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The Directors present their report on the Condensed Consolidated Financial Statements for the half year ended 31 March 2018.

Directors

The names of the Directors of the Company who held office during and since the end of the half year are:

Mr DM Gonski, AC	Chairman
Mr SC Elliott	Director and Chief Executive Officer
Ms IR Atlas	Director
Ms PJ Dwyer	Director
Ms SJ Halton, AO PSM	Director
Mr Lee Hsien Yang	Director
Mr GR Liebelt	Director
Rt Hon Sir JP Key, GNZM AC	Director, appointed 28 February 2018
Mr JT MacFarlane	Director

Result

The consolidated profit attributable to shareholders of the Company was $3,323 million, and consolidated profit attributable to shareholders of the Company from continuing operations was $3,923 million. Further details are contained in Group Results on pages 17 to 41 which forms part of this report, and in the Condensed Consolidated Financial Statements.

Review of operations

A review of the operations of the Group during the half year and the results of those operations are contained in the Group Results on pages 17 to 41 which forms part of this report.

Lead auditor's independence declaration

The lead auditor's independence declaration given under section 307C of the Corporations Act 2001 (as amended) is set out on page 108 which forms part of this report.

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 ASIC Corporations Instrument 2016/191.

Significant events since balance date

There have been no significant events from 31 March 2018 to the date of signing of this report.

Signed in accordance with a resolution of the Directors.

David M Gonski, AC
Chairman

Shayne C Elliott
Director

30 April 2018

Australia and New Zealand Banking Group Limited

	Note	Half Year[1] Mar 18 $M	Sep 17 $M	Mar 17 $M	Movement Mar 18 v. Sep 17	Mar 18 v. Mar 17
Interest income		**14,849**	14,694	14,426	1%	3%
Interest expense		**(7,499)**	(7,238)	(7,007)	4%	7%
Net interest income	2	**7,350**	7,456	7,419	-1%	-1%
Other operating income	2	**2,430**	1,885	1,704	29%	43%
Net funds management and insurance income	2	**307**	335	299	-8%	3%
Share of associates' profit	2, 17	**88**	127	173	-31%	-49%
Operating income		**10,175**	9,803	9,595	4%	6%
Operating expenses	3	**(4,411)**	(4,480)	(4,487)	-2%	-2%
Profit before credit impairment and income tax		**5,764**	5,323	5,108	8%	13%
Credit impairment charge	9	**(408)**	(479)	(719)	-15%	-43%
Profit before income tax		**5,356**	4,844	4,389	11%	22%
Income tax expense	4	**(1,426)**	(1,427)	(1,447)	0%	-1%
Profit after tax from continuing operations		**3,930**	3,417	2,942	15%	34%
Profit/(Loss) after tax from discontinued operations	11	**(600)**	85	(23)	large	large
Profit for the period		**3,330**	3,502	2,919	-5%	14%
Comprising:						
Profit attributable to shareholders of the Company		**3,323**	3,495	2,911	-5%	14%
Profit attributable to non-controlling interests		**7**	7	8	0%	-13%
Earnings per ordinary share (cents) including discontinued operations						
Basic	6	**114.2**	119.9	100.2	-5%	14%
Diluted	6	**108.6**	114.7	96.7	-5%	12%
Earnings per ordinary share (cents) from continuing operations						
Basic	6	**134.8**	117.0	100.9	15%	34%
Diluted	6	**127.4**	112.0	97.4	14%	31%
Dividend per ordinary share (cents)	5	**80**	80	80	0%	0%

1. *Information has been restated and presented on a continuing operations basis. Discontinued operations include OnePath pensions and investments and aligned dealer groups sale to IOOF Holdings Limited and the life insurance sale to Zurich Financial Services Australia.*

The notes appearing on pages 80 to 106 form an integral part of the Condensed Consolidated Financial Statements.

Australia and New Zealand Banking Group Limited

	Half Year[1]			Movement	
	Mar 18 $M	Sep 17 $M	Mar 17 $M	Mar 18 v Sep 17	Mar 18 v Mar 17
Profit for the period from continuing operations	**3,930**	3,417	2,942	15%	34%
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss	**27**	2	24	large	13%
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation reserve[2]	**460**	(59)	(689)	large	large
Other reserve movements	**174**	(69)	(228)	large	large
Income tax attributable to the above items	**(121)**	18	(10)	large	large
Share of associates' other comprehensive income[3]	**(5)**	(1)	2	large	large
Other comprehensive income after tax from continuing operations	**535**	(109)	(901)	large	large
Profit/(Loss) after tax from discontinued operations	**(600)**	85	(23)	large	large
Other comprehensive income after tax from discontinued operations	**10**	(1)	(29)	large	large
Total comprehensive income for the period	**3,875**	3,392	1,989	14%	95%
Comprising total comprehensive income attributable to:					
Shareholders of the Company	**3,865**	3,392	1,980	14%	95%
Non-controlling interests	**10**	-	9	n/a	11%

1. *Information has been restated and presented on a continuing operations basis. Discontinued operations include OnePath pensions and investments and aligned dealer groups sale to IOOF Holdings Limited and the life insurance sale to Zurich Financial Services Australia.*
2. *Includes foreign currency translation differences attributable to non-controlling interests of $3 million gain (Sep 17 half: $7 million loss; Mar 17 half: $1 million gain).*
3. *Share of associates' other comprehensive income includes an available for sale revaluation reserve loss of $2 million (Sep 17 half: $3 million gain; Mar 17 half: $4 million loss) and a foreign currency translation reserve loss of $3 million (Sep 17 half: $4 million loss; Mar 17 half: $6 million gain) that may be reclassified subsequently to profit or loss.*

The notes appearing on pages 80 to 106 form an integral part of the Condensed Consolidated Financial Statements.

Australia and New Zealand Banking Group Limited

		As at			Movement	
Assets	**Note**	**Mar 18 $M**	**Sep 17 $M**	**Mar 17 $M**	**Mar 18 v. Sep 17**	**Mar 18 v. Mar 17**
Cash and cash equivalents[1]		**82,071**	68,048	75,185	21%	9%
Settlement balances owed to ANZ		**5,037**	5,504	2,930	-8%	72%
Collateral paid		**10,863**	8,987	11,179	21%	-3%
Trading securities		**45,058**	43,605	44,085	3%	2%
Derivative financial instruments		**70,915**	62,518	63,882	13%	11%
Available for sale assets		**70,239**	69,384	64,685	1%	9%
Net loans and advances	8	**588,946**	574,331	564,035	3%	4%
Regulatory deposits		**1,229**	2,015	2,154	-39%	-43%
Assets held for sale	11	**45,278**	7,970	14,145	large	large
Investment in associates		**2,481**	2,248	2,286	10%	9%
Current tax assets		**15**	30	242	-50%	-94%
Deferred tax assets		**840**	675	572	24%	47%
Goodwill and other intangible assets		**5,338**	6,970	7,053	-23%	-24%
Investments backing policy liabilities		**-**	37,964	37,602	-100%	-100%
Premises and equipment		**1,892**	1,965	1,979	-4%	-4%
Other assets		**4,914**	5,112	4,497	-4%	9%
Total assets		**935,116**	897,326	896,511	4%	4%
Liabilities						
Settlement balances owed by ANZ		**10,577**	9,914	9,736	7%	9%
Collateral received		**9,395**	5,919	5,189	59%	81%
Deposits and other borrowings	10	**616,230**	595,611	581,407	3%	6%
Derivative financial instruments		**70,624**	62,252	65,050	13%	9%
Current tax liabilities		**371**	241	185	54%	large
Deferred tax liabilities		**258**	257	224	0%	15%
Liabilities held for sale	11	**44,773**	4,693	17,166	large	large
Policy liabilities		**-**	37,448	37,111	-100%	-100%
External unit holder liabilities		**-**	4,435	4,227	-100%	-100%
Payables and other liabilities		**7,442**	8,350	8,054	-11%	-8%
Provisions		**1,110**	1,158	1,179	-4%	-6%
Debt issuances	12	**114,836**	107,973	109,075	6%	5%
Total liabilities		**875,616**	838,251	838,603	4%	4%
Net assets		**59,500**	59,075	57,908	1%	3%
Shareholders' equity						
Ordinary share capital		**27,933**	29,088	29,036	-4%	-4%
Reserves		**541**	37	115	large	large
Retained earnings		**30,900**	29,834	28,640	4%	8%
Share capital and reserves attributable to shareholders of the Company	15	**59,374**	58,959	57,791	1%	3%
Non-controlling interests	15	**126**	116	117	9%	8%
Total shareholders' equity	15	**59,500**	59,075	57,908	1%	3%

1. *Includes settlement balances owed to ANZ that meet the definition of cash and cash equivalents.*

The notes appearing on pages 80 to 106 form an integral part of the Condensed Consolidated Financial Statements.

Australia and New Zealand Banking Group Limited

The Condensed Consolidated Cash Flow Statement includes cash flows associated with discontinued operations. Please refer to Note 11 for cash flows associated with discontinued operations and cash and cash equivalents reclassified as held for sale.

	Half Year		
	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
	Mar 18 $M	Sep 17 $M	Mar 17 $M
Profit after income tax	**3,330**	3,502	2,919
Adjustments to reconcile to net cash provided by/(used in) operating activities:			
Provision for credit impairment charge	**408**	479	719
Depreciation and amortisation	**485**	468	504
(Profit)/loss on sale of premises and equipment	**-**	-	(114)
Net derivatives/foreign exchange adjustment	**903**	(1,833)	(1,576)
(Gain)/loss on sale from divestments	**(469)**	(13)	554
Other non-cash movements	**(221)**	(157)	(85)
Net (increase)/decrease in operating assets:			
Collateral paid	**(1,725)**	2,065	1,468
Trading securities	**(1,148)**	(1,994)	4,075
Net loans and advances	**(10,909)**	(11,424)	(6,414)
Investments backing policy liabilities	**(881)**	(672)	(1,450)
Other assets	**(643)**	459	50
Net increase/(decrease) in operating liabilities:			
Deposits and other borrowings	**14,023**	14,815	16,089
Settlement balances owed by ANZ	**596**	204	(831)
Collateral received	**3,300**	864	(1,174)
Life insurance contract policy liabilities	**1,130**	824	1,436
Other liabilities	**(28)**	1,225	(1,010)
Total adjustments	**4,821**	5,310	12,241
Net cash provided by/(used in) operating activities[1]	**8,151**	8,812	15,160
Cash flows from investing activities			
Available for sale assets:			
Purchases	**(13,483)**	(12,725)	(14,495)
Proceeds from sale or maturity	**12,670**	7,224	12,527
Proceeds from divestments	**2,044**	(5,213)	-
Other assets	**1,026**	(400)	252
Net cash provided by/(used in) investing activities	**2,257**	(11,114)	(1,716)
Cash flows from financing activities			
Debt issuances:			
Issue proceeds	**14,694**	8,602	15,371
Redemptions	**(9,171)**	(7,533)	(15,045)
Subordinated debt:			
Issue proceeds	**(2)**	1,155	-
Redemptions	**(573)**	(3,762)	(1,069)
Dividends paid	**(2,104)**	(2,123)	(2,087)
Share buy-back	**(1,324)**	(176)	-
Net cash provided by/(used in) financing activities	**1,520**	(3,837)	(2,830)
Net increase in cash and cash equivalents	**11,928**	(6,139)	10,614
Cash and cash equivalents at beginning of period	**68,048**	75,185	66,220
Effects of exchange rate changes on cash and cash equivalents	**2,100**	(998)	(1,649)
Cash and cash equivalents at end of period[2]	**82,076**	68,048	75,185

1. *Net cash provided by/(used in) operating activities includes income taxes paid of $1,515 million (Sep 17 half: $1,367 million; Mar 17 half: $1,497 million).*
2. *Includes cash and cash equivalents recognised on the face of balance sheet and amounts recorded as part of assets held for sale.*

The notes appearing on pages 80 to 106 form an integral part of the Condensed Consolidated Financial Statements.

Australia and New Zealand Banking Group Limited

	Ordinary share capital $M	Reserves $M	Retained earnings $M	Share capital and reserves attributable to shareholders of the Company $M	Non-controlling interests $M	Total shareholders' equity $M
As at 1 October 2016	28,765	1,078	27,975	**57,818**	109	**57,927**
Profit or loss from continuing operations	-	-	2,934	**2,934**	8	**2,942**
Profit or loss from discontinued operations	-	-	(23)	**(23)**	-	**(23)**
Other comprehensive income for the period from continuing operations	-	(922)	20	**(902)**	1	**(901)**
Other comprehensive income for the period from discontinued operations	-	(29)	-	**(29)**	-	**(29)**
Total comprehensive income for the period	-	(951)	2,931	**1,980**	9	**1,989**
Transactions with equity holders in their capacity as equity holders:[1]						
Dividends paid	-	-	(2,300)	**(2,300)**	(1)	**(2,301)**
Dividend income on treasury shares held within the Group's life insurance statutory funds	-	-	14	**14**	-	**14**
Dividend reinvestment plan	199	-	-	**199**	-	**199**
Other equity movements:[1]						
Treasury shares Wealth Australia adjustment	71	-	-	**71**	-	**71**
Group employee share acquisition scheme	1	-	-	**1**	-	**1**
Other items	-	(12)	20	**8**	-	**8**
As at 31 March 2017	29,036	115	28,640	**57,791**	117	**57,908**
Profit or loss from continuing operations	-	-	3,410	**3,410**	7	**3,417**
Profit or loss from discontinued operations	-	-	85	**85**	-	**85**
Other comprehensive income for the period from continuing operations	-	(97)	(5)	**(102)**	(7)	**(109)**
Other comprehensive income for the period from discontinued operations	-	(1)	-	**(1)**	-	**(1)**
Total comprehensive income for the period	-	(98)	3,490	**3,392**	-	**3,392**
Transactions with equity holders in their capacity as equity holders:[1]						
Dividends paid	-	-	(2,309)	**(2,309)**	-	**(2,309)**
Dividend income on treasury shares held within the Group's life insurance statutory funds	-	-	12	**12**	-	**12**
Dividend reinvestment plan	176	-	-	**176**	-	**176**
Group share buy-back[2]	(176)	-	-	**(176)**	-	**(176)**
Other equity movements:[1]						
Treasury shares Wealth Australia adjustment	(2)	-	-	**(2)**	-	**(2)**
Group employee share acquisition scheme	55	-	-	**55**	-	**55**
Other items	(1)	20	1	**20**	(1)	**19**
As at 30 September 2017	29,088	37	29,834	**58,959**	116	**59,075**
Profit or loss from continuing operations	-	-	3,923	**3,923**	7	**3,930**
Profit or loss from discontinued operations	-	-	(600)	**(600)**	-	**(600)**
Other comprehensive income for the period from continuing operations	-	511	21	**532**	3	**535**
Other comprehensive income for the period from discontinued operations	-	10	-	**10**	-	**10**
Total comprehensive income for the period	-	521	3,344	**3,865**	10	**3,875**
Transactions with equity holders in their capacity as equity holders:[1]						
Dividends paid	-	-	(2,308)	**(2,308)**	-	**(2,308)**
Dividend income on treasury shares held within the Group's life insurance statutory funds	-	-	12	**12**	-	**12**
Dividend reinvestment plan	192	-	-	**192**	-	**192**
Group share buy-back[2]	(1,324)	-	-	**(1,324)**	-	**(1,324)**
Other equity movements:[1]						
Treasury shares Wealth Australia adjustment	20	-	-	**20**	-	**20**
Group employee share acquisition scheme	(43)	-	-	**(43)**	-	**(43)**
Other items	-	(17)	18	**1**	-	**1**
As at 31 March 2018	27,933	541	30,900	**59,374**	**126**	**59,500**

1. *Current period and prior periods include discontinued operations.*
2. *Following the issue of $192 million of shares under the Dividend Reinvestment Plan for the 2017 final dividend, the Company repurchased $192 million of shares via an on-market share buy-back. (Sep 17 half: $176 million).*

The notes appearing on pages 80 to 106 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 2017 and any public announcements made by the Parent Entity and its controlled entities (the Group) for the half year ended 31 March 2018 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 Report;
- are presented in Australian dollars unless otherwise stated; and
- were approved by the Board of Directors on 30 April 2018.

i) Statement of Compliance

These Condensed Consolidated Financial Statements have been prepared in accordance with the *Corporations Act 2001* and AASB 134 which ensures compliance with IAS 34 *Interim Financial Reporting*.

ii) 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 2017 ANZ Annual Financial Report.

Discontinued operations are excluded from the results of the continuing operations and are presented as a single line item 'profit/(loss) after tax from discontinued operations' in the Condensed Consolidated Income Statement. Notes to the Condensed Consolidated Income Statement have been restated and presented on a continuing basis. Assets and liabilities of discontinued operations have been presented as held for sale on the Condensed Consolidated Balance Sheet as at 31 March 2018.

iii) 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;
- other financial assets and liabilities designated at fair value through profit and loss; and
- assets and liabilities held for sale (except those at carrying value as per Note 11).

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.

iv) Use of estimates, assumptions and judgements

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 are provided in the 2017 ANZ Annual Financial Report. Such estimates and judgements are reviewed on an ongoing basis.

At 31 March 2018, 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 (VIU).

The VIU calculation is sensitive to a number of key assumptions, including discount rate, long term growth rates, future profitability and capital levels. A change in key assumptions could have an adverse impact on the recoverable amount of the investment. The key assumptions used in the VIU calculations are outlined below:

	As at 31 Mar 18	
	AmBank	**PT Panin**
Carrying value supported by VIU calculation ($m)	940	948
Post-tax discount rate	11.0%	13.0%
Terminal growth rate	4.9%	5.5%
Expected NPAT growth (compound annual growth rate - 5 years)	5.4%	9.5%
Core equity tier 1 ratio	11.3% to 12.5%	11.3%

At 31 March 2018, as a result of persistent illiquidity of the quoted share price of Bank of Tianjin (BoT), the Group determined the fair value based on a valuation model. Judgement is required in both the selection of the model and inputs used. Refer to Note 14 for further details.

v) 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 Corporations Instrument 2016/191.

vi) Future accounting developments

AASB 9 *Financial Instruments* (AASB 9)

AASB 9 is effective for the Group from 1 October 2018.

AASB 9 stipulates new requirements for the impairment of financial assets, classification and measurement of financial assets and liabilities and general hedge accounting. Details of the key requirements and estimated impacts on the Group are outlined below.

Impairment

AASB 9 replaces the "incurred loss" impairment model under AASB 139 *Financial Instruments: Recognition and Measurement* (AASB 139) with an "expected loss" model incorporating forward looking information. This model will be applied to all financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income, lease receivables, certain loan commitments and financial guarantees not measured at fair value through profit or loss.

Under AASB 9, the following three-stage approach is applied to measuring expected credit losses (ECL) consequent to credit migration between the stages:

- Stage 1: At the origination of a financial asset, and where there has not been a significant increase in credit risk since origination, a provision equivalent to 12 months ECL is recognised.
- Stage 2: Where there has been a significant increase in credit risk since origination, a provision equivalent to lifetime ECL is recognised.
- Stage 3: Similar to the current AASB 139 requirements for individual impairment provisions, lifetime ECL is recognised for loans where there is objective evidence of impairment.

Expected credit losses are estimated by using a probability of default reflecting a probability weighted range of possible future economic scenarios, and applying this to the estimated exposure of the Group at the point of default (exposure at default) after taking into account the value of any collateral held or other mitigants of loss (loss given default), while allowing for the impact of discounting for the time value of money.

Key judgements and estimates made by the Group include the following:

- *Significant increase in credit risk*

  Stage 2 assets are those that have experienced a significant increase in credit risk (SICR) since initial recognition. In determining what constitutes a SICR, the Group considers both qualitative and quantitative information. For the majority of portfolios, the primary indicator of a SICR is a significant deterioration in the internal credit rating grade of a facility since origination. The Group will also use secondary indicators, such as 30 days past due arrears, as backstops to these primary indicators.

  The determination of trigger points in relation to the deterioration of rating grades, combined with secondary risk indicators where used, requires judgement. In determining the Group's policy, alternative indicators have been considered and assessed, and these will be subject to regular review to ensure they remain appropriate.

- *Forward looking information*

  The measurement of expected credit losses needs to reflect an unbiased probability-weighted range of possible future outcomes. AASB 9 provides limited guidance on how to meet this requirement and consequently the Group has developed an approach considered appropriate for its credit portfolio informed by emerging market practices.

  In applying forward looking information in the Group's AASB 9 credit models, the Group intends to consider four alternative economic scenarios in estimating ECL. A base case scenario reflects management's base case assumptions used for medium term planning purposes. Additional upside and downside scenarios are determined together with a severe downside scenario. The Group's Credit and Market Risk Committee (CMRC) will be responsible for reviewing and approving forecast economic scenarios and the associated probability weights applied to each scenario.

  Where applicable, adjustments may be made to account for situations where known or expected risks have not been adequately addressed in the modelling process. CMRC will be responsible for recommending such adjustments.

The overall level of expected credit losses and areas of significant management judgement will be reported to, and oversighted by, the Group's Board Risk Committee.

Classification and measurement

Financial assets - general

There are three measurement classifications for financial assets under AASB 9: Amortised Cost, Fair Value through Profit or Loss (FVTPL) and Fair Value through Other Comprehensive Income (FVOCI). Financial assets are classified into these measurement classifications on the basis of two criteria:

- the business model within which the financial asset is managed; and
- the contractual cash flow characteristics of the financial asset (specifically whether the contractual cash flows represent 'solely payments of principal and interest').

The resultant financial asset classifications are summarised in the following table:

	Amortised Cost	Fair Value through Other Comprehensive Income	Fair Value through Profit or Loss
Business Model	Objective is to collect contractual cash flows	Objective is to both collect contractual cash flows and to sell	All other business models
Contractual cash flow characteristics	Solely Payments of Principal and Interest	Solely Payments of Principal and Interest	All other contractual cash flow characteristics

In December 2017, the AASB issued AASB 2017-6 *Amendments to Australian Accounting Standards - Prepayment Features with Negative Compensation [AASB 9]* which amends the requirements of AASB 9 so that certain prepayment features meet the solely payments of principal and interest test. The Group intends to early adopt this amendment so that it applies from the date of initial application of AASB 9.

Financial assets - equity instruments

AASB 9 also permits non-traded equity investments to be designated at FVOCI on an instrument by instrument basis. If this election is made under AASB 9, gains or losses are not reclassified from other comprehensive income to profit or loss on disposal of the investment. However, gains or losses may be reclassified within equity.

Financial liabilities

The classification and measurement requirements for financial liabilities under AASB 9 are largely consistent with AASB 139 with the exception that for financial liabilities designated as measured at fair value, gains or losses relating to changes in the entity's own credit risk are included in other comprehensive income. This part of the standard was early adopted by the Group on 1 October 2013.

General hedge accounting

AASB 9 introduces new hedge accounting requirements which more closely align accounting with risk management activities undertaken when hedging financial and non-financial risks.

AASB 9 provides the Group with an accounting policy choice to continue to apply the AASB 139 hedge accounting requirements until the International Accounting Standards Board's ongoing project on macro hedge accounting is completed. The Group's current expectation is that it will continue to apply the hedge accounting requirements of AASB 139.

Transition to AASB 9

Other than as noted above under classification and measurement of financial liabilities, AASB 9 has a date of initial application for the Group of 1 October 2018.

The classification and measurement, and impairment requirements, will be applied retrospectively by adjusting opening retained earnings at 1 October 2018. ANZ does not intend to restate comparatives.

Impact

Impairment

Based on the portfolio of in-scope financial assets held as at 30 September 2017, economic conditions prevailing at that time and management's judgements and estimates, the application of AASB 9 at that date would have resulted in:

- an aggregate of stage 1 and 2 expected credit loss provisions of between $2.9 billion and $3.2 billion. This represents an increase over the previous collective provision in the range of $240 million and $540 million; and
- a reduction in the CET1 capital ratio in the range of 3 bps to 6 bps.

The actual impact at the date of initial application (1 October 2018) will differ reflecting the composition of the Group's portfolio, prevailing economic and business conditions, and management judgements and estimates which cannot be anticipated in advance.

The Group continues to refine its methodology and assumptions over the period until the initial application of the standard on 1 October 2018.

Classification and measurement of financial assets

While some classification changes are expected as a result of the application of the business model and contractual cash flow characteristics tests, these are not expected to be significant from a Group perspective.

AASB 15 *Revenue from Contracts with Customers* (AASB 15)

AASB 15 was issued in December 2014 and is effective for the Group from 1 October 2018. AASB 15 contains new requirements for the recognition of revenue.

The standard requires identification of distinct performance obligations within a contract and allocation of the transaction price of the contract to those performance obligations. Revenue is recognised as each performance obligation is satisfied. Variable amounts of revenue can only be recognised if it is highly probable that a significant reversal of the variable amount will not be required in future periods. The standard also provides guidance on whether an entity is acting as a principal or an agent that may impact the presentation of revenue on a gross or net basis.

Although a significant proportion of the Group's revenue is outside the scope of AASB 15, certain revenue streams are in the scope of the standard. The Group is in the process of assessing the impact of the application of AASB 15 and is not yet able to reasonably estimate the impact on its financial statements.

AASB 15 may be applied under different transition approaches which could impact (a) revenue recognised in future periods and (b) the opening adjustment to retained earnings at the relevant date of initial application. The Group has not determined which transition approach it will adopt.

AASB 16 *Leases* (AASB 16)

The final version of AASB 16 was issued in February 2016 and is effective for the Group from 1 October 2019. AASB 16 requires a lessee to recognise its:

- right to use the underlying leased asset, as a right-of-use asset; and
- obligation to make lease payments as a lease liability.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117 *Leases* (AASB 117).

The Group is in the process of assessing the impact of the application of AASB 16 and is not yet able to reasonably estimate the impact on its financial statements.

AASB 17 *Insurance Contracts* (AASB 17)

The final version of AASB 17 was issued in July 2017 and is effective for the Group from 1 October 2021. It will replace AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*. AASB 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts.

The measurement, presentation and disclosure requirements under AASB 17 are significantly different from current accounting standards. Although the overall profit recognised in respect of insurance contracts will not change, it is expected that the timing of profit recognition will change.

The Group is not yet able to reasonably estimate the impact of AASB 17 on its financial statements.

2. Income

	Half Year[1]			Movement	
	Mar 18 $M	Sep 17 $M	Mar 17 $M	Mar 18 v. Sep 17	Mar 18 v. Mar 17
Interest income	**14,849**	14,694	14,426	1%	3%
Interest expense	**(7,322)**	(7,152)	(7,007)	2%	4%
Major bank levy	**(177)**	(86)	-	large	n/a
Net interest income	**7,350**	7,456	7,419	-1%	-1%
i) Fee and commission income					
Lending fees[2]	**348**	363	369	-4%	-6%
Non-lending fees and commissions	**1,429**	1,475	1,518	-3%	-6%
Fee and commission income	**1,777**	1,838	1,887	-3%	-6%
Fee and commission expense	**(625)**	(611)	(661)	2%	-5%
Net fee and commission income	**1,152**	1,227	1,226	-6%	-6%
ii) Other income					
Net foreign exchange earnings and other financial instruments income[3]	**770**	578	867	33%	-11%
Gain on sale of 100 Queen Street, Melbourne	**-**	-	114	n/a	-100%
Sale of Asia Retail and Wealth businesses	**99**	14	(324)	large	large
Sale of SRCB	**233**	(1)	(230)	large	large
Sale of MCC	**119**	-	-	n/a	n/a
Other[4]	**57**	67	51	-15%	12%
Other income	**1,278**	658	478	94%	large
Other operating income	**2,430**	1,885	1,704	29%	43%
iii) Net funds management and insurance income					
Funds management income	**142**	159	162	-11%	-12%
Investment income	**1**	3	14	-67%	-93%
Insurance premium income	**183**	211	213	-13%	-14%
Commission expense	**(11)**	(27)	(20)	-59%	-45%
Claims	**(31)**	(29)	(20)	7%	55%
Changes in policy liabilities	**23**	18	(50)	28%	large
Net funds management and insurance income	**307**	335	299	-8%	3%
iv) Share of associates' profit	**88**	127	173	-31%	-49%
Operating income	**10,175**	9,803	9,595	4%	6%

1. *Information has been restated and presented on a continuing operations basis.*
2. *Lending fees exclude fees treated as part of the effective yield calculation in interest income.*
3. *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 cash flow hedges, and fair value movements in financial assets and liabilities designated at fair value through profit and loss.*
4. *Other income includes external dividend income of nil (Sep 17 half: $27.3 million; Mar 17 half: nil).*

3. Operating expenses

	Half Year[1]			Movement	
	Mar 18 $M	**Sep 17 $M**	**Mar 17 $M**	**Mar 18 v. Sep 17**	**Mar 18 v. Mar 17**
i) Personnel					
Salaries and related costs	**2,133**	2,117	2,215	1%	-4%
Superannuation costs	**149**	150	153	-1%	-3%
Other	**120**	138	151	-13%	-21%
Personnel expenses	**2,402**	2,405	2,519	0%	-5%
ii) Premises					
Rent	**232**	252	248	-8%	-6%
Other	**163**	178	184	-8%	-11%
Premises expenses	**395**	430	432	-8%	-9%
iii) Technology					
Depreciation and amortisation	**368**	348	373	6%	-1%
Licences and outsourced services	**327**	332	301	-2%	9%
Other	**120**	123	125	-2%	-4%
Technology expenses	**815**	803	799	1%	2%
iv) Restructuring	**78**	26	36	large	large
v) Other					
Advertising and public relations	**99**	125	114	-21%	-13%
Professional fees	**259**	252	177	3%	46%
Freight, stationery, postage and telephone	**116**	132	126	-12%	-8%
Other	**247**	307	284	-20%	-13%
Other expenses	**721**	816	701	-12%	3%
Operating expenses	**4,411**	4,480	4,487	-2%	-2%

[1] *Information has been restated and presented on a continuing operations basis.*

4. Income tax expense

Reconciliation of the prima facie income tax expense on pre-tax profit with the income tax expense recognised in the profit and loss.

	Half Year[1]			Movement	
	Mar 18 $M	Sep 17 $M	Mar 17 $M	Mar 18 v. Sep 17	Mar 18 v. Mar 17
Profit before income tax	**5,356**	4,844	4,389	11%	22%
Prima facie income tax expense at 30%	**1,607**	1,453	1,317	11%	22%
Tax effect of permanent differences:					
Sale of MCC	**(37)**	-	-	n/a	n/a
Share of associates' profit	**(26)**	(38)	(52)	-32%	-50%
Sale of SRCB	**(84)**	16	156	large	large
Interest on Convertible Instruments	**34**	34	35	0%	-3%
Overseas tax rate differential	**(48)**	(32)	(5)	50%	large
Tax provisions no longer required	**(23)**	-	-	n/a	n/a
Other	**3**	12	(3)	-75%	large
	1,426	1,445	1,448	-1%	-2%
Income tax over provided in previous years	**-**	(18)	(1)	-100%	-100%
Income tax expense	**1,426**	1,427	1,447	0%	-1%
Australia	**949**	1,007	1,010	-6%	-6%
Overseas	**477**	420	437	14%	9%
Income tax expense	**1,426**	1,427	1,447	0%	-1%
Effective tax rate	**26.6%**	29.5%	33.0%		

1. *Information has been restated and presented on a continuing operations basis.*

5. Dividends

Dividend per ordinary share (cents) - including discontinued operations	Half Year			Movement	
	Mar 18	**Sep 17**	**Mar 17**	**Mar 18 v. Sep 17**	**Mar 18 v. Mar 17**
Interim (fully franked)	**80**	-	80	n/a	0%
Final (fully franked)	**-**	80	-	n/a	n/a
Total	**80**	80	80	0%	0%
Ordinary share dividend ($M)[1]					
Interim dividend	**-**	2,349	-	n/a	n/a
Final dividend	**2,350**	-	2,342	n/a	0%
Bonus option plan adjustment	**(42)**	(40)	(42)	5%	0%
Total	**2,308**	2,309	2,300	0%	0%
Ordinary share dividend payout ratio (%)[2]	**69.6%**	67.2%	80.7%		

1. *Dividends paid to ordinary equity holders of the Company. Excludes dividends paid by subsidiaries of the Group to non-controlling equity holders (Mar 18 half: nil; Sep 17 half: nil; Mar 17 half: $1.3 million).*
2. *Dividend payout ratio is calculated using the proposed 2018 interim dividend of $2,313 million (not shown in the above table). The proposed 2018 interim dividend of $2,313 million is based on the forecast number of ordinary shares on issue at the dividend record date. Dividend payout ratios for the September and March 2017 half year are calculated using actual dividends paid of $2,350 million and $2,349 million respectively.*

Ordinary Shares

The Directors propose that an interim dividend of 80 cents be paid on each eligible fully paid ANZ ordinary share on 2 July 2018. The 2018 interim dividend will be fully franked for Australian tax purposes, and New Zealand imputation credits of NZ 9 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 2018 interim dividend. For the 2018 interim dividend, ANZ intends to provide shares under the DRP through an on-market purchase 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 ASX and Chi-X during the ten trading days commencing on 18 May 2018, 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 2018 interim dividend must be received by ANZ's Share Registrar by 5.00pm (Australian Eastern Standard Time) on 16 May 2018.

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 18 May 2018.

6. Earnings per share

	Half Year			Movement	
	Mar 18	Sep 17	Mar 17	Mar 18 v. Sep 17	Mar 18 v. Mar 17
Earnings Per Share (EPS) - Basic					
Earnings Per Share (cents)[1]	**114.2**	119.9	100.2	-5%	14%
Earnings Per Share (cents) from continuing operations	**134.8**	117.0	100.9	15%	34%
Earnings Per Share (cents) from discontinued operations	**(20.6)**	2.9	(0.8)	large	large
Earnings Per Share (EPS) - Diluted					
Earnings Per Share (cents)	**108.6**	114.7	96.7	-5%	12%
Earnings Per Share (cents) from continuing operations	**127.4**	112.0	97.4	14%	31%
Earnings Per Share (cents) from discontinued operations	**(18.8)**	2.7	(0.7)	large	large
Reconciliation of earnings used in EPS Calculations					
Basic:					
Profit for the period ($M)	**3,330**	3,502	2,919	-5%	14%
Less: profit attributable to non-controlling interests ($M)	**7**	7	8	0%	-13%
Earnings used in calculating basic earnings per share ($M)	**3,323**	3,495	2,911	-5%	14%
Less: Profit/(Loss) after tax from discontinued operations ($M)	**(600)**	85	(23)	large	large
Earnings used in calculating basic earnings per share from continuing operations ($M)	**3,923**	3,410	2,934	15%	34%
Diluted:					
Earnings used in calculating basic earnings per share ($M)	**3,323**	3,495	2,911	-5%	14%
Add: interest on convertible subordinated debt ($M)	**141**	140	148	1%	-5%
Earnings used in calculating diluted earnings per share ($M)	**3,464**	3,635	3,059	-5%	13%
Less: Profit/(Loss) after tax from discontinued operations ($M)	**(600)**	85	(23)	large	large
Earnings used in calculating diluted earnings per share from continuing operations ($M)	**4,064**	3,550	3,082	14%	32%
Reconciliation of weighted average number of ordinary shares (WANOS) used in EPS calculations[2]					
WANOS used in calculating basic earnings per share	**2,909.6**	2,914.0	2,906.6	0%	0%
Add: Weighted average dilutive potential ordinary shares (M)					
Convertible subordinated debt (M)	**269.7**	243.0	247.1	11%	9%
Share based payments (options, rights and deferred shares) (M)	**10.0**	11.5	10.0	-13%	0%
Adjusted weighted average number of shares - diluted (M)	**3,189.3**	3,168.5	3,163.7	1%	1%

1. Post disposal of the discontinued operations, treasury shares held in Wealth Australia will cease to be eliminated in the Group's consolidated financial statements and will be included in the denominator used in calculating earnings per share. If the weighted average number of treasury shares held in Wealth Australia was included in the denominator used in calculating earnings per share from continuing operations for the half year ended 31 March 2018, basic earnings per share would have been 134.1 cents (Sep 17 half: 116.4 cents; Mar 17 half: 100.4 cents) and diluted earnings per share would have been 126.8 cents (Sep 17 half: 111.5 cents; Mar 17 half: 96.9 cents).

2. Weighted average number of ordinary shares excludes the weighted average number of treasury shares held in ANZEST and Wealth Australia as summarised in the table below:

	Mar 18 half (Million)	*Sep 17 half (Million)*	*Mar 17 half (Million)*
ANZEST Pty Ltd	*6.3*	*7.5*	*8.8*
Wealth Australia	*15.0*	*15.2*	*17.1*
Total treasury shares	*21.3*	*22.7*	*25.9*

7. Segment analysis

i) Description of segments

The Group operates on a divisional structure with six continuing divisions: Australia, New Zealand, Institutional, Asia Retail & Pacific, Wealth Australia, and Technology, Services & Operations (TSO) and Group Centre. For further information on the composition of divisions refer to the Definitions on page 121.

During the March 2018 half:

- the Group transferred Wealth Australia businesses to be divested and associated Group reclassification and consolidation impacts to discontinued operations;
- the Corporate business, formerly part of the Corporate and Commercial Banking business within the Australia division, was transferred to the Institutional division;
- the residual Asia Retail and Wealth businesses in Philippines, Japan and Cambodia not sold as part of the Asia Retail and Wealth divestment have been transferred to the Institutional division; and
- the Group made a further realignment by transferring Group Hub's divisional specific operations in TSO and Group Centre to the respective divisions. As these costs were previously recharged, there is no change to previously reported divisional cash profit. Divisional full time equivalents (FTEs) have been restated to reflect this change.

Other than the changes described above, there have been no other significant structural changes during the year. However, certain prior period comparatives have been restated to align with current period presentation. The divisions reported below are consistent with internal reporting provided to the chief operating decision maker, being the Chief Executive Officer.

ANZ measures the performance of continuing segments on a cash profit basis. To calculate cash profit, certain non-core items are removed from statutory profit. Details of these items are included in the 'Other items' section of this note. Transactions between business units across segments within ANZ are conducted on an arm's-length basis and disclosed as part of the income and expenses of these segments. For information on discontinued operations please refer to Note 11. The retained Wealth Australia business includes lenders mortgage insurance, share investing, financial planning and general insurance distribution.

ii) Operating segments

	Half Year[1]			Movement	
Operating Income	**Mar 18 $M**	**Sep 17 $M**	**Mar 17 $M**	**Mar 18 v. Sep 17**	**Mar 18 v. Mar 17**
Australia	**4,863**	4,784	4,651	2%	5%
Institutional	**2,544**	2,575	3,055	-1%	-17%
New Zealand	**1,616**	1,595	1,577	1%	2%
Wealth Australia	**186**	189	204	-2%	-9%
Asia Retail & Pacific	**303**	428	166	-29%	83%
TSO and Group Centre	**296**	269	323	10%	-8%
Subtotal	**9,808**	9,840	9,976	0%	-2%
Other[2]	**367**	(37)	(381)	large	large
Group total	**10,175**	9,803	9,595	4%	6%

	Half Year[1]			Movement	
Profit	**Mar 18 $M**	**Sep 17 $M**	**Mar 17 $M**	**Mar 18 v. Sep 17**	**Mar 18 v. Mar 17**
Australia	**1,915**	1,857	1,759	3%	9%
Institutional	**793**	859	1,065	-8%	-26%
New Zealand	**726**	692	677	5%	7%
Wealth Australia	**44**	37	58	19%	-24%
Asia Retail & Pacific	**106**	65	(222)	63%	large
TSO and Group Centre	**(91)**	(56)	18	63%	large
Subtotal	**3,493**	3,454	3,355	1%	4%
Other[2]	**430**	(44)	(421)	large	large
Group total	**3,923**	3,410	2,934	15%	34%

1. *Information has been restated and presented on a continuing operations basis.*
2. *In evaluating the performance of the operating segments, certain items are removed from the statutory profit where they are not considered integral to the ongoing performance of the segment and are revalued separately.*

7. Segment analysis, cont'd

iii) Other items

The table below sets out the profit after tax impact of other items which are removed from statutory profit to reflect the cash profit of each segment.

		Half Year[1]			Movement	
Item gains/(losses)	**Related segment**	**Mar 18 $M**	**Sep 17 $M**	**Mar 17 $M**	**Mar 18 v. Sep 17**	**Mar 18 v. Mar 17**
Revaluation of policy liabilities	New Zealand	**10**	8	(33)	25%	large
Economic hedges	Institutional, TSO and Group Centre	**124**	(31)	(178)	large	large
Revenue hedges	TSO and Group Centre	**(40)**	(6)	105	large	large
Structured credit intermediation trades	Institutional	**3**	2	1	50%	large
Sale of SRCB	TSO and Group Centre	**333**	(17)	(316)	large	large
Total profit after tax from continuing operations		**430**	(44)	(421)	large	large

1. *Information has been restated and presented on a continuing operations basis.*

8. Net loans and advances

	As at			Movement	
	Mar 18 $M	**Sep 17 $M**	**Mar 17 $M**	**Mar 18 v. Sep 17**	**Mar 18 v. Mar 17**
Australia					
Overdrafts	**5,843**	5,939	5,786	-2%	1%
Credit cards outstanding	**8,629**	8,632	8,846	0%	-2%
Commercial bills outstanding	**7,467**	8,471	9,232	-12%	-19%
Term loans - housing	**270,631**	264,105	255,721	2%	6%
Term loans - non-housing	**125,901**	124,307	123,464	1%	2%
Lease receivables	**1,072**	1,153	1,084	-7%	-1%
Hire purchase contracts	**893**	634	641	41%	39%
Other	**8**	15	415	-47%	-98%
Total Australia	**420,444**	413,256	405,189	2%	4%
Asia Pacific, Europe & America					
Overdrafts	**538**	449	743	20%	-28%
Credit cards outstanding	**13**	869	1,351	-99%	-99%
Term loans - housing	**729**	2,469	6,501	-70%	-89%
Term loans - non-housing[1]	**53,971**	50,901	52,131	6%	4%
Lease receivables	**210**	117	163	79%	29%
Other	**17**	34	320	-50%	-95%
Total Asia Pacific, Europe & America	**55,478**	54,839	61,209	1%	-9%
New Zealand					
Overdrafts	**809**	957	1,158	-15%	-30%
Credit cards outstanding	**1,558**	1,508	1,503	3%	4%
Term loans - housing	**73,751**	70,735	68,592	4%	8%
Term loans - non-housing	**41,306**	40,697	40,247	1%	3%
Lease receivables	**182**	189	198	-4%	-8%
Hire purchase contracts	**1,411**	1,263	1,115	12%	27%
Total New Zealand	**119,017**	115,349	112,813	3%	5%
Sub-total	**594,939**	583,444	579,211	2%	3%
Unearned income	**(441)**	(411)	(458)	7%	-4%
Capitalised brokerage/mortgage origination fees[2]	**1,044**	1,058	1,040	-1%	0%
Customer liability for acceptances[3]	**-**	-	565	n/a	-100%
Gross loans and advances (including assets reclassified as held for sale)	**595,542**	584,091	580,358	2%	3%
Provision for credit impairment (refer to Note 9)	**(3,595)**	(3,798)	(4,054)	-5%	-11%
Net loans and advances (including assets reclassified as held for sale)	**591,947**	580,293	576,304	2%	3%
Net loans and advances held for sale (refer to Note 11)	**(3,001)**	(5,962)	(12,269)	-50%	-76%
Net loans and advances	**588,946**	574,331	564,035	3%	4%

1. *Commercial bills outstanding are included in Term loans - non-housing. Restatement impact of $2,597 million for September 2017 and $2,065 million for March 2017.*
2. *Capitalised brokerage/mortgage origination fees are amortised over the expected life of the loan.*
3. *Customer liability for acceptances has been recognised as Other assets from 1 April 2017.*

9. Provision for credit impairment

	Half Year			Movement	
	Mar 18 $M	Sep 17 $M	Mar 17 $M	Mar 18 v. Sep 17	Mar 18 v. Mar 17
Individual provision					
Balance at start of period	**1,136**	1,269	1,307	-10%	-13%
New and increased provisions	**728**	948	1,121	-23%	-35%
Write-backs	**(191)**	(280)	(221)	-32%	-14%
Adjustment for exchange rate fluctuations and transfers	**5**	(2)	(12)	large	large
Discount unwind	**(7)**	(8)	(24)	-13%	-71%
Bad debts written-off	**(651)**	(791)	(902)	-18%	-28%
Asia Retail and Wealth businesses divestment	**(4)**	-	-	n/a	n/a
Total individual provision	**1,016**	1,136	1,269	-11%	-20%
Collective provision					
Balance at start of period	**2,662**	2,785	2,876	-4%	-7%
Charge/(Release) to Income Statement	**(22)**	(75)	(67)	-71%	-67%
Adjustment for exchange rate fluctuations and transfers	**18**	(9)	(24)	large	large
Asia Retail and Wealth businesses divestment	**(79)**	(39)	-	large	n/a
Total collective provision[1]	**2,579**	2,662	2,785	-3%	-7%
Total provision for credit impairment	**3,595**	3,798	4,054	-5%	-11%

1. *The collective provision includes amounts for off-balance sheet credit exposures of $522 million as at 31 March 2018 (Sep 17: $544 million; Mar 17: $574 million). The impact on the Income Statement for the half year ended 31 March 2018 was a $26 million release (Sep 17 half: $20 million release; Mar 17 half: $46 million release).*

	Half Year			Movement	
Provision movement analysis	Mar 18 $M	Sep 17 $M	Mar 17 $M	Mar 18 v. Sep 17	Mar 18 v. Mar 17
New and increased individual provisions	**728**	948	1,121	-23%	-35%
Write-backs	**(191)**	(280)	(221)	-32%	-14%
	537	668	900	-20%	-40%
Recoveries of amounts previously written-off	**(107)**	(114)	(114)	-6%	-6%
Individual credit impairment charge	**430**	554	786	-22%	-45%
Collective credit impairment charge/(release)	**(22)**	(75)	(67)	-71%	-67%
Credit impairment charge	**408**	479	719	-15%	-43%

10. Deposits and other borrowings

	As at			Movement	
	Mar 18 $M	Sep 17 $M	Mar 17 $M	Mar 18 v. Sep 17	Mar 18 v. Mar 17
Australia					
Certificates of deposit	**43,157**	50,565	51,875	-15%	-17%
Term deposits	**75,116**	72,679	72,471	3%	4%
On demand and short term deposits	**191,228**	190,480	179,928	0%	6%
Deposits not bearing interest	**10,548**	10,221	9,268	3%	14%
Deposits from banks and securities sold under repurchase agreements	**37,718**	35,896	37,824	5%	0%
Commercial paper	**21,658**	14,599	6,786	48%	large
Total Australia	**379,425**	374,440	358,152	1%	6%
Asia Pacific, Europe & America					
Certificates of deposit	**5,234**	2,894	4,629	81%	13%
Term deposits	**77,335**	78,863	90,449	-2%	-14%
On demand and short term deposits	**19,557**	21,769	23,468	-10%	-17%
Deposits not bearing interest	**4,362**	4,519	4,650	-3%	-6%
Deposits from banks and securities sold under repurchase agreements	**30,756**	23,251	24,765	32%	24%
Total Asia Pacific, Europe & America	**137,244**	131,296	147,961	5%	-7%
New Zealand					
Certificates of deposit	**1,897**	1,763	924	8%	large
Term deposits	**44,810**	41,829	40,236	7%	11%
On demand and short term deposits	**39,580**	38,143	38,762	4%	2%
Deposits not bearing interest	**9,334**	8,173	7,832	14%	19%
Deposits from banks and securities sold under repurchase agreements	**1,543**	145	662	large	large
Commercial paper and other borrowings	**3,297**	4,380	3,888	-25%	-15%
Total New Zealand	**100,461**	94,433	92,304	6%	9%
Total deposits and other borrowings (including liabilities reclassified as held for sale)	**617,130**	600,169	598,417	3%	3%
Deposits and other borrowings held for sale (refer to Note 11)	**(900)**	(4,558)	(17,010)	-80%	-95%
Total deposits and other borrowings	**616,230**	595,611	581,407	3%	6%

11. Discontinued operations and assets and liabilities held for sale

i) Discontinued operations

On 17 October 2017, the Group announced it had agreed to sell OnePath pensions and investments (OnePath P&I) and aligned dealer groups (ADG) business to IOOF Holdings Limited (IOOF). The aligned dealer groups business consists of aligned advice businesses that operate under their own Australian Financial Services licences. Completion is expected in the first half of the 2019 financial year, subject to certain conditions including regulatory approvals and completing the extraction of the OnePath P&I business from OnePath Life Insurance.

On 12 December 2017, ANZ announced that it had agreed to the sale of its life insurance business to Zurich Financial Services Australia (Zurich) to further simplify ANZ's Wealth Australia division. The transaction is subject to closing conditions and regulatory approval and ANZ expects it to close in the first half of the 2019 financial year.

As a result of the sale transactions outlined above, the financial results of the businesses to be divested and associated Group reclassification and consolidation impacts are treated as discontinued operations from a reporting perspective. This impacts the current and comparative financial information for Wealth Australia and TSO and Group Centre divisions.

Income Statement

	Half Year			Movement	
	Mar 18 $M	**Sep 17 $M**	**Mar 17 $M**	**Mar 18 v. Sep 17**	**Mar 18 v. Mar 17**
Net interest income	**-**	-	(3)	n/a	-100%
Other operating income[1]	**(655)**	5	6	large	large
Net funds management and insurance income	**426**	469	398	-9%	7%
Operating income	**(229)**	474	401	large	large
Operating expenses	**(243)**	(237)	(244)	3%	0%
Profit/(Loss) before income tax	**(472)**	237	157	large	large
Income tax expense	**(128)**	(152)	(180)	-16%	-29%
Profit/(Loss) for the period attributable to shareholders of the Company	**(600)**	85	(23)	large	large

1. Includes a $632 million loss relating to the reclassification of Wealth Australia businesses to held for sale.

Cash Flow Statement

	Half Year			Movement	
	Mar 18 $M	**Sep 17 $M**	**Mar 17 $M**	**Mar 18 v. Sep 17**	**Mar 18 v. Mar 17**
Net cash provided by/(used in) operating activities	924	558	799	66%	16%
Net cash provided by/(used in) investing activities	(1,133)	(492)	(1,675)	large	-32%
Net cash provided by/(used in) financing activities	179	(64)	864	large	-79%
Net cash provided by/(used in)	**(30)**	2	(12)	large	large

ii) Assets and liabilities held for sale

At 31 March 2018, assets and liabilities held for sale are re-measured at the lower of their existing carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement and continue to be recognised at their existing carrying value.

Assets and liabilities held for sale[1]

	As at 31 Mar 2018				As at 30 Sep 2017					As at 31 Mar 2017			
	Discontinued operations $M	UDC and Paymark $M	Metrobank Card Corporation $M	Total $M	Asia Retail and Wealth businesses $M	UDC $M	Shanghai Rural Commercial Bank $M	Metrobank Card Corporation $M	Total $M	Asia Retail and Wealth businesses $M	UDC $M	Shanghai Rural Commercial Bank $M	Total $M
Cash and cash equivalents	5	-	-	5	-	-	-	-	-	-	-	-	-
Derivative financial instruments	1	-	-	1	-	-	-	-	-	-	-	-	-
Available for sale assets	1,040	-	-	1,040	-	-	-	-	-	-	-	-	-
Net loans and advances	118	2,883	-	3,001	3,283	2,679	-	-	5,962	9,776	2,493	-	12,269
Investment in associates	1	7	60	68	-	-	1,748	120	1,868	-	-	1,735	1,735
Deferred tax assets	72	-	-	72	-	-	-	-	-	-	-	-	-
Goodwill and other intangible assets	946	124	-	1,070	-	122	-	-	122	-	118	-	118
Investments backing policy liabilities	38,803	-	-	38,803	-	-	-	-	-	-	-	-	-
Premises and equipment	5	-	-	5	-	-	-	-	-	-	-	-	-
Other assets	1,198	15	-	1,213	-	18	-	-	18	-	23	-	23
Total assets held for sale	42,189	3,029	60	45,278	3,283	2,819	1,748	120	7,970	9,776	2,634	1,735	14,145
Deposits and other borrowings	-	900	-	900	3,602	956	-	-	4,558	15,818	1,192	-	17,010
Current tax liabilities	(158)	36	-	(122)	-	22	-	-	22	-	31	-	31
Deferred tax liabilities	387	(9)	-	378	-	(8)	-	-	(8)	-	-	-	-
Policy liabilities	38,381	-	-	38,381	-	-	-	-	-	-	-	-	-
External unit holder liabilities	4,618	-	-	4,618	-	-	-	-	-	-	-	-	-
Payables and other liabilities	560	28	-	588	47	30	-	-	77	44	30	-	74
Provisions	29	1	-	30	43	1	-	-	44	50	1	-	51
Total liabilities held for sale	43,817	956	-	44,773	3,692	1,001	-	-	4,693	15,912	1,254	-	17,166

1. *Amounts in the table above are shown net of intercompany balances.*

11. Discontinued operations and assets and liabilities held for sale, cont'd

Other strategic divestments presented as assets and liabilities held for sale in the prior periods:

- **Asia Retail and Wealth Businesses**

  The Group announced that it had agreed to sell Retail and Wealth businesses in Singapore, Hong Kong, China, Taiwan and Indonesia to Singapore's DBS Bank on 31 October 2016, and its Retail business in Vietnam to Shinhan Bank Vietnam on 21 April 2017. The Group successfully completed the transition of businesses in China, Singapore and Hong Kong in the September 2017 half, and Vietnam, Taiwan, and Indonesia in the March 2018 half. These businesses were part of the Asia Retail & Pacific division.

- **UDC Finance (UDC) and Paymark Limited (Paymark)**

  On 11 January 2017, the Group announced that it had entered into a conditional agreement to sell UDC to HNA Group (HNA). On 21 December 2017, the Group announced that it had been informed that New Zealand's Overseas Investment Office had declined HNA's application to acquire UDC and the agreement with HNA was terminated in January 2018.

  On 20 March 2018, the Group announced that it was continuing to examine a broad range of options for UDC's future including an Initial Public Offering (IPO) and trade sale. As a result of the ongoing process, the assets and liabilities of UDC continue to meet the criteria to be reclassified to held for sale as at 31 March 2018.

  On 17 January 2018, the Group entered into an agreement to sell its 25% shareholding in Paymark to Ingenico Group. The carrying amount of the Group's investment in Paymark at 31 March 2018 is $7 million and the asset is reclassified to held for sale. The transaction is subject to regulatory consents. These businesses are part of the New Zealand division.

- **Shanghai Rural Commercial Bank**

  On 3 January 2017, the Group announced it had agreed to sell its 20% stake in Shanghai Rural Commercial Bank (SRCB). On 18 September 2017, the Group announced a revision to the 3 January 2017 arrangement in which Baoshan Iron & Steel Co. Ltd. (Bao) replaced Shanghai Sino-Poland Enterprise Management Development Corporation Limited to join China COSCO Shipping Corporation Limited (COSCO) to acquire ANZ's 20% stake in SRCB. Under the updated arrangement, COSCO and Bao each acquired a 10% stake in SRCB. The key financial terms of the revised sale agreement were unchanged from the original transaction announcement. The sale was completed in the March 2018 half. This asset was part of the TSO and Group Centre division.

- **Metrobank Card Corporation**

  On 18 October 2017, the Group announced it had entered into an agreement with its joint venture partner Metropolitan Bank & Trust Company (Metrobank) in relation to its 40% stake in the Philippines based Metrobank Card Corporation (MCC). The Group agreed to sell 20% of its stake, and entered into a put option to sell the remaining 20% stake, exercisable in the fourth quarter of 2018 on the same terms for the same consideration. The first 20% stake sale was completed in the March 2018 half. This asset is part of the TSO and Group Centre division.

Income Statement impact relating to assets and liabilities held for sale

During the March 2018 half year, the Group recognised the following impacts in relation to assets and liabilities held for sale:

- $632 million loss relating to the reclassification of the Wealth Australia business to held for sale, comprising a $277 million impairment, and $355 million of costs (net of tax) associated with the sale. This loss is recognised in discontinued operations.
- $85 million gain relating to the sale of the remaining Asia Retail and Wealth businesses, net of costs associated with the sale including $14 million of tax expenses. This gain is recognised in continuing operations.
- $18 million gain relating to UDC comprising a cost recovery in respect of the terminated transaction process. This gain is recognised in continuing operations.
- $247 million net gain relating to SRCB comprising a $289 million gain on release of reserves, $56 million of foreign exchange losses and other costs, and a $14 million adjustment for tax. This gain is recognised in continuing operations.
- $121 million net gain relating to MCC comprising a $121 million gain on sale of the first 20% stake, $1 million of foreign exchange gains, $3 million loss on release of reserves, and a $2 million adjustment for tax. This gain is recognised in continuing operations.

During the September 2017 half year, the Group recognised the following impacts in continuing operations in relation to assets and liabilities held for sale:

- $14 million gain recognised on the partial completion of the Asia Retail and Wealth sale comprising sale premium and recoveries, net of related sale costs.
- $17 million loss relating to the Group's investment in SRCB comprising $1 million of foreign exchange losses, and $16 million of tax expenses.

During the March 2017 half year, the Group recognised the following impacts in continuing operations in relation to the assets and liabilities:

- $324 million loss relating to the reclassification of the Group's Asia Retail and Wealth businesses to held for sale comprising $225 million of software, goodwill and other assets impairment charges, and $99 million of costs associated with the sale. The Group also recognised a $40 million tax benefit as a result of the loss on reclassification to held for sale.
- $316 million loss relating to the Group's investment in SRCB comprising of a $219 million impairment to the investment, $11 million of foreign exchange losses, and $86 million of tax expenses.

These impacts are included in 'Other income' and 'Income tax expense' (refer Note 2 and 4).

12. Debt issuances

	Half Year			Movement	
	Mar 18 $M	Sep 17 $M	Mar 17 $M	Mar 18 v. Sep 17	Mar 18 v. Mar 17
Total unsubordinated debt	**97,576**	90,263	88,778	8%	10%
Additional Tier 1 Capital[1]					
Convertible Preference Shares (ANZ CPS)					
ANZ CPS3[2]	**-**	573	1,340	-100%	-100%
ANZ Capital Notes (ANZ CN)					
ANZ CN1[3]	**1,117**	1,116	1,116	0%	0%
ANZ CN2[4]	**1,604**	1,604	1,603	0%	0%
ANZ CN3[5]	**961**	963	962	0%	0%
ANZ CN4[6]	**1,609**	1,608	1,607	0%	0%
ANZ CN5[7]	**924**	925	-	0%	n/a
ANZ Capital Securities[8]	**1,188**	1,206	1,218	-1%	-2%
ANZ NZ Capital Notes[9]	**467**	457	454	2%	3%
Tier 2 Capital[10]					
Perpetual subordinated notes	**1,174**	1,150	1,156	2%	2%
Term subordinated notes	**8,216**	8,108	10,841	1%	-24%
Total subordinated debt	**17,260**	17,710	20,297	-3%	-15%
Total debt issuances	**114,836**	107,973	109,075	6%	5%

1. *ANZ Capital Notes, ANZ Capital Securities and the ANZ NZ Capital Notes are Basel 3 compliant instruments.*
2. *On 28 September 2011, ANZ issued $1,340 million of convertible preference shares (CPS3). On 28 September 2017, ANZ bought back and cancelled $767 million of CPS3 and on 1 March 2018 ANZ repaid all remaining CPS3 for their issue price of $100 each.*
3. *On 7 August 2013, ANZ issued capital notes (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 to ANZ ordinary shares (on similar terms to mandatory conversion) by ANZ.*
4. *On 31 March 2014, ANZ issued capital notes (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.*
5. *On 5 March 2015, ANZ acting through its New Zealand Branch issued capital notes (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.*
6. *On 27 September 2016, ANZ issued capital notes (CN4) which will convert into ANZ ordinary shares on 20 March 2026 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 20 March 2024 the notes are redeemable or convertible into ANZ ordinary shares (on similar terms to the mandatory conversion) by ANZ.*
7. *On 28 September 2017, ANZ issued capital notes (CN5) which will convert into ANZ ordinary shares on 20 March 2027 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 20 March 2025 the notes are redeemable or convertible into ANZ ordinary shares (on similar terms to the mandatory conversion) by ANZ.*
8. *On 15 June 2016, ANZ acting through its London branch issued fully-paid perpetual subordinated contingent convertible securities (ANZ Capital Securities). 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 securities will immediately convert into ANZ ordinary shares at a 1% discount subject to a maximum conversion number. Subject to certain conditions, on the First Reset Date (15 June 2026) and each 5 year anniversary, ANZ has the right to redeem all of the securities at its discretion.*
9. *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.*
10. *The convertible dated subordinated notes are Basel 3 compliant instruments. 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.*

13. Credit risk

Maximum exposure to credit risk

For financial assets recognised on the balance sheet, the maximum exposure to credit risk is the carrying amount. In certain circumstances there may be differences between the carrying amounts reported on the balance sheet and the amounts reported in the tables below. Principally, these differences arise in respect of financial assets that are subject to risks other than credit risk, such as equity instruments which are primarily subject to market risk, or bank notes and coins.

For undrawn facilities, this maximum exposure to credit risk is the full amount of the committed facilities. For contingent exposures, the maximum exposure to credit risk is the maximum amount the group would have to pay if the instrument is called upon.

The table below shows the maximum exposure to credit risk of on-balance sheet, and off-balance sheet, positions before taking account of any collateral held or other credit enhancements:

	Reported As at			Excluded/Other[1,2] As at			Maximum Exposure to Credit Risk As at		
On-balance sheet positions[3]	**Mar 18 $M**	**Sep 17 $M**	**Mar 17 $M**	**Mar 18 $M**	**Sep 17 $M**	**Mar 17 $M**	**Mar 18 $M**	**Sep 17 $M**	**Mar 17 $M**
Net loans and advances[2]	**591,947**	580,293	576,304	**(548)**	(562)	(590)	**592,495**	580,855	576,894
Other financial assets	**329,365**	307,789	304,820	**50,524**	50,472	47,684	**278,841**	251,317	257,136
Total other financial assets	**921,312**	888,082	881,124	**49,976**	49,910	47,094	**871,336**	832,172	834,030
Off-balance sheet positions									
Undrawn and contingent facilities[2,4]	**233,527**	232,162	236,054	**548**	562	590	**232,979**	231,600	235,464
Total	**1,154,839**	1,120,244	1,117,178	**50,524**	50,472	47,684	**1,104,315**	1,063,772	1,069,494

1. *Excluded comprises bank notes and coins and cash at bank within liquid assets, equity securities within available-for-sale financial assets and investments relating to the insurance business where the credit risk is passed onto the policy holder. In September 2017, equity securities and precious metal exposures recognised as trading securities and trade dated assets recognised as settlement balances owed to ANZ have been excluded as they do not carry credit risk. Comparatives have been restated accordingly.*
2. *Other relates to the transfer of individual and collective provisions related to off-balance sheet facilities held in net loans and advances. The provisions are transferred for the purposes of showing the maximum exposure to credit risk by relevant facility type in this and the following tables.*
3. *On-balance sheet positions include assets and liabilities reclassified as held for sale.*
4. *Undrawn facilities and contingent facilities includes guarantees, letters of credit and performance related contingencies.*

Credit Quality

The table below provides an analysis of the credit quality of the maximum exposure to credit risk split by:

- *Neither past due nor impaired assets by credit quality*

  The credit quality of financial assets is managed by the Group using internal customer credit ratings (CCRs) based on their current probability of default. The Group's masterscales are mapped to external rating agency scales, to enable wider comparisons.

- *Past due but not impaired assets by ageing*

  Ageing analysis of past due loans is used by the Group to measure and manage emerging credit risks. Financial assets that are past due but not impaired include those which are assessed, approved and managed on a portfolio basis within a centralised environment (for example credit cards and personal loans) that can be held on a productive basis until they are 180 days past due, as well as those which are managed on an individual basis. A large portion of retail credit exposures, such as residential mortgages, are generally well secured. That is, the value of supporting collateral is sufficient to cover amounts outstanding.

- *Restructured and impaired assets presented as gross amounts and net of individual provisions.*

  ANZ regularly reviews its portfolio and monitors adherence to contractual terms. When doubt arises as to the collectability of a credit facility, the financial instrument (or 'the facility') is classified and reported as individually impaired and an individual provision is allocated against it.

  As described in the summary of significant accounting policies in the 2017 Annual Financial Report, impairment provisions are created for financial instruments that are reported on the balance sheet at amortised cost. For instruments reported at fair value, impairment provisions are treated as part of overall change in fair value and directly reduce the reported carrying amounts.

13. Credit risk, cont'd

	Loans and advances As at			Other financial assets As at			Off-balance sheet credit related commitments As at		
	Mar 18 $M	Sep 17 $M	Mar 17 $M	Mar 18 $M	Sep 17 $M	Mar 17 $M	Mar 18 $M	Sep 17 $M	Mar 17 $M
Neither past due nor impaired									
Strong credit profile[1]	**427,729**	410,343	435,778	**274,815**	246,774	252,646	**194,393**	190,083	193,658
Satisfactory risk[2]	**131,229**	137,432	107,026	**3,859**	4,429	4,322	**36,756**	39,578	39,217
Sub-standard but not past due or impaired[3]	**16,767**	16,879	17,101	**167**	114	158	**1,761**	1,858	2,520
Subtotal	**575,725**	564,654	559,905	**278,841**	251,317	257,126	**232,910**	231,519	235,395
Past due but not impaired									
1-29 days	**8,974**	8,790	9,123	**-**	-	-	**-**	-	-
30-59 days	**2,576**	2,143	2,355	**-**	-	-	**-**	-	-
60-89 days	**1,233**	1,148	1,148	**-**	-	-	**-**	-	-
>90 days	**3,038**	2,953	2,771	**-**	-	-	**-**	-	-
Subtotal	**15,821**	15,034	15,397	**-**	-	-	**-**	-	-
Restructured and impaired									
Impaired loans	**1,863**	2,118	2,478	**-**	-	-	**-**	-	-
Restructured items[4]	**76**	167	367	**-**	-	-	**-**	-	-
Non-performing commitment and contingencies	**-**	-	-	**-**	-	-	95	99	85
Other	**-**	-	-	**-**	-	10	**-**	-	-
Gross impaired financial assets	**1,939**	2,285	2,845	**-**	-	10	**95**	99	85
Individual provisions	**(990)**	(1,118)	(1,253)	**-**	-	-	**(26)**	(18)	(16)
Subtotal	**949**	1,167	1,592	**-**	-	10	**69**	81	69
Total	**592,495**	580,855	576,894	**278,841**	251,317	257,136	**232,979**	231,600	235,464

1. *Customers that have demonstrated superior stability in their operating and financial performance over the long-term, and whose debt servicing capacity is not significantly vulnerable to foreseeable events. This rating broadly corresponds to ratings "Aaa" to "Baa3" and "AAA" to "BBB-" of Moody's and Standard & Poor's respectively. In 2018, collective provisions against Satisfactory and Sub-standard risk, which previously had been allocated against Strong credit profile are now reallocated to Satisfactory and Sub-standard risk. Comparatives have been restated accordingly.*
2. *Customers that have consistently demonstrated sound operational and financial stability over the medium to long term, even though some may be susceptible to cyclical trends or variability in earnings. This rating broadly corresponds to ratings "Ba2" to "B1" and "BB" to "B+" of Moody's and Standard & Poor's respectively. In 2018, collective provisions against Satisfactory and Sub-standard risk, which previously had been allocated against Strong credit profile are now reallocated to Satisfactory and Sub-standard risk. Comparatives have been restated accordingly (Sep 17: Net loans and advances $585 million, Credit related commitments $187 million; Mar 17: Net loans and advances $550 million, Credit related commitments $186 million).*
3. *Customers that have demonstrated some operational and financial instability, with variability and uncertainty in profitability and liquidity projected to continue over the short and possibly medium term. This rating broadly corresponds to ratings "B2" to "Caa" and "B" to "CCC" of Moody's and Standard & Poor's respectively. In 2018, collective provisions against Satisfactory and Sub-standard risk, which previously had been allocated against Strong credit profile are now reallocated to Satisfactory and Sub-standard risk. Comparatives have been restated accordingly (Sep 17: Net loans and advances $639 million, Credit related commitments $85 million; Mar 17: Net loans and advances $762 million, Credit related commitments $114 million).*
4. *Restructured items are 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 for new facilities with similar risk.*

14. Fair value measurement

The Group carries a significant number of financial instruments on the balance sheet at fair value. In addition the Group also holds assets classified as held for sale which are measured at fair value less costs to sell. The fair value is the best estimate of the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

i) Assets and liabilities measured at fair value on the balance sheet

a) Valuation

The Group has an established control framework, including appropriate segregation of duties, to ensure that fair values are accurately determined, reported and controlled. The framework includes the following features:

- products are approved for transacting with external customers and counterparties only where fair values can be appropriately determined;
- when using quoted prices to value an instrument, these are independently verified from external pricing providers;
- fair value methodologies and inputs are evaluated and approved by a function independent of the party that undertakes the transaction;
- movements in fair values are independently monitored and explained by reference to underlying factors relevant to the fair value; and
- valuation adjustments (such as funding valuation adjustments, credit valuation adjustments and bid-offer adjustments) are independently validated and monitored.

If the Group holds offsetting risk positions, then the Group uses the portfolio exception in AASB 13 *Fair Value Measurement* (AASB 13) to measure the fair value of such groups of financial assets and financial liabilities. We measure the portfolio based on the price that would be received to sell a net long position (an asset) for a particular risk exposure, or to transfer a net short position (a liability) for a particular risk exposure.

b) Fair value approach and valuation techniques

We use valuation techniques to estimate the fair value of assets and liabilities for recognition, measurement and disclosure purposes where no quoted price in an active market for that asset or liability exists. This includes the following:

Asset or Liability	Fair Value Approach
Financial instruments classified as: - trading securities - securities short sold - derivative financial assets and liabilities - available-for-sale assets - other assets	Valuation techniques are used that incorporate observable market inputs for securities with similar credit risk, maturity and yield characteristics. Equity instruments that are not traded in active markets may be measured using comparable company valuation multiples.
Net loans and advances, deposits and other borrowings and debt issuances	Discounted cash flow techniques are used whereby contractual future cash flows of the instrument are discounted using discount rates incorporating wholesale market rates, or market borrowing rates for debt with similar maturities or with a yield curve appropriate for the remaining term to maturity.
Assets and liabilities held for sale	Valuation based on the agreed sale price before transaction costs.

Details of significant unobservable inputs used in measuring fair values are described in (ii)(a) below.

c) Fair value hierarchy categorisation

The Group categorises financial assets and liabilities carried at fair value into a fair value hierarchy as required by AASB 13 based on the observability of inputs used to measure the fair value:

- Level 1 - valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuations using inputs other than quoted prices included within Level 1 that are observable for a similar asset or liability, either directly or indirectly; and
- Level 3 - valuations where significant unobservable inputs are used to measure the fair value of the asset or liability.

d) Fair value hierarchy disclosure

The following table presents assets and liabilities carried at fair value in accordance with the fair value hierarchy:

14. Fair value measurement, cont'd

	Fair value measurements			
As at March 2018	**Level 1 $M**	**Level 2 $M**	**Level 3 $M**	**Total $M**
Assets				
Trading securities[1]	38,517	6,541	-	**45,058**
Derivative financial instruments	259	70,593	63	**70,915**
Available for sale assets[1, 2]	63,283	5,921	1,035	**70,239**
Net loans and advances (measured at fair value)	-	145	-	**145**
Assets held for sale[3]	-	42,544	-	**42,544**
Other assets	4	139	-	**143**
Total	**102,063**	**125,883**	**1,098**	**229,044**
Liabilities				
Deposits and other borrowings (designated at fair value)	-	2,470	-	**2,470**
Derivative financial instruments	1,008	69,570	46	**70,624**
Liabilities held for sale[3]	-	43,817	-	**43,817**
Payables and other liabilities (measured at fair value)[5]	1,884	161	-	**2,045**
Debt issuances (designated at fair value)	-	1,785	-	**1,785**
Total	**2,892**	**117,803**	**46**	**120,741**
As at September 2017				
Assets				
Trading securities[1]	40,435	3,170	-	43,605
Derivative financial instruments	433	61,996	89	62,518
Available for sale assets[1]	61,694	7,479	211	69,384
Net loans and advances (measured at fair value)	-	156	-	156
Investments backing policy liabilities[1]	27,308	10,306	350	37,964
Assets held for sale[3]	-	1,748	-	1,748
Total	129,870	84,855	650	215,375
Liabilities				
Deposits and other borrowings (designated at fair value)	-	3,497	-	3,497
Derivative financial instruments	275	61,900	77	62,252
Policy liabilities[4]	-	37,106	-	37,106
External unit holder liabilities (life insurance funds)	-	4,435	-	4,435
Payables and other liabilities (measured at fair value)[5]	1,726	166	-	1,892
Debt issuances (designated at fair value)	-	1,752	-	1,752
Total	2,001	108,856	77	110,934
As at March 2017				
Assets				
Trading securities[1]	40,714	3,371	-	44,085
Derivative financial instruments	378	63,407	97	63,882
Available for sale assets[1]	58,353	6,111	221	64,685
Net loans and advances (measured at fair value)	-	314	18	332
Investments backing policy liabilities[1]	26,640	10,603	359	37,602
Assets held for sale[3]	-	1,735	-	1,735
Total	126,085	85,541	695	212,321
Liabilities				
Deposits and other borrowings (designated at fair value)	-	2,771	-	2,771
Derivative financial instruments	600	64,352	98	65,050
Policy liabilities[4]	-	36,847	-	36,847
External unit holder liabilities (life insurance funds)	-	4,227	-	4,227
Payables and other liabilities[5]	2,001	126	-	2,127
Debt issuances (designated at fair value)	-	1,786	-	1,786
Total	2,601	110,109	98	112,808

1. *During the March 2018 half, $753 million was transferred from Level 2 to Level 1 following increased trading activity to support the quoted prices (Sep 17: $44 million; Mar 17: nil). There were no material transfers from Level 1 to Level 2 (Sep 17: $92 million; Mar 17: $621 million). We deem transfers into and out of Level 1 and Level 2 to have occurred as at the beginning of the reporting period in which the transfer occurred.*
2. *During the March 2018 half, $676 million was transferred from Level 1 to Level 3 following a change in the valuation approach used to measure the investment in Bank of Tianjin.*
3. *The amounts reclassified as assets and liabilities held for sale relate to assets and liabilities measured at fair value less costs to sell in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations. The amounts presented reflect the fair value gross of transaction costs but net of intercompany eliminations.*
4. *Policy liabilities relate only to life investment contract liabilities, as we designated these at fair value through profit or loss.*
5. *Payables and other liabilities relates to securities short sold, classified as held for trading and measured at fair value through profit or loss.*

14. Fair value measurement, cont'd

ii) Details of fair value measurements that incorporate unobservable market data

a) Level 3 fair value measurements

The net balance of Level 3 financial instruments is an asset of $1,052 million (Sep 17: $573 million; Mar 17: $597 million). The financial instruments which incorporate significant unobservable inputs primarily include:

- structured credit products for which credit spreads and default probabilities relating to the reference assets and derivative counterparties cannot be observed;
- reverse mortgage swaps for which the mortality rate cannot be observed; and
- equities for which there is no active market or traded prices cannot be observed.

Movements in the Level 3 balance are due to:

- investments backing policy liabilities being classified to Level 2 as part of assets held for sale following the agreed sale of the Wealth businesses, and;
- our available-for-sale investment in Bank of Tianjin being transferred to Level 3 following a change in the valuation approach used to measure the asset.

There were no other material transfers in or out of Level 3 during the period.

Bank of Tianjin (BoT)

A revised valuation technique was applied to the investment in BoT as the Group considers that, in light of persistent illiquidity, the share price of BoT is not representative of fair value. The investment is valued based on comparative price-to-book (P/B) multiples (a P/B multiple is the ratio of the market value of equity to the book value of equity). The extent of judgment applied in determining the appropriate multiple and comparator group from which the multiple is derived are non-observable inputs which have resulted in the Level 3 classification.

The application of this valuation approach resulted in a $306 million increase in the carrying value of the investment during the period to $982 million (Sep 17: $676 million). The increase has been recognised as an unrealised gain in the available for sale revaluation reserve within shareholders' equity and accordingly, there is no impact from this revaluation on the Income Statement for the March 2018 half.

b) Sensitivity to Level 3 data inputs

When we make assumptions due to significant inputs not being directly observable in the market place (Level 3 inputs), then changing these assumptions changes the Group's estimate of the instrument's fair value. Favourable and unfavourable changes are determined by changing the primary unobservable parameter used to derive the valuation.

Bank of Tianjin (BoT)

The valuation of the BoT investment is sensitive to the selected unobservable input, being the P/B multiple. If the P/B multiple was increased or decreased by 10% it would result in a $98 million increase or decrease to the fair value of the investment, which would be recognised in shareholders' equity.

Other

The remaining Level 3 balance is immaterial and changes in the Level 3 inputs have a minimal impact on net profit and net assets of the Group.

c) Deferred fair value gains and losses

The Group does not immediately recognise the difference between the transaction price and the amount we determine based on the valuation technique (day one gain or loss) in profit or loss. After initial recognition, we recognise the deferred amount in profit or loss over the life of the transaction on a straight line basis or until all inputs become observable.

The day one gains and losses deferred are not material.

iii) Financial assets and liabilities not measured at fair value

The classes of financial assets and liabilities listed in the table below are generally carried at amortised cost on the Group's balance sheet. Whilst this is the value at which we expect the assets will be realised and the liabilities settled, the Group provides an estimate of the fair value of the financial assets and liabilities at balance date in the table below.

14. Fair value measurement, cont'd

	Carrying amount in the balance sheet			Fair Value
	At amortised cost $M	At fair value $M	Total $M	$M
As at March 2018				
Financial assets				
Net loans and advances[1]	591,684	263	591,947	592,352
Financial liabilities				
Deposits and other borrowings[1]	614,660	2,470	617,130	617,254
Debt issuances	113,051	1,785	114,836	115,811
Total	**727,711**	**4,255**	**731,966**	**733,065**
As at September 2017				
Financial assets				
Net loans and advances[1]	580,137	156	580,293	580,479
Financial liabilities				
Deposits and other borrowings[1]	596,672	3,497	600,169	600,359
Debt issuances	106,221	1,752	107,973	109,251
Total	702,893	5,249	708,142	709,610
As at March 2017				
Financial assets				
Net loans and advances[1]	575,972	332	576,304	576,650
Financial liabilities				
Deposits and other borrowings[1]	595,646	2,771	598,417	598,654
Debt issuances	107,289	1,786	109,075	110,178
Total	702,935	4,557	707,492	708,832

1. *Net loans and advances and deposits and other borrowings include amounts reclassified to assets and liabilities held for sale (refer to Note 11).*

15. Shareholders' equity

Issued and quoted securities	Half Year		
Ordinary share capital	**Mar 18 No.**	**Sep 17 No.**	**Mar 17 No.**
Closing balance	**2,898,758,978**	2,937,415,327	2,936,037,009
Issued/(Repurchased) during the period[1]	**(38,656,349)**	1,378,318	8,560,349

1. The Company issued 8.1 million shares under the Dividend Reinvestment Plan and Bonus Option Plan for the 2017 final dividend (7.5 million shares for the 2017 interim dividend; 8.6 million shares for the 2016 final dividend). Following the provision of the 8.1 million shares, the Company repurchased 6.6 million of shares via an on-market share buy-back resulting in 6.6 million shares being cancelled. On 18 December 2017, the Company announced its intention to buy-back up to $1.5 billion of shares on-market as part of the Group's broader capital management plan. To date, the Company has bought back $1,132 million of shares resulting in 40.1 million shares being cancelled during the half.

	Half Year			Movement	
Shareholders' equity	**Mar 18 $M**	**Sep 17 $M**	**Mar 17 $M**	**Mar 18 v. Sep 17**	**Mar 18 v. Mar 17**
Ordinary share capital	**27,933**	29,088	29,036	-4%	-4%
Reserves					
Foreign currency translation reserve	**257**	(196)	(140)	large	large
Share option reserve	**70**	87	67	-20%	4%
Available for sale revaluation reserve	**119**	38	31	large	large
Cash flow hedge reserve	**117**	131	180	-11%	-35%
Transactions with non-controlling interests reserve	**(22)**	(23)	(23)	-4%	-4%
Total reserves	**541**	37	115	large	large
Retained earnings	**30,900**	29,834	28,640	4%	8%
Share capital and reserves attributable to shareholders of the Company	**59,374**	58,959	57,791	1%	3%
Non-controlling interests	**126**	116	117	9%	8%
Total shareholders' equity	**59,500**	59,075	57,908	1%	3%

16. Changes in composition of the Group

There were no acquisitions or disposals of material controlled entities for the half year ended 31 March 2018.

17. Investments in Associates

	Half Year			Movement	
	Mar 18	Sep 17	Mar 17	Mar 18 v. Sep 17	Mar 18 v. Mar 17
Share of associates' profit	**88**	127	173	-31%	-49%

Contributions to profit[1]	Contribution to Group profit after tax			Ownership interest held by Group		
Associates	Half Year			As at		
	Mar 18 $M	Sep 17 $M	Mar 17 $M	Mar 18 %	Sep 17 %	Mar 17 %
P.T. Bank Pan Indonesia	**45**	51	50	**39**	39	39
AMMB Holdings Berhad	**42**	48	48	**24**	24	24
Shanghai Rural Commercial Bank[2]	**-**	-	58	**-**	20	20
Other associates[3]	**1**	28	17	**n/a**	n/a	n/a
Share of associates' profit	**88**	127	173			

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. *On 3 January 2017, the Group announced that it had agreed to sell its 20% stake in Shanghai Rural Commercial Bank (SRCB). The Group ceased equity accounting for the investment in SRCB from that date. The sale concluded during the March 2018 half.*
3. *Includes Metrobank Card Corporation (MCC). On 18 October 2017, the Group announced it had entered into an agreement with its joint venture partner Metropolitan Bank & Trust Company (Metrobank) in relation to its 40% stake in the Philippines based Metrobank Card Corporation (MCC). The Group agreed to sell 20% of its stake (sale completed in the March 2018 half), and entered into a put option to sell the remaining 20% stake, exercisable in the fourth quarter of FY18 on the same terms for the same consideration. MCC was reclassified as an asset held for sale and the Group ceased equity accounting for the investment from 1 October 2017.*

18. Related party disclosure

There have been no transactions with related parties that are significant to understanding the changes in financial position and performance of the Group since 30 September 2017.

19. 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.

Refer to Note 33 of the 2017 ANZ Annual Financial Report for a description of contingent liabilities and contingent assets as at 30 September 2017. A summary of some of those contingent liabilities, and new contingent liabilities that have arisen in the current reporting period, is set out below.

- **Bank fees litigation**

  A litigation funder commenced a class action against the Company in 2010, followed by a second similar class action in March 2013. The applicants contended that certain exception fees (honour, dishonour and non-payment fees on transaction accounts and late payment and over-limit fees on credit cards) were unenforceable penalties and that various of the fees were also unenforceable under statutory provisions governing unconscionable conduct, unfair contract terms and unjust transactions. A further action, limited to late payment fees only, commenced in August 2014.

  The penalty and statutory claims in the March 2013 class action failed and the claims have been dismissed. The August 2014 action was discontinued in October 2016.

  The original claims in the 2010 class action have been dismissed. A new claim has been added to the 2010 class action, in relation to the Company's entitlement to charge certain periodical payment non-payment fees.

- **Benchmark/rate actions**

  In July and August 2016, class action complaints were brought in the United States District Court against local and international banks, including the Company - one action relating to the bank bill swap rate (BBSW), and one action relating to the Singapore Interbank Offered Rate (SIBOR) and the Singapore Swap Offer Rate (SOR). The class actions are expressed to apply to persons and entities that engaged in US-based transactions in financial instruments that were priced, benchmarked, and/or settled based on BBSW, SIBOR, or SOR. The claimants seek damages or compensation in amounts not specified, and allege that the defendant banks, including the Company, violated US anti-trust laws, anti-racketeering laws, the Commodity Exchange Act, and (in the BBSW case only) unjust enrichment principles. The Company is defending the proceedings. The matters are at an early stage.

  In February 2017, the South African Competition Commission commenced proceedings against local and international banks including the Company alleging breaches of the cartel provisions of the South African Competition Act in respect of trading in the South African rand. The potential civil penalty or other financial impact is uncertain. The matter is at an early stage.

- **Franchisee litigation**

  In February 2018, two related class actions were brought against the Company. The primary action alleges that the Company breached contractual obligations and acted unconscionably when it lent to the applicant, and other 7-Eleven franchisees. The action seeks to set aside the loans to those franchisees and claims unspecified damages. The second action seeks to set aside related mortgages and guarantees given to the Company. The matters are at an early stage.

- **Regulatory and customer exposures**

  In recent years there has been an increase in the number of matters on which ANZ engages with its regulators. There have been significant increases in the nature and scale of regulatory investigations and reviews, enforcement actions (whether by court action or otherwise) and the quantum of fines issued by regulators, particularly against financial institutions both in Australia and globally. ANZ also instigates engagement with its regulators. The nature of these interactions can be wide ranging and, for example, currently include a range of matters including responsible lending practices, product suitability, wealth advice, pricing and competition, conduct in financial markets and capital market transactions and product disclosure documentation. ANZ has received various notices and requests for information from its regulators as part of both industry-wide and ANZ-specific reviews and has also made disclosures to its regulators at its own instigation. There may be exposures to customers which are additional to any regulatory exposures. These could include class actions, individual claims or customer remediation or compensation activities. The outcomes and total costs associated with such reviews and possible exposures remain uncertain.

- **Royal Commission**

  The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry was established on 14 December 2017. The Commission has been asked to submit its final report by 1 February 2019 (and may choose to give an interim report by 30 September 2018). The Commission is likely to result in additional costs and may lead to further exposures, including exposures associated with further regulator activity or potential customer exposures such as class actions, individual claims or customer remediation or compensation activities. The outcomes and total costs associated with these possible exposures remain uncertain.

- **Security recovery actions**

  Various claims have been made or are anticipated, arising from security recovery actions taken to resolve impaired assets. These claims will be defended.

- **Warranties and Indemnities**

  The Group has provided warranties, indemnities and other commitments in favour of the purchaser and other persons in connection with various disposals of businesses and assets and other transactions, covering a range of matters and risks. It is exposed to potential claims under those warranties, indemnities and commitments.

20. Subsequent events since balance date

There have been no significant events from 31 March 2018 to the date of signing this report.

Directors' Declaration

The Directors of Australia and New Zealand Banking Group Limited declare that:

1. in the Directors' opinion the Condensed Consolidated Financial Statements and Notes to the Condensed Consolidated Financial Statements are in accordance with the Corporations Act 2001, including:
   - section 304, that they comply with the Australian Accounting Standards and any further requirements in the Corporations Regulations 2001; and
   - section 305, that they give a true and fair view of the financial position of the Group as at 2018 and of its performance for the half year ended on that date; and

2. in the Directors' opinion as at the date of this declaration there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

David M Gonski, AC
Chairman

Shayne C Elliott
Director

30 April 2018

Independent Auditor's Review Report to the shareholders of Australia and New Zealand Banking Group Limited

Report on the half year Condensed Consolidated Financial Statements

Conclusion

We have reviewed the accompanying half year Condensed Consolidated Financial Statements of Australia and New Zealand Banking Group Limited (the Group).

The Group comprises Australia and New Zealand Banking Group Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half year.

The half year Condensed Consolidated Financial Statements comprise:

- the condensed consolidated balance sheet as at 31 March 2018;
- the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, and condensed consolidated statement of cash flows for the half-year ended on 31 March 2018;
- Notes 1 to 20 comprising a basis of preparation and other explanatory information; and
- the Directors' Declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year Condensed Consolidated Financial Statements of Australia and New Zealand Banking Group Limited are not in accordance with the *Corporations Act 2001*, including:

i) giving a true and fair view of the Group's financial position as at 31 March 2018 and of its performance for the half year ended on that date; and
ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Responsibilities of the Directors for the half year Condensed Consolidated Financial Statements

The Directors of the Company are responsible for:

- the preparation of the half year Condensed Consolidated Financial Statements that give a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the half year Condensed Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the half year Condensed Consolidated Financial Statements

Our responsibility is to express a conclusion on the half year Condensed Consolidated Financial Statements based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year Condensed Consolidated Financial Statements are not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 March 2018 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Australia and New Zealand Banking Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of half year Condensed Consolidated Financial Statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

KPMG
Melbourne
30 April 2018

Alison Kitchen
Partner

Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001

To the Directors of Australia and New Zealand Banking Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Australia and New Zealand Banking Group Limited for the half-year ended 31 March 2018, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG
Melbourne
30 April 2018

Alison Kitchen
Partner