

News Release

For Release: 27 October 2020

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 (\$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)
Total	1,539	231	1,308

For media enquiries contact:
Stephen Ries, +61 409 655 551

For analyst enquiries contact:
Jill Campbell, +61 412 047 448
Cameron Davis, +61 421 613 819

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.

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
Cash Profit										
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
Cash profit/(loss) from continuing operations	(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
	-	192	(141)	-	-	51
	252	54	(71)	-	-	235
	252	246	(212)	-	-	286
	-	(79)	(373)	(15)	(77)	(544)
	252	167	(585)	(15)	(77)	(258)
	-	(14)	-	-	-	(14)
	252	153	(585)	(15)	(77)	(272)
	(47)	(50)	110	5	23	41
	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
Cash Profit										
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
Cash profit/(loss) from continuing operations	(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
	75	(22)	-	(21)	-	32
	1	(36)	-	12	(815)	(838)
	76	(58)	-	(9)	(815)	(806)
	(18)	(71)	(105)	(74)	-	(268)
	58	(129)	(105)	(83)	(815)	(1,074)
	(20)	-	-	-	-	(20)
	38	(129)	(105)	(83)	(815)	(1,094)
	(11)	38	31	25	-	83
	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	Divested business results	Customer remediation	Goodwill write-offs	Restructuring	Lease-related items	Accelerated software amortisation	Asian associate impairments	Asian associate AASB 9 adjustment	Total		Gain/(Loss) on sale from divestments	Divested business results	Customer remediation	Royal Commission legal costs	Restructuring	Total	
\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M		\$M	\$M	\$M	\$M	\$M	\$M	
Profit before income tax																	
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)	

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	Divested business results	Customer remediation	Goodwill write-off	Restructuring	Lease-related items	Accelerated software amortisation	Asian associate impairment	Asian associate AASB 9 adjustment	Total		Divested business results	Customer remediation	Restructuring	Lease-related items	Asian associate adjustments	Total	
\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M		\$M	\$M	\$M	\$M	\$M	\$M	
Profit before income tax																	
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	
Cash profit/(loss) from continuing operations	(34)	30	(188)	(77)	(41)	(14)	(138)	-	(66)	(528)	27	(91)	(74)	(58)	(815)	(1,011)	