

# U.S. Investor Website Update

For Release: March 18, 2021

## First Quarter Trading Update

On February 18, 2021, ANZ announced an unaudited statutory profit after tax for the first quarter ended December 31, 2020 of \$1,624 million with an unaudited cash profit<sup>1</sup> from continuing operations of \$1,810 million, up 54% on the average of the last two quarters of 2020.

### FINANCIAL PERFORMANCE SUMMARY

Earnings (\$m)	1H20 Quarterly Average	2H20 Quarterly Average	1Q21
<b>Statutory Profit After Tax</b>	773	1,016	1,624
<b>Cash Profit (Continuing Operations)</b>	707	1,173	1,810
<b>Cash Profit (Continuing &amp; ex large/notable items)<sup>1</sup></b>	1,200	1,429	1,843
Profit Before Credit Impairment & Tax	2,508	2,524	2,435
Credit Impairment Charge / (Release)	827	531	(150)
Individual Provision Charge / (Release)	311	194	23
Collective Provision 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 <sup>2</sup> )			~11.8

1 Earnings on continuing & excluding large / notable basis unless otherwise stated.

2 Pro forma adjustments include conversion of NZ capital notes in 2022.

### CEO COMMENTARY

ANZ Chief Executive Shayne Elliott said: "This is a strong performance in volatile trading conditions that again highlights the benefits of disciplined execution of our strategy as well as maintaining a simpler and well balanced portfolio of businesses.

"We're pleased to have achieved these results for shareholders while also helping customers in difficulty and providing the vital lending needed to support the economic recovery. 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 home loan volumes in New Zealand.

"Our diversified portfolio in Institutional delivered again for shareholders with a strong contribution from our international network. Markets had another solid quarter although revenue was down relative to the historic highs we experienced at the end of last year.

"Margins were up across the group due to higher volume growth in targeted segments and a disciplined and active approach to risk and pricing. The combination drove Group revenue up 4% for the quarter when excluding the impact of our Markets business.

<sup>1</sup> Statutory profit is adjusted to exclude non-core items in order to arrive at cash profit, reflecting the result for the Group's ongoing activities. Adjustments between statutory profit and cash profit include the following items: economic hedges; revenue and expense hedges; and structured credit intermediation trades.

"The small release in the collective provision reflected improved economic conditions, particularly here in Australia. However, recent lockdowns in Perth, Brisbane, Melbourne and Auckland demonstrate how quickly things can change and we believe our current settings are both prudent and appropriate given this uncertainty.

"From an operational perspective, we successfully managed a significant increase in customer and transaction volumes while keeping costs in check and operating with the majority of our employees still working remotely. We have been focussed on costs for many years and we were again able to reduce how much we spent on running the bank while investing in initiatives that will deliver long-term benefits to shareholders.

"We again strengthened our capital position resulting in a further increase in net tangible assets per share.

"We believe ANZ is well positioned heading into the remainder of 2021 with good momentum in our core activities. The work done to simplify and de-risk the business over the past five years set us up well and we have the capital, liquidity and operational capacity to continue to support our customers and the broader economy through what remains a volatile period," Mr Elliott said.

## COVID-19 SUPPORT<sup>2</sup>

ANZ supported ~145k home loan and commercial customers in Australia and New Zealand with repayment deferrals to help them manage the impact of COVID-19. Approximately 1% of home loan customers in Australia and New Zealand are still receiving COVID support. In Australia, 84% of deferred home loans have rolled off with 98% returning to repayment. In New Zealand, 92% of loan deferrals have rolled off with 86% returning to repayments.

Australian Deferrals	Housing #Accounts	Housing FUM	Business #Accounts	Business FUM
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%

## CREDIT QUALITY

The total provision result in the December quarter was a net release of \$150m. This comprises an individually assessed provision (IP) charge of \$23m and a collective provision (CP) release of \$173m. The release of CP is equivalent to ~10% of the \$1.7b set aside during FY20. The low IP charge reflects the continued effect of Government and bank support packages for customers affected by COVID-19. The CP release is prudent when balancing the improvement in the economic outlook at the end of the December quarter with the level of ongoing uncertainty. As at December 31, 2020, the CP balance of \$4,801 million represents additional reserves of \$1,425 million compared to pre-COVID levels at September 30, 2019.

<sup>2</sup> All figures quoted in this section are as at January 31, 2021 and relate to the period commencing from March 20, 2020 (in the case of Australia) and March 27, 2020 (in the case of New Zealand) up until that date.