

## 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
<b>Total</b>	<b>528</b>	<b>1,011</b>	<b>(483)</b>

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

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## 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.

### September 2020 Full Year

#### Large/notable items included 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 \$M	Asian associate impairments \$M	Asian associate AASB 9 adjustment \$M	Total \$M
<b>Cash Profit</b>										
Net interest income	-	134	(106)	-	-	(40)	-	-	-	(12)
Other operating income	(38)	2	(68)	-	-	22	-	(815)	(68)	(965)
Operating income	(38)	136	(174)	-	-	(18)	-	(815)	(68)	(977)
Operating expenses	(6)	(34)	(209)	(77)	(161)	(85)	(197)	-	-	(769)
Profit before credit impairment and income tax	(44)	102	(383)	(77)	(161)	(103)	(197)	(815)	(68)	(1,746)
Credit impairment charge	-	(23)	-	-	-	-	-	-	-	(23)
Profit before income tax	(44)	79	(383)	(77)	(161)	(103)	(197)	(815)	(68)	(1,769)
Income tax benefit/(expense) and non-controlling interests	10	(22)	104	-	46	31	59	-	2	230
<b>Cash profit/(loss) from continuing operations</b>	(34)	57	(279)	(77)	(115)	(72)	(138)	(815)	(66)	(1,539)

### September 2019 Full Year

#### Large/notable items included in continuing cash profit

	Gain/(Loss) on sale from divestments \$M	Divested business results \$M	Customer remediation \$M	Royal Commission legal costs \$M	Restructur- ing \$M	Total \$M
Net interest income	-	192	(141)	-	-	51
Other operating income	252	54	(71)	-	-	235
Operating income	252	246	(212)	-	-	286
Operating expenses	-	(79)	(373)	(15)	(77)	(544)
Profit before credit impairment and income tax	252	167	(585)	(15)	(77)	(258)
Credit impairment charge	-	(14)	-	-	-	(14)
Profit before income tax	252	153	(585)	(15)	(77)	(272)
Income tax benefit/(expense) and non-controlling interests	(47)	(50)	110	5	23	41
<b>Cash profit/(loss) from continuing operations</b>	205	103	(475)	(10)	(54)	(231)

### September 2020 Half Year

#### Large/notable items included 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 \$M	Asian associate impairment \$M	Asian associate AASB 9 adjustment \$M	Total \$M
<b>Cash Profit</b>										
Net interest income	-	59	(84)	-	-	(19)	-	-	-	(44)
Other operating income	(38)	1	(32)	-	-	10	-	-	(68)	(127)
Operating income	(38)	60	(116)	-	-	(9)	-	-	(68)	(171)
Operating expenses	(6)	(16)	(138)	(77)	(56)	(11)	(197)	-	-	(501)
Profit before credit impairment and income tax	(44)	44	(254)	(77)	(56)	(20)	(197)	-	(68)	(672)
Credit impairment charge	-	(3)	-	-	-	-	-	-	-	(3)
Profit before income tax	(44)	41	(254)	(77)	(56)	(20)	(197)	-	(68)	(675)
Income tax benefit/(expense) and non-controlling interests	10	(11)	66	-	15	6	59	-	2	147
<b>Cash profit/(loss) from continuing operations</b>	(34)	30	(188)	(77)	(41)	(14)	(138)	-	(66)	(528)

### March 2020 Half Year

#### Large/notable items included in continuing cash profit

	Divested business results \$M	Customer remediation \$M	Restructur- ing \$M	Lease- related items \$M	Asian associate impairment \$M	Total \$M
Net interest income	75	(22)	-	(21)	-	32
Other operating income	1	(36)	-	12	(815)	(838)
Operating income	76	(58)	-	(9)	(815)	(806)
Operating expenses	(18)	(71)	(105)	(74)	-	(268)
Profit before credit impairment and income tax	58	(129)	(105)	(83)	(815)	(1,074)
Credit impairment charge	(20)	-	-	-	-	(20)
Profit before income tax	38	(129)	(105)	(83)	(815)	(1,094)
Income tax benefit/(expense) and non-controlling interests	(11)	38	31	25	-	83
<b>Cash profit/(loss) from continuing operations</b>	27	(91)	(74)	(58)	(815)	(1,011)

## 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.

	September 2020 Full Year										September 2019 Full Year					
	Large/notable items included in continuing cash profit										Large/notable items included in continuing cash profit					
	Gain/(Loss) on sale from divestments \$M	Divested business results \$M	Customer remediation \$M	Goodwill write-offs \$M	Restructuring \$M	Lease-related items \$M	Accelerated software amortisation \$M	Asian associate impairments \$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	Restructuring \$M	Total \$M
<b>Profit before income tax</b>																
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
<b>Cash profit/(loss) from continuing operations</b>	(34)	57	(279)	(77)	(115)	(72)	(138)	(815)	(66)	(1,539)	205	103	(475)	(10)	(54)	(231)

	September 2020 Half Year										March 2020 Half Year					
	Large/notable items included in continuing cash profit										Large/notable items included in continuing cash profit					
	Gain/(Loss) on sale from divestments \$M	Divested business results \$M	Customer remediation \$M	Goodwill write-off \$M	Restructuring \$M	Lease-related items \$M	Accelerated software amortisation \$M	Asian associate impairment \$M	Asian associate AASB 9 adjustment \$M	Total \$M	Divested business results \$M	Customer remediation \$M	Restructuring \$M	Lease-related items \$M	Asian associate adjustments \$M	Total \$M
<b>Profit before income tax</b>																
Australia Retail and Commercial	-	-	(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
<b>Cash profit/(loss) from continuing operations</b>	(34)	30	(188)	(77)	(41)	(14)	(138)	-	(66)	(528)	27	(91)	(74)	(58)	(815)	(1,011)