

2021 FIRST QUARTER UPDATE

1Q21 TRADING UPDATE / PILLAR 3 SUPPORT PACK

18 FEBRUARY 2021

This document should be read in conjunction with ANZ Basel III Pillar 3 Disclosure as at December 2020 (APS 330: Public disclosure)

Approved for distribution by ANZ's Continuous Disclosure Committee

Australia and New Zealand Banking Group Limited 9/833 Collins Street Docklands Victoria 3008 Australia
ABN 11 005 357 522



OVERVIEW

FINANCIAL INFORMATION AS AT 31 DECEMBER 2020¹

(ALL COMPARISONS TO 2H20 QUARTERLY AVERAGE UNLESS OTHERWISE STATED)

1Q Profit and Performance (see page 2 for Financial table)

- Unaudited Statutory profit of \$1.62b. Unaudited Cash Profit Continuing Operations excluding Large / Notable items \$1.84b
- Costs were flat, continued to be well managed
- Revenue, excluding Markets, increased 4%. All our major businesses performed well through the quarter with market share gains in our key home loan market in Australia as well as record volumes in our target segments in New Zealand
- Global Markets income, while strong, was down relative to 2H20 outperformance (\$515m relative to 2H20 quarterly average of \$754m). Franchise Sales and Trading comprised two thirds of total Global Markets income in the quarter
- Group net interest margin increased 5 basis points to 1.62% compared with 2H20 (see page 4). Margins benefited from improved mix, both on assets and liabilities, lower funding costs and higher institutional asset margins. This was partially offset by the ongoing headwinds of low rates, excess liquidity and competition, which are expected to continue

Capital

- Group CET1 ratio (APRA Level 2) 11.7%, Pro forma 11.8%² (see page 3)

Provision Charge and Credit Quality

- 1Q21 total provision outcome was a release of \$150m. Individual provision charge \$23m, collective provision ('CP') release of \$173m. Annualised 1Q21 individual provision loss rate 1 basis point (see page 5)
- The release of CP is equivalent to ~10% of the \$1.7b ANZ accumulated during FY20
- Group provision balance at Dec-20 \$5.6b, including collective provision balance \$4.8b. Total coverage ratio 1.60%, CP coverage ratio 1.37% (see page 6)
- Whilst the underlying economic outlook has improved, particularly in Australia and New Zealand, significant levels of volatility and uncertainty continue to exist and we believe our current provision levels are appropriate given this uncertainty

COVID-19 Assistance (at 31 January 2021)

- At the end of January, 84% of Australian Home Loan deferrals, 88% of Australian Business Loan deferrals and 92% of NZ Home loan deferrals have completed (see pages 10-13)

1. On a cash profit continuing operations basis excluding Large / Notable items unless otherwise stated

2. Including mandatory conversion of NZD500m Capital Note in 2022

FINANCIAL PERFORMANCE

EARNINGS (\$m)	Prior year by quarter				Prior year quarterly avg.		Current quarter
	1Q20	2Q20	3Q20	4Q20	1H20QA	2H20QA	1Q21
Cash profit (Continuing operations including Large / Notable items)	1,657	(244)	1,499	846	707	1,173	1,810
Cash profit (Continuing operations excluding Large / Notable items)	1,703	697	1,570	1,288	1,200	1,429	1,843
Net operating income	4,749	4,627	4,824	4,511	4,688	4,668	Decreased slightly ¹
incl. Markets income	554	610	939	569	582	754	515
Net operating expenses	2,249	2,112	2,146	2,142	2,181	2,144	Flat ¹
Profit before credit impairment & income tax	2,500	2,515	2,678	2,369	2,508	2,524	2,435
Credit impairment charge / (release)	115	1,539	501	560	827	531	(150)
incl. individual impairment charge / (release)					311	194	23
incl. collective impairment charge / (release)					516	337	(173)
Capital					Mar-20	Sep-20	Dec-20
APRA Level 2 CET1 Ratio					10.8	11.3	11.7
APRA Level 2 CET1 Ratio (Pro forma)							~11.8 ²

More information on:

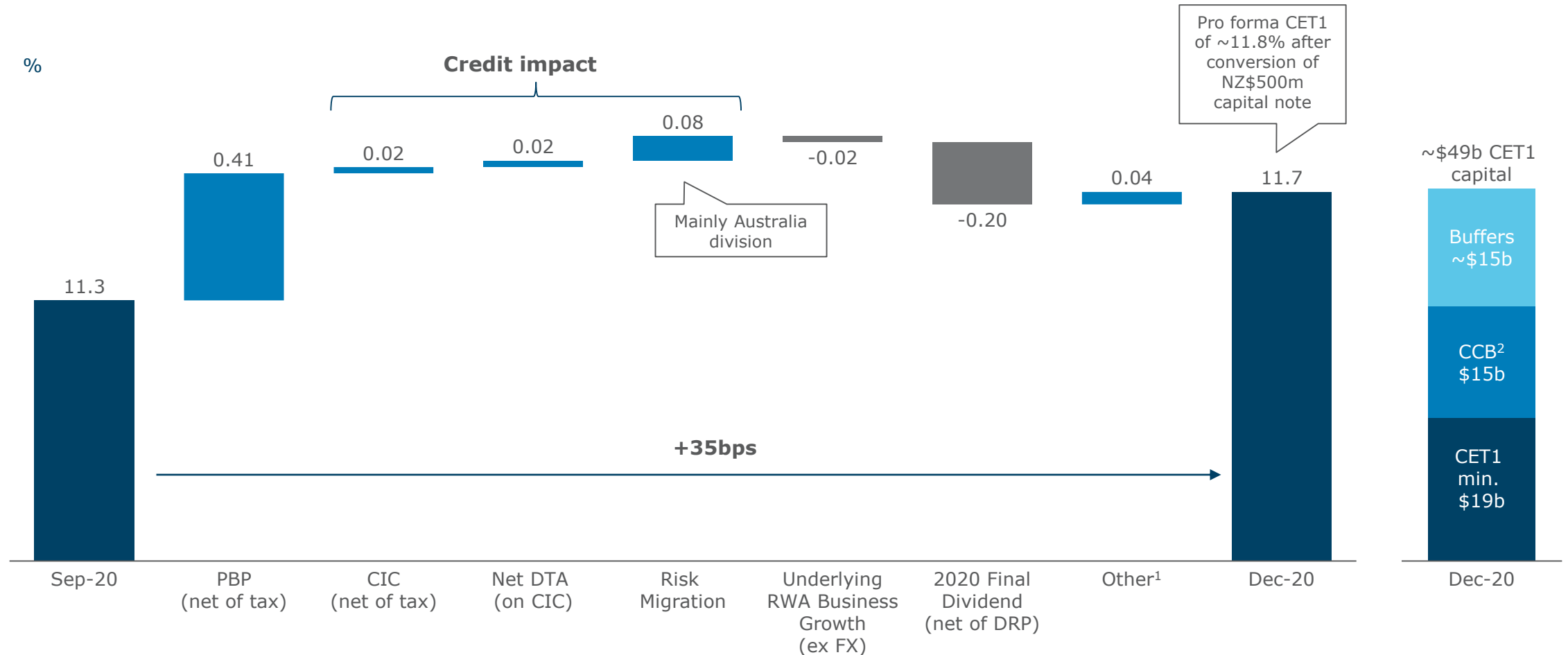
Capital (page 3)	Net Interest Margin (page 4)	Provisions (pages 5 & 6)	Risk Weighted Assets (page 7)	Credit Quality (pages 8 – 9)	COVID-19 Loan Deferrals (pages 10-13)	Aus. Home Loan Portfolio (pages 14-15)
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1. Compared with 2H20 quarterly average

2. Including mandatory conversion of NZD500m Capital Note in 2022

CAPITAL

APRA LEVEL 2 COMMON EQUITY TIER 1 RATIO (CET1)



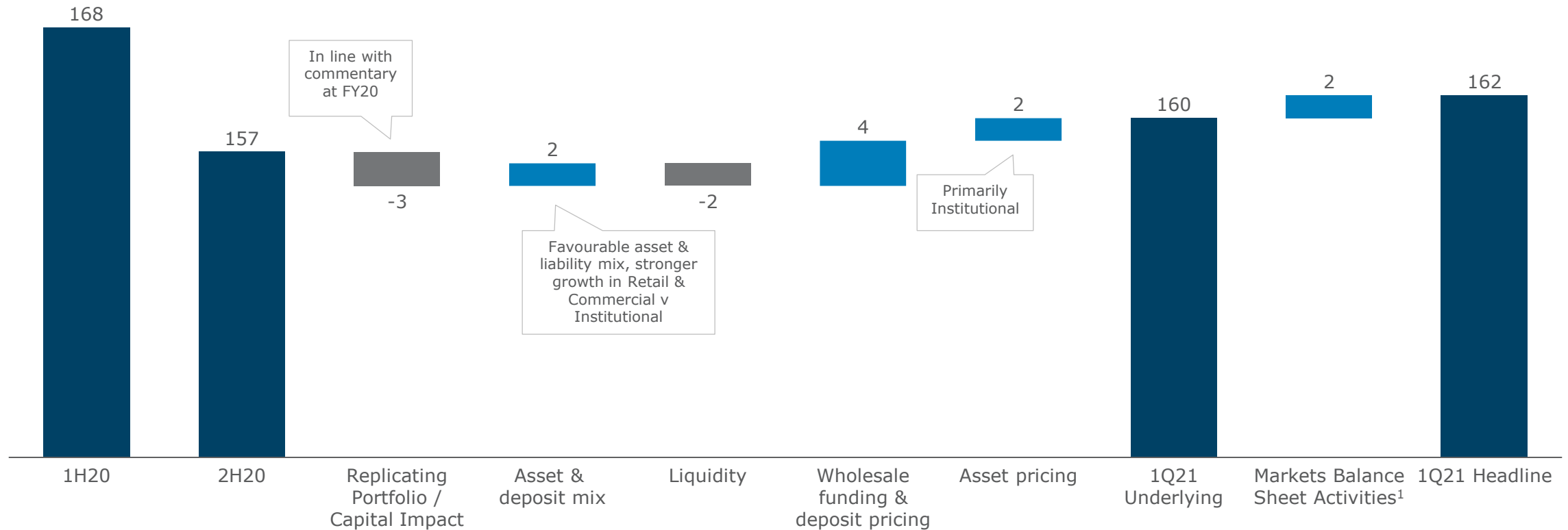
1. Other impacts include capital deductions (which mainly comprises the movement in retained earnings in deconsolidated entities, capitalised expenses and EL/EP deduction), net imposts/efficiencies, movements in non-cash earnings, net foreign currency translation and other

2. Capital Conservation Buffer

NET INTEREST MARGIN

TOTAL GROUP NIM

bps



1. Includes the impact of discretionary liquid assets and other Balance Sheet Activities

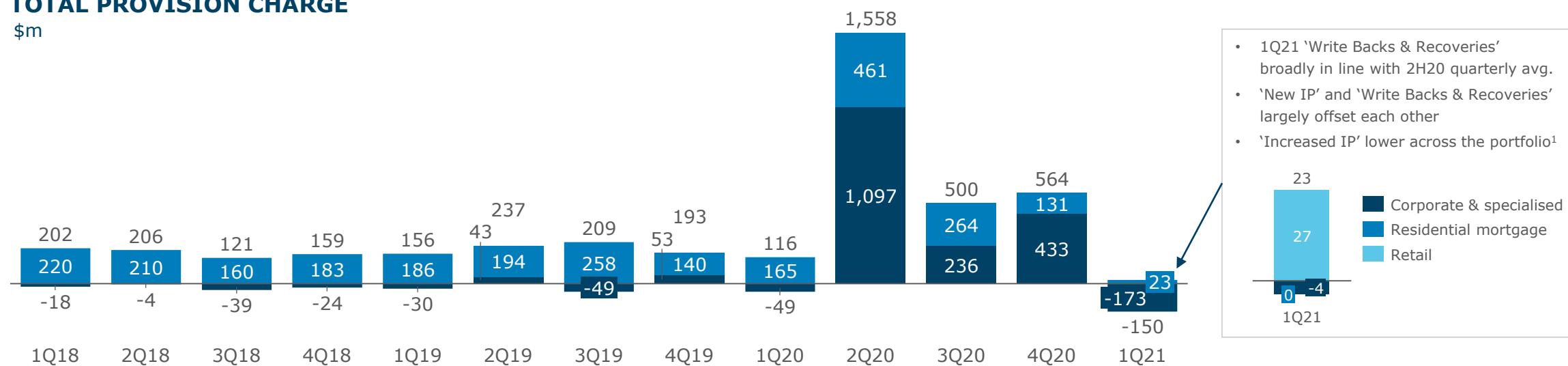
PROVISION CHARGE

LOSS RATES

bps	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21
IP	15	14	11	12	12	13	17	9	11	29	17	8	1
Total	14	14	8	11	10	15	14	13	7	98	31	35	-10

TOTAL PROVISION CHARGE

\$m



- 1Q21 'Write Backs & Recoveries' broadly in line with 2H20 quarterly avg.
- 'New IP' and 'Write Backs & Recoveries' largely offset each other
- 'Increased IP' lower across the portfolio¹

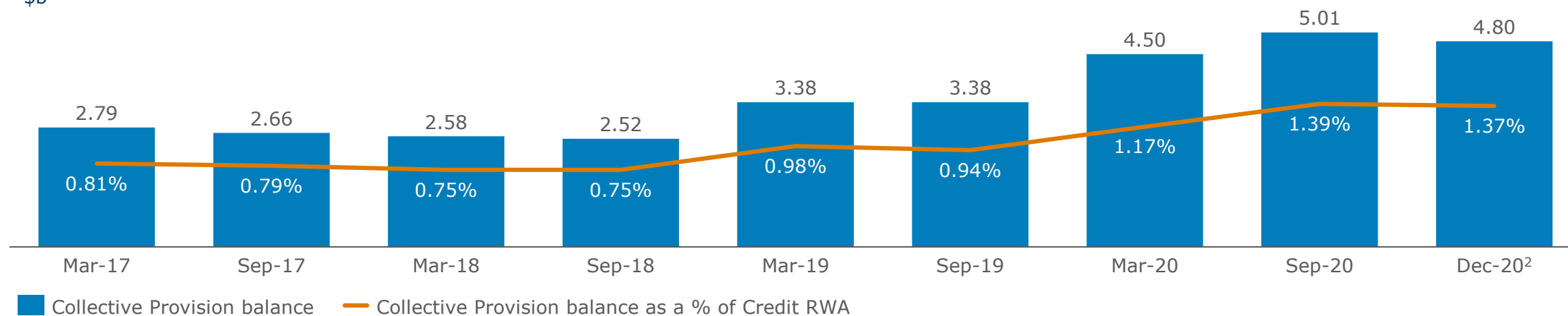
■ Individual Provision (IP) charge ■ Collective Provision (CP) charge

1. Includes cash adjustments for Markets exposures of \$2m

PROVISION BALANCE

COLLECTIVE PROVISION BALANCE AND COVERAGE¹

\$b



CP BALANCE BY DIVISION

\$b	Sep-19	Mar-20	Sep-20	Dec-20
Australia Retail & Commercial	1.80	2.32	2.85	2.75
Institutional	1.17	1.59	1.51	1.40
New Zealand	0.37	0.54	0.57	0.57
Pacific	0.04	0.05	0.08	0.08

CP BALANCE BY PORTFOLIO

\$b	Sep-19	Mar-20	Sep-20	Dec-20
Corporate	1.62	2.22	2.30	2.28
Specialised	0.19	0.29	0.32	0.28
Housing	0.52	0.81	1.06	0.98
Retail ³	0.97	1.10	1.25	1.19
Sovereign/Banks	0.08	0.08	0.08	0.07

1. Mar-17 to Sep-18 under AASB 139, Mar-19 onwards under AASB 9

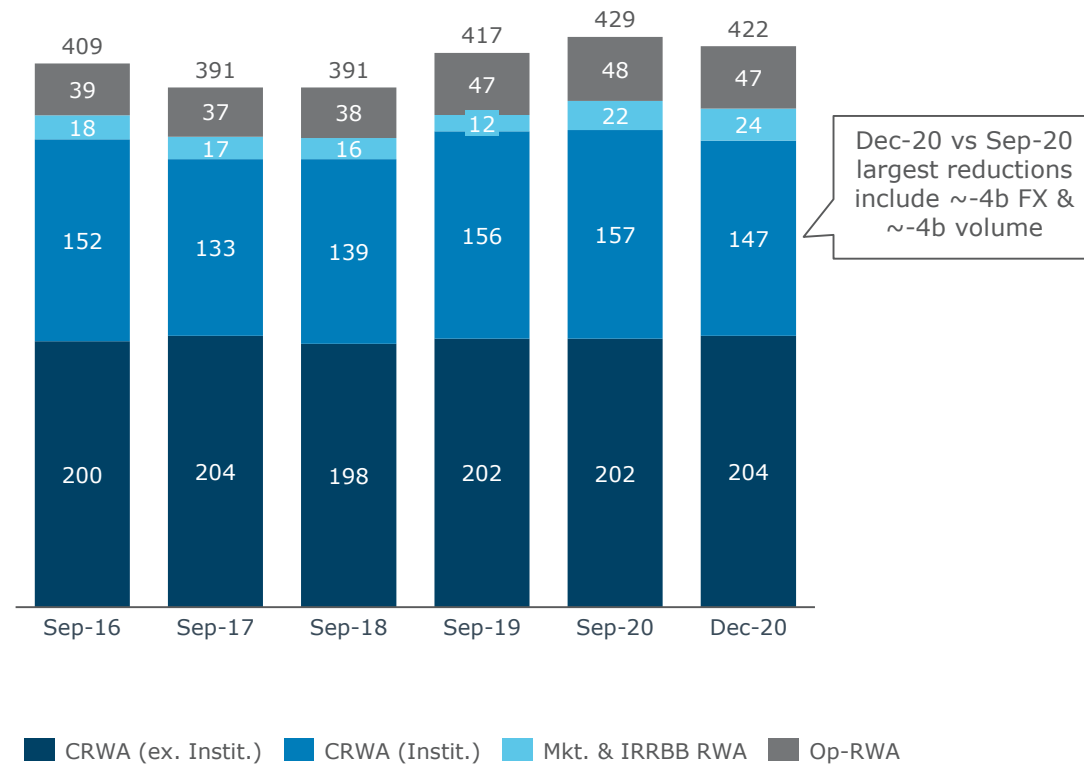
2. Collective Provision Balance of \$4,801m is net of FX movements and the divestment of UDC, which have reduced this number by \$120m

3. Includes Qualifying Revolving Retail and Other Retail

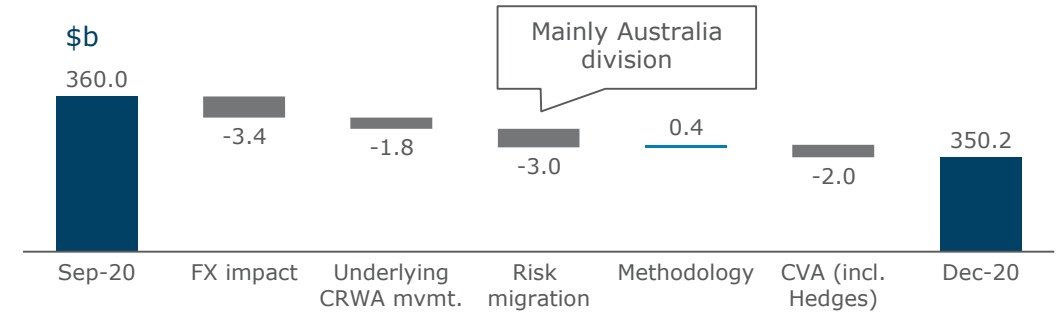
RISK WEIGHTED ASSETS MOVEMENT

RISK WEIGHTED ASSETS¹

\$b

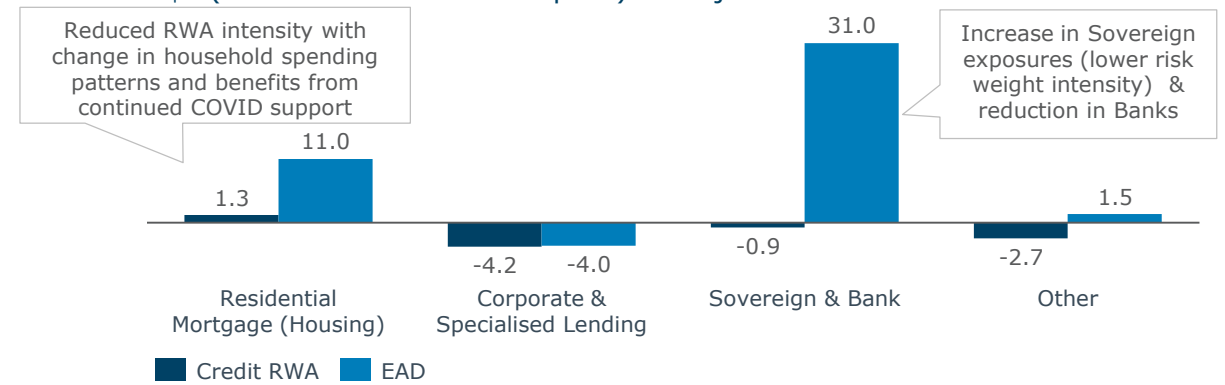


CRWA MOVEMENT



EAD & CRWA MOVEMENT²

\$b (Dec-20 movement vs Sep-20) FX Adjusted

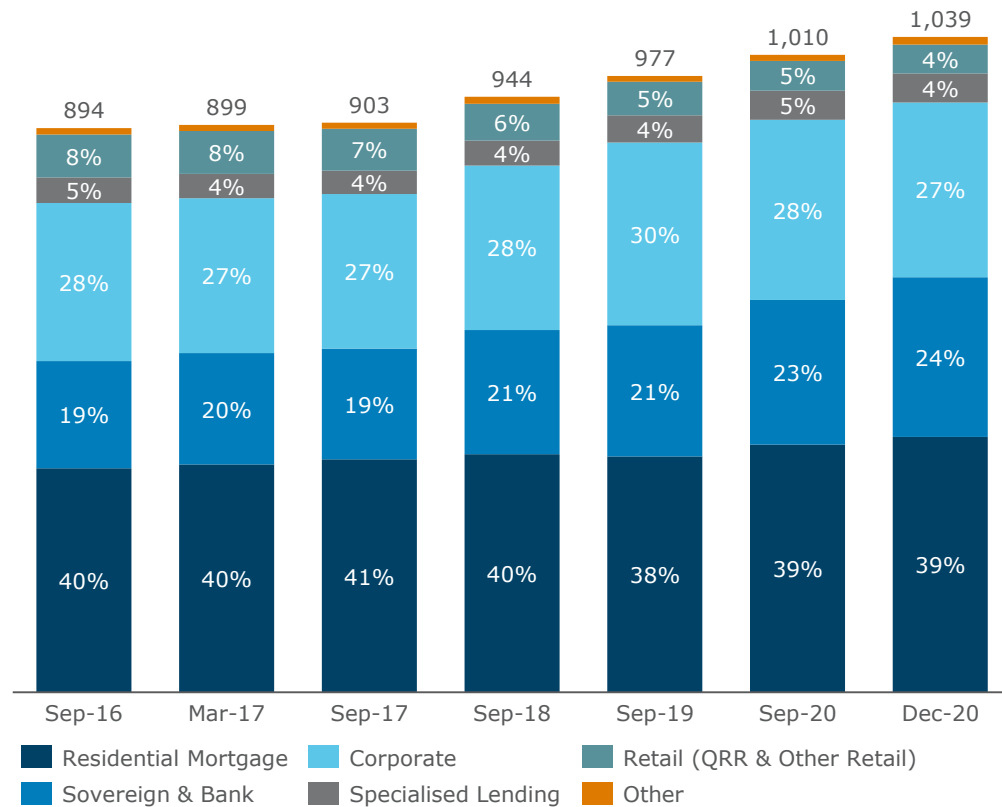


1. Institutional RWAs are inclusive of Corporate Banking, transferred from Australia Retail & Commercial to Institutional in October 2017 and backdated to September 2016 for the purposes of chart time series
 2. EAD excludes Securitisation and Other assets whereas CRWA is inclusive as per APS 330

EXPOSURE AT DEFAULT (EAD)

EAD COMPOSITION¹

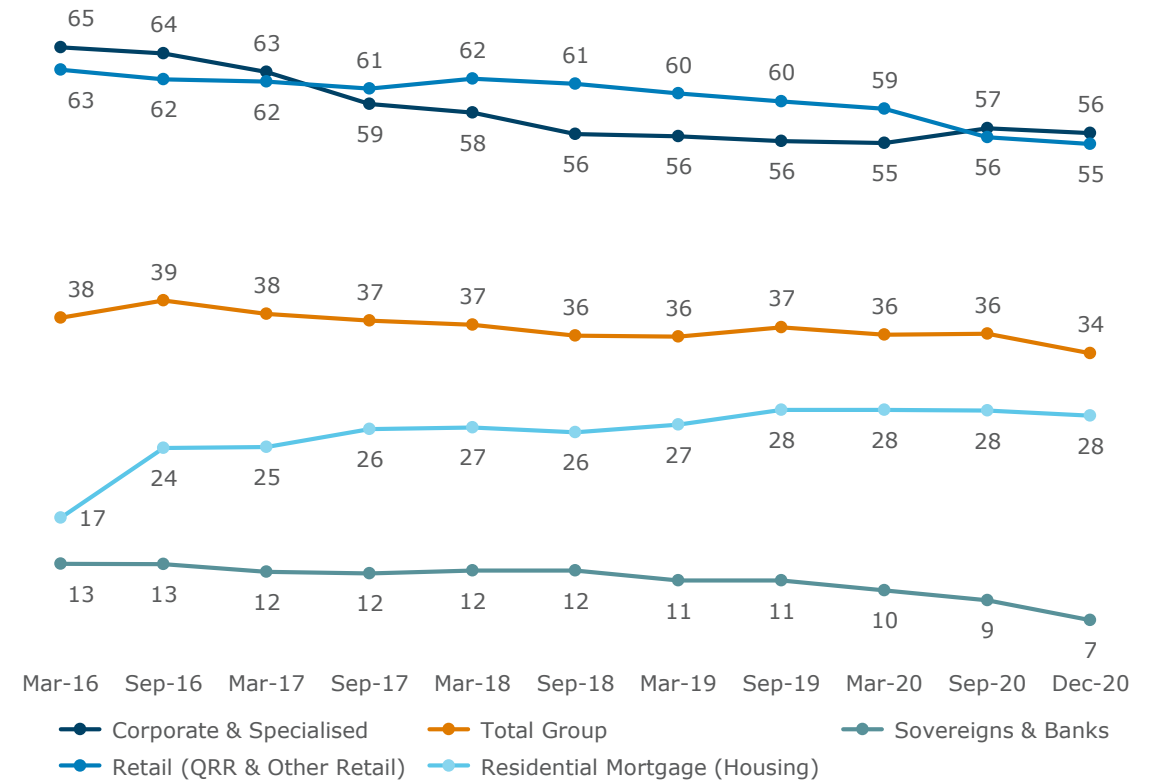
\$b



1. EAD excludes Securitisation and Other assets whereas CRWA is inclusive as per APS 330

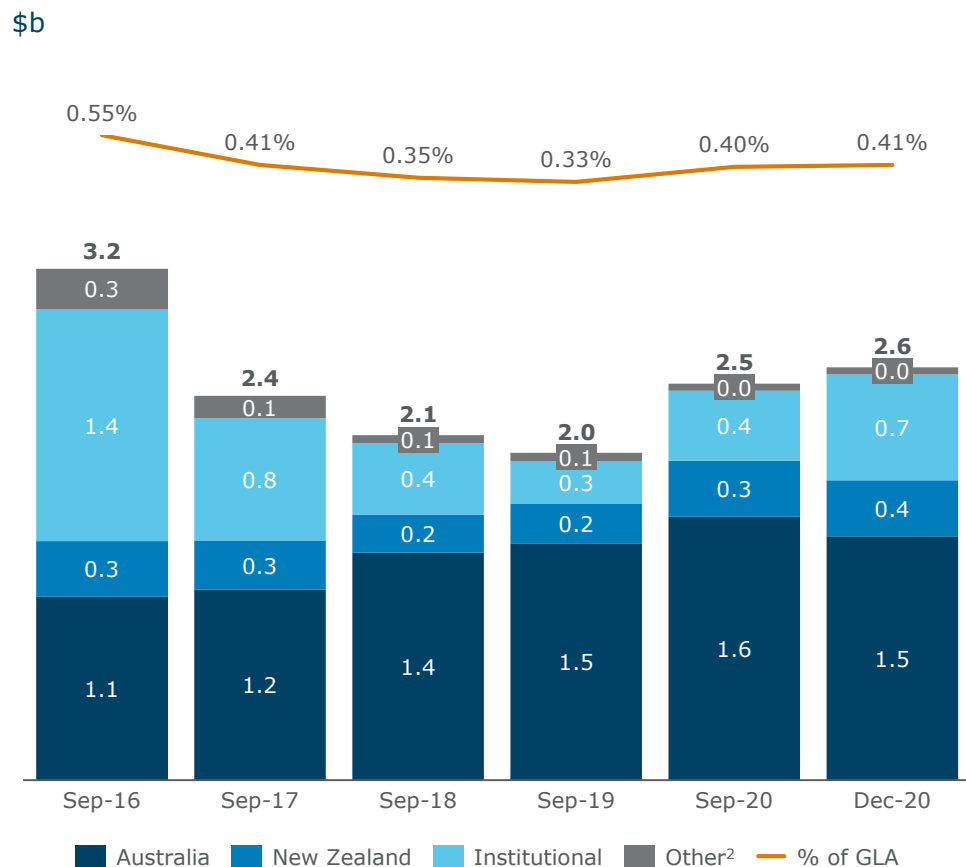
CREDIT RWA/EAD BY PORTFOLIO¹

%

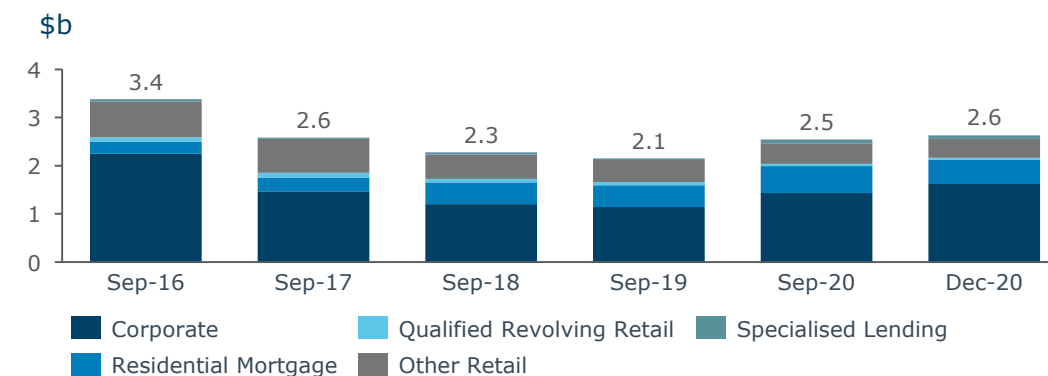


IMPAIRED ASSETS AND LOANS PAST DUE

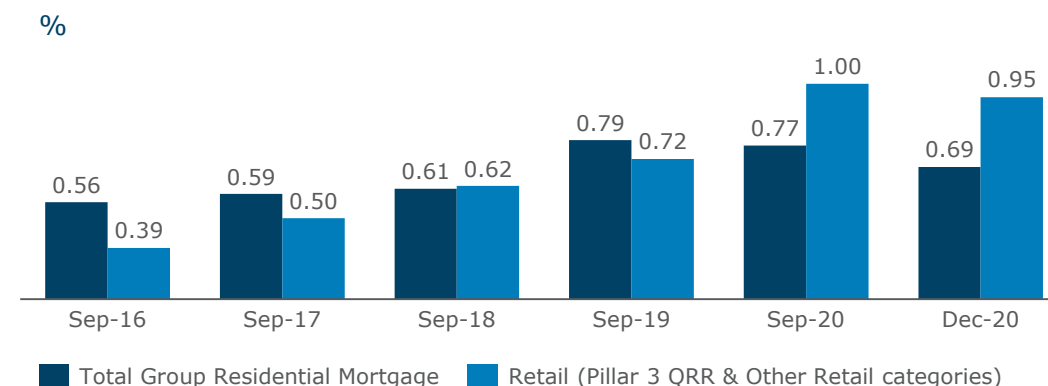
GROSS IMPAIRED ASSETS BY DIVISION^{1,3}



IMPAIRED LOANS / FACILITIES BY PORTFOLIO³



90+ DAYS PAST DUE LOANS⁴



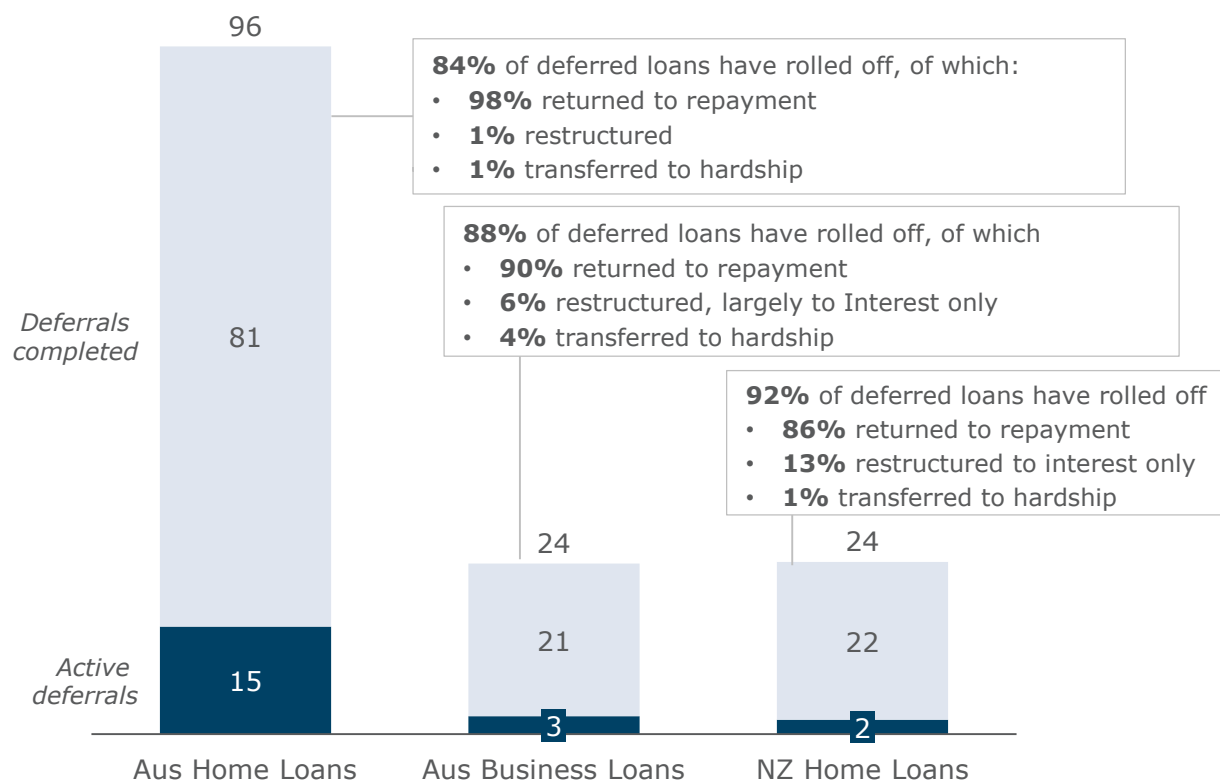
1. Excluding unsecured 90+ days past due
 2. Other includes Retail Asia & Pacific and Australia Wealth
 3. Impaired loans / facilities include restructured items in which the original contractual terms have been modified for reasons related to the financial difficulties of the customer. Restructuring 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
 4. As a % of Exposure at Default

COVID-19 LOAN DEFERRALS

AUSTRALIA & NZ HOME LOAN AND AUSTRALIA BUSINESS LOAN DEFERRALS (Jan-21)

TOTAL LOAN DEFERRALS¹

Account numbers (000s)



AUSTRALIAN DEFERRALS ¹	Housing Loans		Business Loans	
	# Accounts	FUM	# Accounts	EAD
Total loan deferrals provided	96k	\$33b	23.8k	\$10b
Active deferrals	15k	\$6b	2.5k	\$1b
Loans completed deferral	81k	\$27b	21.3k	\$9b
- Returned to repayment	98%	97%	90%	90%
- Restructured	1%	2%	6%	7%
- Transferred to hardship	1%	1%	4%	3%

1. 'Home Loans – Australia', 'Home Loans – New Zealand' and 'Business Loans – Australia' Active Deferral numbers exclude accounts due to expire / exit where customers have already confirmed they will recommence repayment

COVID-19 LOAN DEFERRALS

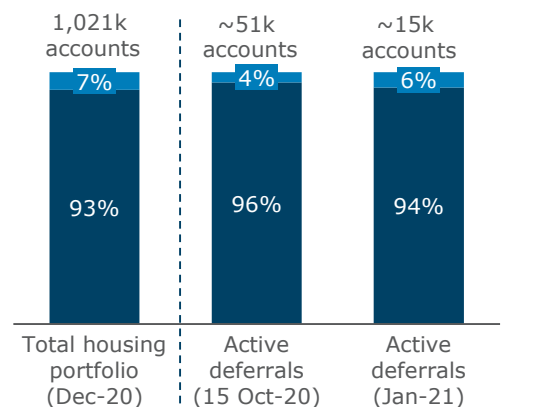
AUSTRALIA – HOME LOAN DEFERRALS – ACTIVE DEFERRAL¹ PORTFOLIO PROFILES

~15k of Home Loans remain on active deferral at 31 January 2021:

- ~30% are original 6 month deferrals, ~70% are 4 month extensions
- ~40% are scheduled to roll off in February
- 42% are in Victoria, impacted by Victorian extended lock down
- ~40% have buffer² >3 months
- Of the \$6b of home loans on active deferral, ~16% or ~\$960m have Dynamic LVR>90%, of this ~\$350m have negative equity
- 69% are Owner Occupier, higher than portfolio average

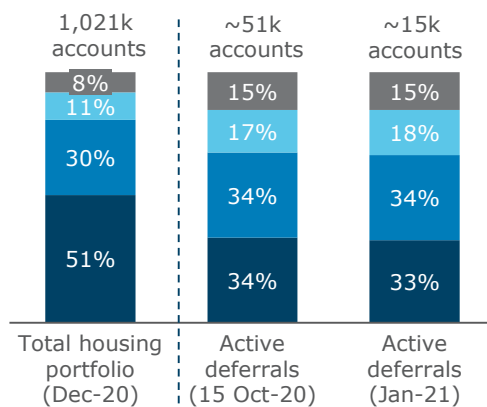
REPAYMENT PROFILE

(% of accounts)



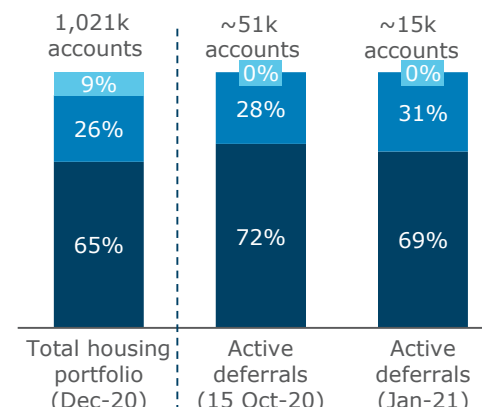
DYNAMIC LVR

(% of accounts)³



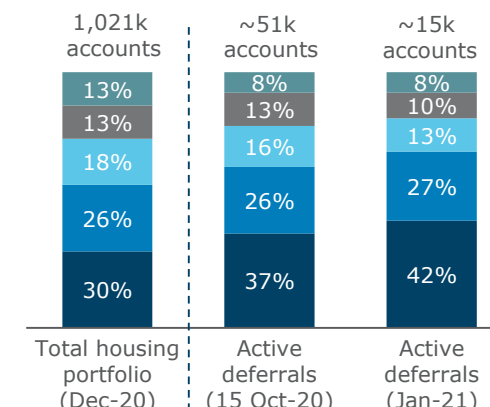
LOAN PURPOSE

(% of accounts)⁴



PORTFOLIO BY STATE

(% of accounts)



Principal and interest (incl. Equity Manager)

Interest only

0-60% 81% - 90%

61% - 80% >90%

Owner Occupier Equity Manager

Investor

VIC QLD Other

NSW WA

1. Current loans on active repayment deferral on initial 6 months deferral – still to determine action on maturity and loans extended/requested for a further 4 months; Excludes accounts currently deferred where customers have indicated they will return to repayments at expiry
2. Buffers are calculated at customer level, incorporating all Retail debts within the customer cluster at ANZ, and all funds available in ANZ redraw, offset and transaction and savings accounts
3. Includes capitalised LMI premiums, valuations for DLVR updated to Nov-20 where available, includes Non Performing Loans, excludes accounts with a security guarantee, and unknown DLVR
4. The current classification of Investor vs Owner Occupied is based on ANZ's product category, determined at origination as advised by the customer and the ongoing precision relies primarily on the customer's obligation to advise ANZ of any change in circumstances

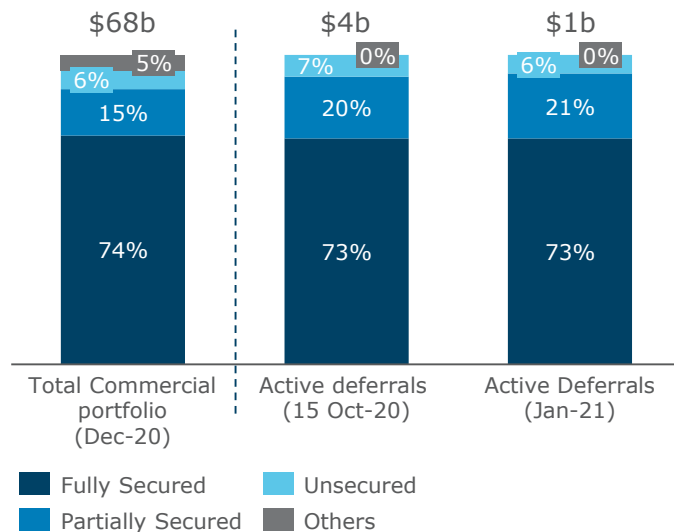
COVID-19 LOAN DEFERRALS

AUSTRALIA – COMMERCIAL BUSINESS LOAN DEFERRALS – ACTIVE DEFERRAL PORTFOLIO PROFILES

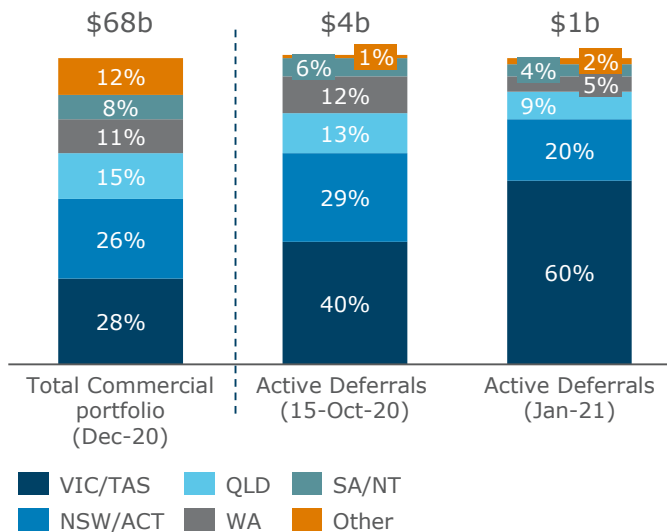
\$1b of Commercial Business Loans remain on active deferral at 31 January 2021:

- ~10% are original 6 month deferrals, ~90% are 4 month extensions
- ~75% are scheduled to roll off in February, driven by 90% of deferral apps received in March/April
- 60% of active Business Loan deferrals are Victorian businesses, impacted by Victorian extended lock down
- **Accom. Cafes & Restaurants** continue to be the largest industry on deferral, ~15% opted for 4 month extension (vs ~8% across the deferral population)
- ~30% of active deferrals are associated with customers who are receiving Jobkeeper payments from the government. Customers receiving Jobkeeper payments across the portfolio halved in November (**55k**) from October (**109k**), as the eligibility tightened on the 28th September

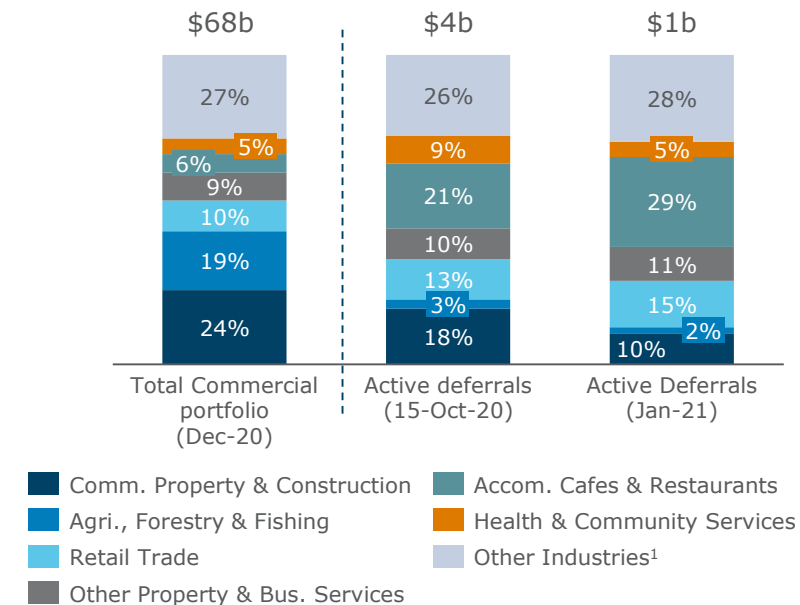
BY SECURITY PROFILE (% OF EAD)



BY STATE (% OF EAD)



BY INDUSTRY (% OF EAD)



1. The largest 'Other' industries include Manufacturing (5%) and Cultural & Recreational Services (5%)

COVID-19 LOAN DEFERRALS

AUSTRALIA LOAN DEFERRAL – 31 MARCH 2021 CONSIDERATIONS

Customer Contact	Customer Support	New or extensions to COVID payment deferrals
<p>All customers with 4 months extension on their loan deferral are contacted at a minimum a month prior to the expiry via letter, phone call and SMS</p>	<p>Options to restructure to interest only</p> <ul style="list-style-type: none"> Commercial Customers – up to 12 months Home Loan and Small Business Banking customers (up to \$1m) – up to 24 months <p>and/or</p> <p>Reduce payments through other forms of restructure such as a term extensions or a rate reduction Customers unable to return to repayments are provided alternative support such as financial counselling</p>	<p>Not offered to customers beyond 31st January (existing deferrals will continue)</p>

**31st
March
2021**

- **APRA** Capital concessions – end on 31st March 2021

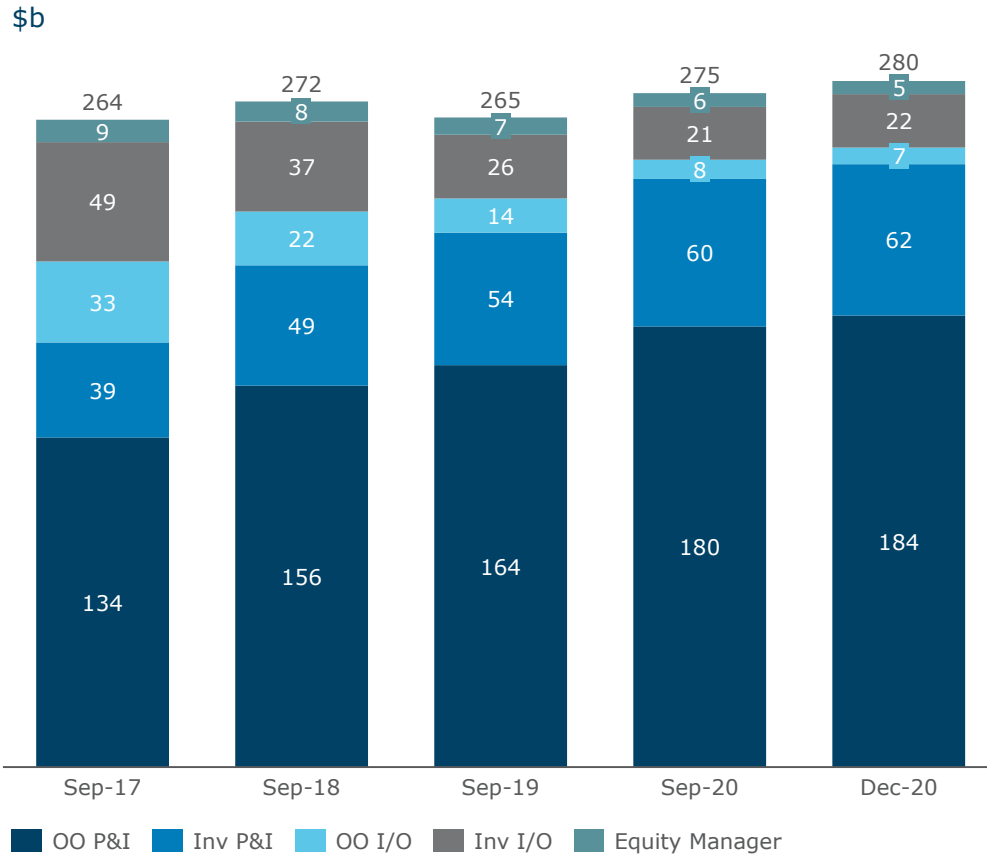
**POST
31st
March
2021**

- **No active** COVID loan payment deferrals will remain in place
- **Return to full repayments** – All customers will be required to return to full repayments unless approved for further assistance through ANZ’s financial hardship program on a case by case basis
- **Loan restructure options** – will continue to be available to customers through ANZ’s financial hardship program and are assessed on a case by case basis

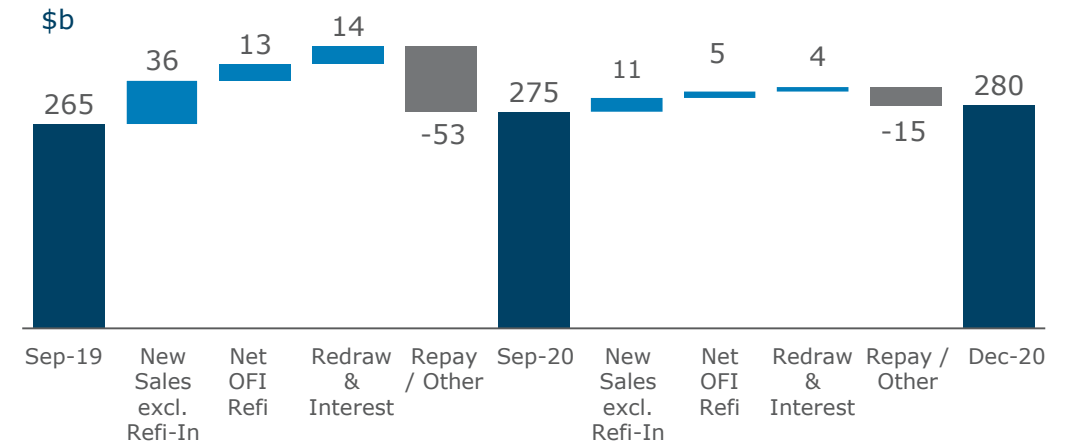
AUSTRALIA HOME LOAN PORTFOLIO

LOAN BALANCE & LENDING FLOWS¹

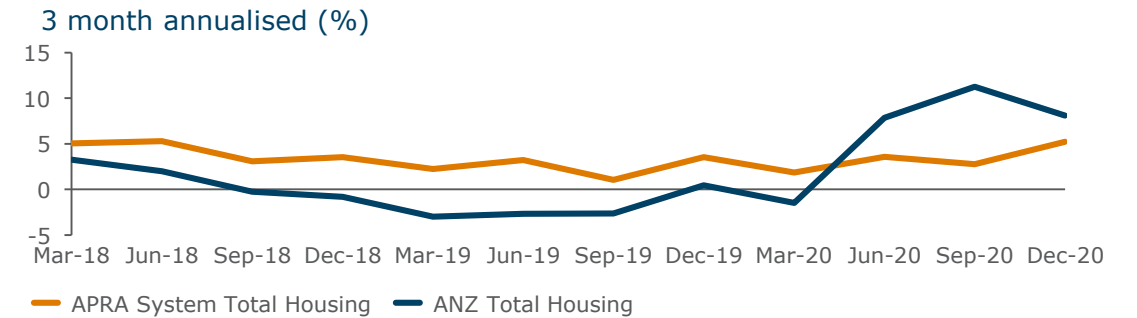
HOME LOAN FUM COMPOSITION^{1,2}



LOAN BALANCE & LENDING FLOWS¹



ANZ HOME LOAN GROWTH³

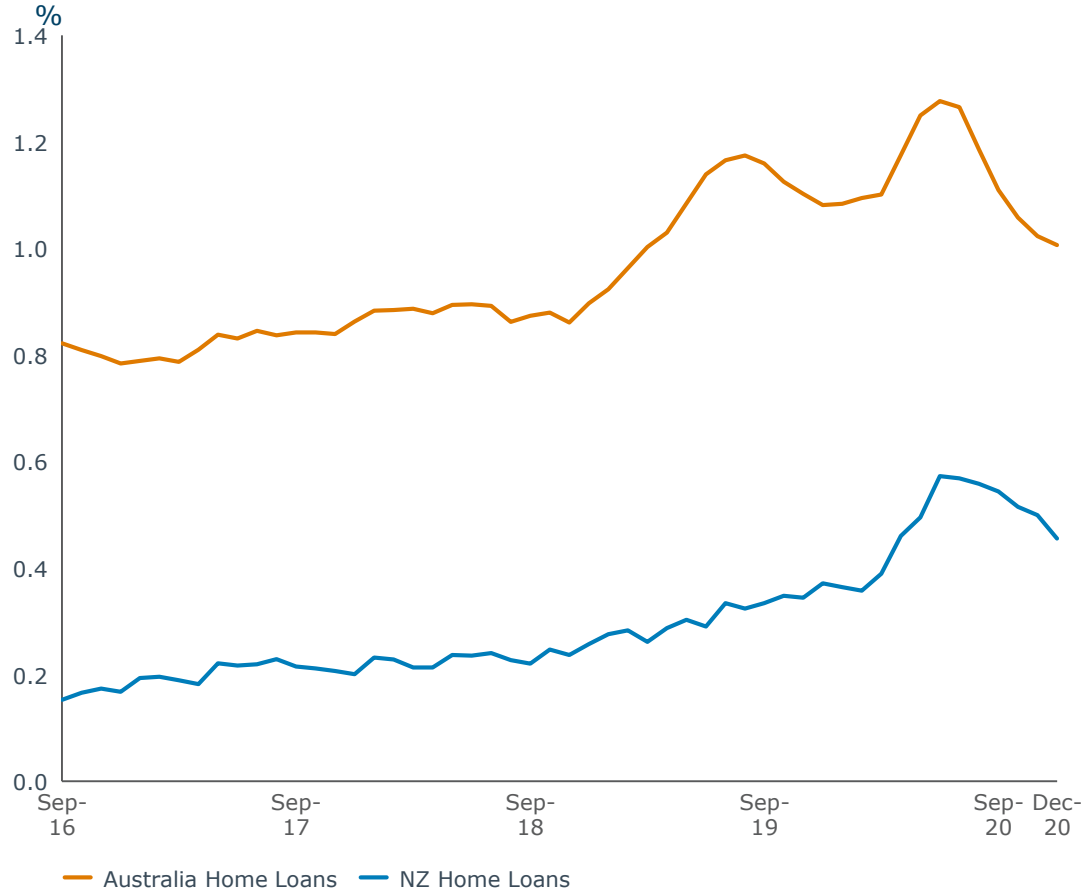


1. Based on Gross Loans and Advances. Includes Non Performing Loans
 2. The current classification of Investor vs Owner Occupied is based on ANZ's product category, determined at origination as advised by the customer and the ongoing precision relies primarily on the customer's obligation to advise ANZ of any change in circumstances
 3. Source: APRA Monthly Banking Statistics (MBS) and Monthly Authorised Deposit-taking Institution Statistics (MADIS). Mar-18 to Mar-19 based on MBS, thereafter MADIS

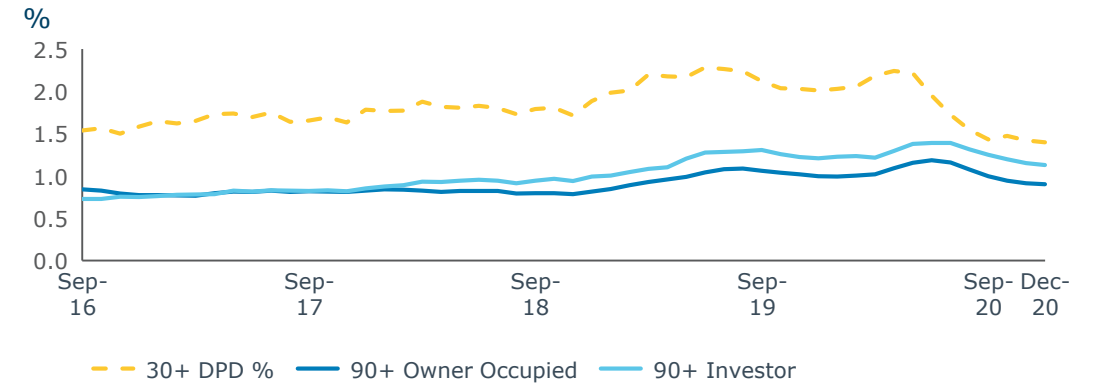
CREDIT QUALITY

HOUSING PORTFOLIO

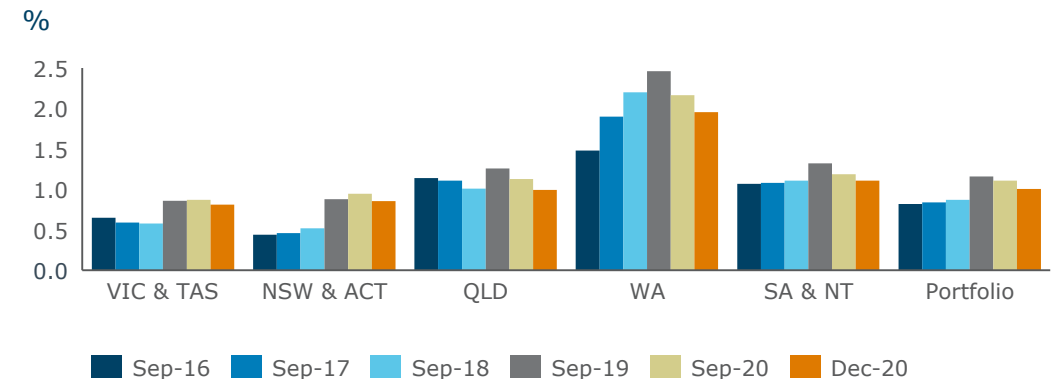
90+ DAY DELINQUENCIES^{1,2,3}



AUS. HOME LOANS – 30+ DAYS & 90+ DAYS PAST DUE^{1,2,3,4}



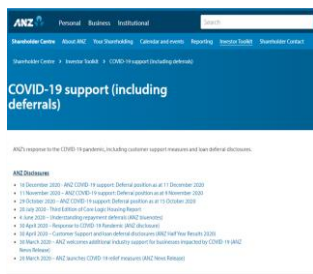
AUS. HOME LOANS – 90+ DAYS PAST DUE^{1,2,3} (BY STATE)



1. Includes Non Performing Loans
2. ANZ delinquencies are calculated on a missed payment basis for amortising and Interest Only loans
3. 30+ and 90+ excludes eligible Home Loans accounts that had requested COVID-19 assistance but due to delays in processing had not had the loan repayment deferral applied to the account
4. The current classification of Investor vs Owner Occupier, is based on ANZ's product category, determined at origination as advised by the customer and the ongoing precision relies primarily on the customer's obligation to advise ANZ of any change in circumstances

FURTHER INFORMATION

COVID-19 update



Latest commentary on response to COVID-19 pandemic

<https://www.anz.com/shareholder/centre/investor-toolkit/>

Corporate Overview & Sustainability



Progress against our Environment, Social & Governance (ESG) targets

<https://www.anz.com/shareholder/centre/reporting/sustainability/>

AASB 9



AASB 9 overview and stages

<https://www.anz.com/shareholder/centre/investor-toolkit/>

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[anz.com/shareholder/centre/](https://www.anz.com/shareholder/centre/)

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