



CHAIRMAN'S REPORT

A message from Paul O'Sullivan

Along with your Shareholder Update covering the First Half 2021 Financial Results I'm pleased to enclose details of the Interim Dividend payment of 70 cents per share. This dividend is double that of the Final Dividend FY20.

ANZ reported a Statutory Profit after tax for the Half Year ended 31 March 2021 of \$2,943 million, up 45% on the prior half.

This half, Cash Profit increased 28% on the prior half reflecting the strength of our diversified franchise, management actions and the improved economic outlook on credit provisioning. Core banking revenue increased 3%; Markets income while strong was lower half-on-half as market volatility and customer activity normalised. We were once again disciplined on costs and continued to invest for the future.

ANZ's Common Equity Tier 1 Ratio, a measure of the bank's capital position, increased to 12.4% while Cash Return on Equity increased to 9.7% from 7.6% in the prior half. Earnings per share increased 27% to 105 cents per share.

Our interim dividend this year will see almost \$2 billion paid to shareholders and we have maintained our capital ratios significantly above the Australian Prudential Regulation Authority's 'unquestionably strong' benchmark.

We also announced we would again apply no discount to the Group's Dividend Reinvestment Plan (DRP) and would neutralise the impact of shares allocated under the DRP.

Performance

The actions taken by the Board and management over the past five years to simplify and strengthen the Group had us well placed to manage the impact of the COVID-19 pandemic on our business and our customers.

We went into the pandemic in a strong position. Despite the uncertainty we did not need to raise capital by diluting existing shareholdings and unlike our major competitors we have actually reduced the number of shares on issue over the last few years.

That strength has also meant we have been able to support our customers through one of the most difficult periods in generations.

While it has been a challenging period, all parts of the business performed well.

In Australia we grew in our targeted segment of residential housing owner occupiers and regained our place as the third largest lender. To put this into better perspective, we added more than 92,000 new home loan accounts during the half in Australia.

It was a similar story in New Zealand where we grew faster than the market and remain firmly in the number one position. We are in a robust position in New Zealand and remain well placed to manage the increased capital impost required by the Reserve Bank of New Zealand.

Customer revenue in our Institutional business was solid while trading income in our markets business reduced after an exceptional 2020. Net interest margins were up during the half and this offset lower lending volumes.

Credit conditions were favourable with a net credit provision release of \$491 million. This was comprised of collective provision (CP) release of \$678 million and an individually assessed provision (IP) charge of \$187 million.

The CP release was a result of the improving economic outlook as well as some loan volume reductions. The low IP charge reflected the positive impact of government and bank support packages as well as our disciplined focus on customer selection in Institutional.

We know uncertainty remains however and our Collective Provision balance is more than \$900 million above pre-COVID levels at \$4,285 million.

COVID-19 Response

While Australia and New Zealand have both managed the pandemic well, the experience of some of our closest neighbours demonstrates the fragility of the situation.

India, a country in which we have a large and dedicated workforce, has been particularly hard hit. The management team has responded by providing our staff in India with as much support as possible and they remain in our thoughts.

Closer to home the situation is more stable. While continued lockdowns will need to be carefully managed, the economy is starting to recover strongly as businesses are more confident with the outlook. Government support has been critical in the recovery.

The coordination between governments, industry and regulators has meant our customers are in a far better position today than they would have been without this cooperation.

Finally, I would like to acknowledge our people across our network. The Board is deeply appreciative of how they supported customers even at a time when many of our staff had been personally impacted.

PAUL O'SULLIVAN
CHAIRMAN

2021 HALF YEAR HIGHLIGHTS

▲ 28%	▲ 100%	▲ 27%
\$2,990 million	70 cents	105 cents
CASH PROFIT (Continuing operations)	DIVIDEND PER SHARE	CASH EARNINGS PER ORDINARY SHARE (Continuing operations)
2H20 \$2,345 million	2H20 35 cents	2H20 83 cents

Note:
All figures are on Cash Profit (Continuing operations) basis, adjusted to exclude non-core items within Statutory Profit and discontinued operations. Growth rates refer to 2021 First Half compared to the 2020 Second Half (2H20).