



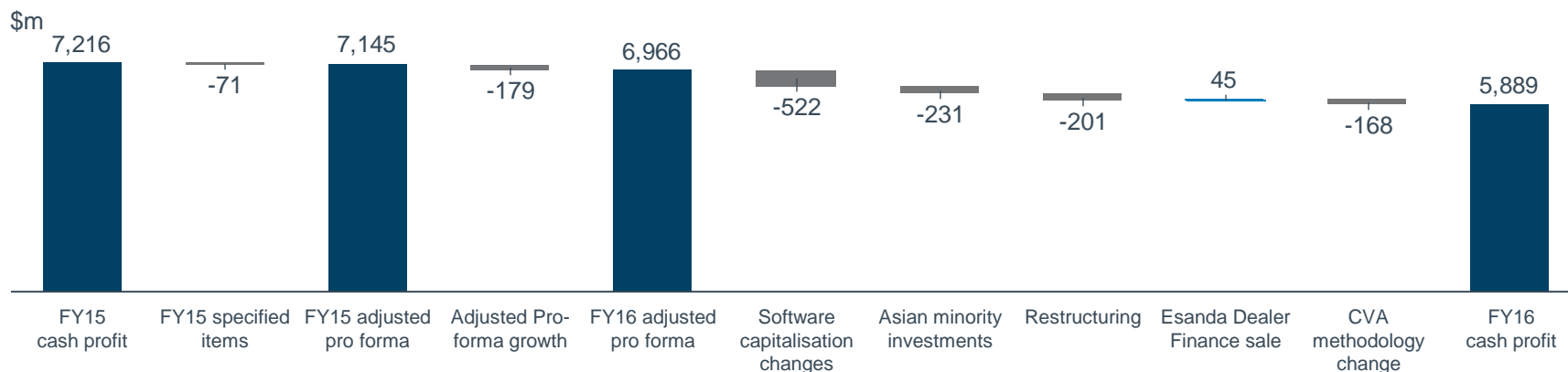
# 2016 FULL YEAR RESULTS

AUSTRALIA AND NEW ZEALAND  
BANKING GROUP LIMITED  
3 November 2016

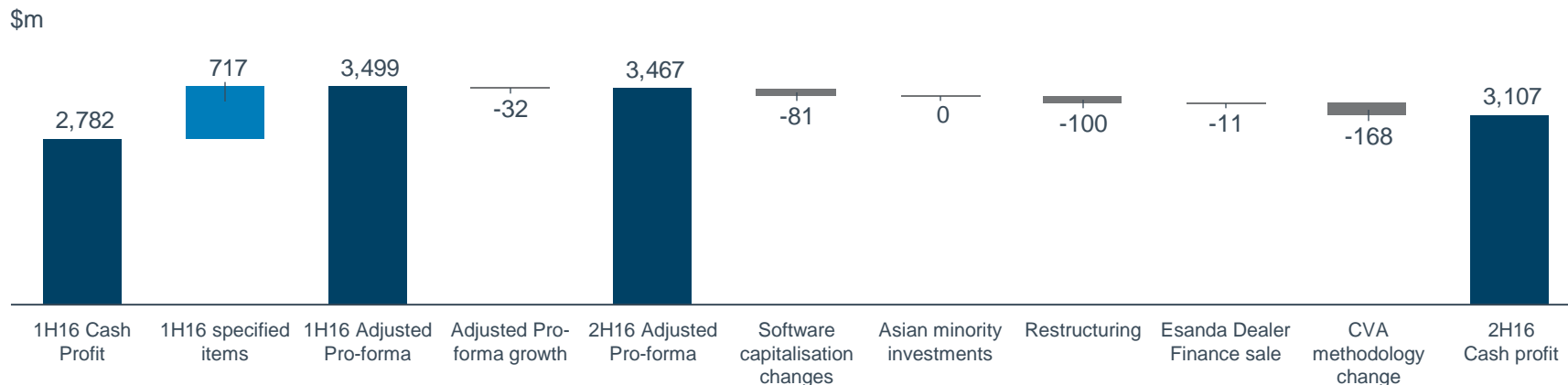
SPECIFIED ITEMS

# CASH PROFIT: ADJUSTED PRO-FORMA

## FULL YEAR 2016 OPERATING PROFIT



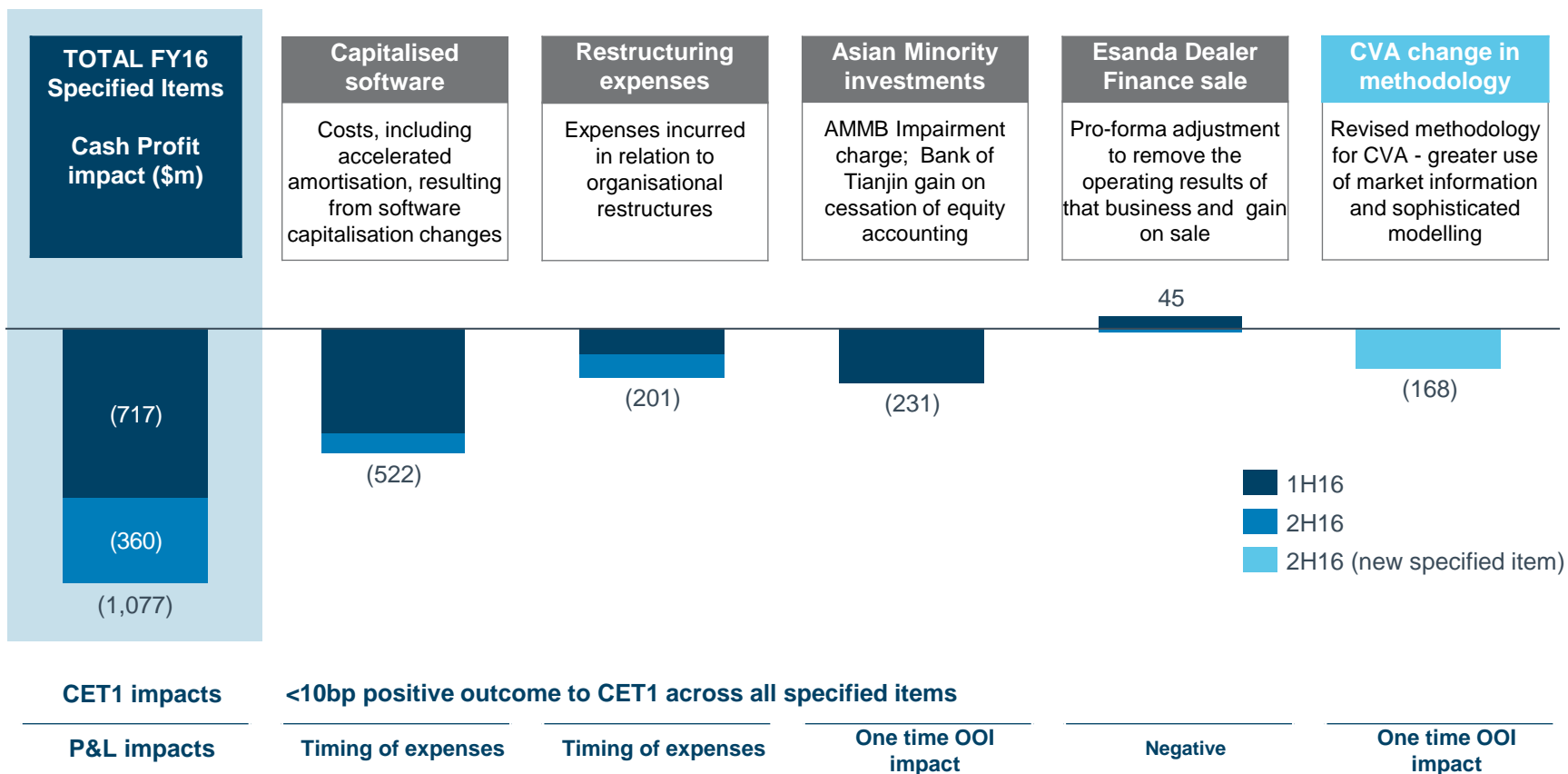
## 2H16 OPERATING PROFIT



'Adjusted Pro forma' refers to cash profit adjusted for 'Specified items': the impacts of software capitalisation policy changes, Asian Minority Investment impairment charge (AMMB) and gain of cessation of equity accounting (Bank of Tianjin), restructuring expenses and sale of Esanda Dealer Finance portfolio. Further detail provided in the ANZ Half Year 2016 consolidated Financial Report page 14. Note: Adjusted pro forma has not been adjusted for FX. Further detail provided in the ANZ Full Year 2016 consolidated Financial Report page 16.

# SPECIFIED ITEMS

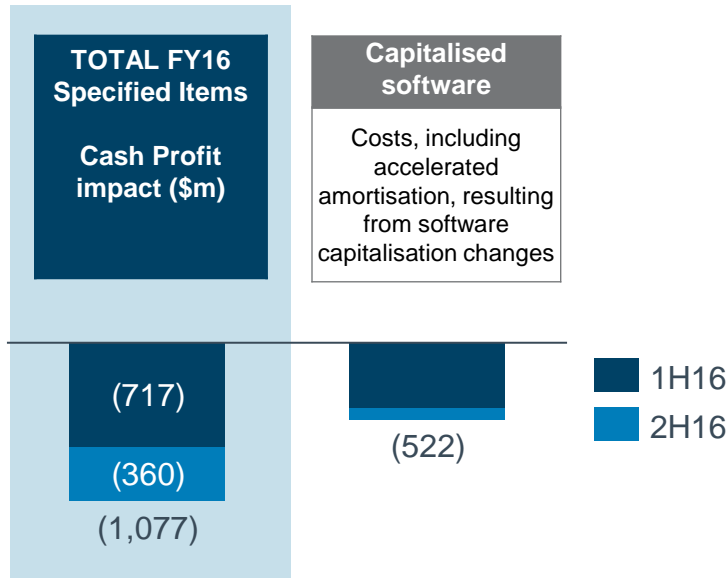
ALL TAKEN THROUGH CASH PROFIT



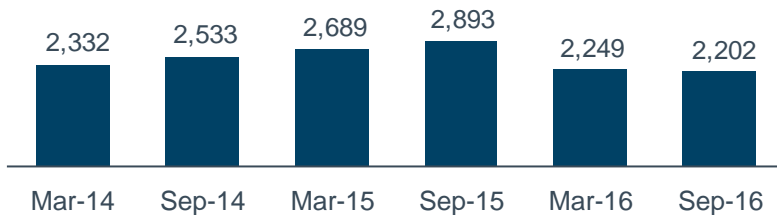
Further detail on specified items provided in the ANZ Full Year 2016 consolidated Financial Report page 16.

# SPECIFIED ITEMS

## CAPITALISED SOFTWARE



### CAPITALISED SOFTWARE BALANCE IMPACT (\$m)



### CAPITALISED SOFTWARE POLICY CHANGES

- Increased the threshold for capitalisation of software development costs
- Directly expensing more project related costs

### RATIONALE

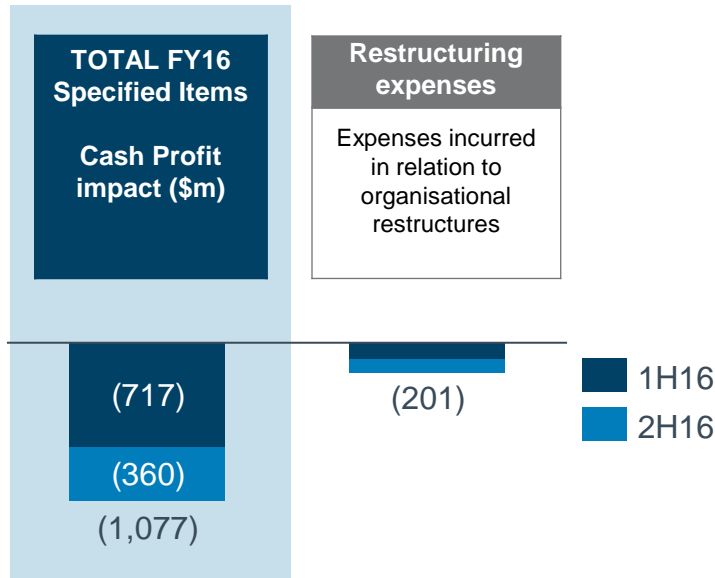
- Reflects the rapidly changing technology landscape & increased pace of innovation in financial services, resulting in increasingly shorter useful lives for smaller items of software in the “digital world”
- Driving more disciplined commercial decisions

### IMPACT

- Accelerated amortisation of previously capitalised software balances with an original costs below the revised threshold
- Increased operating expenses for software projects in the current period that would otherwise have been capitalised and amortised in future periods
- Higher software expenses in the near term but lower amortisation charges in future years
- Reduced capitalised software balance

# SPECIFIED ITEMS

## RESTRUCTURING EXPENSES



### RESTRUCTURE EXPENSES

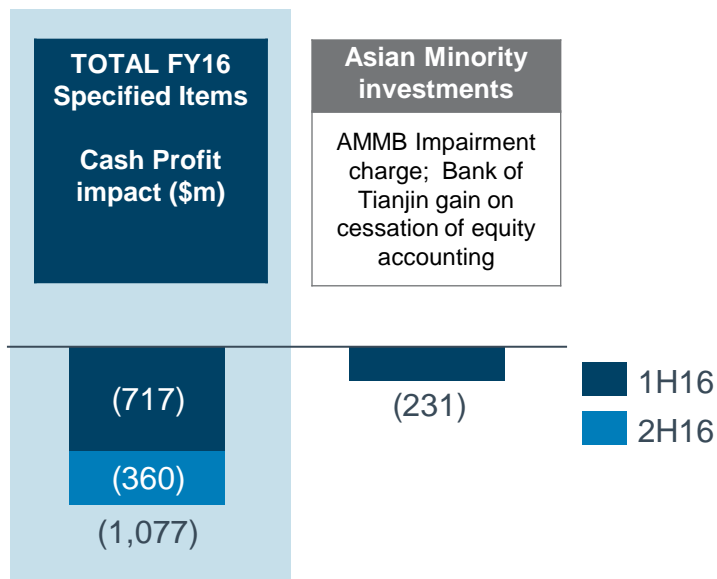
- Reshaping the workforce to reduce complexity and duplication
- Aligning to the new organisation structure, including our changing emphasis on Institutional
- This includes simplification of the Institutional and Wealth businesses, restructure of Asia Retail & Pacific, and simplification and digitisation in Australia and TSO and Group Centre

### BENEFITS

- Streamlined divisions with improved connectivity and productivity
- Simpler organisational structure with fewer senior management required to run the business
- Right sized support and enablement functions to meet business requirements

# SPECIFIED ITEMS

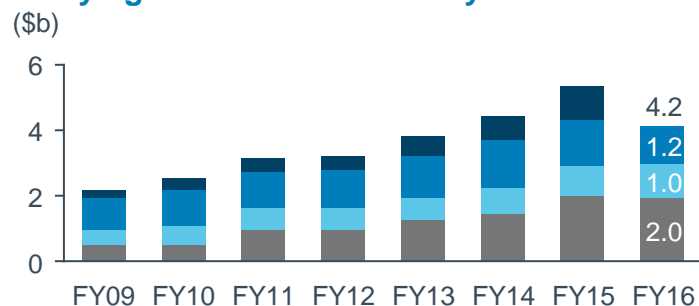
## ASIAN MINORITY INVESTMENTS



### ASIAN MINORITY INVESTMENT ADJUSTMENTS

- During the March 2016 half, 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 calculations.
- On 30 March 2016, Bank of Tianjin (BoT), an equity accounted investment, completed a capital raising. 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 the investment in BoT and commenced accounting for the investment 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.

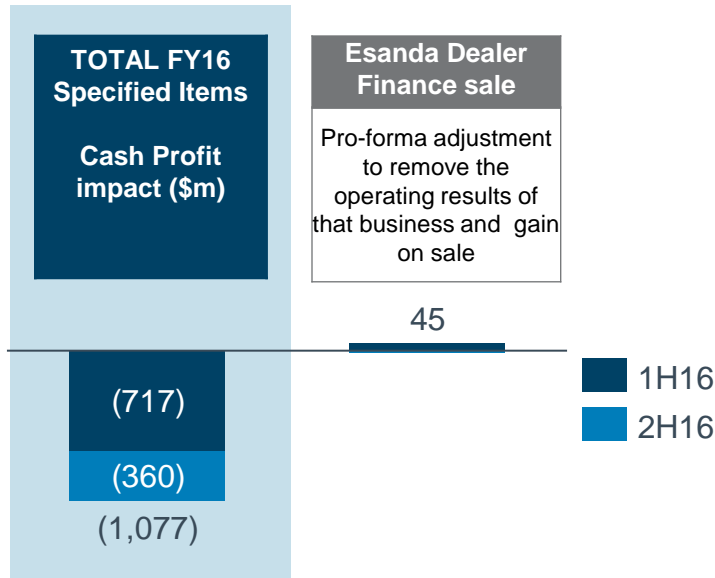
### Carrying value of Asia Minority Investments



Further detail on specified items provided in the ANZ Full Year 2016 consolidated Financial Report page 16.

# SPECIFIED ITEMS

## ESANDA DEALER FINANCE SALE

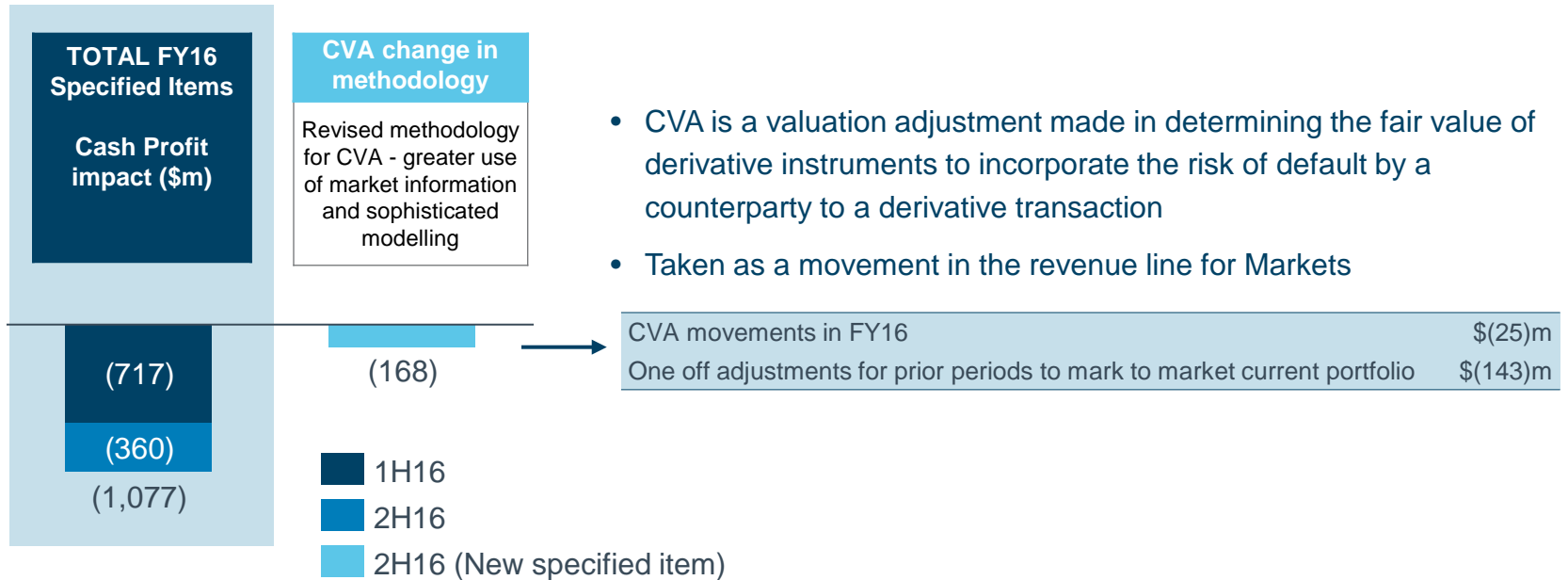


### ESANDA DEALER FINANCE SALE

- On 1 November 2015, the Group sold the Esanda Dealer Finance portfolios with the majority of the business transferred by 31 December 2015
- Adjusted 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 1H15, 2H15 and 1H16

# SPECIFIED ITEMS

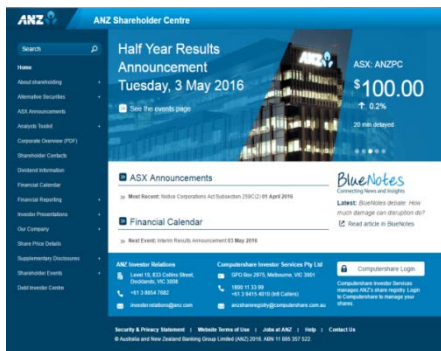
## CVA METHODOLOGY ADJUSTMENTS



'Specified items' include 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 page 16



# Further Information



## Our Shareholder information

[shareholder.anz.com](http://shareholder.anz.com)

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