News Release

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2022 Half Year Result & Proposed Dividend

ANZ today announced a Statutory Profit after tax for the half year ended 31 March 2022 of $3,530 million, up 10% on the previous half.

Cash Profit[1] from continuing operations was $3,113 million, down 3% when compared with the prior half.

ANZ's Common Equity Tier 1 Ratio was strong at 11.5% and Cash Return on Equity was 10%. The proposed Interim Dividend is 72 cents per share, fully franked.

GROUP FINANCIAL INFORMATION

Earnings ($m)	1H22	2H21	Movement
Statutory Profit After Tax	**3,530**	**3,219**	**+10%**
Cash Profit (continuing operations)	**3,113**	**3,208**	**-3%**
Profit before credit impairment & tax	4,157	4,455	-7%
Profit before credit impairment, tax & large/notables[2]	4,138	4,592	-10%
Earnings per share (cents)	110.8	113.0	-2%
Return on equity	10.0%	10.2%	-18bps
Return on average assets	0.62%	0.62%	0bps
Net Tangible Assets per ordinary share ($)	20.64	21.09	-2%
Dividend per share (cents)	**72**	**72**	**0**
Credit Provision Charge ($m)	1H22	2H21	Movement
Total Provision Charge / (release)	(284)	(76)	large
Individual Provision Charge / (release)	87	69	+26%
Collective Provision Charge / (release)	(371)	(145)	large
Balance Sheet ($b)	1H22	2H21	Movement
Gross Loans and Advances (GLAs)	655.0	633.8	+3%
Total Risk Weighted Assets (RWAs)	437.9	416.1	+5%
Customer Deposits	611.1	593.6	+3%
Common Equity Tier 1 Ratio (CET1)	11.5%	12.3%	-81bps
Other	1H22	2H21	Movement
Full time equivalent staff (including discontinued)	40,012	40,221	-1%

CEO COMMENTARY[3]

- Positive balance sheet growth in Australia driven by improvements in home loan processing capacity.
- Strong home loan momentum in New Zealand delivering market share growth.
- Institutional customer revenues grew strongly with risk-adjusted lending margins expanding.
- Costs were tightly managed with 'run the bank' expenses coming in flat for the half with investment focussed on operational resilience and new growth opportunities.

1 Cash Profit excludes non-core items included in Statutory Profit with the net after tax adjustment a reduction to Statutory Profit of $422m, made up of several items.
2 Large/notables are items within Cash Profit that, given their nature and significance, are presented separately to provide transparency and aid comparison. Large/notable items were -$43m after tax for the half.
3 All commentary is presented on a Cash Profit continuing basis excluding large/notable items with growth rates compared with the half year ended 30 September 2021 unless otherwise stated.

ANZ Chief Executive Officer Shayne Elliott said: "This was an important half in the continued transformation of ANZ.

"The introduction of our new retail banking platform in Australia, ANZ Plus, designed and built by our own teams using the world's best technology was a key milestone. While still in soft launch, the first 'savings and transact' product on ANZ Plus, a proposition focused on helping customers better manage their financial wellbeing, is tracking well and will become the core deposit and transaction product offered to new customers.

"Investments in our home loan processing capacity in Australia drove positive balance sheet momentum while processing times are comparable to our major peers. We are on target to grow in line with the Australian major banks by the end of our financial year but will do so with an eye to our margin performance.

"Our position in New Zealand remains strong and we delivered disciplined growth across our core products, particularly in home loans. We made good progress in finalising our compliance with BS11 and expect to have this program largely completed this year. This has been a major initiative that will result in a significantly stronger New Zealand franchise.

"Institutional customer revenues continued to grow with a focus on sustainable, high quality and well diversified balance sheet growth. We also saw strong growth in processing payment volumes for other Financial Institutions with processing for other banks is now generating revenue of more than $150 million per annum at an ROE exceeding 40%.

"Costs across the Group remained tightly managed with 'run the bank' expenses coming in flat for the half, despite growing inflationary pressure. Productivity remains a key priority as we prioritise investments on increasing operational resilience and positioning the bank for new growth opportunities.

"These investments include building the new retail banking platform in Australia, further developing our sustainable finance capabilities, building a new Retail foreign exchange proposition due later this year, rolling out Salesforce as a single customer service tool across the entire enterprise and the continued migration of our applications to the cloud," Mr Elliott said.

DIVIDEND & CAPITAL

ANZ's Common Equity Tier 1 Ratio of 11.5%, remains above the Australian Prudential Regulation Authority's 'Unquestionably Strong' benchmark. The Board considered an Interim Dividend of 72 cents per share (cps) was appropriate and is consistent with its stated target Dividend Payout Ratio (DPOR) of between 60% and 65% (cash continuing, ex large/notables basis).

ANZ has led the industry on returning capital to shareholders and has just completed the on-market buy-back of $1.5 billion of equity, bringing the total capital returned over five years via buy-backs and neutralising the Dividend Reinvestment Plan (DRP) to more than $5.5 billion.

ANZ is considering options for the best use of capital, including investing in additional growth opportunities or returning any capital excess to its regulatory requirements to shareholders. ANZ will update the market on any decisions in a timely manner. ANZ also stated the DRP will continue to apply for the Interim 2022 Dividend at no discount.

CREDIT QUALITY

The total credit provision result for the first half was a net release of $284 million comprising:

- a collective provision (CP) release of $371 million
- an individually assessed provision (IP) charge of $87 million

Customers are generally emerging from the pandemic in a position of strength, with healthy balance sheets and low levels of arrears across key segments, leading to a low IP charge for the half. Disciplined focus on strategy, customer selection and portfolio de-risking over multiple years has contributed to this strong result.

An improving risk profile during the half drove the CP release and is a reflection of both observed portfolio strength and a recognition that some of the more acute risks from the pandemic are receding. However, the uncertainties associated with geo-political events and rising inflation and interest rates, as well as the recent Australian floods have been reflected in management overlays of $618 million. Our CP balance at 31 March 2022 of $3,757 million represents additional provisions of $381 million compared with pre-COVID levels at 30 September 2019.

PROPOSED NON-OPERATING HOLDING COMPANY

ANZ also announced today it intends to lodge a formal application with APRA, the Federal Treasurer and other applicable regulators to establish a non-operating holding company and create distinct banking and non-banking groups within the organisation. This is consistent with how many Financial Institutions are structured and will provide ANZ with greater flexibility and the potential to create additional value for shareholders over time. Following preliminary discussions, APRA has advised it has no in-principle objection to the proposed restructure. ANZ has also consulted other key Australian and New Zealand regulators and to date has not received any objections. Consultation and engagement remains ongoing.

Should the proposed restructure proceed, a new listed parent holding company will be created with two wholly owned distinct groups of entities sitting directly beneath it. These would include the 'Banking Group' which would comprise the current Australia and New Zealand Banking Group Limited and the majority of its present-day subsidiaries and a 'Non-Banking Group', which would allow banking-adjacent businesses to be developed or acquired to help bring the best new technology and non-bank services to our customers. The majority of ANZ's 1835i investments and similar holdings would move to the Non-Banking Group.

Under this new structure there will be no impact on customers and no change to how ANZ's banking operations are regulated. As ANZ proceeds with a formal application, a comprehensive consultation program with shareholders, employees and other stakeholders will be undertaken. The proposal is subject to final ANZ Board approval and regulatory approvals and will require approval by the Federal Court and ANZ shareholders. Further information about the proposal can be found at http://shareholder.anz.com

DIVISIONAL HIGHLIGHTS

Australia Retail & Commercial

- Drove positive balance sheet momentum by increasing home loan processing capacity by 30% with assessment times now in line with major peers.
- Launched first customer 'savings & transaction' proposition, built on ANZ Plus, the Group's new retail platform in Australia, that will help customers improve their financial wellbeing by giving them greater visibility and control over their money.
- Completion of Cashrewards acquisition bringing ~300k active retail customers to ANZ while driving deeper engagement, new customer acquisition opportunities and a better merchant proposition.
- Separated out commercial businesses in Australia, creating a new division to increase focus and better prepare it for future growth opportunities.
- Launched Rapid Refinance in February with eligible SMEs only requiring two essential documents when they apply to refinance their secured and unsecured loans of up to $1 million.

New Zealand

- Grew home loans by 7% half-on-half, taking ANZ's total home loan book in NZ to more than NZ$100 billion and increasing market share by 28bps to 30.66%.
- Supported New Zealand's largest ever sustainable financing worth NZ$1.25 billion with Metlifecare and partnered with Auckland Council to create one of the first Sustainability Linked Derivatives in the New Zealand market.
- Maintained position as New Zealand's biggest fund manager and KiwiSaver provider managing over NZ$37 billion in investments for more than 650,000 investors.

Institutional

- Equity investment and strategic partnership with Pollination bringing together ANZ's institutional bank with Pollination's capabilities in environmentally focused corporate and investment advisory.
- Successfully executed first ever Australian bank issued AUD stablecoin (A$DC) payment through a public permissionless blockchain transaction for Victor Smorgon Group.
- The number of accounts on our cash management banking platform for funds management customers increased by 16% over the first half reflecting ongoing momentum in our Platforms as a Service strategy.

FURTHER COMMENTS

Mr Elliott said: "Looking ahead, the economic environment is likely to be very different and we will continue to adjust our risk appetite, business settings and investment priorities as required. We are already seeing increased demand from our business customers and we are well placed to continue to support them as they manage in a world of higher inflation and interest rates.

"For ANZ, we will continue to focus on the long term – investing for tomorrow and not just running today. We have made good progress in building a resilient, agile bank for the future. Our culture is strong and we have an embedded sense of purpose as an organisation – to shape a world where people and communities thrive."

Interviews with relevant executives, including Shayne Elliott, can be found at bluenotes.anz.com.

For media enquiries contact:

Stephen Ries
Head of Corporate Communications
Tel: +61 409 655 551

Nick Higginbottom
Senior Manager Media Relations
Tel: +61 403 936 262

For analyst enquiries contact:

Jill Campbell
GGM Investor Relations
Tel: +61 3 8654 7749

Cameron Davis
Executive Manager Investor Relations
Tel: +61 3 8654 7716

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