Australia and New Zealand Banking Group Limited

ABN 11 005 357 522

Half Year

31 March 2021

Consolidated Financial Report

Dividend Announcement

and Appendix 4D

The Consolidated Financial Report and Dividend Announcement contains information required by Appendix 4D of the Australian Securities Exchange (ASX) Listing Rules. It should be read in conjunction with ANZ's 2020 Annual Report, and is lodged with the ASX under listing rule 4.2A.

Name of Company: Australia and New Zealand Banking Group Limited
ABN 11 005 357 522

Report for the half year ended 31 March 2021

Operating Results[1]				AUD million
Statutory operating income from continuing operations	⇩	-6%	to	8,367
Statutory profit attributable to shareholders	⇧	90%	to	2,943
Cash profit[2]	⇧	large	to	2,982
Cash profit from continuing operations[2]	⇧	large	to	2,990

Dividends[3]	Cents per share	Franked amount per share
Proposed interim dividend[4]	70	100%

Record date for determining entitlements to the proposed 2021 interim dividend	11 May 2021
Payment date for the proposed 2021 interim dividend	1 July 2021

Dividend Reinvestment Plan and Bonus Option Plan

Australia and New Zealand Banking Group Limited (ANZ) has a Dividend Reinvestment Plan (DRP) and a Bonus Option Plan (BOP) that will operate in respect of the proposed 2021 interim dividend. For the 2021 interim dividend, ANZ intends to provide shares under the DRP through an on-market purchase and BOP through the issue of new shares. The 'Acquisition Price' to be used in determining the number of shares to be provided under the DRP and BOP will be calculated by reference to the arithmetic average of the daily volume weighted average sale price of all fully paid ANZ ordinary shares sold in the ordinary course of trading on the ASX and Chi-X during the ten trading days commencing on 14 May 2021, and then rounded to the nearest whole cent. Shares provided under the DRP and BOP will rank equally in all respects with existing fully paid ANZ ordinary shares. Election notices from shareholders wanting to commence, cease or vary their participation in the DRP or BOP for the 2021 interim dividend must be received by ANZ's Share Registrar by 5.00pm (Australian Eastern Standard Time) on 12 May 2021. Subject to receiving effective contrary instructions from the shareholder, dividends payable to shareholders with a registered address in the United Kingdom (including the Channel Islands and the Isle of Man) or New Zealand will be converted to Pounds Sterling or New Zealand Dollars respectively at an exchange rate calculated on 14 May 2021.

1 Unless otherwise noted, all comparisons are to the half year ended 31 March 2020.
2 Cash profit excludes non-core items included in statutory profit and is provided to assist readers in understanding the result of the core business activities of the Group. The non-core items are calculated consistently period on period so as not to discriminate between positive and negative adjustments, and comprise economic hedging and similar accounting items that represent timing differences that will reverse through earnings in the future. The net after tax adjustment was an increase to statutory profit of $39 million (all attributable to continuing operations) made up of several items. Refer pages 71 to 73 for further details.
3 There is no conduit foreign income attributed to the dividends.
4 It is proposed that the interim dividend will be fully franked for Australian tax purposes (30% tax rate) and carry New Zealand imputation credits of NZD 8 cents per ordinary share.

CONSOLIDATED FINANCIAL REPORT, DIVIDEND ANNOUNCEMENT AND APPENDIX 4D
Half year ended 31 March 2021

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This Consolidated Financial Report, Dividend Announcement and Appendix 4D has been prepared for Australia and New Zealand Banking Group Limited (“ANZBGL”, “Company”, or “Parent Entity”) together with its subsidiaries which are variously described as “ANZ”, “Group”, “ANZ Group”, “the consolidated entity”, “the Bank”, “us”, “we” or “our”.

All amounts are in Australian dollars unless otherwise stated. The Company has a formally constituted Audit Committee of the Board of Directors. The Condensed Consolidated Financial Statements were approved by resolution of a Committee of the Board of Directors on 4 May 2021.

When used in this Results Announcement the words “estimate”, “project”, “intend”, “anticipate”, “believe”, “expect”, “should” and similar expressions, as they relate to ANZ and its management, are intended to identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. ANZ does not undertake any obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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SUMMARY OF 2021 HALF YEAR RESULTS AND ASSOCIATED DISCLOSURE MATERIALS

The following disclosure items were lodged separately with the ASX and NZX and can be accessed via the ANZ Shareholder Centre on the Group website https://www.anz.com/shareholder/centre/ within the disclosures for 2021 Half Year Results.

- **Consolidated Financial Report, Dividend Announcement and Appendix 4D**
- **Half Year Results Investor Discussion Pack**
- **News Release**
- **APS 330 Pillar III Disclosure as at 31 March 2021**
- **Key Financial Data Summary**
- **United Kingdom Disclosure and Transparency Rules Submission**

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Guide to Half Year Results

CORONAVIRUS (COVID-19)

The COVID-19 pandemic has caused major disruptions to community health and economic activities with wide-ranging impacts across many business sectors in Australia, New Zealand and globally over the past 12 months. From March 2020, the Group offered various forms of assistance to customers to counteract the impact of COVID-19. These support packages were phased out during the March 2021 half. In respect of the support packages offered, 94% of home loan support packages in Australia and New Zealand and 90% of business support packages in Australia have reverted back to loan repayments, with the remaining having been either restructured or transferred to hardship. Refer to Note 10 of the Condensed Consolidated Financial Statements for further details on loan support packages offered to customers.

Financial Statements Impacts

The ramifications of COVID-19 continue to be uncertain and it remains difficult to predict the impact or duration of the pandemic. In preparing the Condensed Consolidated Financial Statements, the Group has made various accounting estimates for future events based on forecasts of economic conditions which reflect expectations and assumptions as at 31 March 2021 that the Group believes are reasonable under the circumstances.

While pervasive across the financial statements, the estimation uncertainty is predominantly related to expected credit losses (ECL) where the Group recognised a credit impairment release of $491 million pre-tax in the March 2021 half (Sep 20 half: $1,064 million charge; Mar 20 half: $1,674 million charge). The credit impairment release in the current period was primarily driven by the release of allowance for collectively assessed ECL largely reflecting the impact of an improved economic outlook relative to the outlook at the September 2020 half.

Refer to Note 1 of the Condensed Consolidated Financial Statements for further details on key estimation uncertainties associated with the preparation of the 31 March 2021 results.

NON-IFRS INFORMATION

Statutory profit is prepared in accordance with recognition and measurement requirements of *Australian Accounting Standards*, which comply with *International Financial Reporting Standards* (IFRS). The Group provides additional measures of performance in the Consolidated Financial Report & Dividend Announcement which are prepared on a basis other than in accordance with accounting standards. The guidance provided in *Australian Securities and Investments Commission (ASIC) Regulatory Guide 230* has been followed when presenting this information.

Cash Profit

Cash profit, a non-IFRS measure, represents ANZ's preferred measure of the result of the core business activities of the Group, enabling readers to assess Group and Divisional performance against prior periods and against peer institutions. The adjustments made in arriving at cash profit are included in statutory profit which is subject to review within the context of the external auditor's review of the Condensed Consolidated Financial Statements. Cash profit is not subject to review by the external auditor. The external auditor has informed the Audit Committee that cash profit adjustments have been determined on a consistent basis across each period presented.

- **Adjustments between statutory profit and cash profit** - To calculate cash profit, the Group excludes non-core items from statutory profit. Refer to pages 71 to 73 for adjustments between statutory and cash profit.
- **Large/notable items within cash profit** - The Group's cash profit result from continuing operations includes a number of items collectively referred to as large/notable items. While these items form part of cash profit, given their nature and significance, they have been presented separately together with comparative information, where relevant, to provide transparency and aid comparison. Refer to pages 13 to 17 for details of large/notable items.

DISCONTINUED OPERATIONS

The financial results of the divested Wealth Australia businesses are treated as discontinued operations from a financial reporting perspective. The Group Income Statement and Statement of Comprehensive Income show discontinued operations separately from continuing operations in a separate line item 'Profit/(Loss) from discontinued operations'.

Refer to Note 13 of the Condensed Consolidated Financial Statements for further information.

Statutory Profit Results

	Half Year			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Net interest income	**6,986**	6,827	7,222	2%	-3%
Other operating income	**1,381**	1,917	1,671	-28%	-17%
Operating income	**8,367**	8,744	8,893	-4%	-6%
Operating expenses	**(4,482)**	(4,778)	(4,605)	-6%	-3%
Profit before credit impairment and income tax	**3,885**	3,966	4,288	-2%	-9%
Credit impairment (charge)/release	**491**	(1,064)	(1,674)	large	large
Profit before income tax	**4,376**	2,902	2,614	51%	67%
Income tax expense	**(1,425)**	(862)	(978)	65%	46%
Non-controlling interests	**-**	-	(1)	n/a	-100%
Profit attributable to shareholders of the Company from continuing operations	**2,951**	2,040	1,635	45%	80%
Profit/(Loss) from discontinued operations	**(8)**	(8)	(90)	0%	-91%
Profit attributable to shareholders of the Company	**2,943**	2,032	1,545	45%	90%

Earnings Per Ordinary Share (cents)		Half Year			Movement	
	Reference Page	Mar 21	Sep 20	Mar 20	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Basic	93	**103.7**	71.8	54.6	44%	90%
Diluted	93	**98.4**	66.3	51.5	48%	91%

		Half Year		
	Reference Page	Mar 21	Sep 20	Mar 20
Ordinary Share Dividends (cents)				
Interim[1]	92	**70**	-	25
Final[1]	92	**-**	35	-
Total	92	**70**	35	25
Ordinary share dividend payout ratio[2]	92	**67.7%**	48.9%	45.9%
Profitability Ratios				
Return on average ordinary shareholders' equity[3]		**9.5%**	6.6%	5.1%
Return on average assets		**0.56%**	0.38%	0.30%
Net interest margin		**1.63%**	1.57%	1.69%
Net interest income to average credit RWAs		**3.99%**	3.66%	3.96%
Efficiency Ratios				
Operating expenses to operating income		**53.8%**	55.2%	53.8%
Operating expenses to average assets		**0.87%**	0.91%	0.92%
Credit Impairment Charge/(Release)				
Individually assessed credit impairment charge ($M)		**187**	395	626
Collectively assessed credit impairment charge/(release) ($M)		**(678)**	669	1,048
Total credit impairment charge ($M)	100	**(491)**	1,064	1,674
Individually assessed credit impairment charge as a % of average gross loans and advances[4]		**0.06%**	0.12%	0.20%
Total credit impairment charge/(release) as a % of average gross loans and advances[4]		**(0.16%)**	0.33%	0.53%

1. *Fully franked for Australian tax purposes (30% tax rate) and carry New Zealand imputation credits of NZD 8 cents for the proposed 2021 interim dividend (2020 final dividend: NZD 4 cents; 2020 interim dividend: NZD 3 cents).*
2. *Dividend payout ratio for the March 2021 half is calculated using the proposed 2021 interim dividend of $1,992 million, based on the forecast number of ordinary shares on issue at the dividend record date. Dividend payout ratios for the September 2020 half and the March 2020 half were calculated using actual dividend paid of $994 million and $709 million respectively.*
3. *Average ordinary shareholders' equity excludes non-controlling interests.*
4. *Credit impairment charge used in the ratio relates to gross loans and advances and off-balance sheet commitments - undrawn and contingent liabilities.*

Cash Profit Results[1]

	Half Year Mar 21 $M	Half Year Sep 20 $M	Half Year Mar 20 $M	Movement Mar 21 v. Sep 20	Movement Mar 21 v. Mar 20
Net interest income	**6,986**	6,827	7,222	2%	-3%
Other operating income	**1,437**	2,346	1,357	-39%	6%
Operating income	**8,423**	9,173	8,579	-8%	-2%
Operating expenses	**(4,482)**	(4,778)	(4,605)	-6%	-3%
Profit before credit impairment and income tax	**3,941**	4,395	3,974	-10%	-1%
Credit impairment (charge)/release	**491**	(1,064)	(1,674)	large	large
Profit before income tax	**4,432**	3,331	2,300	33%	93%
Income tax expense	**(1,442)**	(986)	(886)	46%	63%
Non-controlling interests	**-**	-	(1)	n/a	-100%
Cash profit from continuing operations	**2,990**	2,345	1,413	28%	large
Cash profit/(loss) from discontinued operations	**(8)**	(8)	(90)	0%	-91%
Cash profit	**2,982**	2,337	1,323	28%	large

Earnings Per Ordinary Share (cents)	Half Year Mar 21	Half Year Sep 20	Half Year Mar 20	Movement Mar 21 v. Sep 20	Movement Mar 21 v. Mar 20
Basic	**105.0**	82.5	46.7	27%	large
Diluted	**99.6**	75.8	44.7	31%	large

	Reference Page	Half Year Mar 21	Half Year Sep 20	Half Year Mar 20
Ordinary Share Dividends				
Ordinary share dividend payout ratio[2]		**66.8%**	42.5%	53.6%
Profitability Ratios				
Return on average ordinary shareholders' equity[3]		**9.7%**	7.6%	4.4%
Return on average assets		**0.57%**	0.43%	0.26%
Net interest margin		**1.63%**	1.57%	1.68%
Net interest income to average credit RWAs		**3.99%**	3.66%	3.96%
Efficiency Ratios				
Operating expenses to operating income		**53.5%**	52.6%	55.2%
Operating expenses to average assets		**0.87%**	0.90%	0.92%
Credit Impairment Charge/(Release)				
Individually assessed credit impairment charge ($M)	29	**187**	395	626
Collectively assessed credit impairment charge/(release) ($M)	29	**(678)**	669	1,048
Total credit impairment charge ($M)	29	**(491)**	1,064	1,674
Individually assessed credit impairment charge as a % of average gross loans and advances[4]		**0.06%**	0.12%	0.20%
Total credit impairment charge/(release) as a % of average gross loans and advances[4]		**(0.16%)**	0.33%	0.53%

Cash Profit/(Loss) By Division	Half Year Mar 21 $M	Half Year Sep 20 $M	Half Year Mar 20 $M	Movement Mar 21 v. Sep 20	Movement Mar 21 v. Mar 20
Australia Retail and Commercial	**1,782**	1,123	1,214	59%	47%
Institutional	**948**	1,244	610	-24%	55%
New Zealand	**771**	450	567	71%	36%
Pacific	**7**	(82)	20	large	-65%
TSO and Group Centre	**(518)**	(390)	(998)	33%	-48%
Discontinued Operations	**(8)**	(8)	(90)	0%	-91%
Cash profit	**2,982**	2,337	1,323	28%	large

1. *Cash profit excludes non-core items included in statutory profit and is provided to assist readers in understanding the results of the core business activities of the Group. Refer to pages 71 to 73 for the reconciliation between statutory and cash profit. Refer to pages 13 to 17 for information on large/notable items included in continuing cash profit.*
2. *Dividend payout ratio for the March 2021 half is calculated using the proposed 2021 interim dividend of $1,992 million, based on the forecast number of ordinary shares on issue at the dividend record date. Dividend payout ratios for the September 2020 half and the March 2020 half were calculated using actual dividend paid of $994 million and $709 million respectively.*
3. *Average ordinary shareholders' equity excludes non-controlling interests.*
4. *Credit impairment charge used in the ratio relates to gross loans and advances and off-balance sheet commitments - undrawn and contingent liabilities.*

Key Cash Profit Metrics

Discontinued Operations

The financial results of the divested Wealth Australia businesses are treated as discontinued operations from a financial reporting perspective. The Group Income Statement and Statement of Comprehensive Income show discontinued operations separately from continuing operations in a separate line item 'Profit/(Loss) from discontinued operations'.

- **Sale to IOOF Holdings Limited (IOOF)** - In October 2017, the Group announced it had agreed to sell its OnePath pensions and investments (OnePath P&I) business and Aligned Dealer Groups (ADGs) businesses to IOOF. The sale of the ADG business completed on 1 October 2018 and the OnePath P&I business completed on 31 January 2020.
- **Sale to Zurich Financial Services Australia (Zurich)** - In December 2017, the Group announced it had agreed to sell its life insurance business to Zurich and the transaction completed on 31 May 2019.

There were no material financial impacts from the discontinued operations in the March 2021 half.

Continuing Operations

Key cash profit metrics specific to continuing operations are presented in the table below:

	Half Year			Movement	
	Mar 21	Sep 20	Mar 20	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Earnings Per Ordinary Share (cents) - continuing operations					
Earnings per share (basic)	**105.3**	82.8	49.9	27%	large

	Half Year		
	Mar 21	Sep 20	Mar 20
Ordinary Share Dividends - continuing operations			
Ordinary share dividend payout ratio	**66.6%**	42.4%	50.2%
Profitability Ratios - continuing operations			
Return on average ordinary shareholders' equity	**9.7%**	7.6%	4.7%
Return on average assets	**0.57%**	0.43%	0.28%
Net interest margin	**1.63%**	1.57%	1.69%
Net interest income to average credit RWAs	**3.99%**	3.66%	3.96%
Efficiency Ratios - continuing operations			
Operating expenses to operating income	**53.2%**	52.1%	53.7%
Operating expenses to average assets	**0.86%**	0.88%	0.90%

Key Balance Sheet Metrics

	Reference Page	As at Mar 21	Sep 20	Mar 20	Movement Mar 21 v. Sep 20	Mar 21 v. Mar 20
Capital Management						
Common Equity Tier 1 (Level 2)						
- APRA Basel 3	42	**12.4%**	11.3%	10.8%		
- Internationally Comparable Basel 3[1]	42	**18.1%**	16.7%	15.5%		
Credit risk weighted assets ($B)	42	**341.9**	360.0	386.0	-5%	-11%
Total risk weighted assets ($B)	42	**408.2**	429.4	449.0	-5%	-9%
APRA Leverage Ratio	44	**5.5%**	5.4%	5.0%		
Balance Sheet: Key Items						
Gross loans and advances ($B)		**618.6**	622.1	661.3	-1%	-6%
Net loans and advances ($B)		**614.4**	617.1	656.6	0%	-6%
Total assets ($B)		**1,018.3**	1,042.3	1,150.0	-2%	-11%
Customer deposits ($B)		**561.5**	552.4	566.5	2%	-1%
Total equity ($B)		**62.6**	61.3	61.4	2%	2%

Liquidity Risk	Reference Page	As at Mar 21	Sep 20	Mar 20	Movement Mar 21 v. Sep 20	Mar 21 v. Mar 20
Liquidity Coverage Ratio[2]	40	**138%**	139%	139%	-1%	-1%
Net Stable Funding Ratio	41	**121%**	124%	118%	-3%	3%

	Reference Page	As at Mar 21	Sep 20	Mar 20	Movement Mar 21 v. Sep 20	Mar 21 v. Mar 20
Impaired Assets						
Gross impaired assets ($M)	32	**2,473**	2,459	2,599	1%	-5%
Gross impaired assets as a % of gross loans and advances		**0.40%**	0.40%	0.39%		
Net impaired assets ($M)	32	**1,664**	1,568	1,506	6%	10%
Net impaired assets as a % of shareholders' equity		**2.7%**	2.6%	2.5%		
Individually assessed provision ($M)	31	**809**	891	1,093	-9%	-26%
Individually assessed provision as a % of gross impaired assets		**32.7%**	36.2%	42.1%		
Collectively assessed provision ($M)	31	**4,285**	5,008	4,501	-14%	-5%
Collectively assessed provision as a % of credit risk weighted assets		**1.25%**	1.39%	1.17%		
Net Tangible Assets						
Net tangible assets attributable to ordinary shareholders ($B)[3]		**58.5**	56.9	56.4	3%	4%
Net tangible assets per ordinary share ($)		**20.57**	20.04	19.89	3%	3%

Net Loans And Advances by division	As at Mar 21 $B	Sep 20 $B	Mar 20 $B	Movement Mar 21 v. Sep 20	Mar 21 v. Mar 20
Australia Retail and Commercial	**344.3**	339.4	329.8	1%	4%
Institutional	**147.5**	157.6	199.4	-6%	-26%
New Zealand	**120.5**	116.6	125.2	3%	-4%
Pacific	**1.7**	1.9	2.2	-11%	-23%
TSO and Group Centre	**0.4**	1.6	-	-75%	n/a
Net loans and advances by division	**614.4**	617.1	656.6	0%	-6%

1. *See page 43 for further details regarding the differences between APRA Basel 3 and Internationally Comparable Basel 3 standards.*
2. *Liquidity Coverage Ratio is calculated on a half year average basis.*
3. *Equals total shareholders' equity less total non-controlling interests, goodwill and other intangible assets.*

Large/Notable Items - continuing operations

Large/notable items included in cash profit from continuing operations are described below.

Divestment impacts

As the divestments below did not qualify as discontinued operations under accounting standards, they form part of the continuing operations. The financial impacts from these divestments are summarised below including the business results for those divestments that have completed.

	Gain/(Loss) on sale from divestments			Divested business results		
	Half Year			Half Year		
Cash Profit Impact	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 $M	Sep 20 $M	Mar 20 $M
UDC	-	(44)	-	-	41	38
New Zealand legacy insurance portfolio	13	-	-	-	-	-
ANZ Share Investing	(251)	-	-	-	-	-
Profit/(Loss) before income tax	(238)	(44)	-	-	41	38
Income tax benefit/(expense) and non-controlling interests	-	10	-	-	(11)	(11)
Cash profit/(loss) from continuing operations	(238)	(34)	-	-	30	27

- **UDC Finance (UDC)**

  The Group completed the sale of UDC to Shinsei Bank Limited (Shinsei Bank) on 1 September 2020. The Group recognised a loss after tax of $34 million in the September 2020 half comprising a loss on disposal of $29 million, a $31 million loss on the reversal of the life-to-date cash profit adjustments on the economic hedges of assets sold, $6 million of transaction costs, partially offset by a $22 million release from the foreign currency translation reserve, and a $10 million tax credit.

- **New Zealand legacy insurance portfolio**

  During the March 2021 half, the Group sold and transferred its rights and obligations relating to servicing a legacy portfolio of insurance underwritten by Tower Limited (Tower) in the New Zealand division to Tower and recognised a gain after tax of $13 million.

- **ANZ Share Investing**

  During the March 2021 half, the Group reclassified its ANZ Share Investing business as held for sale reflecting a continuation of the Group's simplification strategy. As a consequence of remeasuring the net assets at fair value less costs to sell, the Group recognised a loss after tax of $251 million relating to the write-down of goodwill attributable to the business. This had no impact to Common Equity Tier 1 (CET1) capital as it resulted in an equivalent reduction in capital deductions.

Other large/notable items

- **Customer remediation**

  Customer remediation includes provisions for expected refunds to customers, remediation project costs and related customer and regulatory claims, penalties and litigation outcomes.

	Half Year		
Cash Profit Impact	Mar 21 $M	Sep 20 $M	Mar 20 $M
Operating income	(74)	(116)	(58)
Operating expenses	(92)	(138)	(71)
Profit/(Loss) before income tax	(166)	(254)	(129)
Income tax benefit/(expense) and non-controlling interests	58	66	38
Cash profit/(loss) from continuing operations	(108)	(188)	(91)

- **Litigation settlements**

  During the March 2021 half, the Group reached an agreement to settle a United States class action related to the Bank Bill Swap Rate (BBSW) and the trading of BBSW-based products. The settlement is without admission of liability and remains subject to negotiation and execution of complete settlement terms as well as court approval. In the March 2021 half, the Group recognised expenses of $48 million after tax in relation to the settlement and related costs.

- **Restructuring**

  The Group recognised restructuring expenses of $76 million after tax in the March 2021 half (Sep 20 half: $41 million; Mar 20 half: $74 million) largely relating to business and property changes in the Australia Retail and Commercial division and operational changes in the TSO and Group Centre division.

- **Asian associate items**

	Half Year		
	Mar 21 $M	**Sep 20 $M**	**Mar 20 $M**
AmBank 1MDB settlement	**(212)**	-	-
AmBank goodwill impairment	**(135)**	-	-
PT Panin AASB 9 adjustment	**-**	(68)	-
Profit/(Loss) before income tax	**(347)**	(68)	-
Income tax benefit/(expense) and non-controlling interests	**-**	2	-
Cash profit/(loss) from continuing operations	**(347)**	(66)	-

AmBank 1MDB settlement

Following AMMB Holdings Berhad's (AmBank) agreement with the Malaysian Ministry of Finance to resolve potential claims relating to its involvement with 1Malaysia Development Berhad (1MDB), the Group recognised a $212 million reduction in equity accounted earnings after tax reflecting its share of the settlement provision during the March 2021 half. This had no impact to CET1 capital as it resulted in an equivalent reduction in capital deductions.

AmBank goodwill impairment

During the March 2021 half, AmBank partially impaired goodwill and the Group recognised a $135 million reduction in equity accounted earnings after tax reflecting its share of the impairment recognised by AmBank. This had no impact to CET1 capital as it resulted in an equivalent reduction in capital deductions.

PT Panin AASB 9 adjustment

When the Group adopted AASB 9 *Financial Instruments* on 1 October 2018, an estimate of PT Bank Pan Indonesia (PT Panin)'s transition adjustment was recognised through opening retained earnings to align accounting policies. During the September 2020 half, PT Panin adopted AASB 9 and recognised a transition adjustment in retained earnings. The $66 million after tax represents the Group's equity accounted share of the transition adjustment net of amounts adjusted by the Group on 1 October 2018. This had no impact to CET1 capital as it resulted in an equivalent reduction in capital deductions.

- **Asian associate impairments**

During the March 2020 half, the Group recognised an impairment of $815 million after tax in respect of two of the Group's equity accounted investments to adjust their carrying values in line with their value in use (VIU) calculations at 31 March 2020. AmBank was impaired by $595 million and PT Panin was impaired by $220 million. This had no impact to CET1 capital as it resulted in an equivalent reduction in capital deductions.

The Group completed VIU assessments and assessment of carrying values as at 31 March 2021 and determined that no adjustment to carrying values was necessary.

- **Accelerated software amortisation**

During the September 2020 half, the Group amended the application of its software amortisation policy to reflect the shorter useful life of various types of software, including regulatory and compliance focused assets and purchased assets. These changes reflect the Group's rapidly changing technology and business needs and ongoing reinvestments in purchased and internally developed software to ensure assets remain fit for purpose. As a result of these changes, the Group recognised accelerated amortisation of $138 million after tax during the September 2020 half. This had no impact to CET1 capital as it resulted in an equivalent reduction in capital deductions.

- **Goodwill write-off**

During the September 2020 half, the Group wrote off goodwill of $77 million after tax previously held in the Pacific and New Zealand divisions:

- Pacific division - The impact of COVID-19 on the economies of the Pacific region had been significant and conditions were expected to take some time to recover. Goodwill of $50 million after tax for the division was impaired in the September 2020 half. No further impairment was required for the carrying values of other assets in the Pacific division.
- New Zealand division - As a result of changes in the economic environment and outlook, the Group announced its intention to begin winding up the Bonus Bonds business ("Bonus Bonds", a managed investment product) in the New Zealand division by 31 October 2020. As a result, the Group wrote off the associated goodwill of $27 million after tax in the September 2020 half.

This had no impact to CET1 capital as it resulted in an equivalent reduction in capital deductions.

- **Lease-related items**

Following the adoption of the new lease accounting standard (AASB 16) on 1 October 2019 the Group recognised additional charges which were presented as a large/notable item at the time as the 2019 comparatives were prepared under the previous lease accounting standard (AASB 117). During the March 2021 half, the recurring AASB 16 impacts have been removed as the comparative periods are now presented on a consistent basis to the March 2021 half. The residual lease related item relates to non-recurring items recognised in 2020.

Large/Notable items - continuing operations

March 2021 Half Year v March 2020 Half Year

Cash Profit Results	Mar 21 $M	Large/ notables $M	Mar 21 ex. Large/ notables $M	Mar 20 $M	Large/ notables[1] $M	Mar 20 ex. Large/ notables $M	Movt ex. Large/ notables %
Net interest income	6,986	(56)	7,042	7,222	53	7,169	-2%
Other operating income	1,437	(603)	2,040	1,357	(850)	2,207	-8%
Operating income	8,423	(659)	9,082	8,579	(797)	9,376	-3%
Operating expenses	(4,482)	(266)	(4,216)	(4,605)	(244)	(4,361)	-3%
Profit before credit impairment and income tax	3,941	(925)	4,866	3,974	(1,041)	5,015	-3%
Credit impairment (charge)/release	491	-	491	(1,674)	(20)	(1,654)	large
Profit/(Loss) before income tax	4,432	(925)	5,357	2,300	(1,061)	3,361	59%
Income tax benefit/(expense) and non-controlling interests	(1,442)	108	(1,550)	(887)	74	(961)	61%
Cash profit/(loss) from continuing operations	2,990	(817)	3,807	1,413	(987)	2,400	59%

March 2021 Half Year v September 2020 Half Year

Cash Profit Results	Mar 21 $M	Large/ notables $M	Mar 21 ex. Large/ notables $M	Sep 20 $M	Large/ notables[1] $M	Sep 20 ex. Large/ notables $M	Movt ex. Large/ notables %
Net interest income	6,986	(56)	7,042	6,827	(25)	6,852	3%
Other operating income	1,437	(603)	2,040	2,346	(137)	2,483	-18%
Operating income	8,423	(659)	9,082	9,173	(162)	9,335	-3%
Operating expenses	(4,482)	(266)	(4,216)	(4,778)	(490)	(4,288)	-2%
Profit before credit impairment and income tax	3,941	(925)	4,866	4,395	(652)	5,047	-4%
Credit impairment (charge)/release	491	-	491	(1,064)	(3)	(1,061)	large
Profit/(Loss) before income tax	4,432	(925)	5,357	3,331	(655)	3,986	34%
Income tax benefit/(expense) and non-controlling interests	(1,442)	108	(1,550)	(986)	141	(1,127)	38%
Cash profit/(loss) from continuing operations	2,990	(817)	3,807	2,345	(514)	2,859	33%

March 2021 Half Year v March 2020 Half Year

Cash Profit/(Loss) By Division	Mar 21 $M	Large/ notables $M	Mar 21 ex. Large/ notables $M	Mar 20 $M	Large/ notables[1] $M	Mar 20 ex. Large/ notables $M	Movt ex. Large/ notables %
Australia Retail and Commercial	1,782	(414)	2,196	1,214	(141)	1,355	62%
Institutional	948	(34)	982	610	(8)	618	59%
New Zealand	771	6	765	567	(2)	569	34%
Pacific	7	(1)	8	20	(3)	23	-65%
TSO and Group Centre[2]	(518)	(374)	(144)	(998)	(833)	(165)	-13%
Cash profit/(loss) from continuing operations	2,990	(817)	3,807	1,413	(987)	2,400	59%

March 2021 Half Year v September 2020 Half Year

Cash Profit/(Loss) By Division	Mar 21 $M	Large/ notables $M	Mar 21 ex. Large/ notables $M	Sep 20 $M	Large/ notables[1] $M	Sep 20 ex. Large/ notables $M	Movt ex. Large/ notables %
Australia Retail and Commercial	1,782	(414)	2,196	1,123	(156)	1,279	72%
Institutional	948	(34)	982	1,244	(61)	1,305	-25%
New Zealand	771	6	765	450	(58)	508	51%
Pacific	7	(1)	8	(82)	(64)	(18)	large
TSO and Group Centre[2]	(518)	(374)	(144)	(390)	(175)	(215)	-33%
Cash profit/(loss) from continuing operations	2,990	(817)	3,807	2,345	(514)	2,859	33%

1. *Comparative numbers have been restated to remove the recurring impact of the new lease accounting standard (AASB 16) adopted on 1 October 2019 as the comparative periods are now presented on a consistent basis to the March 2021 half.*
2. *TSO and Group Centre included the loss on sale from UDC divestment in the September 2020 half. It also included a component of the divested business results for the completed sale of UDC in the September and March 2020 halves.*

Large/Notable items - continuing operations

The Group has recognised some large/notable items within cash profit from continuing operations. These items are shown in the tables below.

	March 2021 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	Customer remediation $M	Litigation settlements $M	Restructuring $M	Asian associate items $M	Total $M	Divested business results $M	Customer remediation $M	Restructuring $M	Lease-related items[1] $M	Asian associate impairments $M	Total $M
Cash Profit												
Net interest income	-	(56)	-	-	-	**(56)**	75	(22)	-	-	-	**53**
Other operating income	(238)	(18)	-	-	(347)	**(603)**	1	(36)	-	-	(815)	**(850)**
Operating income	(238)	(74)	-	-	(347)	**(659)**	76	(58)	-	-	(815)	**(797)**
Operating expenses	-	(92)	(69)	(105)	-	**(266)**	(18)	(71)	(105)	(50)	-	**(244)**
Profit before credit impairment and income tax	(238)	(166)	(69)	(105)	(347)	**(925)**	58	(129)	(105)	(50)	(815)	**(1,041)**
Credit impairment (charge)/ release	-	-	-	-	-	**-**	(20)	-	-	-	-	**(20)**
Profit before income tax	(238)	(166)	(69)	(105)	(347)	**(925)**	38	(129)	(105)	(50)	(815)	**(1,061)**
Income tax benefit/(expense) and non-controlling interests	-	58	21	29	-	**108**	(11)	38	31	16	-	**74**
Cash profit/(loss) from continuing operations	(238)	(108)	(48)	(76)	(347)	**(817)**	27	(91)	(74)	(34)	(815)	**(987)**

	March 2021 Half Year						September 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	Customer remediation $M	Litigation settlements $M	Restructuring $M	Asian associate items $M	Total $M	Gain/(Loss) on sale from divestments $M	Divested business results $M	Customer remediation $M	Goodwill write-off $M	Restructuring $M	Lease-related items[1] $M	Accelerated software amortisation $M	Asian associate items $M	Total $M
Cash Profit															
Net interest income	-	(56)	-	-	-	**(56)**	-	59	(84)	-	-	-	-	-	**(25)**
Other operating income	(238)	(18)	-	-	(347)	**(603)**	(38)	1	(32)	-	-	-	-	(68)	**(137)**
Operating income	(238)	(74)	-	-	(347)	**(659)**	(38)	60	(116)	-	-	-	-	(68)	**(162)**
Operating expenses	-	(92)	(69)	(105)	-	**(266)**	(6)	(16)	(138)	(77)	(56)	-	(197)	-	**(490)**
Profit before credit impairment and income tax	(238)	(166)	(69)	(105)	(347)	**(925)**	(44)	44	(254)	(77)	(56)	-	(197)	(68)	**(652)**
Credit impairment (charge)/ release	-	-	-	-	-	**-**	-	(3)	-	-	-	-	-	-	**(3)**
Profit before income tax	(238)	(166)	(69)	(105)	(347)	**(925)**	(44)	41	(254)	(77)	(56)	-	(197)	(68)	**(655)**
Income tax benefit/(expense) and non-controlling interests	-	58	21	29	-	**108**	10	(11)	66	-	15	-	59	2	**141**
Cash profit/(loss) from continuing operations	(238)	(108)	(48)	(76)	(347)	**(817)**	(34)	30	(188)	(77)	(41)	-	(138)	(66)	**(514)**

1. *Comparative numbers have been restated to remove the recurring impact of the new lease accounting standard (AASB 16) adopted on 1 October 2019 as the comparative periods are now presented on a consistent basis to the March 2021 half.*

Large/Notable items - continuing operations

The Group has recognised some large/notable items within cash profit from continuing operations. The impact of these items on the divisional results are shown in the tables below.

	March 2021 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	Customer remediation $M	Litigation settlements $M	Restructuring $M	Asian associate items $M	Total $M	Divested business results $M	Customer remediation $M	Restructuring $M	Lease-related items[1] $M	Asian associate impairments $M	Total $M
Profit before income tax												
Australia Retail and Commercial	(251)	(191)	-	(40)	-	**(482)**	-	(101)	(85)	(15)	-	**(201)**
Institutional	-	25	(69)	(16)	-	**(60)**	-	-	(4)	(7)	-	**(11)**
New Zealand	13	-	-	(10)	-	**3**	34	(26)	(11)	-	-	**(3)**
Pacific	-	-	-	(1)	-	**(1)**	-	(2)	-	(2)	-	**(4)**
TSO and Group Centre[2]	-	-	-	(38)	(347)	**(385)**	4	-	(5)	(26)	(815)	**(842)**
Profit before income tax	(238)	(166)	(69)	(105)	(347)	**(925)**	38	(129)	(105)	(50)	(815)	**(1,061)**
Income tax benefit/(expense) and non-controlling interests	-	58	21	29	-	**108**	(11)	38	31	16	-	**74**
Cash profit/(loss) from continuing operations	(238)	(108)	(48)	(76)	(347)	**(817)**	27	(91)	(74)	(34)	(815)	**(987)**

	March 2021 Half Year						September 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	Customer remediation $M	Litigation settlements $M	Restructuring $M	Asian associate items $M	Total $M	Gain/(Loss) on sale from divestments $M	Divested business results $M	Customer remediation $M	Goodwill write-off $M	Restructuring $M	Lease-related items[1] $M	Accelerated software amorisation $M	Asian associate items $M	Total $M
Profit before income tax															
Australia Retail and Commercial	(251)	(191)	-	(40)	-	**(482)**	-	-	(169)	-	(4)	(19)	(31)	-	**(223)**
Institutional	-	25	(69)	(16)	-	**(60)**	-	-	(20)	-	(13)	(7)	(38)	-	**(78)**
New Zealand	13	-	-	(10)	-	**3**	-	39	(50)	(27)	(20)	-	(11)	-	**(69)**
Pacific	-	-	-	(1)	-	**(1)**	-	-	(15)	(50)	-	(1)	-	-	**(66)**
TSO and Group Centre[2]	-	-	-	(38)	(347)	**(385)**	(44)	2	-	-	(19)	27	(117)	(68)	**(219)**
Profit before income tax	(238)	(166)	(69)	(105)	(347)	**(925)**	(44)	41	(254)	(77)	(56)	-	(197)	(68)	**(655)**
Income tax benefit/(expense) and non-controlling interests	-	58	21	29	-	**108**	10	(11)	66	-	15	-	59	2	**141**
Cash profit/(loss) from continuing operations	(238)	(108)	(48)	(76)	(347)	**(817)**	(34)	30	(188)	(77)	(41)	-	(138)	(66)	**(514)**

1. *Comparative numbers have been restated to remove the recurring impact of the new lease accounting standard (AASB 16) adopted on 1 October 2019 as the comparative periods are now presented on a consistent basis to the March 2021 half.*
2. *TSO and Group Centre included the loss on sale from UDC divestment in the September 2020 half. It also included a component of the divested business results for the completed sale of UDC for the September and March 2020 halves.*

Full Time Equivalent Staff

As at 31 March 2021, ANZ employed 38,555 staff (Sep 20: 38,579; Mar 20: 38,939) on a full-time equivalent (FTE) basis.

Division	As at			Movement	
	Mar 21	**Sep 20**	**Mar 20**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
Australia Retail and Commercial	**14,118**	14,078	14,061	0%	0%
Institutional	**5,215**	5,291	5,350	-1%	-3%
New Zealand[1]	**6,691**	6,679	7,009	0%	-5%
Pacific	**1,101**	1,113	1,108	-1%	-1%
TSO and Group Centre[1]	**10,719**	10,345	10,306	4%	4%
Total FTE from continuing operations	**37,844**	37,506	37,834	1%	0%
Discontinued operations[2]	**711**	1,073	1,105	-34%	-36%
Total FTE	**38,555**	38,579	38,939	0%	-1%
Average FTE	**38,532**	38,798	39,154	-1%	-2%

Geography	As at			Movement	
	Mar 21	**Sep 20**	**Mar 20**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
Australia	**18,664**	18,689	18,823	0%	-1%
Asia, Pacific, Europe & America	**12,678**	12,680	12,584	0%	1%
New Zealand	**7,213**	7,210	7,532	0%	-4%
Total FTE	**38,555**	38,579	38,939	0%	-1%

1. *FTE has been restated to reflect the transfer of New Zealand Technology operations from the TSO and Group Centre division to the New Zealand division (Sep 20: 918; Mar 20: 906).*
2. *The discontinued operations FTE is based on an estimate of the staff working in the divested businesses based on an allocation methodology and includes staff retained in the Group working on transitioning the sold businesses to the purchasers in the March 2020 half.*

Other Non-Financial Information

	Half Year			Movement	
Shareholder value - ordinary shares	**Mar 21**	**Sep 20**	**Mar 20**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
Share price ($)					
- high	**29.55**	21.22	28.67	39%	3%
- low	**16.97**	15.07	14.10	13%	20%
- closing	**28.18**	17.22	16.96	64%	66%
Closing market capitalisation of ordinary shares ($B)	**80.2**	48.8	48.1	64%	67%
Total shareholder returns (TSR)	**66.6%**	2.9%	-38.7%	large	large

	As at Mar 21		
Credit ratings	**Short-Term**	**Long-Term**	**Outlook**
Moody's Investor Services	P-1	Aa3	Stable
Standard & Poor's	A-1+	AA-	Negative
Fitch Ratings[1]	F1	A+	Negative

1. *On 12 April 2021 Fitch Ratings revised its outlook from Negative to Stable. The long-term and short-term ratings remain unchanged.*

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Non-IFRS Information

Statutory profit is prepared in accordance with recognition and measurement requirements of Australian Accounting Standards, which comply with *International Financial Reporting Standards* (IFRS). The Group provides additional measures of performance in the Consolidated Financial Report & Dividend Announcement which are prepared on a basis other than in accordance with accounting standards. The guidance provided in *Australian Securities and Investments Commission (ASIC) Regulatory Guide 230* has been followed when presenting this information.

Cash Profit

Cash profit, a non-IFRS measure, represents ANZ's preferred measure of the result of the core business activities of the Group, enabling readers to assess Group and Divisional performance against prior periods and against peer institutions. To calculate cash profit, the Group excludes non-core items from statutory profit (refer to Definitions on pages 131 to 132 for further details). The adjustments made in arriving at cash profit are included in statutory profit which is subject to review within the context of the external auditor's review of the Condensed Consolidated Financial Statements. Cash profit is not subject to review by the external auditor. The external auditor has informed the Audit Committee that cash profit adjustments have been determined on a consistent basis across each period presented.

This Group Results section is reported on a cash profit basis from continuing operations unless otherwise stated. For information on discontinued operations please refer to Note 13 of the Condensed Consolidated Financial Statements.

	Half Year			Movement	
	Mar 21 $M	**Sep 20 $M**	**Mar 20 $M**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
Statutory profit attributable to shareholders of the Company from continuing operations	**2,951**	2,040	1,635	45%	80%
Adjustments between statutory profit and cash profit[1]					
Economic hedges	**51**	461	(340)	-89%	large
Revenue and expense hedges	**(12)**	(156)	120	-92%	large
Structured credit intermediation trades	**-**	-	(2)	n/a	-100%
Total adjustments between statutory profit and cash profit from continuing operations	**39**	305	(222)	-87%	large
Cash profit from continuing operations	**2,990**	2,345	1,413	28%	large

[1] *Refer to pages 71 to 73 for analysis of the adjustments between statutory profit and cash profit.*

Group performance - cash profit	Half Year			Movement	
	Mar 21 $M	**Sep 20 $M**	**Mar 20 $M**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
Net interest income	**6,986**	6,827	7,222	2%	-3%
Other operating income	**1,437**	2,346	1,357	-39%	6%
Operating income	**8,423**	9,173	8,579	-8%	-2%
Operating expenses	**(4,482)**	(4,778)	(4,605)	-6%	-3%
Profit before credit impairment and income tax	**3,941**	4,395	3,974	-10%	-1%
Credit impairment (charge)/release	**491**	(1,064)	(1,674)	large	large
Profit before income tax	**4,432**	3,331	2,300	33%	93%
Income tax expense	**(1,442)**	(986)	(886)	46%	63%
Non-controlling interests	**-**	-	(1)	n/a	-100%
Cash profit from continuing operations	**2,990**	2,345	1,413	28%	large

	Half Year			Movement	
Cash Profit/(Loss) by Division	**Mar 21 $M**	**Sep 20 $M**	**Mar 20 $M**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
Australia Retail and Commercial	**1,782**	1,123	1,214	59%	47%
Institutional	**948**	1,244	610	-24%	55%
New Zealand	**771**	450	567	71%	36%
Pacific	**7**	(82)	20	large	-65%
TSO and Group Centre	**(518)**	(390)	(998)	33%	-48%
Cash profit from continuing operations	**2,990**	2,345	1,413	28%	large

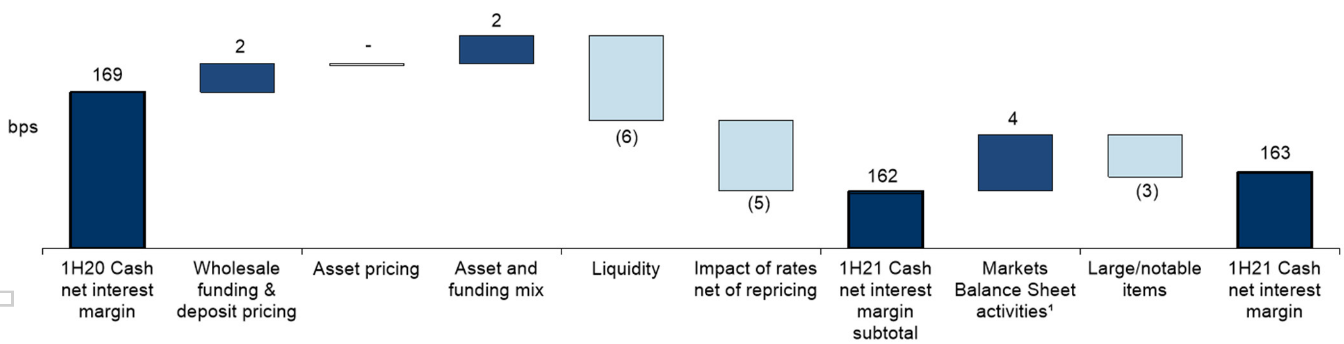
Net Interest Income - continuing operations

	Half Year			Movement	
Group	**Mar 21 $M**	**Sep 20 $M**	**Mar 20 $M**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
Cash net interest income[1]	**6,986**	6,827	7,222	2%	-3%
Average interest earning assets	**857,524**	869,110	856,652	-1%	0%
Average deposits and other borrowings	**696,066**	690,104	668,514	1%	4%
Net interest margin (%) - cash	**1.63**	1.57	1.69	6 bps	-6 bps
Group (excluding Markets business unit)					
Cash net interest income[1]	**6,584**	6,457	6,822	2%	-3%
Average interest earning assets	**580,971**	580,532	576,494	0%	1%
Average deposits and other borrowings	**532,132**	504,392	477,033	5%	12%
Net interest margin (%) - cash	**2.27**	2.22	2.37	5 bps	-10 bps

	Half Year			Movement	
Cash profit net interest margin by major division[1]	**Mar 21 $M**	**Sep 20 $M**	**Mar 20 $M**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
Australia Retail and Commercial					
Net interest margin (%) - cash	**2.56**	2.53	2.65	3 bps	-9 bps
Average interest earning assets	**311,211**	305,924	305,981	2%	2%
Average deposits and other borrowings	**240,094**	222,191	210,214	8%	14%
Institutional					
Net interest margin (%) - cash	**0.77**	0.73	0.78	4 bps	-1 bps
Average interest earning assets	**397,339**	424,614	415,490	-6%	-4%
Average deposits and other borrowings	**292,475**	321,745	305,506	-9%	-4%
New Zealand					
Net interest margin (%) - cash	**2.32**	2.20	2.31	12 bps	1 bps
Average interest earning assets	**120,580**	120,104	121,955	0%	-1%
Average deposits and other borrowings	**95,864**	92,756	90,329	3%	6%

1. *Includes large/notable items of -$56 million for the March 2021 half (Sep 20 half: -$25 million; Mar 20 half: $53 million). Refer to pages 13 to 17 for further details on large/notable items. Also includes the major bank levy of -$189 million for the March 2021 half (Sep 20 half: -$210 million; Mar 20 half: -$196 million).*

Group net interest margin - March 2021 Half Year v March 2020 Half Year



1. *Markets Balance Sheet activities includes the impact of discretionary liquid assets and other Balance Sheet activities.*

- **March 2021 v March 2020**

Net interest margin (-6 bps)

- Wholesale funding and deposit pricing (+2 bps): driven by favourable funding costs, partially offset by deposit margin compression.
- Asset pricing (0 bps): higher Institutional lending margins were offset by competition in home lending in the Australia Retail and Commercial division.
- Asset and funding mix (+2 bps): driven by favourable deposit mix with growth in at-call deposits, as well as customer deposits replacing wholesale funding. This was partially offset by unfavourable product mix from the impacts of customers switching from variable to fixed home loans, and lower unsecured lending in the Australia Retail and Commercial, and New Zealand divisions.
- Liquidity (-6 bps): driven by growth in liquid assets.
- Impact of rates net of repricing (-5 bps): driven by the impact of central bank rate cuts on earnings on capital and replicated deposits, net of repricing.
- Markets Balance Sheet activities (+4 bps): driven by lower Markets average interest earning assets as a result of lower reverse repurchase agreements and foreign currency translation movements.
- Large/notable (-3 bps): driven by lower net interest income from divested UDC business and higher customer remediation.

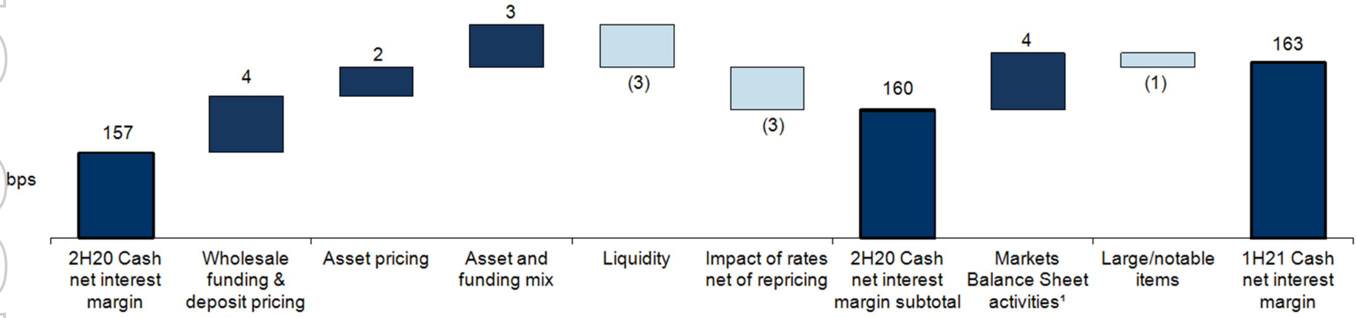
Average interest earning assets (+$0.9 billion or flat)

- Average net loans and advances (-$18.2 billion or -3%): driven by decrease in Institutional lending and the impact of foreign currency translation movements, partially offset by home lending growth in the Australia Retail and Commercial, and New Zealand divisions.
- Average trading and investment securities (+$19.2 billion or +15%): driven by an increase in liquid assets in Markets, partially offset by the impact of foreign currency translation movements.
- Average cash and other liquid assets (flat): higher central bank balances were offset by lower reverse repurchase agreements and the impact of foreign currency translation movements.

Average deposits and other borrowings (+$27.6 billion or +4%)

- Average deposits and other borrowings (+$27.6 billion or +4%): driven by growth in deposits across all divisions, partially offset by the impact of foreign currency translation movements.

Group net interest margin - March 2021 Half Year v September 2020 Half Year



[1] Markets Balance Sheet activities includes the impact of discretionary liquid assets and other Balance Sheet activities.

- **March 2021 v September 2020**

Net interest margin (+6 bps)

- Wholesale funding and deposit pricing (+4 bps): driven by deposit optimisation across all divisions and favourable wholesale funding costs.
- Asset pricing (+2 bps): driven by higher Institutional lending margins partially offset by competition in home lending in the Australia Retail and Commercial division.
- Asset and funding mix (+3 bps): driven by favourable deposit mix with growth in at-call deposits and favourable divisional lending mix from stronger growth in the Australia Retail and Commercial, and New Zealand divisions relative to the Institutional division. This was partially offset by unfavourable product mix from the impacts of customers switching from variable to fixed home loans, and lower unsecured lending in the Australia Retail and Commercial, and New Zealand divisions.
- Liquidity (-3 bps): driven by growth in liquid assets.
- Impact of rates net of repricing (-3 bps): driven by the impact of central bank rate cuts on earnings on capital and replicated deposits, net of repricing.
- Markets Balance Sheet activities (+4 bps): driven by lower Markets average interest earning assets as a result of lower reverse repurchase agreements and the impact of foreign currency translation movements.
- Large/notable items (-1 bps): driven by lower net interest income from divested UDC business, partially offset by lower customer remediation.

Average interest earning assets (-$11.6 billion or -1%)

- Average net loans and advances (-$20.9 billion or -3%): driven by a decrease in Institutional lending and the impact of foreign currency translation movements, partially offset by home lending growth in the Australia Retail and Commercial, and New Zealand divisions.
- Average trading and investment securities (+$12.4 billion or +9%): driven by an increase in liquid assets in Markets, partially offset by the impact of foreign currency translation movements.
- Average cash and other liquid assets (-$3.0 billion or -2%): driven by decreases in settlement balances and reverse repurchase agreements as well as the impact of foreign currency translation movements, partially offset by higher central bank balances.

Average deposits and other borrowings (+$6.0 billion or +1%)

- Average deposits and other borrowings (+$6.0 billion or +1%): driven by growth in the Australia Retail and Commercial, and New Zealand divisions, and increases in commercial paper and certificates of deposit, partially offset by a decrease in the Institutional division and the impact of foreign currency translation movements.

Other Operating Income - continuing operations

	Half Year			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Net fee and commission income[1]	**1,011**	1,080	1,135	-6%	-11%
Markets other operating income	**638**	1,120	764	-43%	-16%
Share of associates' profit/(loss)	**(242)**	20	135	large	large
Other[1,2]	**30**	126	(677)	-76%	large
Total cash other operating income from continuing operations	**1,437**	2,346	1,357	-39%	6%

	Half Year			Movement	
Other operating income by division	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Australia Retail and Commercial	**302**	566	595	-47%	-49%
Institutional	**1,014**	1,482	1,167	-32%	-13%
New Zealand	**238**	226	247	5%	-4%
Pacific	**33**	34	50	-3%	-34%
TSO and Group Centre	**(150)**	38	(702)	large	-79%
Total cash other operating income from continuing operations	**1,437**	2,346	1,357	-39%	6%

Markets income	Half Year			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Net interest income	**402**	370	400	9%	1%
Other operating income	**638**	1,120	764	-43%	-16%
Total cash Markets income from continuing operations	**1,040**	1,490	1,164	-30%	-11%

Other operating income (excluding large/notable items)

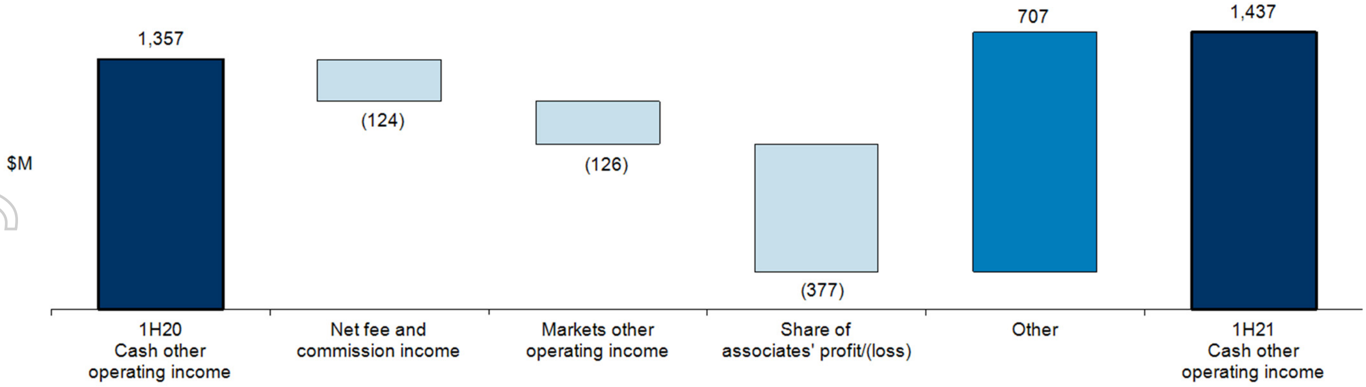
Other operating income included a number of items collectively referred to as large/notable items of -$603 million for the March 2021 half (Sep 20 half: -$137 million; Mar 20 half: -$850 million). While these items form part of total cash other operating income from continuing operations, they have been excluded from the tables below given their nature and significance. Refer to items on pages 13 to 17 for further details on large/notable items.

Other operating income (excluding large/notable items)	Half Year			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Net fee and commission income[1]	**1,051**	1,086	1,163	-3%	-10%
Markets other operating income	**610**	1,138	764	-46%	-20%
Share of associates' profit/(loss)	**105**	88	135	19%	-22%
Other[1,2]	**274**	171	145	60%	89%
Total cash other operating income from continuing operations	**2,040**	2,483	2,207	-18%	-8%

Other operating income by division (excluding large/notable items)	Half Year			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Australia Retail and Commercial	**596**	582	625	2%	-5%
Institutional	**989**	1,498	1,164	-34%	-15%
New Zealand	**225**	225	254	0%	-11%
Pacific	**33**	34	50	-3%	-34%
TSO and Group Centre	**197**	144	114	37%	73%
Total cash other operating income from continuing operations	**2,040**	2,483	2,207	-18%	-8%

1. *Excluding the Markets business unit.*
2. *Includes foreign exchange earnings and net income from insurance business.*

Other operating income - March 2021 Half Year v March 2020 Half Year



- **March 2021 v March 2020**

Other operating income increased by $80 million (+6%). Excluding large/notable items, other operating income decreased $167 million (-8%).

Net fee and commission income (-$124 million or -11%)

- $49 million decrease in the Institutional division driven by lower trade-related fees and loan syndication fees.
- $39 million decrease in the Australia Retail and Commercial division driven by lower credit card and international transaction volumes due to COVID-19 impacts.
- $23 million decrease in the New Zealand division driven by the reduction or removal of fees and lower volume related fee income due to COVID-19 impacts.
- $12 million decrease driven by higher customer remediation.

Markets income (-$124 million or -11%)

Markets income decreased $124 million (-11%) driven by $126 million (-16%) decrease in Other operating income, partially offset by $2 million (+1%) increase in Net interest income. This was primarily attributable to the following business activities:

- $130 million decrease in Foreign Exchange income driven by elevated income in the March 2020 half as corporates and financial institutions sought foreign exchange solutions at the onset of the pandemic, and currency volatility presented favourable trading conditions, partially offset by lower customer remediation.
- $162 million decrease in Rates income driven by reduced demand for hedging solutions.
- $29 million decrease in Commodities income as the March 2020 half income was elevated from oil price volatility while the March 2021 half had seen reduced demand for hedging solutions and less favourable trading conditions.
- $164 million increase in Balance Sheet income from increasing value of high quality liquid assets.
- $36 million increase in Credit and Capital Markets income driven by more favourable Credit Trading conditions and higher Sales revenues from new bond issuance activity by customers.

Share of associates' profit/(loss) (-$377 million)

- $212 million decrease driven by the Group's share of AmBank 1MDB settlement in the March 2021 half.
- $135 million decrease driven by the Group's share of AmBank goodwill impairment in the March 2021 half.
- $30 million decrease in profits from associates from AmBank ($21 million) and PT Panin ($9 million).

Other (+$707 million)

- $815 million increase driven by the impairment of PT Panin ($220 million) and AmBank ($595 million) in the March 2020 half.
- $110 million increase in the TSO and Group Centre division primarily due to realised gains from rebalancing the liquidity portfolio in Treasury ($31 million), and higher realised gains on economic hedges against foreign currency denominated revenue streams ($62 million) which offset net unfavourable foreign currency translations elsewhere in the Group.
- $27 million increase in the Institutional division primarily driven by widening credit spread impacts on loans measured at fair value in the March 2020 half.
- $238 million decrease driven by the loss on reclassification of ANZ Share Investing to held for sale ($251 million) in the Australia Retail and Commercial division, partially offset by gain from the sale of a legacy insurance portfolio to Tower ($13 million) in the New Zealand division.

- **March 2021 v September 2020**

  Other operating income decreased by $909 million or (-39%). Excluding large/notable items, other operating income decreased $443 million (-18%).

  Net fee and commission income (-$69 million or -6%)

  - $33 million decrease driven by higher customer remediation.
  - $26 million decrease in the Australia Retail and Commercial division driven by seasonality of unsecured portfolio rebates and incentives, partially offset by increased customer activity.
  - $12 million decrease in the Institutional division driven by lower trade-related fees and loan syndication fees.

  Markets income (-$450 million or -30%)

  Markets income decreased $450 million (-30%) driven by $482 million (-43%) decrease in Other operating income, partially offset by $32 million (+9%) increase in Net interest income. This was primarily attributable to the following business activities:

  - $210 million decrease in Rates income driven by lower customer hedging demands and excess market liquidity.
  - $109 million decrease in Credit and Capital Markets income from the normalisation of trading and issuance levels from elevated conditions in the September 2020 half.
  - $110 million decrease in Derivative valuation adjustments driven by a non-repeat of credit valuation adjustment gains in the September 2020 half.
  - $66 million decrease in Balance Sheet income driven by gains recognised in the September 2020 half from yield curve movements.
  - $54 million increase in Foreign Exchange income primarily driven by lower customer remediation.

  Share of associates' profit/(loss) (-$262 million)

  - $212 million decrease driven by the Group's share of AmBank 1MDB settlement in the March 2021 half.
  - $135 million decrease driven by the Group's share of AmBank goodwill impairment in the March 2021 half.
  - $68 million increase driven by the PT Panin AASB 9 adjustment in the September 2020 half.
  - $16 million increase in profits from associates relating to PT Panin.

  Other (-$96 million or -76%)

  - $238 million decrease driven by loss on reclassification of ANZ Share Investing to held for sale ($251 million) in the Australia Retail and Commercial division, partially offset by gain from the sale of a legacy insurance portfolio to Tower ($13 million) in the New Zealand division.
  - $38 million increase driven by a loss on sale of UDC in the September 2020 half.
  - $35 million increase in the TSO and Group Centre division primarily due to realised gains from rebalancing the liquidity portfolio in Treasury ($31 million), and higher realised gains on economic hedges against foreign currency denominated revenue streams ($23 million) which offset net unfavourable foreign currency translations elsewhere in the Group, partially offset by a $26 million decrease driven by dividend income from Bank of Tianjin in the September 2020 half.
  - $40 million increase in the Australia Retail and Commercial division due to the gain on disposal of the offsite ATM network, reduction in insurance claims due to lower arrears and higher transaction rebates in the March 2021 half.

Operating Expenses - continuing operations

	Half Year			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Personnel	**2,449**	2,413	2,465	1%	-1%
Premises	**350**	384	405	-9%	-14%
Technology	**785**	985	839	-20%	-6%
Restructuring	**105**	56	105	88%	0%
Other	**793**	940	791	-16%	0%
Total cash operating expenses from continuing operations	**4,482**	4,778	4,605	-6%	-3%
Full time equivalent staff (FTE) from continuing operations	**37,844**	37,506	37,834	1%	0%
Average full time equivalent staff (FTE) from continuing operations	**37,594**	37,695	37,759	0%	0%

	Half Year			Movement	
Operating expenses by division	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Australia Retail and Commercial	**2,000**	2,026	2,065	-1%	-3%
Institutional	**1,274**	1,268	1,290	0%	-1%
New Zealand	**623**	745	690	-16%	-10%
Pacific	**71**	129	76	-45%	-7%
TSO and Group Centre	**514**	610	484	-16%	6%
Total cash operating expenses from continuing operations	**4,482**	4,778	4,605	-6%	-3%

	Half Year			Movement	
FTE by division	Mar 21	Sep 20	Mar 20	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Australia Retail and Commercial	**14,118**	14,078	14,061	0%	0%
Institutional	**5,215**	5,291	5,350	-1%	-3%
New Zealand[1]	**6,691**	6,679	7,009	0%	-5%
Pacific	**1,101**	1,113	1,108	-1%	-1%
TSO and Group Centre[1]	**10,719**	10,345	10,306	4%	4%
Total FTE from continuing operations	**37,844**	37,506	37,834	1%	0%
Average FTE from continuing operations	**37,594**	37,695	37,759	0%	0%

[1] *FTE has been restated to reflect the transfer of New Zealand Technology operations from the TSO and Group Centre division to the New Zealand division (Sep 20: 918; Mar 20: 906).*

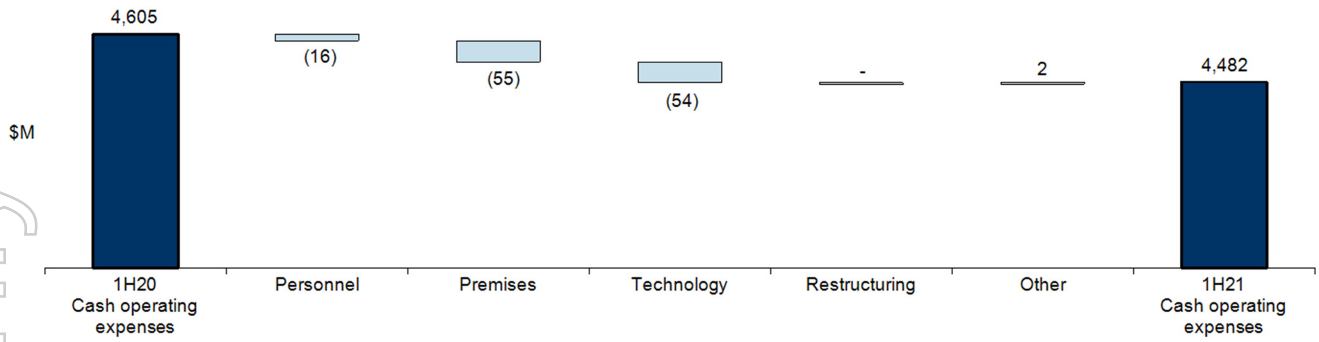
Operating expenses (excluding large/notable items)

Operating expenses included a number of items collectively referred to as large/notable items of $266 million for the March 2021 half (Sep 20 half: $490 million; Mar 20 half: $244 million). While these items form part of total cash operating expenses from continuing operations, they have been excluded from the tables below given their nature and significance. Refer to pages 13 to 17 for further details on large/notable items.

Expenses (excluding large/notable items)	Half Year			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Personnel	**2,396**	2,334	2,401	3%	0%
Premises	**351**	383	404	-8%	-13%
Technology	**780**	773	787	1%	-1%
Restructuring	**-**	-	-	n/a	n/a
Other	**689**	798	769	-14%	-10%
Total cash operating expenses from continuing operations	**4,216**	4,288	4,361	-2%	-3%

Expenses by division (excluding large/notable items)	Half Year			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Australia Retail and Commercial	**1,869**	1,892	1,904	-1%	-2%
Institutional	**1,188**	1,207	1,278	-2%	-7%
New Zealand	**613**	622	653	-1%	-6%
Pacific	**70**	73	74	-4%	-5%
TSO and Group Centre	**476**	494	452	-4%	5%
Total cash operating expenses from continuing operations	**4,216**	4,288	4,361	-2%	-3%

Operating expenses - March 2021 Half Year v March 2020 Half Year



- **March 2021 v March 2020**

Operating expenses decreased by $123 million (-3%). Excluding large/notable items, operating expenses decreased $145 million (-3%).

- Personnel expenses decreased $16 million (-1%) resulting from investment in digital capabilities and process automation which contributed to lower average FTE in the current period, and the impact of favourable foreign currency translation movements. This was partially offset by wage inflation and higher employee leave expenses from granting all employees ‘thank-you’ leave to recognise their support during COVID-19.
- Premises expenses decreased $55 million (-14%) driven by ongoing optimisation of our property footprint.
- Technology expenses decreased $54 million (-6%) resulting from lease-related items in the March 2020 half.
- Restructuring expenses were flat, with lower business and distribution channel changes in the Australia Retail and Commercial division, offset by operational changes in the TSO and Group Centre division in the March 2021 half.
- Other expenses increased $2 million (flat) as a litigation settlement ($69 million), higher customer remediation ($17 million) offset lower marketing and travel expenses.

- **March 2021 v September 2020**

Operating expenses decreased by $296 million (-6%). Excluding large/notable items, operating expenses decreased $72 million (-2%).

- Personnel expenses increased $36 million (+1%) driven by higher employee leave expenses, partially from granting all employees ‘thank-you’ leave to recognise their support during COVID-19, wage inflation and additional resourcing needed to provide COVID-19 hardship support. This was partially offset by investment in digital capabilities and process automation which contributed to lower average FTE in the current period, favourable foreign currency translation movements and lower customer remediation costs ($16 million).
- Premises expenses decreased $34 million (-9%) driven by ongoing optimisation of our property footprint.
- Technology expenses decreased $200 million (-20%) largely as a result of accelerated amortisation of $197 million due to a change in application of the software capitalisation policy in the September 2020 half.
- Restructuring expenses increased $49 million (+88%) relating to business and property changes in the Australia Retail and Commercial division, and operational changes in the TSO and Group Centre division.
- Other expenses decreased $147 million (-16%) driven by a goodwill write-off in the Pacific and New Zealand divisions in the September 2020 half ($77 million), lower customer remediation ($22 million) and lower marketing expenses and lower BAU expenses. This was partially offset by a litigation settlement recognised in the March 2021 half ($69 million).

Investment Spend - continuing operations

	Half Year			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Investment expensed	**609**	608	491	0%	24%
Investment capitalised	**160**	224	198	-29%	-19%
Total investment spend from continuing operations	**769**	832	689	-8%	12%

Investment spend by division	Half Year			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Australia Retail and Commercial	**253**	269	217	-6%	17%
Institutional	**83**	86	78	-3%	6%
New Zealand	**98**	132	94	-26%	4%
Pacific	**-**	-	-	n/a	n/a
TSO and Group Centre	**335**	345	300	-3%	12%
Total investment spend from continuing operations	**769**	832	689	-8%	12%

Software Capitalisation - continuing operations

As at 31 March 2021, the Group's intangible assets included $961 million of costs incurred to acquire and develop software. Details are presented in the table below:

	Half Year			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Balance at start of period	**1,039**	1,263	1,323	-18%	-21%
Software capitalised during the period	**156**	194	181	-20%	-14%
Amortisation during the period					
- Current period amortisation	**(233)**	(219)	(241)	6%	-3%
- Accelerated amortisation[1]	**-**	(197)	-	-100%	n/a
Software impaired/written-off	**(1)**	-	(2)	n/a	-50%
Foreign currency translation movements	**-**	(2)	2	-100%	-100%
Total capitalised software from continuing operations	**961**	1,039	1,263	-8%	-24%

Capitalised software by division	As at			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Australia Retail and Commercial	**133**	147	209	-10%	-36%
Institutional	**135**	139	196	-3%	-31%
New Zealand	**8**	16	33	-50%	-76%
TSO and Group Centre	**685**	737	825	-7%	-17%
Total capitalised software from continuing operations	**961**	1,039	1,263	-8%	-24%

1. *In the September 2020 half, the Group amended the application of its software amortisation policy to reflect the shorter useful life of software caused by rapidly changing technology and business requirements. As a result, the Group recognised accelerated amortisation of $197 million during the September 2020 half which was recognised in the following divisions:*

Accelerated amortisation	***Sep 20 half $M***
Australia Retail and Commercial	*31*
Institutional	*38*
New Zealand	*11*
TSO and Group Centre	*117*
Total	***197***

Credit Risk - continuing operations

The impact and duration of COVID-19 on the global economy and how governments, businesses and consumers respond remains uncertain. This uncertainty is reflected in the Group's assessment of expected credit losses (ECL) from its credit portfolio which are subject to a number of management judgements and estimates. The judgements and estimates made by management were based on a variety of internal and external information, as well as the Group's experience with respect to the performance of the portfolio under previously stressed conditions. Refer to Note 1 of the Condensed Consolidated Financial Statements for further information.

Loan Deferral and Relief Packages (Support Packages)

From March 2020 the Group offered various forms of assistance to customers to counteract the impact of COVID-19 on the ability of customers to meet their loan obligations. The assistance provided included arrangements such as temporary deferral of principal and interest repayments, replacing principal and interest with interest only repayments, and extension of loan maturity dates.

These support packages were phased out during the March 2021 half. In the case of home loan support packages, 94% of all loans in Australia and New Zealand where customers took advantage of a support package have reverted back to loan repayments, with the remaining 6% having been either restructured or transferred to hardship. For business loan support packages in Australia, 90% of loans have returned to loan payments, with the remaining 10% having been restructured or transferred to hardship. For those customers who took up loan support packages, it is considered that the packages, as well as government support measures, may have obscured repayment delinquencies that might otherwise have occurred over the loan deferral period and those that may still occur in the future. Thus the Group has provided a component of ECL for expected delinquencies and increases in significant increase in credit risk (SICR).

Facilities which transitioned to interest-only or took up term extensions offered as a result of COVID-19, are now subsumed within the normal loan population and are managed accordingly.

Credit impairment charge/(release)

	Half Year			Movement	
Collectively assessed	**Mar 21 $M**	**Sep 20 $M**	**Mar 20 $M**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
Australia Retail and Commercial	**(515)**	526	525	large	large
Institutional	**(110)**	4	369	large	large
New Zealand	**(53)**	104	144	large	large
Pacific	**-**	35	10	-100%	-100%
Total collectively assessed	**(678)**	669	1,048	large	large
Individually assessed					
Australia Retail and Commercial	**134**	278	318	-52%	-58%
Institutional	**55**	49	272	12%	-80%
New Zealand	**(5)**	62	35	large	large
Pacific	**3**	6	1	-50%	large
Total individually assessed	**187**	395	626	-53%	-70%
Total credit impairment charge/(release)					
Australia Retail and Commercial	**(381)**	804	843	large	large
Institutional	**(55)**	53	641	large	large
New Zealand	**(58)**	166	179	large	large
Pacific	**3**	41	11	-93%	-73%
Total credit impairment charge/(release)	**(491)**	1,064	1,674	large	large

Credit impairment charge/(release), cont'd

	Collectively assessed				Individually assessed			
March 2021 Half Year	**Stage 1 $M**	**Stage 2 $M**	**Stage 3 $M**	**Total $M**	**Stage 3 - New and increased $M**	**Stage 3 - Recoveries and write-backs $M**	**Total $M**	**Total $M**
Australia Retail and Commercial	(136)	(357)	(22)	**(515)**	326	(192)	**134**	**(381)**
Institutional	(89)	(8)	(13)	**(110)**	88	(33)	**55**	**(55)**
New Zealand	(6)	(30)	(17)	**(53)**	34	(39)	**(5)**	**(58)**
Pacific	(2)	(1)	3	**-**	7	(4)	**3**	**3**
Total	(233)	(396)	(49)	**(678)**	455	(268)	**187**	**(491)**
September 2020 Half Year								
Australia Retail and Commercial	123	410	(7)	**526**	454	(176)	**278**	**804**
Institutional	-	1	3	**4**	124	(75)	**49**	**53**
New Zealand	(19)	104	19	**104**	88	(26)	**62**	**166**
Pacific	(3)	34	4	**35**	9	(3)	**6**	**41**
Total	101	549	19	**669**	675	(280)	**395**	**1,064**
March 2020 Half Year								
Australia Retail and Commercial	105	395	25	**525**	511	(193)	**318**	**843**
Institutional	203	177	(11)	**369**	327	(55)	**272**	**641**
New Zealand	39	86	19	**144**	59	(24)	**35**	**179**
Pacific	7	3	-	**10**	3	(2)	**1**	**11**
Total	354	661	33	**1,048**	900	(274)	**626**	**1,674**

Collectively assessed credit impairment (charge)/release

- **March 2021 v March 2020**

  The collectively assessed credit impairment charge decreased $1,726 million driven by decreases across the Australia Retail and Commercial (-$1,040 million), Institutional (-$479 million) and New Zealand (-$197 million) divisions. Collectively assessed credit impairment provision increased substantially in the March 2020 half driven by the forward-looking impacts of the COVID-19 pandemic. Improvement in the economic outlook together with a reduction in volumes, and improvements in portfolio mix and risk resulted in collectively assessed credit impairment provision releases in the March 2021 half.

- **March 2021 v September 2020**

  The collectively assessed credit impairment charge decreased $1,347 million driven by decreases across the Australia Retail and Commercial (-$1,041 million), Institutional (-$114 million) and New Zealand (-$157 million) divisions. Collectively assessed credit impairment provision increased substantially in the September 2020 half driven by the forward-looking impacts of the COVID-19 pandemic. Improvement in the economic outlook together with a reduction in volumes, and improvements in portfolio mix and risk resulted in collectively assessed credit impairment provision releases in the March 2021 half.

Individually assessed credit impairment (charge)/release

- **March 2021 v March 2020**

  The individually assessed credit impairment charge decreased by $439 million (-70%) driven by decreases across the Institutional (-$217 million), Australia Retail and Commercial (-$184 million), and New Zealand (-$40 million) divisions. The individually assessed credit impairment charges remained subdued due to the impact of COVID-19 support packages.

- **March 2021 v September 2020**

  The individually assessed credit impairment charge decreased by $208 million (-53%) driven by decreases across the Australia Retail and Commercial (-$144 million), and New Zealand (-$67 million) divisions. The individually assessed credit impairment charges remained subdued due to the impact of COVID-19 support packages.

Allowance for expected credit losses[1]

	As at			Movement	
Collectively assessed	**Mar 21 $M**	**Sep 20 $M**	**Mar 20 $M**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
Australia Retail and Commercial	**2,331**	2,845	2,320	-18%	0%
Institutional	**1,364**	1,513	1,590	-10%	-14%
New Zealand	**513**	570	541	-10%	-5%
Pacific	**77**	80	50	-4%	54%
Total collectively assessed	**4,285**	5,008	4,501	-14%	-5%
Individually assessed					
Australia Retail and Commercial	**520**	610	582	-15%	-11%
Institutional	**191**	158	406	21%	-53%
New Zealand	**79**	102	79	-23%	0%
Pacific	**19**	21	26	-10%	-27%
Total individually assessed	**809**	891	1,093	-9%	-26%
Allowance for ECL					
Australia Retail and Commercial	**2,851**	3,455	2,902	-17%	-2%
Institutional	**1,555**	1,671	1,996	-7%	-22%
New Zealand	**592**	672	620	-12%	-5%
Pacific	**96**	101	76	-5%	26%
Total allowance for ECL	**5,094**	5,899	5,594	-14%	-9%

	Collectively assessed				Individually assessed	
As at March 2021	**Stage 1 $M**	**Stage 2 $M**	**Stage 3 $M**	**Total $M**	**Stage 3 $M**	**Total $M**
Australia Retail and Commercial	462	1,530	339	**2,331**	520	**2,851**
Institutional	940	407	17	**1,364**	191	**1,555**
New Zealand	141	313	59	**513**	79	**592**
Pacific	18	42	17	**77**	19	**96**
Total	1,561	2,292	432	**4,285**	809	**5,094**
As at September 2020						
Australia Retail and Commercial	597	1,886	362	2,845	610	3,455
Institutional	1,056	426	31	1,513	158	1,671
New Zealand	147	346	77	570	102	672
Pacific	20	46	14	80	21	101
Total	1,820	2,704	484	5,008	891	5,899
As at March 2020						
Australia Retail and Commercial	474	1,477	369	2,320	582	2,902
Institutional	1,115	444	31	1,590	406	1,996
New Zealand	200	279	62	541	79	620
Pacific	26	13	11	50	26	76
Total	1,815	2,213	473	4,501	1,093	5,594

1. *Includes allowance for expected credit losses for Net loans and advances - at amortised cost, Investment securities - debt securities at amortised cost and Off-balance sheet commitments - undrawn and contingent facilities.*

Long-Run Loss Rates

Management believes that disclosure of modelled long-run historical loss rates for individually assessed provisions assists in assessing the longer term expected loss rates of the lending portfolio as it removes the volatility of reported earnings created by the use of accounting losses. The long-run loss methodology used for economic profit is an internal measure and is not based on the credit loss recognition principles of AASB 9 *Financial Instruments*. In addition, given it is based on an average historical long-run loss rate it may not fully reflect the potential impacts associated with COVID-19.

	As at		
Long-run loss as a % of gross lending assets by division	**Mar 21**	**Sep 20**	**Mar 20**
Australia Retail and Commercial	0.24%	0.27%	0.28%
New Zealand	0.15%	0.16%	0.19%
Institutional	0.25%	0.30%	0.25%
Total Group	**0.23%**	**0.26%**	**0.26%**

Gross Impaired Assets

	As at			Movement	
	Mar 21 $M	**Sep 20 $M**	**Mar 20 $M**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
Impaired loans[1]	**1,941**	2,001	2,209	-3%	-12%
Restructured items[2]	**300**	254	226	18%	33%
Non-performing commitments and contingencies[1]	**232**	204	164	14%	41%
Gross impaired assets	**2,473**	2,459	2,599	1%	-5%
Individually assessed provisions					
Impaired loans	**(778)**	(851)	(1,055)	-9%	-26%
Non-performing commitments and contingencies	**(31)**	(40)	(38)	-23%	-18%
Net impaired assets	**1,664**	1,568	1,506	6%	10%
Gross impaired assets by division					
Australia Retail and Commercial	**1,228**	1,634	1,544	-25%	-20%
Institutional	**892**	434	742	large	20%
New Zealand	**310**	347	264	-11%	17%
Pacific	**43**	44	49	-2%	-12%
Gross impaired assets	**2,473**	2,459	2,599	1%	-5%
Gross impaired assets by size of exposure					
Less than $10 million	**1,474**	1,713	1,680	-14%	-12%
$10 million to $100 million	**267**	339	349	-21%	-23%
Greater than $100 million	**732**	407	570	80%	28%
Gross impaired assets	**2,473**	2,459	2,599	1%	-5%

1. *Impaired loans and non-performing commitments and contingencies do not include exposures that are collectively assessed for Stage 3 ECL, which comprise unsecured retail exposures of 90+ days past due and defaulted but well secured exposures.*
2. *Restructured items are facilities where the original contractual terms have been modified for reasons related to the financial difficulties of the customer. Restructuring may consist of reduction of interest, principal or other payments legally due, or an extension in maturity materially beyond those typically offered to new facilities with similar risk.*

- **March 2021 v March 2020**

  Gross impaired assets decreased $126 million (-5%) driven by a decrease in the Australia Retail and Commercial division (-$316 million), partially offset by increases in the Institutional ($150 million) and New Zealand ($46 million) divisions. The decrease in the Australia Retail and Commercial division was driven by the repayment of a single name restructured exposure and decreases in the retail portfolio as underlying delinquency flows remained subdued due to COVID-19 support packages. The increases in the Institutional and New Zealand divisions were driven by impairments of a small number of well secured single name exposures.

- **March 2021 v September 2020**

  Gross impaired assets increased $14 million (1%) driven by an increase in the Institutional division ($458 million), partially offset by decreases in the Australia Retail and Commercial (-$406 million), and New Zealand (-$37 million) divisions. The increase in the Institutional division was driven by impairments on a small number of well secured single name exposures. The decrease in the Australia Retail and Commercial division was driven by the repayment of a single name restructured exposure and decrease in the retail portfolio as underlying delinquency flows remained subdued due to COVID-19 support packages. The decrease in the New Zealand division was driven by the underlying delinquency flows that remained subdued due to COVID-19 support package.

The Group's individually assessed provision coverage ratio on impaired assets was 32.7% at 31 March 2021 (Sep 20: 36.2%; Mar 20: 42.1%).

New Impaired Assets

	Half Year			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Impaired loans[1]	**798**	1,081	1,407	-26%	-43%
Restructured items[2]	**239**	47	23	large	large
Non-performing commitments and contingencies[1]	**84**	91	140	-8%	-40%
Total new impaired assets	**1,121**	1,219	1,570	-8%	-29%
New impaired assets by division					
Australia Retail and Commercial	**421**	775	870	-46%	-52%
Institutional	**602**	197	571	large	5%
New Zealand	**69**	236	125	-71%	-45%
Pacific	**29**	11	4	large	large
Total new impaired assets	**1,121**	1,219	1,570	-8%	-29%

1. *Impaired loans and non-performing commitments and contingencies do not include exposures that are collectively assessed for Stage 3 ECL, which comprise unsecured retail exposures of 90+ days past due and defaulted but well secured exposures.*
2. *Restructured items are facilities where the original contractual terms have been modified for reasons related to the financial difficulties of the customer. Restructuring may consist of reduction of interest, principal or other payments legally due, or an extension in maturity materially beyond those typically offered to new facilities with similar risk.*

- **March 2021 v March 2020**

  New impaired assets decreased $449 million (-29%) driven by the Australia Retail and Commercial (-$449 million), and New Zealand (-$56 million) divisions due to continued COVID-19 support programs which were in place over the March 2021 half.

- **March 2021 v September 2020**

  New impaired assets decreased by $98 million (-8%) driven by the Australia Retail and Commercial (-$354 million), and New Zealand (-$167 million) divisions, partially offset by an increase in the Institutional division ($405 million). The decrease in the Australia Retail and Commercial, and New Zealand divisions were due to continued COVID-19 support programs which were in place over the March 2021 half. The increase in the Institutional division was driven by impairments of a small number of well secured single name exposures.

Ageing analysis of net loans and advances that are past due but not impaired[1]

	As at			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
1-29 days	**5,657**	5,161	9,114	10%	-38%
30-59 days	**1,732**	1,028	2,772	68%	-38%
60-89 days	**691**	569	1,368	21%	-49%
90+ days	**3,290**	3,844	3,621	-14%	-9%
Total	**11,370**	10,602	16,875	7%	-33%

1. *Excludes eligible customers impacted by COVID-19 who applied for and were granted a 6 month repayment deferral packages for the duration of the deferral. Customers who were 30 days past due or greater were not eligible for the 6 month repayment deferral packages.*

- **March 2021 v March 2020**

  Net loans and advances past due but not impaired decreased $5,505 million (-33%) driven by decreases across all segments in the Australia Retail and Commercial, and New Zealand divisions home loan portfolio due to the customer uptake of COVID-19 support packages from March 2020.

- **March 2021 v September 2020**

  Net loans and advances past due but not impaired increased $768 million (+7%) driven primarily by the Australia Retail and Commercial division home loan portfolio in the 1-29 days and 30-59 days segments due to a small number of customers who have become delinquent after rolling off COVID-19 support packages. The decrease in the 90+ days segment relates to a reduced flow of accounts entering delinquency in prior periods driven by COVID-19 support packages.

Income Tax Expense - continuing operations

	Half Year			Movement	
	Mar 21 $M	**Sep 20 $M**	**Mar 20 $M**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
Income tax expense on cash profit	**1,442**	986	886	46%	63%
Effective tax rate (cash profit)	**32.5%**	29.6%	38.5%		

- **March 2021 v March 2020**

  The effective tax rate decreased from 38.5% to 32.5%. The decrease of 600 bps was driven by the non-tax deductible impairment of investments in AmBank and PT Panin in the March 2020 half (-1,065 bps), partially offset by the non-tax deductible impacts of the reclassification of ANZ Share Investing to held for sale in the March 2021 half (+170 bps) and lower equity accounted earnings due to the AmBank 1MDB settlement and goodwill impairment (+235 bps) and lower other equity accounted earnings (+106 bps).

- **March 2021 v September 2020**

  The effective tax rate increased from 29.6% to 32.5%. The increase of 290 bps was driven by the non-tax deductible impacts of the reclassification of ANZ Share Investing to held for sale in the March 2021 half (+170 bps) and lower equity accounted earnings due to the AmBank 1MDB settlement and goodwill impairment (+235 bps), partially offset by higher other equity accounted earnings primarily from PT Panin (-54 bps).

Impact of Foreign Currency Translation - continuing operations

The following tables present the Group's cash profit results, net loans and advances and customer deposits neutralised for the impact of foreign currency translation movements. Comparative data has been adjusted to remove the translation impact of foreign currency movements by retranslating prior period comparatives at current period foreign exchange rates.

March 2021 Half Year v March 2020 Half Year

	Half Year				Movement	
	Actual	FX unadjusted	FX impact	FX adjusted	FX unadjusted	FX adjusted
	Mar 21 $M	Mar 20 $M	Mar 20 $M	Mar 20 $M	Mar 21 v. Mar 20	Mar 21 v. Mar 20
Net interest income	**6,986**	7,222	(98)	7,124	-3%	-2%
Other operating income	**1,437**	1,357	(2)	1,355	6%	6%
Operating income	**8,423**	8,579	(100)	8,479	-2%	-1%
Operating expenses	**(4,482)**	(4,605)	95	(4,510)	-3%	-1%
Profit before credit impairment and income tax	**3,941**	3,974	(5)	3,969	-1%	-1%
Credit impairment (charge)/release	**491**	(1,674)	41	(1,633)	large	large
Profit before income tax	**4,432**	2,300	36	2,336	93%	90%
Income tax expense	**(1,442)**	(886)	(16)	(902)	63%	60%
Non-controlling interests	**-**	(1)	-	(1)	-100%	-100%
Cash profit from continuing operations	**2,990**	1,413	20	1,433	large	large
Cash profit from continuing operations by division						
Australia Retail and Commercial	**1,782**	1,214	-	1,214	47%	47%
Institutional	**948**	610	(4)	606	55%	56%
New Zealand	**771**	567	(11)	556	36%	39%
Pacific	**7**	20	(1)	19	-65%	-63%
TSO and Group Centre	**(518)**	(998)	36	(962)	-48%	-46%
Cash profit from continuing operations	**2,990**	1,413	20	1,433	large	large
Net loans and advances by division						
Australia Retail and Commercial	**344,269**	329,812	-	329,812	4%	4%
Institutional	**147,446**	199,410	(14,007)	185,403	-26%	-20%
New Zealand	**120,482**	125,195	(7,182)	118,013	-4%	2%
Pacific	**1,713**	2,176	(241)	1,935	-21%	-11%
TSO and Group Centre	**449**	16	(1)	15	large	large
Net loans and advances	**614,359**	656,609	(21,431)	635,178	-6%	-3%
Customer deposits by division						
Australia Retail and Commercial	**241,315**	212,990	-	212,990	13%	13%
Institutional	**223,666**	258,517	(28,460)	230,057	-13%	-3%
New Zealand	**93,201**	91,175	(5,231)	85,944	2%	8%
Pacific	**3,394**	3,845	(432)	3,413	-12%	-1%
TSO and Group Centre	**(53)**	(32)	(1)	(33)	66%	61%
Customer deposits	**561,523**	566,495	(34,124)	532,371	-1%	5%

March 2021 Half Year v September 2020 Half Year

	Half Year				Movement	
	Actual	FX unadjusted	FX impact	FX adjusted	FX unadjusted	FX adjusted
	Mar 21 $M	Sep 20 $M	Sep 20 $M	Sep 20 $M	Mar 21 v. Sep 20	Mar 21 v. Sep 20
Net interest income	**6,986**	6,827	(46)	6,781	2%	3%
Other operating income	**1,437**	2,346	3	2,349	-39%	-39%
Operating income	**8,423**	9,173	(43)	9,130	-8%	-8%
Operating expenses	**(4,482)**	(4,778)	54	(4,724)	-6%	-5%
Profit before credit impairment and income tax	**3,941**	4,395	11	4,406	-10%	-11%
Credit impairment (charge)/release	**491**	(1,064)	2	(1,062)	large	large
Profit before income tax	**4,432**	3,331	13	3,344	33%	33%
Income tax expense	**(1,442)**	(986)	(4)	(990)	46%	46%
Non-controlling interests	**-**	-	-	-	n/a	n/a
Cash profit from continuing operations	**2,990**	2,345	9	2,354	28%	27%
Cash profit from continuing operations by division						
Australia Retail and Commercial	**1,782**	1,123	-	1,123	59%	59%
Institutional	**948**	1,244	(19)	1,225	-24%	-23%
New Zealand	**771**	450	2	452	71%	71%
Pacific	**7**	(82)	5	(77)	large	large
TSO and Group Centre	**(518)**	(390)	21	(369)	33%	40%
Cash profit from continuing operations	**2,990**	2,345	9	2,354	28%	27%
Net loans and advances by division						
Australia Retail and Commercial	**344,269**	339,381	-	339,381	1%	1%
Institutional	**147,446**	157,634	(3,348)	154,286	-6%	-4%
New Zealand	**120,482**	116,625	(980)	115,645	3%	4%
Pacific	**1,713**	1,866	(71)	1,795	-8%	-5%
TSO and Group Centre	**449**	1,587	-	1,587	-72%	-72%
Net loans and advances	**614,359**	617,093	(4,399)	612,694	0%	0%
Customer deposits by division						
Australia Retail and Commercial	**241,315**	234,594	-	234,594	3%	3%
Institutional	**223,666**	223,288	(7,871)	215,417	0%	4%
New Zealand	**93,201**	91,004	(765)	90,239	2%	3%
Pacific	**3,394**	3,534	(129)	3,405	-4%	0%
TSO and Group Centre	**(53)**	(57)	-	(57)	-7%	-7%
Customer deposits	**561,523**	552,363	(8,765)	543,598	2%	3%

Earnings Related Hedges - continuing operations

Where it is considered appropriate, the Group takes out economic hedges against larger foreign exchange denominated revenue streams (primarily New Zealand Dollar and US Dollar). New Zealand Dollar exposure relates to the New Zealand geography and USD exposures relate to Asia, Pacific, Europe & America geography. Details of these hedges are set out below.

	Half Year		
	Mar 21 $M	Sep 20 $M	Mar 20 $M
NZD Economic hedges			
Net open NZD position (notional principal)[1]	**2,444**	2,276	3,165
Amount taken to income (pre-tax statutory basis)[2]	**26**	149	(156)
Amount taken to income (pre-tax cash basis)[3]	**18**	19	(13)
USD Economic hedges			
Net open USD position (notional principal)[1]	**463**	453	662
Amount taken to income (pre-tax statutory basis)[2]	**26**	87	(39)
Amount taken to income (pre-tax cash basis)[3]	**16**	(8)	(15)

1. *Value in AUD at contracted rate.*
2. *Unrealised valuation movement plus realised revenue from matured or closed out hedges.*
3. *Realised revenue from closed out hedges.*

As at 31 March 2021, the following hedges were in place to partially hedge future earnings against adverse movements in exchange rates:

- NZD 2.6 billion at a forward rate of approximately NZD 1.06/AUD.
- USD 0.3 billion at a forward rate of approximately USD 0.67/AUD.

During the March 2021 half:

- NZD 1.0 billion of economic hedges matured and a realised gain of $18 million (pre-tax) was recorded in cash profit.
- USD 0.2 billion of economic hedges matured and a realised gain of $16 million (pre-tax) was recorded in cash profit.
- An unrealised gain of $18 million (pre-tax) on the outstanding NZD and USD economic hedges were recorded in the statutory Income Statement during the half. This unrealised gain has been treated as an adjustment to statutory profit in calculating cash profit as these are hedges of future NZD and USD revenues.

Earnings Per Share - continuing operations

	Half Year			Movement	
	Mar 21	Sep 20	Mar 20	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Cash earnings per share (cents) from continuing operations					
Basic	**105.3**	82.8	49.9	27%	large
Diluted	**99.9**	76.1	47.5	31%	large
Cash weighted average number of ordinary shares (M)					
Basic	**2,838.7**	2,831.2	2,830.6	0%	0%
Diluted	**3,084.4**	3,200.7	3,238.6	-4%	-5%
Cash profit from continuing operations ($M)	**2,990**	2,345	1,413	28%	large
Cash profit from continuing operations used in calculating diluted cash earnings per share ($M)	**3,082**	2,435	1,537	27%	large

Dividends - continuing operations

	Half Year			Movement	
Dividend per ordinary share (cents) - continuing operations[1]	**Mar 21**	**Sep 20**	**Mar 20**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
Interim	**70**	-	25		
Final	**-**	35	-		
Total	**70**	35	25	100%	large
Ordinary share dividends used in payout ratio ($M)[2,3]	**1,992**	994	709		
Cash profit from continuing operations ($M)	**2,990**	2,345	1,413	28%	large
Ordinary share dividend payout ratio (cash basis)[3]	**66.6%**	42.4%	50.2%		

1. *Fully franked for Australian tax purposes (30% tax rate) and carry New Zealand imputation credits of NZD 8 cents for the proposed 2021 interim dividend (2020 final dividend: NZD 4 cents; 2020 interim dividend: NZD 3 cents).*
2. *Dividend paid to ordinary equity holders of the Company. Excludes dividends paid by subsidiaries to the Group's non-controlling equity holders (Mar 2021 half: nil; Sep 2020 half: nil, Mar 2020 half: nil).*
3. *Dividend payout ratio is calculated using proposed 2021 interim dividend of $1,992 million, based on the forecast number of ordinary shares on issue at the dividend record date. Dividend payout ratios for the September 2020 half and March 2020 half were calculated using actual dividend paid.*

The Directors propose an interim dividend of 70 cents be paid on each eligible fully paid ANZ ordinary share on 1 July 2021. The proposed 2021 interim dividend will be fully franked for Australian tax purposes. New Zealand imputation credits of NZD 8 cents per ordinary share will also be attached.

Economic Profit - continuing operations

	Half Year			Movement	
	Mar 21 $M	**Sep 20 $M**	**Mar 20 $M**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
Statutory profit attributable to shareholders of the Company from continuing operations	**2,951**	2,040	1,635	45%	80%
Adjustments between statutory profit and cash profit from continuing operations	**39**	305	(222)	-87%	large
Cash profit from continuing operations	**2,990**	2,345	1,413	28%	large
Economic credit cost adjustment	**(895)**	139	639	large	large
Imputation credits	**549**	546	546	1%	1%
Economic return from continuing operations	**2,644**	3,030	2,598	-13%	2%
Cost of capital	**(2,621)**	(2,613)	(2,536)	0%	3%
Economic profit from continuing operations	**23**	417	62	-94%	-63%

Economic profit is a risk adjusted profit measure used to evaluate business unit performance. This is used for internal management purposes and is not subject to audit by the external auditor. At a business unit level, capital is allocated based on Regulatory Capital, whereby higher risk businesses attract higher levels of capital. This method is designed to help drive appropriate risk management and ensure business returns align with the level of risk. Key risks covered include credit risk, operational risk, market risk and other risks.

Economic profit is calculated via a series of adjustments to cash profit:

- The economic credit cost adjustment replaces the accounting credit loss charge with internal expected loss based on the average long-run loss rate per annum on the portfolio over an economic cycle.
- The benefit of imputation credits is recognised, measured at 70% of Australian tax.
- The cost of capital is a major component of economic profit. At an ANZ Group level, this is calculated using average ordinary shareholders' equity (excluding non-controlling interests), multiplied by the cost of capital rate (currently 8.5% and applied across comparative periods).

Economic profit decreased by $39 million against the March 2020 half with higher cash profit being more than offset by an unfavourable economic credit cost adjustment and higher cost of capital.

Economic profit decreased by $394 million against the September 2020 half due to higher cash profit being more than offset by an unfavourable economic credit cost adjustment.

Condensed Balance Sheet - including discontinued operations

	As at			Movement	
Assets	**Mar 21 $B**	**Sep 20 $B**	**Mar 20 $B**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
Cash / Settlement balances owed to ANZ / Collateral paid	**146.3**	129.7	166.8	13%	-12%
Trading and investment securities	**138.3**	144.3	135.0	-4%	2%
Derivative financial instruments	**104.7**	135.3	173.7	-23%	-40%
Net loans and advances	**614.4**	617.1	656.6	0%	-6%
Other	**14.6**	15.9	17.9	-8%	-18%
Total assets	**1,018.3**	1,042.3	1,150.0	-2%	-11%
Liabilities					
Settlement balances owed by ANZ / Collateral received	**26.7**	31.5	39.8	-15%	-33%
Deposits and other borrowings	**706.6**	682.3	726.9	4%	-3%
Derivative financial instruments	**102.9**	134.7	167.4	-24%	-39%
Debt issuances	**107.6**	119.7	140.2	-10%	-23%
Other	**11.9**	12.8	14.3	-7%	-17%
Total liabilities	**955.7**	981.0	1,088.6	-3%	-12%
Total equity	**62.6**	61.3	61.4	2%	2%

- **March 2021 v March 2020**
  - Cash / Settlement balances owed to ANZ / Collateral paid decreased $20.5 billion (-12%) driven by the impact of foreign currency translation movements and decreases in reverse repurchase agreements and collateral paid, partially offset by increases in balances with central banks and settlement balances owed to ANZ.
  - Derivative financial assets and liabilities decreased $69.0 billion (-40%) and $64.5 billion (-39%) respectively driven by market rate movements, primarily due to strengthening of the AUD against the USD and increase in AUD and NZD swap rates.
  - Net loans and advances decreased $42.2 billion (-6%) driven by the impact of foreign currency translation movements and lower lending volumes in the Institutional division (-$38.0 billion) as customers repaid COVID-19 lending. This was partially offset by an increase in the Australia Retail and Commercial division (+$14.5 billion) driven by home loan growth, partially offset by a decrease in unsecured personal lending and commercial lending, and an increase in the New Zealand division (+$2.5 billion) driven by home loan growth, partially offset by the reduction in net loans and advances which were part of the UDC sale.
  - Settlement balances owed by ANZ / Collateral received decreased by $13.1 billion (-33%) driven by the impact of foreign currency translation movements and decreases in collateral received and cash clearing account balances.
  - Deposits and other borrowings decreased $20.3 billion (-3%) driven by the impact of foreign currency translation movements, decreases in deposits from banks and repurchase agreements (-$25.1 billion) and a decrease in customer deposits in the Institutional division (-$6.4 billion). This was partially offset by customer deposit growth in the Australia Retail and Commercial (+$28.3 billion), and New Zealand (+$7.3 billion) divisions, the drawdown of the RBA Term Funding Facility (TFF) (+$12.0 billion), and increases in commercial paper (+$4.6 billion) and certificates of deposit (+$2.5 billion).
  - Debt issuances decreased $32.6 billion (-23%) driven by the impact of foreign currency translation movements and lower senior debt issuances which were partially replaced by the drawdown of the TFF, classified in Deposits and other borrowings.

- **March 2021 v September 2020**
  - Cash / Settlement balances owed to ANZ / Collateral paid increased $16.6 billion (+13%) driven by increases in balances with central banks and settlement balances owed to ANZ, partially offset by the impact of foreign currency translation movements and decreases in reverse repurchase agreements and collateral paid.
  - Derivative financial assets and liabilities decreased $30.6 billion (-23%) and $31.8 billion (-24%) respectively, driven by market rate movements, primarily due to the strengthening of the AUD against the USD and NZD and the increase in AUD and NZD swap rates.
  - Net loans and advances decreased $2.7 billion (flat) with the impact of foreign currency translation movements and lower lending volumes in the Institutional division (-$6.8 billion) reflecting reduced economic activities and excess liquidity being offset by increases driven by home loan growth in the Australia Retail and Commercial (+$4.9 billion), and New Zealand (+$4.8 billion) divisions.
  - Deposits and other borrowings increased $24.3 billion (+4%) driven by increases in customer deposits in the Australia Retail and Commercial (+$6.7 billion), New Zealand (+$3.0 billion) and Institutional (+$8.3 billion) divisions, an increase in commercial paper (+$17.0 billion), and an increase in certificates of deposit (+$7.7 billion). This was partially offset by the impact of foreign currency translation movements and decreases in deposits from banks and repurchase agreements (-$7.5 billion).
  - Debt issuances decreased $12.1 billion (-10%) driven by the impact of foreign currency translation movements and lower senior debt issuances.

Liquidity Risk - including discontinued operations

Liquidity risk is the risk that the Group is unable to meet its payment obligations as they fall due, including repaying depositors or maturing wholesale debt, or that the Group has insufficient capacity to fund increases in assets. The timing mismatch of cash flows and the related liquidity risk is inherent in all banking operations and is closely monitored by the Group and managed in accordance with the risk appetite set by the Board.

The Group's approach to liquidity risk management incorporates two key components:

- **Scenario modelling of funding sources**

  ANZ's liquidity risk appetite is defined by the ability to meet a range of regulatory requirements and internal liquidity metrics mandated by the Board. The metrics cover a range of scenarios of varying duration and level of severity. The objective of this framework is to:

  - Provide protection against shorter term extreme market dislocation and stress.
  - Maintain structural strength in the balance sheet by ensuring that an appropriate amount of longer-term assets are funded with longer-term funding.
  - Ensure that no undue timing concentrations exist in the Group's funding profile.

  A key component of this framework is the Liquidity Coverage Ratio (LCR), which is a severe short term liquidity stress scenario mandated by banking regulators globally, including APRA. As part of meeting LCR requirements, ANZ has a Committed Liquidity Facility (CLF) with the Reserve Bank of Australia (RBA). The CLF has been established to offset the shortage of available High Quality Liquid Assets (HQLA) in Australia and provides an alternative form of contingent liquidity. The CLF is collateralised by assets, including internal residential mortgage backed securities, that are eligible to be pledged as security with the RBA. The total amount of the CLF available to a qualifying Authorised Deposit-taking Institution (ADI) is set annually by APRA. From 1 January 2021, ANZ's CLF is $10.7 billion (2020 calendar year end: $35.7 billion). The 2021 CLF reduction is driven by the increase in government securities outstanding in Australia that are available for ADIs to hold. APRA has indicated that if this increase continues, the CLF may no longer be required in the foreseeable future.

- **Liquid assets**

  The Group holds a portfolio of high quality unencumbered liquid assets in order to protect the Group's liquidity position in a severely stressed environment, as well as to meet regulatory requirements. High Quality Liquid Assets comprise three categories, with the definitions consistent with Basel 3 LCR:

  - Highest-quality liquid assets (HQLA1): Cash, highest credit quality government, central bank or public sector securities eligible for repurchase with central banks to provide same-day liquidity.
  - High-quality liquid assets (HQLA2): High credit quality government, central bank or public sector securities, high quality corporate debt securities and high quality covered bonds eligible for repurchase with central banks to provide same-day liquidity.
  - Alternative liquid assets (ALA): Assets qualifying as collateral for the CLF and other eligible securities listed by the Reserve Bank of New Zealand (RBNZ).

  In March 2020, in response to the economic impact of COVID-19, the RBA implemented a Term Funding Facility (TFF). Under the TFF, the RBA has offered three-year funding to ADI's secured by RBA eligible collateral. ADIs can include the undrawn but available TFF as a liquid asset for the LCR, representing a committed central bank facility that can be drawn at the ADI's discretion. ANZ's undrawn but available TFF is represented below by the assets that are eligible to be pledged as security with the RBA.

  In November 2020, in response to the economic impact of COVID-19, the RBNZ implemented a Funding for Lending Programme (FLP). Under the FLP the RBNZ has offered three-year funding to eligible counterparties secured by approved eligible collateral. APRA has advised that the undrawn but available FLP can be included as a cash inflow for the LCR. As the Level 2 LCR excludes liquid assets held above the NZ dollar LCR of 100%, the undrawn but available FLP has also reduced the reported Level 2 liquid assets.

  The Group monitors and manages the size and composition of its liquid assets portfolio on an ongoing basis in line with regulatory requirements and the risk appetite set by the Board.

	Half Year Average			Movement	
	Mar 21 $B	Sep 20 $B	Mar 20 $B	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Market Values Post Discount[1]					
HQLA1	**186.2**	164.6	159.3	13%	17%
HQLA2	**10.4**	9.9	9.6	5%	8%
Internal Residential Mortgage Backed Securities[2]	**18.5**	35.3	27.7	-48%	-33%
Other ALA[2]	**7.9**	8.6	12.8	-8%	-38%
Total liquid assets	**223.0**	218.4	209.4	2%	6%
Cash flows modelled under stress scenario					
Cash outflows	**203.2**	203.0	191.9	0%	6%
Cash inflows	**41.3**	45.4	41.2	-9%	0%
Net cash outflows	**161.9**	157.6	150.7	3%	7%
Liquidity Coverage Ratio[3]	**138%**	139%	139%	-1%	-1%

1. *Half year average basis, calculated as prescribed per APRA Prudential Regulatory Standard (APS 210 Liquidity) and consistent with APS 330 requirements.*
2. *Comprised of assets qualifying as collateral for the CLF and TFF up to approved facility limit; and any liquid assets as defined in the RBNZ's Liquidity Policy - Annex: Liquidity Assets - Prudential Supervision Department Document BS13A12.*
3. *All currency Level 2 LCR.*

Funding - including discontinued operations

ANZ targets a diversified funding base, avoiding undue concentrations by investor type, maturity, market source and currency.

$3.8 billion of term wholesale debt (all of which was subordinated) with a remaining term greater than one year as at 31 March 2021 was issued during the half.

The following table shows the Group's total funding composition:

	As at			Movement	
	Mar 21 $B	Sep 20 $B	Mar 20 $B	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Customer deposits and other liabilities					
Australia Retail and Commercial	**241.3**	234.6	213.0	3%	13%
Institutional	**223.6**	223.3	258.5	0%	-14%
New Zealand	**93.2**	91.0	91.2	2%	2%
Pacific	**3.4**	3.5	3.8	-3%	-11%
Customer deposits	**561.5**	552.4	566.5	2%	-1%
Other funding liabilities[1,2]	**8.9**	8.9	11.1	0%	-20%
Total customer liabilities (funding)	**570.4**	561.3	577.6	2%	-1%
Wholesale funding					
Debt issuances and Term Funding Facility	**96.0**	110.6	119.1	-13%	-19%
Subordinated debt	**23.7**	21.1	21.1	12%	12%
Certificates of deposit	**40.0**	32.5	37.9	23%	6%
Commercial paper	**26.1**	9.1	21.8	large	20%
Other wholesale borrowings[3,4]	**87.9**	104.2	130.0	-16%	-32%
Total wholesale funding	**273.7**	277.5	329.9	-1%	-17%
Shareholders' equity	**62.6**	61.3	61.4	2%	2%
Total funding	**906.7**	900.1	968.9	1%	-6%

1. *Includes interest accruals, payables and other liabilities, provisions and net tax provisions.*
2. *Excludes liability for acceptances as they do not provide net funding.*
3. *Includes borrowings from banks, securities sold under repurchase agreements, net derivative balances, special purpose vehicles and other borrowings.*
4. *Includes RBA open repurchase arrangement netted down by the corresponding exchange settlement account cash balance.*

Net Stable Funding Ratio

The following table shows the Level 2 Net Stable Funding Ratio (NSFR) composition:

	As at			Movement	
	Mar 21 $B	Sep 20 $B	Mar 20 $B	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Required Stable Funding[1]					
Retail & small and medium enterprises, corporate loans <35% risk weight[2]	**196.0**	188.1	187.4	4%	5%
Retail & small and medium enterprises, corporate loans >35% risk weight[2]	**179.0**	174.7	193.2	2%	-7%
Other lending[3]	**29.7**	28.6	26.9	4%	10%
Liquid assets	**12.1**	15.3	16.0	-21%	-24%
Other assets[4]	**37.2**	38.6	45.3	-4%	-18%
Total Required Stable Funding	**454.0**	445.3	468.8	2%	-3%
Available Stable Funding[1]					
Retail & small and medium enterprise customer deposits	**275.7**	271.7	257.3	1%	7%
Corporate, public sector entities & operational deposits	**105.9**	104.3	110.0	2%	-4%
Central bank & other financial institution deposits	**4.7**	5.1	5.5	-8%	-15%
Term funding[5]	**70.7**	87.9	95.8	-20%	-26%
Short term funding & other liabilities	**5.6**	1.4	1.4	large	large
Capital	**85.0**	80.9	82.1	5%	4%
Total Available Stable Funding	**547.6**	551.3	552.1	-1%	-1%
Net Stable Funding Ratio	**121%**	124%	118%	-3%	3%

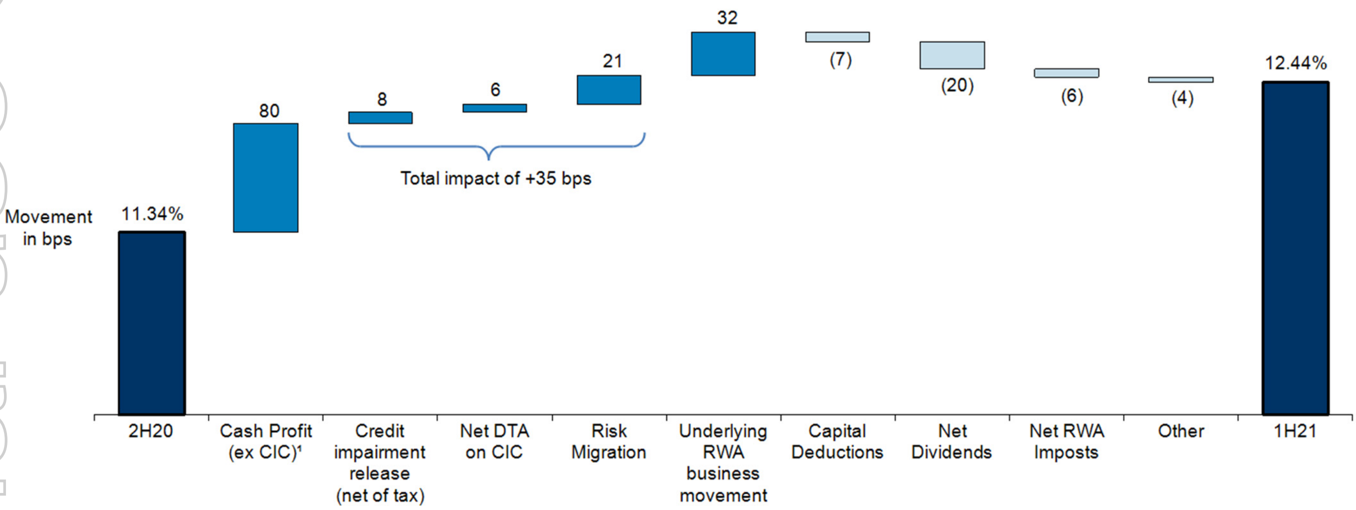
1. *NSFR factored balance as per APRA Prudential Regulatory Standard APS 210 Liquidity.*
2. *Risk weighting as per APRA Prudential Regulatory Standard APS 112 Capital Adequacy: Standardised Approach to Credit Risk.*
3. *Includes financial institution, central bank and non-performing loans.*
4. *Includes off-balance sheet items, net derivatives and other assets.*
5. *Includes balances from the drawdown of the RBA Term Funding Facility (TFF).*

Capital Management - including discontinued operations

	As at					
	APRA Basel 3			Internationally Comparable Basel 3[1]		
	Mar 21	**Sep 20**	**Mar 20**	**Mar 21**	**Sep 20**	**Mar 20**
Capital Ratios (Level 2)						
Common Equity Tier 1	**12.4%**	11.3%	10.8%	**18.1%**	16.7%	15.5%
Tier 1	**14.3%**	13.2%	12.5%	**20.5%**	19.1%	17.8%
Total capital	**18.3%**	16.4%	15.5%	**25.7%**	23.3%	21.5%
Risk weighted assets ($B)	**408.2**	429.4	449.0	**317.5**	331.5	353.7

1. *Internationally Comparable methodology aligns with APRA's information paper entitled "International Capital Comparison Study" (13 July 2015).*

APRA Basel 3 Common Equity Tier 1 (CET1) - March 2021 v September 2020



1. *Excludes large/notable and one off items for the purposes of Regulatory Capital Management attribution which are included in 'other' with the exception of the Asian associate items and the loss on reclassification of ANZ Share Investing to held for sale which are nil impact to capital since it results in an equivalent reduction in capital deductions. Refer to pages 13 to 17.*

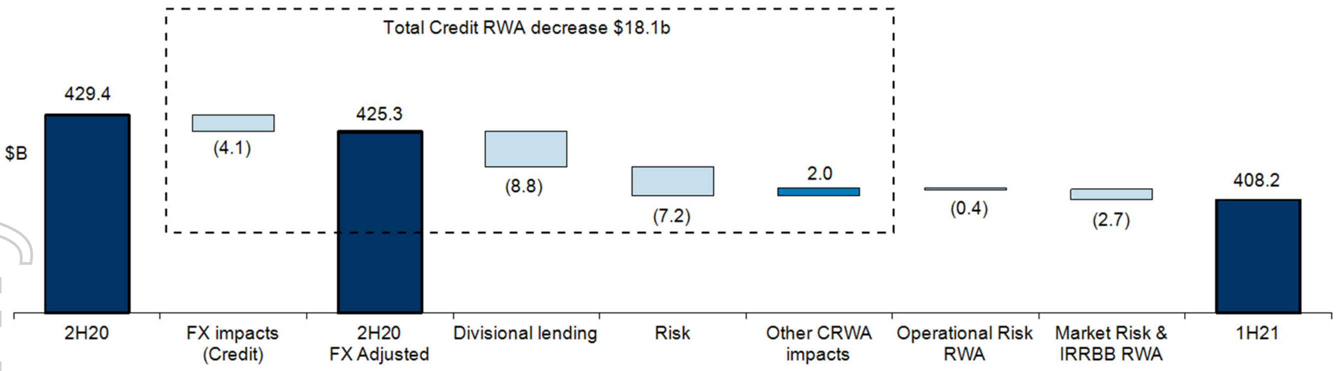
- **March 2021 v September 2020**

ANZ's CET1 ratio increased 110 bps to 12.4% during the March 2021 half. Key drivers of the movement in the CET1 ratio were:

- Cash Profit (excluding large/notable items and credit impairment impact) increased the CET1 ratio by +80 bps.
- Benefits from credit impairment release including the associated deferred tax assets (DTA) impacts, along with RWA risk migration benefits mainly from Australian mortgages portfolio associated with lower RWA intensity in part due to changes in household saving and spending patterns through the COVID-19 period, increased the CET1 ratio by +35 bps.
- Lower business RWA usage (excluding foreign currency translation movements, regulatory changes, risk migration and other one-offs) increased CET1 ratio by +32 bps. This was mainly driven by a reduction in underlying CRWA in the Institutional division and an overall reduction in non CRWA from movements mainly in Interest Rate Risk in the Banking Book (IRRBB).
- Capital deduction of -7 bps was driven by the movements in retained earnings in deconsolidated entities, expected losses in excess of eligible provision shortfall and other intangible movements in the period.
- Payment of the 2020 final dividend (net of BOP and DRP issuance) reduced the CET1 ratio by -20 bps.
- Net RWA imposts decreased the CET1 ratio by -6 bps.
- Other impacts totalling -4 bps including large/notable adjustments from customer remediation, restructuring and litigation costs (-6 bps) offset by other minor impacts of +2 bps.

Total Risk Weighted Assets	As at			Movement	
	Mar 21 $B	**Sep 20 $B**	**Mar 20 $B**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
Credit RWA	**341.9**	360.0	386.0	-5%	-11%
Market risk and IRRBB RWA	**19.1**	21.8	15.1	-12%	26%
Operational RWA	**47.2**	47.6	47.9	-1%	-1%
Total RWA	**408.2**	429.4	449.0	-5%	-9%

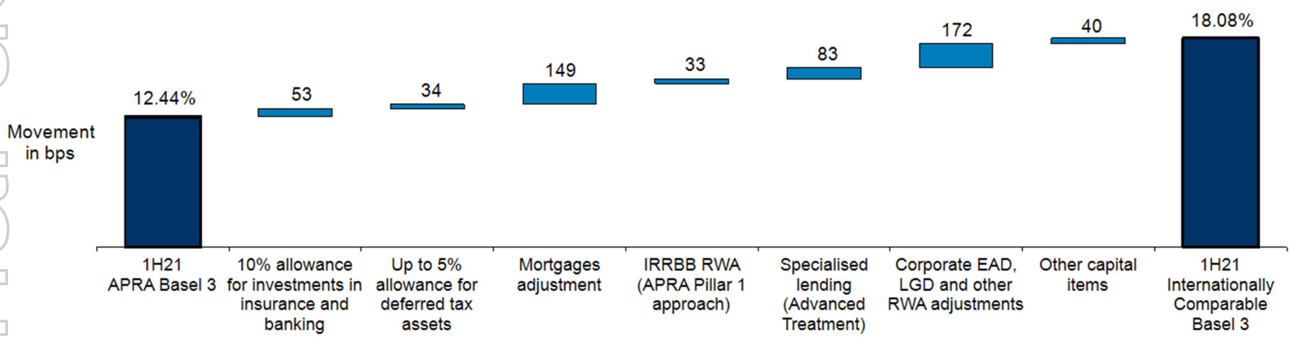
Total Risk Weighted Assets (RWA) - March 2021 v September 2020



- **March 2021 v September 2020**

  Total RWA decreased $21.2 billion. Excluding the impact of foreign currency translation movements and other non-recurring CRWA changes, underlying CRWAs (divisional lending and risk migration) decreased $16.0 billion, mainly driven by lending reduction in the Institutional division and reduced risk migration in the Australia Retail and Commercial division. Other CRWA impacts include net changes from RWA imposts. The decrease in non-CRWA of $3.1 billion was mainly driven by IRRBB reduction of $3.4 billion, mostly from improvement in embedded gains combined with reduction in repricing and yield curve risk.

APRA to Internationally Comparable[1] Common Equity Tier 1 (CET1) as at 31 March 2021



[1] *ANZ's interpretation of the regulations documented in the Basel Committee publications: "Basel 3: A global regulatory framework for more resilient banks and banking systems" (June 2011) and "International Convergence of Capital Measurement and Capital Standards" (June 2006). Also includes differences identified in APRA's information paper entitled "International Capital Comparison Study" (13 July 2015).*

The above provides a reconciliation of the CET1 ratio under APRA's Basel 3 prudential capital standards to Internationally Comparable Basel 3 standards. APRA views the Basel 3 reforms as a minimum requirement and hence has not incorporated some of the concessions proposed in the Basel 3 rules and has also set higher requirements in other areas. As a result, Australian banks' Basel 3 reported capital ratios will not be directly comparable with international peers. The International Comparable Basel 3 CET1 ratio incorporates differences between APRA and both the Basel Committee Basel 3 framework (including differences identified in the March 2014 Basel Committee's Regulatory Consistency Assessment Programme (RCAP) on Basel 3 implementation in Australia) and its application in major offshore jurisdictions.

The material differences between APRA Basel 3 and Internationally Comparable Basel 3 ratios include:

Deductions

- Investments in insurance and banking associates - APRA requires full deduction against CET1. On an Internationally Comparable basis, these investments are subject to a concessional threshold before a deduction is required.
- Deferred tax assets - A full deduction is required from CET1 for deferred tax assets relating to temporary differences. On an Internationally Comparable basis, this is first subject to a concessional threshold before the deduction is required.

Risk Weighted Assets (RWA)

- Mortgages RWA - APRA imposes a floor of 20% on the downturn Loss Given Default (LGD) used in credit RWA calculations for residential mortgages. The Internationally Comparable Basel 3 framework requires a downturn LGD floor of 10%. Additionally, from July 2016, APRA requires a higher correlation factor than the Basel framework.
- IRRBB RWA - APRA requires inclusion of IRRBB within the RWA base for the CET1 ratio calculation. This is not required on an Internationally Comparable basis.
- Specialised lending - APRA requires the supervisory slotting approach to be used in determining credit RWA for specialised lending exposures. The Internationally Comparable basis allows for the advanced internal ratings based approach to be used when calculating RWA for these exposures.
- Unsecured Corporate Lending LGD - an adjustment to align ANZ's unsecured corporate lending LGD to 45% to be consistent with banks in other jurisdictions. The 45% LGD rate is also used in the Foundation Internal Ratings-Based approach (FIRB).
- Undrawn Corporate Lending Exposure at Default (EAD) - an adjustment to ANZ's credit conversion factors (CCF) for undrawn corporate loan commitments to 75% (used in FIRB approach) to align with banks in other jurisdictions.

Leverage Ratio - including discontinued operations

At 31 March 2021, the Group's APRA Leverage Ratio was 5.5% which is above the 3.5% APRA proposed minimum for internal ratings-based approach ADIs (IRB ADIs) which includes ANZ. The following table summarises the Group's Leverage Ratio calculation:

	As at			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Tier 1 Capital (net of capital deductions)	**58,431**	56,481	56,295	3%	4%
On-balance sheet exposures (excluding derivatives and securities financing transaction exposures)	**878,187**	841,830	899,411	4%	-2%
Derivative exposures	**33,933**	32,296	42,868	5%	-21%
Securities financing transaction exposures	**26,947**	58,416	67,443	-54%	-60%
Other off-balance sheet exposures	**114,125**	114,128	114,677	0%	0%
Total exposure measure	**1,053,192**	1,046,670	1,124,399	1%	-6%
APRA Leverage Ratio	**5.5%**	5.4%	5.0%		
Internationally Comparable Leverage Ratio	**6.2%**	6.0%	5.6%		

- **March 2021 v September 2020**

  APRA leverage ratio increased 15 bps during the March 2021 half. Key drivers of the movement were:

  - Net organic capital generation (largely from cash profit excluding large/notable and one-off items) less dividends paid (+25 bps).
  - On balance sheet exposure growth in liquids and loan growth in the Australia Retail and Commercial, and New Zealand divisions (-10 bps).

Capital Management - Other Developments

- **Capital Requirements - Unquestionably Strong**

  APRA's key initiatives in relation to Unquestionably Strong capital requirements are as follows:

  - In July 2017, APRA released an information paper outlining its assessment on the additional capital required for the Australian banking sector to be considered 'unquestionably strong' as originally outlined in the Financial System Inquiry final report in December 2014. APRA indicated that "in the case of the four major Australian banks, this equated to a benchmark CET1 capital ratio, under the current capital adequacy framework, of at least 10.5 percent from 1 January 2020".
  - APRA is consulting on a number of proposals in relation to risk-weighting framework revisions to credit risk, operational risk, market risk and interest rate risk in the banking book requirements. In December 2020, APRA released an updated consultation paper regarding proposed changes to the capital framework for ADIs aimed at embedding 'unquestionably strong' levels of capital, improving the flexibility of the framework, and improving the transparency of ADI capital strength. These proposals replaced previous consultation packages released by APRA in 2018 and 2019 in relation to proposed revisions to the capital framework for ADIs and is expected to be implemented from 1 January 2023. The key aspects of APRA's latest December 2020 proposals are:
    - Increased alignment with internationally agreed Basel standards;
    - Implementing more risk-sensitive risk weights for residential mortgage lending;
    - Introduction of the Basel II capital floor that limits the RWA outcome for IRB ADIs to no less than 72.5% of the RWA outcome under the standardised approach;
    - Improving the flexibility of the capital framework through the introduction of a default level of the countercyclical capital buffer (CCyB) of 100 bps of RWA and increasing the capital conservation buffer (CCB) for IRB ADIs by 150 bps (from 250 bps to 400 bps);
    - Improving the transparency and comparability of ADIs' capital ratios, including by requiring IRB ADIs to also publish their capital ratios under the standardised approach; and
    - Implementing a Minimum Leverage Ratio for IRB ADIs at 3.5%.

    APRA has indicated in their proposals a decrease in RWA by approximately 10% for IRB ADIs, but this would be offset by the increased capital allocation to regulatory buffers. APRA has also indicated that, as ADIs are currently meeting the 'unquestionably strong' benchmarks, it is not APRA's intention to require ADIs to raise additional capital. Accordingly, APRA is expected to calibrate the proposed capital requirements for ADIs, measured in dollar terms, to be consistent at an industry level with the existing 'unquestionably strong' capital benchmarks for ADIs under the current capital framework. The impact of these proposed changes on individual ADIs (including ANZBGL), however, will vary depending on the final form of requirements implemented by APRA.

  Given the number of items that are yet to be finalised by APRA, the final outcome of any further changes to APRA's prudential standards or other impacts on the Group remains uncertain.

- **APRA Guidance on Capital Management**

  In December 2020, APRA updated their capital management guidance whereby from the 2021 calendar year, APRA will no longer hold banks to a minimum level of earnings retention but ADIs will need to maintain vigilance and careful planning in capital management, such as the need for ADI to conduct regular stress testing and assurance on the capacity to continue to lend, amongst others. APRA also stated that the onus will be on Boards to carefully consider the sustainable rate for dividends, taking into account the outlook for profitability, capital and the economic environment.

- **APRA Total Loss Absorbing Capacity Requirements**

  In July 2019, APRA announced its decision on loss-absorbing capacity in which it will require domestic systemically important banks (D-SIBs), including ANZ, to increase their Total Capital by 3% of risk weighted assets by January 2024. Based on ANZ's capital position as at 31 March 2021, this represents an incremental increase in the Total Capital requirement of approximately $4 billion, with an equivalent decrease in other senior funding. APRA has stated that it anticipates that D-SIBs would satisfy the requirement predominantly with Tier 2 capital.

- **Revisions to Related Entities Framework**

  APRA announced in August 2019 that it will implement its proposal to reduce limits for Australian ADIs' exposure to related entities, reducing limits from 50% of Level 1 Total Capital to 25% of Level 1 Tier 1 Capital. As exposures are measured net of capital deductions, the proposed changes to APRA's capital regulations (contained in APS111 below) would affect the measurement of ADIs' exposures. On the basis that the APS111 revisions are implemented as currently proposed, the reduction in the above limits is not expected to have a material impact on ANZ and its subsidiaries. The implementation date for changes to the related entities framework has been deferred by APRA to 1 January 2022.

- **Revisions to APS111 Capital Adequacy**

  In October 2019, APRA released a discussion paper on draft revisions to the prudential standard APS111 Capital Adequacy: Measurement of Capital for consultation. The most material change from APRA's proposal is in relation to the treatment of capital investments for each banking and insurance subsidiary at Level 1 with the tangible component of the investment changing from 400% risk weighting to:

  - 250% risk weighting up to an amount equal to 10% of ANZ's net Level 1 CET1; and
  - the remainder of the investment will be treated as a CET1 capital deduction.

  ANZ is reviewing the implications for its current investments. The net impact on the Group is unclear and will depend upon a number of factors including the capitalisation of the affected subsidiaries at the time of implementation, the final form of the prudential standard, as well as the effect of management actions being pursued that have the potential to materially offset the impact of these proposals. Based on ANZ's current investment in its affected subsidiaries and in the absence of any offsetting management actions, the above proposals implies a reduction in ANZ's Level 1 CET1 capital ratio of up to approximately $2 billion (~60 bps). However, ANZ believes that this outcome is unlikely and, post implementation of management actions, the net capital impact could be minimal. There is no impact on ANZ's Level 2 CET1 capital ratio arising from these proposed changes. The proposed implementation date has been deferred by APRA to January 2022.

- **The Reserve Bank of New Zealand (RBNZ) review of capital requirements**

  In December 2019, the RBNZ announced its capital review policy decisions for New Zealand Banks. In November 2020, the RBNZ released for consultation its draft Banking Prudential Requirements for these capital policy changes. The key requirements include:

  - Tier 1 capital requirement of 16% of RWA for ANZ Bank New Zealand Limited (ANZ New Zealand) of which up to 2.5% of this could be in the form of Additional Tier 1 (AT1) Capital. Total Capital requirement remained at 18% of RWA of which up to 2% can be Tier 2 Capital;
  - Redeemable preference shares are allowable as AT1 capital. It is anticipated that ANZ New Zealand will be able to refinance existing internal AT1 securities to external counterparties;
  - Increase RWA outcomes for IRB banks to approximately 90% of what would be calculated under the standardised approach:
    - Apply an 85% output floor for credit risk RWA of IRB banks; and
    - Increase the scalar applied to credit risk RWA of IRB banks from 1.06 to 1.2;
  - Implemented over a transition period concluding on 1 July 2028.

  The net impact on the Group is an increase in CET1 capital of approximately $0.7 billion between 31 March 2021 and the end of the transition period (based on the Group's 31 March 2021 balance sheet). This amount could vary over time subject to changes to capital requirements in ANZ New Zealand (e.g. from RWA growth), potential dividend payments and the level of capital already retained by ANZ New Zealand to meet the final RBNZ requirements.

- **RBNZ announcement on actions to support the banking system**

  In March 2021, the RBNZ announced that the restrictions on dividends and redemption of non-CET1 capital instruments put in place in April 2020 will be eased. The updated restrictions will allow ANZ New Zealand, a New Zealand subsidiary of ANZBGL to pay up to 50% of their earnings as dividends to shareholders. This restriction will remain in place until 1 July 2022, at which point the RBNZ intends to remove the restrictions completely, subject to prevailing economic conditions.

  Further, in the March 2021 update, the RBNZ announced that it will remove the restrictions on redemption of non-CET1 capital instruments. However, as the restriction was in place in May 2020, ANZ New Zealand was not permitted to redeem its NZD 500 million Capital Notes at the redemption date and did not exercise its option to convert in May 2020. The terms of the Capital Notes provide for their conversion into a variable number of ANZBGL shares in May 2022 subject to certain conditions. Conversion would result in an increase in the Group's CET1 capital (approximately 10 bps) at Level 2.

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Divisional Performance - continuing operations

The Group operates on a divisional structure with five continuing divisions: Australia Retail and Commercial, Institutional, New Zealand, Pacific, and Technology, Services & Operations (TSO) and Group Centre. For further information on the composition of divisions, refer to the Definitions on page 133.

The presentation of divisional results has been impacted by the following structural changes during the period. Prior period comparatives have been restated:

- Australia Retail and Commercial division - the Advice business was transferred from Retail to Commercial and Private Bank business within the division;
- Institutional division - a number of small operations were transferred from Corporate Finance to Central Functions within the division;
- the New Zealand Technology operations was transferred from the TSO and Group Centre division to the New Zealand division. As these costs were previously recharged, there is no change to previously reported divisional cash profit, however divisional balance sheet and full time equivalent employees (FTEs) have been restated to reflect this change.

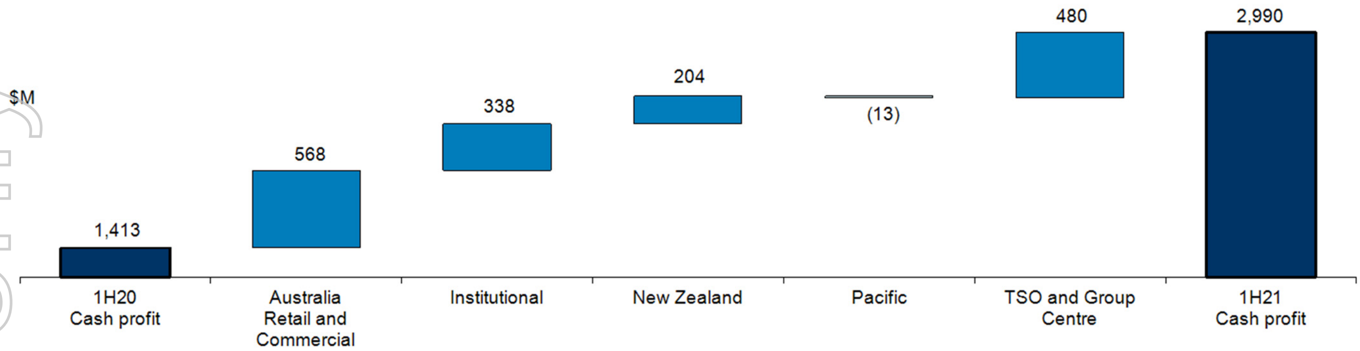
Other than those described above, there have been no other significant changes.

The divisions reported are consistent with internal reporting provided to the chief operating decision maker, being the Chief Executive Officer.

The Divisional Results section is reported on a cash profit basis for continuing operations. For information on discontinued operations please refer to the Guide to Half Year Results on page 8.

Divisional Performance - continuing operations

Cash profit by division - March 2021 Half Year v March 2020 Half Year



March 2021 Half Year	Australia Retail and Commercial $M	Institutional $M	New Zealand $M	Pacific $M	TSO and Group Centre $M	Group $M
Net interest income	3,974	1,519	1,393	49	51	**6,986**
Other operating income	302	1,014	238	33	(150)	**1,437**
Operating income	4,276	2,533	1,631	82	(99)	**8,423**
Operating expenses	(2,000)	(1,274)	(623)	(71)	(514)	**(4,482)**
Profit/(Loss) before credit impairment and income tax	2,276	1,259	1,008	11	(613)	**3,941**
Credit impairment (charge)/release	381	55	58	(3)	-	**491**
Profit/(Loss) before income tax	2,657	1,314	1,066	8	(613)	**4,432**
Income tax expense and non-controlling interests	(875)	(366)	(295)	(1)	95	**(1,442)**
Cash profit/(loss) from continuing operations	1,782	948	771	7	(518)	**2,990**

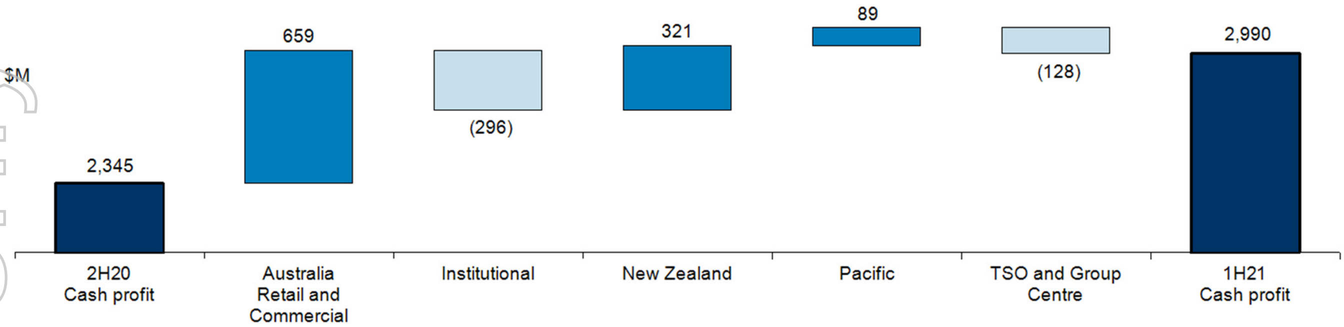
March 2020 Half Year	Australia Retail and Commercial $M	Institutional $M	New Zealand $M	Pacific $M	TSO and Group Centre $M	Group $M
Net interest income	4,048	1,624	1,410	65	75	**7,222**
Other operating income	595	1,167	247	50	(702)	**1,357**
Operating income	4,643	2,791	1,657	115	(627)	**8,579**
Operating expenses	(2,065)	(1,290)	(690)	(76)	(484)	**(4,605)**
Profit/(Loss) before credit impairment and income tax	2,578	1,501	967	39	(1,111)	**3,974**
Credit impairment (charge)/release	(843)	(641)	(179)	(11)	-	**(1,674)**
Profit/(Loss) before income tax	1,735	860	788	28	(1,111)	**2,300**
Income tax expense and non-controlling interests	(521)	(250)	(221)	(8)	113	**(887)**
Cash profit/(loss) from continuing operations	1,214	610	567	20	(998)	**1,413**

March 2021 Half Year v March 2020 Half Year

	Australia Retail and Commercial	Institutional	New Zealand	Pacific	TSO and Group Centre	Group
Net interest income	-2%	-6%	-1%	-25%	-32%	**-3%**
Other operating income	-49%	-13%	-4%	-34%	-79%	**6%**
Operating income	-8%	-9%	-2%	-29%	-84%	**-2%**
Operating expenses	-3%	-1%	-10%	-7%	6%	**-3%**
Profit/(Loss) before credit impairment and income tax	-12%	-16%	4%	-72%	-45%	**-1%**
Credit impairment charge/(release)	large	large	large	-73%	n/a	**large**
Profit/(Loss) before income tax	53%	53%	35%	-71%	-45%	**93%**
Income tax expense and non-controlling interests	68%	46%	33%	-88%	-16%	**63%**
Cash profit/(loss) from continuing operations	47%	55%	36%	-65%	-48%	**large**

Divisional Performance - continuing operations

Cash profit by division - March 2021 Half Year v September 2020 Half Year



March 2021 Half Year	Australia Retail and Commercial $M	Institutional $M	New Zealand $M	Pacific $M	TSO and Group Centre $M	Group $M
Net interest income	3,974	1,519	1,393	49	51	**6,986**
Other operating income	302	1,014	238	33	(150)	**1,437**
Operating income	4,276	2,533	1,631	82	(99)	**8,423**
Operating expenses	(2,000)	(1,274)	(623)	(71)	(514)	**(4,482)**
Profit/(Loss) before credit impairment and income tax	2,276	1,259	1,008	11	(613)	**3,941**
Credit impairment (charge)/release	381	55	58	(3)	-	**491**
Profit/(Loss) before income tax	2,657	1,314	1,066	8	(613)	**4,432**
Income tax expense and non-controlling interests	(875)	(366)	(295)	(1)	95	**(1,442)**
Cash profit/(loss) from continuing operations	1,782	948	771	7	(518)	**2,990**

September 2020 Half Year	Australia Retail and Commercial $M	Institutional $M	New Zealand $M	Pacific $M	TSO and Group Centre $M	Group $M
Net interest income	3,868	1,558	1,321	44	36	**6,827**
Other operating income	566	1,482	226	34	38	**2,346**
Operating income	4,434	3,040	1,547	78	74	**9,173**
Operating expenses	(2,026)	(1,268)	(745)	(129)	(610)	**(4,778)**
Profit/(Loss) before credit impairment and income tax	2,408	1,772	802	(51)	(536)	**4,395**
Credit impairment (charge)/release	(804)	(53)	(166)	(41)	-	**(1,064)**
Profit/(Loss) before income tax	1,604	1,719	636	(92)	(536)	**3,331**
Income tax expense and non-controlling interests	(481)	(475)	(186)	10	146	**(986)**
Cash profit/(loss) from continuing operations	1,123	1,244	450	(82)	(390)	**2,345**

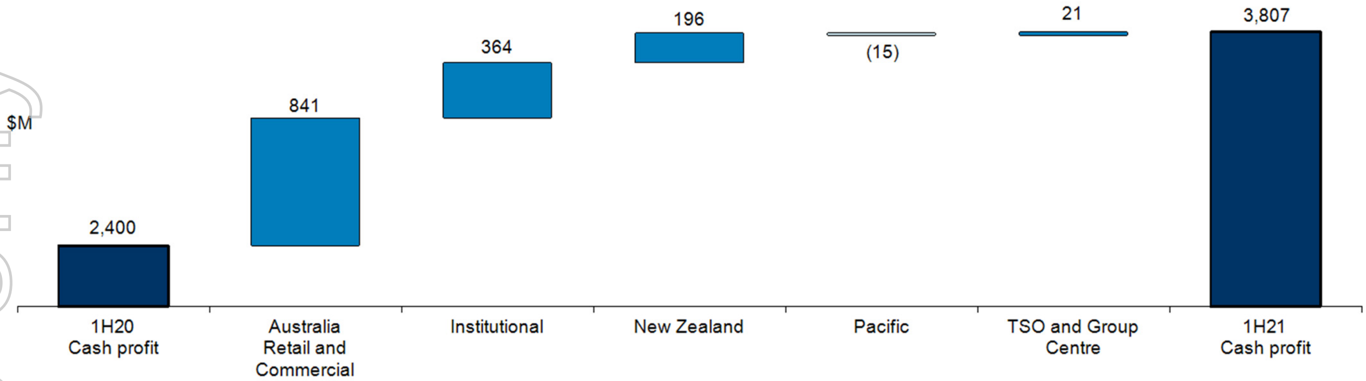
March 2021 Half Year v September 2020 Half Year

	Australia Retail and Commercial	Institutional	New Zealand	Pacific	TSO and Group Centre	Group
Net interest income	3%	-3%	5%	11%	42%	**2%**
Other operating income	-47%	-32%	5%	-3%	large	**-39%**
Operating income	-4%	-17%	5%	5%	large	**-8%**
Operating expenses	-1%	0%	-16%	-45%	-16%	**-6%**
Profit/(Loss) before credit impairment and income tax	-5%	-29%	26%	large	14%	**-10%**
Credit impairment (charge)/release	large	large	large	-93%	n/a	**large**
Profit/(Loss) before income tax	66%	-24%	68%	large	14%	**33%**
Income tax expense and non-controlling interests	82%	-23%	59%	large	-35%	**46%**
Cash profit/(loss) from continuing operations	59%	-24%	71%	large	33%	**28%**

Divisional Performance - continuing operations

Cash profit by division (excluding large/notable items[1]) - March 2021 Half Year v March 2020 Half Year

The Group cash profit results include a number of items collectively referred to as large/notable items. While these items form part of cash profit they have been excluded from the tables below given their nature and significance.



1. *Refer to pages 13 to 17 for a description of large/notable items.*

March 2021 Half Year	Australia Retail and Commercial $M	Institutional $M	New Zealand $M	Pacific $M	TSO and Group Centre $M	Group $M
Net interest income	4,031	1,518	1,393	49	51	**7,042**
Other operating income	596	989	225	33	197	**2,040**
Operating income	4,627	2,507	1,618	82	248	**9,082**
Operating expenses	(1,869)	(1,188)	(613)	(70)	(476)	**(4,216)**
Profit/(Loss) before credit impairment and income tax	2,758	1,319	1,005	12	(228)	**4,866**
Credit impairment (charge)/release	381	55	58	(3)	-	**491**
Profit/(Loss) before income tax	3,139	1,374	1,063	9	(228)	**5,357**
Income tax expense and non-controlling interests	(943)	(392)	(298)	(1)	84	**(1,550)**
Cash profit/(loss) from continuing operations	2,196	982	765	8	(144)	**3,807**

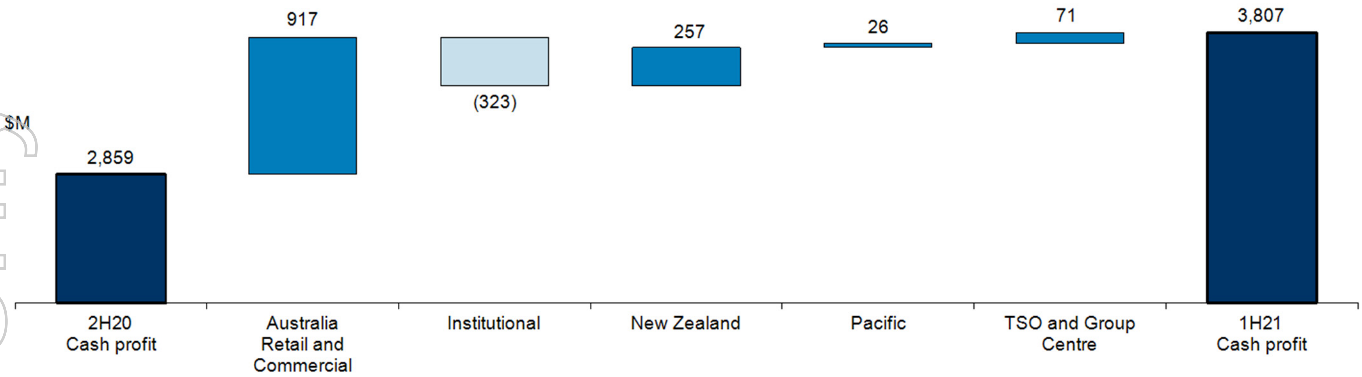
March 2020 Half Year	Australia Retail and Commercial $M	Institutional $M	New Zealand $M	Pacific $M	TSO and Group Centre $M	Group $M
Net interest income	4,058	1,626	1,348	67	70	**7,169**
Other operating income	625	1,164	254	50	114	**2,207**
Operating income	4,683	2,790	1,602	117	184	**9,376**
Operating expenses	(1,904)	(1,278)	(653)	(74)	(452)	**(4,361)**
Profit/(Loss) before credit impairment and income tax	2,779	1,512	949	43	(268)	**5,015**
Credit impairment (charge)/release	(843)	(641)	(159)	(11)	-	**(1,654)**
Profit/(Loss) before income tax	1,936	871	790	32	(268)	**3,361**
Income tax expense and non-controlling interests	(581)	(253)	(221)	(9)	103	**(961)**
Cash profit/(loss) from continuing operations	1,355	618	569	23	(165)	**2,400**

March 2021 Half Year v March 2020 Half Year

	Australia Retail and Commercial	Institutional	New Zealand	Pacific	TSO and Group Centre	Group
Net interest income	-1%	-7%	3%	-27%	-27%	**-2%**
Other operating income	-5%	-15%	-11%	-34%	73%	**-8%**
Operating income	-1%	-10%	1%	-30%	35%	**-3%**
Operating expenses	-2%	-7%	-6%	-5%	5%	**-3%**
Profit/(Loss) before credit impairment and income tax	-1%	-13%	6%	-72%	-15%	**-3%**
Credit impairment (charge)/release	large	large	large	-73%	n/a	**large**
Profit/(Loss) before income tax	62%	58%	35%	-72%	-15%	**59%**
Income tax expense and non-controlling interests	62%	55%	35%	-89%	-18%	**61%**
Cash profit/(loss) from continuing operations	62%	59%	34%	-65%	-13%	**59%**

Divisional Performance - continuing operations

Cash profit by division (excluding large/notable items[1]) - March 2021 Half Year v September 2020 Half Year



1. *Refer to pages 13 to 17 for a description of large/notable items.*

March 2021 Half Year	**Australia Retail and Commercial $M**	**Institutional $M**	**New Zealand $M**	**Pacific $M**	**TSO and Group Centre $M**	**Group $M**
Net interest income	4,031	1,518	1,393	49	51	**7,042**
Other operating income	596	989	225	33	197	**2,040**
Operating income	4,627	2,507	1,618	82	248	**9,082**
Operating expenses	(1,869)	(1,188)	(613)	(70)	(476)	**(4,216)**
Profit/(Loss) before credit impairment and income tax	2,758	1,319	1,005	12	(228)	**4,866**
Credit impairment (charge)/release	381	55	58	(3)	-	**491**
Profit/(Loss) before income tax	3,139	1,374	1,063	9	(228)	**5,357**
Income tax expense and non-controlling interests	(943)	(392)	(298)	(1)	84	**(1,550)**
Cash profit/(loss) from continuing operations	2,196	982	765	8	(144)	**3,807**

September 2020 Half Year	**Australia Retail and Commercial $M**	**Institutional $M**	**New Zealand $M**	**Pacific $M**	**TSO and Group Centre $M**	**Group $M**
Net interest income	3,941	1,559	1,265	54	33	**6,852**
Other operating income	582	1,498	225	34	144	**2,483**
Operating income	4,523	3,057	1,490	88	177	**9,335**
Operating expenses	(1,892)	(1,207)	(622)	(73)	(494)	**(4,288)**
Profit/(Loss) before credit impairment and income tax	2,631	1,850	868	15	(317)	**5,047**
Credit impairment (charge)/release	(804)	(53)	(163)	(41)	-	**(1,061)**
Profit/(Loss) before income tax	1,827	1,797	705	(26)	(317)	**3,986**
Income tax expense and non-controlling interests	(548)	(492)	(197)	8	102	**(1,127)**
Cash profit/(loss) from continuing operations	1,279	1,305	508	(18)	(215)	**2,859**

March 2021 Half Year v September 2020 Half Year

	Australia Retail and Commercial	**Institutional**	**New Zealand**	**Pacific**	**TSO and Group Centre**	**Group**
Net interest income	2%	-3%	10%	-9%	55%	**3%**
Other operating income	2%	-34%	0%	-3%	37%	**-18%**
Operating income	2%	-18%	9%	-7%	40%	**-3%**
Operating expenses	-1%	-2%	-1%	-4%	-4%	**-2%**
Profit/(Loss) before credit impairment and income tax	5%	-29%	16%	-20%	-28%	**-4%**
Credit impairment (charge)/release	large	large	large	-93%	n/a	**large**
Profit/(Loss) before income tax	72%	-24%	51%	large	-28%	**34%**
Income tax expense and non-controlling interests	72%	-20%	51%	large	-18%	**38%**
Cash profit/(loss) from continuing operations	72%	-25%	51%	large	-33%	**33%**

Australia Retail and Commercial - continuing operations

Mark Hand

Divisional performance was impacted by a number of large/notable items. Refer to pages 13 to 17 and pages 51 to 52 for details.

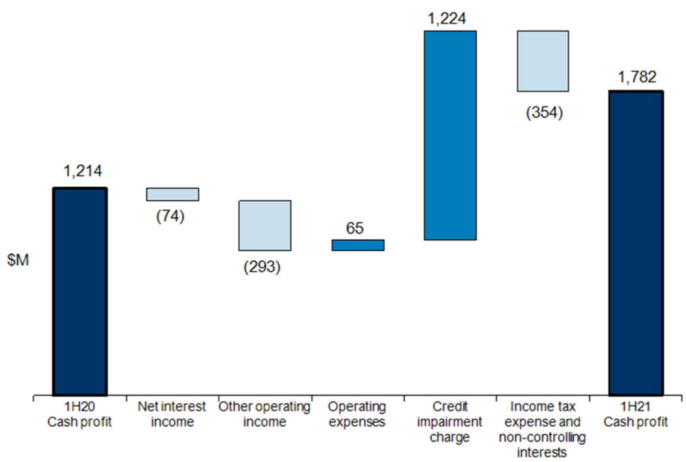
	Half Year			Movement	
	Mar 21 $M	**Sep 20 $M**	**Mar 20 $M**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
Net interest income	**3,974**	3,868	4,048	3%	-2%
Other operating income	**302**	566	595	-47%	-49%
Operating income	**4,276**	4,434	4,643	-4%	-8%
Operating expenses	**(2,000)**	(2,026)	(2,065)	-1%	-3%
Profit before credit impairment and income tax	**2,276**	2,408	2,578	-5%	-12%
Credit impairment (charge)/release	**381**	(804)	(843)	large	large
Profit before income tax	**2,657**	1,604	1,735	66%	53%
Income tax expense and non-controlling interests	**(875)**	(481)	(521)	82%	68%
Cash profit	**1,782**	1,123	1,214	59%	47%
Balance Sheet					
Net loans and advances	**344,269**	339,381	329,812	1%	4%
Other external assets	**3,510**	3,663	3,836	-4%	-8%
External assets	**347,779**	343,044	333,648	1%	4%
Customer deposits	**241,315**	234,594	212,990	3%	13%
Other external liabilities	**9,328**	9,220	9,478	1%	-2%
External liabilities	**250,643**	243,814	222,468	3%	13%
Risk weighted assets	**163,006**	166,662	161,758	-2%	1%
Average gross loans and advances	**346,168**	336,314	333,617	3%	4%
Average deposits and other borrowings	**240,094**	222,191	210,214	8%	14%
Ratios					
Return on average assets	**1.03%**	0.67%	0.72%		
Net interest margin	**2.56%**	2.53%	2.65%		
Operating expenses to operating income	**46.8%**	45.7%	44.5%		
Operating expenses to average assets	**1.16%**	1.20%	1.23%		
Individually assessed credit impairment charge/(release)	**134**	278	318	-52%	-58%
Individually assessed credit impairment charge/(release) as a % of average GLA[1]	**0.08%**	0.17%	0.19%		
Collectively assessed credit impairment charge/(release)	**(515)**	526	525	large	large
Collectively assessed credit impairment charge/(release) as a % of average GLA[1]	**(0.30%)**	0.31%	0.31%		
Gross impaired assets	**1,228**	1,634	1,544	-25%	-20%
Gross impaired assets as a % of GLA	**0.35%**	0.48%	0.46%		
Total full time equivalent staff (FTE)	**14,118**	14,078	14,061	0%	0%

1. *Credit impairment charge used in the ratio relates to gross loans and advances and off-balance sheet commitments - undrawn and contingent liabilities.*

Performance March 2021 v March 2020

- Lending volumes increased driven by home loan growth, partially offset by lower unsecured lending due to lower consumer demand, increased customer repayments following fiscal and regulatory stimulus and a lower interest rate environment, and a decrease in commercial lending.
- Net interest margin decreased driven by unfavourable lending mix from proportionately more growth in lower margin fixed rate home loans compared to higher margin unsecured lending, deposit margin compression and lower earnings on capital. This was partially offset by lower funding costs, favourable funding deposit mix and asset and deposit repricing benefits.
- Other operating income decreased driven by the loss on reclassification of ANZ Share Investing to held for sale and lower credit card and international transaction volumes due to COVID-19 impacts.
- Operating expenses decreased driven by productivity benefits and lower restructuring expenses, partially offset by higher customer remediation and investment spend.
- Credit impairment charges decreased driven by a collectively assessed credit impairment release reflecting an improved economic outlook and lower individually assessed credit impairment charge due to the impact of COVID-19 support packages.

Cash Profit March 2021 v March 2020



Australia Retail and Commercial - continuing operations

Mark Hand

Individually assessed credit impairment charge/(release)	Half Year			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Retail	**75**	**155**	**156**	**-52%**	**-52%**
Home Loans	46	38	28	21%	64%
Cards and Personal Loans	26	111	122	-77%	-79%
Deposits and Payments[1]	3	6	6	-50%	-50%
Commercial and Private Bank	**59**	**123**	**162**	**-52%**	**-64%**
Business Banking	(9)	47	72	large	large
Small Business Banking	68	76	90	-11%	-24%
Individually assessed credit impairment charge/(release)	**134**	**278**	**318**	**-52%**	**-58%**

Collectively assessed credit impairment charge/(release)	Half Year			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Retail	**(306)**	**235**	**275**	**large**	**large**
Home Loans	(259)	244	239	large	large
Cards and Personal Loans	(43)	(6)	34	large	large
Deposits and Payments[1]	(4)	(3)	2	33%	large
Commercial and Private Bank	**(209)**	**291**	**250**	**large**	**large**
Business Banking	(101)	191	137	large	large
Small Business Banking	(108)	100	113	large	large
Collectively assessed credit impairment charge/(release)	**(515)**	**526**	**525**	**large**	**large**

Net loans and advances	As at			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Retail	**287,475**	**281,570**	**272,011**	**2%**	**6%**
Home Loans	280,747	274,825	263,580	2%	7%
Cards and Personal Loans	6,682	6,710	8,370	0%	-20%
Deposits and Payments[1]	46	35	61	31%	-25%
Commercial and Private Bank	**56,794**	**57,811**	**57,801**	**-2%**	**-2%**
Business Banking	41,283	42,264	41,759	-2%	-1%
Small Business Banking	12,254	12,312	13,030	0%	-6%
Private Bank and Advice	3,257	3,235	3,012	1%	8%
Net loans and advances	**344,269**	**339,381**	**329,812**	**1%**	**4%**

Customer deposits	As at			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Retail	**134,655**	**133,536**	**123,435**	**1%**	**9%**
Home Loans[2]	35,901	33,161	28,133	8%	28%
Cards and Personal Loans	181	237	254	-24%	-29%
Deposits and Payments	98,573	100,138	95,048	-2%	4%
Commercial and Private Bank	**106,660**	**101,058**	**89,555**	**6%**	**19%**
Business Banking	24,111	23,944	20,630	1%	17%
Small Business Banking	54,625	49,878	43,773	10%	25%
Private Bank and Advice	27,924	27,236	25,152	3%	11%
Customer deposits	**241,315**	**234,594**	**212,990**	**3%**	**13%**

1. *Net loans and advances for the deposits and payments business represent amounts in overdraft.*
2. *Customer deposit amounts for the home loans business represent balances in offset accounts.*

Australia Retail and Commercial - continuing operations

Mark Hand

March 2021 Half Year	Retail $M	Commercial and Private Bank $M	Total $M
Net interest income	2,874	1,100	**3,974**
Other operating income	75	227	**302**
Operating income	2,949	1,327	**4,276**
Operating expenses	(1,327)	(673)	**(2,000)**
Profit before credit impairment and income tax	1,622	654	**2,276**
Credit impairment (charge)/release	231	150	**381**
Profit before income tax	1,853	804	**2,657**
Income tax expense and non-controlling interests	(633)	(242)	**(875)**
Cash profit	1,220	562	**1,782**
Individually assessed credit impairment charge/(release)	75	59	**134**
Collectively assessed credit impairment charge/(release)	(306)	(209)	**(515)**
Net loans and advances	287,475	56,794	**344,269**
Customer deposits	134,655	106,660	**241,315**
Risk weighted assets	110,672	52,334	**163,006**

March 2020 Half Year			
Net interest income	2,742	1,306	4,048
Other operating income	365	230	595
Operating income	3,107	1,536	4,643
Operating expenses	(1,325)	(740)	(2,065)
Profit before credit impairment and income tax	1,782	796	2,578
Credit impairment (charge)/release	(431)	(412)	(843)
Profit before income tax	1,351	384	1,735
Income tax expense and non-controlling interests	(405)	(116)	(521)
Cash profit	946	268	1,214
Individually assessed credit impairment charge/(release)	156	162	318
Collectively assessed credit impairment charge/(release)	275	250	525
Net loans and advances	272,011	57,801	329,812
Customer deposits	123,435	89,555	212,990
Risk weighted assets	107,412	54,346	161,758

March 2021 Half Year v March 2020 Half Year			
Net interest income	5%	-16%	-2%
Other operating income	-79%	-1%	-49%
Operating income	-5%	-14%	-8%
Operating expenses	0%	-9%	-3%
Profit before credit impairment and income tax	-9%	-18%	-12%
Credit impairment (charge)/release	large	large	large
Profit before income tax	37%	large	53%
Income tax expense and non-controlling interests	56%	large	68%
Cash profit	29%	large	47%
Individually assessed credit impairment charge/(release)	-52%	-64%	-58%
Collectively assessed credit impairment charge/(release)	large	large	large
Net loans and advances	6%	-2%	4%
Customer deposits	9%	19%	13%
Risk weighted assets	3%	-4%	1%

Australia Retail and Commercial - continuing operations

Mark Hand

March 2021 Half Year	Retail $M	Commercial and Private Bank $M	Total $M
Net interest income	2,874	1,100	**3,974**
Other operating income	75	227	**302**
Operating income	2,949	1,327	**4,276**
Operating expenses	(1,327)	(673)	**(2,000)**
Profit before credit impairment and income tax	1,622	654	**2,276**
Credit impairment (charge)/release	231	150	**381**
Profit before income tax	1,853	804	**2,657**
Income tax expense and non-controlling interests	(633)	(242)	**(875)**
Cash profit	1,220	562	**1,782**
Individually assessed credit impairment charge/(release)	75	59	**134**
Collectively assessed credit impairment charge/(release)	(306)	(209)	**(515)**
Net loans and advances	287,475	56,794	**344,269**
Customer deposits	134,655	106,660	**241,315**
Risk weighted assets	110,672	52,334	**163,006**
September 2020 Half Year			
Net interest income	2,724	1,144	3,868
Other operating income	333	233	566
Operating income	3,057	1,377	4,434
Operating expenses	(1,335)	(691)	(2,026)
Profit before credit impairment and income tax	1,722	686	2,408
Credit impairment (charge)/release	(390)	(414)	(804)
Profit before income tax	1,332	272	1,604
Income tax expense and non-controlling interests	(398)	(83)	(481)
Cash profit	934	189	1,123
Individually assessed credit impairment charge/(release)	155	123	278
Collectively assessed credit impairment charge/(release)	235	291	526
Net loans and advances	281,570	57,811	339,381
Customer deposits	133,536	101,058	234,594
Risk weighted assets	112,142	54,520	166,662
March 2021 Half Year v September 2020 Half Year			
Net interest income	6%	-4%	3%
Other operating income	-77%	-3%	-47%
Operating income	-4%	-4%	-4%
Operating expenses	-1%	-3%	-1%
Profit before credit impairment and income tax	-6%	-5%	-5%
Credit impairment (charge)/release	large	large	large
Profit before income tax	39%	large	66%
Income tax expense and non-controlling interests	59%	large	82%
Cash profit	31%	large	59%
Individually assessed credit impairment charge/(release)	-52%	-52%	-52%
Collectively assessed credit impairment charge/(release)	large	large	large
Net loans and advances	2%	-2%	1%
Customer deposits	1%	6%	3%
Risk weighted assets	-1%	-4%	-2%

Institutional - continuing operations

Mark Whelan

Divisional performance was impacted by a number of large/notable items. Refer to pages 13 to 17 and pages 51 to 52 for details.

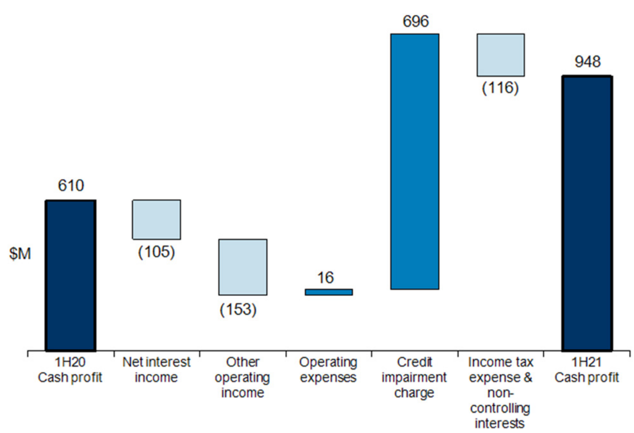
	Half Year			Movement	
	Mar 21 $M	**Sep 20 $M**	**Mar 20 $M**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
Net interest income	**1,519**	1,558	1,624	-3%	-6%
Other operating income	**1,014**	1,482	1,167	-32%	-13%
Operating income	**2,533**	3,040	2,791	-17%	-9%
Operating expenses	**(1,274)**	(1,268)	(1,290)	0%	-1%
Profit before credit impairment and income tax	**1,259**	1,772	1,501	-29%	-16%
Credit impairment (charge)/release	**55**	(53)	(641)	large	large
Profit before income tax	**1,314**	1,719	860	-24%	53%
Income tax expense and non-controlling interests	**(366)**	(475)	(250)	-23%	46%
Cash profit	**948**	1,244	610	-24%	55%
Balance Sheet					
Net loans and advances	**147,446**	157,634	199,410	-6%	-26%
Other external assets	**344,994**	391,862	461,548	-12%	-25%
External assets	**492,440**	549,496	660,958	-10%	-25%
Customer deposits	**223,666**	223,288	258,517	0%	-13%
Other deposits and borrowings	**65,675**	73,427	96,639	-11%	-32%
Deposits and other borrowings	**289,341**	296,715	355,156	-2%	-19%
Other external liabilities	**143,956**	183,318	229,611	-21%	-37%
External liabilities	**433,297**	480,033	584,767	-10%	-26%
Risk weighted assets	**169,960**	186,502	207,028	-9%	-18%
Average gross loans and advances	**151,897**	179,138	175,366	-15%	-13%
Average deposits and other borrowings	**292,475**	321,745	305,506	-9%	-4%
Ratios					
Return on average assets	**0.35%**	0.42%	0.23%		
Net interest margin	**0.77%**	0.73%	0.78%		
Net interest margin (excluding Markets)[1]	**1.85%**	1.75%	1.81%		
Operating expenses to operating income	**50.3%**	41.7%	46.2%		
Operating expenses to average assets	**0.47%**	0.42%	0.48%		
Individually assessed credit impairment charge/(release)	**55**	49	272	12%	-80%
Individually assessed credit impairment charge/(release) as a % of average GLA[2]	**0.07%**	0.05%	0.31%		
Collectively assessed credit impairment charge/(release)	**(110)**	4	369	large	large
Collectively assessed credit impairment charge/(release) as a % of average GLA[2]	**(0.15%)**	0.00%	0.42%		
Gross impaired assets	**892**	434	742	large	20%
Gross impaired assets as a % of GLA	**0.60%**	0.27%	0.37%		
Total full time equivalent staff (FTE)	**5,215**	5,291	5,350	-1%	-3%

1. *Institutional (ex-Markets) net interest margin has been aligned to how it is reported internally by removing the impact of surplus funding within this segment. Comparative information has been restated accordingly.*
2. *Credit impairment charge used in the ratio relates to gross loans and advances and off-balance sheet commitments - undrawn and contingent liabilities.*

Performance March 2021 v March 2020

- Lending volumes decreased across all businesses. Customer Deposits reduced in Markets and Transaction Banking.
- Net interest margin ex-Markets increased driven by improved lending margins.
- Other operating income decreased driven by lower Markets revenue as financial market conditions normalised and lower fee income in Corporate Finance and Transaction Banking, partially offset by lower customer remediation.
- Other operating expenses decreased driven by lower personnel costs and discretionary spend, partially offset by a litigation settlement.
- Credit impairment charges decreased driven by a collectively assessed credit impairment release in the March 2021 half reflecting an improved economic outlook and lower individually assessed credit impairment charges in Transaction Banking.

Cash Profit March 2021 v March 2020



Institutional - continuing operations

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Institutional by Geography

	Half Year			Movement	
Australia	**Mar 21 $M**	**Sep 20 $M**	**Mar 20 $M**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
Net interest income	**884**	859	920	3%	-4%
Other operating income	**491**	660	392	-26%	25%
Operating income	**1,375**	1,519	1,312	-9%	5%
Operating expenses	**(654)**	(613)	(584)	7%	12%
Profit before credit impairment and income tax	**721**	906	728	-20%	-1%
Credit impairment (charge)/release	**68**	(5)	(274)	large	large
Profit before income tax	**789**	901	454	-12%	74%
Income tax expense and non-controlling interests	**(228)**	(275)	(138)	-17%	65%
Cash profit	**561**	626	316	-10%	78%
Individually assessed credit impairment charge/(release)	**34**	22	50	55%	-32%
Collectively assessed credit impairment charge/(release)	**(102)**	(17)	224	large	large
Net loans and advances	**89,755**	98,992	115,637	-9%	-22%
Customer deposits	**88,824**	89,369	90,648	-1%	-2%
Risk weighted assets	**93,452**	99,632	103,240	-6%	-9%
Asia, Pacific, Europe, and America					
Net interest income	**478**	541	536	-12%	-11%
Other operating income	**419**	542	698	-23%	-40%
Operating income	**897**	1,083	1,234	-17%	-27%
Operating expenses	**(532)**	(559)	(615)	-5%	-13%
Profit before credit impairment and income tax	**365**	524	619	-30%	-41%
Credit impairment (charge)/release	**(20)**	(56)	(325)	-64%	-94%
Profit before income tax	**345**	468	294	-26%	17%
Income tax expense and non-controlling interests	**(87)**	(102)	(81)	-15%	7%
Cash profit	**258**	366	213	-30%	21%
Individually assessed credit impairment charge/(release)	**24**	27	215	-11%	-89%
Collectively assessed credit impairment charge/(release)	**(4)**	29	110	large	large
Net loans and advances	**51,694**	52,168	76,849	-1%	-33%
Customer deposits	**115,331**	113,036	148,602	2%	-22%
Risk weighted assets	**63,922**	71,884	89,491	-11%	-29%
New Zealand					
Net interest income	**157**	158	168	-1%	-7%
Other operating income	**104**	280	77	-63%	35%
Operating income	**261**	438	245	-40%	7%
Operating expenses	**(88)**	(96)	(91)	-8%	-3%
Profit before credit impairment and income tax	**173**	342	154	-49%	12%
Credit impairment (charge)/release	**7**	8	(42)	-13%	large
Profit before income tax	**180**	350	112	-49%	61%
Income tax expense and non-controlling interests	**(51)**	(98)	(31)	-48%	65%
Cash profit	**129**	252	81	-49%	59%
Individually assessed credit impairment charge/(release)	**(3)**	-	7	n/a	large
Collectively assessed credit impairment charge/(release)	**(4)**	(8)	35	-50%	large
Net loans and advances	**5,997**	6,474	6,924	-7%	-13%
Customer deposits	**19,511**	20,883	19,267	-7%	1%
Risk weighted assets	**12,586**	14,986	14,297	-16%	-12%

Institutional - continuing operations
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Individually assessed credit impairment charge/(release)	Half Year			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Transaction Banking	**5**	18	227	-72%	-98%
Corporate Finance	**51**	31	46	65%	11%
Markets	**(1)**	-	(1)	n/a	0%
Individually assessed credit impairment charge/(release)	**55**	**49**	**272**	**12%**	**-80%**

Collectively assessed credit impairment charge/(release)	Half Year			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Transaction Banking	**(8)**	(37)	52	-78%	large
Corporate Finance	**(95)**	46	312	large	large
Markets	**(7)**	(5)	5	40%	large
Collectively assessed credit impairment charge/(release)	**(110)**	**4**	**369**	**large**	**large**

Net loans and advances	As at			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Transaction Banking	14,295	14,192	22,023	1%	-35%
Corporate Finance	105,026	111,253	128,570	-6%	-18%
Markets	28,097	32,160	48,714	-13%	-42%
Central Functions	28	29	103	-3%	-73%
Net loans and advances	**147,446**	**157,634**	**199,410**	**-6%**	**-26%**

Customer deposits	As at			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Transaction Banking	120,775	123,963	124,159	-3%	-3%
Corporate Finance	1,817	966	971	88%	87%
Markets	99,272	96,464	131,277	3%	-24%
Central Functions	1,802	1,895	2,110	-5%	-15%
Customer deposits	**223,666**	**223,288**	**258,517**	**0%**	**-13%**

Institutional - continuing operations

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March 2021 Half Year	Transaction Banking $M	Corporate Finance $M	Markets $M	Central Functions $M	Total $M
Net interest income	326	783	402	8	**1,519**
Other operating income	320	45	638	11	**1,014**
Operating income	646	828	1,040	19	**2,533**
Operating expenses	(368)	(300)	(591)	(15)	**(1,274)**
Profit/(Loss) before credit impairment and income tax	278	528	449	4	**1,259**
Credit impairment (charge)/release	3	44	8	-	**55**
Profit/(Loss) before income tax	281	572	457	4	**1,314**
Income tax expense and non-controlling interests	(82)	(163)	(104)	(17)	**(366)**
Cash profit/(loss)	199	409	353	(13)	**948**
Individually assessed credit impairment charge/(release)	5	51	(1)	-	**55**
Collectively assessed credit impairment charge/(release)	(8)	(95)	(7)	-	**(110)**
Net loans and advances	14,295	105,026	28,097	28	**147,446**
Customer deposits	120,775	1,817	99,272	1,802	**223,666**
Risk weighted assets	25,648	92,905	50,135	1,272	**169,960**

March 2020 Half Year	Transaction Banking $M	Corporate Finance $M	Markets $M	Central Functions $M	Total $M
Net interest income	456	754	400	14	1,624
Other operating income	356	31	764	16	1,167
Operating income	812	785	1,164	30	2,791
Operating expenses	(404)	(301)	(561)	(24)	(1,290)
Profit/(Loss) before credit impairment and income tax	408	484	603	6	1,501
Credit impairment (charge)/release	(279)	(358)	(4)	-	(641)
Profit/(Loss) before income tax	129	126	599	6	860
Income tax expense and non-controlling interests	(68)	(34)	(134)	(14)	(250)
Cash profit/(loss)	61	92	465	(8)	610
Individually assessed credit impairment charge/(release)	227	46	(1)	-	272
Collectively assessed credit impairment charge/(release)	52	312	5	-	369
Net loans and advances	22,023	128,570	48,714	103	199,410
Customer deposits	124,159	971	131,277	2,110	258,517
Risk weighted assets	29,036	109,824	67,690	478	207,028

March 2021 Half Year v March 2020 Half Year	Transaction Banking	Corporate Finance	Markets	Central Functions	Total
Net interest income	-29%	4%	1%	-43%	-6%
Other operating income	-10%	45%	-16%	-31%	-13%
Operating income	-20%	5%	-11%	-37%	-9%
Operating expenses	-9%	0%	5%	-38%	-1%
Profit/(Loss) before credit impairment and income tax	-32%	9%	-26%	-33%	-16%
Credit impairment (charge)/release	large	large	large	n/a	large
Profit/(Loss) before income tax	large	large	-24%	-33%	53%
Income tax expense and non-controlling interests	21%	large	-22%	21%	46%
Cash profit/(loss)	large	large	-24%	63%	55%
Individually assessed credit impairment charge/(release)	-98%	11%	0%	n/a	-80%
Collectively assessed credit impairment charge/(release)	large	large	large	n/a	large
Net loans and advances	-35%	-18%	-42%	-73%	-26%
Customer deposits	-3%	87%	-24%	-15%	-13%
Risk weighted assets	-12%	-15%	-26%	large	-18%

Institutional - continuing operations

Mark Whelan

March 2021 Half Year	Transaction Banking $M	Corporate Finance $M	Markets $M	Central Functions $M	Total $M
Net interest income	326	783	402	8	**1,519**
Other operating income	320	45	638	11	**1,014**
Operating income	646	828	1,040	19	**2,533**
Operating expenses	(368)	(300)	(591)	(15)	**(1,274)**
Profit/(Loss) before credit impairment and income tax	278	528	449	4	**1,259**
Credit impairment (charge)/release	3	44	8	-	**55**
Profit/(Loss) before income tax	281	572	457	4	**1,314**
Income tax expense and non-controlling interests	(82)	(163)	(104)	(17)	**(366)**
Cash profit/(loss)	199	409	353	(13)	**948**
Individually assessed credit impairment charge/(release)	5	51	(1)	-	**55**
Collectively assessed credit impairment charge/(release)	(8)	(95)	(7)	-	**(110)**
Net loans and advances	14,295	105,026	28,097	28	**147,446**
Customer deposits	120,775	1,817	99,272	1,802	**223,666**
Risk weighted assets	25,648	92,905	50,135	1,272	**169,960**
September 2020 Half Year					
Net interest income	377	802	370	9	1,558
Other operating income	331	28	1,120	3	1,482
Operating income	708	830	1,490	12	3,040
Operating expenses	(408)	(306)	(534)	(20)	(1,268)
Profit/(Loss) before credit impairment and income tax	300	524	956	(8)	1,772
Credit impairment (charge)/release	19	(77)	5	-	(53)
Profit/(Loss) before income tax	319	447	961	(8)	1,719
Income tax expense and non-controlling interests	(95)	(120)	(258)	(2)	(475)
Cash profit/(loss)	224	327	703	(10)	1,244
Individually assessed credit impairment charge/(release)	18	31	-	-	49
Collectively assessed credit impairment charge/(release)	(37)	46	(5)	-	4
Net loans and advances	14,192	111,253	32,160	29	157,634
Customer deposits	123,963	966	96,464	1,895	223,288
Risk weighted assets	23,739	102,923	59,345	495	186,502
March 2021 Half Year v September 2020 Half Year					
Net interest income	-14%	-2%	9%	-11%	-3%
Other operating income	-3%	61%	-43%	large	-32%
Operating income	-9%	0%	-30%	58%	-17%
Operating expenses	-10%	-2%	11%	-25%	0%
Profit/(Loss) before credit impairment and income tax	-7%	1%	-53%	large	-29%
Credit impairment (charge)/release	-84%	large	60%	n/a	large
Profit/(Loss) before income tax	-12%	28%	-52%	large	-24%
Income tax expense and non-controlling interests	-14%	36%	-60%	large	-23%
Cash profit/(loss)	-11%	25%	-50%	30%	-24%
Individually assessed credit impairment charge/(release)	-72%	65%	n/a	n/a	12%
Collectively assessed credit impairment charge/(release)	-78%	large	40%	n/a	large
Net loans and advances	1%	-6%	-13%	-3%	-6%
Customer deposits	-3%	88%	3%	-5%	0%
Risk weighted assets	8%	-10%	-16%	large	-9%

Institutional - continuing operations
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Analysis of Markets operating income[1]

During the March 2021 half, the Group aligned reporting of Markets Franchise Revenue to its respective product lines (Foreign Exchange, Rates, Credit and Capital Markets, and Commodities) to better reflect the underlying nature of Markets' business. Prior period presentation of Markets Franchise Revenue by Sales and Trading is retained this period to assist with transition to the new presentation.

	Half Year			Movement	
Composition of Markets operating income by product	**Mar 21 $M**	**Sep 20 $M**	**Mar 20 $M**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
Foreign Exchange	**307**	253	437	21%	-30%
Rates	**128**	338	290	-62%	-56%
Credit and Capital Markets	**139**	248	103	-44%	35%
Commodities	**43**	52	72	-17%	-40%
Franchise Revenue	**617**	891	902	-31%	-32%
Balance Sheet[2]	**402**	468	238	-14%	69%
Derivative valuation adjustments[3]	**21**	131	24	-84%	-13%
Markets operating income	**1,040**	1,490	1,164	-30%	-11%

	Half Year			Movement	
Composition of Markets operating income by business activity	**Mar 21 $M**	**Sep 20 $M**	**Mar 20 $M**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
Franchise Sales	**419**	471	513	-11%	-18%
Franchise Trading	**219**	551	413	-60%	-47%
Balance Sheet[2]	**402**	468	238	-14%	69%
Markets operating income	**1,040**	1,490	1,164	-30%	-11%
Includes:					
Derivative valuation adjustments[3]	**21**	131	24	-84%	-13%

1. *Markets operating income includes net interest income and other operating income.*
2. *Balance Sheet represents hedging of interest rate risk on the Group's loan and deposit books and the management of the Group's liquidity portfolio.*
3. *Includes funding and credit valuation adjustments.*

	Half Year			Movement	
Composition of Markets operating income by geography	**Mar 21 $M**	**Sep 20 $M**	**Mar 20 $M**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
Australia	**402**	517	325	-22%	24%
Asia, Pacific, Europe & America	**517**	673	740	-23%	-30%
New Zealand	**121**	300	99	-60%	22%
Markets operating income	**1,040**	1,490	1,164	-30%	-11%

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Market risk

Traded market risk

Below are aggregate Value at Risk (VaR) exposures at 99% confidence level covering both physical and derivatives trading positions for the Bank's principal trading centres.

99% confidence level (1 day holding period)

	As at	High for period	Low for period	Avg for period	As at	High for year	Low for year	Avg for year
	Mar 21 $M	Mar 21 $M	Mar 21 $M	Mar 21 $M	Sep 20 $M	Sep 20 $M	Sep 20 $M	Sep 20 $M
Value at Risk at 99% confidence								
Foreign exchange	**3.2**	**10.0**	**2.0**	**4.6**	2.0	6.1	1.2	3.1
Interest rate	**6.2**	**19.6**	**4.3**	**10.1**	9.6	13.8	3.3	7.2
Credit	**14.8**	**22.2**	**9.3**	**14.4**	13.9	17.1	1.8	8.6
Commodities	**2.6**	**3.4**	**1.3**	**2.4**	3.0	4.7	1.3	2.6
Equity	**-**	**-**	**-**	**-**	-	-	-	-
Diversification benefit	**(11.3)**	**n/a**	**n/a**	**(10.1)**	(10.9)	n/a	n/a	(8.0)
Total VaR	**15.5**	**30.0**	**14.0**	**21.4**	17.6	31.9	5.7	13.5

Non-traded interest rate risk

Non-traded interest rate risk is managed by Markets and relates to the potential adverse impact of changes in market interest rates on future net interest income for the Group. Interest rate risk is reported using various techniques including VaR and scenario analysis based on a 1% shock.

99% confidence level (1 day holding period)

	As at	High for period	Low for period	Avg for period	As at	High for year	Low for year	Avg for year
	Mar 21 $M	Mar 21 $M	Mar 21 $M	Mar 21 $M	Sep 20 $M	Sep 20 $M	Sep 20 $M	Sep 20 $M
Value at Risk at 99% confidence								
Australia	**67.3**	**81.8**	**63.6**	**72.3**	60.8	60.8	18.8	33.4
New Zealand	**26.5**	**32.8**	**26.5**	**29.8**	26.3	26.3	9.4	15.2
Asia, Pacific, Europe & America	**33.5**	**33.5**	**29.4**	**31.9**	29.4	30.2	17.4	24.2
Diversification benefit	**(55.2)**	**n/a**	**n/a**	**(66.0)**	(61.4)	n/a	n/a	(29.5)
Total VaR	**72.1**	**79.4**	**59.3**	**68.0**	55.1	58.3	31.5	43.3

Impact of 1% rate shock on the next 12 months' net interest income margin

	As at	
	Mar 21	Sep 20
As at period end	**1.74%**	1.25%
Maximum exposure	**1.74%**	1.61%
Minimum exposure	**1.00%**	0.52%
Average exposure (in absolute terms)	**1.31%**	1.01%

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Divisional performance was impacted by a number of large/notable items. Refer to pages 13 to 17 and pages 51 to 52 for details (in AUD).

Table reflects NZD for New Zealand (AUD results shown on page 68)

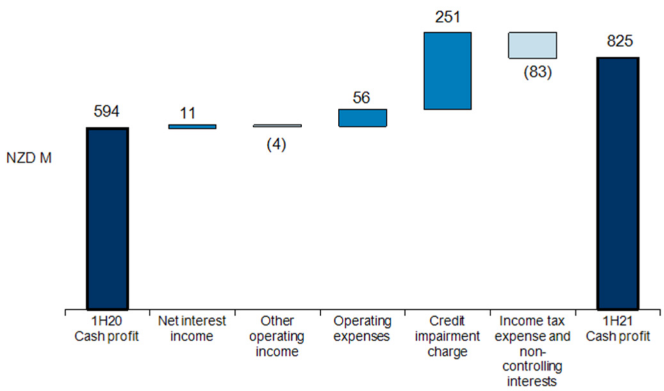
	Half Year			Movement	
	Mar 21 NZD M	**Sep 20 NZD M**	**Mar 20 NZD M**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
Net interest income	**1,490**	1,416	1,479	5%	1%
Other operating income	**255**	242	259	5%	-2%
Operating income	**1,745**	1,658	1,738	5%	0%
Operating expenses	**(668)**	(796)	(724)	-16%	-8%
Profit before credit impairment and income tax	**1,077**	862	1,014	25%	6%
Credit impairment (charge)/release	**63**	(178)	(188)	large	large
Profit before income tax	**1,140**	684	826	67%	38%
Income tax expense and non-controlling interests	**(315)**	(199)	(232)	58%	36%
Cash profit	**825**	485	594	70%	39%
Balance Sheet					
Net loans and advances	**131,250**	125,981	128,560	4%	2%
Other external assets	**4,153**	4,522	4,805	-8%	-14%
External assets	**135,403**	130,503	133,365	4%	2%
Customer deposits	**101,530**	98,304	93,626	3%	8%
Other deposits and borrowings	**3,543**	1,748	4,456	large	-20%
Deposits and other borrowings	**105,073**	100,052	98,082	5%	7%
Other external liabilities	**19,526**	23,385	28,095	-17%	-31%
External liabilities	**124,599**	123,437	126,177	1%	-1%
Risk weighted assets	**71,220**	71,348	72,502	0%	-2%
Average gross loans and advances	**129,047**	128,748	127,968	0%	1%
Average deposits and other borrowings	**102,546**	99,324	94,740	3%	8%
Net funds management income	**109**	106	113	3%	-4%
Funds under management	**36,489**	35,223	32,504	4%	12%
Average funds under management	**35,468**	34,816	34,472	2%	3%
Ratios					
Return on average assets	**1.25%**	0.73%	0.90%		
Net interest margin	**2.32%**	2.20%	2.31%		
Operating expenses to operating income	**38.3%**	48.0%	41.7%		
Operating expenses to average assets	**1.01%**	1.20%	1.10%		
Individually assessed credit impairment charge/(release)	**(6)**	66	37	large	large
Individually assessed credit impairment charge/(release) as a % of average GLA[1]	**(0.01%)**	0.10%	0.06%		
Collectively assessed credit impairment charge/(release)	**(57)**	112	151	large	large
Collectively assessed credit impairment charge/(release) as a % of average GLA[1]	**(0.09%)**	0.17%	0.24%		
Gross impaired assets	**338**	374	271	-10%	25%
Gross impaired assets as a % of GLA	**0.26%**	0.30%	0.21%		
Total full time equivalent staff (FTE)	**6,691**	6,679	7,009	0%	-5%

1. *Credit impairment charge used in the ratio relates to gross loans and advances and off-balance sheet commitments - undrawn and contingent liabilities.*

Performance March 2021 v March 2020

- Lending volumes increased driven by home loan growth, partially offset by decrease in commercial lending and the impact of the sale of UDC in the September 2020 half.
- Net interest margin was broadly flat as favourable deposit mix and loan and deposit repricing were offset by headwinds from unfavourable lending mix, a low interest rate environment and lower net interest income from UDC post sale completion in the September 2020 half.
- Operating expenses decreased driven by FTE reduction, lower discretionary costs and lower expenses from UDC post sale completion in the September 2020 half.
- Credit impairment charges decreased driven by collectively assessed credit impairment release reflecting an improved economic outlook and lower individually assessed credit impairment charge due to the impact of COVID-19 support packages and higher write-backs.

Cash Profit March 2021 v March 2020



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Individually assessed credit impairment charge/(release)	Half Year			Movement	
	Mar 21 NZD M	Sep 20 NZD M	Mar 20 NZD M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Retail	**9**	**21**	**20**	**-57%**	**-55%**
Home Loans	-	3	2	-100%	-100%
Other	9	18	18	-50%	-50%
Commercial	**(15)**	**45**	**17**	**large**	**large**
Individually assessed credit impairment charge/(release)	**(6)**	**66**	**37**	**large**	**large**

Collectively assessed credit impairment charge/(release)	Half Year			Movement	
	Mar 21 NZD M	Sep 20 NZD M	Mar 20 NZD M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Retail	**(41)**	**40**	**62**	**large**	**large**
Home Loans	(36)	28	50	large	large
Other	(5)	12	12	large	large
Commercial	**(16)**	**72**	**89**	**large**	**large**
Collectively assessed credit impairment charge/(release)	**(57)**	**112**	**151**	**large**	**large**

Net loans and advances	As at			Movement	
	Mar 21 NZD M	Sep 20 NZD M	Mar 20 NZD M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Retail	**92,418**	**86,648**	**85,001**	**7%**	**9%**
Home Loans	90,060	84,270	82,253	7%	9%
Other	2,358	2,378	2,748	-1%	-14%
Commercial	**38,832**	**39,333**	**43,559**	**-1%**	**-11%**
Net loans and advances	**131,250**	**125,981**	**128,560**	**4%**	**2%**

Customer deposits	As at			Movement	
	Mar 21 NZD M	Sep 20 NZD M	Mar 20 NZD M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Retail	81,358	79,867	76,408	2%	6%
Commercial	20,172	18,437	17,218	9%	17%
Customer deposits	**101,530**	**98,304**	**93,626**	**3%**	**8%**

New Zealand - continuing operations

Antonia Watson

March 2021 Half Year	Retail NZD M	Commercial NZD M	Central Functions NZD M	Total NZD M
Net interest income	986	503	1	**1,490**
Other operating income	248	5	2	**255**
Operating income	1,234	508	3	**1,745**
Operating expenses	(547)	(118)	(3)	**(668)**
Profit before credit impairment and income tax	687	390	-	**1,077**
Credit impairment (charge)/release	32	31	-	**63**
Profit before income tax	719	421	-	**1,140**
Income tax expense and non-controlling interests	(198)	(118)	1	**(315)**
Cash profit	521	303	1	**825**
Individually assessed credit impairment charge/(release)	9	(15)	-	**(6)**
Collectively assessed credit impairment charge/(release)	(41)	(16)	-	**(57)**
Net loans and advances	92,418	38,832	-	**131,250**
Customer deposits	81,358	20,172	-	**101,530**
Risk weighted assets	39,190	29,924	2,106	**71,220**

March 2020 Half Year	Retail NZD M	Commercial NZD M	Central Functions NZD M	Total NZD M
Net interest income	922	549	8	1,479
Other operating income	254	5	-	259
Operating income	1,176	554	8	1,738
Operating expenses	(574)	(146)	(4)	(724)
Profit before credit impairment and income tax	602	408	4	1,014
Credit impairment (charge)/release	(82)	(106)	-	(188)
Profit before income tax	520	302	4	826
Income tax expense and non-controlling interests	(146)	(85)	(1)	(232)
Cash profit	374	217	3	594
Individually assessed credit impairment charge/(release)	20	17	-	37
Collectively assessed credit impairment charge/(release)	62	89	-	151
Net loans and advances	85,001	43,559	-	128,560
Customer deposits	76,408	17,218	-	93,626
Risk weighted assets	37,202	33,914	1,386	72,502

March 2021 Half Year v March 2020 Half Year	Retail	Commercial	Central Functions	Total
Net interest income	7%	-8%	-88%	1%
Other operating income	-2%	0%	n/a	-2%
Operating income	5%	-8%	-63%	0%
Operating expenses	-5%	-19%	-25%	-8%
Profit before credit impairment and income tax	14%	-4%	-100%	6%
Credit impairment (charge)/release	large	large	n/a	large
Profit before income tax	38%	39%	-100%	38%
Income tax expense and non-controlling interests	36%	39%	large	36%
Cash profit	39%	40%	-67%	39%
Individually assessed credit impairment charge/(release)	-55%	large	n/a	large
Collectively assessed credit impairment charge/(release)	large	large	n/a	large
Net loans and advances	9%	-11%	n/a	2%
Customer deposits	6%	17%	n/a	8%
Risk weighted assets	5%	-12%	52%	-2%

New Zealand - continuing operations

Antonia Watson

March 2021 Half Year	Retail NZD M	Commercial NZD M	Central Functions NZD M	Total NZD M
Net interest income	986	503	1	**1,490**
Other operating income	248	5	2	**255**
Operating income	1,234	508	3	**1,745**
Operating expenses	(547)	(118)	(3)	**(668)**
Profit before credit impairment and income tax	687	390	-	**1,077**
Credit impairment (charge)/release	32	31	-	**63**
Profit before income tax	719	421	-	**1,140**
Income tax expense and non-controlling interests	(198)	(118)	1	**(315)**
Cash profit	521	303	1	**825**
Individually assessed credit impairment charge/(release)	9	(15)	-	**(6)**
Collectively assessed credit impairment charge/(release)	(41)	(16)	-	**(57)**
Net loans and advances	92,418	38,832	-	**131,250**
Customer deposits	81,358	20,172	-	**101,530**
Risk weighted assets	39,190	29,924	2,106	**71,220**

September 2020 Half Year	Retail NZD M	Commercial NZD M	Central Functions NZD M	Total NZD M
Net interest income	892	524	-	1,416
Other operating income	235	6	1	242
Operating income	1,127	530	1	1,658
Operating expenses	(640)	(157)	1	(796)
Profit before credit impairment and income tax	487	373	2	862
Credit impairment (charge)/release	(61)	(117)	-	(178)
Profit before income tax	426	256	2	684
Income tax expense and non-controlling interests	(127)	(71)	(1)	(199)
Cash profit	299	185	1	485
Individually assessed credit impairment charge/(release)	21	45	-	66
Collectively assessed credit impairment charge/(release)	40	72	-	112
Net loans and advances	86,648	39,333	-	125,981
Customer deposits	79,867	18,437	-	98,304
Risk weighted assets	38,308	30,839	2,201	71,348

March 2021 Half Year v September 2020 Half Year	Retail	Commercial	Central Functions	Total
Net interest income	11%	-4%	n/a	5%
Other operating income	6%	-17%	100%	5%
Operating income	9%	-4%	large	5%
Operating expenses	-15%	-25%	large	-16%
Profit before credit impairment and income tax	41%	5%	-100%	25%
Credit impairment (charge)/release	large	large	n/a	large
Profit before income tax	69%	64%	-100%	67%
Income tax expense and non-controlling interests	56%	66%	large	58%
Cash profit	74%	64%	0%	70%
Individually assessed credit impairment charge/(release)	-57%	large	n/a	large
Collectively assessed credit impairment charge/(release)	large	large	n/a	large
Net loans and advances	7%	-1%	n/a	4%
Customer deposits	2%	9%	n/a	3%
Risk weighted assets	2%	-3%	-4%	0%

New Zealand - continuing operations

Antonia Watson

Table reflects AUD for New Zealand
NZD results shown on page 64

	Half Year			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Net interest income	**1,393**	1,321	1,410	5%	-1%
Other operating income	**238**	226	247	5%	-4%
Operating income	**1,631**	1,547	1,657	5%	-2%
Operating expenses	**(623)**	(745)	(690)	-16%	-10%
Profit before credit impairment and income tax	**1,008**	802	967	26%	4%
Credit impairment (charge)/release	**58**	(166)	(179)	large	large
Profit before income tax	**1,066**	636	788	68%	35%
Income tax expense and non-controlling interests	**(295)**	(186)	(221)	59%	33%
Cash profit	**771**	450	567	71%	36%
Consisting of:					
Retail	**486**	278	357	75%	36%
Commercial	**284**	171	207	66%	37%
Central Functions	**1**	1	3	0%	-67%
Cash profit	**771**	450	567	71%	36%
Balance Sheet					
Net loans and advances	**120,482**	116,625	125,195	3%	-4%
Other external assets	**3,812**	4,186	4,679	-9%	-19%
External assets	**124,294**	120,811	129,874	3%	-4%
Customer deposits	**93,201**	91,004	91,175	2%	2%
Other deposits and borrowings	**3,252**	1,618	4,339	large	-25%
Deposits and other borrowings	**96,453**	92,622	95,514	4%	1%
Other external liabilities	**17,923**	21,648	27,360	-17%	-34%
External liabilities	**114,376**	114,270	122,874	0%	-7%
Risk weighted assets	**65,376**	66,049	70,604	-1%	-7%
Average gross loans and advances	**120,639**	120,182	122,011	0%	-1%
Average deposits and other borrowings	**95,864**	92,756	90,329	3%	6%
Net funds management income	**102**	100	107	2%	-5%
Funds under management	**33,495**	32,608	31,653	3%	6%
Average funds under management	**33,157**	32,499	32,868	2%	1%
Ratios					
Return on average assets	**1.25%**	0.73%	0.90%		
Net interest margin	**2.32%**	2.20%	2.31%		
Operating expenses to operating income	**38.3%**	48.0%	41.7%		
Operating expenses to average assets	**1.01%**	1.20%	1.10%		
Individually assessed credit impairment charge/(release)	**(5)**	62	35	large	large
Individually assessed credit impairment charge/(release) as a % of average GLA[1]	**(0.01%)**	0.10%	0.06%		
Collectively assessed credit impairment charge/(release)	**(53)**	104	144	large	large
Collectively assessed credit impairment charge/(release) as a % of average GLA[1]	**(0.09%)**	0.17%	0.24%		
Gross impaired assets	**310**	347	264	-11%	17%
Gross impaired assets as a % of GLA	**0.26%**	0.30%	0.21%		
Total full time equivalent staff (FTE)	**6,691**	6,679	7,009	0%	-5%

1. *Credit impairment charge used in the ratio relates to gross loans and advances and off-balance sheet commitments - undrawn and contingent liabilities.*

Pacific - continuing operations

Antonia Watson

Divisional performance was impacted by a number of large/notable items. Refer to pages 13 to 17 and pages 51 to 52 for details of these items.

	Half Year			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Net interest income	**49**	44	65	11%	-25%
Other operating income	**33**	34	50	-3%	-34%
Operating income	**82**	78	115	5%	-29%
Operating expenses[1]	**(71)**	(129)	(76)	-45%	-7%
Profit/(Loss) before credit impairment and income tax	**11**	(51)	39	large	-72%
Credit impairment (charge)/release	**(3)**	(41)	(11)	-93%	-73%
Profit/(Loss) before income tax	**8**	(92)	28	large	-71%
Income tax expense and non-controlling interests	**(1)**	10	(8)	large	-88%
Cash profit/(loss)	**7**	(82)	20	large	-65%
Balance Sheet					
Net loans and advances	**1,713**	1,866	2,176	-8%	-21%
Customer deposits	**3,394**	3,534	3,845	-4%	-12%
Risk weighted assets	**3,176**	3,357	3,547	-5%	-10%
Total full time equivalent staff (FTE)	**1,101**	1,113	1,108	-1%	-1%

1. *Includes $50 million of goodwill written-off in the September 2020 half.*

TSO and Group Centre - continuing operations

Divisional performance was impacted by a number of large/notable items. Refer to pages 13 to 17 and pages 51 to 52 for details of these items.

	Half Year			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Share of associates profit/(loss)	**(242)**	21	135	large	large
Operating income (other)	**143**	53	(762)	large	large
Operating income[1]	**(99)**	74	(627)	large	-84%
Operating expenses[2]	**(514)**	(610)	(484)	-16%	6%
Profit/(Loss) before credit impairment and income tax	**(613)**	(536)	(1,111)	14%	-45%
Credit impairment (charge)/release	**-**	-	-	n/a	n/a
Profit/(Loss) before income tax	**(613)**	(536)	(1,111)	14%	-45%
Income tax benefit and non-controlling interests	**95**	146	113	-35%	-16%
Cash profit/(loss)	**(518)**	(390)	(998)	33%	-48%
Risk weighted assets	**6,319**	6,429	5,664	-2%	12%
Total full time equivalent staff (FTE)	**10,719**	10,345	10,306	4%	4%

1. *Includes -$347 million in the March 2021 half in respect of the Group's share of the AmBank 1MDB settlement and goodwill write-off. The March 2020 half includes -$815 million impairment charge for AmBank and PT Panin. Refer to pages 13 to 17 for further details on large/notable items.*
2. *Includes restructuring expense of $38 million in the March 2021 half (Sep 20 half: $19 million; Mar 20 half: $5 million). The September 2020 half includes $117 million of accelerated software amortisation. Refer to pages 13 to 17 for further details on large/notable items.*

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Non-IFRS information

Statutory profit is prepared in accordance with recognition and measurement requirements of Australian Accounting Standards, which comply with International Financial Reporting Standards (IFRS). The Group provides additional measures of performance in the Consolidated Financial Report & Dividend Announcement which are prepared on a basis other than in accordance with accounting standards. The guidance provided in *ASIC's Regulatory Guide 230* has been followed when presenting this information.

Adjustments between statutory profit and cash profit

Cash profit represents ANZ's preferred measure of the result of the core business activities of the Group, enabling readers to assess Group and Divisional performance against prior periods and against peer institutions. To calculate cash profit, the Group excludes non-core items from statutory profit (refer to Definitions on pages 131 to 132 for further details). The adjustments made in arriving at cash profit are included in statutory profit which is subject to review within the context of the external auditor's review of the Condensed Consolidated Financial Statements. Cash profit is not subject to review by the external auditor. The external auditor has informed the Audit Committee that cash profit adjustments have been determined on a consistent basis across each period presented.

	Half Year			Movement	
	Mar 21 $M	**Sep 20 $M**	**Mar 20 $M**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
Statutory profit attributable to shareholders of the Company from continuing operations	**2,951**	2,040	1,635	45%	80%
Adjustments between statutory profit and cash profit from continuing operations					
Economic hedges	**51**	461	(340)	-89%	large
Revenue and expense hedges	**(12)**	(156)	120	-92%	large
Structured credit intermediation trades	**-**	-	(2)	n/a	-100%
Total adjustments between statutory profit and cash profit from continuing operations	**39**	305	(222)	-87%	large
Cash profit from continuing operations	**2,990**	2,345	1,413	28%	large
Statutory loss attributable to shareholders of the Company from discontinued operations	**(8)**	(8)	(90)	0%	-91%
Adjustments between statutory profit and cash profit from discontinued operations	**-**	-	-	n/a	n/a
Cash profit from discontinued operations	**(8)**	(8)	(90)	0%	-91%
Cash profit	**2,982**	2,337	1,323	28%	large

Explanation of adjustments between statutory profit and cash profit - continuing operations

- **Economic hedges**

  The Group enters into economic hedges to manage its interest rate and foreign exchange risk which, in accordance with accounting standards, result in fair value gains and losses being recognised within the Income Statement. This includes gains and losses arising from approved classes of derivatives not designated in accounting hedge relationships but which are considered to be economic hedges as well as ineffectiveness from designated accounting hedges.

  Economic hedges comprise:

  - Funding related swaps (primarily cross currency interest rate swaps) used to convert the proceeds of foreign currency debt issuances into floating rate Australian dollar and New Zealand dollar debt that do not qualify for hedge accounting. The main drivers of these fair value movements are currency basis spreads and Australian dollar and New Zealand dollar fluctuations against other major funding currencies.
  - Economic hedges of select structured finance and specialised leasing transactions that do not qualify for hedge accounting. The main drivers of these fair value adjustments are movements in the Australian and New Zealand term structure of interest rates.
  - Ineffectiveness from designated accounting hedge relationships.

  The Group removes the fair value adjustments from cash profit since the profit or loss will reverse over time to match with the profit or loss from the underlying hedged item.

  In the March 2021 half, the majority of the loss on economic hedges relates to funding related swaps, principally from the strengthening of AUD and NZD against USD and narrowing of basis spreads on the EUR/USD currency pair.

- **Revenue and expense hedges**

  The Group enters into economic hedges to manage hedges of larger foreign exchange denominated revenue and expense streams, primarily NZD and USD (and USD correlated). The gain on revenue and expense hedges in the March 2021 half was mainly due to the strengthening of AUD against the USD and NZD.

- **Structured credit intermediation trades**

  ANZ entered into a series of structured credit intermediation trades prior to the Global Financial Crisis with eight US financial guarantors. This involved selling credit default swaps (CDSs) as protection over specific debt structures and purchasing CDS protection over the same structures. ANZ has subsequently exited its positions with the remaining two CDS deals having matured during the March 2021 half. Accordingly, the notional value of outstanding bought and sold CDSs at 31 March 2021 was nil (Sep 20: $0.3 billion; Mar 20: $0.3 billion).

Reconciliation of statutory profit to cash profit

	Statutory profit	Adjustments to statutory profit				Cash profit
		Economic hedges	Revenue and expense hedges	Structured credit intermediation trades	Total adjustments to statutory profit	
	$M	$M	$M	$M	$M	$M
March 2021 Half Year						
Net interest income	6,986	-	-	-	-	6,986
Other operating income	1,381	73	(17)	-	56	1,437
Operating income	8,367	73	(17)	-	56	8,423
Operating expenses	(4,482)	-	-	-	-	(4,482)
Profit before credit impairment and tax	3,885	73	(17)	-	56	3,941
Credit impairment (charge)/release	491	-	-	-	-	491
Profit before income tax	**4,376**	**73**	**(17)**	**-**	**56**	**4,432**
Income tax expense	(1,425)	(22)	5	-	(17)	(1,442)
Non-controlling interests	-	-	-	-	-	-
Profit after tax from continuing operations	**2,951**	**51**	**(12)**	**-**	**39**	**2,990**
Profit/(Loss) after tax from discontinued operations	(8)	-	-	-	-	(8)
Profit after tax	**2,943**	**51**	**(12)**	**-**	**39**	**2,982**
September 2020 Half Year						
Net interest income	6,827	-	-	-	-	6,827
Other operating income	1,917	649	(220)	-	429	2,346
Operating income	8,744	649	(220)	-	429	9,173
Operating expenses	(4,778)	-	-	-	-	(4,778)
Profit before credit impairment and tax	3,966	649	(220)	-	429	4,395
Credit impairment (charge)/release	(1,064)	-	-	-	-	(1,064)
Profit before income tax	**2,902**	**649**	**(220)**	**-**	**429**	**3,331**
Income tax expense	(862)	(188)	64	-	(124)	(986)
Non-controlling interests	-	-	-	-	-	-
Profit after tax from continuing operations	**2,040**	**461**	**(156)**	**-**	**305**	**2,345**
Profit/(Loss) after tax from discontinued operations	(8)	-	-	-	-	(8)
Profit after tax	**2,032**	**461**	**(156)**	**-**	**305**	**2,337**
March 2020 Half Year						
Net interest income	7,222	-	-	-	-	7,222
Other operating income	1,671	(480)	169	(3)	(314)	1,357
Operating income	8,893	(480)	169	(3)	(314)	8,579
Operating expenses	(4,605)	-	-	-	-	(4,605)
Profit before credit impairment and tax	4,288	(480)	169	(3)	(314)	3,974
Credit impairment (charge)/release	(1,674)	-	-	-	-	(1,674)
Profit before income tax	**2,614**	**(480)**	**169**	**(3)**	**(314)**	**2,300**
Income tax expense	(978)	140	(49)	1	92	(886)
Non-controlling interests	(1)	-	-	-	-	(1)
Profit after tax from continuing operations	**1,635**	**(340)**	**120**	**(2)**	**(222)**	**1,413**
Profit/(Loss) after tax from discontinued operations	(90)	-	-	-	-	(90)
Profit after tax	**1,545**	**(340)**	**120**	**(2)**	**(222)**	**1,323**

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The Directors present their report on the Condensed Consolidated Financial Statements for the half year ended 31 March 2021.

Directors

The names of the Directors of the Company who held office during and since the end of the half year are:

Mr PD O'Sullivan	Chairman
Mr SC Elliott	Director and Chief Executive Officer
Mr DM Gonski, AC	Director, retired on 28 October 2020
Ms IR Atlas, AO	Director
Ms PJ Dwyer	Director
Ms SJ Halton, AO PSM	Director
Mr GR Liebelt	Director
Rt Hon Sir JP Key, GNZM AC	Director
Mr JT MacFarlane	Director

Result

The consolidated profit attributable to shareholders of the Company was $2,943 million, and consolidated profit attributable to shareholders of the Company from continuing operations was $2,951 million. Further details are contained in Group Results on pages 19 to 46 which forms part of this report, and in the Condensed Consolidated Financial Statements.

Review of operations

A review of the operations of the Group during the half year and the results of those operations are contained in the Group Results on pages 19 to 46 which forms part of this report.

Lead auditor's independence declaration

The lead auditor's independence declaration given under section 307C of the *Corporations Act 2001* (as amended) is set out on page 120 which forms part of this report.

Rounding of amounts

The amounts contained in these Condensed Consolidated Financial Statements have been rounded to the nearest million dollars, except where otherwise indicated, as permitted by *ASIC Corporations Instrument 2016/191*.

Significant events since balance date

On 26 April 2021, the Group posted notice that it will exercise its option to redeem wholesale A$700,000,000 floating rate subordinated notes due May 2026. The notes will be redeemed on 17 May 2021 for their par value of $700 million.

Other than the matter above, there have been no other significant events from 31 March 2021 to the date of signing this report that have not been adjusted or disclosed.

Signed in accordance with a resolution of the Directors.

Paul D O'Sullivan
Chairman

Shayne C Elliott
Managing Director

4 May 2021

Australia and New Zealand Banking Group Limited

		Half Year			Movement	
	Note	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Interest income		**9,879**	10,626	13,800	-7%	-28%
Interest expense		**(2,893)**	(3,799)	(6,578)	-24%	-56%
Net interest income	2	**6,986**	6,827	7,222	2%	-3%
Other operating income	2	**1,571**	1,866	1,489	-16%	6%
Net income from insurance business	2	**52**	31	47	68%	11%
Share of associates' profit/(loss)	2, 19	**(242)**	20	135	large	large
Operating income		**8,367**	8,744	8,893	-4%	-6%
Operating expenses	3	**(4,482)**	(4,778)	(4,605)	-6%	-3%
Profit before credit impairment and income tax		**3,885**	3,966	4,288	-2%	-9%
Credit impairment (charge)/release	10	**491**	(1,064)	(1,674)	large	large
Profit before income tax		**4,376**	2,902	2,614	51%	67%
Income tax expense	4	**(1,425)**	(862)	(978)	65%	46%
Profit after tax from continuing operations		**2,951**	2,040	1,636	45%	80%
Profit/(Loss) after tax from discontinued operations	13	**(8)**	(8)	(90)	0%	-91%
Profit for the period		**2,943**	2,032	1,546	45%	90%
Comprising:						
Profit attributable to shareholders of the Company		**2,943**	2,032	1,545	45%	90%
Profit attributable to non-controlling interests		**-**	-	1	n/a	-100%
Earnings per ordinary share (cents) including discontinued operations						
Basic	6	**103.7**	71.8	54.6	44%	90%
Diluted	6	**98.4**	66.3	51.5	48%	91%
Earnings per ordinary share (cents) from continuing operations						
Basic	6	**104.0**	72.1	57.8	44%	80%
Diluted	6	**98.7**	66.5	54.3	48%	82%
Dividend per ordinary share (cents)	5	**70**	35	25	n/a	n/a

The notes appearing on pages 82 to 117 form an integral part of the Condensed Consolidated Financial Statements.

Australia and New Zealand Banking Group Limited

	Half Year			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Profit for the period from continuing operations	**2,951**	2,040	1,636	45%	80%
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Investment securities - equity securities at FVOCI	**124**	(42)	(115)	large	large
Other reserve movements	**(20)**	(223)	236	-91%	large
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation reserve[1]	**(658)**	(1,831)	1,281	-64%	large
Other reserve movements	**(319)**	629	83	large	large
Income tax attributable to the above items	**82**	(104)	(76)	large	large
Share of associates' other comprehensive income[2]	**41**	41	10	0%	large
Other comprehensive income after tax from continuing operations	**(750)**	(1,530)	1,419	-51%	large
Profit/(Loss) after tax from discontinued operations	**(8)**	(8)	(90)	0%	-91%
Other comprehensive income after tax from discontinued operations	**-**	-	-	n/a	n/a
Total comprehensive income for the period	**2,193**	502	2,965	large	-26%
Comprising total comprehensive income attributable to:					
Shareholders of the Company	**2,193**	502	2,965	large	-26%
Non-controlling interests	**-**	-	-	n/a	n/a

1. *Includes foreign currency translation differences attributable to non-controlling interests of nil (Sep 20 half: nil; Mar 20 half: $1 million loss).*
2. *Share of associates' other comprehensive income includes:*

	Mar 21 half $M	Sep 20 half $M	Mar 20 half $M
FVOCI reserve gain/(loss)	47	41	7
Defined benefits gain/(loss)	(5)	-	3
Cash flow hedge reserve gain/(loss)	1	(1)	-
Foreign currency translation reserve gain/(loss)	(2)	1	-
Total	**41**	**41**	**10**

The notes appearing on pages 82 to 117 form an integral part of the Condensed Consolidated Financial Statements.

Australia and New Zealand Banking Group Limited

		As At			Movement	
Assets	**Note**	**Mar 21 $M**	**Sep 20 $M**	**Mar 20 $M**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
Cash and cash equivalents[1]		**124,460**	107,923	143,093	15%	-13%
Settlement balances owed to ANZ		**9,778**	7,541	6,961	30%	40%
Collateral paid		**12,059**	14,308	16,762	-16%	-28%
Trading securities		**46,331**	50,913	49,068	-9%	-6%
Derivative financial instruments	8	**104,666**	135,331	173,677	-23%	-40%
Investment securities		**91,990**	93,391	85,923	-2%	7%
Net loans and advances	9	**614,359**	617,093	656,609	0%	-6%
Regulatory deposits		**859**	801	804	7%	7%
Investments in associates		**1,854**	2,164	2,313	-14%	-20%
Current tax assets		**170**	161	452	6%	-62%
Deferred tax assets		**2,105**	2,124	1,816	-1%	16%
Goodwill and other intangible assets		**4,024**	4,379	4,957	-8%	-19%
Premises and equipment		**2,792**	3,013	3,211	-7%	-13%
Other assets		**2,892**	3,144	4,309	-8%	-33%
Total assets		**1,018,339**	1,042,286	1,149,955	-2%	-11%
Liabilities						
Settlement balances owed by ANZ		**19,188**	22,241	22,314	-14%	-14%
Collateral received		**7,552**	9,304	17,463	-19%	-57%
Deposits and other borrowings	11	**706,623**	682,333	726,909	4%	-3%
Derivative financial instruments	8	**102,926**	134,711	167,364	-24%	-39%
Current tax liabilities		**203**	349	244	-42%	-17%
Deferred tax liabilities		**73**	80	94	-9%	-22%
Payables and other liabilities		**8,558**	9,128	10,536	-6%	-19%
Employee entitlements		**600**	596	635	1%	-6%
Other provisions	12	**2,417**	2,579	2,773	-6%	-13%
Debt issuances	14	**107,623**	119,668	140,248	-10%	-23%
Total liabilities		**955,763**	980,989	1,088,580	-3%	-12%
Net assets		**62,576**	61,297	61,375	2%	2%
Shareholders' equity						
Ordinary share capital	17	**26,615**	26,531	26,440	0%	1%
Reserves	17	**741**	1,501	2,851	-51%	-74%
Retained earnings	17	**35,210**	33,255	32,073	6%	10%
Share capital and reserves attributable to shareholders of the Company		**62,566**	61,287	61,364	2%	2%
Non-controlling interests	17	**10**	10	11	0%	-9%
Total shareholders' equity		**62,576**	61,297	61,375	2%	2%

1. *Includes settlement balances owed to ANZ that meet the definition of cash and cash equivalents.*

The notes appearing on pages 82 to 117 form an integral part of the Condensed Consolidated Financial Statements.

Australia and New Zealand Banking Group Limited

The Condensed Consolidated Cash Flow Statement includes discontinued operations. Please refer to Note 13 of the Condensed Consolidated Financial Statements for cash flows associated with discontinued operations.

	Half Year		
	Mar 21 $M	Sep 20 $M	Mar 20 $M
Profit after income tax	**2,943**	2,032	1,546
Adjustments to reconcile to net cash flow from operating activities:			
Credit impairment charge/(release)	**(491)**	1,064	1,674
Impairment of investment in associates	**-**	-	815
Depreciation and amortisation[1]	**563**	778	613
Goodwill write-off	**-**	77	-
(Profit)/loss on sale of premises and equipment	**(11)**	(4)	(4)
Net derivatives/foreign exchange adjustment	**(6,556)**	(4,905)	1,859
(Gain)/loss on sale from divestments	**238**	14	11
Other non-cash movements	**74**	19	(99)
Net (increase)/decrease in operating assets:			
Collateral paid	**1,730**	1,187	(904)
Trading securities	**(3,660)**	(3,564)	1,761
Loans and advances	**(1,372)**	23,273	(30,392)
Other assets	**47**	611	(687)
Net increase/(decrease) in operating liabilities:			
Deposits and other borrowings	**35,594**	(15,628)	67,503
Settlement balances owed by ANZ	**(2,929)**	274	11,202
Collateral received	**(1,313)**	(6,640)	8,379
Other liabilities	**4,964**	(951)	(8,630)
Total adjustments	**26,878**	(4,395)	53,101
Net cash (used in)/provided by operating activities[2]	**29,821**	(2,363)	54,647
Cash flows from investing activities			
Investment securities:			
Purchases	**(12,863)**	(22,660)	(17,369)
Proceeds from sale or maturity	**12,323**	9,645	18,997
Proceeds from divestments, net of cash disposed	**13**	618	691
Repayment of IOOF secured notes	**-**	-	(800)
Other assets	**(366)**	(554)	(33)
Net cash (used in)/provided by investing activities	**(893)**	(12,951)	1,486
Cash flows from financing activities			
Debt issuances:[3]			
Issue proceeds	**4,648**	327	11,933
Redemptions	**(11,366)**	(11,003)	(10,427)
Dividends paid[4]	**(879)**	(633)	(2,228)
On market purchase of treasury shares	**(79)**	-	(122)
Repayment of lease liabilities	**(158)**	(133)	(148)
Net cash (used in)/provided by financing activities	**(7,834)**	(11,442)	(992)
Net increase/(decrease) in cash and cash equivalents	**21,094**	(26,756)	55,141
Cash and cash equivalents at beginning of period	**107,923**	143,093	81,621
Effects of exchange rate changes on cash and cash equivalents	**(4,557)**	(8,414)	6,331
Cash and cash equivalents at end of period	**124,460**	107,923	143,093

1. *Includes accelerated amortisation of $197 million in the September 2020 half following the Group's change in the application of its software amortisation policy to reflect the shorter useful life of software caused by rapidly changing technology and business requirements.*
2. *Net cash (used in)/provided by operating activities includes interest received of $9,907 million (Sep 20 half: $10,916 million; Mar 20 half: $13,875 million), interest paid of $3,226 million (Sep 20 half: $4,354 million; Mar 20 half: $6,802 million) and income taxes paid of $1,424 million (Sep 20 half: $868 million; Mar 20 half: $1,480 million).*
3. *Non-cash changes in debt issuances includes fair value hedging loss of $1,311 million (Sep 20 half: $24 million loss; Mar 20 half: $1,103 million loss) and foreign exchange gains of $4,077 million (Sep 20 half: $10,159 million gain; Mar 20 half: $8,536 million loss).*
4. *Cash outflow for shares purchased to satisfy the dividend reinvestment plan are classified in Dividends paid.*

The notes appearing on pages 82 to 117 form an integral part of the Condensed Consolidated Financial Statements.

Australia and New Zealand Banking Group Limited

	Ordinary share capital $M	Reserves $M	Retained earnings $M	Share capital and reserves attributable to shareholders of the Company $M	Non-controlling interests $M	Total shareholders' equity $M
As at 1 October 2019	26,490	1,629	32,664	**60,783**	11	**60,794**
Impact on transition to AASB 16	-	-	(88)	**(88)**	-	**(88)**
Profit or loss from continuing operations	-	-	1,635	**1,635**	1	**1,636**
Profit or loss from discontinued operations	-	-	(90)	**(90)**	-	**(90)**
Other comprehensive income for the period from continuing operations	-	1,249	171	**1,420**	(1)	**1,419**
Other comprehensive income for the period from discontinued operations	-	-	-	**-**	-	**-**
Total comprehensive income for the period	-	1,249	1,716	**2,965**	-	**2,965**
Transactions with equity holders in their capacity as equity holders:						
Dividends paid	-	-	(2,228)	**(2,228)**	-	**(2,228)**
Other equity movements:						
Group employee share acquisition scheme	(50)	-	-	**(50)**	-	**(50)**
Other items	-	(27)	9	**(18)**	-	**(18)**
As at 31 March 2020	26,440	2,851	32,073	**61,364**	11	**61,375**
Profit or loss from continuing operations	-	-	2,040	**2,040**	-	**2,040**
Profit or loss from discontinued operations	-	-	(8)	**(8)**	-	**(8)**
Other comprehensive income for the period from continuing operations	-	(1,373)	(157)	**(1,530)**	-	**(1,530)**
Other comprehensive income for the period from discontinued operations	-	-	-	**-**	-	**-**
Total comprehensive income for the period	-	(1,373)	1,875	**502**	-	**502**
Transactions with equity holders in their capacity as equity holders:						
Dividends paid	-	-	(694)	**(694)**	-	**(694)**
Dividend Reinvestment Plan[1]	61	-	-	**61**	-	**61**
Other equity movements:						
Group employee share acquisition scheme	30	-	-	**30**	-	**30**
Other items	-	23	1	**24**	(1)	**23**
As at 30 September 2020	26,531	1,501	33,255	**61,287**	10	**61,297**
Profit or loss from continuing operations	-	-	2,951	**2,951**	-	**2,951**
Profit or loss from discontinued operations	-	-	(8)	**(8)**	-	**(8)**
Other comprehensive income for the period from continuing operations	-	(731)	(19)	**(750)**	-	**(750)**
Other comprehensive income for the period from discontinued operations	-	-	-	**-**	-	**-**
Total comprehensive income for the period	-	(731)	2,924	**2,193**	-	**2,193**
Transactions with equity holders in their capacity as equity holders:						
Dividends paid	-	-	(973)	**(973)**	-	**(973)**
Dividend Reinvestment Plan[1]	94	-	-	**94**	-	**94**
Other equity movements:						
Group employee share acquisition scheme	(10)	-	-	**(10)**	-	**(10)**
Other items	-	(29)	4	**(25)**	-	**(25)**
As at 31 March 2021	26,615	741	35,210	**62,566**	10	**62,576**

1. *4.2 million shares were issued under the Dividend Reinvestment Plan (DRP) for the 2020 final dividend (3.4 million shares for the 2020 interim dividend).*

The notes appearing on pages 82 to 117 form an integral part of the Condensed Consolidated Financial Statements.

1. Basis of preparation

These Condensed Consolidated Financial Statements:

- have been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards (AASs);
- should be read in conjunction with ANZ's Annual Financial Statements for the year ended 30 September 2020 and any public announcements made by the Parent Entity and its controlled entities (the Group) for the half year ended 31 March 2021 in accordance with the continuous disclosure obligations under the *Corporations Act 2001* and the *ASX Listing Rules*;
- do not include all notes of the type normally included in ANZ's Annual Financial Report;
- are presented in Australian dollars unless otherwise stated; and
- were approved by the Board of Directors on 4 May 2021.

i) Statement of Compliance

These Condensed Consolidated Financial Statements have been prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting* which ensures compliance with IAS 34 *Interim Financial Reporting*.

ii) Rounding of amounts

The amounts contained in these Condensed Consolidated Financial Statements have been rounded to the nearest million dollars, except where otherwise indicated, as permitted by *Australian Securities and Investments Commission Corporations Instrument 2016/191*.

iii) Basis of measurement

The financial information has been prepared in accordance with the historical cost basis except that the following assets and liabilities are stated at their fair value:

- derivative financial instruments as well as, in the case of fair value hedges, the fair value adjustment on the underlying hedged exposure;
- financial assets and liabilities held for trading;
- financial assets and liabilities designated at fair value through profit and loss;
- financial assets at fair value through other comprehensive income; and
- assets and liabilities held for sale (except those at carrying value as per Note 13).

In accordance with AASB 119 *Employee Benefits*, defined benefit obligations are measured using the Projected Unit Credit method.

iv) Use of estimates, assumptions and judgements

The preparation of these Condensed Consolidated Financial Statements requires the use of management judgement, estimates and assumptions that affect reported amounts and the application of accounting policies. Discussion of the critical accounting estimates and judgements, which include complex or subjective decisions or assessments are provided in the 2020 ANZ Annual Financial Report. Such estimates and judgements are reviewed on an ongoing basis.

A brief explanation of the key estimates, assumptions and judgements for the half year ended 31 March 2021 follows.

Coronavirus (COVID-19) pandemic

The COVID-19 pandemic and its effect on the global economy have impacted our customers, operations and Group performance. The outbreak necessitated governments to respond at unprecedented levels to protect the health of the population, local economies and livelihoods. It has affected different regions at different times and at varying degrees and there remains a risk of subsequent waves of infection. Thus the pandemic has significantly increased the estimation uncertainty in the preparation of these financial statements including:

- the extent and duration of the disruption to business arising from the actions of governments, businesses and consumers to contain the spread of the virus;
- the impact, extent and duration of the expected economic downturn (and forecasts for key economic factors including GDP, employment and house prices). This includes disruption to capital markets, and the impacts on credit quality, liquidity, unemployment, consumer spending, as well as specific sector impacts and other restructuring activities; and
- the efficacy, extent and pace of roll-out of vaccines, as well as the effectiveness of government and central bank measures that have been and will be put in place to support businesses and consumers through this disruption.

The Group has made various accounting estimates in these Condensed Consolidated Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 March 2021 about future events that the Directors believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing these estimates. The underlying assumptions are also subject to uncertainties which are often outside the control of the Group. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses, carrying values of goodwill, fair value measurement, and recoverable amounts of non-financial assets.

The impact of the COVID-19 pandemic on each of these accounting estimates is discussed further below and/or in the relevant note in the 2020 ANZ Annual Financial Report. Readers should consider these disclosures in light of the inherent uncertainty described above.

1. Basis of preparation, cont'd

Allowance for expected credit losses

The Group measures the allowance for expected credit losses (ECL) using an expected credit loss impairment model as required by AASB 9 *Financial Instruments*. The Group's accounting policy for the recognition and measurement of the allowance for expected credit losses is described at Note 13 to ANZ's Annual Financial Statements for the year ended 30 September 2020.

The continuing impact of COVID-19 on the global economy, including the roll-out of vaccines, and how governments, businesses and consumers respond remains uncertain. This uncertainty is reflected in the Group's assessment of expected credit losses from its credit portfolio which are subject to a number of management judgements and estimates.

The table below shows the Group's allowance for expected credit losses (refer to Note 10 and Note 15 for further information).

	As at		
	Mar 21 $M	**Sep 20 $M**	**Mar 20 $M**
Collectively assessed	**4,285**	5,008	4,501
Individually assessed	**809**	891	1,093
Total[1]	**5,094**	5,899	5,594

1. *Includes allowance for expected credit losses for Net loans and advances - at amortised cost, Investment securities - debt securities at amortised cost and Off-balance sheet commitments - undrawn and contingent facilities.*

Individually assessed allowance for expected credit losses

During the March 2021 half, there was a net decrease in the individually assessed allowance for expected credit losses of $82 million.

In estimating individually assessed ECL for Stage 3 exposures, the Group makes judgements and assumptions in relation to expected repayments, the realisable value of collateral, business prospects for the customer, competing claims and the likely cost and duration of the work-out process. Judgements and assumptions in respect of these matters have been updated to reflect the ongoing and potential impact of COVID-19.

Collectively assessed allowance for expected credit losses

During the March 2021 half, the collectively assessed allowance for expected credit losses decreased by $723 million attributable to: a reduction of $417 million due to the improving economic outlook offset by changes to scenario weightings and an allowance for model uncertainty due to the continuing pandemic and recent wind-back of government support programs (such as JobKeeper); a reduction of $199 million due to lower lending volumes and changes in portfolio composition; a reduction of $112 million attributable to changes in credit risk; and a reduction of $45 million from foreign currency translation offset by an increase of $50 million in management adjustments.

In estimating collectively assessed ECL, the Group makes judgements and assumptions in relation to:

- the selection of an estimation technique or modelling methodology, noting that the modelling of the Group's ECL estimates are complex; and
- the selection of inputs for those models, and the interdependencies between those inputs.

The following table summarises the key judgements and assumptions in relation to the model inputs and the interdependencies between those inputs, and highlights significant changes during the current period.

The judgements and associated assumptions have been made in the context of the impact of COVID-19, and reflect historical experience and other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances. The Group's ECL estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

Judgement/Assumption	Description	Considerations for the half year ended 31 March 2021
Determining when a significant increase in credit risk (SICR) has occurred	In the measurement of ECL, judgement is involved in setting the rules and trigger points to determine whether there has been a SICR since initial recognition of a loan, which would result in the financial asset moving from 'stage 1' to 'stage 2'. This is a key area of judgement since transition from stage 1 to stage 2 increases the ECL from an allowance based on the probability of default in the next 12 months, to an allowance for lifetime expected credit losses. Subsequent decreases in credit risk resulting in transition from stage 2 to stage 1 may similarly result in significant changes in the ECL allowance. The setting of precise trigger points requires judgement which may have a material impact upon the size of the ECL allowance. The Group monitors the effectiveness of SICR criteria on an ongoing basis.	The support packages offered to customers in response to COVID-19 in 2020 are no longer being offered, and the majority of customers who took up the support packages have reverted back to their normal loan repayments. The support packages, as well as government support measures, may have obscured repayment delinquencies that might otherwise have occurred and those that may still occur in the future. Thus the Group has provided a component of ECL for expected delinquencies and increases in SICR.

1. Basis of preparation, cont'd

Judgement/Assumption	Description	Considerations for the half year ended 31 March 2021
Measuring both 12-month and lifetime credit losses	The probability of default (PD), loss given default (LGD) and exposure at default (EAD) credit risk parameters used in determining ECL are point-in-time measures reflecting the relevant forward-looking information determined by management. Judgement is involved in determining which forward-looking information variables are relevant for particular lending portfolios and for determining each portfolio's point-in-time sensitivity.	The PD, EAD and LGD models are subject to the Group's model risk policy that stipulates periodic model monitoring, periodic re-validation and defines approval procedures and authorities according to model materiality. In the March 2021 half, an adjustment was made to the modelled outcome to account for continuing model uncertainties as a result of COVID-19.
	In addition, judgement is required where behavioural characteristics are applied in estimating the lifetime of a facility to be used in measuring ECL.	There were no material changes to the policies during the half year ended 31 March 2021.
Base case economic forecast	The Group derives a forward-looking "base case" economic scenario which reflects ANZ Research – Economics' (ANZ Economics) view of future macro-economic conditions.	There have been no changes to the types of forward-looking variables (key economic drivers) used as model inputs in the current period. As at 31 March 2021, the base case assumptions have been updated to reflect the current phase of COVID-19, including containment in key geographies, government stimulus measures and roll-out of vaccines. In determining the expected path and timing out of the current economic downturn, assessments of the impact of central bank policies, governments' actions, the response of business, and institution specific responses (such as repayment deferrals) were considered. The expected outcomes of key economic drivers for the base case scenario as at 31 March 2021 are described below under the heading "Base case economic forecast assumptions".
Probability weighting of each economic scenario (base case, upside[1], downside[1] and severe downside[2] scenarios)	Probability weighting of each economic scenario is determined by management considering the risks and uncertainties surrounding the base case economic scenario at each measurement date.	The key consideration for probability weightings in the current period is the extent and timing of recovery from the economic downturn caused by COVID-19. The Group considers these weightings in each geography to provide the best estimate of the possible loss outcomes and has analysed inter-relationships and correlations (over both the short and long term) within the Group's credit portfolios in determining them. As at 31 March 2021, a reduced weighting was applied to the base case forecast which reflects a significantly improved and largely optimistic view of base case economic conditions by ANZ Economics. Greater weighting has been applied to the downside scenario given the Group's assessment of downside risks. The assigned probability weightings in Australia, New Zealand and Rest of world are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected.

1. Basis of preparation, cont'd

Judgement/Assumption	Description	Considerations for the half year ended 31 March 2021
Management temporary adjustments	Management temporary adjustments to the ECL allowance are used in circumstances where it is judged that our existing inputs, assumptions and model techniques do not capture all the risk factors relevant to our lending portfolios. Emerging local or global macroeconomic, microeconomic or political events, and natural disasters that are not incorporated into our current parameters, risk ratings, or forward-looking information are examples of such circumstances. The use of management temporary adjustments may impact the amount of ECL recognised. The uncertainty associated with the COVID-19 pandemic, including the roll-out of vaccines, and the extent to which the actions of governments, businesses and consumers mitigate against potentially adverse credit outcomes are not fully incorporated into existing ECL models which are based on historical underlying data. Accordingly, management overlays have been applied to ensure credit provisions are appropriate.	Management have applied a number of adjustments to the modelled ECL primarily due to the uncertainty associated with continuing COVID-19 impacts. Management overlays (including COVID-19 overlays) which add to the modelled ECL provision have been made for risks particular to retail including home loans, small business and commercial banking in Australia, for retail, commercial and agri banking in New Zealand, and for tourism in the Pacific.

[1] *The upside and downside scenarios are fixed by reference to average economic cycle conditions (that is, they are not based on the economic conditions prevailing at balance date) and are based on a combination of more optimistic (in the case of the upside) and pessimistic (in the case of the downside) economic conditions.*

[2] *The severe downside scenario is fixed by reference to average economic cycle conditions and accounts for the potentially severe downside impact of less likely extremely adverse economic conditions.*

Base case economic forecast assumptions

The uncertain evolution of the COVID-19 pandemic increases the risk to the economic forecast resulting in an understatement or overstatement of the ECL balance due to uncertainties around:

- The extent and duration of measures, including the roll-out of vaccines, to contain the spread of COVID-19;
- The extent and duration of the economic down-turn, along with the speed and timing required for economies to recover; and
- The effectiveness of government stimulus measures, in particular their impact on the magnitude of economic downturn and the extent and duration of the recovery.

The economic drivers of the base case economic forecasts at 31 March 2021 are set out below. These reflect ANZ Economics' view of future macro-economic conditions at 31 March 2021. For years beyond the near term forecasts below, the ECL models project future year economic conditions including an assumption to eventual reversion to mid-cycle economic conditions.

	Actual calendar year	Forecast calendar year	
	2020	2021	2022
Australia			
GDP	-2.4%	4.8%	3.3%
Unemployment	6.5%	6.2%	5.3%
Residential property prices	1.9%	17.4%	6.5%
Consumer price index	0.8	2.4	1.7
New Zealand			
GDP	-3.0%	3.6%	3.7%
Unemployment	4.6%	5.4%	4.6%
Residential property prices	15.6%	17.4%	4.1%
Consumer price index	1.7	1.9	1.6
Rest of world			
GDP	-3.5%	6.0%	3.2%
Consumer price index	1.2	2.5	2.0

The base case economic forecasts as at 31 March 2021 indicate a significant improvement in current and expected economic conditions from the forecasts as at 30 September 2020 reflecting the ongoing progress and actions in responding to the COVID-19 pandemic.

Probability weightings

Probability weighting of each scenario is determined by management considering the risks and uncertainties surrounding the base case economic scenario. The key consideration for probability weightings in the current period is the effectiveness of actions taken in response to COVID-19 and the ability of vaccines to limit the impact of the virus.

The base case scenario represents a significant improvement in the forecasts since September 2020. Given the uncertainties associated with a potential recovery in the economy, the average base case weighting across geographies has been reduced to 41.4% (Sep 20: 50.0%) and the downside scenario increased to 46.7% (Sep 20: 33.3%).

1. Basis of preparation, cont'd

The assigned probability weightings in Australia, New Zealand and Rest of world are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these weightings in each geography to provide the best estimate of the possible loss outcomes and has analysed inter-relationships and correlations (over both the short and long term) within the Group's credit portfolios in determining them. The average weightings applied across the Group are set out below:

	31 March 2021	30 September 2020	31 March 2020
Group			
Base	41.4%	50.0%	50.0%
Upside	5.5%	10.4%	12.7%
Downside	46.7%	33.3%	27.3%
Severe Downside	6.4%	6.3%	10.0%

ECL - Sensitivity analysis

Given current economic uncertainties and the judgement applied to factors used in determining the expected default of borrowers in future periods, expected credit losses reported by the Group should be considered as a best estimate within a range of possible estimates. The table below illustrates the sensitivity of collectively assessed ECL to key factors used in determining it as at 31 March 2021:

	Total $M	Impact $M
If 1% of stage 1 facilities were included in stage 2	4,342	57
If 1% of stage 2 facilities were included in stage 1	4,278	(7)
100% upside scenario	1,815	(2,470)
100% base scenario	2,487	(1,798)
100% downside scenario	4,412	127
100% severe downside scenario	5,508	1,223

Fair value measurement of financial instruments

The majority of valuation models the Group uses to value financial instruments employ only observable market data as inputs.

For certain financial instruments, we may use data that is not readily observable in current markets where we need to exercise more management judgement to determine fair value depending on the significance of the unobservable input to the overall valuation. Generally, we derive unobservable inputs from other relevant market data and compare them to observed transaction prices where available.

At 31 March 2021, the Group had $1,224 million of assets and $25 million of liabilities where the valuation was primarily derived using unobservable inputs (Sep 20: $1,183 million assets and $55 million liabilities; Mar 20: $1,296 million assets and $67 million liabilities). The financial instruments which are valued using unobservable inputs are predominantly equity investment securities where quoted prices in active markets are not available.

The Group has an investment in the Bank of Tianjin (BoT), which at 31 March 2021 has a carrying value of $1,019 million (Sep 20: $934 million; Mar 20: $1,053 million). As a result of illiquidity of the quoted share price, the Group determines the fair value based on a valuation model using comparable bank pricing multiples as determined by management. Judgement is required in both the selection of the model and inputs used. Although the comparator group entities operate in the same industry, the nature of their business and local economic conditions may be different from the Group's investment. Thus where local conditions change, which impact the price-to-book ratio of the comparator group, the fair value of the asset will change proportionately. That is, if the price-to-book ratio changed by 10%, the fair value would change by 10%. Since the asset is classified as fair value through other comprehensive income, changes in the fair value are recorded directly in equity.

Investments in associates

The Group assesses the carrying value of its associate investments for impairment indicators semi-annually.

At 31 March 2021, the impairment assessment of non-lending assets identified that two of the Group's associate investments AMMB Holdings Berhad (AmBank) and PT Bank Pan Indonesia (PT Panin) had indicators of impairment. Although their market value (based on share price) was below their carrying value, no impairment was recognised as their carrying values are supported by their value in use (VIU) calculations.

1. Basis of preparation, cont'd

The ongoing impact of COVID-19 on the valuation of AmBank and PT Panin remains uncertain. Significant management judgement is required to determine the key assumptions underpinning the VIU calculations. Factors may change in subsequent periods and lead to potential future impairments or reversals of prior period impairments. This includes forecast earnings levels in the near term and/or changes in the long term growth forecasts, required levels of regulatory capital and the post-tax discount rate. The key assumptions used in the VIU calculations are outlined below:

	AmBank			PT Panin		
	Mar 21	Sep 20	Mar 20	Mar 21	Sep 20	Mar 20
Carrying Value ($m)	685	1,056	1,161	1,140	1,084	1,130
Post-tax discount rate	11.2%	11.3%	12.4%	14.1%	15.2%	13.9%
Terminal growth rate	5.0%	4.8%	4.9%	5.1%	5.3%	5.3%
Expected earnings growth (compound annual growth rate - 5 years)[1]	large	2.8%	1.0%	6.9%	4.2%	2.6%
Common Equity Tier 1 ratio (5 year average)	13.0%	12.9%	11.5%	12.8%	12.8%	12.3%

1. *For AmBank the expected earnings growth is noted as large due to the large loss arising in the current forecast year due to the impact of the 1MDB settlement and the impairment of goodwill. The expected earnings growth for years 2-5 for AmBank is 7.3%.*

The VIU calculations are sensitive to changes in the underlying assumptions with reasonably possible changes in key assumptions having a positive or negative impact on the VIU outcome, and as such the recoverable amount of the investment.

- A change in the March 2021 post-tax discount rate by +/- 50bps would impact the VIU outcome for PT Panin by ($58 million) / $66 million, and ($71 million) / $84 million for AmBank.
- A change in the March 2021 terminal growth rate by +/- 25bps would impact the VIU outcome for PT Panin by $15 million / ($16 million) and $5 million / ($6 million) for AmBank.

Neither investment would be impaired if the discount rate were increased or the terminal growth rate reduced by the reasonably possible changes above.

Goodwill

On the reclassification of ANZ Share Investing as held for sale as at 31 March 2021, the relevant assets and liabilities were remeasured at the lower of their carrying value and the fair value less costs to sell resulting in $251 million of goodwill attributable to this business been written down. After the write down, the Group's goodwill balance was $2,989 million.

The Group conducted an assessment as to whether the carrying value of the goodwill was impaired. For the purpose of impairment testing, goodwill acquired in a business combination is allocated at the date of acquisition to the cash generating units (CGUs) that are expected to benefit from the synergies of the related business combination. These CGUs are the Group's reportable segments. CGUs with goodwill assets as at 31 March 2021 were the Australia Retail and Commercial division ($153 million), the New Zealand division ($1,777 million) and the Institutional division ($1,059 million).

Goodwill is considered to be impaired if the carrying amount of the relevant Cash Generating Unit (CGU) exceeds its recoverable amount. We estimate the recoverable amount of each CGU to which goodwill is allocated using a fair value less costs of disposal (FVLCOD) approach, with a VIU assessment performed where the FVLCOD approach indicates an impairment.

Management's approach used to determine the FVLCOD of each CGU was consistent with the prior period. The assessment of the recoverable amount of each CGU has been made in consideration of the impacts of COVID-19 and subsequent economic recovery on both earnings and asset prices, and reflects expectations of future events that are believed to be reasonable under the circumstances. The key inputs used to determine FVLCOD of each CGU containing goodwill are noted below:

- Future maintainable earnings for each of the CGU's used for the March 2021 half year assessment are similar or slightly above those used for the 2020 full year.
- Price/Earnings (P/E) multiples applied (including 30% control premium) - the P/E multiples derived from the valuations of comparator entities improved for all three CGUs:

	Price/Earnings Multiples	
Division	Mar 21 Half Year	Sep 20 Full Year
Australia Retail and Commercial	19.6	16.0
New Zealand	15.7	12.7
Institutional	16.8	13.4

Based on this assessment, no impairment was identified.

Customer remediation provisions

At 31 March 2021, the Group has recognised customer remediation provisions of $1,003 million (Sep 20: $1,109 million; Mar 20: $1,094 million) which includes provisions for expected refunds to customers, remediation project costs and related customer and regulatory claims, penalties and litigation outcomes.

Determining the amount of the provisions, which represent management's best estimate of the cost of settling the identified matters, requires the exercise of significant judgement. It will often be necessary to form a view on a number of different assumptions, including the number of impacted customers, the average refund per customer, associated remediation project costs, and the implications of regulatory exposures and customer claims having regard to their specific facts and circumstances.

Consequently, the appropriateness of the underlying assumptions is reviewed on a regular basis against actual experience and other relevant evidence, including expert legal advice, and adjustments are made to the provisions where appropriate.

1. Basis of preparation, cont'd

Other provisions

The Group holds provisions for various obligations including restructuring costs, non-lending losses, fraud and forgeries and litigation related claims. These provisions involve judgements regarding the timing and outcome of future events, including estimates of expenditure required to satisfy such obligations. The appropriateness of the underlying assumptions is reviewed on a regular basis against actual experience and other relevant evidence, including expert legal advice, and adjustments are made to the provisions where appropriate.

v) Accounting policies

These Condensed Consolidated Financial Statements have been prepared on the basis of accounting policies and using methods of computation consistent with those applied in the 2020 ANZ Annual Financial Report.

Discontinued operations are separately presented from the results of the continuing operations as a single line item 'Profit/(loss) after tax from discontinued operations' in the Condensed Consolidated Income Statement. Notes to the Condensed Consolidated Income Statement have been presented on a continuing basis.

Accounting standards adopted during the period

On 1 October 2020, the Group adopted the revised Conceptual Framework for Financial Reporting. The new Framework includes updated definitions and criteria for the recognition and derecognition of assets and liabilities. Additionally, it introduces new concepts on measurement, including factors to consider when selecting a measurement basis. The adoption of the revised conceptual framework did not have a material impact on the Group.

In addition to the above, several amendments to existing accounting standards apply for the first time in 2021, but do not have a material impact on the Group.

vi) Future accounting developments

Interest Rate Benchmark Reform

In September 2020, the AASB issued AASB 2020-8 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform - Phase 2. This standard addresses issues that may affect the Group at the point of transition from an existing Interbank Offer Rate (IBOR rate) to a Risk Free Rate (RFR), including the effects of changes to contractual cash flows or hedging relationships. The standard includes amendments that provide practical expedients in respect of:

- accounting for changes in the basis for determining contractual cash flows as a result of IBOR reform by updating the effective interest rate resulting in no immediate profit or loss impact. This applies only when the change is necessary as a direct consequence of the reform, and the new basis for determining the contractual cash flows is economically equivalent to the previous basis.
- Permitting changes to hedge documentation and hedge designation as a result of IBOR reform without discontinuing the existing hedge accounted relationship.

The standard applies to the Group in the 2022 financial year and earlier application is permitted. The Group is in the process of assessing the impact of the new standard on its financial statements and timing of adoption.

The Group has exposure to IBOR rates that are subject to reform through its issuance of debt, the structural interest rate risk position, holdings of investment securities; products denominated in foreign currencies and associated hedging. The Group's hedging relationships are exposed to various IBOR rates subject to reform including USD, GBP, CHF and JPY LIBOR and Euro Interbank Offered Rate (EURIBOR).

To manage the impact of IBOR reform, the Group has established an enterprise-wide Benchmark Transition Program and is continuing to monitor market developments in relation to the transition and their impact on the Group's financial assets and liabilities to ensure that no unexpected consequences or disruption arises.

AASB 9 General hedge accounting

AASB 9 introduces new hedge accounting requirements which more closely align accounting with risk management activities undertaken when hedging financial and non-financial risks.

AASB 9 provides the Group with an accounting policy choice to continue to apply AASB 139 *Financial Instruments: Recognition and Measurement* (AASB 139) hedge accounting requirements until the International Accounting Standard Board's ongoing project on macro hedge accounting is completed. The Group currently applies the hedge accounting requirements of AASB 139.

2. Income

	Half Year			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Interest income	**9,879**	10,626	13,800	-7%	-28%
Interest expense	**(2,704)**	(3,589)	(6,382)	-25%	-58%
Major bank levy	**(189)**	(210)	(196)	-10%	-4%
Net interest income	**6,986**	6,827	7,222	2%	-3%
Other operating income					
i) Fee and commission income					
Lending fees[1]	**244**	276	303	-12%	-19%
Non-lending fees	**1,266**	1,246	1,441	2%	-12%
Commissions	**46**	75	46	-39%	0%
Funds management income	**140**	136	139	3%	1%
Fee and commission income	**1,696**	1,733	1,929	-2%	-12%
Fee and commission expense	**(646)**	(585)	(752)	10%	-14%
Net fee and commission income	**1,050**	1,148	1,177	-9%	-11%
ii) Other income					
Net foreign exchange earnings and other financial instruments income[2]	**729**	710	1,099	3%	-34%
Impairment of AmBank	**-**	-	(595)	n/a	-100%
Impairment of PT Panin	**-**	-	(220)	n/a	-100%
Reclassification of ANZ Share Investing to held for sale[3]	**(251)**	-	-	n/a	n/a
Sale of New Zealand legacy insurance portfolio	**13**	-	-	n/a	n/a
Sale of UDC	**-**	(7)	-	-100%	n/a
Dividend income on equity securities	**-**	26	-	-100%	n/a
Other	**30**	(11)	28	large	7%
Other income	**521**	718	312	-27%	67%
Other operating income	**1,571**	1,866	1,489	-16%	6%
Net income from insurance business	**52**	31	47	68%	11%
Share of associates' profit/(loss)	**(242)**	20	135	large	large
Operating income[4]	**8,367**	8,744	8,893	-4%	-6%

1. *Lending fees exclude fees treated as part of the effective yield calculation in interest income.*
2. *Includes fair value movements (excluding realised and accrued interest) on derivatives not designated as accounting hedges entered into to manage interest rate and foreign exchange risk on funding instruments, ineffective portions of cash flow hedges, and fair value movements in financial assets and liabilities designated at fair value through profit or loss.*
3. *The loss on reclassification of ANZ Share Investing to held for sale is included within Other operating income to align with the classification of loss on sale that would have applied if the sale had completed in the March 2021 half.*
4. *Includes charges associated with customer remediation of $74 million for the March 2021 half (Sep 20 half: $116 million; Mar 20 half: $58 million).*

3. Operating expenses

	Half Year			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
i) Personnel					
Salaries and related costs	**2,196**	2,133	2,177	3%	1%
Superannuation costs	**164**	160	169	3%	-3%
Other	**89**	120	119	-26%	-25%
Personnel[1]	**2,449**	2,413	2,465	1%	-1%
ii) Premises					
Rent	**42**	41	43	2%	-2%
Depreciation	**225**	254	263	-11%	-14%
Other	**83**	89	99	-7%	-16%
Premises	**350**	384	405	-9%	-14%
iii) Technology					
Depreciation and amortisation[2]	**334**	517	341	-35%	-2%
Subscription licences and outsourced services	**372**	375	405	-1%	-8%
Other	**79**	93	93	-15%	-15%
Technology[1,2]	**785**	985	839	-20%	-6%
iv) Restructuring	**105**	56	105	88%	0%
v) Other					
Advertising and public relations	**71**	88	89	-19%	-20%
Professional fees	**329**	374	293	-12%	12%
Freight, stationery, postage and communication	**95**	101	104	-6%	-9%
Other[3]	**298**	377	305	-21%	-2%
Other[1,3]	**793**	940	791	-16%	0%
Operating expenses[1,2,3]	**4,482**	4,778	4,605	-6%	-3%

1 Includes customer remediation expenses of $92 million for the March 2021 half (Sep 20 half: $138 million; Mar 20 half: $71 million) across Personnel, Technology and Other expenses.
2 Includes accelerated amortisation of $197 million for the September 2020 half.
3 Includes litigation settlement expenses of $69 million for the March 2021 half and goodwill write-off of $77 million for the September 2020 half.

4. Income tax expense

Reconciliation of the prima facie income tax expense on pre-tax profit with the income tax expense recognised in the profit and loss.

	Half Year			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Profit before income tax from continuing operations	**4,376**	2,902	2,614	51%	67%
Prima facie income tax expense at 30%	**1,313**	871	784	51%	67%
Tax effect of permanent differences:					
Gains or losses on sale from divestments	**(4)**	2	-	large	n/a
Impairment of investment in AmBank and PT Panin	**-**	-	245	n/a	-100%
Share of associates' (profit)/loss	**72**	(6)	(41)	large	large
Reclassification of ANZ Share Investing to held for sale	**75**	-	-	n/a	n/a
Interest on convertible instruments	**22**	23	29	-4%	-24%
Overseas tax rate differential	**(50)**	(51)	(35)	-2%	43%
Provision for foreign tax on dividend repatriation	**26**	6	14	large	86%
Other	**(20)**	20	5	large	large
Subtotal	**1,434**	865	1,001	66%	43%
Income tax (over)/under provided in previous years	**(9)**	(3)	(23)	large	-61%
Income tax expense	**1,425**	862	978	65%	46%
Australia	**1,013**	535	580	89%	75%
Overseas	**412**	327	398	26%	4%
Income tax expense	**1,425**	862	978	65%	46%
Effective tax rate	**32.6%**	29.7%	37.4%		

5. Dividends

Dividend per ordinary share (cents)[1]	Half Year			Movement	
	Mar 21	Sep 20	Mar 20	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Interim	**70**	-	25		
Final	**-**	35	-		
Total	**70**	35	25	100%	large
Ordinary share dividend ($M)[2]					
Interim dividend	**-**	709	-		
Final dividend	**994**	-	2,268		
Bonus option plan adjustment	**(21)**	(15)	(40)	40%	-48%
Total	**973**	694	2,228	40%	-56%
Ordinary share dividend payout ratio (%)[3]	**67.7%**	48.9%	45.9%		

1. *Fully franked for Australian tax purposes (30% tax rate) and carry New Zealand imputation credits of NZD 8 cents for the proposed 2021 interim dividend (2020 final dividend: NZD 4 cents; 2020 interim dividend: NZD 3 cents).*
2. *Dividends paid to ordinary equity holders of the Company. Excludes dividends paid by subsidiaries of the Group to non-controlling equity holders (Mar 21 half: nil; Sep 20 half: nil; Mar 20 half: nil).*
3. *The dividend payout ratio for the March 2021 half is calculated using the proposed 2021 interim dividend of $1,992 million, based on the forecast number of ordinary shares on issue at the dividend record date. Dividend payout ratios for the September 2020 half and March 2020 half were calculated using actual dividend paid of $994 million and $709 million respectively.*

Ordinary Shares

The Directors propose an interim dividend of 70 cents be paid on each eligible fully paid ANZ ordinary share on 1 July 2021. The proposed 2021 interim dividend will be fully franked for Australian tax purposes. New Zealand imputation credits of NZD 8 cents per ordinary share will also be attached.

ANZ has a Dividend Reinvestment Plan (DRP) and a Bonus Option Plan (BOP) that will operate in respect of the proposed 2021 interim dividend.

6. Earnings per share

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period (after eliminating ANZ shares held within the Group known as treasury shares). Diluted EPS is calculated by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares used in the basic EPS calculation for the effect of dilutive potential ordinary shares.

	Half Year			Movement	
	Mar 21	**Sep 20**	**Mar 20**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
Earnings Per Share (EPS) - Basic					
Earnings Per Share (cents)	**103.7**	71.8	54.6	44%	90%
Earnings Per Share (cents) from continuing operations	**104.0**	72.1	57.8	44%	80%
Earnings Per Share (cents) from discontinued operations	**(0.3)**	(0.3)	(3.2)	0%	-91%
Earnings Per Share (EPS) - Diluted					
Earnings Per Share (cents)	**98.4**	66.3	51.5	48%	91%
Earnings Per Share (cents) from continuing operations	**98.7**	66.5	54.3	48%	82%
Earnings Per Share (cents) from discontinued operations	**(0.3)**	(0.2)	(2.8)	50%	-89%

	Half Year			Movement	
	Mar 21	**Sep 20**	**Mar 20**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
Reconciliation of earnings used in earnings per share calculations					
Basic:					
Profit for the period ($M)	**2,943**	2,032	1,546	45%	90%
Less: Profit attributable to non-controlling interests ($M)	**-**	-	1	n/a	-100%
Earnings used in calculating basic earnings per share ($M)	**2,943**	2,032	1,545	45%	90%
Less: Profit/(Loss) after tax from discontinued operations ($M)	**(8)**	(8)	(90)	0%	-91%
Earnings used in calculating basic earnings per share from continuing operations ($M)	**2,951**	2,040	1,635	45%	80%
Diluted:					
Earnings used in calculating basic earnings per share ($M)	**2,943**	2,032	1,545	45%	90%
Add: Interest on convertible subordinated debt ($M)	**92**	90	124	2%	-26%
Earnings used in calculating diluted earnings per share ($M)	**3,035**	2,122	1,669	43%	82%
Less: Profit/(Loss) after tax from discontinued operations ($M)	**(8)**	(8)	(90)	0%	-91%
Earnings used in calculating diluted earnings per share from continuing operations ($M)	**3,043**	2,130	1,759	43%	73%
Reconciliation of weighted average number of ordinary shares (WANOS) used in earnings per share calculations[1]					
WANOS used in calculating basic earnings per share (M)	**2,838.7**	2,831.2	2,830.6	0%	0%
Add: Weighted average dilutive potential ordinary shares (M)					
Convertible subordinated debt (M)	**238.7**	362.2	401.4	-34%	-41%
Share based payments (options, rights and deferred shares) (M)	**7.0**	7.3	6.6	-4%	6%
WANOS used in calculating diluted earnings per share (M)	**3,084.4**	3,200.7	3,238.6	-4%	-5%

1. *Weighted average number of ordinary shares for the March 2021 half excludes 4.7 million weighted average number of treasury shares held in ANZEST Pty Ltd (Sep 20 half: 5.0 million; Mar 20 half: 4.9 million).*

7. Segment analysis

i) Description of segments

The Group operates on a divisional structure with five continuing divisions: Australia Retail and Commercial, Institutional, New Zealand, Pacific, and TSO and Group Centre. For further information on the composition of divisions refer to the Definitions on page 133.

The presentation of divisional results has not been impacted by methodology or structural changes during the period.

The divisions reported below are consistent with internal reporting provided to the chief operating decision maker, being the Chief Executive Officer.

ii) Operating segments

ANZ measures the performance of continuing segments on a cash profit basis. To calculate cash profit, certain non-core items are removed from statutory profit. Details of these items are included in the 'Other items' section of this note.

Transactions between divisions across segments within ANZ are conducted on an arm's-length basis and disclosed as part of the income and expenses of these segments.

For information on discontinued operations please refer to Note 13 of the Condensed Consolidated Financial Statements.

March 2021 Half Year	Australia Retail and Commercial $M	Institutional $M	New Zealand $M	Pacific $M	TSO and Group Centre $M	Other items[1] $M	Group Total $M
Net interest income	3,974	1,519	1,393	49	51	-	**6,986**
Net fee and commission income							
- Lending fees	111	123	6	4	-	-	**244**
- Non-lending fees	618	348	293	10	(3)	-	**1,266**
- Commissions	29	1	16	-	-	-	**46**
- Funds management income	17	1	122	-	-	-	**140**
- Fee and commission expense	(286)	(144)	(215)	(1)	-	-	**(646)**
Net income from insurance business	52	-	-	-	-	-	**52**
Other income	(240)	685	16	20	96	(56)	**521**
Share of associates' profit/(loss)	1	-	-	-	(243)	-	**(242)**
Operating income	4,276	2,533	1,631	82	(99)	(56)	**8,367**
Profit/(Loss) after tax from continuing operations	1,782	948	771	7	(518)	(39)	**2,951**
Profit/(Loss) after tax from discontinued operations							**(8)**
Profit after tax attributable to shareholders							**2,943**

[1] *In evaluating the performance of the operating segments, certain items are removed from statutory profit where they are not considered integral to the ongoing performance of the segment. These items are presented in section (iii) below.*

7. Segment analysis, cont'd

September 2020 Half Year	Australia Retail and Commercial $M	Institutional $M	New Zealand $M	Pacific $M	TSO and Group Centre $M	Other items[1] $M	Group Total $M
Net interest income	3,868	1,558	1,321	44	36	-	**6,827**
Net fee and commission income							
- Lending fees	134	132	6	4	-	-	**276**
- Non-lending fees	616	370	255	11	(6)	-	**1,246**
- Commissions	42	-	33	-	-	-	**75**
- Funds management income	18	1	117	-	-	-	**136**
- Fee and commission expense	(266)	(130)	(188)	(1)	-	-	**(585)**
Net income from insurance business	30	-	-	-	1	-	**31**
Other income	(7)	1,109	3	20	22	(429)	**718**
Share of associates' profit/(loss)	(1)	-	-	-	21	-	**20**
Operating income	4,434	3,040	1,547	78	74	(429)	**8,744**
Profit/(Loss) after tax from continuing operations	1,123	1,244	450	(82)	(390)	(305)	**2,040**
Profit/(Loss) after tax from discontinued operations							**(8)**
Profit after tax attributable to shareholders							**2,032**
March 2020 Half Year							
Net interest income	4,048	1,624	1,410	65	75	-	**7,222**
Net fee and commission income							
- Lending fees	133	156	8	6	-	-	**303**
- Non-lending fees	694	406	331	18	(8)	-	**1,441**
- Commissions	25	-	21	-	-	-	**46**
- Funds management income	12	1	126	-	-	-	**139**
- Fee and commission expense	(322)	(178)	(248)	(4)	-	-	**(752)**
Net income from insurance business	47	-	-	-	-	-	**47**
Other income	6	782	9	30	(829)	314	**312**
Share of associates' profit	-	-	-	-	135	-	**135**
Operating income	4,643	2,791	1,657	115	(627)	314	**8,893**
Profit/(Loss) after tax from continuing operations	1,214	610	567	20	(998)	222	**1,635**
Profit/(Loss) after tax from discontinued operations							**(90)**
Profit after tax attributable to shareholders							**1,545**

[1] *In evaluating the performance of the operating segments, certain items are removed from statutory profit where they are not considered integral to the ongoing performance of the segment. These items are presented in section (iii) below.*

iii) Other items

The table below sets out the profit after tax impact of other items which are removed from statutory profit to reflect the cash profit of each segment.

		Half Year			Movement	
Item gains/(losses)	**Related segment**	**Mar 21 $M**	**Sep 20 $M**	**Mar 20 $M**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
Economic hedges	Institutional, New Zealand, TSO and Group Centre	**(51)**	(461)	340	-89%	large
Revenue and expense hedges	TSO and Group Centre	**12**	156	(120)	-92%	large
Structured credit intermediation trades	Institutional	**-**	-	2	n/a	-100%
Total from continuing operations		**(39)**	(305)	222	-87%	large

8. Derivative financial instruments

Derivative financial instruments are contracts whose value is derived from one or more underlying variables or indices defined in the contract, require little or no initial net investment and are settled at a future date. Derivatives include contracts traded on registered exchanges and contracts agreed between counterparties. The use of derivatives and their sale to customers as risk management products is an integral part of the Group's trading and sales activities. Derivatives are also used to manage the Group's own exposure to fluctuations in foreign exchange and interest rates as part of its asset and liability management activities.

The following table provides an overview of the Group's interest rate, foreign exchange, commodity and credit derivatives. They include all trading and balance sheet risk management contracts. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market rates relative to the terms of the derivative.

Fair Values	Assets Mar 21 $M	Liabilities Mar 21 $M	Assets Sep 20 $M	Liabilities Sep 20 $M	Assets Mar 20 $M	Liabilities Mar 20 $M
Interest rate contracts						
Forward rate agreements	**10**	**(12)**	86	(86)	255	(250)
Futures contracts	**45**	**(74)**	31	(231)	78	(160)
Swap agreements	**73,125**	**(71,523)**	109,918	(105,578)	112,934	(108,736)
Options purchased	**1,192**	**-**	1,676	-	2,436	-
Options sold	**-**	**(1,162)**	-	(2,609)	-	(3,865)
Total	**74,372**	**(72,771)**	111,711	(108,504)	115,703	(113,011)
Foreign exchange contracts						
Spot and forward contracts	**15,858**	**(14,389)**	11,882	(11,461)	26,038	(23,964)
Swap agreements	**12,683**	**(13,833)**	8,766	(12,388)	27,624	(27,138)
Options purchased	**311**	**-**	372	-	837	-
Options sold	**-**	**(587)**	-	(502)	-	(937)
Total	**28,852**	**(28,809)**	21,020	(24,351)	54,499	(52,039)
Commodity contracts	**1,439**	**(1,345)**	2,577	(1,834)	3,449	(2,288)
Credit default swaps						
Structured credit derivatives purchased	**-**	**-**	18	-	16	-
Other credit derivatives purchased	**1**	**(1)**	4	(3)	4	(6)
Credit derivatives purchased	**1**	**(1)**	22	(3)	20	(6)
Structured credit derivatives sold	**-**	**-**	-	(18)	-	(17)
Other credit derivatives sold	**2**	**-**	1	(1)	6	(3)
Credit derivatives sold	**2**	**-**	1	(19)	6	(20)
Total	**3**	**(1)**	23	(22)	26	(26)
Derivative financial instruments	**104,666**	**(102,926)**	135,331	(134,711)	173,677	(167,364)

9. Net loans and advances

	As at			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Australia					
Overdrafts	**4,070**	4,189	4,997	-3%	-19%
Credit cards outstanding	**6,119**	5,984	7,383	2%	-17%
Commercial bills outstanding	**6,152**	6,383	6,414	-4%	-4%
Term loans - housing	**280,545**	274,967	263,596	2%	6%
Term loans - non-housing	**138,771**	150,272	164,346	-8%	-16%
Lease receivables	**958**	991	1,066	-3%	-10%
Hire purchase contracts	**339**	364	452	-7%	-25%
Total Australia	**436,954**	443,150	448,254	-1%	-3%
Asia, Pacific, Europe & America					
Overdrafts	**516**	415	476	24%	8%
Credit cards outstanding	**5**	6	7	-17%	-29%
Term loans - housing	**472**	489	531	-3%	-11%
Term loans - non-housing	**51,867**	52,682	78,803	-2%	-34%
Lease receivables	**1,108**	1,031	29	7%	large
Other	**15**	20	28	-25%	-46%
Total Asia, Pacific, Europe & America	**53,983**	54,643	79,874	-1%	-32%
New Zealand					
Overdrafts	**599**	610	795	-2%	-25%
Credit cards outstanding	**1,181**	1,204	1,389	-2%	-15%
Term loans - housing	**87,561**	82,894	85,301	6%	3%
Term loans - non-housing	**37,390**	38,771	43,373	-4%	-14%
Lease receivables	**-**	-	138	n/a	-100%
Hire purchase contracts	**-**	-	1,657	n/a	-100%
Total New Zealand	**126,731**	123,479	132,653	3%	-4%
Sub-total	**617,668**	621,272	660,781	-1%	-7%
Unearned income[1,2]	**(437)**	(460)	(661)	-5%	-34%
Capitalised brokerage and other origination costs[1,2]	**1,378**	1,262	1,158	9%	19%
Gross loans and advances	**618,609**	622,074	661,278	-1%	-6%
Allowance for expected credit losses (refer to Note 10)	**(4,250)**	(4,981)	(4,669)	-15%	-9%
Net loans and advances	**614,359**	617,093	656,609	0%	-6%

1. *In the March 2021 half, deferred expenses previously netted within Unearned income were reclassified to Capitalised brokerage and other origination costs to better align with the nature of the balances. Comparatives have been restated accordingly (Sep 20 half: $394 million; Mar 20 half: $293 million).*
2. *Amortised over the expected life of the loan.*

10. Allowance for expected credit losses

	As at								
	Mar 21			Sep 20			Mar 20		
	Collectively assessed $M	Individually assessed $M	Total $M	Collectively assessed $M	Individually assessed $M	Total $M	Collectively assessed $M	Individually assessed $M	Total $M
Net loans and advances at amortised cost	**3,472**	**778**	**4,250**	4,130	851	4,981	3,614	1,055	4,669
Off-balance sheet commitments	**795**	**31**	**826**	858	40	898	872	38	910
Investment securities - debt securities at amortised cost	**18**	**-**	**18**	20	-	20	15	-	15
Total	**4,285**	**809**	**5,094**	5,008	891	5,899	4,501	1,093	5,594
Other Comprehensive Income									
Investment securities - debt securities at FVOCI[1]	**11**	**-**	**11**	10	-	10	9	-	9

1 For FVOCI assets, the allowance for ECL does not alter the carrying amount which remains at fair value. Instead, the allowance for ECL is recognised in Other Comprehensive Income (OCI) with a corresponding charge to profit or loss.

The following tables present the movement in the allowance for ECL.

Net loans and advances at amortised cost

Allowance for ECL is included in Net loans and advances.

	Stage 1 $M	Stage 2 $M	Stage 3 Collectively assessed $M	Stage 3 Individually assessed $M	Total $M
As at 1 October 2019	**927**	**1,378**	**413**	**791**	**3,509**
Transfer between stages	204	(270)	(95)	161	**-**
New and increased provisions (net of releases)	30	840	132	718	**1,720**
Write-backs	-	-	-	(164)	**(164)**
Bad debts written off (excluding recoveries)	-	-	-	(469)	**(469)**
Foreign currency translation and other movements[1]	30	20	5	18	**73**
As at 31 March 2020	**1,191**	**1,968**	**455**	**1,055**	**4,669**
Transfer between stages	187	(291)	(106)	210	**-**
New and increased provisions (net of releases)	(112)	841	119	455	**1,303**
Write-backs	-	-	-	(157)	**(157)**
Bad debts written off (excluding recoveries)	-	-	-	(640)	**(640)**
Foreign currency translation and other movements[1]	(62)	(53)	(7)	(72)	**(194)**
As at 30 September 2020	**1,204**	**2,465**	**461**	**851**	**4,981**
Transfer between stages	345	(369)	(98)	122	**-**
New and increased provisions (net of releases)	(563)	3	52	333	**(175)**
Write-backs	-	-	-	(171)	**(171)**
Bad debts written off (excluding recoveries)	-	-	-	(340)	**(340)**
Foreign currency translation and other movements[1]	(11)	(14)	(3)	(17)	**(45)**
As at 31 March 2021	**975**	**2,085**	**412**	**778**	**4,250**

1. Other movements include the impact of discount unwind on individually assessed allowances for ECL and the impact of divestments completed during the September 2020 half and the March 2020 half.

10. Allowance for expected credit losses, cont'd

Off-balance sheet commitments - undrawn and contingent facilities

Allowance for ECL is included in Other provisions.

	Stage 1 $M	Stage 2 $M	Stage 3 Collectively assessed $M	Stage 3 Individually assessed $M	Total $M
As at 1 October 2019	**473**	**151**	**21**	**23**	**668**
Transfer between stages	20	(24)	(2)	6	-
New and increased provisions (net of releases)	98	115	(2)	15	**226**
Write-backs	-	-	-	(6)	**(6)**
Foreign currency translation	19	2	1	-	**22**
As at 31 March 2020	**610**	**244**	**18**	**38**	**910**
Transfer between stages	14	(20)	-	6	-
New and increased provisions (net of releases)	1	20	6	4	**31**
Write-backs	-	-	-	(8)	**(8)**
Foreign currency translation and other movements[1]	(29)	(5)	(1)	-	(35)
As at 30 September 2020	**596**	**239**	**23**	**40**	**898**
Transfer between stages	36	(34)	(3)	1	-
New and increased provisions (net of releases)	(52)	4	-	(1)	**(49)**
Write-backs	-	-	-	(9)	**(9)**
Foreign currency translation	(12)	(2)	-	-	**(14)**
As at 31 March 2021	**568**	**207**	**20**	**31**	**826**

1. *Other movements include the impact of divestments completed during the period.*

Investment securities - debt securities at amortised cost

Allowance for ECL is included in Investment securities.

	Stage 1 $M	Stage 2 $M	Stage 3 Collectively assessed $M	Stage 3 Individually assessed $M	Total $M
As at 31 March 2020	14	1	-	-	15
As at 30 September 2020	20	-	-	-	20
As at 31 March 2021	**18**	**-**	**-**	**-**	**18**

Investment securities - debt securities at FVOCI

For FVOCI assets, the allowance for ECL does not alter the carrying amount which remains at fair value. Instead, the allowance for ECL is recognised in Other Comprehensive Income (OCI) with a corresponding charge to profit or loss.

	Stage 1 $M	Stage 2 $M	Stage 3 Collectively assessed $M	Stage 3 Individually assessed $M	Total $M
As at 31 March 2020	9	-	-	-	9
As at 30 September 2020	10	-	-	-	10
As at 31 March 2021	**11**	**-**	**-**	**-**	**11**

10. Allowance for expected credit losses, cont'd

Credit impairment charge/(release) analysis

	Half Year			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
New and increased provisions (net of releases)[1,2]					
- Collectively assessed	**(678)**	669	1,048	large	large
- Individually assessed	**455**	675	900	-33%	-49%
Write-backs[3]	**(180)**	(165)	(170)	9%	6%
Recoveries of amounts previously written off	**(88)**	(115)	(104)	-23%	-15%
Total credit impairment charge/(release)	**(491)**	1,064	1,674	large	large

1. *Includes the impact of transfers between collectively assessed and individually assessed.*
2. *New and increased provisions (net of releases) includes:*

	Mar 21 half		*Sep 20 half*		*Mar 20 half*	
	Collectively assessed $M	***Individually assessed $M***	***Collectively assessed $M***	***Individually assessed $M***	***Collectively assessed $M***	***Individually assessed $M***
Net loans and advances at amortised cost	*(630)*	*455*	*638*	*665*	*841*	*879*
Off-balance sheet commitments	*(49)*	*-*	*21*	*10*	*205*	*21*
Investment securities - debt securities at amortised cost	*-*	*-*	*8*	*-*	*1*	*-*
Investment securities - debt securities at FVOCI	*1*	*-*	*2*	*-*	*1*	*-*
Total	***(678)***	***455***	***669***	***675***	***1,048***	***900***

3. *Consists of write-backs in Net loans and advances at amortised cost of $171 million (Sep 20 half: $157 million; Mar 20 half: $164 million), and Off-balance sheet commitment of $9 million (Sep 20 half: $8 million; Mar 20 half: $6 million).*

Loan Deferral and Relief Packages (Support Packages)

From March 2020 the Group offered various forms of assistance to customers to counteract the impact of COVID-19 on the ability of customers to meet their loan obligations. The assistance provided included arrangements such as temporary deferral of principal and interest repayments, replacing principal and interest with interest only repayments, and extension of loan maturity dates. The loan repayment deferral package is considered to be a loan modification under AASB 9. This either results in the loan being derecognised and replaced with a new loan (substantial modification) or the existing loan continuing to be recognised (non-substantial modification).

These support packages were phased out during the March 2021 half. In the case of home loan support packages, 94% of all loans in Australia and New Zealand where customers took advantage of a support package have reverted back to loan repayments, with the remaining 6% having been either restructured or transferred to hardship. For business loan support packages in Australia, 90% of loans have returned to loan payments, with the remaining 10% having been restructured or transferred to hardship. For those customers who took up loan support packages, it is considered that the packages, as well as government support measures, may have obscured repayment delinquencies that might otherwise have occurred over the loan deferral period and those that may still occur in the future. Thus the Group has provided a component of ECL for expected delinquencies and increases in SICR.

Facilities which transitioned to interest-only or took up term extensions offered as a result of COVID-19, are now subsumed within the normal loan population and are managed accordingly.

11. Deposits and other borrowings

	As at			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Australia					
Certificates of deposit	**34,176**	28,258	34,733	21%	-2%
Term deposits	**61,503**	64,187	69,056	-4%	-11%
On demand and short term deposits	**247,730**	240,945	220,135	3%	13%
Deposits not bearing interest	**20,850**	18,771	14,410	11%	45%
Deposits from banks and securities sold under repurchase agreements[1]	**42,651**	58,762	52,942	-27%	-19%
Commercial paper	**22,829**	7,524	17,435	large	31%
Total Australia	**429,739**	418,447	408,711	3%	5%
Asia, Pacific, Europe & America					
Certificates of deposit	**4,532**	2,583	1,494	75%	large
Term deposits	**84,950**	86,735	121,141	-2%	-30%
On demand and short term deposits	**27,332**	24,366	24,211	12%	13%
Deposits not bearing interest	**6,448**	5,473	7,101	18%	-9%
Deposits from banks and securities sold under repurchase agreements	**35,456**	29,127	46,397	22%	-24%
Total Asia, Pacific, Europe & America	**158,718**	148,284	200,344	7%	-21%
New Zealand					
Certificates of deposit	**1,292**	1,650	1,651	-22%	-22%
Term deposits	**39,715**	46,351	50,414	-14%	-21%
On demand and short term deposits	**54,379**	49,905	45,978	9%	18%
Deposits not bearing interest	**18,618**	15,630	14,050	19%	33%
Deposits from banks and securities sold under repurchase agreements	**910**	448	1,422	large	-36%
Commercial paper and other borrowings	**3,252**	1,618	4,339	large	-25%
Total New Zealand	**118,166**	115,602	117,854	2%	0%
Total deposits and other borrowings	**706,623**	682,333	726,909	4%	-3%

1. *In March 2020, the Reserve Bank of Australia announced a Term Funding Facility (TFF) which is a three-year funding facility to ADIs at a fixed rate of 0.25%. ADIs are able to obtain initial funding of up to 3% of their existing outstanding credit with access to additional funding if they increase lending to small and medium-sized businesses. As at 31 March 2021, ANZ had drawn $12 billion (Sep 20: $12 billion) from its initial TFF allowance of $12 billion and it had drawn $0 billion (Sep 20: $0 billion) from its additional TFF allowance of $8 billion.*

12. Other provisions

	As at			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
ECL allowance on undrawn facilities (refer to Note 10)	**826**	898	910	-8%	-9%
Customer remediation	**1,003**	1,109	1,094	-10%	-8%
Restructuring costs	**122**	105	128	16%	-5%
Non-lending losses, frauds and forgeries	**77**	79	82	-3%	-6%
Other	**389**	388	559	0%	-30%
Total other provisions	**2,417**	2,579	2,773	-6%	-13%

Customer remediation

Customer remediation includes provisions for expected refunds to customers, remediation project costs and related customer and regulatory claims, penalties and litigation outcomes.

Restructuring costs

Provisions for restructuring costs arise from activities related to material changes in the scope of business undertaken by the Group or the manner in which that business is undertaken and include employee termination benefits. Costs relating to on-going activities are not provided for and are expensed as incurred.

Non-lending losses, frauds and forgeries

Non-lending losses include losses arising from certain legal actions not directly related to amounts of principal outstanding for loans and advances and losses arising from forgeries, frauds and the correction of operational issues. The amounts recognised are the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties that surround the events and circumstances that affect the provision.

Other

Other provisions comprise various other provisions including workers compensation, make-good provisions associated with leased premises, warranties and indemnities provided in connection with various disposals of businesses and assets, and contingent liabilities recognised as part of a business combination.

13. Discontinued operations and assets and liabilities held for sale

i) Discontinued operations

The sale of the Group's Aligned Dealer Groups (ADGs) business completed on 1 October 2018, the sale of OnePath pensions and investments (OnePath P&I) business completed on 31 January 2020, and the sale of the Group's life insurance business completed on 31 May 2019.

As a result of the sale transactions outlined above, the financial results of the businesses were treated as discontinued operations from a reporting perspective.

Details of the financial performance and cash flows of discontinued operations are presented below.

Income Statement

	Half Year			Movement	
	Mar 21 $M	**Sep 20 $M**	**Mar 20 $M**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
Net interest income	**-**	-	(5)	n/a	-100%
Other operating income	**27**	63	(109)	-57%	large
Operating income	**27**	63	(114)	-57%	large
Operating expenses	**(38)**	(80)	(120)	-53%	-68%
Profit/(Loss) before credit impairment and income tax	**(11)**	(17)	(234)	-35%	-95%
Credit impairment (charge)/release	**-**	-	-	n/a	n/a
Profit/(Loss) before income tax	**(11)**	(17)	(234)	-35%	-95%
Income tax (expense)/benefit	**3**	9	144	-67%	-98%
Profit/(Loss) for the period attributable to shareholders of the Company[1]	**(8)**	(8)	(90)	0%	-91%

1. *Includes the results of the OnePath P&I business up to sale completion in January 2020.*

Income Statement impact relating to discontinued operations

During the March 2021 half, the Group recognised the following impacts in relation to discontinued operations:

- $1 million of customer remediation charges ($1 million loss after tax) recorded in operating expenses.

During the September 2020 half, the Group recognised the following impacts in relation to discontinued operations:

- $2 million loss on disposal ($2 million loss after tax) recorded in operating income attributable to sale completion costs.
- $2 million of customer remediation charges ($2 million loss after tax) recorded in operating expenses.

During the March 2020 half, the Group recognised the following impacts in relation to discontinued operations:

- $16 million loss on disposal ($11 million loss after tax) recorded in operating income attributable to sale completion costs.
- $124 million of customer remediation charges ($128 million recorded in operating income and a release of $4 million recorded in operating expenses) and an associated $30 million tax benefit.
- $101 million charge was recorded in operating income offset by a $101 million tax benefit within income tax expense relating to the finalisation of the policyholder tax position associated with the sale of the life insurance business to Zurich.

Cash Flow Statement

	Half Year			Movement	
	Mar 21 $M	**Sep 20 $M**	**Mar 20 $M**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
Net cash provided by/(used in) operating activities	**-**	-	(25)	n/a	-100%
Net cash provided by/(used in) investing activities	**-**	-	-	n/a	n/a
Net cash provided by/(used in) financing activities	**-**	-	25	n/a	-100%
Net increase/(decrease) in cash and cash equivalents	**-**	-	-	n/a	n/a

13. Discontinued operations and assets and liabilities held for sale, cont'd

ii) Assets and liabilities held for sale

As at 31 March 2021, the following divestments met the criteria to be classified as held for sale under accounting standards but based on materiality have not been presented separately as assets and liabilities held for sale on the Balance Sheet. There were no assets and liabilities held for sale in the September and March 2020 halves.

- **Worldline Joint Venture**

  In December 2020, the Group announced it had entered into a joint-venture with European-based payments company Worldline. The joint venture arrangement involves ANZ and Worldline forming a newly created merchant acquiring group, with ANZ and Worldline holding a 49% and 51% interest respectively. The transaction is expected to complete in the 2022 financial year and is subject to regulatory and other approvals and card scheme arrangements. At 31 March 2021, the net assets associated with this business were $8 million primarily relating to equipment of $30 million, various other assets of $5 million and payables and other liabilities of $27 million.

- **ANZ Share Investing**

  During the March 2021 half, the Group reclassified its ANZ Share Investing business as held for sale reflecting a continuation of the Group's simplification strategy. As a consequence of remeasuring the net assets at fair value less costs to sell the Group recognised a loss of $251 million in Other operating income relating to the write-down of goodwill attributable to the business. At 31 March 2021, the net assets associated with this business were $12 million primarily relating to goodwill.

14. Debt issuances

	As at			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Total unsubordinated debt	**83,963**	98,607	119,136	-15%	-30%
Additional Tier 1 Capital (perpetual subordinated securities)[1]					
ANZ Capital Notes (ANZ CN)[2]					
ANZ CN1	**1,120**	1,119	1,119	0%	0%
ANZ CN2	**1,609**	1,608	1,607	0%	0%
ANZ CN3	**968**	967	966	0%	0%
ANZ CN4	**1,615**	1,614	1,613	0%	0%
ANZ CN5	**927**	926	926	0%	0%
ANZ Capital Securities[3]	**1,347**	1,499	1,712	-10%	-21%
ANZ New Zealand Capital Notes[4]	**459**	463	487	-1%	-6%
Tier 2 Capital					
Perpetual subordinated notes[5]	**395**	422	485	-6%	-19%
Term subordinated notes[6]	**15,220**	12,443	12,197	22%	25%
Total subordinated debt	**23,660**	21,061	21,112	12%	12%
Total debt issuances	**107,623**	119,668	140,248	-10%	-23%

1. *ANZ Capital Notes, ANZ Capital Securities and the ANZ New Zealand Capital Notes are Basel 3 compliant instruments.*
2. *Each of the ANZ Capital Notes will convert into a variable number of ANZ ordinary shares on a specified mandatory conversion date at a 1% discount (subject to certain conditions being satisfied). If ANZ's Common Equity Tier 1 capital ratio is equal to or less than 5.125%, or ANZ receives a notice of non-viability from APRA, then the notes will immediately convert into a variable number of ANZ ordinary shares at a 1% discount subject to a maximum conversion number. Subject to certain conditions, the notes are redeemable or convertible into ANZ ordinary shares (on similar terms to mandatory conversion) by ANZ at its discretion on an early redemption or conversion date.*

	Issuer	*Issue date*	*Issue amount $M*	*Early redemption or conversion date*	*Mandatory conversion date*
CN1	*ANZ*	*7 Aug 2013*	*1,120*	*1 Sep 2021*	*1 Sep 2023*
CN2	*ANZ*	*31 Mar 2014*	*1,610*	*24 Mar 2022*	*24 Mar 2024*
CN3	*ANZ, acting through its New Zealand branch*	*5 Mar 2015*	*970*	*24 Mar 2023*	*24 Mar 2025*
CN4	*ANZ*	*27 Sep 2016*	*1,622*	*20 Mar 2024*	*20 Mar 2026*
CN5	*ANZ*	*28 Sep 2017*	*931*	*20 Mar 2025*	*20 Mar 2027*

3. *On 15 June 2016, ANZ acting through its London branch issued US$1 billion fully-paid perpetual subordinated contingent convertible securities (ANZ Capital Securities). If ANZ's Common Equity Tier 1 capital ratio is equal to or less than 5.125%, or ANZ receives a notice of non-viability from APRA, then the securities will immediately convert into a variable number of ANZ ordinary shares at a 1% discount subject to a maximum conversion number. Subject to certain conditions, on the First Reset Date (15 June 2026) and on each 5 year anniversary, ANZ has the right to redeem all of the securities at its discretion.*
4. *On 31 March 2015, ANZ Bank New Zealand Limited (ANZ New Zealand) issued NZ$500 million convertible notes (ANZ New Zealand Capital Notes). If ANZ or ANZ New Zealand's Common Equity Tier 1 capital ratio is equal to or less than 5.125%, ANZ receives a notice of non-viability from APRA, ANZ New Zealand receives a direction from RBNZ or a statutory manager is appointed to ANZ New Zealand and makes a determination, then the ANZ New Zealand Capital Notes will immediately convert into a variable number of ANZ ordinary shares at a 1% discount subject to a maximum conversion number. In April 2020, the RBNZ informed New Zealand-incorporated registered banks (including ANZ New Zealand) that they should not redeem capital instruments at that time. Accordingly, ANZ New Zealand was not permitted to redeem the ANZ New Zealand Capital Notes on the optional exchange date (25 May 2020), although it can continue making coupon payments on those notes. As ANZ New Zealand did not exercise its option to convert the notes in May 2020, the terms of the ANZ New Zealand Capital Notes provide for their conversion into a variable number of ANZ ordinary shares on 25 May 2022 at a 1% discount (subject to certain conditions being satisfied).*
5. *The USD 300 million perpetual subordinated notes have been granted Basel 3 transitional capital treatment until the end of the transition period in December 2021.*
6. *All the term subordinated notes are convertible and are Basel 3 compliant instruments. If ANZ receives a notice of non-viability from APRA, then the convertible subordinated notes will immediately convert into a variable number of ANZ ordinary shares at a 1% discount subject to a maximum conversion number.*

15. Credit risk

Maximum exposure to credit risk

For financial assets recognised on the balance sheet, the maximum exposure to credit risk is the carrying amount. In certain circumstances there may be differences between the carrying amounts reported on the balance sheet and the amounts reported in the tables below. Principally, these differences arise in respect of financial assets that are subject to risks other than credit risk, such as equity instruments which are primarily subject to market risk, or bank notes and coins.

For undrawn facilities, this maximum exposure to credit risk is the full amount of the committed facilities. For contingent exposures, the maximum exposure to credit risk is the maximum amount the group would have to pay if the instrument is called upon.

The table below shows the maximum exposure to credit risk of on-balance sheet, and off-balance sheet, positions before taking account of any collateral held or other credit enhancements:

	Reported As at			Excluded[1] As at			Maximum Exposure to Credit Risk As at		
On-balance sheet positions	**Mar 21 $M**	**Sep 20 $M**	**Mar 20 $M**	**Mar 21 $M**	**Sep 20 $M**	**Mar 20 $M**	**Mar 21 $M**	**Sep 20 $M**	**Mar 20 $M**
Net loans and advances	**614,359**	617,093	656,609	**-**	-	-	**614,359**	617,093	656,609
Investment securities									
- debt securities at amortised cost	**7,028**	6,816	7,231	**-**	-	-	**7,028**	6,816	7,231
- debt securities at FVOCI	**83,715**	85,460	77,476	**-**	-	-	**83,715**	85,460	77,476
- equity securities at FVOCI	**1,184**	1,062	1,166	**1,184**	1,062	1,166	**-**	-	-
- debt securities at FVTPL	**63**	53	50	**-**	-	-	**63**	53	50
Other financial assets	**300,339**	319,224	393,862	**15,829**	14,753	14,305	**284,510**	304,471	379,557
Total on-balance sheet positions	**1,006,688**	1,029,708	1,136,394	**17,013**	15,815	15,471	**989,675**	1,013,893	1,120,923
Off-balance sheet commitments									
Undrawn and contingent facilities[2]	**252,392**	266,716	269,417	**-**	-	-	**252,392**	266,716	269,417
Total	**1,259,080**	1,296,424	1,405,811	**17,013**	15,815	15,471	**1,242,067**	1,280,609	1,390,340

[1] Excluded comprises bank notes and coins and cash at bank within liquid assets, and equity securities within Investment securities - equity securities at FVOCI as they do not have credit exposure.
[2] Undrawn and contingent facilities include guarantees, letters of credit and performance related contingencies, net of collectively assessed allowance for expected credit losses.

Credit Quality

The Group's internal Customer Credit Rating (CCR) is used to manage the credit quality of financial assets. To enable wider comparisons, the Group's CCRs are mapped to external rating agency scales as follows:

Credit Quality Description	Internal CCR	ANZ Customer Requirement	Moody's Rating	Standard & Poor's Rating
Strong	CCR 0+ to 4-	Demonstrated superior stability in their operating and financial performance over the long-term, and whose earnings capacity is not significantly vulnerable to foreseeable events.	Aaa - Baa3	AAA - BBB-
Satisfactory	CCR 5+ to 6-	Demonstrated sound operational and financial stability over the medium to long term even though some may be susceptible to cyclical trends or variability in earnings.	Ba1 - B1	BB+ - B+
Weak	CCR 7+ to 8=	Demonstrated some operational and financial instability, with variability and uncertainty in profitability and liquidity projected to continue over the short and possibly medium term.	B2 - Caa	B - CCC
Defaulted	CCR8- to 10	When doubt arises as to the collectability of a credit facility, the financial instrument (or 'the facility') is classified as defaulted.	N/A	N/A

15. Credit risk, cont'd

Net loans and advances

As at March 2021	Stage 1 $M	Stage 2 $M	Stage 3 Collectively assessed $M	Stage 3 Individually assessed $M	Total $M
Strong	390,928	12,204	-	-	**403,132**
Satisfactory	149,462	33,317	-	-	**182,779**
Weak	8,493	14,150	-	-	**22,643**
Defaulted	-	-	4,160	1,941	**6,101**
Gross loans and advances at amortised cost	**548,883**	**59,671**	**4,160**	**1,941**	**614,655**
Allowance for ECL	(975)	(2,085)	(412)	(778)	**(4,250)**
Net loans and advances at amortised cost	**547,908**	**57,586**	**3,748**	**1,163**	**610,405**
Coverage ratio	**0.18%**	**3.49%**	**9.90%**	**40.08%**	**0.69%**
Loans and advances at fair value through profit or loss					3,013
Unearned income[1]					(437)
Capitalised brokerage and other origination costs[1]					1,378
Net carrying amount					**614,359**

As at September 2020	Stage 1 $M	Stage 2 $M	Stage 3 Collectively assessed $M	Stage 3 Individually assessed $M	Total $M
Strong	395,608	18,262	-	-	413,870
Satisfactory	133,558	37,577	-	-	171,135
Weak	8,461	16,850	-	-	25,311
Defaulted	-	-	4,762	2,256	7,018
Gross loans and advances at amortised cost	**537,627**	**72,689**	**4,762**	**2,256**	**617,334**
Allowance for ECL	(1,204)	(2,465)	(461)	(851)	(4,981)
Net loans and advances at amortised cost	**536,423**	**70,224**	**4,301**	**1,405**	**612,353**
Coverage ratio	**0.22%**	**3.39%**	**9.68%**	**37.72%**	**0.81%**
Loans and advances at fair value through profit or loss					3,938
Unearned income[1]					(460)
Capitalised brokerage and other origination costs[1]					1,262
Net carrying amount					**617,093**

As at March 2020	Stage 1 $M	Stage 2 $M	Stage 3 Collectively assessed $M	Stage 3 Individually assessed $M	Total $M
Strong	465,601	14,009	-	-	479,610
Satisfactory	114,178	39,137	-	-	153,315
Weak	5,959	11,692	-	-	17,651
Defaulted	-	-	4,837	2,435	7,272
Gross loans and advances at amortised cost	**585,738**	**64,838**	**4,837**	**2,435**	**657,848**
Allowance for ECL	(1,191)	(1,968)	(455)	(1,055)	(4,669)
Net loans and advances at amortised cost	**584,547**	**62,870**	**4,382**	**1,380**	**653,179**
Coverage ratio	**0.20%**	**3.04%**	**9.41%**	**43.33%**	**0.71%**
Loans and advances at fair value through profit or loss					2,932
Unearned income[1]					(661)
Capitalised brokerage and other origination costs[1]					1,158
Net carrying amount					**656,609**

1. *In the March 2021 half, deferred expenses previously netted within Unearned income were reclassified to Capitalised brokerage and other origination costs to better align with the nature of the balances. Comparatives have been restated accordingly (Sep 20 half: $394 million; Mar 20 half: $293 million).*

15. Credit risk, cont'd

Off-balance sheet commitments - undrawn and contingent facilities

			Stage 3		
As at March 2021	**Stage 1 $M**	**Stage 2 $M**	**Collectively assessed $M**	**Individually assessed $M**	**Total $M**
Strong	168,628	1,829	-	-	**170,457**
Satisfactory	23,398	4,148	-	-	**27,546**
Weak	950	938	-	-	**1,888**
Defaulted	-	-	135	232	**367**
Gross undrawn and contingent facilities subject to ECL	**192,976**	**6,915**	**135**	**232**	**200,258**
Allowance for ECL included in Provisions	(568)	(207)	(20)	(31)	**(826)**
Net undrawn and contingent facilities subject to ECL	**192,408**	**6,708**	**115**	**201**	**199,432**
Coverage ratio	**0.29%**	**2.99%**	**14.81%**	**13.36%**	**0.41%**
Undrawn and contingent facilities not subject to ECL[1]					52,960
Net undrawn and contingent facilities					**252,392**
As at September 2020					
Strong	171,979	3,045	-	-	**175,024**
Satisfactory	22,983	3,972	-	-	**26,955**
Weak	1,123	1,132	-	-	**2,255**
Defaulted	-	-	144	203	**347**
Gross undrawn and contingent facilities subject to ECL	**196,085**	**8,149**	**144**	**203**	**204,581**
Allowance for ECL included in Provisions	(596)	(239)	(23)	(40)	**(898)**
Net undrawn and contingent facilities subject to ECL	**195,489**	**7,910**	**121**	**163**	**203,683**
Coverage ratio	**0.30%**	**2.93%**	**15.97%**	**19.70%**	**0.44%**
Undrawn and contingent facilities not subject to ECL[1]					63,033
Net undrawn and contingent facilities					**266,716**
As at March 2020					
Strong	172,684	1,617	-	-	**174,301**
Satisfactory	24,433	4,832	-	-	**29,265**
Weak	284	1,156	-	-	**1,440**
Defaulted	-	-	149	164	**313**
Gross undrawn and contingent facilities subject to ECL	**197,401**	**7,605**	**149**	**164**	**205,319**
Allowance for ECL included in Provisions	(610)	(244)	(18)	(38)	**(910)**
Net undrawn and contingent facilities subject to ECL	**196,791**	**7,361**	**131**	**126**	**204,409**
Coverage ratio	**0.31%**	**3.21%**	**12.08%**	**23.17%**	**0.44%**
Undrawn and contingent facilities not subject to ECL[1]					65,008
Net undrawn and contingent facilities					**269,417**

1. *Commitments that can be unconditionally cancelled at any time without notice.*

15. Credit risk, cont'd

Investment securities - debt securities at amortised cost

As at March 2021	Stage 1 $M	Stage 2 $M	Stage 3 Collectively assessed $M	Stage 3 Individually assessed $M	Total $M
Strong	5,657	-	-	-	**5,657**
Satisfactory	1,389	-	-	-	**1,389**
Gross investment securities - debt securities at amortised cost	**7,046**	**-**	**-**	**-**	**7,046**
Allowance for ECL	(18)	-	-	-	**(18)**
Net investment securities - debt securities at amortised cost	**7,028**	**-**	**-**	**-**	**7,028**
Coverage ratio	**0.26%**	**-**	**-**	**-**	**0.26%**
As at September 2020					
Strong	5,594	-	-	-	5,594
Satisfactory	1,067	175	-	-	1,242
Gross investment securities - debt securities at amortised cost	**6,661**	**175**	**-**	**-**	**6,836**
Allowance for ECL	(20)	-	-	-	**(20)**
Net investment securities - debt securities at amortised cost	**6,641**	**175**	**-**	**-**	**6,816**
Coverage ratio	**0.30%**	**0.00%**	-	-	**0.29%**
As at March 2020					
Strong	5,733	-	-	-	5,733
Satisfactory	888	625	-	-	1,513
Gross investment securities - debt securities at amortised cost	**6,621**	**625**	-	-	**7,246**
Allowance for ECL	(14)	(1)	-	-	**(15)**
Net investment securities - debt securities at amortised cost	**6,607**	**624**	-	-	**7,231**
Coverage ratio	**0.21%**	**0.16%**	-	-	**0.21%**

Investment securities - debt securities at FVOCI

As at March 2021	Stage 1 $M	Stage 2 $M	Stage 3 Collectively assessed $M	Stage 3 Individually assessed $M	Total $M
Strong	83,494	-	-	-	**83,494**
Satisfactory	221	-	-	-	**221**
Investment securities - debt securities at FVOCI	**83,715**	**-**	**-**	**-**	**83,715**
Allowance for ECL recognised in other comprehensive income	(11)	-	-	-	**(11)**
Coverage ratio	**0.01%**	**-**	**-**	**-**	**0.01%**
As at September 2020					
Strong	85,287	-	-	-	**85,287**
Satisfactory	173	-	-	-	**173**
Investment securities - debt securities at FVOCI	**85,460**	**-**	**-**	**-**	**85,460**
Allowance for ECL recognised in other comprehensive income	(10)	-	-	-	**(10)**
Coverage ratio	**0.01%**	**-**	**-**	**-**	**0.01%**
As at March 2020					
Strong	77,213	-	-	-	**77,213**
Satisfactory	263	-	-	-	**263**
Investment securities - debt securities at FVOCI	**77,476**	-	-	-	**77,476**
Allowance for ECL recognised in other comprehensive income	(9)	-	-	-	**(9)**
Coverage ratio	**0.01%**	**-**	**-**	**-**	**0.01%**

15. Credit risk, cont'd

Investment securities - debt securities at FVTPL

As at March 2021	Stage 1 $M	Stage 2 $M	Stage 3 Collectively assessed $M	Stage 3 Individually assessed $M	Total $M
Satisfactory	63	-	-	-	**63**
Investment securities - debt securities at FVTPL	**63**	**-**	**-**	**-**	**63**
Allowance for ECL	-	-	-	-	**-**
Coverage ratio	**0.00%**	**-**	**-**	**-**	**0.00%**
As at September 2020					
Satisfactory	53	-	-	-	**53**
Investment securities - debt securities at FVTPL	**53**	**-**	**-**	**-**	**53**
Allowance for ECL	-	-	-	-	**-**
Coverage ratio	**0.00%**	**-**	**-**	**-**	**0.00%**
As at March 2020					
Satisfactory	50	-	-	-	**50**
Investment securities - debt securities at FVTPL	**50**	**-**	**-**	**-**	**50**
Allowance for ECL	-	-	-	-	**-**
Coverage ratio	**0.00%**	**-**	**-**	**-**	**0.00%**

Other financial assets

	As at Mar 21 $M	As at Sep 20 $M	As at Mar 20 $M
Strong	**280,105**	293,171	369,909
Satisfactory	**3,846**	10,671	9,033
Weak	**556**	628	615
Defaulted	**3**	1	-
Other financial assets	**284,510**	304,471	379,557

16. Fair value measurement

The Group carries a significant number of financial instruments on the balance sheet at fair value. Fair value is the best estimate of the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

i) Assets and liabilities measured at fair value on the balance sheet

a) Valuation

The Group has an established control framework, including appropriate segregation of duties, to ensure that fair values are accurately determined, reported and controlled. The framework includes the following features:

- products are approved for transacting with external customers and counterparties only where fair values can be appropriately determined;
- when using quoted prices to value an instrument, these are independently verified from external pricing providers;
- fair value methodologies and inputs are evaluated and approved by a function independent of the party that undertakes the transaction;
- movements in fair values are independently monitored and explained by reference to underlying factors relevant to the fair value; and
- valuation adjustments (such as funding valuation adjustments, credit valuation adjustments and bid-offer adjustments) are independently validated and monitored.

If the Group holds offsetting risk positions, then the Group uses the portfolio exception in AASB 13 *Fair Value Measurement* (AASB 13) to measure the fair value of such groups of financial assets and financial liabilities. We measure the portfolio based on the price that would be received to sell a net long position (an asset) for a particular risk exposure, or to transfer a net short position (a liability) for a particular risk exposure.

b) Fair value approach and valuation techniques

We use valuation techniques to estimate the fair value of assets and liabilities for recognition, measurement and disclosure purposes where no quoted price in an active market for that asset or liability exists. This includes the following:

Asset or Liability	Fair Value Approach
Financial instruments classified as: - trading securities - securities sold short - derivative financial assets and liabilities - investment securities - other assets	Valuation techniques are used that incorporate observable market inputs for securities with similar credit risk, maturity and yield characteristics. Equity instruments that are not traded in active markets may be measured using comparable company valuation multiples.
Financial instruments classified as: - net loans and advances - deposits and other borrowings - debt issuances	Discounted cash flow techniques are used whereby contractual future cash flows of the instrument are discounted using discount rates incorporating wholesale market interest rates, or market borrowing rates for debt with similar maturities or with a yield curve appropriate for the remaining term to maturity.

There were no significant changes to valuation approaches during the current or prior halves.

c) Fair value hierarchy

The Group categorises financial assets and liabilities carried at fair value into a fair value hierarchy as required by AASB 13 based on the observability of inputs used to measure the fair value:

- Level 1 - valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuations using inputs other than quoted prices included within Level 1 that are observable for a similar asset or liability, either directly or indirectly; and
- Level 3 - valuations where significant unobservable inputs are used to measure the fair value of the asset or liability.

There were no significant changes to levelling approaches during the current or prior halves.

16. Fair value measurement, cont'd

d) Fair value hierarchy disclosure

The following table presents assets and liabilities carried at fair value:

	Fair value measurements			
As at March 2021	**Level 1 $M**	**Level 2 $M**	**Level 3 $M**	**Total $M**
Assets				
Trading securities[1]	41,424	4,907	-	**46,331**
Derivative financial instruments	648	103,984	34	**104,666**
Investment securities[1]	83,573	209	1,180	**84,962**
Net loans and advances (measured at fair value)	-	3,003	10	**3,013**
Total	**125,645**	**112,103**	**1,224**	**238,972**
Liabilities				
Deposits and other borrowings (designated at fair value)	-	3,598	-	**3,598**
Derivative financial instruments	947	101,954	25	**102,926**
Payables and other liabilities[2]	3,925	12	-	**3,937**
Debt issuances (designated at fair value)	-	1,926	-	**1,926**
Total	**4,872**	**107,490**	**25**	**112,387**
As at September 2020				
Assets				
Trading securities	44,004	6,909	-	50,913
Derivative financial instruments	681	134,588	62	135,331
Investment securities	85,330	137	1,108	86,575
Net loans and advances (measured at fair value)	-	3,925	13	3,938
Total	130,015	145,559	1,183	276,757
Liabilities				
Deposits and other borrowings (designated at fair value)	-	3,078	-	3,078
Derivative financial instruments	1,120	133,536	55	134,711
Payables and other liabilities[2]	3,830	13	-	3,843
Debt issuances (designated at fair value)	-	2,159	-	2,159
Total	**4,950**	**138,786**	**55**	**143,791**
As at March 2020				
Assets				
Trading securities	39,000	10,068	-	49,068
Derivative financial instruments	1,565	172,039	73	173,677
Available-for-sale assets	76,932	550	1,210	78,692
Net loans and advances (measured at fair value)	-	2,919	13	2,932
Total	117,497	185,576	1,296	304,369
Liabilities				
Deposits and other borrowings (designated at fair value)	-	5,461	-	5,461
Derivative financial instruments	1,778	165,519	67	167,364
Payables and other liabilities[2]	4,113	21	-	4,134
Debt issuances (designated at fair value)	-	2,681	-	2,681
Total	**5,891**	**173,682**	**67**	**179,640**

1. *Transfers into and out of levels are measured at the beginning of the reporting period in which the transfer occurred. Transfers from Level 1 to Level 2 and Level 2 to Level 1 for March 2021 and March 2020 halves are immaterial. In the September 2020 half, $100 million of bond securities assets were transferred from Level 2 to Level 1 following increased trading activity to support quoted prices.*
2. *Payables and other liabilities relates to securities sold short which are classified as held for trading and measured at fair value through profit or loss.*

16. Fair value measurement, cont'd

ii) Details of fair value measurements that incorporate unobservable market data

a) Level 3 fair value measurements

The net balance of Level 3 financial instruments is an asset of $1,199 million (Sep 20: $1,128 million; Mar 20: $1,229 million). The assets and liabilities which incorporate significant unobservable inputs primarily include:

- equities for which there is no active market or traded prices cannot be observed; and
- other derivatives referencing market rates that cannot be observed primarily due to lack of market activity.

Bank of Tianjin (BoT)

Movements in the Level 3 balance are due to the revaluation of the Group's investment in Bank of Tianjin.

The investment is valued based on comparative price-to-book (P/B) multiples (a P/B multiple is the ratio of the market value of equity to the book value of equity). The extent of judgement applied in determining the appropriate multiple and comparator group from which the multiple is derived are non-observable inputs which have resulted in the Level 3 classification.

Other

During the March 2021 half, the Group transferred $35 million of investment security assets and $5 million of derivative liabilities from Level 3 to Level 2, where valuation parameters for these financial instruments became observable during the period. There were no other transfers in or out of Level 3 in the current or prior halves.

b) Sensitivity to Level 3 data inputs

When we make assumptions due to significant inputs not being directly observable in the market place (Level 3 inputs), then changing these assumptions changes the Group's estimate of the instrument's fair value. Favourable and unfavourable changes are determined by changing the primary unobservable parameter used in deriving the valuation.

Bank of Tianjin (BoT)

The valuation of the BoT investment is sensitive to the selected unobservable input, being the P/B multiple. If the P/B multiple was increased or decreased by 10% it would result in a $102 million increase or decrease to the fair value of the investment (Sep 20: $93 million; Mar 20: $105 million), which would be recognised in shareholders' equity.

Other

The remaining Level 3 balance is immaterial and changes in the Level 3 inputs have a minimal impact on net profit and net assets of the Group.

c) Deferred fair value gains and losses

When fair values are determined using unobservable inputs significant to the fair value of a financial instrument, the Group does not immediately recognise the difference between the transaction price and the amount we determine based on the valuation technique (referred to as the day one gain or loss) in profit or loss. After initial recognition, we recognise the deferred amount in profit or loss over the life of the transaction on a straight line basis or when all inputs become observable.

The day one gains and losses deferred are immaterial.

16. Fair value measurement, cont'd

iii) Financial assets and liabilities not measured at fair value

The classes of financial assets and liabilities listed in the table below are predominately carried at amortised cost on the Group's balance sheet. Whilst this is the value at which we expect the assets will be realised and the liabilities settled, the Group provides an estimate of the fair value of these financial assets and liabilities at balance date in the table below, presenting the fair value of the entire class of financial assets and financial liabilities.

	Carrying amount in the balance sheet			Fair value
As at March 2021	At amortised cost $M	At fair value $M	Total $M	$M
Financial assets				
Net loans and advances	611,346	3,013	614,359	615,139
Investment securities	7,028	84,962	91,990	91,945
Total	**618,374**	**87,975**	**706,349**	**707,084**
Financial liabilities				
Deposits and other borrowings	703,025	3,598	706,623	706,813
Debt issuances	105,697	1,926	107,623	109,580
Total	**808,722**	**5,524**	**814,246**	**816,393**
As at September 2020				
Financial assets				
Net loans and advances	613,155	3,938	617,093	618,095
Investment securities	6,816	86,575	93,391	93,391
Total	**619,971**	**90,513**	**710,484**	**711,486**
Financial liabilities				
Deposits and other borrowings	679,255	3,078	682,333	682,623
Debt issuances	117,509	2,159	119,668	121,453
Total	**796,764**	**5,237**	**802,001**	**804,076**
As at March 2020				
Financial assets				
Net loans and advances	653,677	2,932	656,609	658,091
Investment securities	7,231	78,692	85,923	85,944
Total	**660,908**	**81,624**	**742,532**	**744,035**
Financial liabilities				
Deposits and other borrowings	721,448	5,461	726,909	727,326
Debt issuances	137,567	2,681	140,248	138,454
Total	**859,015**	**8,142**	**867,157**	**865,780**

17. Shareholders' equity

Issued and quoted securities	As at		
Ordinary shares	**Mar 21 No.**	**Sep 20 No.**	**Mar 20 No.**
Opening balance	**2,840,370,225**	2,836,177,422	2,834,584,923
Bonus Option Plan	**929,207**	819,781	1,592,499
Dividend reinvestment plan issues[1]	**4,242,368**	3,373,022	-
Closing balance	**2,845,541,800**	2,840,370,225	2,836,177,422
Less: Treasury Shares	**(4,484,712)**	(4,927,878)	(5,011,537)
Closing balance	**2,841,057,088**	2,835,442,347	2,831,165,885
Issued/(Repurchased) during the period	**5,171,575**	4,192,803	1,592,499

[1] *The DRP in respect to the 2020 final dividend was satisfied in full through the issue of 4,242,368 shares at $22.19 to participating shareholders. The DRP in respect to the 2020 interim dividend was satisfied through the issue of 3,373,022 shares at $18.06 to participating shareholders.*

	As at			Movement	
Shareholders' equity	**Mar 21 $M**	**Sep 20 $M**	**Mar 20 $M**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
Ordinary share capital	**26,615**	26,531	26,440	0%	1%
Reserves					
Foreign currency translation reserve	**(503)**	155	1,988	large	large
Share option reserve	**56**	85	62	-34%	-10%
FVOCI reserve	**567**	245	(51)	large	large
Cash flow hedge reserve	**643**	1,038	874	-38%	-26%
Transactions with non-controlling interests reserve	**(22)**	(22)	(22)	0%	0%
Total reserves	**741**	1,501	2,851	-51%	-74%
Retained earnings	**35,210**	33,255	32,073	6%	10%
Share capital and reserves attributable to shareholders of the Company	**62,566**	61,287	61,364	2%	2%
Non-controlling interests	**10**	10	11	0%	-9%
Total shareholders' equity	**62,576**	61,297	61,375	2%	2%

18. Changes in composition of the Group

There were no acquisitions or disposals of material controlled entities for the half year ended 31 March 2021.

19. Investments in Associates[1]

	Half Year			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Share of associates' profit/(loss)	**(242)**	20	135	large	large

Contributions to profit[2]	Contribution to Group profit after tax			Ownership interest held by Group		
Associates	Half Year			As at		
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 %	Sep 20 %	Mar 20 %
P.T. Bank Pan Indonesia	**65**	(19)	74	**39**	39	39
AMMB Holdings Berhad[3,4]	**(307)**	41	61	**24**	24	24
Other associates	**-**	(2)	-	**n/a**	n/a	n/a
Share of associates' profit/(loss)	**(242)**	20	135			

1. *At 31 March 2020, the Group recorded an impairment charge of $815 million in Other operating income with AmBank impaired by $595 million and PT Panin impaired by $220 million.*
2. *Contributions to profit reflect the IFRS equivalent results adjusted to align with the Group's financial year end and accounting policies which may differ from the published results of these entities. In the September 2020 half, the Group recognised an adjustment of $68 million to the equity accounted earnings of PT Panin. When the Group adopted AASB 9 Financial Instruments on 1 October 2018, an estimate of PT Panin's transition adjustment was recognised through opening retained earnings to align accounting policies. PT Panin adopted AASB 9 during the September 2020 half recognising a transition adjustment in retained earnings. The adjustment of $68 million represents the Group's equity accounted share of the transition adjustment net of amounts previously recognised by the Group on 1 October 2018.*
3. *Following AmBank's agreement with the Malaysian Ministry of Finance to resolve potential claims relating to its involvement with 1Malaysia Development Berhad, the Group recognised a $212 million reduction in equity accounted earnings reflecting its share of the settlement provision during the March 2021 half, with a corresponding decrease in the carrying value of the investment.*
4. *During the March 2021 half, AmBank partially impaired goodwill carried on its balance sheet and the Group recognised a $135 million reduction in equity accounted earnings reflecting its share of the impairment recognised by AmBank, with a corresponding decrease in the carrying value of the investment.*

20. Related party disclosure

There have been no transactions with related parties that are significant to understanding the changes in financial position and performance of the Group since 30 September 2020.

21. Contingent liabilities and contingent assets

There are outstanding court proceedings, claims and possible claims for and against the Group. Where relevant, expert legal advice has been obtained and, in the light of such advice, provisions (refer to Note 12) and/or disclosures as deemed appropriate have been made. In some instances we have not disclosed the estimated financial impact of the individual items either because it is not practicable to do so or because such disclosure may prejudice the interests of the Group.

Refer to Note 33 of the 2020 ANZ Annual Financial Report for a description of contingent liabilities and contingent assets as at 30 September 2020. A summary of some of those contingent liabilities, and new contingent liabilities that have arisen in the current reporting period, is set out below.

- **Regulatory and customer exposures**

  In recent years there has been an increase in the number of matters on which the Group engages with its regulators. There have also been significant increases in the nature and scale of regulatory investigations, surveillance and reviews, civil and criminal enforcement actions (whether by court action or otherwise), formal and informal inquiries, regulatory supervisory activities and the quantum of fines issued by regulators, particularly against financial institutions both in Australia and globally. The Group has received various notices and requests for information from its regulators as part of both industry-wide and Group-specific reviews and has also made disclosures to its regulators at its own instigation. The nature of these interactions can be wide ranging and, for example, include or have included a range of matters including responsible lending practices, regulated lending requirements, product suitability and distribution, interest and fees and the entitlement to charge them, customer remediation, wealth advice, insurance distribution, pricing, competition, conduct in financial markets and financial transactions, capital market transactions, anti-money laundering and counter-terrorism financing obligations, reporting and disclosure obligations and product disclosure documentation. There may be exposures to customers which are additional to any regulatory exposures. These could include class actions, individual claims or customer remediation or compensation activities. The outcomes and total costs associated with such reviews and possible exposures remain uncertain.

- **Benchmark/rate actions**

  In July and August 2016, class action complaints were brought in the United States District Court against local and international banks, including the Company – one action relating to the bank bill swap rate (BBSW), and one action relating to the Singapore Interbank Offered Rate (SIBOR) and the Singapore Swap Offer Rate (SOR). The class actions are expressed to apply to persons and entities that engaged in US-based transactions in financial instruments that were priced, benchmarked, and/or settled based on BBSW or SIBOR. The claimants seek damages or compensation in amounts not specified, and allege that the defendant banks, including the Company, violated US anti-trust laws and (in the BBSW case only) anti-racketeering laws, the Commodity Exchange Act, and unjust enrichment principles. In March 2021, the Company reached an agreement to settle the BBSW class action. The settlement is without admission of liability and remains subject to negotiation and execution of complete settlement terms as well as court approval. The financial impact of the settlement is not material and has been fully provided at 31 March 2021. The separate class action in relation to SIBOR is ongoing and is being defended.

  In February 2017, the South African Competition Commission commenced proceedings against local and international banks including the Company alleging breaches of the cartel provisions of the South African Competition Act in respect of trading in the South African rand. The potential civil penalty or other financial impact is uncertain.

21. Contingent liabilities and contingent assets, cont'd

- **Capital raising actions**

  In June 2018, the Commonwealth Director of Public Prosecutions commenced criminal proceedings against the Company and a senior employee alleging that they were involved in cartel conduct by the joint lead managers of the Company's August 2015 underwritten institutional equity placement of approximately 80.8 million ordinary shares. The Company and its senior employee are defending the allegations. The trial is currently scheduled to start in April 2022.

  In September 2018, the Australian Securities and Investments Commission (ASIC) commenced civil penalty proceedings against the Company alleging failure to comply with continuous disclosure obligations in connection with the Company's August 2015 underwritten institutional equity placement. ASIC alleges the Company should have advised the market that the joint lead managers took up approximately 25.5 million ordinary shares of the placement. The Company is defending the allegations.

- **Consumer credit insurance litigation**

  In February 2020, a class action was brought against the Company alleging breaches of financial advice obligations, misleading or deceptive conduct and unconscionable conduct in relation to the distribution of consumer credit insurance products. The issuers of the insurance products, QBE and OnePath Life, are also defendants to the claim. The Company is defending the allegations.

- **Esanda dealer car loan litigation**

  In August 2020, a class action was brought against the Company alleging unfair conduct, misleading or deceptive conduct and equitable mistake in relation to the use of flex commissions in dealer arranged Esanda car loans. The Company is defending the allegations.

- **OnePath superannuation litigation**

  In December 2020, a class action was brought against OnePath Custodians, OnePath Life and the Company alleging that OnePath Custodians breached its obligations under superannuation legislation, and its duties as trustee, in respect of superannuation investments and fees. The claim also alleges that the Company was involved in some of OnePath Custodians' investment breaches. The Company is defending the allegations.

- **Royal Commission**

  The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry released its final report on 4 February 2019. The findings and recommendations of the Commission are resulting in additional costs and may lead to further exposures, including exposures associated with further regulator activity or potential customer exposures such as class actions, individual claims or customer remediation or compensation activities. The outcomes and total costs associated with these possible exposures remain uncertain.

- **Security recovery actions**

  Various claims have been made or are anticipated, arising from security recovery actions taken to resolve impaired assets. These claims will be defended.

- **Warranties and Indemnities**

  The Group has provided warranties, indemnities and other commitments in favour of the purchaser and other persons in connection with various disposals of businesses and assets and other transactions, covering a range of matters and risks. It is exposed to claims under those warranties, indemnities and commitments.

22. Significant events since balance date

On 26 April 2021, the Group posted notice that it will exercise its option to redeem wholesale A$700,000,000 floating rate subordinated notes due May 2026. The notes will be redeemed on 17 May 2021 for their par value of $700 million.

Other than the matter above, there have been no other significant events from 31 March 2021 to the date of signing this report that have not been adjusted or disclosed.

Directors' Declaration

The Directors of Australia and New Zealand Banking Group Limited declare that:

1. in the Directors' opinion the Condensed Consolidated Financial Statements and Notes to the Condensed Consolidated Financial Statements are in accordance with the *Corporations Act 2001*, including:
    - section 304, that they comply with the Australian Accounting Standards and any further requirements in the *Corporations Regulations 2001*; and
    - section 305, that they give a true and fair view of the financial position of the Group as at 31 March 2021 and of its performance for the half year ended on that date; and
2. in the Directors' opinion as at the date of this declaration there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Paul D O'Sullivan
Chairman

Shayne C Elliott
Managing Director

4 May 2021

Independent Auditor's Review Report to the shareholders of Australia and New Zealand Banking Group Limited

Report on the Condensed Consolidated Financial Statements

Conclusion

We have reviewed the accompanying Condensed Consolidated Financial Statements of Australia and New Zealand Banking Group Limited (the Group).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Consolidated Financial Statements of Australia and New Zealand Banking Group Limited are not in accordance with the *Corporations Act 2001*, including:

i) giving a true and fair view of the Group's financial position as at 31 March 2021 and of its performance for the half year ended on that date; and

ii) complying with *Australian Accounting Standard* AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

The Condensed Consolidated Financial Statements comprise:

- The condensed consolidated balance sheet as at 31 March 2021;
- The condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, and condensed consolidated cash flow statement for the half year ended on that date;
- Notes 1 to 22 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The Group comprises Australia and New Zealand Banking Group Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code

Responsibilities of the Directors for the Condensed Consolidated Financial Statements

The Directors of the Company are responsible for:

- the preparation of the Condensed Consolidated Financial Statements that give a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Condensed Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Condensed Consolidated Financial Statements

Our responsibility is to express a conclusion on the Condensed Consolidated Financial Statements based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Condensed Consolidated Financial Statements do not comply with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 March 2021 and its performance for the half year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of Condensed Consolidated Financial Statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

KPMG

Martin McGrath
Partner

Melbourne
4 May 2021

Lead Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001*

To the Directors of Australia and New Zealand Banking Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Australia and New Zealand Banking Group Limited for the half year ended 31 March 2021, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Martin McGrath
Partner

Melbourne
4 May 2021

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Capital management - including discontinued operations

ANZ provides information as required under APRA's prudential standard APS 330: Public Disclosure. This information is located in the Regulatory Disclosures section of ANZ's website: anz.com/shareholder/centre/reporting/regulatory-disclosure.

		As at			Movement	
Qualifying Capital		**Mar 21 $M**	**Sep 20 $M**	**Mar 20 $M**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
Tier 1						
Shareholders' equity and non-controlling interests		**62,576**	61,297	61,375	2%	2%
Prudential adjustments to shareholders' equity[1]	Table 1	**110**	189	227	-42%	-52%
Gross Common Equity Tier 1 capital		**62,686**	61,486	61,602	2%	2%
Deductions[1]	Table 2	**(11,900)**	(12,784)	(13,271)	-7%	-10%
Common Equity Tier 1 capital		**50,786**	48,702	48,331	4%	5%
Additional Tier 1 capital	Table 3	**7,645**	7,779	7,964	-2%	-4%
Tier 1 capital		**58,431**	56,481	56,295	3%	4%
Tier 2 capital	Table 4	**16,464**	13,957	13,112	18%	26%
Total qualifying capital		**74,895**	70,438	69,407	6%	8%
Capital adequacy ratios (Level 2)						
Common Equity Tier 1		**12.4%**	11.3%	10.8%		
Tier 1		**14.3%**	13.2%	12.5%		
Tier 2		**4.0%**	3.3%	2.9%		
Total capital ratio		**18.3%**	16.4%	15.5%		
Risk weighted assets	Table 5	**408,166**	429,384	449,012	-5%	-9%

1. *In the March 2021 half, deferred expenses previously netted within Prudential adjustments to shareholders' equity were reclassified to Deductions to better align with the nature of the balances. Comparatives have been restated accordingly (Sep 20 half: $394 million; Mar 20 half: $293 million).*

Capital management - including discontinued operations, cont'd

		As at			Movement	
		Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Table 1: Prudential adjustments to shareholders' equity						
Shareholder Equity attributable to deconsolidated entities		**(181)**	(99)	(94)	83%	93%
Deferred fee revenue including fees deferred as part of loan yields[1]		**351**	379	387	-7%	-9%
Other		**(60)**	(91)	(66)	-34%	-9%
Total		**110**	189	227	-42%	-52%
Table 2: Deductions from Common Equity Tier 1 capital						
Unamortised goodwill & other intangibles (excluding ANZ Wealth New Zealand)		**(2,992)**	(3,269)	(3,620)	-8%	-17%
Intangible component of investments in ANZ Wealth New Zealand		**(70)**	(71)	(80)	-1%	-13%
Capitalised software		**(961)**	(1,039)	(1,263)	-8%	-24%
Capitalised expenses (including loan and lease origination fees)[1]		**(1,431)**	(1,316)	(1,225)	9%	17%
Applicable deferred net tax assets		**(2,109)**	(2,128)	(1,815)	-1%	16%
Expected losses in excess of eligible provisions	Table 8	**(42)**	(43)	-	-2%	n/a
Investment in other insurance and funds management subsidiaries		**(336)**	(336)	(336)	0%	0%
Investment in ANZ Wealth New Zealand		**(45)**	(45)	(48)	0%	-6%
Investment in associates		**(1,854)**	(2,164)	(2,313)	-14%	-20%
Other equity investments		**(1,254)**	(1,149)	(1,254)	9%	0%
Other deductions		**(806)**	(1,224)	(1,317)	-34%	-39%
Total		**(11,900)**	(12,784)	(13,271)	-7%	-10%
Table 3: Additional Tier 1 capital						
ANZ Capital Notes 1		**1,120**	1,119	1,119	0%	0%
ANZ Capital Notes 2		**1,609**	1,608	1,607	0%	0%
ANZ Capital Notes 3		**968**	967	966	0%	0%
ANZ Capital Notes 4		**1,615**	1,614	1,613	0%	0%
ANZ Capital Notes 5		**927**	926	926	0%	0%
ANZ New Zealand Capital Notes		**459**	463	487	-1%	-6%
ANZ Capital Securities		**1,347**	1,499	1,712	-10%	-21%
Regulatory adjustments and deductions		**(400)**	(417)	(466)	-4%	-14%
Total		**7,645**	7,779	7,964	-2%	-4%
Table 4: Tier 2 capital						
General reserve for impairment of financial assets		**1,417**	1,813	1,253	-22%	13%
Perpetual subordinated notes		**395**	422	485	-6%	-19%
Term subordinated debt notes		**15,220**	12,443	12,197	22%	25%
Regulatory adjustments and deductions		**(568)**	(721)	(823)	-21%	-31%
Total		**16,464**	13,957	13,112	18%	26%

1. *In the March 2021 half, deferred expenses previously netted within Deferred fee revenue including fees deferred as part of loan yields were reclassified to Capitalised expenses (including loan and lease origination fees) to better align with the nature of the balances. Comparatives have been restated accordingly (Sep 20 half: $394 million; Mar 20 half: $293 million).*

Capital management - including discontinued operations, cont'd

		As at			Movement	
		Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Table 5: Risk weighted assets						
On balance sheet		**254,448**	265,112	285,340	-4%	-11%
Commitments		**55,796**	58,991	57,866	-5%	-4%
Contingents		**13,074**	11,101	13,335	18%	-2%
Derivatives		**18,544**	24,833	29,456	-25%	-37%
Total credit risk weighted assets	Table 6	**341,862**	360,037	385,997	-5%	-11%
Market risk - Traded		**8,955**	8,237	7,102	9%	26%
Market risk - IRRBB		**10,150**	13,547	8,011	-25%	27%
Operational risk		**47,199**	47,563	47,902	-1%	-1%
Total risk weighted assets		**408,166**	429,384	449,012	-5%	-9%

	As at			Movement	
	Mar 21 $M	Sep 20 $M	Mar 20 $M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Table 6: Credit risk weighted assets by Basel asset class					
Subject to Advanced IRB approach					
Corporate	**135,713**	139,415	150,290	-3%	-10%
Sovereign	**7,750**	7,545	6,915	3%	12%
Bank	**10,092**	12,734	18,615	-21%	-46%
Residential mortgage	**110,206**	110,353	107,351	0%	3%
Qualifying revolving retail (credit cards)	**3,678**	4,337	4,956	-15%	-26%
Other retail	**20,693**	21,794	25,080	-5%	-17%
Credit risk weighted assets subject to Advanced IRB approach	**288,132**	296,178	313,207	-3%	-8%
Credit risk specialised lending exposures subject to slotting criteria	**36,476**	39,001	41,072	-6%	-11%
Subject to Standardised approach					
Corporate	**6,388**	10,185	14,626	-37%	-56%
Sovereign	**76**	220	-	-65%	n/a
Residential mortgage	**203**	210	228	-3%	-11%
Other retail (includes credit cards)	**23**	33	46	-30%	-50%
Credit risk weighted assets subject to Standardised approach	**6,690**	10,648	14,900	-37%	-55%
Credit Valuation Adjustment and Qualifying Central Counterparties	**4,281**	7,710	9,679	-44%	-56%
Credit risk weighted assets relating to securitisation exposures	**2,220**	2,125	2,142	4%	4%
Other assets	**4,063**	4,375	4,997	-7%	-19%
Total credit risk weighted assets	**341,862**	360,037	385,997	-5%	-11%

Capital management - including discontinued operations, cont'd

Table 7: Total provision for credit impairment and Basel expected loss by division	**Collectively and Individually Assessed Provision**			**Basel Expected Loss[1]**		
	Mar 21 $M	**Sep 20 $M**	**Mar 20 $M**	**Mar 21 $M**	**Sep 20 $M**	**Mar 20 $M**
Australia Retail and Commercial	**2,851**	3,455	2,902	**2,278**	2,540	2,415
Institutional	**1,555**	1,671	1,996	**969**	1,117	1,367
New Zealand	**592**	672	620	**606**	662	737
Pacific	**96**	101	76	**8**	8	-
TSO and Group Centre	**-**	-	-	**-**	-	-
Total provision for credit impairment and expected loss	**5,094**	5,899	5,594	**3,861**	4,327	4,519

1 *Only applicable to Advanced Internal Ratings based portfolios.*

Table 8: APRA Expected loss in excess of eligible provisions	**As at**			**Movement**	
	Mar 21 $M	**Sep 20 $M**	**Mar 20 $M**	**Mar 21 v. Sep 20**	**Mar 21 v. Mar 20**
APRA Basel 3 expected loss: non-defaulted	**2,436**	2,710	2,775	-10%	-12%
Less: Qualifying collectively assessed provision					
Collectively assessed provision	**(4,285)**	(5,008)	(4,501)	-14%	-5%
Non-qualifying collectively assessed provision	**432**	484	473	-11%	-9%
Standardised collectively assessed provision	**173**	206	190	-16%	-9%
Non-defaulted excess included in deduction	**-**	-	-	n/a	n/a
APRA Basel 3 expected loss: defaulted	**1,425**	1,641	1,744	-13%	-18%
Less: Qualifying individually assessed provision					
Individually assessed provision	**(809)**	(891)	(1,093)	-9%	-26%
Additional individually assessed provision for partial write offs	**(213)**	(302)	(289)	-29%	-26%
Standardised individually assessed provision	**44**	50	71	-12%	-38%
Collectively assessed provision on advanced defaulted	**(405)**	(455)	(440)	-11%	-8%
	42	43	(7)	-2%	large
Shortfall in expected loss not included in deduction	**-**	-	7	n/a	-100%
Defaulted excess included in deduction	**42**	43	-	-2%	n/a
Gross deduction	**42**	43	-	-2%	n/a

Average balance sheet and related interest[1] - including discontinued operations

	Mar 21 Half Year			Sep 20 Half Year			Mar 20 Half Year		
	Avg bal $M	Int $M	Rate %	Avg bal $M	Int $M	Rate %	Avg bal $M	Int $M	Rate %
Loans and advances									
Home loans	**332,291**	**5,343**	**3.2%**	321,705	5,569	3.5%	320,523	6,340	4.0%
Consumer finance	**13,413**	**553**	**8.3%**	14,116	607	8.6%	16,030	766	9.6%
Business lending	**241,552**	**3,241**	**2.7%**	272,530	3,662	2.7%	268,884	5,095	3.8%
Individual provisions for credit impairment	**(802)**	**-**	**n/a**	(957)	-	n/a	(798)	-	n/a
Total (continuing operations)	**586,454**	**9,137**	**3.1%**	607,394	9,838	3.2%	604,639	12,201	4.0%
Non-lending interest earning assets									
Cash and other liquid assets	**125,062**	**38**	**0.1%**	128,066	73	0.1%	125,077	562	0.9%
Trading and investment securities	**145,458**	**655**	**0.9%**	133,090	700	1.1%	126,238	1,015	1.6%
Other assets	**550**	**49**	**n/a**	560	15	n/a	698	22	n/a
Total (continuing operations)	**271,070**	**742**	**0.5%**	261,716	788	0.6%	252,013	1,599	1.3%
Total interest earning assets (continuing operations)[2]	**857,524**	**9,879**	**2.3%**	869,110	10,626	2.4%	856,652	13,800	3.2%
Non-interest earning assets (continuing operations)	**188,044**			212,844			165,321		
Total average assets (continuing operations)	**1,045,568**			1,081,954			1,021,973		
Total average assets (discontinued operations)	**-**			-			1,221		
Total average assets	**1,045,568**			1,081,954			1,023,194		
Interest bearing deposits and other borrowings									
Certificates of deposit	**37,294**	**30**	**0.2%**	34,053	99	0.6%	37,398	236	1.3%
Term deposits	**194,655**	**659**	**0.7%**	213,816	1,261	1.2%	231,163	2,286	2.0%
On demand and short term deposits	**289,633**	**859**	**0.6%**	275,739	992	0.7%	239,786	1,427	1.2%
Deposits from banks and securities sold under agreement to repurchase	**79,787**	**128**	**0.3%**	88,162	45	0.1%	81,132	666	1.6%
Commercial paper and other borrowings	**16,203**	**26**	**0.3%**	11,661	86	1.5%	21,397	110	1.0%
Total (continuing operations)	**617,572**	**1,702**	**0.6%**	623,431	2,483	0.8%	610,876	4,725	1.5%
Non-deposit interest bearing liabilities									
Collateral received and settlement balances owed by ANZ	**13,571**	**13**	**0.2%**	14,824	13	0.2%	13,495	40	0.6%
Debt issuances & subordinated debt	**112,071**	**887**	**1.6%**	124,092	978	1.6%	125,362	1,507	2.4%
Other liabilities	**8,263**	**291**	**n/a**	9,325	325	n/a	7,669	307	n/a
Total (continuing operations)	**133,905**	**1,191**	**1.8%**	148,241	1,316	1.8%	146,526	1,854	2.5%
Total interest bearing liabilities (continuing operations)[2]	**751,477**	**2,893**	**0.8%**	771,672	3,799	1.0%	757,402	6,579	1.7%
Non-interest bearing liabilities (continuing operations)	**232,192**			249,135			204,148		
Total average liabilities (continuing operations)	**983,669**			1,020,807			961,550		
Total average liabilities (discontinued operations)	**-**			-			1,414		
Total average liabilities	**983,669**			1,020,807			962,964		
Total average shareholders' equity	**61,899**			61,147			60,230		

1. *Averages used are predominantly daily averages.*
2. *Intra-group interest earning assets and interest income and Intra-group interest earning liabilities and interest expense have been eliminated.*

Average balance sheet and related interest[1] - including discontinued operations, cont'd

	Mar 21 Half Year			Sep 20 Half Year			Mar 20 Half Year		
	Avg bal $M	Int $M	Rate %	Avg bal $M	Int $M	Rate %	Avg bal $M	Int $M	Rate %
Loans and advances									
Australia	**406,222**	**6,555**	**3.2%**	415,126	6,802	3.3%	408,922	8,219	4.0%
Asia, Pacific, Europe & America	**53,422**	**581**	**2.2%**	65,594	825	2.5%	66,892	1,339	4.0%
New Zealand	**126,810**	**2,001**	**3.2%**	126,674	2,211	3.5%	128,825	2,643	4.1%
Total (continuing operations)	**586,454**	**9,137**	**3.1%**	607,394	9,838	3.2%	604,639	12,201	4.0%
Trading and investment securities									
Australia	**80,224**	**243**	**0.6%**	69,657	232	0.7%	61,968	360	1.2%
Asia, Pacific, Europe & America	**44,203**	**298**	**1.4%**	44,690	348	1.6%	48,207	500	2.1%
New Zealand	**21,031**	**114**	**1.1%**	18,743	120	1.3%	16,063	155	1.9%
Total (continuing operations)	**145,458**	**655**	**0.9%**	133,090	700	1.1%	126,238	1,015	1.6%
Total interest earning assets[2]									
Australia	**536,043**	**6,785**	**2.5%**	530,800	7,021	2.6%	521,127	8,889	3.4%
Asia, Pacific, Europe & America	**165,582**	**909**	**1.1%**	182,434	1,208	1.3%	185,718	2,051	2.2%
New Zealand	**155,899**	**2,185**	**2.8%**	155,876	2,397	3.1%	149,806	2,860	3.8%
Total (continuing operations)	**857,524**	**9,879**	**2.3%**	869,110	10,626	2.4%	856,651	13,800	3.2%
Total average assets									
Australia	**674,095**			689,438			640,901		
Asia, Pacific, Europe & America	**199,650**			220,321			216,335		
New Zealand	**171,823**			172,195			164,737		
Total average assets (continuing operations)	**1,045,568**			1,081,954			1,021,973		
Total average assets (discontinued operations)	**-**			-			1,221		
Total average assets	**1,045,568**			1,081,954			1,023,194		
Interest bearing deposits and other borrowings									
Australia	**364,253**	**1,083**	**0.6%**	358,125	1,380	0.8%	340,526	2,439	1.4%
Asia, Pacific, Europe & America	**152,396**	**231**	**0.3%**	164,450	469	0.6%	171,757	1,381	1.6%
New Zealand	**100,923**	**388**	**0.8%**	100,856	634	1.3%	98,594	905	1.8%
Total (continuing operations)	**617,572**	**1,702**	**0.6%**	623,431	2,483	0.8%	610,877	4,725	1.5%
Total interest bearing liabilities[2]									
Australia	**453,975**	**1,855**	**0.8%**	452,717	2,189	1.0%	435,175	3,666	1.7%
Asia, Pacific, Europe & America	**172,836**	**448**	**0.5%**	191,167	737	0.8%	197,147	1,681	1.7%
New Zealand	**124,666**	**590**	**0.9%**	127,788	873	1.4%	125,082	1,232	2.0%
Total (continuing operations)	**751,477**	**2,893**	**0.8%**	771,672	3,799	1.0%	757,404	6,579	1.7%
Total average liabilities									
Australia	**618,979**			631,943			583,204		
Asia, Pacific, Europe & America	**209,442**			232,401			229,218		
New Zealand	**155,248**			156,463			149,128		
Total average liabilities (continuing operations)	**983,669**			1,020,807			961,550		
Total average liabilities (discontinued operations)	**-**			-			1,414		
Total average liabilities	**983,669**			1,020,807			962,964		
Total average shareholders' equity									
Ordinary share capital, reserves, retained earnings and non-controlling interests	**61,899**			61,147			60,230		
Total average shareholders' equity	**61,899**			61,147			60,230		
Total average liabilities and shareholders' equity	**1,045,568**			1,081,954			1,023,194		

1. *Averages used are predominantly daily averages.*
2. *Intra-group interest earning assets and interest income and Intra-group interest earning liabilities and interest expense have been eliminated.*

Gross earnings rate	Half Year Mar 21 %	Sep 20 %	Mar 20 %
Australia	**2.62**	2.74	3.55
Asia, Pacific, Europe & America	**1.11**	1.35	2.24
New Zealand	**2.81**	3.08	3.82
Group	**2.31**	2.45	3.22

Net interest spread and net interest margin analysis as follows:

	Half Year Mar 21 %	Sep 20 %	Mar 20 %
Australia[1]			
Net interest spread	**1.77**	1.72	1.76
Interest attributable to net non-interest bearing items	**0.11**	0.12	0.23
Net interest margin - Australia	**1.88**	1.84	1.99
Asia, Pacific, Europe & America[1]			
Net interest spread	**0.58**	0.58	0.53
Interest attributable to net non-interest bearing items	**0.04**	0.05	0.10
Net interest margin - Asia, Pacific, Europe & America	**0.62**	0.63	0.63
New Zealand[1]			
Net interest spread	**1.82**	1.66	1.81
Interest attributable to net non-interest bearing items	**0.18**	0.23	0.29
Net interest margin - New Zealand	**2.00**	1.89	2.10
Group			
Net interest spread	**1.54**	1.46	1.48
Interest attributable to net non-interest bearing items	**0.09**	0.11	0.21
Net interest margin	**1.63**	1.57	1.69
Net interest margin (excluding Markets)	**2.27**	2.22	2.37

1. *Geographic gross earnings rate, net interest spread and net interest margin are calculated gross of intra-group items (Intra-group interest earning assets and associated interest income and intra-group interest bearing liabilities and associated interest expense).*

Select geographical disclosures - including discontinued operations

The following divisions operate across the geographic locations illustrated below:

- Institutional division - International, New Zealand and Australia
- Pacific division - International
- New Zealand division - New Zealand
- TSO and Group Centre operate across all geographies
- Discontinued operations - Australia

The International geography includes Asia, Pacific, Europe & America

	Australia $M	New Zealand $M	International $M	Total $M
March 2021 Half Year				
Statutory profit attributable to shareholders of the company	**2,071**	**869**	**3**	**2,943**
Cash profit/(loss)	**2,085**	**899**	**(2)**	**2,982**
Net loans and advances	**434,465**	**126,482**	**53,412**	**614,359**
Customer deposits	**330,082**	**112,712**	**118,729**	**561,523**
Risk weighted assets	**262,988**	**77,960**	**67,218**	**408,166**
September 2020 Half Year				
Statutory profit attributable to shareholders of the company	1,203	509	320	2,032
Cash profit	1,359	648	330	2,337
Net loans and advances	439,943	123,108	54,042	617,093
Customer deposits	323,903	111,886	116,574	552,363
Risk weighted assets	272,948	81,035	75,401	429,384
March 2020 Half Year				
Statutory profit/(loss) attributable to shareholders of the company	1,189	752	(396)	1,545
Cash profit/(loss)	1,065	645	(387)	1,323
Net loans and advances	445,449	132,127	79,033	656,609
Customer deposits	303,600	110,442	152,453	566,495
Risk weighted assets	270,876	84,900	93,235	449,011

New Zealand geography (in NZD)

	Half Year			Movement	
	Mar 21 NZD M	Sep 20 NZD M	Mar 20 NZD M	Mar 21 v. Sep 20	Mar 21 v. Mar 20
Net interest income	**1,661**	1,581	1,648	5%	1%
Other operating income	**364**	476	344	-24%	6%
Operating income	**2,025**	2,057	1,992	-2%	2%
Operating expenses	**(764)**	(908)	(828)	-16%	-8%
Profit before credit impairment and income tax	**1,261**	1,149	1,164	10%	8%
Credit impairment (charge)/release	**70**	(169)	(232)	large	large
Profit before income tax	**1,331**	980	932	36%	43%
Income tax expense and non-controlling interests	**(369)**	(286)	(255)	29%	45%
Cash profit[1]	**962**	694	677	39%	42%
Adjustments between statutory profit and cash profit	**(32)**	(147)	112	-78%	large
Statutory profit[1]	**930**	547	789	70%	18%
Individually assessed credit impairment charge/(release) - cash	**(10)**	67	44	large	large
Collectively assessed credit impairment charge/(release) - cash	**(60)**	102	188	large	large
Net loans and advances	**137,786**	132,984	135,679	4%	2%
Customer deposits	**122,786**	120,863	113,411	2%	8%
Risk weighted assets	**84,928**	87,536	87,182	-3%	-3%
Total full time equivalent staff (FTE)	**7,213**	7,210	7,532	0%	-4%

1. *Statutory profit for the September 2020 half included a NZD 32 million loss on sale of UDC Finance Ltd (UDC). Cash profit for the September 2020 half also included an after tax loss of NZD 23 million on the unwind of economic hedges of UDC loans and advances.*

Exchange rates

Major exchange rates used in the translation of foreign subsidiaries, branches, investments in associates and issued debt are as follows:

	Balance Sheet			Profit & Loss Average		
	As at			Half Year		
	Mar 21	**Sep 20**	**Mar 20**	**Mar 21**	**Sep 20**	**Mar 20**
Chinese Renminbi	**4.9879**	4.8453	4.3895	**4.9209**	4.7920	4.7002
Euro	**0.6490**	0.6061	0.5619	**0.6263**	0.6038	0.6066
Pound Sterling	**0.5538**	0.5539	0.5017	**0.5568**	0.5403	0.5225
Indian Rupee	**55.883**	52.473	46.745	**55.046**	51.296	48.153
Indonesian Rupiah	**11,073**	10,595	10,126	**10,711**	10,117	9,487
Japanese Yen	**84.229**	75.059	67.015	**78.911**	73.099	72.937
Malaysian Ringgit	**3.1585**	2.9593	2.6611	**3.0684**	2.9153	2.7969
New Taiwan Dollar	**21.662**	20.591	18.707	**21.245**	20.265	20.315
New Zealand Dollar	**1.0894**	1.0802	1.0269	**1.0697**	1.0710	1.0488
Papua New Guinean Kina	**2.6665**	2.4858	2.1193	**2.6315**	2.3669	2.2845
United States Dollar	**0.7600**	0.7110	0.6189	**0.7507**	0.6840	0.6705

AASB - Australian Accounting Standards Board. The term "AASB" is commonly used when identifying Australian Accounting Standards issued by the AASB.

ADI - Authorised Deposit-taking Institution.

ANZEST - ANZ Employee Share Trust.

ANZ Research – Economics, a business unit within ANZ, which provides analysis of key economic inputs and developments and assessment of the potential impacts on the local, regional and global economies.

APRA - Australian Prudential Regulation Authority.

APS - ADI Prudential Standard.

AT1 - Additional Tier 1 capital.

Cash and cash equivalents comprise coins, notes, money at call, balances held with central banks, liquid settlement balances (readily convertible to known amounts of cash which are subject to insignificant risk of changes in value) and securities purchased under agreements to resell (reverse repurchase agreements) in less than three months.

Cash profit is an additional measure of profit which is prepared on a basis other than in accordance with accounting standards. Cash profit represents ANZ's preferred measure of the result of the core business activities of the Group, enabling readers to assess Group and Divisional performance against prior periods and against peer institutions. To calculate cash profit, the Group excludes non-core items from statutory profit as noted below. These items are calculated consistently period on period so as not to discriminate between positive and negative adjustments.

Gains and losses are adjusted where they are significant, or have the potential to be significant in any one period, and fall into one of three categories:

1. gains or losses included in earnings arising from changes in tax, legal or accounting legislation or other non-core items not associated with the core operations of the Group;
2. treasury shares, revaluation of policy liabilities, economic hedging impacts and similar accounting items that represent timing differences that will reverse through earnings in the future; and
3. accounting reclassifications between individual line items that do not impact reported results, such as policyholders tax gross up.

Cash profit is not a measure of cash flow or profit determined on a cash accounting basis.

Collectively assessed allowance for expected credit loss represents the Expected Credit Loss (ECL). This incorporates forward-looking information and does not require an actual loss event to have occurred for an impairment provision to be recognised.

Coronavirus (COVID-19) is a respiratory illness caused by a new virus and declared a Public Health Emergency of International Concern. COVID-19 was characterised as a pandemic by the World Health Organisation on 11 March 2020.

Covered bonds are bonds issued by an ADI to external investors secured against a pool of the ADI's assets (the cover pool) assigned to a bankruptcy remote special purpose entity. The primary assets forming the cover pool are mortgage loans. The mortgages remain on the issuer's balance sheet. The covered bond holders have dual recourse to the issuer and the cover pool assets. The mortgages included in the cover pool cannot be otherwise pledged or disposed of but may be repurchased and substituted in order to maintain the credit quality of the pool. The Group issues covered bonds as part of its funding activities.

Credit risk is the risk of financial loss resulting from the failure of ANZ's customers and counterparties to honour or perform fully the terms of a loan or contract.

Credit risk weighted assets (CRWA) represent assets which are weighted for credit risk according to a set formula as prescribed in APS 112/113.

Customer deposits represent term deposits, other deposits bearing interest, deposits not bearing interest and borrowing corporations' debt excluding securitisation deposits.

Customer remediation includes provisions for expected refunds to customers, remediation project costs and related customer and regulatory claims, penalties and litigation outcomes.

Derivative credit valuation adjustment (CVA) - Over the life of a derivative instrument, ANZ uses a model to adjust fair value to take into account the impact of counterparty credit quality. The methodology calculates the present value of expected losses over the life of the financial instrument as a function of probability of default, loss given default, expected credit risk exposure and an asset correlation factor. Impaired derivatives are also subject to a CVA.

Dividend payout ratio is the total ordinary dividend payment divided by profit attributable to shareholders of the Company.

Gross loans and advances (GLA) is made up of loans and advances, capitalised brokerage and other origination costs less unearned income.

Impaired assets are those financial assets where doubt exists as to whether the full contractual amount will be received in a timely manner, or where concessional terms have been provided because of the financial difficulties of the customer. Financial assets are impaired if there is objective evidence of impairment as a result of a loss event that occurred prior to the reporting date, and that loss event has had an impact, which can be reliably estimated, on the expected future cash flows of the individual asset or portfolio of assets.

Impaired loans comprise drawn facilities where the customer's status is defined as impaired.

Individually assessed allowance for expected credit losses is assessed on a case-by-case basis for all individually managed impaired assets taking into consideration factors such as the realisable value of security (or other credit mitigants), the likely return available upon liquidation or bankruptcy, legal uncertainties, estimated costs involved in recovery, the market price of the exposure in secondary markets and the amount and timing of expected receipts and recoveries.

Interest rate risk in the banking book (IRRBB) relates to the potential adverse impact of changes in market interest rates on ANZ's future net interest income. The risk generally arises from:

1. Repricing and yield curve risk - the risk to earnings or market value as a result of changes in the overall level of interest rates and/or the relativity of these rates across the yield curve;
2. Basis risk - the risk to earnings or market value arising from volatility in the interest margin applicable to banking book items; and
3. Optionality risk - the risk to earnings or market value arising from the existence of stand-alone or embedded options in banking book items.

Internationally comparable ratios are ANZ's interpretation of the regulations documented in the Basel Committee publications: "Basel 3: A global regulatory framework for more resilient banks and banking systems" (June 2011) and "International Convergence of Capital Measurement and Capital Standards" (June 2006). They also include differences identified in APRA's information paper entitled International Capital Comparison Study (13 July 2015).

JobKeeper payment is a wage subsidy program introduced by the Australian Government in 2020 to support employees and businesses as a result of the COVID-19 pandemic. It is designed to help businesses affected by COVID-19 to cover the costs of their employees' wages so that more employees can retain their job and continue to earn an income. The program finished on 28 March 2021.

Level 1 in the context of APRA supervision, Australia and New Zealand Banking Group Limited consolidated with certain approved subsidiaries.

Level 2 in the context of APRA supervision, the consolidated ANZ Group excluding associates, insurance and funds management entities, commercial non-financial entities and certain securitisation vehicles.

Net interest margin is net interest income as a percentage of average interest earning assets.

Net loans and advances represent gross loans and advances less allowance for expected credit losses.

Net Stable Funding Ratio (NSFR) is the ratio of the amount of available stable funding (ASF) to the amount of required stable funding (RSF) defined by APRA. The amount of ASF is the portion of an ADI capital and liabilities expected to be a reliable source of funds over a one year time horizon. The amount of RSF is a function of the liquidity characteristics and residual maturities of an ADI's assets and off-balance sheet activities. ADIs must maintain an NSFR of at least 100%.

Net tangible assets equal share capital and reserves attributable to shareholders of the Company less unamortised intangible assets (including goodwill and software).

RBA - Reserve Bank of Australia, Australia's central bank.

RBNZ - Reserve Bank of New Zealand, New Zealand's central bank.

Regulatory deposits are mandatory reserve deposits lodged with local central banks in accordance with statutory requirements.

Restructured items comprise facilities in which the original contractual terms have been modified for reasons related to the financial difficulties of the customer. Restructuring may consist of reduction of interest, principal or other payments legally due, or an extension in maturity materially beyond those typically offered to new facilities with similar risk.

Return on average assets is the profit attributable to shareholders of the Company, divided by average total assets.

Return on average ordinary shareholders' equity is the profit attributable to shareholders of the Company, divided by average ordinary shareholders' equity.

Risk weighted assets (RWA) are risk weighted according to each asset's inherent potential for default and what the likely losses would be in the case of default. In the case of non asset backed risks (i.e. market and operational risk), RWA is determined by multiplying the capital requirements for those risks by 12.5.

Settlement balances owed to/by ANZ represent financial assets and/or liabilities which are in the course of being settled. These may include trade dated assets and liabilities, vostro accounts and securities settlement accounts.

Term Funding Facility (TFF) refers to three-year funding announced by the Reserve Bank of Australia (RBA) on 19 March 2020 and offered to ADIs in order to support lending to Australian businesses at low cost.

Description of divisions

The Group operates on a divisional structure with five continuing divisions: Australia Retail and Commercial, Institutional, New Zealand, Pacific, and TSO and Group Centre.

Australia Retail and Commercial

Australia Retail and Commercial division comprises the following business units.

- Retail provides products and services to consumer customers in Australia via the branch network, mortgage specialists, contact centres and a variety of self-service channels (internet banking, phone banking, ATMs, website and digital banking) and third party brokers.
- Commercial and Private Bank provides a full range of banking products and financial services, including asset financing, across the following customer segments: medium to large commercial customers and agribusiness customers across regional Australia, small business owners and high net worth individuals and family groups, in addition to financial planning services provided by salaried financial planners and investment lending secured by approved securities.

Institutional

The Institutional division services governments, global institutional and corporate customers across three product sets: Transaction Banking, Corporate Finance and Markets.

- Transaction Banking provides working capital and liquidity solutions including documentary trade, supply chain financing, commodity financing as well as cash management solutions, deposits, payments and clearing.
- Corporate Finance provides loan products, loan syndication, specialised loan structuring and execution, project and export finance, debt structuring and acquisition finance and corporate advisory.
- Markets provide risk management services on foreign exchange, interest rates, credit, commodities and debt capital markets in addition to managing the Group's interest rate exposure and liquidity position.

New Zealand

The New Zealand division comprises the Retail and Commercial business units.

- Retail provides a full range of banking and wealth management services to consumer, private banking and small business banking customers. We deliver our services via our internet and app-based digital solutions and network of branches, mortgage specialists, relationship managers and contact centres.
- Commercial provides a full range of banking services including traditional relationship banking and sophisticated financial solutions through dedicated managers focusing on privately owned medium to large enterprises, the agricultural business segment, government and government-related entities.

Pacific

The Pacific division provides products and services to retail customers, small to medium-sized enterprises, institutional customers and governments located in the Pacific Islands. Products and services include retail products provided to consumers, traditional relationship banking and sophisticated financial solutions provided to business customers through dedicated managers.

Technology, Services & Operations (TSO) and Group Centre

TSO and Group Centre division provide support to the operating divisions, including technology, group operations, shared services, property, risk management, financial management, strategy, marketing, human resources and corporate affairs. The Group Centre includes residual Asia Retail and Wealth, Group Treasury, Shareholder Functions and minority investments in Asia.

Refer to Note 13 of the Condensed Consolidated Financial Statements for further information on discontinued operations.

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