Australia and New Zealand Banking Group Limited

ABN 11 005 357 522

Full Year

30 September 2016

Consolidated Financial Report

Dividend Announcement

and Appendix 4E

The Consolidated Financial Report and Dividend Announcement contains information required by Appendix 4E of the Australian Securities Exchange (ASX) Listing Rules. It should be read in conjunction with ANZ's 2016 Annual Report, and is lodged with the ASX under listing rule 4.3A.

Name of Company: Australia and New Zealand Banking Group Limited
ABN 11 005 357 522

Report for the year ended 30 September 2016

Operating Results[1]				**AUD million**
Operating income	⇩	-3%	to	20,529
Net statutory profit attributable to shareholders	⇩	-24%	to	5,709
Cash profit[2]	⇩	-18%	to	5,889

Dividends[3]	**Cents per share**	**Franked amount[4] per share**
Proposed final dividend	80	100%
Interim dividend	80	100%

Record date for determining entitlements to the proposed 2016 final dividend	15 November 2016
Payment date for the proposed 2016 final dividend	16 December 2016

Dividend Reinvestment Plan and Bonus Option Plan

Australia and New Zealand Banking Group Limited (ANZ) has a Dividend Reinvestment Plan (DRP) and a Bonus Option Plan (BOP) that will operate in respect of the 2016 final dividend. For the 2016 final dividend, ANZ intends to provide shares under the DRP 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 the ASX during the ten trading days commencing on 18 November 2016, 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 2016 final dividend must be received by ANZ's Share Registrar by 5.00pm (Australian Eastern Daylight Time) on 16 November 2016. 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 November 2016.

1 Unless otherwise noted, all comparisons are to the year ended 30 September 2015.
2 Cash profit excludes non-core items included in statutory profit and is provided to assist readers in understanding the result of the ongoing business activities of the Group. The non-core items are calculated consistently period on period so as not to discriminate between positive and negative adjustments and fall into one of the three categories: gains or losses included in earnings arising from changes in tax, legal or accounting legislation or other non-core items not associated with the ongoing operations of the Group; treasury shares, revaluation of policy liabilities, economic hedging and similar accounting items that represent timing differences that will reverse through earnings in the future; and accounting reclassifications between individual line items that do not impact reported results, such as policyholders tax gross up. Cash profit is not a measure of cash flow or profit determined on a cash basis. The net after tax adjustment was an addition to statutory profit of $180 million made up of several items. Refer pages 83 to 88 for further details.
3 There is no foreign conduit income attributed to the dividends.
4 It is proposed that the final dividend will be fully franked for Australian tax purposes (30% tax rate) and carry New Zealand imputation credits of NZD 9 cents per ordinary share.

KPMG has audited the financial statements contained within the Australia and New Zealand Banking Group Limited Annual Report and has issued an unmodified audit opinion. The Annual Report will be available on 7 November 2016, and will include a copy of the KPMG audit report. The financial information contained in the financial statements section of this preliminary final report includes financial information extracted from the audited financial statements together with financial information that has not been audited. The cash profit results disclosed as part of this full year results announcement have not been separately audited, however KPMG has informed the Audit Committee that the adjustments have been determined on a consistent basis across each period.

David M Gonski, AC
Chairman

Shayne C Elliott
Director

2 November 2016

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CONSOLIDATED FINANCIAL REPORT, DIVIDEND ANNOUNCEMENT AND APPENDIX 4E
Year ended 30 September 2016

CONTENTS	*PAGE*

This Consolidated Financial Report, Dividend Announcement and Appendix 4E has been prepared for Australia and New Zealand Banking Group Limited (the “Company” or “Parent Entity”) together with its subsidiaries which are variously described as “ANZ”, “Group”, “ANZ Group”, “the consolidated entity”, “the Bank”, “us”, “we” or “our”.

All amounts are in Australian dollars unless otherwise stated. The Company has a formally constituted Audit Committee of the Board of Directors. The signing of the Condensed Consolidated Financial Statements was approved by resolution of a Committee of the Board of Directors on 2 November 2016.

When used in this Results Announcement the words “estimate”, “project”, “intend”, “anticipate”, “believe”, “expect”, “should” and similar expressions, as they relate to ANZ and its management, are intended to identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. ANZ does not undertake any obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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News Release

ANZ reports 2016 Full Year Result

ANZ today announced a Statutory Profit after tax for the Financial Year ended 30 September 2016 of $5.7 billion down 24% and a Cash Profit[1] of $5.9 billion down 18%.

The FY16 result reflects a good performance in ANZ's core domestic franchises and significant reshaping of the business driven by ANZ's strategic focus to create a simpler, better capitalised and more balanced bank that produces better outcomes for customers and shareholders.

The result reflects an emphasis on delivering strong capital and cost management outcomes together with $1,077 million of charges (after tax) for Specified Items primarily related to reshaping the Group to position it for improved performance in future years.

Adjusted Pro-Forma Cash Profit[2] was $7.0 billion down 3%, while Profit before Provisions increased 6% as the benefits of simplification and rebalancing initiatives began to emerge. Return on equity was stable in the second half of the financial year at 12.2% (adjusted Pro-forma Cash Profit basis).

The Final Dividend of 80 cents per share is consistent with guidance provided at the Interim Profit announcement. The Total Dividend for FY16 is 160 cents per share fully franked down 12%.

Selected Group Financial Information	Half Year		Full Year	
Earnings ($m)	**2H16**	**1H16**	**FY16**	**FY15**
Statutory Profit basis				
Profit before credit impairment and tax	5,321	4,786	10,107	11,712
Statutory Profit	2,971	2,738	5,709	7,493
Cash Profit basis[1]				
Profit before credit impairment and tax	5,318	4,837	10,155	11,159
Cash Profit	3,107	2,782	5,889	7,216
Earnings Per Share (cents)	106.7	95.9	202.6	260.3
Return on Equity (%)	10.9	9.7	10.3	14.0
Net Interest Margin (%)	2.00	2.01	2.00	2.04
Total Credit Impairment Charge as a % of avg GLAs (%)	0.36%	0.32%	0.34%	0.22%
Adjusted Pro-forma Cash Profit basis[2]				
Profit before credit impairment and tax	5,815	5,737	11,552	10,927
Adjusted Pro-forma Cash Profit	3,467	3,499	6,966	7,145
Operating expenses to income (CTI, %)	44.6%	45.0%	44.8%	46.0%
Earnings Per Share (cents)	119.1	120.6	239.7	257.8
Return on Equity (%)	12.2%	12.2%	12.2%	13.8%

Selected Group Financial Information			
Credit Quality	**Sep-16**	**Mar-16**	**Sep-15**
Collective Provision as a % of Credit RWA (%)	0.82%	0.86%	0.85%
Gross impaired assets as a % of GLAs (%)	0.55%	0.51%	0.47%
Balance sheet ($b)	**Sep-16**	**Mar-16**	**Sep-15**
Gross Loans and Advances (GLAs)	580.0	565.9	574.3
Total Risk Weighted Assets (RWAs)	408.6	388.3	401.9
Customer Deposits	449.6	446.8	444.6
Leverage Ratio (%)	5.3%	5.1%	5.1%
Common Equity Tier 1 Ratio (%)	9.6%	9.8%	9.6%
Common Equity Tier 1 Ratio Internationally Comparable Basel 3 (%)	14.5%	14.0%	13.2%
Other	**Sep-16**	**Mar-16**	**Sep-15**
Full time equivalent staff (FTE)	46,554	48,896	50,152

ANZ Chief Executive Officer Shayne Elliott said: "This year we delivered another good performance in Australia and New Zealand with our consumer and small business franchises producing strong results based on a disciplined approach to market share and tight cost management.

"We also took steps to create a better experience for our customers and to compete efficiently in the digital age. This included the successful launch of Apple Pay and Android Pay in Australia and Apple Pay in New Zealand. These are market-leading initiatives that have delivered good growth in new to bank customers.

"In Institutional Banking there has also been significant progress in improving returns and building a simpler business focussed on regional trade and capital flows. This included a meaningful reduction in low yielding assets and improved productivity.

"We are also making changes to ensure we are fairer and more balanced in the way we deal with customers and to demonstrate our commitment to community responsibility. The current discussion about the banking sector in Australia however shows that we still have more to do to shift our culture and evolve the way we do business," he said.

Strategic Priorities	FY16 Progress Highlights
Create a simpler, better capitalised, better balanced and more agile bank. Reduce operating costs and risks by removing product and management complexity, exiting low return and non-core businesses and reducing our reliance on low-returning aspects of Institutional banking in particular.	• Portfolio rebalancing underway, retail and commercial RWAs increased (6%)[3], Institutional RWAs reduced (down 15%). • The improved composition of CRWA, up $2 billion (1%), was driven by $8 billion of lending growth in retail and commercial in Australia and New Zealand, and a $26 billion increase in Australian Mortgages from regulatory changes, largely offset by a $21 billion decrease in Institutional lending and a $5 billion decrease from the sale of the Esanda dealer finance portfolio. • CET1 ratio 9.6% at 30 September; organic capital generation 106 bps in the second half. • Further simplified and refocused the business, reducing duplication, delivered reduction in FTE (down 7% for the year). • Sold the Esanda dealer finance portfolio, announced the sale of the Retail & Wealth businesses in five Asian countries. • Pursuing a range of strategic and capital market options in relation to the Wealth businesses in Australia. • Reset the 2016 dividend to provide the basis to return to a sustainable, fully franked payout ratio of 60-65% of Cash Profit[4] over time.
Focus our efforts on attractive areas where we can carve out a winning position. Make buying and owning a home or starting, running and growing a small business in Australia and New Zealand easy. Be the best bank in the world for customers driven by the movement of goods and capital in our region.	• Focus on growing RWA in higher returning segments improved Institutional (excluding Markets) margins by 13 bps. • Grew the high return Institutional cash management business, increasing revenue by 6%; deposit balances by $1 billion up 1%. • Australia and New Zealand Retail and Commercial customer numbers increased by 262,000. • Australia home loan lending up 7%, moved to #3 market share, maintained #1 market share position in New Zealand. • Small business lending in Australia up 9%, New Zealand up 11%.
Drive a purpose and values led transformation of the Bank. Create a stronger sense of core purpose, ethics and fairness, investing in leaders who can help sense and navigate a rapidly changing environment.	• Revised ANZ's Corporate Sustainability Framework with focus on fair and responsible banking. • Supported ABA conduct and remuneration reviews. • Redesigned ANZ's performance management process to strengthen alignment to strategy and values. • Reviewed approach to remuneration including new guidelines on equity clawback. • Invested in MIT Digital Leadership Program and Leadership Pathway programs. • Strengthened the Whistleblower Protection Policy.

Build a superior everyday experience for our people and Customers to compete in the digital age. Build more convenient, engaging banking solutions to simplify the lives of customers and our people.	• Established new Digital Banking Division to support growth in priority areas. • First major bank to launch Apple Pay and Android Pay in Australia and Apple Pay in New Zealand. • Implemented multi-channel digital platform for Australian retail banking, more than 1 million customers using goMoney apps on the new platform. • Launched Digital Customer Identity Verification.

Wealth and Asia Retail & Wealth

At the 2016 Interim Result, ANZ advised that it was conducting strategic reviews of the Group's Retail and Wealth business in Asia, and its Wealth businesses in Australia and New Zealand. The reviews considered each business within the context of the overall Group strategy including capital efficiency.

ANZ announced on 31 October 2016 that it had entered into an agreement with DBS to sell the Retail and Wealth businesses in Singapore, Hong Kong, China, Taiwan and Indonesia. ANZ intends to clarify plans for the remaining businesses in Retail and Wealth in Asia during FY17.

The strategic review of ANZ's Wealth businesses in Australia and New Zealand concluded that while the distribution of high quality Wealth products and services should remain a core component of the Group's overall customer proposition, ANZ does not need to be a manufacturer of Life and Investments products.

The initial focus will be on the Australian Wealth business where ANZ is exploring a range of possible strategic and capital market options that will maintain strong outcomes for customers. This includes the possible sale of the life insurance, advice and superannuation and investments businesses in Australia. ANZ will pursue a disciplined approach to this process and will update the market as appropriate.

The Wealth business in New Zealand will be considered separately during 2017.

Capital and Dividend

The APRA CET1 capital ratio at 30 September was 9.6% (14.5% on an Internationally Comparable basis). Organic capital generation of 106 basis points in the second half was 33 basis points higher than the second half average of the past 4 years, primarily driven by Credit RWA reduction (excluding foreign exchange impacts) of $12 billion in the Institutional business.

The Final Dividend of 80 cents per share is the same as for the first half and is in line with guidance. The total dividend for FY16 of 160 cents per share represents a Dividend Payout Ratio of 81.9% on a Statutory Profit basis and 79.4% on a Cash Profit basis.

ANZ is gradually consolidating to its historical payout range of 60-65% of annual Cash Profit which ANZ believes provides a more sustainable base reflecting the greater demands for capital arising from increased regulatory requirements. On an Adjusted Pro-forma Cash Profit basis the Dividend Payout Ratio was 67.1%.

Specified Items

In FY16 ANZ recognised the impact of a number of items collectively referred to as Specified Items which form part of the Group's Cash Profit. The items are primarily related to initiatives undertaken to reposition the Group for stronger profit before provisions growth in the future. Adjusted Pro-Forma Cash Profit information has also been provided to allow the market to better analyse the ongoing operations of the Group.

ANZ recorded $1,077 million (after tax) of specified items charges in Cash Profit during the Financial Year, of which almost half ($522 million) related to a change in the application of the software capitalisation policy. This change in policy effected a 24% reduction in the Capitalised Software balance year on year.

One third of the Specified Items charges occurred in the second half, including an additional restructuring charge of $100 million (post tax) and a derivative credit valuation adjustment (CVA) of $168 million (after tax).

The restructuring charge supports the evolution of the Group's strategy and will underpin further productivity through reshaping of the workforce to reduce complexity and duplication, and to align with the changing emphasis in Institutional. ANZ has refined the methodology for the calculation of CVA, a component of valuing derivative instruments in the Markets business. The updated methodology makes greater use of market credit information and more sophisticated exposure modelling and is in line with leading market practice.

A more detailed information pack on specified items is on www.anz.com within the FY16 results materials.

Credit Quality

The total provision charge of $1.96 billion ($1.94 billion individual provision charge and a $17 million collective provision charge) equates to a loss rate of 34 basis point of which 3 bps is attributable to the recently announced settlement of the Oswal case. Gross impaired assets increased to $3.17 billion with new impaired assets up 3% compared to the prior half.

While in aggregate the credit environment is broadly stable, pockets of weakness continue to work their way through the economy, largely reflecting stress moving through the resources and resources related sectors. The stress appears to have now largely passed through the Institutional market and is progressively moving through the Commercial and Retail sectors. ANZ therefore expects provision charges to remain broadly the same in the 2017 Financial Year as a percentage of gross lending assets.

Outlook

Commenting on the outlook Mr Elliott said: "We are pleased with the initial progress that has been made this year in reshaping our strategy and setting ANZ on a path towards a sustainable improvement in customer outcomes and shareholder returns.

"We have a clear strategy and a consistent focus on the simplification of our business and actively rebalancing our portfolio. Importantly we have the organisation aligned and we have established momentum in relation to the work that still needs to be done. This sets us up well to increase the pace of execution in 2017 and to deliver a better bank for customers and for shareholders," he said.

Video interviews with Shayne Elliott and Chief Financial Officer Michelle Jablko discussing the 2016 Full Year result announcement are available at www.bluenotes.anz.com.

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Footnotes:

1. Cash Profit excludes non-core items included in Statutory Profit and is provided to assist readers in understanding the results of the ongoing business activities of the Group. The net after tax adjustment was an addition to Statutory Profit of $130 million comprised of several items. All comparisons are to the full year end September 2015 unless otherwise noted.
2. Adjusted Pro-forma Cash Profit refers to Cash Profit adjusted to remove the impacts of Specified Items including the impact of software capitalisation policy changes, Asia Partnership impairment charge (AMMB) and gain of cessation of equity accounting (Bank of Tianjin), restructuring expenses, sale of Esanda Dealer Finance business, and derivative credit valuation adjustment. Further detail provided in the ANZ Full Year 2016 consolidated Financial Report.
3. Excludes the impact of increased capital requirements for Australian residential mortgages from July 2016 and the divestment of Esanda Dealer Finance.
4. Previously 65 to 70 per cent of Cash Profit.

CONTENTS

Summary

Statutory Profit Results

	Half Year			Full Year		
	Sep 16 $M	Mar 16 $M	Movt	Sep 16 $M	Sep 15 $M	Movt
Net interest income	**7,527**	7,568	-1%	**15,095**	14,616	3%
Other operating income	**2,737**	2,697	1%	**5,434**	6,474	-16%
Operating income	**10,264**	10,265	0%	**20,529**	21,090	-3%
Operating expenses	**(4,943)**	(5,479)	-10%	**(10,422)**	(9,378)	11%
Profit before credit impairment and income tax	**5,321**	4,786	11%	**10,107**	11,712	-14%
Credit impairment charge	**(1,025)**	(904)	13%	**(1,929)**	(1,179)	64%
Profit before income tax	**4,296**	3,882	11%	**8,178**	10,533	-22%
Income tax expense	**(1,318)**	(1,140)	16%	**(2,458)**	(3,026)	-19%
Non-controlling interests	**(7)**	(4)	75%	**(11)**	(14)	-21%
Profit attributable to shareholders of the Company	**2,971**	2,738	9%	**5,709**	7,493	-24%

Earnings Per Ordinary Share (cents)		Half Year			Full Year		
	Reference Page	Sep 16	Mar 16	Movt	Sep 16	Sep 15	Movt
Basic	101	**102.6**	94.8	8%	**197.4**	271.5	-27%
Diluted	101	**98.3**	89.7	10%	**189.3**	257.2	-26%

		Half Year		Full Year	
	Reference Page	Sep 16	Mar 16	Sep 16	Sep 15
Ordinary Share Dividends (cents)					
Interim - 100% franked[1]	100	**-**	80	**80**	86
Final - 100% franked[1]	100	**80**	-	**80**	95
Total - 100% franked[1]	100	**80**	80	**160**	181
Ordinary share dividend payout ratio[2]	100	**78.8%**	85.2%	**81.9%**	68.6%
Preference Share Dividend ($M)					
Dividend paid[3]	100	**-**	-	**-**	1
Profitability Ratios					
Return on average ordinary shareholders' equity[4]		**10.5%**	9.5%	**10.0%**	14.5%
Return on average assets		**0.65%**	0.61%	**0.63%**	0.88%
Net interest margin	28	**2.00%**	2.01%	**2.00%**	2.04%
Efficiency Ratios					
Operating expenses to operating income		**48.2%**	53.4%	**50.8%**	44.5%
Operating expenses to average assets		**1.08%**	1.22%	**1.15%**	1.10%
Credit Impairment Charge/(Release)					
Individual credit impairment charge ($M)		**1,034**	878	**1,912**	1,084
Collective credit impairment charge/(release) ($M)		**(9)**	26	**17**	95
Total credit impairment charge ($M)	103	**1,025**	904	**1,929**	1,179
Individual credit impairment charge as a % of average gross loans and advances[5]		**0.36%**	0.31%	**0.33%**	0.19%
Total credit impairment charge as a % of average gross loans and advances[5]		**0.36%**	0.31%	**0.34%**	0.21%

1. *Fully franked for Australian tax purposes and carry New Zealand imputation credits of NZD 9 cents per ordinary share for the proposed 2016 final dividend (2016 interim dividend: NZD 10 cents; 2015 final dividend: NZD 11 cents; 2015 interim dividend: NZD 10 cents).*
2. *Dividend payout ratio is calculated using the proposed 2016 final, 2016 interim, 2015 final and 2015 interim dividends.*
3. *Represents dividends paid on Euro Trust Securities (preference shares) issued on 13 December 2004. The Euro Trust Securities were bought back by ANZ for cash at face value and cancelled on 15 December 2014.*
4. *Average ordinary shareholders' equity excludes non-controlling interests and preference shares.*
5. *Loans and advances as at 30 September 2015 include Esanda Dealer Finance assets divested to Macquarie Group Limited in the March 2016 half.*

Cash Profit Results[1]

	Half Year			Full Year		
	Sep 16 $M	Mar 16 $M	Movt	Sep 16 $M	Sep 15 $M	Movt
Net interest income	**7,527**	7,568	-1%	**15,095**	14,616	3%
Other operating income	**2,734**	2,748	-1%	**5,482**	5,921	-7%
Operating income	**10,261**	10,316	-1%	**20,577**	20,537	0%
Operating expenses	**(4,943)**	(5,479)	-10%	**(10,422)**	(9,378)	11%
Profit before credit impairment and income tax	**5,318**	4,837	10%	**10,155**	11,159	-9%
Credit impairment charge	**(1,038)**	(918)	13%	**(1,956)**	(1,205)	62%
Profit before income tax	**4,280**	3,919	9%	**8,199**	9,954	-18%
Income tax expense	**(1,166)**	(1,133)	3%	**(2,299)**	(2,724)	-16%
Non-controlling interests	**(7)**	(4)	75%	**(11)**	(14)	-21%
Cash profit	**3,107**	2,782	12%	**5,889**	7,216	-18%

Earnings Per Ordinary Share (cents)		Half Year			Full Year		
	Reference Page	Sep 16	Mar 16	Movt	Sep 16	Sep 15	Movt
Basic	43	**106.7**	95.9	11%	**202.6**	260.3	-22%
Diluted	43	**102.0**	90.7	12%	**194.1**	247.0	-21%

		Half Year		Full Year	
	Reference Page	Sep 16	Mar 16	Sep 16	Sep 15
Ordinary Share Dividends					
Ordinary share dividend payout ratio[2]	44	**75.4%**	83.9%	**79.4%**	71.2%
Profitability Ratios					
Return on average ordinary shareholders' equity[3]		**10.9%**	9.7%	**10.3%**	14.0%
Return on average assets		**0.68%**	0.62%	**0.65%**	0.85%
Net interest margin	28	**2.00%**	2.01%	**2.00%**	2.04%
Profit per average FTE ($)		**65,426**	55,889	**121,091**	141,621
Efficiency Ratios					
Operating expenses to operating income		**48.2%**	53.1%	**50.6%**	45.7%
Operating expenses to average assets		**1.08%**	1.22%	**1.15%**	1.10%
Credit Impairment Charge/(Release)					
Individual credit impairment charge ($M)	37	**1,047**	892	**1,939**	1,110
Collective credit impairment charge/(release) ($M)	37	**(9)**	26	**17**	95
Total credit impairment charge ($M)	37	**1,038**	918	**1,956**	1,205
Individual credit impairment charge as a % of average gross loans and advances[4]		**0.36%**	0.31%	**0.34%**	0.20%
Total credit impairment charge as a % of average gross loans and advances[4]		**0.36%**	0.32%	**0.34%**	0.22%

Cash Profit/(Loss) By Division	Half Year			Full Year		
	Sep 16 $M	Mar 16 $M	Movt	Sep 16 $M	Sep 15 $M	Movt
Australia	**1,794**	1,779	1%	**3,573**	3,413	5%
Institutional	**425**	632	-33%	**1,057**	1,967	-46%
New Zealand	**626**	641	-2%	**1,267**	1,254	1%
Wealth Australia	**159**	168	-5%	**327**	428	-24%
Asia Retail & Pacific	**95**	57	67%	**152**	139	9%
TSO and Group Centre	**8**	(495)	large	**(487)**	15	large
Cash profit by division	**3,107**	2,782	12%	**5,889**	7,216	-18%

1. *Cash profit excludes non-core items included in statutory profit and is provided to assist readers in understanding the results of the ongoing business activities of the Group. Refer to pages 83 to 88 for the reconciliation between statutory and cash profit.*
2. *Dividend payout ratio is calculated using the proposed 2016 final, 2016 interim, 2015 final and 2015 interim dividends.*
3. *Average ordinary shareholders' equity excludes non-controlling interests and preference shares.*
4. *Loans and advances as at 30 September 2015 include Esanda Dealer Finance assets divested to Macquarie Group Limited in the March 2016 half.*

Key Balance Sheet Metrics

	Reference Page	As at Sep 16	Mar 16	Sep 15	Movement Sep 16 v. Mar 16	Sep 16 v. Sep 15
Capital Management						
Common Equity Tier 1						
- APRA Basel 3	48	**9.6%**	9.8%	9.6%		
- Internationally Comparable Basel 3[1]	48	**14.5%**	14.0%	13.2%		
Credit risk weighted assets ($B)[2]	112	**352.0**	334.3	349.8	5%	1%
Total risk weighted assets ($B)[2]	48	**408.6**	388.3	401.9	5%	2%
Leverage Ratio	51	**5.3%**	5.1%	5.1%		
Balance Sheet: Key Items						
Gross loans and advances ($B)[3]		**580.0**	565.9	574.3	3%	1%
Net loans and advances ($B)[3]		**575.9**	561.8	570.2	3%	1%
Total assets ($B)		**914.9**	895.3	889.9	2%	3%
Customer deposits ($B)		**449.6**	446.8	444.6	1%	1%
Total equity ($B)		**57.9**	56.5	57.4	3%	1%

Liquidity Risk	Reference Page	Half Year Average Sep 16	Mar 16	Sep 15	Movement Sep 16 v. Mar 16	Sep 16 v. Sep 15
Liquidity Coverage Ratio	46	**125%**	126%	124%	-1%	1%

	Reference Page	As at Sep 16	Mar 16	Sep 15	Movement Sep 16 v. Mar 16	Sep 16 v. Sep 15
Impaired Assets						
Gross impaired assets ($M)	39	**3,173**	2,883	2,719	10%	17%
Gross impaired assets as a % of gross loans and advances[3]		**0.55%**	0.51%	0.47%		
Net impaired assets ($M)	39	**1,866**	1,645	1,658	13%	13%
Net impaired assets as a % of shareholders' equity		**3.2%**	2.9%	2.9%		
Individual provision ($M)	38	**1,307**	1,238	1,061	6%	23%
Individual provision as a % of gross impaired assets		**41.2%**	42.9%	39.0%		
Collective provision ($M)	38	**2,876**	2,862	2,956	0%	-3%
Collective provision as a % of credit risk weighted assets		**0.82%**	0.86%	0.85%		
Net Assets						
Net tangible assets attributable to ordinary shareholders ($B)		**50.1**	48.8	48.9	3%	2%
Net tangible assets per ordinary share ($)		**17.13**	16.72	16.86	2%	2%

Net Loans And Advances By Division	As at Sep 16 $B	Mar 16 $B	Sep 15 $B	Movement Sep 16 v. Mar 16	Sep 16 v. Sep 15
Australia	**327.1**	321.4	315.1	2%	4%
Institutional	**125.9**	125.6	142.2	0%	-11%
New Zealand	**107.9**	99.2	97.0	9%	11%
Wealth Australia	**2.0**	1.9	1.9	5%	5%
Asia Retail & Pacific	**13.4**	13.9	14.5	-4%	-8%
TSO and Group Centre	**(0.4)**	(0.2)	(0.5)	100%	-20%
Net loans and advances by division[3]	**575.9**	561.8	570.2	3%	1%

1. *See page 50 for further details regarding the differences between APRA Basel 3 and Internationally Comparable Basel 3 standards.*
2. *Includes $25.9 billion increase in credit risk weighted assets associated with increased capital requirements for Australian residential mortgages introduced in July 2016.*
3. *Loans and advances as at 30 September 2015 include Esanda Dealer Finance assets divested to Macquarie Group Limited in the March 2016 half.*

Cash Profit Results – FX Adjusted

The following tables present the Group's cash profit results neutralised for the impact of foreign currency translation. Comparative data has been adjusted to remove the translation impact of foreign exchange movements by retranslating prior period comparatives at current period foreign exchange rates. Refer to page 41 for further details on the impact of exchange rate movements.

Cash Profit - September 2016 Full Year vs September 2015 Full Year

	Full Year				Movement		
	Actual	FX unadjusted	FX impact	FX adjusted	FX unadjusted	FX impact	FX adjusted
	Sep 16 $M	Sep 15 $M	Sep 15 $M	Sep 15 $M	Sep 16 v. Sep 15	Sep 16 v. Sep 15	Sep 16 v. Sep 15
Net interest income	**15,095**	14,616	96	14,712	3%	0%	3%
Other operating income	**5,482**	5,921	225	6,146	-7%	4%	-11%
Operating income	**20,577**	20,537	321	20,858	0%	1%	-1%
Operating expenses	**(10,422)**	(9,378)	(114)	(9,492)	11%	1%	10%
Profit before credit impairment and income tax	**10,155**	11,159	207	11,366	-9%	2%	-11%
Credit impairment charge	**(1,956)**	(1,205)	(9)	(1,214)	62%	1%	61%
Profit before income tax	**8,199**	9,954	198	10,152	-18%	1%	-19%
Income tax expense	**(2,299)**	(2,724)	(56)	(2,780)	-16%	1%	-17%
Non-controlling interests	**(11)**	(14)	(1)	(15)	-21%	6%	-27%
Cash profit	**5,889**	7,216	141	7,357	-18%	2%	-20%

Cash Profit - September 2016 Half Year vs March 2016 Half Year

	Half Year				Movement		
	Actual	FX unadjusted	FX impact	FX adjusted	FX unadjusted	FX impact	FX adjusted
	Sep 16 $M	Mar 16 $M	Mar 16 $M	Mar 16 $M	Sep 16 v. Mar 16	Sep 16 v. Mar 16	Sep 16 v. Mar 16
Net interest income	**7,527**	7,568	(7)	7,561	-1%	-1%	0%
Other operating income	**2,734**	2,748	(25)	2,723	-1%	-1%	0%
Operating income	**10,261**	10,316	(32)	10,284	-1%	-1%	0%
Operating expenses	**(4,943)**	(5,479)	35	(5,444)	-10%	-1%	-9%
Profit before credit impairment and income tax	**5,318**	4,837	3	4,840	10%	0%	10%
Credit impairment charge	**(1,038)**	(918)	7	(911)	13%	-1%	14%
Profit before income tax	**4,280**	3,919	10	3,929	9%	0%	9%
Income tax expense	**(1,166)**	(1,133)	(6)	(1,139)	3%	1%	2%
Non-controlling interests	**(7)**	(4)	-	(4)	75%	0%	75%
Cash profit	**3,107**	2,782	4	2,786	12%	0%	12%

Cash Profit Results – Adjusted Pro-forma

During the year, the Group recognised the impact of a number of items collectively referred to as 'specified items' which form part of the Group's cash profit. The tables on the following pages present the Group's cash profit adjusted for these items to assist readers to understand the estimated growth rates of the ongoing business performance of the Group. The "Cash Profit Results - Adjusted Pro-forma" is not subject to review or audit by the external auditor.

- **Software capitalisation changes**

  During the March 2016 half, the Board resolved to amend the application of the Group's software capitalisation policy by increasing the threshold for capitalisation of software development costs to $20 million, reflecting the increasingly shorter useful life of smaller items of software, and directly expensing more project related costs.

  For software assets at 1 October 2015 with an original cost below the revised threshold, the carrying values were expensed through an accelerated amortisation charge of $556 million in the March half (recognised in TSO and Group Centre). Of this, $183 million (September half: $95 million; March half: $88 million) would otherwise have been amortised in the September 2016 full year (i.e. the full year amortisation charge increased by $373 million).

  In addition, application of the software capitalisation changes also increased operating expenses by $370 million for the September 2016 full year (September half: $209 million; March half: $161 million) relating to software development costs that would otherwise have been capitalised and amortised in future periods.

  Going forward, these changes will result in higher project expenditure being expensed in the profit and loss which will be offset by lower amortisation charges.

	September 2016 Full Year			
Operating expense increase/(decrease) by division	**Accelerated amortisation $M**	**Amortisation benefit $M**	**Application of policy to new project expenditure $M**	**Total impact $M**
Australia	-	(42)	123	**81**
Institutional	-	(54)	78	**24**
New Zealand[1]	-	(17)	51	**34**
Wealth Australia[1]	-	(28)	37	**9**
Asia Retail & Pacific	-	(7)	3	**(4)**
TSO and Group Centre	556	(35)	78	**599**
Total	556	(183)	370	**743**

	September 2016 Half Year			
Operating expense increase/(decrease) by division	**Accelerated amortisation $M**	**Amortisation benefit $M**	**Application of policy to new project expenditure $M**	**Total impact $M**
Australia	-	(29)	74	**45**
Institutional	-	(28)	48	**20**
New Zealand	-	(10)	31	**21**
Wealth Australia	-	(14)	21	**7**
Asia Retail & Pacific	-	(3)	3	**-**
TSO and Group Centre	-	(11)	32	**21**
Total	-	(95)	209	**114**

	March 2016 Half Year			
Operating expense increase/(decrease) by division	**Accelerated amortisation $M**	**Amortisation benefit $M**	**Application of policy to new project expenditure $M**	**Total impact $M**
Australia	-	(13)	49	**36**
Institutional	-	(26)	30	**4**
New Zealand[1]	-	(7)	20	**13**
Wealth Australia[1]	-	(14)	16	**2**
Asia Retail & Pacific	-	(4)	-	**(4)**
TSO and Group Centre	556	(24)	46	**578**
Total	556	(88)	161	**629**

1. *The impact of software capitalisation changes previously reported for the New Zealand and Global Wealth divisions in the March 2016 half have changed due to restatements resulting from the Global Wealth organisational changes.*

- **Asian minority investments adjustments**

  During the March 2016 half year, the Group recognised a $260 million impairment to its equity accounted investment in AMMB Holdings Berhad (Ambank) bringing the carrying value in line with value-in-use calculation (refer Note 1 (iii) of the Condensed Consolidated Financial Statements).

  On 30 March 2016, Bank of Tianjin (BoT), an equity accounted investment, completed a capital raising and listing on the Hong Kong Stock Exchange through an Initial Public Offering (IPO). As the Group did not participate in the capital raising, its ownership interest decreased from 14% to 12%. As a consequence, the Group ceased equity accounting for the investment in BoT and commenced accounting for it as an available-for-sale asset. A net gain of $29 million was recognised in relation to the remeasurement of the investment to fair value and recycling the associated equity accounted reserves.

- **Restructuring**

  The Group is in the process of reshaping the workforce in response to its evolving strategy. This includes simplification of the Institutional and Wealth businesses, restructure of Asia Retail & Pacific, and simplification and digitisation in Australia, New Zealand and TSO and Group Centre. A restructuring expense of $278 million was recognised in the September 2016 full year.

	Half Year		Full Year	
Restructuring expense by division	**Sep 16 $M**	**Mar 16 $M**	**Sep 16 $M**	**Sep 15 $M**
Australia	**27**	22	**49**	2
Institutional	**39**	51	**90**	8
New Zealand	**16**	2	**18**	3
Wealth Australia	**7**	13	**20**	1
Asia Retail & Pacific	**-**	12	**12**	-
TSO and Group Centre	**51**	38	**89**	17
Total	**140**	138	**278**	31

- **Esanda Dealer Finance divestment**

  On 1 November 2015, the Group sold the Esanda Dealer Finance portfolio with the majority of the business transferred by 31 December 2015. Pro-forma results have been prepared on the assumption that the sale which occurred during the March 2016 half took effect from 1 October 2014, effectively restating the Group's cash profit for the March 2016 half and the September 2015 full year.

- **Derivative CVA methodology change**

  In determining the fair value of a derivative, the Group recognises a derivative credit valuation adjustment (CVA) to reflect the probability that the counterparty may default and the Group may not receive the full market value of outstanding transactions. It represents an estimate of the credit adjustment a market participant would include when deriving a purchase price to acquire the exposure. During the September half, the Group revised its methodology for determining the derivative credit valuation adjustment to make greater use of market information and enhanced modelling, and to align with leading market practice. The impact to cash profit before income tax associated with this methodology change is an incremental derivative credit valuation adjustment charge of $237 million.

Cash Profit Results - Adjusted Pro-forma

	September 2016 Full Year								September 2015 Full Year					Sep 16 v. Sep 15	
	Cash profit	Software capitalisation changes	Asian minority investment adjust	Restructuring	Esanda Dealer Finance divestment	CVA methodology change	Total specified items	Adjusted pro-forma	Cash profit	Restructuring	Esanda Dealer Finance divestment	Total specified items	Adjusted pro-forma	Adjusted pro-forma, FX unadj	Adjusted pro-forma, FX adj
Cash Profit															
Net interest income	**15,095**	-	-	-	(31)	-	**(31)**	**15,064**	**14,616**	-	(255)	**(255)**	**14,361**	5%	4%
Other operating income	**5,482**	-	231	-	(78)	237	**390**	**5,872**	**5,921**	-	(51)	**(51)**	**5,870**	0%	-4%
Operating income	**20,577**	-	231	-	(109)	237	**359**	**20,936**	**20,537**	-	(306)	**(306)**	**20,231**	3%	2%
Operating expenses	**(10,422)**	743	-	278	17	-	**1,038**	**(9,384)**	**(9,378)**	31	43	**74**	**(9,304)**	1%	0%
Profit before credit impairment and income tax	**10,155**	743	231	278	(92)	237	**1,397**	**11,552**	**11,159**	31	(263)	**(232)**	**10,927**	6%	4%
Credit impairment charge	**(1,956)**	-	-	-	23	-	**23**	**(1,933)**	**(1,205)**	-	130	**130**	**(1,075)**	80%	78%
Profit before income tax	**8,199**	743	231	278	(69)	237	**1,420**	**9,619**	**9,954**	31	(133)	**(102)**	**9,852**	-2%	-4%
Income tax expense	**(2,299)**	(221)	-	(77)	24	(69)	**(343)**	**(2,642)**	**(2,724)**	(9)	40	**31**	**(2,693)**	-2%	-4%
Non-controlling interests	**(11)**	-	-	-	-	-	**-**	**(11)**	**(14)**	-	-	**-**	**(14)**	-21%	-27%
Cash profit	**5,889**	522	231	201	(45)	168	**1,077**	**6,966**	**7,216**	22	(93)	**(71)**	**7,145**	-3%	-4%

	September 2016 Full Year								September 2015 Full Year					Sep 16 v. Sep 15	
	Cash profit	Software capitalisation changes	Asian minority investment adjust	Restructuring	Esanda Dealer Finance divestment	CVA methodology change	Total specified items	Adjusted pro-forma	Cash profit	Restructuring	Esanda Dealer Finance divestment	Total specified items	Adjusted pro-forma	Adjusted pro-forma, FX unadj	Adjusted pro-forma, FX adj
Profit before income tax by division															
Australia	**5,099**	81	-	49	(3)	-	**127**	**5,226**	**4,867**	2	(133)	**(131)**	**4,736**	10%	10%
Institutional	**1,499**	24	-	90	-	237	**351**	**1,850**	**2,758**	8	-	**8**	**2,766**	-33%	-34%
New Zealand	**1,745**	34	-	18	-	-	**52**	**1,797**	**1,733**	3	-	**3**	**1,736**	4%	3%
Wealth Australia	**458**	9	-	20	-	-	**29**	**487**	**522**	1	-	**1**	**523**	-7%	-7%
Asia Retail & Pacific	**188**	(4)	-	12	-	-	**8**	**196**	**191**	-	-	**-**	**191**	3%	0%
TSO and Group Centre[1]	**(790)**	599	231	89	(66)	-	**853**	**63**	**(117)**	17	-	**17**	**(100)**	large	32%
Profit before income tax	**8,199**	743	231	278	(69)	237	**1,420**	**9,619**	**9,954**	31	(133)	**(102)**	**9,852**	-2%	-4%
Income tax expense & non-controlling interests	**(2,310)**	(221)	-	(77)	24	(69)	**(343)**	**(2,653)**	**(2,738)**	(9)	40	**31**	**(2,707)**	-2%	-4%
Cash profit	**5,889**	522	231	201	(45)	168	**1,077**	**6,966**	**7,216**	22	(93)	**(71)**	**7,145**	-3%	-4%

1. *Cash profit for TSO and Group Centre in the September 2016 full year includes the accelerated amortisation for all divisions resulting from the software capitalisation changes and the net gain on divestment of the Esanda Dealer Finance portfolio.*

Cash Profit Results - Adjusted Pro-forma

	September 2016 Half Year							March 2016 Half Year							Sep 16 v. Mar 16	
	Cash profit	Software capital-isation changes	Restruct-uring	Esanda Dealer Finance divest-ment	CVA methodo-logy change	Total specified items	Adjusted pro-forma	Cash profit	Software capital-isation changes	Asian minority investment adjust	Restruct-uring	Esanda Dealer Finance divest-ment	Total specified items	Adjusted pro-forma	Adjusted pro-forma FX unadj	Adjusted pro-forma, FX adj
Cash Profit																
Net interest income	**7,527**	-	-	-	-	**-**	**7,527**	**7,568**	-	-	-	(31)	(31)	**7,537**	0%	0%
Other operating income	**2,734**	-	-	-	237	**237**	**2,971**	**2,748**	-	231	-	(78)	153	**2,901**	2%	3%
Operating income	**10,261**	-	-	-	237	**237**	**10,498**	**10,316**	-	231	-	(109)	122	**10,438**	1%	1%
Operating expenses	**(4,943)**	114	140	6	-	**260**	**(4,683)**	**(5,479)**	629	-	138	11	778	**(4,701)**	0%	0%
Profit before credit impairment and income tax	**5,318**	114	140	6	237	**497**	**5,815**	**4,837**	629	231	138	(98)	900	**5,737**	1%	1%
Credit impairment charge	**(1,038)**	-	-	10	-	**10**	**(1,028)**	**(918)**	-	-	-	13	13	**(905)**	14%	14%
Profit before income tax	**4,280**	114	140	16	237	**507**	**4,787**	**3,919**	629	231	138	(85)	913	**4,832**	-1%	-1%
Income tax expense	**(1,166)**	(33)	(40)	(5)	(69)	**(147)**	**(1,313)**	**(1,133)**	(188)	-	(37)	29	(196)	**(1,329)**	-1%	-2%
Non-controlling interests	**(7)**	-	-	-	-	**-**	**(7)**	**(4)**	-	-	-	-	-	**(4)**	75%	75%
Cash profit	**3,107**	81	100	11	168	**360**	**3,467**	**2,782**	441	231	101	(56)	717	**3,499**	-1%	-1%

	September 2016 Half Year							March 2016 Half Year							Sep 16 v. Mar 16	
	Cash profit	Software capital-isation changes	Restruct-uring	Esanda Dealer Finance divest-ment	CVA methodo-logy change	Total specified items	Adjusted pro-forma	Cash profit	Software capital-isation changes	Asian minority investment adjust	Restruct-uring	Esanda Dealer Finance divest-ment	Total specified items	Adjusted pro-forma	Adjusted pro-forma FX unadj	Adjusted pro-forma, FX adj
Profit before income tax by division																
Australia	**2,556**	45	27	16	-	**88**	**2,644**	**2,543**	36	-	22	(19)	39	**2,582**	2%	2%
Institutional	**618**	20	39	-	237	**296**	**914**	**881**	4	-	51	-	55	**936**	-2%	-1%
New Zealand	**863**	21	16	-	-	**37**	**900**	**882**	13	-	2	-	15	**897**	0%	-1%
Wealth Australia	**221**	7	7	-	-	**14**	**235**	**237**	2	-	13	-	15	**252**	-7%	-7%
Asia Retail & Pacific	**117**	-	-	-	-	**-**	**117**	**71**	(4)	-	12	-	8	**79**	48%	50%
TSO and Group Centre[1]	**(95)**	21	51	-	-	**72**	**(23)**	**(695)**	578	231	38	(66)	781	**86**	large	large
Profit before income tax	**4,280**	114	140	16	237	**507**	**4,787**	**3,919**	629	231	138	(85)	913	**4,832**	-1%	-1%
Income tax expense & non-controlling interests	**(1,173)**	(33)	(40)	(5)	(69)	**(147)**	**(1,320)**	**(1,137)**	(188)	-	(37)	29	(196)	**(1,333)**	-1%	-1%
Cash profit	**3,107**	81	100	11	168	**360**	**3,467**	**2,782**	441	231	101	(56)	717	**3,499**	-1%	-1%

1. *Cash profit for TSO and Group Centre in the March 2016 half includes the accelerated amortisation for all divisions resulting from the software capitalisation changes and the net gain on divestment of the Esanda Dealer Finance portfolio.*

Other Non-financial Information

	As at			Movement	
	Sep 16	Mar 16	Sep 15	Sep 16 v. Mar 16	Sep 16 v. Sep 15
Full time equivalent staff information					
Full time equivalent staff (FTE)	**46,554**	48,896	50,152	-5%	-7%
Assets per FTE ($M)	**19.7**	18.3	17.7	8%	11%

	Half Year			Full Year		
	Sep 16	Mar 16	Movt	Sep 16	Sep 15	Movt
Shareholder value - ordinary shares						
Share price ($)						
- high	**27.85**	29.17	-5%	**29.17**	37.25	-22%
- low	**22.06**	21.86	1%	**21.86**	26.38	-17%
- closing	**27.63**	23.46	18%	**27.63**	27.08	2%
Closing market capitalisation of ordinary shares ($B)	**80.9**	68.4	18%	**80.9**	78.6	3%
Total shareholder returns (TSR)	**21.6%**	-10.2%	large	**9.2%**	-7.5%	large

	As at Sep 16		
Credit Ratings	Short-Term	Long-Term	Outlook
Moody's Investor Services	P-1	Aa2	Negative
Standard & Poor's	A-1+	AA-	Negative
Fitch Ratings	F1+	AA-	Stable

Our Purpose

ANZ's Purpose is: To shape a world where people and communities thrive. That's why we strive to create a balanced, sustainable economy in which everyone can take part and build a better life.

Our Vision

Our vision is to build the best connected and most respected bank in the region – loved by customers and famous for:

- Delivering value from innovative and convenient banking services that help customers get ahead in life.
- Being Australia's only truly regional bank, delivering a seamless regional banking proposition to those who require one.
- Attracting the best and most diverse team of people, and creating astute, inspiring leaders, regardless of where they ultimately work; where having ANZ on your CV is recognised as a door-opener around the world.
- Showing leadership on important issues, and doing the right thing, even when it comes at a cost.
- Delivering consistently strong financial results for our investors, with an 'unquestionably strong', well-funded balance sheet, and a balance between growth and return, short and long-term results.

Strategy

Our strategy is to use our strong Australian and New Zealand foundations, distinctive geographic footprint, and market-leading service and insights to better meet the needs of customers and capture opportunities linked to regional trade and capital flows. In doing this, ANZ provides shareholders with access to a unique combination of high-returning franchises and direct exposure to long-term Asian growth.

Our strategy has three elements – creating the best bank in Australia and New Zealand for Home Owners and Small Business customers, building the best bank in the world for clients driven by regional trade and capital flows, and establishing common, digital-ready infrastructure to provide great customer experience, scale and control. The strategy is underpinned by strong expense, capital and risk management disciplines and the quality of our people.

Strategic Progress

The Financial Services industry is being reshaped by a set of forces that make it more difficult to achieve the performance levels of the past, with lower economic growth, heightened consumer expectations, increased competitive intensity and greater regulatory, legal and political scrutiny.

Left unchecked, these forces will lower sector growth, reduce profitability and increase commoditisation of the industry. In response, we are creating a simpler, better capitalised bank that is more focused, more innovative and more values-based.

Over the course of the year, we made significant progress in each of these areas, with highlights described in the table below:

Strategic Priorities	2016 Progress Highlights
Create a simpler, better capitalised, better balanced and more agile bank. Reduce operating costs and risks by removing product and management complexity, exiting low return and non-core businesses and reducing our reliance on low-returning aspects of Institutional banking in particular.	• Portfolio rebalancing underway, retail and commercial RWAs increased (+6%[1]), Institutional RWAs reduced (-15%). • The improved composition of CRWA, up $2 billion (+1%), was driven by $8 billion of lending growth in retail and commercial in Australia and New Zealand, and a $26 billion increase in Australian Mortgages from regulatory changes, largely offset by a $21 billion decrease in Institutional lending and a $5 billion decrease from the sale of the Esanda dealer finance portfolio. • CET1 ratio 9.6% at 30 September; organic capital generation +106 bps in the second half. • Further simplified and refocused the business, reducing duplication, delivered reduction in FTE (down 7% for the year). • Sold the Esanda dealer finance portfolio, announced the sale of the Retail & Wealth businesses in five Asian countries. • Pursuing a range of strategic and capital market options in relation to the Wealth businesses in Australia. • Reset the 2016 dividend to provide the basis to return to a sustainable, fully franked payout ratio of 60-65% of Cash Profit over time.
Focus our efforts on attractive areas where we can carve out a winning position. Make buying and owning a home or starting, running and growing a small business in Australia and New Zealand easy. Be the best bank in the world for customers driven by the movement of goods and capital in our region.	• Focus on growing RWA in higher returning segments improved Institutional (excluding Markets) margins by 13 bps. • Grew the high return Institutional cash management business, increasing revenue by +6%; deposit balances by $1 billion (+1%). • Australia and New Zealand Retail and Commercial customer numbers increased by 262,000. • Australia home loan lending up +7%, moved to #3 market share, maintained #1 market share position in New Zealand. • Small business lending in Australia up +9%, New Zealand up +11%.

Drive a purpose and values led transformation of the Bank. Create a stronger sense of core purpose, ethics and fairness, investing in leaders who can help sense and navigate a rapidly changing environment.	• Revised ANZ's Corporate Sustainability Framework with focus on fair and responsible banking. • Supported ABA conduct and remuneration reviews. • Redesigned ANZ's performance management process to strengthen alignment to strategy and values. • Reviewed approach to remuneration including new guidelines on equity clawback. • Invested in MIT Digital Leadership Program and Leadership Pathway programs. • Strengthened the Whistleblower Protection Policy.
Build a superior everyday experience for our people and Customers to compete in the digital age. Build more convenient, engaging banking solutions to simplify the lives of customers and our people.	• Established new Digital Banking Division to support growth in priority areas. • First major bank to launch Apple Pay™ and Android Pay™ in Australia and New Zealand. • Implemented multi-channel digital platform for Australian retail banking, more than 1 million customers using goMoney™ apps on the new platform. • Launched Digital Customer Identity Verification.

Financial Performance

This year, as we transitioned to our new strategy, we reported a reduction in cash profit of 18% to $5,889 million, impacted by a $1,077 million charge primarily relating to initiatives to reposition the Group for stronger future earnings. Adjusting for these specified items, profit before credit impairment and income tax increased by 6%, while higher credit impairment charges resulted in Adjusted Pro-forma[2] cash profit declining 3% and earnings per share declining 7% to 239.7 cents.

Our clear strategy and consistent focus on the simplification of the business resulted in a particularly strong expense management outcome, with operating cost growth contained to 1% on an Adjusted Pro-forma basis and FTE reductions of 7% year on year. Active rebalancing of the portfolio contributed to a decline in Institutional risk weighted assets of 15%, and increase in retail and commercial risk weighted assets of 6%[1].

Focus on improving capital efficiency, including reallocating capital to higher returning areas of the Group contributed to a 12.2% return on equity on an Adjusted Pro-forma basis.

Inclusive of a final fully franked dividend of 80 cents per share, the total dividend of 160 cents per share and dividend payout ratio of 67.1% (on an Adjusted Pro-forma basis) reflects the revised dividend strategy targeting a conservative, sustainable fully franked payout ratio of 60-65%.

Our Common Equity Tier 1 ratio strengthened to 9.6% at the end of September.

Strategic Priorities & Outlook[3]

In 2017, we expect that lower regional growth and subdued credit growth in our home markets of Australia and New Zealand will result in modest growth in key business lines, with likely higher funding costs placing pressure on margins and higher provisions in the medium-term. In response to these conditions, we will continue our simplification and productivity agenda, and target further reductions in Institutional RWAs. Key risks to the downside include further regulatory changes and the impact of lower China growth on funding markets.

In response, we will prioritize our efforts in the following areas:

Strategic Priorities	2017 Priorities
Create a simpler, better capitalised, better balanced and more agile bank. Reduce operating costs and risks by removing product and management complexity, exiting low return and non-core businesses and reducing our reliance on low-returning aspects of Institutional banking in particular.	• Progress the sale of non-core businesses and minority investments. • Continue the repositioning of the Institutional business, targeting further reductions in RWAs in 2017. • Drive out costs through a focused and coordinated program across the Bank.
Focus our efforts on attractive areas where we can carve out a winning position. Make buying and owning a home or starting, running and growing a small business in Australia and New Zealand easy. Be the best bank in the world for customers driven by the movement of goods and capital in our region.	• Maintain momentum in our home loan and small business franchises, to deliver consistent above system growth in housing. • Invest in retail and commercial propositions in NSW, deliver sales growth in excess of group national average. • Build out Institutional's regional trade, cash management and markets platforms. • Focus on and serve key Institutional clients connected to the region via trade and capital flows.

Drive a purpose and values led transformation of the Bank. Create a stronger sense of core purpose, ethics and fairness, investing in leaders who can help sense and navigate a rapidly changing environment.	• Embed our purpose throughout the organisation. • Deliver evidence of further cultural and reputational improvement.
Build a superior everyday experience for our people and Customers to compete in the digital age. Build more convenient, engaging banking solutions to simplify the lives of customers and our people.	• Effectively integrate the Digital Division, with clear accountabilities and momentum aligned with business priorities.

1. *Excludes the impact of the Australian mortgage risk weight change and the divestment of Esanda Dealer Finance.*
2. *Adjusted Pro-forma refers to Cash Profit adjusted to remove the impact of 'Specified items' including the impact of software capitalisation policy changes, Asia Partnership impairment charge (AMMB) and gain of cessation of equity accounting (Bank of Tianjin), restructuring expenses, divestment of the Esanda Dealer Finance business, and the derivative credit valuation adjustment methodology change. Further details provided on page 16.*
3. *The statements in this "Strategic Priorities and Outlook" section, including those related to our growth strategies and our expected or potential future cash flow from operations, capital investment, divestment proceeds and production, are based on management's current expectations and certain material assumptions and, accordingly, involve risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied herein.*

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CONTENTS

Group Results

Non-IFRS information

The Group provides additional measures of performance in the Consolidated Financial Report & Dividend Announcement which are prepared on a basis other than in accordance with accounting standards. The guidance provided in Australian Securities and Investments Commission (ASIC) Regulatory Guide 230 has been followed when presenting this information.

Cash profit

Cash profit represents ANZ's preferred measure of the result of the ongoing business activities of the Group, enabling readers to assess Group and Divisional performance against prior periods and against peer institutions. To calculate cash profit, the Group excludes non-core items from statutory profit (refer to Definitions for further details). The adjustments made in arriving at cash profit are included in statutory profit which is subject to audit within the context of the Group statutory audit opinion. Cash profit is not audited by the external auditor, however, the external auditor has informed the Audit Committee that the adjustments have been determined on a consistent basis across each period presented.

The Group Results section is reported on a cash profit basis.

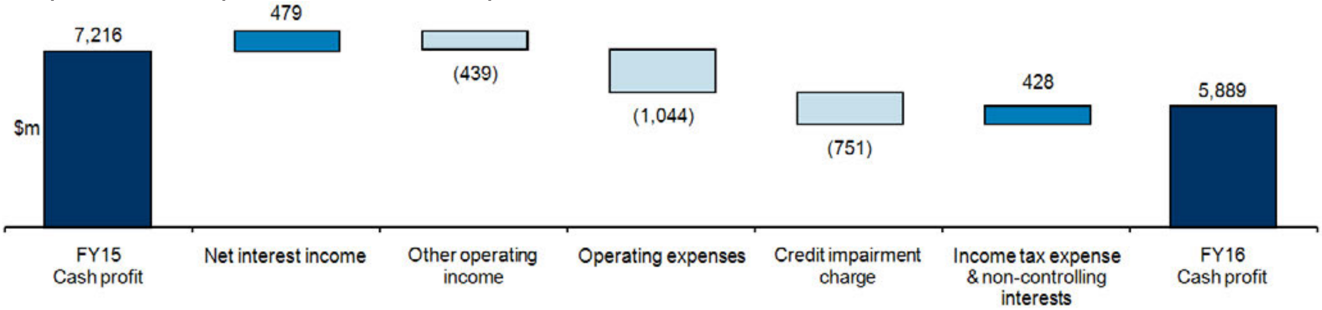
	Half Year			Full Year		
	Sep 16 $M	**Mar 16 $M**	**Movt**	**Sep 16 $M**	**Sep 15 $M**	**Movt**
Statutory profit attributable to shareholders of the Company	**2,971**	2,738	9%	**5,709**	7,493	-24%
Adjustments between statutory profit and cash profit[1]						
Treasury shares adjustment	**73**	(29)	large	**44**	(16)	large
Revaluation of policy liabilities	**(40)**	(14)	large	**(54)**	(73)	-26%
Economic hedges	**(26)**	128	large	**102**	(179)	large
Revenue hedges	**131**	(39)	large	**92**	(3)	large
Structured credit intermediation trades	**(2)**	(2)	0%	**(4)**	(6)	-33%
Total adjustments between statutory profit and cash profit[1]	**136**	44	large	**180**	(277)	large
Cash Profit	**3,107**	2,782	12%	**5,889**	7,216	-18%

1. *Refer to pages 83 to 88 for analysis of the adjustments between statutory profit and cash profit.*

Group Performance	Half Year			Full Year		
	Sep 16 $M	**Mar 16 $M**	**Movt**	**Sep 16 $M**	**Sep 15 $M**	**Movt**
Net interest income	**7,527**	7,568	-1%	**15,095**	14,616	3%
Other operating income	**2,734**	2,748	-1%	**5,482**	5,921	-7%
Operating income	**10,261**	10,316	-1%	**20,577**	20,537	0%
Operating expenses	**(4,943)**	(5,479)	-10%	**(10,422)**	(9,378)	11%
Profit before credit impairment and income tax	**5,318**	4,837	10%	**10,155**	11,159	-9%
Credit impairment charge	**(1,038)**	(918)	13%	**(1,956)**	(1,205)	62%
Profit before income tax	**4,280**	3,919	9%	**8,199**	9,954	-18%
Income tax expense	**(1,166)**	(1,133)	3%	**(2,299)**	(2,724)	-16%
Non-controlling interests	**(7)**	(4)	75%	**(11)**	(14)	-21%
Cash profit	**3,107**	2,782	12%	**5,889**	7,216	-18%

	Half Year			Full Year		
Cash Profit/(Loss) By Division	**Sep 16 $M**	**Mar 16 $M**	**Movt**	**Sep 16 $M**	**Sep 15 $M**	**Movt**
Australia	**1,794**	1,779	1%	**3,573**	3,413	5%
Institutional	**425**	632	-33%	**1,057**	1,967	-46%
New Zealand	**626**	641	-2%	**1,267**	1,254	1%
Wealth Australia	**159**	168	-5%	**327**	428	-24%
Asia Retail & Pacific	**95**	57	67%	**152**	139	9%
TSO and Group Centre	**8**	(495)	large	**(487)**	15	large
Cash profit	**3,107**	2,782	12%	**5,889**	7,216	-18%

Group Cash Profit – September 2016 Full Year v September 2015 Full Year



- **September 2016 v September 2015**

  Cash profit decreased 18% compared to the September 2015 full year mainly due to a number of specified items: software capitalisation changes, Asian minority investments adjustments, restructuring expenses, the Esanda Dealer Finance divestment and the derivative CVA methodology change. Excluding these items, cash profit decreased 3% (adjusted for foreign currency translation -4%).

  - Net interest income increased $479 million (+3%) with 5% growth in average interest earning assets, partly offset by a 4 basis point decrease in net interest margin. Adjusting for the $96 million favourable impact of foreign currency translation and the $224 million impact of the Esanda Dealer Finance divestment, net interest income increased by $607 million (+4%) and net interest margin fell by 1 basis point. Average interest earning assets increased by $37.1 billion (+5%) reflecting a $10.2 billion increase due to foreign currency translation impact, lending growth of $13.7 billion, an $8.5 billion increase in trading securities and available-for-sale assets and a $3.8 billion increase in collateral paid. Loan growth occurred primarily in Australia and New Zealand home loans, partially offset by a decrease in Institutional as the result of the strategic repositioning of that business to improve capital efficiency and returns. The net interest margin decline was primarily due to increased wholesale funding costs, growth in the lower margin liquidity portfolio and lower earnings from financial market activities, partially offset by improved Australian home loan margins.

  - Other operating income decreased $439 million (-7%) with foreign currency translation having a $225 million favourable impact. Adjusting for this, other operating income decreased by $664 million (-11%). This decrease was mainly due to the $260 million impairment of the investment in Ambank, the $237 million derivative CVA methodology change and a $261 million decrease in Institutional as a result of the strategic repositioning of that business to improve capital efficiency and returns, along with lower sales revenue in Markets. This was partially offset by a $157 million reduction in realised revenue hedge losses during the year.

  - Operating expenses increased $1,044 million (+11%) with foreign currency translation having a $114 million unfavourable impact. Adjusting for this, operating expenses increased $930 million (+10%) mainly due to a $743 million increase related to software capitalisation changes, a $247 million increase in restructuring charges and the Esanda Dealer Finance divestment. Excluding specified items and foreign currency translation impacts, operating expenses were broadly flat with personnel expenses decreasing by $211 million (-4%) due to a 7% FTE reduction (-5% average) and lower incentive expenses, offset by higher technology expenses which increased $191 million (+13%) from higher depreciation and amortisation of digital-enabling and other core infrastructure, as well as higher licencing and outsourced services costs.

  - Credit impairment charges increased $751 million (+62%) with foreign currency translation having a $9 million unfavourable impact. Adjusting for this, individual credit impairment charges increased by $820 million (+74%) predominantly from a small number of Australian and multinational resource related exposures in Institutional; increased provisions in the Australia division due to growth in Small Business Banking and higher delinquencies in the retail and commercial portfolios in Queensland and Western Australia; as well as the settlement of the Oswal legal dispute in Institutional. This was partially offset by a $78 million (-82%) decrease in the collective credit impairment charge.

- **September 2016 v March 2016**

  Cash profit increased 12% compared to the March 2016 half mainly due to the specified items outlined above. Excluding these items, cash profit decreased 1% (adjusted for foreign currency translation -1%).

  - Net interest income decreased $41 million (-1%) with average interest earning assets broadly flat and a 1 basis point contraction in net interest margin. Adjusting for the $7 million unfavourable impact of foreign currency translation and the $31 million impact of the Esanda Dealer Finance divestment, net interest income decreased by $3 million (0%). Average interest earning assets decreased by $0.5 billion (0%), with foreign currency translation having no significant impact. Loan growth was broadly flat with good growth within the Australia and New Zealand home loan portfolios offset by a decrease in Institutional as the result of the strategic repositioning of that business to improve capital efficiency and returns. The net interest margin decline was primarily due to increased wholesale funding costs, higher deposit competition in Australia and lower earnings from financial market activities, partially offset by improved Australian home loan margins.

  - Other operating income decreased by $14 million (-1%) with foreign currency translation having a $25 million unfavourable impact. Adjusting for this, other operating income increased marginally. The $260 million impairment of our investment in Ambank was recorded in the March half and the $237 million derivative CVA methodology change was recorded in the September half.

  - Operating expenses decreased $536 million (-10%) with foreign currency translation having a $35 million favourable impact. Adjusting for this, operating expenses decreased $501 million (-9%) mainly due to a $515 million decrease related to software capitalisation changes and the Esanda Dealer Finance divestment. Excluding specified items and foreign currency translation impacts, operating expenses were broadly flat with personnel expenses decreasing by $57 million (-2%) due to a 5% FTE reduction (-5% average), offset by higher technology expenses from higher depreciation and amortisation of digital-enabling and other core infrastructure, as well as higher licencing and outsourced services costs.

  - Credit impairment charges increased $120 million (+13%) with foreign currency translation having a $7 million favourable impact. Adjusting for this, individual credit impairment charges increased by $164 million (+18%) predominantly from a small number of Australian and multinational resource related exposures in Institutional, and the settlement of the Oswal legal dispute in Institutional. This was partially offset by a $37 million (-142%) decrease in the collective credit impairment charge.

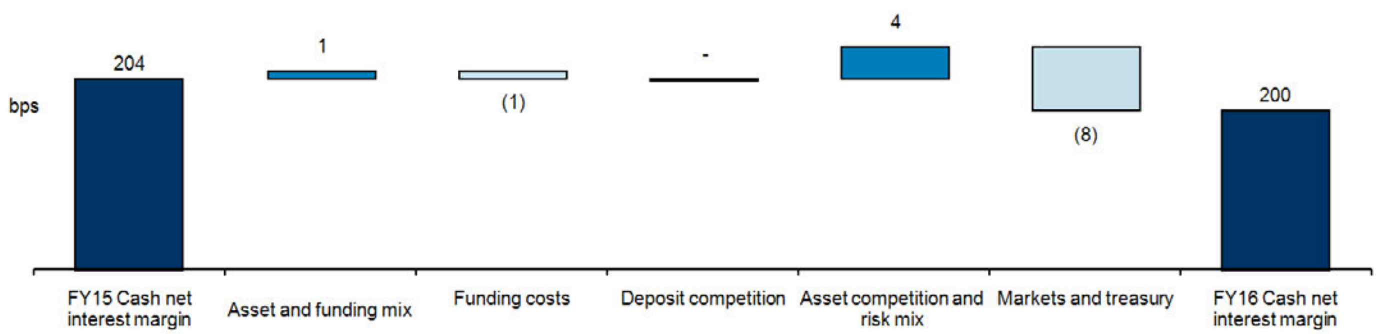
Net interest income

Group	Half Year Sep 16 $M	Half Year Mar 16 $M	Half Year Movt	Full Year Sep 16 $M	Full Year Sep 15 $M	Full Year Movt
Cash net interest income[1]	**7,527**	7,568	-1%	**15,095**	14,616	3%
Average interest earning assets	**753,928**	754,391	0%	**754,160**	717,012	5%
Average deposits and other borrowings	**585,672**	587,235	0%	**586,453**	559,779	5%
Net interest margin (%) - cash	**2.00**	2.01	-1 bps	**2.00**	2.04	-4 bps
Group (excluding Markets)						
Cash net interest income[1]	**7,054**	7,006	1%	**14,060**	13,509	4%
Average interest earning assets	**557,435**	556,107	0%	**556,771**	537,883	4%
Average deposits and other borrowings	**453,424**	453,137	0%	**453,280**	428,813	6%
Net interest margin (%) - cash	**2.53**	2.52	1 bps	**2.53**	2.51	2 bps

Cash net interest margin by major division	Half Year Sep 16 $M	Half Year Mar 16 $M	Half Year Movt	Full Year Sep 16 $M	Full Year Sep 15 $M	Full Year Movt
Australia[1]						
Net interest margin (%)	**2.54**	2.56	-2 bps	**2.55**	2.55	0 bps
Average interest earning assets	**325,065**	318,959	2%	**322,012**	302,074	7%
Average deposits and other borrowings	**185,159**	181,050	2%	**183,104**	170,857	7%
Institutional						
Net interest margin (%)	**1.11**	1.15	-4 bps	**1.13**	1.20	-7 bps
Average interest earning assets	**297,974**	312,961	-5%	**305,468**	299,426	2%
Average deposits and other borrowings	**232,109**	233,729	-1%	**232,919**	229,563	1%
New Zealand						
Net interest margin (%)	**2.35**	2.40	-5 bps	**2.38**	2.50	-12 bps
Average interest earning assets	**105,658**	100,674	5%	**103,166**	95,207	8%
Average deposits and other borrowings	**77,659**	73,175	6%	**75,417**	68,079	11%

1. *The September 2016 full year included $31 million (September 2016 half: nil; March 2016 half: $31 million; September 2015 full year: $255 million) related to the Esanda Dealer Finance assets divested to Macquarie in the March 2016 half.*

Group net interest margin – September 2016 Full Year v September 2015 Full Year



- **September 2016 v September 2015**

  Net interest margin (-4 bps)

  - Asset and funding mix (+1 bps): favourable mix impact from a higher proportion of capital and run-off of lower margin trade loans was partially offset by adverse asset mix impact from the Esanda Dealer Finance divestment.
  - Funding costs (-1 bps): impact from unfavourable wholesale funding costs.
  - Deposit competition (0 bps): minimal pricing impacts across the portfolio.
  - Asset competition and risk mix (+4 bps): improved Australian Home Loan margins following repricing was partially offset by lending margin compression in New Zealand and lower spreads within Institutional and Commercial Lending.

- Markets and treasury (-8 bps): adverse impact of lower earnings on capital from lower interest rates, growth in liquidity portfolio and lower earnings from financial market activities.

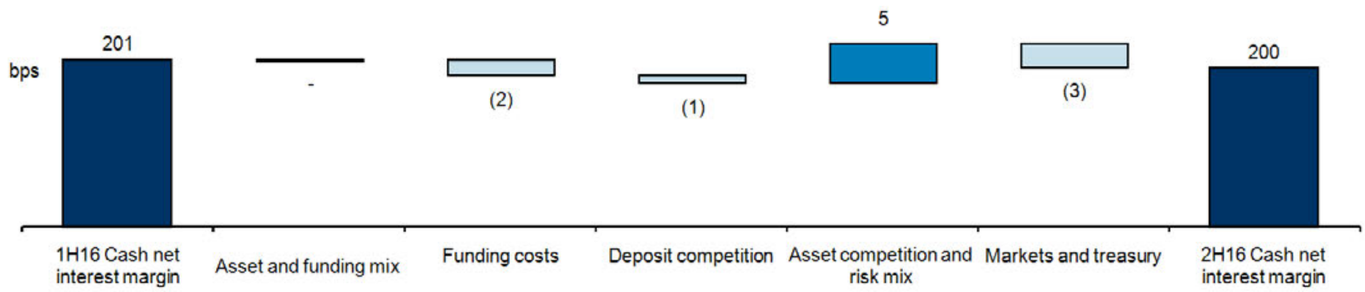
Average interest earning assets (+$37.1 billion or +5%)

- Average gross loans and advances (+$18.7 billion or +3%): excluding the impact of foreign currency translation, growth was +$13.7 billion or +2% driven by growth in Australia and New Zealand Home Loans. This was partially offset by a decline in Institutional lending due to the strategic repositioning of that business, as well as the Esanda Dealer Finance divestment.
- Average collateral paid (+$4.1 billion or +49%): excluding the impact of foreign currency translation, increase was +$3.8 billion or +44% due to mark-to-market declines on positions with collateralised derivative counterparties.
- Average trading and available-for-sale assets (+$9.7 billion or +11%): excluding the impact of foreign currency translation, growth was +$8.5 billion or +9% driven by growth in the liquidity portfolio.
- Average cash (+$2.6 billion or +6%): excluding the impact of foreign currency translation, growth was +$0.9 billion or +2% driven by management of liquidity requirements.

Average deposits and other borrowings (+$26.7 billion or +5%)

- Average deposits and other borrowings (+$26.7 billion or +5%): excluding the impact of foreign currency translation, growth was +$16.7 billion or +3% driven by customer deposits growth across Australia and New Zealand businesses.

Group net interest margin – September 2016 Half Year v March 2016 Half Year



- **September 2016 v March 2016**

Net interest margin (-1 bps)

- Asset and funding mix (0 bps): adverse asset mix impact resulting from the Esanda Dealer Finance divestment as part of de-risking the portfolio offset by favourable mix impact from a lower reliance of wholesale funding and the run-off of lower margin trade loans.
- Funding costs (-2 bps): impact of unfavourable wholesale funding costs.
- Deposit competition (-1 bps): lower margin from increased competition in Australia partly offset by benefit from deposit repricing in New Zealand and Asia.
- Asset competition and risk mix (+5 bps): improved lending margins, particularly in Australian Home Loans following repricing actions.
- Markets and treasury (-3 bps): adverse impact of lower earnings on capital from lower interest rates and lower earnings from financial market activities.

Average interest earning assets (-$0.5 billion or 0%)

- Average gross loans and advances (+$1.1 billion or 0%): excluding the impact of foreign currency translation, growth was +$1.7 billion or 0% driven by growth in Australia and New Zealand Home Loans. This was largely offset by a decline in Institutional lending due to the strategic repositioning of that business.
- Average collateral paid (+$3.3 billion or +31%): excluding the impact of foreign currency translation, increase was +$3.5 billion or +34% due to mark-to-market declines on positions with collateralised derivative counterparties.
- Average trading and available-for-sale assets (+$1.6 billion or +2%): excluding the impact of foreign currency translation, growth was +$2.4 billion or +2% driven by growth in the liquidity portfolio.
- Average cash (-$5.0 billion or -10%) excluding the impact of foreign currency translation, decline was -$3.8 billion or -8% driven by management of liquidity requirements.

Average deposits and other borrowings (-$1.6 billion or 0%)

- Average deposits and other borrowings (-$1.6 billion or 0%): excluding the impact of foreign currency translation, growth was +$1.4 billion or 0% driven by customer deposits growth across both the Australia and New Zealand businesses, largely offset by a decline in Treasury deposits.

Other operating income

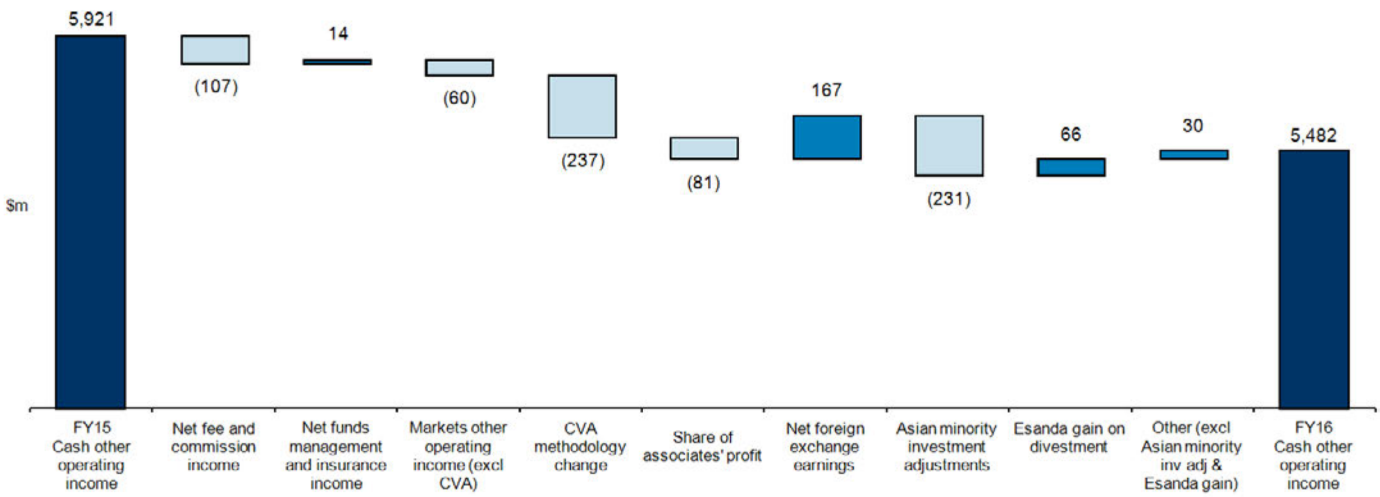
	Half Year			Full Year		
	Sep 16 $M	Mar 16 $M	Movt	Sep 16 $M	Sep 15 $M	Movt
Net fee and commission income[1]	**1,193**	1,227	-3%	**2,420**	2,527	-4%
Net funds management and insurance income[1]	**747**	771	-3%	**1,518**	1,504	1%
Markets other operating income[2]	**365**	400	-9%	**765**	1,062	-28%
Share of associates' profit[1]	**243**	301	-19%	**544**	625	-13%
Net foreign exchange earnings[1]	**149**	141	6%	**290**	123	large
Other[1,3]	**37**	(92)	large	**(55)**	80	large
Cash other operating income	**2,734**	2,748	-1%	**5,482**	5,921	-7%

	Half Year			Full Year		
Markets income	Sep 16 $M	Mar 16 $M	Movt	Sep 16 $M	Sep 15 $M	Movt
Net interest income	**473**	562	-16%	**1,035**	1,107	-7%
Other operating income[2]	**365**	400	-9%	**765**	1,062	-28%
Cash Markets income	**838**	962	-13%	**1,800**	2,169	-17%

	Half Year			Full Year		
Other operating income by division	Sep 16 $M	Mar 16 $M	Movt	Sep 16 $M	Sep 15 $M	Movt
Australia	**598**	610	-2%	**1,208**	1,214	0%
Institutional[2]	**812**	911	-11%	**1,723**	2,177	-21%
New Zealand	**327**	312	5%	**639**	604	6%
Wealth Australia	**605**	639	-5%	**1,244**	1,265	-2%
Asia Retail & Pacific	**234**	243	-4%	**477**	480	-1%
TSO and Group Centre[3]	**158**	33	large	**191**	181	6%
Cash other operating income	**2,734**	2,748	-1%	**5,482**	5,921	-7%

1. *Excluding Markets.*
2. *Markets other operating income for the September 2016 half includes a charge of $237 million related to the derivative CVA methodology change.*
3. *Other income for the March 2016 half includes the $260 million impairment of investment in Ambank, $29 million gain on cessation of equity accounting of BoT and $66 million gain on Esanda Dealer Finance divestment.*

Other operating income – September 2016 Full Year v September 2015 Full Year



- **September 2016 v September 2015**

Other operating income decreased $439 million (-7%). Excluding specified items (impairment of investment in Ambank, gain on cessation of equity accounting of BoT, gain on the Esanda Dealer Finance divestment and the derivative CVA methodology change) and the impact of foreign currency translation, Other operating income decreased by 4%.

Net fee and commission income

Decreased by $107 million (-4%). Key factors include:

- $24 million favourable impact due to foreign currency translation.
- $16 million increase in New Zealand mainly due to volume driven growth.
- $105 million decrease in Institutional as a result of exiting lower returning business and a slowdown in natural resource related projects.
- $19 million decrease in Asia Retail & Pacific due to lower demand for investment and insurance products in Asia.
- $17 million decrease in fees in Australia resulting from the Esanda Dealer Finance divestment, partially offset by volume driven growth in home loans.

Net funds management and insurance income

Increased by $14 million (+1%). Key factors include:

- $7 million favourable impact of foreign currency translation.
- $24 million increase driven by higher premiums in life insurance.
- $14 million increase in management fees, mainly in KiwiSaver driven by an increase in volumes.
- $23 million decrease in revenue due to the non-reoccurrence of a GST recovery on Adviser service fees in 2015.

Markets operating income

Decreased by $369 million (-17%). Key factors include:

- $47 million favourable impact of foreign currency translation.
- $237 million charge due to the derivative CVA methodology change.
- $130 million (-11%) decrease in Sales income driven by lower rates and foreign exchange income as a result of lower demand for hedging products, as well as decreased commodities income due to lower demand for gold financing from Asian customers.
- $32 million (-8%) decrease in Balance sheet income primarily as a result of higher funding valuation adjustments, partly offset by the benefit of narrowing credit spreads in 2016.
- $17 million (-3%) decrease in Trading income primarily as a result of higher funding valuation adjustments, partly offset by higher credit trading income.

Share of associates' profit

Decreased by $81 million (-13%). Key factors include:

- $6 million favourable impact of foreign currency translation.
- $36 million increase in Shanghai Rural Commercial Bank primarily driven by higher investment and fee income.
- $6 million increase in Metro Card Corporation Inc. driven by lending growth and expense management.
- $76 million decrease in BoT mainly due to cessation of equity accounting in the March 2016 half.
- $36 million decrease in Ambank due to margin contraction, lower fee income and subdued Malaysian economic conditions.
- $17 million decrease in P.T. Bank Pan Indonesia mainly due to higher credit provisions.

Net foreign exchange earnings

Increased by $167 million due to:

- Lower losses in 2016 on realised USD and NZD revenue hedges ($157 million) compared with 2015.

Other

Decreased by $135 million. Key factors include:

- $5 million favourable impact due to foreign currency translation.
- $66 million increase due to a gain on the Esanda Dealer Finance divestment.
- $29 million increase due to a gain on cessation of equity accounting for BoT.
- $26 million increase due to a cash dividend from BoT.
- $260 million decrease due to the impairment of investment in Ambank.

- **September 2016 v March 2016**

Other operating income decreased by $14 million (-1%). Excluding specified items (impairment of investment in Ambank, gain on cessation of equity accounting of BoT, and gain on the Esanda Dealer Finance divestment and derivative CVA methodology change), and the impact of foreign currency translation, Other operating income increased by 3%.

Net fee and commission income

Decreased by $34 million (-3%). Key factors include:

- $5 million unfavourable impact of foreign currency translation.
- $26 million decrease in fee income in Institutional due to subdued demand for loans and the exiting of lower returning business.

Net funds management and insurance income

Decreased by $24 million (-3%). Key factors include:

- $2 million favourable impact of foreign currency translation.
- $8 million increase in management fees, mainly in KiwiSaver driven by an increase in volumes.
- $38 million decrease in Wealth Australia mainly due to higher claims in the Insurance business, reduced fee income from ongoing rationalisation of legacy platforms and lower investment gains.

Markets operating income

Decreased by $124 million (-13%). Key factors include:

- $17 million unfavourable impact of foreign currency translation.
- $237 million charge due to the derivative CVA methodology change.
- $95 million (+69%) increase in Balance sheet income reflecting growth in the liquidity portfolio and tightening credit spreads.
- $36 million (+7%) increase in Sales income driven by increased debt capital markets activity, partially offset by decreased foreign exchange income from lower demand for structured products.

Share of associates' profit

Decreased by $58 million (-19%). Key factors include:

- $30 million increase in P.T. Bank Pan Indonesia mainly due to higher credit provisions in the March 2016 half.
- $8 million increase in Ambank due to improved net interest margin, higher insurance and fee income and expense initiatives.
- $2 million increase in Metro Card Corporation Inc. due to improved revenue driven by lending growth.
- $83 million decrease in BoT due to cessation of equity accounting in the March 2016 half.
- $11 million decrease in Shanghai Rural Commercial Bank due to a decline in net interest margin and higher expenses, partly offset by an increase in fee income.

Net foreign exchange earnings

Increased by $8 million (+6%) due to:

- Lower losses on realised USD revenue hedges in the September 2016 half ($6 million) as foreign currency rates stabilised.

Other

Increased by $129 million (large %). Key factors include:

- $2 million unfavourable impact due to foreign currency translation.
- $260 million increase due to the impairment of investment in Ambank in the March 2016 half.
- $26 million increase due to a cash dividend from BoT in the September 2016 half.
- $66 million decrease due to a gain on the Esanda Dealer Finance divestment in the March 2016 half.
- $29 million decrease due a gain on cessation of equity accounting for BoT in the March 2016 half.
- $16 million decrease due to lower unrealised gains on foreign currency balances held in Institutional.
- $17 million decrease due to the non-reoccurrence of gain on sales (property and operating lease asset sales) in the March 2016 half and losses on loan sell downs in Institutional in the September 2016 half.

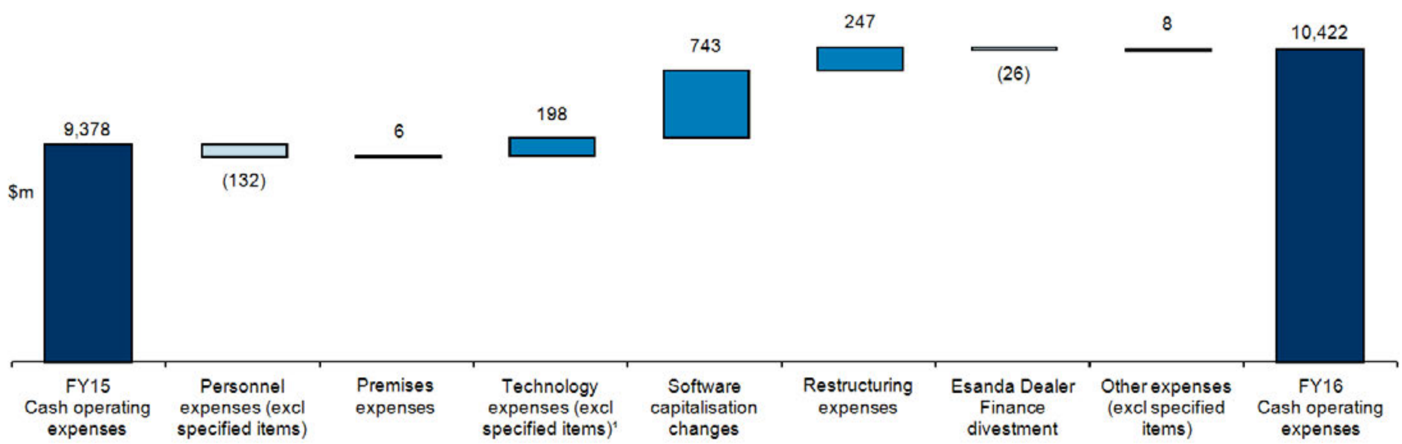
Operating Expenses

	Half Year			Full Year		
	Sep 16 $M	Mar 16 $M	Movt	Sep 16 $M	Sep 15 $M	Movt
Personnel expenses[1,2]	2,740	2,801	-2%	5,541	5,479	1%
Premises expenses	470	458	3%	928	922	1%
Technology expenses[1,2]	826	1,324	-38%	2,150	1,462	47%
Restructuring expenses	140	138	1%	278	31	large
Other expenses[1,2]	767	758	1%	1,525	1,484	3%
Total cash operating expenses	4,943	5,479	-10%	10,422	9,378	11%
Full time equivalent staff (FTE)	46,554	48,896	-5%	46,554	50,152	-7%
Average full time equivalent staff (FTE)	47,489	49,777	-5%	48,633	50,953	-5%

1. *The $743 million charge associated with the software capitalisation changes (March 2016 half: $629 million) included in the September 2016 full year comprises $213 million of personnel expenses (March 2016 half: $98 million), $492 million of technology expenses (March 2016 half: $513 million), and $38 million of other expenses (March 2016 half: $18 million). Refer to page 36 for further details.*
2. *The $26 million benefit associated with the Esanda Dealer Finance divestment included in the September 2016 full year comprises $19 million of personnel expenses (March 2016 half: -$3 million), $2 million of technology expenses (March 2016 half: $nil), and $5 million of other expenses (March 2016 half: $8 million). Refer to page 17 for further details.*

	Half Year			Full Year		
Expenses by division	Sep 16 $M	Mar 16 $M	Movt	Sep 16 $M	Sep 15 $M	Movt
Australia	1,708	1,681	2%	3,389	3,193	6%
Institutional	1,426	1,509	-6%	2,935	2,806	5%
New Zealand	630	595	6%	1,225	1,197	2%
Wealth Australia	388	408	-5%	796	751	6%
Asia Retail & Pacific	381	432	-12%	813	834	-3%
TSO and Group Centre	410	854	-52%	1,264	597	large
Total cash operating expenses	4,943	5,479	-10%	10,422	9,378	11%

Operating expenses – September 2016 Full Year v September 2015 Full Year



1. *Technology expenses presented in the chart above exclude the impact of software policy changes to facilitate comparison with the prior period.*

- **September 2016 v September 2015**

  Operating expenses increased 11% compared to the September 2015 full year due to a number of specified items (software capitalisation, restructuring and the Esanda Dealer Finance divestment). Excluding these, and the impact of foreign currency translation, operating expenses were slightly down.

  - Personnel expenses increased $62 million (+1%). Excluding an unfavourable foreign currency translation impact of $79 million and $213 million due to software capitalisation changes (personnel expenses that would have otherwise been capitalised), along with the $19 million favourable impact of the Esanda Dealer Finance divestment, personnel expenses decreased $211 million (-4%) due to a 7% decrease in FTE (-5% on average), primarily managed through restructuring activities across the Group and natural attrition, and lower incentive expenses, partially offset by annual salary inflation.
  - Premises expenses increased $6 million (+1%). Excluding an unfavourable foreign currency translation impact of $9 million, premises expenses decreased by $3 million (0%) driven by lower repairs and maintenance costs, partially offset by annual inflationary rent increases.
  - Technology expenses increased $688 million (+47%). Excluding an unfavourable foreign currency translation impact of $7 million, $492 million due to software capitalisation changes (comprising $373 million of accelerated amortisation for software assets and $119 million of expenditure which would otherwise have been capitalised) and the Esanda Dealer Finance divestment, technology expenses increased $191

million (+13%) driven by higher depreciation and amortisation of digital-enabling and other core infrastructure, as well as higher licensing and outsourced services costs.

- Restructuring expenses increased $247 million. The Group is in the process of reshaping the workforce in response to its evolving strategy. This includes simplification of the Institutional and Wealth businesses, restructure of Asia Retail & Pacific, and simplification and digitisation in Australia, New Zealand, and TSO and Group Centre.
- Other expenses increased $41 million (+3%). Excluding an unfavourable foreign currency translation impact of $16 million, $38 million due to software capitalisation changes (other expenses that would otherwise have been capitalised) and the Esanda Dealer Finance divestment, other expenses decreased $8 million (-1%) with lower discretionary expenses offsetting higher professional fees and non-lending losses.

▪ **September 2016 v March 2016**

Operating expenses decreased 10% compared to the March 2016 half year due to a number of specified items (software capitalisation, restructuring and the Esanda Dealer Finance divestment). Excluding these, and the impact of foreign currency translation, operating expenses were flat.

- Personnel expenses decreased $61 million (-2%). Excluding a favourable foreign currency translation impact of $24 million, $17 million due to software capitalisation changes (personnel expenses that would otherwise have been capitalised) and the Esanda Dealer Finance divestment, personnel expenses decreased $57 million (-2%) driven by a 5% decrease in FTE (-5% on average), primarily managed through restructuring activities across the Group and natural attrition.
- Premises expenses increased $12 million (+3%). Excluding the unfavourable foreign currency translation impact of $3 million, premises expenses increased $9 million (+2%) due to write-offs.
- Technology expenses decreased $498 million (-38%). Excluding a favourable foreign currency translation impact of $5 million and a decrease of $534 million due to software capitalisation changes (comprising $563 million of decreased amortisation for software assets and $29 million increase in expenditure which would otherwise have been capitalised), technology expenses increased $41 million (+5%) driven by higher depreciation and amortisation as well as higher licensing and outsourced services costs.
- Restructuring expenses remained broadly consistent with the first half, increasing $2 million (+1%), reflecting the ongoing reshaping of the workforce in response to its evolving strategy. This includes simplification of the Institutional and Wealth businesses, and simplification and digitisation in Australia, New Zealand, and TSO and Group Centre.
- Other expenses increased $9 million (+1%). Excluding a favourable foreign currency translation impact of $1 million, $2 million due to software capitalisation changes (other expenses that would have otherwise have been capitalised) and the Esanda Dealer Finance divestment, other expenses increased $16 million (+2%) with increased professional fees offsetting lower discretionary expenses.

Technology infrastructure spend

Technology infrastructure spend includes expenditure that develops and enhances the Group's technology infrastructure to meet business and strategic objectives and to improve capability and efficiency.

	Half Year			Full Year		
	Sep 16 $M	Mar 16 $M	Movt	Sep 16 $M	Sep 15 $M	Movt
Expensed investment spend	**254**	272	-7%	**526**	258	large
Capitalised investment spend	**203**	197	3%	**400**	739	-46%
Technology infrastructure spend	**457**	469	-3%	**926**	997	-7%

Comprising	Half Year			Full Year		
	Sep 16 $M	Mar 16 $M	Movt	Sep 16 $M	Sep 15 $M	Movt
Growth	**147**	186	-21%	**333**	438	-24%
Productivity	**84**	87	-3%	**171**	164	4%
Risk and compliance	**114**	115	-1%	**229**	223	3%
Infrastructure and other	**112**	81	38%	**193**	172	12%
Technology infrastructure spend	**457**	469	-3%	**926**	997	-7%

Technology infrastructure spend by division	Half Year			Full Year		
	Sep 16 $M	Mar 16 $M	Movt	Sep 16 $M	Sep 15 $M	Movt
Australia	**131**	143	-8%	**274**	294	-7%
Institutional	**79**	96	-18%	**175**	245	-29%
New Zealand	**38**	37	3%	**75**	67	12%
Asia Retail & Pacific	**3**	4	-25%	**7**	7	0%
Wealth Australia	**24**	45	-47%	**69**	84	-18%
TSO and Group Centre	**182**	144	26%	**326**	300	9%
Technology infrastructure spend	**457**	469	-3%	**926**	997	-7%

Digitisation is central to ANZ's business operations by reshaping how ANZ works and providing technology that enables better solutions for customers. The Group's aim is to create a digital bank; one that allows us to streamline operations such that we deliver fast, easy and innovative solutions for our customers while also reducing the operational complexity of the organisation and thereby improving productivity and reducing risk. ANZ has invested in digital across the Group, delivering multichannel platforms that have global capabilities covering aspects like employee mobility, products (goMoney™ and MobilePay), security systems and more intuitive internet banking.

Australia division delivered its key digital foundations with the go-live of multi-channel platforms during 2016, enabling a consistent digital experience and is now focussing on continuous delivery of digital channels to improve both customer and banker experience. Investment is also continuing in simplification initiatives such as Banker Desktop which is simplifying branch processes through digitisation to enhance banker productivity.

Institutional investment focused on the multi-year development of Asia payments & collections functionality and Markets capabilities, scaling and optimising infrastructure to connect with more customers and provide seamless value. Significant investment continued in risk and compliance projects to meet increasing regulatory requirements across the region.

New Zealand has introduced new digital services for customers including Apple Pay™, goMoney™ Wallet for Android users and self-service funds transfers for KiwiSaver on internet banking.

Wealth Australia investment has focused on strategic growth initiatives to help customers better connect with, protect and grow their financial well-being. These initiatives include digital platforms, such as Grow by ANZ™, that better connect customers to their wealth.

TSO and Group Centre is investing in common platforms to drive transformation of key business activities, improve customer experience and drive down cost to serve. Investment continues in Payments Transformation to provide competitive payment services for our customers and Global Loan Management System to further transform wholesale lending capabilities.

- **September 2016 v September 2015**

  During the September 2016 financial year, the Group continued to invest strongly with spend of $926 million. The $71 million (-7%) decrease compared to September 2015 reflects lower spend in Institutional and Wealth Australia based on revised strategies for these businesses and project delivery optimisation initiatives aimed at speeding up the delivery of projects.

- **September 2016 v March 2016**

  The September 2016 half reflects a $12 million decrease (-3%) as project delivery optimisation initiatives flow through to the project portfolio. A number of programs also completed in March 2016 half, including MCP Mobile, Next Best Conversation, Banker Desktop (Credit Cards and Deposits) and anz.com Redesign in Australia, Asia Payments and Collections Functionality, Foundation Core-India Implementation and Liquidity Management in Institutional.

Software capitalisation

As at 30 September 2016, the Group's intangible assets included $2,202 million in relation to costs incurred in acquiring and developing software. Details are set out in the table below:

	Half Year			Full Year		
	Sep 16 $M	**Mar 16 $M**	**Movt**	**Sep 16 $M**	**Sep 15 $M**	**Movt**
Balance at start of period	**2,249**	2,893	-22%	**2,893**	2,533	14%
Software capitalised during the period	**222**	209	6%	**431**	807	-47%
Amortisation during the period						
- Current period amortisation	**(255)**	(245)	4%	**(500)**	(542)	-8%
- Accelerated amortisation	**-**	(556)	-100%	**(556)**	-	n/a
Software impaired/written-off	**(25)**	(2)	large	**(27)**	(17)	59%
Foreign exchange differences	**11**	(50)	large	**(39)**	112	large
Total capitalised software	**2,202**	2,249	-2%	**2,202**	2,893	-24%

Capitalised cost analysis by Division	Half Year			Full Year		
	Sep 16 $M	**Mar 16 $M**	**Movt**	**Sep 16 $M**	**Sep 15 $M**	**Movt**
Australia	**46**	56	-18%	**102**	214	-52%
Institutional	**28**	40	-30%	**68**	177	-62%
New Zealand	**5**	1	large	**6**	46	-87%
Wealth Australia	**-**	-	n/a	**-**	47	-100%
Asia Retail & Pacific	**4**	9	-56%	**13**	18	-28%
TSO and Group Centre	**139**	103	35%	**242**	305	-21%
Total	**222**	209	6%	**431**	807	-47%

Net book value by Division	Half Year			Full Year		
	Sep 16 $M	**Mar 16 $M**	**Movt**	**Sep 16 $M**	**Sep 15 $M**	**Movt**
Australia	**488**	514	-5%	**488**	628	-22%
Institutional	**780**	847	-8%	**780**	1,059	-26%
New Zealand	**23**	19	21%	**23**	73	-68%
Wealth Australia	**20**	23	-13%	**20**	111	-82%
Asia Retail & Pacific	**63**	66	-5%	**63**	79	-20%
TSO and Group Centre	**828**	780	6%	**828**	943	-12%
Total	**2,202**	2,249	-2%	**2,202**	2,893	-24%

The Group changed the application of its accounting policy for the capitalisation of expenditure on internally generated software assets effective from 1 October 2015. The change aligns the accounting policy for software assets with the rapidly changing technology landscape and the Group's evolving digital strategy by increasing the threshold for capitalisation of software development costs, reflecting the increasingly shorter useful life of smaller items of software, and directly expensing more project related costs.

The change does not affect the total investment in technology but does affect the timing of recognition of costs in the income statement. The impact of the change on the September 2016 full year was:

- Accelerated amortisation of $556 million (September half: nil; March half: $556 million) relating to software assets where the original cost was below the revised threshold at 1 October 2015. This brings forward amortisation which otherwise would have been recognised in future periods, of which $183 million (September half: $95 million; March half: $88 million) would have been recognised in the September 2016 full year (i.e. the full year amortisation charge increased by $373 million).
- Higher operating expenses of $370 million (September half: $209 million; March half: $161 million) relating to software development costs which otherwise would have been capitalised and amortised in future periods.

The change in capitalised software treatment has no impact on regulatory capital ratios.

Credit risk

	Full Year			Full Year			Movement		
	Sep 16			Sep 15			Sep 16 v. Sep 15		
Division	Individual charge $M	Collective charge $M	Total charge $M	Individual charge $M	Collective charge $M	Total charge $M	Individual charge %	Collective charge %	Total charge %
Australia	898	22	920	761	91	852	18%	-76%	8%
Institutional	774	(33)	741	206	(8)	198	large	large	large
New Zealand	104	16	120	54	1	55	93%	large	large
Asia Retail & Pacific	163	11	174	86	12	98	90%	-8%	78%
TSO and Group Centre	-	1	1	3	(1)	2	-100%	large	-50%
Total	**1,939**	**17**	**1,956**	**1,110**	**95**	**1,205**	**75%**	**-82%**	**62%**

	Half Year			Half Year			Movement		
	Sep 16			Mar 16			Sep 16 v. Mar 16		
Division	Individual charge $M	Collective charge $M	Total charge $M	Individual charge $M	Collective charge $M	Total charge $M	Individual charge %	Collective charge %	Total charge %
Australia	469	(11)	458	429	33	462	9%	large	-1%
Institutional	435	(17)	418	339	(16)	323	28%	6%	29%
New Zealand	61	17	78	43	(1)	42	42%	large	86%
Asia Retail & Pacific	82	1	83	81	10	91	1%	-90%	-9%
TSO and Group Centre	-	1	1	-	-	-	n/a	n/a	n/a
Total	**1,047**	**(9)**	**1,038**	**892**	**26**	**918**	**17%**	**large**	**13%**

Individual credit impairment charge

	Half Year			Full Year		
	Sep 16 $M	Mar 16 $M	Movt	Sep 16 $M	Sep 15 $M	Movt
New and increased individual credit impairments						
Australia	**623**	600	4%	**1,223**	1,103	11%
Institutional	**490**	354	38%	**844**	315	large
New Zealand	**106**	96	10%	**202**	190	6%
Asia Retail & Pacific	**102**	101	1%	**203**	175	16%
New and increased individual credit impairments	**1,321**	1,151	15%	**2,472**	1,783	39%
Recoveries and write-backs						
Australia	**(154)**	(171)	-10%	**(325)**	(342)	-5%
Institutional	**(55)**	(15)	large	**(70)**	(109)	-36%
New Zealand	**(45)**	(53)	-15%	**(98)**	(136)	-28%
Asia Retail & Pacific	**(20)**	(20)	0%	**(40)**	(89)	-55%
TSO and Group Centre	**-**	-	n/a	**-**	3	-100%
Recoveries and write-backs	**(274)**	(259)	6%	**(533)**	(673)	-21%
Total individual credit impairment charge	**1,047**	892	17%	**1,939**	1,110	75%

- **September 2016 v September 2015**

  The individual credit impairment charge increased $829 million (+75%), driven by increases in new and existing provisions of $689 million (+39%), combined with a $140 million (-21%) reduction in recoveries and write-backs. New and existing provisions increased in the Institutional division from a small number of Australian and multi-national resource related exposures, continued commodity and manufacturing sector weaknesses and the settlement of the Oswal legal dispute. In the Australia division, the increase was predominantly due to growth in Small Business Banking, higher delinquencies in the retail and commercial portfolios in Queensland and Western Australia, and higher write-backs in Corporate Banking in 2015 (not repeated in 2016). In the New Zealand division, the increase was driven by new provisions in the Agri and Commercial portfolios and lower levels of write-backs.

- **September 2016 v March 2016**

  The individual credit impairment charge increased $155 million (+17%), driven by an increase in new and existing provisions of $170 million (+15%), predominantly from the settlement of the Oswal legal dispute. In the Australia division, the increase was in the Retail portfolio, and in the New Zealand division the increase was in the Agri portfolio.

Collective credit impairment charge

Collective credit impairment charge/(release) by source	Half Year Sep 16 $M	Half Year Mar 16 $M	Half Year Movt	Full Year Sep 16 $M	Full Year Sep 15 $M	Full Year Movt
Lending growth	**(59)**	56	large	**(3)**	104	large
Risk profile	**50**	(30)	large	**20**	70	-71%
Economic cycle and concentration risk adjustment	**-**	-	n/a	**-**	(79)	-100%
Total collective credit impairment charge/(release)	**(9)**	26	large	**17**	95	-82%

- **September 2016 v September 2015**

  The collective credit impairment charge decreased $78 million (-82%) due to portfolio contraction in Institutional, lower portfolio growth in Australia division and customer migration from collective to individual provisioning in Institutional, partially offset by release of economic cycle overlay in 2015 not repeated in 2016.

- **September 2016 v March 2016**

  The collective credit impairment charge decreased $35 million from a charge of $26 million to a release of $9 million. The decrease was driven by portfolio contraction in Institutional and lower portfolio growth in Australia division. These decreases were partially offset by a second half charge due to business downgrades in Institutional compared to first half release following customer migration from collective to individual provisioning.

Provision for credit impairment

Division	Full Year Sep 16 Individual provision $M	Full Year Sep 16 Collective provision $M[1]	Full Year Sep 16 Total provision $M	Full Year Sep 15 Individual provision $M	Full Year Sep 15 Collective provision $M[1]	Full Year Sep 15 Total provision $M	Movement Sep 16 v. Sep 15 Individual provision %	Movement Sep 16 v. Sep 15 Collective provision %	Movement Sep 16 v. Sep 15 Total provision %
Australia	606	1,188	1,794	590	1,244	1,834	3%	-5%	-2%
Institutional	566	1,114	1,680	300	1,179	1,479	89%	-6%	14%
New Zealand	117	374	491	139	340	479	-16%	10%	3%
Asia Retail & Pacific	18	196	214	32	190	222	-44%	3%	-4%
TSO and Group Centre	-	4	4	-	3	3	n/a	33%	33%
Total	**1,307**	**2,876**	**4,183**	**1,061**	**2,956**	**4,017**	**23%**	**-3%**	**4%**

Division	Half Year Sep 16 Individual provision $M	Half Year Sep 16 Collective provision $M[1]	Half Year Sep 16 Total provision $M	Half Year Mar 16 Individual provision $M	Half Year Mar 16 Collective provision $M[1]	Half Year Mar 16 Total provision $M	Movement Sep 16 v. Mar 16 Individual provision %	Movement Sep 16 v. Mar 16 Collective provision %	Movement Sep 16 v. Mar 16 Total provision %
Australia	606	1,188	1,794	547	1,204	1,751	11%	-1%	2%
Institutional	566	1,114	1,680	555	1,126	1,681	2%	-1%	0%
New Zealand	117	374	491	114	337	451	3%	11%	9%
Asia Retail & Pacific	18	196	214	22	192	214	-18%	2%	0%
TSO and Group Centre	-	4	4	-	3	3	n/a	33%	33%
Total	**1,307**	**2,876**	**4,183**	**1,238**	**2,862**	**4,100**	**6%**	**0%**	**2%**

1. *The collective provision includes amounts for off-balance sheet credit exposures of $631 million at 30 September 2016 (Mar 2016: $663 million; Sep 2015: $677 million). The impact on the income statement for the full year ended 30 September 2016 was a $32 million release (Mar 2016 half: $3 million charge; Sep 2015 full year: $27 million charge).*

Gross Impaired Assets

	As at			Movement	
	Sep 16 $M	Mar 16 $M	Sep 15 $M	Sep 16 v. Mar 16	Sep 16 v. Sep 15
Impaired loans	**2,646**	2,564	2,441	3%	8%
Restructured items[1]	**403**	226	184	78%	large
Non-performing commitments and contingencies	**124**	93	94	33%	32%
Gross impaired assets	**3,173**	2,883	2,719	10%	17%
Individual provisions					
Impaired loans	**(1,278)**	(1,209)	(1,038)	6%	23%
Non-performing commitments and contingencies	**(29)**	(29)	(23)	0%	26%
Net impaired assets	**1,866**	1,645	1,658	13%	13%
Gross impaired assets by division					
Australia	**1,170**	1,093	1,194	7%	-2%
Institutional	**1,403**	1,281	960	10%	46%
New Zealand	**346**	273	338	27%	2%
Asia Retail & Pacific	**254**	236	227	8%	12%
Gross impaired assets	**3,173**	2,883	2,719	10%	17%
Gross impaired assets by size of exposure					
Less than $10 million	**1,784**	1,597	1,748	12%	2%
$10 million to $100 million	**899**	970	708	-7%	27%
Greater than $100 million	**490**	316	263	55%	86%
Gross impaired assets	**3,173**	2,883	2,719	10%	17%

1. *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 to new facilities with similar risk.*

- **September 2016 v September 2015**

  Gross impaired assets increased $454 million (+17%) primarily driven by Institutional ($443 million) impairments on a small number of Australian and multi-national resource and manufacturing related exposures, along with the Oswal legal dispute. The Group's individual provision coverage ratio on impaired assets was 41.2% at 30 September 2016 (39.0% at 30 September 2015).

- **September 2016 v March 2016**

  Gross impaired assets increased $290 million (+10%) driven by Institutional ($122 million), Australia division ($77 million) and New Zealand division ($73 million). The increase in Institutional relates to impairments on a small number of Australian and multi-national resource and manufacturing related exposures, along with the Oswal legal dispute. The Australia division increase was driven by higher delinquencies in the retail and commercial portfolios in Queensland and Western Australia. In the New Zealand division, the increase is due an increase in impairments in the Agri portfolio. The Group's individual provision coverage ratio on impaired assets was 41.2% at 30 September 2016 (42.9% at 31 March 2016).

New Impaired Assets

	Half Year			Full Year		
	Sep 16 $M	Mar 16 $M	Movt	Sep 16 $M	Sep 15 $M	Movt
Impaired loans	**1,610**	1,657	-3%	**3,267**	2,848	15%
Restructured items	**193**	81	large	**274**	30	large
Non-performing commitments and contingencies	**41**	46	-11%	**87**	102	-15%
Total new impaired assets	**1,844**	1,784	3%	**3,628**	2,980	22%
New impaired assets by division						
Australia	**927**	777	19%	**1,704**	1,618	5%
Institutional	**498**	652	-24%	**1,150**	760	51%
New Zealand	**290**	194	49%	**484**	368	32%
Asia Retail & Pacific	**129**	161	-20%	**290**	234	24%
Total new impaired assets	**1,844**	1,784	3%	**3,628**	2,980	22%

- **September 2016 v September 2015**

New impaired assets increased $648 million (+22%) with increases in Institutional ($390 million) related to a small number of Australian and multi-national resource related exposures and continued commodity and manufacturing sector weaknesses. The New Zealand division increase ($116 million) is driven by the deterioration in the Agri portfolio. The increase in Australia division ($86 million) was predominantly driven by delinquencies in Queensland and Western Australia.

- **September 2016 v March 2016**

New impaired assets increased $60 million (+3%) with increases in Australia division ($150 million) and New Zealand division ($96 million), partially offset by a decrease in Institutional ($154 million). The increase in Australia division is due to the deterioration in the Retail, Regional Business Banking and Asset Finance portfolios. The increase in New Zealand division is due to the deterioration in the Agri portfolio.

	As at			Movement	
Ageing analysis of net loans and advances that are past due but not impaired[1]	**Sep 16 $M**	**Mar 16 $M**	**Sep 15 $M**	**Sep 16 v. Mar 16**	**Sep 16 v. Sep 15**
1-5 days	**3,361**	3,048	2,785	10%	21%
6-29 days	**4,605**	5,820	5,071	-21%	-9%
30-59 days	**1,910**	2,292	1,732	-17%	10%
60-89 days	**1,070**	1,193	992	-10%	8%
>90 days	**2,703**	2,573	2,378	5%	14%
Total	**13,649**	14,926	12,958	-9%	5%

1. *Greater granularity in past due loans has resulted in comparative information being restated accordingly.*

- **September 2016 v September 2015**

The 90 days past due but not impaired increased $325 million (+14%), primarily driven by Australia division due to Home Loans portfolio growth and portfolio deterioration in Queensland and Western Australia.

- **September 2016 v March 2016**

The 90 days past due but not impaired increased $130 million (+5%), primarily driven by Australia division due to Home Loans portfolio growth and portfolio deterioration in Queensland and Western Australia.

Income tax expense

	Half Year			Full Year		
	Sep 16 $M	**Mar 16 $M**	**Movt**	**Sep 16 $M**	**Sep 15 $M**	**Movt**
Income tax expense on cash profit	**1,166**	1,133	3%	**2,299**	2,724	-16%
Effective tax rate (cash profit)	**27.2%**	28.9%		**28.0%**	27.4%	

- **September 2016 v September 2015**

The effective tax rate increased from 27.4% to 28.0%. The increase of 60 bps is primarily due to the impairment of our investment in Ambank and a lower average tax rate on decreased offshore earnings, partially offset by an increased release of tax provisions. In addition, 2015 included a one off favourable Wealth Australia tax consolidation benefit.

- **September 2016 v March 2016**

The effective tax rate decreased from 28.9% to 27.2%. The decrease of 170 bps is primarily due to the impairment of our investment in Ambank in the March half. The September half included increased release of tax provisions offset by lower earnings from equity accounted associates.

Impact of foreign currency translation

The following tables present the Group's cash profit results and net loans and advances neutralised for the impact of foreign currency translation. Comparative data has been adjusted to remove the translation impact of foreign currency movements by retranslating prior period comparatives at current period foreign exchange rates.

Cash Profit - September 2016 Full Year vs September 2015 Full Year

	Full Year				Movement		
	Actual	FX unadjusted	FX impact	FX adjusted	FX unadjusted	FX impact	FX adjusted
	Sep 16 $M	Sep 15 $M	Sep 15 $M	Sep 15 $M	Sep 16 v. Sep 15	Sep 16 v. Sep 15	Sep 16 v. Sep 15
Net interest income	**15,095**	14,616	96	14,712	3%	0%	3%
Other operating income	**5,482**	5,921	225	6,146	-7%	4%	-11%
Operating income	**20,577**	20,537	321	20,858	0%	1%	-1%
Operating expenses	**(10,422)**	(9,378)	(114)	(9,492)	11%	1%	10%
Profit before credit impairment and income tax	**10,155**	11,159	207	11,366	-9%	2%	-11%
Credit impairment charge	**(1,956)**	(1,205)	(9)	(1,214)	62%	1%	61%
Profit before income tax	**8,199**	9,954	198	10,152	-18%	1%	-19%
Income tax expense	**(2,299)**	(2,724)	(56)	(2,780)	-16%	1%	-17%
Non-controlling interests	**(11)**	(14)	(1)	(15)	-21%	6%	-27%
Cash profit	**5,889**	7,216	141	7,357	-18%	2%	-20%

Cash Profit by Division - September 2016 Full Year vs September 2015 Full Year

	Full Year				Movement		
	Actual	FX unadjusted	FX impact	FX adjusted	FX unadjusted	FX impact	FX adjusted
	Sep 16 $M	Sep 15 $M	Sep 15 $M	Sep 15 $M	Sep 16 v. Sep 15	Sep 16 v. Sep 15	Sep 16 v. Sep 15
Australia	**3,573**	3,413	-	3,413	5%	0%	5%
Institutional	**1,057**	1,967	26	1,993	-46%	1%	-47%
New Zealand	**1,267**	1,254	6	1,260	1%	0%	1%
Wealth Australia	**327**	428	-	428	-24%	0%	-24%
Asia Retail & Pacific	**152**	139	4	143	9%	3%	6%
TSO and Group Centre	**(487)**	15	105	120	large	large	large
Cash profit by division	**5,889**	7,216	141	7,357	-18%	2%	-20%

Net loans and advances by Division - September 2016 Full Year vs September 2015 Full Year

	As at				Movement		
	Actual	FX unadjusted	FX impact	FX adjusted	FX unadjusted	FX impact	FX adjusted
	Sep 16 $B	Sep 15 $B	Sep 15 $B	Sep 15 $B	Sep 16 v. Sep 15	Sep 16 v. Sep 15	Sep 16 v. Sep 15
Australia	**327.1**	315.1	-	315.1	4%	0%	4%
Institutional	**125.9**	142.2	(4.4)	137.8	-11%	-2%	-9%
New Zealand	**107.9**	97.0	4.8	101.8	11%	5%	6%
Wealth Australia	**2.0**	1.9	-	1.9	5%	0%	5%
Asia Retail & Pacific	**13.4**	14.5	(0.9)	13.6	-8%	-7%	-1%
TSO and Group Centre	**(0.4)**	(0.5)	-	(0.5)	-20%	0%	-20%
Net loans and advances by division[1]	**575.9**	570.2	(0.5)	569.7	1%	0%	1%

1. *Loans and advances as at 30 September 2015 include Esanda Dealer Finance assets divested to Macquarie Group Limited in the March 2016 half.*

Cash Profit - September 2016 Half Year vs March 2016 Half Year

	Half Year				Movement		
	Actual	FX unadjusted	FX impact	FX adjusted	FX unadjusted	FX impact	FX adjusted
	Sep 16 $M	Mar 16 $M	Mar 16 $M	Mar 16 $M	Sep 16 v. Mar 16	Sep 16 v. Mar 16	Sep 16 v. Mar 16
Net interest income	**7,527**	7,568	(7)	7,561	-1%	-1%	0%
Other operating income	**2,734**	2,748	(25)	2,723	-1%	-1%	0%
Operating income	**10,261**	10,316	(32)	10,284	-1%	-1%	0%
Operating expenses	**(4,943)**	(5,479)	35	(5,444)	-10%	-1%	-9%
Profit before credit impairment and income tax	**5,318**	4,837	3	4,840	10%	0%	10%
Credit impairment charge	**(1,038)**	(918)	7	(911)	13%	-1%	14%
Profit before income tax	**4,280**	3,919	10	3,929	9%	0%	9%
Income tax expense	**(1,166)**	(1,133)	(6)	(1,139)	3%	1%	2%
Non-controlling interests	**(7)**	(4)	-	(4)	75%	0%	75%
Cash profit	**3,107**	2,782	4	2,786	12%	0%	12%

Cash Profit by Division - September 2016 Half Year vs March 2016 Half Year

	Half Year				Movement		
	Actual	FX unadjusted	FX impact	FX adjusted	FX unadjusted	FX impact	FX adjusted
	Sep 16 $M	Mar 16 $M	Mar 16 $M	Mar 16 $M	Sep 16 v. Mar 16	Sep 16 v. Mar 16	Sep 16 v. Mar 16
Australia	**1,794**	1,779	-	1,779	1%	0%	1%
Institutional	**425**	632	(7)	625	-33%	-1%	-32%
New Zealand	**626**	641	12	653	-2%	2%	-4%
Wealth Australia	**159**	168	-	168	-5%	0%	-5%
Asia Retail & Pacific	**95**	57	(1)	56	67%	-3%	70%
TSO and Group Centre	**8**	(495)	-	(495)	large	0%	large
Cash profit by division	**3,107**	2,782	4	2,786	12%	0%	12%

Net loans and advances by Division - September 2016 Half Year vs March 2016 Half Year

	As at				Movement		
	Actual	FX unadjusted	FX impact	FX adjusted	FX unadjusted	FX impact	FX adjusted
	Sep 16 $B	Mar 16 $B	Mar 16 $B	Mar 16 $B	Sep 16 v. Mar 16	Sep 16 v. Mar 16	Sep 16 v. Mar 16
Australia	**327.1**	321.4	-	321.4	2%	0%	2%
Institutional	**125.9**	125.6	0.9	126.5	0%	0%	0%
New Zealand	**107.9**	99.2	5.7	104.9	9%	6%	3%
Wealth Australia	**2.0**	1.9	-	1.9	5%	0%	5%
Asia Retail & Pacific	**13.4**	13.9	0.2	14.1	-4%	1%	-5%
TSO and Group Centre	**(0.4)**	(0.2)	-	(0.2)	100%	0%	100%
Net loans and advances by division[1]	**575.9**	561.8	6.8	568.6	3%	2%	1%

1. *Loans and advances as at 30 September 2015 include Esanda Dealer Finance assets divested to Macquarie Group Limited in the March 2016 half.*

Earnings related hedges

The Group has taken out economic hedges against larger foreign exchange denominated revenue streams (primarily New Zealand Dollar, US Dollar and US Dollar correlated). New Zealand Dollar exposure relates to the New Zealand geography and USD exposure relates to APEA. Details of these hedges are set out below.

	Half Year		Full Year	
NZD Economic hedges	**Sep 16 $M**	**Mar 16 $M**	**Sep 16 $M**	**Sep 15 $M**
Net open NZD position (notional principal)[1]	**3,161**	3,119	**3,161**	3,567
Amount taken to income (pre-tax statutory basis)[2]	**(172)**	(2)	**(174)**	(52)
Amount taken to income (pre-tax cash basis)[3]	**(6)**	(2)	**(8)**	(85)
USD Economic hedges				
Net open USD position (notional principal)[1]	**-**	85	**-**	352
Amount taken to income (pre-tax statutory basis)[2]	**(3)**	24	**21**	(170)
Amount taken to income (pre-tax cash basis)[3]	**(24)**	(34)	**(58)**	(138)

1. *Value in AUD at contracted rate.*
2. *Unrealised valuation movement plus realised revenue from matured or closed out hedges.*
3. *Realised revenue from closed hedges.*

As at 30 September 2016, the following hedges are in place to partially hedge future earnings against adverse movements in exchange rates:

- NZD 3.5 billion at a forward rate of approximately NZD 1.10 / AUD.

During the September 2016 full year:

- NZD 1.8 billion of economic hedges matured and a realised loss of $8 million (pre-tax) was recorded in cash profit.
- USD 0.3 billion of economic hedges matured and a realised loss of $58 million (pre-tax) was recorded in cash profit.
- An unrealised loss of $87 million (pre-tax) on the outstanding NZD and USD economic hedges was recorded in the statutory income statement during the year. This unrealised loss has been treated as an adjustment to statutory profit in calculating cash profit as these are hedges of future NZD and USD revenues.

During the September 2016 half year:

- NZD 0.8 billion of economic hedges matured and a realised loss of $6 million (pre-tax) was recorded in cash profit.
- USD 0.2 billion of economic hedges matured and a realised loss of $24 million (pre-tax) was recorded in cash profit.
- An unrealised loss of $145 million (pre-tax) on the outstanding NZD and USD economic hedges was recorded in the statutory income statement during the second half. This unrealised loss has been treated as an adjustment to statutory profit in calculating cash profit as these are hedges of future NZD and USD revenues.

Earnings per share

	Half Year			Full Year		
	Sep 16 $M	**Mar 16 $M**	**Movt**	**Sep 16 $M**	**Sep 15 $M**	**Movt**
Cash earnings per share (cents)						
Basic	**106.7**	95.9	11%	**202.6**	260.3	-22%
Diluted	**102.0**	90.7	12%	**194.1**	247.0	-21%
Cash weighted average number of ordinary shares (M)[1]						
Basic	**2,911.6**	2,901.4	0%	**2,906.2**	2,771.4	5%
Diluted	**3,192.6**	3,229.5	-1%	**3,187.0**	3,032.2	5%
Cash profit ($M)	**3,107**	2,782	12%	**5,889**	7,216	-18%
Preference share dividends ($M)	**-**	-	n/a	**-**	(1)	-100%
Cash profit less preference share dividends ($M)	**3,107**	2,782	12%	**5,889**	7,215	-18%
Diluted cash profit less preference share dividends ($M)	**3,257**	2,929	11%	**6,186**	7,489	-17%

1 *Includes Treasury shares held in Wealth Australia as the associated gains and losses are included in cash profit.*

Dividends

	Half Year			Full Year		
Dividend per ordinary share (cents)	**Sep 16 $M**	**Mar 16 $M**	**Movt**	**Sep 16 $M**	**Sep 15 $M**	**Movt**
Interim (fully franked)	-	80	n/a	80	86	-7%
Final (fully franked)[1]	80	-	n/a	80	95	-16%
Total (fully franked)	80	80	0%	160	181	-12%
Ordinary share dividends used in payout ratio ($M)[2]	2,342	2,334	0%	4,676	5,137	-9%
Cash profit ($M)	3,107	2,782	12%	5,889	7,216	-18%
Less: Preference share dividends paid[3]	-	-	n/a	-	(1)	-100%
Ordinary share dividend payout ratio (cash basis)[2]	75.4%	83.9%		79.4%	71.2%	

1 *2016 final dividend is proposed.*

2 *The September 2016 half year dividend payout ratio is calculated using the proposed 2016 final dividend of $2,342 million, which is based on the forecast number of ordinary shares on issue at the dividend record date. Dividend payout ratios for the March 2016 half and the September 2015 full year are calculated using actual dividend paid of $2,334 million and $5,137 million respectively. Dividend payout ratio is calculated by adjusting profit attributable to shareholders of the company by the amount of preference share dividends paid.*

3 *Represents dividends paid on Euro Trust Securities (preference shares) issued on 13 December 2004. The Euro Trust Securities were bought back by ANZ for cash at face value and cancelled on 15 December 2014.*

The Directors propose that a final dividend of 80 cents be paid on each eligible fully paid ANZ ordinary share on 16 December 2016. The proposed 2016 final 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.

Economic profit

	Half Year			Full Year		
	Sep 16 $M	**Mar 16 $M**	**Movt**	**Sep 16 $M**	**Sep 15 $M**	**Movt**
Statutory profit attributable to shareholders of the Company	2,971	2,738	9%	5,709	7,493	-24%
Adjustments between statutory profit and cash profit	136	44	large	180	(277)	large
Cash Profit	3,107	2,782	12%	5,889	7,216	-18%
Economic credit cost adjustment	23	(71)	large	(48)	(493)	-90%
Imputation credits	592	568	4%	1,160	1,320	-12%
Economic return	3,722	3,279	14%	7,001	8,043	-13%
Cost of capital	(2,847)	(2,876)	-1%	(5,723)	(5,168)	11%
Economic profit	875	403	large	1,278	2,875	-56%

Economic profit is a risk adjusted profit measure used to evaluate business unit performance and is considered in determining the variable component of remuneration packages. This is used for internal management purposes and is not subject to review or audit by the external auditor.

Economic profit is calculated via a series of adjustments to cash profit. The economic credit cost adjustment replaces the actual credit loss charge with internal expected loss based on the average loss per annum on the portfolio over an economic cycle. The benefit of imputation credits to our shareholders is recognised, measured at 70% of Australian tax. The cost of capital is a major component of economic profit. At an ANZ Group level, this is calculated using average ordinary shareholders' equity (excluding non-controlling interests), multiplied by a cost of capital rate (10%) plus the dividend on preference shares. At a business unit level, capital is allocated based on economic capital, whereby higher risk businesses attract higher levels of capital. This method is designed to help drive appropriate risk management and ensure business returns align with the relevant risk. Key risks covered include credit risk, operating risk, market risk and other risks.

Economic profit decreased $1,597 million (-56%) on the September 2015 full year due to a 18% decrease in cash profit and a 11% increase in cost of capital from higher capital levels partially offset by a lower economic credit cost adjustment reflecting higher credit impairment charges.

Economic profit increased $472 million on the March 2016 half due to a 12% increase in cash profit and lower economic credit cost adjustment reflecting higher credit impairment charges.

Condensed balance sheet

	As at			Movement	
Assets	**Sep 16 $B**	**Mar 16 $B**	**Sep 15 $B**	**Sep 16 v. Mar 16**	**Sep 16 v. Sep 15**
Cash / Settlement balances owed to ANZ / Collateral paid	**83.3**	88.0	82.5	-5%	1%
Trading and available-for-sale assets	**110.3**	100.5	92.7	10%	19%
Derivative financial instruments	**87.5**	88.7	85.6	-1%	2%
Net loans and advances[1]	**575.9**	561.8	570.2	3%	1%
Investment backing policy liabilities	**35.7**	34.5	34.8	3%	3%
Other	**22.2**	21.8	24.1	2%	-8%
Total assets	**914.9**	895.3	889.9	2%	3%
Liabilities					
Settlement balances owed by ANZ / Collateral received	**17.0**	20.2	19.1	-16%	-11%
Deposits and other borrowings	**588.2**	578.1	570.8	2%	3%
Derivative financial instruments	**88.7**	91.7	81.3	-3%	9%
Debt issuances	**91.1**	81.9	93.7	11%	-3%
Policy liabilities and external unit holder liabilities	**39.5**	38.4	38.7	3%	2%
Other	**32.5**	28.5	28.9	14%	12%
Total liabilities	**857.0**	838.8	832.5	2%	3%
Total equity	**57.9**	56.5	57.4	2%	1%

1. *Loans and advances as at 30 September 2015 include Esanda Dealer Finance assets divested to Macquarie Group Limited in the March 2016 half.*

- **September 2016 v September 2015**
  - Trading and available-for-sale assets increased $17.6 billion (+19%). Adjusting for a $1.5 billion decrease due to foreign currency translation, the $19.1 billion increase was driven by increased liquidity portfolio holdings due to balance sheet growth, and the reclassification of the BoT investment as an available-for-sale asset upon cessation of equity accounting.
  - Derivative financial assets increased $1.9 billion (+2%) and derivative financial liabilities increased $7.4 billion (+9%) respectively as foreign exchange rate and interest rate movements resulted in higher derivative fair values.
  - Net loans and advances increased $5.7 billion (+1%). Adjusting for a $0.5 billion decrease due to foreign currency translation, the $6.2 billion increase is primarily driven by $12.0 billion increase in Australia division due to growth in Home Loans and Business Lending, $6.1 billion increase in New Zealand division reflecting growth across both the housing and non-housing portfolios, partially offset by a $11.8 billion decrease in Institutional division as a result of the strategic repositioning of that business to improve capital efficiency and returns.
  - Deposits and other borrowings increased $17.4 billion (+3%). Adjusting for a $5.9 billion decrease due to foreign currency translation, the $23.3 billion increase is primarily driven by $10.7 billion growth in Institutional deposits from banks and certificates of deposits, $10.3 billion increase in Australia division due to growth in term deposits and home loan offset balances and $5.1 billion increase in New Zealand division primarily driven by customer deposits.
  - Total equity increased $0.5 billion (+1%) primarily due to $5.7 billion profits generated over the year, partially offset by the payment (net of dividend reinvestment) of the 2015 final and 2016 interim dividends of $5.0 billion.

- **September 2016 v March 2016**
  - Trading and available-for-sale assets increased $9.8 billion (+10%). Adjusting for a $0.9 billion increase due to foreign currency translation, the $8.9 billion increase was driven by increased liquidity portfolio holdings due to balance sheet growth.
  - Net loans and advances increased $14.1 billion (+3%). Adjusting for a $6.8 billion increase due to foreign currency translation, the $7.3 billion increase is primarily driven by $5.6 billion increase in Australia division due to growth in Home Loans and Business Lending, $3.0 billion increase in New Zealand division reflecting growth across both the housing and non-housing portfolios, partially offset by a $0.6 billion decrease in Institutional division as a result of the strategic repositioning of that business to improve capital efficiency and returns.
  - Deposits and other borrowings increased $10.1 billion (+2%). Adjusting for a $7.1 billion increase due to foreign currency translation, the $3.0 billion increase is driven by an increase in Australia division term deposits.
  - Debt issuances increased $9.2 billion (+11%). Adjusting for a $1.0 billion increase due to foreign currency translation, the $8.2 billion increase is driven by new debt issuance in Australia, US and New Zealand.
  - Total equity increased $1.4 billion (+2%) primarily due to $3.0 billion profits generated over the year and an increase in the foreign currency translation reserve of $0.6 billion, partially offset by the payment (net of dividend reinvestment) of the 2016 interim dividend of $2.3 billion.

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations as they fall due, including repaying depositors or maturing wholesale debt, or that the Group has insufficient capacity to fund increases in assets. The timing mismatch of cash flows and the related liquidity risk is inherent in all banking operations and is closely monitored by the Group and managed in accordance with the risk appetite set by the Board.

The Group's approach to liquidity risk management incorporates two key components:

- **Scenario modelling of funding sources**

  ANZ's liquidity risk appetite is defined by the ability to meet a range of regulatory requirements and internal liquidity metrics mandated by the Board. The metrics cover a range of scenarios of varying duration and level of severity. This framework:

  - Provides protection against shorter-term extreme market dislocations and stresses.
  - Maintains structural strength in the balance sheet by ensuring an appropriate amount of longer-term assets are funded with longer-term funding.
  - Ensures no undue timing concentrations exist in the Group's funding profile.

  A key component of this framework is the Liquidity Coverage Ratio (LCR), which is a severe short term liquidity stress scenario mandated under APRA regulatory requirements. As part of meeting the LCR requirements, ANZ has a Committed Liquidity Facility (CLF) with the Reserve Bank of Australia (RBA). The CLF has been established as a solution to a High Quality Liquid Asset (HQLA) shortfall in the Australian marketplace and provides an alternative form of RBA-qualifying liquid assets. The total amount of the CLF available to a qualifying ADI is set annually by APRA.

- **Liquid assets**

  The Group holds a portfolio of high quality unencumbered liquid assets in order to protect the Group's liquidity position in a severely stressed environment, as well as to meet regulatory requirements. High quality liquid assets comprise three categories, with the definitions consistent with Basel 3 LCR:

  - Highest-quality liquid assets (HQLA1): Cash, highest credit quality government, central bank or public sector securities eligible for repurchase with central banks to provide same-day liquidity.
  - High-quality liquid assets (HQLA2): High credit quality government, central bank or public sector securities, high quality corporate debt securities and high quality covered bonds eligible for repurchase with central banks to provide same-day liquidity.
  - Alternative liquid assets (ALA): Assets qualifying as collateral for the CLF and eligible securities listed by the Reserve Bank of New Zealand (RBNZ).

  The Group monitors and manages the composition of liquid assets to ensure diversification by asset class, counterparty, currency and tenor. Minimum levels of liquid assets held are set annually based on a range of ANZ specific and general market liquidity stress scenarios such that potential cash flow obligations can be met over the short to medium term, and holdings are appropriate to existing and future business activities, regulatory requirements and in line with the approved risk appetite.

	Half Year Average			Movement	
	Sep 16 $B	**Mar 16 $B**	**Sep 15 $B**	**Sep 16 v. Mar 16**	**Sep 16 v. Sep 15**
Market Values Post Discount[1]					
HQLA1[2]	**119.7**	117.2	98.2	2%	22%
HQLA2	**4.1**	3.3	3.1	24%	32%
Internal Residential Mortgage Backed Securities (Australia)[2]	**35.3**	35.1	37.9	1%	-7%
Internal Residential Mortgage Backed Securities (New Zealand)[3]	**1.2**	1.5	1.3	-20%	-8%
Other ALA[4]	**17.7**	18.6	17.4	-5%	2%
Total Liquid Assets	**178.0**	175.7	157.9	1%	13%
Cash flows modelled under stress scenario					
Cash outflows	**182.9**	181.0	170.2	1%	7%
Cash inflows	**40.2**	42.1	42.6	-5%	-6%
Net cash outflows	**142.7**	138.9	127.6	3%	12%
Liquidity Coverage Ratio[5]	**125%**	126%	124%	-1%	1%

1. *Half year average basis, calculated as prescribed per APRA Prudential Regulatory Standard (APS 210 Liquidity) and consistent with APS 330 requirements.*
2. *RBA open repo arrangement netted down from CLF, with a corresponding increase in HQLA.*
3. *New Zealand LCR surplus is excluded from NZ internal RMBS, consistent with APS 330 treatment.*
4. *Comprised of assets qualifying as collateral for the CLF, excluding internal RMBS, up to approved facility limit; and any liquid assets contained in the RBNZ's Liquidity Policy - Annex: Liquidity Assets - Prudential Supervision Department Document BS13A12.*
5. *All currency Group LCR.*

Funding

ANZ targets a diversified funding base, avoiding undue concentrations by investor type, maturity, market source and currency.

$32.1 billion of term wholesale debt (excluding Additional Tier 1 Capital) with a remaining term greater than one year as at 30 September 2016 was issued during the year ended 30 September 2016 (2015: $18.8 billion). The weighted average tenor of new term debt was 5.5 years (Sep 15: 4.9 years). In addition, $2.9 billion of Additional Tier 1 Capital issuance took place during the financial year.

The following tables show the Group's total funding composition:

	As at			Movement	
	Sep 16 $M	Mar 16 $M	Sep 15 $M	Sep 16 v. Mar 16	Sep 16 v. Sep 15
Customer deposits and other liabilities[1]					
Australia	**187,640**	184,202	177,293	2%	6%
Institutional	**171,122**	176,126	183,040	-3%	-7%
New Zealand	**72,818**	67,951	64,890	7%	12%
Wealth Australia	**343**	362	367	-5%	-7%
Asia Retail & Pacific	**22,814**	23,534	24,355	-3%	-6%
TSO and Group Centre[1]	**(5,114)**	(5,397)	(5,361)	-5%	-5%
Customer deposits	**449,623**	446,778	444,584	1%	1%
Other funding liabilities[2]	**14,531**	16,127	14,346	-10%	1%
Total customer liabilities (funding)	**464,154**	462,905	458,930	0%	1%
Wholesale funding[3]					
Debt issuances[4]	**91,080**	81,947	93,347	11%	-2%
Subordinated debt	**21,964**	17,557	17,009	25%	29%
Certificates of deposit	**61,429**	65,077	63,446	-6%	-3%
Commercial paper	**19,349**	21,065	22,987	-8%	-16%
Other wholesale borrowings[5,6]	**65,442**	56,391	44,558	16%	47%
Total wholesale funding	**259,264**	242,037	241,347	7%	7%
Shareholders' Equity (excl. preference shares)	**57,927**	56,464	57,353	3%	1%
Total Funding	**781,345**	761,406	757,630	3%	3%

	As at			Movement	
	Sep 16 $M	Mar 16 $M	Sep 15 $M	Sep 16 v. Mar 16	Sep 16 v. Sep 15
Funded Assets					
Other short term assets & trade finance assets[7]	**65,800**	68,015	78,879	-3%	-17%
Liquids[6]	**161,302**	147,419	135,496	9%	19%
Short term funded assets	**227,102**	215,434	214,375	5%	6%
Lending & fixed assets[8]	**554,243**	545,972	543,255	2%	2%
Total Funded Assets	**781,345**	761,406	757,630	3%	3%
Funding Liabilities[3,4,6]					
Other short term liabilities	**48,806**	40,360	27,863	21%	75%
Short term funding[9]	**69,028**	73,559	73,261	-6%	-6%
Term funding < 12 months[9]	**23,668**	22,224	28,138	6%	-16%
Other customer and central bank deposits[1,10]	**79,597**	87,632	88,288	-9%	-10%
Total short term funding liabilities	**221,099**	223,775	217,550	-1%	2%
Stable customer deposits[1,11]	**402,146**	392,151	387,988	3%	4%
Term funding > 12 months	**90,708**	81,589	87,316	11%	4%
Shareholders' equity and hybrid debt	**67,392**	63,891	64,776	5%	4%
Total Stable Funding	**560,246**	537,631	540,080	4%	4%
Total Funding	**781,345**	761,406	757,630	3%	3%

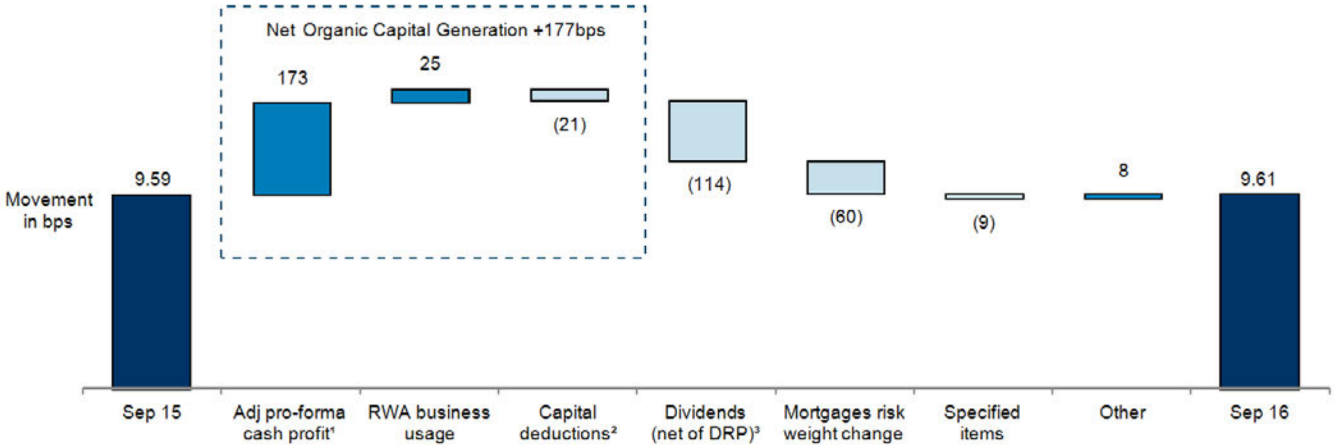
1. *Includes term deposits, other deposits and an adjustment recognised in Group Centre to eliminate Wealth Australia investments in ANZ deposit products.*
2. *Includes interest accruals, payables and other liabilities, provisions and net tax provisions, excluding other liabilities in Wealth Australia.*
3. *Excludes liability for acceptances as they do not provide net funding.*
4. *Excludes term debt issued externally by Wealth Australia which matured during the September 2016 full year.*
5. *Includes borrowings from banks, net derivative balances, special purpose vehicles and other borrowings.*
6. *RBA open-repo arrangement netted down by the exchange settlement account cash balance.*
7. *Includes short-dated assets such as trading securities, available-for-sale securities, trade dated assets and trade finance loans.*
8. *Excludes trade finance loans.*
9. *Prior periods restated to reclassify items between Short term funding and Term funding <12 months.*
10. *Total customer liabilities (funding) plus Central Bank deposits less Stable customer deposits.*
11. *Stable customer deposits represent operational type deposits or those sourced from retail / business / corporate customers and the stable component of Other funding liabilities.*

Capital Management

	As at					
	APRA Basel 3			Internationally Comparable Basel 3[1]		
	Sep 16	Mar 16	Sep 15	Sep 16	Mar 16	Sep 15
Capital Ratios						
Common Equity Tier 1	**9.6%**	9.8%	9.6%	**14.5%**	14.0%	13.2%
Tier 1	**11.8%**	11.6%	11.3%	**17.4%**	16.2%	15.3%
Total capital	**14.3%**	13.7%	13.3%	**20.7%**	18.7%	17.8%
Risk weighted assets ($B)	**408.6**	388.3	401.9	**316.4**	317.8	332.1

1. *Internationally Comparable methodology aligns with APRA's information paper entitled "International Capital Comparison Study" (13 July 2015).*

APRA Basel 3 Common Equity Tier 1 (CET1) – September 2016 v September 2015



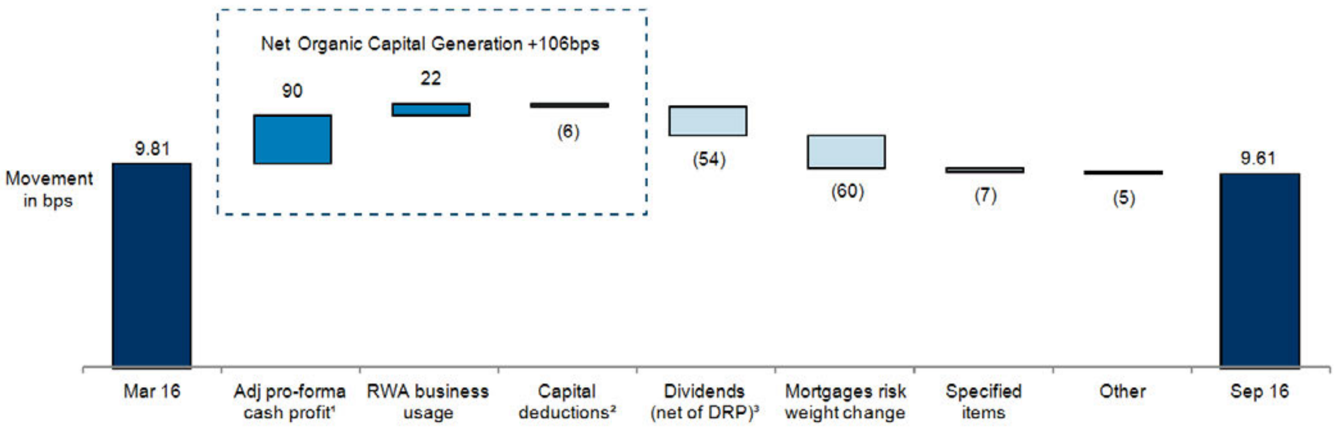
1. *Excludes specified items. Refer to page 16 for further details.*
2. *Capital deductions represent the movement in retained earnings in deconsolidated entities, capitalised software (excluding accounting changes relating to the capitalisation of internally generated software assets), EL versus EP shortfall and other intangibles in the period.*
3. *19.4 million ordinary shares were issued under the Dividend Reinvestment Plan and Bonus Option Plan for the 2016 interim and 2015 final dividends.*

- **September 2016 v September 2015**

  ANZ's CET1 ratio increased 2 bps to 9.6% during the year. Key drivers of the movement in the CET1 ratio were:

  - Net organic capital generation was +177 bps or $7.2 billion. This was primarily driven by cash profit (excluding specified items) and a net reduction in underlying RWA growth (excluding regulatory changes and other one-offs) which collectively provided +198 bps to the CET1 ratio, partially offset by other business capital deductions of -21 bps. Throughout the September 2016 full year, RWA reduction was primarily driven by a $21.1 billion decrease in Institutional Credit RWAs from a reduction in lending, due to strategic repositioning of that business.
  - Payment of the March 2016 Interim and September 2015 Final Dividends (net of shares issued under the DRP) reduced the CET1 ratio by -114 bps.
  - The increased capital requirements for Australian residential mortgage exposures reduced the CET1 ratio by -60 bps and specified items reduced the ratio by a further -9 bps. Other items increased CET1 by +8 bps reflecting the Esanda Dealer Finance divestment (+16 bps), repayment of the remaining $400 million tranche of ANZ Wealth Australia Limited debt in March 2016 (-10 bps) as well as other factors such as RWA measurement changes, movement in non-cash earnings and net foreign currency translation.

APRA Basel 3 Common Equity Tier 1 (CET1) – September 2016 v March 2016



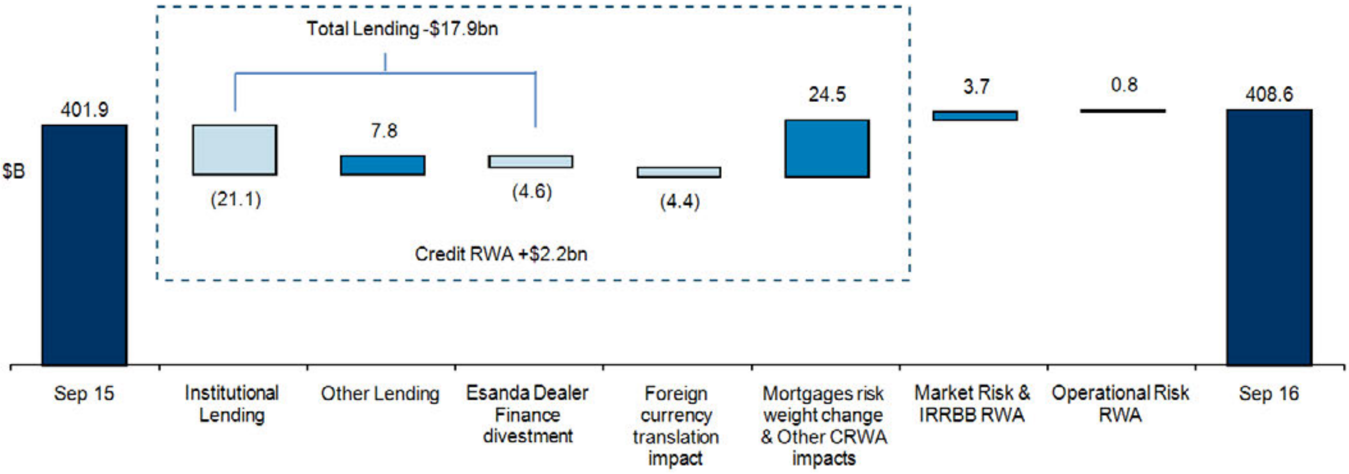
1. *Excludes specified items. Refer to page 16 for further details.*
2. *Capital deductions represent the movement in retained earnings in deconsolidated entities, capitalised software (excluding accounting changes relating to the capitalisation of internally generated software assets), EL versus EP shortfall and other intangibles in the period.*
3. *9.7 million ordinary shares were issued under the Dividend Reinvestment Plan and Bonus Option Plan for the 2016 interim dividend.*

- **September 2016 v March 2016**

ANZ's CET1 ratio decreased 20 bps to 9.6% during the September half. Key drivers of the movement in the CET1 ratio were:

- Net organic capital generation was +106 bps or $4.1 billion. This was primarily driven by cash profit (excluding specified items) and a net reduction in underlying RWA growth (excluding regulatory changes and other one-offs) which collectively provided +112 bps to the CET1 ratio, partially offset by other business capital deductions of -6 bps. The RWA reduction was mainly driven by an $11.9 billion decrease in Institutional Credit RWAs from a reduction in lending, due to strategic repositioning of that business.
- Payment of the March 2016 Interim Dividend (net of shares issued under the DRP) reduced the CET1 ratio by -54 bps.
- The increased capital requirements for Australian residential mortgage exposures reduced the CET1 ratio by -60 bps and specified items reduced the ratio by a further -7 bps. Other items decreased CET1 by -5 bps reflecting movement in non-cash earnings, other net impacts from RWA measurement changes and net foreign currency translation.

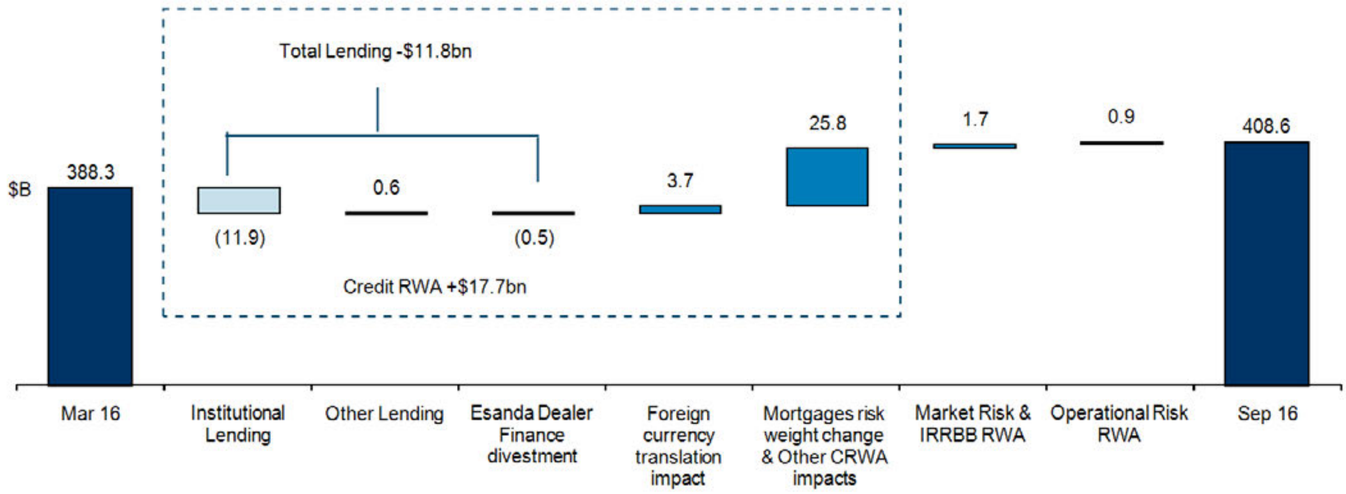
Total Risk Weighted Assets (RWA) – September 2016 v September 2015



- **September 2016 v September 2015**

ANZ's total RWA increased by $6.7 billion during the year driven by higher Traded Market and IRRBB RWAs of $3.7 billion and Credit RWAs of $2.2 billion. Excluding the impact of foreign currency exchange translation and the higher capital requirements for Australian mortgages of $25.9 billion, Credit RWAs decreased by $19.3 billion primarily driven by a decline in Institutional lending ($21.1 billion), the Esanda Dealer Finance divestment ($4.6 billion), partially offset by lending growth in retail and commercial and other residual impacts of $6.4 billion.

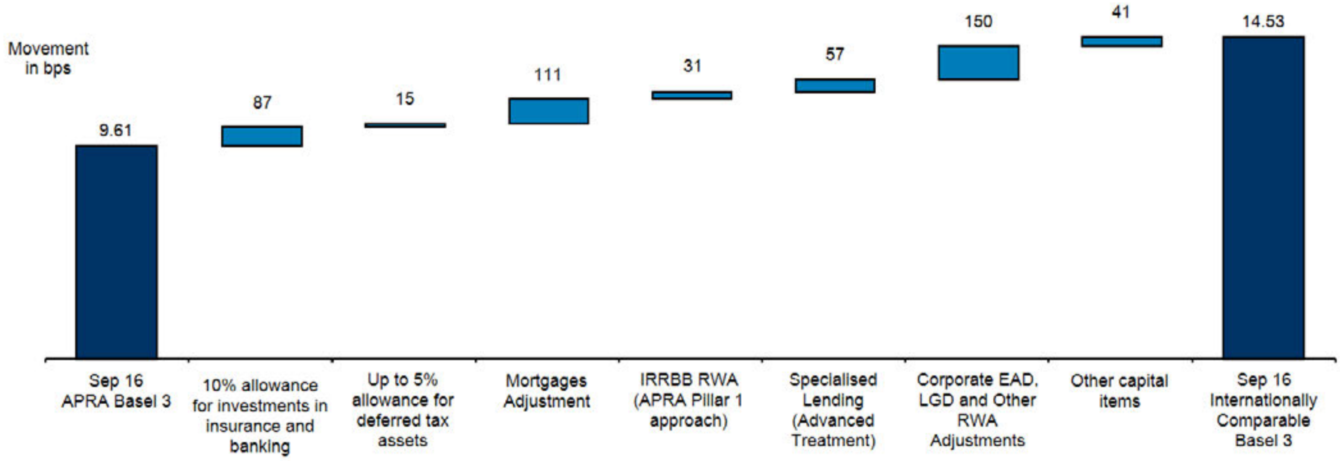
Total Risk Weighted Assets (RWA) – September 2016 v March 2016



- **September 2016 v March 2016**

ANZ's total RWA increased by $20.3 billion. Excluding the impact of foreign currency translation and higher capital requirements for Australian mortgages of $25.9 billion, Credit RWAs decreased by $11.9 billion primarily driven by a decline in Institutional lending due to the strategic repositioning of that business.

APRA to Internationally Comparable[1] Common Equity Tier 1 (CET1) as at 30 September 2016



1. *ANZ's interpretation of the regulations documented in the Basel Committee publications; "Basel 3: A global regulatory framework for more resilient banks and banking systems" (June 2011) and "International Convergence of Capital Measurement and Capital Standards" (June 2006). Also includes differences identified in APRA's information paper entitled "International Capital Comparison Study" (13 July 2015).*

The above provides a reconciliation of the CET1 ratio under APRA's Basel 3 prudential capital standards to Internationally Comparable Basel 3 standards. APRA views the Basel 3 reforms as a minimum requirement and hence has not incorporated some of the concessions proposed in the Basel 3 rules and has also set higher requirements in other areas. As a result, Australian banks' Basel 3 reported capital ratios will not be directly comparable with international peers. The International Comparable Basel 3 CET1 ratio incorporates differences between APRA and both the Basel Committee Basel 3 framework (including differences identified in the March 2014 Basel Committee's Regulatory Consistency Assessment Programme (RCAP) on Basel 3 implementation in Australia) and its application in major offshore jurisdictions.

The material differences between APRA's Basel 3 and Internationally Comparable Basel 3 ratios include:

Deductions

- Investment in insurance and banking associates – APRA requires full deduction against CET1. On an Internationally Comparable basis, these investments are subject to a concessional threshold before a deduction is required.
- Deferred tax assets – A full deduction is required from CET1 for deferred tax assets (DTA) relating to temporary differences. On an Internationally Comparable basis, this is first subject to a concessional threshold before the deduction is required.

Risk Weighted Assets (RWA)

- IRRBB RWA – APRA requires inclusion of Interest Rate Risk in the Banking Book (IRRBB) within the RWA base for the CET1 ratio calculation. This is not required on an Internationally Comparable basis.
- Mortgages RWA – APRA imposes a floor of 20% on the downturn Loss Given Default (LGD) used in credit RWA calculations for residential mortgages. Additionally, from July 2016, APRA also requires a higher correlation factor above the Basel framework 15% requirement in order to raise the average risk weighting of Australian residential mortgages to at least 25%. The Internationally Comparable Basel 3 framework only requires a downturn LGD floor of 10% and a correlation factor of 15%.
- Specialised Lending - APRA requires the supervisory slotting approach to be used in determining credit RWA for specialised lending exposures. The Internationally Comparable basis allows for the advanced internal ratings based approach to be used when calculating RWA for these exposures.
- Unsecured Corporate Lending LGD – Adjustment to align ANZ's unsecured corporate lending LGD to 45% to be consistent with banks in other jurisdictions. The 45% LGD rate is also used in the Foundation Internal Ratings-Based approach (FIRB).
- Undrawn Corporate Lending Exposure at Default (EAD) – To adjust ANZ's credit conversion factors (CCF) for undrawn corporate loan commitments to 75% (used in FIRB approach) to align with banks in other jurisdictions.

Leverage Ratio

At 30 September 2016, the Group's APRA Leverage Ratio was 5.3% which is above the 3% minimum currently proposed by the BCBS. APRA has not finalised a minimum leverage ratio requirement for Australian ADIs. The following table summarises the Group's Leverage Ratio calculation:

	As at			Movement	
	Sep 16 $M	Mar 16 $M	Sep 15 $M	Sep 16 v. Mar 16	Sep 16 v. Sep 15
Tier 1 Capital (net of capital deductions)	**48,285**	**45,062**	**45,484**	7%	6%
On-balance sheet exposures (excluding derivatives and securities financing transaction exposures)	**744,359**	733,935	733,756	1%	1%
Derivative exposures	**30,600**	30,542	38,115	0%	-20%
Securities financing transaction (SFT) exposures	**31,417**	21,420	17,297	47%	82%
Other off-balance sheet exposures	**98,460**	102,953	107,817	-4%	-9%
Total exposure measure	**904,836**	**888,850**	**896,985**	**2%**	**1%**
APRA Leverage Ratio[1]	**5.3%**	**5.1%**	**5.1%**	**5%**	**5%**
Internationally Comparable Leverage Ratio[1]	**6.0%**	**5.7%**	**5.7%**	**5%**	**5%**

1. *Leverage ratio includes Additional Tier 1 securities subject to Basel 3 transitional relief, net of any transitional adjustments.*

- **September 2016 v September 2015**

  ANZ's leverage ratio increased +27 bps during the year mainly driven by benefits from the net issuance of $2.1 billion of Additional Tier 1 capital instruments and capital generation from cash earnings (net of dividend payments). This was partially offset by increased holdings of High Quality Liquid Assets and lending growth in Australian mortgages, which contributed to growth in the exposure measure.

- **September 2016 v March 2016**

  ANZ's leverage ratio increased +27 bps in the September half mainly driven by benefits from the net issuance of $2.1 billion of Additional Tier 1 capital instruments and capital generation from cash earnings (net of dividend payments). This was partially offset by increased holdings of High Quality Liquid Assets which contributed to growth in the exposure measure.

Other regulatory developments

- **Financial System Inquiry (FSI)**

  The Australian Government completed a comprehensive inquiry into Australia's financial system and the FSI final report was released on 7 December 2014. The contents of the report are wide-ranging and key recommendations that may have an impact on regulatory capital levels include:

  - Setting capital standards such that Australian Authorised Deposit-taking Institutions' (ADIs) capital ratios are unquestionably strong;
  - Raising the average internal ratings-based (IRB) mortgage risk weight to narrow the difference between average mortgage risk-weight for ADIs using IRB models and those using standardised risk weights;
  - Implementing a framework for minimum loss absorbing and recapitalisation capacity in line with emerging international practice;
  - Developing a common reporting template that improves the transparency and comparability of capital ratios of Australian ADIs; and
  - Introducing a leverage ratio that acts as a backstop to ADIs risk-based capital requirements, in line with the Basel framework.

  APRA responded to parts of the FSI inquiry with the following announcements made in connection to the key recommendations:

  - In July 2015, APRA released an information paper entitled "International capital comparison study" (APRA Study) which supported the FSI's recommendation that the capital ratios of Australian ADIs should be unquestionably strong. In an update to the APRA study published in July 2016, APRA acknowledged that the relative capital positions of major Australian ADIs have improved since July 2015 and are now broadly consistent with the benchmark suggested by the FSI. The results of the APRA Study will inform but not determine APRA's approach for setting capital adequacy requirements.
  - Effective 1 July 2016, APRA has required increased capital holdings for Australian residential mortgage exposures by ADIs accredited to use the internal ratings-based (IRB) approach to credit risk. These new requirements increased the average risk weighting for mortgage portfolios to at least 25%. For ANZ, the impact is a -60 bps reduction to the 30 September 2016 CET1 ratio. Ahead of the increased capital requirements for Australian residential mortgages ANZ raised $3.2 billion of ordinary share capital during the last quarter of 2015. Furthermore, APRA will also require refinements to residential mortgages risk models which will take effect in the financial year 2017. The exact impact of the model refinements has not been confirmed, pending review and approval from APRA. However, any change is expected to increase the average credit risk weighting of ANZ's residential mortgages exposures to be within the 25% to 30% range.
  - Reporting of the Leverage Ratio commenced from 1 July 2015. However, APRA have yet to announce details of the minimum requirement which will apply to impacted Australian ADIs.

The Australian Government released its response to the FSI in October 2015 which agrees with all of the above capital related recommendations. The Australian Government supports and endorses APRA to implement the recommendations. However, apart from the above, APRA has not made any announcements on the other key recommendations. Therefore, the final outcomes from the FSI, including any impacts and the timing of these impacts on ANZ remain uncertain.

- **Net Stable Funding Ratio (NSFR)**

  The Basel 3 NSFR standard was released in October 2014. APRA released their NSFR consultation packages and draft standards in March and September 2016 which confirmed that the NSFR will become a minimum requirement on 1 January 2018. In the draft standards, APRA also proposed that they may require an ADI to maintain a higher minimum than the stated 100% NSFR minimum where APRA considers it appropriate to do so. As part of managing future liquidity requirements, ANZ monitors the NSFR in its internal reporting and believe the Group is well placed to meet this requirement by the implementation date.

- **Level 3 Conglomerates (Level 3)**

  APRA is extending its prudential supervision framework to Conglomerate Groups via the Level 3 framework which will regulate a bancassurance group such as ANZ as a single economic entity with minimum capital requirements and additional monitoring of risk exposure levels.

  In August 2016, APRA confirmed the deferral of capital requirements for Conglomerate Groups until 2019 at the earliest, to allow for the final capital requirements arising from FSI recommendations as well as from international initiatives that are in progress.

  The non-capital components of the Level 3 framework relating to group governance, risk exposures, intragroup transactions and other risk management and compliance requirements will become effective on 1 July 2017. ANZ is not expecting any material impact on its operations based upon the current version of these standards.

- **Current Proposals from the Basel Committee on Banking Supervision (BCBS) on RWA**

  As part of the BCBS agenda to simplify RWA measurement and reduce their variability amongst banks, the BCBS has issued a number of consultation documents associated with:

  - Standardised approach to RWA for credit risk;
  - Revisions to Standardise Measurement Approach to Operational Risk;
  - Fundamental Review of the Trading Book;
  - Interest Rate Risk in the Banking Book;
  - Framework on the imposition of capital floors based on standardised RWA approaches; and
  - Additional constraints on the use of internal models for credit RWA.

  Apart from the review of the Trading Book standard which has been finalised, BCBS is still currently consulting with the industry on the other proposals. The impacts of these changes on ANZ are subject to the final form of these BCBS proposals that APRA will implement for Australian ADIs.

CONTENTS

Divisional Results

Divisional Performance

The Group operates on a divisional structure with six divisions: Australia, Institutional, New Zealand, Wealth Australia, Asia Retail & Pacific and Technology Services & Operations ("TSO") and Group Centre. This divisional structure reflects the changes announced by the Group in March 2016 relating to the former Global Wealth division. These changes included repositioning the New Zealand funds management and insurance businesses to the New Zealand division, as well as reorganising the Private Bank business along geographic lines under the Australia, New Zealand and Asia Retail & Pacific divisions. The residual Global Wealth business has been renamed Wealth Australia. Comparative information has been restated.

In addition, certain structured finance businesses within Markets and Transaction Banking were transferred to Loans & Specialised Finance during the September 2016 half. Comparative information has been restated. The TSO organisational changes announced in September 2016 will not take effect until 1 October 2016. For further information on the composition of divisions refer to the Definitions on page 125.

Other than those described above, there have been no significant structural changes. However, certain prior period comparatives have been restated to align with current period presentation due to continued realignment of support functions.

The Divisional Results section is reported on a cash profit basis.

AUD M

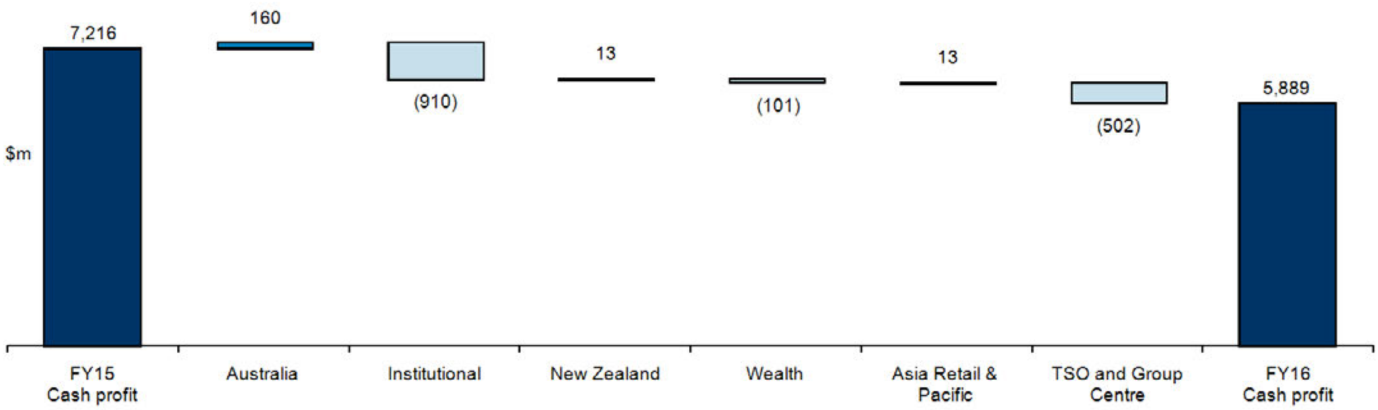
September 2016 Full Year	Australia	Institutional	New Zealand	Wealth Australia	Asia Retail & Pacific	TSO and Group Centre	Group
Net interest income	8,200	3,452	2,451	10	698	284	**15,095**
Other operating income	1,208	1,723	639	1,244	477	191	**5,482**
Operating income	9,408	5,175	3,090	1,254	1,175	475	**20,577**
Operating expenses	(3,389)	(2,935)	(1,225)	(796)	(813)	(1,264)	**(10,422)**
Profit before credit impairment and income tax	6,019	2,240	1,865	458	362	(789)	**10,155**
Credit impairment charge	(920)	(741)	(120)	-	(174)	(1)	**(1,956)**
Profit before income tax	5,099	1,499	1,745	458	188	(790)	**8,199**
Income tax expense and non-controlling interests	(1,526)	(442)	(478)	(131)	(36)	303	**(2,310)**
Cash profit/(loss)	3,573	1,057	1,267	327	152	(487)	**5,889**

September 2015 Full Year	Australia	Institutional	New Zealand	Wealth Australia	Asia Retail & Pacific	TSO and Group Centre	Group
Net interest income	7,698	3,585	2,381	8	643	301	14,616
Other operating income	1,214	2,177	604	1,265	480	181	5,921
Operating income	8,912	5,762	2,985	1,273	1,123	482	20,537
Operating expenses	(3,193)	(2,806)	(1,197)	(751)	(834)	(597)	(9,378)
Profit before credit impairment and income tax	5,719	2,956	1,788	522	289	(115)	11,159
Credit impairment charge	(852)	(198)	(55)	-	(98)	(2)	(1,205)
Profit before income tax	4,867	2,758	1,733	522	191	(117)	9,954
Income tax expense and non-controlling interests	(1,454)	(791)	(479)	(94)	(52)	132	(2,738)
Cash profit/(loss)	3,413	1,967	1,254	428	139	15	7,216

September 2016 Full Year vs September 2015 Full Year

	Australia	Institutional	New Zealand	Wealth Australia	Asia Retail & Pacific	TSO and Group Centre	Group
Net interest income	7%	-4%	3%	25%	9%	-6%	3%
Other operating income	0%	-21%	6%	-2%	-1%	6%	-7%
Operating income	6%	-10%	4%	-1%	5%	-1%	0%
Operating expenses	6%	5%	2%	6%	-3%	large	11%
Profit before credit impairment and income tax	5%	-24%	4%	-12%	25%	large	-9%
Credit impairment charge	8%	large	large	n/a	78%	-50%	62%
Profit before income tax	5%	-46%	1%	-12%	-2%	large	-18%
Income tax expense and non-controlling interests	5%	-44%	0%	39%	-31%	large	-16%
Cash profit/(loss)	5%	-46%	1%	-24%	9%	large	-18%

Cash profit by division – September 2016 full year v September 2015 full year



AUD M

September 2016 Half Year	Australia	Institutional	New Zealand	Wealth Australia	Asia Retail & Pacific	TSO and Group Centre	Group
Net interest income	4,124	1,650	1,244	4	347	158	**7,527**
Other operating income	598	812	327	605	234	158	**2,734**
Operating income	4,722	2,462	1,571	609	581	316	**10,261**
Operating expenses	(1,708)	(1,426)	(630)	(388)	(381)	(410)	**(4,943)**
Profit before credit impairment and income tax	3,014	1,036	941	221	200	(94)	**5,318**
Credit impairment charge	(458)	(418)	(78)	-	(83)	(1)	**(1,038)**
Profit before income tax	2,556	618	863	221	117	(95)	**4,280**
Income tax expense and non-controlling interests	(762)	(193)	(237)	(62)	(22)	103	**(1,173)**
Cash profit/(loss)	1,794	425	626	159	95	8	**3,107**

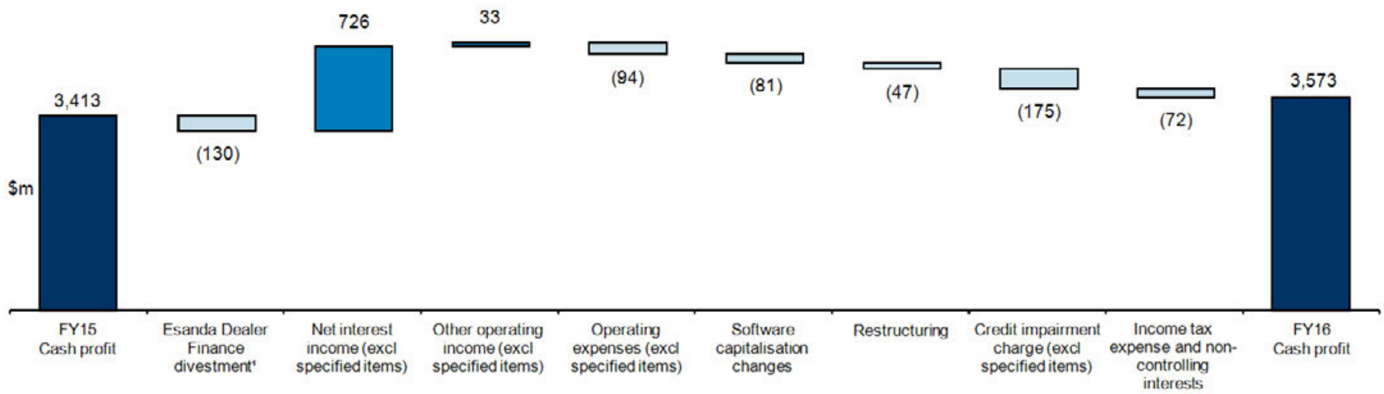
March 2016 Half Year	Australia	Institutional	New Zealand	Wealth Australia	Asia Retail & Pacific	TSO and Group Centre	Group
Net interest income	4,076	1,802	1,207	6	351	126	7,568
Other operating income	610	911	312	639	243	33	2,748
Operating income	4,686	2,713	1,519	645	594	159	10,316
Operating expenses	(1,681)	(1,509)	(595)	(408)	(432)	(854)	(5,479)
Profit before credit impairment and income tax	3,005	1,204	924	237	162	(695)	4,837
Credit impairment charge	(462)	(323)	(42)	-	(91)	-	(918)
Profit before income tax	2,543	881	882	237	71	(695)	3,919
Income tax expense and non-controlling interests	(764)	(249)	(241)	(69)	(14)	200	(1,137)
Cash profit/(loss)	1,779	632	641	168	57	(495)	2,782

September 2016 Half Year vs March 2016 Half Year

	Australia	Institutional	New Zealand	Wealth Australia	Asia Retail & Pacific	TSO and Group Centre	Group
Net interest income	1%	-8%	3%	-33%	-1%	25%	-1%
Other operating income	-2%	-11%	5%	-5%	-4%	large	-1%
Operating income	1%	-9%	3%	-6%	-2%	99%	-1%
Operating expenses	2%	-6%	6%	-5%	-12%	-52%	-10%
Profit before credit impairment and income tax	0%	-14%	2%	-7%	23%	-86%	10%
Credit impairment charge	-1%	29%	86%	n/a	-9%	n/a	13%
Profit before income tax	1%	-30%	-2%	-7%	65%	-86%	9%
Income tax expense and non-controlling interests	0%	-22%	-2%	-10%	57%	-49%	3%
Cash profit/(loss)	1%	-33%	-2%	-5%	67%	large	12%

Australia
Fred Ohlsson

Cash profit – September 2016 Full Year v September 2015 Full Year



1. *The Esanda Dealer Finance divestment had a negative impact of $130 million on Australia division's profit before income tax. This amount is comprised of $224 million of net interest income, $39 million of other operating income, $26 million of operating expenses and $107 million of credit impairment charges.*

Strategic Priorities	2016 Progress Highlights
Create a simpler, better capitalised and better balanced bank: • Reduce operating costs and risks by removing product and management complexity, exiting lower returning and non-core businesses.	• Completed the sale of Esanda Dealer Finance. • Increased operational efficiencies (volume growth +3%, operations costs down 5% year on year). • Optimised branch network and head office functions. • Excluding specified items, cost to income improved from 36.6% to 34.6% year on year.
Focus our efforts on attractive areas: • Provide the best home buying, owning and selling experience. • Make starting, running and growing a small business easier.	• No. 3 Market Share in Home Loans. • Invested in streamlining Home Loan origination, decisioning and fulfilment. • Launched ANZ Business Ready for start-ups. • Invested in NSW which is outperforming other states.
Build a superior everyday experience for our people and customers: • Build more intuitive, engaging and secure channels, particularly mobile and digital. • Automating and digitising to make banking easier for customers and staff.	• First Australian bank to launch Apple Pay™ and Android Pay™. • Rolled out a further 36 digital branches across the network in the year. • Invested in Banker desktop tools to simplify and reduce processing times for customer account applications. • Implementation of multi-channel platform for Australian Retail banking to support improved customer experience.

- **September 2016 v September 2015**

Cash profit increased 5%. Excluding specified items[1], cash profit increased 10% driven by a 9% increase in operating income, partially offset by a 3% increase in operating expenses and a 24% increase in credit impairment charges.

Key factors affecting the result were:

- Net interest income increased $502 million (+7%). Excluding specified items[1], net interest income increased 10%, driven by growth in Home Loans, Business lending and Retail deposits. Net interest margin was stable.
- Other operating income decreased $6 million (0%). Excluding specified items[1], other operating income increased 3% primarily due to fee income growth in Small Business Banking, Home Loans and Deposits and Payments.
- Operating expenses increased $196 million (+6%). Excluding specified items[1], operating expenses increased 3% driven by investments supporting our growth strategy (particularly in priority areas of Home Loans, Small Business and Digital) and wage inflation, partially offset by productivity initiatives that resulted in a 3% decrease in FTE during the year.
- Credit impairment charges increased $68 million (+8%). Excluding specified items[1], credit impairment charges increased by 24%. Individual impairment charges increased $233 million (+36%) predominantly due to growth in Small Business Banking, higher delinquencies in the retail and commercial portfolios in Queensland and Western Australia, and higher write-backs in Corporate Banking in 2015 (not repeated in 2016). The decrease in collective impairment charge of $59 million (-72%) reflects lower growth in Home Loans, Consumer Cards and Commercial in comparison to 2015. The 2015 collective impairment charge also included methodology changes.

- **September 2016 v March 2016**

Cash profit increased 1%. Excluding specified items[1], cash profit increased 2% driven by a 2% increase in operating income partially offset by a 1% increase in operating expenses and flat credit impairment charges.

Key factors affecting the result were:

- Net interest income increased $48 million (+1%). Excluding specified items[1], net interest income increased 2% driven by growth in Home Loans and Business lending. Net interest margin declined 2 bps reflecting the impact of competition on lending and deposit margins.
- Other operating income decreased $12 million (-2%). Excluding specified items[1], other operating income was flat half on half with higher fee income growth in Small Business Banking and Cards, offset by customer remediation provisions raised in the September half.
- Operating expenses increased $27 million (+2%). Excluding specified items[1], operating expenses increased 1% driven by investments supporting our priority growth segments (Home Loans, Small business and Digital), partially offset by productivity initiatives that resulted in a 3% decrease in FTE during the half.
- Credit impairment charges decreased by $4 million (-1%). Excluding specified items[1], credit impairment charges were flat half on half. The increase in individual impairment charges of $44 million (+11%) was mainly due to seasonal factors in Retail. The decrease in the collective impairment charge of $45 million (-132%) reflects slower growth in Home Loans, Personal Loans and Small Business, as well as a methodology change in Commercial.

1 *Specified items relevant to Australia division are the Esanda Dealer Finance divestment, software capitalisation changes and restructuring.*

Australia
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	Half Year			Full Year		
	Sep 16 $M	Mar 16 $M	Movt	Sep 16 $M	Sep 15 $M	Movt
Net interest income	**4,124**	4,076	1%	**8,200**	7,698	7%
Other operating income	**598**	610	-2%	**1,208**	1,214	0%
Operating income	**4,722**	4,686	1%	**9,408**	8,912	6%
Operating expenses	**(1,708)**	(1,681)	2%	**(3,389)**	(3,193)	6%
Profit before credit impairment and income tax	**3,014**	3,005	0%	**6,019**	5,719	5%
Credit impairment charge	**(458)**	(462)	-1%	**(920)**	(852)	8%
Profit before income tax	**2,556**	2,543	1%	**5,099**	4,867	5%
Income tax expense and non-controlling interests	**(762)**	(764)	0%	**(1,526)**	(1,454)	5%
Cash profit	**1,794**	1,779	1%	**3,573**	3,413	5%
Consisting of:						
Retail	**1,228**	1,195	3%	**2,423**	2,118	14%
Corporate & Commercial Banking	**566**	584	-3%	**1,150**	1,295	-11%
Cash profit	**1,794**	1,779	1%	**3,573**	3,413	5%
Balance Sheet						
Net loans and advances[1]	**327,108**	321,436	2%	**327,108**	315,080	4%
Other external assets	**2,932**	3,064	-4%	**2,932**	2,916	1%
External assets	**330,040**	324,500	2%	**330,040**	317,996	4%
Customer deposits	**187,640**	184,202	2%	**187,640**	177,293	6%
Other external liabilities	**11,674**	12,335	-5%	**11,674**	12,394	-6%
External liabilities	**199,314**	196,537	1%	**199,314**	189,687	5%
Risk weighted assets[2]	**157,381**	130,623	20%	**157,381**	129,899	21%
Average gross loans and advances	**326,138**	318,960	2%	**322,549**	302,069	7%
Average deposits and other borrowings	**185,159**	181,050	2%	**183,104**	170,857	7%
Ratios						
Return on assets	**1.10%**	1.11%		**1.10%**	1.13%	
Net interest margin	**2.54%**	2.56%		**2.55%**	2.55%	
Operating expenses to operating income	**36.2%**	35.9%		**36.0%**	35.8%	
Operating expenses to average assets	**1.04%**	1.05%		**1.05%**	1.05%	
Individual credit impairment charge/(release)	**469**	429	9%	**898**	761	18%
Individual credit impairment charge/(release) as a % of average GLA	**0.29%**	0.27%		**0.28%**	0.25%	
Collective credit impairment charge/(release)	**(11)**	33	large	**22**	91	-76%
Collective credit impairment charge/(release) as a % of average GLA	**(0.01%)**	0.02%		**0.01%**	0.03%	
Gross impaired assets	**1,170**	1,093	7%	**1,170**	1,194	-2%
Gross impaired assets as a % of GLA	**0.36%**	0.34%		**0.36%**	0.38%	
Total full time equivalent staff (FTE)	**8,864**	9,198	-4%	**8,864**	9,161	-3%

1. *Loans and advances as at 30 September 2015 include Esanda Dealer Finance assets divested to Macquarie Group Limited in the March 2016 half.*
2. *Risk weighted assets at 30 September 2016 includes APRA's revised average mortgage risk weight targets.*

Australia
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Individual credit impairment charge/(release)	Half Year			Full Year		
	Sep 16 $M	Mar 16 $M	Movt	Sep 16 $M	Sep 15 $M	Movt
Retail	**235**	**200**	**18%**	**435**	**354**	**23%**
Home Loans	36	17	large	53	16	large
Cards and Personal Loans	189	172	10%	361	318	14%
Deposits and Payments[1]	10	11	-9%	21	20	5%
Private Bank	-	-	n/a	-	-	n/a
Corporate & Commercial Banking[3]	**234**	**229**	**2%**	**463**	**407**	**14%**
Corporate Banking	14	19	-26%	33	(18)	large
Asset Finance[3]	42	44	-5%	86	193	-55%
Regional Business Banking	51	53	-4%	104	55	89%
Business Banking	25	20	25%	45	46	-2%
Small Business Banking	102	93	10%	195	131	49%
Individual credit impairment charge	**469**	**429**	**9%**	**898**	**761**	**18%**

Collective credit impairment charge/(release)	Half Year			Full Year		
	Sep 16 $M	Mar 16 $M	Movt	Sep 16 $M	Sep 15 $M	Movt
Retail	**6**	**23**	**-74%**	**29**	**43**	**-33%**
Home Loans	6	15	-60%	21	26	-19%
Cards and Personal Loans	3	5	-40%	8	13	-38%
Deposits and Payments[2]	(3)	3	large	-	5	-100%
Private Bank	-	-	n/a	-	(1)	-100%
Corporate & Commercial Banking[3]	**(17)**	**10**	**large**	**(7)**	**48**	**large**
Corporate Banking	3	-	n/a	3	(12)	large
Asset Finance[3]	3	2	50%	5	21	-76%
Regional Business Banking	(7)	(3)	large	(10)	6	large
Business Banking	(11)	3	large	(8)	8	large
Small Business Banking	(5)	8	large	3	25	-88%
Collective credit impairment charge	**(11)**	**33**	**large**	**22**	**91**	**-76%**
Total credit impairment charge	**458**	**462**	**-1%**	**920**	**852**	**8%**

1. *Represents individual credit impairment charge/(release) on overdraft balances.*
2. *Represents collective credit impairment charge/(release) on overdraft balances.*
3. *The September 2016 full year includes the impact from Esanda Dealer Finance portfolio to the date of divestment.*

Australia

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Net loans and advances	As at			Movement	
	Sep 16 $M	Mar 16 $M	Sep 15 $M	Sep 16 v. Mar 16	Sep 16 v. Sep 15
Retail	**259,329**	**255,516**	**243,741**	**1%**	**6%**
Home Loans	246,743	242,861	231,206	2%	7%
Cards and Personal Loans	11,020	11,151	11,049	-1%	0%
Deposits and Payments[1]	95	91	78	4%	22%
Private Bank	1,471	1,413	1,408	4%	4%
Corporate & Commercial Banking[4]	**67,779**	**65,920**	**71,339**	**3%**	**-5%**
Corporate Banking	14,004	12,800	12,996	9%	8%
Asset Finance[4]	8,384	8,802	15,917	-5%	-47%
Regional Business Banking	14,284	13,879	13,827	3%	3%
Business Banking	15,536	15,375	14,249	1%	9%
Small Business Banking	15,571	15,064	14,350	3%	9%
Net loans and advances	**327,108**	**321,436**	**315,080**	**2%**	**4%**

Customer deposits	As at			Movement	
	Sep 16 $M	Mar 16 $M	Sep 15 $M	Sep 16 v. Mar 16	Sep 16 v. Sep 15
Retail	**135,135**	**131,515**	**126,446**	**3%**	**7%**
Home Loans[2]	24,131	23,619	21,861	2%	10%
Cards and Personal Loans	246	228	258	8%	-5%
Deposits and Payments	102,592	99,238	96,314	3%	7%
Private Bank	8,166	8,430	8,013	-3%	2%
Corporate & Commercial Banking	**52,505**	**52,687**	**50,847**	**0%**	**3%**
Corporate Banking[3]	2,915	3,067	3,162	-5%	-8%
Regional Business Banking	5,836	6,209	5,739	-6%	2%
Business Banking	10,416	10,941	10,157	-5%	3%
Small Business Banking	33,338	32,470	31,789	3%	5%
Customer deposits	**187,640**	**184,202**	**177,293**	**2%**	**6%**

1. *Net loans and advances for the Deposits and Payments business represent amounts in overdraft.*
2. *Customer deposit amounts for the Home Loans business represent balances in offset accounts.*
3. *Some Corporate Banking deposits are included in Institutional Division deposits.*
4. *Loans and advances as at 30 September 2015 include Esanda Dealer Finance assets divested to Macquarie Group Limited in the March 2016 half.*

Australia
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AUD M

September 2016 Full Year	Retail	C&CB[1]	Australia Total
Net interest income	5,474	2,726	**8,200**
Other operating income	787	421	**1,208**
Operating income	6,261	3,147	**9,408**
Operating expenses	(2,343)	(1,046)	**(3,389)**
Profit before credit impairment and income tax	3,918	2,101	**6,019**
Credit impairment (charge)/release	(464)	(456)	**(920)**
Profit before income tax	3,454	1,645	**5,099**
Income tax expense and non-controlling interests	(1,031)	(495)	**(1,526)**
Cash profit	2,423	1,150	**3,573**
Individual credit impairment charge/(release)	435	463	**898**
Collective credit impairment charge/(release)	29	(7)	**22**
Net loans and advances	259,329	67,779	**327,108**
Customer deposits	135,135	52,505	**187,640**
Risk weighted assets[2]	93,279	64,102	**157,381**

September 2015 Full Year			
Net interest income	4,788	2,910	7,698
Other operating income	774	440	1,214
Operating income	5,562	3,350	8,912
Operating expenses	(2,153)	(1,040)	(3,193)
Profit before credit impairment and income tax	3,409	2,310	5,719
Credit impairment (charge)/release	(397)	(455)	(852)
Profit before income tax	3,012	1,855	4,867
Income tax expense and non-controlling interests	(894)	(560)	(1,454)
Cash profit	2,118	1,295	3,413
Individual credit impairment charge/(release)	354	407	761
Collective credit impairment charge/(release)	43	48	91
Net loans and advances	243,741	71,339	315,080
Customer deposits	126,446	50,847	177,293
Risk weighted assets[2]	63,349	66,550	129,899

September 2016 Full Year vs September 2015 Full Year			
Net interest income	14%	-6%	7%
Other operating income	2%	-4%	0%
Operating income	13%	-6%	6%
Operating expenses	9%	1%	6%
Profit before credit impairment and income tax	15%	-9%	5%
Credit impairment (charge)/release	17%	0%	8%
Profit before income tax	15%	-11%	5%
Income tax expense and non-controlling interests	15%	-12%	5%
Cash profit	14%	-11%	5%
Individual credit impairment charge/(release)	23%	14%	18%
Collective credit impairment charge/(release)	-33%	large	-76%
Net loans and advances	6%	-5%	4%
Customer deposits	7%	3%	6%
Risk weighted assets[2]	47%	-4%	21%

1. *The September 2016 full year includes the contribution from Esanda Dealer Finance portfolio to the date of divestment.*
2. *Risk weighted assets at 30 September 2016 includes APRA's revised average mortgage risk weight targets.*

Australia
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AUD M

September 2016 Half Year	Retail	C&CB[1]	Australia Total
Net interest income	2,771	1,353	**4,124**
Other operating income	390	208	**598**
Operating income	3,161	1,561	**4,722**
Operating expenses	(1,173)	(535)	**(1,708)**
Profit before credit impairment and income tax	1,988	1,026	**3,014**
Credit impairment (charge)/release	(241)	(217)	**(458)**
Profit before income tax	1,747	809	**2,556**
Income tax expense and non-controlling interests	(519)	(243)	**(762)**
Cash profit	1,228	566	**1,794**
Individual credit impairment charge/(release)	235	234	**469**
Collective credit impairment charge/(release)	6	(17)	**(11)**
Net loans and advances	259,329	67,779	**327,108**
Customer deposits	135,135	52,505	**187,640**
Risk weighted assets[2]	93,279	64,102	**157,381**

March 2016 Half Year			
Net interest income	2,703	1,373	4,076
Other operating income	397	213	610
Operating income	3,100	1,586	4,686
Operating expenses	(1,170)	(511)	(1,681)
Profit before credit impairment and income tax	1,930	1,075	3,005
Credit impairment (charge)/release	(223)	(239)	(462)
Profit before income tax	1,707	836	2,543
Income tax expense and non-controlling interests	(512)	(252)	(764)
Cash profit	1,195	584	1,779
Individual credit impairment charge/(release)	200	229	429
Collective credit impairment charge/(release)	23	10	33
Net loans and advances	255,516	65,920	321,436
Customer deposits	131,515	52,687	184,202
Risk weighted assets[2]	66,001	64,622	130,623

September 2016 Half Year vs March 2016 Half Year			
Net interest income	3%	-1%	1%
Other operating income	-2%	-2%	-2%
Operating income	2%	-2%	1%
Operating expenses	0%	5%	2%
Profit before credit impairment and income tax	3%	-5%	0%
Credit impairment (charge)/release	8%	-9%	-1%
Profit before income tax	2%	-3%	1%
Income tax expense and non-controlling interests	1%	-4%	0%
Cash profit	3%	-3%	1%
Individual credit impairment charge/(release)	18%	2%	9%
Collective credit impairment charge/(release)	-74%	large	large
Net loans and advances	1%	3%	2%
Customer deposits	3%	0%	2%
Risk weighted assets[2]	41%	-1%	20%

1. *The March 2016 half includes the contribution from Esanda Dealer Finance portfolio to the date of divestment.*
2. *Risk weighted assets at 30 September 2016 includes APRA's revised average mortgage risk weight targets.*

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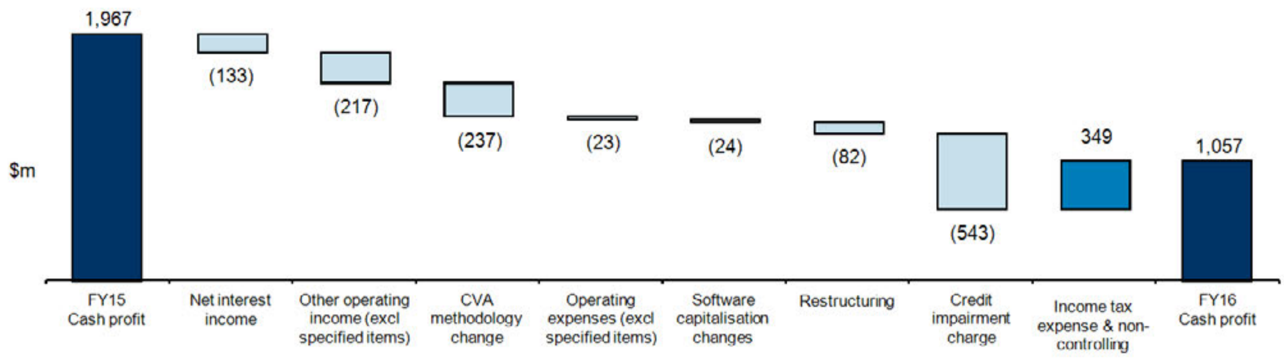
Cash profit – September 2016 Full Year v September 2015 Full Year



Strategic Priorities	2016 Progress Highlights
Create a simpler, better capitalised and better balanced bank: • Simplify and streamline the organisation's structure by delayering and moving decision-making closer to the customer. • Shift from being "everything in every country" to having a targeted focus in each country. Align in-country service levels and product capabilities with each market's unique characteristics. • Reduce CRWAs and lift returns by focusing on priority customers and high returning products. Align product offering to the needs of our target customers.	• 14% FTE reduction in 2016, 16% reduction in senior management, as a result of organisational simplification. • The focus of the geographic footprint has been sharpened, with differentiated roles for each country to support our priority customers and sectors. • $28 billion reduction in CRWAs during 2016.
Focus our efforts on attractive areas: • Focus coverage and capital on customers in priority sectors which are linked to regional flows and home markets where we can carve out a winning position.	• Progress made to exit economically unprofitable clients through a combination of asset sales and run-off. • More efficient coverage model developed to service our priority clients and tailored to each country's role.
Build a superior everyday experience for our people and customers: • Enhance customer and staff experience in order to compete in the digital age. • Consolidate and harmonise our technology platforms.	• Alignment of Cash Management, Trade and Markets platforms is underway to make it easier and faster for customers to do business with us. • Digital transformation plan in place to simplify products and systems, focus on where we add the most value, and enhance connectivity with clients' systems and their customers and suppliers.

- **September 2016 v September 2015**

Cash profit decreased 46%. Excluding specified items[1], cash profit decreased 34% driven by a 10% decrease in other operating income, 4% decrease in net interest income and higher credit impairment charges.

Key factors affecting the result were:

- Net interest income decreased $133 million (-4%) driven by decreases in Markets, Loans and Transaction Banking. Markets net interest income fell due to reduced gold financing and lower Balance Sheet earnings in Asia. The Loans reduction was due to a continued focus on improving capital efficiency and the exit of lower returning business. Net interest margin decreased 7 bps driven by growth in lower margin liquidity portfolios in Markets. Excluding Markets, net interest margin increased 13 bps reflecting the impact of exiting lower returning assets and an improved funding mix.
- Other operating income decreased $454 million (-21%). Excluding specified items[1], other operating income decreased 10%. Loans and Transaction Banking decreased due to the exit of low returning business as well as a slowdown in natural resource related projects. The reduction in Markets was primarily driven by Sales income, due to lower demand for interest rate products and gold financing from Asian customers.
- Operating expenses increased $129 million (+5%). Excluding specified items[1], operating expenses increased 1% reflecting the part year benefit of the 14% FTE reduction arising from productivity and organisational changes.
- Credit impairment charges increased $543 million driven by higher individual impairment charges in Loans and Transaction Banking, reflecting a return to historical averages and the settlement of the Oswal legal dispute.

- **September 2016 v March 2016**

Cash profit decreased 33%. Excluding specified items[1], cash profit decreased 6% driven by an 8% decrease in net interest income and a 29% increase in credit impairment charges, partially offset by a 15% increase in other operating income and a 6% decrease in operating expenses.

Key factors affecting the result were:

- Net interest income decreased $152 million (-8%) driven by a decrease in Markets due to movements in Rates product positions during the period where an offsetting gain is recognised in Markets other operating income; and Loans due to a continued focus on improving capital efficiency and the exit of lower returning business. Net interest margin decreased 4 bps driven by growth in lower margin liquidity portfolios in Markets. Excluding Markets, net interest margin increased 4 bps reflecting the impact of exiting lower returning assets as well as an improved funding mix.
- Other operating income decreased $99 million (-11%). Excluding specified items[1], other operating income increased 15% driven by Markets due to movements in Rates product positions during the period where an offsetting loss is recognised in Markets net interest income, and Balance Sheet trading as credit spreads tightened.
- Operating expenses decreased $83 million (-6%) (-6% excluding specified items[1]) due to a 10% FTE reduction from productivity and organisational changes.
- Credit impairment charges increased $95 million (+29%) mainly due to an increase in individual impairment charges from the settlement of the Oswal legal dispute, partially offset by reduced charges in Transaction Banking.

1 Specified items relevant to Institutional are the derivative CVA methodology change, software capitalisation changes and restructuring.

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	Half Year			Full Year		
	Sep 16 $M	**Mar 16 $M**	**Movt**	**Sep 16 $M**	**Sep 15 $M**	**Movt**
Net interest income	**1,650**	1,802	-8%	**3,452**	3,585	-4%
Other operating income	**812**	911	-11%	**1,723**	2,177	-21%
Operating income	**2,462**	2,713	-9%	**5,175**	5,762	-10%
Operating expenses	**(1,426)**	(1,509)	-6%	**(2,935)**	(2,806)	5%
Profit before credit impairment and income tax	**1,036**	1,204	-14%	**2,240**	2,956	-24%
Credit impairment charge	**(418)**	(323)	29%	**(741)**	(198)	large
Profit before income tax	**618**	881	-30%	**1,499**	2,758	-46%
Income tax expense and non-controlling interests	**(193)**	(249)	-22%	**(442)**	(791)	-44%
Cash profit	**425**	632	-33%	**1,057**	1,967	-46%
Consisting of:						
Transaction Banking	**212**	175	21%	**387**	574	-33%
Loans & Specialised Finance	**120**	264	-55%	**384**	802	-52%
Markets	**187**	193	-3%	**380**	618	-39%
Central Functions	**(94)**	-	n/a	**(94)**	(27)	large
Cash profit	**425**	632	-33%	**1,057**	1,967	-46%
Balance Sheet						
Net loans and advances	**125,940**	125,610	0%	**125,940**	142,196	-11%
Other external assets	**281,475**	275,658	2%	**281,475**	261,308	8%
External assets	**407,415**	401,268	2%	**407,415**	403,504	1%
Customer deposits	**171,122**	176,126	-3%	**171,122**	183,040	-7%
Other deposits and borrowings	**56,341**	48,991	15%	**56,341**	41,855	35%
Deposits and other borrowings	**227,463**	225,117	1%	**227,463**	224,895	1%
Other external liabilities	**121,058**	121,768	-1%	**121,058**	109,584	10%
External liabilities	**348,521**	346,885	0%	**348,521**	334,479	4%
Risk weighted assets	**168,254**	181,889	-7%	**168,254**	197,880	-15%
Average gross loans and advances	**128,480**	138,972	-8%	**133,725**	144,862	-8%
Average deposits and other borrowings	**232,109**	233,729	-1%	**232,919**	229,563	1%
Ratios						
Return on assets	**0.21%**	0.31%		**0.26%**	0.51%	
Net interest margin	**1.11%**	1.15%		**1.13%**	1.20%	
Net interest margin (excluding Markets)	**2.20%**	2.16%		**2.19%**	2.06%	
Operating expenses to operating income	**57.9%**	55.6%		**56.7%**	48.7%	
Operating expenses to average assets	**0.69%**	0.74%		**0.72%**	0.73%	
Individual credit impairment charge/(release)	**435**	339	28%	**774**	206	large
Individual credit impairment charge/(release) as a % of average GLA	**0.68%**	0.49%		**0.58%**	0.14%	
Collective credit impairment charge/(release)	**(17)**	(16)	6%	**(33)**	(8)	large
Collective credit impairment charge/(release) as a % of average GLA	**(0.03%)**	(0.02%)		**(0.02%)**	(0.01%)	
Gross impaired assets	**1,403**	1,281	10%	**1,403**	960	46%
Gross impaired assets as a % of GLA	**1.10%**	1.01%		**1.10%**	0.67%	
Total full time equivalent staff (FTE)	**3,640**	4,044	-10%	**3,640**	4,218	-14%

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Institutional by Geography

	Half Year			Full Year		
Australia	**Sep 16 $M**	**Mar 16 $M**	**Movt**	**Sep 16 $M**	**Sep 15 $M**	**Movt**
Net interest income	**887**	987	-10%	**1,874**	1,987	-6%
Other operating income	**280**	308	-9%	**588**	779	-25%
Operating income	**1,167**	1,295	-10%	**2,462**	2,766	-11%
Operating expenses	**(649)**	(663)	-2%	**(1,312)**	(1,192)	10%
Profit before credit impairment and income tax	**518**	632	-18%	**1,150**	1,574	-27%
Credit impairment (charge)/release	**(181)**	(112)	62%	**(293)**	(17)	large
Profit before income tax	**337**	520	-35%	**857**	1,557	-45%
Income tax expense and non-controlling interests	**(101)**	(157)	-36%	**(258)**	(466)	-45%
Cash profit	**236**	363	-35%	**599**	1,091	-45%
Individual credit impairment charge/(release)	**206**	124	66%	**330**	40	large
Collective credit impairment charge/(release)	**(25)**	(12)	large	**(37)**	(23)	61%
Net loans and advances	**65,938**	63,867	3%	**65,938**	64,784	2%
Customer deposits	**65,361**	66,634	-2%	**65,361**	65,875	-1%
Risk weighted assets	**80,629**	87,904	-8%	**80,629**	89,433	-10%
Asia Pacific, Europe, and America						
Net interest income	**575**	657	-12%	**1,232**	1,313	-6%
Other operating income	**487**	543	-10%	**1,030**	1,064	-3%
Operating income	**1,062**	1,200	-12%	**2,262**	2,377	-5%
Operating expenses	**(697)**	(757)	-8%	**(1,454)**	(1,439)	1%
Profit before credit impairment and income tax	**365**	443	-18%	**808**	938	-14%
Credit impairment (charge)/release	**(223)**	(207)	8%	**(430)**	(164)	large
Profit before income tax	**142**	236	-40%	**378**	774	-51%
Income tax expense and non-controlling interests	**(53)**	(57)	-7%	**(110)**	(207)	-47%
Cash profit	**89**	179	-50%	**268**	567	-53%
Individual credit impairment charge/(release)	**208**	212	-2%	**420**	152	large
Collective credit impairment charge/(release)	**15**	(5)	large	**10**	12	-17%
Net loans and advances	**52,991**	55,226	-4%	**52,991**	70,489	-25%
Customer deposits	**91,448**	96,168	-5%	**91,448**	104,907	-13%
Risk weighted assets	**74,829**	82,295	-9%	**74,829**	96,063	-22%
New Zealand						
Net interest income	**188**	158	19%	**346**	285	21%
Other operating income	**45**	60	-25%	**105**	334	-69%
Operating income	**233**	218	7%	**451**	619	-27%
Operating expenses	**(80)**	(89)	-10%	**(169)**	(175)	-3%
Profit before credit impairment and income tax	**153**	129	19%	**282**	444	-36%
Credit impairment (charge)/release	**(14)**	(4)	large	**(18)**	(17)	6%
Profit before income tax	**139**	125	11%	**264**	427	-38%
Income tax expense and non-controlling interests	**(39)**	(35)	11%	**(74)**	(118)	-37%
Cash profit	**100**	90	11%	**190**	309	-39%
Individual credit impairment charge/(release)	**21**	3	large	**24**	14	71%
Collective credit impairment charge/(release)	**(7)**	1	large	**(6)**	3	large
Net loans and advances	**7,011**	6,499	8%	**7,011**	6,923	1%
Customer deposits	**14,313**	13,324	7%	**14,313**	12,258	17%
Risk weighted assets	**12,796**	11,690	9%	**12,796**	12,384	3%

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Individual credit impairment charge/(release)	Half Year			Full Year		
	Sep 16 $M	Mar 16 $M	Movt	Sep 16 $M	Sep 15 $M	Movt
Transaction Banking	75	103	-27%	178	60	large
Loans & Specialised Finance	342	223	53%	565	97	large
Markets	15	11	36%	26	47	-45%
Central Functions	3	2	50%	5	2	large
Individual credit impairment charge	**435**	**339**	**28%**	**774**	**206**	**large**

Collective credit impairment charge/(release)	Half Year			Full Year		
	Sep 16 $M	Mar 16 $M	Movt	Sep 16 $M	Sep 15 $M	Movt
Transaction Banking	(7)	4	large	(3)	(35)	-91%
Loans & Specialised Finance	(7)	(21)	-67%	(28)	23	large
Markets	(3)	1	large	(2)	1	large
Central Functions	-	-	n/a	-	3	-100%
Collective credit impairment charge	**(17)**	**(16)**	**6%**	**(33)**	**(8)**	**large**
Total credit impairment charge	**418**	**323**	**29%**	**741**	**198**	**large**

Net loans and advances	As at			Movement	
	Sep 16 $M	Mar 16 $M	Sep 15 $M	Sep 16 v. Mar 16	Sep 16 v. Sep 15
Transaction Banking	13,810	15,231	24,000	-9%	-42%
Loans & Specialised Finance	83,537	88,653	94,491	-6%	-12%
Markets	28,380	21,489	23,368	32%	21%
Central Functions	213	237	337	-10%	-37%
Net loans and advances	**125,940**	**125,610**	**142,196**	**0%**	**-11%**

Customer deposits	As at			Movement	
	Sep 16 $M	Mar 16 $M	Sep 15 $M	Sep 16 v. Mar 16	Sep 16 v. Sep 15
Transaction Banking	91,019	90,230	94,188	1%	-3%
Loans & Specialised Finance	884	975	784	-9%	13%
Markets	78,871	84,541	87,622	-7%	-10%
Central Functions	348	380	446	-8%	-22%
Customer deposits	**171,122**	**176,126**	**183,040**	**-3%**	**-7%**

Institutional
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AUD M

September 2016 Full Year	Transaction Banking	Loans & Specialised Finance	Markets	Central Functions	Institutional Total
Net interest income	881	1,498	1,035	38	**3,452**
Other operating income	766	157	765	35	**1,723**
Operating income	1,647	1,655	1,800	73	**5,175**
Operating expenses	(905)	(583)	(1,287)	(160)	**(2,935)**
Profit before credit impairment and income tax	742	1,072	513	(87)	**2,240**
Credit impairment (charge)/release	(175)	(537)	(24)	(5)	**(741)**
Profit before income tax	567	535	489	(92)	**1,499**
Income tax expense and non-controlling interests	(180)	(151)	(109)	(2)	**(442)**
Cash profit	387	384	380	(94)	**1,057**
Individual credit impairment charge/(release)	178	565	26	5	**774**
Collective credit impairment charge/(release)	(3)	(28)	(2)	-	**(33)**
Net loans and advances	13,810	83,537	28,380	213	**125,940**
Customer deposits	91,019	884	78,871	348	**171,122**
Risk weighted assets	24,919	89,619	52,285	1,431	**168,254**
September 2015 Full Year					
Net interest income	905	1,549	1,107	24	**3,585**
Other operating income	820	246	1,062	49	**2,177**
Operating income	1,725	1,795	2,169	73	**5,762**
Operating expenses	(907)	(587)	(1,279)	(33)	**(2,806)**
Profit before credit impairment and income tax	818	1,208	890	40	**2,956**
Credit impairment (charge)/release	(25)	(120)	(48)	(5)	**(198)**
Profit before income tax	793	1,088	842	35	**2,758**
Income tax expense and non-controlling interests	(219)	(286)	(224)	(62)	**(791)**
Cash profit	574	802	618	(27)	**1,967**
Individual credit impairment charge/(release)	60	97	47	2	**206**
Collective credit impairment charge/(release)	(35)	23	1	3	**(8)**
Net loans and advances	24,000	94,491	23,368	337	**142,196**
Customer deposits	94,188	784	87,622	446	**183,040**
Risk weighted assets	34,140	102,630	59,725	1,385	**197,880**
September 2016 Full Year vs September 2015 Full Year					
Net interest income	-3%	-3%	-7%	58%	-4%
Other operating income	-7%	-36%	-28%	-29%	-21%
Operating income	-5%	-8%	-17%	0%	-10%
Operating expenses	0%	-1%	1%	large	5%
Profit before credit impairment and income tax	-9%	-11%	-42%	large	-24%
Credit impairment (charge)/release	large	large	-50%	0%	large
Profit before income tax	-28%	-51%	-42%	large	-46%
Income tax expense and non-controlling interests	-18%	-47%	-51%	-97%	-44%
Cash profit	-33%	-52%	-39%	large	-46%
Individual credit impairment charge/(release)	large	large	-45%	large	large
Collective credit impairment charge/(release)	-91%	large	large	-100%	large
Net loans and advances	-42%	-12%	21%	-37%	-11%
Customer deposits	-3%	13%	-10%	-22%	-7%
Risk weighted assets	-27%	-13%	-12%	3%	-15%

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AUD M

September 2016 Half Year	Transaction Banking	Loans & Specialised Finance	Markets	Central Functions	Institutional Total
Net interest income	436	720	473	21	**1,650**
Other operating income	378	61	365	8	**812**
Operating income	814	781	838	29	**2,462**
Operating expenses	(438)	(273)	(596)	(119)	**(1,426)**
Profit before credit impairment and income tax	376	508	242	(90)	**1,036**
Credit impairment (charge)/release	(68)	(335)	(12)	(3)	**(418)**
Profit before income tax	308	173	230	(93)	**618**
Income tax expense and non-controlling interests	(96)	(53)	(43)	(1)	**(193)**
Cash profit	212	120	187	(94)	**425**
Individual credit impairment charge/(release)	75	342	15	3	**435**
Collective credit impairment charge/(release)	(7)	(7)	(3)	-	**(17)**
Net loans and advances	13,810	83,537	28,380	213	**125,940**
Customer deposits	91,019	884	78,871	348	**171,122**
Risk weighted assets	24,919	89,619	52,285	1,431	**168,254**

March 2016 Half Year	Transaction Banking	Loans & Specialised Finance	Markets	Central Functions	Institutional Total
Net interest income	445	778	562	17	1,802
Other operating income	388	96	400	27	911
Operating income	833	874	962	44	2,713
Operating expenses	(467)	(310)	(691)	(41)	(1,509)
Profit before credit impairment and income tax	366	564	271	3	1,204
Credit impairment (charge)/release	(107)	(202)	(12)	(2)	(323)
Profit before income tax	259	362	259	1	881
Income tax expense and non-controlling interests	(84)	(98)	(66)	(1)	(249)
Cash profit	175	264	193	-	632
Individual credit impairment charge/(release)	103	223	11	2	339
Collective credit impairment charge/(release)	4	(21)	1	-	(16)
Net loans and advances	15,231	88,653	21,489	237	125,610
Customer deposits	90,230	975	84,541	380	176,126
Risk weighted assets	27,794	98,010	54,571	1,514	181,889

September 2016 Half Year vs March 2016 Half Year	Transaction Banking	Loans & Specialised Finance	Markets	Central Functions	Institutional Total
Net interest income	-2%	-7%	-16%	24%	-8%
Other operating income	-3%	-36%	-9%	-70%	-11%
Operating income	-2%	-11%	-13%	-34%	-9%
Operating expenses	-6%	-12%	-14%	large	-6%
Profit before credit impairment and income tax	3%	-10%	-11%	large	-14%
Credit impairment (charge)/release	-36%	66%	0%	50%	29%
Profit before income tax	19%	-52%	-11%	large	-30%
Income tax expense and non-controlling interests	14%	-46%	-35%	0%	-22%
Cash profit	21%	-55%	-3%	n/a	-33%
Individual credit impairment charge/(release)	-27%	53%	36%	50%	28%
Collective credit impairment charge/(release)	large	-67%	large	n/a	6%
Net loans and advances	-9%	-6%	32%	-10%	0%
Customer deposits	1%	-9%	-7%	-8%	-3%
Risk weighted assets	-10%	-9%	-4%	-5%	-7%

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Analysis of Markets operating income

Composition of Markets operating income by business activity	Half Year Sep 16 $M	Half Year Mar 16 $M	Half Year Movt	Full Year Sep 16 $M	Full Year Sep 15 $M	Full Year Movt
Sales[1]	**544**	516	5%	**1,060**	1,168	-9%
Trading[2]	**296**	303	-2%	**599**	603	-1%
Balance Sheet[3]	**235**	143	64%	**378**	398	-5%
Markets operating income pre-credit valuation adjustment	**1,075**	962	12%	**2,037**	2,169	-6%
Derivative CVA methodology change [4]	**(237)**	-	n/a	**(237)**	-	n/a
Markets operating income	**838**	962	-13%	**1,800**	2,169	-17%

1. *Sales represents direct client flow business on core products such as fixed income, foreign exchange, commodities and capital markets.*
2. *Trading primarily represents management of the Group's strategic positions and those taken as part of direct client sales flow.*
3. *Balance Sheet represents hedging of interest rate risk on the Group's loan and deposit books and the management of the Group's liquidity portfolio.*
4. *Refer to page 17 for further details.*

Composition of Markets operating income by geography	Half Year Sep 16 $M	Half Year Mar 16 $M	Half Year Movt	Full Year Sep 16 $M	Full Year Sep 15 $M	Full Year Movt
Australia	**446**	368	21%	**814**	842	-3%
Asia Pacific, Europe & America	**505**	521	-3%	**1,026**	1,000	3%
New Zealand	**124**	73	70%	**197**	327	-40%
Markets operating income pre-credit valuation adjustment	**1,075**	962	12%	**2,037**	2,169	-6%
Derivative CVA methodology change	**(237)**	-	n/a	**(237)**	-	n/a
Markets operating income	**838**	**962**	-13%	**1,800**	2,169	-17%

▪ **September 2016 v September 2015**

Excluding the specified item[1], Markets operating income decreased $132 million (-6%).

Key factors affecting the result were:

- Sales income decreased $108 million (-9%) driven by lower Rates and Foreign Exchange income due to higher demand in 2015 for hedging products compared with 2016 as well as decreased Commodities income due to higher demand in 2015 for gold financing from Asian customers.
- Trading income decreased $4 million (-1%) primarily as a result of higher funding valuation adjustments partly offset by higher Credit trading income.
- Balance Sheet income decreased $20 million (-5%) primarily as a result of higher funding valuation adjustments partly offset by the benefit of narrowing credit spreads in the September 2016 half.

▪ **September 2016 v March 2016**

Excluding the specified item[1], Markets operating income increased $113 million (+12%).

Key factors affecting the result were:

- Sales income increased $28 million (+5%) driven by greater debt capital markets activity, partially offset by decreased Foreign Exchange income from lower demand for structured products.
- Trading income decreased $7 million (-2%) primarily as a result of funding valuation adjustments partly offset by higher Rates income.
- Balance Sheet income increased $92 million (+64%) reflecting growth in the liquidity portfolio and tightening credit spreads.

1 *The specified item relevant to Markets operating income is the derivative CVA methodology change.*

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Market risk

Traded market risk

Below are aggregate Value at Risk (VaR) exposures at 99% confidence level covering both physical and derivatives trading positions for the Bank's principal trading centres. All figures are in AUD.

99% confidence level (1 day holding period)

	As at	High for year	Low for year	Avg for year	As at	High for year	Low for year	Avg for year
	Sep 16 $M	Sep 16 $M	Sep 16 $M	Sep 16 $M	Sep 15 $M	Sep 15 $M	Sep 15 $M	Sep 15 $M
Value at Risk at 99% confidence								
Foreign exchange	**4.0**	**11.4**	**2.2**	**5.2**	5.0	18.2	2.8	7.9
Interest rate	**4.7**	**20.1**	**4.1**	**9.1**	10.1	20.2	4.8	9.3
Credit	**3.3**	**4.6**	**2.2**	**3.2**	3.5	5.4	2.9	3.8
Commodities	**2.5**	**2.8**	**1.1**	**1.7**	1.6	3.6	1.3	2.4
Equity	**0.5**	**2.0**	**0.1**	**0.2**	2.5	6.3	0.1	1.1
Diversification benefit	**(6.8)**	**n/a**	**n/a**	**(6.2)**	(6.0)	n/a	n/a	(13.2)
Total VaR	**8.2**	**25.4**	**6.1**	**13.2**	16.7	19.7	6.9	11.3

Non-traded interest rate risk

Non-traded interest rate risk is managed by Markets and relates to the potential adverse impact of changes in market interest rates on future net interest income for the Group. Interest rate risk is reported using various techniques including VaR and scenario analysis to a 1% rate shock.

99% confidence level (1 day holding period)

	As at	High for year	Low for year	Avg for year	As at	High for year	Low for year	Avg for year
	Sep 16 $M	Sep 16 $M	Sep 16 $M	Sep 16 $M	Sep 15 $M	Sep 15 $M	Sep 15 $M	Sep 15 $M
Value at Risk at 99% confidence								
Australia	**38.4**	**40.6**	**28.0**	**33.7**	25.4	38.5	21.2	27.2
New Zealand	**11.4**	**11.4**	**8.8**	**10.0**	9.7	11.4	8.9	10.2
Asia Pacific, Europe & America	**14.7**	**17.3**	**14.4**	**15.8**	14.4	14.4	7.9	10.4
Diversification benefit	**(24.0)**	**n/a**	**n/a**	**(22.9)**	(16.8)	n/a	n/a	(14.8)
Total VaR	**40.5**	**44.7**	**31.3**	**36.6**	32.7	37.4	28.6	33.0

Impact of 1% rate shock on the next 12 months' net interest income margin

	As at	
	Sep 16	**Sep 15**
As at period end	**0.37%**	0.61%
Maximum exposure	**0.48%**	1.36%
Minimum exposure	**0.00%**	0.45%
Average exposure (in absolute terms)	**0.21%**	0.93%

New Zealand
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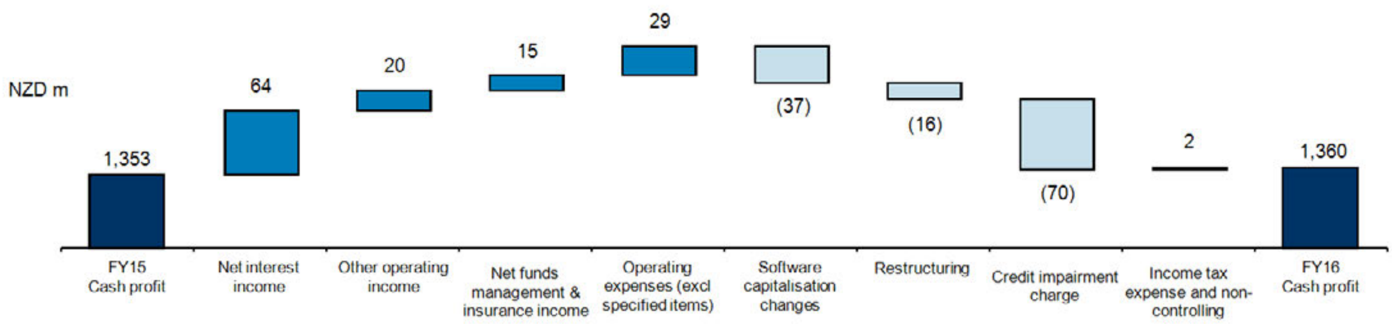
New Zealand's result and commentary are reported in NZD. AUD results are shown on page 75.

Cash profit – September 2016 Full Year v September 2015 Full Year



Strategic Priorities	2016 Progress Highlights
Focus our efforts on attractive areas: • Continue to grow our customer satisfaction and brand consideration. • Provide the best home buying experience. • Make starting, running and growing a small business easier. • Continue to leverage our leading position in migrant banking.	• Surpassed 2 million Retail customers for the first time in July with strong net customer growth in 2016 (17% higher than in 2015). • Grew our pipeline of future home and business owners with strong consideration growth in migrants[1] (+9 percentage points) and young adult segments[1] (+8 percentage points). • Continued to invest in service training, helped drive a 9 percentage point uplift in Net Promoter Score[1]. • Customers now able to view balances and transfer funds into any of ANZ's KiwiSaver schemes though goMoney™.
Build a superior everyday experience for our people and customers: • Building a digital bank with a human touch: o Customer led digital solutions. o Attract, develop and retain the best staff.	• Now delivering digital improvements around every six weeks in goMoney™. • First bank in NZ to launch Apple Pay™ following the success of goMoney™ Wallet (first bank in NZ to launch an Android operating system payment solution). • Modernised our payment processing to enable faster payment and receipt of money for customers. • Achieved an 83% Employee Engagement score, our highest score to date.

- **September 2016 v September 2015**

Cash profit increased 1%. Excluding specified items[2], cash profit increased 3% primarily driven by lending volume growth and disciplined cost management, partially offset by higher credit impairment charges.

Key factors affecting the result were:

- Net interest income increased by NZD 64 million (+2%) driven by 8% growth in average gross loans and advances, with growth across both the housing and non-housing portfolios. This was partially offset by a decrease in net interest margin of 12 bps, driven by competition for lending assets, unfavourable lending mix with customers continuing to favour lower margin fixed rate products, and the impact of capital notes issued in March 2015 and June 2016.
- Other operating income increased by NZD 20 million (+6%) driven by the gain on sale of a fixed asset, volume driven growth in fee income, and rebates and dividends received, partially offset by loss on sale of the medical insurance business (nil impact after tax).
- Net funds management and insurance income increased by NZD 15 million (+4%) driven by 24% growth in KiwiSaver funds under management.
- Operating expenses increased by NZD 24 million (+2%). Excluding specified items[2], operating expenses decreased 2% with disciplined cost management and productivity gains more than offsetting inflationary impacts.
- Credit impairment charges increased by NZD 70 million. The individual impairment charges increased NZD 54 million due to higher new provisions in the Agri and Commercial portfolios and lower write-backs. The collective impairment charges increased NZD 16 million driven by a deteriorating Agri risk profile.

- **September 2016 v March 2016**

Cash profit decreased 4%. Excluding specified items[2], cash profit decreased 2% driven by higher credit impairment charges.

Key factors affecting the result were:

- Net interest income increased by NZD 16 million (+1%), driven by 3% growth in average gross loans and advances, with growth across both the housing and non-housing portfolios. This was partially offset by a decrease in net interest margin of 5 bps, driven by unfavourable lending and deposit mix, with customers favouring lower margin products, and the impact of capital notes issued in June 2016.
- Other operating income increased by NZD 1 million (+1%) mainly due to volume driven growth in fee income.
- Net funds management and insurance income increased by NZD 9 million (+5%) driven by 11% growth in KiwiSaver funds under management.
- Operating expenses increased by NZD 27 million (+4%). Excluding specified items[2], operating expenses remained flat with disciplined cost management and productivity gains offsetting inflationary and investment impacts.
- Credit impairment charges increased NZD 37 million (+80%). The individual impairment charges increased NZD 18 million due to higher new provisions in the Agri portfolio and lower write-backs. The collective impairment charges increased NZD 19 million driven by the Commercial portfolio.

1. *Camorra Retail Market Monitor (RMM) rolling 6 month score as at September 2016. Young adults are the population between the age 20-34.*
2. *Specified items relevant to New Zealand division are software capitalisation changes and restructuring.*

New Zealand
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Table reflects NZD for New Zealand
AUD results shown on page 75

	Half Year			Full Year		
	Sep 16 NZD M	**Mar 16 NZD M**	**Movt**	**Sep 16 NZD M**	**Sep 15 NZD M**	**Movt**
Net interest income	**1,324**	1,308	1%	**2,632**	2,568	2%
Other operating income	**165**	164	1%	**329**	309	6%
Net funds management and insurance income	**183**	174	5%	**357**	342	4%
Operating income	**1,672**	1,646	2%	**3,318**	3,219	3%
Operating expenses	**(671)**	(644)	4%	**(1,315)**	(1,291)	2%
Profit before credit impairment and income tax	**1,001**	1,002	0%	**2,003**	1,928	4%
Credit impairment (charge)/release	**(83)**	(46)	80%	**(129)**	(59)	large
Profit before income tax	**918**	956	-4%	**1,874**	1,869	0%
Income tax expense and non-controlling interests	**(253)**	(261)	-3%	**(514)**	(516)	0%
Cash profit	**665**	695	-4%	**1,360**	1,353	1%
Consisting of:						
Retail	**477**	464	3%	**941**	872	8%
Commercial	**192**	221	-13%	**413**	478	-14%
Central Functions	**(4)**	10	large	**6**	3	100%
Cash profit	**665**	695	-4%	**1,360**	1,353	1%
Balance Sheet						
Net loans and advances	**113,145**	110,028	3%	**113,145**	106,747	6%
Other external assets	**4,398**	3,906	13%	**4,398**	3,858	14%
External assets	**117,543**	113,934	3%	**117,543**	110,605	6%
Customer deposits	**76,361**	75,379	1%	**76,361**	71,395	7%
Other deposits and borrowings	**5,358**	5,440	-2%	**5,358**	4,940	8%
Deposits and other borrowings	**81,719**	80,819	1%	**81,719**	76,335	7%
Other external liabilities	**21,397**	18,984	13%	**21,397**	21,132	1%
External liabilities	**103,116**	99,803	3%	**103,116**	97,467	6%
Risk weighted assets	**62,215**	61,161	2%	**62,215**	60,008	4%
Average gross loans and advances	**112,321**	108,798	3%	**110,559**	102,278	8%
Average deposits and other borrowings	**82,674**	79,274	4%	**80,974**	73,424	10%
In-force premiums[1]	**190**	186	2%	**190**	210	-10%
Funds under management	**26,485**	24,835	7%	**26,485**	22,740	16%
Average funds under management	**25,751**	23,808	8%	**24,775**	21,669	14%
Ratios						
Return on assets	**1.15%**	1.24%		**1.19%**	1.28%	
Net interest margin	**2.35%**	2.40%		**2.38%**	2.50%	
Operating expenses to operating income	**40.1%**	39.1%		**39.6%**	40.1%	
Operating expenses to average assets	**1.16%**	1.15%		**1.15%**	1.22%	
Individual credit impairment charge/(release)	**65**	47	38%	**112**	58	93%
Individual credit impairment charge/(release) as a % of average GLA	**0.12%**	0.09%		**0.10%**	0.06%	
Collective credit impairment charge/(release)	**18**	(1)	large	**17**	1	large
Collective credit impairment charge/(release) as a % of average GLA	**0.03%**	(0.00%)		**0.02%**	0.00%	
Gross impaired assets	**363**	302	20%	**363**	372	-2%
Gross impaired assets as a % of GLA	**0.32%**	0.27%		**0.32%**	0.35%	
Life insurance expenses to Life in-force premiums	**31.9%**	33.2%		**32.2%**	31.5%	
Retail Insurance lapse rates	**15.7%**	15.2%		**15.3%**	15.5%	
Funds Management expenses to average FUM[2]	**0.44%**	0.27%		**0.36%**	0.29%	
Total full time equivalent staff (FTE)	**5,240**	5,321	-2%	**5,240**	5,359	-2%

1. *In-force premiums reflect the disposal of the New Zealand medical business in the March 2016 half and September 2016 full year.*
2. *Funds Management expense and FUM only relates to the Pensions & Investments business.*

New Zealand
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Individual credit impairment charge/(release)	Half Year			Full Year		
	Sep 16 NZD M	Mar 16 NZD M	Movt	Sep 16 NZD M	Sep 15 NZD M	Movt
Retail	**26**	**26**	**0%**	**52**	**54**	**-4%**
Home Loans	(2)	(2)	0%	(4)	6	large
Other	28	28	0%	56	48	17%
Commercial	**39**	**21**	**86%**	**60**	**4**	**large**
Individual credit impairment charge/(release)	**65**	**47**	**38%**	**112**	**58**	**93%**

Collective credit impairment charge/(release)	Half Year			Full Year		
	Sep 16 NZD M	Mar 16 NZD M	Movt	Sep 16 NZD M	Sep 15 NZD M	Movt
Retail	**1**	**2**	**-50%**	**3**	**4**	**-25%**
Home Loans	1	(2)	large	(1)	(4)	-75%
Other	-	4	-100%	4	8	-50%
Commercial	**17**	**(3)**	**large**	**14**	**(3)**	**large**
Collective credit impairment charge/(release)	**18**	**(1)**	**large**	**17**	**1**	**large**
Total credit impairment charge/(release)	**83**	**46**	**80%**	**129**	**59**	**large**

Net loans and advances	As at			Movement	
	Sep 16 NZD M	Mar 16 NZD M	Sep 15 NZD M	Sep 16 v. Mar 16	Sep 16 v. Sep 15
Retail	**72,730**	**69,891**	**67,413**	**4%**	**8%**
Home Loans	68,706	65,855	63,380	4%	8%
Other	4,024	4,036	4,033	0%	0%
Commercial	**40,415**	**40,137**	**39,334**	**1%**	**3%**
Net loans and advances	**113,145**	**110,028**	**106,747**	**3%**	**6%**

Customer deposits	As at			Movement	
	Sep 16 NZD M	Mar 16 NZD M	Sep 15 NZD M	Sep 16 v. Mar 16	Sep 16 v. Sep 15
Retail	**63,110**	**62,233**	**59,113**	**1%**	**7%**
Commercial	**13,251**	**13,146**	**12,282**	**1%**	**8%**
Customer deposits	**76,361**	**75,379**	**71,395**	**1%**	**7%**

Net funds management and insurance income

	Half Year			Full Year		
	Sep 16 NZD M	Mar 16 NZD M	Movt	Sep 16 NZD M	Sep 15 NZD M	Movt
Insurance	**86**	**84**	**2%**	**170**	**177**	**-4%**
Insurance income	92	91	1%	183	196	-7%
Insurance volume related expenses	(6)	(7)	-14%	(13)	(19)	-32%
Funds Management	**97**	**90**	**8%**	**187**	**165**	**13%**
Funds management income	109	101	8%	210	186	13%
Funds management volume related expenses	(12)	(11)	9%	(23)	(21)	10%
Total net funds management and insurance income	**183**	**174**	**5%**	**357**	**342**	**4%**

New Zealand
David Hisco

NZD M

September 2016 Full Year	**Retail**	**Commercial**	**Central Functions**	**New Zealand Total**
Net interest income	1,729	889	14	**2,632**
Other operating income	306	15	8	**329**
Net funds management and insurance income	356	1	-	**357**
Operating income	2,391	905	22	**3,318**
Operating expenses	(1,045)	(256)	(14)	**(1,315)**
Profit before credit impairment and income tax	1,346	649	8	**2,003**
Credit impairment (charge)/release	(55)	(74)	-	**(129)**
Profit before income tax	1,291	575	8	**1,874**
Income tax expense and non-controlling interests	(350)	(162)	(2)	**(514)**
Cash profit	941	413	6	**1,360**
Individual credit impairment charge/(release)	52	60	-	**112**
Collective credit impairment charge/(release)	3	14	-	**17**
Net loans and advances	72,730	40,415	-	**113,145**
Customer deposits	63,110	13,251	-	**76,361**
Risk weighted assets	29,580	31,950	685	**62,215**

September 2015 Full Year				
Net interest income	1,644	904	20	2,568
Other operating income	296	16	(3)	309
Net funds management and insurance income	341	1	-	342
Operating income	2,281	921	17	3,219
Operating expenses	(1,023)	(256)	(12)	(1,291)
Profit before credit impairment and income tax	1,258	665	5	1,928
Credit impairment (charge)/release	(58)	(1)	-	(59)
Profit before income tax	1,200	664	5	1,869
Income tax expense and non-controlling interests	(328)	(186)	(2)	(516)
Cash profit	872	478	3	1,353
Individual credit impairment charge/(release)	54	4	-	58
Collective credit impairment charge/(release)	4	(3)	-	1
Net loans and advances	67,413	39,334	-	106,747
Customer deposits	59,113	12,282	-	71,395
Risk weighted assets	30,013	29,224	771	60,008

September 2016 Full Year vs September 2015 Full Year				
Net interest income	5%	-2%	-30%	2%
Other operating income	3%	-6%	large	6%
Net funds management and insurance income	4%	0%	n/a	4%
Operating income	5%	-2%	29%	3%
Operating expenses	2%	0%	17%	2%
Profit before credit impairment and income tax	7%	-2%	60%	4%
Credit impairment (charge)/release	-5%	large	n/a	large
Profit before income tax	8%	-13%	60%	0%
Income tax expense and non-controlling interests	7%	-13%	0%	0%
Cash profit	8%	-14%	100%	1%
Individual credit impairment charge/(release)	-4%	large	n/a	93%
Collective credit impairment charge/(release)	-25%	large	n/a	large
Net loans and advances	8%	3%	n/a	6%
Customer deposits	7%	8%	n/a	7%
Risk weighted assets	-1%	9%	-11%	4%

New Zealand

David Hisco

NZD M

September 2016 Half Year	Retail	Commercial	Central Functions	New Zealand Total
Net interest income	873	444	7	**1,324**
Other operating income	163	8	(6)	**165**
Net funds management and insurance income	183	-	-	**183**
Operating income	1,219	452	1	**1,672**
Operating expenses	(536)	(128)	(7)	**(671)**
Profit before credit impairment and income tax	683	324	(6)	**1,001**
Credit impairment (charge)/release	(27)	(56)	-	**(83)**
Profit before income tax	656	268	(6)	**918**
Income tax expense and non-controlling interests	(179)	(76)	2	**(253)**
Cash profit	477	192	(4)	**665**
Individual credit impairment charge/(release)	26	39	-	**65**
Collective credit impairment charge/(release)	1	17	-	**18**
Net loans and advances	72,730	40,415	-	**113,145**
Customer deposits	63,110	13,251	-	**76,361**
Risk weighted assets	29,580	31,950	685	**62,215**

March 2016 Half Year	Retail	Commercial	Central Functions	New Zealand Total
Net interest income	856	445	7	1,308
Other operating income	143	7	14	164
Net funds management and insurance income	173	1	-	174
Operating income	1,172	453	21	1,646
Operating expenses	(509)	(128)	(7)	(644)
Profit before credit impairment and income tax	663	325	14	1,002
Credit impairment (charge)/release	(28)	(18)	-	(46)
Profit before income tax	635	307	14	956
Income tax expense and non-controlling interests	(171)	(86)	(4)	(261)
Cash profit	464	221	10	695
Individual credit impairment charge/(release)	26	21	-	47
Collective credit impairment charge/(release)	2	(3)	-	(1)
Net loans and advances	69,891	40,137	-	110,028
Customer deposits	62,233	13,146	-	75,379
Risk weighted assets	30,144	30,452	565	61,161

September 2016 Half Year vs March 2016 Half Year	Retail	Commercial	Central Functions	New Zealand Total
Net interest income	2%	0%	0%	1%
Other operating income	14%	14%	large	1%
Net funds management and insurance income	6%	-100%	n/a	5%
Operating income	4%	0%	-95%	2%
Operating expenses	5%	0%	0%	4%
Profit before credit impairment and income tax	3%	0%	large	0%
Credit impairment (charge)/release	-4%	large	n/a	80%
Profit before income tax	3%	-13%	large	-4%
Income tax expense and non-controlling interests	5%	-12%	large	-3%
Cash profit	3%	-13%	large	-4%
Individual credit impairment charge/(release)	0%	86%	n/a	38%
Collective credit impairment charge/(release)	-50%	large	n/a	large
Net loans and advances	4%	1%	n/a	3%
Customer deposits	1%	1%	n/a	1%
Risk weighted assets	-2%	5%	21%	2%

New Zealand
David Hisco

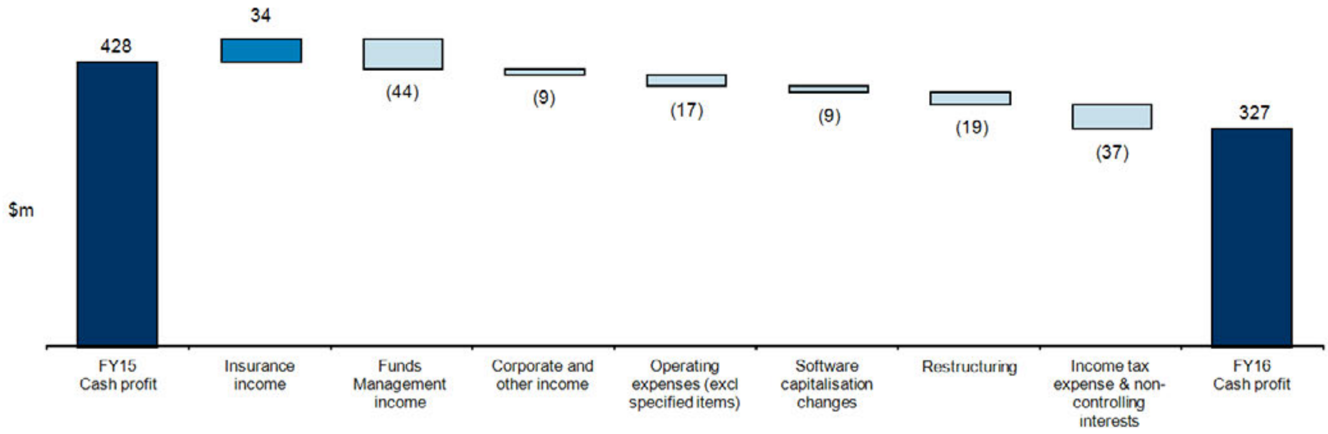
Table reflects AUD for New Zealand
NZD results shown on page 71

	Half Year			Full Year		
	Sep 16 $M	**Mar 16 $M**	**Movt**	**Sep 16 $M**	**Sep 15 $M**	**Movt**
Net interest income	**1,244**	1,207	3%	**2,451**	2,381	3%
Other operating income	**155**	151	3%	**306**	287	7%
Net funds management and insurance income	**172**	161	7%	**333**	317	5%
Operating income	**1,571**	1,519	3%	**3,090**	2,985	4%
Operating expenses	**(630)**	(595)	6%	**(1,225)**	(1,197)	2%
Profit before credit impairment and income tax	**941**	924	2%	**1,865**	1,788	4%
Credit impairment (charge)/release	**(78)**	(42)	86%	**(120)**	(55)	large
Profit before income tax	**863**	882	-2%	**1,745**	1,733	1%
Income tax expense and non-controlling interests	**(237)**	(241)	-2%	**(478)**	(479)	0%
Cash profit	**626**	641	-2%	**1,267**	1,254	1%
Consisting of:						
Retail	**449**	428	5%	**877**	808	9%
Commercial	**181**	204	-11%	**385**	443	-13%
Central Functions	**(4)**	9	large	**5**	3	67%
Cash profit	**626**	641	-2%	**1,267**	1,254	1%
Balance Sheet						
Net loans and advances	**107,893**	99,185	9%	**107,893**	97,020	11%
Other external assets	**4,195**	3,521	19%	**4,195**	3,507	20%
External assets	**112,088**	102,706	9%	**112,088**	100,527	12%
Customer deposits	**72,818**	67,951	7%	**72,818**	64,890	12%
Other deposits and borrowings	**5,109**	4,903	4%	**5,109**	4,490	14%
Deposits and other borrowings	**77,927**	72,854	7%	**77,927**	69,380	12%
Other external liabilities	**20,403**	17,114	19%	**20,403**	19,206	6%
External liabilities	**98,330**	89,968	9%	**98,330**	88,586	11%
Risk weighted assets	**59,327**	55,134	8%	**59,327**	54,540	9%
Average gross loans and advances	**105,517**	100,427	5%	**102,972**	94,832	9%
Average deposits and other borrowings	**77,659**	73,175	6%	**75,417**	68,079	11%
In-force premiums[1]	**181**	167	8%	**181**	191	-5%
Funds under management	**25,256**	22,388	13%	**25,256**	20,668	22%
Average funds under management	**24,189**	21,976	10%	**23,075**	20,092	15%
Ratios						
Return on assets	**1.15%**	1.24%		**1.19%**	1.28%	
Net interest margin	**2.35%**	2.40%		**2.38%**	2.50%	
Operating expenses to operating income	**40.1%**	39.2%		**39.6%**	40.1%	
Operating expenses to average assets	**1.16%**	1.15%		**1.15%**	1.22%	
Individual credit impairment charge/(release)	**61**	43	42%	**104**	54	93%
Individual credit impairment charge/(release) as a % of average GLA	**0.12%**	0.09%		**0.10%**	0.06%	
Collective credit impairment charge/(release)	**17**	(1)	large	**16**	1	large
Collective credit impairment charge/(release) as a % of average GLA	**0.03%**	(0.00%)		**0.02%**	0.00%	
Gross impaired assets	**346**	273	27%	**346**	338	2%
Gross impaired assets as a % of GLA	**0.32%**	0.27%		**0.32%**	0.35%	
Life insurance expenses to Life in-force premiums	**31.9%**	33.2%		**32.2%**	31.5%	
Retail Insurance lapse rates	**15.7%**	15.2%		**15.3%**	15.5%	
Funds Management expenses to average FUM[2]	**0.44%**	0.27%		**0.36%**	0.29%	
Total full time equivalent staff (FTE)	**5,240**	5,321	-2%	**5,240**	5,359	-2%

1. *In-force premiums reflect the disposal of the New Zealand medical business in the March 2016 half and September 2016 full year.*
2. *Funds Management expense and FUM only relates to the Pensions & Investments business.*

Wealth Australia
Alexis George

Cash profit – September 2016 Full Year v September 2015 Full Year



Strategic Priorities	2016 Progress Highlights
Create a simpler, better capitalised and better balanced bank: • Execute our plan to transition super and investment platforms to industry leading solutions.	• Entered into an outsource agreement for Wrap platform administration services, enabling ANZ to launch Grow Wrap to the market, targeted at aligned and open market advisers. • Rationalised index fund management solutions for $15 billion of Funds Under Management.
Focus our efforts on attractive areas: • Seamless integration of insurance, super and investment solutions into our bank customers' journeys (e.g. buying a home or owning a business). • Refresh ANZ's Life insurance proposition and leverage scale and position in the market to drive value.	• Continued to expand the Grow by ANZ™ iPad and iPhone app capability, enabling customers to bring Wealth and banking together in one place. • Launched direct life insurance on the Grow by ANZ™ app, which allows customers to view, manage and buy all of their insurance needs in one place. • $1.6 billion in Life Insurance in-force premiums, with a No. 3 market share in individual in-force with 13% market share[2] and annual growth of 6%.
Build a superior everyday experience for our people and customers: • Provide advisers tools and access to high quality platforms to facilitate financial planning and improve customer's experience.	• Launched Grow for Advice, a digital solution for Financial Planners to improve productivity and automate production of consistent, scalable insurance advice. • Ranked No. 1 out of the big four banks for ANZ Financial Planning productivity in annualised new sales for individual life risk[3].

- **September 2016 v September 2015**

Cash profit decreased 24%. Excluding the specified items[1] and the $56 million one-off tax consolidation benefit in September 2015, cash profit decreased 7%. Overall, the embedded value increased by 12% pre-transfers.

Key factors affecting the result were:

- Insurance operating income increased $34 million (+6%), reflecting favourable retail and group lapse experience, partially offset by adverse claims experience. This experience relates to actual experience differing from plan.
- Funds Management operating income decreased $44 million (-9%), driven by the business's strategy to rationalise legacy platforms which adversely impacted margins.
- Operating expenses increased by $45 million (+6%). Excluding specified items[1], operating expenses increased by 2%, due to wage inflation and higher spend on regulatory, compliance and remediation projects, partially offset by productivity initiatives that resulted in a 10% decrease in FTE during the year.

- **September 2016 v March 2016**

Cash profit decreased 5%. Excluding the specified items[1], cash profit decreased by 6%.

Key factors affecting the result were:

- Insurance operating income decreased $11 million (-4%) reflecting higher claims costs and lower relative favourable lapse experience. This experience relates to actual experience differing from plan.
- Funds Management operating income decreased by $14 million (-6%), driven by the business's strategy to rationalise legacy platforms which impacted margins.
- Operating expenses decreased by $20 million (-5%). Excluding specified items[1], operating expenses decreased 5% due to productivity initiatives that resulted in a 4% decrease in FTE in the half, partially offset by additional regulatory, compliance and remediation costs.

1 *Specified items relevant to Wealth Australia are software capitalisation changes and restructuring.*
2 *Source: Plan for Life, Individual & Group Risk Premium Inflows, year ended 30 June 2016.*
3 *Source: NMG, Q2, 2016 Bank Channel Risk Distribution Monitor- OnePath.*

Wealth Australia
Alexis George

	Half Year			Full Year		
	Sep 16 $M	**Mar 16 $M**	**Movt**	**Sep 16 $M**	**Sep 15 $M**	**Movt**
Net interest income	**4**	6	-33%	**10**	8	25%
Other operating income	**46**	42	10%	**88**	87	1%
Net funds management and insurance income	**559**	597	-6%	**1,156**	1,178	-2%
Operating income	**609**	645	-6%	**1,254**	1,273	-1%
Operating expenses	**(388)**	(408)	-5%	**(796)**	(751)	6%
Profit before income tax	**221**	237	-7%	**458**	522	-12%
Income tax expense and non-controlling interests	**(62)**	(69)	-10%	**(131)**	(94)	39%
Cash profit	**159**	168	-5%	**327**	428	-24%
Consisting of:						
Business Units						
Insurance	**128**	127	1%	**255**	243	5%
Funds Management	**49**	40	23%	**89**	130	-32%
Corporate and Other[1]	**(18)**	1	large	**(17)**	55	large
Total Wealth Australia	**159**	168	-5%	**327**	428	-24%
Income from invested capital[2]	**47**	63	-25%	**110**	107	3%
Key metrics						
In-force premiums						
Life Insurance	**1,603**	1,569	2%	**1,603**	1,516	6%
General Insurance[3]	**226**	335	-33%	**226**	510	-56%
Average in-force premiums						
Life Insurance	**1,587**	1,543	3%	**1,560**	1,440	8%
General Insurance[3]	**280**	422	-34%	**367**	505	-27%
Funds under management	**48,251**	46,630	3%	**48,251**	46,801	3%
Average funds under management	**48,060**	47,182	2%	**47,621**	48,048	-1%
Risk weighted assets	**415**	512	-19%	**415**	526	-21%
Ratios						
Operating expenses to operating income	**63.7%**	63.3%		**63.5%**	59.0%	
Life insurance expenses to Life in-force premiums	**11.1%**	12.3%		**11.6%**	11.2%	
Retail Insurance lapse rates	**15.0%**	13.0%		**14.0%**	13.3%	
Funds Management expenses to average FUM[4]	**0.48%**	0.58%		**0.53%**	0.51%	
Total full time equivalent staff (FTE)	**1,379**	1,436	-4%	**1,379**	1,532	-10%
Aligned adviser numbers[5]	**1,545**	1,618	-5%	**1,545**	1,688	-8%

1. *Corporate and Other includes a one-off tax consolidation benefit of $56 million in September 2015.*
2. *Income from invested capital represents after tax revenue generated from investing all Insurance and Funds Management business's capital balances held for regulatory purposes. The invested capital as at 30 September 2016 was $3.4 billion (Mar 16: $3.4 billion, Sep 15: $3.3 billion), which comprises fixed interest securities of 48% and cash deposits of 52% (Mar 16: 45% fixed interest securities and 55% cash deposits, Sep 15: 47% fixed interest securities and 53% cash deposits).*
3. *General insurance in-force premiums reflect the impact of ceasing the underwriting of new home, content, travel and motor insurance in September 2015.*
4. *Funds Management expense and FUM only relates to the Pensions & Investments business.*
5. *Includes corporate authorised representatives of dealer groups wholly or partially owned by ANZ Wealth Australia and ANZ employed financial planners.*

Wealth Australia
Alexis George

Major business units

Insurance	Half Year Sep 16 $M	Half Year Mar 16 $M	Movt	Full Year Sep 16 $M	Full Year Sep 15 $M	Movt
Net interest income	**11**	12	-8%	**23**	22	5%
Insurance income	**408**	420	-3%	**828**	813	2%
Insurance volume related expenses	**(134)**	(136)	-1%	**(270)**	(288)	-6%
Operating income	**285**	296	-4%	**581**	547	6%
Operating expenses	**(104)**	(115)	-10%	**(219)**	(201)	9%
Profit before income tax	**181**	181	0%	**362**	346	5%
Income tax expense and non-controlling interests	**(53)**	(54)	-2%	**(107)**	(103)	4%
Cash profit	**128**	127	1%	**255**	243	5%

Funds Management	Half Year Sep 16 $M	Half Year Mar 16 $M	Movt	Full Year Sep 16 $M	Full Year Sep 15 $M	Movt
Net interest income	**14**	16	-13%	**30**	31	-3%
Other operating income	**36**	36	0%	**72**	72	0%
Funds management income	**340**	352	-3%	**692**	765	-10%
Funds management volume related expenses	**(169)**	(169)	0%	**(338)**	(368)	-8%
Operating income	**221**	235	-6%	**456**	500	-9%
Operating expenses	**(150)**	(178)	-16%	**(328)**	(319)	3%
Profit before income tax	**71**	57	25%	**128**	181	-29%
Income tax expense and non-controlling interests	**(22)**	(17)	29%	**(39)**	(51)	-24%
Cash profit	**49**	40	23%	**89**	130	-32%

Insurance metrics

Insurance operating margin	Half Year Sep 16 $M	Half Year Mar 16 $M	Movt	Full Year Sep 16 $M	Full Year Sep 15 $M	Movt
Life Insurance Planned profit margin						
Group & Individual	**79**	72	10%	**151**	141	7%
Experience profit/(loss)[1]	**(10)**	4	large	**(6)**	5	large
General Insurance operating profit margin	**59**	51	16%	**110**	97	13%
Total	**128**	127	1%	**255**	243	5%

1. *Experience profit/(loss) variations are gains or losses arising from actual experience differing from plan, predominantly driven by lapses, claims and expenses.*

Insurance annual in-force premiums	As at Sep 16 $M	As at Mar 16 $M	As at Sep 15 $M	Movement Sep 16 v. Mar 16	Movement Sep 16 v. Sep 15
Group	**445**	439	423	1%	5%
Individual	**1,158**	1,130	1,093	2%	6%
General Insurance[1]	**226**	335	510	-33%	-56%
Total	**1,829**	1,904	2,026	-4%	-10%

Insurance in-force book movement	Sep 15 $M	New business $M	Lapses $M	Sep 16 $M
Group	423	54	(32)	**445**
Individual	1,093	176	(111)	**1,158**
General Insurance[1]	510	85	(369)	**226**
Total	2,026	315	(512)	**1,829**

1. *Lapses for General Insurance include the impact of ceasing the underwriting of new home, content, travel and motor insurance in September 2015.*

Wealth Australia
Alexis George

Funds Management metrics

Funds under management	As at Sep 16 $M	As at Mar 16 $M	As at Sep 15 $M	Movement Sep 16 v. Mar 16	Movement Sep 16 v. Sep 15
Australian equities	**15,248**	14,496	14,793	5%	3%
International equities	**11,044**	10,618	11,250	4%	-2%
Cash and fixed interest	**18,582**	18,356	17,897	1%	4%
Property and infrastructure	**3,377**	3,160	2,861	7%	18%
Total	**48,251**	46,630	46,801	3%	3%

Funds Management cash flows by product	Sep 15 $M	In-flows	Out-flows	Other[1]	Sep 16 $M
Open solutions					
OneAnswer Frontier	8,677	1,598	(1,084)	767	**9,958**
ANZ Smart Choice	4,254	2,378	(1,010)	5,568	**11,190**
Wrap (Voyage and Grow)	1,708	542	(210)	120	**2,160**
Closed solutions					
Retail	20,223	857	(2,837)	785	**19,028**
Employer	11,939	224	(1,450)	(4,798)	**5,915**
Total	46,801	5,599	(6,591)	2,442	**48,251**

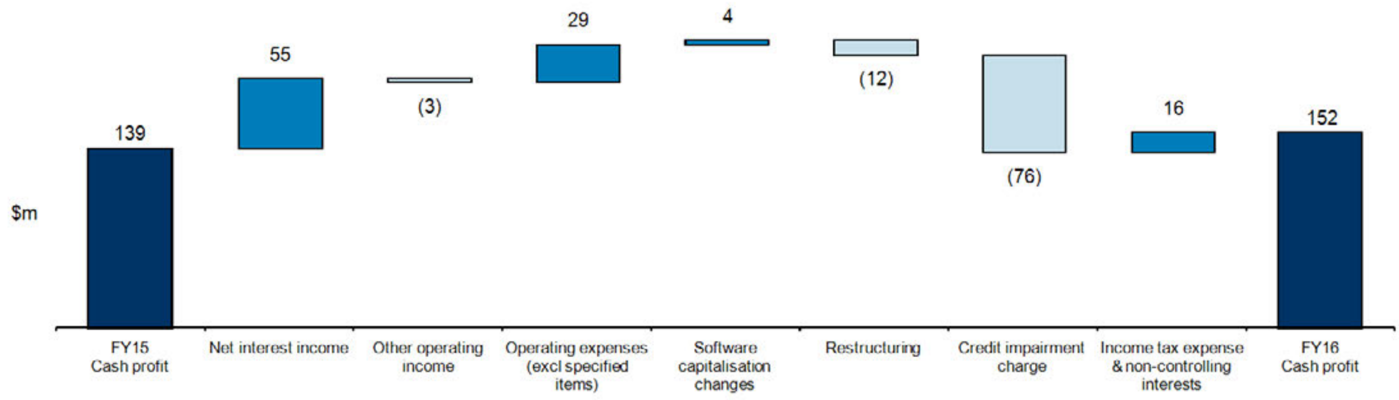
1. *Other includes investment income net of taxes, fees and charges and distributions. It also includes the transition of funds under management from Employer to ANZ Smart Choice of approximately $5 billion, as a result of regulatory changes in the industry.*

Embedded value and value of new business (insurance and investments only)	$M
Embedded value as at September 2015[1]	4,012
Value of new business[2]	131
Expected return[3]	317
Experience deviations and assumption changes[4]	8
Embedded value before economic assumption changes and net transfer	4,468
Economic assumptions change[5]	37
Net transfer[6]	31
Embedded value as at September 2016	4,536

1. *Embedded value represents the present value of future profits and releases of capital arising from the business in-force at the valuation date, and adjusted net assets. It is determined using best estimate assumptions with franking credits included at 70% of face value. Projected cash flows have been discounted using capital asset pricing model risk discount rates of 7.0%-8.5%. ANZ Lenders Mortgage Insurance business is not included in the valuation.*
2. *Value of new business represents the present value of future profits less the cost of capital arising from new business written over the period.*
3. *Expected return represents the expected increase in value over the period.*
4. *Experience deviations and assumption changes arise from deviations and changes to best estimate assumptions underlying the prior period embedded value. Positive experience was primarily driven by favourable lapse experience and continued growth in in-force business from Retail insurance.*
5. *Interest rate movements have led to a positive value impact.*
6. *Net transfer represents the net capital movements over the period including capital injections, transfer of cash dividends and value of franking credits. There was a $400 million capital injection from the parent entity, partially offset by $273 million of cash dividends and $96 million of franking credits transferred to the parent entity.*

Asia Retail & Pacific
David Hisco

Cash Profit – September 2016 Full Year v September 2015 Full Year



Strategic Priorities	2016 Progress Highlights
Create a simpler, better capitalised and better balanced bank:	• On 31 October 2016, the Group announced it had entered into an agreement to sell its Retail and Wealth businesses in Singapore, China, Hong Kong, Taiwan and Indonesia to DBS Bank Limited. At this stage, our Retail and Wealth businesses in Vietnam, the Philippines and Japan remain under review. • The division continues to work on improving profitability through simplification and disciplined cost management.

- **September 2016 v September 2015**

Cash profit increased 9%. Excluding specified items[1], cash profit increased 13%.

Key factors affecting the result were:

- Net interest income increased $55 million (+9%) driven by 7% growth in average gross loans and advances due to increases in non-housing portfolios. Net interest margin increased 12 bps driven by changes in product mix.
- Other operating income decreased $3 million (-1%) with lower investment and insurance income in Asia Retail.
- Operating expenses decreased $21 million (-3%). Excluding specified items[1], operating expenses decreased 3% due to disciplined cost management and benefits from restructuring that resulted in a 17% decrease in FTE over the year.
- Credit impairment charges increased $76 million (+78%) due to increased Asia Retail individual impairment charges and a provision release of $53 million in 2015 which was not repeated.

- **September 2016 v March 2016**

Cash profit increased 67%. Excluding specified items[1], cash profit increased 52%.

Key factors affecting the result were:

- Net interest income decreased $4 million (-1%) driven by 4% decrease in average gross loans and advances due to reduction in housing portfolios. This was partially offset by an increase in net interest margin of 15 bps driven by changes in product mix.
- Other operating income decreased $9 million (-4%), with lower credit card and personal loan fee income in Asia and lower trade and FX income in the Pacific.
- Operating expenses decreased $51 million (-12%). Excluding specified items[1], operating expenses decreased 10% due to disciplined cost management and benefits from restructuring that resulted in a 13% decrease in FTE during the half.
- Credit impairment charges decreased $8 million (-9%) driven by lower collective impairment charges in Asia Retail.

[1] *Specified items relevant to Asia Retail & Pacific are software capitalisation changes and restructuring.*

Asia Retail & Pacific
David Hisco

	Half Year			Full Year		
	Sep 16 $M	**Mar 16 $M**	**Movt**	**Sep 16 $M**	**Sep 15 $M**	**Movt**
Net interest income	**347**	351	-1%	**698**	643	9%
Other operating income	**234**	243	-4%	**477**	480	-1%
Operating income	**581**	594	-2%	**1,175**	1,123	5%
Operating expenses	**(381)**	(432)	-12%	**(813)**	(834)	-3%
Profit before credit impairment and income tax	**200**	162	23%	**362**	289	25%
Credit impairment (charge)/release	**(83)**	(91)	-9%	**(174)**	(98)	78%
Profit before income tax	**117**	71	65%	**188**	191	-2%
Income tax expense and non-controlling interests	**(22)**	(14)	57%	**(36)**	(52)	-31%
Cash profit/(loss)	**95**	57	67%	**152**	139	9%
Balance Sheet						
Net loans and advances	**13,379**	13,885	-4%	**13,379**	14,556	-8%
Customer deposits	**22,814**	23,534	-3%	**22,814**	24,355	-6%
Risk weighted assets	**13,306**	13,115	1%	**13,306**	13,345	0%
Ratios						
Return on assets	**0.83%**	0.47%		**0.65%**	0.62%	
Net interest margin	**3.16%**	3.01%		**3.09%**	2.97%	
Operating expenses to operating income	**65.6%**	72.7%		**69.2%**	74.3%	
Operating expenses to average assets	**3.32%**	3.59%		**3.46%**	3.72%	
Individual credit impairment charge/(release)	**82**	81	1%	**163**	86	90%
Individual credit impairment charge/(release) as a % of average GLA	**1.17%**	1.11%		**1.14%**	0.64%	
Collective credit impairment charge/(release)	**1**	10	-90%	**11**	12	-8%
Collective credit impairment charge/(release) as a % of average GLA	**0.01%**	0.14%		**0.08%**	0.09%	
Gross impaired assets	**254**	236	8%	**254**	227	12%
Gross impaired assets as a % of GLA	**1.87%**	1.67%		**1.87%**	1.54%	
Total full time equivalent staff (FTE)	**2,925**	3,368	-13%	**2,925**	3,518	-17%

Technology, Services & Operations and Group Centre

	Half Year			Full Year		
	Sep 16 $M	Mar 16 $M	Movt	Sep 16 $M	Sep 15 $M	Movt
Operating income (minority investments in Asia)	262	73	large	335	615	-46%
Operating income (other)	54	86	-37%	140	(133)	large
Operating income	316	159	99%	475	482	-1%
Operating expenses	(410)	(854)	-52%	(1,264)	(597)	large
Profit before credit impairment and income tax	(94)	(695)	-86%	(789)	(115)	large
Credit impairment (charge)/release	(1)	-	n/a	(1)	(2)	-50%
Profit before income tax	(95)	(695)	-86%	(790)	(117)	large
Income tax expense and non-controlling interests	103	200	-49%	303	132	large
Cash profit/(loss)	8	(495)	large	(487)	15	large
Risk weighted assets	9,023	6,264	44%	9,023	4,739	90%
Total full time equivalent staff (FTE)	24,506	25,529	-4%	24,506	26,364	-7%

Strategic Priorities	2016 Progress Highlights
Create a simpler, better capitalised and better balanced bank: • Deliver 'Enterprise Transformation' priorities – across payments, wholesale lending, consumer finance, home loans, contact centre, consumer digital, wholesale digital, Markets and data.	• Delivered the new digital banking platform (MCP) as a major foundational component of our Digital strategy. • First major Australian bank to launch Apple Pay™ and Android Pay™. • New ANZ website with redesigned Home Loan pages optimised for any device, improving customer experience. • Over 1.3 million customers using goMoney™ apps. • 65% of new savings account customers are now verified digitally rather than having to be verified in branch. • Enhanced Grow™ with Wealth products and Apple Touch Id and Watch support. • Upgraded NZ core system to support intra-day payments.
Build a superior everyday experience for our people and customers: • Excellent operational and service execution through industrialised operations, digitised processes, supported by project and change delivery excellence. • Provision of secure and resilient systems for all of our customers and staff.	• Increased adoption of Agile change delivery methodologies to improve quality and time to market: o Asia Internet Banking - 10 countries in 16 weeks; o Apple Watch – Idea to production in 10 weeks; o anz.com – automated test coverage at 90%; o Bankers Desktop – 190 cases in 4 hours (from 30 days). • MIT Digital Executive Education roll-out to 100+ senior executives. • Reduced the major incident rate for our systems by 24% year-on-year, driven by greater focus on addressing the root causes of incidents.

- **September 2016 v September 2015**

Key factors affecting the result were:

- Operating income from minority investments in Asia decreased $280 million (-46%) primarily due to the impairment of the investment in Ambank of $260 million and lower equity accounted earnings from minority investments in Asia, driven primarily by the cessation of equity accounting for BoT.
- Operating income (other) increased $273 million primarily due to lower realised revenue hedge losses and a $66 million gain from the Esanda Dealer Finance divestment.
- Operating expenses increased by $667 million. Excluding specified items[1], operating expenses decreased $4 million (-1%) due to productivity initiatives that resulted in a 7% decrease in FTE during the year, partially offset by an increase in professional fees, depreciation and amortisation as well as licences and outsourced services costs.
- The decrease in FTE is primarily due to productivity initiatives in TSO and Finance, partially offset by the build out of the Compliance function.

- **September 2016 v March 2016**

Key factors affecting the result were:

- Operating income from minority investments in Asia increased $189 million primarily due to the impairment of the investment in Ambank of $260 million in the first half of 2016, partially offset by lower equity accounted earnings from minority investments in Asia, driven primarily by the cessation of equity accounting for BoT.
- Operating income (other) decreased $32 million (-37%) primarily driven by the $66 million gain from the Esanda Dealer Finance divestment in the first half of 2016, partially offset by higher income generated from increased capital held in Group Centre.
- Operating expenses decreased $444 million (-52%). Excluding specified items[1], operating expenses increased $99 million (+42%) due to an increase in professional fees, depreciation and amortisation as well as licences and outsourced services costs, partially offset by productivity initiatives that resulted in a 4% decrease in FTE during the half.
- The decrease in FTE is primarily due to productivity initiatives in TSO and Finance, partially offset by the build out of the Compliance function.

[1] *Specified items relevant to TSO and Group Centre are software capitalisation changes, Asian minority investment adjustment, restructuring and the Esanda Dealer Finance divestment.*

CONTENTS

Profit Reconciliation

Non-IFRS information

The Group provides additional measures of performance in the Consolidated Financial Report & Dividend Announcement which are prepared on a basis other than in accordance with accounting standards. The guidance provided in ASIC's RG230 has been followed when presenting this information.

Adjustments between statutory profit and cash profit

Cash profit represents ANZ's preferred measure of the result of the ongoing business activities of the Group, enabling readers to assess Group and Divisional performance against prior periods and against peer institutions. To calculate cash profit, the Group excludes non-core items from statutory profit (refer to Definitions for further details). The adjustments made in arriving at cash profit are included in statutory profit which is subject to audit within the context of the Group statutory audit opinion. Cash profit is not audited by the external auditor, however, the external auditor has informed the Audit Committee that the adjustments have been determined on a consistent basis across each period presented.

	Half Year			Full Year		
	Sep 16 $M	Mar 16 $M	Movt	Sep 16 $M	Sep 15 $M	Movt
Statutory profit attributable to shareholders of the Company	**2,971**	2,738	9%	**5,709**	7,493	-24%
Adjustments between statutory profit and cash profit						
Treasury shares adjustment	**73**	(29)	large	**44**	(16)	large
Revaluation of policy liabilities	**(40)**	(14)	large	**(54)**	(73)	-26%
Economic hedges	**(26)**	128	large	**102**	(179)	large
Revenue hedges	**131**	(39)	large	**92**	(3)	large
Structured credit intermediation trades	**(2)**	(2)	0%	**(4)**	(6)	-33%
Total adjustments between statutory profit and cash profit	**136**	44	large	**180**	(277)	large
Cash Profit	**3,107**	2,782	12%	**5,889**	7,216	-18%

Explanation of adjustments between statutory profit and cash profit

- Treasury shares adjustment

  ANZ shares held by the Group in Wealth Australia are deemed to be Treasury shares for accounting purposes. Dividends and realised and unrealised gains and losses from these shares are reversed as these are not permitted to be recognised as income for statutory reporting purposes. In deriving cash profit, these earnings are included to ensure there is no asymmetrical impact on the Group's profits because the Treasury shares are held to support policy liabilities which are revalued through the Income Statement. Accordingly, the full year gain of $44 million after tax ($46 million pre-tax) reversed for statutory accounting purposes has been added back to cash profit.

- Revaluation of policy liabilities

  When calculating policy liabilities, the projected future cash flows on insurance contracts are discounted to reflect the present value of the obligation, with the impact of changes in the market discount rate each period being reflected in the income statement. ANZ includes the impact on the re-measurement of the insurance contract attributable to changes in market discount rates as an adjustment to statutory profit to remove the volatility attributable to changes in market interest rates which reverts to zero over the life of the insurance contract.

- Economic hedging and revenue hedges

The Group enters into economic hedges to manage its interest rate and foreign exchange risk. The application of "AASB 139: Financial Instruments – Recognition and Measurement" results in fair value gains and losses being recognised within the income statement. ANZ removes the mark-to-market adjustments from cash profit since the profit or loss resulting from the hedge transactions will reverse over time to match with the profit or loss from the economically hedged item as part of cash profit. This includes gains and losses arising from approved classes of derivatives not designated in accounting hedge relationships but which are considered to be economic hedges, including hedges of larger foreign exchange denominated revenue and expense streams, primarily NZD and USD (and USD correlated), as well as ineffectiveness from designated accounting hedges.

Economic hedging comprises:

- Funding related swaps (primarily cross currency interest rate swaps) that are used to convert the proceeds of foreign currency debt issuances into floating rate Australian dollar and New Zealand dollar debt. As these swaps do not qualify for hedge accounting, movements in the fair values are recorded in the income statement. The main drivers of these fair values are currency basis spreads and the Australian dollar and New Zealand dollar fluctuations against other major funding currencies.
- Economic hedges of select structured finance and specialised leasing transactions that do not qualify for hedge accounting. The main drivers of these fair value adjustments are movements in the Australian and New Zealand term structure of interest rates.
- Ineffectiveness from designated accounting hedge relationships.

The majority of the full year gains/loss in economic hedging related to funding related swaps, most notably in the first half where losses were impacted from the significant strengthening in AUD against a number of major currencies, most notably the USD and EUR.

Losses on revenue hedges in the September 2016 half were principally attributable to weakening of AUD against the NZD exchange rate. For the full year these losses were partially offset from gains resulting from the recycling of prior period losses on USD positions that settled during the first half.

	Half Year		Full Year	
Adjustments to the income statement	**Sep 16 $M**	**Mar 16 $M**	**Sep 16 $M**	**Sep 15 $M**
Timing differences where IFRS results in asymmetry between the hedge and hedged items				
Economic hedging	**(1)**	181	**180**	(256)
Revenue hedges	**148**	(55)	**93**	(4)
Increase/(decrease) to cash profit before tax	**147**	126	**273**	(260)
Increase/(decrease) to cash profit after tax	**105**	89	**194**	(182)

	As at		
Cumulative increase/(decrease) to cash profit pre-tax	**Sep 16 $M**	**Mar 16 $M**	**Sep 15 $M**
Timing differences where IFRS results in asymmetry between the hedge and hedged items			
Economic hedging[1]	**442**	443	294
Revenue hedges	**125**	(23)	32
Total	**567**	420	326

1. *A reduction of $32 million was made to the cumulative economic hedging balance on 1 October 2015. The reduction related to balances not recycled into cash profit between 2008 and 2014.*

- Structured credit intermediation trades

ANZ entered into a series of structured credit intermediation trades with US financial guarantors from 2004 to 2007. The underlying structures involved credit default swaps (CDSs) over synthetic collateralised debt obligations (CDOs), portfolios of external collateralised loan obligations (CLOs) or specific bonds/floating rate notes (FRNs). ANZ sold protection using CDSs over these structures and then to mitigate risk, purchased protection via CDSs over the same structures from eight US financial guarantors.

Being derivatives, both the sold protection and purchased protection are measured at fair value and marked-to-model. Prior to the commencement of the global financial crisis, movements in valuations of these positions were not significant and largely offset each other. Following the onset of the global financial crisis, the purchased protection has provided only a partial offset against movements in valuation of the sold protection because:

- one of the counterparties to the purchased protection defaulted and many of the remaining counterparties were downgraded; and
- the derivative credit valuation adjustment applied to the counterparties to the purchased protection is impacted by changes relating to their credit worthiness.

ANZ is monitoring this portfolio with a view to reducing the exposures via termination and restructuring of both the purchased and sold protection if and when ANZ deems it cost effective relative to the perceived risk associated with a specific trade or counterparty. As at 30 September 2016, ANZ's remaining exposure is against two financial guarantors. The bought and sold notional protection are offsetting, with the notional amount on the outstanding bought CDSs acquired to offset the outstanding sold CDSs at 30 September 2016 both amounting to $0.7 billion (Mar 16: $0.7 billion; Sep 15: $0.7 billion). The profit and loss impact of credit risk on the bought CDSs is driven by market movements in credit spreads and AUD/USD and NZD/USD rates.

The (gain)/loss on structured credit intermediation trades is included as an adjustment to cash profit as it relates to a legacy business where, unless terminated early, the fair value movements are expected to reverse to zero in future periods.

	Half Year			Full Year		
Increase/(decrease) to cash profit	**Sep 16 $M**	**Mar 16 $M**	**Movt**	**Sep 16 $M**	**Sep 15 $M**	**Movt**
Profit before income tax	**(3)**	(3)	0%	**(6)**	(8)	-25%
Income tax expense	**1**	1	0%	**2**	2	0%
Profit after income tax	**(2)**	(2)	0%	**(4)**	(6)	-33%

	As at			Movement	
Financial impacts of credit intermediation trades	**Sep 16 $M**	**Mar 16 $M**	**Sep 15 $M**	**Sep 16 v. Mar 16**	**Sep 16 v. Sep 15**
Mark-to-market exposure to financial guarantors (excluding CVA)	**67**	63	69	6%	-3%
Cumulative costs relating to financial guarantors[1]					
CVA for outstanding transactions	**11**	14	17	-21%	-35%
Realised close out and hedge costs	**372**	372	372	0%	0%
Cumulative life to date charges	**383**	386	389	-1%	-2%

1. *The cumulative costs in managing the positions include realised losses relating to restructuring of trades in order to reduce risks and realised losses on termination of sold protection trades. It also includes foreign exchange hedging losses.*

Other reclassifications between statutory profit and cash profit

- Credit risk on impaired derivatives (nil profit after tax impact)

The charge to income for derivative credit valuation adjustments of $27 million on defaulted and impaired derivative exposures has been reclassified to cash credit impairment charges in the September 2016 full year (Mar 16 half: $14 million charge; Sep 15 full year: $26 million charge). The reclassification has been made to reflect the manner in which the defaulted and impaired derivatives are managed.

- Policyholders tax gross up (nil profit after tax impact)

For statutory reporting purposes, policyholders income tax and other related taxes paid on behalf of policyholders are included in both net funds management and insurance income and the Group's income tax expense. The gross up of $217 million for the September 2016 full year (Mar 16 half: $32 million gross up; Sep 15 full year: $186 million gross up) has been excluded from the cash results as it does not reflect the underlying performance of the business which is assessed on a net of policyholders tax basis.

	Statutory profit	Adjustments to statutory profit								Cash profit
		Treasury shares adjustment	Policyholders tax gross up	Revaluation of policy liabilities	Economic hedging	Revenue hedges	Structured credit intermediation trades	Credit risk on impaired derivatives	Total adjustments to statutory profit	
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
September 2016 Full Year										
Net interest income	**15,095**	-	-	-	-	-	-	-	-	**15,095**
Net fee and commission income	**2,528**	-	-	-	-	-	-	-	-	**2,528**
Net foreign exchange earnings	**939**	-	-	-	(6)	93	-	-	87	**1,026**
Profit on trading instruments	**(101)**	-	-	-	30	-	(6)	27	51	**(50)**
Net funds management and insurance income	**1,764**	46	(217)	(75)	-	-	-	-	(246)	**1,518**
Other	**304**	-	-	-	156	-	-	-	156	**460**
Other operating income	**5,434**	46	(217)	(75)	180	93	(6)	27	48	**5,482**
Operating income	**20,529**	**46**	**(217)**	**(75)**	**180**	**93**	**(6)**	**27**	**48**	**20,577**
Operating expenses	**(10,422)**	-	-	-	-	-	-	-	-	**(10,422)**
Profit before credit impairment and tax	**10,107**	**46**	**(217)**	**(75)**	**180**	**93**	**(6)**	**27**	**48**	**10,155**
Credit impairment charge	**(1,929)**	-	-	-	-	-	-	(27)	(27)	**(1,956)**
Profit before income tax	**8,178**	**46**	**(217)**	**(75)**	**180**	**93**	**(6)**	**-**	**21**	**8,199**
Income tax expense	**(2,458)**	(2)	217	21	(78)	(1)	2	-	159	**(2,299)**
Non-controlling interests	**(11)**	-	-	-	-	-	-	-	-	**(11)**
Profit	**5,709**	**44**	**-**	**(54)**	**102**	**92**	**(4)**	**-**	**180**	**5,889**
September 2015 Full Year										
Net interest income	14,616	-	-	-	-	-	-	-	-	14,616
Net fee and commission income	2,631	-	-	-	-	-	-	-	-	2,631
Net foreign exchange earnings	1,005	-	-	-	3	(4)	-	-	(1)	1,004
Profit on trading instruments	(120)	-	-	-	(9)	-	(8)	26	9	(111)
Net funds management and insurance income	1,815	(21)	(186)	(104)	-	-	-	-	(311)	1,504
Other	1,143	-	-	-	(250)	-	-	-	(250)	893
Other operating income	6,474	(21)	(186)	(104)	(256)	(4)	(8)	26	(553)	5,921
Operating income	**21,090**	**(21)**	**(186)**	**(104)**	**(256)**	**(4)**	**(8)**	**26**	**(553)**	**20,537**
Operating expenses	(9,378)	-	-	-	-	-	-	-	-	(9,378)
Profit before credit impairment and tax	**11,712**	**(21)**	**(186)**	**(104)**	**(256)**	**(4)**	**(8)**	**26**	**(553)**	**11,159**
Credit impairment charge	(1,179)	-	-	-	-	-	-	(26)	(26)	(1,205)
Profit before income tax	**10,533**	**(21)**	**(186)**	**(104)**	**(256)**	**(4)**	**(8)**	**-**	**(579)**	**9,954**
Income tax expense	(3,026)	5	186	31	77	1	2	-	302	(2,724)
Non-controlling interests	(14)	-	-	-	-	-	-	-	-	(14)
Profit	**7,493**	**(16)**	**-**	**(73)**	**(179)**	**(3)**	**(6)**	**-**	**(277)**	**7,216**

	Statutory profit	Adjustments to statutory profit								Cash profit
		Treasury shares adjustment	Policyholders tax gross up	Revaluation of policy liabilities	Economic hedging	Revenue hedges	Structured credit intermediation trades	Credit risk on impaired derivatives	Total adjustments to statutory profit	
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
September 2016 Half Year										
Net interest income	7,527	-	-	-	-	-	-	-	-	7,527
Net fee and commission income	1,260	-	-	-	-	-	-	-	-	1,260
Net foreign exchange earnings	337	-	-	-	(1)	148	-	-	147	484
Profit on trading instruments	(15)	-	-	-	(20)	-	(3)	13	(10)	(25)
Net funds management and insurance income	907	80	(185)	(55)	-	-	-	-	(160)	747
Other	248	-	-	-	20	-	-	-	20	268
Other operating income	2,737	80	(185)	(55)	(1)	148	(3)	13	(3)	2,734
Operating income	**10,264**	**80**	**(185)**	**(55)**	**(1)**	**148**	**(3)**	**13**	**(3)**	**10,261**
Operating expenses	(4,943)	-	-	-	-	-	-	-	-	(4,943)
Profit before credit impairment and tax	**5,321**	**80**	**(185)**	**(55)**	**(1)**	**148**	**(3)**	**13**	**(3)**	**5,318**
Credit impairment charge	(1,025)	-	-	-	-	-	-	(13)	(13)	(1,038)
Profit before income tax	**4,296**	**80**	**(185)**	**(55)**	**(1)**	**148**	**(3)**	**-**	**(16)**	**4,280**
Income tax expense	(1,318)	(7)	185	15	(25)	(17)	1	-	152	(1,166)
Non-controlling interests	(7)	-	-	-	-	-	-	-	-	(7)
Profit	**2,971**	**73**	**-**	**(40)**	**(26)**	**131**	**(2)**	**-**	**136**	**3,107**
March 2016 Half Year										
Net interest income	7,568	-	-	-	-	-	-	-	-	7,568
Net fee and commission income	1,268	-	-	-	-	-	-	-	-	1,268
Net foreign exchange earnings	602	-	-	-	(5)	(55)	-	-	(60)	542
Profit on trading instruments	(86)	-	-	-	50	-	(3)	14	61	(25)
Net funds management and insurance income	857	(34)	(32)	(20)	-	-	-	-	(86)	771
Other	56	-	-	-	136	-	-	-	136	192
Other operating income	2,697	(34)	(32)	(20)	181	(55)	(3)	14	51	2,748
Operating income	**10,265**	**(34)**	**(32)**	**(20)**	**181**	**(55)**	**(3)**	**14**	**51**	**10,316**
Operating expenses	(5,479)	-	-	-	-	-	-	-	-	(5,479)
Profit before credit impairment and tax	**4,786**	**(34)**	**(32)**	**(20)**	**181**	**(55)**	**(3)**	**14**	**51**	**4,837**
Credit impairment charge	(904)	-	-	-	-	-	-	(14)	(14)	(918)
Profit before income tax	**3,882**	**(34)**	**(32)**	**(20)**	**181**	**(55)**	**(3)**	**-**	**37**	**3,919**
Income tax expense	(1,140)	5	32	6	(53)	16	1	-	7	(1,133)
Non-controlling interests	(4)	-	-	-	-	-	-	-	-	(4)
Profit	**2,738**	**(29)**	**-**	**(14)**	**128**	**(39)**	**(2)**	**-**	**44**	**2,782**

CONTENTS	*PAGE*

Australia and New Zealand Banking Group Limited

		Half Year			Full Year		
	Note	Sep 16 $M	Mar 16 $M	Movt	Sep 16 $M	Sep 15 $M	Movt
Interest income		**14,861**	15,090	-2%	**29,951**	30,526	-2%
Interest expense		**(7,334)**	(7,522)	-2%	**(14,856)**	(15,910)	-7%
Net interest income	2	**7,527**	7,568	-1%	**15,095**	14,616	3%
Other operating income	2	**1,590**	1,539	3%	**3,129**	4,034	-22%
Net funds management and insurance income	2	**907**	857	6%	**1,764**	1,815	-3%
Share of associates' profit	2,13	**240**	301	-20%	**541**	625	-13%
Operating income		**10,264**	10,265	0%	**20,529**	21,090	-3%
Operating expenses	3	**(4,943)**	(5,479)	-10%	**(10,422)**	(9,378)	11%
Profit before credit impairment and income tax		**5,321**	4,786	11%	**10,107**	11,712	-14%
Credit impairment charge	9	**(1,025)**	(904)	13%	**(1,929)**	(1,179)	64%
Profit before income tax		**4,296**	3,882	11%	**8,178**	10,533	-22%
Income tax expense	4	**(1,318)**	(1,140)	16%	**(2,458)**	(3,026)	-19%
Profit for the period		**2,978**	2,742	9%	**5,720**	7,507	-24%
Comprising:							
Profit attributable to non-controlling interests		**7**	4	75%	**11**	14	-21%
Profit attributable to shareholders of the Company		**2,971**	2,738	9%	**5,709**	7,493	-24%
Earnings per ordinary share (cents)							
Basic	6	**102.6**	94.8	8%	**197.4**	271.5	-27%
Diluted	6	**98.3**	89.7	10%	**189.3**	257.2	-26%
Dividend per ordinary share (cents)	5	**80**	80	0%	**160**	181	-12%

The notes appearing on pages 95 to 108 form an integral part of the Condensed Consolidated Financial Statements.

Australia and New Zealand Banking Group Limited

	Full Year		
	Sep 16 $M	**Sep 15 $M**	**Movt**
Profit for the period	**5,720**	7,507	-24%
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement gain/(loss) on defined benefit plans[1]	**(72)**	(6)	large
Fair value gain/(loss) attributable to changes in own credit risk of financial liabilities designated at fair value	**(10)**	52	large
Income tax on items that will not be reclassified subsequently to profit or loss			
Remeasurement gain/(loss) on defined benefit plans	**11**	4	large
Fair value gain/(loss) attributable to changes in own credit risk of financial liabilities designated at fair value	**3**	(15)	large
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation reserve			
Exchange differences taken to equity[2]	**(456)**	1,736	large
Exchange differences transferred to income statement	**(126)**	(4)	large
Available-for-sale revaluation reserve			
Valuation gain/(loss) taken to equity	**42**	(40)	large
Transferred to income statement	**(48)**	(71)	-32%
Cash flow hedge reserve			
Valuation gain/(loss) taken to equity	**64**	160	-60%
Transferred to income statement	**17**	(15)	large
Income tax on items that may be reclassified subsequently to profit or loss			
Available-for-sale assets revaluation reserve	**7**	36	-81%
Cash flow hedge reserve	**(21)**	(45)	-53%
Share of associates' other comprehensive income[3]	**4**	59	-93%
Other comprehensive income net of tax	**(585)**	1,851	large
Total comprehensive income for the period	**5,135**	9,358	-45%
Comprising total comprehensive income attributable to:			
Non-controlling interests	**4**	30	-87%
Shareholders of the Company	**5,131**	9,328	-45%

1. *Includes a foreign exchange loss for GBP denominated defined benefit plans of $15 million (Sep 15 full year: nil).*
2. *Includes foreign currency translation differences attributable to non-controlling interests of $7 million loss (Sep 15 full year: $16 million gain).*
3. *Share of associates' other comprehensive income includes the following items that may be reclassified subsequently to profit or loss: an Available-for-sale revaluation reserve gain of $10 million (Sep 15 full year: $53 million gain) and a Foreign currency translation reserve of nil (Sep 15 full year: $8 million gain), as well as items that will not be reclassified subsequently to profit or loss comprised of the remeasurement gain or loss on defined benefit plans of $6 million loss (Sep 15 full year: $2 million loss).*

The notes appearing on pages 95 to 108 form an integral part of the Condensed Consolidated Financial Statements.

Australia and New Zealand Banking Group Limited

		As at			Movement	
Assets	**Note**	**Sep 16 $M**	**Mar 16 $M**	**Sep 15 $M**	**Sep 16 v. Mar 16**	**Sep 16 v. Sep 15**
Cash		**48,675**	49,144	53,903	-1%	-10%
Settlement balances owed to ANZ		**21,951**	26,048	18,596	-16%	18%
Collateral paid		**12,723**	12,783	9,967	0%	28%
Trading securities		**47,188**	50,073	49,000	-6%	-4%
Derivative financial instruments		**87,496**	88,747	85,625	-1%	2%
Available-for-sale assets		**63,113**	50,377	43,667	25%	45%
Net loans and advances	8	**575,852**	561,768	562,173	3%	2%
Regulatory deposits		**2,296**	2,135	1,773	8%	29%
Investment in associates		**4,272**	4,213	5,440	1%	-21%
Current tax assets		**126**	289	90	-56%	40%
Deferred tax assets		**623**	578	402	8%	55%
Goodwill and other intangible assets		**7,672**	7,585	8,312	1%	-8%
Investments backing policy liabilities		**35,656**	34,541	34,820	3%	2%
Premises and equipment		**2,205**	2,188	2,221	1%	-1%
Other assets		**5,021**	4,809	5,846	4%	-14%
Esanda dealer finance assets held for sale	8	**-**	-	8,065	n/a	-100%
Total assets		**914,869**	895,278	889,900	2%	3%
Liabilities						
Settlement balances owed by ANZ		**10,625**	13,626	11,250	-22%	-6%
Collateral received		**6,386**	6,615	7,829	-3%	-18%
Deposits and other borrowings	10	**588,195**	578,071	570,794	2%	3%
Derivative financial instruments		**88,725**	91,706	81,270	-3%	9%
Current tax liabilities		**188**	129	267	46%	-30%
Deferred tax liabilities		**227**	286	249	-21%	-9%
Policy liabilities		**36,145**	35,159	35,401	3%	2%
External unit holder liabilities (life insurance funds)		**3,333**	3,265	3,291	2%	1%
Provisions		**1,209**	1,202	1,074	1%	13%
Payables and other liabilities		**8,865**	9,251	10,366	-4%	-14%
Debt issuances		**91,080**	81,947	93,747	11%	-3%
Subordinated debt		**21,964**	17,557	17,009	25%	29%
Total liabilities		**856,942**	838,814	832,547	2%	3%
Net assets		**57,927**	56,464	57,353	3%	1%
Shareholders' equity						
Ordinary share capital		**28,765**	28,625	28,367	0%	1%
Reserves		**1,078**	377	1,571	large	-31%
Retained earnings		**27,975**	27,361	27,309	2%	2%
Share capital and reserves attributable to shareholders of the Company	11	**57,818**	56,363	57,247	3%	1%
Non-controlling interests		**109**	101	106	8%	3%
Total shareholders' equity	11	**57,927**	56,464	57,353	3%	1%

The notes appearing on pages 95 to 108 form an integral part of the Condensed Consolidated Financial Statements.

Australia and New Zealand Banking Group Limited

	Note	Full Year Inflows (Outflows) Sep 16 $M	Full Year Inflows (Outflows) Sep 15 $M
Cash flows from operating activities			
Interest received		**29,992**	30,667
Interest paid		**(15,038)**	(15,458)
Dividends received		**120**	231
Other operating income received		**1,770**	18,237
Other operating expenses paid		**(8,725)**	(8,592)
Income taxes paid		**(2,840)**	(3,082)
Net cash flows from funds management and insurance business			
Premiums, other income and life investment deposits received		**6,795**	7,681
Investment income and policy deposits received		**135**	286
Claims and policy liability payments		**(5,604)**	(5,955)
Commission expense paid		**(545)**	(648)
Cash flows from operating activities before changes in operating assets and liabilities		**6,060**	23,367
Changes in operating assets and liabilities arising from cash flow movements			
(Increase)/decrease in operating assets			
Collateral paid		**(3,183)**	(3,585)
Trading securities		**332**	2,870
Net loans and advances		**(14,797)**	(32,280)
Net cash flows from investments backing policy liabilities			
Purchase of insurance assets		**(16,614)**	(7,065)
Proceeds from sale/maturity of insurance assets		**17,461**	7,239
Increase/(decrease) in operating liabilities			
Deposits and other borrowings		**23,128**	30,050
Settlement balances owed by ANZ		**(589)**	781
Collateral received		**(1,027)**	1,073
Payables and other liabilities		**70**	(974)
Change in operating assets and liabilities arising from cash flow movements		**4,781**	(1,891)
Net cash provided by operating activities		**10,841**	21,476
Cash flows from investing activities			
Available-for-sale assets			
Purchases		**(44,182)**	(24,236)
Proceeds from sale or maturity		**23,745**	15,705
Controlled entities and associates			
Proceeds on sale of businesses		**-**	4
Premises and equipment			
Purchases		**(337)**	(321)
Proceeds from sale		**17**	-
Esanda Dealer Finance divestment		**6,682**	-
Other assets		**(335)**	(928)
Net cash (used in) investing activities		**(14,410)**	(9,776)
Cash flows from financing activities			
Debt issuances			
Issue proceeds		**29,204**	16,637
Redemptions		**(27,959)**	(15,966)
Subordinated debt			
Issue proceeds		**6,177**	2,683
Redemptions		**(900)**	-
Dividends paid		**(4,564)**	(3,763)
Share capital issues		**-**	3,207
Preference shares bought back		**-**	(755)
Net cash (used in) / provided by financing activities		**1,958**	2,043
Net increase in cash and cash equivalents		**(1,611)**	13,743
Cash and cash equivalents at beginning of period		**69,278**	48,229
Effects of exchange rate changes on cash and cash equivalents		**(1,447)**	7,306
Cash and cash equivalents at end of period	7	**66,220**	69,278

The notes appearing on pages 95 to 108 form an integral part of the Condensed Consolidated Financial Statements.

Australia and New Zealand Banking Group Limited

	Ordinary share capital $M	Preference shares $M	Reserves[1] $M	Retained earnings $M	Shareholders' equity attributable to Equity holders of the Bank $M	Non-controlling interests $M	Total Shareholders' equity $M
As at 1 October 2014	24,031	871	(239)	24,544	**49,207**	77	**49,284**
Profit or loss	-	-	-	7,493	**7,493**	14	**7,507**
Other comprehensive income for the period	-	-	1,802	33	**1,835**	16	**1,851**
Total comprehensive income for the period	-	-	1,802	7,526	**9,328**	30	**9,358**
Transactions with equity holders in their capacity as equity holders:							
Dividends paid	-	-	-	(4,907)	**(4,907)**	(1)	**(4,908)**
Dividend income on treasury shares held within the Group's life insurance statutory funds	-	-	-	22	**22**	-	**22**
Dividend reinvestment plan	1,122	-	-	-	**1,122**	-	**1,122**
Preference share bought back	-	(871)	-	-	**(871)**	-	**(871)**
Other equity movements:							
Share based payments/(exercises)	-	-	16	-	**16**	-	**16**
Share Placement and Purchase Plan	3,206	-	-	-	**3,206**	-	**3,206**
Group share option scheme	2	-	-	-	**2**	-	**2**
Treasury shares Wealth Australia adjustment	5	-	-	-	**5**	-	**5**
Group employee share acquisition scheme	1	-	-	-	**1**	-	**1**
Transfer of options/rights lapsed	-	-	(8)	8	**-**	-	**-**
Foreign exchange gains on preference shares brought back	-	-	-	116	**116**	-	**116**
As at 30 September 2015	28,367	-	1,571	27,309	**57,247**	106	**57,353**
Profit or loss	-	-	-	5,709	**5,709**	11	**5,720**
Other comprehensive income for the period	-	-	(504)	(74)	**(578)**	(7)	**(585)**
Total comprehensive income for the period	-	-	(504)	5,635	**5,131**	4	**5,135**
Transactions with equity holders in their capacity as equity holders:							
Dividends paid	-	-	-	(5,001)	**(5,001)**	(1)	**(5,002)**
Dividend income on treasury shares held within the Group's life insurance statutory funds	-	-	-	24	**24**	-	**24**
Dividend reinvestment plan	413	-	-	-	**413**	-	**413**
Preference share bought back	-	-	-	-	**-**	-	**-**
Other equity movements:							
Share based payments/(exercises)	-	-	19	-	**19**	-	**19**
Share Placement and Purchase Plan	-	-	-	-	**-**	-	**-**
Group share option scheme	-	-	-	-	**-**	-	**-**
Treasury shares Wealth Australia adjustment	(153)	-	-	-	**(153)**	-	**(153)**
Group employee share acquisition scheme	138	-	-	-	**138**	-	**138**
Transfer of options/rights lapsed	-	-	(8)	8	**-**	-	**-**
As at 30 September 2016	28,765	-	1,078	27,975	**57,818**	109	**57,927**

1. *Further information on reserves is disclosed on page 106.*

The notes appearing on pages 95 to 108 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 2016 and any public announcements made by the Parent Entity and its controlled entities (the Group) for the year ended 30 September 2016 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 Statements;
- are presented in Australian dollars unless otherwise stated; and
- were approved by the Board of Directors on 2 November 2016.

i) Accounting policies

Except as outlined below, 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 2016 ANZ Annual Financial Statements.

Software

In the year, the Group made a number of changes to the way in which it applies its accounting policy relating to the capitalisation of internally generated software assets by increasing the threshold for capitalisation of software development spend, reflecting the increasingly shorter useful life of smaller items of software, and direct expensing of more project related costs. The impact of the change was an accelerated amortisation charge of $556 million relating to previously capitalised software balances (of this, $183 million would otherwise have been amortised during the September 2016 full year) and higher operating expenses during the period of $370 million relating to development costs that would otherwise have been capitalised. These costs would otherwise have been amortised to the Income Statement in future periods of up to 5 years.

Derivative CVA methodology change

In determining the fair value of a derivative, the Group recognises a derivative credit valuation adjustment (CVA) to reflect the probability that a counterparty may default at some point over the life of the transaction. It is calculated by applying a probability of default (PD) on the potential estimated future positive exposure of the counterparty after taking into account the impact of collateral arrangements. At 30 September 2016, the Group revised its methodology for estimating CVA to align with industry best practice. The revised methodology makes greater use of market information for determining the PD and enhanced exposure modelling. At 30 September 2016 the effect of the changes in fair value as a result of the revisions to the methodology was to increase the CVA applicable to derivative positions by $237 million with a corresponding charge recognised in other operating income. It is impracticable to estimate the effect of the changes in fair value estimate on future periods.

ii) 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; and
- assets and liabilities designated at fair value through profit and loss.

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.

iii) Use of estimates, assumptions and judgments

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 covered in Note 2 of the 2016 Annual Financial Statements. Such estimates and judgements are reviewed on an ongoing basis.

At 31 March 2016 and 30 September 2016, 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; specifically their market value (based on share price) was below their carrying value. The Group performed value in use (VIU) calculations to assess if the carrying value of the investments were impaired.

At 31 March 2016, the VIU calculations continue to support the carrying value of the investment in PT Panin, however the VIU did not support the carrying value of the Group’s investment in Ambank. As a consequence, the Group recorded an impairment charge of $260 million in the March half. The associate investment in Ambank forms part of the TSO and Group Centre operating segment. At 30 September 2016, the VIU calculations continue to support the carrying values of both investments and no impairment was recognised in the September half.

The VIU calculation is sensitive to a number of key assumptions, including discount rate, long term growth rates, future profitability and capital levels. The key assumptions used in the value in use calculations are outlined below:

	As at 30 Sep 16	
	Ambank	**PT Panin**
Pre-tax discount rate	10.1%	12.8%
Terminal growth rate	5.0%	6.0%
Expected NPAT growth (compound annual growth rate – 5 years)	4.0%	8.5%
Core equity tier 1 rate	10% to 12.1%	11.3%

iv) 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.

v) Comparatives

Certain amounts in the comparative information have been reclassified to conform to current period financial statement presentation.

2. Income

	Half Year			Full Year		
	Sep 16 $M	**Mar 16 $M**	**Movt**	**Sep 16 $M**	**Sep 15 $M**	**Movt**
Interest income	**14,861**	15,090	-2%	**29,951**	30,526	-2%
Interest expense	**(7,334)**	(7,522)	-2%	**(14,856)**	(15,910)	-7%
Net interest income	**7,527**	7,568	-1%	**15,095**	14,616	3%
i) Fee and commission income						
Lending fees[1]	**388**	391	-1%	**779**	833	-6%
Non-lending fees and commissions[2,3]	**1,460**	1,451	1%	**2,911**	2,885	1%
Total fee and commission income[2,3]	**1,848**	1,842	0%	**3,690**	3,718	-1%
Fee and commission expense[2,4]	**(588)**	(574)	2%	**(1,162)**	(1,087)	7%
Net fee and commission income[2,3]	**1,260**	1,268	-1%	**2,528**	2,631	-4%
ii) Net funds management and insurance income						
Funds management income[3]	**486**	446	9%	**932**	942	-1%
Investment income	**1,880**	470	large	**2,350**	1,848	27%
Insurance premium income[3]	**782**	780	0%	**1,562**	1,633	-4%
Commission (expense)	**(265)**	(192)	38%	**(457)**	(452)	1%
Claims[3]	**(376)**	(358)	5%	**(734)**	(743)	-1%
Changes in policy liabilities[5]	**(1,520)**	(323)	large	**(1,843)**	(1,434)	29%
Elimination of treasury share (gain)/loss	**(80)**	34	large	**(46)**	21	large
Total net funds management and insurance income[3]	**907**	857	6%	**1,764**	1,815	-3%
iii) Share of associates' profit	**240**	301	-20%	**541**	625	-13%
iv) Other income						
Net foreign exchange earnings[3]	**574**	602	-5%	**1,176**	1,005	17%
Net (loss) from trading securities and derivatives[3]	**(16)**	(85)	-81%	**(101)**	(125)	-19%
Credit risk on credit intermediation trades	**3**	3	0%	**6**	8	-25%
Movement on other financial instruments measured at fair value through profit & loss[6]	**(59)**	(155)	-62%	**(214)**	241	large
Brokerage income	**25**	25	0%	**50**	58	-14%
Impairment of Ambank	**-**	(260)	-100%	**(260)**	-	n/a
Gain on cessation of equity accounting of investment in Bank of Tianjin (BoT)	**-**	29	-100%	**29**	-	n/a
Gain on Esanda Dealer Finance divestment	**-**	66	-100%	**66**	-	n/a
Derivative CVA methodology change[7]	**(237)**	-	n/a	**(237)**	-	n/a
Other[2,3]	**40**	46	-13%	**86**	216	-60%
Total other income[2,3]	**330**	271	22%	**601**	1,403	-57%
Total other operating income[2,3,8]	**2,737**	2,697	1%	**5,434**	6,474	-16%
Total income[2,3]	**17,598**	17,787	-1%	**35,385**	37,000	-4%

1. *Lending fees exclude fees treated as part of the effective yield calculation in interest income.*
2. *Certain card related fees integral to the generation of income have been reclassified within operating income and operating expenses to better reflect the nature of the items. Comparatives have been restated.*
3. *Income from certain insurance and other wealth related products have been reclassified within operating income to better reflect the nature of the items. Comparatives have been restated.*
4. *Includes interchange fees paid.*
5. *Includes policyholders tax gross up, which represents contribution tax (recovered at 15% on the super contributions made by members) debited to the policyholder's account once a year in July when the statement is issued to the members at the end of the 30 June financial year.*
6. *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.*
7. *Represents a $237 million charge due to the derivative CVA methodology change applied to the Group's derivatives portfolio.*
8. *Total other operating income includes external dividend income of $27.3 million (Mar 16 half: nil; Sep 15 full year: $0.8 million).*

3. Operating expenses

	Half Year			Full Year		
	Sep 16 $M	Mar 16 $M	Movt	Sep 16 $M	Sep 15 $M	Movt
Personnel						
Salaries and related costs[1]	**2,412**	2,467	-2%	**4,879**	4,749	3%
Superannuation costs - defined benefit plans	**4**	-	n/a	**4**	7	-43%
Superannuation costs - defined contribution plans	**164**	169	-3%	**333**	324	3%
Equity-settled share-based payments	**90**	92	-2%	**182**	216	-16%
Other	**70**	73	-4%	**143**	183	-22%
Total personnel expenses	**2,740**	2,801	-2%	**5,541**	5,479	1%
Premises						
Depreciation of buildings and integrals	**97**	97	0%	**194**	192	1%
Rent	**240**	245	-2%	**485**	479	1%
Utilities and other outgoings	**86**	84	2%	**170**	180	-6%
Other	**47**	32	47%	**79**	71	11%
Total premises expenses	**470**	458	3%	**928**	922	1%
Technology						
Data communications	**53**	68	-22%	**121**	115	5%
Depreciation and amortisation[1]	**328**	870	-62%	**1,198**	675	77%
Licences and outsourced services	**322**	275	17%	**597**	447	34%
Rentals and repairs	**79**	89	-11%	**168**	158	6%
Software impairment	**25**	2	large	**27**	17	59%
Other	**19**	20	-5%	**39**	50	-22%
Total technology expenses	**826**	1,324	-38%	**2,150**	1,462	47%
Restructuring	**140**	138	1%	**278**	31	large
Other						
Advertising and public relations[2]	**129**	132	-2%	**261**	325	-20%
Audit and other fees	**12**	10	20%	**22**	21	5%
Non-lending losses, frauds and forgeries	**50**	62	-19%	**112**	66	70%
Professional fees	**227**	186	22%	**413**	324	27%
Travel and entertainment expenses	**72**	86	-16%	**158**	205	-23%
Amortisation and impairment of other intangible assets	**40**	43	-7%	**83**	88	-6%
Freight, stationery, postage and telephone	**142**	135	5%	**277**	263	5%
Other[1, 2]	**95**	104	-9%	**199**	192	4%
Total other expenses	**767**	758	1%	**1,525**	1,484	3%
Total operating expenses	**4,943**	5,479	-10%	**10,422**	9,378	11%

1. *The $743 million charge associated with the software capitalisation changes (March 2016 half: $629 million) included in the September 2016 full year comprises $213 million of personnel expenses (March 2016 half: $98 million), $492 million of technology expenses (March 2016 half: $513 million), and $38 million of other expenses (March 2016 half: $18 million). Refer to page 34 for further details.*
2. *Certain cards related fees that are integral to the generation of income have been reclassified from operating expenses to other operating income to better reflect the nature of the items. Comparatives have been restated and $19 million of card related fees have been reclassified from other operating income to operating expenses.*

4. Income tax expense

Reconciliation of the prima facie income tax expense on pre-tax profit with the income tax expense charged in the Income Statement

	Half Year			Full Year		
	Sep 16 $M	**Mar 16 $M**	**Movt**	**Sep 16 $M**	**Sep 15 $M**	**Movt**
Profit before income tax	**4,296**	3,882	11%	**8,178**	10,533	-22%
Prima facie income tax expense at 30%	**1,288**	1,165	11%	**2,453**	3,160	-22%
Tax effect of permanent differences:						
Overseas tax rate differential	**(20)**	(25)	-20%	**(45)**	(95)	-53%
Share of associates' profit	**(72)**	(90)	-20%	**(162)**	(187)	-13%
Offshore Banking Units	**-**	-	n/a	**-**	(1)	-100%
Wealth Australia - policyholders income and contributions tax	**129**	23	large	**152**	130	17%
Wealth Australia - tax consolidation benefit	**-**	-	n/a	**-**	(56)	-100%
Wrtite down of investment in Ambank	**-**	78	-100%	**78**	-	n/a
Gain on cessation of equity accounting for BoT	**-**	(9)	-100%	**(9)**	-	n/a
Tax provisions no longer required	**(43)**	(28)	54%	**(71)**	(17)	large
Interest on Convertible Instruments	**35**	35	0%	**70**	72	-3%
Other	**14**	1	large	**15**	20	-25%
	1,331	1,150	16%	**2,481**	3,026	-18%
Income tax over provided in previous years	**(13)**	(10)	30%	**(23)**	-	n/a
Total income tax expense charged in the income statement	**1,318**	1,140	16%	**2,458**	3,026	-19%
Australia	**953**	799	19%	**1,752**	2,144	-18%
Overseas	**365**	341	7%	**706**	882	-20%
	1,318	1,140	16%	**2,458**	3,026	-19%
Effective Tax Rate - Group	**30.7%**	29.4%		**30.1%**	28.7%	

5. Dividends

	Half Year			Full Year		
Dividend per ordinary share (cents)	**Sep 16**	**Mar 16**	**Movt**	**Sep 16**	**Sep 15**	**Movt**
Interim (fully franked)	**-**	80	n/a	**80**	86	-7%
Final (fully franked)	**80**	-	n/a	**80**	95	-16%
Total	**80**	80	0%	**160**	181	-12%
Ordinary share dividend ($M)[1]						
Interim dividend	**2,334**	-	n/a	**2,334**	2,379	-2%
Final dividend	**-**	2,758	n/a	**2,758**	2,619	5%
Bonus option plan adjustment	**(44)**	(47)	-6%	**(91)**	(92)	-1%
Total[2]	**2,290**	2,711	-16%	**5,001**	4,906	2%
Ordinary share dividend payout ratio (%)[3]	**78.8%**	**85.2%**		**81.9%**	**68.6%**	

1. *Dividends paid to ordinary equity holders of the Company. Excludes dividends paid by subsidiaries of the Group to non-controlling equity holders for the September 2016 half of nil (Mar 16 half: $1.4 million; Sep 15 full year: $1 million).*
2. *Dividends payable are not accrued and are recorded when paid.*
3. *Dividend payout ratio is calculated using proposed 2016 final dividend of $2,342 million (not shown in the above table). The proposed 2016 final dividend of $2,342 million is based on the forecast number of ordinary shares on issue at the dividend record date. Dividend payout ratios for the March 2016 half and September 2015 full year are calculated using actual dividends paid of $2,334 million and $5,137 million respectively. Dividend payout ratio is calculated by adjusting profit attributable to shareholders of the Company by the amount of preference share dividends paid.*

Ordinary Shares

The Directors propose that a final dividend of 80 cents be paid on each eligible fully paid ANZ ordinary share on 16 December 2016. The proposed 2016 final 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 2016 final dividend. For the 2016 final dividend, ANZ intends to provide shares under the DRP 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 the ASX during the ten trading days commencing on 18 November 2016, 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 2016 final dividend must be received by ANZ's Share Registrar by 5.00pm (Australian Eastern Daylight Time) on 16 November 2016.

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 November 2016.

Preference Shares

The Euro Trust Securities were bought back by ANZ for cash at face value and cancelled on 15 December 2014. During the period from 1 October 2014 to 15 December 2014, $1 million of preference share dividends were paid to security holders (€1.88 per preference share).

6. Earnings per share

	Half Year			Full Year		
	Sep 16	**Mar 16**	**Movt**	**Sep 16**	**Sep 15**	**Movt**
Number of fully paid ordinary shares on issue (M)[1]	**2,927.5**	2,917.6	0%	**2,927.5**	2,902.7	1%
Basic						
Profit attributable to shareholders of the Company ($M)	**2,971**	2,738	9%	**5,709**	7,493	-24%
Less Preference share dividends ($M)	**-**	-	n/a	**-**	1	-100%
Profit less preference share dividends ($M)	**2,971**	2,738	9%	**5,709**	7,492	-24%
Weighted average number of ordinary shares (M)[2]	**2,894.7**	2,889.3	0%	**2,891.7**	2,759.0	5%
Basic earnings per share (cents)[3]	**102.6**	94.8	8%	**197.4**	271.5	-27%
Diluted						
Profit less preference share dividends ($M)	**2,971**	2,738	9%	**5,709**	7,492	-24%
Interest on ANZ Convertible Preference Shares ($M)[4]	**62**	62	0%	**124**	128	-3%
Interest on ANZ Capital Notes ($M)[5]	**76**	73	4%	**149**	134	11%
Interest on ANZ NZ Capital Notes ($M)[6]	**12**	12	0%	**24**	12	100%
Profit less preference share dividends and interest on ANZ Convertible Preference Shares, ANZ Capital Notes and ANZ NZ Capital Notes ($M)	**3,121**	2,885	8%	**6,006**	7,766	-23%
Weighted average number of shares on issue (M)[2]	**2,894.7**	2,889.3	0%	**2,891.7**	2,759.0	5%
Weighted average number of convertible options (M)	**6.7**	6.9	-3%	**6.8**	6.2	10%
Weighted average number of ANZ Convertible Preference Shares (M)[4]	**120.3**	142.5	-16%	**120.6**	123.4	-2%
Weighted average number of convertible ANZ Capital Notes (M)[5]	**136.6**	159.3	-14%	**135.9**	122.7	11%
Weighted average number of convertible ANZ NZ Capital Notes (M)[6]	**17.4**	19.4	-10%	**17.4**	8.5	large
Adjusted weighted average number of shares - diluted (M)	**3,175.7**	3,217.4	-1%	**3,172.4**	3,019.8	5%
Diluted earnings per share (cents)[3]	**98.3**	89.7	10%	**189.3**	257.2	-26%

1. *Number of fully paid ordinary shares on issue includes Treasury shares of 28.5 million at 30 September 2016 (Mar 16: 23.0 million; Sep 15: 23.0 million), comprised of 10.8 million in ANZEST Pty Ltd (Mar 16: 11.0 million; Sep 15: 11.4 million) and 17.7 million held in Wealth Australia (Mar 16: 12.0 million; Sep 15: 11.6 million). Number of fully paid ordinary shares also includes 80.8 million resulting from the Institutional share placement on 13 August 2015 and 27.3 million resulting from the Retail share purchase plan on 17 September 2015.*
2. *Weighted average number of ordinary shares excludes 10.9 million weighted average number of ordinary Treasury shares for the half year ended 30 September 2016 and 11.1 million for the full year ended 30 September 2016 held in ANZEST Pty Ltd for the group employee share acquisition scheme (half year ended Mar 16: 10.7 million; full year ended Sep 15: 11.8 million); and excludes 16.9 million weighted average number of ordinary Treasury shares for the half year ended 30 September 2016 and 14.5 million for the full year ended 30 September 2016 held in Wealth Australia (half year ended Mar 16: 12.1 million; full year ended Sep 15: 12.4 million).*
3. *As a result of the Institutional share placement and the Retail share purchase plan in the September 2015 half, the weighted average number of ordinary shares increased by 108.0 million for for the full year ended 30 September 2016 (Sep 15: 11.9 million). This reduced basic earnings per share by 7.7 cents for the full year ended 30 September 2016 (Sep 15: 1.2 cents per share). Diluted earnings per share was reduced by 6.7 cents for the full year ended 30 September 2016 (Sep 15: 1.0 cent).*
4. *There are two "tranches" of convertible preference shares. The first are convertible preference shares (CPS2) issued on 17 December 2009 that convert to ordinary shares on 15 December 2016 at the market price of ANZ ordinary shares less 1.0% (subject to certain conversion conditions). On 27 September 2016, 9.0 million CPS2 were cancelled and re-invested in ANZ Capital Notes 4 (CN4) issued on that date. The second are convertible preference shares (CPS3) issued on 28 September 2011 that convert to ordinary shares on 1 September 2019 at the market price of ANZ ordinary shares less 1.0% (subject to certain conversion conditions).*
5. *There are four "tranches" of ANZ Capital Notes. The first are ANZ Capital Notes 1 (CN1) issued on 7 August 2013 which convert to ANZ ordinary shares on 1 September 2023 at the market price of ANZ ordinary shares less 1.0% (subject to certain conversion conditions). The second are ANZ Capital Notes 2 (CN2) issued on 31 March 2014 which convert to ANZ ordinary shares on 24 March 2024 at the market price of ANZ ordinary shares less 1.0% (subject to certain conversion conditions). The third are ANZ Capital Notes 3 (CN3) issued on 5 March 2015 which convert to ANZ ordinary shares on 24 March 2025 at the market price of ANZ ordinary shares less 1.0% (subject to certain conversion conditions). The fourth are ANZ Capital Notes 4 (CN4) issued on 27 September 2016 which convert to ANZ ordinary shares on 20 March 2026 at the market price of ANZ ordinary shares less 1.0% (subject to certain conversion conditions).*
6. *ANZ Bank New Zealand Limited issued ANZ NZ Capital Notes on 31 March 2015 which convert to ANZ ordinary shares on 25 May 2022 at the market price of ANZ ordinary shares less 1.0% (subject to certain conversion conditions).*

7. Note to the Cash Flow Statement

Cash and cash equivalents at the end of the period as shown in the Cash Flow Statement are reflected in the related items in the Balance Sheet as follows:

	As at	
	Sep 16 $M	**Sep 15 $M**
Cash	**48,675**	53,903
Settlement balances owed to ANZ	**17,545**	15,375
Total cash and cash equivalents	**66,220**	69,278

8. Net loans and advances

	As at			Movement	
	Sep 16 $M	Mar 16 $M	Sep 15 $M	Sep 16 v. Mar 16	Sep 16 v. Sep 15
Australia					
Overdrafts	**6,248**	6,175	6,284	1%	-1%
Credit card outstandings	**8,864**	8,872	8,950	0%	-1%
Commercial bills outstanding	**9,868**	10,439	10,420	-5%	-5%
Term loans - housing	**246,351**	242,426	230,879	2%	7%
Term loans - non-housing[1]	**123,006**	118,456	124,051	4%	-1%
Lease receivables	**1,158**	1,255	1,346	-8%	-14%
Hire purchase	**829**	957	1,111	-13%	-25%
Other	**81**	255	114	-68%	-29%
Total Australia	**396,405**	388,835	383,155	2%	3%
Asia Pacific, Europe & America					
Overdrafts	**825**	1,175	1,616	-30%	-49%
Credit card outstandings	**1,396**	1,446	1,445	-3%	-3%
Commercial bills outstanding	**2,724**	2,692	3,781	1%	-28%
Term loans - housing	**6,866**	7,226	7,846	-5%	-12%
Term loans - non-housing	**54,567**	56,429	69,669	-3%	-22%
Lease receivables	**232**	254	341	-9%	-32%
Other	**448**	341	137	31%	large
Total Asia Pacific, Europe & America	**67,058**	69,563	84,835	-4%	-21%
New Zealand					
Overdrafts	**1,080**	1,017	1,055	6%	2%
Credit card outstandings	**1,586**	1,517	1,535	5%	3%
Term loans - housing	**69,927**	63,649	61,743	10%	13%
Term loans - non-housing	**41,625**	39,003	38,973	7%	7%
Lease receivables	**215**	206	214	4%	0%
Hire purchase	**1,048**	901	860	16%	22%
Total New Zealand	**115,481**	106,293	104,380	9%	11%
Sub-total	**578,944**	564,691	572,370	3%	1%
Unearned income	**(544)**	(596)	(739)	-9%	-26%
Capitalised brokerage/mortgage origination fees[2]	**1,064**	1,013	1,253	5%	-15%
Customer liability for acceptances	**571**	760	1,371	-25%	-58%
Gross loans and advances (including assets classified as held for sale)	**580,035**	565,868	574,255	3%	1%
Provision for credit impairment (refer Note 9)	**(4,183)**	(4,100)	(4,017)	2%	4%
Net loans and advances (including assets classified as held for sale)	**575,852**	561,768	570,238	3%	1%
Esanda Dealer Finance assets held for sale[1]	**-**	-	(8,065)	n/a	-100%
Net loans and advances	**575,852**	561,768	562,173	3%	2%

1. *Term loans – non-housing as at 31 March 2016 included $766 million of Esanda Dealer Finance bailment facilities which migrated to Macquarie Group Limited during the September 2016 half. These assets formed part of the $8,065 million classified as held for sale as at 30 September 2015.*
2. *Capitalised brokerage/mortgage origination fees are amortised over the expected life of the loan.*

9. Provision for credit impairment

	Half Year			Full Year		
	Sep 16 $M	**Mar 16 $M**	**Movt**	**Sep 16 $M**	**Sep 15 $M**	**Movt**
Individual provision						
Balance at start of period	**1,238**	1,061	17%	**1,061**	1,176	-10%
New and increased provisions	**1,308**	1,137	15%	**2,445**	1,757	39%
Write-backs	**(151)**	(160)	-6%	**(311)**	(434)	-28%
Adjustment for exchange rate fluctuations and transfers	**17**	(26)	large	**(9)**	40	large
Discount unwind	**(39)**	(26)	50%	**(65)**	(54)	20%
Bad debts written-off	**(1,066)**	(656)	63%	**(1,722)**	(1,424)	21%
Esanda Dealer Finance divestment	**-**	(92)	-100%	**(92)**	-	n/a
Total individual provision	**1,307**	1,238	6%	**1,307**	1,061	23%
Collective provision						
Balance at start of period	**2,862**	2,956	-3%	**2,956**	2,757	7%
Charge/(release) to income statement	**(9)**	26	large	**17**	95	-82%
Adjustment for exchange rate fluctuations and transfers	**28**	(47)	large	**(19)**	104	large
Esanda Dealer Finance divestment	**(5)**	(73)	-93%	**(78)**	-	n/a
Total collective provision[1]	**2,876**	2,862	0%	**2,876**	2,956	-3%
Total provision for credit impairment	**4,183**	4,100	2%	**4,183**	4,017	4%

1. *The collective provision includes amounts for off-balance sheet credit exposures of $631 million at 30 September 2016 (Mar 2016: $663 million; Sep 2015: $677 million). The impact on the income statement for the full year ended 30 September 2016 was a $32 million release (Mar 2016 half: $3 million charge; Sep 2015 full year: $27 million charge).*

	Half Year			Full Year		
Provision movement analysis	**Sep 16 $M**	**Mar 16 $M**	**Movt**	**Sep 16 $M**	**Sep 15 $M**	**Movt**
New and increased individual provisions	**1,308**	1,137	15%	**2,445**	1,757	39%
Write-backs	**(151)**	(160)	-6%	**(311)**	(434)	-28%
	1,157	977	18%	**2,134**	1,323	61%
Recoveries of amounts previously written-off	**(123)**	(99)	24%	**(222)**	(239)	-7%
Individual credit impairment charge	**1,034**	878	18%	**1,912**	1,084	76%
Collective credit impairment charge	**(9)**	26	large	**17**	95	-82%
Credit impairment charge	**1,025**	904	13%	**1,929**	1,179	64%

10. Deposits and other borrowings

	As at			Movement	
	Sep 16 $M	Mar 16 $M	Sep 15 $M	Sep 16 v. Mar 16	Sep 16 v. Sep 15
Australia					
Certificates of deposit	**52,295**	56,513	57,390	-7%	-9%
Term deposits	**69,740**	68,427	66,394	2%	5%
On demand and short term deposits	**169,773**	169,268	164,009	0%	4%
Deposits not bearing interest	**8,729**	8,116	7,782	8%	12%
Deposits from banks	**34,368**	24,532	19,692	40%	75%
Commercial paper	**13,842**	15,106	15,511	-8%	-11%
Securities sold under repurchase agreements	**151**	653	177	-77%	-15%
Total Australia	**348,898**	342,615	330,955	2%	5%
Asia Pacific, Europe & America					
Certificates of deposit	**7,001**	6,888	5,379	2%	30%
Term deposits	**84,583**	90,112	96,487	-6%	-12%
On demand and short term deposits	**24,968**	25,010	27,663	0%	-10%
Deposits not bearing interest	**4,745**	4,586	5,126	3%	-7%
Deposits from banks	**22,837**	19,340	19,249	18%	19%
Commercial paper	**393**	1,045	2,965	-62%	-87%
Securities sold under repurchase agreements	**330**	495	601	-33%	-45%
Total Asia Pacific, Europe & America	**144,857**	147,476	157,470	-2%	-8%
New Zealand					
Certificates of deposit	**2,133**	1,675	677	27%	large
Term deposits	**37,824**	33,871	31,795	12%	19%
On demand and short term deposits	**40,360**	39,276	37,662	3%	7%
Deposits not bearing interest	**7,418**	6,552	6,103	13%	22%
Deposits from banks	**73**	127	43	-43%	70%
Commercial paper	**5,114**	4,913	4,511	4%	13%
Borrowing corporation debt	**1,518**	1,566	1,578	-3%	-4%
Total New Zealand	**94,440**	87,980	82,369	7%	15%
Total deposits and other borrowings	**588,195**	578,071	570,794	2%	3%

11. Shareholders' equity

Issued and quoted securities	Half Year		Full Year	
Ordinary share capital	**Sep 16 No.**	**Mar 16 No.**	**Sep 16 No.**	**Sep 15 No.**
Closing balance	**2,927,476,660**	2,917,560,098	**2,927,476,660**	2,902,714,361
Issued during the period[1,2]	**9,916,562**	14,845,737	**24,762,299**	146,086,590
Preference share capital				
Bought back during the period[3]	**-**	-	**-**	500,000

1. The Company issued 9.7 million shares under the Dividend Reinvestment Plan and Bonus Option Plan for the 2016 interim dividend (9.7 million shares for the 2015 final dividend; 28.6 million shares for the 2015 interim dividend) and 0.2 million shares to satisfy obligations under the Group's Employee share acquisition plans during the September 2016 half (March 2016 half: 5.1 million shares; September 2015 full year: nil).
2. The Company issued 80.8 million ordinary shares under the Institutional Share Placement and 27.3 million ordinary shares under the Retail Share Purchase Plan in the September 2015 full year.
3. All 500,000 Euro Trust Securities on issue were bought back by ANZ for cash at face value (€1,000 per security) and cancelled on 15 December 2014.

	Half Year			Full Year		
	Sep 16 $M	**Mar 16 $M**	**Movt**	**Sep 16 $M**	**Sep 15 $M**	**Movt**
Share capital						
Balance at start of period	**28,625**	28,367	1%	**28,367**	24,902	14%
Ordinary share capital movements						
Dividend reinvestment plan	**198**	215	-8%	**413**	1,122	-63%
Share placement and Share purchase plan	**-**	-	n/a	**-**	3,206	-100%
Group employee share acquisition scheme[1]	**82**	56	46%	**138**	1	large
Treasury shares in Wealth Australia[2]	**(140)**	(13)	large	**(153)**	5	large
Group share option scheme	**-**	-	n/a	**-**	2	-100%
Preference share capital movements						
Preference shares bought back[3]	**-**	-	n/a	**-**	(871)	-100%
Total share capital	**28,765**	28,625	0%	**28,765**	28,367	1%

1. As at 30 September 2016, there were 10.8 million ANZEST Treasury shares outstanding (Mar 16: 11.0 million; Sep 15: 11.4 million). Shares in the Company which are purchased on-market by ANZEST Pty Ltd (trustee of ANZ employee share and option plans) or issued by the Company to ANZEST Pty Ltd are classified as Treasury shares (to the extent that they relate to unvested employee share-based awards).
2. As at 30 September 2016, there were 17.7 million Treasury shares outstanding (Mar 16: 12.0 million; Sep 15: 11.6 million). The Group's Wealth Australia business purchases and holds shares in the Company to back policy liabilities. These shares are classified as Treasury shares.
3. All 500,000 Euro Trust Securities on issue were bought back by ANZ for cash at face value (€1,000 per security) and cancelled on 15 December 2014.

Reserves	Half Year Sep 16 $M	Half Year Mar 16 $M	Movt	Full Year Sep 16 $M	Full Year Sep 15 $M	Movt
Foreign currency translation reserve						
Balance at start of period	**(9)**	1,119	large	**1,119**	(605)	large
Transfer to the income statement	**-**	(126)	-100%	**(126)**	(4)	large
Currency translation adjustments net of hedges	**553**	(1,002)	large	**(449)**	1,728	large
Total foreign currency translation reserve	**544**	(9)	large	**544**	1,119	-51%
Share option reserve[1]						
Balance at start of period	**69**	68	1%	**68**	60	13%
Share based payments/(exercises)	**10**	9	11%	**19**	16	19%
Transfer of options/rights lapsed to retained earnings	**-**	(8)	-100%	**(8)**	(8)	0%
Total share option reserve	**79**	69	14%	**79**	68	16%
Available-for-sale revaluation reserve[2]						
Balance at start of period	**101**	138	-27%	**138**	160	-14%
Gain/(loss) recognised	**52**	(9)	large	**43**	27	59%
Transferred to income statement	**(4)**	(28)	-86%	**(32)**	(49)	-35%
Total available-for-sale revaluation reserve	**149**	101	48%	**149**	138	8%
Cash flow hedge reserve[3]						
Balance at start of period	**239**	269	-11%	**269**	169	59%
Gain/(loss) recognised	**88**	(40)	large	**48**	111	-57%
Transferred to income statement	**2**	10	-80%	**12**	(11)	large
Total hedging reserve	**329**	239	38%	**329**	269	22%
Transactions with non-controlling interests reserve						
Balance at start of period	**(23)**	(23)	0%	**(23)**	(23)	0%
Transfer to the income statement	**-**	-	n/a	**-**	-	n/a
Total transactions with non-controlling interests reserve	**(23)**	(23)	0%	**(23)**	(23)	0%
Total reserves	**1,078**	377	large	**1,078**	1,571	-31%

1. *The share option reserve arises on the grant of share options/deferred share rights/performance rights ("options and rights") to selected employees under the ANZ Share Option Plan. Amounts are transferred from the share option reserve to other equity accounts when the options and rights are exercised and to retained earnings when lapsed or forfeited after vesting. Forfeited options and rights due to termination prior to vesting are credited to the income statement.*
2. *The available-for-sale revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold or impaired, that portion of the reserve which relates to that financial asset is recognised in the income statement.*
3. *The cash flow hedge reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in the income statement when the hedged transaction impacts profit or loss.*

Retained earnings	Half Year Sep 16 $M	Half Year Mar 16 $M	Movt	Full Year Sep 16 $M	Full Year Sep 15 $M	Movt
Balance at start of period	**27,361**	27,309	0%	**27,309**	24,544	11%
Profit attributable to shareholders of the Company	**2,971**	2,738	9%	**5,709**	7,493	-24%
Transfer of options/rights lapsed from share option reserve	**-**	8	-100%	**8**	8	0%
Total available for appropriation	**30,332**	30,055	1%	**33,026**	32,045	3%
Remeasurement gain/(loss) on defined benefit plans	**(64)**	(3)	large	**(67)**	(4)	large
Fair value gain/(loss) attributable to changes in own credit risk of financial liabilities designated at fair value	**(15)**	8	large	**(7)**	37	large
Ordinary share dividend paid	**(2,290)**	(2,711)	-16%	**(5,001)**	(4,906)	2%
Dividend income on Treasury shares held within the Group's life insurance statutory funds	**12**	12	0%	**24**	22	9%
Preference share dividend paid	**-**	-	n/a	**-**	(1)	-100%
Foreign exchange gains on preference shares bought back[1]	**-**	-	n/a	**-**	116	-100%
Retained earnings at end of period	**27,975**	27,361	2%	**27,975**	27,309	2%
Share capital and reserves attributable to shareholders of the Company	**57,818**	56,363	3%	**57,818**	57,247	1%
Non-controlling interests	**109**	101	8%	**109**	106	3%
Total shareholders' equity	**57,927**	56,464	3%	**57,927**	57,353	1%

1. *The Euro Trust Securities were bought back by ANZ for cash at face value and cancelled on 15 December 2014. The foreign exchange gain between the issue date and 15 December 2014 was recognised directly in retained earnings.*

12. Changes in composition of the Group

There were no acquisitions or disposals of material controlled entities for the year ended 30 September 2016 or for the year ended 30 September 2015.

13. Investments in Associates

	Half Year			Full Year		
	Sep 16 $M	Mar 16 $M	Movt	Sep 16 $M	Sep 15 $M	Movt
Share of associates' profit	**240**	301	-20%	**541**	625	-13%

Contributions to profit[1]	Contribution to Group post-tax profit				Ownership interest held by Group		
Associates	Half Year		Full Year		As at		
	Sep 16 $M	Mar 16 $M	Sep 16 $M	Sep 15 $M	Sep 16 %	Mar 16 %	Sep 15 %
P.T. Bank Pan Indonesia	**47**	17	**64**	78	**39**	39	39
AMMB Holdings Berhad	**51**	43	**94**	138	**24**	24	24
Shanghai Rural Commercial Bank	**122**	137	**259**	218	**20**	20	20
Bank of Tianjin (up to 30 March 2016)[2]	**-**	86	**86**	155	**12**	12	14
Other associates[1]	**20**	18	**38**	36	**n/a**	n/a	n/a
Share of associates' profit	**240**	301	**541**	625			

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 30 March 2016, the Bank of Tianjin (BoT) completed a capital raising and initial public offering (IPO) on the Hong Kong Stock Exchange. As a result, the Group's equity interest reduced from 14% to 12% and the Group ceased equity accounting the investment due to losing the ability to appoint directors to the Board of BoT at this date. From 31 March 2016, the investment is classified as an available-for-sale asset on the balance sheet.*

14. 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.

Note 41 of the 2016 ANZ Annual Financial Statements (when released) will contain a description of contingent liabilities and contingent assets as at 30 September 2016.

A summary of some of those contingent liabilities is set out below.

- **Bank fees litigation**

  Litigation funder IMF Bentham Limited commenced a class action against ANZ 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 overlimit fees on credit cards) were unenforceable penalties (at law and in equity) and that various of the fees were also unenforceable under statutory provisions governing unconscionable conduct, unfair contract terms and unjust transactions. In August 2014, IMF Bentham Limited commenced a separate class action against ANZ challenging late payment fees charged to ANZ customers in respect of commercial credit cards and other ANZ products (at this stage not specified). This action is expressed to apply to all relevant customers, rather than being limited to those who have signed up with IMF Bentham Limited.

  In the second class action, all the applicants' claims have failed. The claims in relation to all fees were dismissed by the Full Federal Court. That decision was appealed to the High Court only in relation to credit card late payment fees (the other claims were not appealed). On 27 July 2016 the High Court dismissed the appeal and upheld the judgment in favour of ANZ in respect of credit card late payment fees.

  The applicants are presently considering the implications of the High Court's decision for the remaining class actions, which have been on hold pending the outcome of the second class action. ANZ believes that the remaining class actions are likely to be discontinued or dismissed.

- **Proceedings in relation to Bank Bill Swap Rate (BBSW)**

  On 4 March 2016, ASIC commenced court proceedings against ANZ. ASIC is seeking declarations and civil penalties for alleged market manipulation, unconscionable conduct, misleading or deceptive conduct, and alleged breaches by ANZ of certain statutory obligations as a financial services licensee. ASIC has subsequently initiated similar proceedings against two other Australian banks. ASIC's case against ANZ concerns transactions in the Australian interbank BBSW market in the period from March 2010 to May 2012. ANZ is defending the proceedings. The potential civil penalty or other financial impact is uncertain.

  In August 2016, a class action complaint was brought in the United States District Court against two international broking houses and 17 banks, including ANZ. The class action is brought by two US-based investment funds and an individual derivatives trader. The action is 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, from 1 January 2003 onwards. The claimants seek damages or compensation in amounts not specified, and allege that the defendant banks, including ANZ, violated US anti-trust laws, anti-racketeering laws, the Commodity Exchange Act, and unjust enrichment principles. ANZ is defending the proceedings. The action is at an early stage.

- **Regulator investigations into foreign exchange trading**

  Since 2014, each of ASIC and the Australian Competition and Consumer Commission (ACCC) have been investigating foreign exchange trading conduct of various banks including ANZ. ASIC's and the ACCC's investigations are ongoing and the range of potential outcomes include civil penalties and other actions under the relevant legislation.

- **Other regulatory reviews**

  In recent years 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. The nature of these investigations and reviews can be wide ranging and, for example, currently include a range of matters including responsible lending practices, wealth advice and product suitability, conduct in financial markets and capital market transactions. During the year, ANZ has received various notices and requests for information from its regulators as part of both industry-wide and ANZ-specific reviews. The outcomes and total costs associated with such reviews remain uncertain.

- **Security recovery actions**

  Various claims have been made or are anticipated, arising from security recovery actions taken to resolve impaired assets over recent years. ANZ will defend these claims.

15. Subsequent events since balance date

On 31 October 2016, the Group announced it had entered into an agreement to sell its Retail and Wealth businesses in Singapore, China, Hong Kong, Taiwan, and Indonesia to DBS Bank Limited for a premium of approximately $110 million over the book value of net assets, which principally comprised approximately $11 billion of gross lending assets and $17 billion of deposits as at 30 September 2016. The final purchase price will be based on the net assets at completion.

The transaction is subject to regulatory approval in each country, with completion occurring on a rolling country by country basis from mid financial year 2017 with all countries expected to be completed with 18 months.

The Group anticipates the transaction will generate a net loss of approximately $265 million (post-tax) including write-downs of software, goodwill and fixed assets, as well as separation and transaction costs.

The assets associated with the Retail Asia and Wealth businesses were assessed for impairment as at 30 September 2016 on the basis of the businesses being a continuing operation and no impairment was identified. Additionally, the assets did not meet the conditions for 'held for sale' classification under AASB 5 – Non-Current Assets Held for Sale and Discontinued Operations.

Other than this matter, no other material events have occurred between the end of the reporting period (30 September 2016) and the date of this preliminary final report.

CONTENTS

Supplementary Information

Capital management

		As at			Movement	
Qualifying Capital		**Sep 16 $M**	**Mar 16 $M**	**Sep 15 $M**	**Sep 16 v. Mar 16**	**Sep 16 v. Sep 15**
Tier 1						
Shareholders' equity and non-controlling interests		**57,927**	56,464	57,353	3%	1%
Prudential adjustments to shareholders' equity	Table 1	**(481)**	(584)	(387)	-18%	24%
Gross Common Equity Tier 1 capital		**57,446**	55,880	56,966	3%	1%
Deductions	Table 2	**(18,179)**	(17,778)	(18,440)	2%	-1%
Common Equity Tier 1 capital		**39,267**	38,102	38,526	3%	2%
Additional Tier 1 capital	Table 3	**9,018**	6,960	6,958	30%	30%
Tier 1 capital		**48,285**	45,062	45,484	7%	6%
Tier 2 capital	Table 4	**10,328**	8,076	7,951	28%	30%
Total qualifying capital		**58,613**	53,138	53,435	10%	10%
Capital adequacy ratios						
Common Equity Tier 1		**9.6%**	9.8%	9.6%		
Tier 1		**11.8%**	11.6%	11.3%		
Tier 2		**2.5%**	2.1%	2.0%		
Total		**14.3%**	13.7%	13.3%		
Risk weighted assets	Table 5	**408,582**	388,335	401,937	5%	2%

Capital management, cont'd

		As at			Movement	
		Sep 16 $M	**Mar 16 $M**	**Sep 15 $M**	**Sep 16 v. Mar 16**	**Sep 16 v. Sep 15**
Table 1: Prudential adjustments to shareholders' equity						
Treasury shares attributable to ANZ Wealth Australia policyholders		**395**	254	242	56%	63%
Accumulated retained profits and reserves of insurance and funds management entities		**(875)**	(931)	(791)	-6%	11%
Deferred fee revenue including fees deferred as part of loan yields		**238**	290	380	-18%	-37%
Available-for-sale reserve attributable to deconsolidated subsidiaries		**(110)**	(98)	(113)	12%	-3%
Other		**(129)**	(99)	(105)	30%	23%
Total		**(481)**	(584)	(387)	-18%	24%
Table 2: Deductions from Common Equity Tier 1 capital						
Unamortised goodwill & other intangibles (excluding ANZ Wealth Australia and New Zealand)		**(3,913)**	(3,767)	(4,109)	4%	-5%
Intangible component of investments in ANZ Wealth Australia and New Zealand		**(2,103)**	(2,091)	(2,093)	1%	0%
Capitalised software		**(2,139)**	(2,190)	(2,832)	-2%	-24%
Capitalised expenses including loan and lease origination fees		**(1,148)**	(1,078)	(1,320)	6%	-13%
Applicable deferred net tax assets		**(899)**	(793)	(694)	13%	30%
Expected losses in excess of eligible provisions	Table 8	**(700)**	(600)	(479)	17%	46%
Investment in other insurance and funds management subsidiaries		**(297)**	(297)	(297)	0%	0%
Investment in ANZ Wealth Australia and New Zealand		**(1,752)**	(1,749)	(1,349)	0%	30%
Investment in banking associates and minority interests		**(4,674)**	(4,708)	(4,734)	-1%	-1%
Other deductions		**(554)**	(505)	(533)	10%	4%
Total		**(18,179)**	(17,778)	(18,440)	2%	-1%
Table 3: Additional Tier 1 capital						
Convertible Preference Shares						
ANZ CPS2		**1,068**	1,969	1,969	-46%	-46%
ANZ CPS3		**1,340**	1,338	1,336	0%	0%
ANZ Capital Notes 1		**1,115**	1,113	1,112	0%	0%
ANZ Capital Notes 2		**1,602**	1,600	1,598	0%	0%
ANZ Capital Notes 3		**962**	961	959	0%	0%
ANZ Capital Notes 4		**1,604**	-	-	n/a	n/a
ANZ Bank NZ Capital Notes		**473**	446	449	6%	5%
ANZ Capital Securities		**1,329**	-	-	n/a	n/a
Regulatory adjustments and deductions		**(475)**	(467)	(465)	2%	2%
Total		**9,018**	6,960	6,958	30%	30%
Table 4: Tier 2 capital						
General reserve for impairment of financial assets		**267**	255	252	5%	6%
Perpetual subordinated notes		**1,190**	1,145	1,188	4%	0%
Subordinated debt		**11,281**	8,985	8,398	26%	34%
Regulatory adjustments and deductions		**(936)**	(660)	(717)	42%	31%
Transitional adjustments		**(1,474)**	(1,649)	(1,170)	-11%	26%
Total		**10,328**	8,076	7,951	28%	30%

Capital management, cont'd

Table 5: Risk weighted assets		As at			Movement	
		Sep 16 $M	Mar 16 $M	Sep 15 $M	Sep 16 v. Mar 16	Sep 16 v. Sep 15
On balance sheet		**259,356**	235,875	245,542	10%	6%
Commitments		**58,167**	62,223	61,965	-7%	-6%
Contingents		**13,295**	14,489	15,929	-8%	-17%
Derivatives		**21,215**	21,721	26,315	-2%	-19%
Total credit risk	Table 6	**352,033**	334,308	349,751	5%	1%
Market risk - Traded		**6,188**	6,059	6,868	2%	-10%
Market risk - IRRBB		**11,700**	10,280	7,433	14%	57%
Operational risk		**38,661**	37,688	37,885	3%	2%
Total risk weighted assets		**408,582**	388,335	401,937	5%	2%

Table 6: Credit risk weighted assets by Basel asset class	As at			Movement	
	Sep 16 $M	Mar 16 $M	Sep 15 $M	Sep 16 v. Mar 16	Sep 16 v. Sep 15
Subject to Advanced IRB approach					
Corporate	**130,799**	139,643	150,165	-6%	-13%
Sovereign	**6,634**	6,185	6,664	7%	0%
Bank	**14,884**	15,061	17,445	-1%	-15%
Residential mortgage	**84,275**	57,218	54,996	47%	53%
Qualifying revolving retail (credit cards)	**7,334**	7,744	7,546	-5%	-3%
Other retail	**31,360**	30,681	32,990	2%	-5%
Credit risk weighted assets subject to Advanced IRB approach	**275,286**	256,532	269,806	7%	2%
Credit risk specialised lending exposures subject to slotting criteria	**36,100**	35,066	32,240	3%	12%
Subject to Standardised approach					
Corporate	**20,459**	22,149	25,341	-8%	-19%
Residential mortgage	**2,493**	2,616	2,882	-5%	-13%
Other retail (includes credit cards)	**3,277**	3,550	3,625	-8%	-10%
Credit risk weighted assets subject to Standardised approach	**26,229**	28,315	31,848	-7%	-18%
Credit Valuation Adjustment and Qualifying Central Counterparties	**9,371**	9,147	11,046	2%	-15%
Credit risk weighted assets relating to securitisation exposures	**1,203**	1,194	1,156	1%	4%
Other assets	**3,844**	4,054	3,655	-5%	5%
Total credit risk weighted assets	**352,033**	334,308	349,751	5%	1%

Capital management, cont'd

Table 7: Total provision for credit impairment and expected loss by division	Collective Provision and Individual Provision Sep 16 $M	Mar 16 $M	Sep 15 $M	Basel Expected Loss[1] Sep 16 $M	Mar 16 $M	Sep 15 $M
Australia	**1,794**	1,751	1,834	**2,654**	2,608	2,643
Institutional	**1,680**	1,681	1,479	**1,404**	1,410	1,299
New Zealand	**491**	451	479	**802**	717	722
Asia Retail & Pacific	**214**	214	222	**7**	5	1
TSO and Group Centre	**4**	3	3	**1**	-	-
Total provision for credit impairment and expected loss	**4,183**	4,100	4,017	**4,868**	4,740	4,665

1. *Only applicable to Advanced Internal Ratings based portfolios.*

Table 8: APRA Expected loss in excess of eligible provisions	As at Sep 16 $M	Mar 16 $M	Sep 15 $M	Movement Sep 16 v. Mar 16	Sep 16 v. Sep 15
APRA Basel 3 expected loss: non-defaulted	**2,959**	2,894	2,850	2%	4%
Less: Qualifying collective provision					
Collective provision	**(2,876)**	(2,862)	(2,956)	0%	-3%
Non-qualifying collective provision	**350**	313	333	12%	5%
Standardised collective provision	**267**	255	252	5%	6%
Non-defaulted excess included in deduction	**700**	600	479	17%	46%
APRA Basel 3 expected loss: defaulted	**1,909**	1,846	1,815	3%	5%
Less: Qualifying individual provision					
Individual provision	**(1,307)**	(1,238)	(1,061)	6%	23%
Additional individual provision for partial write offs	**(509)**	(528)	(633)	-4%	-20%
Standardised individual provision	**195**	171	107	14%	82%
Collective provision on advanced defaulted	**(304)**	(265)	(286)	15%	6%
	(16)	(14)	(58)	14%	-72%
Shortfall in expected loss not included in deduction	**16**	14	58	14%	-72%
Defaulted excess included in deduction	**-**	-	-	n/a	n/a
Gross deduction	**700**	600	479	17%	46%

Average balance sheet and related interest[1]

	Full Year Sep 16			Full Year Sep 15		
	Avg bal $M	Int $M	Rate %	Avg bal $M	Int $M	Rate %
Loans and advances[2]						
Overdrafts and credit cards	**20,324**	**2,146**	**10.6%**	21,554	2,132	9.9%
Commercial bills outstanding	**12,781**	**238**	**1.9%**	13,974	272	1.9%
Term loans - housing	**314,067**	**14,424**	**4.6%**	285,998	13,957	4.9%
Term loans - non-housing	**217,777**	**9,466**	**4.3%**	221,635	10,351	4.7%
Lease financing	**8,230**	**542**	**6.6%**	9,406	708	7.5%
Other loans and advances	**2,267**	**26**	**1.1%**	4,201	95	2.3%
Individual provision for credit impairment	**(1,113)**	**-**	**0.0%**	(1,135)	-	0.0%
Total	**574,333**	**26,842**	**4.7%**	555,633	27,515	5.0%
Other interest earning assets						
Cash	**48,565**	**503**	**1.0%**	45,992	485	1.1%
Settlement Balances owed to ANZ	**17,962**	**46**	**0.3%**	15,917	67	0.4%
Collateral Paid	**12,389**	**74**	**0.6%**	8,292	60	0.7%
Trading and available-for-sale assets	**99,676**	**2,316**	**2.3%**	89,989	2,353	2.6%
Regulatory Deposits	**1,226**	**16**	**1.3%**	1,178	8	0.7%
Other assets	**9**	**154**	**n/a**	11	38	n/a
Total	**179,827**	**3,109**	**1.7%**	161,379	3,011	1.9%
Total interest earning assets[3]	**754,160**	**29,951**	**4.0%**	717,012	30,526	4.3%
Non-interest earning assets						
Derivatives	**84,908**			68,352		
Premises and equipment	**2,211**			2,181		
Insurance assets	**34,910**			35,239		
Other assets	**34,583**			31,125		
Collective provision for credit impairment	**(2,863)**			(2,873)		
Total	**153,749**			134,024		
Total average assets	**907,909**			851,036		
Interest bearing deposits and other borrowings						
Certificates of deposit	**62,717**	**1,505**	**2.4%**	62,683	1,690	2.7%
Term deposits	**198,440**	**3,837**	**1.9%**	194,835	4,210	2.2%
On demand and short term deposits	**228,998**	**4,163**	**1.8%**	207,433	4,574	2.2%
Deposits from banks	**51,038**	**639**	**1.3%**	53,624	683	1.3%
Commercial paper	**22,918**	**571**	**2.5%**	21,229	515	2.4%
Securities sold under agreements to repurchase	**996**	**8**	**0.8%**	870	12	1.4%
Borrowing corporations' debt	**1,574**	**64**	**4.0%**	1,505	70	4.7%
Total	**566,681**	**10,787**	**1.9%**	542,179	11,754	2.2%
Other interest bearing liabilities						
Settlement Balances owed by ANZ	**4,888**	**32**	**0.7%**	3,391	35	1.0%
Collateral Received	**6,449**	**39**	**0.6%**	5,460	29	0.5%
Debt issuances & subordinated debt	**103,596**	**3,773**	**3.6%**	95,704	3,748	3.9%
Other liabilities	**5,195**	**225**	**4.3%**	8,199	344	4.2%
Total	**120,128**	**4,069**	**3.4%**	112,754	4,156	3.7%
Total interest bearing liabilities[3]	**686,809**	**14,856**	**2.2%**	654,933	15,910	2.4%
Non-interest bearing liabilities						
Deposits	**19,772**			17,600		
Derivatives	**88,888**			71,398		
Insurance Liabilities	**35,559**			35,816		
External unit holder liabilities (life insurance funds)	**3,278**			3,337		
Other liabilities	**16,462**			16,217		
Total	**163,959**			144,368		
Total average liabilities	**850,768**			799,301		

1. *Averages used are predominantly daily averages.*
2. *Loans and advances as at 30 September 2015 include Esanda Dealer Finance assets divested to Macquarie Group Limited in the March 2016 half.*
3. *Intra-group interest earning assets and interest income and Intra-group interest earning liabilities and interest expense have been eliminated.*

Average balance sheet and related interest[1] (cont'd)

	Full Year Sep 16			Full Year Sep 15		
	Avg bal $M	Int $M	Rate %	Avg bal $M	Int $M	Rate %
Loans and advances[2]						
Australia	**389,928**	**18,786**	**4.8%**	366,823	18,737	5.1%
Asia Pacific, Europe & America	**74,244**	**2,437**	**3.3%**	86,530	2,554	3.0%
New Zealand	**110,161**	**5,619**	**5.1%**	102,280	6,224	6.1%
Total	**574,333**	**26,842**	**4.7%**	555,633	27,515	5.0%
Trading and available-for-sale assets						
Australia	**57,448**	**1,371**	**2.4%**	51,719	1,445	2.8%
Asia Pacific, Europe & America	**28,041**	**462**	**1.6%**	25,765	423	1.6%
New Zealand	**14,187**	**483**	**3.4%**	12,505	485	3.9%
Total	**99,676**	**2,316**	**2.3%**	89,989	2,353	2.6%
Total interest earning assets[3]						
Australia	**472,771**	**20,569**	**4.4%**	439,228	20,565	4.7%
Asia Pacific, Europe & America	**152,508**	**3,085**	**2.0%**	158,843	3,096	1.9%
New Zealand	**128,881**	**6,297**	**4.9%**	118,941	6,865	5.8%
Total	**754,160**	**29,951**	**4.0%**	717,012	30,526	4.3%
Total average assets						
Australia	**576,893**			538,153		
Asia Pacific, Europe & America	**179,431**			180,258		
New Zealand	**151,585**			132,625		
Total average assets	**907,909**			851,036		
% of total average assets attributable to overseas activities	**36.5%**			36.8%		
Interest bearing deposits and other borrowings						
Australia	**333,039**	**7,350**	**2.2%**	315,861	7,939	2.5%
Asia Pacific, Europe & America	**148,751**	**1,077**	**0.7%**	149,186	995	0.7%
New Zealand	**84,891**	**2,360**	**2.8%**	77,132	2,820	3.7%
Total	**566,681**	**10,787**	**1.9%**	542,179	11,754	2.2%
Total interest bearing liabilities[3]						
Australia	**411,105**	**10,224**	**2.5%**	392,289	10,817	2.8%
Asia Pacific, Europe & America	**170,146**	**1,439**	**0.8%**	165,867	1,232	0.7%
New Zealand	**105,558**	**3,193**	**3.0%**	96,777	3,861	4.0%
Total	**686,809**	**14,856**	**2.2%**	654,933	15,910	2.4%
Total average liabilities						
Australia	**525,213**			502,529		
Asia Pacific, Europe & America	**193,029**			183,457		
New Zealand	**132,526**			113,315		
Total	**850,768**			799,301		
% of total average liabilities attributable to overseas activities	**38.3%**			37.1%		
Total average shareholder's equity						
Ordinary share capital, reserves, retained earnings and non-controlling interests	**57,141**			51,553		
Preference share capital	**-**			182		
Total	**57,141**			51,735		
Total average liabilities and shareholder's equity	**907,909**			851,036		

1. *Averages used are predominantly daily averages.*
2. *Loans and advances as at 30 September 2015 include Esanda Dealer Finance assets divested to Macquarie Group Limited in the March 2016 half.*
3. *Intra-group interest earning assets and interest income and Intra-group interest earning liabilities and interest expense have been eliminated.*

Average balance sheet and related interest[1] (cont'd)

	Half Year Sep 16			Half Year Mar 16		
	Avg bal $M	Int $M	Rate %	Avg bal $M	Int $M	Rate %
Loans and advances[2]						
Overdrafts and credit cards	20,109	1,084	10.8%	20,539	1,062	10.3%
Commercial bills outstanding	12,325	126	2.0%	13,237	112	1.7%
Term loans - housing	319,327	7,221	4.5%	308,808	7,203	4.7%
Term loans - non-housing	213,827	4,576	4.3%	221,728	4,890	4.4%
Lease financing	8,096	263	6.5%	8,365	279	6.7%
Other loans and advances	2,292	-	0.0%	2,239	26	2.3%
Individual provision for credit impairment	(1,238)	-	0.0%	(988)	-	0.0%
Total	574,738	13,270	4.6%	573,928	13,572	4.7%
Other interest earning assets						
Cash	46,076	256	1.1%	51,054	247	1.0%
Settlement Balances owed to ANZ	17,403	12	0.1%	18,521	34	0.4%
Collateral Paid	14,042	48	0.7%	10,737	26	0.5%
Trading and available-for-sale assets	100,467	1,182	2.4%	98,884	1,134	2.3%
Regulatory Deposits	1,192	9	1.5%	1,259	7	1.1%
Other assets	10	84	n/a	8	70	n/a
Total	179,190	1,591	1.8%	180,463	1,518	1.7%
Total interest earning assets[3]	753,928	14,861	3.9%	754,391	15,090	4.0%
Non-interest earning assets						
Derivatives	90,011			79,804		
Premises and equipment	2,200			2,222		
Insurance assets	34,974			34,846		
Other assets	36,770			32,399		
Collective provision for credit impairment	(2,813)			(2,914)		
Total	161,142			146,357		
Total average assets	915,070			900,748		
Interest bearing deposits and other borrowings						
Certificates of deposit	61,712	724	2.3%	63,722	781	2.5%
Term deposits	199,583	1,895	1.9%	197,297	1,942	2.0%
On demand and short term deposits	230,969	1,970	1.7%	227,027	2,193	1.9%
Deposits from banks	50,770	312	1.2%	51,307	327	1.3%
Commercial paper	20,053	283	2.8%	25,783	288	2.2%
Securities sold under agreements to repurchase	800	4	1.0%	1,191	4	0.7%
Borrowing corporations' debt	1,573	31	3.9%	1,576	33	4.2%
Total	565,460	5,219	1.8%	567,903	5,568	2.0%
Other interest bearing liabilities						
Settlement Balances owed by ANZ	5,298	17	0.6%	4,478	15	0.7%
Collateral Received	7,093	25	0.7%	5,806	14	0.5%
Debt issuances & subordinated debt	105,685	1,954	3.7%	101,507	1,819	3.6%
Other liabilities	5,282	119	4.5%	5,109	106	4.1%
Total	123,358	2,115	3.4%	116,900	1,954	3.3%
Total interest bearing liabilities[3]	688,818	7,334	2.1%	684,803	7,522	2.2%
Non-interest bearing liabilities						
Deposits	20,212			19,332		
Derivatives	92,110			85,666		
Insurance Liabilities	35,662			35,456		
External unit holder liabilities (life insurance funds)	3,265			3,291		
Other liabilities	18,189			14,735		
Total	169,438			158,480		
Total average liabilities	858,256			843,283		

1. *Averages used are predominantly daily averages.*
2. *Loans and advances as at 30 September 2015 include Esanda Dealer Finance assets divested to Macquarie Group Limited in the March 2016 half.*
3. *Intra-group interest earning assets and interest income and Intra-group interest earning liabilities and interest expense have been eliminated.*

Average balance sheet and related interest[1] (cont'd)

	Half Year Sep 16			Half Year Mar 16		
	Avg bal $M	Int $M	Rate %	Avg bal $M	Int $M	Rate %
Loans and advances[2]						
Australia	392,821	9,357	4.8%	387,035	9,429	4.9%
Asia Pacific, Europe & America	69,355	1,141	3.3%	79,132	1,296	3.3%
New Zealand	112,562	2,772	4.9%	107,761	2,847	5.3%
Total	574,738	13,270	4.6%	573,928	13,572	4.7%
Trading and available-for-sale assets						
Australia	58,696	710	2.4%	56,200	661	2.4%
Asia Pacific, Europe & America	26,882	229	1.7%	29,199	233	1.6%
New Zealand	14,889	243	3.3%	13,485	240	3.6%
Total	100,467	1,182	2.4%	98,884	1,134	2.3%
Total interest earning assets[3]						
Australia	479,508	10,277	4.3%	466,032	10,292	4.4%
Asia Pacific, Europe & America	142,512	1,473	2.1%	162,505	1,612	2.0%
New Zealand	131,908	3,111	4.7%	125,854	3,186	5.1%
Total	753,928	14,861	3.9%	754,391	15,090	4.0%
Total average assets						
Australia	584,543			569,243		
Asia Pacific, Europe & America	169,939			188,923		
New Zealand	160,588			142,582		
Total average assets	915,070			900,748		
% of total average assets attributable to overseas activities	36.1%			36.8%		
Interest bearing deposits and other borrowings						
Australia	332,337	3,561	2.1%	333,740	3,789	2.3%
Asia Pacific, Europe & America	145,807	530	0.7%	151,696	547	0.7%
New Zealand	87,316	1,128	2.6%	82,467	1,232	3.0%
Total	565,460	5,219	1.8%	567,903	5,568	2.0%
Total interest bearing liabilities[3]						
Australia	412,396	5,086	2.5%	409,816	5,138	2.5%
Asia Pacific, Europe & America	168,031	725	0.9%	172,261	714	0.8%
New Zealand	108,391	1,523	2.8%	102,726	1,670	3.3%
Total	688,818	7,334	2.1%	684,803	7,522	2.2%
Total average liabilities						
Australia	523,928			526,500		
Asia Pacific, Europe & America	192,679			193,380		
New Zealand	141,649			123,403		
Total	858,256			843,283		
% of total average liabilities attributable to overseas activities	39.0%			37.6%		
Total average shareholder's equity						
Ordinary share capital, reserves, retained earnings and non-controlling interests	56,814			57,465		
Total	56,814			57,465		
Total average liabilities and shareholder's equity	915,070			900,748		

1. *Averages used are predominantly daily averages.*
2. *Loans and advances as at 30 September 2015 include Esanda Dealer Finance assets divested to Macquarie Group Limited in the March 2016 half.*
3. *Intra-group interest earning assets and interest income and Intra-group interest earning liabilities and interest expense have been eliminated.*

Average balance sheet and related interest (cont'd)

	Half Year		Full Year	
	Sep 16 %	Mar 16 %	Sep 16 %	Sep 15 %
Gross earnings rate[1]				
Australia	**4.52**	4.51	**4.51**	4.78
Asia Pacific, Europe & America	**1.86**	1.91	**1.89**	1.83
New Zealand	**4.72**	5.06	**4.89**	5.77
Group	**3.94**	4.00	**3.97**	4.25

Net interest spread and net interest margin may be analysed as follows:

	Half Year		Full Year	
	Sep 16 %	Mar 16 %	Sep 16 %	Sep 15 %
Australia[1]				
Net interest spread	**2.05**	1.99	**2.02**	2.02
Interest attributable to net non-interest bearing items	**0.23**	0.28	**0.25**	0.28
Net interest margin - Australia	**2.28**	2.27	**2.27**	2.30
Asia Pacific, Europe & America[1]				
Net interest spread	**1.00**	1.08	**1.04**	1.08
Interest attributable to net non-interest bearing items	**0.03**	0.03	**0.03**	0.03
Net interest margin - Asia Pacific, Europe & America	**1.03**	1.11	**1.07**	1.11
New Zealand[1]				
Net interest spread	**1.85**	1.81	**1.83**	1.82
Interest attributable to net non-interest bearing items	**0.34**	0.38	**0.36**	0.43
Net interest margin - New Zealand	**2.19**	2.19	**2.19**	2.25
Group				
Net interest spread	**1.82**	1.80	**1.81**	1.82
Interest attributable to net non-interest bearing items	**0.18**	0.21	**0.19**	0.22
Net interest margin	**2.00**	2.01	**2.00**	2.04
Net interest margin (excluding Markets)	**2.53**	2.52	**2.53**	2.51

1. *Geographic gross earnings rate, net interest spread and net interest margin are calculated gross of intra group items (Intra-group interest earning assets and associated interest income and intra-group interest bearing liabilities and associated interest expense).*

Funds management and insurance income analysis (Group)

The tables below supplements the Wealth Australia disclosures provided on pages 76 to 79 to present the Group's overall funds management and insurance businesses by incorporating the relevant Australia division, New Zealand division and Asia Retail & Pacific division funds management and insurance businesses.

		Half Year			Full Year		
	Reference Page	Sep 16 $M	Mar 16 $M	Movt	Sep 16 $M	Sep 15 $M	Movt
Net funds management and insurance income - statutory basis	90	**907**	857	6%	**1,764**	1,815	-3%
Adjustments between cash and statutory profit (pre-tax)							
Treasury shares adjustment	87 - 88	**80**	(34)	large	**46**	(21)	large
Policyholders tax gross up	87 - 88	**(185)**	(32)	large	**(217)**	(186)	17%
Revaluation of policy liabilities	87 - 88	**(55)**	(20)	large	**(75)**	(104)	-28%
Net funds management and insurance income - cash basis	**84**	**747**	771	-3%	**1,518**	1,504	1%
Wealth Australia - Funds management and insurance income		**559**	597	-6%	**1,156**	1,178	-2%
Australia - Funds management and insurance income		**22**	25	-12%	**47**	49	-4%
New Zealand - Funds management and insurance income		**172**	161	7%	**333**	317	5%
Asia Retail & Pacific - Funds management and insurance income		**59**	60	-2%	**119**	115	3%
Inter-divisional eliminations		**(65)**	(72)	-10%	**(137)**	(155)	-12%
Net funds management and insurance income - cash basis	**30**	**747**	771	-3%	**1,518**	1,504	1%

	Half Year			Full Year		
Insurance operating margin	Sep 16 $M	Mar 16 $M	Movt	Sep 16 $M	Sep 15 $M	Movt
Life Insurance Planned profit margin						
Group & Individual	**79**	72	10%	**151**	141	7%
Experience profit/(loss)[1]	**(10)**	4	large	**(6)**	5	large
General Insurance operating profit margin	**59**	51	16%	**110**	97	13%
Wealth Australia	**128**	127	1%	**255**	243	5%
Life Insurance Planned profit margin						
Individual	**20**	20	0%	**40**	47	-15%
Experience profit/(loss)[1]	**9**	4	large	**13**	6	large
New Zealand	**29**	24	21%	**53**	53	0%
Total	**157**	151	4%	**308**	296	4%

1. *Experience profit/(loss) variations are gains or losses arising from actual experience differing from plan, predominantly driven by lapses, claims and expenses.*

	As at			Movement	
Insurance annual in-force premiums	Sep 16 $M	Mar 16 $M	Sep 15 $M	Sep 16 v. Mar 16	Sep 16 v. Sep 15
Group	**445**	439	423	1%	5%
Individual[2]	**1,339**	1,297	1,284	3%	4%
General Insurance[3]	**226**	335	510	-33%	-56%
Total	**2,010**	2,071	2,217	-3%	-9%

Insurance in-force book movement	Sep 15 $M	New business $M[1]	Lapses $M	Sep 16 $M
Group	423	54	(32)	**445**
Individual[2]	1,284	205	(150)	**1,339**
General Insurance[3]	510	85	(369)	**226**
Total	2,217	344	(551)	**2,010**

1. *New business includes the impact of foreign currency gains/ (losses) on translation.*
2. *Lapses for Individual include the impact of the disposal of the New Zealand medical business in the March 2016 half.*
3. *Lapses for General Insurance and Wealth Australia include the impact of ceasing the underwriting new home, content, travel and motor insurance in September 15.*

Funds management and insurance income analysis (Group) (cont'd)

	As at			Movement	
Funds under management	**Sep 16 $M**	**Mar 16 $M**	**Sep 15 $M**	**Sep 16 v. Mar 16**	**Sep 16 v. Sep 15**
Funds under management - average	**74,347**	71,313	71,198	4%	4%
Funds under management - end of period	**75,918**	71,216	69,542	7%	9%
Composed of:					
Australian equities	**16,963**	15,988	16,093	6%	5%
International equities	**18,422**	16,784	17,210	10%	7%
Cash and fixed interest	**35,800**	33,979	32,206	5%	11%
Property and infrastructure	**4,733**	4,465	4,033	6%	17%
Total	**75,918**	71,216	69,542	7%	9%

Funds Management cash flows by product	**Sep 15 $M**	**In-flows**	**Out-flows**	**Other[1]**	**Sep 16 $M**
Wealth Australia Division					
Open Solutions					
OneAnswer Frontier	8,677	1,598	(1,084)	767	**9,958**
ANZ Smart Choice	4,254	2,378	(1,010)	5,568	**11,190**
Wrap (Voyage and Grow)	1,708	542	(210)	120	**2,160**
Closed Solutions					
Retail	20,223	857	(2,837)	785	**19,028**
Employer	11,939	224	(1,450)	(4,798)	**5,915**
Australia Division					
Private Bank	2,073	634	(346)	50	**2,411**
New Zealand Division					
KiwiSaver	6,825	1,589	(526)	976	**8,864**
Retail	2,210	3,034	(2,806)	303	**2,741**
Private Bank	5,471	1,160	(734)	785	**6,682**
Bonus Bonds	2,979	1,180	(906)	144	**3,397**
Other New Zealand	3,183	849	(934)	474	**3,572**
Total	69,542	14,045	(12,843)	5,174	**75,918**

1. *Other includes investment income net of taxes, fees and charges, distributions and the impact of foreign currency translations. It also includes the transition of funds under management from Employer Super to ANZ Smart Choice of approximately $5 billion, as a result of regulatory changes in the industry.*

Embedded value and value of new business (insurance and investments only)	**Wealth Australia $M**	**New Zealand $M**	**Total $M**
Embedded value as at September 2015[1]	4,012	554	**4,566**
Value of new business[2]	131	28	**159**
Expected return[3]	317	50	**367**
Experience deviations and assumption changes[4]	8	9	**17**
Embedded value before economic assumption changes and net transfer	4,468	641	**5,109**
Economic assumptions change[5]	37	66	**103**
Net transfer[6]	31	(91)	**(60)**
Embedded value as at September 2016	4,536	616	**5,152**

1. *Embedded value represents the present value of future profits and releases of capital arising from the business in-force at the valuation date, and adjusted net assets. It is determined using best estimate assumptions with franking credits included at 70% of face value. Projected cash flows have been discounted using capital asset pricing model risk discount rates of 7.0%-8.5%. ANZ Lenders Mortgage Insurance business is not included in the valuation.*
2. *Value of new business represents the present value of future profits less the cost of capital arising from new business written over the period.*
3. *Expected return represents the expected increase in value over the period.*
4. *Experience deviations and assumption changes arise from deviations and changes to best estimate assumptions underlying the prior period embedded value. Positive experience was primarily driven by favourable lapse experience and continued growth in in-force business from Retail insurance.*
5. *Interest rate movements have led to a positive value impact.*
6. *Net transfer represents the net capital movements over the period including capital injections, transfer of cash dividends and value of franking credits. For Wealth Australia there was a $400 million capital injection from the parent entity, partially offset by $273 million of cash dividends and $96 million of franking credits transferred to the parent entity. For New Zealand there were $91 million of cash dividends.*

Select geographical disclosures

Asia Pacific, Europe & America geography
AUD M

	Asia	Europe & America	Pacific	APEA Total
September 2016 Full Year				
Statutory profit	297	183	161	**641**
Cash profit	299	206	161	**666**
Net loans and advances	54,303	8,441	3,636	**66,380**
Customer deposits	60,634	48,138	5,491	**114,263**
Risk weighted assets	59,130	21,698	7,725	**88,553**
September 2015 Full Year				
Statutory profit	909	142	161	**1,212**
Cash profit	909	165	161	**1,235**
Net loans and advances	73,236	7,697	4,129	**85,062**
Customer deposits	73,495	50,129	5,639	**129,263**
Risk weighted assets	76,295	25,956	7,591	**109,842**
September 2016 Half Year				
Statutory profit	218	119	67	**404**
Cash profit	220	120	67	**407**
Net loans and advances	54,303	8,441	3,636	**66,380**
Customer deposits	60,634	48,138	5,491	**114,263**
Risk weighted assets	59,130	21,698	7,725	**88,553**
March 2016 Half Year				
Statutory profit	79	64	94	**237**
Cash profit	79	86	94	**259**
Net loans and advances	57,532	7,882	3,726	**69,140**
Customer deposits	64,412	49,888	5,404	**119,704**
Risk weighted assets	64,112	24,212	7,546	**95,870**

New Zealand geography (in NZD)

	Half Year			Full Year		
	Sep 16 NZD M	Mar 16 NZD M	Movt	Sep 16 NZD M	Sep 15 NZD M	Movt
Net interest income	**1,536**	1,493	3%	**3,029**	2,880	5%
Other operating income	**393**	402	-2%	**795**	1,005	-21%
Operating income	**1,929**	1,895	2%	**3,824**	3,885	-2%
Operating expenses	**(765)**	(815)	-6%	**(1,580)**	(1,478)	7%
Profit before credit impairment and income tax	**1,164**	1,080	8%	**2,244**	2,407	-7%
Credit impairment (charge)/release	**(99)**	(50)	98%	**(149)**	(76)	96%
Profit before income tax	**1,065**	1,030	3%	**2,095**	2,331	-10%
Income tax expense and non-controlling interests	**(287)**	(279)	3%	**(566)**	(644)	-12%
Cash profit	**778**	751	4%	**1,529**	1,687	-9%
Adjustments between statutory profit and cash profit	**1**	12	-92%	**13**	84	-85%
Statutory profit	**779**	763	2%	**1,542**	1,771	-13%
Individual credit impairment charge/(release) - cash	**88**	50	76%	**138**	73	89%
Collective credit impairment charge/(release) - cash	**11**	-	n/a	**11**	3	large
Net loans and advances	**120,651**	117,470	3%	**120,651**	114,376	5%
Customer deposits	**91,360**	90,148	1%	**91,360**	84,870	8%
Risk weighted assets	**76,005**	74,537	2%	**76,005**	74,008	3%
Total full time equivalent staff (FTE)	**7,869**	8,063	-2%	**7,869**	8,104	-3%

Full time equivalent staff

At 30 September 2016, ANZ employed 46,554 people worldwide (Mar 16: 48,896; Sep 15: 50,152) on a full-time equivalent basis ("FTEs").

Division	Half Year			Full Year		
	Sep 16	Mar 16	Movt	Sep-16	Sep 15	Movt
Australia	**8,864**	9,198	-4%	8,864	9,161	-3%
Institutional	**3,640**	4,044	-10%	3,640	4,218	-14%
New Zealand	**5,240**	5,321	-2%	5,240	5,359	-2%
Wealth Australia	**1,379**	1,436	-4%	1,379	1,532	-10%
Asia Retail & Pacific	**2,925**	3,368	-13%	2,925	3,518	-17%
TSO and Group Centre	**24,506**	25,529	-4%	24,506	26,364	-7%
Total	**46,554**	48,896	-5%	46,554	50,152	-7%
Average FTE	**47,489**	49,777	-5%	48,633	50,953	-5%

Exchange rates

Major exchange rates used in the translation of foreign subsidiaries, branches, investments in associates and issued debt are as follows:

	Balance sheet			Profit & Loss Average			
	As at			Half Year		Full Year	
	Sep 16	Mar 16	Sep 15	Sep 16	Mar 16	Sep 16	Sep 15
Chinese Renminbi	**5.0809**	4.9471	4.4573	**4.9507**	4.6622	**4.8064**	4.8803
Euro	**0.6789**	0.6760	0.6229	**0.6694**	0.6558	**0.6626**	0.6838
Pound Sterling	**0.5874**	0.5335	0.4625	**0.5432**	0.4886	**0.5159**	0.5074
Indian Rupee	**50.764**	50.741	46.142	**50.258**	48.101	**49.179**	49.522
Indonesian Rupiah	**9,900**	10,164	10,281	**9,939**	9,835	**9,887**	10,199
Japanese Yen	**76.844**	85.951	84.072	**78.750**	85.328	**82.039**	93.515
Malaysian Ringgit	**3.1576**	3.0015	3.1176	**3.0295**	3.0565	**3.0430**	2.8761
New Taiwan Dollar	**23.895**	24.640	23.066	**24.100**	23.708	**23.904**	24.543
New Zealand Dollar	**1.0487**	1.1093	1.1003	**1.0640**	1.0834	**1.0737**	1.0785
Papua New Guinean Kina	**2.4143**	2.3724	2.0123	**2.3648**	2.1565	**2.2606**	2.0940
United States Dollar	**0.7617**	0.7651	0.7013	**0.7510**	0.7212	**0.7361**	0.7839

AASB – Australian Accounting Standards Board. The term "AASB" is commonly used when identifying Australian Accounting Standards issued by the AASB.

ADI – Authorised Deposit-taking Institution.

APRA – Australian Prudential Regulation Authority.

APS – ADI Prudential Standard.

BCBS – Basel Committee on Banking Supervision.

Cash and cash equivalents comprise coins, notes, money at call, balances held with central banks, liquid settlement balances (readily convertible to known amounts of cash which are subject to insignificant risk of changes in value) and securities purchased under agreements to resell ("reverse repos") in less than three months.

Cash profit is an additional measure of profit which is prepared on a basis other than in accordance with accounting standards. Cash profit represents ANZ's preferred measure of the result of the ongoing business activities of the Group, enabling readers to assess Group and Divisional performance against prior periods and against peer institutions. To calculate cash profit, the Group excludes non-core items from statutory profit as noted below. These items are calculated consistently period on period so as not to discriminate between positive and negative adjustments.

Gains and losses are adjusted where they are significant, or have the potential to be significant in any one period, and fall into one of three categories:

1. gains or losses included in earnings arising from changes in tax, legal or accounting legislation or other non-core items not associated with the ongoing operations of the Group;
2. treasury shares, revaluation of policy liabilities, economic hedging impacts and similar accounting items that represent timing differences that will reverse through earnings in the future; and
3. accounting reclassifications between individual line items that do not impact reported results, such as policyholders tax gross up.

Cash profit is not a measure of cash flow or profit determined on a cash accounting basis.

Collective provision is the provision for credit losses that are inherent in the portfolio but not able to be individually identified. A collective provision is only recognised when a loss event has occurred. Losses expected as a result of future events, no matter how likely, are not recognised.

Credit risk is the risk of financial loss resulting from the failure of ANZ's customers and counterparties to honour or perform fully the terms of a loan or contract.

Credit risk weighted assets represent assets which are weighted for credit risk according to a set formula (APS 112/113).

Derivative credit valuation adjustment (CVA) – Over the life of a derivative instrument, ANZ uses a CVA model to adjust fair value to take into account the impact of counterparty credit quality. The methodology calculates the present value of expected losses over the life of the financial instrument as a function of probability of default, loss given default, expected credit risk exposure and an asset correlation factor. Impaired derivatives are also subject to a CVA.

Customer deposits represent term deposits, other deposits bearing interest, deposits not bearing interest and borrowing corporations' debt excluding securitisation deposits.

Dividend payout ratio is the total ordinary dividend payment divided by profit attributable to shareholders of the Company, adjusted for the amount of preference share dividends paid.

Gross loans and advances (GLA) is made up of loans and advances, acceptances and capitalised brokerage/mortgage origination fees less unearned income.

IFRS – International Financial Reporting Standards.

Impaired assets are those financial assets where doubt exists as to whether the full contractual amount will be received in a timely manner, or where concessional terms have been provided because of the financial difficulties of the customer. Financial assets are impaired if there is objective evidence of impairment as a result of a loss event that occurred prior to the reporting date, and that loss event has had an impact, which can be reliably estimated, on the expected future cash flows of the individual asset or portfolio of assets.

Impaired loans comprise drawn facilities where the customer's status is defined as impaired.

Individual provision is the amount of expected credit losses on financial instruments assessed for impairment on an individual basis (as opposed to on a collective basis). It takes into account expected cash flows over the lives of those financial instruments.

Interest rate risk in the banking book (IRRBB) relates to the potential adverse impact of changes in market interest rates on ANZ's future net interest income. The risk generally arises from:

1. Repricing and yield curve risk - the risk to earnings or market value as a result of changes in the overall level of interest rates and/or the relativity of these rates across the yield curve;
2. Basis risk - the risk to earnings or market value arising from volatility in the interest margin applicable to banking book items; and
3. Optionality risk - the risk to earnings or market value arising from the existence of stand-alone or embedded options in banking book items.

Internationally comparable ratios are ANZ's interpretation of the regulations documented in the Basel Committee publications; "Basel 3: A global regulatory framework for more resilient banks and banking systems" (June 2011) and "International Convergence of Capital Measurement and Capital Standards" (June 2006). They also include differences identified in APRA's information paper entitled International Capital Comparison Study (13 July 2015).

Net interest margin (NIM) is net interest income as a percentage of average interest earning assets.

Net loans and advances represent gross loans and advances less provisions for credit impairment.

Net tangible assets equal share capital and reserves attributable to shareholders of the Company less preference share capital and unamortised intangible assets (including goodwill and software).

Operating expenses include personnel expenses, premises expenses, technology expenses, restructuring expenses, and other operating expenses (excluding credit impairment charges).

Operating income includes net interest income, net fee and commission income, net funds management and insurance income, share of associates' profit and other income.

Restructured items comprise 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 to new facilities with similar risk.

Return on average assets is the profit attributable to shareholders of the Company, adjusted for the amount of preference share dividends paid, divided by average total assets.

Return on average ordinary shareholders' equity is the profit attributable to shareholders of the Company, adjusted for the amount of preference share dividends paid, divided by average ordinary shareholders' equity.

Regulatory deposits are mandatory reserve deposits lodged with local central banks in accordance with statutory requirements.

Risk weighted assets (RWA) – Assets (both on and off-balance sheet) are risk weighted according to each asset's inherent potential for default and what the likely losses would be in the case of default. In the case of non asset backed risks (i.e. market and operational risk), RWA is determined by multiplying the capital requirements for those risks by 12.5.

Settlement balances owed to / by ANZ represent financial assets and/or liabilities which are in the course of being settled. These may include trade dated assets and liabilities, nostro / vostro accounts and securities settlement accounts.

Description of divisions

The Group operates on a divisional structure with six divisions: Australia, Institutional, New Zealand, Wealth Australia, Asia Retail & Pacific and Technology Services & Operations ("TSO") and Group Centre. This divisional structure reflects the changes announced by the Group in March 2016 relating to the former Global Wealth division. These changes included repositioning the New Zealand funds management and insurance businesses to the New Zealand division as well as reorganising the Private Bank business along geographic lines under the Australia, New Zealand and Asia Retail & Pacific divisions. The residual Global Wealth business has been renamed Wealth Australia.

In addition, certain structured finance businesses within Markets and Transaction Banking were transferred across to Loans & Specialised Finance during the September 2016 half.

The TSO organisational changes announced in September 2016 will take effect from 1 October 2016.

Australia

The Australia division comprises the Retail and Corporate & Commercial Banking (C&CB) business units.

- Retail provides products and services to consumer and private banking customers in Australia via the branch network, mortgage specialists, the contact centre and a variety of self-service channels (internet banking, phone banking, ATMs, website and digital banking).
- C&CB provides a full range of banking services including traditional relationship banking and sophisticated financial solutions, including asset financing through dedicated managers focusing on privately owned small, medium and large enterprises as well as the agricultural business segment.

Institutional

The Institutional division services global institutional and business customers located in Australia, New Zealand, Asia, Europe, America, Papua New Guinea and the Middle East across three product sets: Transaction Banking, Loans & Specialised Finance and Markets.

- Transaction Banking provides working capital and liquidity solutions including documentary trade, supply chain financing as well as cash management solutions, deposits, payments and clearing.
- Loans & Specialised Finance provides specialised loan structuring and execution, loan syndication, project and export finance, debt structuring and acquisition finance, structured asset finance, structured trade finance and corporate advisory.
- Markets provides risk management services on foreign exchange, interest rates, credit, commodities, debt capital markets and wealth solutions in addition to managing the Group's interest rate exposure and liquidity position.

New Zealand

The New Zealand division comprises the Retail and Commercial business units.

- Retail provides a full range of banking and wealth management services to consumer, private banking and small business banking customers. We deliver our services via our internet and app-based digital solutions and network of branches, mortgage specialists, relationship managers and contact centres.
- Commercial provides a full range of banking services including traditional relationship banking and sophisticated financial solutions (including asset financing) through dedicated managers focusing on privately owned medium to large enterprises and the agricultural business segment.

Wealth Australia

The Wealth Australia division comprises the Insurance and Funds Management business units, which provide insurance, investment and superannuation solutions intended to make it easier for customers to connect with, protect and grow their wealth.

- Insurance includes life insurance, general insurance and ANZ Lenders Mortgage Insurance.
- Funds Management includes the Pensions and Investments business and ANZ Share Investing.

Asia Retail & Pacific

The Asia Retail & Pacific division comprises the Asia Retail and Pacific business units, connecting customers to specialists for their banking needs.

- Asia Retail provides general banking and wealth management services to affluent and emerging affluent retail customers across nine Asian countries via relationship managers, branches, contact centres and a variety of self-service digital channels (internet and mobile banking, phone and ATMs). Core products offered include deposits, credit cards, loans, investments and insurance.
- Pacific provides products and services to retail customers, small to medium-sized enterprises, institutional customers and Governments located in the Pacific Islands. Products and services include retail products provided to consumers, traditional relationship banking and sophisticated financial solutions provided to business customers through dedicated managers.

Technology, Services & Operations and Group Centre

TSO and Group Centre provide support to the operating divisions, including technology, operations, shared services, property, risk management, financial management, strategy, marketing, human resources and corporate affairs. The Group Centre includes Group Treasury, Shareholder Functions and minority investments in Asia. The TSO organisational changes announced in September 2016 will take effect from 1 October 2016.

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