U.S. Investor Website Update

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Update on Customer Compensation and Software Amortisation

On October 8, 2018 ANZ announced that its Full Year 2018 Statutory Profit will be impacted by additional charges for customer compensation, accelerated amortisation of software and other notable items.

Customer compensation

Charges of A$374 million[1] have been recognised in 2H18 for refunds to customers and related remediation costs.[2] These charges relate to issues that have been identified from reviews to date. These reviews remain ongoing.

Approximately 57% of the charges relate to customer refunds impacting revenue, with the balance relating to remediation costs recorded as an expense. The total remediation charge is split approximately 66% and 34% between Continuing and Discontinued operations, respectively.

Key items of customer remediation include:

- Compensating customers for issues arising from product reviews in the Australia Division.
- Compensating customers for receiving inappropriate advice or for services not provided within ANZ's former aligned dealer groups[3].

Software amortisation

ANZ has accelerated the amortisation of certain software assets, predominantly relating to its International business. This follows a recent review of the International business along with a number of divestments announced or completed this year. Accelerated amortisation expense of A$206 million[1] will be recorded in 2H18.

Other notable items

Along with announced divestments and the matters above, the following notable items will be highlighted in ANZ's financial results for the full year ended September 30, 2018:

- Restructuring charges of A$104 million[1] in 2H18, largely relating to the previously announced move of the Australia and Technology Divisions to agile ways of working.
- External legal costs associated with responding to the Royal Commission which will total A$55 million[1] (pre-tax) for FY18.

The impact of these additional charges on ANZ's Common Equity Tier 1 capital position compared to 1H18 is expected to be less than 10 basis points.

The following tables are provided to illustrate the impacts of the above items.

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[1] All items are approximates on an unaudited after tax basis (in the applicable tax jurisdiction) unless otherwise stated.
[2] A$374 million expense charge (after tax) for 2H18 for both Continuing and Discontinued operations.
[3] ANZ completed the sale of its Aligned Dealer Groups to IOOF on October 1, 2018.

Estimated Impact to Continuing Operations profit after tax (versus prior comparable period):

Item	Full Year 2018 (A$m)	Full Year 2017 (A$m)	Movement (A$m)
Customer Remediation	294	109	185
Accelerated software amortisation	206	-	206
Restructuring	159	43	116
Royal Commission legal costs	38	-	38
Total Continuing	**697**	**152**	**545**

Item	2H 2018 (A$m)	1H 2018 (A$m)	Movement (A$m)
Customer Remediation	247	48	199
Accelerated software amortisation	206	-	206
Restructuring	104	55	49
Royal Commission legal costs	27	11	16
Total Continuing	**584**	**114**	**470**

Estimated Impact to Discontinued Operations profit after tax (versus prior comparable period):

Item	Full Year 2018 (A$m)	Full Year 2017 (A$m)	Movement (A$m)
Customer Remediation	127	-	127

Item	2H 2018 (A$m)	1H 2018 (A$m)	Movement (A$m)
Customer Remediation	127	-	127