



ANZ Investor Day Auckland, New Zealand

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED

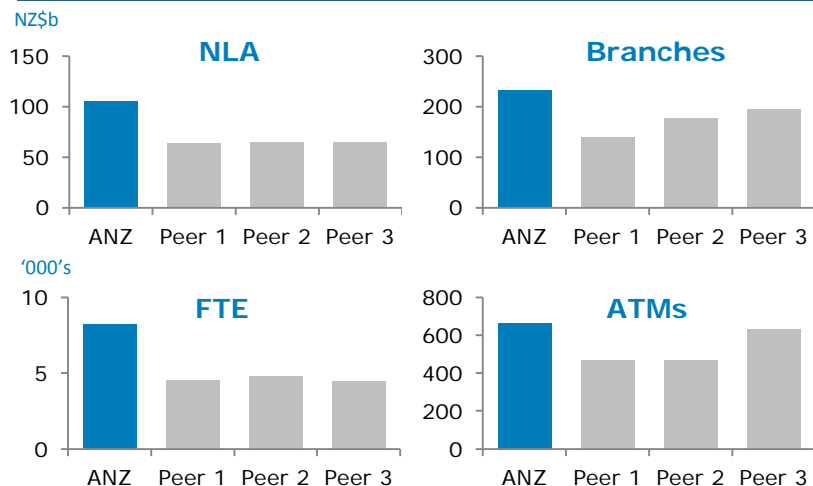
Thursday, 4 June 2015

New Zealand Update

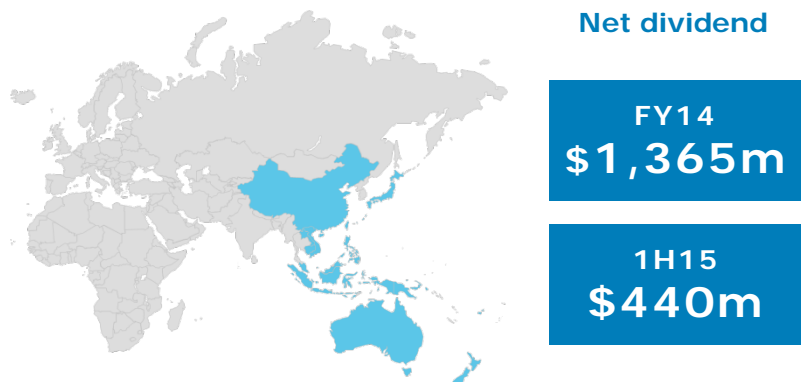
Antonia Watson
CHIEF FINANCIAL OFFICER, NEW ZEALAND

Delivering stable low-risk annuity returns

Leveraging our scale to deliver value¹



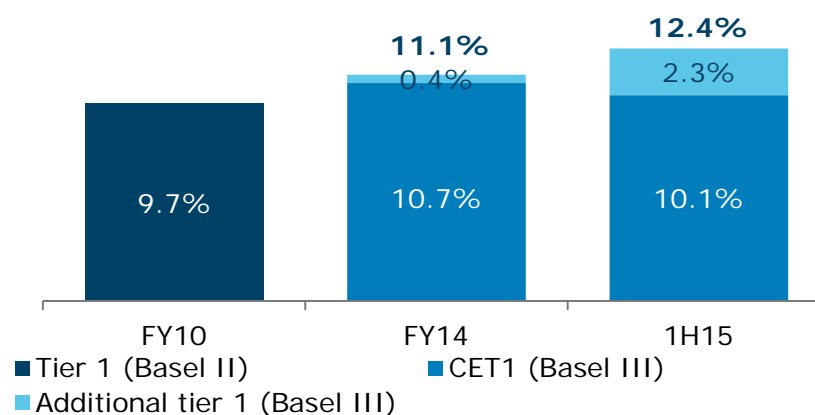
Funding super-regional growth



Strong high quality returns

NZ\$m	FY10 ²	FY14	1H15
Income	3,227	3,762	1,931
Expenses	1,544	1,464	739
PBP	1,683	2,298	1,192
NPAT	884	1,682	841
CTI	48%	39%	38%
FTE ³	9,298	7,782	7,811
NIM (Geog. ex. Markets)	2.31%	2.53%	2.56%
ROE ⁴	~12%	~17%	~17%

Well capitalised bank

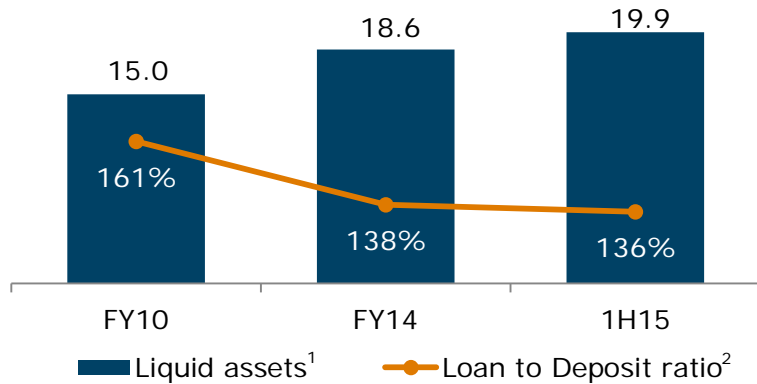


1. Source: 2014 KPMG Financial Institutions Performance Survey. 2. FY10 pro forma profit per results announcement (assumes 100% ownership of ING for the full year). Subsequent periods cash profit per results announcements. 3. NZ Geography FTE excluding NZ-based FTE who work for ANZ's Australian businesses. 4. Cash profit (FY14 and 1H15) or pro-forma profit (FY10) as a percentage of average equity.

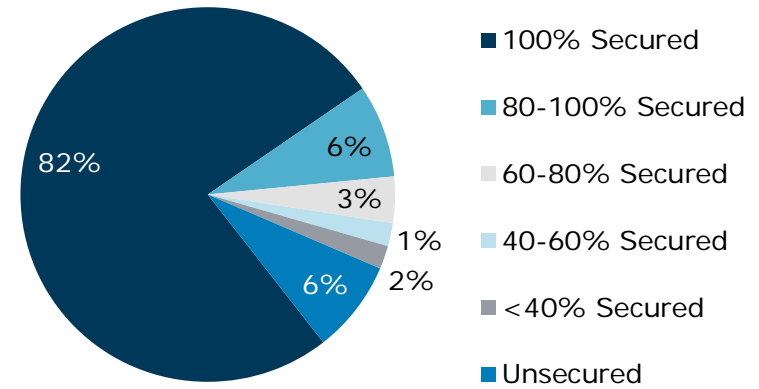
Efficient business and a strong balance sheet

Balance sheet strength

NZ\$b



Well secured loan portfolio

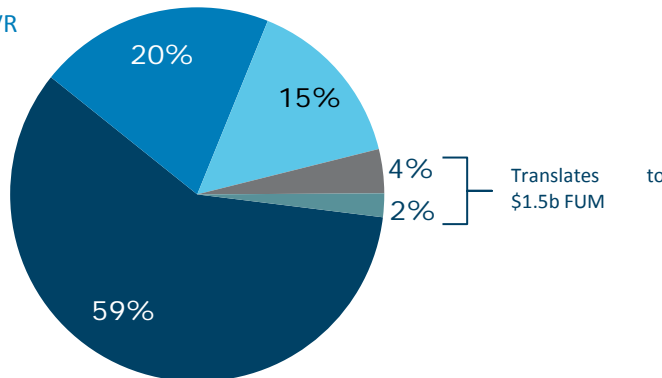


Balanced exposure to Auckland

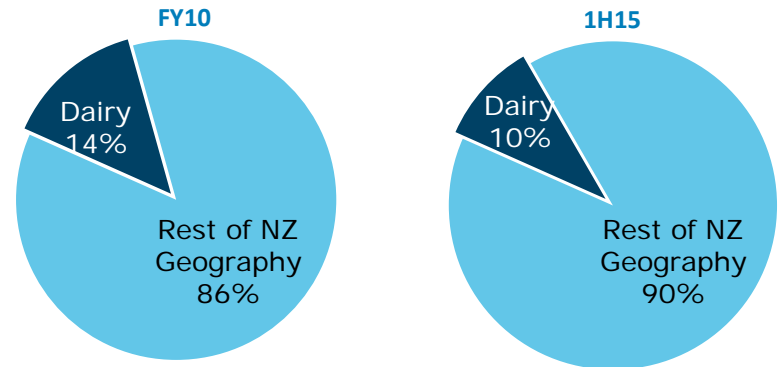
Auckland loan to valuation ratio

Dynamic LVR

- 0-60%
- 61-70%
- 71-80%
- 81-90%
- 90%+



Better balanced portfolio



Dairy: Portfolio reduced from NZ\$13.1b to NZ\$11.3b
 NZ Geog: NLAs grew from NZ\$109.1b to NZ\$120.4b

1. Funding ANZ NZ would be able to raise through repo with RBNZ. Includes mortgage backed securities. Liquid assets are per RBNZ regulatory liquid assets definition
2. Net loans and advances as a ratio to customer deposits

Summary

Clear strategy

- Clear focus areas that will continue to deliver us further growth
- More efficient business focused on maintaining positive jaws
- Leveraging our scale to help Kiwis achieve more

Delivering to strategy

- Succeeding in a core market for the Group
- Delivering stable, low risk, annuity returns
- NZ represents 21% of the Group cash profit

Real momentum

- Balance sheet is significantly stronger than when we entered the GFC
- Much greater discipline in our focus on shareholder value
- The “new” ANZ is just over 2 years old and has real momentum for further growth



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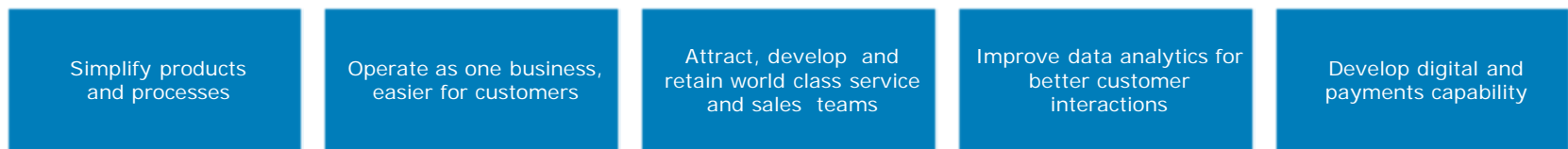
APPENDIX

Creating New Zealand's best bank

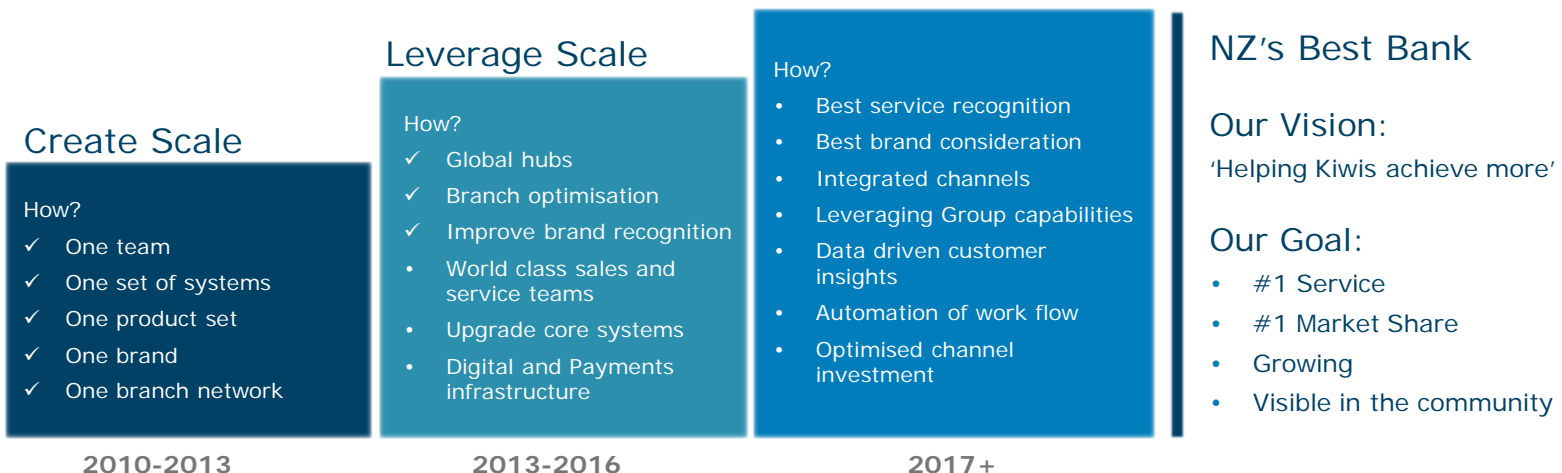
ANZ Group Strategy



ANZ New Zealand's Strategy



NZ's Best Bank



Creating a more efficient, higher return business

	Create Scale 2010 - 2013	Leverage Scale 2013-2016	Scale advantage 2017
	2010 (FY10)	2015 (1H15)	2017
Core systems	2	1	1
Brands	2	1	1
ANZ brand consideration ¹	27%	44%	Market leading
Staff engagement ²	64%	78%	Best practice
Branches / Coverage	315 / 75%	229 / 85%	Increase coverage
NZ Geography - CTI	47.6%	38.3%	Market leading
- NPAT (NZDm)	884	1,682 (FY14) 841 (1H15)	
NZ Division - CTI	48.4%	40.1%	Market leading
- NPAT (NZDm)	543	1,177 (FY14) 605 (1H15)	

1. Brand consideration - sourced from Colmar Brunton and McCulley Research Limited (first choice, or seriously considered)

2. Staff engagement survey for 2015 as at July 2014

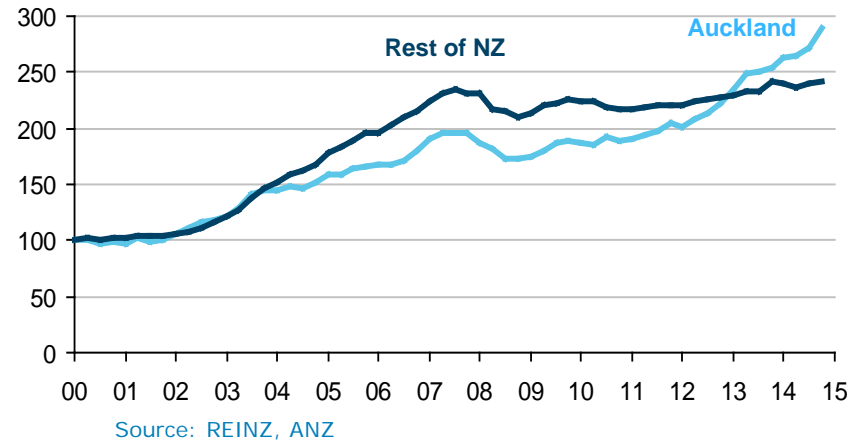
Note: FY10 financials are based on pro-forma (assumes 100% ownership of ING for the full year) profit definition, subsequent years cash profit per Results Announcement

Auckland

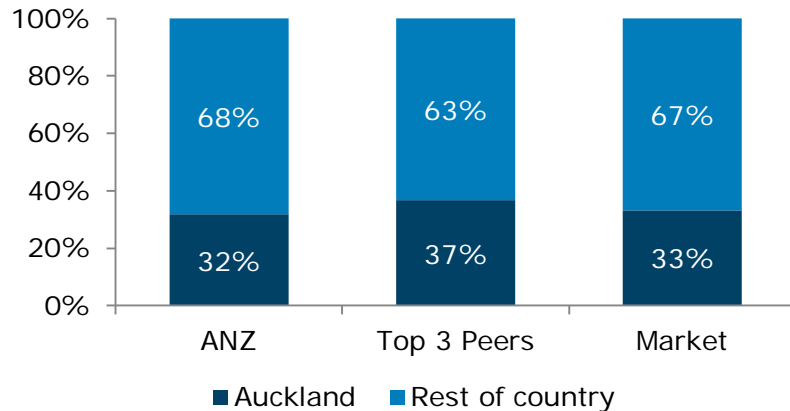
Net Migration for Auckland¹



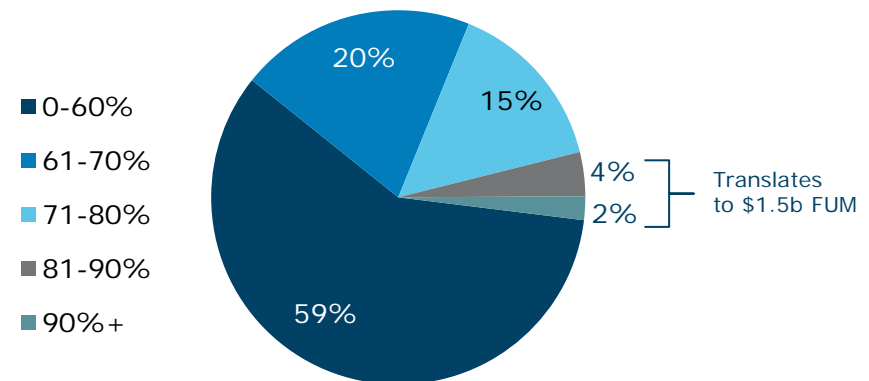
House Prices²



Auckland Home Loan registration portfolio³



ANZ Mortgage LVR Profile for Auckland⁴



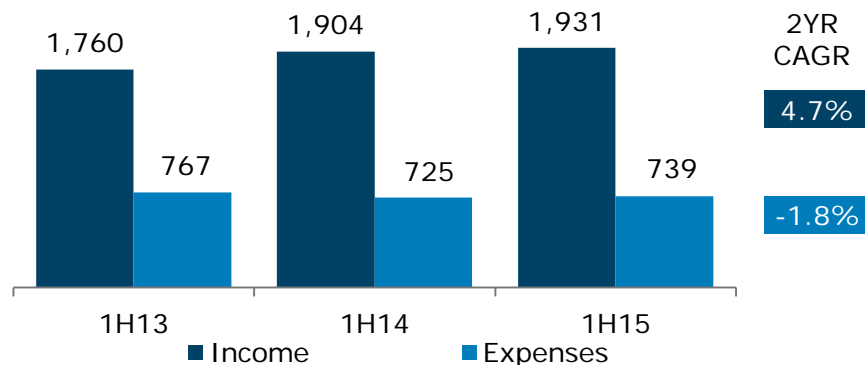
1. Statistics NZ
 2. REINZ
 3. Core Logic, stock (number) of mortgage registrations. Top 3 peer banks are ASB, WBC and BNZ
 4. Dynamic basis, as of March-15

1H15 FINANCIALS

NZ Geography Profit and Loss

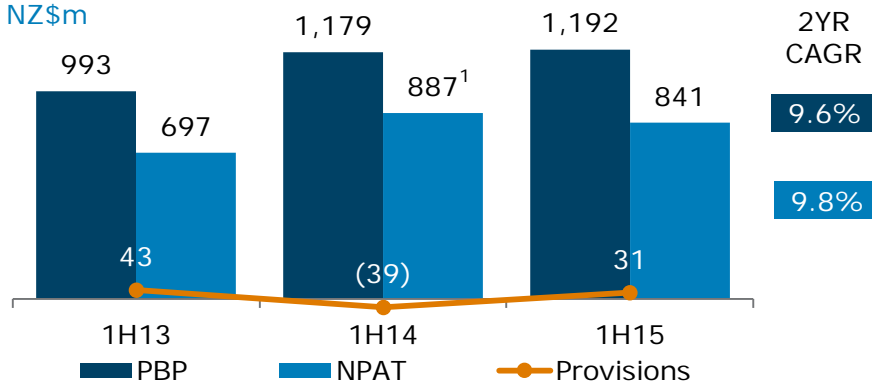
Revenue and Expenses

NZ\$m



PBP, Provisions, NPAT

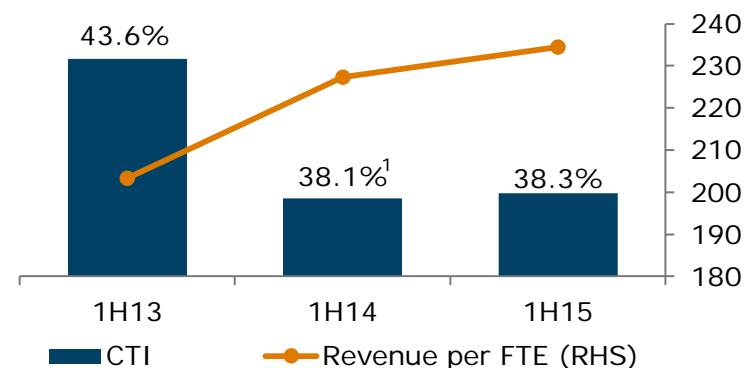
NZ\$m



	NZ\$m	Growth %
	1H15	PCP ¹
Income	1,931	1.4%
Expenses	739	1.9%
PBP	1,192	1.1%
Provisions	31	large
NPAT	841	(5.2%)
NZ Division		
Income	1,437	5.6%
Expenses	576	2.5%
Institutional		
Income	335	5.0%
Expenses	93	1.1%
Wealth		
Income	156	(31.6%)
Expenses	70	4.5%

Productivity & Efficiency

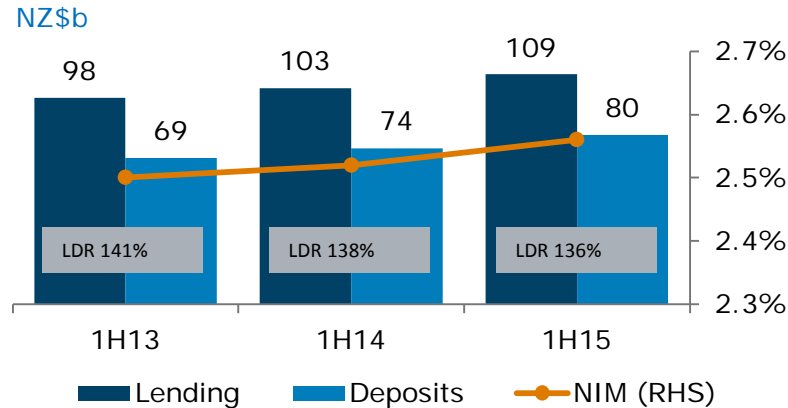
NZ\$k



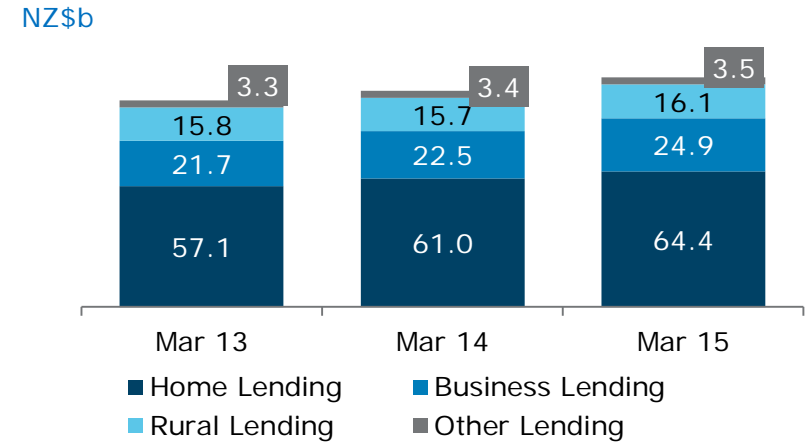
1. Excluding one off insurance recovery related to the ING frozen funds PCP growth rates: Income 6.5%, PBP 9.6%, NPAT 2.3%, Wealth Income 13.0%
Note: All values in New Zealand Dollars. All data relates to New Zealand Geography, which comprises the New Zealand components of New Zealand Division, IIB, Global Wealth, GTSO and Group Centre divisions.

NZ Geography Balance Sheet

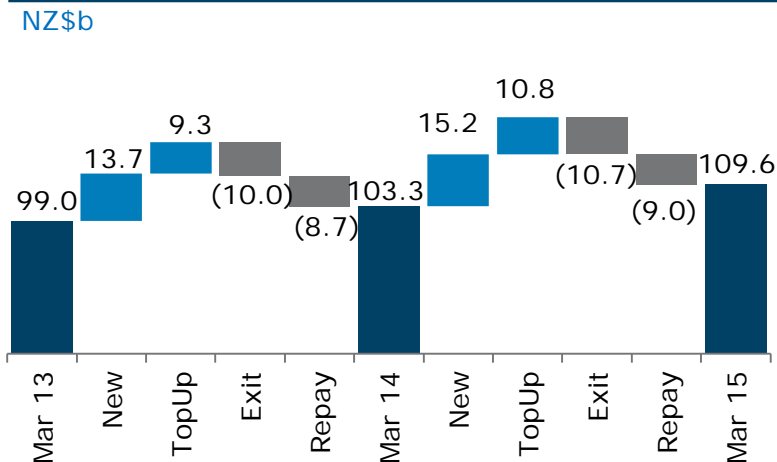
Net loans, Deposits and NIM¹



Lending composition

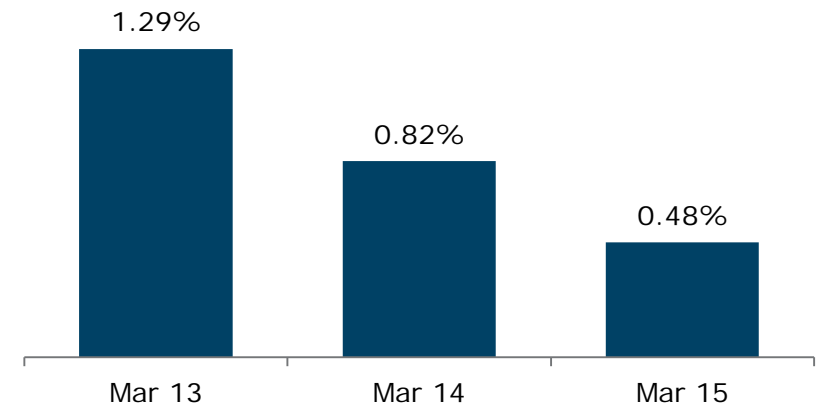


Customer lending flows²



Credit Quality

Gross Impaired Assets / Gross Loans and Advances³



1. New Zealand Geography NIM excludes Markets

2. GLA excluding capitalised brokerage/mortgage origination fees, unearned income and customer liabilities for acceptances

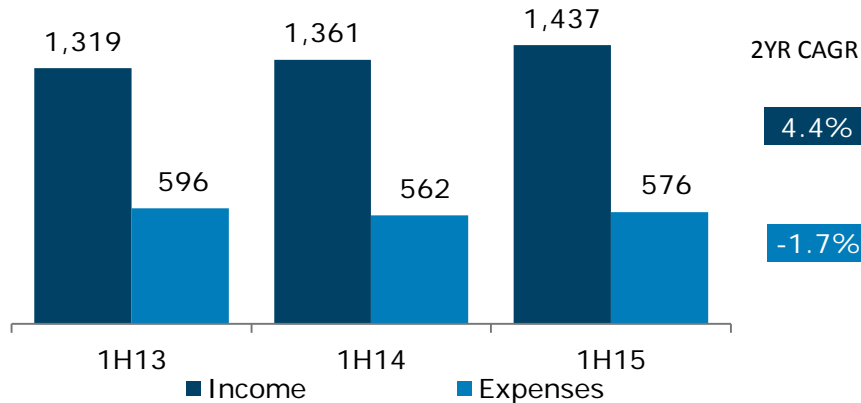
3. Includes capitalised brokerage/mortgage origination fees, unearned income, and customer liabilities for acceptances

Note: All values in New Zealand Dollars. All data relates to New Zealand Geography, which comprises the New Zealand components of New Zealand Division, IIB, Global Wealth, GTSO and Group Centre divisions

NZ Division Profit and Loss

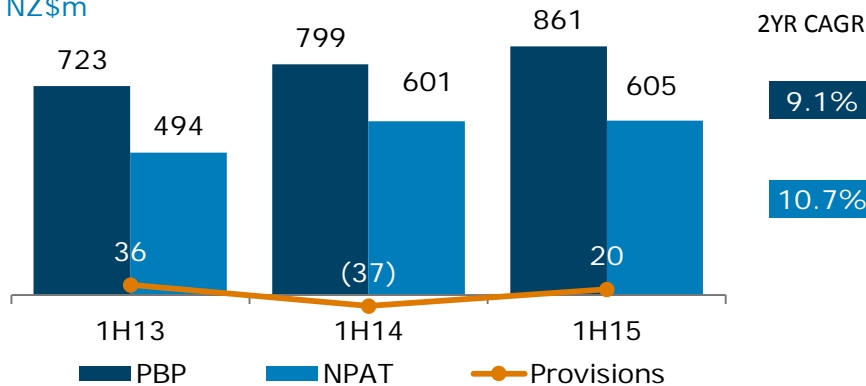
Revenue and Expenses

NZ\$m



PBP, Provisions, NPAT

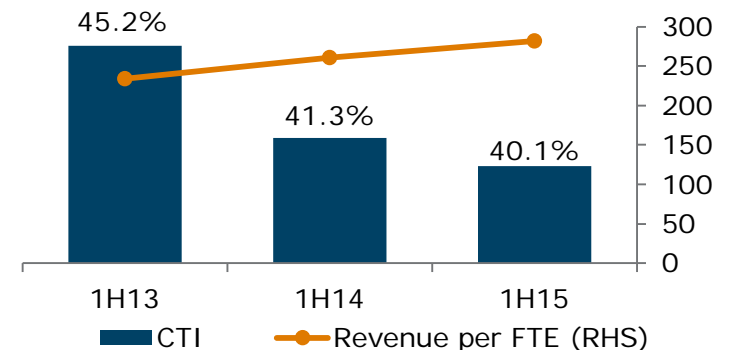
NZ\$m



	NZ\$m	Growth %
	1H15	PCP
Income	1,437	5.6%
Expenses	576	2.5%
PBP	861	7.8%
Provisions	20	large
NPAT	605	0.7%
Retail & SBB		
Income	968	3.9%
Expenses	440	1.4%
PBP	528	6.0%
CommAgri		
Income	460	7.2%
Expenses	126	1.6%
PBP	334	9.9%

Productivity & Efficiency

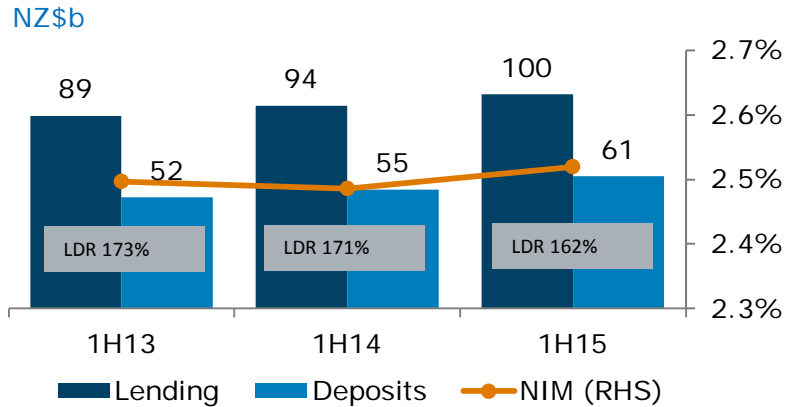
NZ\$k



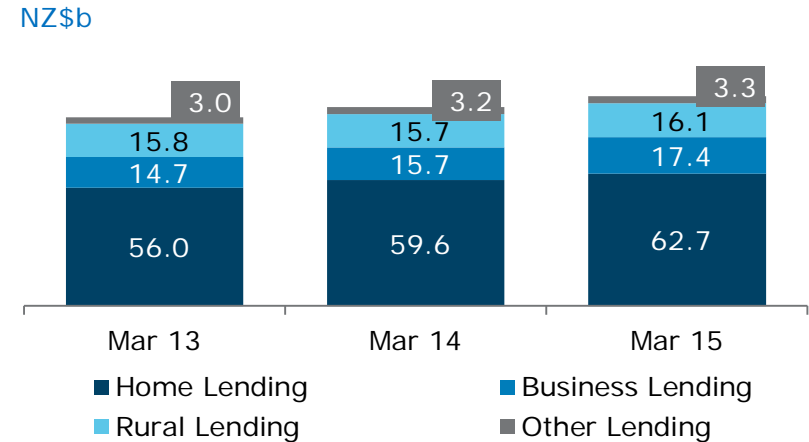
Note: All values in New Zealand Dollars. All data relates to New Zealand Division, which comprises Retail and Commercial business units

NZ Division Balance Sheet

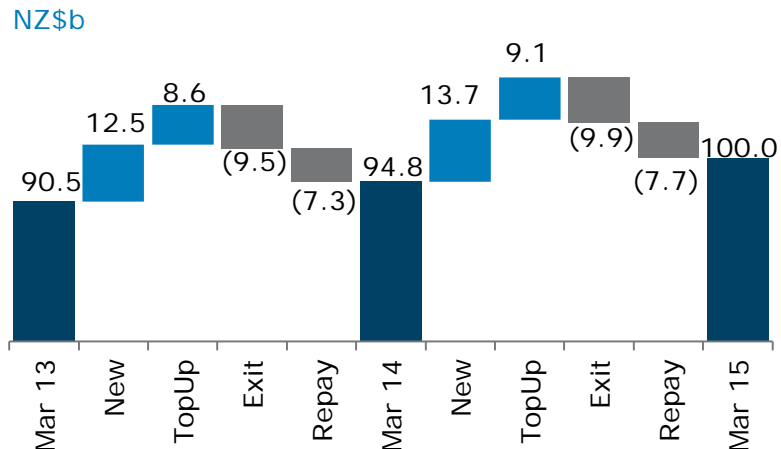
Net loans, Deposits and NIM



Lending composition

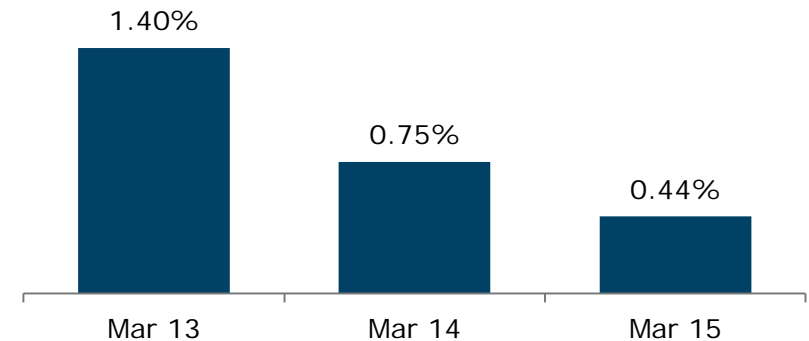


Customer lending flows¹



Credit Quality

Gross Impaired Assets / Gross Loans and Advances²



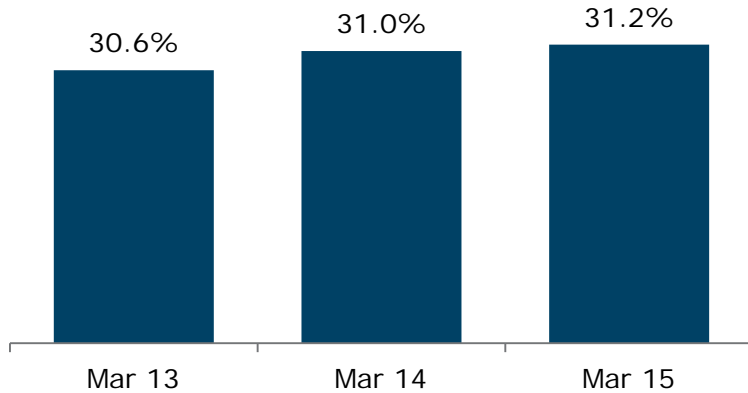
1. GLA excluding capitalised brokerage/mortgage origination fees, unearned income and customer liabilities for acceptances.

2. Includes capitalised brokerage/mortgage origination fees, unearned income, and customer liabilities for acceptances

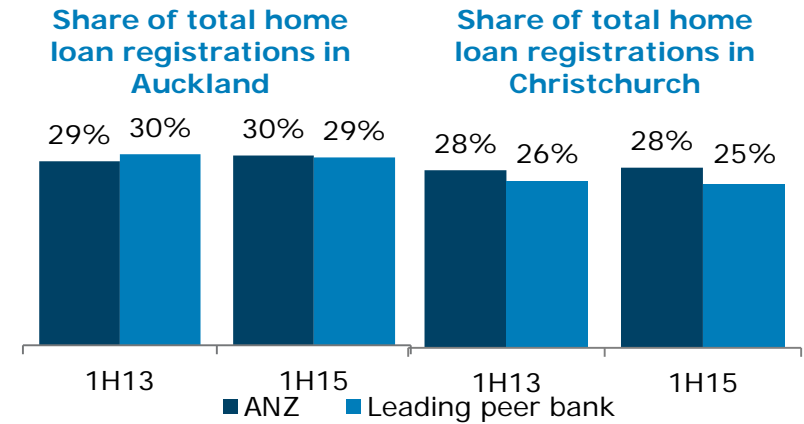
Note: All values in New Zealand Dollars. All data relates to New Zealand Division, which comprises Retail and Commercial businesses

NZ Home Loans

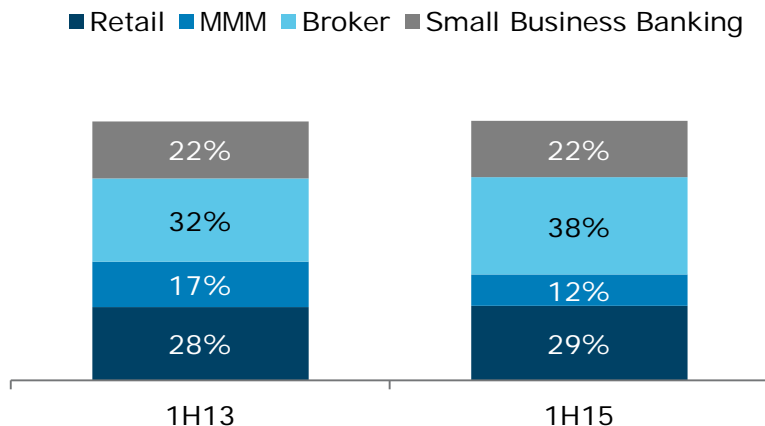
Home Loan Market Share¹



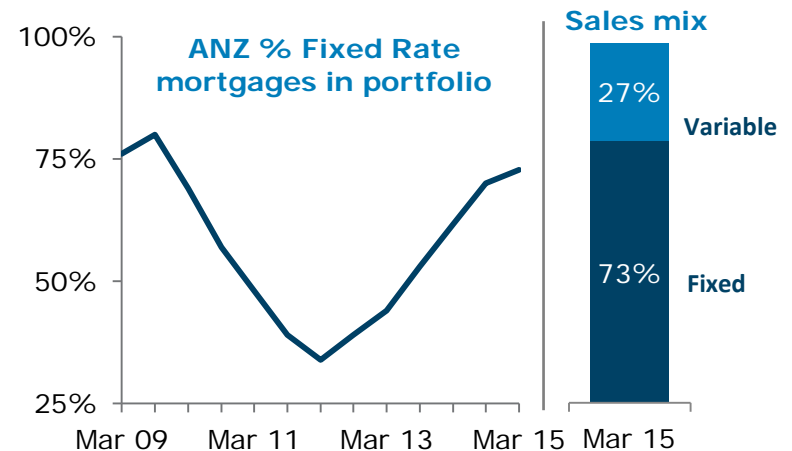
#1 in Auckland and Christchurch²



Home Loan sales by Channel³



Home Loan book composition

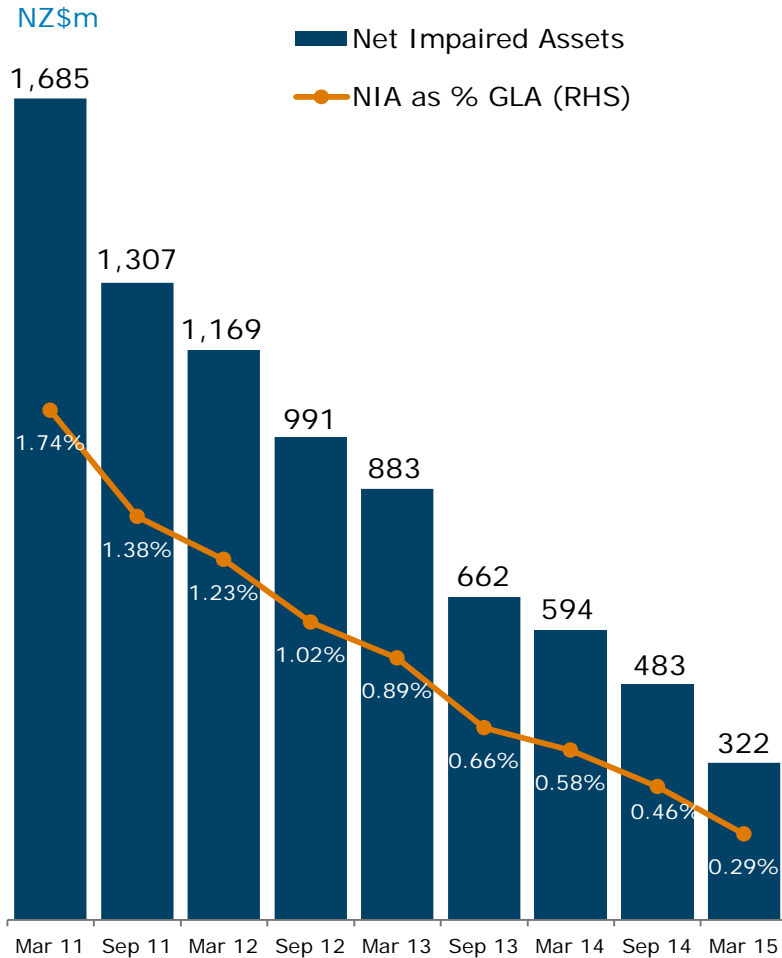


1. RBNZ - Mar 2015, relates to NZ Geography
 2. Core Logic. Leading peer bank Auckland – ASB, Christchurch – Westpac
 3. Retail – Branch and Contact Centre, MMM - Mobile Mortgage Manager
 Note: All values in New Zealand Dollars

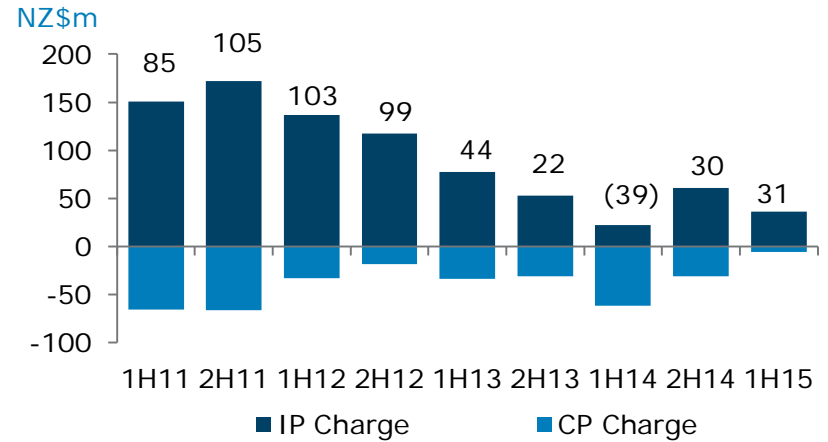
RISK MANAGEMENT

New Zealand

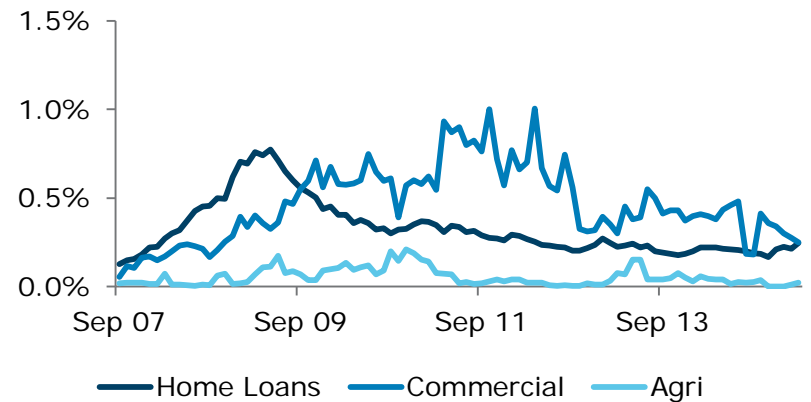
NZ Geography net impaired assets



NZ Geography total provision charge



NZ Division 90+ days delinquencies



New Zealand mortgages portfolio

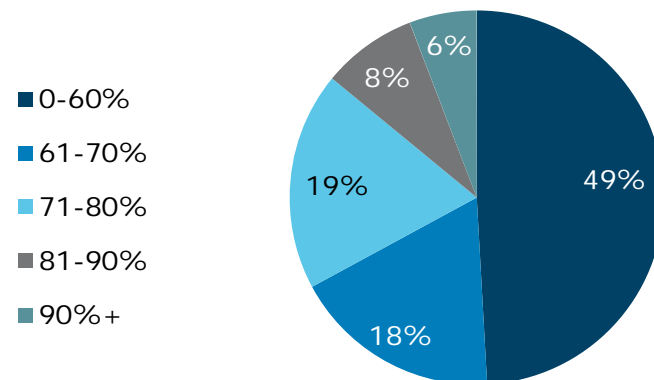
1H15 portfolio statistics

Total Number of Mortgage Accounts	494k
Total Mortgage FUM (NZD)	\$64b
% of Total New Zealand Lending	59%
% of Total Group Lending ¹	11%
Owner Occupied Loans - % of Portfolio	75%
Average Loan Size at Origination (NZD)	\$289k
Average LVR at Origination ²	64%
Average Dynamic LVR of Portfolio ³	49%
% of Portfolio Paying Interest Only ⁴	22%

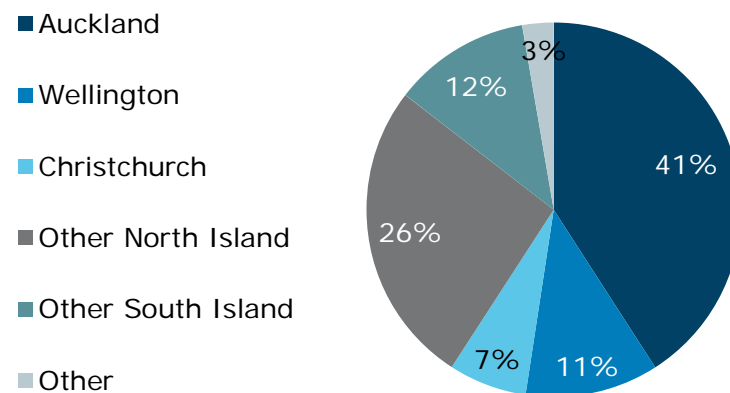
Individual provision as % of average NLA

	FY12	FY13	FY14	1H15
Group ¹	0.38%	0.25%	0.22%	0.17%
New Zealand Mortgages ⁵	0.07%	0.04%	0.06%	0.01%

Dynamic loan to valuation ratio



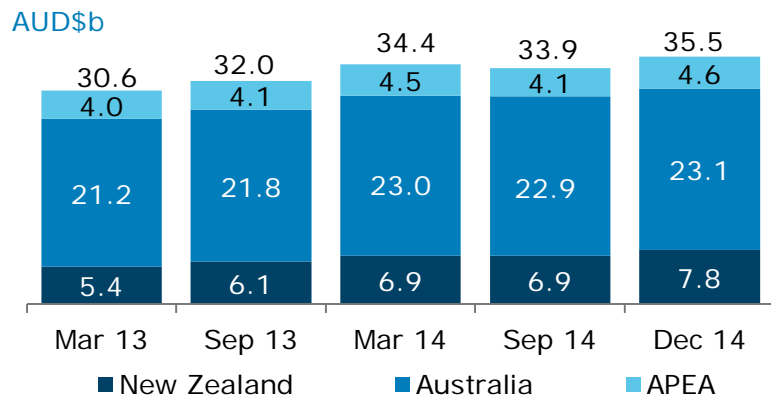
Mortgage portfolio by region



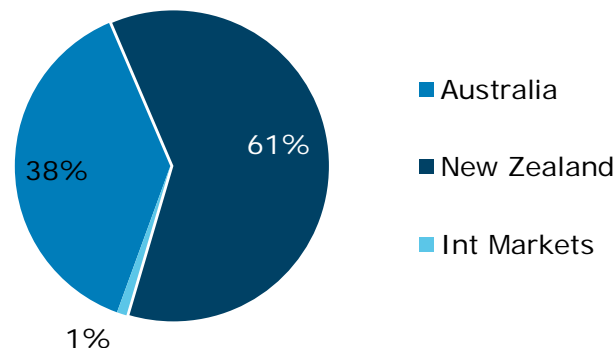
1. As % of group average NLA
2. Average LVR at Origination (not weighted by balance)
3. Average dynamic LVR as at (not weighted by balance) – Dynamic LVR graph as at Feb 2015
4. Excludes revolving credit facilities
5. Individual Provision as % average NLA.

Property, Resources & Agri portfolio – NZ position relative to ANZ Group

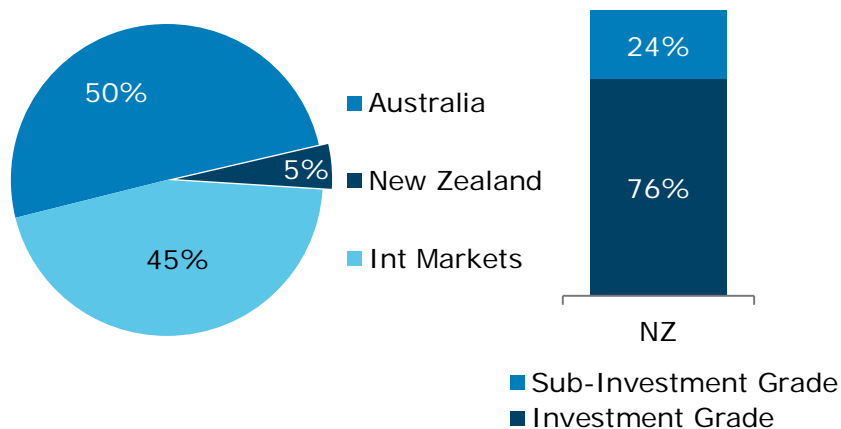
Commercial Property outstandings¹



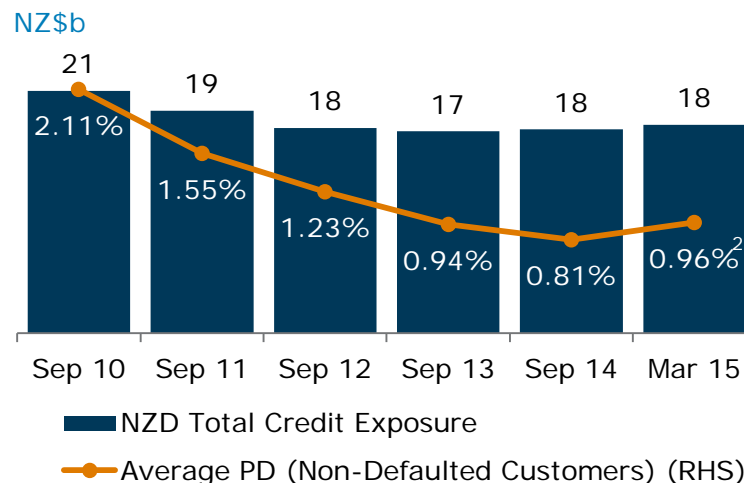
Group Agriculture EAD splits



Resources exposure credit quality (EAD)



New Zealand Agri credit quality



1. As per ARF230 disclosure

2. PD model changes account for 11bps increase in 1H15.

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