

News Release

For release: 28 April 2017

ANZ 2017 Half Year Results Template

ANZ will announce its 2017 Half Year financial results on Tuesday 2 May, 2017. In advance of that announcement, the Group is releasing a template table for Cash Profit Adjusted Pro forma to assist market participants preparing to analyse the Group's financial performance.

SPECIFIED ITEMS 1H17

ANZ advised at the time of its 1Q17 Trading Update that Specified Item classifications would only be used in FY17 in relation to the impact of asset disposals.

Comparing Specified Items FY17 to FY16

In FY16 a number of actions were classified as Specified Items forming part of the Group's Cash Profit. This classification assisted investors and analysts to look through the impact of strategic initiatives to compare the underlying business performance trends between FY15 and FY16. The majority of the Specified Items related to accounting methodology changes and restructuring charges.

In order to assist like for like comparisons between FY16 and FY17 the template highlights which of the FY16 specified items should be taken into account. Items which impact both FY16 and FY17 have been removed including higher expenses from changes to capitalised software policy changes and amortisation benefits from accelerated amortisation. Conversely, Asian minority earnings have been added to pro forma due to the cessation of equity accounting.

Reclassification of Asia Retail and Wealth, SRCB and UDC to Held for Sale

ANZ announced on 31 October, 2016 it had agreed to sell its Retail and Wealth business in five Asian countries to Singapore's DBS Bank¹. As a result of the sale agreement, the Group has reclassified those businesses as 'held for sale' and recognised \$284 million of charges (post tax) including impairments to software, goodwill and fixed assets. This loss on reclassification has been classified as a Specified Item (Pro forma Adjustment to Cash Profit)².

ANZ announced on 3 January, 2017 an agreement to sell its 20% stake in Shanghai Rural Commercial Bank (SRCB)³. As a consequence ANZ has ceased equity accounting for the investment in SRCB and commenced accounting for it as an asset held for sale. UDC has no impact in 1H17.

All these divestments remain subject to regulatory approvals and satisfaction of conditions.

ADJUSTMENT TO STATUTORY PROFIT 1H17 - SRCB

Due to timing differences between the SRCB reclassification to held for sale (\$316m post tax impact in 1H17) and the release of the foreign currency translation and available for sale reserves on completion both elements will be excluded from cash profit in each of the impacted half yearly results.

¹ Subject to regulatory approval, the Group expects the sale to be completed in stages in 2017 and early 2018.

² This amount is slightly higher than the estimated impact outlined at the time of announcement. The difference is due to a bringing forward of the cost of dealing with some properties and will reduce ongoing retained costs.

³ The sale of SRCB remains subject to the customary closing conditions and regulatory approvals but is expected to complete in the second half of FY2017.

ADJUSTMENT TO CALCULATION OF GROUP NET INTEREST MARGIN

ANZ advises that Group Net Interest Margin (NIM) has been restated to net home loan deposit offset balances against interest earning assets, which brings ANZ in line with other major banks; however this does not alter the comparison between periods. Prior period restatements are below:

	Cash Net Interest Margin %	Cash Net Interest Income \$M	Average Interest Earning Assets \$M
Mar 16 Half Year	2.07	7,568	731,395
Sep 16 Half Year	2.06	7,527	730,275

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Cash Profit Results - Adjusted Pro-forma¹

\$M	March 2017 Half Year					March 2016 Half Year							Mar 17 v. Mar 16		
	Cash profit	Asian minority pro-forma	Reclassification of Asia Retail & Wealth to held for sale	Total specified items	Adjusted pro-forma	Cash profit	Software capitalisation changes	Asian minority pro-forma	Asian minority valuation adjustments	Restructuring	Esanda Dealer Finance divestment and pro-forma	Derivative CVA methodology change	Total specified items	Adjusted pro-forma	Movement
Cash Profit															
Net interest income	-	-	-	-	-	7,568	-	-	-	-	(31)	-	(31)	7,537	
Other operating income	(58)	324	266	266	266	2,757	-	(223)	231	-	(78)	-	(70)	2,687	
Operating income	(58)	324	266	266	266	10,325	-	(223)	231	-	(109)	-	(101)	10,224	
Operating expenses	-	-	-	-	-	(5,488)	556	-	-	138	11	-	705	(4,783)	
Profit before credit impairment and income tax	(58)	324	266	266	266	4,837	556	(223)	231	138	(98)	-	604	5,441	
Credit impairment charge	-	-	-	-	-	(918)	-	-	-	-	13	-	13	(905)	
Profit before income tax	(58)	324	266	266	266	3,919	556	(223)	231	138	(85)	-	617	4,536	
Income tax expense	-	(40)	(40)	(40)	(40)	(1,133)	(167)	-	-	(37)	29	-	(175)	(1,308)	
Non-controlling interests	-	-	-	-	-	(4)	-	-	-	-	-	-	-	(4)	
Cash profit	(58)	284	226	226	226	2,782	389	(223)	231	101	(56)	-	442	3,224	

	March 2017 Half Year					March 2016 Half Year							Mar 17 v. Mar 16		
	Cash profit	Asian minority pro-forma	Reclassification of Asia Retail & Wealth to held for sale	Total specified items	Adjusted pro-forma	Cash profit	Software capitalisation changes	Asian minority pro-forma	Asian minority valuation adjustments	Restructuring	Esanda Dealer Finance divestment and pro-forma	Derivative CVA methodology change	Total specified items	Adjusted pro-forma	Movement
Profit before income tax by division															
Australia	-	-	-	-	-	2,529	-	-	-	24	(19)	-	5	2,534	
Institutional	-	-	-	-	-	879	-	-	-	53	-	-	53	932	
New Zealand	-	-	-	-	-	889	-	-	-	3	-	-	3	892	
Wealth Australia	-	-	-	-	-	235	-	-	-	13	-	-	13	248	
Asia Retail & Pacific	-	324	324	324	324	75	-	-	-	12	-	-	12	87	
TSO and Group Centre	(58)	-	(58)	(58)	(58)	(688)	556	(223)	231	33	(66)	-	531	(157)	
Profit before income tax	(58)	324	266	266	266	3,919	556	(223)	231	138	(85)	-	617	4,536	
Income tax expense & non-controlling interests	-	(40)	(40)	(40)	(40)	(1,137)	(167)	-	-	(37)	29	-	(175)	(1,312)	
Cash profit	(58)	284	226	226	226	2,782	389	(223)	231	101	(56)	-	442	3,224	

1. Cash Profit numbers reported in prior periods have been restated as the result of the following:

- In the March 2017 half, a change was made to the classification of certain fees payable. These items have been reclassified from other operating income to other operating expenses to more accurately reflect the nature of these items. Comparatives have been restated accordingly (Sep 16 half: \$8 million; Mar 16 half: \$9 million). This change impacted Group and the Institutional division.
- In the March 2017 half, an organisational change took place which impacted cash profit within divisions with nil impact on total Group cash profit. This was the result of moving operations previously sitting in Technology, Services & Operations ("TSO") and Group Centre to other divisions. This change impacted all divisions.

Cash Profit Results - Adjusted Pro-forma¹
\$M

	March 2017 Half Year					September 2016 Half Year							Mar 17 v. Sep 16		
	Cash profit	Asian minority pro-forma	Reclassification of Asia Retail & Wealth to held for sale	Total specified items	Adjusted pro-forma	Cash profit	Software capitalisation changes	Asian minority pro-forma	Asian minority valuation adjustments	Restructuring	Esanda Dealer Finance divestment and pro-forma	Derivative CVA methodology change	Total specified items	Adjusted pro-forma	Movement
Cash Profit															
Net interest income	-	-	-	-	-	7,527	-	-	-	-	-	-	-	7,527	
Other operating income	(58)	324	266	266	2,742	-	(122)	-	-	-	237	115	2,857		
Operating income	(58)	324	266	266	10,269	-	(122)	-	-	-	237	115	10,384		
Operating expenses	-	-	-	-	(4,951)	-	-	-	140	6	-	146	(4,805)		
Profit before credit impairment and income tax	(58)	324	266	266	5,318	-	(122)	-	140	6	237	261	5,579		
Credit impairment charge	-	-	-	-	(1,038)	-	-	-	-	10	-	10	(1,028)		
Profit before income tax	(58)	324	266	266	4,280	-	(122)	-	140	16	237	271	4,551		
Income tax expense	-	(40)	(40)	(40)	(1,166)	-	-	-	(40)	(5)	(69)	(114)	(1,280)		
Non-controlling interests	-	-	-	-	(7)	-	-	-	-	-	-	-	(7)		
Cash profit	(58)	284	226	226	3,107	-	(122)	-	100	11	168	157	3,264		

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	Cash profit	Asian minority pro-forma	Reclassification of Asia Retail & Wealth to held for sale	Total specified items	Adjusted pro-forma	Cash profit	Software capitalisation changes	Asian minority pro-forma	Asian minority valuation adjustments	Restructuring	Esanda Dealer Finance divestment and pro-forma	Derivative CVA methodology change	Total specified items	Adjusted pro-forma	Movement
Profit before income tax by division															
Australia	-	-	-	-	-	2,533	-	-	-	45	16	-	61	2,594	
Institutional	-	-	-	-	-	600	-	-	-	39	-	237	276	876	
New Zealand	-	-	-	-	-	858	-	-	-	18	-	-	18	876	
Wealth Australia	-	-	-	-	-	219	-	-	-	7	-	-	7	226	
Asia Retail & Pacific	-	324	324	324	121	-	-	-	1	-	-	1	122		
TSO and Group Centre	(58)	-	(58)	(58)	(51)	-	(122)	-	30	-	-	(92)	(143)		
Profit before income tax	(58)	324	266	266	4,280	-	(122)	-	140	16	237	271	4,551		
Income tax expense & non-controlling interests	-	(40)	(40)	(40)	(1,173)	-	-	-	(40)	(5)	(69)	(114)	(1,287)		
Cash profit	(58)	284	226	226	3,107	-	(122)	-	100	11	168	157	3,264		

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