

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

AUSTRALIAN HOME LOANS

STRESS TESTING THE AUSTRALIAN MORTGAGE PORTFOLIO

- ANZ conducts regular stress tests of its loan portfolios to meet risk management objectives and satisfy regulatory requirements.
- Stress tests are highly assumption-driven; results will depend on economic assumptions, on modelling assumptions, and on assumptions about actions taken in response to the economic scenario.
- This illustrative recession scenario assumes significant reductions in consumer spending and business investment, which lead to eight consecutive quarters of negative GDP growth. This results in a significant increase in unemployment and material nationwide falls in property prices.
- Portfolio losses reflect further improvements in modelling approach and changes to the economic scenario.
- Estimated portfolio losses under these stressed conditions are manageable and within the Group's capital base, with cumulative total losses at A\$3.0b over three years (net of LMI recoveries).

Assumptions	Current	Year 1	Year 2	Year 3
Unemployment rate	5.0%	6.4%	10.3%	10.6%
Cash Rate	1.5%	0.25%	0.25%	0.25%
Real GDP year ended growth	3.4%	-1.7%	-4.0%	2.5%
Cumulative reduction in house prices	-	-25.3%	-38.8%	-37.0%
Portfolio size ¹ (A\$b)	298	297	289	280

Outcomes	Base	Year 1	Year 2	Year 3
Net Losses (A\$m)	-	149	1,445	1,428
Net losses (bps)	-	5	50	51

1. Exposure at default

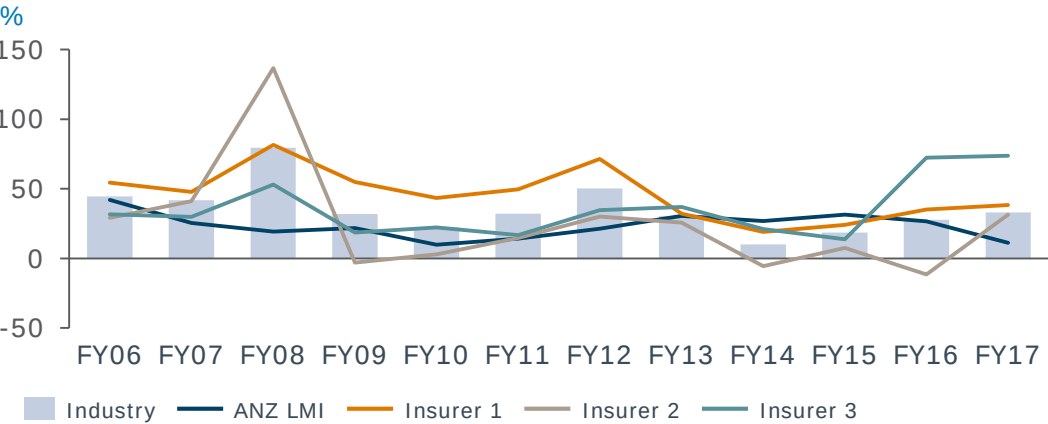
LENDERS MORTGAGE INSURANCE

ANZLMI HAS MAINTAINED STABLE LOSS RATIOS

SEPTEMBER FULL YEAR 2018 RESULTS

Gross Written Premium (\$m)	\$141.1m
Net Claims Paid (\$m)	\$17.9m
Loss Rate (of Exposure)	6.8bps

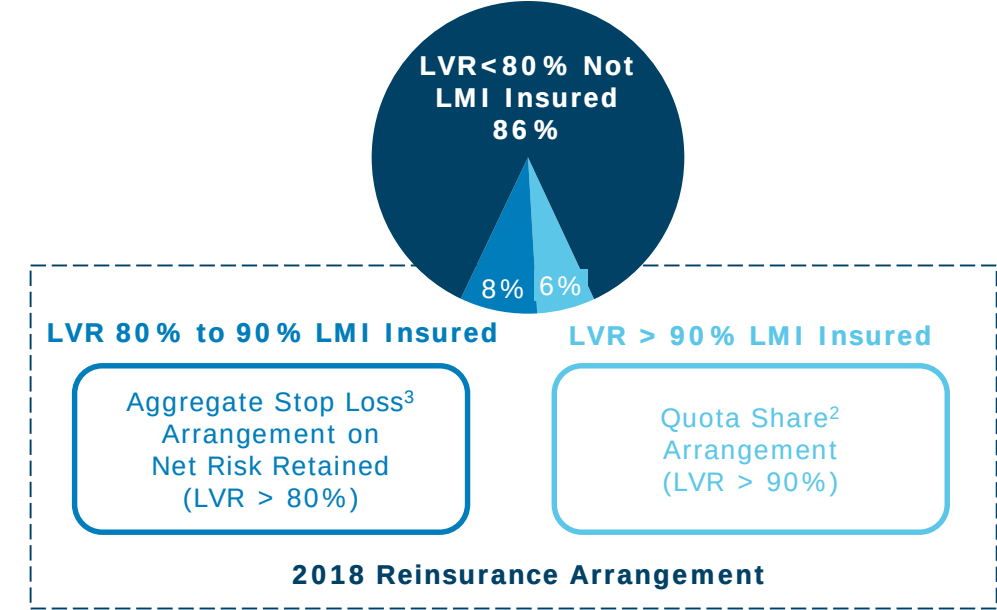
ANZLMI MAINTAINS LOW LOSS RATIOS¹



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

LMI & REINSURANCE STRUCTURE

Australian Home Loan portfolio LMI and Reinsurance Structure at 30 Sep 18
(% New Business FUM Oct-17 to Sep-18)



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

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

NEW ZEALAND HOME LOANS

PORTFOLIO OVERVIEW¹

	Portfolio		Growth
	FY17	FY18	FY18 v FY17
Number of Home Loan Accounts	520k	526k	1.1%
Total FUM	NZ\$77b	NZ\$81b	4.9%
Average Loan Size at Origination ²	NZ\$285k	NZ\$265k	-6.9%
Average Loan Size ²	NZ\$148k	NZ\$153k	3.8%
% of NZ Geography Lending	61%	62%	116bps
% Owner Occupied	73%	74%	83bps
% Investor	27%	26%	-83bps
% Paying Variable Rate Loan	21%	18%	-236bps
% Paying Fixed Rate Loan	79%	82%	236bps

	Portfolio		Growth
	FY17	FY18	FY18 v FY17
% Broker Originated	35%	36%	186bps
Average LVR at Origination ²	59%	58%	-128bps
Average Dynamic LVR ²	43%	41%	-118bps
Market Share ³	31.1%	31.0%	-15bps
% Paying Interest Only ⁴	22%	21%	-122bps
% Paying Principal & Interest	78%	79%	122bps
% Low Doc ⁵	0.44%	0.38%	-6bps
Home Loan Loss Rates	(0.01%)	0.00%	1bps

1. New Zealand Geography

2. Average data as of September 2018

3. Source: RBNZ, September 2018 share of all banks as of August 2018.

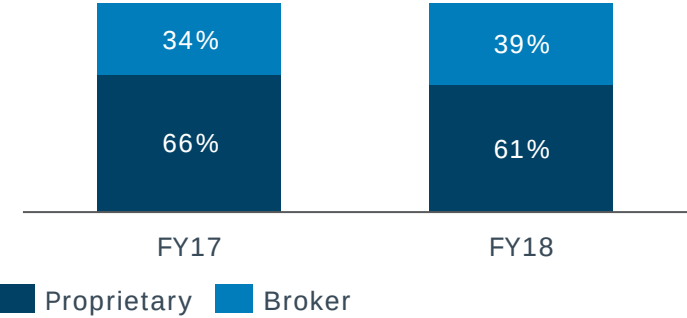
4. Excludes revolving credit facilities

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

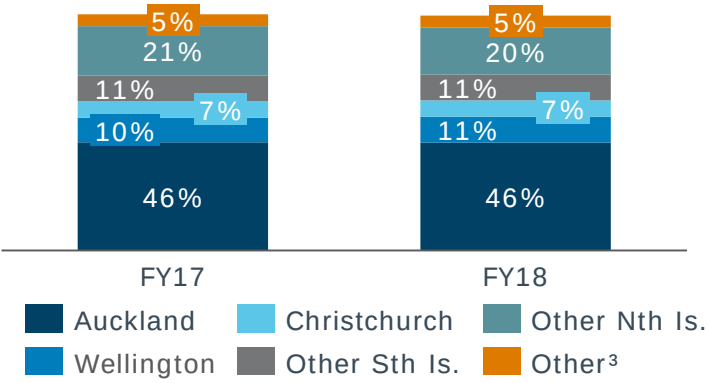
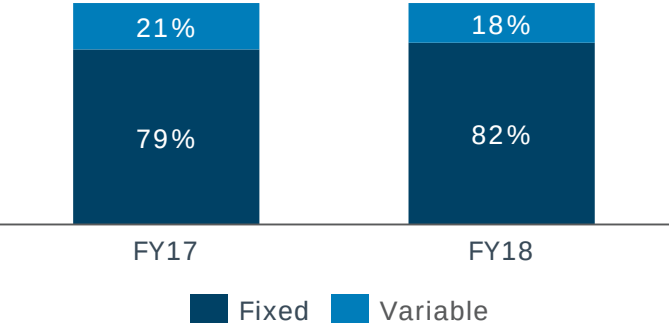
NEW ZEALAND

HOME LENDING¹

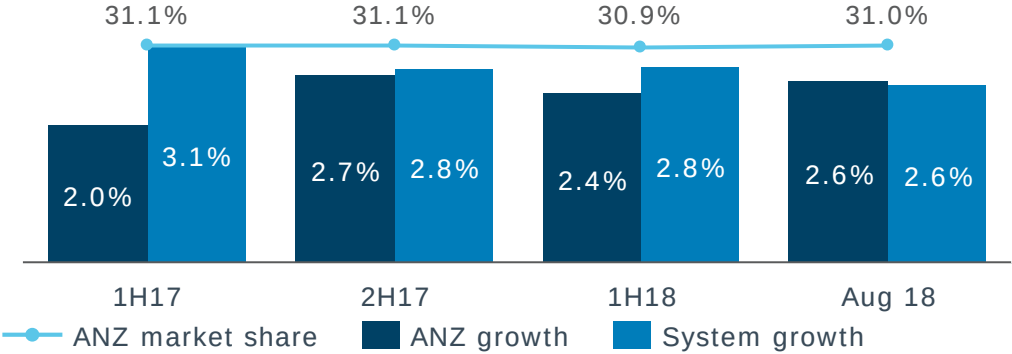
FLOW²



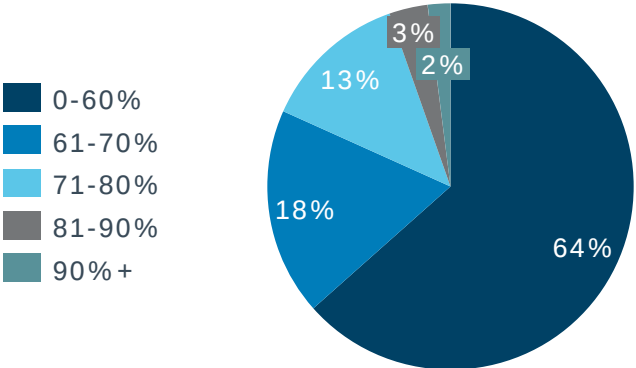
PORTFOLIO



MARKET SHARE⁴



ANZ HOME LOAN LVR PROFILE⁵



1. New Zealand Geography
2. FY18 11 months August 2018
3. Other includes loans booked centrally (Business Direct, Contact Centre, Lending Services, Property Finance)
4. Source: RBNZ, changes in RBNZ data reporting from February 2017 onwards has resulted in a step change in data vs prior periods
5. Dynamic basis, as of September 2018



2018 FULL YEAR RESULTS

ECONOMICS

AUSTRALIA & NEW ZEALAND BANKING GROUP LIMITED

ECONOMICS

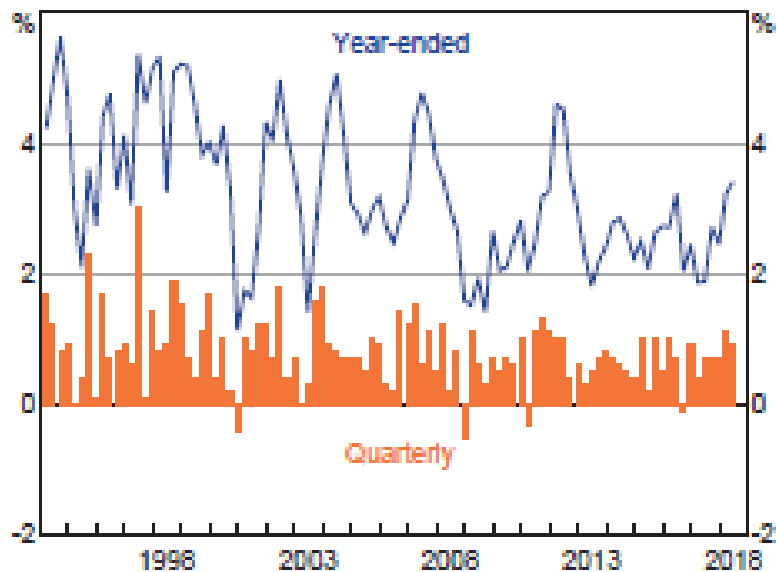
AUSTRALIA FORECAST TABLE¹

	2015	2016	2017	2018	2019	2020F
Australia – annual % growth GDP	2.5	2.6	2.2	3.2	3.0	2.8
Domestic final demand	1.2	1.9	3.0	3.3	2.4	2.2
Headline CPI	1.5	1.3	1.9	1.9	2.0	2.3
Core CPI	2.2	1.5	1.9	1.9	2.0	2.2
Employment	2.8	0.9	3.3	1.9	1.8	1.6
Wages	2.2	2.0	2.0	2.2	2.5	2.8
Unemployment (ann. avg)	5.8	5.7	5.5	5.2	5.0	4.8
Current Account (% of GDP)	-4.7	-3.3	-2.7	-2.7	-3.1	-3.6
Terms of Trade	-11.5	0.1	11.6	1.9	-2.9	-2.6
RBA cash rate (% year end)	2.00	1.50	1.50	1.50	2.00	2.00
3yr bond yield (% year end)	2.2	1.83	1.75	2.06	2.12	2.25
10 year bond yield (% year end)	2.91	2.56	2.43	2.69	2.71	2.78
AUD/USD (year-end value)	0.75	0.74	0.77	0.74	0.70	0.70

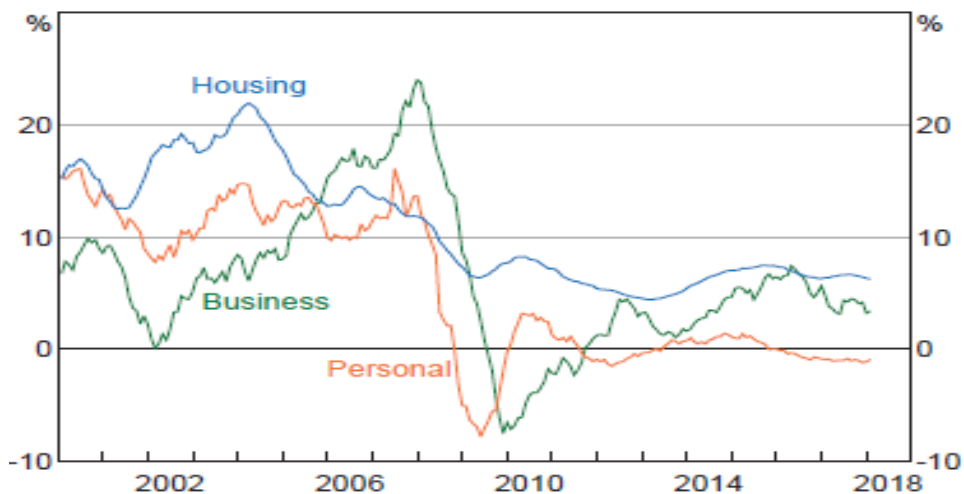
1. based on December year end

AUSTRALIAN ECONOMY

GDP GROWTH¹

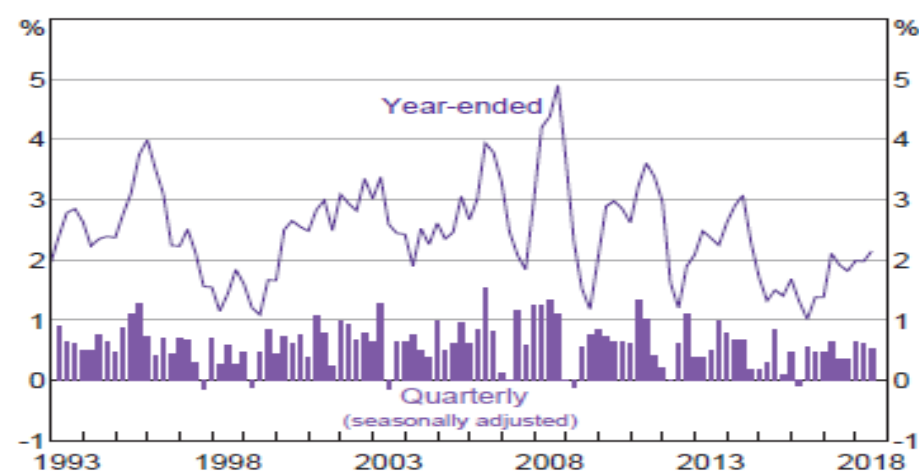


CREDIT GROWTH BY SECTOR¹ (year ended)



Sources: ABS; APRA; RBA

CONSUMER PRICE INFLATION *1

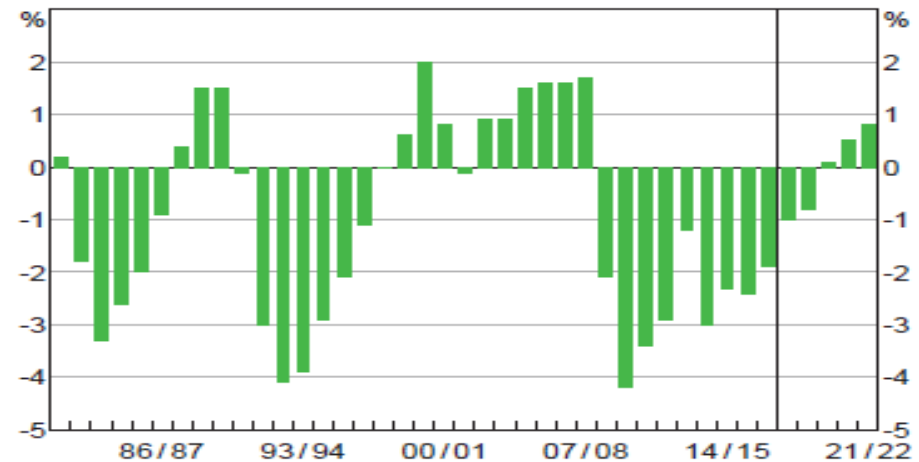


* Excluding interest charges prior to the September quarter 1998 and adjusted for the tax changes of 1999-2000

Sources: ABS; RBA

AUSTRALIAN GOVERNMENT BUDGET BALANCE *1

Per cent of nominal GDP

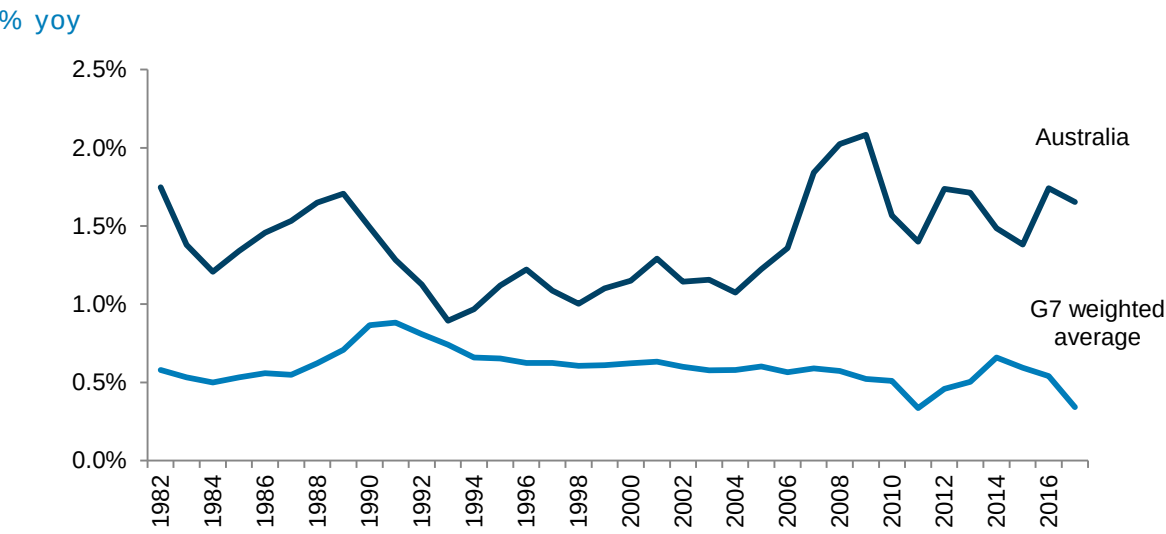


* Underlying cash balance; 2018/19 Budget

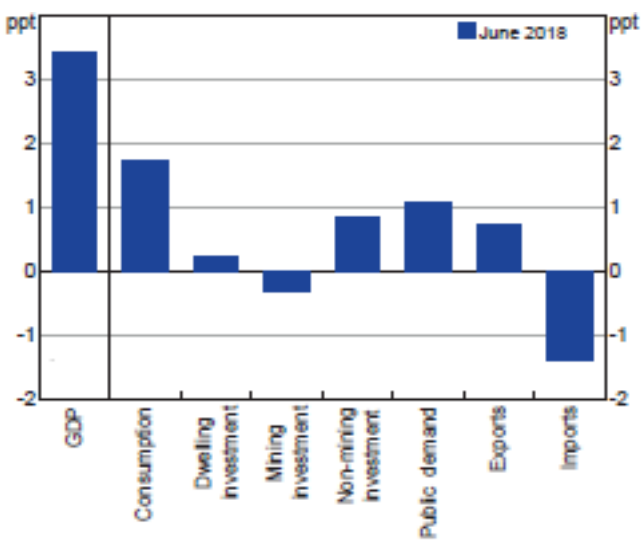
Source: Australian Treasury

AUSTRALIAN ECONOMY AND POPULATION

POPULATION GROWTH¹ – AUSTRALIA AND G7

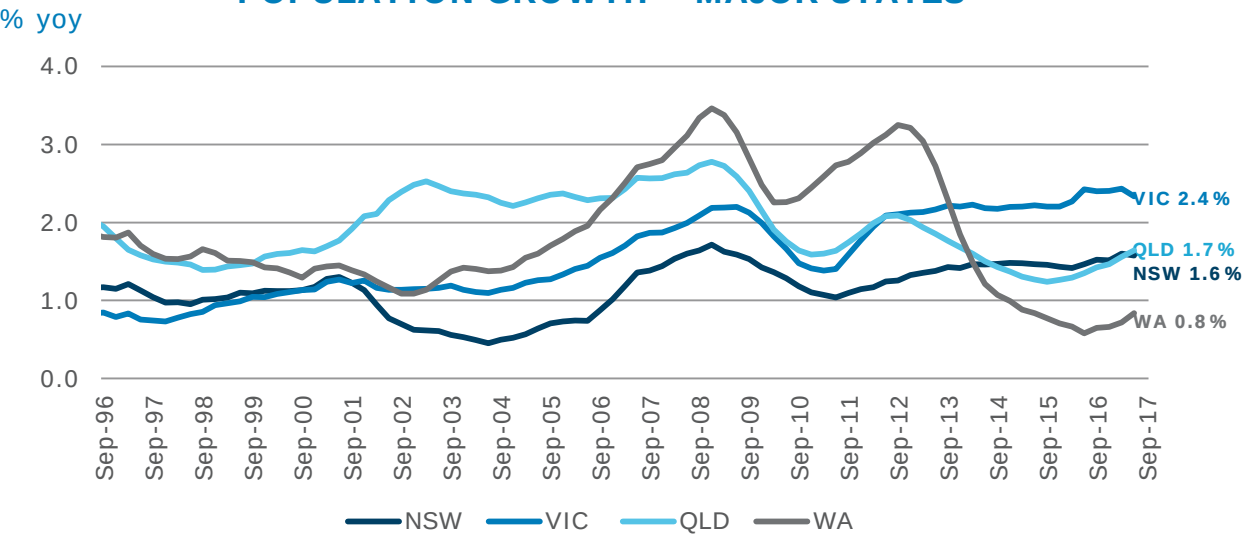


CONTRIBUTION TO GDP GROWTH²

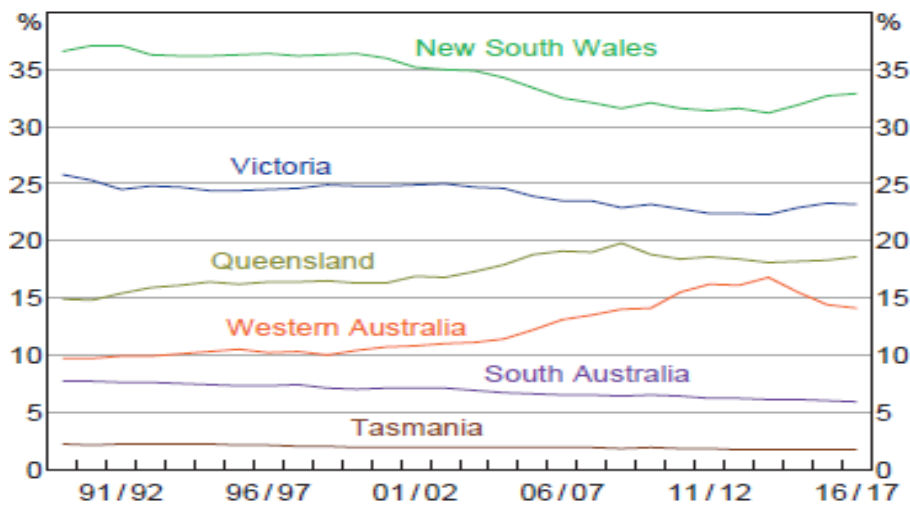


Sources: ABS, RBA

POPULATION GROWTH – MAJOR STATES³



STATE SHARE OF OUTPUT²

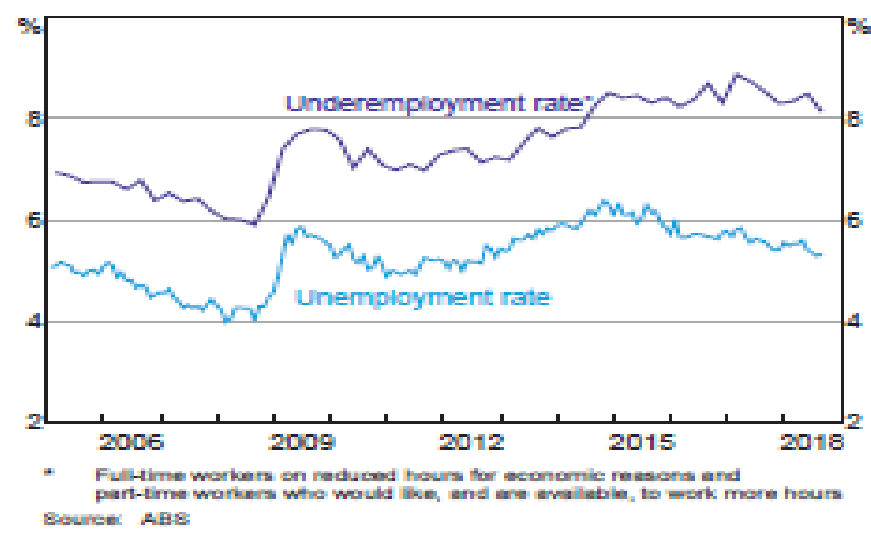


Source: ABS

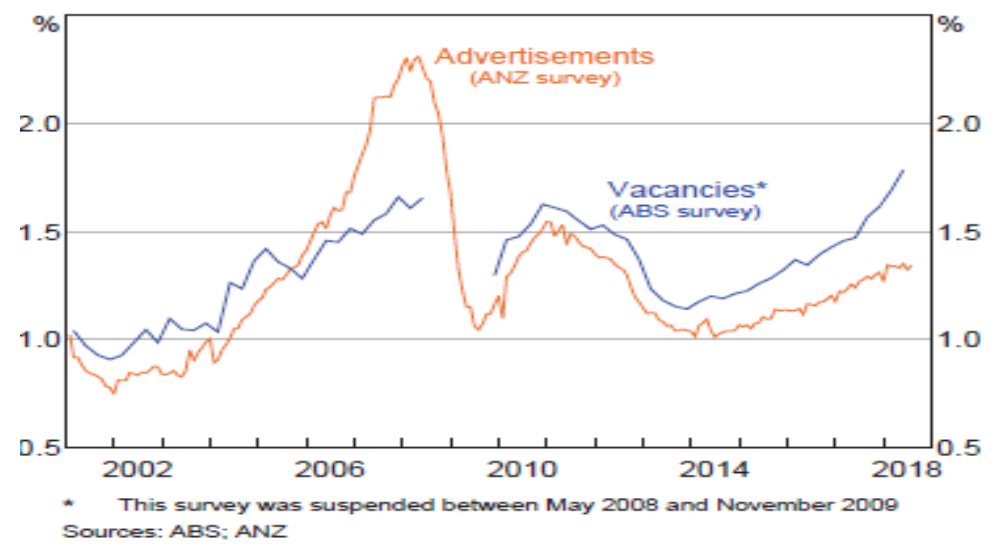
Sources: 1. ABS, IMF. 2. Chart Pack Oct 2018, ABS. 3. ABS

AUSTRALIAN LABOUR MARKET

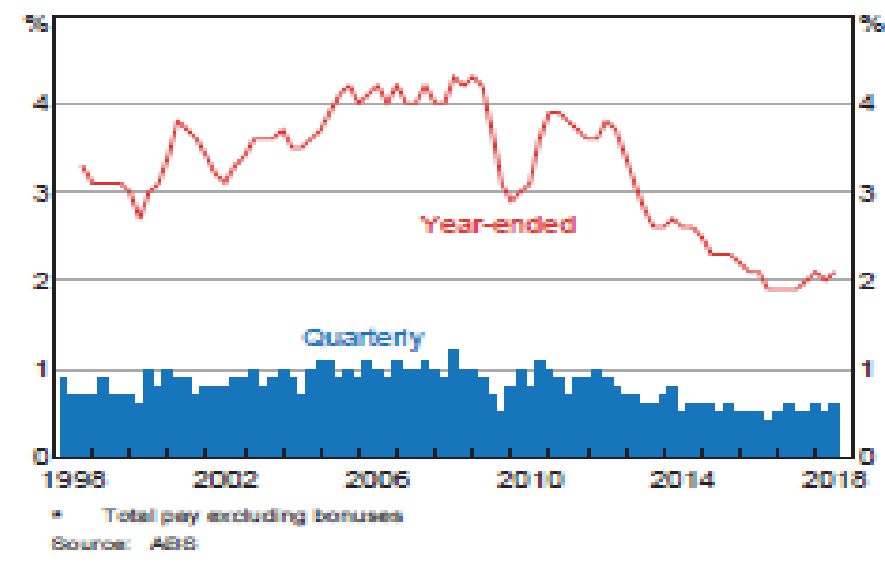
UNEMPLOYMENT AND UNDEREMPLOYMENT¹



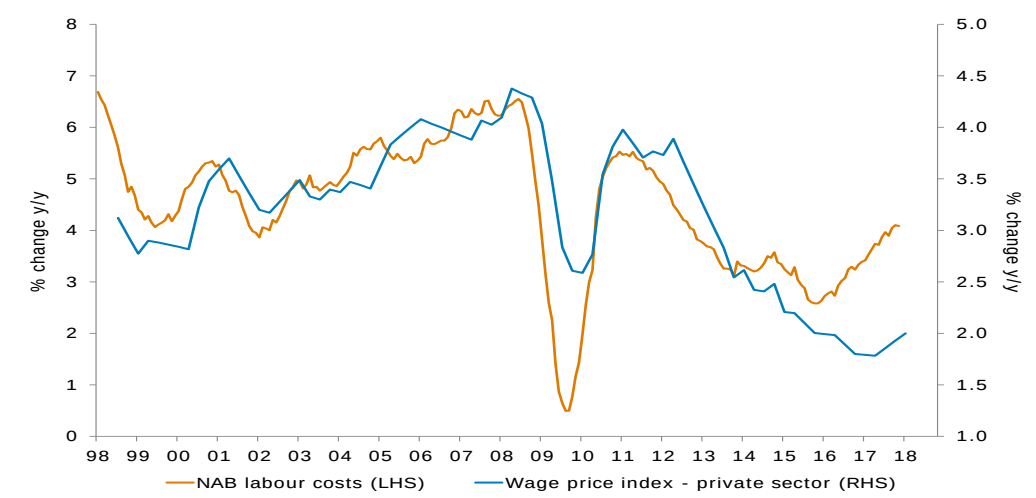
JOB VACANCIES AND ADVERTISEMENTS



WAGE PRICE INDEX GROWTH¹



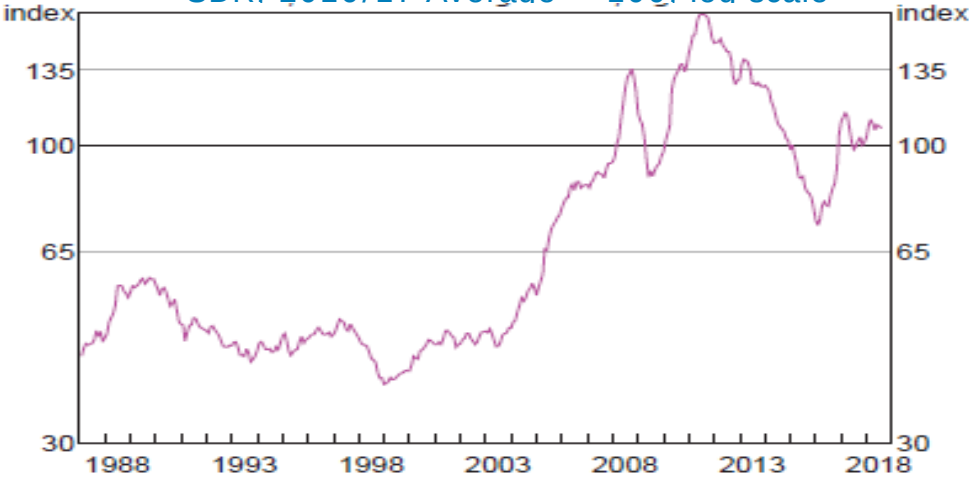
LABOUR COSTS AND INFLATION³



COMMODITY PRICES¹

RBA INDEX OF COMMODITY PRICES

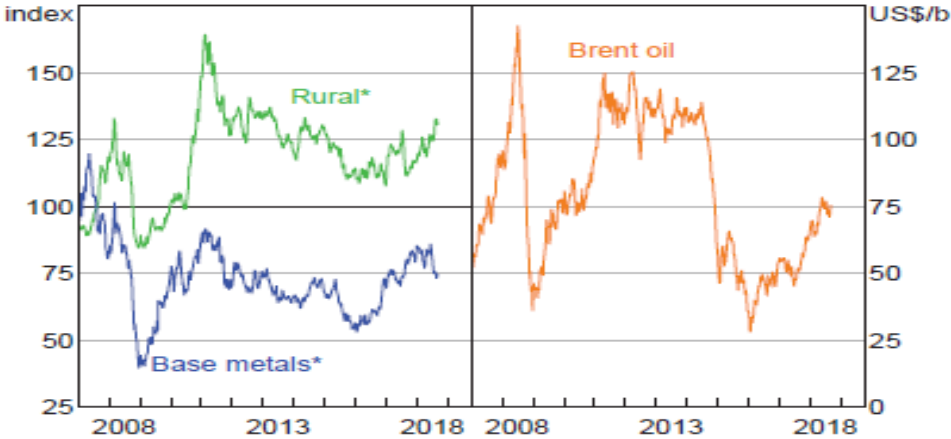
SDR, 2016/17 Average = 100, log scale



Source: RBA

BASE METALS, RURAL, AND OIL PRICES

Weekly

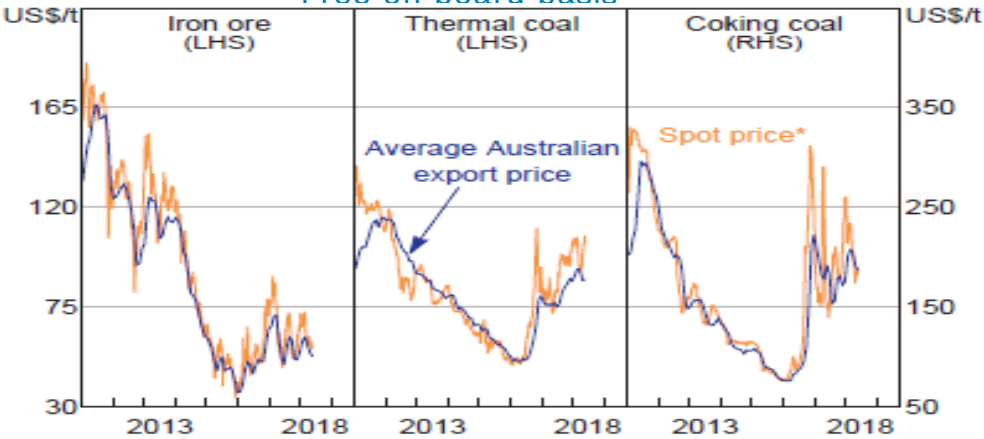


* RBA Index of Commodity Prices sub-indices; SDR terms; 2007 average = 100

Sources: Bloomberg; RBA

BULK COMMODITY PRICES

Free on board basis

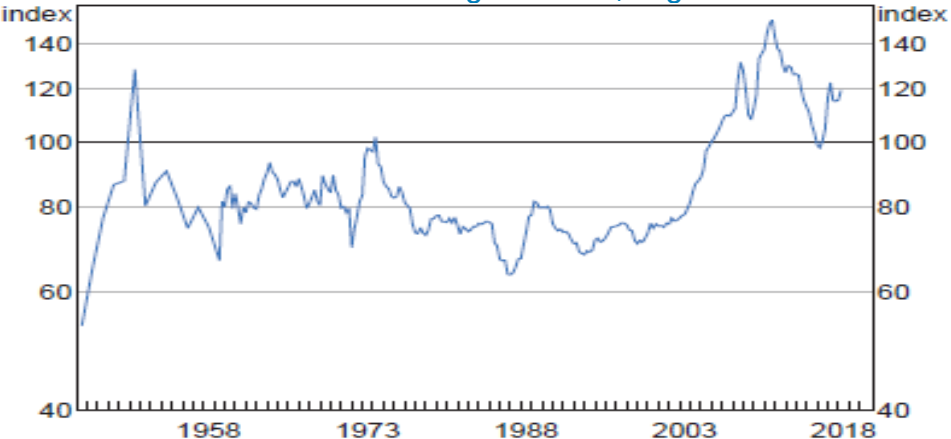


* Iron ore fines; Newcastle thermal coal and premium hard coking coal

Sources: ABS; Bloomberg; IHS; RBA

TERMS OF TRADE*

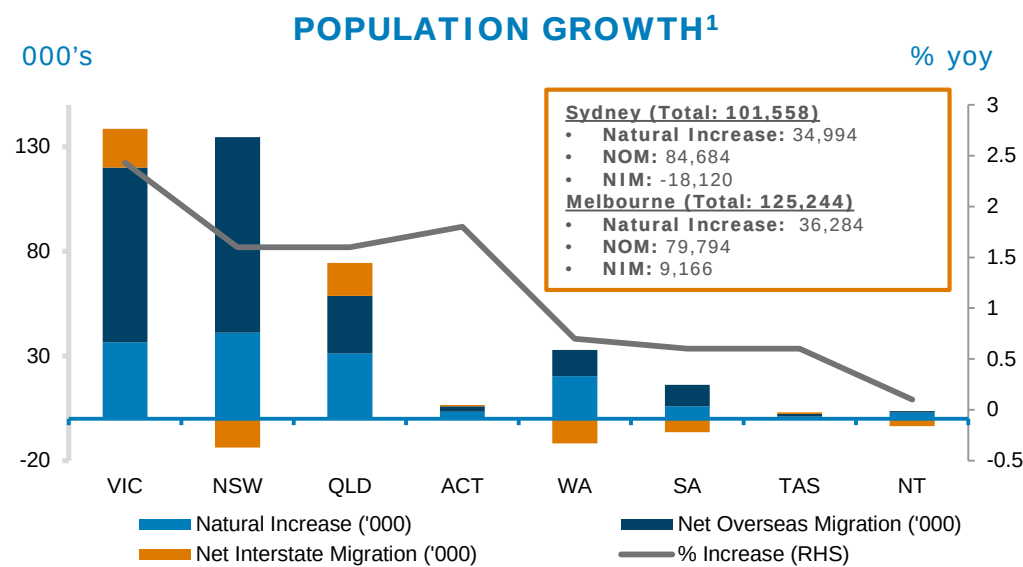
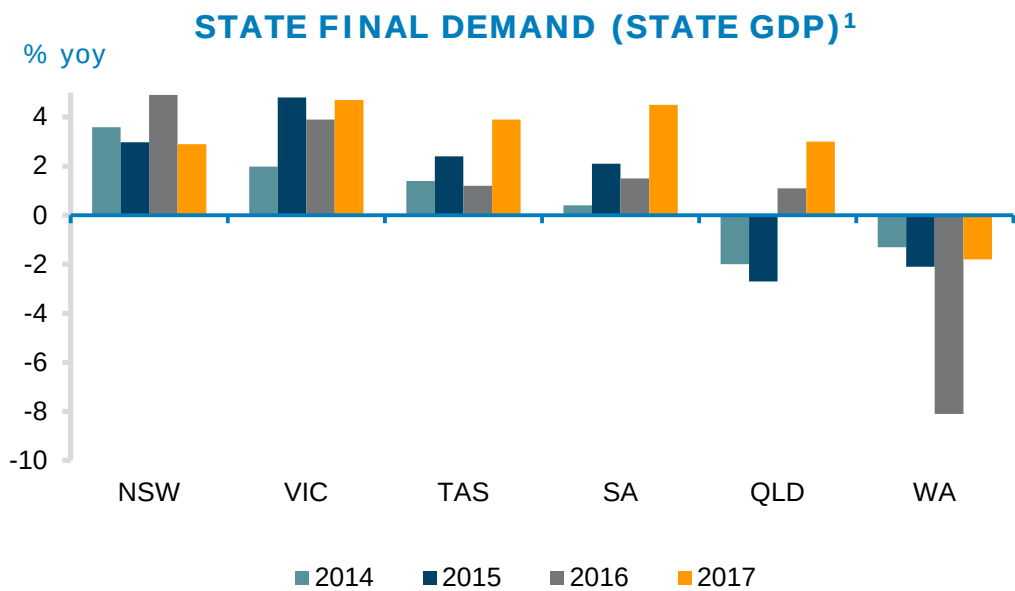
2015/16 average = 100, log scale



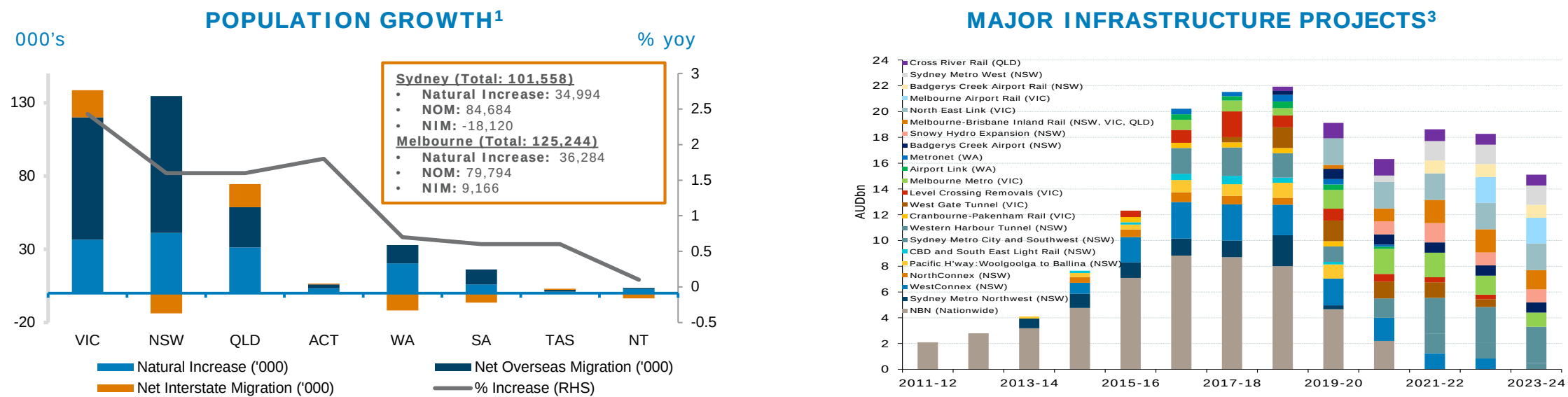
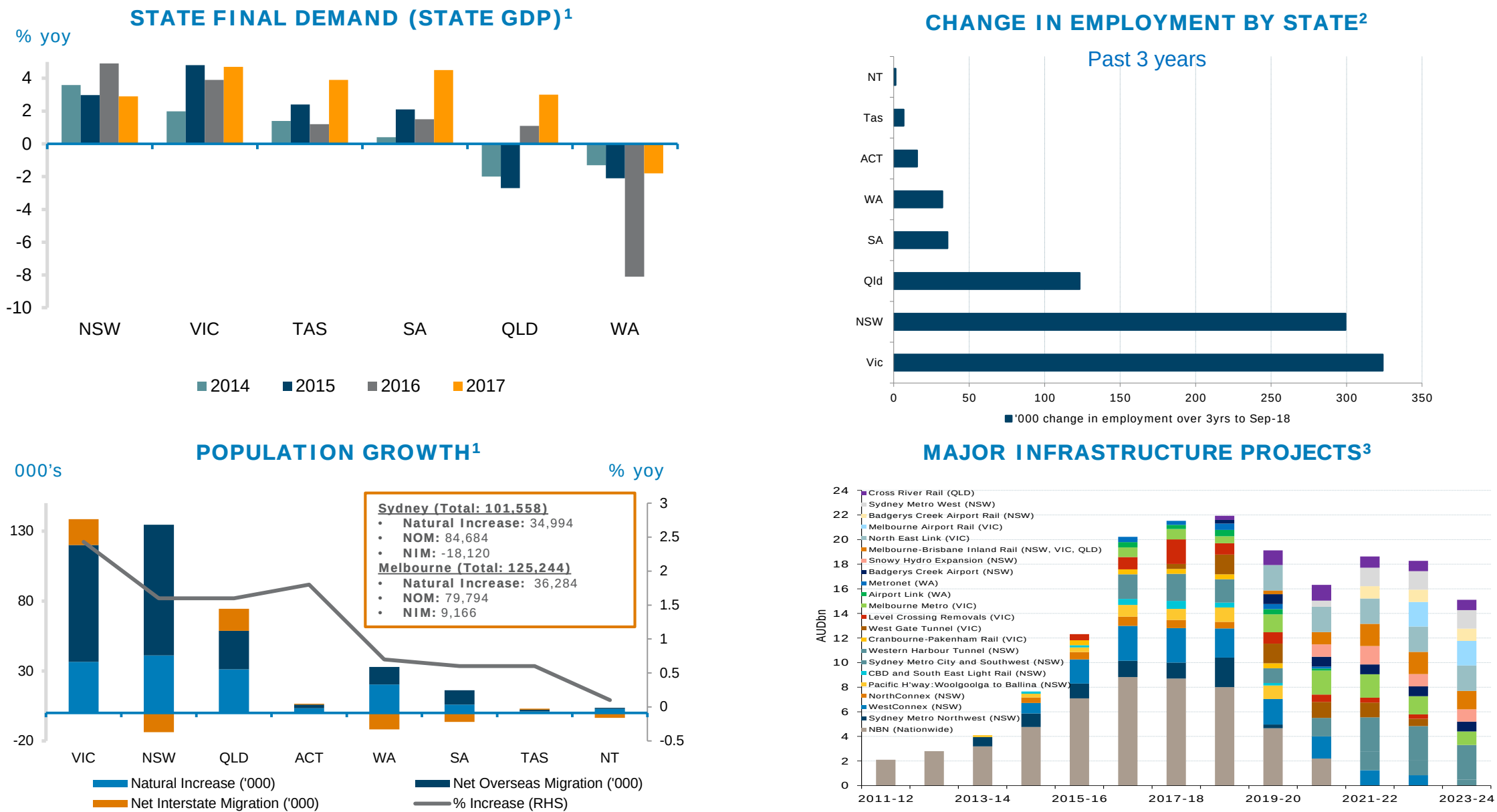
* Annual data are used prior to 1960

Sources: ABS; RBA

AUSTRALIAN ECONOMY – STATE BY STATE



Sources: 1. ABS 2. RBA Chart Pack Aug 2018. 3. ANZ Research

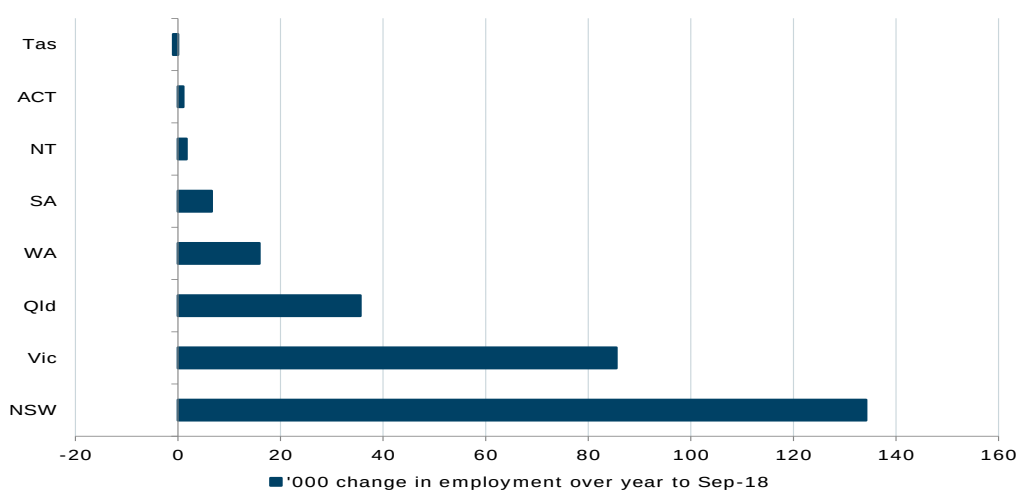


AUSTRALIAN ECONOMY – WA AND QLD

WA AND QLD GDP HAS IMPROVED¹



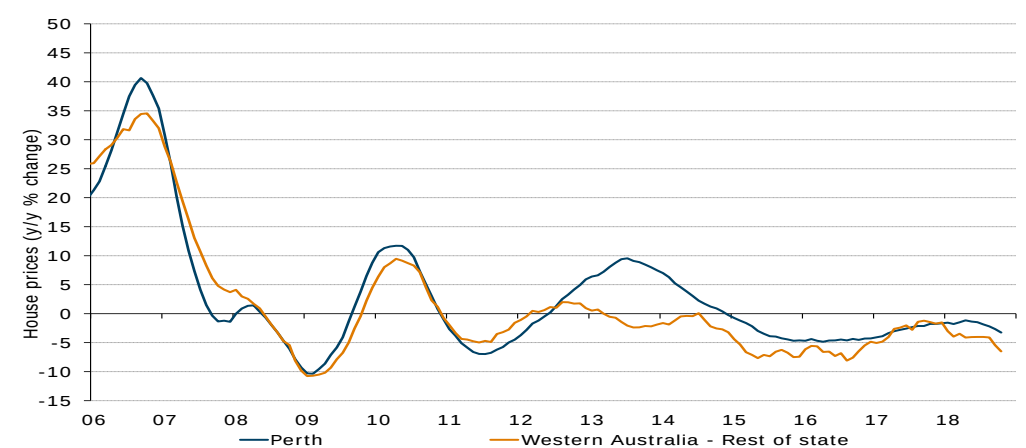
6 MONTHS OF JOB GROWTH IN WA AND QLD¹



WA EMPLOYMENT¹



WA HOUSE PRICES¹

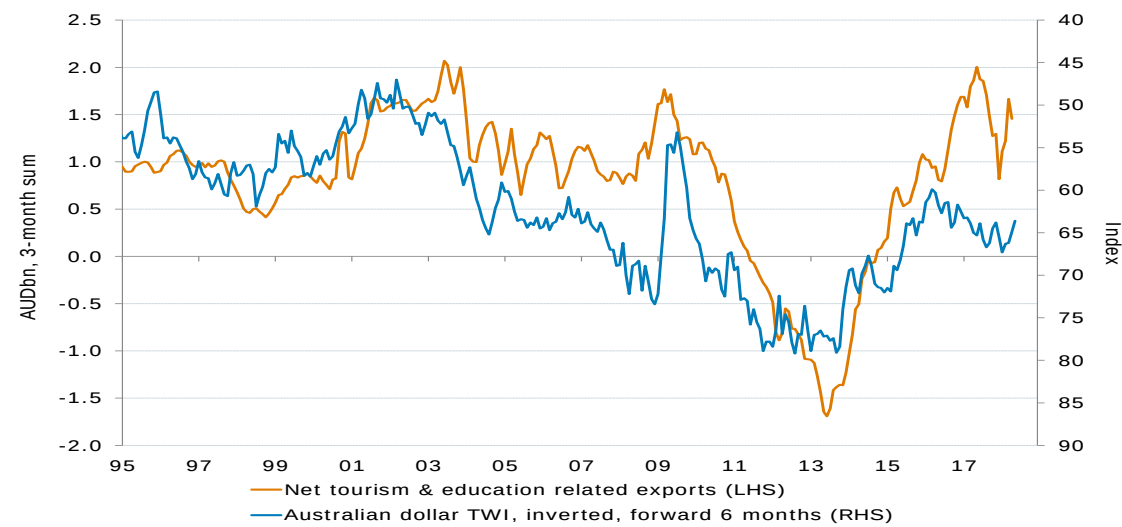


1. ANZ Research

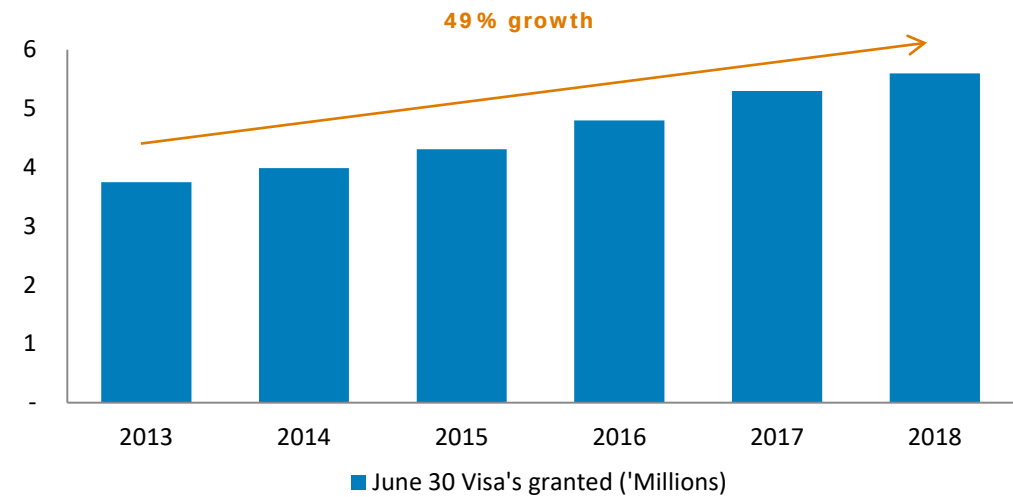
* Seasonally adjusted by ANZ Research

AUSTRALIAN ECONOMY – SERVICE EXPORTS

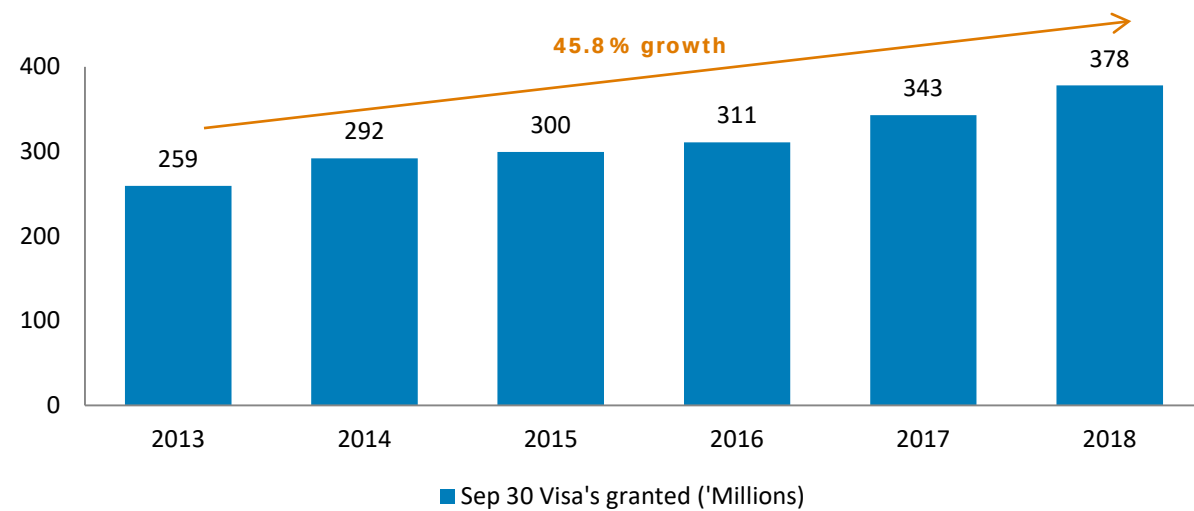
SERVICE EXPORTS AND AUD¹



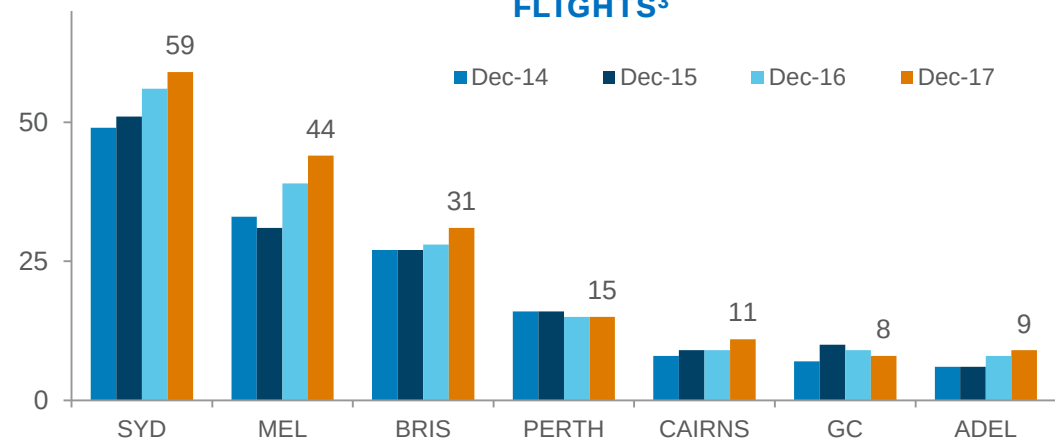
INTERNATIONAL TOURIST VISA'S GRANTED²



INTERNATIONAL STUDENT VISAS²



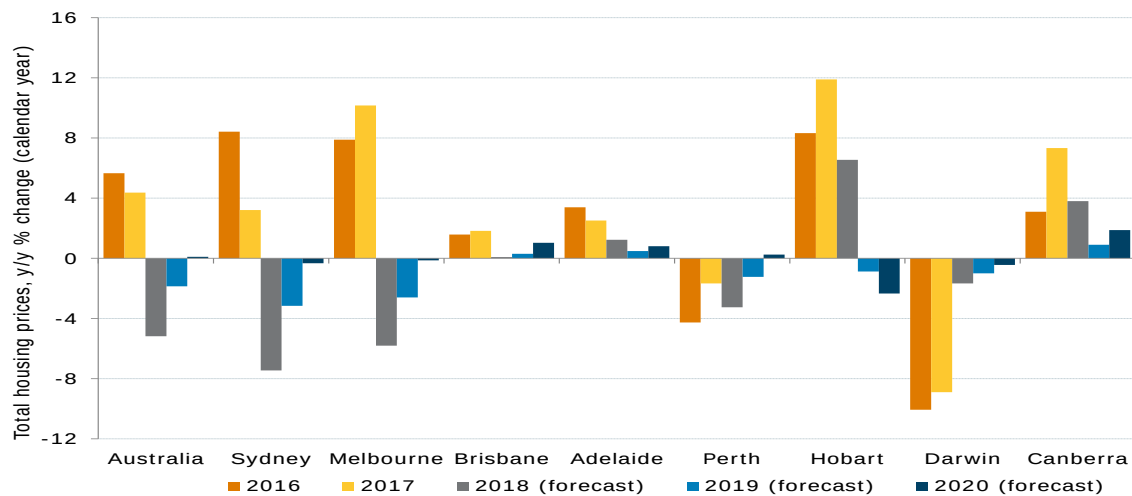
NUMBER OF INTERNATIONAL CITIES WITH CONNECTING FLIGHTS³



Sources: 1. ABS, ANZ Research. 2. Department of Immigration and Border Protection. 3. Department of Infrastructure and Development International Airline Activity Time Series

AUSTRALIAN HOUSING DYNAMICS: A COOLING MARKET

HOUSING PRICE FORECASTS BY STATE

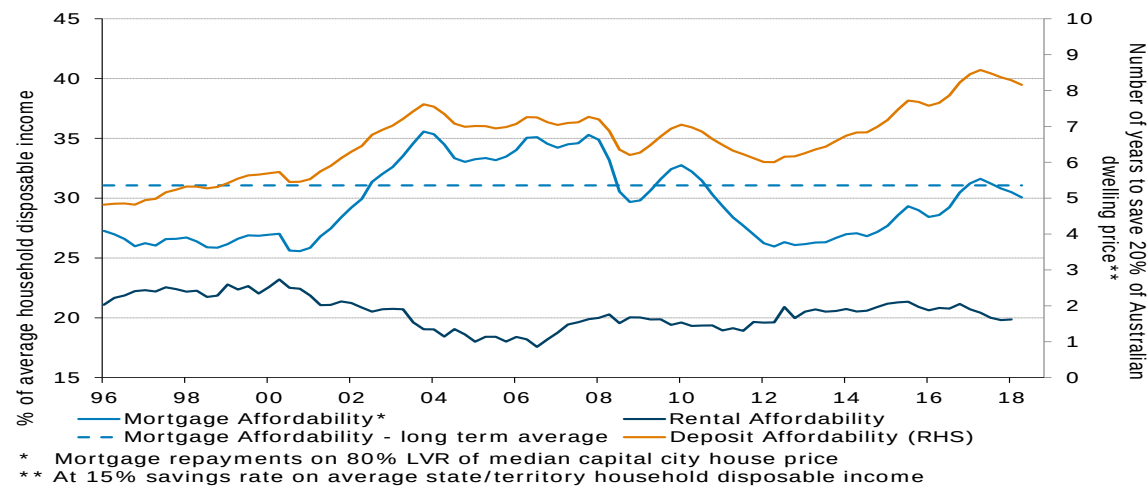


* Capital city weighted average

HOUSE PRICE GROWTH¹

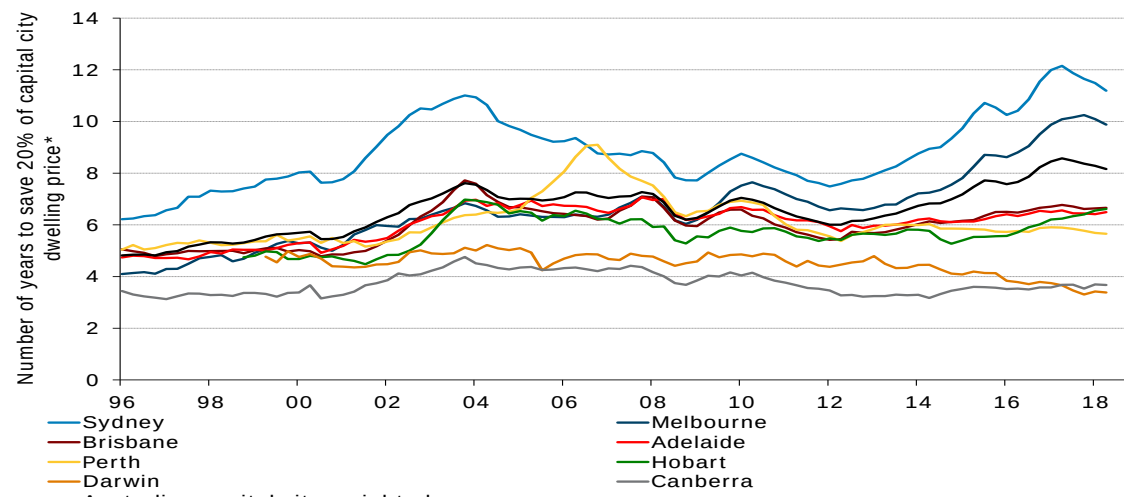
Sep 2018	yoy %			5 yr Cumulative 2012-2017			5 yr Cumulative Sep 13-Sep 18		
	All dwellings	Houses	Units	All dwellings	Houses	Units	All dwellings	Houses	Units
Sydney	-7.1	-8.3	-4.6	69.7	76.4	55.7	43.4	46.8	35.9
Melbourne	-3.4	-4.7	-0.4	56.2	70.9	29.5	40.6	50.9	21.5
Brisbane	0.8	1.3	-1.5	17.9	22.2	1.5	15.4	19.7	-1.4
Adelaide	1.5	1.6	1.2	16.9	17.4	14.4	16.8	17.9	11.0
Perth	-2.7	-2.2	-4.8	-1.2	0.5	-8.0	-11.7	-9.7	-19.6
Darwin	-2.8	3.3	-13.0	-16.8	-13.9	-20.5	-22.3	-14.1	-34.2
Canberra	5.1	6.1	1.5	16.4	21.3	1.0	21.8	27.6	3.5
Hobart	10.2	10.1	10.5	25.4	26.1	22.9	36.0	35.9	37.0

OVERALL AFFORDABILITY²



* Mortgage repayments on 80% LVR of median capital city house price
** At 15% savings rate on average state/territory household disposable income

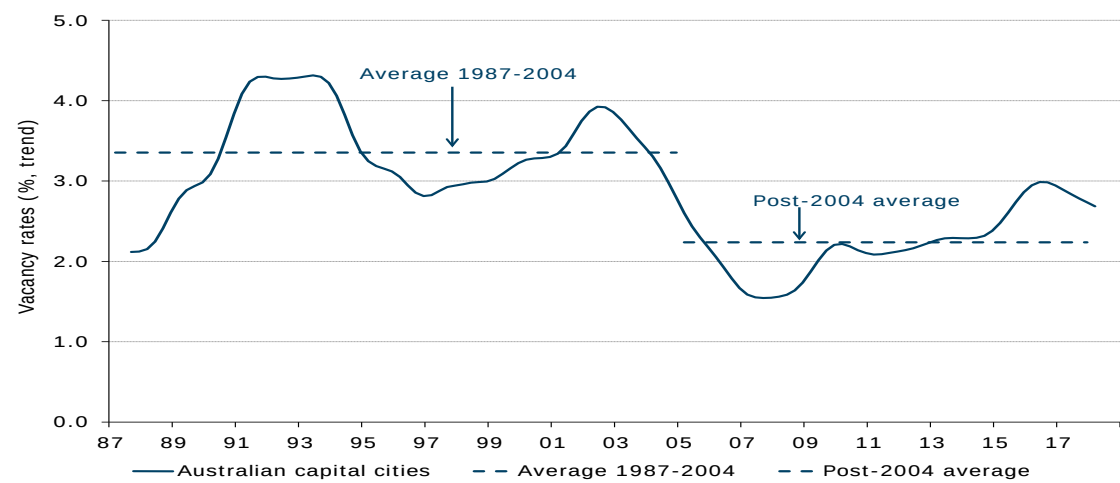
DEPOSIT AFFORDABILITY²



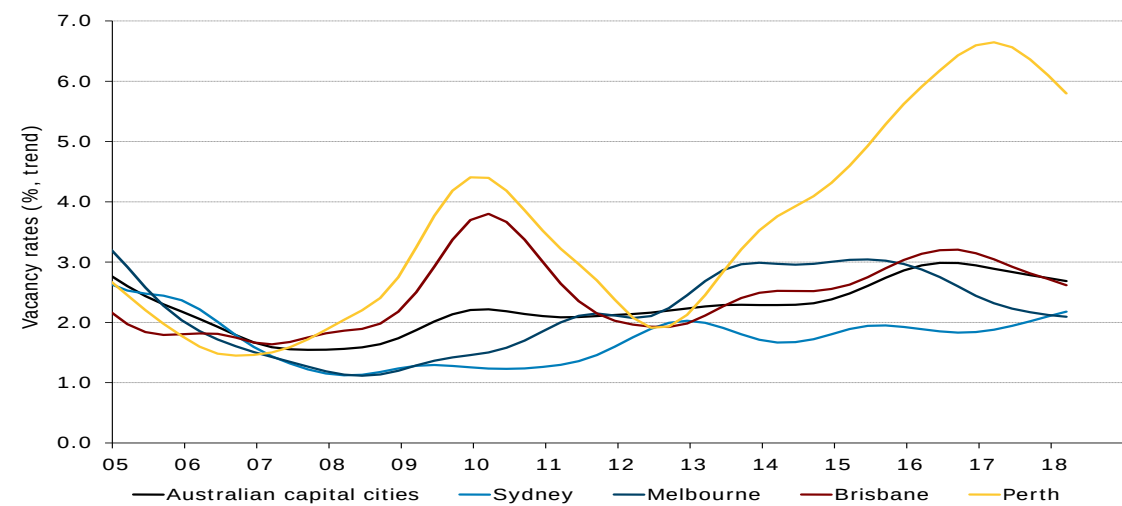
* At 15% savings rate on average state/territory household disposable income

RENTAL VACANCY RATES REMAIN LOW

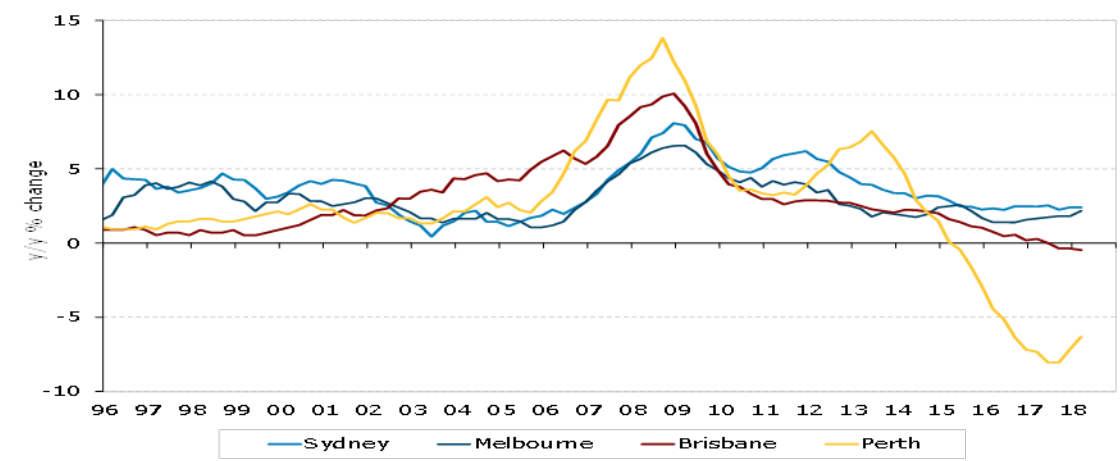
VACANCY RATES



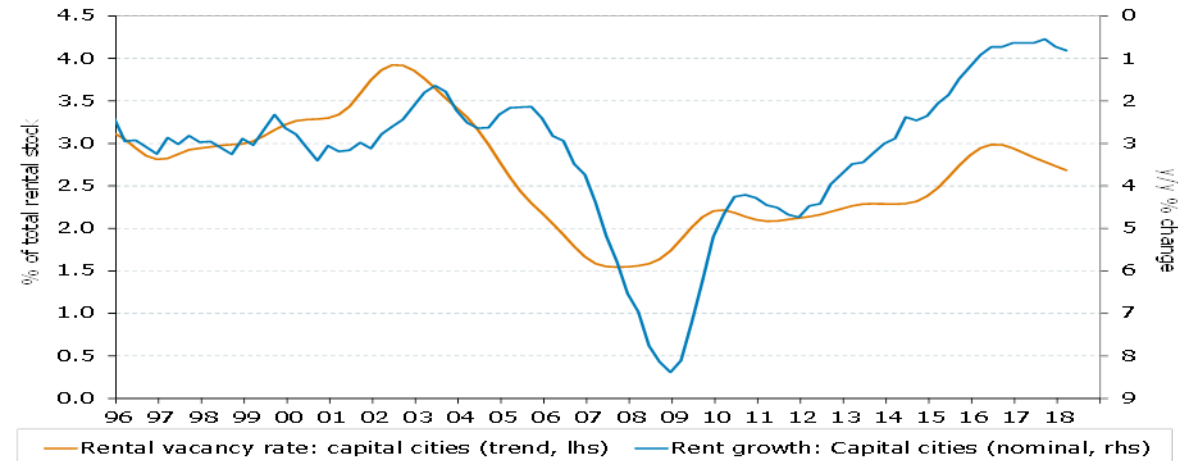
VACANCY RATES BY STATE



RENTS



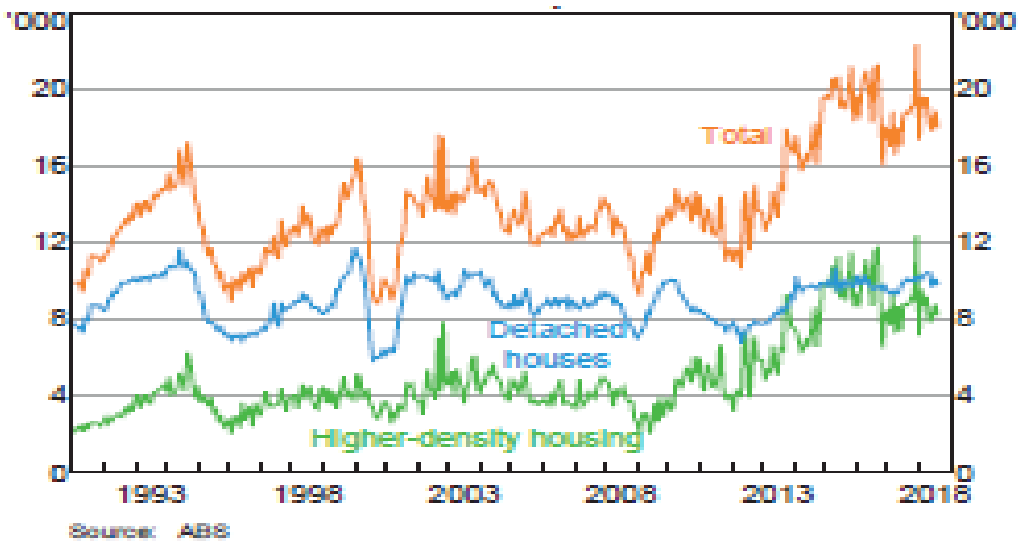
RENTS & VACANCY RATES



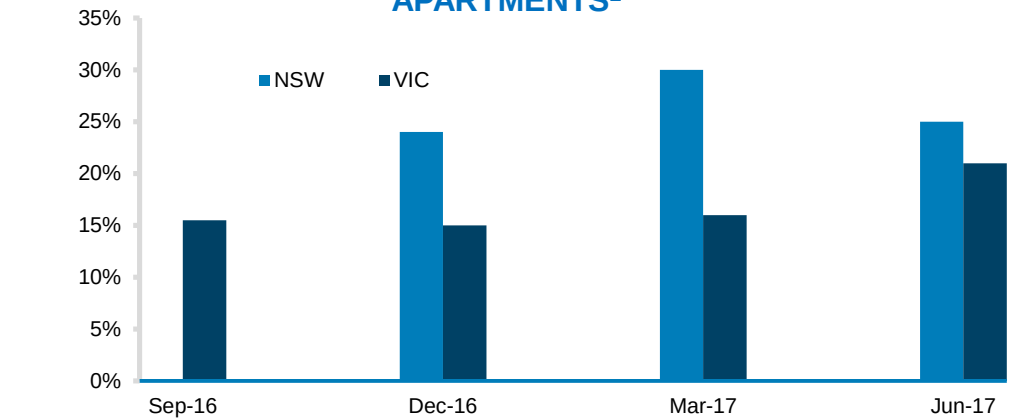
Sources: 1. CoreLogic RP Data values as at 30 July 2017. 2. Residex, RBA, ANZ Research

AUSTRALIAN HOUSING DYNAMICS

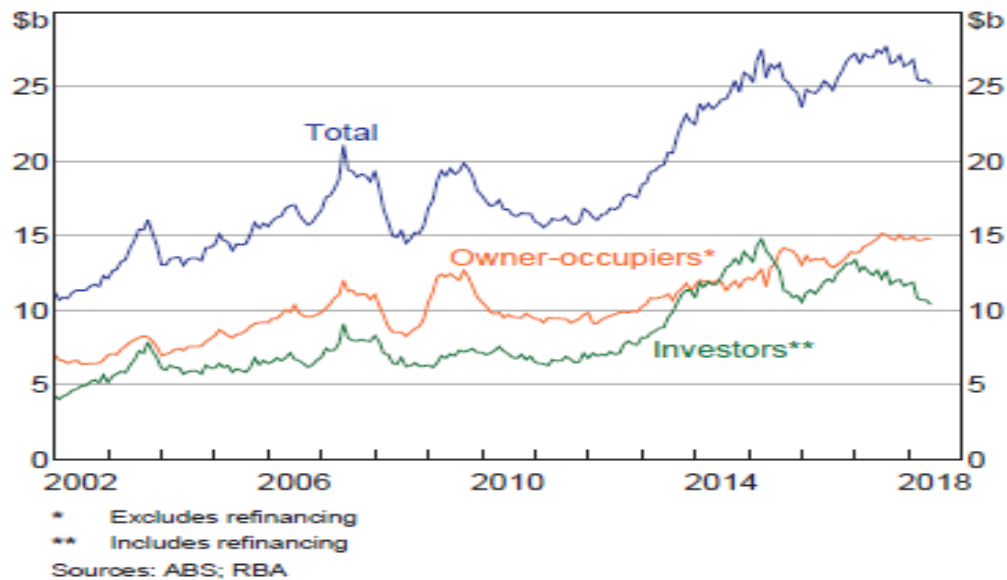
PRIVATE RESIDENTIAL BUILDING APPROVALS¹



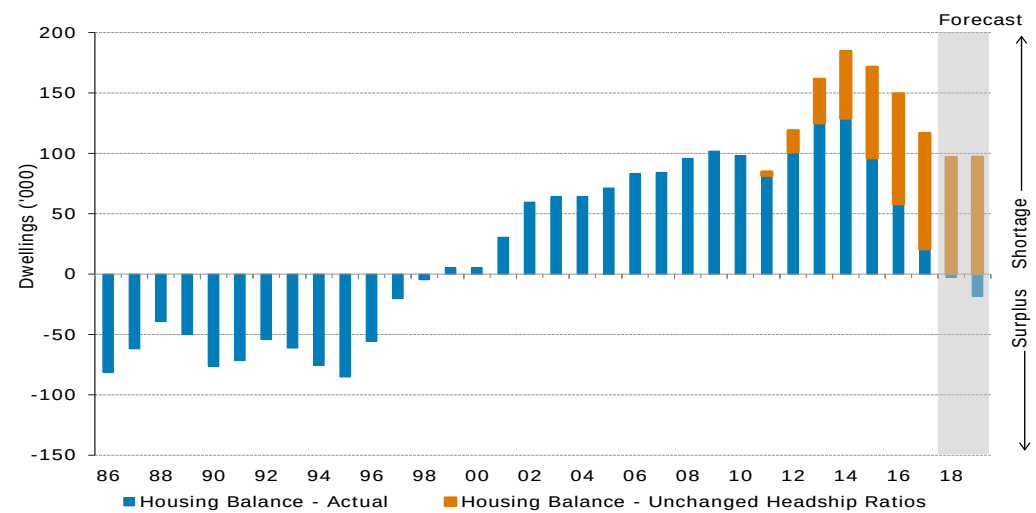
FOREIGN PURCHASES OF NEWLY CONSTRUCTED RESIDENTIAL APARTMENTS²



HOUSING LOAN APPROVALS¹



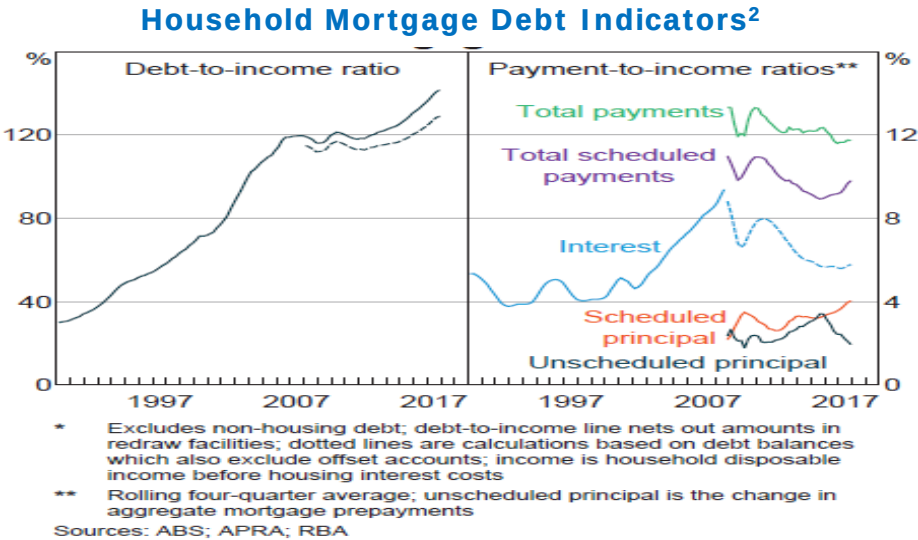
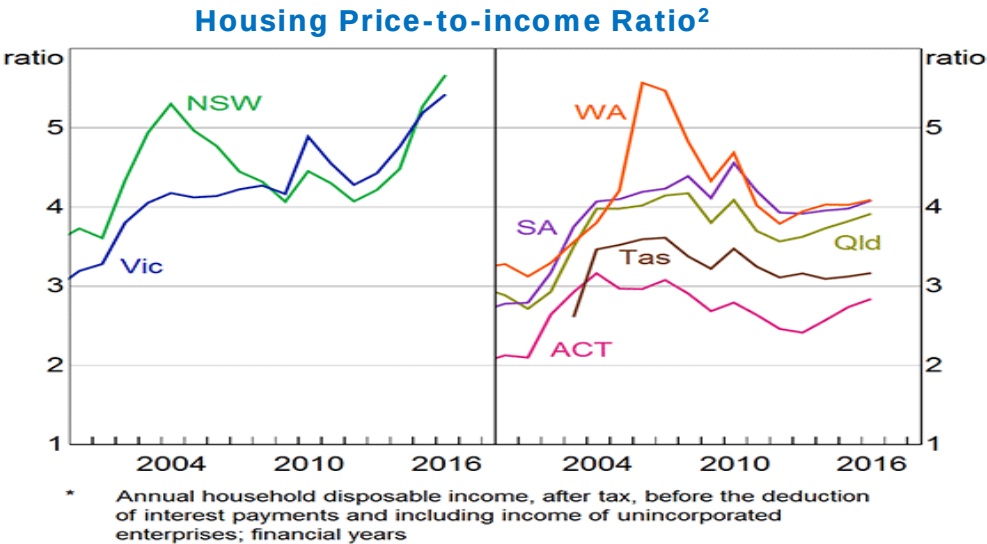
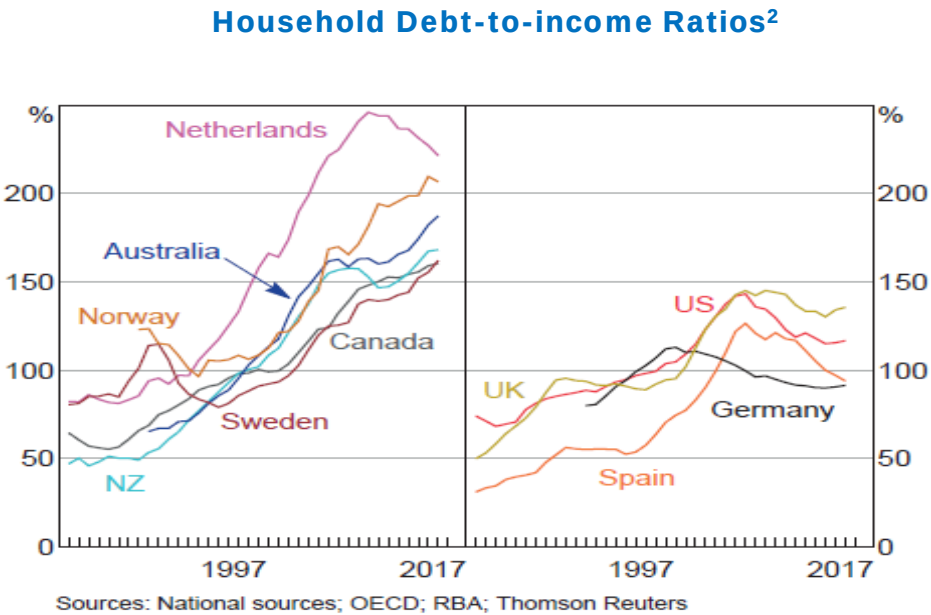
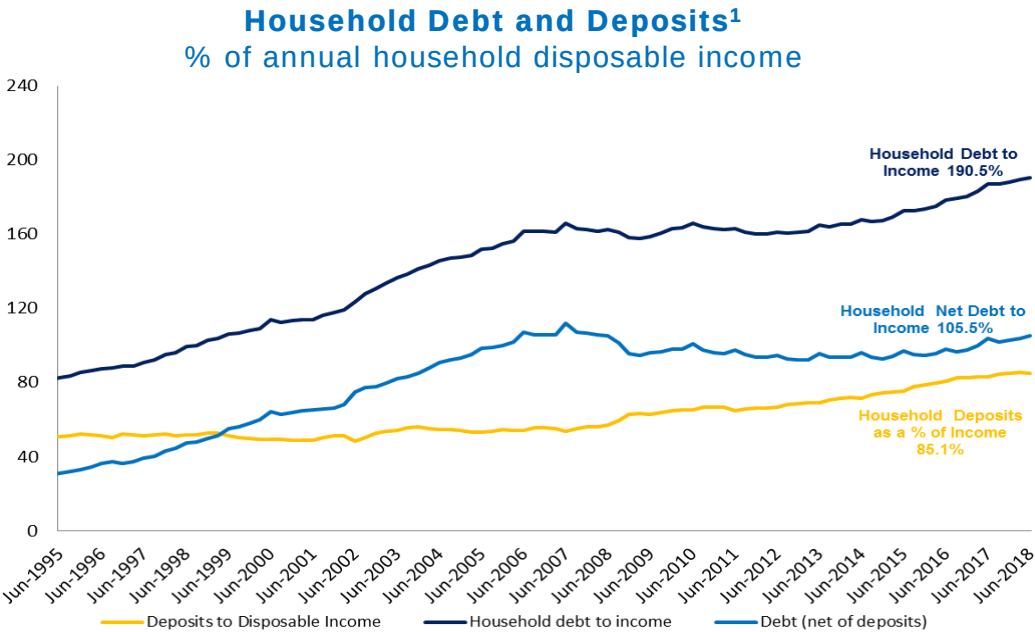
HOUSING BALANCE³



Sources: 1. RBA Chart Pack Aug 2018, ABS 2. Credit Suisse Research, based on state revenue stamp duty data. 3. ANZ Research

AUSTRALIAN HOUSING

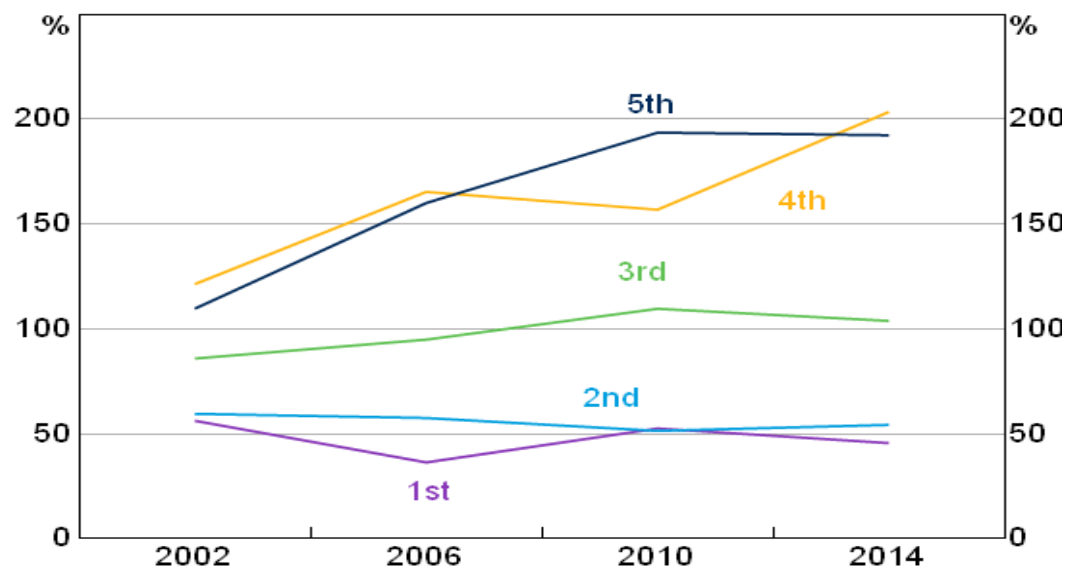
HOUSEHOLD DEBT AND INCOME



AUSTRALIAN HOUSING

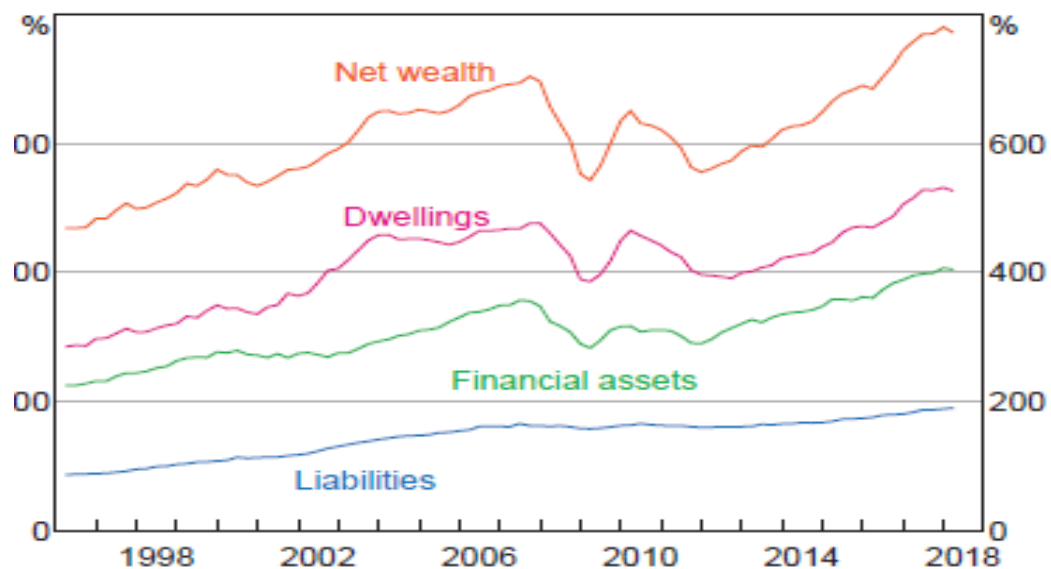
HOUSEHOLD DEBT AND INCOME

Household Debt-to-income¹
Income quintile, median*



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

Household Wealth and Liabilities²
% of annual household disposable income



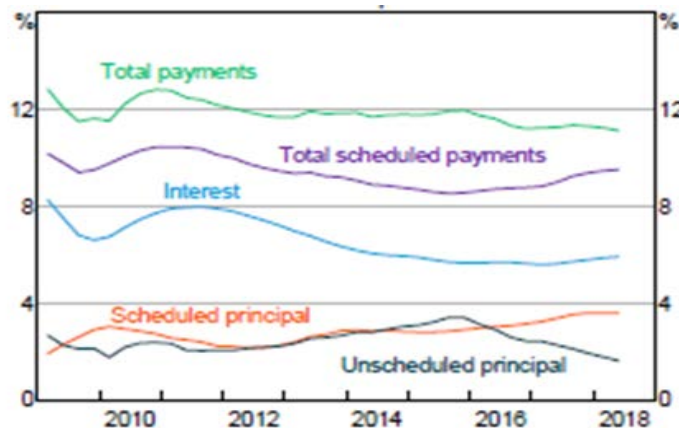
* Household disposable income is after tax, before the deduction of interest payments, and includes income of unincorporated enterprises
Sources: ABS; RBA

AUSTRALIAN HOUSING

INTEREST ONLY LENDING

Components of Household Mortgage Payments¹

Share of household disposable income*

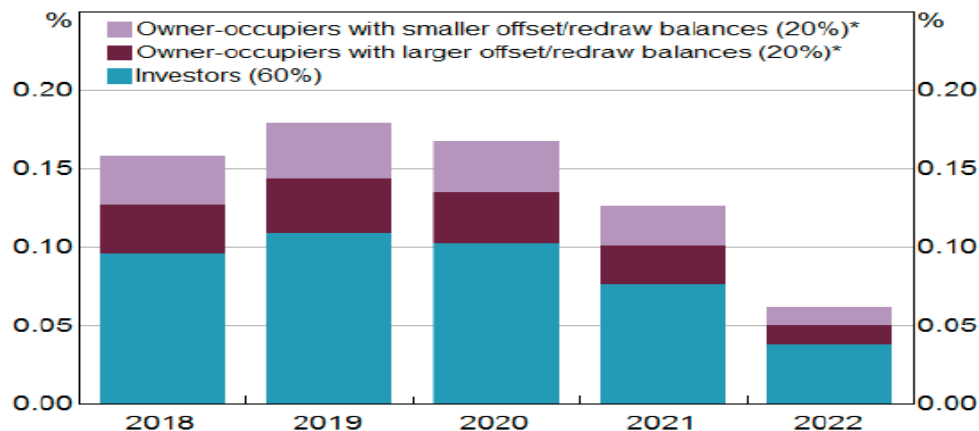


* Rolling four-quarter average; income is before housing interest costs; unscheduled principal is measured as the change in the stock of accumulated redraw and offset accounts

Sources: ABS; APRA; RBA

Additional Mortgage Payments¹

Share of household disposable income



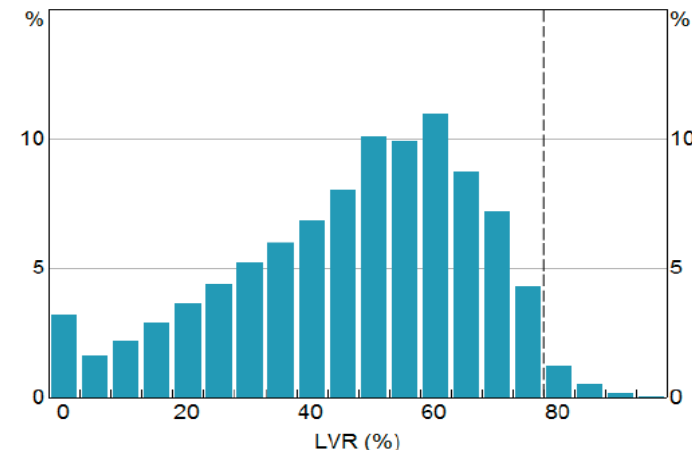
* 'Smaller' balances defined as less than 6 months' scheduled payments as buffer; 'larger' as above 6 months' buffer

Sources: RBA; Securitisation System

Sources: 1. RBA. Financial Stability Review, Oct 2018 2. RBA Household Debt, Housing Prices and Resilience, May 2017.

Indexed Loan-to-Valuation Ratio¹

Share of outstanding interest only securitised mortgages; Dec

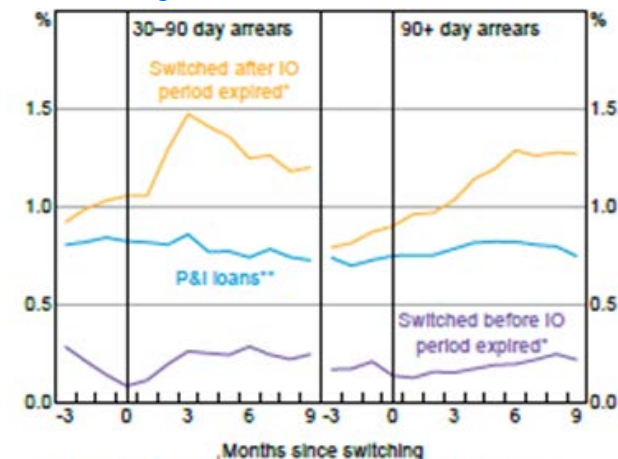


* Property value indexed by ABS HPI; consolidated basis

Sources: ABS; RBA; Securitisation System

Securitised Housing Loan Arrears

Share of outstanding balances as at date of switching to P&I payments



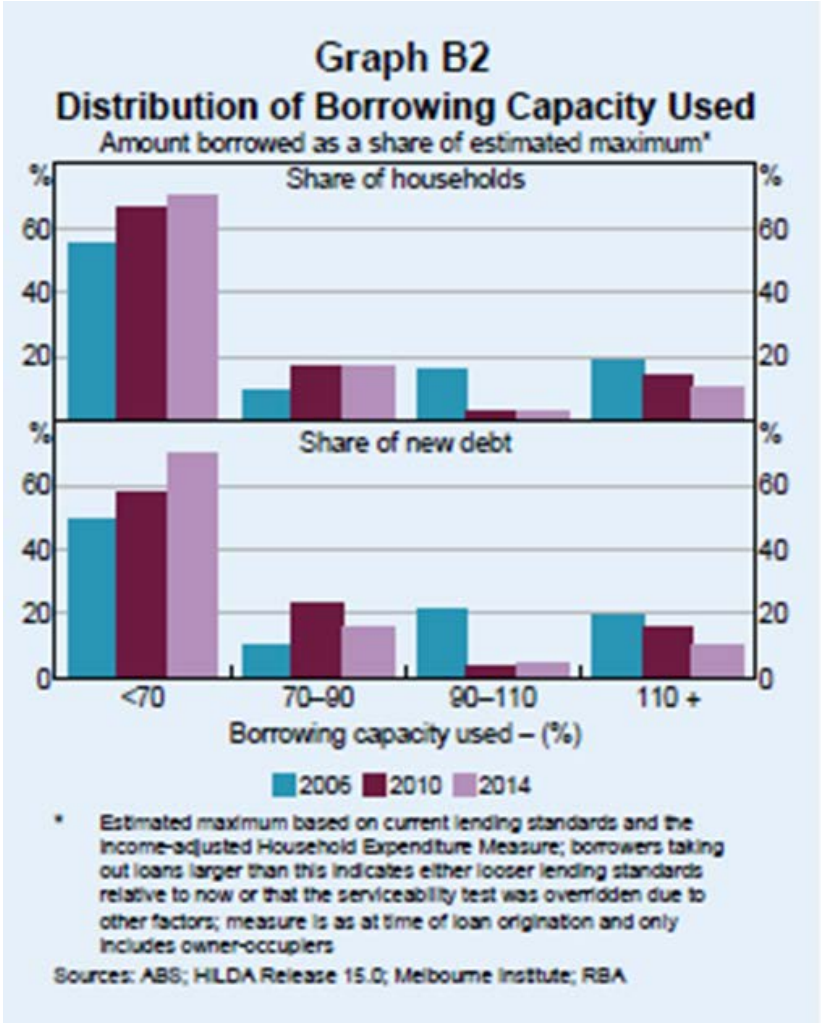
* Sample of loans that switched from IO to P&I payments between March 2016 and October 2017; calculations assume loans that are refinanced are not in arrears at the time of refinancing and remain performing

** Sample of loans; date of 'switching' has been replaced by the date these loans reached 3, 5 or 10 years of seasoning

AUSTRALIAN HOUSING BORROWING CAPACITY

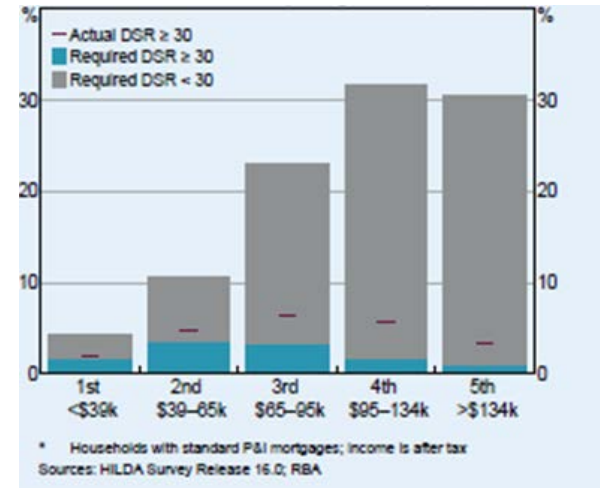
Distribution of Borrowing Capacity Used¹

Amount borrowed as a share of estimated maximum *



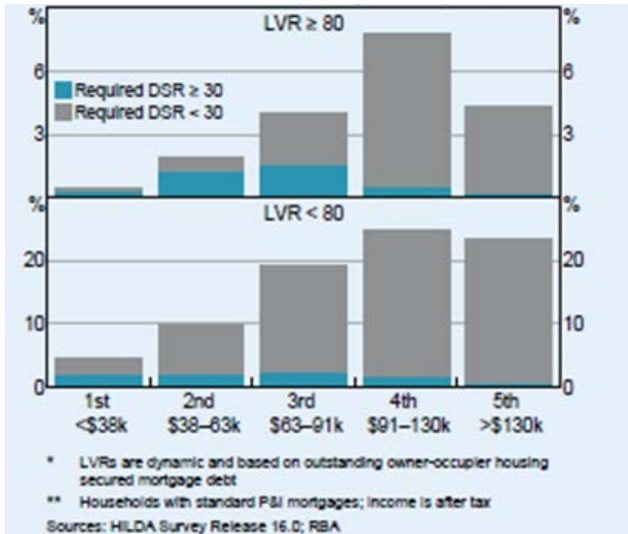
Distribution of Households by DSR¹

Share of indebted owner-occupiers by income quintile, 2016*



Distribution of Households by LVR and DSR¹

Share of indebted owner-occupiers by income quintile, 2014**

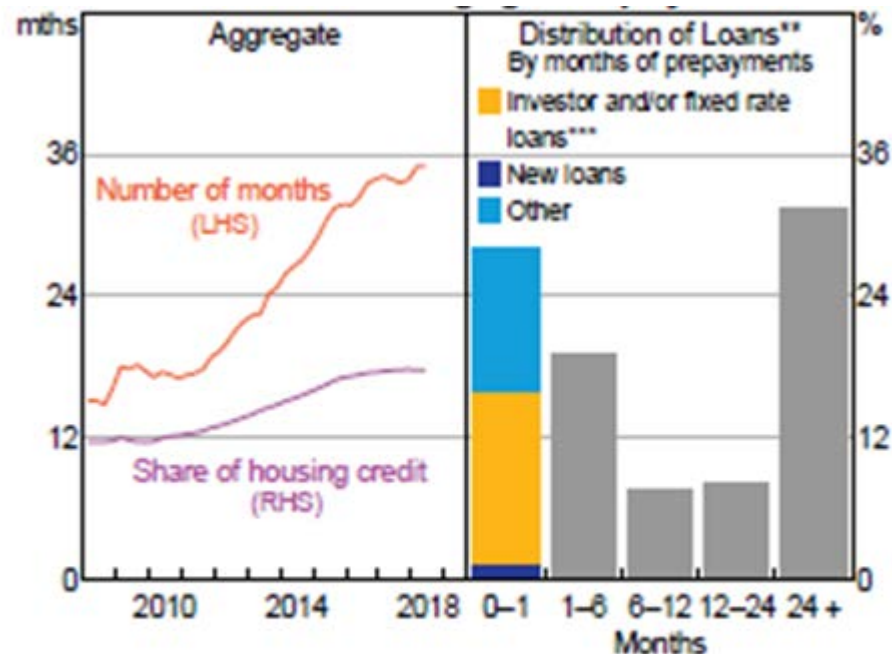


AUSTRALIAN MORTGAGE BUFFERS

OFFSET BALANCES

HOUSEHOLD MORTGAGE BUFFERS¹

Offset Balances



* Available redraw plus offset account balances

** As a share of the total number of loans as at July 2018

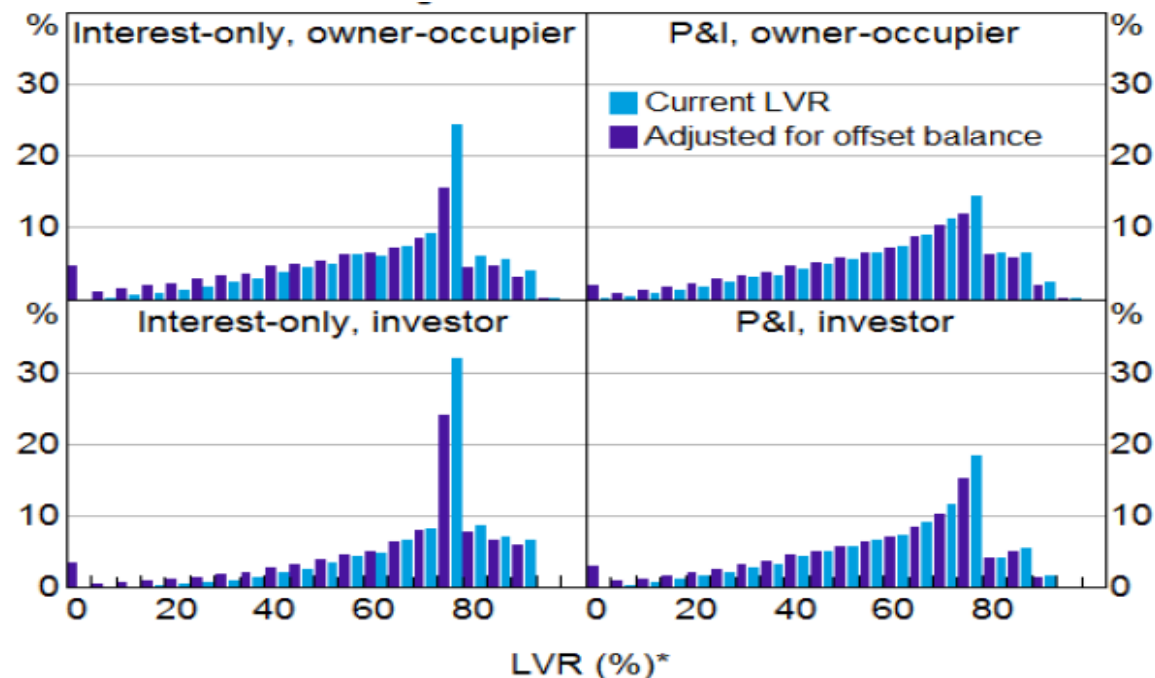
*** These loans have features that discourage prepayments

Sources: APRA; RBA; Securitisation System

- Aggregate buffers of 18% of outstanding mortgage balance or nearly 3 years scheduled payments
- Of those with <1 month buffer, this includes
 - Investor mortgages who have tax incentives not to repay tax deductible debt early
 - Fixed rate mortgages

LOAN-TO-VALUATION RATIOS²

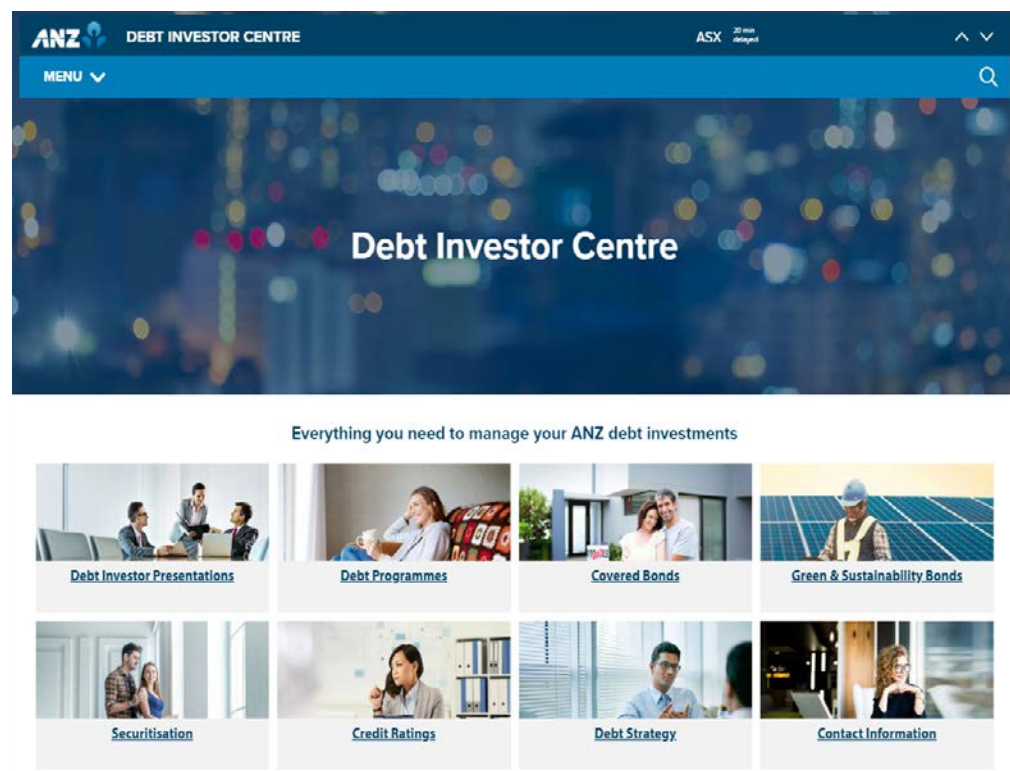
Balanced-Weighted Share of Securitised Loans



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

Sources: RBA; Securitisation System

FURTHER INFORMATION



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