



2017 FULL YEAR RESULTS

SECURED FUNDING UPDATE

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
NOVEMBER 2017



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

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TODAYS AGENDA

Introduction and Welcome	Scott Gifford Head of Debt Investor Relations
ANZ Economics Property Outlook	Jo Masters Senior Economist
ANZ Mortgage Update	Tom Clayton Head of Acquisition Risk
ANZ Group Treasury Strategy	John Needham Head of Capital and Structured Funding
Kingfisher 2016-1 Performance	John Needham Head of Capital and Structured Funding
Questions and Closing Remarks	Scott Gifford Head of Debt Investor Relations



2017 RESULTS

Scott Gifford: Head of
Debt Investor Relations

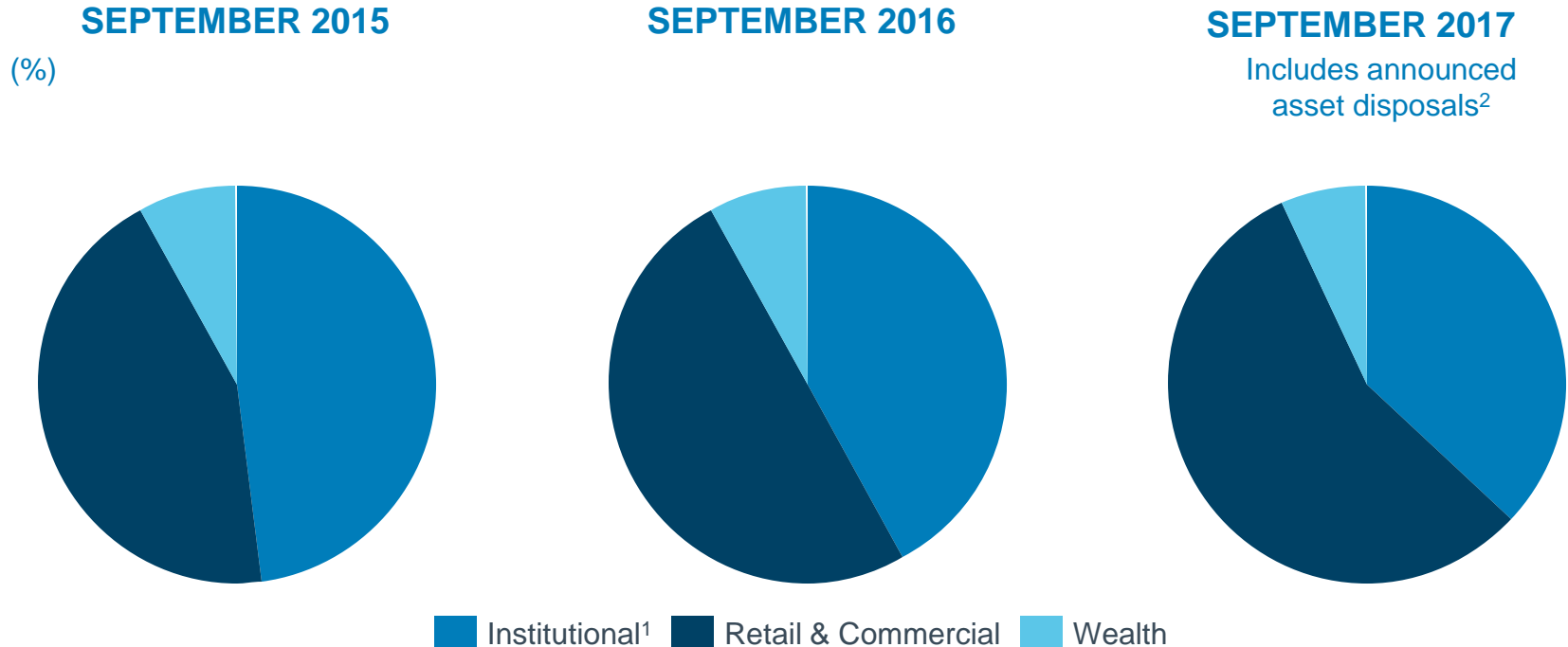
ASSUMPTIONS UNDERLYING NEW STRATEGY

OPERATING ENVIRONMENT

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

A BETTER BALANCED BANK

CAPITAL ALLOCATION



RORWA
(Pre provision) **2.93%**

2.55%

2.75%

RORWA
(Post provisions) **1.90%**

1.48%

1.73%

NOTE: Allocation based on Regulatory Capital.

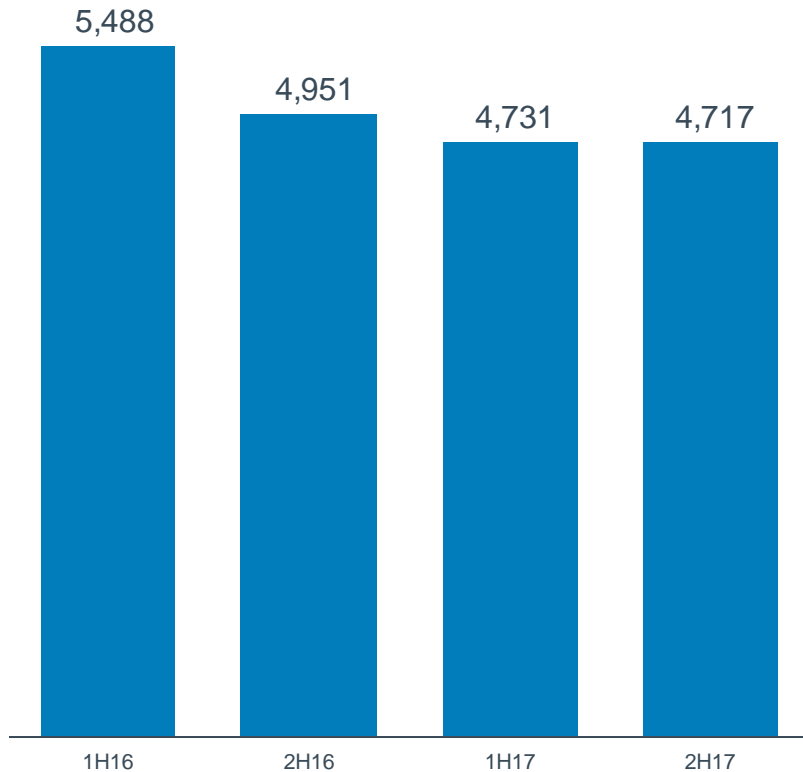
1. Institutional shown under 2015 IIB Structure, including Global Institutional and Asia Retail & Pacific

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

DRIVERS OF PERFORMANCE

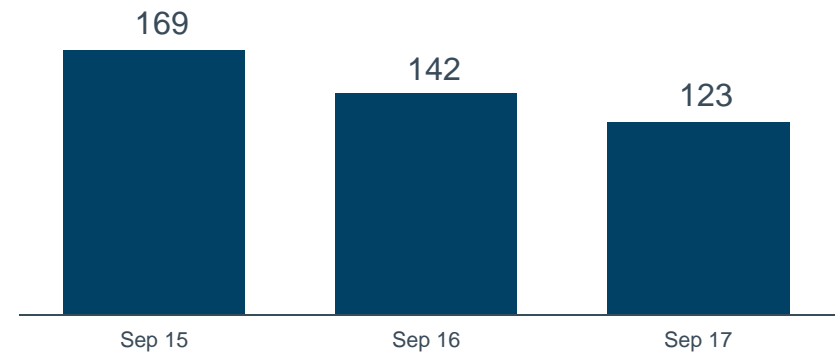
COST DISCIPLINE

\$m



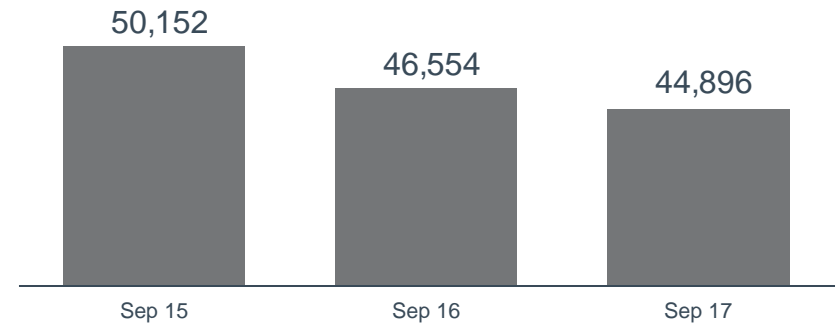
INSTITUTIONAL CREDIT RWAs

\$b



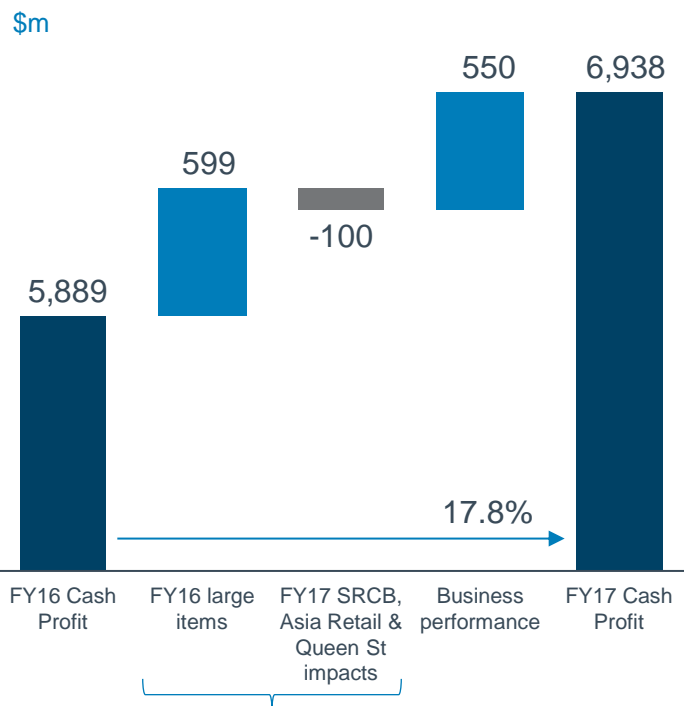
LEANER ORGANISATION

Full time equivalent staff #s

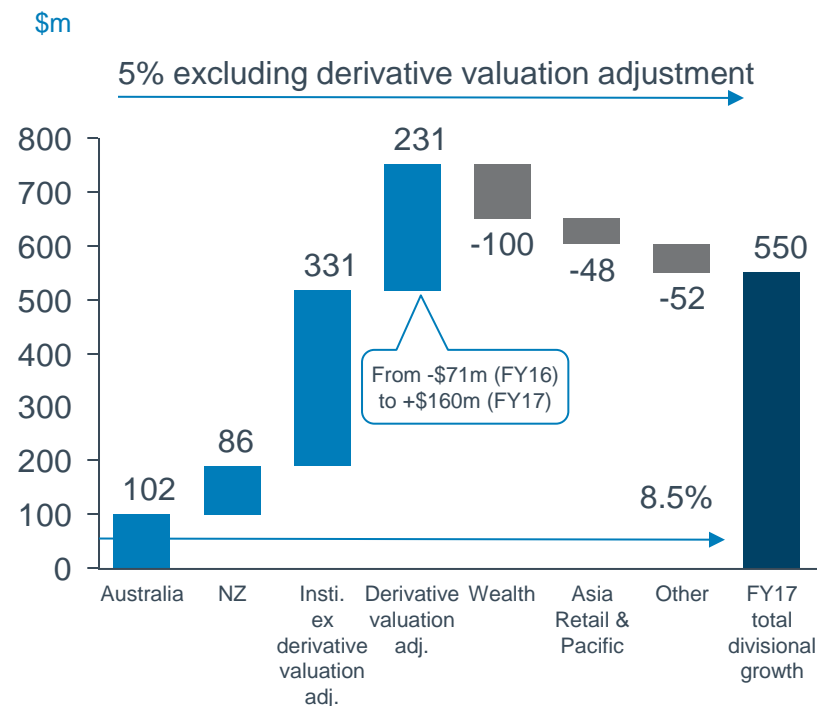


FINANCIAL PERFORMANCE DRIVERS

CASH PROFIT – FULL YEAR 2017



BUSINESS PERFORMANCE – FULL YEAR 2017



FY16 LARGE ITEMS & FY17 DIVESTMENTS AND GAIN ON SALE

FY16 large items

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

FY17 SRCB, Asia Retail & Queen St impacts

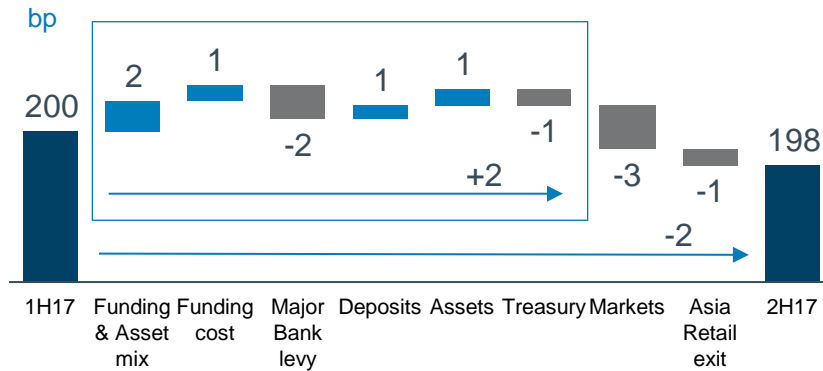
- Equity accounted earnings SRCB (1QFY17)
- Sale of Asia Retail & Wealth (Loss on sale)
- Gain of sale of 100 Queen St

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

INCOME DRIVERS

GROUP NET INTEREST MARGIN

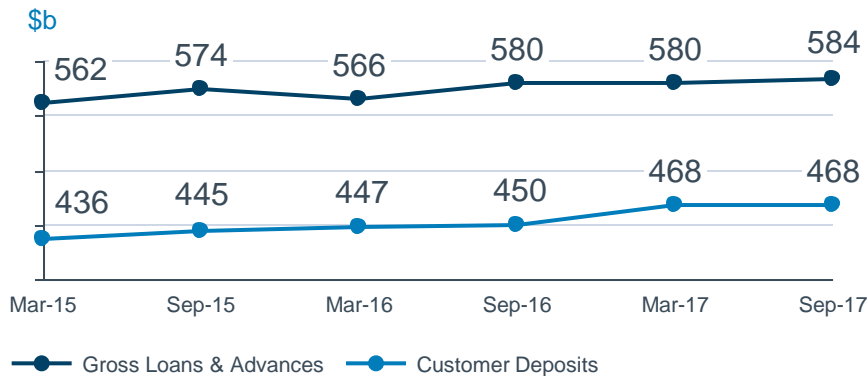
GROUP NET INTEREST MARGIN



NIM 2H17 TIMING IMPACTS

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

BALANCE SHEET

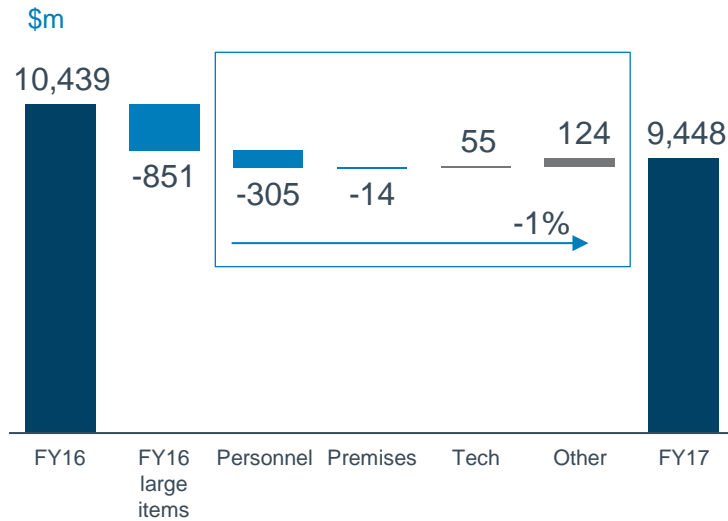


RATE MOVEMENTS

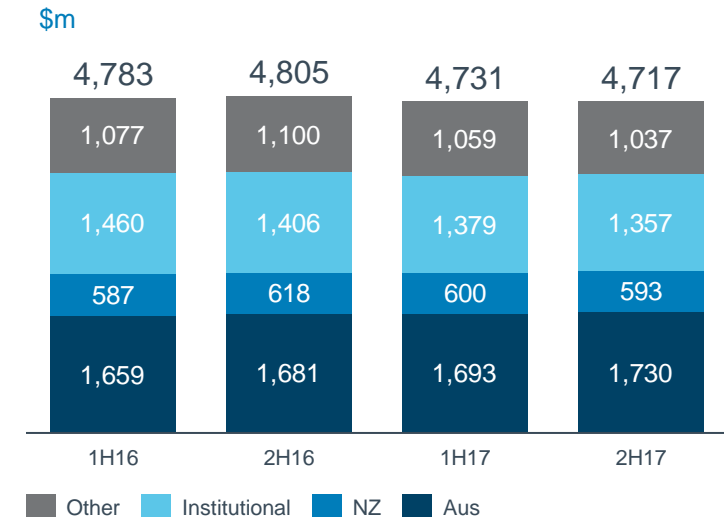


EXPENSE DRIVERS

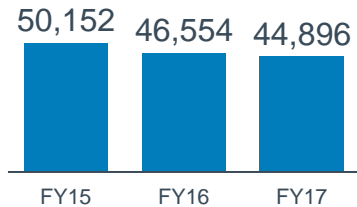
FULL YEAR 2017 EXPENSES¹



DIVISIONAL EXPENSE CONTRIBUTION¹



FTE (TOTAL #)



FTE REDUCTION

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

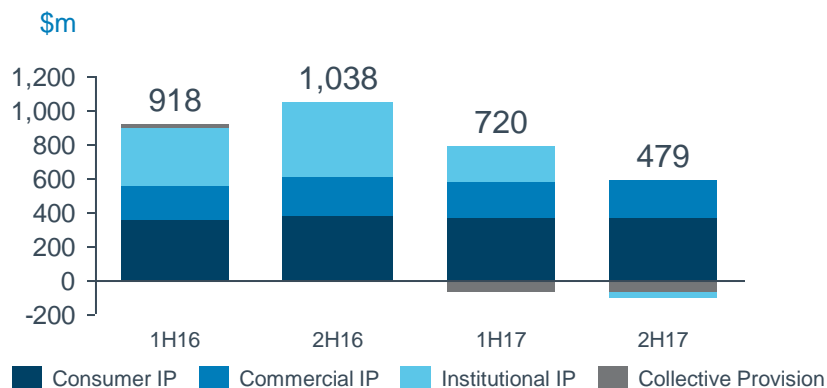
DIVISIONAL EXPENSE GROWTH

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

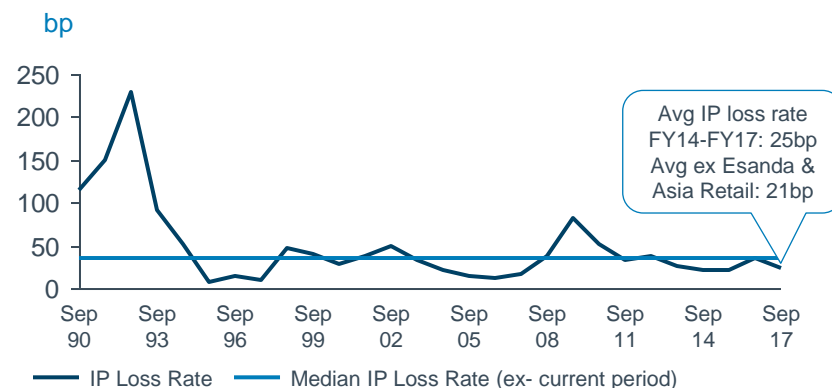
1. Excluding FY16 large items

PROVISIONS

TOTAL PROVISION CHARGE



LONG TERM IP LOSS RATES



EXPECTED LOSS

Individual provision expected loss as % of Gross Lending Assets

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

COLLECTIVE PROVISION CHARGE

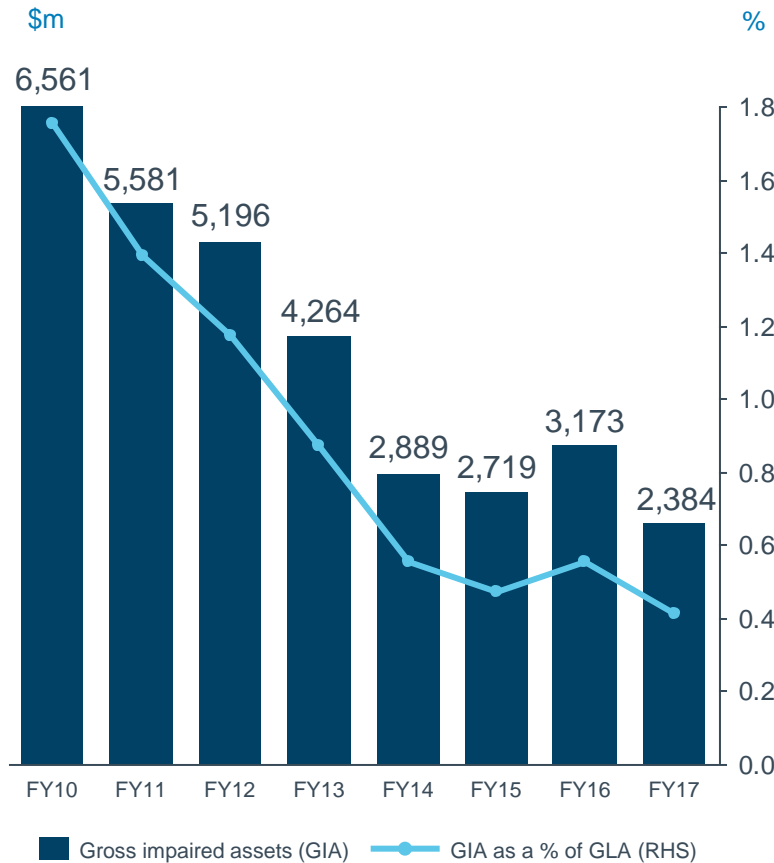
\$m

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

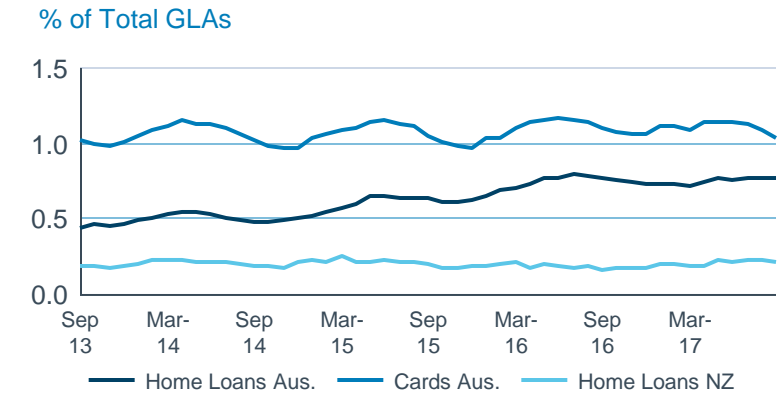
Net impact of new \$75m retail trade overlay, less release of \$41m Qld flood and Asia Retail & Pacific overlays

CREDIT QUALITY

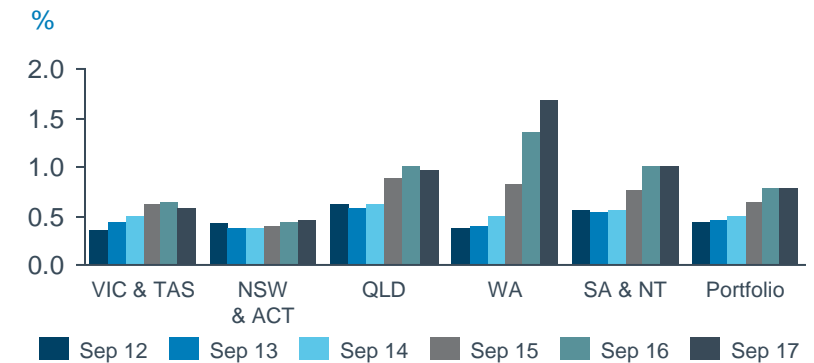
GROSS IMPAIRED ASSETS



CONSUMER 90+ DAY ARREARS



HOME LOANS 90+ DPD BY STATE¹



1. Excludes Non Performing Loans



PROPERTY OUTLOOK

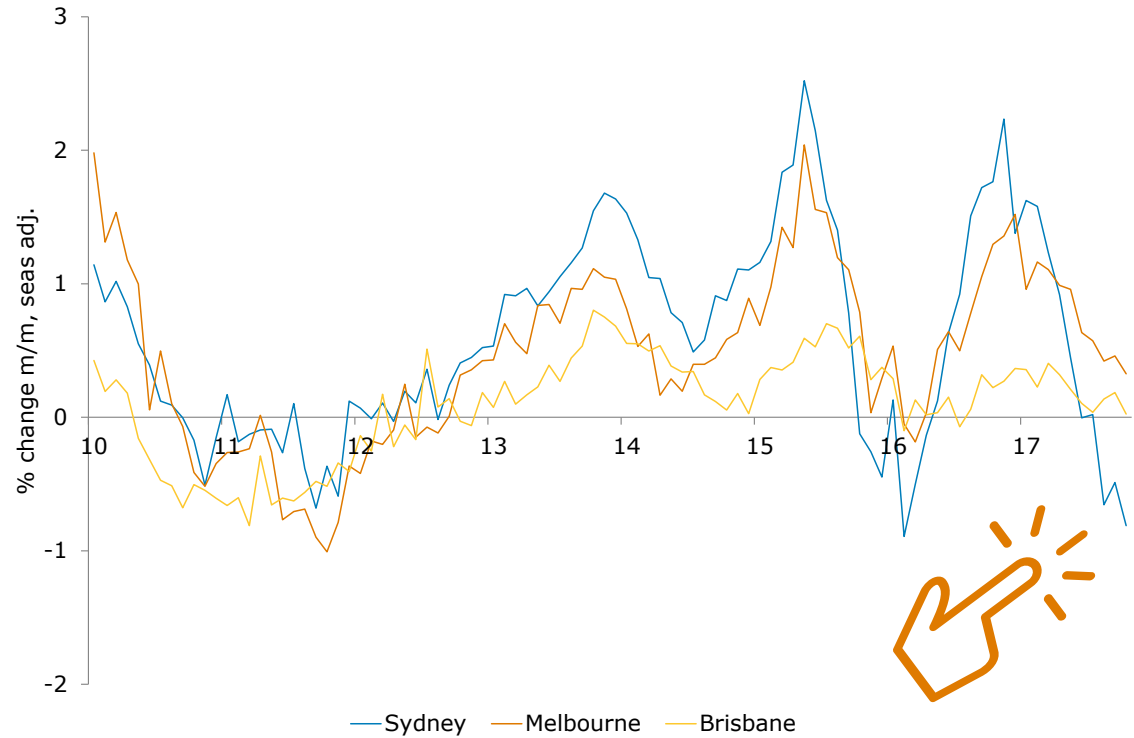
Jo Masters: Senior
Economist ANZ Research



Falling house prices in Sydney have captured a lot of attention

Sydney prices have fallen for three straight months, down 2% in total

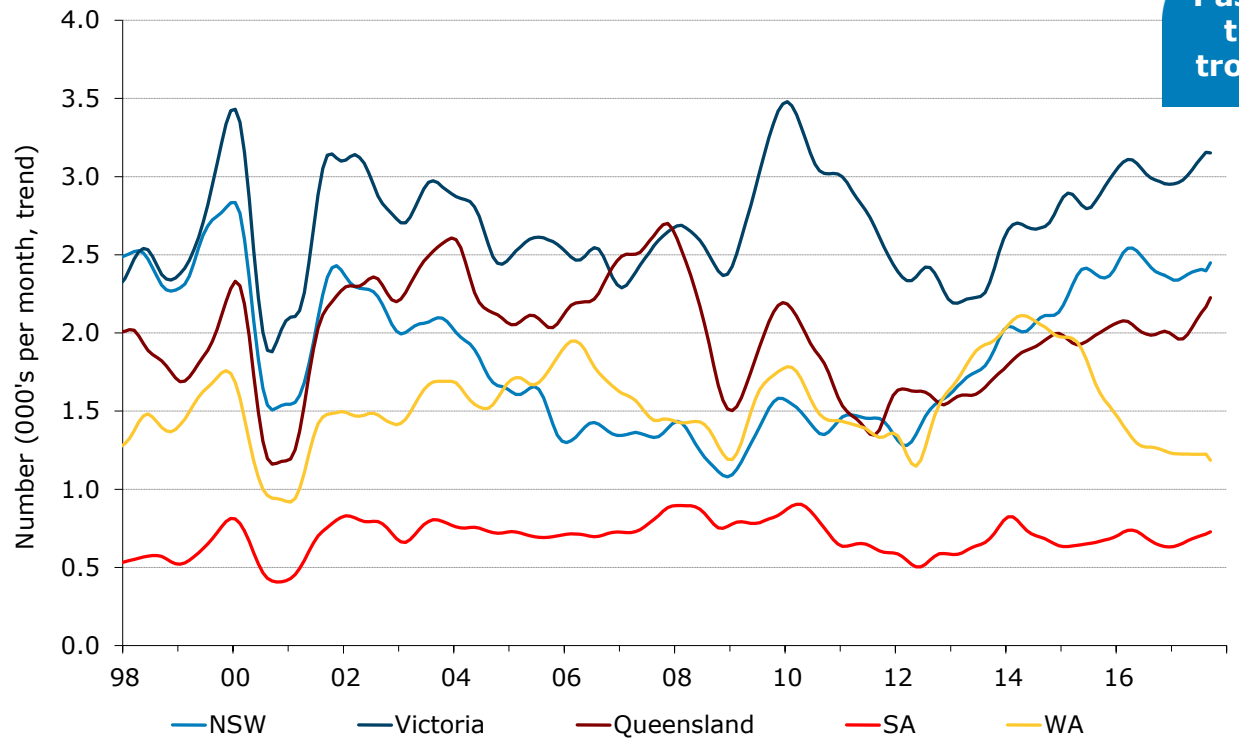
Melbourne prices are up 1.2% over the same period





An emerging uptrend in housing approvals is attracting less comment

Private sector building approvals are rising at the fastest rate since Feb 2015



Indeed, the outlook for housing construction is stabilising

ANZ-Property Council Survey shows an improving outlook

Underpinned by forward work schedule & capital values



An improvement in funding conditions would bode well for construction activity



The outlook for finance availability is still weak, but has lifted off the bottom

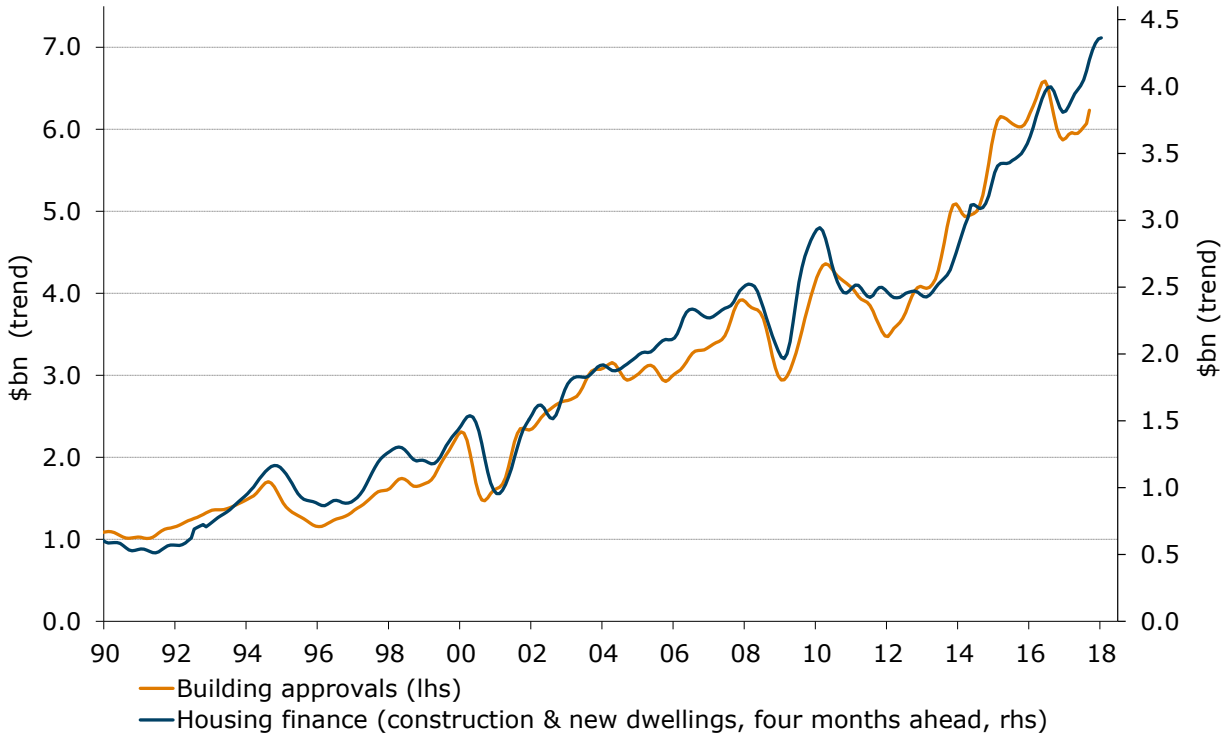


Housing finance is sending a more positive signal about housing construction

We've revised up our residential construction profile



Dwelling approvals vs housing finance for construction

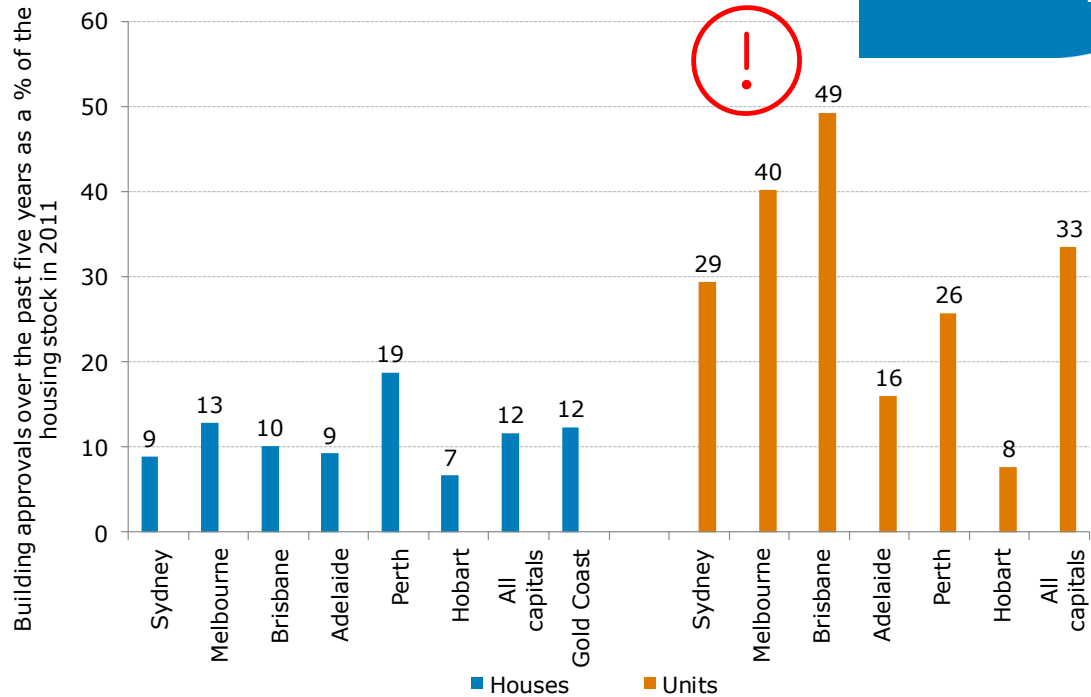


Source: ABS, ANZ Research

Housing approvals vs housing stock

Concerns about over-supply persist in certain markets

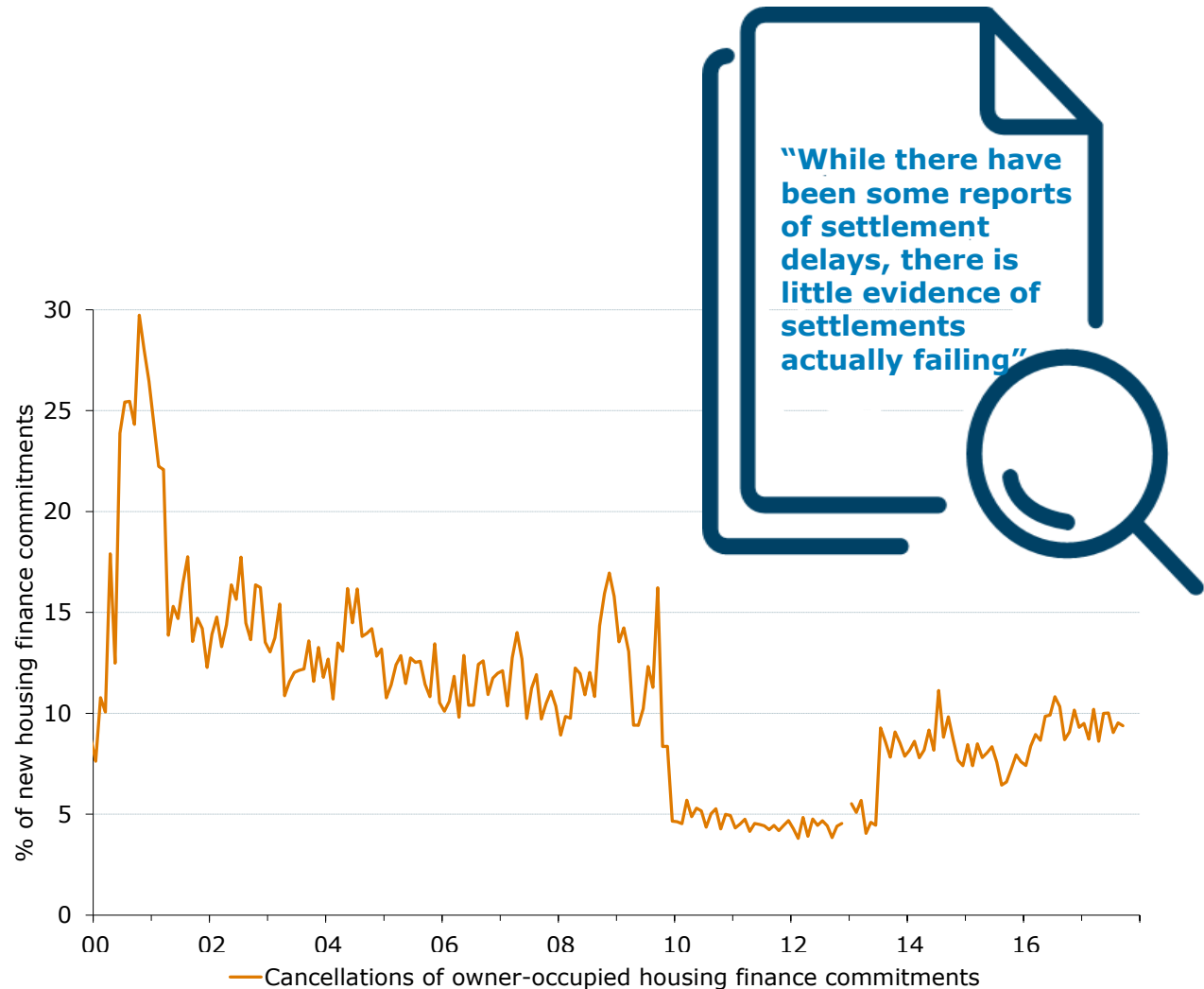
Suggests marked reacceleration in housing approvals is unlikely



Although there are few signs of significant settlement difficulties

“To date, the adjustment in the Brisbane apartment has not resulted in significant stress. Settlement failures appear to have remained around historical norms”

RBA, October 2017

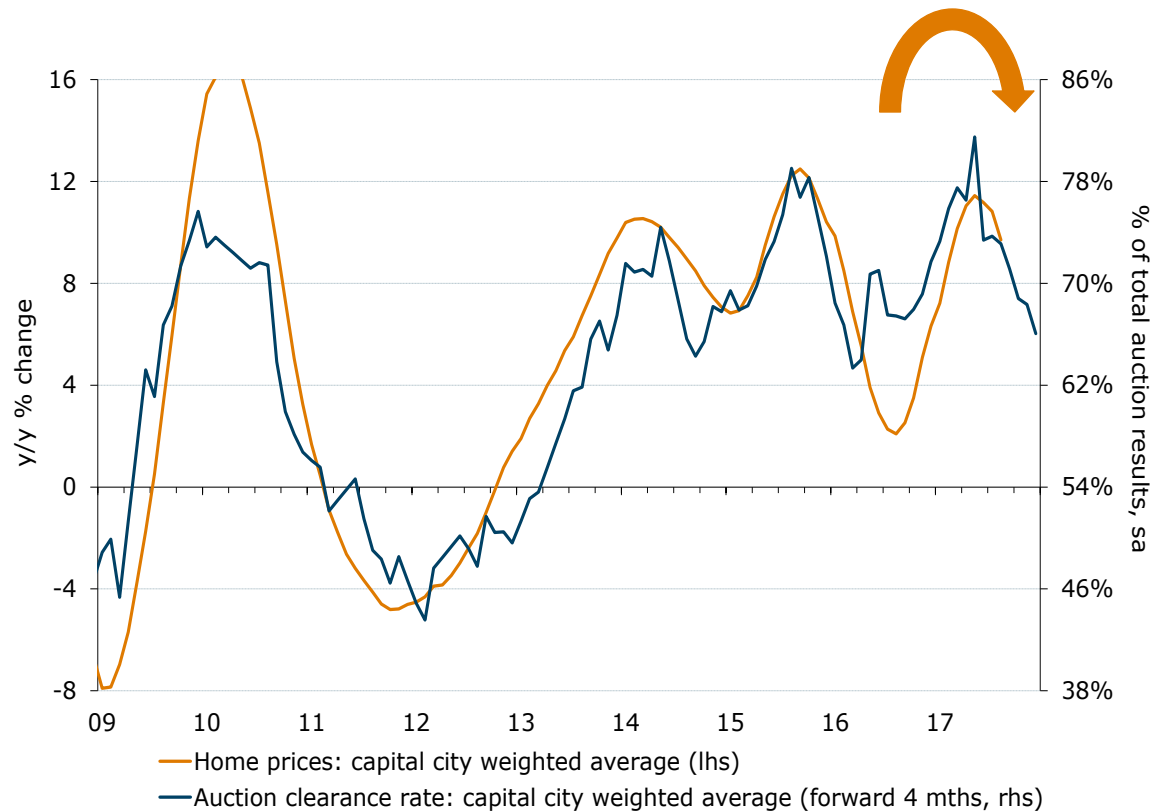


Auction results point toward slower house price growth

House price growth is slowing

No signs of widespread price falls

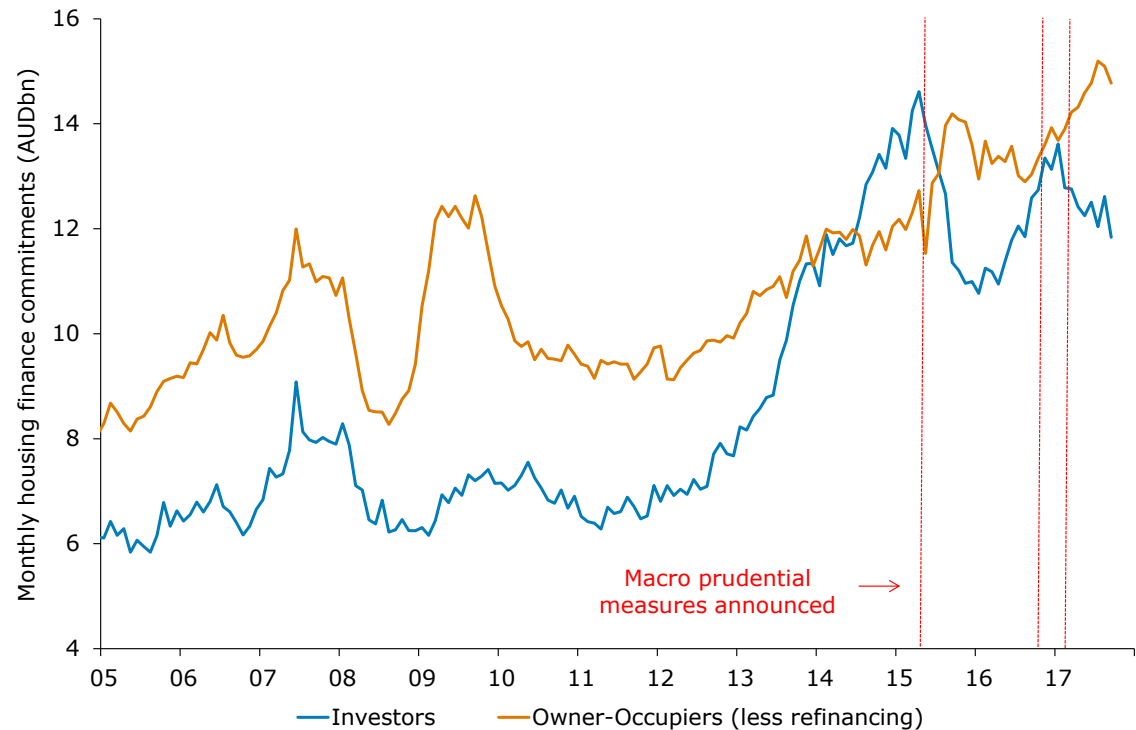
Auction clearance rates and dwelling prices



Investor lending has slowed, largely in response to macro-prudential tightening

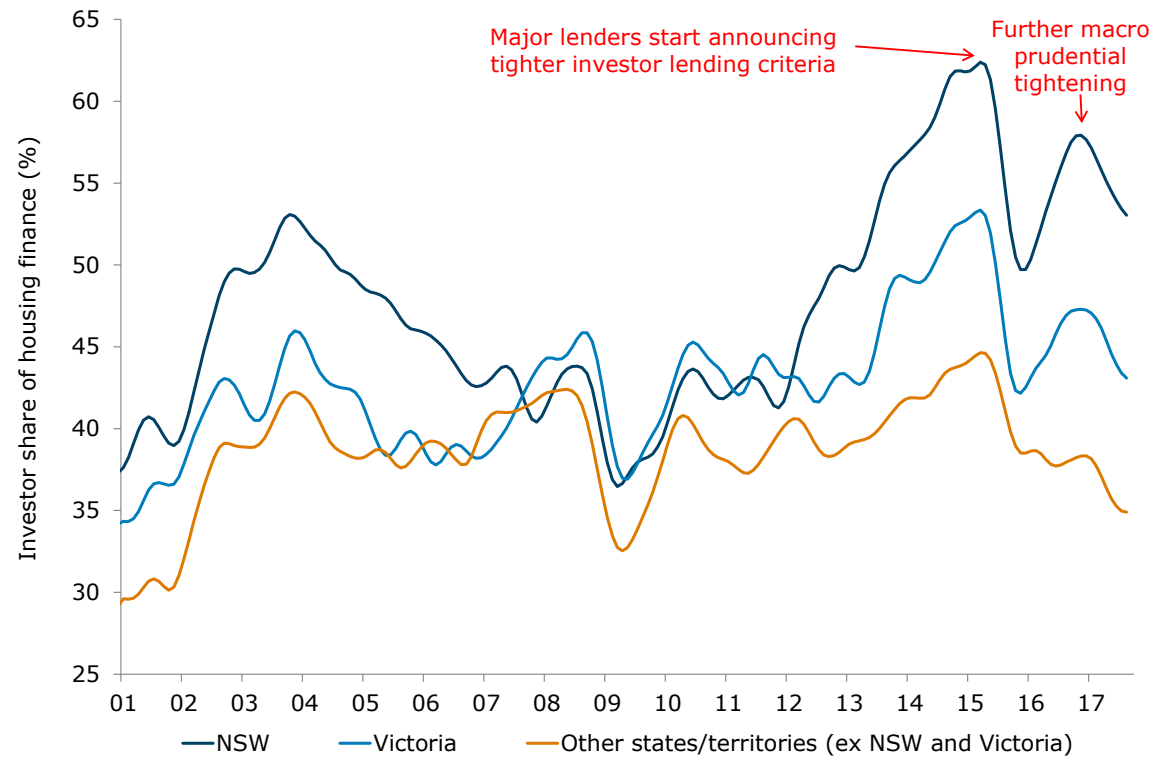
Owner occupier finance has picked up the slack

Investor and interest only lending rates have risen



Especially in Sydney and Melbourne

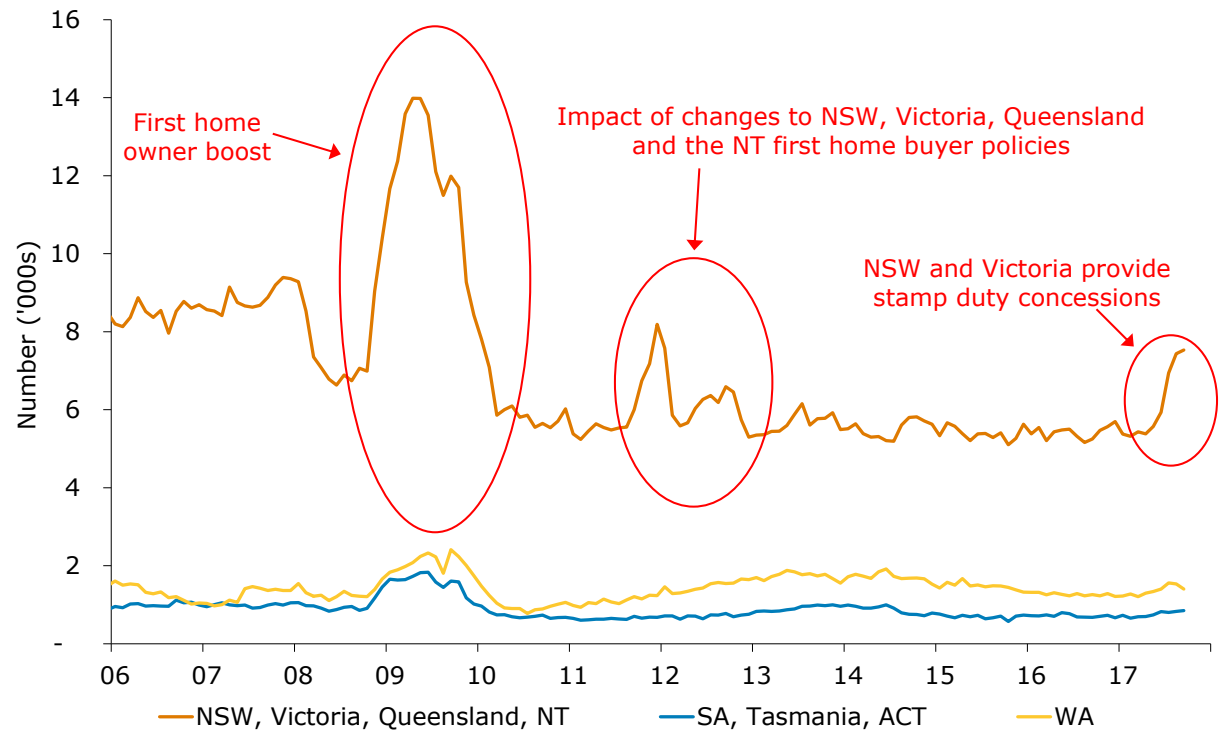
Macro prudential policy is having the desired impact



First home buyers dip their toe back in the market

Stamp duty relief in NSW & VIC is having an impact ...

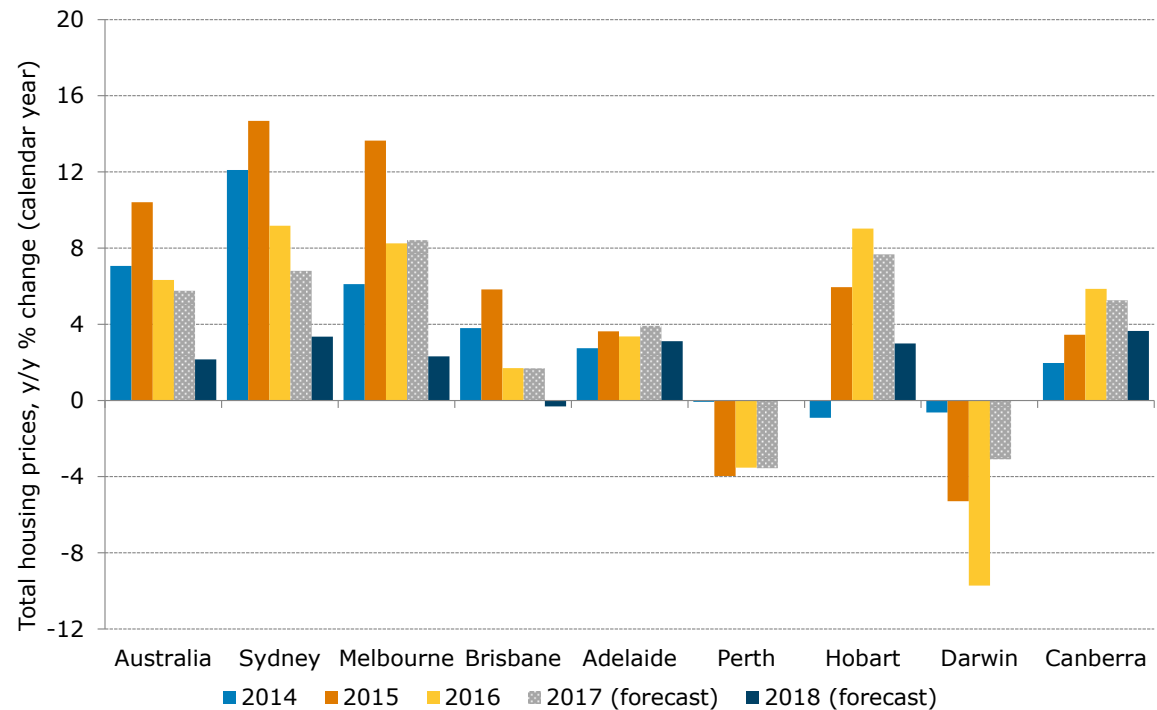
...but we doubt it will be sustained



Price growth appears to have peaked and we expect further slowing through 2018

Slowdown in price growth to date is consistent with our year end targets

House price forecasts



* Capital city weighted average

Melbourne
2.4%

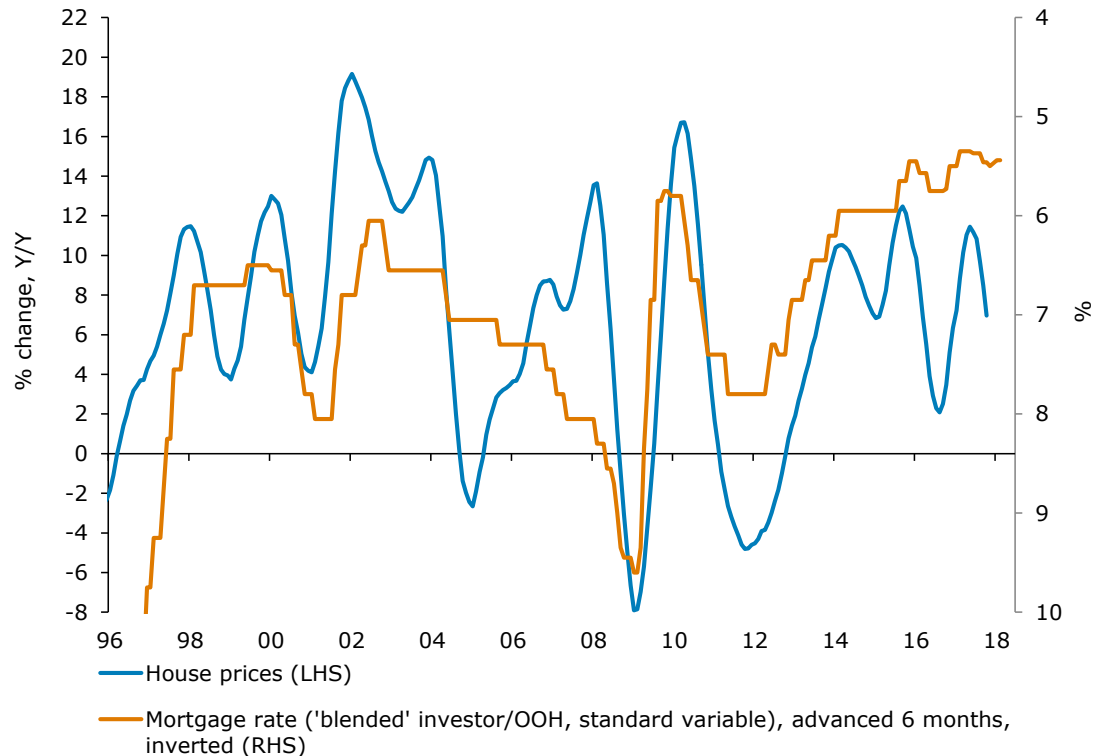
Sydney
1.6%

Difficult to see an outright nationwide fall in prices without sharply higher interest rates

We do not expect sharply higher interest rates



Mortgage rates vs house prices

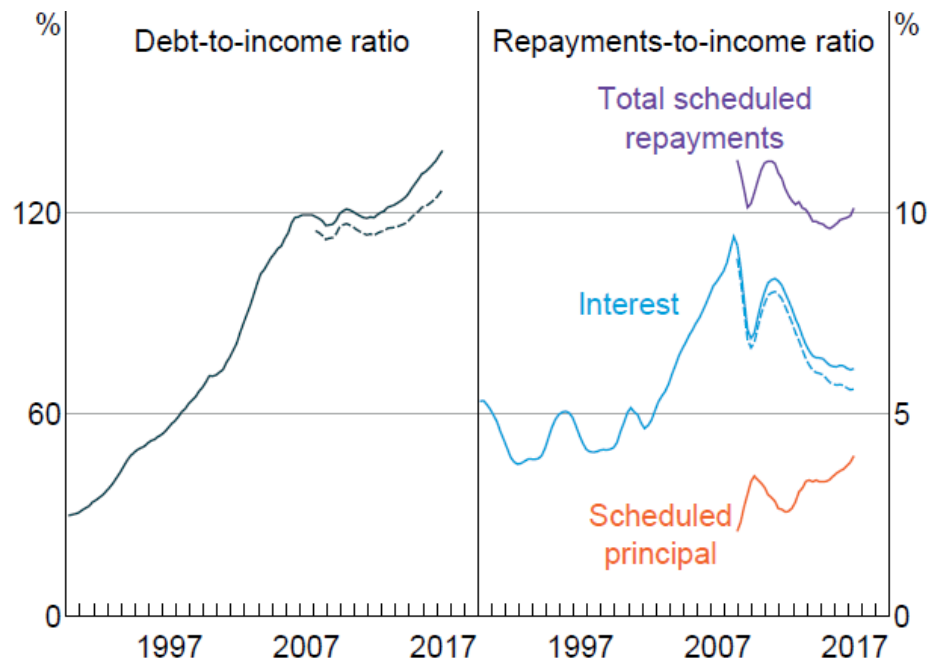


The RBA is increasingly focussed on financial stability concerns

The RBA is likely to hike rates in 2018

Mortgage offset accounts provide some counter to debt

Household Mortgage Debt Indicators*



* Excludes non-housing debt; dashed lines are calculations based on debt balances net of offset accounts; income is household disposable income before housing interest costs

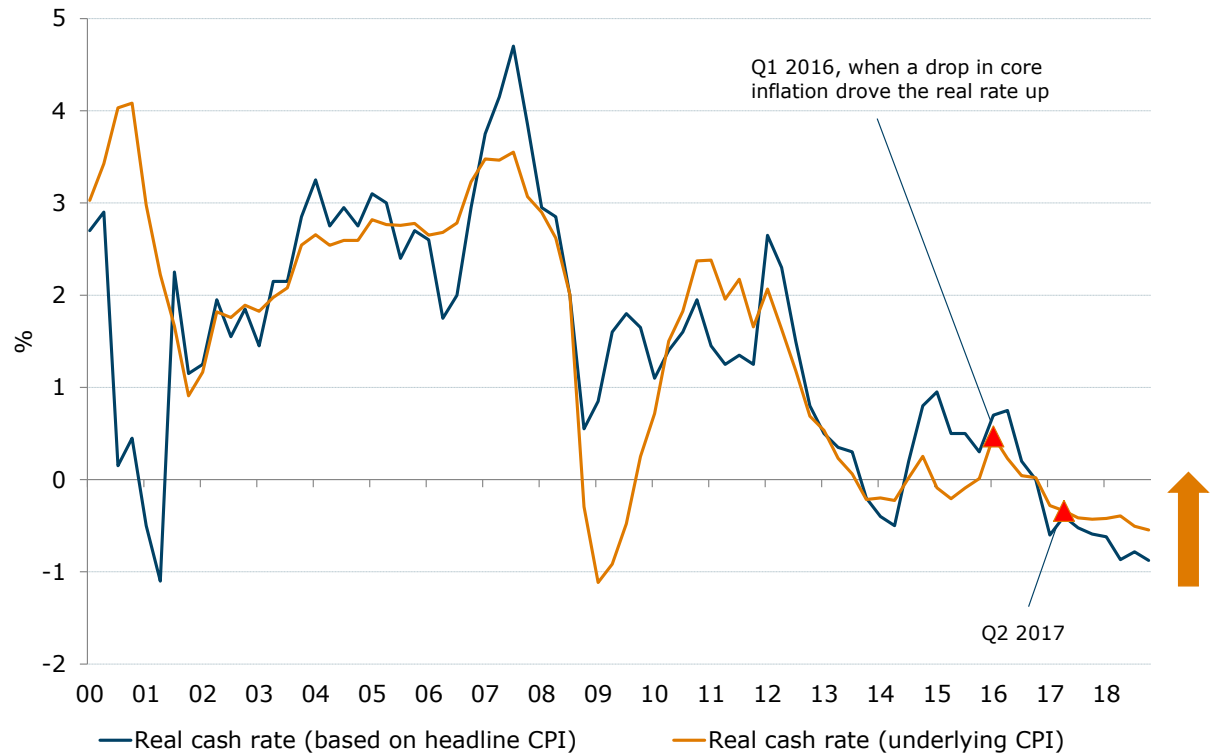
The next move in rates is up ...

Growth around
3%

Inflation stable
around the bottom
of the band

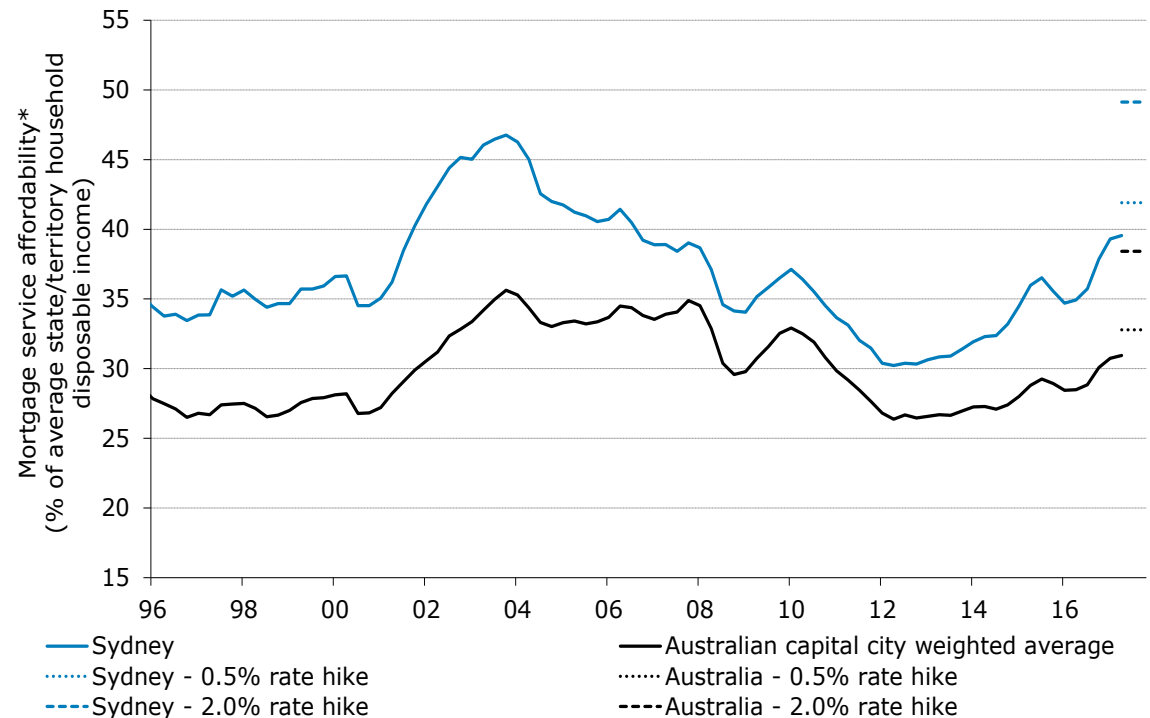
Unemployment
rate lower

A negative real cash rate is no longer warranted



... but not by much. We expect a very muted tightening cycle

Mortgage service affordability scenarios



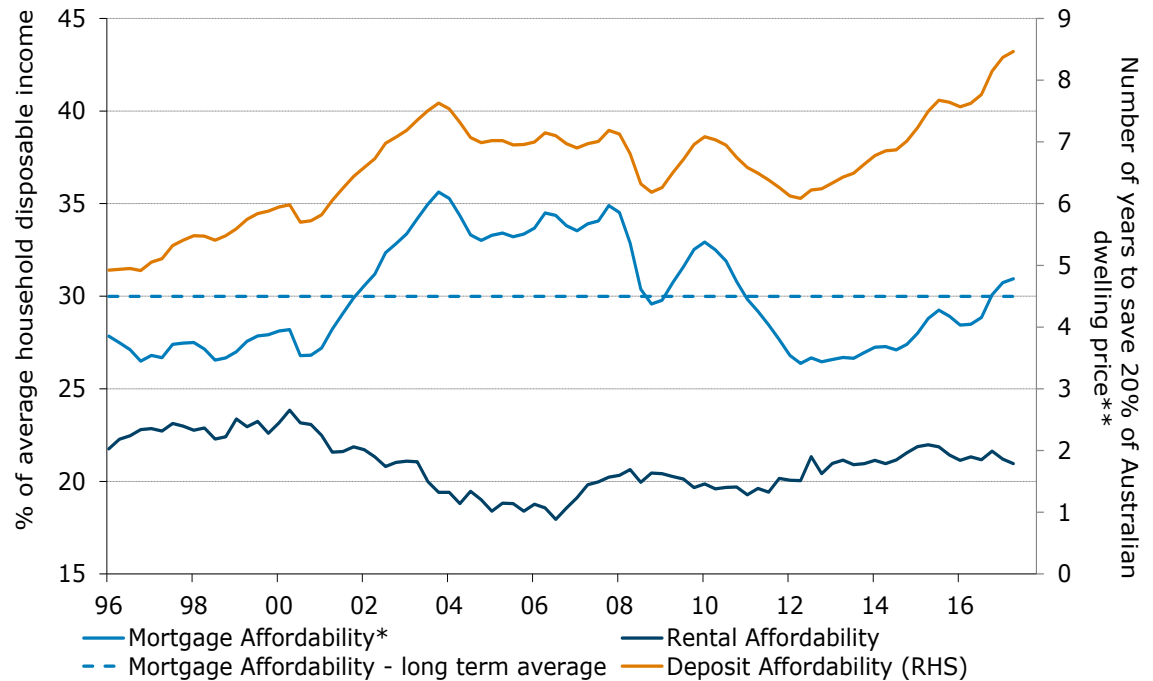
* Calculated for mortgage repayments on 80% LVR of median dwelling price

Household leverage means modest tightening cycle

Keeping a close eye on consumption and housing

Housing affordability remains a key concern for policymakers, but it is primarily a deposit issue

10 years to save
20% deposit for
the average
home in Sydney



* Mortgage repayments on 80% LVR of median capital city house price

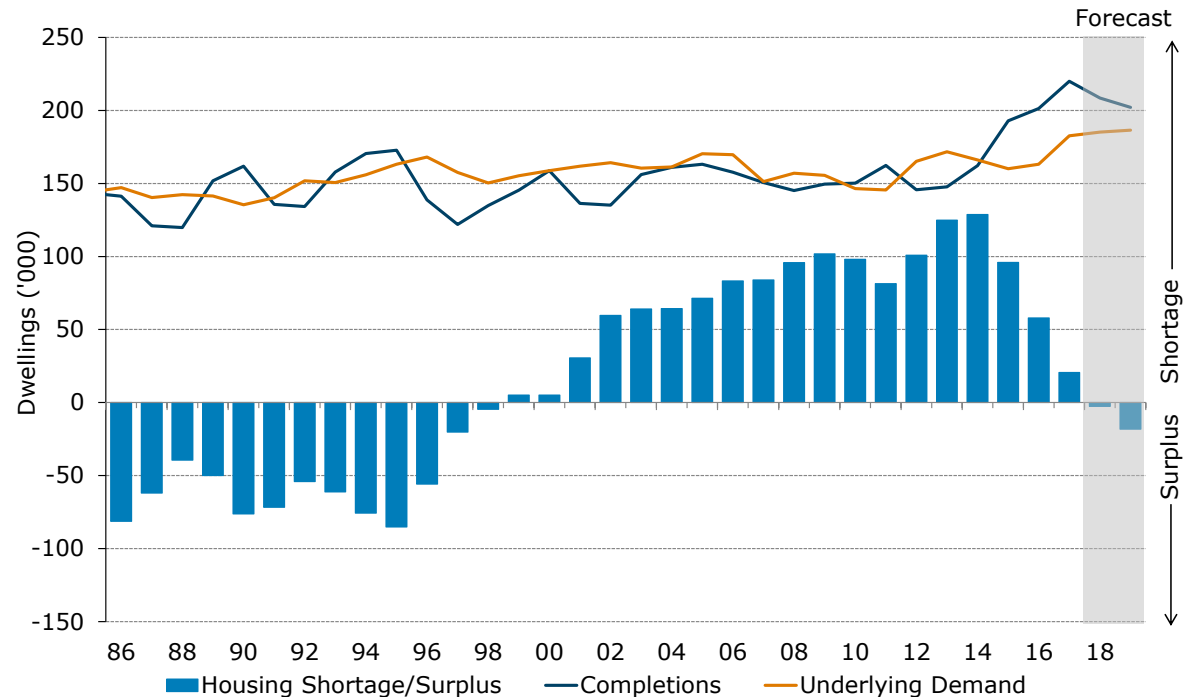
** At 15% savings rate on average state/territory household disposable income

At face value, Australia's housing market appears to be broadly in balance

Decades of under-investment is being addressed



Housing market balance



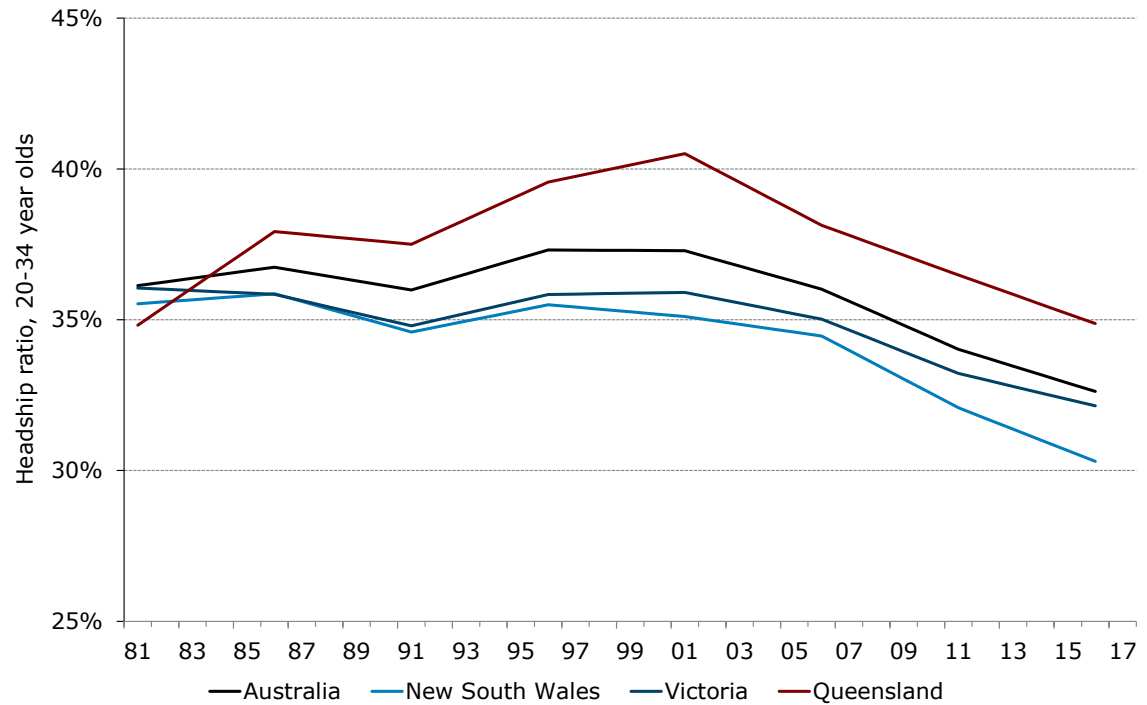
*The housing balance is calculated as the cumulative sum of demand, less completions. The year 2000 is assumed to be in balance, and subsequent years of demand exceeding completions moved the market into shortage.

But is it really?

Australians are waiting longer to form new households



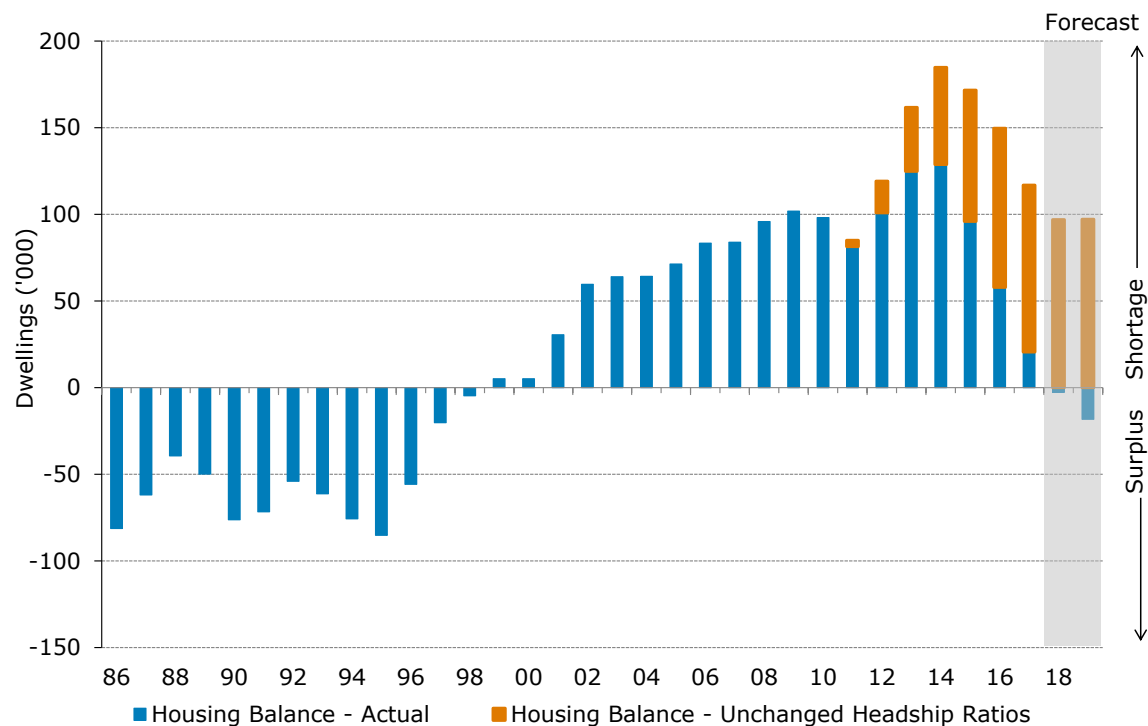
Headship ratios are falling



What if the headship ratio didn't change?

Suggests that prices will continue to be underpinned by demand

Adjusted market balance



We continue to look for a soft landing for the housing market

ANZ Research – Who We Are

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MORTGAGE UPDATE

Tom Clayton: Head of
Acquisition Risk



AUSTRALIA HOME LOANS

PORTFOLIO OVERVIEW

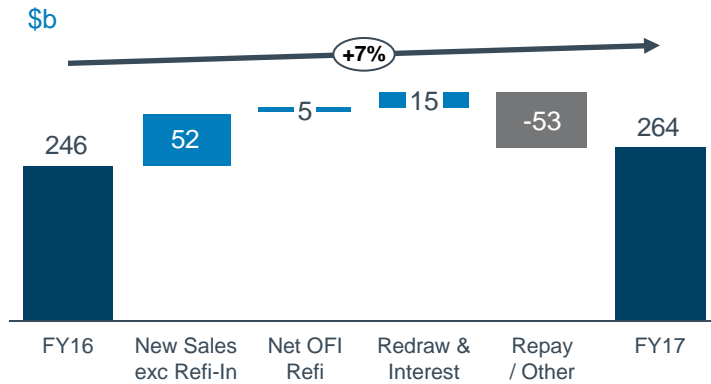
	Portfolio ¹		Flow ²	Portfolio ¹		
	FY16	FY17	FY17	FY16	FY17	
Number of Home Loan accounts	975k	1,008k	178k ³	Average LVR at Origination ^{8,9,10}	71%	69%
Total FUM ¹	\$246bn	\$264bn	\$67bn	Average Dynamic LVR ^{9,10,11}	52%	50%
Average Loan Size	\$252k	\$262k	\$379k	Market Share ¹²	15.5%	15.7%
% Owner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

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

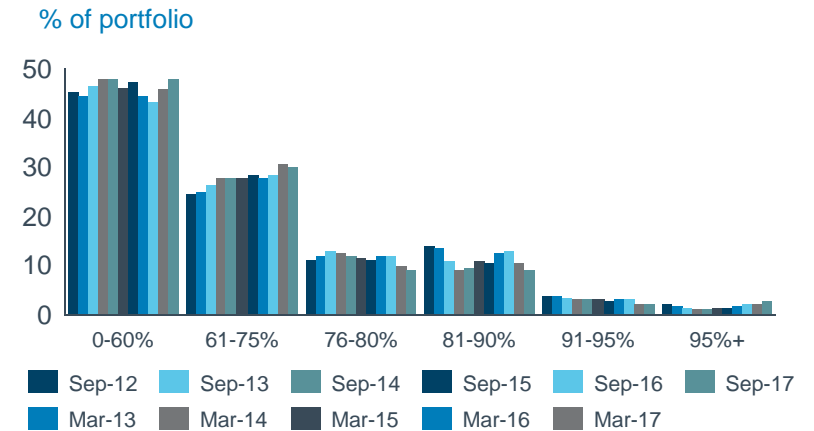
AUSTRALIA HOME LOANS

PORTFOLIO TRENDS

LOAN BALANCE & LENDING FLOWS¹

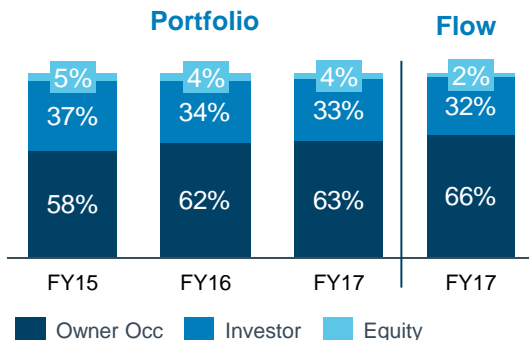


DYNAMIC LOAN TO VALUE RATIO^{1,2,3}

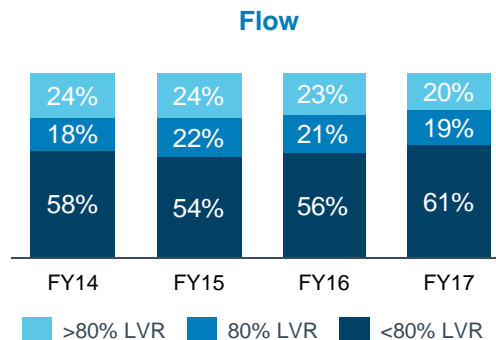


PORTFOLIO^{1,4} & FLOW⁵ COMPOSITION

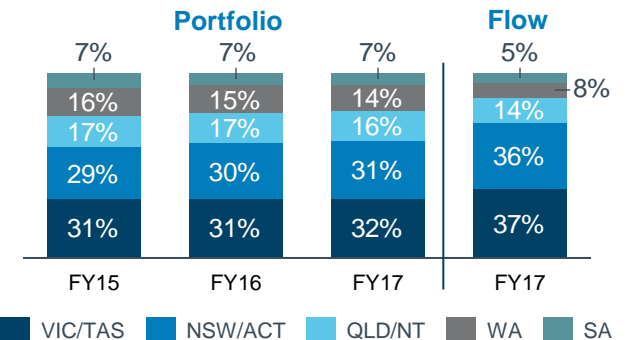
By purpose:



By origination LVR⁶:



By location:



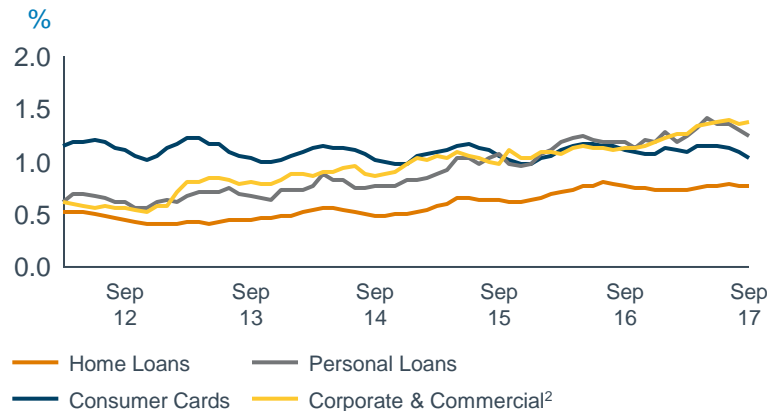
1. Excludes Non Performing Loans. 2. Includes capitalised premiums 3. Valuations updated to Sep'17 where available 4. The current classification of Investor vs Owner Occupier, as reported to regulators and the market, is based on the classification at origination (as advised by the customer) and the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

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

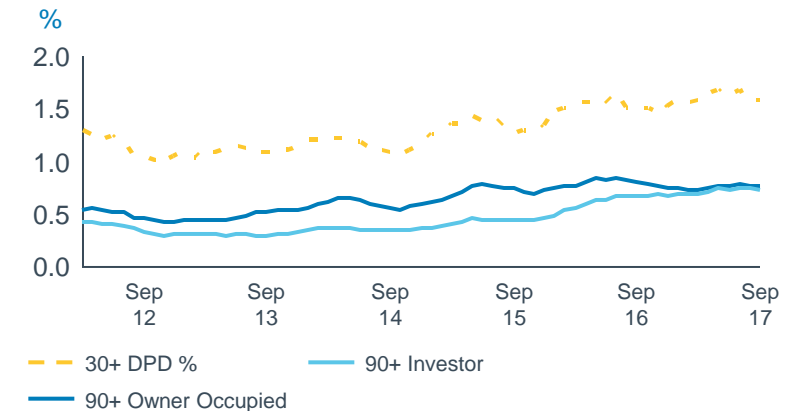
AUSTRALIA DIVISION

PORTFOLIO PERFORMANCE

PRODUCT 90+ DAY DELINQUENCIES¹

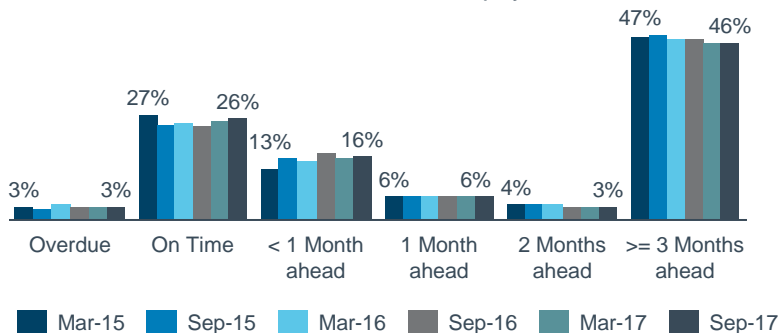


HOME LOAN DELINQUENCIES^{1,3}

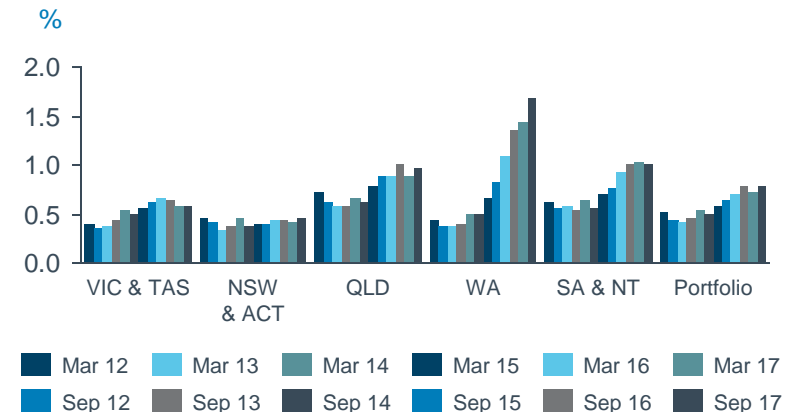


HOME LOANS REPAYMENT PROFILE⁴

71% of accounts ahead of repayments



HOME LOANS 90+ DPD BY STATE¹



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

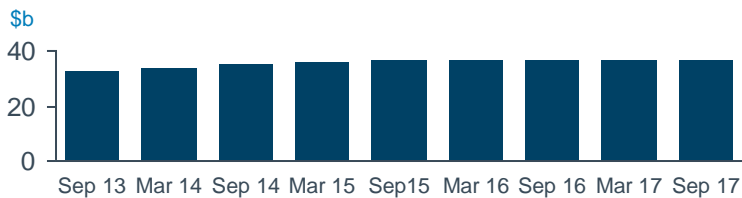
AUSTRALIA HOME LOANS

AREAS OF INTEREST

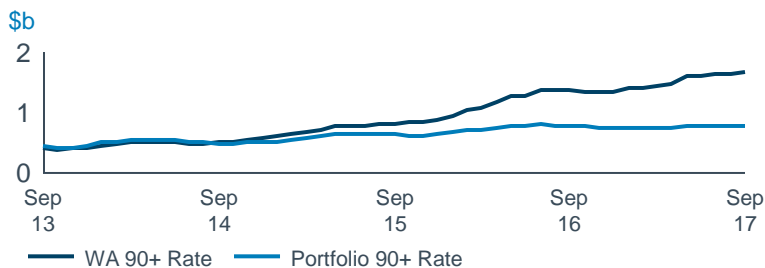
WESTERN AUSTRALIA

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

WA OUTSTANDING BALANCE



HOME LOANS AND WA 90+ DELINQUENCIES

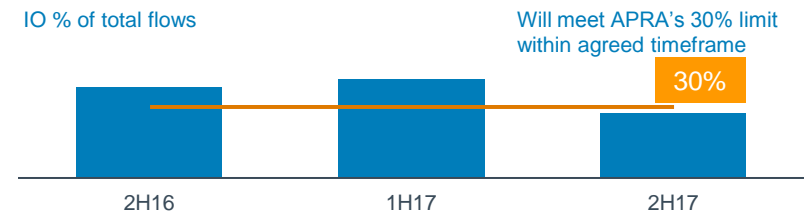


1. Losses is based on New Individual Provision Charges 2. Based on APRA definition i.e. includes Equity Manager 3. Excludes Non Performing Loans; Includes offset balances

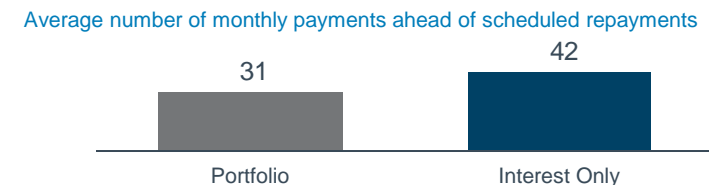
HOME LOAN INTEREST ONLY (IO)

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

INTEREST ONLY FLOW COMPOSITION²

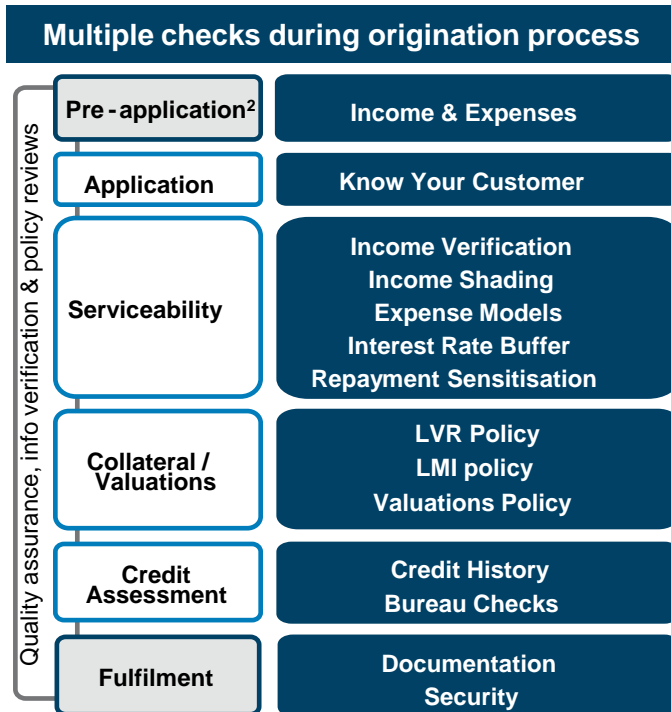


PAYMENTS IN ADVANCE³



AUSTRALIA HOME LOANS

UNDERWRITING PRACTICES AND POLICY CHANGES¹



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

Serviceability

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

ANZ Policy changes

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

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

AUSTRALIA HOME LOANS

STRESS TESTING THE AUSTRALIAN MORTGAGE PORTFOLIO

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

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

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

1. Exposure at default

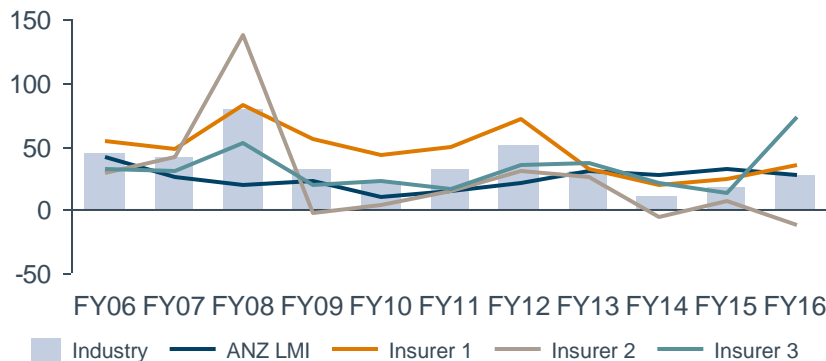
LENDERS MORTGAGE INSURANCE

ANZLMI HAS MAINTAINED STABLE LOSS RATIOS

FINANCIAL YEAR 2017 RESULTS

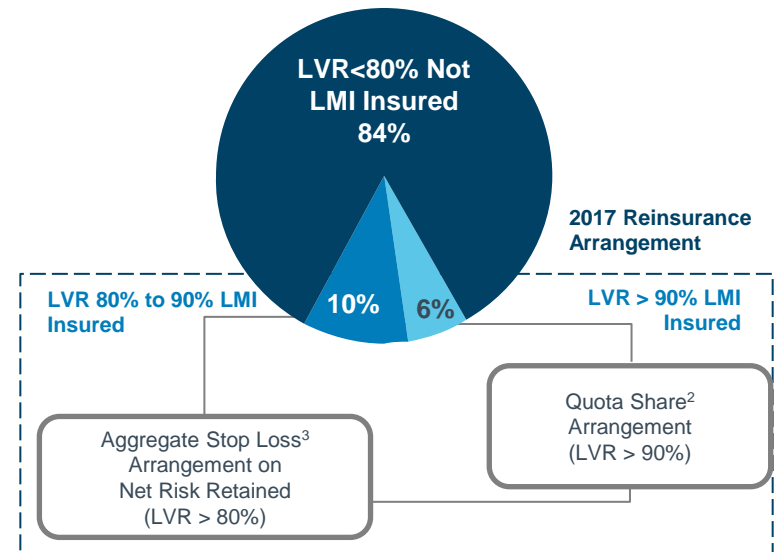
Gross Written Premium (\$m)	\$173.6m
Net Claims Paid (\$m)	\$14.7m
Loss Rate (of Exposure)	2.4 bps

ANZLMI MAINTAINS LOW LOSS RATIOS¹



LMI & REINSURANCE STRUCTURE

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



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

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

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



TREASURY

John Needham: Head of
Capital & Structured
Funding



REGULATORY CAPITAL

CAPITAL UPDATE

Capital Position

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

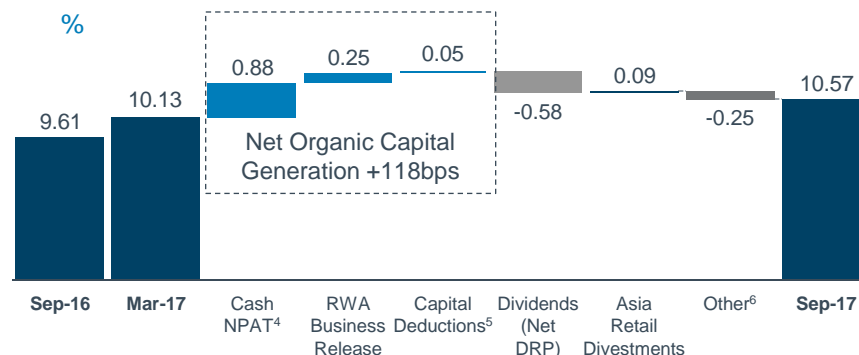
Organic Capital Generation & Dividend

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

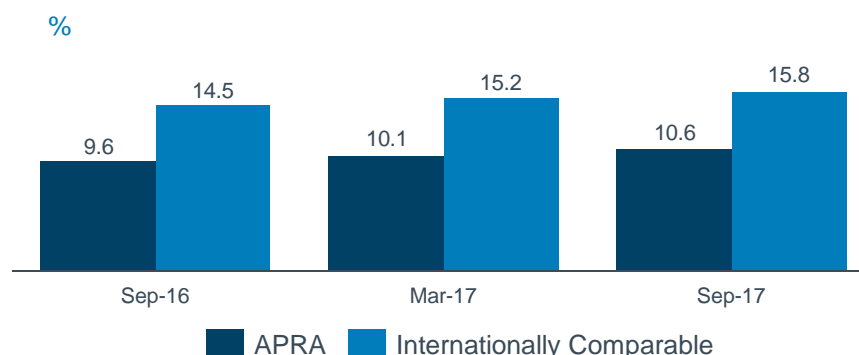
Capital Outlook

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

APRA COMMON EQUITY TIER 1 (CET1)

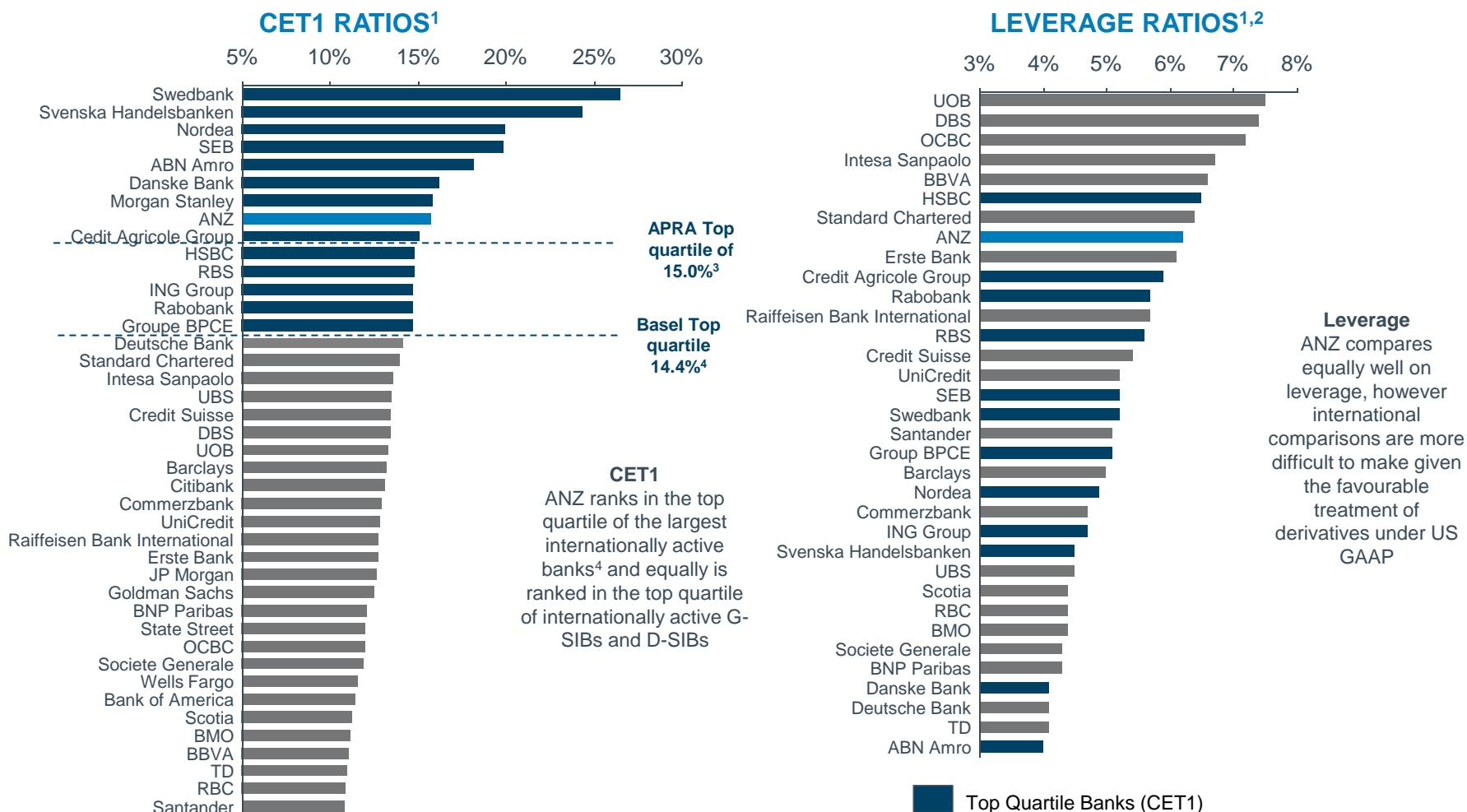


BASEL III CET1



1. Internationally Comparable methodology aligns with APRA's information paper entitled International Capital Comparison Study (13 July 2015). Basel III Internationally Comparable ratios do not include an estimate of the Basel I capital floor. 2. Based on APRA information paper "Strengthening banking system resilience - establishing unquestionably strong capital ratios" released in July 2017. 3. Based on Group 1 banks as identified by the BIS (internationally active banks with Tier 1 capital of more than €3 billion). The top quartile of this group was 14.4% as at December 2016. 4. Cash Earnings excludes 'Large/notable' items'. 5. Represents the movement in retained earnings in deconsolidated entities, capitalised software, EL v EP shortfall and other intangibles. 6. Other mainly due to implementation of ANZ's new Australian mortgages capital model.

CET1 AND LEVERAGE IN A GLOBAL CONTEXT

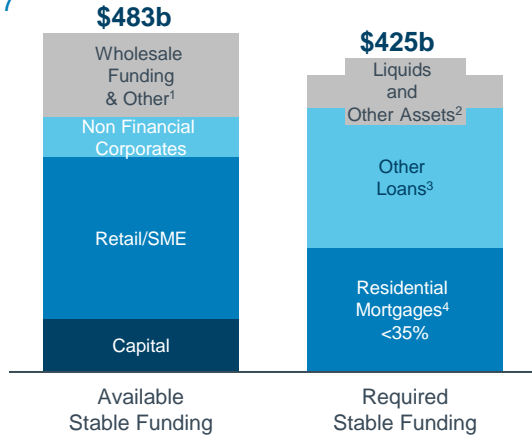


1. CET1 and leverage ratios are based on ANZ estimated adjustment for accrued expected future dividends where applicable. ANZ ratios are on an Internationally Comparable basis. All data sourced from company reports and ANZ estimates based on last reported half/full year results assuming Basel III capital reforms fully implemented. 2. Includes adjustments for transitional AT1 where applicable. Exclude US banks as leverage ratio exposures are based on US GAAP accounting and therefore incomparable with other jurisdictions which are based on IFRS. 3. Based on APRA information paper "Strengthening banking system resilience - establishing unquestionably strong capital ratios" release in July 2017. 4. Based on Group 1 banks as identified by the BIS (internationally active banks with Tier 1 capital of more than €3 billion). The top quartile of this group was 14.4% as at December 2016.

FUNDING & LIQUIDITY METRICS

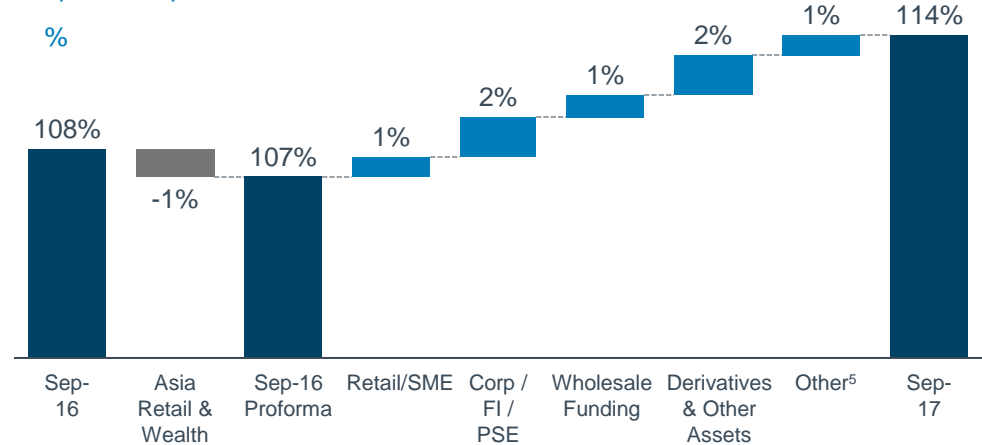
NSFR COMPOSITION

Sep 2017



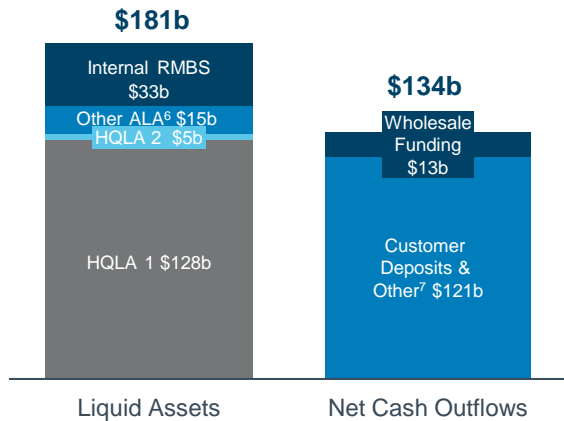
NSFR MOVEMENT

Sep 16 v Sep 17



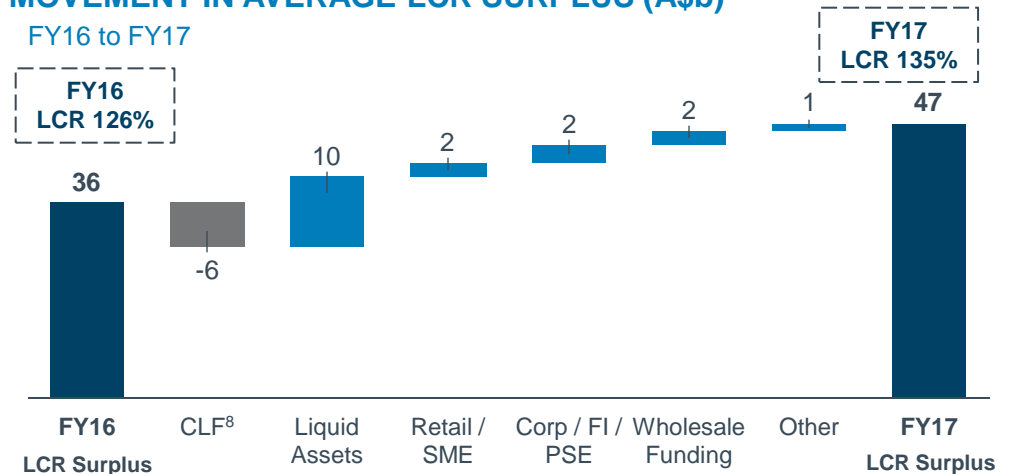
LCR COMPOSITION (AVERAGE)

FY17



MOVEMENT IN AVERAGE LCR SURPLUS (A\$b)

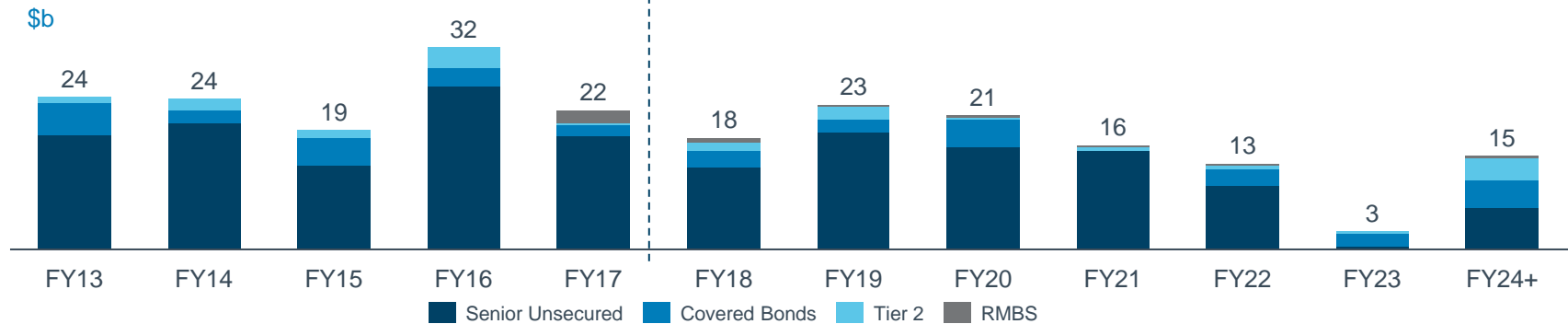
FY16 to FY17



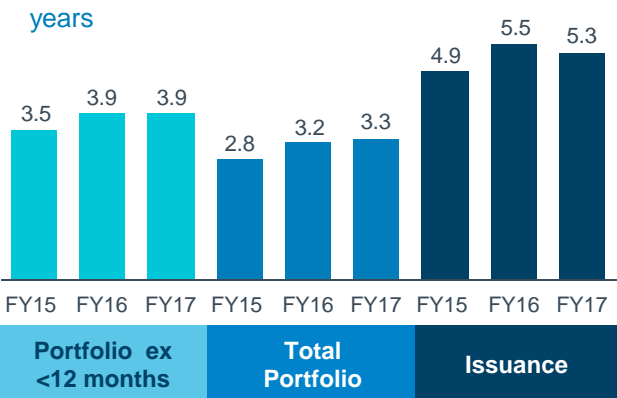
All figures shown on a Level 2 basis. 1. 'Other' includes Sovereign, PSE and FI Deposits. 2. 'Other Assets' include Off Balance Sheet, Derivatives, Fixed Assets and Other Assets. 3. All lending other than Residential Mortgages <35% Risk Weight. 4. Includes NSFR impact of self-securitised assets backing the Committed Liquidity Facility (CLF), excluding internal RMBS and any assets contained in the RBNZ's Liquidity Policy – Annex: Liquidity Assets – Prudential Supervision Department Document BS13A12. 5. Net of other ASF and other RSF. 6. Comprised of assets qualifying as collateral for the Committed Liquidity Facility (CLF), excluding internal RMBS and any assets contained in the RBNZ's Liquidity Policy – Annex: Liquidity Assets – Prudential Supervision Department Document BS13A12. 7. 'Other' includes off-balance sheet and cash inflows. 8. RBA CLF reduced by \$6.5b, from 1 January 2017 (to \$43.8b). **ANZ** 46 Not for distribution into the United States

TERM WHOLESALE FUNDING PORTFOLIO¹

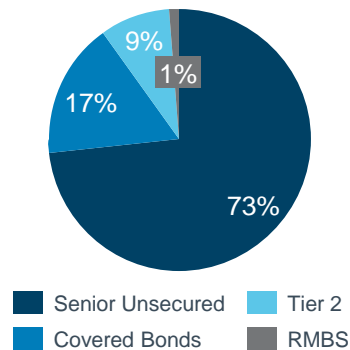
ISSUANCE



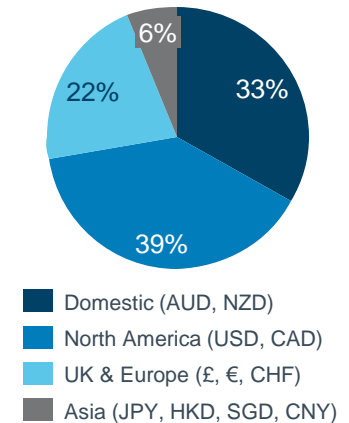
WEIGHTED AVERAGE TENOR



PORTFOLIO BY TYPE

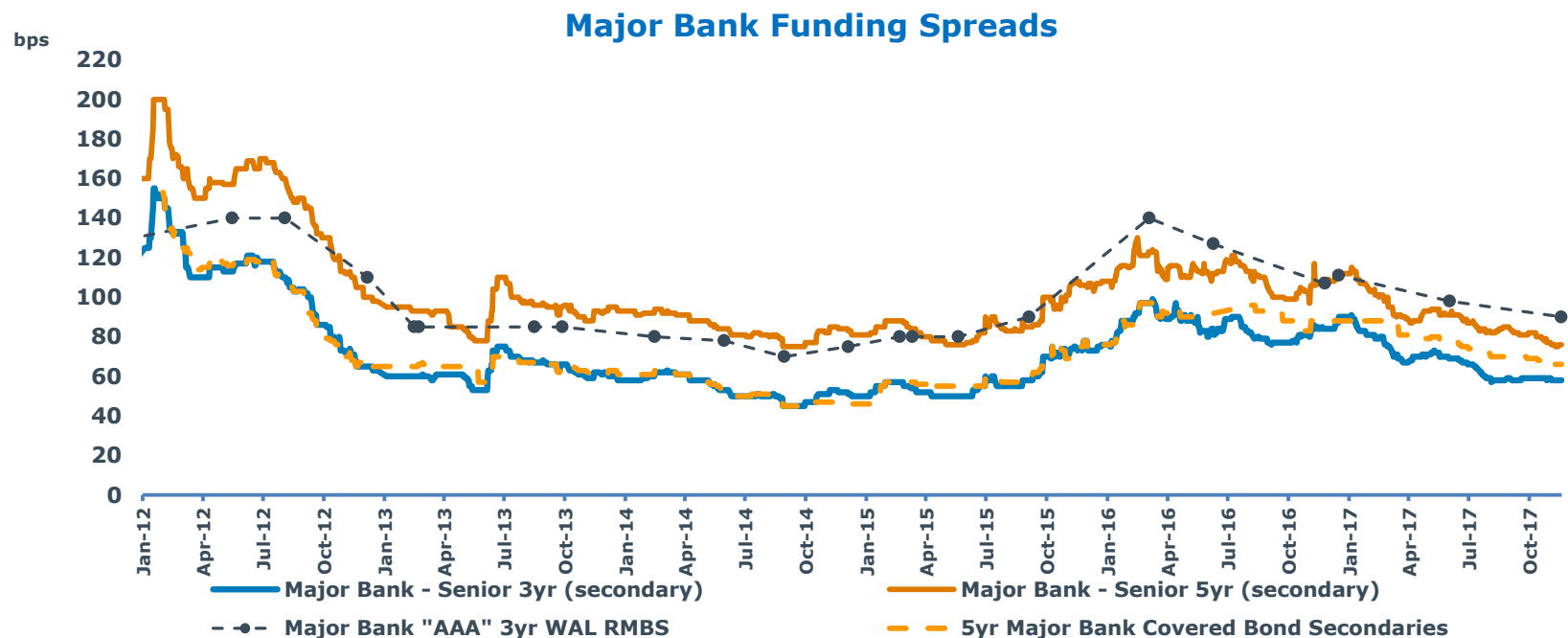


PORTFOLIO BY CURRENCY



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

FUNDING STRATEGY AND OBJECTIVES



ISSUANCE STRATEGY – COVERED BONDS vs SENIOR UNSECURED Vs RMBS

- Capacity to issue covered bonds to be maintained at all times;
- Preference for senior unsecured in favourable markets;
- Covered bonds issuance in less favourable market conditions when more benefit achieved from collateral. Finite volume available;
- Internal RMBS largely used for CLF purposes;
- Issuance of RMBS driven by investor diversification desire & achieve term funding;
- Given the NSFR outcomes, preference for capital relief over funding only structures.

SECURED FUNDING STRATEGY

SECURED FUNDING PROGRAMMES

- Cover pool limited to 8% of Australian assets;
- Provides capacity for ~\$44.5bn of collateral for the Australian covered bonds programme;
- ANZ's Australian mortgage portfolio currently ~\$264bn (30 Sep 2017);
- ANZ's internal RMBS pool (Kingfisher Trust 2008-1) is ~\$63bn;
- ANZ currently has one external RMBS transaction outstanding (Kingfisher Trust 2016-1) and as at 24 October 2017, the pool had amortised to \$1.55bn (from its starting total of \$2bn as at 31 October 2016).

RATIONALE

- Covered bonds provides access to low cost of funding whilst achieving term funding, however, LCR requirements and NSFR consequences continue to be a key hindrance;
- Proven market depth (& acceptance by Central Banks) under volatile market conditions;
- Covered Bonds lengthen the funding profile;
- RMBS offers diversification of investor base & reduces reliance on senior unsecured debt in offshore markets;
- Capital relief further reduces the gap between RMBS pricing to senior unsecured costs.

SECURED FUNDING REQUIREMENTS

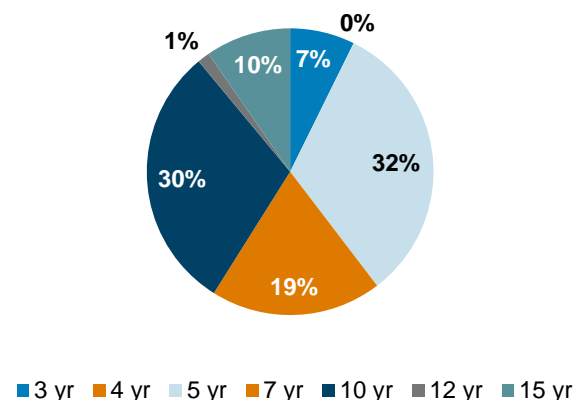
- Plan to be 'regular but not frequent' issuer of RMBS;
- Plan to issue \$1bn to \$3bn of Covered Bonds per annum subject to market conditions and funding requirements;
- Strong deposit growth has reduced the need to execute capital market transactions;
- Focus on >5 year tenors for covered bonds; 2-5yr for senior unsecured; ~3.0 yr WAL for RMBS.

COVERED BONDS ON ISSUE: OCTOBER 2017

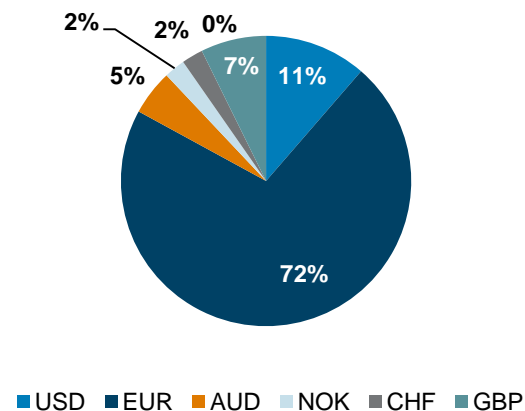
Covered Bonds	
Bonds Outstanding (A\$)	13.9bn
Cover Pool (A\$)	19.5bn
Program Ratings	Aaa / AAA
Number of Issues O/s	17
Number of Currencies	6
WA Term at Issue	8.20 years

Issuance Capacity	
Contractual AP%	90.5%
Min Required OC%	10.50%
Max Issuance Capacity (A\$)	~40bn
% Collateral Capacity Utilised	~44%
% Issuance Capacity Utilised	~35%

ANZ COVERED BONDS – ISSUANCE TENOR



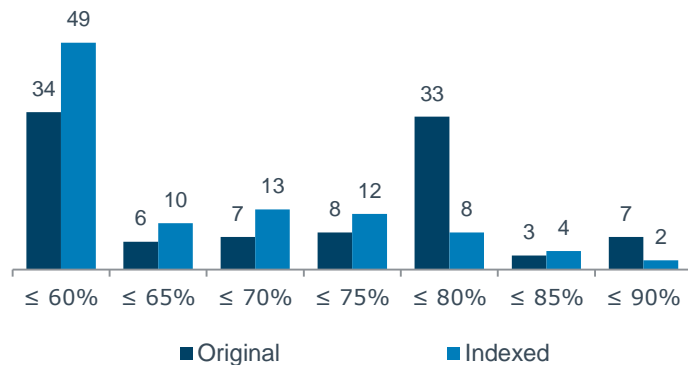
ANZ COVERED BONDS – CURRENCY MIX



ANZ COVERED BONDS

COVER POOL SUMMARY COMPOSITION AND QUALIFYING CRITERIA

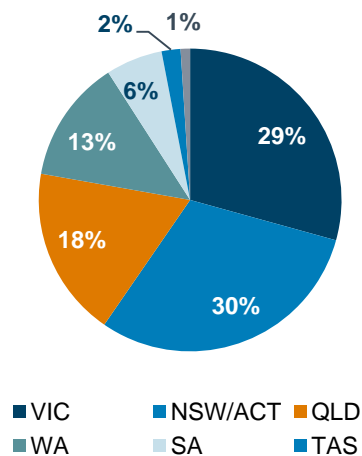
WEIGHTED AVERAGE LVR (%)



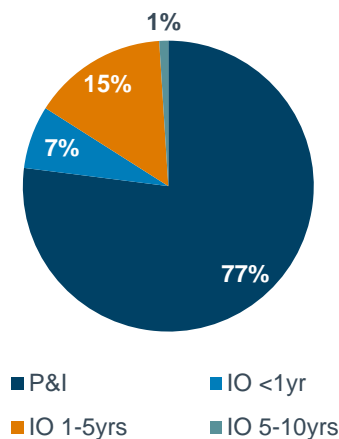
PORTFOLIO SUMMARY: OCT 2017

Cover Pool	\$19.5bn
Maximum loan size	\$2,000,000
Average loan size	\$324,106
Weighted Ave Current LVR	65.39%
Weighted Ave Indexed LVR	58.23%
Min Required AP% / OC%	90.5% / 10.5%
Owner-Occupied / Investment	73% / 27%
Full-Doc loans	100%

GEOGRAPHIC SPREAD (State / Territory)



AMORTISING vs IO



QUALIFYING LOAN CRITERIA

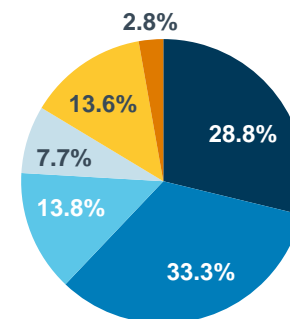
- Due from a natural person resident of Australia
- Repayable in Australian Dollars
- Fully drawn
- Term does not exceed 30 years
- Current principal balance ≤ \$2,000,000
- Secured by a registered 1st mortgage
- Residential dwelling which is not under construction (excluding permitted renovations)
- The loan is not > 30 days in arrears
- The sale of the loan does not contravene or conflict with any applicable law
- The Borrower has made at least one interest payment on the loan

KINGFISHER 2016-1 OVERVIEW

CLASS A1 NOTE SUMMARY (SINCE THE CLOSING DATE¹)

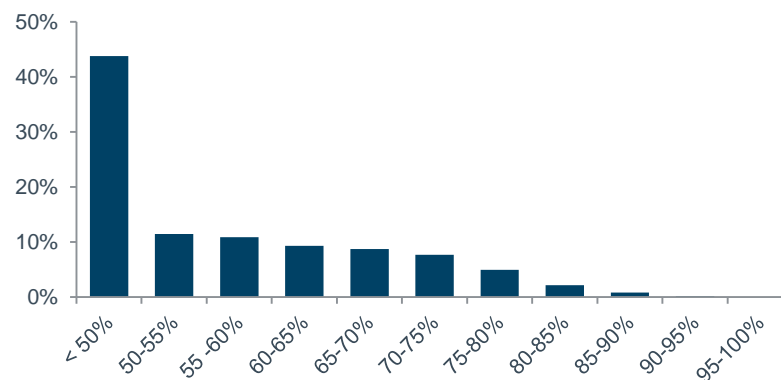
Class A1 Note Balance – Closing Date	A\$1.84bn
Class A1 Note Balance - Current ²	A\$1.36bn
Class A1 Note Listing	ASX
Class A1 Note Repo Eligibility	RBA
Class A1 Ratings - as at Closing Date (Moody's / Fitch Ratings)	Aaa (sf) / AAAsf
Class A1 Note Ratings – Current (Moody's / Fitch Ratings)	Aaa (sf) / AAAsf
Initial Credit Enhancement available to Class A1 Notes	8.00%
Current Credit Enhancement available to Class A1 Notes	10.52%
Annualised Marketing Prepayment Rate	24.00%
Cumulative Prepayment Rate to Date	23.24%
Expected Date to satisfy Pro-Rata Conditions	April 2019
Expected Call-up Call Option Date	When the outstanding pool balance falls to or below 10% of the balance on 31 Oct 2016

GEOGRAPHIC DISTRIBUTION



■ NSW & ACT ■ VIC ■ QLD ■ SA ■ WA ■ OTHER ■

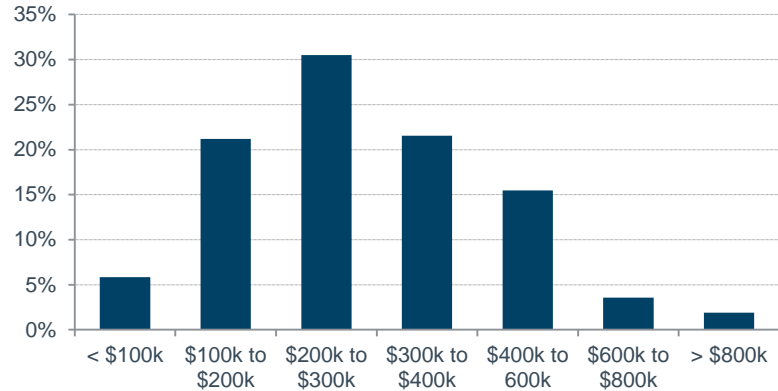
CURRENT LVR DISTRIBUTION (CONSOLIDATED)



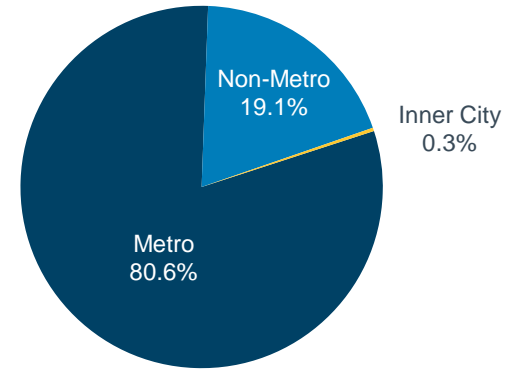
1. 1 December 2016.
2. Based on balances as at 24 October 2017
3. Based on Cumulative CPR

KINGFISHER 2016-1 POOL SUMMARY

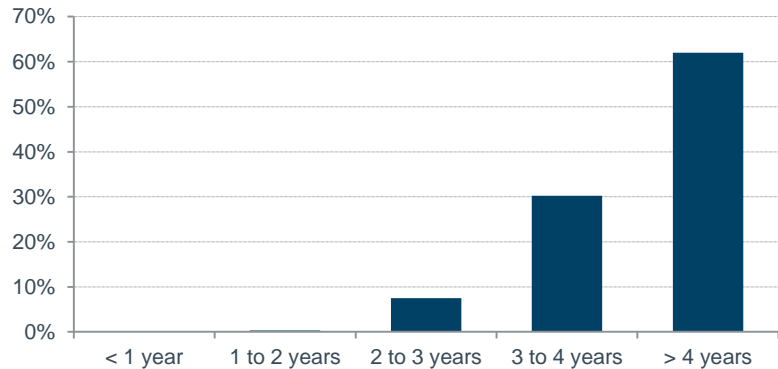
CURRENT LOAN BALANCE DISTRIBUTION (UNCONSOLIDATED)



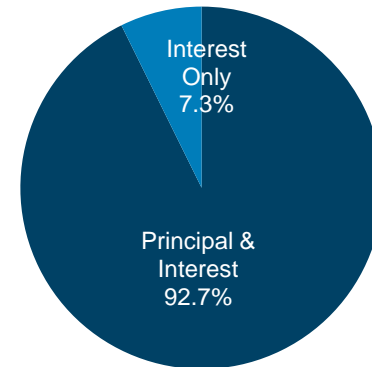
REGIONAL EXPOSURE BREAKDOWN



SEASONING DISTRIBUTION



PRINCIPAL REPAYMENT TYPE

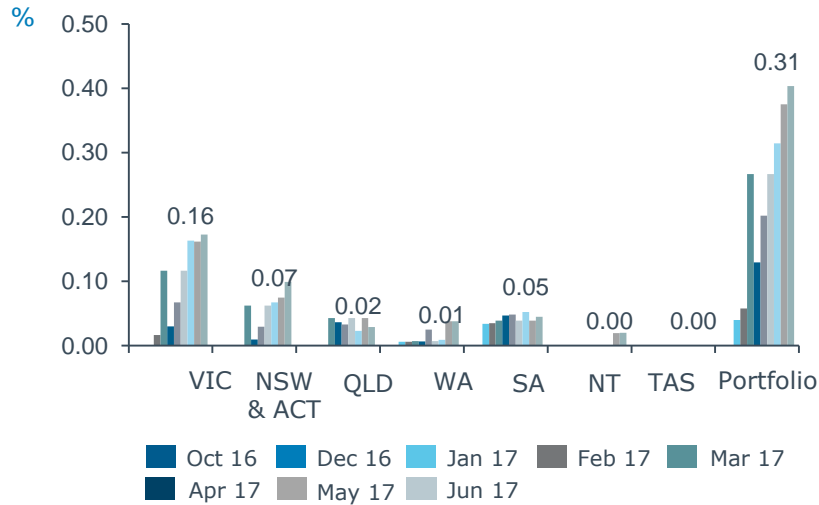


KINGFISHER 2016-1 PORTFOLIO COMPARISON

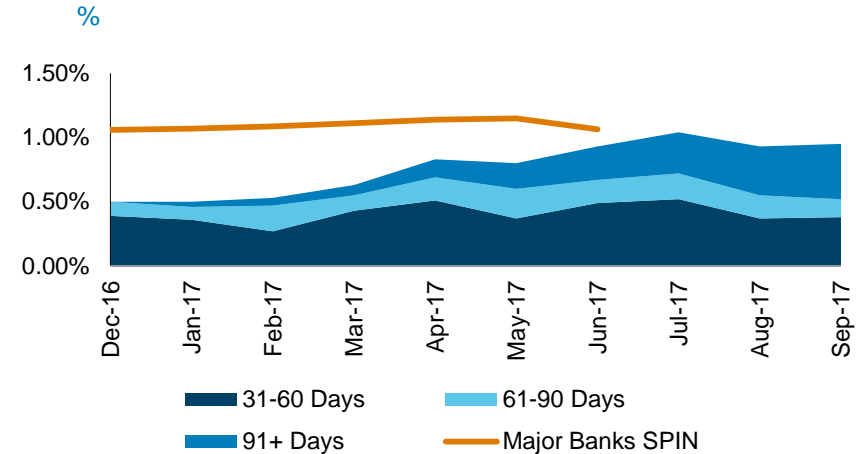
KEY POOL STATISTICS	AT ISSUE (OCT 2016)	OCTOBER 2017
Total Number of Home Loan Accounts (consolidated)	8,163	6,655
Pool Balance (AUD)	\$2bn	\$1.5bn
Weighted Average Current LVR (consolidated)	51.3%	51.78%
% of Pool > 80% Current LVR (consolidated)	4%	3.21%
Maximum Current LVR (consolidated)	93%	94.5%
Weighted Average Seasoning (months)	45.1	56.3
Investor Loans	18.8%	18.1%
Interest Only Loans	11.4%	7.27%
Fixed Rate Loans	5.8%	5.8%
ANZ LMI Insured Loans	12%	11%

KINGFISHER 2016-1 PERFORMANCE

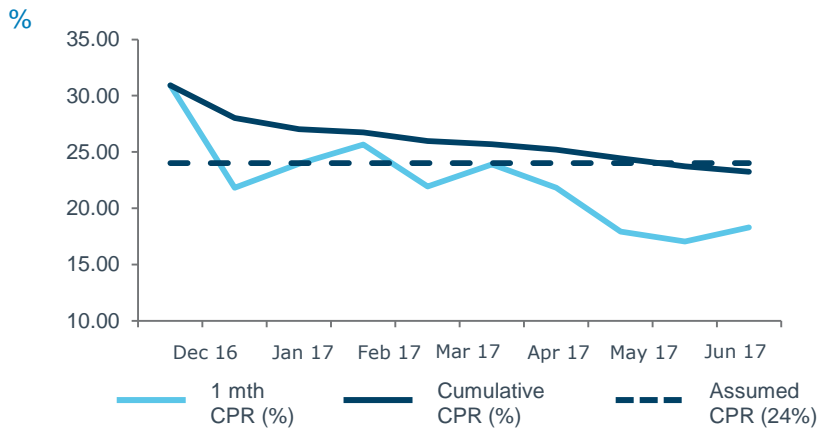
90+ DPD BY STATE¹



TOTAL ARREARS – KFT 2016-1



PREPAYMENTS



CLAIMES AND LOSSES - CUMULATIVE

Detail	No of Accounts	Balance Outstanding ¹
Delinquencies > 120 Days	16	\$3.8m
Mortgagee in Possession	0	\$0
Losses to Date	0	\$0
Claims pending	0	\$0

1. Based on balances as at 30 Sep 2017

KINGFISHER 2016-1 INVESTOR REPORTING

CASH FLOW MODELLING ANALYSIS PROVIDERS



www.intex.com

Code: KFT16001

Bloomberg

KINGF <MTGE> <GO>

MONTHLY COLLATERAL PERFORMANCE REPORTING



www.asx.com.au



www.debtinvestors.anz.com

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QUESTIONS

FURTHER INFORMATION

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

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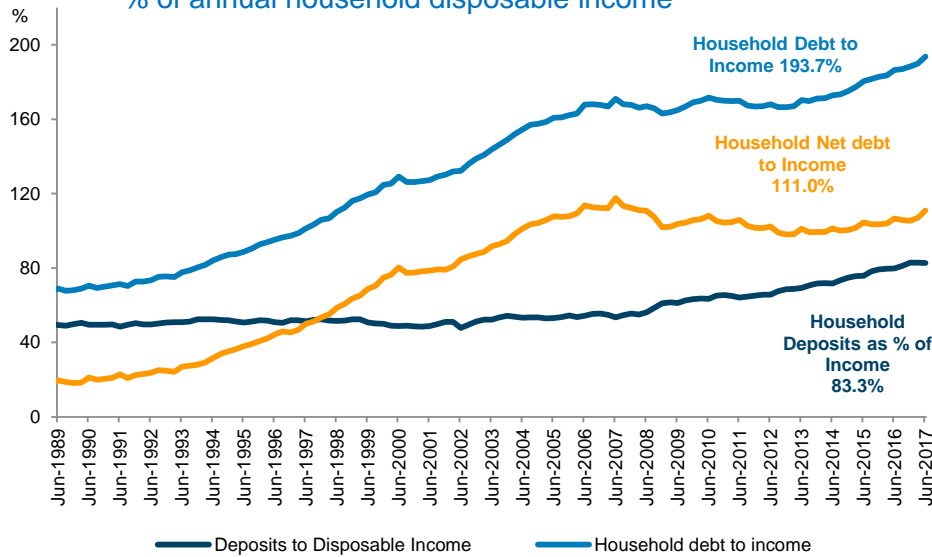
APPENDIX

ADDITIONAL AUSTRALIAN
ECONOMICS SLIDES

AUSTRALIAN HOUSING HOUSEHOLD DEBT AND INCOME

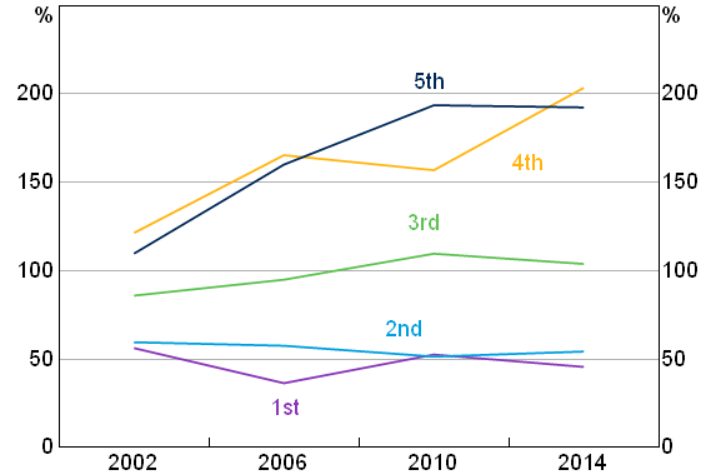
Household Debt and Deposits¹

% of annual household disposable income



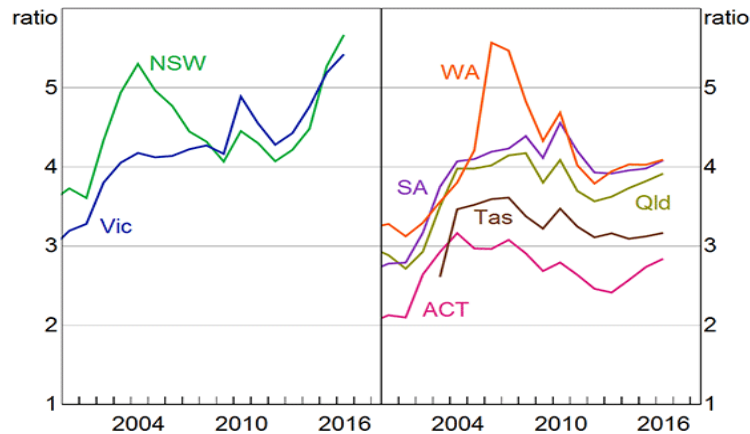
Household Debt-to-income²

Income quintile, median*



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

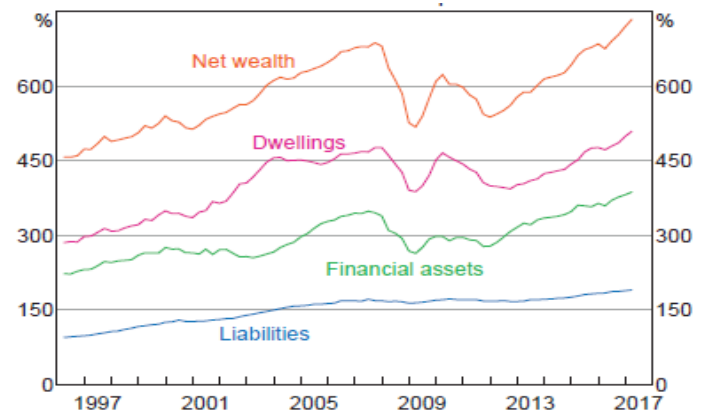
Housing Price-to-income Ratio^{*2}



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

Household Wealth and Liabilities³

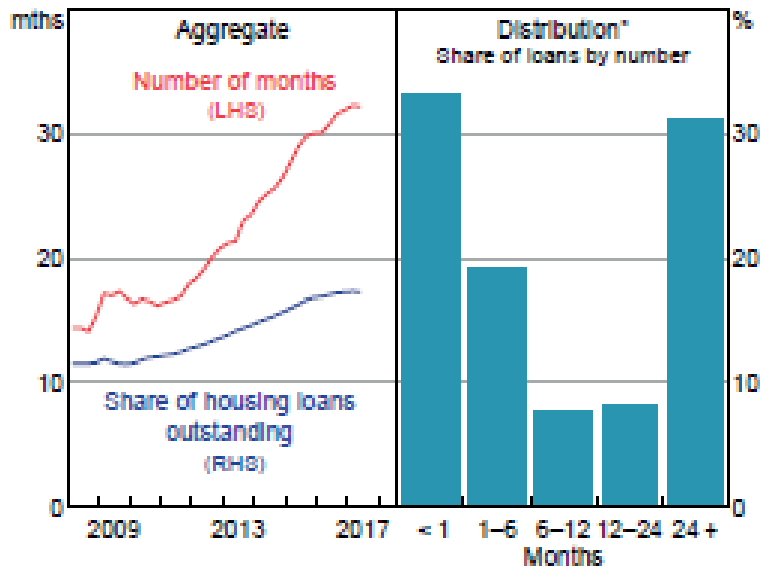
% of annual household disposable income



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

MORTGAGE BUFFERS: OFFSET BALANCES

HOUSEHOLD MORTGAGE BUFFERS¹ Offset Balances

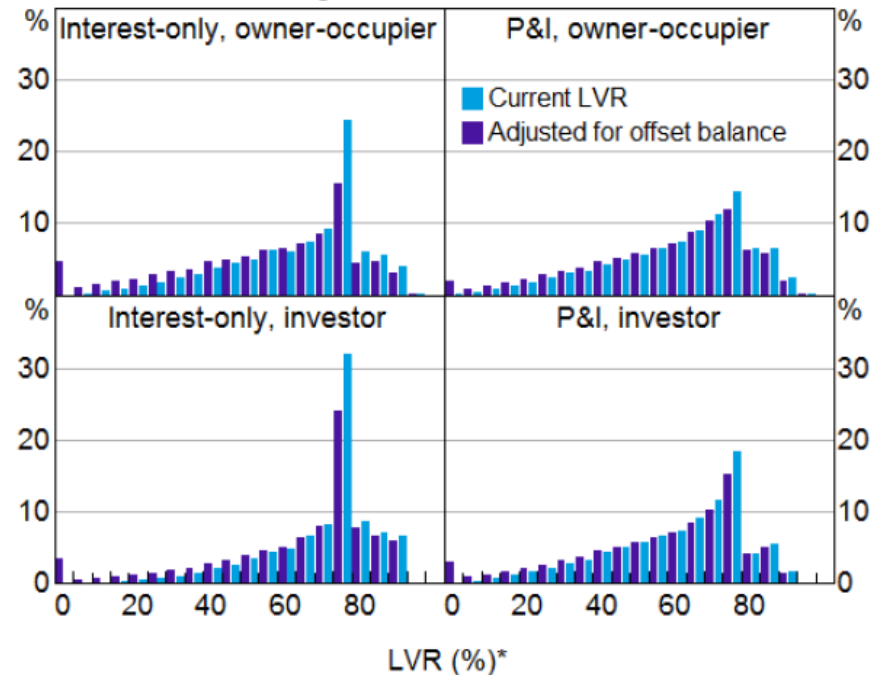


* As at June 2017

Sources: APRA; RBA; Securitisation System

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

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



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

Sources: RBA; Securitisation System