



CHAIRMAN'S REPORT

A message from David Gonski AC

Enclosed with this Shareholder Update is the advice of your 2015 Interim Dividend payment of 86 cents per share fully franked, 4% higher than the first half of 2014.

This reflects a good, well balanced financial performance during the first half of the 2015 financial year which saw statutory profit up 3% to \$3.5 billion while cash profit¹ rose 5% to \$3.7 billion.

Our financial performance and capital strategy is allowing us to maintain the dividend payout ratio for the financial year towards the upper end of the Board's target of 65 to 70% of Cash Profit.

This will see ANZ shareholders receive a total of \$2.4 billion in dividends for the first half of which almost 75% will be paid to Australian based retail and institutional investors.

Turning to our performance in more detail, I am pleased to report that we saw a range of strong outcomes in our major franchises in Australia, in New Zealand and in Asia which highlights the value of ANZ's super regional strategy.

In our domestic markets of Australia and New Zealand we again delivered strong growth and returns. In Australia we are investing heavily to support our customers' future needs particularly through digital solutions and by increasing our presence in New South Wales. In New Zealand we are continuing to see the benefits of our simplification program with a stronger brand and growth in market share.

Global Wealth continued to achieve positive results and is delivering industry-leading innovation for our customers.

International and Institutional Banking also performed well including strong growth in regional trade and investment corridors, for example between Australia and Hong Kong and Australia and Singapore. The global economic environment is however more challenging for institutional banking.

We are responding to this more constrained environment by taking action to improve returns while we continue to benefit from the growth opportunities in Asia.

Across the Group credit conditions remained benign. The total provision charge decreased 3% to \$510 million in calculating cash profit¹, reflecting ANZ's long-term focus on asset quality and prudent credit standards.

While there is still much to do at ANZ, our performance is a reminder of what a successful bank can achieve when it is focussed on supporting the ambitions of individuals, of businesses, of employees, of shareholders and indeed of the community as a whole.

Because of the important role we are trusted to play, Australia's banks have to maintain a long-term focus. With our history now stretching back some 180 years, I am pleased to say that ANZ is a bank that has a very clear sense of its future in Australia, in New Zealand and in Asia Pacific.

In this half we continued to contribute to the success of our customers and to building stronger communities, and on behalf of our shareholders I'd like to thank our talented and professional staff for their contribution.

DAVID GONSKI AC
CHAIRMAN

2015 HALF YEAR HIGHLIGHTS

▲ 5%
\$3,676 million CASH PROFIT
1H14 \$3,515 million

▲ 4%
86 cents DIVIDEND PER SHARE
1H14 83 cents

▲ 4%
133.6 cents CASH EARNINGS PER ORDINARY SHARE
1H14 128.7 cents

1. Statutory profit has been adjusted to exclude non-core items to arrive at cash profit, which is provided to assist readers to understand the results for the ongoing activities of the Group.