For Release: 29 October 2015

Media Release

ANZ 2015 Full Year Result

– continued growth in customer franchises in a challenging operating environment –

Performance Highlights

- Statutory profit after tax of $7.5 billion up 3%. Cash profit[1] of $7.2 billion up 1%.
- Final Dividend 95 cents per share (cps) fully franked. Total Dividend for the year 181 cps up 2%. Earnings per share was flat at 260.3 cents, reflecting increased shares on issue following the capital raising in the second half.
- Profit before Provisions (PBP) up 3%.
- Customer deposits grew 10% with net loans and advances up 9%.
- Return on Equity (RoE) 14.0%.
- ANZ's Common Equity Tier 1 (CET1) ratio is 13.2% on an internationally comparable Basel 3 basis[2] and 9.6% on an Australian Prudential Regulation Authority (APRA) Basel 3 basis.

All comparisons are Financial Year ended 30 September 2015 compared to Financial Year ended 30 September 2014, not adjusted for FX and on a cash basis unless otherwise noted.

OVERVIEW

ANZ Chief Executive Officer Mike Smith said: "We have produced another record result in FY15. In a constrained environment, we have continued to see growth in our core customer franchises in Australia, in New Zealand and in key Asian markets, partly offset by the effect of macro-economic headwinds on the International and Institutional Banking Division.

"The Australia Division has continued to deliver good profit growth based on market share gains in key segments. The New Zealand Division also grew profit based on market share gains and strong cost disciplines. Global Wealth again produced a positive performance. In International and Institutional Banking profit was down reflecting the challenging global environment. This included pronounced market volatility in the final weeks of FY15 which saw a disappointing trading outcome in Global Markets.

"We are continuing to evolve our strategy and accelerate its execution to maximise value for our customers and for our shareholders. There are significant opportunities for ANZ, however lower economic growth, intense competition, the growing cost of regulation and market volatility present headwinds for all banks.

"In Australia we are successfully investing in growth opportunities in New South Wales while across Australia and New Zealand we are continuing to grow market share in Mortgages and Small Business. In International and Institutional Banking, we are focusing on attractive opportunities in Cash Management while stepping away from lower return financial institutions Trade Finance. Growth in Risk Weighted Assets is also being restricted to better manage capital within the business. There is still a lot to do, however we are already seeing some results from these actions and we expect to see more in future periods.

"Over the past eight years we have strengthened ANZ, created Australia's only truly regional bank and built a better bank for our customers in Australia, in New Zealand and in Asia Pacific. I know ANZ will be in good hands when Shayne Elliott succeeds me as Chief Executive on 1 January," Mr Smith said.

DIVIDEND AND CAPITAL

Inclusive of the Final Dividend of 95 cps, the total dividend for the year of 181 cps will see ANZ shareholders receive $5.1 billion.

At the end of FY15 the Group's APRA CET1 ratio was 9.6%, up 87 basis points (bps) from March 2015. On an Internationally Comparable basis the CET1 ratio was 13.2%, placing ANZ within the top quartile of international peer banks. The completion of the sale of the Esanda Dealer Finance portfolio will deliver a further 20 bps of CET1.

ANZ raised a total of $4.4 billion of new equity throughout the past year, including $3.2 billion in response to APRA's increased capital requirement for Australian residential mortgages which applies from July 2016. ANZ expects the APRA CET1 ratio to remain around 9% post implementing the mortgage RWA change next year. The Group continues to retain significant capital management flexibility to progressively adjust to further changes in regulatory capital requirements if required.

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1 Statutory profit has been adjusted to exclude non-core items to arrive at Cash profit which measures the result for the ongoing activities of the Group.
2 Internationally comparable methodology aligns with APRA's information paper "International Capital Comparison Study" (13 July 2015).

PERFORMANCE BY DIVISION[3]

AUSTRALIA

The Australia Division continued its trend of cash profit improvement with profit and PBP growth of 7%. The result was driven by growth in customer numbers along with increased product sales and market share.

Investment focused on digital platform enhancement, increasing distribution sales capacity and capability, growing our presence in particular in New South Wales (NSW), a high growth market where ANZ has historically been underweight, and building out specialist propositions in key sectors of Corporate and Commercial Banking (C&CB).

Lending grew 9% with deposits up 5%. Sales performance has been strong, particularly in Home Lending, Credit Cards and Small Business Banking. ANZ has grown home lending market share consistently now for six years driven by capability and capacity improvements in our branches, online, in ANZ's mobile lender team and improved broker servicing.

ANZ's C&CB business grew lending by 6% despite patchy sentiment in the Commercial sector, with Small Business Banking performing particularly strongly, up 12%. Increased specialist capability saw lending to the Health sector up 16% in the second half.

ANZ has seen strong commercial outcomes from its investment in digital capability with increased numbers of customers engaging with the business via digital channels. In FY15 sales via digital channels grew 30%, new to bank goMoney customers grew 89% and product purchases on mobile devices increased 121%.

INTERNATIONAL AND INSTITUTIONAL BANKING (IIB)

IIB cash profit declined 2% with PBP down 1%. While it has been a challenging year for the business we have continued to develop the customer franchises in Asia, New Zealand and Australia with particularly good outcomes in Asia. Customer sales in our higher returning products demonstrated good growth with cash deposits up 11%, commodities sales up 44% and rates sales up 32%.

Global Markets customer income continued a pattern of steady year on year (YOY) increases, up 7%. Despite a strong performance over the nine months to the end of the third quarter, changed financial market conditions in the last six weeks of the fourth quarter caused significant dislocation and a widening of credit spreads, which particularly impacted trading income as well as suppressing sales. This meant total Global Markets income finished the year down 2%.

A multi-year investment in the high returning Transaction Banking Cash Management capability has seen Cash Management deposits up 48% over the past three years. Similarly investment in Global Markets product, technology and customer sales capability has driven good outcomes with Foreign Exchange income up 24% over the past three years to represent 42% of the book.

IIB has been refining key business areas. Reduced exposure to some lower returning areas of the Trade business, while lowering Trade income slightly, has improved returns. In the Global Loans business, increased focus on RWA efficiency over the course of the second half saw profit decline but margins and returns on RWA begin to stabilise.

NEW ZEALAND (all figures in NZD)

New Zealand Division cash profit grew 3% with PBP up 7%. Ongoing business momentum is reflected in balance sheet growth which along with capital and cost discipline (costs +2%) has grown returns. While underlying credit quality remains robust and gross impaired assets continued to decline, a lower level of provision write-backs YOY saw the provision charge normalising although remaining modest at $59 million.

Lending grew 8% with deposits up 14%. Brand consideration remains the best of the top four banks, strengthening further. In turn, this is translating into lending demand with ANZ now the largest mortgage lender across all major cities. ANZ has grown market share in key categories during the year including mortgages, credit cards, household deposits, life insurance, KiwiSaver and business lending. The Commercial business grew strongly across all regions with lending up 8%.

ANZ increased investment in digital and in sales capability. Sales revenue generated from digital channels increased 32%. A focus on delivering a great digital experience for customers has seen ANZ's mobile banking app 'goMoney' consistently scoring above 98% in customer satisfaction and, with over half a million customers, it is the most downloaded banking app in New Zealand.

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[3] All comparisons are Financial Year ended 30 September 2015 compared to Financial Year ended 30 September 2014, not adjusted for FX and on a cash basis unless otherwise noted.

GLOBAL WEALTH

The Global Wealth Division increased profit by 11%. Positive performance was experienced across all business units. Insurance delivered growth in in-force premiums along with stable claims and lapse experience, which contributed to an 18% increase in both embedded value and in the value of new business. Private Wealth continued to deliver growth through customer focused investment solutions – with FUM increasing 22% and customer deposits 33% YOY.

Global Wealth continues to reshape the customer experience through new digital solutions. Recent innovations include 'Advice on Grow™', new tools improving the advice experience, while 'Insurance on Grow™' will soon be released to the market.

ANZ Smart Choice Super leads the industry in value for money and innovation. FUM now exceeds $4.3 billion and for the second year ANZ Smart Choice received the prestigious Super Ratings Fastest Mover award. ANZ KiwiSaver continues to build its market position with FUM growing 32% to A$7 billion. Global Wealth's focus on improving customer experience is reflected in the increased sale of Wealth solutions through ANZ channels with growth of 8% YOY.

CREDIT QUALITY

Gross impaired assets decreased 6% over the course of the year. While the total provision charge increased to $1.2 billion or 22 bps, loss rates[4] remain well under the long term average having risen from their historically low levels. The individual provision charge declined $34 million and while the collective provision charge increased it remained low in absolute terms at $95 million compared to a net release the prior year.

We are beginning to see the normalisation of provision charges with the component parts of the collective provision charge responding as expected to the economic environment. During FY15 the movement in the risk profile component of the charge reflected moderating economic activity with a lower number of credit downgrades being recorded whereas the prior year saw a higher level of upgrades.

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Video interviews with ANZ's Chief Executive Officer Mike Smith and Chief Financial Officer Shayne Elliott regarding today's Full Year 2015 Consolidated Financial Report and Dividend announcement can be found at ANZ BlueNotes www.bluenotes.anz.com

[4] Total credit impairment charge as a percentage of average gross loans and advances.