



Australia and New Zealand Banking Group Limited

ABN 11 005 357 522

Full Year

30 September 2015

Consolidated Financial Report

Dividend Announcement

and Appendix 4E

The Consolidated Financial Report and Dividend Announcement contains information required by Appendix 4E of the Australian Securities Exchange (ASX) Listing Rules. It should be read in conjunction with ANZ's 2015 Annual Report when released, and is lodged with the ASX under listing rule 4.3A.

Name of Company: Australia and New Zealand Banking Group Limited
ABN 11 005 357 522

Report for the year ended 30 September 2015

Operating Results¹				A\$ million
Operating income	↑	5%	to	21,071
Net statutory profit attributable to shareholders	↑	3%	to	7,493
Cash profit ²	↑	1%	to	7,216
Dividends³				
		Cents per share		Franked amount⁴ per share
Proposed final dividend		95		100%
Interim dividend		86		100%
Record date for determining entitlements to the proposed 2015 final dividend				10 November 2015
Payment date for the proposed 2015 final dividend				16 December 2015

Dividend Reinvestment Plan and Bonus Option Plan

Australia and New Zealand Banking Group Limited (ANZ) has a Dividend Reinvestment Plan (DRP) and a Bonus Option Plan (BOP) that will operate in respect of the 2015 final dividend. For the 2015 final dividend, ANZ intends to provide shares under the DRP and BOP through the issue of new shares. The 'Acquisition Price' to be used in determining the number of shares to be provided under the DRP and BOP will be calculated by reference to the arithmetic average of the daily volume weighted average sale price of all fully paid ANZ ordinary shares sold in the ordinary course of trading on the ASX during the ten trading days commencing on 13 November 2015, and then rounded to the nearest whole cent. Shares provided under the DRP and BOP will rank equally in all respects with existing fully paid ANZ ordinary shares. Election notices from shareholders wanting to commence, cease or vary their participation in the DRP or BOP for the 2015 final dividend must be received by ANZ's Share Registrar by 5.00pm (Australian Eastern Daylight Time) on 11 November 2015. Subject to receiving effective contrary instructions from the shareholder, dividends payable to shareholders with a registered address in the United Kingdom (including the Channel Islands and the Isle of Man) or New Zealand will be converted to Pounds Sterling or New Zealand Dollars respectively at an exchange rate calculated on 13 November 2015.

¹ Unless otherwise noted, all comparisons are to the year ended 30 September 2014.

² Statutory profit has been adjusted to exclude non-core items to arrive at cash profit, which is provided to assist readers to understand the results for the ongoing activities of the Group. The net after tax adjustment was a reduction to statutory profit of \$277 million made up of several items. Refer pages 83 to 92 for further details.

³ There is no foreign conduit income attributed to the dividends.

⁴ It is proposed that the final dividend will be fully franked for Australian tax purposes (30% tax rate) and carry New Zealand imputation credits of NZD 11 cents per ordinary share.

The directors of Australia and New Zealand Banking Group Limited confirm that the financial information and notes of the consolidated entity set out on pages 93 to 112 are in the process of being audited.



David M Gonski, AC
Chairman



Michael R P Smith, OBE
Director

28 October 2015

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CONSOLIDATED FINANCIAL REPORT, DIVIDEND ANNOUNCEMENT AND APPENDIX 4E

Full year ended 30 September 2015

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This Consolidated Financial Report, Dividend Announcement and Appendix 4E has been prepared for Australia and New Zealand Banking Group Limited (the "Company" or "Parent Entity") together with its subsidiaries which are variously described as "ANZ", "Group", "ANZ Group", "the consolidated entity" "the Bank", "us", "we" or "our".

All amounts are in Australian dollars unless otherwise stated. The information on which the Condensed Consolidated Financial Statements is based is in the process of being audited by the Group's auditors, KPMG. The Company has a formally constituted Audit Committee of the Board of Directors. The signing of the Condensed Consolidated Financial Statements was approved by resolution of a Committee of the Board of Directors on 28 October 2015.

When used in this Results Announcement the words "estimate", "project", "intend", "anticipate", "believe", "expect", "should" and similar expressions, as they relate to ANZ and its management, are intended to identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. ANZ does not undertake any obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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For Release: 29 October 2015



Media Release

ANZ 2015 Full Year Result

– continued growth in customer franchises in a challenging operating environment –

Performance Highlights

- Statutory profit after tax of \$7.5 billion up 3%. Cash profit¹ of \$7.2 billion up 1%.
- Final Dividend 95 cents per share (cps) fully franked. Total Dividend for the year 181 cps up 2%. Earnings per share was flat at 260.3 cents, reflecting increased shares on issue following the capital raising in the second half.
- Profit before Provisions (PBP) up 3%.
- Customer deposits grew 10% with net loans and advances up 9%.
- Return on Equity (RoE) 14.0%.
- ANZ's Common Equity Tier 1 (CET1) ratio is 13.2% on an internationally comparable Basel 3 basis² and 9.6% on an Australian Prudential Regulation Authority (APRA) Basel 3 basis.

All comparisons are Financial Year ended 30 September 2015 compared to Financial Year ended 30 September 2014, not adjusted for FX and on a cash basis unless otherwise noted.

OVERVIEW

ANZ Chief Executive Officer Mike Smith said: "We have produced another record result in FY15. In a constrained environment, we have continued to see growth in our core customer franchises in Australia, in New Zealand and in key Asian markets, partly offset by the effect of macro-economic headwinds on the International and Institutional Banking Division.

"The Australia Division has continued to deliver good profit growth based on market share gains in key segments. The New Zealand Division also grew profit based on market share gains and strong cost disciplines. Global Wealth again produced a positive performance. In International and Institutional Banking profit was down reflecting the challenging global environment. This included pronounced market volatility in the final weeks of FY15 which saw a disappointing trading outcome in Global Markets.

"We are continuing to evolve our strategy and accelerate its execution to maximise value for our customers and for our shareholders. There are significant opportunities for ANZ, however lower economic growth, intense competition, the growing cost of regulation and market volatility present headwinds for all banks.

"In Australia we are successfully investing in growth opportunities in New South Wales while across Australia and New Zealand we are continuing to grow market share in Mortgages and Small Business. In International and Institutional Banking, we are focusing on attractive opportunities in Cash Management while stepping away from lower return financial institutions Trade Finance. Growth in Risk Weighted Assets is also being restricted to better manage capital within the business. There is still a lot to do, however we are already seeing some results from these actions and we expect to see more in future periods.

"Over the past eight years we have strengthened ANZ, created Australia's only truly regional bank and built a better bank for our customers in Australia, in New Zealand and in Asia Pacific. I know ANZ will be in good hands when Shayne Elliott succeeds me as Chief Executive on 1 January," Mr Smith said.

DIVIDEND AND CAPITAL

Inclusive of the Final Dividend of 95 cps, the total dividend for the year of 181 cps will see ANZ shareholders receive \$5.1 billion.

At the end of FY15 the Group's APRA CET1 ratio was 9.6%, up 87 basis points (bps) from March 2015. On an Internationally Comparable basis the CET1 ratio was 13.2%, placing ANZ within the top quartile of international peer banks. The completion of the sale of the Esanda Dealer Finance portfolio will deliver a further 20 bps of CET1.

ANZ raised a total of \$4.4 billion of new equity throughout the past year, including \$3.2 billion in response to APRA's increased capital requirement for Australian residential mortgages which applies from July 2016. ANZ

1 Statutory profit has been adjusted to exclude non-core items to arrive at Cash profit which measures the result for the ongoing activities of the Group.

2 Internationally comparable methodology aligns with APRA's information paper "International Capital Comparison Study" (13 July 2015).

expects the APRA CET1 ratio to remain around 9% post implementing the mortgage RWA change next year. The Group continues to retain significant capital management flexibility to progressively adjust to further changes in regulatory capital requirements if required.

PERFORMANCE BY DIVISION³

AUSTRALIA

The Australia Division continued its trend of cash profit improvement with profit and PBP growth of 7%. The result was driven by growth in customer numbers along with increased product sales and market share.

Investment focused on digital platform enhancement, increasing distribution sales capacity and capability, growing our presence in particular in New South Wales (NSW), a high growth market where ANZ has historically been underweight, and building out specialist propositions in key sectors of Corporate and Commercial Banking (C&CB).

Lending grew 9% with deposits up 5%. Sales performance has been strong, particularly in Home Lending, Credit Cards and Small Business Banking. ANZ has grown home lending market share consistently now for six years driven by capability and capacity improvements in our branches, online, in ANZ's mobile lender team and improved broker servicing.

ANZ's C&CB business grew lending by 6% despite patchy sentiment in the Commercial sector, with Small Business Banking performing particularly strongly, up 12%. Increased specialist capability saw lending to the Health sector up 16% in the second half.

ANZ has seen strong commercial outcomes from its investment in digital capability with increased numbers of customers engaging with the business via digital channels. In FY15 sales via digital channels grew 30%, new to bank goMoney customers grew 89% and product purchases on mobile devices increased 121%.

INTERNATIONAL AND INSTITUTIONAL BANKING (IIB)

IIB cash profit declined 2% with PBP down 1%. While it has been a challenging year for the business we have continued to develop the customer franchises in Asia, New Zealand and Australia with particularly good outcomes in Asia. Customer sales in our higher returning products demonstrated good growth with cash deposits up 11%, commodities sales up 44% and rates sales up 32%.

Global Markets customer income continued a pattern of steady year on year (YOY) increases, up 7%. Despite a strong performance over the nine months to the end of the third quarter, changed financial market conditions in the last six weeks of the fourth quarter caused significant dislocation and a widening of credit spreads, which particularly impacted trading income as well as suppressing sales. This meant total Global Markets income finished the year down 2%.

A multi-year investment in the high returning Transaction Banking Cash Management capability has seen Cash Management deposits up 48% over the past three years. Similarly investment in Global Markets product, technology and customer sales capability has driven good outcomes with Foreign Exchange income up 24% over the past three years to represent 42% of the book.

IIB has been refining key business areas. Reduced exposure to some lower returning areas of the Trade business, while lowering Trade income slightly, has improved returns. In the Global Loans business, increased focus on RWA efficiency over the course of the second half saw profit decline but margins and returns on RWA begin to stabilise.

NEW ZEALAND (all figures in NZD)

New Zealand Division cash profit grew 3% with PBP up 7%. Ongoing business momentum is reflected in balance sheet growth which along with capital and cost discipline (costs +2%) has grown returns. While underlying credit quality remains robust and gross impaired assets continued to decline, a lower level of provision write-backs YOY saw the provision charge normalising although remaining modest at \$59 million.

Lending grew 8% with deposits up 14%. Brand consideration remains the best of the top four banks, strengthening further. In turn, this is translating into lending demand with ANZ now the largest mortgage lender across all major cities. ANZ has grown market share in key categories during the year including mortgages, credit cards, household deposits, life insurance, KiwiSaver and business lending. The Commercial business grew strongly across all regions with lending up 8%.

ANZ increased investment in digital and in sales capability. Sales revenue generated from digital channels increased 32%. A focus on delivering a great digital experience for customers has seen ANZ's mobile banking app 'goMoney' consistently scoring above 98% in customer satisfaction and, with over half a million customers, it is the most downloaded banking app in New Zealand.

³ All comparisons are Financial Year ended 30 September 2015 compared to Financial Year ended 30 September 2014, not adjusted for FX and on a cash basis unless otherwise noted.

GLOBAL WEALTH

The Global Wealth Division increased profit by 11%. Positive performance was experienced across all business units. Insurance delivered growth in in-force premiums along with stable claims and lapse experience, which contributed to an 18% increase in both embedded value and in the value of new business. Private Wealth continued to deliver growth through customer focused investment solutions – with FUM increasing 22% and customer deposits 33% YOY.

Global Wealth continues to reshape the customer experience through new digital solutions. Recent innovations include 'Advice on Grow™', new tools improving the advice experience, while 'Insurance on Grow™' will soon be released to the market.

ANZ Smart Choice Super leads the industry in value for money and innovation. FUM now exceeds \$4.3 billion and for the second year ANZ Smart Choice received the prestigious Super Ratings Fastest Mover award. ANZ KiwiSaver continues to build its market position with FUM growing 32% to A\$7 billion. Global Wealth's focus on improving customer experience is reflected in the increased sale of Wealth solutions through ANZ channels with growth of 8% YOY.

CREDIT QUALITY

Gross impaired assets decreased 6% over the course of the year. While the total provision charge increased to \$1.2 billion or 22 bps, loss rates⁴ remain well under the long term average having risen from their historically low levels. The individual provision charge declined \$34 million and while the collective provision charge increased it remained low in absolute terms at \$95 million compared to a net release the prior year.

We are beginning to see the normalisation of provision charges with the component parts of the collective provision charge responding as expected to the economic environment. During FY15 the movement in the risk profile component of the charge reflected moderating economic activity with a lower number of credit downgrades being recorded whereas the prior year saw a higher level of upgrades.

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Video interviews with ANZ's Chief Executive Officer Mike Smith and Chief Financial Officer Shayne Elliott regarding today's Full Year 2015 Consolidated Financial Report and Dividend announcement can be found at ANZ BlueNotes www.bluenotes.anz.com

⁴ Total credit impairment charge as a percentage of average gross loans and advances.

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SUMMARY

Statutory Profit Results

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt ¹	Sep 15 \$M	Sep 14 \$M	Movt
Net interest income	7,478	7,138	5%	14,616	13,810	6%
Other operating income	3,363	3,092	9%	6,455	6,244	3%
Operating income	10,841	10,230	6%	21,071	20,054	5%
Operating expenses	(4,766)	(4,593)	4%	(9,359)	(8,760)	7%
Profit before credit impairment and income tax	6,075	5,637	8%	11,712	11,294	4%
Credit impairment charge	(685)	(494)	39%	(1,179)	(986)	20%
Profit before income tax	5,390	5,143	5%	10,533	10,308	2%
Income tax expense	(1,397)	(1,629)	-14%	(3,026)	(3,025)	0%
Non-controlling interests	(6)	(8)	-25%	(14)	(12)	17%
Profit attributable to shareholders of the Company	3,987	3,506	14%	7,493	7,271	3%

Earnings per ordinary share (cents)

	Reference Page	Half Year			Full Year		
		Sep 15	Mar 15	Movt ¹	Sep 15	Sep 14	Movt
Basic	104	143.4	128.0	12%	271.5	267.1	2%
Diluted	104	134.9	124.6	8%	257.2	257.0	0%

	Reference Page	Half Year		Full Year	
		Sep 15	Mar 15	Sep 15	Sep 14
Ordinary share dividends (cents)					
Interim - 100% franked ²	103	-	86	86	83
Final - 100% franked ²	103	95	-	95	95
Total - 100% franked ²	103	95	86	181	178
Ordinary share dividend payout ratio ³	103	69.2%	67.9%	68.6%	67.4%
Preference share dividend (\$M)					
Dividend paid ⁴	103	-	1	1	6
Profitability ratios					
Return on average ordinary shareholders' equity ⁵		15.0%	14.0%	14.5%	15.8%
Return on average assets		0.91%	0.85%	0.88%	0.97%
Net interest margin		2.04%	2.04%	2.04%	2.13%
Efficiency ratios					
Operating expenses to operating income		44.0%	44.9%	44.4%	43.7%
Operating expenses to average assets		1.09%	1.11%	1.10%	1.17%
Credit impairment charge/(release)					
Individual credit impairment charge (\$M)		645	439	1,084	1,141
Collective credit impairment charge/(release) (\$M)		40	55	95	(155)
Total credit impairment charge (\$M)	106	685	494	1,179	986
Individual credit impairment charge as a % of average gross loans & advances ⁶		0.23%	0.16%	0.19%	0.22%
Total credit impairment charge as a % of average gross loans & advances ⁶		0.24%	0.18%	0.21%	0.19%

^{1.} The half-on-half results are impacted by seasonal variability such as the number of days in the half and seasonal related impacts on product sales and profitability.

^{2.} Fully franked for Australian tax purposes and carry New Zealand imputation credits of NZD 11 cents per ordinary share for the proposed 2015 final dividend (2015 interim dividend: NZD 10 cents; 2014 final dividend: NZD 12 cents; 2014 interim dividend: NZD 10 cents).

^{3.} Dividend payout ratio is calculated using the proposed 2015 final, 2015 interim, 2014 final and 2014 interim dividends.

^{4.} Represents dividends paid on Euro Trust Securities (preference shares) issued on 13 December 2004. The Euro Trust Securities were bought back by ANZ for cash at face value and cancelled on 15 December 2014.

^{5.} Average ordinary shareholders' equity excludes non-controlling interests and preference shares.

^{6.} Loans & advances as at 30 September 2015 include assets classified as held for sale.

SUMMARY

Cash Profit Results¹

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt ²	Sep 15 \$M	Sep 14 \$M	Movt
Net interest income	7,478	7,138	5%	14,616	13,797	6%
Other operating income	2,855	3,047	-6%	5,902	5,781	2%
Operating income	10,333	10,185	1%	20,518	19,578	5%
Operating expenses	(4,766)	(4,593)	4%	(9,359)	(8,760)	7%
Profit before credit impairment and income tax	5,567	5,592	0%	11,159	10,818	3%
Credit impairment charge	(695)	(510)	36%	(1,205)	(989)	22%
Profit before income tax	4,872	5,082	-4%	9,954	9,829	1%
Income tax expense	(1,326)	(1,398)	-5%	(2,724)	(2,700)	1%
Non-controlling interests	(6)	(8)	-25%	(14)	(12)	17%
Cash profit	3,540	3,676	-4%	7,216	7,117	1%

Earnings per ordinary share (cents)

	Reference Page	Half Year			Full Year		
		Sep 15	Mar 15	Movt	Sep 15	Sep 14	Movt
Basic	35	126.8	133.6	-5%	260.3	260.3	0%
Diluted	35	119.8	129.9	-8%	247.0	250.6	-1%

	Reference Page	Half Year		Full Year	
		Sep 15	Mar 15	Sep 15	Sep 14
Ordinary share dividends					
Ordinary share dividend payout ratio ³	36	77.9%	64.7%	71.2%	68.9%
Profitability ratios					
Return on average ordinary shareholders' equity ⁴		13.3%	14.7%	14.0%	15.4%
Return on average assets		0.81%	0.89%	0.85%	0.95%
Net interest margin	22	2.04%	2.04%	2.04%	2.13%
Profit per average FTE (\$)		69,214	72,382	141,621	142,064
Efficiency ratios					
Operating expenses to operating income		46.1%	45.1%	45.6%	44.7%
Operating expenses to average assets		1.09%	1.11%	1.10%	1.17%
Credit impairment charge/(release)					
Individual credit impairment charge (\$M)	29	655	455	1,110	1,144
Collective credit impairment charge/(release) (\$M)	30	40	55	95	(155)
Total credit impairment charge (\$M)	29	695	510	1,205	989
Individual credit impairment charge as a % of average gross loans & advances ⁵		0.23%	0.17%	0.20%	0.22%
Total credit impairment charge as a % of average gross loans & advances ⁵		0.24%	0.19%	0.22%	0.19%

Cash profit by division/geography (in AUD)

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Australia	1,672	1,602	4%	3,274	3,054	7%
International and Institutional Banking	1,205	1,459	-17%	2,664	2,708	-2%
New Zealand	561	566	-1%	1,127	1,078	5%
Global Wealth	342	259	32%	601	542	11%
GTSO and Group Centre	(240)	(210)	14%	(450)	(265)	70%
Cash profit by division	3,540	3,676	-4%	7,216	7,117	1%
Australia	2,269	2,147	6%	4,416	4,362	1%
Asia Pacific, Europe & America	492	743	-34%	1,235	1,216	2%
New Zealand	779	786	-1%	1,565	1,539	2%
Cash profit by geography	3,540	3,676	-4%	7,216	7,117	1%

^{1.} Statutory profit has been adjusted to exclude non-core items to arrive at cash profit, which is provided to assist readers to understand the result for the ongoing business activities of the Group. Refer to page 83 for the reconciliation between statutory and cash profit.

^{2.} The half-on-half results are impacted by seasonal variability such as the number of days in the half and seasonal related impacts on product sales and profitability.

^{3.} Dividend payout ratio is calculated using the proposed 2015 final, 2015 interim, 2014 final and 2014 interim dividends.

^{4.} Average ordinary shareholders' equity excludes non-controlling interests and preference shares.

^{5.} Loans & advances as at 30 September 2015 include assets classified as held for sale.

SUMMARY

Key Balance Sheet Metrics

		As at			Movement	
	Reference Page	Sep 15	Mar 15	Sep 14	Sep 15 v. Mar 15	Sep 15 v. Sep 14
Capital adequacy						
Common Equity Tier 1						
- APRA Basel 3	40	9.6%	8.7%	8.8%		
- Internationally Comparable Basel 3 ¹	40	13.2%	12.1%	12.5%		
Credit risk weighted assets (\$B)	116	349.8	339.7	308.9	3%	13%
Total risk weighted assets (\$B)	116	401.9	386.9	361.5	4%	11%
Balance Sheet: Key Items						
Gross loans & advances (\$B) ²		574.3	562.2	525.7	2%	9%
Net loans & advances (\$B) ²		570.2	558.2	521.8	2%	9%
Total assets (\$B)		889.9	860.1	772.1	3%	15%
Customer deposits (\$B)		444.6	436.1	403.7	2%	10%
Total equity (\$B)		57.4	52.1	49.3	10%	16%
Liquidity Coverage Ratio		122%	119%	111%		
Leverage Ratio		5.1%	n/a	n/a		
Impaired assets						
Gross impaired assets (\$M)	31	2,719	2,708	2,889	0%	-6%
Gross impaired assets as a % of gross loans & advances ²		0.47%	0.48%	0.55%		
Net impaired assets (\$M)	31	1,658	1,594	1,713	4%	-3%
Net impaired assets as a % of shareholders' equity		2.9%	3.1%	3.5%		
Individual provision (\$M)	107	1,061	1,114	1,176	-5%	-10%
Individual provision as a % of gross impaired assets		39.0%	41.1%	40.7%		
Collective provision (\$M)	107	2,956	2,914	2,757	1%	7%
Collective provision as a % of credit risk weighted assets		0.85%	0.86%	0.89%		
Net Assets						
Net tangible assets attributable to ordinary shareholders (\$B)		48.9	43.6	40.4	12%	21%
Net tangible assets per ordinary share (\$)		16.86	15.75	14.65	7%	15%

¹ See page 41 for further details regarding the differences between APRA Basel 3 and Internationally Comparable Basel 3 standards.

² Loans & advances as at 30 September 2015 include assets classified as held for sale.

Net loans and advances by division/geography

	As at			Movement	
	Sep 15 \$B	Mar 15 \$B	Sep 14 \$B	Sep 15 v. Mar 15	Sep 15 v. Sep 14
Australia	313.7	297.6	287.8	5%	9%
International and Institutional Banking	154.7	156.5	142.0	-1%	9%
New Zealand	95.2	97.7	86.1	-3%	11%
Global Wealth	7.1	6.9	6.4	3%	11%
GTSO and Group Centre	(0.5)	(0.5)	(0.5)	0%	0%
Net loans and advances by division³	570.2	558.2	521.8	2%	9%
Australia	381.2	362.8	348.6	5%	9%
Asia Pacific, Europe & America	85.1	88.4	79.2	-4%	7%
New Zealand	103.9	107.0	94.0	-3%	11%
Net loans and advances by geography³	570.2	558.2	521.8	2%	9%

³ Loans & advances as at 30 September 2015 include assets classified as held for sale.

SUMMARY

FX Adjusted – Cash Profit Results

The following tables present the Group's cash profit results neutralised for the impact of foreign exchange translation. Comparative data has been adjusted to remove the translation impact of foreign exchange movements by retranslating prior period comparatives at current period foreign exchange rates. Refer to page 33 for further details on the impact of exchange rate movements.

Cash Profit - September 2015 Full Year vs September 2014 Full Year

	Full Year				Movement		
	Actual	FX unadjusted	FX impact	FX adjusted	FX unadjusted	FX impact	FX adjusted
	Sep 15 \$M	Sep 14 \$M	Sep 14 \$M	Sep 14 \$M	Sep 15 v. Sep 14	Sep 15 v. Sep 14	Sep 15 v. Sep 14
Net interest income	14,616	13,797	276	14,073	6%	2%	4%
Other operating income	5,902	5,781	212	5,993	2%	4%	-2%
Operating income	20,518	19,578	488	20,066	5%	3%	2%
Operating expenses	(9,359)	(8,760)	(324)	(9,084)	7%	4%	3%
Profit before credit impairment and income tax	11,159	10,818	164	10,982	3%	1%	2%
Credit impairment charge	(1,205)	(989)	(17)	(1,006)	22%	2%	20%
Profit before income tax	9,954	9,829	147	9,976	1%	1%	0%
Income tax expense	(2,724)	(2,700)	(33)	(2,733)	1%	1%	0%
Non-controlling interests	(14)	(12)	(1)	(13)	17%	9%	8%
Cash profit	7,216	7,117	113	7,230	1%	1%	0%

Cash Profit - September 2015 Half Year vs March 2015 Half Year

	Half Year				Movement		
	Actual	FX unadjusted	FX impact	FX adjusted	FX unadjusted	FX impact	FX adjusted
	Sep 15 \$M	Mar 15 \$M	Mar 15 \$M	Mar 15 \$M	Sep 15 v. Mar 15	Sep 15 v. Mar 15	Sep 15 v. Mar 15
Net interest income	7,478	7,138	46	7,184	5%	1%	4%
Other operating income	2,855	3,047	35	3,082	-6%	1%	-7%
Operating income	10,333	10,185	81	10,266	1%	0%	1%
Operating expenses	(4,766)	(4,593)	(84)	(4,677)	4%	2%	2%
Profit before credit impairment and income tax	5,567	5,592	(3)	5,589	0%	0%	0%
Credit impairment charge	(695)	(510)	(2)	(512)	36%	0%	36%
Profit before income tax	4,872	5,082	(5)	5,077	-4%	0%	-4%
Income tax expense	(1,326)	(1,398)	11	(1,387)	-5%	-1%	-4%
Non-controlling interests	(6)	(8)	-	(8)	-25%	0%	-25%
Cash profit	3,540	3,676	6	3,682	-4%	0%	-4%

SUMMARY

Other Non-financial Information

	As at			Movement	
	Sep 15	Mar 15	Sep 14	Sep 15 v. Mar 15	Sep 15 v. Sep 14
Full time equivalent staff information					
Full time equivalent staff (FTE)	50,152	51,243	50,328	-2%	0%
Assets per FTE (\$M)	17.7	16.8	15.3	5%	16%

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Shareholder value - ordinary shares						
Share price (\$)						
- high	37.25	37.19	0%	37.25	35.07	6%
- low	26.38	30.47	-13%	26.38	28.84	-9%
- closing	27.08	36.64	-26%	27.08	30.92	-12%
Closing market capitalisation of ordinary shares (\$B)	78.6	101.3	-22%	78.6	85.2	-8%
Total shareholder returns (TSR)	-21.9%	19.9%	large	-7.5%	5.9%	large

	As at Sep 15		
	Short-Term	Long-Term	Outlook
Credit Ratings			
Moody's Investor Services	P-1	Aa2	Stable
Standard & Poor's	A-1+	AA-	Stable
Fitch Ratings	F1+	AA-	Stable

Strategic Review¹

ANZ is building the best connected, most respected bank across the Asia Pacific region, to help deliver prosperity for our customers and the communities in which they live, develop our people, and to provide shareholders sustainable earnings growth.

The strategy has three key elements – strengthening our core franchises in Australia and New Zealand, growing profitably in Asia focused on corporate and institutional clients, and taking an enterprise approach to operations and technology to deliver better control and lower unit costs. ANZ is focused on the organic growth opportunities which exist in Australia, New Zealand and Asia Pacific and our distinctive footprint sees us uniquely positioned to meet the needs of customers who are dependent on regional trade and capital flows. The strategy is underpinned by rigorous liquidity, capital and portfolio management and by the quality of our people.

ANZ's approach to sustainability supports the achievement of our business strategy by guiding the way we make decisions and conduct business in all of the markets in which we operate. Our decision making processes take into account the social and environmental impacts of ANZ's operations and prioritise building trust and respect amongst all of our stakeholders. Details of ANZ's approach to sustainability, including the identification and management of material issues and sustainability risks and opportunities, are available in the Corporate Sustainability Review. The 2015 report will be published on anz.com in December 2015.

In 2015, cash profit increased 1% to \$7.2 billion, with a Return on Equity of 14%, earnings per share of 260.3 cents and a fully-franked dividend of 181 cents per share. The result was driven by revenue growth of 5%, expense uplift of 7% and a 22% increase in the credit impairment charge. Gross impaired assets decreased 6% over the year. While the credit impairment charge was up, loss rates remain well under the long term average having risen from their historically low levels. Revenue sourced from the APEA region was 25% of total Group revenue.

The Common Equity Tier 1 (CET1) ratio on an APRA basis was 9.6% at 30 September, up 80 basis points (bps), which equates to 13.2% on an Internationally Comparable Basel 3 basis placing ANZ within the top quartile of international peer banks. The completion of the sale of the Esanda Dealer Finance business will deliver a further 20 bps of CET1.

Strategic Progress

ANZ's strategy has driven growth in our core customer franchises in Australia, in New Zealand and in key Asian markets, partly offset by the effect of macro-headwinds in our IIB Division.

ANZ's view is that the constrained market conditions are unlikely to change in the near term and so the banking sector must remain focussed on selective growth opportunities, productivity and capital management. A number of initiatives have been put in place to drive improvement in both our cost and capital position over time.

- We have continued to strengthen our businesses in our home markets of Australia and New Zealand, with further gains in productivity and market share, and further penetration of Wealth products into our existing customer base in these markets. In Australia, we have successfully focused on investment in digital platform enhancement, increasing distribution sales capacity and capability, growing our presence in particular in New South Wales where ANZ has historically been underweight, and building out specialist propositions in key sectors of Corporate and Commercial Banking such as Health. The Australia Division has grown home lending market share consistently for six years driven by capability and capacity improvements. In New Zealand, ANZ's brand consideration has strengthened further year on year to remain the best of the big four banks. This has translated into lending demand with ANZ now the largest mortgage lender across all major cities.
- In IIB, we have retained our position as the leading Institutional bank in Australia and New Zealand (Source: Peter Lee) and as the number four Corporate bank in Asia (Source: Greenwich Associates). Despite a challenging year IIB has continued to develop the customer franchise across the region with particularly good outcomes in Asia. IIB has increased its focus on improving returns. Investment in higher returning businesses has seen customer sales increase in products like commodities (sales +44%), rates (sales up 32%) and cash deposits (up 11%). Investment in digitisation is reducing manual processing of transactions, improving efficiency and cost to serve. IIB has also been refining key business areas. Reducing exposure to some lower returning areas of the Trade business improved returns while slightly lowering income. Increased focus on Risk Weighted Asset (RWA) efficiency in the second half saw Global Loans profit decline but margins and returns on RWA begin to stabilise.
- ANZ's in-house regional delivery network is a source of ongoing competitive advantage for ANZ. The network is enabling the transformation of key business activities and delivery of productivity improvements while driving a more consistent, higher quality experience for our customers. The regional delivery centres provide full service regional coverage across our operating time zones helping to drive lower unit costs, improve quality and lower risk. ANZ is leveraging time zone advantages to support "same day" propositions for our businesses. In our retail mortgages business for example, we are now effecting same day decisions for 5,000 customers every month. We have built out a regional voice capability and have advanced our location agnostic processing capability with payments operations in five locations and mortgage operations in four thereby mitigating disruption risk and ensuring business resilience.
- ANZ raised a total of \$4.4 billion of new equity in FY15, including \$3.2 billion in response to APRA's increased capital requirement for Australian residential mortgages which applies from July 2016. The Group CET1 was 9.6% at 30 September. ANZ expects the APRA CET1 ratio to remain around 9% post implementing the mortgage RWA change in July 2016 and retains significant capital management flexibility to progressively adjust to further changes to regulatory capital requirements if required.
- The total provision charge increased to 22 bps or \$1.2 billion. The individual provision charge declined slightly while the collective provision charge increased but remained low in absolute terms at \$95 million compared to a net release in FY14. Loss rates remained under the long term average.

¹ The Strategic Review is reported on a cash basis. All comparisons are Financial Year ended 30 September 2015 compared to Financial Year ended 30 September 2014 and not adjusted for FX unless otherwise noted.

CEO Succession

ANZ announced in September that Mike Smith would be stepping down as CEO effective 31 December 2015 with CFO Shayne Elliott succeeding him, becoming CEO effective 1 January 2016.

Over the past 8 years, ANZ has been transformed and is today a stronger, more diverse, more profitable bank. Importantly, we have created a better bank for our customers with a stronger brand, growing market share and more retail, commercial and institutional customers choosing to bank with ANZ

The bank's presence in Asia, which was often small in scale and based on limited licences, has been grown into a large and growing business that connects our Australian and New Zealand customers with opportunities in the fastest growing region in the world economy. And it connects customers in Asia with opportunities in the region and in Australia and New Zealand.

While there is still have much to do, ANZ is now Australia's only truly international bank and is a better bank for our 8 million customers in Australia, in New Zealand and in Asia Pacific. We are continuing to evolve our strategy and to accelerate its execution to maximize value for our customers and for our shareholders.

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Section 4 – Group Results

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GROUP RESULTS

Non-IFRS information

The Group provides additional measures of performance in the Results Announcement which are prepared on a basis other than in accordance with accounting standards. The guidance provided in Australian Securities and Investments Commission (ASIC) Regulatory Guide RG230 has been followed when presenting this information.

Cash profit

Statutory profit has been adjusted to exclude non-core items to arrive at cash profit, which is provided to assist readers in understanding the results for the ongoing business activities of the Group. The adjustments made in arriving at cash profit are included in statutory profit which is subject to audit within the context of the Group statutory audit opinion. The 2015 Annual Financial Statements are in the process of being audited. Cash profit is not audited by the external auditor, however, the external auditor has informed the Audit Committee that the adjustments have been determined on a consistent basis across each period presented.

The Group Results section is reported on a cash profit basis.

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Statutory profit attributable to shareholders of the Company	3,987	3,506	14%	7,493	7,271	3%
Adjustments between statutory profit and cash profit¹						
Treasury shares adjustments	(95)	79	large	(16)	24	large
Revaluation of policy liabilities	(6)	(67)	-91%	(73)	(26)	large
Economic hedges	(165)	(14)	large	(179)	(72)	large
Revenue and net investment hedges	(179)	176	large	(3)	(101)	-97%
Structured credit intermediation trades	(2)	(4)	-50%	(6)	21	large
Total adjustments between statutory profit and cash profit¹	(447)	170	large	(277)	(154)	80%
Cash Profit	3,540	3,676	-4%	7,216	7,117	1%

¹ Refer to pages 83 to 92 for analysis of the reconciliation of statutory profit to cash profit.

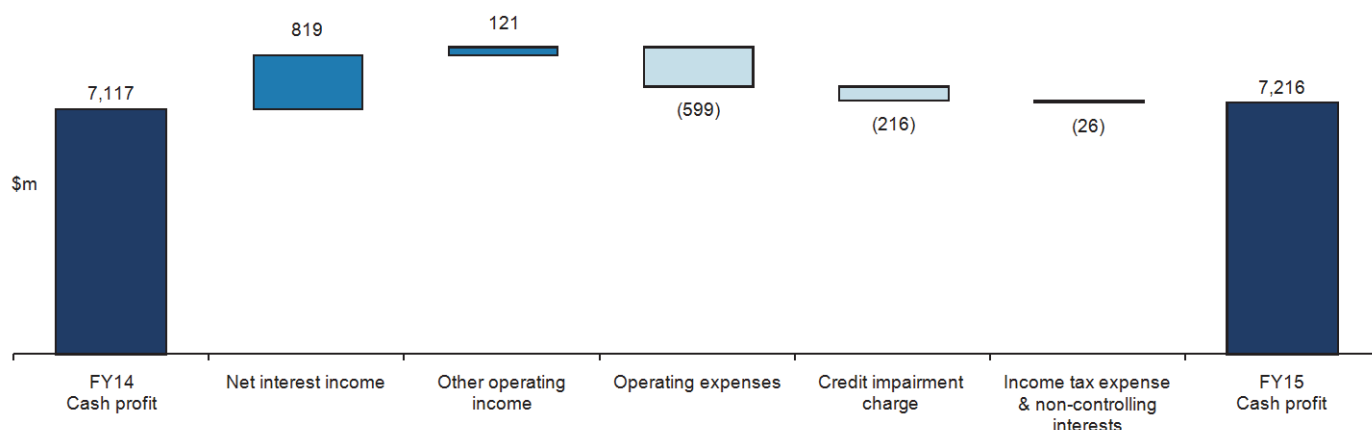
Group Performance

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Net interest income	7,478	7,138	5%	14,616	13,797	6%
Other operating income	2,855	3,047	-6%	5,902	5,781	2%
Operating income	10,333	10,185	1%	20,518	19,578	5%
Operating expenses	(4,766)	(4,593)	4%	(9,359)	(8,760)	7%
Profit before credit impairment and income tax	5,567	5,592	0%	11,159	10,818	3%
Credit impairment charge	(695)	(510)	36%	(1,205)	(989)	22%
Profit before income tax	4,872	5,082	-4%	9,954	9,829	1%
Income tax expense	(1,326)	(1,398)	-5%	(2,724)	(2,700)	1%
Non-controlling interests	(6)	(8)	-25%	(14)	(12)	17%
Cash profit	3,540	3,676	-4%	7,216	7,117	1%

Refer to page 33 for the impact of exchange rates and revenue hedges on cash profit.

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Cash profit by division						
Australia	1,672	1,602	4%	3,274	3,054	7%
International and Institutional Banking	1,205	1,459	-17%	2,664	2,708	-2%
New Zealand	561	566	-1%	1,127	1,078	5%
Global Wealth	342	259	32%	601	542	11%
GTSO and Group Centre	(240)	(210)	14%	(450)	(265)	70%
Cash profit/(loss)	3,540	3,676	-4%	7,216	7,117	1%

Group Cash Profit – September 2015 Full Year v September 2014 Full Year



September 2015 v September 2014

Cash profit increased 1% compared to the September 2014 full year.

Key factors affecting the result were:

- Net interest income increased \$819 million (6%) with 11% growth in average interest earning assets, partly offset by a 9 basis point decrease in net interest margin. \$276 million (2%) of the increase in net interest income was due to foreign currency translation. The \$71.2 billion increase in average interest earning assets was due to foreign currency translation of \$20.9 billion, loan growth of \$26.7 billion in home loans and commercial lending, and \$24.7 billion growth in Global Markets driven by the Group liquidity portfolio and cash reserves. The decrease in net interest margin was due to asset competition, lower earnings on capital and higher liquid asset holdings, partly offset by favourable deposit pricing.
- Other operating income increased \$121 million (2%) with \$212 million (4%) due to foreign currency translation. Adjusting for this, other operating income decreased by \$91 million (- 2%). The decrease was due to a reduction in Global Markets' other operating income of \$218 million and the one-off \$125m gain on sale of Trustees in second half 2014, partially offset by a \$124 million increase in net funds management and insurance income, a \$64m increase in share of associates' profit and \$42m increased fee income in IIB from volume growth.
- Operating expenses increased \$599 million (7%) with \$324 million (4%) due to foreign currency translation. Personnel expenses increased \$177 million (3%) from annual salary increases, and technology expenses increased by \$166 million (13%) from higher depreciation and amortisation of key infrastructure projects. These increases were partially offset by a \$80 million (73%) decrease in restructuring expenses.
- Total credit impairment charges increased \$216 million (22%) due to a \$250 million increase in collective credit impairment charges, offset by a \$34 million (3%) decrease in individual impairment charges. The \$95 million collective charge for the year reflects lending growth in Australia, credit downgrades of a few IIB customers, partially offset by associated economic cycle releases. This compares to a \$155 million release in 2014 resulting from credit upgrades in IIB and New Zealand, and net decreases in the economic cycle overlay.

September 2015 v March 2015

Cash profit decreased 4% compared to the March 2015 half.

Key factors affecting the result were:

- Net interest income increased \$340 million (5%) with 4% growth in average interest earning assets and a flat net interest margin. \$46 million (1%) of the increase was due to foreign currency translation. The \$29.5 billion growth in average interest earning assets was due to foreign currency translation of \$11.1 billion, loan growth of \$12.5 billion in home loans and commercial lending, particularly in Australia and New Zealand, and \$7.7 billion growth in Global Markets reflecting a build-up in the Group liquidity portfolio.
- Other operating income decreased by \$192 million (6%) with foreign exchange translation having a \$35 million favourable impact. Adjusting for this, other operating income, decreased by \$227 million (7%). Significant market volatility and widening credit spreads drove a \$325 million decrease in Global Markets' other operating income, this was partially offset by a \$43 million increase in net funds management and insurance income as well as a \$37 million increase in other income.
- Operating expenses increased \$173 million (4%) with \$84 million (2%) due to foreign currency translation. Personnel expenses were broadly flat following disciplined FTE management, while technology expenses increased by \$53 million (8%) due to higher outsourcing and licence costs. Other expenses increased by \$30 million (4%) due to higher compliance and regulatory costs.
- Credit impairment charges increased \$185 million (36%) due to a \$200 million increase in individual credit impairment charges, partially offset by a \$15 million decrease in the collective credit impairment charge. The increase in individual credit impairment charges was primarily driven by new impaired loans in IIB, higher charges taken in Australia retail portfolios combined with lower write-backs in Corporate and Commercial Banking Australia.

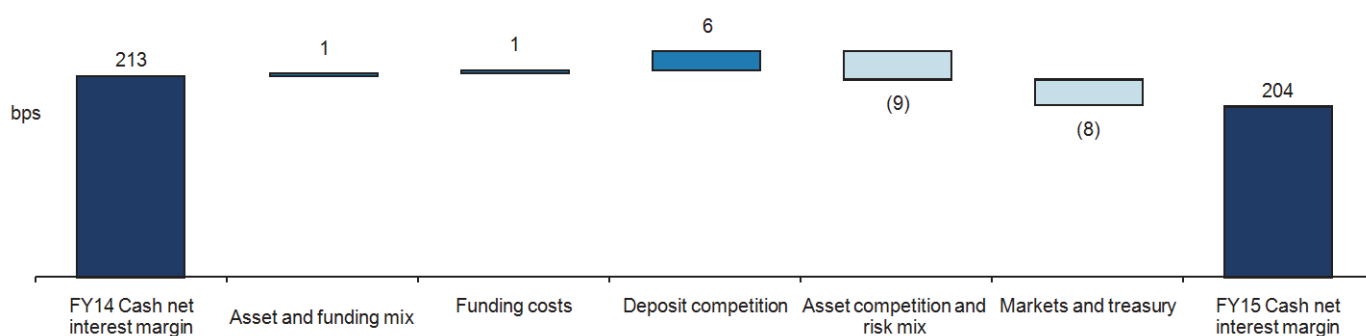
GROUP RESULTS

Net interest income

Group	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Cash net interest income	7,478	7,138	5%	14,616	13,797	6%
Average interest earning assets	732,843	703,369	4%	718,147	646,997	11%
Average deposits and other borrowings	567,709	551,805	3%	559,779	507,856	10%
Net interest margin (%) - cash	2.04	2.04	0 bps	2.04	2.13	-9 bps
Group (excluding Global Markets)						
Cash net interest income	6,884	6,633	4%	13,517	12,754	6%
Average interest earning assets	546,797	530,606	3%	538,724	500,966	8%
Average deposits and other borrowings	436,702	420,878	4%	428,812	387,908	11%
Net interest margin (%) - cash	2.51	2.51	0 bps	2.51	2.55	-4 bps

Cash net interest margin by major division	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Australia						
Net interest margin (%)	2.50	2.50	0 bps	2.50	2.52	-2 bps
Average interest earning assets	306,816	294,368	4%	300,609	280,702	7%
Average deposits and other borrowings	164,732	162,688	1%	163,713	156,418	5%
International and Institutional Banking						
Net interest margin (%)	1.34	1.34	0 bps	1.34	1.50	-16 bps
Average interest earning assets	318,507	304,429	5%	311,487	267,028	17%
Average deposits and other borrowings	249,907	244,050	2%	246,987	221,371	12%
New Zealand						
Net interest margin (%)	2.44	2.52	-8 bps	2.48	2.49	-1 bp
Average interest earning assets	94,624	92,395	2%	93,513	87,210	7%
Average deposits and other borrowings	63,996	62,314	3%	63,157	55,852	13%

Group net interest margin – September 2015 Full Year v September 2014 Full Year



September 2015 v September 2014

Net interest margin (-9 bps)

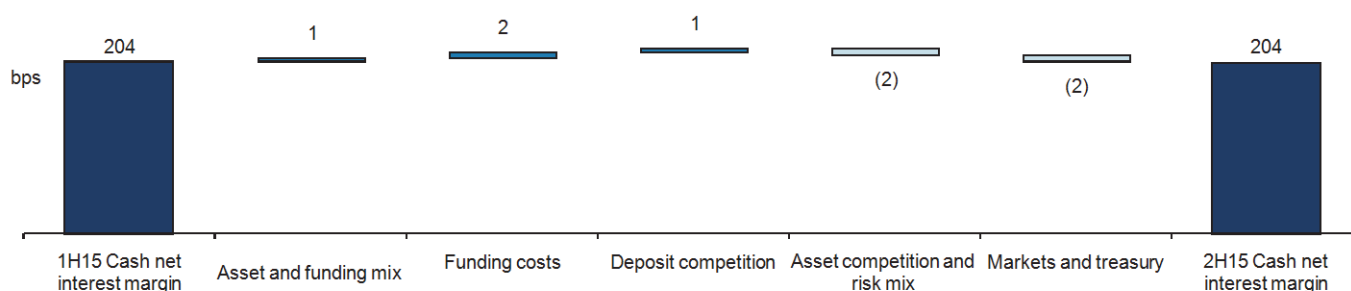
- Asset mix and funding mix (1 bp): favourable funding mix from a higher proportion of capital. Asset mix had no impact on margin as lower margin Home Loans were offset by a reduced proportion of Trade Loans.
- Funding costs (1 bp): benefit from favourable wholesale funding costs.
- Deposit competition (6 bps): benefits from deposit pricing, particularly term deposits across Australia and New Zealand.
- Asset competition and risk mix (-9 bps): unfavourable impact of home loan competition in Australia and New Zealand and switching from variable rates to fixed rate loans in New Zealand, as well as competition in Global Loans and Corporate & Commercial Banking.
- Markets and treasury (-8 bps): driven by lower earnings on capital due to lower interest rates and higher liquid asset holdings which have a lower rate of return.

Average interest earning assets (+\$71.2 billion or +11%)

- International and Institutional Banking (+\$44.5 billion or +17%): excluding foreign currency translation, growth was \$25.1 billion or +9%. \$24.7 billion of this increase was in Global Markets driven by a \$17.0 billion increase in the Group liquidity portfolio in response to regulatory requirements, a \$3.8 billion increase in reverse repos and a \$2.2 billion increase in collateral paid against derivative liabilities. Lending in Global Loans increased by \$4.2 billion. Global Trade volumes contracted by \$4.6 billion due to the impact of lower commodity prices.
- Australia (+\$19.9 billion or +7%): driven by growth in home loans where market share continued to increase.
- New Zealand (+\$6.3 billion or +7%): excluding foreign currency translation, growth was \$5.1 billion or +6% driven by market share gains in Retail, as well as Commercial loan growth.
- Global Wealth and Group Centre (+\$0.5 billion or 4%): broadly unchanged during the period.

Average deposits and other borrowings (+\$51.9 billion or +10%)

- International and Institutional Banking (+\$25.6 billion or +12%): excluding foreign currency translation, deposits and other borrowings increased \$5.7 billion or +2% driven by \$6.7 billion growth in customer deposits in Transaction Banking, particularly in Asia, partially offset by \$1.8 billion in certificates of deposits.
- Australia (+\$7.3 billion or +5%): driven by growth in customer deposits within Retail and Commercial.
- New Zealand (+\$7.3 billion or +13%): excluding foreign currency translation, growth was \$6.5 billion or +12% due to increased customer deposits across Retail and Commercial, particularly in Retail savings products.
- Global Wealth and Group Centre (+\$11.7 billion or 16%): growth mainly in Treasury repo borrowings.

Group net interest margin – September 2015 Half Year v March 2015 Half Year**September 2015 v March 2015****Net interest margin (0 bps)**

- Asset mix and funding mix (1 bps): favourable funding mix from a higher proportion of capital. Asset mix had no impact as increased proportion of lower margin home loans were offset reduced proportion of trade loans.
- Funding costs (2 bps): benefit from favourable wholesale funding costs.
- Deposit competition (1 bp): benefit from less deposit competition across both Australia and New Zealand.
- Asset competition and risk mix (-2 bps): unfavourable impact of continued pressure on lending margins, particularly in Global Loans and Corporate and Commercial Banking.
- Markets and treasury (-2 bp): driven by lower earnings on capital due to lower interest rates.

Average interest earning assets (+\$29.5 billion or +4%)

- International and Institutional Banking (+\$14.1 billion or +5%): excluding foreign currency translation, growth was \$1.5 billion or +1% driven by a \$7.2 billion increase in Global Markets mainly from growth in the Group liquidity portfolio, partially offset by a decline in Global Trade of \$5.3 billion due to lower commodity prices.
- Australia (+\$12.4 billion or +4%): driven by market share gains in Retail.
- New Zealand (+\$2.2 billion or +2%): excluding foreign currency translation, growth was \$3.8 billion or +4% driven by growth in mortgage market share in Retail as well as growth in commercial lending.
- Global Wealth and Group Centre (+\$0.8 billion or +6%): broadly unchanged during the period.

Average deposits and other borrowings (+\$15.9 billion or +3%)

- International and Institutional Banking (+\$5.9 billion or +2%): excluding foreign currency translation, deposits and other borrowings contracted by \$6.7 billion or -3% due to a reduction in customer deposits in Transaction Banking, particularly in Asia.
- Australia (+\$2 billion or +1%): driven by growth in customer deposits across Commercial and Retail.
- New Zealand (+\$1.7 billion or +3%): excluding foreign currency translation, deposits increased by \$2.8 billion or +4% due to increased customer deposits across Retail and Commercial, particularly in Retail savings products.
- Global Wealth and Group Centre (+\$6.3 billion or 8%): growth was driven by Treasury repo borrowings and higher private bank customer deposits (at call products) in Global Wealth.

GROUP RESULTS

Other operating income

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Net fee and commission income ¹	1,231	1,217	1%	2,448	2,364	4%
Net funds management and insurance income	734	691	6%	1,425	1,283	11%
Global Markets other operating income	448	737	-39%	1,185	1,285	-8%
Share of associates profit ¹	311	314	-1%	625	510	23%
Net foreign exchange earnings ¹	40	39	3%	79	96	-18%
Other ^{1,2}	91	49	86%	140	243	-42%
Cash other operating income	2,855	3,047	-6%	5,902	5,781	2%

^{1.} Excluding Global Markets.

^{2.} Other income includes \$125 million gain on sale of ANZ Trustees in July 2014 and \$21 million loss arising on sale of Saigon Securities Inc. (SSI) in September 2014.

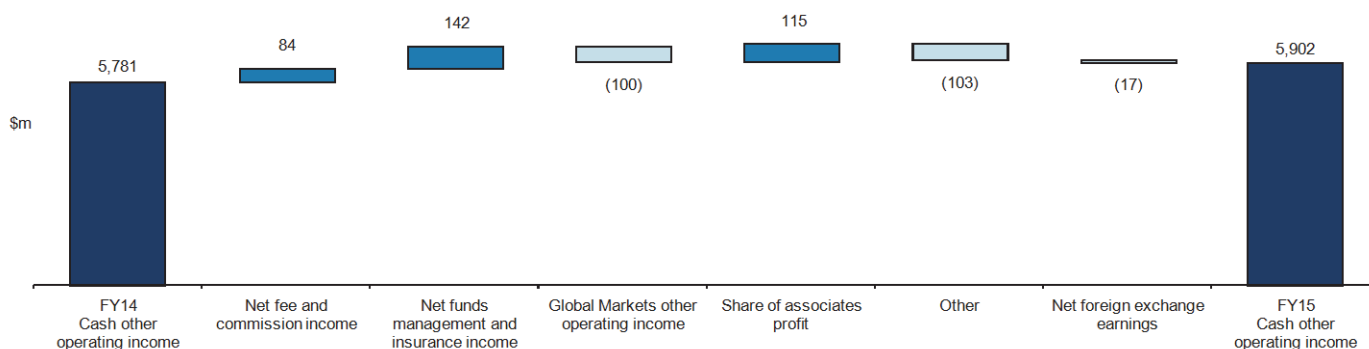
	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Global Markets income						
Net interest income	594	505	18%	1,099	1,043	5%
Other operating income	448	737	-39%	1,185	1,285	-8%
Cash Global Markets income	1,042	1,242	-16%	2,284	2,328	-2%

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Other operating income by division						
Australia	598	571	5%	1,169	1,116	5%
International and Institutional Banking ¹	1,487	1,759	-15%	3,246	3,096	5%
New Zealand	185	183	1%	368	349	5%
Global Wealth ²	790	762	4%	1,552	1,577	-2%
GTSO and Group Centre	(205)	(228)	-10%	(433)	(357)	21%
Cash other operating income	2,855	3,047	-6%	5,902	5,781	2%

^{1.} Includes a \$21 million loss arising on sale of SSI in September 2014

^{2.} Includes a \$125 million gain on sale of ANZ Trustees in July 2014.

Other operating income – September 2015 Full Year v September 2014 Full Year



September 2015 v September 2014

Net fee and commission income

Increased by \$84 million (4%). Key factors include:

- \$65 million positive impact due to foreign currency translation.
- Increased fee income of \$42 million in IIB from Retail Asia Pacific and Transaction Banking volume growth.
- Partially offset by the divestment of the ANZ Trustees business in July 2014.

Net funds management and insurance income

Increased by \$142 million (11%). Key factors include:

- \$18 million positive impact of foreign currency translation.
- \$107 million increase in Global Wealth income due to increased funds under management and in-force premiums, as well as growth in insurance income due to improved lapse experience and a large one-off loss in 2014 due to the exit of a Group life insurance plan.

Global Markets income

Decreased by \$44 million (2%). Key factors include:

- Balance Sheet income decreased 30% driven by widening credit spreads on balance sheet trading positions, particularly in the last weeks of the financial year where there was market dislocation.
- Credit decreased 23% as European debt and Chinese economic concerns drove widening credit spreads impacting Asian and European bond holdings.
- Sales income increased 7%, with global volatility increasing demand for Foreign Exchange, Commodities and Rates products.
- Foreign Exchange income increased 7%, with increased customer activity.
- Commodities income increased 52%, with continued demand for gold from Asian clients and falling commodity prices.
- Rates income increased 39% with increased customer hedging activities in the current lower interest rate environment.

Share of associates' profit

Increased by \$115 million (23%) with foreign currency translation driving an increase of \$51 million and the remaining increase explained by:

- Shanghai Rural Commercial Bank increased \$53 million due to lending growth and the impairment of an investment held by SRCB in 2014.
- Bank of Tianjin increased \$45 million due to asset growth.
- AMMB Holdings Berhad decreased \$22 million mainly due to net interest margin contraction from a change in lending mix, and the divestment of its insurance business in September 2014.
- P.T. Bank Pan Indonesia decreased \$13 million mainly due to lower earnings and a \$10 million loan recovery in 2014.

Net foreign exchange earnings

Decreased by \$17 million (-18%). Key factors include:

- \$12 million positive impact of foreign currency translation.
- Higher realised losses on foreign currency hedges in GTSO and Group Centre (\$68 million), these offset translation gains elsewhere in the Group.
- Higher unrealised gains on foreign currency balances held in IIB (\$19 million).
- Global Transaction Banking increased \$14 million due to volume growth in Australia and New Zealand.

Other

Decreased by \$103 million (42%). Key factors include:

- \$39 million positive impact due to foreign currency translation.
- The \$125 million gain on sale of ANZ Trustees recognised in 2014.

▪ September 2015 v March 2015**Net fee and commission income**

Increased by \$14 million (1%) primarily due to:

- \$16m positive impact of foreign currency translation.

Net funds management and insurance income

Increased by \$43 million (6%) primarily due to:

- Income increased \$31m due to growth in average funds under management, in-force premiums and stable claims experience

Global Markets income

Decreased by \$200 million (16%). Key factors include:

- Balance Sheet income decreased 48% and Credit income decreased 28% as credit spreads widened, particularly at the end of the half.
- Rates income decreased 27% with many clients taking the opportunity of low interest rates to lock in their hedging profiles in the March 2015 half.
- Sales income decreased by 13% due to relative higher levels of volatility in March 2015 half and customer seasonality.
- Foreign Exchange income decreased 13% impacted by lower customer activity in September 2015 half.

Share of associates profit

Decreased by \$3 million (1%) with foreign currency translation having a \$16 million positive impact and the remaining movement driven by:

- Bank of Tianjin decreased \$12 million, driven by an increase in credit provisions.
- Shanghai Rural Commercial Bank decreased \$2 million, due to an increase in credit provisions.
- AMMB Holdings Berhad decreased \$16million, mainly due to net interest margin contraction from a change in lending mix.
- P.T. Bank Pan Indonesia increased \$8 million on underlying earnings growth.

Net foreign exchange earnings

Increased by \$1 million (3%). Key factors include:

- Higher realised losses on foreign currency hedges in GTSO and Group Centre (\$20 million) that offset translation gains elsewhere in the Group.
- Higher unrealised gains on foreign currency balances in IIB (\$13 million).

Other

Increased by \$42 million (86%) key factors include:

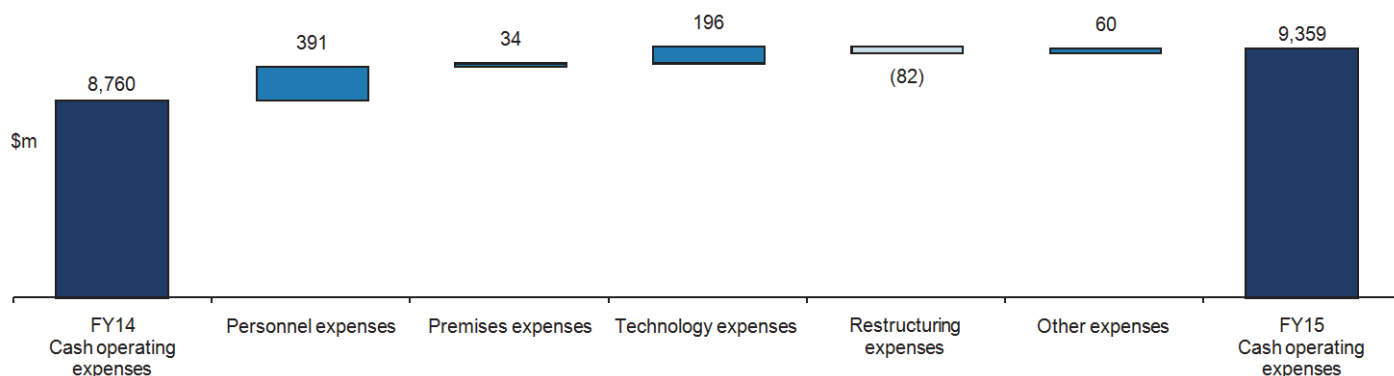
- \$4 million positive impact due to foreign currency translation.
- The release of legacy provisions associated with the sale of Grindlay's (\$14 million).
- Gains on credit default swaps (hedging underlying exposures) in Global Loans (\$19 million).

Operating Expenses

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Personnel expenses	2,764	2,715	2%	5,479	5,088	8%
Premises expenses	467	455	3%	922	888	4%
Technology expenses	761	701	9%	1,462	1,266	15%
Restructuring expenses	21	10	large	31	113	-73%
Other expenses	753	712	6%	1,465	1,405	4%
Total cash operating expenses	4,766	4,593	4%	9,359	8,760	7%
Total full time equivalent staff (FTE)	50,152	51,243	-2%	50,152	50,328	0%

Expenses by division	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Australia	1,601	1,556	3%	3,157	3,015	5%
International and Institutional Banking	1,845	1,771	4%	3,616	3,275	10%
New Zealand	525	539	-3%	1,064	1,031	3%
Global Wealth	486	489	-1%	975	1,004	-3%
GTSO and Group Centre	309	238	30%	547	435	26%
Total cash operating expenses	4,766	4,593	4%	9,359	8,760	7%

Operating expenses – September 2015 Full Year v September 2014 Full Year



September 2015 v September 2014

- Personnel expenses increased \$391 million (8%), with \$214 million (4%) due to foreign exchange translation and \$177 million (3%) driven by annual salary increases and related costs.
- Premises expenses increased \$34 million (4%), with \$29 million (3%) driven by foreign exchange translation and \$5 million (1%) due to the impact of rent increases linked to CPI.
- Technology expenses increased \$196 million (15%), with \$30 million (1%) due to foreign exchange translation and \$166 million (13%) due to increased depreciation and amortisation on key infrastructure projects, higher data storage and software license costs and the increased use of outsourced and managed services.
- Restructuring expenses decreased \$82 million (-73%), with \$2 million (2%) due to foreign exchange translation and \$80 million (71%) from decreased restructuring costs across all Divisions.
- Other expenses increased \$60 million (4%), with \$49 million (3%) due to foreign exchange translation and \$11 million (1%) from higher spend related to compliance and regulatory remediation activities, partly offset by GST recoveries and the write down of intangible assets in Global Wealth in 2014.

September 2015 v March 2015

- Personnel expenses increased \$49 million (2%), with \$58 million (2%) due to foreign exchange translation. Adjusting for this, Personnel expenses were broadly flat due to disciplined FTE management.
- Premises expenses increased \$12 million (3%), with \$7 million (2%) due to foreign exchange translation and remaining \$5 million (1%) due to the impact of rent increases linked to CPI.
- Technology expenses increased \$60 million (9%), with \$7 million (1%) due to foreign exchange translation and \$53 million (8%) driven by higher outsourced and managed services costs, increased depreciation and amortisation on key infrastructure projects as well as higher data storage and software license costs.
- Restructuring expenses increased \$11 million (large), due to restructuring in the GTSO division.
- Other expenses increased \$41 million (6%), with \$11 million (2%) due to foreign exchange translation and \$30 million (4%) from higher spend on compliance and regulatory costs and increased advertising spend, partly offset by GST recoveries.

GROUP RESULTS

Technology infrastructure spend¹

Technology infrastructure spend includes expenditure that develops and enhances the Group's technology infrastructure to meet business and strategic objectives and to improve capability and efficiency.

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Expensed investment spend	135	123	10%	258	281	-8%
Capitalised investment spend	425	314	35%	739	779	-5%
Technology infrastructure spend	560	437	28%	997	1,060	-6%

Comprising

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Growth	242	204	19%	446	438	2%
Productivity	114	102	12%	216	263	-18%
Risk and compliance	141	82	72%	223	242	-8%
Infrastructure and other	63	49	29%	112	117	-4%
Technology infrastructure spend	560	437	28%	997	1,060	-6%

Technology infrastructure spend by division

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Australia	158	136	16%	294	314	-6%
International and Institutional Banking	151	101	50%	252	286	-12%
New Zealand	39	28	39%	67	61	10%
Global Wealth	49	35	40%	84	67	25%
GTSO and Group Centre	163	137	19%	300	332	-10%
Technology infrastructure spend	560	437	28%	997	1,060	-6%

¹ Investment spend no longer includes technology infrastructure maintenance spend (Sep 14: \$100 million), as infrastructure lifecycle management is considered to be part of business-as-usual. There was some re-allocation between categories in the prior period to align to revised category definitions.

Digitisation is becoming central to ANZ's business operations, reshaping how ANZ works, not just how technology enables better solutions for customers. The Group's aim is to create a digital bank; one that allows us to stream operations such that we deliver fast, easy and innovative solutions for our customers while also reducing the operational complexity of the organisation and thereby improving productivity and reducing risk. ANZ has invested in digital across the Group, delivering multichannel platforms that have globally extensible capabilities covering aspects like employee mobility, products (GoMoney and MobilePay), security systems and more intuitive internet banking.

Australia Division continues to deliver simplification and digitisation of end-to-end customer channels, ensuring a consistent digital experience across any channel or device improving both the customer and banker experience. This is underpinned by ongoing investment in data analytics capabilities.

IIB investment focused on the multi-year development of Transaction Banking Cash Management and Global Markets capabilities, scaling and optimising infrastructure to connect with more customers and provide seamless value. Significant investment continued in risk and compliance projects to meet increasing regulatory requirements across the region.

Global Wealth has focused on the use of customer centric digital solutions and has continued to innovate, launching 'Advice on Grow', a tool to improve Planner performance in July and will soon be releasing 'Insurance on Grow'.

GTSO & Group Centre has continued to invest in Payments Transformation to provide competitive payment services for our customers with a strong focus on enterprise payment processing. The Global Loan Management System will continue to further transform Wholesale Lending capabilities by standardising and simplifying our approach to loan fulfilment, servicing and management.

■ September 2015 v September 2014

The decrease in investment spend reflects ongoing cost efficiencies from greater utilisation of hubs and outsourcing partners, along with the completion of some large programs of work in 2014 including HR Foundation and Transaction Banking capabilities. Significant investment continued in Growth capabilities including Multi Channel Platform, Next Best Conversation and Asia Payments.

■ September 2015 v March 2015

During the September 2015 half, the Group continued to invest strongly with spend of \$560 million. The increase in the September 2015 half was driven by Australia (Small Business Origination System and anz.com redesign), IIB (China Expansion and Myanmar Business Mobilisation), GTSO and Group Centre (Payments Transformation, data management and credit decisioning platform).

GROUP RESULTS

Credit risk

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Credit impairment charge/(release)						
Individual credit impairment charge	655	455	44%	1,110	1,144	-3%
Collective credit impairment charge/(release)	40	55	-27%	95	(155)	large
Total credit impairment charge	695	510	36%	1,205	989	22%

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Credit impairment charge/(release)						
Australia	458	395	16%	853	818	4%
International and Institutional Banking	197	98	large	295	216	37%
New Zealand	36	19	89%	55	(8)	large
Global Wealth	1	(1)	large	-	(2)	-100%
GTSO and Group Centre	3	(1)	large	2	(35)	large
Total credit impairment charge	695	510	36%	1,205	989	22%

Individual credit impairment charge

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Individual credit impairment charge by division						
Australia	427	334	28%	761	787	-3%
International and Institutional Banking	191	100	91%	291	290	0%
New Zealand	32	22	45%	54	63	-14%
Global Wealth	1	(1)	large	-	1	-100%
GTSO and Group Centre	4	-	n/a	4	3	33%
Total individual credit impairment charge	655	455	44%	1,110	1,144	-3%

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
New and increased individual credit impairments						
Australia	573	530	8%	1,103	1,114	-1%
International and Institutional Banking	286	202	42%	488	446	9%
New Zealand	100	90	11%	190	250	-24%
Global Wealth	1	-	n/a	1	4	-75%
GTSO and Group Centre	1	-	n/a	1	1	0%
New and increased individual credit impairments	961	822	17%	1,783	1,815	-2%
Recoveries and write-backs						
Australia	(146)	(196)	-26%	(342)	(327)	5%
International and Institutional Banking	(95)	(102)	-7%	(197)	(156)	26%
New Zealand	(68)	(68)	0%	(136)	(187)	-27%
Global Wealth	-	(1)	-100%	(1)	(3)	-67%
GTSO and Group Centre	3	-	n/a	3	2	50%
Recoveries and write-backs	(306)	(367)	-17%	(673)	(671)	0%
Total individual credit impairment charge	655	455	44%	1,110	1,144	-3%

Individual credit impairment charge (cont'd)

■ September 2015 v September 2014

The individual credit impairment charge decreased \$34 million (-3%) primarily due to lower new impairment charges in New Zealand and to a lesser extent Australia, partly offset by an increase in IIB. Recoveries and write-backs remained consistent year on year.

■ September 2015 v March 2015

The individual credit impairment charge increased by \$200 million (44%). The increase was driven by lower recoveries and write-backs in Australia in Corporate and Commercial Banking, and higher charges in IIB in Retail Asia Pacific, Global Loans, and Global Transaction Banking, together with increased new provisions in New Zealand.

Collective credit impairment charge

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Collective credit impairment charge/(release) by source						
Lending growth	50	54	-7%	104	146	-29%
Risk profile	65	5	large	70	(232)	large
Portfolio mix	(3)	3	large	-	(20)	-100%
Economic cycle and concentration risk adjustment	(72)	(7)	large	(79)	(49)	61%
Total collective credit impairment charge/(release)	40	55	-27%	95	(155)	large

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Collective credit impairment charge/(release) by division						
Australia	31	61	-49%	92	31	large
International and Institutional Banking	6	(2)	large	4	(74)	large
New Zealand	4	(3)	large	1	(71)	large
Global Wealth	-	-	n/a	-	(3)	-100%
GTSO and Group Centre	(1)	(1)	0%	(2)	(38)	-95%
Total collective credit impairment charge/(release)	40	55	-27%	95	(155)	large

■ September 2015 v September 2014

The collective credit impairment charge increased by \$250 million compared to the prior year. The \$155 million release in September 2014 was attributable to customer credit rating upgrades in IIB and New Zealand divisions as well as net decreases in the economic cycle overlay provisions. The \$95 million charge in September 2015 was attributable to customer credit rating downgrades for a few large IIB customers and lending growth in Australia division, partially offset by associated economic cycle overlay releases.

■ September 2015 v March 2015

The collective credit impairment charge decreased by \$15 million compared to the prior half. The \$40 million charge in the September half was primarily driven by lending growth in Australia division, partially offset by seasonal improvements in retail lending delinquencies. In the New Zealand division, lending growth contributed to increased impairment charges. In IIB, increased impairment charges were attributable to customer credit rating downgrades of a few large IIB customers offset by releases from the associated economic cycle overlay provision.

Provision for credit impairment balance

	As at			Movement	
	Sep 15 \$M	Mar 15 \$M	Sep 14 \$M	Sep 15 v. Mar 15	Sep 15 v. Sep 14
Collective provision ¹	2,956	2,914	2,757	1%	7%
Individual provision	1,061	1,114	1,176	-5%	-10%
Total provision for credit impairment	4,017	4,028	3,933	0%	2%

¹ The collective provision includes amounts for off-balance sheet credit exposures of \$677 million at 30 Sep 2015 (Mar 2015: \$646 million; Sep 2014: \$613 million). The impact on the income statement for the full year ended 30 September 2015 was a \$27 million charge (Mar 2015 half: \$7 million charge; Sep 2014 full year: \$1 million charge)

Gross Impaired Assets

	As at			Movement	
	Sep 15 \$M	Mar 15 \$M	Sep 14 \$M	Sep 15 v. Mar 15	Sep 15 v. Sep 14
Impaired loans	2,441	2,466	2,682	-1%	-9%
Restructured items	184	146	67	26%	large
Non-performing commitments and contingencies	94	96	140	-2%	-33%
Gross impaired assets	2,719	2,708	2,889	0%	-6%
Individual provisions					
Impaired loans	(1,038)	(1,081)	(1,130)	-4%	-8%
Non-performing commitments and contingencies	(23)	(33)	(46)	-30%	-50%
Net impaired assets	1,658	1,594	1,713	4%	-3%
Gross impaired assets by division					
Australia	1,193	1,245	1,253	-4%	-5%
International and Institutional Banking	1,183	1,021	1,093	16%	8%
New Zealand	338	434	532	-22%	-36%
Global Wealth	5	8	11	-38%	-55%
Gross impaired assets	2,719	2,708	2,889	0%	-6%
Gross impaired assets by size of exposure					
Less than \$10 million	1,748	1,903	1,896	-8%	-8%
\$10 million to \$100 million	708	607	683	17%	4%
Greater than \$100 million	263	198	310	33%	-15%
Gross impaired assets	2,719	2,708	2,889	0%	-6%

▪ **September 2015 v September 2014**

Gross impaired assets decreased \$170 million (6%) primarily driven by the continued workout of the impaired asset portfolio combined with lower levels of new impairment. The Group has an individual provision coverage ratio on impaired assets of 39.0% at 30 September 2015 down from 40.7% at 30 September 2014.

▪ **September 2015 v March 2015**

Gross impaired assets remain relatively stable compared to the March 2015 half with decreases in Australia division and New Zealand division gross impaired assets offset by increases in IIB. The Group has an individual provision coverage ratio on impaired assets of 39.0% at 30 September 2015, down from 41.1% at 31 March 2015.

New Impaired Assets

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Impaired loans	1,707	1,141	50%	2,848	2,734	4%
Restructured items	4	26	-85%	30	17	76%
Non-performing commitments and contingencies	72	30	large	102	117	-13%
Total new impaired assets	1,783	1,197	49%	2,980	2,868	4%
New impaired assets by division						
Australia	840	778	8%	1,618	1,588	2%
International and Institutional Banking	740	236	large	976	699	40%
New Zealand	203	165	23%	368	571	-36%
Global Wealth	-	18	-100%	18	10	80%
Total new impaired assets	1,783	1,197	49%	2,980	2,868	4%

▪ **September 2015 v September 2014**

New impaired assets increased \$112 million (4%) driven by an increase in IIB due to the downgrade of a few large customers. This was partially offset by New Zealand with decreases in the retail and commercial portfolios.

▪ **September 15 v March 2015**

New impaired assets increased \$586 million (49%) predominantly driven by the downgrade of few large customers in IIB along with more moderate increases in impairments in the Australia retail and New Zealand commercial portfolios.

	As at			Movement	
	Sep 15 \$M	Mar 15 \$M	Sep 14 \$M	Sep 15 v. Mar 15	Sep 15 v. Sep 14
Ageing analysis of net loans and advances that are past due but not impaired¹					
1-5 days	2,621	3,323	3,082	-21%	-15%
6-29 days	5,235	5,271	4,559	-1%	15%
30-59 days	1,674	2,069	1,624	-19%	3%
60-89 days	1,050	1,160	1,005	-9%	4%
>90 days	2,378	2,248	1,982	6%	20%
Total	12,958	14,071	12,252	-8%	6%

¹ A policy change was implemented during FY15 whereby the Group changed the criteria for including past due loans attributable to hardship in the ageing analysis. Comparative information has not been restated.

▪ September 2015 v September 2014

The 90 days past due but not impaired increased by 20% primarily within Australia division due to a change in the management and reporting of the 90 days past due mortgages book in line with regulatory requirements, along with some deterioration in Western Australia and Queensland.

▪ September 2015 v March 2015

The 90 days past due but not impaired increased by 6% primarily within Australia division due to a change in the management and reporting of the 90 days past due mortgages book in line with regulatory requirements, along with some deterioration in Western Australia and Queensland.

Income tax expense

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Income tax expense on cash profit	1,326	1,398	-5%	2,724	2,700	1%
Effective tax rate (cash profit)	27.2%	27.5%	-1%	27.4%	27.5%	0%

▪ September 2015 v September 2014

The effective tax rate decreased by 0.1%. The decrease was predominantly due to a favourable Global Wealth tax consolidation benefit and higher earnings from equity accounted associates offset by a release of tax provisions no longer required in 2014.

▪ September 2015 v March 2015

The effective tax rate decreased by 0.3%. The decrease was predominantly due to a favourable Global Wealth tax consolidation benefit in the September half. This was partially offset by decreased offshore earnings that have a lower average tax rate in the September half.

GROUP RESULTS

Impact of foreign exchange rate movements

The following tables present the Group's cash profit results and net loans and advances neutralised for the impact of foreign exchange translation. Comparative data has been adjusted to remove the translation impact of foreign exchange movements by retranslating prior period comparatives at current period foreign exchange rates.

Cash Profit - September 2015 Full Year vs September 2014 Full Year

	Full Year				Movement		
	Actual	FX unadjusted	FX impact	FX adjusted	FX unadjusted	FX impact	FX adjusted
	Sep 15 \$M	Sep 14 \$M	Sep 14 \$M	Sep 14 \$M	Sep 15 v. Sep 14	Sep 15 v. Sep 14	Sep 15 v. Sep 14
Net interest income	14,616	13,797	276	14,073	6%	2%	4%
Other operating income	5,902	5,781	212	5,993	2%	4%	-2%
Operating income	20,518	19,578	488	20,066	5%	3%	2%
Operating expenses	(9,359)	(8,760)	(324)	(9,084)	7%	4%	3%
Profit before credit impairment and income tax	11,159	10,818	164	10,982	3%	1%	2%
Credit impairment charge	(1,205)	(989)	(17)	(1,006)	22%	2%	20%
Profit before income tax	9,954	9,829	147	9,976	1%	1%	0%
Income tax expense	(2,724)	(2,700)	(33)	(2,733)	1%	1%	0%
Non-controlling interests	(14)	(12)	(1)	(13)	17%	9%	8%
Cash profit	7,216	7,117	113	7,230	1%	1%	0%

Cash Profit by Division and Geography - September 2015 Full Year vs September 2014 Full Year

	Full Year				Movement		
	Actual	FX unadjusted	FX impact	FX adjusted	FX unadjusted	FX impact	FX adjusted
	Sep 15 \$M	Sep 14 \$M	Sep 14 \$M	Sep 14 \$M	Sep 15 v. Sep 14	Sep 15 v. Sep 14	Sep 15 v. Sep 14
Australia	3,274	3,054	-	3,054	7%	0%	7%
International and Institutional Banking	2,664	2,708	154	2,862	-2%	5%	-7%
New Zealand	1,127	1,078	14	1,092	5%	2%	3%
Global Wealth	601	542	3	545	11%	1%	10%
GTSO and Group Centre	(450)	(265)	(58)	(323)	70%	30%	39%
Cash profit by division	7,216	7,117	113	7,230	1%	1%	0%
Australia	4,416	4,362	(50)	4,312	1%	-1%	2%
Asia Pacific, Europe & America	1,235	1,216	141	1,357	2%	11%	-9%
New Zealand	1,565	1,539	22	1,561	2%	2%	0%
Cash profit by geography	7,216	7,117	113	7,230	1%	1%	0%

Net loans and advances by division and geography - September 2015 Full Year vs September 2014 Full Year

	As at				Movement		
	Actual	FX unadjusted	FX impact	FX adjusted	FX unadjusted	FX impact	FX adjusted
	Sep 15 \$B	Sep 14 \$B	Sep 14 \$B	Sep 14 \$B	Sep 15 v. Sep 14	Sep 15 v. Sep 14	Sep 15 v. Sep 14
Australia	313.7	287.8	-	287.8	9%	0%	9%
International and Institutional Banking	154.7	142.0	16.6	158.6	9%	11%	-2%
New Zealand	95.2	86.1	1.7	87.8	11%	3%	8%
Global Wealth	7.1	6.4	0.4	6.8	11%	6%	5%
GTSO and Group Centre	(0.5)	(0.5)	-	(0.5)	0%	0%	0%
Net loans and advances by division¹	570.2	521.8	18.7	540.5	9%	3%	6%
Australia	381.2	348.5	-	348.5	9%	0%	9%
Asia Pacific, Europe & America	85.1	79.2	16.9	96.1	7%	18%	-11%
New Zealand	104.0	94.0	1.9	95.9	11%	3%	8%
Net loans and advances by geography¹	570.2	521.8	18.7	540.5	9%	3%	6%

¹ Loans & advances as at 30 September 2015 include assets classified as held for sale.

GROUP RESULTS

Cash Profit - September 2015 Half Year vs March 2015 Half Year

	Half Year				Movement		
	Actual	FX unadjusted	FX impact	FX adjusted	FX unadjusted	FX impact	FX adjusted
	Sep 15 \$M	Mar 15 \$M	Mar 15 \$M	Mar 15 \$M	Sep 15 v. Mar 15	Sep 15 v. Mar 15	Sep 15 v. Mar 15
Net interest income	7,478	7,138	46	7,184	5%	1%	4%
Other operating income	2,855	3,047	35	3,082	-6%	1%	-7%
Operating income	10,333	10,185	81	10,266	1%	0%	1%
Operating expenses	(4,766)	(4,593)	(84)	(4,677)	4%	2%	2%
Profit before credit impairment and income tax	5,567	5,592	(3)	5,589	0%	0%	0%
Credit impairment charge	(695)	(510)	(2)	(512)	36%	0%	36%
Profit before income tax	4,872	5,082	(5)	5,077	-4%	0%	-4%
Income tax expense	(1,326)	(1,398)	11	(1,387)	-5%	-1%	-4%
Non-controlling interests	(6)	(8)	-	(8)	-25%	0%	-25%
Cash profit	3,540	3,676	6	3,682	-4%	0%	-4%

Cash Profit by Division and Geography - September 2015 Half Year vs March 2015 Half Year

	Half Year				Movement		
	Actual	FX unadjusted	FX impact	FX adjusted	FX unadjusted	FX impact	FX adjusted
	Sep 15 \$M	Mar 15 \$M	Mar 15 \$M	Mar 15 \$M	Sep 15 v. Mar 15	Sep 15 v. Mar 15	Sep 15 v. Mar 15
Australia	1,672	1,602	-	1,602	4%	0%	4%
International and Institutional Banking	1,205	1,459	50	1,509	-17%	3%	-20%
New Zealand	561	566	(10)	556	-1%	-2%	1%
Global Wealth	342	259	(1)	258	32%	-1%	33%
GTSO and Group Centre	(240)	(210)	(33)	(243)	14%	16%	-1%
Cash profit by division	3,540	3,676	6	3,682	-4%	0%	-4%
Australia	2,269	2,147	(29)	2,118	6%	-1%	7%
Asia Pacific, Europe & America	492	743	49	792	-34%	4%	-38%
New Zealand	779	786	(14)	772	-1%	-2%	1%
Cash profit by geography	3,540	3,676	6	3,682	-4%	0%	-4%

Net loans and advances by division and geography - September 2015 Half Year vs March 2015 Half Year

	As at				Movement		
	Actual	FX unadjusted	FX impact	FX adjusted	FX unadjusted	FX impact	FX adjusted
	Sep 15 \$M	Mar 15 \$M	Mar 15 \$M	Mar 15 \$M	Sep 15 v. Mar 15	Sep 15 v. Mar 15	Sep 15 v. Mar 15
Australia	313.7	297.6	-	297.6	5%	0%	5%
International and Institutional Banking	154.7	156.5	5.6	162.1	-1%	4%	-5%
New Zealand	95.2	97.7	(7.2)	90.5	-3%	-8%	5%
Global Wealth	7.1	6.9	-	6.9	3%	0%	3%
GTSO and Group Centre	(0.5)	(0.5)	-	(0.5)	0%	n/a	0%
Net loans and advances by division¹	570.2	558.2	(1.6)	556.6	2%	0%	2%
Australia	381.2	362.8	0.0	362.8	5%	0%	5%
Asia Pacific, Europe & America	85.1	88.4	6.3	94.6	-4%	6%	-10%
New Zealand	104.0	107.0	(7.9)	99.1	-3%	-8%	5%
Net loans and advances by geography¹	570.2	558.2	(1.6)	556.6	2%	0%	2%

¹ Loans & advances as at 30 September 2015 include assets classified as held for sale.

Earnings related hedges

The Group has taken out economic hedges against larger foreign exchange denominated revenue and expense streams (primarily New Zealand Dollar, US Dollar and US Dollar correlated). New Zealand dollar exposure relates to the New Zealand geography and USD exposure relates to APEA. Details of these hedges are set out below.

	Half Year		Full Year	
	Sep 15 \$M	Mar 15 \$M	Sep 15 \$M	Sep 14 \$M
NZD Economic hedges				
Net open NZD position (notional principal) ¹	3,567	2,375	3,567	2,042
Amount taken to income (pre-tax statutory basis) ²	168	(220)	(52)	3
Amount taken to income (pre-tax cash basis) ³	(34)	(51)	(85)	(149)
USD Economic hedges				
Net open USD position (notional principal) ¹	352	823	352	797
Amount taken to income (pre-tax statutory basis) ²	(41)	(129)	(170)	(30)
Amount taken to income (pre-tax cash basis) ³	(92)	(46)	(138)	(19)

¹ Value in AUD at contracted rate.

² Unrealised valuation movement plus realised revenue from closed hedges.

³ Realised revenue from closed hedges.

As at 30 September 2015, the following hedges are in place to partially hedge future earnings against adverse movements in exchange rates:

- NZD 3.9 billion at a forward rate of approximately NZD 1.09 / AUD.
- USD 0.3 billion at a forward rate of approximately USD 0.85 / AUD.

During the September 2015 full year:

- NZD 1.8 billion of economic hedges matured and a realised loss of \$85 million (pre-tax) was recorded in cash profit.
- USD 0.8 billion of economic hedges matured and a realised loss of \$138 million (pre-tax) was recorded in cash profit.
- An unrealised gain of \$1 million (pre-tax) on the outstanding NZD and USD economic hedges was recorded in the statutory income statement during the year. When determining cash profit, this unrealised gain has been treated as an adjustment to statutory profit as these are hedges of future NZD and USD revenues.

During the September 2015 half:

- NZD 1.0 billion of economic hedges matured and a realised loss of \$34 million (pre-tax) was recorded in cash profit.
- USD 0.4 billion of economic hedges matured and a realised loss of \$92 million (pre-tax) was recorded in cash profit.
- An unrealised gain of \$253 million (pre-tax) on the outstanding NZD and USD economic hedges was recorded in the statutory income statement during the half. When determining cash profit, this unrealised gain has been treated as an adjustment to statutory profit as these are hedges of future NZD and USD revenue.

Earnings per share

	Half Year			Full Year		
	Sep 15	Mar 15	Movt	Sep 15	Sep 14	Movt
Cash earnings per share (cents) ¹						
Basic	126.8	133.6	-5%	260.3	260.3	0%
Diluted	119.8	129.9	-8%	247.0	250.6	-1%
Cash weighted average number of ordinary shares (M) ²						
Basic	2,792.7	2,750.0	2%	2,771.4	2,732.2	1%
Diluted	3,077.4	2,926.8	5%	3,032.2	2,934.4	3%
Cash profit (\$M)	3,540	3,676	-4%	7,216	7,117	1%
Preference share dividends (\$M)	-	(1)	-100%	(1)	(6)	-83%
Cash profit less preference share dividends (\$M)	3,540	3,675	-4%	7,215	7,111	1%
Diluted cash profit less preference share dividends (\$M)	3,687	3,802	-3%	7,489	7,354	2%

1. As a result of the Institutional share placement on 13 August 2015 and the Retail share purchase plan on 17 September 2015 Basic cash earnings per share was reduced by 1.0 cent for the half year ended 30 September 2015 and 1.2 cents for the full year ended 30 September 2015; Diluted cash earnings per share was reduced by 0.9 cents for the half year ended 30 September 2015 and 1.0 cent for the full year ended 30 September 2015.

2. Includes Treasury shares held in Global Wealth as the associated gains and losses are included in cash profit.

Dividends

	Half Year			Full Year		
	Sep 15	Mar 15	Movt	Sep 15	Sep 14	Movt
Dividend per ordinary share (cents)						
Interim (fully franked)	-	86	n/a	86	83	4%
Final (fully franked) ¹	95	-	n/a	95	95	0%
Total (fully franked)	95	86	10%	181	178	2%
Ordinary share dividends used in payout ratio (\$M) ²	2,758	2,379	16%	5,137	4,897	5%
Cash profit (\$M)	3,540	3,676	-4%	7,216	7,117	1%
Less: Preference share dividends paid	-	(1)	-100%	(1)	(6)	-83%
Ordinary share dividend payout ratio (cash basis)²	77.9%	64.7%		71.2%	68.9%	

^{1.} 2015 final dividend is proposed.

^{2.} Dividend payout ratio is calculated using proposed 2015 final dividend of \$2,758 million, which is based on the forecast number of ordinary shares on issue at the dividend record date. Dividend payout ratios for the March 2015 half and September 2014 full year are calculated using actual dividend paid of \$2,379 million and \$4,897 million respectively. Dividend payout ratio is calculated by adjusting profit attributable to shareholders of the company by the amount of preference share dividends paid.

The Directors propose that a final dividend of 95 cents be paid on each eligible fully paid ANZ ordinary share on 16 December 2015. The proposed 2015 final dividend will be fully franked for Australian tax purposes, and New Zealand imputation credits of NZ 11 cents per ordinary share will also be attached.

Economic profit

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Statutory profit attributable to shareholders of the Company	3,987	3,506	14%	7,493	7,271	3%
Adjustments between statutory profit and cash profit	(447)	170	large	(277)	(154)	80%
Cash Profit	3,540	3,676	-4%	7,216	7,117	1%
Economic credit cost adjustment	(203)	(290)	-30%	(493)	(554)	-11%
Imputation credits	663	657	1%	1,320	1,244	6%
Economic return	4,000	4,043	-1%	8,043	7,807	3%
Cost of capital	(2,916)	(2,746)	6%	(5,662)	(5,057)	12%
Economic profit	1,084	1,297	-16%	2,381	2,750	-13%

Economic profit is a risk adjusted profit measure used to evaluate business unit performance and is considered in determining the variable component of remuneration packages. This is used for internal management purposes and is not subject to audit by the external auditor.

Economic profit is calculated via a series of adjustments to cash profit. The economic credit cost adjustment replaces the actual credit loss charge with internal expected loss based on the average loss per annum on the portfolio over an economic cycle. The benefit of imputation credits to our shareholders is recognised, measured at 70% of Australian tax. The cost of capital is a major component of economic profit. At an ANZ Group level, this is calculated using average ordinary shareholders' equity (excluding non-controlling interests), multiplied by a cost of capital rate (11% - as has been consistently applied across reporting periods) plus the dividend on preference shares. At a business unit level, capital is allocated based on economic capital, whereby higher risk businesses attract higher levels of capital. This method is designed to help drive appropriate risk management and ensure business returns align with the relevant risk. Key risks covered include credit risk, operating risk, market risk and other risks.

Economic profit decreased 13% on the prior year due to higher capital levels being offset by an increase in cash profit of 1% and higher imputation credits.

Economic profit decreased 16% on the prior half due to a decrease in cash profit of 4% and higher capital levels.

Condensed balance sheet

	As at			Movement	
	Sep 15 \$B	Mar 15 \$B	Sep 14 \$B	Sep 15 v. Mar 15	Sep 15 v. Sep 14
Assets					
Cash / Settlement balances owed to ANZ / Collateral paid	82.5	79.3	58.3	4%	42%
Trading and available-for-sale assets	92.7	89.7	80.6	3%	15%
Derivative financial instruments	85.6	73.6	56.4	16%	52%
Net loans and advances ¹	570.2	558.2	521.8	2%	9%
Investment backing policy liabilities	34.8	36.5	33.6	-5%	4%
Other	24.1	22.8	21.4	6%	13%
Total assets	889.9	860.1	772.1	3%	15%
Liabilities					
Settlement balances owed by ANZ / Collateral received	19.1	12.6	15.7	52%	22%
Deposits and other borrowings	570.8	567.2	510.1	1%	12%
Derivative financial instruments	81.3	73.2	52.9	11%	54%
Debt issuances	93.7	85.7	80.1	9%	17%
Policy liabilities and external unit holder liabilities	38.7	40.3	37.7	-4%	3%
Other	28.9	29.0	26.3	0%	10%
Total liabilities	832.5	808.0	722.8	3%	15%
Total equity	57.4	52.1	49.3	10%	16%

¹ Loans & advances as at 30 September 2015 include assets classified as held for sale.

September 2015 v September 2014

- Cash, settlement balances and collateral paid increased by \$24 billion, with \$7 billion due to foreign exchange translation. The remaining increase was primarily driven by increased short term deposits with the US Federal Reserve and Bank of England, following the introduction of Basel 3 liquidity risk standards in Australia on 1 January 2015, and higher collateral paid on derivative liabilities with collateralised counterparties.
- Trading and available-for-sale assets increased \$12 billion, with \$5 billion due to foreign exchange translation. The increase was primarily driven by growth in the size of the Liquidity portfolio influenced by new liquidity requirements.
- Derivative financial instruments increased on higher customer demand for interest rate hedging products in light of low interest rates, along with increased customer demand for foreign exchange spot and forward products driven by volatility in the Asia market. Net derivative financial instruments increased by \$1 billion primarily driven by movements in foreign exchange and interest rates, along with the impact of foreign exchange translation.
- Net loans and advances increased \$48 billion, with \$19 billion due to foreign exchange rate translation, \$26 billion growth in Australia division on home loan and non-housing term loans, a \$7 billion increase in New Zealand home loans and non-housing term loans and a \$3 billion decrease in IIB term loans.
- Deposits and other borrowings increased \$60 billion, with \$32 billion due to foreign exchange rate translation impacts, \$31 billion increase in interest bearing deposits, \$17 billion growth in Group Treasury certificates of deposit and commercial paper, and a \$17 billion decrease in term deposits composed of \$10 billion decrease in IIB and \$8 billion decrease in Australia division partially offset by \$1 billion increase in New Zealand.
- Total equity increased \$8 billion primarily due to \$7.5 billion of profits generated over the year, \$3 billion from an institutional placement and retail share placement plan, and other comprehensive income of \$2 billion, offset by the payment (net of reinvestment) of the 2014 final and 2015 interim dividends of \$4 billion.

September 2015 v March 2015

- Net loans and advances increased \$12 billion, with \$2 billion due to foreign exchange translation, \$13 billion growth in Australia division home loans, growth of \$5 billion in New Zealand home loans and non-housing term loans and a \$7 billion decrease in IIB term loans.
- Derivative financial instruments increased on higher customer demand for interest rate hedging products in light of low interest rates, along with increased customer demand for foreign exchange spot and forward products driven by volatility in the Asia market. Net derivative financial instruments increased by \$4 billion primarily driven by movements in foreign exchange and interest rates, along with the impact of foreign exchange translation.
- Debt issuances increased \$8 billion mainly due to increased number of new long term trades and movements in foreign currency translation.
- Total equity increased by \$5 billion primarily due to \$4 billion of profits generated over the half year, \$3 billion from an institutional placement and retail share placement plan and other comprehensive income of \$1 billion, offset by the payment (net of reinvestment) of the 2015 interim dividends of \$2 billion.

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations as they fall due, including repaying depositors or maturing wholesale debt, or that the Group has insufficient capacity to fund increases in assets. The timing mismatch of cash flows and the related liquidity risk is inherent in all banking operations and is closely monitored by the Group and managed in accordance with the risk appetite set by the Board.

The Group's approach to liquidity risk management incorporates two key components:

Scenario modelling of funding sources

ANZ's liquidity risk appetite is defined by the ability to meet a range of regulatory and internal liquidity metrics mandated by the Board. The metrics cover a range of scenarios of varying duration and level of severity. This framework:

- Provides protection against shorter-term extreme market dislocations and stresses.
- Maintains structural strength in the balance sheet by ensuring an appropriate amount of longer-term assets are funded with longer-term funding.
- Ensures no undue timing concentrations exist in the Group's funding profile.

A key component of this framework is the Liquidity Coverage Ratio (LCR) which was implemented in Australia on 1 January 2015. The LCR is a severe short term liquidity stress scenario, introduced as part of the Basel 3 international framework for liquidity risk measurement, standards and monitoring. As part of meeting the LCR requirements, ANZ has a Committed Liquidity Facility (CLF) with the Reserve Bank of Australia (RBA). The CLF has been established as a solution to a High Quality Liquid Asset (HQLA) shortfall in the Australian marketplace and provides an alternative form of RBA-qualifying liquid assets. The total amount of the CLF available to a qualifying ADI is set annually by APRA.

Liquid assets

The Group holds a portfolio of high quality unencumbered liquid assets in order to protect the Group's liquidity position in a severely stressed environment, as well as to meet regulatory requirements. High quality liquid assets comprise three categories, with the definitions consistent with Basel 3 LCR:

- Highest-quality liquid assets (HQLA1): Cash, highest credit quality government, central bank or public sector securities eligible for repurchase with central banks to provide same-day liquidity.
- High-quality liquid assets (HQLA2): High credit quality government, central bank or public sector securities, high quality corporate debt securities and high quality covered bonds eligible for repurchase with central banks to provide same-day liquidity.
- Alternative liquid assets (ALA): Assets qualifying as collateral for the CLF and eligible securities listed by the Reserve Bank of New Zealand (RBNZ).

The Group monitors and manages the composition of liquid assets to ensure diversification by asset class, counterparty, currency and tenor. Minimum levels of liquid assets held are set annually based on a range of ANZ specific and general market liquidity stress scenarios such that potential cash flow obligations can be met over the short to medium term, and holdings are appropriate to existing and future business activities, regulatory requirements and in line with the approved risk appetite.

	As at			Movement	
	Sep 15 \$B	Mar 15 \$B	Sep 14 \$B	Sep 15 v. Mar 15	Sep 15 v. Sep 14
Market Values Post Discount¹					
HQLA1 ²	115.4	103.8	81.0	11%	42%
HQLA2	3.2	3.0	2.7	7%	19%
Internal Residential Mortgage Backed Securities (Australia)	43.5	43.5	43.5	0%	0%
Internal Residential Mortgage Backed Securities (New Zealand)	5.5	5.6	5.1	-2%	8%
Other ALA ³	16.9	17.1	17.3	-1%	-2%
Total Liquid Assets	184.5	173.0	149.6	7%	23%
Cash flows modelled under stress scenario					
Cash outflows ^{2,4}	175.2	174.8	157.1	0%	12%
Cash inflows ⁴	24.4	29.4	22.4	-17%	9%
Net cash outflows	150.8	145.4	134.7	4%	12%
Liquidity Coverage Ratio (%)⁵	122%	119%	111%		

¹ Market value post discount as defined in APRA Prudential Standard APS 210 Liquidity.

² RBA open-repo arrangement netted down by exchange settlement account cash balance.

³ Comprised of assets qualifying as collateral for the CLF, excluding internal RMBS, up to approved facility limit; and any liquid assets contained in the RBNZ's Liquidity Policy - Annex: Liquidity Assets - Prudential Supervision Department Document BS13A12.

⁴ Derivative cash flows are included on a net basis.

⁵ All currency Group LCR.

GROUP RESULTS

Funding

ANZ targets a diversified funding base, avoiding undue concentrations by investor type, maturity, market source and currency.

\$18.8 billion of term wholesale debt (with a remaining term greater than one year as at 30 September 2015) was issued during the year ended 30 September 2015 (Sep 2014: 23.9 billion). The weighted average tenor of new term debt was 4.9 years (2014: 4.9 years). Furthermore, a \$3.2 billion Institutional Share Placement and Share Purchase Plan and a \$1.5 billion Additional Tier 1 Capital issue took place during the financial year.

The following tables show the Group's total funding composition:

	As at			Movement	
	Sep 15 \$M	Mar 15 \$M	Sep 14 \$M	Sep 15 v. Mar 15	Sep 15 v. Sep 14
Customer deposits and other liabilities¹					
Australia	169,280	162,587	160,683	4%	5%
International and Institutional Banking	202,495	201,124	183,126	1%	11%
New Zealand	59,703	60,293	51,360	-1%	16%
Global Wealth	18,467	17,357	13,844	6%	33%
GTSO and Group Centre ¹	(5,361)	(5,214)	(5,294)	3%	1%
Customer deposits	444,584	436,147	403,719	2%	10%
Other funding liabilities ²	14,346	12,315	14,502	16%	-1%
Total customer liabilities (funding)	458,930	448,462	418,221	2%	10%
Wholesale funding³					
Debt issuances ⁴	93,347	84,859	79,291	10%	18%
Subordinated debt	17,009	16,463	13,607	3%	25%
Certificates of deposit	63,446	59,646	52,754	6%	20%
Commercial paper	22,989	22,729	15,152	1%	52%
Other wholesale borrowings ^{5,6}	44,556	53,625	42,460	-17%	5%
Total wholesale funding	241,347	237,322	203,264	2%	19%
Shareholders' Equity (excl. preference shares)	57,353	52,051	48,413	10%	18%
Total Funding	757,630	737,835	669,898	3%	13%

	As at			Movement	
	Sep 15 \$M	Mar 15 \$M	Sep 14 \$M	Sep 15 v. Mar 15	Sep 15 v. Sep 14
Funded Assets					
Other short term assets & trade finance assets ⁷	78,879	87,755	74,925	-10%	5%
Liquids ⁶	135,496	123,835	100,951	9%	34%
Short term funded assets	214,375	211,590	175,876	1%	22%
Lending & fixed assets ⁸	543,255	526,245	494,022	3%	10%
Total Funded Assets	757,630	737,835	669,898	3%	13%
Funding Liabilities^{3,4,6}					
Other short term liabilities	27,863	30,858	22,676	-10%	23%
Short term funding	59,850	60,394	46,466	-1%	29%
Term funding < 12 months	41,549	31,860	23,888	30%	74%
Other customer and central bank deposits ^{1,9}	88,288	101,223	89,825	-13%	-2%
Total short term funding liabilities	217,550	224,335	182,855	-3%	19%
Stable customer deposits ^{1,10}	387,988	370,331	347,237	5%	12%
Term funding > 12 months	87,316	83,665	84,519	4%	3%
Shareholders' equity and hybrid debt	64,776	59,504	55,287	9%	17%
Total Stable Funding	540,080	513,500	487,043	5%	11%
Total Funding	757,630	737,835	669,898	3%	13%

^{1.} Includes term deposits, other deposits and an adjustment recognised in Group Centre to eliminate Global Wealth investments in ANZ deposit products.

^{2.} Includes interest accruals, payables and other liabilities, provisions and net tax provisions, excluding other liabilities in Global Wealth.

^{3.} Excludes liability for acceptances as they do not provide net funding.

^{4.} Excludes term debt issued externally by Global Wealth.

^{5.} Includes borrowings from banks, net derivative balances, special purpose vehicles, other borrowings and Euro Trust securities (preference shares). The Euro Trust Securities were bought back by ANZ for cash at face value and cancelled on 15 December 2014.

^{6.} RBA open-repo arrangement netted down by the exchange settlement account cash balance.

^{7.} Includes short-dated assets such as trading securities, available-for-sale securities, trade dated assets and trade finance loans.

^{8.} Excludes trade finance loans.

^{9.} Total customer liabilities (funding) plus Central Bank deposits less Stable customer deposits.

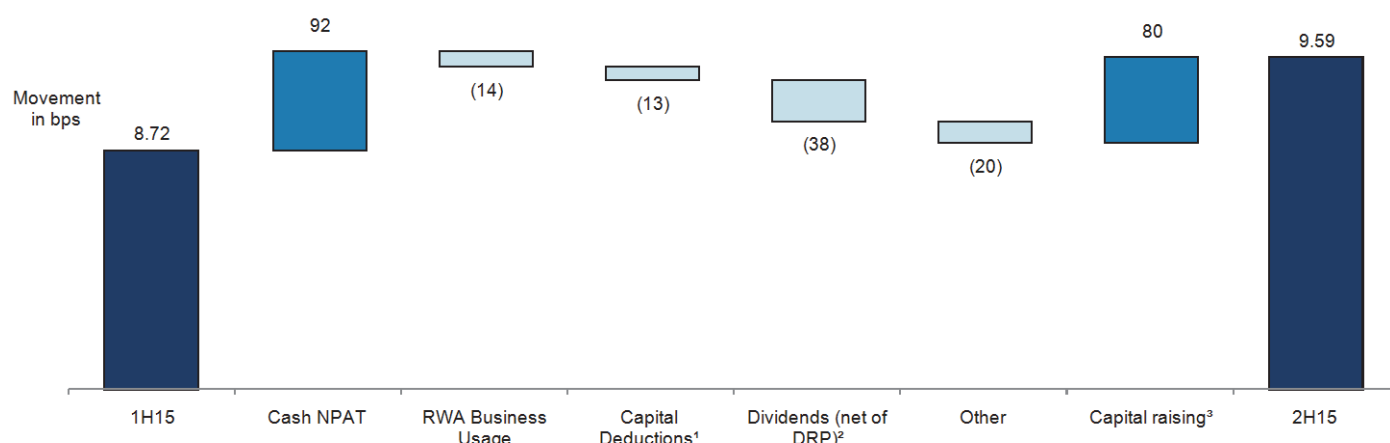
^{10.} Stable customer deposits represent operational type deposits or those sourced from retail / business / corporate customers and the stable component of Other funding liabilities.

Capital Management

	As at					
	APRA Basel 3			Internationally Comparable Basel 3 ¹		
	Sep 15	Mar 15	Sep 14	Sep 15	Mar 15	Sep 14
Capital Ratios						
Common Equity Tier 1	9.6%	8.7%	8.8%	13.2%	12.1%	12.5%
Tier 1	11.3%	10.6%	10.7%	15.3%	14.4%	14.8%
Total capital	13.3%	12.6%	12.7%	17.8%	16.8%	17.2%
Risk weighted assets (\$B)	401.9	386.9	361.5	332.1	319.3	294.0

¹ Internationally Comparable methodology aligns with APRA's information paper entitled International Capital Comparison Study (13 July 2015). The March 2015 and September 2014 comparatives have been restated to align with this methodology.

APRA Basel 3 Common Equity Tier 1 (CET1) – September 2015 v March 2015



¹ Capital Deductions represents the movement in retained earnings in deconsolidated entities, capitalised software and other intangibles in the period.

² 28.6 million ordinary shares were issued under the Dividend Reinvestment Plan and Bonus Option Plan for the 2015 interim dividend.

³ 108.1 million ordinary shares were issued under the Institutional share placement and the Retail share purchase plan.

▪ **September 2015 v September 2014**

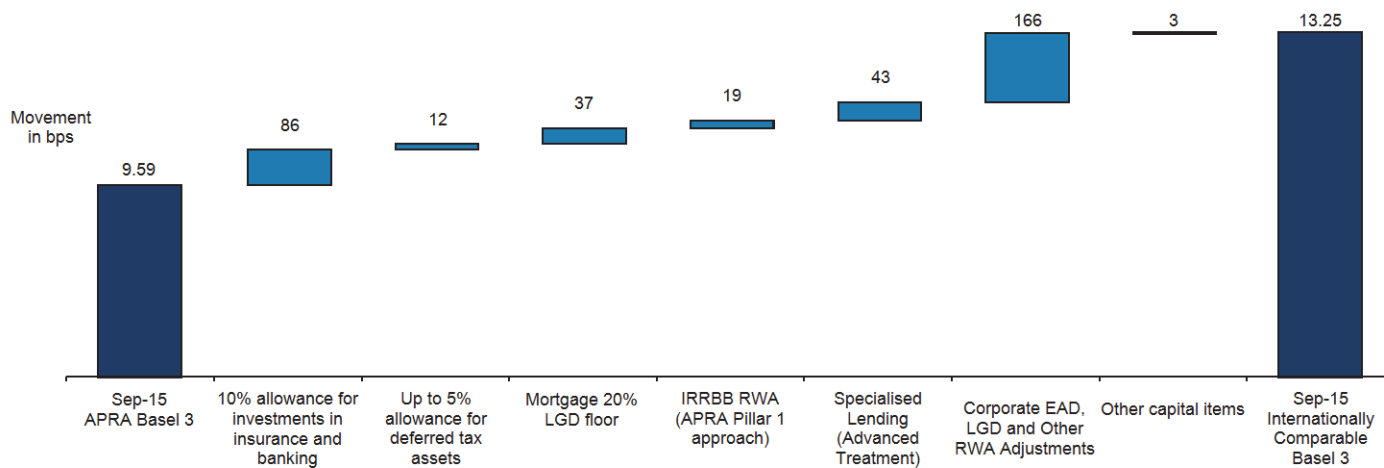
ANZ's CET1 ratio increased 80 bps to 9.6% in the year to September 2015. Key drivers of the CET1 ratio movement were:

- Net organic capital generation of 130 bps or \$4.6 billion driven by cash profit of \$7.2 billion, partially offset by RWA growth and other business capital deductions.
- Payment of the September 2014 Final Dividend and March 2015 Interim Dividend (net of shares issued under the DRP) reduced the CET1 ratio by 104 bps.
- Other impacts of -26 bps were mainly due to increased Operational Risk RWA (-12 bps) primarily as a result of APRA's accreditation of ANZ's new Operational Risk Measurement System (ORMS) in September 2015, repayment of the first tranche of debt (\$405 million) issued by ANZ Wealth Australia Limited (ANZWA) in June 2015 (-11 bps) and other net impacts from RWA measurement changes, movement in non-cash earnings and net foreign currency translation.
- In response to higher capital requirements for Australian residential mortgages by APRA from 1 July 2016, ANZ raised an additional \$3.2 billion of capital via an Institutional Placement and Retail Share Placement Plan. This provided an additional 80 bps to the CET1 ratio.

▪ **September 2015 v March 2015**

ANZ's CET1 ratio increased 87 bps to 9.6% in the September 2015 half. Key drivers of the CET1 ratio movement during the half were:

- Net organic capital generation is 65 bps or \$2.5 billion driven by from cash profit of \$3.5 billion which more than offset capital usage from RWA growth and other business capital deductions.
- Payment of the March 2015 Interim Dividend (net of shares issued under the DRP) reduced the CET1 ratio by 38 bps.
- Other impacts of -20 bps were mainly due to increased Operational Risk RWA (-10 bps) as a result of APRA's accreditation of ANZ's new ORMS in September 2015, repayment of the first tranche of debt (\$405 million) issued by ANZWA in June 2015 (-10 bps) and other net impacts from RWA measurement changes, movement in non-cash earnings and net foreign currency translation.
- In response to higher capital requirements for Australian residential mortgages by APRA from 1 July 2016, ANZ raised an additional \$3.2 billion of capital via an Institutional Placement and Retail Share Placement Plan. This provided an additional 80 bps to the CET1 ratio.

APRA to Internationally Comparable¹ Common Equity Tier 1 (CET1) as at 30 September 2015

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

The above provides a reconciliation of the CET1 ratio under APRA's Basel 3 prudential capital standards to Internationally Comparable Basel 3 standards. APRA views the Basel 3 reforms as a minimum requirement and hence has not incorporated some of the concessions proposed in the Basel 3 rules and has also set higher requirements in other areas. As a result, Australian banks' Basel 3 reported capital ratios will not be directly comparable with international peers. The Internationally Comparable Basel 3 CET1 ratio incorporates differences between APRA and both the Basel Committee Basel 3 framework (including differences identified in the March 2014 Basel Committee's Regulatory Consistency Assessment Programme (RCAP) on Basel 3 implementation in Australia) and its application in major offshore jurisdictions.

The material differences in APRA's Basel 3 and Internationally Comparable Basel 3 ratios include:

Deductions

- Investment in insurance and banking associates – APRA requires full deduction against CET1. On an Internationally Comparable basis, these investments are subject to a concessional threshold before a deduction is required.
- Deferred tax assets – A full deduction is required from CET1 for deferred tax assets (DTA) relating to temporary differences. On an Internationally Comparable basis, this is first subject to a concessional threshold before the deduction is required.

Risk Weighted Assets (RWA)

- IRRBB RWA – APRA requires inclusion of Interest Rate Risk in the Banking Book (IRRBB) within the RWA base for the CET1 ratio calculation. This is not required on an Internationally Comparable basis.
- Mortgages RWA – APRA imposes a floor of 20% on the downturn Loss Given Default (LGD) used in credit RWA calculations for residential mortgages. The Internationally Comparable Basel 3 framework only requires downturn LGD floor of 10%.
- Specialised Lending - APRA requires the supervisory slotting approach be used in determining credit RWA for specialised lending exposures. The Internationally Comparable basis allows for the advanced internal ratings based approach to be used when calculating RWA for these exposures.
- Unsecured Corporate Lending LGD – Adjustment to align ANZ's unsecured corporate lending LGD to 45% to be consistent with banks in other jurisdictions. The 45% LGD rate is also used in the Foundation Internal Ratings-Based approach (FIRB).
- Undrawn Corporate Lending Exposure at Default (EAD) – To adjust ANZ's credit conversion factors (CCF) for undrawn corporate loan commitments to 75% (used in FIRB approach) to align with banks in other jurisdictions.

Leverage Ratio

In May 2015, APRA introduced amendments to APS 110 *Capital Adequacy* and APS 330 *Public Disclosure* to incorporate the requirements for calculating and disclosing ANZ's Leverage Ratio. The Leverage Ratio requirements are part of the Basel Committee on Banking Supervision (BCBS) Basel 3 capital framework. It is a simple, non-risk based supplement or backstop to the current risk based capital requirements and is intended to restrict the build-up of excessive leverage in the banking system.

Consistent with the BCBS definition, APRA's Leverage Ratio compares Tier 1 Capital to the Exposure Measure (expressed as a percentage) as defined by APS 110. APRA has not finalised a minimum Leverage Ratio requirement for Australian ADIs, although the current BCBS proposal is for a minimum of 3%.

Currently the Leverage Ratio is only a disclosure requirement. APRA intends to consult on the appropriate application of the Leverage Ratio as a minimum requirement for Australian ADIs once the BCBS finalises its calibration for implementation as a binding Pillar 1 requirement by January 2018.

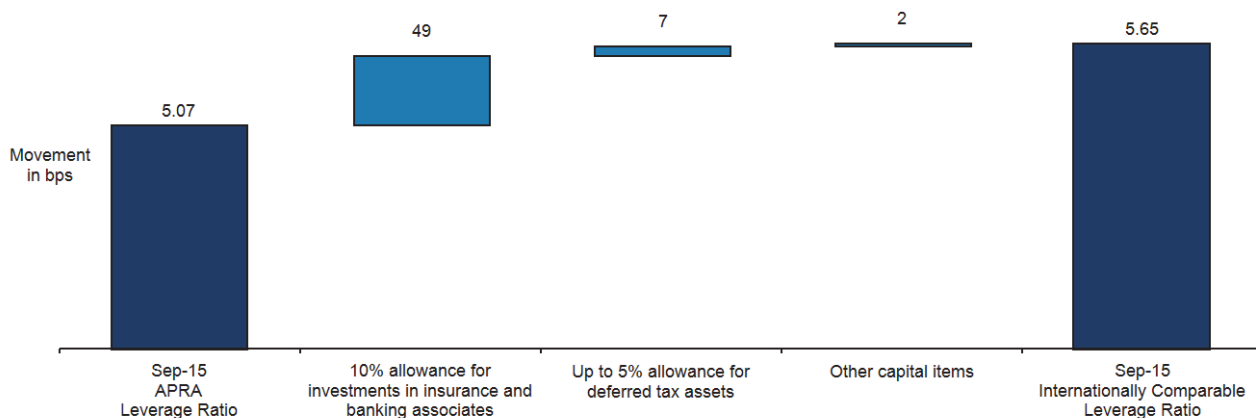
▪ Leverage Ratio – APRA Basis

At 30 September 2015, the Group's Leverage Ratio of 5.1% was above the 3% minimum currently proposed by the BCBS. The following table summarises the Group's Leverage Ratio calculation:

	As at
	Sep 15 \$M
Tier 1 Capital (net of capital deductions)	45,484
On-balance sheet exposures (excluding derivatives and securities financing transaction exposures)	733,756
Derivative exposures	38,115
Securities financing transaction (SFT) exposures	17,297
Other off-balance sheet exposures	107,817
Total exposure measure	896,985
APRA Leverage Ratio	5.1%

▪ APRA to Internationally Comparable Leverage Ratio at 30 September 2015

The Leverage Ratio calculated under the APRA basis uses the APRA definition of Tier 1 capital and therefore does not incorporate some of the concessions allowed for in the Basel 3 rules with regard to capital deductions (as described on page 41). As a result, Australian banks' Leverage Ratios are not directly comparable with international peers. The below is a reconciliation of ANZ's Leverage Ratio under APRA and the Internationally Comparable Basel 3 definition of Tier 1 Capital.



^{1.} Leverage ratios include Additional Tier 1 securities subject to Basel 3 transitional relief, net of any transitional adjustments.

Other regulatory developments

Financial System Inquiry (FSI)

The Australian Government recently completed a comprehensive inquiry into Australia's financial system. The final FSI report was released on 7 December 2014. The contents of the final FSI report are wide-ranging and key recommendations that may have an impact on regulatory capital levels include:

- Setting capital standards such that ADIs' capital ratios are unquestionably strong;
- Raising the average internal ratings-based (IRB) mortgage risk weight to narrow the difference between average mortgage risk-weight for ADIs using IRB models and those using standardised risk weights;
- Implementing a framework for minimum loss absorbing and recapitalisation capacity in line with emerging international practice;
- Developing a common reporting template that improves the transparency and comparability of capital ratios of Australian ADIs; and
- Introducing a leverage ratio requirement that acts as a backstop to ADIs' risk-based capital requirements, in line with Basel framework.

APRA responded to parts of the FSI inquiry in July 2015 with the following announcements made in connection with the key recommendations:

- APRA released an information paper entitled "International capital comparison study" ("APRA Study") which supports the FSI's recommendation that the capital ratios of Australian ADIs should be unquestionably strong. The APRA Study confirmed that the major Australian ADIs are well-capitalised and acknowledged the challenges and complexity in comparing capital ratios between Australian ADIs and international peers given the varied national discretions exercised by different jurisdictions in implementing the global capital adequacy framework (Basel framework). The APRA Study did not confirm the definition of 'unquestionably strong' and stated that APRA does not intend to directly link Australian capital requirements to a continually moving benchmark. The results of the APRA Study will only inform but will not determine APRA's approach for setting capital adequacy requirements.
- Effective from 1 July 2016, APRA requires increased capital requirements for Australian residential mortgage exposures for ADIs accredited to use the internal ratings-based (IRB) approach to credit risk. These new requirements will increase the average risk weighting for mortgage portfolios to approximately 25%. For ANZ, the impact is an approximate 60 bps reduction in CET1 on implementation of this change. In response to this, ANZ has raised \$3.2 billion of ordinary share capital via a fully underwritten Institutional Placement in August 2015 (\$2.5 billion raised) and a Share Purchase Plan to eligible Australian and New Zealand shareholders in September 2015 (\$0.7 billion raised). APRA has indicated that further changes may be required once greater clarity on the deliberations of the Basel Committee is available, particularly in relation to revisions to the standardised approach for credit risk and capital floors.

The Australian Government released its response to the FSI in October 2015 which agrees with all of the above capital related recommendations.

The Australian Government support and endorses APRA to implement the recommendations, including the initial actions to raise the capital requirements for Australian residential mortgage exposures and to take additional steps to ensure that the major banks have unquestionably strong capital ratios by the end of 2016.

Apart from the July 2015 announcements, APRA has not made any determination on the other key recommendations. Therefore, the final outcomes from the FSI, including any impacts and the timing of these impacts on ANZ remain uncertain.

Liquidity Ratios

The Basel 3 Liquidity changes include the introduction of two liquidity ratios to measure liquidity risk; (i) the Liquidity Coverage Ratio (LCR) which became effective on 1 January 2015 and (ii) the Net Stable Funding Ratio (NSFR).

The final Basel 3 revised NSFR standard was released in October 2014, and is broadly consistent with the previous version. It will become the minimum Basel standard on 1 January 2018, and it is expected APRA will adopt the same timeline. As part of managing future liquidity requirements, ANZ monitors the NSFR ratio in its internal reporting and is well placed to meet this requirement.

Domestic Systemically Important Bank (D-SIB) Framework

APRA has released details of its D-SIB framework for implementation in Australia and has classified ANZ and three other major Australian banks as domestic systemically important banks. As a result, an addition to the Capital Conservation Buffer (CCB) will be applied to four major Australian banks, increasing capital requirements by 100 bps from 1 January 2016 and further strengthening the capital position of Australia's D-SIBs. ANZ's current capital position is already in excess of APRA's requirements including the D-SIB overlay. The Group is well placed for D-SIB implementation in January 2016.

Composition of Level 2 ADI Group

In May 2014, APRA provided further clarification to the definition of the Level 2 ADI group, where subsidiary intermediate holding companies are now considered part of the Level 2 Group.

The above clarification results in the phasing out, over time, of capital benefits arising from the debt issued by ANZ Wealth Australia Limited (ANZWA). The first tranche of this debt, amounting to \$405 million or approximately 10 bps of CET1 was phased out in June 2015. As at 30 September 2015, ANZWA has \$400 million of debt outstanding which will mature by March 2016. This will result in a reduction in CET1 by approximately 10 bps on maturity of the debt with the Group well placed to manage this through organic capital generation.

Level 3 Conglomerates ("Level 3")

In August 2014, APRA announced its planned framework for the supervision of Conglomerates Group (Level 3) which includes updated Level 3 capital adequacy standards. These standards will regulate a bancassurance group such as ANZ as a single economic entity with minimum capital requirements and additional monitoring on risk exposure levels.

APRA has deferred a decision on the implementation date as well as the final form of the Level 3 framework until the Australian Government's response to the FSI recommendations have been announced and considered by APRA. APRA has committed to a minimum transition period of 12 months for the affected institutions to comply with the new requirements once an implementation date is established.

Based upon the current draft of the Level 3 standards covering capital adequacy and risk exposures, ANZ is not expecting any material impact on its operations.

▪ **APRA Discussion Paper on Disclosure Reforms**

In May 2015, APRA released final standards implementing the internationally agreed disclosure framework on the leverage ratio, liquidity coverage ratio and the identification of potential global systemically important banks ("G-SIB") with effect from 1 July 2015.

▪ **Leverage Ratio**

APRA's leverage ratio will apply to those ADIs using the IRB approach to Credit Risk Weighted Assets. Leverage ratio requirements are included in the Basel Committee on Banking Supervision (BCBS) Basel 3 capital framework as a supplement to the current risk based capital requirements and are intended to restrict the build-up of excessive leverage in the banking system.

In the requirements, APRA has maintained the BCBS calculation of the leverage ratio of Tier 1 Capital expressed as a percentage of Exposure Measure. The proposed BCBS minimum leverage ratio requirement is 3%. APRA has not yet announced details of the minimum requirement which will apply to impacted Australian ADIs.

Public disclosure of the leverage ratio commenced for the year ended September 2015, with subsequent disclosures to be published on a quarterly basis in the Pillar 3 Report.

▪ **Liquidity Coverage Ratio (LCR) disclosures**

Management disclosed the LCR for the half year ended March 2015. The formal LCR disclosure requirements commenced for the year ended 30 September 2015 with subsequent disclosures to be published on a half-yearly basis in the Pillar 3 Report.

▪ **Globally Systemically Important Bank (G-SIB) indicators disclosures**

APRA requires that the four major Australian ADIs report a set of 12 financial indicators used in the G-SIB framework to identify banks that should be designated as systemically important from a global perspective. These indicators reflect the size, interconnectedness, level of cross jurisdictional activities and complexity of the ADI, which are then used to calculate each ADI's "systemicness" score. ADIs identified as G-SIB will be imposed with higher loss absorbency ("HLA") requirements in the form of additional CET1 capital. As of 30 September 2015, no Australian ADI (ANZ included) was considered to be globally systemically important.

Under the requirements of APS 330: *Public Disclosure*, the four major Australian ADIs must disclose the 12 indicators on an annual basis. The indicator values are to be reported as at an ADI's financial year-end, although the first disclosures (as at 30 September 2015) are not required to be published until 31 July 2016. The disclosures can either be included in an ADI's annual financial report or in the "Regulatory Disclosures" section of an ADI's website.

▪ **Revisions to the Standardised Approach for Credit Risk and Capital Floors**

In December 2014, BCBS released two consultation papers on its proposals to revise the approach to measuring Standardised Risk Weighted Assets (RWA) for credit risk (this is in addition to their proposals on standardised approaches to market risk, counterparty credit risk and operational risks announced earlier in 2014) and to impose capital floors based on these revised approaches to the RWA measurement. These proposals are aimed at reducing RWA variability amongst banks and improving risk sensitivities to key drivers of risk, whilst reducing the reliance on external credit ratings when setting capital charges.

The impact of these changes to ANZ and other Australian ADIs cannot be determined until BCBS finalise its calibration and proposals incorporating comments from the industry (consultation closed on 27 March 2015). Final impacts are also subject to the form of the BCBS proposal that APRA will implement for Australian ADIs.

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New Zealand

Global Wealth

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DIVISIONAL RESULTS

Divisional Performance

The Group operates on a divisional structure with Australia, International and Institutional Banking (IIB), New Zealand, and Global Wealth being the major operating divisions. The IIB and Global Wealth divisions are coordinated globally. Global Technology Services and Operations (GTSO) and Group Centre provide support to the operating divisions, including technology, operations, shared services, property, risk management, financial management, strategy, marketing, human resources and corporate affairs. The Group Centre also includes Group Treasury and Shareholder Functions.

During the September 2015 half, Small Business Banking within the New Zealand division was transferred out of the Commercial business unit and is now presented as part of the Retail business unit. During the March 2015 half, the Merchant Services and Commercial Credit Cards businesses were transferred out of the Cards and payments business unit in Australia Retail and split between Australia C&CB and IIB based on customer ownership. Comparative information has been restated.

There have been no other significant structure changes, however certain prior period comparatives have been restated to align with current period presentation as a result of changes to customer segmentation and the continued realignment of support functions.

The Divisional Results section is reported on a cash profit basis.

September 2015 Full Year

AUD M	Australia	International & Institutional Banking	New Zealand	Global Wealth	GTSO and Group Centre	Group
Net interest income	7,509	4,173	2,316	178	440	14,616
Other operating income	1,169	3,246	368	1,552	(433)	5,902
Operating income	8,678	7,419	2,684	1,730	7	20,518
Operating expenses	(3,157)	(3,616)	(1,064)	(975)	(547)	(9,359)
Profit before credit impairment and income tax	5,521	3,803	1,620	755	(540)	11,159
Credit impairment (charge)/release	(853)	(295)	(55)	-	(2)	(1,205)
Profit before income tax	4,668	3,508	1,565	755	(542)	9,954
Income tax expense and non-controlling interests	(1,394)	(844)	(438)	(154)	92	(2,738)
Cash profit	3,274	2,664	1,127	601	(450)	7,216

September 2014 Full Year

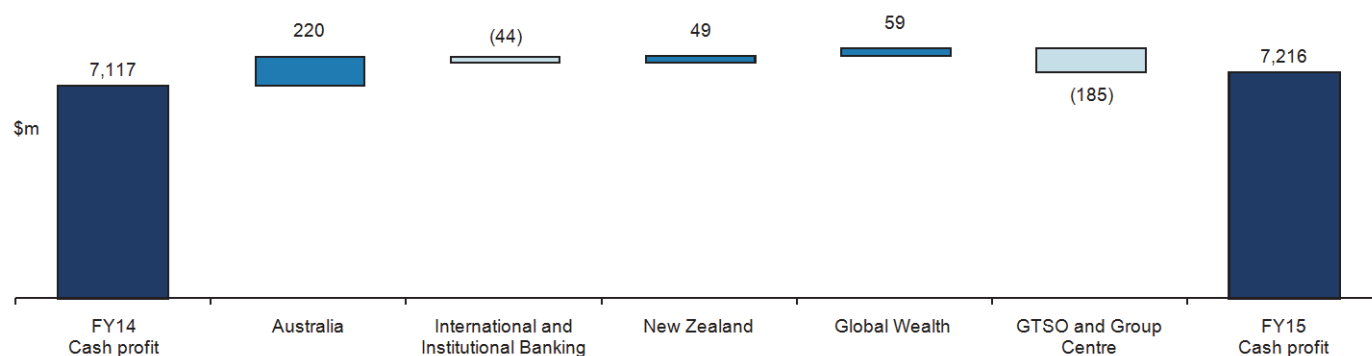
AUD M	Australia	International & Institutional Banking	New Zealand	Global Wealth	GTSO and Group Centre	Group
Net interest income	7,077	4,009	2,171	168	372	13,797
Other operating income	1,116	3,096	349	1,577	(357)	5,781
Operating income	8,193	7,105	2,520	1,745	15	19,578
Operating expenses	(3,015)	(3,275)	(1,031)	(1,004)	(435)	(8,760)
Profit before credit impairment and income tax	5,178	3,830	1,489	741	(420)	10,818
Credit impairment (charge)/release	(818)	(216)	8	2	35	(989)
Profit before income tax	4,360	3,614	1,497	743	(385)	9,829
Income tax expense and non-controlling interests	(1,306)	(906)	(419)	(201)	120	(2,712)
Cash profit	3,054	2,708	1,078	542	(265)	7,117

September 2015 Full Year vs September 2014 Full Year

AUD M	Australia	International & Institutional Banking	New Zealand	Global Wealth	GTSO and Group Centre	Group
Net interest income	6%	4%	7%	6%	18%	6%
Other operating income	5%	5%	5%	-2%	21%	2%
Operating income	6%	4%	7%	-1%	-53%	5%
Operating expenses	5%	10%	3%	-3%	26%	7%
Profit before credit impairment and income tax	7%	-1%	9%	2%	29%	3%
Credit impairment (charge)/release	4%	37%	large	-100%	large	22%
Profit before income tax	7%	-3%	5%	2%	41%	1%
Income tax expense and non-controlling interests	7%	-7%	5%	-23%	-23%	1%
Cash profit	7%	-2%	5%	11%	70%	1%

DIVISIONAL RESULTS

Cash profit by division – September 2015 v September 2014



September 2015 Half Year

AUD M	Australia	International & Institutional Banking	New Zealand	Global Wealth	GTSO and Group Centre	Group
Net interest income	3,839	2,146	1,155	90	248	7,478
Other operating income	598	1,487	185	790	(205)	2,855
Operating income	4,437	3,633	1,340	880	43	10,333
Operating expenses	(1,601)	(1,845)	(525)	(486)	(309)	(4,766)
Profit before credit impairment and income tax	2,836	1,788	815	394	(266)	5,567
Credit impairment (charge)/release	(458)	(197)	(36)	(1)	(3)	(695)
Profit before income tax	2,378	1,591	779	393	(269)	4,872
Income tax expense and non-controlling interests	(706)	(386)	(218)	(51)	29	(1,332)
Cash profit	1,672	1,205	561	342	(240)	3,540

March 2015 Half Year

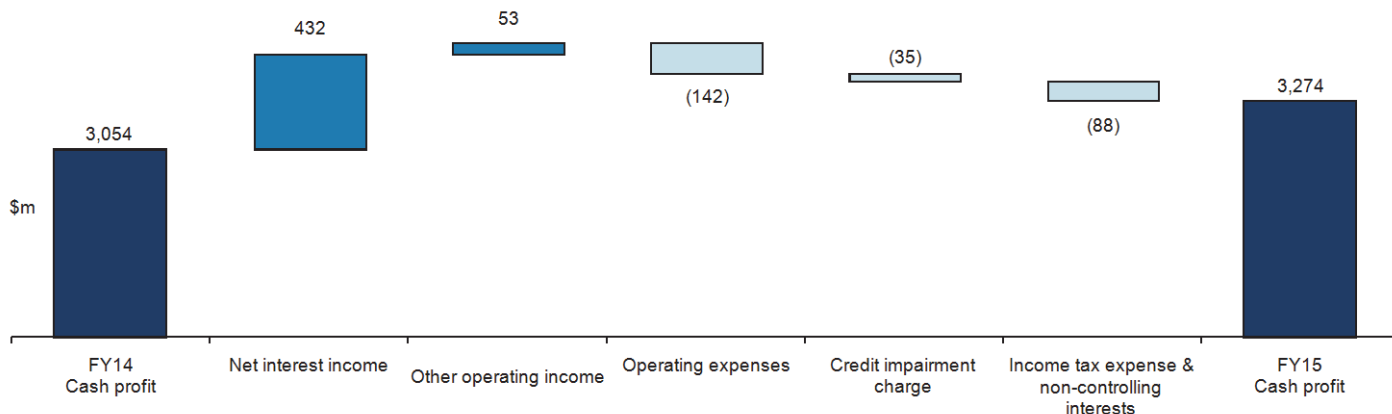
AUD M	Australia	International & Institutional Banking	New Zealand	Global Wealth	GTSO and Group Centre	Group
Net interest income	3,670	2,027	1,161	88	192	7,138
Other operating income	571	1,759	183	762	(228)	3,047
Operating income	4,241	3,786	1,344	850	(36)	10,185
Operating expenses	(1,556)	(1,771)	(539)	(489)	(238)	(4,593)
Profit before credit impairment and income tax	2,685	2,015	805	361	(274)	5,592
Credit impairment (charge)/release	(395)	(98)	(19)	1	1	(510)
Profit before income tax	2,290	1,917	786	362	(273)	5,082
Income tax expense and non-controlling interests	(688)	(458)	(220)	(103)	63	(1,406)
Cash profit	1,602	1,459	566	259	(210)	3,676

September 2015 Half Year vs March 2015 Half Year

AUD M	Australia	International & Institutional Banking	New Zealand	Global Wealth	GTSO and Group Centre	Group
Net interest income	5%	6%	-1%	2%	29%	5%
Other operating income	5%	-15%	1%	4%	-10%	-6%
Operating income	5%	-4%	0%	4%	large	1%
Operating expenses	3%	4%	-3%	-1%	30%	4%
Profit before credit impairment and income tax	6%	-11%	1%	9%	-3%	0%
Credit impairment (charge)/release	16%	large	89%	large	large	36%
Profit before income tax	4%	-17%	-1%	9%	-1%	-4%
Income tax expense and non-controlling interests	3%	-16%	-1%	-50%	-54%	-5%
Cash profit	4%	-17%	-1%	32%	14%	-4%

Australia
 Mark Whelan

The Australia Division comprises the Retail and Corporate and Commercial Banking (C&CB) business units.

Cash profit – September 2015 Full Year v September 2014 Full Year


Australia Division's strategy is focused on growing customers, products per customer and cross-sell between Divisions through improving the customer proposition in all parts of our business.

In 2015, Australia Division delivered a 7% increase in cash profit and accounted for 45% of the ANZ Group Cash profit. The cost to income ratio has improved from 36.8% to 36.4% while investment has continued in key growth areas such as increasing distribution sales capacity and capability, expanding our presence in NSW and building out key customer and industry segments in our Corporate and Commercial business (C&CB).

We continue to deliver innovative and digital solutions to enhance the customer experience and allow customers to have more control over their banking needs. Digital sales have increased 30% in the year. Customer acquisition has increased by 3%, 59% of Retail customers hold multiple products with us and C&CB cross-sell has increased 5%. Margins have been well managed with lending margin pressure from competition being largely offset from deposit repricing.

In Retail, Home loan sales are up 24% nationally and are on track to deliver 6 consecutive years of above system growth¹. Home loan sales in NSW have grown 63% in the year. Cards momentum continues with acquisitions up 29% and market share is 20%¹. Individual impairment loss rates are at their lowest level in 8 years, with increases in collective impairment charges predominantly from lending growth.

C&CB continues to grow its business, targeting key sectors and supporting customers across the region. Customer numbers grew 5%, lending growth increased by 6% with Small Business a highlight growing at 12%. Cost discipline and underlying asset quality remain sound.

September 2015 v September 2014

Cash profit increased 7%, with 6% income growth, a 5% increase in expenses and a 4% increase in credit impairment charges.

Key factors affecting the result were:

- Net interest income increased by \$432 million or 6% primarily due to Home Loans and Small Business Banking lending growth of 10% and 12% respectively. Lending margin contraction from competition was partially offset by favourable deposit pricing.
- Other operating income increased \$53 million or 5% primarily due to increased net interchange fee revenue, and lending

fee income driven by Small Business Banking lending growth.

- Operating expenses increased \$142 million or 5%. This was primarily due to investments supporting our sales force growth strategy (particularly in NSW and Digital), as well as wage inflation.
- Credit impairment charges increased \$35 million or 4%, with a lower individual impairment charge partially offsetting a higher collective charge. The lower individual charge reflected write-backs in Corporate Banking partially offset by higher charges in Personal Loans, Small Business Banking and Esanda. The collective charge increase was mainly due to lending growth in Cards and Small Business, along with methodology adjustments in Esanda and changes to hardship policy also contributing to the increase.

September 2015 v March 2015

Cash profit increased 4%, with 5% income growth, a 3% increase in operating expenses and a 16% increase in credit impairment charges.

Key factors affecting the result were:

- Net interest income increased \$169 million or 5% primarily due to Home Loans and Small Business Banking lending growth of 6% and 6% respectively. Net interest margin was stable, reflecting disciplined retail portfolio margin management, offset by lending margin contraction in C&CB from competitive pressures.
- Other operating income increased \$27 million or 5% primarily due to higher Cards fee income.
- Operating expenses increased \$45 million or 3%. Investment in sales reach and sales capability continued in the September 2015 half, primarily in NSW.
- Credit impairment charges increased \$63 million or 16%, with a higher individual impairment charge being partially offset by a lower collective charge. The increase in individual charge is a combination of seasonality and growth in Cards, higher charges in Small Business Banking and Regional Business Banking, with lower write-backs in Corporate Banking. The collective charge decrease reflects methodology changes in Cards in the second half and model improvements in Esanda implemented in the first half.

¹ Source: APRA Monthly Banking Statistics as at 31 August 2015.

DIVISIONAL RESULTS

Australia
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	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Net interest income	3,839	3,670	5%	7,509	7,077	6%
Other operating income	598	571	5%	1,169	1,116	5%
Operating income	4,437	4,241	5%	8,678	8,193	6%
Operating expenses	(1,601)	(1,556)	3%	(3,157)	(3,015)	5%
Profit before credit impairment and income tax	2,836	2,685	6%	5,521	5,178	7%
Credit impairment charge	(458)	(395)	16%	(853)	(818)	4%
Profit before income tax	2,378	2,290	4%	4,668	4,360	7%
Income tax expense and non-controlling interests	(706)	(688)	3%	(1,394)	(1,306)	7%
Cash profit	1,672	1,602	4%	3,274	3,054	7%
Consisting of:						
Retail	1,065	956	11%	2,021	1,843	10%
Corporate and Commercial Banking	607	646	-6%	1,253	1,211	3%
Cash profit	1,672	1,602	4%	3,274	3,054	7%
Balance Sheet						
Net loans & advances	313,672	297,642	5%	313,672	287,750	9%
Other external assets	2,911	2,885	1%	2,911	2,814	3%
External assets	316,583	300,527	5%	316,583	290,564	9%
Customer deposits	169,280	162,587	4%	169,280	160,683	5%
Other external liabilities	11,398	11,414	0%	11,398	12,001	-5%
External liabilities	180,678	174,001	4%	180,678	172,684	5%
Risk weighted assets	128,428	116,386	10%	128,428	110,752	16%
Average gross loans and advances	306,820	294,357	4%	300,605	280,706	7%
Average deposits and other borrowings	164,732	162,688	1%	163,713	156,418	5%
Ratios						
Return on assets	1.08%	1.09%		1.09%	1.08%	
Net interest margin	2.50%	2.50%		2.50%	2.52%	
Operating expenses to operating income	36.1%	36.7%		36.4%	36.8%	
Operating expenses to average assets	1.04%	1.06%		1.05%	1.07%	
Individual credit impairment charge/(release)	427	334	28%	761	787	-3%
Individual credit impairment charge/(release) as a % of average GLA	0.28%	0.23%		0.25%	0.28%	
Collective credit impairment charge/(release)	31	61	-49%	92	31	large
Collective credit impairment charge/(release) as a % of average GLA	0.02%	0.04%		0.03%	0.01%	
Gross impaired assets	1,193	1,245	-4%	1,193	1,253	-5%
Gross impaired assets as a % of GLA	0.38%	0.42%		0.38%	0.43%	
Total full time equivalent staff (FTE)	9,781	10,235	-4%	9,781	9,904	-1%

DIVISIONAL RESULTS

Australia
Mark Whelan

Individual credit impairment charge/(release)	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Retail	196	158	24%	354	338	5%
Home Loans	10	6	67%	16	24	-33%
Cards and Personal Loans	174	144	21%	318	293	9%
Deposits and Payments ¹	12	8	50%	20	21	-5%
Corporate and Commercial Banking	231	176	31%	407	449	-9%
Corporate Banking	-	(18)	-100%	(18)	109	large
Esanda	93	100	-7%	193	154	25%
Regional Business Banking	35	20	75%	55	59	-7%
Business Banking	22	24	-8%	46	28	64%
Small Business Banking	81	50	62%	131	99	32%
Individual credit impairment charge/(release)	427	334	28%	761	787	-3%

Collective credit impairment charge/(release)	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Retail	7	37	-81%	44	15	large
Home Loans	15	11	36%	26	14	86%
Cards and Personal Loans	(12)	25	large	13	1	large
Deposits and Payments ²	4	1	large	5	-	n/a
Corporate and Commercial Banking	24	24	0%	48	16	large
Corporate Banking	17	(29)	large	(12)	(8)	50%
Esanda	(6)	27	large	21	(1)	large
Regional Business Banking	(6)	12	large	6	(2)	large
Business Banking	9	(1)	large	8	1	large
Small Business Banking	10	15	-33%	25	26	-4%
Collective credit impairment charge/(release)	31	61	-49%	92	31	large
Total credit impairment charge/(release)	458	395	16%	853	818	4%

^{1.} Represents individual credit impairment charge/(release) on Overdraft balances.

^{2.} Represents collective credit impairment charge/(release) on Overdraft balances.

DIVISIONAL RESULTS

Australia
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Net loans and advances	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Retail	242,333	229,211	6%	242,333	220,164	10%
Home Loans	231,206	217,977	6%	231,206	209,391	10%
Cards and Personal Loans	11,049	11,139	-1%	11,049	10,680	3%
Deposits and Payments ¹	78	95	-18%	78	93	-16%
Corporate and Commercial Banking	71,339	68,431	4%	71,339	67,586	6%
Corporate Banking	10,418	9,661	8%	10,418	9,389	11%
Esanda	15,917	15,776	1%	15,917	16,149	-1%
Regional Business Banking	12,827	12,359	4%	12,827	12,409	3%
Business Banking	17,827	17,150	4%	17,827	16,774	6%
Small Business Banking	14,350	13,485	6%	14,350	12,865	12%
Net loans and advances	313,672	297,642	5%	313,672	287,750	9%

Customer deposits	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Retail	118,433	112,906	5%	118,433	111,962	6%
Home Loans ²	21,861	19,211	14%	21,861	17,684	24%
Cards and Personal Loans	258	230	12%	258	245	5%
Deposits and Payments	96,314	93,465	3%	96,314	94,033	2%
Corporate and Commercial Banking³	50,847	49,681	2%	50,847	48,721	4%
Esanda	-	-	n/a	-	1	-100%
Regional Business Banking	5,051	4,693	8%	5,051	4,518	12%
Business Banking	14,007	14,136	-1%	14,007	14,038	0%
Small Business Banking	31,789	30,852	3%	31,789	30,164	5%
Customer deposits	169,280	162,587	4%	169,280	160,683	5%

^{1.} Net loans and advances for the Deposits and Payments business represent amounts in overdraft.

^{2.} Customer deposit amounts for the Home Loans business represent balances in offset accounts.

^{3.} Corporate Banking deposits are included in the International and Institutional Banking division deposits.

DIVISIONAL RESULTS

Australia
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Retail

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Net interest income	2,381	2,219	7%	4,600	4,248	8%
Other operating income	377	357	6%	734	689	7%
Operating income	2,758	2,576	7%	5,334	4,937	8%
Operating expenses	(1,046)	(1,015)	3%	(2,061)	(1,957)	5%
Profit before credit impairment and income tax	1,712	1,561	10%	3,273	2,980	10%
Credit impairment charge	(203)	(195)	4%	(398)	(353)	13%
Profit before income tax	1,509	1,366	10%	2,875	2,627	9%
Income tax expense and non-controlling interests	(444)	(410)	8%	(854)	(784)	9%
Cash profit	1,065	956	11%	2,021	1,843	10%
Risk weighted assets	61,873	57,304	8%	61,873	53,367	16%

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Individual credit impairment charge/(release)						
Home Loans	10	6	67%	16	24	-33%
Cards and Personal Loans	174	144	21%	318	293	9%
Deposits and Payments ¹	12	8	50%	20	21	-5%
Individual credit impairment charge/(release)	196	158	24%	354	338	5%

Collective credit impairment charge/(release)						
Home Loans	15	11	36%	26	14	86%
Cards and Personal Loans	(12)	25	large	13	1	large
Deposits and Payments ²	4	1	large	5	-	n/a
Collective credit impairment charge/(release)	7	37	-81%	44	15	large
Total credit impairment charge/(release)	203	195	4%	398	353	13%

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Net loans and advances						
Home Loans	231,206	217,977	6%	231,206	209,391	10%
Cards and Personal Loans	11,049	11,139	-1%	11,049	10,680	3%
Deposits and Payments	78	95	-18%	78	93	-16%
Net loans and advances	242,333	229,211	6%	242,333	220,164	10%

Customer deposits						
Home Loans	21,861	19,211	14%	21,861	17,684	24%
Cards and Personal Loans	258	230	12%	258	245	5%
Deposits and Payments	96,314	93,465	3%	96,314	94,033	2%
Customer deposits	118,433	112,906	5%	118,433	111,962	6%

^{1.} Represents individual credit impairment charge/(release) on Overdraft balances.

^{2.} Represents collective credit impairment charge/(release) on Overdraft balances.

DIVISIONAL RESULTS

Australia
Mark Whelan

Corporate and Commercial Banking

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Net interest income	1,458	1,451	0%	2,909	2,829	3%
Other operating income	221	214	3%	435	427	2%
Operating income	1,679	1,665	1%	3,344	3,256	3%
Operating expenses	(555)	(541)	3%	(1,096)	(1,058)	4%
Profit before credit impairment and income tax	1,124	1,124	0%	2,248	2,198	2%
Credit impairment charge	(255)	(200)	28%	(455)	(465)	-2%
Profit before income tax	869	924	-6%	1,793	1,733	3%
Income tax expense and non-controlling interests	(262)	(278)	-6%	(540)	(522)	3%
Cash profit	607	646	-6%	1,253	1,211	3%
Risk weighted assets	66,555	59,080	13%	66,555	56,287	18%

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Individual credit impairment charge/(release)						
Corporate Banking	-	(18)	-100%	(18)	109	large
Esanda	93	100	-7%	193	154	25%
Regional Business Banking	35	20	75%	55	59	-7%
Business Banking	22	24	-8%	46	28	64%
Small Business Banking	81	50	62%	131	99	32%
Individual credit impairment charge/(release)	231	176	31%	407	449	-9%

Collective credit impairment charge/(release)						
Corporate Banking	17	(29)	large	(12)	(8)	50%
Esanda	(6)	27	large	21	(1)	large
Regional Business Banking	(6)	12	large	6	(2)	large
Business Banking	9	(1)	large	8	1	large
Small Business Banking	10	15	-33%	25	26	-4%
Collective credit impairment charge/(release)	24	24	0%	48	16	large
Total credit impairment charge/(release)	255	200	28%	455	465	-2%

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Net loans and advances						
Corporate Banking	10,418	9,661	8%	10,418	9,389	11%
Esanda	15,917	15,776	1%	15,917	16,149	-1%
Regional Business Banking	12,827	12,359	4%	12,827	12,409	3%
Business Banking	17,827	17,150	4%	17,827	16,774	6%
Small Business Banking	14,350	13,485	6%	14,350	12,865	12%
Net loans and advances	71,339	68,431	4%	71,339	67,586	6%

Customer deposits¹						
Esanda	-	-	n/a	-	1	-100%
Regional Business Banking	5,051	4,693	8%	5,051	4,518	12%
Business Banking	14,007	14,136	-1%	14,007	14,038	0%
Small Business Banking	31,789	30,852	3%	31,789	30,164	5%
Customer deposits	50,847	49,681	2%	50,847	48,721	4%

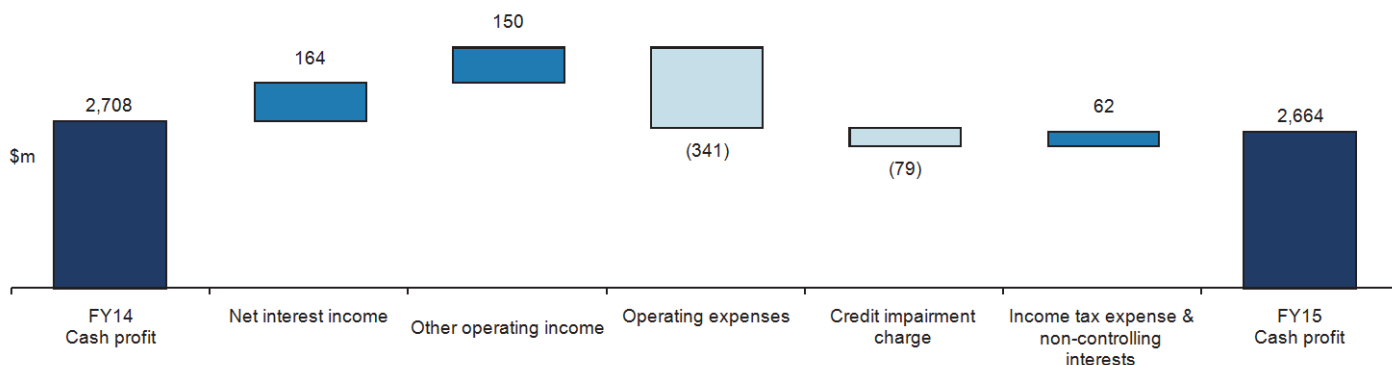
¹ Corporate Banking deposits are included in the International and Institutional Banking division deposits.

International and Institutional Banking

Andrew Géczy

International and Institutional Banking (IIB) division provides markets, transaction banking and lending services to Institutional clients globally, leveraging its Australian market strength, and capability to reach across Asia Pacific. The Global Banking division serves customers with multi-product and multi-geographic requirements, while International Banking serves customers with less complex needs. IIB also provides banking and wealth management services to affluent and emerging affluent retail customers across Asia Pacific. In addition, IIB manages the Group's investment in partnerships in Asia.

Cash profit – September 2015 Full Year v September 2014 Full Year



IIB's four key strategic priorities are:

- Connecting with more customers by providing seamless value: supporting customers' trade and investment activities across the key Asia Pacific corridors through the provision of multi-product, integrated financial solutions.
- Delivering leading products through insights: combining product excellence with industry and regional expertise to provide tailored, innovative solutions to customers.
- Intensifying balance sheet discipline: accelerating performance by managing capital efficiently and prudently.
- Scaling and optimising infrastructure: simplifying and focusing the business to effectively control costs.

IIB continues to focus on accelerating performance by investing in the growth of higher returning products; Markets and Cash Management. Loans remain an important product from which to build customer relationships.

September 2015 v September 2014

Cash profit decreased by 2% due to increases in operating expenses and credit impairment charges, partially offset by an increase in operating income.

Key factors affecting the result were:

- Net interest income increased 4%. The increase in net interest income was driven by Retail Asia Pacific, Global Markets and Global Transaction Banking, partially offset by a decrease in Global Loans. Average deposits and other borrowings increased 12% and average gross loans and advances increased 11%. Net interest margin declined 16 bps, mainly due to excess liquidity in Australia.
- Other operating income increased by 5%, due to increased Global Transaction Banking fees reflecting deposit volume growth in all geographies, along with income growth in Asia Partnerships, higher Investment and Insurance income in Retail Asia Pacific, higher Global Markets Sales income and increased fee income from Global Loans. These increases were offset by a decrease in Global Markets Balance Sheet Trading income which was

negatively impacted by widening credit spreads towards the end of the year.

- Operating expenses increased by 10%, with ongoing investment in key growth, infrastructure, and compliance-related projects.
- Credit impairment charges increased 37%. Individual credit impairment charges were flat, with higher provisions in Global Loans offset by lower provisions in Global Transaction Banking. Collective credit impairment charges increased due to non-recurring provision releases in Retail Asia Pacific and a higher level of customer credit rating upgrades in Global Loans in the prior year.

September 2015 v March 2015

Cash profit decreased 17%, due to lower income in Global Markets, and an increase in operating expenses and credit impairment charges.

Key factors affecting the result were:

- Net interest income increased 6%. The increase in net interest income was driven by Global Markets, Global Loans and Retail Asia Pacific. Average deposits and other borrowings increased 2% and average gross loans and advances increased 4%. Net interest margin was flat with improved asset and funding mix, partially offset by continued pricing pressure in Global Loans in Australia.
- Other operating income decreased by 15%, driven by lower Global Markets income which was negatively impacted by widening credit spreads and market dislocation in the fourth quarter. This decrease was partially offset by increased fee income from Global Loans.
- Operating expenses increased 4% with continued investment in key infrastructure projects to support future growth.
- Credit impairment charges increased by \$99 million, with higher individual credit impairment charges driven by provision releases in Retail Asia Pacific in the first half, combined with higher new provisions in Global Transaction Banking and Global Loans. Collective provision impairment charges remained broadly flat.

DIVISIONAL RESULTS

International and Institutional Banking

Andrew Géczy

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Net interest income	2,146	2,027	6%	4,173	4,009	4%
Other operating income	1,487	1,759	-15%	3,246	3,096	5%
Operating income	3,633	3,786	-4%	7,419	7,105	4%
Operating expenses	(1,845)	(1,771)	4%	(3,616)	(3,275)	10%
Profit before credit impairment and income tax	1,788	2,015	-11%	3,803	3,830	-1%
Credit impairment charge	(197)	(98)	large	(295)	(216)	37%
Profit before income tax	1,591	1,917	-17%	3,508	3,614	-3%
Income tax expense and non-controlling interests	(386)	(458)	-16%	(844)	(906)	-7%
Cash profit	1,205	1,459	-17%	2,664	2,708	-2%
Consisting of:						
Global Transaction Banking	297	305	-3%	602	557	8%
Global Loans and Advisory	368	394	-7%	762	866	-12%
Global Markets	280	421	-33%	701	841	-17%
Global Products	945	1,120	-16%	2,065	2,264	-9%
Retail Asia Pacific	6	56	-89%	62	46	35%
Asia Partnerships	290	299	-3%	589	488	21%
Central Functions	(36)	(16)	large	(52)	(90)	-42%
Cash profit	1,205	1,459	-17%	2,664	2,708	-2%
Balance Sheet						
Net loans & advances	154,741	156,517	-1%	154,741	141,986	9%
Other external assets	268,267	248,540	8%	268,267	200,998	33%
External assets	423,008	405,057	4%	423,008	342,984	23%
Customer deposits	202,495	201,124	1%	202,495	183,126	11%
Other deposits and borrowings	41,860	51,681	-19%	41,860	39,604	6%
Deposits and other borrowings	244,355	252,805	-3%	244,355	222,730	10%
Other external liabilities	109,341	93,713	17%	109,341	78,370	40%
External liabilities	353,696	346,518	2%	353,696	301,100	17%
Risk weighted assets	209,826	206,254	2%	209,826	191,286	10%
Average gross loans and advances	159,778	153,399	4%	156,598	140,939	11%
Average deposits and other borrowings	249,907	244,050	2%	246,987	221,371	12%
Ratios						
Return on assets	0.58%	0.75%		0.67%	0.83%	
Net interest margin	1.34%	1.34%		1.34%	1.50%	
Net interest margin (excluding Global Markets)	2.34%	2.32%		2.33%	2.45%	
Operating expenses to operating income	50.8%	46.8%		48.7%	46.1%	
Operating expenses to average assets	0.89%	0.92%		0.90%	1.01%	
Individual credit impairment charge/(release)	191	100	91%	291	290	0%
Individual credit impairment charge/(release) as a % of average GLA	0.24%	0.13%		0.19%	0.21%	
Collective credit impairment charge/(release)	6	(2)	large	4	(74)	large
Collective credit impairment charge/(release) as a % of average GLA	0.01%	(0.00%)		0.00%	(0.05%)	
Gross impaired assets	1,183	1,021	16%	1,183	1,093	8%
Gross impaired assets as a % of GLA	0.76%	0.65%		0.76%	0.76%	
Total full time equivalent staff (FTE)	7,578	7,785	-3%	7,578	7,749	-2%

DIVISIONAL RESULTS

International and Institutional Banking

Andrew Géczy

International and Institutional Banking by Geography

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Australia						
Net interest income	1,015	967	5%	1,982	2,012	-1%
Other operating income	331	445	-26%	776	907	-14%
Operating income	1,346	1,412	-5%	2,758	2,919	-6%
Operating expenses	(600)	(618)	-3%	(1,218)	(1,170)	4%
Profit before credit impairment and income tax	746	794	-6%	1,540	1,749	-12%
Credit impairment (charge)/release	17	(34)	large	(17)	(75)	-77%
Profit before income tax	763	760	0%	1,523	1,674	-9%
Income tax expense and non-controlling interests	(228)	(228)	0%	(456)	(499)	-9%
Cash profit	535	532	1%	1,067	1,175	-9%
Individual credit impairment charge/(release)	(1)	41	large	40	101	-60%
Collective credit impairment charge/(release)	(16)	(7)	large	(23)	(26)	-12%
Net loans & advances	64,785	62,491	4%	64,785	57,968	12%
Customer deposits	65,876	62,610	5%	65,876	67,072	-2%

Asia Pacific, Europe, and America

Net interest income	977	930	5%	1,907	1,695	13%
Other operating income	1,005	1,131	-11%	2,136	1,916	11%
Operating income	1,982	2,061	-4%	4,043	3,611	12%
Operating expenses	(1,157)	(1,066)	9%	(2,223)	(1,938)	15%
Profit before credit impairment and income tax	825	995	-17%	1,820	1,673	9%
Credit impairment (charge)/release	(207)	(54)	large	(261)	(140)	86%
Profit before income tax	618	941	-34%	1,559	1,533	2%
Income tax expense and non-controlling interests	(101)	(170)	-41%	(271)	(294)	-8%
Cash profit	517	771	-33%	1,288	1,239	4%
Individual credit impairment charge/(release)	190	47	large	237	175	35%
Collective credit impairment charge/(release)	17	7	large	24	(35)	large
Net loans & advances	83,033	86,474	-4%	83,033	77,533	7%
Customer deposits	124,361	125,234	-1%	124,361	103,992	20%

New Zealand

Net interest income	154	130	18%	284	302	-6%
Other operating income	151	183	-17%	334	273	22%
Operating income	305	313	-3%	618	575	7%
Operating expenses	(88)	(87)	1%	(175)	(167)	5%
Profit before credit impairment and income tax	217	226	-4%	443	408	9%
Credit impairment (charge)/release	(7)	(10)	-30%	(17)	(1)	large
Profit before income tax	210	216	-3%	426	407	5%
Income tax expense and non-controlling interests	(57)	(60)	-5%	(117)	(113)	4%
Cash profit	153	156	-2%	309	294	5%
Individual credit impairment charge/(release)	2	12	-83%	14	14	0%
Collective credit impairment charge/(release)	5	(2)	large	3	(13)	large
Net loans & advances	6,923	7,552	-8%	6,923	6,485	7%
Customer deposits	12,258	13,280	-8%	12,258	12,061	2%

DIVISIONAL RESULTS

International and Institutional Banking

Andrew Géczy

Individual credit impairment charge/(release)	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Retail Asia Pacific	69	9	large	78	86	-9%
Global Products	123	91	35%	214	203	5%
Global Transaction Banking	42	19	large	61	113	-46%
Global Loans and Advisory	73	33	large	106	67	58%
Global Markets	8	39	-79%	47	23	large
Central Functions	(1)	-	n/a	(1)	1	large
Individual credit impairment charge/(release)	191	100	91%	291	290	0%

Collective credit impairment charge/(release)	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Retail Asia Pacific	14	2	large	16	(21)	large
Global Products	(7)	(5)	40%	(12)	(53)	-77%
Global Transaction Banking	(29)	(1)	large	(30)	3	large
Global Loans and Advisory	21	(4)	large	17	(57)	large
Global Markets	1	-	n/a	1	1	0%
Central Functions	(1)	1	large	-	-	n/a
Collective credit impairment charge/(release)	6	(2)	large	4	(74)	large
Total credit impairment charge/(release)	197	98	large	295	216	37%

Net loans and advances	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Retail Asia Pacific	10,940	10,160	8%	10,940	8,782	25%
Global Products	143,571	146,080	-2%	143,571	132,950	8%
Global Transaction Banking	26,354	32,801	-20%	26,354	30,230	-13%
Global Loans and Advisory	93,851	91,129	3%	93,851	84,191	11%
Global Markets	23,366	22,150	5%	23,366	18,529	26%
Central Functions	230	277	-17%	230	254	-9%
Net loans and advances	154,741	156,517	-1%	154,741	141,986	9%

Customer deposits	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Retail Asia Pacific	17,695	16,233	9%	17,695	14,433	23%
Global Products	184,643	184,733	0%	184,643	168,542	10%
Global Transaction Banking	96,172	92,875	4%	96,172	86,438	11%
Global Loans and Advisory	849	792	7%	849	730	16%
Global Markets	87,622	91,066	-4%	87,622	81,374	8%
Central Functions	157	158	-1%	157	151	4%
Customer deposits	202,495	201,124	1%	202,495	183,126	11%

DIVISIONAL RESULTS

International and Institutional Banking

Andrew Géczy

September 2015 Full Year

AUD M	Global Transaction Banking	Global Loans & Advisory	Global Markets	Global Products	Retail Asia Pacific	Asia Partnerships	Central Functions	IIB Total
Net interest income	957	1,575	1,099	3,631	545	(7)	4	4,173
Other operating income	842	160	1,185	2,187	411	615	33	3,246
Operating income	1,799	1,735	2,284	5,818	956	608	37	7,419
Operating expenses	(937)	(570)	(1,281)	(2,788)	(782)	(8)	(38)	(3,616)
Profit before credit impairment and income tax	862	1,165	1,003	3,030	174	600	(1)	3,803
Credit impairment (charge)/release	(31)	(123)	(48)	(202)	(94)	-	1	(295)
Profit before income tax	831	1,042	955	2,828	80	600	-	3,508
Income tax expense and non-controlling interests	(229)	(280)	(254)	(763)	(18)	(11)	(52)	(844)
Cash profit	602	762	701	2,065	62	589	(52)	2,664
Individual credit impairment (charge)/release	(61)	(106)	(47)	(214)	(78)	-	1	(291)
Collective credit impairment (charge)/release	30	(17)	(1)	12	(16)	-	-	(4)
Net loans & advances	26,354	93,851	23,366	143,571	10,940	-	230	154,741
Customer deposits	96,172	849	87,622	184,643	17,695	-	157	202,495
Risk weighted assets	35,676	103,315	60,378	199,369	9,096	-	1,361	209,826

September 2014 Full Year

Net interest income	925	1,585	1,043	3,553	457	(5)	4	4,009
Other operating income	816	140	1,285	2,241	360	492	3	3,096
Operating income	1,741	1,725	2,328	5,794	817	487	7	7,105
Operating expenses	(855)	(512)	(1,148)	(2,515)	(695)	(8)	(57)	(3,275)
Profit before credit impairment and income tax	886	1,213	1,180	3,279	122	479	(50)	3,830
Credit impairment (charge)/release	(116)	(10)	(24)	(150)	(65)	-	(1)	(216)
Profit before income tax	770	1,203	1,156	3,129	57	479	(51)	3,614
Income tax expense and non-controlling interests	(213)	(337)	(315)	(865)	(11)	9	(39)	(906)
Cash profit	557	866	841	2,264	46	488	(90)	2,708
Individual credit impairment (charge)/release	(113)	(67)	(23)	(203)	(86)	-	(1)	(290)
Collective credit impairment (charge)/release	(3)	57	(1)	53	21	-	-	74
Net loans & advances	30,230	84,191	18,529	132,950	8,782	-	254	141,986
Customer deposits	86,438	730	81,374	168,542	14,433	-	151	183,126
Risk weighted assets	38,601	90,553	54,348	183,502	7,307	-	477	191,286

September 2015 Full Year vs September 2014 Full Year

Net interest income	3%	-1%	5%	2%	19%	40%	0%	4%
Other operating income	3%	14%	-8%	-2%	14%	25%	large	5%
Operating income	3%	1%	-2%	0%	17%	25%	large	4%
Operating expenses	10%	11%	12%	11%	13%	0%	-33%	10%
Profit before credit impairment and income tax	-3%	-4%	-15%	-8%	43%	25%	-98%	-1%
Credit impairment (charge)/release	-73%	large	100%	35%	45%	n/a	large	37%
Profit before income tax	8%	-13%	-17%	-10%	40%	25%	-100%	-3%
Income tax expense and non-controlling interests	8%	-17%	-19%	-12%	64%	large	33%	-7%
Cash profit	8%	-12%	-17%	-9%	35%	21%	-42%	-2%
Individual credit impairment (charge)/release	-46%	58%	large	5%	-9%	n/a	large	0%
Collective credit impairment (charge)/release	large	large	0%	-77%	large	n/a	n/a	large
Net loans & advances	-13%	11%	26%	8%	25%	n/a	-9%	9%
Customer deposits	11%	16%	8%	10%	23%	n/a	4%	11%
Risk weighted assets	-8%	14%	11%	9%	24%	n/a	large	10%

DIVISIONAL RESULTS

International and Institutional Banking

Andrew Géczy

September 2015 Half Year

AUD M	Global Transaction Banking	Global Loans & Advisory	Global Markets	Global Products	Retail Asia Pacific	Asia Partnerships	Central Functions	IIB Total
Net interest income	479	797	594	1,870	283	(4)	(3)	2,146
Other operating income	415	93	448	956	212	304	15	1,487
Operating income	894	890	1,042	2,826	495	300	12	3,633
Operating expenses	(474)	(295)	(648)	(1,417)	(399)	(4)	(25)	(1,845)
Profit before credit impairment and income tax	420	595	394	1,409	96	296	(13)	1,788
Credit impairment (charge)/release	(13)	(94)	(9)	(116)	(83)	-	2	(197)
Profit before income tax	407	501	385	1,293	13	296	(11)	1,591
Income tax expense and non-controlling interests	(110)	(133)	(105)	(348)	(7)	(6)	(25)	(386)
Cash profit	297	368	280	945	6	290	(36)	1,205
Individual credit impairment (charge)/release	(42)	(73)	(8)	(123)	(69)	-	1	(191)
Collective credit impairment (charge)/release	29	(21)	(1)	7	(14)	-	1	(6)
Net loans & advances	26,354	93,851	23,366	143,571	10,940	-	230	154,741
Customer deposits	96,172	849	87,622	184,643	17,695	-	157	202,495
Risk weighted assets	35,676	103,315	60,378	199,369	9,096	-	1,361	209,826

March 2015 Half Year

Net interest income	478	778	505	1,761	262	(3)	7	2,027
Other operating income	427	67	737	1,231	199	311	18	1,759
Operating income	905	845	1,242	2,992	461	308	25	3,786
Operating expenses	(463)	(275)	(633)	(1,371)	(383)	(4)	(13)	(1,771)
Profit before credit impairment and income tax	442	570	609	1,621	78	304	12	2,015
Credit impairment (charge)/release	(18)	(29)	(39)	(86)	(11)	-	(1)	(98)
Profit before income tax	424	541	570	1,535	67	304	11	1,917
Income tax expense and non-controlling interests	(119)	(147)	(149)	(415)	(11)	(5)	(27)	(458)
Cash profit	305	394	421	1,120	56	299	(16)	1,459
Individual credit impairment (charge)/release	(19)	(33)	(39)	(91)	(9)	-	-	(100)
Collective credit impairment (charge)/release	1	4	-	5	(2)	-	(1)	2
Net loans & advances	32,801	91,129	22,150	146,080	10,160	-	277	156,517
Customer deposits	92,875	792	91,066	184,733	16,233	-	158	201,124
Risk weighted assets	41,512	96,362	59,676	197,550	8,145	-	559	206,254

September 2015 Half Year vs March 2015 Half Year

Net interest income	0%	2%	18%	6%	8%	33%	large	6%
Other operating income	-3%	39%	-39%	-22%	7%	-2%	-17%	-15%
Operating income	-1%	5%	-16%	-6%	7%	-3%	-52%	-4%
Operating expenses	2%	7%	2%	3%	4%	0%	92%	4%
Profit before credit impairment and income tax	-5%	4%	-35%	-13%	23%	-3%	large	-11%
Credit impairment (charge)/release	-28%	large	-77%	35%	large	n/a	large	large
Profit before income tax	-4%	-7%	-32%	-16%	-81%	-3%	large	-17%
Income tax expense and non-controlling interests	-8%	-10%	-30%	-16%	-36%	20%	-7%	-16%
Cash profit	-3%	-7%	-33%	-16%	-89%	-3%	large	-17%
Individual credit impairment (charge)/release	large	large	-79%	35%	large	n/a	n/a	91%
Collective credit impairment (charge)/release	large	large	n/a	40%	large	n/a	large	large
Net loans & advances	-20%	3%	5%	-2%	8%	n/a	-17%	-1%
Customer deposits	4%	7%	-4%	0%	9%	n/a	-1%	1%
Risk weighted assets	-14%	7%	1%	1%	12%	n/a	large	2%

DIVISIONAL RESULTS

International and Institutional Banking

Andrew Géczy

Analysis of Global Markets operating income

Composition of Global Markets operating income by business activity	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Sales ¹	601	689	-13%	1,290	1,208	7%
Trading ²	308	297	4%	605	566	7%
Balance sheet ³	133	256	-48%	389	554	-30%
Global Markets operating income	1,042	1,242	-16%	2,284	2,328	-2%

^{1.} Sales represents direct client flow business on core products such as fixed income, FX, commodities and capital markets.

^{2.} Trading primarily represents management of the Group's strategic positions and those taken as part of direct client sales flow.

^{3.} Balance sheet represents hedging of interest rate risk on the Group's loan and deposit books and the management of the Group's liquidity portfolio.

Composition of Global Markets operating income by geography	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Australia	402	461	-13%	863	947	-9%
Asia Pacific, Europe & America	482	612	-21%	1,094	1,092	0%
New Zealand	158	169	-7%	327	289	13%
Global Markets operating income	1,042	1,242	-16%	2,284	2,328	-2%

2015 has been characterised by higher volatility driven by the strengthening of the US dollar and timing of US interest rate announcements, falling commodity prices and growing uncertainty surrounding the global economy. The resulting volatility in global financial markets increased customer activity and created trading opportunities with increased demand for Foreign Exchange, Commodities and Rate products. The second half results were impacted by widening of credit spreads and significant market dislocation in the fourth quarter.

September 2015 v September 2014

Global Markets operating income decreased by \$44 million (2%):

- Sales income increased 7%, with global volatility increasing demand for Foreign Exchange, Commodities and Rates products.
- Foreign Exchange income increased 7%, with increased customer activity.
- Commodities income increased 52%, with continued demand for gold from Asian clients and falling commodity prices.

- Rates income increased 39% with increased customer hedging activity in the prevailing lower interest rate environment.
- Credit income decreased 23% as European debt and Chinese economic concerns drove widening credit spreads, impacting the value of Asian and European bonds.
- Balance Sheet income decreased 30% driven by widening credit spreads towards the end of the year.

September 2015 v March 2015

Global Markets operating income decreased by \$200 million (16%):

- Sales income decreased by 13% due to relatively lower levels of volatility and customer seasonality.
- Foreign Exchange income decreased 13% impacted by lower customer activity.
- Rates income decreased 27% with many clients having taken the opportunity of the low interest rate environment to lock in their hedging profiles in the March 2015 half.
- Balance Sheet income decreased 48% and Credit income decreased 28% as credit spreads widened.

DIVISIONAL RESULTS

International and Institutional Banking

Andrew Géczy

Market risk

Traded market risk

Below are aggregate Value at Risk (VaR) exposures at 99% confidence level covering both physical and derivative trading positions for the Bank's principal trading centres. All figures are in AUD.

99% confidence level (1 day holding period)

	As at Sep 15 \$M	High for year Sep 15 \$M	Low for year Sep 15 \$M	Avg for year Sep 15 \$M	As at Sep 14 \$M	High for year Sep 14 \$M	Low for year Sep 14 \$M	Avg for year Sep 14 \$M
Value at Risk at 99% confidence								
Foreign exchange	5.0	18.2	2.8	7.9	11.9	18.5	1.7	8.9
Interest rate	10.1	20.2	4.8	9.3	10.4	16.6	3.8	8.1
Credit	3.5	5.4	2.9	3.8	5.8	5.8	2.7	3.8
Commodities	1.6	3.6	1.3	2.4	2.0	2.8	0.9	1.4
Equity	2.5	6.3	0.1	1.1	1.3	2.5	0.4	1.0
Diversification benefit	(6.0)	n/a	n/a	(13.2)	(18.6)	n/a	n/a	(10.5)
Total VaR	16.7	19.7	6.9	11.3	12.8	22.9	5.5	12.7

Non-traded interest rate risk

Non-traded interest rate risk is managed by Global Markets and relates to the potential adverse impact of changes in market interest rates on future net interest income for the Group. Interest rate risk is reported using various techniques including VaR and scenario analysis to a 1% rate shock.

99% confidence level (1 day holding period)

	As at Sep 15 \$M	High for year Sep 15 \$M	Low for year Sep 15 \$M	Avg for year Sep 15 \$M	As at Sep 14 \$M	High for year Sep 14 \$M	Low for year Sep 14 \$M	Avg for year Sep 14 \$M
Value at Risk at 99% confidence								
Australia	25.4	38.5	21.2	27.2	41.8	64.5	39.1	50.1
New Zealand	9.7	11.4	8.9	10.2	8.9	11.4	8.9	10.4
Asia Pacific, Europe & America	14.4	14.4	7.9	10.4	9.1	10.6	8.9	9.8
Diversification benefit	(16.8)	n/a	n/a	(14.8)	(13.4)	n/a	n/a	(13.7)
Total VaR	32.7	37.4	28.6	33.0	46.4	76.3	43.3	56.6

Impact of 1% rate shock on the next 12 months' net interest income¹

	As at	
	Sep 15	Sep 14
As at period end	0.61%	0.97%
Maximum exposure	1.36%	1.48%
Minimum exposure	0.45%	0.74%
Average exposure (in absolute terms)	0.93%	1.12%

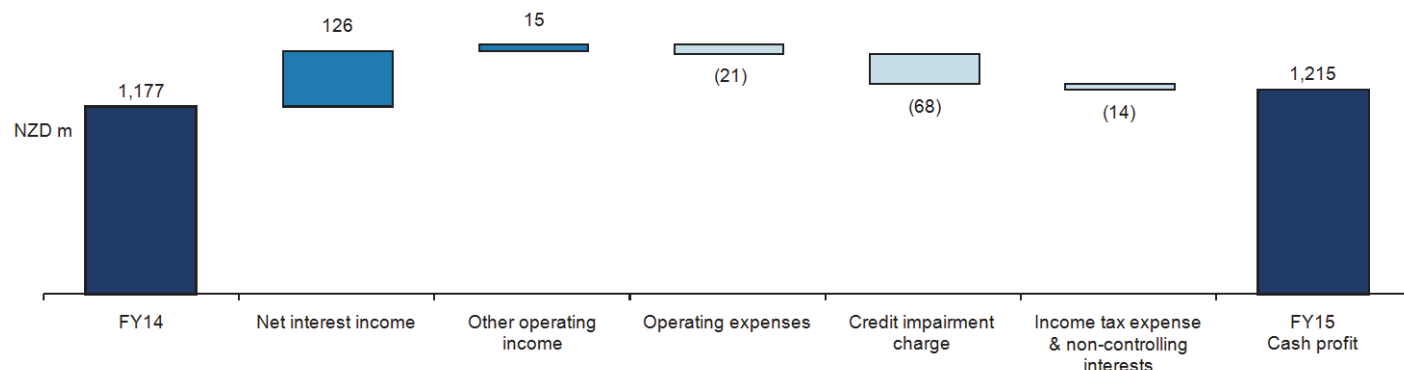
¹ The impact is expressed as a percentage of net interest income. A positive result indicates that a rate increase is positive for net interest income. Conversely, a negative indicates a rate increase is negative for net interest income.

New Zealand

David Hisco

The New Zealand division comprises Retail and Commercial business units. New Zealand's results and commentary are reported in NZD. AUD results are shown on page 67.

Cash profit – September 2015 Full Year v September 2014 Full Year



New Zealand is a core market and ANZ is well positioned with its market leading network coverage and super regional connections. We maintained our momentum and have continued to grow our market share in key products¹ during 2015, including mortgage lending, business lending, credit cards and deposits. Our gross impaired assets ratio has reduced due to improved credit quality across the portfolio and our operating expenses to operating income ratio continued to trend downwards, due to revenue growth and continued benefits from our simplification strategy. Our vision is to help New Zealanders achieve more by offering unrivalled connections across the region and the best combination of convenience, service and price. We remain well placed to deliver this.

Retail²

We have grown customer numbers in 2015 and are now the biggest mortgage lender³ across all major cities and we are earning more revenue per FTE. We delivered new digital functionality for our customers, and our mobile banking application (goMoney™) was consistently rated either 98% or 99% for customer satisfaction⁴. Our focus on having the best people in the right locations is paying off, with growth in the key Auckland and Christchurch markets and the migrant and Small Business Banking customer segments.

Commercial

We have continued to see lending growth in our Commercial business. Portfolio quality and supporting existing customers has been the key focus in the Agri market. Our network of frontline specialists has played a leading role in delivering business and industry specific insights. Our focus on simplification continues and projects, including loan document simplification and process reengineering, have improved efficiency for staff and made banking easier for our customers.

▪ **September 2015 v September 2014**

Cash profit increased 3%, primarily driven by an improvement in net interest income and disciplined expense management, partially offset by high credit impairment charges.

Key factors affecting the result were:

- Net interest income increased 5%, primarily due to above system growth in lending¹. Average gross loans and advances grew 6%, with growth across both the housing and non-housing portfolios. Margins were broadly flat, despite competitive market conditions.

- Other operating income increased 4% driven by increased sales of KiwiSaver and insurance products via the branch network.
- Operating expenses increased 2% driven by inflationary impacts and investment activity partly offset by productivity measures.
- Credit impairment charges increased NZD 68 million from a net release of NZD 9 million in 2014 to a charge of NZD 59 million in 2015. The individual credit impairment charge decreased 16% reflecting lower levels of new and top-up provisions, partially offset by lower write-backs in Commercial. The collective provision was NZD 79 million higher due to portfolio growth, a lower release of economic overlay provisions and reduced rate of improvement in credit quality compared to 2014.

▪ **September 2015 v March 2015**

Cash profit increased by 1% with lending driven growth in income and disciplined expense management partially offset by higher credit impairment charges.

Key factors affecting the result were:

- Net interest income increased 1%, due to lending growth. Average gross loans and advances grew 4%, with growth across both the housing and non-housing portfolios. Net interest margin contracted 8 bps driven by the impact of capital notes issued late in the first half, lending competition and unfavourable lending mix with customers continuing to favour lower margin fixed rate products.
- Other operating income increased 3% driven by increased investment management and insurance commission revenues in Retail.
- Operating expenses decreased 1% with productivity gains more than offsetting inflationary and investment impacts.
- Credit impairment charges increased NZD 19 million. The individual credit impairment charge increased 52% due to higher new provisions and lower write-backs in Commercial. The collective provision charge was NZD 7 million higher due to portfolio growth.

1. Source: RBNZ August 2015.

2. Retail now includes Small Business Banking which was previously included in Commercial.

3. Source: Core Logic (mortgage registrations) September 2015.

4. Source: Camorra (rolling 6 month average) Retail Market Monitor.

DIVISIONAL RESULTS

New Zealand

David Hisco

Table reflects NZD for New Zealand
AUD results shown on page 67

	Half Year			Full Year		
	Sep 15 NZD M	Mar 15 NZD M	Movt	Sep 15 NZD M	Sep 14 NZD M	Movt
Net interest income	1,257	1,241	1%	2,498	2,372	5%
Other operating income	201	196	3%	397	382	4%
Operating income	1,458	1,437	1%	2,895	2,754	5%
Operating expenses	(572)	(576)	-1%	(1,148)	(1,127)	2%
Profit before credit impairment and income tax	886	861	3%	1,747	1,627	7%
Credit impairment (charge)/release	(39)	(20)	95%	(59)	9	large
Profit before income tax	847	841	1%	1,688	1,636	3%
Income tax expense and non-controlling interests	(237)	(236)	0%	(473)	(459)	3%
Cash profit	610	605	1%	1,215	1,177	3%
Consisting of:						
Retail ¹	369	365	1%	734	673	9%
Commercial ¹	237	241	-2%	478	501	-5%
Other	4	(1)	large	3	3	0%
Cash profit	610	605	1%	1,215	1,177	3%
Balance Sheet						
Net loans & advances	104,756	99,518	5%	104,756	96,555	8%
Other external assets	3,514	3,699	-5%	3,514	3,791	-7%
External assets	108,270	103,217	5%	108,270	100,346	8%
Customer deposits	65,689	61,427	7%	65,689	57,621	14%
Other deposits and borrowings	4,963	6,273	-21%	4,963	6,057	-18%
Deposits and other borrowings	70,652	67,700	4%	70,652	63,678	11%
Other external liabilities	21,501	19,748	9%	21,501	18,313	17%
External liabilities	92,153	87,448	5%	92,153	81,991	12%
Risk weighted assets	59,024	55,006	7%	59,024	54,620	8%
Average gross loans and advances	102,629	98,262	4%	100,452	94,810	6%
Average deposits and other borrowings	69,602	66,622	4%	68,116	61,050	12%
Ratios						
Return on assets	1.15%	1.20%		1.17%	1.20%	
Net interest margin	2.44%	2.52%		2.48%	2.49%	
Operating expenses to operating income	39.2%	40.1%		39.7%	40.9%	
Operating expenses to average assets	1.08%	1.14%		1.11%	1.15%	
Individual credit impairment charge/(release)	35	23	52%	58	69	-16%
Individual credit impairment charge/(release) as a % of average GLA	0.07%	0.05%		0.06%	0.07%	
Collective credit impairment charge/(release)	4	(3)	large	1	(78)	large
Collective credit impairment charge/(release) as a % of average GLA	0.01%	(0.01%)		0.00%	(0.08%)	
Gross impaired assets	372	443	-16%	372	597	-38%
Gross impaired assets as a % of GLA	0.35%	0.44%		0.35%	0.61%	
Total full time equivalent staff (FTE)	5,068	5,090	0%	5,068	5,059	0%

¹ Retail now includes Small Business Banking which was previously included in Commercial. Comparative information has been restated.

DIVISIONAL RESULTS

New Zealand David Hisco

Individual credit impairment charge/(release)	Half Year			Full Year		
	Sep 15 NZD M	Mar 15 NZD M	Movt	Sep 15 NZD M	Sep 14 NZD M	Movt
Retail¹	29	25	16%	54	87	-38%
Home Loans	4	2	100%	6	34	-82%
Other	25	23	9%	48	53	-9%
Commercial¹	6	(2)	large	4	(18)	large
Individual credit impairment charge/(release)	35	23	52%	58	69	-16%

Collective credit impairment charge/(release)	Half Year			Full Year		
	Sep 15 NZD M	Mar 15 NZD M	Movt	Sep 15 NZD M	Sep 14 NZD M	Movt
Retail¹	7	(3)	large	4	(24)	large
Home Loans	(3)	(2)	50%	(5)	(20)	-75%
Other	10	(1)	large	9	(4)	large
Commercial¹	(3)	-	n/a	(3)	(54)	-94%
Collective credit impairment charge/(release)	4	(3)	large	1	(78)	large
Total credit impairment charge/(release)	39	20	95%	59	(9)	large

Net loans and advances	Half Year			Full Year		
	Sep 15 NZD M	Mar 15 NZD M	Movt	Sep 15 NZD M	Sep 14 NZD M	Movt
Retail¹	65,228	61,917	5%	65,228	59,999	9%
Home Loans	61,314	58,152	5%	61,314	56,361	9%
Other	3,914	3,765	4%	3,914	3,638	8%
Commercial¹	39,334	37,601	5%	39,334	36,556	8%
Other	194	-	n/a	194	-	n/a
Net loans and advances	104,756	99,518	5%	104,756	96,555	8%

Customer deposits	Half Year			Full Year		
	Sep 15 NZD M	Mar 15 NZD M	Movt	Sep 15 NZD M	Sep 14 NZD M	Movt
Retail¹	53,407	49,834	7%	53,407	46,792	14%
Commercial¹	12,282	11,593	6%	12,282	10,829	13%
Customer deposits	65,689	61,427	7%	65,689	57,621	14%

¹ Retail now includes Small Business Banking which was previously included in Commercial. Comparative information has been restated.

DIVISIONAL RESULTS

New Zealand

David Hisco

Retail

Small Business Banking was previously presented as part of the Commercial business unit and is now presented as part of the Retail business unit. Comparative information has been restated.

	Half Year			Full Year		
	Sep 15 NZD M	Mar 15 NZD M	Movt	Sep 15 NZD M	Sep 14 NZD M	Movt
Net interest income	794	781	2%	1,575	1,499	5%
Other operating income	195	187	4%	382	370	3%
Operating income	989	968	2%	1,957	1,869	5%
Operating expenses	(439)	(440)	0%	(879)	(870)	1%
Profit before credit impairment and income tax	550	528	4%	1,078	999	8%
Credit impairment (charge)	(36)	(22)	64%	(58)	(63)	-8%
Profit before income tax	514	506	2%	1,020	936	9%
Income tax expense and non-controlling interests	(145)	(141)	3%	(286)	(263)	9%
Cash profit	369	365	1%	734	673	9%
Customer deposits	53,407	49,834	7%	53,407	46,792	14%
Risk weighted assets	29,029	27,914	4%	29,029	28,350	2%

	Half Year			Full Year		
	Sep 15 NZD M	Mar 15 NZD M	Movt	Sep 15 NZD M	Sep 14 NZD M	Movt
Individual credit impairment charge/(release)						
Home Loans	4	2	100%	6	34	-82%
Other	25	23	9%	48	53	-9%
Individual credit impairment charge/(release)	29	25	16%	54	87	-38%

Collective credit impairment charge/(release)						
Home Loans	(3)	(2)	50%	(5)	(20)	-75%
Other	10	(1)	large	9	(4)	large
Collective credit impairment charge/(release)	7	(3)	large	4	(24)	large
Total credit impairment charge/(release)	36	22	64%	58	63	-8%

	Half Year			Full Year		
	Sep 15 NZD M	Mar 15 NZD M	Movt	Sep 15 NZD M	Sep 14 NZD M	Movt
Net loans & advances						
Home Loans	61,314	58,152	5%	61,314	56,361	9%
Other	3,914	3,765	4%	3,914	3,638	8%
Net loans & advances	65,228	61,917	5%	65,228	59,999	9%

DIVISIONAL RESULTS

New Zealand
David Hisco

Commercial¹

	Half Year			Full Year		
	Sep 15 NZD M	Mar 15 NZD M	Movt	Sep 15 NZD M	Sep 14 NZD M	Movt
Net interest income	453	451	0%	904	857	5%
Other operating income	8	9	-11%	17	18	-6%
Operating income	461	460	0%	921	875	5%
Operating expenses	(130)	(126)	3%	(256)	(251)	2%
Profit before credit impairment and income tax	331	334	-1%	665	624	7%
Credit impairment (charge)/release	(3)	2	large	(1)	72	large
Profit before tax	328	336	-2%	664	696	-5%
Income tax expense and non-controlling interests	(91)	(95)	-4%	(186)	(195)	-5%
Cash profit	237	241	-2%	478	501	-5%
Net loans & advances	39,334	37,601	5%	39,334	36,556	8%
Customer deposits	12,282	11,593	6%	12,282	10,829	13%
Risk weighted assets	29,224	26,403	11%	29,224	25,588	14%

	Half Year			Full Year		
	Sep 15 NZD M	Mar 15 NZD M	Movt	Sep 15 NZD M	Sep 14 NZD M	Movt
Individual credit impairment charge/(release)	6	(2)	large	4	(18)	large
Collective credit impairment charge/(release)	(3)	-	n/a	(3)	(54)	-94%
Total credit impairment charge/(release)	3	(2)	large	1	(72)	large

¹ Retail now includes Small Business Banking which was previously included in Commercial. Comparative information has been restated.

DIVISIONAL RESULTS

New Zealand

David Hisco

Table reflects AUD for New Zealand
NZD results shown on page 63

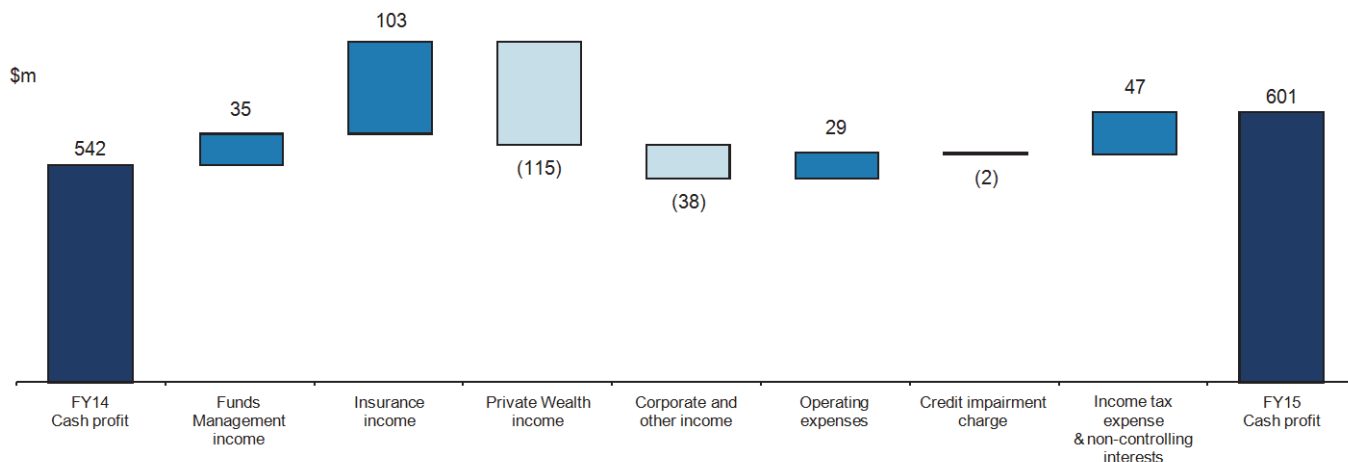
	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Net interest income	1,155	1,161	-1%	2,316	2,171	7%
Other operating income	185	183	1%	368	349	5%
Operating income	1,340	1,344	0%	2,684	2,520	7%
Operating expenses	(525)	(539)	-3%	(1,064)	(1,031)	3%
Profit before credit impairment and income tax	815	805	1%	1,620	1,489	9%
Credit impairment (charge)/release	(36)	(19)	89%	(55)	8	large
Profit before income tax	779	786	-1%	1,565	1,497	5%
Income tax expense and non-controlling interests	(218)	(220)	-1%	(438)	(419)	5%
Cash profit	561	566	-1%	1,127	1,078	5%
Consisting of:						
Retail ¹	340	341	0%	681	617	10%
Commercial ¹	217	226	-4%	443	460	-4%
Other	4	(1)	large	3	1	large
Cash profit	561	566	-1%	1,127	1,078	5%
Balance Sheet						
Net loans & advances	95,211	97,679	-3%	95,211	86,063	11%
Other external assets	3,194	3,631	-12%	3,194	3,380	-6%
External assets	98,405	101,310	-3%	98,405	89,443	10%
Customer deposits	59,703	60,293	-1%	59,703	51,360	16%
Other deposits and borrowings	4,511	6,157	-27%	4,511	5,399	-16%
Deposits and other borrowings	64,214	66,450	-3%	64,214	56,759	13%
Other external liabilities	19,543	19,383	1%	19,543	16,323	20%
External liabilities	83,757	85,833	-2%	83,757	73,082	15%
Risk weighted assets	53,646	53,990	-1%	53,646	48,682	10%
Average gross loans and advances	94,362	91,908	3%	93,138	86,737	7%
Average deposits and other borrowings	63,996	62,314	3%	63,157	55,852	13%
Ratios						
Return on assets	1.15%	1.20%		1.17%	1.20%	
Net interest margin	2.44%	2.52%		2.48%	2.49%	
Operating expenses to operating income	39.2%	40.1%		39.7%	40.9%	
Operating expenses to average assets	1.08%	1.14%		1.11%	1.15%	
Individual credit impairment charge/(release)	32	22	45%	54	63	-14%
Individual credit impairment charge/(release) as a % of average GLA	0.07%	0.05%		0.06%	0.07%	
Collective credit impairment charge/(release)	4	(3)	large	1	(71)	large
Collective credit impairment charge/(release) as a % of average GLA	0.01%	(0.01%)		0.00%	(0.08%)	
Gross impaired assets	338	434	-22%	338	532	-36%
Gross impaired assets as a % of GLA	0.35%	0.44%		0.35%	0.61%	
Total full time equivalent staff (FTE)	5,068	5,090	0%	5,068	5,059	0%

¹ Retail now includes Small Business Banking which was previously included in Commercial. Comparative information has been restated.

Global Wealth
Joyce Phillips

The Global Wealth division comprises Funds Management, Insurance and Private Wealth business units which provide wealth solutions to customers across the Asia Pacific region.

Cash profit – September 2015 Full Year v September 2014 Full Year



Global Wealth provides a range of innovative solutions to customers across the Asia Pacific region to make it easier for them to connect with, protect and grow their wealth. Global Wealth serves over 2.4 million customers and manages \$65 billion in investment and retirement savings. Customers can access ANZ's wealth solutions through teams of qualified financial planners and advisers, innovative digital platforms, ANZ Private Bankers, ANZ branches and direct channels.

Global Wealth continues to deliver innovative solutions that are aligned to ANZ's strategy to improve customer experience. We developed Grow™ - a series of innovations across the physical, digital and advice space to help our customers better connect with, protect and grow their financial well-being. These include ANZ Smart Choice Super, a simple and direct retirement savings solution; the ANZ Grow Centre, a destination that blends digital tools with physical wealth specialists, where customers can get help with everything from their digital device to financial advice; and Grow by ANZ™, our award winning digital app that brings banking, share investments, superannuation and insurance, together in one place.

Funds Management

The Funds Management business helps customers grow their wealth through investment (including direct shares via E*TRADE), superannuation and pension solutions. Global Wealth has embraced the changing regulatory environment to reshape the business, simplifying operational processes and delivering innovative solutions like ANZ Smart Choice Super and ANZ KiwiSaver.

Insurance

The Insurance business provides protection for all life stages through a comprehensive range of life and general insurance products distributed through intermediated and direct channels. Global Wealth's focus on retail risk resulted in a 9% growth in individual in-force premiums, while continued investment in retention initiatives in Australia reduced retail lapse rates by 20 bps.

Private Wealth

Operating in six geographies across the region we continue to strengthen our Private Wealth offerings by building core investment advice capabilities and developing a suite of global investment solutions.

September 2015 v September 2014

Cash profit increased by 11%. Excluding a \$56 million one-off tax consolidation benefit in September 2015 and the \$64 million net impact of the ANZ Trustees sale and subsequent investment in productivity initiatives in September 2014, cash profit increased by 14%.

Key factors affecting the result were:

- Funds Management income increased by 6%. This was driven by 10% growth in average FUM (excluding Private Wealth FUM) as a result of solid volume growth in the ANZ Smart Choice Super and ANZ KiwiSaver products. Funds Management margins remain under pressure, in line with broader industry experience.
- Insurance income increased by 18%. September 2014 full year results included a one-off \$47 million experience loss due to the exit of a Group Life Insurance plan. Excluding this, Insurance income grew by 9% reflecting solid in-force premium growth and lower lapse rates. This performance contributed to an 18% uplift in the Embedded Value (gross of transfers).
- Excluding the gain on sale from ANZ Trustees and related income in September 2014, Private Wealth income increased by 12%. This was driven by improved volumes with strong growth in customer deposits and investment FUM, up by 33% and 22% respectively.
- Operating expenses decreased by 3%. Excluding the net impact of ANZ Trustees related expenses and the write-down of intangibles in September 2014, expenses increased by 2%. This was driven by higher regulatory and compliance expenses.

September 2015 v March 2015

Cash profit increased by 32%. Excluding the \$56 million one-off tax consolidation benefit, cash profit increased 10%.

Key factors affecting the result were:

- Funds Management income increased by 2% driven by 4% growth in average FUM (excluding Private Wealth FUM), partly offset by a shift in business towards lower margin products, consistent with broader industry experience.
- Insurance income increased by 5%, driven by growth in in-force premiums and stable claims experience.
- Private Wealth income increased by 2%. This was driven by increased volumes with customer deposits and net loans and advances growing by 6% and 5%, respectively.
- Operating expenses decreased by 1%, despite additional regulatory and compliance costs.

DIVISIONAL RESULTS

Global Wealth Joyce Phillips

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Net interest income	90	88	2%	178	168	6%
Other operating income ¹	94	97	-3%	191	328	-42%
Net funds management and insurance income	696	665	5%	1,361	1,249	9%
Operating income	880	850	4%	1,730	1,745	-1%
Operating expenses	(486)	(489)	-1%	(975)	(1,004)	-3%
Profit before credit impairment and income tax	394	361	9%	755	741	2%
Credit impairment (charge)/release	(1)	1	large	-	2	-100%
Profit before income tax	393	362	9%	755	743	2%
Income tax expense and non-controlling interests	(51)	(103)	-50%	(154)	(201)	-23%
Cash profit	342	259	32%	601	542	11%
Consisting of:						
Business Units						
Funds Management	79	78	1%	157	120	31%
Insurance	153	143	7%	296	224	32%
Private Wealth ¹	50	43	16%	93	181	-49%
Corporate and Other ^{2,3}	60	(5)	large	55	17	large
Total Global Wealth	342	259	32%	601	542	11%
Australia	281	199	41%	480	409	17%
New Zealand	64	62	3%	126	127	-1%
Asia Pacific, Europe & America	(3)	(2)	50%	(5)	6	large
Total Global Wealth	342	259	32%	601	542	11%
Income from invested capital ⁴	59	55	7%	114	108	6%
Key metrics						
Funds under management	65,392	68,405	-4%	65,392	61,411	6%
Average funds under management	66,993	64,615	4%	65,805	61,329	7%
In-force premiums	2,217	2,154	3%	2,217	2,038	9%
Net loans and advances	6,468	6,163	5%	6,468	5,678	14%
Customer deposits	18,467	17,357	6%	18,467	13,844	33%
Average gross loans and advances	6,157	5,725	8%	5,941	5,936	0%
Average customer deposits	17,922	15,639	15%	16,784	12,692	32%
Ratios						
Operating expenses to operating income	55.2%	57.5%		56.4%	57.5%	
Funds Management expenses to average FUM ⁵						
Australia	0.51%	0.51%		0.51%	0.59%	
New Zealand	0.28%	0.31%		0.29%	0.38%	
Insurance expenses to in-force premiums						
Australia	10.1%	10.4%		10.1%	11.2%	
New Zealand	35.4%	32.1%		34.4%	35.4%	
Retail Insurance lapse rates						
Australia ⁶	14.0%	12.6%		13.3%	13.5%	
New Zealand	16.8%	14.3%		15.8%	16.1%	
Total full time equivalent staff (FTE)	2,489	2,538	-2%	2,489	2,290	9%
Aligned adviser numbers ⁷	1,819	1,823	0%	1,819	2,022	-10%

¹ Other operating income within Private Wealth for September 2014 includes a \$125 million gain on the sale of ANZ Trustees.

² Corporate and Other includes a one-off tax consolidation benefit of \$56 million in September 2015.

³ Includes a \$26 million cross border settlement of an insurance claim in September 2014 involving both Australia and New Zealand on a net basis. For statutory purposes, the individual components of this settlement have been recognised in their respective geographies.

⁴ Income from invested capital represents after tax revenue generated from investing all Insurance and Funds Management business' capital balances held for regulatory purposes. The invested capital as at 30 September 2015 was \$3.6 billion (Mar 15: \$3.6 billion, Sep 14: \$3.3 billion), which comprises fixed interest securities of 49% and cash deposits of 51% (Mar 15: 49% fixed interest securities and 51% cash deposits, Sep 14: 49% fixed interest securities and 51% cash deposits).

⁵ Funds Management expense and FUM only relates to Pensions & Investments business.

⁶ A definition change to the retail insurance lapse rate has been implemented to reflect the inclusion of partial premium reductions within the policy renewal period. Comparatives have been restated to align with the revised methodology.

⁷ Includes corporate authorised representatives of dealer groups wholly or partially owned by ANZ Wealth and ANZ Group financial planners. Prior period aligned adviser numbers included authorised representatives of a dealer group no longer partially owned by ANZ Wealth (Sep 14: 211).

DIVISIONAL RESULTS

Global Wealth Joyce Phillips

Major business units

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Funds Management						
Net interest income	15	15	0%	30	33	-9%
Other operating income	35	37	-5%	72	67	7%
Funds management income	437	431	1%	868	835	4%
Funds management volume related expenses	(197)	(199)	-1%	(396)	(396)	0%
Operating income	290	284	2%	574	539	6%
Operating expenses	(182)	(173)	5%	(355)	(371)	-4%
Profit before income tax	108	111	-3%	219	168	30%
Income tax expense and non-controlling interests	(29)	(33)	-12%	(62)	(48)	29%
Cash profit	79	78	1%	157	120	31%

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Insurance						
Net interest income	15	17	-12%	32	29	10%
Other operating income	35	32	9%	67	57	18%
Insurance income	465	437	6%	902	763	18%
Insurance volume related expenses	(167)	(154)	8%	(321)	(272)	18%
Operating income	348	332	5%	680	577	18%
Operating expenses	(136)	(134)	1%	(270)	(270)	0%
Profit before income tax	212	198	7%	410	307	34%
Income tax expense and non-controlling interests	(59)	(55)	7%	(114)	(83)	37%
Cash profit	153	143	7%	296	224	32%

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Private Wealth						
Net interest income	81	79	3%	160	142	13%
Other operating income ¹	17	20	-15%	37	177	-79%
Net funds management income	29	25	16%	54	47	15%
Operating income	127	124	2%	251	366	-31%
Operating expenses	(54)	(64)	-16%	(118)	(119)	-1%
Profit before credit impairment and income tax	73	60	22%	133	247	-46%
Credit impairment charge	(1)	1	large	-	2	-100%
Profit before income tax	72	61	18%	133	249	-47%
Income tax expense and non-controlling interests	(22)	(18)	22%	(40)	(68)	-41%
Cash profit	50	43	16%	93	181	-49%

¹ Other operating income for September 2014 includes a \$125 million gain on the sale of ANZ Trustees.

DIVISIONAL RESULTS

Global Wealth Joyce Phillips

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Insurance operating margin						
Life Insurance Planned profit margin						
Group & Individual	76	65	17%	141	116	22%
Experience profit/(loss) ¹	1	4	-75%	5	(36)	large
Assumption changes ²	-	-	n/a	-	-	n/a
General Insurance operating profit margin ³	50	47	6%	97	92	5%
Australia	127	116	9%	243	172	41%
Life Insurance Planned profit margin						
Individual	23	24	-4%	47	42	12%
Experience profit/(loss) ¹	3	3	0%	6	10	-40%
Assumption changes ²	-	-	n/a	-	-	n/a
New Zealand	26	27	-4%	53	52	2%
Total	153	143	7%	296	224	32%

¹ Experience profit/(loss) variations are gains or losses arising from actual experience differing from plan.

² Assumption changes are gains or losses arising from a change in valuation methods and best estimate assumptions.

³ General Insurance operating profit margin includes ANZ Lenders Mortgage Insurance.

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Operating expenses by business unit						
Funds Management	182	173	5%	355	371	-4%
Insurance	136	134	1%	270	270	0%
Private Wealth	54	64	-16%	118	119	-1%
Corporate and Other	114	118	-3%	232	244	-5%
Total	486	489	-1%	975	1,004	-3%

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Operating expenses by geographic region						
Australia	385	392	-2%	777	827	-6%
New Zealand	68	65	5%	133	125	6%
Asia Pacific, Europe & America	33	32	3%	65	52	25%
Total	486	489	-1%	975	1,004	-3%

	As at			Movement	
	Sep 15 \$M	Mar 15 \$M	Sep 14 \$M	Sep 15 v. Mar 15	Sep 15 v. Sep 14
Funds under management					
Funds under management - average	66,993	64,615	62,106	4%	8%
Funds under management - end of period	65,392	68,405	61,411	-4%	6%
Composed of:					
Australian equities	16,124	18,040	16,744	-11%	-4%
International equities	17,596	18,533	16,164	-5%	9%
Cash and fixed interest	27,653	27,583	24,937	0%	11%
Property and infrastructure	4,019	4,249	3,566	-5%	13%
Total	65,392	68,405	61,411	-4%	6%

	As at			Movement	
	Sep 15 \$M	Mar 15 \$M	Sep 14 \$M	Sep 15 v. Mar 15	Sep 15 v. Sep 14
Funds under management by region					
Australia	48,874	51,369	47,502	-5%	3%
New Zealand	16,518	17,036	13,909	-3%	19%
Total	65,392	68,405	61,411	-4%	6%

DIVISIONAL RESULTS

Global Wealth Joyce Phillips

	Sep 14 \$M	In- flows	Out- flows	Other ¹	Sep 15 \$M
Funds Management cash flows by product					
OneAnswer	19,501	2,462	(2,479)	561	20,045
Other Personal Investment	5,768	1,064	(860)	17	5,989
Employer Super	14,566	2,206	(2,624)	196	14,344
Oasis	6,366	888	(946)	115	6,423
Private Wealth - Australia	1,301	872	(225)	125	2,073
KiwiSaver	5,162	1,679	(456)	432	6,817
Private Wealth - New Zealand	4,465	1,034	(675)	152	4,976
Other New Zealand	4,282	1,827	(1,834)	450	4,725
Total	61,411	12,032	(10,099)	2,048	65,392

¹ Other includes investment income net of taxes, fees and charges, distributions and the impact of foreign currency translation.

	As at			Movement	
	Sep 15 \$M	Mar 15 \$M	Sep 14 \$M	Sep 15 v. Mar 14	Sep 15 v. Sep 14
Insurance annual in-force premiums					
Group	423	390	360	8%	18%
Individual	1,284	1,246	1,178	3%	9%
General Insurance ²	510	518	500	-2%	2%
Total	2,217	2,154	2,038	3%	9%
Insurance annual in-force premiums by region					
Australia	2,026	1,955	1,865	4%	9%
New Zealand	191	199	173	-4%	10%
Total	2,217	2,154	2,038	3%	9%

	Sep 14 \$M	New business \$M ³	Lapses \$M	Sep 15 \$M
Insurance in-force book movement				
Group	360	74	(11)	423
Individual	1,178	238	(132)	1,284
General Insurance ²	500	170	(160)	510
Total	2,038	482	(303)	2,217
Insurance in-force book movement by region				
Australia	1,865	449	(288)	2,026
New Zealand	173	33	(15)	191
Total	2,038	482	(303)	2,217

² General Insurance in-force premiums include ANZ Lenders Mortgage Insurance.

³ New business includes the impact of foreign currency translation.

	Australia \$M	New Zealand \$M	Total \$M
Embedded value and value of new business (insurance and investments only)			
Embedded value as at September 2014 ⁴	3,379	504	3,883
Value of new business ⁵	181	26	207
Expected return ⁶	321	45	366
Experience deviations and assumption changes ⁷	4	27	31
Embedded value before economic assumption changes and net transfer	3,885	602	4,487
Economic assumptions change ⁸	70	41	111
Net transfer ⁹	57	(89)	(32)
Embedded value as at September 2015	4,012	554	4,566

⁴ Embedded value represents the present value of future profits and releases of capital arising from the business in-force at the valuation date, and adjusted net assets. It is determined using best estimate assumptions with franking credits included at 70% of face value. Projected cash flows have been discounted using capital asset pricing model risk discount rates of 7.75%-9.50%. ANZ Lenders Mortgage Insurance is not included in the valuation.

⁵ Value of new business represents the present value of future profits less the cost of capital arising from new business written over the period.

⁶ Expected return represents the expected increase in value over the period.

⁷ Experience deviations and assumption changes arise from deviations and changes to best estimate assumptions underlying the prior period embedded value. The slightly favourable movement for the Australian business was primarily driven by favourable claim and lapse experience, partially offset by adverse investment markets and strengthening assumptions for the Retail Income Protection business. Favourable movement for the New Zealand business is primarily due to improved premium growth partially offset by higher lapse rate assumptions from the Life Insurance business.

⁸ Lower interest rates have led to a positive value impact for both the Australia and New Zealand businesses.

⁹ Net transfer represents the net capital movements over the period including capital injections, transfer of cash dividends and value of franking credits. There were \$314 million of cash dividends and \$123 million of franking credits transferred to the parent entity, partially offset by a \$405 million capital injection from the parent entity.

Global Technology, Services and Operations and Group Centre

GTSO and Group Centre provide support to the operating divisions, including technology, operations, shared services, property, risk management, financial management, strategy, marketing, human resources and corporate affairs. The Group Centre also includes Group Treasury and Shareholder Functions.

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Net interest income ¹	248	192	29%	440	372	18%
Other operating income ¹	(205)	(228)	-10%	(433)	(357)	21%
Operating income	43	(36)	large	7	15	-53%
Operating expenses	(309)	(238)	30%	(547)	(435)	26%
Profit before credit impairment and income tax	(266)	(274)	-3%	(540)	(420)	29%
Credit impairment (charge)/release	(3)	1	large	(2)	35	large
Profit before income tax	(269)	(273)	-1%	(542)	(385)	41%
Income tax expense and non-controlling interests	29	63	-54%	92	120	-23%
Cash profit/(loss)	(240)	(210)	14%	(450)	(265)	70%
Total full time equivalent staff (FTE)	25,236	25,595	-1%	25,236	25,326	0%

¹ Includes offsetting variances between net interest and other income as a result of elimination entries associated with the consolidation of Global Wealth.

September 2015 v September 2014

Key factors affecting the result were:

- Operating income decreased \$8 million primarily due to increased realised revenue hedge losses partly offset by higher income generated from increased capital held in Group Centre.
- Operating expenses increased \$112 million due to increased investment in enterprise projects, higher depreciation and amortisation and investment in the Global Compliance function.
- Credit impairment charges increased \$37 million primarily due to the release of an economic cycle provision held in Group Centre in 2014.
- The decrease in FTE is primarily due to productivity initiatives in GTSO partly offset by the build out of the Global Compliance function.

September 2015 v March 2015

Key factors affecting the result were:

- Operating income increased \$79 million primarily due to higher income generated from capital held in Group Centre, partly offset by increased realised revenue hedges losses.
- Operating expenses increased \$71 million primarily due to higher depreciation and amortisation and investment in the Global Compliance function.
- The decrease in FTE is primarily due to productivity initiatives in GTSO.

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CONTENTS

Section 6 – Geographic Results

Geographic performance

Australia geography

Asia Pacific, Europe & America geography

New Zealand geography

GEOGRAPHIC RESULTS

Geographic Performance

The Group's divisions operate across multiple geographies with components of the following divisional results reflected in each geography:

- Australia - comprises the Australia Division and the Australian operations of International and Institutional Banking (IIB); Global Wealth and GTSO and Group Centre divisions;
- Asia, Pacific, Europe & America (APEA) - comprises the APEA components of IIB, Global Wealth and GTSO and Group Centre divisions; and
- New Zealand - comprises the New Zealand Division and the New Zealand components of IIB, Global Wealth and GTSO and Group Centre divisions.

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Statutory Profit						
Australia	2,674	1,964	36%	4,638	4,492	3%
Asia Pacific, Europe & America	490	722	-32%	1,212	1,214	0%
New Zealand	823	820	0%	1,643	1,565	5%
Total statutory profit	3,987	3,506	14%	7,493	7,271	3%

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Cash Profit						
Australia	2,269	2,147	6%	4,416	4,362	1%
Asia Pacific, Europe & America	492	743	-34%	1,235	1,216	2%
New Zealand	779	786	-1%	1,565	1,539	2%
Total cash profit	3,540	3,676	-4%	7,216	7,117	1%

	As at			Movement	
	Sep 15 \$M	Mar 15 \$M	Sep 14 \$M	Sep 15 v. Mar 15	Sep 15 v. Sep 14
Net loans & advances					
Australia	381,222	362,830	348,537	5%	9%
Asia Pacific, Europe & America	85,062	88,356	79,192	-4%	7%
New Zealand	103,954	107,017	94,023	-3%	11%
Total net loans & advances¹	570,238	558,203	521,752	2%	9%

	As at			Movement	
	Sep 15 \$M	Mar 15 \$M	Sep 14 \$M	Sep 15 v. Mar 15	Sep 15 v. Sep 14
Customer deposits					
Australia	238,184	227,560	227,823	5%	5%
Asia Pacific, Europe & America	129,263	129,733	107,838	0%	20%
New Zealand	77,137	78,854	68,058	-2%	13%
Total customer deposits	444,584	436,147	403,719	2%	10%

	As at			Movement	
	Sep 15 \$M	Mar 15 \$M	Sep 14 \$M	Sep 15 v. Mar 15	Sep 15 v. Sep 14
Risk weighted assets					
Australia	224,830	209,981	203,235	7%	11%
Asia Pacific, Europe & America	109,842	108,953	96,874	1%	13%
New Zealand	67,265	67,929	61,420	-1%	10%
Total risk weighted assets	401,937	386,863	361,529	4%	11%

^{1.} Loans & advances as at 30 September 2015 include assets classified as held for sale.

GEOGRAPHIC RESULTS

Australia geography

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Net interest income	5,151	4,881	6%	10,032	9,548	5%
Other operating income	1,383	1,445	-4%	2,828	2,934	-4%
Operating income	6,534	6,326	3%	12,860	12,482	3%
Operating expenses	(2,861)	(2,782)	3%	(5,643)	(5,398)	5%
Profit before credit impairment and income tax	3,673	3,544	4%	7,217	7,084	2%
Credit impairment charge	(444)	(428)	4%	(872)	(858)	2%
Profit before income tax	3,229	3,116	4%	6,345	6,226	2%
Income tax expense and non-controlling interests	(960)	(969)	-1%	(1,929)	(1,864)	3%
Cash profit	2,269	2,147	6%	4,416	4,362	1%
Adjustments between statutory profit and cash profit	405	(183)	large	222	130	71%
Statutory profit	2,674	1,964	36%	4,638	4,492	3%
Balance Sheet						
Net loans & advances ¹	381,222	362,830	5%	381,222	348,537	9%
Other external assets	180,742	174,729	3%	180,742	153,020	18%
External assets	561,964	537,559	5%	561,964	501,557	12%
Customer deposits	238,184	227,560	5%	238,184	227,823	5%
Other deposits and borrowings	92,771	87,669	6%	92,771	71,342	30%
Deposits and other borrowings	330,955	315,229	5%	330,955	299,165	11%
Other external liabilities	188,877	179,421	5%	188,877	161,809	17%
External liabilities	519,832	494,650	5%	519,832	460,974	13%
Risk weighted assets	224,830	209,981	7%	224,830	203,235	11%
Average gross loans and advances ¹	377,090	358,774	5%	367,959	342,588	7%
Average deposits and other borrowings	327,871	318,382	3%	323,140	296,915	9%
Ratios						
Net interest margin - cash	2.27%	2.28%		2.28%	2.39%	
Operating expenses to operating income - cash	43.8%	44.0%		43.9%	43.2%	
Operating expenses to average assets - cash	1.03%	1.06%		1.05%	1.13%	
Individual credit impairment charge/(release) - cash	430	375	15%	805	892	-10%
Individual credit impairment charge/(release) as a % of average GLA ¹ - cash	0.23%	0.21%		0.22%	0.26%	
Collective credit impairment charge/(release) - cash	14	53	-74%	67	(34)	large
Collective credit impairment charge/(release) as a % of average GLA ¹ - cash	0.01%	0.03%		0.02%	(0.01%)	
Gross impaired assets	1,528	1,589	-4%	1,528	1,730	-12%
Gross impaired assets as a % of GLA ¹	0.40%	0.43%		0.40%	0.49%	
Total full time equivalent staff (FTE)	21,138	22,096	-4%	21,138	21,591	-2%

¹ Loans & advances as at 30 September 2015 include assets classified as held for sale.

GEOGRAPHIC RESULTS

Asia Pacific, Europe & America geography

Table reflects AUD for the APEA region

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Net interest income	987	926	7%	1,913	1,719	11%
Other operating income	1,016	1,127	-10%	2,143	1,935	11%
Operating income	2,003	2,053	-2%	4,056	3,654	11%
Operating expenses	(1,224)	(1,120)	9%	(2,344)	(2,023)	16%
Profit before credit impairment and income tax	779	933	-17%	1,712	1,631	5%
Credit impairment charge	(209)	(53)	large	(262)	(139)	88%
Profit before income tax	570	880	-35%	1,450	1,492	-3%
Income tax expense and non-controlling interests	(78)	(137)	-43%	(215)	(276)	-22%
Cash profit¹	492	743	-34%	1,235	1,216	2%
Adjustments between statutory profit and cash profit	(2)	(21)	-90%	(23)	(2)	large
Statutory profit	490	722	-32%	1,212	1,214	0%
Balance Sheet						
Net loans & advances	85,062	88,356	-4%	85,062	79,192	7%
Other external assets	105,781	96,512	10%	105,781	72,353	46%
External assets	190,843	184,868	3%	190,843	151,545	26%
Customer deposits	129,263	129,733	0%	129,263	107,838	20%
Other deposits and borrowings	28,207	35,764	-21%	28,207	28,353	-1%
Deposits and other borrowings	157,470	165,497	-5%	157,470	136,191	16%
Other external liabilities	37,698	30,025	26%	37,698	25,834	46%
External liabilities	195,168	195,522	0%	195,168	162,025	20%
Risk weighted assets	109,842	108,953	1%	109,842	96,874	13%
Average gross loans and advances	86,886	86,172	1%	86,529	77,683	11%
Average deposits and other borrowings	156,228	151,272	3%	153,757	135,404	14%
Ratios						
Net interest margin - cash	1.12%	1.10%		1.11%	1.17%	
Operating expenses to operating income - cash	61.1%	54.6%		57.8%	55.4%	
Operating expenses to average assets - cash	1.23%	1.19%		1.21%	1.23%	
Individual credit impairment charge/(release) - cash	190	48	large	238	176	35%
Individual credit impairment charge/(release) as a % of average GLA - cash	0.44%	0.11%		0.28%	0.23%	
Collective credit impairment charge/(release) - cash	17	7	large	24	(37)	large
Collective credit impairment charge/(release) as a % of average GLA - cash	0.04%	0.02%		0.03%	(0.05%)	
Gross impaired assets	811	609	33%	811	527	54%
Gross impaired assets as a % of GLA	0.94%	0.68%		0.94%	0.66%	
Total full time equivalent staff (FTE)	20,910	20,910	0%	20,910	20,512	2%

¹ Includes APEA components of IIB (Sep 15 half: \$517 million; Mar 15 half: \$771 million; Sep 14 full year: \$1,239 million), Global Wealth (Sep 15 half: -\$3 million; Mar 15 half: -\$2 million; Sep 14 full year: \$6 million) and GTSO and Group Centre (Sep 15 half: -\$22 million; Mar 15 half: -\$26 million; Sep 14 full year: -\$29 million).

GEOGRAPHIC RESULTS

Asia Pacific, Europe & America geography

Table reflects AUD results for the APEA regions

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Statutory Profit						
Asia	338	571	-41%	909	845	8%
Europe & America	77	65	18%	142	160	-11%
Pacific	75	86	-13%	161	209	-23%
Total statutory profit	490	722	-32%	1,212	1,214	0%

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Cash Profit						
Asia	338	571	-41%	909	844	8%
Europe & America	79	86	-8%	165	163	1%
Pacific	75	86	-13%	161	209	-23%
Total cash profit	492	743	-34%	1,235	1,216	2%

	As at			Movement	
	Sep 15 \$M	Mar 15 \$M	Sep 14 \$M	Sep 15 v. Mar 15	Sep 15 v. Sep 14
Net loans & advances					
Asia	73,236	76,459	68,733	-4%	7%
Europe & America	7,697	8,006	6,923	-4%	11%
Pacific	4,129	3,891	3,536	6%	17%
Total net loans & advances	85,062	88,356	79,192	-4%	7%

	As at			Movement	
	Sep 15 \$M	Mar 15 \$M	Sep 14 \$M	Sep 15 v. Mar 15	Sep 15 v. Sep 14
Customer deposits					
Asia	73,495	72,335	62,776	2%	17%
Europe & America	50,129	51,936	40,307	-3%	24%
Pacific	5,639	5,462	4,755	3%	19%
Total customer deposits	129,263	129,733	107,838	0%	20%

	As at			Movement	
	Sep 15 \$M	Mar 15 \$M	Sep 14 \$M	Sep 15 v. Mar 15	Sep 15 v. Sep 14
Risk weighted assets					
Asia	76,296	78,274	70,078	-3%	9%
Europe & America	25,955	22,514	19,422	15%	34%
Pacific	7,591	8,165	7,374	-7%	3%
Total risk weighted assets	109,842	108,953	96,874	1%	13%

GEOGRAPHIC RESULTS

Asia Pacific, Europe & America geography

Table reflects USD for the APEA region

	Half Year			Full Year		
	Sep 15 USD M	Mar 15 USD M	Movt	Sep 15 USD M	Sep 14 USD M	Movt
Net interest income	740	759	-3%	1,499	1,581	-5%
Other operating income	755	924	-18%	1,679	1,780	-6%
Operating income	1,495	1,683	-11%	3,178	3,361	-5%
Operating expenses	(920)	(918)	0%	(1,838)	(1,861)	-1%
Profit before credit impairment and income tax	575	765	-25%	1,340	1,500	-11%
Credit impairment charge	(161)	(44)	large	(205)	(128)	60%
Profit before income tax	414	721	-43%	1,135	1,372	-17%
Income tax expense and non-controlling interests	(55)	(112)	-51%	(167)	(253)	-34%
Cash profit	359	609	-41%	968	1,119	-13%
Adjustments between statutory profit and cash profit	(1)	(17)	-94%	(18)	(2)	large
Statutory profit	358	592	-40%	950	1,117	-15%
Balance Sheet						
Net loans & advances	59,654	67,451	-12%	59,654	69,309	-14%
Other external assets	74,184	73,677	1%	74,184	63,323	17%
External assets	133,838	141,128	-5%	133,838	132,632	1%
Customer deposits	90,653	99,038	-8%	90,653	94,379	-4%
Other deposits and borrowings	19,781	27,303	-28%	19,781	24,815	-20%
Deposits and other borrowings	110,434	126,341	-13%	110,434	119,194	-7%
Other external liabilities	26,437	22,921	15%	26,437	22,610	17%
External liabilities	136,871	149,262	-8%	136,871	141,804	-3%
Risk weighted assets	77,032	83,175	-7%	77,032	84,784	-9%
Average gross loans and advances	65,013	70,659	-8%	67,828	71,475	-5%
Average deposits and other borrowings	117,030	124,040	-6%	120,526	124,585	-3%
Ratios						
Net interest margin - cash	1.12%	1.10%		1.11%	1.17%	
Operating expenses to operating income - cash	61.5%	54.6%		57.8%	55.4%	
Operating expenses to average assets - cash	1.24%	1.19%		1.21%	1.23%	
Individual credit impairment charge/(release) - cash	148	38	large	186	162	15%
Individual credit impairment charge/(release) as a % of average GLA - cash	0.44%	0.11%		0.28%	0.23%	
Collective credit impairment charge/(release) - cash	13	6	large	19	(34)	large
Collective credit impairment charge/(release) as a % of average GLA - cash	0.04%	0.02%		0.03%	(0.05%)	
Gross impaired assets	570	466	22%	570	462	23%
Gross impaired assets as a % of GLA	0.95%	0.68%		0.95%	0.66%	
Total full time equivalent staff (FTE)	20,910	20,910	0%	20,910	20,512	2%

GEOGRAPHIC RESULTS

New Zealand geography

Table reflects AUD results for the New Zealand geography

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Net interest income	1,341	1,330	1%	2,671	2,530	6%
Other operating income	455	476	-4%	931	912	2%
Operating income	1,796	1,806	-1%	3,602	3,442	5%
Operating expenses	(680)	(691)	-2%	(1,371)	(1,339)	2%
Profit before credit impairment and income tax	1,116	1,115	0%	2,231	2,103	6%
Credit impairment charge	(42)	(29)	45%	(71)	8	large
Profit before income tax	1,074	1,086	-1%	2,160	2,111	2%
Income tax expense and non-controlling interests	(295)	(300)	-2%	(595)	(572)	4%
Cash profit	779	786	-1%	1,565	1,539	2%
Adjustments between statutory profit and cash profit	44	34	29%	78	26	large
Statutory profit	823	820	0%	1,643	1,565	5%
Balance Sheet						
Net loans & advances	103,954	107,017	-3%	103,954	94,023	11%
Other external assets	33,139	30,637	8%	33,139	24,962	33%
External assets	137,093	137,654	0%	137,093	118,985	15%
Customer deposits	77,137	78,854	-2%	77,137	68,058	13%
Other deposits and borrowings	5,232	7,635	-31%	5,232	6,665	-22%
Deposits and other borrowings	82,369	86,489	-5%	82,369	74,723	10%
Other external liabilities	35,178	31,375	12%	35,178	25,086	40%
External liabilities	117,547	117,864	0%	117,547	99,809	18%
Risk weighted assets	67,265	67,929	-1%	67,265	61,420	10%
Average gross loans and advances	103,633	100,920	3%	102,280	94,773	8%
Average deposits and other borrowings	83,610	82,150	2%	82,882	75,538	10%
Ratios						
Net interest margin - cash	2.22%	2.27%		2.25%	2.30%	
Operating expenses to operating income - cash	37.8%	38.3%		38.0%	38.9%	
Operating expenses to average assets - cash	0.97%	1.05%		1.01%	1.10%	
Individual credit impairment charge/(release) - cash	34	34	0%	68	76	-11%
Individual credit impairment charge/(release) as a % of average GLA - cash	0.07%	0.07%		0.07%	0.08%	
Collective credit impairment charge/(release) - cash	8	(5)	large	3	(84)	large
Collective credit impairment charge/(release) as a % of average GLA - cash	0.02%	(0.01%)		0.00%	(0.09%)	
Gross impaired assets	379	510	-26%	379	631	-40%
Gross impaired assets as a % of GLA	0.36%	0.48%		0.36%	0.67%	
Total full time equivalent staff (FTE)	8,104	8,237	-2%	8,104	8,225	-1%

GEOGRAPHIC RESULTS

New Zealand geography

Table reflects NZD results for the New Zealand geography

	Half Year			Full Year		
	Sep 15 NZD M	Mar 15 NZD M	Movt	Sep 15 NZD M	Sep 14 NZD M	Movt
Net interest income	1,458	1,422	3%	2,880	2,765	4%
Other operating income	496	509	-3%	1,005	997	1%
Operating income	1,954	1,931	1%	3,885	3,762	3%
Operating expenses	(739)	(739)	0%	(1,478)	(1,464)	1%
Profit before credit impairment and income tax	1,215	1,192	2%	2,407	2,298	5%
Credit impairment charge	(45)	(31)	45%	(76)	9	large
Profit before income tax	1,170	1,161	1%	2,331	2,307	1%
Income tax expense and non-controlling interests	(324)	(320)	1%	(644)	(625)	3%
Cash profit	846	841	1%	1,687	1,682	0%
Adjustments between statutory profit and cash profit	48	36	33%	84	29	large
Statutory profit	894	877	2%	1,771	1,711	4%
Balance Sheet						
Net loans & advances	114,376	109,031	5%	114,376	105,485	8%
Other external assets	36,460	31,214	17%	36,460	28,005	30%
External assets	150,836	140,245	8%	150,836	133,490	13%
Customer deposits	84,870	80,338	6%	84,870	76,355	11%
Other deposits and borrowings	5,756	7,778	-26%	5,756	7,478	-23%
Deposits and other borrowings	90,626	88,116	3%	90,626	83,833	8%
Other external liabilities	38,705	31,966	21%	38,705	28,143	38%
External liabilities	129,331	120,082	8%	129,331	111,976	15%
Risk weighted assets	74,008	69,208	7%	74,008	68,908	7%
Average gross loans and advances	112,712	107,898	4%	110,311	103,593	6%
Average deposits and other borrowings	90,942	87,830	4%	89,390	82,568	8%
Ratios						
Net interest margin - cash	2.22%	2.27%		2.25%	2.30%	
Operating expenses to operating income - cash	37.8%	38.3%		38.0%	38.9%	
Operating expenses to average assets - cash	0.97%	1.05%		1.01%	1.10%	
Individual credit impairment charge/(release) - cash	36	37	-3%	73	83	-12%
Individual credit impairment charge/(release) as a % of average GLA - cash	0.07%	0.07%		0.07%	0.08%	
Collective credit impairment charge/(release) - cash	9	(6)	large	3	(92)	large
Collective credit impairment charge/(release) as a % of average GLA - cash	0.02%	(0.01%)		0.00%	(0.09%)	
Gross impaired assets	419	523	-20%	419	708	-41%
Gross impaired assets as a % of GLA	0.36%	0.48%		0.36%	0.67%	
Total full time equivalent staff (FTE)	8,104	8,237	-2%	8,104	8,225	-1%

CONTENTS

Section 7 – Profit Reconciliation

Adjustments between statutory profit and cash profit

Explanation of adjustments between statutory profit and cash profit

Other reclassifications between statutory profit and cash profit

Reconciliation of statutory profit to cash profit

Non-IFRS information

The Group provides additional measures of performance in the Results Announcement which are prepared on a basis other than in accordance with accounting standards. The guidance provided in ASIC's RG230 has been followed when presenting this information.

Adjustments between statutory profit and cash profit

Statutory profit has been adjusted to exclude non-core items to arrive at cash profit, which is provided to assist readers to understand the results for the ongoing business activities of the Group. The adjustments made in arriving at cash profit are included in statutory profit which is subject to audit within the context of the Group statutory audit opinion. The 2015 Annual Financial Statements are in the process of being audited. Cash profit is not subject to audit by the external auditor, however, the external auditor has informed the Audit Committee that the adjustments have been determined on a consistent basis across each period presented.

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Statutory profit attributable to shareholders of the Company	3,987	3,506	14%	7,493	7,271	3%
Adjustments between statutory profit and cash profit	(447)	170	large	(277)	(154)	80%
Cash Profit	3,540	3,676	-4%	7,216	7,117	1%

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Adjustments between statutory profit and cash profit						
Treasury shares adjustments	(95)	79	large	(16)	24	large
Revaluation of policy liabilities	(6)	(67)	-91%	(73)	(26)	large
Economic hedging	(165)	(14)	large	(179)	(72)	large
Revenue and net investment hedges	(179)	176	large	(3)	(101)	-97%
Structured credit intermediation trades	(2)	(4)	-50%	(6)	21	large
Total adjustments between statutory profit and cash profit	(447)	170	large	(277)	(154)	80%

Explanation of adjustments between statutory profit and cash profit

- Treasury shares adjustment

ANZ shares held by the Group in the funds management and insurance business are deemed to be Treasury shares for accounting purposes. Dividends and realised and unrealised gains and losses from these shares are reversed as these are not permitted to be recognised in income for statutory reporting purposes. In deriving cash profit, these earnings are included to ensure there is no asymmetrical impact on the Group's profits because the Treasury shares are held to support policy liabilities which are revalued through the Income Statement. Accordingly, the full year loss of \$16 million after tax (\$21 million pre tax) reversed for statutory accounting purposes has been added back to cash profit.

- Revaluation of policy liabilities

When calculating policy liabilities, the projected future cash flows on insurance contracts are discounted to reflect the present value of the obligation, with the impact of changes in the market discount rate each period being reflected in the income statement. ANZ includes the impact on the re-measurement of the insurance contract attributable to changes in market discount rates as an adjustment to statutory profit to remove the volatility attributable to changes in market interest rates which reverts to zero over the life of the insurance contract.

- Economic hedging and Revenue and net investment hedges

The Group enters into economic hedges to manage its interest rate and foreign exchange risk. The application of AASB 139: Financial Instruments – Recognition and Measurement results in fair value gains and losses being recognised within the income statement. ANZ removes the mark-to-market adjustments from cash profit as the profit or loss resulting from the hedge transactions will reverse over time to match with the profit or loss from the economically hedged item as part of cash profit. This includes gains and losses arising from approved classes of derivatives not designated in accounting hedge relationships but which are considered to be economic hedges, including hedges of larger foreign exchange denominated revenue and expense streams, primarily NZD and USD (and USD correlated), as well as ineffectiveness from designated accounting hedges.

Economic hedging comprises:

- Funding related swaps - primarily cross currency interest rate swaps which are being used to convert the proceeds of foreign currency debt issuances into floating rate Australian dollar and New Zealand dollar debt. As these swaps do not qualify for hedge accounting, movements in the fair values are recorded in the income statement. The main drivers of these fair values are currency basis spreads and the Australian dollar and New Zealand dollar fluctuations against other major funding currencies.
- Economic hedges of select structured finance and specialised leasing transactions that do not qualify for hedge accounting. The main drivers of these fair value adjustments are Australian and New Zealand yield curve movements.
- Ineffectiveness from designated accounting hedge relationships.

The majority of the full year gain in economic hedging arose in the September 2015 half and mainly related to funding related swaps that were impacted by the significant weakening in the AUD across a number of major currencies, most notably the USD and EUR.

Gains on revenue and net investment hedges in the September 2015 half were principally attributable to the strengthening of the AUD against the NZD exchange rate partially offset by the losses attributable to the weakening of the AUD against the USD. These gains reversed losses in the March 2015 half attributable to the weakening of the AUD against both the USD and NZD exchange rates.

	Half Year		Full Year	
	Sep 15 \$M	Mar 15 \$M	Sep 15 \$M	Sep 14 \$M
Adjustments to the income statement				
Timing differences where IFRS results in asymmetry between the hedge and hedged items				
Economic hedging	(235)	(20)	(255)	(103)
Revenue and net investment hedges	(256)	252	(4)	(143)
Increase/(decrease) to cash profit before tax	(491)	232	(259)	(246)
Increase/(decrease) to cash profit after tax	(344)	162	(182)	(173)

	As at		
	Sep 15 \$M	Mar 15 \$M	Sep 14 \$M
Cumulative increase/(decrease) to cash profit pre-tax			
Timing differences where IFRS results in asymmetry between the hedge and hedged items (before tax)			
Economic hedging	295	530	550
Revenue and net investment hedges	32	288	36
	327	818	586

PROFIT RECONCILIATION

- Structured credit intermediation trades

ANZ entered into a series of structured credit intermediation trades with US financial guarantors from 2004 to 2007. The underlying structures involved credit default swaps (CDS) over synthetic collateralised debt obligations (CDOs), portfolios of external collateralised loan obligations (CLOs) or specific bonds/floating rate notes (FRNs). ANZ sold protection using credit default swaps over these structures and then to mitigate risk, purchased protection via credit default swaps over the same structures from eight US financial guarantors.

Being derivatives, both the sold protection and purchased protection are measured at fair value and marked-to-model. Prior to the commencement of the global financial crisis, movements in valuations of these positions were not significant and largely offset each other in income. Following the onset of the financial crisis, the purchased protection has provided only a partial offset against movements in valuation of the sold protection because:

- one of the counterparties to the purchased protection defaulted and many of the remaining were downgraded; and
- a credit valuation adjustment is applied to the remaining counterparties to the purchased protection reflective of changes to their credit worthiness.

ANZ is actively monitoring this portfolio with a view to reducing the exposures via termination and restructuring of both the bought and sold protection if and when ANZ deems it cost effective relative to the perceived risk associated with a specific trade or counterparty. As at 30 September 2015, ANZ's remaining exposure is against two financial guarantors.

The bought and sold protection trades are by nature largely offsetting, with the notional amount on the outstanding bought CDSs and outstanding sold CDSs at 30 September 2015 each amounting to \$0.7 billion (Mar 15: \$0.8 billion; Sep 14: \$1.2 billion). The decrease in notional balances of \$0.5 billion during September 2015 is primarily due to the termination of one bought protection along with the corresponding sold protection in the first half of the year.

The profit and loss impact of credit risk on structured credit derivatives is driven by market movements in credit spreads and AUD/USD and NZD/USD rates.

The (gain)/loss on structured credit intermediation trades is included as an adjustment to cash profit as it relates to a legacy non-core business where, unless terminated early, the fair value movements are expected to reverse to zero in future periods.

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Increase/(decrease) to cash profit						
Profit before income tax	(3)	(5)	-40%	(8)	22	large
Income tax expense	1	1	0%	2	(1)	large
Profit after income tax	(2)	(4)	-50%	(6)	21	large

	As at			Movement	
	Sep 15 \$M	Mar 15 \$M	Sep 14 \$M	Sep 15 v. Mar 15	Sep 15 v. Sep 14
Financial impacts of credit intermediation trades					
Mark-to-market exposure to financial guarantors	69	78	82	-12%	-16%
Cumulative costs relating to financial guarantors¹					
CVA for outstanding transactions	17	19	24	-11%	-29%
Realised close out and hedge costs	372	373	373	0%	0%
Cumulative life to date charges	389	392	397	-1%	-2%

¹ The cumulative costs in managing the positions include realised losses relating to restructuring of trades in order to reduce risks and realised losses on termination of sold protection trades. It also includes foreign exchange hedging losses.

Other reclassifications between statutory profit and cash profit

- Credit risk on impaired derivatives (nil profit after tax impact)

The charge to income for credit valuation adjustments of \$26 million on defaulted and impaired derivative exposures has been reclassified to cash credit impairment charges in the September 2015 full year (Mar 15 half: \$16 million charge; Sep 14 full year: \$3 million charge). The reclassification has been made to reflect the manner in which the defaulted and impaired derivatives are managed.

- Policyholders tax gross up (nil profit after tax impact)

For statutory reporting purposes, policyholder income tax and other related taxes paid on behalf of policyholders are included in both net funds management and insurance income and the Group's income tax expense. The gross up of \$186 million for the September 2015 full year (Mar 15 half: \$277 million; Sep 14 full year: \$242 million) has been excluded from the cash results as it does not reflect the underlying performance of the business which is assessed on a net of policyholder tax basis.

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PROFIT RECONCILIATION
September 2015 Full Year

	Statutory profit	Adjustments to statutory profit		
		Treasury shares adjustment	Policy-holders tax gross up	Revaluation of policy liabilities
	\$M	\$M	\$M	\$M
Net interest income	14,616	-	-	-
Net fee and commission income	2,591	-	-	-
Net foreign exchange earnings	1,007	-	-	-
Profit on trading instruments	(130)	-	-	-
Net funds management and insurance income	1,736	(21)	(186)	(104)
Other	1,251	-	-	-
Other operating income	6,455	(21)	(186)	(104)
Operating income	21,071	(21)	(186)	(104)
Operating expenses	(9,359)	-	-	-
Profit before credit impairment and tax	11,712	(21)	(186)	(104)
Credit impairment charge	(1,179)	-	-	-
Profit before income tax	10,533	(21)	(186)	(104)
Income tax expense	(3,026)	5	186	31
Non-controlling interests	(14)	-	-	-
Profit	7,493	(16)	-	(73)

September 2014 Full Year

	Statutory profit	Adjustments to statutory profit		
		Treasury shares adjustment	Policy-holders tax gross up	Revaluation of policy liabilities
	\$M	\$M	\$M	\$M
Net interest income	13,810	-	-	-
Net fee and commission income	2,505	-	-	-
Net foreign exchange earnings	1,073	-	-	-
Profit on trading instruments	139	-	-	-
Net funds management and insurance income	1,538	24	(242)	(37)
Other	989	-	-	-
Other operating income	6,244	24	(242)	(37)
Operating income	20,054	24	(242)	(37)
Operating expenses	(8,760)	-	-	-
Profit before credit impairment and tax	11,294	24	(242)	(37)
Credit impairment charge	(986)	-	-	-
Profit before income tax	10,308	24	(242)	(37)
Income tax expense	(3,025)	-	242	11
Non-controlling interests	(12)	-	-	-
Profit	7,271	24	-	(26)

PROFIT RECONCILIATION
September 2015 Full Year

Adjustment to statutory profit						Cash profit
Economic hedging	Revenue and net investment hedges	Structured credit intermediation trades	Credit risk on impaired derivatives	adjustments to statutory profit	Total adjustments to statutory profit	
\$M	\$M	\$M	\$M	\$M	\$M	\$M
-	-	-	-	-	-	14,616
-	-	-	-	-	-	2,591
3	(4)	-	-	(1)	(1)	1,006
(9)	-	(8)	26	9	9	(121)
-	-	-	-	(311)	(311)	1,425
(250)	-	-	-	(250)	(250)	1,001
(256)	(4)	(8)	26	(553)	(553)	5,902
(256)	(4)	(8)	26	(553)	(553)	20,518
-	-	-	-	-	-	(9,359)
(256)	(4)	(8)	26	(553)	(553)	11,159
-	-	-	(26)	(26)	(26)	(1,205)
(256)	(4)	(8)	-	(579)	(579)	9,954
77	1	2	-	302	302	(2,724)
-	-	-	-	-	-	(14)
(179)	(3)	(6)	-	(277)	(277)	7,216

September 2014 Full Year

Adjustment to statutory profit						Cash profit
Economic hedging	Revenue and net investment hedges	Structured credit intermediation trades	Credit risk on impaired derivatives	adjustments to statutory profit	Total adjustments to statutory profit	
\$M	\$M	\$M	\$M	\$M	\$M	\$M
(13)	-	-	-	(13)	(13)	13,797
-	-	-	-	-	-	2,505
3	(143)	-	-	(140)	(140)	933
4	-	22	3	29	29	168
-	-	-	-	(255)	(255)	1,283
(97)	-	-	-	(97)	(97)	892
(90)	(143)	22	3	(463)	(463)	5,781
(103)	(143)	22	3	(476)	(476)	19,578
-	-	-	-	-	-	(8,760)
(103)	(143)	22	3	(476)	(476)	10,818
-	-	-	(3)	(3)	(3)	(989)
(103)	(143)	22	-	(479)	(479)	9,829
31	42	(1)	-	325	325	(2,700)
-	-	-	-	-	-	(12)
(72)	(101)	21	-	(154)	(154)	7,117

PROFIT RECONCILIATION
September 2015 Half Year

	Statutory profit	Adjustments to statutory profit		
		Treasury shares adjustment	Policyholders tax gross up	Revaluation of policy liabilities
	\$M	\$M	\$M	\$M
Net interest income	7,478	-	-	-
Net fee and commission income	1,283	-	-	-
Net foreign exchange earnings	748	-	-	-
Profit on trading instruments	(224)	-	-	-
Net funds management and insurance income	757	(107)	91	(7)
Other	799	-	-	-
Other operating income	3,363	(107)	91	(7)
Operating income	10,841	(107)	91	(7)
Operating expenses	(4,766)	-	-	-
Profit before credit impairment and tax	6,075	(107)	91	(7)
Credit impairment charge	(685)	-	-	-
Profit before income tax	5,390	(107)	91	(7)
Income tax expense	(1,397)	12	(91)	1
Non-controlling interests	(6)	-	-	-
Profit	3,987	(95)	-	(6)

March 2015 Half Year

	Statutory profit	Adjustments to statutory profit		
		Treasury shares adjustment	Policyholders tax gross up	Revaluation of policy liabilities
	\$M	\$M	\$M	\$M
Net interest income	7,138	-	-	-
Net fee and commission income	1,308	-	-	-
Net foreign exchange earnings	259	-	-	-
Profit on trading instruments	94	-	-	-
Net funds management and insurance income	979	86	(277)	(97)
Other	452	-	-	-
Other operating income	3,092	86	(277)	(97)
Operating income	10,230	86	(277)	(97)
Operating expenses	(4,593)	-	-	-
Profit before credit impairment and tax	5,637	86	(277)	(97)
Credit impairment charge	(494)	-	-	-
Profit before income tax	5,143	86	(277)	(97)
Income tax expense	(1,629)	(7)	277	30
Non-controlling interests	(8)	-	-	-
Profit	3,506	79	-	(67)

PROFIT RECONCILIATION
September 2015 Half Year

Adjustments to statutory profit						Cash profit
Economic hedging	Revenue and net investment hedges	Structured credit intermediation trades	Credit risk on impaired derivatives	Total adjustments to statutory profit		
\$M	\$M	\$M	\$M	\$M		\$M
-	-	-	-	-		7,478
-	-	-	-	-		1,283
3	(256)	-	-	(253)		495
(21)	-	(3)	10	(14)		(238)
-	-	-	-	(23)		734
(218)	-	-	-	(218)		581
(236)	(256)	(3)	10	(508)		2,855
(236)	(256)	(3)	10	(508)		10,333
-	-	-	-	-		(4,766)
(236)	(256)	(3)	10	(508)		5,567
-	-	-	(10)	(10)		(695)
(236)	(256)	(3)	-	(518)		4,872
71	77	1	-	71		(1,326)
-	-	-	-	-		(6)
(165)	(179)	(2)	-	(447)		3,540

March 2015 Half Year

Adjustments to statutory profit						Cash profit
Economic hedging	Revenue and net investment hedges	Structured credit intermediation trades	Credit risk on impaired derivatives	Total adjustments to statutory profit		
\$M	\$M	\$M	\$M	\$M		\$M
-	-	-	-	-		7,138
-	-	-	-	-		1,308
-	252	-	-	252		511
12	-	(5)	16	23		117
-	-	-	-	(288)		691
(32)	-	-	-	(32)		420
(20)	252	(5)	16	(45)		3,047
(20)	252	(5)	16	(45)		10,185
-	-	-	-	-		(4,593)
(20)	252	(5)	16	(45)		5,592
-	-	-	(16)	(16)		(510)
(20)	252	(5)	-	(61)		5,082
6	(76)	1	-	231		(1,398)
-	-	-	-	-		(8)
(14)	176	(4)	-	170		3,676

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CONDENSED CONSOLIDATED INCOME STATEMENT

Australia and New Zealand Banking Group Limited

	Note	Half Year			Full Year		
		Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Interest income		15,132	15,394	-2%	30,526	29,524	3%
Interest expense		(7,654)	(8,256)	-7%	(15,910)	(15,714)	1%
Net interest income	2	7,478	7,138	5%	14,616	13,810	6%
Other operating income	2	2,295	1,799	28%	4,094	4,189	-2%
Net funds management and insurance income	2	757	979	-23%	1,736	1,538	13%
Share of associates' profit	2,15	311	314	-1%	625	517	21%
Operating income		10,841	10,230	6%	21,071	20,054	5%
Operating expenses	3	(4,766)	(4,593)	4%	(9,359)	(8,760)	7%
Profit before credit impairment and income tax		6,075	5,637	8%	11,712	11,294	4%
Credit impairment charge	9	(685)	(494)	39%	(1,179)	(986)	20%
Profit before income tax		5,390	5,143	5%	10,533	10,308	2%
Income tax expense	4	(1,397)	(1,629)	-14%	(3,026)	(3,025)	0%
Profit for the period		3,993	3,514	14%	7,507	7,283	3%
Comprising:							
Profit attributable to non-controlling interests		6	8	-25%	14	12	17%
Profit attributable to shareholders of the Company		3,987	3,506	14%	7,493	7,271	3%
Earnings per ordinary share (cents)							
Basic	6	143.4	128.0	12%	271.5	267.1	2%
Diluted	6	134.9	124.6	8%	257.2	257.0	0%
Dividend per ordinary share (cents)	5	95	86	10%	181	178	2%

The notes appearing on pages 99 to 112 form an integral part of the Condensed Consolidated Financial Statements.

Australia and New Zealand Banking Group Limited

	Full Year		
	Sep 15 \$M	Sep 14 \$M	Movt
Profit for the period	7,507	7,283	3%
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement gain/(loss) on defined benefit plans	(6)	43	large
Fair value gain/(loss) attributable to changes in own credit risk of financial liabilities designated at fair value	52	(35)	large
Income tax on items that will not be reclassified subsequently to profit or loss			
Remeasurement gain/(loss) on defined benefit plans	4	(11)	large
Fair value gain/(loss) attributable to changes in own credit risk of financial liabilities designated at fair value	(15)	10	large
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation reserve			
Exchange differences taken to equity ¹	1,736	487	large
Exchange differences transferred to income statement	(4)	37	large
Available-for-sale revaluation reserve			
Valuation gain/(loss) taken to equity	(40)	134	large
Transferred to income statement	(71)	(47)	51%
Cash flow hedge reserve			
Valuation gain/(loss) taken to equity	160	165	-3%
Transferred to income statement	(15)	(31)	-52%
Income tax on items that may be reclassified subsequently to profit or loss			
Available-for-sale assets revaluation reserve	36	(23)	large
Cash flow hedge reserve	(45)	(41)	10%
Share of associates' other comprehensive income²	59	(24)	large
Other comprehensive income net of tax	1,851	664	large
Total comprehensive income for the period	9,358	7,947	
Non-controlling interests	30	16	88%
Shareholders of the Company	9,328	7,931	18%

¹ Includes foreign currency translation differences attributable to non-controlling interests of \$16 million gain (Sep 14 full year: \$4 million gain).

² Share of associates other comprehensive income includes items that may be reclassified subsequently to profit and loss comprised of Available-for-sale revaluation reserve gain of \$53 million (Sep 14 full year: loss of \$25 million); Foreign currency translation reserve gain of \$8 million gain (Sep 14 full year: nil); Cash flow hedge reserve of nil (Sep 14 full year: gain of \$1 million) and items of which will not be reclassified subsequently to profit or loss comprised of Defined Benefit Plans loss of \$2 million (Sep 14 full year: nil).

The notes appearing on pages 99 to 112 form an integral part of the Condensed Consolidated Financial Statements.

Australia and New Zealand Banking Group Limited

		As at			Movement	
	Note	Sep 15 \$M	Mar 15 \$M	Sep 14 \$M	Sep 15 v. Mar 15	Sep 15 v. Sep 14
Assets						
Cash		53,903	46,004	32,559	17%	66%
Settlement balances owed to ANZ		18,596	22,570	20,241	-18%	-8%
Collateral paid		9,967	10,707	5,459	-7%	83%
Trading securities		49,000	51,386	49,692	-5%	-1%
Derivative financial instruments		85,625	73,580	56,369	16%	52%
Available-for-sale assets		43,667	38,336	30,917	14%	41%
Net loans and advances	8	562,173	558,203	521,752	1%	8%
Regulatory deposits		1,773	1,804	1,565	-2%	13%
Investment in associates		5,440	5,315	4,582	2%	19%
Current tax assets		90	38	38	large	large
Deferred tax assets		402	162	417	large	-4%
Goodwill and other intangible assets		8,312	8,384	7,950	-1%	5%
Investments backing policy liabilities		34,820	36,495	33,579	-5%	4%
Premises and equipment		2,221	2,203	2,181	1%	2%
Other assets		5,846	4,900	4,791	19%	22%
Esanda dealer finance assets held for sale	8	8,065	-	-	n/a	n/a
Total assets		889,900	860,087	772,092	3%	15%
Liabilities						
Settlement balances owed by ANZ		11,250	7,759	10,114	45%	11%
Collateral received		7,829	4,844	5,599	62%	40%
Deposits and other borrowings	10	570,794	567,215	510,079	1%	12%
Derivative financial instruments		81,270	73,210	52,925	11%	54%
Current tax liabilities		267	123	449	large	-41%
Deferred tax liabilities		249	322	120	-23%	large
Policy liabilities		35,401	36,820	34,554	-4%	2%
External unit holder liabilities (life insurance funds)		3,291	3,489	3,181	-6%	3%
Provisions		1,074	1,128	1,100	-5%	-2%
Payables and other liabilities		10,366	10,999	10,984	-6%	-6%
Debt issuances		93,747	85,664	80,096	9%	17%
Subordinated debt	11	17,009	16,463	13,607	3%	25%
Total liabilities		832,547	808,036	722,808	3%	15%
Net assets		57,353	52,051	49,284	10%	16%
Shareholders' equity						
Ordinary share capital		28,367	24,152	24,031	17%	18%
Preference share capital		-	-	871	n/a	-100%
Reserves		1,571	2,188	(239)	-28%	large
Retained earnings		27,309	25,616	24,544	7%	11%
Share capital and reserves attributable to shareholders of the Company		57,247	51,956	49,207	10%	16%
Non-controlling interests		106	95	77	12%	38%
Total shareholders' equity		57,353	52,051	49,284	10%	16%

The notes appearing on pages 99 to 112 form an integral part of the Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
Australia and New Zealand Banking Group Limited

	Note	Full Year	
		Inflows (Outflows)	Inflows (Outflows)
		Sep 15 \$M	Sep 14 \$M
Cash flows from operating activities			
Interest received		30,667	29,327
Interest paid		(15,458)	(14,886)
Dividends received		231	127
Other operating income received		18,297	2,704
Other operating expenses paid		(8,573)	(8,123)
Income taxes paid		(3,082)	(3,207)
<i>Net cash flows from funds management and insurance business</i>			
Premiums, other income and life investment deposits received		7,577	7,549
Investment income and policy deposits received		286	620
Claims and policy liability payments		(5,930)	(5,578)
Commission expense paid		(648)	(471)
Cash flows from operating activities before changes in operating assets and liabilities		23,367	8,062
Changes in operating assets and liabilities arising from cash flow movements			
(Increase)/decrease in operating assets			
Collateral paid		(3,585)	1,271
Trading securities		2,870	(8,600)
Net loans and advances		(32,280)	(35,154)
<i>Net cash flows from investments backing policy liabilities</i>			
Purchase of insurance assets		(7,065)	(4,856)
Proceeds from sale/maturity of insurance assets		7,239	4,625
Increase/(decrease) in operating liabilities			
Deposits and other borrowings		30,050	36,592
Settlement balances owed by ANZ		781	1,358
Collateral received		1,073	1,435
Payables and other liabilities		(974)	910
Change in operating assets and liabilities arising from cash flow movements		(1,891)	(2,419)
Net cash provided by operating activities		21,476	5,643
Cash flows from investing activities			
Available-for-sale assets			
Purchases		(24,236)	(12,652)
Proceeds from sale or maturity		15,705	11,136
Controlled entities and associates			
Proceeds from sale (net of cash disposed)		4	251
Premises and equipment			
Purchases		(321)	(370)
Other assets		(928)	(292)
Net cash (used in) investing activities		(9,776)	(1,927)
Cash flows from financing activities			
Debt issuances			
Issue proceeds		16,637	17,156
Redemptions		(15,966)	(10,710)
Subordinated debt			
Issue proceeds		2,683	3,258
Redemptions		-	(2,586)
Dividends paid		(3,763)	(3,827)
Share capital issues		3,207	4
Preference shares bought back		(755)	-
Share buyback		-	(500)
Net cash provided by financing activities		2,043	2,795
Net increase in cash and cash equivalents		13,743	6,511
Cash and cash equivalents at beginning of period		48,229	41,111
Effects of exchange rate changes on cash and cash equivalents		7,306	607
Cash and cash equivalents at end of period	7	69,278	48,229

The notes appearing on pages 99 to 112 form an integral part of the Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Australia and New Zealand Banking Group Limited

	Ordinary share capital	Preference shares	Reserves ¹	Retained earnings	Shareholders' equity attributable to Equity holders of the Bank	Non- controlling interests	Total Shareholders' equity
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
As at 1 October 2013	23,641	871	(907)	21,936	45,541	62	45,603
Profit or loss	-	-	-	7,271	7,271	12	7,283
Other comprehensive income for the period	-	-	653	7	660	4	664
Total comprehensive income for the period	-	-	653	7,278	7,931	16	7,947
Transactions with equity holders in their capacity as equity holders:							
Dividends paid	-	-	-	(4,700)	(4,700)	(1)	(4,701)
Dividend income on treasury shares held within the Group's life insurance statutory funds	-	-	-	22	22	-	22
Dividend reinvestment plan	851	-	-	-	851	-	851
Transactions with non-controlling interests	-	-	10	-	10	-	10
Other equity movements:							
Share based payments/(exercises)	-	-	13	-	13	-	13
Group share option scheme	4	-	-	-	4	-	4
Treasury shares Global Wealth adjustment	24	-	-	-	24	-	24
Group employee share acquisition scheme	11	-	-	-	11	-	11
Group share buyback	(500)	-	-	-	(500)	-	(500)
Transfer of options/rights lapsed	-	-	(8)	8	-	-	-
As at 30 September 2014	24,031	871	(239)	24,544	49,207	77	49,284
Profit or loss	-	-	-	7,493	7,493	14	7,507
Other comprehensive income for the period	-	-	1,802	33	1,835	16	1,851
Total comprehensive income for the period	-	-	1,802	7,526	9,328	30	9,358
Transactions with equity holders in their capacity as equity holders:							
Dividends paid	-	-	-	(4,907)	(4,907)	(1)	(4,908)
Dividend income on treasury shares held within the Group's life insurance statutory funds	-	-	-	22	22	-	22
Dividend reinvestment plan	1,122	-	-	-	1,122	-	1,122
Preference share bought back	-	(871)	-	-	(871)	-	(871)
Other equity movements:							
Share based payments/(exercises)	-	-	16	-	16	-	16
Share Placement and Purchase Plan	3,206	-	-	-	3,206	-	3,206
Group share option scheme	2	-	-	-	2	-	2
Treasury shares Global Wealth adjustment	5	-	-	-	5	-	5
Group employee share acquisition scheme	1	-	-	-	1	-	1
Transfer of options/rights lapsed	-	-	(8)	8	-	-	-
Foreign exchange gains on preference shares brought back	-	-	-	116	116	-	116
As at 30 September 2015	28,367	-	1,571	27,309	57,247	106	57,353

¹ Further information on reserves is disclosed in Note 13.

The notes appearing on pages 99 to 112 form an integral part of the Condensed Consolidated Financial Statements.

1. Basis of preparation

These Condensed Consolidated Financial Statements:

- have been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards ("AASs");
- should be read in conjunction with ANZ's Annual Financial Statements for the year ended 30 September 2015 when released and any public announcements made by the Parent Entity and its controlled entities (the Group) for the year ended 30 September 2015 in accordance with the continuous disclosure obligations under the Corporations Act 2001 and the ASX Listing Rules;
- do not include all notes of the type normally included in ANZ's Annual Financial Statements;
- are presented in Australian dollars unless otherwise stated; and
- were approved by the Board of Directors on 28 October 2015.

i) Accounting policies

These Condensed Consolidated Financial Statements have been prepared on the basis of accounting policies and using methods of computation consistent with those applied in the 2014 ANZ Annual Financial Statements.

ii) Basis of measurement

The financial information has been prepared in accordance with the historical cost basis except that the following assets and liabilities are stated at their fair value:

- derivative financial instruments as well as, in the case of fair value hedging, the fair value adjustment on the underlying hedged exposure;
- available-for-sale financial assets;
- financial instruments held for trading; and
- assets and liabilities designated at fair value through profit and loss.

In accordance with AASB 1038 *Life Insurance Contracts*, life insurance liabilities are measured using the Margin on Services model.

In accordance with AASB 119 *Employee Benefits*, defined benefit obligations are measured using the Projected Unit Credit method.

iii) Use of estimates, assumptions and judgments

The preparation of these Condensed Consolidated Financial Statements requires the use of management judgement, estimates and assumptions that affect reported amounts and the application of accounting policies. Discussion of the critical accounting estimates and judgements, which include complex or subjective decisions or assessments will be covered in Note 2 of the 2015 Annual Financial Statements when released. Such estimates and judgements are reviewed on an ongoing basis.

At 30 September 2015 the impairment assessment of non-lending assets identified that two of the Group's Associate investments (AMMB Holdings Berhad (Ambank) and PT Bank Pan Indonesia (PT Panin)) had indicators of impairment. Although their market value (based on share price) was below their carrying value, no impairment was recognised as the carrying value was supported by their value in use.

The value in use estimation is sensitive to a number of key assumptions, including future profitability levels, capital levels, long term growth rates and discount rates. The key assumptions used in the value in use calculations are outlined below:

	As at Sep 15	
	AMMB	PT Panin
Pre-tax discount rate	11.0%	12.7%
Terminal growth rate	5.5%	5.7%
Expected NPAT growth (5 years average)	2.1%	5.1%
Core equity tier 1 rate	10.0%	10.0%

iv) Rounding of amounts

The amounts contained in these Condensed Consolidated Financial Statements have been rounded to the nearest million dollars, except where otherwise indicated, as permitted by Australian Securities and Investments Commission Class Order 98/100.

iv) Comparatives

Certain amounts in the comparative information have been reclassified to conform with current period financial statement presentation.

2. Income

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Interest income	15,132	15,394	-2%	30,526	29,524	3%
Interest expense	(7,654)	(8,256)	-7%	(15,910)	(15,714)	1%
Net interest income	7,478	7,138	5%	14,616	13,810	6%
i) Fee and commission income						
Lending fees ¹	411	422	-3%	833	779	7%
Non-lending fees and commissions ²	1,419	1,388	2%	2,807	2,648	6%
Total fee and commission income ²	1,830	1,810	1%	3,640	3,427	6%
Fee and commission expense ^{2,3}	(504)	(502)	0%	(1,006)	(922)	9%
Net fee and commission income²	1,326	1,308	1%	2,634	2,505	5%
ii) Net funds management and insurance income						
Funds management income	452	478	-5%	930	917	1%
Investment income	(1,301)	3,149	large	1,848	2,656	-30%
Insurance premium income	823	718	15%	1,541	1,314	17%
Commission income/(expense)	(213)	(239)	-11%	(452)	(471)	-4%
Claims	(377)	(341)	11%	(718)	(707)	2%
Changes in policy liabilities ⁴	1,266	(2,700)	large	(1,434)	(2,147)	-33%
Elimination of treasury share (gain)/loss	107	(86)	large	21	(24)	large
Total net funds management and insurance income	757	979	-23%	1,736	1,538	13%
iii) Share of associates' profit	311	314	-1%	625	517	21%
iv) Other income						
Net foreign exchange earnings	748	259	large	1,007	1,073	-6%
Net gain/(loss) from trading securities and derivatives	(225)	94	large	(131)	138	large
Credit risk on credit intermediation trades	3	5	-40%	8	(22)	large
Movement on financial instruments measured at fair value through profit & loss ⁵	209	32	large	241	97	large
Brokerage income	24	34	-29%	58	50	16%
Loss on divestment of SSI	-	-	n/a	-	(21)	-100%
Dilution gain on investment in Bank of Tianjin	-	-	n/a	-	12	-100%
Insurance settlement	-	-	n/a	-	26	-100%
Gain on sale of ANZ Trustees	-	-	n/a	-	125	-100%
Other ²	210	67	large	277	206	35%
Total other income²	969	491	97%	1,460	1,684	-13%
Total other operating income⁶	3,363	3,092	9%	6,455	6,244	3%
Total income	18,495	18,486	0%	36,981	35,768	3%

¹ Lending fees exclude fees treated as part of the effective yield calculation in interest income.

² Certain cards related fees that are integral to the generation of income were reclassified within total income in the March half to better reflect the nature of the items and comparatives were restated. For the Sep 14 full year, fees of \$488 million were moved from 'non-lending fees and commissions' and fees of \$10 million were moved from 'Other income' and included in 'fee and commission expenses'.

³ Includes interchange fees paid.

⁴ Includes policyholder tax gross up, which represents contribution tax (recovered at 15% on the super contributions made by members) debited to the policyholder account once a year in July when the statement is issued to the members at the end of the 30 June financial year.

⁵ Includes fair value movements (excluding realised and accrued interest) on derivatives not designated as accounting hedges entered into to manage interest rate and foreign exchange risk on funding instruments, ineffective portions of cashflow hedges, and fair value movements in financial assets and liabilities designated at fair value through profit and loss.

⁶ Total other operating income includes external dividend income of \$0.8 million (Mar 15 half: nil; Sep 14 full year: \$1.1 million).

3. Operating expenses

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Personnel						
Employee entitlements and taxes	170	155	10%	325	278	17%
Salaries and wages	1,867	1,852	1%	3,719	3,495	6%
Superannuation costs - defined benefit plans	4	3	33%	7	10	-30%
Superannuation costs - defined contribution plans	169	155	9%	324	300	8%
Equity-settled share-based payments	108	108	0%	216	215	0%
Other	446	442	1%	888	790	12%
Total personnel expenses	2,764	2,715	2%	5,479	5,088	8%
Premises						
Depreciation and amortisation	95	97	-2%	192	198	-3%
Rent	241	238	1%	479	450	6%
Utilities and other outgoings	93	87	7%	180	178	1%
Other	38	33	15%	71	62	15%
Total premises expenses	467	455	3%	922	888	4%
Technology						
Data communications	65	50	30%	115	104	11%
Depreciation and amortisation	343	332	3%	675	550	23%
Licences and outsourced services	238	209	14%	447	400	12%
Rentals and repairs	80	78	3%	158	153	3%
Software impairment	13	4	large	17	15	13%
Other	22	28	-21%	50	44	14%
Total technology expenses	761	701	9%	1,462	1,266	15%
Restructuring	21	10	large	31	113	-73%
Other						
Advertising and public relations	164	128	28%	292	278	5%
Audit and other fees	10	11	-9%	21	19	11%
Non-lending losses, frauds and forgeries	31	35	-11%	66	52	27%
Professional fees	182	142	28%	324	239	36%
Travel and entertainment expenses	105	100	5%	205	193	6%
Amortisation and impairment of other intangible assets	44	44	0%	88	118	-25%
Freight, stationery, postage and telephone	136	127	7%	263	273	-4%
Other	81	125	-35%	206	233	-12%
Total other expenses	753	712	6%	1,465	1,405	4%
Total operating expenses	4,766	4,593	4%	9,359	8,760	7%

4. Income tax expense

Reconciliation of the prima facie income tax expense on pre-tax profit with the income tax expense charged in the Income Statement

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Profit before income tax	5,390	5,143	5%	10,533	10,308	2%
Prima facie income tax expense at 30%	1,617	1,543	5%	3,160	3,092	2%
Tax effect of permanent differences:						
Overseas tax rate differential	(36)	(59)	-39%	(95)	(102)	-7%
Rebateable and non-assessable dividends	(1)	(1)	0%	(2)	(2)	0%
Profit from associates	(93)	(94)	-1%	(187)	(155)	21%
Sale of ANZ Trustees and SSI	-	-	n/a	-	(11)	-100%
Offshore Banking Unit	(1)	-	n/a	(1)	5	large
Global Wealth - Policyholder income and contributions tax	(64)	194	large	130	170	-24%
Global Wealth - Tax consolidation benefit	(56)	-	n/a	(56)	-	n/a
Tax provisions no longer required	-	(17)	-100%	(17)	(50)	-66%
Interest on Convertible Instruments	35	37	-5%	72	71	1%
Other	(4)	26	large	22	6	large
	1,397	1,629	-14%	3,026	3,024	0%
Income tax under/(over) provided in previous years	-	-	n/a	-	1	-100%
Total income tax expense charged in the income statement	1,397	1,629	-14%	3,026	3,025	0%
Australia	972	1,172	-17%	2,144	2,136	0%
Overseas	425	457	-7%	882	889	-1%
	1,397	1,629	-14%	3,026	3,025	0%
Effective Tax Rate - Group	25.9%	31.7%		28.7%	29.3%	

5. Dividends

	Half Year			Full Year		
	Sep 15	Mar 15	Movt	Sep 15	Sep 14	Movt
Dividend per ordinary share (cents)						
Interim (fully franked)	-	86	n/a	86	83	4%
Final (fully franked)	95	-	n/a	95	95	0%
Total	95	86	10%	181	178	2%
Ordinary share dividend (\$M)¹						
Interim dividend	2,379	-	n/a	2,379	2,278	4%
Final dividend	-	2,619	n/a	2,619	2,497	5%
Bonus option plan adjustment	(51)	(41)	24%	(92)	(81)	14%
Total²	2,328	2,578	-10%	4,906	4,694	5%
Ordinary share dividend payout ratio (%)³	69.2%	67.9%		68.6%	67.4%	

^{1.} Dividends paid to ordinary equity holders of the Company. Excludes dividends payable by subsidiaries of the Group to non-controlling equity holders of approximately \$1 million (Mar 15 half: nil, Sep 14 full year: \$1 million).

^{2.} Dividends payable are not accrued and are recorded when paid.

^{3.} Dividend payout ratio is calculated using proposed 2015 final dividend of \$2,758 million (not shown in the above table). The proposed 2015 final dividend of \$2,758 million is based on the forecast number of ordinary shares on issue at the dividend record date. Dividend payout ratios for the March 2015 half and September 2014 full year are calculated using actual dividends paid of \$2,379 million and \$4,897 million respectively. Dividend payout ratio is calculated by adjusting profit attributable to shareholders of the Company by the amount of preference share dividends paid.

Ordinary Shares

The Directors propose that a final dividend of 95 cents be paid on each eligible fully paid ANZ ordinary share on 16 December 2015. The proposed 2015 final dividend will be fully franked for Australian tax purposes, and New Zealand imputation credits of NZ 11 cents per ordinary share will also be attached.

ANZ has a Dividend Reinvestment Plan (DRP) and a Bonus Option Plan (BOP) that will operate in respect of the proposed 2015 final dividend. For the 2015 final dividend, ANZ intends to provide shares under the DRP and BOP through the issue of new shares. The "Acquisition Price" to be used in determining the number of shares to be provided under the DRP and BOP will be calculated by reference to the arithmetic average of the daily volume weighted average sale price of all fully paid ANZ ordinary shares sold in the ordinary course of trading on the ASX during the ten trading days commencing on 13 November 2015, and then rounded to the nearest whole cent. Shares provided under the DRP and BOP will rank equally in all respects with existing fully paid ANZ ordinary shares. Election notices from shareholders wanting to commence, cease or vary their participation in the DRP or BOP for the 2015 final dividend must be received by ANZ's Share Registrar by 5.00pm (Australian Eastern Daylight Time) on 11 November 2015.

Subject to receiving effective contrary instructions from the shareholder, dividends payable to shareholders with a registered address in the United Kingdom (including the Channel Islands and the Isle of Man) or New Zealand will be converted to Pounds Sterling or New Zealand Dollars respectively at an exchange rate calculated on 13 November 2015.

Preference Shares

	Half Year			Full Year		
	Sep 15	Mar 15	Movt	Sep 15	Sep 14	Movt
Preference share dividend (\$M)						
Euro Trust Securities ¹	-	1	-100%	1	6	-83%
Dividend per preference share						
Euro Trust Securities ¹	-	€ 1.88	-100%	€ 1.88	€ 9.32	-80%

^{1.} The Euro Trust Securities were bought back by ANZ for cash at face value and cancelled on 15 December 2014.

6. Earnings per share

	Half Year			Full Year		
	Sep 15	Mar 15	Movt	Sep 15	Sep 14	Movt
Number of fully paid ordinary shares on issue (M) ¹	2,902.7	2,766.0	5%	2,902.7	2,756.6	5%
Basic						
Profit attributable to shareholders of the Company (\$M)	3,987	3,506	14%	7,493	7,271	3%
Less Preference share dividends (\$M)	-	(1)	-100%	(1)	(6)	-83%
Profit less preference share dividends (\$M)	3,987	3,505	14%	7,492	7,265	3%
Weighted average number of ordinary shares (M) ²	2,780.6	2,737.3	2%	2,759.0	2,719.7	1%
Basic earnings per share (cents)³	143.4	128.0	12%	271.5	267.1	2%
Diluted						
Profit less preference share dividends (\$M)	3,987	3,505	14%	7,492	7,265	3%
Interest on US Trust Securities (\$M) ⁴	-	-	n/a	-	7	-100%
Interest on ANZ Convertible Preference Shares (\$M) ⁵	61	67	-9%	128	155	-17%
Interest on ANZ Capital Notes (\$M) ⁶	74	60	23%	134	81	65%
Interest on ANZ NZ Capital Notes (\$M) ⁷	12	-	n/a	12	-	n/a
Profit less preference share dividends and interest on US Trust Securities, ANZ Convertible Preference Shares, ANZ Capital Notes and ANZ NZ Capital Notes (\$M)	4,134	3,632	14%	7,766	7,508	3%
Weighted average number of shares on issue (M) ²	2,780.6	2,737.3	2%	2,759.0	2,719.7	1%
Weighted average number of convertible options (M)	6.3	6.2	2%	6.2	5.5	13%
Weighted average number of convertible US Trust Securities (M) ⁴	-	-	n/a	-	6.1	-100%
Weighted average number of ANZ Convertible Preference Shares (M) ⁵	123.4	91.2	35%	123.4	127.5	-3%
Weighted average number of convertible ANZ Capital Notes (M) ⁶	138.0	79.3	74%	122.7	63.1	94%
Weighted average number of convertible ANZ NZ Capital Notes (M) ⁷	17.0	0.1	large	8.5	-	n/a
Adjusted weighted average number of shares - diluted (M)	3,065.3	2,914.1	5%	3,019.8	2,921.9	3%
Diluted earnings per share (cents)³	134.9	124.6	8%	257.2	257.0	0%

¹ Number of fully paid ordinary shares on issue includes Treasury shares of 23.0 million at 30 September 2015 (Mar 15: 24.6 million; Sep 14: 25.6 million), comprised of 11.4 million in ANZEST Pty Ltd (Mar 15: 11.5 million; Sep 14: 13.8 million) and 11.6 million held in Global Wealth (Mar 15: 13.1 million; Sep 14: 11.8 million). Number of fully paid ordinary shares also includes 80.8 million resulting from the Institutional share placement on 13 August 2015 and 27.3 million resulting from the Retail share purchase plan on 17 September 2015.

² Weighted average number of ordinary shares excludes 11.4 million weighted average number of ordinary Treasury shares for the half year ended 30 September 2015 and 11.8 million for the full year ended 30 September 2015 held in ANZEST Pty Ltd for the group employee share acquisition scheme (Mar 15: 12.3 million; Sep 14: 14.5 million) and excludes 12.1 million weighted average number of ordinary Treasury shares for the half year ended 30 September 2015 and 12.4 million for the full year ended 30 September 2015 held in Global Wealth (Mar 15: 12.7 million; Sep 14: 12.5 million).

³ The September half and full year Basic earnings per share was reduced by 1.2 cents and Diluted earnings per share reduced by 1.0 cent as a result of the Institutional share placement and the Retail share purchase plan which increased the weighted average number of ordinary shares by 23.7 million for the September half and 11.9 million for the full year.

⁴ The US Trust Securities (issued on 27 November 2003) were due to convert to ANZ ordinary shares in 2053 at the market price of ANZ ordinary shares less 5% unless redeemed or bought back prior to that date. The US Trust Securities were redeemed by ANZ for cash at face value on 16 December 2013.

⁵ There are three "tranches" of convertible preference shares. The first were convertible preference shares (CPS1) issued on 30 September 2008 which were convertible to ANZ ordinary shares on 16 June 2014 (unless redeemed prior to that date) at the market price of ANZ ordinary shares less 2.5%. On 31 March 2014, 6.3 million CPS1 were cancelled and re-invested in ANZ Capital Notes 2 (CN2) issued on that date and on 16 June 2014, 4.5 million CPS1 were redeemed by ANZ for cash at face value. The second are convertible preference shares (CPS2) issued on 17 December 2009 that convert to ordinary shares on 15 December 2016 at the market price of ANZ ordinary shares less 1.0% (subject to certain conversion conditions). The third are convertible preference shares (CPS3) issued on 28 September 2011 that convert to ordinary shares on 1 September 2019 at the market price of ANZ ordinary shares less 1.0% (subject to certain conversion conditions).

⁶ There are three "tranches" of ANZ Capital Notes. The first are ANZ Capital Notes 1 (CN1) issued on 7 August 2013 which convert to ANZ ordinary shares on 1 September 2023 at the market price of ANZ ordinary shares less 1.0% (subject to certain conversion conditions). The second are ANZ Capital Notes 2 (CN2) issued on 31 March 2014 which convert to ANZ ordinary shares on 24 March 2024 at the market price of ANZ ordinary shares less 1.0% (subject to certain conversion conditions). The third are ANZ Capital Notes 3 (CN3) issued on 5 March 2015 which convert to ANZ ordinary shares on 24 March 2025 at the market price of ANZ ordinary shares less 1.0% (subject to certain conversion conditions).

⁷ ANZ Bank New Zealand Limited issued ANZ NZ Capital Notes on 31 March 2015 which convert to ANZ ordinary shares on 25 May 2022 at the market price of ANZ ordinary shares less 1.0% (subject to certain conversion conditions).

7. Note to the Cash Flow Statement

Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the period as shown in the Cash Flow Statement are reflected in the related items in the Balance Sheet as follows:

	Full Year	
	Sep 15 \$M	Sep 14 \$M
Cash	53,903	32,559
Settlement balances owed to ANZ	15,375	15,670
	69,278	48,229

8. Net loans and advances

	As at			Movement	
	Sep 15 \$M	Mar 15 \$M	Sep 14 \$M	Sep 15 v. Mar 15	Sep 15 v. Sep 14
Australia					
Overdrafts	6,284	5,998	6,199	5%	1%
Credit card outstandings	8,950	9,134	8,791	-2%	2%
Commercial bills outstanding	10,420	10,859	11,684	-4%	-11%
Term loans - housing	230,879	217,756	209,122	6%	10%
Term loans - non-housing	124,051	118,027	111,902	5%	11%
Lease receivables	1,346	1,345	1,481	0%	-9%
Hire purchase	1,111	1,293	1,492	-14%	-26%
Other	114	489	56	-77%	large
	383,155	364,901	350,727	5%	9%
Asia Pacific, Europe & America					
Overdrafts	1,616	1,643	1,312	-2%	23%
Credit card outstandings	1,445	1,370	1,241	5%	16%
Commercial bills outstanding	3,781	3,286	3,343	15%	13%
Term loans - housing	7,846	7,430	6,639	6%	18%
Term loans - non-housing	69,669	74,041	66,106	-6%	5%
Lease receivables	341	222	177	54%	93%
Other	137	31	264	large	-48%
	84,835	88,023	79,082	-4%	7%
New Zealand					
Overdrafts	1,055	1,147	1,118	-8%	-6%
Credit card outstandings	1,535	1,609	1,408	-5%	9%
Term loans - housing	61,743	63,311	55,627	-2%	11%
Term loans - non-housing	38,973	40,259	35,316	-3%	10%
Lease receivables	214	250	247	-14%	-13%
Hire purchase	860	862	746	0%	15%
Other	-	123	112	-100%	-100%
	104,380	107,561	94,574	-3%	10%
Sub-total	572,370	560,485	524,383	2%	9%
Unearned income	(739)	(803)	(892)	-8%	-17%
Capitalised brokerage/mortgage origination fees ¹	1,253	1,127	1,043	11%	20%
Customers' liabilities for acceptances	1,371	1,422	1,151	-4%	19%
Gross loans and advances (including assets classified as held for sale)	574,255	562,231	525,685	2%	9%
Provision for credit impairment (refer Note 9)	(4,017)	(4,028)	(3,933)	0%	2%
Net loans and advances (including assets classified as held for sale)	570,238	558,203	521,752	2%	9%
Assets classified as held for sale	(8,065)	-	-	n/a	n/a
Net loans and advances	562,173	558,203	521,752	1%	8%

¹ Capitalised brokerage/mortgage origination fees are amortised over the expected life of the loan.

8. Net loans and advances (cont'd)

Assets classified as held for sale

On 4 May 2015, the Group announced its intention to sell the Esanda Dealer Finance business within the Australia Division ("Esanda portfolio"). The assets classified as held for sale include lending assets comprising retail point-of-sale finance and wholesale bailment facilities and other Esanda branded finance offered to motor vehicle dealers along with associated provisions and deferred acquisition costs. No impairment losses were recognised on reclassification as held for sale.

On 8th October the Group entered into an agreement to sell the Esanda Dealer Finance business to Macquarie Group Limited. The sale is expected to complete during the first half of 2016. The estimated sale price is \$8.2 billion.

9. Provision for credit impairment

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Individual provision						
Balance at start of period	1,114	1,176	-5%	1,176	1,467	-20%
New and increased provisions	951	806	18%	1,757	1,812	-3%
Write-backs	(174)	(260)	-33%	(434)	(447)	-3%
Adjustment for exchange rate fluctuations	7	33	-79%	40	8	large
Discount unwind	(22)	(32)	-31%	(54)	(65)	-17%
Bad debts written-off	(815)	(609)	34%	(1,424)	(1,599)	-11%
Total individual provision	1,061	1,114	-5%	1,061	1,176	-10%
Collective provision						
Balance at start of period	2,914	2,757	6%	2,757	2,887	-5%
Charge/(release) to income statement	40	55	-27%	95	(155)	large
Adjustment for exchange rate fluctuations	2	102	-98%	104	25	large
Total collective provision¹	2,956	2,914	1%	2,956	2,757	7%
Total provision for credit impairment	4,017	4,028	0%	4,017	3,933	2%

¹ The collective provision includes amounts for off-balance sheet credit exposures of \$677 million at September 2015 (Mar 2015: \$646 million; Sep 2014: \$613 million). The impact on the income statement for the full year ended 30 September 2015 was a \$27 million charge (Mar 2015 half: \$7 million charge; Sep 2014 full year: \$1 million charge).

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Provision movement analysis						
New and increased individual provisions						
Australia	616	587	5%	1,203	1,292	-7%
Asia Pacific, Europe & America	227	116	96%	343	246	39%
New Zealand	108	103	5%	211	274	-23%
	951	806	18%	1,757	1,812	-3%
Write-backs	(174)	(260)	-33%	(434)	(447)	-3%
	777	546	42%	1,323	1,365	-3%
Recoveries of amounts previously written-off	(132)	(107)	23%	(239)	(224)	7%
Individual credit impairment charge	645	439	47%	1,084	1,141	-5%
Collective credit impairment charge/(release)	40	55	-27%	95	(155)	large
Credit impairment charge	685	494	39%	1,179	986	20%

9. Provision for credit impairment (cont'd)

	As at			Movement	
	Sep 15 \$M	Mar 15 \$M	Sep 14 \$M	Sep 15 v. Mar 15	Sep 15 v. Sep 14
Individual provision balance					
Australia	698	698	740	0%	-6%
Asia Pacific, Europe & America	216	219	236	-1%	-8%
New Zealand	147	197	200	-25%	-27%
Total individual provision	1,061	1,114	1,176	-5%	-10%
Collective provision balance					
Australia	1,895	1,882	1,829	1%	4%
Asia Pacific, Europe & America	636	582	515	9%	23%
New Zealand	425	450	413	-6%	3%
Total collective provision	2,956	2,914	2,757	1%	7%

10. Deposits and other borrowings

	As at			Movement	
	Sep 15 \$M	Mar 15 \$M	Sep 14 \$M	Sep 15 v. Mar 15	Sep 15 v. Sep 14
Australia					
Certificates of deposit	57,390	55,857	49,446	3%	16%
Term deposits	66,394	69,595	78,779	-5%	-16%
On demand and short term deposits	164,009	150,832	142,199	9%	15%
Deposits not bearing interest	7,782	7,133	6,845	9%	14%
Deposits from banks	19,692	19,761	15,613	0%	26%
Commercial paper	15,511	11,446	6,237	36%	large
Securities sold under repurchase agreements	177	605	46	-71%	large
	330,955	315,229	299,165	5%	11%
Asia Pacific, Europe & America					
Certificates of deposit	5,379	2,354	2,083	large	large
Term deposits	96,487	101,087	82,956	-5%	16%
On demand and short term deposits	27,663	23,966	20,675	15%	34%
Deposits not bearing interest	5,126	4,684	4,211	9%	22%
Deposits from banks	19,249	27,716	22,540	-31%	-15%
Commercial paper	2,965	5,125	3,516	-42%	-16%
Securities sold under repurchase agreements	601	565	210	6%	large
	157,470	165,497	136,191	-5%	16%
New Zealand					
Certificates of deposit	677	1,435	1,226	-53%	-45%
Term deposits	31,795	34,211	30,981	-7%	3%
On demand and short term deposits	37,662	36,896	30,330	2%	24%
Deposits not bearing interest	6,103	6,148	5,348	-1%	14%
Deposits from banks	43	43	40	0%	8%
Commercial paper	4,511	6,157	5,399	-27%	-16%
Borrowing corporations' debt	1,578	1,599	1,399	-1%	13%
	82,369	86,489	74,723	-5%	10%
Total Deposits and other borrowings	570,794	567,215	510,079	1%	12%

11. Subordinated debt

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Additional Tier 1 Capital ¹						
Convertible Preference Shares (ANZ CPS)						
ANZ CPS ²	1,969	1,969	0%	1,969	1,967	0%
ANZ CPS ³	1,336	1,335	0%	1,336	1,333	0%
ANZ Capital Notes (ANZ CN)						
ANZ CN ⁴	1,112	1,110	0%	1,112	1,109	0%
ANZ CN ⁵	1,598	1,597	0%	1,598	1,595	0%
ANZ CN ⁶	959	958	0%	959	-	n/a
ANZ NZ Capital Notes ⁷	449	484	-7%	449	-	n/a
Tier 2 Capital ⁸						
Perpetual subordinated notes	1,188	1,211	-2%	1,188	1,087	9%
Term subordinated notes	8,398	7,799	8%	8,398	6,516	29%
Total subordinated debt	17,009	16,463	3%	17,009	13,607	25%

- ANZ Capital Notes and the ANZ NZ Capital Notes are Basel 3 compliant. APRA has granted transitional capital treatment for ANZ CPS2 and CPS3 until their first conversion date.
- On 17 December 2009, ANZ issued convertible preference shares (CPS2) which will convert into ANZ ordinary shares on 15 December 2016 at a 1% discount (subject to certain conditions being satisfied).
- On 28 September 2011, ANZ issued convertible preference shares (CPS3) which will convert into ANZ ordinary shares on 1 September 2019 at a 1% discount (subject to certain conditions being satisfied). If ANZ's Common Equity Tier 1 capital ratio is equal to or less than 5.125% then the convertible preference shares will immediately convert into ANZ ordinary shares at a 1% discount subject to a maximum conversion number. Subject to certain conditions, on and from 1 September 2017 the convertible preference shares are redeemable or convertible into ANZ ordinary shares (on similar terms to the mandatory conversion) by ANZ.
- On 7 August 2013, ANZ issued convertible notes (ANZ Capital Notes 1 or CN1) which will convert into ANZ ordinary shares on 1 September 2023 at a 1% discount (subject to certain conditions being satisfied). If ANZ's Common Equity Tier 1 capital ratio is equal to or less than 5.125%, or ANZ receives a notice of non-viability from APRA, then the notes will immediately convert into ANZ ordinary shares at a 1% discount subject to a maximum conversion number. Subject to certain conditions, on 1 September 2021 the notes are redeemable or convertible into ANZ ordinary shares (on similar terms to the mandatory conversion) by ANZ.
- On 31 March 2014, ANZ issued convertible notes (ANZ Capital Notes 2 or CN2) which will convert into ANZ ordinary shares on 24 March 2024 at a 1% discount (subject to certain conditions being satisfied). If ANZ's Common Equity Tier 1 capital ratio is equal to or less than 5.125%, or ANZ receives a notice of non-viability from APRA, then the notes will immediately convert into ANZ ordinary shares at a 1% discount subject to a maximum conversion number. Subject to certain conditions, on 24 March 2022 the notes are redeemable or convertible into ANZ ordinary shares (on similar terms to the mandatory conversion) by ANZ.
- On 5 March 2015, ANZ acting through its New Zealand Branch issued convertible notes (ANZ Capital Notes 3 or CN3) which will convert into ANZ ordinary shares on 24 March 2025 at a 1% discount (subject to certain conditions being satisfied). If ANZ's Common Equity Tier 1 capital ratio is equal to or less than 5.125%, or ANZ receives a notice of non-viability from APRA, then the notes will immediately convert into ANZ ordinary shares at a 1% discount subject to a maximum conversion number. Subject to certain conditions, on 24 March 2023 the notes are redeemable or convertible into ANZ ordinary shares (on similar terms to the mandatory conversion) by ANZ.
- On 31 March 2015, ANZ Bank New Zealand Limited (ANZ Bank NZ) issued convertible notes (ANZ NZ Capital Notes) which will convert into ANZ ordinary shares on 25 May 2022 at a 1% discount (subject to certain conditions being satisfied). If ANZ or ANZ Bank NZ's Common Equity Tier 1 capital ratio is equal to or less than 5.125%, ANZ receives a notice of non-viability from APRA, ANZ Bank NZ receives a direction from RBNZ or a statutory manager is appointed to ANZ Bank NZ and makes a determination, then the notes will immediately convert into ANZ ordinary shares at a 1% discount subject to a maximum conversion number. Subject to certain conditions, on 25 May 2020 the notes are redeemable or convertible into ANZ ordinary shares (on similar terms to the mandatory conversion) by ANZ Bank NZ.
- The convertible subordinated notes are Basel 3 compliant. APRA has granted transitional capital treatment for all other outstanding subordinated notes until their first call date or, in the case of the perpetual subordinated notes the earlier of the end of the transitional period (December 2021) and the first call date when a step-up event occurs. If ANZ receives a notice of non-viability from APRA, then the convertible subordinated notes will immediately convert into ANZ ordinary shares at a 1% discount subject to a maximum conversion number.

12. Share capital

Issued and quoted securities	Half Year		Full Year	
	Sep 15 No.	Mar 15 No.	Sep 15 No.	Sep 14 No.
Ordinary share capital				
Closing balance	2,902,714,361	2,765,980,222	2,902,714,361	2,756,627,771
Issued during the period ^{1,2}	136,734,139	9,352,451	146,086,590	28,861,617
Bought back during the period ³	-	-	-	15,889,156
Preference share capital				
Closing balance	-	-	-	500,000
Bought back during the period ⁴	-	500,000	500,000	-

- The company issued 80.8 million ordinary shares under the Institutional Share Placement and 27.3 million ordinary shares under the Share Purchase Plan in 2015.
- The company issued 28.6 million shares under the Dividend Reinvestment Plan and Bonus Option Plan for the 2015 interim dividend and 9.3 million shares for the 2014 final dividend (Sep 14: 28.7 million shares for the respective interim and final dividends).
- Following the announcement of the 2013 final dividend, the Company repurchased \$500 million of ordinary shares via an on-market buy back resulting in 15.9 million shares being cancelled.
- All 500,000 Euro Trust Securities on issue were bought back by ANZ for cash at face value (€1,000 per security) and cancelled on 15 December 2014.

13. Shareholders' equity

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Share capital						
Balance at start of period	24,152	24,902	-3%	24,902	24,512	2%
Ordinary share capital movements						
Dividend reinvestment plan	865	257	large	1,122	851	32%
Share Placement and Purchase Plan	3,206	-	n/a	3,206	-	n/a
Group employee share acquisition scheme ¹	98	(97)	large	1	11	-91%
Treasury shares in Global Wealth ²	44	(39)	large	5	24	-79%
Group share option scheme	2	-	n/a	2	4	-50%
Group share buyback	-	-	n/a	-	(500)	-100%
Preference share capital movements						
Preference shares bought back ³	-	(871)	-100%	(871)	-	n/a
Total share capital	28,367	24,152	17%	28,367	24,902	14%
Foreign currency translation reserve						
Balance at start of period	1,569	(605)	large	(605)	(1,125)	-46%
Transfer to the income statement	(4)	-	n/a	(4)	37	large
Currency translation adjustments net of hedges	(446)	2,174	large	1,728	483	large
Total foreign currency translation reserve	1,119	1,569	-29%	1,119	(605)	large
Share option reserve⁴						
Balance at start of period	60	60	0%	60	55	9%
Share based payments/(exercises)	9	7	29%	16	13	23%
Transfer of options/rights lapsed to retained earnings	(1)	(7)	-86%	(8)	(8)	0%
Total share option reserve	68	60	13%	68	60	13%
Available-for-sale revaluation reserve⁵						
Balance at start of period	257	160	61%	160	121	32%
Gain /(loss) recognised	(105)	132	large	27	69	-61%
Transferred to income statement	(14)	(35)	-60%	(49)	(30)	63%
Total available-for-sale revaluation reserve	138	257	-46%	138	160	-14%
Cash flow hedge reserve⁶						
Balance at start of period	325	169	92%	169	75	large
Gain /(loss) recognised	(53)	164	large	111	117	-5%
Transferred to income statement	(3)	(8)	-63%	(11)	(23)	-52%
Total hedging reserve	269	325	-17%	269	169	59%
Transactions with non-controlling interests reserve						
Balance at start of period	(23)	(23)	0%	(23)	(33)	-30%
Transfer to the income statement	-	-	n/a	-	10	-100%
Total transactions with non-controlling interests reserve	(23)	(23)	0%	(23)	(23)	0%
Total reserves	1,571	2,188	-28%	1,571	(239)	large

¹ As at 30 September 2015, there were 11.4 million ANZEST Treasury shares outstanding (Mar 15: 11.5 million; Sep 14: 13.8 million). Shares in the Company which are purchased on-market by ANZEST Pty Ltd (trustee of ANZ employee share and option plans) or issued by the Company to ANZEST Pty Ltd are classified as Treasury shares (to the extent that they relate to unvested employee share-based awards).

² As at 30 September 2015, there were 11.6 million Global Wealth Treasury shares outstanding (Mar 15: 13.1 million; Sep 14: 11.8 million). Global Wealth purchases and holds shares in the Company to back policy liabilities. These shares are classified as Treasury shares.

³ All 500,000 Euro Trust Securities on issue were bought back by ANZ for cash at face value (€1,000 per security) and cancelled on 15 December 2014.

⁴ The share option reserve arises on the grant of share options/deferred share rights/performance rights ("options and rights") to selected employees under the ANZ Share Option Plan. Amounts are transferred from the share option reserve to other equity accounts when the options and rights are exercised and to retained earnings when lapsed or forfeited after vesting. Forfeited options and rights due to termination prior to vesting are credited to the income statement.

⁵ The available-for-sale revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold or impaired, that portion of the reserve which relates to that financial asset is recognised in the income statement.

⁶ The cash flow hedge reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in the income statement when the hedged transaction impacts profit or loss.

13. Shareholders' equity, cont'd

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Retained earnings						
Balance at start of period	25,616	24,544	4%	24,544	21,936	12%
Profit attributable to shareholders of the Company	3,987	3,506	14%	7,493	7,271	3%
Transfer of options/rights lapsed from share option reserve	1	7	-86%	8	8	0%
Total available for appropriation	29,604	28,057	6%	32,045	29,215	10%
Remeasurement gain/(loss) on defined benefit plans	(5)	1	large	(4)	32	large
Fair value gain/(loss) attributable to changes in own credit risk of financial liabilities designated at fair value	28	9	large	37	(25)	large
Ordinary share dividend paid	(2,328)	(2,578)	-10%	(4,906)	(4,694)	5%
Dividend income on Treasury shares held within the Group's life insurance statutory funds	10	12	-17%	22	22	0%
Preference share dividend paid	-	(1)	-100%	(1)	(6)	-83%
Foreign exchange gains on preference shares bought back ⁷	-	116	-100%	116	-	n/a
Retained earnings at end of period	27,309	25,616	7%	27,309	24,544	11%
Share capital and reserves attributable to shareholders of the Company	57,247	51,956	10%	57,247	49,207	16%
Non-controlling interests	106	95	12%	106	77	38%
Total shareholders' equity	57,353	52,051	10%	57,353	49,284	16%

⁷ The Euro Trust Securities were bought back by ANZ for cash at face value and cancelled on 15 December 2014. The foreign exchange gain between the issue date and 15 December 2014 was recognised directly in retained earnings.

14. Changes in composition of the Group

September 2015 Full Year

The Group incorporated ANZ Bank (Thai) Public Company Limited in Thailand on 27 November 2014 for the purpose of conducting banking activities. There were no other material controlled entities incorporated, acquired or disposed of during the year ended 30 September 2015.

September 2014 Full Year

The Group disposed of its ownership interest in ANZ Trustees Limited on 4 July 2014. The contribution to Group profit after tax for the period (1 October 2013 to 4 July 2014) from ordinary activities was \$3.7 million.

15. Investments in Associates

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Share of associates' profit	311	314	-1%	625	517	21%

Contributions to profit ¹	Contribution to Group post-tax profit				Ownership interest held by Group		
	Half Year		Full Year		As at		
	Sep 15 \$M	Mar 15 \$M	Sep 15 \$M	Sep 14 \$M	Sep 15 %	Mar 15 %	Sep 14 %
P.T. Bank Pan Indonesia	43	35	78	86	39	39	39
Bank of Tianjin ²	75	80	155	95	14	14	14
AMMB Holdings Berhad	61	77	138	155	24	24	24
Shanghai Rural Commercial Bank	112	106	218	142	20	20	20
Other associates	20	16	36	39	n/a	n/a	n/a
Share of associates' profit	311	314	625	517			

¹ Contributions to profit reflect the IFRS equivalent results adjusted to align with the Group's financial year end which may differ from the published results of these entities. Excludes gains or losses on disposal or valuation adjustments.

² Significant influence was established via representation on the Board of Directors.

16. Contingent liabilities and contingent assets

There are outstanding court proceedings, claims and possible claims for and against the Group. Where relevant, expert legal advice has been obtained and, in the light of such advice, provisions and/or disclosures as deemed appropriate have been made. In some instances we have not disclosed the estimated financial impact of the individual items either because it is not practicable to do so or because such disclosure may prejudice the interests of the Group.

Note 43 of the 2015 ANZ Annual Financial Statements (when released) will contain a description of contingent liabilities and contingent assets as at 30 September 2015. A summary of some of those contingent liabilities is set out below.

– Bank fees litigation

Litigation funder IMF Bentham Limited commenced a class action against ANZ in 2010, followed by a second similar class action in March 2013. Together the class actions are claimed to be on behalf of more than 40,000 ANZ customers. The customers currently involved in these class actions are only part of ANZ's customer base for credit cards and transaction accounts.

The applicants contended that the relevant exception fees (honour, dishonour and non-payment fees on transaction accounts and late payment and overlimit fees on credit cards) were unenforceable penalties (at law and in equity) and that various of the fees were also unenforceable under statutory provisions governing unconscionable conduct, unfair contract terms and unjust transactions.

In April 2015, the Full Federal Court delivered judgment in respect of appeals by both parties in the second class action. The Full Federal Court found in ANZ's favour in respect of all fees subject to appeal (in relation to both the penalty and statutory claims). All but one of those fees are no longer being pursued by IMF Bentham Limited. The one which is being pursued further is the credit card late payment fee – for which IMF Bentham Limited has obtained special leave to appeal to the High Court of Australia. The High Court appeal has been listed for hearing on 4 and 5 February 2016.

The first class action is on hold.

In August 2014, IMF Bentham Limited commenced a separate class action against ANZ for late payment fees charged to ANZ customers in respect of commercial credit cards and other ANZ products (at this stage not specified). The action is expressed to apply to all relevant customers, rather than being limited to those who have signed up with IMF Bentham Limited. The action is at an early stage and has been put on hold.

In June 2013, litigation funder Litigation Lending Services (NZ) commenced a representative action against ANZ for certain fees charged to New Zealand customers since 2007. This action is currently on hold.

There is a risk that further claims could emerge in Australia, New Zealand or elsewhere.

– Regulator investigations into BBSW and foreign exchange trading

Since mid-2012 the Australian Securities and Investments Commission (ASIC) has been undertaking inquiries into historic trading practices in the Australian interbank market known as the Bank Bill Swap Rate (BBSW) market. Since 2014, each of ASIC and the Australian Competition and Consumer Commission (ACCC) have been investigating foreign exchange trading conduct of various banks including ANZ. ASIC's and the ACCC's investigations are ongoing and the range of potential outcomes include civil and criminal penalties and other actions under the relevant legislation.

– Security recovery actions

Various claims have been made or are anticipated, arising from security recovery actions taken to resolve impaired assets over recent years. ANZ will defend these claims and any future claims.

There is a risk that contingent liabilities described in Note 43 of the 2015 ANZ Annual Financial Statements (when released) and above may be larger than anticipated or that additional litigation or other contingent liabilities may arise.

17. Subsequent events since balance date

– CEO Appointment

On 1st October the Board of ANZ announced that Shayne Elliott will succeed Mike Smith as Chief Executive Officer and join the Board on 1 January 2016. Mr Smith will step down as Chief Executive Officer and as Director on 31 December 2015. Mr Smith will be retained as a non-executive advisor to the Board, initially for one year, commencing after his period of leave on 11 July 2016. Further details of Mr Elliott's remuneration arrangements and Mr Smith's leaving arrangements will be disclosed in the 2015 Remuneration Report.

– Sale of Esanda Dealer Finance Portfolio

On 8th October the Group entered into an agreement to sell the Esanda Dealer Finance business to Macquarie Group Limited. The sale is expected to be complete during the first half of 2016. The estimated sale price for the portfolio is \$8.2 billion.

Other than the matters noted above, there have been no subsequent events from 30 September 2015 to the date of this report.

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Capital management

ANZ provides capital information as required under APRA's prudential standard APS 330: Public Disclosure Attachment A. This information is located in the Regulatory Disclosures section of ANZ's website: shareholder.anz.com/pages/regulatory-disclosure.

		As at			Movement	
		Sep 15 \$M	Mar 15 \$M	Sep 14 \$M	Sep 15 v. Mar 15	Sep 15 v. Sep 14
Qualifying Capital						
Tier 1						
Shareholders' equity and non-controlling interests		57,353	52,051	49,284	10%	16%
Prudential adjustments to shareholders' equity		(387)	(519)	(1,211)	-25%	-68%
Gross Common Equity Tier 1 capital		56,966	51,532	48,073	11%	18%
Deductions		(18,440)	(17,796)	(16,297)	4%	13%
Common Equity Tier 1 capital		38,526	33,736	31,776	14%	21%
Additional Tier 1 capital		6,958	7,352	6,825	-5%	2%
Tier 1 capital		45,484	41,088	38,601	11%	18%
Tier 2 capital		7,951	7,716	7,138	3%	11%
Total qualifying capital		53,435	48,804	45,739	9%	17%
Capital adequacy ratios						
Common Equity Tier 1		9.6%	8.7%	8.8%		
Tier 1		11.3%	10.6%	10.7%		
Tier 2		2.0%	2.0%	2.0%		
Total		13.3%	12.6%	12.7%		
Risk weighted assets		401,937	386,863	361,529	4%	11%

Capital management, cont'd

	As at			Movement	
	Sep 15 \$M	Mar 15 \$M	Sep 14 \$M	Sep 15 v. Mar 15	Sep 15 v. Sep 14
Table 1: Prudential adjustments to shareholders' equity					
Treasury shares attributable to ANZ Wealth policy holders	242	287	249	-16%	-3%
Reclassification of preference share capital	-	-	(871)	n/a	-100%
Accumulated retained profits and reserves of insurance and funds management entities	(791)	(951)	(794)	-17%	0%
Deferred fee revenue including fees deferred as part of loan yields	380	397	392	-4%	-3%
Available-for-sale reserve attributable to deconsolidated subsidiaries	(113)	(150)	(105)	-25%	8%
Other	(105)	(102)	(82)	3%	28%
Total	(387)	(519)	(1,211)	-25%	-68%
Table 2: Deductions from Common Equity Tier 1 capital					
Unamortised goodwill & other intangibles (excluding ANZ Wealth Australia and New Zealand)	(4,109)	(4,369)	(3,995)	-6%	3%
Intangible component of investments in ANZ Wealth Australia and New Zealand	(2,093)	(2,117)	(2,096)	-1%	0%
Capitalised software	(2,832)	(2,631)	(2,401)	8%	18%
Capitalised expenses including loan and lease origination fees	(1,320)	(1,197)	(1,099)	10%	20%
Applicable deferred net tax assets	(694)	(610)	(809)	14%	-14%
Expected losses in excess of eligible provisions	(479)	(374)	(240)	28%	100%
Investment in other insurance and funds management subsidiaries	(297)	(401)	(402)	-26%	-26%
Investment in ANZ Wealth Australia and New Zealand	(1,349)	(990)	(979)	36%	38%
Investment in banking associates	(4,734)	(4,499)	(3,811)	5%	24%
Other deductions	(533)	(608)	(465)	-12%	15%
Total	(18,440)	(17,796)	(16,297)	4%	13%
Table 3: Additional Tier 1 capital					
Convertible Preference Shares					
ANZ CPS2	1,969	1,969	1,967	0%	0%
ANZ CPS3	1,336	1,335	1,333	0%	0%
ANZ Capital Notes 1	1,112	1,110	1,109	0%	0%
ANZ Capital Notes 2	1,598	1,597	1,595	0%	0%
ANZ Capital Notes 3	959	958	-	0%	n/a
ANZ Bank NZ Capital Notes	449	484	-	-7%	n/a
Preference Shares	-	-	871	n/a	-100%
Regulatory adjustments and deductions	(465)	(101)	(50)	large	large
Total	6,958	7,352	6,825	-5%	2%
Table 4: Tier 2 capital					
General reserve for impairment of financial assets	252	249	228	1%	10%
Perpetual subordinated notes	1,188	1,211	1,087	-2%	9%
Subordinated debt	8,398	7,799	6,516	8%	29%
Regulatory adjustments and deductions	(717)	(336)	(399)	large	80%
Transitional adjustments	(1,170)	(1,207)	(294)	-3%	large
Total	7,951	7,716	7,138	3%	11%

Capital management, cont'd

		As at			Movement	
		Sep 15 \$M	Mar 15 \$M	Sep 14 \$M	Sep 15 v. Mar 15	Sep 15 v. Sep 14
Table 5: Risk weighted assets						
On balance sheet		245,542	241,807	221,147	2%	11%
Commitments		61,965	56,683	53,140	9%	17%
Contingents		15,929	16,212	14,658	-2%	9%
Derivatives		26,315	24,995	19,940	5%	32%
Total credit risk	Table 6	349,751	339,697	308,885	3%	13%
Market risk - Traded		6,868	6,042	7,048	14%	-3%
Market risk - IRRBB		7,433	7,690	13,627	-3%	-45%
Operational risk		37,885	33,434	31,969	13%	19%
Total risk weighted assets		401,937	386,863	361,529	4%	11%

	As at			Movement	
	Sep 15 \$M	Mar 15 \$M	Sep 14 \$M	Sep 15 v. Mar 15	Sep 15 v. Sep 14
Table 6: Credit risk weighted assets by Basel asset class					
Subject to Advanced IRB approach					
Corporate	150,165	140,451	129,087	7%	16%
Sovereign	6,664	5,385	4,923	24%	35%
Bank	17,445	22,078	20,329	-21%	-14%
Residential mortgage	54,996	53,501	50,068	3%	10%
Qualifying revolving retail (credit cards)	7,546	7,775	7,546	-3%	0%
Other retail	32,990	31,664	26,858	4%	23%
Credit risk weighted assets subject to Advanced IRB approach	269,806	260,854	238,811	3%	13%
Credit risk specialised lending exposures subject to slotting criteria	32,240	31,442	29,505	3%	9%
Subject to Standardised approach					
Corporate	26,217	27,033	23,121	-3%	13%
Residential mortgage	2,882	2,603	2,344	11%	23%
Other retail (includes credit cards)	3,625	3,271	2,989	11%	21%
Credit risk weighted assets subject to Standardised approach	32,724	32,907	28,454	-1%	15%
Credit Valuation Adjustment and Qualifying Central Counterparties	10,170	9,630	7,394	6%	38%
Credit risk weighted assets relating to securitisation exposures	1,156	1,067	1,030	8%	12%
Other assets	3,655	3,797	3,691	-4%	-1%
Total credit risk weighted assets	349,751	339,697	308,885	3%	13%

Capital management, cont'd

Table 7: Total provision for credit impairment and expected loss by division	Collective Provision and Individual Provision			Basel Expected Loss		
	Sep 15 \$M	Mar 15 \$M	Sep 14 \$M	Sep 15 \$M	Mar 15 \$M	Sep 14 \$M
Australia	1,828	1,796	1,777	2,635	2,563	2,446
International and Institutional Banking	1,697	1,681	1,618	1,300	1,456	1,329
New Zealand	476	536	520	718	779	718
Global Wealth	13	12	15	12	12	13
Other	3	3	3	-	-	-
Total provision for credit impairment and expected loss	4,017	4,028	3,933	4,665	4,810	4,506

Table 8: Expected loss in excess of eligible provisions	As at			Movement	
	Sep 15 \$M	Mar 15 \$M	Sep 14 \$M	Sep 15 v. Mar 15	Sep 15 v. Sep 14
Basel expected loss: non-defaulted	2,850	2,735	2,486	4%	15%
Less: Qualifying collective provision					
Collective provision	(2,956)	(2,914)	(2,757)	1%	7%
Non-qualifying collective provision	333	304	283	10%	18%
Standardised collective provision	252	249	228	1%	11%
Non-defaulted excess included in deduction	479	374	240	28%	100%
Basel expected loss: defaulted	1,815	2,075	2,020	-13%	-10%
Less: Qualifying individual provision					
Individual provision	(1,061)	(1,114)	(1,176)	-5%	-10%
Additional individual provision for partial write offs ¹	(633)	(859)	(777)	-26%	-19%
Standardised individual provision	107	103	150	4%	-29%
Collective provision on advanced defaulted	(286)	(271)	(256)	6%	12%
	(58)	(66)	(39)	-12%	49%
Shortfall in expected loss not included in deduction	58	66	39	-12%	49%
Defaulted excess included in deduction	-	-	-	n/a	n/a
Gross deduction	479	374	240	28%	100%

¹ Included in eligible provisions post September 2013 due to a change in RWA calculation methodology.

Table 9: APRA Basel 3 Common Equity Tier 1

	Half Year Sep 15 vs Mar 15
APRA Basel 3 Common Equity Tier 1	
Cash profit after preference share dividends	+92bps(\$3.5B)
Risk weighted assets	
Portfolio growth and mix	-8bps
Risk migration and expected losses in excess of eligible provisions	-5bps
Non-credit risk	-1bp
Capital retention in insurance businesses and associates	-8bps
Capitalised software and intangibles	-4bps
Other items	-1bp
Organic capital generation	+65bps
Ordinary share dividends (net of dividend reinvestment plan)	-38bps
Other	-20bps
Capital raising	+80bps
Total Common Equity Tier 1 movement	+87bps
APRA Basel 3 Common Equity Tier 1 ratio	9.6%

Average balance sheet and related interest¹

	Half Year Sep 15			Half Year Mar 15		
	Avg bal \$M	Int \$M	Rate %	Avg bal \$M	Int \$M	Rate %
Gross loans and advances²						
Overdrafts and credit cards	22,203	1,072	9.6%	20,901	1,060	10.2%
Commercial bills outstanding	13,781	135	2.0%	14,168	137	1.9%
Term loans - housing	292,206	6,934	4.7%	279,758	7,023	5.0%
Term loans - non-housing	224,208	5,108	4.5%	219,046	5,243	4.8%
Lease financing	9,374	343	7.3%	9,438	365	7.8%
Other loans and advances	5,837	51	1.7%	2,555	45	3.5%
	567,609	13,643	4.8%	545,866	13,873	5.1%
Other interest earning assets						
Cash	46,484	209	0.9%	45,498	276	1.2%
Settlement Balances owed to ANZ	16,562	46	0.6%	15,268	21	0.3%
Collateral Paid	9,033	29	0.6%	7,548	31	0.8%
Trading and available-for-sale assets	91,971	1,166	2.5%	87,995	1,187	2.7%
Regulatory Deposits	1,173	4	0.7%	1,183	4	0.7%
Other assets	11	35	n/a	11	2	n/a
	165,234	1,489	1.8%	157,503	1,521	1.9%
Total interest earning assets	732,843	15,132	4.1%	703,369	15,394	4.4%
Non-interest earning assets						
Derivatives	71,572			65,114		
Premises and equipment	2,182			2,180		
Insurance assets	36,380			34,092		
Other assets	32,683			29,559		
Provisions for credit impairment	(4,055)			(3,961)		
	138,762			126,984		
Total average assets	871,605			830,353		
Interest bearing deposits and other borrowings						
Certificates of deposit	64,616	806	2.5%	60,740	884	2.9%
Term deposits	192,790	1,951	2.0%	196,891	2,259	2.3%
On demand and short term deposits	215,001	2,216	2.1%	199,826	2,358	2.4%
Deposits from banks	53,188	327	1.2%	54,063	356	1.3%
Commercial paper	21,322	253	2.4%	21,135	262	2.5%
Securities sold under agreements to repurchase	1,064	7	1.3%	675	5	1.5%
Borrowing corporations' debt	1,535	36	4.7%	1,474	34	4.6%
	549,516	5,596	2.0%	534,804	6,158	2.3%
Other interest bearing liabilities						
Settlement Balances owed by ANZ	3,647	17	0.9%	3,134	18	1.2%
Collateral Received	5,581	20	0.7%	5,339	9	0.3%
Debt issuances & subordinated debt	95,591	1,847	3.9%	95,815	1,901	4.0%
Other liabilities	9,782	174	3.5%	6,606	170	5.2%
	114,601	2,058	3.6%	110,894	2,098	3.8%
Total interest bearing liabilities	664,117	7,654	2.3%	645,698	8,256	2.6%
Non-interest bearing liabilities						
Deposits	18,193			17,001		
Derivatives	78,374			64,382		
Insurance Liabilities	36,654			34,974		
External unit holder liabilities	3,491			3,181		
Other liabilities	17,811			14,620		
	154,523			134,158		
Total average liabilities	818,640			779,856		

^{1.} Averages used are predominantly daily averages.

^{2.} Loans & advances as at 30 September 2015 include assets classified as held for sale.

Average balance sheet and related interest¹ (cont'd)

	Full Year Sep 15			Full Year Sep 14		
	Avg bal \$M	Int \$M	Rate %	Avg bal \$M	Int \$M	Rate %
Gross loans and advances²						
Overdrafts and credit cards	21,554	2,133	9.9%	19,399	2,081	10.7%
Commercial bills outstanding	13,974	272	1.9%	15,117	303	2.0%
Term loans - housing	285,998	13,953	4.9%	263,762	13,303	5.0%
Term loans - non-housing	221,635	10,351	4.7%	204,983	10,072	4.9%
Lease financing	9,406	708	7.5%	9,575	795	8.3%
Other loans and advances	4,201	95	2.3%	2,206	198	9.0%
	556,768	27,512	4.9%	515,042	26,752	5.2%
Other interest earning assets						
Cash	45,992	485	1.1%	34,693	404	1.2%
Settlement Balances owed to ANZ	15,917	67	0.4%	13,750	47	0.3%
Collateral Paid	8,292	60	0.7%	5,439	38	0.7%
Trading and available-for-sale assets	89,989	2,358	2.6%	76,821	2,172	2.8%
Regulatory Deposits	1,178	8	0.7%	1,202	10	0.8%
Other assets	11	36	n/a	50	101	n/a
	161,379	3,014	1.9%	131,955	2,772	2.1%
Total interest earning assets	718,147	30,526	4.3%	646,997	29,524	4.6%
Non-interest earning assets						
Derivatives	68,352			42,487		
Premises and equipment	2,181			2,133		
Insurance assets	35,239			33,203		
Other assets	31,125			28,794		
Provisions for credit impairment	(4,008)			(4,280)		
	132,889			102,337		
Total average assets	851,036			749,334		
Interest bearing deposits and other borrowings						
Certificates of deposit	62,683	1,689	2.7%	57,901	1,676	2.9%
Term deposits	194,835	4,211	2.2%	192,856	4,725	2.5%
On demand and short term deposits	207,433	4,576	2.2%	176,171	4,244	2.4%
Deposits from banks	53,624	683	1.3%	46,735	584	1.2%
Commercial paper	21,229	515	2.4%	17,037	436	2.6%
Securities sold under agreements to repurchase	870	12	1.4%	370	6	1.6%
Borrowing corporations' debt	1,505	70	4.7%	1,405	62	4.4%
	542,179	11,756	2.2%	492,475	11,733	2.4%
Other interest bearing liabilities						
Settlement Balances owed by ANZ	3,391	34	1.0%	2,481	26	1.0%
Collateral Received	5,460	28	0.5%	3,969	19	0.5%
Debt issuances & subordinated debt	95,704	3,748	3.9%	86,877	3,544	4.1%
Other liabilities	8,199	344	4.2%	5,408	392	7.2%
	112,754	4,154	3.7%	98,735	3,981	4.0%
Total interest bearing liabilities	654,933	15,910	2.4%	591,210	15,714	2.7%
Non-interest bearing liabilities						
Deposits	17,600			15,381		
Derivatives	71,398			43,692		
Insurance Liabilities	35,816			33,381		
External unit holder liabilities	3,337			3,422		
Other liabilities	16,217			15,392		
	144,368			111,268		
Total average liabilities	799,301			702,478		

¹ Averages used are predominantly daily averages.² Loans & advances as at 30 September 2015 include assets classified as held for sale.

SUPPLEMENTARY INFORMATION
Average balance sheet and related interest¹ (cont'd)

	Half Year Sep 15			Half Year Mar 15		
	Avg bal \$M	Int \$M	Rate %	Avg bal \$M	Int \$M	Rate %
Gross loans and advances²						
Australia	377,090	9,257	4.9%	358,774	9,480	5.3%
Asia Pacific, Europe & America	86,886	1,317	3.0%	86,172	1,238	2.9%
New Zealand	103,633	3,069	5.9%	100,920	3,155	6.3%
	567,609	13,643	4.8%	545,866	13,873	5.1%
Trading and available-for-sale assets						
Australia	53,152	720	2.7%	50,278	725	2.9%
Asia Pacific, Europe & America	26,392	211	1.6%	25,134	212	1.7%
New Zealand	12,427	235	3.8%	12,583	250	4.0%
	91,971	1,166	2.5%	87,995	1,187	2.7%
Total interest earning assets³						
Australia	452,023	10,143	4.5%	428,636	10,422	4.9%
Asia Pacific, Europe & America	160,210	1,584	2.0%	157,469	1,512	1.9%
New Zealand	120,610	3,405	5.6%	117,264	3,460	5.9%
	732,843	15,132	4.1%	703,369	15,394	4.4%
Total average assets						
Australia	551,794			524,435		
Asia Pacific, Europe & America	183,650			176,849		
New Zealand	136,161			129,069		
Total average assets	871,605			830,353		
% of total average assets attributable to overseas activities	36.7%			36.8%		
Interest bearing deposits and other borrowings						
Australia	320,247	3,696	2.3%	311,454	4,243	2.7%
Asia Pacific, Europe & America	151,508	507	0.7%	146,851	488	0.7%
New Zealand	77,761	1,393	3.6%	76,499	1,427	3.7%
	549,516	5,596	2.0%	534,804	6,158	2.3%
Total interest bearing liabilities³						
Australia	396,971	5,111	2.6%	387,583	5,706	3.0%
Asia Pacific, Europe & America	168,686	628	0.7%	163,031	604	0.7%
New Zealand	98,460	1,915	3.9%	95,084	1,946	4.1%
	664,117	7,654	2.3%	645,698	8,256	2.6%
Total average liabilities						
Australia	513,643			491,356		
Asia Pacific, Europe & America	187,679			179,210		
New Zealand	117,318			109,290		
	818,640			779,856		
% of total average liabilities attributable to overseas activities	37.3%			37.0%		
Total average shareholder's equity						
Ordinary share capital, reserves and retained earnings ⁴	52,966			50,131		
Preference share capital	-			366		
	52,966			50,497		
Total average liabilities and shareholder's equity	871,606			830,353		

^{1.} Averages used are predominantly daily averages.

^{2.} Loans & advances as at 30 September 2015 include assets classified as held for sale.

^{3.} Intra-group interest earning assets and interest income and Intra-group interest earning liabilities and interest expense have been eliminated.

^{4.} Average shareholders' equity at 30 September 2015 includes \$242 million of Global Wealth shares that are eliminated from the statutory shareholders' equity balance (Mar 15: \$287 million).

SUPPLEMENTARY INFORMATION
Average balance sheet and related interest¹ (cont'd)

	Full Year Sep 15			Full Year Sep 14		
	Avg bal \$M	Int \$M	Rate %	Avg bal \$M	Int \$M	Rate %
Gross loans and advances²						
Australia	367,959	18,736	5.1%	342,587	18,882	5.5%
Asia Pacific, Europe & America	86,529	2,553	3.0%	77,682	2,245	2.9%
New Zealand	102,280	6,223	6.1%	94,773	5,625	5.9%
	556,768	27,512	4.9%	515,042	26,752	5.2%
Trading and available-for-sale assets						
Australia	51,719	1,434	2.8%	43,866	1,361	3.1%
Asia Pacific, Europe & America	25,765	437	1.7%	20,910	344	1.6%
New Zealand	12,505	487	3.9%	12,045	467	3.9%
	89,989	2,358	2.6%	76,821	2,172	2.8%
Total interest earning assets³						
Australia	440,363	20,566	4.7%	400,015	20,570	5.1%
Asia Pacific, Europe & America	158,843	3,096	1.9%	137,023	2,733	2.0%
New Zealand	118,941	6,864	5.8%	109,959	6,221	5.7%
	718,147	30,526	4.3%	646,997	29,524	4.6%
Total average assets						
Australia	538,153			475,391		
Asia Pacific, Europe & America	180,258			153,827		
New Zealand	132,625			120,116		
Total average assets	851,036			749,334		
% of total average assets attributable to overseas activities	36.8%			36.6%		
Interest bearing deposits and other borrowings						
Australia	315,861	7,941	2.5%	290,637	8,464	2.9%
Asia Pacific, Europe & America	149,186	995	0.7%	131,550	866	0.7%
New Zealand	77,132	2,820	3.7%	70,288	2,402	3.4%
	542,179	11,756	2.2%	492,475	11,733	2.4%
Total interest bearing liabilities³						
Australia	392,289	10,817	2.8%	361,732	11,404	3.2%
Asia Pacific, Europe & America	165,867	1,232	0.7%	142,757	1,017	0.7%
New Zealand	96,777	3,861	4.0%	86,721	3,293	3.8%
	654,933	15,910	2.4%	591,210	15,714	2.7%
Total average liabilities						
Australia	502,529			446,892		
Asia Pacific, Europe & America	183,457			156,418		
New Zealand	113,315			99,168		
	799,301			702,478		
% of total average liabilities attributable to overseas activities	37.1%			36.4%		
Total average shareholder's equity						
Ordinary share capital, reserves and retained earnings ⁴	51,563			45,985		
Preference share capital	182			871		
	51,745			46,856		
Total average liabilities and shareholder's equity	851,046			749,334		

^{1.} Averages used are predominantly daily averages.

^{2.} Loans & advances as at 30 September 2015 include assets classified as held for sale.

^{3.} Intra-group interest earning assets and interest income and Intra-group interest earning liabilities and interest expense have been eliminated.

^{4.} Average shareholders' equity at 30 September 2015 includes \$242 million of Global Wealth shares that are eliminated from the statutory shareholders' equity balance (Sep 14: \$247 million).

Average balance sheet and related interest (cont'd)

	Half Year		Full Year	
	Sep 15 %	Mar 15 %	Sep 15 %	Sep 14 %
Gross earnings rate¹				
Australia	4.58	4.98	4.77	5.24
Asia Pacific, Europe & America	1.84	1.82	1.83	1.86
New Zealand	5.63	5.92	5.77	5.66
Group	4.12	4.39	4.25	4.56

Interest spread and net interest margin may be analysed as follows:

	Half Year		Full Year	
	Sep 15 %	Mar 15 %	Sep 15 %	Sep 14 %
Australia¹				
Net interest spread	2.01	2.02	2.01	2.09
Interest attributable to net non-interest bearing items	0.29	0.26	0.29	0.30
Net interest margin - Australia ²	2.30	2.28	2.30	2.39
Asia Pacific, Europe & America¹				
Net interest spread	1.09	1.07	1.08	1.15
Interest attributable to net non-interest bearing items	0.03	0.03	0.03	0.02
Net interest margin - Asia Pacific, Europe & America ²	1.12	1.10	1.11	1.17
New Zealand¹				
Net interest spread	1.81	1.82	1.82	1.87
Interest attributable to net non-interest bearing items	0.41	0.45	0.43	0.43
Net interest margin - New Zealand ²	2.22	2.27	2.25	2.30
Group				
Net interest spread	1.82	1.82	1.82	1.90
Interest attributable to net non-interest bearing items	0.22	0.22	0.22	0.23
Net interest margin ²	2.04	2.04	2.04	2.13
Net interest margin (excluding Global Markets) ²	2.51	2.51	2.51	2.55

^{1.} Geographic gross earnings rate, net interest spread and net interest margin are calculated gross of intra group items (Intra-group interest earning assets and associated interest income and intra-group interest bearing liabilities and associated interest expense).

^{2.} Statutory basis.

SUPPLEMENTARY INFORMATION

Software capitalisation

As at 30 September 2015, the Group's intangibles included \$2,893 million in relation to costs incurred in acquiring and developing software. Details are set out in the table below:

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Balance at start of period	2,689	2,533	6%	2,533	2,170	17%
Software capitalised during the period	457	350	31%	807	777	4%
Amortisation during the period	(275)	(267)	3%	(542)	(426)	27%
Software impaired/written-off	(13)	(4)	large	(17)	(15)	13%
Foreign exchange differences	35	77	-55%	112	27	large
Total capitalised software	2,893	2,689	8%	2,893	2,533	14%

Capitalised cost analysis by Division

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Australia	121	93	30%	214	219	-2%
International and Institutional Banking	91	100	-9%	191	247	-23%
New Zealand	28	14	100%	42	33	27%
Global Wealth	35	21	67%	56	35	60%
GTSO and Group Centre	182	122	49%	304	243	25%
Total	457	350	31%	807	777	4%

Net book value by Division

	Half Year			Full Year		
	Sep 15 \$M	Mar 15 \$M	Movt	Sep 15 \$M	Sep 14 \$M	Movt
Australia	628	580	8%	628	553	14%
International and Institutional Banking	1,133	1,091	4%	1,133	998	14%
New Zealand	68	51	33%	68	53	28%
Global Wealth	121	101	20%	121	93	30%
GTSO and Group Centre	943	866	9%	943	836	13%
Total	2,893	2,689	8%	2,893	2,533	14%

Full Time Equivalent Staff

At 30 September 2015, ANZ employed 50,152 people worldwide (Mar 15: 51,243; Sep 14: 50,328) on a full-time equivalent basis ("FTEs").

Division	As at			Movement	
	Sep 15	Mar 15	Sep 14	Sep 15 v Mar 15	Sep 15 v Sep 14
Australia	9,781	10,235	9,904	-4%	-1%
International and Institutional Banking	7,578	7,785	7,749	-3%	-2%
New Zealand	5,068	5,090	5,059	0%	0%
Global Wealth	2,489	2,538	2,290	-2%	9%
GTSO and Group Centre	25,236	25,595	25,326	-1%	0%
Total	50,152	51,243	50,328	-2%	0%
Average FTE	50,953	50,786	50,097	0%	2%

Geography	As at			Movement	
	Sep 15	Mar 15	Sep 14	Sep 15 v Mar 15	Sep 15 v Sep 14
Australia	21,138	22,096	21,591	-4%	-2%
Asia Pacific, Europe & America	20,910	20,910	20,512	0%	2%
New Zealand	8,104	8,237	8,225	-2%	-1%
Total	50,152	51,243	50,328	-2%	0%

Funds Management and Insurance Income Reconciliation

	Reference Page	Half Year			Full Year		
		Sep 15 \$M	Mar 15 \$M	Mvmt	Sep 15 \$M	Sep 14 \$M	Mvmt
Net funds management and insurance income - statutory basis	90	757	979	-23%	1,736	1,538	13%
Adjustments between cash and statutory profit							
Treasury shares adjustment	90	(107)	86	large	(21)	24	large
Policyholders tax gross up	90	91	(277)	large	(186)	(242)	-23%
Revaluation of policy liabilities	90	(7)	(97)	-93%	(104)	(37)	large
Net funds management and insurance income - cash basis	91	734	691	6%	1,425	1,283	11%
Global Wealth - Net funds management and insurance income	69	696	665	5%	1,361	1,249	9%
Australia - Funds management and insurance income		20	19	5%	39	37	5%
International and Institutional Banking - Funds management and insurance income		46	48	-4%	94	90	4%
New Zealand - Funds management and insurance income		44	42	5%	86	74	16%
Inter-divisional eliminations		(72)	(83)	-13%	(155)	(167)	-7%
Net funds management and insurance income - cash basis	91	734	691	6%	1,425	1,283	11%

Exchange rates

Major exchange rates used in the translation of foreign subsidiaries, investments in associates and issued debt are as follows:

	Balance sheet			Profit & Loss Average			
	As at			Half Year		Full Year	
	Sep 15	Mar 15	Sep 14	Sep 15	Mar 15	Sep 15	Sep 14
Chinese Renminbi	4.4573	4.7365	5.3787	4.6831	5.0786	4.8803	5.6547
Euro	0.6229	0.7057	0.6895	0.6767	0.6909	0.6838	0.6779
Pound Sterling	0.4625	0.5163	0.5383	0.4853	0.5295	0.5074	0.5552
Indian Rupee	46.142	47.759	53.941	48.141	50.911	49.522	56.166
Indonesian Rupiah	10,281	9,987	10,660	10,127	10,271	10,199	10,787
Japanese Yen	84.072	91.715	95.677	91.330	95.713	93.515	94.133
Malaysian Ringgit	3.1176	2.8372	2.8632	2.8898	2.8623	2.8761	2.9749
New Taiwan Dollar	23.066	23.887	26.639	23.511	25.580	24.543	27.587
New Zealand Dollar	1.1003	1.0188	1.1219	1.0878	1.0691	1.0785	1.0931
Papua New Guinean Kina	2.0123	2.0439	2.1717	2.0649	2.1233	2.0940	2.2353
United States Dollar	0.7013	0.7634	0.8752	0.7480	0.8200	0.7839	0.9201

DEFINITIONS

AASs – Australian Accounting Standards.

AASB – Australian Accounting Standards Board. The term “AASB” is commonly used when identifying AASs issued by the AASB.

ADIs – Authorised Deposit-taking Institutions.

APRA – Australian Prudential Regulation Authority.

Cash and cash equivalents comprise coins, notes, money at call, balances held with central banks, liquid settlement balances (readily convertible to known amounts of cash which are subject to insignificant risk of changes in value) and securities purchased under agreements to resell (“reverse repos”) in less than three months.

Cash profit is a measure of profit which is prepared on a basis other than in accordance with accounting standards. Cash profit represents a measure of the result of the ongoing business activities of the Group, enabling shareholders to assess Group and Divisional performance against prior periods and against peer institutions. To calculate cash profit, the Group excludes items from statutory net profit as noted below. These items are calculated consistently period on period so as not to discriminate between positive and negative adjustments.

Gains and losses are adjusted where they are significant, or have the potential to be significant in any one period, and fall into one of three categories:

1. non-core gains or losses included in earnings arising from changes in tax, legal or accounting legislation or other non-core items not associated with the ongoing operations of the Group;
2. treasury shares, revaluation of policy liabilities, economic hedging impacts and similar accounting items that represent timing differences that will reverse through earnings in the future; and
3. accounting reclassifications between individual line items that do not impact reported results, such as policyholder tax gross up.

Collective provision is the provision for credit losses that are inherent in the portfolio but not able to be individually identified. A collective provision is only recognised when a loss event has occurred. Losses expected as a result of future events, no matter how likely, are not recognised.

Covered bonds are bonds issued by an ADI to external investors secured against a pool of the ADI's assets (the cover pool) assigned to a bankruptcy remote special purpose entity. The primary assets forming the cover pool are mortgage loans. The mortgages remain on the issuer's balance sheet. The covered bond holders have dual recourse to the issuer and the cover pool assets. The mortgages included in the cover pool cannot be otherwise pledged or disposed of but may be repurchased and substituted in order to maintain the credit quality of the pool. The Group issues covered bonds as part of its funding activities.

Customer deposits represent term deposits, other deposits bearing interest, deposits not bearing interest and borrowing corporations' debt excluding securitisation deposits.

Divisional revenue includes net interest income, share of associates' profit and other operating income before the elimination of intra group items.

GLA – Gross Loans and Advances. This is made up of loans and advances, acceptances and capitalised brokerage/mortgage origination fees less unearned income.

IFRS – International Financial Reporting Standards.

Impaired assets are those financial assets where doubt exists as to whether the full contractual amount will be received in a timely manner, or where concessional terms have been provided because of the financial difficulties of the customer. Financial assets are impaired if there is objective evidence of impairment as a result of a loss event that occurred prior to the reporting date, and that loss event has had an impact, which can be reliably estimated, on the expected future cash flows of the individual asset or portfolio of assets.

Impaired loans comprise drawn facilities where the customer's status is defined as impaired.

Individual provision is the amount of expected credit losses on financial instruments assessed for impairment on an individual basis (as opposed to on a collective basis). It takes into account expected cash flows over the lives of those financial instruments.

Net interest margin is net interest income as a percentage of average interest earning assets.

Net loans and advances represents gross loans and advances less provisions for credit impairment.

Net tangible assets equal share capital and reserves attributable to shareholders of the Group less preference share capital and unamortised intangible assets (including goodwill and software).

Operating expenses include personnel expenses, premises expense, technology expenses, restructuring expenses, and other operating expenses (excluding credit impairment charges).

Operating income includes net interest income, net fee and commission income, net funds management and insurance income, share of associates' profit and other income.

Regulatory deposits are mandatory reserve deposits lodged with local central banks in accordance with statutory requirements.

Restructured items comprise facilities in which the original contractual terms have been modified for reasons related to the financial difficulties of the customer. Restructuring may consist of reduction of interest, principal or other payments legally due, or an extension in maturity materially beyond those typically offered to new facilities with similar risk.

Settlement balances owed to / from ANZ represent financial assets and/or liabilities which are in the course of being settled. These may include trade dated assets and liabilities, nostro / vostro accounts and settlement accounts.

Description of divisions

The Group operates on a divisional structure with Australia, International and Institutional Banking (IIB), New Zealand, and Global Wealth being the major operating divisions. The IIB and Global Wealth divisions are coordinated globally. Global Technology, Services & Operations and Group Centre provide support to the operating divisions, including technology, operations, shared services, property, risk management, financial management, strategy, marketing, human resources and corporate affairs. The Group Centre also includes Group Treasury and Shareholder Functions.

Australia

The Australia division comprises the Retail and Corporate and Commercial Banking business units.

• Retail

Retail is responsible for delivering a full range of banking services to consumer customers, using capabilities in product management, analytics, customer research, segmentation, strategy and marketing.

- **Home Loans** provides housing finance to consumers in Australia for both owner occupied and investment purposes, as well as providing housing finance for overseas investors.
- **Cards and Personal Loans** provides unsecured lending products to retail customers.
- **Deposits and Payments** provides transaction banking, savings and investment products, such as term deposits and cash management accounts.

Retail delivers banking solutions to customers across multiple distribution channels including the Australian branch network, ANZ Direct, specialist sales channels and digital channels (including goMoney™, Internet Banking, anz.com). The retail distribution network provides retail and wealth solutions to consumers, as well as providing small business solutions and meeting the various cash and cheque handling needs of corporate, commercial and institutional customers.

• Corporate and Commercial Banking (C&CB)

- **Corporate Banking** provides a full range of banking services including traditional relationship banking and sophisticated financial solutions, primarily to large private companies, smaller listed companies and multi-national corporation subsidiaries.
- **Regional Business Banking** provides a full range of banking services to non-metropolitan commercial and agri (including corporate) customers.
- **Business Banking** provides a full range of banking services, to metropolitan based small to medium sized business clients with a turnover of \$5 million up to \$125 million.
- **Small Business Banking** provides a full range of banking services to metropolitan and regional based small businesses in Australia with a turnover of up to \$5 million and lending up to \$1 million.
- **Esanda** provides motor vehicle and equipment finance.

International and Institutional Banking

International and Institutional Banking (IIB) division comprises Global Products, Retail Asia Pacific and Asia Partnerships. IIB services three main customer segments: Global Banking, International Banking and Retail Asia Pacific. Global Banking serves institutional customers with multi-product, multi-geographic requirements, International Banking serves institutional customers with less complex needs and Retail Asia Pacific focuses on affluent and emerging affluent customers across 21 countries.

• Global Products

Global Products service Global Banking and International Banking customers across three product sets:

- **Global Transaction Banking** which provides working capital and liquidity solutions including documentary trade, supply chain financing, structured trade finance as well as cash management solutions, deposits, payments and clearing.
- **Global Markets** provides risk management services to clients globally on foreign exchange, interest rates, credit, commodities, debt capital markets and wealth solutions. Markets provide origination, underwriting, structuring and risk management services, advice and sale of credit and derivative products. The business unit also manages the Bank's interest rate exposure as well as its liquidity position.
- **Global Loans and Advisory** which provides specialised loan structuring and execution, loan syndication, project and export finance, debt structuring and acquisition finance, structured asset finance and corporate advisory.

- **Retail Asia Pacific** provides end-to-end financial solutions to individuals and small businesses including deposits, credit cards, loans, investments and insurance. Leveraging our distinctive footprint we enable client's access to opportunities across the region and connect them to specialists for their banking needs in each location.

- **Asia Partnerships** comprises of strategic partnerships and investments across Asia which provide the Bank with local business and relationship access as well as country and regulatory insights.

New Zealand

The New Zealand division comprises Retail and Commercial business units.

- **Retail**

Retail provides products and services to Retail and Small Business Banking customers via the branch network, mortgage specialists, business managers, the contact centre and a variety of self-service channels (internet banking, phone banking, ATMs, website and mobile phone banking). Retail customers have personal banking requirements and Small Business Banking customers consist primarily of small enterprises with annual revenues of less than NZD 5 million. Core products include current and savings accounts, unsecured lending (credit cards, personal and business loans and overdrafts) and home and business loans secured by mortgages over property. The Retail business unit distributes insurance and investment products on behalf of the Global Wealth division.

- **Commercial**

Commercial provides services to Commercial & Agri (CommAgri) and UDC customers. CommAgri customers consist of primarily privately owned medium to large enterprises. Commercial's relationship with these businesses ranges from simple banking requirements with revenue from deposit and transactional facilities, and cash flow lending, to more complex funding arrangements with revenue sourced from a wider range of products. UDC is principally involved in the financing and leasing of plant, vehicles and equipment, mainly for small and medium sized businesses, as well as investment products.

Global Wealth

The Global Wealth division comprises Funds Management, Insurance and Private Wealth business units which provide investment, superannuation, insurance and private banking solutions to customers across the Asia-Pacific region to make it easier for them to connect with, protect and grow their wealth.

- **Private Wealth** includes global private banking business which specialises in assisting individuals and families to manage, grow and preserve their wealth.
- **Funds Management** includes the Pensions and Investment business and E*TRADE.
- **Insurance** includes Life Insurance, General Insurance and ANZ Lenders Mortgage Insurance.
- **Corporate and Other** includes income from invested capital and profits from the Advice and Distribution business.

Global Technology, Services & Operations and Group Centre

GTSO and Group Centre provide support to the operating divisions, including technology, operations, shared services, property, risk management, financial management, strategy, marketing, human resources and corporate affairs. The Group Centre includes Group Treasury and Shareholder Functions.

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