



EUROPEAN COVERED BOND CONFERENCE 2020

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED

ABN 11 005 357 522



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EUROPEAN COVERED BOND CONFERENCE 2020

Q3 TRADING UPDATE

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED



OVERVIEW

FINANCIAL INFORMATION AS AT 30 JUNE 2020

(ALL COMPARISONS TO 1H20 QUARTERLY AVG UNLESS OTHERWISE STATED)

3Q20 Profit

- Unaudited Statutory Profit \$1.3b. For Continuing Operations, unaudited Cash Profit excluding Large / Notable Items \$1.6b (including Large / Notable items \$1.5b)
- Operating expenses down 1% reflecting disciplined cost management for the environment, while also investing record levels this quarter
- Revenue increased, benefiting from a stronger markets performance (~60% higher in 3Q20), partly offset by lower margins and transaction volumes
- Net interest margin of 1.59% for 3Q20 (1.69% for 1H20). Key drivers included low interest rates (-6 bps impact net of repricing), higher liquids, competition and mix (e.g. higher fixed rate mortgages), partially offset by lower funding costs and deposit mix

Capital, Dividend and RWA

- Group CET1 ratio (APRA Level 2) 11.1%. Pro Forma Group CET1 ratio (APRA Level 2) 11.3%¹
- Following strong growth in March, Institutional Credit RWA (ex FX & risk migration) was down \$8b in 3Q20, largely driven by lower lending volumes and risk intensity (see page 3)
- Dividend of 25 cents per share fully franked declared for 1H20, no DRP discount
- Too early to update the 110bp base case capital impact from risk migration

Provision Charge and Credit Quality

- 3Q20 total provision charge \$500m. Individual provision charge \$264m, collective provision charge \$236m. Annualised 3Q20 loss rate 31 bps
- Group provision balance \$4.65b, collective provision coverage ratio 1.25%² (see page 4)
- Regrading wholesale exposures is well progressed, prioritising the segments and customers deemed more susceptible under the current crisis (regrading increased RWA by \$4b in 3Q20)

COVID-19 Assistance (at 31 July 2020)

- ~84,000 Australian Home Loan accounts (~\$31b of home loan balances) on COVID-19 loan repayment deferral (~9% of accounts, ~12% of home loan balances) (see page 8)
- ~22,000 Australian Commercial lending accounts (~\$10b EAD) on COVID-19 loan repayment deferral (see page 9)

1. Including conversion of NZD500m Capital Note & announced sale of UDC

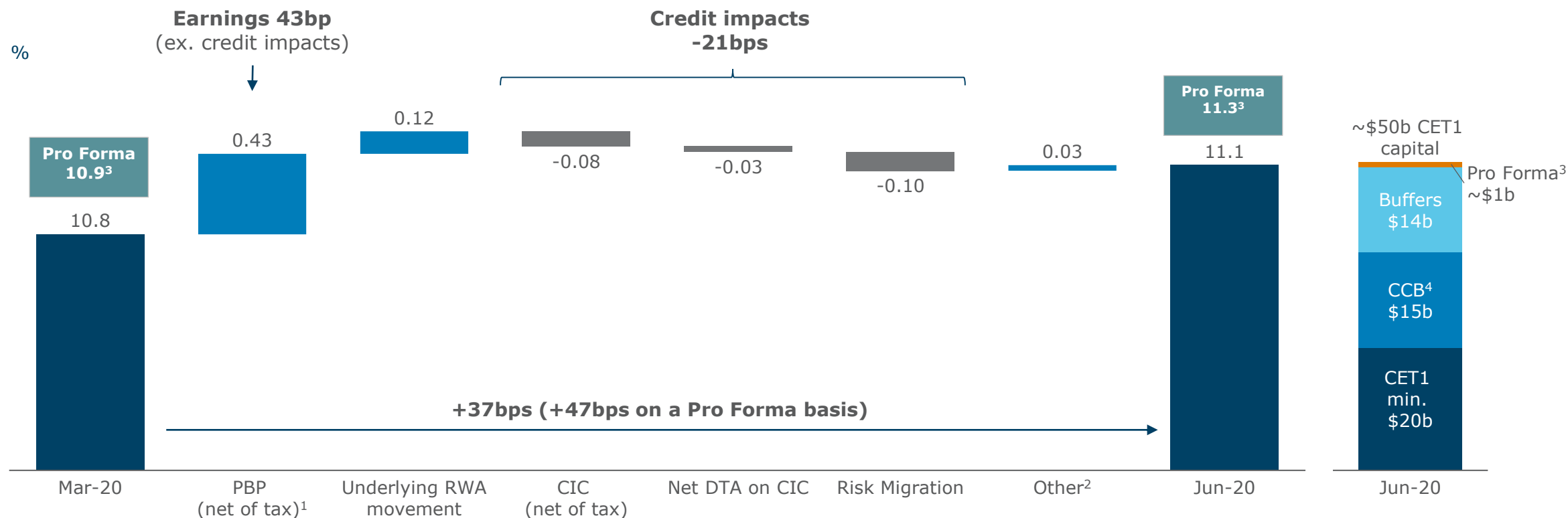
2. Collective Provision balance as a % of Credit Risk Weighted Assets

CAPITAL & DIVIDEND

APRA LEVEL 2 COMMON EQUITY TIER 1 RATIO (CET1)

1H20 DIVIDEND DECLARED

Dividend per share (fully franked) (no discount on DRP)	25c
% of 1H20 statutory profit	46%
% of 1H20 statutory profit (adj. for Panin & AmBank impairments)	30%
4Q20 CET1 impact of 1H20 dividend	15bps



1. Excludes large / notable items & one-off items

2. Includes Capital Deductions (mainly comprises the movement in retained earnings in deconsolidated entities and capitalised software) & other impacts including net RWA imposts/efficiencies movements in non-cash earnings, net foreign currency translation and other

3. Including conversion of NZD500m Capital Note (Mar-20 & Jun-20) & announced sale of UDC (Jun-20)

4. Capital Conservation Buffer

CREDIT RISK WEIGHTED ASSETS MOVEMENT

Key credit RWA trends 3Q20

FX

- Reversal of 2Q20 FX impact, primarily driven by USD and NZD rate movements (no material capital impact)

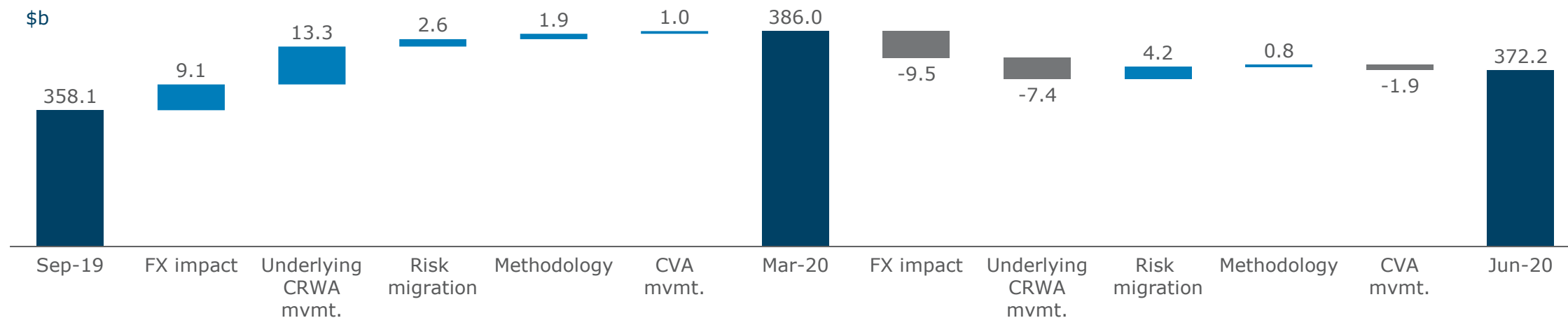
UNDERLYING CRWA MOVEMENT

- Following strong growth in March, Institutional's CRWA declined in the June quarter, driven by lower risk intensity and lending volumes as customers adjusted their requirements to reflect the changing environment
- Australia Retail & Commercial up \$1.8b, including Mortgages up \$1.5b driven by new customer lending

RISK MIGRATION

- Regrading wholesale exposures is well progressed, prioritising the segments and customers deemed more susceptible under the current crisis (regrading increased RWA by \$4b in 3Q20)

CRWA MOVEMENT – TOTAL GROUP

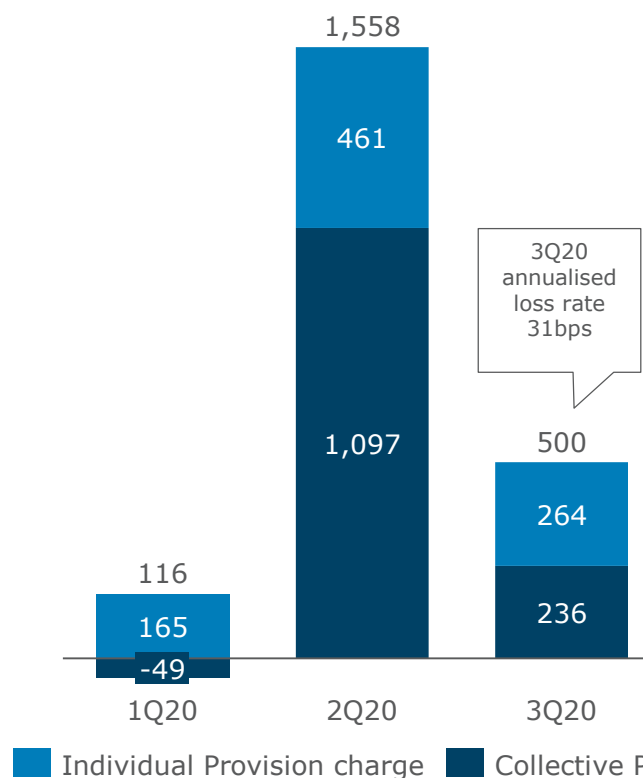


PROVISION CHARGE & COVERAGE

- 3Q20 Provision charge \$500m included:
 - \$264m Individual provision charge
 - \$236m Collective provision charge increasing total CP balance to \$4.65b as at 30 June 2020
- CP charge outcome for 3Q20 reflected:
 - the less adverse economic outlook as at 30 June 2020 relative to 31 March 2020, offset by;
 - additional downside risk reflecting ongoing COVID-19 uncertainties, including considerations around deferral packages and higher risk segments in the Commercial portfolios in Australia and New Zealand
 - the regrading of wholesale exposures, prioritising the segments and customers deemed more susceptible under the current crisis

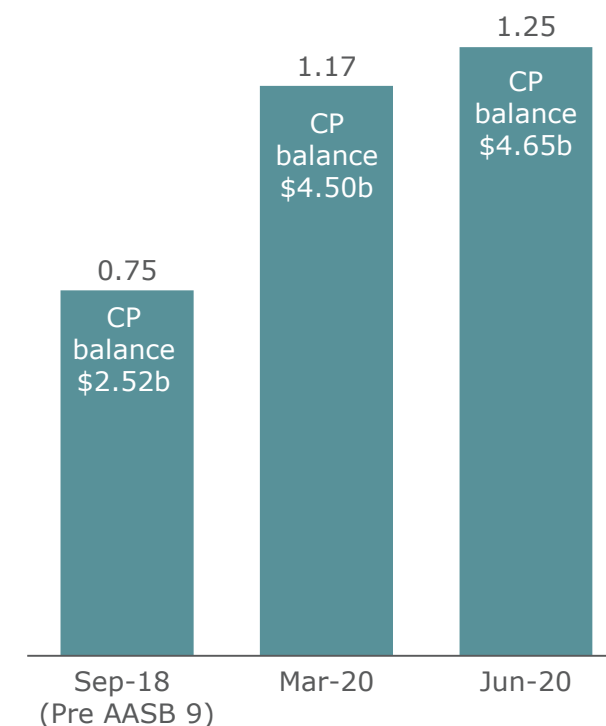
PROVISION CHARGE

\$m



CP COVERAGE¹

%



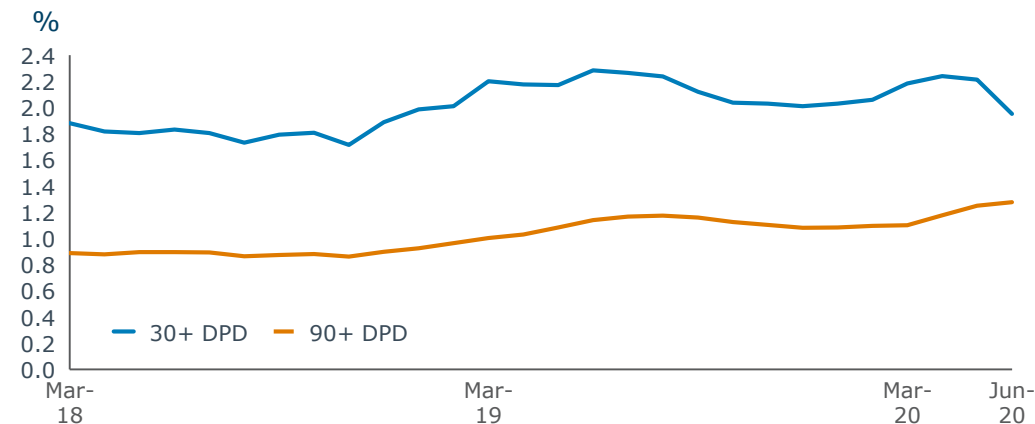
Long run provision charge, loss rates and coverage ratios are included in the 3Q20 Basel III Pillar 3 chart pack

1. Collective Provision Balance as a % of Credit RWA

AUSTRALIA HOME LOAN CREDIT QUALITY

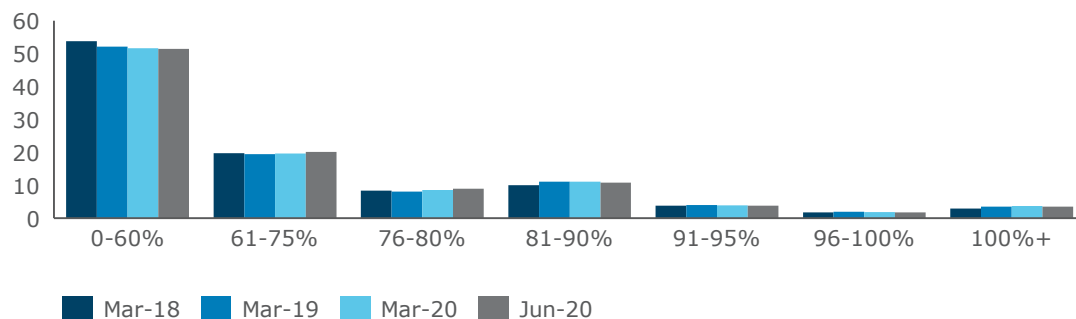
- For eligible home loans¹ receiving COVID-19 assistance, arrears are frozen for the period of the loan deferral
- Customers who requested assistance but were ineligible for repayment deferral based on these criteria were considered under ANZ Hardship arrangements, including payment moratoriums, where delinquency continues to increase when scheduled repayments are not made
- The increase in 90+ delinquency to 1.28% at June 2020 (up 18bps from March 2020) was driven by these customers impacted by COVID-19 but ineligible for deferral
- As a result of the assistance measures, a reduced number of accounts have missed scheduled payments in the quarter and 30+ delinquency has reduced 23bps QoQ to Jun-20

AUS. HOME LOANS DELINQUENCIES^{2,3,4}

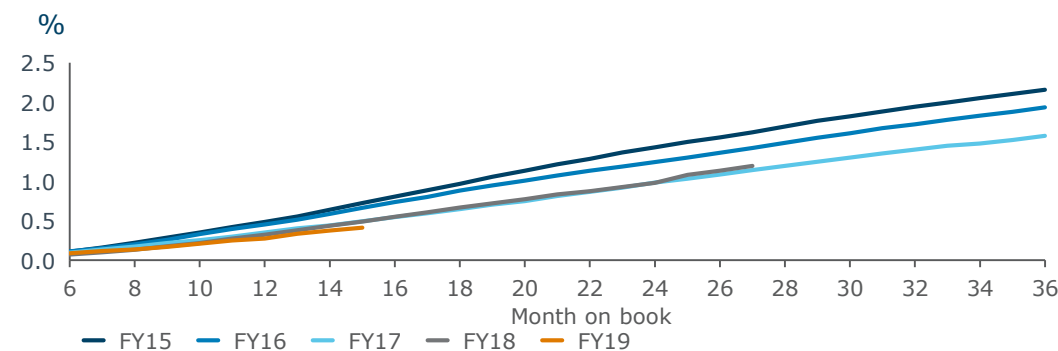


DYNAMIC LOAN TO VALUE RATIO⁵

% of total Portfolio Accounts



AUS. HOME LOANS 90+ DAYS PAST DUE⁶ (BY VINTAGE)



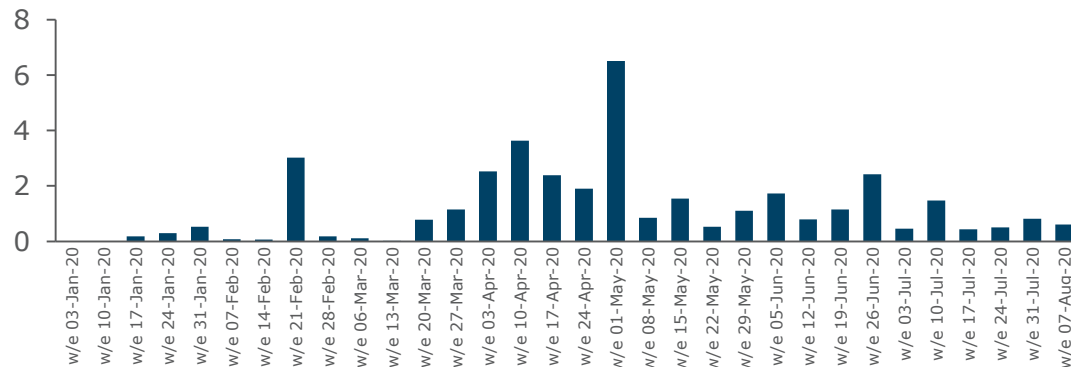
1. COVID-19 loan deferrals are available to customers if either their Home Loan repayments are less than 30 days past due, or if their repayments are less than 90 days past due and were up to date at 1 March 2020
2. Includes Non Performing Loans
3. ANZ delinquencies are calculated on a missed payment basis for amortising and Interest Only loans
4. 30+ and 90+ excludes eligible Home Loans accounts that had requested COVID-19 assistance but due to delays in processing had not had the loan repayment deferral applied to the account
5. Includes capitalised LMI premiums. Valuations updated to May-20 where available. Includes Non Performing Loans and excludes accounts with a security guarantee and unknown DLVR. DLVR does not incorporate offset balances
6. Home loans 90+ DPD vintages represent % ratio of over 90+ delinquent (measured by # accounts), contains at least 6 application months of that fiscal year contributing to each data point

CUSTOMER BEHAVIOUR

- Increased deposit balances YTD in Retail, Commercial and Institutional
- Within the Institutional and Corporate customer base, a number of customers have been proactive in managing costs and taking a conservative approach to capital and distribution
- Within the Retail portfolio:
 - credit card debt has reduced and offset balances increased
 - ~ two thirds of Australia home loan customers with loan repayment deferrals have increased their "buffer" (offset, redraw and credit in transaction and savings account) over the period February to July 2020

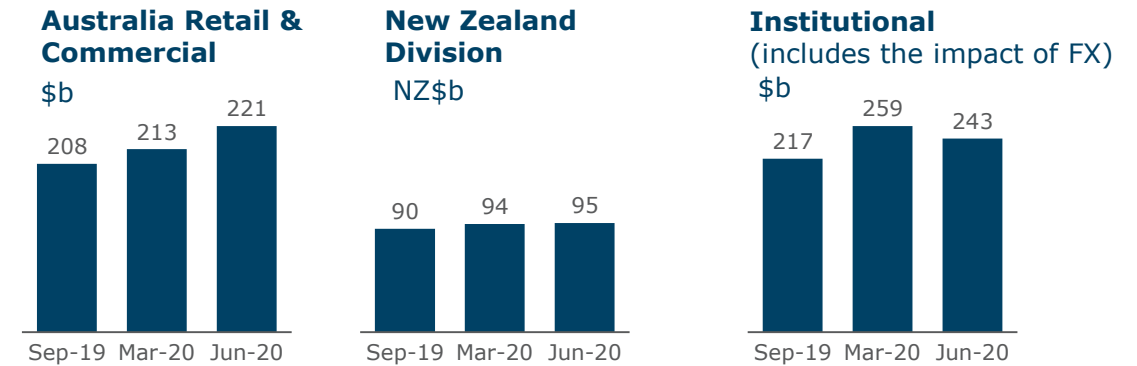
\$37B IN LARGE CORPORATE EQUITY RAISINGS FOR ASX AND NZX YTD¹

\$b System data

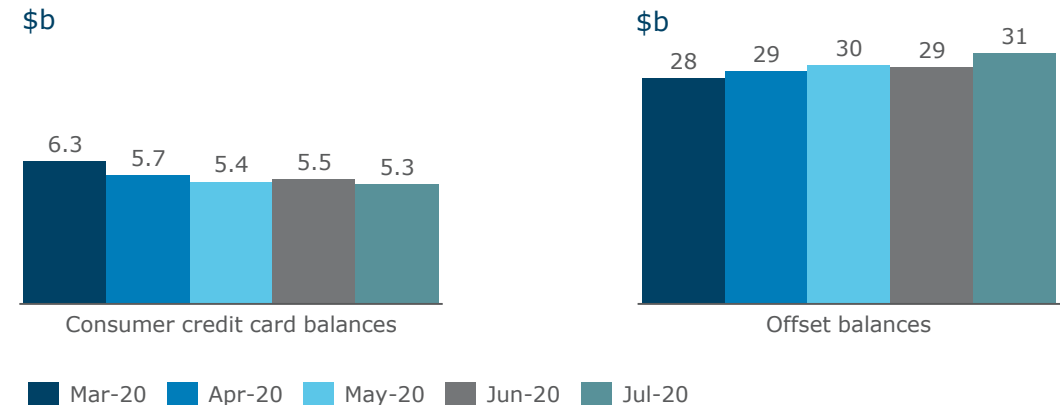


1. Source Dealogic, week ending 7 August 2020

ANZ DEPOSIT ACTIVITY



ANZ AUSTRALIA RETAIL ACCOUNT ACTIVITY



CUSTOMER SUPPORT – AUSTRALIA (HOME LOANS)

COVID-19 RELIEF - HOME LOAN PAYMENT DEFERRALS AT 31 JULY 2020

Home Loan relief at 31 July 2020:

- ~130k COVID-19 enquiries have been received to date, with 90k of these going onto COVID-19 relief measures offering payment deferral¹:
 - ~6,000 accounts have completed or unwound deferral arrangements over the period of March to end July 2020
 - ~84,000 accounts as at 31 July 2020 representing ~\$31b of home loan balances (~81,000 accounts at 30 June 2020) on deferral, ~9% of all home loan accounts, ~12% of home loan balances

Deferral cohort observation:

- ~ two thirds have stable or improved income⁵
- ~ one quarter have made at least one payment while on deferral
- ~ 95% have a 'savings buffer' (offset, redraw and credit in savings account)
- ~ half have at least a 3 month or greater payment 'buffer'⁶

3 month check in process:

- Formal processes have been developed to pro-actively identify customers at risk of being unable to return to full repayments, and put in place appropriate treatment strategies to minimise any adverse impacts
- Contact program is well progressed, prioritised to focus on home loan account cohorts where internal data suggests a potentially higher risk of difficulty

	Loan repayment deferrals Total Active deferrals at 31 July 2020	Total AUS. Home Loan Portfolio ²
Total number of home loans	84k	986k
Total \$ value of home loan balance	\$31b	\$268b
Offset balances	\$1.2b	\$29.4b
Avg. Dynamic LVR (Ex. offset) ^{3,4}	68%	56%
Average Loan Size	\$371k	\$272k
% Principal & Interest	92%	86%
% Owner Occupied	73%	68%

1. COVID-19 loan deferrals are available to customers if either their Home Loan repayments are less than 30 days past due, or if their repayments are less than 90 days past due and were up to date at 1 March 2020

2. Total portfolio statistics as at 30 June 2020

3. Unweighted based on # accounts

4. Includes capitalised LMI premiums, valuations for DLVR updated to May-20 where available, includes Non Performing Loans, excludes accounts with a security guarantee, and unknown DLVR

5. Based on deferral customers where ANZ can identify salary income, this excludes other income types and segments such as self-employed

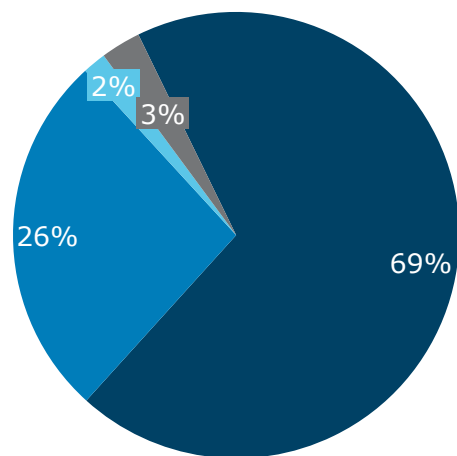
6. Buffers are calculated at customer level, incorporating all Retail debts within the customer cluster at ANZ, and all funds available in ANZ redraw, offset and transaction and savings accounts

CUSTOMER SUPPORT – AUSTRALIA (HOME LOANS)

COVID-19 RELIEF - HOME LOAN PAYMENT DEFERRALS AT 31 JULY 2020

~130,000 COVID-19 ENQUIRIES RECEIVED

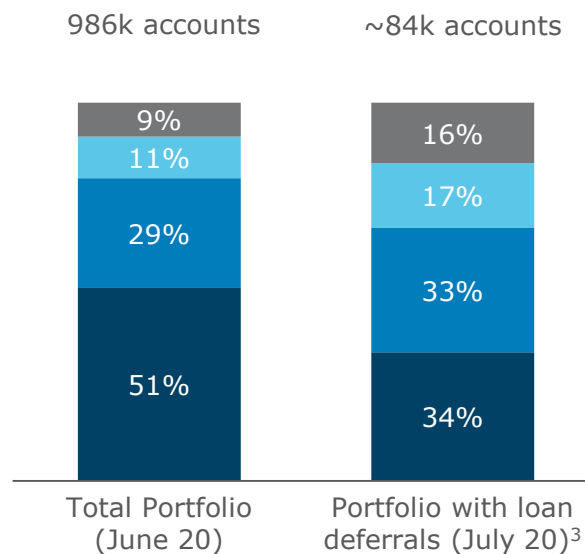
% of total requests (Mar-20 to Jul-20)



- Went onto repayment deferral
- Chose not to take up deferral
- Went onto other assistance
- Being processed at 31 July

DYNAMIC LOAN TO VALUE RATIO

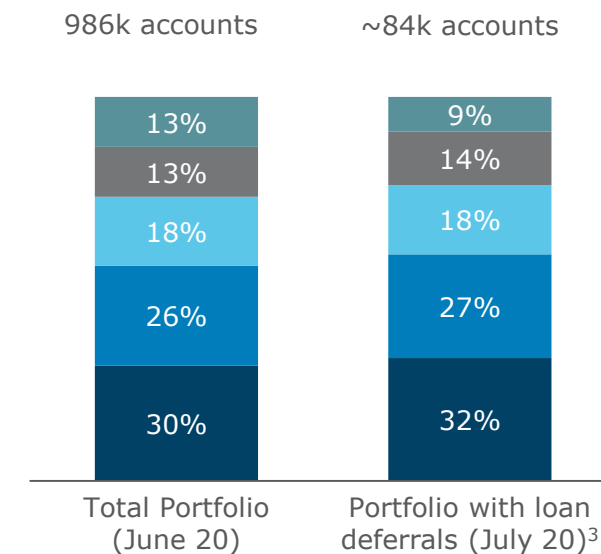
(% of accounts)^{1,2}



- 0-60%
- 61-80%
- 81-90%
- >90%

PORTFOLIO BY STATE

(% of accounts)



- VIC
- NSW
- QLD
- WA
- Other

1. Includes capitalised LMI premiums, valuations for DLVR updated to May-20 where available, includes Non Performing Loans, excludes accounts with a security guarantee, and unknown DLVR
2. DLVR does not incorporate offset balances
3. Active (outstanding) deferrals as at 31 July 2020

CUSTOMER SUPPORT – AUSTRALIA (COMMERCIAL)

COVID-19 RELIEF – COMMERCIAL BANKING¹ AT 31 JULY 2020

ANZ Commercial Banking:

- ~485k customers in Commercial Banking of which ~165k have lending across ~240k accounts
- Small Business Banking segment, ~91% of total Commercial lending customers, is weighted to deposits (currently ~3x deposit to lending)

Commercial customer relief at 31 July 2020:

- Deferrals are on an opt-in basis for the Commercial Banking portfolio
- All Commercial customers were spoken to prior to being processed for assistance to ensure they understood the terms of the assistance being offered
- As at 31 July ~22k accounts representing \$9.5b EAD (~21.5k accounts at 30 June) are receiving business loan deferrals
- ~3% of business loan deferrals have been partially or fully unwound at the customer's request

Deferred cohort observations²:

- ~45% have recorded stable or higher cash inflow vs same time last year
- ~30% have reduced cash outflows by >30%
- ~60% have higher cash balances vs March 2020
- ~50% are receiving JobKeeper payments

Assistance Provided at 31 July 2020	Accounts	EAD at 30 June 2020
Total Commercial lending	~240k	\$69b
Business loan deferrals	~22k	\$9.5b
Asset Finance loan deferrals	~13k	\$0.9b
Temporary overdraft increases	~11k	\$1.2b
JobKeeper and SME Guarantee Scheme	~3k	\$151m

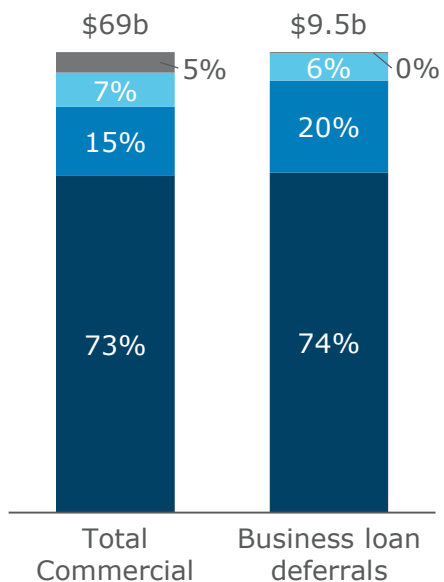
1. Commercial is made up Small Business Banking (lending <\$1m) & Business Banking (typically lending <\$10m)
 2. For Small Business Banking and Business Banking only, via ANZ transactional banking data

CUSTOMER SUPPORT – AUSTRALIA (COMMERCIAL)

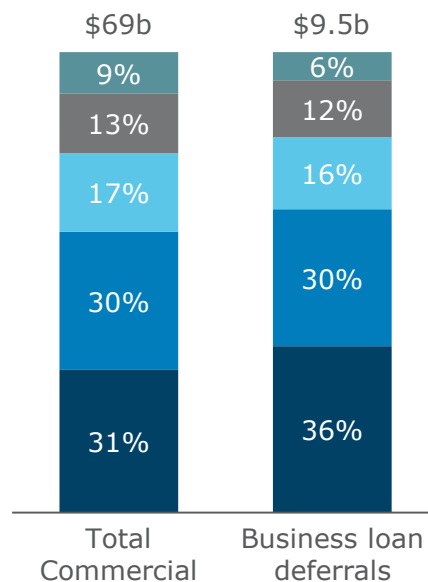
COVID-19 RELIEF – COMMERCIAL BANKING¹ AT 31 JULY 2020

BUSINESS LOAN DEFERRALS PROVIDED²

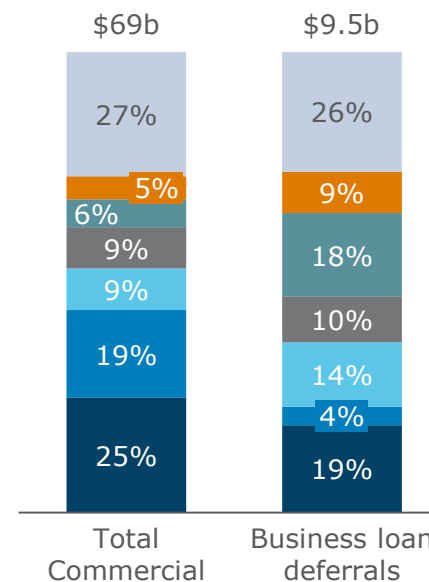
BY SECURITY PROFILE (% OF EAD)³



BY STATE (% OF EAD)⁴



BY INDUSTRY (% OF EAD)



- Commercial is made up Small Business Banking (lending <\$1m) & Business Banking (typically lending <\$10m). Note excludes Private Banking
- Active deferrals as at 31 July 2020, EAD as at 30 June 2020
- Fully Secured on a market value basis. Other includes loans secured by cash or via sovereign backing
- States based on primary postcode and excludes where none recorded in system. Some postcodes occur across two states

CUSTOMER SUPPORT – NEW ZEALAND

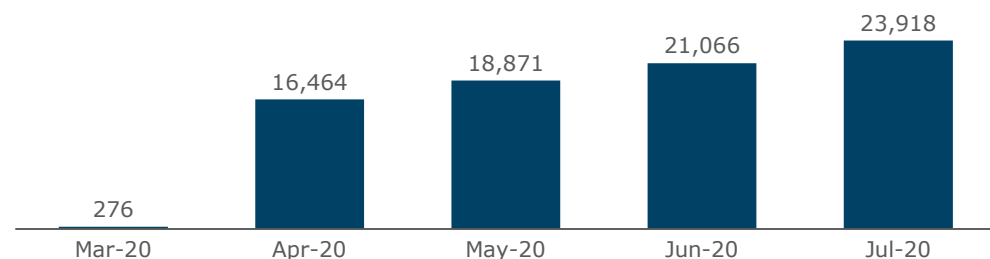
COVID-19 RELIEF AT 31 JULY 2020

- Financial support provided to ~39,000 personal, home and business loan customers through repayment deferrals or adjustments covering lending of ~NZ\$23b
- Deferred ~24,000 home loan repayments and moved ~20,000 home loans to interest only
- Granted 2,730 temporary overdraft facilities to businesses needing more working capital, worth ~NZ\$46m

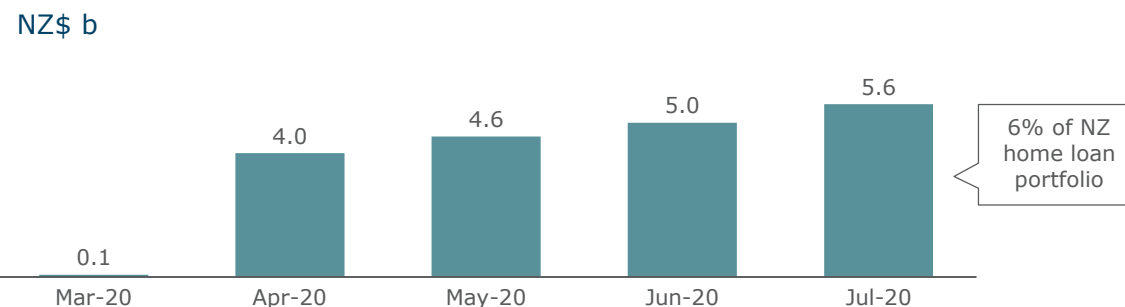
	LOAN REPAYMENT DEFERRALS (31-Jul 20) ¹	Total NZ Home Loan Portfolio ¹
Total number of home loans	24k	414k
Total \$ value of home loan balance	NZ\$6b	NZ\$85b
Median Indexed LVR	56.2%	46.8%
Average Loan Size	NZ\$252k	NZ\$204k

ANZ NZ HOME LOAN REPAYMENTS DEFERRED

NUMBER OF HOME LOANS REPAYMENTS DEFERRED (CUMULATIVE)



VALUE OF HOME LOAN BALANCES ON LOAN REPAYMENT DEFERRAL (CUMULATIVE)



1. Total portfolio statistics as at 30 June 2020

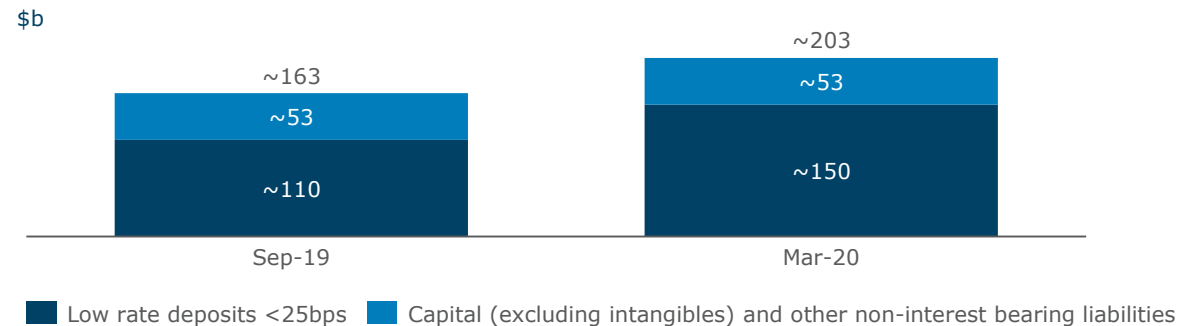
MARGIN CONSIDERATIONS

KEY MARGIN CONSIDERATIONS

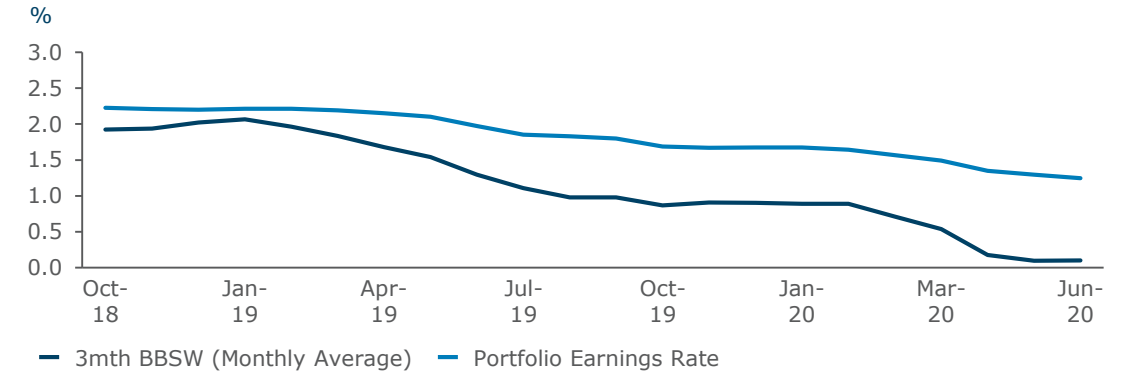
- Low rate environment in all geographies
- Strong growth in at-call deposits
- Increase in liquid assets
- Shifting customer preferences (e.g. home loan switching to fixed rates)
- Competition and retention pricing
- Reduction in unsecured retail lending

LOW RATE ENVIRONMENT

Net impact of previously announced AUD, NZD & USD rate cuts	
2H20 impact (net of repricing)	~6bps



CAPITAL & REPLICATING DEPOSITS PORTFOLIO (AUSTRALIA)



BILLS / OIS SPREAD

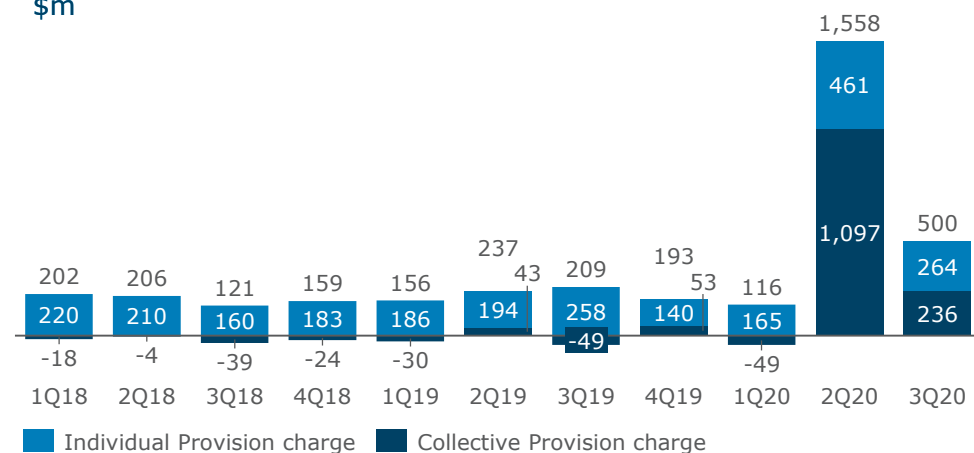
Sensitivity of 10bp change in Bills/OIS	NIM impact
As at 30 Sep-19	1 bp
As at 31 Mar-20	0.5 bp
As at 30 Jun-20	<0.5 bp



PROVISIONS

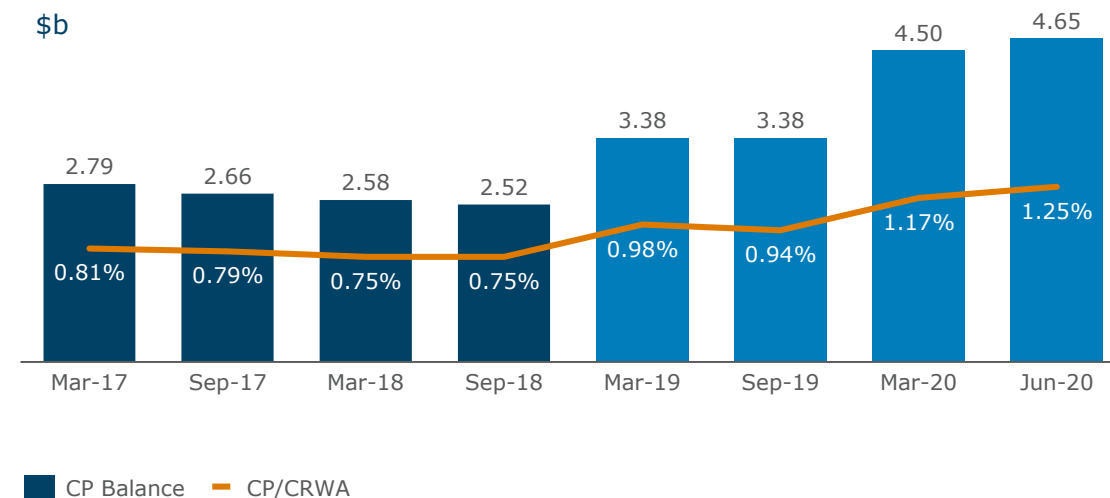
TOTAL PROVISION CHARGE

\$m



COLLECTIVE PROVISION BALANCE & COVERAGE

\$b



TOTAL LOSS RATES

Bps	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
IP	15	14	11	12	12	13	17	9	11	29	17
Total	14	14	8	11	10	15	14	13	7	98	31

CP BALANCE BY DIVISION

\$b	Sep-19	Mar-20	Jun-20
Aus	1.80	2.32	2.49
Instit	1.17	1.59	1.52
NZ	0.37	0.54	0.57
Pacific	0.04	0.05	0.07

CP BALANCE BY PORTFOLIO

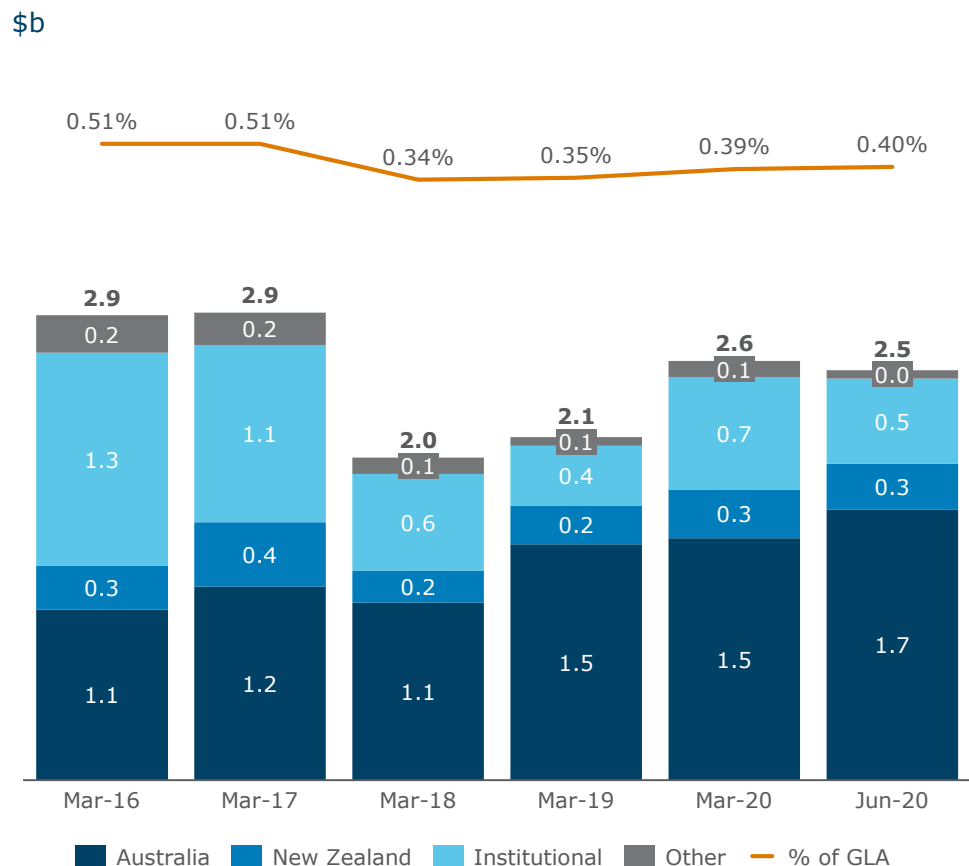
\$b	Sep-19	Mar-20	Jun-20
Corporate	1.62	2.22	2.22
Specialised	0.19	0.29	0.30
Housing	0.52	0.81	0.81
Retail ¹	0.97	1.10	1.25
Sovereign/Banks	0.08	0.08	0.07

1. Includes Qualifying Revolving Retail and Other Retail

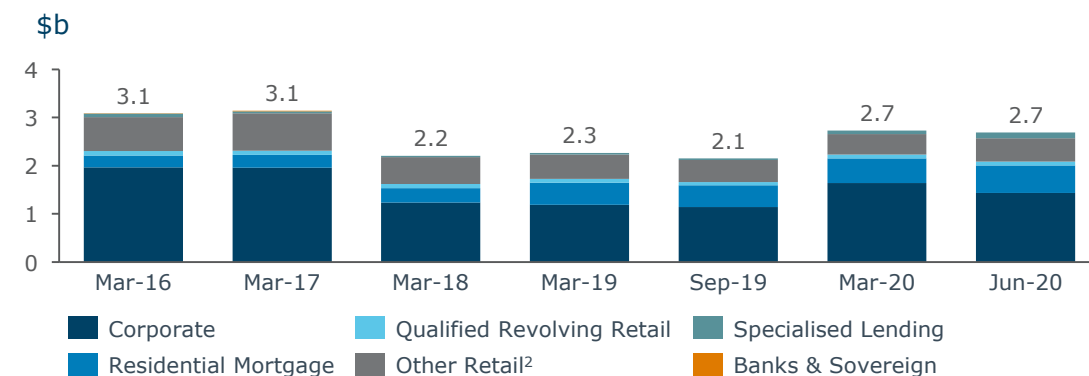
CREDIT QUALITY

IMPAIRED ASSETS AND LOANS PAST DUE

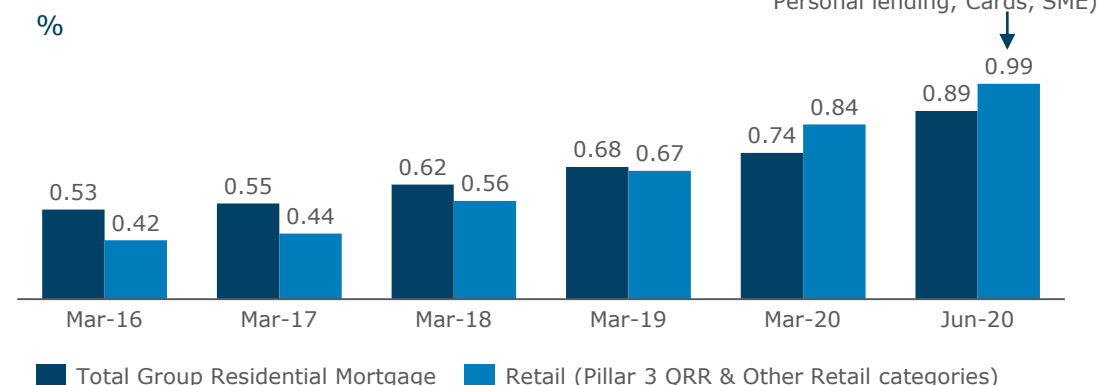
GROSS IMPAIRED ASSETS BY DIVISION^{1,3}



IMPAIRED LOANS / FACILITIES BY PORTFOLIO³



90+ DAYS PAST DUE LOANS⁴



1. Excluding unsecured 90+ days past due; 2. Other includes Retail Asia & Pacific and Australia Wealth; 3. Impaired loans / facilities include restructured items 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 to new facilities with similar risk; 4. As a % of Exposure at Default



EUROPEAN COVERED BOND CONFERENCE 2020

1H20 RESULTS

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED



FINANCIAL PERFORMANCE

	1H20	1H20 v 2H19
Statutory Profit (\$m)	1,545	-44%
Cash Profit (Continuing operations)¹ (\$m)	1,413	-51%
Return on Equity	4.7%	-506bps
Earnings Per Share (cents)	49.9	-50%
Cash Profit (Continuing operations) ex. large / notable items (\$m)	2,451	-26%
Dividend Per Share (cents)	Deferred	N/A
CET1 Ratio (APRA Level 2) (%)	10.8	-60bps
Net Tangible Assets Per Share (\$)	19.89	+2%
Provision coverage ratio ² (%)	1.17	+23bps

1. Includes the impact of large / notable items, excludes discontinued operations

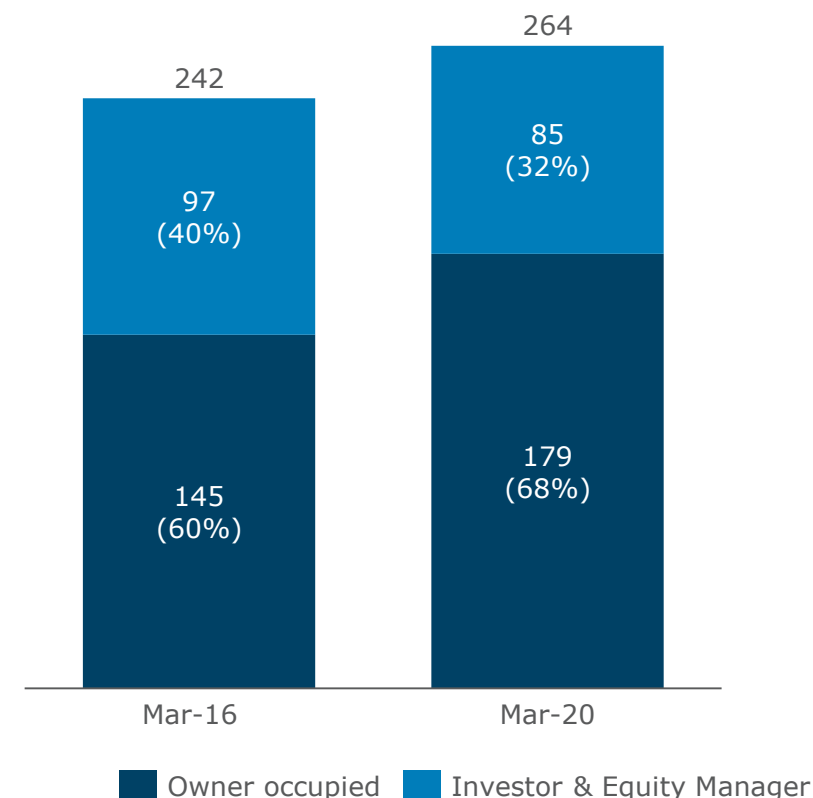
2. Collectively assessed provisions as a % of credit risk weighted assets

SIMPLIFIED AND STRENGTHENED THE BANK

Sold	<ul style="list-style-type: none"> • Asia Retail & Wealth (IEL 151bps)¹ • Esanda Dealer Finance (IEL 100bps)² • NZ Life, Aus. Life, Aus. P&I
Exited	<ul style="list-style-type: none"> • Emerging Corporate Asia (IEL 41bps)¹ • ANZ Financial Planning
Restricted	<ul style="list-style-type: none"> • Unsecured retail lending • No retail home loan offering to SMSFs • Commercial property
Reduced	<ul style="list-style-type: none"> • Unsecured SME lending • Investor home loans
Rebalanced	<ul style="list-style-type: none"> • Capital towards Retail & Commercial • Institutional portfolio (87% investment grade) • Housing portfolio to P&I (86% Aus; 81% NZ)

AUSTRALIA HOME LOAN PORTFOLIO

Gross Loans & Advances (GLA) \$b



1. Internal expected loss as at Sep-16. This compared with total group IEL at Sep-16 of 35bps
 2. Internal expected loss as at Sep-15. This compared with total group IEL at Sep-15 of 35bps

ADAPTING TO THE NEW ENVIRONMENT



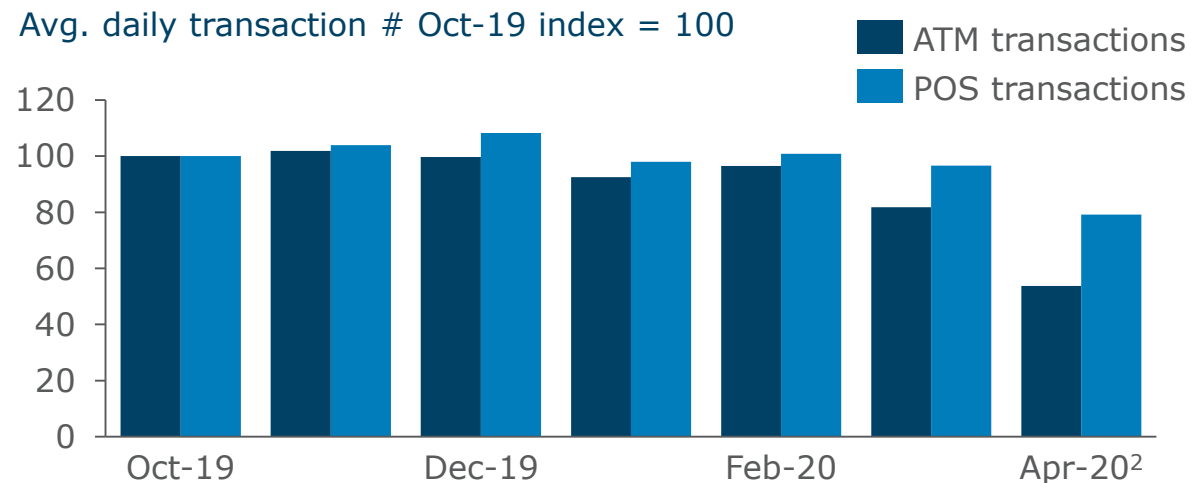
Record volumes of home loan re-finance applications

Collapse in ATM/Branch volume

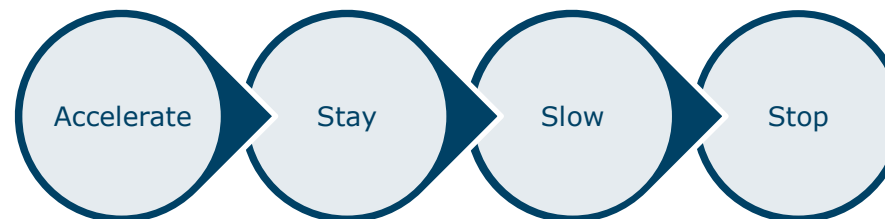
95% of people working remotely¹

'Agile' enabling us to quickly adapt

DRAMATIC FALLS IN ATM & POS TRANSACTIONS



EXISTING PLANS HAVE BEEN RUN THROUGH A FILTER PROCESS



1. Excluding Australian branch staff
2. Average daily transactions to 26-Apr-20

FINANCIAL PERFORMANCE

CONTINUING OPERATIONS

DIVISIONAL PERFORMANCE EX. LARGE / NOTABLE ITEMS (1H20 V 2H19)	Income	Expenses	PBP	Provisions	Cash Profit
Aus. Retail & Commercial	-2%	0%	-3%	+167%	-24%
Institutional	+10%	-1%	+20%	+1,968%	-27%
New Zealand (NZD)	-1%	+2%	-3%	+208%	-16%
TOTAL¹	+1%	+1%	+1%	+319%	-26%

LARGE / NOTABLE ITEMS (AFTER TAX \$m)	2H19	1H20	Change
Customer remediation	-405	-91	+314
Restructuring	-18	-74	-56
Lease-related items	Nil	-58	-58
Asian associate impairments	Nil	-815	-815
Other ²	+24	Nil	-24
TOTAL	-399	-1,038	-639

1. Total includes Australia Retail & Commercial, New Zealand (AUD), Institutional, Pacific, TSO & Group Centre

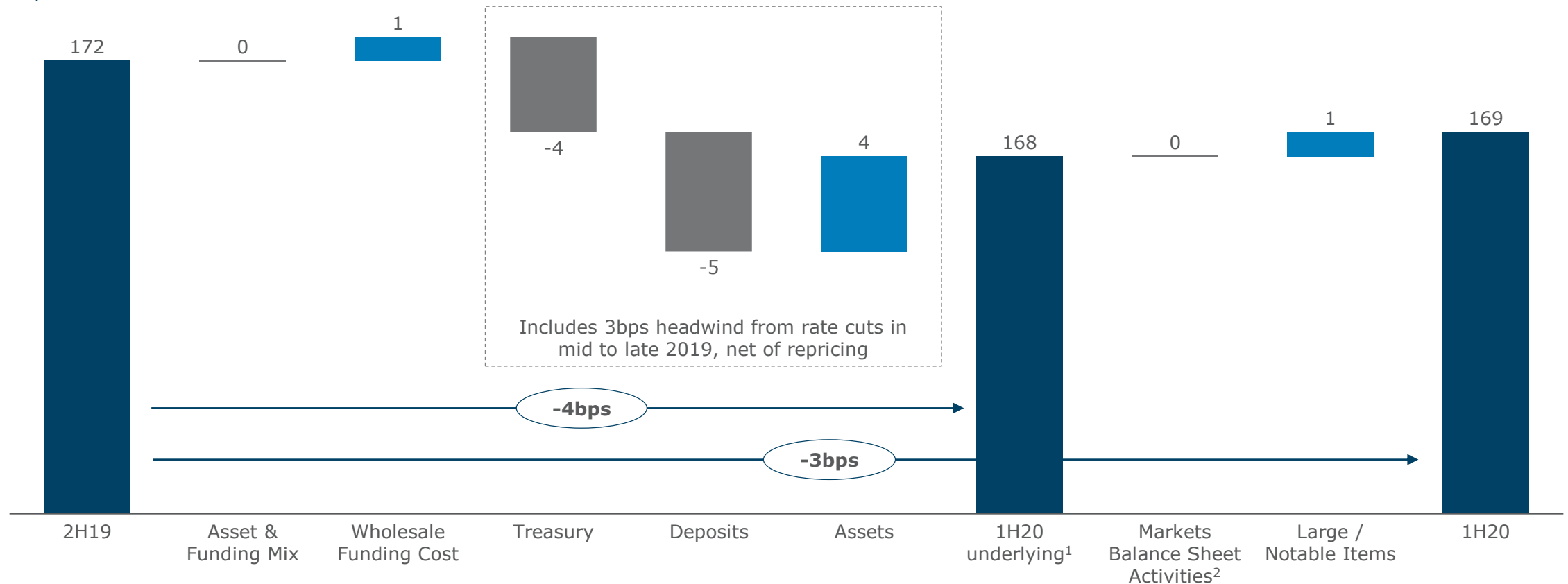
2. Other 2H19 includes Gain / (Loss) on sale from divestments (+18); Divested business results (+7); Royal Commission legal costs (-1)

NET INTEREST MARGIN

CONTINUING OPERATIONS

GROUP NET INTEREST MARGIN (NIM)

bps



1. Excluding large / notable items and Markets Balance Sheet Activities

2. Includes the impact of growth in discretionary liquid assets and other Balance Sheet Activities

CREDIT QUALITY

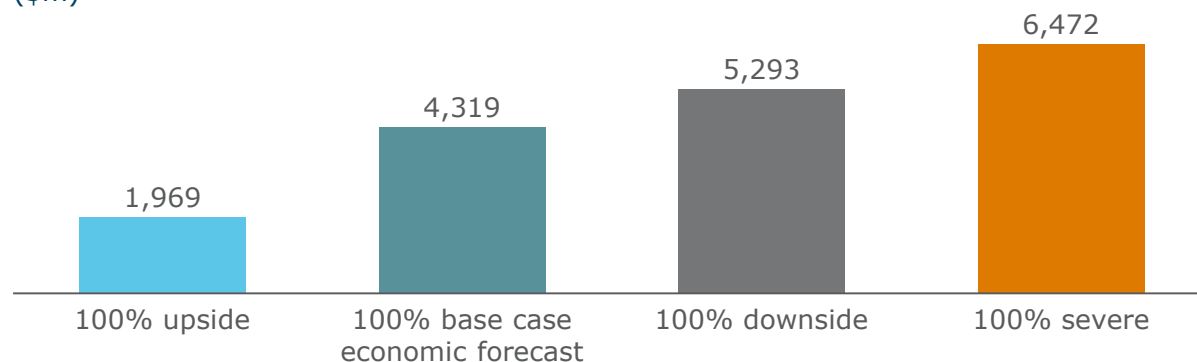
BALANCE SHEET COLLECTIVE CREDIT PROVISION

BASE CASE ECONOMIC FORECAST (AS AT 31 MARCH 2020 POST COMMENCEMENT OF COVID-19)

BASE CASE ECONOMIC FORECAST ¹	Australia			New Zealand		
	Jun-20 Qtr.	CY2020	CY2021	Jun-20 Qtr.	CY2020	CY2021
GDP change ²	-13.0%	-4.7%	4.1%	-17.0%	-6.7%	4.2%
Unemployment rate ³	13.0%	9.0%	7.3%	8.6%	7.4%	7.7%
Residential Property price change ²	-1.1%	-4.1%	-6.3%	-2.0%	-1.9%	6.0%

COLLECTIVE PROVISION BALANCE SCENARIOS⁴ (31 MARCH 2020)

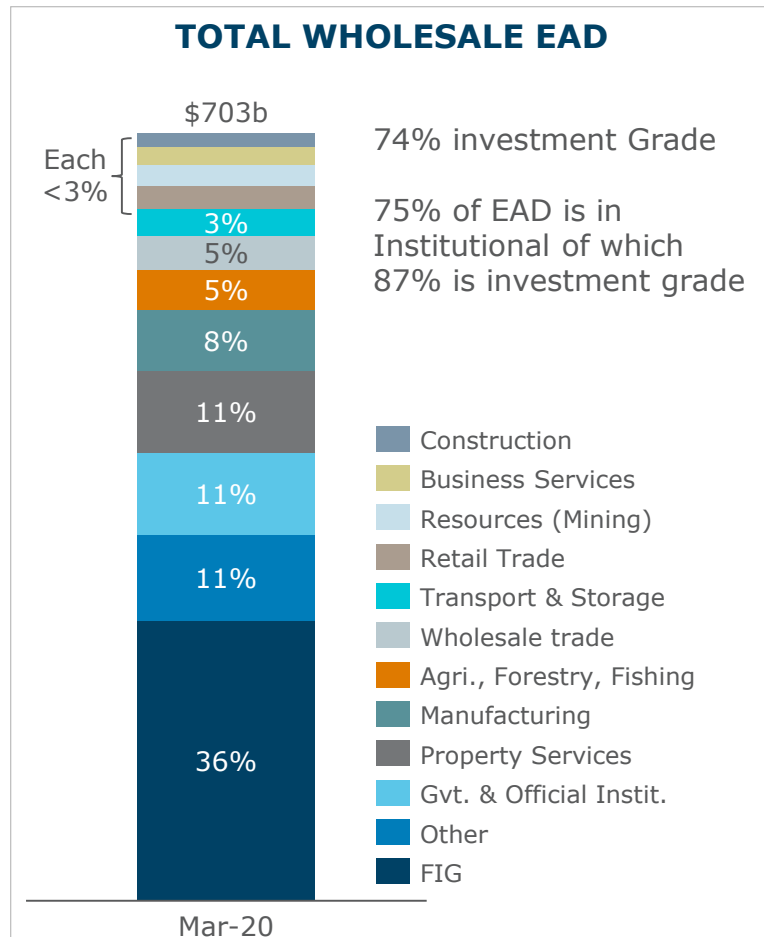
Weightings are applied to provisioning scenarios to determine collective provision balance (\$m)



Scenario	Base	Downside	Severe
Intensity of downturn	High	Medium	High
Duration of downturn	Short	Medium	Long
Level of govt. & central bank support for the economy	High	Medium	High
Time to full recovery	Medium	Medium	Long

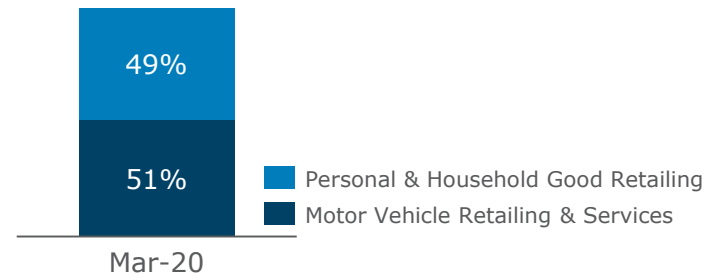
1. Subset of a range of economic indicators shown. Economic forecasts also undertaken for international markets
2. Jun-20 Qtr: Quarter on Quarter change; CY2020 & CY2021: December Year on Year change
3. Annual average
4. Illustration of the impact on ANZ's Expected Credit Loss (ECL) allowance under scenarios where a 100% weighting is applied

INSTITUTIONAL & COMMERCIAL PORTFOLIO¹

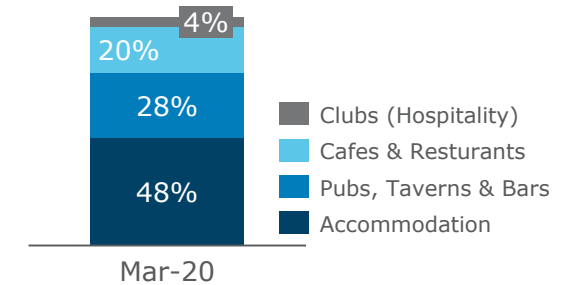


EXPOSURE TO SOME INDUSTRIES MORE IMMEDIATELY IMPACTED BY COVID-19²

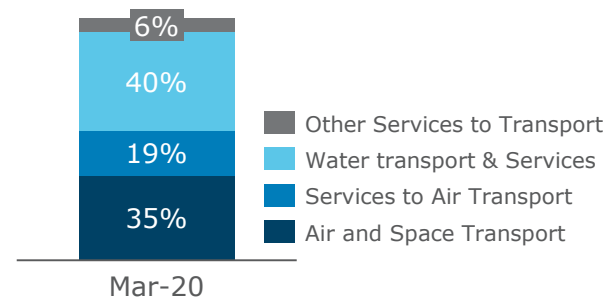
\$11b in Retail Trade



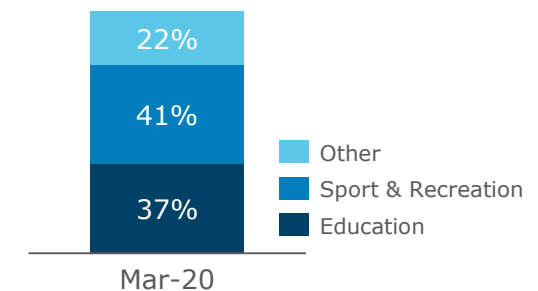
\$11b in Accommodation, Cafes & Restaurants



\$13b in Transport & Storage



\$6b in Education, Cultural & Recreational Services



1. EAD excludes amounts for 'Securitisation' and 'Other Assets' Basel classes. Data provided is on a Post CRM basis, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral

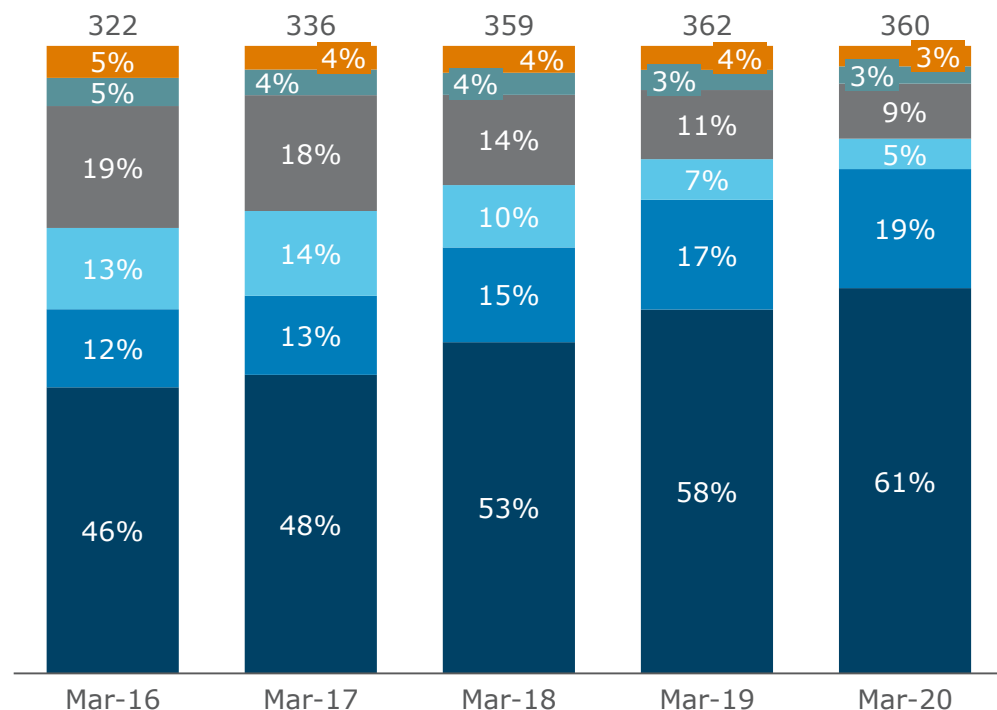
2. Exposure represents a subset of the relevant industry group more immediately impacted by COVID-19

CONSUMER PORTFOLIO

PORTFOLIO COMPOSITION

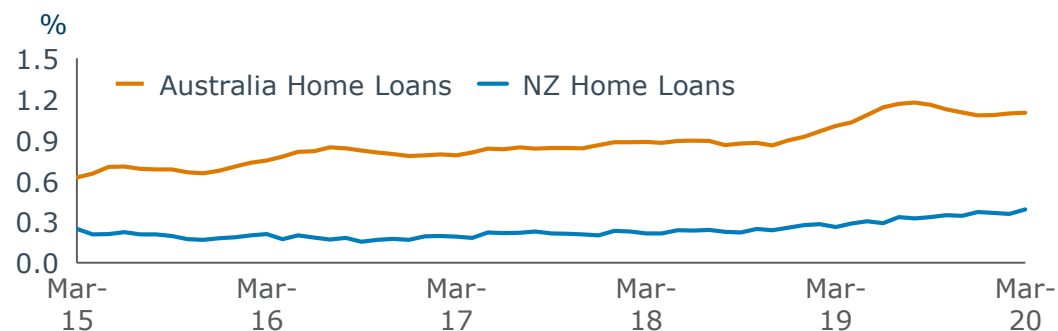
CONSUMER PORTFOLIO¹ (AUS & NZ)

\$b



■ Housing OO P&I
 ■ Housing OO I/O
 ■ Equity Mgr
■ Housing Inv P&I
 ■ Housing Inv I/O
 ■ Unsecured personal

PRODUCT 90+ DAY DELINQUENCIES²



Home Loan portfolio dynamics ³ (Mar-20)	Australia	NZ
Average LVR at Origination	68%	57%
Average Dynamic LVR (excl. offsets)	56%	40%
% Owner Occupied	68%	75%
% Principal & Interest	86%	81%
% Low Doc	3%	0.3%
Loss Rate	3bps	1bps
% Ahead of Repayments	76%	N/A ⁴

1. Net Loans & Advances
2. Includes Non-Performing Loans
3. Refer Australia & New Zealand Housing Portfolio section within the discussion pack for full list of portfolio dynamics, definitions and explanations
4. Majority of NZ home loans (86% of the portfolio at Mar-20) are on fixed rate with set repayments



EUROPEAN COVERED BOND CONFERENCE 2020

ESG UPDATE

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED



ANZ HAS AN INTEGRATED APPROACH TO SUSTAINABILITY

PURPOSE

ANZ's purpose is to shape a world where people and communities thrive

ANZ's Board has the highest level of oversight for sustainability

We were the first bank globally to report using the recommendations of the TCFD

Chaired by ANZ's CEO, the **Ethics and Responsible Business Committee** is accountable for advancing ANZ's purpose

ANZ's Sustainability Framework



ESG TARGETS

We exceeded our 2015 commitment to fund and facilitate at least **AUD15b** in environmentally sustainable solutions by **October 2020**

We recently announced a new commitment to fund and facilitate **AUD50b by 2025** towards sustainable solutions

In 2018 we renewed our support for Paris and issued a revised Climate Change Statement committing us to encourage and support 100 of our largest emitting customers transition to a low carbon economy

ANZ has introduced a new target to procure **100% renewable electricity** for our global operations by 2025

ANZ's business operations have been **carbon neutral since 2010**

ANZ has **committed to enable social and economic participation of 1 million people by 2020** through our initiatives to support financial wellbeing

Through the **Healthy Homes initiative**, we have committed to provide NZD100m of interest free loans to insulate homes for ANZ mortgage holders in New Zealand

"Each year, ANZ sets public targets which reflect our strategic priorities and respond to our most material environmental, social and governance issues (ESG)."

- news.anz.com 4 November 2019

TEAM

ANZ Group Treasury has implemented Green and Sustainability Bond programs with ~AUD2.8b on issue currently, and intends to target annual issuance with their programs.

ANZ has a **dedicated Sustainable Finance team** that actively works with institutional customers to fund requirements for a transition towards a low carbon, more sustainable economy

ANZ awarded the **Australian Sustainability Debt House of the Year for 2019 by KangaNews**, as well as the **Best Sustainable Finance House for 2019 and 2018**

Contributed to market development across Asia Pacific through the following industry group memberships:

- ICMA Green Bond Principles
- Climate Bonds Initiative (CBI) partner
- LMA/APLMA Green Loans Committees
- SteerCo & Technical Working Group Members/Leads – Australian Sustainable Finance Initiative and NZ Sustainable Finance Forum
- UN Global Compact's Action Platform for Financial Innovation of the SDGs

"ESG used to be something you did as an add-on. Now it's an integral part of how we run the bank – it's part of everything we do."

- Shayne Elliott, CEO

ESG – GOVERNANCE OVERVIEW



BOARD AND EXECUTIVE COMMITTEES WORK TOGETHER

INDICATIVE RESPONSIBILITIES DEMONSTRATE HOW COMMITTEES MANAGE ESG

Ethics, Environment, Social and Governance Board committee	
Purpose: Establish ethical and ESG guidelines and principles	
Oversight of measures to advance Purpose and the Ethics and Responsible Business Committee	Review and monitor ethical, environmental, social and governance risks and opportunities
Code of Conduct review	Review of complaints themes and potential systemic issues
Oversight and approval of ESG reporting and targets	Oversight and approval of corporate governance policies, principles, regulatory and policy responses





Ethics and Responsible Business Management committee	
Purpose: Operationalise Board objectives and make decisions on issues and policies	
Purpose, reputation and values review	Consider and decide on ethical, environmental, social and governance risks and opportunities
Examine complaints themes and potential systemic issues	Set Social and Environmental Risk policy and monitor implementation
Set ESG targets and monitor progress	Monitor and determine sensitive customer transactions

ESG TARGET PERFORMANCE¹

SCORECARD SNAPSHOT

We are committed to the United Nations Sustainable Development Goals (SDGs). Our ESG targets support 10 of the 17 SDGs.

 Achieved
  In progress
  Not achieved

ESG target	Progress	Outcome	Relevant SDGs
FAIR AND RESPONSIBLE BANKING RepTrak® community sentiment indicator – lead and improve relative to peers.	Ranked 1st relative to peers.		  
ENVIRONMENTAL SUSTAINABILITY Fund and facilitate at least AUD50 billion by 2025 towards sustainable solutions for our customers, including initiatives that help improve environmental sustainability, increase access to affordable housing and promote financial wellbeing.	AUD4.08 billion since 1 October 2019		 
Reduce the direct impact of our business activities on the environment by reducing scope 1 & 2 emissions by 24% by 2025 and 35% by 2030 (against a 2015 baseline)	-29%		
FINANCIAL WELLBEING Help enable social and economic participation of 1 million people by 2020 ²	>998k		  
Increasing women in leadership to 34.1% by 2020 ³	33.1%		 
Recruiting >1,000 people from under-represented groups by 2020	829		
HOUSING Provide NZD100 million of interest free loans to insulate homes for ANZ mortgage holders (New Zealand)	NZD7.45 million		  
Offer all ANZ first home buyers access to financial coaching support	>5k coaches trained		

For detailed performance information refer to the 2019 ESG Supplement available in December 2019 and our 2020 Half Year ESG Target Update on anz.com/cs

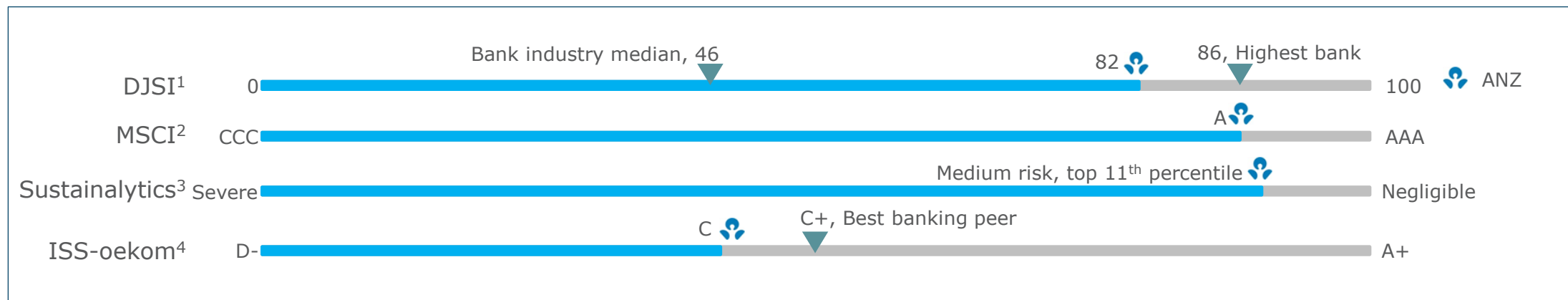
1. NB. Figures provided as at 31 March 2020 2. Through our initiatives to support financial wellbeing including financial inclusion, employment and community programs, and targeted banking products and services for small businesses and retail customers. NB. This is the figure at 30 Sep 2019. Updated figures available in our 2020 full year disclosures 3. FY18-FY20 target is defined as Women in Leadership which measures representation at the Senior Manager, Executive and Senior Executive levels.

HOW WE MEASURE AND COMMUNICATE

TRACKING OF EXTERNAL ESG rating performance

- Context:**

Reputation indicators are increasingly being used by investors and analysts to understand our approach to ESG issues and to measure our ESG performance against our peers. We are rated based on our ESG disclosures, analysis of media coverage and, in the case of DJSI, a detailed survey. Indicators are firmly weighted towards governance and how we manage staff and customers.



- Outcome:**

- Reputation indicators for ANZ and other major Australian banks show long-term, mid-range rank among major corporates. Our key weakness, scrutinised in the Royal Commission as our failure to always responsibly deliver products and services, continues to impact our performance although to a lesser extent than 12 months ago. All indicators are consistent.

- Relevant ESG target:**

- Group scorecard, maintain strong performance on Dow Jones Sustainability Index.

1. 2019, Dow Jones Sustainability Index. 2. ESG Rating, July 2020, MSCI ESG Research. 3. ESG Risk Rating Report, June 2020, Sustainalytics. 4. Corporate Rating, February 2020, Institutional Shareholder Services – oekom.



EUROPEAN COVERED BOND CONFERENCE 2020

GROUP TREASURY

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED



REGULATORY CAPITAL

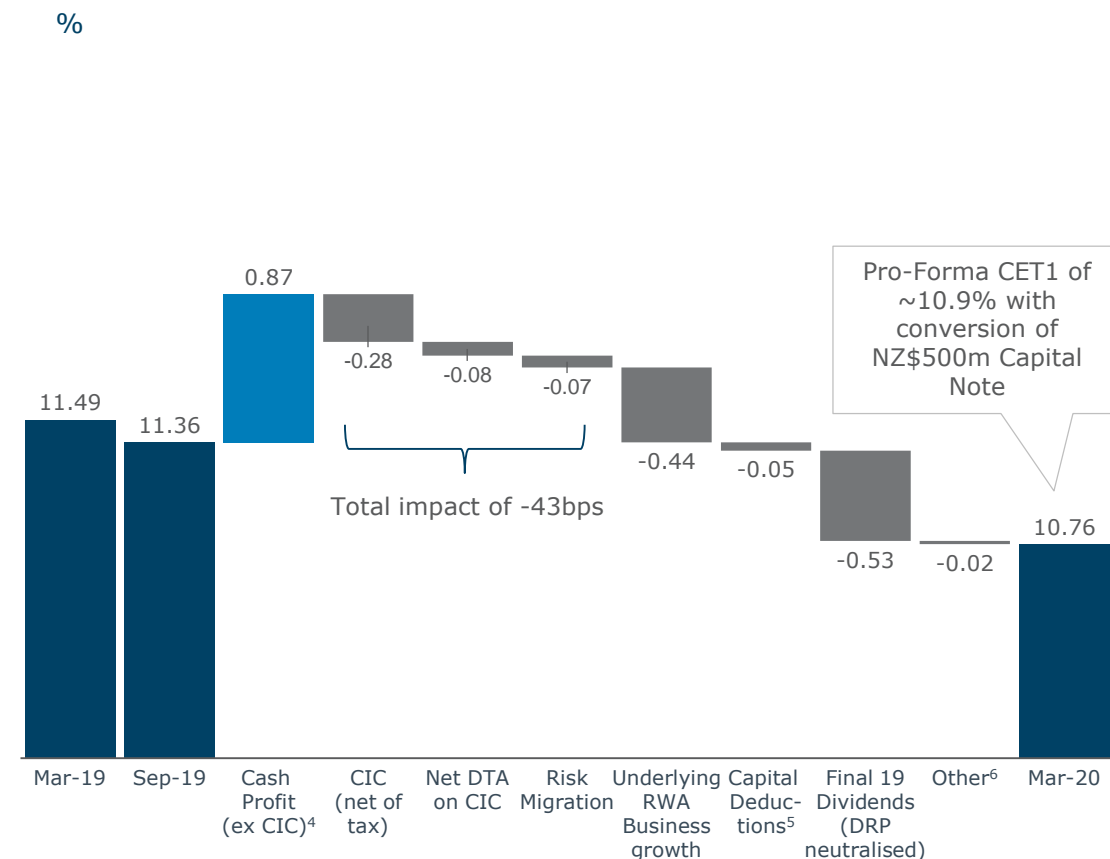
CAPITAL UPDATE

- APRA Level 2 CET1 ratio of 10.8% (15.5% on an Internationally Comparable basis¹), which is in excess of APRA's 'Unquestionably Strong' benchmark²
- APRA Level 1 CET1 ratio of 10.6%. Level 1 consolidation primarily comprises ANZ BGL (the Parent including offshore branches) but excludes offshore banking subsidiaries³
- APRA Leverage ratio of 5.0% (or 5.6% on an Internationally Comparable basis)

REGULATORS RESPONSES ON COVID-19 DISRUPTION

- APRA
 - Advised ADIs of the ability to use existing capital buffers (i.e. below the Unquestionably Strong CET1 benchmark of 10.5%)
 - Deferral of implementation of capital framework reforms by one year
 - Exemption from having to treat affected customers who have taken up the option of repayment deferral or repayment holidays as arrears or restructured
- RBNZ
 - Delay the start date of increased NZ capital requirements by 12 months to July 2021 and consultation on other regulatory initiatives by 6 months
 - Extension to revised outsourcing policy (BS11) by 12 months to Oct 2023
 - Agreement with NZ banks on suspension of ordinary share dividend payments and capital security redemptions. AT1 coupon payments can still be made

APRA LEVEL 2 COMMON EQUITY TIER 1 RATIO (CET1)



1. Internationally Comparable methodology aligns with APRA's information paper entitled International Capital Comparison Study (13 July 2015). Basel III Internationally Comparable ratios do not include an estimate of the Basel I capital floor. 2. Based on APRA information paper "Strengthening banking system resilience – establishing unquestionably strong capital ratios" released in July 2017. 3. Refer to ANZ Basel III APS330 Pillar 3 disclosures. 4. Excludes large / notable items & one-off items. 5. Mainly comprises the movement in retained earnings in deconsolidated entities and capitalised software. 6. Other impacts include divestment benefits from Pensions and Investments business, net imposts (incl. AASB16 impacts), movements in non-cash earnings, net foreign currency translation and other

INTERNATIONALLY COMPARABLE¹ REGULATORY CAPITAL POSITION

APRA Level 2 CET1 Ratio– 31 March 2020		10.8%
Corporate undrawn EAD and unsecured LGD adjustments	Australian ADI unsecured corporate lending LGDs and undrawn CCFs exceed those applied in many jurisdictions	1.6%
Equity Investments & DTA	APRA requires 100% deduction from CET1 vs. Basel framework which allows concessional threshold prior to deduction	0.9%
Mortgages	APRA requires use of 20% mortgage LGD floor vs. 10% under Basel framework. Additionally, APRA also requires a higher correlation factor vs 15% under Basel framework	1.1%
Specialised Lending	APRA requires supervisory slotting approach which results in more conservative risk weights than under Basel framework	0.7%
IRRBB RWA	APRA includes in Pillar 1 RWA. This is not required under the Basel framework	0.2%
Other	Includes impact of deductions from CET1 for capitalised expenses and deferred fee income required by APRA, currency conversion threshold and other retail standardised exposures	0.2%
Basel III Internationally Comparable CET1 Ratio		15.5%
Basel III Internationally Comparable Tier 1 Ratio		17.8%
Basel III Internationally Comparable Total Capital Ratio		21.5%

Level 2 CET1 Ratio



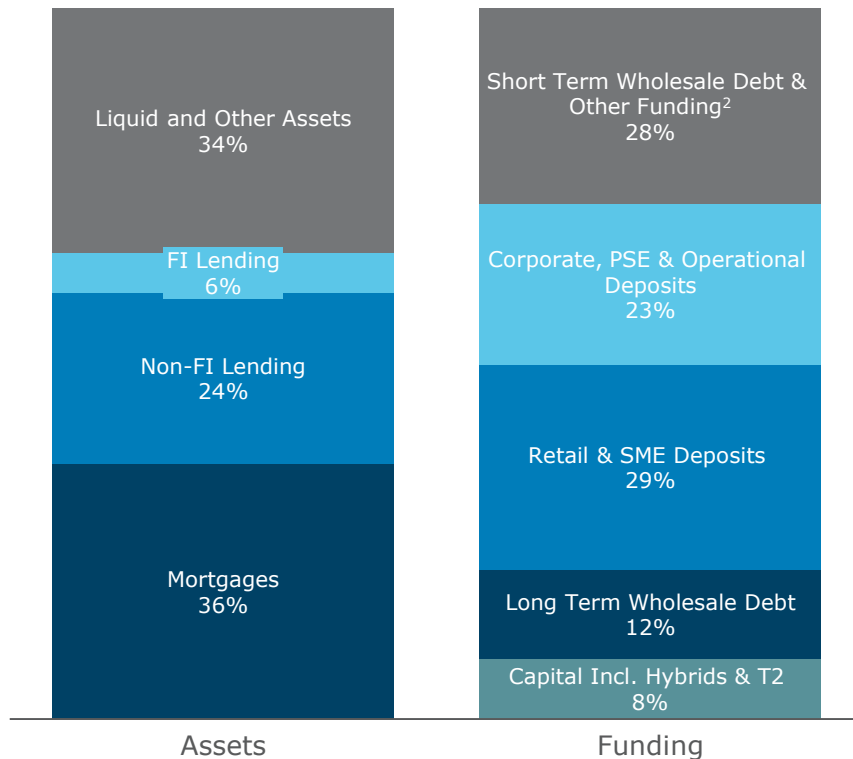
1. Internationally Comparable methodology aligns with APRA's information paper entitled International Capital Comparison Study (13 July 2015). Basel III Internationally Comparable ratios do not include an estimate of the Basel I capital floor

BALANCE SHEET STRUCTURE¹

- Assuming no term wholesale debt issuance (domestic or offshore) for the next 18 months ANZ's Net Stable Funding Ratio is projected to remain well above regulatory minimums at greater than 110%

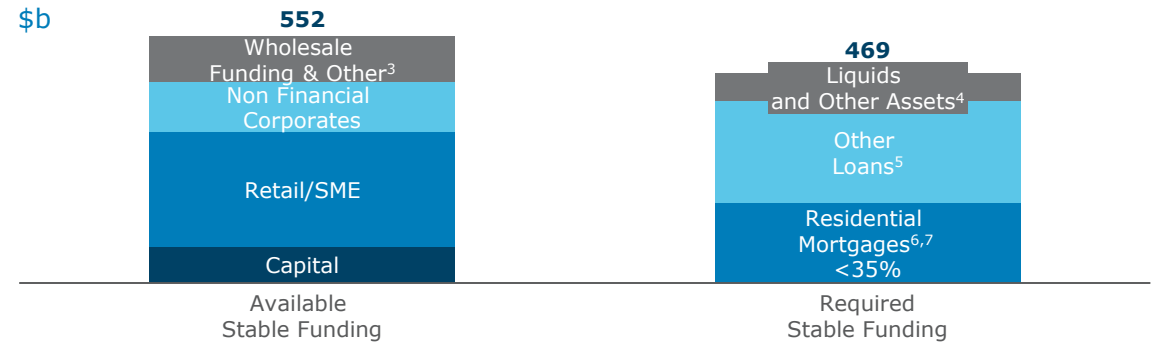
BALANCE SHEET COMPOSITION

Mar-20

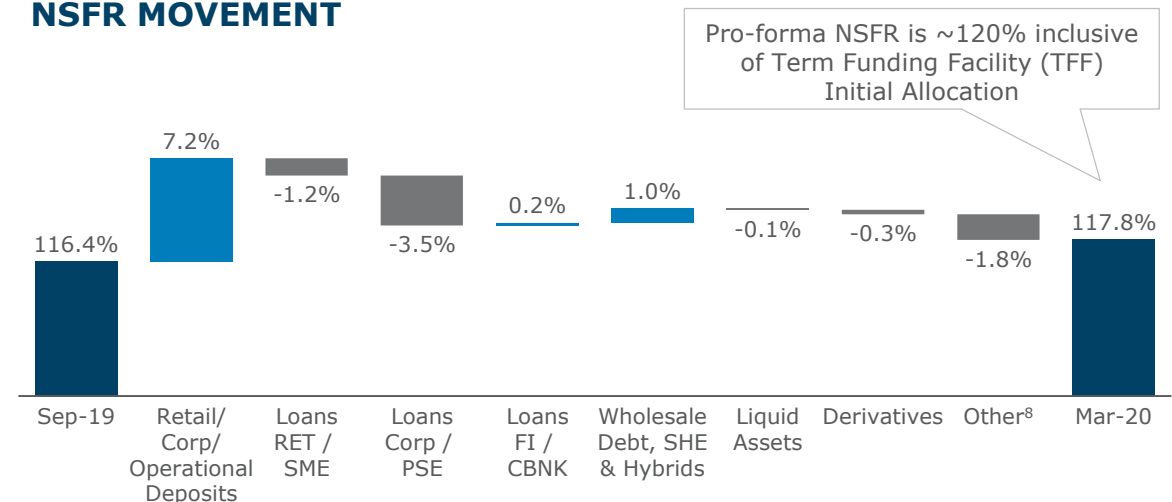


NSFR COMPOSITION

Mar-20



NSFR MOVEMENT



1. NSFR Required Stable Funding (RSF) and Available Stable Funding (ASF) categories and all figures shown are on a Level 2 basis per APRA prudential standard APS210. 2. Includes FI/Bank deposits, Repo funding and other short dated liabilities. 3. 'Other' includes Sovereign, and non-operational FI Deposits. 4. 'Other Assets' include Off Balance Sheet, Derivatives, Fixed Assets and Other Assets. 5. All lending >35% Risk weight. 6. Includes NSFR impact of self-securitised assets backing the Committed Liquidity Facility (CLF). 7. <35% Risk weighting as per APRA Prudential Standard 112 Capital Adequacy: Standardised Approach to Credit Risk. 8. Net of other ASF and other RSF.

LIQUIDITY COVERAGE RATIO (LCR) SUMMARY¹

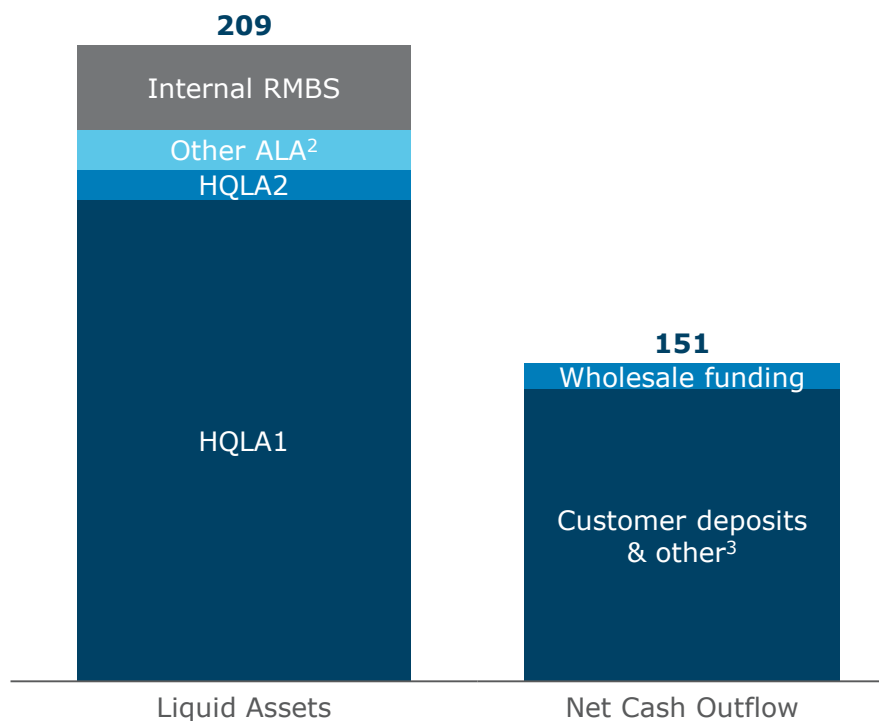
- ANZ's USCP outstanding's as at 31 March 2020 was USD13.5b
- Assuming all USCP is not replaced, LCR would remain at ~130%

- \$12b Term Funding Facility included in LCR from 31 March 2020 (no impact on reported 1H20 average). 1H20 LCR impacted by system wide reduction in RBA Committed Liquidity Facility from 1st Jan 2020.

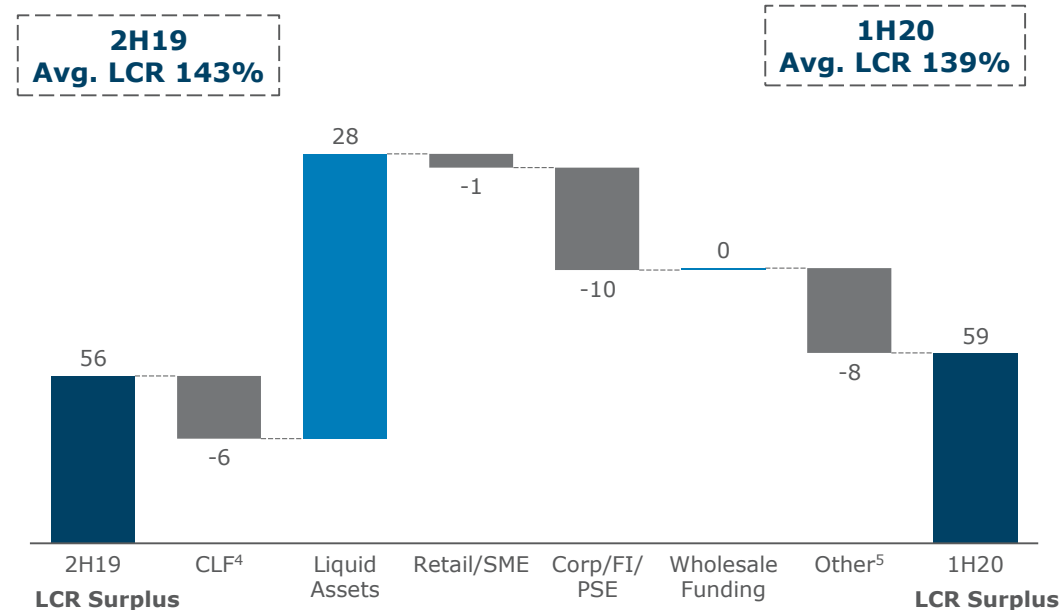
LCR COMPOSITION (AVERAGE)

1H20

\$b



MOVEMENT IN AVERAGE LCR SURPLUS (\$b)

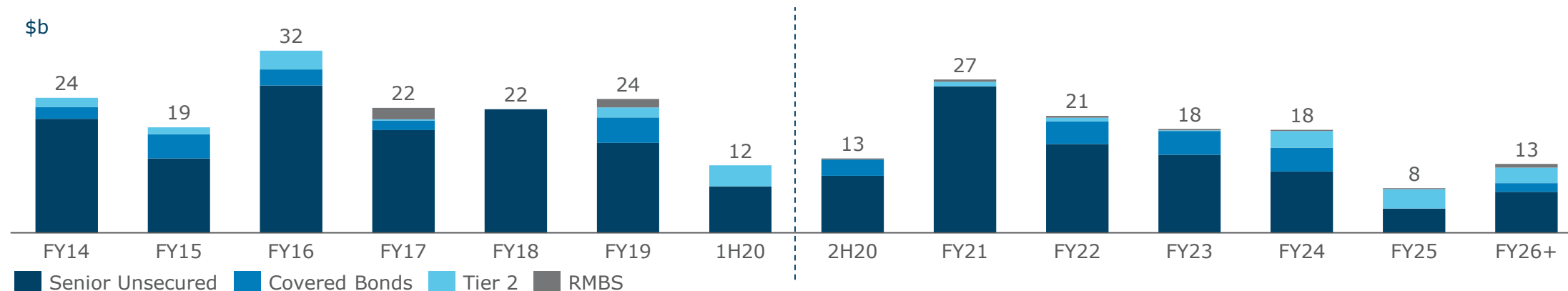


1. All figures shown on a Level 2 basis as per APRA Prudential Standard APS210. 2. Comprised of assets qualifying as collateral for the Committed Liquidity Facility (CLF), excluding internal RMBS, up to approved facility limit; and any assets contained in the RBNZ's liquidity Policy – Annex: Liquidity Assets – Prudential Supervision Department Document BS13A. 3. 'Other' includes off-balance sheet and cash inflows. 4. RBA CLF decreased by \$12.3b from 1 January 2020 to \$35.7b (2019: \$48.0b). 5. 'Other' includes off-balance sheet and cash inflows.

TERM WHOLESALE FUNDING PORTFOLIO¹

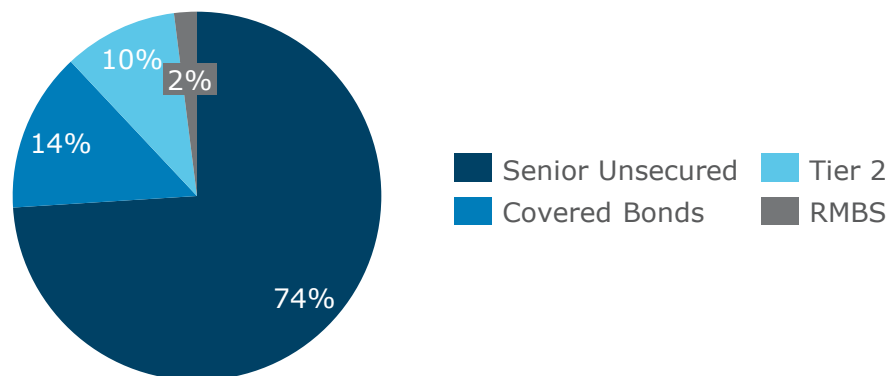
- ANZ's term funding requirements depend on market conditions, balance sheet needs and exchange rates, amongst other factors
- RBA Term Funding Facility (TFF) Initial Allocation of ~\$12b
- ANZ estimates minimal senior debt term funding requirement for 2H20

ISSUANCE

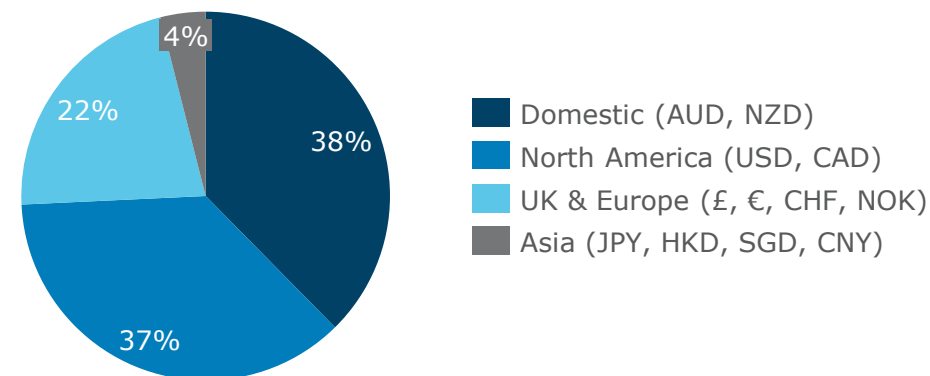


MATURITIES

PORTFOLIO



PORTFOLIO BY CURRENCY



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

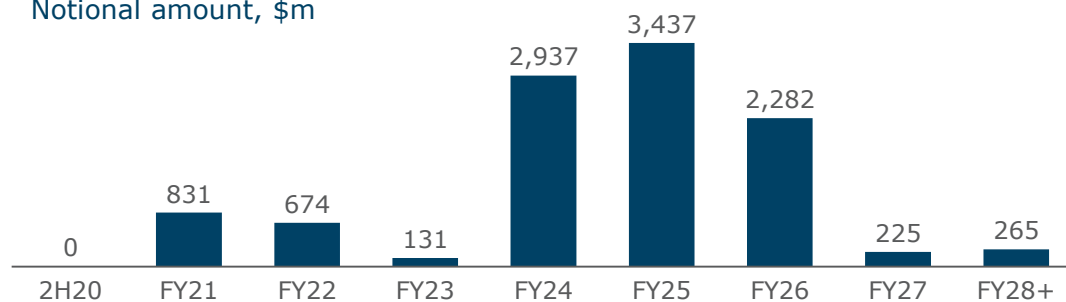
ANZ'S TIER 2 FY20 REQUIREMENT IS COMPLETE, PREFUNDING FY21¹

ANZ'S TIER 2 CAPITAL REQUIREMENT TO PROGRESSIVELY INCREASE TO MEET TLAC REQUIREMENT

- Issued AUD \$5.7b since July 2019 across AUD, EUR, and USD
- Current portfolio includes 29% in AUD (23% domestic AUD) – strong capacity remaining in AUD
- Issued AUD \$3.6b in 1H20 completing FY20 issuance requirements
- FY21 T2 issuance expected to be ~\$5b
- Required portfolio increase from \$10.8b to ~\$22b by January 2024 (based on 5% of current RWAs²)
- Planned issuance in multiple currencies in both callable and bullet format
- Increased T2 issuance expected to be offset by reduction in other senior unsecured funding
- Well managed amortisation profile provides flexibility regarding issuance tenor

FUNDING PROFILE

Notional amount, \$m



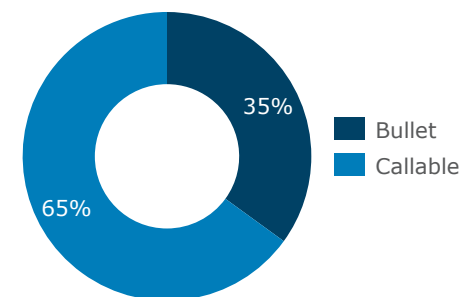
■ Scheduled Bullet and Call Date Profile

1. Profile is AUD equivalent based on historical FX, excluding Perpetual Floating rate notes issued 30 October 1986 (which loses Basel III transitional relief in 2021). Any call is subject to APRA's prior written approval and note holders should not expect approval to be given.
2. Current RWAs \$437b as at 30 June 2020
3. Amortisation profile is modelled based on scheduled first call date for callable structures and in line with APRA's amortisation requirements for bullet structures.

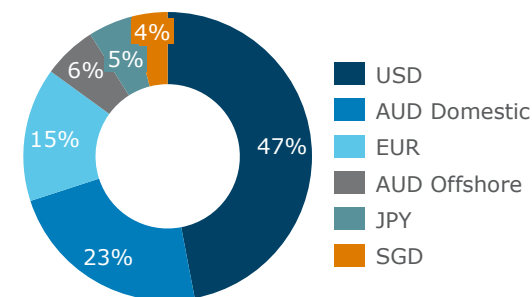
TIER 2 CAPITAL

Notional amount

By Format

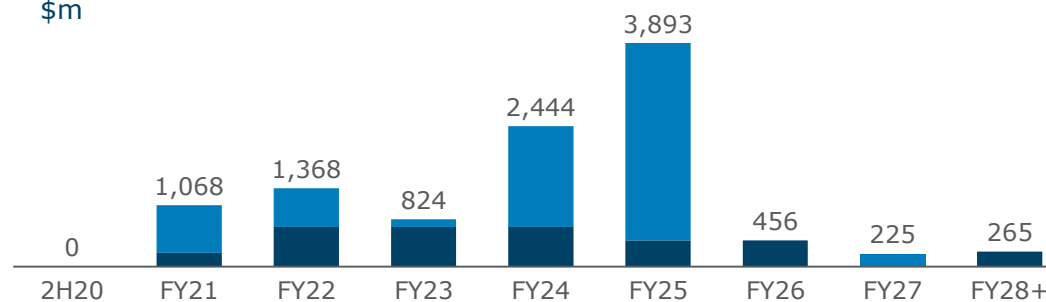


By Currency



CAPITAL AMORTISATION PROFILE³

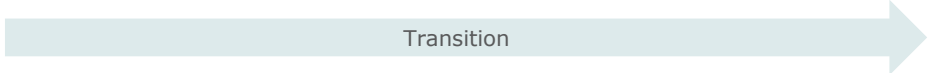
\$m



■ Bullet Amortisation ■ Callable

CAPITAL FRAMEWORK

CURRENT REGULATORY PROPOSALS AND RECENT REVISED IMPLEMENTATION DATES¹

	2019	1H20	2H20	Original Implementation Date	Revised Implementation Date
RBNZ capital framework	Finalise			2027	2028 ²
Leverage ratio		Finalise		2022	2023
Standardised approach to credit risk	Consultation		Finalise	2022	2023
Internal Ratings-based Approach to Credit Risk		Consultation	Finalise	2022	2023
Operational risk		Finalise		2021	2023
Fundamental Review of the Trading Book		Consultation		2023	2024
Interest rate risk in the banking book	Consultation		Finalise	2022	2023
Loss absorbing capacity (LAC)³	Transition 			2024	-
Capital Treatment for Investments in Subsidiaries (Level 1)		Consultation	Finalise	2022	-
Associations with Related Entities	Finalise			2021	2022

1. Timeline is based on APRA's 2020 Policy and Supervision Priorities (published January 2020) and revised following APRA's deferral of capital reform implementation in response to COVID-19 circumstances.

2. 7 year transition period from 1 July 2021. 3. Only in relation to the 3% of RWA increase in Total Capital requirements announced in July 2019.



EUROPEAN COVERED BOND CONFERENCE 2020

RISK MANAGEMENT

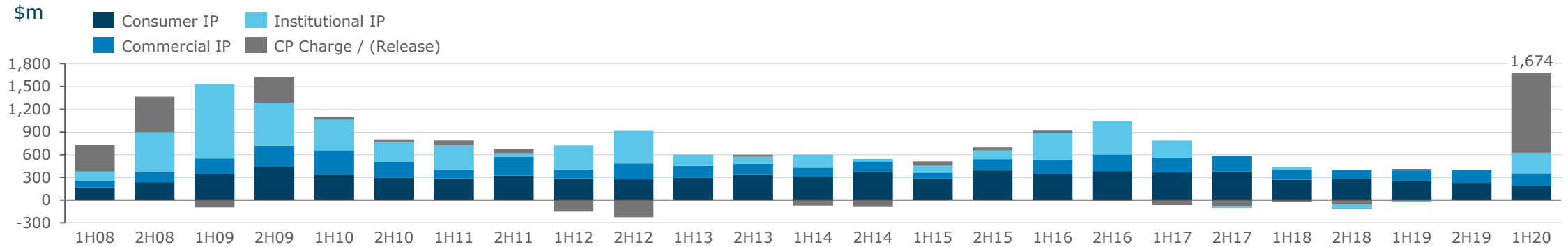
AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED



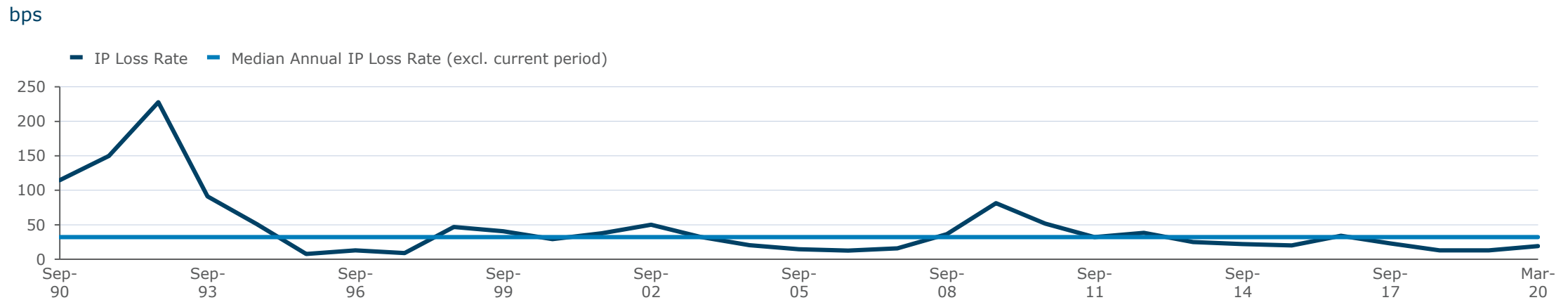
RISK MANAGEMENT

LONG RUN PROVISIONS & LOSS RATES

TOTAL CREDIT IMPAIRMENT CHARGE



ANZ HISTORICAL LOSS RATES¹

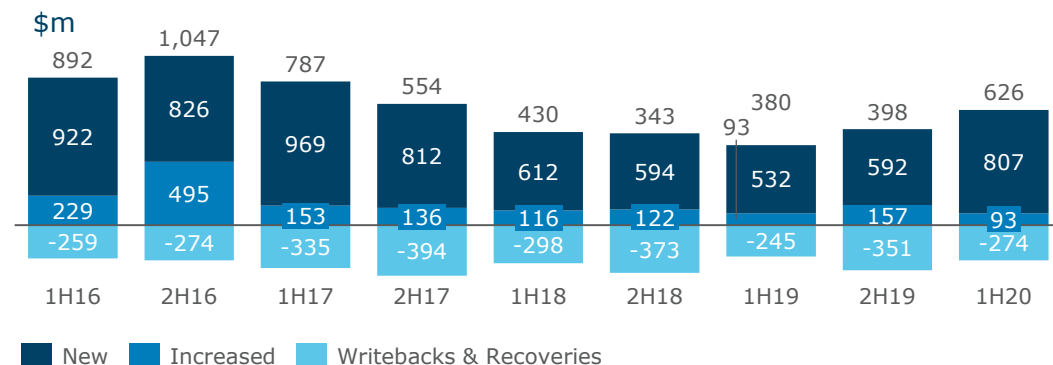


1. IP as a % of average GLA

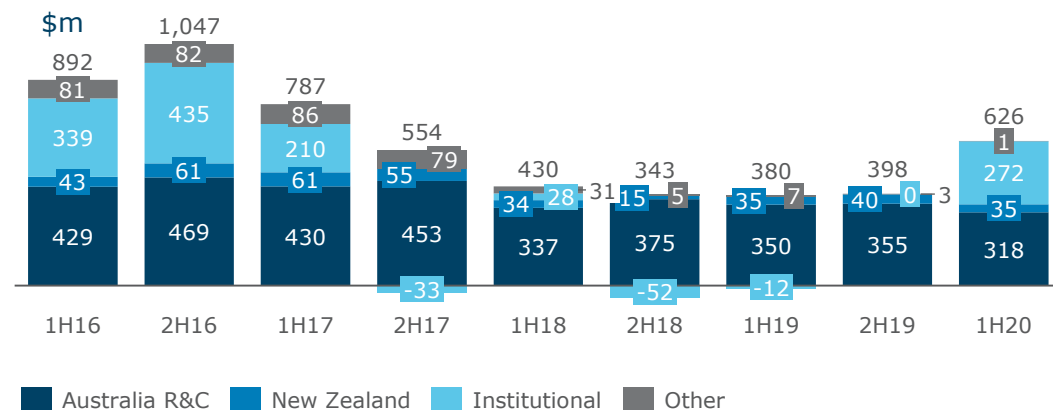
RISK MANAGEMENT

INDIVIDUAL PROVISIONS & LOSS RATES

INDIVIDUAL PROVISION CHARGE



INDIVIDUAL PROVISION CHARGE BY DIVISION



LONG RUN LOSS RATE (INTERNAL EXPECTED LOSS)

%

Division	Mar-16	Sep-16	Mar-17	Sep-17	Mar-18	Sep-18	Mar-19	Sep-19	Mar-20
Australia	0.35	0.33	0.33	0.33	0.31	0.29	0.29	0.29	0.28
New Zealand	0.25	0.26	0.26	0.22	0.21	0.19	0.19	0.18	0.19
Institutional	0.37	0.36	0.35	0.30	0.32	0.27	0.27	0.25	0.25
Other	1.47	1.79	1.60	1.69	1.95	1.78	1.60	1.40	1.30
Subtotal	0.34	0.33	0.33	0.30	0.30	0.27	0.27	0.26	0.26
Asia Retail	1.50	1.51	1.51	2.75	0	0	0	0	0
Total	0.37	0.35	0.35	0.32	0.30	0.27	0.27	0.26	0.26

RISK MANAGEMENT

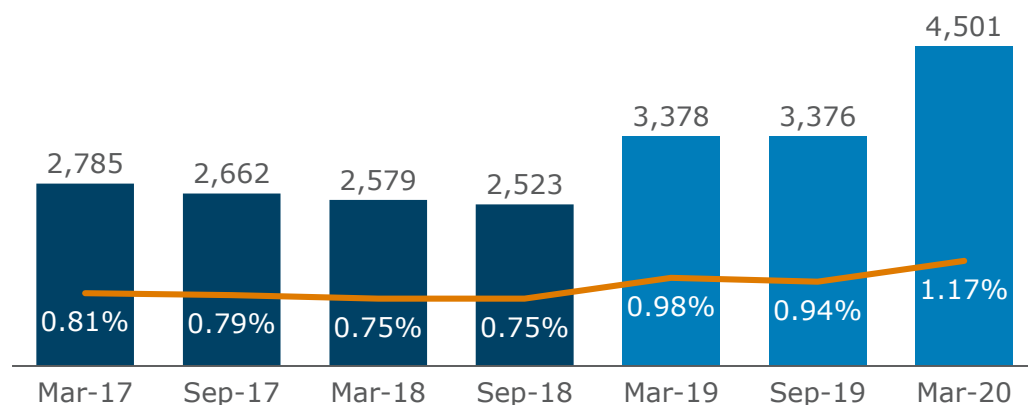
COLLECTIVE PROVISION

COLLECTIVE PROVISION CHARGE

\$m	AASB9		
	1H19	2H19	1H20
CP charge	13	4	1,048
Volume/Mix	-28	-51	0
Change in Risk	-40	19	17
Economic outlook sensitivity	73	17	1,031
Other	8	19	0

COLLECTIVE PROVISION BALANCE

CP balance & coverage (\$m)



■ CP Balance — CP/CRWA ■ CP Balance (AASB9)

PROVISION BALANCE/COVERAGE RATIO

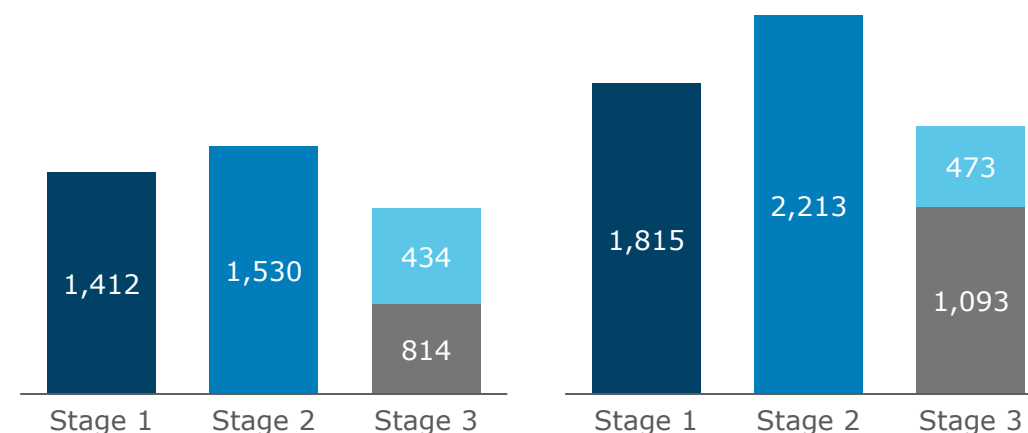
BY STAGES (\$m) AASB9

30 Sep-19

Coverage ratio by stage ¹		
1	2	3
0.17%	2.40%	18.03%

31 Mar-20

Coverage ratio by stage ¹		
1	2	3
0.20%	3.04%	20.77%



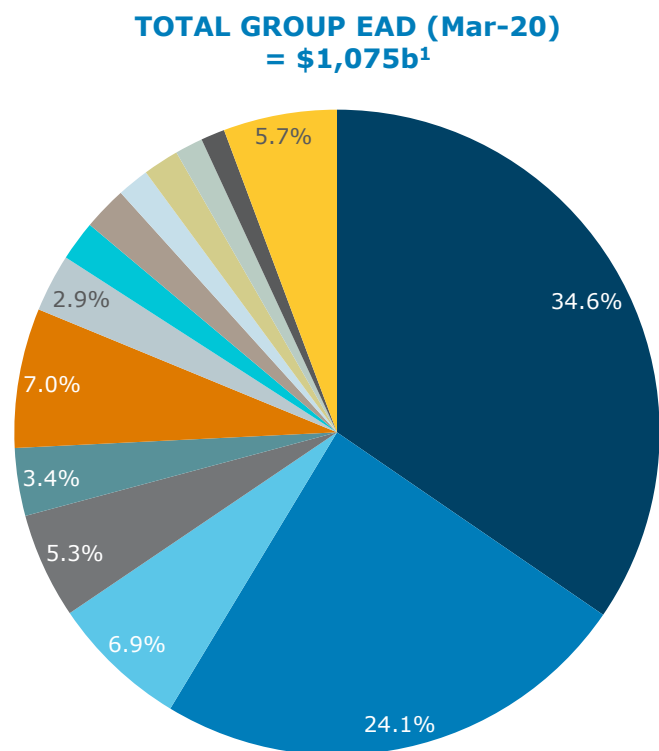
■ Stage 3 CP ■ Stage 3 IP

1. Coverage ratio calculated as Provision Balance to Gross Loans & Advances for on-balance sheet exposures

RISK MANAGEMENT

TOTAL PORTFOLIO COMPOSITION

EXPOSURE AT DEFAULT (EAD) DISTRIBUTION



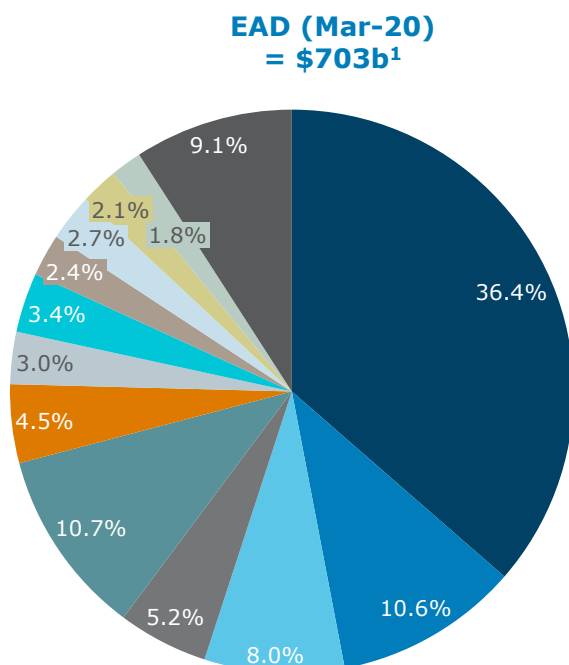
Category	% of Group EAD			% of Portfolio in Non Performing			Portfolio Balance in Non Performing
	Mar-19	Sep-19	Mar-20	Mar-19	Sep-19	Mar-20	Mar-20
Consumer Lending	38.8%	37.6%	34.6%	0.2%	0.1%	0.2%	\$603m
Finance, Investment & Insurance	20.2%	20.3%	24.1%	0.1%	0.0%	0.0%	\$78m
Property Services	7.0%	7.0%	6.9%	0.3%	0.2%	0.3%	\$208m
Manufacturing	4.7%	5.1%	5.3%	0.3%	0.3%	0.2%	\$137m
Agriculture, Forestry, Fishing	3.7%	3.6%	3.4%	1.1%	1.1%	1.1%	\$397m
Government & Official Institutions	6.8%	7.3%	7.0%	0.0%	0.0%	0.0%	\$0m
Wholesale trade	3.0%	3.0%	2.9%	0.3%	0.3%	1.2%	\$380m
Retail Trade	2.2%	2.2%	2.0%	0.7%	0.7%	0.9%	\$191m
Transport & Storage	2.1%	2.2%	2.2%	0.2%	0.3%	0.5%	\$129m
Business Services	1.6%	1.6%	1.6%	1.0%	1.0%	1.0%	\$169m
Resources (Mining)	1.6%	1.8%	1.8%	0.3%	0.2%	0.2%	\$40m
Electricity, Gas & Water Supply	1.2%	1.3%	1.4%	0.1%	0.1%	0.1%	\$16m
Construction	1.3%	1.3%	1.2%	1.8%	1.7%	1.3%	\$168m
Other	5.7%	5.8%	5.7%	0.4%	0.4%	0.4%	\$229m
Total	100%	100%	100%				\$2,745m
Total Group EAD¹	\$968b	\$977b	\$1,075b				

1. EAD excludes amounts for 'Securitisation' and 'Other Assets' Basel classes. Data provided is on a Post CRM basis, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral

RISK MANAGEMENT

INSTITUTIONAL & COMMERCIAL PORTFOLIO

EXPOSURE AT DEFAULT (EAD) DISTRIBUTION



Category	GLA	Credit Related Commitments and Contingencies
	(\$b)	(\$b)
Finance, Investment & Insurance	73	48
Property Services	12	7
Manufacturing	31	46
Agriculture, Forestry, Fishing	31	4
Gvt & Official Institutions	4	3
Wholesale trade	19	22
Retail Trade	15	8
Transport & Storage	16	9
Business Services	53	20
Resources (Mining)	9	14
Electricity, Gas & Water Supply	7	8
Construction	9	7
Other	50	20
TOTAL	329	216

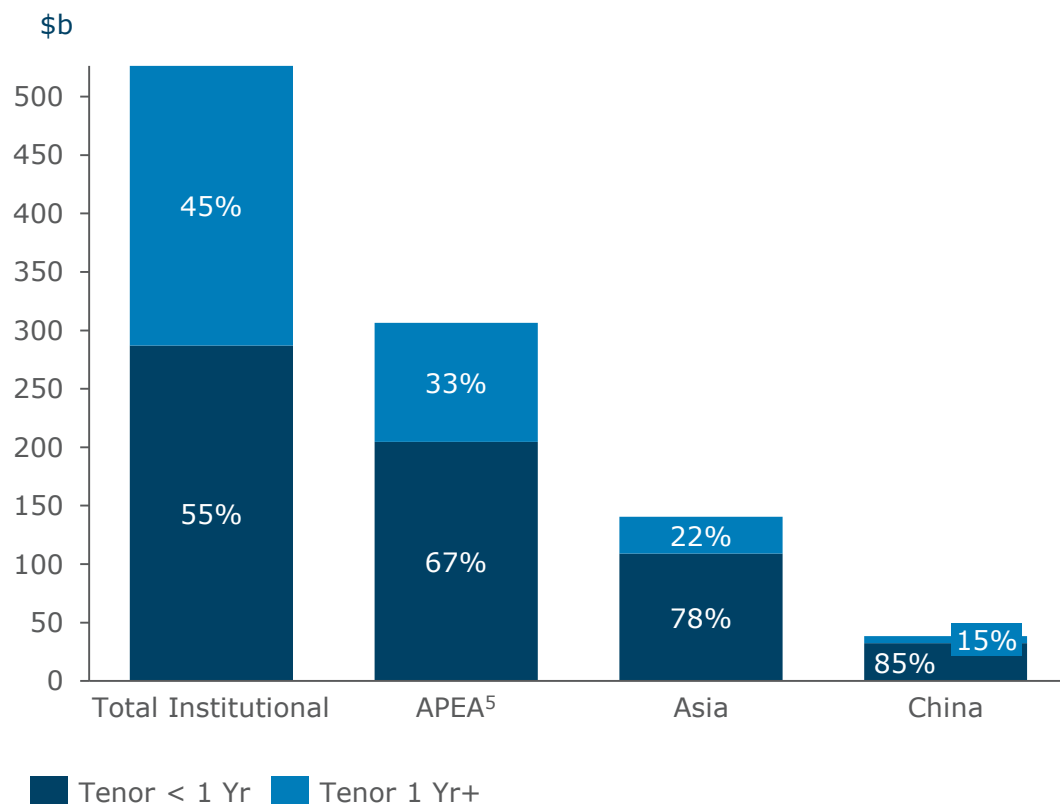
	Sep-16	Sep-17	Sep-18	Sep-19	Mar-20
Investment grade % of EAD	65%	66%	69%	71%	74%
CRWA / EAD	46%	42%	40%	41%	39%
IEL as a % of GLA	0.45%	0.40%	0.37%	0.35%	0.34%

1. EAD excludes amounts for 'Securitisation' and 'Other Assets' Basel classes. Data provided is on a Post CRM basis, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral

RISK MANAGEMENT

ANZ INSTITUTIONAL PORTFOLIO

INSTITUTIONAL PORTFOLIO SIZE & TENOR BY COUNTRY OF INCORPORATION¹ (EAD²)



1. Country is defined by the counterparty's Country of Incorporation

2. EAD excludes amounts for 'Securitisation' & 'Other Assets' Basel classes. Data provided is on a Post CRM basis, net of credit risk mitigation such as guarantees, credit derivatives, netting & financial collateral

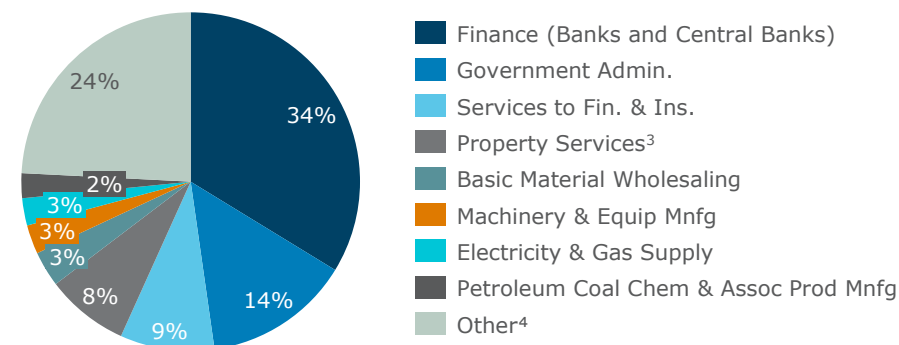
3. ~90% of the ANZ Institutional "Property Services" portfolio is to entities incorporated in either Australia or New Zealand

4. Other is comprised of 47 different industries with none comprising more than 2.1% of the Institutional portfolio

5. APEA: Asia, Pacific, Europe & America

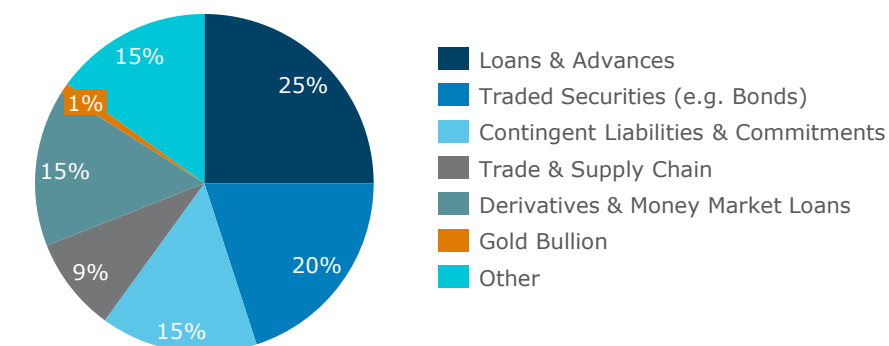
ANZ INSTITUTIONAL INDUSTRY COMPOSITION

EAD (Mar-20): A\$529b²



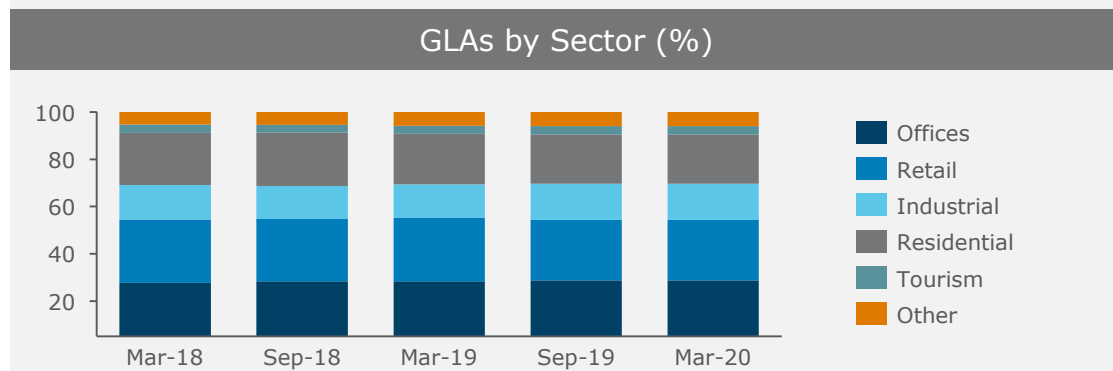
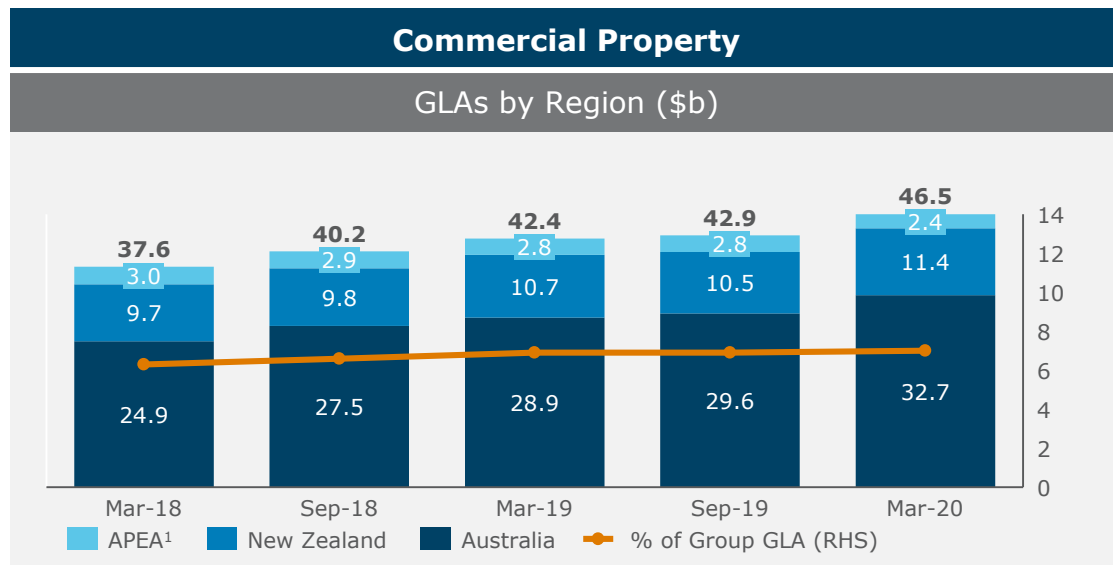
ANZ INSTITUTIONAL PRODUCT COMPOSITION

EAD (Mar-20): A\$529b²

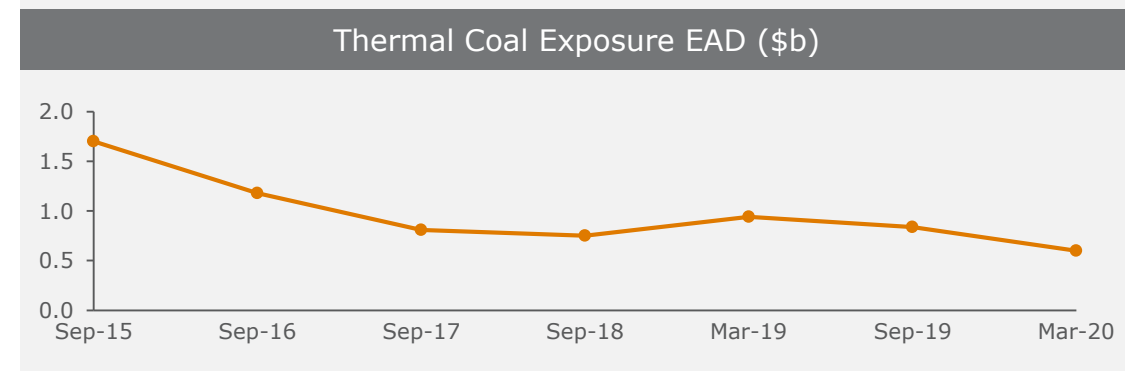
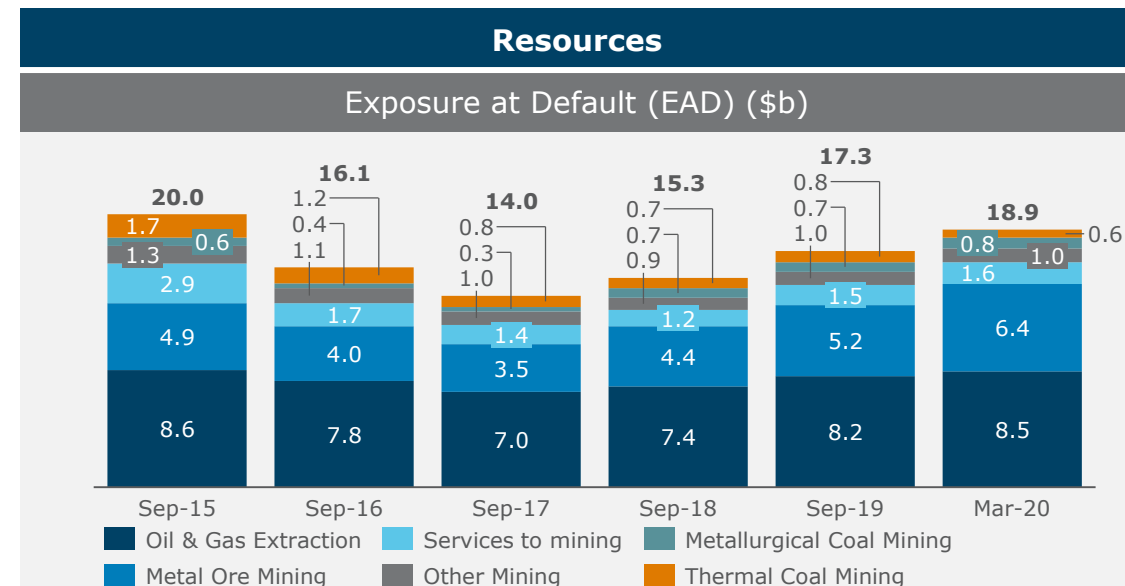


RISK MANAGEMENT

SEGMENTS OF INTEREST



1. APEA: Asia, Pacific, Europe & America





EUROPEAN COVERED BOND CONFERENCE 2020

HOUSING PORTFOLIO

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED



AUSTRALIA HOME LOANS

PORTFOLIO OVERVIEW

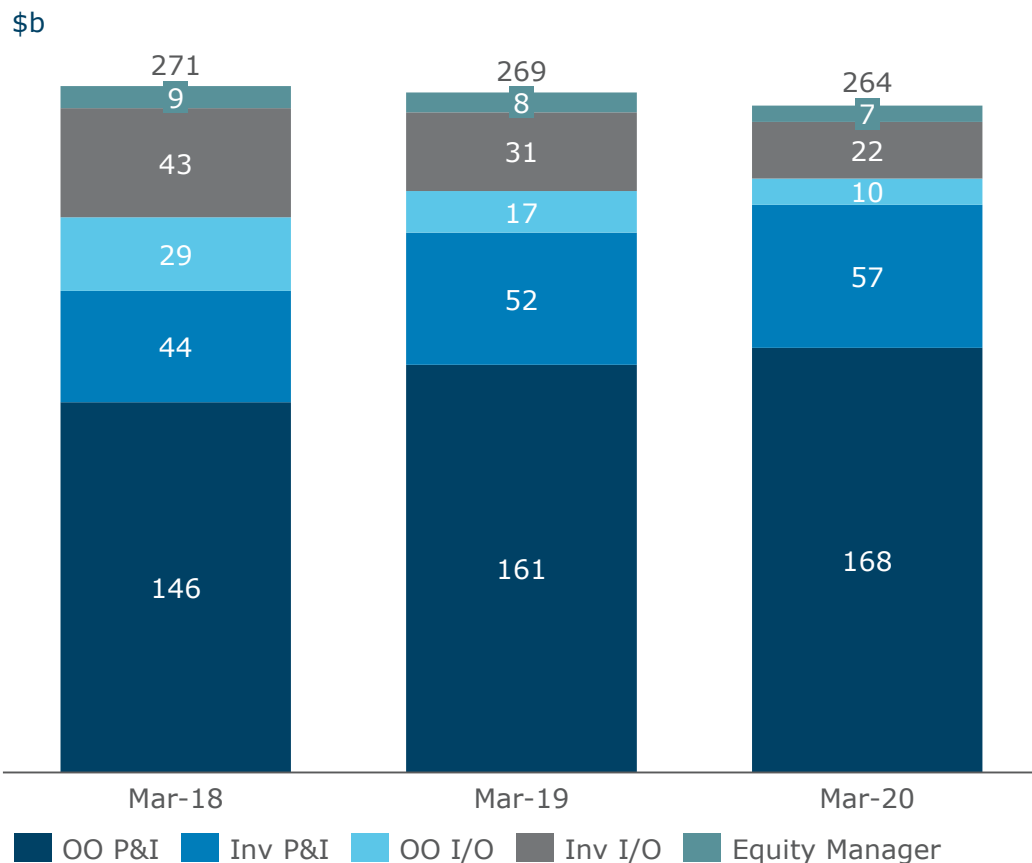
	Portfolio ¹			Flow ²			Portfolio ¹		
	1H18	1H19	1H20	1H19	1H20		1H18	1H19	1H20
Number of Home Loan accounts ¹	1,018k	1,000k	971k	64k ³	64k ³	Average LVR at Origination ^{7,8,9}	68%	67%	68%
Total FUM ¹	\$271b	\$269b	\$264b	\$21b	\$23b	Average Dynamic LVR (excl. offset) ^{8,9,10}	55%	56%	56%
Average Loan Size ⁴	\$266k	\$269k	\$272k	\$375k	\$382k	Average Dynamic LVR (incl. offset) ^{8,9,10}	50%	51%	51%
% Owner Occupied ⁵	65%	66%	68%	73%	69%	Market Share (MBS publication) ¹¹	15.8%	15.1%	n/a
% Investor ⁵	32%	31%	30%	26%	30%	Market share (MADIS publication)	n/a	n/a	14.1%
% Equity Line of Credit	3%	3%	2%	1%	1%	% Ahead of Repayments ¹²	71%	71%	76%
% Paying Variable Rate Loan ⁶	83%	82%	85%	73%	87%	Offset Balances ¹³	\$27b	\$27b	\$28b
% Paying Fixed Rate Loan ⁶	17%	18%	15%	27%	13%	% First Home Buyer	7%	7%	8%
% Paying Interest Only	26%	18%	12%	12%	13%	% Low Doc ¹⁴	4%	4%	3%
% Broker originated	51%	52%	52%	57%	49%	Loss Rate ¹⁵	0.02%	0.04%	0.03%
						% of Australia Geography Lending ^{16,17}	64%	63%	59%
						% of Group Lending ¹⁶	46%	44%	40%

1. Home Loans portfolio (includes Non Performing Loans, excludes Offset balances) 2. YTD unless noted 3. New accounts includes increases to existing accounts and split loans (fixed and variable components of the same loan) 4. Average loan size for Flow excludes increases to existing accounts (note the average loan size previously reported in 1H18 and prior included increases to existing accounts) 5. The current classification of Investor vs Owner Occupier is based on ANZ's product category, determined at origination as advised by the customer and the ongoing precision relies primarily on the customer's obligation to advise ANZ of any change in circumstances. 6. Excludes Equity Manager Accounts 7. Originated in the respective year 8. Unweighted based on # accounts 9. Includes capitalised LMI premiums 10. Valuations updated to Feb-20 where available. Includes Non Performing Loans and excludes accounts with a security guarantee and unknown DLVR 11. APRA Monthly ADI Statistics to Feb-20 - Note APRA changed the underlying market share definition in Jul-19 and historical periods (1H18 & 1H19) are not comparable to 1H20 12. % of Owner Occupied and Investment Loans that have any amount ahead of repayments. Based on excess repayments based on available Redraw and Offset. Excludes Equity Manager Accounts. Includes Non Performing Loans 13. Balances of Offset accounts connected to existing Instalment Loans 14. Low Doc is comprised of less than or equal to 60% LVR mortgages primarily for self-employed without scheduled PAYG income. However, it also has ~0.1% of less than or equal to 80% LVR mortgages, primarily booked pre-2008 15. Annualised write-off net of recoveries 16. Based on Gross Loans and Advances 17. Australia Geography includes Australia Division, Wealth Australia and Institutional Australia

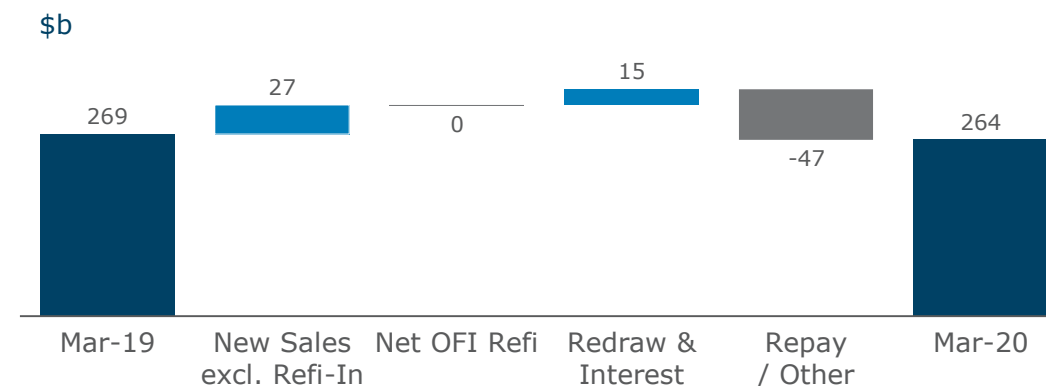
AUSTRALIA HOME LOANS

PORTFOLIO GROWTH

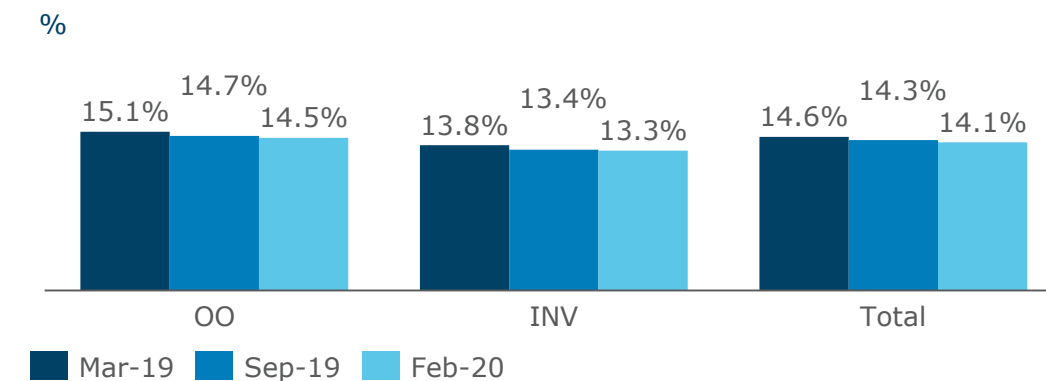
HOME LOAN FUM COMPOSITION^{1,2}



LOAN BALANCE & LENDING FLOWS¹



MARKET SHARE³

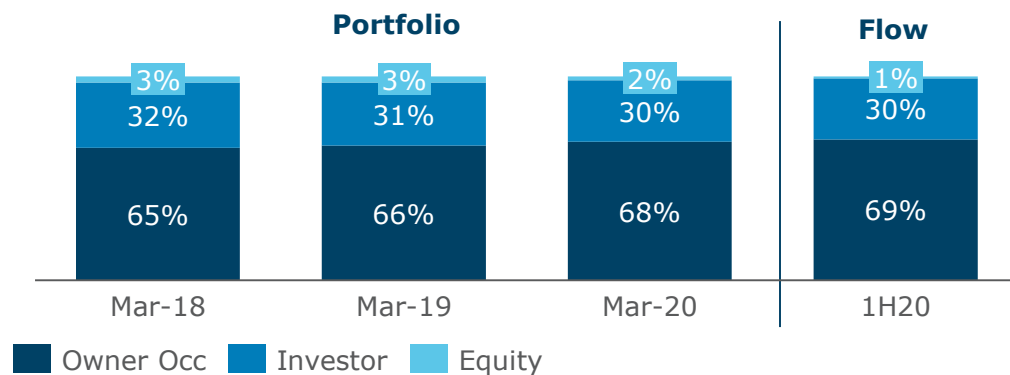


1. Based on Gross Loans and Advances. Includes Non Performing Loans
2. The current classification of Investor vs Owner Occupied is based on ANZ's product category, determined at origination as advised by the customer and the ongoing precision relies primarily on the customer's obligation to advise ANZ of any change in circumstances
3. Source: APRA Monthly Authorised Deposit-Taking Institutions Statistics (MADIS) to Feb-20

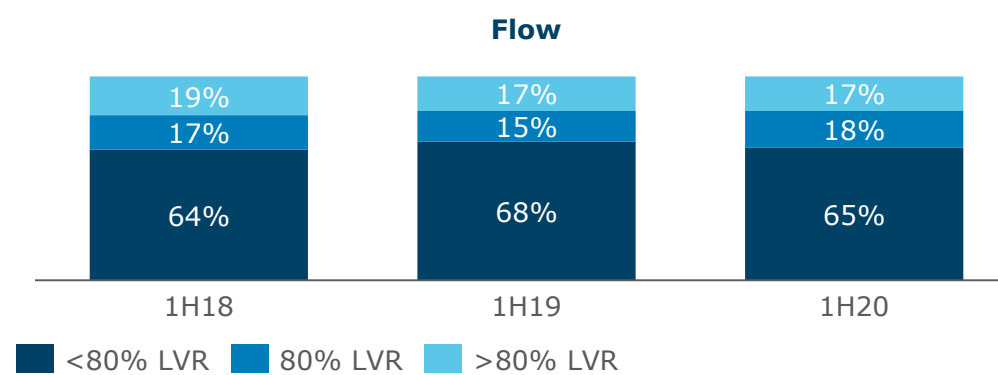
AUSTRALIA HOME LOANS

PORTFOLIO^{1,2} & FLOW³ COMPOSITION

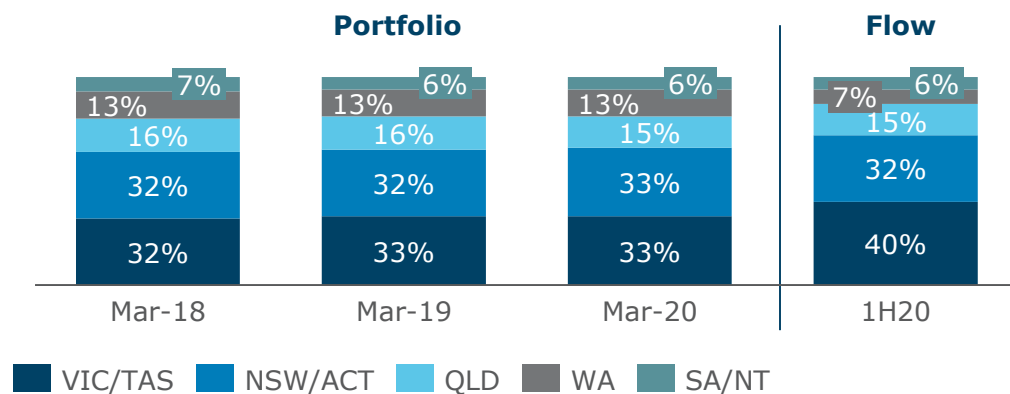
BY PURPOSE



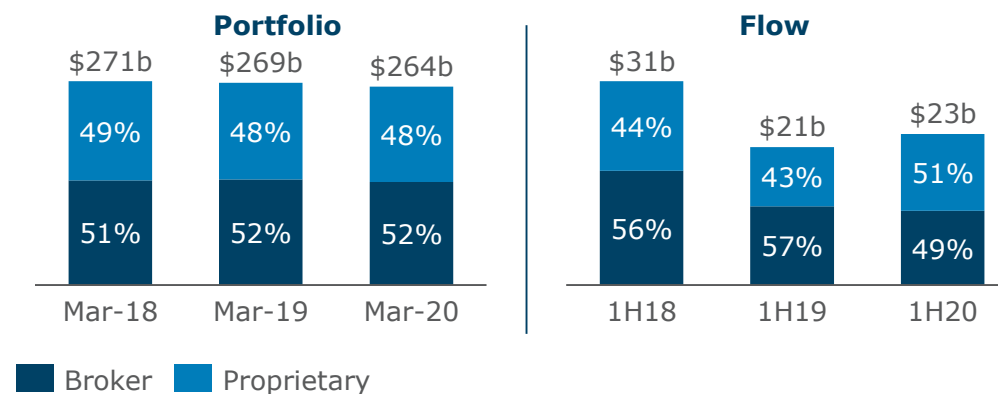
BY ORIGINATION LVR⁴



BY LOCATION



BY CHANNEL



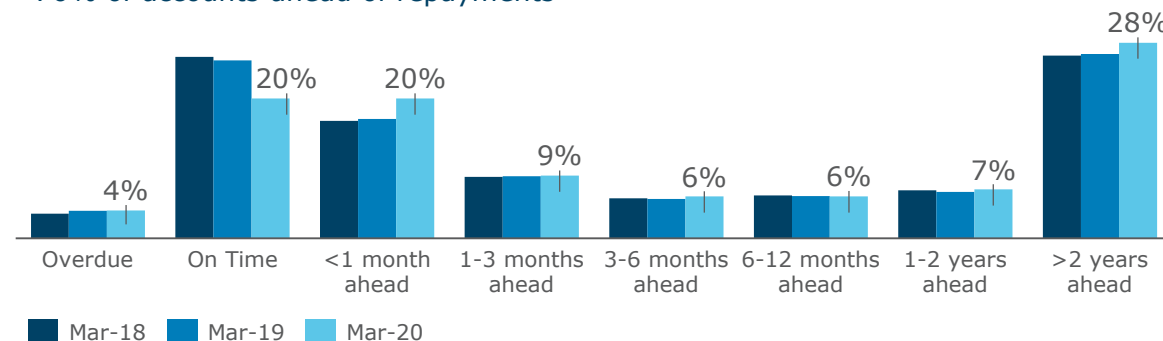
1. Includes Non Performing Loans. 2. The current classification of Investor vs Owner Occupied is based on ANZ's product category, determined at origination as advised by the customer and the ongoing precision relies primarily on the customer's obligation to advise ANZ of any change in circumstances 3. YTD unless noted 4. Includes capitalised LMI premiums

AUSTRALIA HOME LOANS

PORTFOLIO DYNAMICS

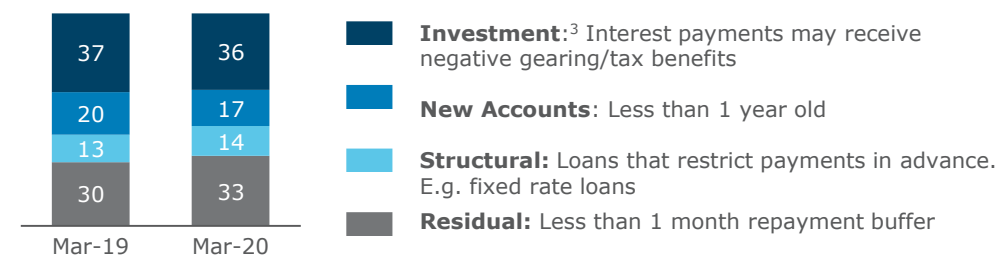
HOME LOANS REPAYMENT PROFILE^{1,2}

76% of accounts ahead of repayments



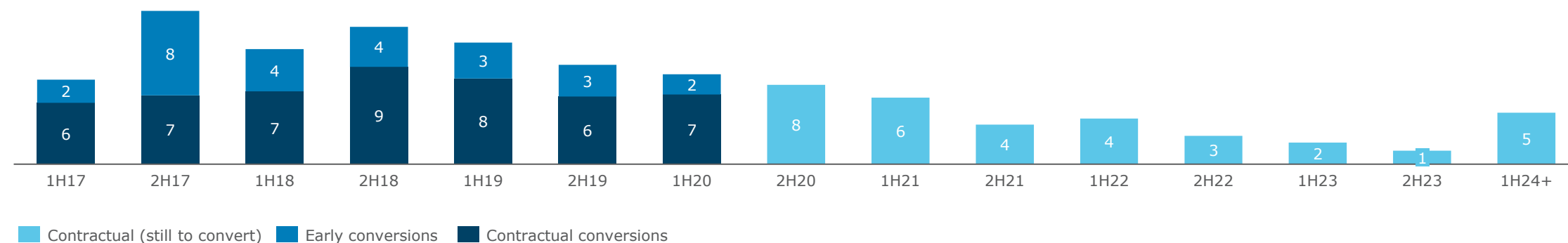
HOME LOANS ON TIME & <1 MONTH AHEAD PROFILE^{1,2}

% composition of accounts (Mar-20)



SWITCHING INTEREST ONLY TO P&I AND SCHEDULED INTEREST ONLY TERM EXPIRY^{4,5}

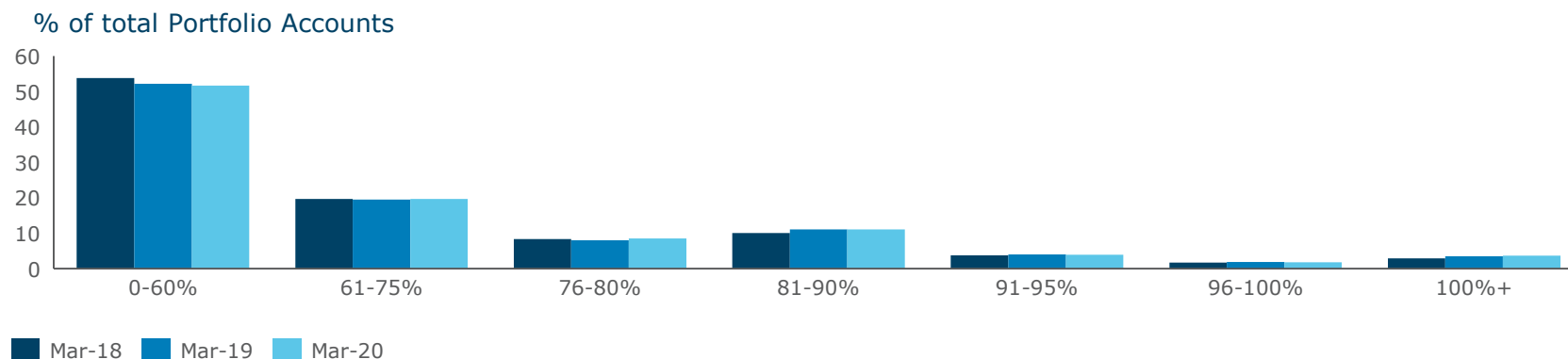
\$b



1. Includes Non Performing Loans 2. % of Owner Occupied and Investment Loans that have any amount ahead of repayments. Excess repayments based on available Redraw and Offset. Excludes Equity Manager Accounts. Includes Non Performing Loans 3. The current classification of Investor vs Owner Occupier, is based on ANZ's product category, determined at origination as advised by the customer and the ongoing precision relies primarily on the customer's obligation to advise ANZ of any change in circumstances 4. Total portfolio including new flows 5. As at Mar-20

AUSTRALIA HOME LOANS

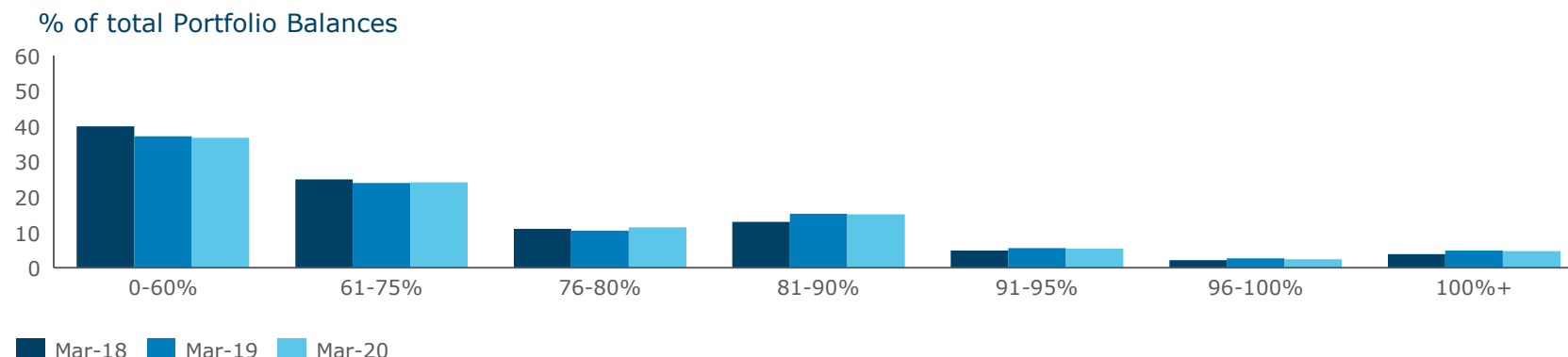
DYNAMIC LOAN TO VALUE RATIO BASED ON TOTAL PORTFOLIO ACCOUNTS ^{1,2,3,4}



>90%
 Net of offset balances
 • 8.0% of portfolio
 • 61% ahead of repayments
 • 52% with LMI

NEGATIVE EQUITY
 Net of offset balances
 • 3.2% of portfolio
 • 61% ahead of repayments
 • 52% with LMI

DYNAMIC LOAN TO VALUE RATIO BASED ON PORTFOLIO BALANCES ^{1,2,3,4}



>90%
 Net of offset balances
 • 10.5% of portfolio
 • 59% ahead of repayments
 • 48% with LMI

NEGATIVE EQUITY
 Net of offset balances
 • 4.1% of portfolio
 • 58% ahead of repayments
 • 49% with LMI

1. Includes capitalised LMI premiums 2. Valuations updated to Feb-20 where available 3. Includes Non Performing Loans and excludes accounts with a security guarantee and unknown DLVR
 4. DLVR does not incorporate offset balances, aligning with calculations that produce a portfolio average DLVR of 56%

AUSTRALIAN HOME LOANS

STRESS TESTING THE AUSTRALIAN MORTGAGE PORTFOLIO

- ANZ conducts regular stress tests of its loan portfolios to meet risk management objectives and satisfy regulatory requirements.
- Stress tests are highly assumption-driven; results will depend on economic assumptions, on modelling assumptions, and on assumptions about actions taken in response to the economic scenario.
- This illustrative recession scenario assumes significant reductions in consumer spending and business investment, which lead to eight consecutive quarters of negative GDP growth. This results in a significant increase in unemployment and material nationwide falls in property prices.
- Estimated portfolio losses under these stressed conditions are manageable and within the Group's capital base, with cumulative total losses at \$2.7b over three years (net of LMI recoveries).
- The results have marginally improved from the stress test six months ago. Key reason for the stressed losses reduction is the improved property price outlook and the impact of the three rate cuts since May 2019, which are reflected in the underlying scenario.

Assumptions	Base ¹	Year 1	Year 2	Year 3
Unemployment rate	5.1%	5.5%	9.8%	10.5%
Cash Rate	1.5%	0.25%	0%	0%
Real GDP year ended growth	1.9%	0%	-4.7%	-0.6%
Cumulative reduction in house prices	-	-32.3%	-38.8%	-31.7%
Portfolio size (\$b)	295	294	287	278

Outcomes	Year 1	Year 2	Year 3
Net Losses (\$m)	286	1,282	1,141
Net losses (bps)	10	45	41

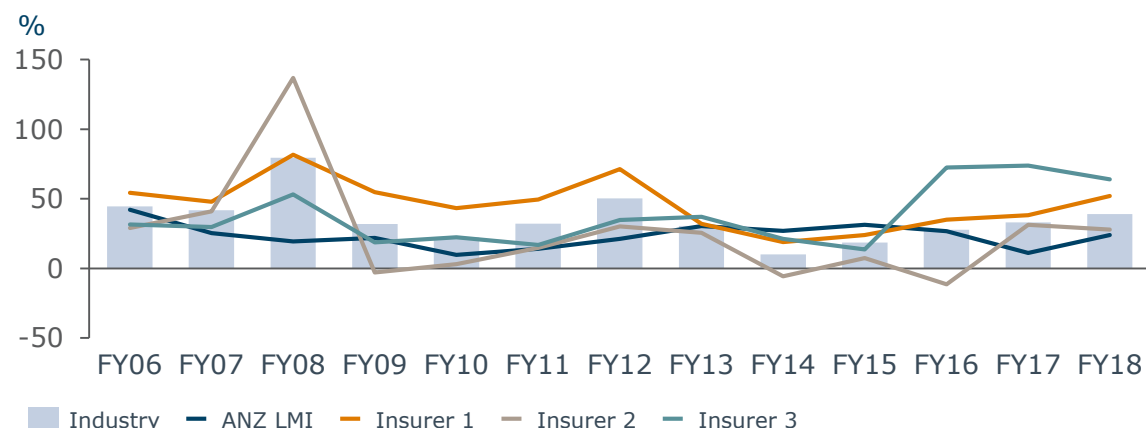
1. Based on mortgage exposure at default and conditions as at 31 March 2019

LENDERS MORTGAGE INSURANCE

SEPTEMBER FULL YEAR 2019 RESULTS

Gross Written Premium (\$m)	\$80.7m
Net Claims Paid (\$m)	\$31.4m
Loss Rate (of Exposure - annualised)	12.0bps

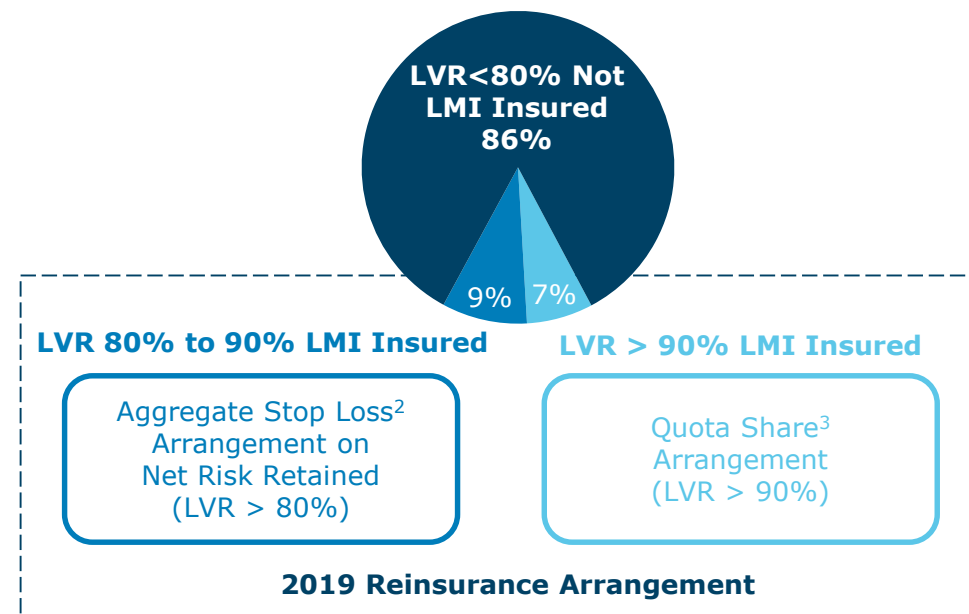
ANZLMI MAINTAINED STABLE LOSS RATIOS¹



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

LMI & REINSURANCE STRUCTURE

Australian Home Loan portfolio LMI and Reinsurance Structure at 30 Sep 19
(% New Business FUM Oct-18 to Sep-19)



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

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

NEW ZEALAND HOME LOANS

PORTFOLIO OVERVIEW¹

	Portfolio			Flow	
	1H18	1H19	1H20	1H19	1H20
Number of Home Loan Accounts	523k	527k	531k	37k	38k
Total FUM	NZD79b	NZD83b	NZD88b	NZD9b	NZD10b
Average Loan Size ²	NZD150k	NZD157k	NZD165k	NZD251k	NZD271k
% Owner Occupied	74%	75%	75%	77%	75%
% Investor	26%	25%	25%	23%	25%
% Paying Variable Rate Loan ³	20%	16%	14%	13%	13%
% Paying Fixed Rate Loan ³	80%	84%	86%	87%	87%
% Paying Interest Only	21%	20%	19%	19%	19%
% Paying Principal & Interest	79%	80%	81%	81%	81%
% Broker Originated	35%	37%	39%	41%	43%

	Portfolio		
	1H18	1H19	1H20
Average LVR at Origination ²	58%	57%	57%
Average Dynamic LVR ²	42%	42%	40%
Market Share ⁴	31.0%	30.9%	30.7%
% Low Doc ⁵	0.41%	0.35%	0.32%
Home Loan Loss Rates	0.00%	0.00%	0.01%
% of NZ Geography Lending	62%	63%	64%

1. New Zealand Geography

2. Average data as of February 2020

3. Flow excludes revolving credit facilities

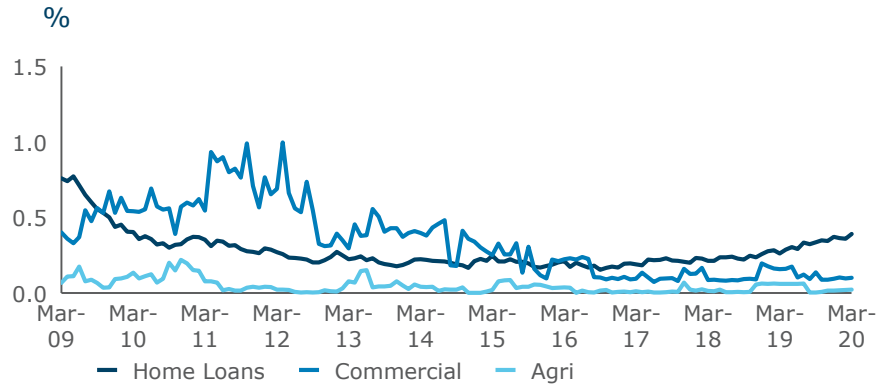
4. Source: RBNZ, 1H20 share of all banks as at February 2020

5. Low documentation (low doc) lending allowed customers who met certain criteria to apply for a mortgage with reduced income confirmation requirements. New low doc lending ceased in 2007

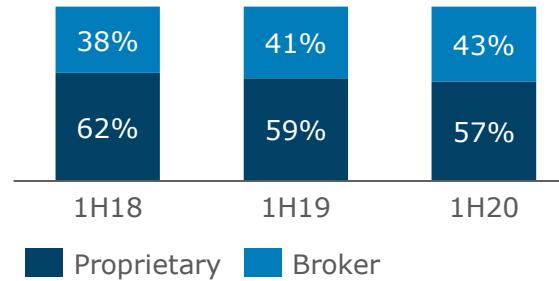
NEW ZEALAND HOME LOANS

HOME LENDING & ARREARS TRENDS¹

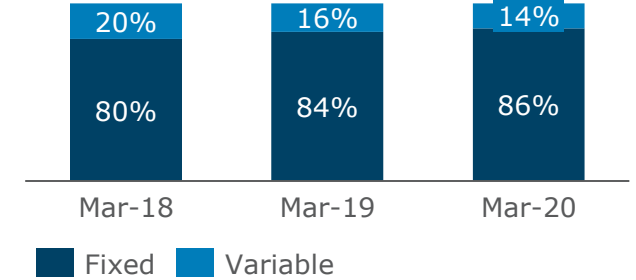
NZ DIVISION 90+DAYS DELINQUENCIES



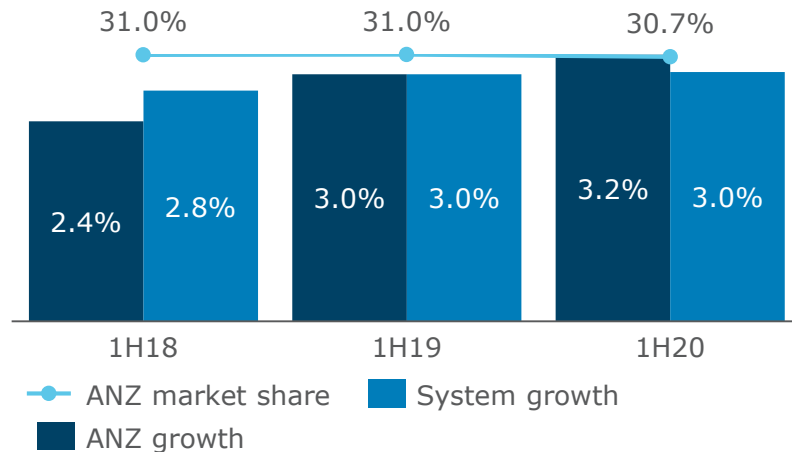
HOUSING FLOWS



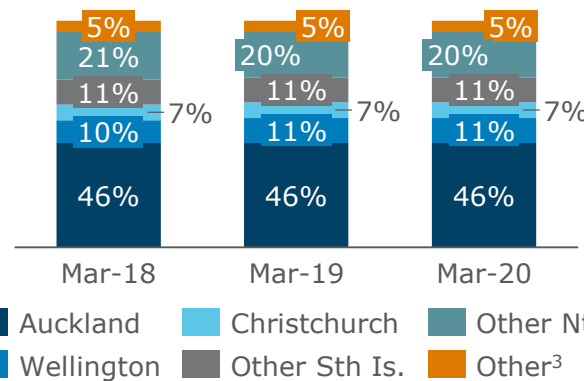
HOUSING PORTFOLIO



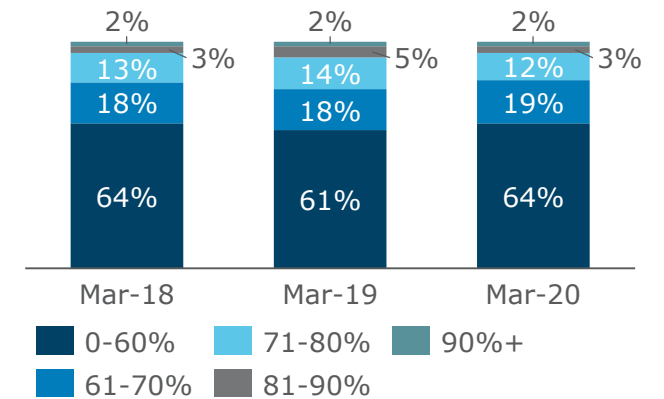
MARKET SHARE²



HOUSING PORTFOLIO BY REGION



ANZ HOME LOAN LVR PROFILE⁴



1. New Zealand Geography 2. Source: RBNZ, 1H20 market share as at February 2020 3. Other includes loans booked centrally (Business Direct, Contact Centre, Lending Services, Property Finance) 4. Dynamic basis



EUROPEAN COVERED BOND CONFERENCE 2020

ANZ COVERED BOND
TRUST UPDATE

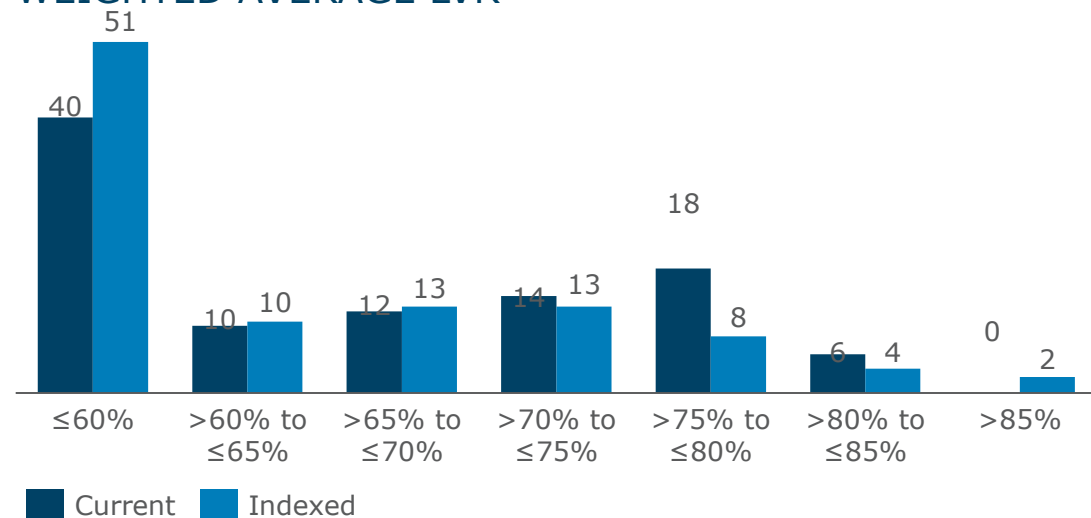
AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED



ANZ COVERED BONDS

COVER POOL SUMMARY COMPOSITION AND QUALIFYING CRITERIA

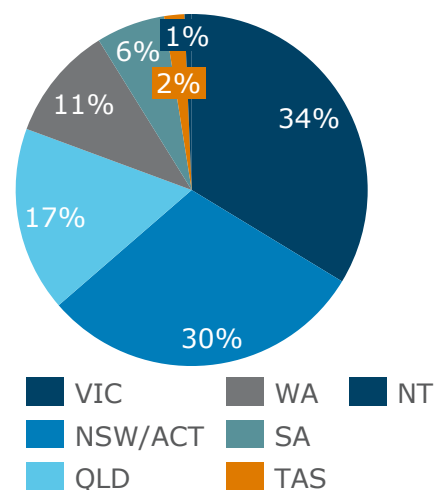
WEIGHTED AVERAGE LVR



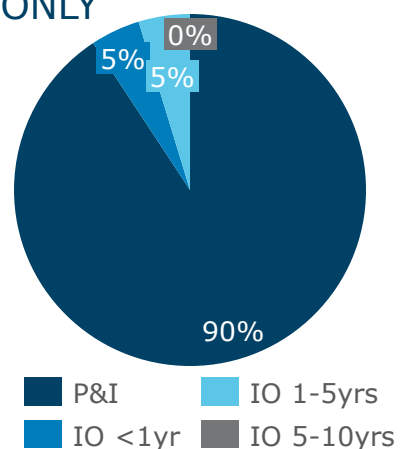
PORTFOLIO SUMMARY AT 24 AUGUST 2020

Covered Bond Pool	\$17.1bn
Covered Bonds on issue	\$10.1bn
Average loan size	\$310,109
Weighted Ave Current LVR	60.86%
Weighted Ave Indexed LVR	56.63%
Min Required AP% / OC%	90.5% / 10.5%
Owner-Occupied / Investment ¹	74% / 26%
Full-Doc loans	100%

GEOGRAPHIC SPREAD



AMORTISING VS INTEREST ONLY



QUALIFYING LOAN CRITERIA

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

COVERED BONDS – COLLATERAL CHANGE (SINCE SEPTEMBER 2018)

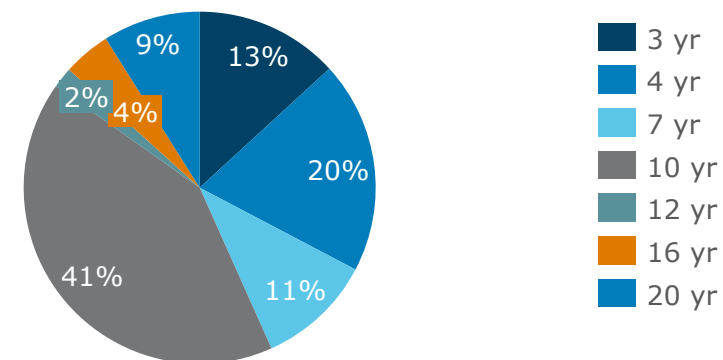
Portfolio Summary	22-Sep-2017	22-Dec-2017	22-Mar-2018	22-Sep-2018	22-Mar-2019	22-Sep-2019	22-Mar-2020	22-Aug-2020
Cover Pool	\$19.5bn	\$19.5bn	\$19.5bn	\$19.5bn	\$19.9bn	\$19.4bn	\$17.9bn	\$17.1bn
Covered Bonds on issue	\$13.9bn	\$13.9bn	\$13.9bn	\$12.4bn	\$14.3bn	\$14.3bn	\$13.0bn	\$10.1bn
Average loan size	\$325,695	\$322,231	\$320,747	\$321,239	\$322,962	\$327,665	\$319,445	\$310,109
Weighted Ave Current LVR	65.53%	65.07%	64.84%	64.57%	63.81%	62.60%	60.84%	60.86%
Weighted Ave Indexed LVR	58.17%	57.31%	57.54%	58.23%	59.80%	60.87%	57.52%	56.63%
Weighted Ave Seasoning	36.86 months	37.33 months	38.21 months	39.30 months	42.99 months	46.97 months	50.41 months	54.72 months
Min Required AP%/OC%	90.5% / 10.5%	90.5% / 10.5%	90.5% / 10.5%	90.5% / 10.5%	90.5% / 10.5%	90.5% / 10.5%	90.5% / 10.5%	90.5% / 10.5%
Owner-Occupied/Investment	72% / 28%	72% / 28%	73% / 27%	73% / 27%	73% / 27%	74% / 26%	74% / 26%	74% / 26%
P&I Loans vs IO Loans	76% / 24%	78% / 22%	80% / 20%	81% / 19%	85% / 15%	87% / 13%	89% / 11%	90% / 10%
Variable Rate Loans vs Fixed Rate Loans	86% / 14%	86% / 14%	86% / 14%	86% / 14%	87% / 13%	88% / 12%	90% / 10%	88% / 12%
Full-Doc loans	100%	100%	100%	100%	100%	100%	100%	100%

- Cover pool has been reduced in size reflecting changes in ANZ's funding requirements over the 2017 to 2020 period;
- There has been an increase in P&I loans largely due to conversion of IO loans to P&I loans due to pricing differentials;
- No material changes in the composition of the cover pool over the past 12 months;
- Asset percentage has been maintained at 90.5% over the past 12 months;
- Continued system enhancements implemented in ABS Suite which manages all secured funding collateral; AND
- Loans subject to loan repayment holidays due to Covid-19 represented 7.85% of the cover pool as at 31 July 2020.

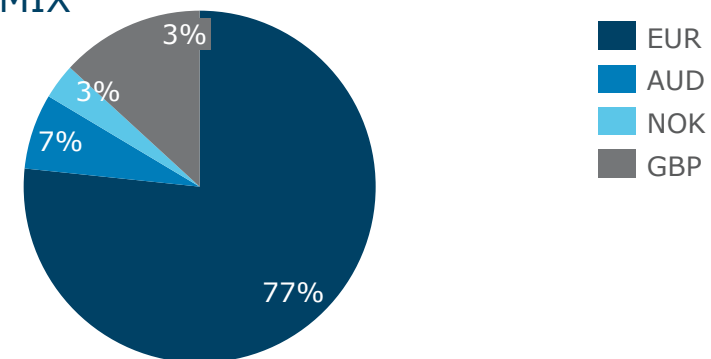
COVERED BONDS ON ISSUE AS AT 24 AUGUST 2020

Covered Bonds	
Bonds Outstanding (\$A\$)	\$10.1bn
Cover Pool (A\$)	\$17.9bn
Program Ratings	Aaa/AAA
Number of Issues O/s	13
Number of Currencies	4
WA Term at Issue	8.8

ANZ COVERED BONDS – ISSUANCE TENOR



ANZ COVERED BONDS – CURRENCY MIX



Issuance Capacity	
Contractual AP%	90.5%
Min Required OC%	10.50%
8% of Total Australian Assets	~A\$53bn
Max Issuance Capacity	~A\$48bn
% Collateral Capacity Utilised	~32%
% Issuance Capacity Utilised	~21%



EUROPEAN COVERED BOND CONFERENCE 2020

ECONOMICS

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED



ECONOMICS

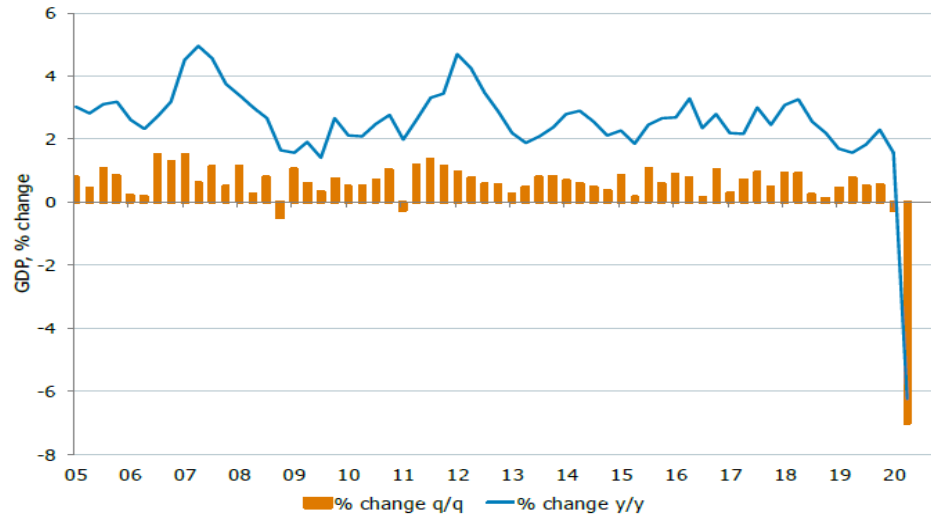
AUSTRALIA FORECAST TABLE

	2017	2018	2019	2020F	2021F
Australia – annual % growth GDP	2.4	2.8	1.8	-3.2	1.7
Headline CPI (% y/y)	1.9	1.9	1.6	0.6	1.0
Core CPI (%y/y)	1.8	1.9	1.6	1.2	0.9
Employment (%y/y)	3.3	2.3	2.3	-2.7	0.5
Unemployment (ann. avg)	5.5	5.0	5.2	7.2	8.3
RBA cash rate (% year end)	1.50	1.50	0.75	0.25	0.25 ¹
3yr bond yield (% year end)	1.75	2.06	0.91	0.25	0.25 ¹
10 year bond yield (% year end)	2.64	2.64	1.37	0.80	0.60 ¹
AUD/USD (year-end value)	0.77	0.74	0.70	0.73	0.75 ¹

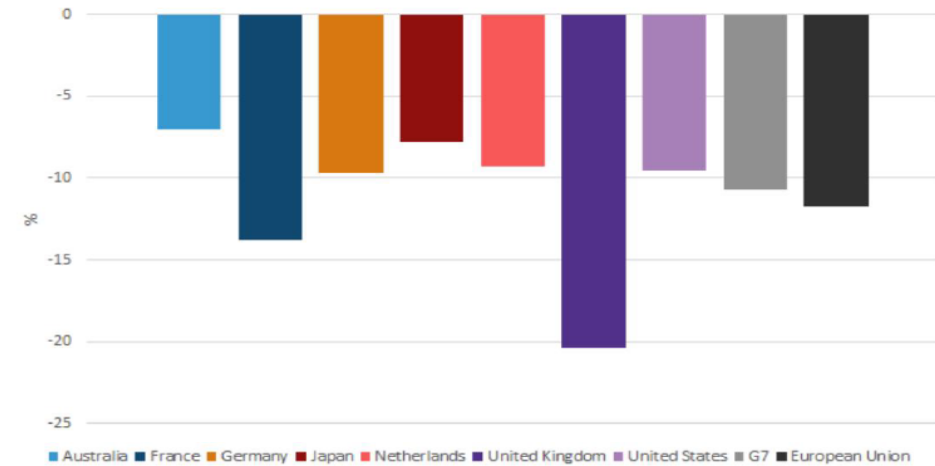
1. 2021F at 30 June 2021

AUSTRALIAN ECONOMY

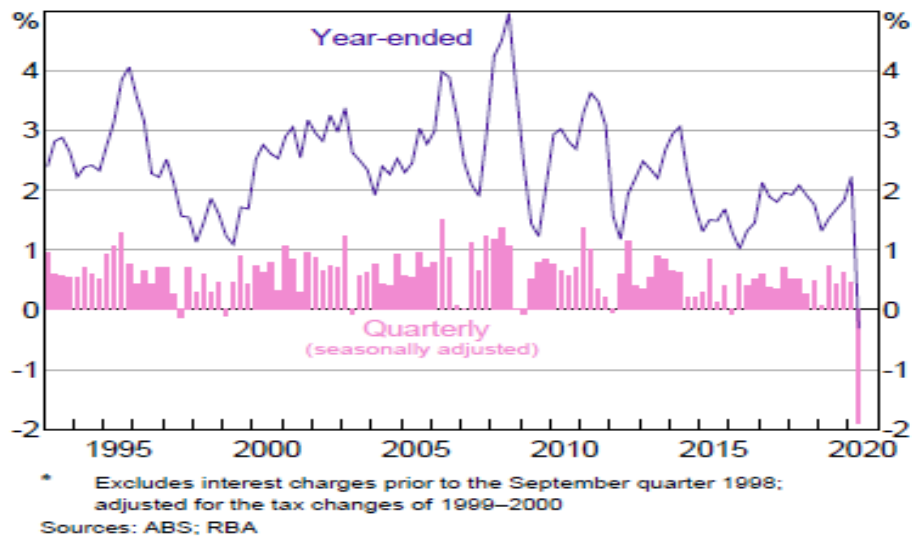
GDP GROWTH¹



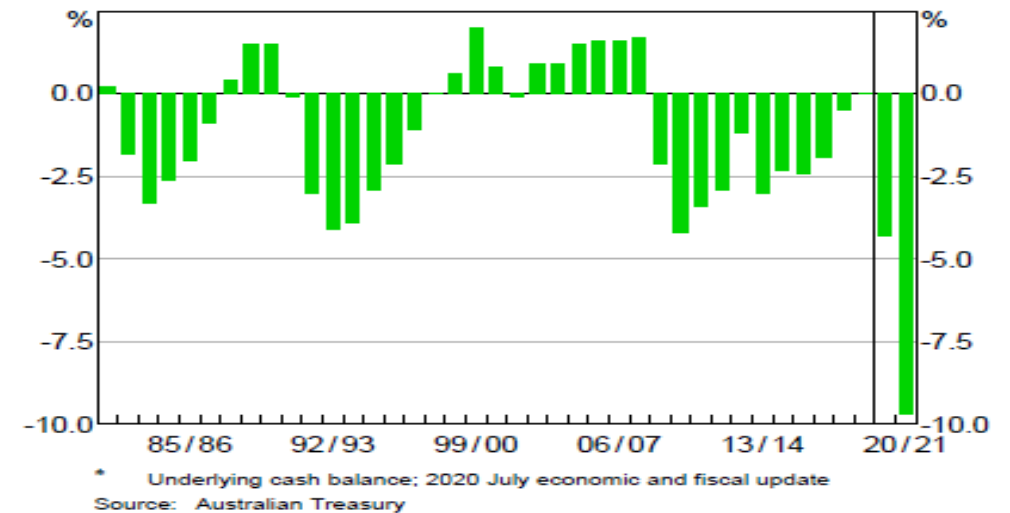
GLOBAL GDP GROWTH COMPARISON¹



CONSUMER PRICE INFLATION²

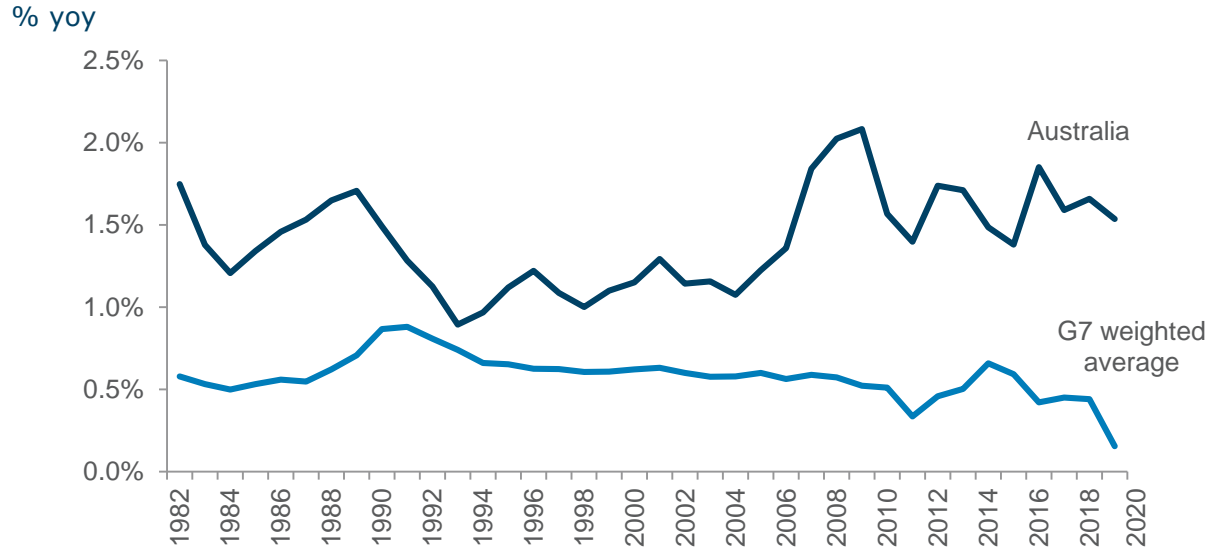


AUSTRALIAN GOVERNMENT BUDGET BALANCE² Per cent of nominal GDP



AUSTRALIAN ECONOMY AND POPULATION

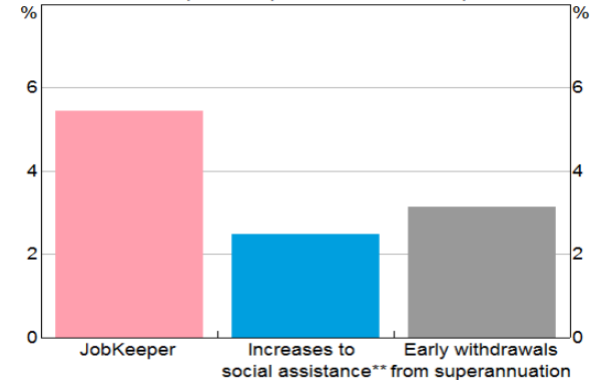
POPULATION GROWTH¹ – AUSTRALIA AND G7



COVID-19 POLICY MEASURES²

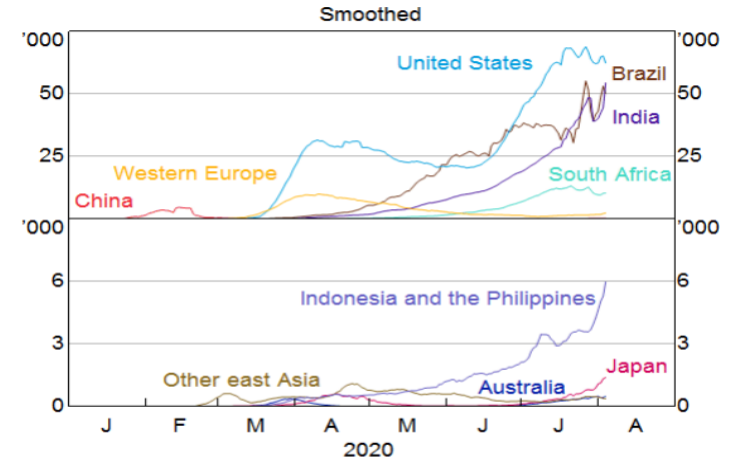
Policies to Support Household Cash Flow*

Estimates to end-September, per cent of annual disposable income



* Forecast for disposable income in 2020
 ** Relative to 2019
 Sources: ABS; APRA; Australian Treasury; RBA

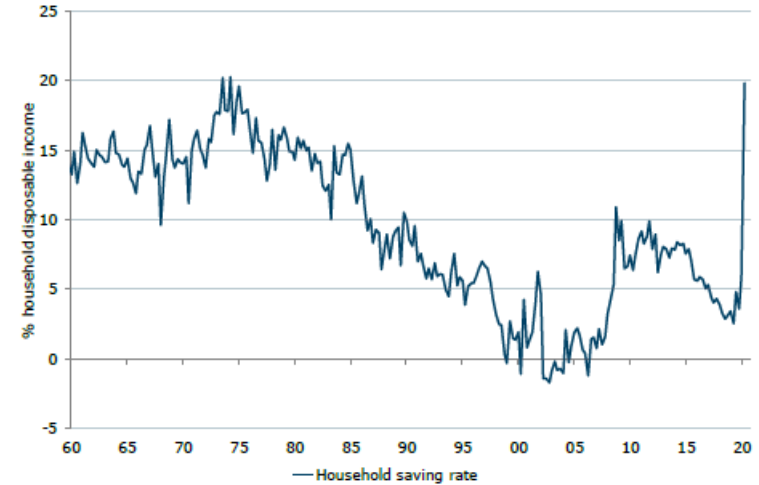
COVID-19 NEW CASES²



* Western Europe includes Italy, France, Germany, Spain and the United Kingdom; other east Asia includes South Korea, Taiwan, Singapore, Thailand, Malaysia and Vietnam

Sources: Johns Hopkins CSSE; RBA

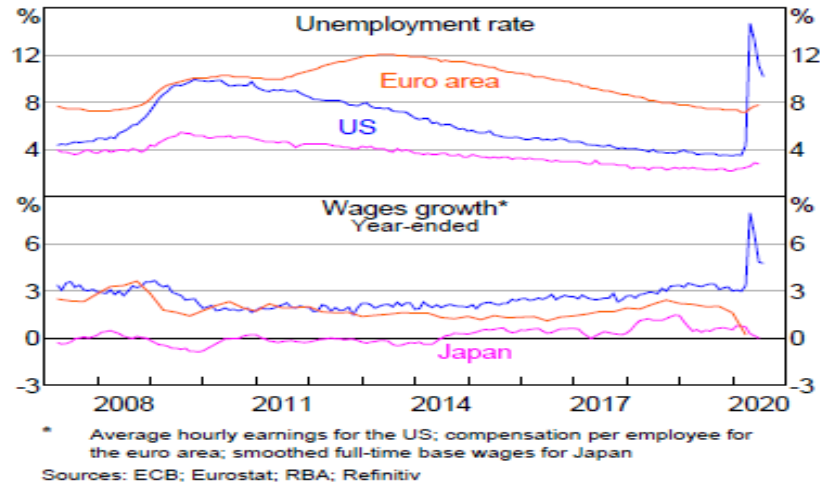
HOUSEHOLD SAVING RATE³



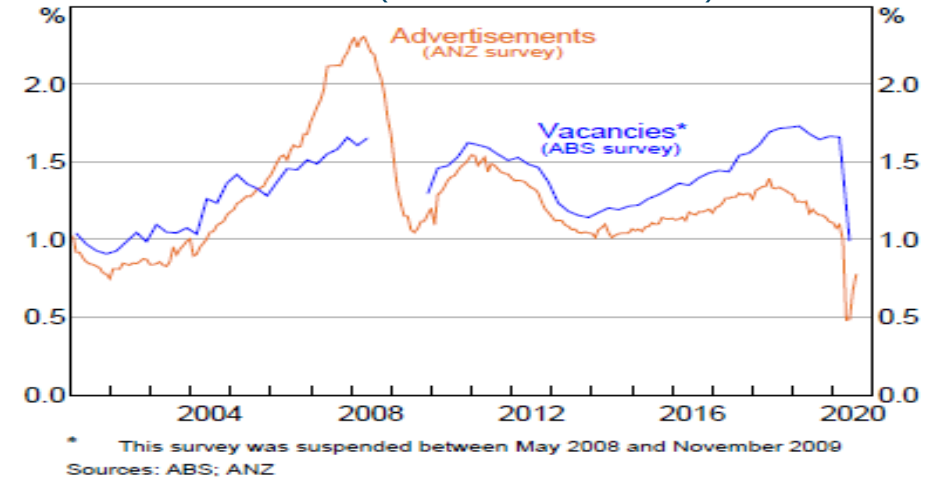
Source: ABS, ANZ Research

AUSTRALIAN LABOUR MARKET

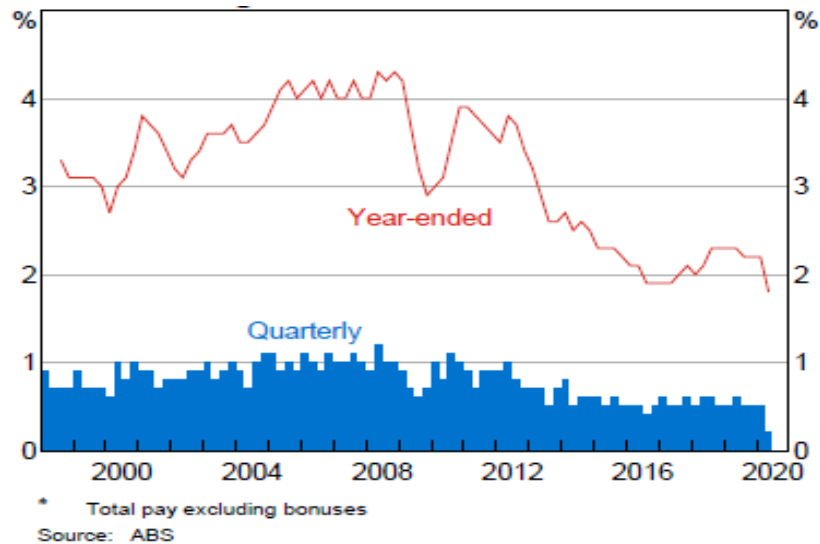
UNEMPLOYMENT AND UNDEREMPLOYMENT¹



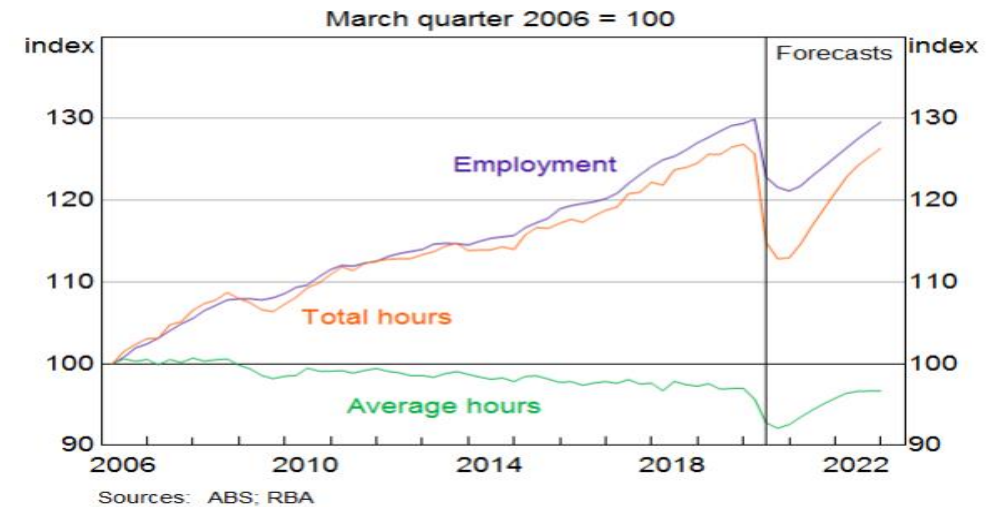
JOB VACANCIES AND ADVERTISEMENTS¹ (Per cent of labour force)



WAGE PRICE INDEX GROWTH¹



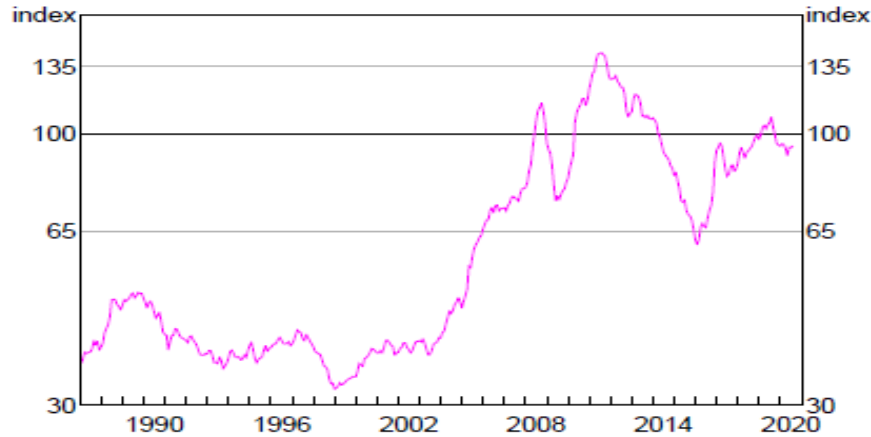
EMPLOYMENT AND HOURS WORKED²



COMMODITY PRICES¹

RBA INDEX OF COMMODITY PRICES

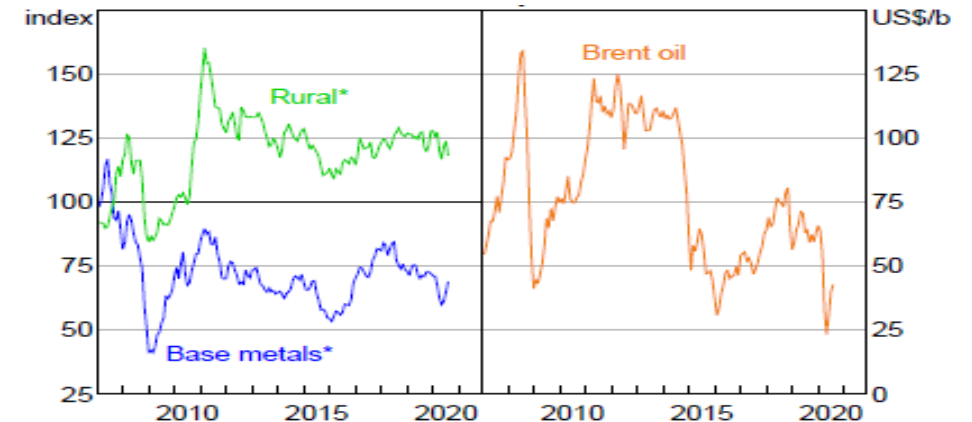
SDR, 2016/17 Average = 100, log scale



Source: RBA

BASE METALS, RURAL, AND OIL PRICES

Weekly

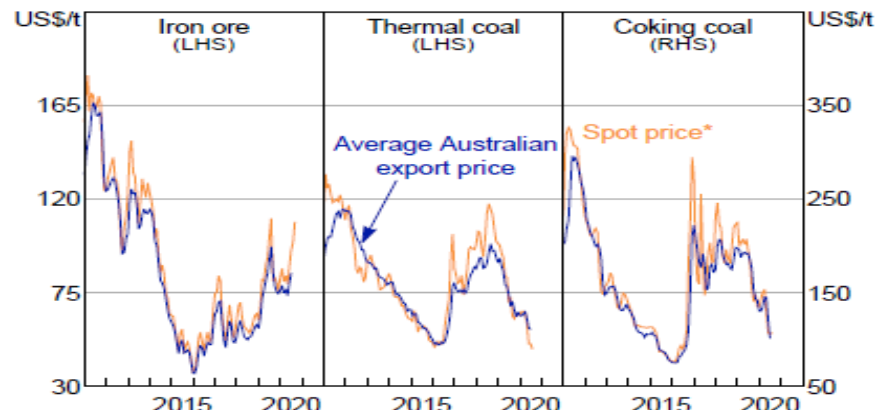


* RBA Index of Commodity Prices sub-indices; SDR terms; 2007 average = 100

Sources: Bloomberg; RBA

BULK COMMODITY PRICES

Free on board basis

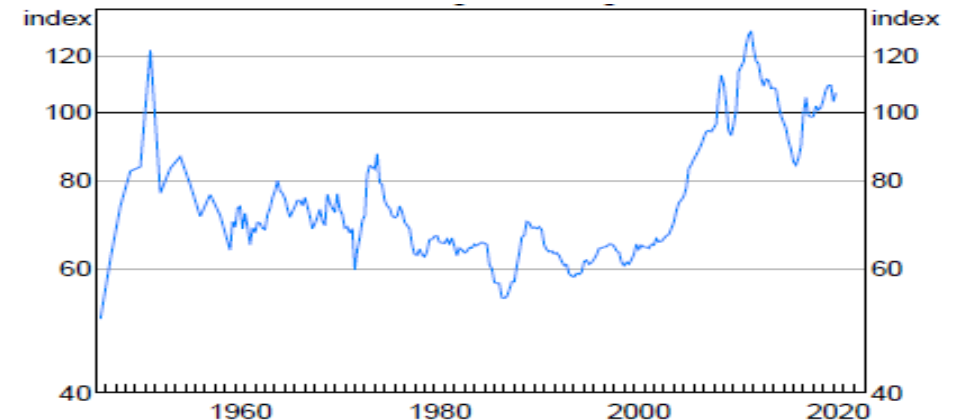


* Iron ore 62% Fe Fines Index; Newcastle thermal coal and premium hard coking coal

Sources: ABS; Bloomberg; IHS Markit; RBA

TERMS OF TRADE*

2016/17 average = 100, log scale

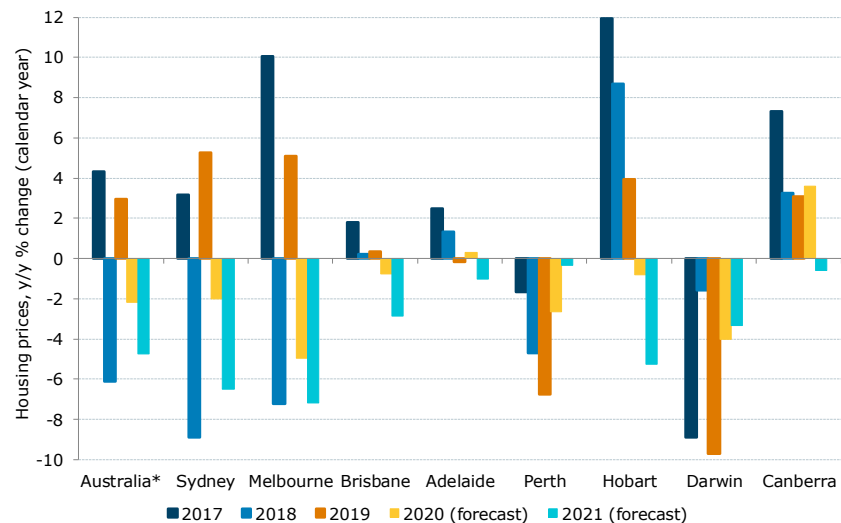


* Annual data are used prior to 1960

Sources: ABS; RBA

AUSTRALIAN HOUSING DYNAMICS: A COOLING MARKET

HOUSING PRICE FORECASTS BY STATE¹



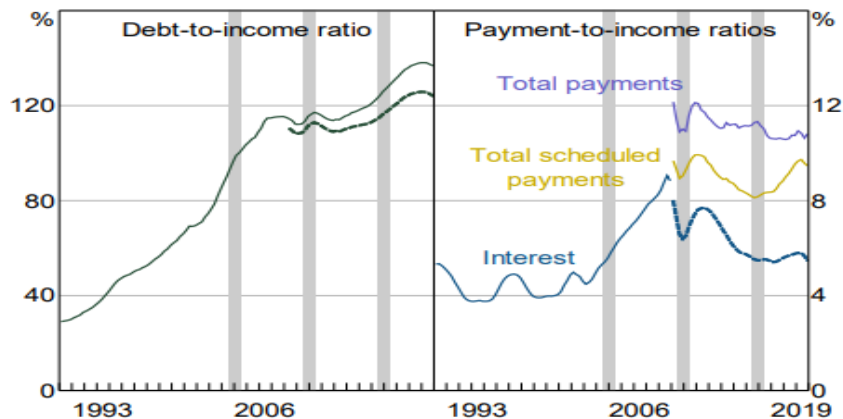
* Capital city weighted average

HOUSE PRICE GROWTH²

Aug 2020	6 Month Change			Year on Year Change			5 Year Cumulative Change		
	All dwellings	Houses	Units	All dwellings	Houses	Units	All dwellings	Houses	Units
Sydney	-0.3	-0.6	0.5	10.0	11.2	7.3	10.0	10.7	8.5
Melbourne	-3.0	-3.8	-1.6	6.1	6.2	5.8	17.4	16.9	17.5
Brisbane	0.6	1.1	-1.2	3.5	4.4	-0.1	7.3	10.5	-5.9
Adelaide	1.3	1.1	1.8	2.7	2.7	2.8	10.4	10.7	8.4
Perth	-1.4	-1.3	-2.5	-2.0	-2.0	-1.9	-18.4	-17.1	-23.5
Darwin	2.6	3.2	1.2	0.0	2.5	-4.5	-27.5	-21.3	-37.1
Canberra	3.3	3.8	1.5	6.9	7.9	3.7	24.0	28.5	9.1
Hobart	1.2	2.4	-1.4	5.4	5.7	4.6	41.1	43.2	36.1

MORTGAGE DEBT INDICATORS³

Household sector

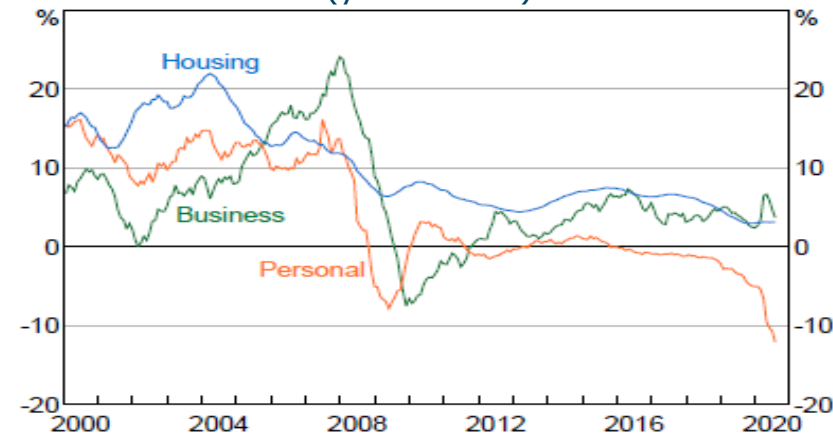


Notes: Shaded areas indicate the sample periods for the 2003-04, 2009-10 and 2015-16 SIH data; dotted lines show net of offset balances

Sources: ABS; APRA; Authors' calculations

CREDIT GROWTH BY SECTOR⁴

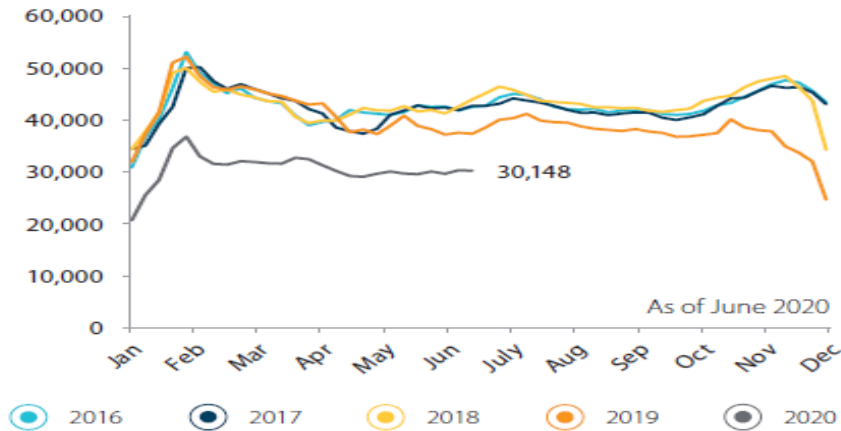
(year ended)



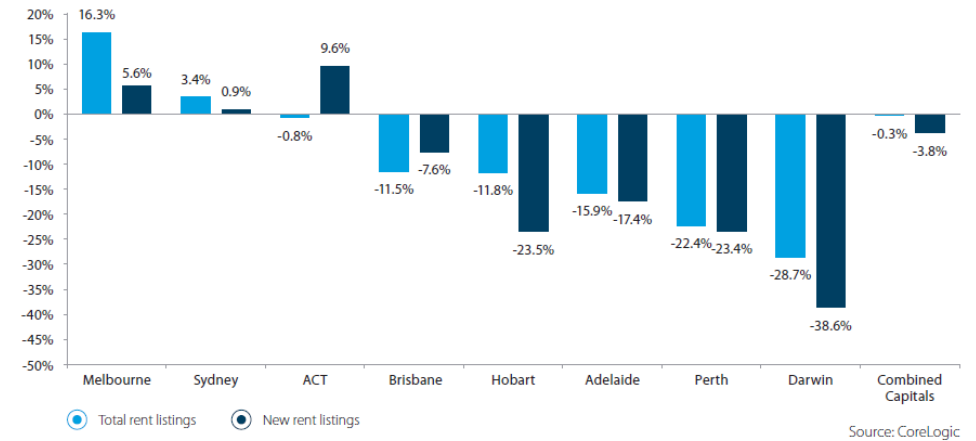
Sources: ABS; APRA; RBA

RENTAL VACANCY RATES REMAIN LOW¹

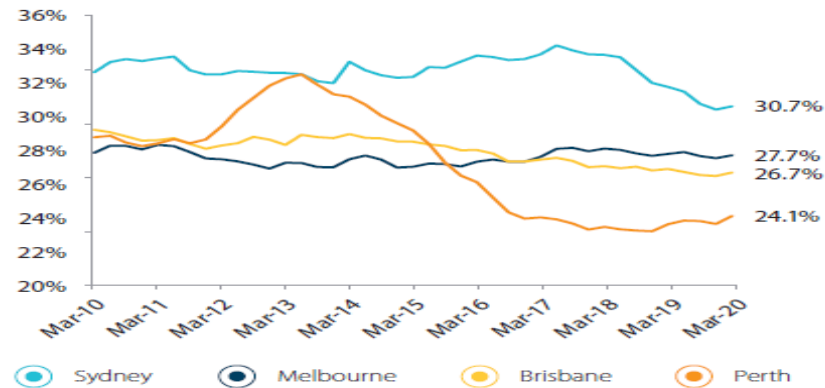
NUMBER OF NEW RENTAL LISTINGS COMBINED CAPITAL CITIES DWELLINGS



CHANGE IN TOTAL AND NEW RENT LISTINGS BETWEEN 4 WEEKS ENDING MARCH 15TH AND JUNE 28TH



PORTION OF INCOME REQUIRED TO SERVICE RENT CAPITAL CITY DWELLING MARKETS



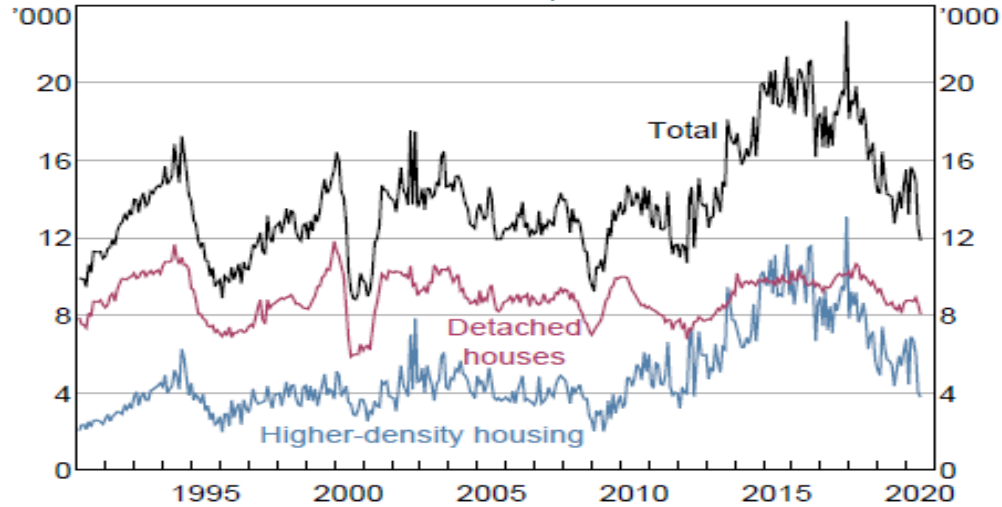
GROSS RENTAL YIELDS

	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
All Dwellings								
Current yield	2.9%	3.2%	4.4%	4.4%	4.4%	4.7%	5.9%	4.7%
Yield 12 mths ago	3.5%	3.7%	4.6%	4.5%	4.4%	5.3%	6.0%	4.8%
Houses								
Current yield	2.7%	2.8%	4.2%	4.2%	4.3%	4.7%	5.4%	4.4%
Yield 12 mths ago	3.2%	3.3%	4.4%	4.3%	4.2%	5.2%	5.7%	4.5%
Units								
Current yield	3.4%	3.9%	5.2%	5.3%	5.2%	4.8%	6.8%	5.8%
Yield 12 mths ago	4.0%	4.5%	5.5%	5.4%	5.2%	5.4%	6.7%	5.8%

AUSTRALIAN HOUSING DYNAMICS

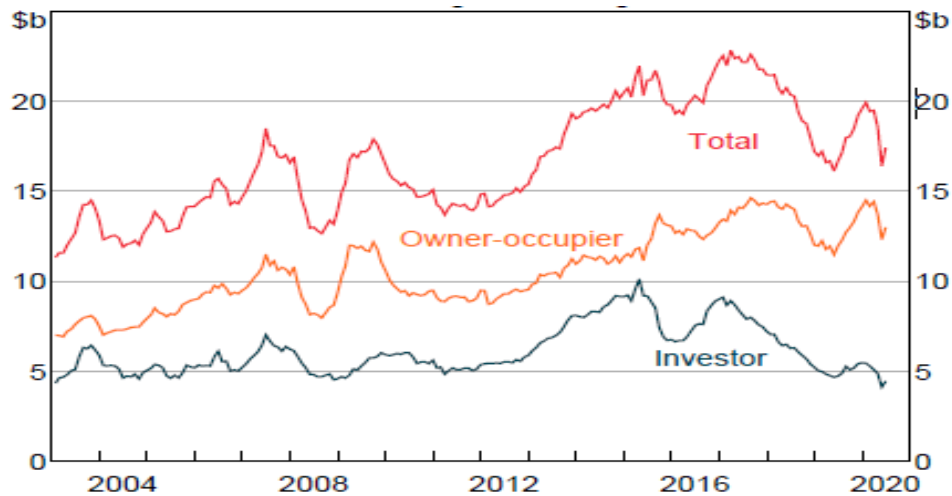
PRIVATE RESIDENTIAL BUILDING APPROVALS¹

Monthly



Source: ABS

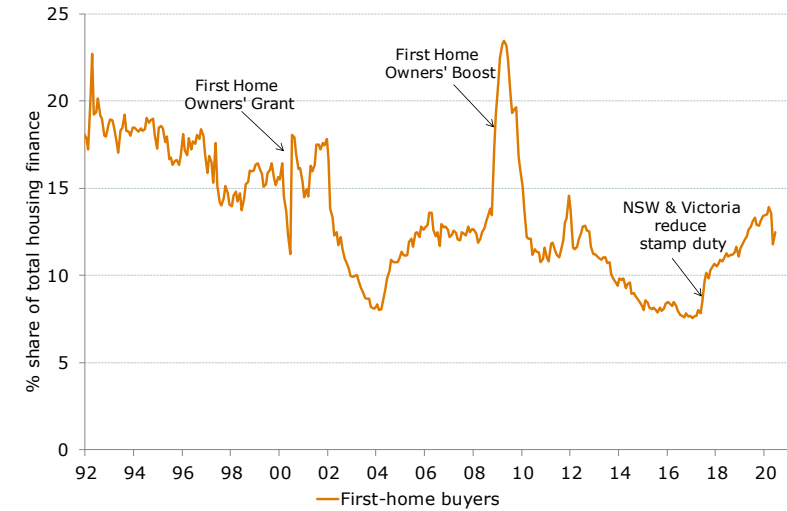
HOUSING LOAN APPROVALS¹



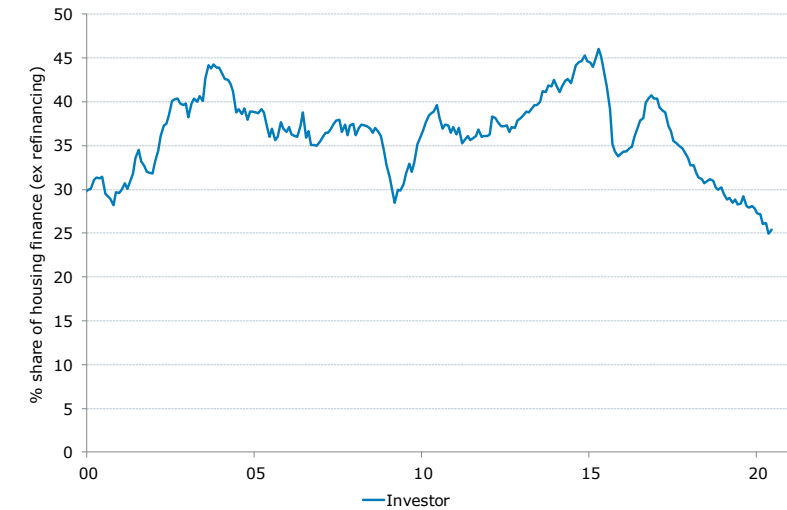
* Seasonally adjusted

Sources: ABS; RBA

FIRST HOME BUYERS SHARE OF FINANCE²



INVESTOR SHARE OF FINANCE²

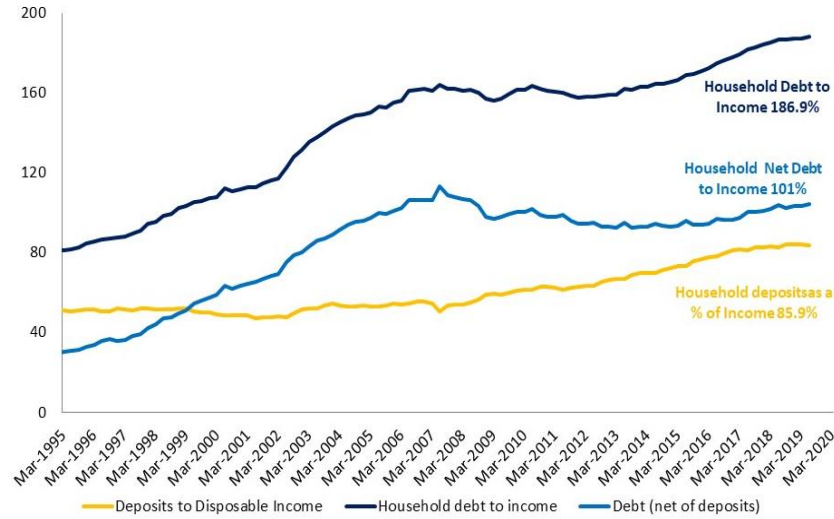


AUSTRALIAN HOUSING

HOUSEHOLD DEBT AND INCOME

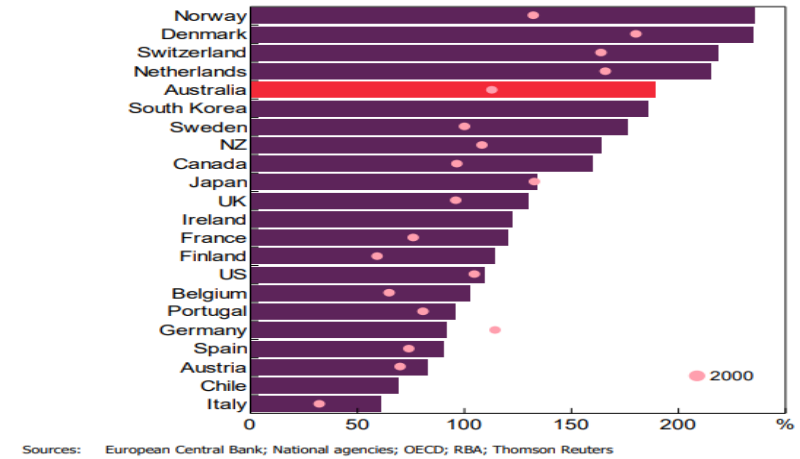
HOUSEHOLD DEBT AND DEPOSITS¹

% of annual household disposable income



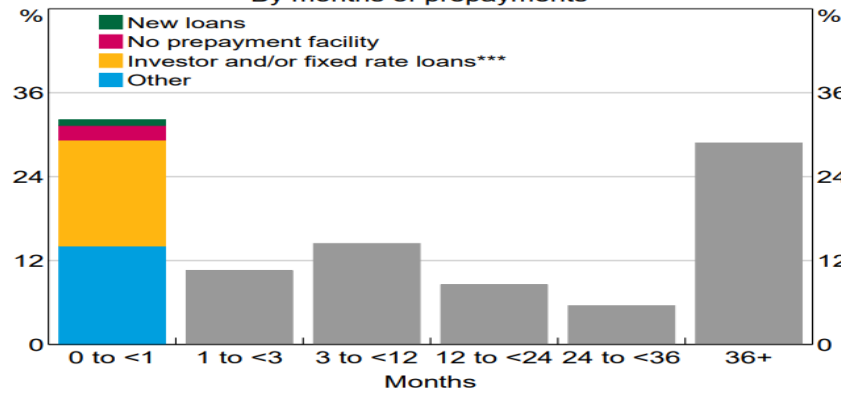
HOUSEHOLD DEBT-TO-INCOME RATIOS²

End 2018 or latest observation



HOUSEHOLD MORTGAGE BUFFERS³

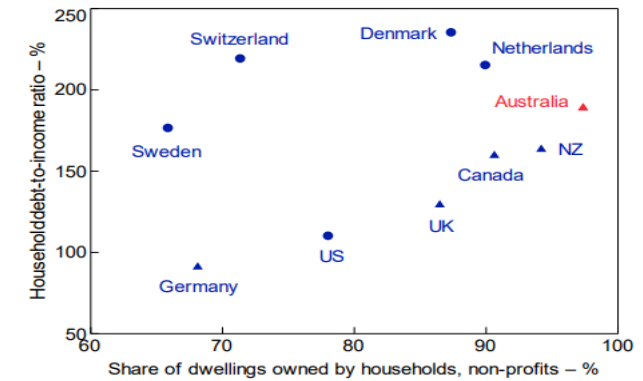
By months of prepayments**



* Available redraw plus offset account balances
 ** Share of loan groups as at February 2020; calculated with principal and interest repayments
 *** These loans have features which discourage prepayments
 Sources: RBA; Securitisation System

HOUSEHOLD MORTGAGE DEBT INDICATORS²

Available advanced economies, debt as at 2018

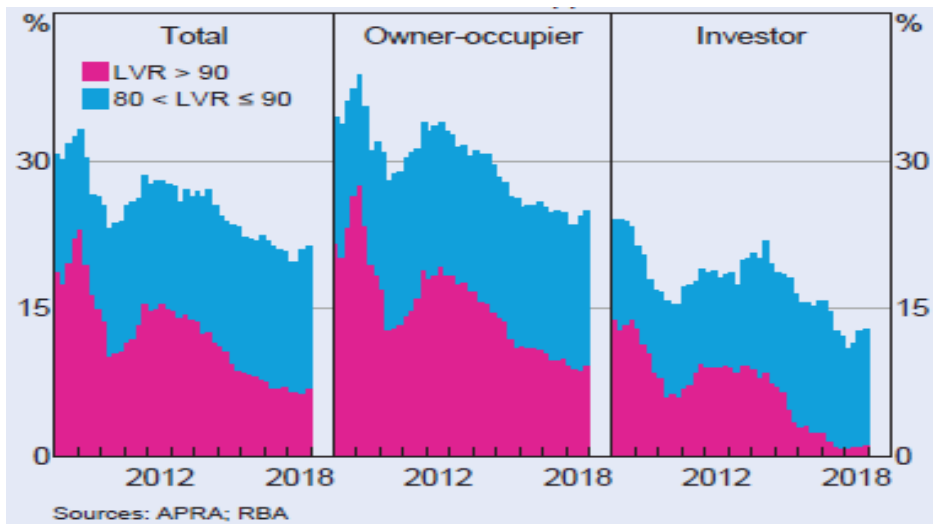


Note: Circles represent countries where owner-occupier mortgage payments are tax deductible
 Sources: Authors' calculations; National agencies

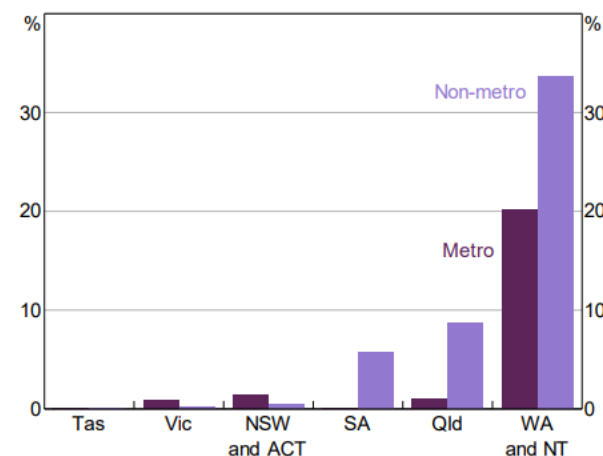
AUSTRALIAN HOUSING

LOW LEVELS OF HIGH LVR LENDING - ISOLATED NEGATIVE EQUITY¹

ADIs' HIGH LVR LOANS¹
Share of new loan approvals

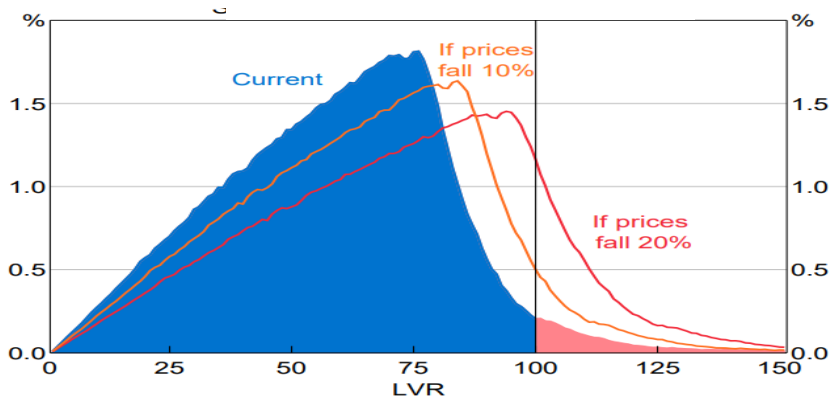


LOANS IN NEGATIVE EQUITY²
Share of balances, June 2019



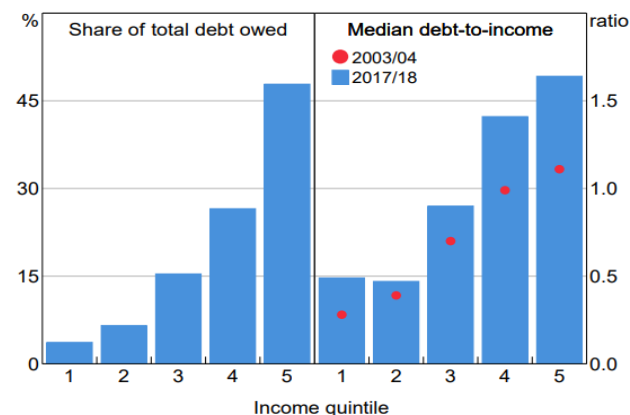
Sources: ABS; Author's calculations; CoreLogic data; RBA; Securitisation System

CURRENT DYNAMIC LVR DISTRIBUTION³
Share of balances, February 2020



* Loan balances adjusted for redraw and offset account balances; property prices estimated using SA3 price indices
Sources: ABS; CoreLogic; RBA; Securitisation System

DISTRIBUTION OF HOUSEHOLD DEBT⁴
By income quintile



* Only includes households with debt
Source: ABS

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