



U.S. Investor Website Update

ANZ Trading Update – 9 months to 30 June 2014

- super regional strategy sees ANZ deliver a strong profit performance year to date -

On August 15, 2014, ANZ announced an unaudited cash profit¹ of \$5.2 billion and an unaudited statutory net profit of \$5.0 billion for the 9 months to 30 June 2014, both up 8% on the same period in 2013. Cash profit increased 6% on an FX adjusted basis.

Chief Executive Officer Mike Smith said: "ANZ has continued to perform well with strong results in Asia and consistent performances in both New Zealand and Australia despite parts of the Australian economy being a little slower than expected.

"Our strategy continues to strengthen our position across all key markets. In Australia, our Retail and Commercial businesses are demonstrating consistent performance with further market share increases in home lending and continued lending growth in small business banking. After a period of subdued demand we are seeing signs of a pick up in corporate sector borrowing appetite. In New Zealand we have had a continuing productivity focus following the brand and systems merger and our market position is seeing us benefit from the economic upturn outperforming peers across a range of metrics.

"Strong growth in Asia and in businesses linked to Asia continues to be a highlight. Our unique regional capability also helped us regain the number one lead bank position in Institutional Banking in Australia and retain the number one lead bank position in New Zealand².

"Our focus on productivity continues to provide us with the flexibility to adjust for the economic environment. This includes further progress with our delivery transformation strategy which is producing better quality outcomes for customers and further reductions in unit costs.

GROUP OVERVIEW³

- Third quarter expense trends were similar to the first half with revenue trends a little softer⁴. The same macro conditions that provided headwinds for revenue provided tailwinds for credit quality which is reflected in the provision charge trend.
- Customer deposits are up 8.3% with net loans and advances up 5.8%. Deposit growth has been strong across all geographies however lending demand has varied across the Group.

1 Statutory profit is adjusted to exclude non-core items to arrive at Cash Profit, the result for the ongoing activities of the Group

2 Peter Lee Associates Large Corporate and Institutional Relationship Banking surveys, Australian and New Zealand 2014

3 All comparisons are against the prior comparable period (YTD FY14 versus YTD FY13) and FX adjusted unless otherwise stated

4 Comment refers to trends 1H14 PCP FX adjusted.

- Group Net Interest Margin was slightly lower compared to the end of the first half. Improved funding and deposit pricing has been offset by some asset pricing pressure which was broadly based.
- ANZ completed the sale of its Trustees business after the close of the third quarter. As indicated in the April 2014 sale announcement, the gain from the sale is being reinvested in a range of specific growth and efficiency initiatives across the Group. Both the proceeds of the sale and the investment of those proceeds will be taken above the line at the FY14 results and clearly identified.
- The third quarter APS330 released today shows ongoing portfolio quality improvement. The provision charge for the quarter was \$246 million reflecting lower new provision requirements, less top-up requirements and a steady level of write-backs and recoveries. Despite strong asset growth, credit risk weighted assets have been stable since the end of the December.
- On an underlying basis excluding the dividend timing impact, the CET1 capital ratio improved by circa 20 bps for the quarter⁵. At 30 June the APRA CET1 ratio was 8.3% (Basel 3 fully harmonised 10.3%).

DIVISIONAL HIGHLIGHTS

- The Australia Division has performed consistently delivering steady improvement in core segments. Home lending has now grown above system for the past 18 quarters⁶. Customer numbers in the Corporate and Commercial business have continued to increase and credit quality remains sound.
- The New Zealand Division has increased market share in home lending, credit cards and commercial lending⁷. The improving economic environment is encouraging growth in the commercial sector and ANZ has been well positioned to capture the opportunity, growing comfortably above system.
- The Global Wealth business has seen good underlying momentum across key business lines. A series of innovations delivering simple accessible wealth solutions have been launched during the year, including the 'Grow by ANZ' digital app and the Grow Centre in Sydney. Since launch, 'Grow by ANZ' has been delivering around 6,000 downloads per week.
- In International and Institutional Banking, Transaction Banking performed well with solid growth in both Trade and Cash Management, particularly in Asia and New Zealand. Seasonality impacts typically see a slower second half for Global Markets. This year that pattern was heightened by historically low market volatility impacting third quarter trading and balance sheet revenues however customer sales were only moderately lower and Asia continued to be strong. Year to date Global Markets revenue is up 6% (1% FX adjusted).

⁵ Under Basel 3, volatility occurs in quarterly capital ratios through the impact of twice yearly dividend payments (i.e. full impact of the payment against one quarter of capital generation). Underlying basis analysis allows for the timing impact of the dividend payment by spreading the dividend impact evenly over the half.

⁶ APRA monthly bank statistics June 2014 excluding the impact of the sale of Origin in September 2012

⁷ RBNZ system June YTD.