

U.S. Investor Website Update

ANZ Trading Update – Third Quarter FY2017

On August 15, 2017, ANZ released a Trading Update for the three months to June 30, 2017, which included the following information.

ANZ's unaudited Statutory Profit for the Third Quarter to June 30, 2017 was \$1.67 billion. Cash Profit for the same period was \$1.79 billion.¹

Financial Performance Summary (Cash Basis)

Comparisons are Cash Profit based and for the third quarter Financial Year 2017 to June 30 compared to the average of the first two quarters of Financial Year 2017 unless otherwise noted.

	3Q17
Profit before provisions	\$2.79 billion
Provisions	\$243 million
Cash Profit	\$1.79 billion

- Cash Profit of \$1.79 billion up 5.3%. Profit before Provisions increased 0.3%.
- Customer deposit growth of 2.3% with net lending asset growth of 2.0% during the quarter.
- Revenue decreased 0.3% which in part reflected a normalization of the Markets business performance after an unusually strong first half along with the sale of 100 Queen Street.
- Expenses reduced 1% and we believe continue to be well managed. The proceeds of the sale of 100 Queen Street are being reinvested in the business with approximately two thirds occurring in the second half, largely in the final quarter.
- The Group Net Interest Margin (NIM) was stable², up several basis points excluding Markets. Australia Division NIM improved offsetting a decline in Institutional Division NIM. The Australian Bank Levy will impact the NIM in the fourth quarter being reflected within the cost of funds.
- The reshaping of the Institutional Division asset base continued with Risk Weighted Assets (RWA) reducing a further \$3 billion to \$156 billion, with a cumulative reduction of \$12 billion (-7%) during the Financial Year to date. The changing profile of the book has resulted in a decline in the Division's provision charge and an improvement in the risk adjusted return (NII/Average Credit Risk Weighted Assets (CRWA)).
- Above system growth in residential mortgages in Australia has been primarily driven by the Owner Occupier segment. The Division is tracking well in respect of meeting various macro prudential requirements regarding mortgage growth.

Group Credit Quality

The total provision charge of \$243 million was comprised of an Individual Provision (IP) charge of \$308 million and a Collective Provision (CP) release. The release of CP was largely driven by continued reshaping of the Institutional portfolio along with some transfers to IP.

Capital

The Australian Prudential Regulation Authority Common Equity Tier 1 (CET1) ratio was 9.8% at June 30, which incorporates 51 basis points of net organic capital generation offset by the Interim Dividend (59 bps) and adoption of the new RWA models for Australian Residential Mortgages.³ Proforma CET1 was 10.5%.⁴

Post the end of the third quarter ANZ completed the sale of the Retail and Wealth businesses in China and Singapore to DBS with Hong Kong expected to complete prior to the end of the second-half. All other transactions remain subject to regulatory approvals and completion.

CEO Commentary

ANZ Chief Executive Officer Shayne Elliott said: "This period has seen further progress in improving returns based on rebalancing our business portfolio, ongoing cost management discipline and improved capital efficiency. Although we are in period of lower sector revenue growth with some parts of the economy experiencing challenges, credit quality has improved.

"We are seeking to deliver sustainable returns to our shareholders and at the same time to live up to the expectations of our customers and the community. To do this we are changing the way we work and thinking differently to ensure we continue to provide a compelling service to our customers and make a meaningful contribution to the communities in which we operate," Mr Elliott said.

M&A & Other Items Included in Cash Profit

\$m	1H17 Reported	3Q17
Asian Minority pro-forma	58	
Reclassification of Asia Retail & Wealth to held for sale	-284	6
Total Specified Items	-226	6
Gain on sale of 100 Queen St Melbourne	112	
Institutional Markets - derivative valuation adjustments	115	33
Total other items	227	33

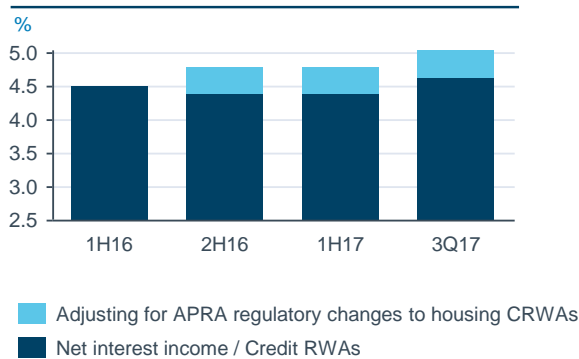
***All items are post tax impacting the revenue line of the Profit & Loss**

Footnotes

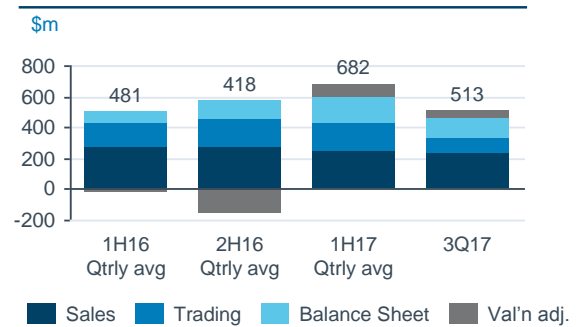
- ¹ Cash Profit excludes non-core items included in Statutory profit and is provided to assist investors with understanding the results of the ongoing business activities of the Group.
- ² Versus Group NIM at March 30, 2017 of 200 basis points (258 basis points excluding Markets).
- ³ In the U.S. Investor Website Update dated June 1, 2017, ANZ advised the average risk weight for its Australian residential mortgage lending book would increase following completion of the Australian Prudential Regulation Authority's review of ANZ's mortgage capital model. The average risk weight outcome is a dynamic calculation.
- ⁴ Proforma Common Equity Tier 1 (CET1) incorporates the capital benefit arising from the disposal of assets which have been announced but were not completed as at June 30, 2017.

Financial Performance

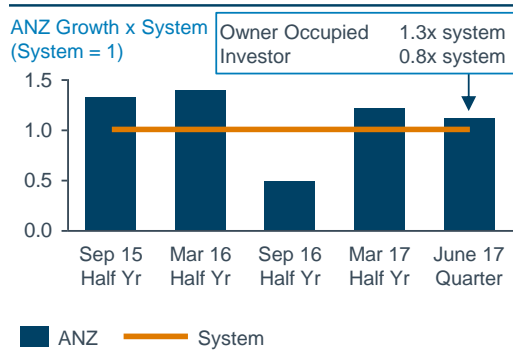
Risk Adjusted Returns¹



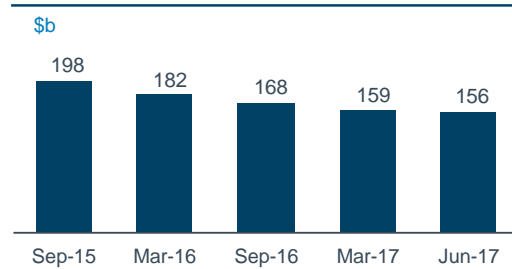
Markets income



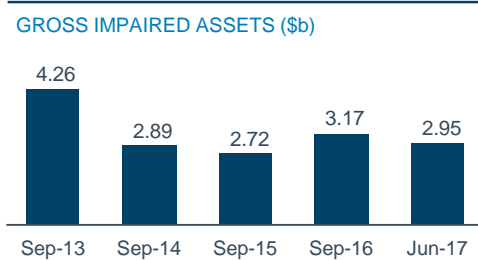
Aus. Household lending growth²



Institutional RWAs



Credit Quality



Capital

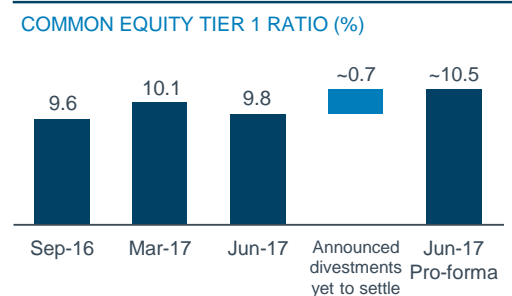


Chart Footnotes

- ¹ Excludes Markets income
- ² Source: ANZ analysis of APRA monthly banking statistics