

News Release

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Update on impact of large notable items on 2H20 results

ANZ today announced its second half 2020 Cash Profit will be impacted by an after tax charge of \$528m (approximately a 5 basis points impact on common equity tier one capital) as a result of large notable items, including remediation costs and accelerated software amortisation. The charge impacts Statutory Profit by a similar amount.

Remediation charges recognised in the second half of 2020 will be \$188m (after tax), largely related to an acceleration of remediation programs and product reviews across the Group.

Changes to the application of ANZ's software amortisation policy resulted in a \$138 million (after tax) charge being recognised in the second half of 2020. These changes were made to reflect the increasingly shorter useful life of various types of software assets caused by rapidly changing technology and business requirements.

The remaining charges of \$202m (after tax) include the write-down of goodwill in ANZ's Pacific business, the impact of AASB 9 accounting changes on ANZ's investment in PT Panin and restructuring charges.

The following tables are provided to illustrate the impacts of the above items to cash continuing profit after tax (versus prior comparable periods):

Item	2H 2020 (\$m)	1H 2020 (\$m)	Movement (\$m)
Customer remediation	188	91	97
Accelerated software amortisation	138	-	138
Goodwill write-off	77	-	77
Asian Associate AASB 9 adj	66	-	66
Asian Associate impairments	-	815	(815)
Restructuring	41	74	(33)
Lease related items	14	58	(44)
Divestment impacts	4	(27)	31
Total	528	1,011	(483)

Item	Full year 2020	Full year 2019	Movement
	(\$m)	(\$m)	(\$m)
Customer remediation	279	475	(196)
Accelerated software amortisation	138	1	138
Goodwill write-off	77	ı	77
Asian Associate AASB 9 adj	66	ı	66
Asian Associate impairments	815	-	815
Restructuring	115	54	61
Lease related items	72	•	72
Divestment impacts	(23)	(308)	285
Royal Commission	-	10	(10)
Total	1,539	231	1,308

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Approved for distribution by ANZ's Continuous Disclosure Committee

Large/Notable items - continuing operations

Within continuing cash profit, the Group has recognised some large/notable items. These items are shown in the tables below.

		Ü	g		nese items ai eptember 2020							8	September 201	19 Full Year		
			Lar	ge/notable it	ems included i		La	rge/notable i	tems included	d in continuing	cash profit					
	Gain/(Loss) on sale from divestments \$M	Divested business results \$M	Customer remediation \$M	Goodwill write-off \$M	Restructur- ing \$M	Lease- related items \$M	Accelerated software amortisation i	Asian associate mpairments \$M	Asian associate AASB 9 adjustment \$M	Total \$M	Gain/(Loss) on sale from divestments \$M	Divested business results \$M	Customer remediation \$M	Royal Commission legal costs \$M	Restructur- ing \$M	Total \$M
Cash Profit																
Net interest income	-	134	(106)	-	-	(40)	-	-	-	(12)	-	192	(141)	-	-	51
Other operating income	(38)	2	(68)	-	-	22	-	(815)	(68)	(965)	252	54	(71)	-	-	235
Operating income	(38)	136	(174)	-	-	(18)	-	(815)	(68)	(977)	252	246	(212)	-	-	286
Operating expenses	(6)	(34)	(209)	(77)	(161)	(85)	(197)	-	-	(769)	-	(79)	(373)	(15)	(77)	(544)
Profit before credit impairment and income tax	(44)	102	(383)	(77)	(161)	(103)	(197)	(815)	(68)	(1,746)	252	167	(585)	(15)	(77)	(258)
Credit impairment charge	-	(23)	-	-	-	-	-	-	-	(23)	-	(14)	-	-	-	(14)
Profit before income tax	(44)	79	(383)	(77)	(161)	(103)	(197)	(815)	(68)	(1,769)	252	153	(585)	(15)	(77)	(272)
Income tax benefit/(expense) and non-controlling interests	10	(22)	104	-	46	31	59	-	2	230	(47)	(50)	110	5	23	41
Cash profit/(loss) from continuing operations	(34)	57	(279)	(77)	(115)	(72)	(138)	(815)	(66)	(1,539)	205	103	(475)	(10)	(54)	(231)
					September 20	20 Half Yea	r						March 202	20 Half Year		
			L	.arge/notable	e items include	d in continu	ing cash profit	:			L	_arge/notable	items includ	led in continuin	g cash profit	
	Gain/(Loss) on sale from divestments \$M	Divested business results \$M	Customer remediation		ff ing	item	d softwar s amortisatio	e associat n impairmer	e AASI t adjustme	ate 3 9		S Custom S remediation	on ii	Lease- ur- related ng items \$M \$M	Asian associate impairment \$M	Total \$M
Cash Profit	on sale from divestments	business results	Customer remediation	write-o	ff ing	relate item	d softwar s amortisatio	e associat n impairmer	n associa e AASI at adjustme	ate 3 9 ent Tota	business l results	S Custom S remediation	on ii	ur- related ng items	associate impairment	
Cash Profit Net interest income	on sale from divestments	business results	Customer remediation	write-o \$i	ff ing	relate item	d softwar s amortisation M \$	e associat n impairmer	n associa e AASI at adjustme	ate 3 9 ent Tota	business Il results II \$N	s Custom s remediation 1 \$	on ii M \$	ur- related ng items	associate impairment	
	on sale from divestments \$M	business results \$M	Customer remediation	write-o \$l	ff ing M \$M	relate item \$1	d softwar s amortisatio M \$	e associat n impairmer	n associi e AASI it adjustmo	ate 39 ent Tota \$M \$N	business I results I \$N	s Custom s remediation 1 \$	on ii M \$	ur- related ng items \$M \$M	associate impairment	\$M
Net interest income	on sale from divestments \$M	business results \$M	Customer remediation \$M	write-o \$l	ff ing M \$M	relate item \$1	d softwar s amortisatio M \$	re associat n impairmer M \$1	n associa e AASI at adjustme M	ate 3 9 ent Tota \$M \$M	business I results I sh	S Custom S remediation 1 \$	on ii M \$	related items \$M \$M	associate impairment \$M	\$M
Net interest income Other operating income	on sale from divestments \$M - (38)	business results \$M 59	Customer remediation \$M (84) (32) (116)	write-o \$i	ff ing M \$M 	relate item \$1 (19	d softwar s amortisation () \$	e associat n impairmer M \$1 - -	n associa e AASI it adjustmo M	ate 3 9 ent Tota \$M \$M - (44	business I results I \$10) 75) 1) 76	Custom remediation \$\frac{1}{3}\$	on in	related items \$M - (21) - 12 - (9)	associate impairment \$M - (815)	\$M 32 (838)
Net interest income Other operating income Operating income	on sale from divestments \$M - (38)	business results \$M 59 1	Customer remediation \$M (84) (32) (116)	write-o \$i	ff ing \$M \$M 7) (56)	relate item \$1 (19 10 (20 (11)	d softwar amortisation () \$	e associatin impairmer M \$1	n associe e AASI it adjustmi //	- (44 68) (127	business I results I 75) 75) 1) 76) (18	Customs remediation (2) (3) (5) (7)	2) 6) 8)	related items \$M	associate impairment \$M - (815)	32 (838) (806) (268)
Net interest income Other operating income Operating income Operating expenses Profit before credit impairment	on sale from divestments \$M (38) (38) (6)	59 1 60 (16)	Customer remediation \$M (84) (32) (116) (138) (254)	write-o \$ (7)	ff ing \$M \$M 7) (56)	relate item \$1 (19 10 (9 (11	d softwar amortisation \$	e associatin impairmer M \$1	n associa e AASI adjustment	- (44 68) (127 - (501 - (38) (672 - (3	business results (1) (1) (18) (18) (20) (20)	Custom remediation (2) (3) (5) (7) (12)	2) 6) 8)	related items \$M	associate impairment \$M - (815) (815)	32 (838) (806) (268)
Net interest income Other operating income Operating income Operating expenses Profit before credit impairment and income tax	on sale from divestments \$M - (38) (38) (6) (44)	59 1 60 (16)	Customer remediation \$M (84) (32) (116) (138) (254)	write-o \$ (7)	ff ing \$M \$M (56) 7) (56)	relate item \$1 (19 10 (9 (11	d softwar amortisation \$	e associatin impairmer M \$1	n associa e AASI adjustment	- (44 68) (127 - (501 - (672	business results (1) (1) (18) (18) (20) (20)	Customs remediation (2) (3) (5) (7) (12)	2) 6) 8) 1) (10	related items \$M	associate impairment \$M - (815) (815) - (815)	\$M 32 (838) (806) (268) (1,074) (20)
Net interest income Other operating income Operating income Operating expenses Profit before credit impairment and income tax Credit impairment charge	on sale from divestments \$M - (38) (38) (6) (44)	59 1 60 (16) 44 (3)	Customer remediation \$M (84) (32) (116) (138) (254) - (254)	(77	ff ing \$M \$M (56) 7) (56)	relate item \$1 (19 10 (9 (11	d softwar amortisation (**) (e associatimpairmer M \$1	n associa e AASI adjustment	- (44 68) (127 - (501 - (38) (672 - (3	business results) 75) 1) 76) (18) 58) (20) 38	Custom remediation \$ (2 (3 (3 (5) (7 (12) (12) (12) (12) (12) (12)	2) 6) 8) 1) (10 - 9) (10	related items \$M	associate impairment \$M - (815) (815) - (815)	\$M 32 (838) (806) (268) (1,074) (20)

Large/Notable items - continuing operations

Within continuing cash profit, the Group has recognised some large/notable items. The impact of these items on the divisional results are shown in the tables below.

				Sc	eptember 2020	Full Year				5	September 201	9 Full Year												
			Lar	ge/notable ite	ems included i	n continui	ng cash profit				La	rge/notable i	tems included	l in continuing c	ash profit	t								
	Gain/(Loss) on sale from divestments \$M	Divested business results \$M	Customer	Goodwill write-offs \$M		Lease- related items \$M	Accelerated software amortisation \$M	associate impairments	Asian associate AASB 9 adjustment \$M	Total \$M	Gain/(Loss) on sale from divestments \$M	Divested business results \$M		Royal Commission legal costs \$M	Restructur-	Total \$M								
Profit before income tax																ļ								
Australia Retail and Commercial	-	-	(270)	-	(89)	(68)	(31)	-	-	(458)	-	-	(447)	-	(20)	(467)								
Institutional	-	-	(20)	-	(17)	(24)	(38)	-	-	(99)	-	46	(49)	-	(16)	(19)								
New Zealand	-	73	(76)	(27)	(31)	(4)	(11)	-	-	(76)	-	105	(75)	-	(8)	22								
Pacific	-	-	(17)	(50)	-	(3)	-	-	-	(70)	-	-	(14)	-	-	(14)								
TSO and Group Centre	(44)	6	-	-	(24)	(4)	(117)	(815)	(68)	(1,066)	252	2	-	(15)	(33)	206								
Profit before income tax	(44)	79	(383)	(77)	(161)	(103)	(197)	(815)	(68)	(1,769)	252	153	(585)	(15)	(77)	(272)								
Income tax benefit/(expense) and non-controlling interests	10	(22)	104	-	46	31	59	-	2	230	(47)	(50)	110	5	23	41								
Cash profit/(loss) from continuing operations	(34)	57	(279)	(77)	(115)	(72)	(138)	(815)	(66)	(1,539)	205	103	(475)	(10)	(54)	(231)								

				S		March 2020 Half Year																				
			Laı	rge/notable it	ems included in	continuin	g cash profit				La	arge/notable ite	ms included in	continuing	g cash profit											
	Gain/(Loss) on sale from divestments \$M	Divested business results \$M	Customer remediation \$M	Goodwill write-off \$M	Restructur- ing \$M	Lease- related items \$M	Accelerated software amortisation	Asian associate impairment \$M	Asian associate AASB 9 adjustment \$M	Total \$M	Divested business results \$M	Customer remediation \$M	Restructur- ing \$M	Lease- related items \$M	Asian associate adjustments \$M											
Profit before income tax																										
Australia Retail and Commercia	d -	-	(169)	-	(4)	(36)	(31)	-	-	(240)	-	(101)	(85)	(32)	-	(218)										
Institutional	-	-	(20)	-	(13)	(13)	(38)	-	-	(84)	-	-	(4)	(11)	-	(15)										
New Zealand	-	39	(50)	(27)	(20)	(1)	(11)	-	-	(70)	34	(26)	(11)	(3)	-	(6)										
Pacific	-	-	(15)	(50)	-	(1)	-	-	-	(66)	-	(2)	-	(2)	-	(4)										
TSO and Group Centre	(44)	2	-	-	(19)	31	(117)	-	(68)	(215)	4	-	(5)	(35)	(815)	(851)										
Profit before income tax	(44)	41	(254)	(77)	(56)	(20)	(197)	-	(68)	(675)	38	(129)	(105)	(83)	(815)	(1,094)										
Income tax benefit/(expense) and non-controlling interests	10	(11)	66	-	15	6	59	-	2	147	(11)	38	31	25	-	83										
Cash profit/(loss) from continuing operations	(34)	30	(188)	(77)	(41)	(14)	(138)	-	(66)	(528)	27	(91)	(74)	(58)	(815)	(1,011)										