

**2022**

# DECEMBER 2021 BASEL III PILLAR 3 / 1Q22 CHART PACK

07 FEBRUARY 2022

This document should be read in conjunction with ANZ Basel III Pillar 3 Disclosure as at December 2021 (APS 330: Public disclosure)

Approved for distribution by ANZ's Continuous Disclosure Committee

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All numbers provided in this December 2021 Basel III Pillar / 1Q22 chart pack are on an unaudited basis



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# OVERVIEW

## FIRST QUARTER FY2022 (PERIOD ENDED 31 DECEMBER 2021)

### Net Interest Margin (Page 3)

- Group Net Interest Margin was down 8bps for the quarter with underlying NIM down 5bps, largely driven by a lower exit rate at the full year (versus the second half average) and a continuation of the structural headwinds impacting the sector
- The impact of rising rates, predominantly in New Zealand, and recent deposit pricing changes are expected to moderate these ongoing headwinds in the second quarter

### Capital (Page 4)

- The Group's Common Equity Tier One ratio of 11.65% includes the impact of the final dividend and solid underlying credit growth in Institutional
- ANZ announced a \$1.5b On Market Buy Back in July 2021 and as at 31 January 2022, had bought back \$1.015b of Ordinary Shares (\$0.9b as at 31 December 2021)

### Credit Quality and Balance Sheet Movement (first quarter) (Pages 5-10)

- The credit quality environment has remained benign with a total provision release of \$44m during the quarter. This comprises a collective provision release of \$122m and an individually assessed provision of \$78m. 1Q22 annualised individual provision loss rate was 5bps
- Risk Weighted Assets increased 4% in 1Q22, largely driven by increased Credit Risk Weighted Assets (CRWA) in Institutional. Growth was two thirds corporate business and one third FIG with corporate CRWA reflecting increased demand for infrastructure assets from both acquisition activity and investment

### Australian Mortgage Portfolio (Page 11)

- ANZ has made solid progress in Australia to improve systems and processes for simple home loans with application times now in line with other major lenders. Efforts continue to improve response times for more complex home loan applications
- Australian Home Loans balance sheet grew slightly in 1Q22. Given the high levels of refinancing activity in the sector, managing both attrition and margins remain key areas of focus

### Institutional Markets Business

- Revenue within ANZ's Markets business for the month of October was softer given trading conditions. While subsequent months have performed more in line with FY21 revenue trends, the softer start in October will likely impact First Half performance

### Australia Retail & Commercial Product Change

- Changes ANZ is making to packages offered within its Australia Retail & Commercial business from March 2022 will provide customers with simpler and lower fee options
- While better aligned to positive customer outcomes, the changes will have a negative transitional impact on other operating income in FY22 of ~\$140m, spread evenly across the two halves

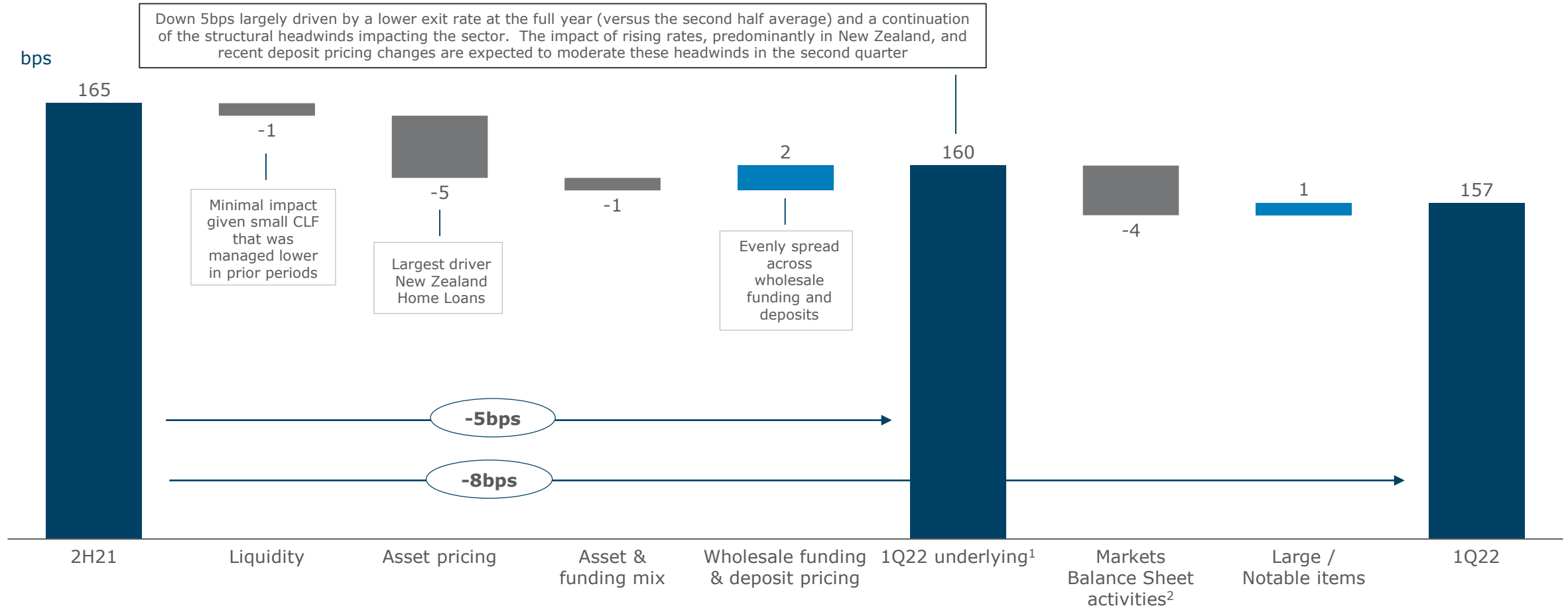
### Expenses

- Run-the-bank costs<sup>1</sup> are expected to be broadly flat in the first half with investment spend higher as we invest in our business at a faster rate, particularly within Australia Retail and Commercial and ANZx, as well as expensing investment at a higher rate than FY21 (FY21: 79%; 1Q22: 89%)

1. Excludes the impact of foreign currency translation and the acquisition of Cash Rewards

# GROUP NET INTEREST MARGIN (NIM)

## CONTINUING OPERATIONS



1. Excluding Large / Notable items and Markets Balance Sheet activities

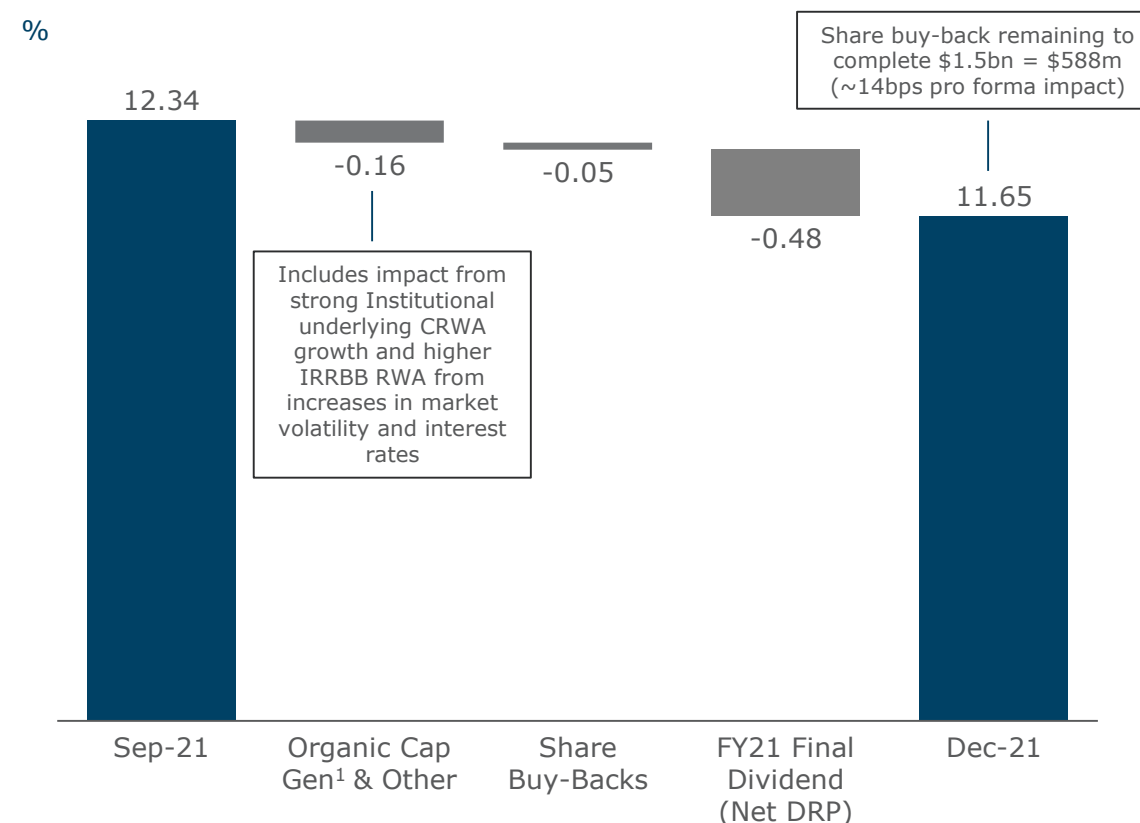
2. Includes the impact of discretionary liquid assets and other Balance Sheet activities

# CAPITAL

<b>Basel III APRA Level 2 CET1</b>	<b>Mar-21</b>	<b>Jun-21</b>	<b>Sep-21</b>	<b>Dec-21</b>
Common Equity Tier 1 Capital (AUD m)	50,786	50,245	51,359	50,186
Total Risk Weighted Assets (AUD m)	408,166	412,210	416,086	430,924
<b>Common Equity Tier 1 Capital Ratio</b>	<b>12.4%</b>	<b>12.2%</b>	<b>12.3%</b>	<b>11.6%</b>

<b>Basel III APRA Level 1 CET1</b>	<b>Mar-21</b>	<b>Jun-21</b>	<b>Sep-21</b>	<b>Dec-21</b>
Common Equity Tier 1 Capital (AUD m)	45,854	45,424	45,555	44,101
Total Risk Weighted Assets (AUD m)	374,939	377,876	379,387	393,522
<b>Common Equity Tier 1 Capital Ratio</b>	<b>12.2%</b>	<b>12.0%</b>	<b>12.0%</b>	<b>11.2%</b>

## APRA LEVEL 2 CET1 RATIO - CAPITAL MOVEMENT

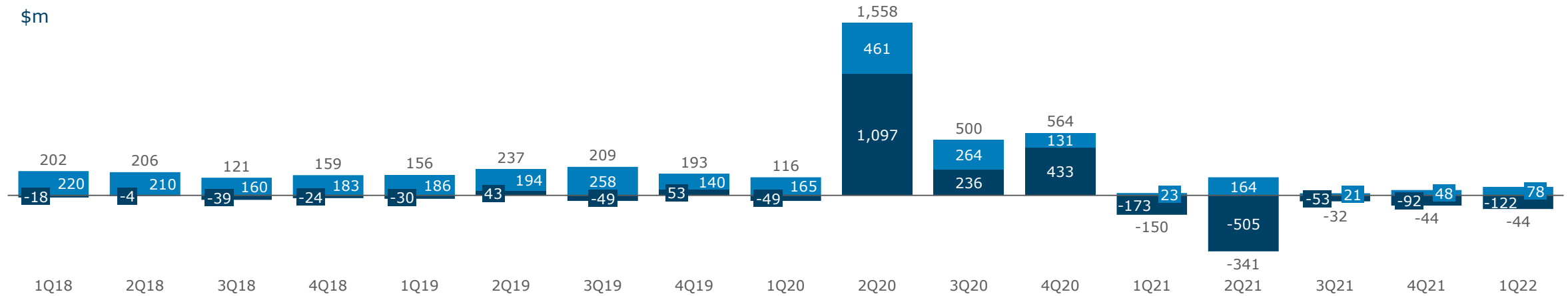


1. Net organic capital generation includes Cash Earnings (ex Large Notable Item), net of RWA movement from underlying growth and risk migration changes and capital deductions movements

# PROVISIONS

## TOTAL PROVISION CHARGE / (RELEASE)

\$m



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

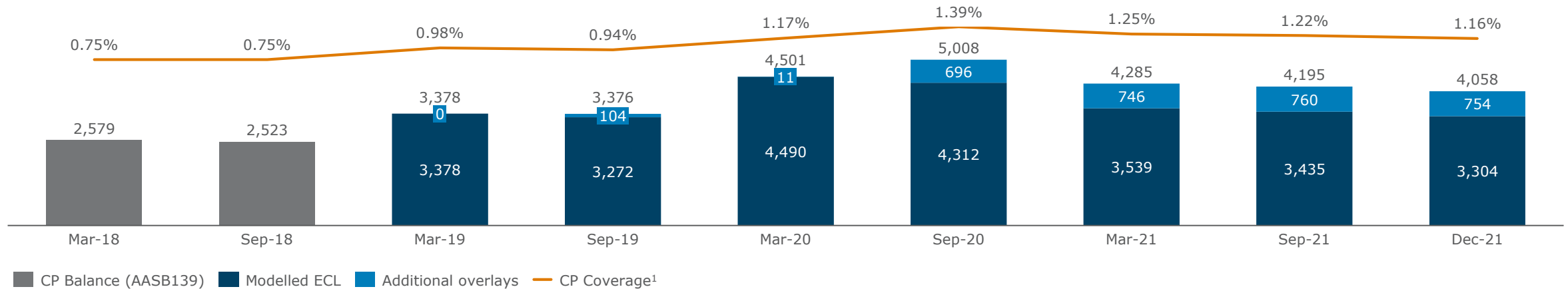
## LOSS RATES (ANNUALISED)

Bps	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
Individual Provision	15	14	11	12	12	13	17	9	11	29	17	8	1	11	1	3	5
Total Provision	14	14	8	11	10	15	14	13	7	98	31	35	-10	-22	-2	-3	-3

# COLLECTIVE PROVISION BALANCE

## COLLECTIVE PROVISION (CP) BALANCE & COVERAGE RATIO

\$m



## CP BALANCE BY DIVISION

\$b	Mar-19	Sep-19	Mar-20	Sep-20	Mar-21	Sep-21	Dec-21
Australia Retail & Commercial	1.83	1.80	2.32	2.85	2.33	2.23	2.15
Institutional	1.13	1.17	1.59	1.51	1.36	1.35	1.31
New Zealand	0.37	0.37	0.54	0.57	0.51	0.53	0.50
Pacific	0.04	0.04	0.05	0.08	0.08	0.10	0.09

## CP BALANCE BY PORTFOLIO

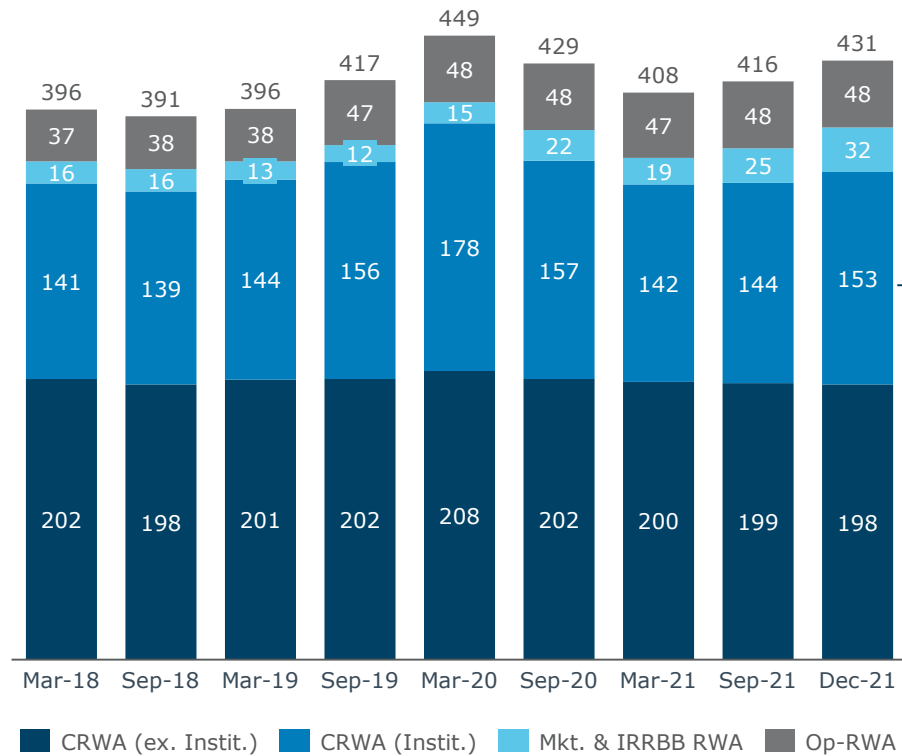
\$b	Mar-19	Sep-19	Mar-20	Sep-20	Mar-21	Sep-21	Dec-21
Corporate	1.59	1.62	2.22	2.30	2.13	2.09	2.03
Specialised	0.18	0.19	0.29	0.32	0.28	0.27	0.26
Residential Mortgage	0.49	0.52	0.81	1.06	0.78	0.79	0.77
Retail (ex Mortgages)	1.05	0.97	1.10	1.25	1.04	0.96	0.91
Sovereign / Banks	0.07	0.08	0.08	0.08	0.06	0.09	0.09

1. Collective Provision balance as a % of Credit Risk Weighted Assets

# RISK WEIGHTED ASSETS (RWA)

## RWA BY CATEGORY<sup>1</sup>

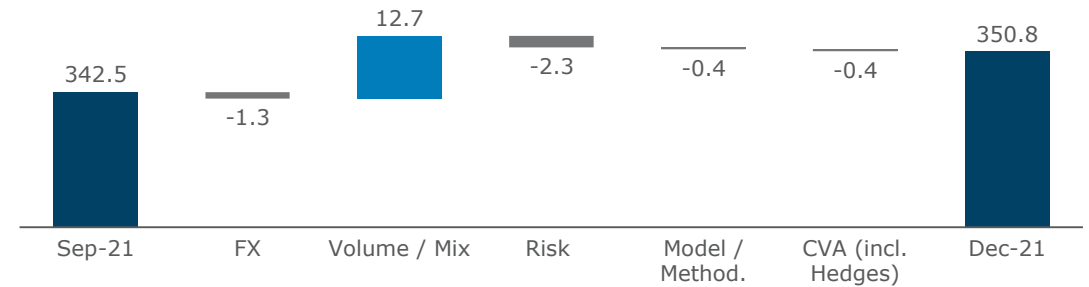
\$b



Institutional growth was two thirds corporate business and one third FIG with corporate CRWA reflecting increased demand for infrastructure assets from both acquisition activity and investment

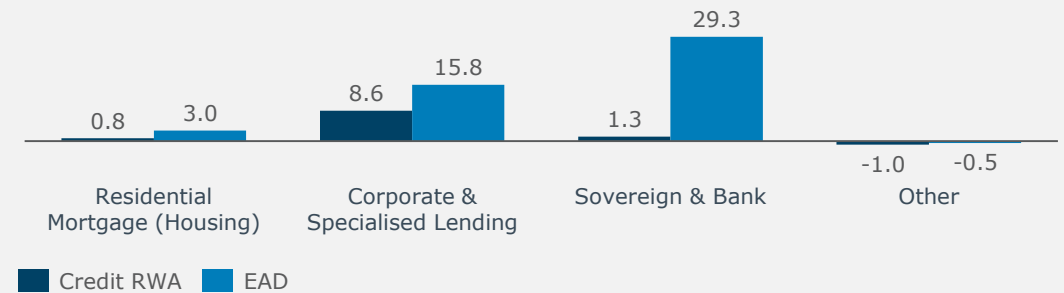
## CRWA MOVEMENT – TOTAL GROUP

\$b



## CREDIT RWA & EAD<sup>2</sup> MOVEMENT

\$b (Dec-21 movement vs Sep-21) FX Adjusted



1. Institutional RWAs are inclusive of Corporate Banking

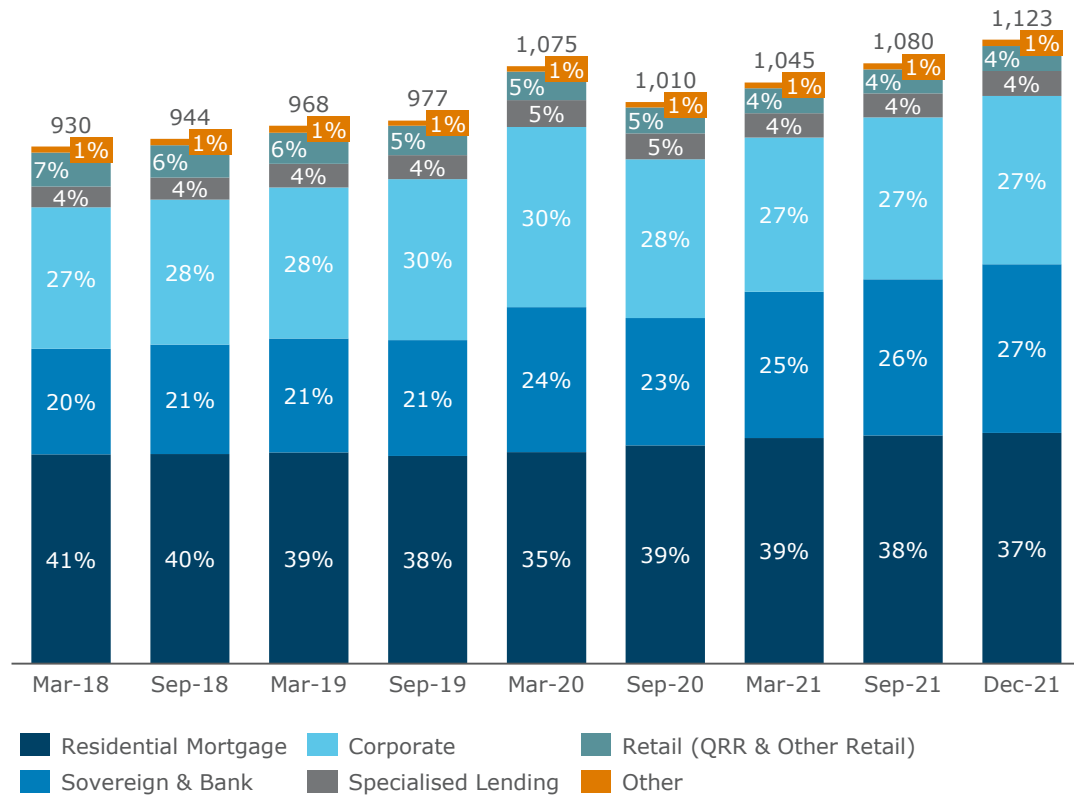
2. EAD excludes amounts for 'Securitisation' and 'Other Assets' Basel classes, as per APS330. Data provided is on a Post CRM basis, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral



# EXPOSURE AT DEFAULT (EAD)

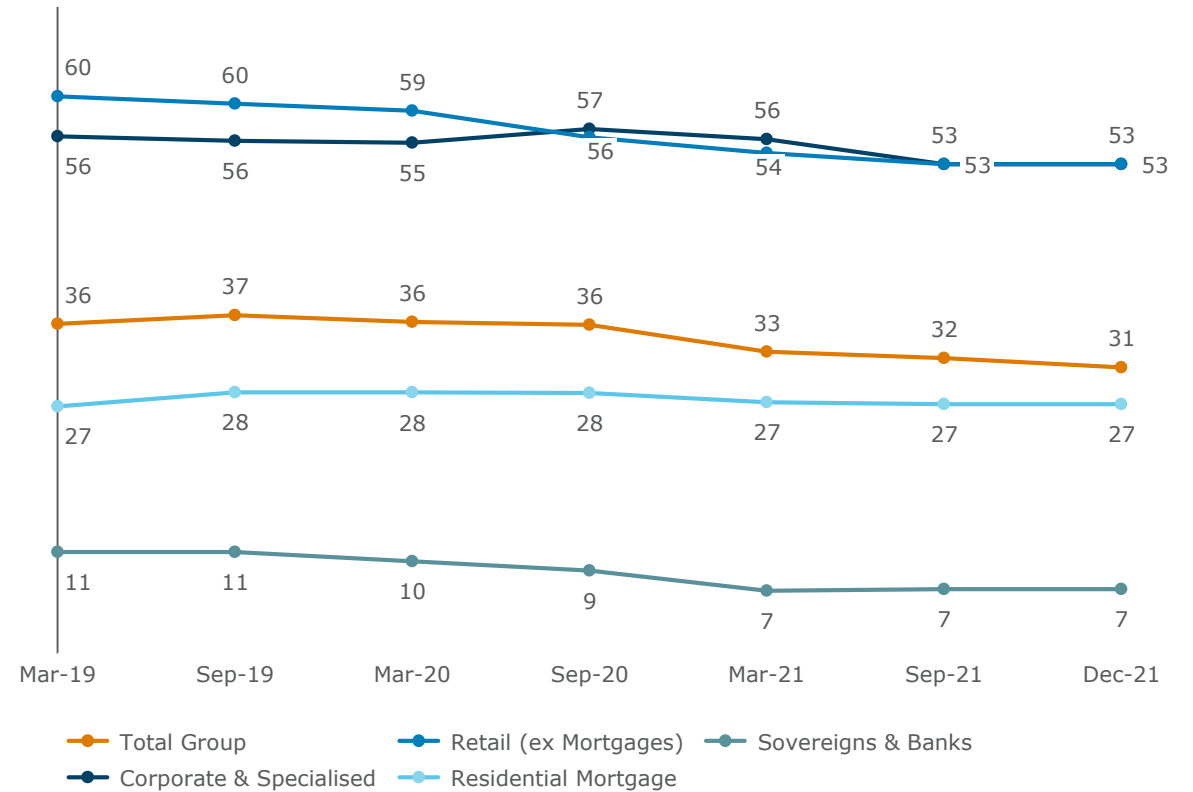
## EAD COMPOSITION<sup>1</sup>

\$b



## CREDIT RWA / EAD BY PORTFOLIO<sup>2</sup>

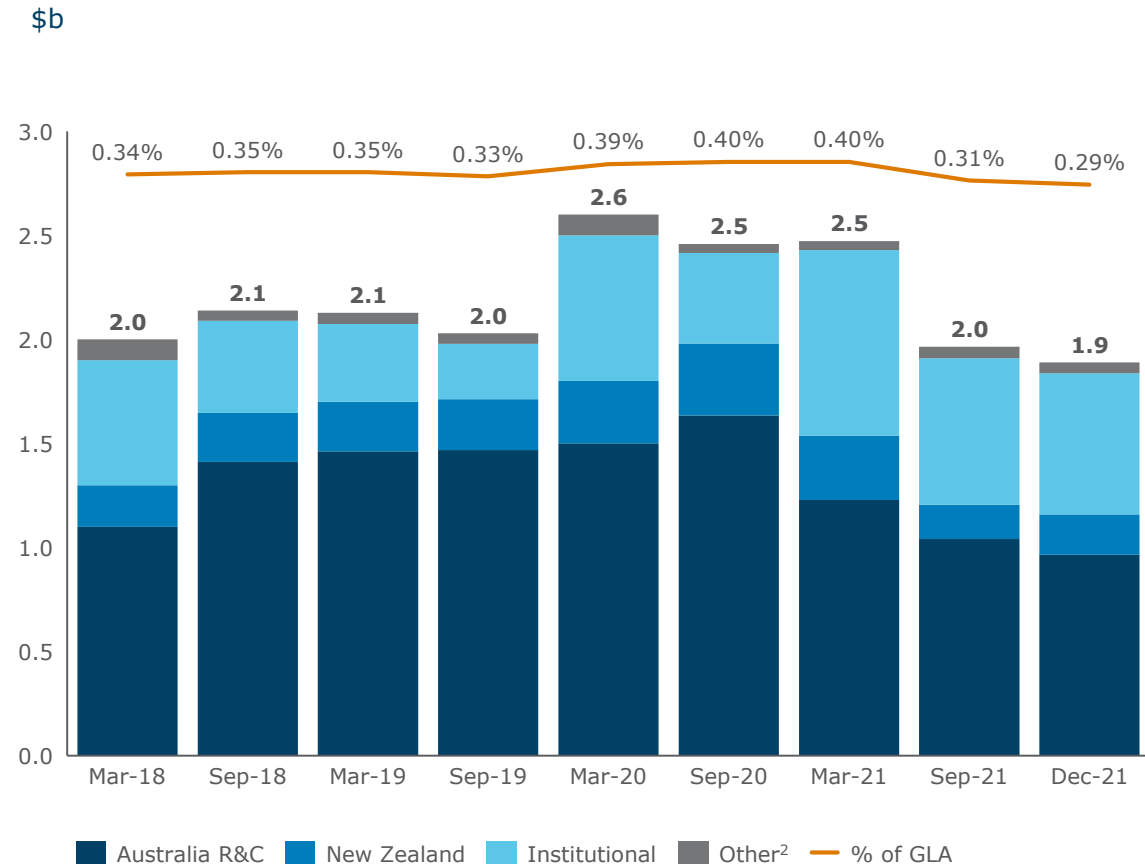
%



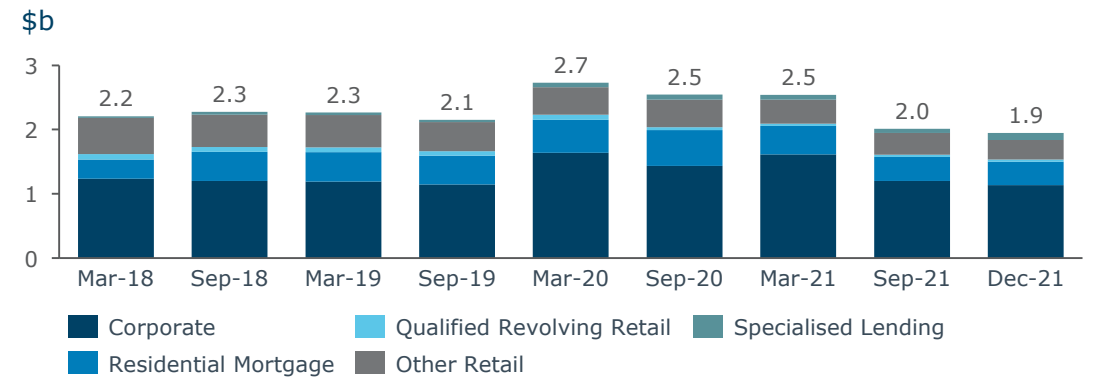
1. EAD excludes Securitisation and Other assets whereas CRWA is inclusive as per APS 330  
 2. Total Group ratio for Sep-21 is inclusive of increased exposure to the RBA via higher exchange settlement account balances

# IMPAIRED ASSETS / 90+ DAYS PAST DUE

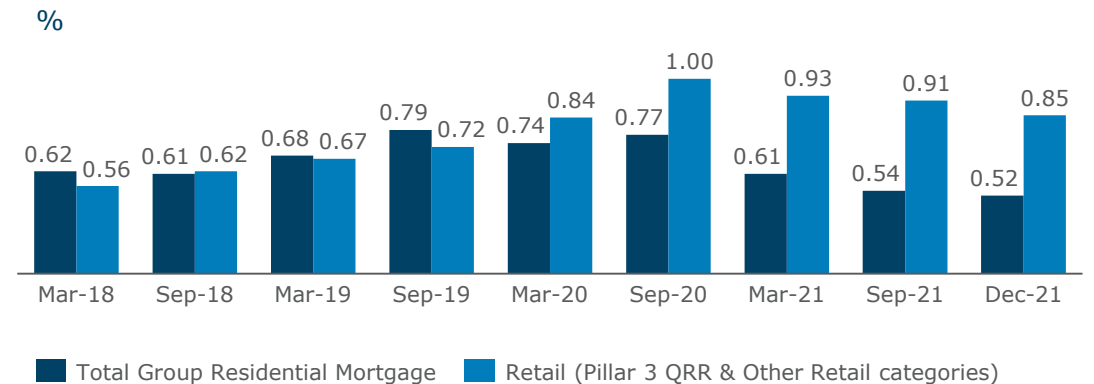
## GROSS IMPAIRED ASSETS BY DIVISION<sup>1,3</sup>



## IMPAIRED LOANS / FACILITIES BY PORTFOLIO<sup>3</sup>



## 90+ DAYS PAST DUE LOANS<sup>4</sup>



1. Excluding unsecured 90+ days past due  
 2. Other includes Retail Asia & Pacific and Australia Wealth

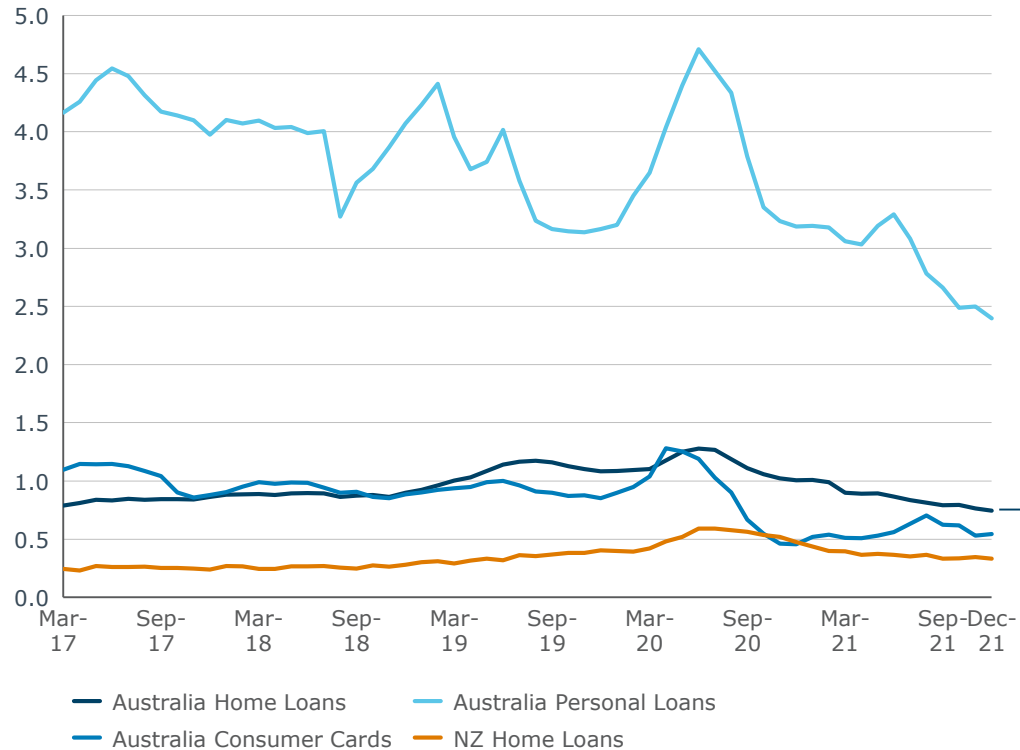
3. Impaired loans / facilities include restructured items in which the original contractual terms have been modified for reasons related to the financial difficulties of the customer. Restructuring may consist of reduction of interest, principal or other payments legally due, or an extension in maturity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

4. As a % of Exposure at Default

# AUSTRALIA & NEW ZEALAND 90+ DAYS PAST DUE (DPD)

## CONSUMER PORTFOLIO<sup>1,2,3</sup>

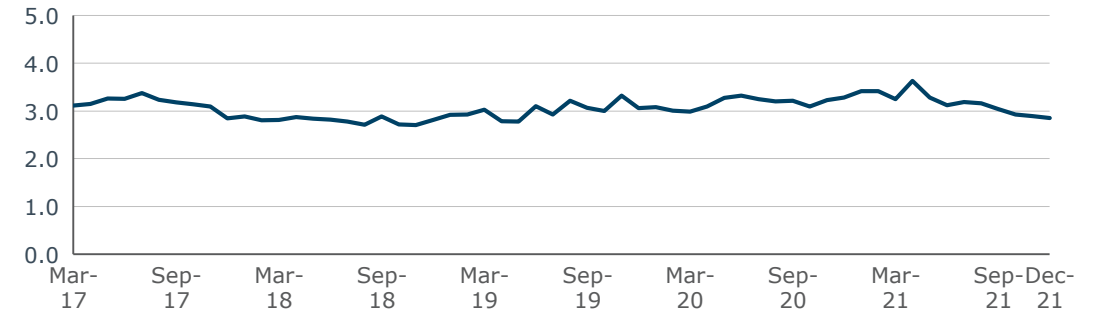
90+ Days Past Due as a % of Total Portfolio Balances



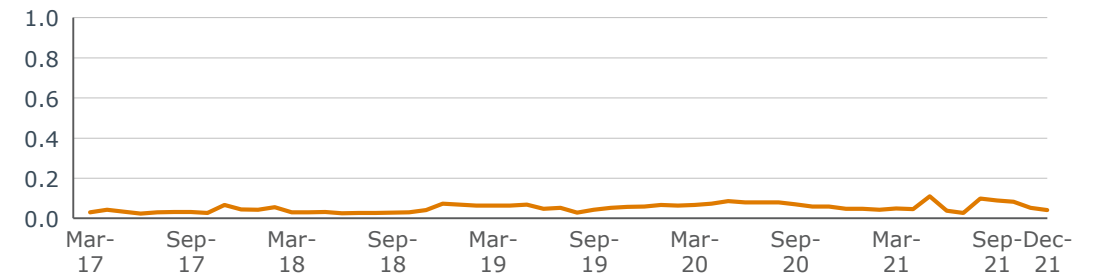
Home Loan 90+ DPD down to 75bps in Dec-21, with continued de-risking of the book

## COMMERCIAL PORTFOLIO<sup>4,5</sup>

AUSTRALIA COMMERCIAL 90+ Days Past Due<sup>1</sup> as a % of Total Portfolio Balances



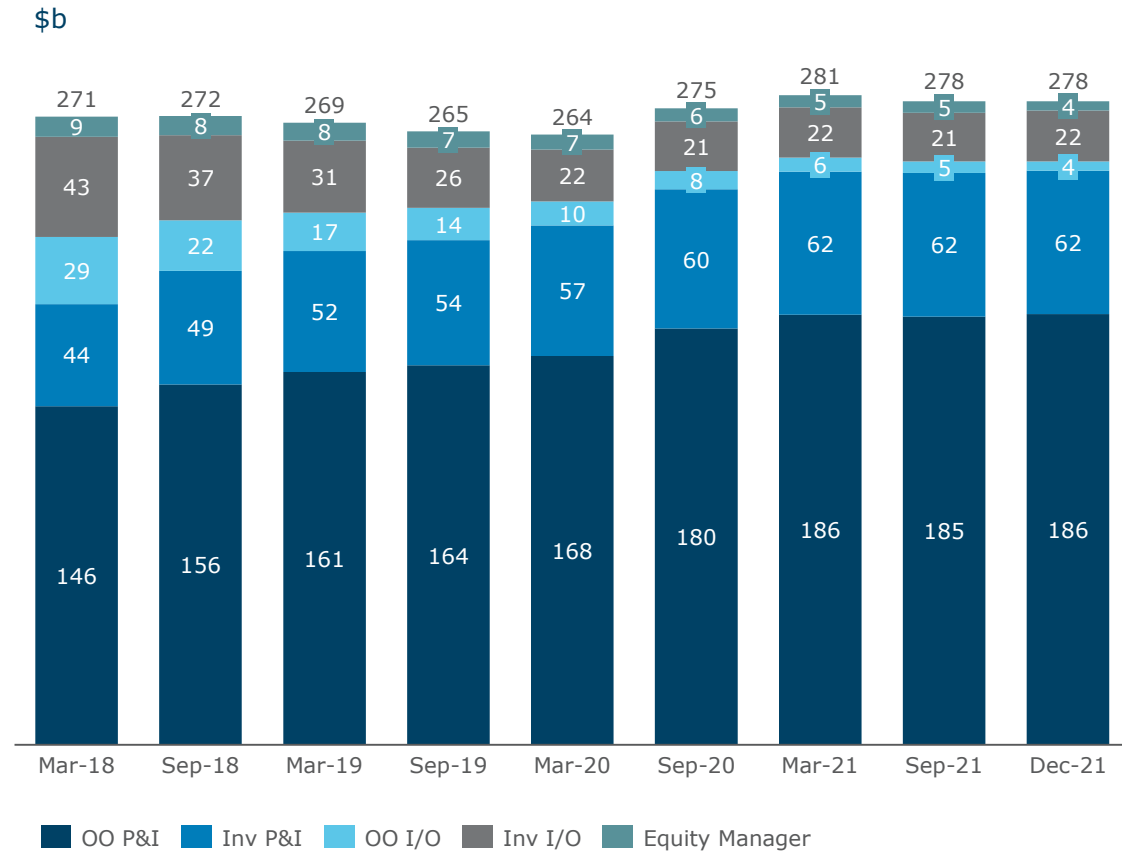
NZ BUSINESS 90+ Days Past Due as a % of Total Portfolio Balances



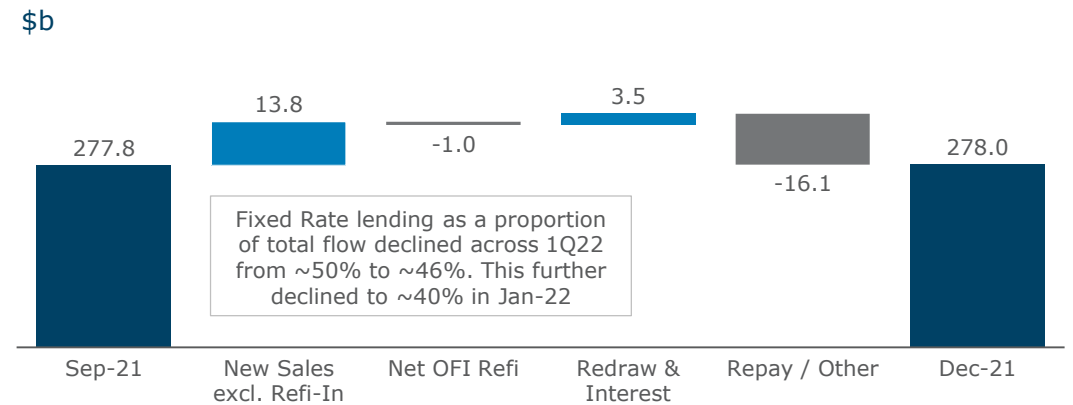
1. Includes Non Performing Loans  
 2. ANZ delinquencies are calculated on a missed payment basis for amortising and Interest Only loans  
 3. Australia Home Loans 90+ between Mar-20 and Jun-20 excludes eligible Home Loans accounts that had requested COVID-19 assistance but due to delays in processing had not had the loan repayment deferral applied to the account  
 4. Australia Commercial includes Business Banking and Small Business Banking  
 5. NZ Business is inclusive of Agri (previously shown as a separate series), and excludes UDC

# AUSTRALIA HOME LOAN PORTFOLIO

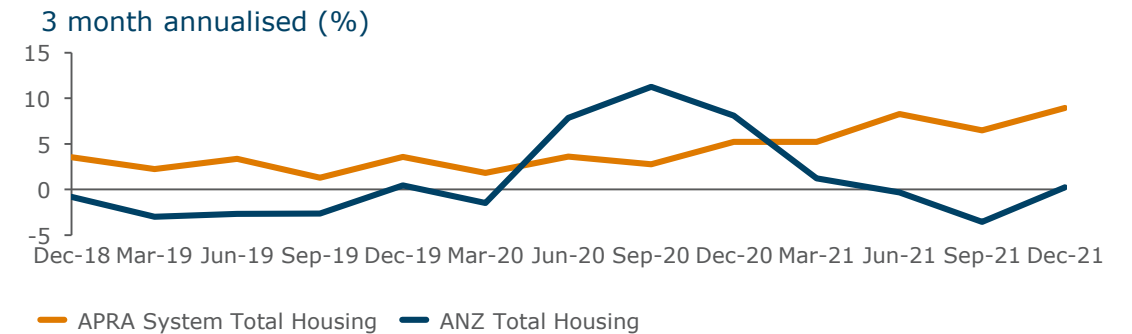
## HOME LOAN FUM COMPOSITION<sup>1,2,3,4</sup>



## LOAN BALANCE & LENDING FLOWS<sup>1</sup>

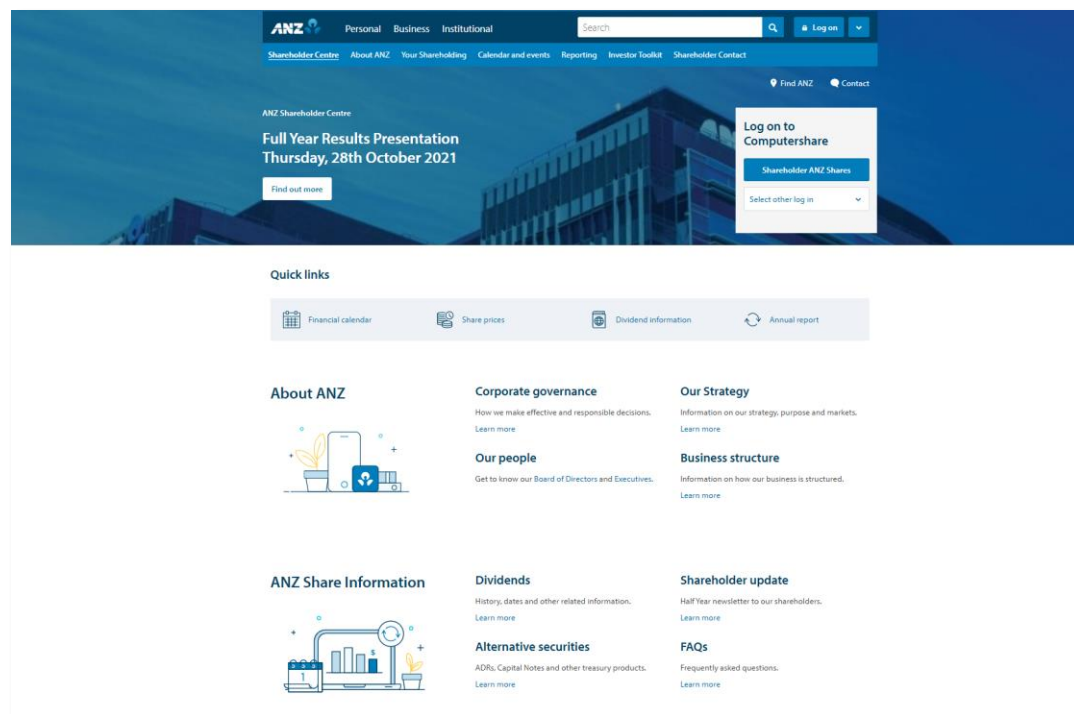


## ANZ HOME LOAN GROWTH<sup>5</sup>

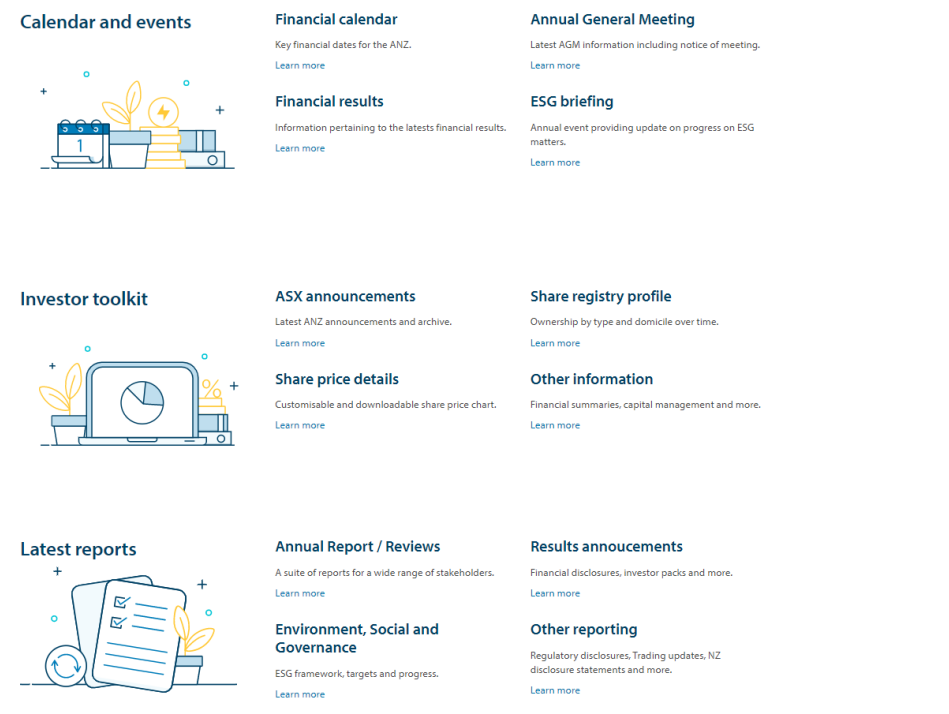


- Based on Gross Loans and Advances. Includes Non Performing Loans
- The current classification of Investor vs Owner Occupied is based on ANZ's product category, determined at origination as advised by the customer and the ongoing precision relies primarily on the customer's obligation to advise ANZ of any change in circumstances
- Interest Only (I/O) is based on customers that request a specific interest only period and does not include loans being progressively drawn e.g. construction
- ANZ Equity Manager product no longer offered for sale as of 31 July 2021
- Source: APRA Monthly Banking Statistics (MBS) and Monthly Authorised Deposit-taking Institution Statistics (MADIS). Mar-18 to Mar-19 based on MBS, thereafter MADIS

# FURTHER INFORMATION



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



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