News Release

For Release: 29 October 2020

2020 Full Year Result & Proposed Final Dividend

ANZ today announced an unaudited[1] Statutory Profit after tax for the Full Year ended 30 September 2020 of $3.58 billion, down 40% on the prior comparable period.

Cash Profit[2] for its continuing operations was $3.76 billion, down 42% on the prior comparable period.

This decrease was primarily driven by Full Year credit impairment charges of $2.74 billion, which increased from prior year due to the impact of COVID-19 and a first half impairment of Asian associates of $815 million, also related to the pandemic.

ANZ's Common Equity Tier 1 Capital Ratio remained strong at 11.3%, while Return on Equity decreased to 6.2%. The proposed Final Dividend is 35 cents per share, fully franked.

GROUP FINANCIAL INFORMATION

Earnings ($m)	FY20	FY19	Movement
Statutory Profit After Tax	3,577	5,953	-40%
Cash Profit (continuing operations)	3,758	6,470	-42%
Profit before credit impairment & tax	8,369	9,958	-16%
Profit before credit impairment, tax & large/notables	10,115	10,216	-1%
Earnings per share (cents)	132.7	227.6	-42%
Return on equity	6.2%	10.9%	-471bps
Return on average assets	0.36%	0.68%	-32bps
Dividend per share (cents)	**60**	**160**	**-100**
Provision Charge ($m)	FY20	FY19	Movement
Total Provision Charge	2,738	795	large
Individual Provision Charge	1,021	778	+31%
Collective Provision Charge	1,717	17	large
Balance Sheet ($b)	FY20	FY19	Movement
Gross Loans and Advances (GLAs)	622.1	618.8	+1%
Total Risk Weighted Assets (RWAs)	429.4	417.0	+3%
Customer Deposits	552.4	511.8	+8%
Common Equity Tier 1 Ratio (CET1)	11.3%	11.4%	-2bps
Other	FY20	FY19	Movement
Full time equivalent staff (including discontinued)	38,579	39,060	-1%

1 The financial results are in the process of being audited by the Group's external auditors, KPMG. The Group's Annual Report will be available on 9 November 2020, and will include a copy of KPMG's audit report.
2 Cash Profit excludes non-core items included in Statutory Profit with the net after tax adjustment an increase in Statutory Profit of $83m, made up of several items. All financials are on a Cash Profit Continuing Basis with growth rates compared to the Full Year ended 30 September 2019 unless otherwise stated.

CEO COMMENTARY

ANZ Chief Executive Shayne Elliott said: "We could never have forecast 2020, a year that started with devastating bushfires in Australia and unwound with the waves of a pandemic that continues today. While we still cannot predict its course, we remain confident we can deal with its impacts.

"As a bank, we entered 2020 in robust condition. We have a strong balance sheet with record levels of capital and liquidity as well as provisions for potential future losses. We want our customers to know we will continue to do all we can to support them through the tough times.

"In Australia, we achieved strong growth in our targeted home loan segments with above system growth in the owner-occupier market. Deposits remained strong as customers took a sensible approach to managing their household balance sheets. We also saw an accelerated shift away from the use of cash and we introduced new processes to help many customers move to online banking.

"Institutional performed well in a market defined by high levels of liquidity, low interest rates and geopolitical tensions. Increased volatility led to strong activity in Markets demonstrating the benefits of a diversified business. As Australia's leading international bank, we remain well positioned to assist customers as the global economy improves.

"COVID-19 is contained in New Zealand and we remain well positioned to benefit from its subsequent economic recovery. While it was a tough revenue environment, given low interest rates and a focus on reducing or simplifying fees, we have maintained market leadership in our targeted segments.

"While our immediate focus has been on assisting customers, we have also taken steps to protect the interests of our shareholders by maintaining our strong capital position, tightly managing costs and bolstering credit reserves, while still managing to pay a prudent dividend without diluting their holdings," Mr Elliott said.

DIVIDEND & CAPITAL

ANZ's capital position remains strong and has improved further in the fourth quarter with a Level 2 Common Equity Tier 1 capital ratio of 11.3% (11.4% on a pro-forma basis). This outcome includes the impact of the 25 cents per share interim dividend, and additional provisions for potential credit losses.

This capital strength and ANZ's underlying profitability has enabled us to announce a proposed fully-franked 2020 final dividend of 35 cents per share which will be paid to shareholders on Wednesday, 16 December 2020. This represents a dividend payout ratio of 35% on a Cash Profit basis for the Second Half (ex-large/notables) and 49% on a Statutory earnings basis for the same period.

Outgoing ANZ Chairman David Gonski, who retired as Chairman at the conclusion of yesterday's Board meeting, said: "We have focused on supporting our customers while also building the strength of our balance sheet. The Board is pleased capital ratios are largely unchanged from a year ago, despite the economic conditions and without the need for an equity raise which would have diluted existing shareholders.

"This gradual increase in our dividend from the deferred half-year dividend paid in September will also help support our shareholders who we know rely on dividends, while remaining in line with APRA's guidance on dividends," Mr Gonski said.

The Dividend Reinvestment Plan (DRP) and Bonus Option Plan (BOP) will continue to operate in respect of the 2020 final dividend without a discount. The key dates and further information in relation to the dividend, DRP and BOP will be provided separately.

COVID-19 SUPPORT

ANZ launched support packages for retail and commercial customers in Australia and New Zealand that included the option of an up to six-month loan repayment deferral. ANZ is continuing to work with customers impacted by COVID-19 to restructure loans and in some circumstances will provide an extension to loan repayment deferrals for a further four months.

Australia Home Loans

- ANZ has more than 1 million home loan accounts in Australia with around ~95,000 having received a deferral on their loan repayments.
- As at 15 October, ~55,000 accounts have already completed their deferral or advised their intended action at maturity. 79% of these are returning to full payment, 20% have requested a further deferral and 1% have restructured their loan or sought additional support.
- Of the remaining deferrals still active, half have at least a three-month payment or greater savings 'buffer'; and a quarter have made at least one payment while on deferral.
- Where we can see their transactional account data, ~80% have stable or improved income.

Australia Commercial

- ANZ has more than 236,000 commercial lending accounts in Australia with around 23,000 having received a deferral on their business loan repayments.
- As at 15 October, ~15,000 accounts have completed their deferral or advised their intended action at maturity. Of these deferrals ~1,600 have received a four month extension with 60% of those being from Victoria and impacted by the longer lockdown.

New Zealand

- ANZ has more than 529,000 home loan accounts in New Zealand with around 24,000 having received a deferral on their loan repayments.
- As at 15 October, there are ~10,000 accounts currently on a deferral plan, representing ~2% of the total New Zealand mortgage book.

Institutional

- Supported Institutional customers with increased core lending of $16 billion in the March half. As global liquidity conditions improved we saw many of these same customers pay down, with core lending falling $17 billion in the second half.

CREDIT QUALITY

The total provision charge in the second half was $1,064 million and follows the $1,674 million taken at the first half. This second half charge includes an individually assessed provision charge of $395 million and a collective provision charge of $669 million as we strengthened credit reserves for our retail and commercial customers affected by COVID-19. The collective provision (CP) balance increased to $5,008 million as at 30 September 2020.

CLOSING REMARKS

Commenting on the outlook Mr Elliott said: "Events of the last 12 months make it difficult to predict the course of the next year. What I do know however is we are in excellent shape to navigate whatever challenges emerge.

"ANZ has an experienced and stable management team, a strong balance sheet and prudent credit reserves to ensure we are able to support our customers, while still protecting the long-term interests of our shareholders.

"While we are not managing the business expecting things to return to the way they were before the pandemic, nor are we sitting idle waiting for the next event to happen to us, ANZ is well placed to respond to the opportunities that are emerging as a result of accelerated structural shifts in the economy.

"We have invested in future growth opportunities, we have reshaped how we serve customers and we are using our data capability to guide our decisions.

"Finally, I would like to acknowledge the terrific work of our 39,000 people who have done a great job for our customers and shareholders in very difficult circumstances despite competing priorities over this extended period," Mr Elliott said.

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

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