2023

Annual U.S. Disclosure Document

for the fiscal year ended 30 September 2023

Australia and New Zealand Banking Group Limited ABN 11 005 357 522

The date of this 2023 Annual U.S. Disclosure Document is 21 November 2023.

Annual U.S. Disclosure Document
Fiscal year ended 30 September 2023

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ANNEX B: THE 2022 REMUNERATION REPORT, THE 2022 FINANCIAL REPORT OF THE GROUP AND THE COMPANY, AND THE INDEPENDENT AUDITOR'S REPORT ON THE 2022 FINANCIAL REPORT OF THE GROUP AND THE COMPANY (EXTRACTS FROM THE GROUP'S 2022 ANNUAL REPORT) 92

All references in this document to the "U.S. Disclosure Document" refer to the 2023 Annual U.S. Disclosure Document of Australia and New Zealand Banking Group Limited for the fiscal year ended 30 September 2023 (the "2023 fiscal year" or "2023"), including the Annex attached hereto, and we refer to prior fiscal years in a similar fashion. References to the "September 2023 half" refer to the fiscal half year ended 30 September 2023 and references to the "March 2023 half" refer to the fiscal half year ended 31 March 2023. References in this document to the "2022 Annual U.S. Disclosure Document" refer to the 2022 Annual U.S. Disclosure Document for the fiscal year ended 30 September 2022.

Where information for the comparative periods has not been restated, as identified by footnotes or commentaries, the financial information presented for those periods is not comparable to the financial information presented in the 2023 fiscal year, and where relevant, the 2022 fiscal year.

This U.S. Disclosure Document is dated 21 November 2023. All references in this document to "the date of this U.S. Disclosure Document" are to 21 November 2023.

On 3 January 2023, ANZBGL established by a scheme of arrangement, a non-operating holding company, ANZ Group Holdings Limited ("ANZGHL"), as the new listed parent holding company of the ANZ Group and subsequently implemented a restructure to separate the ANZ Group's banking and certain non-banking businesses into the ANZ Bank Group and ANZ Non-Bank Group (the "Restructure"). The ANZ Bank Group comprises the majority of the businesses and subsidiaries that were held in ANZBGL prior to the Restructure. The ANZ Non-Bank Group comprises banking-adjacent businesses developed or acquired by the ANZ Group to focus on bringing new technology and banking-adjacent services to the ANZ Group's customers, and a separate service company.

The following references in this U.S. Disclosure Document are defined as below following the Restructure:

- "Group", "we" and "our" means Australia and New Zealand Banking Group Limited together with its subsidiaries.
- "ANZBGL" or "the Company" means Australia and New Zealand Banking Group Limited.
- "ANZ Group" means (i) prior to 3 January 2023, Australia and New Zealand Banking Group Limited together with its subsidiaries, and (ii) on or after 3 January 2023 means ANZGHL together with its subsidiaries.

Information contained in or accessible through any website referred to in this U.S. Disclosure Document does not form part of this document unless we specifically state that it is incorporated by reference and forms part of this U.S. Disclosure Document. All references in this document to websites are inactive textual references and are not active links.

This U.S. Disclosure Document has been prepared in order to provide U.S. investors with certain information regarding the Group's business and operations, as well as its financial position, as at 30 September 2023, and the results of operations for the fiscal year then ended. Except to the extent stated herein, all financial information disclosed in this U.S. Disclosure Document relates to the Group.

Attached to this U.S. Disclosure Document as Annex A are the following extracts of the Group's 2023 Annual Report, as prepared by the Company and filed with the Australian Securities Exchange ("ASX") in accordance with its rules:

- The 2023 Remuneration Report of the Group;
- The 2023 Financial Report of the Group and the Company (comprising the financial statements, notes to the financial statements and directors' declaration) (hereafter referred to as the "2023 Financial Report"); and
- The Independent Auditor's Report on the audit of the 2023 Financial Report.

Attached to this U.S. Disclosure Document as Annex B are the following extracts of the Group's 2022 Annual Report, as prepared by the Company and filed with the ASX in accordance with its rules:

- The 2022 Remuneration Report of the Group;
- The 2022 Financial Report of the Group and the Company (comprising the financial statements, notes to the financial statements and directors' declaration) (hereafter referred to as the "2022 Financial Report"); and
- The Independent Auditor's Report on the audit of the 2022 Financial Report.

FORWARD-LOOKING STATEMENTS

This U.S. Disclosure Document may contain forward-looking statements or opinions including statements and opinions regarding the Group's intent, belief or current expectations with respect to the Group's business operations, market conditions, results of operations and financial condition, capital adequacy, sustainability objectives or targets, specific provisions and management practices and transactions that the Group is undertaking or may undertake. Those matters are subject to risks and uncertainties that could cause the actual results and financial position of the Group to differ materially from the information presented herein. When used in this U.S. Disclosure Document, the words "forecast", "estimate", "goal", "target", "indicator", "plan", "pathway", "ambition", "modelling", "project", "intend", "anticipate", "believe", "expect", "may", "probability", "risk", "will", "seek", "would", "could", "should" and similar expressions, as they relate to the Group and its management, are intended to identify forward-looking statements or opinions. Those statements and opinions: are usually predictive in character; or may be affected by inaccurate assumptions or unknown risks and uncertainties; or may differ materially from results ultimately achieved. As such, these statements and opinions should not be relied upon when making investment decisions. There can be no assurance that actual outcomes will not differ materially from any forward-looking statements or opinions contained herein. For further discussion, including regarding certain factors that will affect the forward-looking statements or opinions contained herein, refer to "Risk Factors Summary" below and "Risk Factors" in "Section 2: Information on the Group".

These statements and opinions only speak as at the date of publication and no representation is made as to their correctness on or after this date. These statements and opinions constitute "forward-looking statements" for the purposes of the *United States Private Securities Litigation Reform Act of 1995*. The Group does not undertake any obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date of this U.S. Disclosure Document or to reflect the occurrence of unanticipated events.

RISK FACTORS SUMMARY

Risks to the Group's activities that can adversely impact its business, business model, operations, results of operations, reputation, prospects, liquidity, capital resources, financial performance and financial condition (together, the "Group's Position"), which the Group believes are material are summarised below and described under "Risk Factors" in "Section 2: Information on the Group" of this U.S. Disclosure Document. These risks include, but are not limited to, the following:

- changes in political and economic conditions, particularly in Australia, New Zealand, the Asia Pacific region, the United Kingdom ("UK"), Europe and the United States ("U.S.");
- the COVID-19 pandemic and future pandemics;
- competition in the markets in which the Group operates;
- the restructure of the Group that established a non-operating holding company;
- changes in the real estate markets in Australia, New Zealand or other markets where the Group does business;
- sovereign risk events that may destabilise global financial markets;
- market risk events;
- changes in exchange rates;
- the Group's ability to complete, integrate or separate and process acquisitions and divestments;
- credit risk;
- challenges in managing the Group's capital base;
- changes to the Group's credit ratings;
- liquidity and funding risk events;
- changes in the valuation of some of the Group's assets and liabilities;
- changes to the Group's accounting policies;
- regulatory changes or a failure to comply with laws, regulations or policies;
- litigation and contingent liabilities;
- significant fines and sanctions in the event of breaches of law or regulation relating to anti-money laundering, counter-terrorism financing and sanctions;
- changes in monetary policies;
- the impact of ongoing significant compliance costs with respect to the evolving and extensive Automatic Exchange of Information obligations imposed by global customer tax transparency regimes;
- unexpected changes to the Group's license to operate in any jurisdiction;
- operational risk events, including financial crime, internal fraud, external fraud, business continuity, physical safety, people, transaction processing and execution, technology, conduct, legal, regulatory risk, third party, information security, data, model and statutory reporting and tax;
- human capital risk relating to the inability to attract, develop, motivate and retain the Group's people to meet current and future business needs;
- reputational risk events, including as a result of operational failures and regulatory compliance failures;
- conduct risk events;
- disruption of information technology systems or failure to successfully implement new technology systems;
- risk associated with the Group's information security including from cyber-attacks;
- risk associated with data management;
- risk associated with the models that the Group relies on for material business decisions;
- the impact of future climate events, biodiversity loss, human rights, geological events, plant, animal and human diseases, and other extrinsic events;
- the effectiveness of the Group's risk management framework;
- risks associated with lending to customers that could be directly or indirectly impacted by climate risk; and
- various other factors beyond the Group's control.

BASIS OF PREPARATION

The summary of condensed consolidated income statements and selected ratios for the fiscal years ended 30 September 2023, 2022, 2021, 2020 and 2019, and the summary of condensed consolidated balance sheets and selected ratios as of 30 September 2023, 2022, 2021, 2020 and 2019, have been derived from the Group's financial statements. The 2023 Financial Report is contained within the Group's 2023 Annual Report (extracts of which, including the 2023 Financial Report, are attached to this U.S. Disclosure Document as part of Annex A). The 2022 Financial Report is contained within the Group's 2022 Annual Report (extracts of which, including the 2022 Financial Report, are attached to this U.S. Disclosure Document as part of Annex B).

The Group's financial statements and the financial information included herein, except where otherwise noted, have been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards ("AASs"), issued by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001(Cth)* (the "Corporations Act"). International Financial Reporting Standards ("IFRS") are standards and interpretations issued by the International Accounting Standards Board ("IASB"). IFRS forms the basis of AASs. The Group's financial statements and the financial information included herein comply with the recognition and measurement requirements of IFRS. For further information concerning the basis of preparation of the 2023 Financial Report, refer to Note 1 of the 2023 Financial Report (attached to this U.S. Disclosure Document as part of Annex A).

Amounts in this U.S. Disclosure Document are presented in Australian Dollars ("$", "AUD" or "A$") unless otherwise stated. Amounts reported in United States Dollars ("USD", "US$" or "U.S. dollars") have been translated at the 29 September 2023 Noon Buying Rate in New York City for cable transfers in Australian Dollars as certified for customs purposes by the Federal Reserve Bank of New York (the "Noon Buying Rate"), which was US$0.6451 = A$1.00. For further information on the currency of presentation in this U.S. Disclosure Document, refer to "Currency of presentation and exchange rates" in "Section 2: Information on the Group". References to "NZD", "EUR" and "JPY" in this U.S. Disclosure Document are to New Zealand dollars, Euros and Japanese Yen respectively. References throughout this U.S. Disclosure Document to "$B" and "$M" are to billions and millions of Australian Dollars (or, if specified, such other currency), respectively.

DISCONTINUED OPERATIONS

There are no discontinued operations in the 2023 fiscal year. Profit/(Loss) from discontinued operations in the 2022 and 2021 comparative periods relate to immaterial residual operational costs on separation of the divested wealth businesses and partial recovery of certain costs based on transition service agreements, which ceased in April 2022. Profit/(Loss) from discontinued operations in the 2020 and 2019 comparative periods relate to the financial results of the divested wealth businesses and associated Group reclassification and consolidation impacts.

The information presented in the summary of condensed consolidated income statements set forth in Section 1 and otherwise disclosed in this U.S. Disclosure Document and selected ratios for the fiscal years ended 30 September 2022, 2021, 2020 and 2019 show discontinued operations separately from continuing operations in the "Profit/(Loss) after income tax from discontinued operations" line item.

DIVISIONAL PERFORMANCE

The presentation of divisional results has been impacted by the following structural changes during the 2023 fiscal year. 2022 fiscal year comparatives have been restated:

- Non-banking business – transfer of the non-banking businesses held in the Australia Commercial and Institutional divisions to the Group Centre division which were then disposed of as part of the Restructure.
- Customer re-segmentation
  - certain customers were transferred from Personal to Business & Agri within the New Zealand division;
  - certain business and property finance customers were transferred from the New Zealand division to the Institutional division.
- Cost reallocations - certain costs were reallocated across the Australia Retail, Australia Commercial, Institutional and Group Centre divisions.

2021 fiscal year comparatives have not been restated.

The divisions reported are consistent with internal reporting provided to the chief operating decision maker, being the Chief Executive Officer.

NON-IFRS FINANCIAL MEASURES

The Group measures the performance of operating segments on a cash profit basis, a non-IFRS measure which represents how the segments are managed internally. To calculate cash profit, the Group excludes items from profit after tax attributable to shareholders. For the current and prior fiscal years, the adjustments relate to impacts of economic hedges and revenue and expense hedges which represent timing differences that will reverse through earnings in the future. Information presented on a cash basis should not be considered as an indication of, or as a substitute for, statutory measures of the financial performance of the operating segments. For further information, including a reconciliation of cash profit to profit after income tax, see "Section 3: Operating and Financial Review and Prospects – Results by Division".

SUMMARY OF CONDENSED CONSOLIDATED INCOME STATEMENTS AND SELECTED RATIOS - INCLUDING DISCONTINUED OPERATIONS

Condensed Consolidated Income Statement	Years ended 30 September					
	2023 USD M[1]	2023 $M	2022 $M	2021 $M	2020 $M	2019 $M
Interest income	**32,208**	**49,927**	23,609	19,529	24,426	31,077
Interest expense	**(21,515)**	**(33,352)**	(8,735)	(5,368)	(10,377)	(16,738)
Net interest income	**10,693**	**16,575**	14,874	14,161	14,049	14,339
Other operating income[2]	**2,510**	**3,891**	4,552	3,259	3,588	4,446
Operating income	**13,203**	**20,466**	19,426	17,420	17,637	18,785
Operating expenses	**(6,507)**	**(10,087)**	(9,579)	(9,051)	(9,383)	(9,071)
Profit before credit impairment and income tax	**6,696**	**10,379**	9,847	8,369	8,254	9,714
Credit impairment (charge)/release[3]	**(158)**	**(245)**	232	567	(2,738)	(794)
Profit before income tax	**6,538**	**10,134**	10,079	8,936	5,516	8,920
Income tax expense	**(1,897)**	**(2,941)**	(2,940)	(2,756)	(1,840)	(2,609)
Profit after tax from continuing operations	**4,641**	**7,193**	7,139	6,180	3,676	6,311
Profit/(Loss) after tax from discontinued operations	**-**	**-**	(19)	(17)	(98)	(343)
Profit for the period	**4,641**	**7,193**	7,120	6,163	3,578	5,968
Profit attributable to non-controlling interests	**(18)**	**(28)**	(1)	(1)	(1)	(15)
Profit attributable to shareholders of the Company	**4,623**	**7,165**	7,119	6,162	3,577	5,953

1. *The USD amounts are disclosed for information purposes only. There is no assurance that the AUD amounts could be translated at the 29 September 2023 Noon Buying Rate applied in this U.S. Disclosure Document.*
2. *Includes Other operating income, Net income from insurance business and Share of associates' profit/(loss) as presented in the 2023 Financial Report (attached to this U.S. Disclosure Document as part of Annex A) and 2022 Financial Report (attached to this U.S. Disclosure Document as part of Annex B).*
3. *The credit impairment charge/(release) represents the aggregation of the individually and collectively assessed credit impairment charges/(releases).*

	Years ended 30 September					
	2023 USD[1]	2023	2022	2021	2020	2019
Selected ratios						
Other operating income as a percentage of operating income - including discontinued operations	**19.0%**	**19.0%**	23.8%	19.0%	20.1%	24.7%
Net interest margin - including discontinued operations (%)[2]	**1.70%**	**1.70%**	1.63%	1.64%	1.63%	1.75%
Operating expense to operating income ratio - including discontinued operations (%)	**49.3%**	**49.3%**	49.7%	52.3%	54.5%	50.2%
Dividends paid on ordinary shares ($M)[3]	**3,613**	**5,600**	3,965	2,928	2,922	4,481

1. *The USD amounts are disclosed for information purposes only. There is no assurance that the AUD amounts could be translated at the 29 September 2023 Noon Buying Rate applied in this U.S. Disclosure Document.*
2. *Refer to pages 49 to 50 of this U.S. Disclosure Document for further details.*
3. *Dividends paid to ordinary equity holders of the Company during the corresponding fiscal period. 2023 fiscal year includes $2,213 million final dividend paid in December 2022 to ANZ shareholders, and $1,000 million special dividend and $2,387 million interim dividend paid in January 2023 and July 2023 respectively to ANZBGL's intermediate holding company, ANZ Bank HoldCo, a wholly owned subsidiary of ANZGHL.*

SUMMARY OF CONDENSED CONSOLIDATED BALANCE SHEETS AND SELECTED RATIOS - INCLUDING DISCONTINUED OPERATIONS

	As at 30 September					
	2023 USD M[1]	**2023 $M**	**2022 $M**	**2021 $M**	**2020 $M**	**2019 $M**
Share capital and reserves attributable to shareholders of the Company	**44,249**	**68,592**	65,907	63,665	61,287	60,783
Subordinated debt[2]	**21,726**	**33,678**	27,328	25,279	21,061	16,586
Unsubordinated debt	**53,115**	**82,336**	66,406	75,775	98,607	113,105
Deposits and other borrowings	**525,887**	**815,203**	797,281	743,056	682,333	637,677
Gross loans and advances	**458,820**	**711,240**	675,989	633,764	622,074	618,767
Less: Individually assessed provision for credit impairment	**(236)**	**(366)**	(533)	(666)	(851)	(790)
Less: Collectively assessed provision for credit impairment	**(2,051)**	**(3,180)**	(3,049)	(3,379)	(4,130)	(2,719)
Net loans and advances	**456,533**	**707,694**	672,407	629,719	617,093	615,258
Total assets	**713,507**	**1,106,041**	1,085,729	978,857	1,042,286	981,137
Net assets	**44,585**	**69,114**	66,401	63,676	61,297	60,794
Risk weighted assets[3]	**279,539**	**433,327**	454,718	416,086	429,384	416,961
Capital adequacy ratios (Level 2)[3]:						
Common Equity Tier 1	**13.3%**	**13.3%**	12.3%	12.3%	11.3%	11.4%
Tier 1	**15.2%**	**15.2%**	14.0%	14.3%	13.2%	13.2%
Tier 2	**5.8%**	**5.8%**	4.2%	4.1%	3.3%	2.1%
Total capital ratio	**21.0%**	**21.0%**	18.2%	18.4%	16.4%	15.3%

	Years ended 30 September					
	2023 USD[1]	**2023**	**2022**	**2021**	**2020**	**2019**
Selected ratios						
Profit attributable to the shareholders of the Company as a percentage of:						
Average total assets[4]	**0.64%**	**0.64%**	0.69%	0.59%	0.34%	0.61%
Average ordinary shareholders' equity excluding non-controlling interests[4]	**10.7%**	**10.7%**	11.4%	9.9%	5.9%	10.0%
Average ordinary shareholders' equity excluding non-controlling interests as a percentage of average total assets[4]	**6.0%**	**6.0%**	6.1%	6.0%	5.7%	6.1%

1. *The USD amounts are disclosed for information purposes only. There is no assurance that the AUD amounts could be translated at the 29 September 2023 Noon Buying Rate applied in this U.S. Disclosure Document.*
2. *For the composition of subordinated debt, refer to Note 16 of the 2023 Financial Report (attached to this U.S. Disclosure Document as part of Annex A) and Note 17 of the 2022 Financial Report (attached to this U.S. Disclosure Document as part of Annex B) for further details.*
3. *2023 includes impacts on risk weighted assets and capital adequacy ratios from APRA Capital Reform (refer to pages 13 and 75) of this U.S. Disclosure Document.*
4. *Averages are calculated using predominantly daily averages.*

SUMMARY OF CREDIT RISK DATA

	As at 30 September			
	2023 USD M[1]	2023 $M	2022 $M	2021 $M
Gross impaired assets				
Impaired loans[2]	669	1,037	1,043	1,549
Restructured items[3]	282	437	376	355
Non-performing commitments, contingencies and derivatives[2]	30	47	26	61
Total gross impaired assets	**981**	**1,521**	**1,445**	**1,965**
Allowance for expected credit losses[4]				
Individually assessed provision - impaired loans	236	366	533	666
Individually assessed provision - non-performing commitments, contingencies and derivatives	6	10	9	21
Collectively assessed provision	2,602	4,032	3,853	4,195
Total allowance for expected credit losses	**2,844**	**4,408**	**4,395**	**4,882**
Total gross loans and advances[5]	**458,821**	**711,240**	**675,989**	**633,764**
Credit risk weighted assets[6]	225,166	349,041	359,442	342,498
Collectively assessed provision as a percentage of credit risk weighted assets[6]	1.16%	1.16%	1.07%	1.22%
Gross impaired assets as a percentage of gross loans and advances	0.21%	0.21%	0.21%	0.31%
Individually assessed provision as a percentage of gross impaired assets	24.7%	24.7%	37.5%	35.0%
Individually assessed provision for impaired loans as a percentage of impaired loans	35.3%	35.3%	51.1%	43.0%
Total allowance for expected credit losses as a percentage of:				
Gross loans and advances[5]	0.6%	0.6%	0.7%	0.8%
Credit risk weighted assets[6]	1.3%	1.3%	1.2%	1.4%

1. *The USD amounts are disclosed for information purposes only. There is no assurance that the AUD amounts could be translated at the 29 September 2023 Noon Buying Rate applied in this U.S. Disclosure Document.*
2. *Impaired loans and non-performing commitments, contingencies and derivatives do not include exposures that are collectively assessed for Stage 3 Expected credit losses ("ECL"), which comprise unsecured retail exposures of 90+ days past due and defaulted but well secured exposures.*
3. *Restructured items are facilities where the original contractual terms have been modified for reasons related to the financial difficulties of the customer and are collectively assessed for Stage 3 ECL. 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. *Includes allowance for ECL for Net loans and advances - at amortised cost, Investment securities - debt securities at amortised cost and Off-balance sheet commitments - undrawn and contingent facilities. For Investment securities - debt securities at fair value through other comprehensive income ("FVOCI"), the allowance for ECL is recognised in Other comprehensive income with a corresponding charge to profit or loss.*
5. *Consists of loans and advances and capitalised brokerage and other origination costs less unearned income.*
6. *2023 balance relates to credit RWA calculated under revised APS 113 Capital Adequacy: Internal Ratings-based Approach to Credit Risk and APS 112 Capital Adequacy: Standardised Approach to Credit Risk methodologies effective 1 January 2023. 2022 and 2021 balances relate to Credit RWA calculated under the previous APRA Basel 3 methodology. Refer to pages 13 and 75.*

OVERVIEW

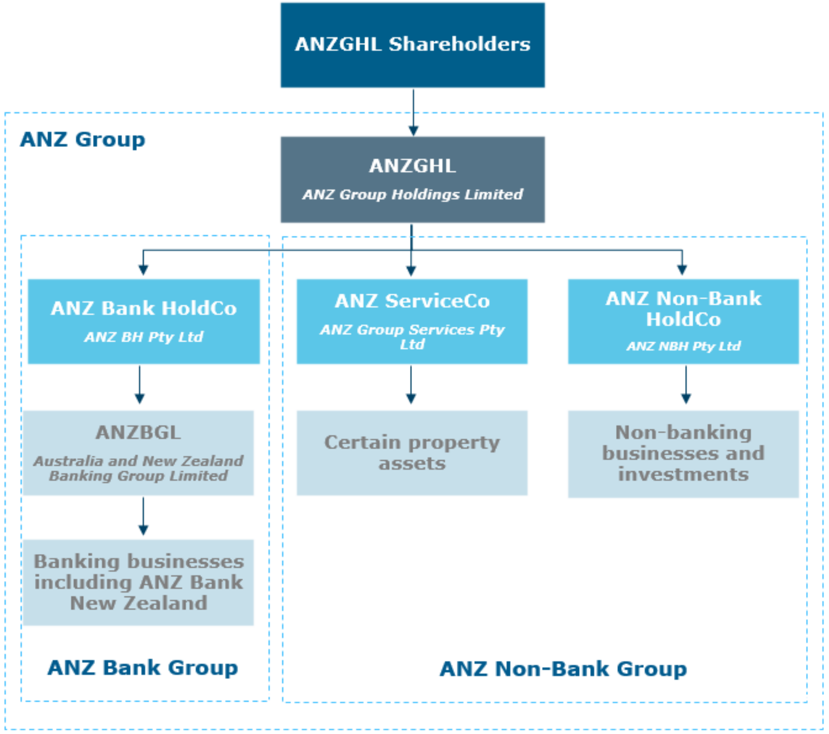
The Group, which began its Australian operations in 1835 and its New Zealand operations in 1840, is one of the four major banking groups headquartered in Australia. ANZBGL is a public company incorporated and domiciled in Australia with debt listed on securities exchanges. ANZBGL's registered office is located at Level 9, 833 Collins Street, Docklands, Victoria 3008, Australia, and the telephone number is +61 3 9683 9999. ANZBGL's Australian Business Number is ABN 11 005 357 522.

The Group provides a broad range of banking and financial products and services to retail, small business, corporate and institutional customers. Geographically, operations span Australia, New Zealand, a number of countries in the Asia-Pacific region, the United Kingdom, France, Germany and the United States.

As at 30 September 2023, the Group had total assets of $1,106.0 billion and share capital and reserves attributable to shareholders of the Company of $68.6 billion. In terms of total assets among banking groups, the Group ranked second in Australia[1] as at 30 September 2023 and first in New Zealand[2] as at 30 September 2023.

On 3 January 2023, ANZBGL implemented a Restructure that resulted in ANZGHL becoming the new listed parent company of the ANZ Group in place of ANZBGL. ANZGHL is a non-operating holding company ("NOHC") and is authorised as such for the purposes of the *Banking Act 1959 (Cth)* (the "Banking Act"). ANZGHL is listed, and ANZGHL ordinary shares are quoted, on the ASX. ANZGHL ordinary shares are also quoted on the New Zealand Stock Exchange ("NZX"). ANZBGL is an Authorised Deposit-Taking Institution ("ADI") and is regulated by various prudential regulators, including the Australian Prudential Regulation Authority ("APRA") in Australia and the Reserve Bank of New Zealand ("RBNZ") in New Zealand. Following the Restructure, ANZBGL is a subsidiary of ANZGHL.

The composition of the ANZ Group following the Restructure is set out in the diagram below.



It should be noted that ANZGHL:

- Does not guarantee ANZBGL's obligations generally or in connection with debt securities issued by ANZBGL;
- Does not have any obligations in respect of senior debt issued by ANZBGL; and
- Does not have any obligations in respect of Tier 2 debt securities issued by ANZBGL, except to the extent that such securities are convertible into ANZGHL's ordinary shares as provided for in the terms of such securities.

Prior to the implementation of the Restructure, ANZBGL's principal ordinary share listing and quotation was on the ASX. Its ordinary shares were also quoted on the NZX. As a result of the Restructure, ANZBGL's ordinary shares are no longer listed or quoted on the ASX or NZX.

1. *Source: Commonwealth Bank of Australia results announcement for the fiscal year ended 30 June 2023; National Australia Bank results announcement for the fiscal year ended 30 September 2023; Westpac Banking Corporation results announcement for the fiscal year ended 30 September 2023.*
2. *Source: Reserve Bank of New Zealand Bank Financial Strength Dashboard (https://bankdashboard.rbnz.govt.nz/summary) for the quarter ending 30 June 2023.*

BUSINESS MODEL

The Group's business model primarily consists of raising funds through customer deposits and the wholesale debt markets and lending those funds to customers. In addition, the Group operates a Markets business which earns revenue from sales, trading and risk management activities. The Group also provides payments and clearing solutions.

The Group's primary lending activities are personal lending covering residential home loans, credit cards and overdrafts, and lending to corporate and institutional customers.

The Group's income is derived from a number of sources, primarily:

- Net interest income - represents the difference between the interest income the Group earns on its lending activities and the interest paid on customer deposits and wholesale funding;
- Net fee and commission income - represents fee income earned on lending and non-lending related financial products and services. It includes net funds management income;
- Share of associates' profits - represents the Group's share of the profit of an entity over which the Group has significant influence but not control; and
- Other income - includes net income from insurance business, revenue generated from sales, trading and risk management activities, net foreign exchange earnings, gains and losses from economic and revenue and expense hedges, and gains or losses from divestments and business closures.

STRATEGY

The ANZ Group's strategy is focused on improving the financial wellbeing and sustainability of customers through excellent services, tools and insights that engage and retain them and positively change their behaviour.

In particular, the ANZ Group wants to help customers:

- save for, buy and own a liveable home;
- start or buy and sustainably grow their business; and
- move capital and goods around the region and sustainably grow their business.

The ANZ Group will achieve its strategy through:

- **Propositions** its customers love … with easy-to-use services that evolve to meet their changing needs.
- Flexible and resilient digital banking **Platforms** … powering the ANZ Group's customers and made available for others to power the industry.
- **Partnerships** that unlock new value … with ecosystems that help customers further improve their financial wellbeing and sustainability.
- **Purpose** and values-led people … who drive value by caring about the ANZ Group's customers and the outcomes it creates.

The ANZ Group's people listen, learn and adapt and do the right thing the first time - delivering the outcomes that address financial and sustainability challenges.

PRINCIPAL ACTIVITIES

During the 2023 fiscal year, the Group operated on a divisional structure with six divisions: Australia Retail, Australia Commercial, Institutional, New Zealand, Pacific, and Group Centre.

The divisions reported below are consistent with operating segments as defined in AASB 8 *Operating Segments* and with internal reporting provided to the chief operating decision maker, being the Chief Executive Officer.

As at 30 September 2023, the principal activities of the Group's six divisions were:

Australia Retail

The Australia Retail division provides a full range of banking services to Australian consumers. This includes Home Loans, Deposits, Credit Cards and Personal Loans. Products and services are provided via the branch network, home loan specialists, contact centres, a variety of self-service channels (digital and internet banking, website, ATMs and phone banking) and third-party brokers. It also includes the costs related to the development and operation of the ANZ Plus proposition for retail customers.

Australia Commercial

The Australia Commercial division provides a full range of banking products and financial services, including asset financing, across the following customer segments: SME Banking (small business owners and medium commercial customers) and Specialist Business (large commercial customers, high net worth individuals and family groups). It also includes run-off and divested businesses (Central Functions).

Institutional

The Institutional division services global institutional and corporate customers and governments across Australia, New Zealand and International (including Papua New Guinea ("PNG")) via the following business units:

- Transaction Banking provides customers with working capital and liquidity solutions including documentary trade, supply chain financing, commodity financing as well as cash management solutions, deposits, payments and clearing.
- Corporate Finance provides customers with loan products, loan syndication, specialised loan structuring and execution, project and export finance, debt structuring and acquisition finance and corporate advisory services.
- Markets provides customers with risk management services in foreign exchange, interest rates, credit, commodities and debt capital markets in addition to managing the Group's interest rate exposure and liquidity position.
- Central Functions consists of enablement functions that help deliver payments services, operational support and digital capability across both the Institutional division and the wider enterprise.

New Zealand

The New Zealand division comprises the following business units:

- Personal provides a full range of banking and wealth management services to consumer and private banking customers. It delivers services via internet and app-based digital solutions and network of branches, mortgage specialists, relationship managers and contact centres.
- Business & Agri (previously "Business") provides a full range of banking services, through its digital, branch and contact centre channels, and traditional relationship banking and sophisticated financial solutions through dedicated managers. These cover privately-owned small, medium and large enterprises, the agricultural business segment, government and government-related entities.
- Central Functions includes Treasury and back-office support functions.

Pacific

The Pacific division provides products and services to retail and commercial customers (including multi-nationals) and to governments located in the Pacific region, excluding PNG, which forms part of the Institutional division.

Group Centre

Group Centre division provides support to the operating divisions, including technology, property, risk management, financial management, treasury, strategy, marketing, human resources, corporate affairs, and shareholder functions. It also includes minority investments in Asia.

SUNCORP BANK ACQUISITION

On 18 July 2022, the ANZ Group announced an agreement to purchase 100% of the shares in SBGH Limited, the immediate non-operating holding company of Suncorp Bank. The acquisition was subject to Australian Competition and Consumer Commission ("ACCC") authorisation or approval. The ACCC declined to grant authorisation for this acquisition in August 2023 and this decision is currently subject to review by the Australian Competition Tribunal. In addition, the acquisition remains subject to satisfaction of certain conditions, including Federal Treasurer approval and certain amendments to the *State Financial Institutions and Metway Merger Act 1996 (QLD)*. ANZBGL will also have a termination right under the Suncorp Bank Sale Agreement if APRA issues a written communication to ANZBGL under or in connection with APS 222 *Associations with Related Entities* ("APS 222") to the effect that ANZBGL must not proceed with completion of the acquisition. Assuming these conditions are satisfied, and merger approval is granted, it is expected to occur in mid-calendar year 2024. For further information, see risk factor "Section 2: information on the Group - Risk Factors - Risks related to the Group's business activities and industry - Acquisitions and divestments may adversely affect the Group's Position".

RECENT DEVELOPMENTS

There have been no significant developments since 30 September 2023 to the date of this U.S. Disclosure Document.

COMPETITION

Australia

The Australian banking system is concentrated and highly competitive. As at 30 September 2023, the four major banking groups in Australia (Australia and New Zealand Banking Group, Commonwealth Bank of Australia, National Australia Bank and Westpac Banking Corporation) held approximately 73%[1] of the total Australian lending assets of ADIs that conduct business in Australia. The operations of the smaller regional banks are typically focused on servicing customers in a particular state or region with an emphasis on retail banking. A number of international banks also provide banking services in Australia and typically focus on specific segments of the retail or institutional markets, holding a minority position in these segments.

The deregulation of the Australian financial system during the early 1980s led to a proliferation of both bank financial institutions and non-bank financial institutions that compete in selected markets with the four major banking groups. Non-bank financial intermediaries, such as building societies and credit unions, compete principally in the areas of accepting deposits and residential mortgage lending. Some large building societies have been granted banking authorisations under the Banking Act. Specialist non-bank residential mortgage lenders and direct (non-branch) banking operators have also become more prominent in recent years.

Competition has historically been greater in the housing lending market, which initially resulted from the rise of mortgage originators, and subsequently from growth in the mortgage broker industry and increased activity from non-ADI lenders (non-bank lenders). Providers of housing lending, including ADIs, compete aggressively in both the new lending and refinance markets by offering significant discounts below the advertised rate and offering home loan switching promotions, such as Cashback Offers.

The retail deposit market in Australia is also competitive, particularly in times of higher credit growth to support funding and increased lending demand. An Australian Government Guarantee for retail customer bank deposits was introduced in 2008 during the global financial crisis, which led to increased deposits with the major Australian banks and a decrease in deposits with other deposit fund providers. The Australian Government Guarantee refers to temporary arrangements announced by the Australian Government to enable the provision of a guarantee for the deposits and wholesale funding of Australian deposit-taking institutions. In addition, changes in the financial services sector have made it possible for non-banks to offer through various distribution channels (physical and online), products and services traditionally provided by banks.

In corporate and commercial banking businesses competition remains intense across the major banks, regional banks and other commercial banking providers with a focus on protecting and developing customer relationships, competing on lending, deposits and other banking product and service offerings.

In the institutional market, we believe competitors gain recognition through the quality of their client base, perceived skill sets, structured solutions and pricing, client insights, digital capabilities, reputation, and brands. In Australian domestic markets, competitors at the large corporate and institutional customer level are generally the major Australian banks, some global investment banks, some Asian banks who are expanding beyond their local markets and the boutique operations of large multi-national banking conglomerates with a focus on niche areas.

The banking industry continues to evolve with new digital products and service solutions to meet customer needs and changing customer preferences. Demand for innovative, digital solutions is contributing to further competition from existing and new entrants to the banking industry, particularly in retail banking.

In addition, future economic conditions may have the effect of further impacting the number of financial intermediaries in the markets in which the Group operates over the medium term (for details refer to “Section 2: Information on the Group - Risk factors – Risks related to the Group’s business activities and industry - Competition in the markets in which the Group operates may adversely affect the Group’s Position”). However, this may not lead to any medium-term reduction in the level of competition.

Open Banking laws in Australia seek to improve consumers’ ability to compare and switch between products and services. This may reduce barriers to new entrants into the banking industry in Australia and increase competition. For further information on Open Banking, including the risks it may pose to the Group, see “Section 2: Information on the Group - Risk Factors – Legal and regulatory risk – Regulatory changes or a failure to comply with laws, regulations or policies may adversely affect the Group’s position”.

[1] *Source: APRA monthly authorised deposit-taking institution statistics September 2023 (published 31 October 2023).*

New Zealand

The New Zealand financial services sector in which the Group operates is very concentrated and highly competitive. ANZ Bank New Zealand's principal competitors are: ASB Bank Limited, Bank of New Zealand, Westpac Banking Corporation/Westpac New Zealand Limited and Kiwibank Limited.

ASB Bank Limited, Bank of New Zealand and Westpac Banking Corporation/Westpac New Zealand Limited are each a subsidiary or branch of a major Australian bank, participating across all customer segments from individuals to large corporates. The key area in which we compete with Kiwibank Limited is in the retail customer segment.

Competition also exists in specific segments from other banks. Rabobank New Zealand Limited is active in retail deposits and agricultural lending markets. Regional banks, such as Heartland Bank Limited and TSB Bank Limited, are becoming more competitive in the retail segment. International banks such as The Hong Kong and Shanghai Banking Corporation Limited and MUFG Bank Ltd participate in a limited manner in the institutional market. Since late 2013, New Zealand has also seen Industrial and Commercial Bank of China Limited, China Construction Bank Corporation and Bank of China Limited incorporate subsidiaries as registered banks in New Zealand (since 2017 each bank has also established branches to provide banking services in New Zealand). Their focus appears to be in housing and business lending, however, their market share remains small in these segments.

Historically, the retail deposit market in New Zealand has been highly competitive. However, competition for deposits moderated as the Large Scale Asset Purchase (“LSAP”) program, introduced by the RBNZ to support New Zealand’s economic recovery from the COVID-19 pandemic, increased the amount of money circulating in the New Zealand banking system. The RBNZ commenced the gradual reduction of the LSAP program in 2022, and as a result, competition for deposits may increase as the LSAP program gradually unwinds. As at 30 September 2023, lending to the residential mortgage market accounted for over half[1] of the lending in New Zealand by registered banks and this market is a key area of competition.

While non-bank originators have become more active in New Zealand, the growth rate in their total assets has been lower compared to offshore markets, such as Australia, in recent years. Customers continue to move away from physical outlets towards online and digital services, which could prompt the rise of new players in the financial services sector. The non-banking sector constituted approximately 3%[1] of total financial system assets as at 30 September 2023.

Potential future economic disruptions, or increased customer demand for personal financial management services in response to inflationary pressures, could impact competition in the New Zealand financial services sector over the medium-term due to changes to regulation and monetary policy, funding cost and credit provision increases, liquidity levels and changes to business strategies.

Asia

Banking in Asia is highly competitive. There are many global banks and regional banks operating in the region in addition to the local banks in each market.

The Group currently operates in multiple countries, focused on institutional banking and delivering financial solutions to customers driven by regional trade and capital flows. We believe the Group’s geographic coverage, strength in its domestic markets of Australia and New Zealand, and targeted focus on customers, industries and product specialisation (including Markets and Transaction Banking) enables the Group to differentiate itself from its competitors across the region.

Competition remains robust and a large number of banks have shown a willingness to commit portions of their balance sheet in support of growth opportunities in the region. This has contributed to the net interest margin on institutional lending in Asia being generally lower than that of similar lending in Australia and New Zealand.

While the Group provides a broad suite of financial services to institutional customers, it does not seek to be a bank to the retail or commercial markets in Asia.

[1] *Source: Reserve Bank of New Zealand. September 2023 (Released 31 October 2023)*

SUPERVISION AND REGULATION

As a major banking group, the Group (being ANZBGL together with its subsidiaries) is subject to extensive regulation by regulatory agencies and security exchanges in each of the major markets where it operates. The Group is part of the ANZ Group (being ANZGHL together with its subsidiaries). ANZGHL is a non-operating holding company authorised by APRA (an “authorised NOHC”) and the listed parent company of the ANZ Group. This section provides an overview of the regulation and supervision of the Group in Australia, New Zealand and the United States, as well as the ANZ Group. Except to the extent stated herein, all information disclosed in this “Supervision and Regulation” section relates to the Group.

OVERVIEW

APRA

ANZBGL and ANZGHL are APRA-regulated entities, with obligations under the Banking Act and APRA prudential and reporting standards.

A summary of APRA’s regulation of the ANZ Group is set out below.

- ANZGHL: is an authorised NOHC. It is required to comply with the conditions of its authorisation, which are summarised below and include specific capital requirements. As an authorised NOHC, it is also subject to regulation under the Banking Act and certain APRA prudential standards. As the head of a Level 3 group, it is required to ensure certain APRA prudential standards are applied appropriately throughout the ANZ Group (including the ANZ Bank Group and relevant members of the ANZ Non-Bank Group).
- ANZ Bank Group: includes the ANZ Group’s entities that conduct banking business (including ANZBGL, ANZ Bank New Zealand and the other entities in the Group). ANZBGL is an ADI and the ANZ Bank Group is subject to the full suite of APRA prudential and reporting standards for ADIs, including standards in relation to capital adequacy and liquidity. Refer to “Australia” below for more information on the role of APRA as it applies to the ANZ Bank Group.
- ANZ Non-Bank Group: comprises the ANZ Group’s entities that are not within the ANZ Bank Group. Subject to those requirements relating to APRA’s authorisation, these entities are not subject to ADI-specific regulation, such as bank capital adequacy and liquidity requirements currently applied to ANZBGL. As noted above, ANZGHL is required to apply certain APRA prudential standards appropriately throughout the ANZ Group, including to relevant members of the ANZ Non-Bank Group being those where the ANZGHL has considered it appropriate to do so to protect the ANZ Group or its customers or where APRA has required ANZGHL to do so.

ANZGHL is required to hold adequate capital to reflect the risks of the whole ANZ Group, including both the ANZ Bank Group and ANZ Non-Bank Group. The ANZ Bank Group’s capital requirements, including those applicable to ANZBGL, are determined by existing APRA requirements.

As noted above, following the Restructure, ANZGHL is an APRA-regulated entity. APRA’s authorisation of ANZGHL as an authorised NOHC under the Banking Act is subject to certain conditions, including the following:

- ANZ Bank HoldCo and ANZBGL must have an independent director who is not on the board of ANZGHL or any ANZ Non-Bank Group entity;
- ANZGHL itself must not undertake any activities other than for example, providing executive leadership across the ANZ Group, holding investments in subsidiaries, raising funds to invest in or support subsidiaries or to conduct its own activities or other activities required to achieve compliance with its prudential obligations, or other activities approved by APRA;
- ANZGHL must obtain APRA’s no-objection confirmation prior to starting material activities in ANZ Non-Bank Group;
- ANZBGL must retain ownership of, or access to, all functions critical to its operations;
- non-regulated businesses of the ANZ Group must be financially and operationally separable from ANZBGL; and
- ANZGHL must ensure that the ANZ Non-Bank Group does not carry on any activities that pose excessive risk to the ADI (and ensure that the ANZ Bank Group transfers to the ANZ Non-Bank Group any activities that APRA notifies in writing to constitute an undue risk to the ADI).

APRA has the ability to review and modify these conditions at any time if it considers it appropriate to do so.

RBNZ

For a discussion of the regulation of ANZBGL and ANZ Bank New Zealand (or ANZ Bank New Zealand’s subsidiaries) by RBNZ, refer to “Australia” and “New Zealand” below. ANZGHL is not an RBNZ regulated entity.

Other

A number of other regulators maintain oversight and regulation of the ANZ Group (including both the ANZ Bank Group and ANZ Non-Bank Group). In Australia, these regulators include:

- Australian Securities and Investments Commission (“ASIC”) – in relation to corporations and securities matters;
- Australian Transaction Reports and Analysis Centre (“AUSTRAC”) – in relation to anti-money laundering and counter-terrorism financing laws; and
- the Office of the Australia Information Commissioner (“OAIC”) – in relation to privacy and freedom of information law.

In the United States, these regulators include the United States Federal Reserve and the Office of the Comptroller of the Currency.

AUSTRALIA

Prudential and Regulatory Supervision

The Supervisory Role of APRA

Since 1 July 1998, APRA has been responsible for the prudential and regulatory supervision of Australian ADIs, which include banks (including ANZBGL), credit unions, building societies, insurance companies and superannuation funds. Prior to this, the Australian banking industry was regulated by the Reserve Bank of Australia ("RBA"). The RBA has retained overall responsibility for monetary policy, financial system stability and payments system regulation. APRA draws authority from the *Australian Prudential Regulation Authority Act 1998* of Australia. APRA is also responsible for prudential regulation and supervision of various other regulated entities, such as authorised NOHCs (including ANZGHL).

APRA requires ADIs to meet certain prudential requirements that are covered in a range of APRA Prudential Standards.

APRA discharges its responsibilities in part by requiring ADIs subject to its supervision to regularly provide it with reports that set forth a broad range of information, including financial and statistical data relating to their financial position and information in respect of prudential and other matters. APRA gives special attention to capital adequacy, liquidity, earnings, credit quality and associated loan loss experience, concentration of risks, maturity profile of assets and liabilities, operational risks, market risks, interest rate risk in the banking book ("IRRBB"), exposures to related entities, outsourcing, funds management, governance, business continuity management, recovery and resolution planning, audit and related matters, securitisation activities and international banking operations. APRA may also exercise certain investigative powers if an ADI fails to provide information about its financial condition. Where APRA considers that an ADI may become unable to meet its obligations or may suspend payment (among other circumstances), APRA can take control of the ADI's business (including by appointment of a Banking Act statutory manager). APRA also has power to direct the ADI not to make payments in respect of its indebtedness. In addition, APRA has powers under the *Financial Sector (Transfer and Restructure) Act 1999* of Australia to require the compulsory transfer of some or all of an ADI's assets and liabilities or its shares to another body specified by APRA (which need not in all cases be an ADI). Broadly, APRA may require such a transfer in circumstances including where the relevant Australian Minister declares that the transfer should occur, or APRA is satisfied that there has been a contravention of the Banking Act or regulations or instruments made under it or the ADI has informed APRA that it is likely to become unable to meet its obligations or is about to suspend payment, and certain other criteria are met, including that APRA is satisfied that the transfer is appropriate having regard to the interests of the financial sector as a whole. A counterparty to a contract with an ADI cannot rely solely on the fact that a Banking Act statutory manager is in control of the ADI's business or on the making of a direction or compulsory transfer order as a basis for denying any obligations to the ADI or for accelerating any debt under that contract, closing out any transaction relating to that contract or enforcing any security under that contract.

In carrying out its supervisory role, APRA supplements its analysis of statistical data collected from each ADI with selective "on site" visits and formal meetings with the ADI's senior management and the external auditor. APRA has also formalised a consultative relationship with each ADI's external auditor, with the agreement of the ADIs. The external auditor provides additional assurance to APRA that the information sourced from an ADI's accounting records and included in the ADI's APRA reporting is, in all material respects, reliable and in accordance with the relevant APRA Prudential and Reporting Standards. The external auditor also undertakes targeted reviews of specific risk management areas as selected by APRA. In addition, the board of directors of an ADI must make an annual declaration to APRA on risk management of the ADI in the form specified by applicable prudential standards.

Other Australian Regulators

In addition to APRA and its prudential and regulatory supervision, ANZBGL and its Australian subsidiaries are supervised and regulated in some respects by other regulators including ASIC, ACCC, AUSTRAC, OAIC and various securities exchanges.

ASIC is Australia's corporate, markets, financial services and consumer credit regulator. It regulates Australian companies, financial markets, financial services organisations and professionals who deal in and advise on investments, superannuation, insurance, deposit-taking and credit. As the consumer credit regulator, ASIC licenses and regulates people and businesses engaging in consumer credit activities (including banks, credit unions, finance companies, and mortgage and finance brokers). ASIC ensures that licensees meet required standards, including those related to responsibilities to consumers that are set out in the *Australian National Consumer Credit Protection Act 2009*. As the markets regulator, ASIC assesses how effectively authorised financial markets are complying with their legal obligations to operate fair, orderly and transparent markets. Since 1 August 2010, ASIC has had responsibility for the supervision of trading on Australia's domestic licensed equity, derivatives and futures markets. As the financial services regulator, ASIC licenses and monitors financial services businesses to ensure that they operate efficiently, honestly and fairly. These businesses typically deal in superannuation, managed funds, shares and company securities, derivatives and insurance. ANZBGL provides products and participates in markets regulated by ASIC.

The ACCC is an independent Commonwealth statutory authority that promotes competition and fair trading in the Australian marketplace to benefit consumers, businesses and the community. It also regulates some national infrastructure services. Its primary responsibility is to ensure that individuals and businesses, including the Group, comply with the Australian competition, fair trading and consumer protection laws.

AUSTRAC is Australia's financial intelligence agency and its anti-money laundering and counter-terrorism financing regulator. The Group is required to comply with certain anti-money laundering and counter-terrorism financing legislation and regulations under Australian law, including the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* of Australia ("AML Act"). The AML Act is administered by AUSTRAC.

The OAIC is an independent agency within the Australian Attorney General's portfolio. Its primary functions are privacy, freedom of information and government information policy, with responsibilities including conducting investigations, reviewing decisions, handling complaints, and providing guidance and advice.

Secrecy obligations may apply from time to time under or in connection with applicable laws including, without limitation, anti-money laundering, whistleblowing and banking and prudential laws and regulations. Information subject to such secrecy obligations may not be publicly disclosed.

Capital and Liquidity

Capital

The common framework for determining the appropriate level of bank regulatory capital is set by the Basel Committee on Banking Supervision ("BCBS") under a framework that is commonly known as "Basel 3".

For calculation of minimum capital requirements under Pillar 1 ("Capital Requirements") of the Basel Accord, the Group has been accredited by APRA to use the Advanced Internal Ratings Based methodology for credit risk weighted assets and APS 115 *Capital Adequacy: Standardised Measurement Approach* for operational risk weighted assets.

APRA has adopted the majority of Basel 3 capital reforms in Australia. APRA views the Basel 3 reforms as a minimum requirement and hence has not incorporated some of the concessions proposed in the Basel 3 rules and has also set higher requirements in other areas. As a result, Australian banks' Basel 3 reported capital ratios are not directly comparable with international peers. The APRA Basel 3 reforms include: increased capital deductions from CET1 capital, an increase in capitalisation rates (including prescribed minimum capital buffers, fully effective from 1 January 2023), tighter requirements around new Additional Tier 1 ("AT1") and Tier 2 securities and transitional arrangements for existing AT1 and Tier 2 securities that do not conform to the new regulations.

For further discussion regarding capital regulatory developments, see "Regulatory Developments – Capital and Liquidity" below.

Liquidity

ANZBGL's liquidity and funding risks are governed by a detailed policy framework that is approved by ANZBGL's Board Risk Committee. The management of the liquidity and funding positions and risks is overseen by the Group Asset and Liability Committee. ANZBGL's liquidity risk appetite is defined by the ability to meet a range of regulatory requirements and internal liquidity metrics mandated by ANZBGL's Board Risk Committee. The metrics cover a range of scenarios of varying duration and level of severity. This framework helps:

- provide protection against shorter-term but more extreme market dislocations and stresses;
- maintain structural strength in the balance sheet by ensuring that an appropriate amount of longer-term assets are funded with longer-term funding; and
- ensure no undue timing concentrations exist in the Group's funding profile.

A key component of this framework is the Liquidity Coverage Ratio ("LCR") that was implemented in Australia on 1 January 2015. The LCR is a severe short term liquidity stress scenario mandated by banking regulators including APRA. It was introduced as part of the Basel 3 international framework for liquidity risk measurement, standards and monitoring.

Additionally, since 1 January 2018 the Group has implemented APRA's Net Stable Funding Ratio ("NSFR") requirement. The Group's Level 2 NSFR was 116% as at 30 September 2023 (30 September 2022: 119%). ANZBGL seeks to observe strictly its prudential obligations in relation to liquidity and funding risk as required by APRA's prudential standard APS 210 *Liquidity* ("APS 210"), as well as the prudential requirements of overseas regulators on ANZBGL's offshore operations.

Capital Management and Liquidity within APRA's Regulations

For further details of the Group's capital management and liquidity see "Liquidity and capital resources" set out in Section 3: Operating and Financial Review and Prospects.

Banking Executive Accountability Regime and Financial Accountability Regime

The Banking Executive Accountability Regime ("BEAR") was introduced in 2018 as a new responsibility and accountability framework for the directors and most senior executives in ADI groups. ANZBGL's obligations under the BEAR commenced on 1 July 2018.

Under the BEAR:

- ANZBGL is required to register individuals with APRA before appointing them to certain senior executive or director positions and maintain and provide APRA with a map of the roles and responsibilities of such persons across the ADI group, including ANZ Bank New Zealand, and to provide APRA with accountability statements for each of these senior executives or directors, detailing that individual's roles and responsibilities;
- where ANZBGL's registered senior executives and directors do not meet accountability obligations, APRA is empowered to disqualify those individuals as senior executives or directors without a court order (but subject to a right of administrative review in accordance with Part VI of the Banking Act);
- ANZBGL is obliged to set remuneration policies for directors and senior executives consistent with the BEAR's requirements, including for the deferral of certain components of that remuneration; and
- ANZBGL may be liable for substantial penalties for failing to comply with its BEAR obligations.

In September 2023 legislation came into force establishing the Financial Accountability Regime ("FAR"), which is intended to extend and replace the BEAR. As with the BEAR, the FAR will apply to all the operations of ANZBGL.

The FAR establishes an accountability framework for certain entities in the banking, insurance and superannuation industries that are regulated by APRA, and persons who hold certain positions or have certain responsibilities within those entities. The FAR will ultimately directly regulate a wider group of APRA regulated entities than the BEAR. The FAR sets out a staged timeline for different types of entities to fall within the definition of 'accountable entities' for the purposes of the FAR and be regulated directly by the FAR. In accordance with that timeline:

- from 15 March 2024, each of ANZBGL (as an ADI) and ANZGHL (as an authorised NOHC of an ADI) will be accountable entities; and
- from 15 March 2025, any insurers or licensed superannuation trustees within the Group will be accountable entities.

The FAR is jointly administered by APRA and ASIC.

Under the FAR, the Group and certain senior personnel will be subject to, or impacted by, new or heightened accountability obligations. For example, the FAR will require each of ANZBGL and the other accountable entities to take reasonable steps to:

- conduct its business with honesty and integrity, and with due skill, care and diligence;
- deal with APRA and ASIC in an open, constructive and cooperative way;
- prevent adverse effects on its prudential standing or prudential reputation;
- ensure that certain directors, senior executives and other key personnel meet the above standards of conduct, and take reasonable steps to ensure compliance with applicable laws; and
- ensure that related entities whose business and activities materially and substantially affect the accountable entities in the ANZ Group comply with the FAR in the same way as the accountable entities themselves.

Crisis Management

Under the Banking Act, APRA has power to facilitate the orderly resolution of the entities it regulates (and certain of their subsidiaries and holding companies) in times of distress. Powers which could impact the Group include oversight, management and directions powers in relation to ANZBGL and other ANZ Group entities (including ANZGHL) and statutory management powers over regulated entities within the ANZ Group (including ANZGHL). The Banking Act includes provisions which are designed to give statutory recognition to the conversion or write-off of regulatory capital instruments (the "Statutory Conversion and Write-Off Provisions").

The Statutory Conversion and Write-Off Provisions apply in relation to regulatory capital instruments issued by certain financial sector entities (including ADIs, of which ANZBGL is one) that contain provisions for conversion or write-off for the purposes of APRA's prudential standards. Where the Statutory Conversion and Write-Off Provisions apply to an instrument, that instrument may be converted in accordance with its terms. This is so despite any law (other than specified laws, currently those relating to the ability of a person to acquire interests in an Australian corporation or financial sector entity), the constitution of the issuer or the conversion entity for the instrument, any contract to which the issuer is a party or the conversion entity for the instrument, and any listing rules, operating rules or clearing and settlement rules applicable to the instrument. In addition, the Banking Act includes a moratorium on the taking of certain actions, such as denying any obligation, accelerating any debt, closing out any transaction or enforcing any security, on grounds relating to the operation of the Statutory Conversion and Write-Off Provisions.

Regulatory Developments - Capital and Liquidity

RBNZ Capital Requirements

The RBNZ's revised capital adequacy requirements for New Zealand banks, which are set out in the Banking Prudential Requirements ("BPR") documents are being implemented in stages during a transition period from October 2021 to July 2028. The key requirements for ANZ Bank New Zealand still being implemented are as follows:

- ANZ Bank New Zealand's Tier 1 capital requirement will increase to 16% of risk-weighted assets ("RWA"), of which up to 2.5% can be in the form of AT1 capital. ANZ Bank New Zealand's Total Capital requirement will increase to 18% of RWA, of which up to 2% can be Tier 2 capital. The increased capital ratio requirements are being implemented progressively from 1 July 2022 to 1 July 2028.
- AT1 capital must consist of perpetual preference shares, which may be redeemable. Tier 2 capital must consist of long-term subordinated debt.

The net impact on ANZBGL's Level 1 CET1 capital is approximately $1 billion to $1.5 billion between 30 September 2023 and the end of the transition period in 2028 (based on the Group's 30 September 2023 balance sheet). The amount could also vary over time subject to changes to the capital position in ANZ Bank New Zealand (e.g. from RWA growth, management buffer requirements, and potential dividend payments).

See "Supervision and Regulation - New Zealand - New Zealand Regulatory Developments - Bank capital adequacy requirements" for more information.

Capital Requirements - Unquestionably Strong

APRA implemented its final requirements in relation to capital adequacy and credit risk for ADIs on 1 January 2023. APRA is consulting on revisions to a number of prudential standards, being IRRBB, Market Risk and Counterparty Credit Risk. Given the number of items that are yet to be finalised by APRA, the aggregate final outcome from all changes to APRA's prudential standards relating to their review of ADIs "unquestionably strong" capital framework remains uncertain.

APRA Total Loss Absorbing Capacity Requirements

In July 2019, APRA announced its decision on loss-absorbing capacity pursuant to which it will require Australian domestic systemically important banks ("Australian D-SIBs"), including ANZBGL, to increase their Total Capital by 3% of RWA by January 2024. On 2 December 2021, APRA announced that it has finalised its loss-absorbing capacity requirements and stated that it will require Australian D-SIBs to increase their Total Capital by a further 1.5% of RWA by January 2026. Inclusive of the previously announced interim increase of 3%, this will result in a total increase to the minimum Total Capital requirement of 4.5% of RWA. APRA expects the requirement to be satisfied predominantly with additional Tier 2 capital with an equivalent decrease in other senior funding. The amount of the additional Total Capital requirement will be based on the Group's actual RWA as at January 2026. APRA noted "Given changes to RWA from the ADI capital reforms, the lower end of the range in dollar terms broadly equates to a requirement of 4.5 percentage points of RWA under the new capital framework, in place from 2023".

APRA Discussion Paper on Additional Tier 1 Capital in Australia

APRA issued a discussion paper in September 2023 to explore options for, and seek feedback from stakeholders on, improving the effectiveness of Additional Tier 1 Capital in Australia. APRA has indicated that it intends to discuss its paper with relevant stakeholders and may formally consult in calendar year 2024 on any proposed amendments to prudential standards. At this stage, it is not possible to confirm what impact (if any) the options proposed by APRA may have on the Group.

Revisions to Related Entities Framework

In January 2022, APRA's amendment to APS 222 to reduce the limits for Australian ADIs' individual entity exposure to related ADIs (or overseas equivalents) from 50% of Level 1 Total Capital to 25% of Level 1 Tier 1 capital, and aggregate exposures from 150% of Level 1 Total Capital to 75% of Level 1 Tier 1 capital came into effect. The reduction in the above limits did not result in a material impact on the Group. See "Restrictions on ANZBGL's ability to provide financial support" below for more detail.

Restrictions on ANZBGL's ability to provide financial support

Effect of APRA's Prudential Standards

APRA's current or future requirements may have an adverse effect on ANZBGL's business, results of operations, liquidity, capital resources or financial condition.

APS 222 sets minimum requirements for ADIs in Australia, including ANZBGL, in relation to the monitoring, management and control of risks which arise from associations with related entities and also includes maximum limits on intra-group financial exposures.

Under APS 222, ANZBGL's ability to provide financial support to related entities (including ANZ Bank New Zealand) is subject to the following restrictions:

- ANZBGL should not undertake any third party dealings with the prime purpose of supporting the business of related entities;
- ANZBGL must not hold unlimited exposures (i.e. should be limited as to specified time or amount) to related entities (e.g. not provide a general guarantee covering any of the obligations of related entities) either in aggregate or at an individual entity level;
- ANZBGL must not enter into cross-default clauses whereby a default by a related entity on an obligation (whether financial or otherwise) triggers or is deemed to trigger a default of ANZBGL on its obligations; and
- the level of exposure, net of exposures deducted from capital, of ANZBGL's Level 1 Tier 1 capital base:
  - (i) to related ADIs or equivalents, such as ANZ Bank New Zealand, should not exceed 25% on an individual exposure basis or 75% in aggregate to all related ADIs or equivalents;
  - (ii) to other related entities:
    - a) in the case of a regulated related entity, should not exceed 25% on an individual exposure basis; or
    - b) in the case of any other (unregulated) related entity, should not exceed 15% on an individual exposure basis; and
    - c) should not exceed in aggregate 35% to all non-ADIs or equivalent related entities.

ANZBGL's exposure to ANZ Bank New Zealand at 30 September 2023 is compliant with the APS 222 limits.

In addition, APRA has confirmed that, from 1 January 2021, no more than 5% of ANZBGL's Level 1 Tier 1 capital base can comprise non-equity exposures to its New Zealand operations (including its subsidiaries incorporated in New Zealand, such as ANZ Bank New Zealand, and ANZBGL's New Zealand branch) during ordinary times. This limit does not include holdings of capital instruments or eligible secured contingent funding support provided to ANZ Bank New Zealand and its subsidiaries (ANZ Bank New Zealand together with its subsidiaries, the "ANZ Bank New Zealand Group") during times of financial stress.

APRA has also confirmed that contingent funding support by ANZBGL to its ANZ Bank New Zealand operations during times of financial stress must be provided on terms that are acceptable to APRA. At present, only covered bonds meet APRA's criteria for contingent funding. APRA also requires that ANZBGL's total exposures to its New Zealand operations must not exceed 50% of ANZBGL's Level 1 Tier 1 capital base.

Effect of the Level 3 framework

In addition, certain requirements of APRA's Level 3 framework relating to, among other things, group governance and risk exposures became effective on 1 July 2017. This framework also requires the Group to limit its financial and operational exposures to subsidiaries (including ANZ Bank New Zealand).

In determining the acceptable level of exposure to a subsidiary, ANZBGL's Board of Directors should have regard to:

- the exposures that would be approved for third parties of broadly equivalent credit status; and
- the potential impact on ANZBGL's capital and liquidity positions and ability to continue operating in the event of a failure by the subsidiary.

These requirements are not expected to place additional restrictions on ANZBGL's ability to provide financial or operational support to its subsidiaries, including ANZ Bank New Zealand.

Regulatory Developments - Other

Self-assessment into frameworks and practices

In May 2018, APRA noted that all regulated financial institutions would benefit from conducting a self-assessment into their frameworks and practices in relation to governance, culture and accountability and that, for large financial institutions such as the Group, APRA will be seeking written assessments that have been reviewed and endorsed by their boards. APRA made these indications in light of the issues that were identified in the final report relating to the prudential inquiry into another major ADI, which was established to examine the frameworks and practices in relation to the governance, culture and accountability within that ADI group. ANZBGL submitted its written self-assessment to APRA on 30 November 2018. In August 2019, ANZBGL released an article from ANZBGL's Chairman detailing the actions (including development of a "roadmap") being taken by ANZBGL to address the issues raised in its self-assessment report. ANZBGL's roadmap had five focus areas: culture; governance and accountability; management of operational risk; remediation; and simplification. A multi-year roadmap for the program was completed in 2022. APRA has required ANZBGL to hold an additional capital overlay of A$500 million for operational risk (from 30 September 2019) until ANZBGL has effectively completed the planned uplift of its management of operational risk as outlined in ANZBGL's roadmap and, those actions are having the desired effect on a sustained basis. APRA is conducting a review in 2023 of ANZBGL's progress towards a sustained improvement in its management of operational risk.

Residential mortgage lending practices

In recent years APRA has closely monitored residential mortgage lending practices and taken a number of steps aimed at strengthening residential mortgage lending standards across the banking industry.

In October 2021, APRA increased the minimum interest rate buffer it expects ADIs to use when assessing the serviceability of home loan applications, from at least 2.5% to at least 3% over the loan interest rate. APRA indicated that its decision reflects growing financial stability risks from ADIs' residential mortgage lending. APRA has made further revisions to its Credit Risk Management Framework for ADI residential mortgage lending, which came into effect in September 2022. Specifically, an ADI must ensure that it has the ability to limit the extent of lending in the following loan types:

(a) lending with a debt-to-income ratio greater than or equal to four times or six times;

(b) lending with a loan-to-valuation ratio greater than or equal to 80 per cent or 90 per cent;

(c) lending for the purposes of investment;

(d) lending on an interest-only basis; and

(e) lending with a combination of any two of the types specified in (a) to (d).

Changes in classifications for residential mortgage loans

The current classification of ANZBGL's residential mortgage loans, as reported to regulators and the market, is generally determined during the loan origination process (i.e. loan application, processing and funding), based on information provided by the customer or subsequently when a customer requests changes to the loan.

Classification of residential mortgage loans may change due to:

- incorrect classification at origination: to the extent that customers inaccurately advise ANZBGL of their circumstances at origination, there is a risk that loans may be incorrectly classified, and such loans may be reclassified;
- changes in customer circumstances: ongoing appropriateness of a given classification relies on the customer's obligation to advise ANZBGL of any changes in the customer's circumstances and on ANZBGL's ability to independently validate the information provided by its customers. To the extent that customers advise of any changes in their circumstances or when ANZBGL makes such a determination based on its verification processes, a loan may be reclassified;
- regulatory or other changes: the criteria for loan classifications, and their interpretation, may change for one or more reporting purposes, which may affect the classification of certain loans; and
- changes in ANZBGL's systems and processes.

Incorrect classification or re-classification of loans may affect a customer's ability to meet required repayments, such as when an owner-occupied property loan is re-classified to an investment property loan, which may attract a higher interest rate. The inability of customers to meet repayment obligations on re-classified loans may increase the risk of default on such loans, which may adversely affect the Group's Position.

Other

For further information on regulatory developments, including the risks they pose to the Group, see "Risk Factors - Legal and regulatory risk - Regulatory changes or a failure to comply with laws, regulations or policies may adversely affect the Group's Position".

NEW ZEALAND

The supervisory role of the RBNZ

The *Banking (Prudential Supervision) Act 1989* (the "BPS Act") requires the RBNZ to exercise its powers of registration of banks and prudential supervision of registered banks (including ANZ Bank New Zealand) for the purposes of:

- promoting the maintenance of a sound and efficient financial system; and
- avoiding significant damage to the financial system that could result from the failure of a registered bank.

The RBNZ's policy around the registration of banks aims to ensure that only financial institutions of appropriate standing and repute are able to become registered banks. Subject to this requirement, the RBNZ has stated that it intends to keep to a minimum any impediments to the entry of new registered banks, in order to encourage competition in the banking system.

The RBNZ's supervisory functions are aimed at encouraging the soundness and efficiency of the financial system as a whole, and are not aimed at preventing individual bank failures or at protecting creditors. The RBNZ seeks to achieve this by drawing on and enhancing disciplines that are naturally present in the market.

The RBNZ places considerable emphasis on a requirement that banks regularly disclose information on financial performance and risk positions, and on a requirement that directors regularly attest to certain key matters. These measures are intended to strengthen market disciplines and to ensure that responsibility for the prudent management of banks lies with those whom the RBNZ considers are best placed to exercise that responsibility - the directors and management.

The main elements of the RBNZ's supervisory role include:

- requiring all banks to comply with certain minimum prudential requirements, which are applied through conditions of registration. These include constraints on connected exposures, minimum capital adequacy requirements and minimum standards for liquidity risk management, and are set out in more detail below;
- monitoring each registered bank's financial condition and compliance with conditions of registration, principally on the basis of published half-yearly disclosure statements and monthly reporting submitted privately to the RBNZ. This monitoring is intended to ensure that the RBNZ maintains familiarity with the financial condition of each bank and the banking system as a whole, and maintains a state of preparedness to invoke crisis management powers should this be necessary;
- consulting the senior management of registered banks;
- using crisis management powers available to it under the BPS Act to intervene where a bank distress or failure situation threatens the soundness of the financial system;
- assessing whether a bank is carrying on business prudently;
- issuing guidelines on overseeing banks' compliance with anti-money laundering and countering financing of terrorism requirements;
- monitoring banks' outsourcing arrangements to determine whether a registered bank's risks associated with outsourcing are appropriately managed;
- issuing guidelines on banks' internal capital adequacy process and liquidity policy;
- issuing guidelines on corporate governance; and
- maintaining close working relationships with parent bank supervisors (such as APRA in Australia) on bank-specific issues, policy issues and general matters relating to the condition of the financial system in New Zealand and in the countries where parent banks are domiciled.

Registered banks are required to issue half-yearly disclosure statements that contain comprehensive details, together with full financial statements at the full-year, and unaudited interim financial statements at the half-year. The financial statements are subject to full external audit at the end of each financial year and a limited scope review at the end of each financial half-year. Each bank director is required to sign his or her bank's disclosure statements and to make certain attestations. A bank and its directors may incur criminal and civil penalties if the bank's disclosure statement contains information that is held to be false or misleading.

The RBNZ publishes a quarterly "dashboard" of key information on registered banks on the RBNZ's website. The dashboard aims to improve the ability of the public and market participants to understand and act on information about such banks' financial strength and risk profile. The information is sourced from private reporting that banks provide to the RBNZ. Information relating to the ANZ Bank New Zealand Group published in the dashboard is not incorporated by reference herein and does not form part of this U.S. Disclosure Document. In some cases, information relating to the ANZ Bank New Zealand Group published in the dashboard has been classified and presented differently to the presentation in the ANZ Bank New Zealand consolidated financial statements.

New Zealand-incorporated banks are required to comply with the Basel 3 capital adequacy requirements, as modified to reflect New Zealand conditions. The RBNZ also requires domestic systemically important banks, including ANZ Bank New Zealand, to maintain a prudential capital buffer of 4.5% of RWA above the minimum ratios or face restrictions on distributions. This prudential capital buffer is progressively increasing to 9% of RWA in July 2028. See "New Zealand Regulatory Developments - Bank capital adequacy requirements" below for further information.

New Zealand-incorporated banks (including ANZ Bank New Zealand) are required to comply with the RBNZ's Liquidity Policy ("BS13"). A requirement of BS13 is that New Zealand-incorporated banks meet a minimum core funding ratio ("CFR") of 75% ensuring that at least a minimum proportion of bank funding is met through customer deposits, term wholesale funding and Tier 1 capital.

The RBNZ began a comprehensive review of BS13 in February 2022. This includes considering certain aspects of the Basel 3 liquidity standards. See "New Zealand Regulatory Developments - RBNZ review of BS13" below for further information.

The RBNZ also requires all registered banks to obtain and maintain a credit rating from an approved organisation and publish that rating in their disclosure statements.

In addition, the RBNZ has wide-reaching powers to obtain further information, data and forecasts in connection with its supervisory functions, and to require that information, data, and forecasts be audited.

It also possesses a number of crisis management powers. Those powers include recommending that a bank's registration be cancelled, investigating the affairs of a registered bank, requiring that a registered bank consults with the RBNZ, giving directions to a registered bank, removing, replacing or appointing a director of a registered bank or recommending that a registered bank be subject to statutory management.

If a registered bank is declared to be subject to statutory management, no person may, among other things:

- commence or continue any action or other proceedings including proceedings by way of counterclaim against that bank;
- issue any execution, attach any debt, or otherwise enforce or seek to enforce any judgment or order obtained in respect of that bank;
- take any steps to put that bank into liquidation; or
- exercise any right of set off against that bank.

As part of the RBNZ's supervisory powers, a person must obtain the written consent of the RBNZ before giving effect to a transaction resulting in that person acquiring or increasing a "significant influence" over a registered bank. "Significant influence" means the ability to appoint 25% or more of the board of directors of a registered bank or a qualifying interest (e.g., legal or beneficial ownership) in 10% or more of its voting securities.

In assessing applications for consent to acquire a significant influence over a registered bank, the RBNZ has stated that it will have regard to the same matters as are relevant in assessing an application for registration as a registered bank. In giving its consent, the RBNZ may impose such terms and conditions as it thinks fit.

New Zealand Regulatory Developments

Bank capital adequacy requirements

The RBNZ has revised its bank capital adequacy requirements applying to New Zealand locally incorporated registered banks, which are set out in the BPR documents. The new capital adequacy requirements are being implemented in stages during a transition period from October 2021 to July 2028. The key requirements still being implemented are:

- ANZ Bank New Zealand's Tier 1 capital requirement will increase to 16% of RWA, of which up to 2.5% can be in the form of AT1 Capital. ANZ Bank New Zealand's Total Capital requirement will increase to 18% of RWA, of which up to 2% can be Tier 2 Capital. The increased capital ratio requirements are being implemented progressively until 1 July 2028.
- AT1 capital must consist of perpetual preference shares, which may be redeemable. Tier 2 capital must consist of long-term subordinated debt.
- The Tier 1 capital requirement will include a CET1 prudential capital buffer of 9% of RWA. This will include: a 2% domestic, systemically important bank capital buffer; a 1.5% "early-set" counter-cyclical capital buffer (which can be temporarily reduced to 0% following a financial crisis, or temporarily increased); and a 5.5% capital conservation buffer.
- Contingent capital instruments will no longer be treated as eligible regulatory capital. As at 30 September 2023, ANZ Bank New Zealand had approximately NZ$1,238 million of AT1 instruments that will progressively lose eligible regulatory capital treatment over the transition period to 1 July 2028, should these instruments remain outstanding.

The RBNZ's reforms will result in a material increase in the level of capital that ANZ Bank New Zealand is required to hold. The reforms could have a material impact on ANZ Bank New Zealand and its business, including on its capital allocation and business planning.

RBNZ's revised outsourcing policy

Large New Zealand-incorporated banks, such as ANZ Bank New Zealand, must ensure their outsourcing arrangements comply with BS11 (the RBNZ's revised outsourcing policy).

All outsourcing arrangements were required to be compliant with BS11 by 1 October 2023. ANZ Bank New Zealand has completed its BS11 transition programme which has been verified by the RBNZ.

The BS11 requirements form part of ANZ Bank New Zealand's Conditions of Registration. If ANZ Bank New Zealand does not comply with its Condition of Registration in relation to outsourcing, the RBNZ could take enforcement action, such as putting further restrictions on ANZ Bank New Zealand's use of outsourcing.

Review of the Reserve Bank Act

The New Zealand Government has concluded a review of the *Reserve Bank of New Zealand Act 1989* ("Reserve Bank Act"), which has since been renamed BPS Act. Phase one of the review resulted in the enactment of the *Reserve Bank of New Zealand (Monetary Policy) Amendment Act 2018*, which made several changes to New Zealand's monetary policy framework. Phase two involved a comprehensive review of the financial policy provisions of the Reserve Bank Act.

The BPS Act will be replaced with two separate pieces of legislation:

- The *Reserve Bank of New Zealand Act 2021* fully commenced in July 2022, replacing parts of the BPS Act that relate to the RBNZ's high-level objectives, powers, functions, governance and funding arrangements. Among other things, the Reserve Bank of New Zealand Act 2021:
  - establishes a new statutory governance board responsible for all decision-making, except decisions made by the Monetary Policy Committee; and
  - introduces an overarching financial stability objective of protecting and promoting the stability of New Zealand's financial system (in addition to the economic objectives and central bank objective).
- The *Deposit Takers Act 2023* ("Deposit Takers Act") will, among other things:
  - create a single regulatory regime for all bank and non-bank deposit takers;

- introduce a depositor compensation scheme ("**DCS**") which will protect up to NZ$100,000 per depositor, per licensed deposit taker, if a pay-out event is triggered;
- strengthen accountability requirements for directors of deposit takers;
- broaden the RBNZ's supervision and enforcement tools; and
- strengthen and clarify the RBNZ's crisis resolution framework (which in substance carries over the key statutory management powers from the BPS Act but places those powers (where practicable) directly in the hands of the RBNZ as resolution authority).

The Deposit Takers Act was enacted in July 2023. The RBNZ is now undertaking a multi-year work programme to develop policy, standards and regulations to support the commencement of the Deposit Takers Act regime in 2028. Until the Deposit Takers Act fully commences, the current regulatory framework for banks is continuing under the BPS Act.

The DCS will be funded by collecting levies from deposit takers, including ANZ Bank New Zealand, and is targeted for initial implementation in late 2024, ahead of the rest of the Deposit Takers Act coming into effect. In 2023, the RBNZ consulted on the development of regulations to support the DCS, including a levy framework, and intends to publish a consultation summary by the end of 2023.

Conduct regulations for financial institutions

The *Financial Markets (Conduct of Institutions) Amendment Act 2022* ("FMCIA Act") was enacted in June 2022 and will come into force on 31 March 2025. When it comes into force it will require financial institutions (including registered banks, licensed insurers and non-bank deposit takers) that are in the business of providing relevant services and associated products to:

- obtain a license under Part 6 of the *Financial Markets Conduct Act 2013*;
- comply with a fair conduct principle (requiring them to treat consumers fairly, including by paying due regard to their interests);
- establish, implement, maintain and comply with an effective fair conduct program to operationalise the fair conduct principle, and publish a summary of the fair conduct program; and
- comply with regulations that regulate sales incentives for staff and others who are involved in providing a relevant service.

The FMCIA Act will implement a broad conduct regime that can be expanded over time with further obligations on regulated entities.

RBNZ review of BS13

The RBNZ is undertaking a comprehensive review of BS13. The key issues covered by the review include:

- a potential move towards the BCBS's liquidity framework;
- eligibility requirements for liquid assets in New Zealand;
- the availability of liquid assets in New Zealand;
- the possible establishment of a committed liquidity facility by the RBNZ;
- current and future arrangements for banks to use liquid assets as collateral when transacting with the RBNZ;
- how liquidity requirements should be applied across the spectrum of deposit takers;
- whether liquidity requirements should be applied to foreign bank branches; and
- whether liquidity requirements should be used as a macro-prudential tool.

The first two rounds of consultation of the review are complete. The review is expected to involve a further two rounds of consultation and a quantitative impact study. An updated liquidity policy is currently scheduled to be released in 2025.

Cyber resilience guidance and information sharing consultation

In April 2021, the RBNZ released guidance that outlines its expectations on cyber resilience for regulated entities (including ANZ Bank New Zealand). The guidance aims to raise awareness of, and ultimately promote, the cyber resilience of the financial sector, especially at the board and senior management level. This guidance draws upon leading international and national cybersecurity standards and guidelines and is intended to provide high-level principle-based recommendations for entities.

In May 2023, the RBNZ opened industry consultation on its proposed approach to improve the collection of cyber-related information. The RBNZ proposed the collection of data in three areas:

- a material cyber incident reporting requirement that mandates regulated entities to report all material cyber incidents to the RBNZ within 72 hours after detection;
- reporting of all cyber incidents, regardless of materiality, on a periodic basis; and
- a periodic survey on the cyber resilience of regulated entities based on the RBNZ's cyber resilience guidance.

ANZ Bank New Zealand participated in the consultation process, which closed in July 2023. The RBNZ has confirmed it is working closely with the Financial Markets Authority ("FMA") to ensure alignment between prudential and conduct regulation in this area. The RBNZ is expected to publish its cyber incident reporting requirements in late 2023.

Debt serviceability restrictions

In April 2023, the RBNZ released its finalised debt-to-income restriction framework which will set limits on the amount of debt borrowers can take relative to their income. Any debt-to-income restrictions will be implemented no earlier than March 2024. The RBNZ intends to consult on the calibration and implementation of debt-to-income restrictions for residential lending early in 2024.

As at the date of this U.S. Disclosure Document, it is uncertain what impact the proposed debt-to-income restrictions may have on the ANZ Bank New Zealand Group.

Loan-to-value ratio restrictions

From 1 June 2023 New Zealand registered banks are required to restrict new “non-property investment residential mortgage lending” (which is standard residential mortgage lending secured over only owner-occupied residential property) over 80% loan-to-value ratio (“LVR”) to no more than 15% (compared to 10% previously) of the total dollar value of new non-property investment residential mortgage lending, and to also restrict new “property investment residential mortgage lending” (which is standard residential mortgage lending that is not non-property investment residential mortgage lending) over 65% (compared to 60% previously) LVR to no more than 5% of the total dollar value of new property investment residential mortgage lending. The impact to the ANZ Bank New Zealand Group’s residential mortgage portfolio as a result of these two changes is not expected to be material.

Climate-related disclosures

The *Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021* amended the *Financial Markets Conduct Act 2013* with effect from 27 October 2022. The amendments require the ANZ Bank New Zealand Group to produce climate statements for the financial year ending 30 September 2024, in accordance with climate reporting standards issued by the New Zealand External Reporting Board. The ANZ Bank New Zealand Group is actively preparing to produce climate statements in accordance with this timetable.

Other

For further information on regulatory developments, including the risks they pose to the ANZ Bank New Zealand Group, see “Risk Factors - Legal and regulatory risk - Regulatory changes or a failure to comply with laws, regulations or policies may adversely affect the Group's Position”.

UNITED STATES

ANZBGL is an indirect subsidiary of ANZGHL and a direct subsidiary of ANZ Bank HoldCo. ANZGHL is the non-operating holding company of ANZBGL. Each of ANZBGL, ANZGHL and ANZ Bank HoldCo has elected to be treated as a "Financial Holding Company" (a "FHC") by the Board of Governors of the Federal Reserve System (the "FRB"). A FHC is allowed to engage, or acquire companies engaged, in the U.S. in activities that are determined by the FRB and the Secretary of the Treasury to be financial in nature or incidental thereto, and, with FRB approval, activities that are determined by the FRB to be complementary to financial activities.

Under the *Bank Holding Company Act of 1956* (the "BHC Act"), the activities of a FHC are subject to restrictions if it is determined that the FHC (including its U.S. branches and agencies and U.S. depository institution subsidiaries) ceases to be "well managed" or "well capitalised" as defined in FRB regulations, the FHC is the subject of an enforcement action requiring it to maintain a specific level of capital, or any U.S. depository institution subsidiary of the FHC fails to maintain at least a "Satisfactory" or better rating under the *Community Reinvestment Act*. The FRB is the "umbrella" supervisor with jurisdiction over FHCs, including ANZBGL, ANZGHL and ANZ Bank HoldCo.

Each of ANZBGL, ANZGHL and ANZ Bank HoldCo is subject to U.S. federal laws and regulations, including the *International Banking Act of 1978* (the "IBA"). Under the IBA, all branches and agencies of foreign banks in the United States, including ANZBGL's New York branch ("New York Branch"), are subject to reporting and examination requirements similar to those imposed on domestic banks that are owned or controlled by U.S. bank holding companies. As a federally-licensed branch regulated primarily by the Office of the Comptroller of the Currency in the United States (the "OCC"), the New York Branch can engage in activities permissible for national banks, with the exception that the New York Branch may not accept retail deposits. As the New York Branch does not accept retail deposits (although it does accept institutional and corporate deposits), the New York Branch is not subject to the supervision of the Federal Deposit Insurance Corporation ("FDIC"). Although ANZBGL's U.S. bank subsidiary in Guam is no longer accepting new retail deposits and is currently in the process of being liquidated, it remains subject to supervision by the FDIC. Even following completion of the currently progressing wind-down of the Group's operations in American Samoa, and liquidation of ANZBGL's U.S. bank subsidiary in Guam, each of ANZBGL, ANZGHL and ANZ Bank HoldCo will continue to be subject to the BHC Act and their activities as FHCs would become subject to restrictions if one or more of ANZBGL, ANZGHL or ANZ Bank HoldCo were to cease to be "well managed" or "well capitalised" or were to become the subject of an enforcement action requiring it to maintain a specific level of capital.

Under the IBA, the FRB has the authority to impose reserve requirements on deposits maintained by U.S. branches and agencies of foreign banks, including the New York Branch. The New York Branch must maintain its accounts and records separate from those of ANZBGL, ANZGHL and ANZ Bank HoldCo and must comply with such additional requirements as may be prescribed by the OCC. The IBA and the BHC Act also affect the ability of ANZBGL, ANZGHL and ANZ Bank HoldCo to engage in non-banking activities in the United States.

Under the IBA, a federal branch of a non-U.S. bank is subject to receivership by the OCC to the same extent as a national bank. The Comptroller may take possession of the business and property of a federal branch. The Comptroller has at its disposal a wide range of supervisory and enforcement tools for addressing violations of laws and regulations, and breaches of safety and soundness, which can be imposed upon federal branches. The Comptroller may remove federal branch management and assess civil money penalties. In certain circumstances, the Comptroller may also terminate a federal branch license at its own initiative or at the recommendation of the FRB.

Each of ANZBGL, ANZGHL and ANZ Bank HoldCo is subject to certain provisions of the *Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010* ("Dodd-Frank"). Dodd-Frank regulates many aspects of the business of banking in the United States and internationally.

Section 13 of the BHC Act and its implementing regulations, commonly referred to as the "Volcker Rule", among other things, generally prohibit banks and their affiliates from engaging in certain "proprietary trading" (but allows certain activities such as underwriting, market making-related and risk-mitigating hedging activities) and limits the sponsorship of, and investment in, certain private funds (including private equity funds and hedge funds), subject to certain important exceptions and exemptions.

Other Dodd-Frank regulations impose minimum margin requirements on uncleared swaps and security-based swaps, require the central execution and clearing of standardised over the counter ("OTC") derivatives on regulated trading platforms and clearing houses, set limits on the size of positions in certain types of derivatives, require the reporting of transaction data to regulated swap and security-based swap data repositories, and provide for heightened supervision of dealers and major market participants in the derivatives markets. ANZBGL is a provisionally registered swap dealer under the *Commodity Exchange Act* and Commodity Futures Trading Commission ("CFTC") regulations. While ANZBGL is not a registered security-based swap dealer with the U.S. Securities and Exchange Commission ("SEC"), it may register at such time as it is required or that it considers appropriate. In addition, other affiliated entities within the Group could become subject to swap dealer or security-based swap dealer registration, depending on the level of their swap or security-based swap dealing activities with counterparties that are U.S. persons and certain other categories of counterparties. Even if not required to be registered with the CFTC or the SEC, such entities are potentially subject to certain of the CFTC's or SEC's regulatory requirements, in connection with transactions that they enter into with counterparties that are U.S. persons and certain other categories of counterparties.

In 2020, the CFTC adopted rules regarding cross-border transactions which, among other things, permit "substituted compliance" by swap dealers located in non-U.S. jurisdictions with regulatory schemes determined by the CFTC to be comparable to its own. The CFTC has previously made such a determination with respect to certain aspects of Australian law and regulation pursuant to guidance issued by the CFTC prior to its adoption of the cross-border rules, and that determination remains in effect under the new rules. Pursuant to that determination, ANZBGL is able to rely on substituted compliance with certain Australian rules in lieu of compliance with corresponding CFTC rules.

U.S. prudential regulators, the CFTC and the SEC have implemented rules imposing initial and variation margin requirements on transactions in uncleared swaps and security-based swaps. As ANZBGL is a swap dealer supervised by the FRB and operates the New York Branch that is regulated by the OCC, it is required to comply with the uncleared swap margin rules promulgated by the FRB, Farm Credit Administration, FDIC, Federal Housing Financial Agency and the OCC. These rules impose requirements to collect and post initial and variation margin in respect of in-scope trading with in-scope counterparties. The rules of the prudential regulators and the CFTC also allow non-U.S. swap dealers, such as ANZBGL, to comply with the applicable laws of non-U.S. jurisdictions in lieu of compliance with their margin rules if the prudential regulators make a determination of comparability with respect to such non-U.S. jurisdictions, or otherwise not to comply with U.S. margin rules, with respect to certain categories of transactions and counterparties.

As required by Dodd-Frank and implementing regulations, ANZBGL submitted its most recent U.S. resolution plan to the FRB and the FDIC in June 2022 which was prior to the Restructure. Following the Restructure ANZGHL will submit U.S. resolution plans to the FRB and the FDIC. In October 2019, the FRB and the FDIC issued final rules that apply tailored requirements on resolution planning and a modification of the enhanced prudential standards applicable to foreign banking organisations, depending on the size of their U.S. operations and their risk profile. Under the final rules, ANZGHL will be required to submit a reduced resolution plan by 1 July 2025. Each of ANZBGL, ANZGHL and ANZ Bank HoldCo is subject to “enhanced prudential regulations” under Reg. YY, Subpart N, which was adopted pursuant to Dodd-Frank Section 165, and which requires quarterly and annual certification of compliance with the financial and risk oversight requirements thereof.

ANZGHL conducts its debt capital markets activities in the United States through ANZ Securities, Inc. (“ANZSI”). ANZSI is a broker-dealer licensed by the SEC and supervised by the SEC and the Financial Industry Regulatory Authority (“FINRA”). ANZSI is also licensed in the states and territories where it does business. The SEC and FINRA have extensive compliance requirements that apply to ANZSI, including record-keeping, transaction and communications monitoring, supervision of ANZSI staff, internal policies and procedures, and many others that govern the day-to-day business of ANZSI. ANZSI is subject to periodic reviews of its operations by the SEC and FINRA.

The U.S. *Foreign Account Tax Compliance Act* (“FATCA”) requires financial institutions to undertake specific customer due diligence and provide information on account holders (including substantial owners for certain entities) who are U.S. citizens or tax residents to the United States Federal tax authority, the Internal Revenue Service, either directly or via local tax authorities. If the required customer data collection due diligence and provision of account holder information is not undertaken and provided in a manner and form meeting the applicable requirements, the Group and/or persons owning assets in accounts with Group members may be subjected to a 30% withholding tax on certain amounts. While such withholding may currently apply only to certain payments derived from sources within the United States, no such withholding will be imposed on any payments derived from sources outside the United States that are made prior to the date that is two years after the date on which final U.S. regulations defining the term “foreign passthru payment” are enacted. There is currently no proposed or final definition of “foreign passthru payment” (though legislative requirements and timeframes may be subject to change) and it is therefore impossible to know whether certain payments could possibly be treated as foreign passthru payments.

The discussion above reflects proposed U.S. regulations that eliminate withholding on certain gross proceeds payments and delay the effective date for withholding on payments from sources outside the United States. The U.S. Treasury Department has indicated that taxpayers may rely on the proposed regulations. The discussion assumes that the regulations will be finalised in their current form and will be effective retroactively.

In addition to FATCA, the U.S. may require the Group in certain circumstances to provide certain information to U.S. payers (withholding agents, custodians, etc.), and the Group and/or its customers may face withholding if the Group does not provide such information in compliance with the applicable rules and regulations. Moreover, even if the Group does provide the required information, withholding may still be applicable to certain U.S. source payments.

In the event that any country in which ANZBGL operates does not have or enforce an Intergovernmental Agreement with the United States, and that country has local law impediments preventing compliance with FATCA, the Group may also be subject to broader compliance issues, significant withholding exposure and other operational impacts.

A major focus of U.S. governmental policies affecting financial institutions has been combating money laundering, terrorist financing and violations of U.S. sanctions. The *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001* (the “Patriot Act”) substantially broadened the scope of U.S. anti-money laundering laws by imposing significant compliance and due diligence obligations, identifying crimes and stipulating penalties and expanding the extra-territorial jurisdiction of the U.S. The U.S. Treasury Department has issued a number of regulations implementing various requirements of the Patriot Act, and other U.S. laws with respect to sanctions that apply to U.S. financial institutions, including certain U.S. non-bank subsidiaries and U.S. bank subsidiaries and branches of foreign banks, such as ANZSI and the New York Branch.

Those regulations require financial institutions operating in the United States to maintain appropriate policies, procedures and controls to detect, prevent, and report money laundering and terrorist financing and to verify the identity of their customers. They also require financial institutions in the United States to operate in compliance with U.S. sanctions regimes. In addition, the U.S. bank regulatory agencies have imposed heightened standards and U.S. law enforcement authorities have been taking a more active role, resulting in intensified enforcement of such matters. Recent resolutions of enforcement actions involving other global financial institutions have involved the payment of substantial penalties, agreements with respect to future operation of their businesses and actions with respect to relevant personnel. Failure of a financial institution to maintain and implement adequate policies and procedures to combat money laundering and terrorist financing, and to comply with U.S. sanctions regimes, could have serious legal and reputational consequences for the financial institution, as well as result in the imposition of civil, monetary and criminal penalties.

In January 2021, the *Anti-Money Laundering Act of 2020* (“AMLA”) was enacted in the United States. The AMLA is intended to comprehensively reform and modernise U.S. anti-money laundering laws. Among other things, the AMLA codifies a risk-based approach to anti-money laundering compliance for financial institutions, requires the development of standards by the U.S. Department of the Treasury for evaluating technology and internal processes for anti-money laundering compliance and expands enforcement and investigation-related authority, including a significant expansion in the available sanctions for certain violations. Many of the statutory provisions in the AMLA will require additional rulemakings, reports and other measures, and the effects of the AMLA will depend on, among other things, rulemaking and implementation guidance.

OTHER REGULATORS

The Group has securities listed on certain securities exchanges. As a result, the Group must comply with a range of listing and corporate governance requirements in Australia and overseas.

In addition to the prudential capital oversight that APRA conducts over ANZBGL and its branch operations and the supervision and regulation described above, local banking operations in all of the ANZBGL offshore branches and banking subsidiaries are subject to host country supervision by their respective regulators, such as the RBNZ, the OCC, the FRB, the UK Prudential Regulation Authority ("PRA"), the Monetary Authority of Singapore, the Hong Kong Monetary Authority, the National Administration of Financial Regulation of the PRC (formerly the China Banking and Insurance Regulatory Commission) and other financial regulatory bodies in those countries and in other relevant countries. These regulators, among other things, may impose minimum capitalisation requirements on those operations in their respective jurisdictions.

The Group is also required to comply with certain anti-money laundering and counter-terrorism financing legislation and regulations under the local laws of all the countries in which it operates.

RISK FACTORS

Introduction

The Group's activities are subject to risks and uncertainties that can materially and adversely impact its business, business model, operations, results of operations, reputation, prospects, liquidity, capital resources, financial performance and financial condition (together, the "**Group's Position**"). These risks and uncertainties may be financial or non-financial and may result from external factors over which the Group may have little or no control. The risks and uncertainties described below are not the only ones that the Group may face. Additional risks and uncertainties that the Group is unaware of, or that the Group currently does not consider material, may also become important factors that affect it. If any of the specified or unspecified risks and uncertainties actually occur (individually or collectively), the Group's Position may be materially and adversely affected, with the result that the trading price or value of the Group's equity or debt securities could decline and investors could lose all or part of their investment. The risk factors below should be considered together with "Forward-Looking Statements" and "Risk Factors Summary" included herein.

Risks related to the Group's business activities and industry

1. Changes in political and economic conditions, particularly in Australia, New Zealand, the Asia Pacific region, the United Kingdom, Europe and the United States (the "Relevant Jurisdictions"), may adversely affect the Group's Position

The Group's financial performance is influenced by the political, economic and financial conditions in the countries and regions in which the Group, its customers and its counterparties carry on business. The Group can give no assurances as to the likely future conditions in the economies of the Relevant Jurisdictions where the Group has its main operations, or other jurisdictions in which the Group operates or obtains funding.

The political, economic and financial conditions in the Relevant Jurisdictions may be impacted by a range of factors including, but not limited to, domestic and international economic events, the stability of the banking system and any related implications for funding and capital markets, other changes in financial markets, global supply chain developments, political developments, pandemics and natural disasters.

Instability in political conditions may result in uncertainty, declines in market liquidity, increases in volatility in global financial markets and adversely impact economic activity in the Relevant Jurisdictions, which could adversely affect the Group's Position. Recent examples include the conflict in Ukraine, the Israel-Hamas war and the associated implementation of economic security-related legislation, sanctions and trade restrictions in various markets, and heightened tensions between the United States and China.

Although the Group does not operate in and does not currently have any material direct exposure to Israel, Gaza, Russia or Ukraine, any prolonged market volatility or economic uncertainty could adversely affect the Group's Position. Tensions between the United States and China also have the potential to adversely impact the markets in which the Group operates and the Group's Position. These geopolitical issues have led to the implementation of economic security-related legislation and trade restrictions in many markets, including enhanced inbound and outbound investment screening mechanisms, anti-coercion instruments, sanctions, export controls and security-related industrial policy.

Inflationary pressure is high in many economies, including in the Relevant Jurisdictions. Excessively strong demand for goods and services, geopolitical tensions, and global economic challenges such as supply chain issues, weather conditions in agricultural regions, high energy prices, high food prices and tight labour markets, have contributed to high inflation. The risk of persistently high inflation may exacerbate market volatility, further slow economic growth and increase unemployment, each of which may cause further declines in business and investor confidence and increase the risk of customer defaults, which could adversely affect the Group's Position.

China is one of Australia's and New Zealand's major trading partners and a significant driver of commodity demand and prices in many of the markets in which the Group and its customers operate. Any heightening of geopolitical tensions and the occurrence of events that adversely affect China's economic growth and Australia's and New Zealand's economic relationship with China, including the implementation of additional tariffs and other protectionist or economic security-related trade policies, including sanctions, could adversely affect Australian or New Zealand economic activity, and as a result, could adversely affect the Group's Position. Furthermore, if there was a broad-based and sustained economic slowdown in China, the health of the Chinese financial system may be adversely impacted, which could have negative effects on the global financial system and economy. This could result in an economic downturn, counterparties defaulting on their obligations, and countries introducing capital controls, and could adversely affect the Group's Position. Refer to risk factor 5 "*Changes in the real estate markets in Australia, New Zealand or other markets where the Group does business may adversely affect the Group's Position*".

The stability of banking systems has come under scrutiny in recent times as a result of the failure of certain banking institutions in the United States and Europe. The risk of contagion from the failure of a bank or other financial institution could materially impact the Group's ability to replace maturing liabilities and access funding in a timely and cost-effective manner, which could adversely affect the Group's Position. Refer to risk factor 13 "*Liquidity and funding risk events may adversely affect the Group's Position*".

There has been a rise in investor caution across global commercial real estate markets as investors are reallocating to other investment classes or waiting for greater certainty with respect to inflation and interest rates, particularly as a result of weakening sentiment in the United States and Europe. A global liquidity constraint could compound the effects of weakening fundamentals on valuations and refinance risk in commercial real estate markets. Changes in the real estate markets in Australia, New Zealand or other markets where the Group does business may adversely affect the Group's Position. Negative developments in commercial real estate markets could lead to increased credit losses from business insolvencies, increased financial stress and defaults from higher leveraged borrowers, which could adversely affect the Group's Position. Refer to risk factor 5 "*Changes in the real estate markets in Australia, New Zealand or other markets where the Group does business may adversely affect the Group's Position*"

If economic conditions deteriorate in the Relevant Jurisdictions, asset values in housing, commercial or rural property markets could decline, unemployment could rise and corporate and personal incomes could decline. Deterioration in global markets, including equity, property, currency and other asset markets, may impact the Group's customers and the security the Group holds against loans and other credit exposures. This may impact the Group's ability to recover loans and other credit exposures. Should any of these occur, the Group's Position could be adversely affected. Refer to risk factor 10 "Credit risk may adversely affect the Group's Position".

2. The COVID-19 pandemic and future pandemics may adversely affect the Group's Position

The effects of the COVID-19 pandemic continue to impact the Group's Position, and the domestic and global economy. The future impacts of the COVID-19 pandemic remain uncertain. Further variants may develop that impact the Group's customers and businesses and could lead to government having to take action which could adversely impact the Group's Position. COVID-19 related supply chain disruption and mobility constraints could result in a decline in the Group's profit margins, and could impact customers' cash flows, capital, liquidity and financing needs. Substantially reduced global economic activity during the COVID-19 pandemic caused substantial volatility in global financial markets. This is expected to continue to have a significant impact on the Relevant Jurisdictions. Customers enduring hardship may suffer detriment if the Group cannot provide tailored support and sustainable arrangements based on individual circumstances. Political and economic conditions following the COVID-19 pandemic or other pandemics may cause a reduction in demand for the Group's products and services, an increase in loan and other credit defaults, bad debts, and impairments and an increase in the cost of the Group's operations. If any of these occur, the Group's Position could be adversely affected.

3. Competition in the markets in which the Group operates may adversely affect the Group's Position

The markets in which the Group operates are highly competitive. Competition is expected to continue to increase. Competitors include non-Australian financial service providers who expand in Australia or New Zealand, new non-bank entrants and smaller providers. Examples of factors that may affect competition and negatively impact the Group's Position include:

- entities that the Group competes with, including those outside of Australia and New Zealand, could be subject to lower levels of regulation and regulatory activity.This could allow them to offer more competitive products and services, because those lower levels of regulation may give them a lower cost base and/or the ability to attract employees that the Group would otherwise seek to employ;
- digital technologies and business models are changing customer behaviour and the competitive environment. Competitors are increasingly utilising new technologies including artificial intelligence ("**AI**") and disrupting existing business models in the financial services sector;
- companies from outside of the financial services sector are directly competing with the Group by offering products and services traditionally provided by banks. This includes new entrants obtaining banking licenses and partnering with existing competitors;
- consumers and businesses may choose to transact using, or to invest or store value in, new forms of currency (such as cryptocurrencies or central bank digital currencies) in relation to which the Group may choose not, or may not be able, to provide financial services, competitively. A new form of currency could change how financial intermediation and markets operate and, with that, may adversely impact the competitive and commercial position of the Group;
- Open Banking (as described below) may lead to increased competition (see risk factor 16 "*Regulatory changes or a failure to comply with laws, regulations or policies may adversely affect the Group's Position*"); and
- the Australian and New Zealand Governments may consider implementing policies that further increase competition in the banking market. Recent examples include the Australian Parliament's inquiry into economic dynamism, competition and business formation and the ACCC's inquiry into the market for the supply of retail deposit products. The Australian Government has also recently commenced a review of its competition laws and institutions. In New Zealand, the Commerce Commission has also recently commenced a market study into any factors that may affect competition for the supply or acquisition of personal banking services. Whilst these inquiries and reviews may result in the implementation of policies that increase competition in the banking market, the exact impact of inquiries and reviews on the Group remains unclear.

The impact on the Group of an increase in competitive market conditions or a technological change that puts the Group's business platforms at a competitive disadvantage, especially in the Group's main markets and products, could lead to a material reduction in the Group's market share, customers and margins and adversely affect the Group's Position. Increased competition for deposits may increase the Group's cost of funding. If the Group is not able to successfully compete for deposits, the Group may be forced to rely on less stable and/or more expensive forms of funding, or to reduce lending. This may adversely affect the Group's Position. Geopolitical and economic disruptions could have a significant impact on competition and profitability in the financial services sector due to funding cost and credit provision increases, changes in interest rates, insufficient liquidity, implementation of business continuity plans, changes to business strategies and regulatory safe harbours. A low-growth environment may lead to heightened competitive intensity and margin compression, particularly amongst traditional competitors with strong business models.

4. The Restructure of the Group that established a non-operating holding company may adversely affect the Group's Position

The Group implemented the Restructure that resulted in ANZGHL becoming the new listed parent company of the Group in place of ANZBGL in 2023. ANZGHL is a NOHC and is authorised as such for the purposes of the Australian Banking Act. APRA's prudential framework for NOHCs is expected to become effective from 2025, following a period of industry consultation. There is a risk that APRA's final regulatory framework for NOHCs of ADIs and the regulation of ANZGHL over time will differ from the existing regulatory framework and increase the regulatory risk of the Group. This may have negative consequences for the Group and require further changes to be made to its structure. The post Restructure operating model may fail to function as expected and/or may fail to realise the anticipated benefits and further changes may therefore be required to the Group structure. To the extent this occurs, this may adversely affect the Group's Position.

5. Changes in the real estate markets in Australia, New Zealand or other markets where the Group does business may adversely affect the Group's Position

Residential and commercial property lending, together with real estate development and investment property finance, are important businesses of the Group. Major sub-segments within the Group's lending portfolio include:

- residential housing loans (owner occupier and investment); and
- commercial real estate loans (investment and development).

The scale and pace of interest rate rises have resulted in property prices declining in Australia and New Zealand since 2021. The extent of property price changes will ultimately depend on any further future interest rate rises or persistently high interest rates and the impact on the economy.

APRA included credit-based macroprudential policy measures within its Prudential Standard APS 220 *Credit Risk Management* ("APS 220") with effect from 1 January 2023. These may be used by APRA to address systemic risks if needed. Future changes to these measures by APRA could restrict the Group's flexibility and impact the profitability of one or more businesses. (Refer to risk factor 16 "*Regulatory changes or a failure to comply with laws, regulations or policies may adversely affect the Group's Position*".)

In New Zealand, median prices for residential property peaked in November 2021, before declining in the 2022 calendar year and early 2023. Higher interest rates and rising costs of living have put pressure on household balance sheets and is likely to continue to impact demand for residential and commercial property. These pressures are resulting in an increase in residential property related delinquencies in New Zealand, which, having been at low levels since COVID-19, have become more elevated over the year to September 2023.

Increases in interest rates may affect debt serviceability, increase loan defaults experienced by the Group's borrowers, place pressure on loan covenants and reduce demand for commercial and residential property and the Group's associated lending products in both Australia and New Zealand. To address the current high inflation levels, there may be further interest rate increases. Any future interest rate rises or persistently high interest rates could also lead to increased credit losses from business insolvencies, increased mortgage stress and defaults, a potential adverse impact on markets, and a potential downturn in the Australian and New Zealand economies. This may in turn impact the ability of tenants to pay rent and in turn decrease the quality of real estate earnings of the Group's borrowers.

Recent interest rate increases, asset price inflation and yield compression, may cause declines in interest coverage ratios and asset values. Valuations are presently lagging market sentiment. The Group has been observing declining values for existing security and expects further declines in some segments in the next 12 months. Dated valuations benefit from a buffer created following asset price inflation until the middle of 2022. This may result in increased refinance risk and require equity contributions from borrowers towards debt reduction and/or a restructure of facilities. Secondary grade assets may be more susceptible to a decline in prices. This may be the case if investors have overlooked "fundamentals" in a highly competitive and liquid market (debt and equity). Refinance risk could be increased if there are liquidity constraints in the banking sector. The Group has observed some signs of change in sentiment in non-bank debt markets as investors re-balance portfolios and change expectations in the face of greater uncertainty and volatility. This has resulted in an increased cost of financing rather than reduction in liquidity and the non-bank debt market remains an available source of refinancing. Non-bank financiers have supported the pre-development land and property development sector in recent years, so the number of new project starts may decline given higher cost of funding or if non-bank financiers begin to withdraw support from weaker sponsors.

Construction risk, including contractor stability, supply chain constraints, the cost of materials and high labour costs may impact commercial and larger residential project (land and apartments) developments and land values in the short to medium term.

The COVID-19 pandemic has triggered a change in the demand and supply dynamics in the office sector as flexible working arrangements have become a trend, which may impact investor demand and yield expectations, given a more modest demand and rental growth outlook, particularly for secondary grade assets.

Institutional investor clients may see their real estate investment portfolios in various geographies diminish in value as a result of changes in the real estate market, which could potentially lead to a reduction in their willingness and/or ability to repay related loan facilities owed to the Group.

Separately, the general downturn and current reduced growth in the Chinese economy resulting from the slowdown of property development and downturn in the real estate market may result in future reduced demand for commodities (such as iron ore) resulting in a reduction in commodity prices and adversely impact demand for some Australian and New Zealand exports. Additionally, a slowdown of Chinese output may result in disruption to supply chains across a range of industry segments including discretionary retail, wholesale, manufacturing, packaging, and automotive segments.

Each of the factors outlined above may adversely affect the Group's Position.

6. Sovereign risk events may destabilise global financial markets and may adversely affect the Group's Position

Sovereign risk is the risk that governments will default on their debt obligations, be unable to refinance their debts as and when they fall due, thereby destabilising parts of their economy. Sovereign risk may adversely impact the Group directly, through adversely impacting the value of the Group's assets, or indirectly through destabilising global financial markets, thereby adversely impacting the Group's Position. Sovereign risk exists in many economies, including the Relevant Jurisdictions. If a sovereign defaults, it could impact other markets and countries, the consequences of which may be similar to or worse than those experienced during the global financial crisis and subsequent sovereign debt crises.

7. Market risk events may adversely affect the Group's Position

Market risk is the risk of loss arising from adverse changes in interest rates, currency exchange rates, credit spreads, or from fluctuations in bond, commodity or equity prices. For purposes of financial risk management, the Group differentiates between traded and non-traded market risks. Traded market risks principally arise from the Group's trading operations in interest rates, foreign exchange, commodities and securities. The non-traded market risk is predominantly interest rate risk in the banking book. Other non-traded market risks include transactional and structural foreign exchange risk arising from capital investments in offshore operations and non-traded equity risk. Losses arising from the occurrence of such market risk events may adversely affect the Group's Position.

8. Changes in exchange rates may adversely affect the Group's Position

The Group conducts business in several different currencies. Accordingly, its businesses may be affected by movements in currency exchange rates. The Group's annual and interim reports are prepared and stated in Australian dollars. Any change in the value of the Australian dollar against other currencies in which the Group earns revenues (particularly the New Zealand dollar and the U.S. dollar) or holds capital, may adversely affect the Group's reported earnings and capital ratios. The Group currently hedges to partially mitigate the impact of currency changes. There is no assurance that the Group's hedges will be sufficient or effective, and any change in the value of the Australian dollar against other currencies in which the Group earns its revenue, or holds capital, may have an adverse impact on the Group's Position.

9. Acquisitions and divestments may adversely affect the Group's Position

The Group regularly examines a range of corporate opportunities, including acquisitions and divestments, to determine whether those opportunities will enhance the Group's strategic position and financial performance. Integration (or separation) of an acquired (or divested) business can be complex and

costly. It sometimes includes combining (or separating) accounting and data processing systems, technology platforms and management controls, as well as managing relationships and contracts with employees, customers, regulators, counterparties, suppliers and other business partners. The loss of key relationships and personnel from an acquisition or divestment could have an adverse effect on the Group's Position.

There is no assurance that any acquisition (or divestment) will have the anticipated positive results around synergies, cost or cost savings, time to integrate (or separate) and overall performance, as the underlying assumptions for the acquisition (or divestment) may not prove to be accurate or achievable. Any acquisition (or divestment) may also impact the Group's credit ratings, cost of funds and access to further funding, which could in turn adversely affect the Group's funding and liquidity positions.

Integration (or separation) efforts could create inconsistencies in standards, controls, procedures and policies, as well as diverting management attention and resources. There is a risk of counterparties making claims in respect of completed or uncompleted transactions against the Group that could adversely affect the Group's Position. All or any of these factors could adversely affect the Group's ability to conduct its business successfully and impact the Group's operations or results. There is no assurance that employees, customers, counterparties, suppliers and other business partners of newly acquired (or retained) businesses will remain post-acquisition (or post-divestment). Further, there is a risk that completion of an agreed transaction may not occur whether in the form originally agreed between the parties or at all, including due to failure of the Group or the counterparty to satisfy completion conditions or because other completion conditions such as regulatory, shareholder or other approvals are not satisfied. Should any of these integration or separation risks occur, this could adversely affect the Group's Position.

Transactions that the Group has announced but not completed include an agreement with Suncorp Group Limited ("SGL") to purchase 100% of the shares in SBGH Limited, the immediate non-operating holding company of Suncorp Bank. The ACCC declined to grant authorisation for this acquisition in August 2023, but this decision is currently subject to review by the Australian Competition Tribunal. This acquisition is subject to the satisfaction of certain conditions, including those described below and assuming those conditions are satisfied, and merger approval is granted, it is expected to occur in mid calendar year 2024.

The acquisition of Suncorp Bank from SGL is subject to satisfaction of certain conditions. These include Federal Treasurer approval, ACCC authorisation or approval (see above) and certain amendments to the Queensland State Financial Institutions and Metway Merger Act. ANZBGL will also have a termination right under the Suncorp Bank Sale Agreement if APRA issues a written communication to ANZBGL under or in connection with APS 222 to the effect that ANZBGL must not proceed with completion of the acquisition. The terms and conditions of the approvals that are granted may impose conditions, limitations, obligations or costs, or place restrictions on the conduct of the Group or its business following the acquisition or require changes to the terms of the transaction. There can be no assurance that the regulators will not impose any such conditions, obligations or restrictions, and that such conditions, limitations, obligations or restrictions will not have the effect of delaying or preventing completion of the transaction, imposing additional material costs on or materially limiting the revenues of the Group following the acquisition or otherwise reducing the anticipated benefits of the acquisition to the Group, any of which might have an adverse effect on the Group.

ANZBGL undertook a due diligence process in relation to the proposed acquisition of Suncorp Bank which relied in part on a review of financial, technology, legal and other information provided in respect of Suncorp Bank or was otherwise provided at meetings with Suncorp Bank management. Despite making reasonable efforts as part of the due diligence investigations, ANZBGL has not been able to verify the accuracy, reliability or completeness of all the information provided to it. If any information provided or relied upon by ANZBGL in its due diligence proves to be incorrect, incomplete or misleading, there is a risk that the actual financial position and performance of Suncorp Bank may be different to the expectations. There is also no assurance that the due diligence conducted was conclusive, and that all material issues and risks in respect of the proposed acquisition have been identified and avoided or mitigated, therefore, there is a risk that issues or risks may arise that may adversely impact the Group. SGL has provided ANZBGL with certain indemnities relating to certain pre-completion matters as well as certain representations and warranties in favour of ANZBGL. There is a risk that these protections may be insufficient to cover liabilities relating to these matters, which may have an adverse impact on the Group's financial performance and position. As is usual, the warranties and indemnities are also subject to certain financial claims thresholds and other limitations.

If for any reason any announced acquisition or divestment, including the acquisition of Suncorp Bank, is not completed, the Group's ongoing business may be adversely impacted and the Group may be subject to a number of risks. These risks include:

- financial markets may react negatively, resulting in negative impacts on the Group's securities and other adverse impacts;
- the Group may experience negative reactions from its customers, vendors, and employees;
- the Group will have incurred expenses and will be required to pay certain costs relating to the acquisition, whether or not the acquisition is completed, such as legal, accounting, investment banking, and other professional and administrative fees; and
- matters relating to the acquisition may require substantial commitments of time and resources by the Group's management, which could otherwise have been devoted to other opportunities that may have benefited the Group.

Risks related to the Group's financial situation

10. Credit risk may adversely affect the Group's Position

As a financial institution, the Group is exposed to the risks resulting from or associated with extending credit, including incurring credit-related losses that can occur as a result of a counterparty being unable or unwilling to honour its contractual obligations. Credit losses can and have resulted in financial services organisations realising significant losses and, in some cases, failing.

The risk of credit-related losses continues to be impacted by conditions relating to increased interest rates, high inflation, global supply chain disruptions and heightened political tensions, particularly those referred to in risk factor 1 "*Changes in political and economic conditions, particularly in the Relevant Jurisdictions, may adversely affect the Group's Position*". The risk of credit-related losses has increased due to the factors described above and may further increase as a result of less favourable conditions, whether generally or in a specific industry sector or geographic region which could cause customers or counterparties to fail to meet their obligations. These conditions include but are not limited to, weakened confidence in the stability of the banking system generally or particular financial institutions that may impact the Group, its customers or counterparties, a sustained high level of unemployment, continued increase in interest rates and inflationary conditions, and a reduction in the value of assets the Group holds as

collateral or the market value of the counterparty instruments and obligations it holds.

Some of the Group's customers and counterparties with exposures to these sectors may be vulnerable:

- industries exposed to the unwinding of government stimulus packages and increasing interest rates;
- industries reliant on consumer discretionary spending;
- industries that are exposed to fuel supply shortages and rising costs including aviation, road transport, shipping and agriculture, particularly given the Ukraine conflict and its impact on oil and gas prices, production and supply;
- participants in energy or commodity markets that are exposed to rising margin requirements under derivatives that arise due to price volatility;
- industries at risk of sanctions, geopolitical tensions or trade disputes (these include technology, agriculture, communications and financial institutions);
- industries exposed to declining global growth and disruption to global supply chains. These include but are not limited to the retail, wholesale, automotive, manufacturing and packaging industries;
- the commercial property sector (including construction and contractors) which is exposed to rising interest rates impacting serviceability and downward pressure on valuations, particularly in the office sector given occupancy levels have not returned to pre-COVID-19 levels and in the retail sector given an expectation for a reduction in discretionary household spending resulting in a reduction in base rental, turnover rental and rental growth expectations. In some markets, commercial contractors and sub-contractors may face cash flow and liquidity issues over the next 12 to 24 months as current projects run off and the volume of forward-looking projects are diminished. Whilst supply chain constraints and building material cost increases have somewhat stabilised, labour availability and mobility issues have increased given competing demand from Australian Government infrastructure projects in major capital cities;
- industries facing labour supply shortages and who are reliant on access to both skilled and unskilled migrant workers, including tourism and hospitality, technology, agriculture, retail, health, construction and services;
- customers and industries exposed to disruption from physical climate risk (e.g. bushfires, floods, storms and drought) and transition risk (e.g. industry exposed to carbon reduction requirements and resulting changes in demand for goods and services or liquidity). For more information on climate related risks, see risk factor 30 *"Impact of future climate events, biodiversity loss, human rights, geological events, plant, animal and human diseases, and other extrinsic events may adversely affect the Group's Position"*;
- industries exposed to the volatility in exchange rates and foreign exchange markets generally; and
- banks and financial services companies, as they may experience pressure on liquidity due to impacts of rapidly rising interest rates and the flow on impacts to asset values, which could result in the deterioration of credit ratings, the need for restructuring and recapitalisation, losses of confidence in financial institutions or a financial default.

The Group is also subject to the risk that its rights against third parties may not be enforceable in certain circumstances, which may result in credit losses. Should material credit losses occur to the Group's credit exposures, this may adversely affect the Group's Position.

Credit risk may also arise from certain derivative, clearing and settlement contracts that the Group enters into, and from the Group's dealings with, and holdings of, debt securities issued by other banks, financial institutions, companies, governments and government bodies where the financial conditions of such entities are affected by economic conditions in global financial markets.

In assessing whether to extend credit or enter into other transactions with customers and counterparties, the Group relies on information provided by or on behalf of customers and counterparties, including financial statements and other financial information. The Group may also rely on representations of customers and independent consultants as to the accuracy and completeness of that information. The Group's financial performance could be negatively impacted to the extent that it relies on information that is incomplete, inaccurate or materially misleading.

The Group holds provisions for credit impairment that are determined based on current information and subjective and complex judgements of the impairment within the Group's lending portfolio. If the information upon which the assessment is made is inaccurate or the Group fails to analyse the information correctly, the provisions made for credit impairment may be insufficient, which may adversely affect the Group's Position.

11. Challenges in managing the Group's capital base could give rise to greater volatility in capital ratios, which may adversely affect the Group's Position

The Group's capital base is critical to the management of its businesses and access to funding. Prudential regulators of the Group include, but are not limited to, APRA, the RBNZ and regulators in the United States, the UK and the countries in the Asia Pacific region. The Group is required to maintain adequate regulatory capital by its primary regulator APRA and the RBNZ for ANZ Bank New Zealand Limited and its subsidiaries (the "ANZ New Zealand Group").

Under current regulatory requirements, risk-weighted assets and expected loan losses increase as a counterparty's risk grade worsens. These regulatory capital requirements are likely to compound the impact of any reduction in capital resulting from lower profits in times of stress. As a result, greater volatility in capital ratios may arise and may require the Group to raise additional capital. There is no certainty that any additional capital required would be available or could be raised on reasonable terms.

The Group's capital ratios may be affected by a number of factors including (i) lower earnings (including lower dividends from its deconsolidated subsidiaries such as those in the insurance business as well as from its investment in associates), (ii) asset growth, (iii) changes in the value of the Australian dollar against other currencies in which the Group operates (particularly the New Zealand dollar and U.S. dollar) that impact risk weighted assets or the foreign currency translation reserve, (iv) changes in business strategy (including acquisitions, divestments and investments or an increase in capital intensive businesses) and (v) changes in regulatory requirements. APRA issued a discussion paper in September 2023 to explore options for, and seek feedback from stakeholders on, improving the effectiveness of Additional Tier 1 Capital in Australia. APRA has indicated that it

intends to discuss its paper with relevant stakeholders and may formally consult in 2024 on any proposed amendments to prudential standards. At this stage, it is not possible to confirm what impact (if any) the options proposed by APRA may have on the Group.

APRA and the RBNZ have implemented prudential standards to accommodate Basel III. Certain other regulators have either implemented or are in the process of implementing regulations, including Basel III, that seek to strengthen, among other things, the liquidity and capital requirements of banks, funds management entities and insurance entities, though there is no assurance that these regulations have had or will have their intended effect. The recent collapse of certain financial institutions in the United States and Europe may raise the likelihood of changes to capital and other regulatory requirements applicable to the Group, which may impact the Group's Position. For more information on recent prudential regulation changes that have impacted, or that may impact the Group, see risk factor 16 *"Regulatory changes or a failure to comply with laws, regulations or policies may adversely affect the Group's Position"*. An inability of the Group to maintain its regulatory capital may adversely affect the Group's Position.

12. The Group's credit ratings could change and adversely affect the Group's ability to raise capital and wholesale funding and constrain the volume of new lending, which may adversely affect the Group's Position

The Group's credit ratings have a significant impact on its access to, and cost of, capital and wholesale funding. The Group's credit ratings may also be important to customers or counterparties evaluating the Group's products and services. Credit ratings and rating outlooks may be withdrawn, qualified, revised or suspended by credit rating agencies at any time. The methodologies used by ratings agencies to determine credit ratings and rating outlooks may be revised in response to legal or regulatory changes, market developments or for any other reason.

The Group's credit ratings or rating outlooks could be negatively affected by a change in the credit ratings or rating outlooks of the Commonwealth of Australia or New Zealand, the occurrence of one or more of the other risks identified in this U.S. Disclosure Document, a change in ratings methodologies or by other events or factors, including volatility in the banking sector. As a result, downgrades in the Group's credit ratings or rating outlooks could occur that do not reflect changes in the general economic conditions or the Group's financial condition. The ratings of individual securities (including, but not limited to, certain Tier 1 capital and Tier 2 capital securities and covered bonds) issued by the Group (and other banks globally) could be impacted by changes in the regulatory requirements for those instruments as well as the ratings methodologies used by rating agencies.

Any downgrade or potential downgrade to the Group's credit ratings or rating outlooks may reduce access to capital and wholesale debt markets and could lead to an increase in funding costs, constrain the volume of new lending and affect the willingness of counterparties to transact with the Group which may adversely affect the Group's Position. Credit ratings are not a recommendation by the relevant rating agency to invest in securities offered by the Group.

13. Liquidity and funding risk events may adversely affect the Group's Position

Liquidity and funding risk is the risk that the Group is unable to meet its payment obligations as they fall due (including repaying depositors and wholesale creditors) or that the Group has insufficient capacity to fund increases in assets. Liquidity and funding risk is inherent in banking operations due to the timing mismatch between cash inflows and cash outflows.

Reduced liquidity could lead to an increase in the cost of the Group's borrowings and constrain the volume of new lending which may adversely affect the Group's Position.

Deterioration and volatility in market conditions and a decline in investor confidence in the Group may materially impact the Group's ability to replace maturing liabilities and access funding in a timely and cost-effective manner, which may adversely impact the Group's Position. Advances in technology allow customers to withdraw funds deposited with the Group faster and may accelerate the risks associated with on-demand liabilities, such as transactional and savings deposits.

The Group raises funding from a variety of sources, including customer deposits and wholesale funding in domestic and offshore markets to meet its funding requirements and to maintain or grow its business. Developments in major markets can adversely affect liquidity in global capital markets. For example, in times of liquidity stress, if there is damage to market confidence in the Group or if funding inside or outside of domestic markets is not available or constrained, the Group's ability to access sources of funding and liquidity may be constrained and the Group will be exposed to liquidity and funding risk.

14. Changes in the valuation of some of the Group's assets and liabilities may adversely affect the Group's earnings and equity and the Group's Position

The Group applies accounting standards, which require that various financial instruments, including derivative instruments, assets and liabilities classified as fair value through other comprehensive income, assets and liabilities classified as fair value through profit or loss, and certain other assets and liabilities (as per Note 18 of the 2023 Financial Report (attached as part of Annex A to this U.S. Disclosure Document)) are measured at fair value with changes in fair value recognised in earnings or equity.

Generally, to measure the fair value of these instruments, the Group relies on quoted market prices, present value estimates or other valuation techniques that incorporate the impact of factors that a market participant would take into account when pricing the asset or liability. Certain other assets, including some unlisted equity investments, are valued using discounted cash flow techniques. The fair value of these instruments is impacted by changes in market prices or valuation inputs that may adversely affect the Group's earnings and/or equity.

The Group may be exposed to a reduction in the value of non-lending related assets as a result of impairments that are recognised in earnings. The Group must test at least annually the recoverability of goodwill balances and intangible assets with indefinite useful lives or not available for use and other non-lending related assets including premises and equipment (including right-of-use assets arising from leases), investment in associates, capitalised software and other intangible assets where there are indicators of impairment.

To assess the recoverability of goodwill balances, the Group uses a multiple of earnings calculation. Changes in the assumptions upon which the calculation is based, together with changes in earnings, may materially impact this assessment, resulting in the potential write-off of a part or all of goodwill balances.

In respect of other non-lending related assets, if an asset is no longer in use, or the cash flows generated by the asset do not support the carrying

value, impairment charges may be recorded. This, in conjunction with the other potential changes above, could impact the Group's Position.

15. Changes to accounting policies may adversely affect the Group's Position

The accounting policies that the Group applies are fundamental to how it records and reports its financial position and results of operations. Management exercises judgement in selecting and applying many of these accounting policies. This is so that the Group complies with the applicable accounting standards or interpretations and reflects the most appropriate manner in which to record and report on the Group's financial position and results of operations. These accounting policies may be applied inaccurately, resulting in a misstatement of the Group's financial position. The application of new or revised accounting standards or interpretations may also adversely affect the Group's Position. The Group discloses the impact of new accounting standards that are effective for the first time in any reporting period, in the notes to the consolidated financial statements for that period. In some cases, management must select an accounting policy from two or more alternatives, any of which would comply with the relevant accounting standard or interpretation and be reasonable under the circumstances, yet might result in reporting materially different outcomes than would have been reported under the alternative.

Legal and regulatory risk

16. Regulatory changes or a failure to comply with laws, regulations or policies may adversely affect the Group's Position

The Group's businesses and operations are highly regulated. The Group is subject to laws, regulations and policies, including industry self-regulation in the Relevant Jurisdictions ("**Regulations**"). Regulations continue to change and generally increase in scope, scale, complexity, cost and speed of required compliance ("**Regulatory Change**"). A failure by the Group to comply with Regulations or manage Regulatory Change could result in regulatory investigations, legal or regulatory sanctions, financial or reputational loss, litigation, fines, penalties, restrictions on the Group's ability to do business, revocation, suspension or variation of conditions of regulatory licences or other enforcement or administrative action or agreements (such as enforceable undertakings) any of which may adversely affect the Group's Position. Such failures may also result in the Group being exposed to the risk of litigation brought by third parties (including through class action proceedings). The outcome of any litigation (including class action proceedings) may result in the payment of compensation to third parties and further remediation activities. For information in relation to the Group's litigation and contingent liabilities, see risk factor 17 "*Litigation and contingent liabilities may adversely affect the Group's Position*" and Note 32 of the 2023 Financial Report (attached as part of Annex A to this U.S. Disclosure Document).

Regulations can also affect the operating environment of, and impose significant compliance costs on, the Group. Changes to the Group's operating environment and the Regulations to which the Group is subject to may affect the profitability of the Group, change the level of competition that the Group faces or impact the ability of the Group to conduct one or more elements of its business. Increases in compliance costs could also decrease profitability and divert resources away from other priorities of the Group, thereby impacting the Group's ability to innovate and compete.

Prudential regulation

Prudential regulation is a type of Regulation and is subject to Regulatory Change. Developments in APRA and RBNZ prudential regulation may materially impact the Group. There are typically a number of prudential regulatory proposals open for consultation with APRA and the RBNZ at any time. Changes to prudential regulation can increase the level of regulatory capital that the Group is required to maintain, restrict the Group's flexibility, require it to incur substantial costs and impact the profitability of one or more business lines, any of which may adversely affect the Group's Position.

Recent prudential regulation changes that have impacted, or that may impact the Group, include:

- Market risk and counterparty credit risk: APRA is consulting on revisions to prudential standards and guidance relating to market risk, being IRRBB, Market Risk and Counterparty Credit Risk.
- Unquestionably strong capital framework: APRA implemented its final requirements in relation to capital adequacy and credit risk for ADIs on 1 January 2023. However, APRA continues to consult and finalise revisions to a number of remaining prudential standards, being IRRBB, Market Risk and Counterparty Credit Risk. Given the number of items that are yet to be finalised by APRA, the aggregate outcome from all changes to APRA's prudential standards relating to their review of ADIs "unquestionably strong" capital framework remains uncertain.
- Macroprudential policy framework: APRA finalised its macroprudential policy framework in June 2022. To support the implementation of the framework, APRA formalised and embedded credit-based macroprudential policy measures within its prudential standards, within a new attachment to APS 220. APRA's objective is to strengthen the transparency, implementation and enforceability of macroprudential policy. The updates to APS 220 which became effective from 1 January 2023 included a set of credit-based macroprudential measures to be used to address systemic risks if needed. The updates to APS 220 include two main types of credit-based macroprudential measures: (i) lending limits (the purpose of temporary lending limits would be to moderate any excessive growth in higher-risk lending during periods of heightened systemic risks) and (ii) lending standards, where APRA may also set minimum requirements for lending standards, including measures such as the serviceability buffer for residential mortgages. APRA confirmed the current settings of (i) for lending limits, no limit restrictions in place on higher-risk lending but APRA continues to monitor higher risk lending at outlier banks for commercial property lending and (ii) for lending standards, the serviceability buffer is maintained at 3.0% above the loan rate. Future changes to these settings could restrict the Group's flexibility and impact the profitability of one or more business lines. For further information, see risk factor 5 *"Changes in the real estate markets in Australia, New Zealand or other markets where the Group does business may adversely affect the Group's Position"*.
- Operational risk management: APRA finalised prudential standard CPS 230 Operational Risk Management ("CPS 230") in July 2023, which sets out minimum standards for managing operational risk, including updated requirements for business continuity planning and service provider risk management. The new standard incorporates updated requirements for service provider management (currently outsourcing) and business continuity management that are currently contained in prudential standards CPS 231 Outsourcing and CPS 232 Business Continuity Management. The effective date of compliance moved from 1 January 2024 to 1 July 2025. APRA will provide for transitional arrangements for pre-existing contractual arrangements with service providers. The requirements in the standard will apply from the earlier of the next contract renewal date or 1 July 2026. A project team has been formed and the Group will continue to work through the implementation process which is complex, and requires changes to systems, operations, and contractual arrangements with third parties.

- Recovery and exit planning: APRA finalised Prudential Standard CPS 190 Recovery and Exit Planning ("CPS 190") in December 2022. CPS 190 is aimed at reinforcing the resilience of the financial system. It is designed to ensure that APRA regulated entities are better prepared to manage periods of severe financial stress. Under CPS 190, entities will be required to develop and maintain credible plans for managing periods of severe financial stress, including actions that could be taken to stabilise and restore financial resilience and actions that effect an orderly and solvent exit from regulated activity. These requirements will apply across all APRA regulated industries. CPS 190 will come into effect from 1 January 2024 for banks and insurers.
- Resolution planning: APRA finalised Prudential Standard CPS 900 Resolution Planning ("CPS 900") in May 2023. CPS 900 requires entities that are significant financial institutions or those that provide critical functions, to support APRA in the development and implementation of a resolution plan so the entity can be managed by APRA in an orderly manner where the entity is unable to, or is likely to be unable to, meet its obligations or suspends, or is likely to suspend, payments. CPS 900 sets out certain requirements for entities to cooperate with APRA in resolution planning. Under CPS 900, APRA will develop a resolution plan, which sets out APRA's strategy for resolving an entity in the event of its failure. This could include, for example, plans to recapitalise, wind-down or transfer operations. It is an important complement to a financial contingency plan, which sets out an entity's plan for managing risks to its financial viability. The standard will come into effect on 1 January 2024.
- ADI capital framework: APRA issued a discussion paper in September 2023 to explore options for, and seek feedback from stakeholders on, improving the effectiveness of Additional Tier 1 Capital in Australia. APRA has indicated that it intends to discuss its paper with relevant stakeholders and may formally consult in 2024 on any proposed amendments to prudential standards. At this stage, it is not possible to confirm what impact (if any) the options proposed by APRA may have on the Group.
- Loss absorbing capacity: APRA announced its decision on loss-absorbing capacity requiring Australian D-SIBs in July 2019, including ANZBGL, to increase their Total Capital by 3% of RWA by January 2024. On 2 December 2021, APRA announced that it had finalised its loss-absorbing capacity requirements and stated that it will require Australian D-SIBs to increase their Total Capital by a further 1.5% of RWA by January 2026. Inclusive of the previously announced interim increase of 3%, this will result in a total increase to the minimum Total Capital requirement of 4.5% of RWA. APRA expects the requirement to be satisfied predominantly with additional Tier 2 capital with an equivalent decrease in other senior funding. The amount of the additional Total Capital requirement will be based on the Group's actual RWA as at January 2026.
- RBNZ revisions to capital adequacy: The RBNZ's revised capital adequacy requirements for New Zealand banks, which are set out in the Banking Prudential Requirements documents, are being implemented in stages during a transition period from October 2021 to July 2028. The net impact on ANZBGL's Level 1 CET1 capital is expected to be an increase in capital requirements of approximately A$1 billion to A$1.5 billion between 30 September 2023 and the end of the transition period in 2028 (based on the Group's 30 September 2023 balance sheet). The amount could also vary over time subject to changes to the capital position in ANZ New Zealand (e.g. from RWA growth, management buffer requirements, potential dividend payments).
- NZ contingent capital instruments: ANZ New Zealand's contingent capital instruments will no longer be treated as eligible regulatory capital. The contingent capital Additional Tier 1 instruments ("Contingent AT1 Instruments") will progressively lose eligible regulatory capital treatment over the transition period to 1 July 2028. The maximum eligible regulatory capital value of Contingent AT1 Instruments is the total outstanding value at 30 September 2021 ("Contingent AT1 Base") reduced by 12.5% of the Contingent AT1 Base on 1 January of each year from 2022 to 2028, with no Contingent AT1 Instruments eligible from 1 July 2028.

ASIC regulation

ASIC's current enforcement priorities focus on the need to reduce the risk of financial harm to consumers and uphold the integrity of Australia's financial markets. Specifically, ASIC has identified the following priority areas: enforcement action targeting poor design, distribution and marketing of financial products; misleading conduct in relation to sustainable finance including greenwashing and climate related financial disclosures; misconduct involving high risk retail products including Contracts For Difference (CFDs) and crypto-assets; combating and disrupting investment scams and phishing websites; taking enforcement action where there are egregious failures to mitigate the risks of cyber-attacks and governance failures relating to cyber resilience; misleading and deceptive conduct relating to investment products; manipulation in energy and commodities derivatives markets; and unfair contract terms. A failure by the Group to comply with applicable laws may have a negative impact on consumers or market integrity, or the Group's reputation and financial performance and may give rise to litigation and regulatory enforcement proceedings, which may in turn, have an adverse impact on the Group's Position.

Competition regulation

Competition in the Australian and New Zealand financial services sectors continues to be an important driver for Regulation and Regulatory Change. On 14 February 2023 the Australian Treasurer directed the ACCC to conduct an inquiry into the market for retail deposit products supplied by ADIs. It includes how banks set interest rates, as well as other terms and conditions. On 21 April 2023, the ACCC published an issues paper for the inquiry. The ACCC must provide the Australian Treasurer with a report on the inquiry by 1 December 2023. (refer to risk factor 3 "*Competition in the markets in which the Group operates may adversely affect the Group's Position*"). The ACCC announced its compliance and enforcement priorities for the year in March 2023. The ACCC announced that it will continue to focus on competition issues in the financial services sector, particularly with payment services and also noted its focus on promoting "healthy" competition in the financial services sector and investigating anti-competitive conduct. Increased scrutiny by ACCC may result in an associated increase in costs for the Group in addition to adversely impacting the Group's ability to grow through the implementation of potential acquisitions which may in turn, have a negative impact on the Group's Position.

The New Zealand Government directed the Commerce Commission to commence a market study into competition in the New Zealand retail banking sector in June 2023. The market study is focused on the nature of competition in personal banking services, particularly deposit accounts and home loans. The study is considering consumer behaviours and preferences, barriers to new competitors entering or expanding in the personal banking market, barriers to new or innovative products and services, and barriers that limit a consumer's ability to switch banks. As part of the study, the Commerce Commission will examine bank profitability and other financial measures to assess competition in the sector. The study is focused on personal banking services such as home loans and deposit accounts (including current savings and overdraft facilities). The Commerce Commission released a preliminary issues paper on 10 August 2023, in which the Commerce Commission indicated that its initial view of the existing research was that New Zealand banks appeared more profitable than in comparable economies over the past decade, raising questions about the intensity of

competition, including for personal banking services. The Commerce Commission is expected to issue its final report after the market study's completion in August 2024. Whilst it is currently uncertain what impact (if any) the market study will have on the Group's Position, any recommendations or policy initiatives adopted by the New Zealand Government as a result of this market study could have a material impact on the Group's profitability.

The Australian Government also announced a review of competition policy settings on 23 August 2023. Over two years, the review will look at competition laws, policies and institutions. The Australian Government has announced that the initial issues to be considered as part of the review include proposed changes to merger laws, as well as other competition law issues, non-compete and related clauses that restrict workers from changing employers and providing advice on competition issues raised by new technologies and the net zero transformation. The review will not issue a single report but will undertake rolling policy projects. It is uncertain what impact the review will have on the Group's Position. However, there is no guarantee that the proposed changes will not have a material effect or impact on the Group's Position.

Product regulation

There is a strong focus on the suitability of products offered by financial services providers, including the Group. Regulatory policy development and monitoring of responsible consumer lending has increased significantly and continues to impact business practices. If additional changes in Regulation are implemented, as a result of the development and monitoring of responsible consumer lending, such changes may impact the manner in which the Group provides consumer lending services in the future that may in some respects adversely affect the Group's operations in this area and consequently, the Group's Position. ASIC published updated regulatory guidance on responsible lending laws in December 2019. The Australian Financial Complaints Authority ("AFCA") is consulting on its approach to assessing compliance by lenders, such as the Group, with both consumer and small business lending requirements. There are new stricter anti-hawking prohibitions in relation to financial products and a deferred sales model for add on insurance. The design and distribution obligation legislation requires product issuers and distributors to, among other things, identify appropriate target markets for financial and credit products and distribute those products so that they likely reach the relevant target market. There are significant penalties for non-compliance and such legislation could impact the Group's ability to issue and market financial products in the future. Increased compliance costs resulting from financial product distribution requirements and AFCA's new approach to assessing compliance may adversely impact the Group's Position.

Senior executive regulation

The Financial Accountability Regime Act 2023 (the "FAR") received Royal Assent on 14 September 2023. The FAR will be implemented in stages for in-scope entities within the Group commencing with ANZGHL and ANZBGL from 15 March 2024, and then from 15 March 2025 for any insurers or licensed superannuation trustees within the Group. Under the FAR, the Group and certain senior personnel will be subject to, or impacted by, new or heightened accountability obligations. For example, the FAR will require ANZBGL to take reasonable steps to (a) conduct its business with honesty and integrity, and with due skill, care and diligence; (b) deal with APRA and ASIC in an open, constructive and cooperative way; (c) prevent adverse effects on its prudential standing or prudential reputation; (d) ensure that certain directors, senior executives and other key personnel meet the above standards of conduct, and take reasonable steps to ensure compliance with applicable laws; and (e) ensure that related entities whose business and activities materially and substantially affect ANZBGL comply with the FAR in the same way as ANZBGL is required to. Potential risks to the Group include the risk of penalties and the risk to the Group's ability to attract and retain high-quality directors and senior executives.

Compensation Scheme of Last Resort

The Group will incur costs and further exposures associated with the establishment of the Australian Government's Compensation Scheme of Last Resort ("CSLR"). The purpose of the CSLR is to support confidence in the financial system's dispute resolution framework by facilitating compensation payments to eligible consumers who have received a determination for compensation from the Australian Financial Complaints Authority. The Australian Government passed a bill implementing the CSLR in June 2023. The CSLR will be funded by the Australian Government in its first year of operation and thereafter will be funded through industry levies. The maximum industry funding in any year of operation is A$250 million. In addition, funding to pay for certain determinations that relate to "pre-commencement" disputes will be provided by an initial levy of up to A$250 million to be paid by ten industry participants, including the Group. Neither the amount of the initial levy nor the Group's share of it have been determined by the Australian Government. The outcomes and total costs associated with remaining possible exposures and the legislative change remain uncertain and their impact may adversely affect the Group's Position.

Industry self-regulation

Industry best practice guidance and standards impacting retail and small business banking is a focus of regulators, interest groups and industry participants. In particular, an independent review of the Australian Banking Code ("Code") made 116 recommendations in 2021. The Australian Banking Association ("ABA") and member banks have been working to implement the accepted recommendations in an updated Code. The accepted recommendations include new definitions for "vulnerability" and "small business", the introduction of a requirement to meet with prospective guarantors before accepting a guarantee, and a replacement of the requirement to engage with customers in a "fair, reasonable and ethical manner" with a requirement aligning to the "efficiently, honestly and fairly" standard in the Australian Corporations Act. It is expected that the new Code will be implemented in March 2024, although this is subject to its approval by ASIC and the timing of any such approval. A failure to comply with the Code may have a negative impact on the Group's reputation and may result in litigation or regulatory enforcement actions, which may in turn, have an adverse impact on the Group's Position.

Open banking regulation

Open Banking is part of a consumer data right ("CDR") in Australia that came into effect in August 2019. The CDR gives customers access to and control over their data and establishes and seeks to improve consumers' ability to compare and switch between products and services. It is expected to reduce the barriers to new entrants into the banking industry in Australia. The CDR regime is evolving. The Australian Government released a statement in response to the Statutory Review of the CDR in June 2023 noting that the Australian Government will continue supporting operations in banking and energy and pause implementation of the CDR in other sectors to allow time for the CDR to mature across the banking and energy sectors. In June 2023, the New Zealand Government released a consultation bill which contemplates the introduction of a CDR in New Zealand. Open Banking may lead to increased competition that may adversely affect the Group's Position. Refer to risk 3 "*Competition in the markets in which the Group operates may adversely affect the Group's Position*".

Cyber regulation

The Australian Security of Critical Infrastructure Act was extended in 2021 to the financial services and markets sector. It includes "last resort" powers for the Australian Government to direct an entity to take a particular action and to authorise the Australian Signals Directorate **("ASD")**, to intervene against cyber-attacks and registration and reporting requirements for critical infrastructure assets and cyber incidents. ASD is an intelligence agency that focuses on signals intelligence and cyber operations. Further reforms including positive security obligations for critical infrastructure assets to be delivered through sector-specific requirements and enhanced cyber security obligations for systems of national significance came into force in 2022. Implementation of the legislation could increase costs for the Group, and may give rise to regulatory enforcement proceedings, which may in turn, adversely affect the Group's Position.

Payments regulation

The Australian Government responded to three inquiries and reviews relating to payments in 2021. These were a review into the Australian payments system, an inquiry into mobile payments and digital wallets and an inquiry into Australia as a technology and financial centre (covering de-banking of fintech and cryptocurrency exchanges). The Australian Government agreed to many of the recommendations and the Australian Treasury is consulting on the implementation of the recommendations. The impact of this work on the Group is not clear. Potential policy responses include new regulatory requirements and broader access to payment systems which could increase competition, which may adversely affect the Group's Position. The Australian Government published its "Strategic Plan for the future of Australia's payments system" in 2023 which sets out its policy objectives and priorities for the payments system. The strategic plan provides businesses with certainty and clarity on the Australian Government's approach to important issues in the payments system. The Strategic Plan also outlines the Australian Government's commitment to ensuring that Australia's payments system is safe, affordable, can be trusted and will remain readily accessible. For example, the availability of cash in the community has emerged as an issue of concern. The impact on the Group of any resulting regulatory changes to implement the Government's policy objectives and priorities for the payments system is not clear. The timing of any impact to the Group's Position as a result of this strategic plan is not known.

Privacy regulation

Recent legislation has enhanced enforcement measures and increased penalties for serious or repeated privacy breaches of the Australian Privacy Act. The imposition of such penalties on the Group may adversely affect the Group's Position. The Australian Government announced the pathway for privacy reform following the Australian Privacy Act review. It includes amendments to the Australian Privacy Act addressing some proposals and further consultation on broad reform proposals which would have a significant impact on how an entity can use individuals' information. The implications of the reforms for the Group are not clear and will depend on the Australian Government's policy. The implementation of additional regulatory obligations regarding privacy may adversely affect the Group's Position.

Digital identity

The Australian Government is consulting on draft legislation and rules to establish a framework for digital identities. This framework enables the phased expansion of the Australian Government Digital ID system, sets up a system that could see Australians provided with greater choice in which accredited state and territory digital ID service providers they use to access Commonwealth services and appoints the ACCC as the initial digital ID regulator. Although the implications of this framework are not yet clear for the Group, the Group may need to adhere to certain Australian Government requirements if it wishes to become a provider of digital identity or to use digital identities as part of its onboarding process for customers. Such adherence could result in significant implementation and compliance costs, which may adversely affect the Group's Position.

Quality of financial advice regulation

The Australian Government released a report on the "quality of advice" in 2023. The report contains recommendations for reforming the regulatory framework for the provision of financial advice. These recommendations include broadening the scope of "personal advice", introducing a requirement for personal advice to be "good advice" and replacing the current duty of financial advisers to act in a client's best interests with a new statutory duty. The Australian Government accepted some of the review's recommendations and advises it will remove the "safe harbour" from the current best interests duty. The removal of the safe harbour and, if implemented, the new framework, could place additional regulatory obligations on banks and may adversely affect the Group's Position.

Artificial intelligence regulation

The Australian Government commenced consultation on the regulation of AI in 2023. The implications of the consultation for the Group are not clear. They will depend on the policy implemented by the Australian Government. The introduction of additional regulatory obligations relating to the use of AI may adversely affect the Group's Position.

Scams regulation

The Australian Government has indicated it will introduce mandatory industry codes of conduct to help prevent and detect scams and consult on the development of these industry codes in 2023. The ultimate form which this policy action will take is not known. The ACCC has separately authorised the ABA and its member banks to participate in discussions to develop an industry standard to prevent, detect, and disrupt scams affecting individual and small business customers. Although it is unclear whether this authorisation will result in an industry standard at all or, if it does, what impact this standard will have on the Group, it is possible that the Group will need to meet increased standards with respect to the identification, prevention and remediation of scam activity that concerns its customers. This may include standards or expectations concerning when the Group will be liable to reimburse or compensate customers for losses arising from scam activity. Any failure to meet these standards or expectations may adversely affect the Group's Position.

Unfair trading practices

The Australian Government released consultation on policy options to address unfair trading practices in the Australian consumer law in August 2023. The Australian Government states that unfair trading practices are particular types of commercial conduct that are not covered by existing provisions of Australia's consumer laws but which nevertheless can result in significant consumer and small business harm. The consultation proposes four options, which include amending the statutory prohibition against unconscionable conduct, introducing a general prohibition on unfair trading practices and introducing a combination of general and specific prohibitions on unfair trading practices. While the Australian consumer law does not apply to ASIC-

regulated financial products of the kind offered by the Group, the consultation paper notes that a separate regulation impact assessment process will consider the extension of reform to ASIC-regulated financial services in 2024. Although it is not clear which option the Government will adopt for the Australian consumer law, and how, if at all, this will be carried across to ASIC-regulated financial services, there is a risk that the Group would face increased compliance costs in meeting any new law which prohibited unfair trading practices. In the event of contravention of such a law, the Group may face penalties. Any such increased costs or contraventions may adversely affect the Group's Position.

Review of Personal Property Securities Regime

The Australian Government is consulting on reforms to the *Personal Property Securities Act 2009 (Cth)* following a statutory review of the Act (the "Whittaker Review"). The Whittaker Review made 394 recommendations and the Government has accepted 345 of these. The Government's overarching objective of the reforms is to simplify the personal property securities framework to make it easier for users to engage with, providing clearer, more accessible rules for the granting, validity and enforcement of security interests in personal property. The implications of the reforms for the Group are not yet clear. There may be possible implications on security taking, registration, enforcement processes, operational processes, systems and documentation. Any implications for the Group will depend on the Australian Government's decisions in finalising the draft legislation to be introduced to the Australian Parliament.

New Zealand regulation

The New Zealand Government and regulatory authorities have proposed and have implemented significant legislative and regulatory changes for New Zealand financial institutions. These changes include the RBNZ's reform of capital requirements and revised outsourcing policy (BS11), conduct regulations for financial institutions, a climate related financial risk disclosure regime, the replacement of the existing prudential supervision regime for banks with a deposit takers regime, including a depositor compensation scheme, changes to the consumer credit contract regime and a consumer data right. Such changes may adversely affect the ANZ New Zealand Group, potentially impacting its corporate structures, businesses, strategies, capital, liquidity, funding and profitability, cost structures, and the cost and access to credit for its customers and the wider economy. This in turn may adversely affect the Group's Position.

Other Australian inquiries

There are other inquiries and interventions into Australia's financial sector. In 2022-23, these included four separate Parliamentary inquiries into "the cost of living", "promoting economic dynamism, competition and business formation", a "review of Australia's four major banks" and "bank closures in regional Australia". These inquiries are wide ranging and could lead to legislative or regulatory changes or measures that may adversely affect the Group's Position, including through taxes and levies. For example, based on the conduct of these inquiries to date, the inquiry concerning bank closures in regional Australia could recommend that the Australian Government impose standards on banks concerning their presence in regional and rural areas while the major banks inquiry could recommend that the Australian Government impose standards on banks concerning scams. However, even if there are recommendations from these inquiries, it is not clear if the Australian Government would adopt those recommendations.

Other Australian regulation

The Australian Government finalised a regional banking taskforce in 2022 which assessed the impact of bank branch closures on regional communities. Banks are in the process of implementing the taskforce's recommendations, including by adding new requirements to the ABA's "Branch Closure Protocol", which will apply to the Group when branches are closed.

Finally the Australian Government has announced that it will ban the use of credit cards for online wagering. This will occur by using bank identification numbers to identify and block credit card payments. The impact of this work on the Group is not clear. See also risk factor 18 *"Significant fines and sanctions in the event of breaches of law or regulation relating to anti-money laundering, counter-terrorism financing and sanctions may adversely affect the Group's Position"*.

Regulator powers and penalties

There are increased penalties for breaches of laws in Australia, including the Australian consumer law, as well as increased powers to regulators and funding for regulators to enforce breaches. Increasing regulatory powers include ASIC's product intervention power and proposed expansions of ASIC's directions powers. The Australian Treasury Laws Amendment (Strengthening Corporate and Financial Sector Penalties) Act significantly increased the sanctions applicable to the contravention of a range of corporate and financial sector obligations. Maximum fines and civil penalties for breaches of the Competition and Consumer Act (including the Australian consumer law) have increased and a civil penalty regime introduced for unfair contract terms. This includes increasing the maximum pecuniary penalty for corporations where relevant from 10% of a corporation's annual turnover to 30% of adjusted turnover over the period the breach occurred. The imposition of such penalties on the Group may adversely affect the Group's Position.

17. Litigation and contingent liabilities may adversely affect the Group's Position

From time to time, the Group may be subject to material litigation, regulatory actions, legal or arbitration proceedings and other contingent liabilities that may adversely affect the Group's Position.

The Group had contingent liabilities as at 30 September 2023 in respect of the matters outlined in Note 32 of the 2023 Financial Report (attached as part of Annex A to this U.S. Disclosure Document). Note 32 includes, among other things, the following matters:

- regulatory and customer exposures;
- South African rate action;
- capital raising action;
- Esanda dealer car loan litigation;
- OnePath superannuation litigation;
- New Zealand loan information litigation;

- Credit cards litigation;
- the Royal Commission;
- security recovery actions; and
- warranties, indemnities and performance management fees.

The Group regularly engages with its regulators in relation to regulatory investigations, surveillance and reviews, reportable situations, civil enforcement actions (whether by court action or otherwise), formal and informal inquiries and regulatory supervisory activities in Australia and globally. The Group has received various notices and requests for information from its regulators as part of both industry-wide and Group-specific reviews and has also made disclosures to its regulators at its own instigation. The nature of these interactions can be wide ranging and, for example, include or have included in recent years a range of matters including responsible lending practices, regulated lending requirements, product suitability and distribution, interest and fees and the entitlement to charge them, customer remediation, wealth advice, insurance distribution, pricing, competition, conduct in financial markets and financial transactions, capital market transactions, anti-money laundering and counter-terrorism financing obligations, privacy obligations and information security, business continuity management, reporting and disclosure obligations and product disclosure documentation. There may be exposures to customers which are additional to any regulatory exposures. These could include class actions, individual claims or customer remediation or compensation activities. The outcomes and total costs associated with such reviews and possible exposures remain uncertain. There is however a risk that contingent liabilities may be larger than anticipated or that additional litigation, regulatory actions, legal or arbitration proceedings or other contingent liabilities may arise.

18. Significant fines and sanctions in the event of breaches of law or regulation relating to anti-money laundering, counter-terrorism financing and sanctions may adversely affect the Group's Position

Anti-money laundering ("AML"), counter-terrorism financing ("CTF") and sanctions compliance have been the subject of significant regulatory change and enforcement in recent years. The increasingly complicated environment in which the Group operates has heightened these operational and compliance risks. Furthermore, increased transparency around the outcomes of compliance issues at financial institutions domestically and globally together with related fines and settlement sums mean that these risks continue to be an area of focus for the Group.

The Australian Government began a consultation process on potential reforms to the AML and CTF regulatory regime in 2023. The consultation has two parts: the simplification and modernisation of the regime; and the implementation of "Tranche II" reforms to extend the regime to certain "high-risk" professions, including lawyers, accountants, trust and company service providers, real estate agents and dealers in precious metals and stones. The impact of this development on the Group is not yet clear. The reform process could lead to new regulatory requirements, which may adversely affect the Group's Position.

The New Zealand Government has also recently undertaken a review of its Anti-Money Laundering and Countering Financing of Terrorism Act 2009 ("AML/CFT Act"), with a report tabled in New Zealand's parliament by the Minister of Justice in November 2022 outlining more than two hundred potential areas for law reform (ranging from minor clarifications to existing requirements and definitions to new obligations imposed on reporting entities). Several of the proposed recommendations have been accepted and introduced in an early package of reform through newly issued regulations, with the first tranche of regulations being introduced in July 2023 (largely definitional changes and clarifications). The second and third tranches of regulation are being introduced in June 2024 and June 2025 respectively and will make changes to various existing obligations (including customer due diligence, enhanced due diligence, and ongoing due diligence requirements) as well as introducing new obligations. It is anticipated that further reform will be made via amendments to the primary AML/CFT Act in due course, following further public consultation on areas identified through the review that have not been introduced via regulations. The timing for any further legislative change is currently unknown. Although there is no clear view of the outcome of the reforms at this stage, the reform process could lead to new regulatory requirements being imposed on the Group, which may adversely affect the Group's Position.

Due to the Ukraine conflict, there are currently a large number of sanctions applied to Russia, and other countries, by regulators around the globe. Whilst many governments across the United States, Europe and Australia agree in relation to sanctions targets, the nuances and specific restrictions are not fully aligned. Companies are assessing their risk appetite regarding ongoing business activity with or in Russia or with Russian owned entities. This has heightened the operational and compliance risks in navigating those transactions and dealings that are considered lawful, or within other counterparties' risk appetite. This situation is expected to continue whilst the conflict persists.

In Australia, in recent years, there has been an increase in action taken by AML/CTF regulators against "Reporting Entities". A "Reporting Entity" is a legal entity that provides at least one "designated service" to a customer, such as opening a bank account or providing a loan. Since 2017, the Australian Transaction Reports and Analysis Centre ("AUSTRAC") has taken three public enforcement actions (resulting in fines and other penalties) against major banks in Australia, as well as actions against a number of other banks, casinos and other Reporting Entities, using its various regulatory powers including appointment of auditors and infringement notices.

In New Zealand, the RBNZ has stated that its appetite for taking formal enforcement action for breaches of the New Zealand AML and CTF legislation has increased. The propensity for other regulators (including in Asia and the Pacific) to take action for non-compliance with AML/CTF laws has also increased.

Close monitoring of the different levels and types of financial crimes continues across the Group. Scams continue to be pervasive and evolve quickly and to the extent that new risks emerge, there is a continuing risk that the management of alerts for potential money laundering or terrorism financing activities may be impacted.

The risk of non-compliance with AML/CTF and sanction laws remains high given the scale and complexity of the Group and the lack of clarity around some mandatory reporting requirements. Emerging technologies, such as those provided by virtual asset service providers (e.g. digital currency exchanges and wallet providers) as well as increasingly complex remittance arrangements via fintechs and other disruptors, may limit the Group's ability to track the movement of funds, develop relevant transaction monitoring, and meet reporting obligations. The complexity of the Group's technology, and the increasing frequency of changes to systems that play a role in AML/CTF and sanctions compliance puts the Group at risk of failing to identify an impact on the systems and controls in place. A failure to operate a robust program to report the movement of funds, combat money laundering, terrorism financing, and other serious crimes may have serious financial, legal and reputational consequences for the Group and its

employees.

Consequences can include fines, criminal and civil penalties, civil claims, reputational harm and limitations on doing business in certain jurisdictions. These consequences, individually or collectively, may adversely affect the Group's Position. The Group's foreign operations may place the Group under increased scrutiny from regulatory authorities and subject the Group to increased compliance costs.

19. Changes in monetary policies may adversely affect the Group's Position

Central monetary authorities (including the RBA, the RBNZ, the United States Federal Reserve, the European Central Bank, the Bank of England and monetary authorities in the Asian jurisdictions in which the Group operates) set official interest rates or take other measures to affect the demand for money and credit in their relevant jurisdictions. In some jurisdictions, currency policy is used to influence general business conditions and the demand for money and credit. These measures and policies can significantly affect the Group's cost of funds for lending and investing and the return that the Group will earn on those loans and investments. These factors impact the Group's net interest margin and can affect the value of financial instruments it holds, such as debt securities and hedging instruments. The measures and policies of the central monetary authorities can also affect the Group's borrowers, potentially increasing the risk that they may fail to repay loans. Changes in interest rates and monetary policy are difficult to predict and may adversely affect the Group's Position. Refer to risk factor 5 *"Changes in the real estate markets in Australia, New Zealand or other markets where the Group does business may adversely affect the Group's Position*" and risk factor 10 "*Credit risk may adversely affect the Group's Position*".

20. Ongoing significant compliance costs with respect to the evolving and extensive Automatic Exchange of Information ("AEoI") obligations imposed by global customer tax transparency regimes may adversely affect the Group's Position

There continues to be mandatory and substantial changes to, and increasing regulatory focus on, compliance by all global Financial Institutions ("FIs"), including the Group, with global customer tax transparency regimes, under the Foreign Account Tax Compliance Act ("FATCA"), the Organisation for Economic Co-operation and Development's ("OECD's") Common Reporting Standard ("CRS") and similar anti-tax avoidance regimes. This includes global regulatory movement to enforcement and penalty activities and increasing regulatory implementation of additional compliance framework requirements, compliance assessment requirements, questionnaires, onsite financial institution audits, evidentiary requirements, detailed rules and frameworks to close down circumventions and deter, detect and penalise non-compliance. The ongoing OECD government level peer reviews and IRS and regulatory FI compliance review/audit requirements increase scrutiny and therefore unplanned workload of FIs globally. Each country of CRS adoption is being pushed by the OECD to ensure its penalty regime is sufficient to deter and penalise non-compliance.

As the Group is an in scope FI operating in a globally interlinked operating environment, the highly complex and rigid nature of the obligations under each country's varied implementation of these regimes present heightened operational and compliance risks for the Group. As international regulatory compliance frameworks mature and regulators shift focus to enforcement (which may include financial penalties and other more general tax risk framework implications), this may result in significant penalty provision requirements and reputational damage in the event of failures. Accordingly compliance with global customer tax transparency regimes is a key area of focus and major cost for the Group.

Under FATCA and other relevant U.S. Treasury Regulations, the Group could be subject to:

- a 30% withholding tax on certain amounts (including amounts payable to customers), and be required to provide certain information to upstream payers, as well as other adverse consequences, if the ongoing detailed obligations are not adequately met; and
- broader compliance issues, significant withholding exposure, competitive disadvantage and other operational impacts if the FATCA Intergovernmental Agreements between the United States and the applicable jurisdictions in which the Group operates cease to be in effect.

Under the CRS, the Group:

- faces challenges in developing countries where the Group has operations, such as the Pacific region. The local regulators in these countries are generally assisted by a "partner" country. The introduction of standards and evidentiary requirements continue to be challenging toimplement and adhere to;
- must deal with substantial ongoing country specific variations in local law and regulatory implementation, with significant broader "justified trust" ramifications and penalties for non-collection or failed reporting in respect of prescribed customer information;
- is under increasingly stringent regulatory scrutiny and measures as regulators turn their focus to the effectiveness of FI implementation. This tightening of regulatory focus, at a varying pace in each country, can lead to a significant negative experience for affected customers (including unilateral account blocking and closure, underlying client issues resulting from same and potential direct customer penalties), which may adversely affect the Group's Position and if not similarly implemented by other FIs, may present a significant competitive disadvantage and loss of business;
- faces poor customer outcomes with customers who may feel aggrieved as a result of blocking and closure impacts including increased potential exposure to legal and third party liability. This may be particularly the case if the Group has not communicated the regulatory issue clearly to a customer or has blocked or closed the account incorrectly (for example, due to a data or process error); and
- continues to deal with the substantial implementation challenges associated with the complex requirements relating to intermediaries, which may increase the risk of regulatory ramifications.

The scale and complexity of the Group means that the risk of non-compliance with FATCA, CRS and other tax reporting regimes is high. The loss of key resources and critical subject matter expertise, combined with the challenge of finding qualified replacements, increases the risk of non-compliance with these obligations. A failure to successfully operate the implemented processes or to identify and implement all obligations could lead to legal, financial and reputational consequences for the Group and its employees. Consequences include fines, criminal and civil penalties, civil claims, reputational harm, competitive disadvantage, loss of business and constraints on doing business.

External factors such as natural disasters and the COVID-19 pandemic have resulted in challenges for staff including unplanned staff absences, access to systems, tools and information, and impacted the delivery of the Group's regulatory obligations on requisite timeframes, including mandatory FATCA and CRS regulatory reporting, customer follow-up strategies, resolution and action of regulatory recommendations, as well as continuous improvement activities required to achieve the zero rate of error expected by regulators. The Group's global taxation obligations in relation to the

enterprise's own tax lodgements and payments may similarly be impacted. Initial leniency from global regulators continues to be tightened or withdrawn due to the regulatory expectation for FIs to adapt to the ongoing challenges presented by external factors, thus heightening the risk of regulatory scrutiny, associated penalties and reputational ramifications resulting from any deficiencies or delays in meeting regulatory obligations.

These consequences, individually or collectively, may adversely affect the Group's Position.

21. Unexpected changes to the Group's licence to operate in any jurisdiction may adversely affect the Group's Position

The Group is licensed to operate in various jurisdictions. Unexpected changes in the conditions of the licenses to operate by governments, administrations or regulatory agencies that prohibit or restrict the Group from trading in a manner that was previously permitted may adversely affect the Group's Position.

Internal control, operations and reputational risk

22. Operational risk events may adversely affect the Group's Position

Operational risk is the risk of loss and non-compliance with laws resulting from inadequate or failed internal processes, people and systems or from external events. This includes legal risk, and the risk of reputational loss or damage arising from inadequate or failed internal processes, people, and systems, but excludes strategic risk.

Operational risk categories under the Group's risk taxonomy include:

- financial crime (the risk of money laundering, sanctions violations, bribery and corruption, and "Know-Your-Customer" failure). See risk factor 18 *"Significant fines and sanctions in the event of breaches of law or regulation relating to anti-money laundering, counter-terrorism financing and sanctions may adversely affect the Group's Position"*;
- internal fraud (fraud attempted or perpetrated by an internal party (or parties) against the organisation);
- external fraud (fraud or theft attempted or perpetrated against the organisation by an external party (that is, a party without a direct relationship to the Group (excluding customers)) without involvement of an employee);
- business continuity (failure of the business continuity management framework);
- physical security (the risk of damage to the Group's physical assets, client assets, or public assets for which the Group is liable, and (criminal) injury to the Group's employees or affiliates);
- people (the risk of breaching employment legislation, mismanaging employee relations and failing to ensure a safe working environment);
- transaction processing and execution (failure to process, manage and execute transactions and other processes correctly and appropriately);
- technology (the risk associated with the outage of systems, including hardware, software and networks). See risk factor 26 *"Disruption of information technology systems or failure to successfully implement new technology systems could significantly interrupt the Group's business, which may adversely affect the Group's Position"*;
- conduct (the risk of loss or damage arising from the failure of the Group, its employees or agents to appropriately consider the interests of consumers, the integrity of the financial markets and the expectations of the community, in conducting the Group's business activities). See risk factor 25 *"Conduct risk events may adversely affect the Group's Position"*;
- legal (the risk of execution errors in legal procedures and processes);
- regulatory risk (failure to comply with any legal or regulatory obligations that are not captured through other mentioned risks). See risk factor 16 *"Regulatory changes or a failure to comply with laws, regulations or policies may adversely affect the Group's Position"*;
- third party (the risk of failing to manage third party relationships and risks appropriately, for example, not taking reasonable steps to identify and mitigate additional operational risks resulting from the outsourcing of services or functions);
- information security including cyber (the risk of information security incidents, including the loss, theft or misuse of data/information — this covers all types of data, and can include the failure to comply with rules concerning information security). See risk factor 27 *"Risks associated with information security, including cyber-attacks, may adversely affect the Group's Position"*;
- data (the risk of failing to appropriately manage and maintain data, including all types of data, for example, client data, employee data and the Group's proprietary data (includes privacy)). See risk factor 28 *"Data management risks may adversely affect the Group's Position"*;
- model (the risk of incorrect model design, improper implementation of a correct model, or inappropriate application of a correct model). See risk factor 29 *"Modelling risks may adversely affect the Group's Position"*; and
- statutory reporting and tax (the risk of failing to meet statutory reporting and tax payments/filing requirements). Statutory reporting includes all external reporting that the Group is obliged to perform (e.g. regulatory reporting, financial reporting).

Loss from operational risk events may adversely affect the Group's Position. Such losses can include fines, penalties, imposts (including capital imposts), loss or theft of funds or assets, legal costs, customer compensation, loss of shareholder value, reputation loss, loss of life or injury to people, and loss of property and information.

Operational Risk can arise from a number of causes, such as change risk events (for example, a failure to deliver a change or risks resulting from change initiatives), and have a number of different impacts, including reputational impacts (see risk factor 24 "*Reputational risk events as well as operational failures and regulatory compliance failures may give rise to reputational risk, which may undermine the trust of stakeholders, erode the Group's brand and adversely affect the Group's Position*").

Pursuant to APRA and RBNZ requirements, the Group and ANZ New Zealand Group must also maintain "operational risk capital" reserves in the event future operational events occur.

All major offices have returned to, at least, a blended/hybrid working environment, including adapting to remote working arrangements since the COVID-19 pandemic. Reliance on digital channels continues to remain high, which in turn heightens the risks associated with cyber-attacks and any disruption to system/service availability. Whilst business continuity plans have been well tested and refined during the pandemic, impact to system/service availability still has the ability to impact the Group's Position from a reputational, financial and compliance perspective.

As the Group increases the adoption of AI which includes, technologies such as machine learning through predictive analytics, process automation and decision generation to support its customers and business processes, the Group may become more exposed to associated AI risks, such as lack of transparency, inaccurate decisions or unintended consequences that are inconsistent with the Group's policies or values. These could have adverse financial and non-financial impacts on the Group.

23. Human capital risk, which relates to the inability to attract, develop, motivate and retain the Group's people to meet current and future business needs, could result in poor financial and customer outcomes and reduce the ability of the Group to deliver against customer and other stakeholders' expectations

Key executives, employees and directors play an integral role in the operation of the Group's business and its pursuit of its strategic objectives. The unexpected departure of an individual in a key role or the Group's failure given the challenges in the current environment to recruit, develop and retain an appropriately skilled and qualified person into these roles particularly in areas such as digital, technology, risk or compliance, could have an adverse effect on the Group's Position.

24. Reputational risk events as well as operational failures and regulatory compliance failures may give rise to reputational risk, which may undermine the trust of stakeholders, erode the Group's brand and adversely affect the Group's Position

The Group's reputation is a valuable asset and a key contributor to the support that it receives from the community in respect of its business initiatives and its ability to raise funding or capital. Reputational risk may arise as a result of an external event or the Group's actual or perceived actions and practices, which include operational and regulatory compliance failures. The occurrence of such events may adversely affect perceptions about the Group held by the public (including the Group's customers), shareholders, investors, regulators and rating agencies. The impact of a risk event on the Group's reputation may exceed any direct cost of the risk event itself and may adversely impact the Group's Position.

The Group may suffer reputational damage where one of its practices fails to meet community expectations. Community expectations are continually changing and evolving. If expectations exceed the standard required to comply with applicable law, the Group may incur reputational damage even where it has met its legal obligations. A divergence between community expectations and the Group's practices could arise in a number of ways including in relation to its product and services disclosure practices, pricing policies and use of data. The Group's reputation may be adversely affected by community perception of the broader financial services industry, particularly in an environment of rising interest rates. Reputational damage may arise from the Group's failure to effectively manage risks, enforcement or supervisory action by regulators, adverse findings from regulatory reviews and failure or perceived failure to adequately respond to community, environmental and ethical issues. From time to time the Group may be subjected to heightened public scrutiny and potential reputational damage as a result of the actions of activist shareholders. Areas which have attracted investor activism in Australia primarily relate to environmental and social issues and include concerns about the actions of the Group itself or parties that the Group finances.

Operational and regulatory compliance failures or perceived failures may give rise to reputational risk. Such operational and regulatory compliance failures include, but are not limited to:

- failures related to fulfilment of identification of obligations;
- failures related to new product development;
- failures related to ongoing product monitoring activities;
- failures related to suitability requirements when products are sold outside of the target market;
- failure to comply with disclosure obligations;
- failure to properly manage risk (e.g. credit, market, operational or compliance);
- market manipulation or anti-competitive behaviour;
- inappropriate crisis management/response to a crisis event;
- inappropriate handling of customer complaints;
- inappropriate third party arrangements;
- privacy breaches; and
- unexpected risks.

Damage to the Group's reputation may have wide-ranging impacts, including adverse effects on the Group's profitability, capacity and cost of funding, increased regulatory scrutiny, regulatory enforcement actions, additional legal risks and limiting the availability of new business opportunities. The Group's ability to attract and retain customers could also be adversely affected if the Group's reputation is damaged, which may adversely affect the Group's Position.

25. Conduct risk events may adversely affect the Group's Position

Conduct risk is the risk of loss or damage arising from the failure of the Group, its employees or agents to appropriately consider the interests of consumers, the integrity of the financial markets, and the expectations of the community in conducting the Group's business activities.

Conduct risks include:

- the provision of unsuitable or inappropriate advice to customers;

- the representation of, or disclosure about, a product or service which is inaccurate, or does not provide adequate information about risks and benefits to customers;
- a failure to deliver product features and benefits in accordance with terms, disclosures, recommendations and advice;
- a failure to appropriately avoid or manage conflicts of interest;
- inadequate management of complaints or remediation processes;
- a failure to respect and comply with duties to customers in financial hardship; and
- unauthorised trading activities in financial markets, in breach of the Group's policies and standards.

There has been an increasing regulatory and community focus on conduct risk, including in Australia and New Zealand. Financial pressure has increased for customers with the rising cost-of-living and reduction in disposable income creating pressure on affordability. This may impact both the ability to lend to customers, the extent to which forbearance may need to be offered to those already struggling. It is expected to increase the number of customers that may fall into financial difficulty, and therefore increase the need for the Group to provide enhanced support. As this occurs, it is likely to have the greatest impact on customers in challenging financial circumstances. This is an evolving situation. The Group will need to continue to address the increased demand for forbearance and provide appropriate tailored solutions to address complex customer needs to help mitigate the risk of customer harm.

Where a conduct risk event occurs, the Group has a centralised team responsible for customer remediation programs, including addressing conduct issues identified in Group reviews. Conduct risk events may not only negatively impact customers and market integrity, but may expose the Group to regulatory actions, restrictions or conditions on banking licenses and reputational consequences that may adversely affect the Group's Position. Remediation programs may not be implemented appropriately or may lead to further remediation work being required, resulting in litigation, regulatory action and increasing cost to the Group, which may adversely affect the Group's Position. For further discussion of the increasing regulatory focus on conduct risk, see risk factor 16 "*Regulatory changes or a failure to comply with laws, regulations or policies may adversely affect the Group's Position*" and risk factor 17 "*Litigation and contingent liabilities may adversely affect the Group's Position*".

26. Disruption of information technology systems or failure to successfully implement new technology systems could significantly interrupt the Group's business, which may adversely affect the Group's Position

The Group's day-to-day activities and its service offerings (including digital banking) are highly dependent on information technology ("**IT**") systems. Disruption of IT systems, or the services the Group uses or is dependent upon, may result in the Group failing to meet its compliance obligations and customers' banking needs. In a digital world, customer's expectations of "always on" "24/7" banking services necessitates highly available and resilient IT systems.

The Group has an ongoing obligation to maintain its IT systems and to identify, assess and respond to risk exposures associated with these systems, including IT asset lifecycle, IT asset project delivery, technology resilience, technology security, use of third parties, data retention and restoration and business rules and automation. Inadequate responses to these risk exposures could lead to unstable or insecure systems, which could adversely impact customers, increase the Group's costs, and result in non-compliance with regulatory requirements, any of which may adversely affect the Group's Position.

The Group has incident response, disaster recovery and business continuity measures in place designed to ensure that critical IT systems will continue to operate during both short-term and prolonged disruption events for all businesses across the Group's network, including ANZ New Zealand and international branches, which rely on the Group to provide a number of IT systems. A failure of the Group's systems may affect the Group's network, which may in turn, adversely affect the Group's Position. The COVID-19 pandemic highlighted that these arrangements must cater for improbable events and ensure critical IT systems can be supported and accessed remotely by a large number of technologists and business users for extended periods. If such measures cannot be effectively implemented, this may adversely affect the Group's Position.

The Group must implement and integrate new IT systems, most notably cloud, data and automation technologies, into the existing technology landscape to ensure that the Group's technology environment is cost-effective and can support evolving customer requirements. Inadequate implementation and integration of these systems, or improper operation and management, including of their vendors and the supply chain, may adversely affect the Group's Position.

This risk factor should be read in conjunction with risk factor 27 "*Risks associated with information security, including cyber-attacks, may adversely affect the Group's Position*" as information security breaches and cyber-attacks have the potential to result in the disruption of IT systems.

27. Risks associated with information security, including cyber-attacks, may adversely affect the Group's Position

The primary focus of information security is to protect information and technology systems from disruptions to confidentiality, integrity or availability. As a bank, the Group handles a considerable amount of personal and confidential information about its customers and its own internal operations, from the multiple geographies in which the Group operates. This information is processed and stored on both internal and third party hosted environments. Any failure of security controls operated by the Group or its third parties could adversely affect the Group's business.

Information security risks for the Group have increased significantly in recent years in part because of the proliferation of technologies, such as the internet and mobile banking to conduct financial transactions, and the increased sophistication and activities of organised crime, hackers, terrorists, nation-states, activists and other external parties. Cyber threats, such as advanced persistent threats, distributed denial of service, malware and ransomware, are continuously evolving, becoming more sophisticated and increasing in volume. As cyber threats evolve, the Group expects to adapt to modify or enhance layers of defense or to investigate and remediate any information security vulnerabilities. System enhancements and updates may create risks associated with implementing new systems and integrating them with existing ones.

Following the COVID-19 pandemic, hybrid working has increased the number of staff working in flexible arrangements, which may increase information security risks to the Group. Cyber criminals may attempt to take advantage through pursuing exploits in end point security, spreading malware, and increasing phishing attempts. Furthermore, these risks may be further exacerbated by geopolitical risks.

In the past year, there has been a record level of exposure for individuals and organisations from data breaches. Millions of Australians and New Zealanders now have their data publicly exposed, coinciding with a significant rise in fraud and scams across the region. Failures in the Group's cybersecurity policies, procedures or controls, could result in loss of data or other sensitive information (including as a result of an outage) and may cause associated reputational damage. Any of these events could result in significant financial losses (including costs relating to notification of, or compensation for, customers), regulatory investigations or sanctions or may affect the Group's ability to retain and attract customers and may adversely affect the Group's Position.

28. Data management risks may adversely affect the Group's Position

Data management processes include capturing, processing, distributing, accessing, retaining and disposing of large quantities of data, including sensitive data. Data management is reliant on the Group's systems and technology. Data quality management is a key area of focus, as data is relied on to assess various issues and risk exposures. Any deficiencies in data quality, or the effectiveness of data gathering, analysis and validation processes, or failure to appropriately manage and maintain the Group's data, systems and technology, could result in ineffective risk management practices and, inaccurate risk reporting which may adversely impact the Group's Position. Furthermore, failure to comply with data management obligations, including regulatory obligations may cause the Group to incur losses, or result in regulatory action.

29. Modelling risks may adversely affect the Group's Position

The Group relies on a number of models for material business decision making including but not limited to lending decisions, calculating capital requirements, provision levels, customer compensation payments and stressing exposures. If the models used prove to be inadequately designed, implemented or maintained or based on incorrect assumptions or inputs, this may adversely impact the Group's Position.

Environmental, social and governance risks

30. Impact of future climate events, biodiversity loss, human rights, geological events, plant, animal and human diseases, and other extrinsic events may adversely affect the Group's Position

The Group and its customers are exposed to environmental, social and governance risks, including climate related events, geological events (such as volcanic or seismic activity or tsunamis), biodiversity loss including as a result of species extinction or decline, ecosystem degradation and nature loss ("Biodiversity Loss"), plant, animal and human diseases or pandemics such as COVID-19 and human rights risks. Each of these can cause significant impacts on the Group's operations and its customers.

Climate related events may include severe storms, drought, fires, cyclones, hurricanes, floods and rising sea levels. The impact of these events may be widespread through second order impacts. For example, the economic impacts of a drought may extend beyond primary producers to other customers of the Group, including suppliers to the agricultural sector, and to those who reside in, and operate businesses within, affected communities. As a result, the Group may be exposed to climate related events directly, and through the impact of these events on its customers (Refer to Risk Factor 32 "*Risks associated with lending to customers that could be directly or indirectly impacted by climate risk may adversely affect the Group's Position*").

Biodiversity Loss is an emerging risk that the Group is seeking to understand further. Biodiversity risks are closely linked to climate related risks. Biodiversity risks can arise from lending to customers that are dependent on nature or whose actions may have negative impacts on nature. These risks can also arise from legal and regulatory changes, which impact the Group directly or indirectly through the Group's customers. Failure to manage these risks may lead to financial and non-financial risks and may adversely affect the Group's Position.

Human rights risks relate to the safety and security of the Group's people, labour rights, modern slavery, privacy and consumer protection, corruption and bribery, and land rights. The Group uses risk-based due diligence to identify human rights risks and impacts associated with its business relationships. Failure to manage these risks may adversely affect the Group's Position.

Laws and regulations relating to climate change, biodiversity, human rights, or other environmental, social or governance risks, as well as the perspectives of shareholders, employees and stakeholders, may affect whether and on what terms and conditions the Group engages in certain activities or offers certain products. Depending on their frequency and severity, these risks may interrupt or restrict the provision of services such as the Group branch or business centres or other Group services. They may also adversely affect the Group's financial condition or collateral position in relation to credit facilities extended to customers, which in turn may adversely affect the Group's Position.

31. The Group's risk management framework may fail to manage all existing risks appropriately or detect new and emerging risks fast enough, which could adversely affect the Group's Position

Risk management is an important part of the Group's activities. It includes the identification, measurement, monitoring and mitigation of the Group's risk and reporting on the Group's risk profile and effectiveness of identified controls. There is no assurance that the Group's risk management framework will be effective. This includes effectiveness in relation to existing risks and new and emerging risks that the Group may not anticipate or identify in a timely manner and for which its controls may not be effective. Failure to manage risks effectively could adversely impact the Group's reputation or compliance with regulatory obligations.

The effectiveness of the Group's risk management framework is connected to the establishment and maintenance of a sound risk management culture, supported by appropriate remuneration structures. A failure in designing or effectively implementing appropriate remuneration structures, could have an adverse impact on the Group's risk culture and effectiveness of the Group's risk management frameworks.

The Group seeks to continuously improve its risk management frameworks. It has implemented, and regularly reviews, its risk management policies and allocates additional resources across the Group to manage and mitigate risks. Such efforts may not insulate the Group from exposure to risks and no assurance is given that the Group's risk management framework will be effective. A failure in the Group's risk management processes or governance could result in the Group suffering unexpected losses and reputational damage, and failing to comply with regulatory obligations, which could adversely affect the Group's Position.

32. Risks associated with lending to customers that could be directly or indirectly impacted by climate risk may adversely affect the Group's Position

The Group's most material climate related risks arise from lending to business and retail customers. Customers may be affected directly by physical and transition risks. These include the effect of extreme weather events on a customer's business or property, including impacts to the cost and availability of insurance and insurance exclusions, changes to the regulatory and policy environment in which the customer operates, disruption from new technology and changes in demand towards low carbon products and services. Climate related risks may indirectly affect a customer through impacts to its supply chain.

Climate risks may affect the ability of customers to repay debt, result in an increased probability of default, result in "stranded assets", and impact the amount the Group is able to recover due to the value or liquidity of collateral held as security being impaired. Other recent examples of climate related events in Australia that have impacted customer revenue include severe drought conditions, bushfires in 2019 and 2020, and severe flooding in 2021 and 2022. Similar events have occurred in New Zealand in recent years such as Cyclone Gabrielle in February 2023.

Risks associated with climate change are subject to increasing regulatory, political and societal focus.

Further embedding climate change risk into the Group's risk management framework and adapting the Group's operation and business strategy to address the risks and opportunities posed by climate change and the transition to a low carbon economy, could have a significant impact on the Group.

CURRENCY OF PRESENTATION AND EXCHANGE RATES

Currency of presentation

The Group publishes consolidated financial statements in Australian Dollars. In this U.S. Disclosure Document, unless otherwise stated or the context otherwise requires, references to "US$", "USD" and "U.S. dollars" are to U.S. Dollars and references to "$", "AUD" and "A$" are to Australian Dollars. For the convenience of the reader, this U.S. Disclosure Document contains translations of certain Australian Dollar amounts into U.S. Dollars at specified rates. These translations should not be construed as representations that the Australian Dollar amounts actually represent such U.S. Dollar amounts or could be converted into U.S. Dollars at the rate indicated. Unless otherwise stated, the translations of Australian Dollars into U.S. Dollars have been made at the rate of US$0.6451 = A$1.00, the Noon Buying Rate on 29 September 2023.

Major exchange rates

The major exchange rates used by the Group to translate the results of foreign subsidiaries, branches, investments in associates and issued debt to Australian Dollars were as follows:

	Balance Sheet			Profit & Loss Average		
	As at 30 September			Years ended 30 September		
	2023	2022	2021	**2023**	2022	2021
Chinese Renminbi	**4.7265**	4.6021	4.6568	**4.6950**	4.6644	4.8903
Euro	**0.6112**	0.6618	0.6209	**0.6238**	0.6573	0.6287
Pound Sterling	**0.5286**	0.5845	0.5357	**0.5430**	0.5566	0.5492
Indian Rupee	**53.723**	52.971	53.481	**54.798**	54.686	55.310
Indonesian Rupiah	**10,017**	9,879	10,314	**10,130**	10,347	10,766
Japanese Yen	**96.409**	93.802	80.616	**92.368**	88.191	80.689
Malaysian Ringgit	**3.0319**	3.0093	3.0162	**3.0140**	3.0642	3.0988
New Taiwan Dollar	**20.876**	20.603	20.060	**20.664**	20.584	21.115
New Zealand Dollar	**1.0742**	1.1349	1.0473	**1.0845**	1.0822	1.0661
Papua New Guinean Kina	**2.3692**	2.2849	2.5270	**2.3593**	2.5045	2.6347
United States Dollar	**0.6468**	0.6489	0.7202	**0.6657**	0.7123	0.7512

For the 2023 fiscal year, 38% of the Group's operating income including discontinued operations was derived from the New Zealand and Rest of World ("RoW") geographic regions (2022 fiscal year: 36%; 2021 fiscal year: 32%; 2020 fiscal year: 33%; 2019 fiscal year: 35%). Refer to Note 7 of the 2023 Financial Report (attached to this U.S. Disclosure Document as part of Annex A) for a breakdown of total operating income by geographical location.

Operating income from the New Zealand and RoW geographic regions is denominated principally in the currencies outlined in the table below. Movements in foreign currencies against the Australian Dollar can therefore affect the Group's earnings through the translation of overseas profits to Australian Dollars. Movements in the major exchange rates used by the Group to translate the results of foreign subsidiaries, investments in associates and issued debt to Australian Dollars were as follows:

Australian Dollar movement against foreign currencies[1]

	Movement				
Years ended 30 September	**2023**	**2022**	**2021**	**2020**	**2019**
Chinese Renminbi	**1%**	-5%	3%	-2%	-3%
Euro	**-5%**	5%	4%	-3%	-2%
Pound Sterling	**-2%**	1%	3%	-4%	-2%
Indian Rupee	**0%**	-1%	11%	0%	-2%
Indonesian Rupiah	**-2%**	-4%	10%	-3%	-5%
Japanese Yen	**5%**	9%	11%	-6%	-8%
Malaysian Ringgit	**-2%**	-1%	8%	-2%	-5%
New Taiwan Dollar	**0%**	-3%	4%	-7%	-4%
New Zealand Dollar	**0%**	2%	1%	0%	-3%
Papua New Guinean Kina	**-6%**	-5%	13%	-2%	-4%
United States Dollar	**-7%**	-5%	11%	-4%	-7%

1. Movement is based on comparison of the fiscal year average exchange rate to the immediately preceding fiscal year average exchange rate.

The Group monitors its exposure to revenues, expenses and invested capital denominated in currencies other than Australian Dollars as these expose the Group to the risk of changes in foreign exchange rates. Variation in the value of these foreign operations arising as a result of exchange differences are reflected in the foreign currency translation reserve in equity. These currency exposures are managed in accordance with established risk management policies.

Where it is considered appropriate, the Group takes out economic hedges against larger foreign exchange denominated revenue streams (primarily New Zealand Dollar, U.S. Dollar and U.S. Dollar correlated). The primary objective of hedging is to ensure that, if practical, the consolidated capital ratios are neutral to the effects of changes in exchange rates.

OPERATING AND FINANCIAL REVIEW

This section presents the management discussion and analysis of the Group's operations and financial position for the past three fiscal years. The financial information presented in this section is extracted from the 2023 Financial Report (attached to this U.S. Disclosure Document as part of Annex A) and the 2022 Financial Report (attached to this U.S. Disclosure Document as part of Annex B).

This section is prepared on a continuing operations basis.

Large/notable items

Large/notable items included in the Group's profit after income tax are described below.

Business divestments/closures

The Group incurred gains/losses associated with divestments/closures summarised below.

	Gain/(Loss) from divestments/closures Years ended 30 September			Completed divestment business results Years ended 30 September			Total Years ended 30 September		
Impact of large/notable items on:	**2023 $M**	**2022 $M**	**2021 $M**	**2023 $M**	**2022 $M**	**2021 $M**	**2023 $M**	**2022 $M**	**2021 $M**
ANZ Worldline partnership	**-**	307	-	**-**	60	123	**-**	367	123
ANZ Share Investing	**-**	-	(251)	**-**	-	-	**-**	-	(251)
Financial planning and advice business	**-**	(69)	-	**-**	5	9	**-**	(64)	9
Legal entity rationalisation	**43**	(65)	-	**-**	-	-	**43**	(65)	-
Other business divestments/closures	**23**	(13)	13	**-**	-	-	**23**	(13)	13
Profit/(Loss) before income tax	**66**	160	(238)	**-**	65	132	**66**	225	(106)
Income tax benefit/(expense)	**-**	37	-	**-**	(19)	(40)	**-**	18	(40)
Profit/(Loss) from continuing operations	**66**	197	(238)	**-**	46	92	**66**	243	(146)

- **ANZ Worldline partnership** - During the 2022 fiscal year, the Group recognised a gain on completion of the partnership arrangement with Worldline SA, where ANZ and Worldline SA formed a new merchant acquiring group and holding 49% and 51% interest respectively.
- **ANZ Share Investing business** – During the 2021 fiscal year, the Group recognised a loss on completion of the sale of the ANZ Share Investing business to CMC Markets.
- **Financial planning and advice business** - During the 2022 fiscal year, the Group recognised a loss on completion of the sale of its financial planning and advice business servicing the affluent customer segment to Zurich Financial Services Australia Ltd.
- **Legal entity rationalisation** - The Group dissolved a number of international legal entities to simplify its structure resulting in the associated foreign currency translation reserves being recycled from other comprehensive income to profit or loss. This includes ANZ Bank (Thai) Public Company Limited, ANZ International (Hong Kong) Limited and ANZ Singapore Limited during the 2023 fiscal year, and Minerva Holdings Limited and ANZ Asia Limited during the 2022 fiscal year.
- **Other business divestments/closures** – The Group recognised an adjustment to the gain relating to the completed UDC Finance divestment during the 2023 fiscal year. The net loss recognised by the Group during the 2022 fiscal year comprised a loss from the planned closure of ANZ American Territories, partially offset by release of excess provision relating to the completed UDC Finance and Paymark Limited divestments. The net gain recognised by the Group in the 2021 fiscal year comprised a gain on disposal of the rights and obligations relating to a legacy insurance portfolio to Tower Limited.

Customer remediation - Customer remediation includes provisions for expected refunds to customers, remediation project costs and related customer and regulatory claims, penalties and litigation costs and outcomes.

Restructuring - Costs primarily related to operational changes across all divisions.

Transaction related costs - Costs associated with establishing the new group organisational structure and the pending Suncorp Bank acquisition.

Property rationalisation - The Group entered into sale and leaseback contracts for the data centres in Australia to align with its long-term strategy of simplifying its technology environment and migrating on-premise applications to cloud-based solutions during the 2023 fiscal year and as a result recognised a loss in the same period. During the 2022 fiscal year, the Group early terminated the head lease on the 55 Collins Street Melbourne building resulting in a net loss associated with lease exit costs including accelerated depreciation and asset write-offs, partially offset by a lease modification gain arising from measurement of lease liability and right-of-use asset.

Initial CSLR Levy - The Group provided for the estimated initial levy under the Financial Services *Compensation Scheme of Last Resort Levy Act 2023* ("CSLR Levy") during the 2023 fiscal year. The initial CSLR Levy will be paid by 10 financial services entities and fund a backlog of insolvent financial firm complaints and unpaid compensation claims lodged with the Australian Financial Complaints Authority up to September 2022. The CSLR regulator will be funded by annual levies collected from a broad range of financial services entities in future financial years. The Group's ongoing annual CSLR Levy expense is not expected to be significant.

Litigation settlements - During the 2022 fiscal year, the Group entered into an agreement to settle a United States class action related to the trading of products based on certain benchmark reference rates, and recognised an expense. The settlement is without admission of liability. During the 2021 fiscal year, the Group reached an agreement to settle a separate United States class action related to other benchmark-based products and activities and recognised an expense. The settlement is without admission of liability.

Withholding tax – A dividend payment of $714 million (net of withholding tax) was made by ANZ Papua New Guinea ("ANZ PNG") to ANZBGL during the 2022 fiscal year in order to rebalance capital positions within the Group in response to APRA's changes in the capital requirements for subsidiaries. ANZBGL made a capital injection into ANZ PNG equivalent to the dividend, net of withholding tax. As a result of the dividend payment, a dividend withholding tax expense was recognised during the period.

Asian associate items - During the 2021 fiscal year, the Group recognised a reduction in equity accounted earnings reflecting its share of the settlement provision following AMMB Holdings Berhad's ("AmBank") agreement with the Malaysian Ministry of Finance to resolve potential claims relating to its involvement with 1Malaysia Development Berhad ("1MDB"), and its share of the impairment of AmBank goodwill.

Large/Notable items - continuing operations

The Group has recognised some large/notable items within profit from continuing operations. These items are shown in the tables below.

	2023 Fiscal Year						
	Large/notable items included in profit from continuing operations						
	Business divestments/ closures $M	Customer remediation $M	Restruc-turing $M	Transaction related costs $M	Property rationali-sation $M	Initial CSLR Levy $M	Total $M
Impact of large/notable items on:							
Net interest income	-	(18)	-	-	-	-	**(18)**
Other operating income	66	(30)	-	-	(43)	-	**(7)**
Operating income	66	(48)	-	-	(43)	-	**(25)**
Operating expenses	-	(84)	(169)	(128)	-	(40)	**(421)**
Profit before credit impairment and income tax	66	(132)	(169)	(128)	(43)	(40)	**(446)**
Credit impairment (charge)/release	-	-	-	-	-	-	**-**
Profit before income tax	66	(132)	(169)	(128)	(43)	(40)	**(446)**
Income tax (expense)/benefit and non-controlling interests	-	39	49	33	6	12	**139**
Profit/(Loss) from continuing operations	66	(93)	(120)	(95)	(37)	(28)	**(307)**

	2022 Fiscal Year							
	Large/notable items included in profit from continuing operations							
	Business divestments/ closures $M	Customer remediation $M	Restruc-turing[1] $M	Transaction related costs $M	Property rationali-sation $M	Litigation settlements $M	Withholding tax $M	Total $M
Impact of large/notable items on:								
Net interest income	-	-	-	-	-	-	-	-
Other operating income	298	(34)	-	-	23	-	-	287
Operating income	298	(34)	-	-	23	-	-	287
Operating expenses	(69)	(190)	(81)	(12)	(47)	(10)	-	(409)
Profit before credit impairment and income tax	229	(224)	(81)	(12)	(24)	(10)	-	(122)
Credit impairment (charge)/release	(4)	-	-	-	-	-	-	(4)
Profit before income tax	225	(224)	(81)	(12)	(24)	(10)	-	(126)
Income tax (expense)/benefit and non-controlling interests	18	58	13	2	7	-	(126)	(28)
Profit/(Loss) from continuing operations	243	(166)	(68)	(10)	(17)	(10)	(126)	(154)

	2021 Fiscal Year					
	Large/notable items included in profit from continuing operations					
	Business divestments/ closures $M	Customer remediation $M	Litigation settlements $M	Restruc-turing $M	Asian associate items $M	Total $M
Impact of large/notable items on:						
Net interest income	-	(86)	-	-	-	(86)
Other operating income	(28)	(56)	-	-	(347)	(431)
Operating income	(28)	(142)	-	-	(347)	(517)
Operating expenses	(81)	(185)	(69)	(127)	-	(462)
Profit/(Loss) before credit impairment and income tax	(109)	(327)	(69)	(127)	(347)	(979)
Credit impairment (charge)/release	3	-	-	-	-	3
Profit/(Loss) before income tax	(106)	(327)	(69)	(127)	(347)	(976)
Income tax (expense)/benefit and non-controlling interests	(40)	106	21	35	-	122
Profit/(Loss) from continuing operations	(146)	(221)	(48)	(92)	(347)	(854)

1. Restructuring expense before tax of $81 million for the 2022 fiscal year does not include restructuring expenses incurred as part of the business divestments/closures of $20 million for the 2022 fiscal year (Financial planning and advance business: $7 million; ANZ American Territories: $13 million).

CONDENSED GROUP INCOME STATEMENT INFORMATION

	Years ended 30 September		
	2023 $M	**2022 $M**	**2021 $M**
Net interest income	**16,575**	14,874	14,161
Other operating income[1]	**3,891**	4,552	3,259
Operating income	**20,466**	19,426	17,420
Operating expenses	**(10,087)**	(9,579)	(9,051)
Profit before credit impairment and income tax	**10,379**	9,847	8,369
Credit impairment (charge)/release	**(245)**	232	567
Profit before income tax	**10,134**	10,079	8,936
Income tax expense	**(2,941)**	(2,940)	(2,756)
Non-controlling interests	**(28)**	(1)	(1)
Profit from continuing operations	**7,165**	7,138	6,179
Profit from discontinued operations	**-**	(19)	(17)
Profit attributable to shareholders of the Company	**7,165**	7,119	6,162

1. *Includes Other operating income, Net income from insurance business and Share of associates' profit/(loss) as presented in the 2023 Financial Report (attached to this U.S. Disclosure Document as part of Annex A) and 2022 Financial Report (attached to this U.S. Disclosure Document as part of Annex B).*

Group results

Comparison of 2023 with 2022

Profit from continuing operations increased $27 million compared with the 2022 fiscal year mainly due to:

- Net interest income increased $1,701 million (+11%) driven by a $65.5 billion (+7%) increase in average interest earning assets and a 7 basis point ("bps") increase in net interest margin. The increase in average interest earning assets was driven by lending growth across all divisions, higher liquid assets and the impact of foreign currency translation. The increase of 7 bps was driven by favourable deposit margins, higher earnings on capital and replicating deposits, and favourable lending mix. This was partially offset by home loan pricing competition, unfavourable deposit mix, and Markets activities impacted by higher funding costs, primarily on commodity assets, where the related revenues are recognised as Other operating income. Refer to "Analysis of Major Income and Expense Items" on pages 49 to 50 for further details on key movements.
- Other operating income decreased $661 million (-15%) primarily driven by unfavourable unrealised mark-to-market movements on economic hedges and revenue and expense hedges of $1,313 million, a $232 million decrease from business divestments/closures, $98 million of lower realised gains on economic hedges against foreign currency denominated revenue streams offsetting net favourable foreign currency translations elsewhere in the Group, and a $43 million decrease from the loss on disposal of data centres in Australia. This was partially offset by an increase of $1,063 million in Markets other operating income from increased customer activity and more favourable trading conditions. Refer to "Analysis of Major Income and Expense Items" on pages 51 to 53 for further details on key movements.
- Operating expenses increased $508 million (+5%) driven by inflationary impacts, incremental costs associated with strategic initiatives, higher Suncorp Bank acquisition related costs, costs previously attributed to discontinued operations, and the initial CSLR Levy. This was partially offset by productivity initiatives and investment re-prioritisation. Refer to "Analysis of Major Income and Expense Items" on page 54 for further details on key movements.
- Credit impairment increased $477 million driven by increases in both collectively assessed and individually assessed credit impairment. Refer to "Analysis of Major Income and Expense Items" on pages 55 to 56 for further details on key movements.

Comparison of 2022 with 2021

Profit from continuing operations increased $959 million (+16%) compared with the 2021 fiscal year mainly due to:

- Net interest income increased $713 million (+5%) driven by a $46.3 billion (+5%) increase in average interest earning assets, partially offset by a 1 bps decrease in net interest margin. The increase in average interest earning assets was driven by higher central bank balances, higher average net loans and advances, partially offset by lower trading assets and investment securities. The decrease of 1 bps was driven by home loan pricing competition in the Australia Retail and New Zealand divisions, growth in lower yielding liquid assets, unfavourable asset and funding mix, and lower average yield in Markets averages earning assets. This was partially offset by improvement in deposit margins from a rising interest rate environment, and higher earnings on capital and replicating deposits. Refer to "Analysis of Major Income and Expense Items" on pages 49 and 50 for further details on key movements.
- Other operating income increased $1,293 million (+40%) driven by favourable unrealised mark-to-market movements on economic hedges of $692 million, a $326 million increase from business divestments/closures, an increase in share of associates' profit of $353 million, and favourable unrealised mark-to-market movements on revenue and expense hedges of $214 million. This was partially offset by a decrease of $270 million in Markets other operating income as balance sheet and derivative valuation adjustments were impacted by high volatility and yield curve movements, and a $156 million decrease in net fee and commission income primarily driven by Breakfree package fee changes in the Australia Retail division. Refer to "Analysis of Major Income and Expense Items" on pages 51 to 53 for further details on key movements.
- Operating expenses increased $528 million (+6%) driven by investment spend to develop digital capabilities, meet regulatory and compliance obligations and drive volume growth. The inclusion of Cashrewards Limited ("Cashrewards") after obtaining control in December 2021 and wage inflation also contributed to the increase. Refer to "Analysis of Major Income and Expense Items" on page 54 for further details on key movements.
- Credit impairment release decreased $335 million (-59%) driven by a decrease in the collectively assessed credit impairment release, partially offset by a decrease in the individually assessed credit impairment charge. Refer to "Analysis of Major Income and Expense Items" on pages 55 and 56 for further details on key movements.

ANALYSIS OF MAJOR INCOME AND EXPENSE ITEMS

Net interest income

The following tables summarise net interest income, net interest margin, average interest earning assets and average deposits and other borrowings for the Group and for the Australia Retail, Australia Commercial, Institutional and New Zealand divisions.

	Years ended 30 September		
Group	**2023 $M**	**2022 $M**	**2021 $M**
Net interest income[1]	**16,575**	14,874	14,161
Average interest earning assets[2]	**975,540**	910,037	863,691
Average deposits and other borrowings[2]	**825,113**	780,373	712,540
Net interest margin (%)	**1.70**	1.63	1.64

	Years ended 30 September		
Net interest margin by major divisions[1]	**2023 $M**	**2022 $M**	**2021 $M**
Australia Retail			
Net interest margin (%)	**2.22**	2.25	2.27
Average interest earning assets[2]	**257,354**	245,448	251,794
Average deposits and other borrowings[2]	**156,099**	145,794	135,487
Australia Commercial[3]			
Net interest margin (%)	**2.70**	2.10	1.98
Average interest earning assets[2]	**61,130**	58,867	58,277
Average deposits and other borrowings[2]	**112,821**	115,097	107,111
Institutional			
Net interest margin (%)	**0.89**	0.90	0.81
Average interest earning assets[2]	**456,238**	412,722	385,647
Average deposits and other borrowings[2]	**355,748**	334,104	297,527
New Zealand			
Net interest margin (%)	**2.64**	2.47	2.33
Average interest earning assets[2]	**119,510**	116,325	123,162
Average deposits and other borrowings[2]	**102,296**	101,355	98,161

1. *Includes the major bank levy of -$353 million for the 2023 fiscal year (2022 fiscal year: -$340 million; 2021 fiscal year: -$346 million).*
2. *Averages are calculated using predominantly daily averages.*
3. *Australia Commercial division generates positive net interest income from surplus deposits held. Accordingly, $58.4 billion of average deposits for the 2023 fiscal year (2022 fiscal year: $63.4 billion; 2021 fiscal year: $56.8 billion) have been included with average net interest earning assets for the net interest margin calculation to align with internal management reporting view.*

Comparison of 2023 with 2022

The increase in net interest income of $1,701 million (+11%) was driven by:

Net interest margin (+7 bps)

- Assets pricing (-19 bps): primarily driven by home loan pricing competition in the Australia Retail and New Zealand divisions.
- Deposits pricing (+32 bps): driven by favourable deposit margins from a rising interest rate environment.
- Assets and funding mix (-8 bps): driven by unfavourable deposit mix with a shift towards lower margin term deposits, and increased term wholesale funding relative to customer deposits, partially offset by favourable lending mix with a shift towards higher margin variable rate home loans.
- Capital and replicating portfolio (+11 bps): primarily driven by higher interest rates, partially offset by lower volumes.
- Wholesale funding (-1 bps): driven by higher wholesale funding rates.
- Liquidity (-2 bps): driven by growth in lower yielding liquid assets to replace the Committed Liquidity Facility (“CLF”) which ceased in the March 2023 half, and other increases in liquid assets to meet regulatory compliance requirements.
- Markets activities (-6 bps): lower net interest income was driven by higher funding costs, primarily on commodity assets where the related revenues are recognised as Other operating income

Average interest earning assets (+$65.5 billion or +7%)

- Average net loans and advances (+36.9 billion or +6%): driven by lending growth across all divisions, and the impact of foreign currency translation.
- Average trading assets and investment securities (+4.9 billion or +4%): driven by higher debt investment securities partially offset by the impact of foreign currency translation.

- Average cash and other liquid assets (+23.8 billion or +14%): driven by higher reverse repurchase agreements, higher central bank balances and higher settlement balances owed to ANZ.

Average deposits and other borrowings (+$44.7 billion or +6%)

- Average deposits and other borrowings (+44.7 billion or +6%): driven by growth in term deposits across all divisions, higher deposits and repurchase agreements from other banks, higher certificates of deposit, and the impact of foreign currency translation. This was partially offset by lower at-call deposits.

Comparison of 2022 with 2021

The increase in net interest income of $713 million (+5%) was driven by:

Net interest margin (-1 bps)

- Asset pricing (-8 bps): primarily driven by home loan pricing competition in the Australia Retail and New Zealand divisions.
- Deposit pricing & wholesale funding (+12 bps): driven by improvement in deposit margins from a rising interest rate environment.
- Asset and funding mix (-2 bps): driven by unfavourable product mix reflecting impacts of customers switching from variable to fixed rate home loans and lower unsecured lending in the Australia Retail division. This was partially offset by favourable deposit mix with growth in at-call deposits, and increased customer deposits relative to term wholesale funding.
- Liquidity (-5 bps): driven by growth in lower yielding liquid assets to replace CLF which, consistent with APRA requirements, was reduced to nil on 1 January 2023.
- Capital and replicating portfolio (+3 bps): primarily driven by the rising interest rate environment.
- Markets Balance Sheet activities (-2 bps): primarily driven by lower average yield following portfolio rebalancing in the prior year.
- Large/notable items (+1 bps): driven by reduced customer remediation.

Average interest earning assets (+$46.3 billion or +5%)

- Average net loans and advances (+$26.4 billion or +5%): driven by lending growth in the Institutional and Australia Commercial divisions, home loan growth in the New Zealand division and the impact of foreign currency translation movements, partially offset by a decline in the Australia Retail division.
- Average trading assets and investment securities (-$16.5 billion or -12%): primarily driven by reduced valuations in Markets as a result of interest rate increases, partially offset by the impact of foreign currency translation movements.
- Average cash and other liquid assets (+$36.4 billion or +26%): driven by higher central bank balances, partially offset by lower reverse repurchase agreements.

Average deposits and other borrowings (+$67.8 billion or +10%)

- Average deposits and other borrowings (+$67.8 billion or +10%): driven by growth in at-call deposits across all divisions, and increases in commercial paper, partially offset by lower term deposits and certificates of deposit.

Other operating income

	Years ended 30 September		
	2023 $M	2022 $M	2021 $M
Net fee and commission income[1]	**1,855**	1,907	2,063
Markets other operating income	**1,923**	860	1,130
Share of associates' profit/(loss)	**225**	177	(176)
Economic hedges[2]	**(305)**	802	110
Revenue and expense hedges[3]	**(129)**	77	(137)
Other[1,4]	**322**	729	269
Total other operating income from continuing operations[5]	**3,891**	4,552	3,259
Markets income			
Net interest income	**184**	707	841
Other operating income	**1,923**	860	1,130
Total Markets income	**2,107**	1,567	1,971

1. *Excludes the Markets business unit.*
2. *Represents unrealised gains and losses on economic hedges used to manage interest rate and foreign exchange risk and the ineffective portion of designated accounting hedges.*
3. *Represents unrealised gains and losses on revenue and expense hedges used to hedge large foreign exchange currency denominated revenue and expense streams.*
4. *Includes foreign exchange earnings and net income from insurance business.*
5. *Includes Other operating income, Net income from insurance business and Share of associates' profit/(loss) as presented in the 2023 Financial Report (attached to this U.S. Disclosure Document as part of Annex A) and 2022 Financial Report (attached to this U.S. Disclosure Document as part of Annex B).*

Comparison of 2023 with 2022

Other operating income decreased by $661 million (-15%). Key factors affecting the result were:

Net fee and commission income (-$52 million or -3%)

- $82 million decrease in the Australia Commercial division driven by lower revenue post Worldline business divestment in the prior year, partially offset by higher cards revenue reflecting an increase in commercial spending.
- $30 million decrease in the New Zealand division primarily driven by lower cards revenue due to regulatory fee changes introduced in November 2022.
- $69 million increase in the Australia Retail division driven by higher cards revenue reflecting an increase in consumer spending, and higher home loan offset account and annual card fees as waivers related to the transition of Breakfree Package concluded.

Markets income (+$540 million or +34%)

Markets income increased $540 million with a $1,063 million increase in Other operating income, partially offset by a $523 million decrease in Net interest income. The decrease in Net interest income was driven by higher funding costs, including on commodity assets where the related revenues were recognised as Other operating income. The $540 million increase was attributable to the following business activities:

- $262 million increase in Franchise Revenue across all business lines and geographies. Customer demand for foreign exchange and interest rate hedging products was strong amid continuing interest rate differentials across major currencies, and Capital Markets saw higher customer issuance levels. Higher trading revenues resulted from reduced currency and interest rate volatility, tightening credit spreads and favourable trading conditions in precious metal commodities.
- $197 million increase in Balance Sheet driven by favourable yield curve movements and portfolio repricing.
- $81 million increase in Derivative Valuation Adjustments with gains from tightening credit spreads, and lower currency and interest rate volatility.

Share of associates' profit/(loss) (+$48 million or +27%)

- $48 million increase in share of associates' profits driven by P.T. Bank Pan Indonesia (PT Panin) ($41 million) and AMMB Holdings Berhad (AmBank) ($13 million).

Economic hedges (-$1,107 million)

- For the 2023 fiscal year, losses on economic hedges relate to funding-related swaps, principally from narrowing USD/EUR and USD/JPY currency basis spreads. Further losses were driven from yield curve movements impacts on net pay fixed economic hedge positions, largely during the first half of 2023.
- For the 2022 fiscal year, the majority of the gain on economic hedges relates to funding-related swaps, principally from the weakening of AUD and NZD against USD, widening AUD/USD currency basis spreads and the impact of rising interest rates on the economic hedges of select structured finance and specialised leasing transactions.

Revenue and expense hedges (-$206 million)

- For the 2023 fiscal year, the loss on revenue and expense hedges was mainly due to the depreciation of AUD against the NZD.
- For the 2022 fiscal year, the gain on revenue and expense hedges relates to fair value movements, mainly due to the appreciation of AUD against the NZD

Other (-$407 million or -56%)

- $215 million decrease in the Australia Commercial division driven by business divestment impacts in the prior year, including a gain on completion of the ANZ Worldline partnership ($307 million) and a loss on sale of the financial planning and advice business ($62 million). This was partially offset by a gain on sale of the Investment Lending business ($8 million) and higher income for services provided to Worldline Australia Pty Ltd ($6 million).
- $124 million decrease in the Group Centre division driven by lower realised gains on economic hedges against foreign currency denominated revenue streams offsetting net favourable foreign currency translations elsewhere in the Group ($98 million), unfavourable valuation adjustments from investments measured at fair value through profit or loss ($48 million), a loss on disposal of data centres in Australia ($43 million), a net gain on modification of a significant lease arrangement in the prior year ($23 million), and lower premises rental income ($21 million) due the exit of 55 Collins Street Melbourne in the prior year. This was partially offset by the net impact from recycling of foreign currency translation reserves from other comprehensive income to profit or loss on dissolution of a number of international entities in the current and prior year ($108 million).
- $40 million decrease in the Australia Retail division driven by lower insurance-related income.
- $31 million decrease in the Institutional division driven primarily by valuation losses relating to USD capital held in overseas operations to meet local regulatory requirements.
- $21 million decrease in the New Zealand division driven by the gain on sale of government securities in the prior year.
- $24 million increase in the Pacific division primarily driven by higher foreign exchange income from increased activities.

Comparison of 2022 with 2021

Other operating income increased by $1,293 million (+40%). Key factors affecting the result were:

Net fee and commission income (-$156 million or -8%)

- $128 million decrease in the Australia Retail division driven by Breakfree package fee changes, partially offset by higher cards revenue due to recovery in consumer spending.
- $98 million decrease driven by lower divested business results primarily in the Australia Commercial division.
- $22 million decrease in the New Zealand division primarily driven by lower fees from the removal or reduction of funds under management fees.
- $49 million increase driven by lower customer remediation.
- $43 million increase in the Institutional division driven by higher volume-related fees in Transaction Banking

Markets income (-$404 million or -20%)

Markets income decreased $404 million (-20%) driven by a $270 million (-24%) decrease in Other operating income and a $134 million (-16%) decrease in Net interest income. This was primarily attributable to the following business activities:

- $418 million decrease in Balance Sheet driven by lower realised gains, lower net interest income and unfavourable mark-to-market movements attributable to yield curve movements.
- $115 million decrease in Credit and Capital Markets driven by less favourable credit trading conditions, primarily in the March 2022 half, and lower levels of customer issuances amid more volatile market conditions.
- $55 million decrease from Derivative Valuation Adjustments from higher credit valuation adjustments as a result of increased foreign exchange and interest rate volatility.
- $136 million increase in Foreign Exchange driven by customer demand for hedging solutions arising from increased volatility and interest rate differentials across currencies, partially offset by the release of customer remediation provisions in the prior year.
- $40 million increase in Rates driven by more favourable trading conditions, primarily in the March 2022 half.
- $8 million increase in Commodities driven by increased demand for hedging solutions and more favourable trading conditions, primarily in the March 2022 half.

Share of associates' profit/(loss) (+$353 million)

- $353 million increase driven by the Group's equity accounted share of charges recognised by AmBank in the prior year in respect of the 1MDB settlement and goodwill impairment ($347 million) and increase in other equity accounted share of profits.

Economic hedges (+$692 million)

- For the 2022 fiscal year, the majority of the gain on economic hedges relates to funding related swaps, principally from the weakening of AUD and NZD against USD, widening AUD/USD currency basis spreads and the impact of rising interest rates on the economic hedges of select structured finance and specialised leasing transactions.
- For the 2021 fiscal year, the majority of the gain on economic hedges relates to the fair value movement of lending-related swaps impacted by increases in AUD and NZD yield curves.

Revenue and expense hedges (+$214 million)

- For the 2022 fiscal year, the gain on revenue and expense hedges relates to fair value movements, mainly due to the appreciation of AUD against the NZD.
- For the 2021 fiscal year, the loss on revenue and expense hedges relates to fair value movements, mainly due to the weakening of the AUD against the NZD.

Other (+$460 million)

- $424 million increase driven by business divestments/closures:
  - $251 million increase in the Australia Retail division due to the loss on divestment of ANZ Share Investing business in the prior year.
  - $245 million increase in the Australia Commercial division from a gain on completion of the ANZ Worldline partnership ($307 million), partially offset by a loss on sale of the financial planning and advice business ($62 million).
  - $52 million decrease in the Group Centre division driven by the recycling of foreign currency translation reserves from Other comprehensive income to profit or loss on dissolution of Minerva Holdings Limited and ANZ Asia Limited ($65 million), partially offset by the release of excess provisions originally raised as part of the UDC Finance and Paymark Limited divestments completed in prior years ($13 million).
  - $20 million decrease from gain/loss on other business divestments/closures.
- $28 million increase in the Institutional division driven by higher international payment volumes in Transaction Banking.
- $27 million increase in the New Zealand division driven by realised gains from the sale of government securities.
- $22 million increase in the Australia Retail division driven by higher insurance income.
- $55 million decrease in the Group Centre division primarily driven by lower realised gains on economic hedges against foreign currency denominated revenue streams offsetting net favourable foreign currency translations elsewhere in the Group, and lower valuation adjustments from investments measured at fair value in 1835i Ventures Trust business unit. This was partially offset by a net gain on modification of a significant lease arrangement.

Operating expenses

	Years ended 30 September		
	2023 $M	**2022 $M**	**2021 $M**
Personnel	**5,736**	5,296	4,946
Premises	**684**	721	705
Technology	**1,686**	1,621	1,588
Restructuring	**169**	101	127
Other	**1,812**	1,840	1,685
Total operating expenses from continuing operations	**10,087**	9,579	9,051
Full time equivalent staff from continuing operations[1]	**40,119**	39,172	39,684
Average full time equivalent staff from continuing operations[1]	**39,674**	39,672	38,043

1. 2022 comparative information has been restated to include full time equivalent staff of the consolidated investments managed by 1835i Group Pty Ltd (FTE: 185; Average FTE: 126). 2021 comparative information has not been restated.

Comparison of 2023 with 2022

Operating expenses increased by $508 million (+5%):

- Personnel expenses increased $440 million (+8%) driven by incremental costs associated with strategic initiatives, inflationary impacts on wages including an increase in leave provisions, costs previously attributed to discontinued operations, and the impact of unfavourable foreign currency translation. This was partially offset by productivity initiatives and investment re-prioritisation.
- Premises expenses decreased by $37 million (-5%) driven by the lease exit on modification of a significant lease arrangement in the prior year.
- Technology expenses increased $65 million (+4%) driven by incremental costs associated with strategic initiatives, higher software licence costs, inflationary impacts on vendor costs, and costs previously attributed to discontinued operations. This was partially offset by benefits from technology simplification, investment re-prioritisation, and lower amortisation.
- Restructuring expenses increased $68 million (+67%) driven by operational changes across all divisions.
- Other expenses decreased $28 million (-2%) driven by the disposal of non-banking businesses as part of the Restructure, and investment re-prioritisation. This was partially offset by higher Suncorp Bank acquisition related costs and the initial CSLR Levy.

Comparison of 2022 with 2021

Operating expenses increased by $528 million (+6%):

- Personnel expenses increased $350 million (+7%) driven by higher average resourcing supporting investments to develop digital capabilities, meet regulatory and compliance obligations and drive volume growth. The inclusion of Cashrewards after obtaining control in December 2021 and wage inflation also contributed to the increase. This was partially offset by benefits from customers continuing to embrace digital channels, productivity improvements arising from technology and back-office optimisation, higher employee leave utilisation and lower customer remediation.
- Premises expenses increased $16 million (+2%) driven by the modification of a significant lease arrangement, partially offset by ongoing optimisation of property footprint.
- Technology expenses increased $33 million (+2%) driven by higher software license costs and increased spend on investment initiatives, partially offset by lower amortisation.
- Restructuring expenses decreased $26 million (-20%) primarily driven by lower charges in the Group Centre and Australia Retail divisions.
- Other expenses increased $155 million (+9%) driven by increased spend on investment initiatives to develop digital capabilities and meet regulatory and compliance obligations.

Credit risk

The Group's assessment of ECL from its credit portfolio is subject to judgements and estimates made by management based on a variety of internal and external information, as well as the Group's experience of the performance of the portfolio under a variety of conditions. Refer to Note 13 of the 2023 Financial Report (attached to this U.S. Disclosure Document as part of Annex A) and Note 14 of the 2022 Financial Report (attached to this U.S. Disclosure Document as part of Annex B) for further information.

Credit impairment charge/(release)

	Years ended 30 September		
	2023 $M	2022 $M	2021 $M
Collectively assessed credit impairment charge/(release)	**152**	(311)	(823)
Individually assessed credit impairment charge/(release)	**93**	79	256
Total credit impairment charge/(release)	**245**	(232)	(567)

Credit impairment charge/(release) analysis

	Years ended 30 September		
	2023 $M	2022 $M	2021 $M
New and increased provisions (net of releases)			
- Collectively assessed	**152**	(311)	(823)
- Individually assessed	**476**	520	824
Write-backs	**(216)**	(233)	(386)
Recoveries of amounts previously written-off	**(167)**	(208)	(182)
Total credit impairment charge	**245**	(232)	(567)

Credit impairment charge/(release) by division

	Years ended 30 September		
	2023 $M	2022 $M	2021 $M
Collectively assessed			
Australia Retail	**55**	(169)	(349)
Australia Commercial	**65**	(170)	(272)
Institutional	**(31)**	(13)	(159)
New Zealand	**86**	61	(61)
Pacific	**(22)**	(19)	15
Group Centre	**(1)**	(1)	3
Total collectively assessed	**152**	(311)	(823)
Individually assessed			
Australia Retail	**80**	40	122
Australia Commercial	**42**	37	73
Institutional	**(49)**	(14)	70
New Zealand	**26**	(16)	(15)
Pacific	**(6)**	13	6
Group Centre	**-**	19	-
Total individually assessed	**93**	79	256
Total credit impairment charge/(release)			
Australia Retail	**135**	(129)	(227)
Australia Commercial	**107**	(133)	(199)
Institutional	**(80)**	(27)	(89)
New Zealand	**112**	45	(76)
Pacific	**(28)**	(6)	21
Group Centre	**(1)**	18	3
Total credit impairment charge/(release)	**245**	(232)	(567)

	Collectively assessed				Individually assessed			
2023 Fiscal Year	Stage 1 $M	Stage 2 $M	Stage 3 $M	Total $M	Stage 3 - New and increased $M	Stage 3 - Recoveries and write-backs $M	Total $M	Total $M
Australia Retail	(27)	91	(9)	**55**	192	(112)	**80**	**135**
Australia Commercial	57	21	(13)	**65**	127	(85)	**42**	**107**
Institutional	79	(94)	(16)	**(31)**	99	(148)	**(49)**	**(80)**
New Zealand	(3)	76	13	**86**	53	(27)	**26**	**112**
Pacific	4	(13)	(13)	**(22)**	5	(11)	**(6)**	**(28)**
Group Centre	(1)	-	-	**(1)**	-	-	**-**	**(1)**
Total	109	81	(38)	**152**	476	(383)	**93**	**245**
2022 Fiscal Year								
Australia Retail	6	(159)	(16)	**(169)**	218	(178)	**40**	**(129)**
Australia Commercial	71	(214)	(27)	**(170)**	194	(157)	**37**	**(133)**
Institutional	104	(117)	-	**(13)**	50	(64)	**(14)**	**(27)**
New Zealand	42	15	4	**61**	39	(55)	**(16)**	**45**
Pacific	(2)	(13)	(4)	**(19)**	19	(6)	**13**	**(6)**
Group Centre	(1)	-	-	**(1)**	-	19	**19**	**18**
Total	220	(488)	(43)	**(311)**	520	(441)	**79**	**(232)**
2021 Fiscal Year								
Australia Retail	(171)	(155)	(23)	**(349)**	345	(223)	**122**	**(227)**
Australia Commercial	3	(264)	(11)	**(272)**	266	(193)	**73**	**(199)**
Institutional	(103)	(49)	(7)	**(159)**	145	(75)	**70**	**(89)**
New Zealand	2	(40)	(23)	**(61)**	55	(70)	**(15)**	**(76)**
Pacific	(3)	4	14	**15**	13	(7)	**6**	**21**
Group Centre	3	-	-	**3**	-	-	**-**	**3**
Total	(269)	(504)	(50)	**(823)**	824	(568)	**256**	**(567)**

Collectively assessed credit impairment charge/(release)

- **Comparison of 2023 with 2022**

  The collectively assessed impairment charge of $152 million for the 2023 fiscal year was driven by deterioration in economic outlook and deterioration in credit risk. This was partially offset by favourable changes in portfolio composition, particularly in the Institutional division.

  The collectively assessed impairment release of $311 million for the 2022 fiscal year was driven by improvements in credit risk, favourable changes in portfolio composition, and a net release of management temporary adjustments. This was partially offset by an increase of downside risks associated with the economic outlook.

- **Comparison of 2022 with 2021**

  The collectively assessed credit impairment release of $311 million for the 2022 fiscal year was driven by improvements in credit risk, favourable changes in portfolio composition, and a net release of management temporary adjustments. This was partially offset by an increase for the downside risks associated with the economic outlook.

  The collectively assessed credit impairment release of $823 million for the 2021 fiscal year was driven by improving economic outlook, lower lending volumes, favourable changes in portfolio composition, and improvements in credit risk. This was partially offset by a net increase in management temporary adjustments.

Individually assessed credit impairment charge/(release)

- **Comparison of 2023 with 2022**

  The individually assessed credit impairment charge increased $14 million (+18%) driven by increases in the New Zealand (+$42 million) and the Australia Retail division (+$40 million) due to lower write-backs and recoveries. This was partially offset by decreases in the Institutional division (-$35 million) due to write-back of a single name exposure, and the Pacific division (-$19 million) due to higher write-backs.

- **Comparison of 2022 with 2021**

  The individually assessed credit impairment charge decreased $177 million (-69%) driven by decreases in the Institutional division (-$84 million) with no material impairments during the 2022 fiscal year, the Australia Retail (-$82 million) and Australia Commercial (-$36 million) divisions with underlying delinquency and impairment flows remaining subdued with the benefit from previous government and bank COVID-19 support packages persisting.

Allowance for expected credit losses[1]

	As at 30 September		
	2023 $M	**2022 $M**	**2021 $M**
Collectively assessed allowance for ECL	**4,032**	3,853	4,195
Individually assessed allowance for ECL	**376**	542	687
Total allowance for ECL	**4,408**	4,395	4,882
Net loans and advances at amortised cost	**3,546**	3,582	4,045
Off-balance sheet commitments	**827**	775	806
Investment securities - debt securities at amortised cost	**35**	38	31
Total allowance for ECL	**4,408**	4,395	4,882

Allowance for expected credit losses by division[1]

	As at 30 September		
	2023 $M	**2022 $M**	**2021 $M**
Collectively assessed			
Australia Retail	**954**	899	1,068
Australia Commercial	**1,041**	976	1,157
Institutional	**1,425**	1,452	1,346
New Zealand	**560**	448	526
Pacific	**52**	77	95
Group Centre	**-**	1	3
Total collectively assessed	**4,032**	3,853	4,195
Individually assessed			
Australia Retail	**63**	75	116
Australia Commercial	**127**	188	290
Institutional	**126**	200	195
New Zealand	**40**	46	63
Pacific	**20**	33	23
Group Centre	**-**	-	-
Total individually assessed	**376**	542	687
Allowance for ECL			
Australia Retail	**1,017**	974	1,184
Australia Commercial	**1,168**	1,164	1,447
Institutional	**1,551**	1,652	1,541
New Zealand	**600**	494	589
Pacific	**72**	110	118
Group Centre	**-**	1	3
Total allowance for ECL	**4,408**	4,395	4,882

1. *Includes allowance for ECL for Net loans and advances - at amortised cost, Investment securities - debt securities at amortised cost and Off-balance sheet commitments - undrawn and contingent facilities. For Investment securities - debt securities at FVOCI, the allowance for ECL is recognised in Other comprehensive income with a corresponding charge to profit or loss.*

Allowance for expected credit losses by division, cont'd[1]

	Collectively assessed				Individually assessed	
As at September 2023	**Stage 1 $M**	**Stage 2 $M**	**Stage 3 $M**	**Total $M**	**Stage 3 $M**	**Total $M**
Australia Retail	118	674	162	**954**	63	**1,017**
Australia Commercial	410	531	100	**1,041**	127	**1,168**
Institutional	1,205	210	10	**1,425**	126	**1,551**
New Zealand	139	351	70	**560**	40	**600**
Pacific	20	20	12	**52**	20	**72**
Group Centre	-	-	-	**-**	-	**-**
Total	1,892	1,786	354	**4,032**	376	**4,408**
As at September 2022						
Australia Retail	145	583	171	**899**	75	**974**
Australia Commercial	352	511	113	**976**	188	**1,164**
Institutional	1,124	303	25	**1,452**	200	**1,652**
New Zealand	134	259	55	**448**	46	**494**
Pacific	16	36	25	**77**	33	**110**
Group Centre	1	-	-	**1**	-	**1**
Total	1,772	1,692	389	**3,853**	542	**4,395**
As at September 2021						
Australia Retail	140	741	187	**1,068**	116	**1,184**
Australia Commercial	290	726	141	**1,157**	290	**1,447**
Institutional	949	373	24	**1,346**	195	**1,541**
New Zealand	154	317	55	**526**	63	**589**
Pacific	18	48	29	**95**	23	**118**
Group Centre	3	-	-	**3**	-	**3**
Total	1,554	2,205	436	**4,195**	687	**4,882**

1. *Includes allowance for ECL for Net loans and advances - at amortised cost, Investment securities - debt securities at amortised cost and Off-balance sheet commitments - undrawn and contingent facilities. For Investment securities - debt securities at FVOCI, the allowance for ECL is recognised in Other comprehensive income with a corresponding charge to profit or loss.*

- **Comparison of 2023 with 2022**

  The increase in total allowance for ECL was driven by a $179 million increase in the collectively assessed allowance for ECL, partially offset by a $166 million decrease in the individually assessed allowance for ECL. The increase in collectively assessed allowance for ECL was driven by $171 million for the downside risks associated with the economic outlook, $54 million from deterioration in credit risk and $30 million from foreign currency translation and other impacts. This was partially offset by $72 million from favourable changes in portfolio composition, particularly in the Institutional division and $4 million reduction in management temporary adjustments. The decrease in individually assessed allowance for ECL was driven by decreases in the Institutional division due to the write-back of a large single name exposure, and Australia Commercial division due to reductions in the level of impaired loans.

- **Comparison of 2022 with 2021**

  The decrease in total allowance for expected credit losses was driven by a $342 million decrease in the collectively assessed expected credit loss, and a $145 million decrease in the individually assessed allowance for expected credit losses. The decrease in collectively assessed allowance for expected credit losses was driven by reduction of $344 million from improvements in credit risk, $258 million from changes in portfolio composition, $24 million in lower management temporary adjustments, and $31 million from foreign currency translation and other impacts. This was partially offset by an increase of $315 million for the downside risks associated with the economic outlook. The decrease in individually assessed allowance for expected credit losses was driven by decreases in the Institutional division with no material impairments during the 2022 financial year, and the Australia Retail and Australia Commercial due to underlying delinquency and impairment flows remaining subdued with the benefit from previous government and bank COVID-19 support packages persisting.

Gross impaired assets

	As at 30 September		
	2023 $M	**2022 $M**	**2021 $M**
Gross impaired assets			
Impaired loans[1]	**1,037**	1,043	1,549
Restructured items[2]	**437**	376	355
Non-performing commitments, contingencies and derivatives[1]	**47**	26	61
Gross impaired assets	**1,521**	1,445	1,965
Gross impaired assets by division			
Australia Retail	**520**	390	377
Australia Commercial	**248**	360	664
Institutional	**562**	425	704
New Zealand	**122**	93	164
Pacific	**69**	177	56
Gross impaired assets	**1,521**	1,445	1,965
Gross impaired assets by size of exposure			
Less than $10 million	**999**	1,084	1,289
$10 million to $100 million	**113**	131	222
Greater than $100 million	**409**	230	454
Gross impaired assets	**1,521**	1,445	1,965
Individually assessed provisions			
Impaired loans	**(366)**	(533)	(666)
Non-performing commitments, contingencies and derivatives	**(10)**	(9)	(21)
Net impaired assets	**1,145**	903	1,278

1. *Impaired loans and non-performing commitments, contingencies and derivatives do not include exposures that are collectively assessed for Stage 3 ECL, which comprise unsecured retail exposures of 90+ days past due and defaulted but well secured exposures.*
2. *Restructured items are facilities where the original contractual terms have been modified for reasons related to the financial difficulties of the customer and are collectively assessed for Stage 3 ECL. 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.*

Comparison of 2023 with 2022

- Gross impaired assets increased $76 million (+5%) driven by increases in the Australia Retail division ($130 million) due to increase in restructured Home Loans facilities, and the Institutional division ($137 million) due to the downgrade of several single name collateralised exposures. This was partially offset by decreases in the Australia Commercial division (-$112 million) due to reduced number of downgrades, and the Pacific division (-$108 million) due to upgrade of restructured exposures.

Comparison of 2022 with 2021

- Gross impaired assets decreased $520 million (-26%) driven by decreases in the Institutional division (-$279 million) driven by the upgrade and repayments of several single name exposures, and the Australia Commercial division (-$304 million) due to underlying delinquency flows remaining subdued with the benefit from previous government and bank COVID-19 support packages persisting and the upgrade and repayments of several single name exposures. This was partially offset by the Pacific division (+$121 million) driven by exposures rolling off local COVID-19 support packages during the 2022 fiscal year being classified as restructures.

The Group's individually assessed provision coverage ratio on impaired assets was 24.7% at 30 September 2023 (2022: 37.5%; 2021: 35.0%).

New impaired assets

	As at 30 September		
	2023 $M	**2022 $M**	**2021 $M**
New impaired assets			
Impaired loans[1]	**1,032**	798	1,306
Restructured items[2]	**284**	412	309
Non-performing commitments and contingencies[1]	**51**	28	117
Total new impaired assets	**1,367**	1,238	1,732
New impaired assets by division			
Australia Retail	**497**	481	475
Australia Commercial	**186**	300	407
Institutional	**525**	241	664
New Zealand	**148**	85	144
Pacific	**11**	131	42
Total new impaired assets	**1,367**	1,238	1,732

1. *Impaired loans and non-performing commitments and contingencies do not include exposures that are collectively assessed for Stage 3 ECL, which comprise unsecured retail exposures of 90+ days past due and defaulted but well secured exposures.*
2. *Restructured items are facilities where the original contractual terms have been modified for reasons related to the financial difficulties of the customer and are collectively assessed for Stage 3 ECL. 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.*

Comparison of 2023 with 2022

- New impaired assets increased $129 million (+10%) driven by increases in the Institutional division (+$284 million) due to downgrade of several single name collateralised exposures, and the New Zealand division (+$63 million) due to increased delinquency in the retail portfolios. This was partially offset by decreases in the Pacific division (-$120 million) due to higher restructures in the prior year, and the Australia Commercial division (-$114 million) as delinquency flows remain subdued.

Comparison of 2022 with 2021

- New impaired assets decreased $494 million (-29%) driven by decreases in the Institutional division (-$423 million) reflecting the small number of well secured single name exposures recognised in the 2021 fiscal year, and the Australia Commercial division (-$107 million) with underlying delinquency flows remaining subdued with the benefit of previous government and bank COVID-19 support packages persisting. This was partially offset by an increase in the Pacific division (+$89 million) driven by exposures rolling off local COVID-19 support packages during the 2022 fiscal year being classified as restructures.

Other potential problem loans

The Group does not use the category "potential problem loans" for loans that continue to accrue interest. The Group's risk grading systems identify customers that attract a higher probability of default and where necessary these customers receive specialist management attention.

Accruing loans - past due 90 days or more

Set out below are net loans and advances that are past due by 90 days or more. A facility is past due when a contracted payment (principal or interest) has not been met or the facility is outside of contractual arrangements (e.g., an overdraft is over the limit). This category comprises loans that are past due 90 days or more, loans that are well secured and continue to accrue interest, or loans that are past due 90 days or more and are portfolio managed (typically unsecured personal loans and credit cards) that can be held on an accrual basis (continuing to accrue interest) for up to 180 days.

	As at 30 September		
	2023 $M	**2022 $M**	**2021 $M**
Australia Retail	**1,778**	1,478	1,950
Australia Commercial	**376**	426	617
Institutional	**22**	50	19
New Zealand	**610**	401	357
Pacific	**53**	45	120
Group Centre	**2**	2	2
Total accruing loans - past due 90 days or more	**2,841**	2,402	3,065

Comparison of 2023 with 2022

- The accruing loans - past due 90 days or more increased by $439 million (+18%) driven by the home loan portfolio in the Australia Retail and New Zealand divisions. This was partially offset by the small business banking portfolio in the Australia Commercial division reflecting subdued delinquency flows.

Comparison of 2022 with 2021

- The accruing loans - past due 90 days or more decreased by $663 million (-22%) primarily driven by decreases in home loan in the Australia Retail division and commercial portfolios in the Australia Commercial division as the underlying delinquency flows remained subdued with the benefit from previous government and bank COVID-19 packages persisting.

Concentrations of credit risk/loans and advances by industry category

Credit risk becomes concentrated when a number of customers are engaged in similar activities, have similar economic characteristics, or have similar activities within the same geographic region - therefore, these customers may be similarly affected by changes in economic or other conditions. The Group monitors its credit portfolios to manage risk concentration and rebalance the portfolio. The Group also applies single customer counterparty limits to protect against unacceptably large exposures to one single customer.

For further information relating to the Group's credit risk exposures, refer to Note 17 of the 2023 Financial Report (attached to this 2023 Annual U.S. Disclosure Document as part of Annex A) and Note 18 of the 2022 Financial Report (attached to this 2023 Annual U.S. Disclosure Document as part of Annex B).

Income tax expense

	Years ended 30 September		
	2023 $M	2022 $M	2021 $M
Income tax expense	2,941	2,940	2,756
Effective tax rate	29.0%	29.2%	30.8%
Australian corporate tax rate	30.0%	30.0%	30.0%

Comparison of 2023 with 2022

- The effective tax rate decreased from 29.2% to 29.0%. The decrease of 20 bps was driven by lower withholding tax expense on foreign dividends (-113 bps), lower net non-tax-deductible losses from divestments/closures (-38 bps), higher offshore earnings that attract a lower rate of tax (-34 bps), and higher equity accounting earnings (-15 bps). This was partially offset by the non-tax assessable gain on completion of the Worldline partnership in the prior year (120 bps), higher non-deductible interest on convertible instruments (42 bps), and lower prior period adjustments (29 bps).

Comparison of 2022 with 2021

- The effective tax rate decreased from 30.8% to 29.2%. The decrease of 160 bps was driven by the non-tax assessable gain on completion of the Worldline partnership in the 2022 fiscal year (-120 bps), lower net gain/loss from divestments/closures (-42 bps) and equity accounted earnings (-112 bps). This was partially offset by higher withholding tax expense mainly due to the dividend payment from ANZ PNG (+112 bps).

CONDENSED BALANCE SHEET INFORMATION

	As at 30 September		
	2023 $B	2022 $B	2021 $B
Assets			
Cash and cash equivalents / Settlement balances owed to ANZ / Collateral paid	**186.1**	185.6	168.0
Trading assets and investment securities	**134.0**	121.4	127.8
Derivative financial instruments	**60.4**	90.2	38.7
Net loans and advances	**707.7**	672.4	629.7
Other	**17.8**	16.0	14.7
Total assets	**1,106.0**	1,085.6	978.9
Liabilities			
Settlement balances owed by ANZ / Collateral received	**29.7**	30.0	23.1
Deposits and other borrowings	**815.2**	797.3	743.1
Derivative financial instruments	**57.5**	85.1	36.0
Debt issuances	**116.0**	93.7	101.1
Other	**18.5**	13.2	11.9
Total liabilities	**1,036.9**	1,019.3	915.2
Total shareholders' equity	**69.1**	66.4	63.7

Comparison of 2023 with 2022

- Trading assets and investment securities increased $12.6 billion (+10%) driven by an increase in government and semi-government bonds, and treasury bills.
- Derivative financial assets and liabilities decreased $29.8 billion (-33%) and $27.6 billion (-32%) respectively driven by market rate movements and maturing prior period foreign exchange spot and forwards positions.
- Net loans and advances increased $35.3 billion (+5%) driven by home loan growth in the Australia Retail (+$21.6 billion) and New Zealand (+$3.0 billion) divisions, higher lending volumes in the Australia Commercial (+$1.8 billion) and Institutional (+$1.8 billion) divisions and the impact of foreign currency translation.
- Deposits and other borrowings increased $17.9 billion (+2%) driven by increases in customer deposits in the Australia Retail (+$14.8 billion), Institutional (+$2.7 billion) and New Zealand (+$1.8 billion) divisions, an increase in certificates of deposit (+$7.8 billion) and the impact of foreign currency translation. This was partially offset by decreases in deposits from banks and repurchase agreements (-$11.2 billion) and commercial paper (-$6.3 billion).
- Debt issuances increased $22.3 billion (+24%) driven by the issue of new senior and subordinated debt, including ANZ Capital Notes 8.

Comparison of 2022 with 2021

- Cash and cash equivalents / Settlement balances owed to ANZ / Collateral paid increased $17.6 billion (+10%) driven by increases in balances with central banks
- Trading assets and investment securities decreased $6.4 billion (-5%) primarily driven by lower revaluations in Markets as a result of interest rate increases.
- Derivative financial assets and liabilities increased $51.5 billion and $49.1 billion respectively driven by the impact of market rate movements, primarily the significant strengthening of the USD.
- Net loans and advances increased $42.7 billion (+7%) driven by higher lending volumes in the Institutional (+$36.0 billion) and Australia Commercial (+$2.5 billion) divisions, and increased home loan growth in the Australia Retail (+$6.4 billion) and New Zealand (+$5.2 billion) divisions, partially offset by the impact of foreign currency translation movements.
- Settlement balances owed by ANZ / Collateral received increased $6.9 billion (+30%) driven by higher collateral received, partially offset by lower cash clearing account balances.
- Deposits and other borrowings increased $54.2 billion (+7%) driven by increases in customer deposits across the Institutional (+$19.3 billion), Australia Retail (+$8.5 billion) divisions, increases in deposits from banks and repurchase agreements (+$14.5 billion) and commercial paper (+$13.9 billion), and the impact of foreign currency translation movements. This was partially offset by decreases in certificates of deposit (-$3.9 billion).
- Debt issuances decreased $7.4 billion (-7%) primarily driven by the maturity of unsubordinated debt and movement in hedge revaluations.

RESULTS BY DIVISION

For further information on the composition of the divisions refer to “Section 2: Information on the Group - Principal Activities”.

This Results by division section is reported on a continuing operations basis.

The Group measures the performance of operating segments on a cash profit basis, a non-IFRS measure which represents how the segments are managed internally. To calculate cash profit, the Group excludes items from profit after tax attributable to shareholders. For the current and prior periods, the adjustments relate to impacts of economic hedges and revenue and expense hedges which represent timing differences that will reverse through earnings in the future. Transactions between divisions across segments within the Group are conducted on an arm’s-length basis and disclosed as part of the income and expenses of these segments.

The presentation of divisional results has been impacted by the following structural changes during the 2023 fiscal year. 2022 fiscal year comparatives have been restated:

- Non-banking business – transfer of the non-banking businesses held in the Australia Commercial and Institutional divisions to the Group Centre division which were then disposed of as part of the Restructure.
- Customer re-segmentation
  - certain customers were transferred from Personal to Business & Agri within the New Zealand division;
  - certain business and property finance customers were transferred from the New Zealand division to the Institutional division.
- Cost reallocations - certain costs were reallocated across the Australia Retail, Australia Commercial, Institutional and Group Centre divisions.

2021 fiscal year comparatives have not been restated.

Other than those described above, there have been no other significant changes. The divisions reported are consistent with internal reporting provided to the chief operating decision maker, being the Chief Executive Officer.

Year ended 30 September 2023	Australia Retail $M	Australia Commercial $M	Institutional $M	New Zealand $M	Pacific $M	Group Centre $M	Group Total $M
Net interest income	5,716	3,224	4,040	3,149	123	323	16,575
Net fee and commission income	546	322	685	398	19	(24)	1,946
Net income from insurance business	89	-	-	-	-	-	89
Other income[1,2,3]	16	43	2,009	11	66	(80)	2,065
Share of associates' profit/(loss)	-	-	-	-	-	225	225
Operating income[1,2,3]	6,367	3,589	6,734	3,558	208	444	20,900
Operating expenses	(3,542)	(1,423)	(2,708)	(1,291)	(145)	(978)	(10,087)
Cash profit before credit impairment and income tax[3]	2,825	2,166	4,026	2,267	63	(534)	10,813
Credit impairment (charge)/release	(135)	(107)	80	(112)	28	1	(245)
Cash profit before income tax[3]	2,690	2,059	4,106	2,155	91	(533)	10,568
Income tax expense and non-controlling interests[1,2,3]	(816)	(619)	(1,143)	(603)	(20)	105	(3,096)
Cash profit/(loss) from continuing operations[3]	1,874	1,440	2,963	1,552	71	(428)	7,472
Cash profit/(loss) from discontinued operations							-
Cash profit/(loss)[3]							7,472
Economic hedges[1,3]							(217)
Revenue and expense hedges[2,3]							(90)
Profit after tax attributable to shareholders							7,165
Financial Position							
Total external assets	315,184	61,916	538,827	125,178	3,391	61,545	1,106,041
Total external liabilities	168,866	119,341	452,779	122,924	3,862	169,155	1,036,927

1. *The cash profit adjustment for economic hedges applies to the Institutional, New Zealand and Group Centre divisions with $305 million loss recognised in Other operating income and $88 million benefit recognised in Income tax expense.*
2. *The cash profit adjustment for revenue and expense hedges applies to the Group Centre division with $129 million loss recognised in Other operating income and $39 million benefit recognised in Income tax expense.*
3. *Items that are not considered integral to the ongoing performance of the operating segments are removed from the operating segments. The resulting profit by operating segment, referred to as cash profit, is a non-IFRS measure which represents how the segments are managed internally.*

2022 Fiscal Year	Australia Retail $M	Australia Commercial $M	Institutional $M	New Zealand $M	Pacific $M	Group Centre $M	Group Total $M
Net interest income	5,527	2,568	3,697	2,871	96	115	**14,874**
Net fee and commission income	477	404	648	428	26	(11)	**1,972**
Net income from insurance business	140	-	-	-	-	-	**140**
Other income[1,2,3]	5	258	1,003	32	42	44	**1,384**
Share of associates' profit/(loss)	-	-	-	-	-	177	**177**
Operating income[1,2,3]	6,149	3,230	5,348	3,331	164	325	**18,547**
Operating expenses	(3,397)	(1,301)	(2,566)	(1,273)	(153)	(889)	**(9,579)**
Cash profit before credit impairment and income tax[3]	2,752	1,929	2,782	2,058	11	(564)	**8,968**
Credit impairment (charge)/release	129	133	27	(45)	6	(18)	**232**
Cash profit before income tax[3]	2,881	2,062	2,809	2,013	17	(582)	**9,200**
Income tax expense and non-controlling interests[1,2,3]	(872)	(511)	(872)	(564)	(8)	142	**(2,685)**
Cash profit/(loss) from continuing operations[3]	2,009	1,551	1,937	1,449	9	(440)	**6,515**
Cash profit/(loss) from discontinued operations							**(19)**
Cash profit/(loss)[3]							**6,496**
Economic hedges[1,3]							**569**
Revenue and expense hedges[2,3]							**54**
Profit after tax attributable to shareholders							**7,119**
Financial Position							
Total external assets	292,876	59,983	544,066	116,218	3,707	68,879	**1,085,729**
Total external liabilities	153,494	118,355	473,114	115,263	4,065	155,037	**1,019,328**

2021 Fiscal Year	Australia Retail $M	Australia Commercial $M	Institutional $M	New Zealand $M	Pacific $M	Group Centre $M	Group Total $M
Net interest income	5,708	2,281	3,105	2,870	96	101	**14,161**
Net fee and commission income	556	464	652	451	25	(5)	**2,143**
Net income from insurance business	110	-	-	-	-	-	**110**
Other income[1,2,3]	(234)	(8)	1,227	18	40	166	**1,209**
Share of associates' profit/(loss)	1	-	(1)	-	-	(176)	**(176)**
Operating income[1,2,3]	6,141	2,737	4,983	3,339	161	86	**17,447**
Operating expenses	(2,948)	(1,353)	(2,447)	(1,325)	(144)	(834)	**(9,051)**
Cash profit before credit impairment and income tax[3]	3,193	1,384	2,536	2,014	17	(748)	**8,396**
Credit impairment (charge)/release	227	199	89	76	(21)	(3)	**567**
Cash profit before income tax[3]	3,420	1,583	2,625	2,090	(4)	(751)	**8,963**
Income tax expense and non-controlling interests[1,2,3]	(1,104)	(476)	(738)	(582)	1	134	**(2,765)**
Cash profit/(loss) from continuing operations[3]	2,316	1,107	1,887	1,508	(3)	(617)	**6,198**
Cash profit/(loss) from discontinued operations							**(17)**
Cash profit/(loss)[3]							**6,181**
Economic hedges[1,3]							**77**
Revenue and expense hedges[2,3]							**(96)**
Profit after tax attributable to shareholders							**6,162**
Financial Position							
Total external assets	286,566	57,481	429,362	132,232	3,755	69,461	**978,857**
Total external liabilities	143,709	117,739	384,106	121,999	3,898	143,730	**915,181**

1. *The cash profit adjustment for economic hedges applies to the Institutional, New Zealand and Group Centre divisions with $802 million gain recognised in Other operating income and $233 million expense recognised in Income tax expense in the 2022 fiscal year (2021: $110 million gain recognised in Other operating income and $33 million expense in Income tax expense).*
2. *The cash profit adjustment for revenue and expense hedges applies to the Group Centre division with $77 million gain recognised in Other operating income and $23 million expense recognised in Income tax expense in the 2022 fiscal year (2021: $137 million loss recognised in Other operating income and $41 million benefit in Income tax expense).*
3. *Items that are not considered integral to the ongoing performance of the operating segments are removed from the operating segments. The resulting profit by operating segment, referred to as cash profit, is a non-IFRS measure which represents how the segments are managed internally.*

Australia Retail

Australia Retail	2023 $M	2022 $M	2021 $M
	Years ended 30 September		
Net interest income	**5,716**	5,527	5,708
Other operating income	**651**	622	433
Operating income	**6,367**	6,149	6,141
Operating expenses	**(3,542)**	(3,397)	(2,948)
Cash profit before credit impairment and income tax	**2,825**	2,752	3,193
Credit impairment (charge)/release	**(135)**	129	227
Cash profit before income tax	**2,690**	2,881	3,420
Income tax expense and non-controlling interests	**(816)**	(872)	(1,104)
Cash profit	**1,874**	2,009	2,316
Balance Sheet			
Net loans and advances	**312,249**	290,322	283,988
Other external assets	**2,935**	2,554	2,578
External assets	**315,184**	292,876	286,566
Customer deposits	**164,786**	149,953	141,404
Other external liabilities	**4,080**	3,541	2,305
External liabilities	**168,866**	153,494	143,709
Risk weighted assets	**127,673**	125,517	112,172
Average gross loans and advances[1]	**302,203**	286,270	287,304
Average deposits and other borrowings[1]	**156,099**	145,794	135,487
Ratios			
Return on average assets	**0.62%**	0.70%	0.80%
Net interest margin	**2.22%**	2.25%	2.27%
Operating expenses to operating income	**55.6%**	55.2%	48.0%
Operating expenses to average assets	**1.16%**	1.18%	1.02%
Individually assessed credit impairment charge/(release)	**80**	40	122
Individually assessed credit impairment charge/(release) as a % of average GLA[2]	**0.03%**	0.01%	0.04%
Collectively assessed credit impairment charge/(release)	**55**	(169)	(349)
Collectively assessed credit impairment charge/(release) as a % of average GLA[2]	**0.02%**	(0.06%)	(0.12%)
Gross impaired assets	**520**	390	377
Gross impaired assets as a % of GLA	**0.17%**	0.13%	0.13%
Total full time equivalent staff	**11,313**	11,107	11,764

1. *Averages are calculated using predominantly daily averages.*
2. *Credit impairment charge/(release) used in the ratio relates to gross loans and advances and off-balance sheet commitments - undrawn and contingent liabilities.*

Comparison of 2023 with 2022

Cash profit decreased by $135 million (-7%).

Key factors affecting the result were:

- Lending volumes increased driven by home loan growth, partially offset by lower unsecured lending.
- Net interest margin decreased 3 bps driven by asset margin contraction from home loan pricing competition, unfavourable deposit mix with a shift towards lower margin term deposits and higher net funding costs. This was partially offset by favourable deposit margins from a rising interest rate environment, favourable lending mix with a shift towards higher margin variable home loans and higher earnings on capital and replicating portfolio.
- Other operating income increased $29 million (+5%) driven by higher cards revenue reflecting an increase in consumer spending, and higher home loan offset account and annual card fees as waivers related to the transition of Breakfree Package concluded. This was partially offset by lower insurance-related income.
- Operating expenses increased $145 million (+4%) driven by inflationary impacts, incremental costs associated with strategic initiatives including ANZ Plus and higher restructuring expense. This was partially offset by productivity initiatives and investment re-prioritisation.
- Credit impairment charge increased $264 million driven by higher collectively assessed credit impairment, and higher individually assessed credit impairment due to lower write-backs and recoveries.

Comparison of 2022 with 2021

Cash profit decreased by $307 million (-13%).

Key factors affecting the result were:

- Lending volumes increased driven by home loan growth, partially offset by lower unsecured lending.
- Net interest margin decreased 2 bps driven by asset margin contraction from competitive pressure and unfavourable lending mix from stronger growth in lower margin fixed rate home loans. This was partially offset by improvement in deposit margins from a rising interest rate environment and favourable deposit mix.
- Other operating income increased $189 million (+44%) driven by the loss on divestment of ANZ Share Investing business in the prior year and higher cards revenue due to recovery in consumer spending, partially offset by Breakfree package fee changes.
- Operating expenses increased $449 million (+15%) driven by higher investment spend on ANZ Plus and home loans momentum, along with recognition of Cashrewards-related costs, which were previously reported in Group Centre. This was partially offset by lower restructuring expenses.
- Credit impairment release decreased $98 million (-43%) driven by a lower collectively assessed credit impairment release, partially offset by lower individually assessed credit impairment charge with underlying delinquency and impairment flows remaining subdued with the benefit from previous government and bank COVID-19 support packages persisting.

Australia Commercial

Australia Commercial	Years ended 30 September 2023 $M	2022 $M	2021 $M
Net interest income	**3,224**	2,568	2,281
Other operating income	**365**	662	456
Operating income	**3,589**	3,230	2,737
Operating expenses	**(1,423)**	(1,301)	(1,353)
Cash profit before credit impairment and income tax	**2,166**	1,929	1,384
Credit impairment (charge)/release	**(107)**	133	199
Cash profit before income tax	**2,059**	2,062	1,583
Income tax expense and non-controlling interests	**(619)**	(511)	(476)
Cash profit	**1,440**	1,551	1,107
Balance Sheet			
Net loans and advances	**61,557**	59,727	57,245
Other external assets	**359**	256	236
External assets	**61,916**	59,983	57,481
Customer deposits	**113,408**	112,195	111,100
Other external liabilities	**5,933**	6,160	6,639
External liabilities	**119,341**	118,355	117,739
Risk weighted assets	**47,497**	54,043	51,637
Average gross loans and advances[1]	**61,283**	59,120	58,650
Average deposits and other borrowings[1]	**112,821**	115,097	107,111
Ratios			
Return on average assets	**1.21%**	1.27%	0.97%
Net interest margin[2]	**2.70%**	2.10%	1.98%
Operating expenses to operating income	**39.6%**	40.3%	49.4%
Operating expenses to average assets	**1.19%**	1.07%	1.19%
Individually assessed credit impairment charge/(release)	**42**	37	73
Individually assessed credit impairment charge/(release) as a % of average GLA[3]	**0.07%**	0.06%	0.12%
Collectively assessed credit impairment charge/(release)	**65**	(170)	(272)
Collectively assessed credit impairment charge/(release) as a % of average GLA[3]	**0.11%**	(0.29%)	(0.46%)
Gross impaired assets	**248**	360	664
Gross impaired assets as a % of GLA	**0.40%**	0.59%	1.13%
Total full time equivalent staff	**3,514**	3,551	3,095

1. *Averages are calculated using predominantly daily averages.*
2. *Australia Commercial division generates positive net interest income from surplus deposits held. Accordingly, $58.4 billion of average deposits for the 2023 fiscal year (2022 fiscal year: $63.4 billion; 2021 fiscal year: $56.8 billion) have been included within average net interest earning assets for the net interest margin calculation to align with internal management reporting view.*
3. *Credit impairment charge/(release) used in the ratio relates to gross loans and advances and off-balance sheet commitments - undrawn and contingent liabilities.*

Comparison of 2023 with 2022

Cash profit decreased by $111 million (-7%).

Key factors affecting the result were:

- Lending volumes increased driven by SME and Specialist Business lending growth, partially offset by lower lending in Central Functions driven by the sale of Investment Lending business and asset finance run-off.
- Net interest margin increased 60 bps driven by favourable deposit margins from a rising interest rate environment and higher earnings on capital and replicating portfolio. This was partially offset by unfavourable deposit mix with a shift towards lower margin term deposits, higher net funding costs and asset margin contraction from competitive pressure.
- Other operating income decreased $297 million (-45%) driven by the gain on sale relating to the ANZ Worldline partnership in the prior year, and lower income post business divestment. This was partially offset by the loss on sale of the financial planning and advice business in the prior year, and higher cards revenue reflecting an increase in commercial spending.
- Operating expenses increased $122 million (+9%) driven by inflationary impacts, incremental costs associated with strategic initiatives and higher restructuring expense. This was partially offset by lower costs post business divestment and productivity initiatives.
- Credit impairment charge increased $240 million driven by higher collectively assessed credit impairment, and higher individually assessed credit impairment charge.

Comparison of 2022 with 2021

Cash profit increased by $444 million (+40%).

Key factors affecting the result were:

- Lending volumes increased driven by Specialist Business lending growth.
- Net interest margin increased 12 bps driven by improvement in deposit margins from a rising interest rate environment and favourable deposit mix. This was partially offset by unfavourable lending mix with stronger growth in lower margin large commercial customers, and asset margin contraction from competitive pressure.
- Other operating income increased $206 million (+45%) driven by the gain on sale relating to the ANZ Worldline partnership. This was partially offset by the loss on sale of the financial planning and advice business and divested business results impact following ANZ Worldline partnership.
- Operating expenses decreased $52 million (-4%) driven by lower restructuring expenses and lower impact of divested business results.
- Credit impairment release decreased $66 million (-33%) driven by a lower collectively assessed credit impairment release, partially offset by lower individually assessed credit impairment charge with underlying delinquency and impairment flows remaining subdued with the benefit from previous government and bank COVID-19 support packages persisting.

Institutional

Institutional	Years ended 30 September 2023 $M	2022 $M	2021 $M
Net interest income	**4,040**	3,697	3,105
Other operating income	**2,694**	1,651	1,878
Operating income	**6,734**	5,348	4,983
Operating expenses	**(2,708)**	(2,566)	(2,447)
Cash profit before credit impairment and income tax	**4,026**	2,782	2,536
Credit impairment (charge)/release	**80**	27	89
Cash profit before income tax	**4,106**	2,809	2,625
Income tax expense and non-controlling interests	**(1,143)**	(872)	(738)
Cash profit	**2,963**	1,937	1,887
Consisting of:			
Transaction Banking	**1,078**	659	436
Corporate Finance	**1,288**	1,112	843
Markets	**716**	321	640
Central Functions	**(119)**	(155)	(32)
Cash profit	**2,963**	1,937	1,887
Balance Sheet			
Net loans and advances	**210,234**	207,241	158,231
Other external assets	**328,593**	336,825	271,131
External assets	**538,827**	544,066	429,362
Customer deposits	**266,462**	262,534	239,628
Other external liabilities	**186,317**	210,580	144,478
External liabilities	**452,779**	473,114	384,106
Risk weighted assets	**175,247**	208,119	172,065
Average gross loans and advances[1]	**210,900**	190,059	151,597
Average deposits and other borrowings[1]	**355,748**	334,104	297,527
Ratios			
Return on average assets	**0.55%**	0.39%	0.37%
Net interest margin	**0.89%**	0.90%	0.81%
Net interest margin (excluding Markets business unit)	**2.31%**	1.93%	1.86%
Operating expenses to operating income	**40.2%**	48.0%	49.1%
Operating expenses to average assets	**0.50%**	0.52%	0.48%
Individually assessed credit impairment charge/(release)	**(49)**	(14)	70
Individually assessed credit impairment charge/(release) as a % of average GLA[2]	**(0.02%)**	(0.01%)	0.05%
Collectively assessed credit impairment charge/(release)	**(31)**	(13)	(159)
Collectively assessed credit impairment charge/(release) as a % of average GLA[2]	**(0.01%)**	(0.01%)	(0.10%)
Gross impaired assets	**562**	425	704
Gross impaired assets as a % of GLA	**0.27%**	0.20%	0.44%
Total full time equivalent staff	**6,412**	6,316	6,196

1. *Averages are calculated using predominantly daily averages.*
2. *Credit impairment charge/(release) used in the ratio relates to gross loans and advances and off-balance sheet commitments - undrawn and contingent liabilities.*

Comparison of 2023 with 2022

Cash profit increased by $1,026 million (+53%).

Key factors affecting the result were:

- Lending momentum was sustained, with higher Markets balances partially offset by lower Transaction Banking volumes.
- Net interest margin ex-Markets increased 38 bps driven by favourable deposit margins from a rising interest rate environment and higher earnings on capital and replicating portfolio.
- Other operating income increased $1,043 million (+63%) primarily driven by higher Markets revenues from increased customer activity and more favourable trading conditions.
- Operating expenses increased $142 million (+6%) driven by inflationary impacts and incremental costs associated with strategic initiatives, partially offset by productivity initiatives.
- Credit impairment release increased $53 million driven by release of collectively assessed credit impairment, and release of individually assessed credit impairment due to write-back of a single name exposure.

Comparison of 2022 with 2021

Cash profit increased by $50 million (+3%).

Key factors affecting the result were:

- Lending volumes increased across Corporate Finance, Markets and Transaction Banking following strong core lending and customer flows during the period and the transfer of certain corporate customers from the New Zealand division. Customer deposits increased predominantly in Transaction Banking.
- Net interest margin ex-Markets increased 7 bps primarily driven by transfer of certain corporate customers from the New Zealand division, and improvement in deposit margins from a rising interest rate environment.
- Other operating income decreased $227 million (-12%) driven by lower Markets revenues as Balance Sheet and Derivative Valuation Adjustments were impacted by high volatility and yield curve movements.
- Operating expenses increased $119 million (+5%) driven by transfer of certain corporate customers from the New Zealand division, and higher technology costs and the transfer of certain costs from the New Zealand division, partially offset by lower litigation settlements.
- Credit impairment release decreased $62 million (-70%) driven by collectively assessed credit impairment release in the prior period, partially offset by release of individually assessed credit impairment charges in Transaction Banking.
- Income tax expense increased driven by the dividend withholding tax on the dividend payment from ANZ PNG to ANZBGL, partially offset by tax rate differentials on profits earned in International, and tax refunds and write-backs.

New Zealand

Table reflects NZD for New Zealand.
AUD results shown on page 73.

	Years ended 30 September		
New Zealand	**2023 NZD M**	**2022 NZD M**	**2021 NZD M**
Net interest income	**3,415**	3,108	3,060
Other operating income	**443**	497	499
Operating income	**3,858**	3,605	3,559
Operating expenses	**(1,399)**	(1,377)	(1,413)
Cash profit before credit impairment and income tax	**2,459**	2,228	2,146
Credit impairment (charge)/release	**(122)**	(49)	81
Cash profit before income tax	**2,337**	2,179	2,227
Income tax expense and non-controlling interests	**(655)**	(611)	(620)
Cash profit	**1,682**	1,568	1,607
Consisting of:			
Personal	**1,121**	1,001	978
Business & Agri	**558**	545	631
Central Functions	**3**	22	(2)
Cash profit	**1,682**	1,568	1,607
Balance Sheet			
Net loans and advances	**130,868**	128,574	134,537
Other external assets	**3,603**	3,326	3,944
External assets	**134,471**	131,900	138,481
Customer deposits	**106,431**	104,450	102,336
Other external liabilities	**25,619**	26,366	25,428
External liabilities	**132,050**	130,816	127,764
Risk weighted assets	**76,196**	65,482	74,524
Average gross loans and advances[1]	**129,656**	125,937	131,363
Average deposits and other borrowings[1]	**110,940**	109,689	104,651
Net funds management income	**194**	196	225
Funds under management	**37,108**	34,313	39,043
Average funds under management	**36,681**	37,129	36,687
Ratios			
Return on average assets	**1.27%**	1.21%	1.19%
Net interest margin	**2.64%**	2.47%	2.33%
Operating expenses to operating income	**36.3%**	38.2%	39.7%
Operating expenses to average assets	**1.05%**	1.07%	1.05%
Individual credit impairment charge/(release)	**29**	(18)	(17)
Individual credit impairment charge/(release) as a % of average GLA[2]	**0.02%**	(0.01%)	(0.01%)
Collective credit impairment charge/(release)	**93**	67	(64)
Collective credit impairment charge/(release) as a % of average GLA[2]	**0.07%**	0.05%	(0.05%)
Gross impaired assets	**131**	106	173
Gross impaired assets as a % of GLA	**0.10%**	0.08%	0.13%
Total full time equivalent staff	**6,766**	6,793	7,060

1. *Averages are calculated using predominantly daily averages.*
2. *Credit impairment charge/(release) used in the ratio relates to gross loans and advances and off-balance sheet commitments - undrawn and contingent liabilities.*

New Zealand results and commentary are reported in NZD. AUD results are shown on page 73.

Comparison of 2023 with 2022

Cash profit increased by NZD 114 million (+7%).

Key factors affecting the result were:

- Lending volumes increased driven by home loan growth, partially offset by contraction in business lending.
- Net interest margin increased 17 bps driven by favourable deposit margins from a rising interest rate environment. This was partially offset by asset margin contraction from home loan pricing competition and unfavourable deposit mix with a shift towards lower margin term deposits.
- Other operating income decreased NZD 54 million (-11%) driven by gain on sale of government securities in the 2022 fiscal year and lower cards revenue due to regulatory changes introduced in November 2022.
- Operating expenses increased NZD 22 million (+2%) driven by inflationary pressure and customer remediation provision release in the prior year.
- Credit impairment charge increased NZD 73 million driven by higher collectively assessed credit impairment and higher individually assessed credit impairment due to lower write-backs and recoveries.

Comparison of 2022 with 2021

Cash profit decreased by NZD 39 million (-2%).

Key factors affecting the result were:

- Lending volumes decreased driven by the transfer of certain corporate customers to the Institutional division, partially offset by home loan growth.
- Net interest margin increased 14 bps driven by improvement in deposit margins from a rising interest rate environment, partially offset by lower home loan margins due to competition, and a higher mix of fixed rate home loans.
- Other operating income is flat as gains on sale of government securities was offset by lower fees from the removal or reduction of funds under management fees.
- Operating expenses decreased NZD 36 million (-3%) driven by the transfer of certain costs to the Institutional division, productivity gains and other savings, partially offset by higher investment spend and inflation impacts.
- Credit impairment increased NZD 130 million primarily driven by a collectively assessed credit impairment charge in the current year as opposed to a release in the prior year.

New Zealand

Table reflects AUD for New Zealand.
NZD results shown on page 71.

New Zealand	Years ended 30 September 2023 $M	2022 $M	2021 $M
Net interest income	**3,149**	2,871	2,870
Other operating income	**409**	460	469
Operating income	**3,558**	3,331	3,339
Operating expenses	**(1,291)**	(1,273)	(1,325)
Cash profit before credit impairment and income tax	**2,267**	2,058	2,014
Credit impairment (charge)/release	**(112)**	(45)	76
Cash profit before income tax	**2,155**	2,013	2,090
Income tax expense and non-controlling interests	**(603)**	(564)	(582)
Cash profit	**1,552**	1,449	1,508
Consisting of:			
Personal	**1,033**	925	917
Business & Agri	**515**	505	591
Central Functions	**4**	19	-
Cash profit	**1,552**	1,449	1,508
Balance Sheet			
Net loans and advances	**121,824**	113,288	128,466
Other external assets	**3,354**	2,930	3,766
External assets	**125,178**	116,218	132,232
Customer deposits	**99,076**	92,032	97,719
Other external liabilities	**23,848**	23,231	24,280
External liabilities	**122,924**	115,263	121,999
Risk weighted assets	**70,930**	57,696	71,161
Average gross loans and advances[1]	**119,554**	116,369	123,216
Average deposits and other borrowings[1]	**102,296**	101,355	98,161
Net funds management income	**179**	182	211
Funds under management	**34,545**	30,234	37,280
Average funds under management	**33,823**	34,309	34,412
Ratios			
Return on average assets	**1.27%**	1.21%	1.19%
Net interest margin	**2.64%**	2.47%	2.33%
Operating expenses to operating income	**36.3%**	38.2%	39.7%
Operating expenses to average assets	**1.05%**	1.07%	1.05%
Individual credit impairment charge/(release)	**26**	(16)	(15)
Individual credit impairment charge/(release) as a % of average GLA[2]	**0.02%**	(0.01%)	(0.01%)
Collective credit impairment charge/(release)	**86**	61	(61)
Collective credit impairment charge/(release) as a % of average GLA[2]	**0.07%**	0.05%	(0.05%)
Gross impaired assets	**122**	93	164
Gross impaired assets as a % of GLA	**0.10%**	0.08%	0.13%
Total full time equivalent staff	**6,766**	6,793	7,060

1. *Averages are calculated using predominantly daily averages.*
2. *Credit impairment charge/(release) used in the ratio relates to gross loans and advances and off-balance sheet commitments - undrawn and contingent liabilities.*

LIQUIDITY AND CAPITAL RESOURCES

Funding

The Group targets a diversified funding base, avoiding undue concentrations by investor type, maturity, market source and currency.

During the 2023 fiscal year, the Group issued $39.9 billion of term wholesale funding (of which $3.0 billion was pre-funding for the 2024 fiscal year) with a remaining term greater than one year as at 30 September 2023, and $1.5 billion of Additional Tier 1 Capital.

The following table shows the Group's total funding composition:

	As at 30 September		
	2023 $B	2022 $B	2021 $B
Customer deposits and other liabilities			
Australia Retail	**164.8**	150.0	141.4
Australia Commercial	**113.4**	112.2	111.1
Institutional	**266.5**	262.5	239.6
New Zealand	**99.1**	92.0	97.7
Pacific	**3.7**	3.8	3.8
Group Centre	**(0.1)**	(0.1)	-
Customer deposits	**647.4**	620.4	593.6
Other funding liabilities[1]	**11.7**	8.0	8.1
Total customer liabilities (funding)	**659.1**	628.4	601.7
Wholesale funding			
Unsubordinated debt and central bank term funding[2]	**94.0**	89.0	97.1
Subordinated debt[3]	**33.7**	27.3	25.3
Certificates of deposit	**41.9**	34.0	37.7
Commercial paper	**33.3**	39.2	25.7
Other wholesale borrowings[4]	**113.9**	110.8	88.5
Total wholesale funding	**316.8**	300.3	274.3
Shareholders' equity	**69.1**	66.4	63.7
Total funding	**1,045.0**	995.1	939.7

1. *Includes interest accruals, payables and other liabilities, provisions and net tax provisions, and excludes liability for acceptances as they do not provide net funding.*
2. *Includes RBA TFF of $8.1 billion (2022: $20.1 billion; 2021: $20.1 billion), RBNZ FLP of $3.2 billion (2022: $2.3 billion; 2021: $0.9 billion) and TLF of $0.3 billion (2022: $0.3 billion; 2021: $0.3 billion).*
3. *Includes subordinated debt issued by ANZ Bank New Zealand which constitutes Tier 2 capital under RBNZ requirements but does not meet the APRA Tier 2 requirements, and USD 300 million perpetual subordinated notes which ceased to be treated as Basel 3 transitional Tier 2 capital under APRA's capital framework from 1 January 2022. The USD 300 million perpetual subordinated notes were redeemed on 31 October 2023.*
4. *Includes borrowings from banks, securities sold under repurchase agreements, net derivative balances, special purpose vehicles and other borrowings.*

Term debt maturity profile

The amounts disclosed below represent the outstanding principal of term debt issued by the Group under its term funding programs, and drawdowns under the RBA's TFF and RBNZ's TLF and FLP on or before 30 September 2023. For the avoidance of doubt, this profile excludes commercial paper issuance and short-dated issuance of the Group's long-term programs, and the amounts do not include interest cash flows. For the purposes of this maturity profile, foreign currency denominated term debt has been translated into Australian Dollars using spot foreign exchange rates as at 29 September 2023.

Contractual maturity ($M)[1]	FY24	FY25	FY26	FY27	FY28	After 2028	Total
Unsubordinated debt and central bank term funding[2]	25,208	23,849	20,223	5,268	11,903	4,396	90,847
Subordinated debt[3]	3,451	3,569	6,508	3,364	3,467	6,942	27,301
Total	**28,659**	**27,418**	**26,731**	**8,632**	**15,370**	**11,338**	**118,148**

1. *The maturity profile is presented as the total amount of term debt scheduled to mature in the relevant fiscal year ending 30 September. Maturities for the fiscal year ending 30 September 2024 ("FY24") relate to term debt maturing in the period 1 October 2023 to 30 September 2024.*
2. *Includes transferable certificates of deposit, drawdowns of the RBA's TFF and the RBNZ's TLF and FLP included as "Deposits and other borrowings" in the balance sheet.*
3. *The maturity profile for all non-perpetual subordinated debt is presented based on the next callable date. The maturity profile excludes additional Tier 1 capital.*

	As at 30 September 2023		
ANZBGL Credit ratings	Short-Term	Long-Term	Outlook
Moody's Investors Service	P-1	Aa3	Stable
S & P Global Ratings	A-1+	AA-	Stable
Fitch Ratings	F1	A+	Stable

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by an assigning rating agency and any rating should be evaluated independently of any other information.

Capital management

	As at 30 September		
	APRA Capital Reform	APRA Basel 3	
Qualifying Capital	2023 $M	2022 $M	2021 $M
Tier 1			
Shareholders' equity and non-controlling interests	**69,114**	66,401	63,676
Prudential adjustments to shareholders' equity	**(425)**	(175)	3
Gross Common Equity Tier 1 capital	**68,689**	66,226	63,679
Deductions	**(10,895)**	(10,354)	(12,320)
Common Equity Tier 1 capital	**57,794**	55,872	51,359
Additional Tier 1 capital	**8,232**	7,686	8,114
Tier 1 capital	**66,026**	63,558	59,473
Tier 2 capital	**24,959**	19,277	17,125
Total qualifying capital	**90,985**	82,835	76,598
Capital adequacy ratios (Level 2)			
Common Equity Tier 1	**13.3%**	12.3%	12.3%
Tier 1	**15.2%**	14.0%	14.3%
Tier 2	**5.8%**	4.2%	4.1%
Total capital ratio	**21.0%**	18.2%	18.4%
Risk weighted assets	**433,327**	454,718	416,086

APRA Capital Reform

APRA has released new bank capital adequacy requirements applying to Australian incorporated registered banks, which are set out in APRA's Banking Prudential Standard documents. The Group has implemented these new requirements from 1 January 2023.

The new capital adequacy key requirements include changes to APS 110 *Capital Adequacy* ("APS 110"), APS 112 *Capital Adequacy: Standardised Approach to Credit Risk* ("APS 112") and APS 113 *Capital Adequacy: Internal Ratings-based Approach to Credit Risk* ("APS 113") with key features of the reforms including:

- improving the flexibility of the capital framework, through larger capital buffers that can be used by banks to support lending during periods of stress;
- changes to risk weighted assets ("RWA") through more risk-sensitive risk weights increasing capital requirements for higher risk lending and decreasing it for lower risks;
- changes to loss given default rates ("LGD") including approved use of an internal ratings-based ("IRB") approved LGD model for mortgage portfolios;
- an increase in the IRB scaling factor (from 1.06x to 1.1x);
- requirement that IRB ADIs calculate and disclose RWA under the standardised approach and the introduction of a capital floor at 72.5% of standardised RWA; and
- use of prescribed New Zealand authority's equivalent prudential rules for the purpose of calculating the Level 2 regulatory capital requirement.

In addition, operational RWA is now calculated under APS 115 *Capital Adequacy: Standardised Measurement Approach to Operational Risk* ("APS 115") which replaced the previous advanced methodology from December 2022.

The application of APRA Capital Reform reduced RWA by $34.5 billion, equivalent to a 100 bps CET1 ratio benefit. This was partially offset by APRA's expectations that ADIs operate a higher capital ratio to maintain an unquestionably strong level.

Comparison of 2023 with 2022

The Group's CET1 ratio increased +105 bps to 13.34% during the 2023 fiscal year. Key drivers of the movement in the CET1 ratio were:

- APRA Capital Reform impacts, including changes from adoption of APS 115 increased the CET1 ratio by +100 bps.
- Statutory profit (Level 2) increased the CET1 ratio by +165 bps.
- Higher underlying RWA usage (excluding impact of foreign currency translation, regulatory changes and other one-offs) decreased the CET1 ratio by -23 bps primarily driven by lending growth in the Australia Retail and Institutional divisions and higher market risk RWA, partially offset by decreases in IRRBB.
- Payment of the 2022 final dividend (net of Bonus Option Plan ("BOP") issuance, and Dividend Reinvestment Plan ("DRP") issuance) and the 2023 interim dividend (net of BOP) reduced the CET1 ratio by -103 bps.
- Higher capital deductions mainly from higher capitalised expenses, and surplus capital transferred to ANZGHL as part of the Restructure in January 2023 reduced CET1 ratio by -25 bps.
- Other impacts totalling -9 bps primarily from net imposts and net other items, partially offset by benefits from Capital reform initiatives.

The September 2023 pro-forma CET1 capital ratio of 12.09% includes pro-forma adjustments for:

- Suncorp Bank acquisition of -128 bps, and
- NOHC surplus capital of +3 bps held in ANZGHL and accessible to ANZBGL if required.

Comparison of 2022 with 2021

The Group's CET1 ratio decreased -5 bps to 12.29% during the year. Key drivers of the movement in the CET1 ratio were:

- Statutory profit excluding large/notable items increased the CET1 ratio by +175 bps.
- Higher underlying CRWA usage (excluding foreign currency translation movements, regulatory changes and other one-offs) decreased the CET1 ratio by -59 bps primarily driven by lending growth in the Institutional division.
- Higher underlying non-CRWA usage (excluding foreign currency translation movements) decreased the CET1 ratio by -61 bps primarily from increases in IRRBB RWA due to increases in embedded losses from higher term rates.
- Capital deductions of -4 bps mainly comprises movements in retained earnings in deconsolidated entities, share in associates' profit and changes in software and capitalised expense deductions.
- Payment of the 2021 final dividend (net of BOP issuance, DRP neutralised) and the 2022 interim dividend (net of BOP and DRP issuance) reduced the ratio by -91 bps.
- Completion of $791 million of the announced $1.5 billion share buy-back reduced the CET1 ratio by -19 bps.
- Other impacts totalling -30 bps primarily reflecting net movements in foreign currency translation, large/notable items, FVOCI reserve movements, deferred tax assets and other items.
- Equity raise of $3.5 billion to support the acquisition of Suncorp Bank increased the ratio by +84 bps.

The proposed acquisition of Suncorp Bank remains subject to certain conditions and has not been completed as at the date of this U.S. Disclosure Document. As a result, the presentation of the Group's capital as at 30 September 2023 and 30 September 2022 does not reflect the anticipated capital impact from the consummation of the acquisition, if completed.

Leverage ratio

At 30 September 2023, the Group's APRA Leverage Ratio was 5.4% which is above the 3.5% APRA minimum for IRB ADIs which includes the ANZ Bank Group. The following table summarises the Group's Leverage Ratio calculation:

	As at 30 September		
	APRA Capital Reform	APRA Basel 3	
	2023 $M	2022 $M	2021 $M
Tier 1 Capital (net of capital deductions)	**66,026**	63,558	59,473
On-balance sheet exposures (excluding derivatives and securities financing transaction exposures)	**984,663**	954,088	901,969
Derivative exposures	**51,008**	51,800	37,769
Securities financing transaction exposures	**50,747**	35,570	30,484
Other off-balance sheet exposures	**138,301**	126,853	117,848
Total exposure measure	**1,224,719**	1,168,311	1,088,070
APRA Leverage Ratio	**5.4%**	5.4%	5.5%

Comparison of 2023 with 2022

APRA leverage ratio decreased -5 bps during the year. Key drivers of the movement were:

- Net organic capital generation (largely from Level 2 statutory profit and movements in capital deductions), less dividends paid increased the leverage ratio by +15 bps.
- Net Additional Tier 1 capital impact (Capital Notes 8 issuance net of Capital Notes 3 redemption) increased the leverage ratio by +5 bps.
- Growth in exposures (excluding the impacts from foreign currency translation) reduced the leverage ratio by -20 bps driven by lending growth in the Australia Retail and Australia Commercial divisions, partially offset by reduction in liquid assets.
- Net other impacts decreased the leverage ratio of -5 bps.

Comparison of 2022 with 2021

APRA leverage ratio decreased -3 bps during the year. Key drivers of the movement were:

- Net organic capital generation (largely from statutory profit excluding large/notable items and movements in capital deductions), less dividends paid increased the leverage ratio by +33 bps.
- Net increase from ANZ Capital Notes 2 and ANZ New Zealand Capital Notes redemptions partially offset by AT1 issuance of ANZ Capital Notes 7 reduced the leverage ratio by -7 bps.
- On-balance sheet exposure growth, mainly from higher loan growth reduced the leverage ratio by -28 bps.
- Off-balance sheet, securities financing transactions and derivatives exposures increases, reduced the leverage ratio by -14 bps.
- Share buy-backs reduced leverage ratio by -7 bps.
- Net other impacts (including large/notable items) of -12 bps.
- Equity raise of $3.5 billion to support the acquisition of Suncorp Bank increased the leverage ratio by +32 bps.

The proposed acquisition of Suncorp Bank remains subject to certain conditions and has not been completed as of the date of this U.S. Disclosure Document. As a result, the presentation of the Group's leverage ratio as at 30 September 2023 and 30 September 2022 does not reflect any impact of the acquisition, if completed, for which certain proceeds from this equity raise may be used.

GUARANTEES AND CONTINGENT LIABILITIES

Details of the estimated maximum amount of guarantees, letters of credit and performance related contingencies that may become payable are disclosed in the following table.

These guarantees, letters of credit and performance related contingencies relate to transactions that the Group has entered into as principal, including guarantees, standby letters of credit and documentary letters of credit.

Documentary letters of credit involve the Group issuing of letters of credit guaranteeing payment in favor of an exporter. They are secured against an underlying shipment of goods or backed by a confirmatory letter of credit from another bank.

Performance related contingencies are liabilities that oblige the Group to make payments to a third party if the customer fails to fulfill its non-monetary obligations under the contract.

To reflect the risk associated with these transactions, we apply the same credit origination, portfolio management and collateral requirements that we apply for loans. The contract amount represents the maximum potential amount that we could lose if the counterparty fails to meet its financial obligations. As the facilities may expire without being drawn upon, the notional amounts do not necessarily reflect future cash requirements.

	Years ended 30 September		
	2023 $M	**2022 $M**	**2021 $M**
Contract amount of:			
Guarantees and letters of credit	23,556	23,729	30,027
Performance related contingencies	26,615	26,036	18,303
Total	50,171	49,765	48,330

For further information on Group's other contingent liabilities, refer to Note 32 of the 2023 Financial Report (attached to this U.S. Disclosure Document as part of Annex A) and Note 33 of the 2022 Financial Report (attached to this U.S. Disclosure Document as part of Annex B).

Directors

In accordance with the rules of the ANZBGL Constitution (the "Constitution"), and except as otherwise required by applicable law, the business and affairs of ANZBGL are to be managed by or under the direction of the Board of Directors, which (in addition to the powers and authorities conferred on it by the Constitution) may exercise all powers and do all things that are within the power of ANZBGL and not by the Constitution or applicable law directed or required to be done by ANZBGL in a general meeting.

As of the date of this U.S. Disclosure Document, the Directors were:

Director's Name	Position held	Year appointed	Age
Mr. P. O'Sullivan	Chairman, Independent Non-Executive Director	2019	63
Mr. S. C. Elliott	Chief Executive Officer	2016	59
Ms. I. R. Atlas, AO	Independent Non-Executive Director	2014	69
Ms. S. J. Halton, AO PSM	Independent Non-Executive Director	2016	63
Mr G. K Hodges	Non-Executive Director	2023	68
Sir J. Key, GNZM AC	Independent Non-Executive Director	2018	62
Ms H. S. Kramer	Independent Non-Executive Director	2023	59
Mr. J. T. Macfarlane	Independent Non-Executive Director	2014	63
Ms. C. E. O'Reilly	Independent Non-Executive Director	2021	62
Mr J. P. Smith	Independent Non-Executive Director	2022	61

Under the Constitution, the ultimate holding company (being ANZGHL) may remove a Director from office, whether or not that Director's appointment was expressed to be for a specified period. As of the date of this U.S. Disclosure Document, the Board was comprised of nine Non-Executive Directors and one Executive Director, the Chief Executive Officer. The names of the Directors, together with details of their qualifications, experience and special responsibilities are set out below.

Directors' Profiles

MR P. O'SULLIVAN, Chairman, Independent Non-Executive Director
BA(MOD) ECONOMICS, ADVANCED MANAGEMENT PROGRAM OF HARVARD

Chairman since October 2020 and a Non-Executive Director since November 2019. Mr. O'Sullivan is an ex-officio member of all Board Committees.

Career

Mr. O'Sullivan has experience in the telecommunications and oil and gas sectors, both in Australia and overseas. He has held senior executive roles with Singapore Telecommunications (Singtel) and was previously the CEO of Optus. He has also held management roles with the Colonial Group and the Royal Dutch Shell Group in Canada, the Middle East, Australia and United Kingdom.

Relevant other directorships

Chairman: ANZGHL (from 2022), Singtel Optus Pty Limited (from 2014, Director from 2004) and Western Sydney Airport Corporation (from 2017).
Director: St Vincent's Health Australia (from 2019).

Relevant former directorships held in last three years include

Former Director: Telkomsel Indonesia (2010-2020), National Disability Insurance Agency (2017-2020), Coca-Cola Amatil (2017-2021) and Indara, Digital Infrastructure (formerly Australian Tower Network Pty Ltd) (2021-2023).

Age: 63. **Residence:** Sydney, Australia.

MR S. C. ELLIOTT, Chief Executive Officer and Executive Director
BCOM

Chief Executive Officer and Executive Director since January 1, 2016.

Career

Mr. Elliott has over 30 years' experience in banking in Australia and overseas, in all aspects of the industry. Mr. Elliott joined ANZ as CEO Institutional in June 2009 and was appointed Chief Financial Officer in 2012.

Prior to joining ANZ, Mr. Elliott held senior executive roles at EFG Hermes, the largest investment bank in the Middle East, which included Chief Operating Officer. He started his career with Citibank New Zealand and worked with Citibank/Citigroup for 20 years, holding various senior positions across the UK, USA, Egypt, Australia and Hong Kong.

Mr. Elliott is a Director of the Financial Markets Foundation for Children and a member of the Australian Banking Association, the Business Council of Australia and the Australian Customs Advisory Board.

Relevant other directorships

Director: ANZGHL (from 2022), ANZ Bank New Zealand Limited (from 2009) and the Financial Markets Foundation for Children (from 2016).
Member: Business Council of Australia (from 2016), the Australian Banking Association (from 2016, Chairman 2017-2019) and the Australian Customs Advisory Board (from 2020).

Age: 59. **Residence:** Melbourne, Australia.

MS I. R. ATLAS, AO, Independent Non-Executive Director
BJuris (Hons), LLB (Hons), LLM

Non-Executive Director since September 2014. Ms. Atlas is a member of the Audit Committee.

Career

Ms. Atlas brings a strong financial services background and legal experience to the Board. Ms. Atlas was a partner at law firm Mallesons Stephen Jaques (now King & Wood Mallesons), where in addition to her practice in corporate law, she held a number of management roles in the firm including Executive Partner, People and Information, and Managing Partner. She also worked at Westpac for 10 years, where her roles included Group Secretary and General Counsel and Group Executive, People, where she was responsible for human resources, corporate affairs and sustainability. Ms. Atlas has a strong commitment to the community, in particular the arts and education.

Relevant other directorships

Chairman: Jawun (from 2017, Director from 2014).
Director: ANZGHL (from 2022), Paul Ramsay Foundation (from 2017), Scentre Group (from 2021) and Origin Energy Limited (from 2021).
Member: Council of the National Gallery of Australia (from 2021) and Panel of Adara Partners (from 2015).

Relevant former directorships held in last three years include

Former Chairman: Coca-Cola Amatil Limited (2017-2021, Director from 2011).

Age: 69. **Residence:** Sydney, Australia.

MS S. J. HALTON, AO PSM, Independent Non-Executive Director
BA (Hons) psychology, FIPAA, hon. FAAHMS, hon. FACHSE, hon. DLitt, FAIM, FAICD, FAIIA.

Non-Executive Director since October 2016.

Career

Ms. Halton's 33-year career in the public service includes the positions of Secretary of the Australian Department of Finance, Secretary of the Australian Department of Health, Secretary of the Department of Health and Ageing, and Executive Coordinator (Deputy Secretary) of the Department of the Prime Minister and Cabinet. She brings to the Board extensive experience in finance, insurance, risk management, information technology, human resources, health and ageing and public policy. She also has significant international experience.

Jane has contributed extensively to community health through local and international organizations including the World Health Organization and as co-chair of the COVAX coordination mechanism.

Relevant other directorships

Chairman: Coalition for Epidemic Preparedness Innovations (Norway) (from 2018, Member from 2016) and Council on the Ageing Australia (from 2017).
Director: ANZGHL (from 2022) and Clayton Utz (from 2017).
Member: Executive Board of the Institute of Health Metrics and Evaluation at the University of Washington (from 2007).
Honorary Professor: Australian National University Research School of Psychology.
Adjunct Professor: University of Sydney and University of Canberra.
Council Member: Australian Strategic Policy Institute (from 2016).

Relevant former directorships held in last three years include

Former Chairman: Vault Systems (2017-2022).
Former Director: Crown Resorts Limited (2018-2022) and Naval Group Australia Pty Ltd (2021-2022).
Former Member: National COVID-19 Commission Advisory Board (2020-2021).

Age: 63. **Residence:** Canberra, Australia.

MR G. K. HODGES, Non-Executive Director
BEc(Hons)
Non-Executive Director since February 2023. Mr Hodges is a member of the Audit Committee and Risk Committee.

Career

Mr Hodges has extensive international experience in the financial services industry. He commenced his career in the Australian Commonwealth Treasury and was then seconded to the International Monetary Fund in Washington.

Prior to his retirement from ANZ in 2018, Mr Hodges worked for 27 years at ANZ, holding a variety of senior positions. This included Deputy Chief Executive Officer, CFO, Head of HR, Head of Operations and CEO Australia, Chief Executive Officer, New Zealand and a Director of ANZ National Bank Limited responsible for the running of ANZ Group's New Zealand business.

Mr Hodges was previously Chairman of ANZ SAM Board (Special Assets Management), Esanda, ANZ Wealth, and a member of the Australian Government's Aged Care Financing Authority.

Relevant other directorships

Chairman: Regis Healthcare Limited (Director from 2017, Chairman from 2018).
Director: Assemble Communities (from 2020).

Relevant former directorships held in last three years include

Former Director: AmBank Holdings Berhad (2016-2021).

Age: 68. **Residence:** Melbourne, Australia

RT HON. SIR JOHN KEY GNZM AC, Independent Non-Executive Director
BCom, DCOM (HONORIS CAUSA)
Non-Executive Director since February 2018. Sir John is a member of the Risk Committee

Career

Sir John was Prime Minister of New Zealand from 2008 to 2016, having commenced his political career in 2002. Sir John had a long career in international finance, primarily for Bankers Trust in New Zealand and Merrill Lynch in Singapore, London and Sydney. He was previously a member of the Foreign Exchange Committee of the Federal Reserve Bank of New York (from 1999-2001).

Sir John was made a Knight Grand Companion of the New Zealand Order of Merit in the 2017 Queen's Birthday Honours. In 2017 Sir John became a Companion of the Order of Australia for advancing the Australia-New Zealand bilateral relationship.

Relevant other directorships

Chairman: ANZ Bank New Zealand Limited (from 2018, Director from 2017) and Oritain Global Limited (from 2023).
Director: ANZGHL (from 2022) and Palo Alto Networks (from 2019).

Strategic Advisor: BHP Group Limited (Australia) (from 2023).

Relevant former directorships held in last three years include

Former Director: Air New Zealand Limited (2017-2020).

Age: 62. **Residence:** Auckland, New Zealand.

Ms H. S. KRAMER, Independent Non-Executive Director
BA (HONS), MBA

Non-Executive Director since August 2023.

Career

Ms Kramer has extensive experience as a board director, having served on a wide range of major listed and unlisted boards in Australia and New Zealand and having chaired remuneration, sustainability and audit and risk committees.

In her executive career, Holly was Chief Executive Officer of retailer Best & Less and served in a range of senior customer facing roles at Telstra, Ford and Pacific Brands.

Holly brings a strong focus on people, customers and culture, as well as extensive experience in retail and digital channels.

Relevant other directorships

Director: ANZGHL (from 2022), Woolworths Group Limited (from 2016) and Fonterra Co-operative Group Limited (from 2020).

Member: Board Advisory Group, Bain & Company (from 2021).

Senior Advisor: Pollination (from 2023).

Pro Chancellor: Western Sydney University (from 2018).

Relevant former directorships held in last three years include

Former Chairman: Lendi Group (2020-2021).

Former Deputy Chair: Australia Post (2015-2020).

Former Director: Abacus Group Holdings (2018-2022) and Endeavour Group Limited (2021-2023).

Age: 59. **Residence:** Sydney, Australia.

MR J. T. MACFARLANE, Independent Non-Executive Director and Chair of the Risk Committee
BCom, MCom (Hons)

Non-Executive Director since May 2014. Mr. Macfarlane is a member of the Audit Committee.

Career

Mr. Macfarlane is one of Australia's most experienced international bankers having previously served as Executive Chairman of Deutsche Bank Australia and New Zealand, and CEO of Deutsche Bank Australia. Mr. Macfarlane has also worked in the USA, Japan and PNG, and brings to the Board a depth of banking experience in ANZ's key markets in Australia, New Zealand and the Asia Pacific.

He is committed to community health, and is a Director of the Aikenhead Centre of Medical Discovery Limited (from 2016).

Relevant other directorships

Director: ANZGHL (from 2022), Colmac Group Pty Ltd (from 2014), AGInvest Holdings Limited (MyFarm Limited) (from 2014, Chairman 2014-2016), Balmoral Pastoral Investments (from 2017) and L1 Long Short Fund (from 2018).

Relevant former directorships held in last three years include

Former Director: Craigs Investment Partners Limited (2013-2020).

Age: 63. **Residence:** Melbourne, Australia.

MS C. E. O'REILLY, Independent Non-Executive Director and Chair of the Audit Committee
BBus

Non-Executive Director since November 2021. Ms. O'Reilly is a member of the Risk Committee.

Career

Ms. O'Reilly is one of Australia's leading non-executive directors. Ms. O'Reilly has held executive roles in the infrastructure and financial services industries. This includes being CEO of GasNet Australia and Co-Head of Unlisted Infrastructure Investments at Colonial First State Global Asset Management and follows an early career including investment banking and audit experience at Price Waterhouse.

Relevant other directorships

Director: ANZGHL (from 2022), Stockland (from 2018) and BHP Group Limited (from 2020).

Relevant former directorships held in last three years include

Former Director: Medibank Private Limited (2014-2021), CSL Limited (2011-2020), Transurban Group (2012-2020) and The Baker Heart & Diabetes Institute (2013-2023).

Age: 62. **Residence:** Melbourne, Australia.

MR J. P. SMITH, Independent Non-Executive Director
BAppSc, MBA

Non-Executive Director since August 2022. Mr. Smith is a member of the Risk Committee.

Career

Mr. Smith is an experienced global business and technology executive, with over 30 years corporate experience which includes senior executive roles in a number of companies including Telstra, Honeywell and Toyota. Mr. Smith was previously Chief Information Officer at IBM Corporation where he was globally responsible for IT strategy, resources, systems and infrastructure and also led the company's Agile transformation. Mr. Smith was also CEO of Suncorp Business Services and Suncorp Chief Information Officer, and Chief Operating Officer of World Fuel Services Corporation.

Mr. Smith also served on the Australian Fulbright Commission awarding Australian post-graduate scholarships to US universities.

He was previously a member of ANZ's International Technology and Digital Business Advisory Panel until 2019.

Relevant other directorships

Director: ANZGHL (from 2022), ANZ Group Services Pty Ltd (from 2022), Sonrai Security Inc (from 2021) and Pexa Australia Limited (from 2023).

Advisor: Zoom Video Communications, Inc. (from 2018), Box, Inc. (from 2018) and World Fuel Services (from 2023).

Age: 61. **Residence:** USA.

Senior Management and Executives

As of the date of this U.S. Disclosure Document, the senior management and executives (excluding non-executive directors) of ANZ were:

Executive Officers	Position held	Appointed to position	Joined Group
S Elliott Age – 59	Chief Executive Officer More than 30 years' experience in international banking, including in Australia, New Zealand, USA, UK, Asia-Pacific and the Middle East. Previous roles within ANZ include: Chief Financial Officer; Chief Financial Officer (Designate); Chief Executive Officer, Institutional. Roles prior to ANZ include: Head of Business Development, EFG Hermes; Chief Operating Officer, EFG Hermes; various senior positions at Citigroup across geographies and business sectors over the course of 20 years which include: CEO Global Transaction Services Asia Pacific; CEO Corporate Bank Australia/NZ & Country Corporate Officer; CEO Egypt; Vice President Strategic Planning New York; Head of Investor Derivative Sales London; and Head of NZ Derivatives Sales and Trading. Shayne is a Director of the Financial Markets Foundation for Children and a member of the Australian Banking Association, the Business Council of Australia and the Australian Customs Advisory Board.	January 2016	June 2009
M Carnegie Age – 54	Group Executive, Australia Retail Previous roles within ANZ include: Group Executive, Digital and Australia Transformation; Group Executive, Digital Banking. Roles prior to ANZ include: Managing Director, Google Australia and New Zealand; Managing Director, Proctor and Gamble, Australia and New Zealand.	March 2022	June 2016
E Clements Age – 50	Group Executive, Talent & Culture Over 25 years' experience in talent and culture in global organisations across a diverse range of industries, including banking, automotive, FMCG, pharmaceutical and professional services. Previous roles within ANZ include: General Manager, Talent & Culture Institutional Division; Head of Talent & Culture, Corporate & Commercial Banking; Head of Talent & Culture, Global Technology Services & Operations Division; Senior Manager, Talent & Culture.	October 2023	October 2007
K Corbally Age – 53	Group Chief Risk Officer Previous roles within ANZ include: Group General Manager Internal Audit; Managing Director, Head of Credit and Capital Management; Head of Institutional Relationship Banking Australia; Head of Diversified Industrials. Roles prior to ANZ include: Managing Director and Head of Corporate and Commercial Banking Australia and New Zealand, Citigroup.	March 2018	July 2009
F Faruqui Age – 59	Chief Financial Officer Over 25 years' experience in the financial services industry Previous roles within ANZ include: Group Executive, International; CEO International Banking. Roles prior to ANZ include: Head of Corporate and Investment Banking, Asia Pacific – Citi; Head of Global Loans & Leveraged Finance, Asia Pacific and Head of Fixed Income, Capital Markets – Citi.	October 2021	July 2014
G Florian Age – 58	Group Executive, Technology & Group Services Over 30 years' experience in technology. Roles prior to ANZ include: Chief Strategy Officer: ITaaS, Dimension Data; Senior Vice President – Strategy and Engagement: ITaaS, Dimension Data; Chief Product Officer: Cloud Business Unit, Dimension Data; Chief Marketing Office, Dimension Data; Chief Technology Officer, Dimension Data.	January 2017	January 2017
C Morgan Age – 45	Group Executive, Australia Commercial Extensive experience in financial services and management consulting following a variety of business and institutional banking sales and product roles, in Australia and the United States. Roles prior to ANZ include: Executive General Manager of Small Business Banking, Commonwealth Bank of Australia ("CBA"); 14-year career are CBA with multiple roles in business lending, technology and strategy.	March 2023	March 2023
A Strong Age – 52	Group Executive, Strategy & Transformation Previous roles within ANZ include: Group General Manager, Group Strategy; General Manager, Institutional Strategy & Marketing; Head of Institutional Strategy. Roles prior to ANZ include: 12 years at BCG working predominantly with Financial Services companies.	November 2022	January 2009
A Watson Age – 54	Group Executive and Chief Executive Officer, New Zealand Over 25 years' experience in the professional services and financial services sector in New Zealand, the United Kingdom, Australia and Hungary. Previous roles within ANZ include: Group Executive and Chief Executive Officer, New Zealand (acting); Managing Director, Retail & Business Banking; Chief Financial Officer, New Zealand; Financial Controller, New Zealand.	December 2019	April 2009
M Whelan Age – 63	Group Executive, Institutional Over 35 years' experience in banking and has vast experience in the Asian Market and Institutional, Corporate and Commercial Banking. Previous roles within ANZ include: Chief Executive Officer, Australia; Managing Director, Commercial Banking Australia; Managing Director, Asia, Europe & America, Institutional; Managing Director, Institutional Asia; Managing Director Markets; Head of Sales, Markets.	February 2016	November 2004

There are no family relationships between or among any key management personnel. All executives can be contacted through our Company Secretary on +61 3 8654 7597 or in writing to the Company Secretary, Australia and New Zealand Banking Group Limited, Level 9, 833 Collins Street, Docklands, Victoria 3008, Australia.

Corporate Governance

The board of directors of ANZGHL ("ANZGHL Board"), with the support of its committees, is responsible for oversight of the ANZ Group's governance framework. The framework seeks to provide effective and responsible decision making, assisting the ANZ Group in delivering on its strategy and purpose.

ANZGHL's 2023 Corporate Governance Statement can be found at https://www.anz.com/debtinvestors/usdebtinvestors-files/ and is incorporated by reference and forms part of this U.S. Disclosure Document. Information incorporated by reference into, referenced in, or contained in or accessible through any website referred to in, the Corporate Governance Statement does not form part of this U.S. Disclosure Document unless this U.S. Disclosure Document states elsewhere that specific information is incorporated by reference and forms part of this U.S. Disclosure Document.

As part of the Restructure, ANZBGL appointed Graham Hodges as an additional non-executive director to the board of directors of ANZBGL ("ANZBGL Board"), who is not also a director of ANZGHL. The ANZBGL Board is otherwise identical to the ANZGHL Board.

The ANZGHL Board's committees consist of an "Audit Committee", "EESG Committee", "Human Resources Committee", "Risk Committee", "Digital Business and Technology Committee" and "Nomination and Board Operations Committee". In addition to these six principal committees, the ANZGHL Board has constituted two committees consisting solely of ANZGHL directors to assist in carrying out specific tasks. They are the "Special Committee of the Board' and a 'Shares Committee". The role of each committee is further described in ANZGHL's 2023 Corporate Governance Statement.

The ANZGHL Board's committees have oversight over the whole ANZ Group, including ANZBGL, except that ANZBGL has a separate "Audit Committee" and a separate "Risk Committee". ANZBGL has no additional Board committees. The composition of the two separate committees mirrors the ANZGHL Board's committees with the exception of Graham Hodges, who is a member of ANZBGL's "Audit Committee" and "Risk Committee" only.

The terms of ANZBGL's board charter, "Audit Committee" charter, 'Risk Committee' charter and governance policies and procedures are substantially the same as those of ANZGHL, as described in ANZGHL's 2023 Corporate Governance Statement, other than certain changes that reflect the structure of the ANZ Group.

Employees - including discontinued operations

As at 30 September 2023, ANZ employed 40,119 people worldwide (30 September 2022: 39,381; 30 September 2021: 40,221) on a full time equivalent ("FTE") basis.

Division	Years ended 30 September		
	2023	**2022**	**2021**
Australia Retail	**11,313**	11,107	11,764
Australia Commercial	**3,514**	3,551	3,095
Institutional	**6,412**	6,316	6,196
New Zealand	**6,766**	6,793	7,060
Pacific	**1,013**	1,086	1,089
Group Centre[1]	**11,101**	10,319	10,480
Total FTE from continuing operations[1]	**40,119**	39,172	39,684
Discontinued operations[2]	**-**	209	537
Total FTE[1]	**40,119**	39,381	40,221

1. *2022 comparative information has been restated to include FTE of the consolidated investments managed by 1835i Group Pty Ltd (FTE: 185). 2021 comparative information was not impacted.*
2. *The discontinued operations FTE is based on an estimate of the staff working in the divested businesses based on an allocation methodology and includes staff retained in the Group working on transitioning the sold businesses to the purchasers.*

Industrial Relations Developments

Australia

In Australia, terms and conditions of employment, including salaries, for some or all employees may be negotiated between unions and management as part of a collective enterprise bargaining agreement (“EBA”), subject to majority employee approval. In Australia, the Group has had an EBA in place for a number of years, setting out minimum terms and conditions of employment for its Group 4, 5 and 6 employees (i.e., junior management and non-management employees), which is approximately 91% of employees in Australia.

In August 2023, the Group agreed to a new EBA called the *ANZ Enterprise Agreement 2023-2027 (Australia)* (“2023 EBA”) with the Finance Sector Union (“FSU”), to replace the previous *ANZ Enterprise Agreement 2015-2016 (Australia)*, which had been varied in September 2017 and continued to operate until the 2023 EBA commenced operation. The 2023 EBA covers the same population of employees but has been updated to reflect new employment laws in Australia and provides employees with improved leave and other benefits. The 2023 EBA was put to an employee ballot in September 2023 with 91% of employees who voted endorsing it. The 2023 EBA has since been approved by the Fair Work Commission and commenced operation on 26 October 2023. The 2023 EBA has a nominal expiry date of 30 September 2027. Once that date passes, the 2023 EBA will still continue to operate, but the Group, the FSU and Group employees in Australia may then commence bargaining for a new replacement EBA.

In Australia, there are no significant disputes between management and labour unions.

New Zealand

The large majority of New Zealand employees are covered by individual employment agreements. ANZ New Zealand’s collective employment agreement with FIRST Union, which covers approximately 12% of New Zealand employees, was renewed effective as of 1 August 2022, expiring on 31 July 2024.

There are no significant disputes between management and labour unions.

Rest of World

There are no significant disputes between management and labour unions in any of the jurisdictions outside Australia and New Zealand where the Group has employees.

Superannuation

The Group has established a number of pension, superannuation and post-retirement medical benefit schemes throughout the world. For further information on the Group's superannuation obligations, refer to Note 29 of the 2023 Financial Report (attached to this U.S. Disclosure Document as part of Annex A).

Employee Equity

ANZGHL operates a number of employee share and option schemes that operate under the ANZ Employee Share Acquisition Plan and the ANZ Share Option Plan. For further information on these employee share and option plans, refer to Note 30 of the 2023 Financial Report (attached to this U.S. Disclosure Document as part of Annex A).

Any public documents referred to in this U.S. Disclosure Document may be inspected by contacting the Company Secretary in writing, addressed to the Company Secretary, Australia and New Zealand Banking Group Limited, Level 9, 833 Collins Street, Docklands, Victoria 3008, Australia.

Organisational Structure

ANZBGL is indirectly owned and controlled by ANZGHL. See "Section 2: Information on the Group – Overview" for a description of the Restructure implemented by the Group that resulted in ANZGHL becoming the listed parent company of the ANZ Group in place of ANZBGL and the composition of the ANZ Group following the Restructure.

DIVIDEND DISTRIBUTION POLICY

Subject to the limitations set out below, the Board of Directors of ANZBGL will determine the amount and timing of dividend distributions to holders of ordinary shares. As at the date of this U.S. Disclosure Document, ANZ Bank HoldCo, which is in turn wholly owned by ANZGHL, is ANZBGL's sole shareholder.

ANZBGL must not pay a dividend unless:

- ANZBGL's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- the payment of the dividend is fair and reasonable to ANZBGL's shareholders as a whole; and
- the payment of the dividend does not materially prejudice ANZBGL's ability to pay its creditors.

Payment of a dividend on ordinary shares may also be restricted or constrained by the terms of ANZBGL's hybrid securities and APRA prudential standards.

RELATED PARTY TRANSACTIONS

Related Entities Transactions

From time to time, ANZBGL or its subsidiaries may enter into agreements with other members of the ANZ Group. Following the restructure, a number of transactions and arrangements exist between ANZBGL and ANZ Group entities, including leasing arrangements, funding activities and deposits being held by ANZBGL. Transactions among ANZ Group entities have been carried out on terms equivalent to those made on an arm's length basis.

Key management personnel loan transactions

Loans made to directors of ANZBGL and other Key Management Personnel ("KMP") of the Group are made in the ordinary course of business and on normal commercial terms and conditions that are no more favourable than those given to other employees or customers, including the term of the loan, security required and the interest rate. No amounts have been written off during the period, or individual provision raised in respect of these balances.

Other transactions of key management personnel and their related parties

Other transactions with KMP and their related parties included amounts paid to the Group in respect of investment management service fees, brokerage and bank fees and charges. These transactions are conducted on normal commercial terms and conditions no more favourable than those given to other employees or customers. The Group has reimbursed KMP for the costs incurred for security and secretarial services associated with the performance of their duties.

There have been no transactions with related parties that are significant to understanding the changes in financial position and performance of the Group since 30 September 2023.

Associates

Transactions conducted with all associates were on terms equivalent to those made on an arm's length basis.

For further information on related party transactions, refer to Note 31 of the 2023 Financial Report (attached to this U.S. Disclosure Document as part of Annex A).

CHANGE IN CONTROL

There are no arrangements known to the Group, the operation of which may at a subsequent date result in a change in control of the Group.

LEGAL PROCEEDINGS

There are outstanding court proceedings, claims and possible claims for and against the Group. Where relevant, expert legal advice has been obtained and, in the light of such advice, provisions (refer to Note 22 of the 2023 Financial Report (attached to this U.S. Disclosure Document as part of Annex A)) and/or disclosures as deemed appropriate have been made. In some instances, we have not disclosed the estimated financial impact of the individual items either because it is not practicable to do so or because such disclosure may prejudice the interests of the Group.

Refer to Note 32 of the 2023 Financial Report (attached to this U.S. Disclosure Document as part of Annex A) for a description of contingent liabilities and contingent assets as at 30 September 2023.

A summary of some of those contingent liabilities is set out below.

- **Regulatory and customer exposures**

  The Group regularly engages with its regulators in relation to regulatory investigations, surveillance and reviews, reportable situations, civil enforcement actions (whether by court action or otherwise), formal and informal inquiries and regulatory supervisory activities in Australia and globally. The Group has received various notices and requests for information from its regulators as part of both industry-wide and Group-specific reviews and has also made disclosures to its regulators at its own instigation. The nature of these interactions can be wide ranging and, for example, include or have included in recent years a range of matters including responsible lending practices, regulated lending requirements, product suitability and distribution, interest and fees and the entitlement to charge them, customer remediation, wealth advice, insurance distribution, pricing, competition, conduct in financial markets and financial transactions, capital market transactions, anti-money laundering and counter-terrorism financing obligations, privacy obligations and information security, business continuity management, reporting and disclosure obligations and product disclosure documentation. There may be exposures to customers which are additional to any regulatory exposures. These could include class actions, individual claims or customer remediation or compensation activities. The outcomes and total costs associated with such reviews and possible exposures remain uncertain.

- **South African rate action**

  In February 2017, the South African Competition Commission commenced proceedings against local and international banks including ANZBGL alleging breaches of the cartel provisions of the South African Competition Act in respect of trading in the South African rand. The potential civil penalty or other financial impact is uncertain.

- **Capital raising action**

  In September 2018, ASIC commenced civil penalty proceedings against ANZBGL alleging failure to comply with continuous disclosure obligations in connection with ANZBGL's August 2015 underwritten institutional share placement. In October 2023, the Federal Court of Australia found that ANZBGL should have notified the ASX of the joint lead managers' take-up of placement shares. No order has yet been made in respect of payment of legal costs or the amount of a civil penalty. The maximum penalty is $1 million.

- **Esanda dealer car loan litigation**

  In August 2020, a class action was brought against ANZBGL alleging unfair conduct, misleading or deceptive conduct and equitable mistake in relation to the use of flex commissions in dealer arranged Esanda car loans. ANZBGL is defending the allegations.

- **OnePath superannuation litigation**

  In December 2020, a class action was brought against OnePath Custodians, OnePath Life and ANZBGL alleging that OnePath Custodians breached its obligations under superannuation legislation, and its duties as trustee, in respect of superannuation investments and fees. The claim also alleges that ANZBGL was involved in some of OnePath Custodians' investment breaches. ANZBGL is defending the allegations.

- **New Zealand loan information litigation**

  In September 2021, a representative proceeding was brought against ANZ Bank New Zealand, alleging breaches of disclosure requirements under consumer credit legislation in respect of variation letters sent to certain loan customers. ANZ Bank New Zealand is defending the allegations.

- **Credit cards litigation**

  In November 2021, a class action was brought against ANZBGL alleging that certain interest terms in credit card contracts were unfair contract terms and that it was unconscionable for ANZBGL to rely on them. ANZBGL is defending the allegations.

- **Royal Commission**

  The Royal Commission released its final report on 4 February 2019. Following the Royal Commission there have been, and continue to be, additional costs and further exposures, including exposures associated with further regulator activity or potential customer exposures such as class actions, individual claims or customer remediation or compensation activities. The outcomes and total costs associated with these possible exposures remain uncertain.

- **Security recovery actions**

  Various claims have been made or are anticipated, arising from security recovery actions taken to resolve impaired assets. These claims will be defended.

- **Warranties and indemnities**

  The Group has provided warranties, indemnities and other commitments in favour of the purchaser and other persons in connection with various disposals of businesses and assets and other transactions, covering a range of matters and risks. It is exposed to claims under those warranties, indemnities and commitments, some of which are currently active. The outcomes and total costs associated with these exposures remain uncertain.

EXCHANGE CONTROLS AND RESTRICTIONS ON PAYMENTS

There are currently no general Australian exchange control regulations in force that restrict the payment of dividends, interest or other remittances to holders of ANZBGL's securities. Economic and trade sanctions are, however, implemented in Australia from time to time to reflect Australian public policy, and operate to prohibit the entry into certain transactions with specified persons or entities without the consent of the applicable Australian regulatory body. In some cases, contravention of these sanctions constitutes a criminal offence.

Under Sections 102.6 and 102.7 of the Australian Criminal Code (contained in the *Criminal Code Act 1995* of Australia) ("Criminal Code Act"), a person commits a criminal offence if the person intentionally receives funds from, makes funds available to, collects funds for or on behalf of, or provides support or resources to a terrorist organisation in circumstances where the person knows, or is reckless as to whether, the organisation is a terrorist organisation.

An organisation is a terrorist organisation if it is directly or indirectly engaged in, preparing, planning, assisting in or fostering the doing of a terrorist act, or is prescribed as a terrorist organisation in regulations under the Criminal Code Act.

Economic and trade sanctions and restrictions on payments that are currently in force in Australia include the following:

1. The *Autonomous Sanctions Act 2011* of Australia and *Autonomous Sanctions Regulations 2011* of Australia prohibit dealing with certain "sanctioned" vessels and "designated" persons or entities by directly or indirectly making assets (including shares and securities) available to or for their benefit without a permit, including:

   a) persons who have been indicted for an offence by or within the jurisdiction of the International Criminal Tribunal for the former Yugoslavia ("ICTY") or who are subject to an Interpol arrest warrant related to such an offence within the jurisdiction of the ICTY, persons who are suspected of assisting persons who have been indicted by the ICTY and are not currently detained by the ICTY, as well as certain supporters of the former Milosevic regime;

   b) persons or entities engaging (or who have engaged) in activities that seriously undermine democracy, respect for human rights and the rule of law in Zimbabwe;

   c) certain persons or entities associated with the weapons of mass destruction or missiles program of North Korea, or have assisted or are assisting North Korea to violate or evade certain United Nations Resolutions;

   d) certain persons associated with the Myanmar regime, including current and former ministers, senior officials in security or corrections agencies, senior officials or executives in a state-owned or military owned enterprise and current or former military officers of particular ranks, and immediate family members of such persons;

   e) certain persons or entities who have contributed or are contributing to Iran's nuclear or missile programs, have assisted or are assisting Iran to violate certain United Nations Resolutions, are engaging in, responsible for or complicit in the oppression of women and girls in Iran, the general oppression of people in Iran or the undermining of good governance or the rule of law in Iran, or are assisting or have assisted Iran to threaten or undermine the sovereignty or territorial integrity of another country;

   f) certain close associates of the former Qadhafi regime, entities under the control of the Qadhafi family and persons or entities who have assisted or are assisting in the violation of certain United Nations Resolutions with respect to Libya and immediate family members of such persons;

   g) certain persons or entities providing support to the Syrian regime or responsible for human rights abuses in Syria;

   h) certain persons or entities associated with the Russian government, including current or former ministers, senior government officials, persons who are or have been engaged in an activity or performing a function that is of economic or strategic significance to Russia, and immediate family members of such persons; and

   i) persons or entities responsible for, or complicit in, the threat to the sovereignty and territorial integrity of Ukraine.

2. The Minister for Foreign Affairs also has the ability to designate a person or entity that, for the purposes of the *Autonomous Sanctions Regulations 2011* of Australia:

   a) has contributed to the proliferation of weapons of mass destruction;

   b) has caused or attempted to cause, assisted with causing or with attempting cause, or has otherwise been complicit in a significant cyber incident;

   c) has engaged in, has been responsible for or has been complicit in an act that constitutes a serious violation or serious abuse of a person's right to life, right not to be subjected to torture or degrading treatment or punishment, or right not to be held in slavery; or

   d) has engaged in, has been responsible for or has been complicit in an act of corruption that is serious,

   and in certain circumstances immediate family members or persons or entities that have obtained a financial or other benefit.

3. Under Part 4 of the *Charter of the United Nations Act 1945* of Australia, the *Charter of the United Nations (Dealing with Assets) Regulations 2008* of Australia provide for sanctions against using or dealing with financial or other assets of persons or entities listed by the Minister for Foreign Affairs in the Commonwealth of Australia Gazette from time to time. Under Part 3 of the *Charter of the United Nations Act 1945* of Australia and pursuant to specific regulations, it is prohibited to make certain supplies (which may include financial supplies) in respect of certain countries, including:

   a) Democratic Republic of the Congo (see the *Charter of the United Nations (Sanctions – Democratic Republic of the Congo) Regulations 2008* of Australia);

   b) North Korea (see the *Charter of the United Nations (Sanctions – Democratic People's Republic of Korea) Regulations 2008* of Australia);

   c) Sudan (see the *Charter of the United Nations (Sanctions – Sudan) Regulations 2008* of Australia);

   d) Iran (see the *Charter of the United Nations (Sanctions – Iran) Regulation 2016* of Australia);

   e) Iraq (see the *Charter of the United Nations (Sanctions – Iraq) Regulations 2008* of Australia);

   f) Al-Qaida, ISIL and the Taliban (see the *Charter of the United Nations (Sanctions – ISIL (Da'esh) and Al-Qaida) Regulations 2008* of Australia and the *Charter of the United Nations (Sanctions – the Taliban) Regulation 2013* of Australia);

   g) Somalia (see the *Charter of the United Nations (Sanctions – Somalia) Regulations 2008* of Australia);

   h) Lebanon (see the *Charter of the United Nations (Sanctions – Lebanon) Regulations 2008* of Australia);

   i) Libya (see the *Charter of the United Nations (Sanctions – Libya) Regulations 2011* of Australia);

j) Central African Republic (see the *Charter of the United Nations (Sanctions – Central African Republic) Regulation 2014* of Australia);

k) Yemen (see the *Charter of the United Nations (Sanctions – Yemen) Regulation 2014* of Australia);

l) South Sudan (see the *Charter of the United Nations (Sanctions – South Sudan) Regulation 2015* of Australia);

m) Syria (see the *Charter of the United Nations (Sanctions – Syria) Regulation 2015* of Australia); and

n) Mali (see the *Charter of the United Nations (Sanctions – Mali) Regulations 2018* of Australia).

4. Under the AML Act (or, where applicable, the Financial Transaction Reports Act 1988 of Australia), transfer of physical currency or digital currency (cryptocurrency) of $10,000 (or the foreign equivalent) and above must be reported by certain persons (including ANZ) to AUSTRAC.

MATERIAL CONTRACTS

There have been no material contracts entered into by the Group in the past two years, other than in the ordinary course of its business, upon which it is substantially dependent.

AASB - Australian Accounting Standards Board. The term "AASB" is commonly used when identifying Australian Accounting Standards issued by the AASB.

ADI - Authorised Deposit-taking Institution as defined by APRA.

ANZBGL means Australia and New Zealand Banking Group Limited (ACN 005 357 522).

ANZ Bank New Zealand means ANZ Bank New Zealand Limited.

ANZ Bank New Zealand Group means ANZ Bank New Zealand and each of its subsidiaries.

ANZ Bank Group means ANZ Bank HoldCo and its subsidiaries (including ANZBGL and ANZ Bank New Zealand).

ANZ Bank HoldCo means ANZ BH Pty Ltd (ACN 658 939 952), a non-operating intermediate holding company owned by ANZGHL and which owns the ANZ Bank Group.

ANZ Group prior to the Restructure means the Group and after the Restructure means ANZGHL and its subsidiaries (including ANZ Bank HoldCo, ANZBGL, ANZ ServiceCo and ANZ Non-Bank HoldCo).

ANZGHL means ANZ Group Holdings Limited (ACN 659 510 791).

ANZ Plus is ANZBGL's digital banking service available only through the "ANZ Plus" app. Other ANZBGL banking services are available through the 'ANZ' app, internet banking, branches and over the phone.

ANZ Non-Bank Group means ANZ ServiceCo, ANZ Non-Bank HoldCo and all businesses and entities owned by ANZ Non-Bank HoldCo.

ANZ Non-Bank HoldCo means ANZ NBH Pty Ltd (ACN 658 941 096), a non-operating intermediate holding company owned by ANZGHL and which owns certain non-banking subsidiaries.

ANZ ServiceCo means ANZ Group Services Pty Ltd (ACN 658 940 900).

APRA - Australian Prudential Regulation Authority.

APRA Leverage Ratio compares Tier 1 Capital to the "exposure measure" (expressed as a percentage) as defined by APS 110. It is a designed as a non-risk based supplement or backstop to the current risk based capital requirements and is intended to restrict the build-up of excessive leverage in the banking system.

APS - ADI Prudential Standard.

Cash and cash equivalents comprise coins, notes, money at call, balances held with central banks, liquid settlement balances (readily convertible to known amounts of cash which are subject to insignificant risk of changes in value) and securities purchased under agreements to resell (reverse repurchase agreements) in less than three months.

Collectively assessed allowance for expected credit loss represents the ECL, which incorporates forward-looking information and does not require an actual loss event to have occurred for a credit loss provision to be recognised.

Committed Liquidity Facility ("CLF") is a facility with the RBA that was established to offset the shortage of available High Quality Liquid Assets ("HQLA") in Australia and provides an alternative form of contingent liquidity. The CLF is collateralised by assets, including internal residential mortgage-backed securities, that are eligible to be pledged as security with the RBA. The total amount of the CLF available to a qualifying ADI is set annually by APRA. In September 2021, APRA wrote to ADIs to advise that APRA and the RBA consider there to be sufficient HQLA for ADIs to meet their Liquidity Coverage Ratio ("LCR") requirements, and therefore the CLF was reduced to nil on 1 January 2023.

Company means ANZBGL.

Coronavirus ("COVID-19") is a respiratory illness which was declared a Public Health Emergency of International Concern. COVID-19 was characterised as a pandemic by the World Health Organisation ("WHO") on 11 March 2020. On 5 May 2023, the WHO ended the global emergency status of the COVID-19 pandemic.

Covered bonds are bonds issued by an ADI to external investors secured against a pool of the ADI's assets (the cover pool) assigned to a bankruptcy remote special purpose entity. The primary assets forming the cover pool are mortgage loans. The mortgages remain on the issuer's balance sheet. The covered bond holders have dual recourse to the issuer and the cover pool assets. The mortgages included in the cover pool cannot be otherwise pledged or disposed of but may be repurchased and substituted in order to maintain the credit quality of the pool. The Group issues covered bonds as part of its funding activities.

Credit risk is the risk of financial loss resulting from the failure of the Group's customers and counterparties to honour or perform fully the terms of a loan or contract.

Credit risk weighted assets ("CRWA") represent assets which are weighted for credit risk according to a set formula as prescribed in APS 112/113.

Customer deposits represent term deposits, other deposits bearing interest, deposits not bearing interest and borrowing corporations' debt excluding securitisation deposits.

Customer remediation includes provisions for expected refunds to customers, remediation project costs and related customer and regulatory claims, penalties and litigation outcomes.

Derivative credit valuation adjustment ("CVA") - Over the life of a derivative instrument, the Group uses a model to adjust fair value to take into account the impact of counterparty credit quality. The methodology calculates the present value of expected losses over the life of the financial instrument as a function of probability of default, loss given default, expected credit risk exposure and an asset correlation factor. Impaired derivatives are also subject to a CVA.

Dividend payout ratio is the total ordinary dividend payment divided by profit attributable to shareholders of ANZBGL.

Embedded losses - In relation to interest rate risk in the banking book, APRA requires ADIs to give consideration to embedded gains or losses in banking book items that are not accounted for on a marked-to-market basis when determining regulatory capital. The embedded loss or gain measures the difference between the book value and the economic value of banking book activities at a point in time.

Fair value is an amount at which an asset or liability could be exchanged between knowledgeable and willing parties in an arm's length transaction.

Funding for Lending Programme ("FLP") refers to three-year funding announced by the RBNZ in November 2020 and offered to New Zealand banks, which aimed to lower the cost of borrowing for New Zealand businesses and households.

FX means foreign exchange.

Gross loans and advances ("GLA") is made up of loans and advances, capitalised brokerage and other origination costs less unearned income.

Group means ANZBGL and each of its subsidiaries.

Group's Position refers to the business, operations, results of operations, reputation, prospects, liquidity, capital resources, financial performance and financial condition of the Group.

Impaired assets are those financial assets where doubt exists as to whether the full contractual amount will be received in a timely manner, or where concessional terms have been provided because of the financial difficulties of the customer.

Impaired loans comprise of drawn facilities where the customer's status is defined as impaired.

Individually assessed allowance for expected credit losses is assessed on a case-by-case basis for all individually managed impaired assets taking into consideration factors such as the realisable value of security (or other credit mitigants), the likely return available upon liquidation or bankruptcy, legal uncertainties, estimated costs involved in recovery, the market price of the exposure in secondary markets and the amount and timing of expected receipts and recoveries.

Interest rate risk in the banking book ("IRRBB") relates to the potential adverse impact of changes in market interest rates on the Group's future net interest income. The risk generally arises from:

1. Repricing and yield curve risk - the risk to earnings or market value as a result of changes in the overall level of interest rates and/or the relativity of these rates across the yield curve;
2. Basis risk - the risk to earnings or market value arising from volatility in the interest margin applicable to banking book items; and
3. Optionality risk - the risk to earnings or market value arising from the existence of stand-alone or embedded options in banking book items.

Internationally comparable basis refers to the Group's interpretation of the Basel Calculation of RWA for credit risk regulations (effective 1 Jan 2023) documented in the Basel Framework and the "Australian Banking Association Basel 3.1 Capital Comparison Study" (Mar 2023). This definition is for measures from March 2023 onwards.

Level 1 in the context of APRA supervision, means ANZBGL consolidated with certain approved subsidiaries.

Level 2 in the context of APRA supervision, means consolidated ANZ Bank Group excluding insurance and funds management entities, commercial non-financial entities, and certain securitisation vehicles.

Level 3 in the context of APRA supervision, means ANZ Group – the conglomerate group at the widest level.

Major Bank Levy refers to a levy that was introduced by the Australian Government with effect from July 2017 and is imposed on liabilities for certain large banks, including the Group.

Net interest margin is net interest income as a percentage of average interest earning assets.

Net loans and advances represent gross loans and advances less allowance for expected credit losses.

Net Stable Funding Ratio ("NSFR") is the ratio of the amount of available stable funding ("ASF") to the amount of required stable funding ("RSF") defined by APRA. The amount of ASF is the portion of an ADI's capital and liabilities expected to be a reliable source of funds over a one-year time horizon. The amount of RSF is a function of the liquidity characteristics and residual maturities of an ADI's assets and off-balance sheet activities. ADIs must maintain an NSFR of at least 100%.

Net tangible assets equals share capital and reserves attributable to shareholders of ANZBGL less unamortised intangible assets (including goodwill and software).

RBA - Reserve Bank of Australia, Australia's central bank.

RBNZ - Reserve Bank of New Zealand, New Zealand's central bank.

Regulatory deposits are mandatory reserve deposits lodged with local central banks in accordance with statutory requirements.

Restructure means the restructure of the ANZ Group, as part of the establishment of the non-operating holding company, implemented by the scheme of arrangement under the *Corporations Act* between ANZBGL and shareholders.

Restructured items comprise facilities 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.

Return on average assets is the profit attributable to shareholders of ANZBGL, divided by average total assets.

Return on average ordinary shareholders' equity is the profit attributable to shareholders of ANZBGL, divided by average ordinary shareholders' equity.

Risk weighted assets ("RWA") are risk weighted according to each asset's inherent potential for default and what the likely losses would be in the case of default. In the case of non-asset backed risks (i.e. market and operational risk), RWA is determined by multiplying the capital requirements for those risks by 12.5.

Settlement balances owed to/by ANZ represent financial assets and/or liabilities which are in the course of being settled. These may include trade dated assets and liabilities, vostro accounts and securities settlement accounts.

Term Funding Facility ("TFF") refers to three-year funding announced by the RBA on 19 March 2020 and offered to ADIs in order to support lending to Australian businesses at low cost.

Term Lending Facility ("TLF") refers to three to five-year funding offered by the RBNZ between May 2020 and July 2021 to promote lending to New Zealand businesses.

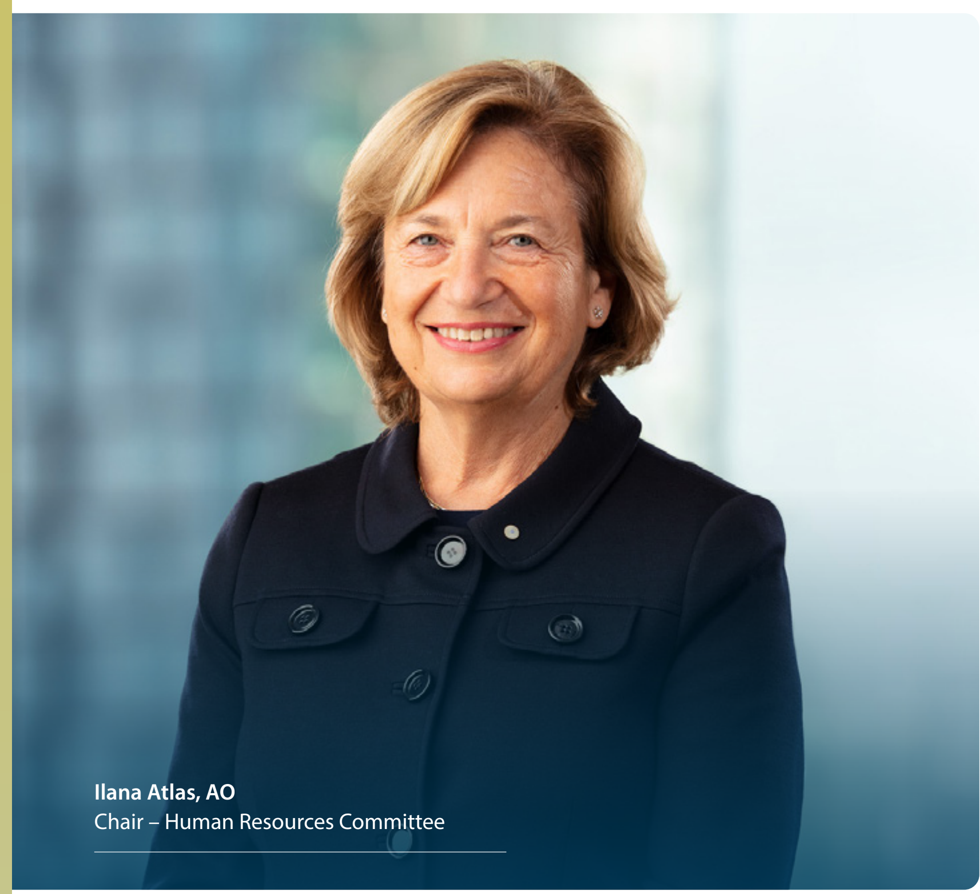
ANNEX A: THE 2023 REMUNERATION REPORT, THE 2023 FINANCIAL REPORT OF THE GROUP AND THE COMPANY, AND THE INDEPENDENT AUDITOR'S REPORT ON THE 2023 FINANCIAL REPORT OF THE GROUP AND THE COMPANY (EXTRACTS FROM THE GROUP'S 2023 ANNUAL REPORT)

ANNEX B: THE 2022 REMUNERATION REPORT, THE 2022 FINANCIAL REPORT OF THE GROUP AND THE COMPANY, AND THE INDEPENDENT AUDITOR'S REPORT ON THE 2022 FINANCIAL REPORT OF THE GROUP AND THE COMPANY (EXTRACTS FROM THE GROUP'S 2022 ANNUAL REPORT)

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

2023 / ANNUAL REPORT

REMUNERATION REPORT



Ilana Atlas, AO
Chair – Human Resources Committee

2023 Remuneration Report – audited

Dear Shareholder,

ANZ delivered strong results strategically, financially and culturally in financial year 2023. Our performance highlights are contained in the Chairman and CEO's messages within the Annual Report.

The Group achieved a total shareholder return (TSR) of 20% over the past financial year with contribution from both share price appreciation and dividends paid. ANZ's three-year TSR was 76%.

The team has produced good year-on-year outcomes while investing in a number of longer-term strategic initiatives that will position us well for the future. This includes ongoing investment in our Retail Platform ANZ Plus which at the end of 2023 had 465K customers and $9.4bn in deposits, growth in our industry leading high returning Institutional Payments Cash Management and Platform Services businesses and in our Commercial business which delivered close to 20% of ANZ's Group Profit.

The Group maintained a high degree of risk discipline during this volatile period with the foundational work completed over prior years positioning us well to manage financial and non-financial risk in a considered and thoughtful way. There was a material uplift in the work to embed a non-financial risk framework, and other risk related programs remain on track despite their complexity.

Our employee engagement score has remained the highest in the Australian banking sector and improved even further to now sit equal to the world's best companies in any industry. We have made substantial progress in hiring and promoting women into leadership roles, and significantly, three of our four Divisions are now led by women.

2023 variable remuneration outcomes

As a Board, we believe we have appropriately recognised the results achieved by the executive team who have delivered a strong result for the bank and shareholders, in a challenging environment.

Our Chief Executive Officer (CEO), Shayne Elliott, performed well this year and in the Board's view deserves an assessment of well above target for his personal objectives. He also has ultimate accountability for the broader Group's performance which was assessed as above target.

The Board determined the appropriate 2023 Short Term Variable Remuneration (STVR) outcome was 96% of his maximum opportunity (120% of target opportunity). This is the first above target STVR award for the CEO since commencing in the role in 2016.

2023 Long Term Variable Remuneration (LTVR) was the first LTVR award under our new executive remuneration structure. A recap of the remuneration structure (to ensure compliance with APRA *CPS 511 Remuneration),* is summarised in section 3.2. The CEO's proposed 2024 LTVR of $3.375m will be subject to a shareholder vote at the upcoming Annual General Meeting (AGM).

For Disclosed Executives, the Board approved 2023 STVR outcomes which range from 80% to 100% of maximum opportunity (average 89%). This reflects their individual and Divisional performance and the above target assessment for Group performance. 2023 LTVR (50% performance rights and 50% restricted rights) was awarded at full opportunity at the start

of the 2023 year, following the Board's pre grant assessment for restricted rights determining that no reduction was required.

There were no performance rights due to vest in financial year 2023, as a result of a change in the performance period from three years to four years in 2019.

2023 fixed remuneration

As reported last year, effective for 2023, Disclosed Executives (excluding the CEO), received a fixed remuneration (FR) adjustment of ~4% as a result of the changes we made to the executive remuneration structure in 2022 (i.e., to balance the significant reduction in their maximum variable remuneration opportunity from 402% to 235% of FR). There were no further increases except for the Group Executive, Technology & Group Services who received a market adjustment reflecting the expansion of responsibilities effective 1 November 2022.

Changes to the way we remunerate executives

For future LTVR awards of performance rights (i.e., these changes apply from financial year 2024 and do not apply to awards currently on foot), the Board has approved that:

- for the relative TSR hurdle: DBS Bank Limited to be removed from the Select Financial Services (SFS) comparator group to better balance the weighting of international peers in our comparator group;
- for the absolute Compound Annual Growth Rate (CAGR) TSR hurdle: CAGR targets to be based on the time weighted cost of capital over the four-year performance period (rather than the cost of capital at the start of the period), to better reflect cyclical factors impacting shareholders for improved shareholder alignment.

See section 7.2.5 for detail.

Non-Executive Director (NED) fees

While there were no changes to NED fees for 2023, some uplifts for 2024 have been approved. For 2024, there is no uplift to the Board Chair fee, a 2% uplift to the NED member fee (noting that this is the first increase since 2016), and uplifts to fees for Committee chairs and members (see section 9.1).

This was a year of good performance, where we achieved good results in the year, while also making significant progress towards creating long-term value. Thank you to all our employees for their commitment and contribution this year.

On behalf of the Board, I invite you to consider our Remuneration Report which will be presented to shareholders at the 2023 AGM.

Ilana Atlas, AO Chair – Human Resources Committee

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The Remuneration Report for Australia and New Zealand Banking Group Limited (ANZBGL) outlines our remuneration strategy and structure and the remuneration practices that apply to Key Management Personnel (KMP). This report has been prepared, and audited, as required by the *Corporations Act 2001*. It forms part of the Directors' Report.

It should be noted that ANZ Group Holdings Limited (ANZGHL) replaced Australia and New Zealand Banking Group Limited (ANZBGL) as the listed entity on 3 January 2023 under a scheme of arrangement approved by shareholders at the Annual General Meeting (AGM) on 15 December 2022. This report includes disclosures for the full financial year 2023 (1 October 2022 to 30 September 2023). Ordinary shares and employee equity (deferred shares, deferred share rights, restricted rights and performance rights) held prior to 3 January 2023 were previously ANZBGL related equity – post the listing of ANZGHL the equity was converted to ANZGHL related equity. **References to 'the Board' throughout this report mean the Boards of ANZGHL and ANZBGL.** Section 4 Group Performance relates to ANZGHL rather than ANZBGL given this forms the basis for determining performance and remuneration outcomes for the CEO and Disclosed Executives.

1 WHO IS COVERED BY THIS REPORT

KMP are Directors of the Group (or entity) (whether executive directors or otherwise), and those personnel with a key responsibility for the strategic direction and management of the Group (or entity) (i.e., members of the Group Executive Committee (ExCo)) who have Banking Executive Accountability Regime (BEAR) accountability and who report to the Chief Executive Officer (CEO) (referred to as Disclosed Executives).

1.1 Disclosed Executive and Non-Executive Director changes[1]

There were several changes to our KMP during the 2023 year:

- Graham Hodges commenced as a Non-Executive Director (NED) on 8 February 2023.
- Graeme Liebelt retired as a NED on 15 December 2022, at the conclusion of the 2022 AGM.
- Holly Kramer commenced as a NED on 1 August 2023.
- Gerard Florian was appointed to the expanded role of Group Executive, Technology & Group Services, and Antony Strong was appointed to ExCo as Group Executive, Strategy & Transformation, effective 1 November 2022.
- Clare Morgan commenced with ANZ in the Group Executive, Australia Commercial role effective 6 March 2023.
- Kathryn van der Merwe concluded as ANZ's Group Executive, Talent & Culture and Service Centres in May 2023 – the responsibilities of the role were subsequently split on an acting capacity[1], with Richard Howell appointed as Acting Group Executive, Talent & Culture from 1 June 2023.

1.2 Key Management Personnel (KMP)

The KMP whose remuneration is disclosed in this year's report are:

2023 Non-Executive Directors (NEDs) – Current

P O'Sullivan	Chairman
I Atlas	Director
J Halton	Director
G Hodges	Director from 8 February 2023 (ANZBGL NED only)
J Key	Director
H Kramer	Director from 1 August 2023
J Macfarlane	Director
C O'Reilly	Director
J Smith	Director

2023 Non-Executive Directors (NEDs) – Former

G Liebelt	Former Director – retired 15 December 2022

2023 Chief Executive Officer (CEO) and Disclosed Executives – Current

S Elliott	CEO and Executive Director
M Carnegie	Group Executive, Australia Retail
K Corbally	Chief Risk Officer (CRO)
F Faruqui	Chief Financial Officer (CFO)
G Florian	Group Executive, Technology & Group Services from 1 November 2022 (previously Group Executive, Technology to 31 October 2022)
R Howell	Acting Group Executive, Talent & Culture (GE T&C) from 1 June 2023
C Morgan	Group Executive, Australia Commercial from 6 March 2023
A Strong	Group Executive, Strategy & Transformation from 1 November 2022
A Watson	Group Executive and CEO, New Zealand
M Whelan	Group Executive, Institutional

2023 Disclosed Executives – Former

K van der Merwe	Former Group Executive, Talent & Culture and Service Centres (GE T&C) – concluded in role 31 May 2023 and ceased employment 30 June 2023

Changes to KMP since the end of 2023 up to the date of signing the Directors' Report, as announced:

- Richard Howell ceased as Acting Group Executive, Talent & Culture, effective 8 October 2023.
- Elisa Clements appointed to ExCo as Group Executive, Talent & Culture, effective 9 October 2023.

1. The responsibility for ANZ's Capability Centres (formally known as Service Centres) in an acting capacity was taken over by Sreeram Iyer, Chief Operating Officer Institutional, who does not meet the definition of a KMP.

2 2023 OUTCOMES AT A GLANCE

Chief Executive Officer (CEO) remuneration

FOR 2023, OUR CEO:

- Had no increase to fixed remuneration (FR).
- Was awarded Short Term Variable Remuneration (STVR) of 96% of maximum opportunity, reflecting his overall performance assessment of well above target (see section 5.2.1).
- Was awarded Long Term Variable Remuneration (LTVR) of $3.375m following shareholder approval at the 2022 AGM.
- Received total remuneration of $4.6m in 2023 (i.e., includes the value of prior equity awards which vested in 2023 as per section 5.1).

Disclosed Executive remuneration

FOR 2023:

- Disclosed Executives received a FR adjustment on 1 October 2022 (in accordance with changes we made to the executive remuneration structure in 2022, previously disclosed in the 2022 Remuneration Report). There were no further increases to FR for Disclosed Executives for 2023 except for the Group Executive, Technology & Group Services who received a market adjustment reflecting the expansion of responsibilities effective 1 November 2022.
- Disclosed Executives' STVR outcomes averaged 89% of maximum opportunity, with individual outcomes ranging from 80% to 100% of maximum opportunity.
- Disclosed Executives were awarded their full LTVR opportunity of 135% of FR (100% of FR for the CRO) (see section 5.4).

Restricted rights and Performance rights outcomes (CEO and Disclosed Executives)

The Board determined that the 2023 LTVR restricted rights (RR) should be made at full award value based on the outcome of the pre grant assessment (see section 5.3).

There were no performance rights (PR) due to vest in financial year 2023, as a result of a change in the performance period from three years to four years (i.e., 2018 PR award vested in Nov/Dec 2021, however 2019 PR award is not due to vest until Nov/Dec 2023).

Non-Executive Director (NED) fees

No increases to NED fees for 2023 (see section 9.1).

3 OVERVIEW OF ANZ'S REMUNERATION STRUCTURE

3.1 Remuneration framework overview

The following overview highlights how the executive remuneration framework supports ANZ's purpose and strategy, reinforces ANZ's focus on risk management, and aligns to shareholder value.

ANZ'S PURPOSE AND STRATEGY[1]

Is underpinned by our Performance and Remuneration Policies which include our Reward Principles:

Attract, motivate and keep great people	Reward our people for doing the right thing having regard to our customers and shareholders	Focus on **how** things are achieved as much as **what** is achieved	Fair and simple to understand

With remuneration delivered to our CEO and Disclosed Executives through:

Fixed remuneration (FR)	Variable remuneration	
	Short Term Variable Remuneration (STVR)	Long Term Variable Remuneration (LTVR)

Reinforced by aligning remuneration and risk:

Assessing behaviours based on ANZ's values and risk/compliance standards (including the BEAR)	Determining variable remuneration outcomes with risk as a modifier – impacting outcomes at both a pool and individual level	Weighting remuneration toward the longer-term with a significant proportion at risk	Emphasising risk in the determination and vesting of LTVR RR (see section 7.2.4)	Reinforcing the importance of risk culture in driving sustainable long-term performance in the LTVR design
Providing material weight to non-financial metrics (particularly risk) in line with APRA requirements	Ensuring risk measures are considered over a long time horizon (up to 5 and 6 years)	Determining accountability and applying consequences where appropriate	Strengthening risk consequences with clawback (see section 7.3)	Prohibiting the hedging of unvested equity

While supporting the alignment of executives and shareholders through:

Substantial shareholding requirements	Significant variable remuneration deferral up to 5 and 6 years in ANZ equity	Use of relative and absolute total shareholder return (TSR) hurdles	Consideration of cash profit and economic profit in determining the ANZ Incentive Plan (ANZIP) variable remuneration pool	Consideration of the shareholder experience (in respect of the share price and dividend) in determining ANZIP pool and individual outcomes

While governed by:

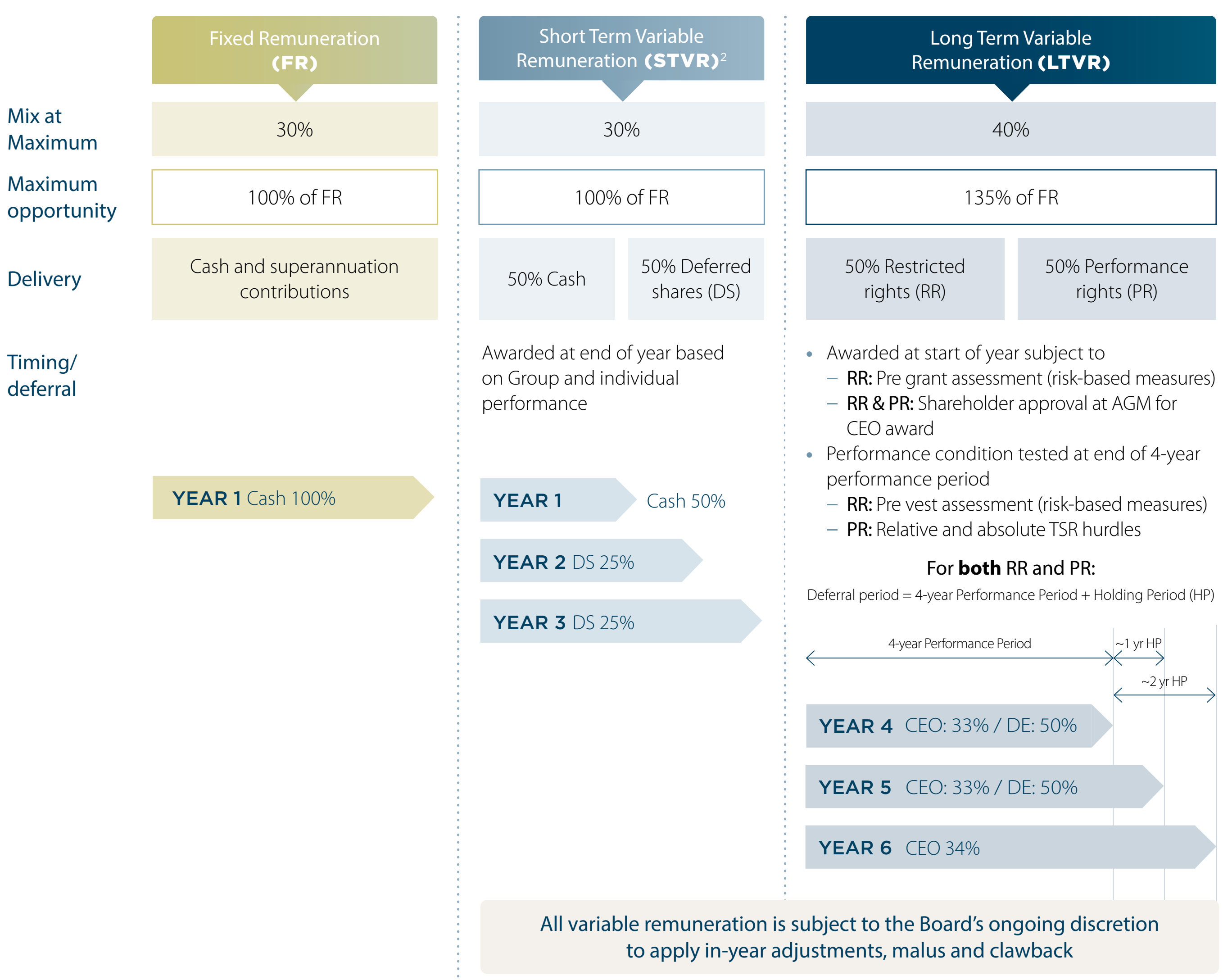
The Human Resources (HR) Committee and the Board determining FR and the variable remuneration outcomes for the CEO and each Disclosed Executive. Additionally, the CEO's LTVR outcome is also subject to shareholder approval at the AGM.

Board discretion (with supporting decision-making frameworks) is applied when determining performance and remuneration outcomes (including grant of short and long-term variable remuneration awards), before any scheduled release of previously deferred remuneration (see section 7.3), before the vesting of LTVR RR (see section 7.2.4), and in applying any required consequences (see section 8).

1. See the 'Our purpose and strategy' section of the Annual Report.

3.2 Overview of remuneration structure

CEO and Disclosed Executives (DEs) (excluding CRO[1])



1. CRO mix: 33.3% FR / 33.3% STVR / 33.3% LTVR. STVR maximum opportunity: the same as CEO/DE at 100% of FR, LTVR maximum opportunity: 100% of FR and delivered as 100% RR to support independence. **2.** If the CEO receives above target STVR, the amount above target will be delivered as 40% cash and 60% DS (20% year 4, 20% year 5, 20% year 6) to ensure compliance with the minimum deferral requirements with respect to BEAR and APRA's Prudential Standard *CPS 511 Remuneration*.

As communicated in our 2022 Remuneration Report, the introduction of a new Prudential Standard *CPS 511 Remuneration* by our regulator APRA drove a detailed review of the way we reward our CEO and Disclosed Executives. The Board approved changes to the executive remuneration structure, effective from the 2022 financial year.

The structure has been designed to:

- Maintain a strong focus on performance and risk management
- Promote effective management of financial and non-financial risks
- Provide material weight to non-financial metrics for variable remuneration outcomes (in line with APRA requirements)
- Ensure long-term focus and shareholder alignment
- Balance meeting the *CPS 511* requirements and having a market competitive remuneration structure

Key features of the structure include:

- Balanced vesting over the short and long-term, with deferral of a significant proportion of variable remuneration (~80%) over 2 to 5 years (and over 2 to 6 years for the CEO)
- Strong risk and remuneration consequences, including clawback applying for two years post the payment/vesting of all variable remuneration
- Rewarding executives for both annual performance and also performance over the longer term
- Future focused LTVR comprising a combination of risk-based and TSR hurdles

4 GROUP PERFORMANCE

4.1 Assessment against the ANZ Group Performance Framework for 2023

The ANZ Group Performance Framework is approved by the Board at the start of each year. It plays a key role to:

- message internally what matters most;
- reinforce the importance of sound management in addition to risk, financial, customer, and people outcomes; and
- inform focus of effort, prioritisation and decision-making across ANZ.

Assessment of performance against the ANZ Group Performance Framework provides a key input:

- in determining the size of the ANZ Incentive Plan (ANZIP) pool, which funds STVR for Disclosed Executives; and
- in the overall performance assessment for the CEO (50% weighting) and Disclosed Executives (25% - 50% weighting), which informs STVR outcomes.

A range of objective indicators and subjective factors are considered including management input on work undertaken, evidence of outcomes realised and lessons learned, and with consideration given to the operating, regulatory and competitive environment.

Overall, performance in 2023 was assessed as above target with all business lines contributing strongly.

On the following pages we have outlined ANZ's 2023 performance objectives and provided a summary of outcomes for each of the key performance categories to inform the overall assessment for 2023.

As managing risk appropriately is fundamental to the way ANZ operates, risk forms an integral part of the assessment, directly impacting the overall ANZ Group Performance Framework outcome (a modifier ranging from 0% to 110% of the ANZ Group Performance assessment).

RISK

Modifier

0 TO 110%

Overall assessment

On target (no adjustment)

×

FINANCIAL DISCIPLINE & OPERATIONAL RESILIENCE		CUSTOMER		PEOPLE & CULTURE
35% weight	+	35% weight	+	30% weight
Overall assessment **Well above target**		Overall assessment **Below target**		Overall assessment **Above target**

=

OVERALL

Group Performance

Assessment

Above target

FINANCIAL DISCIPLINE & OPERATIONAL RESILIENCE

Assessment (35% weight): **Well above target**

Key objectives	Outcomes	Below	Target	Above
Run core businesses well, focused on delivering sustainable growth and operational improvements				
Deliver Group economic profit to plan or better in a high-quality manner	**Economic Profit** (ex large / notables[1])		$552m	$1,596m ●
Contain total cost growth to support the ambition of our 3yr Strategic Plan	**Total Cost Growth** (fx adj ex large / notables[1])		5% ●	
Deliver / progress key change programs – plan for day 1 integration of Suncorp Bank (SB), NOHC structure, BS11, Ngā Tapuwae (NT)	**Programs**		SB Plan, NT Launch, BS11 ●	NOHC ●

- Significant improvement in financial performance (see section 4.2.1) with Economic Profit[2] (+293%) and Cash NPAT (+14%) up YoY, as a result of:
  - Strong growth in net interest income (+11% YoY), driven by (i) disciplined volume growth across our divisions and (ii) improved margin outcomes – in a supportive rate environment, but in the face of continuing home loan competition and customer shifts to higher rate deposit products.
  - All four businesses performing strongly against their Plans.
  - Continued low credit impairment charges ($245m), as a result of improved portfolio credit quality, and long-term discipline regarding customer selection.
- Costs were managed well in line with market guidance (of +5% YoY, fx adj ex large/notables), with significant productivity gains and management focus on our investment slate, which helped to partially offset significant headwinds (e.g., inflationary pressure).
- We implemented the NOHC structure in a short time frame, BS11 was delivered (the first of any bank in NZ), Ngā Tapuwae has launched (to move ANZ NZ core to cloud and redesign business for greater resilience, agility and lower cost), and we are operationally ready to integrate Suncorp (if our application to the Australian Competition Tribunal is successful).

CUSTOMER

Assessment (35% weight): **Below target**

Key objectives	Outcomes	Below	Target	Above
Deliver great customer outcomes, focused on improving the financial wellbeing, sustainability and experience of priority segments				
Australia Retail: accelerate ANZ Plus customer acquisition and engagement and ensure Plus Home Loan is in market, including the broker channel; and maintain home lending turnaround times in line with or better than major banks	**Aus Retail**	● Plus in Broker		● Plus
	Aus Retail			● Lending times
Australia Commercial: materially improve customer and banker experience	**Aus Commercial**	●		
New Zealand: continue to make banking easier	**NZ**		●	
Institutional: make meaningful progress on environmental sustainability strategies	**Institutional**			●
Business Services: transition our four business services to a uniform service approach	**Business Services**	●		

- **Australia Retail:** Significant progress with ANZ Plus, exceeding 2023 targets related to active customers (465K vs 400K target), funds under management (FUM) ($9.4bn vs $4bn target), and Net Promoter Score (NPS) scores (e.g., Join NPS of +52 vs 45 target). Plus Home Loans launched, although not via the broker channel as planned. Turnaround times in Classic Home Loans have been stable for the entire year and within the range targeted (<3 days), while growing market share (32 bps), and improving Home Lending NPS from 71.1 in 2022 to 76.1 in 2023.
- **Australia Commercial:** Strategy is being executed with early signs of success (e.g., faster and simpler application process; time to final decision on a small business loan improved from 12 to 9.3 days, launch of market leading "streamlined unsecured lending" offering simpler processes, NPS of 29.9 vs 26.5 in 2022); however we targeted a more material improvement in customer and banker experience.
- **New Zealand:** Remain #1 for Brand Consideration. Data capability enhanced with acquisition of DOT Loves Data. Successful launch of Business Regrowth Loans and Business Visa Debit for business customers.
- **Institutional:** Continued leading Asia Pacific market in improving social and environmental outcomes and supporting our customers' transition to net zero – having achieved close to $47bn of our 2025 sustainable solutions target of $50bn on 31 March 2023, and rolled out a new $100bn target (by the end of 2030) from 1 April 2023. Institutional extended its leadership in the Peter Lee[3] surveys, with the highest Relationship Strength Index scores ever achieved by any bank in both Australia and NZ, and our best ever Transaction Banking results (including ranking #1 for product development and innovation, and system implementation for the first time), further strengthening our leadership in the provision of Payments and Cash Management solutions in Australia and NZ (#1 market share).
- **Business Services:** Our ambition to build enterprise-wide Business Services as a more efficient and resilient path to service delivery, is behind plan, however progress has been made.

1. 2. 3. See footnotes over page.

PEOPLE & CULTURE	Assessment (30% weight): **Above target**
Key objectives	**Outcomes** (Below / Target / Above)
Build a culture where our diverse teams are engaged and optimised for success	
Maintain industry leading **employee engagement**	Target: 84%; Outcome: 87% (Above)
Continue to improve our **project delivery capability**	Slightly above target
Retain **high performers** (particularly those with the critical skills and priority capabilities to reinvent banking)	Target: 90%; Outcome: 94%

- We have continued our purposeful focus on strengthening leadership, capability, culture and project delivery, as evidenced by the execution of a range of supporting initiatives delivering value, our highly engaged workforce, and recognition as a great place to work.
  - Our engagement score is industry leading for financial services at 87% (vs 84% in 2022), and equal to the world's best companies in any industry, and we have also maintained our #1 ranking amongst major bank peers in Glassdoor[4] employer of choice ratings.
  - We made good progress on Women in Leadership at 37.3% (vs a target of 36.9%), and up on 2022 outcome of 35.9%. Three out of four of our business divisions are led by women.
  - Our project delivery capability continues to improve, and after a sustained effort and investment we are seeing material uplift in our delivery capability (supported by various independent reports to the Board).
  - Uplift in leadership capability with investment in a range of programs (e.g., Lead@ANZ rolled out to ~5,600 people leaders, Executive Leadership Series with NPS>50). Capability uplift in priority areas (e.g., launch of Engineering Career Pathways to support the development of technical mastery across critical specialisations, roll out of a Customer Coaching program, implementation of Career Programs strategy resulting in a 100% increase in applications to the 2024 Graduate Program).

RISK MODIFIER	Assessment: **On target (no adjustment)**
Continued sound risk discipline with no major regulatory, credit, audit or market breaches.	

- Strong credit outcome with no material credit events recorded.
- Ongoing progress in delivering key regulatory commitments and uplifting non-financial risk management (through the further implementation of our new Group wide non-financial risk framework), although the APRA imposed operational risk overlay of $500m remains.
- Strengthening risk culture (including achieving the target state of 'Sound' and continuing to achieve a high 'Speak Up' index of 84%), reflecting sustained efforts to encourage people to speak up and challenge each other respectfully.
- No repeat adverse audits, no material Risk Appetite Statement breaches, and no material non-financial risk events.

BOARD DISCRETION	Assessment: **No adjustment**

After several years of focus on simplifying ANZ through the sale of businesses and cost restructuring, ANZ has successfully delivered sustainable growth in the remaining core businesses against a backdrop of increased changes in consumer behaviour, a slowdown in the economy, as well as increasing disruption in Financial Services (via the rise of new digitally enabled business models and non-bank competitors). The outcome also aligns strongly with the shareholder experience (see section 4.2.2).

Overall, the Board view that an 'above target' assessment accurately reflects overall performance in 2023, noting that STVR outcomes for the CEO and Disclosed Executives also take into consideration performance against individual objectives.

OVERALL ASSESSMENT	Assessment: **Above target**

The above target assessment appropriately reflects our performance with all business lines each contributing strongly together to achieve above target financial results and strong performance against our strategic objectives - positioning ANZ well for the future.

1. The Group's results include a number of items collectively referred to as large/notable items. Given the nature and significance they are considered separately given the target was established without consideration of large notables. **2.** Economic profit is a risk adjusted profit measure used to evaluate business unit performance and is not subject to audit by the external auditor. Economic profit is calculated via a series of adjustments to cash profit with the economic credit cost adjustment replacing the accounting credit loss charge; the inclusion of the benefit of imputation credits (measured at 70% of Australian tax) and an adjustment to reflect the cost of capital. The economic profit increase in 2023 was driven by higher cash profit, favourable economic credit cost adjustment and higher imputation credits, partially offset by higher cost of capital. **3.** Peter Lee Associates 2022 Large Corporate and Institutional Relationship Banking surveys, Australia and NZ. **4.** Glassdoor is a website where employees and former employees anonymously review companies and their management.

4.2 ANZ Performance Outcomes

4.2.1 ANZ'S FINANCIAL PERFORMANCE 2019–2023

When determining variable remuneration outcomes for the CEO, Disclosed Executives and employees a range of different financial indicators are considered. The Group uses cash profit[1] as a measure of performance for the Group's ongoing business activities, as this provides a basis to assess Group and Divisional performance against earlier periods and against peer institutions. The adjustments made in arriving at cash profit are included in statutory profit which is subject to audit. Although cash profit is not audited, the external auditor has informed the Audit Committee that the cash profit adjustments have been determined on a consistent basis across each period presented.

Statutory profit is flat compared to the prior financial year, while cash profit from continuing operations has increased almost 14%. Underlying performance reflects stronger revenue from lending volumes across our divisions together with improved net interest margin in a supportive rate environment which enable continued focus on investing for growth.

The table below provides ANZ's financial performance, including cash profit, over the last five years.

	2019	2020	2021	2022	2023
Statutory profit attributable to ordinary shareholders ($m)	5,953	3,577	6,162	7,119	**7,098**
Cash profit[1] ($m, unaudited)	6,161	3,660	6,181	6,496	**7,405**
Cash profit – Continuing operations ($m, unaudited)	6,470	3,758	6,198	6,515	**7,405**
Cash profit before provisions – Continuing operations ($m, unaudited)	9,958	8,369	8,396	8,968	**10,754**
Cash ROE (%) – Continuing operations (unaudited)	10.9	6.2	9.9	10.4	**10.9**
Cash EPS – Continuing operations (unaudited)	220.2	128.7	216.5	228.8	**247.1**
Share price at 30 September ($) (On 1 October 2018, opening share price was $27.80)	28.52	17.22	28.15	22.80	**25.66**
Total dividend (cents per share)	160	60	142	146	**175**
Total shareholder return (12 month %)	9.2	(36.9)	70.7	(14.0)	**20.0**

1. Cash profit excludes non-core items included in statutory profit with the net after tax adjustment resulting in an increase to statutory profit of $307m for 2023, made up of several items. It is provided to assist readers understand the results of the core business activities of the Group.

4.2.2 ANZ TSR PERFORMANCE (1 TO 10 YEARS)

The table below compares ANZ's TSR performance against the median TSR and upper quartile TSR of the PR Select Financial Services (SFS) comparator group[1] over one to ten years, noting that for this table TSR is measured over a different timeframe (i.e., to 30 September 2023) to the performance period for our PR.

- ANZ's TSR performance was above the median TSR of the SFS comparator group[1] when comparing over one year; and
- below the median over three, five and ten years.

	Years to 30 September 2023			
	1	3	5	10
ANZ (%)	**20.0**	**76.3**	**19.7**	**46.1**
Median TSR SFS (%)	14.6	77.3	29.8	60.0
Upper quartile TSR SFS (%)	22.3	90.9	60.9	128.2

1. See section 7.2.5 for details of the SFS comparator group.

5 2023 CEO AND DISCLOSED EXECUTIVE OUTCOMES

Variable remuneration is 'at risk' remuneration and can range from zero to maximum opportunity.

With the exception of the CEO's STVR, individual variable remuneration outcomes for all other employees including STVR for Disclosed Executives are funded under the ANZ Incentive Plan (ANZIP). The Board decides the CEO's variable remuneration outcomes separately to help mitigate potential conflicts of interest. See section 10.1.3.

At the end of each financial year the Board exercise their judgement to determine a fair and reasonable ANZIP pool. An assessment of financial performance guides the pool range but it is not a formulaic outcome. The Board considers a range of factors including:

- The ANZ Group Performance Framework assessment (see section 4.1).
- The quality of earnings and operating environment.
- The shareholder experience during 2023 such as shareholder returns and dividend comparison with prior periods.
- Our Reward Principles such as attract, motivate and keep great people (see section 7).

Annual performance objectives are set at the Group and also at the Divisional/individual level at the start of each year. They are designed to be stretching yet achievable. The HR Committee and the Board make variable remuneration outcome decisions for the CEO and Disclosed Executives following lengthy and detailed discussions and assessment, supported by comprehensive analysis of performance from a number of sources.

Where expectations are met, STVR is likely to be awarded around 80% of maximum opportunity. Where performance is below expectations, STVR will be less (potentially down to zero), and where above expectations, STVR will be more (potentially up to maximum opportunity).

LTVR will be awarded at the beginning of the year, based on full opportunity unless the LTVR RR pre grant assessment results in any reduction (and is also subject to shareholder approval for the CEO).

Remuneration outcomes have been presented in the following three ways:

i. RECEIVED remuneration
(see section 5.1)

ii. AWARDED remuneration
(see sections 5.2, 5.3 and 5.4)

iii. STATUTORY remuneration
(see section 11.1)

5.1 2023 Received remuneration

This table shows the remuneration the CEO and Disclosed Executives actually received in relation to the 2023 financial year as cash paid, or in the case of prior equity awards, the value which vested in 2023.

FR adjustments were received by Disclosed Executives in accordance with the executive remuneration structure changes made in 2022, as disclosed in the 2022 Remuneration Report. There were no other adjustments to FR for Disclosed Executives in 2023, apart from the Group Executive, Technology & Group Services whose FR was increased on 1 November 2022 from $1.15m to $1.25m to reflect the expansion of responsibilities and to improve alignment with the market.

2023 Received remuneration – CEO and Disclosed Executives:

Received value includes the value of prior equity awards which vested in that year

	Fixed remuneration $	Cash variable remuneration $	Total cash $	Deferred variable remuneration which vested during the year[1] $	Other deferred remuneration which vested during the year[1] $	Actual remuneration received[2] $
CEO AND CURRENT DISCLOSED EXECUTIVES						
S Elliott	2,500,000	1,160,000	**3,660,000**	919,413	-	**4,579,413**
M Carnegie	1,250,000	550,000	**1,800,000**	561,264	-	**2,361,264**
K Corbally	1,250,000	532,500	**1,782,500**	471,287	-	**2,253,787**
F Faruqui	1,250,000	600,000	**1,850,000**	795,274	-	**2,645,274**
G Florian[3]	1,242,000	497,500	**1,739,500**	496,698	-	**2,236,198**
R Howell[4]	231,792	180,000	**411,792**	-	-	**411,792**
C Morgan[4,5]	627,000	250,000	**877,000**	-	407,000	**1,284,000**
A Strong[4]	690,000	315,100	**1,005,100**	291,162	-	**1,296,262**
A Watson[6]	1,106,505	472,570	**1,579,075**	450,151	-	**2,029,226**
M Whelan	1,460,000	730,000	**2,190,000**	753,723	-	**2,943,723**
FORMER DISCLOSED EXECUTIVES						
K van der Merwe[1,4]	780,000	n/a	**780,000**	488,194	-	**1,268,194**

1. Deferred variable remuneration which either vested or lapsed/forfeited during the year is the point in time value of previously deferred remuneration granted as deferred shares, deferred shares rights and/or restricted rights/performance rights, and is based on the one day Volume Weighted Average Price (VWAP) of the Company's shares traded on the ASX on the date of vesting or lapsing/forfeiture multiplied by the number of deferred shares/deferred share rights and/or restricted rights/performance rights. No previously deferred variable remuneration lapsed/forfeited during the year for the CEO or Disclosed Executives (due to no performance rights due to vest in 2023) other than for K van der Merwe -$4,880,967, which relates to forfeiture on resignation of unvested deferred remuneration. **2.** The sum of fixed remuneration, cash variable remuneration and deferred variable remuneration which vested during the year. **3.** Fixed remuneration reflects changes in fixed remuneration during the financial year due to expanded role (G Florian). **4.** Fixed remuneration based on time as a Disclosed Executive (R Howell, C Morgan, A Strong, K van der Merwe). **5.** Other deferred remuneration for C Morgan relates to deferred remuneration forfeited and bonus opportunity forgone as a result of joining ANZ, that was deferred as cash and vested during the year. **6.** Paid in NZD and converted to AUD. Year to date average exchange rate used to convert NZD to AUD as at 30 September for the relevant year.

5.2 Awarded STVR

At the end of the financial year, the HR Committee makes a recommendation to the Board for their approval in respect of STVR outcomes.

STVR will vary up or down year-on-year, it is not guaranteed, and may range from zero to a maximum opportunity.

These tables show a year-on-year comparison of STVR awarded to the CEO, and Disclosed Executives for the 2022 and 2023 performance periods. STVR awarded reflects actual cash and the deferred shares component of STVR **awarded** in respect of the relevant financial year. As non-cash components are subject to future vesting outcomes, the awarded value may be higher or lower than the future realised value.

2023 remuneration outcomes reflect both the overall performance of the Group and the performance of each individual/Division.

5.2.1 CEO

The Board determined that an STVR outcome of $2.4m (96% of maximum opportunity) was appropriate for 2023 having regard to both the overall performance of the CEO and also the overall performance of the Group. This is the first above target STVR award for the CEO since commencing in the role in 2016, reflecting the above target performance outcome in 2023 as summarised below.

'WHAT' ASSESSMENT SUMMARY	
ANZ Group Performance Framework - see section 4.1 (50% weighting)	Individual Strategic Objectives - see below (50% weighting)
Assessed as: **Above target**	Assessed as: **Well above target**
'HOW' ASSESSMENT SUMMARY	
ANZ Values & Behaviours	Individual Risk / Compliance Assessment
Assessed as: **Above expectations**	Assessed as: **Met expectations**
OVERALL PERFORMANCE ASSESSMENT	
Assessed as: **Well above target (120%)**	

Awarded STVR in the relevant financial year – CEO

			Actual STVR			STVR as % of	
	Financial year	STVR maximum opportunity $	Total STVR $	STVR cash $	STVR deferred shares $	Target opportunity	Maximum opportunity
CEO							
S Elliott	2023	2,500,000	2,400,000	1,160,000	1,240,000	120%	96%
	2022	2,500,000	1,860,000	930,000	930,000	93%	74%

2023 CEO individual strategic objectives

- Drive the strategic direction of the organisation, with particular focus on growth, home lending momentum and Commercial strategy in Australia, and embed our digital transformation, Sustainability, Platforms and Ecosystems
- Focus on sound risk management, operational excellence and resilience including system stability, to ensure ANZ has robust and reliable platforms to support long-term growth
- Lead and role model the culture and accountability required to transform ANZ
- Enhance the reputation of ANZ across all stakeholder groups
- Complete Suncorp acquisition with agreed integration plan
- Continue to build ExCo effectiveness and succession pipelines for ExCo and CEO

Board assessment of performance on individual strategic objectives:

The CEO delivered a strong performance this year. After several years focused on simplification of ANZ (disposal of businesses and internal re-structures), ANZ has moved to driving sustainable growth in each of the core businesses. Pleasingly, ANZ's record financial performance in 2023 was contributed to by each of the four core business divisions. The CEO's deliverables highlight that the key strategic building blocks are in place to support long-term performance.

The CEO has focused on executing and delivering sustainable growth in our core businesses. Key results include:

- ANZ Plus being the fastest growing new bank platform in Australia, including exceeding targets related to the number of active customers, funds under management and Net Promoter Scores
- Executing the Commercial strategy, with the new Division performing strongly - in large part due to the CEO's stewardship of this business (pre appointment of GE, Australia Commercial)
- Exceeding our ambitions to grow sustainability as a source of revenue through a range of sustainability banking activities such as, labelled sustainable finance (e.g., green and sustainability linked loans, bonds and guarantees), and banking activities to fund and facilitate the transition to a net zero economy (e.g., green buildings, renewable energy, energy efficiency, sustainable infrastructure)
- Recovery of home lending momentum, with growth exceeding 1x system target
- Improving share on Institutional payment platforms, with overall payments growing by ~8%
- Building digital ecosystems in support of the broader strategy (e.g., investments in View Media Group, DOT Loves Data and Pollination, and appointment of a new CEO in Cashrewards)

There has been continued strong risk discipline championed by the CEO, with emphasis on the right behaviours to identify, discuss, and act on risks the bank confronts and takes. Strengthening operational excellence and resilience has been a key focus of the CEO. Examples include:

- Clear progress in the build of a Group wide non-financial risk framework (with strong business leadership)
- Executed a very ambitious change agenda (e.g., technology uplift programs, ANZ Plus, NOHC implementation, Suncorp acquisition, Platform Services, major regulatory programs)
- Demonstration of strong cyber resilience, and positive achievements in the area of financial crime
- Delivery of BS11[1] (the first of any New Zealand bank) and the launch of Ngā Tapuwae[2] in NZ to unlock future growth in New Zealand

A key strength of the CEO is his strong advocacy and role modelling of ANZ's values and behaviours – create opportunities, deliver what matters, succeed together – as evidenced by all business lines contributing strongly to achieve a great performance outcome. The CEO's leadership translates into continuing high employee engagement (87%) – which is equal to the Global Best In Class across all industries. Similarly, ANZ's 'Speak Up' index at 84% reflects continued efforts to encourage a culture where people feel they can challenge each other respectfully.

The CEO continues to demonstrate his ability to communicate effectively and authentically with stakeholder groups – shareholders, employees, customers, regulators, government and the community (including non-profit and environmental groups). He is regarded as a thought and industry leader both internally and externally, and engages regularly with employees and the community at large, via multiple communication and media channels, parliamentary hearings, and through proactive relationship management.

The CEO has played a key role in leading the Suncorp acquisition initiative, and has been a strong advocate of the benefits and opportunities for ANZ, our customers in Queensland, and the broader community. While the ACCC rejected ANZ's application, the CEO has ensured ANZ is well prepared for the integration of Suncorp Bank into ANZ in the event its application for Australian Competition tribunal review is successful.

The strong performance in 2023 reflects the effective support provided by the CEO to ExCo, along with key moves and appointments made to his team over the last 1 to 2 years. Executive succession and development continue to be a focus for the CEO and the Board, with the CEO making solid progress in enabling potential internal CEO successors in the future.

Overall there were many positive achievements in 2023 (positioning ANZ well to deliver against our strategic priorities), and in the Board's view the CEO deserves an overall assessment outcome of well above target.

1. BS11 outlines the Reserve Bank of New Zealand's outsourcing policy. **2.** ANZ New Zealand has embarked on a multi-year program of work to fundamentally transform its business. Called "Ngā Tapuwae o ANZ" ("The footsteps of ANZ"), this program will change our core technology, processes and ways of working.

5.2.2 DISCLOSED EXECUTIVES

- STVR outcomes continue to differ both year-on-year and between executives demonstrating the at risk nature of this element of remuneration and the variability in Group and individual performance year-on-year. In 2023, STVR is at or above target for all Disclosed Executives (reflecting that they have all jointly delivered material value from strategic and operational decisions in 2023); however only 2 of 38 Disclosed Executives in recent reporting periods (2018 to 2022) received at or above target variable remuneration. See section 5.4 for 2023 variable remuneration awarded details.
- The average STVR outcome for current Disclosed Executives is 89% of maximum opportunity. This reflects both the overall assessment of ANZ Group performance as above target (see section 4.1), which is weighted 25% or 50%, and also individual performance (see section 6.2) which is weighted 75% or 50% depending on role. Outcomes range from 80% to 100% of maximum opportunity. The remuneration outcomes in 2023 reflect that this is a high performing team, with all business and enablement functions each contributing significantly to a strong performance outcome for ANZ.
- 2023 STVR awarded outcomes for both C Morgan and A Strong are based on their time as a Disclosed Executive during 2023 (i.e., ~7 months and ~11 months respectively).
- R Howell's 2023 STVR awarded outcome reflects the period acting as the GE T&C (i.e., ~4 months).

Awarded STVR in the relevant financial year – Disclosed Executives

			Actual STVR			STVR as % of	
	Financial year	STVR maximum opportunity $	Total STVR $	STVR cash $	STVR deferred shares $	Target opportunity	Maximum opportunity
CURRENT DISCLOSED EXECUTIVES							
M Carnegie	**2023**	**1,250,000**	**1,100,000**	**550,000**	**550,000**	**110%**	**88%**
	2022	1,250,000	920,000	460,000	460,000	92%	74%
K Corbally	**2023**	**1,250,000**	**1,065,000**	**532,500**	**532,500**	**107%**	**85%**
	2022	1,250,000	885,000	442,500	442,500	89%	71%
F Faruqui[1]	**2023**	**1,250,000**	**1,200,000**	**600,000**	**600,000**	**120%**	**96%**
	2022	1,212,500	1,159,150	579,575	579,575	120%	96%
G Florian	**2023**	**1,250,000**	**995,000**	**497,500**	**497,500**	**100%**	**80%**
	2022	1,150,000	885,000	442,500	442,500	96%	77%
R Howell[1]	**2023**	**348,068**	**300,000**	**180,000**	**120,000**	**108%**	**86%**
C Morgan[1]	**2023**	**627,000**	**500,000**	**250,000**	**250,000**	**100%**	**80%**
A Strong[1]	**2023**	**690,000**	**630,200**	**315,100**	**315,100**	**114%**	**91%**
A Watson[2]	**2023**	**1,106,505**	**945,140**	**472,570**	**472,570**	**107%**	**85%**
	2022	1,108,830	845,483	422,742	422,742	95%	76%
M Whelan	**2023**	**1,460,000**	**1,460,000**	**730,000**	**730,000**	**125%**	**100%**
	2022	1,460,000	1,070,000	535,000	535,000	92%	73%
FORMER DISCLOSED EXECUTIVES							
K van der Merwe[3]	**2023**	**780,000**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
	2022	1,040,000	800,000	400,000	400,000	96%	77%

1. STVR based on time as a Disclosed Executive in either 2022 (F Faruqui) or 2023 (R Howell, C Morgan, A Strong). R Howell STVR subject to 40% deferral (see section 7.1 for remuneration arrangements due to acting nature of appointment). **2.** Paid in NZD and converted to AUD. Year to date average exchange rate used to convert NZD to AUD as at 30 September for the relevant year. **3.** Ineligible for STVR.

5.3 Awarded LTVR and pre grant assessment outcome

The first award of LTVR under the new remuneration structure was made at the start of the 2023 financial year to Disclosed Executives (Nov 2022) and the CEO (Dec 2022 post AGM), and it was awarded at full opportunity.

LTVR was not awarded in 2022, due to the transition from awarding LTVR at the beginning of the year rather than at the end.

The RR component of LTVR was subject to a pre grant assessment by the Board which determined that the award should be made at full value (i.e., no reduction); and will be subject to a pre vest assessment by the Board of non-financial measures at the end of the four-year performance period to determine whether the RR should vest in full.

Restricted Rights Pre Grant Assessment (see section 7.2.4)

STEP	ACTION	OUTCOME
Step 1	Assess Prudential Soundness	Met
Step 2	Assess Risk Measures	Met
Step 3	Apply Board discretion	No adjustment
Pre grant assessment outcome		100%

The PR component of LTVR is subject to TSR hurdles (see section 7.2.5), which will determine the level of vesting and subsequent value of PR at the end of the performance period.

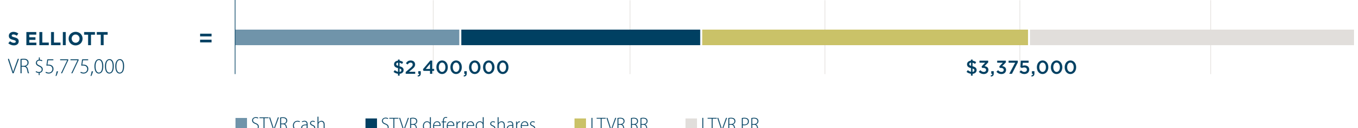
CEO LTVR: Shareholders approved at the 2022 AGM a 2023 LTVR award of $3.375m (135% of FR), delivered in the form of 50% RR and 50% PR. Similarly, shareholder approval will be sought at the 2023 AGM for a 2024 LTVR award of $3.375m.

Disclosed Executives LTVR: 2023 LTVR awarded at full opportunity (135% of new FR related to the structural change, and 100% for the CRO). Note that for C Morgan, a pro-rated 2023 LTVR was granted in September 2023 (rather than November 2022) due to commencement with ANZ partway through 2023, and R Howell was not eligible in his acting capacity. See section 7.2.3 for delivery details.

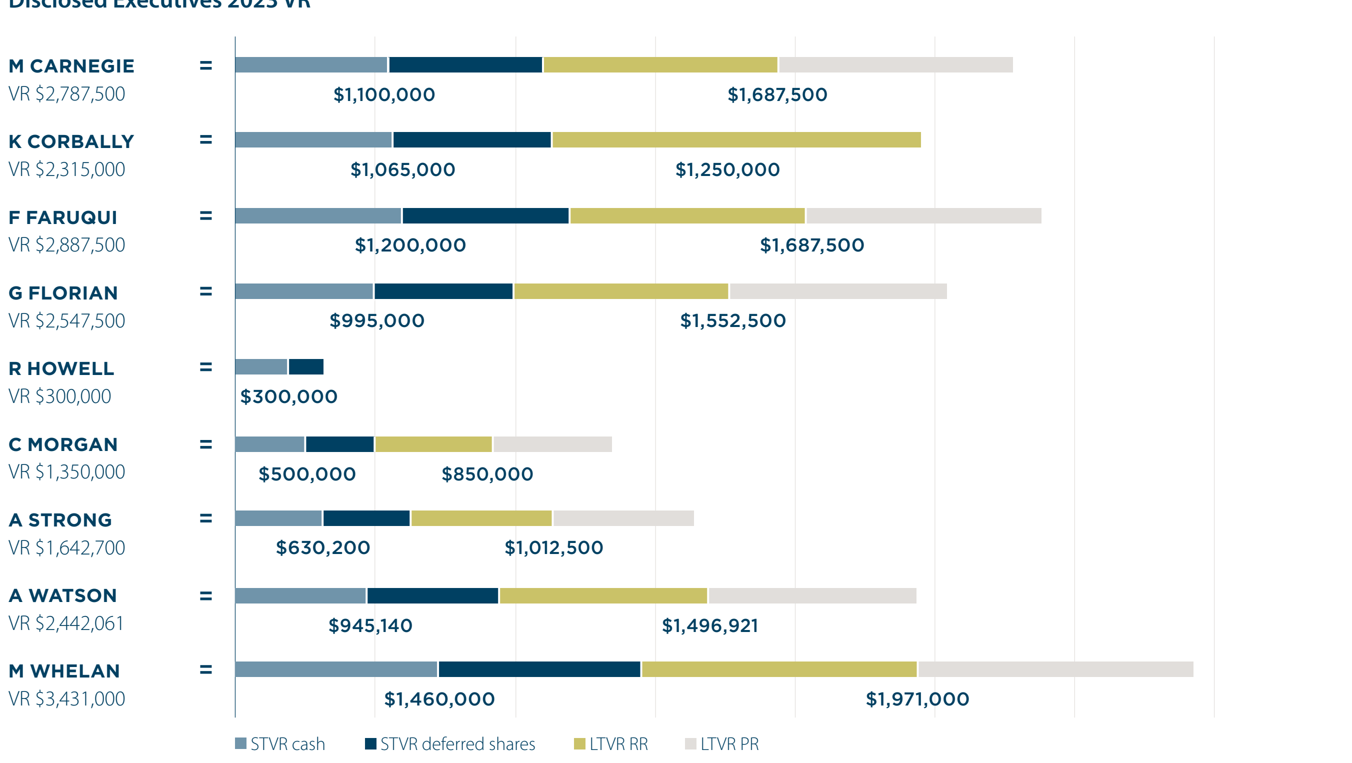
5.4 2023 Awarded VR

The below charts show the STVR and LTVR awarded to the CEO and Disclosed Executives for the year ending 30 September 2023.

CEO 2023 VR



Disclosed Executives 2023 VR



5.5 2023 Remuneration comparison with prior years

CEO - Summary of 2022 and 2023 total remuneration

	AWARDED				RECEIVED	STATUTORY
	Awarded remuneration reflects actual cash and the deferred shares component of STVR awarded in the year. As non-cash components are subject to future vesting outcomes, the awarded value may be higher or lower than the future realised value. Awarded remuneration appears significantly higher in 2023, largely because no LTVR was awarded for 2022 (as we transitioned to the new remuneration structure and moved to awarding LTVR at the start (rather than end) of the financial year). Note, STVR is awarded at the end of the year.				**Received remuneration** reflects the actual remuneration received in the year (i.e., cash paid and the value of previously awarded STVR deferred shares and LTVR performance rights which vested in the year). The amount received is lower in 2023 (compared to 2022), primarily due to there being no LTVR due to vest in 2023 due to changing from a three to four-year performance period in Nov/Dec 2019.	**Statutory remuneration** reflects remuneration in accordance with Australian Accounting Standards which includes FR and the amortised accounting value of variable remuneration, not the actual awarded or received value in respect of the relevant financial year (i.e., includes the value of STVR and LTVR expensed in the year). This is different to remuneration received in 2023 (which includes prior year awards which vested).
	Fixed remuneration $	STVR $	LTVR $	Total remuneration $	Total remuneration $	Total remuneration $
2023	**2,500,000**	**2,400,000**	**3,375,000**	**8,275,000**	**4,579,413**	**6,186,508**
2022	2,500,000	1,860,000	n/a	4,360,000	6,000,069	5,489,133

Historical STVR and LTVR

This table shows the STVR as a % of maximum opportunity and LTVR vesting outcomes for the CEO over the last five years. STVR outcomes are reasonably aligned with financial performance trends over the corresponding 2019 to 2023 periods, with 2023 STVR higher than prior years, consistent with 2023 financial performance (see section 4.2.1).

Historical STVR and LTVR – CEO[1]

	2019	2020	2021	2022	2023
STVR[2] outcome (% of maximum opportunity)	48%	33%[3]	53%	74%	**96%**
LTVR vesting outcome (% vested)	21.8%	0%	43.3%	51.6%	**n/a**

1. Prior to 2022, the maximum STVR opportunity for the CEO was 150% of target, however under the new structure (effective from 2022) this was reduced to 125% of target, therefore the 2022 and 2023 STVR % of maximum opportunity of 74% and 96% respectively is not comparable with prior years. If the maximum opportunity had remained at 150% of target, then the 2022 and 2023 STVR outcomes for the CEO (on a like for like basis) would have equated to 62% and 80% of maximum opportunity respectively. **2.** Previously referred to as AVR pre-2022. **3.** Post 50% COVID-19 reduction.

Historical VR[1]

This table shows the VR as a % of maximum opportunity for the executives who were disclosed over the last five years.

Historical VR – Disclosed Executive

	2019	2020	2021	2022	2023
STVR[2] outcome (average % of maximum opportunity[3])	45%	36%[4]	60%	78%	**89%**
STVR[2] outcome (range % of maximum opportunity[3])	0% - 74%	31% - 44%	46% - 66%	71% - 96%	**80% - 100%**
VR PR vesting outcome (% vested)	21.8%	0%	43.3%	51.6%	**n/a**

1. Prior to 2022 the maximum VR opportunity for Disclosed Executives was 150% of combined VR target, however under the new structure (effective from 2022), this was reduced to 125% of STVR target component only, therefore the 2022 and 2023 STVR % of maximum opportunity shown above of 78% and 89% respectively are not comparable with prior years. If the maximum opportunity had remained at 150% of target, then the average 2022 and 2023 STVR outcomes for Disclosed Executives (on a like for like basis) would have equated to 65% and 74% of maximum opportunity respectively. **2.** Previously referred to as VR pre-2022. **3.** Pre 2022, % of maximum opportunity applied to the full VR due to the combined VR structure for Disclosed Executives in those years. **4.** Post 50% COVID-19 reduction.

6 STRUCTURE AND DELIVERY: PERFORMANCE

6.1 CEO performance

With regard to STVR, the CEO is assessed 50% on the ANZ Group Performance Framework and 50% on achievement of individual strategic objectives aligned to ANZ's strategy. Both the ANZ Group Performance Framework and individual strategic objectives are agreed by the Board at the start of the financial year and are stretching.

WEIGHTING OF FINANCIAL METRICS

STVR

The CEO's STVR is not formulaic – outcomes are moderated by the Risk element of the ANZ Group Performance Framework and the Board's judgement on the appropriate STVR considering all aspects of performance.

LTVR

TSR (both relative and absolute) continue to determine the outcome of LTVR PR (50% LTVR weighting). However, LTVR also includes a 50% weighted RR award that is primarily focused on risk-based measures (as part of the pre grant and pre vest assessments – see section 7.2.4). This ensures LTVR has a material weight to non-financial measures as required under the APRA Prudential Standard *CPS 511 Remuneration*.

At the end of the financial year, ANZ's performance is assessed against the ANZ Group Performance Framework, and the CEO's performance is also assessed against this, along with his individual strategic objectives, the ANZ values (behaviours), delivery of the BEAR obligations and ANZ's risk and compliance standards. In conducting the CEO's performance assessment, the HR Committee seeks input from the Chairman, CRO (on risk management), CFO (on financial performance), GE T&C (on talent and culture matters) and Group General Manager Internal Audit (GGM IA) (on internal audit matters). Material risk, audit and conduct events that have either occurred or come to light in the year are also considered, together with input from both the Audit Committee and the Risk Committee of the Board.

6.2 Disclosed Executive performance

At the start of each year, stretching performance objectives are set in the form of Divisional Performance Frameworks for each of our Disclosed Executives, in alignment with the ANZ Group Performance Framework approved by the Board.

At the end of the financial year, the performance of each Disclosed Executive[1] is assessed against the ANZ Group Performance Framework (25% to 50% weighting), their Divisional Performance Framework, ANZ's values (behaviours), delivery of BEAR obligations and ANZ's risk and compliance standards.

The ANZ Group Performance Framework weighting for Disclosed Executives reinforces the importance of collective accountability and contribution to Group outcomes. The respective 2023 weighting varies based on role focus:

- 50% Group performance weighting: CFO, GE Strategy & Transformation, GE T&C, and GE Technology & Group Services
- 25% Group performance weighting: CRO, GE Australia Retail, GE Australia Commercial, GE & CEO New Zealand, and GE Institutional

Similar to the ANZ Group Performance Framework, the Divisional Performance Frameworks include the key elements of Financial Discipline and Operational Resilience, Customer, and People and Culture, with Risk acting as a modifier.[2] The weighting of each element varies to reflect the responsibilities of each individual's role. The Financial Discipline and Operational Resilience element weightings range from 20% to 40%.

The HR Committee seeks input from the CEO, and independent reports from Risk, Finance, Talent and Culture, and Internal Audit, and also reviews material risk, audit and conduct events, and seeks input from both the Audit Committee and the Risk Committee of the Board.

The HR Committee reviews and recommends to the Board for approval the overall performance outcomes for each Disclosed Executive.

STVR and LTVR

At the end of the financial year, the CEO and HR Committee determine STVR recommendations for each Disclosed Executive, which are ultimately approved by the Board.[3] STVR varies year-on-year in line with performance – it is not guaranteed and may be adjusted up or down ranging from zero to a maximum opportunity.

As highlighted in section 4, performance against objectives impacts STVR outcomes (e.g., where expectations are met, STVR is likely to be awarded around target which equates to 80% of maximum opportunity). The degree of variance in individual STVR outcomes reflect the weighting of the Group component (i.e., roles with 50% Group weighting will generally have less differentiation), and relative performance of the different areas/individuals, ensuring appropriate alignment between performance and reward. The outcomes demonstrate the at risk nature of STVR, and that outcomes vary across the Disclosed Executives and also from year to year. The average 2023 STVR for Disclosed Executives is 89% of maximum opportunity (ranging from 80% to 100%).

LTVR under the new remuneration structure was awarded for the first time in 2023, with a pre grant assessment (focused on risk measures) resulting in a full RR award. A pre vest assessment will determine the number of RR that ultimately vest, and performance against TSR hurdles will determine the level of vesting of PR. LTVR (RR and PR) is designed to strengthen the alignment of executive interests with shareholders, and PR provide a strong link between the reward for executive performance and TSR returns over the next four-year period.

1. Performance arrangements for the CRO are addressed additionally by the Risk Committee. Performance arrangements for the Group Executive and CEO, New Zealand are determined and approved by the ANZ NZ HR Committee/ANZ NZ Board in consultation with and endorsed by the HR Committee/Board, consistent with their respective regulatory obligations. **2.** Except for the CRO who has a percentage weighting assigned to risk measures. **3.** Remuneration arrangements for the Group Executive and CEO, New Zealand are determined and approved by the ANZ NZ Board in consultation with and endorsed by the Board, consistent with their respective regulatory obligations.

7 STRUCTURE AND DELIVERY: REMUNERATION

There are two core components of remuneration at ANZ – FR and at risk variable remuneration.

In structuring remuneration, the Board aims to find the right balance between fixed and variable remuneration (at risk), the way it is delivered (cash versus deferred remuneration) and appropriate deferral time frames (the short, medium and long-term).

The Board sets (and reviews annually) the CEO and Disclosed Executives' FR based on financial services market relativities and reflecting their responsibilities, performance, qualifications and experience.

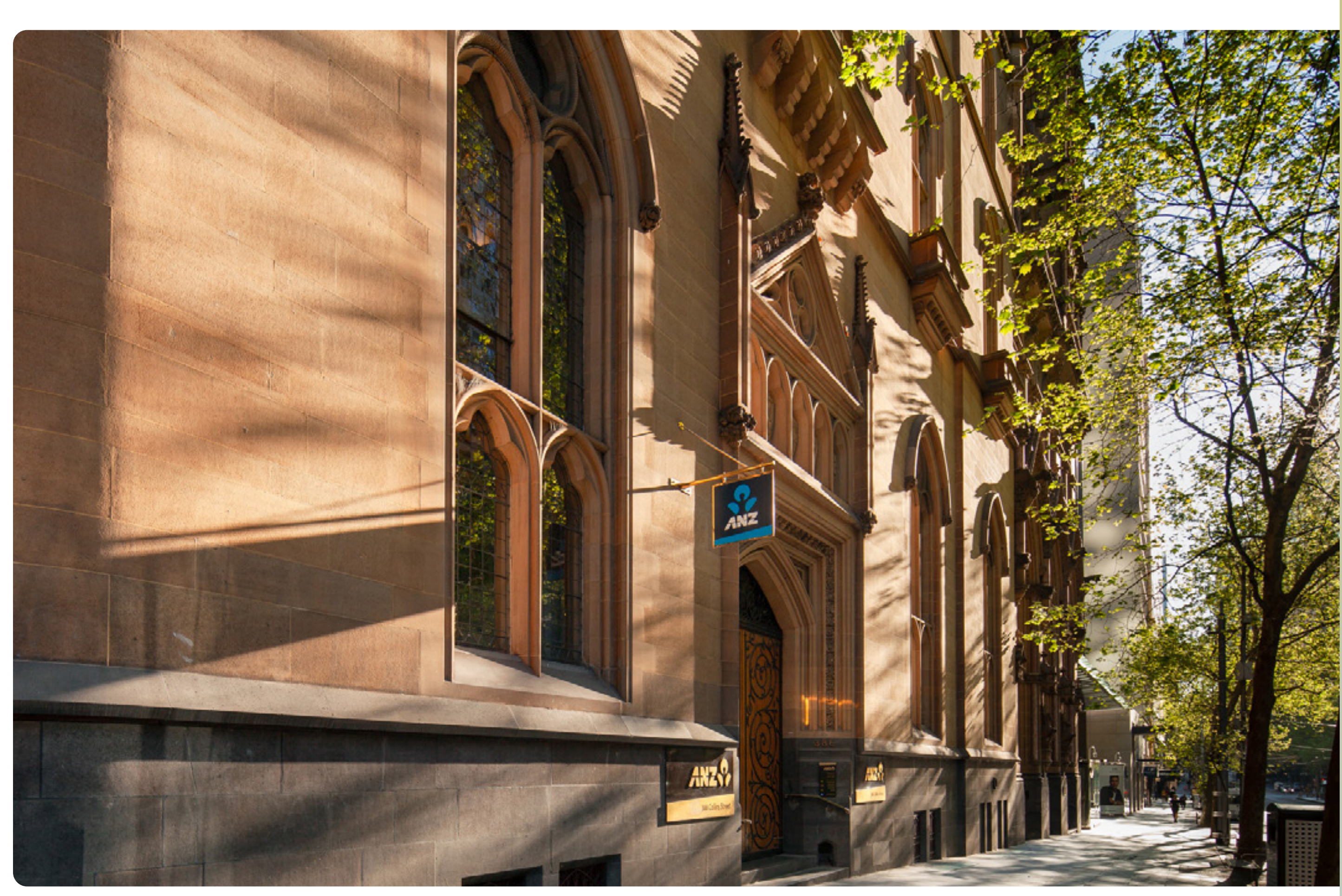
The CEO and Disclosed Executives' variable remuneration is comprised of STVR and LTVR consistent with external market practice.

Variable remuneration is designed to focus our CEO and Disclosed Executives on stretching performance objectives supporting our business strategy, risk management and the delivery of long-term stakeholder value.

In considering variable remuneration outcomes the HR Committee and Board reflect on the **application of ANZ's Reward Principles:**

- **Reward our people for doing the right thing having regard to our customers and shareholders:** Variable remuneration should be primarily based on 'outcomes' rather than 'effort' and proportionate relative to performance. It also needs to consider the experience and expectations of a range of stakeholders (including shareholders, customers, employees, community and regulators).
- **Attract, motivate and keep great people:** In determining remuneration outcomes, the Board acknowledges the importance of balancing performance with being market competitive to ensure retention of key talent – particularly in a competitive talent landscape.
- **Focus on how things are achieved as much as what is achieved:** The Board ensures that appropriate consideration and weight is given to performance against objectives (which includes a risk modifier), a risk assessment (capturing financial and non-financial risks), and how that performance was achieved (i.e., in accordance with our values and purpose).
- **Fair and simple to understand:** Variable remuneration should be fair and consistent through the cycle and have regard to external influences outside of management's control.

Variable remuneration outcomes are based on a range of measures (as illustrated overleaf), with material weight provided to non-financial measures in accordance with Prudential Standard *CPS 511 Remuneration*. Our variable remuneration approach has a strong focus on driving long-term sustainable outcomes for shareholders. For example, STVR outcomes include a number of objectives that are considered key drivers of shareholder value, and the significant weighting to the LTVR component (around 60% of VR) as well as 50% of STVR delivered as ANZ shares, aligns a large proportion of executive remuneration to the shareholder experience (in respect of the share price and dividend).



STVR
Mix of financial and non-financial measures

LTVR RR
Mostly non-financial

LTVR PR
Financial

Key Individual Assessment Inputs

ANZ values *Behaviours*	Risk/compliance *Including material events*	BEAR obligations
ANZ Group Performance Framework *25%-50% weighting*	Individual strategic objectives/Divisional Performance Framework *50%-75% weighting*	Control function input *Risk, Finance, T&C, Audit*

FY23 ANZ Group Performance Framework

Objectives below are examples of key drivers of shareholder value

RISK (MODIFIER)

Maintain risk discipline focused on good customer and regulatory outcomes

- Deliver major regulatory commitments
- Strengthen risk culture

FINANCIAL DISCIPLINE & OPERATIONAL RESILIENCE (35%)

Run core businesses well, delivering sustainable growth and operational improvements

- Deliver economic profit to plan or better in a high-quality manner
- Contain total cost growth
- Deliver/progress key change programs

CUSTOMER (35%)

Deliver great customer outcomes, focused on improving the financial wellbeing, sustainability and experience of priority segments

- Accelerate ANZ Plus customer acquisition and engagement
- Materially improve Commercial customer & banker experience
- Meaningfully progress environmental sustainability strategies
- Transition to uniform business services

PEOPLE & CULTURE (30%)

Build a culture where our diverse teams are engaged and optimised for success

- Maintain high employee engagement
- Continue to improve project capability
- Attract, retain and develop people with critical skills to reinvent banking

Additional financial and non-financial overlays considered by the Board in determining Group and individual performance and the size of the ANZIP pool include:

- Broader financial performance (beyond scorecard measures)
- The quality of earnings and operating environment
- The shareholder experience (e.g., share price growth and dividends)

ALIGNED TO SHAREHOLDER EXPERIENCE

Prudential Soundness

- Capital ratio and liquidity prudential minimums

Risk Measures

- Material risk outcomes
  Considers all risk types including capital adequacy risk, compliance risk, credit risk, liquidity and funding risk, market risk, operational risk, strategic risk, technology risk and conduct risk
- APRA active supervision
- Risk culture

TSR

- 75% relative TSR
  Rewards for performance relative to that of SFS comparator group
- 25% absolute TSR
  Ensures there is a continued focus on providing positive growth – even when market is declining

  Measures absolute CAGR

STVR and LTVR provide material weight to non-financial measures as per *CPS 511*

By deferring a significant portion of variable remuneration (around 80% of maximum opportunity for the CEO and Disclosed Executives and 75% for the CRO), we seek to ensure alignment with shareholder interests, to deliver on ANZ's strategic objectives, and to ensure a focus on long-term value creation. Deferred variable remuneration has significant retention elements, and most importantly, can be adjusted downwards, including to zero, allowing the Board to hold executives accountable, individually or collectively, for the longer-term impacts of their decisions and actions.

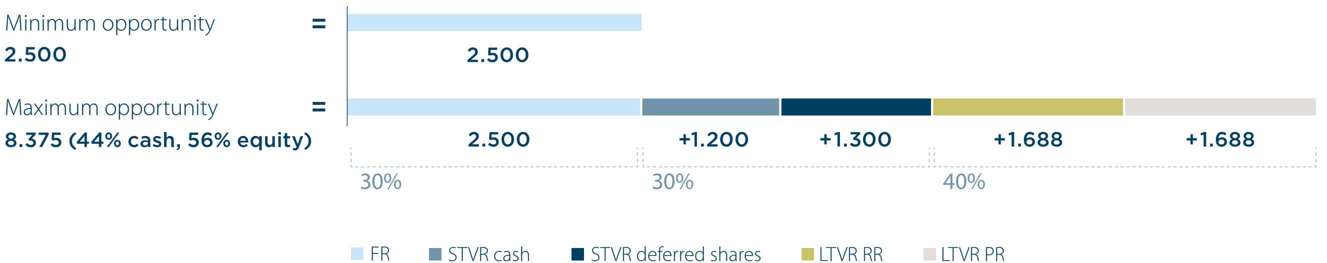
Board discretion is applied when determining all CEO and Disclosed Executive variable remuneration outcomes including:

- STVR and LTVR outcomes for each financial year;
- LTVR vesting outcomes (pre vest assessment);
- Consideration of malus or further deferral before any scheduled release of previously deferred remuneration;
- Consideration of clawback for up to two years post payment or vesting of variable remuneration. See section 7.3.

7.1 Remuneration mix

The CEO and Disclosed Executives[1] have an aligned remuneration mix (30% FR, 30% STVR and 40% LTVR at maximum opportunity), and structure (with the exception of longer deferral for the CEO in line with APRA's deferral requirements).

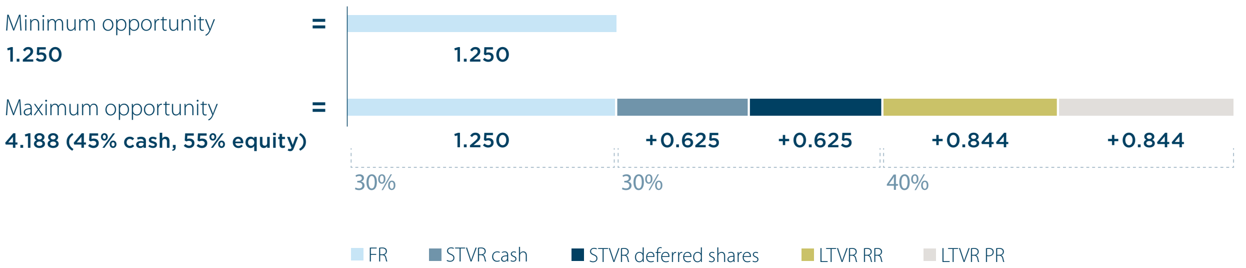
CEO



Disclosed Executives

The dollar amounts in the below example are for illustrative purposes only, and are based on the FR value of $1.25m.

Remuneration mix – Disclosed Executives[1] ($m)



1. Excluding CRO and Acting GE T&C.

CRO

To preserve the independence of the role and to minimise any conflicts of interest in carrying out the risk control function across the organisation, the CRO's remuneration arrangements differ to other Disclosed Executives.

While the STVR opportunity (100% of FR) is the same as the CEO and Disclosed Executives, the LTVR opportunity is different (100% of FR instead of 135% of FR) reflecting the delivery of LTVR as 100% RR (instead of 50% RR and 50% PR). Maximum variable remuneration opportunity is 200% of FR for the CRO. The remuneration mix is 33.3% FR/33.3% STVR/33.3% LTVR.

Acting GE T&C

Due to the acting nature of R Howell's appointment his remuneration arrangements differ to other Disclosed Executives. For the time spent in this acting role, his FR was set at $700k per annum from 1 June 2023 and increased to $703k from 1 July 2023 (due to the impact of the Superannuation Guarantee rate change). His VR maximum opportunity was set at 150% of FR (his remuneration mix is therefore 40% FR/60% VR). His VR will be delivered as 60% cash and 40% as shares deferred over years 4 to 5 to ensure compliance with CPS 511 deferral requirements.

7.2 Variable remuneration delivery

Variable remuneration for the CEO and the Disclosed Executives (excluding the CRO and Acting GE T&C) is delivered as follows:

- STVR as 50% cash and 50% shares deferred equally over years 2 and 3; and
- LTVR as RR and PR deferred over:
  - year 4 (33%), year 5 (33%) and year 6 (34%) for the CEO; and
  - year 4 (50%) and year 5 (50%) for Disclosed Executives.

Both RR and PR are tested against the relevant performance condition at the end of the four-year performance period and are then subject to additional holding period(s) until the completion of the respective deferral periods.

At target performance, 63% of variable remuneration for the CEO and Disclosed Executives, and 56% of variable remuneration for the CRO is deferred for at least four years (from the date the Board approved the variable remuneration in October (and the date shareholders approve the CEO's LTVR)), noting that this complies with the BEAR minimum deferral requirement of 60% for the CEO and 40% for Disclosed Executives. If the CEO receives above target STVR (as is the case in 2023), the amount above target will be delivered as 40% cash and 60% deferred shares (20% year 4, 20% year 5, 20% year 6) to ensure compliance with the minimum deferral requirements with respect to BEAR and APRA's Prudential Standard *CPS 511 Remuneration*.

Before any scheduled release of deferred remuneration, the Board considers whether malus should be applied to previously deferred remuneration (or further deferral of vesting), or clawback to variable remuneration previously granted, for the CEO and Disclosed Executives. See section 7.3.

7.2.1 STVR CASH – CEO AND DISCLOSED EXECUTIVES

The cash component of STVR is paid to executives at the end of the annual Performance and Remuneration Review (December 2023), and is subject to clawback for two years post payment.

7.2.2 STVR DEFERRED SHARES – CEO AND DISCLOSED EXECUTIVES

By deferring 50% of an executives' STVR as deferred shares over years two and three (and it remaining subject to malus and clawback), we enable a substantial amount of their STVR to be directly linked to delivering shareholder value. We grant deferred shares in respect of performance for the financial year ending 30 September in late November each year.

For deferred variable remuneration for the CEO and Disclosed Executives, we calculate the number of deferred shares to be granted based on the VWAP of the shares traded on the ASX in the five trading days leading up to and including 1 October (i.e., in line with the beginning of the financial year). Allocations prior to the 2022 financial year were based on the VWAP in the five trading days leading up to and including the date of grant. The VWAP used for disclosure and expensing purposes is the one-day VWAP at the date of grant, which is in line with the Accounting Standard.

In some cases, we may grant deferred share rights to executives instead of deferred shares. Each deferred share right entitles the holder to one ordinary share.

7.2.3 LTVR – CEO AND DISCLOSED EXECUTIVES[1]

LTVR reinforces the focus on achieving longer term strategic objectives, driving outperformance relative to peers, and creating long-term sustained value for all stakeholders. The following table details design features common to both LTVR RR and PR.

This section details the LTVR approach that applied to the 2023 LTVR award granted in November/ December 2022, and to the GE Australia Commercial in September 2023.

LTVR ELEMENT	DETAIL
Description	RR and PR provide a right to acquire one ordinary ANZ share at nil cost – as long as applicable time and performance conditions are met. Their future value may range from zero to an indeterminate value. The value depends on performance against the applicable performance condition and on the share price at the time of exercise.
Performance period	Both RR and PR have a four-year performance period commencing from 1 October and ending four years later on 30 September (e.g., 1 October 2022 to 30 September 2026 for the 2023 grant), noting that LTVR is awarded at the start of the financial year (rather than the end). A four-year performance period provides sufficient time for longer term performance to be reflected.
Deferral periods	The deferral period is the sum of the four-year performance period and the applicable holding period. The holding period commences the day after the end of the four-year performance period (e.g., 1 October 2026 in the case of the 2023 LTVR award), and finishes on the 4th, 5th or 6th anniversary of grants.
Exercise period	Rights can only be exercised at the end of the relevant deferral period (4, 5 or 6 years) when the rights vest and become exercisable. There is a two-year exercise period which commences at the end of the relevant deferral period for RR and PR.
Expensing	ANZ engages PricewaterhouseCoopers to independently determine the fair value of RR and PR, which is only used for expensing for accounting purposes. They consider factors including: the market performance conditions, share price volatility, life of the instrument, dividend yield, and share price at grant date.
Dividends	A dividend equivalent payment (DEP) is paid in cash at the end of the relevant deferral period, but is only made to the extent that all or part of the underlying rights meet the relevant performance condition and vest to the individual. Dividend equivalent payments accrue over the full deferral period for RR, and only during the holding period for PR.
Allocation basis	The value the Board uses to determine the number of RR and PR to be allocated to the CEO and Disclosed Executives is the face value of ANZGHL shares traded on the ASX in the five trading days leading up to and including 1 October (beginning of the financial year and LTVR performance period). LTVR is awarded around the start of the financial year in late November for Disclosed Executives and December for the CEO (subject to shareholder approval).

1. Excluding Acting GE T&C.

7.2.4 LTVR RESTRICTED RIGHTS – CEO AND DISCLOSED EXECUTIVES[1]

The award of RR ensures that LTVR provides material weight to non-financial measures (as required under APRA's Prudential Standard *CPS 511 Remuneration*), as well as supporting long-term alignment with shareholders.

Having a risk-based focus reflects the intent of the Prudential Standard *CPS 511 Remuneration* in ensuring remuneration arrangements appropriately incentivise individuals to prudently manage risks. The performance conditions are designed to ensure there is focus on both material risk events and building a strong risk culture over the longer term.

LTVR ELEMENT	PERFORMANCE CONDITION DETAIL
RR pre grant and pre vest assessments	**Pre grant assessment purpose:** Determines whether any reduction should be made to RR award value and is primarily based on outcomes in the prior financial year. **Pre vest assessment purpose:** Determines whether the RR amount awarded should vest in full and is based on outcomes over the four-year performance period. The pre grant and pre vest assessments also take into consideration any adjustments already applied for the same event/outcomes in either the current or prior years (i.e., adjustments to STVR and LTVR, malus and clawback), to ensure the overall impact is fair and proportionate to the severity of the outcome. Therefore, given other remuneration adjustments are likely to be considered first, and as the award of RR is future focused, it is anticipated that RR will be allocated at full value in most years – unless the outcome of the following three assessment steps determines otherwise. **STEP 1** Assess Prudential soundness • Nil award if ANZ does not meet capital ratio and liquidity prudential minimums. **STEP 2** Assess risk measures • Consideration of any **Material Risk Outcomes** from executive actions or inactions which is expected to/or has resulted in significant impacts. • Consideration of any significant adverse change in **APRA's Active Supervision** level. • Consideration of **Risk Culture** (additional measure for pre vest) that examines whether or not ANZ has maintained (or made progress towards) a sound risk culture, considering both executive actions or inactions. **STEP 3** Apply Board discretion • Board to determine whether any reduction should be made to LTVR RR outcome based on consideration of a range of factors, including: – the outcomes from steps 1 and 2; – the impact, if any, of the issue/s on ANZ's reputation/standing in the market; – whether the issue was specific to ANZ, the banking industry or the broader market; – any impacts already applied (e.g., regarding downward adjustment mechanisms, pre grant assessment impact to LTVR RR); – whether any impact should be made on an individual or collective basis. The assessments are not intended to be formulaic given the circumstances requiring the application of Board discretion will typically be different or unique, however a Board decision making framework is in place to guide the Board in applying discretion.
Material risk outcomes process	The consideration of material risk outcomes is a key process that forms part of our broader Accountability and Consequence Framework (A&CF) (see section 8), and is a comprehensive bottom-up process designed to ensure that all relevant events are surfaced and considered appropriately. Key steps include: • Risk, conduct and audit events are reported in ANZ's Compliance & Operational Risk System. • Divisional Accountability Groups review serious risk, conduct and audit events, and provide recommendations regarding accountability and consequences, where appropriate. • Enterprise Accountability Group (EAG) reviews recommendations of the Divisional Accountability Groups and make final determination (with some exceptions where local Board approval is required or for material risk takers and other non-administrative direct reports to the CEO, where Board approval is required). • HR Committee reviews most serious risk, conduct and audit events (as part of independent report from CRO) and determines impacts at the Group, Division and individual level for the CEO and ExCo.

1. Excluding Acting GE T&C.

7.2.5 LTVR PERFORMANCE RIGHTS – CEO AND DISCLOSED EXECUTIVES EXCLUDING THE CRO[1]

<table>
<tr><th>LTVR ELEMENT</th><th>PERFORMANCE CONDITION DETAIL</th></tr>
<tr><td>Performance rights hurdles</td><td>The PR have TSR performance hurdles reflecting the importance of focusing on achieving longer term strategic objectives and aligning executives' and shareholders' interests. There are two TSR performance hurdles for the 2023 grants of PR:
• 75% will be measured against a relative TSR hurdle.
• 25% will be measured against an absolute TSR hurdle.

TSR represents the change in value of a share plus the value of reinvested dividends paid. We regard it as the most appropriate long-term measure – it focuses on the delivery of shareholder value and is a well understood and tested mechanism to measure performance. The combination of relative and absolute TSR hurdles provides balance to the plan by:
• Relative: rewarding executives for performance that exceeds that of comparator companies; and
• Absolute: ensuring there is a continued focus on providing positive growth – even when the market is declining.

The two hurdles measure separate aspects of performance:
• the relative TSR hurdle measures our TSR compared to that of the Select Financial Services (SFS) comparator group, made up of core local and global competitors. This comparator group is chosen to broadly reflect the geographies and business segments in which ANZ competes for revenue; and
• the absolute Compound Annual Growth Rate (CAGR) TSR hurdle provides executives with a more direct line of sight to the level of shareholder return to be achieved. It also provides a tighter correlation between the executives' rewards and the shareholders' financial outcomes.

We will measure ANZ's TSR against each hurdle at the end of the four-year performance period to determine whether any PR becomes exercisable. We measure relative and absolute TSR hurdles independently from the other – for example one may vest fully or partially but the other may not vest.</td></tr>
<tr><td>Relative TSR hurdle for PR</td><td>The relative TSR hurdle is an external hurdle that measures our TSR against that of the SFS comparator group over four years. The SFS comparator group is made up of: Bank of Queensland Limited; Bendigo and Adelaide Bank Limited; Commonwealth Bank of Australia Limited; DBS Bank Limited; Macquarie Group Limited; National Australia Bank Limited; Standard Chartered PLC; Suncorp Group Limited; and Westpac Banking Corporation.

For future LTVR awards of PR (i.e., from financial year 2024), the Board approved for DBS Bank Limited to be removed from the comparator group (noting that this change does not apply to awards currently on foot). This change reflects the need to better balance the weighting of international peers in our comparator group to more appropriately reflect the change in capital allocated to Asia compared to when international comparators were originally included in 2015 (as part of the super regional strategy at that time). When considering an appropriate cohort of peers for benchmarking TSR performance, the Board take into consideration organisations with a similar scope of activities, common geographical focus, broadly comparable risk compliance and regulatory profiles, and relative stability and transparency across market cycles.

<table>
<tr><th>If our TSR when compared to the TSR of the comparator group</th><th>then the percentage of PR that vest</th></tr>
<tr><td>is less than the 50th percentile</td><td>is nil</td></tr>
<tr><td>reaches at least the 50th percentile, but is less than the 75th percentile</td><td>is 50% plus 2% for every one percentile increase above the 50th percentile</td></tr>
<tr><td>reaches or exceeds the 75th percentile</td><td>is 100%</td></tr>
</table></td></tr>
</table>

1. Excluding Acting GE T&C.

LTVR ELEMENT	PERFORMANCE CONDITION DETAIL
Absolute TSR hurdle for PR	The absolute CAGR TSR hurdle is an internal hurdle as to whether ANZ achieves or exceeds a threshold level of growth the Board sets at the start of the performance period. The Board reviews and approves the absolute TSR targets each year for the PR award. When reviewing the targets, the Board references ANZ's assessed Cost of Capital (CoC). The CoC is determined using methodologies including the Capital Asset Pricing Model (CAPM). The CoC is regularly reviewed and updated to reflect current market conditions. Due to the prospective nature of the 2023 PR and given the increased volatility in the 10-year bond rate, the Board determined it was appropriate to use the 2H average CoC as the CAGR TSR target for the 2023 PR.

If the absolute CAGR of our TSR	then the percentage of 2023 PR that vest
is less than 9.125%	is nil
is 9.125%	is 50%
reaches at least 9.125%, but is less than 13.688%	is progressively increased on a pro-rata, straight-line, basis from 50% to 100%
reaches or exceeds 13.688%	is 100%

For future LTVR awards of PR (i.e., from financial year 2024), the CAGR TSR hurdle will be based on the time weighted CoC over the four-year performance period of the PR. Therefore, the CAGR TSR target will be adjusted on a time weighted basis unless the Board applies discretion not to adjust. The CoC will be reviewed by the Board on a quarterly basis based on the output from the CAPM methodology (which takes into consideration the risk-free bond rate, the market risk premium and the beta – i.e., the volatility of ANZ's historical share price relative to the market). Any CoC changes approved by the Board throughout the performance period are prospective only (i.e., reflect current market factors) and will form part of the dynamic absolute TSR target calculation. Moving to a dynamic target that reflects the changes in CoC over the performance period (rather than a static target at the beginning of the performance period), is more responsive to changes in both interest rates and risks, and is considered more appropriate and fairer from both an investor and executive perspective, and supports better shareholder alignment.

LTVR ELEMENT	PERFORMANCE CONDITION DETAIL
Calculating TSR performance	When calculating performance against TSR, we: • reduce the impact of share price volatility – by using an averaging calculation over a 90-trading day period for start and end values; • ensure an independent measurement – by engaging the services of an external organisation, to calculate ANZ's performance against both the absolute and relative TSR hurdles; and • test the performance against the relevant hurdle once only at the end of the four-year performance period – the rights lapse if the performance hurdle is not met – there is no retesting.

7.3 Downward adjustment – Board discretion

The Board can exercise its discretion to apply a number of downward adjustment options as part of consequence management (in accordance with applicable law and any terms and conditions provided). The Board may choose to exercise the following options or a combination of these at any time, but will always consider their use if any of the circumstances specified by Prudential Standard *CPS 511 Remuneration* occur. The downward adjustment options specified in #1 to #3 below are applicable to all employees, while clawback (#4) in 2023 is currently limited to select employees (primarily the CEO, Disclosed Executives and some senior employees in jurisdictions where clawback regulations apply):

1. **In year adjustment**, the most common type of downward adjustment, which reduces the amount of variable remuneration an employee may have otherwise been awarded for that year.

2. **Further deferral/freezing** delays the decision to pay/allocate variable remuneration, or further defers the vesting of deferred remuneration or freezes vested/unexercised shares and rights. This would typically only be considered where an investigation is pending/underway.

3. **Malus** is an adjustment to reduce the value of all or part of deferred remuneration before it has vested. Malus is used in cases of more serious performance or behaviour issues. Any and all variable remuneration we award or grant to an employee is subject to ANZ's on-going and absolute discretion to apply malus and adjust variable remuneration downward (including to zero) at any time before the relevant variable remuneration vests.

4. **Clawback** is the recovery of variable remuneration that has already vested or been paid (up to two years from vesting/payment or a longer period as determined by Board discretion, policy or applicable law). This would typically only be considered if the other types of downward adjustment/other consequences are considered inadequate given the severity of the situation.

Before any scheduled vesting of deferred remuneration, the Board (for the CEO, Disclosed Executives and other specified roles) and/or the Enterprise Accountability Group (EAG) (for other employees) considers whether any further deferral, malus, or clawback should be applied. See section 8 for details.

8 ACCOUNTABILITY AND CONSEQUENCE FRAMEWORK

The Enterprise Accountability Group (EAG) is the primary governance mechanism for the operation of the Accountability and Consequence Framework (A&CF).

8.1 Role of the EAG

The EAG is chaired by the CEO and members include the CRO, CFO and GE T&C. It operates under the delegated authority of the HR Committee and is responsible for:

- supporting the Board in monitoring the implementation and ongoing effectiveness of ANZ's A&CF;
- reviewing the most material risk, conduct and audit events for accountability and the application of consequences, where appropriate;
- providing guidance to the Divisions and considering initiatives across the Divisions to strengthen risk behaviours;
- acknowledging material positive risk events and recognising risk role models, whose achievements are profiled across the organisation; and
- approving the release or application of downward adjustment for deferred variable remuneration (noting that for the CEO and Disclosed Executives this is approved by the Board).

8.2 Material positive risk events

The EAG review material positive risk decisions and events – times when our proactive approach to identifying and mitigating risk have had a material positive outcome. Reviewing these examples provides an opportunity to acknowledge the importance of these events and share learnings across the enterprise.

8.3 Risk role models

In 2023, 81 individuals were recognised by the EAG for role modelling outstanding risk behaviours through their efforts to identify, manage and mitigate the organisation's risks and contribute to our strong risk culture. Recognition provided included a personalised e-mail from the CEO, local recognition events, and having their achievement profiled on our intranet and in internal newsletters.

8.4 Compliance with Prudential Standard *CPS 511 Remuneration*

ANZ's A&CF is an integral part of our enterprise approach to meeting the requirements of APRA Prudential Standard *CPS 511 Remuneration*.

We introduced clawback provisions for the CEO and our Disclosed Executives effective 2022, in addition to existing downward adjustment tools such as in year adjustment, further deferral and malus.

In 2023, we have continued to raise employee awareness with respect to accountability and consequences through explicit references to the A&CF (including remuneration consequences) in employee training and communications and performance and remuneration policy documents.

In addition, as part of our annual performance and remuneration process, we have provided our People Leaders with guidance regarding appropriate (and in some cases, mandatory) remuneration consequences for conduct and performance issues, including insights from the previous year's consequences applied. These activities are part of our continued focus on consistency in application of remuneration consequence across ANZ globally.

8.5 Consideration of consequences for material risk, audit and conduct events

The EAG has processes in place to ensure that we mitigate the risk of conflicts of interest in reviewing events and determining accountability and consequences. For example, when undertaking accountability reviews, a recommendation regarding the review leader and scope must be sent to the CRO (or in the case of an event involving Group Risk to the CEO), for review and approval to ensure the individual is capable of undertaking an impartial and unbiased review.

Considerations regarding accountability and consequences for our most senior executives are considered and determined by the HR Committee and Board.

Reports on the most material risk, audit and conduct issues were presented to the HR, Risk and Audit Committees at a concurrent meeting. This information was considered by the Board when considering the performance of the Group and the 2023 ANZIP variable remuneration pool for all employees and determining the performance and remuneration outcomes of the CEO and Disclosed Executives.

The HR Committee and Board consider accountability and consequences for the CEO and Disclosed Executives, including the application of malus and clawback (see section 7.3). No malus or clawback was applied to the remuneration of the CEO and Disclosed Executives during 2023.

When determining consequences, consideration is given to the level of accountability, and the severity of the issue, including customer impacts. Consequences may include, for example, one or more of the following: counselling, formal warnings, impacts to in year performance and remuneration outcomes or application of malus to previously deferred remuneration and ultimately termination of employment or clawback for the most serious issues.

8.6 Evolving the A&CF

Our ongoing focus on accountability, consequences and driving a strong risk culture supports our customer commitment that when things go wrong, we fix them quickly and hold executives, current (and former where we can), to account where appropriate. We are also focused on ensuring that we learn from the cause of the event, mitigate the risk of future recurrences and continuously seek to strengthen our risk culture. We review the effectiveness of the A&CF every year and implement enhancements to further strengthen the A&CF based on regulatory and internal stakeholder input.

8.7 Speak up culture

We continue to raise employee awareness of, and promote the various ways employees can speak up and raise issues and ideas for improvement including through initiatives such as:

- a global awareness campaign to mark World Whistleblower Day in June, which included a conversation guide designed to support People Leaders with team discussions on the importance of speaking up and promotion of whistleblowing;
- digital communications designed to build confidence and trust in the Whistleblower Program and process; and
- through monitoring responses in our employee engagement surveys.

Key risk and speak-up scores, including 'The People Leaders in the area I work demonstrate personal accountability for risk and sound risk behaviours' (91%), 'I can raise issues and concerns without fear of reprisals' (81%) and 'When I speak up, my ideas, opinions and concerns are heard' (84%) remained strong and consistent with 2022 and 2021 results.[1]

8.8 Application of consequences

In 2023, there were 1,330 employee relations cases involving alleged breaches of our Code, with 501 resulting in a formal consequence or the employee leaving ANZ, down from 518 in 2022. Breaches ranged from compliance/procedural breaches (23%), through to general unacceptable behaviour (31.7%), email/systems misuse (9.2%), attendance issues (20.8%), fraud/theft (5.4%), conflict of interest (5.6%) and breaches of our Equal Opportunity, Bullying and Harassment Policy (3.6%). Outcomes following investigations of breaches this year included 100 terminations, 314 warnings and 87 employees leaving ANZ.

In relation to the application of consequences to our senior leadership population (senior executives, executives and senior managers), 30 current and former employees (21 in 2022) had a consequence applied as a result of the application of our Code of Conduct Policy and/or findings of accountability for a relevant event. Consequences included warnings, impacts on performance and remuneration outcomes and dismissal.

All employees and contractors across the enterprise are required to complete mandatory learning modules. Permanent employees who fail to complete their mandatory learning requirements within 30 days of the due date are (in the absence of genuinely exceptional circumstances) ineligible for any FR increase or variable remuneration award as part of our annual Performance and Remuneration Review. In 2023, the mandatory learning course compliance rate across the enterprise was 99.6%.

1. Results reported are taken from the Q2 and/or Q4 employee engagement surveys, and Risk Culture Survey.

9 NON-EXECUTIVE DIRECTOR (NED) REMUNERATION

9.1 Remuneration structure

The HR Committee reviewed NED fees and determined not to increase fees for 2023.

For 2024, the HR Committee has reviewed and approved a 2% increase to the NED member fee (from $240,000 to $245,000) which has remained unchanged since 2016. The Board Chairman fee remains unchanged. Following review, the HR Committee also approved the alignment of the fee structure across all Committees increasing each Committee chair fee to $68,000, and each Committee member fee to $34,000. This fee review considered increased complexity in the regulatory environment, uplifts for ANZ's broader employee population, and the external market.

The fee structure is applicable to NEDs of ANZGHL and ANZBGL. Fees prior to the implementation of the Non-Operating Holding Company (NOHC) structure related to membership of the ANZBGL Board, and post implementation are viewed as a single fee covering both Boards (i.e., membership of ANZGHL and ANZBGL Boards/Committees). Currently the fee structure applies irrespective of whether NEDs serve on one or more Boards.

NEDs receive a fee for being a Director of the Board, and additional fees for either chairing, or being a member of a Board Committee. The Chairman of the Board does not receive additional fees for serving on a Board Committee.

In setting Board and Committee fees, the following are considered: general industry practice, ASX Corporate Governance Principles and Recommendations, the responsibilities and risks attached to the NED role, the time commitment expected of NEDs on Group and Company matters, and fees paid to NEDs of comparable companies.

ANZ compares NED fees to a comparator group of Australian listed companies with a similar market capitalisation, with particular focus on the major financial services institutions. This is considered an appropriate group, given similarity in size and complexity, nature of work and time commitment by NEDs.

To maintain NED independence and impartiality:

- NED fees are not linked to the performance of the Group; and
- NEDs are not eligible to participate in any of the Group's variable remuneration arrangements.

The current aggregate fee pool for NEDs of $4m was approved by shareholders at the 2012 AGM. The annual total of NEDs' fees, including superannuation contributions, is within this agreed limit.

This table shows the NED fee policy structure for 2023.

2023 NED fee policy structure	2023	
	Chair fee	Member fee
Board[1,2]	$850,000	$240,000
Audit Committee	$65,000	$32,500
Risk Committee	$65,000	$32,500
HR Committee	$65,000	$32,500
Digital Business & Technology Committee	$55,000	$27,500
Ethics, Environment, Social & Governance Committee	$55,000	$27,500

1. Including superannuation. **2.** The Chairman of the Board does not receive additional fees for serving on a Board Committee. The Chairman of the Board and NEDs do not receive a fee for serving on the Nomination and Board Operations Committee.

NED shareholding guidelines

We expect our NEDs to hold ANZ shares. NEDs are required:

- to accumulate shares – over a five-year period from their appointment to the value of:
  - 100% of the NED member fee for Directors;
  - 100% of the Chairman fee for the Chairman; and
- to maintain this shareholding while they are a Director of ANZ.

Based on the ANZ share price as at 30 September 2023, all NEDs meet or, if less than five years' tenure, are on track to meet the holding guideline.

9.2 2023 Statutory remuneration – NEDS

The following table outlines the statutory remuneration of NEDs[1] disclosed in accordance with Australian Accounting Standards.

1. In addition to the fee shown below, Sir John Key received NZD 422,050 in 2022 and 2023 for his role as Chairman of ANZ Bank New Zealand Limited.

2023 Statutory remuneration – NEDS

		Short-term NED benefits		Post-employment	
	Financial year	Fees[1] $	Non monetary benefits[2] $	Super contributions[1] $	Total remuneration[3] $
CURRENT NON-EXECUTIVE DIRECTORS					
P O'Sullivan	**2023**	**824,181**	**-**	**25,819**	**850,000**
	2022	813,501	6,128	23,999	843,628
I Atlas	**2023**	**339,181**	**-**	**25,819**	**365,000**
	2022	330,751	-	23,999	354,750
J Halton	**2023**	**329,181**	**-**	**25,819**	**355,000**
	2022	318,001	-	23,999	342,000
G Hodges[4]	**2023**	**176,745**	**-**	**17,102**	**193,847**
J Key	**2023**	**301,681**	**-**	**25,819**	**327,500**
	2022	290,251	-	23,999	314,250
H Kramer[4]	**2023**	**35,841**	**-**	**3,942**	**39,783**
J Macfarlane	**2023**	**336,443**	**-**	**25,819**	**362,262**
	2022	301,501	-	23,999	325,500
C O'Reilly[4]	**2023**	**344,181**	**-**	**25,819**	**370,000**
	2022	302,863	-	22,579	325,442
J Smith[4]	**2023**	**298,889**	**-**	**25,819**	**324,708**
	2022	36,003	-	3,780	39,783
FORMER NON-EXECUTIVE DIRECTORS					
G Liebelt[4]	**2023**	**72,439**	**2,104**	**-**	**74,543**
	2022	360,427	-	6,323	366,750
Total of all Non-Executive Directors	**2023**	**3,058,762**	**2,104**	**201,777**	**3,262,643**
	2022	2,753,298	6,128	152,677	2,912,103

1. Year-on-year differences in fees relate to changes to the NED fees and also to the superannuation Maximum Contribution Base. G Liebelt elected to receive all payments in fees and therefore did not receive superannuation contributions during 2022 and 2023 with exception to fees paid in Q422. **2.** Non monetary benefits generally consist of company-funded benefits (and the associated Fringe Benefits Tax) such as car parking and gifts provided upon retirement. **3.** Long-term benefits and share-based payments do not apply for the NEDs. **4.** Remuneration based on time as a NED (2022 for C O'Reilly and J Smith, 2023 for G Hodges, H Kramer and G Liebelt).

10 REMUNERATION GOVERNANCE

10.1 The Human Resources (HR) Committee

10.1.1 ROLE OF THE HR COMMITTEE

The HR Committee has been established by the ANZGHL Board, and has been delegated authority to act as the remuneration committee for ANZBGL. The HR Committee supports the Board on remuneration and other HR matters. It reviews the remuneration policies and practices of the Group, and monitors market practice and regulatory and compliance requirements in Australia and overseas.

During the year the HR Committee met on five occasions and reviewed and approved, or made recommendations to the Board on matters including:

- remuneration for the CEO and other key executives (broader than those disclosed in the Remuneration Report) in accordance with the ANZ Group Performance and Remuneration Policy and ANZBGL Performance and Remuneration Policy, and fees for the NEDs;
- matters related to the implementation of APRA's Prudential Standard *CPS 511 Remuneration*, and updates on the BEAR, and Treasury's Financial Accountability Regime (FAR);
- the ANZ Group Performance Framework (annual objectives setting and assessment) and annual variable remuneration spend;
- performance and reward outcomes for key senior executives, including the consideration of material events that have either occurred or came to light in the year;
- the release, further deferral or application of malus of deferred remuneration or clawback;
- key senior executive appointments and terminations;
- the review of the ANZ Group Performance and Remuneration Policy and ANZBGL Performance and Remuneration Policy, and the Accountability & Consequence Framework (A&CF);
- building capabilities required to deliver on our strategy;
- succession plans for key senior executives; and
- culture, diversity and inclusion, employee engagement, and how we work in a post COVID environment.

More details about the role of the HR Committee, including its Charter, can be found on our website. Go to anz.com > Our company > Strong governance framework > ANZ Human Resources Committee Charter.

10.1.2 LINK BETWEEN REMUNERATION AND RISK

The HR Committee has a strong focus on the relationship between business performance, risk management and remuneration, aligned with our business strategy. The chairs of the Risk and Audit Committees and the full Board (ANZGHL and ANZBGL) are in attendance for specific HR Committee meetings. A concurrent meeting of the HR, Risk and Audit Committees was held to review:

- material risk, conduct and audit events that either occurred or came to light in 2023;
- 2023 performance and variable remuneration recommendations at both the Group, CEO and Disclosed Executive level.

To further reflect the importance of the link between remuneration and risk:

- the Board had two NEDs (in addition to the Chairman) in 2023 who served on both the HR Committee and the Risk Committee;
- the HR Committee has free and unfettered access to risk and financial control personnel (the CRO and CFO attend HR Committee meetings for specific agenda items);
- the CRO (together with GE T&C and GGM IA) provides an independent report to the HR Committee on the most material risk, conduct and audit events (as relevant) to help inform considerations of performance and remuneration, and accountability and consequences at the Group, Divisional and individual level;
- the CRO also provides an independent report to assist the Board in their assessment of performance and remuneration outcomes for the CEO and Disclosed Executives;
- the chairs of the Risk and Audit Committees are asked to provide input to ensure appropriate consideration of all relevant risk and internal audit issues;
- the ANZ Group Performance Framework and Divisional Performance Frameworks include Risk as a key element acting as a modifier, and it forms an integral part of each framework's assessment and directly impacts the overall outcomes; and
- the LTVR RR pre grant and pre vest assessments undertaken by the Board are primarily based on non-financial risk outcomes.

10.1.3 CONFLICT OF INTEREST

To help mitigate potential conflicts of interest:

- management are not in attendance when their own performance or remuneration is being discussed by the HR Committee or Board;
- the CEO's STVR is funded and determined separately from the ANZIP variable remuneration pool;
- the CRO's remuneration arrangements differ to other Disclosed Executives to preserve the independence of the role;
- the EAG also has processes in place to help mitigate conflicts of interest as outlined in section 8; and
- the HR Committee seeks input from a number of sources to inform their consideration of performance and remuneration outcomes for the CEO and Disclosed Executives including:
  - independent reports from Risk, Finance, Talent and Culture, and Internal Audit;
  - material risk, conduct and audit event data provided by the CRO;
  - input from both the Audit Committee and the Risk Committee of the Board.

10.1.4 EXTERNAL ADVISORS PROVIDED INFORMATION BUT NOT RECOMMENDATIONS

The HR Committee can engage independent external advisors as needed.

Throughout the year, the HR Committee and management received information from the following external advisors: Aon, Ashurst, Deloitte, EY, Guerdon Associates, Herbert Smith Freehills, PayIQ Executive Pay and PricewaterhouseCoopers. This information related to market data, market practices, analysis and modelling, legislative requirements and the interpretation of governance and regulatory requirements.

During the year, ANZ did not receive any remuneration recommendations from external advisors about the remuneration of KMP.

ANZ employs in-house remuneration professionals who provide recommendations to the HR Committee and the Board. The Board made its decisions independently, using the information provided and with careful regard to ANZ's strategic objectives, purpose and values, risk appetite and the Performance and Remuneration Policies and Principles.

10.2 Internal governance

10.2.1 HEDGING PROHIBITION

All deferred equity must remain at risk until it has fully vested. Accordingly, executives and their associated persons must not enter into any schemes that specifically protect the unvested value of equity allocated. If they do so, then they would forfeit the relevant equity.

10.2.2 CEO AND DISCLOSED EXECUTIVES' SHAREHOLDING GUIDELINES

We expect the CEO and each Disclosed Executive to, over a five-year period:

- accumulate ANZ shares to the value of 200% of their FR; and
- maintain this shareholding level while they are an executive of ANZ.

Executives are permitted to sell ANZ securities to meet taxation obligations on employee equity even if below the 200% guideline. However, tax obligations for the purpose of these guidelines is limited to that arising from the initial taxing point event (i.e., when the deferred shares vest or rights are exercised).

Shareholdings include all vested and unvested equity (excluding PR). Based on equity holdings as at 30 September 2023, the CEO and all Disclosed Executives meet or, if less than five years' tenure, are on track to meet their minimum shareholding guidelines requirements.

10.2.3 CEO AND DISCLOSED EXECUTIVES' CONTRACT TERMS AND EQUITY TREATMENT

The details of the contract terms and the equity treatment on termination (in accordance with the Conditions of Grant) relating to the CEO and Disclosed Executives are below. Although they are similar, they vary in some cases to suit different circumstances.

Type of contract	Permanent ongoing employment contract.
Notice on resignation	• 12 months by CEO; • 6 months by Disclosed Executives.[1]
Notice on termination by ANZ[2]	• 12 months by ANZ for CEO and Disclosed Executives.[3] However, ANZ may immediately terminate an individual's employment at any time in the case of serious misconduct. In that case, the individual will be entitled only to payment of FR up to the date of their termination and their statutory entitlements.
How unvested equity is treated on leaving ANZ	Executives who resign or are terminated will forfeit all their unvested deferred equity – unless the Board determines otherwise. If an executive is terminated due to redundancy or they are classified as a 'good leaver', unless the Board determines otherwise, then: • their STVR (deferred shares/share rights) remain on foot and are released at the original vesting date; • their LTVR (RR/PR) (for grants awarded from 31 December 2020) remain on foot and are released at the original vesting date (to the extent that the performance hurdles are met); and • their PR[4] (for grants awarded pre 31 December 2020) are prorated for service to the full notice termination date and released at the original vesting date (to the extent that the performance hurdles are met). On an executive's death or total and permanent disablement, their deferred equity vests. Unvested equity remains subject to malus post termination.
Change of control (applies to the CEO only)	If a change of control or other similar event occurs, then we will test the performance conditions applying to the CEO's LTVR (RR/PR). They will vest to the extent that the performance conditions are satisfied.

1. 3 months by the former Acting GE T&C. **2.** For M Carnegie, K Corbally, F Faruqui, G Florian, R Howell, C Morgan, A Strong, M Whelan and K van der Merwe, their contracts state that in particular circumstances they may be eligible for a retrenchment benefit in accordance with the relevant ANZ policy, as varied from time to time. For A Watson, notice on retrenchment is 6 weeks and compensation on retrenchment is calculated on a scale up to a maximum of 79 weeks after 25 years' service. **3.** 6 months by ANZ for the Acting GE T&C. **4.** Or deferred share rights granted to the CRO instead of PR.

11 OTHER INFORMATION

11.1 2023 Statutory remuneration – CEO and Disclosed Executives

The following table outlines the statutory remuneration disclosed in accordance with Australian Accounting Standards. While it shows the FR awarded (cash and superannuation contributions) and also the cash component of the 2023 variable remuneration award, it does not show the actual variable remuneration awarded or received in 2023 (see sections 5.1 to 5.4), but instead shows the amortised accounting value for this financial year of deferred remuneration (including prior year awards).

2023 Statutory remuneration – CEO and Disclosed Executives

		Short–term employee benefits				Post–employment
	Financial year	Cash salary[1] $	Non monetary benefits[2] $	Total cash incentive[3] $	Other cash[4] $	Super contributions[5] $
CEO AND CURRENT DISCLOSED EXECUTIVES						
S Elliott	**2023**	**2,474,181**	**15,676**	**1,160,000**	**-**	**25,819**
	2022	2,476,001	15,384	930,000	-	23,999
M Carnegie	**2023**	**1,224,181**	**77,341**	**550,000**	**-**	**26,319**
	2022	1,176,001	31,041	460,000	-	24,499
K Corbally	**2023**	**1,224,181**	**10,176**	**532,500**	**-**	**25,819**
	2022	1,176,001	9,884	442,500	-	23,999
F Faruqui[9]	**2023**	**1,224,181**	**11,423**	**600,000**	**-**	**25,819**
	2022	1,159,194	174,222	579,575	-	4,806
G Florian[10]	**2023**	**1,216,181**	**23,179**	**497,500**	**-**	**25,819**
	2022	1,072,169	18,569	442,500	-	23,999
R Howell[9]	**2023**	**224,942**	**-**	**180,000**	**-**	**6,850**
C Morgan[4,9]	**2023**	**608,220**	**15,707**	**250,000**	**407,000**	**18,780**
A Strong[9]	**2023**	**670,504**	**-**	**315,100**	**-**	**19,496**
A Watson[8,11]	**2023**	**1,062,823**	**21,431**	**472,570**	**-**	**60,557**
	2022	1,019,021	22,049	422,742	-	70,686
M Whelan	**2023**	**1,434,181**	**10,176**	**730,000**	**-**	**25,819**
	2022	1,376,001	9,884	535,000	-	23,999
FORMER DISCLOSED EXECUTIVES						
K van der Merwe[12]	**2023**	**760,635**	**7,190**	**-**	**-**	**19,865**
	2022	976,001	16,034	400,000	-	24,499

1. Cash salary includes any adjustments required to reflect the use of ANZ's Lifestyle Leave Policy for the period in the KMP role. **2.** Non monetary benefits generally consist of company-funded benefits (and the associated Fringe Benefits Tax) such as car parking, taxation services and costs met by the Company in relation to relocation/accommodation. **3.** The total cash incentive relates to the cash component of STVR only. The relevant amortisation of the STVR deferred components is included in share-based payments and has been amortised over the vesting period. The total STVR was approved by the ANZBGL and ANZGHL Boards on 17 October 2023, and in addition for A Watson by the ANZ NZ Board on 17 October 2023. 100% of the cash component of the STVR awarded for the 2022 and 2023 years vested to the executive in the applicable financial year. **4.** Other cash and other equity allocations (C Morgan) relate to the employment arrangements of deferred variable remuneration forfeited and bonus opportunity forgone as a result of joining ANZ. **5.** For Australian based executives, the 2022 and 2023 superannuation contributions reflect the Superannuation Guarantee Contribution based on the Maximum Contribution Base. F Faruqui's 2022 amount reflects a part year superannuation contribution. A Watson participates in KiwiSaver where ANZ provides an employer superannuation contribution matching member contributions up to 4% of total gross pay. KiwiSaver employer superannuation contributions are also contributed on top of cash STVR at the time of payment. **6.** For Australian based executives, long service leave accrued takes into consideration the impact of changes to the Superannuation Guarantee percentage. Year-on-year fluctuations in long service leave accrued relate to the impact of historical fixed remuneration increases on the accrual as calculated at the end of each

Long–term employee benefits	Share–based payments[7]						
	Total amortisation value of						
	Variable remuneration				Other equity allocations[4,8]		
Long service leave accrued during the year[6] $	Deferred shares $	Deferred share rights $	Restricted rights $	Performance rights $	Deferred shares $	Termination benefits $	Total remuneration $
35,112	1,061,506	-	212,024	1,202,190	-	-	6,186,508
33,306	933,786	-	-	1,076,657	-	-	5,489,133
22,858	548,990	-	132,871	298,501	-	-	2,881,061
17,151	522,450	-	-	129,603	-	-	2,360,745
27,518	568,319	265,999	196,849	-	-	-	2,851,361
34,577	513,883	238,579	-	-	-	-	2,439,423
19,332	600,306	56,608	132,871	364,031	-	-	3,034,571
17,524	465,805	178,143	-	302,636	-	-	2,881,905
30,978	531,235	-	122,240	270,977	-	-	2,718,109
15,812	512,134	-	-	171,181	-	-	2,256,364
9,321	62,538	-	-	-	-	-	483,651
5,367	67,909	-	1,414	798	29,899	-	1,405,094
18,550	354,547	-	73,347	38,600	-	-	1,490,144
6,612	528,328	-	117,866	222,922	46	-	2,493,155
4,068	505,698	2,132	-	119,057	312	-	2,165,765
36,172	700,447	-	155,192	393,646	-	-	3,485,633
17,779	666,495	-	-	181,892	-	-	2,811,050
-	(418,392)	-	-	(591,168)	-	30,626	(191,244)
14,409	472,124	-	-	177,072	-	-	2,080,139

financial year. **7.** As required by AASB 2 *Share-based payments,* the amortisation value includes a proportion of the fair value (taking into account market-related vesting conditions) of all equity that had not yet fully vested as at the commencement of the financial year. The fair value is determined at grant date and is allocated on a straight-line basis over the relevant vesting period. The amount included as remuneration neither relates to, nor indicates, the benefit (if any) that the executive may ultimately realise if the equity becomes exercisable. No terms of share-based payments have been altered or modified during the financial year. There were no cash settled share-based payments or any other form of share-based payment compensation during the financial year for the CEO or Disclosed Executives. **8.** Other equity allocations (A Watson) relate to shares received in relation to the historical Employee Share Offer which provided a grant of ANZ shares in each financial year to eligible employees subject to Board approval. **9.** Remuneration based on time as a Disclosed Executive in either 2022 (F Faruqui) or 2023 (R Howell, C Morgan, A Strong). **10.** Fixed remuneration reflects changes in fixed remuneration during the financial year due to expanded role (G Florian). **11.** Paid in NZD and converted to AUD. **12.** 2023 remuneration for K van der Merwe based on time as a Disclosed Executive up to date of cessation 30 June 2023 (noting her annual fixed remuneration for 2023 was $1.04m). Share-based payments include the expensing treatment on resignation for unvested deferred remuneration (including reversals for forfeiture on resignation). Termination benefits reflect payment for accrued annual leave in accordance with her contract, payable on resignation.

11.2 Equity holdings

For the equity granted to the CEO and Disclosed Executives in November/December 2022, the CEO's deferred shares were purchased on the market and the deferred shares for Disclosed Executives were satisfied through the new issue of shares. For deferred share rights, which vested to Disclosed Executives in November 2022, where the rights were not able to be satisfied through the reallocation of previously forfeited shares they were satisfied through the new issue of shares.

11.2.1 CEO AND DISCLOSED EXECUTIVES' EQUITY GRANTED, VESTED, EXERCISED/SOLD AND LAPSED/FORFEITED

The table below sets out details of deferred shares and rights that we granted to the CEO and Disclosed Executives:

- during the 2023 year, relating to 2022 Performance and Remuneration Review outcomes; or
- in prior years and that then vested, were exercised/sold or which lapsed/were forfeited during the 2023 year.

Equity granted, vested, exercised/sold and lapsed/forfeited – CEO and Disclosed Executives

							Vested			Lapsed/ Forfeited			Exercised/Sold				
Name	Type of equity	Number granted[1]	Equity fair value (for 2023 grants only) $	Grant date	First date exercisable	Date of expiry	Number	%	Value[2] $	Number	%	Value[2] $	Number	%	Value[2] $	Vested and exercisable as at 30 Sep 2023[3]	Unexercisable as at 30 Sep 2023[4]
CEO AND CURRENT DISCLOSED EXECUTIVES																	
S Elliott	Deferred shares	8,622		22-Nov-18	22-Nov-22	-	8,622	100	213,125	-	-	-	(8,622)	100	205,036	-	-
	Deferred shares	6,002		22-Nov-19	22-Nov-22	-	6,002	100	148,362	-	-	-	(6,002)	100	142,731	-	-
	Deferred shares	8,130		07-Dec-20	22-Nov-22	-	8,130	100	200,963	-	-	-	(8,130)	100	193,336	-	-
	Deferred shares	14,441		22-Nov-21	22-Nov-22	-	14,441	100	356,963	-	-	-	(14,441)	100	343,416	-	-
	Deferred shares	20,156	22.94	01-Oct-22	22-Nov-23	-	-	-	-	-	-	-	-	-	-	-	20,156
	Deferred shares	20,156	22.94	01-Oct-22	22-Nov-24	-	-	-	-	-	-	-	-	-	-	-	20,156
	Restricted rights	24,138	18.75	15-Dec-22	15-Dec-26	15-Dec-28	-	-	-	-	-	-	-	-	-	-	24,138
	Restricted rights	24,138	17.65	15-Dec-22	15-Dec-27	15-Dec-29	-	-	-	-	-	-	-	-	-	-	24,138
	Restricted rights	24,869	16.61	15-Dec-22	15-Dec-28	15-Dec-30	-	-	-	-	-	-	-	-	-	-	24,869
	Performance rights	18,103	11.26	15-Dec-22	15-Dec-26	15-Dec-28	-	-	-	-	-	-	-	-	-	-	18,103
	Performance rights	6,034	7.29	15-Dec-22	15-Dec-26	15-Dec-28	-	-	-	-	-	-	-	-	-	-	6,034
	Performance rights	18,103	10.26	15-Dec-22	15-Dec-27	15-Dec-29	-	-	-	-	-	-	-	-	-	-	18,103
	Performance rights	6,034	7.20	15-Dec-22	15-Dec-27	15-Dec-29	-	-	-	-	-	-	-	-	-	-	6,034
	Performance rights	18,652	9.34	15-Dec-22	15-Dec-28	15-Dec-30	-	-	-	-	-	-	-	-	-	-	18,652
	Performance rights	6,217	7.07	15-Dec-22	15-Dec-28	15-Dec-30	-	-	-	-	-	-	-	-	-	-	6,217
M Carnegie	Deferred shares	5,202		22-Nov-18	22-Nov-22	-	5,202	100	128,587	-	-	-	-	-	-	5,202	-
	Deferred shares	3,961		22-Nov-19	22-Nov-22	-	3,961	100	97,911	-	-	-	-	-	-	3,961	-
	Deferred shares	5,323		07-Dec-20	22-Nov-22	-	5,323	100	131,578	-	-	-	-	-	-	5,323	-
	Deferred shares	8,220		22-Nov-21	22-Nov-22	-	8,220	100	203,188	-	-	-	-	-	-	8,220	-
	Deferred shares	9,970	22.94	01-Oct-22	22-Nov-23	-	-	-	-	-	-	-	-	-	-	-	9,970
	Deferred shares	9,969	22.94	01-Oct-22	22-Nov-24	-	-	-	-	-	-	-	-	-	-	-	9,969
	Restricted rights	18,286	19.36	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	18,286
	Restricted rights	18,286	18.22	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	18,286
	Performance rights	13,715	11.27	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	13,715
	Performance rights	4,571	7.46	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	4,571
	Performance rights	13,715	10.13	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	13,715
	Performance rights	4,571	7.32	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	4,571

Name	Type of equity	Number granted[1]	Equity fair value (for 2023 grants only) $	Grant date	First date exercisable	Date of expiry	Vested Number	Vested %	Vested Value[2] $	Lapsed/Forfeited Number	Lapsed/Forfeited %	Lapsed/Forfeited Value[2] $	Exercised/Sold Number	Exercised/Sold %	Exercised/Sold Value[2] $	Vested and exercisable as at 30 Sep 2023[3]	Unexercisable as at 30 Sep 2023[4]
CEO AND CURRENT DISCLOSED EXECUTIVES																	
K Corbally	Deferred shares	3,007		22-Nov-18	22-Nov-22	-	3,007	100	74,329	-	-	-	(3,007)	100	74,464	-	-
	Deferred shares	3,829		22-Nov-19	22-Nov-22	-	3,829	100	94,648	-	-	-	(3,829)	100	94,820	-	-
	Deferred shares	5,581		07-Dec-20	22-Nov-22	-	5,581	100	137,955	-	-	-	(5,581)	100	138,206	-	-
	Deferred shares	6,649		22-Nov-21	22-Nov-22	-	6,649	100	164,355	-	-	-	(6,649)	100	164,654	-	-
	Deferred shares	9,590	22.94	01-Oct-22	22-Nov-23	-	-	-	-	-	-	-	-	-	-	-	9,590
	Deferred shares	9,590	22.94	01-Oct-22	22-Nov-24	-	-	-	-	-	-	-	-	-	-	-	9,590
	Restricted rights	27,091	19.36	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	27,091
	Restricted rights	27,091	18.22	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	27,091
F Faruqui	Deferred shares	10,486		22-Nov-21	22-Nov-22	-	10,486	100	259,200	-	-	-	(1,963)	19	48,523	8,523	-
	Deferred shares	12,950	22.94	01-Oct-22	22-Nov-23	-	-	-	-	-	-	-	-	-	-	-	12,950
	Deferred shares	12,949	22.94	01-Oct-22	22-Nov-24	-	-	-	-	-	-	-	-	-	-	-	12,949
	Deferred share rights	5,158		07-Dec-20	22-Nov-22	29-Nov-22	5,158	100	127,499	-	-	-	(5,158)	100	127,499	-	-
	Deferred share rights	8,033		22-Nov-19	22-Nov-22	29-Nov-22	8,033	100	198,565	-	-	-	(8,033)	100	198,565	-	-
	Deferred share rights	8,496		22-Nov-18	22-Nov-22	29-Nov-22	8,496	100	210,010	-	-	-	(8,496)	100	210,010	-	-
	Restricted rights	18,286	19.36	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	18,286
	Restricted rights	18,286	18.22	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	18,286
	Performance rights	13,715	11.27	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	13,715
	Performance rights	4,571	7.46	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	4,571
	Performance rights	13,715	10.13	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	13,715
	Performance rights	4,571	7.32	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	4,571
G Florian	Deferred shares	1,609		22-Nov-18	22-Nov-21	-	-	-	-	-	-	-	(1,609)	100	39,614	-	-
	Deferred shares	3,251		22-Nov-18	22-Nov-22	-	3,251	100	80,360	-	-	-	(476)	15	11,861	2,775	-
	Deferred shares	3,367		22-Nov-19	22-Nov-21	-	-	-	-	-	-	-	(3,367)	100	82,313	-	-
	Deferred shares	2,244		22-Nov-19	22-Nov-22	-	2,244	100	55,469	-	-	-	(2,244)	100	54,859	-	-
	Deferred shares	6,442		07-Dec-20	22-Nov-21	-	-	-	-	-	-	-	(6,442)	100	157,487	-	-
	Deferred shares	4,829		07-Dec-20	22-Nov-22	-	4,829	100	119,367	-	-	-	(4,829)	100	118,054	-	-
	Deferred shares	9,770		22-Nov-21	22-Nov-22	-	9,770	100	241,502	-	-	-	(9,770)	100	238,846	-	-
	Deferred shares	9,590	22.94	01-Oct-22	22-Nov-23	-	-	-	-	-	-	-	-	-	-	-	9,590
	Deferred shares	9,590	22.94	01-Oct-22	22-Nov-24	-	-	-	-	-	-	-	-	-	-	-	9,590
	Restricted rights	16,823	19.36	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	16,823
	Restricted rights	16,823	18.22	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	16,823
	Performance rights	12,617	11.27	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	12,617
	Performance rights	4,205	7.46	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	4,205
	Performance rights	12,617	10.13	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	12,617
	Performance rights	4,205	7.32	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	4,205
R Howell[5]																	
C Morgan[5]	Deferred shares	3,025	24.52	20-Aug-23	20-Aug-24	-	-	-	-	-	-	-	-	-	-	-	3,025
	Deferred shares	5,082	24.52	20-Aug-23	20-Aug-24	-	-	-	-	-	-	-	-	-	-	-	5,082
	Deferred shares	5,082	24.52	20-Aug-23	20-Aug-25	-	-	-	-	-	-	-	-	-	-	-	5,082
	Restricted rights	18,422	19.45	25-Sep-23	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	18,422
	Performance rights	13,816	11.89	25-Sep-23	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	13,816
	Performance rights	4,605	8.24	25-Sep-23	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	4,605

Name	Type of equity	Number granted[1]	Equity fair value (for 2023 grants only) $	Grant date	First date exercisable	Date of expiry	Vested			Lapsed/ Forfeited			Exercised/Sold			Vested and exercisable as at 30 Sep 2023[3]	Unexercisable as at 30 Sep 2023[4]
							Number	%	Value[2] $	Number	%	Value[2] $	Number	%	Value[2] $		
CEO AND CURRENT DISCLOSED EXECUTIVES																	
A Strong[5]	Deferred shares	4,361		22-Nov-19	22-Nov-22	-	4,361	100	107,798	-	-	-	(4,361)	100	103,826	-	-
	Deferred shares	3,229		07-Dec-20	22-Nov-22	-	3,229	100	79,817	-	-	-	(639)	20	15,213	2,590	-
	Deferred shares	4,189		22-Nov-21	22-Nov-22	-	4,189	100	103,547	-	-	-	-	-	-	4,189	-
	Deferred shares	6,133	24.72	22-Nov-22	22-Nov-23	-	-	-	-	-	-	-	-	-	-	-	6,133
	Deferred shares	6,132	24.72	22-Nov-22	22-Nov-24	-	-	-	-	-	-	-	-	-	-	-	6,132
	Deferred shares	6,132	24.72	22-Nov-22	22-Nov-25	-	-	-	-	-	-	-	-	-	-	-	6,132
	Restricted rights	10,972	19.36	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	10,972
	Restricted rights	10,972	18.22	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	10,972
	Performance rights	8,229	11.27	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	8,229
	Performance rights	2,743	7.46	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	2,743
	Performance rights	8,229	10.13	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	8,229
	Performance rights	2,743	7.32	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	2,743
A Watson	Deferred shares	3,901		22-Nov-19	22-Nov-22	-	3,901	100	96,428	-	-	-	(3,901)	100	97,341	-	-
	Deferred shares	4,354		07-Dec-20	22-Nov-22	-	4,354	100	107,625	-	-	-	(4,354)	100	108,644	-	-
	Deferred shares	9,924		22-Nov-21	22-Nov-22	-	9,924	100	245,308	-	-	-	(9,924)	100	247,632	-	-
	Deferred shares	9,162	22.94	01-Oct-22	22-Nov-23	-	-	-	-	-	-	-	-	-	-	-	9,162
	Deferred shares	9,162	22.94	01-Oct-22	22-Nov-24	-	-	-	-	-	-	-	-	-	-	-	9,162
	Employee Share Offer	32		02-Dec-19	02-Dec-22	-	32	100	790	-	-	-	-	-	-	32	-
	Restricted rights	16,221	19.36	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	16,221
	Restricted rights	16,221	18.22	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	16,221
	Performance rights	12,166	11.27	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	12,166
	Performance rights	4,055	7.46	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	4,055
	Performance rights	12,166	10.13	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	12,166
	Performance rights	4,055	7.32	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	4,055
M Whelan	Deferred shares	7,072		22-Nov-18	22-Nov-22	-	7,072	100	174,811	-	-	-	(7,072)	100	174,726	-	-
	Deferred shares	6,998		22-Nov-19	22-Nov-22	-	6,998	100	172,981	-	-	-	(6,998)	100	172,897	-	-
	Deferred shares	4,722		07-Dec-20	22-Nov-22	-	4,722	100	116,722	-	-	-	(4,722)	100	116,665	-	-
	Deferred shares	11,700		22-Nov-21	22-Nov-22	-	11,700	100	289,209	-	-	-	(11,700)	100	289,068	-	-
	Deferred shares	11,595	22.94	01-Oct-22	22-Nov-23	-	-	-	-	-	-	-	-	-	-	-	11,595
	Deferred shares	11,595	22.94	01-Oct-22	22-Nov-24	-	-	-	-	-	-	-	-	-	-	-	11,595
	Restricted rights	21,358	19.36	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	21,358
	Restricted rights	21,358	18.22	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	21,358
	Performance rights	16,019	11.27	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	16,019
	Performance rights	5,339	7.46	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	5,339
	Performance rights	16,019	10.13	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-		-	-	-	-	-	-	16,019
	Performance rights	5,339	7.32	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	5,339

Name	Type of equity	Number granted[1]	Equity fair value (for 2023 grants only) $	Grant date	First date exercisable	Date of expiry	Vested Number	Vested %	Vested Value[2] $	Lapsed/Forfeited Number	Lapsed/Forfeited %	Lapsed/Forfeited Value[2] $	Exercised/Sold Number	Exercised/Sold %	Exercised/Sold Value[2] $	Vested and exercisable as at 30 Sep 2023[3]	Unexercisable as at 30 Sep 2023[4]
FORMER DISCLOSED EXECUTIVES																	
K van der Merwe[6]	Deferred shares	524		22-Nov-18	22-Nov-19	-	-	-	-	-	-	-	(524)	100	12,962	-	-
	Deferred shares	3,577		22-Nov-18	22-Nov-20	-	-	-	-	-	-	-	(3,577)	100	88,481	-	-
	Deferred shares	3,577		22-Nov-18	22-Nov-21	-	-	-	-	-	-	-	(3,577)	100	88,481	-	-
	Deferred shares	3,577		22-Nov-18	22-Nov-22	-	3,577	100	88,419	-	-	-	(1,192)	33	29,485	2,385	-
	Deferred shares	3,301		22-Nov-19	22-Nov-22	-	3,301	100	81,596	-	-	-	-	-	-	3,301	-
	Deferred shares	1,650		22-Nov-19	22-Nov-23	-	-	-	-	(1,650)	100	(39,067)	-	-	-	-	-
	Deferred shares	4,293		07-Dec-20	22-Nov-22	-	4,293	100	106,117	-	-	-	-	-	-	4,293	-
	Deferred shares	2,862		07-Dec-20	22-Nov-23	-	-	-	-	(2,862)	100	(67,763)	-	-	-	-	-
	Deferred shares	1,431		07-Dec-20	22-Nov-24	-	-	-	-	(1,431)	100	(33,882)	-	-	-	-	-
	Deferred shares	8,579		22-Nov-21	22-Nov-22	-	8,579	100	212,062	-	-	-	-	-	-	8,579	-
	Deferred shares	6,433		22-Nov-21	22-Nov-23	-	-	-	-	(6,433)	100	(152,313)	-	-	-	-	-
	Deferred shares	4,288		22-Nov-21	22-Nov-24	-	-	-	-	(4,288)	100	(101,527)	-	-	-	-	-
	Deferred shares	2,144		22-Nov-21	22-Nov-25	-	-	-	-	(2,144)	100	(50,763)	-	-	-	-	-
	Deferred shares	8,669	22.94	01-Oct-22	22-Nov-23	-	-	-	-	(8,669)	100	(205,255)	-	-	-	-	-
	Deferred shares	8,669	22.94	01-Oct-22	22-Nov-24	-	-	-	-	(8,669)	100	(205,255)	-	-	-	-	-
	Restricted rights	15,214	19.36	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	(15,214)	100	(360,220)	-	-	-	-	-
	Restricted rights	15,214	18.22	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	(15,214)	100	(360,220)	-	-	-	-	-
	Performance rights	25,510		22-Nov-19	22-Nov-23	22-Nov-25	-	-	-	(25,510)	100	(603,998)	-	-	-	-	-
	Performance rights	8,503		22-Nov-19	22-Nov-23	22-Nov-25	-	-	-	(8,503)	100	(201,325)	-	-	-	-	-
	Performance rights	23,213		07-Dec-20	22-Nov-24	22-Nov-26	-	-	-	(23,213)	100	(549,612)	-	-	-	-	-
	Performance rights	7,737		07-Dec-20	22-Nov-24	22-Nov-26	-	-	-	(7,737)	100	(183,188)	-	-	-	-	-
	Performance rights	33,140		22-Nov-21	22-Nov-25	22-Nov-27	-	-	-	(33,140)	100	(784,652)	-	-	-	-	-
	Performance rights	11,046		22-Nov-21	22-Nov-25	22-Nov-27	-	-	-	(11,046)	100	(261,535)	-	-	-	-	-
	Performance rights	11,410	11.27	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	(11,410)	100	(270,153)	-	-	-	-	-
	Performance rights	3,803	7.46	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	(3,803)	100	(90,043)	-	-	-	-	-
	Performance rights	11,410	10.13	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	(11,410)	100	(270,153)	-	-	-	-	-
	Performance rights	3,803	7.32	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	(3,803)	100	(90,043)	-	-	-	-	-

1. For the purpose of the five highest paid executive disclosures, Executives are defined as Disclosed Executives or other members of the ExCo. For the 2023 financial year the five highest paid executives include five Disclosed Executives. Rights granted to Disclosed Executives as remuneration in 2023 are included in the table. No rights have been granted to the CEO, Disclosed Executives or the five highest paid executives since the end of 2023 up to the Directors' Report sign-off date. **2.** The point in time value of deferred shares/deferred share rights and/or restricted rights/performance rights is based on the one day VWAP of the Company's shares traded on the ASX on the date of vesting, lapsing/forfeiture or exercising/sale/transfer out of trust, multiplied by the number of deferred shares/deferred share rights and/or restricted rights/performance rights. The exercise price for all deferred share rights/restricted rights/performance rights is $0.00. No terms or conditions of grant of the share-based payment transactions have been altered or modified during the reporting period. **3.** The number vested and exercisable is the number of shares, options and rights that remain vested at the end of the reporting period. No shares, options and rights were vested and unexercisable. **4.** Performance rights granted in prior years (by grant date) that remained unexerciseable at 30 September 2023 or date ceased as a KMP include:

	Nov-19	Nov-20	Nov-21	Nov-22
S Elliott	168,066	159,308	126,353	73,143
M Carnegie	40,816	38,378	42,345	36,572
K Corbally	-	-	-	-
F Faruqui	69,118	34,045	54,006	36,572
G Florian	23,128	34,820	50,324	33,644
R Howell	-	-	-	-
C Morgan	-	-	-	18,421
A Strong	-	-	-	21,944
A Watson	-	31,389	51,117	32,442
M Whelan	72,108	34,045	60,266	42,716
K van der Merwe	-	-	-	-

Performance rights granted to S Elliott in 2023 were approved by shareholders at the 2022 AGM in accordance with ASX Listing Rule 10.14. **5.** Equity transactions disclosed from date commenced as a Disclosed Executive. There were no disclosable transactions for R Howell. **6.** Equity transactions disclosed up to date ceased as a KMP.

11.2.2 NED, CEO AND DISCLOSED EXECUTIVES' EQUITY HOLDINGS

The table below sets out details of equity held directly, indirectly or beneficially by each NED, the CEO and each Disclosed Executive, including their related parties.

Equity holdings – NED, CEO and Disclosed Executives

Name	Type of equity	Opening balance at 1 Oct 2022	Granted during the year as remuneration[1]	Received during the year on exercise of options or rights	Resulting from any other changes during the year[2]	Closing balance at 30 Sep 2023[3,4]
CURRENT NON-EXECUTIVE DIRECTORS						
P O'Sullivan	Ordinary shares	4,350	-	-	-	**4,350**
	Capital notes 7	9,250	-	-	-	**9,250**
I Atlas	Ordinary shares	15,318	-	-	-	**15,318**
J Halton	Ordinary shares	9,653	-	-	405	**10,058**
G Hodges[5]	Ordinary shares	201,635	-	-	(17,234)	**184,401**
	Capital notes 4	1,350	-	-	-	**1,350**
J Key	Ordinary shares	10,500	-	-	-	**10,500**
H Kramer[5]	Ordinary shares	5,828	-	-	-	**5,828**
J Macfarlane	Ordinary shares	19,042	-	-	-	**19,042**
	Capital notes 3	5,000	-	-	(5,000)	**-**
	Capital notes 6	2,140	-	-	-	**2,140**
	Capital notes 7	2,000	-	-	-	**2,000**
	Capital notes 8	-	-	-	5,000	**5,000**
C O'Reilly	Ordinary shares	6,400	-	-	-	**6,400**
J Smith	Ordinary shares	2,779	-	-	-	**2,779**
FORMER NON-EXECUTIVE DIRECTORS						
G Liebelt[6]	Ordinary shares	21,671	-	-	-	**21,671**
	Capital notes 6	2,500	-	-	-	**2,500**
	Capital notes 7	2,500	-	-	-	**2,500**
CEO AND CURRENT DISCLOSED EXECUTIVES						
S Elliott	Deferred shares	69,986	40,312	-	(37,195)	**73,103**
	Ordinary shares	395,108	-	-	100,532	**495,640**
	Vested shares 1yr restriction	56,989	-	-	(56,989)	**-**
	Restricted rights	-	73,145	-	-	**73,145**
	Performance rights	453,727	73,143	-	-	**526,870**
M Carnegie	Deferred shares	112,834	19,939	-	-	**132,773**
	Ordinary shares	34,098	-	-	7,482	**41,580**
	Restricted rights	-	36,572	-	-	**36,572**
	Performance rights	121,539	36,572	-	-	**158,111**
K Corbally	Deferred shares	45,844	19,180	-	(19,066)	**45,958**
	Ordinary shares	1,381	-	-	2,964	**4,345**
	Capital notes 6	1,400	-	-	-	**1,400**
	Deferred share rights	62,675	-	-	-	**62,675**
	Restricted rights	-	54,182	-	-	**54,182**
F Faruqui	Deferred shares	28,006	25,899	-	(1,963)	**51,942**
	Ordinary shares	100,380	-	21,687	(1,550)	**120,517**
	Deferred share rights	31,467	-	(21,687)	-	**9,780**
	Restricted rights	-	36,572	-	-	**36,572**
	Performance rights	157,169	36,572	-	-	**193,741**
G Florian	Deferred shares	56,605	19,180	-	(28,737)	**47,048**
	Ordinary shares	37,583	-	-	18,029	**55,612**
	Restricted rights	-	33,646	-	-	**33,646**
	Performance rights	108,272	33,644	-	-	**141,916**
R Howell[5]	Deferred shares	12,138	-	-	-	**12,138**
	Ordinary shares	324	-	-	(324)	**-**
C Morgan[5]	Deferred shares	-	13,189	-	-	**13,189**
	Ordinary shares	25	-	-	(25)	**-**
	Restricted rights	-	18,422	-	-	**18,422**
	Performance rights	-	18,421	-	-	**18,421**
A Strong[5]	Deferred shares	23,382	18,397	-	(5,000)	**36,779**
	Ordinary shares	2,264	-	-	1,971	**4,235**
	Restricted rights	-	21,944	-	-	**21,944**
	Performance rights	-	21,944	-	-	**21,944**
A Watson	Deferred shares	41,956	18,324	-	(18,179)	**42,101**
	Employee Share Offer	61	-	-	-	**61**
	Ordinary shares	37,581	-	-	13,393	**50,974**
	Restricted rights	-	32,442	-	-	**32,442**
	Performance rights	82,506	32,442	-	-	**114,948**
M Whelan	Deferred shares	56,260	23,190	-	(30,492)	**48,958**
	Ordinary shares	46,963	-	-	233	**47,196**
	Restricted rights	-	42,716	-	-	**42,716**
	Performance rights	166,419	42,716	-	-	**209,135**

FORMER DISCLOSED EXECUTIVES						
K van der Merwe[6]	Deferred shares	63,515	17,338	-	(45,016)	**35,837**
	Ordinary shares	29,407	-	-	1,918	**31,325**
	Restricted rights	-	30,428	-	(30,428)	-
	Performance rights	109,149	30,426	-	(139,575)	-

1. Details of options/rights granted as remuneration during 2023 are provided in the previous table. **2.** Shares resulting from any other changes during the year include the net result of any shares purchased (including under the ANZ Share Purchase Plan), forfeited, sold or acquired under the Dividend Reinvestment Plan. **3.** The following shares (included in the holdings above) were held on behalf of the NEDs, CEO and Disclosed Executives (i.e., indirect beneficially held shares) as at 30 September 2023 (or the date ceased as a KMP): P O'Sullivan - 0, I Atlas - 15,318, J Halton - 0, G Hodges - 0, J Key - 10,500, H Kramer - 5,828, J Macfarlane - 28,182, C O'Reilly - 0, J Smith - 0, G Liebelt - 8,436, S Elliott - 562,395, M Carnegie - 132,773, K Corbally - 47,358, F Faruqui - 51,942, G Florian - 56,947, R Howell - 12,138, C Morgan - 13,189, A Strong - 36,779, A Watson - 42,162, M Whelan - 92,771, K van der Merwe - 35,837. **4.** Zero rights were vested and exercisable, and zero options/rights were vested and unexerciseable as at 30 September 2023. There was no change in the balance as at the Directors' Report sign-off date. **5.** Commencing balance is based on holdings as at the date of commencement as a KMP. **6.** Concluding balance is based on holdings as at the date ceased as a KMP.

11.3 Loans

11.3.1 OVERVIEW

When we lend to NEDs, the CEO or Disclosed Executives, we do so in the ordinary course of business and on normal commercial terms and conditions that are no more favourable than those given to other employees or customers – this includes the term of the loan, the security required and the interest rate. Details of the terms and conditions of lending products can be found on anz.com. No amounts have been written off during the period, or individual assessed allowance for expected credit losses raised in respect of these balances.

Total loans to NEDs, the CEO and Disclosed Executives, including their related parties at 30 September 2023 (including those with balances less than $100,000) was $31,068,195 (2022: $30,679,346) with interest paid of $1,346,442 (2022: $790,118) during the period.

11.3.2 NED, CEO AND DISCLOSED EXECUTIVES' LOAN TRANSACTIONS

The table below sets out details of loans outstanding to NEDs, the CEO and Disclosed Executives including their related parties, if – at any time during the year – the individual's aggregate loan balance exceeded $100,000.

Loan transactions – NED, CEO and Disclosed Executives

Name	Opening balance at 1 Oct 2022[1] $	Closing balance at 30 Sep 2023 $	Interest paid and payable in the reporting period[2] $	Highest balance in the reporting period $
CURRENT NON-EXECUTIVE DIRECTORS				
P O'Sullivan	731,495	**657,998**	28	736,813
G Hodges	2,173,487	**2,322,549**	105,411	3,307,728
J Key	3,703,009	**3,583,961**	285,191	3,927,633
H Kramer	3,177,784	**3,189,935**	29,733	3,198,854
J Macfarlane	9,364,205	**5,907,690**	539,941	10,643,712
CEO AND CURRENT DISCLOSED EXECUTIVES				
S Elliott	2,521,407	**2,467,062**	84,378	2,561,192
M Carnegie	3,374	**5,602,183**	18,855	5,646,088
G Florian	4,250,856	**2,324,157**	79,239	4,293,369
A Strong	1,461,490	**1,715,981**	62,505	1,852,107
M Whelan	1,550,938	**1,528,458**	89,738	1,601,107
FORMER DISCLOSED EXECUTIVES				
K van der Merwe[3]	1,655,942	**1,696,038**	49,224	1,733,877
Total	**30,593,988**	**30,996,013**	**1,344,242**	**39,502,479**

1. Opening balances have been adjusted for new and leaving KMP. **2.** Actual interest paid after considering offset accounts. The loan balance is shown gross, however the interest paid takes into account the impact of offset amounts. **3.** Closing balance is as at the date ceased as a KMP.

11.4 Other transactions

Other transactions with NEDs, the CEO and Disclosed Executives, and their related parties included deposits.

Other transactions – NED, CEO and Disclosed Executives

	Opening balance at 1 Oct 2022[1] $	Closing balance at 30 Sep 2023[2,3] $
Total KMP deposits	30,432,187	**40,819,935**

1. Opening balance is at 1 October 2022 or the date of commencement as a KMP if part way through the year and it has been adjusted to take into account timing variances. **2.** Closing balance is at 30 September 2023 or at the date ceased as a KMP if part way through the year. **3.** Interest received on deposits for 2023 was $1,001,678 (2022: $140,355).

Other transactions with KMP and their related parties included amounts paid to the Group in respect of investment management service fees, brokerage, bank fees and charges. The Group has reimbursed KMP for the costs incurred for security and secretarial services associated with the performance of their duties. These transactions are conducted on normal commercial terms and conditions are no more favourable than those given to other employees or customers.

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INCOME STATEMENT

		Consolidated		The Company	
For the year ended 30 September	Note	2023 $m	2022 $m	2023 $m	2022 $m
Interest income[1]		49,927	23,609	41,144	18,408
Interest expense		(33,352)	(8,735)	(29,026)	(7,433)
Net interest income	2	16,575	14,874	12,118	10,975
Other operating income	3	3,577	4,235	5,401	6,424
Net income from insurance business	3	89	140	-	-
Share of associates' profit/(loss)	3	225	177	(18)	(12)
Operating income		20,466	19,426	17,501	17,387
Operating expenses	4	(10,087)	(9,579)	(8,488)	(8,123)
Profit before credit impairment and income tax		10,379	9,847	9,013	9,264
Credit impairment (charge)/release	13	(245)	232	(75)	265
Profit before income tax		10,134	10,079	8,938	9,529
Income tax expense	5	(2,941)	(2,940)	(1,964)	(1,933)
Profit after tax from continuing operations		7,193	7,139	6,974	7,596
Profit/(Loss) after tax from discontinued operations		-	(19)	-	-
Profit for the year		7,193	7,120	6,974	7,596
Comprising:					
Profit attributable to shareholders of the Company		7,165	7,119	6,974	7,596
Profit attributable to non-controlling interests		28	1	-	-

1. Includes interest income calculated using the effective interest method on financial assets measured at amortised cost or fair value through other comprehensive income of $46,918 million (2022: $22,844 million) in the Group and $37,235 million (2022: $17,123 million) in the Company.

The notes appearing on pages 82 to 205 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September	Consolidated 2023 $m	Consolidated 2022 $m	The Company 2023 $m	The Company 2022 $m
Profit after tax from continuing operations	7,193	7,139	6,974	7,596
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Investment securities - equity securities at FVOCI	(30)	(55)	(23)	(119)
Other reserve movements[1]	(80)	127	(105)	132
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation reserve	718	(759)	64	139
Other reserve movements	199	(4,180)	378	(4,132)
Income tax attributable to the above items	(22)	1,172	(73)	1,186
Share of associates' other comprehensive income[2]	31	(40)	-	-
Other comprehensive income after tax from continuing operations	816	(3,735)	241	(2,794)
Profit/(Loss) after tax from discontinued operations	-	(19)	-	-
Total comprehensive income for the year	8,009	3,385	7,215	4,802
Comprising total comprehensive income attributable to:				
Shareholders of the Company	7,954	3,399	7,215	4,802
Non-controlling interests[1]	55	(14)	-	-

1. The Group includes foreign currency translation differences attributable to non-controlling interests of $27 million (2022: -$15 million).
2. The Group's share of associates' other comprehensive income, that may be reclassified subsequently to profit or loss in the Group, includes:

	2023 $m	2022 $m
FVOCI reserve gain/(loss)	25	(56)
Defined benefits gain/(loss)	6	15
Foreign currency translation reserve gain/(loss)	-	1
Total	31	(40)

The notes appearing on pages 82 to 205 form an integral part of these financial statements.

BALANCE SHEET

		Consolidated		The Company	
As at 30 September	Note	2023 $m	2022 $m	2023 $m	2022 $m
Assets					
Cash and cash equivalents[1]	8	168,154	168,132	154,408	155,483
Settlement balances owed to ANZ		9,349	4,762	8,935	4,024
Collateral paid		8,558	12,700	7,717	11,368
Trading assets	9	37,004	35,237	30,693	28,073
Derivative financial instruments	10	60,406	90,174	59,989	88,056
Investment securities	11	96,969	86,153	83,201	72,399
Net loans and advances	12	707,694	672,407	563,017	537,345
Regulatory deposits		646	632	284	249
Due from controlled entities		-	-	26,067	22,860
Shares in controlled entities	25	-	-	16,277	17,630
Investments in associates	26	2,321	2,181	-	53
Current tax assets		37	46	9	43
Deferred tax assets	5	3,386	3,384	2,988	2,992
Goodwill and other intangible assets	21	3,961	3,877	935	935
Premises and equipment		2,360	2,431	1,923	2,171
Other assets		5,196	3,613	3,636	2,402
Total assets		1,106,041	1,085,729	960,079	946,083
Liabilities					
Settlement balances owed by ANZ		19,267	13,766	16,574	10,224
Collateral received		10,382	16,230	9,452	14,425
Deposits and other borrowings	14	815,203	797,281	675,075	665,607
Derivative financial instruments	10	57,482	85,149	57,511	84,500
Due to controlled entities		-	-	26,894	25,305
Current tax liabilities		305	829	133	488
Deferred tax liabilities	5	60	83	47	54
Payables and other liabilities	15	15,932	9,835	13,279	8,562
Employee entitlements		568	549	424	409
Other provisions	22	1,714	1,872	1,499	1,648
Debt issuances	16	116,014	93,734	98,213	75,828
Total liabilities		1,036,927	1,019,328	899,101	887,050
Net assets		69,114	66,401	60,978	59,033
Shareholders' equity					
Ordinary share capital	23	29,082	28,797	29,005	28,720
Reserves	23	(1,796)	(2,606)	(2,222)	(2,546)
Retained earnings	23	41,306	39,716	34,195	32,859
Share capital and reserves attributable to shareholders of the Company	23	68,592	65,907	60,978	59,033
Non-controlling interests	23	522	494	-	-
Total shareholders' equity	23	69,114	66,401	60,978	59,033

1. Includes Settlement balances owed to ANZ that meet the definition of Cash and cash equivalents.

The notes appearing on pages 82 to 205 form an integral part of these financial statements.

CASH FLOW STATEMENT

For the year ended 30 September	Consolidated 2023 $m	Consolidated 2022 $m	The Company 2023 $m	The Company 2022 $m
Profit after income tax	7,193	7,120	6,974	7,596
Adjustments to reconcile to net cash provided by/(used in) operating activities:				
Allowance for expected credit losses	245	(232)	75	(265)
Depreciation and amortisation	941	1,008	795	867
(Gain)/Loss on sale of premises and equipment	43	(8)	31	(1)
Net derivatives/foreign exchange adjustment	3,505	(4,434)	3,074	(4,687)
(Gain)/Loss on sale from divestments	(29)	(252)	70	(246)
Other non-cash movements[1]	(90)	(48)	124	235
Net (increase)/decrease in operating assets:				
Collateral paid	4,143	(2,638)	3,590	(2,054)
Trading assets	(23)	8,020	(1,769)	6,355
Net loans and advances[1]	(28,289)	(46,364)	(25,708)	(41,990)
Net intra-group loans and advances	-	-	(1,481)	978
Other assets[1]	(1,725)	(190)	(1,333)	(81)
Net increase/(decrease) in operating liabilities:				
Deposits and other borrowings	21,866	48,879	21,353	45,058
Settlement balances owed by ANZ	5,278	(3,486)	6,314	(4,769)
Collateral received	(5,848)	9,468	(4,886)	8,074
Other liabilities	(1,015)	3,333	(1,295)	3,426
Total adjustments	(998)	13,056	(1,046)	10,900
Net cash (used in)/provided by operating activities[2]	6,195	20,176	5,928	18,496
Cash flows from investing activities				
Investment securities assets:				
Purchases	(51,974)	(34,292)	(46,130)	(30,065)
Proceeds from sale or maturity	41,401	32,797	35,495	28,201
Proceeds from divestments, net of cash disposed	1,135	394	1,174	(5)
Net movement in shares in controlled entities	-	(65)	(29)	(133)
Net investments in other assets	(604)	(651)	(612)	(667)
Net cash (used in)/provided by investing activities	(10,042)	(1,817)	(10,102)	(2,669)
Cash flows from financing activities				
Deposits and other borrowings drawn down	(11,105)	1,226	(12,002)	-
Debt issuances:[3]				
Issue proceeds	44,182	23,422	40,428	20,145
Redemptions	(23,985)	(26,017)	(19,641)	(21,985)
Dividends paid[4]	(4,700)	(3,784)	(4,673)	(3,782)
On market purchase of treasury shares	(21)	(117)	(21)	(117)
Repayment of lease liabilities	(337)	(218)	(277)	(226)
Share buyback	-	(846)	-	(846)
ANZ Bank New Zealand Perpetual Preference Shares	-	492	-	-
Share entitlement issue	-	3,497	-	3,497
Net cash (used in)/provided by financing activities	4,034	(2,345)	3,814	(3,314)
Net (decrease)/increase in Cash and cash equivalents	187	16,014	(360)	12,513
Cash and cash equivalents at beginning of year	168,132	151,260	155,483	141,436
Effects of exchange rate changes on Cash and cash equivalents	(165)	858	(715)	1,534
Cash and cash equivalents at end of year	168,154	168,132	154,408	155,483

1. Certain non-cash movements were reclassified to Net loans and advances and Other assets to better reflect the net movement in operating assets. Comparatives have been restated. (2022: reduction to Other non-cash movements of $861 million, a decrease in Net loans and advances of $14 million, and an increase in Other assets of $875 million) for the Group. (2022: reduction to Other non-cash movements of $723 million, a decrease in Net loans and advances of $13 million, and an increase in Other assets of $736 million) for the Company.
2. Net cash (used in)/provided by operating activities for the Group includes interest received of $48,362 million (2022: $22,748 million), interest paid of $30,738 million (2022: $7,857 million) and income taxes paid of $3,501 million (2022: $2,171 million). Net cash (used in)/provided by operating activities for the Company includes interest received of $40,353 million (2022: $17,672 million), interest paid of $26,846 million (2022: $6,692 million) and income taxes paid of $2,384 million (2022: $1,443 million).
3. Non-cash movements on Debt issuances include a loss of $2,084 million (2022: $4,725 million gain) from unrealised movements primarily due to fair value hedging adjustments and foreign exchange losses for the Group, and include a loss of $1,598 million (2022: $3,420 million gain) from unrealised movements primarily due to fair value hedging and foreign exchange losses for the Company.
4. Cash outflow for shares purchased to satisfy the dividend reinvestment plan are classified in Dividends paid.

The notes appearing on pages 82 to 205 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Consolidated	Ordinary share capital $m	Reserves $m	Retained earnings $m	Share capital and reserves attributable to shareholders of the Company $m	Non-controlling interests $m	Total shareholders' equity $m
As at 1 October 2021	25,984	1,228	36,453	63,665	11	63,676
Profit or loss from continuing operations	-	-	7,138	7,138	1	7,139
Profit or loss from discontinued operations	-	-	(19)	(19)	-	(19)
Other comprehensive income for the year from continuing operations	-	(3,835)	115	(3,720)	(15)	(3,735)
Total comprehensive income for the year	-	(3,835)	7,234	3,399	(14)	3,385
Transactions with equity holders in their capacity as equity holders:						
Dividends paid	-	-	(3,965)	(3,965)	(2)	(3,967)
Dividend reinvestment plan[1]	183	-	-	183	-	183
Group share buy-back[2]	(846)	-	-	(846)	-	(846)
Share entitlement issue[3]	3,497	-	-	3,497	-	3,497
Other equity movements:						
Employee share and option plans	(21)	-	-	(21)	-	(21)
Preference shares issued[4]	-	-	(7)	(7)	499	492
Other items	-	1	1	2	-	2
As at 30 September 2022	28,797	(2,606)	39,716	65,907	494	66,401
Profit or loss from continuing operations	-	-	7,165	7,165	28	7,193
Other comprehensive income for the year from continuing operations	-	863	(74)	789	27	816
Total comprehensive income for the year	-	863	7,091	7,954	55	8,009
Transactions with equity holders in their capacity as equity holders:						
Dividends paid	-	-	(5,559)	(5,559)	(27)	(5,586)
Dividend reinvestment plan[1]	206	-	-	206	-	206
Other equity movements:						
Employee share and option plans	79	-	-	79	-	79
Net transfers following Restructure	-	(39)	39	-		-
Other items	-	(14)	19	5	-	5
As at 30 September 2023	29,082	(1,796)	41,306	68,592	522	69,114

1. 8.4 million shares were issued under the Dividend Reinvestment Plan for the 2022 final dividend (2022 interim dividend: 7.2 million; 2021 final dividend: nil). On-market share purchases for the DRP in 2022 were $204 million.
2. The Group completed its $1.5 billion on-market share buy-back of ANZ ordinary shares on 25 March 2022 resulting in 31 million shares being cancelled in 2022.
3. The Group issued 187.1 million new ordinary shares under the share entitlement offer in 2022.
4. Perpetual preference shares issued by ANZ Bank New Zealand, a wholly owned subsidiary of ANZBGL, are considered non-controlling interests to the Group.

The notes appearing on pages 82 to 205 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

The Company	Ordinary share capital $m	Reserves $m	Retained earnings $m	Total shareholders' equity $m
As at 1 October 2021	25,907	341	29,132	55,380
Profit for the year	-	-	7,596	7,596
Other comprehensive income for the year	-	(2,888)	94	(2,794)
Total comprehensive income for the year	-	(2,888)	7,690	4,802
Transactions with equity holders in their capacity as equity holders:				
Dividends paid	-	-	(3,965)	(3,965)
Dividend reinvestment plan[1]	183	-	-	183
Group share buy-back[2]	(846)	-	-	(846)
Share entitlement issue[3]	3,497			3,497
Other equity movements:				
Employee share and option plans	(21)	-	-	(21)
Other items	-	1	2	3
As at 30 September 2022	28,720	(2,546)	32,859	59,033
Profit for the year	-	-	6,974	6,974
Other comprehensive income for the year	-	319	(78)	241
Total comprehensive income for the year	-	319	6,896	7,215
Transactions with equity holders in their capacity as equity holders:				
Dividends paid	-	-	(5,559)	(5,559)
Dividend reinvestment plan[1]	206	-	-	206
Other equity movements:				
Employee share and option plans	79	-	-	79
Other items	-	5	(1)	4
As at 30 September 2023	29,005	(2,222)	34,195	60,978

1. 8.4 million shares were issued under the Dividend Reinvestment Plan for the 2022 final dividend (2022 interim dividend: 7.2 million; 2021 final dividend: nil). On-market share purchases for the DRP in 2022 were $204 million.
2. The Company completed its $1.5 billion on-market share buy-back on 25 March 2022 resulting in 31 million shares being cancelled in 2022.
3. The Company issued 187.1 million new ordinary shares under the share entitlement offer in 2022.

The notes appearing on pages 82 to 205 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ABOUT OUR FINANCIAL STATEMENTS

ORGANISATIONAL RESTRUCTURE

On 3 January 2023, Australia and New Zealand Banking Group Limited (ANZBGL) established by a scheme of arrangement, a non-operating holding company, ANZ Group Holdings Limited (ANZGHL), as the new listed parent holding company of the ANZ Group and implemented a restructure to separate ANZ's banking and certain non-banking businesses into the ANZ Bank Group and ANZ Non-Bank Group (the Restructure). The ANZ Bank Group comprises the majority of the businesses and subsidiaries that were held in ANZBGL prior to the Restructure. The ANZ Non-Bank Group comprises banking-adjacent businesses developed or acquired by the ANZ Group to focus on bringing new technology and banking-adjacent services to the ANZ Group's customers, and a separate service company.

On Restructure, each ANZ shareholder received one ANZGHL ordinary share for each ANZ ordinary share that they held prior to the implementation of the Restructure. The Restructure is accounted for as a reverse acquisition in the ANZGHL consolidated financial statements as at 30 September 2023, with ANZBGL identified as the acquirer in accordance with AASB 3 *Business Combinations*.

As a result of the Restructure, the ANZBGL consolidated results for the 2023 financial year end consist of:

- the results of the former ANZ Group for the period 1 October 2022 to 2 January 2023;
- the result of ANZBGL and its subsidiaries (Group) for the period 3 January to 30 September 2023.

Refer to Accounting Policies Applicable to the Restructure section below for further details.

GENERAL INFORMATION

These are the financial statements for ANZBGL (the Company) and its controlled entities (together, the Group or Consolidated Entity) for the year ended 30 September 2023. The Company is a public company incorporated and domiciled in Australia with debt listed on securities exchanges. The Company is a subsidiary of ANZGHL and is regulated by APRA as an ADI. The address of the Company's registered office and its principal place of business is ANZ Centre, 833 Collins Street, Docklands, Victoria, Australia 3008. The Group provides banking and financial services to individuals and business customers and operates in and across 29 markets.

On 10 November 2023, the Directors resolved to authorise the issue of these financial statements. Information in the financial statements is included only to the extent we consider it material and relevant to the understanding of the financial statements. A disclosure is considered material and relevant if, for example:

- the amount is significant in size (quantitative factor);
- the information is significant by nature (qualitative factor);
- the user cannot understand the Group's results without the specific disclosure (qualitative factor);
- the information is critical to a user's understanding of the impact of significant changes in the Group's business during the period - for example, business acquisitions or disposals (qualitative factor);
- the information relates to an aspect of the Group's operations that is important to its future performance (qualitative factor); and
- the information is required under legislative requirements of the *Corporations Act 2001*, the *Banking Act 1959 (Cth)* or by the Group's principal regulators, including the Australian Securities and Investments Commission (ASIC) and the Australian Prudential Regulation Authority (APRA).

This section of the financial statements:

- outlines the basis upon which the Group's financial statements have been prepared; and
- discusses any new accounting standards or regulations that directly impact the financial statements.

BASIS OF PREPARATION

This financial report is a general purpose (Tier 1) financial report prepared by a 'for profit' entity, in accordance with Australian Accounting Standards (AASs) and other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the *Corporations Act 2001*, and *International Financial Reporting Standards* (IFRS) and interpretations published by the International Accounting Standards Board (IASB).

We present the financial statements of the Group in Australian dollars, which is the Company's functional and presentation currency. We have rounded values to the nearest million dollars ($m), unless otherwise stated, as allowed under the *ASIC Corporations (Rounding in Financial/Directors Report) Instrument 2016/191*. We measure the financial statements of each entity in the Group using the currency of the primary economic environment in which that entity operates (the functional currency).

1. ABOUT OUR FINANCIAL STATEMENTS (continued)

BASIS OF MEASUREMENT AND PRESENTATION

We have prepared the financial information in accordance with the historical cost basis - except the following assets and liabilities which we have stated at their fair value:

- derivative financial instruments and in the case of fair value hedging, a fair value adjustment made to the underlying hedged item;
- financial instruments held for trading;
- financial assets and financial liabilities designated at fair value through profit or loss (FVTPL);
- financial assets at fair value through other comprehensive income (FVOCI); and
- assets and liabilities classified as held for sale (except those required to be at carrying value).

In accordance with AASB 119 *Employee Benefits* we have measured defined benefit obligations using the Projected Unit Credit Method.

There were no discontinued operations in the current period. For the purpose of comparative information, discontinued operations in the prior period are separately presented from the results of the continuing operations as a single line item 'Profit/(Loss) after tax from discontinued operations' in the Income Statement.

BASIS OF CONSOLIDATION

The consolidated financial statements of the Group comprise the financial statements of the Company and all its subsidiaries. An entity, including a structured entity, is considered a subsidiary of the Group when we determine that the Company has control over the entity. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. We assess power by examining existing rights that give the Company the current ability to direct the relevant activities of the entity. We have eliminated, on consolidation, the effect of all transactions between entities in the Group.

FOREIGN CURRENCY TRANSLATION

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the relevant functional currency at the exchange rate prevailing at the date of the transaction. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the relevant spot rate. Any foreign currency translation gains or losses that arise are included in profit or loss in the period they arise.

We measure translation differences on non-monetary items classified as FVTPL and report them as part of the fair value gain or loss on these items. For non-monetary items classified as investment securities measured at FVOCI, translation differences are included in other comprehensive income.

FINANCIAL STATEMENTS OF FOREIGN OPERATIONS THAT HAVE A FUNCTIONAL CURRENCY THAT IS NOT AUSTRALIAN DOLLARS

The financial statements of our foreign operations are translated into Australian dollars for consolidation into the Group financial statements using the following method:

Foreign currency item	Exchange rate used
Assets and liabilities	The reporting date rate
Equity	The initial investment date rate
Income and expenses	The average rate for the period – but for a significant transaction if we believe the average rate is not reasonable, then we use the rate at the date of the transaction

Exchange differences arising from the translation of financial statements of foreign operations are recognised in the foreign currency translation reserve in equity. When we dispose of a foreign operation, the cumulative exchange differences are transferred to profit or loss.

FIDUCIARY ACTIVITIES

The Group provides fiduciary services to third parties including custody, nominee and trustee services. This involves the Group holding assets on behalf of third parties and making decisions regarding the purchase and sale of financial instruments. If ANZ is not the beneficial owner or does not control the assets, then we do not recognise these transactions in these financial statements, except when required by accounting standards or another legislative requirement.

1. ABOUT OUR FINANCIAL STATEMENTS (continued)

ACCOUNTING POLICIES APPLICABLE TO THE RESTRUCTURE

The implementation of the non-operating holding company involved the transfer of assets and entities between companies within the wider ANZGHL Group. This had implications for the ANZBGL consolidated financial statements due to the transfers extending outside of the Group. From an accounting perspective, since the transfers were between wholly owned entities, these are considered common control transactions. As there is no specific accounting standard for such transfers, the Group is required to make an accounting policy choice.

The Group's accounting policy for the transfer of the assets and entities between companies under common control is to apply book value accounting. Under this approach, any differences between book value and the transfer price are recorded in equity. The accounting policy choice did not have a material impact on profit and loss or equity when the assets were transferred as part of the Restructure. Refer to Note 31 Related Party Disclosures for details of the transfer.

KEY JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates and assumptions about past and future events. Further information on the key judgements and estimates that we consider material to the financial statements are contained within each relevant note to the financial statements.

The global economy is facing challenges associated with high inflation and interest rates, labour market constraints, and continuing geopolitical tensions which contribute to an elevated level of estimation uncertainty involved in the preparation of these financial statements.

The Group has made various accounting estimates in this Financial Report based on forecasts of economic conditions which reflect expectations and assumptions at 30 September 2023 about future events considered reasonable in the circumstances. Thus there is a considerable degree of judgement involved in preparing these estimates. Actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of these differences may significantly impact accounting estimates included in these financial statements. The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses and recoverable amounts of non-financial assets.

The impact of these uncertainties on each of these accounting estimates is discussed in the relevant notes in this Financial Report. Readers should consider these disclosures in light of the inherent uncertainties described above.

1. ABOUT OUR FINANCIAL STATEMENTS (continued)

INTEREST RATE BENCHMARK REFORM

Interbank offered rates (IBORs) reform is the global transition away from IBORs and their replacement by risk-free rates (RFRs). IBOR reforms have had a wide-ranging impact for the Group and our customers given the fundamental differences between IBORs and RFRs. Accordingly, the Group established an enterprise-wide Benchmark Transition Program to manage the operational, market, legal, conduct and financial reporting risks associated with IBOR transition.

As at 30 September 2023 the Group's Program is largely complete, and included the implementation of the required processes, technology and product capabilities that ensured the transitions were successfully undertaken. In line with regulatory announcements made in early 2021, IBOR rates including Pound Sterling (GBP), Euro (EUR), Swiss Franc (CHF) and Japanese Yen (JPY), and the 1-week and 2-month US Dollar (USD) London Interbank Offered Rate (LIBOR) rate settings ceased on 31 December 2021 and were replaced by alternative RFRs. The Group's exposure to IBOR reform was primarily concentrated in other USD LIBOR settings which ceased on 30 June 2023. No material changes were made to the Group's risk management strategy because of IBOR reform and the use of IBOR rates in new products was phased out in accordance with industry and supervisory guidance. The transition activities had an immaterial impact to the Group's profit and loss.

To support any legacy contracts referencing these benchmarks across the industry, the 1-month, 3-month and 6-month USD settings will continue to be published using an alternative 'synthetic' methodology. The Group continues to manage a small number of loan and derivative contracts whose transition is being managed with customers, and a small number of debt issuances with investors. These remaining contracts will either mature or transition ahead of the synthetic USD LIBOR cessation date of 30 September 2024. The Group has an immaterial exposure to other announced benchmark cessation events expected to occur between 2024 and 2026.

ACCOUNTING STANDARDS ADOPTED IN THE PERIOD

Accounting policies have been consistently applied, unless otherwise noted.

AASB 2023-2 *AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS – INTERNATIONAL TAX REFORM – PILLAR TWO MODEL RULES*
In May 2023, the Federal Government announced it will implement key aspects of Pillar Two of the OECD/G20 Two-Pillar Solution to address the tax challenges arising from digitalisation of the economy. This measure is not yet law. Other jurisdictions in which ANZ operates are also considering implementation of the regime. The ANZ Group is expected to be within the scope of associated legislation. In anticipation of legislation being enacted, the AASB issued AASB 2023-2 *Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules* in June 2023. The Group has applied the mandatory exemption included in para. 4A of this standard and will apply the whole amending standard from 1 October 2023. This amending standard stipulates a mandatory temporary exemption from recognising deferred tax assets and liabilities related to Pillar Two income taxes. The Group is monitoring progress of associated legislation and has not yet determined the expected impact on its financial statements.

ACCOUNTING STANDARDS NOT EARLY ADOPTED

A number of new standards, amendments to standards and interpretations have been published but are not mandatory for the financial statements for the year ended 30 September 2023 and have not been applied by the Group in preparing these financial statements. Further details of these are set out below.

GENERAL HEDGE ACCOUNTING
AASB 9 *Financial Instruments* (AASB 9) introduced new hedge accounting requirements which more closely align accounting with risk management activities undertaken when hedging both financial and non-financial risks. AASB 9 provided the Group with an accounting policy choice to continue to apply the AASB 139 *Financial Instruments: Recognition and Measurement* (AASB 139) hedge accounting requirements until the International Accounting Standards Board's ongoing project on Dynamic Risk Management (macro hedge accounting) is completed. The Group continues to apply the hedge accounting requirements of AASB 139.

1. ABOUT OUR FINANCIAL STATEMENTS (continued)

ACCOUNTING STANDARDS NOT EARLY ADOPTED (continued)

AASB 17 *INSURANCE CONTRACTS* (AASB 17)

The final version of AASB 17 was issued in July 2017 and is not effective for the Group until 1 October 2023. It will replace AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*. AASB 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts.

The measurement, presentation and disclosure requirements under AASB 17 are significantly different from current accounting standards. Although the overall profit recognised in respect of insurance contracts will not change, it is expected that the timing of profit recognition will change.

AASB 17 will not have a material impact on the Group.

DEFERRED TAX RELATED TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION

AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction* amends AASB 112 *Income Taxes*. It clarifies that entities are required to recognise deferred tax on transactions for which there is both an asset and a liability and that give rise to equal taxable and deductible temporary differences which may apply to leases and decommissioning or restoration obligations. This amendment is effective for the Group from 1 October 2023 and will not have a material impact on the Group.

LEASE LIABILITY IN A SALE AND LEASEBACK

AASB 2022-5 *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback* amends AASB 16 *Leases* and specifies the accounting for variable lease payments by seller-lessees in sale and leaseback transactions. The amendment is effective from 1 October 2024 and will not have a material impact on the Group.

2. NET INTEREST INCOME

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Net interest income				
Interest income by type of financial asset				
Financial assets at amortised cost	44,303	21,737	35,000	16,289
Investment securities at FVOCI	2,615	1,107	2,235	834
Trading assets	1,654	700	1,413	547
Financial assets at FVTPL	1,355	65	1,449	177
External interest income	49,927	23,609	40,097	17,847
Controlled entities' income	-	-	1,047	561
Interest income	49,927	23,609	41,144	18,408
Interest expense by type of financial liability				
Financial liabilities at amortised cost	(31,334)	(8,019)	(26,016)	(6,170)
Securities sold short	(451)	(214)	(392)	(191)
Financial liabilities designated at FVTPL	(1,214)	(162)	(1,104)	(151)
External interest expense	(32,999)	(8,395)	(27,512)	(6,512)
Controlled entities expense	-	-	(1,161)	(581)
Interest expense	(32,999)	(8,395)	(28,673)	(7,093)
Major bank levy	(353)	(340)	(353)	(340)
Net interest income	16,575	14,874	12,118	10,975

RECOGNITION AND MEASUREMENT

NET INTEREST INCOME

Interest Income and Expense

We recognise interest income and expense in net interest income for all financial instruments, including those classified as held for trading, assets measured at FVOCI, and assets and liabilities designated at FVTPL. We use the effective interest rate method to calculate the amortised cost of assets held at amortised cost and to recognise interest income on financial assets measured at amortised cost and FVOCI. The effective interest rate is the rate that discounts the stream of estimated future cash receipts or payments over the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability. For assets subject to prepayment, we determine their expected life on the basis of historical behaviour of the particular asset portfolio taking into account contractual obligations and prepayment experience.

We recognise fees and costs, which form an integral part of the financial instrument (for example loan origination fees and costs), using the effective interest rate method. These are presented as part of interest income or expense depending on whether the underlying financial instrument is a financial asset or financial liability.

Major Bank Levy

The Major Bank Levy Act 2017 (levy or major bank levy) applies a rate of 0.06% to certain liabilities of ANZBGL. The levy represents a finance cost and it is presented as interest expense in the Income Statement.

3. NON-INTEREST INCOME

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Non-interest income				
Fee and commission income				
Lending fees[1]	397	374	362	340
Non-lending fees	2,275	2,394	1,533	1,744
Commissions	85	103	55	74
Funds management income	246	261	22	27
External fee and commission income	3,003	3,132	1,972	2,185
Controlled entities' income	-	-	187	244
Fee and commission income	3,003	3,132	2,159	2,429
Fee and commission expense	(1,057)	(1,160)	(553)	(695)
Net fee and commission income	1,946	1,972	1,606	1,734
Other income				
Net foreign exchange earnings and other financial instruments income[2]	1,535	1,993	1,272	1,296
Gain on completion of ANZ Worldline partnership	-	307	-	307
Impairment of interest in controlled entities	-	-	-	(180)
Release of foreign currency translation reserve	43	(65)	-	-
Loss on disposal of financial planning and advice business	-	(62)	-	(22)
Loss on disposal of data centres in Australia	(43)	-	(32)	-
Dividends received from controlled entities	-	-	2,562	3,181
Other	96	90	(7)	108
Other income	1,631	2,263	3,795	4,690
Other operating income	3,577	4,235	5,401	6,424
Net income from insurance business	89	140	-	-
Share of associates' profit/(loss)	225	177	(18)	(12)
Non-interest income	3,891	4,552	5,383	6,412

1. Lending fees exclude fees treated as part of the effective yield calculation in Interest income.
2. Includes fair value movements (excluding realised and accrued interest) on derivatives not designated as accounting hedges entered into to manage interest rate and foreign exchange risk, ineffective portions of cash flow hedges, and fair value movements in financial assets and liabilities designated at FVTPL.

3. NON-INTEREST INCOME (continued)

RECOGNITION AND MEASUREMENT

OTHER OPERATING INCOME

Fee and Commission Revenue

We recognise fee and commission revenue arising from contracts with customers (a) over time when the performance obligation is satisfied across more than one reporting period, or (b) at a point in time when the performance obligation is satisfied immediately or is satisfied within one reporting period.

- lending fees exclude fees treated as part of the effective yield calculation of interest income. Lending fees include certain guarantee and commitment fees where the loan or guarantee is not likely to be drawn upon, and other fees charged for providing customers a distinct good or service that are recognised separately from the underlying lending product.
- non-lending fees include fees associated with deposit and credit card accounts, interchange fees and fees charged for specific customer transactions such as international transaction fees. Where the Group provides multiple goods or services to a customer under the same contract, the Group allocates the transaction price of the contract to distinct performance obligations based on the relative stand-alone selling price of each performance obligation. Revenue is recognised as each performance obligation is satisfied.
- commissions represent fees from third parties where we act as an agent by arranging a third party (such as an insurance provider) to provide goods and services to a customer. In such cases, we are not primarily responsible for providing the underlying good or service to the customer. If the Group collects funds on behalf of a third party when acting as an agent, we only recognise the net commission retained as revenue. When the commission is variable based on factors outside our control (such as a trail commission), revenue is only recognised if it is highly probable that a significant reversal of the variable amount will not be required in future periods.
- funds management income represents fees earned from customers for providing asset management services. Revenue is recognised over the period in which the asset management services are delivered. Performance fees associated with funds management activities are only recognised when it becomes highly probable the performance hurdle will be achieved.

Net Foreign Exchange Earnings and Other Financial Instruments Income

We recognise the following as net foreign exchange earnings and other financial instruments income:

- exchange rate differences arising on the settlement of monetary items and translation differences on monetary items translated at rates different to those at which they were initially recognised or included in a previous financial report;
- fair value movements (excluding realised and accrued interest) on derivatives not designated as accounting hedges that we use to manage interest rate and foreign exchange risk on funding instruments;
- the ineffective portions of fair value hedges, cash flow hedges and net investment hedges;
- immediately upon sale or repayment of a hedged item, the unamortised fair value adjustments to items designated as fair value hedges and amounts accumulated in equity related to designated cash flow hedges;
- fair value movements on financial assets and financial liabilities designated at FVTPL or held for trading;
- amounts released from the FVOCI reserve when a debt instrument classified as FVOCI is sold; and
- the gain or loss on derecognition of financial assets or liabilities measured at amortised cost.

Gain or Loss on Disposal of Non-Financial Assets

The gain or loss on the disposal of assets is the difference between the carrying value of the asset and the proceeds of disposal net of costs. This is recognised in Other income in the year in which control of the asset transfers to the buyer.

When a non-financial asset or group of assets is classified as held for sale, it is measured at the lower of its carrying amount immediately prior to reclassification and fair value less costs to sell, with any remeasurement recognised in Other operating income to align with the classification of gain or loss on sale that would have applied if the sale had completed during the year.

3. NON-INTEREST INCOME (continued)

RECOGNITION AND MEASUREMENT

NET INCOME FROM INSURANCE BUSINESS

We recognise:

- premiums received (net of reinsurance premiums paid) based on an assessment of the likely pattern in which risk will emerge over the term of the policies written. This assessment is undertaken periodically and updated in accordance with the latest pattern of risk emergence; and
- claims incurred net of reinsurance, on an accruals basis once the liability to the policy owner has been established under the terms of the contract and through actuarial assumptions of future claims.

SHARE OF ASSOCIATES' PROFIT/(LOSS)

The equity method is applied to accounting for associates. Under the equity method, our share of the after tax results of associates is included in the Income Statement and the Statement of Comprehensive Income.

4. OPERATING EXPENSES

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Personnel				
Salaries and related costs	5,157	4,754	3,791	3,494
Superannuation costs	396	375	335	317
Other	183	167	154	127
Personnel	5,736	5,296	4,280	3,938
Premises				
Rent	71	88	50	67
Depreciation	437	419	338	344
Other	176	214	123	168
Premises	684	721	511	579
Technology				
Depreciation and amortisation	501	578	455	521
Subscription licences and outsourced services	1,007	899	695	648
Other	178	144	144	162
Technology	1,686	1,621	1,294	1,331
Restructuring	169	101	146	78
Other				
Advertising and public relations	176	165	133	128
Professional fees	857	935	795	864
Freight, stationery, postage and communication	175	172	128	128
Other	604	568	1,201	1,077
Other	1,812	1,840	2,257	2,197
Operating expenses	10,087	9,579	8,488	8,123

4. OPERATING EXPENSES (continued)

RECOGNITION AND MEASUREMENT

OPERATING EXPENSES

Operating expenses are recognised as services are provided to the Group, over the period in which an asset is consumed, or once a liability is created.

SALARIES AND RELATED COSTS - ANNUAL LEAVE, LONG SERVICE LEAVE AND OTHER EMPLOYEE BENEFITS

Wages and salaries, annual leave and other employee entitlements expected to be paid or settled within twelve months of employees rendering service are measured at their nominal amounts using remuneration rates that the Group expects to pay when the liabilities are settled.

We accrue employee entitlements relating to long service leave using an actuarial calculation. It includes assumptions regarding staff departures, leave utilisation and future salary increases. The result is then discounted using market yields at the reporting date. The market yields are determined from a blended rate of high quality corporate bonds with terms to maturity that closely match the estimated future cash outflows.

If we expect to pay short term cash bonuses, then a liability is recognised when the Group has a present legal or constructive obligation to pay this amount (as a result of past service provided by the employee) and the obligation can be reliably measured.

Personnel expenses also include share-based payments which may be cash or equity settled. We calculate the fair value of equity settled remuneration at grant date, which is then amortised over the vesting period, with a corresponding increase in share capital or the share option reserve as applicable. When we estimate the fair value, we take into account market vesting conditions, such as share price performance conditions. We take non-market vesting conditions, such as service conditions, into account by adjusting the number of equity instruments included in the expense.

After the grant of an equity-based award, the amount we recognise as an expense is reversed when non-market vesting conditions are not met, for example an employee fails to satisfy the minimum service period specified in the award due to resignation, termination or notice of dismissal for serious misconduct. However, we do not reverse the expense if the award does not vest due to the failure to meet a market-based performance condition.

Further information on share-based payment schemes operated by the Group during the current and prior year is included in Note 30 Employee Share and Option Plans.

5. INCOME TAX

INCOME TAX EXPENSE

Reconciliation of the prima facie income tax expense on pre-tax profit with the income tax expense recognised in profit or loss:

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Profit before income tax from continuing operations	10,134	10,079	8,938	9,529
Prima facie income tax expense at 30%	3,040	3,024	2,681	2,859
Tax effect of permanent differences:				
Net (gain)/loss from divestments/closures	-	(83)	-	(113)
Share of associates' (profit)/loss	(68)	(53)	5	4
Interest on convertible instruments	92	49	92	49
Overseas tax rate differential	(163)	(128)	(95)	(70)
Provision for foreign tax on dividend repatriation	41	155	35	150
Rebatable and non-assessable dividends	-	-	(769)	(954)
Impairment of interest in controlled entities	-	-	-	54
Other	(2)	4	23	(21)
Subtotal	2,940	2,968	1,972	1,958
Income tax (over)/under provided in previous years	1	(28)	(8)	(25)
Income tax expense	2,941	2,940	1,964	1,933
Current tax expense	2,887	2,694	2,012	1,725
Adjustments recognised in the current year in relation to the current tax of prior years	1	(28)	(8)	(25)
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	53	274	(40)	233
Income tax expense	2,941	2,940	1,964	1,933
Australia	1,640	1,844	1,568	1,755
Overseas	1,301	1,096	396	178
Effective tax rate	29.0%	29.2%	22.0%	20.3%

5. INCOME TAX (continued)

DEFERRED TAX ASSETS AND LIABILITIES

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Deferred tax assets balances comprise temporary differences attributable to:				
Amounts recognised in the Income Statement:				
Collectively assessed allowances for expected credit losses	1,128	1,065	897	880
Individually assessed allowances for expected credit losses	102	148	79	119
Provision for employee entitlements	294	252	243	206
Other provisions	263	314	209	240
Software	917	867	781	708
Other	290	285	238	218
Total	2,994	2,931	2,447	2,371
Amounts recognised directly in Other Comprehensive Income:		-		
Cash flow hedge reserve	818	882	789	891
Other reserves	29	20	27	16
Total	847	902	816	907
Total deferred tax assets (before set-off)	3,841	3,833	3,263	3,278
Set-off of deferred tax balances pursuant to set-off provisions	(455)	(449)	(275)	(286)
Net deferred tax assets	3,386	3,384	2,988	2,992

	2023 $m	2022 $m	2023 $m	2022 $m
Deferred tax liabilities balances comprise temporary differences attributable to:				
Amounts recognised in the Income Statement:				
Finance leases	95	79	6	(15)
Other	303	300	212	232
Total	398	379	218	217
Amounts recognised directly in Other Comprehensive Income:				
Foreign currency translation reserve	36	36	36	36
Cash flow hedge reserve	17	8	7	8
FVOCI reserve	17	57	19	31
Defined benefit obligations	47	52	42	48
Total	117	153	104	123
Total deferred tax liabilities (before set-off)	515	532	322	340
Set-off of deferred tax balances pursuant to set-off provisions	(455)	(449)	(275)	(286)
Net deferred tax liabilities	60	83	47	54

5. INCOME TAX (continued)

TAX CONSOLIDATION

The Company and all its wholly owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Following the Restructure on 3 January 2023, ANZGHL is the head entity in the tax-consolidated group. We recognise each of the following in the separate financial statements of members of the tax consolidated group on a 'group allocation' basis: tax expense/income, and deferred tax liabilities/assets that arise from temporary differences for members of the tax-consolidated group.

Under a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by each member of the tax-consolidated group in relation to the tax contribution amounts payable or receivable between members of the tax-consolidated group and the head entity ANZGHL.

Members of the tax-consolidated group have also entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities were the head entity to default on its income tax payment obligations.

UNRECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

Unrecognised deferred tax assets related to unused realised tax losses (on revenue account) total $1 million (2022: $1 million) for the Group and nil (2022: nil) for the Company.

Unrecognised deferred tax liabilities related to additional potential foreign tax costs (assuming all retained earnings in offshore branches and subsidiaries are repatriated) total $286 million (2022: $250 million) for the Group and $30 million (2022: $18 million) for the Company.

RECOGNITION AND MEASUREMENT

INCOME TAX EXPENSE

Income tax expense comprises both current and deferred taxes and is based on the accounting profit adjusted for differences in the accounting and tax treatments of income and expenses (that is, taxable income). We recognise tax expense in profit or loss except when the tax relates to items recognised directly in equity and other comprehensive income, in which case we recognise the tax directly in equity or other comprehensive income respectively.

CURRENT TAX EXPENSE

Current tax is the tax we expect to pay on taxable income for the year, based on tax rates (and tax laws) which are enacted at the reporting date. We recognise current tax as a liability (or asset) to the extent that it is unpaid (or refundable).

DEFERRED TAX ASSETS AND LIABILITIES

We account for deferred tax using the balance sheet method. Deferred tax arises because the accounting income is not always the same as the taxable income. This creates temporary differences, which usually reverse over time. Until they reverse, we recognise a deferred tax asset, or liability, on the balance sheet. We measure deferred taxes at the tax rates that we expect will apply to the period(s) when the asset is realised, or the liability settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

We offset current and deferred tax assets and liabilities only to the extent that:

- they relate to income taxes imposed by the same taxation authority;
- there is a legal right and intention to settle on a net basis; and
- it is allowed under the tax law of the relevant jurisdiction.

KEY JUDGEMENTS AND ESTIMATES

Judgement is required in determining provisions held in respect of uncertain tax positions. The Group estimates its tax liabilities based on its understanding of the relevant law in each of the countries in which it operates and seeks independent advice where appropriate.

6. DIVIDENDS

ORDINARY SHARE DIVIDENDS

Dividends determined by the Board of the Company are recognised with a corresponding reduction of retained earnings on the dividend payment date. Accordingly, the final dividend announced for the current financial year is paid in the following financial year. Following the Restructure on 3 January 2023, ANZGHL is the head entity in the tax-consolidated group, and the franking and imputation credits have been transferred by the Company to ANZGHL.

Dividends	% of total	Amount per share	Total dividend $m
Financial Year 2022			
2021 final dividend paid[1,2]		72 cents	2,030
2022 interim dividend paid[1,2]		72 cents	2,012
Bonus option plan adjustment			(77)
Dividends paid during the year ended 30 September 2022			3,965
Cash	90.2%		3,577
Dividend reinvestment plan[3]	9.8%		388
Dividends paid during the year ended 30 September 2022			3,965
Financial Year 2023			
2022 final dividend paid[1,2]		74 cents	2,213
2023 special dividend paid to ANZ BH Pty Ltd		33 cents	1,000
2023 interim dividend paid to ANZ BH Pty Ltd		79 cents	2,387
Dividends paid during the year ended 30 September 2023			5,600
Cash	96.3%		5,394
Dividend reinvestment plan	3.7%		206
Dividends paid during the year ended 30 September 2023			5,600

Dividends announced and to be paid after year-end	Payment date	Amount per share	Total dividend $m
2023 final dividend	22 December 2023	94 cents	2,825

1. Carries New Zealand imputation credits of NZD 9 cents for the 2022 final dividend and 2022 interim dividend, and NZD 8 cents for the 2021 final dividend.
2. Fully franked for Australian tax purposes (30% tax rate).
3. Includes on-market share purchases for the DRP of $204 million.

DIVIDEND REINVESTMENT PLAN AND BONUS OPTION PLAN

ANZBGL's Dividend Reinvestment Plan (DRP) and Bonus Option Plan (BOP) ceased to operate following implementation of the Restructure on 3 January 2023.

RESTRICTIONS ON THE PAYMENT OF DIVIDENDS

APRA's written approval is required before paying dividends on the ordinary shares of the Company if:

- the aggregate dividends exceed the Company's after tax earnings (in calculating those after tax earnings, we take into account any payments we made on senior capital instruments) in the financial year to which they relate; or
- ANZ's Common Equity Tier 1 capital ratio falls within capital range buffers specified by APRA.

If the Company fails to pay a dividend or distribution on its ANZ Capital Notes or ANZ Capital Securities on the scheduled payment date, it may (subject to a number of exceptions) be restricted from resolving to pay or paying any dividend on the Company's ordinary shares.

7. SEGMENT REPORTING

DESCRIPTION OF SEGMENTS

The Group's six operating segments are presented on a basis that is consistent with the information provided internally to the Chief Executive Officer, who is the chief operating decision maker. This reflects the way the Group's businesses are managed, rather than the legal structure of the Group.

We measure the performance of operating segments on a cash profit basis. To calculate cash profit, we exclude items from profit after tax attributable to shareholders. For 2023 and 2022, the adjustments relate to impacts of economic hedges and revenue and expense hedges which represent timing differences that will reverse through earnings in the future. Transactions between divisions across segments within ANZ are conducted on an arm's-length basis and disclosed as part of the income and expenses of these segments.

The presentation of divisional results has been impacted by the following structural changes during the period. Prior period comparatives have been restated:

- Non-banking businesses - transfer of non-banking businesses held in the Australia Commercial and Institutional divisions to the Group Centre division which were then disposed as part of the Restructure.
- Corporate customer re-segmentation - certain business and property finance customers were transferred from the New Zealand division to the Institutional division.
- Cost reallocations - certain costs were reallocated across the Australia Retail, Australia Commercial, Institutional and Group Centre divisions.

The reportable segments are divisions engaged in providing either different products or services or similar products and services in different geographical areas. They are as follows:

Australia Retail
The Australia Retail division provides a full range of banking services to Australian consumers. This includes Home Loans, Deposits, Credit Cards and Personal Loans. Products and services are provided via the branch network, home loan specialists, contact centres, a variety of self-service channels (digital and internet banking, website, ATMs and phone banking) and third-party brokers. It also includes the costs related to the development and operation of the ANZ Plus proposition for retail customers.

Australia Commercial
The Australia Commercial division provides a full range of banking products and financial services, including asset financing, across the following customer segments: SME Banking (small business owners and medium commercial customers), and Specialist Business (large commercial customers, and high net worth individuals and family groups).

Institutional
The Institutional division services global institutional and corporate customers, and governments across Australia, New Zealand and International (including Papua New Guinea (PNG)) via the following business units:

- **Transaction Banking** provides customers with working capital and liquidity solutions including documentary trade, supply chain financing, commodity financing as well as cash management solutions, deposits, payments and clearing.
- **Corporate Finance** provides customers with loan products, loan syndication, specialised loan structuring and execution, project and export finance, debt structuring and acquisition finance and corporate advisory services.
- **Markets** provides customers with risk management services in foreign exchange, interest rates, credit, commodities, and debt capital markets in addition to managing the Group's interest rate exposure and liquidity position.

New Zealand
The New Zealand division comprises the following business units:

- **Personal** provides a full range of banking and wealth management services to consumer and private banking customers. We deliver our services via our internet and app-based digital solutions and a network of branches, mortgage specialists, relationship managers and contact centres.
- **Business and Agri** (previously Business) provides a full range of banking services through our digital, branch and contact centre channels, and traditional relationship banking and sophisticated financial solutions through dedicated managers. These cover privately owned small, medium and large enterprises, the agricultural business segment, government and government-related entities.

Pacific
The Pacific division provides products and services to retail and commercial customers (including multi-nationals) and to governments located in the Pacific region, excluding PNG which forms part of the Institutional division.

Group Centre
Group Centre division provides support to the operating divisions, including technology, property, risk management, financial management, treasury, strategy, marketing, human resources, corporate affairs, and shareholder functions. It also includes minority investments in Asia.

7. SEGMENT REPORTING (continued)

OPERATING SEGMENTS

Year ended 30 September 2023	Australia Retail $m	Australia Commercial $m	Institutional $m	New Zealand $m	Pacific $m	Group Centre $m	Group Total $m
Net interest income	5,716	3,224	4,040	3,149	123	323	16,575
Net fee and commission income	546	322	685	398	19	(24)	1,946
Net income from insurance business	89	-	-	-	-	-	89
Other income[1,2]	16	43	2,009	11	66	(80)	2,065
Share of associates' profit/(loss)	-	-	-	-	-	225	225
Other operating income	651	365	2,694	409	85	121	4,325
Operating income[1,2]	6,367	3,589	6,734	3,558	208	444	20,900
Operating expenses	(3,542)	(1,423)	(2,708)	(1,291)	(145)	(978)	(10,087)
Cash profit before credit impairment and income tax	2,825	2,166	4,026	2,267	63	(534)	10,813
Credit impairment (charge)/release	(135)	(107)	80	(112)	28	1	(245)
Cash profit before income tax	2,690	2,059	4,106	2,155	91	(533)	10,568
Income tax expense and non-controlling interests[1,2]	(816)	(619)	(1,143)	(603)	(20)	105	(3,096)
Cash profit/(loss) from continuing operations	1,874	1,440	2,963	1,552	71	(428)	7,472
Cash profit/(loss) from discontinued operations							-
Cash profit/(loss)							7,472
Economic hedges[1]							(217)
Revenue and expense hedges[2]							(90)
Profit after tax attributable to shareholders							7,165
Includes non-cash items:							
Share of associates' profit/(loss)	-	-	-	-	-	225	225
Depreciation and amortisation	(77)	(5)	(164)	(105)	(10)	(580)	(941)
Equity-settled share based payment expenses	(6)	(2)	(73)	(4)	-	(20)	(105)
Credit impairment (charge)/release	(135)	(107)	80	(112)	28	1	(245)

Financial position	Australia Retail $m	Australia Commercial $m	Institutional $m	New Zealand $m	Pacific $m	Group Centre $m	Group Total $m
Goodwill	100	-	1,261	1,617	-	-	2,978
Investments in associates	-	-	-	-	-	2,321	2,321
Total external assets	315,184	61,916	538,827	125,178	3,391	61,545	1,106,041
Total external liabilities	168,866	119,341	452,779	122,924	3,862	169,155	1,036,927

1. The cash profit adjustment for economic hedges applies to the Institutional, New Zealand and Group Centre divisions with $305 million loss recognised in Other operating income and $88 million benefit recognised in Income tax expense.
2. The cash profit adjustment for revenue and expense hedges applies to the Group Centre division with $129 million loss recognised in Other operating income and $39 million benefit recognised in Income tax expense.

7. SEGMENT REPORTING (continued)

OPERATING SEGMENTS (continued)

Year ended 30 September 2022	Australia Retail $m	Australia Commercial $m	Institutional $m	New Zealand $m	Pacific $m	Group Centre $m	Group Total $m
Net interest income	5,527	2,568	3,697	2,871	96	115	14,874
Net fee and commission income	477	404	648	428	26	(11)	1,972
Net income from insurance business	140	-	-	-	-	-	140
Other income[1,2]	5	258	1,003	32	42	44	1,384
Share of associates' profit/(loss)	-	-	-	-	-	177	177
Other operating income	622	662	1,651	460	68	210	3,673
Operating income[1,2]	6,149	3,230	5,348	3,331	164	325	18,547
Operating expenses	(3,397)	(1,301)	(2,566)	(1,273)	(153)	(889)	(9,579)
Cash profit before credit impairment and income tax	2,752	1,929	2,782	2,058	11	(564)	8,968
Credit impairment (charge)/release	129	133	27	(45)	6	(18)	232
Cash profit before income tax	2,881	2,062	2,809	2,013	17	(582)	9,200
Income tax expense and non-controlling interests[1,2]	(872)	(511)	(872)	(564)	(8)	142	(2,685)
Cash profit/(loss) from continuing operations	2,009	1,551	1,937	1,449	9	(440)	6,515
Cash profit/(loss) from discontinued operations							(19)
Cash profit/(loss)							6,496
Economic hedges[1]							569
Revenue and expense hedges[2]							54
Profit after tax attributable to shareholders							7,119
Includes non-cash items:							
Share of associates' profit/(loss)	-	-	-	-	-	177	177
Depreciation and amortisation	(87)	(12)	(158)	(116)	(10)	(626)	(1,009)
Equity-settled share based payment expenses	(5)	(1)	(72)	(4)	(1)	(19)	(102)
Credit impairment (charge)/release	129	133	27	(45)	6	(18)	232

Financial position	Australia Retail $m	Australia Commercial $m	Institutional $m	New Zealand $m	Pacific $m	Group Centre $m	Group Total $m
Goodwill	178	-	1,198	1,530	-	-	2,906
Investments in associates	-	-	-	-	-	2,181	2,181
Total external assets	292,876	59,983	544,066	116,218	3,707	68,879	1,085,729
Total external liabilities	153,494	118,355	473,114	115,263	4,065	155,037	1,019,328

1. The cash profit adjustment for economic hedges applies to the Institutional, New Zealand and Group Centre divisions with $802 million gain recognised in Other operating income and $233 million expense recognised in Income tax expense.
2. The cash profit adjustment for economic hedges applies to the Group Centre division with $77 million gain recognised in Other operating income and $23 million expense recognised in Income tax expense.

7. SEGMENT REPORTING (continued)

SEGMENT INCOME BY PRODUCTS AND SERVICES

The primary sources of our external income across all divisions are Interest income and Other operating income, which includes net fee and commission income, net foreign exchange earnings and other financial instruments income. The Australia Retail, Australia Commercial, New Zealand, and Pacific divisions derive income from products and services in retail and commercial banking. The Institutional division derives its income from institutional products and market services. No single customer amounts to greater than 10% of the Group's income.

GEOGRAPHICAL INFORMATION

The reportable segments operate across three geographical regions as follows:

- Australia Retail division - Australia
- Australia Commercial division - Australia
- Institutional division - all three geographical regions
- New Zealand division - New Zealand
- Pacific division – Rest of World
- Group Centre division - all three geographical regions

Discontinued operations results are included in the Australia geography. The Rest of World geography includes Asia, Pacific, Europe and the Americas.

The following table sets out total operating income earned including discontinued operations and assets to be recovered in more than one year based on the geographical regions in which the Group operates.

	Australia		New Zealand		Rest of World		Total	
	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m
Total operating income[1]	**12,677**	12,462	**4,463**	4,501	**3,326**	2,547	**20,466**	19,510
Assets to be recovered in more than one year[2]	**407,221**	384,724	**119,278**	109,191	**28,877**	32,350	**555,376**	526,265

1. Includes Operating income earned from discontinued operations of nil (2022: $84 million).
2. Represents Net loans and advances based on the contractual maturity.

FINANCIAL ASSETS

Outlined below is a description of how we classify and measure financial assets as they apply to the note disclosures that follow.

CLASSIFICATION AND MEASUREMENT

Financial assets - general

There are three measurement classifications for financial assets under AASB 9: amortised cost, FVTPL and FVOCI. Financial assets are classified into these measurement classifications on the basis of two criteria:

- the business model within which the financial asset is managed; and
- the contractual cash flow characteristics of the financial asset (specifically whether the contractual cash flows represent solely payments of principal and interest).

The resultant financial asset classifications are as follows:

- Amortised cost: Financial assets with contractual cash flows that comprise solely payments of principal and interest and which are held in a business model whose objective is to collect their cash flows;
- FVOCI: Financial assets with contractual cash flows that comprise solely payments of principal and interest and which are held in a business model whose objective is to collect their cash flows or to sell the assets; and
- FVTPL: Any other financial assets not falling into the categories above are measured at FVTPL.

Fair value option for financial assets

A financial asset may be irrevocably designated on initial recognition:

- at FVTPL when the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise; or
- at FVOCI for investments in equity securities, where that instrument is neither held for trading nor contingent consideration recognised by an acquirer in a business combination.

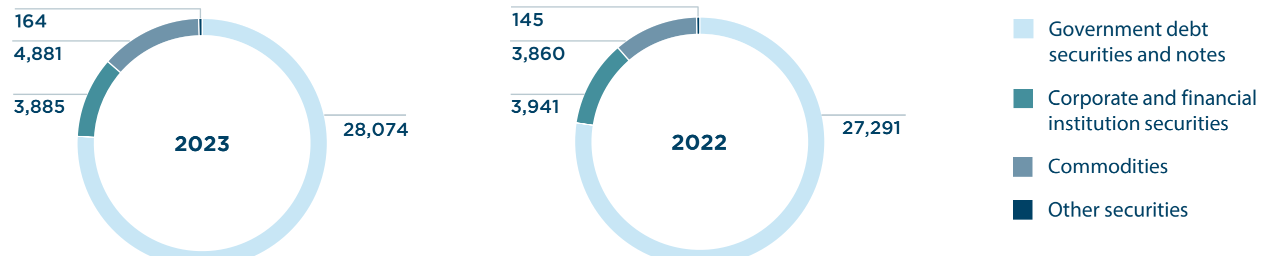
8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and other balances, as outlined below, that are convertible into cash with an insignificant risk of changes in value and with remaining maturities of three months or less, including reverse repurchase agreements.

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Coins, notes and cash at bank	**1,070**	1,147	**667**	787
Securities purchased under agreements to resell in less than 3 months[1]	**31,711**	15,996	**31,120**	14,372
Balances with central banks	**105,689**	127,790	**94,389**	118,928
Settlement balances owed to ANZ within 3 months	**29,684**	23,199	**28,232**	21,396
Cash and cash equivalents	**168,154**	168,132	**154,408**	155,483

1. During 2023, the Group commenced the management of repurchase agreements and reverse repurchase agreements on a fair value basis within the trading book in its Markets business. This resulted in the associated repurchase and reverse repurchase agreements being recognised and measured at FVTPL.

9. TRADING ASSETS



	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Government debt securities and notes	28,074	27,291	23,144	21,881
Corporate and financial institution securities	3,885	3,941	2,914	2,700
Commodities	4,881	3,860	4,471	3,348
Other securities	164	145	164	144
Total	37,004	35,237	30,693	28,073

RECOGNITION AND MEASUREMENT

Trading assets are financial instruments or other assets we either:

- acquire principally for the purpose of selling in the short-term; or
- hold as part of a portfolio we manage for short-term profit making.

Trading assets include commodity inventories measured at fair value less cost to sell in accordance with the broker trader exemption under AASB 102 *Inventories*.

We recognise purchases and sales of trading assets on trade date:

- initially, we measure them at fair value; and
- subsequently, we measure them in the balance sheet at their fair value with any change in fair value recognised in profit or loss.

Assets disclosed as Trading assets are subject to the general classification and measurement policy for Financial Assets outlined at the commencement of the Group's financial assets disclosures on page 101.

KEY JUDGEMENTS AND ESTIMATES

Judgement is required when applying the valuation techniques used to determine the fair value of trading assets not valued using quoted market prices. Refer to Note 18 Fair Value of Financial Assets and Financial Liabilities for further details.

10. DERIVATIVE FINANCIAL INSTRUMENTS

Consolidated Fair Value	Assets 2023 $m	Liabilities 2023 $m	Assets 2022 $m	Liabilities 2022 $m
Derivative financial instruments - held for trading	60,059	(57,210)	89,716	(84,793)
Derivative financial instruments - designated in hedging relationships	347	(272)	458	(356)
Derivative financial instruments	60,406	(57,482)	90,174	(85,149)

The Company Fair Value	Assets 2023 $m	Liabilities 2023 $m	Assets 2022 $m	Liabilities 2022 $m
Derivative financial instruments - held for trading	59,649	(57,256)	87,650	(84,200)
Derivative financial instruments - designated in hedging relationships	340	(255)	406	(300)
Derivative financial instruments	59,989	(57,511)	88,056	(84,500)

FEATURES

Derivative financial instruments are contracts:

- whose value is derived from an underlying price index (or other variable) defined in the contract - sometimes the value is derived from more than one variable;
- that require little or no initial net investment; and
- that are settled at a future date.

Movements in the price of the underlying variables, which cause the value of the contract to fluctuate, are reflected in the fair value of the derivative.

PURPOSE

The Group's derivative financial instruments have been categorised as following:

Trading	Derivatives held in order to: • meet customer needs for managing their own risks. • manage risks in the Group that are not in a designated hedge accounting relationship (some elements of balance sheet management). • undertake market making and positioning activities to generate profits from short-term fluctuations in prices or margins.
Designated in Hedging Relationships	Derivatives designated into hedge accounting relationships in order to minimise profit or loss volatility by matching movements in underlying positions relating to: • hedges of the Group's exposures to interest rate risk and currency risk. • hedges of other exposures relating to non-trading positions.

TYPES

The Group offers or uses four different types of derivative financial instruments:

Forwards	A contract documenting the rate of interest, or the currency exchange rate, to be paid or received on a notional principal amount at a future date.
Futures	An exchange traded contract in which the parties agree to buy or sell an asset in the future for a price agreed on the transaction date, with a net settlement in cash paid on the future date without physical delivery of the asset.
Swaps	A contract in which two parties exchange one series of cash flows for another.
Options	A contract in which the buyer of the contract has the right - but not the obligation - to buy (known as a 'call option') or to sell (known as a 'put option') an asset or instrument at a set price on a future date. The seller has the corresponding obligation to fulfil the transaction to sell or buy the asset or instrument if the buyer exercises the option.

10. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

RISKS MANAGED

The Group offers and uses the instruments described above to manage fluctuations in the following market factors:

Foreign Exchange	Currencies at current or determined rates of exchange.
Interest Rate	Fixed or variable interest rates applying to money lent, deposited or borrowed.
Commodity	Soft commodities (that is, agricultural products such as wheat, coffee, cocoa and sugar) and hard commodities (that is, mined products such as gold, oil and gas).
Credit	Risk of default by customers or third parties.

The Group uses a number of central clearing counterparties and exchanges to settle derivative transactions. Different arrangements for posting of collateral exist with these exchanges:

- some transactions are subject to clearing arrangements which result in separate recognition of collateral assets and liabilities, with the carrying values of the associated derivative assets and liabilities held at their fair value.
- other transactions, are legally settled by the payment or receipt of collateral which reduces the carrying values of the related derivative instruments by the amount paid or received.

DERIVATIVE FINANCIAL INSTRUMENTS – HELD FOR TRADING

The majority of the Group's derivative financial instruments are held for trading. The fair value of derivative financial instruments held for trading is:

Consolidated Fair Value	Assets 2023 $m	Liabilities 2023 $m	Assets 2022 $m	Liabilities 2022 $m
Interest rate contracts				
Forward rate agreements	-	-	-	(1)
Futures contracts	294	(37)	336	(123)
Swap agreements	10,815	(15,194)	10,421	(15,031)
Options	1,805	(2,023)	1,698	(1,954)
Total	12,914	(17,254)	12,455	(17,109)
Foreign exchange contracts				
Spot and forward contracts	21,399	(19,580)	42,221	(37,426)
Swap agreements	23,230	(18,172)	32,169	(27,548)
Options	690	(1,120)	926	(1,343)
Total	45,319	(38,872)	75,316	(66,317)
Commodity and other contracts	1,812	(1,067)	1,927	(1,353)
Credit default swaps	14	(17)	18	(14)
Derivative financial instruments - held for trading[1]	60,059	(57,210)	89,716	(84,793)

1. Includes derivatives held for balance sheet management which are not designated into accounting hedge relationships.

10. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

DERIVATIVE FINANCIAL INSTRUMENTS – HELD FOR TRADING (continued)

The majority of the Company's derivative financial instruments are held for trading. The fair value of derivative financial instruments held for trading is:

The Company Fair Value	Assets 2023 $m	Liabilities 2023 $m	Assets 2022 $m	Liabilities 2022 $m
Interest rate contracts				
Forward rate agreements	2	(1)	2	(7)
Futures contracts	259	(30)	240	(116)
Swap agreements	11,324	(15,178)	10,778	(15,098)
Options	1,807	(2,016)	1,684	(1,947)
Total	13,392	(17,225)	12,704	(17,168)
Foreign exchange contracts				
Spot and forward contracts	19,229	(17,595)	36,576	(33,376)
Swap agreements	24,493	(20,216)	35,526	(30,949)
Options	684	(1,110)	895	(1,331)
Total	44,406	(38,921)	72,997	(65,656)
Commodity and other contracts	1,823	(1,078)	1,923	(1,352)
Credit default swaps	28	(32)	26	(24)
Derivative financial instruments - held for trading[1]	59,649	(57,256)	87,650	(84,200)

1. Includes derivatives held for balance sheet management which are not designated into accounting hedge relationships.

10. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

DERIVATIVE FINANCIAL INSTRUMENTS – DESIGNATED IN HEDGING RELATIONSHIPS

As set out in Note 1, under the accounting policy choice provided by AASB 9, the Group has continued to apply the hedge accounting requirements of AASB 139.

There are three types of hedge accounting relationships the Group utilises:

	Fair value hedge	Cash flow hedge	Net investment hedge
Objective of this hedging arrangement	To hedge our exposure to changes to the fair value of a recognised asset or liability or unrecognised firm commitment caused by interest rate or foreign currency movements.	To hedge our exposure to variability in cash flows of a recognised asset or liability, a firm commitment or a highly probable forecast transaction caused by interest rate, foreign currency and other price movements.	To hedge our exposure to exchange rate differences arising from the translation of our foreign operations from their functional currency to Australian dollars.
Recognition of effective hedge portion	The following are recognised in profit or loss at the same time: • all changes in the fair value of the underlying item relating to the hedged risk; and • the change in the fair value of the derivatives.	We recognise the effective portion of changes in the fair value of derivatives designated as a cash flow hedge in the cash flow hedge reserve.	We recognise the effective portion of changes in the fair value of the hedging instrument in the foreign currency translation reserve (FCTR).
Recognition of ineffective hedge portion	Recognised immediately in Other operating income.		
If a hedging instrument expires, or is sold, terminated, or exercised; or no longer qualifies for hedge accounting	When we recognise the hedged item in profit or loss, we recognise the related unamortised fair value adjustment in profit or loss. This may occur over time if the hedged item is amortised to profit or loss as part of the effective yield over the period to maturity.	Only when we recognise the hedged item in profit or loss is the amount previously deferred in the cash flow hedge reserve transferred to profit or loss.	The amount we defer in the foreign currency translation reserve remains in equity and is transferred to profit or loss only when we dispose of, or partially dispose of, the foreign operation.
Hedged item sold or repaid	We recognise the unamortised fair value adjustment immediately in profit or loss.	Amounts accumulated in equity are transferred immediately to profit or loss.	The gain or loss, or applicable proportion, we have recognised in equity is transferred to profit or loss on disposal or partial disposal of a foreign operation.

10. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

DERIVATIVE FINANCIAL INSTRUMENTS – DESIGNATED IN HEDGING RELATIONSHIPS (continued)

The fair value of derivative financial instruments designated in hedging relationships is:

	2023			2022		
Consolidated	Nominal amount $m	Assets $m	Liabilities $m	Nominal amount $m	Assets $m	Liabilities $m
Fair value hedges						
Foreign exchange spot and forward contracts	607	5	-	604	-	(37)
Interest rate swap agreements	126,881	32	(195)	106,366	79	(168)
Interest rate futures contracts	11,778	243	(9)	17,361	264	(3)
Cash flow hedges						
Interest rate swap agreements	122,704	17	(48)	125,063	33	(53)
Foreign exchange swap agreements	683	50	(19)	656	48	(44)
Foreign exchange spot and forward contracts	-	-	-	161	-	(4)
Net investment hedges						
Foreign exchange spot and forward contracts	47	-	(1)	940	34	(47)
Derivative financial instruments - designated in hedging relationships	262,700	347	(272)	251,151	458	(356)

	2023			2022		
The Company	Nominal amount $m	Assets $m	Liabilities $m	Nominal amount $m	Assets $m	Liabilities $m
Fair value hedges						
Foreign exchange spot and forward contracts	607	5	-	604	-	(37)
Interest rate swap agreements	101,587	32	(184)	80,185	65	(163)
Interest rate futures contracts	11,778	243	(9)	17,361	264	(3)
Cash flow hedges						
Interest rate swap agreements	89,173	10	(42)	94,928	28	(49)
Foreign exchange swap agreements	683	50	(19)	656	48	(44)
Foreign exchange spot and forward contracts	-	-	-	161	-	(4)
Net investment hedges						
Foreign exchange spot and forward contracts	47	-	(1)	146	1	-
Derivative financial instruments - designated in hedging relationships	203,875	340	(255)	194,041	406	(300)

10. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

DERIVATIVE FINANCIAL INSTRUMENTS – DESIGNATED IN HEDGING RELATIONSHIPS (continued)

The maturity profile of the nominal amounts of our hedging instruments held is:

Consolidated Nominal Amount		Average Rate	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	After 5 years $m	Total $m
As at 30 September 2023							
Fair value hedges							
Interest rate	Interest Rate	2.38%	2,314	10,533	79,350	46,462	138,659
Foreign exchange	HKD/AUD FX Rate	5.02	607	-	-	-	607
Cash flow hedges							
Interest rate	Interest Rate	2.27%	7,573	37,630	76,359	1,142	122,704
Foreign exchange[1]	AUD/USD FX Rate USD/EUR FX Rate	0.74 0.91	-	-	-	683	683
Net investment hedges							
Foreign exchange	NZD/AUD FX Rate	1.09	-	47	-	-	47
As at 30 September 2022							
Fair value hedges							
Interest rate	Interest Rate	1.65%	10,931	17,322	65,259	30,215	123,727
Foreign exchange	HKD/AUD FX Rate	5.43	604	-	-	-	604
Cash flow hedges							
Interest rate	Interest Rate	1.59%	3,317	32,145	88,461	1,140	125,063
Foreign exchange[1]	AUD/USD FX Rate USD/EUR FX Rate	0.74 0.91	40	121	-	656	817
Net investment hedges							
Foreign exchange	TWD/AUD FX Rate THB/AUD FX Rate	20.68 25.05	794	146	-	-	940

1. Hedges of foreign exchange risk cover multiple currency pairs. The table reflects the larger currency pairs only.

10. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

DERIVATIVE FINANCIAL INSTRUMENTS – DESIGNATED IN HEDGING RELATIONSHIPS (continued)

The Company Nominal Amount		Average Rate	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	After 5 years $m	Total $m
As at 30 September 2023							
Fair value hedges							
Interest rate	Interest Rate	2.49%	1,910	8,025	61,644	41,786	113,365
Foreign exchange	HKD/AUD FX Rate	5.02	607	-	-	-	607
Cash flow hedges							
Interest rate	Interest Rate	1.78%	3,154	22,353	62,577	1,089	89,173
Foreign exchange[1]	AUD/USD FX Rate	0.74	-	-	-	683	683
	USD/EUR FX Rate	0.91					
Net investment hedges							
Foreign exchange	NZD/AUD FX Rate	1.09	-	47	-	-	47
As at 30 September 2022							
Fair value hedges							
Interest rate	Interest Rate	1.75%	10,931	13,466	48,011	25,138	97,546
Foreign exchange	HKD/AUD FX Rate	5.43	604	-	-	-	604
Cash flow hedges							
Interest rate	Interest Rate	1.37%	1,708	22,611	69,600	1,009	94,928
Foreign exchange[1]	AUD/USD FX Rate	0.74	40	121	-	656	817
	USD/EUR FX Rate	0.91					
Net investment hedges							
Foreign exchange	TWD/AUD FX Rate	20.68	-	146	-	-	146

1. Hedges of foreign exchange risk cover multiple currency pairs. The table reflects the larger currency pairs only.

10. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

DERIVATIVE FINANCIAL INSTRUMENTS – DESIGNATED IN HEDGING RELATIONSHIPS (continued)

The impacts of ineffectiveness from our designated hedge relationships by type of hedge relationship and type of risk being hedged are:

Consolidated	Ineffectiveness			
As at 30 September 2023	Change in value of hedging instrument[2] $m	Change in value of hedged item $m	Hedge ineffectiveness recognised in profit or loss[3] $m	Amount reclassified from the cash flow hedge reserve or FCTR to profit or loss[4] $m
Fair value hedges[1]				
Interest rate	(846)	870	24	-
Foreign exchange	(4)	4	-	-
Cash flow hedges[1]				
Interest rate	280	(239)	41	(13)
Foreign exchange	-	-	-	9
Net investment hedges[1]				
Foreign exchange	(39)	39	-	79
As at 30 September 2022				
Fair value hedges[1]				
Interest rate	697	(719)	(22)	-
Foreign exchange	(55)	55	-	-
Cash flow hedges[1]				
Interest rate	(3,619)	3,453	(166)	(13)
Foreign exchange	(4)	4	-	1
Net investment hedges[1]				
Foreign exchange	62	(62)	-	-

The Company	Ineffectiveness			
As at 30 September 2023	Change in value of hedging instrument[2] $m	Change in value of hedged item $m	Hedge ineffectiveness recognised in profit or loss[3] $m	Amount reclassified from the cash flow hedge reserve or FCTR to profit or loss[4] $m
Fair value hedges[1]				
Interest rate	(797)	814	17	-
Foreign exchange	(4)	4	-	-
Cash flow hedges[1]				
Interest rate	386	(344)	42	(15)
Foreign exchange	-	-	-	9
Net investment hedges[1]				
Foreign exchange	(4)	4	-	-
As at 30 September 2022				
Fair value hedges[1]				
Interest rate	1,570	(1,586)	(16)	-
Foreign exchange	(55)	55	-	-
Cash flow hedges[1]				
Interest rate	(3,643)	3,477	(166)	(13)
Foreign exchange	(4)	4	-	1
Net investment hedges[1]				
Foreign exchange	58	(58)	-	-

1. All hedging instruments are classified as derivative financial instruments.
2. Changes in value of hedging instruments is before any adjustments for Settle to Market clearing arrangements.
3. Recognised in Other operating income.
4. Recognised in Net interest income and Other operating income.

10. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

DERIVATIVE FINANCIAL INSTRUMENTS – DESIGNATED IN HEDGING RELATIONSHIPS (continued)

The hedged items in relation to the Group's fair value hedges are:

Consolidated	Balance sheet presentation	Hedged risk	Carrying amount Assets $m	Carrying amount Liabilities $m	Accumulated fair value hedge adjustments on the hedged item Assets $m	Accumulated fair value hedge adjustments on the hedged item Liabilities $m
As at 30 September 2023						
Fixed rate loans and advances	Net loans and advances	Interest rate	3,472	-	(139)	-
Fixed rate debt issuance	Debt issuances	Interest rate	-	(66,190)	-	4,163
Fixed rate investment securities at FVOCI[1]	Investment securities	Interest rate	61,082	-	(5,121)	-
Equity securities at FVOCI[1]	Investment securities	Foreign exchange	607	-	79	-
Total			65,161	(66,190)	(5,181)	4,163
As at 30 September 2022						
Fixed rate loans and advances	Net loans and advances	Interest rate	10,252	-	(369)	-
Fixed rate debt issuance	Debt issuances	Interest rate	-	(51,531)	-	3,721
Fixed rate investment securities at FVOCI[1]	Investment securities	Interest rate	53,915	-	(5,349)	-
Equity securities at FVOCI[1]	Investment securities	Foreign exchange	604	-	75	-
Total			64,771	(51,531)	(5,643)	3,721

1. The carrying amount of debt and equity instruments at FVOCI does not include the fair value hedge adjustment. The fair value hedge adjustment is included in other comprehensive income.

The cumulative amount of fair value hedge adjustments relating to ceased hedge relationships remaining on the Balance Sheet is -$13 million (2022: -$7 million).

The hedged items in relation to the Company's fair value hedges are:

The Company	Balance sheet presentation	Hedged risk	Carrying amount Assets $m	Carrying amount Liabilities $m	Accumulated fair value hedge adjustments on the hedged item Assets $m	Accumulated fair value hedge adjustments on the hedged item Liabilities $m
As at 30 September 2023						
Fixed rate loans and advances	Net loans and advances	Interest rate	3,472	-	(139)	-
Fixed rate debt issuance	Debt issuances	Interest rate	-	(51,602)	-	3,025
Fixed rate investment securities at FVOCI[1]	Investment securities	Interest rate	52,336	-	(4,342)	-
Equity securities at FVOCI[1]	Investment securities	Foreign exchange	607	-	79	-
Total			56,415	(51,602)	(4,402)	3,025
As at 30 September 2022						
Fixed rate loans and advances	Net loans and advances	Interest rate	10,252	-	(369)	-
Fixed rate debt issuance	Debt issuances	Interest rate	-	(37,141)	-	2,572
Fixed rate investment securities at FVOCI[1]	Investment securities	Interest rate	44,038	-	(4,489)	-
Equity securities at FVOCI[1]	Investment securities	Foreign exchange	604	-	75	-
Total			54,894	(37,141)	(4,783)	2,572

1. The carrying amount of debt and equity instruments at FVOCI does not include the fair value hedge adjustment. The fair value hedge adjustment is included in other comprehensive income.

The cumulative amount of fair value hedge adjustments relating to ceased hedge relationships remaining on the Balance Sheet is -$13 million (2022: -$7 million).

10. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

DERIVATIVE FINANCIAL INSTRUMENTS – DESIGNATED IN HEDGING RELATIONSHIPS (continued)

The hedged items in relation to the Group's and the Company's cash flow and net investment hedges are:

		Cash flow hedge reserve		Foreign currency translation reserve	
Consolidated	Hedged risk	Continuing hedges $m	Discontinued hedges $m	Continuing hedges $m	Discontinued hedges $m
As at 30 September 2023					
Cash flow hedges					
Floating rate loans and advances	Interest rate	(3,482)	11	-	-
Floating rate customer deposits	Interest rate	794	(1)	-	-
Foreign currency debt issuances	Foreign exchange	-	-	-	-
Highly probable forecast transactions	Foreign exchange	-	-	-	-
Net investment hedges					
Foreign operations	Foreign exchange	-	-	12	49
As at 30 September 2022					
Cash flow hedges					
Floating rate loans and advances	Interest rate	(4,286)	19	-	-
Floating rate customer deposits	Interest rate	1,357	5	-	-
Foreign currency debt issuances	Foreign exchange	(1)	(1)	-	-
Highly probable forecast transactions	Foreign exchange	(7)	-	-	-
Net investment hedges					
Foreign operations	Foreign exchange	-	-	43	(149)

		Cash flow hedge reserve		Foreign currency translation reserve	
The Company	Hedged risk	Continuing hedges $m	Discontinued hedges $m	Continuing hedges $m	Discontinued hedges $m
As at 30 September 2023					
Cash flow hedges					
Floating rate loans and advances	Interest rate	(3,103)	2	-	-
Floating rate customer deposits	Interest rate	495	-	-	-
Foreign currency debt issuances	Foreign exchange	-	-	-	-
Highly probable forecast transactions	Foreign exchange	-	-	-	-
Net investment hedges					
Foreign operations	Foreign exchange	-	-	12	49
As at 30 September 2022					
Cash flow hedges					
Floating rate loans and advances	Interest rate	(4,005)	11	-	-
Floating rate customer deposits	Interest rate	1,053	6	-	-
Foreign currency debt issuances	Foreign exchange	(1)	(1)	-	-
Highly probable forecast transactions	Foreign exchange	(7)	-	-	-
Net investment hedges					
Foreign operations	Foreign exchange	-	-	88	(149)

10. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

DERIVATIVE FINANCIAL INSTRUMENTS – DESIGNATED IN HEDGING RELATIONSHIPS (continued)

The table below details the reconciliation of the Group's cash flow hedge reserve by risk type:

Consolidated	Interest rate $m	Foreign currency $m	Total $m
Balance at 1 October 2021	398	(5)	393
Fair value gains/(losses)	(3,453)	(4)	(3,457)
Transferred to profit or loss	(13)	1	(12)
Income taxes and others	1,040	-	1,040
Balance at 30 September 2022	(2,028)	(8)	(2,036)
Fair value gains/(losses)	239	-	239
Transferred to profit or loss	(13)	9	(4)
Income taxes and others	(69)	(2)	(71)
Balance at 30 September 2023	(1,871)	(1)	(1,872)

Hedges of net investments in a foreign operation resulted in a $40 million increase in FCTR during the year (2022: $62 million increase).

The table below details the reconciliation of the Company's cash flow hedge reserve by risk type:

The Company	Interest rate $m	Foreign currency $m	Total $m
Balance at 1 October 2021	389	(5)	384
Fair value gains/(losses)	(3,477)	(4)	(3,481)
Transferred to profit or loss	(13)	1	(12)
Income taxes and others	1,048	-	1,048
Balance at 30 September 2022	(2,053)	(8)	(2,061)
Fair value gains/(losses)	344	-	344
Transferred to profit or loss	(15)	9	(6)
Income taxes and others	(99)	(2)	(101)
Balance at 30 September 2023	(1,823)	(1)	(1,824)

Hedges of net investments in a foreign operation resulted in a $4 million decrease in FCTR during the year (2022: $58 million increase).

10. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

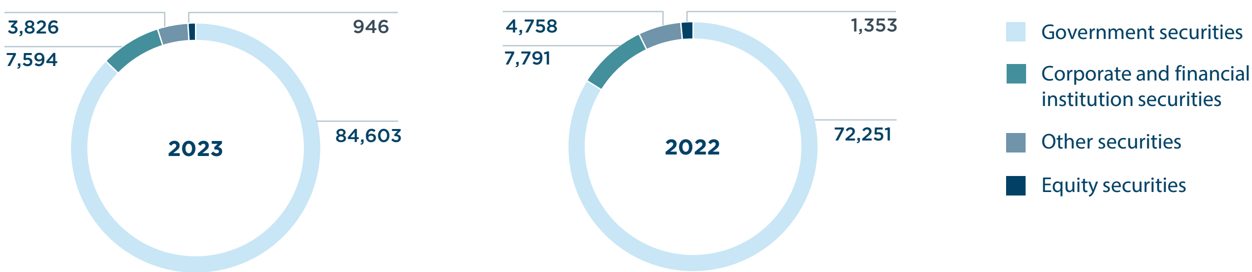
RECOGNITION AND MEASUREMENT

Recognition	Initially and at each reporting date, we recognise all derivatives at fair value. If the fair value of a derivative is positive, then we carry it as an asset, but if its value is negative, then we carry it as a liability. Valuation adjustments are integral in determining the fair value of derivatives. This includes: • a credit valuation adjustment to reflect the counterparty risk and/or event of default; and • a funding valuation adjustment to account for funding costs and benefits in the derivatives portfolio.
Derecognition of assets and liabilities	We remove derivative assets from our Balance Sheet when the contracts expire or we have transferred substantially all the risks and rewards of ownership. We remove derivative liabilities from our Balance Sheet when the Group's contractual obligations are discharged, cancelled or expired. With respect to derivatives cleared through a central clearing counterparty or exchange, derivative assets or liabilities may be derecognised in accordance with the principle above when collateral is settled, depending on the legal arrangements in place for each instrument.
Impact on the Income Statement	The recognition of gains or losses on derivative financial instruments depends on whether the derivative is held for trading or is designated in a hedge accounting relationship. For derivative financial instruments held for trading, gains or losses from changes in the fair value are recognised in profit or loss. For an instrument designated in a hedge accounting relationship, the recognition of gains or losses depends on the nature of the item being hedged. Refer to the table on page 106 for details of the recognition approach applied for each type of hedge accounting relationship. Sources of hedge accounting ineffectiveness may arise from differences in the interest rate reference rate, margins, or rate set differences and differences in discounting between the hedged items and the hedging instruments.
Hedge effectiveness	To qualify for hedge accounting under AASB 139, a hedge relationship is expected to be highly effective. A hedge relationship is highly effective only if the following conditions are met: • the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated (prospective effectiveness); and • the actual results of the hedge are within the range of 80-125% (retrospective effectiveness). The Group monitors hedge effectiveness on a regular basis but at a minimum at each reporting date.

KEY JUDGEMENTS AND ESTIMATES

Judgement is required when we select the valuation techniques used to determine the fair value of derivatives, particularly the selection of valuation inputs that are not readily observable, and the application of valuation adjustments to certain derivatives. Refer to Note 18 Fair Value of Financial Assets and Financial Liabilities for further details.

11. INVESTMENT SECURITIES



	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Investment securities measured at FVOCI				
Debt securities	88,271	76,817	76,320	65,257
Equity securities	946	1,353	945	1,027
Investment securities measured at amortised cost				
Debt securities	7,752	7,943	5,936	6,115
Investment Securities measured at FVTPL				
Debt securities	-	40	-	-
Total	96,969	86,153	83,201	72,399

During 2023, ANZBGL transferred its equity interests in the 1835i trusts, TIN and Pollination to ANZ NBH Pty Ltd as part of the Restructure.

The maturity profile of investment securities is as follows:

Consolidated As at 30 September 2023	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	After 5 years $m	No maturity $m	Total $m
Government securities	8,807	10,233	29,482	36,081	-	84,603
Corporate and financial institution securities	358	1,205	5,973	58	-	7,594
Other securities	617	591	602	2,016	-	3,826
Equity securities	-	-	-	-	946	946
Total	9,782	12,029	36,057	38,155	946	96,969
As at 30 September 2022						
Government securities	6,544	14,045	29,806	21,856	-	72,251
Corporate and financial institution securities	324	2,462	4,906	97	2	7,791
Other securities	429	423	543	3,363	-	4,758
Equity securities	-	-	-	-	1,353	1,353
Total	7,297	16,930	35,255	25,316	1,355	86,153

During the year, the Group recognised a net gain (before tax) of $9 million (2022: $28 million) in Other operating income from the recycling of gains/losses previously recognised in Other comprehensive income in respect of debt securities at FVOCI.

11. INVESTMENT SECURITIES (continued)

The Company As at 30 September 2023	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	After 5 years $m	No maturity $m	Total $m
Government securities	7,665	8,649	23,140	33,182	-	72,636
Corporate and financial institution securities	280	634	4,822	58	-	5,794
Other securities	617	591	602	2,016	-	3,826
Equity securities	-	-	-	-	945	945
Total	8,562	9,874	28,564	35,256	945	83,201
As at 30 September 2022						
Government securities	5,715	11,647	23,100	19,853	-	60,315
Corporate and financial institution securities	276	1,972	3,993	58	-	6,299
Other securities	429	423	543	3,363	-	4,758
Equity securities	-	-	-	-	1,027	1,027
Total	6,420	14,042	27,636	23,274	1,027	72,399

During the year, the Company recognised a net loss (before tax) of $6 million (2022: $1 million gain) in Other operating income from the recycling of gains/losses previously recognised in Other comprehensive income in respect of debt securities at FVOCI.

RECOGNITION AND MEASUREMENT

Investment securities are those financial assets in security form (that is, transferable debt or equity instruments) that are not held for trading purposes. By way of exception, bills of exchange (a form of security/transferable instrument) which are used to facilitate the Group's customer lending activities are classified as Loans and advances (rather than Investment securities) to better reflect the substance of the arrangement.

Equity investments not held for trading purposes may be designated at FVOCI on an instrument by instrument basis. If this election is made, gains or losses are not reclassified from Other comprehensive income to profit or loss on disposal of the investment. However, gains or losses may be reclassified within equity.

Assets disclosed as Investment securities are subject to the general classification and measurement policy for Financial Assets outlined at the commencement of the Group's financial asset disclosures on page 101. Additionally, expected credit losses associated with 'Investment securities - debt securities at amortised cost' and 'Investment securities - debt securities at FVOCI' are recognised and measured in accordance with the accounting policy outlined in Note 13 Allowance for Expected Credit Losses. For 'Investment securities - debt securities at FVOCI', the allowance for Expected Credit Loss (ECL) is recognised in the FVOCI reserve in equity with a corresponding charge to profit or loss.

KEY JUDGEMENTS AND ESTIMATES

Judgement is required when we select valuation techniques used to determine the fair value of assets not valued using quoted market prices, particularly the selection of valuation inputs that are not readily observable. Refer to Note 18 Fair Value of Financial Assets and Financial Liabilities for further details.

12. NET LOANS AND ADVANCES

The following table provides details of Net loans and advances:

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Overdrafts	5,552	5,266	4,516	4,262
Credit cards	6,805	6,755	5,630	5,664
Commercial bills	4,682	5,214	4,682	5,214
Term loans – housing	404,491	374,625	304,772	282,965
Term loans – non-housing[1]	285,458	279,730	242,403	238,215
Other	1,292	2,035	1,244	1,929
Subtotal	708,280	673,625	563,247	538,249
Unearned income[2]	(515)	(518)	(483)	(480)
Capitalised brokerage and other origination costs[2]	3,475	2,882	3,048	2,501
Gross loans and advances	711,240	675,989	565,812	540,270
Allowance for expected credit losses (refer to Note 13)	(3,546)	(3,582)	(2,795)	(2,925)
Net loans and advances	707,694	672,407	563,017	537,345
Residual contractual maturity:				
Within one year	152,318	146,142	128,045	121,513
More than one year	555,376	526,265	434,972	415,832
Net loans and advances	707,694	672,407	563,017	537,345
Carried on Balance Sheet at:				
Amortised cost	685,806	667,732	541,777	533,082
Fair value through profit or loss[1]	21,888	4,675	21,240	4,263
Net loans and advances	707,694	672,407	563,017	537,345

1. During 2023, the Group commenced the management of repurchase agreements and reverse repurchase agreements on a fair value basis within the trading book in its Markets business. This resulted in the associated repurchase and reverse repurchase agreements being recognised and measured at FVTPL.
2. Amortised over the expected life of the loan.

RECOGNITION AND MEASUREMENT

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are facilities the Group provides directly to customers or through third party channels.

Loans and advances are initially recognised at fair value plus transaction costs directly attributable to the issue of the loan or advance, which are primarily brokerage and other origination costs which we amortise over the estimated life of the loan. Subsequently, we then measure loans and advances at amortised cost using the effective interest rate method, net of any allowance for expected credit losses, or at fair value when they are specifically designated on initial recognition as FVTPL, are classified as held for sale or when held for trading. Refer to Note 18 Fair Value of Financial Assets and Financial Liabilities for further details.

We classify contracts to lease assets and hire purchase agreements as finance leases if they transfer substantially all the risks and rewards of ownership of the asset to the customer or an unrelated third party. We include these facilities in 'Other' in the table above.

The Group enters into transactions in which it transfers financial assets that are recognised on its Balance Sheet. When the Group retains substantially all of the risks and rewards of the transferred assets, the transferred assets remain on the Group's Balance Sheet, however if substantially all the risks and rewards are transferred, the Group derecognises the asset. If the risks and rewards are partially retained and control over the asset is lost, the Group derecognises the asset. If control over the asset is not lost, the Group continues to recognise the asset to the extent of its continuing involvement.

We separately recognise the rights and obligations retained, or created, in the transfer of assets as appropriate.

Assets disclosed as Net loans and advances are subject to the general classification and measurement policy for financial assets outlined on page 101. Additionally, expected credit losses associated with loans and advances at amortised cost are recognised and measured in accordance with the accounting policy outlined in Note 13 Allowance for Expected Credit Losses.

13. ALLOWANCE FOR EXPECTED CREDIT LOSSES

Consolidated	2023 Collectively assessed $m	2023 Individually assessed $m	2023 Total $m	2022 Collectively assessed $m	2022 Individually assessed $m	2022 Total $m
Net loans and advances at amortised cost	3,180	366	3,546	3,049	533	3,582
Off-balance sheet commitments	817	10	827	766	9	775
Investment securities - debt securities at amortised cost	35	-	35	38	-	38
Total	4,032	376	4,408	3,853	542	4,395
Other comprehensive income						
Investment securities - debt securities at FVOCI[1]	15	-	15	10	-	10

The Company	2023 Collectively assessed $m	2023 Individually assessed $m	2023 Total $m	2022 Collectively assessed $m	2022 Individually assessed $m	2022 Total $m
Net loans and advances at amortised cost	2,516	279	2,795	2,500	425	2,925
Off-balance sheet commitments	692	5	697	668	5	673
Investment securities - debt securities at amortised cost	1	-	1	1	-	1
Total	3,209	284	3,493	3,169	430	3,599
Other comprehensive income						
Investment securities - debt securities at FVOCI[1]	12	-	12	7	-	7

1. For FVOCI assets, the allowance for ECL does not alter the carrying amount which remains at fair value. Instead, the allowance for ECL is recognised in Other comprehensive income with a corresponding charge to profit or loss.

The following tables present the movement in the allowance for ECL for the year.

Net loans and advances - at amortised cost

Allowance for ECL is included in Net loans and advances.

Consolidated	Stage 1 $m	Stage 2 $m	Stage 3[1] Collectively assessed $m	Stage 3[1] Individually assessed $m	Total $m
As at 1 October 2021	968	1,994	417	666	4,045
Transfer between stages	219	(224)	(95)	100	-
New and increased provisions (net of releases)	(48)	(202)	42	420	212
Write-backs	-	-	-	(222)	(222)
Bad debts written off (excluding recoveries)	-	-	-	(428)	(428)
Foreign currency translation and other movements[2]	2	(20)	(4)	(3)	(25)
As at 30 September 2022	1,141	1,548	360	533	3,582
Transfer between stages	148	(138)	(94)	84	-
New and increased provisions (net of releases)	(73)	202	61	388	578
Write-backs	-	-	-	(212)	(212)
Bad debts written off (excluding recoveries)	-	-	-	(409)	(409)
Foreign currency translation and other movements[2]	11	12	2	(18)	7
As at 30 September 2023	1,227	1,624	329	366	3,546

1. The Group's credit exposures that are purchased or originated credit-impaired (POCI) are insignificant.
2. Other movements include the impacts of discount unwind on individually assessed allowance for ECL or the impact of divestments completed during the year.

13. ALLOWANCE FOR EXPECTED CREDIT LOSSES (continued)

The Company	Stage 1 $m	Stage 2 $m	Stage 3[1] Collectively assessed $m	Stage 3[1] Individually assessed $m	Total $m
As at 1 October 2021	797	1,679	348	563	3,387
Transfer between stages	192	(201)	(84)	93	-
New and increased provisions (net of releases)	(59)	(220)	31	354	106
Write-backs	-	-	-	(193)	(193)
Bad debts written off (excluding recoveries)	-	-	-	(386)	(386)
Foreign currency translation and other movements[2]	16	1	-	(6)	11
As at 30 September 2022	946	1,259	295	425	2,925
Transfer between stages	122	(118)	(83)	79	-
New and increased provisions (net of releases)	(43)	98	39	295	389
Write-backs	-	-	-	(192)	(192)
Bad debts written off (excluding recoveries)	-	-	-	(310)	(310)
Foreign currency translation and other movements[2]	1	-	-	(18)	(17)
As at 30 September 2023	1,026	1,239	251	279	2,795

1. The Company's credit exposures that are purchased or originated credit-impaired (POCI) are insignificant.
2. Other movements include the impact of discount unwind on individually assessed allowance for ECL.

Off-balance sheet commitments - undrawn and contingent facilities

Allowance for ECL is included in Other provisions.

Consolidated	Stage 1 $m	Stage 2 $m	Stage 3[1] Collectively assessed $m	Stage 3[1] Individually assessed $m	Total $m
As at 1 October 2021	555	211	19	21	806
Transfer between stages	40	(34)	(8)	2	-
New and increased provisions (net of releases)	7	(28)	18	(2)	(5)
Write-backs	-	-	-	(11)	(11)
Foreign currency translation and other movements[2]	(9)	(5)	-	(1)	(15)
As at 30 September 2022	593	144	29	9	775
Transfer between stages	31	(29)	(4)	2	-
New and increased provisions (net of releases)	-	46	(1)	2	47
Write-backs	-	-	-	(4)	(4)
Foreign currency translation and other movements[2]	6	1	1	1	9
As at 30 September 2023	630	162	25	10	827

1. The Group's credit exposures that are POCI are insignificant.
2. Other movements include impact of divestments completed during the year.

13. ALLOWANCE FOR EXPECTED CREDIT LOSSES (continued)

The Company	Stage 1 $m	Stage 2 $m	Stage 3[1] Collectively assessed $m	Stage 3[1] Individually assessed $m	Total $m
As at 1 October 2021	484	171	12	7	674
Transfer between stages	33	(27)	(6)	-	-
New and increased provisions (net of releases)	17	(29)	20	-	8
Write-backs	-	-	-	(2)	(2)
Foreign currency translation and other movements[2]	(4)	(3)	-	-	(7)
As at 30 September 2022	530	112	26	5	673
Transfer between stages	27	(26)	(3)	2	-
New and increased provisions (net of releases)	(10)	35	(2)	-	23
Write-backs	-	-	-	(2)	(2)
Foreign currency translation	3	-	-	-	3
As at 30 September 2023	550	121	21	5	697

1. The Company's credit exposures that are purchased or originated credit-impaired (POCI) are insignificant.
2. Other movements include the impact of divestments completed during the year.

Investment securities - debt securities at amortised cost

Allowance for ECL is included in Investment securities.

Consolidated	Stage 1 $m	Stage 2 $m	Stage 3 Collectively assessed $m	Stage 3 Individually assessed $m	Total $m
As at 30 September 2022	38	-	-	-	38
As at 30 September 2023	35	-	-	-	35

The Company	Stage 1 $m	Stage 2 $m	Stage 3 Collectively assessed $m	Stage 3 Individually assessed $m	Total $m
As at 30 September 2022	1	-	-	-	1
As at 30 September 2023	1	-	-	-	1

Investment securities - debt securities at FVOCI

As FVOCI assets are measured at fair value, there is no separate allowance for ECL. Instead, the allowance for ECL is recognised in Other comprehensive income with a corresponding charge to profit or loss.

Consolidated	Stage 1 $m	Stage 2 $m	Stage 3 Collectively assessed $m	Stage 3 Individually assessed $m	Total $m
As at 30 September 2022	10	-	-	-	10
As at 30 September 2023	15	-	-	-	15

The Company	Stage 1 $m	Stage 2 $m	Stage 3 Collectively assessed $m	Stage 3 Individually assessed $m	Total $m
As at 30 September 2022	7	-	-	-	7
As at 30 September 2023	12	-	-	-	12

13. ALLOWANCE FOR EXPECTED CREDIT LOSSES (continued)

CREDIT IMPAIRMENT CHARGE - INCOME STATEMENT

Credit impairment charge/(release) analysis

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
New and increased provisions (net of releases)[1,2]				
- Collectively assessed	152	(311)	41	(333)
- Individually assessed	476	520	376	447
Write-backs[3]	(216)	(233)	(194)	(195)
Recoveries of amounts previously written-off	(167)	(208)	(148)	(184)
Total credit impairment charge	245	(232)	75	(265)

1. Includes the impact of transfers between collectively assessed and individually assessed.
2. New and increased provisions (net of releases) includes:

	Consolidated				The Company			
	2023		2022		2023		2022	
	Collectively assessed $m	Individually assessed $m	Collectively assessed $m	Individually assessed $m	Collectively assessed $m	Individually assessed $m	Collectively assessed $m	Individually assessed $m
Net loans and advances at amortised cost	106	472	(308)	520	15	374	(341)	447
Off-balance sheet commitments	43	4	(5)	-	21	2	8	-
Investment securities - debt securities at amortised cost	(1)	-	3	-	-	-	-	-
Investment securities - debt securities at FVOCI	4	-	(1)	-	5	-	-	-
Total	152	476	(311)	520	41	376	(333)	447

3. Consists of write-backs in Net loans and advances at amortised cost of $212 million (2022: $222 million) for the Group and $192 million (2022: $193 million) for the Company, and Off-balance sheet commitments of $4 million (2022: $11 million) for the Group and $2 million (2022: $2 million) for the Company.

The contractual amount outstanding on financial assets that were written off during the year and that are still subject to enforcement activity is $147 million (2022: $143 million) for the Group, and $133 million (2022: $128 million) for the Company.

13. ALLOWANCE FOR EXPECTED CREDIT LOSSES (continued)

RECOGNITION AND MEASUREMENT

EXPECTED CREDIT LOSS MODEL

The measurement of expected credit losses reflects an unbiased, probability weighted prediction which evaluates a range of scenarios and takes into account the time value of money, past events, current conditions and forecasts of future economic conditions.

Expected credit losses are either measured over 12 months or the expected lifetime of the financial asset, depending on credit deterioration since origination, according to the following three-stage approach:

- Stage 1: At the origination of a financial asset, and where there has not been a Significant Increase in Credit Risk (SICR) since origination, an allowance for ECL is recognised reflecting the expected credit losses resulting from default events that are possible within the next 12 months from the reporting date. For instruments with a remaining maturity of less than 12 months, expected credit losses are estimated based on default events that are possible over the remaining time to maturity.
- Stage 2: Where there has been a SICR since origination, an allowance for ECL is recognised reflecting expected credit losses resulting from all possible default events over the expected life of a financial instrument. If credit risk were to improve in a subsequent period such that the increase in credit risk since origination is no longer considered significant, the exposure returns to a Stage 1 classification with ECL measured accordingly.
- Stage 3: Where there is objective evidence of impairment, an allowance equivalent to lifetime ECL is recognised.

Expected credit losses are estimated on a collective basis for exposures in Stage 1 and Stage 2, and on either a collective or individual basis when transferred to Stage 3.

MEASUREMENT OF EXPECTED CREDIT LOSS

ECL is calculated as the product of the following credit risk factors at a facility level, discounted to incorporate the time value of money:

- Probability of default (PD) - the estimate of the likelihood that a borrower will default over a given period;
- Exposure at default (EAD) - the expected balance sheet exposure at default taking into account repayments of principal and interest, expected additional drawdowns and accrued interest; and
- Loss given default (LGD) - the expected loss in the event of the borrower defaulting, expressed as a percentage of the facility's EAD, taking into account direct and indirect recovery costs.

These credit risk factors are adjusted for current and forward-looking information through the use of macroeconomic variables.

EXPECTED LIFE

When estimating ECL for exposures in Stage 2 and 3, the Group considers the expected lifetime over which it is exposed to credit risk.

For non-retail portfolios, the Group uses the maximum contractual period as the expected lifetime for non-revolving credit facilities. For non-retail revolving credit facilities, such as corporate lines of credit, the expected life reflects the Group’s contractual right to withdraw a facility as part of a contractually agreed annual review, after taking into account the applicable notice period.

For retail portfolios, the expected lifetime is determined using a behavioural term, taking into account expected prepayment behaviour and events that give rise to substantial modifications.

DEFINITION OF DEFAULT, CREDIT IMPAIRED AND WRITE-OFFS

The definition of default used in measuring ECL is aligned to the definition used for internal credit risk management purposes across all portfolios. This definition is also in line with the regulatory definition of default. Default occurs when there are indicators that a debtor is unlikely to fully satisfy contractual credit obligations to the Group, or the exposure is 90 days past due.

Financial assets, including those that are well secured, are considered credit impaired for financial reporting purposes when they default.

When there is no realistic probability of recovery, loans are written off against the related impairment allowance on completion of the Group’s internal processes and when all reasonably expected recoveries have been collected. In subsequent periods, any recoveries of amounts previously written-off are recorded as a release to the credit impairment charge in the income statement.

13. ALLOWANCE FOR EXPECTED CREDIT LOSSES (continued)

RECOGNITION AND MEASUREMENT (continued)

MODIFIED FINANCIAL ASSETS

If the contractual terms of a financial asset are modified or an existing financial asset is replaced with a new one for either credit or commercial reasons, an assessment is made to determine if the changes to the terms of the existing financial asset are considered substantial. This assessment considers both changes in cash flows arising from the modified terms as well as changes in the overall instrument risk profile; for example, changes in the principal (credit limit), term, or type of underlying collateral. Where a modification is considered non-substantial, the existing financial asset is not derecognised and its date of origination continues to be used to determine SICR. Where a modification is considered substantial, the existing financial asset is derecognised and a new financial asset is recognised at its fair value on the modification date, which also becomes the date of origination used to determine SICR for this new asset.

SIGNIFICANT INCREASE IN CREDIT RISK (SICR)

Stage 2 assets are those that have experienced a SICR since origination. In determining what constitutes a SICR, the Group considers both qualitative and quantitative information:

i. Internal credit rating grade

For the majority of portfolios, the primary indicator of a SICR is a significant deterioration in the internal credit rating grade of a facility since origination and is measured by application of thresholds.

For non-retail portfolios, a SICR is determined by comparing the Customer Credit Rating (CCR) applicable to a facility at reporting date to the CCR at origination of that facility. A CCR is assigned to each borrower which reflects the PD of the borrower and incorporates both borrower and non-borrower specific information, including forward-looking information. CCRs are subject to review at least annually or more frequently when an event occurs which could affect the credit risk of the customer.

For retail portfolios, a SICR is determined, depending on the type of facility, by either comparing the scenario weighted lifetime PD at the reporting date to that at origination, or by reference to customer behavioural score thresholds. The scenario weighted lifetime probability of default may increase significantly if:

- there has been a deterioration in the economic outlook, or an increase in economic uncertainty; or
- there has been a deterioration in the customer's overall credit position, or ability to manage their credit obligations.

ii. Backstop criteria

The Group uses 30 days past due arrears as a backstop criterion for both non-retail and retail portfolios. For retail portfolios only, facilities are required to demonstrate three to six months of good payment behaviour prior to being allocated back to Stage 1.

FORWARD-LOOKING INFORMATION

Forward-looking information is incorporated into both our assessment of whether a financial asset has experienced a SICR since origination and in our estimate of ECL. In applying forward-looking information for estimating ECL, the Group considers four probability-weighted forecast economic scenarios as follows:

i. Base case scenario

The base case scenario is ANZ's view of future macroeconomic conditions. It reflects management's assumptions used for strategic planning and budgeting, and also informs the Group Internal Capital Adequacy Assessment Process (ICAAP) which is the process the Group applies in strategic and capital planning over a 3-year time horizon;

ii. Upside and iii. Downside scenarios

The upside and downside scenarios are fixed by reference to average economic cycle conditions (that is, they are not based on the economic conditions prevailing at balance date) and are based on a combination of more optimistic (in the case of the upside) and pessimistic (in the case of the downside) economic events and uncertainty over long term horizons; and

iv. Severe downside scenario

To better reflect the current economic conditions and geopolitical environment, the Group altered the severe downside scenario in 2022 from a scenario fixed by reference to average economic cycle conditions to one which aligns with the scenario used for Group-wide stress testing.

13. ALLOWANCE FOR EXPECTED CREDIT LOSSES (continued)

RECOGNITION AND MEASUREMENT (continued)

FORWARD-LOOKING INFORMATION (continued)

The four scenarios are described in terms of macroeconomic variables used in the PD, LGD and EAD models (collectively the ECL models) depending on the lending portfolio and country of the borrower. Examples of the macroeconomic variables include unemployment rates, Gross Domestic Product (GDP) growth rates, residential property price indices, commercial property price indices and consumer price indices.

Probability weighting of each scenario is determined by management considering the risks and uncertainties surrounding the base case economic scenario, as well as specific portfolio considerations where required. The Group Asset and Liability Committee (GALCO) is responsible for reviewing and approving the base case economic scenario and the Credit and Market Risk Committee (CMRC) approves the probability weights applied to each scenario.

Where applicable, temporary adjustments may be made to account for situations where known or expected risks have not been adequately addressed in the modelling process. CMRC is responsible for approving such adjustments.

KEY JUDGEMENTS AND ESTIMATES

Collectively assessed allowance for expected credit losses

In estimating collectively assessed ECL, the Group makes judgements and assumptions in relation to:

- the selection of an estimation technique or modelling methodology; and
- the selection of inputs for those models, and the interdependencies between those inputs.

The following table summarises the key judgements and assumptions in relation to the model inputs and the interdependencies between those inputs, and highlights significant changes during the current period.

The judgements and associated assumptions have been made within the context of the uncertainty as to how various factors might impact the global economy and reflect historical experience and other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances. The Group's ECL estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

Judgement/Assumption	Description	Considerations for the year ended 30 September 2023
Determining when a Significant Increase in Credit Risk has occurred or reversed	In the measurement of ECL, judgement is involved in determining whether there has been a SICR since initial recognition of a loan, which would result in it moving from Stage 1 to Stage 2. This is a key area of judgement since transition from Stage 1 to Stage 2 increases the ECL from an allowance based on the probability of default (PD) in the next 12 months, to an allowance for lifetime expected credit losses. Subsequent decreases in credit risk resulting in transition from Stage 2 to Stage 1 may similarly result in significant changes in the ECL allowance. The setting of precise SICR trigger points requires judgement which may have a material impact upon the size of the ECL allowance. The Group monitors the effectiveness of SICR criteria on an ongoing basis.	The determination of SICR has been applied consistent with prior periods.

13. ALLOWANCE FOR EXPECTED CREDIT LOSSES (continued)

KEY JUDGEMENTS AND ESTIMATES (continued)

Judgement/Assumption	Description	Considerations for the year ended 30 September 2023
Measuring both 12-month and lifetime expected credit losses	The PD, LGD and EAD factors used in determining ECL are point-in-time measures reflecting the relevant forward-looking information determined by management. Judgement is involved in determining which forward-looking information is relevant for particular lending portfolios and for determining each portfolio's point-in-time sensitivity. In addition, judgement is required where behavioural characteristics are applied in estimating the lifetime of a facility which is used in measuring ECL.	The PD, LGD and EAD models are subject to the Group's model risk policy that stipulates periodic model monitoring and re-validation, and defines approval procedures and authorities according to model materiality. There were no material changes to the policy.
Base case economic forecast	The Group derives a forward-looking 'base case' economic scenario which reflects ANZ Research - Economics' (ANZ Economics) view of future macroeconomic conditions.	There have been no changes to the types of forward-looking variables (key economic drivers) used as model inputs. As at 30 September 2023, the base case assumptions have been updated to reflect slowing economies and reduced levels of household consumption in Australia and New Zealand associated with continuing high interest rates and elevated levels of inflation. The expected outcomes of key economic drivers for the base case scenario at 30 September 2023 are described below under the heading "Base case economic forecast assumptions".
Probability weighting of each economic scenario (base case, upside, downside and severe downside scenarios)[1]	Probability weighting of each economic scenario is determined by management considering the risks and uncertainties surrounding the base case economic scenario at each measurement date. The assigned probability weightings in Australia, New Zealand and Rest of World are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected.	Probability weightings in the current period have been adjusted to reflect our assessment of the downside risks from the impact of continued high interest rates and inflation on the economies in which the Group operates. Weightings for current and prior periods are as detailed in the section below under the heading on 'Probability weightings'.
Management temporary adjustments	Management temporary adjustments to the ECL allowance are used in circumstances where it is judged that our existing inputs, assumptions and model techniques do not capture all the risk factors relevant to our lending portfolios. Emerging local or global macroeconomic, microeconomic or political events, natural disasters, and natural hazards that are not incorporated into our current parameters, risk ratings, or forward-looking information are examples of such circumstances.	Management have continued to apply adjustments to accommodate uncertainty associated with higher inflation and interest rates. Management overlays have been made for risks particular to retail, including home loans, credit cards and small business in Australia, and for mortgages, commercial property and agri in New Zealand. Management has considered and concluded no temporary adjustment is required at 30 September 2023 to the ECL in relation to climate- or weather-related events during the year.

1. The upside and downside scenarios are fixed by reference to average economic cycle conditions (that is, they are not based on the economic conditions prevailing at balance date) and are based on a combination of more optimistic (in the case of the upside) and pessimistic (in the case of the downside) economic conditions.

13. ALLOWANCE FOR EXPECTED CREDIT LOSSES (continued)

KEY JUDGEMENTS AND ESTIMATES (continued)

Base case economic forecast assumptions

Continuing uncertainties described above increase the risk of the economic forecast resulting in an understatement or overstatement of the ECL balance.

The economic drivers of the base case economic forecasts, reflective of ANZ Economics' view of future macroeconomic conditions used at 30 September 2023 are set out below. For the years following the near term forecasts below, the ECL models apply simplified assumptions for the economic conditions to calculate lifetime loss.

	Forecast calendar year		
	2023	2024	2025
Australia			
GDP (annual % change)	1.5	1.3	2.2
Unemployment rate (annual average)	3.6	4.4	4.5
Residential property prices (annual % change)	5.9	2.8	4.3
Consumer price index (annual average % change)	5.6	3.5	2.9
New Zealand			
GDP (annual % change)	0.7	0.3	1.5
Unemployment rate (annual average)	3.8	4.8	5.1
Residential property prices (annual % change)	-0.6	2.3	3.2
Consumer price index (annual average % change)	6.0	3.8	2.2
Rest of world			
GDP (annual % change)	1.8	0.9	2.0
Consumer price index (annual average % change)	3.9	2.9	2.2

The base case economic forecasts for Australia, New Zealand and Rest of World are for continuing slowdowns in economic activity. Continued high inflation in Australia and New Zealand is expected to keep interest rates high and dampen growth over the forecast period.

Probability weightings

Probability weightings for each scenario are determined by management considering the risks and uncertainties surrounding the base case economic scenario including the uncertainties described above.

The average base case weighting has increased to 45.9% (Sep 22: 45%) as the downside and severe downside scenario weightings have been revised. The average downside case weighting has increased to 41.2% (Sep 22: 40%), and the average severe downside case weighting has decreased to 12.9% (Sep 22: 15%).

The assigned probability weightings in Australia, New Zealand and Rest of World are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these weightings in each geography to provide estimates of the possible loss outcomes and taking into account short and long term inter-relationships within the Group's credit portfolios. The average weightings applied across the Group are set out below:

	Consolidated		The Company	
	2023	2022	2023	2022
Base	45.9%	45.0%	45.0%	45.0%
Upside	0.0%	0.0%	0.0%	0.0%
Downside	41.2%	40.0%	42.1%	40.0%
Severe downside	12.9%	15.0%	12.9%	15.0%

13. ALLOWANCE FOR EXPECTED CREDIT LOSSES (continued)

KEY JUDGEMENTS AND ESTIMATES (continued)

ECL - Sensitivity analysis

Given current economic uncertainties and the judgement applied to factors used in determining the expected default of borrowers in future periods, expected credit losses reported by the Group should be considered as a best estimate within a range of possible estimates.

The table below illustrates the sensitivity of collectively assessed ECL to key factors used in determining it as at 30 September 2023:

	Consolidated		The Company	
	ECL $m	Impact $m	ECL $m	Impact $m
If 1% of Stage 1 facilities were included in Stage 2	4,116	84	3,283	73
If 1% of Stage 2 facilities were included in Stage 1	4,027	(5)	3,206	(4)
100% upside scenario	1,274	(2,758)	1,050	(2,160)
100% base scenario	1,790	(2,242)	1,406	(1,804)
100% downside scenario	3,123	(909)	2,484	(726)
100% severe downside scenario	9,251	5,219	7,457	4,247

Individually assessed allowance for expected credit losses

In estimating individually assessed ECL, the Group makes judgements and assumptions in relation to expected repayments, the realisable value of collateral, business prospects for the customer, competing claims and the likely cost and duration of the work-out process. Judgements and assumptions in respect of these matters have been updated to reflect amongst other things, the uncertainties described above.

FINANCIAL LIABILITIES

Outlined below is a description of how we classify and measure financial liabilities relevant to the note disclosures that follow.

CLASSIFICATION AND MEASUREMENT

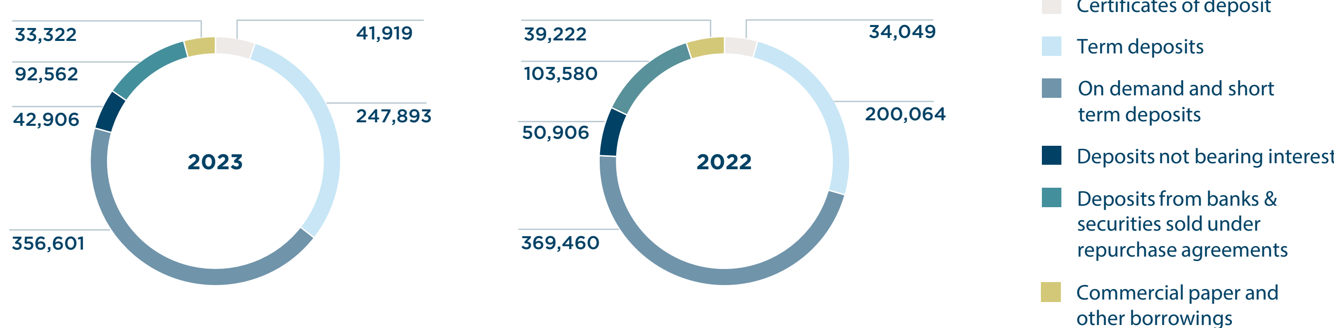
Financial liabilities

Financial liabilities are measured at amortised cost, or FVTPL when they are held for trading. Additionally, financial liabilities can be designated at FVTPL where:

- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise;
- a group of financial liabilities are managed and their performance are evaluated on a fair value basis, in accordance with a documented risk management strategy; or
- the financial liability contains one or more embedded derivatives unless:
  a) the embedded derivative does not significantly modify the cash flows that otherwise would be required by the contract; or
  b) the embedded derivative is closely related to the host financial liability.

Where financial liabilities are designated as measured at fair value, gains or losses relating to changes in the entity's own credit risk are included in Other comprehensive income, except where doing so would create or enlarge an accounting mismatch in profit or loss.

14. DEPOSITS AND OTHER BORROWINGS



	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Certificates of deposit	41,919	34,049	39,426	32,411
Term deposits	247,893	200,064	196,309	157,479
On demand and short term deposits	356,601	369,460	297,195	310,857
Deposits not bearing interest	42,906	50,906	24,456	29,416
Deposits from banks & securities sold under repurchase agreements[1]	92,562	103,580	86,464	98,825
Commercial paper and other borrowings	33,322	39,222	31,225	36,619
Deposits and other borrowings	815,203	797,281	675,075	665,607
Residual contractual maturity:				
Within one year	805,808	781,573	671,395	654,997
More than one year	9,395	15,708	3,680	10,610
Deposits and other borrowings	815,203	797,281	675,075	665,607
Carried on Balance Sheet at:				
Amortised cost	781,314	794,621	643,868	665,567
Fair value through profit or loss[1]	33,889	2,660	31,207	40
Deposits and other borrowings	815,203	797,281	675,075	665,607

1. During 2023, the Group commenced the management of repurchase agreements and reverse repurchase agreements on a fair value basis within the trading book in its Markets business. This resulted in the associated repurchase and reverse repurchase agreements being recognised and measured at FVTPL.

RECOGNITION AND MEASUREMENT

For deposits and other borrowings that:

- are not designated at FVTPL on initial recognition, we measure them at amortised cost and recognise their interest expense using the effective interest rate method; and
- are managed on a fair value basis, reduce or eliminate an accounting mismatch or contain an embedded derivative, we designate them as measured at FVTPL.

Refer to Note 18 Fair Value of Financial Assets and Financial Liabilities for further details.

For deposits and other borrowings designated at fair value we recognise the amount of fair value gain or loss attributable to changes in the Group's own credit risk in Other comprehensive income in retained earnings. Any remaining amount of fair value gain or loss we recognise directly in profit or loss. Once we have recognised an amount in other comprehensive income, we do not later reclassify it to profit or loss.

Securities sold under repurchase agreements represent a liability to repurchase the financial assets that remain on our balance sheet since the risks and rewards of ownership remain with the Group. Over the life of the repurchase agreement, we recognise the difference between the sale price and the repurchase price and charge it to interest expense in profit or loss.

15. PAYABLES AND OTHER LIABILITIES

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Payables and accruals	5,811	2,896	4,582	2,189
Liabilities at fair value[1]	5,267	3,239	4,922	2,857
Lease liabilities	1,767	1,040	1,531	1,628
Trail commission liabilities	1,469	1,320	1,469	1,320
Other liabilities	1,618	1,340	775	568
Payables and other liabilities	15,932	9,835	13,279	8,562

1. Relate to securities sold short classified as held for trading and measured at FVTPL.

RECOGNITION AND MEASUREMENT

The Group recognises liabilities when there is a present obligation to transfer economic resources as a result of past events.

Below is the measurement basis for each item classified as other liabilities:

- Payables, accruals and other liabilities are measured at the contractual amount payable or the best estimate of consideration required to settle the payable.
- Liabilities at fair value relate to securities sold short, which we classify as held for trading and measure at FVTPL based on quoted prices in active markets.
- Lease liabilities are initially measured at the present value of the future lease payments using the Group's incremental borrowing rate at the lease commencement date. The carrying amount is then subsequently adjusted to reflect the interest on the lease liability, lease payments that have been made and any lease reassessments or modifications.
- Trail commission liabilities are measured based on the present value of expected future trail commission payments taking into consideration average behavioural loan life and outstanding balances of broker originated loans.

16. DEBT ISSUANCES

The Group, primarily via ANZBGL or other banking subsidiaries, uses a variety of funding programmes to issue senior debt (including covered bonds and securitisations) and subordinated debt. The difference between senior debt and subordinated debt is that holders of senior debt of a Group issuer take priority over holders of subordinated debt owed by that issuer. In the winding up of a Group issuer, the subordinated debt will be repaid by the relevant issuer only after the repayment of claims of its depositors, other creditors and the senior debt holders of that issuer.

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Senior debt	63,233	52,324	50,671	40,325
Covered bonds	18,223	12,967	15,084	9,371
Securitisation	880	1,115	-	-
Total unsubordinated debt	82,336	66,406	65,755	49,696
Subordinated debt				
- ANZBGL Additional Tier 1 capital	8,232	7,705	8,287	7,763
- ANZBGL Tier 2 capital	23,707	17,907	23,707	17,907
- Other subordinated debt securities	1,739	1,716	464	462
Total subordinated debt	33,678	27,328	32,458	26,132
Total debt issued	116,014	93,734	98,213	75,828
Residual contractual maturity [1]:				
Within one year	21,746	25,208	18,499	21,990
More than one year	92,856	66,660	78,245	51,929
No maturity date (instruments in perpetuity)	1,412	1,866	1,469	1,909
Total debt issued	116,014	93,734	98,213	75,828
Carried on Balance Sheet at:				
Amortised cost	114,678	92,623	95,881	72,757
Fair value through profit or loss	1,336	1,111	2,332	3,071
Total debt issued	116,014	93,734	98,213	75,828

1. Based on the final maturity date or, in the case of Additional Tier 1 capital securities, the mandatory conversion date (if any).

TOTAL DEBT ISSUED BY CURRENCY

The table below shows the Group's issued debt by currency of issue, which broadly represents the debt holders' base location.

		Consolidated		The Company	
		2023 $m	2022 $m	2023 $m	2022 $m
USD	United States dollars	32,723	25,527	24,074	17,206
EUR	Euro	26,990	19,923	21,356	14,049
AUD	Australian dollars	47,043	36,398	46,123	35,259
NZD	New Zealand dollars	1,575	1,628	43	46
JPY	Japanese yen	1,993	2,159	1,993	2,159
CHF	Swiss francs	1,039	954	-	-
GBP	Pounds sterling	2,230	5,261	2,230	5,261
HKD	Hong Kong dollars	1,407	771	1,407	771
Other	Chinese yuan and Singapore dollars	1,014	1,113	987	1,077
Total debt issued		116,014	93,734	98,213	75,828

SUBORDINATED DEBT

At 30 September 2023, all subordinated debt issued by ANZBGL (other than its USD 300 million perpetual subordinated notes) qualifies as regulatory capital for the Group. Depending on their terms and conditions, the subordinated debt instruments issued by ANZBGL are classified as either Additional Tier 1 (AT1) capital for the Group (in the case of the ANZ Capital Notes (ANZ CN) and ANZ Capital Securities (ANZ CS)) or Tier 2 capital for the Group (in the case of the term subordinated notes) for APRA's capital adequacy purposes.

Subordinated debt issued externally by ANZ Bank New Zealand will constitute subordinated debt of both ANZ Bank New Zealand and the Group. Whilst it will constitute tier 2 capital for ANZ Bank New Zealand for the purposes of the Reserve Bank of New Zealand's (RBNZ) capital requirements, it will not constitute Tier 2 capital for the Group as the terms of the subordinated debt does not satisfy APRA's capital requirements.

16. DEBT ISSUANCES (continued)

AT1 Capital

All outstanding AT1 capital instruments issued by ANZBGL are Basel III fully compliant instruments (refer to Note 24 Capital Management for further information about Basel III) for APRA's capital adequacy purposes. Each of the ANZ CN and ANZ CS rank equally with each other.

Distributions on the AT1 capital instruments are non-cumulative and subject to the issuer's absolute discretion and certain payment conditions (including regulatory requirements). Distributions on ANZ CNs are franked in line with the franking applied to ANZGHL's ordinary shares.

Where specified, the AT1 capital instruments provide the issuer with an early redemption or conversion option on a specified date and in certain other circumstances (such as a tax or regulatory event). This redemption option is subject to APRA's prior written approval.

Each of the AT1 capital instruments will immediately convert into a variable number of ANZGHL's ordinary shares (based on the average market price of the shares immediately prior to conversion less a 1% discount, subject to a maximum conversion number of ANZGHL's ordinary shares) if:

- The Group's or ANZBGL's Common Equity Tier 1 capital ratio is equal to or less than 5.125% - known as a Common Equity Capital Trigger Event; or
- APRA notifies ANZBGL that, without the conversion or write-off of certain securities or a public sector injection of capital (or equivalent support), it considers that ANZBGL would become non-viable – known as a Non-Viability Trigger Event.

Where specified, AT1 capital instruments mandatorily convert into a variable number of ANZGHL's ordinary shares (based on the average market price of the shares immediately prior to conversion less a 1% discount):

- on a specified mandatory conversion date; or
- on an earlier date under certain circumstances as set out in the terms.

However, the mandatory conversion is deferred for a specified period if certain conversion tests are not met.

If the AT1 capital securities convert, and the holders receive ANZGHL ordinary shares, then:

- the AT1 capital securities are transferred to ANZGHL for their face value;
- ANZBGL shall redeem the securities and simultaneously issue ordinary shares to its parent ANZ BH Limited (based on ANZBGL's share price calculated by reference to its consolidated net assets, subject to a maximum conversion number); and
- ANZ BH Limited will issue shares to ANZGHL (calculated on the same basis for ANZ BH Limited).

Preference shares issued externally by ANZ Bank New Zealand will constitute additional tier 1 capital for ANZ Bank New Zealand for the purposes of the RBNZ's capital requirements, however they will not constitute Additional Tier 1 capital for the Group as the terms of the preference shares do not satisfy APRA's capital requirements. The preference shares are included within non-controlling interests in Note 23 Shareholders' Equity.

The tables below show the key details of the ANZBGL's AT1 capital instruments on issue at 30 September in both the current and prior years:

			Consolidated		The Company	
			2023 $m	2022 $m	2023 $m	2022 $m
ANZBGL's Additional Tier 1 capital (perpetual subordinated securities)[1]						
ANZ Capital Notes (ANZ CN)						
AUD	970m	ANZ CN3[2]	-	970	-	985
AUD	1,622m	ANZ CN4	**1,621**	1,619	**1,621**	1,619
AUD	931m	ANZ CN5	**929**	928	**929**	928
AUD	1,500m	ANZ CN6	**1,489**	1,487	**1,489**	1,487
AUD	1,310m	ANZ CN7	**1,298**	1,297	**1,298**	1,297
AUD	1,500m	ANZ CN8	**1,483**	-	**1,481**	-
ANZ Capital Securities (ANZ CS)						
USD	1,000m	ANZ Capital Securities	**1,412**	1,404	**1,469**	1,447
Total ANZBGL Additional Tier 1 capital[3]			**8,232**	7,705	**8,287**	7,763

1. Carrying values are net of issuance costs.
2. All of the ANZ Capital Notes 3 were redeemed on 24 March 2023 with approximately $502 million of the proceeds from redemption reinvested into ANZ Capital Notes 8 on the same date.
3. This forms part of the Group's qualifying Additional Tier 1 capital. Refer to Note 24 Capital Management for further details.

16. DEBT ISSUANCES (continued)

ANZ Capital Notes (ANZ CN)

	CN3	CN4	CN5
Issuer	ANZBGL, acting through its New Zealand branch	ANZBGL	ANZBGL
Issue date	5 March 2015	27 September 2016	28 September 2017
Issue amount	$970 million	$1,622 million	$931 million
Face value	$100	$100	$100
Distribution frequency	Semi-annually in arrears	Quarterly in arrears	Quarterly in arrears
Distribution rate	Floating rate: (180 day Bank Bill rate +3.6%)x(1-Australian corporate tax rate)	Floating rate: (90 day Bank Bill rate +4.7%)x(1-Australian corporate tax rate)	Floating rate: (90 day Bank Bill rate +3.8%)x(1-Australian corporate tax rate)
Issuer's early redemption or conversion option	24 March 2023[1]	20 March 2024	20 March 2025
Mandatory conversion date	24 March 2025[2]	20 March 2026	20 March 2027
Common equity capital trigger event	Yes	Yes	Yes
Non-viability trigger event	Yes	Yes	Yes
Carrying value (net of issue costs)	nil (2022: $970 million)	$1,621 million (2022: $1,619 million)	$929 million (2022: $928 million)

	CN6	CN7	CN8
Issuer	ANZBGL	ANZBGL	ANZBGL
Issue date	8 July 2021	24 March 2022	24 March 2023
Issue amount	$1,500 million	$1,310 million	$1,500 million
Face value	$100	$100	$100
Distribution frequency	Quarterly in arrears	Quarterly in arrears	Quarterly in arrears
Distribution rate	Floating rate: (90 day Bank Bill rate +3.0%)x(1-Australian corporate tax rate)	Floating rate: (90 day Bank Bill rate +2.7%)x(1-Australian corporate tax rate)	Floating rate: (90 day Bank Bill rate +2.75%)x(1-Australian corporate tax rate)
Issuer's early redemption or conversion option	20 March 2028	20 March 2029	20 March 2030
Mandatory conversion date	20 September 2030	20 September 2031	20 September 2032
Common equity capital trigger event	Yes	Yes	Yes
Non-viability trigger event	Yes	Yes	Yes
Carrying value (net of issue costs)	$1,489 million (2022: $1,487 million)	$1,298 million (2022: $1,297 million)	$1,483 million (2022: nil)

1. All of the ANZ Capital Notes 3 were redeemed on 24 March 2023 with approximately $502 million of the proceeds from redemption reinvested into ANZ Capital Notes 8 on the same date.
2. The mandatory conversion date is no longer applicable as all of CN3 have been redeemed.

16. DEBT ISSUANCES (continued)

ANZ Capital Securities (ANZ CS)

Issuer	ANZBGL, acting through its London branch
Issue date	15 June 2016
Issue amount	USD 1,000 million
Face value	Minimum denomination of USD 200,000 and an integral multiple of USD 1,000 above that
Interest frequency	Semi-annually in arrears
Interest rate	Fixed at 6.75% p.a. until 15 June 2026. Reset on 15 June 2026 and each 5 year anniversary to a floating rate: 5 year USD mid-market swap rate + 5.168%
Issuer's early redemption option	15 June 2026 and each 5 year anniversary
Common equity capital trigger event	Yes
Non-viability trigger event	Yes
Carrying value (net of issue costs)	$1,412 million (2022: $1,404 million)

16. DEBT ISSUANCES (continued)

TIER 2 CAPITAL

Convertible term subordinated notes issued by ANZBGL are Basel III fully compliant instruments for APRA's capital adequacy purposes. If a Non-Viability Trigger Event occurs, each of the convertible term subordinated notes will immediately convert into ANZGHL ordinary shares (based on the average market price of the ANZGHL shares immediately prior to conversion less a 1% discount, subject to a maximum conversion number).

If the Tier 2 capital securities convert, and the holders receive ANZGHL ordinary shares, then ANZBGL shall issue ordinary shares to its parent ANZ BH Limited (based on ANZBGL's share price calculated by reference to its consolidated net assets, subject to a maximum conversion number) and ANZ BH Limited will issue shares to ANZGHL (calculated on the same basis).

The table below shows the Tier 2 capital subordinated debt issued by ANZBGL at 30 September in both the current and prior year:

					Consolidated		The Company	
Currency	Face value	Maturity	Next optional call date – subject to APRA's prior approval	Interest rate	2023 $m	2022 $m	2023 $m	2022 $m
ANZBGL Tier 2 capital (term subordinated notes)								
USD	800m	2024	N/A	Fixed	1,220	1,189	1,220	1,189
JPY	20,000m	2026	N/A	Fixed	207	213	207	213
USD	1,500m	2026	N/A	Fixed	2,125	2,113	2,125	2,113
JPY	10,000m	2028	2023	Fixed	-	106	-	106
AUD	225m	2032	2027	Fixed	225	225	225	225
AUD	1,750m	2029	2024	Floating	1,750	1,750	1,750	1,750
EUR	1,000m	2029	2024	Fixed	1,555	1,410	1,555	1,410
AUD	265m	2039	N/A	Fixed	170	179	170	179
USD	1,250m	2030	2025	Fixed	1,808	1,785	1,808	1,785
AUD	1,250m	2031	2026	Floating	1,250	1,250	1,250	1,250
USD	1,500m	2035	2030	Fixed	1,786	1,830	1,786	1,830
AUD	330m	2040	N/A	Fixed	202	214	202	214
AUD	195m	2040	N/A	Fixed	117	124	117	124
EUR	750m	2031	2026	Fixed	1,104	1,003	1,104	1,003
GBP	500m	2031	2026	Fixed	830	714	830	714
AUD	1,450m	2032	2027	Fixed	1,400	1,390	1,400	1,390
AUD	300m	2032	2027	Floating	300	300	300	300
JPY	59,400m	2032	2027	Fixed	606	627	606	627
SGD	600m	2032	2027	Fixed	659	618	659	618
AUD	900m	2034	2029	Fixed	871	867	871	867
USD	1,250m	2032	N/A	Fixed	1,803	-	1,803	-
EUR	1,000m	2033	2028	Fixed	1,594	-	1,594	-
AUD	1,000m	2038	2033	Fixed	975	-	975	-
AUD	275m	2033	2028	Fixed	275	-	275	-
AUD	875m	2033	2028	Floating	875	-	875	-
Total ANZBGL Tier 2 capital[1,2]					23,707	17,907	23,707	17,907

1. Carrying values are net of issuance costs, and, where applicable, include fair value hedge accounting adjustments.
2. This forms part of the Group's qualifying Tier 2 capital. Refer to Note 24 Capital Management for further details.

16. DEBT ISSUANCES (continued)

OTHER SUBORDINATED DEBT SECURITIES

The term subordinated notes issued by ANZ Bank New Zealand constitute tier 2 capital under RBNZ requirements. However, they do not (among other things) contain a Non-Viability Trigger Event and therefore do not meet APRA's requirements for Tier 2 capital instruments in order to qualify as regulatory capital for the Group.

					Consolidated		The Company	
Currency	Face value	Maturity	Next optional call date[1]	Interest rate	2023 $m	2022 $m	2023 $m	2022 $m
Non-Basel III compliant perpetual subordinated notes issued by ANZBGL[2]								
USD	300m	Perpetual	Each semi-annual interest payment date	Floating	464	462	464	462
Term subordinated notes issued by ANZ Bank New Zealand Limited								
NZD	600m	2031	2026	Fixed	555	524	-	-
USD	500m	2032	2027	Fixed	720	730	-	-
Other subordinated debt					1,739	1,716	464	462

1. Subject to APRA's or RBNZ's prior approval (as applicable).
2. The USD 300 million perpetual subordinated notes were redeemed by ANZBGL on 31 October 2023.

RECOGNITION AND MEASUREMENT

Debt issuances are initially recognised at fair value and are subsequently measured at amortised cost, except where designated at FVTPL. Interest expense on debt issuances is recognised using the effective interest rate method. Where the Group enters into a fair value hedge accounting relationship, the fair value attributable to the hedged risk is reflected in adjustments to the carrying value of the debt.

Subordinated debt with capital-based conversion features (i.e. Common Equity Capital Trigger Events or Non-Viability Trigger Events) are considered to contain embedded derivatives that we account for separately at FVTPL. The embedded derivatives arise because the amount of shares issued on conversion following any of those trigger events is subject to the maximum conversion number, however they have no significant value as of the reporting date given the remote nature of those trigger events.

17. FINANCIAL RISK MANAGEMENT

RISK MANAGEMENT FRAMEWORK AND MODEL

INTRODUCTION

The use of financial instruments is fundamental to the Group's businesses of providing banking and other financial services to our customers. The associated financial risks (primarily credit, market, and liquidity risks) are a significant portion of the Group's key material risks.

We disclose details of all key material risks impacting the Group, and further information on the Group's risk management activities, in the Governance and Risk Management sections of this Annual Report.

This note details the Group's financial risk management policies, processes and quantitative disclosures in relation to the key financial risks.

Key material financial risks	Key sections applicable to this risk
Credit risk The risk of financial loss resulting from: • a counterparty failing to fulfil its obligations; or • a decrease in credit quality of a counterparty resulting in a financial loss. Credit risk incorporates the risks associated with us lending to customers who could be impacted by climate change, changes to laws, regulations, or other policies adopted by governments or regulatory authorities. Climate change impacts include both physical risks (climate- or weather-related events) and transition risks resulting from the adjustment to a low emissions economy. Transition risks include resultant changes to laws, regulations and policies noted above.	• Credit risk overview, management and control responsibilities • Maximum exposure to credit risk • Credit quality • Concentrations of credit risk • Collateral management
Market risk The risk to the Group's earnings arising from: • changes in interest rates, foreign exchange rates, credit spreads, volatility and correlations; or • fluctuations in bond, commodity or equity prices.	• Market risk overview, management and control responsibilities • Measurement of market risk • Traded and non-traded market risk • Equity securities designated at FVOCI • Foreign currency risk – structural exposure
Liquidity and funding risk The risk that the Group is unable to meet payment obligations as they fall due, including: • repaying depositors or maturing wholesale debt; or • the Group having insufficient capacity to fund increases in assets.	• Liquidity risk overview, management and control responsibilities • Key areas of measurement for liquidity risk • Liquidity risk outcomes • Residual contractual maturity analysis of the Group's liabilities

17. FINANCIAL RISK MANAGEMENT (continued)

OVERVIEW

AN OVERVIEW OF OUR RISK MANAGEMENT FRAMEWORK

This overview is provided to aid the users of the financial statements in understanding the context of the financial disclosures required under AASB 7 *Financial Instruments: Disclosures*. It should be read in conjunction with the Governance and Risk Management sections of this Annual Report.

The Board is responsible for establishing and overseeing the Group's Risk Management Framework (RMF). The Board has delegated authority to the Board Risk Committee (BRC) to develop and monitor compliance with the Group's risk management policies. The BRC reports regularly to the Board on its activities.

The Board approves the strategic objectives of the Group including:

- the Risk Appetite Statement (RAS), which sets out the Board's expectations regarding the degree of risk that the Group is prepared to accept in pursuit of its strategic objectives and business plan; and
- the Risk Management Strategy (RMS), which describes the Group's strategy for managing risks and the key elements of the RMF that give effect to this strategy. This includes a description of each material risk, and an overview of how the RMF addresses each risk, with reference to the relevant policies, standards and procedures. It also includes information on how the Group identifies, measures, evaluates, monitors, reports and controls or mitigates material risks.

The Group, through its training and management standards and procedures, aims to maintain a disciplined and robust control environment in which all employees understand their roles and obligations. At ANZ, risk is everyone's responsibility.

The Group has an independent risk management function, headed by the Chief Risk Officer who:

- is responsible for overseeing the risk profile and the risk management framework;
- can effectively challenge activities and decisions that materially affect the Group's risk profile; and
- has an independent reporting line to the BRC to enable the appropriate escalation of issues of concern.

The Internal Audit Function reports directly to the Board Audit Committee (BAC). Internal Audit provides:

- an independent evaluation of the Group's RMF annually that seeks to ensure compliance with, and the effectiveness of, the risk management framework;
- facilitation of a comprehensive review every three years that seeks to ensure the appropriateness, effectiveness and adequacy of the risk management framework; and
- recommendations to improve the framework and/or work practices to strengthen the effectiveness of day-to-day operations.

17. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK

CREDIT RISK OVERVIEW, MANAGEMENT AND CONTROL RESPONSIBILITIES

Granting credit facilities to customers is one of the Group's major sources of income. As this activity is also a principal risk, the Group dedicates considerable resources to its management. The Group assumes credit risk in a wide range of lending and other activities in diverse markets and in many jurisdictions. Credit risks arise from traditional lending to customers as well as from interbank, treasury, trade finance and capital markets activities around the world.

Our credit risk management framework ensures we apply a consistent approach across the Group when we measure, monitor and manage the credit risk appetite set by the Board. The Board is assisted and advised by the BRC in discharging its duty to oversee credit risk. The BRC:

- sets the credit risk appetite and credit strategies; and
- approves credit transactions beyond the discretion of executive management.

We quantify credit risk through an internal credit rating system (masterscales) to ensure consistency across exposure types and to provide a consistent framework for reporting and analysis. The system uses models and other tools to measure the following for customer exposures:

Probability of Default (PD)	Expressed by a Customer Credit Rating (CCR), reflecting the Group's assessment of a customer's ability to service and repay debt.
Exposure at Default (EAD)	The expected balance sheet exposure at default taking into account repayments of principal and interest, expected additional drawdowns and accrued interest at the time of default.
Loss Given Default (LGD)	Expressed by a Security Indicator (SI) ranging from A to G. The SI is calculated by reference to the percentage of loan covered by security which the Group can realise if a customer defaults. The A-G scale is supplemented by a range of other SIs which cover factors such as cash cover and sovereign backing. For retail and some small business lending, we group exposures into large homogenous pools – and the LGD is assigned at the pool level.

Our specialist credit risk teams develop and validate the Group's PD and LGD rating models. The outputs from these models drive our day-to-day credit risk management decisions including origination, pricing, approval levels, regulatory capital adequacy, economic capital allocation, and credit provisioning.

All customers with whom the Group has a credit relationship are assigned a CCR at origination via either of the following assessment approaches:

Large and more complex lending	Retail and some small business lending
Rating models provide a consistent and structured assessment, with judgement required around the use of out-of-model factors. We handle credit approval on a dual approval basis, jointly with the business writer and an independent credit officer.	Automated assessment of credit applications using a combination of scoring (application and behavioural), policy rules and external credit reporting information. If the application does not meet the automated assessment criteria, then it is subject to manual assessment.

We use the Group's internal CCRs to manage the credit quality of financial assets. To enable wider comparisons, the Group's CCRs are mapped to external rating agency scales as follows:

Credit Quality Description	Internal CCR	ANZ Customer Requirements	Moody's Rating	S&P Global Ratings
Strong	CCR 0+ to 4-	Demonstrated superior stability in their operating and financial performance over the long-term, and whose earnings capacity is not significantly vulnerable to foreseeable events.	Aaa – Baa3	AAA – BBB-
Satisfactory	CCR 5+ to 6-	Demonstrated sound operational and financial stability over the medium to long-term, even though some may be susceptible to cyclical trends or variability in earnings.	Ba1 – B1	BB+ – B+
Weak	CCR 7+ to 8=	Demonstrated some operational and financial instability, with variability and uncertainty in profitability and liquidity projected to continue over the short and possibly medium term.	B2 - Caa	B - CCC
Defaulted	CCR 8- to 10	When doubt arises as to the collectability of a credit facility, the financial instrument (or 'the facility') is classified as defaulted.	N/A	N/A

17. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

MAXIMUM EXPOSURE TO CREDIT RISK

For financial assets recognised on the balance sheet, the maximum exposure to credit risk is the carrying amount. In certain circumstances there may be differences between the carrying amounts reported on the balance sheet and the amounts reported in the tables below. Principally, these differences arise in respect of financial assets that are subject to risks other than credit risk, such as equity instruments which are primarily subject to market risk, or bank notes and coins.

For undrawn facilities, this maximum exposure to credit risk is the full amount of the committed facilities. For contingent exposures, the maximum exposure to credit risk is the maximum amount the Group would have to pay if the instrument is called upon.

The table below shows our maximum exposure to credit risk of on-balance sheet and off-balance sheet positions before taking account of any collateral held or other credit enhancements.

	Reported		Excluded[1]		Maximum exposure to credit risk	
Consolidated	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m
On-balance sheet positions						
Net loans and advances	**707,694**	672,407	**-**	-	**707,694**	672,407
Other financial assets:						
Cash and cash equivalents	**168,154**	168,132	**1,070**	1,147	**167,084**	166,985
Settlement balances owed to ANZ	**9,349**	4,762	**9,349**	4,762	**-**	-
Collateral paid	**8,558**	12,700	**-**	-	**8,558**	12,700
Trading assets	**37,004**	35,237	**4,881**	3,860	**32,123**	31,377
Derivative financial instruments	**60,406**	90,174	**-**	-	**60,406**	90,174
Investment securities						
- debt securities at amortised cost	**7,752**	7,943	**-**	-	**7,752**	7,943
- debt securities at FVOCI	**88,271**	76,817	**-**	-	**88,271**	76,817
- equity securities at FVOCI	**946**	1,353	**946**	1,353	**-**	-
- debt securities at FVTPL	**-**	40	**-**	-	**-**	40
Regulatory deposits	**646**	632	**-**	-	**646**	632
Other financial assets[2]	**4,378**	2,943	**-**	-	**4,378**	2,943
Total other financial assets	**385,464**	400,733	**16,246**	11,122	**369,218**	389,611
Subtotal	**1,093,158**	1,073,140	**16,246**	11,122	**1,076,912**	1,062,018
Off-balance sheet positions						
Undrawn and contingent facilities[3]	**290,055**	285,041	**-**	-	**290,055**	285,041
Total	**1,383,213**	1,358,181	**16,246**	11,122	**1,366,967**	1,347,059

1. Coins, notes and cash at bank within Cash and cash equivalents; Trade dated assets within Settlement balances owed to ANZ; precious metal exposures and carbon credits within Trading assets; and Equity securities within Investment securities were excluded as they do not have credit risk exposure.
2. Other financial assets mainly comprise accrued interest and acceptances.
3. Undrawn and contingent facilities include guarantees, letters of credit and performance related contingencies, net of collectively assessed and individually assessed allowance for expected credit losses.

17. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

The Company	Reported 2023 $m	Reported 2022 $m	Excluded[1] 2023 $m	Excluded[1] 2022 $m	Maximum exposure to credit risk 2023 $m	Maximum exposure to credit risk 2022 $m
On-balance sheet positions						
Net loans and advances	563,017	537,345	-	-	563,017	537,345
Other financial assets:						
Cash and cash equivalents	154,408	155,483	667	787	153,741	154,696
Settlement balances owed to ANZ	8,935	4,024	8,935	4,024	-	-
Collateral paid	7,717	11,368	-	-	7,717	11,368
Trading assets	30,693	28,073	4,472	3,348	26,221	24,725
Derivative financial instruments	59,989	88,056	-	-	59,989	88,056
Investment securities						
- debt securities at amortised cost	5,936	6,115	-	-	5,936	6,115
- debt securities at FVOCI	76,320	65,257	-	-	76,320	65,257
- equity securities at FVOCI	945	1,027	945	1,027	-	-
Regulatory deposits	284	249	-	-	284	249
Due from controlled entities	26,067	22,860	-	-	26,067	22,860
Other financial assets[2]	3,024	1,882	-	-	3,024	1,882
Total other financial assets	374,318	384,394	15,019	9,186	359,299	375,208
Subtotal	937,335	921,739	15,019	9,186	922,316	912,553
Off-balance sheet positions						
Undrawn and contingent facilities[3]	252,415	246,722	-	-	252,415	246,722
Total	1,189,750	1,168,461	15,019	9,186	1,174,731	1,159,275

1. Coins, notes and cash at bank within Cash and cash equivalents; Trade dated assets within Settlement balances owed to ANZ; precious metal exposures, and carbon credits within Trading assets; and Equity securities within Investment securities were excluded as they do not have credit risk exposure.
2. Other financial assets mainly comprise accrued interest and acceptances.
3. Undrawn and contingent facilities include guarantees, letters of credit and performance related contingencies, net of collectively assessed and individually assessed allowance for expected credit losses.

17. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

CREDIT QUALITY

An analysis of the Group's credit risk exposure is presented in the following tables based on the Group's internal credit quality rating by stage without taking account of the effects of any collateral or other credit enhancements:

Net loans and advances

			Stage 3		
Consolidated	Stage 1 $m	Stage 2 $m	Collectively assessed $m	Individually assessed $m	Total $m
As at 30 September 2023					
Strong	411,583	17,063	-	-	428,646
Satisfactory	193,170	37,977	-	-	231,147
Weak	11,306	10,398	-	-	21,704
Defaulted	-	-	3,858	1,037	4,895
Gross loans and advances at amortised cost	616,059	65,438	3,858	1,037	686,392
Allowance for ECL	(1,227)	(1,624)	(329)	(366)	(3,546)
Net loans and advances at amortised cost	614,832	63,814	3,529	671	682,846
Coverage ratio	0.20%	2.48%	8.53%	35.29%	0.52%
Loans and advances at FVTPL					21,888
Unearned income					(515)
Capitalised brokerage and other origination costs					3,475
Net carrying amount					707,694
As at 30 September 2022					
Strong	443,571	15,880	-	-	459,451
Satisfactory	154,823	31,864	-	-	186,687
Weak	9,197	9,244	-	-	18,441
Defaulted	-	-	3,328	1,043	4,371
Gross loans and advances at amortised cost	607,591	56,988	3,328	1,043	668,950
Allowance for ECL	(1,141)	(1,548)	(360)	(533)	(3,582)
Net loans and advances at amortised cost	606,450	55,440	2,968	510	665,368
Coverage ratio	0.19%	2.72%	10.82%	51.10%	0.54%
Loans and advances at FVTPL					4,675
Unearned income					(518)
Capitalised brokerage and other origination costs					2,882
Net carrying amount					672,407

17. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

Net loans and advances

The Company	Stage 1 $m	Stage 2 $m	Stage 3 Collectively assessed $m	Stage 3 Individually assessed $m	Total $m
As at 30 September 2023					
Strong	315,206	11,682	-	-	326,888
Satisfactory	160,357	31,769	-	-	192,126
Weak	10,906	8,362	-	-	19,268
Defaulted	-	-	2,994	731	3,725
Gross loans and advances at amortised cost	486,469	51,813	2,994	731	542,007
Allowance for ECL	(1,026)	(1,239)	(251)	(279)	(2,795)
Net loans and advances at amortised cost	485,443	50,574	2,743	452	539,212
Coverage ratio	0.21%	2.39%	8.38%	38.17%	0.52%
Loans and advances at FVTPL					21,240
Unearned income					(483)
Capitalised brokerage and other origination costs					3,048
Net carrying amount					563,017
As at 30 September 2022					
Strong	334,850	9,641	-	-	344,491
Satisfactory	142,772	26,186	-	-	168,958
Weak	9,181	7,759	-	-	16,940
Defaulted	-	-	2,744	853	3,597
Gross loans and advances at amortised cost	486,803	43,586	2,744	853	533,986
Allowance for ECL	(946)	(1,259)	(295)	(425)	(2,925)
Net loans and advances at amortised cost	485,857	42,327	2,449	428	531,061
Coverage ratio	0.19%	2.89%	10.75%	49.82%	0.55%
Loans and advances at FVTPL					4,263
Unearned income					(480)
Capitalised brokerage and other origination costs					2,501
Net carrying amount					537,345

17. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

Off-balance sheet commitments - undrawn and contingent facilities

			Stage 3		
Consolidated	Stage 1 $m	Stage 2 $m	Collectively assessed $m	Individually assessed $m	Total $m
As at 30 September 2023					
Strong	189,980	1,234	-	-	191,214
Satisfactory	30,007	4,276	-	-	34,283
Weak	975	746	-	-	1,721
Defaulted	-	-	79	47	126
Gross undrawn and contingent facilities subject to ECL	220,962	6,256	79	47	227,344
Allowance for ECL included in Other provisions (refer to Note 22)	(630)	(162)	(25)	(10)	(827)
Net undrawn and contingent facilities subject to ECL	220,332	6,094	54	37	226,517
Coverage ratio	0.29%	2.59%	31.65%	21.28%	0.36%
Undrawn and contingent facilities not subject to ECL[1]					63,538
Net undrawn and contingent facilities					290,055
As at 30 September 2022					
Strong	191,363	1,703	-	-	193,066
Satisfactory	18,583	3,078	-	-	21,661
Weak	774	706	-	-	1,480
Defaulted	-	-	113	19	132
Gross undrawn and contingent facilities subject to ECL	210,720	5,487	113	19	216,339
Allowance for ECL included in Other provisions (refer to Note 22)	(593)	(144)	(29)	(9)	(775)
Net undrawn and contingent facilities subject to ECL	210,127	5,343	84	10	215,564
Coverage ratio	0.28%	2.62%	25.66%	47.37%	0.36%
Undrawn and contingent facilities not subject to ECL[1]					69,477
Net undrawn and contingent facilities					285,041

[1] Commitments that can be unconditionally cancelled at any time without notice.

17. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

Off-balance sheet commitments - undrawn and contingent facilities

			Stage 3		
The Company	Stage 1 $m	Stage 2 $m	Collectively assessed $m	Individually assessed $m	Total $m
As at 30 September 2023					
Strong	167,251	1,065	-	-	168,316
Satisfactory	25,966	3,554	-	-	29,520
Weak	753	466	-	-	1,219
Defaulted	-	-	64	35	99
Gross undrawn and contingent facilities subject to ECL	193,970	5,085	64	35	199,154
Allowance for ECL included in Other provisions (refer to Note 22)	(550)	(121)	(21)	(5)	(697)
Net undrawn and contingent facilities subject to ECL	193,420	4,964	43	30	198,457
Coverage ratio	0.28%	2.38%	32.81%	14.29%	0.35%
Undrawn and contingent facilities not subject to ECL[1]					53,958
Net undrawn and contingent facilities					252,415
As at 30 September 2022					
Strong	185,979	1,725	-	-	187,704
Satisfactory	15,496	2,306	-	-	17,802
Weak	711	463	-	-	1,174
Defaulted	-	-	97	13	110
Gross undrawn and contingent facilities subject to ECL	202,186	4,494	97	13	206,790
Allowance for ECL included in Other provisions (refer to Note 22)	(530)	(112)	(26)	(5)	(673)
Net undrawn and contingent facilities subject to ECL	201,656	4,382	71	8	206,117
Coverage ratio	0.26%	2.49%	26.80%	38.46%	0.33%
Undrawn and contingent facilities not subject to ECL[1]					40,605
Net undrawn and contingent facilities					246,722

1. Commitments that can be unconditionally cancelled at any time without notice.

17. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

Investment securities - debt securities at amortised cost

Consolidated	Stage 1 $m	Stage 2 $m	Stage 3 Collectively assessed $m	Stage 3 Individually assessed $m	Total $m
As at 30 September 2023					
Strong	6,117	-	-	-	6,117
Satisfactory	112	-	-	-	112
Weak	1,558	-	-	-	1,558
Gross investment securities - debt securities at amortised cost	7,787	-	-	-	7,787
Allowance for ECL	(35)	-	-	-	(35)
Net investment securities - debt securities at amortised cost	7,752	-	-	-	7,752
Coverage ratio	0.45%	-	-	-	0.45%
As at 30 September 2022					
Strong	6,279	-	-	-	6,279
Satisfactory	113	-	-	-	113
Weak	1,589	-	-	-	1589
Gross investment securities - debt securities at amortised cost	7,981	-	-	-	7,981
Allowance for ECL	(38)	-	-	-	(38)
Net investment securities - debt securities at amortised cost	7,943	-	-	-	7,943
Coverage ratio	0.48%	-	-	-	0.48%

The Company	Stage 1 $m	Stage 2 $m	Stage 3 Collectively assessed $m	Stage 3 Individually assessed $m	Total $m
As at 30 September 2023					
Strong	5,796	-	-	-	5,796
Satisfactory	97	-	-	-	97
Weak	44	-	-	-	44
Gross investment securities - debt securities at amortised cost	5,937	-	-	-	5,937
Allowance for ECL	(1)	-	-	-	(1)
Net investment securities - debt securities at amortised cost	5,936	-	-	-	5,936
Coverage ratio	0.02%	-	-	-	0.02%
As at 30 September 2022					
Strong	6,032	-	-	-	6,032
Satisfactory	84	-	-	-	84
Gross investment securities - debt securities at amortised cost	6,116	-	-	-	6,116
Allowance for ECL	(1)	-	-	-	(1)
Net investment securities - debt securities at amortised cost	6,115	-	-	-	6,115
Coverage ratio	0.02%	-	-	-	0.02%

17. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

Investment securities - debt securities at FVOCI

Consolidated	Stage 1 $m	Stage 2 $m	Stage 3 Collectively assessed $m	Stage 3 Individually assessed $m	Total $m
As at 30 September 2023					
Strong	88,271	-	-	-	88,271
Satisfactory	-	-	-		-
Investment securities - debt securities at FVOCI	88,271	-	-	-	88,271
Allowance for ECL recognised in Other comprehensive income	(15)	-	-	-	(15)
Coverage ratio	0.02%	-	-	-	0.02%
As at 30 September 2022					
Strong	76,668	-	-	-	76,668
Satisfactory	149	-	-	-	149
Investment securities - debt securities at FVOCI	76,817	-	-	-	76,817
Allowance for ECL recognised in Other comprehensive income	(10)	-	-	-	(10)
Coverage ratio	0.01%	-	-	-	0.01%

The Company	Stage 1 $m	Stage 2 $m	Stage 3 Collectively assessed $m	Stage 3 Individually assessed $m	Total $m
As at 30 September 2023					
Strong	76,320	-	-	-	76,320
Satisfactory	-	-	-	-	-
Investment securities - debt securities at FVOCI	76,320	-	-	-	76,320
Allowance for ECL recognised in Other comprehensive income	(12)	-	-	-	(12)
Coverage ratio	0.02%	-	-	-	0.02%
As at 30 September 2022					
Strong	65,257	-	-	-	65,257
Satisfactory	-	-	-	-	-
Investment securities - debt securities at FVOCI	65,257	-	-	-	65,257
Allowance for ECL recognised in Other comprehensive income	(7)	-	-	-	(7)
Coverage ratio	0.01%	-	-	-	0.01%

17. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

Other financial assets

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Strong	270,012	301,735	274,741	301,771
Satisfactory[1]	2,579	2,164	2,022	1,707
Weak	604	945	280	351
Defaulted	-	7	-	7
Total carrying amount	273,195	304,851	277,043	303,836

1. Includes Investment Securities - debt securities at FVTPL of $nil (2022: $40 million) for the Group and $nil (2022: $nil) for the Company..

CONCENTRATIONS OF CREDIT RISK

Credit risk becomes concentrated when a number of customers are engaged in similar activities, have similar economic characteristics, or have similar activities within the same geographic region – therefore, they may be similarly affected by changes in economic or other conditions. The Group monitors its credit portfolio to manage risk concentration and rebalance the portfolio. The Group also applies single customer counterparty limits to protect against unacceptably large exposures to one single customer.

Composition of financial instruments that give rise to credit risk by industry group are presented below:

	Loans and advances		Other financial assets		Off-balance sheet credit related commitments		Total	
Consolidated	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m
Agriculture, forestry, fishing and mining	35,797	33,668	612	781	16,707	17,694	53,116	52,143
Business services	8,138	9,252	207	242	7,003	6,245	15,348	15,739
Construction	5,506	6,155	36	48	7,212	6,594	12,754	12,797
Electricity, gas and water supply	8,626	9,650	463	790	11,837	9,865	20,926	20,305
Entertainment, leisure and tourism	13,486	12,886	78	89	3,889	3,691	17,453	16,666
Financial, investment and insurance	77,454	75,118	278,218	305,148	62,409	58,075	418,081	438,341
Government and official institutions	8,300	7,280	80,544	71,139	1,075	1,592	89,919	80,011
Manufacturing	30,261	28,072	1,287	1,279	47,302	46,701	78,850	76,052
Personal lending	392,702	363,539	1,394	955	59,185	57,989	453,281	422,483
Property services	58,064	55,203	439	606	17,503	17,862	76,006	73,671
Retail trade	12,900	11,648	113	98	8,131	7,076	21,144	18,822
Transport and storage	12,110	12,311	369	327	9,215	8,423	21,694	21,061
Wholesale trade	12,538	15,215	660	1,235	25,783	28,042	38,981	44,492
Other	32,398	33,628	4,833	6,912	13,631	15,967	50,862	56,507
Gross total	708,280	673,625	369,253	389,649	290,882	285,816	1,368,415	1,349,090
Allowance for ECL	(3,546)	(3,582)	(35)	(38)	(827)	(775)	(4,408)	(4,395)
Subtotal	704,734	670,043	369,218	389,611	290,055	285,041	1,364,007	1,344,695
Unearned income	(515)	(518)	-	-	-	-	(515)	(518)
Capitalised brokerage and other origination costs	3,475	2,882	-	-	-	-	3,475	2,882
Maximum exposure to credit risk	707,694	672,407	369,218	389,611	290,055	285,041	1,366,967	1,347,059

17. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

Composition of financial instruments that give rise to credit risk by industry group are presented below:

The Company	Loans and advances 2023 $m	Loans and advances 2022 $m	Other financial assets 2023 $m	Other financial assets 2022 $m	Off-balance sheet credit related commitments 2023 $m	Off-balance sheet credit related commitments 2022 $m	Total 2023 $m	Total 2022 $m
Agriculture, forestry, fishing and mining	20,622	19,065	586	751	15,198	16,304	36,406	36,120
Business services	7,165	8,382	183	202	6,237	5,517	13,585	14,101
Construction	4,545	5,004	30	42	6,038	5,376	10,613	10,422
Electricity, gas and water supply	7,956	8,820	302	533	10,409	8,526	18,667	17,879
Entertainment, leisure and tourism	11,721	11,267	67	58	3,390	3,192	15,178	14,517
Financial, investment and insurance	74,836	71,889	282,701	306,318	58,806	53,970	416,343	432,177
Government and official institutions	8,294	7,272	68,361	58,342	384	910	77,039	66,524
Manufacturing	26,394	24,645	935	664	40,027	39,279	67,356	64,588
Personal lending	303,801	282,095	1,347	912	47,961	47,596	353,109	330,603
Property services	44,903	42,592	368	531	15,794	15,640	61,065	58,763
Retail trade	11,099	10,048	85	74	7,342	6,279	18,526	16,401
Transport and storage	10,968	11,231	288	270	8,331	7,252	19,587	18,753
Wholesale trade	10,320	13,055	480	791	22,385	24,185	33,185	38,031
Other	20,623	22,884	3,567	5,721	10,810	13,369	35,000	41,974
Gross total	563,247	538,249	359,300	375,209	253,112	247,395	1,175,659	1,160,853
Allowance for ECL	(2,795)	(2,925)	(1)	(1)	(697)	(673)	(3,493)	(3,599)
Subtotal	560,452	535,324	359,299	375,208	252,415	246,722	1,172,166	1,157,254
Unearned income	(483)	(480)	-	-	-	-	(483)	(480)
Capitalised brokerage and other origination costs	3,048	2,501	-	-	-	-	3,048	2,501
Maximum exposure to credit risk	563,017	537,345	359,299	375,208	252,415	246,722	1,174,731	1,159,275

COLLATERAL MANAGEMENT

We use collateral for on and off-balance sheet exposures to mitigate credit risk if a counterparty cannot meet its repayment obligations. Where there is sufficient collateral, an expected credit loss is not recognised. This is largely the case for certain lending products, such as margin loans and reverse repurchase agreements that are secured by the securities purchased using the lending. For some products, the collateral provided by customers is fundamental to the product's structuring, so it is not strictly the secondary source of repayment - for example, lending secured by trade receivables is typically repaid by the collection of those receivables. During the period there was no change in our collateral policies.

17. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

The nature of collateral or security held for the relevant classes of financial assets is as follows:

Net loans and advances	
Loans - housing and personal	Housing loans are secured by mortgage(s) over property and additional security may take the form of guarantees and deposits. Personal lending (including credit cards and overdrafts) is predominantly unsecured. If we take security, then it is restricted to eligible vehicles, motor homes and other assets.
Loans - business	Business loans may be secured, partially secured or unsecured. Typically, we take security by way of a mortgage over property and/or a charge over the business or other assets. If appropriate, we may take other security to mitigate the credit risk, such as guarantees, standby letters of credit or derivative protection.
Other financial assets	
Trading assets, Investment securities, Derivatives and Other financial assets	For trading assets, we do not seek collateral directly from the issuer or counterparty. However, the collateral may be implicit in the terms of the instrument (for example, with an asset-backed security). The terms of debt securities may include collateralisation. For derivatives, we typically terminate all contracts with the counterparty and settle on a net basis at market levels current at the time of a counterparty default under International Swaps and Derivatives Association (ISDA) Master Agreements. Our preferred practice is to use a Credit Support Annex (CSA) to the ISDA so that open derivative positions with the counterparty are aggregated and cash collateral (or other forms of eligible collateral) is exchanged daily. The collateral is provided by the counterparty when their position is out of the money (or provided to the counterparty by ANZ when our position is out of the money).
Off-balance sheet positions	
Undrawn and contingent facilities	Collateral for off-balance sheet positions is mainly held against undrawn facilities, and they are typically performance bonds or guarantees. Undrawn facilities that are secured include housing loans secured by mortgages over residential property and business lending secured by commercial real estate and/or charges over business assets.

The table below shows the estimated value of collateral we hold and the net unsecured portion of credit exposures:

	Maximum exposure to credit risk		Total value of collateral		Unsecured portion of credit exposure	
Consolidated	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m
Net loans and advances	707,694	672,407	569,283	531,815	138,411	140,592
Other financial assets	369,218	389,611	38,612	24,758	330,606	364,853
Off-balance sheet positions	290,055	285,041	65,723	60,544	224,332	224,497
Total	1,366,967	1,347,059	673,618	617,117	693,349	729,942

	Maximum exposure to credit risk		Total value of collateral		Unsecured portion of credit exposure	
The Company	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m
Net loans and advances	563,017	537,345	436,544	407,610	126,473	129,735
Other financial assets	359,299	375,208	35,542	19,492	323,757	355,716
Off-balance sheet positions	252,415	246,722	50,880	38,618	201,535	208,104
Total	1,174,731	1,159,275	522,966	465,720	651,765	693,555

17. FINANCIAL RISK MANAGEMENT (continued)

MARKET RISK

MARKET RISK OVERVIEW, MANAGEMENT AND CONTROL RESPONSIBILITIES

Market risk stems from the Group's trading and balance sheet management activities and the impact of changes and correlations between interest rates, foreign exchange rates, credit spreads, commodities, equities and the volatility within these asset classes.

The BRC delegates responsibility for day-to-day management of both market risks and compliance with market risk policies to the Credit and Market Risk Committee (CMRC) and the Group Asset and Liability Committee (GALCO).

Within overall strategies and policies established by the BRC, business units and risk management have joint responsibility for the control of market risk at the Group level. The Market Risk team (a specialist risk management unit independent of the business) allocates market risk limits at various levels and monitors and reports on them daily. This detailed framework allocates individual limits to manage and control exposures using risk factors and profit and loss limits.

Management, measurement and reporting of market risk is undertaken in two broad categories:

Traded Market Risk	Non-Traded Market Risk
Risk of loss from changes in the value of financial instruments due to movements in price factors for both physical and derivative trading positions. Principal risk categories monitored are: 1. Currency risk – potential loss arising from changes in foreign exchange rates or their implied volatilities. 2. Interest rate risk – potential loss from changes in market interest rates or their implied volatilities. 3. Credit spread risk – potential loss arising from a movement in margin or spread relative to a benchmark. 4. Commodity risk – potential loss arising from changes in commodity prices or their implied volatilities. 5. Equity risk – potential loss arising from changes in equity prices.	Risk of loss associated with the management of non-traded interest rate risk, liquidity risk and foreign exchange exposures. This includes interest rate risk in the banking book. This risk of loss arises from adverse changes in the overall and relative level of interest rates for different tenors, differences in the actual versus expected net interest margin, and the potential valuation risk associated with embedded options in financial instruments and bank products.

MEASUREMENT OF MARKET RISK

We primarily manage and control market risk using Value at Risk (VaR), sensitivity analysis and stress testing.

VaR measures the Group's possible daily loss based on historical market movements. The Group's VaR approach for both traded and non-traded risk is historical simulation. We use historical changes in market rates, prices and volatilities over a 500 business day window using a one-day holding period. Back testing is used to ensure our VaR models remain accurate.

ANZ measures VaR at a 99% confidence interval which means there is a 99% chance that a loss will not exceed the VaR for the relevant holding period.

17. FINANCIAL RISK MANAGEMENT (continued)

MARKET RISK (continued)

TRADED AND NON-TRADED MARKET RISK

Traded market risk

The table below shows the traded market risk VaR on a diversified basis by risk categories:

Consolidated	2023 As at $m	2023 High for year $m	2023 Low for year $m	2023 Average for year $m	2022 As at $m	2022 High for year $m	2022 Low for year $m	2022 Average for year $m
Traded value at risk 99% confidence								
Foreign exchange	2.8	6.2	1.6	3.0	1.8	4.8	1.1	2.4
Interest rate	6.7	18.3	5.1	8.5	7.9	22.7	5.0	9.5
Credit	5.9	7.7	2.5	4.5	2.6	11.8	1.6	4.9
Commodities	4.0	6.6	1.8	3.0	4.3	7.0	1.4	2.9
Equity	-	-	-	-	-	-	-	-
Diversification benefit[1]	(9.7)	n/a	n/a	(8.1)	(7.2)	n/a	n/a	(7.1)
Total VaR	9.7	18.2	7.2	10.9	9.4	26.9	5.6	12.6

The Company	2023 As at $m	2023 High for year $m	2023 Low for year $m	2023 Average for year $m	2022 As at $m	2022 High for year $m	2022 Low for year $m	2022 Average for year $m
Traded value at risk 99% confidence								
Foreign exchange	2.6	6.0	1.5	2.8	2.0	5.1	0.9	2.4
Interest rate	6.3	15.5	4.8	8.0	6.7	18.6	4.9	8.8
Credit	5.6	7.1	1.9	4.3	2.0	11.9	1.3	4.7
Commodity	2.1	4.5	1.1	2.7	1.4	7.2	0.9	2.8
Equity	-	-	-	-	-	-	-	-
Diversification benefit[1]	(8.6)	n/a	n/a	(7.8)	(4.2)	n/a	n/a	(7.4)
Total VaR	8.0	16.2	6.7	10.0	7.9	23.4	5.4	11.3

1. The diversification benefit reflects risks that offset across categories. The high and low VaR figures reported for each factor did not necessarily occur on the same day as the high and low VaR reported for the Group as a whole. Consequently, a diversification benefit for high and low would not be meaningful and is therefore omitted from the table.

17. FINANCIAL RISK MANAGEMENT (continued)

MARKET RISK (continued)

Non-traded market risk

Balance sheet risk management

The principal objectives of balance sheet risk management are to maintain acceptable levels of interest rate and liquidity risk to mitigate the negative impact of movements in interest rates on the earnings and market value of the Group's banking book, while ensuring the Group maintains sufficient liquidity to meet its obligations as they fall due.

Interest rate risk management

Non-traded interest rate risk relates to the potential adverse impact of changes in market interest rates on the Group's future Net interest income. This risk arises from two principal sources, namely mismatches between the repricing dates of interest bearing assets and liabilities; and the investment of capital and other non-interest bearing liabilities and assets. Interest rate risk is reported using VaR and scenario analysis (based on the impact of a 1% rate shock). The table below shows VaR figures for non-traded interest rate risk for the combined Group as well as Australia, New Zealand and Rest of World geographies which are calculated separately.

	2023				2022			
Consolidated	As at $m	High for year $m	Low for year $m	Average for year $m	As at $m	High for year $m	Low for year $m	Average for year $m
Non-traded value at risk 99% confidence								
Australia	81.2	93.2	72.0	82.2	78.5	93.4	63.0	76.1
New Zealand	35.3	35.3	26.1	31.1	25.4	27.1	20.2	23.9
Rest of World	32.2	32.8	23.2	27.9	21.7	38.0	16.8	25.8
Diversification benefit[1]	(52.6)	n/a	n/a	(45.6)	(38.1)	n/a	n/a	(33.7)
Total VaR	96.1	101.5	86.4	95.6	87.5	104.9	66.8	92.1

	2023				2022			
The Company	As at $m	High for year $m	Low for year $m	Average for year $m	As at $m	High for year $m	Low for year $m	Average for year $m
Non-traded value at risk 99% confidence								
Australia	81.2	93.2	72.0	82.2	78.5	93.4	63.0	76.1
New Zealand	-	0.1	-	-	0.0	0.1	0.0	0.0
Rest of World	34.0	34.5	23.7	28.4	22.1	37.7	16.7	25.6
Diversification benefit[1]	(30.5)	n/a	n/a	(26.6)	(17.1)	n/a	n/a	(20.2)
Total VaR	84.7	92.4	76.4	84.0	83.5	94.5	62.9	81.5

1. The diversification benefit reflects risks that offset across categories. The high and low VaR figures reported for each factor did not necessarily occur on the same day as the high and low VaR reported for the Group as a whole. Consequently, a diversification benefit for high and low would not be meaningful and is therefore omitted from the table.

17. FINANCIAL RISK MANAGEMENT (continued)

MARKET RISK (continued)

We undertake scenario analysis to stress test the impact of extreme events on the Group's market risk exposures. We model a 1% overnight parallel positive shift in the yield curve to determine the potential impact on our Net interest income over the next 12 months. This is a standard risk measure which assumes the parallel shift is reflected in all wholesale and customer rates.

The table below shows the outcome of this risk measure for the current and previous financial years, expressed as a percentage of reported Net interest income.

	Consolidated		The Company	
	2023	2022	2023	2022
Impact of 1% rate shock on the next 12 months' net interest income				
As at period end	0.96%	1.29%	0.73%	0.90%
Maximum exposure	1.17%	2.08%	0.90%	1.65%
Minimum exposure	0.38%	1.15%	0.02%	0.71%
Average exposure (in absolute terms)	0.80%	1.56%	0.56%	1.11%

EQUITY SECURITIES DESIGNATED AT FVOCI

Our investment securities contain equity investment holdings which predominantly comprises Bank of Tianjin. The market risk impact on these equity investments is not captured by the Group's VaR processes for traded and non-traded market risks. Therefore, the Group regularly reviews the valuations of the investments within the portfolio and assesses whether the investments are appropriately measured based on the recognition and measurement policies set out in Note 11 Investment Securities.

FOREIGN CURRENCY RISK – STRUCTURAL EXPOSURES

Our investment of capital in foreign operations - for example, branches, subsidiaries or associates with functional currencies other than the Australian Dollar - exposes the Group to the risk of changes in foreign exchange rates. Variations in the value of these foreign operations arising as a result of exchange differences are reflected in the foreign currency translation reserve in equity. Where considered appropriate, the Group enters into hedges of the foreign exchange exposures from its foreign operations.

Similarly, the Group may enter into economic hedges against larger foreign exchange denominated revenue streams (primarily New Zealand Dollar, US Dollar and US Dollar correlated). The primary objective of hedging is to ensure that, if practical, the effect of changes in foreign exchange rates on the consolidated capital ratios are minimised.

17. FINANCIAL RISK MANAGEMENT (continued)

LIQUIDITY AND FUNDING RISK

LIQUIDITY RISK OVERVIEW, MANAGEMENT AND CONTROL RESPONSIBILITIES

Liquidity risk is the risk that the Group is either:

- unable to meet its payment obligations (including repaying depositors or maturing wholesale debt) when they fall due; or
- does not have the appropriate amount, tenor and composition of funding and liquidity to fund increases in its assets.

Management of liquidity and funding risks are overseen by GALCO. The Group's liquidity and funding risks are governed by a set of principles approved by the BRC and include:

- maintaining the ability to meet all payment obligations in the immediate term;
- ensuring that the Group has the ability to meet 'survival horizons' under a range of ANZ specific, and general market, liquidity stress scenarios, at a country and Group-wide level, to meet cash flow obligations over the short to medium term;
- maintaining strength in the Group's balance sheet structure to ensure long term resilience in the liquidity and funding risk profile;
- ensuring the liquidity management framework is compatible with local regulatory requirements;
- preparing daily liquidity reports and scenario analysis to quantify the Group's positions;
- targeting a diversified funding base to avoid undue concentrations by investor type, maturity, market source and currency;
- holding a portfolio of high quality liquid assets to protect against adverse funding conditions and to support day-to-day operations; and
- establishing detailed contingency plans to cover different liquidity crisis events.

Following the Restructure on 3 January 2023, the Group has operated under a non-operating holding company structure whereby:

- ANZBGL's liquidity risk management framework remains unchanged and continues to operate its own liquidity and funding program, governance frameworks and reporting regime reflecting its authorised deposit-taking institution (ADI) operations;
- ANZGHL (parent entity) has no material liquidity risk given the structure and nature of the balance sheet; and
- ANZ Non-Bank Group is not expected to have separate funding arrangements and will rely on ANZGHL for funding.

A separate liquidity policy has been established for ANZGHL and ANZ Bank Group to reflect the differing nature of liquidity risk inherent in each business model. ANZGHL will ensure that the parent entity and ANZ Non-Bank Group holds sufficient cash reserves to meet operating and financing requirements.

KEY AREAS OF MEASUREMENT FOR LIQUIDITY RISK

Scenario modelling of funding sources

Group's liquidity risk appetite is defined by a range of regulatory and internal liquidity metrics mandated by the ANZBGL Board. The metrics cover a range of scenarios of varying duration and level of severity.

The objective of this framework is to:

- Provide protection against shorter term extreme market dislocation and stress.
- Maintain structural strength in the balance sheet by ensuring that an appropriate amount of longer-term assets are funded with longer-term funding.
- Ensure that no undue timing concentrations exist in the Group's funding profile.

Key components of this framework are the Liquidity Coverage Ratio (LCR), which is a severe short term liquidity stress scenario and Net Stable Funding Ratio (NSFR) a longer term structural liquidity measure, both of which are mandated by banking regulators including APRA.

Liquid assets

Group holds a portfolio of high quality (unencumbered) liquid assets to protect Group's liquidity position in a severely stressed environment and to meet regulatory requirements. High quality liquid assets comprise three categories consistent with Basel III LCR requirements:

- Highest-quality liquid assets - cash and highest credit quality government, central bank or public sector securities eligible for repurchase with central banks to provide same-day liquidity.
- High-quality liquid assets - high credit quality government, central bank or public sector securities, high quality corporate debt securities and high quality covered bonds eligible for repurchase with central banks to provide same-day liquidity.
- Alternative liquid assets (ALA) - eligible securities that the RBNZ will accept in its domestic market operations and asset qualifying as collateral for the CLF.

Group monitors and manages the size and composition of its liquid assets portfolio on an ongoing basis in line with regulatory requirements and the risk appetite set by the ANZBGL Board.

17. FINANCIAL RISK MANAGEMENT (continued)

LIQUIDITY AND FUNDING RISK (continued)

LIQUIDITY RISK OUTCOMES[1]

Liquidity Coverage Ratio - ANZBGL's Liquidity Coverage Ratio (LCR) averaged 130% for 2023, (2022: 131%) and above the regulatory minimum of 100%.

Net Stable Funding Ratio - ANZBGL's Net Stable Funding Ratio (NSFR) as at 30 September 2023 was 116% (2022: 119%), above the regulatory minimum of 100%.

1. This information is not within the scope of the external audit of the Group Financial Report by the Group's external auditor, KPMG. The Liquidity Coverage Ratio and Net Stable Funding Ratio are non-IFRS disclosures and are disclosed as part of the Group's *APS 330 Public Disclosure* which is subject to specific review procedures in accordance with the *Australian Standard on Related Services (ASRS) 4400 Agreed upon Procedures Engagements to Report Factual Findings*.

Liquidity crisis contingency planning

Group maintains APRA-endorsed liquidity crisis contingency plans for analysing and responding to a liquidity threatening event at a country and Group-wide level. Key liquidity contingency crisis planning requirements and guidelines include:

Ongoing business management	Early signs/ mild stress	Severe stress
• establish crisis/severity levels • liquidity limits • early warning indicators	• monitoring and review • management actions not requiring business rationalisation	• activate contingency funding plans • management actions for altering asset and liability behaviour
Assigned responsibility for internal and external communications and the appropriate timing to communicate		

Since the precise nature of any stress event cannot be known in advance, we design the plans to be flexible to the nature and severity of the stress event with multiple variables able to be accommodated in any plan.

Group funding

Group monitors the composition and stability of its funding so that it remains within the Group's funding risk appetite. This approach ensures that an appropriate proportion of the Group's assets are funded by stable funding sources, including customer deposits; longer-dated wholesale funding (with a remaining term exceeding one year); and equity.

Funding plans prepared	Considerations in preparing funding plans
• 3 year strategic plan prepared annually • annual funding plan as part of the Group's planning process • forecasting in light of actual results as a calibration to the annual plan	• customer balance sheet growth • changes in wholesale funding including: targeted funding volumes; markets; investors; tenors; and currencies for senior, secured, subordinated, hybrid transactions and market conditions

RBA Term Funding Facility

As an additional source of funding, in March 2020, the RBA announced a Term Funding Facility (TFF) for the banking system to support lending to Australian businesses. The TFF is a three-year secured funding facility to ADIs at a fixed rate of 0.25% for drawdowns up to 4 November 2020, and reduced to 0.10% for new drawdowns from 4 November 2020 onwards. The TFF was closed to drawdowns on 30 June 2021.

As at 30 September 2023, $8.1 billion remains drawn under the RBA's TFF (2022: $20.1 billion).

RBNZ Funding for Lending Programme and Term Lending Facility

Between May 2020 and July 2021, the RBNZ made funds available under a Term Lending Facility (TLF) to promote lending to businesses. The TLF is a five-year secured funding facility for New Zealand banks at a fixed rate of 0.25%.

In November 2020 the RBNZ announced a Funding for Lending Programme (FLP) which aimed to lower the cost of borrowing for New Zealand businesses and households. The FLP is a three-year secured funding facility for New Zealand banks at a floating rate of the New Zealand Official Cash Rate (OCR). New Zealand banks were able to obtain initial funding of up to 4% of their lending to New Zealand resident households, non-financial businesses and non-profit institutions serving households as at 31 October 2020 (eligible loans). The initial allocation closed on 6 June 2022. An additional allocation of up to 2% of eligible loans was available, subject to certain conditions until 6 December 2022.

As at 30 September 2023, ANZ Bank New Zealand had drawn $0.3 billion under the TLF (2022: $0.3 billion) and $3.2 billion under the FLP (2022: $2.3 billion).

17. FINANCIAL RISK MANAGEMENT (continued)

LIQUIDITY AND FUNDING RISK (continued)

RESIDUAL CONTRACTUAL MATURITY ANALYSIS OF THE GROUP'S LIABILITIES

The tables below provide residual contractual maturity analysis of financial liabilities as at 30 September within relevant maturity groupings. All outstanding debt issuance and subordinated debt is profiled on the earliest date on which the Group may be required to pay. All at-call liabilities are reported in the 'Less than 3 months' category unless there is a longer minimum notice period. The amounts represent principal and interest cash flows and therefore may differ from equivalent amounts reported on balance sheet.

It should be noted that this is not how the Group manages its liquidity risk. The management of this risk is detailed on page 155.

	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	After 5 years $m	Total $m
As at 30 September 2023					
Settlement balances owed by ANZ	19,267	-	-	-	19,267
Collateral received	10,382	-	-	-	10,382
Deposits and other borrowings	674,762	137,488	9,762	241	822,253
Liability for acceptances	646	-	-	-	646
Debt issuances[1]	4,738	23,908	88,270	16,017	132,933
Derivative liabilities (excluding those held for balance sheet management)[2]	48,150	-	-	-	48,150
Lease liabilities	100	264	872	743	1,979
Derivative assets and liabilities (balance sheet management)[3]					
- Funding:					
Receive leg	(29,459)	(40,907)	(90,906)	(14,001)	(175,273)
Pay leg	28,852	41,385	90,230	13,986	174,453
- Other balance sheet management:					
Receive leg	(142,289)	(44,586)	(35,720)	(19,866)	(242,461)
Pay leg	138,899	42,867	34,198	19,872	235,836
As at 30 September 2022					
Settlement balances owed by ANZ	13,766	-	-	-	13,766
Collateral received	16,230	-	-	-	16,230
Deposits and other borrowings	667,568	117,166	15,960	160	800,854
Liability for acceptances	352	-	-	-	352
Debt issuances[1]	7,591	22,315	60,716	13,667	104,289
Derivative liabilities (excluding those held for balance sheet management)[2]	71,073	-	-	-	71,073
Lease liabilities	81	210	654	168	1,113
Derivative assets and liabilities (balance sheet management)[3]					
- Funding:					
Receive leg	(33,155)	(49,030)	(66,661)	(12,851)	(161,697)
Pay leg	30,845	49,191	68,211	12,913	161,160
- Other balance sheet management:					
Receive leg	(125,122)	(44,835)	(29,188)	(10,063)	(209,208)
Pay leg	120,959	44,126	31,026	15,170	211,281

1. Callable wholesale debt instruments have been included at their next call date. Balance includes subordinated debt instruments that may be settled in cash or in equity, at the option of the Group and subordinated debt issued by ANZ New Zealand which constitutes Tier 2 capital under RBNZ requirements but does not qualify as the APRA Tier 2 requirements.
2. The full mark-to-market after any adjustments for Settle to Market of derivative liabilities (excluding those held for balance sheet management) is included in the 'Less than 3 months' category.
3. Includes derivatives designated into hedging relationships of $272 million (2022: $356 million) and $9,060 million (2022: $13,720 million) categorised as held for trading but form part of the Group's balance sheet managed activities.

At 30 September 2023, $240,711 million (2022: $236,051 million) of the Group's undrawn facilities and $50,171 million (2022: $49,765 million) of its issued guarantees mature in less than 1 year, based on the earliest date on which the Group may be required to pay.

17. FINANCIAL RISK MANAGEMENT (continued)

LIQUIDITY AND FUNDING RISK (continued)

The Company	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	After 5 years $m	Total $m
As at 30 September 2023					
Settlement balances owed by ANZ	16,574	-	-	-	16,574
Collateral received	9,452	-	-	-	9,452
Deposits and other borrowings	567,239	109,010	3,718	232	680,199
Liability for acceptances	391	-	-	-	391
Debt issuances[1]	4,321	20,669	75,192	13,297	113,479
Derivative liabilities (excluding those held for balance sheet management)[2]	53,111	-	-	-	53,111
Lease liabilities	80	207	715	725	1,727
Derivative assets and liabilities (balance sheet management)[3]					
- Funding:					
Receive leg	(26,321)	(31,549)	(70,627)	(10,871)	(139,368)
Pay leg	25,602	31,952	69,816	10,860	138,230
- Other balance sheet management:					
Receive leg	(136,668)	(38,700)	(27,047)	(18,876)	(221,291)
Pay leg	133,496	37,540	26,247	18,914	216,197
As at 30 September 2022					
Settlement balances owed by ANZ	10,224	-	-	-	10,224
Collateral received	14,425	-	-	-	14,425
Deposits and other borrowings	564,147	93,197	10,639	157	668,140
Liability for acceptances	144	-	-	-	144
Debt issuances[1]	7,648	18,951	48,323	9,970	84,892
Derivative liabilities (excluding those held for balance sheet management)[2]	75,810	-	-	-	75,810
Lease liabilities	76	202	744	826	1,848
Derivative assets and liabilities (balance sheet management)[3]					
- Funding:					
Receive leg	(29,397)	(39,350)	(46,997)	(8,857)	(124,601)
Pay leg	27,413	40,237	48,281	9,064	124,995
- Other balance sheet management:					
Receive leg	(121,112)	(40,061)	(21,417)	(9,498)	(192,088)
Pay leg	116,992	39,921	24,081	14,666	195,660

1. Callable wholesale debt instruments have been included at their next call date. Balance includes subordinated debt instruments that may be settled in cash or in equity, at the option of the Company.
2. The full mark-to-market after any adjustments for Settle to Market of derivative liabilities (excluding those held for balance sheet management) is included in the 'Less than 3 months' category.
3. Includes derivatives designated into hedging relationships of $255 million (2022: $300 million) and $4,145 million (2022: $8,390 million) categorised as held for trading but form part of the Company's balance sheet managed activities.

At 30 September 2023, $206,405 million (2022: $201,204 million) of the Company's undrawn facilities and $46,707 million (2022: $46,191 million) of its issued guarantees mature in less than 1 year, based on the earliest date on which the Company may be required to pay.

18. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group recognises and measures financial instruments at either fair value or amortised cost, with a significant number of financial instruments on the balance sheet at fair value.

Fair value is the best estimate of the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

The following tables set out the classification of financial asset and liabilities according to their measurement bases together with their carrying amounts as recognised on the balance sheet.

		2023			2022		
Consolidated	Note	At amortised cost $m	At fair value $m	Total $m	At amortised cost $m	At fair value $m	Total $m
Financial assets							
Cash and cash equivalents[1]	8	140,588	27,566	168,154	168,132	-	168,132
Settlement balances owed to ANZ		9,349	-	9,349	4,762	-	4,762
Collateral paid		8,558	-	8,558	12,700	-	12,700
Trading assets	9	-	37,004	37,004	-	35,237	35,237
Derivative financial instruments	10	-	60,406	60,406	-	90,174	90,174
Investment securities	11	7,752	89,217	96,969	7,943	78,210	86,153
Net loans and advances[1]	12	685,806	21,888	707,694	667,732	4,675	672,407
Regulatory deposits		646	-	646	632	-	632
Other financial assets		4,378	-	4,378	2,943	-	2,943
Total		857,077	236,081	1,093,158	864,844	208,296	1,073,140
Financial liabilities							
Settlement balances owed by ANZ		19,267	-	19,267	13,766	-	13,766
Collateral received		10,382	-	10,382	16,230	-	16,230
Deposits and other borrowings[1]	14	781,314	33,889	815,203	794,621	2,660	797,281
Derivative financial instruments	10	-	57,482	57,482	-	85,149	85,149
Payables and other liabilities	15	10,665	5,267	15,932	6,596	3,239	9,835
Debt issuances	16	114,678	1,336	116,014	92,623	1,111	93,734
Total		936,306	97,974	1,034,280	923,836	92,159	1,015,995

1. During 2023, the Group commenced the management of repurchase agreements and reverse repurchase agreements on a fair value basis within the trading book in its Markets business. This resulted in the associated repurchase and reverse repurchase agreements being recognised and measured at FVTPL.

18. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

		2023			2022		
The Company	Note	At amortised cost $m	At fair value $m	Total $m	At amortised cost $m	At fair value $m	Total $m
Financial assets							
Cash and cash equivalents[1]	8	127,309	27,099	154,408	155,483	-	155,483
Settlement balances owed to ANZ		8,935	-	8,935	4,024	-	4,024
Collateral paid		7,717	-	7,717	11,368	-	11,368
Trading assets	9	-	30,693	30,693	-	28,073	28,073
Derivative financial instruments	10	-	59,989	59,989	-	88,056	88,056
Investment securities	11	5,936	77,265	83,201	6,115	66,284	72,399
Net loans and advances[1]	12	541,777	21,240	563,017	533,082	4,263	537,345
Regulatory deposits		284	-	284	249	-	249
Due from controlled entities		24,173	1,894	26,067	20,360	2,500	22,860
Other financial assets		3,024	-	3,024	1,882	-	1,882
Total		719,155	218,180	937,335	732,563	189,176	921,739
Financial liabilities							
Settlement balances owed by ANZ		16,574	-	16,574	10,224	-	10,224
Collateral received		9,452	-	9,452	14,425	-	14,425
Deposits and other borrowings[1]	14	643,868	31,207	675,075	665,567	40	665,607
Derivative financial instruments	10	-	57,511	57,511	-	84,500	84,500
Due to controlled entities		26,737	157	26,894	25,305	-	25,305
Payables and other liabilities	15	8,357	4,922	13,279	5,705	2,857	8,562
Debt issuances	16	95,881	2,332	98,213	72,757	3,071	75,828
Total		800,869	96,129	896,998	793,983	90,468	884,451

1. During 2023, within the trading book in its Markets business, the Company commenced the management of repurchase agreements and associated reverse repurchase agreements on a fair value basis. This resulted in repurchase and associated reverse repurchase agreements being recognised and measured at FVTPL.

18. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

FINANCIAL ASSETS AND FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

The fair valuation of financial assets and financial liabilities is generally determined at the individual instrument level.

If the Group holds offsetting risk positions, then we use the portfolio exception in AASB 13 *Fair Value Measurement* (AASB 13) to measure the fair value of such groups of financial assets and financial liabilities. The Group measure the portfolio based on the price that would be received to sell a net long position (an asset) for a particular risk exposure, or to transfer a net short position (a liability) for a particular risk exposure.

Fair value designation

The Group designate certain loans and advances and certain deposits and other borrowings and debt issuances as fair value through profit or loss:

- where they contain a separable embedded derivative which significantly modifies the instruments' cash flow ensuring we recognise the fair value movements on the assets or liabilities in profit or loss in the same period as the movement on the associated hedging instruments; or
- in order to eliminate an accounting mismatch which would arise if the asset or liabilities were otherwise carried at amortised cost. This mismatch arises due to measuring the derivative financial instruments (which we use to mitigate interest rate risk of these assets or liabilities) at fair value through profit or loss.

Our approach ensures that we recognise the fair value movements on the assets or liabilities in profit or loss in the same period as the movement on the associated derivatives.

The Group may also designate certain loans and advances, certain deposits and other borrowings and debt issuances as fair value through profit or loss where they are managed on a fair value basis to align the measurement with how the instruments are managed.

FAIR VALUE APPROACH AND VALUATION TECHNIQUES

We use valuation techniques to estimate the fair value of assets and liabilities for recognition, measurement and disclosure purposes where no quoted price in an active market exists for that asset or liability. This includes the following:

Asset or Liability	Fair Value Approach
Financial instruments classified as: - Derivative financial assets and financial liabilities (including trading and non-trading) - Repurchase agreements < 90 days - Net loans and advances - Deposits and other borrowings - Debt issuances	Discounted cash flow techniques are used whereby contractual future cash flows of the instrument are discounted using wholesale market interest rates, or market borrowing rates for debt or loans with similar maturities or yield curve appropriate for the remaining term to maturity.
Other financial instruments held for trading: - Securities sold short - Debt and equity securities	Valuation techniques are used that incorporate observable market inputs for financial instruments with similar credit risk, maturity and yield characteristics. Equity securities where an active market does not exist are measured using comparable company valuation multiples (such as price-to-book ratios).
Financial instruments classified as: - Investment securities – debt or equity	Valuation techniques use comparable multiples (such as price-to-book ratios) or discounted cashflow (DCF) techniques incorporating, to the extent possible, observable inputs from instruments with similar characteristics.

There were no significant changes to valuation approaches during the current or prior periods.

18. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

FAIR VALUE HIERARCHY

The Group categorises assets and liabilities carried at fair value into a fair value hierarchy in accordance with AASB 13 based on the observability of inputs used to measure the fair value:

- Level 1 - valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuations using inputs other than quoted prices included within Level 1 that are observable for a similar asset or liability, either directly or indirectly; and
- Level 3 - valuations where significant unobservable inputs are used to measure the fair value of the asset or liability.

The following table presents assets and liabilities carried at fair value in accordance with the fair value hierarchy:

	Fair value measurements							
	Quoted price in active markets (Level 1)		Using observable inputs (Level 2)		Using unobservable inputs (Level 3)		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Consolidated	$m	$m	$m	$m	$m	$m	$m	$m
Assets								
Cash and cash equivalents (measured at fair value)[1]	-	-	27,566	-	-	-	27,566	-
Trading assets[2]	26,388	28,455	10,614	6,782	2	-	37,004	35,237
Derivative financial instruments	935	944	59,448	89,185	23	45	60,406	90,174
Investment securities[2,3]	71,355	68,211	16,924	8,614	938	1,385	89,217	78,210
Net loans and advances[1]	-	-	21,159	4,272	729	403	21,888	4,675
Total	98,678	97,610	135,711	108,853	1,692	1,833	236,081	208,296
Liabilities								
Deposits and other borrowings (designated at fair value)[1]	-	-	33,889	2,660	-	-	33,889	2,660
Derivative financial instruments	218	309	57,241	84,809	23	31	57,482	85,149
Payables and other liabilities	4,841	2,842	426	397	-	-	5,267	3,239
Debt issuances (designated at fair value)	-	-	1,336	1,111	-	-	1,336	1,111
Total	5,059	3,151	92,892	88,977	23	31	97,974	92,159

1. During 2023, the Group commenced the management of repurchase agreements and reverse repurchase agreements on a fair value basis within the trading book in its Markets business. This resulted in the associated repurchase and reverse repurchase agreements being recognised and measured at FVTPL.
2. During 2023, $3,624 million of assets were transferred from Level 1 to Level 2 (2022: $1,043 million transferred from Level 1 to Level 2), and $1,452 million of assets were transferred from Level 2 to Level 1 (2022: $1,677 million transferred from Level 2 to Level 1) due to a change of the observability of valuation inputs. There were no other material transfers between Level 1 and Level 2 during the year. Transfers into and out of levels are measured at the beginning of the reporting period in which the transfer occurred.
3. During 2023, ANZBGL sold its equity interests in the 1835i trusts, TIN and Pollination to ANZ NBH Pty Ltd as part of the Restructure. These investments were classified as Level 3 assets in the fair value hierarchy in September 2022, with a fair valuation of $402 million.

18. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

FAIR VALUE HIERARCHY (continued)

	Fair value measurements							
	Quoted price in active markets (Level 1)		Using observable inputs (Level 2)		Using unobservable inputs (Level 3)		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
The Company	$m	$m	$m	$m	$m	$m	$m	$m
Assets								
Cash and cash equivalents (measured at fair value)[1]	-	-	27,099	-	-	-	27,099	-
Trading assets[2]	22,264	23,037	8,427	5,036	2	-	30,693	28,073
Derivative financial instruments	900	848	59,066	87,181	23	27	59,989	88,056
Investment securities[2,3]	63,879	58,259	12,449	7,006	937	1,019	77,265	66,284
Net loans and advances[1]	-	-	20,511	3,860	729	403	21,240	4,263
Due from controlled entities	-	-	1,894	2,500	-	-	1,894	2,500
Total	87,043	82,144	129,446	105,583	1,691	1,449	218,180	189,176
Liabilities								
Deposits and other borrowings (designated at fair value)[1]	-	-	31,207	40	-	-	31,207	40
Derivative financial instruments	210	301	57,287	84,179	14	20	57,511	84,500
Payables and other liabilities	4,500	2,510	422	347	-	-	4,922	2,857
Debt issuances (designated at fair value)	-	985	2,332	2,086	-	-	2,332	3,071
Due to controlled entities	-	-	157	-	-	-	157	-
Total	4,710	3,796	91,405	86,652	14	20	96,129	90,468

1. During 2023, within the trading book in its Markets business, the Company commenced the management of repurchase agreements and associated reverse repurchase agreements on a fair value basis. This resulted in repurchase and associated reverse repurchase agreements being recognized and measured at FVTPL.
2. During 2023, $2,139 million of assets were transferred from Level 1 to Level 2 (2022: $1,043 million transferred from Level 1 to Level 2), and $1,155 million of assets were transferred from Level 2 to Level 1 (2022: $1,677 million transferred from Level 2 to Level 1) due to a change of the observability of valuation inputs. There were no other material transfers during the year. Transfers into and out of levels are measured at the beginning of the reporting period in which the transfer occurred.
3. During 2023, ANZBGL sold its equity interests in the 1835i trusts, TIN and Pollination to ANZ NBH Pty Ltd as part of the Restructure. These investments were classified as Level 3 assets in the fair value hierarchy in September 2022, with a fair valuation of $402 million.

18. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

FAIR VALUE MEASUREMENT INCORPORATING UNOBSERVABLE MARKET DATA

Level 3 fair value measurements

Level 3 financial instruments are a net asset of $1,669 million (2022: $1,802 million) for the Group and $1,676 million (2022: $1,429 million) for the Company.

The assets and liabilities which incorporate significant unobservable inputs are:

- equity and debt securities for which there is no active market or traded prices cannot be observed;
- loans and advances measured at fair value for which there is no observable market data; and
- derivatives referencing market rates that cannot be observed primarily due to lack of market activity.

Level 3 Transfers

During the year, the Group and the Company transferred $218 million (2022: $312 million) of Loan and advances measured at fair value from Level 2 to Level 3, as a result of valuation parameters becoming unobservable during the year. There were no other material transfers into or out of Level 3 during the period.

The material Level 3 financial instruments as at 30 September 2023 are listed as below:

i) Investment Securities - equity holdings classified as FVOCI

Bank of Tianjin (BoT)

The Group holds an investment in the Bank of Tianjin. The investment is valued based on comparative price-to-book (P/B) multiples (a P/B multiple is the ratio of the market value of equity to the book value of equity). The extent of judgement applied in determining the appropriate multiple and comparator group from which the multiple is derived resulted in the Level 3 classification. As at September 2023, the BoT equity holding balance was $849 million (2022: $854 million). The decrease in the BoT fair valuation was due to a decrease in the P/B multiple used in the valuation.

Other equity investments

The Group holds $89 million (2022: $491 million) and the Company holds $87 million (2022: $165 million) of unlisted equities classified as FVOCI for which there are no active markets or traded prices available, resulting in Level 3 classification. The decrease in unlisted equity holdings balance was due to the sale of equity securities to the ANZ Non-Bank Group as part of the establishment of the new Group organisational structure.

ii) Net loans and advances - classified as FVTPL

Syndication Loans

The Group holds $729 million (2022: $403 million) of syndication loans for sale which are measured at FVTPL for which there is no observable market data available for the valuation. The increase in the Level 3 loan balances during the financial year was mainly due to increased syndication loans for sale as at reporting date, and loans and advances transferred from Level 2 to Level 3.

Sensitivity to Level 3 data inputs

When we make assumptions due to significant inputs to a valuation not being directly observable (Level 3 inputs), then changing these assumptions changes the Group's estimate of the instrument's fair value. Favourable and unfavourable changes are determined by changing the primary unobservable parameters used to derive the fair valuation.

Investment Securities - equity holdings

The valuation of the equity investments are sensitive to variations in select unobservable inputs, with valuation techniques used including P/B multiples and discounted cashflow techniques. If for example, a 10% increase or decrease to the primary input into the valuations were to occur (such as the P/B multiple), it would result in a $94 million increase or decrease in the fair value of the portfolio, which would be recognised in shareholders' equity in the Group ($93 million for the Company), with no impact to net profit or loss.

Net Loans and Advances

Syndicated loan valuations are sensitive to credit spreads in determining their fair valuation. However as these are primarily investment-grade loans, an increase or decrease in credit spreads and or interest yield would have an immaterial impact on net profit or net assets of the Group.

Other

The remaining Level 3 balance is immaterial and changes in inputs have a minimal impact on net profit and net assets of the Group.

Deferred fair value gains and losses

Where fair values are determined using unobservable inputs significant to the fair value of a financial instrument, the Group does not immediately recognise the difference between the transaction price and the amount we determine based on the valuation technique (day one gain or loss) in profit or loss. After initial recognition, we recognise the deferred amount in profit or loss on a straight-line basis over the life of the transaction or until all inputs become observable. Day one gains and losses which have been deferred are not material.

18. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

FINANCIAL ASSETS AND FINANCIAL LIABILITIES NOT MEASURED AT FAIR VALUE

The financial assets and financial liabilities listed below are carried at amortised cost on the Group's Balance Sheet. While this is the value at which we expect the assets will be realised and the liabilities settled, the Group provides an estimate of the fair value of the financial assets and financial liabilities at balance date in the tables below.

Fair values of financial assets and liabilities carried at amortised cost not included in the table below approximate their carrying values. These financial assets and liabilities are either short term in nature or are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

			Categorised into fair value hierarchy							
	At amortised cost		Quoted price active markets (Level 1)		Using observable inputs (Level 2)		With significant non-observable inputs (Level 3)		Total fair value	
Consolidated	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m
Financial assets										
Investment securities[1]	7,752	7,943	-	-	7,712	7,918	-	-	7,712	7,918
Net loans and advances	685,806	667,732	-	-	19,619	29,460	664,120	634,272	683,739	663,732
Total	693,558	675,675	-	-	27,331	37,378	664,120	634,272	691,451	671,650
Financial liabilities										
Deposits and other borrowings	781,314	794,621	-	-	781,106	794,124	-	-	781,106	794,124
Debt issuances	114,678	92,623	30,786	22,982	83,867	69,028	-	-	114,653	92,010
Total	895,992	887,244	30,786	22,982	864,973	863,152	-	-	895,759	886,134

			Categorised into fair value hierarchy							
	At amortised cost		Quoted price active markets (Level 1)		Using observable inputs (Level 2)		With significant non-observable inputs (Level 3)		Total fair value	
The Company	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m
Financial assets										
Investment securities[1]	5,936	6,115	-	-	5,896	6,092	-	-	5,896	6,092
Net loans and advances	541,777	533,082	-	-	19,224	28,708	521,474	501,795	540,698	530,503
Total	547,713	539,197	-	-	25,120	34,800	521,474	501,795	546,594	536,595
Financial liabilities										
Deposits and other borrowings	643,868	665,567	-	-	643,755	665,242	-	-	643,755	665,242
Debt issuances	95,881	72,757	28,496	19,741	67,309	52,453	-	-	95,805	72,194
Total	739,749	738,324	28,496	19,741	711,064	717,695	-	-	739,560	737,436

1. Investment securities at amortised cost includes $4,558 million of assets that are part of the Group's liquidity portfolio for the Group (2022: $3,976 million) and $2,917 million of assets for the Company (2022: $2,304 million) that are part of the Group's and Company's liquidity portfolio. These are all short tenor (<1 year) instruments primarily in the Group's Rest of World geography and represent <2% of the Group's total liquid assets at 30 September 2023.

18. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

FINANCIAL ASSETS AND FINANCIAL LIABILITIES NOT MEASURED AT FAIR VALUE (continued)

The following table sets out the Group's basis of estimating the fair values of financial assets and liabilities carried at amortised cost where the carrying value is not typically a reasonable approximation of fair value.

Financial Asset and Liability	Fair Value Approach
Investment securities - debt securities at amortised cost	Calculated based on quoted market prices or observable inputs as applicable. If quoted market prices are not available, we use a discounted cash flow model using a yield curve appropriate for the remaining term to maturity of the debt instrument. The fair value reflects adjustments to credit spreads applicable for that instrument.
Net loans and advances to banks	Discounted cash flows using prevailing market rates for loans with similar credit quality.
Net loans and advances to customers	Present value of future cash flows, discounted using a curve that incorporates changes in wholesale market rates, the Group's cost of wholesale funding and the customer margin, as appropriate.
Deposit liability without a specified maturity or at call	The amount payable on demand at the reporting date. We do not adjust the fair value for any value we expect the Group to derive from retaining the deposit for a future period.
Interest bearing fixed maturity deposits and other borrowings and acceptances with quoted market rates	Market borrowing rates of interest for debt with a similar maturity are used to discount contractual cash flows to derive the fair value.
Debt issuances	Calculated based on quoted market prices or observable inputs as applicable. If quoted market prices are not available, we use a discounted cash flow model using a yield curve appropriate for the remaining term to maturity of the debt instrument. The fair value reflects adjustments to credit spreads applicable to ANZ for that instrument.

KEY JUDGEMENTS AND ESTIMATES

A significant portion of financial instruments are carried on the balance sheet at fair value. The Group therefore regularly evaluates the key valuation assumptions used in the determination of the fair valuation of financial instruments incorporated within the financial statements, as this can involve a high degree of judgement and estimation in determining the carrying values at the balance date.

In determining the fair valuation of financial instruments, the Group has considered the impact of related economic and market conditions on fair value measurement assumptions and the appropriateness of valuation inputs in these estimates, notably valuation adjustments, as well as the impact of these matters on the classification of financial instruments in the fair value hierarchy.

Most of the valuation models the Group uses employ only observable market data as inputs. For certain financial instruments, we may use data that is not readily observable in current markets. If we use unobservable market data, then we need to exercise more judgement to determine fair value depending on the significance of the unobservable input to the overall valuation. Generally, we derive unobservable inputs from other relevant market data and compare them to observed transaction prices where available. When establishing the fair value of a financial instrument using a valuation technique, the Group also considers any required valuation adjustments in determining the fair value. We may apply adjustments (such as credit valuation adjustments and funding valuation adjustments – refer to Note 10 Derivative Financial Instruments) to reflect the Group's assessment of factors that market participants would consider in determining fair value of a particular financial instrument.

19. ASSETS CHARGED AS SECURITY FOR LIABILITIES AND COLLATERAL ACCEPTED AS SECURITY FOR ASSETS

The following disclosure excludes the amounts presented as collateral paid and received in the Balance Sheet that relate to derivative liabilities and derivative assets respectively. The terms and conditions of those collateral agreements are included in the standard Credit Support Annex that forms part of the International Swaps and Derivatives Association Master Agreement under which most of our derivatives are executed.

ASSETS CHARGED AS SECURITY FOR LIABILITIES

Assets charged as security for liabilities include the following types of instruments:

- securities provided as collateral for repurchase transactions. These transactions are governed by standard industry agreements;
- specified residential mortgages provided as security for notes and bonds issued to investors as part of ANZ's covered bond programs;
- collateral provided to central banks; and
- collateral provided to clearing houses.

The carrying amount of assets pledged as security are as follows:

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Securities sold under arrangements to repurchase[1]	**47,552**	52,757	**42,002**	47,846
Residential mortgages provided as security for covered bonds	**31,188**	27,575	**21,017**	17,953
Other	**6,152**	5,601	**6,077**	5,527

1. The amounts disclosed as securities sold under arrangements to repurchase include both:
   - assets pledged as security which continue to be recognised on the Group's balance sheet; and
   - assets repledged, which are included in the disclosure below.

COLLATERAL ACCEPTED AS SECURITY FOR ASSETS

ANZ has received collateral associated with various financial transactions. Under certain arrangements ANZ has the right to sell, or to repledge, the collateral received. These arrangements are governed by standard industry agreements.

The fair value of collateral we have received and that which we have sold or repledged is as follows:

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Fair value of assets which can be sold or repledged	**52,184**	32,389	**51,519**	30,647
Fair value of assets sold or repledged	**33,493**	21,269	**33,218**	20,359

20. OFFSETTING

We offset financial assets and financial liabilities on the balance sheet (in accordance with AASB 132 *Financial Instruments: Presentation*) when there is:

- a current legally enforceable right to set off the recognised amounts in all circumstances; and
- an intention to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously.

The following table identifies financial assets and financial liabilities which have not been offset but are subject to enforceable master netting agreements (or similar arrangements) and the related amounts not offset in the balance sheet. We have not taken into account the effect of over-collateralisation.

			Amount subject to master netting agreement or similar			
Consolidated	Total amounts recognised in the Balance Sheet $m	Amounts not subject to master netting agreement or similar $m	Total $m	Financial instruments[5] $m	Financial collateral (received)/ pledged[5] $m	Net amount $m
As at 30 September 2023						
Derivative financial assets[1]	60,406	(3,290)	57,116	(38,070)	(13,049)	5,997
Reverse repurchase, securities borrowing and similar agreements[2]						
- at amortised cost	4,145	(124)	4,021	-	(4,021)	-
- at fair value through profit or loss[3]	44,088	(10,505)	33,583	(2,401)	(31,182)	-
Total financial assets	108,639	(13,919)	94,720	(40,471)	(48,252)	5,997
Derivative financial liabilities[1]	(57,482)	5,096	(52,386)	38,070	6,547	(7,769)
Repurchase, securities lending and similar agreements[4]						
- at amortised cost	(12,744)	1,117	(11,627)	-	11,627	-
- at fair value through profit or loss[3]	(31,710)	13,304	(18,406)	2,401	16,005	-
Total financial liabilities	(101,936)	19,517	(82,419)	40,471	34,179	(7,769)
As at 30 September 2022						
Derivative financial assets[1]	90,174	(6,983)	83,191	(56,491)	(16,951)	9,749
Reverse repurchase, securities borrowing and similar agreements[2]						
- at amortised cost	29,776	(6,697)	23,079	(1,985)	(21,094)	-
Total financial assets	119,950	(13,680)	106,270	(58,476)	(38,045)	9,749
Derivative financial liabilities[1]	(85,149)	9,936	(75,213)	56,491	9,964	(8,758)
Repurchase, securities lending and similar agreements[4]						
- at amortised cost	(47,229)	12,497	(34,732)	1,985	32,747	-
Total financial liabilities	(132,378)	22,433	(109,945)	58,476	42,711	(8,758)

1. Derivative assets and liabilities recognised in the Balance Sheet reflect the impact of certain central clearing collateral arrangements, whereby collateral that qualifies as legal settlement has reduced the carrying value of those associated derivative balances.
2. Reverse repurchase agreements:
   - with less than 90 days to maturity are presented in the Balance Sheet within Cash and cash equivalents; or
   - with 90 days or more to maturity are presented in the Balance Sheet within Net loans and advances.
3. During 2023, the Group commenced the management of repurchase agreements and reverse repurchase agreements on a fair value basis within the trading book in its Markets business. This resulted in the associated repurchase and reverse repurchase agreements being recognised and measured at FVTPL.
4. Repurchase agreements are presented on the Balance Sheet within Deposits and other borrowings.
5. The amount of financial instruments and financial collateral disclosed is limited to the net balance sheet exposure of the relevant financial assets or liabilities, and any over-collateralisation is excluded from the tables.

20. OFFSETTING (continued)

The Company	Total amounts recognised in the Balance Sheet $m	Amounts not subject to master netting agreement or similar $m	Amount subject to master netting agreement or similar: Total $m	Financial instruments[5] $m	Financial collateral (received)/ pledged[5] $m	Net amount $m
As at 30 September 2023						
Derivative financial assets[1]	59,989	(1,096)	58,893	(41,574)	(11,716)	5,603
Reverse repurchase, securities borrowing and similar agreements[2]						
- at amortised cost	4,021	-	4,021	-	(4,021)	-
- at fair value through profit or loss[3]	43,553	(10,143)	33,410	(2,248)	(31,162)	-
Total financial assets	**107,563**	**(11,239)**	**96,324**	**(43,822)**	**(46,899)**	**5,603**
Derivative financial liabilities[1]	(57,511)	2,760	(54,751)	41,574	6,356	(6,821)
Repurchase, securities lending and similar agreements[4]						
- at amortised cost	(8,955)	865	(8,090)	-	8,090	-
- at fair value through profit or loss[3]	(31,125)	12,872	(18,253)	2,248	16,005	-
Total financial liabilities	**(97,591)**	**16,497**	**(81,094)**	**43,822**	**30,451**	**(6,821)**
As at 30 September 2022						
Derivative financial assets[1]	88,056	(4,242)	83,814	(61,038)	(14,876)	7,900
Reverse repurchase, securities borrowing and similar agreements[2]						
- at amortised cost	28,045	(5,323)	22,722	(1,629)	(21,093)	-
Total financial assets	**116,101**	**(9,565)**	**106,536**	**(62,667)**	**(35,969)**	**7,900**
Derivative financial liabilities[1]	(84,500)	6,839	(77,661)	61,038	8,548	(8,075)
Repurchase, securities lending and similar agreements[4]						
- at amortised cost	(42,940)	11,021	(31,919)	1,629	30,290	-
Total financial liabilities	**(127,440)**	**17,860**	**(109,580)**	**62,667**	**38,838**	**(8,075)**

1. Derivative assets and liabilities recognised in the Balance Sheet reflect the impact of certain central clearing collateral arrangements, whereby collateral that qualifies as legal settlement has reduced the carrying value of those associated derivative balances.
2. Reverse repurchase agreements:
   - with less than 90 days to maturity are presented in the Balance Sheet within Cash and cash equivalents; or
   - with 90 days or more to maturity are presented in the Balance Sheet within Net loans and advances.
3. During 2023, the Group commenced the management of repurchase agreements and reverse repurchase agreements on a fair value basis within the trading book in its Markets business. This resulted in the associated repurchase and reverse repurchase agreements being recognised and measured at FVTPL.
4. Repurchase agreements are presented on the Balance Sheet within Deposits and other borrowings.
5. The amount of financial instruments and financial collateral disclosed is limited to the net balance sheet exposure of the relevant financial assets or liabilities, and any over-collateralisation is excluded from the tables.

21. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill[1]		Software		Other Intangibles		Total	
Consolidated	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m
Balance at start of year	2,906	3,089	896	960	75	75	3,877	4,124
Additions[2]	-	78	332	315	-	10	332	403
Amortisation expense	-	-	(316)	(375)	(2)	(4)	(318)	(379)
Impairment expense	-	-	-	(3)	-	-	-	(3)
Written-off on disposal/exit[3]	(78)	(40)	-	-	(7)	-	(85)	(40)
Foreign currency exchange difference	150	(221)	1	(1)	4	(6)	155	(228)
Balance at end of year	2,978	2,906	913	896	70	75	3,961	3,877
Cost[4]	2,978	2,906	8,127	7,843	78	83	11,183	10,832
Accumulated amortisation	n/a	n/a	(7,214)	(6,947)	(8)	(8)	(7,222)	(6,955)
Carrying amount	2,978	2,906	913	896	70	75	3,961	3,877

	Goodwill[1]		Software		Other Intangibles		Total	
The Company	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m
Balance at start of year	62	62	872	952	1	3	935	1,017
Additions	-	-	310	287	-	-	310	287
Amortisation expense	-	-	(310)	(363)	(1)	(3)	(311)	(366)
Impairment expense	-	-	-	(3)	-	-	-	(3)
Foreign currency exchange difference	-	-	1	(1)	-	1	1	-
Balance at end of year	62	62	873	872	-	1	935	935
Cost[4]	62	62	7,800	7,544	7	7	7,869	7,613
Accumulated amortisation	n/a	n/a	(6,927)	(6,672)	(7)	(6)	(6,934)	(6,678)
Carrying amount	62	62	873	872	-	1	935	935

1. Goodwill excludes notional goodwill in equity accounted investments.
2. 2022 goodwill addition relates to acquisition of Cashrewards.
3. 2023 goodwill written-off on disposal/exit relates to the disposal of Cashrewards to ANZ NBH Pty Ltd. 2022 goodwill written-off on disposal/exit relates to the exit of the financial planning and advice business.
4. Includes impact of foreign currency translation differences.

IMPAIRMENT TESTING FOR CASH GENERATING UNITS CONTAINING GOODWILL

Goodwill acquired in a business combination is tested for impairment annually and whenever there are indicators of potential impairment. Goodwill is allocated at the date of acquisition to the cash generating unit (CGU) or group of CGUs that are expected to benefit from the synergies of the related business combination.

Goodwill is considered to be impaired if the carrying amount of the relevant CGU exceeds its recoverable amount. We estimate the recoverable amount of each CGU to which goodwill is allocated using a fair value less costs of disposal (FVLCOD) approach, with a value-in-use (VIU) assessment performed where the FVLCOD is less than the carrying amount.

Goodwill is allocated to the following CGUs based on the lowest level at which goodwill is monitored.

Cash generating units:	2023 $m	2022 $m
Australia Retail	100	178
New Zealand	1,617	1,530
Institutional	1,261	1,198

21. GOODWILL AND OTHER INTANGIBLE ASSETS (continued)

We estimate the FVLCOD of each CGU to which goodwill is allocated by applying observable price earnings multiples of comparable companies to the estimated future maintainable earnings of each CGU. A deduction is then made for estimated costs of disposal. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation.

Management's approach and the key assumptions used in determining FVLCOD are as follows:

Key assumption	Approach to determining the value (or values) for each key assumption
Future maintainable earnings	Future maintainable earnings for each CGU is estimated as the sum of: • The Group's 2024 financial plan for each CGU; and • An allocation of the central costs recorded outside of the CGUs to which goodwill is allocated. Where relevant, adjustments are made to the Group's financial plan to reflect the long-term expectations for items such as expected credit losses and investment spend.
Price/Earnings (P/E) multiple	P/E multiples applicable to each CGU have been derived from a comparator group of publicly traded companies, and include a 30% control premium, discussed below. In the case of the New Zealand and Institutional CGUs, management has made downwards adjustments to P/E multiples to address specific factors relevant to those CGUs. A control premium has been applied which recognises the increased consideration a potential acquirer would be willing to pay in order to gain sufficient ownership to achieve control over the relevant activities of the CGU. For each CGU, the control premium has been estimated as 30% of the comparator group P/E multiple based on historical transactions.
Costs of disposal	Costs of disposal have been estimated as 2% of the fair value of the CGU based on those observed from historical and recent transactions.

As noted above, our impairment testing did not result in the identification of any material impairment of goodwill as at 30 September 2023.

The FVLCOD estimates for each CGU are sensitive to assumptions about P/E multiples, future maintainable earnings and control premium (30%). However, each CGU would continue to show a surplus in recoverable amount over carrying amount even where other reasonably possible alternative estimates were used.

21. GOODWILL AND OTHER INTANGIBLE ASSETS (continued)

RECOGNITION AND MEASUREMENT

The table below details how we recognise and measure different intangible assets:

	Goodwill	Software	Other Intangibles
Definition	Excess amount the Group has paid in acquiring a business over the fair value of the identifiable assets and liabilities acquired.	Purchased software owned by the Group is capitalised. Internal and external costs incurred in building software and computer systems costing greater than $20 million are capitalised as assets. Those less than $20 million are expensed in the year in which the costs are incurred. Costs incurred in planning or evaluating software proposals or in maintaining systems after implementation are not capitalised.	Management fee rights arising from acquisition of funds management business and other intangible assets arising from contractual rights.
Carrying value	Cost less any accumulated impairment losses. Allocated to the cash generating unit to which the acquisition relates.	Initially, measured at cost. Subsequently, carried at cost less accumulated amortisation and impairment losses.	Initially, measured at fair value at acquisition. Subsequently, carried at cost less accumulated amortisation and impairment losses.
Useful life	Indefinite. Goodwill is reviewed for impairment at least annually or when there is an indication of impairment.	Except for major core infrastructure, amortised over periods between 2-5 years; however major core infrastructure may be amortised over 7 years subject to approval by the Audit Committee. Purchased software is amortised over 2 years unless it is considered integral to other assets with a longer useful life.	Management fee rights with an indefinite life are reviewed for impairment at least annually or when there is an indication of impairment. Other intangible assets are amortised over 3 years.
Depreciation method	Not applicable.	Straight-line method.	Not applicable to indefinite life intangible assets. Straight-line method for assets with a finite life.

21. GOODWILL AND OTHER INTANGIBLE ASSETS (continued)

KEY JUDGEMENTS AND ESTIMATES

Management judgement is used to assess the recoverable value of goodwill and other intangible assets, and the useful economic life of an asset, or whether an asset has an indefinite life. We reassess the recoverability of the carrying value at each reporting date.

Goodwill

A number of key judgements are required in the determination of whether or not a goodwill balance is impaired including:

- the level at which goodwill is allocated – consistent with prior periods the CGUs to which goodwill is allocated are the Group's revenue generating segments that benefit from relevant historical business combinations generating goodwill.
- determination of the carrying amount of each CGU which includes an allocation, on a reasonable and consistent basis, of corporate assets and liabilities that are not directly attributable to the CGUs to which goodwill is allocated.
- assessment of the recoverable amount of each CGU including:
  - selection of the model used to determine the fair value – the Group has used the market multiple approach to estimate the fair value; and
  - selection of the key assumptions in respect of future maintainable earnings, the P/E multiple applied, including selection of an appropriate comparator group and determination of an appropriate control premium, and costs of disposal as described above.

Software and other intangible assets

At each reporting date, software and other intangible assets are assessed for indicators of impairment and, where such indicators are identified, an impairment assessment is performed. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the carrying amount of the asset is written down immediately. Those assets not yet ready for use are tested for impairment annually.

In addition, the expected useful lives of intangible assets are assessed at each reporting date. The assessment requires management judgement, and in relation to our software assets, a number of factors can influence the expected useful lives. These factors include changes to business strategy, significant divestments and the pace of technological change.

22. OTHER PROVISIONS

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
ECL allowance on undrawn and contingent facilities[1]	827	775	697	673
Customer remediation	459	662	425	600
Restructuring costs	98	68	83	47
Non-lending losses, frauds and forgeries	73	105	62	93
Other	257	262	232	235
Total other provisions	1,714	1,872	1,499	1,648

Consolidated	Customer remediation $m	Restructuring costs $m	Non-lending losses, frauds and forgeries $m	Other $m
Balance at 1 October 2022	662	68	105	262
New and increased provisions made during the year	147	91	11	66
Provisions used during the year	(321)	(40)	(32)	(61)
Unused amounts reversed during the year	(29)	(21)	(11)	(10)
Balance at 30 September 2023	459	98	73	257

The Company	Customer remediation $m	Restructuring costs $m	Non-lending losses, frauds and forgeries $m	Other $m
Balance at 1 October 2022	600	47	93	235
New and increased provisions made during the year	146	83	9	63
Provisions used during the year	(295)	(27)	(29)	(59)
Unused amounts reversed during the year	(26)	(20)	(11)	(7)
Balance at 30 September 2023	425	83	62	232

1. Refer to Note 13 Allowance for Expected Credit Losses for movement analysis.

22. OTHER PROVISIONS (continued)

Customer remediation

Customer remediation includes provisions for expected refunds to customers, remediation project costs and related customer and regulatory claims, penalties and litigation costs and outcomes.

Restructuring costs

Provisions for restructuring costs arise from activities related to material changes in the scope of business undertaken by the Group or the manner in which that business is undertaken and include employee termination benefits. Costs relating to on-going activities are not provided for and are expensed as incurred.

Non-lending losses, frauds and forgeries

Non-lending losses include losses arising from certain legal actions not directly related to amounts of principal outstanding for loans and advances and losses arising from forgeries, frauds and the correction of operational issues. The amounts recognised are the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties that surround the events and circumstances that affect the provision.

Other

Other provisions comprise various other provisions including workers compensation, make-good provisions associated with leased premises, warranties and indemnities provided in connection with various disposals of businesses and assets, and contingent liabilities recognised as part of a business combination.

RECOGNITION AND MEASUREMENT

The Group recognises provisions when there is a present obligation arising from a past event, an outflow of economic resources is probable, and the amount of the provision can be measured reliably.

The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the timing and amount of the obligation. Where a provision is measured using the estimated cash flows required to settle the present obligation, its carrying amount is the present value of those cash flows.

KEY JUDGEMENTS AND ESTIMATES

The Group holds provisions for various obligations including customer remediation, restructuring costs, non-lending losses, frauds and forgeries and litigation related claims. These provisions involve judgements regarding the timing and outcome of future events, including estimates of expenditure required to satisfy such obligations. Where relevant, expert legal advice has been obtained and, in light of such advice, provisions and/or disclosures as deemed appropriate have been made.

In relation to customer remediation, determining the amount of the provisions, which represent management's best estimate of the cost of settling the identified matters, requires the exercise of significant judgement. It will often be necessary to form a view on a number of different assumptions, including the number of impacted customers, the average refund per customer, the associated remediation project costs, and the implications of regulatory exposures and customer claims having regard to their specific facts and circumstances. There is a heightened level of estimation uncertainty where the customer remediation provision relates to a legal proceeding or matter. The appropriateness of the underlying assumptions is reviewed on a regular basis against actual experience and other relevant evidence including expert legal advice, and adjustments are made to the provisions where appropriate.

23. SHAREHOLDERS' EQUITY

SHAREHOLDERS' EQUITY

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Ordinary share capital	29,082	28,797	29,005	28,720
Reserves				
Foreign currency translation reserve[1]	570	(148)	58	(6)
Share option reserve	82	78	82	78
FVOCI reserve	(554)	(478)	(538)	(557)
Cash flow hedge reserve	(1,872)	(2,036)	(1,824)	(2,061)
Transactions with non-controlling interests reserve	(22)	(22)	-	-
Total reserves	(1,796)	(2,606)	(2,222)	(2,546)
Retained earnings	41,306	39,716	34,195	32,859
Share capital and reserves attributable to shareholders of the Company	68,592	65,907	60,978	59,033
Non-controlling interests[2]	522	494	-	-
Total shareholders' equity	69,114	66,401	60,978	59,033

1. As a result of the closure of ANZ (Thai) Public Company Limited, ANZ International (Hong Kong) Limited and ANZ Singapore Limited, the associated foreign currency translation reserve was recycled from Other comprehensive income to profit or loss, resulting in a $43 million gain recognised in Other operating income in 2023 (2022: $65 million loss from the dissolution of Minerva Holdings Limited and ANZ Asia Limited).
2. ANZ Bank New Zealand issued $484 million of perpetual preference shares in 2022 that are considered non-controlling interests to the Group.

ORDINARY SHARE CAPITAL

The table below details the movement in ordinary shares and share capital for the year.

	2023		2022	
Consolidated	Number of shares	$m	Number of shares	$m
Balance at start of the year	2,989,923,751	28,797	2,823,563,652	25,984
Dividend reinvestment plan issuances	8,406,978	206	7,195,108	183
Bonus option plan	1,657,422	-	2,890,268	-
Employee share and option plans	3,378,631	79	-	(21)
Share buy-back[1]	-	-	(30,831,227)	(846)
Share entitlement issue[2]	-	-	187,105,950	3,497
Balance at end of year	3,003,366,782	29,082	2,989,923,751	28,797
Less: Treasury Shares	-	-	(4,209,150)	-
Balance at end of year	3,003,366,782	29,082	2,985,714,601	28,797

	2023		2022	
The Company	Number of shares	$m	Number of shares	$m
Balance at start of the year	2,989,923,751	28,720	2,823,563,652	25,907
Dividend reinvestment plan issuances	8,406,978	206	7,195,108	183
Bonus option plan	1,657,422	-	2,890,268	-
Employee share and option plans	3,378,631	79	-	(21)
Share buy-back[1]	-	-	(30,831,227)	(846)
Share entitlement issue[2]	-	-	187,105,950	3,497
Balance at end of year	3,003,366,782	29,005	2,989,923,751	28,720

1. The Group completed its $1.5 billion on-market share buy-back of ANZ ordinary shares in 2022, purchasing $846 million worth of shares resulting in 31 million shares being cancelled in 2022.
2. On 18 July 2022, the Group announced a fully underwritten pro rata accelerated renounceable entitlement offer of new ANZ ordinary shares to help fund the Group's anticipated acquisition of Suncorp Bank. All eligible shareholders were invited to purchase one new ordinary share for every 15 existing ordinary shares held on 21 July 2022 at an issue price of $18.90 per share. The Group issued a total of 187.1 million ordinary shares under the offer, raising $3,497 million of new share capital (net of issue costs).

23. SHAREHOLDERS' EQUITY (continued)

NON-CONTROLLING INTERESTS

	Profit attributable to non-controlling interests		Equity attributable to non-controlling interests		Dividend paid to non-controlling interests	
	2023	2022	2023	2022	2023	2022
Consolidated	$m	$m	$m	$m	$m	$m
ANZ Bank New Zealand PPS	26	-	512	484	26	-
Other	2	1	10	10	1	2
Total	28	1	522	494	27	2

ANZ Bank New Zealand Preference Shares

ANZ Bank New Zealand Limited (ANZ Bank New Zealand), a member of the Group, issued $484 million (NZD 550 million) of Perpetual Preference Shares (PPS) on 18 July 2022. These are considered non-controlling interests of the Group.

The key terms of the PPS are as follows:

PPS dividends

PPS dividends are payable at the discretion of the Directors of ANZ Bank New Zealand and are non-cumulative. ANZ Bank New Zealand must not authorise or pay a dividend on its ordinary shares, acquire its ordinary shares or otherwise undertake a capital reduction in respect of its ordinary shares until the next PPS dividend payment date if a PPS dividend is not paid.

Should ANZ Bank New Zealand elect to pay a PPS dividend, the PPS dividend is 6.95% per annum until 18 July 2028, and a floating rate equal to the aggregate of the New Zealand 3 month bank bill rate plus 3.25%, multiplied by one minus the New Zealand company tax rate (where the PPS dividend is fully imputed) thereafter, with PPS dividend payments scheduled to be paid on 18 January, 18 April, 18 July and 18 October each year.

Redemption features

Holders of PPS have no right to require that the PPS be redeemed. ANZ Bank New Zealand may at its option redeem all of the PPS on an optional redemption date (each PPS dividend date from 18 July 2028); or at any time following the occurrence of a tax event or regulatory event, in each case subject to prior written approval of RBNZ and other conditions being met.

23. SHAREHOLDERS' EQUITY (continued)

RECOGNITION AND MEASUREMENT

Ordinary shares	Ordinary shares have no par value. They entitle holders to receive dividends, or proceeds available on winding up of the Company, in proportion to the number of fully paid ordinary shares held. They are recognised at the amount paid per ordinary share net of directly attributable costs. Every holder of fully paid ordinary shares present at a meeting of the Company in person, or by proxy, is entitled to: • on a show of hands, one vote; and • on a poll, one vote, for each share held.
Treasury shares	Treasury shares are shares in the Company which: • the ANZ Employee Share Acquisition Plan purchases on market and have not yet distributed, or • the Company issues to the ANZ Employee Share Acquisition Plan and have not yet been distributed. Treasury shares are deducted from share capital and excluded from the weighted average number of ordinary shares used in the earnings per share calculations.
Reserves:	
Foreign currency translation reserve	Includes differences arising on translation of assets and liabilities into Australian dollars when the functional currency of a foreign operation (including subsidiaries and branches) is not Australian dollars. In this reserve, we reflect any offsetting gains or losses on hedging these exposures, together with any tax effect.
Cash flow hedge reserve	Includes fair value gains and losses associated with the effective portion of designated cash flow hedging instruments together with any tax effect.
FVOCI reserve	Includes changes in the fair value of certain debt securities and equity securities included within Investment Securities together with any tax effect. In respect of debt securities classified as measured at FVOCI, the FVOCI reserve records accumulated changes in fair value arising subsequent to initial recognition, except for those relating to allowance for expected credit losses, interest income and foreign currency exchange gains and losses which are recognised in profit or loss. As debt securities at FVOCI are recorded at fair value, the balance of the FVOCI reserve is net of the ECL allowance associated with such assets. When a debt security measured at FVOCI is derecognised, the cumulative gain or loss recognised in the FVOCI reserve in respect of that security is reclassified to profit or loss and presented in other operating income. In respect of the equity securities classified as measured at FVOCI, the FVOCI reserve records accumulated changes in fair value arising subsequent to initial recognition (including any related foreign exchange gains or losses). When an equity security measured at FVOCI is derecognised, the cumulative gain or loss recognised in the FVOCI reserve in respect of that security is not recycled to profit or loss.
Share option reserve	Includes amounts which arise on the recognition of share-based compensation expense.
Transactions with non-controlling interests reserve	Includes the impact of transactions with non-controlling shareholders in their capacity as shareholders.
Non-controlling interests	Share in the net assets of controlled entities attributable to equity interests which the Group does not own directly or indirectly.

24. CAPITAL MANAGEMENT

CAPITAL MANAGEMENT FRAMEWORK

ANZ's capital management framework includes managing capital at Level 1 and Level 2.

ANZ's framework includes managing to Board approved risk appetite settings and maintaining all regulatory requirements. APRA requirements at Level 1 and Level 2 include ANZ operating at or above APRAs expectation for Domestic Systematically Important Banks (D-SIBs) following the implementation of APRA's Capital Reform which was effective January 2023.

All requirements were satisfied at 30 September 2023.

CAPITAL MANAGEMENT STRATEGY

ANZ's capital management strategy aims to protect the interests of depositors, creditors and shareholders. We achieve this through an Internal Capital Adequacy Assessment Process (ICAAP) whereby ANZ conducts detailed strategic and capital planning over a 3 year time horizon.

The process involves:

- forecasting economic variables, financial performance of ANZ's divisions and the financial impact of new strategic initiatives to be implemented during the planning period;
- performing stress tests under different economic scenarios to determine the level of additional capital (stress capital buffer) needed to absorb losses that may be experienced under an economic downturn;
- reviewing capital ratios and targets across various classes of capital against ANZ's risk profile; and
- developing a capital plan, taking into account capital ratio targets, current and future capital issuances requirements and options around capital products, timing and markets to execute the capital plan under differing market and economic conditions.

The capital plan is approved by the Board and updated as required. The Board and senior management are provided with regular updates of ANZ's capital position. Any material actions required to ensure ongoing prudent capital management are submitted to the Board for approval. Throughout the year, the Group maintained compliance with all the regulatory requirements related to Capital Adequacy in the jurisdictions in which it operates.

24. CAPITAL MANAGEMENT (continued)

REGULATORY ENVIRONMENT

Australia

As the ANZ Bank Group is an Authorised Deposit-taking Institution (ADI) in Australia, it is primarily regulated by APRA under the *Banking Act 1959 (Cth)*. ANZ Bank Group must comply with the minimum regulatory capital requirements, prudential capital ratios and specific reporting levels that APRA sets and which are consistent with the global Basel III capital framework. This is the common framework for determining the appropriate level of bank regulatory capital as set by the Basel Committee on Banking Supervision. APRA minimum requirements are summarised below:

Regulatory Capital Definition

Common Equity Tier 1 (CET1) Capital	Tier 1 Capital	Tier 2 Capital	Total Capital
Shareholders' equity adjusted for specific items.	CET1 Capital plus certain securities with complying loss absorbing characteristics known as Additional Tier 1 Capital.	Subordinated debt instruments which have a minimum term of 5 years at issue date.	Tier 1 plus Tier 2 Capital.

Minimum Prudential Capital Ratios (PCRs)

CET1 Ratio	Tier 1 Ratio	Total Capital Ratio
CET1 Capital divided by total risk weighted assets must be at least 4.5%.	Tier 1 Capital divided by total risk weighted assets must be at least 6.0%.	Total Capital divided by total risk weighted assets must be at least 8.0%. For D-SIBs, Total Capital Ratio must be of at least 11% from 1st Jan 2024. Refer below for details.

Reporting Levels

Level 1	Level 2	Level 3
The ADI on a stand-alone basis (that is ANZBGL and specified subsidiaries which are consolidated to form the ADI's Extended Licensed Entity).	The consolidated Group less certain subsidiaries and associates that are excluded under prudential standards.	A conglomerate ANZGHL Group at the widest level.

As at 30 September 2023, APRA also requires the ADI to hold additional CET1 buffers as follows:

- a capital conservation buffer (CCB) of 4.75% which is inclusive of the additional 1% surcharge for domestically systemically important banks (D-SIBs). APRA has determined that ANZ is a D-SIB.
- a countercyclical capital buffer which is set on a jurisdictional basis. The requirement is currently set at 1% for Australia.

Additionally in December 2021, APRA announced that it requires all D-SIBs including ANZ to increase its minimum total capital ratio requirement by 3% of RWA by January 2024, and a further 1.5% of RWA by January 2026 (total increase of 4.5%). APRA expects this to be predominantly met by Tier 2 Capital, with an equivalent decrease in other senior funding. ANZ is on track to meet these requirements at reporting date.

Insurance and Funds Management

As required by APRA's Prudential Standards, insurance and funds management activities are:

- de-consolidated for the purposes of calculating capital adequacy; and
- excluded from the risk-based capital adequacy framework.

We deduct the investment in these controlled entities 100% from CET1 capital, and if we include any profits from these activities in the ANZ Bank Group's results, then we exclude them from the determination of CET1 capital to the extent they have not been remitted.

Outside Australia

In addition to APRA, ANZ's branch operations and major banking subsidiary operations are also overseen by local regulators such as the Reserve Bank of New Zealand, the US Federal Reserve, the UK Prudential Regulation Authority, the Monetary Authority of Singapore, the Hong Kong Monetary Authority and the China Banking and Insurance Regulatory Commission. They may impose minimum capital levels on operations in their individual jurisdictions.

24. CAPITAL MANAGEMENT (continued)

APRA Capital Reform

APRA released new bank capital adequacy requirements applying to Australian incorporated registered banks, which are set out in APRA's Banking Prudential Standard documents. ANZ implemented these new requirements from 1 January 2023.

The new capital adequacy key requirements include changes to APS 110 *Capital Adequacy* (APS 110), APS 112 *Capital Adequacy: Standardised Approach to Credit Risk* (APS 112) and APS 113 *Capital Adequacy: Internal Ratings-based Approach to Credit Risk* (APS 113) with key features of the reforms including:

- improving the flexibility of the capital framework through larger capital buffers that can be used by banks to support lending during periods of stress;
- changes to risk weighted assets (RWA) through more risk-sensitive risk weights increasing capital requirements for higher risk lending and decreasing it for lower risks;
- changes to loss given default rates (LGD) including approved use of an internal ratings-based (IRB) approved LGD model for mortgage portfolios;
- an increase in the IRB scaling factor (from 1.06x to 1.1x);
- requirement that IRB ADIs calculate and disclose RWA under the standardised approach and the introduction of a capital floor at 72.5% of standardised RWA; and
- use of prescribed New Zealand authority's equivalent prudential rules for the purpose of calculating the Level 2 regulatory capital requirement.

In addition, operational RWA is now calculated under APS 115 *Capital Adequacy: Standardised Measurement Approach to Operational Risk (APS 115)* which replaced the previous advanced methodology from December 2022.

The application of APRA Capital Reform in January 2023 reduced RWA by $34.5 billion, equivalent to a 100 bps CET1 ratio benefit. This was partially offset by APRA's expectations that ADIs operate a higher capital ratio to maintain an unquestionably strong level.

ANZ BANK GROUP[1]

The following table provides details of ANZ Bank Group's capital adequacy ratios at 30 September:

	Consolidated	
	2023 $m	2022 $m
Qualifying capital		
Tier 1		
Shareholders' equity and non-controlling interests	69,114	66,401
Prudential adjustments to shareholders' equity	(425)	(175)
Gross Common Equity Tier 1 capital	68,689	66,226
Deductions	(10,895)	(10,354)
Common Equity Tier 1 capital	57,794	55,872
Additional Tier 1 capital[2]	8,232	7,686
Tier 1 capital	66,026	63,558
Tier 2 capital[3]	24,959	19,277
Total qualifying capital	90,985	82,835
Capital adequacy ratios (Level 2)		
Common Equity Tier 1	13.3%	12.3%
Tier 1	15.2%	14.0%
Tier 2	5.8%	4.2%
Total capital ratio	21.0%	18.2%
Risk weighted assets	433,327	454,718

1. This information is not within the scope of the external audit of the Group Financial Report by the Group's external auditor, KPMG. The information presented in this table is a regulatory requirement disclosed in Part A of the *APRA Reporting Form (ARF) 110 Capital Adequacy* which will be subject to audit in accordance with *Prudential Standard APS 310 Audit and Related Matters*.
2. This includes Additional Tier 1 capital of $8,232 million (2022: $7,705 million) (refer to Note 16 Debt Issuances), regulatory adjustments and deductions of nil (2022: -$19 million).
3. This includes Tier 2 capital of $23,707 million (2022: $17,907 million) (refer to Note 16 Debt Issuances), general reserve for impairment of financial assets of $1,776 million (2022: $1,233 million) and regulatory adjustments and deductions of -$525 million (2022: $137 million).

25. CONTROLLED ENTITIES

The ultimate parent of the Group is ANZ Group Holdings Limited	Incorporated in Australia	Nature of Business Banking
The Group holds 100% of the voting interests in all controlled entities, unless noted otherwise.		
The material controlled entities of the Group are:		
ANZ Bank (Vietnam) Limited[1]	Vietnam	Banking
ANZ Funds Pty. Ltd.	Australia	Holding Company
ANZ Bank (Kiribati) Limited[1] (75% ownership)	Kiribati	Banking
ANZ Bank (Samoa) Limited[1]	Samoa	Banking
ANZ Bank (Vanuatu) Limited[2]	Vanuatu	Banking
ANZ Holdings (New Zealand) Limited[1]	New Zealand	Holding Company
ANZ Bank New Zealand Limited[1]	New Zealand	Banking
ANZ Investment Services (New Zealand) Limited[1]	New Zealand	Funds Management
ANZ New Zealand (Int'l) Limited[1]	New Zealand	Finance
ANZ New Zealand Investments Holdings Limited[1]	New Zealand	Holding Company
ANZ New Zealand Investments Limited[1]	New Zealand	Funds Management
ANZNZ Covered Bond Trust[1,4]	New Zealand	Finance
ANZ International Private Limited[1]	Singapore	Holding Company
ANZcover Insurance Private Ltd[1]	Singapore	Captive-Insurance
ANZ Lenders Mortgage Insurance Pty. Limited	Australia	Mortgage Insurance
ANZ Residential Covered Bond Trust[4]	Australia	Finance
Australia and New Zealand Bank (China) Company Limited[1]	China	Banking
Australia and New Zealand Banking Group (PNG) Limited[1]	Papua New Guinea	Banking
Citizens Bancorp[3]	Guam	Holding Company
ANZ Guam Inc[3]	Guam	Banking
Institutional Securitisation Services Limited	Australia	Securitisation Manager
PT Bank ANZ Indonesia[1] (99% ownership)	Indonesia	Banking

1. Audited by overseas KPMG firms — either as part of the Group audit, or for standalone financial statements as required.
2. Audited by Law Partners.
3. Audited by Deloitte Guam.
4. Not owned by the Group. Control exists as the Group retains substantially all the risks and rewards of the operations.

CHANGES TO MATERIAL CONTROLLED ENTITIES

ANZ Singapore Limited was deregistered on 18 August 2023. ANZ International (Hong Kong) Limited, ANZ (Thai) Public Company Limited (formerly ANZ Bank (Thai) Public Company Limited), and Chongqing Liangping ANZ Rural Bank Company Limited are in liquidation as at 30 September 2023.

SIGNIFICANT RESTRICTIONS

Controlled entities that are subject to prudential regulation may be required to maintain minimum capital or other regulatory requirements which may, from time to time, limit the entity's ability to transfer assets, pay dividends or make other capital distributions to the parent entity or to other entities in the Group. The Group manages such restrictions within our risk management framework, as outlined in Note 17 Financial Risk Management and our capital management strategy, as outlined in Note 24 Capital Management.

As at 30 September 2023, restrictions on the ability of an entity within the Group to transfer assets, pay dividends or make other capital distributions to other entities in the Group were not material to the liquidity or capital management of the Group.

25. CONTROLLED ENTITIES (continued)

RECOGNITION AND MEASUREMENT

The Group's subsidiaries are those entities it controls through:

- being exposed to, or having rights to, variable returns from the entity; and
- being able to affect those returns through its power over the entity.

The Group assesses whether it has power over those entities by examining the Group's existing rights to direct the relevant activities of the entity.

If the Group sells or acquires subsidiaries during the year, it includes their operating results in the Group results to the date of disposal or from the date of acquisition. When the Group's control ceases, it derecognises the assets and liabilities of the subsidiary, any related non-controlling interest and other components of equity.

If the Group's ownership interest in a subsidiary changes in a way that does not result in a loss of control, then the Group accounts for that as a transaction with equity holders in their capacity as equity holders.

All transactions between Group entities are eliminated on consolidation.

26. INVESTMENTS IN ASSOCIATES

Significant associates of the Group are:

		Ordinary share interest		Carrying amount $m	
Name of entity	Principal activity	2023	2022	2023	2022
AMMB Holdings Berhad (AmBank)	Banking and insurance	**22%**	22%	**881**	790
PT Bank Pan Indonesia (PT Panin)	Consumer and business bank	**39%**	39%	**1,440**	1,318
Worldline Australia Pty Ltd (Worldline)[1]	Payment and transactional services	-	49%	-	47
Aggregate other individually immaterial associates		-	n/a	-	26
Total carrying value of associates[2]				**2,321**	2,181

1. As part of the Restructure, ANZBGL's investment in Worldline Australia Pty Ltd was transferred to ANZ NBH Pty Ltd.
2. Includes the impact of foreign currency translation recognised in the foreign currency translation reserve.

FINANCIAL INFORMATION ON SIGNIFICANT ASSOCIATES

Set out below is the summarised financial information of each associate that is significant to the Group. The summarised financial information is based on the associates' IFRS financial information and may require the use of unaudited financial information as each associate has a different financial year to the Group (PT Panin 31 December, AmBank 31 March, Worldline 31 December).

	AMMB Holdings Berhad		PT Bank Pan Indonesia		Worldline Australia Pty Ltd[1]	
Principal place of business and country of incorporation	Malaysia		Indonesia		Australia	
	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m
Summarised results						
Operating income	**1,517**	1,511	**1,273**	1,206	-	57
Profit/(Loss) for the year	**545**	529	**372**	198	-	(21)
Other comprehensive income/(loss)	**87**	(128)	**24**	6	-	-
Total comprehensive income/(loss)	**632**	401	**396**	204	-	(21)
Less: Total comprehensive (income)/loss attributable to non–controlling interests	**(8)**	(18)	**(69)**	25	-	-
Total comprehensive income/(loss) attributable to owners of associate	**624**	383	**327**	229	-	(21)
Summarised financial position						
Total assets[2]	**62,057**	57,220	**20,498**	20,537	-	203
Total liabilities[2]	**58,015**	53,234	**16,928**	17,234	-	90
Total net assets[2]	**4,042**	3,986	**3,570**	3,303	-	113
Less: Non-controlling interests of associate	**(301)**	(402)	**(348)**	(315)	-	-
Net assets attributable to owners of associate	**3,741**	3,584	**3,222**	2,988	-	113
Reconciliation to carrying amount of Group's interest in associate						
Carrying amount at the beginning of the year	**790**	719	**1,318**	1,210	-	-
Acquired	-	-		-		57
Group's share of total comprehensive income/(loss)	**138**	81	**138**	71	-	(10)
Dividends received from associate	**(42)**	(12)	-	(18)	-	-
Foreign currency translation reserve adjustments	**(5)**	2	**(16)**	55	-	-
Carrying amount at the end of the year	**881**	790	**1,440**	1,318	-	47
Market value of Group's investment in associate[3]	**875**	929	**1,167**	2,016	**n/a**	n/a

1. As part of the Restructure, ANZBGL's investment in Worldline Australia Pty Ltd was transferred to ANZ NBH Pty Ltd.
2. Includes market value adjustments (including goodwill) the Group made at the time of acquisition (and adjustments for any differences in accounting policies).

26. INVESTMENTS IN ASSOCIATES (continued)

IMPAIRMENT ASSESSMENT

The Group assesses the carrying value of its associates investments for impairment indicators.

At 30 September 2023, the impairment assessment of non-lending assets identified that one of the Group's associated investments PT Panin had indicators of impairment. No impairment was recognised as its carrying value is supported by its VIU calculations.

RECOGNITION AND MEASUREMENT

An associate is an entity over which the Group has significant influence over its operating and financial policies but does not control. The Group accounts for associates using the equity method. Its investments in associates are carried at cost plus the post-acquisition share of changes in the associate's net assets less accumulated impairments. Dividends the Group receives from associates are recognised as a reduction in the carrying amount of the investment. The Group includes goodwill recognised by the associate in the carrying amount of the investment. It does not individually test the goodwill incorporated in the associates carrying amount for impairment.

At least at each reporting date, the Group reviews investments in associates for any indication of impairment. If an indication of impairment exists, then the Group determines the recoverable amount of the associate using the higher of:

- the associate's fair value less cost of disposal; and
- its value-in-use.

We use a discounted cash flow methodology, and when applicable, other methodologies (such as capitalisation of earnings methodology), to determine the recoverable amount when determining a VIU.

KEY JUDGEMENTS AND ESTIMATES

Investments in associates and joint ventures are assessed at each reporting date and tested for impairment when there is an indication that the investment may be impaired. In addition, the Group is required to assess at each reporting date whether the recoverable amount of the Group's investment has increased to such a level as to support the reversal of prior period impairments.

Significant management judgment is required to determine the key assumptions underpinning the VIU calculation. Factors that may change in subsequent periods and lead to potential future impairments include lower than forecast earnings levels in the near term and/or a decrease in the long term growth forecasts, increases to required levels of regulatory capital and an increase in the post-tax discount rate arising from an increase in the risk premium or risk-free rates.

The key assumptions used in the VIU calculation are outlined below:

As at 30 September 2023	PT Panin
Post-tax discount rate	12.2%
Terminal growth rate	5.0%
Expected earnings growth (compound annual growth rate – 5 years)	5.4%
Common Equity Tier 1 ratio (5 year average)	12.8%

The VIU calculations are sensitive to changes in the underlying assumptions with reasonably possible changes in key assumptions having a positive or negative impact on the VIU outcome, and as such the recoverable amount of the investment.

- A change in the September 2023 post-tax discount rate by +/- 50bps would impact the VIU outcome for PT Panin by $(91 million)/ $105 million.
- A change in the September 2023 terminal growth rate by +/- 25bps would impact the VIU outcome for PT Panin by $55 million/ ($51 million).

The investment would not be impaired if the discount rate were increased or the terminal growth rate reduced by the reasonably possible changes above.

27. STRUCTURED ENTITIES

A Structured Entity (SE) is an entity that has been designed such that voting or similar rights are not the dominant factor in determining who controls the entity. SEs are generally established with restrictions on their ongoing activities in order to achieve narrow and well defined objectives.

SEs are classified as subsidiaries and consolidated when control exists. If the Group does not control a SE, then it is not consolidated. This note provides information on both consolidated and unconsolidated SEs.

The Group's involvement with SEs is as follows:

Type	Details
Securitisation	The Group establishes SEs to securitise customer loans and advances that it has originated, in order to diversify sources of funding for liquidity management. Securitisation programs include customer loans and advances assigned to bankruptcy remote SEs to provide either security for obligations payable on notes issued by the SEs to external investors or create assets held by the Group eligible for repurchase agreements with applicable central banks. The Group retains control over these SEs and therefore they are consolidated. Refer to Note 28 Transfers of Financial Assets for further details. The Group also establishes SEs on behalf of customers to securitise their loans or receivables. The Group may manage these securitisation vehicles or provide liquidity or other support. Additionally, the Group may acquire interests in securitisation vehicles set up by third parties through holding securities issued by such entities. In limited circumstances where control exists, the Group consolidates the SE.
Covered bond issuances	Certain loans and advances have been assigned to bankruptcy remote SEs to provide security for issuances of debt securities by the Group. The Group retains control over these SEs and therefore they are consolidated. Refer to Note 28 Transfers of Financial Assets for further details.
Structured finance arrangements	The Group is involved with SEs established: • in connection with structured lending transactions to facilitate debt syndication and/or to ring-fence collateral; and • to own assets that are leased to customers in structured leasing transactions. The Group may manage the SE, hold minor amounts of the SE's capital, or provide risk management products (derivatives) to the SE. In most instances, the Group does not control these SEs. In limited circumstances where control exists, the Group consolidates the SE.
Funds management activities	The Group is the scheme manager for a number of Managed Investment Schemes (MIS) in New Zealand. These MIS are financed through the issue of units to investors and the Group considers them to be SEs. The Group's interests in these MIS are limited to receiving fees for services or providing risk management products (derivatives). These interests do not create significant exposures that would allow the Group to control the funds. Therefore, these MIS are not consolidated.

CONSOLIDATED STRUCTURED ENTITIES

FINANCIAL OR OTHER SUPPORT PROVIDED TO CONSOLIDATED STRUCTURED ENTITIES

The Group provides financial support to consolidated SEs as outlined below.

Securitisation and covered bond issuances	The Group provides lending facilities, derivatives and commitments to these SEs and/or holds debt instruments they have issued.
Structured finance arrangements	The assets held by these SEs are normally pledged as collateral for financing provided. Certain consolidated SEs are financed entirely by the Group while others are financed by syndicated loan facilities in which the Group is a participant. The financing provided by the Group includes lending facilities where the Group's exposure is limited to the amount of the loan and any undrawn amount. Additionally, the Group has provided Letters of Support to these consolidated SEs confirming that the Group will not demand repayment of the financing provided for the ensuing 12 month period.

The Group did not provide any non-contractual support to consolidated SEs during the year (2022: nil). Other than as disclosed above, the Group does not have any current intention to provide financial or other support to consolidated SEs.

27. STRUCTURED ENTITIES (continued)

UNCONSOLIDATED STRUCTURED ENTITIES

GROUP'S INTEREST IN UNCONSOLIDATED STRUCTURED ENTITIES

An 'interest' in an unconsolidated SE is any form of contractual or non-contractual involvement with a SE that exposes the Group to variability of returns from the performance of that SE. These interests include, but are not limited to: holdings of debt or equity securities; derivatives that pass-on risks specific to the performance of the SE, lending, loan commitments, financial guarantees, and fees from funds management activities.

For the purpose of disclosing interests in unconsolidated SEs:

- no disclosure is made if the Group's involvement is not more than a passive interest - for example: when the Group's involvement constitutes a typical customer-supplier relationship. On this basis, exposures to unconsolidated SEs that arise from lending, trading and investing activities are not considered disclosable interests - unless the design of the structured entity allows the Group to participate in decisions about the relevant activities (being those that significantly affect the entity's returns).
- 'interests' do not include derivatives intended to expose the Group to market-risk (rather than performance risk specific to the SE) or derivatives through which the Group creates, rather than absorbs, variability of the unconsolidated SE (such as purchase of credit protection under a credit default swap).

The table below sets out the Group's interests in unconsolidated SEs together with the maximum exposure to loss that could arise from those interests:

	Securitisation		Structured finance		Total	
	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m
On-balance sheet interests						
Investment securities	2,070	3,352	-	-	2,070	3,352
Gross loans and advances	10,367	9,433	24	43	10,391	9,476
Total on-balance sheet	12,437	12,785	24	43	12,461	12,828
Off-balance sheet interests						
Commitments (facilities undrawn)	3,270	2,078	-	-	3,270	2,078
Guarantees	50	50	-	-	50	50
Total off-balance sheet	3,320	2,128	-	-	3,320	2,128
Maximum exposure to loss	15,757	14,913	24	43	15,781	14,956

In addition to the interests above, the Group earned funds management fees from unconsolidated investment funds of $177 million (2022: $181 million) during the year.

The Group's maximum exposure to loss represents the maximum amount of loss that the Group could incur as a result of its involvement with unconsolidated SEs if loss events were to take place - regardless of the probability of occurrence. This does not in any way represent the actual losses expected to be incurred. Furthermore, the maximum exposure to loss is stated gross of the effects of hedging and collateral arrangements entered into to mitigate ANZ's exposure to loss.

The maximum exposure to loss has been determined as:

- the carrying amount of Investment securities measured at amortised cost; and
- the carrying amount plus the undrawn amount of any committed loans and advances.

The size of unconsolidated SEs is indicated by total assets which vary by SE with the largest single SE having a value of approximately $4.3 billion.

The Group did not provide any non-contractual support to unconsolidated SEs during the year (2022: nil) nor does it have any current intention to provide financial or other support to unconsolidated SEs.

27. STRUCTURED ENTITIES (continued)

SPONSORED UNCONSOLIDATED STRUCTURED ENTITIES

The Group may also sponsor unconsolidated SEs in which it has no disclosable interest.

For the purposes of this disclosure, the Group considers itself the 'sponsor' of an unconsolidated SE if it is the primary party involved in the design and establishment of that SE and:

- the Group is the major user of that SE; or
- the Group's name appears in the name of that SE, or on its products; or
- the Group provides implicit or explicit guarantees of that SE's performance.

The Group has sponsored the ANZ PIE Fund in New Zealand, which invests only in deposits with ANZ Bank New Zealand. The Group does not provide any implicit or explicit guarantees of the capital value or performance of investments in the ANZ PIE Fund. There was no income received from, nor assets transferred to, this entity during the year.

KEY JUDGEMENTS AND ESTIMATES

Significant judgement is required in assessing whether the Group has control over Structured Entities. Judgement is required to determine the existence of:

- power over the relevant activities (being those that significantly affect the entity's returns); and
- exposure to variable returns of the entity.

28. TRANSFERS OF FINANCIAL ASSETS

In the normal course of business the Group enters into transactions where it transfers financial assets directly to third parties or to SEs. These transfers may result in the Group fully, or partially, derecognising those financial assets - depending on the Group's exposure to the risks and rewards or control over the transferred assets. If the Group retains substantially all of the risk and rewards of a transferred asset, the transfer does not qualify for derecognition and the asset remains on the Group's balance sheet in its entirety.

SECURITISATIONS

Net loans and advances include residential mortgages securitised under the Group's securitisation programs which are assigned to bankruptcy remote SEs to provide security for obligations payable on the notes issued by the SEs. The holders of the issued notes have full recourse to the pool of residential mortgages which have been securitised and the Group cannot otherwise pledge or dispose of the transferred assets.

In some instances, the Group is also the holder of the securitised notes issued by the SEs. In addition, the Group is entitled to any residual income of the SEs and sometimes enters into derivatives with the SEs. The Group retains the risks and rewards of the residential mortgages and continues to recognise the mortgages as financial assets.

The Group is exposed to variable returns from its involvement with these securitisation SEs and has the ability to affect those returns through its power over the SEs activities. The SEs are therefore consolidated by the Group.

COVERED BONDS

The Group operates various global covered bond programs to raise funding in its primary markets. Net loans and advances include residential mortgages assigned to bankruptcy remote SEs associated with these covered bond programs. In respect of each program, a covered bond guarantor has guaranteed payments of interest and principal pursuant to a guarantee which is secured over its assets, including these residential mortgages. Substantially all of the assets of each covered bond guarantor consist of that covered bond guarantor's equitable interests in mortgage loans secured by residential real estate.

The covered bond holders have dual recourse to the issuer and the cover pool of assets. The issuer cannot otherwise pledge or dispose of the transferred assets, however, subject to legal arrangements it may repurchase and substitute assets as long as the required cover is maintained.

The Group is required to maintain the cover pool at a level sufficient to cover the bond obligations. In addition, the Group is entitled to any residual income of the covered bond SEs (after all payments to the covered bond holders and external parties) and enters into derivatives with the SEs. The Group retains the majority of the risks and rewards of the residential mortgages and continues to recognise the mortgages as financial assets.

The Group is exposed to variable returns from its involvement with the covered bond SEs and has the ability to affect those returns through its power over the SEs activities. The SEs are therefore consolidated by the Group. The covered bonds issued externally are included within debt issuances.

28. TRANSFERS OF FINANCIAL ASSETS (continued)

REPURCHASE AGREEMENTS

When the Group sells securities subject to repurchase agreements under which we retain substantially all the risks and rewards of ownership, then those assets do not qualify for derecognition. An associated liability is recognised for the consideration received from the counterparty.

STRUCTURED FINANCE ARRANGEMENTS

The Group arranges funding for certain customer transactions through structured leasing. These transactions are recognised on Group's balance sheet as lease receivables or loans. At times, other financial institutions participate in the funding of these arrangements. This participation involves a proportionate transfer of the rights to the assets recognised by the Group. The participating banks have limited recourse to the leased assets and related proceeds. Where the Group continues to be exposed to some of the risks of the transferred assets through a derivative or other continuing involvement, the Group does not derecognise the lease receivable or loan. Instead, the Group recognises an associated liability representing its obligations to the participating financial institutions.

The tables below set out the balance of assets transferred that do not qualify for derecognition, along with the associated liabilities.

	Securitisations[1,2]		Covered bonds		Repurchase agreements		Structured finance arrangements	
	2023	2022	2023	2022	2023	2022	2023	2022
Consolidated	$m	$m	$m	$m	$m	$m	$m	$m
Current carrying amount of assets transferred	886	1,121	31,188	27,575	47,552	52,757	27	36
Carrying amount of associated liabilities	880	1,115	18,223	12,967	44,454	47,229	27	36

	Securitisations[1,2]		Covered bonds		Repurchase agreements		Structured finance arrangements	
	2023	2022	2023	2022	2023	2022	2023	2022
The Company	$m	$m	$m	$m	$m	$m	$m	$m
Current carrying amount of assets transferred	886	1,121	21,017	17,953	42,002	47,846	-	-
Carrying amount of associated liabilities	886	1,121	21,017	17,953	40,080	42,940	-	-

1. Does not include transfers to internal structured entities where there are no external investors.
2. The securitisation noteholders have recourse only to the pool of residential mortgages which have been securitised. The carrying value of securitised assets and the associated liabilities approximates their fair value.

29. SUPERANNUATION AND POST EMPLOYMENT BENEFIT OBLIGATIONS

Set out below is a summary of amounts recognised in the Balance Sheet in respect of the defined benefit superannuation schemes:

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Defined benefit obligation and scheme assets				
Present value of funded defined benefit obligation	(959)	(930)	(839)	(809)
Fair value of scheme assets	1,131	1,123	991	988
Net defined benefit asset	172	193	152	179
As represented in the Balance Sheet				
Net liabilities arising from defined benefit obligations included in Payables and other liabilities	(4)	(6)	(4)	(6)
Net assets arising from defined benefit obligations included in Other assets	176	199	156	185
Net defined benefit asset	172	193	152	179
Weighted average duration of the benefit payments reflected in the defined benefit obligation (years)	11.4	14.8	10.9	14.9

As at the most recent reporting dates of the schemes, the aggregate surplus of net market value of assets over the value of accrued benefits on a funding basis was $53 million (2022: $69 million surplus). In 2023, the Group made defined benefit contributions totalling $2 million (2022: $2 million). It expects to make contributions of approximately $2 million next financial year.

GOVERNANCE OF THE SCHEMES AND FUNDING OF THE DEFINED BENEFIT SECTIONS

The main defined benefit superannuation schemes in which the Group participates operate under trust law and are managed and administered on behalf of the members in accordance with the terms of the relevant trust deed and rules and all relevant legislation. These schemes have corporate trustees, which are wholly owned subsidiaries of the Group. The trustees are the legal owners of the assets, which are held separately from the assets of the Group, and are responsible for setting investment policy and agreeing funding requirements with the employer through the triennial actuarial valuation process.

The Group has defined benefit arrangements in Australia, Japan, New Zealand, Philippines, Taiwan and United Kingdom. The defined benefit section of the ANZ Australian Staff Superannuation Scheme, the ANZ UK Staff Pension Scheme and the ANZ National Retirement Scheme in New Zealand are the three largest plans. They have been closed to new members since 1987, 2004 and 1991 respectively. None of the schemes had a material deficit, or surplus, at the last funding valuation. The Group has no present liability under any of the schemes' trust deeds to fund a deficit (measured on a funding basis). A contingent liability of the Group may arise if any of the schemes were wound up.

RECOGNITION AND MEASUREMENT

Defined benefit superannuation schemes

The Group operates a small number of defined benefit schemes. Independent actuaries calculate the liability and expenses related to providing benefits to employees under each defined benefit scheme. They use the Projected Unit Credit Method to value the liabilities. The balance sheet includes:

- a defined benefit liability if the obligation is greater than the fair value of the schemes assets; and
- an asset (capped to its recoverable amount) if the fair value of the assets is greater than the obligation.

In each reporting period, the movements in the net defined benefit liability are recognised as follows:

- the net movement relating to the current period's service cost, net interest on the defined benefit liability, past service costs and other costs (such as the effects of any curtailments and settlements) as operating expenses;
- remeasurements of the net defined benefit liability (which comprise actuarial gains and losses and return on scheme assets, excluding interest income included in net interest) directly in retained earnings through other comprehensive income; and
- contributions of the Group directly against the net defined benefit position.

Defined contribution superannuation schemes

The Group operates a number of defined contribution schemes. It also contributes (according to local law, in the various countries in which it operates) to Government and other plans that have the characteristics of defined contribution plans. The Group's contributions to these schemes are recognised as personnel expenses when they are incurred.

29. SUPERANNUATION AND POST EMPLOYMENT BENEFIT OBLIGATIONS (continued)

KEY JUDGEMENTS AND ESTIMATES

The main assumptions we use in valuing defined benefit obligations are listed in the table below. A change to any assumptions, or applying different assumptions, could have an effect on the Statement of Other Comprehensive Income and Balance Sheet.

Consolidated	2023	2022	Sensitivity analysis change in significant assumptions	Increase/(decrease) in defined benefit obligation 2023 $m	2022 $m
Discount rate (% p.a.)	1.15-5.6	1.35-5.45	0.5% increase	(43)	(49)
Future salary increases (% p.a.)	2.0-3.5	1.5-3.8			
Future pension indexation					
In payment (% p.a.)/In deferment (% p.a.)	2.9-3.4	3.1-3.5/3.0	0.5% increase	34	32
Life expectancy at age 60 for current pensioners			1 year increase	33	40
– Males (years)	26.3-28.3	26.2-28.3			
– Females (years)	29.2-30.2	29.1-30.2			

The Company	2023	2022	Sensitivity analysis change in significant assumptions	Increase/(decrease) in defined benefit obligation 2023 $m	2022 $m
Discount rate (% p.a.)	5.5-5.6	5.1-5.45	0.5% increase	(38)	(43)
Future salary increases (% p.a.)	3.5	3.8			
Future pension indexation					
In payment (% p.a.)/In deferment (% p.a.)	2.9-3.3/2.8	3.1-3.5/3.0	0.5% increase	29	26
Life expectancy at age 60 for current pensioners			1 year increase	29	35
– Males (years)	26.3-28.3	26.2-28.3			
– Females (years)	29.2-30.2	29.1-30.2			

30. EMPLOYEE SHARE AND OPTION PLANS

On 3 January 2023, ANZBGL established, by a scheme of arrangement, a non-operating holding company, ANZGHL, as the new listed parent holding company of the ANZ Group. There is no impact to employee equity (deferred shares, deferred share rights, restricted rights and performance rights) as a result of the Restructure.

ANZ operates a number of employee share and option schemes under the ANZ Employee Share Acquisition Plan and the ANZ Share Option Plan which are operated by the Company's ultimate parent, ANZGHL. These are Group share based payment arrangements under which shares in ANZGHL (ANZ shares) are allocated or granted to employees of the Group.

ANZ EMPLOYEE SHARE ACQUISITION PLAN

ANZ Employee Share Acquisition Plan schemes that operated during 2023 and 2022 were the Deferred Share Plan and the Variable Pay to Shares (VPS) Offer. The ANZ Incentive Plan (ANZIP) (the variable remuneration plan operating across ANZ) has Short Term Variable Remuneration or Variable Remuneration delivered under the Deferred Share Plan or ANZ Share Option Plan for eligible employees.

Deferred Share Plan

i) ANZ Incentive Plan (ANZIP) – Short term Variable Remuneration (STVR) and Variable Remuneration (VR) – deferred shares

Award Type	STVR (deferred shares)	STVR/VR historical (deferred shares)	VR (deferred shares)
Eligibility	Chief Executive Officer (CEO), Group Executive Committee (ExCo) and Group General Manager Internal Audit (GGM IA)[1].		All other employees (excluding select roles in the United Kingdom (UK)/China[2])
Financial Year (FY) of grant	2022 Performance and Remuneration Review (PRR): granted in FY23	2021 PRR: granted in FY22 Historical grants: on foot during FY23 & FY22	2022 and 2021 PRR: granted in FY23 & FY22 Historical grants: on foot during FY23 & FY22
Grant approach	50% of the CEO, ExCo and GGM IA's Short Term Variable Remuneration (STVR) deferred as shares.	50% of the CEO's STVR, 25% of ExCo's Variable Remuneration (VR) (except for the Chief Risk Officer (CRO)), and 33% of the CRO and GGM IA's VR, deferred as shares.	If VR is at or exceeds AUD 100,000, then 60% of total VR amount is deferred as shares.
Conditions	Deferred over years two and three, where year 1 includes the performance period (i.e., 1 October to 30 September). Granted in late November.		Deferred over years two, three and four, where year 1 includes the performance period. Granted in late November.
Allocation value	Deferred shares granted based on the Volume Weighted Average Price (VWAP) of ANZ shares traded on the ASX in the five trading days leading up to and including 1 October.	Deferred shares granted based on the VWAP of ANZ shares traded on the ASX in the five trading days leading up to and including the date of grant.	

1. All Banking Executive Accountability Regime (BEAR) Accountable Executives.
2. Specific deferral arrangements also exist under ANZIP for roles defined as UK Material Risk Takers (MRTs) and China MRTs, in line with local regulatory requirements.

ii) Exceptional circumstances

Remuneration foregone	In exceptional circumstances, we grant deferred shares to certain employees when they start with ANZ to compensate them for remuneration they have forgone from their previous employer. The vesting period generally aligns with the remaining vesting period of the remuneration they have forgone, and therefore varies between grants.
Retention	We may grant deferred shares to high performing employees who are regarded as a significant retention risk to ANZ.

30. EMPLOYEE SHARE AND OPTION PLANS (continued)

iii) Further information

Cessation	Unless the Board[1] decides otherwise, employees forfeit their unvested deferred shares if they resign, are terminated on notice, or are dismissed for serious misconduct. The deferred shares may be held in trust beyond the deferral period.
Dividends	Dividends are reinvested in the Dividend Reinvestment Plan.
Instrument	Deferred share rights may be granted instead of deferred shares in some countries as locally appropriate (see deferred share rights section).
Expensing value (fair value)	We expense the fair value of deferred shares on a straight-line basis over the relevant vesting period and we recognise the expense as a share-based compensation expense with a corresponding increase in equity. Deferred shares are expensed based on the one-day VWAP at the date of grant.
2023 and 2022 grants	During the 2023 year, we granted 2,244,181 deferred shares (2022: 1,971,715) with a weighted average allocation value of $24.37 (2022: $27.52).
Downward adjustment	Deferred shares remain at risk and the Board has the discretion to adjust the number of deferred shares downwards, including to zero at any time before the vesting date (malus), and limited to select employees[2], recovery post vesting (i.e., clawback). ANZ's downward adjustment provisions are detailed in section 7.3 of the 2023 Remuneration Report. Board discretion was not exercised to apply malus or clawback to any deferred shares in 2023 (2022: nil).

1. References to 'the Board' throughout this note means the Boards of ANZGHL and ANZBGL.
2. Clawback applies to the CEO, ExCo and GGM IA (for awards granted in 2023 financial year), and to select senior employees in jurisdictions where clawback regulations apply.

Variable Pay to Shares (VPS) Offer

Eligibility, grant approach and conditions	VPS provides employees in Australia the opportunity to receive up to $1,000 worth of ANZ shares with concessional tax treatment (where criteria are met). All ANZ shares are held by a custodian or nominee appointed by the Trustee on the Trustee's behalf and are restricted for 3 years. During this time employees benefit from dividend payments which are reinvested through the Dividend Reinvestment Plan (DRP) and have voting entitlements. After the restriction period has been reached the shares can sold or transferred.
Allocation value	Granted based on the VWAP of ANZ shares traded on the ASX in the five trading days leading up to and including the date of grant.
Expensing value (fair value)	Expensed based on the one-day VWAP at the date of grant.
2023 grants	During the 2023 year, we granted 55,600 shares on 22 November 2022 at an issue price of $24.46 (no grants were made in relation to the VPS Offer in the 2022 year).

Expensing of the ANZ Employee Share Acquisition Plan

Expensing value (fair value)	The fair value of shares we granted during 2023 under the Deferred Share Plan and VPS Offer, measured as at the date of grant of the shares, is $56.5 million (2022: $52.6 million Deferred Share Plan only) based on 2,299,781 shares (2022: 1,971,715 Deferred Share Plan only) at VWAP of $24.57 (2022: $26.69).

30. EMPLOYEE SHARE AND OPTION PLANS (continued)

ANZ SHARE OPTION PLAN

Allocation	We may grant selected employees options/rights which entitle them to acquire fully paid ordinary ANZ shares at a fixed price at the time the options/rights vest. Voting and dividend rights will be attached to the ordinary shares allocated on exercise of the options/rights. Each option/right entitles the holder to one ordinary share subject to the terms and conditions imposed on grant. Exercise price of options, determined in accordance with the rules of the plan, is generally based on the VWAP of the shares traded on the ASX in the week leading up to and including the date of grant. For rights, the exercise price is nil.
Rules	Prior to the exercise of the option/right if ANZ changes its share capital due to a bonus share issue, pro-rata new share issue or reorganisation the following adjustments are required: • Issue of bonus shares - When the holder exercises their option, they are also entitled to be issued the number of bonus shares they would have been entitled to had they held the underlying shares at the time of the bonus issue; • Pro-rata share offer - We will adjust the exercise price of the option in the manner set out in the ASX Listing Rules; and • Reorganisation - In respect of rights, if there is a bonus issue or reorganisation of ANZ's share capital, then the Board may adjust the number of rights or the number of underlying shares so that there is no advantage or disadvantage to the holder. Holders otherwise have no other entitlements to participate: • in any new issue of ANZ securities before they exercise their options/rights; or • in a share issue of a body corporate other than ANZ (such as a subsidiary). Any portion of the award which vests may, at the Boards discretion, be satisfied by a cash equivalent payment rather than shares.
Expensing value (fair value)	We expense the fair value of options/rights on a straight-line basis over the relevant vesting period and we recognise the expense as a share-based compensation expense with a corresponding increase in equity. Factors considered in determining the fair value include: the market performance conditions, share price volatility, life of the instrument, dividend yield, and share price at grant date.
Satisfying vesting	Any portion of the award of options/rights (that have met the applicable time and performance conditions) may be satisfied by a cash equivalent payment rather than shares at Board discretion. In financial year 2023, all deferred share rights were satisfied through a share allocation, other than 70,231 deferred share rights (2022: 55,977) for which a cash payment was made. There were no performance rights (PR) due to vest in financial year 2023, as a result of a change in the performance period from three years to four years. In financial year 2022, the PR that vested (previously granted in November/December 2018) were satisfied through a share allocation, other than 24,011 PR for which a cash payment was made.
Cessation	The provisions that apply if the employee's employment ends are in section 10.2.3 of the 2023 Remuneration Report.
Downward adjustment	As per Deferred Share Plan.

30. EMPLOYEE SHARE AND OPTION PLANS (continued)

Option Plans that operated during 2023 and 2022

i) Long Term Variable Remuneration (LTVR) and Variable Remuneration (VR) - restricted rights (RR), performance rights (PR), and deferred share rights (DSR)

Award Type	LTVR (RR & PR)	LTVR / VR historical (PR)	ANZIP VR (DSR)
Eligibility	CEO, ExCo and GGM IA[1]	CEO and ExCo[1]	All other employees (excluding select roles in the UK/China[2]) in countries where DSR may be granted instead of deferred shares
FY of grant	2022 PRR: granted in FY23	2021 PRR: granted in FY22 Historical grants: on foot during FY23 & FY22	2022 and 2021 PRR: granted in FY23 & FY22 Historical grants: on foot during FY23 & FY22
Grant approach	50% of the CEO and ExCo's (except for the CRO) LTVR was received as RR and 50% as PR. 100% of the CRO and GGM IA's LTVR was received as RR.	100% of the CEO's LTVR and 50% of ExCo's VR (except for the CRO who received 50% VR as DSR instead) was received as PR.	If VR is at or exceeds AUD 100,000, then 60% of total VR amount is deferred.
Conditions	RR and PR provide a right to acquire one ordinary ANZ share at nil cost – subject to time and performance conditions. Awarded subject to: • RR: pre-grant assessment (risk-based measures) • RR and PR: shareholder approval at Annual General Meeting (AGM) for CEO award Performance condition tested at end of four-year performance period: • RR: pre-vest assessment (risk-based measures) • PR: relative and absolute Total Shareholder Return (TSR) hurdles Deferral period[3] = four-year performance period (commencing 1 October) + holding period (which commences the day after end of performance period and finishes on the 4th, 5th or 6th anniversary of grants (CEO only for year 6)). Further details provided in section 7.2 of the 2023 Remuneration Report.	Awarded at the end of the year subject to shareholder approval at AGM for CEO award. PR performance condition tested (relative and absolute TSR hurdles) at the end of four-year performance period. The four-year performance period commenced on 22 November to 21 November four years later. The deferral period is four years. Further details are provided in section 5.2.3a of the 2021 Remuneration Report.	DSR provide a right to acquire one ordinary ANZ share at nil cost after a specified vesting period. Deferred over years two, three and four, where year 1 includes the performance period.
Allocation value	Face value of ANZ shares traded on the ASX in the five trading days leading up to and including 1 October (beginning of the financial year).		The fair value at the date of grant is used to determine the number of DSR to be allocated and is also used for expensing purposes. The fair value is adjusted for the absence of dividends during the vesting period.

1. All BEAR Accountable Executives.
2. Specific deferral arrangements also exist under ANZIP for roles defined as UK MRTs and China MRTs, in line with local regulatory requirements.
3. A dividend equivalent payment (DEP) is paid in cash at the end of the relevant deferral period, but is only made to the extent that all or part of the underlying rights meet the relevant performance condition and vest to the individual. Dividend equivalents accrue over the full deferral period for RR, and only during the holding period for PR.

30. EMPLOYEE SHARE AND OPTION PLANS (continued)

Award Type	LTVR (RR & PR)	LTVR / VR historical (PR)	ANZIP VR (DSR)
Allocation timing	LTVR awarded around late November/December (subject to shareholder approval for CEO). Start of FY	End of FY	Granted in late November.
2023 grants	During 2023, we granted 393,419 RR and 325,880 PR (2022: 542,747 PR).		During 2023, we granted 2,386,278 DSR (no performance hurdles) (2022: 2,576,907).
Downward adjustment	Board discretion was not exercised to apply malus or clawback to any RR or PR in 2023 (2022: nil PR).		Board discretion was not exercised to apply malus or clawback to any deferred share rights in 2023 (2022: nil).

ii) Exceptional circumstances

Remuneration forgone Retention	As per Deferred Share Plan in countries where DSR may be granted instead of deferred shares.

Options, Deferred Share Rights, Restricted Rights and Performance Rights on Issue

As at 10 November 2023, there were 396 holders of 4,839,042 DSR on issue, 10 holders of 362,991 RR on issue and 10 holders of 1,510,080 PR on issue.

Options/Rights Movements

This table shows the options/rights over unissued ANZ shares and their related weighted average (WA) exercise prices as at the beginning and end of 2023 and the movements during 2023:

	Opening balance 1 Oct 2022	Granted	Forfeited[1]	Expired	Exercised	Closing balance 30 Sep 2023
Number of options/rights	6,209,040	3,105,577	(428,483)	0	(2,166,618)	6,719,516
WA exercise price	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
WA closing share price						$24.30
WA remaining contractual life						1.9 years
WA exercise price of all exercisable options/rights outstanding						$0.00
Outstanding exercisable options/rights						124,377

This table shows the options/rights over unissued ANZ shares and their related weighted average exercise prices as at the beginning and end of 2022 and the movements during 2022:

	Opening balance 1 Oct 2021	Granted	Forfeited[1]	Expired	Exercised	Closing balance 30 Sep 2022
Number of options/rights	6,307,778	3,119,654	(747,744)	0	(2,470,648)	6,209,040
WA exercise price	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
WA closing share price						$25.56
WA remaining contractual life						1.9 years
WA exercise price of all exercisable options/rights outstanding						$0.00
Outstanding exercisable options/rights						141,633

1. Refers to any circumstance where equity can be forfeited (for example on cessation, downward adjustment or performance conditions not met).

All of the shares issued as a result of the exercise of options/rights during 2023 and 2022, were issued at a nil exercise price.

30. EMPLOYEE SHARE AND OPTION PLANS (continued)

As at the date of the signing of the Directors' Report on 10 November 2023:

- no options/rights over ordinary shares have been granted since the end of 2023; and
- no shares issued as a result of the exercise of options/rights since the end of 2023.

Fair Value Assumptions

When determining the fair value, we apply the standard market techniques for valuation, including Monte Carlo and/or Black Scholes pricing models. We do so in accordance with the requirements of AASB 2 *Share-based Payments*. The models take into account early exercise of vested equity, non-transferability and internal/external performance hurdles (if any).

The table below shows the significant assumptions we used as inputs into our fair value calculation of instruments granted during the period. We present the values as weighted averages, but the specific values we use for each allocation are the ones we use for the fair value calculation.

	2023			2022	
	Deferred share rights	Restricted rights	Performance rights	Deferred share rights	Performance rights
Exercise price ($)	0.00	0.00	0.00	0.00	0.00
Share closing price at grant date ($)	24.67	24.54	24.51	26.62	26.92
Expected volatility of ANZ share price (%)[1]	20.0	20.0	20.0	20.0	20.0
Equity term (years)	2.1	6.6	6.6	2.2	6.0
Vesting period (years)	2.0	4.6	4.6	2.1	4.0
Expected life (years)	2.0	4.6	4.6	2.1	4.0
Expected dividend yield (%)	6.25	6.25	6.25	5.50	5.50
Risk free interest rate (%)	3.20	3.36	3.36	0.80	1.25
Fair value ($)	21.81	18.61	9.85	23.71	10.38

1. Expected volatility represents a measure of the amount by which ANZ's share price is expected to fluctuate over the life of the rights. The measure of volatility used in the model is the annualised standard deviation of the continuously compounded rates of return on the historical share price over a defined period of time preceding the date of grant. This historical average annualised volatility is then used to estimate a reasonable expected volatility over the expected life of the rights.

SATISFYING EQUITY AWARDS

All shares underpinning equity awards may be purchased on market, reallocated or be newly issued shares, or a combination.

The equity we purchased on market during the 2023 financial year (either under the ANZ Employee Share Acquisition Plan and the ANZ Share Option Plan, or to satisfy options or rights) for all employees amounted to 816,023 shares at an average price of $24.35 per share (2022: 4,230,962 shares at an average price of $27.57 per share).

31. RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL COMPENSATION

Key Management Personnel (KMP) are Directors of ANZBGL (whether executive directors or otherwise), and those personnel with a key responsibility for the strategic direction and management of the Group (i.e., members of the Group Executive Committee (ExCo)) who have Banking Executive Accountability Regime (BEAR) accountability and who report to the Chief Executive Officer (CEO). KMP compensation included within total personnel expenses in Note 4 Operating Expenses is as follows:

	Consolidated	
	2023[1] $'000	2022 $'000
Short-term benefits	21,072	18,294
Post-employment benefits	483	394
Other long-term benefits	212	160
Termination benefits	31	-
Share-based payments	8,303	7,368
Total	30,101	26,216

1. Includes former disclosed KMP until the end of their employment.

KEY MANAGEMENT PERSONNEL LOAN TRANSACTIONS

Loans made to KMP are made in the ordinary course of business and on normal commercial terms and conditions that are no more favourable than those given to other employees or customers, including the term of the loan, security required and the interest rate. No amounts have been written off during the period, or individual provisions raised in respect of these balances. Details of the terms and conditions of lending products can be found on anz.com. The aggregate balance of loans (including credit card balances) made, guaranteed or secured, and undrawn facilities to KMP including their related parties, were as follows:

	Consolidated		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Loans advanced[1]	31,068	30,679	21,824	17,610
Undrawn facilities[1]	1,582	2,020	1,373	1,822
Interest charged[2]	1,346	790	523	293

1. Balances are as at the balance date (for KMP in office at balance date) or at the date of cessation of former KMP. Comparatives have been amended to include opening balances (at date of commencement) for new KMP in the current period.
2. Interest charged is for all KMP's during the period.

KEY MANAGEMENT PERSONNEL HOLDINGS OF ANZ SECURITIES

KMP, including their related parties, held the Company's subordinated debt and following the Restructure, shares, share rights and options over shares in the ultimate controlling entity, ANZ Group Holdings Limited directly, indirectly or beneficially as shown below:

	Consolidated	
	2023 Number	2022 Number
Shares, options and rights[1]	3,478,840	2,842,789
Subordinated debt[1]	26,140	26,140

1. Balances are as at the balance sheet date (for KMP in office at balance sheet date) or at the date of cessation of former KMP. Comparatives have been amended to include opening balances (at date of commencement) for new KMP in the current period.

31. RELATED PARTY DISCLOSURES (continued)

OTHER TRANSACTIONS OF KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

The aggregate of deposits of KMP and their related parties with the Group were $41 million (2022: $30 million) and with the Company were $27 million (2022: $21 million).

Other transactions with KMP and their related parties included amounts paid to the Group in respect of investment management service fees, brokerage and bank fees and charges. The Group has reimbursed KMP for the costs incurred for security and secretarial services associated with the performance of their duties. These transactions are conducted on normal commercial terms and conditions no more favourable than those given to other employees or customers. Gifts were provided to KMP on retirement amounting to $2,476 during the year (2022: $4,944).

ASSOCIATES

We disclose significant associates in Note 26 Investments in Associates. During the course of the financial year, transactions conducted with all associates were on terms equivalent to those made on an arm's length basis.

	Consolidated		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Amounts receivable from associates	13	86,469	-	18,572
Amounts payable to associates	990	102,042	-	101,198
Interest revenue from associates	9,391	5,570	7,860	4,477
Interest expense to associates	353	34	307	26
Other revenue from associates	5,816	14,296	5,816	14,296
Other expenses paid to associates	3,088	11,159	704	8,592
Guarantees given to associates	-	72	-	72
Dividend income from associates	42,316	38,692	-	-
Undrawn facilities	-	94,097	-	94,097

There have been no material guarantees given or received. No amounts receivable from the associates have been written-off during the period, or individual provisions raised in respect of these balances.

SUBSIDIARIES

We disclose material controlled entities in Note 25 Controlled Entities. During the financial year, subsidiaries conducted transactions with each other and with associates on terms equivalent to those on an arm's length basis. As at 30 September 2023, we consider all outstanding amounts on these transactions to be fully collectible.

Other intragroup transactions include providing management and administrative services, staff training, data processing facilities, transfer of tax losses, and the leasing of premises and equipment. The Company also issued letters of comfort and guarantees in respect of certain subsidiaries in the normal course of business.

31. RELATED PARTY DISCLOSURES (continued)

RELATED ENTITIES

Following the Restructure of the Group on 3 January 2023, ANZ Group Holdings Limited became the ultimate controlling entity of the Group and ANZ Bank HoldCo became the immediate parent entity of ANZBGL. Since the Restructure, a number of transactions have occurred between the Group and related parties within the ANZ Group. These transactions include leasing arrangements, funding activities, deposits and tax funding arrangements.

Additionally, as part of the Restructure, certain associate entities of the Group were transferred to ANZ NBH Pty Ltd. Following the transfer, these investments ceased being associates of the Group and became other related parties of the Group.

These transactions are conducted on terms equivalent to those on an arm's length basis. As at 30 September 2023, we consider all outstanding amounts on these transactions to be fully recoverable.

The following balances with related ANZ Group entities were outstanding at 30 September 2023:

	2023 $m
Amounts due from ultimate controlling entity	85
Amounts due from other related entities	696
Amounts due to ultimate controlling entity	1
Amounts due to other related entities	270
Deposits from ultimate controlling entity	183
Deposits from other related entities	111
Undrawn facilities for other related entities	31

During 2023, the following transactions occurred with related ANZ Group entities:

	2023 $m
Dividend paid to parent entity	4,387
Interest paid to ultimate controlling entity	6
Interest paid to other related entities	26
Interest received from other related entities	42
Other revenue received from other related entities	18

In addition, ANZBGL has right-of-use assets of $689 million and lease liabilities of $815 million with ANZ Group Services Pty Ltd at 30 September 2023. For the year ended 30 September 2023, the associated depreciation on the right-of-use assets was $36 million and interest paid on the lease liabilities was $15 million (the interest paid on lease liabilities has been included in the table above within interest paid to other related entities).

32. COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

CREDIT RELATED COMMITMENTS AND CONTINGENCIES

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Contract amount of:				
Undrawn facilities	**240,711**	236,051	**206,405**	201,204
Guarantees and letters of credit	**23,556**	23,729	**20,816**	21,557
Performance related contingencies	**26,615**	26,036	**25,891**	24,634
Total	**290,882**	285,816	**253,112**	247,395

UNDRAWN FACILITIES

The majority of undrawn facilities are subject to customers maintaining specific credit and other requirements or conditions. Many of these facilities are expected to be only partially used, and others may never be used at all. As such, the total of the nominal principal amounts is not necessarily representative of future liquidity risks or future cash requirements. Based on the earliest date on which the Group or the Company may be required to pay, the full amount of undrawn facilities for the Group and the Company mature within 12 months.

GUARANTEES, LETTERS OF CREDIT AND PERFORMANCE RELATED CONTINGENCIES

Guarantees, letters of credit and performance related contingencies relate to transactions that the Group has entered into as principal – including guarantees, standby letters of credit and documentary letters of credit.

Documentary letters of credit involve the Group issuing letters of credit guaranteeing payment in favour of an exporter. They are secured against an underlying shipment of goods or backed by a confirmatory letter of credit from another bank.

Performance-related contingencies are liabilities that oblige the Group to make payments to a third party if the customer fails to fulfil its non-monetary obligations under the contract.

To reflect the risk associated with these transactions, we apply the same credit origination, portfolio management and collateral requirements that we apply to loans. The contract amount represents the maximum potential amount that we could lose if the counterparty fails to meet its financial obligations. As the facilities may expire without being drawn upon, the notional amounts do not necessarily reflect future cash requirements. Based on the earliest date on which the Group or the Company may be required to pay, the full amount of guarantees and letters of credit and performance-related contingencies for the Group and the Company mature within 12 months.

OTHER CONTINGENT LIABILITIES

There are outstanding court proceedings, claims and possible claims for and against the Group. Where relevant, expert legal advice has been obtained and, in the light of such advice, provisions (refer to Note 22 Other Provisions) and/or disclosures as deemed appropriate have been made. In some instances we have not disclosed the estimated financial impact of the individual items either because it is not practicable to do so or because such disclosure may prejudice the interests of the Group.

A description of contingent liabilities and contingent assets as at 30 September 2023 is set out below.

REGULATORY AND CUSTOMER EXPOSURES

The Group regularly engages with its regulators in relation to regulatory investigations, surveillance and reviews, reportable situations, civil enforcement actions (whether by court action or otherwise), formal and informal inquiries and regulatory supervisory activities in Australia and globally. The Group has received various notices and requests for information from its regulators as part of both industry-wide and Group-specific reviews and has also made disclosures to its regulators at its own instigation. The nature of these interactions can be wide ranging and, for example, include or have included in recent years a range of matters including responsible lending practices, regulated lending requirements, product suitability and distribution, interest and fees and the entitlement to charge them, customer remediation, wealth advice, insurance distribution, pricing, competition, conduct in financial markets and financial transactions, capital market transactions, anti-money laundering and counter-terrorism financing obligations, privacy obligations and information security, business continuity management, reporting and disclosure obligations and product disclosure documentation. There may be exposures to customers which are additional to any regulatory exposures. These could include class actions, individual claims or customer remediation or compensation activities. The outcomes and total costs associated with such reviews and possible exposures remain uncertain.

32. COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (continued)

OTHER CONTINGENT LIABILITIES (continued)

SOUTH AFRICAN RATE ACTION

In February 2017, the South African Competition Commission commenced proceedings against local and international banks including the Company alleging breaches of the cartel provisions of the *South African Competition Act* in respect of trading in the South African rand. The potential civil penalty or other financial impact is uncertain.

CAPITAL RAISING ACTION

In September 2018, the Australian Securities and Investments Commission (ASIC) commenced civil penalty proceedings against the Company alleging failure to comply with continuous disclosure obligations in connection with the Company's August 2015 underwritten institutional share placement. In October 2023, the Federal Court of Australia found that the Company should have notified the ASX of the joint lead managers' take-up of placement shares. No order has yet been made in respect of payment of legal costs or the amount of a civil penalty. The maximum penalty is $1 million.

ESANDA DEALER CAR LOAN LITIGATION

In August 2020, a class action was brought against the Company alleging unfair conduct, misleading or deceptive conduct and equitable mistake in relation to the use of flex commissions in dealer arranged Esanda car loans. The Company is defending the allegations.

ONEPATH SUPERANNUATION LITIGATION

In December 2020, a class action was brought against OnePath Custodians, OnePath Life and the Company alleging that OnePath Custodians breached its obligations under superannuation legislation, and its duties as trustee, in respect of superannuation investments and fees. The claim also alleges that the Company was involved in some of OnePath Custodians' investment breaches. The Company is defending the allegations.

NEW ZEALAND LOAN INFORMATION LITIGATION

In September 2021, a representative proceeding was brought against ANZ Bank New Zealand Limited, alleging breaches of disclosure requirements under consumer credit legislation in respect of variation letters sent to certain loan customers. ANZ Bank New Zealand Limited is defending the allegations.

CREDIT CARDS LITIGATION

In November 2021, a class action was brought against the Company alleging that certain interest terms in credit card contracts were unfair contract terms and that it was unconscionable for the Company to rely on them. The Company is defending the allegations.

ROYAL COMMISSION

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry released its final report on 4 February 2019. Following the Royal Commission there have been, and continue to be, additional costs and further exposures, including exposures associated with further regulator activity or potential customer exposures such as class actions, individual claims or customer remediation or compensation activities. The outcomes and total costs associated with these possible exposures remain uncertain.

SECURITY RECOVERY ACTIONS

Various claims have been made or are anticipated, arising from security recovery actions taken to resolve impaired assets. These claims will be defended.

WARRANTIES, INDEMNITIES AND PERFORMANCE MANAGEMENT FEES

The Group has provided warranties, indemnities and other commitments in favour of the purchaser and other persons in connection with various disposals of businesses and assets and other transactions, covering a range of matters and risks. It is exposed to claims under those warranties, indemnities and commitments, some of which are currently active. The outcomes and total costs associated with these exposures remain uncertain.

The Group has entered an arrangement to pay performance management fees to external fund managers in the event predetermined performance criteria are satisfied in relation to certain Group investments. The satisfaction of the performance criteria and associated performance management fee remains uncertain.

32. COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (continued)

OTHER CONTINGENT LIABILITIES (continued)

CLEARING AND SETTLEMENT OBLIGATIONS

Certain group companies have a commitment to comply with rules governing various clearing and settlement arrangements which could result in a credit risk exposure and loss if another member institution fails to settle its payment clearing activities. The Group's potential exposure arising from these arrangements is unquantifiable in advance.

Certain group companies hold memberships of central clearing houses, including ASX Clear (Futures), London Clearing House (LCH), SwapClear and RepoClear, Korea Exchange (KRX), Hong Kong Exchange (HKEX), Clearing Corporation of India and the Shanghai Clearing House. These memberships allow the relevant group company to centrally clear derivative instruments in line with cross-border regulatory requirements. Common to all of these memberships is the requirement for the relevant group company to make default fund contributions. In the event of a default by another member, the relevant group company could potentially be required to commit additional default fund contributions which are unquantifiable in advance.

PARENT ENTITY GUARANTEES

Certain group companies have issued letters of comfort and guarantees in respect of certain subsidiaries in the normal course of business. Under these letters and guarantees, the issuing entity undertakes to ensure that those subsidiaries continue to meet their financial obligations, subject to certain conditions including that the subsidiary remains a controlled entity.

SALE OF GRINDLAYS BUSINESS

On 31 July 2000, the Company completed the sale to Standard Chartered Bank (SCB) of ANZ Grindlays Bank Limited (Grindlays) and certain other businesses. The Company provided warranties and indemnities relating to those businesses.

The indemnified matters include civil penalty proceedings and criminal prosecutions brought by Indian authorities against Grindlays and certain of its officers, in relation to certain transactions conducted in 1991 that are alleged to have breached the *Foreign Exchange Regulation Act, 1973*. Civil penalties were imposed in 2007 which are the subject of appeals. The criminal prosecutions are being defended.

CONTINGENT ASSETS

NATIONAL HOUSING BANK

The Company is pursuing recovery of the proceeds of certain disputed cheques which were credited to the account of a former Grindlays customer in the early 1990s.

The disputed cheques were drawn on the National Housing Bank (NHB) in India. Proceedings between Grindlays and NHB concerning the proceeds of the cheques were resolved in early 2002.

Recovery is now being pursued from the estate of the Grindlays customer who received the cheque proceeds. Any amounts recovered are to be shared between the Company and NHB.

33. AUDITOR FEES

	Consolidated		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
KPMG Australia				
Audit or review of financial reports[1]	9,567	8,217	9,134	7,726
Audit-related services[2]	3,882	6,037	3,808	5,956
Non-audit services[3]	10	8	10	8
Total[4]	13,459	14,262	12,952	13,690
Overseas related practices of KPMG Australia				
Audit or review of financial reports	6,157	5,808	1,994	2,033
Audit-related services[2]	1,933	1,459	911	831
Non-audit services[3]	95	-	-	-
Total	8,185	7,267	2,905	2,864
Total auditor fees	21,644	21,529	15,857	16,554

1. Includes audit fees paid on behalf of other entities outside the Group.
2. Group audit-related services comprise prudential and regulatory services of $4.11 million (2022: $6.26 million), comfort letters $0.57 million (2022: $0.52 million) and other services $1.14 million (2022: $0. 71 million). Company audit-related services comprise prudential and regulatory services of $3.69 million (2022: $5.90 million), comfort letters $0.53 million (2022: $0.48 million) and other services $0.50 million (2022: $0.41 million).
3. The nature of non-audit services for the Group and the Company includes methodology, procedural and administrative reviews. Further details are provided in the Directors' Report.
4. Inclusive of goods and services tax.

The Group's Policy allows KPMG Australia or any of its related practices to provide assurance and other audit-related services that, while outside the scope of the statutory audit, are consistent with the role of an external auditor. These include regulatory and prudential reviews requested by regulators such as APRA. Any other services that are not audit or audit-related services are non-audit services. The Policy allows certain non-audit services to be provided where the service would not contravene auditor independence requirements. KPMG Australia or any of its related practices may not provide services that are perceived to be in conflict with the role of the external auditor or breach auditor independence. These include consulting advice and subcontracting of operational activities normally undertaken by management, and engagements where the external auditor may ultimately be required to express an opinion on its own work.

34. PENDING ORGANISATIONAL CHANGES IMPACTING FUTURE REPORTING PERIODS

Suncorp Bank Acquisition

On 18 July 2022, the ANZ Group announced an agreement to purchase 100% of the shares in SBGH Limited, the immediate non-operating holding company of Suncorp Bank. The acquisition was subject to Australian Competition and Consumer Commission (ACCC) authorisation or approval. The ACCC declined to grant authorisation for this acquisition in August 2023 and this decision is currently subject to review by the Australian Competition Tribunal. In addition, the acquisition remains subject to satisfaction of certain conditions, including Federal Treasurer approval and certain amendments to the *State Financial Institutions and Metway Merger Act 1996 (QLD)*. ANZBGL will also have a termination right under the Suncorp Bank Sale Agreement if APRA issues a written communication to ANZBGL under or in connection with APS 222 *Associations with Related Entities* to the effect that ANZBGL must not proceed with completion of the acquisition. Assuming these conditions are satisfied, and merger approval is granted, it is expected to occur in mid-calendar year 2024.

35. EVENTS SINCE THE END OF THE FINANCIAL YEAR

There have been no significant events from 30 September 2023 to the date of signing this report.

Directors' Declaration

The Directors of Australia and New Zealand Banking Group Limited declare that:

a) in the Directors' opinion, the financial statements and notes of the Company and the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:

   i) section 296, that they comply with the Australian Accounting Standards and any further requirements of the *Corporations Regulations 2001*; and

   ii) section 297, that they give a true and fair view of the financial position of the Company and the Consolidated Entity as at 30 September 2023 and of their performance for the year ended on that date; and

b) the notes to the financial statements of the Company and the Consolidated Entity include a statement that the financial statements and notes of the Company and the Consolidated Entity comply with International Financial Reporting Standards; and

c) the Directors have been given the declarations required by section 295A of the *Corporations Act 2001*; and

d) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Paul D O'Sullivan
Chairman

Shayne C Elliott
Managing Director

10 November 2023

TO THE SHAREHOLDER OF AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

REPORT ON THE AUDITS OF THE FINANCIAL REPORTS

OPINIONS

We have audited the consolidated **Financial Report** of Australia and New Zealand Banking Group Limited (the Group Financial Report). We have also audited the Financial Report of Australia and New Zealand Banking Group Limited (the Company Financial Report).

In our opinion, each of the accompanying Group Financial Report and Company Financial Report are in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group**'s and of the **Company**'s financial position as at 30 September 2023 and of their financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001.*

The respective **Financial Report** comprises:

- Balance sheets as at 30 September 2023
- Income statements, statements of comprehensive income, statements of changes in equity, and cash flow statements for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of Australia and New Zealand Banking Group Limited and the entities it controlled at the year-end or from time to time during the financial year.

BASIS FOR OPINIONS

We conducted our audits in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audits of the Financial Reports* section of our report.

We are independent of the Group and Company in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's* APES 110 *Code of Ethics for Professional Accountants ((including Independence Standards)* (the Code) that are relevant to our audits of the Financial Reports in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

KEY AUDIT MATTERS

The **Key Audit Matters** we identified for the Group and Company are:

- Allowance for expected credit losses
- Subjective and complex valuation of financial instruments held at fair value
- Organisational restructure
- IT systems and controls.

The additional **Key Audit Matter** we identified for the Group is:

- Carrying value of investment in PT Bank Pan Indonesia (PT Panin).

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our respective audits of the Financial Reports of the current period.

These matters were addressed in the context of our audits of each of the Financial Reports as a whole, and in forming our opinions thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (continued)

ALLOWANCE FOR EXPECTED CREDIT LOSSES (Group $4,408m; Company $3,493m)

Refer to the critical accounting estimates and judgements disclosures in relation to the allowance for expected credit losses in Note 13 to the Group and Company Financial Reports.

The key audit matter

Allowance for expected credit losses (ECL) is a key audit matter due to the significance of the loans and advances balances to the financial statements and the inherent complexity of the expected credit loss models (ECL models) used to measure ECL allowances. These models are reliant on data and estimates including multiple economic scenarios and key assumptions such as defining a significant increase in credit risk (SICR).

AASB 9 *Financial Instruments* requires the Group and Company to measure ECLs on a forward-looking basis reflecting a range of economic conditions. Post-model adjustments are considered to address known ECL model limitations or emerging trends in the loan portfolios. We exercise significant judgement in challenging the economic scenarios and the judgmental post-model adjustments.

Additional subjectivity and judgement is required due to the heightened uncertainty associated with the impact of the economic outlook and its impact on customers, increasing our audit effort thereon.

SICR identification, such as a decrease in customer credit rating (CCR), is a key judgement within the ECL methodology, as this criterion determines if a forward-looking 12 month or lifetime allowance is recorded.

Additionally, allowances for individually assessed wholesale loans exceeding specific thresholds are assessed. We exercise significant judgement in challenging the assessment of specific allowances based on the expected future cash repayments and estimated proceeds from the value of the collateral held in respect of the loans.

How the matter was addressed in our audits

Our audit procedures for the allowance for ECL included assessing significant accounting policies against the requirements of the accounting standard. Additionally, our procedures included testing key controls in relation to:

- The ECL model governance and validation processes which involved assessment of model performance;
- The assessment and approval of the forward-looking macroeconomic assumptions and scenario weightings through challenge applied by internal governance processes;
- Reconciliation of the data used in the ECL calculation process to gross balances recorded within the general ledger as well as source systems;
- Customer credit rating (CCR) for wholesale loans (larger customer exposures are monitored individually). This covered elements such as: approval of new lending facilities against lending policies, monitoring of counterparty credit quality against exposure criteria for internal factors specific to the counterparty or external macroeconomic factors, and accuracy and timeliness of CCR and security indicator (SI) assessments against lending policies and regulatory requirements;
- IT system controls which record retail loans lending arrears, group exposures into delinquency buckets, and re-calculate individual allowances. We tested automated calculation and change management controls and evaluated the oversight of the portfolios, with a focus on controls over delinquency monitoring.

We tested relevant General Information Technology Controls (GITCs) in relation to the key IT applications used in measuring ECL allowances as detailed in the IT Systems and Controls key audit matter below.

In addition to controls testing, our procedures included:

- Reperforming a sample of credit assessments for wholesale loans controlled by workout and recovery teams assessed as higher risk or impaired, and a sample of other loans, focusing on larger exposures assessed by the Group and Company as showing signs of deterioration, or in areas of emerging risk.
- For each loan sampled, we challenged the Group and Company's assessment of CCR and SI using the customer's financial position, the valuation of security, and, where relevant, the risk of stranded assets, to inform our overall assessment of loan recoverability and the impact on the credit allowance. To do this, we used the information on the Group and Company's loan file and discussed the facts and circumstances of the case with the loan officer.
- Exercising our judgement, our procedures included using our understanding of relevant industries and the macroeconomic environment and comparing data and assumptions used by the Group and Company in recoverability assessments to externally sourced evidence, such as commodity prices, publicly available audited financial statements and comparable external valuations of collateral held. Where relevant, we assessed the forecast timing of future cash flows in the context of underlying valuations and approved business plans and challenged key assumptions in the valuations;
- Obtaining an understanding of the Group and Company's processes to determine ECL allowances, evaluating the ECL model methodologies against established market practices and criteria in the accounting standards;
- Working with our credit risk specialists, we assessed the accuracy of the ECL model estimates by re-performing, for a sample of loans, the calculation of the ECL allowance using our independently derived calculation tools and comparing this to the amount recorded by the Group and

KEY AUDIT MATTERS (continued)

- Working with our economic specialists, we challenged the forward-looking macroeconomic assumptions and scenarios incorporated in the ECL models. We compared the forecast GDP, unemployment rates, CPI and property price indices to relevant publicly available macroeconomic information, and considered other known variables and information obtained through our other audit procedures to identify contradictory indicators;
- Testing the implementation of SICR methodology by re-performing the staging calculation for a sample of loans taking into consideration movements in the CCR from loan origination and comparing our result to actual staging applied on an individual account level in the ECL model;
- Assessing the accuracy of the data used in the ECL models by checking a sample of data fields such as account balance and CCR to relevant source systems.

We challenged key assumptions used in post-model adjustments. This included:

- Assessing post-model adjustments against ECL model and data deficiencies identified in model validation processes, particularly in light of the significant volatility in economic scenarios;
- Comparing underlying data used in concentration risk and economic cycle allowances to underlying loan portfolio characteristics of recent loss experience, current market conditions and specific risks in the loan portfolios;
- Assessing certain post-model adjustments identified against internal and external information;
- Assessing the completeness of post-model adjustments by checking the consistency of risks we identified in the loan portfolios against the Group and Company's assessment.
- Assessing the appropriateness of the Group and Company's disclosures in the Financial Reports using our understanding obtained from our testing and against the requirements of the accounting standards.

SUBJECTIVE AND COMPLEX VALUATION OF FINANCIAL INSTRUMENTS HELD AT FAIR VALUE:

GROUP

- FAIR VALUE OF LEVEL 3 ASSET POSITIONS $1,692m

- FAIR VALUE OF LEVEL 2 ASSET POSITIONS $135,711m

- FAIR VALUE OF LEVEL 3 LIABILITY POSITIONS $23m

- FAIR VALUE OF LEVEL 2 LIABILITY POSITIONS $92,892m

COMPANY

- FAIR VALUE OF LEVEL 3 ASSET POSITIONS $1,691m

- FAIR VALUE OF LEVEL 2 ASSET POSITIONS $129,446m

- FAIR VALUE OF LEVEL 3 LIABILITY POSITIONS $14m

- FAIR VALUE OF LEVEL 2 LIABILITY POSITIONS $91,405m

Refer to the critical accounting estimates, judgements and disclosures of fair values in Note 18 to the Group and Company Financial Reports.

The key audit matter

The fair value of the Group and Company's Level 3 and 2 financial instruments is determined by the application of valuation techniques which often involve the exercise of judgement and the use of assumptions and estimates.

In assessing this Key Audit Matter, we involved our valuation specialists to supplement our senior team members who understand the methods, assumptions and data relevant to their valuation of Financial Instruments.

The valuation of Level 3 and Level 2 financial instruments held at fair value is a Key Audit Matter due to:

- The high degree of estimation uncertainty and potentially significant range of reasonable outcomes associated with the valuation of financial instruments classified as Level 3 where significant pricing inputs used in the valuation methodology and models are not observable.
- The complexity associated with the valuation methodology and models of certain more complex Level 2 financial instruments including credit valuation adjustment (CVA) and funding valuation adjustment (FVA) leading to an increase in subjectivity and estimation uncertainty.

These factors increased the level of judgement applied by us and our audit effort thereon.

KEY AUDIT MATTERS (continued)

How the matter was addressed in our audits

Our audit procedures in relation to the valuation of financial instruments held at fair value included:

- Performing an assessment of the population of financial instruments held at fair value by the Group and Company to identify portfolios with a higher risk of misstatement arising from significant judgements over valuation either due to unobservable inputs or complex models.
- Testing the design and operating effectiveness of key controls relating specifically to these financial instruments, including those in relation to:
  - Independent Price Verification (IPV), including completeness of portfolios and valuation inputs subject to IPV;
  - model validation at inception and periodically, including assessment of model limitation and assumptions;
  - review, approval and challenge of daily profit and loss by a control function;
  - collateral management process, including review and approval of margin reconciliations with clearing houses; and
  - review and approval of CVA and FVA, including exit price and portfolio level adjustments.
- In relation to the subjective valuation of complex Level 2 and Level 3 financial instruments, with our valuation specialists:
  - Assessing the reasonableness of key inputs and assumptions using comparable data in the market and available alternatives;
  - Comparing the Group and Company's valuation methodology to industry practice and the criteria in the accounting standards; and
  - Independently revaluing a selection of financial instruments and CVA/FVA. This involved sourcing independent inputs from comparable data in the market and available alternatives. We challenged and assessed any differences.
- Assessing the appropriateness of the Group and Company's disclosures in the Financial Reports using our understanding obtained from our testing and against the requirements of the accounting standards.

CARRYING VALUE OF INVESTMENT IN PT PANIN ($1,440m)

Refer to the critical accounting estimates, judgements and disclosures in Note 26 to the Group Financial Report.

The key audit matter

The carrying value of the Group's investment in PT Panin is a key audit matter due to the impairment indicators identified at the reporting date and the assessment of the investment's recoverable amount involving judgement and the consideration of valuation models given historical volatility in the market price of the shares. Impairment has been recognised in prior periods. We involved our valuation specialists to supplement our senior team members in assessing this key audit matter.

How the matter was addressed in our audit

Working with our valuation specialists, our procedures included:

- Considering the appropriateness of the recoverable amount assessment used to conclude the carrying value of the investment is supportable;
- Considering the appropriateness of the value in use valuation method applied against the requirements of the accounting standards. This included:
  - Assessing the integrity of the models used, including the accuracy of the underlying calculation formulas;
  - Assessing the key assumptions used in the models, such as, discount rates, forecast earnings and terminal growth rates by comparing to external observable metrics, historical experience, our knowledge of the markets and current market practice;
  - Independently developing discount rates range considered comparable using publicly available market data for comparable entities, adjusted for factors specific to the investments and the markets and industry they operate in;
  - Comparing the forecast earnings contained in the model to broker consensus reports and released financial results;
  - Assessing the accuracy of previous forecasts to inform our evaluation of current forecasts incorporated in the model;
  - Considering the sensitivity of the models by varying key assumptions, such as, discount rates, forecast cash flows and terminal growth rates, within a reasonable possible range. We did this to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures.
- Assessing the recoverable amount at the reporting date against the recoverable amount of the investment when it was last impaired to critically assess potential reversal of previous impairment losses;
- Assessing the Group's disclosures in the Financial Report using our understanding obtained from our testing and against the requirements of the accounting standards.

KEY AUDIT MATTERS (continued)

ORGANISATIONAL RESTRUCTURE

Refer to Note 1 to the Group and Company Financial Reports.

The key audit matter

On 3 January 2023, Australia and New Zealand Banking Group Limited (ANZBGL) established a non-operating holding company, ANZ Group Holdings Limited (ANZGHL). ANZGHL became the newly listed parent company of the Group. The Group also implemented a restructure to separate the banking and certain non-banking businesses into two distinct groups: ANZ Bank Group and ANZ Non-Bank Group.

The organisational restructure is a key audit matter due to:

- The complexities involved in the implementation of the restructure steps plan as outlined in the Restructure Deed;
- Evaluating the accounting treatment associated with the establishment of ANZGHL as the newly listed parent entity in accordance with AASB 3 *Business Combinations*; and
- The various considerations and implications arising from the transfer of assets out of ANZ Bank Group and into ANZ Non-Bank Group and the service company, including the evaluation of the accounting policy choice available under common control transactions.

How the matter was addressed in our audits

Our audit procedures in relation to the organisational restructure included:

- Assessing the accounting considerations involved in the establishment of ANZGHL and the acquisition of ANZBGL shares from existing shareholders to create the newly listed parent entity, in accordance with AASB 3 *Business Combinations*;
- Evaluating, with the assistance of our transaction services specialists, the Restructure Deed and identifying and assessing the accounting implications inherent in each restructure step;
- Testing the transfer of business assets from ANZ Bank Group to ANZ Non-Bank Group and the separate service company for completeness and accuracy by comparing transfers to the Restructure Deed. This included challenging and evaluating recognition and measurement criteria in accordance with accounting policies selected;
- Checking the gain or loss on transfer and its basis of presentation against the Group's selected accounting policy choice;
- Working with our tax specialists to evaluate the taxation considerations of the formation of a new tax consolidated group and potential stamp duty implications of the restructure steps; and
- Assessing the appropriateness of the Group's disclosures in the Financial Report using our understanding obtained from our testing and against the requirements of the accounting standards.

IT SYSTEMS AND CONTROLS

The key audit matter

As a major Australian bank, the businesses utilise many complex, interdependent Information Technology (IT) systems to process and record a high volume of transactions. The controls over access, changes to and operation of IT systems are key to the recording of financial information and the preparation of financial reports which provide a true and fair view of the Group and Company's financial positions and performance.

The IT systems and controls, as they impact the financial recording and reporting of transactions, is a key audit matter as our audit approaches could significantly differ depending on the effective operation of the IT controls. We work with our IT specialists as a core part of our audit team.

How the matter was addressed in our audits

Our testing focused on the technology control environments for key IT applications (systems) used in processing significant transactions and recording balances in the general ledgers, and the automated controls embedded within these systems which link the technology-enabled business processes. Our audit procedures included:

- Assessing the governance and higher-level controls across the IT environments, including those regarding policy design, policy review and awareness, and IT Risk and cyber security management practices;
- Design and operating effectiveness testing of key controls across the user access management lifecycle, including how users are on-boarded, reviewed for access levels assigned, and removed on a timely basis from key IT applications and supporting infrastructure. We also examined the management of privileged roles and functions across relevant IT application and the supporting infrastructure;
- Design and operating effectiveness testing of key controls for IT change management including authorisation of changes prior to development, testing performed and approvals prior to migration into the production environment of key IT applications. We assessed user access to release changes to IT application production environments and whether access was commensurate with their job responsibilities;

KEY AUDIT MATTERS (continued)

- Design and operating effectiveness testing of key controls used by the technology teams to restrict access to and monitor system batch job schedules;
- Design and operating effectiveness testing of key automated business process controls including those relating to enforcing segregation of duties to avoid conflicts from inappropriate role combinations within IT applications. Our testing included:
  - Configurations to perform calculations, mappings and flagging of financial transactions, and automated reconciliation controls (both between systems and intra-system); and
  - Data integrity of key system reporting used by us in our audit to select samples and analyse data used to generate financial reporting.
- Where our testing identified design and operating effectiveness matters relating to IT systems or application controls relevant to our audits, we performed alternative audit procedures, including consideration of mitigating controls.

OTHER INFORMATION

Other Information is financial and non-financial information in Australia and New Zealand Banking Group Limited's annual reporting which is provided in addition to the Financial Reports and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinions on the Financial Reports do not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audits of the Financial Reports, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Reports or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL REPORTS

The Directors are responsible for:

- preparing the Financial Reports that give a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal controls to enable the preparation of a Financial Reports that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDITS OF THE FINANCIAL REPORTS

Our objective is:

- to obtain reasonable assurance about whether each of the Financial Reports as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinions.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Reports.

A further description of our responsibilities for the audits of the Financial Reports is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

REPORT ON THE REMUNERATION REPORT

OPINION

In our opinion, the Remuneration Report of Australia and New Zealand Banking Group Limited for the year ended 30 September 2023 complies with *Section 300A* of the *Corporations Act 2001*.

DIRECTORS' RESPONSIBILITIES

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

OUR RESPONSIBILITIES

We have audited the Remuneration Report included in the Directors' report for the year ended 30 September 2023.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Martin McGrath
Partner

Melbourne
10 November 2023

Maria Trinci
Partner

shareholder.anz.com

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ANZ's colour blue is a trade mark of ANZ.

ANZ 2022 **ANNUAL REPORT**

WE'RE CONTINUING TO
SHAPE A WORLD WHERE PEOPLE
AND COMMUNITIES THRIVE

Ilana Atlas, AO
Chair – Human Resources Committee

Remuneration report

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2022 Remuneration Report – audited

Dear Shareholder,

As outlined in the Chairman's message, ANZ delivered a strong financial outcome for shareholders particularly in the second half of the year.

This was achieved as we supported our customers through the lingering effects of COVID in an inflationary environment, while at the same time investing for the future.

While the environment remains volatile, our margin performance along with our disciplined focus on 'run the bank' costs enabled us to invest at record levels in new initiatives that will benefit shareholders, customers and our employees in the long term.

A particular highlight this year was the agreement to acquire Suncorp Bank. Suncorp Bank is a quality business and strategically aligned to ANZ. While still subject to government and regulatory approvals, Suncorp Bank will add more than one million retail customers and provide a platform for growth in the fast-growing Queensland market.

Similarly, there was good progress made on the establishment of a new Non-Operating Holding Company (NOHC) structure. If approved by shareholders at the upcoming Scheme Meeting, following our 2022 Annual General Meeting (AGM), this will create distinct banking and non-banking groups within the organisation, providing greater flexibility to create value for shareholders.

During the year we also made changes to improve productivity and accountability within the organisation. As part of these changes, we combined Australia Retail with our Digital Division, while also separating Commercial Australia as a stand-alone business. Together with New Zealand and Institutional, we now have four core business lines with distinct strategies and opportunities.

Operational improvements within Australia Retail have already resulted in home loan processing times being back in-line with market.

Our technology continues to be modernised and we exceeded our target of 9,000 systems migrated to the Cloud or decommissioned with 31% of ANZ applications now hosted in the Cloud.

The successful launch of our new retail banking platform in Australia, ANZ Plus, was a key milestone for the Group. While uptake was initially tracking slower than planned, momentum has improved following the commencement of marketing and branch activity.

From a risk perspective, there were no material credit events, no major regulatory breaches and no overdue regulatory issues. While we are progressed on the development of our Group wide non-financial risk framework we are behind schedule with some elements and a $500m capital overlay remains in place. Improvements in this area will be a key focus for the Board and management over the next 12-months.

2022 variable remuneration outcomes

As a Board, we believe we have struck a balance between rewarding good performance while also holding management to account for areas that did not achieve expectations.

Our Chief Executive Officer (CEO) performed well this year. In the Board's view he met expectations in relation to his personal objectives. He also has accountability for the Group's performance which was slightly below expectations.

The Board determined the appropriate 2022 Short Term Variable Remuneration (STVR) outcome was 74% of his maximum opportunity.

There was no 2022 Long Term Variable Remuneration (LTVR) award made as we transition to awarding LTVR at the beginning of the year rather than the end. The CEO's proposed 2023 LTVR of $3.375m ($3.5m in 2021) will be subject to a shareholder vote at the upcoming AGM.

For Disclosed Executives, the Board determined their 2022 STVR outcomes at an average outcome of 78% of maximum opportunity (ranging from 71% to 96% of maximum opportunity). This reflects the assessment of 'slightly below expectations' within the ANZ Group Performance Framework and their individual and Divisional performance.

51.6% of the performance rights granted in 2018 to the CEO and Disclosed Executives (excluding the Chief Risk Officer (CRO)) vested when their performance was tested in November 2021 against their performance hurdles. The remaining 48.4% of rights lapsed and executives received no value from this proportion of the awards.

Changes to the way we remunerate executives

The introduction of a new remuneration Prudential Standard (*CPS 511 Remuneration*) by our regulator APRA has driven a review of how we reward our executives.

While the new regulatory standard does not come into effect until 1 January 2023, a range of changes were implemented in 2022.

Importantly, these changes were designed not only to meet both the letter and spirit of APRA's new prudential standard, but also to maintain our strong focus on performance and risk management, and attract, motivate and keep great people.

In line with *CPS 511*, the key structural changes for the CEO and Disclosed Executives include:

- Restructuring long term variable remuneration to now provide material weight to non-financial measures through the LTVR restricted rights award.
- Longer deferral (up to 6 years for CEO) with around 80% of variable remuneration deferred to ensure long-term focus.
- The ability to 'clawback' vested cash and equity variable remuneration where appropriate.

Additionally, we:

- Separated STVR and LTVR for Disclosed Executives, bringing them in-line with the structure for our CEO.
- Determined a fixed remuneration (FR) structural increase of approximately 4% for Disclosed Executives (excluding the CEO) so as to not materially disadvantage Disclosed Executives as a result of the structural changes. Note the Board decided to defer the payment of this increase to 2023, and also decided that the 2022 STVR opportunity would be based on the FR had the structural increase been effective for 2022.

As the likelihood of vesting is higher for the LTVR restricted rights for the CEO and Disclosed Executives, we have significantly reduced their total remuneration opportunity.

It is important to note that the change in structure, and in particular, the change in the award of LTVR from the end of the year to the beginning of the year (i.e., resulting in no 2022 LTVR), makes comparisons with prior year difficult. A summary of the new remuneration structure for 2022 can be found in section 3.

Fixed remuneration

A market FR adjustment was provided for the CRO, effective 1 October 2021.

There were no other changes to FR, noting that the ~4% structural adjustment for Disclosed Executives as part of the structural changes will only apply from 1 October 2022.

Following a market review, the Non-Executive Director (NED) base fee remained unchanged however fees were increased for the Chairman and for the Chairs/members of most Committees from 1 April 2022.

Finally, while there is more to be done, this was a year where we made good progress towards our strategic ambition. Thank you to all our employees for their commitment and contribution this year.

On behalf of the Board, I invite you to consider our Remuneration Report which will be presented to shareholders at the 2022 AGM.

Ilana Atlas, AO
Chair – Human Resources Committee

The Remuneration Report for the Group outlines our remuneration strategy and structure and the remuneration practices that apply to Key Management Personnel (KMP). This report has been prepared, and audited, as required by the *Corporations Act 2001*. It forms part of the Directors' Report.

1. Who is covered by this report

KMP are Directors of Australia and New Zealand Banking Group Limited (ANZBGL) (whether executive directors or otherwise), and those personnel with a key responsibility for the strategic direction and management of the Group (i.e., members of the Group Executive Committee (ExCo)) who have Banking Executive Accountability Regime (BEAR) accountability and who report to the Chief Executive Officer (CEO) (referred to as Disclosed Executives).

1.1 Disclosed Executive and NED changes

There were several changes to our KMP during the 2022 year:

- Christine O'Reilly commenced as a Non-Executive Director (NED) on 1 November 2021.
- Paula Dwyer retired as a NED on 16 December 2021, at the conclusion of the 2021 Annual General Meeting (AGM).
- Jeff Smith commenced as a NED on 1 August 2022.
- Farhan Faruqui commenced as ANZ's Chief Financial Officer (CFO) in October 2021. Shane Buggle concluded acting at this time.
- ANZ's Digital and Australia Retail businesses were combined, with Maile Carnegie commencing in the new Group Executive, Australia Retail role on 1 March 2022, and Mark Hand concluding in the Group Executive, Australia Retail and Commercial Banking role on 28 February 2022. As part of these changes the commercial business in Australia is now a separate Division. While this Division will report into the CEO in the future, the CEO has also been acting as the Group Executive for this business.

1.2 Key Management Personnel (KMP)

The KMP whose remuneration is disclosed in this year's report are:

2022 Non-Executive Directors (NEDs) – Current

P O'Sullivan	Chairman
I Atlas	Director
J Halton	Director
J Key	Director
G Liebelt	Director
J Macfarlane	Director
C O'Reilly	Director from 1 November 2021
J Smith	Director from 1 August 2022

2022 Non-Executive Directors (NEDs) – Former

P Dwyer	Former Director – retired 16 December 2021

2022 Chief Executive Officer (CEO) and Disclosed Executives – Current

S Elliott	CEO and Executive Director
M Carnegie	Group Executive, Australia Retail from 1 March 2022 (previously Group Executive, Digital and Australia Transformation to 28 February 2022)
K Corbally	Chief Risk Officer (CRO)
F Faruqui	CFO from 11 October 2021
G Florian	Group Executive, Technology
K van der Merwe	Group Executive, Talent & Culture and Service Centres (GE T&C)
A Watson	Group Executive and CEO, New Zealand
M Whelan	Group Executive, Institutional

2022 Disclosed Executives – Former

S Buggle	Former acting CFO – concluded in role 10 October 2021
M Hand	Former Group Executive, Australia Retail and Commercial Banking – concluded in role 28 February 2022

Changes to KMP since the end of 2022 up to the date of signing the Directors' Report, as announced:

- Gerard Florian appointed to the expanded role of Group Executive, Technology & Group Services, and Antony Strong appointed to ExCo as Group Executive, Strategy & Transformation, effective 1 November 2022.

2. 2022 outcomes at a glance

Chief Executive Officer (CEO) remuneration

FOR 2022, OUR CEO:

- Had no increase to fixed remuneration (FR).
- Was awarded Short Term Variable Remuneration (STVR) of 74% of maximum opportunity, having met most but not all performance expectations (see section 4).
- No Long Term Variable Remuneration (LTVR) award was made for 2022, as we transition to awarding LTVR at the beginning of the year rather than at the end. Instead, shareholder approval will be sought at the 2022 AGM for a 2023 LTVR award of $3.375m.
- Received total remuneration of $6m in 2022 (i.e., includes the value of prior equity awards which vested in 2022 as per section 4.1).

Disclosed Executive remuneration

FOR 2022:

- There were no increases to FR for Disclosed Executives effective for 2022 except for the CRO who received a market adjustment on 1 October 2021.
- Disclosed Executives' STVR outcomes averaged 78% of maximum opportunity, with individual outcomes ranging from 71% to 96% of maximum opportunity.
- Consistent with the CEO, no 2022 LTVR awards have been made to Disclosed Executives, as we transition to awarding LTVR at the start of the 2023 year under the new executive remuneration structure (see section 5.2).

Performance rights outcomes (CEO and Disclosed Executives)

51.6% of the 2018 performance rights (PR) granted in late 2018 to the CEO and Disclosed Executives (excluding the CRO) vested and the remaining 48.4% lapsed when tested against the performance hurdles at the end of the performance period in November 2021 (see section 4.4.3).

Non-Executive Director (NED)

Following a market review, the NED base fee remained unchanged (see section 7.1), however fees were increased for the Chairman and for the Chairs/members of most Committees from 1 April 2022.

The Chairman's shareholding requirement increased to $850,000, 100% of the Chairman fee (from $480,000, 200% of NED base fee), to better align to market.

3. Overview of ANZ's remuneration structure

3.1 Context for change

As communicated in our 2021 Remuneration Report, the introduction of a new Prudential Standard *CPS 511 Remuneration* by our regulator APRA drove a detailed review of how we reward our CEO and Disclosed Executives. As a result, the Board approved changes to the executive remuneration structure in line with the following design principles, with those changes being effective for the 2022 financial year.

Meet the letter and spirit of the new APRA Prudential Standard

- Structure promotes effective management of financial and non-financial risks
- APRA requires material weight to non-financial metrics for variable remuneration outcomes
- Introduction of clawback
- Longer deferral

Shareholder alignment

- A significant proportion of variable remuneration is deferred over a long period with ~80% delivered as deferred equity to ensure long-term focus
- Total shareholder return (TSR) performance continues to be a key LTVR performance metric

Maintain a strong focus on performance and risk management

- All components of variable remuneration linked to performance and sound risk management
- Focus on long-term outcomes by ensuring consequences may be applied for risk issues even if they emerge several years after the event
- Remuneration outcomes continue to be subject to Board discretion with supporting decision-making frameworks

Attract, motivate and keep great people

- Balance meeting the *CPS 511* requirements and having a market competitive remuneration structure
- Maintain reasonably comparable value[1] so that individuals are not materially advantaged or disadvantaged by the structural changes
- Simplify by having CEO and Disclosed Executives on a more aligned structure

1. Takes into consideration the differences between the new and former remuneration structures (including aspects such as expected vesting of variable remuneration awards, and changes to reward opportunity and deferral periods).

3.2 Key changes at a glance

Significantly reduced remuneration opportunity

Maximum remuneration opportunity down reflecting improved probability of LTVR vesting:
- **CEO:** -$1.375m / -14%
- **Disclosed Executives:** -30%[1] (CRO -16%)

Simplified

Aligned CEO and Disclosed Executive structures by moving Disclosed Executives onto separate STVR and LTVR (previously combined variable remuneration)

Modified deferral periods

More balanced vesting over short and long term:
- STVR over years 2 to 3
- LTVR over years 4 to 5/6

Redesigned LTVR

To now provide material weight to non-financial measures (as per APRA requirement), with two equally weighted LTVR components
- **Restricted rights (RR):** Pre grant and pre vest assessments focused on risk measures
- **Performance rights (PR):** TSR hurdles

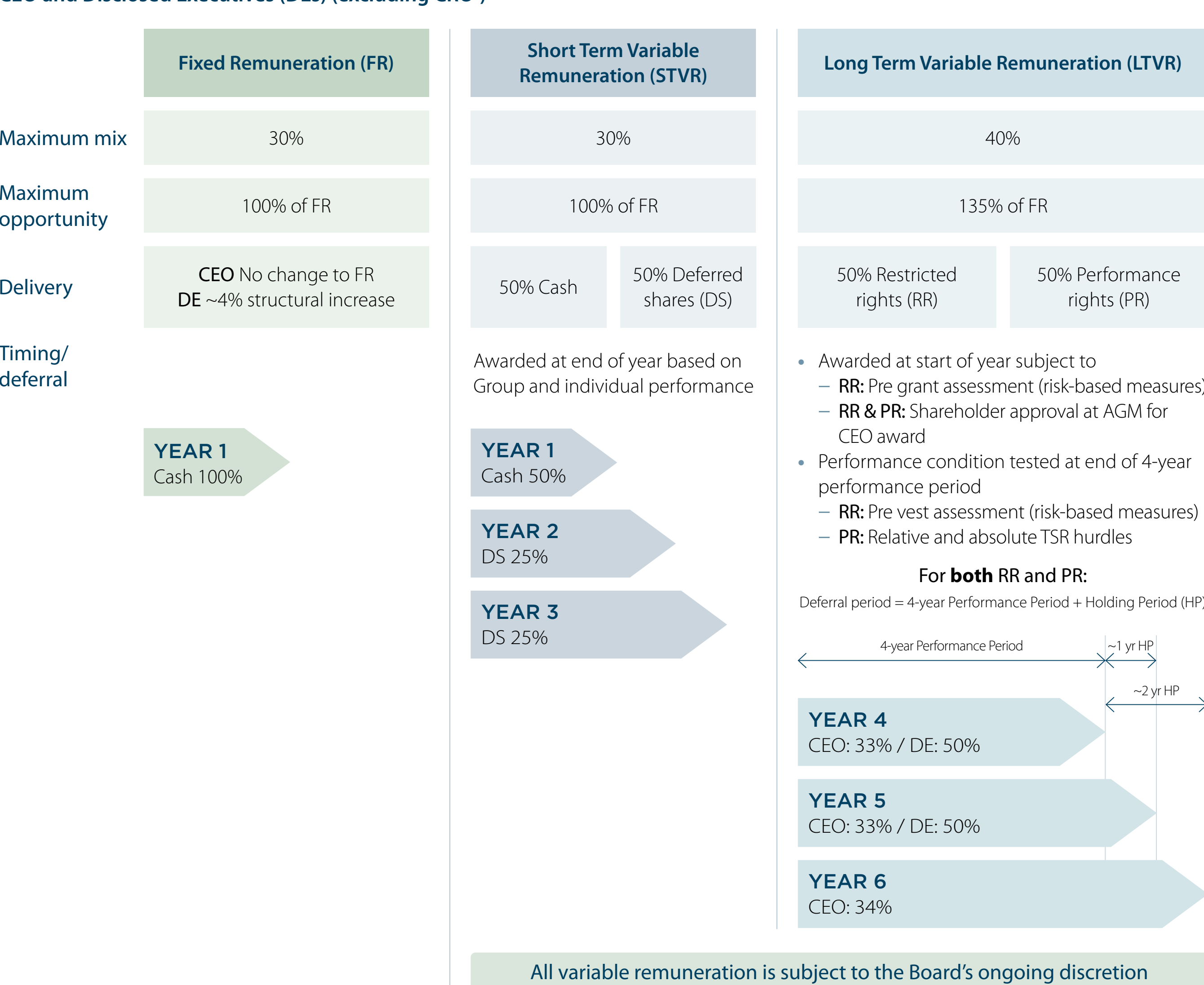
Introduced clawback

Strengthened risk and remuneration consequences, with clawback now applicable for two years post the payment/vesting of variable remuneration

1. **Variance in CEO vs Disclosed Executives reduction due to differences in previous structure** where maximum opportunity for Disclosed Executives was 150% of combined Variable Remuneration (VR) component, compared to only the STVR component for CEO. In the new structure, maximum opportunity has reduced to 125% of target, and applies to STVR component only. See charts in section 3.4 for individual change in remuneration opportunity.

3.3 Overview of new remuneration structure

CEO and Disclosed Executives (DEs) (excluding CRO[1])



1. CRO mix: 33.3% FR / 33.3% STVR / 33.3% LTVR. STVR maximum opportunity: the same as CEO/DE at 100% of FR, LTVR maximum opportunity: 100% of FR and delivered as 100% RR (consistent with former structure) to support independence.

Key differences from FORMER structure

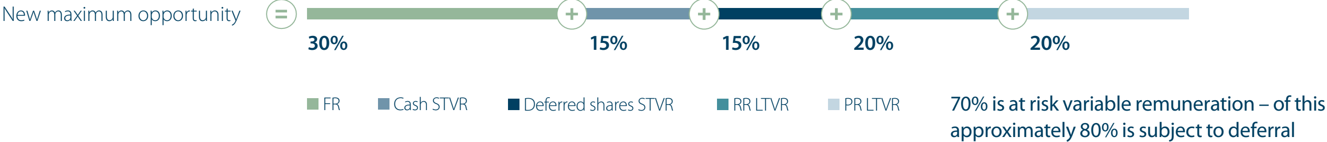
Mix:	CEO and Disclosed Executives now on separate STVR and LTVR (previously Disclosed Executives were on combined VR). CEO and Disclosed Executives now have the same STVR and LTVR maximum opportunity of 100% and 135% of FR respectively. CEO previously had STVR maximum opportunity of 150% of FR and LTVR maximum opportunity of 140% of FR/Disclosed Executives previously had a combined VR maximum opportunity of 402% of FR.
Maximum opportunity:	Previously, the opportunity to earn above target (up to 150% of target) applied to just the STVR for the CEO, and to the combined VR for Disclosed Executives. Under the new structure, the maximum opportunity has been reduced to 125% of STVR target (i.e., 100% of FR) and applies to just the STVR for both the CEO and Disclosed Executives.
FR:	A ~4% structural FR adjustment (uplift) applies to Disclosed Executives (not CEO), so as to not materially disadvantage Disclosed Executives as part of the structural changes. The Board decided to exercise its discretion and deferred the 'structural' FR adjustment to 2023 rather than 2022 when the other remuneration structure changes were made, however they determined that the STVR opportunity would be based on the FR had the structural increase been effective for 2022.
STVR:	Shares now deferred evenly over years 2 and 3 (rather than staggered vesting over years 2 to 5).
LTVR:	Now awarded at start of financial year rather than end of financial year. Half now delivered as RR, subject to pre grant and pre vest assessments (based on risk measures) and the balance as PR (previously 100% PR). LTVR still tested after 4-year performance period and now also subject to additional holding periods up to the 4th, 5th and 6th (for the CEO) anniversary of grant. Former LTVR equivalent deferred for four years from grant.

3.4 2022 maximum remuneration opportunity

The chart below illustrates the reduction in the maximum remuneration opportunity for the CEO and Disclosed Executives.

Maximum remuneration opportunity

CEO AND DISCLOSED EXECUTIVES (EXCLUDING CRO)

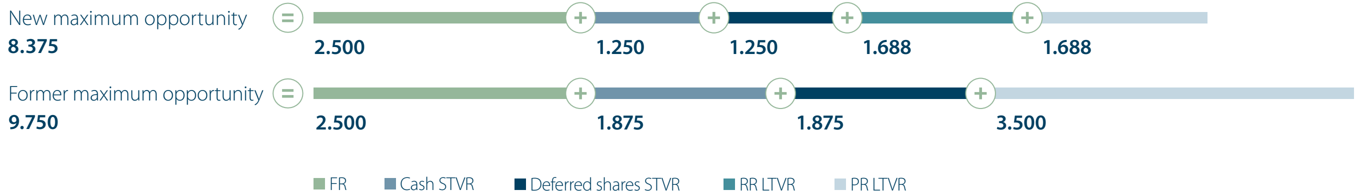


CEO

The chart below illustrates that the CEO's maximum remuneration opportunity has decreased from $9.75m to $8.375m (-$1.375m or -14%), largely due to the reduction in the STVR maximum opportunity from 150% to 100% of FR, and the reduction in the LTVR opportunity from 140% to 135% of FR. These reductions (which maintain a strong weighting on LTVR), reflect the increased certainty of the LTVR RR, while seeking to ensure the total remuneration opportunity remains market competitive.

Maximum remuneration opportunity – CEO ($m)

S ELLIOTT



Disclosed Executives

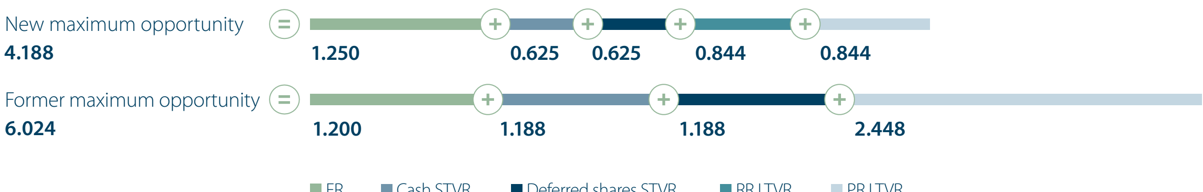
The charts below illustrate the significant reduction in maximum remuneration opportunity for Disclosed Executives, primarily due to the reduction in their maximum variable remuneration opportunity from 402% to 235% of FR. This reduction reflects the various structural changes – particularly the increased certainty of the LTVR RR component and the ~4% FR structural adjustment.

While the new structure applied for 2022, the Board determined that the structural FR adjustment would not be effective until 2023, and that the 2022 STVR opportunity would be based on FR had the structural increase been effective for 2022. The Board will consider any market FR adjustments (where appropriate) in due course.

FR in the 'former maximum opportunity' remuneration structures in the charts is as at 1 October 2021.

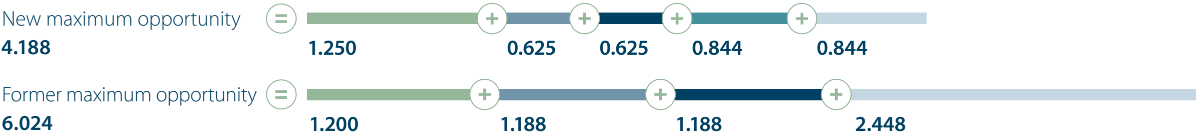
Maximum remuneration opportunity – Group Executive, Australia Retail ($m)

M CARNEGIE



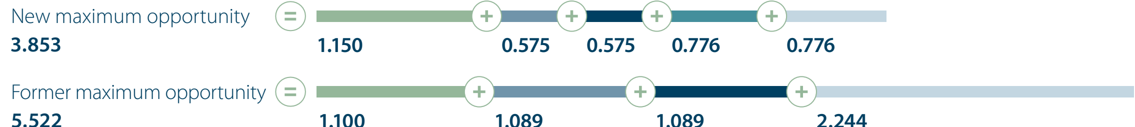
Maximum remuneration opportunity – CFO ($m)

F FARUQUI



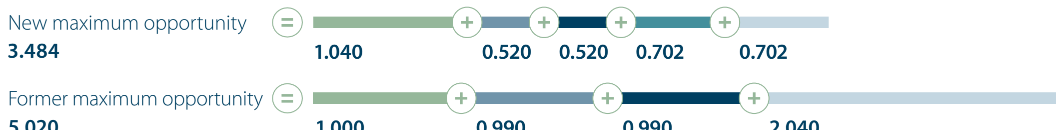
Maximum remuneration opportunity – Group Executive, Technology ($m)

G FLORIAN



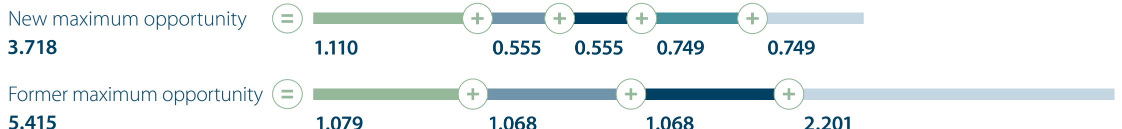
Maximum remuneration opportunity – Group Executive, Talent & Culture and Service Centres ($m)

K VAN DER MERWE



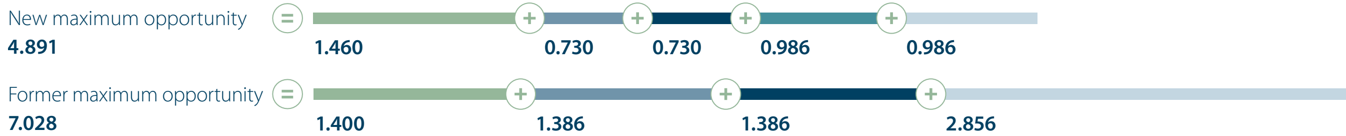
Maximum remuneration opportunity – Group Executive and CEO, New Zealand ($m)

A WATSON



Maximum remuneration opportunity – Group Executive, Institutional ($m)

M WHELAN

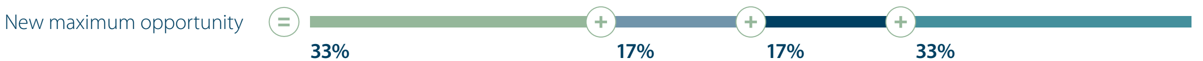


CRO

To preserve the independence of the role and to minimise any conflicts of interest in carrying out the risk control function across the organisation, the CRO's remuneration arrangements differ to other Disclosed Executives. While the STVR opportunity (100% of FR) is the same as the CEO and Disclosed Executives, the LTVR opportunity is different (100% of FR instead of 135% of FR) reflecting the delivery of LTVR as 100% RR (instead of 50% RR and 50% PR). Maximum variable remuneration opportunity has reduced from 270% to 200% of FR for the CRO.

Maximum remuneration opportunity

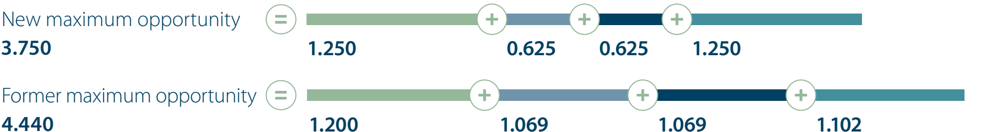
CRO



67% is at risk variable remuneration – of this approximately 75% is subject to deferral

Maximum remuneration opportunity – CRO ($m)

K CORBALLY



3.5 Remuneration framework overview

The following overview highlights how the executive remuneration framework supports ANZ's purpose and strategy, reinforces ANZ's focus on risk management, and aligns to shareholder value.

ANZ's purpose and strategy[1]

Is underpinned by our Remuneration Policy which includes our Reward Principles:

Attract, motivate and keep great people	Reward our people for doing the right thing having regard to our customers and shareholders	Focus on **how** things are achieved as much as **what** is achieved	Fair and simple to understand

With remuneration delivered to our CEO and Disclosed Executives through:

See section 3.3 for overview of remuneration

Fixed remuneration (FR)	Variable remuneration	
	Short Term Variable Remuneration (STVR)	Long Term Variable Remuneration (LTVR)

Reinforced by aligning remuneration and risk:

Assessing behaviours based on ANZ's values and risk/compliance standards (including the BEAR)	Determining variable remuneration outcomes with risk as a multiplier – impacting outcomes at both a pool and individual level	Weighting remuneration toward the longer-term with a significant proportion at risk	Emphasising risk in the determination and vesting of LTVR RR (see section 5.2.4)	Reinforcing the importance of risk culture in driving sustainable long-term performance in the LTVR design
Providing material weight to non-financial metrics (particularly risk) in line with APRA requirements	Ensuring risk measures are considered over a long time horizon (up to 5 and 6 years)	Determining accountability and applying consequences where appropriate	Strengthening risk consequences with clawback (see section 5.3)	Prohibiting the hedging of unvested equity

While supporting the alignment of executives and shareholders through:

Substantial shareholding requirements	Significant variable remuneration deferral up to 5 and 6 years in ANZ equity	Use of relative and absolute TSR hurdles	Consideration of cash profit and economic profit in determining the ANZ Incentive Plan (ANZIP) variable remuneration pool	Consideration of the shareholder experience (in respect of the share price and dividend) in determining ANZIP pool and individual outcomes

While governed by:

The Human Resources (HR) Committee and the Board determining FR and the variable remuneration outcomes for the CEO and each Disclosed Executive. Additionally, the CEO's LTVR outcome is also subject to shareholder approval at the AGM.

Board discretion is applied when determining performance and remuneration outcomes (including grant of short and long-term variable remuneration awards), before any scheduled release of previously deferred remuneration (see section 5.3), before the vesting of LTVR RR (see section 5.2.4), and in applying any required consequences (see section 6).

1. See the 'About our business' and 'Achieving our strategy' sections of the Annual Report.

4. 2022 outcomes

Variable remuneration is 'at risk' remuneration and can range from zero to maximum opportunity. Annual performance objectives are set at the Group and also at the Divisional/individual level at the start of each year. They are designed to be stretching yet achievable. The HR Committee and the Board make variable remuneration outcome decisions for the CEO and Disclosed Executives following lengthy and detailed discussions and assessment, supported by comprehensive analysis of performance from a number of sources. Where expectations are met, STVR is likely to be awarded around 80% of maximum opportunity. Where performance is below expectations, STVR will be less (potentially down to zero), and where above expectations, STVR will be more (potentially up to maximum opportunity). LTVR will be awarded at the beginning of the year, based on maximum opportunity unless the LTVR RR pre grant assessment results in any reduction (and also subject to shareholder approval for the CEO).

Remuneration outcomes have been presented in the following three ways:

i. **Actual remuneration received** (see section 4.1): Reflects the actual remuneration **received** in 2022 (i.e., cash paid and the value of **prior** equity awards which vested in 2022).

ii. **Year-on-year STVR awarded** (see section 4.2): Reflects actual cash and deferred shares components of STVR (or Annual Variable Remuneration (AVR)/Variable Remuneration (VR) in prior years) **awarded** in respect of the relevant financial year. As non-cash components are subject to future vesting outcomes, the awarded value may be higher or lower than the future realised value.

iii. **Statutory remuneration** (see section 9.1): Reflects remuneration in accordance with Australian Accounting Standards which includes FR and the amortised accounting value of variable remuneration (not the actual awarded or received value in respect of the relevant financial year).

4.1 2022 actual remuneration received

This table shows the remuneration the CEO and Disclosed Executives actually received in relation to the 2022 financial year as cash, or in the case of prior equity awards, the value which vested in 2022. The final column also shows the value of prior equity awards which lapsed/were forfeited in 2022 (these are the 2018 PR awards which partially met their performance hurdles when tested in November 2021).

FR was increased for the CRO on 1 October 2021 from $1.1m to $1.2m to improve alignment with the market. There were no other market adjustments to FR for Disclosed Executives in 2022.

Actual remuneration received in 2022 – CEO and Disclosed Executives:

Received value includes the value of prior equity awards which vested in that year

	Fixed remuneration $	Cash variable remuneration $	Total cash $	Deferred variable remuneration which vested during the year[1,2] $	Actual remuneration received[3] $	Deferred variable remuneration which lapsed/ forfeited during the year[1,4] $
CEO and Current Disclosed Executives						
S Elliott	2,500,000	930,000	**3,430,000**	2,570,069	**6,000,069**	(1,476,258)
M Carnegie	1,200,000	460,000	**1,660,000**	1,213,496	**2,873,496**	(557,157)
K Corbally	1,200,000	442,500	**1,642,500**	775,802	**2,418,302**	–
F Faruqui[5]	1,164,000	579,575	**1,743,575**	1,747,173	**3,490,748**	(731,262)
G Florian	1,100,000	442,500	**1,542,500**	788,778	**2,331,278**	(348,210)
K van der Merwe	1,000,000	400,000	**1,400,000**	831,518	**2,231,518**	(383,026)
A Watson[6]	1,062,629	422,742	**1,485,371**	426,037	**1,911,408**	(40,188)
M Whelan	1,400,000	535,000	**1,935,000**	1,697,449	**3,632,449**	(757,400)
Former Disclosed Executives						
S Buggle[5]	33,000	n/a	**33,000**	–	**33,000**	–
M Hand[5]	492,000	n/a	**492,000**	770,215	**1,262,215**	(348,210)

1. The point in time value of previously deferred remuneration granted as deferred shares/deferred share rights and/or performance rights is based on the one day Volume Weighted Average Price (VWAP) of the Company's shares traded on the ASX on the date of vesting or lapsing/forfeiture multiplied by the number of deferred shares/deferred share rights and/or performance rights. **2.** The vested value includes 51.6% of the performance rights awarded in November/December 2018 which vested in November/December 2021, noting that for the CEO they were settled by delivery of shares, which remain subject to a further one-year restriction period. **3.** The sum of fixed remuneration, cash variable remuneration and deferred variable remuneration which vested during the year. **4.** The lapsed/forfeited values relate to 48.4% of the performance rights awarded in November/December 2018 which lapsed in November/December 2021 due to the performance hurdles not being fully met. **5.** FR prorated for time as a Disclosed Executive. **6.** Paid in NZD and converted to AUD. Year to date average exchange rate used to convert NZD to AUD as at 30 September for the relevant year.

4.2 Year-on-year STVR awarded

These tables show a year-on-year comparison of STVR awarded to the CEO (previously referred to as AVR), and Disclosed Executives for the 2021 and 2022 performance periods (noting that for Disclosed Executives the STVR equivalent in previous periods relates to the cash and deferred shares component of variable remuneration).

2022 remuneration outcomes reflect both the overall performance of the Group and the performance of each individual/Division.

CEO

Year-on-year comparisons of maximum opportunity on a percentage basis (as shown in the below table) are not comparable – as the maximum opportunity has been reduced from 150% to 125% of STVR target in 2022. However when comparing outcomes as a percentage of target, the table highlights that despite the CEO's 2022 STVR outcome being higher as a % of target than 2021 (reflecting his better performance in 2022), his actual 2022 STVR dollar outcome is lower due to the reduced STVR opportunity in the new remuneration structure.

Year-on-year STVR awarded in the relevant financial year – CEO

			Actual STVR			STVR as % of	
	Financial year	STVR maximum opportunity $	Total STVR $	STVR cash $	STVR deferred shares $	Target opportunity	Maximum opportunity
CEO							
S Elliott	**2022**	**2,500,000**	**1,860,000**	**930,000**	**930,000**	**93%**	**74%**
	2021	3,750,000	2,000,000	1,000,000	1,000,000	80%	53%

Disclosed Executives

- The average STVR outcome for current Disclosed Executives is 78% of maximum opportunity, reflecting the overall ANZ Group performance assessment of 'slightly below expectations' (see section 4.5.3). Outcomes as a percentage of maximum opportunity range from 71% to 96%, with the variability at the lower end of the range largely due to being behind schedule on building a Group wide non-financial risk framework (currently more Divisionally focused), weaker than expected revenue performance in Markets and some below target customer outcomes (in particular delays in the delivery of our digital innovation product ANZ Plus and home loan performance across the full year), and at the higher end, recognition of the successful execution of the Suncorp Bank purchase agreement and the progress made on the establishment of the new Non-Operating Holding Company (NOHC) structure.
- For the 2022 Disclosed Executives who were in role for full year 2021 and 2022, the year-on-year STVR dollar outcome has reduced on average by 31%, primarily due to the lower STVR opportunity in the new structure. For example as shown below, even where performance as a percentage of target is similar year-on-year, Disclosed Executives are receiving substantially reduced dollar outcomes. However, the outcomes as a percentage of maximum opportunity appear higher year-on-year because the maximum opportunity has been reduced from 150% to 125% of target in the new structure.
- Variable remuneration continues to differ both year-on-year and between different executives demonstrating the at risk nature of this element of remuneration and the variability in Group and individual performance year-on-year. See section 4.4 for details.

Year-on-year comparisons of maximum opportunity on a percentage basis (as shown in the below table) are not comparable – as the maximum opportunity has been reduced from 150% of the combined variable remuneration target under the previous structure, to 125% of just the STVR target under the new structure. The 2022 STVR opportunity is significantly lower in 2022 due to the changes in the remuneration structure.

Year-on-year STVR awarded in the relevant financial year – Disclosed Executives

			Actual STVR (STVR equivalent for 2021)			STVR as % of	
	Financial year	STVR maximum opportunity[1] $	Total STVR $	STVR cash $	STVR deferred shares $	Target opportunity	Maximum opportunity
Current Disclosed Executives							
M Carnegie	**2022**	**1,250,000**	**920,000**	**460,000**	**460,000**	**92%**	**74%**
	2021	2,376,000	1,138,500	569,250	569,250	72%	48%
K Corbally	**2022**	**1,250,000**	**885,000**	**442,500**	**442,500**	**89%**	**71%**
	2021	1,960,200	1,227,600	613,800	613,800	94%	63%
F Faruqui[2]	**2022**	**1,212,500**	**1,159,150**	**579,575**	**579,575**	**120%**	**96%**
G Florian	**2022**	**1,150,000**	**885,000**	**442,500**	**442,500**	**96%**	**77%**
	2021	2,147,310	1,353,000	676,500	676,500	95%	63%
K van der Merwe	**2022**	**1,040,000**	**800,000**	**400,000**	**400,000**	**96%**	**77%**
	2021	1,795,860	1,188,000	594,000	594,000	99%	66%
A Watson[3]	**2022**	**1,108,830**	**845,483**	**422,742**	**422,742**	**95%**	**76%**
	2021	2,135,790	1,374,335	687,167	687,167	97%	64%
M Whelan	**2022**	**1,460,000**	**1,070,000**	**535,000**	**535,000**	**92%**	**73%**
	2021	2,526,480	1,620,300	810,150	810,150	96%	64%
Former Disclosed Executives							
S Buggle[2,4]	**2022**	**41,250**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
	2021	1,393,920	924,000	462,000	462,000	99%	66%
M Hand[2]	**2022**	**615,000**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
	2021	2,376,000	1,089,000	544,500	544,500	69%	46%

1. The 2022 maximum STVR opportunity is based on the Disclosed Executive's new FR (as shown in charts in section 3.4). **2.** STVR prorated for time as a Disclosed Executive. **3.** Paid in NZD and converted to AUD. Year to date average exchange rate used to convert NZD to AUD as at 30 September for the relevant year. **4.** S Buggle's 2021 and 2022 STVR reflects the period he acted as CFO.

4.3 Application of Reward Principles

In considering variable remuneration outcomes the HR Committee and Board reflect on the application of ANZ's Reward Principles:

- **Reward our people for doing the right thing having regard to our customers and shareholders:** Variable remuneration should be primarily based on 'outcomes' rather than 'effort' and proportionate relative to performance. It also needs to consider the experience and expectations of a range of stakeholders (including shareholders, customers, employees, community and regulators).
- **Attract, motivate and keep great people:** In determining remuneration outcomes, the Board acknowledge the importance of balancing performance with being market competitive to ensure retention of key talent – particularly in a competitive talent landscape.
- **Focus on how things are achieved as much as what is achieved:** The Board ensures that appropriate consideration and weight is given to performance against objectives (which includes a risk modifier), a risk standards assessment (capturing financial and non-financial risks), and how that performance was achieved (i.e., in accordance with our values and purpose).
- **Fair and simple to understand:** Variable remuneration should be fair and consistent through the cycle and have regard to external influences outside of management's control.

4.4 Variable remuneration – detail

4.4.1 CEO PERFORMANCE, STVR AND LTVR

Performance

With regard to STVR, the CEO is assessed 50% on the ANZ Group Performance Framework and 50% on achievement of individual strategic objectives aligned to ANZ's strategy. Both the ANZ Group Performance Framework and individual strategic objectives are agreed by the Board at the start of the financial year and are stretching.

WEIGHTING OF FINANCIAL METRICS

STVR

The CEO's STVR is not formulaic – outcomes are moderated by the Risk element of the ANZ Group Performance Framework and the Board's judgement on the appropriate STVR considering all aspects of performance.

LTVR

TSR (both relative and absolute) continue to determine the outcome of LTVR PR (50% LTVR weighting). However, LTVR now also includes a 50% weighted RR award that is primarily focused on risk-based measures (as part of the pre grant and pre vest assessments – see section 5.2.4). This ensures LTVR has a material weight to non-financial measures as required under the new APRA Prudential Standard *CPS 511 Remuneration*.

At the end of the financial year, ANZ's performance is assessed against the ANZ Group Performance Framework, and the CEO's performance is also assessed against this, along with his individual strategic objectives, the ANZ values (behaviours), delivery of the BEAR obligations and ANZ's risk and compliance standards. In conducting the CEO's performance assessment, the HR Committee seeks input from the Chairman, CRO (on risk management), CFO (on financial performance), GE T&C (on talent and culture matters) and Group General Manager Internal Audit (GGM IA) (on internal audit matters). Material risk, audit and conduct events that have either occurred or come to light in the year are also considered together with input from both the Audit Committee and the Risk Committee of the Board.

The Board has assessed the CEO's 2022 performance as follows:

ANZ Group Performance Framework	=	Slightly below expectations (see section 4.5.3)
Individual strategic objectives	=	Met expectations (see Board assessment below)
ANZ values	=	Above expectations
Individual risk/ compliance assessment	=	Met expectations
Overall	=	Met most but not all expectations

The Board has considered the CEO's performance in determining the appropriate STVR outcome for 2022. The Board determined that an STVR outcome of 74% of maximum opportunity was appropriate.

2022 CEO individual strategic objectives

- Lead and role model the culture and accountability required to transform ANZ
- Enhance the reputation of ANZ across all stakeholder groups
- Drive the strategic direction of the organisation with a particular focus on growth, restore Home Lending momentum in Australia and embed our digital transformation, Sustainability, Platforms and Ecosystems
- Focus on sound risk management, operational excellence and resilience including system stability, to ensure ANZ has robust and reliable platforms to support long-term growth
- Materially progress the productivity initiatives to improve customer and staff experience while driving the bank operating costs towards a materially reduced run rate
- Continue to build ExCo effectiveness and succession pipelines for ExCo and CEO

Board assessment of performance on individual strategic objectives:

The CEO, supported by his executive team, performed well in a challenging environment. In particular, the CEO led the team in the achievement of a number of important outcomes which will transform and position ANZ for long-term sustainable performance and growth. These include:

- Successful execution of an agreement to purchase Suncorp Bank (which is now subject to regulatory approval), with a well-supported adjacent capital raising designed to provide the fairest possible outcome for all shareholders
- Taking a lead role in developing a new Australia Commercial strategy – while also driving operational improvements in the business
- Launching and consistently demonstrating the new cultural behaviours (aligned to our strategy)
- Launching ANZ Plus – a significant step forward in ANZ's digital transformation, laying the foundations for the future of the retail bank
- Achieving meaningful progress on environmental sustainability strategies
- De-risking of the business – exiting non-core customers and products, improving the quality of our processes and tightening risk appetite, a major achievement which sets us up well for the uncertain future
- Progressing the implementation of a NOHC structure – including the relevant regulatory approvals and ensuring ANZ is ready for implementation early in the new year (subject to shareholder approval at the Scheme Meeting following the 2022 AGM)

While there were some challenges impacting what was an overall strong performance year, the CEO ensured the necessary steps were taken to position ANZ well for 2023, as evidenced by:

- Driving a reset of our delivery approach for a new Group wide non-financial risk framework designed to drive a more integrated approach across the Group
- Further improvements to home loan processing capability and capacity, which contributed to quality growth with a focus on risk adjusted returns

The CEO role models ANZ's values. His focus on reshaping ANZ, leading by example, contributed to another strong year of employee engagement at 84% (compared to the Finance & Insurance Benchmark of 79%).

He has communicated clearly and with authenticity, maintained strong and positive relationships with regulators and government, and been proactive in managing our external reputation. As part of the broader focus on our Group purpose he has engaged regularly with non-profit partners, and environmental and other community groups.

The CEO has a key role in the management of risk, including active engagement in a range of risk forums and committees to set a clear tone in driving a strong risk culture. There have been ongoing strong outcomes from risk metrics including the long run loss rate, however, there were some delivery challenges which slowed down the implementation of a Group wide non-financial risk framework.

The CEO's risk focus encompasses ensuring ANZ has stable systems, and robust and reliable platforms. ANZ's performance in this area in 2022 has been solid, with no major regulatory breaches, positioning us well for long-term growth (see section 4.5.3 for details).

His continued focus on strong cost management discipline (i.e., 'run the bank' costs were broadly flat), along with productivity initiatives, has enabled ANZ to invest at record levels and improve the customer experience (e.g., simpler home loan offering in Australia, simpler process for refinancing loans for small businesses), and the employee experience (e.g., new technology platform to enable more effective and efficient workforce execution).

Executive development continued with the movement of Farhan Faruqui into the CFO role in October 2021, and Maile Carnegie to the position of Group Executive, Australia Retail in March 2022, following the separation of the Australia Retail and Australia Commercial businesses.

Financial performance included strong revenue momentum across all Divisions and strong performance on net interest margin and cost management.

While not all initiatives progressed as quickly as we would have liked, there were many positive achievements, and from a long-term strategy perspective, the CEO has significantly moved the dial in support of our future performance and growth.

STVR and LTVR

At the end of the financial year, the HR Committee makes a recommendation to the Board for their approval in respect of the CEO's STVR outcome.

The CEO's STVR will vary up or down year-on-year, it is not guaranteed, and may range from zero to a maximum opportunity.

The Board determined that an STVR outcome of $1.86m (74% of maximum opportunity) was appropriate for 2022 having regard to both the overall performance of the CEO and also the overall performance of the Group.

No LTVR award was made for 2022 for the CEO, as we transition to awarding LTVR at the beginning of the year rather than the end. The CEO's proposed 2023 LTVR of $3.375m ($3.5m in 2021) is subject to shareholder approval at the 2022 AGM.

Summary of total remuneration

Awarded remuneration shown below is significantly lower than 2021 due to nil LTVR award in 2022 year as we transitioned to the new remuneration structure and also the lower STVR award.

Received remuneration is higher in 2022 due to the increased value at vesting of previously awarded deferred shares which vested in 2022 and the 51.6% LTVR vesting outcome in 2022 compared to 43.3% in 2021, noting that the PR which vested in 2022 were settled by delivery of shares which remain subject to a further one-year restriction period.

Statutory remuneration reflects the accounting expense value for 2022 and is thus different to the remuneration received in 2022 (which includes prior year awards which vested).

Summary of total remuneration – CEO

	Awarded				Received[1]	Statutory[2]
	Fixed remuneration $	STVR $	LTVR (full face value) $	Total remuneration $	Total remuneration $	Total remuneration $
2022	**2,500,000**	**1,860,000**	**n/a[3]**	**4,360,000**	**6,000,069**	**5,489,133**
2021	2,500,000	2,000,000	3,500,000	8,000,000	5,752,821	5,473,399

1. Includes the value of previously awarded STVR deferred shares and LTVR performance rights at the date of vesting. **2.** Includes the value of STVR and LTVR that has been expensed in the year. **3.** No 2022 LTVR award due to change of awarding LTVR at the start (rather than end) of the year. 2023 LTVR proposal is $3.375m.

Historical STVR and LTVR

This table shows the STVR as a % of maximum opportunity and LTVR vesting outcomes for the CEO over the last five years.

In prior years the maximum STVR opportunity for the CEO was 150% of target, however under the new 2022 structure this has been reduced to 125% of target, therefore the 2022 STVR % of maximum opportunity shown below of 74% is not comparable with prior years.

If the maximum opportunity had remained at 150% of target, then the 2022 STVR outcome for the CEO (on a like for like basis) would have equated to 62% of maximum opportunity.

Historical STVR and LTVR – CEO

	2018	2019	2020 (post 50% COVID-19 reduction)	2021	2022
STVR[1] outcome (% of maximum opportunity)	56%	48%	33%	53%	**74%**
LTVR vesting outcome (% vested)	0%	21.8%	0%	43.3%	**51.6%**

1. Previously referred to as AVR pre-2022.

4.4.2 DISCLOSED EXECUTIVE PERFORMANCE

Performance

At the start of each year, stretching performance objectives are set in the form of Divisional Performance Frameworks for each of our Disclosed Executives, in alignment with the ANZ Group Performance Framework approved by the Board.

At the end of the financial year, the performance of each Disclosed Executive[1] is assessed against the ANZ Group Performance Framework (25% to 50% weighting), their Divisional Performance Framework, ANZ's values (behaviours), delivery of BEAR obligations and ANZ's risk and compliance standards.

The ANZ Group Performance Framework weighting for Disclosed Executives reinforces the importance of collective accountability and contribution to Group outcomes. The respective 2022 weighting varies based on role focus:

- 50% Group performance weighting: CFO, GE T&C, and GE Technology
- 25% Group performance weighting: CRO, GE Australia Retail, GE & CEO New Zealand, GE Institutional

Similar to the ANZ Group Performance Framework, the Divisional Performance Frameworks include the key elements of Financial Discipline and Operational Resilience, Customer, and People and Culture, with Risk acting as a modifier.[2] The weighting of each element varies to reflect the responsibilities of each individual's role. The Financial Discipline and Operational Resilience element weightings range from 20% to 35%.

The HR Committee seeks input from the CEO, and independent reports from Risk, Finance, Talent and Culture, and Internal Audit, and also reviews material risk, audit and conduct events, and seeks input from both the Audit Committee and the Risk Committee of the Board.

The HR Committee reviews and recommends to the Board for approval the overall performance outcomes for each Disclosed Executive.

STVR and LTVR

At the end of the financial year, the CEO and HR Committee determine STVR recommendations for each Disclosed Executive, which are ultimately approved by the Board[3]. STVR varies year-on-year in line with performance – it is not guaranteed and may be adjusted up or down ranging from zero to a maximum opportunity.

As highlighted in section 4, performance against objectives impacts STVR outcomes (e.g., where expectations are met, STVR is likely to be awarded around target which equates to 80% of maximum opportunity).

The degree of variance in individual STVR outcomes reflect the weighting of the Group component (i.e., roles with 50% Group weighting will generally have less differentiation), and relative performance of the different areas/individuals, ensuring appropriate alignment between performance and reward. The outcomes demonstrate the at risk nature of STVR, and that outcomes vary across the Disclosed Executives and also from year to year. The average 2022 STVR for Disclosed Executives is 78% of maximum opportunity (ranging from 71% to 96%).

Consistent with the CEO, no 2022 LTVR awards have been made to Disclosed Executives, as we transition to awarding LTVR at the start of the 2023 year under the new executive remuneration structure.

1. Performance arrangements for the CRO are addressed additionally by the Risk Committee. Performance arrangements for the Group Executive and CEO, New Zealand are determined and approved by the ANZ NZ HR Committee/ANZ NZ Board in consultation with and endorsed by the HR Committee/Board, consistent with their respective regulatory obligations. **2.** Except for the CRO who has a percentage weighting assigned to risk measures. **3.** Remuneration arrangements for the Group Executive and CEO, New Zealand are determined and approved by the ANZ NZ Board in consultation with and endorsed by the Board, consistent with their respective regulatory obligations.

Historical Disclosed Executive VR

This table shows the VR as a % of maximum opportunity for the executives who were disclosed over the last five years.

In prior years the maximum VR opportunity for Disclosed Executives was 150% of combined VR target, however under the new 2022 structure this has been reduced to 125% of STVR target component only, therefore the 2022 STVR % of maximum opportunity shown below of 78% is not comparable with prior years.

If the maximum opportunity had remained at 150% of target, then the average 2022 STVR outcome for Disclosed Executives (on a like for like basis) would have equated to 65% of maximum opportunity (and a range of 59% to 80%).

Historical Disclosed Executive VR

	2018	2019	2020 (post 50% COVID-19 reduction)	2021	2022
STVR[1] outcome (average % of maximum opportunity[2])	51%	45%	36%	60%	78%
STVR[1] outcome (range % of maximum opportunity[2])	40% – 60%	0% – 74%	31% – 44%	46% – 66%	71% – 96%
VR PR vesting outcome (% vested)	0%	21.8%	0%	43.3%	51.6%

1. Previously referred to as VR pre-2022. **2.** Pre 2022, % of maximum opportunity applied to the full VR due to the combined VR structure for Disclosed Executives in those years.

4.4.3 PR OUTCOMES (CEO AND DISCLOSED EXECUTIVES)

PR granted to the CEO in December 2018 and Disclosed Executives (excluding the CRO) in November 2018 reached the end of their performance period in November 2021. Based on performance against hurdles, 51.6% of these rights vested (noting that for the CEO they remain subject to a further one-year restriction period), the remaining 48.4% lapsed and executives received no value for this portion of the award.

PR outcomes

			Over three years				
Hurdle	Grant date[1]	First date exercisable[1]	ANZ TSR/ CAGR[2] TSR	Median TSR/ CAGR[2] TSR threshold target	Upper quartile TSR/CAGR[2] TSR maximum target	% vested	Overall PR outcome
75% relative TSR Select Financial Services (SFS) comparator group[3]	22-Nov-18	22-Nov-21	17.49%	5.60%	41.02%	68.85%	51.6% vested[4] and 48.4% lapsed
25% absolute CAGR[2] TSR	22-Nov-18	22-Nov-21	5.52%	10%	15%	0%	

1. Grant date for the CEO was 19 December 2018, and date first exerciseable was 19 December 2021. The CEO's performance period was the same as the performance period for Disclosed Executives. **2.** Compound Annual Growth Rate (CAGR). **3.** See section 5.2.5 for details of the SFS comparator group. **4.** For the CEO, remain subject to a further one-year restriction period.

4.5 ANZIP variable remuneration pool and Group performance

4.5.1 ANZIP VARIABLE REMUNERATION

The ANZ Incentive Plan (ANZIP) is the variable remuneration plan operating across ANZ.

With the exception of the CEO's STVR, individual variable remuneration outcomes for all other employees including STVR for Disclosed Executives are funded under ANZIP. The Board decides the CEO's variable remuneration outcomes separately to help mitigate potential conflicts of interest. See section 8.1.3.

At the end of each financial year the Board exercise their judgement to determine a fair and reasonable ANZIP pool. An assessment of financial performance guides the pool range but it is not a formulaic outcome. The Board considers a range of factors including:

- The ANZ Group Performance Framework assessment (see section 4.5.3).
- The quality of earnings and operating environment.
- The shareholder experience during 2022 (e.g., shareholder returns and dividend comparison with prior periods).
- Our Reward Principles (e.g., attract, motivate and keep great people).

4.5.2 ANZ GROUP PERFORMANCE FRAMEWORK

The ANZ Group Performance Framework is approved by the Board at the start of each year. The key objective of our Group Performance Framework is to enable aligned focus across the organisation on delivering the critical outcomes that matter most in delivering on our strategy. It plays a key role to:

- message internally what matters most;
- reinforce the importance of sound management in addition to risk, customer, people and financial outcomes; and
- inform focus of effort, prioritisation and decision-making across ANZ.

4.5.3 ASSESSMENT AGAINST THE ANZ GROUP PERFORMANCE FRAMEWORK FOR 2022

As managing risk appropriately is fundamental to the way ANZ operates, risk forms an integral part of the assessment, directly impacting the overall ANZ Group Performance Framework outcome (a modifier ranging from 0% to 110% of the ANZ Group Performance assessment).

RISK

modifier 0 to 110%

Overall assessment
Slightly below

OVERALL

Group Performance

Assessment
Slightly below expectations – but many objectives met or above target

Overall, this was another volatile year with a lot of economic uncertainty. COVID continued to provide challenges operationally and for our customers. The hard work de-risking and simplifying the Bank over the previous 5 years and the lessons from COVID in 2020 and 2021 meant ANZ was well positioned to manage through a fast-changing environment.

Despite these challenging circumstances, the achievement of many important initiatives position us well for 2023 and beyond (e.g., the agreement to acquire Suncorp Bank which will add more than one million retail customers and provide a platform for growth in the fast-growing Queensland market, the progress made on establishing the NOHC structure which if approved by shareholders will provide greater flexibility to grow value for shareholders, the new Australia Commercial strategy, sustainability investments), Australia home lending has also been returned to quality growth.

Despite many achievements, we assess our 2022 performance as slightly below expectations primarily due to the slower than expected progress on the build of a Group wide non-financial risk framework (the current framework is more Divisionally focused), and the later than expected launch of our digital innovation product ANZ Plus.

The below table outlines ANZ's performance objectives in 2022 and provides a summary of outcomes for each of the key performance categories to inform the overall assessment for 2022.

Performance against expectations is evaluated for each category using a holistic assessment of progress and outcomes delivered in line with our Group strategic priorities and annual focus areas.

A range of objective indicators and subjective factors are considered including management input on work undertaken, evidence of outcomes realised and lessons learned, and with consideration given to the operating, regulatory and competitive environment.

Risk

(modifier 0% to 110%)

Risk overall assessment: Slightly below

Performance commentary	Performance against objectives
GROUP STRATEGIC PRIORITY: *Maintain risk discipline focused on good customer and regulatory outcomes.*	Below / Met / Above
With a constantly evolving economic, health, regulatory and political environment, our continued focus on strong risk discipline has become even more important, as evidenced by: • the integration of Geo-Political Risk Capability into ANZ to inform of emerging risks, including development of contingency plans for medium to higher risk jurisdictions with trigger events; • the strengthening of our climate risk management capabilities (e.g., improving our credit counterparty climate risk assessments to fulfil APRA's Climate Vulnerability Assessment); • solid progress on implementing the Royal Commission recommendations (on track) and the Group wide capital efficiency program. There were no major regulatory, credit, audit or market breaches. The de-risking of the business continued with further strengthening of the balance sheet and exiting non-core businesses. We continued to improve our risk infrastructure and processes, although did not make the progress we had hoped with regards to a new Group wide non-financial risk framework which we consider to be an important foundation for the future. The APRA imposed operational risk overlay of $500m remained. We rightly hold ourselves to a very high standard with respect to risk in particular, and therefore as we didn't achieve all expectations we have evaluated our Risk performance as slightly below target. ANZ was measured by S&P's 2022 Corporate Sustainability Assessment[1], and was ranked in the 96th percentile globally in the banking sector (as at 23 September 2022) and commended in areas including financial wellbeing and social and environmental reporting.	Slightly below

2022 focus areas	Performance commentary	Performance against objectives (Below / Met / Above)
Deliver major regulatory commitments	• Strong progress has been made against major compliance regulatory commitments (e.g., APRA Risk Governance, Culture and Accountability Self-Assessment Attestation, ongoing enhancement of our Anti-Money Laundering program, APRA Capital Reforms Program, Reserve Bank of New Zealand standard BS11), however the complexity and magnitude of change with programs such as BS11 has impacted meeting some of our stretch delivery timeframes. • While each Division manages its operational risks and there has been investment in de-risking the businesses, we did not make the progress we had hoped with regards to building and embedding a new Group wide non-financial risk framework which we consider to be an important foundation for the future.	Slightly below
Strengthen risk culture and progress towards target state	• There were a number of positive actions influencing risk culture including embedding the ANZ behaviours and raising awareness of risk culture through various channels and longer-term strategic activities. While we have advanced with the delivery of our Group wide non-financial risk framework this is not yet complete and so the target risk culture was not met in 2022.	Slightly below
Deliver more effective controls to better protect the confidentiality, integrity and availability of systems	• The technology risk rating has improved through an enhanced control environment and uplifting capability. This has improved availability of systems and prevention, detection and mitigation of internal and external security threats. • A significant level of training support on how to manage technology risk was provided to >1,000 employees across all Divisions. • Cloud initiatives have supported the migration of ANZ applications to Cloud technologies in a safe and compliant manner, and the strengthening of ANZ's Cloud policy and framework.	Slightly above
Continue to strengthen our reputation with the community and regulators	• Our regulatory and community reputation remains strong. • ANZ – particularly the CEO – engages regularly with non-profit partners, environmental groups and other community groups/leaders in line with our purpose to 'shape a world where people and communities thrive'. • Released fifth Reconciliation Action Plan focused on improving economic participation, supporting organisations to build capacity and individuals to achieve financial wellbeing. • ANZ's 'Speak Up' index from the August 2022 Engagement Survey continued to be high at 83%, reflecting sustained efforts over several years to encourage a speak up and risk culture where people feel they can challenge each other respectfully.	Met

1. Evaluates the sustainability performance of thousands of companies trading publicly, operated under a strategic partnership between S&P Dow Jones Indices and RobecoSAM (Sustainable Asset Management).

Customer

(35% weight)

Customer overall assessment:
Below

Performance commentary

Performance against objectives

GROUP STRATEGIC PRIORITY:

Deliver great customer outcomes, focused on improving the financial wellbeing and experience of priority segments.

Below Met Above

We continued to demonstrate our commitment to improve the financial wellbeing (FWB) of our customers (a core component of our business strategy), as evidenced by:

- greater than 850,000 FWB hub visits in Australia and New Zealand in 2022;
- a number of major campaigns to drive FWB (e.g., 2022 Australian Open campaign, the launch of a new brand platform 'For Financial Wellbeings', and new KiwiSaver 'Long term plans' campaign to get people thinking about their long term FWB), and the launch of ANZ Plus which has been designed around FWB.

Underlying performance in New Zealand and Institutional continued to be strong as we further embedded leading market positions (e.g., New Zealand Brand Consideration at all-time highs at >53%, and Australia Institutional continued to achieve various #1 customer ratings). Our Australia Commercial strategy detailing how ANZ is going to be the best bank for those who want to start and run a small business in Australia, was endorsed by the Board. Following a reduction in market share in the first half of the financial year, Australian home loan capability and capacity was rebuilt during the year while retaining a focus on risk and return. Performance was solid and we exit 2022 with decent momentum. Our launch of a new retail banking platform ANZ Plus has attracted ~50,000 customers since the formal marketing launch in July 2022. We are on track to launch our ANZ Plus Home Loan in 2023. Despite this success, it is later than we had hoped as we grappled with resourcing challenges due to COVID. We therefore evaluate our overall performance with respect to Customer as below target.

While not included in the 2022 objectives, there were a number of important initiatives in 2022 designed to deliver great customer outcomes in the future (e.g., agreement to acquire Suncorp Bank).

2022 focus areas	Performance commentary	Performance against objectives (Below / Met / Above)
Improve time to first decision for home loans in Australia	• Progress made on our home loan processing challenges in Australia – with median time to first decision for Broker and Mobile Lending applications reduced from 7.4 days in 2021 to 3.4 days in 2022. • However, we recognise more needs to be done in 2023 to deliver faster and more consistent application response times for our customers.	
Embed customer digital innovation propositions	• Manage My Money: ANZ Plus was launched in July 2022 and is now available in the Apple and Android app stores. Post a low key start, momentum improved towards the end of 2022 as marketing and Branch activity commenced. • Buy and Own a Home: Good progress made in delivering the supporting software.	
Strengthen and sustain complaints management practices	• AU: All actions arising from ASIC's 2019 review and 2021 regulatory changes completed, with a continuous improvement approach from 2023 (focusing on complaint capture at frontline, quality and fairness of complaint management, and the use of complaint data). • NZ: Complaint numbers consistent over 2022, however problem resolution satisfaction declined. Service complaints due to wait times (in both the Fraud and Online Store teams) increased, as volumes elevated in a challenging resourcing environment.	
Accelerate platforms, markets and sustainability strategies within Institutional	• Platforms: Strong progress on Platforms as a service including digital assets: AUD/NZD clearing services is a key pillar with continued customer onboarding and implementation of SWIFT Global Payments Invitation (GPI). Our Platform propositions (Agency, Clearing and Cash Management) continued to deliver high returns. Successful proof of concepts with our A$DC Stablecoin, including tokenised carbon trading in the digital assets space. • Markets: Commencement of in-house US Private Placements resulting in delivery of additional revenue. • Sustainability: Strong progress on delivering multi-billion dollar sustainable financing, with continued customer recognition for delivering sustainability solutions: Established a strategic partnership with Pollination, while commencing Project Wheatbelt (carbon farming and community regeneration).	
Strengthen position as a leading Sustainability bank	• Peter Lee[2] #1 Lead Sustainability Provider for Australia and New Zealand and Kanga News Global Coverage House of the Year – Sustainability and Australian Sustainability Debt House of Year.	

2. Peter Lee Associates 2022 Large Corporate and Institutional Relationship Banking surveys, Australia and New Zealand.

People & Culture

(30% weight)

People & Culture overall assessment: Met

Performance commentary | **Performance against objectives**

GROUP STRATEGIC PRIORITY:
Build a culture where our diverse teams are engaged and optimised for success.

Below | Met | Above

Our purposeful and continued focus on leadership and culture in one of the most challenging labour market environments in many years, is evidenced by our engaged workforce and recognition as a great place to work:

- 84% engagement index[3] outcome (compared to Global Finance & Insurance average of 79%).
- Awarded most popular graduate program in Australia at AFR's "Top 100 Graduate Employers" awards and #1 globally in SWOOP Analytics' 2021 Yammer Benchmarking for large firms.
- Equal #1 position amongst major bank peers in Glassdoor[4] ratings.

2022 was another successful year, and our focus on purpose and values delivered strong outcomes with regards to talent retention and further building key skills required for the future. Gender diversity continued to improve although not at the same strong pace we experienced in previous years. Overall, we delivered People & Culture on target. Strategic initiative highlights include:

- Launching and embedding our simplified culture behaviours.
- Piloting a new leadership program to improve leadership capability.
- Supporting employees to build new learning habits, with ~9,600 employees using our key digital learning platform each month.
- Strong progress on our Talent & Culture (T&C) technology uplift program to improve and simplify how our people interact with T&C services and systems.

Performance against objectives: Met

2022 focus areas	Performance commentary	Performance against objectives (Below / Met / Above)
Drive a culture of performance	Our focus was on simplifying expectations, and supporting our teams, whilst refining where and how we work through the: • launch of a simplified set of culture behaviours to help us achieve our purpose and strategy – with support for our people to understand them in practice. • provision of ongoing COVID support, including delivery of programs to facilitate a safe and effective return to office, and targeted webinars and content aligned to wellbeing and mental health.	Met
Attract, retain and develop people with the critical skills we need to reinvent banking	**Developing** • Executive Leadership Series launched to upskill leaders on critical topics linked to the Bank we're Building. • Customer Coaching program pilot commenced with 300 participants across Australia and New Zealand. • A more holistic Career Programs strategy developed. **Attracting** • Recruitment of >750 permanent engineers critical to delivering our strategy and active management of plans to strengthen data, digital and delivery expertise. • Leveraging campaigns, talent market places and other strategic sourcing techniques to attract in demand talent. **Retaining** • Retention hotspots identified. A range of interventions implemented to address attrition rates driven by an extremely tight labour market.	Met
Build the foundations for long-term, sustainable improvement in gender diversity	• Overall women in leadership (WIL) was at 35.9%, up slightly (0.6%) on last year (with intense competition for talent and tight discipline over FTE impacting the degree of uplift). Positively, WIL in revenue generating roles increased from 28% to 30%. • Good progress was made in 2022 in building the foundations to improve gender diversity outcomes over the long-term, including: – Progress against Gender Action Plan and roll out of the Diversity & Inclusion playbook. – Recruitment of 57% females into the Australian graduate program. – Update of executive promotion process to improve gender diversity. – Achievement of Family Inclusive Workplace certification.	Met

3. Based on a new research-based engagement index. **4.** Glassdoor is a website where employees and former employees anonymously review companies and their management.

Financial Discipline & Operational Resilience

(35% weight)

Financial Discipline & Operational Resilience overall assessment: Slightly above

Performance commentary	Performance against objectives
GROUP STRATEGIC PRIORITY: *Run core businesses well, focused on delivering sustainable growth and operational improvements.*	Below / Met / Above
Despite the ongoing challenges in the environment, ANZ delivered strong financial outcomes which reflect the execution of our long-term strategy and the benefits of our diversified portfolio of businesses. Strong margin and lending momentum was evident across all Divisions, with a disciplined focus on quality growth and risk-adjusted returns. Within the Australian Home Loans business, further improvements to operational capacity and process resilience helped deliver consistently faster turnaround times and led to strong volume growth momentum in the second half of the financial year. Costs were again well managed. Despite the emergence of inflationary pressures, 'run the bank' costs were broadly flat as we continued to reduce operational complexity and simplify the business. This enabled continued high levels of investment in the business, allowing for progress on growth and productivity initiatives, such as ANZ Plus and Cloud migration. We continued to prudently manage risk. The low level of individual provisions is a function of ongoing portfolio credit quality improvements, while the collective provision balance appropriately factors in the uncertain domestic and global economic outlook. Our capital position remains strong, enabling us to profitably grow the balance sheet and fund the acquisition of Suncorp Bank. Overall, the performance on Financial Discipline & Operational Resilience was slightly above target.	Slightly above Met

2022 focus areas	Performance commentary	Performance against objectives (Below / Met / Above)
Deliver Group Economic Profit to plan or better in a high-quality manner	• On a cash continuing basis, Economic Profit[5] of $1,080m was generated in 2022, up 81% on prior year. Additionally, cash profit from continuing operations increased 5%, profit before provisions increased 7% and ROE increased 47 bps reflecting a strong outcome for shareholders. • Excluding large/notable items[6], revenue grew 2% for the financial year benefiting from disciplined volume growth and margin management across all our businesses. While our Markets customer franchise performed strongly, lower balance sheet trading income caused by volatile market conditions saw total Markets revenue fall. For second half, revenue grew 10% with strong exit rate momentum. • Cost management remained disciplined despite inflationary pressures, with 'run the bank' costs broadly flat year-on-year. Overall costs increased, a factor of continued high levels of investment to grow and simplify the business and meet our regulatory and compliance obligations, and a higher proportion of investment spend being directly expensed. • The credit quality of our lending portfolio remains strong, with long-run loss rates continuing to decline and low levels of individual provisions in 2022. • Capital and liquidity continued to be well managed. CET1 (level 2) of 12.3% remains above regulatory minimums, while enabling profitable balance sheet growth and completing a $3.5bn capital raise to partially fund the acquisition of Suncorp Bank.	Slightly above Met
Drive BAU productivity improvements	• Incremental 'run the bank' cost savings of $250m were delivered in 2022 via the Accelerated Strategy program, enabling 'run the bank' costs to remain broadly flat. • The savings were achieved via a series of initiatives focusing on the continued move to a modern Cloud-based technology architecture, greater digital adoption for customers and employees and more streamlined business processes.	Met
Restore Australia home lending momentum	• Australia home lending volumes +4.9bn (or +1.8%) in 2022. Additional operational capacity and process resilience has seen home loan application volumes improve over the course of the year, with the majority of FUM growth delivered in the second half of the year, and the strongest FUM growth in the month of September.	Slightly below Met
Progress further on Cloud migration journey	• Our technology continues to be modernised and we have exceeded targets with more than 12,000 systems migrated to Cloud or decommissioned (target 9,000), with 31% of applications now on Cloud.	Above
Demonstrate progress towards improving our legal structure	• Well progressed on the NOHC legal restructure with preparation activities on track to implement in 2023, subject to receipt of all regulatory and shareholder approvals.	Met

5. Economic profit is a risk adjusted profit measure used to evaluate business unit performance and is not subject to audit by the external auditor. Economic profit is calculated via a series of adjustments to cash profit with the economic credit cost adjustment replacing the accounting credit loss charge; the inclusion of the benefit of imputation credits (measured at 70% of Australian tax) and an adjustment to reflect the cost of capital. 6. Large/notable items include the impact of divestments, merger and acquisition related items, customer remediation, litigation, restructuring, withholding tax, lease modification and Asian Associate items.

Overall

ANZ Group Performance assessment:
Slightly below expectations

	Below	Met	Above
Despite a strong outcome in Financial Discipline & Operational Resilience, and on target performance for People & Culture, some areas for improvement in Customer and slower than expected progress in regards to building a Group wide non-financial risk framework in line with our high expectations, resulted in an overall Board assessment of slightly below target. However, the Board recognised that many objectives were met or exceeded in difficult circumstances, and several important achievements (e.g., Suncorp Bank purchase agreement, NOHC, Cloud) have positioned us well for the long-term.		●	

4.5.4 ANZ PERFORMANCE OUTCOMES

ANZ's financial performance 2018–2022

As highlighted in section 4.5.1, when determining variable remuneration outcomes for the CEO, Disclosed Executives and employees a range of different financial indicators are considered. The Group uses cash profit[1] as a measure of performance for the Group's ongoing business activities, as this provides a basis to assess Group and Divisional performance against earlier periods and against peer institutions. The adjustments made in arriving at cash profit are included in statutory profit which is subject to audit. Although cash profit is not audited, the external auditor has informed the Audit Committee that the cash profit adjustments have been determined on a consistent basis across each period presented.

Statutory profit has increased 16% compared to the prior financial year, while cash profit from continuing operations has increased 5%. Part of the improvement has been driven by fewer one-off charges and divestment losses in the prior financial year. Underlying performance reflects stronger revenue, a focus on investing for growth.

During 2022 the Group completed a $1.5bn share buy-back to return surplus capital to its shareholders and announced the proposed acquisition of Suncorp Bank to accelerate the growth of our Australia Retail and Australia Commercial businesses, anticipated to complete in calendar year 2023 (subject to regulatory approval). The expected acquisition will be partly funded by the $3.5bn equity raise in 2022. See 'Note 24 Shareholders' Equity' of the Annual Report.

The table below provides ANZ's financial performance, including cash profit, over the last five years.

	2018	2019	2020	2021	2022
Statutory profit attributable to ordinary shareholders ($m)	6,400	5,953	3,577	6,162	**7,119**
Cash profit[1] ($m, unaudited)	5,805	6,161	3,660	6,181	**6,496**
Cash profit – Continuing operations ($m, unaudited)	6,487	6,470	3,758	6,198	**6,515**
Cash profit before provisions – Continuing operations ($m, unaudited)	9,966	9,958	8,369	8,396	**8,968**
Cash ROE (%) – Continuing operations (unaudited)	11.0	10.9	6.2	9.9	**10.4**
Cash EPS – Continuing operations (unaudited)[2]	243.5	220.2	128.7	216.5	**228.8**
Share price at 30 September ($) (On 1 October 2017, opening share price was $29.60)	28.18	28.52	17.22	28.15	**22.80**
Total dividend (cents per share)	160	160	60	142	**146**
Total shareholder return (12 month %)	0.6	9.2	(36.9)	70.7	**(14.0)**

1. Cash profit excludes non-core items included in statutory profit with the net after tax adjustment a reduction to statutory profit of $623m for 2022, made up of several items. It is provided to assist readers understand the results of the core business activities of the Group. **2.** Cash earnings per share has been restated to reflect the bonus element of the share entitlement issue in 2022, in accordance with AASB 133 *Earnings per Share*.

ANZ TSR performance (1 to 10 years)

The table below compares ANZ's TSR performance against the median TSR and upper quartile TSR of the PR Select Financial Services (SFS) comparator group[1] over one to ten years, noting that for this table TSR is measured over a different timeframe (i.e., to 30 September 2022) to the performance period for our PR.

- ANZ's TSR performance was above the median TSR of the SFS comparator group[1] when comparing over three and five years; and
- below the median over one year and ten years.

	Years to 30 September 2022			
	1	3[2]	5	10
ANZ (%)	**(14.0)**	**(7.3)**	**0.2**	**59.5**
Median TSR SFS (%)	(12.6)	(14.1)	(2.0)	88.4
Upper quartile TSR SFS (%)	8.4	25.5	51.2	166.6

1. See section 5.2.5 for details of the SFS comparator group. **2.** The outcomes for PR granted in November/December 2018 and tested in November 2021 are detailed in section 4.4.3.

5. 2022 executive remuneration structure and delivery

There are two core components of remuneration at ANZ – FR and at risk variable remuneration.

In structuring remuneration, the Board aims to find the right balance between fixed and variable remuneration (at risk), the way it is delivered (cash versus deferred remuneration) and appropriate deferral time frames (the short, medium and long-term).

The Board sets (and reviews annually) the CEO and Disclosed Executives' FR based on financial services market relativities and reflecting their responsibilities, performance, qualifications and experience. The annual market review of FR initially scheduled for September 2022 has been deferred until early 2023 to ensure the Board has a clearer picture of the impact of any remuneration changes in the market as a result of APRA's new Prudential Standard *CPS 511 Remuneration*.

The CEO and Disclosed Executives' variable remuneration is comprised of STVR and LTVR consistent with external market practice.

Variable remuneration is designed to focus our CEO and Disclosed Executives on stretching performance objectives supporting our business strategy, risk management and the delivery of long-term stakeholder value.

Variable remuneration outcomes are based on a range of measures (as illustrated below), with material weight provided to non-financial measures in accordance with Prudential Standard *CPS 511 Remuneration*. Our variable remuneration approach has a strong focus on driving long-term sustainable outcomes for shareholders. For example, STVR outcomes include a number of objectives that are considered key drivers of shareholder value, and the significant weighting to the LTVR component (>60% of VR) as well as 50% of STVR delivered as ANZ shares, aligns a large proportion of executive remuneration to the shareholder experience (in respect of the share price and dividend).

STVR
Mix of financial and non-financial measures

Key Individual Assessment Inputs

ANZ values Behaviours	Risk/compliance Including material events	BEAR obligations
ANZ Group Performance Framework 25%-50% weighting	Individual strategic objectives/Divisional Performance Framework 50%-75% weighting	Control function input Risk, Finance, T&C, Audit

FY22 ANZ Group Performance Framework
Objectives below are examples of key drivers of shareholder value

RISK (MODIFIER)
Maintain risk discipline focused on good customer and regulatory outcomes
- Deliver major regulatory commitments
- Strengthen risk culture

×

CUSTOMER (35%)
Deliver great customer outcomes, focused on improving financial wellbeing and experience of priority segments
- Improve time to first decision for Australia home loans
- Embed digital value propositions
- Accelerate platforms, markets and sustainability strategies within Institutional

PEOPLE & CULTURE (30%)
Build a culture where our diverse teams are engaged and optimised for success
- Drive a culture of performance
- Attract, retain and develop people with critical skills to reinvent banking

FINANCIAL DISCIPLINE & OPERATIONAL RESILIENCE (35%)
Run core businesses well, delivering sustainable growth and operational improvements
- Deliver economic profit to plan or better in a high-quality manner with sustainable returns
- Restore Australia home lending momentum and sustainably grow market share in target segments

Additional financial and non-financial overlays considered by the Board in determining Group and individual performance and the size of the ANZIP pool include:
- Broader financial performance (beyond scorecard measures)
- The quality of earnings and operating environment
- The shareholder experience (e.g., share price growth and dividend comparison with prior periods)

LTVR RR
Mostly non-financial

LTVR PR
Financial

ALIGNED TO SHAREHOLDER EXPERIENCE

Prudential Soundness
- Capital ratio and liquidity prudential minimums

Risk Measures
- **Material risk outcomes** Considers all risk types including capital adequacy risk, compliance risk, credit risk, liquidity and funding risk, market risk, operational risk, strategic risk, technology risk and conduct risk
- **APRA active supervision**
- **Risk culture**

TSR
- **75% relative TSR** Rewards for performance relative to that of SFS comparator group
- **25% absolute TSR** Ensures there is a continued focus on providing positive growth – even when market is declining

  Measures absolute CAGR

STVR and LTVR provide material weight to non-financial measures as per *CPS 511*

By deferring a significant portion of variable remuneration (79% of maximum opportunity for the CEO and Disclosed Executives and 75% for the CRO), we seek to ensure alignment with shareholder interests, to deliver on ANZ's strategic objectives, and to ensure a focus on long-term value creation. Deferred variable remuneration has significant retention elements, and most importantly, can be adjusted downwards, including to zero, allowing the Board to hold executives accountable, individually or collectively, for the longer-term impacts of their decisions and actions.

Board discretion is applied when determining all CEO and Disclosed Executive variable remuneration outcomes including:

- STVR and LTVR outcomes for each financial year;
- LTVR vesting outcomes (pre vest assessment);
- Consideration of malus or further deferral before any scheduled release of previously deferred remuneration;
- Consideration of clawback for up to two years post payment or vesting of variable remuneration from 2022 onwards. See section 5.3.

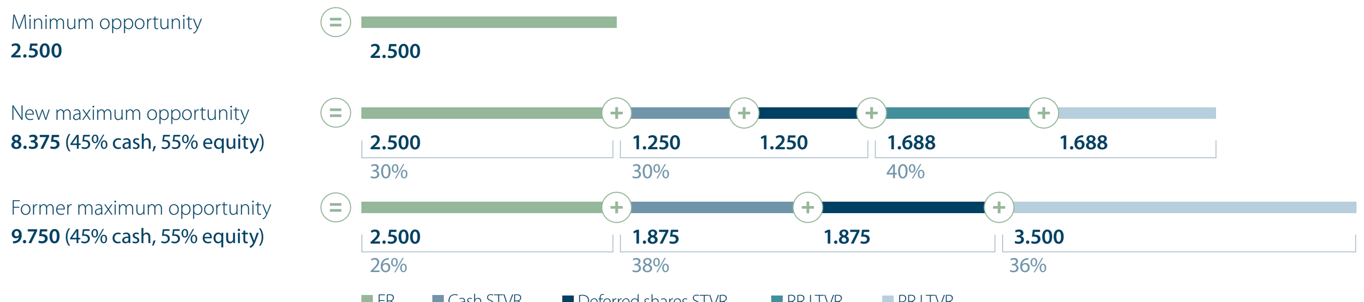
5.1 Remuneration mix

As highlighted in section 3, the CEO and Disclosed Executives now have an aligned remuneration mix (30% FR, 30% STVR and 40% LTVR at maximum opportunity), and structure (with the exception of longer deferral for the CEO in line with APRA's deferral requirements).

CEO

This chart below highlights that despite the reduction in total remuneration opportunity, the LTVR component has only reduced slightly to reinforce the long-term focus and alignment to the shareholder experience.

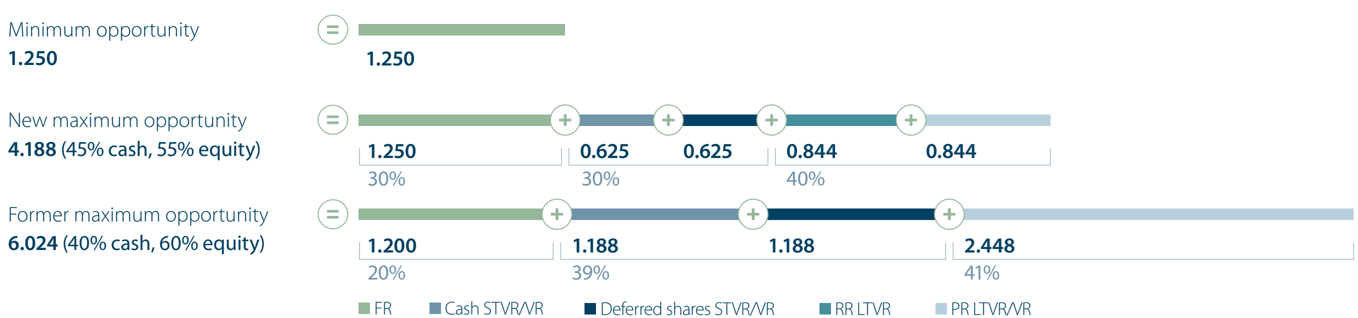
Remuneration mix – CEO ($m)



Disclosed Executives

The chart below highlights the significant (~30%) reduction in maximum opportunity for Disclosed Executives (i.e., -$1.837m in this example). Under the former combined VR structure the maximum opportunity of 150% was applied to the combined VR, while under the new structure the maximum opportunity has been reduced to 125% and is applied to the STVR only.

Remuneration mix – Disclosed Executives[1] ($m)



1. Excluding CRO.

CRO

To preserve the independence of the role and to minimise any conflicts of interest in carrying out the risk control function across the organisation, the CRO's remuneration arrangements differ to other Disclosed Executives.

While the STVR opportunity (100% of FR) is the same as the CEO and Disclosed Executives, the LTVR opportunity is different (100% of FR instead of 135% of FR) reflecting the delivery of LTVR as 100% RR (instead of 50% RR and 50% PR). Maximum variable remuneration opportunity has reduced from 270% to 200% of FR for the CRO. The remuneration mix is 33.3% FR/33.3% STVR/33.3% LTVR.

Note for both Disclosed Executives and the CRO, as the Board decided to defer payment of the ~4% FR structural increase for Disclosed Executives to 2023, excluding the FR increase, the 2022 actual maximum opportunity remuneration mix for Disclosed Executives is 29% FR/30% STVR/41% LTVR (and for the CRO 32% FR/34% STVR/34% LTVR).

5.2 Variable remuneration delivery

Variable remuneration for the CEO and the Disclosed Executives (excluding the CRO) is delivered as follows:

- STVR as 50% cash and 50% shares deferred equally over years 2 and 3; and
- LTVR as RR and PR deferred over:
  - year 4 (33%), year 5 (33%) and year 6 (34%) for the CEO; and
  - year 4 (50%) and year 5 (50%) for Disclosed Executives.

Both RR and PR are tested against the relevant performance condition (see section 5) at the end of the four-year performance period and are then subject to additional holding period(s) until the completion of the respective deferral periods.

At target performance, 63% of variable remuneration for the CEO and Disclosed Executives, and 56% of variable remuneration for the CRO will be deferred for at least four years (from the date the Board approved the variable remuneration in October (and the date shareholders approve the CEO's LTVR)), noting that this complies with the BEAR minimum deferral requirement of 60% for the CEO and 40% for Disclosed Executives. If the CEO receives above target STVR, the amount above target will be delivered as 40% cash and 60% deferred shares (20% year 4, 20% year 5, 20% year 6) to ensure compliance with the minimum deferral requirements with respect to BEAR and APRA's Prudential Standard *CPS 511 Remuneration*.

Before any scheduled release of deferred remuneration, the Board considers whether malus should be applied to previously deferred remuneration (or further deferral of vesting) for the CEO and Disclosed Executives. The Board will also consider whether clawback should be applied to variable remuneration granted for the 2022 financial year and beyond. See section 5.3.

5.2.1 STVR CASH – CEO AND DISCLOSED EXECUTIVES

The cash component of STVR is paid to executives at the end of the annual Performance and Remuneration Review (December 2022), and from 2022 is subject to clawback for two years post payment.

5.2.2 STVR DEFERRED SHARES – CEO AND DISCLOSED EXECUTIVES

By deferring 50% of an executives' STVR as deferred shares over years two and three (and it remaining subject to malus and clawback), we enable a substantial amount of their STVR to be directly linked to delivering shareholder value. We grant deferred shares in respect of performance for the 1 October to 30 September financial year in late November each year.

For deferred variable remuneration for the CEO and Disclosed Executives, we calculate the number of deferred shares to be granted based on the VWAP of the shares traded on the ASX in the five trading days leading up to and including 1 October (i.e., in line with the beginning of the financial year). Allocations prior to the 2022 financial year are based on the VWAP in the five trading days leading up to and including the date of grant. The VWAP used for allocation varies from the fair value VWAP used for disclosure and expensing purposes (i.e., one-day VWAP at the date of grant).

In some cases, we may grant deferred share rights to executives instead of deferred shares. Each deferred share right entitles the holder to one ordinary share.

5.2.3 LTVR – CEO AND DISCLOSED EXECUTIVES

LTVR reinforces the focus on achieving longer term strategic objectives, driving outperformance relative to peers, and creating long-term sustained value for all stakeholders. The following table details design features common to both LTVR RR and PR.

As part of the transition to the new remuneration structure there is no 2022 LTVR grant, however this section details the LTVR approach that will apply to the 2023 LTVR award to be granted around November/December 2022.

Element	Detail
Description	RR and PR provide a right to acquire one ordinary ANZ share at nil cost – as long as applicable time and performance conditions are met. Their future value may range from zero to an indeterminate value. The value depends on performance against the applicable performance condition and on the share price at the time of exercise.
Performance period	Both RR and PR have a four-year performance period commencing from 1 October and ending four years later on 30 September (e.g., 1 October 2022 to 30 September 2026 for the 2023 grant), noting that LTVR will now be awarded at the start of the financial year (rather than the end). A four-year performance period provides sufficient time for longer term performance to be reflected.
Deferral periods	The deferral period is the sum of the four-year performance period and the applicable holding period. The holding period commences the day after the end of the four-year performance period (e.g., 1 October 2026 in the case of the 2023 LTVR award), and finishes on the 4th, 5th or 6th anniversary of grants.
Exercise period	Rights can only be exercised at the end of the relevant deferral period (4, 5 or 6 years) when the rights vest and become exercisable. There is a two-year exercise period which commences at the end of the relevant deferral period for RR and PR.

Element	Detail
Expensing	ANZ engages PricewaterhouseCoopers to independently determine the fair value of RR and PR, which is only used for expensing purposes. They consider factors including: the market performance conditions, share price volatility, life of the instrument, dividend yield, and share price at grant date.
Dividends	A dividend equivalent payment (DEP) is paid in cash at the end of the relevant deferral period, but is only made to the extent that all or part of the underlying rights meet the relevant performance condition and vest to the individual. Dividend equivalents accrue over the full deferral period for RR, and only during the holding period for PR.
Allocation basis	The value the Board uses to determine the number of RR and PR to be allocated to the CEO and Disclosed Executives is the face value of the Company's shares traded on the ASX in the five trading days leading up to and including 1 October (beginning of the financial year and LTVR performance period). LTVR will be awarded around the start of the financial year in late November/early December for Disclosed Executives and December for the CEO (subject to shareholder approval).

5.2.4 LTVR RESTRICTED RIGHTS – CEO AND DISCLOSED EXECUTIVES

The introduction of RR ensures that LTVR provides material weight to non-financial measures (as required under APRA's Prudential Standard *CPS 511 Remuneration*), as well as supporting long-term alignment with shareholders.

The Board was very considered in working through the appropriate measures for RR. A holistic assessment of measures across STVR and LTVR components was considered to reduce the risk of a 'double impact' to remuneration outcomes. Having a risk-based focus reflects the intent of the new Prudential Standard *CPS 511 Remuneration* in ensuring remuneration arrangements appropriately incentivise individuals to prudently manage risks. The performance conditions have been designed to ensure there is focus on both material risk events and building a strong risk culture over the longer term.

Element	Performance condition detail
RR pre grant and pre vest assessments	**Pre grant assessment purpose:** Determines whether any reduction should be made to RR award value and is primarily based on outcomes in the prior financial year. **Pre vest assessment purpose:** Determines whether the RR amount awarded should vest in full and is based on outcomes over the four-year performance period. The pre grant and pre vest assessments also take into consideration any adjustments already applied for the same event/outcomes in either the current or prior years (i.e., adjustments to STVR and LTVR, malus and clawback), to ensure the overall impact is fair and proportionate to the severity of the outcome. Therefore, given other remuneration adjustments are likely to be considered first, and as the award of RR is future focused, it is anticipated that RR will be allocated at maximum value in most years – unless the outcome of the following three assessment steps determines otherwise.

STEP 1 Assess Prudential soundness	STEP 2 Assess risk measures	STEP 3 Apply Board discretion
• Nil award if ANZ does not meet capital ratio and liquidity prudential minimums.	• Consideration of any **Material Risk Outcomes** from executive actions or inactions which is expected to/or has resulted in significant impacts. • Consideration of any significant adverse change in **APRA's Active Supervision** level. • Consideration of **Risk Culture** (additional measure for pre vest) that examines whether or not ANZ has maintained (or made progress towards) a sound risk culture, considering both executive actions or inactions.	• Board to determine whether any reduction should be made to LTVR RR outcome based on consideration of a range of factors, including: – the outcomes from steps 1 and 2; – the impact, if any, of the issue/s on ANZ's reputation/standing in the market; – whether the issue was specific to ANZ, the banking industry or the broader market; – any impacts already applied (e.g., re downward adjustment mechanisms, pre grant assessment impact to LTVR RR); – whether any impact should be made on an individual or collective basis.

The assessments are not intended to be formulaic given the circumstances requiring the application of Board discretion will typically be different or unique, however a Board decision making framework is in place to guide the Board in applying discretion.

Element	Performance condition detail
Material risk outcomes process	The consideration of material risk outcomes is a key process that forms part of our broader Accountability and Consequence Framework (A&CF) (see section 6), and is a comprehensive bottom-up process designed to ensure that all relevant events are surfaced and considered appropriately. Key steps include: • Risk, conduct and audit events are reported in ANZ's Compliance & Operational Risk System. • Divisional Accountability Groups review serious audit events, and conduct themes and trends, and provide recommendations regarding accountability and consequences. • Enterprise Accountability Group (EAG) reviews recommendations of the Divisional Accountability Groups and make final determination. • HR Committee reviews most serious risk, conduct and audit events (as part of independent report from CRO) and determines impacts at the Group, Division and individual level for the CEO and ExCo.

5.2.5 LTVR PERFORMANCE RIGHTS – CEO AND DISCLOSED EXECUTIVES EXCLUDING THE CRO

Element	Performance condition detail
Performance rights hurdles	The PR have TSR performance hurdles reflecting the importance of focusing on achieving longer term strategic objectives and aligning executives' and shareholders' interests. We will apply two TSR performance hurdles for the 2023 grants of PR: • 75% will be measured against a relative TSR hurdle, tranche 1. • 25% will be measured against an absolute TSR hurdle, tranche 2. TSR represents the change in value of a share plus the value of reinvested dividends paid. We regard it as the most appropriate long-term measure – it focuses on the delivery of shareholder value and is a well understood and tested mechanism to measure performance. The combination of relative and absolute TSR hurdles provides balance to the plan by: • Relative: rewarding executives for performance that exceeds that of comparator companies; and • Absolute: ensuring there is a continued focus on providing positive growth – even when the market is declining. The two hurdles measure separate aspects of performance: • the relative TSR hurdle measures our TSR compared to that of the Select Financial Services (SFS) comparator group, made up of core local and global competitors. This comparator group is chosen to broadly reflect the geographies and business segments in which ANZ competes for revenue; and • the absolute CAGR TSR hurdle provides executives with a more direct line of sight to the level of shareholder return to be achieved. It also provides a tighter correlation between the executives' rewards and the shareholders' financial outcomes. We will measure ANZ's TSR against each hurdle at the end of the four-year performance period to determine whether each tranche of PR becomes exercisable. We measure each tranche independently from the other – for example one tranche may vest fully or partially but the other tranche may not vest.
Relative TSR hurdle for PR	The relative TSR hurdle is an external hurdle that measures our TSR against that of the SFS comparator group over four years. The SFS comparator group (unchanged from prior years) is made up of: Bank of Queensland Limited; Bendigo and Adelaide Bank Limited; Commonwealth Bank of Australia Limited; DBS Bank Limited; Macquarie Group Limited; National Australia Bank Limited; Standard Chartered PLC; Suncorp Group Limited; and Westpac Banking Corporation.

If our TSR when compared to the TSR of the comparator group	then the percentage of PR that vest
is less than the 50th percentile	is nil
reaches at least the 50th percentile, but is less than the 75th percentile	is 50% plus 2% for every one percentile increase above the 50th percentile
reaches or exceeds the 75th percentile	is 100%

Element	Performance condition detail
Absolute TSR hurdle for PR	The absolute CAGR TSR hurdle is an internal hurdle as to whether ANZ achieves or exceeds a threshold level of growth the Board sets at the start of the performance period. The Board reviews and approves the absolute TSR targets each year for the PR award. When reviewing the targets, the Board references ANZ's assessed Cost of Capital. The Cost of Capital is determined using methodologies including the Capital Asset Pricing Model (CAPM). The Cost of Capital is regularly reviewed and updated to reflect current market conditions. Due to the prospective nature of the 2023 PR and given the increased volatility in the 10-year bond rate, the Board determined it was appropriate to use the 2H average Cost of Capital as the CAGR TSR target for the 2023 PR.
Calculating TSR performance	When calculating performance against TSR, we: • reduce the impact of share price volatility – by using an averaging calculation over a 90-trading day period for start and end values; • ensure an independent measurement – by engaging the services of an external organisation, Mercer Consulting (Australia) Pty Ltd, to calculate ANZ's performance against the TSR hurdles; and • test the performance against the relevant hurdle once only at the end of the four-year performance period – the rights lapse if the performance hurdle is not met – there is no retesting.

If the absolute CAGR of our TSR	then the percentage of PR that vest
is less than 9.125%	is nil
is 9.125%	is 50%
reaches at least 9.125%, but is less than 13.688%	is progressively increased on a pro-rata, straight-line, basis from 50% to 100%
reaches or exceeds 13.688%	is 100%

5.3 Downward adjustment – Board discretion

The Board can exercise its discretion to apply a number of downward adjustment options as part of consequence management (in accordance with applicable law and any terms and conditions provided). The Board may choose to exercise the following options or a combination of these at any time, but will always consider their use if any of the circumstances specified by Prudential Standard *CPS 511 Remuneration* occur. The downward adjustment options specified in #1 to #3 below are applicable to all employees, while clawback (#4) in 2022 is currently limited to select employees (primarily the CEO, Disclosed Executives and some senior employees in jurisdictions where clawback regulations apply):

1. In year adjustment, the most common type of downward adjustment, which reduces the amount of variable remuneration an employee may have otherwise been awarded for that year.

2. Further deferral/freezing delays the decision to pay/allocate variable remuneration, or further defers the vesting of deferred remuneration or freezes vested/unexercised shares and rights. This would typically only be considered where an investigation is pending/underway.

3. Malus is an adjustment to reduce the value of all or part of deferred remuneration before it has vested. Malus is used in cases of more serious performance or behaviour issues. Any and all variable remuneration we award or grant to an employee is subject to ANZ's on-going and absolute discretion to apply malus and adjust variable remuneration downward (including to zero) at any time before the relevant variable remuneration vests.

4. Clawback is the recovery of variable remuneration that has already vested or been paid. This would typically only be considered if the other types of downward adjustment/other consequences are considered inadequate given the severity of the situation.

Before any scheduled vesting of deferred remuneration, the Board (for the CEO, Disclosed Executives and other specified roles) and/or the EAG (for other employees) considers whether any further deferral, malus, or clawback should be applied. See section 6 for details.

6. Accountability and Consequence Framework

Throughout 2022 we continued to strengthen and evolve ANZ's Accountability and Consequence Framework (A&CF). The Enterprise Accountability Group (EAG) is the primary governance mechanism for the operation of the A&CF.

6.1 Role of the EAG

The EAG is chaired by the CEO and members include the CRO, CFO and GE T&C. It operates under the delegated authority of the HR Committee and is responsible for:

- supporting the Board in monitoring the implementation and ongoing effectiveness of ANZ's A&CF;
- reviewing the most material risk, conduct and audit events, accountability and the application of consequences, where appropriate;
- providing guidance to the Divisions and considering initiatives across the Divisions to strengthen risk behaviours;
- acknowledging material positive risk events (new in 2022) and recognising risk role models, whose achievements are profiled across the organisation; and
- approving the release or application of downward adjustment for deferred variable remuneration (noting that for the CEO and Disclosed Executives this is approved by the Board).

6.2 Material positive risk events

In 2022, the EAG broadened its scope to include the review of material positive risk decisions and events – times when our proactive approach to identifying and mitigating risk have had a material positive outcome. Reviewing these examples provides an opportunity to acknowledge the importance of these events and share learnings across the enterprise.

6.3 Risk role models

In 2022, 59 individuals were recognised by the EAG for role modelling outstanding risk behaviours through their efforts to manage and mitigate the organisation's risks and contribute to our strong risk culture. The recognition provided included a personalised e-mail from the CEO, and having their achievement profiled on our intranet and in internal newsletters.

6.4 Implementation of Prudential Standard *CPS 511 Remuneration*

As part of the implementation of APRA's new Prudential Standard *CPS 511 Remuneration*, we conducted a comprehensive review of our A&CF and related processes to ensure alignment with the new Standard. Whilst it was assessed that the enterprise already complies with most of the new requirements, we have taken the opportunity to enhance our existing A&CF and processes.

We introduced clawback provisions for the CEO and our Disclosed Executives effective 2022, in addition to existing adjustment tools such as in year adjustment, further deferral and malus, which continue to apply.

Other enhancements included further raising employee awareness with respect to accountability and consequences through more explicit references to the A&CF (including remuneration consequences) in employee training and communications, and simplification of our performance and remuneration policy documents.

6.5 Consideration of consequences for material risk, audit and conduct events

The EAG has processes in place to ensure that we mitigate the risk of conflicts of interest in reviewing events and determining accountability and consequences. For example, when undertaking accountability reviews, a recommendation regarding the review leader and scope must be sent to the CRO or (in the case of an event involving Group Risk) the CEO, for review and approval to ensure the individual is capable of undertaking an impartial and unbiased review.

Considerations regarding accountability and consequences for our most senior executives are considered and determined by the HR Committee and Board.

Reports on the most material risk, audit and conduct issues were presented to the HR, Risk and Audit Committees at a concurrent meeting. This information was taken into consideration by the Board when considering the performance of the Group and the 2022 ANZIP variable remuneration pool for all employees and determining the performance and remuneration outcomes of the CEO and Disclosed Executives.

The HR Committee and Board consider accountability and consequences for the CEO and Disclosed Executives, including the application of malus to previously deferred remuneration. No malus was applied to the previously deferred remuneration of the CEO and Disclosed Executives during 2022.

When determining consequences, consideration is given to the level of accountability, and the severity of the issue, including customer impacts. Consequences may include, for example, one or more of the following: counselling, formal warnings, impacts to in year performance and remuneration outcomes or application of malus to previously deferred remuneration and ultimately termination of employment or clawback for the most serious issues.

6.6 Evolving the A&CF

Our ongoing focus on accountability, consequences and driving a strong risk culture supports our customer commitment that when things go wrong, we fix them quickly and hold executives, current (and former where we can), to account where appropriate. We are also focused on ensuring that we learn from the cause of the event, mitigate the risk of future recurrences and continuously seek to strengthen our risk culture. We review the effectiveness of the A&CF every year and implement enhancements to further strengthen the A&CF based on regulatory and internal stakeholder input.

6.7 Speak up culture

We continue to raise employee awareness of, and promote the various ways employees can speak up and raise issues and ideas for improvement including through initiatives such as:

- Whistleblower awareness training sessions;
- digital communications designed to build confidence and trust in the Whistleblower Program and process; and

through monitoring responses in our employee engagement surveys.

In addition, key risk and speak-up scores, including 'Leaders demonstrate accountability for risk' (86%), 'I can raise issues without fear of reprisals' (80%) and 'When I speak up, my ideas, opinions and concerns are heard' (83%) remained strong and consistent with 2021 and 2020 results.[1]

6.8 Application of consequences

In 2022, there were 1,133 employee relations cases involving alleged breaches of our Code of Conduct, with 518 resulting in a formal consequence or the employee leaving ANZ, down from 573 in 2021. Breaches ranged from compliance/procedure breaches (23%), through to general unacceptable behaviour (36%), email/systems misuse (17%), attendance issues (14%), fraud/theft (4%), conflict of interest (2%) and breaches of our Equal Opportunity, Bullying and Harassment Policy (3%). Outcomes following investigations of breaches this year included 95 terminations, 322 warnings and 101 employees leaving ANZ.[2]

In relation to the application of consequences to our senior leadership population (senior executives, executives and senior managers), 21 current and former employees (16 in 2021) had a consequence applied as a result of the application of our Code of Conduct Policy and/or findings of accountability for a relevant event. Consequences included warnings, impacts on performance and remuneration outcomes and, for former employees, malus of previously deferred remuneration where relevant.

All employees and contractors across the enterprise are required to complete mandatory learning modules. Permanent employees who fail to complete their mandatory learning requirements within 30 days of the due date are (in the absence of genuinely exceptional circumstances) ineligible for any FR or variable remuneration as part of our annual Performance and Remuneration Review. In 2022, the mandatory learning course compliance rate across the enterprise was 99.9%.

1. Results reported are taken from the Q2 and/or Q4 employee engagement surveys. **2.** Employees are listed in all categories which are relevant, meaning one employee may be listed in multiple categories.

7. Non-Executive Director (NED) remuneration

7.1 Remuneration structure

NEDs receive a fee for being a Director of the Board, and additional fees for either chairing, or being a member of a Board Committee. The Chairman of the Board does not receive additional fees for serving on a Board Committee.

The HR Committee and Board reviewed NED fees for 2022 and determined that the NED member fee and Committee fees for the Audit Committee chair and members would remain unchanged (noting that the Chairman, NED and Committee fees have remained unchanged since 2016 with the exception of the Digital Business & Technology Committee Chair fee which has remained unchanged since 2020). From 1 April 2022 fees increased for the Chairman, and for the chairs and members of the Risk Committee, HR Committee, Digital Business & Technology Committee, and Ethics, Environment, Social & Governance Committee.

In setting Board and Committee fees, the Board considers: general industry practice, ASX Corporate Governance Principles and Recommendations, the responsibilities and risks attached to the NED role, the time commitment expected of NEDs on Group and Company matters, and fees paid to NEDs of comparable companies.

ANZ compares NED fees to a comparator group of Australian listed companies with a similar market capitalisation, with particular focus on the major financial services institutions. This is considered an appropriate group, given similarity in size and complexity, nature of work and time commitment by NEDs.

To maintain NED independence and impartiality:

- NED fees are not linked to the performance of the Group; and
- NEDs are not eligible to participate in any of the Group's variable remuneration arrangements.

The current aggregate fee pool for NEDs of $4m was approved by shareholders at the 2012 AGM. The annual total of NEDs' fees, including superannuation contributions, is within this agreed limit.

This table shows the NED fee policy structure for 2022.

2022 NED fee policy structure

	1H22		2H22	
	Chair fee	Member fee	Chair fee	Member fee
Board[1,2]	$825,000	$240,000	$850,000	$240,000
Audit Committee	$65,000	$32,500	$65,000	$32,500
Risk Committee	$62,000	$31,000	$65,000	$32,500
HR Committee	$57,000	$29,000	$65,000	$32,500
Digital Business & Technology Committee	$45,000	$15,000	$55,000	$27,500
Ethics, Environment, Social & Governance Committee	$35,000	$15,000	$55,000	$27,500

1. Including superannuation. **2.** The Chairman of the Board does not receive additional fees for serving on a Board Committee. The Chairman of the Board and NEDs do not receive a fee for serving on the Nomination and Board Operations Committee.

NED shareholding guidelines

The HR Committee reviewed the shareholding guideline for the Chairman and determined that from 1 October 2021 it be increased from 200% of the NED member fee to 100% of the Chairman fee (i.e., from $480,000 to $850,000).

We expect our NEDs to hold ANZ shares. NEDs are required:

- to accumulate shares – over a five-year period from their appointment to the value of:
  - 100% of the NED member fee for Directors;
  - 100% of the Chairman fee for the Chairman; and
- to maintain this shareholding while they are a Director of ANZ.

Based on the ANZ share price as at 30 September 2022, all NEDs but one who have served five years met the holding guideline. The value of the ANZ securities held by one NED who has served for more than 5 years as at 30 September dropped slightly below the guideline due to fluctuations in the ANZ share price.

7.2 2022 statutory remuneration – NEDS

The following table outlines the statutory remuneration of NEDs disclosed in accordance with Australian Accounting Standards.

In addition to the fee shown below, Sir John Key received NZD 422,050 in 2022 and NZD 391,000 in 2021 for his role as Chairman of ANZ Bank New Zealand Limited.

2022 statutory remuneration – NEDS

		Short-term NED benefits		Post-employment	
	Financial year	Fees[1] $	Non monetary benefits[2] $	Super contributions[1] $	Total remuneration[3] $
Current Non-Executive Directors					
P O'Sullivan	2022	813,501	6,128	23,999	843,628
	2021	764,033	19,931	22,163	806,127
I Atlas	2022	330,751	–	23,999	354,750
	2021	322,337	–	22,163	344,500
J Halton	2022	318,001	–	23,999	342,000
	2021	306,837	–	22,163	329,000
J Key	2022	290,251	–	23,999	314,250
	2021	278,837	–	22,163	301,000
G Liebelt	2022	360,427	–	6,323	366,750
	2021	341,337	–	22,163	363,500
J Macfarlane	2022	301,501	–	23,999	325,500
	2021	296,337	–	22,163	318,500
C O'Reilly[4]	2022	302,863	–	22,579	325,442
J Smith[5]	2022	36,003	–	3,780	39,783
Former Non-Executive Directors					
P Dwyer[6]	2022	76,372	4,944	–	81,316
	2021	365,000	–	–	365,000
Total of all Non-Executive Directors	2022	2,829,670	11,072	152,677	2,993,419
	2021	2,674,718	19,931	132,978	2,827,627

1. Year-on-year differences in fees relate to changes to the NED fee and also to the superannuation Maximum Contribution Base. From 1 October 2021 to 30 June 2022, G Liebelt, and from 1 October 2020 to the date of retirement P Dwyer, elected to receive all payments in fees and therefore did not receive superannuation contributions during this period. **2.** Non monetary benefits generally consist of company-funded benefits (and the associated Fringe Benefits Tax) such as car parking and gifts provided upon retirement. **3.** Long-term benefits and share-based payments do not apply for the NEDs. **4.** C O'Reilly's 2022 remuneration reflects a partial service year as she commenced as a NED on 1 November 2021. **5.** J Smith's 2022 remuneration reflects a partial service year as he commenced as a NED on 1 August 2022. **6.** P Dwyer's 2022 remuneration reflects a partial service year as she retired as a NED on 16 December 2021.

8. Remuneration governance

8.1 The Human Resources (HR) Committee

8.1.1 ROLE OF THE HR COMMITTEE

The HR Committee supports the Board on remuneration and other HR matters. It reviews the remuneration policies and practices of the Group, and monitors market practice and regulatory and compliance requirements in Australia and overseas.

During the year the HR Committee met on seven occasions[1] and reviewed and approved, or made recommendations to the Board on matters including:

- remuneration for the CEO and other key executives (broader than those disclosed in the Remuneration Report) covered by the ANZBGL Remuneration Policy, and fees for the NEDs;
- matters related to the implementation of APRA's Prudential Standard *CPS 511 Remuneration*, and updates on the BEAR, and Treasury's Financial Accountability Regime (FAR);
- changes to the executive remuneration structure in light of *CPS 511 Remuneration*[1];
- the ANZ Group Performance Framework (annual objectives setting and assessment) and annual variable remuneration spend;
- performance and reward outcomes for key senior executives, including the consideration of material events that have either occurred or came to light in the year;
- the release, further deferral or application of malus of deferred remuneration;
- key senior executive appointments and terminations;
- the effectiveness of the ANZBGL Remuneration Policy and the Accountability & Consequence Framework;
- ANZ's response to the industry-wide Retail Remuneration Review by Stephen Sedgwick AO;
- building capabilities required to deliver on our strategy;
- succession plans for key senior executives; and
- culture, diversity and inclusion, employee engagement, and how we work in a post COVID environment.

Whilst we completed our implementation of the recommendations from Stephen Sedgwick AO's Retail Remuneration Review in 2021 (noting the industry wide recommendations were ongoing at the time), we continue to review our processes to ensure ongoing adherence to the Sedgwick recommendations, with updates provided to the HR Committee. This review was focused on strengthening the alignment of retail bank incentives, sales practices and good customer outcomes.

More details about the role of the HR Committee, including its Charter, can be found on our website. Go to anz.com > Our company > Strong governance framework > ANZ Human Resources Committee Charter.

8.1.2 LINK BETWEEN REMUNERATION AND RISK

The HR Committee has a strong focus on the relationship between business performance, risk management and remuneration, aligned with our business strategy. The chairs of the Risk and Audit Committees are members of the HR Committee and the full Board is in attendance for specific HR Committee meetings. A concurrent meeting of the HR, Risk and Audit Committees was held to review:

- material risk, conduct and audit events that either occurred or came to light in 2022;
- 2022 performance and variable remuneration recommendations at both the Group, CEO and Disclosed Executive level.

To further reflect the importance of the link between remuneration and risk:

- the Board had two NEDs (in addition to the Chairman) in 2022 who served on both the HR Committee and the Risk Committee;
- the HR Committee has free and unfettered access to risk and financial control personnel (the CRO and CFO attend HR Committee meetings for specific agenda items);
- the CRO (together with GE T&C and GGM IA) provides an independent report to the HR Committee on the most material risk, conduct and audit events (as relevant) to help inform considerations of performance and remuneration, and accountability and consequences at the Group, Divisional and individual level;
- the CRO also provides an independent report to assist the Board in their assessment of performance and remuneration outcomes for the CEO and Disclosed Executives;
- the chairs of the Risk and Audit Committees are asked to provide input to ensure appropriate consideration of all relevant risk and internal audit issues;
- the ANZ Group Performance Framework and Divisional Performance Frameworks include Risk as a key element acting as a modifier, and it forms an integral part of each framework's assessment and directly impacts the overall outcomes; and
- the LTVR RR pre grant and pre vest assessments undertaken by the Board are primarily based on non-financial risk outcomes.

8.1.3 CONFLICT OF INTEREST

To help mitigate potential conflicts of interest:

- management are not in attendance when their own performance or remuneration is being discussed by the HR Committee or Board;
- the CEO's STVR is funded and determined separately from the ANZIP variable remuneration pool;
- the CRO's remuneration arrangements differ to other Disclosed Executives to preserve the independence of the role;
- the EAG also has processes in place to help mitigate conflicts of interest as outlined in section 6; and
- the HR Committee seeks input from a number of sources to inform their consideration of performance and remuneration outcomes for the CEO and Disclosed Executives including:
  - independent reports from Risk, Finance, Talent and Culture, and Internal Audit;
  - material risk, conduct and audit event data provided by the CRO;
  - input from both the Audit Committee and the Risk Committee of the Board.

1. Subsets of the HR Committee also met on a number of occasions during the year to discuss regulatory developments, the executive remuneration structure and 2022 outcomes.

8.1.4 EXTERNAL ADVISORS PROVIDED INFORMATION BUT NOT RECOMMENDATIONS

The HR Committee can engage independent external advisors as needed.

Throughout the year, the HR Committee and management received information from the following external providers: Aon, Ashurst, EY, Mercer Consulting (Australia) Pty Ltd and PricewaterhouseCoopers. This information related to market data, market practices, analysis and modelling, legislative requirements and the interpretation of governance and regulatory requirements.

During the year, ANZ did not receive any remuneration recommendations from external consultants about the remuneration of KMP.

ANZ employs in-house remuneration professionals who provide recommendations to the HR Committee and the Board. The Board made its decisions independently, using the information provided and with careful regard to ANZ's strategic objectives, purpose and values, risk appetite and the ANZBGL Remuneration Policy and Principles.

8.2 Internal governance

8.2.1 HEDGING PROHIBITION

All deferred equity must remain at risk until it has fully vested. Accordingly, executives and their associated persons must not enter into any schemes that specifically protect the unvested value of equity allocated. If they do so, then they would forfeit the relevant equity.

8.2.2 CEO AND DISCLOSED EXECUTIVES' SHAREHOLDING GUIDELINES

We expect the CEO and each Disclosed Executive to, over a five-year period:

- accumulate ANZ shares to the value of 200% of their FR; and
- maintain this shareholding level while they are an executive of ANZ.

Executives are permitted to sell ANZ securities to meet taxation obligations on employee equity even if below the 200% guideline. However, tax obligations for the purpose of these guidelines is limited to that arising from the initial taxing point event (i.e., when the deferred shares vest or rights are exercised).

Shareholdings include all vested and unvested equity (excluding PR). Based on equity holdings as at 30 September 2022, and the STVR deferred shares to be granted on 22 November 2022 as a result of the 2022 Performance and Remuneration Review outcomes, the CEO and all Disclosed Executives meet or, if less than five years' tenure, are on track to meet their minimum shareholding guidelines requirements.

8.2.3 CEO AND DISCLOSED EXECUTIVES' CONTRACT TERMS AND EQUITY TREATMENT

The details of the contract terms and also the equity treatment on termination (in accordance with the Conditions of Grant) relating to the CEO and Disclosed Executives are below. Although they are similar, they vary in some cases to suit different circumstances.

Type of contract	Permanent ongoing employment contract.
Notice on resignation	• 12 months by CEO; • 6 months by Disclosed Executives.[1]
Notice on termination by ANZ[2]	• 12 months by ANZ for CEO and Disclosed Executives.[3] However, ANZ may immediately terminate an individual's employment at any time in the case of serious misconduct. In that case, the individual will be entitled only to payment of FR up to the date of their termination and their statutory entitlements.
How unvested equity is treated on leaving ANZ	Executives who resign or are terminated will forfeit all their unvested deferred equity – unless the Board determines otherwise. If an executive is terminated due to redundancy or they are classified as a 'good leaver', unless the Board determines otherwise, then: • their STVR (deferred shares/share rights) remain on foot and are released at the original vesting date; • their LTVR (RR/PR) (for grants awarded from 31 December 2020) remain on foot and are released at the original vesting date[4] (to the extent that the performance hurdles are met); and • their PR[5] (for grants awarded pre 31 December 2020) are prorated for service to the full notice termination date and released at the original vesting date (to the extent that the performance hurdles are met). On an executive's death or total and permanent disablement, their deferred equity vests. Unvested equity remains subject to malus post termination.
Change of control (applies to the CEO only)	If a change of control or other similar event occurs, then we will test the performance conditions applying to the CEO's PR. They will vest to the extent that the performance conditions are satisfied. A transitional agreement between ANZBGL and the CEO has been implemented that documents that if the proposed change in legal structure proceeds (to create distinct banking and non-banking groups, see 'Note 35 Pending Organisational Changes Impacting Future Reporting Periods' of the Annual Report), then it will not give rise to a 'Change of Control' under the conditions of grant relating to unvested variable remuneration equity awards.

1. 3 months by the former acting CFO. **2.** For M Carnegie, K Corbally, F Faruqui, G Florian, K van der Merwe, M Whelan and M Hand, their contracts state that in particular circumstances they may be eligible for a retrenchment benefit in accordance with the relevant ANZ policy, as varied from time to time, and M Hand was also eligible to receive a Retirement Allowance on retirement, retrenchment, death, or resignation for illness, incapacity or domestic reasons (see footnote 5 of section 9.1). For A Watson, notice on retrenchment is 6 weeks and compensation on retrenchment is calculated on a scale up to a maximum of 79 weeks after 25 years' service. **3.** 6 months by ANZ for the former acting CFO. **4.** This approach is more aligned to industry practice. **5.** Or deferred share rights granted to the CRO instead of PR.

9. Other information

9.1 2022 statutory remuneration – CEO and Disclosed Executives

The following table outlines the statutory remuneration disclosed in accordance with Australian Accounting Standards. While it shows the FR awarded (cash and superannuation contributions) and also the cash component of the 2022 variable remuneration award, it does not show the actual variable remuneration awarded or received in 2022 (see sections 4.2 and 4.1), but instead shows the amortised accounting value for this financial year of deferred remuneration (including prior year awards).

2022 statutory remuneration – CEO and Disclosed Executives

		Short–term employee benefits			Post–employment	
	Financial year	Cash salary[1] $	Non monetary benefits[2] $	Total cash incentive[3] $	Super contributions[4] $	Retirement benefit accrued during year[5] $
CEO and Current Disclosed Executives						
S Elliott	**2022**	**2,476,001**	**15,384**	**930,000**	**23,999**	**–**
	2021	2,478,132	15,025	1,000,000	21,868	–
M Carnegie	**2022**	**1,176,001**	**31,041**	**460,000**	**24,499**	**–**
	2021	1,178,047	22,621	569,250	22,453	–
K Corbally	**2022**	**1,176,001**	**9,884**	**442,500**	**23,999**	**–**
	2021	1,078,030	9,525	613,800	21,970	–
F Faruqui[9]	**2022**	**1,159,194**	**174,222**	**579,575**	**4,806**	**–**
G Florian	**2022**	**1,072,169**	**18,569**	**442,500**	**23,999**	**–**
	2021	1,062,530	21,431	676,500	21,970	–
K van der Merwe	**2022**	**976,001**	**16,034**	**400,000**	**24,499**	**–**
	2021	885,012	15,620	594,000	22,488	–
A Watson[10]	**2022**	**1,019,021**	**22,049**	**422,742**	**70,686**	**–**
	2021	1,040,213	9,786	687,167	56,131	–
M Whelan	**2022**	**1,376,001**	**9,884**	**535,000**	**23,999**	**–**
	2021	1,254,082	12,275	810,150	21,918	–
Former Disclosed Executives						
S Buggle[11]	**2022**	**28,785**	**–**	**–**	**4,215**	**–**
	2021	689,935	–	462,000	14,065	–
M Hand[12]	**2022**	**480,216**	**4,053**	**–**	**11,784**	**4,443**
	2021	1,178,047	9,525	544,500	21,953	5,218

1. Cash salary includes any adjustments required to reflect the use of ANZ's Lifestyle Leave Policy for the period in the KMP role. **2.** Non monetary benefits generally consist of company-funded benefits (and the associated Fringe Benefits Tax) such as car parking, taxation services and costs met by the Company in relation to relocation. **3.** The total cash incentive relates to the cash component only. The relevant amortisation of the STVR deferred components is included in share-based payments and has been amortised over the vesting period. The total STVR was approved by the ANZBGL Board on 19 October 2022, and in addition for A Watson by the ANZ NZ Board on 18 October 2022. 100% of the cash component of the VR/STVR awarded for the 2021 and 2022 years vested to the executive in the applicable financial year. **4.** For Australian based executives, the 2021 and 2022 superannuation contributions reflect the Superannuation Guarantee Contribution based on the Maximum Contribution Base. F Faruqui's 2022 amount reflects a part year superannuation contribution. A Watson participates in KiwiSaver where ANZ provides an employer superannuation contribution matching member contributions up to 4% of total gross pay. KiwiSaver employer superannuation contributions are also contributed on top of cash STVR at the time of payment. **5.** Accrual relates to Retirement Allowance. As a result of being employed with ANZ before November 1992, M Hand was eligible to receive a Retirement Allowance on retirement, retrenchment, death, or resignation for illness, incapacity or domestic reasons. The Retirement Allowance is calculated as three months of preserved notional salary (which is 65% of fixed remuneration) plus an additional 3% of notional salary for each year of full-time service above 10 years less the total accrual value of long service leave (including taken and untaken). **6.** For Australian based executives, long service leave accrued takes into consideration the impact of changes to the Superannuation Guarantee percentage. Long service leave accrued during the year increased year-on-year for K Corbally as a result of his 2022 fixed remuneration increase, and decreased year-on-year for G Florian, K van der Merwe and M Whelan as a result of their 2021 fixed remuneration increases.

Long-term employee benefits	Share-based payments[7]					
	Total amortisation value of					
	Variable remuneration			Other equity allocations[8]		
Long service leave accrued during the year[6] $	Deferred shares $	Deferred share rights $	Performance rights $	Deferred shares $	Termination benefits $	Total remuneration $
33,306	**933,786**	**–**	**1,076,657**	**–**	**–**	**5,489,133**
37,880	880,970	–	1,039,524	–	–	5,473,399
17,151	**522,450**	**–**	**129,603**	**–**	**–**	**2,360,745**
18,182	534,990	–	267,586	–	–	2,613,129
34,577	**513,883**	**238,579**	**–**	**–**	**–**	**2,439,423**
16,667	472,538	357,462	1,984	–	–	2,571,976
17,524	**465,805**	**178,143**	**302,636**	**–**	**–**	**2,881,905**
15,812	**512,134**	**–**	**171,181**	**–**	**–**	**2,256,364**
18,058	478,255	–	312,520	–	–	2,591,264
14,409	**472,124**	**–**	**177,072**	**–**	**–**	**2,080,139**
22,929	457,267	–	298,076	–	–	2,295,392
4,068	**505,698**	**2,132**	**119,057**	**312**	**–**	**2,165,765**
4,130	439,710	22,321	200,921	564	–	2,460,943
17,779	**666,495**	–	**181,892**	–	–	**2,811,050**
69,359	730,123	–	355,857	–	–	3,253,764
412	**2,600**	**3,157**	**71**	**–**	**–**	**39,240**
52,757	112,974	159,613	71,423	–	–	1,562,767
5,151	**127,875**	**–**	**64,765**	**–**	**–**	**698,287**
18,182	451,897	–	266,258	–	–	2,495,580

7. As required by AASB 2 *Share-based payments*, the amortisation value includes a proportion of the fair value (taking into account market-related vesting conditions) of all equity that had not yet fully vested as at the commencement of the financial year. The fair value is determined at grant date and is allocated on a straight-line basis over the relevant vesting period. The amount included as remuneration neither relates to, nor indicates, the benefit (if any) that the executive may ultimately realise if the equity becomes exercisable. No terms of share-based payments have been altered or modified during the financial year. There were no cash settled share-based payments or any other form of share-based payment compensation during the financial year for the CEO or Disclosed Executives. **8.** Other equity allocations relate to shares received in relation to the historical Employee Share Offer. **9.** F Farhan's 2022 remuneration reflects a partial service year as he commenced in a Disclosed Executive role on 11 October 2021. **10.** A Watson's fixed remuneration is paid in NZD and converted to AUD. 2021 cash salary, superannuation contribution and total remuneration restated to include gross value of KiwiSaver employer superannuation contributions relating to fixed remuneration and cash VR, and this represents a total change of AUD 17,622. In 2019 and 2020 A Watson was eligible to receive shares under the historical Employee Share Offer. That offer provided a grant of ANZ shares in each financial year to eligible employees subject to Board approval. **11.** S Buggle's 2022 remuneration reflects a partial service year up to the date he ceased in a Disclosed Executive role on 10 October 2021 (noting his annual fixed remuneration for 2022 remained unchanged at $1.1m). **12.** M Hand's 2022 remuneration reflects a partial service year up to the date he ceased in a Disclosed Executive role on 28 February 2022 (noting his annual fixed remuneration for 2022 remained unchanged at $1.2m).

9.2 Equity holdings

For the equity granted to the CEO and Disclosed Executives in November/December 2021, all deferred shares were purchased on the market. For deferred share rights and PR, which vested to the CEO and Disclosed Executives in November/December 2021, where the rights were not able to be satisfied through the reallocation of previously forfeited shares they were satisfied through the on market purchase of shares.

9.2.1 CEO AND DISCLOSED EXECUTIVES' EQUITY GRANTED, VESTED, EXERCISED/SOLD AND LAPSED/FORFEITED

The table below sets out details of deferred shares and rights that we granted to the CEO and Disclosed Executives:

- during the 2022 year, relating to 2021 Performance and Remuneration Review outcomes; or
- in prior years and that then vested, were exercised/sold or which lapsed/were forfeited during the 2022 year.

Equity granted, vested, exercised/sold and lapsed/forfeited – CEO and Disclosed Executives

							Vested			Lapsed/ Forfeited			Exercised/Sold				
Name	Type of equity	Number granted[1]	Equity fair value at grant (for 2022 grants only) $	Grant date	First date exercisable	Date of expiry	Number	%	Value[2] $	Number	%	Value[2] $	Number	%	Value[2] $	Vested and exercis-able as at 30 Sep 2022[3]	Unexer-cisable as at 30 Sep 2022[4]
CEO and Current Disclosed Executives																	
S Elliott	Deferred shares	8,529		22-Nov-17	22-Nov-21	–	8,529	100	229,122	–	–	–	(8,529)	100	232,154	–	–
	Deferred shares	8,622		22-Nov-18	22-Nov-21	–	8,622	100	231,621	–	–	–	(8,622)	100	234,686	–	–
	Deferred shares	9,003		22-Nov-19	22-Nov-21	–	9,003	100	241,856	–	–	–	(9,003)	100	245,056	–	–
	Deferred shares	10,843		07-Dec-20	22-Nov-21	–	10,843	100	291,285	–	–	–	(10,843)	100	295,140	–	–
	Deferred shares	14,441	26.86	22-Nov-21	22-Nov-22	–	–	–	–		–	–	–	–	–	–	14,441
	Deferred shares	10,830	26.86	22-Nov-21	22-Nov-23	–	–	–	–	–	–	–	–	–	–	–	10,830
	Deferred shares	7,220	26.86	22-Nov-21	22-Nov-24	–	–	–	–	–	–	–	–	–	–	–	7,220
	Deferred shares	3,610	26.86	22-Nov-21	22-Nov-25	–	–	–	–		–	–	–	–	–	–	3,610
	Performance rights	107,471		19-Dec-17	19-Dec-20	19-Dec-22	–	–	–	–	–	–	(62,010)	58	1,687,875	–	–
	Performance rights[5]	82,774		19-Dec-18	19-Dec-21	26-Dec-21	56,989	69	1,576,185	(25,785)	31	(713,154)	(56,989)	69	1,576,185	–	–
	Performance rights	27,591		19-Dec-18	19-Dec-21	26-Dec-21	–	–	–	(27,591)	100	(763,104)	–	–	–	–	–
	Performance rights	94,765	11.91	16-Dec-21	16-Dec-25	16-Dec-27	–	–	–	–	–	–	–	–	–	–	94,765
	Performance rights	31,588	6.30	16-Dec-21	16-Dec-25	16-Dec-27	–	–	–	–	–	–	–	–	–	–	31,588
M Carnegie	Deferred shares	4,785		22-Nov-17	22-Nov-21	–	4,785	100	128,544	–	–	–	–	–	–	4,785	–
	Deferred shares	5,202		22-Nov-18	22-Nov-21	–	5,202	100	139,746	–	–	–	–	–	–	5,202	–
	Deferred shares	5,942		22-Nov-19	22-Nov-21	–	5,942	100	159,625	–	–	–	–	–	–	5,942	–
	Deferred shares	7,099		07-Dec-20	22-Nov-21	–	7,099	100	190,707	–	–	–	–	–	–	7,099	–
	Deferred shares	8,220	26.86	22-Nov-21	22-Nov-22	–	–	–	–	–	–	–	–	–	–	–	8,220
	Deferred shares	6,165	26.86	22-Nov-21	22-Nov-23	–	–	–	–	–	–	–	–	–	–	–	6,165
	Deferred shares	4,110	26.86	22-Nov-21	22-Nov-24	–	–	–	–	–	–	–	–	–	–	–	4,110
	Deferred shares	2,055	26.86	22-Nov-21	22-Nov-25	–	–	–	–	–	–	–	–	–	–	–	2,055
	Performance rights	29,580		22-Nov-17	22-Nov-20	22-Nov-22	–	–	–	–	–	–	(17,067)	58	453,818	–	–
	Performance rights	32,163		22-Nov-18	22-Nov-21	22-Nov-23	22,144	69	594,874	(10,019)	31	(269,149)	(22,144)	69	611,679	–	–
	Performance rights	10,721		22-Nov-18	22-Nov-21	22-Nov-23	–	–	–	(10,721)	100	(288,008)	–	–	–	–	–
	Performance rights	31,759	11.66	22-Nov-21	22-Nov-25	22-Nov-27	–	–	–	–	–	–	–	–	–	–	31,759
	Performance rights	10,586	6.37	22-Nov-21	22-Nov-25	22-Nov-27	–	–	–	–	–	–	–	–	–	–	10,586
K Corbally	Deferred shares	3,007		22-Nov-18	22-Nov-21	–	3,007	100	80,780	–	–	–	(3,007)	100	83,167	–	–
	Deferred shares	5,744		22-Nov-19	22-Nov-21	–	5,744	100	154,306	–	–	–	(5,744)	100	158,866	–	–
	Deferred shares	5,582		07-Dec-20	22-Nov-21	–	5,582	100	149,954	–	–	–	(5,582)	100	154,385	–	–
	Deferred shares	6,649	26.86	22-Nov-21	22-Nov-22	–	–	–	–		–	–	–	–	–	–	6,649
	Deferred shares	6,647	26.86	22-Nov-21	22-Nov-23	–	–	–	–	–	–	–	–	–	–	–	6,647
	Deferred shares	4,431	26.86	22-Nov-21	22-Nov-24	–	–	–	–	–	–	–	–	–	–	–	4,431
	Deferred shares	4,431	26.86	22-Nov-21	22-Nov-25	–	–	–	–	–	–	–	–	–	–	–	4,431
	Deferred share rights	14,546		22-Nov-18	22-Nov-21	29-Nov-21	14,546	100	390,762	–	–	–	(14,546)	100	390,762	–	–
	Deferred share rights	22,830	21.60	22-Nov-21	22-Nov-25	29-Nov-25	–	–	–	–	–	–	–	–	–	–	22,830

Name	Type of equity	Number granted[1]	Equity fair value at grant (for 2022 grants only) $	Grant date	First date exercisable	Date of expiry	Vested Number	Vested %	Vested Value[2] $	Lapsed/Forfeited Number	Lapsed/Forfeited %	Lapsed/Forfeited Value[2] $	Exercised/Sold Number	Exercised/Sold %	Exercised/Sold Value[2] $	Vested and exercis-able as at 30 Sep 2022[3]	Unexer-cisable as at 30 Sep 2022[4]
CEO and Current Disclosed Executives																	
F Faruqui[6]	Deferred shares	10,486	26.86	22-Nov-21	22-Nov-22	–	–	–	–	–	–	–	–	–	–	–	10,486
	Deferred shares	7,862	26.86	22-Nov-21	22-Nov-23	–	–	–	–	–	–	–	–	–	–	–	7,862
	Deferred shares	5,241	26.86	22-Nov-21	22-Nov-24	–	–	–	–	–	–	–	–	–	–	–	5,241
	Deferred shares	2,620	26.86	22-Nov-21	22-Nov-25	–	–	–	–	–	–	–	–	–	–	–	2,620
	Deferred share rights	10,138		22-Nov-17	22-Nov-21	29-Nov-21	10,138	100	272,346	–	–	–	(10,138)	100	272,346	–	–
	Deferred share rights	8,013		22-Nov-18	22-Nov-21	29-Nov-21	8,013	100	215,260	–	–	–	(8,013)	100	215,260	–	–
	Deferred share rights	11,363		22-Nov-19	22-Nov-21	29-Nov-21	11,363	100	305,254	–	–	–	(11,363)	100	305,254	–	–
	Deferred share rights	6,459		07-Dec-20	22-Nov-21	29-Nov-21	6,459	100	173,514	–	–	–	(6,459)	100	173,514	–	–
	Performance rights	28,845		22-Nov-17	22-Nov-20	22-Nov-22	–	–	–	–	–	–	(28,845)	100	795,107	–	–
	Performance rights	42,215		22-Nov-18	22-Nov-21	22-Nov-23	29,065	69	780,799	(13,150)	31	(353,260)	(29,065)	69	801,171	–	–
	Performance rights	14,071		22-Nov-18	22-Nov-21	22-Nov-23	–	–	–	(14,071)	100	(378,002)	–	–	–	–	–
	Performance rights	40,505	11.66	22-Nov-21	22-Nov-25	22-Nov-27	–	–	–	–	–	–	–	–	–	–	40,505
	Performance rights	13,501	6.37	22-Nov-21	22-Nov-25	22-Nov-27	–	–	–	–	–	–	–	–	–	–	13,501
G Florian	Deferred shares	2,462		22-Nov-17	22-Nov-20	–	–	–	–	–	–	–	(2,462)	100	55,371	–	–
	Deferred shares	2,462		22-Nov-17	22-Nov-21	–	2,462	100	66,139	–	–	–	(2,462)	100	55,371	–	–
	Deferred shares	3,251		22-Nov-18	22-Nov-20	–	–	–	–	–	–	–	(3,251)	100	73,116	–	–
	Deferred shares	3,251		22-Nov-18	22-Nov-21	–	3,251	100	87,335	–	–	–	(1,642)	51	36,929	1,609	–
	Deferred shares	3,367		22-Nov-19	22-Nov-21	–	3,367	100	90,451	–	–	–	–	–	–	3,367	–
	Deferred shares	6,442		07-Dec-20	22-Nov-21	–	6,442	100	173,057	–	–	–	–	–	–	6,442	–
	Deferred shares	9,770	26.86	22-Nov-21	22-Nov-22	–	–	–	–	–	–	–	–	–	–	–	9,770
	Deferred shares	7,326	26.86	22-Nov-21	22-Nov-23	–	–	–	–	–	–	–	–	–	–	–	7,326
	Deferred shares	4,884	26.86	22-Nov-21	22-Nov-24	–	–	–	–	–	–	–	–	–	–	–	4,884
	Deferred shares	2,442	26.86	22-Nov-21	22-Nov-25	–	–	–	–	–	–	–	–	–	–	–	2,442
	Performance rights	15,225		22-Nov-17	22-Nov-20	22-Nov-22	–	–	–	–	–	–	(8,784)	58	197,555	–	–
	Performance rights	20,102		22-Nov-18	22-Nov-21	22-Nov-23	13,840	69	371,796	(6,262)	31	(168,222)	(13,840)	69	311,266	–	–
	Performance rights	6,700		22-Nov-18	22-Nov-21	22-Nov-23	–	–	–	(6,700)	100	(179,988)	–	–	–	–	–
	Performance rights	37,743	11.66	22-Nov-21	22-Nov-25	22-Nov-27	–	–	–	–	–	–	–	–	–	–	37,743
	Performance rights	12,581	6.37	22-Nov-21	22-Nov-25	22-Nov-27	–	–	–	–	–	–	–	–	–	–	12,581
K van der Merwe	Deferred shares	679		22-Nov-17	22-Nov-18	–	–	–	–	–	–	–	(679)	100	19,244	–	–
	Deferred shares	1,477		22-Nov-17	22-Nov-19	–	–	–	–	–	–	–	(1,477)	100	41,860	–	–
	Deferred shares	1,477		22-Nov-17	22-Nov-20	–	–	–	–	–	–	–	(1,477)	100	41,860	–	–
	Deferred shares	1,477		22-Nov-17	22-Nov-21	–	1,477	100	39,678	–	–	–	(1,477)	100	41,860	–	–
	Deferred shares	3,577		22-Nov-18	22-Nov-19	–	–	–	–	–	–	–	(3,053)	85	86,525	524	–
	Deferred shares	3,577		22-Nov-18	22-Nov-21	–	3,577	100	96,092	–	–	–	–	–	–	3,577	–
	Deferred shares	4,951		22-Nov-19	22-Nov-21	–	4,951	100	133,003	–	–	–	–	–	–	4,951	–
	Deferred shares	5,724		07-Dec-20	22-Nov-21	–	5,724	100	153,769	–	–	–	–	–	–	5,724	–
	Deferred shares	8,579	26.86	22-Nov-21	22-Nov-22	–	–	–	–	–	–	–	–	–	–	–	8,579
	Deferred shares	6,433	26.86	22-Nov-21	22-Nov-23	–	–	–	–	–	–	–	–	–	–	–	6,433
	Deferred shares	4,288	26.86	22-Nov-21	22-Nov-24	–	–	–	–	–	–	–	–	–	–	–	4,288
	Deferred shares	2,144	26.86	22-Nov-21	22-Nov-25	–	–	–	–	–	–	–	–	–	–	–	2,144
	Performance rights	9,135		22-Nov-17	22-Nov-20	22-Nov-22	–	–	–	–	–	–	(5,270)	58	119,265	–	–
	Performance rights	22,112		22-Nov-18	22-Nov-21	22-Nov-23	15,224	69	408,976	(6,888)	31	(185,039)	(15,224)	69	344,534	–	–
	Performance rights	7,370		22-Nov-18	22-Nov-21	22-Nov-23	–	–	–	(7,370)	100	(197,987)	–	–	–	–	–
	Performance rights	33,140	11.66	22-Nov-21	22-Nov-25	22-Nov-27	–	–	–	–	–	–	–	–	–	–	33,140
	Performance rights	11,046	6.37	22-Nov-21	22-Nov-25	22-Nov-27	–	–	–	–	–	–	–	–	–	–	11,046

Name	Type of equity	Number granted[1]	Equity fair value at grant (for 2022 grants only) $	Grant date	First date exercisable	Date of expiry	Vested Number	Vested %	Vested Value[2] $	Lapsed/ Forfeited Number	Lapsed/ Forfeited %	Lapsed/ Forfeited Value[2] $	Exercised/Sold Number	Exercised/Sold %	Exercised/Sold Value[2] $	Vested and exercisable as at 30 Sep 2022[3]	Unexercisable as at 30 Sep 2022[4]
CEO and Current Disclosed Executives																	
A Watson	Deferred shares	3,904		22-Nov-19	22-Nov-20	–	–	–	–	–	–	–	(3,904)	100	107,533	–	–
	Deferred shares	3,901		22-Nov-19	22-Nov-21	–	3,901	100	104,796	–	–	–	(3,901)	100	107,451	–	–
	Deferred shares	5,806		07-Dec-20	22-Nov-21	–	5,806	100	155,972	–	–	–	(5,806)	100	159,923	–	–
	Deferred shares	9,924	26.86	22-Nov-21	22-Nov-22	–	–	–	–	–	–	–	–	–	–	–	9,924
	Deferred shares	7,442	26.86	22-Nov-21	22-Nov-23	–	–	–	–	–	–	–	–	–	–	–	7,442
	Deferred shares	4,961	26.86	22-Nov-21	22-Nov-24	–	–	–	–	–	–	–	–	–	–	–	4,961
	Deferred shares	2,480	26.86	22-Nov-21	22-Nov-25	–	–	–	–	–	–	–	–	–	–	–	2,480
	Employee Share Offer	29		03-Dec-18	03-Dec-21	–	29	100	781	–	–	–	–	–	–	29	–
	Deferred share rights	2,817		22-Nov-18	22-Nov-21	22-Nov-23	2,817	100	75,676	–	–	–	(2,817)	100	77,912	–	–
	Performance rights	4,802		22-Nov-18	22-Nov-21	22-Nov-23	3,306	69	88,812	(1,496)	31	(40,188)	(3,306)	69	91,436	–	–
	Performance rights	38,338	11.66	22-Nov-21	22-Nov-25	22-Nov-27	–	–	–	–	–	–	–	–	–	–	38,338
	Performance rights	12,779	6.37	22-Nov-21	22-Nov-25	22-Nov-27	–	–	–	–	–	–	–	–	–	–	12,779
M Whelan	Deferred shares	9,218		22-Nov-17	22-Nov-21	–	9,218	100	247,631	–	–	–	(9,218)	100	250,823	–	–
	Deferred shares	7,072		22-Nov-18	22-Nov-21	–	7,072	100	189,982	–	–	–	(7,072)	100	192,430	–	–
	Deferred shares	10,498		22-Nov-19	22-Nov-21	–	10,498	100	282,017	–	–	–	(10,498)	100	285,652	–	–
	Deferred shares	6,297		07-Dec-20	22-Nov-21	–	6,297	100	169,162	–	–	–	(6,297)	100	171,342	–	–
	Deferred shares	11,700	26.86	22-Nov-21	22-Nov-22	–	–	–	–	–	–	–	–	–	–	–	11,700
	Deferred shares	8,774	26.86	22-Nov-21	22-Nov-23	–	–	–	–	–	–	–	–	–	–	–	8,774
	Deferred shares	5,849	26.86	22-Nov-21	22-Nov-24	–	–	–	–	–	–	–	–	–	–	–	5,849
	Deferred shares	2,924	26.86	22-Nov-21	22-Nov-25	–	–	–	–	–	–	–	–	–	–	–	2,924
	Performance rights	43,722		22-Nov-18	22-Nov-21	22-Nov-23	30,102	69	808,657	(13,620)	31	(365,886)	(30,102)	69	829,142	–	–
	Performance rights	14,574		22-Nov-18	22-Nov-21	22-Nov-23	–	–	–	(14,574)	100	(391,514)	–	–	–	–	–
	Performance rights	45,200	11.66	22-Nov-21	22-Nov-25	22-Nov-27	–	–	–	–	–	–	–	–	–	–	45,200
	Performance rights	15,066	6.37	22-Nov-21	22-Nov-25	22-Nov-27	–	–	–	–	–	–	–	–	–	–	15,066
Former Disclosed Executives																	
S Buggle[7]																	
M Hand[7]	Deferred shares	3,251		22-Nov-18	22-Nov-21	–	3,251	100	87,335	–	–	–	(2,160)	66	59,665	1,091	–
	Deferred shares	3,565		22-Nov-19	22-Nov-21	–	3,565	100	95,770	–	–	–	–	–	–	3,565	–
	Deferred shares	8,015		07-Dec-20	22-Nov-21	–	8,015	100	215,314	–	–	–	–	–	–	8,015	–
	Deferred shares	7,864	26.86	22-Nov-21	22-Nov-22	–	–	–	–	–	–	–	–	–	–	–	7,864
	Deferred shares	5,897	26.86	22-Nov-21	22-Nov-23	–	–	–	–	–	–	–	–	–	–	–	5,897
	Deferred shares	3,931	26.86	22-Nov-21	22-Nov-24	–	–	–	–	–	–	–	–	–	–	–	3,931
	Deferred shares	1,965	26.86	22-Nov-21	22-Nov-25	–	–	–	–	–	–	–	–	–	–	–	1,965
	Performance rights	20,102		22-Nov-18	22-Nov-21	22-Nov-23	13,840	69	371,796	(6,262)	31	(168,222)	(13,840)	69	382,300	–	–
	Performance rights	6,700		22-Nov-18	22-Nov-21	22-Nov-23	–	–	–	(6,700)	100	(179,988)	–	–	–	–	–
	Performance rights	30,379	11.66	22-Nov-21	22-Nov-25	22-Nov-27	–	–	–	–	–	–	–	–	–	–	30,379
	Performance rights	10,126	6.37	22-Nov-21	22-Nov-25	22-Nov-27	–	–	–	–	–	–	–	–	–	–	10,126

1. For the purpose of the five highest paid executive disclosures, Executives are defined as Disclosed Executives or other members of the ExCo. For the 2022 financial year the five highest paid executives include five Disclosed Executives. Rights granted to Disclosed Executives as remuneration in 2022 are included in the table. No rights have been granted to the CEO, Disclosed Executives or the five highest paid executives since the end of 2022 up to the Directors' Report sign-off date. **2.** The point in time value of deferred shares/deferred share rights and/or performance rights is based on the one day VWAP of the Company's shares traded on the ASX on the date of vesting, lapsing/forfeiture or exercising/sale/transfer out of trust, multiplied by the number of deferred shares/deferred share rights and/or performance rights. The exercise price for all deferred share rights/performance rights is $0.00. No terms or conditions of grant of the share-based payment transactions have been altered or modified during the reporting period. **3.** The number vested and exercisable is the number of shares, options and rights that remain vested at the end of the reporting period. No shares, options and rights were vested and unexercisable.

4. Performance rights granted in prior years (by grant date) that remained unexerciseable at 30 September 2022 or date ceased in a Disclosed Executive role include:

	Nov-18	Nov-19	Nov-20	Nov-21
S Elliott	-	168,066	159,308	126,353
M Carnegie	-	40,816	38,378	42,345
K Corbally	-	-	-	-
F Faruqui	-	69,118	34,045	54,006
G Florian	-	23,128	34,820	50,324
K van der Merwe	-	34,013	30,950	44,186
A Watson	-	-	31,389	51,117
M Whelan	-	72,108	34,045	60,266
S Buggle	6,464	-	-	-
M Hand	-	24,489	43,330	40,505

Performance rights granted to S Elliott in 2022 were approved by shareholders at the 2021 AGM in accordance with ASX Listing Rule 10.14. **5.** The vested value for S Elliott's performance rights includes the value of 51.6% of performance rights we awarded in December 2018 which vested in December 2021 due to performance hurdles being met and were settled by delivery of shares, which remain subject to a further one-year restriction period. **6.** Equity transactions disclosed from date commenced as a Disclosed Executive. **7.** Equity transactions disclosed up to date ceased in a Disclosed Executive role. There were no disclosable transactions up to the date S Buggle concluded as a Disclosed Executive.

9.2.2 NED, CEO AND DISCLOSED EXECUTIVES' EQUITY HOLDINGS

The table below sets out details of equity held directly, indirectly or beneficially by each NED, the CEO and each Disclosed Executive, including their related parties.

Equity holdings – NED, CEO and Disclosed Executives

Name	Type of equity	Opening balance at 1 Oct 2021	Granted during the year as remuneration[1]	Received during the year on exercise of options or rights	Resulting from any other changes during the year[2]	Closing balance at 30 Sep 2022[3, 4]
Current Non–Executive Directors						
P O'Sullivan	Ordinary shares	4,078	–	–	272	**4,350**
	Capital notes 2	9,250	–	–	(9,250)	**–**
	Capital notes 7	–	–	–	9,250	**9,250**
I Atlas	Ordinary shares	14,360	–	–	958	**15,318**
J Halton	Ordinary shares	9,049	–	–	604	**9,653**
J Key	Ordinary shares	3,000	–	–	7,500	**10,500**
G Liebelt	Ordinary shares	20,315	–	–	1,356	**21,671**
	Capital notes 2	2,500	–	–	(2,500)	**–**
	Capital notes 6	2,500	–	–	–	**2,500**
	Capital notes 7	–	–	–	2,500	**2,500**
J Macfarlane	Ordinary shares	17,851	–	–	1,191	**19,042**
	Capital notes 2	2,000	–	–	(2,000)	**–**
	Capital notes 3	5,000	–	–	–	**5,000**
	Capital notes 6	2,140	–	–	–	**2,140**
	Capital notes 7	–	–	–	2,000	**2,000**
C O'Reilly[5]	Ordinary shares	6,000	–	–	400	**6,400**
J Smith[5]	Ordinary shares	2,605	–	–	174	**2,779**
Former Non–Executive Directors						
P Dwyer[6]	Ordinary shares	17,500	–	–	–	**17,500**
CEO and Current Disclosed Executives						
S Elliott	Deferred shares	70,882	36,101	–	(36,997)	**69,986**
	Ordinary shares	290,675	–	62,010	42,423	**395,108**
	Vested shares 1yr restriction	–	–	56,989	–	**56,989**
	Performance rights	499,749	126,353	(118,999)	(53,376)	**453,727**
M Carnegie	Deferred shares	92,284	20,550	–	–	**112,834**
	Ordinary shares	8,670	–	39,211	(13,783)	**34,098**
	Performance rights	139,145	42,345	(39,211)	(20,740)	**121,539**
K Corbally	Deferred shares	38,019	22,158	–	(14,333)	**45,844**
	Ordinary shares	1,431	–	14,546	(14,596)	**1,381**
	Capital notes 6	1,400	–	–	–	**1,400**
	Deferred share rights	54,391	22,830	(14,546)	–	**62,675**
F Faruqui[5]	Deferred shares	1,797	26,209	–	–	**28,006**
	Ordinary shares	3,890	–	93,883	2,607	**100,380**
	Deferred share rights	67,440	–	(35,973)	–	**31,467**
	Performance rights	188,294	54,006	(57,910)	(27,221)	**157,169**
G Florian	Deferred shares	42,283	24,422	–	(10,100)	**56,605**
	Ordinary shares	11,977	–	22,624	2,982	**37,583**
	Performance rights	93,534	50,324	(22,624)	(12,962)	**108,272**
K van der Merwe	Deferred shares	50,404	21,444	–	(8,333)	**63,515**
	Ordinary shares	1,282	–	20,494	7,631	**29,407**
	Performance rights	99,715	44,186	(20,494)	(14,258)	**109,149**
A Watson	Deferred shares	30,760	24,807	–	(13,611)	**41,956**
	Employee Share Offer	61	–	–	–	**61**
	Ordinary shares	23,747	–	6,123	7,711	**37,581**
	Deferred share rights	2,817	–	(2,817)	–	**–**
	Performance rights	36,191	51,117	(3,306)	(1,496)	**82,506**
M Whelan	Deferred shares	60,098	29,247	–	(33,085)	**56,260**
	Ordinary shares	34,387	–	30,102	(17,526)	**46,963**
	Performance rights	164,449	60,266	(30,102)	(28,194)	**166,419**
Former Disclosed Executives						
S Buggle[6]	Deferred shares	86,664	–	–	–	**86,664**
	Ordinary shares	21,174	–	–	–	**21,174**
	Capital notes 2	490	–	–	–	**490**
	Capital notes 6	590	–	–	–	**590**
	Deferred share rights	24,624	–	–	–	**24,624**
	Performance rights	6,464	–	–	–	**6,464**
M Hand[6]	Deferred shares	33,665	19,657	–	(2,160)	**51,162**
	Ordinary shares	1,235	–	13,840	(12,964)	**2,111**
	Performance rights	94,621	40,505	(13,840)	(12,962)	**108,324**

1. Details of options/rights granted as remuneration during 2022 are provided in the previous table. **2.** Shares resulting from any other changes during the year include the net result of any shares purchased (including under the ANZ Share Purchase Plan), forfeited, sold or acquired under the Dividend Reinvestment Plan. **3.** The following shares (included in the holdings above) were held on behalf of the NEDs, CEO and Disclosed Executives (i.e., indirect beneficially held shares) as at 30 September 2022 (or the date ceased as a KMP): P O'Sullivan – 0, I Atlas – 15,318, J Halton – 0, J Key – 10,500, G Liebelt – 8,436, J Macfarlane – 28,182, C O'Reilly – 0, J Smith – 0, P Dwyer – 17,500, S Elliott – 518,500, M Carnegie – 112,834, K Corbally – 47,244, F Faruqui – 28,006, G Florian – 66,504, K van der Merwe – 63,515, A Watson – 42,017, M Whelan – 100,073, S Buggle – 87,744 and M Hand – 51,162. **4.** Zero rights were vested and exercisable, and zero options/rights were vested and unexerciseable as at 30 September 2022. There was no change in the balance as at the Directors' Report sign-off date. **5.** Commencing balance is based on holdings as at the date of commencement as a KMP. **6.** Concluding balance is based on holdings as at the date ceased as a KMP.

9.3 Loans

9.3.1 OVERVIEW

When we lend to NEDs, the CEO or Disclosed Executives, we do so in the ordinary course of business and on normal commercial terms and conditions that are no more favourable than those given to other employees or customers – this includes the term of the loan, the security required and the interest rate. Details of the terms and conditions of lending products can be found on anz.com. No amounts have been written off during the period, or individual assessed allowance for expected credit losses raised in respect of these balances.

Total loans to NEDs, the CEO and Disclosed Executives, including their related parties at 30 September 2022 (including those with balances less than $100,000) was $24,339,919 (2021: $25,444,692) with interest paid of $790,118 (2021: $776,791) during the period.

9.3.2 NED, CEO AND DISCLOSED EXECUTIVES' LOAN TRANSACTIONS

The table below sets out details of loans outstanding to NEDs, the CEO and Disclosed Executives including their related parties, if – at any time during the year – the individual's aggregate loan balance exceeded $100,000.

Loan transactions – NED, CEO and Disclosed Executives

Name	Opening balance at 1 Oct 2021[1] $	Closing balance at 30 Sep 2022 $	Interest paid and payable in the reporting period[2] $	Highest balance in the reporting period $
Current Non–Executive Directors				
P O'Sullivan	792,259	**731,495**	65	810,049
J Key	–	**3,703,009**	73,835	3,704,351
J Macfarlane	12,913,111	**9,364,205**	423,076	14,104,140
CEO and Current Disclosed Executives				
S Elliott	2,616,885	**2,521,407**	54,579	2,641,851
G Florian	4,483,293	**4,250,856**	140,327	8,072,732
K van der Merwe	2,464,654	**1,655,942**	47,480	2,479,909
M Whelan	1,628,540	**1,550,938**	50,625	1,681,066
Former Disclosed Executives				
S Buggle[3]	504,008	**499,193**	–	504,061
Total	**25,402,750**	**24,277,045**	**789,987**	**33,998,158**

1. Opening balances have been adjusted to take into account timing variances. **2.** Actual interest paid after considering offset accounts. The loan balance is shown gross, however the interest paid takes into account the impact of offset amounts. **3.** Closing balance is as at the date ceased in a KMP role.

9.4 Other transactions

Other transactions with NEDs, the CEO and Disclosed Executives, and their related parties included deposits.

Other transactions – NED, CEO and Disclosed Executives

	Opening balance at 1 Oct 2021[1] $	Closing balance at 30 Sep 2022[2,3] $
Total KMP deposits	27,513,114	**30,208,600**

1. Opening balance is at 1 October 2021 or the date of commencement as a KMP if part way through the year and it has been adjusted to take into account timing variances. **2.** Closing balance is at 30 September 2022 or at the date ceased in a KMP role if part way through the year. **3.** Interest received on deposits for 2022 was $140,355 (2021: $88,209).

Other transactions with KMP and their related parties included amounts paid to the Group in respect of investment management service fees, brokerage, bank fees and charges. The Group has reimbursed KMP for the costs incurred for security and secretarial services associated with the performance of their duties. These transactions are conducted on normal commercial terms and conditions are no more favourable than those given to other employees or customers.

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INCOME STATEMENTS

		Consolidated		The Company	
For the year ended 30 September	Note	2022 $m	2021 $m	2022 $m	2021 $m
Interest income[1]		23,609	19,529	18,408	15,347
Interest expense		(8,735)	(5,368)	(7,433)	(4,822)
Net interest income	2	14,874	14,161	10,975	10,525
Other operating income	3	4,235	3,325	6,424	4,854
Net income from insurance business	3	140	110	-	-
Share of associates' profit/(loss)	3	177	(176)	(12)	(1)
Operating income		19,426	17,420	17,387	15,378
Operating expenses	4	(9,579)	(9,051)	(8,123)	(7,594)
Profit before credit impairment and income tax		9,847	8,369	9,264	7,784
Credit impairment (charge)/release	14	232	567	265	469
Profit before income tax		10,079	8,936	9,529	8,253
Income tax expense	5	(2,940)	(2,756)	(1,933)	(1,922)
Profit after tax from continuing operations		7,139	6,180	7,596	6,331
Profit/(Loss) after tax from discontinued operations		(19)	(17)	-	-
Profit for the year		7,120	6,163	7,596	6,331
Comprising:					
Profit attributable to shareholders of the Company		7,119	6,162	7,596	6,331
Profit attributable to non-controlling interests		1	1	-	-

		Consolidated	
For the year ended 30 September	Note	2022	2021
Earnings per ordinary share (cents) including discontinued operations[2]			
Basic	7	250.0	215.3
Diluted	7	233.2	203.2
Earnings per ordinary share (cents) from continuing operations[2]			
Basic	7	250.7	215.9
Diluted	7	233.8	203.7
Dividend per ordinary share (cents)	6	146	142

1. Includes interest income calculated using the effective interest method on financial assets measured at amortised cost or fair value through other comprehensive income of $22,844 million (2021: $19,054 million) in the Group and $17,123 million (2021: $14,363 million) in the Company.
2. Earnings per share in 2021 has been restated to reflect the bonus element of the share entitlement offer made in 2022 in accordance with AASB 133 *Earnings per Share*.

The notes appearing on pages 114 to 232 form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 30 September	Consolidated 2022 $m	Consolidated 2021 $m	The Company 2022 $m	The Company 2021 $m
Profit for the year from continuing operations	7,139	6,180	7,596	6,331
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Investment securities - equity securities at FVOCI	(55)	80	(119)	67
Other reserve movements[1]	127	(41)	132	(95)
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation reserve	(759)	456	139	(14)
Other reserve movements	(4,180)	(1,052)	(4,132)	(1,003)
Income tax attributable to the above items	1,172	301	1,186	303
Share of associates' other comprehensive income[2]	(40)	(48)	-	-
Other comprehensive income after tax from continuing operations	(3,735)	(304)	(2,794)	(742)
Profit/(Loss) after tax from discontinued operations	(19)	(17)	-	-
Total comprehensive income for the year	3,385	5,859	4,802	5,589
Comprising total comprehensive income attributable to:				
Shareholders of the Company	3,399	5,858	4,802	5,589
Non-controlling interests[1]	(14)	1	-	-

1. The Group includes -$15 million (2021: nil) relating to foreign currency retranslation of the non-controlling interest in ANZ Bank New Zealand Limited.
2. The Group's share of associates' other comprehensive income, that may be reclassified subsequently to profit or loss in the Group, includes:

	2022 $m	2021 $m
FVOCI reserve gain/(loss)	(56)	(42)
Defined benefits gain/(loss)	15	(5)
Cash flow hedge reserve gain/(loss)	-	1
Foreign currency translation reserve gain/(loss)	1	(2)
Total	(40)	(48)

The notes appearing on pages 114 to 232 form an integral part of these financial statements.

BALANCE SHEETS

		Consolidated		The Company	
As at 30 September	Note	2022 $m	2021 $m	2022 $m	2021 $m
Assets					
Cash and cash equivalents[1]	9	168,132	151,260	155,483	141,436
Settlement balances owed to ANZ		4,762	7,530	4,024	7,183
Collateral paid		12,700	9,166	11,368	8,343
Trading assets	10	35,237	44,688	28,073	34,752
Derivative financial instruments	11	90,174	38,736	88,056	38,292
Investment securities	12	86,153	83,126	72,399	67,940
Net loans and advances	13	672,407	629,719	537,345	488,487
Regulatory deposits		632	671	249	213
Due from controlled entities		-	-	22,860	23,530
Shares in controlled entities	26	-	-	17,630	15,693
Investments in associates	27	2,181	1,972	53	20
Current tax assets		46	57	43	55
Deferred tax assets		3,384	2,339	2,992	1,887
Goodwill and other intangible assets	22	3,877	4,124	935	1,017
Premises and equipment		2,431	2,734	2,171	2,415
Other assets		3,613	2,735	2,402	1,909
Total assets		1,085,729	978,857	946,083	833,172
Liabilities					
Settlement balances owed by ANZ		13,766	17,427	10,224	14,922
Collateral received		16,230	5,657	14,425	5,148
Deposits and other borrowings	15	797,281	743,056	665,607	606,723
Derivative financial instruments	11	85,149	36,035	84,500	37,005
Due to controlled entities		-	-	25,305	23,079
Current tax liabilities		829	419	488	193
Deferred tax liabilities		83	70	54	70
Payables and other liabilities	16	9,835	8,647	8,562	7,244
Employee entitlements		549	602	409	447
Other provisions	23	1,872	2,214	1,648	1,873
Debt issuances	17	93,734	101,054	75,828	81,088
Total liabilities		1,019,328	915,181	887,050	777,792
Net assets		66,401	63,676	59,033	55,380
Shareholders' equity					
Ordinary share capital	24	28,797	25,984	28,720	25,907
Reserves	24	(2,606)	1,228	(2,546)	341
Retained earnings	24	39,716	36,453	32,859	29,132
Share capital and reserves attributable to shareholders of the Company	24	65,907	63,665	59,033	55,380
Non-controlling interests	24	494	11	-	-
Total shareholders' equity	24	66,401	63,676	59,033	55,380

1. Includes settlement balances owed to ANZ that meet the definition of cash and cash equivalents.

The notes appearing on pages 114 to 232 form an integral part of these financial statements.

CASH FLOW STATEMENTS

For the year ended 30 September	Consolidated 2022 $m	Consolidated 2021 $m	The Company 2022 $m	The Company 2021 $m
Profit after income tax	7,120	6,163	7,596	6,331
Adjustments to reconcile to net cash provided by/(used in) operating activities:				
Allowance for expected credit losses	(232)	(567)	(265)	(469)
Depreciation and amortisation	1,008	1,087	867	959
(Profit)/Loss on sale of premises and equipment	(8)	(11)	(1)	(11)
Net derivatives/foreign exchange adjustment	(4,434)	(6,350)	(4,687)	(4,374)
(Gain)/Loss on sale from divestments	(252)	238	(246)	(12)
Other non-cash movements	(909)	(237)	(488)	(456)
Net (increase)/decrease in operating assets:				
Collateral paid	(2,638)	4,995	(2,054)	4,484
Trading assets	8,020	10	6,355	(2,778)
Net loans and advances	(46,378)	(8,259)	(42,003)	(300)
Net intra-group loans and advances	-	-	978	(1,212)
Other assets	685	143	655	89
Net increase/(decrease) in operating liabilities:				
Deposits and other borrowings	48,879	48,896	45,058	41,908
Settlement balances owed by ANZ	(3,486)	(4,928)	(4,769)	(4,671)
Collateral received	9,468	(3,466)	8,074	(2,728)
Other liabilities	3,333	6,108	3,426	5,579
Total adjustments	13,056	37,659	10,900	36,008
Net cash (used in)/provided by operating activities[1]	20,176	43,822	18,496	42,339
Cash flows from investing activities				
Investment securities assets:				
Purchases	(34,292)	(52,639)	(30,065)	(23,040)
Proceeds from sale or maturity	32,797	63,445	28,201	35,493
Proceeds from divestments, net of cash disposed	394	13	(5)	-
Net movement in shares in controlled entities	(65)	-	(133)	(175)
Net investments in other assets	(651)	(561)	(667)	(650)
Net cash (used in)/provided by investing activities	(1,817)	10,258	(2,669)	11,628
Cash flows from financing activities				
Deposits and other borrowings drawn down	1,226	9,310	-	8,091
Debt issuances:[2]				
Issue proceeds	23,422	12,624	20,145	9,517
Redemptions	(26,017)	(27,709)	(21,985)	(23,104)
Dividends paid[3]	(3,784)	(2,834)	(3,782)	(2,834)
On market purchase of treasury shares	(117)	(79)	(117)	(79)
Repayment of lease liabilities	(218)	(330)	(226)	(288)
Share buyback	(846)	(654)	(846)	(654)
ANZ Bank New Zealand Perpetual Preference Shares	492	-	-	-
Share entitlement issue	3,497	-	3,497	-
Net cash (used in)/provided by financing activities	(2,345)	(9,672)	(3,314)	(9,351)
Net (decrease)/increase in cash and cash equivalents	16,014	44,408	12,513	44,616
Cash and cash equivalents at beginning of year	151,260	107,923	141,436	98,083
Effects of exchange rate changes on cash and cash equivalents	858	(1,071)	1,534	(1,263)
Cash and cash equivalents at end of year	168,132	151,260	155,483	141,436

1. Net cash (used in)/provided by operating activities for the Group includes interest received of $22,748 million (2021: $19,649 million), interest paid of $7,857 million (2021: $5,793 million) and income taxes paid of $2,171 million (2021: $2,427 million). Net cash (used in)/provided by operating activities for the Company includes interest received of $17,672 million (2021: $15,435 million), interest paid of $6,692 million (2021: $5,117 million) and income taxes paid of $1,443 million (2021: $1,541 million).
2. Non-cash movements on Debt issuances include a gain of $4,725 million (2021: $3,476 million gain) from unrealised movements primarily due to fair value hedging adjustments partially offset by foreign exchange losses for the Group, and include a gain of $3,420 million (2021: $2,322 million gain) from unrealised movements primarily due to fair value hedging partially offset by foreign exchange losses for the Company.
3. Cash outflow for shares purchased to satisfy the dividend reinvestment plan are classified in Dividends paid.

The notes appearing on pages 114 to 232 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Consolidated	Ordinary share capital $m	Reserves $m	Retained earnings $m	Share capital and reserves attributable to shareholders of the Company $m	Non-controlling interests $m	Total shareholders' equity $m
As at 1 October 2020	26,531	1,501	33,255	61,287	10	61,297
Profit or loss from continuing operations	-	-	6,179	6,179	1	6,180
Profit or loss from discontinued operations	-	-	(17)	(17)	-	(17)
Other comprehensive income for the year from continuing operations	-	(264)	(40)	(304)	-	(304)
Total comprehensive income for the year	-	(264)	6,122	5,858	1	5,859
Transactions with equity holders in their capacity as equity holders:						
Dividends paid	-	-	(2,928)	(2,928)	-	(2,928)
Dividend Reinvestment Plan[1]	94	-	-	94	-	94
Group share buy-back[2]	(654)	-	-	(654)	-	(654)
Other equity movements:						
Group employee share acquisition scheme	13	-	-	13	-	13
Other items	-	(9)	4	(5)	-	(5)
As at 30 September 2021	25,984	1,228	36,453	63,665	11	63,676
Profit or loss from continuing operations	-	-	7,138	7,138	1	7,139
Profit or loss from discontinued operations	-	-	(19)	(19)	-	(19)
Other comprehensive income for the year from continuing operations	-	(3,835)	115	(3,720)	(15)	(3,735)
Total comprehensive income for the year	-	(3,835)	7,234	3,399	(14)	3,385
Transactions with equity holders in their capacity as equity holders:						
Dividends paid	-	-	(3,965)	(3,965)	(2)	(3,967)
Dividend Reinvestment Plan[1]	183	-	-	183	-	183
Group share buy-back[2]	(846)	-	-	(846)	-	(846)
Share entitlement issue[3]	3,497	-	-	3,497	-	3,497
Other equity movements:						
Group employee share acquisition scheme	(21)	-	-	(21)	-	(21)
Preference shares issued	-	-	(7)	(7)	499	492
Other items	-	1	1	2	-	2
As at 30 September 2022	28,797	(2,606)	39,716	65,907	494	66,401

1. 7.2 million shares were issued under the Dividend Reinvestment Plan (DRP) for the 2022 interim dividend (2021 final and interim dividend: nil; 2020 final dividend: 4.2 million). On-market share purchases for the DRP in 2022 were $204 million (2021: $199 million).
2. The Group completed its $1.5 billion on-market share buy-back of ANZ ordinary shares on 25 March 2022 resulting in 31 million (2021: 23 million) shares being cancelled in 2022.
3. The Group issued 187.1 million new ordinary shares under the share entitlement offer in 2022.

The notes appearing on pages 114 to 232 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

The Company	Ordinary share capital $m	Reserves $m	Retained earnings $m	Total shareholders' equity $m
As at 1 October 2020	26,454	1,018	25,800	53,272
Profit for the year	-	-	6,331	6,331
Other comprehensive income for the year	-	(668)	(74)	(742)
Total comprehensive income for the year	-	(668)	6,257	5,589
Transactions with equity holders in their capacity as equity holders:				
Dividends paid	-	-	(2,928)	(2,928)
Dividend Reinvestment Plan[1]	94	-	-	94
Group share buy-back[2]	(654)	-	-	(654)
Other equity movements:				
Group employee share acquisition scheme	13	-	-	13
Other items	-	(9)	3	(6)
As at 30 September 2021	25,907	341	29,132	55,380
Profit for the year	-	-	7,596	7,596
Other comprehensive income for the year	-	(2,888)	94	(2,794)
Total comprehensive income for the year	-	(2,888)	7,690	4,802
Transactions with equity holders in their capacity as equity holders:				
Dividends paid	-	-	(3,965)	(3,965)
Dividend Reinvestment Plan[1]	183	-	-	183
Group share buy-back[2]	(846)	-	-	(846)
Share entitlement issue[3]	3,497	-	-	3,497
Other equity movements:				
Group employee share acquisition scheme	(21)	-	-	(21)
Other items	-	1	2	3
As at 30 September 2022	28,720	(2,546)	32,859	59,033

1. 7.2 million shares were issued under the Dividend Reinvestment Plan (DRP) for the 2022 interim dividend (2021 final and interim dividend: nil; 2020 final dividend: 4.2 million). On-market share purchases for the DRP in 2022 were $204 million (2021: $199 million).
2. The Company completed its $1.5 billion on-market share buy-back on 25 March 2022 resulting in 31 million (2021: 23 million) shares being cancelled in 2022.
3. The Company issued 187.1 million new ordinary shares under the share entitlement offer in 2022.

The notes appearing on pages 114 to 232 form an integral part of these financial statements.

Notes to the financial statements

1. ABOUT OUR FINANCIAL STATEMENTS

These are the financial statements for Australia and New Zealand Banking Group Limited (the Company) and its controlled entities (together, the Group or ANZ) for the year ended 30 September 2022. The Company is a publicly listed company incorporated and domiciled in Australia. The address of the Company's registered office and its principal place of business is ANZ Centre, 833 Collins Street, Docklands, Victoria, Australia 3008. The Group provides banking and financial services to individuals and business customers and operates in and across 32 markets.

On 26 October 2022, the Directors resolved to authorise the issue of these financial statements.

Information in the financial statements is included only to the extent we consider it material and relevant to the understanding of the financial statements. A disclosure is considered material and relevant if, for example:

- the amount is significant in size (quantitative factor);
- the information is significant by nature (qualitative factor);
- the user cannot understand the Group's results without the specific disclosure (qualitative factor);
- the information is critical to a user's understanding of the impact of significant changes in the Group's business during the period - for example, business acquisitions or disposals (qualitative factor);
- the information relates to an aspect of the Group's operations that is important to its future performance (qualitative factor); and
- the information is required under legislative requirements of the *Corporations Act 2001*, the *Banking Act 1959 (Cth)* or by the Group's principal regulators, including the Australian Securities and Investments Commission (ASIC) and the Australian Prudential Regulation Authority (APRA).

This section of the financial statements:

- outlines the basis upon which the Group's financial statements have been prepared; and
- discusses any new accounting standards or regulations that directly impact the financial statements.

BASIS OF PREPARATION

This financial report is a general purpose (Tier 1) financial report prepared by a 'for profit' entity, in accordance with Australian Accounting Standards (AASs) and other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the *Corporations Act 2001*, and International Financial Reporting Standards (IFRS) and interpretations published by the International Accounting Standards Board (IASB).

We present the financial statements of the Group in Australian dollars, which is the Company's functional and presentation currency. We have rounded values to the nearest million dollars ($m), unless otherwise stated, as allowed under the *ASIC Corporations (Rounding in Financial/Directors Report) Instrument 2016/191*. We measure the financial statements of each entity in the Group using the currency of the primary economic environment in which that entity operates (the functional currency).

BASIS OF MEASUREMENT AND PRESENTATION

We have prepared the financial information in accordance with the historical cost basis - except the following assets and liabilities which we have stated at their fair value:

- derivative financial instruments and in the case of fair value hedging, a fair value adjustment made to the underlying hedged item;
- financial instruments held for trading;
- financial assets and financial liabilities designated at fair value through profit or loss;
- financial assets at fair value through other comprehensive income; and
- assets and liabilities classified as held for sale (except those required to be at carrying value).

In accordance with AASB 119 *Employee Benefits* (AASB 119) we have measured defined benefit obligations using the Projected Unit Credit Method.

During the 2022 financial year, the Group revised its treatment of ongoing trail commission payable to mortgage brokers and now recognises a liability within Payables and other liabilities equal to the present value of expected future trail commission payments and a corresponding increase in capitalised brokerage costs in Net loans and advances. Comparatives have not been restated.

The sale of Wealth Australia business to IOOF Holdings Limited (IOOF, now known as Insignia Financial Limited) and Zurich Financial Services Australia (Zurich) completed across 2020 and 2019. The separation of the business sold to Zurich completed in early April 2022, and the business sold to IOOF completed in early October 2022. The financial results of these divested businesses are treated as discontinued operations from a financial reporting perspective.

1. ABOUT OUR FINANCIAL STATEMENTS (continued)

BASIS OF CONSOLIDATION

The consolidated financial statements of the Group comprise the financial statements of the Company and all its subsidiaries. An entity, including a structured entity, is considered a subsidiary of the Group when we determine that the Company has control over the entity. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. We assess power by examining existing rights that give the Company the current ability to direct the relevant activities of the entity. We have eliminated, on consolidation, the effect of all transactions between entities in the Group.

FOREIGN CURRENCY TRANSLATION

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the relevant functional currency at the exchange rate prevailing at the date of the transaction. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the relevant spot rate. Any foreign currency translation gains or losses that arise are included in profit or loss in the period they arise.

We measure translation differences on non-monetary items at fair value through profit or loss and report them as part of the fair value gain or loss on these items. For non-monetary items classified as investment securities measured at fair value through other comprehensive income, translation differences are included in Other comprehensive income.

FINANCIAL STATEMENTS OF FOREIGN OPERATIONS THAT HAVE A FUNCTIONAL CURRENCY THAT IS NOT AUSTRALIAN DOLLARS

The financial statements of our foreign operations are translated into Australian dollars for consolidation into the Group Financial Statements using the following method:

Foreign currency item	Exchange rate used
Assets and liabilities	The reporting date rate
Equity	The initial investment date rate
Income and expenses	The average rate for the period – but if for a significant transaction we believe the average rate is not reasonable, then we use the rate at the date of the transaction

Exchange differences arising from the translation of financial statements of foreign operations are recognised in the foreign currency translation reserve in equity. When we dispose of a foreign operation, the cumulative exchange differences are transferred to profit or loss.

FIDUCIARY ACTIVITIES

The Group provides fiduciary services to third parties including custody, nominee and trustee services. This involves the Group holding assets on behalf of third parties and making decisions regarding the purchase and sale of financial instruments. If ANZ is not the beneficial owner or does not control the assets, then we do not recognise these transactions in these financial statements, except when required by accounting standards or another legislative requirement.

KEY JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates and assumptions about past and future events. Further information on the key judgements and estimates that we consider material to the financial statements are contained within each relevant note to the financial statements.

Whilst the course of the COVID-19 pandemic is moderating and the management of its impact on the populace, businesses and economic activity is better understood, the responses of consumers, business and governments remain uncertain. Compounding the effects of the pandemic are mounting geopolitical tensions, global supply chain disruptions, the conflict in Ukraine, commodity price pressures and increasing inflation and interest rates impacting the economy. Thus, there remains an elevated level of estimation uncertainty involved in the preparation of these financial statements.

The Group has made various accounting estimates in this Financial Report based on forecasts of economic conditions which reflect expectations and assumptions at 30 September 2022 about future events considered reasonable in the circumstances. There is a considerable degree of judgement involved in preparing these estimates. Actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of these differences may significantly impact accounting estimates included in these financial statements. The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses and recoverable amounts of non-financial assets.

The impact of these uncertainties on each of these accounting estimates is discussed further below and/or in the relevant notes in this Financial Report. Readers should consider these disclosures in light of the inherent uncertainties described above.

1. ABOUT OUR FINANCIAL STATEMENTS (continued)

INTEREST RATE BENCHMARK REFORM

Interbank offered rates (IBORs) have played a critical role in global financial markets, serving as reference rates for derivatives, loans and securities, and in the valuation of financial instruments. The IBOR reforms have a wide-ranging impact for the Group and our customers given the fundamental differences between IBORs and risk-free rates (RFRs). The key difference between IBORs and RFRs is that IBOR rates include a term and bank credit risk premium, whereas RFRs do not. As a result of these differences, adjustments are required to an RFR to ensure contracts referencing an IBOR rate transition on an economically comparable basis.

Update on the Group's approach to interest rate benchmark reform

In line with the regulatory announcements made in 2021, the majority of IBOR rates, including Pound Sterling (GBP), Euro (EUR), Swiss Franc (CHF), Japanese Yen (JPY), and the US Dollar (USD) 1-week and 2-month LIBOR rate settings ceased on 31 December 2021 and have been replaced by alternative RFRs. This transition had an immaterial impact to the Group's profit and loss. Through its loan and derivative transactions with customers, issuance of debt and its asset and liability management activities the Group continues to have exposure to the remaining USD LIBOR settings and other IBOR-related benchmarks that are due to largely cease by 30 June 2023.

The Group continues to manage the transition from the remaining USD LIBOR tenors and other remaining IBOR settings to RFR's through its enterprise-wide Benchmark Transition Program (the Program). The program is responsible for managing the risks associated with the transition including operational, market, legal, conduct and financial reporting risks that may arise.

Exposures subject to benchmark reform as at 30 September 2022

The table below shows the Group's exposure to interest rate benchmarks subject to IBOR reform. These are financial instruments that contractually reference an IBOR benchmark planned to transition to an RFR and have a contractual maturity date beyond the planned IBOR cessation date.

As at 30 September 2022	USD Libor $m	Others $m
Loan and advances[1]	13,349	126
Non-derivative financial assets[1]	154	-
Non-derivative financial liabilities[2]	669	36
Derivative asset (notional value)[3]	571,393	14,400
Derivative liability (notional value)[3]	553,754	14,540
Loan commitments[1,4]	16,312	222

1. Excludes Expected Credit Losses (ECL).
2. Comprises floating rate debt issuances by the Group.
3. For cross-currency swaps, where both the receive and pay legs are in currencies subject to reform, the Group discloses the Australian dollar-equivalent notional amounts for both. Where one leg of a swap is subject to reform, the Group discloses the notional amount of the receive leg.
4. For multi-currency IBOR referenced facilities, the undrawn balance has been allocated to the pricing currency of the facility or where there are multiple pricing currencies impacted by cessation, the most likely currency of drawdown.

Hedge accounting exposures subject to IBOR reform

The Group has hedge-accounted relationships referencing USD LIBOR, primarily due to fixed rate investment securities and the Group's fixed rate debt issuances denominated in USD that are designated in fair value hedge accounting relationships. The table below details the carrying values of the Group's USD exposures designated in hedge accounting relationships referencing LIBOR that will be impacted by reform. The nominal value of the associated hedging instruments is also included:

Hedged items	As at 30 September 2022 $m
Investment securities at FVOCI	8,457
Net loans and advances	216
Deposits and other borrowings	163
Debt issuances	19,861

Hedging instruments	Notional designated up to 30 June 2023 $m	Notional designated beyond 30 June 2023 $m	Total notional amount $m
Fair value hedges	8,523	21,795	30,318
Cash flow hedges	-	286	286

1. ABOUT OUR FINANCIAL STATEMENTS (continued)

ACCOUNTING STANDARDS ADOPTED IN THE PERIOD

There were no new accounting standards or interpretations adopted in 2022 that had a significant effect on the Group.

Accounting policies have been consistently applied, unless otherwise noted.

ACCOUNTING STANDARDS NOT EARLY ADOPTED

A number of new standards, amendments to standards and interpretations have been published but are not mandatory for the financial statements for the year ended 30 September 2022 and have not been applied by the Group in preparing these financial statements. Further details of these are set out below.

GENERAL HEDGE ACCOUNTING

AASB 9 *Financial Instruments* (AASB 9) introduces new hedge accounting requirements which more closely align accounting with risk management activities undertaken when hedging both financial and non-financial risks. AASB 9 provides the Group with an accounting policy choice to continue to apply the AASB 139 *Financial Instruments: Recognition and Measurement* (AASB 139) hedge accounting requirements until the International Accounting Standards Board's ongoing project on macro hedge accounting is completed. The Group continues to apply the hedge accounting requirements of AASB 139.

AASB 17 *INSURANCE CONTRACTS* (AASB 17)

The final version of AASB 17 was issued in July 2017 and is not effective for the Group until 1 October 2023. It will replace AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*. AASB 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts.

The measurement, presentation and disclosure requirements under AASB 17 are significantly different from current accounting standards. Although the overall profit recognised in respect of insurance contracts will not change, it is expected that the timing of profit recognition will change.

AASB 17 is not expected to have a material impact on the Group.

DEFERRED TAX RELATED TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION

AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction* amends AASB 112 *Income Taxes* and clarifies that entities are required to recognise deferred tax on transactions for which there is both an asset and a liability and that give rise to equal taxable and deductible temporary differences. This may include transactions such as leases and decommissioning or restoration obligations. This amendment is effective for the Group from 1 October 2023 and is not expected to have a significant impact.

2. NET INTEREST INCOME

	Consolidated		The Company	
	2022 $m	2021 $m	2022 $m	2021 $m
Net interest income				
Interest income by type of financial asset				
Financial assets at amortised cost	21,737	18,188	16,289	13,767
Investment securities at FVOCI	1,107	866	834	596
Trading assets	700	446	547	325
Financial assets at FV through profit or loss	65	29	177	124
External interest income	23,609	19,529	17,847	14,812
Controlled entities' income	-	-	561	535
Interest income	23,609	19,529	18,408	15,347
Interest expense by type of financial liability				
Financial liabilities at amortised cost	(8,019)	(4,830)	(6,170)	(3,681)
Securities sold short	(214)	(91)	(191)	(82)
Financial liabilities designated at FV through profit or loss	(162)	(101)	(151)	(158)
External interest expense	(8,395)	(5,022)	(6,512)	(3,921)
Controlled entities expense	-	-	(581)	(555)
Interest expense	(8,395)	(5,022)	(7,093)	(4,476)
Major bank levy	(340)	(346)	(340)	(346)
Net interest income[1]	14,874	14,161	10,975	10,525

1. Includes charges associated with customer remediation of nil (2021: -$86 million) for the Group and -$5 million (2021: -$82 million) for the Company.

RECOGNITION AND MEASUREMENT

NET INTEREST INCOME

Interest Income and Expense

We recognise interest income and expense in net interest income for all financial instruments, including those classified as held for trading, assets measured at fair value through other comprehensive income and at fair value through profit or loss. We use the effective interest rate method to calculate the amortised cost of assets held at amortised cost and to recognise interest income on financial assets measured at fair value through other comprehensive income. The effective interest rate is the rate that discounts the stream of estimated future cash receipts or payments over the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability. For assets subject to prepayment, we determine their expected life on the basis of historical behaviour of the particular asset portfolio - taking into account contractual obligations and prepayment experience.

We recognise fees and costs, which form an integral part of the financial instrument (for example loan origination fees and costs), using the effective interest rate method. These are presented as part of interest income or expense depending on whether the underlying financial instrument is a financial asset or financial liability.

Major Bank Levy

The Major Bank Levy Act 2017 (levy or major bank levy) applies a rate of 0.06% to certain liabilities of the Company. The Group has determined that the levy represents a finance cost for the Group and the Company and it is presented as interest expense in the Income Statement.

3. NON-INTEREST INCOME

	Consolidated		The Company	
	2022 $m	2021 $m	2022 $m	2021 $m
Non-interest income				
Fee and commission income				
Lending fees[1]	374	474	340	436
Non-lending fees	2,394	2,552	1,744	1,961
Commissions	103	97	74	65
Funds management income	261	287	27	5
External fee and commission income	3,132	3,410	2,185	2,467
Controlled entities' income	-	-	244	235
Fee and commission income	3,132	3,410	2,429	2,702
Fee and commission expense	(1,160)	(1,267)	(695)	(836)
Net fee and commission income	1,972	2,143	1,734	1,866
Other income				
Net foreign exchange earnings and other financial instruments income[2]	1,993	1,371	1,296	1,064
Gain on completion of ANZ Worldline partnership	307	-	307	-
Impairment of interest in controlled entities	-	-	(180)	-
Loss on disposal of ANZ Share Investing business	-	(251)	-	12
Release of foreign currency translation reserve	(65)	-	-	-
Loss on disposal of financial planning and advice business	(62)	-	(22)	-
Dividends received from controlled entities	-	-	3,181	1,845
Other	90	62	108	67
Other income	2,263	1,182	4,690	2,988
Other operating income	4,235	3,325	6,424	4,854
Net income from insurance business	140	110	-	-
Share of associates' profit/(loss)[3]	177	(176)	(12)	(1)
Non-interest income[4]	4,552	3,259	6,412	4,853

1. Lending fees exclude fees treated as part of the effective yield calculation in Interest income.
2. Includes fair value movements (excluding realised and accrued interest) on derivatives not designated as accounting hedges entered into to manage interest rate and foreign exchange risk, ineffective portions of cash flow hedges, and fair value movements in financial assets and liabilities designated at fair value through profit or loss.
3. Includes -$347 million of the Group's share of AMMB Holdings Berhad's 1Malaysia Development Berhad settlement and goodwill write-off in 2021.
4. Includes charges associated with customer remediation of -$34 million (2021: -$56 million) for the Group and -$20 million (2021: -$84 million) for the Company.

3. NON-INTEREST INCOME (continued)

RECOGNITION AND MEASUREMENT

OTHER OPERATING INCOME

Fee and Commission Revenue

We recognise fee and commission revenue arising from contracts with customers (a) over time when the performance obligation is satisfied across more than one reporting period, or (b) at a point in time when the performance obligation is satisfied immediately or is satisfied within one reporting period.

- lending fees exclude fees treated as part of the effective yield calculation of interest income. Lending fees include certain guarantee and commitment fees where the loan or guarantee is not likely to be drawn upon, and other fees charged for providing customers a distinct good or service that are recognised separately from the underlying lending product.
- non-lending fees include fees associated with deposit and credit card accounts, interchange fees and fees charged for specific customer transactions such as international money transfers. Where the Group provides multiple goods or services to a customer under the same contract, the Group allocates the transaction price of the contract to distinct performance obligations based on the relative stand-alone selling price of each performance obligation. Revenue is recognised as each performance obligation is satisfied.
- commissions represent fees from third parties where we act as an agent by arranging a third party (such as an insurance provider) to provide goods and services to a customer. In such cases, we are not primarily responsible for providing the underlying good or service to the customer. If the Group collects funds on behalf of a third party when acting as an agent, we only recognise the net commission it retains as revenue. When the commission is variable based on factors outside our control (such as a trail commission), revenue is only recognised if it is highly probable that a significant reversal of the variable amount will not be required in future periods.
- funds management income represents fees earned from customers for providing financial advice and fees for asset management services and advice provided to investment funds. Revenue is recognised either at the point the financial advice is provided or over the period in which the asset management services are delivered. Performance fees associated with funds management activities are only recognised when it becomes highly probable the performance hurdle will be achieved.

Net Foreign Exchange Earnings and Other Financial Instruments Income

We recognise the following as net foreign exchange earnings and other financial instruments income:

- exchange rate differences arising on the settlement of monetary items and translation differences on monetary items translated at rates different to those at which they were initially recognised or included in a previous financial report;
- fair value movements (excluding realised and accrued interest) on derivatives that we use to manage interest rate and foreign exchange risk on funding instruments not designated as accounting hedges;
- the ineffective portions of fair value hedges, cash flow hedges and net investment hedges;
- immediately upon sale or repayment of a hedged item, the unamortised fair value adjustments to items designated as fair value hedges and amounts accumulated in equity related to designated cash flow hedges;
- fair value movements on financial assets and financial liabilities designated at fair value through profit or loss or held for trading;
- amounts released from the fair value through other comprehensive income (FVOCI) reserve when a debt instrument classified as FVOCI is sold; and
- the gain or loss on derecognition of financial assets or liabilities measured at amortised cost.

Gain or Loss on Disposal of Non-Financial Assets

The gain or loss on the disposal of assets is the difference between the carrying value of the asset and the proceeds of disposal net of costs. This is recognised in Other income in the year in which the significant risks and rewards from the asset transfer to the buyer.

When a non-financial asset or group of assets is classified as held for sale, the difference between the carrying value immediately prior to reclassification and the fair value less costs to sell is recognised in Other operating income to align with the classification of gain or loss on sale that would have applied if the sale had completed during the year.

3. NON-INTEREST INCOME (continued)

RECOGNITION AND MEASUREMENT

NET INCOME FROM INSURANCE BUSINESS

We recognise:

- premiums received (net of reinsurance premiums paid) based on an assessment of the likely pattern in which risk will emerge over the term of the policies written. This assessment is undertaken periodically and updated in accordance with the latest pattern of risk emergence; and
- claims incurred net of reinsurance, on an accruals basis once the liability to the policy owner has been established under the terms of the contract and through actuarial assumptions of future claims.

SHARE OF ASSOCIATES' PROFIT/(LOSS)

The equity method is applied to accounting for associates. Under the equity method, our share of the after tax results of associates is included in the Income Statement and the Statement of Comprehensive Income.

4. OPERATING EXPENSES

	Consolidated		The Company	
	2022 $m	2021 $m	2022 $m	2021 $m
Personnel				
Salaries and related costs	4,754	4,425	3,494	3,241
Superannuation costs	375	337	317	281
Other	167	184	127	110
Personnel	5,296	4,946	3,938	3,632
Premises				
Rent	88	85	67	62
Depreciation	419	446	344	371
Other	214	174	168	131
Premises	721	705	579	564
Technology				
Depreciation and amortisation	578	638	521	585
Subscription licences and outsourced services	899	786	648	587
Other	144	164	162	170
Technology	1,621	1,588	1,331	1,342
Restructuring	101	127	78	77
Other				
Advertising and public relations	165	178	128	134
Professional fees	935	769	864	714
Freight, stationery, postage and communication	172	185	128	141
Other	568	553	1,077	990
Other	1,840	1,685	2,197	1,979
Operating expenses[1]	9,579	9,051	8,123	7,594

1. Includes customer remediation expenses of $190 million (2021: $185 million) for the Group and $189 million (2021: $148 million) for the Company, litigation settlement expenses of $10 million (2021: $69 million) for the Group and $9 million (2021: $69 million) for the Company, and merger and acquisition related costs of $12 million (2021: nil) for the Group and the Company.

4. OPERATING EXPENSES (continued)

RECOGNITION AND MEASUREMENT

OPERATING EXPENSES

Operating expenses are recognised as services are provided to the Group, over the period in which an asset is consumed, or once a liability is created.

SALARIES AND RELATED COSTS - ANNUAL LEAVE, LONG SERVICE LEAVE AND OTHER EMPLOYEE BENEFITS

Wages and salaries, annual leave and other employee entitlements expected to be paid or settled within twelve months of employees rendering service are measured at their nominal amounts using remuneration rates that the Group expects to pay when the liabilities are settled.

We accrue employee entitlements relating to long service leave using an actuarial calculation. It includes assumptions regarding staff departures, leave utilisation and future salary increases. The result is then discounted using market yields at the reporting date. The market yields are determined from a blended rate of high quality corporate bonds with terms to maturity that closely match the estimated future cash outflows.

If we expect to pay short term cash bonuses, then a liability is recognised when the Group has a present legal or constructive obligation to pay this amount (as a result of past service provided by the employee) and the obligation can be reliably measured.

Personnel expenses also include share-based payments which may be cash or equity settled. We calculate the fair value of equity settled remuneration at grant date, which is then amortised over the vesting period, with a corresponding increase in share capital or the share option reserve as applicable. When we estimate the fair value, we take into account market vesting conditions, such as share price performance conditions. We take non-market vesting conditions, such as service conditions, into account by adjusting the number of equity instruments included in the expense.

After the grant of an equity-based award, the amount we recognise as an expense is reversed when non-market vesting conditions are not met, for example an employee fails to satisfy the minimum service period specified in the award on resignation, termination or notice of dismissal for serious misconduct. However, we do not reverse the expense if the award does not vest due to the failure to meet a market-based performance condition.

Further information on share-based payment schemes operated by the Group during the current and prior year is included in Note 31 Employee Share and Option Plans.

5. INCOME TAX

INCOME TAX EXPENSE

Reconciliation of the prima facie income tax expense on pre-tax profit with the income tax expense recognised in profit or loss:

	Consolidated		The Company	
	2022 $m	2021 $m	2022 $m	2021 $m
Profit before income tax from continuing operations	10,079	8,936	9,529	8,253
Prima facie income tax expense at 30%	3,024	2,681	2,859	2,476
Tax effect of permanent differences:				
Net (gain)/loss from divestments/closures	(83)	71	(113)	(4)
Share of associates' (profit)/loss	(53)	53	4	-
Interest on convertible instruments	49	44	49	44
Overseas tax rate differential	(128)	(88)	(70)	(33)
Provision for foreign tax on dividend repatriation	155	37	150	33
Rebatable and non-assessable dividends	-	-	(954)	(554)
Impairment of interest in controlled entities	-	-	54	-
Other	4	(26)	(21)	(23)
Subtotal	2,968	2,772	1,958	1,939
Income tax (over)/under provided in previous years	(28)	(16)	(25)	(17)
Income tax expense	2,940	2,756	1,933	1,922
Current tax expense	2,694	2,616	1,725	1,743
Adjustments recognised in the current year in relation to the current tax of prior years	(28)	(16)	(25)	(17)
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	274	156	233	196
Income tax expense	2,940	2,756	1,933	1,922
Australia	1,844	1,897	1,755	1,806
Overseas	1,096	859	178	116
Effective tax rate	29.2%	30.8%	20.3%	23.3%

5. INCOME TAX (continued)

TAX CONSOLIDATION

The Company and all its wholly owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. The Company is the head entity in the tax-consolidated group. We recognise each of the following in the separate financial statements of members of the tax consolidated group on a 'group allocation' basis: tax expense/income, and deferred tax liabilities/assets that arise from temporary differences for members of the tax-consolidated group. The Company (as head entity in the tax-consolidated group) recognises current tax liabilities and assets of the tax-consolidated group.

Under a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the tax-consolidated group in relation to the tax contribution amounts paid or payable between the Company and the other members of the tax-consolidated group.

Members of the tax-consolidated group have also entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities were the head entity to default on its income tax payment obligations.

UNRECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

Unrecognised deferred tax assets related to unused realised tax losses (on revenue account) total $1 million (2021: $6 million) for the Group and nil (2021: $2 million) for the Company.

Unrecognised deferred tax liabilities related to additional potential foreign tax costs (assuming all retained earnings in offshore branches and subsidiaries are repatriated) total $250 million (2021: $344 million) for the Group and $18 million (2021: $15 million) for the Company.

RECOGNITION AND MEASUREMENT

INCOME TAX EXPENSE

Income tax expense comprises both current and deferred taxes and is based on the accounting profit adjusted for differences in the accounting and tax treatments of income and expenses (that is, taxable income). We recognise tax expense in profit or loss except when the tax relates to items recognised directly in equity and other comprehensive income, in which case we recognise the tax directly in equity or other comprehensive income respectively.

CURRENT TAX EXPENSE

Current tax is the tax we expect to pay on taxable income for the year, based on tax rates (and tax laws) which are enacted at the reporting date. We recognise current tax as a liability (or asset) to the extent that it is unpaid (or refundable).

DEFERRED TAX ASSETS AND LIABILITIES

We account for deferred tax using the balance sheet method. Deferred tax arises because the accounting income is not always the same as the taxable income. This creates temporary differences, which usually reverse over time. Until they reverse, we recognise a deferred tax asset, or liability, on the balance sheet. We measure deferred taxes at the tax rates that we expect will apply to the period(s) when the asset is realised, or the liability settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

We offset current and deferred tax assets and liabilities only to the extent that:

- they relate to income taxes imposed by the same taxation authority;
- there is a legal right and intention to settle on a net basis; and
- it is allowed under the tax law of the relevant jurisdiction.

KEY JUDGEMENTS AND ESTIMATES

Judgement is required in determining provisions held in respect of uncertain tax positions. The Group estimates its tax liabilities based on its understanding of the relevant law in each of the countries in which it operates and seeks independent advice where appropriate.

6. DIVIDENDS

ORDINARY SHARE DIVIDENDS

Dividends are provided for in the financial statements once determined, accordingly, the final dividend announced for the current financial year is provided for and paid in the following financial year.

Dividends	% of total	Amount per share	Total dividend $m
Financial Year 2021			
2020 final dividend paid[1,2]		35 cents	994
2021 interim dividend paid[1,2]		70 cents	1,992
Bonus option plan adjustment			(58)
Dividends paid during the year ended 30 September 2021			2,928
Cash	90.0%		2,635
Dividend reinvestment plan[3]	10.0%		293
Dividends paid during the year ended 30 September 2021			2,928
Financial Year 2022			
2021 final dividend paid[1,2]		72 cents	2,030
2022 interim dividend paid[1,2]		72 cents	2,012
Bonus option plan adjustment			(77)
Dividends paid during the year ended 30 September 2022			3,965
Cash	90.2%		3,577
Dividend reinvestment plan[3]	9.8%		388
Dividends paid during the year ended 30 September 2022			3,965

Dividends announced and to be paid after year-end	Payment date	Amount per share	Total dividend $m
2022 final dividend (fully franked for Australian tax, New Zealand imputation credit NZD 9 cents per share)	15 December 2022	74 cents	2,213

1. Carries New Zealand imputation credits of NZD 9 cents for the 2022 interim dividend, NZD 8 cents for the 2021 final dividend and 2021 interim dividend, and NZD 4 cents for the 2020 final dividend.
2. Fully franked for Australian tax purposes (30% tax rate).
3. Includes on-market share purchases for the DRP of $204 million (2021: $199 million).

DIVIDEND REINVESTMENT PLAN AND BONUS OPTION PLAN

Eligible shareholders can elect to reinvest their dividend entitlement into ANZ ordinary shares under the Company's Dividend Reinvestment Plan (DRP). Eligible shareholders can elect to forgo their dividend entitlement and instead receive ANZ ordinary shares under the Company's Bonus Option Plan (BOP). For the 2022 final dividend, DRP and BOP participation will be satisfied by an issue of new ANZ ordinary shares. There will be no discount applied to the DRP and BOP price.

Refer to Note 24 Shareholders' Equity for details of shares the Company purchased or issued in respect of the DRP and BOP.

6. DIVIDENDS (continued)

DIVIDEND FRANKING ACCOUNT

	Currency	2022 $m	2021 $m
Australian franking credits available at 30% tax rate	AUD	396	772
New Zealand imputation credits available (which can be attached to our Australian dividends but may only be used by New Zealand resident shareholders)	NZD	5,000	5,020

The above amounts represent the balances of the franking accounts as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of income tax payable as at the end of the financial year; and
- franking credits/debits from the receipt/payment of dividends that have been recognised as tax receivables/payables as at the end of the financial year.

The proposed 2022 final dividend will utilise the entire balance of $396 million franking credits available at 30 September 2022. Instalment tax payments on account of the 2022 financial year, which will be made after 30 September 2022, will generate sufficient franking credits to enable the 2022 final dividend to be fully franked. The extent to which future dividends will be franked will depend on a number of factors, including the level of profits generated by the Group that will be subject to tax in Australia.

RESTRICTIONS ON THE PAYMENT OF DIVIDENDS

APRA's written approval is required before paying dividends on ANZ ordinary shares if:

- the aggregate dividends exceed the Company's after tax earnings (in calculating those after tax earnings, we take into account any payments we made on senior capital instruments) in the financial year to which they relate; or
- the Group's Common Equity Tier 1 capital ratio falls within capital range buffers specified by APRA.

If the Company fails to pay a dividend or distribution on its ANZ Capital Notes or ANZ Capital Securities on the scheduled payment date, it may (subject to a number of exceptions) be restricted from resolving to pay or paying any dividend on the ANZ ordinary shares.

7. EARNINGS PER ORDINARY SHARE

Basic earnings per share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares (WANOS) outstanding during the period (after eliminating ANZ shares held within the Group known as treasury shares). Diluted EPS is calculated by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares used in the basic EPS calculation for the effect of dilutive potential ordinary shares.

Earnings per ordinary share - Basic[1]	2022 cents	2021 cents
Earnings Per Share	250.0	215.3
Earnings Per Share from continuing operations	250.7	215.9
Earnings Per Share from discontinued operations	(0.7)	(0.6)

Earnings per ordinary share - Diluted[1]	2022 cents	2021 cents
Earnings Per Share	233.2	203.2
Earnings Per Share from continuing operations	233.8	203.7
Earnings Per Share from discontinued operations	(0.6)	(0.5)

Reconciliation of earnings used in earnings per share calculations	2022 $m	2021 $m
Basic:		
Profit for the year	7,120	6,163
Less: Profit attributable to non-controlling interests	1	1
Earnings used in calculating basic earnings per share	7,119	6,162
Less: Profit/(Loss) after tax from discontinued operations	(19)	(17)
Earnings used in calculating basic earnings per share from continuing operations	7,138	6,179
Diluted:		
Earnings used in calculating basic earnings per share	7,119	6,162
Add: Interest on convertible subordinated debt	199	187
Earnings used in calculating diluted earnings per share	7,318	6,349
Less: Profit/(Loss) after tax from discontinued operations	(19)	(17)
Earnings used in calculating diluted earnings per share from continuing operations	7,337	6,366

Reconciliation of WANOS used in earnings per share calculations[1,2]	2022 millions	2021 millions
WANOS used in calculating basic earnings per share	2,847.5	2,862.6
Add: Weighted average dilutive potential ordinary shares		
Convertible subordinated debt	282.9	252.5
Share based payments (options, rights and deferred shares)	7.7	10.0
WANOS used in calculating diluted earnings per share	3,138.1	3,125.1

1. WANOS and EPS have been restated to reflect the bonus element of the share entitlement issue made in 2022, in accordance with AASB 133 *Earnings per Share*.
2. WANOS excludes the weighted average number of treasury shares held in ANZEST Pty Ltd of 4.4 million (2021: 4.6 million).

8. SEGMENT REPORTING

DESCRIPTION OF SEGMENTS

On 1 March 2022, the Group announced a structural change to the existing Australia Retail and Commercial division, and the digital businesses in the Group Centre division (formerly known as the Technology, Services & Operations (TSO) and Group Centre division). This involved the integration of the Australian retail and digital businesses, and the separation of the Australian commercial business into a new division to improve productivity and accountability within the organisation. As a result of these changes there are now six divisions: Australia Retail, Australia Commercial, Institutional, New Zealand, Pacific and Group Centre, aligned to distinct strategies and opportunities within the Group. Comparative information has been restated accordingly.

The Group's six operating segments are presented on a basis that is consistent with the information provided internally to the Chief Executive Officer, who is the chief operating decision maker. This reflects the way the Group's businesses are managed, rather than the legal structure of the Group.

We measure the performance of these segments on a cash profit basis. To calculate cash profit, we remove certain non-core items from statutory profit. Details of these items are included in the 'Other items' section of this note. Transactions between business units across segments within ANZ are conducted on an arm's length basis and disclosed as part of the income and expenses of these segments.

The reportable segments are divisions engaged in providing either different products or services or similar products and services in different geographical areas. They are as follows:

Australia Retail

The Australia Retail division provides a full range of banking services to Australian consumers. This includes Home Loans, Deposits, Credit Cards and Personal Loans. Products and services are provided via the branch network, home loan specialists, contact centres, a variety of self-service channels (digital and internet banking, website, ATMs and phone banking) and third-party brokers. It also includes the costs related to the development and operation of the ANZ Plus proposition for retail customers.

Australia Commercial

The Australia Commercial division provides a full range of banking products and financial services, including asset financing, across the following customer segments: small business owners and medium commercial customers (SME Banking) and large commercial customers, high net worth individuals and family groups (Specialist Business).

Institutional

The Institutional division services governments, global institutional and corporate customers across Australia, New Zealand and International via the following business units:

- **Transaction Banking** provides customers with working capital and liquidity solutions including documentary trade, supply chain financing, commodity financing as well as cash management solutions, deposits, payments and clearing.
- **Corporate Finance** provides customers with loan products, loan syndication, specialised loan structuring and execution, project and export finance, debt structuring and acquisition finance and corporate advisory services.
- **Markets** provides customers with risk management services in foreign exchange, interest rates, credit, commodities, and debt capital markets in addition to managing the Group's interest rate exposure and liquidity position.

New Zealand

The New Zealand division comprises the following business units:

- **Personal** provides a full range of banking and wealth management services to consumer and private banking customers. We deliver our services via our internet and app-based digital solutions and a network of branches, mortgage specialists, relationship managers and contact centres.
- **Business** provides a full range of banking services including small business banking, through our digital, branch and contact centre channels, and traditional relationship banking and sophisticated financial solutions through dedicated managers. These cover privately owned small, medium and large enterprises, the agricultural business segment, government and government-related entities.

Pacific

The Pacific division provides products and services to retail customers, small to medium-sized enterprises, institutional customers and governments located in the Pacific Islands. Products and services include retail products provided to consumers, traditional relationship banking and sophisticated financial solutions provided to business customers through dedicated managers.

Group Centre

The Group Centre division provides support to the operating divisions, including technology, property, risk management, financial management, strategy, marketing, human resources and corporate affairs. It also includes residual components of Group divestments, Group Treasury, Shareholder Functions, minority investments in Asia, and digital businesses.

8. SEGMENT REPORTING (continued)

OPERATING SEGMENTS

Year ended 30 September 2022	Australia Retail $m	Australia Commercial $m	Institutional $m	New Zealand $m	Pacific $m	Group Centre $m	Other items[1] $m	Group Total $m
Net interest income	5,527	2,568	3,401	3,168	96	114	-	14,874
Net fee and commission income								
- Lending fees	8	90	262	8	6	-	-	374
- Non-lending fees	849	384	524	622	26	(11)	-	2,394
- Commissions	52	22	1	28	-	-	-	103
- Funds management income	-	26	1	234	-	-	-	261
- Fee and commission expense	(432)	(118)	(140)	(464)	(6)	-	-	(1,160)
Net income from insurance business	140	-	-	-	-	-	-	140
Other income	5	258	1,002	33	42	44	879	2,263
Share of associates' profit/(loss)	-	(10)	(2)	-	-	189	-	177
Other operating income	622	652	1,648	461	68	222	879	4,552
Operating income	6,149	3,220	5,049	3,629	164	336	879	19,426
Operating expenses	(3,210)	(1,346)	(2,503)	(1,324)	(153)	(1,043)	-	(9,579)
Profit before credit impairment and income tax	2,939	1,874	2,546	2,305	11	(707)	879	9,847
Credit impairment (charge)/release	129	133	18	(36)	6	(18)	-	232
Profit before income tax	3,068	2,007	2,564	2,269	17	(725)	879	10,079
Income tax expense and non-controlling interests	(928)	(497)	(803)	(636)	(8)	187	(256)	(2,941)
Profit after tax from continuing operations	2,140	1,510	1,761	1,633	9	(538)	623	7,138
Profit/(Loss) after tax from discontinued operations								(19)
Profit after tax attributable to shareholders								7,119
Includes non-cash items:								
Share of associates' profit/(loss)	-	(10)	(2)	-	-	189	-	177
Depreciation and amortisation	(61)	(12)	(158)	(116)	(10)	(652)	-	(1,009)
Equity-settled share based payment expenses	(5)	(1)	(72)	(4)	(1)	(19)	-	(102)
Credit impairment (charge)/release	129	133	18	(36)	6	(18)	-	232

Financial position	Australia Retail $m	Australia Commercial $m	Institutional $m	New Zealand $m	Pacific $m	Group Centre $m	Group Total $m
Goodwill[2]	178	-	1,022	1,706	-	-	2,906
Investments in associates	-	47	5	-	-	2,129	2,181
Total external assets	292,825	60,031	533,450	126,919	3,707	68,797	1,085,729
Total external liabilities	153,491	118,363	470,006	118,371	4,065	155,032	1,019,328

1. Cash profit represents our preferred measure of the result of the segments as presented in the table above. We remove certain items from the segments as discussed on page 132 if we consider them not integral to the ongoing performance of the segment, and present these as Other items.

2. The Group recognised $78 million of goodwill in relation to the acquisition of the Cashrewards business in the Australia Retail division, and wrote off $40 million of goodwill in relation to the exit of the financial planning and advice business servicing the affluent customer segment in the Australia Commercial division.

8. SEGMENT REPORTING (continued)

OPERATING SEGMENTS (continued)

Year ended 30 September 2021	Australia Retail $m	Australia Commercial $m	Institutional $m	New Zealand $m	Pacific $m	Group Centre $m	Other items[1] $m	Group Total $m
Net interest income	5,708	2,281	3,105	2,870	96	101	-	14,161
Net fee and commission income								
- Lending fees	136	80	241	10	7	-	-	474
- Non-lending fees	738	530	683	585	20	(4)	-	2,552
- Commissions	40	24	1	32	-	-	-	97
- Funds management income	-	32	1	254	-	-	-	287
- Fee and commission expense	(358)	(202)	(274)	(430)	(2)	(1)	-	(1,267)
Net income from insurance business	110	-	-	-	-	-	-	110
Other income	(234)	(8)	1,227	18	40	166	(27)	1,182
Share of associates' profit/(loss)	1	-	(1)	-	-	(176)	-	(176)
Other operating income	433	456	1,878	469	65	(15)	(27)	3,259
Operating income	6,141	2,737	4,983	3,339	161	86	(27)	17,420
Operating expenses	(2,948)	(1,353)	(2,447)	(1,325)	(144)	(834)	-	(9,051)
Profit before credit impairment and income tax	3,193	1,384	2,536	2,014	17	(748)	(27)	8,369
Credit impairment (charge)/release	227	199	89	76	(21)	(3)	-	567
Profit before income tax	3,420	1,583	2,625	2,090	(4)	(751)	(27)	8,936
Income tax expense and non-controlling interests	(1,104)	(476)	(738)	(582)	1	134	8	(2,757)
Profit after tax from continuing operations	2,316	1,107	1,887	1,508	(3)	(617)	(19)	6,179
Profit/(Loss) after tax from discontinued operations								(17)
Profit after tax attributable to shareholders								6,162
Includes non-cash items:								
Share of associates' profit/(loss)	1	-	(1)	-	-	(176)	-	(176)
Goodwill write-off[2]	(251)	-	-	-	-	-	-	(251)
Depreciation and amortisation	(84)	(24)	(115)	(117)	(11)	(739)	-	(1,090)
Equity-settled share based payment expenses	(3)	(1)	(63)	(6)	(1)	(17)	-	(91)
Credit impairment (charge)/release	227	199	89	76	(21)	(3)	-	567

Financial position	Australia Retail $m	Australia Commercial $m	Institutional $m	New Zealand $m	Pacific $m	Group Centre $m	Group Total $m
Goodwill[2]	100	40	1,100	1,849	-	-	3,089
Investments in associates	17	-	4	-	-	1,951	1,972
Total external assets	286,566	57,481	429,362	132,232	3,755	69,461	978,857
Total external liabilities	143,709	117,739	384,106	121,999	3,898	143,730	915,181

1. Cash profit represents our preferred measure of the result of the segments as presented in the table above. We remove certain items from the segments as discussed on page 132 if we consider them not integral to the ongoing performance of the segment, and present these as Other items.
2. The Group wrote off $251 million of goodwill upon the reclassification of ANZ Share Investing business to held for sale with the remaining $13 million derecognised on completion of the disposal in the Australia Retail division.

8. SEGMENT REPORTING (continued)

OTHER ITEMS

The table below sets out the profit after tax impact of other items which are removed from statutory profit to reflect the cash profit of each segment.

		Profit after tax	
Item	Related segment	2022 $m	2021 $m
Economic hedges	Institutional, New Zealand, Group Centre	569	77
Revenue and expense hedges	Group Centre	54	(96)
Total other items from continuing operations		623	(19)

SEGMENT INCOME BY PRODUCTS AND SERVICES

The primary sources of our external income across all divisions are Interest income and Other operating income, which includes net fee and commission income, net foreign exchange earnings and other financial instruments income. The Australia Retail, Australia Commercial, New Zealand, and Pacific divisions derive income from products and services from retail and commercial banking. The Institutional division derives its income from institutional products and market services. No single customer amounts to greater than 10% of the Group's income.

GEOGRAPHICAL INFORMATION

The reportable segments operate across three geographical regions as follows:

- Australia Retail division - Australia
- Australia Commercial division - Australia
- Institutional division - all three geographical regions
- New Zealand division - New Zealand
- Pacific division - International
- Group Centre division - all three geographical regions

Discontinued operations results are included in the Australia geography. The International region includes Asia, Pacific, Europe and Americas.

The following table sets out total operating income earned including discontinued operations and assets to be recovered in more than one year based on the geographical regions in which the Group operates.

	Australia		International		New Zealand		Total	
	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m
Total operating income[1]	12,462	11,822	2,547	1,778	4,501	3,892	19,510	17,492
Assets to be recovered in more than one year[2]	384,724	362,588	32,350	28,213	109,191	112,966	526,265	503,767

1. Includes Operating income earned from discontinued operations of $84 million (2021: $72 million).
2. Represents Net loans and advances based on the contractual maturity.

FINANCIAL ASSETS

Outlined below is a description of how we classify and measure financial assets as they apply to subsequent note disclosures.

CLASSIFICATION AND MEASUREMENT

Financial assets - general

There are three measurement classifications for financial assets under AASB 9: amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI). Financial assets are classified into these measurement classifications on the basis of two criteria:

- the business model within which the financial asset is managed; and
- the contractual cash flow characteristics of the financial asset (specifically whether the contractual cash flows represent solely payments of principal and interest).

The resultant financial asset classifications are as follows:

- Amortised cost: Financial assets with contractual cash flows that comprise solely payments of principal and interest and which are held in a business model whose objective is to collect their cash flows;
- FVOCI: Financial assets with contractual cash flows that comprise solely payments of principal and interest and which are held in a business model whose objective is to collect their cash flows or to sell the assets; and
- FVTPL: Any other financial assets not falling into the categories above are measured at FVTPL.

Fair value option for financial assets

A financial asset may be irrevocably designated on initial recognition:

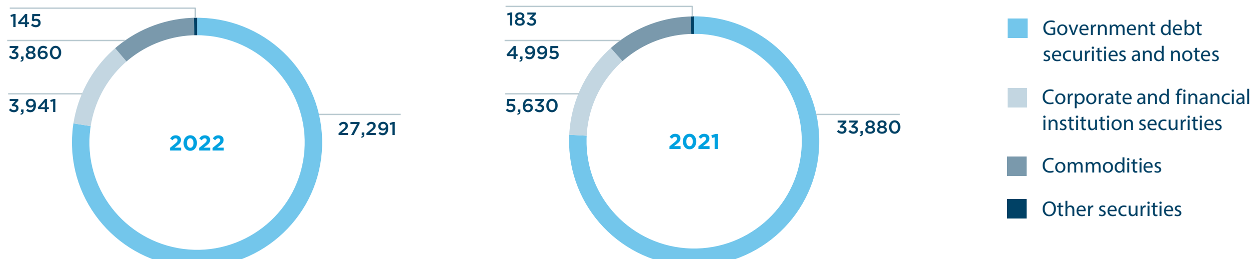
- at FVTPL when the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise; or
- at FVOCI for investments in equity securities, where that instrument is neither held for trading nor contingent consideration recognised by an acquirer in a business combination.

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and other balances, as outlined below, that are convertible into cash with an insignificant risk of changes in value and with remaining maturities of three months or less, including reverse repurchase agreements.

	Consolidated		The Company	
	2022 $m	2021 $m	2022 $m	2021 $m
Coins, notes and cash at bank	1,147	1,127	787	721
Securities purchased under agreements to resell in less than 3 months	15,996	17,571	14,372	16,465
Balances with central banks	127,790	107,915	118,928	101,400
Settlement balances owed to ANZ within 3 months	23,199	24,647	21,396	22,850
Cash and cash equivalents	168,132	151,260	155,483	141,436

10. TRADING ASSETS



	Consolidated		The Company	
	2022 $m	2021 $m	2022 $m	2021 $m
Government debt securities and notes	27,291	33,880	21,881	26,119
Corporate and financial institution securities	3,941	5,630	2,700	3,493
Commodities	3,860	4,995	3,348	4,957
Other securities	145	183	144	183
Total	35,237	44,688	28,073	34,752

RECOGNITION AND MEASUREMENT

Trading assets are financial instruments or other assets we either:

- acquire principally for the purpose of selling in the short-term; or
- hold as part of a portfolio we manage for short-term profit making.

Trading assets include commodity inventories measured at fair value less cost to sell in accordance with the broker trader exemption under AASB 102 *Inventories*.

We recognise purchases and sales of trading assets on trade date:

- initially, we measure them at fair value; and
- subsequently, we measure them in the balance sheet at their fair value with any change in fair value recognised in profit or loss.

Assets disclosed as Trading assets are subject to the general classification and measurement policy for Financial Assets outlined at the commencement of the Group's financial assets disclosures on page 133.

KEY JUDGEMENTS AND ESTIMATES

Judgement is required when applying the valuation techniques used to determine the fair value of trading assets not valued using quoted market prices. Refer to Note 19 Fair Value of Financial Assets and Financial Liabilities for further details.

11. DERIVATIVE FINANCIAL INSTRUMENTS

Consolidated Fair Value	Assets 2022 $m	Liabilities 2022 $m	Assets 2021 $m	Liabilities 2021 $m
Derivative financial instruments - held for trading	89,716	(84,793)	38,080	(35,833)
Derivative financial instruments - designated in hedging relationships	458	(356)	656	(202)
Derivative financial instruments	90,174	(85,149)	38,736	(36,035)

The Company Fair Value	Assets 2022 $m	Liabilities 2022 $m	Assets 2021 $m	Liabilities 2021 $m
Derivative financial instruments - held for trading	87,650	(84,200)	37,700	(36,847)
Derivative financial instruments - designated in hedging relationships	406	(300)	592	(158)
Derivative financial instruments	88,056	(84,500)	38,292	(37,005)

FEATURES

Derivative financial instruments are contracts:

- whose value is derived from an underlying price index (or other variable) defined in the contract - sometimes the value is derived from more than one variable;
- that require little or no initial net investment; and
- that are settled at a future date.

Movements in the price of the underlying variables, which cause the value of the contract to fluctuate, are reflected in the fair value of the derivative.

PURPOSE

The Group's derivative financial instruments have been categorised as following:

Trading	Derivatives held in order to: • meet customer needs for managing their own risks. • manage risks in the Group that are not in a designated hedge accounting relationship (some elements of balance sheet management). • undertake market making and positioning activities to generate profits from short-term fluctuations in prices or margins.
Designated in Hedging Relationships	Derivatives designated into hedge accounting relationships in order to minimise profit or loss volatility by matching movements in underlying positions relating to: • hedges of the Group's exposures to interest rate risk and currency risk. • hedges of other exposures relating to non-trading positions.

TYPES

The Group offers or uses four different types of derivative financial instruments:

Forwards	A contract documenting the rate of interest, or the currency exchange rate, to be paid or received on a notional principal amount at a future date.
Futures	An exchange traded contract in which the parties agree to buy or sell an asset in the future for a price agreed on the transaction date, with a net settlement in cash paid on the future date without physical delivery of the asset.
Swaps	A contract in which two parties exchange one series of cash flows for another.
Options	A contract in which the buyer of the contract has the right - but not the obligation - to buy (known as a 'call option') or to sell (known as a 'put option') an asset or instrument at a set price on a future date. The seller has the corresponding obligation to fulfil the transaction to sell or buy the asset or instrument if the buyer exercises the option.

11. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

RISKS MANAGED

The Group offers and uses the instruments described above to manage fluctuations in the following market factors:

Foreign Exchange	Currencies at current or determined rates of exchange.
Interest Rate	Fixed or variable interest rates applying to money lent, deposited or borrowed.
Commodity	Soft commodities (that is, agricultural products such as wheat, coffee, cocoa and sugar) and hard commodities (that is, mined products such as gold, oil and gas).
Credit	Risk of default by customers or third parties.

The Group uses a number of central clearing counterparties and exchanges to settle derivative transactions. Different arrangements for posting of collateral exist with these exchanges:

- some transactions are subject to clearing arrangements which result in separate recognition of collateral assets and liabilities, with the carrying values of the associated derivative assets and liabilities held at their fair value.
- other transactions, are legally settled by the payment or receipt of collateral which reduces the carrying values of the related derivative instruments by the amount paid or received.

DERIVATIVE FINANCIAL INSTRUMENTS – HELD FOR TRADING

The majority of the Group's derivative financial instruments are held for trading. The fair value of derivative financial instruments held for trading is:

Consolidated Fair Value	Assets 2022 $m	Liabilities 2022 $m	Assets 2021 $m	Liabilities 2021 $m
Interest rate contracts				
Forward rate agreements	-	(1)	2	(23)
Futures contracts	336	(123)	105	(24)
Swap agreements	10,421	(15,031)	10,267	(8,065)
Options purchased	1,698	-	971	-
Options sold	-	(1,954)	-	(1,207)
Total	12,455	(17,109)	11,345	(9,319)
Foreign exchange contracts				
Spot and forward contracts	42,221	(37,426)	13,869	(11,462)
Swap agreements	32,169	(27,548)	11,109	(12,425)
Options purchased	926	-	277	-
Options sold	-	(1,343)	-	(577)
Total	75,316	(66,317)	25,255	(24,464)
Commodity and other contracts	1,927	(1,353)	1,445	(2,017)
Credit default swaps				
Credit derivatives purchased	16	(2)	-	(33)
Credit derivatives sold	2	(12)	35	-
Total	18	(14)	35	(33)
Derivative financial instruments - held for trading[1]	89,716	(84,793)	38,080	(35,833)

1. Includes derivatives held for balance sheet management which are not designated into accounting hedge relationships.

11. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

DERIVATIVE FINANCIAL INSTRUMENTS – HELD FOR TRADING (continued)

The majority of the Company's derivative financial instruments are held for trading. The fair value of derivative financial instruments held for trading is:

The Company Fair Value	Assets 2022 $m	Liabilities 2022 $m	Assets 2021 $m	Liabilities 2021 $m
Interest rate contracts				
Forward rate agreements	2	(7)	3	(24)
Futures contracts	240	(116)	87	(19)
Swap agreements	10,778	(15,098)	11,598	(10,538)
Options purchased	1,684	-	969	-
Options sold	-	(1,947)	-	(1,206)
Total	12,704	(17,168)	12,657	(11,787)
Foreign exchange contracts				
Spot and forward contracts	36,576	(33,376)	11,840	(9,658)
Swap agreements	35,526	(30,949)	11,463	(12,940)
Options purchased	895	-	267	-
Options sold	-	(1,331)	-	(408)
Total	72,997	(65,656)	23,570	(23,006)
Commodity and other contracts	1,923	(1,352)	1,422	(2,015)
Credit default swaps				
Credit derivatives purchased	24	(2)	-	(39)
Credit derivatives sold	2	(22)	51	-
Total	26	(24)	51	(39)
Derivative financial instruments - held for trading[1]	87,650	(84,200)	37,700	(36,847)

[1] Includes derivatives held for balance sheet management which are not designated into accounting hedge relationships.

11. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

DERIVATIVE FINANCIAL INSTRUMENTS – DESIGNATED IN HEDGING RELATIONSHIPS

There are three types of hedge accounting relationships the Group utilises:

	Fair value hedge	Cash flow hedge	Net investment hedge
Objective of this hedging arrangement	To hedge our exposure to changes to the fair value of a recognised asset or liability or unrecognised firm commitment caused by interest rate or foreign currency movements.	To hedge our exposure to variability in cash flows of a recognised asset or liability, a firm commitment or a highly probable forecast transaction caused by interest rate, foreign currency and other price movements.	To hedge our exposure to exchange rate differences arising from the translation of our foreign operations from their functional currency to Australian dollars.
Recognition of effective hedge portion	The following are recognised in profit or loss at the same time: • all changes in the fair value of the underlying item relating to the hedged risk; and • the change in the fair value of the derivatives.	We recognise the effective portion of changes in the fair value of derivatives designated as a cash flow hedge in the cash flow hedge reserve.	We recognise the effective portion of changes in the fair value of the hedging instrument in the foreign currency translation reserve (FCTR).
Recognition of ineffective hedge portion	Recognised immediately in Other operating income.		
If a hedging instrument expires, or is sold, terminated, or exercised; or no longer qualifies for hedge accounting	When we recognise the hedged item in profit or loss, we recognise the related unamortised fair value adjustment in profit or loss. This may occur over time if the hedged item is amortised to profit or loss as part of the effective yield over the period to maturity.	Only when we recognise the hedged item in profit or loss is the amount previously deferred in the cash flow hedge reserve transferred to profit or loss.	The amount we defer in the foreign currency translation reserve remains in equity and is transferred to profit or loss only when we dispose of, or partially dispose of, the foreign operation.
Hedged item sold or repaid	We recognise the unamortised fair value adjustment immediately in profit or loss.	Amounts accumulated in equity are transferred immediately to profit or loss.	The gain or loss, or applicable proportion, we have recognised in equity is transferred to profit or loss on disposal or partial disposal of a foreign operation.

11. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

DERIVATIVE FINANCIAL INSTRUMENTS – DESIGNATED IN HEDGING RELATIONSHIPS (continued)

Under the policy choice provided by AASB 9, the Group has continued to apply the hedge accounting requirements of AASB 139.

The fair value of derivative financial instruments designated in hedging relationships is:

	2022			2021		
Consolidated	Nominal amount $m	Assets $m	Liabilities $m	Nominal amount $m	Assets $m	Liabilities $m
Fair value hedges						
Foreign exchange spot and forward contracts	604	-	(37)	548	-	(13)
Interest rate swap agreements	106,366	79	(168)	95,384	370	(121)
Interest rate futures contracts	17,361	264	(3)	8,704	191	(2)
Cash flow hedges						
Interest rate swap agreements	125,063	33	(53)	105,416	27	(20)
Foreign exchange swap agreements	656	48	(44)	642	22	-
Foreign exchange spot and forward contracts	161	-	(4)	153	-	(1)
Net investment hedges						
Foreign exchange spot and forward contracts	940	34	(47)	1,097	46	(45)
Derivative financial instruments - designated in hedging relationships	251,151	458	(356)	211,944	656	(202)

	2022			2021		
The Company	Nominal amount $m	Assets $m	Liabilities $m	Nominal amount $m	Assets $m	Liabilities $m
Fair value hedges						
Foreign exchange spot and forward contracts	604	-	(37)	548	-	(13)
Interest rate swap agreements	80,185	65	(163)	68,708	358	(116)
Interest rate futures contracts	17,361	264	(3)	8,704	191	(2)
Cash flow hedges						
Interest rate swap agreements	94,928	28	(49)	78,852	19	(16)
Foreign exchange swap agreements	656	48	(44)	642	22	-
Foreign exchange spot and forward contracts	161	-	(4)	153	-	(1)
Net investment hedges						
Foreign exchange spot and forward contracts	146	1	-	299	2	(10)
Derivative financial instruments - designated in hedging relationships	194,041	406	(300)	157,906	592	(158)

11. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

DERIVATIVE FINANCIAL INSTRUMENTS – DESIGNATED IN HEDGING RELATIONSHIPS (continued)

The maturity profile of the nominal amounts of our hedging instruments held is:

Consolidated Nominal Amount		Average Rate	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	After 5 years $m	Total $m
As at 30 September 2022							
Fair value hedges							
Interest rate	Interest Rate	1.65%	10,931	17,322	65,259	30,215	123,727
Foreign exchange	HKD/AUD FX Rate	5.43	604	-	-	-	604
Cash flow hedges							
Interest rate	Interest Rate	1.59%	3,317	32,145	88,461	1,140	125,063
Foreign exchange[1]	AUD/USD FX Rate USD/EUR FX Rate	0.74 0.91	40	121	-	656	817
Net investment hedges							
Foreign exchange	TWD/AUD FX Rate THB/AUD FX Rate	20.68 25.05	794	146	-	-	940
As at 30 September 2021							
Fair value hedges							
Interest rate	Interest Rate	1.26%	2,597	14,328	58,658	28,505	104,088
Foreign exchange	HKD/AUD FX Rate	5.74	548	-	-	-	548
Cash flow hedges							
Interest rate	Interest Rate	1.17%	4,593	14,180	84,924	1,719	105,416
Foreign exchange[1]	AUD/USD FX Rate USD/EUR FX Rate	0.74 0.91	38	115	-	642	795
Net investment hedges							
Foreign exchange	TWD/AUD FX Rate THB/AUD FX Rate	20.81 24.18	456	641	-	-	1,097

1. Hedges of foreign exchange risk cover multiple currency pairs. The table reflects the larger currency pairs only.

11. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

DERIVATIVE FINANCIAL INSTRUMENTS – DESIGNATED IN HEDGING RELATIONSHIPS (continued)

The Company Nominal Amount		Average Rate	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	After 5 years $m	Total $m
As at 30 September 2022							
Fair value hedges							
Interest rate	Interest Rate	1.75%	10,931	13,466	48,011	25,138	97,546
Foreign exchange	HKD/AUD FX Rate	5.43	604	-	-	-	604
Cash flow hedges							
Interest rate	Interest Rate	1.37%	1,708	22,611	69,600	1,009	94,928
Foreign exchange[1]	AUD/USD FX Rate USD/EUR FX Rate	0.74 0.91	40	121	-	656	817
Net investment hedges							
Foreign exchange	TWD/AUD FX Rate	20.68	-	146	-	-	146
As at 30 September 2021							
Fair value hedges							
Interest rate	Interest Rate	1.37%	2,445	10,884	43,063	21,020	77,412
Foreign exchange	HKD/AUD FX Rate	5.74	548	-	-	-	548
Cash flow hedges							
Interest rate	Interest Rate	1.06%	2,125	7,233	67,799	1,695	78,852
Foreign exchange[1]	AUD/USD FX Rate USD/EUR FX Rate	0.74 0.91	38	115	-	642	795
Net investment hedges							
Foreign exchange	TWD/AUD FX Rate	20.81	150	149	-	-	299

1. Hedges of foreign exchange risk cover multiple currency pairs. The table reflects the larger currency pairs only.

11. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

DERIVATIVE FINANCIAL INSTRUMENTS – DESIGNATED IN HEDGING RELATIONSHIPS (continued)

The impacts of ineffectiveness from our designated hedge relationships by type of hedge relationship and type of risk being hedged are:

Consolidated	Ineffectiveness			
	Change in value of hedging instrument[2]	Change in value of hedged item	Hedge ineffectiveness recognised in profit or loss[3]	Amount reclassified from the cash flow hedge reserve or FCTR to profit or loss[4]
As at 30 September 2022	$m	$m	$m	$m
Fair value hedges[1]				
Interest rate	697	(719)	(22)	-
Foreign exchange	(55)	55	-	-
Cash flow hedges[1]				
Interest rate	(3,619)	3,453	(166)	(13)
Foreign exchange	(4)	4	-	1
Net investment hedges[1]				
Foreign exchange	62	(62)	-	-
As at 30 September 2021				
Fair value hedges[1]				
Interest rate	1,005	(1,006)	(1)	-
Foreign exchange	9	(9)	-	-
Cash flow hedges[1]				
Interest rate	(934)	909	(25)	4
Foreign exchange	(10)	10	-	(1)
Net investment hedges[1]				
Foreign exchange	61	(61)	-	-

The Company	Ineffectiveness			
	Change in value of hedging instrument[2]	Change in value of hedged item	Hedge ineffectiveness recognised in profit or loss[3]	Amount reclassified from the cash flow hedge reserve or FCTR to profit or loss[4]
As at 30 September 2022	$m	$m	$m	$m
Fair value hedges[1]				
Interest rate	1,570	(1,586)	(16)	-
Foreign exchange	(55)	55	-	-
Cash flow hedges[1]				
Interest rate	(3,643)	3,477	(166)	(13)
Foreign exchange	(4)	4	-	1
Net investment hedges[1]				
Foreign exchange	58	(58)	-	-
As at 30 September 2021				
Fair value hedges[1]				
Interest rate	731	(734)	(3)	-
Foreign exchange	9	(9)	-	-
Cash flow hedges[1]				
Interest rate	(797)	772	(25)	(6)
Foreign exchange	(10)	10	-	(1)
Net investment hedges[1]				
Foreign exchange	(6)	6	-	-

1. All hedging instruments are classified as derivative financial instruments.
2. Changes in value of hedging instruments is before any adjustments for Settle to Market clearing arrangements.
3. Recognised in Other operating income.
4. Recognised in Net interest income and Other operating income.

11. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

DERIVATIVE FINANCIAL INSTRUMENTS – DESIGNATED IN HEDGING RELATIONSHIPS (continued)

The hedged items in relation to the Group's fair value hedges are:

Consolidated	Balance sheet presentation	Hedged risk	Carrying amount Assets $m	Carrying amount Liabilities $m	Accumulated fair value hedge adjustments on the hedged item Assets $m	Accumulated fair value hedge adjustments on the hedged item Liabilities $m
As at 30 September 2022						
Fixed rate loans and advances	Net loans and advances	Interest rate	10,252	-	(369)	-
Fixed rate debt issuance	Debt issuances	Interest rate	-	(51,531)	-	3,721
Fixed rate investment securities at FVOCI[1]	Investment securities	Interest rate	53,915	-	(5,349)	-
Equity securities at FVOCI[1]	Investment securities	Foreign exchange	604	-	75	-
Total			64,771	(51,531)	(5,643)	3,721
As at 30 September 2021						
Fixed rate loans and advances	Net loans and advances	Interest rate	3,416	-	9	-
Fixed rate debt issuance	Debt issuances	Interest rate	-	(53,885)	-	(999)
Fixed rate investment securities at FVOCI[1]	Investment securities	Interest rate	53,321	-	(209)	-
Equity securities at FVOCI[1]	Investment securities	Foreign exchange	548	-	20	-
Total			57,285	(53,885)	(180)	(999)

1. The carrying amount of debt and equity instruments at FVOCI does not include the fair value hedge adjustment since accounting for the hedge relationship results in the transfer of the hedge adjustment out of Other comprehensive income into the Income Statement to match the profit or loss on the hedging instrument.

The cumulative amount of fair value hedge adjustments relating to ceased hedge relationships remaining on the Balance Sheet is -$7 million (2021: $2 million).

The hedged items in relation to the Company's fair value hedges are:

The Company	Balance sheet presentation	Hedged risk	Carrying amount Assets $m	Carrying amount Liabilities $m	Accumulated fair value hedge adjustments on the hedged item Assets $m	Accumulated fair value hedge adjustments on the hedged item Liabilities $m
As at 30 September 2022						
Fixed rate loans and advances	Net loans and advances	Interest rate	10,252	-	(369)	-
Fixed rate debt issuance	Debt issuances	Interest rate	-	(37,141)	-	2,572
Fixed rate investment securities at FVOCI[1]	Investment securities	Interest rate	44,038	-	(4,489)	-
Equity securities at FVOCI[1]	Investment securities	Foreign exchange	604	-	75	-
Total			54,894	(37,141)	(4,783)	2,572
As at 30 September 2021						
Fixed rate loans and advances	Net loans and advances	Interest rate	3,416	-	7	-
Fixed rate debt issuance	Debt issuances	Interest rate	-	(38,222)	-	(769)
Fixed rate investment securities at FVOCI[1]	Investment securities	Interest rate	41,944	-	129	-
Equity securities at FVOCI[1]	Investment securities	Foreign exchange	548	-	20	-
Total			45,908	(38,222)	156	(769)

1. The carrying amount of debt and equity instruments at FVOCI does not include the fair value hedge adjustment since accounting for the hedge relationship results in the transfer of the hedge adjustment out of Other comprehensive income into the Income Statement to match the profit or loss on the hedging instrument.

The cumulative amount of fair value hedge adjustments relating to ceased hedge relationships remaining on the Balance Sheet is -$7 million (2021: nil).

11. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

DERIVATIVE FINANCIAL INSTRUMENTS – DESIGNATED IN HEDGING RELATIONSHIPS (continued)

The hedged items in relation to the Group's and the Company's cash flow and net investment hedges are:

		Cash flow hedge reserve		Foreign currency translation reserve	
Consolidated	Hedged risk	Continuing hedges $m	Discontinued hedges $m	Continuing hedges $m	Discontinued hedges $m
As at 30 September 2022					
Cash flow hedges					
Floating rate loans and advances	Interest rate	(4,286)	19	-	-
Floating rate customer deposits	Interest rate	1,357	5	-	-
Foreign currency debt issuances	Foreign exchange	(1)	(1)	-	-
Highly probable forecast transactions	Foreign exchange	(7)	-	-	-
Net investment hedges					
Foreign operations	Foreign exchange	-	-	43	(149)
As at 30 September 2021					
Cash flow hedges					
Floating rate loans and advances	Interest rate	546	20	-	-
Floating rate customer deposits	Interest rate	4	(6)	-	-
Foreign currency debt issuances	Foreign exchange	(4)	(1)	-	-
Highly probable forecast transactions	Foreign exchange	(1)	-	-	-
Net investment hedges					
Foreign operations	Foreign exchange	-	-	(19)	(149)

		Cash flow hedge reserve		Foreign currency translation reserve	
The Company	Hedged risk	Continuing hedges $m	Discontinued hedges $m	Continuing hedges $m	Discontinued hedges $m
As at 30 September 2022					
Cash flow hedges					
Floating rate loans and advances	Interest rate	(4,005)	11	-	-
Floating rate customer deposits	Interest rate	1,053	6	-	-
Foreign currency debt issuances	Foreign exchange	(1)	(1)	-	-
Highly probable forecast transactions	Foreign exchange	(7)	-	-	-
Net investment hedges					
Foreign operations	Foreign exchange	-	-	88	(149)
As at 30 September 2021					
Cash flow hedges					
Floating rate loans and advances	Interest rate	541	11	-	-
Floating rate customer deposits	Interest rate	8	(6)	-	-
Foreign currency debt issuances	Foreign exchange	(4)	(1)	-	-
Highly probable forecast transactions	Foreign exchange	(1)	-	-	-
Net investment hedges					
Foreign operations	Foreign exchange	-	-	30	(149)

11. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

DERIVATIVE FINANCIAL INSTRUMENTS – DESIGNATED IN HEDGING RELATIONSHIPS (continued)

The table below details the reconciliation of the Group's cash flow hedge reserve by risk type:

Consolidated	Interest rate $m	Foreign currency $m	Total $m
Balance at 1 October 2020	1,034	4	1,038
Fair value gains/(losses)	(909)	(10)	(919)
Transferred to profit or loss	4	(1)	3
Income taxes and others	269	2	271
Balance at 30 September 2021	398	(5)	393
Fair value gains/(losses)	(3,453)	(4)	(3,457)
Transferred to profit or loss	(13)	1	(12)
Income taxes and others	1,040	-	1,040
Balance at 30 September 2022	(2,028)	(8)	(2,036)

Hedges of net investments in a foreign operation resulted in a $62 million increase in FCTR during the year (2021: $61 million increase).

The table below details the reconciliation of the Company's cash flow hedge reserve by risk type:

The Company	Interest rate $m	Foreign currency $m	Total $m
Balance at 1 October 2020	931	4	935
Fair value gains/(losses)	(772)	(10)	(782)
Transferred to profit or loss	(6)	(1)	(7)
Income taxes and others	236	2	238
Balance at 30 September 2021	389	(5)	384
Fair value gains/(losses)	(3,477)	(4)	(3,481)
Transferred to profit or loss	(13)	1	(12)
Income taxes and others	1,048	-	1,048
Balance at 30 September 2022	(2,053)	(8)	(2,061)

Hedges of net investments in a foreign operation resulted in a $58 million increase in FCTR during the year (2021: $6 million decrease).

11. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

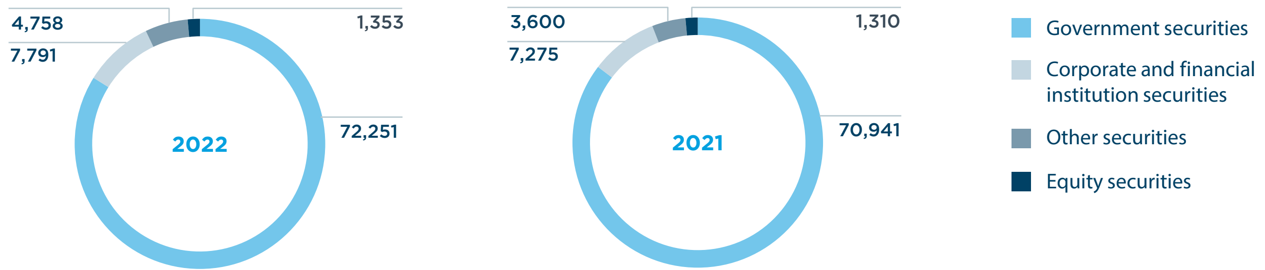
RECOGNITION AND MEASUREMENT

Recognition	Initially and at each reporting date, we recognise all derivatives at fair value. If the fair value of a derivative is positive, then we carry it as an asset, but if its value is negative, then we carry it as a liability. Valuation adjustments are integral in determining the fair value of derivatives. This includes: • a credit valuation adjustment to reflect the counterparty risk and/or event of default; and • a funding valuation adjustment to account for funding costs and benefits in the derivatives portfolio.
Derecognition of assets and liabilities	We remove derivative assets from our Balance Sheet when the contracts expire or we have transferred substantially all the risks and rewards of ownership. We remove derivative liabilities from our Balance Sheet when the Group's contractual obligations are discharged, cancelled or expired. With respect to derivatives cleared through a central clearing counterparty or exchange, derivative assets or liabilities may be derecognised in accordance with the principle above when collateral is settled, depending on the legal arrangements in place for each instrument.
Impact on the Income Statement	The recognition of gains or losses on derivative financial instruments depends on whether the derivative is held for trading or is designated in a hedging relationship. For derivative financial instruments held for trading, gains or losses from changes in the fair value are recognised in profit or loss. For an instrument designated in a hedging relationship, the recognition of gains or losses depends on the nature of the item being hedged. Refer to the table on page 138 for details of the recognition approach applied for each type of hedge accounting relationship. Sources of hedge ineffectiveness may arise from differences in the interest rate reference rate, margins, or rate set differences and differences in discounting between the hedged items and the hedging instruments.
Hedge effectiveness	To qualify for hedge accounting under AASB 139, a hedge relationship is expected to be highly effective. A hedge relationship is highly effective only if the following conditions are met: • the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated (prospective effectiveness); and • the actual results of the hedge are within the range of 80-125% (retrospective effectiveness). The Group monitors hedge effectiveness on a regular basis but at a minimum at each reporting date.

KEY JUDGEMENTS AND ESTIMATES

Judgement is required when we select the valuation techniques used to determine the fair value of derivatives, particularly the selection of valuation inputs that are not readily observable, and the application of valuation adjustments to certain derivatives. Refer to Note 19 Fair Value of Financial Assets and Financial Liabilities for further details.

12. INVESTMENT SECURITIES



	Consolidated		The Company	
	2022 $m	2021 $m	2022 $m	2021 $m
Investment securities measured at fair value through other comprehensive income				
Debt securities	76,817	74,743	65,257	61,623
Equity securities	1,353	1,310	1,027	1,054
Investment securities measured at amortised cost				
Debt securities[1]	7,943	7,031	6,115	5,263
Investment Securities measured at fair value through profit or loss				
Debt securities	40	42	-	-
Total	86,153	83,126	72,399	67,940

1. Includes allowance for expected credit losses of $38 million (2021: $31 million) for the Group and $1 million (2021: $1 million) for the Company.

The maturity profile of investment securities is as follows:

Consolidated As at 30 September 2022	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	After 5 years $m	No maturity $m	Total $m
Government securities	6,544	14,045	29,806	21,856	-	72,251
Corporate and financial institution securities	324	2,462	4,906	97	2	7,791
Other securities	429	423	543	3,363	-	4,758
Equity securities	-	-	-	-	1,353	1,353
Total	7,297	16,930	35,255	25,316	1,355	86,153
As at 30 September 2021						
Government securities	6,396	12,984	32,179	19,382	-	70,941
Corporate and financial institution securities	285	1,179	5,701	110	-	7,275
Other securities	129	295	553	2,623	-	3,600
Equity securities	-	-	-	-	1,310	1,310
Total	6,810	14,458	38,433	22,115	1,310	83,126

During the year, the Group recognised a net gain (before tax) of $28 million (2021: $303 million) in Other operating income from the recycling of gains/losses previously recognised in Other comprehensive income in respect of debt securities at FVOCI.

12. INVESTMENT SECURITIES (continued)

The Company As at 30 September 2022	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	After 5 years $m	No maturity $m	Total $m
Government securities	5,715	11,647	23,100	19,853	-	60,315
Corporate and financial institution securities	276	1,972	3,993	58	-	6,299
Other securities	429	423	543	3,363	-	4,758
Equity securities	-	-	-	-	1,027	1,027
Total	6,420	14,042	27,636	23,274	1,027	72,399
As at 30 September 2021						
Government securities	5,453	11,646	24,390	16,350	-	57,839
Corporate and financial institution securities	175	830	4,371	71	-	5,447
Other securities	129	295	553	2,623	-	3,600
Equity securities	-	-	-	-	1,054	1,054
Total	5,757	12,771	29,314	19,044	1,054	67,940

During the year, the Company recognised a net gain (before tax) of $1 million (2021: $301 million) in Other operating income from the recycling of gains/losses previously recognised in Other comprehensive income in respect of debt securities at FVOCI.

RECOGNITION AND MEASUREMENT

Investment securities are those financial assets in security form (that is, transferable debt or equity instruments) that are not held for trading purposes. By way of exception, bills of exchange (a form of security/transferable instrument) which are used to facilitate the Group's customer lending activities are classified as Loans and advances (rather than Investment securities) to better reflect the substance of the arrangement.

Equity investments not held for trading purposes may be designated at FVOCI on an instrument by instrument basis. If this election is made, gains or losses are not reclassified from Other comprehensive income to profit or loss on disposal of the investment. However, gains or losses may be reclassified within equity.

Assets disclosed as Investment securities are subject to the general classification and measurement policy for Financial Assets outlined at the commencement of the Group's financial asset disclosures on page 133. Additionally, expected credit losses associated with 'Investment securities - debt securities at amortised cost' and 'Investment securities - debt securities at fair value through other comprehensive income' are recognised and measured in accordance with the accounting policy outlined in Note 14 Allowance for Expected Credit Losses. For 'Investment securities - debt securities at fair value through other comprehensive income', the allowance for Expected Credit Loss (ECL) is recognised in the FVOCI reserve in equity with a corresponding charge to profit or loss.

KEY JUDGEMENTS AND ESTIMATES

Judgement is required when we select valuation techniques used to determine the fair value of assets not valued using quoted market prices, particularly the selection of valuation inputs that are not readily observable. Refer to Note 19 Fair Value of Financial Assets and Financial Liabilities for further details.

13. NET LOANS AND ADVANCES

The following table provides details of Net loans and advances for the Group and the Company:

	Consolidated		The Company	
	2022 $m	2021 $m	2022 $m	2021 $m
Overdrafts	5,266	5,360	4,262	4,465
Credit cards	6,755	6,570	5,664	5,494
Commercial bills	5,214	6,000	5,214	6,000
Term loans – housing	374,625	372,572	282,965	278,372
Term loans – non-housing	279,730	239,277	238,215	194,150
Other	2,035	2,985	1,929	2,733
Subtotal	673,625	632,764	538,249	491,214
Unearned income[1]	(518)	(434)	(480)	(390)
Capitalised brokerage and other origination costs[1,2]	2,882	1,434	2,501	1,050
Gross loans and advances	675,989	633,764	540,270	491,874
Allowance for expected credit losses (refer to Note 14)	(3,582)	(4,045)	(2,925)	(3,387)
Net loans and advances	672,407	629,719	537,345	488,487
Residual contractual maturity:				
Within one year	146,142	125,952	121,513	98,214
More than one year	526,265	503,767	415,832	390,273
Net loans and advances	672,407	629,719	537,345	488,487
Carried on Balance Sheet at:				
Amortised cost	667,732	626,099	533,082	485,015
Fair value through profit or loss	4,675	3,620	4,263	3,472
Net loans and advances[3]	672,407	629,719	537,345	488,487

1. Amortised over the expected life of the loan.
2. During 2022, the Group revised its accounting treatment of ongoing trail commission payable to mortgage brokers to recognise a liability within Payables and other liabilities equal to the present value of expected future trail commission payments and a corresponding increase in capitalised brokerage costs in Net loans and advances. The balance at 30 September 2022 was $1,320 million for the Group and the Company. Comparatives have not been restated.
3. Net loans and advances of the Group and the Company include a balance of $667 million relating to the Share Investing lending portfolio that is in the process of being sold with completion anticipated in 2023.

RECOGNITION AND MEASUREMENT

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are facilities the Group provides directly to customers or through third party channels.

Loans and advances are initially recognised at fair value plus transaction costs directly attributable to the issue of the loan or advance, which are primarily brokerage and other origination costs which we amortise over the estimated life of the loan. Subsequently, we then measure loans and advances at amortised cost using the effective interest rate method, net of any allowance for expected credit losses, or at fair value when they are specifically designated on initial recognition as fair value through profit or loss, are classified as held for sale or when held for trading.

We classify contracts to lease assets and hire purchase agreements as finance leases if they transfer substantially all the risks and rewards of ownership of the asset to the customer or an unrelated third party. We include these facilities in 'Other' in the table above.

The Group enters into transactions in which it transfers financial assets that are recognised on its Balance Sheet. When the Group retains substantially all of the risks and rewards of the transferred assets, the transferred assets remain on the Group's Balance Sheet, however if substantially all the risks and rewards are transferred, the Group derecognises the asset. If the risks and rewards are partially retained and control over the asset is lost, the Group derecognises the asset. If control over the asset is not lost, the Group continues to recognise the asset to the extent of its continuing involvement.

We separately recognise the rights and obligations retained, or created, in the transfer of assets as appropriate.

Assets disclosed as Net loans and advances are subject to the general classification and measurement policy for financial assets outlined on page 133. Additionally, expected credit losses associated with loans and advances at amortised cost are recognised and measured in accordance with the accounting policy outlined in Note 14 Allowance for Expected Credit Losses.

14. ALLOWANCE FOR EXPECTED CREDIT LOSSES

Consolidated	2022 Collectively assessed $m	2022 Individually assessed $m	2022 Total $m	2021 Collectively assessed $m	2021 Individually assessed $m	2021 Total $m
Net loans and advances at amortised cost	3,049	533	3,582	3,379	666	4,045
Off-balance sheet commitments	766	9	775	785	21	806
Investment securities - debt securities at amortised cost	38	-	38	31	-	31
Total	3,853	542	4,395	4,195	687	4,882
Other comprehensive income						
Investment securities - debt securities at FVOCI[1]	10	-	10	11	-	11

The Company	2022 Collectively assessed $m	2022 Individually assessed $m	2022 Total $m	2021 Collectively assessed $m	2021 Individually assessed $m	2021 Total $m
Net loans and advances at amortised cost	2,500	425	2,925	2,824	563	3,387
Off-balance sheet commitments	668	5	673	667	7	674
Investment securities - debt securities at amortised cost	1	-	1	1	-	1
Total	3,169	430	3,599	3,492	570	4,062
Other comprehensive income						
Investment securities - debt securities at FVOCI[1]	7	-	7	7	-	7

1. For FVOCI assets, the allowance for ECL does not alter the carrying amount which remains at fair value. Instead, the allowance for ECL is recognised in Other comprehensive income with a corresponding charge to profit or loss.

The following tables present the movement in the allowance for ECL for the year.

Net loans and advances - at amortised cost

Allowance for ECL is included in Net loans and advances.

Consolidated	Stage 1 $m	Stage 2 $m	Stage 3[1] Collectively assessed $m	Stage 3[1] Individually assessed $m	Total $m
As at 1 October 2020	1,204	2,465	461	851	4,981
Transfer between stages	399	(421)	(137)	159	-
New and increased provisions (net of releases)	(639)	(53)	90	663	61
Write-backs	-	-	-	(365)	(365)
Bad debts written off (excluding recoveries)	-	-	-	(626)	(626)
Foreign currency translation and other movements[2]	4	3	3	(16)	(6)
As at 30 September 2021	968	1,994	417	666	4,045
Transfer between stages	219	(224)	(95)	100	-
New and increased provisions (net of releases)	(48)	(202)	42	420	212
Write-backs	-	-	-	(222)	(222)
Bad debts written off (excluding recoveries)	-	-	-	(428)	(428)
Foreign currency translation and other movements[2]	2	(20)	(4)	(3)	(25)
As at 30 September 2022	1,141	1,548	360	533	3,582

1. The Group's credit exposures that are purchased or originated credit-impaired (POCI) are insignificant.
2. Other movements include the impacts of discount unwind on individually assessed allowance for ECL or the impact of divestments completed during the year.

14. ALLOWANCE FOR EXPECTED CREDIT LOSSES (continued)

The Company	Stage 1 $m	Stage 2 $m	Stage 3[1] Collectively assessed $m	Stage 3[1] Individually assessed $m	Total $m
As at 1 October 2020	1,028	2,114	373	704	4,219
Transfer between stages	392	(382)	(130)	120	-
New and increased provisions (net of releases)	(620)	(49)	106	619	56
Write-backs	-	-	-	(308)	(308)
Bad debts written off (excluding recoveries)	-	-	-	(556)	(556)
Foreign currency translation and other movements[2]	(3)	(4)	(1)	(16)	(24)
As at 30 September 2021	797	1,679	348	563	3,387
Transfer between stages	192	(201)	(84)	93	-
New and increased provisions (net of releases)	(59)	(220)	31	354	106
Write-backs	-	-	-	(193)	(193)
Bad debts written off (excluding recoveries)	-	-	-	(386)	(386)
Foreign currency translation and other movements[2]	16	1	-	(6)	11
As at 30 September 2022	946	1,259	295	425	2,925

1. The Company's credit exposures that are purchased or originated credit-impaired (POCI) are insignificant.
2. Other movements include the impact of discount unwind on individually assessed allowance for ECL.

Off-balance sheet commitments - undrawn and contingent facilities

Allowance for ECL is included in Other provisions.

Consolidated	Stage 1 $m	Stage 2 $m	Stage 3[1] Collectively assessed $m	Stage 3[1] Individually assessed $m	Total $m
As at 1 October 2020	596	239	23	40	898
Transfer between stages	51	(49)	(3)	1	-
New and increased provisions (net of releases)	(92)	19	-	1	(72)
Write-backs	-	-	-	(21)	(21)
Foreign currency translation	-	2	(1)	-	1
As at 30 September 2021	555	211	19	21	806
Transfer between stages	40	(34)	(8)	2	-
New and increased provisions (net of releases)	7	(28)	18	(2)	(5)
Write-backs	-	-	-	(11)	(11)
Foreign currency translation and other movements[2]	(9)	(5)	-	(1)	(15)
As at 30 September 2022	593	144	29	9	775

1. The Group's credit exposures that are purchased or originated credit-impaired (POCI) are insignificant.
2. Other movements include impact of divestments completed during the year.

14. ALLOWANCE FOR EXPECTED CREDIT LOSSES (continued)

The Company	Stage 1 $m	Stage 2 $m	Stage 3[1] Collectively assessed $m	Stage 3[1] Individually assessed $m	Total $m
As at 1 October 2020	513	183	15	20	731
Transfer between stages	45	(41)	(5)	1	-
New and increased provisions (net of releases)	(72)	28	2	1	(41)
Write-backs	-	-	-	(15)	(15)
Foreign currency translation	(2)	1	-	-	(1)
As at 30 September 2021	484	171	12	7	674
Transfer between stages	33	(27)	(6)	-	-
New and increased provisions (net of releases)	17	(29)	20	-	8
Write-backs	-	-	-	(2)	(2)
Foreign currency translation and other movements[2]	(4)	(3)	-	-	(7)
As at 30 September 2022	530	112	26	5	673

1. The Company's credit exposures that are purchased or originated credit-impaired (POCI) are insignificant.
2. Other movements include the impact of divestments completed during the year.

Investment securities - debt securities at amortised cost

Allowance for ECL is included in Investment securities.

Consolidated	Stage 1 $m	Stage 2 $m	Stage 3 Collectively assessed $m	Stage 3 Individually assessed $m	Total $m
As at 30 September 2021	31	-	-	-	31
As at 30 September 2022	38	-	-	-	38

The Company	Stage 1 $m	Stage 2 $m	Stage 3 Collectively assessed $m	Stage 3 Individually assessed $m	Total $m
As at 30 September 2021	1	-	-	-	1
As at 30 September 2022	1	-	-	-	1

Investment securities - debt securities at FVOCI

As FVOCI assets are measured at fair value, there is no separate allowance for ECL. Instead, the allowance for ECL is recognised in Other comprehensive income with a corresponding charge to profit or loss.

Consolidated	Stage 1 $m	Stage 2 $m	Stage 3 Collectively assessed $m	Stage 3 Individually assessed $m	Total $m
As at 30 September 2021	11	-	-	-	11
As at 30 September 2022	10	-	-	-	10

The Company	Stage 1 $m	Stage 2 $m	Stage 3 Collectively assessed $m	Stage 3 Individually assessed $m	Total $m
As at 30 September 2021	7	-	-	-	7
As at 30 September 2022	7	-	-	-	7

14. ALLOWANCE FOR EXPECTED CREDIT LOSSES (continued)

CREDIT IMPAIRMENT CHARGE - INCOME STATEMENT

Credit impairment charge/(release) analysis

	Consolidated		The Company	
	2022 $m	2021 $m	2022 $m	2021 $m
New and increased provisions (net of releases)[1,2]				
- Collectively assessed	(311)	(823)	(333)	(726)
- Individually assessed	520	824	447	741
Write-backs[3]	(233)	(386)	(195)	(323)
Recoveries of amounts previously written-off	(208)	(182)	(184)	(161)
Total credit impairment charge	(232)	(567)	(265)	(469)

1. Includes the impact of transfers between collectively assessed and individually assessed.
2. New and increased provisions (net of releases) includes:

	Consolidated				The Company			
	2022		2021		2022		2021	
	Collectively assessed $m	Individually assessed $m	Collectively assessed $m	Individually assessed $m	Collectively assessed $m	Individually assessed $m	Collectively assessed $m	Individually assessed $m
Net loans and advances at amortised cost	(308)	520	(761)	822	(341)	447	(683)	739
Off-balance sheet commitments	(5)	-	(74)	2	8	-	(43)	2
Investment securities - debt securities at amortised cost	3	-	11	-	-	-	-	-
Investment securities - debt securities at FVOCI	(1)	-	1	-	-	-	-	-
Total	(311)	520	(823)	824	(333)	447	(726)	741

3. Consists of write-backs in Net loans and advances at amortised cost of $222 million (2021: $365 million) for the Group and $193 million (2021: $308 million) for the Company, and Off-balance sheet commitments of $11 million (2021: $21 million) for the Group and $2 million (2021: $15 million) for the Company.

The contractual amount outstanding on financial assets that were written off during the year and that are still subject to enforcement activity is $143 million (2021: $168 million) for the Group, and $128 million (2021: $138 million) for the Company.

14. ALLOWANCE FOR EXPECTED CREDIT LOSSES (continued)

RECOGNITION AND MEASUREMENT

EXPECTED CREDIT LOSS MODEL

The measurement of expected credit losses reflects an unbiased, probability weighted prediction which evaluates a range of scenarios and takes into account the time value of money, past events, current conditions and forecasts of future economic conditions.

Expected credit losses are either measured over 12 months or the expected lifetime of the financial asset, depending on credit deterioration since origination, according to the following three-stage approach:

- Stage 1: At the origination of a financial asset, and where there has not been a Significant Increase in Credit Risk (SICR) since origination, an allowance equivalent to 12 months ECL is recognised reflecting the expected credit losses resulting from default events that are possible within the next 12 months from the reporting date. For instruments with a remaining maturity of less than 12 months, expected credit losses are estimated based on default events that are possible over the remaining time to maturity.
- Stage 2: Where there has been a SICR since origination, an allowance equivalent to lifetime ECL is recognised reflecting expected credit losses resulting from all possible default events over the expected life of a financial instrument. If credit risk were to improve in a subsequent period such that the increase in credit risk since origination is no longer considered significant, the exposure returns to a Stage 1 classification with ECL measured accordingly.
- Stage 3: Where there is objective evidence of impairment, an allowance equivalent to lifetime ECL is recognised.

Expected credit losses are estimated on a collective basis for exposures in Stage 1 and Stage 2, and on either a collective or individual basis when transferred to Stage 3.

MEASUREMENT OF EXPECTED CREDIT LOSS

ECL is calculated as the product of the following credit risk factors at a facility level, discounted to incorporate the time value of money:

- Probability of default (PD) - the estimate of the likelihood that a borrower will default over a given period;
- Exposure at default (EAD) - the expected balance sheet exposure at default taking into account repayments of principal and interest, expected additional drawdowns and accrued interest; and
- Loss given default (LGD) - the expected loss in the event of the borrower defaulting, expressed as a percentage of the facility's EAD, taking into account direct and indirect recovery costs.

These credit risk factors are adjusted for current and forward-looking information through the use of macroeconomic variables.

EXPECTED LIFE

When estimating ECL for exposures in Stage 2 and 3, the Group considers the expected lifetime over which it is exposed to credit risk.

For non-retail portfolios, the Group uses the maximum contractual period as the expected lifetime for non-revolving credit facilities. For non-retail revolving credit facilities, such as corporate lines of credit, the expected life reflects the Group’s contractual right to withdraw a facility as part of a contractually agreed annual review, after taking into account the applicable notice period.

For retail portfolios, the expected lifetime is determined using a behavioural term, taking into account expected prepayment behaviour and events that give rise to substantial modifications.

DEFINITION OF DEFAULT, CREDIT IMPAIRED AND WRITE-OFFS

The definition of default used in measuring ECL is aligned to the definition used for internal credit risk management purposes across all portfolios. This definition is also in line with the regulatory definition of default. Default occurs when there are indicators that a debtor is unlikely to fully satisfy contractual credit obligations to the Group, or the exposure is 90 days past due.

Financial assets, including those that are well secured, are considered credit impaired for financial reporting purposes when they default.

When there is no realistic probability of recovery, loans are written off against the related impairment allowance on completion of the Group’s internal processes and when all reasonably expected recoveries have been collected. In subsequent periods, any recoveries of amounts previously written-off are recorded as a release to the credit impairment charge in the income statement.

14. ALLOWANCE FOR EXPECTED CREDIT LOSSES (continued)

RECOGNITION AND MEASUREMENT (continued)

MODIFIED FINANCIAL ASSETS

If the contractual terms of a financial asset are modified or an existing financial asset is replaced with a new one for either credit or commercial reasons, an assessment is made to determine if the changes to the terms of the existing financial asset are considered substantial. This assessment considers both changes in cash flows arising from the modified terms as well as changes in the overall instrument risk profile; for example, changes in the principal (credit limit), term, or type of underlying collateral. Where a modification is considered non-substantial, the existing financial asset is not derecognised and its date of origination continues to be used to determine SICR. Where a modification is considered substantial, the existing financial asset is derecognised and a new financial asset is recognised at its fair value on the modification date, which also becomes the date of origination used to determine SICR for this new asset.

SIGNIFICANT INCREASE IN CREDIT RISK (SICR)

Stage 2 assets are those that have experienced a SICR since origination. In determining what constitutes a SICR, the Group considers both qualitative and quantitative information:

i. Internal credit rating grade

For the majority of portfolios, the primary indicator of a SICR is a significant deterioration in the internal credit rating grade of a facility since origination and is measured by application of thresholds.

For non-retail portfolios, a SICR is determined by comparing the Customer Credit Rating (CCR) applicable to a facility at reporting date to the CCR at origination of that facility. A CCR is assigned to each borrower which reflects the PD of the borrower and incorporates both borrower and non-borrower specific information, including forward-looking information. CCRs are subject to review at least annually or more frequently when an event occurs which could affect the credit risk of the customer.

For retail portfolios, a SICR is determined, depending on the type of facility, by either comparing the scenario weighted lifetime PD at the reporting date to that at origination, or by reference to customer behavioural score thresholds. The scenario weighted lifetime probability of default may increase significantly if:

- there has been a deterioration in the economic outlook, or an increase in economic uncertainty; or
- there has been a deterioration in the customer's overall credit position, or ability to manage their credit obligations.

ii. Backstop criteria

The Group uses 30 days past due arrears as a backstop criterion for both non-retail and retail portfolios. For retail portfolios only, facilities are required to demonstrate three to six months of good payment behaviour prior to being allocated back to Stage 1.

FORWARD-LOOKING INFORMATION

Forward-looking information is incorporated into both our assessment of whether a financial asset has experienced a SICR since origination and in our estimate of ECL. In applying forward-looking information for estimating ECL, the Group considers four probability-weighted forecast economic scenarios as follows:

i. Base case scenario

The base case scenario is ANZ's view of future macroeconomic conditions. It reflects management's assumptions used for strategic planning and budgeting, and also informs the Group Internal Capital Adequacy Assessment Process (ICAAP) which is the process the Group applies in strategic and capital planning over a 3-year time horizon;

ii. Upside and iii. Downside scenarios

The upside and downside scenarios are fixed by reference to average economic cycle conditions (that is, they are not based on the economic conditions prevailing at balance date) and are based on a combination of more optimistic (in the case of the upside) and pessimistic (in the case of the downside) economic events and uncertainty over long term horizons; and

iv. Severe downside scenario

To better reflect the current economic conditions and geopolitical environment, the Group has altered the severe downside scenario in 2022 from a scenario fixed by reference to average economic cycle conditions to one which aligns with the scenario used for Group-wide stress testing.

14. ALLOWANCE FOR EXPECTED CREDIT LOSSES (continued)

RECOGNITION AND MEASUREMENT (continued)

FORWARD-LOOKING INFORMATION (continued)

The four scenarios are described in terms of macroeconomic variables used in the PD, LGD and EAD models (collectively the ECL models) depending on the lending portfolio and country of the borrower. Examples of the macroeconomic variables include unemployment rates, GDP growth rates, house price indices, commercial property price indices and consumer price indices.

Probability weighting of each scenario is determined by management considering the risks and uncertainties surrounding the base case economic scenario, as well as specific portfolio considerations where required. The Group Asset and Liability Committee (GALCO) is responsible for reviewing and approving the base case economic scenario and the Credit and Market Risk Committee (CMRC) approves the probability weights applied to each scenario.

Where applicable, temporary adjustments may be made to account for situations where known or expected risks have not been adequately addressed in the modelling process. CMRC is responsible for approving such adjustments.

KEY JUDGEMENTS AND ESTIMATES

Collectively assessed allowance for expected credit losses

In estimating collectively assessed ECL, the Group makes judgements and assumptions in relation to:

- the selection of an estimation technique or modelling methodology; and
- the selection of inputs for those models, and the interdependencies between those inputs.

The following table summarises the key judgements and assumptions in relation to the model inputs and the interdependencies between those inputs, and highlights significant changes during the current period.

The judgements and associated assumptions have been made within the context of the uncertainty of how various factors might impact the global economy and reflect historical experience and other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances. The Group's ECL estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

Judgement/Assumption	Description	Considerations for the year ended 30 September 2022
Determining when a Significant Increase in Credit Risk has occurred	In the measurement of ECL, judgement is involved in setting the rules and trigger points to determine whether there has been a SICR since initial recognition of a loan, which would result in the financial asset moving from Stage 1 to Stage 2. This is a key area of judgement since transition from Stage 1 to Stage 2 increases the ECL from an allowance based on the probability of default in the next 12 months, to an allowance for lifetime expected credit losses. Subsequent decreases in credit risk resulting in transition from Stage 2 to Stage 1 may similarly result in significant changes in the ECL allowance. The setting of precise trigger points requires judgement which may have a material impact upon the size of the ECL allowance. The Group monitors the effectiveness of SICR criteria on an ongoing basis.	The Group has adjusted the ECL this period to account for expected deterioration in credit-worthiness of certain customer segments which are considered particularly vulnerable to economic pressures such as higher interest rates, increasing inflation and low wage growth.

14. ALLOWANCE FOR EXPECTED CREDIT LOSSES (continued)

KEY JUDGEMENTS AND ESTIMATES (continued)

Judgement/Assumption	Description	Considerations for the year ended 30 September 2022
Measuring both 12-month and lifetime credit losses	The probability of default (PD), loss given default (LGD) and exposure at default (EAD) credit risk parameters used in determining ECL are point-in-time measures reflecting the relevant forward-looking information determined by management. Judgement is involved in determining which forward-looking information variables are relevant for particular lending portfolios and for determining each portfolio's point-in-time sensitivity.	The modelled outcome as at 30 September 2021 included a model adjustment to recognise increased model uncertainties as a result of COVID-19. With these uncertainties largely being appropriately reflected in the underlying models, the COVID-19 model adjustments have been removed.
	In addition, judgement is required where behavioural characteristics are applied in estimating the lifetime of a facility to be used in measuring ECL.	There were no material changes to the policies.
Base case economic forecast	The Group derives a forward-looking 'base case' economic scenario which reflects ANZ Research - Economics' (ANZ Economics) view of future macroeconomic conditions.	There have been no changes to the types of forward-looking variables (key economic drivers) used as model inputs. As at 30 September 2022, the base case assumptions have been updated to reflect the relaxation of COVID-19 related restrictions, continuing supply chain and labour market pressures, and rapidly increasing global inflation and interest rate rises, as well as lower growth in key economies. The expected outcomes of key economic drivers for the base case scenario at 30 September 2022 are described below under the heading 'Base case economic forecast assumptions'.
Probability weighting of each economic scenario (base case, upside, downside and severe downside scenarios)[1]	Probability weighting of each economic scenario is determined by management considering the risks and uncertainties surrounding the base case economic scenario at each measurement date. The assigned probability weightings in Australia, New Zealand and Rest of world are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected.	To better reflect the current economic conditions and geopolitical environment, the Group has altered the severe downside scenario from a scenario fixed by reference to average economic cycle conditions to one which aligns with the scenario used for Group-wide stress testing. The key considerations for probability weightings in the current period include the emergence from COVID-19 restrictions, how customers will respond to interest rate rises and higher inflation, and potential impacts of lower growth prospects globally. Weightings for current and prior periods are as detailed in the section on 'Probability weightings' below.

[1] The upside and downside scenarios are fixed by reference to average economic cycle conditions (that is, they are not based on the economic conditions prevailing at balance date) and are based on a combination of more optimistic (in the case of the upside) and pessimistic (in the case of the downside) economic conditions.

14. ALLOWANCE FOR EXPECTED CREDIT LOSSES (continued)

KEY JUDGEMENTS AND ESTIMATES (continued)

Judgement/Assumption	Description	Considerations for the year ended 30 September 2022
Management temporary adjustments	Management temporary adjustments to the ECL allowance are used in circumstances where it is judged that our existing inputs, assumptions and model techniques do not capture all the risk factors relevant to our lending portfolios. Emerging local or global macroeconomic, microeconomic or political events, and natural disasters that are not incorporated into our current parameters, risk ratings, or forward-looking information are examples of such circumstances. The use of management temporary adjustments may impact the amount of ECL recognised.	As at 30 September 2022, Management no longer consider that a separate management temporary adjustment is necessary for the uncertainty associated with COVID-19. Management have however included adjustments to accommodate uncertainty associated with rising inflation, rapidly increasing interest rates, and ongoing supply chain and labour market pressures. In addition, management overlays have been made for risks particular to retail, including home loans and small business in Australia and NZ, for personal, and for tourism in the Pacific.

Base case economic forecast assumptions

Continuing uncertainties described above increase the risk of the economic forecast resulting in an understatement or overstatement of the ECL balance.

The economic drivers of the base case economic forecasts, reflective of ANZ Economics' view of future macroeconomic conditions used at 30 September 2022 are set out below. For the years following the near term forecasts below, the ECL models project future year economic conditions which include an assumption of eventual reversion to mid-cycle economic conditions.

	Forecast calendar year		
	2022	2023	2024
Australia			
GDP (annual % change)	4.0%	2.4%	1.4%
Unemployment rate (annual average)	3.5%	3.1%	3.6%
Residential property prices (annual % change)	-2.6%	-8.9%	5.2%
Consumer price index (annual average % change)	6.4%	3.8%	2.8%
New Zealand			
GDP (annual % change)	1.9%	1.8%	1.7%
Unemployment rate (annual average)	3.3%	3.9%	4.9%
Residential property prices (annual % change)	-11.3%	-3.1%	2.6%
Consumer price index (annual average % change)	6.8%	3.6%	1.9%
Rest of world			
GDP (annual % change)	1.7%	0.9%	1.2%
Consumer price index (annual average % change)	8.3%	3.1%	2.0%

14. ALLOWANCE FOR EXPECTED CREDIT LOSSES (continued)

KEY JUDGEMENTS AND ESTIMATES (continued)

The base case economic forecasts for Australia, New Zealand and Rest of World reflect the expected slow down in economic activity globally from higher interest rates and increasing inflation, along with declining residential property prices until 2024. Tight labour markets are expected to persist until central banks' monetary policies have the intended impact of reducing demand and bringing inflation down.

Probability weightings

Probability weightings for each scenario are determined by management considering the risks and uncertainties surrounding the base case economic scenario, including the uncertainties described above.

The base case scenario represents an overall deterioration in the forecasts since September 2021 for all three geographical segments. Given uncertainties associated with how the economy may respond to rapidly moving factors including inflation and lower economic growth globally, the average upside case weighting across geographies has been reduced to 0% (Sep 21: 5%), the base case weighting has been increased to 45% (Sep 21: 41%), and the severe downside scenario increased to 15% (Sep 21: 6%).

The assigned probability weightings in Australia, New Zealand and Rest of World are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these weightings in each geography to provide estimates of the possible loss outcomes and taking into account short and long term inter-relationships within the Group's credit portfolios. The average weightings applied across the Group are set out below:

	Consolidated		The Company	
	2022	2021	2022	2021
Base	45.0%	41.3%	45.0%	40.0%
Upside	0.0%	5.2%	0.0%	5.4%
Downside	40.0%	47.7%	40.0%	48.8%
Severe downside	15.0%	5.8%	15.0%	5.8%

ECL - Sensitivity analysis

Given current economic uncertainties and the judgement applied to factors used in determining the expected default of borrowers in future periods, expected credit losses reported by the Group should be considered as a best estimate within a range of possible estimates.

The table below illustrates the sensitivity of collectively assessed ECL to key factors used in determining it as at 30 September 2022:

	Consolidated		The Company	
	ECL $m	Impact $m	ECL $m	Impact $m
If 1% of Stage 1 facilities were included in Stage 2	3,936	83	3,242	73
If 1% of Stage 2 facilities were included in Stage 1	3,848	(5)	3,165	(4)
100% upside scenario	1,423	(2,430)	1,190	(1,979)
100% base scenario	1,750	(2,103)	1,454	(1,715)
100% downside scenario	3,239	(614)	2,699	(470)
100% severe downside scenario	6,951	3,098	5,725	2,556

Individually assessed allowance for expected credit losses

In estimating individually assessed ECL, the Group makes judgements and assumptions in relation to expected repayments, the realisable value of collateral, business prospects for the customer, competing claims and the likely cost and duration of the work-out process. Judgements and assumptions in respect of these matters have been updated to reflect amongst other things, the uncertainties described above.

FINANCIAL LIABILITIES

Outlined below is a description of how we classify and measure financial liabilities relevant to the subsequent note disclosures.

CLASSIFICATION AND MEASUREMENT

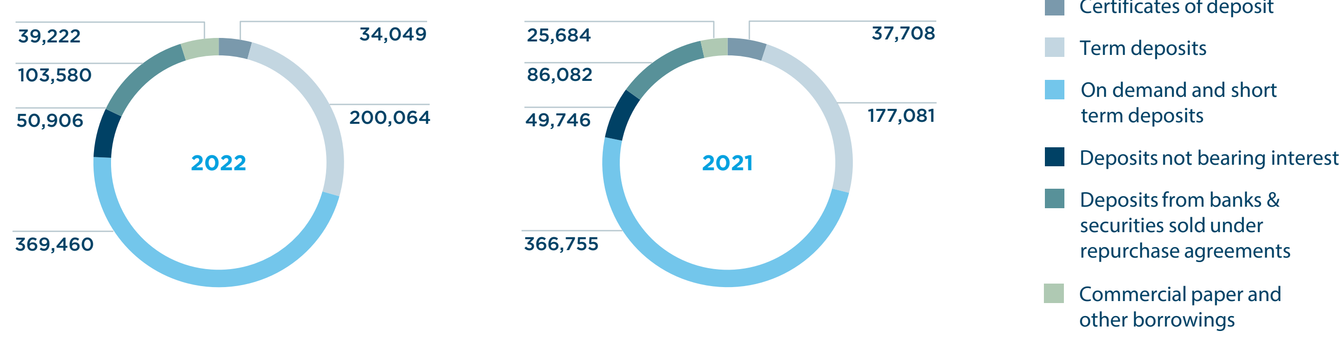
Financial liabilities

Financial liabilities are measured at amortised cost, or fair value through profit or loss (FVTPL) when they are held for trading. Additionally, financial liabilities can be designated at FVTPL where:

- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise;
- a group of financial liabilities are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy; or
- the financial liability contains one or more embedded derivatives unless:
  a) the embedded derivative does not significantly modify the cash flows that otherwise would be required by the contract; or
  b) the embedded derivative is closely related to the host financial liability.

Where financial liabilities are designated as measured at fair value, gains or losses relating to changes in the entity's own credit risk are included in Other comprehensive income, except where doing so would create or enlarge an accounting mismatch in profit or loss.

15. DEPOSITS AND OTHER BORROWINGS



	Consolidated		The Company	
	2022 $m	2021 $m	2022 $m	2021 $m
Certificates of deposit	34,049	37,708	32,411	35,696
Term deposits	200,064	177,081	157,479	136,067
On demand and short term deposits	369,460	366,755	310,857	303,381
Deposits not bearing interest	50,906	49,746	29,416	26,836
Deposits from banks & securities sold under repurchase agreements	103,580	86,082	98,825	83,294
Commercial paper and other borrowings	39,222	25,684	36,619	21,449
Deposits and other borrowings	797,281	743,056	665,607	606,723
Residual contractual maturity:				
Within one year	781,573	717,889	654,997	584,816
More than one year	15,708	25,167	10,610	21,907
Deposits and other borrowings	797,281	743,056	665,607	606,723
Carried on Balance Sheet at:				
Amortised cost	794,621	738,772	665,567	606,673
Fair value through profit or loss	2,660	4,284	40	50
Deposits and other borrowings	797,281	743,056	665,607	606,723

RECOGNITION AND MEASUREMENT

For deposits and other borrowings that:

- are not designated at FVTPL on initial recognition, we measure them at amortised cost and recognise their interest expense using the effective interest rate method; and
- are managed on a fair value basis, reduce or eliminate an accounting mismatch or contain an embedded derivative, we designate them as measured at fair value through profit or loss.

Refer to Note 19 Fair Value of Financial Assets and Financial Liabilities for further details.

For deposits and other borrowings designated at fair value we recognise the amount of fair value gain or loss attributable to changes in the Group's own credit risk in Other comprehensive income in retained earnings. Any remaining amount of fair value gain or loss we recognise directly in profit or loss. Once we have recognised an amount in Other comprehensive income, we do not later reclassify it to profit or loss.

Securities sold under repurchase agreements represent a liability to repurchase the financial assets that remain on our balance sheet since the risks and rewards of ownership remain with the Group. Over the life of the repurchase agreement, we recognise the difference between the sale price and the repurchase price and charge it to interest expense in profit or loss.

16. PAYABLES AND OTHER LIABILITIES

	Consolidated		The Company	
	2022 $m	2021 $m	2022 $m	2021 $m
Payables and accruals	2,896	2,062	2,189	1,526
Liabilities at fair value	3,239	3,913	2,857	3,245
Lease liabilities	1,040	1,245	1,628	1,831
Trail commission liabilities[1]	1,320	-	1,320	-
Other liabilities	1,340	1,427	568	642
Payables and other liabilities	9,835	8,647	8,562	7,244

1. During 2022, the Group revised its treatment of ongoing trail commission payable to mortgage brokers to recognise a liability within Payables and other liabilities equal to the present value of expected future trail commission payments and a corresponding increase in capitalised brokerage costs in Net loans and advances. The balance at 30 September 2022 was $1,320 million for the Group and the Company. Comparatives have not been restated.

RECOGNITION AND MEASUREMENT

The Group recognises liabilities when there is a present obligation to transfer economic resources as a result of past events.

Below is the measurement basis for each item classified as other liabilities:

- Payables, accruals and other liabilities are measured at the contractual amount payable or the best estimate of consideration required to settle the payable.
- Liabilities at fair value are trading liabilities measured based on quoted prices in active markets.
- Lease liabilities are initially measured at the present value of the future lease payments using the Group's incremental borrowing rate at the lease commencement date. The carrying amount is then subsequently adjusted to reflect the interest on the lease liability, lease payments that have been made and any lease reassessments or modifications.
- Trail commission liabilities are measured based on the present value of expected future trail commission payments taking into consideration average behavioural loan life and outstanding balances of broker originated loans.

17. DEBT ISSUANCES

The Group uses a variety of funding programmes to issue senior debt (including covered bonds and securitisations) and subordinated debt. The difference between senior debt and subordinated debt is that holders of senior debt take priority over holders of subordinated debt owed by the relevant issuer. In the winding up of the relevant issuer, the subordinated debt will be repaid by the relevant issuer only after the repayment of claims of its depositors, other creditors and the senior debt holders.

	Consolidated		The Company	
	2022 $m	2021 $m	2022 $m	2021 $m
Senior debt	52,324	58,952	40,325	45,348
Covered bonds	12,967	15,399	9,371	11,342
Securitisation	1,115	1,424	-	-
Total unsubordinated debt	66,406	75,775	49,696	56,690
Subordinated debt				
- Additional Tier 1 capital	7,705	8,506	7,763	8,191
- Tier 2 capital	17,907	16,207	17,907	16,207
- Other subordinated debt securities[1]	1,716	566	462	-
Total subordinated debt	27,328	25,279	26,132	24,398
Total debt issued	93,734	101,054	75,828	81,088
Residual contractual maturity[2]:				
Within one year	25,208	22,621	21,990	18,512
More than one year	66,660	76,594	51,929	60,605
No maturity date (instruments in perpetuity)	1,866	1,839	1,909	1,971
Total debt issued	93,734	101,054	75,828	81,088

1. This includes the Company's USD 300 million perpetual subordinated debt and the subordinated debt issued by ANZ Bank New Zealand. The Company's USD 300 million perpetual subordinated notes were included in the Group's Tier 2 capital in 2021 pursuant to APRA's Basel III transition arrangements which ended in December 2021.
2. Based on the final maturity date or, in the case of Additional Tier 1 capital securities, the mandatory conversion date (if any).

TOTAL DEBT ISSUED BY CURRENCY

The table below shows the Group's issued debt by currency of issue, which broadly represents the debt holders' base location.

		Consolidated		The Company	
		2022 $m	2021 $m	2022 $m	2021 $m
USD	United States dollars	25,527	29,788	17,206	22,354
EUR	Euro	19,923	22,984	14,049	15,294
AUD	Australian dollars	36,398	35,709	35,259	34,299
NZD	New Zealand dollars	1,628	3,276	46	839
JPY	Japanese yen	2,159	1,854	2,159	1,853
CHF	Swiss francs	954	940	-	-
GBP	Pounds sterling	5,261	4,286	5,261	4,287
HKD	Hong Kong dollars	771	727	771	727
Other	Chinese yuan, Norwegian kroner, Singapore dollars and Canadian dollars	1,113	1,490	1,077	1,435
Total debt issued		93,734	101,054	75,828	81,088

SUBORDINATED DEBT

At 30 September 2022, all subordinated debt issued by the Company qualifies as regulatory capital for the Group (other than the Company's USD 300 million perpetual subordinated notes – refer to commentary below). Depending on their terms and conditions, the Company's subordinated debt instruments are classified as either Additional Tier 1 (AT1) capital for the Group (in the case of the ANZ Capital Notes (ANZ CN) and ANZ Capital Securities (ANZ CS)), or Tier 2 capital (in the case of the Company's term subordinated notes) for APRA's capital adequacy purposes.

Subordinated debt issued externally by ANZ Bank New Zealand Limited (ANZ Bank New Zealand) will constitute subordinated debt of both ANZ Bank New Zealand and the Group. Whilst it will constitute tier 2 capital for ANZ Bank New Zealand for the purposes of the Reserve Bank of New Zealand's (RBNZ) capital requirements, it will not constitute Tier 2 capital for the Group as the terms of the subordinated debt does not satisfy APRA's capital requirements.

Tier 2 capital instruments rank ahead of AT1 capital instruments, and AT1 capital instruments rank only ahead of ordinary shares, in any liquidation event impacting the issuer of the instruments.

17. DEBT ISSUANCES (continued)

AT1 Capital

All outstanding AT1 capital instruments of the Company are Basel III fully compliant instruments (refer to Note 25 Capital Management for further information about Basel III). Each of the ANZ CN and ANZ CS rank equally with each other.

Distributions on the AT1 capital instruments are non-cumulative and subject to the issuer's absolute discretion and certain payment conditions (including regulatory requirements). Distributions on ANZ CNs are franked in line with the franking applied to ANZ ordinary shares.

Where specified, the AT1 capital instruments provide the issuer with an early redemption or conversion option on a specified date and in certain other circumstances (such as a tax or regulatory event). This redemption option is subject to APRA's prior written approval.

Each of the AT1 capital instruments will immediately convert into a variable number of ANZ ordinary shares (based on the average market price of the shares immediately prior to conversion less a 1% discount, subject to a maximum conversion number of ANZ ordinary shares) if:

- The Group's or the Company's Common Equity Tier 1 capital ratio is equal to or less than 5.125% - known as a Common Equity Capital Trigger Event; or
- APRA notifies the Company that, without the conversion or write-off of certain securities or a public sector injection of capital (or equivalent support), it considers that the Company would become non-viable – known as a Non-Viability Trigger Event.

Where specified, AT1 capital instruments mandatorily convert into a variable number of ANZ ordinary shares (based on the average market price of the shares immediately prior to conversion less a 1% discount):

- on a specified mandatory conversion date; or
- on an earlier date under certain circumstances as set out in the terms.

However, the mandatory conversion is deferred for a specified period if certain conversion tests are not met.

Preference shares issued externally by ANZ Bank New Zealand will constitute additional tier 1 capital for ANZ Bank New Zealand for the purposes of the RBNZ's capital requirements, however they will not constitute Additional Tier 1 capital for the Group as the terms of the preference shares do not satisfy APRA's capital requirements. The preference shares are included within non-controlling interests in Note 24 Shareholders' Equity.

The tables below show the key details of the Group's AT1 capital instruments on issue at 30 September in both the current and prior years:

			Consolidated		The Company	
			2022 $m	2021 $m	2022 $m	2021 $m
Additional Tier 1 capital (perpetual subordinated securities)[1]						
ANZ Capital Notes (ANZ CN)						
AUD	1,610m	ANZ CN2[2]	-	1,609	-	1,609
AUD	970m	ANZ CN3	970	968	985	998
AUD	1,622m	ANZ CN4	1,619	1,617	1,619	1,617
AUD	931m	ANZ CN5	928	927	928	927
AUD	1,500m	ANZ CN6	1,487	1,486	1,487	1,486
AUD	1,310m	ANZ CN7	1,297	-	1,297	-
ANZ Capital Securities (ANZ CS)						
USD	1,000m	ANZ Capital Securities	1,404	1,422	1,447	1,554
ANZ NZ Capital Notes (ANZ NZ CN)						
NZD	500m	ANZ NZ Capital Notes[3]	-	477	-	-
Total Additional Tier 1 capital[4]			7,705	8,506	7,763	8,191

1. Carrying values are net of issuance costs.
2. All of the ANZ Capital Notes 2 were redeemed on 24 March 2022 with approximately $860 million of the proceeds from redemption reinvested into ANZ Capital Notes 7 on the same date.
3. All of the ANZ NZ Capital Notes were redeemed by ANZ Bank New Zealand Limited on 31 December 2021.
4. This forms part of qualifying Additional Tier 1 capital. Refer to Note 25 Capital Management for further details.

17. DEBT ISSUANCES (continued)

ANZ Capital Notes (ANZ CN)

	CN2	CN3	CN4
Issuer	ANZ	ANZ, acting through its New Zealand branch	ANZ
Issue date	31 March 2014	5 March 2015	27 September 2016
Issue amount	$1,610 million	$970 million	$1,622 million
Face value	$100	$100	$100
Distribution frequency	Semi-annually in arrears	Semi-annually in arrears	Quarterly in arrears
Distribution rate	Floating rate: (180 day Bank Bill rate +3.25%)x(1-Australian corporate tax rate)	Floating rate: (180 day Bank Bill rate +3.6%)x(1-Australian corporate tax rate)	Floating rate: (90 day Bank Bill rate +4.7%)x(1-Australian corporate tax rate)
Issuer's early redemption or conversion option	24 March 2022[1]	24 March 2023	20 March 2024
Mandatory conversion date	24 March 2024[2]	24 March 2025	20 March 2026
Common equity capital trigger event	Yes	Yes	Yes
Non-viability trigger event	Yes	Yes	Yes
Carrying value (net of issue costs)	$nil (2021: $1,609 million)	$970 million (2021: $968 million)	$1,619 million (2021: $1,617 million)

	CN5	CN6	CN7
Issuer	ANZ	ANZ	ANZ
Issue date	28 September 2017	8 July 2021	24 March 2022
Issue amount	$931 million	$1,500 million	$1,310 million
Face value	$100	$100	$100
Distribution frequency	Quarterly in arrears	Quarterly in arrears	Quarterly in arrears
Distribution rate	Floating rate: (90 day Bank Bill rate +3.8%)x(1-Australian corporate tax rate)	Floating rate: (90 day Bank Bill rate +3.0%)x(1-Australian corporate tax rate)	Floating rate: (90 day Bank Bill rate +2.7%)x(1-Australian corporate tax rate)
Issuer's early redemption or conversion option	20 March 2025	20 March 2028	20 March 2029
Mandatory conversion date	20 March 2027	20 September 2030	20 September 2031
Common equity capital trigger event	Yes	Yes	Yes
Non-viability trigger event	Yes	Yes	Yes
Carrying value (net of issue costs)	$928 million (2021: $927 million)	$1,487 million (2021: $1,486 million)	$1,297 million (2021: $nil)

1. All of the ANZ Capital Notes 2 were redeemed on 24 March 2022 with approximately $860 million of the proceeds from redemption reinvested into ANZ Capital Notes 7 on the same date.
2. The mandatory conversion date is no longer applicable as all of CN2 has been redeemed.

17. DEBT ISSUANCES (continued)

ANZ Capital Securities (ANZ CS)

Issuer	ANZ, acting through its London branch
Issue date	15 June 2016
Issue amount	USD 1,000 million
Face value	Minimum denomination of USD 200,000 and an integral multiple of USD 1,000 above that
Interest frequency	Semi-annually in arrears
Interest rate	Fixed at 6.75% p.a. until 15 June 2026. Reset on 15 June 2026 and each 5 year anniversary to a floating rate: 5 year USD mid-market swap rate + 5.168%
Issuer's early redemption option	15 June 2026 and each 5 year anniversary
Common equity capital trigger event	Yes
Non-viability trigger event	Yes
Carrying value (net of issue costs)	$1,404 million (2021: $1,422 million)

ANZ NZ Capital Notes (ANZ NZ CN)[1]

Issuer	ANZ Bank New Zealand Limited
Issue date	31 March 2015
Issue amount	NZD 500 million
Face value	NZD 1
Interest frequency	Quarterly in arrears
Interest rate	Fixed at 7.2% p.a. until 25 May 2020. The rate reset in May 2020 to a floating rate: New Zealand 3 month bank bill rate + 3.5% Interest payments are subject to ANZ Bank New Zealand's absolute discretion and certain payment conditions (including APRA and RBNZ requirements)
Issuer's early redemption option	The option was not exercised on 25 May 2020 and has expired
Mandatory conversion date	25 May 2022
Common equity capital trigger event	Yes
Non-viability trigger event	Yes
Carrying value (net of issue costs)	$nil (2021: $477 million)

1. All of the ANZ NZ CNs were redeemed by ANZ Bank New Zealand Limited on 31 December 2021.

17. DEBT ISSUANCES (continued)

TIER 2 CAPITAL

Convertible term subordinated notes issued by the Company are Basel III fully compliant instruments. If a Non-Viability Trigger Event occurs, each of the convertible term subordinated notes will immediately convert into ANZ ordinary shares (based on the average market price of the shares immediately prior to conversion less a 1% discount, subject to a maximum conversion number).

The table below shows the Tier 2 capital subordinated debt the Group holds at 30 September in both the current and prior year:

					Consolidated		The Company	
Currency	Face value	Maturity	Next optional call date – subject to APRA's prior approval	Interest rate	2022 $m	2021 $m	2022 $m	2021 $m
Basel III transitional subordinated notes (perpetual)[1]								
USD	300m	Perpetual	Each semi-annual interest payment date	Floating	-	417	-	417
Total Basel III transitional subordinated notes					-	417	-	417
Tier 2 capital (term subordinated notes)								
USD	800m	2024	N/A	Fixed	1,189	1,173	1,189	1,173
SGD	500m	2027	2022	Fixed	-	515	-	515
AUD	200m	2027	2022	Fixed	-	200	-	200
JPY	20,000m	2026	N/A	Fixed	213	250	213	250
USD	1,500m	2026	N/A	Fixed	2,113	2,137	2,113	2,137
JPY	10,000m	2028	2023	Fixed	106	124	106	124
AUD	225m	2032	2027	Fixed	225	225	225	225
AUD	1,750m	2029	2024	Floating	1,750	1,740	1,750	1,740
EUR	1,000m	2029	2024	Fixed	1,410	1,608	1,410	1,608
AUD	265m	2039	N/A	Fixed	179	253	179	253
USD	1,250m	2030	2025	Fixed	1,785	1,782	1,785	1,782
AUD	1,250m	2031	2026	Floating	1,250	1,235	1,250	1,235
USD	1,500m	2035	2030	Fixed	1,830	1,955	1,830	1,955
AUD	330m	2040	N/A	Fixed	214	304	214	304
AUD	195m	2040	N/A	Fixed	124	178	124	178
EUR	750m	2031	2026	Fixed	1,003	1,193	1,003	1,193
GBP	500m	2031	2026	Fixed	714	918	714	918
AUD	1,450m	2032	2027	Fixed	1,390	-	1,390	-
AUD	300m	2032	2027	Floating	300	-	300	-
JPY	59,400m	2032	2027	Fixed	627	-	627	-
SGD	600m	2032	2027	Fixed	618	-	618	-
AUD	900m	2034	2029	Fixed	867	-	867	-
Total Basel III fully compliant subordinated notes					17,907	15,790	17,907	15,790
Total Tier 2 capital[2,3]					17,907	16,207	17,907	16,207

1. The Company's USD 300 million perpetual subordinated notes were included in the Group's Tier 2 capital in 2021 pursuant to APRA's Basel III transition arrangements, which ended in December 2021. In 2022 this has been included in Other subordinated debt securities.
2. Carrying values are net of issuance costs, and, where applicable, include fair value hedge accounting adjustments.
3. This forms part of qualifying Tier 2 capital. Refer to Note 25 Capital Management for further details.

17. DEBT ISSUANCES (continued)

OTHER SUBORDINATED DEBT SECURITIES

The Company's USD 300 million perpetual subordinated notes no longer form a component part of regulatory capital for the Group (as APRA's transitional Basel III capital treatment ceased to apply from January 2022). These subordinated notes do not contain a Non-Viability Trigger Event.

A subsidiary of the Group, ANZ Bank New Zealand, issued NZD 600 million of unsecured subordinated notes in September 2021 and USD 500 million of unsecured subordinated notes in August 2022. Whilst these subordinated notes constitute tier 2 capital under RBNZ requirements, the subordinated notes do not (among other things) contain a Non-Viability Trigger Event and therefore do not meet APRA's requirements for Tier 2 capital instruments in order to qualify as regulatory capital for the Group.

					Consolidated		The Company	
Currency	Face value	Maturity	Next optional call date[1]	Interest rate	2022 $m	2021 $m	2022 $m	2021 $m
Non-Basel III compliant perpetual subordinated notes issued by the Company[2]								
USD	300m	Perpetual	Each semi-annual interest payment date	Floating	462	-	462	-
Term subordinated notes issued by ANZ Bank New Zealand Limited								
NZD	600m	2031	2026	Fixed	524	566	-	-
USD	500m	2032	2027	Fixed	730	-	-	-
Other subordinated debt					1,716	566	462	-

1. Subject to APRA's or RBNZ's prior approval (as applicable).
2. The Company's USD 300 million perpetual subordinated notes were included in the Group's Tier 2 capital in 2021 pursuant to APRA's Basel III transition arrangements, which ended in December 2021.

RECOGNITION AND MEASUREMENT

Debt issuances are initially recognised at fair value and are subsequently measured at amortised cost, except where designated at fair value through profit or loss. Interest expense on debt issuances is recognised using the effective interest rate method. Where the Group enters into a fair value hedge accounting relationship, the fair value attributable to the hedge risk is reflected in adjustments to the carrying value of the debt.

Subordinated debt with capital-based conversion features (i.e. Common Equity Capital Trigger Events or Non-Viability Trigger Events) are considered to contain embedded derivatives that we account for separately at fair value through profit or loss. The embedded derivatives arise because the amount of shares issued on conversion following any of those trigger events is subject to the maximum conversion number, however they have no significant value as of the reporting date given the remote nature of those trigger events.

18. FINANCIAL RISK MANAGEMENT

RISK MANAGEMENT FRAMEWORK AND MODEL

INTRODUCTION

The use of financial instruments is fundamental to the Group's businesses of providing banking and other financial services to our customers. The associated financial risks (primarily credit, market, and liquidity risks) are a significant portion of the Group's key material risks.

We disclose details of all key material risks impacting the Group, and further information on the Group's risk management activities, in the Governance and Risk Management sections of this Annual Report.

This note details the Group's financial risk management policies, processes and quantitative disclosures in relation to the key financial risks.

Key material financial risks	Key sections applicable to this risk
Credit risk The risk of financial loss resulting from: • a counterparty failing to fulfil its obligations; or • a decrease in credit quality of a counterparty resulting in a financial loss. Credit risk incorporates the risks associated with us lending to customers who could be impacted by climate change or by changes to laws, regulations, or other policies adopted by governments or regulatory authorities, including carbon pricing and climate change adaptation or mitigation policies.	• Credit risk overview, management and control responsibilities • Maximum exposure to credit risk • Credit quality • Concentrations of credit risk • Collateral management
Market risk The risk to the Group's earnings arising from: • changes in interest rates, foreign exchange rates, credit spreads, volatility and correlations; or • fluctuations in bond, commodity or equity prices.	• Market risk overview, management and control responsibilities • Measurement of market risk • Traded and non-traded market risk • Equity securities designated at FVOCI • Foreign currency risk – structural exposure
Liquidity and funding risk The risk that the Group is unable to meet payment obligations as they fall due, including: • repaying depositors or maturing wholesale debt; or • the Group having insufficient capacity to fund increases in assets.	• Liquidity risk overview, management and control responsibilities • Key areas of measurement for liquidity risk • Liquidity risk outcomes • Residual contractual maturity analysis of the Group's liabilities

18. FINANCIAL RISK MANAGEMENT (continued)

OVERVIEW

AN OVERVIEW OF OUR RISK MANAGEMENT FRAMEWORK

This overview is provided to aid the users of the financial statements in understanding the context of the financial disclosures required under AASB 7 *Financial Instruments: Disclosures*. It should be read in conjunction with the Governance and Risk Management sections of this Annual Report.

The Board is responsible for establishing and overseeing the Group's Risk Management Framework (RMF). The Board has delegated authority to the Board Risk Committee (BRC) to develop and monitor compliance with the Group's risk management policies. The BRC reports regularly to the Board on its activities.

The Board approves the strategic objectives of the Group including:

- the Risk Appetite Statement (RAS), which sets out the Board's expectations regarding the degree of risk that ANZ is prepared to accept in pursuit of its strategic objectives and business plan; and
- the Risk Management Strategy (RMS), which describes ANZ's strategy for managing risks and the key elements of the RMF that give effect to this strategy. This includes a description of each material risk, and an overview of how the RMF addresses each risk, with reference to the relevant policies, standards and procedures. It also includes information on how ANZ identifies, measures, evaluates, monitors, reports and controls or mitigates material risks.

The Group, through its training and management standards and procedures, aims to maintain a disciplined and robust control environment in which all employees understand their roles and obligations. At ANZ, risk is everyone's responsibility.

The Group has an independent risk management function, headed by the Chief Risk Officer who:

- is responsible for overseeing the risk profile and the risk management framework;
- can effectively challenge activities and decisions that materially affect ANZ's risk profile; and
- has an independent reporting line to the BRC to enable the appropriate escalation of issues of concern.

The Internal Audit Function reports directly to the Board Audit Committee (BAC). Internal Audit provides:

- an independent evaluation of the Group's RMF annually that seeks to ensure compliance with, and the effectiveness of, the risk management framework;
- facilitation of a comprehensive review every three years that seeks to ensure the appropriateness, effectiveness and adequacy of the risk management framework; and
- recommendations to improve the framework and/or work practices to strengthen the effectiveness of day to day operations.

18. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK

CREDIT RISK OVERVIEW, MANAGEMENT AND CONTROL RESPONSIBILITIES

Granting credit facilities to customers is one of the Group's major sources of income. As this activity is also a principal risk, the Group dedicates considerable resources to its management. The Group assumes credit risk in a wide range of lending and other activities in diverse markets and in many jurisdictions. Credit risks arise from traditional lending to customers as well as from interbank, treasury, trade finance and capital markets activities around the world.

Our credit risk management framework ensures we apply a consistent approach across the Group when we measure, monitor and manage the credit risk appetite set by the Board. The Board is assisted and advised by the BRC in discharging its duty to oversee credit risk. The BRC:

- sets the credit risk appetite and credit strategies; and
- approves credit transactions beyond the discretion of executive management.

We quantify credit risk through an internal credit rating system (masterscales) to ensure consistency across exposure types and to provide a consistent framework for reporting and analysis. The system uses models and other tools to measure the following for customer exposures:

Probability of Default (PD)	Expressed by a Customer Credit Rating (CCR), reflecting the Group's assessment of a customer's ability to service and repay debt.
Exposure at Default (EAD)	The expected balance sheet exposure at default taking into account repayments of principal and interest, expected additional drawdowns and accrued interest at the time of default.
Loss Given Default (LGD)	Expressed by a Security Indicator (SI) ranging from A to G. The SI is calculated by reference to the percentage of loan covered by security which the Group can realise if a customer defaults. The A-G scale is supplemented by a range of other SIs which cover factors such as cash cover and sovereign backing. For retail and some small business lending, we group exposures into large homogenous pools – and the LGD is assigned at the pool level.

Our specialist credit risk teams develop and validate the Group's PD and LGD rating models. The outputs from these models drive our day-to-day credit risk management decisions including origination, pricing, approval levels, regulatory capital adequacy, economic capital allocation, and credit provisioning.

All customers with whom ANZ has a credit relationship are assigned a CCR at origination via either of the following assessment approaches:

Large and more complex lending	Retail and some small business lending
Rating models provide a consistent and structured assessment, with judgement required around the use of out-of-model factors. We handle credit approval on a dual approval basis, jointly with the business writer and an independent credit officer.	Automated assessment of credit applications using a combination of scoring (application and behavioural), policy rules and external credit reporting information. If the application does not meet the automated assessment criteria, then it is subject to manual assessment.

We use the Group's internal CCRs to manage the credit quality of financial assets. To enable wider comparisons, the Group's CCRs are mapped to external rating agency scales as follows:

Credit Quality Description	Internal CCR	ANZ Customer Requirements	Moody's Rating	S&P Global Ratings
Strong	CCR 0+ to 4-	Demonstrated superior stability in their operating and financial performance over the long-term, and whose earnings capacity is not significantly vulnerable to foreseeable events.	Aaa – Baa3	AAA – BBB-
Satisfactory	CCR 5+ to 6-	Demonstrated sound operational and financial stability over the medium to long-term, even though some may be susceptible to cyclical trends or variability in earnings.	Ba1 – B1	BB+ – B+
Weak	CCR 7+ to 8=	Demonstrated some operational and financial instability, with variability and uncertainty in profitability and liquidity projected to continue over the short and possibly medium term.	B2 - Caa	B - CCC
Defaulted	CCR 8- to 10	When doubt arises as to the collectability of a credit facility, the financial instrument (or 'the facility') is classified as defaulted.	N/A	N/A

18. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

MAXIMUM EXPOSURE TO CREDIT RISK

For financial assets recognised on the balance sheet, the maximum exposure to credit risk is the carrying amount. In certain circumstances there may be differences between the carrying amounts reported on the balance sheet and the amounts reported in the tables below. Principally, these differences arise in respect of financial assets that are subject to risks other than credit risk, such as equity instruments which are primarily subject to market risk, or bank notes and coins.

For undrawn facilities, this maximum exposure to credit risk is the full amount of the committed facilities. For contingent exposures, the maximum exposure to credit risk is the maximum amount the Group would have to pay if the instrument is called upon.

The table below shows our maximum exposure to credit risk of on-balance sheet and off-balance sheet positions before taking account of any collateral held or other credit enhancements.

	Reported		Excluded[1]		Maximum exposure to credit risk	
Consolidated	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m
On-balance sheet positions						
Net loans and advances	672,407	629,719	-	-	672,407	629,719
Other financial assets:						
Cash and cash equivalents	168,132	151,260	1,147	1,127	166,985	150,133
Settlement balances owed to ANZ	4,762	7,530	4,762	7,530	-	-
Collateral paid	12,700	9,166	-	-	12,700	9,166
Trading assets	35,237	44,688	3,860	4,996	31,377	39,692
Derivative financial instruments	90,174	38,736	-	-	90,174	38,736
Investment securities						
- debt securities at amortised cost	7,943	7,031	-	-	7,943	7,031
- debt securities at FVOCI	76,817	74,743	-	-	76,817	74,743
- equity securities at FVOCI	1,353	1,310	1,353	1,310	-	-
- debt securities at FVTPL	40	42	-	-	40	42
Regulatory deposits	632	671	-	-	632	671
Other financial assets[2]	2,943	2,054	-	-	2,943	2,054
Total other financial assets	400,733	337,231	11,122	14,963	389,611	322,268
Subtotal	1,073,140	966,950	11,122	14,963	1,062,018	951,987
Off-balance sheet positions						
Undrawn and contingent facilities[3]	285,041	259,789	-	-	285,041	259,789
Total	1,358,181	1,226,739	11,122	14,963	1,347,059	1,211,776

1. Coins, notes and cash at bank within Cash and cash equivalents; Trade dated assets within Settlement balances owed to ANZ; Equity securities, precious metal exposures and carbon credits within Trading assets; and Equity securities within Investment securities were excluded as they do not have credit risk exposure.
2. Other financial assets mainly comprise accrued interest and acceptances.
3. Undrawn and contingent facilities include guarantees, letters of credit and performance related contingencies, net of collectively assessed and individually assessed allowance for expected credit losses.

18. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

The Company	Reported		Excluded[1]		Maximum exposure to credit risk	
	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m
On-balance sheet positions						
Net loans and advances	537,345	488,487	-	-	537,345	488,487
Other financial assets:						
Cash and cash equivalents	155,483	141,436	787	721	154,696	140,715
Settlement balances owed to ANZ	4,024	7,183	4,024	7,183	-	-
Collateral paid	11,368	8,343	-	-	11,368	8,343
Trading assets	28,073	34,752	3,348	4,957	24,725	29,795
Derivative financial instruments	88,056	38,292	-	-	88,056	38,292
Investment securities						
- debt securities at amortised cost	6,115	5,263	-	-	6,115	5,263
- debt securities at FVOCI	65,257	61,623	-	-	65,257	61,623
- equity securities at FVOCI	1,027	1,054	1,027	1,054	-	-
- debt securities at FVTPL	-	-	-	-	-	-
Regulatory deposits	249	213	-	-	249	213
Due from controlled entities	22,860	23,530	-	-	22,860	23,530
Other financial assets[2]	1,882	1,371	-	-	1,882	1,371
Total other financial assets	384,394	323,060	9,186	13,915	375,208	309,145
Subtotal	921,739	811,547	9,186	13,915	912,553	797,632
Off-balance sheet positions						
Undrawn and contingent facilities[3]	246,722	220,445	-	-	246,722	220,445
Total	1,168,461	1,031,992	9,186	13,915	1,159,275	1,018,077

1. Coins, notes and cash at bank within Cash and cash equivalents; Trade dated assets within Settlement balances owed to ANZ; Equity securities, precious metal exposures, and carbon credits within Trading assets; and Equity securities within Investment securities were excluded as they do not have credit risk exposure.
2. Other financial assets mainly comprise accrued interest and acceptances.
3. Undrawn and contingent facilities include guarantees, letters of credit and performance related contingencies, net of collectively assessed and individually assessed allowance for expected credit losses.

18. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

CREDIT QUALITY

An analysis of the Group's credit risk exposure is presented in the following tables based on the Group's internal credit quality rating by stage without taking account of the effects of any collateral or other credit enhancements:

Net loans and advances

			Stage 3		
Consolidated	Stage 1 $m	Stage 2 $m	Collectively assessed $m	Individually assessed $m	Total $m
As at 30 September 2022					
Strong	443,571	15,880	-	-	459,451
Satisfactory	154,823	31,864	-	-	186,687
Weak	9,197	9,244	-	-	18,441
Defaulted	-	-	3,328	1,043	4,371
Gross loans and advances at amortised cost	607,591	56,988	3,328	1,043	668,950
Allowance for ECL	(1,141)	(1,548)	(360)	(533)	(3,582)
Net loans and advances at amortised cost	606,450	55,440	2,968	510	665,368
Coverage ratio	0.19%	2.72%	10.82%	51.10%	0.54%
Loans and advances at fair value through profit or loss					4,675
Unearned income					(518)
Capitalised brokerage and other origination costs					2,882
Net carrying amount					672,407
As at 30 September 2021					
Strong	412,821	12,596	-	-	425,417
Satisfactory	146,368	31,228	-	-	177,596
Weak	7,921	12,907	-	-	20,828
Defaulted	-	-	3,754	1,549	5,303
Gross loans and advances at amortised cost	567,110	56,731	3,754	1,549	629,144
Allowance for ECL	(968)	(1,994)	(417)	(666)	(4,045)
Net loans and advances at amortised cost	566,142	54,737	3,337	883	625,099
Coverage ratio	0.17%	3.51%	11.11%	43.00%	0.64%
Loans and advances at fair value through profit or loss					3,620
Unearned income					(434)
Capitalised brokerage and other origination costs					1,434
Net carrying amount					629,719

18. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

Net loans and advances

The Company	Stage 1 $m	Stage 2 $m	Stage 3 Collectively assessed $m	Stage 3 Individually assessed $m	Total $m
As at 30 September 2022					
Strong	334,850	9,641	-	-	344,491
Satisfactory	142,772	26,186	-	-	168,958
Weak	9,181	7,759	-	-	16,940
Defaulted	-	-	2,744	853	3,597
Gross loans and advances at amortised cost	486,803	43,586	2,744	853	533,986
Allowance for ECL	(946)	(1,259)	(295)	(425)	(2,925)
Net loans and advances at amortised cost	485,857	42,327	2,449	428	531,061
Coverage ratio	0.19%	2.89%	10.75%	49.82%	0.55%
Loans and advances at fair value through profit or loss					4,263
Unearned income					(480)
Capitalised brokerage and other origination costs					2,501
Net carrying amount					537,345
As at 30 September 2021					
Strong	297,511	9,329	-	-	306,840
Satisfactory	131,979	25,538	-	-	157,517
Weak	7,913	11,038	-	-	18,951
Defaulted	-	-	3,089	1,345	4,434
Gross loans and advances at amortised cost	437,403	45,905	3,089	1,345	487,742
Allowance for ECL	(797)	(1,679)	(348)	(563)	(3,387)
Net loans and advances at amortised cost	436,606	44,226	2,741	782	484,355
Coverage ratio	0.18%	3.66%	11.27%	41.86%	0.69%
Loans and advances at fair value through profit or loss					3,472
Unearned income					(390)
Capitalised brokerage and other origination costs					1,050
Net carrying amount					488,487

18. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

Off-balance sheet commitments - undrawn and contingent facilities

			Stage 3		
Consolidated	Stage 1 $m	Stage 2 $m	Collectively assessed $m	Individually assessed $m	Total $m
As at 30 September 2022					
Strong	191,363	1,703	-	-	193,066
Satisfactory	18,583	3,078	-	-	21,661
Weak	774	706	-	-	1,480
Defaulted	-	-	113	19	132
Gross undrawn and contingent facilities subject to ECL	210,720	5,487	113	19	216,339
Allowance for ECL included in Other provisions (refer to Note 23)	(593)	(144)	(29)	(9)	(775)
Net undrawn and contingent facilities subject to ECL	210,127	5,343	84	10	215,564
Coverage ratio	0.28%	2.62%	25.66%	47.37%	0.36%
Undrawn and contingent facilities not subject to ECL[1]					69,477
Net undrawn and contingent facilities					285,041
As at 30 September 2021					
Strong	174,808	1,754	-	-	176,562
Satisfactory	23,799	3,564	-	-	27,363
Weak	1,030	1,185	-	-	2,215
Defaulted	-	-	138	50	188
Gross undrawn and contingent facilities subject to ECL	199,637	6,503	138	50	206,328
Allowance for ECL included in Other provisions (refer to Note 23)	(555)	(211)	(19)	(21)	(806)
Net undrawn and contingent facilities subject to ECL	199,082	6,292	119	29	205,522
Coverage ratio	0.28%	3.24%	13.77%	42.00%	0.39%
Undrawn and contingent facilities not subject to ECL[1]					54,267
Net undrawn and contingent facilities					259,789

1. Commitments that can be unconditionally cancelled at any time without notice.

18. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

Off-balance sheet commitments - undrawn and contingent facilities

The Company	Stage 1 $m	Stage 2 $m	Stage 3 Collectively assessed $m	Stage 3 Individually assessed $m	Total $m
As at 30 September 2022					
Strong	185,979	1,725	-	-	187,704
Satisfactory	15,496	2,306	-	-	17,802
Weak	711	463	-	-	1,174
Defaulted	-	-	97	13	110
Gross undrawn and contingent facilities subject to ECL	202,186	4,494	97	13	206,790
Allowance for ECL included in Other provisions (refer to Note 23)	(530)	(112)	(26)	(5)	(673)
Net undrawn and contingent facilities subject to ECL	201,656	4,382	71	8	206,117
Coverage ratio	0.26%	2.49%	26.80%	38.46%	0.33%
Undrawn and contingent facilities not subject to ECL[1]					40,605
Net undrawn and contingent facilities					246,722
As at 30 September 2021					
Strong	162,232	1,745	-	-	163,977
Satisfactory	19,790	2,662	-	-	22,452
Weak	1,005	966	-	-	1,971
Defaulted	-	-	91	28	119
Gross undrawn and contingent facilities subject to ECL	183,027	5,373	91	28	188,519
Allowance for ECL included in Other provisions (refer to Note 23)	(484)	(171)	(12)	(7)	(674)
Net undrawn and contingent facilities subject to ECL	182,543	5,202	79	21	187,845
Coverage ratio	0.26%	3.18%	13.19%	25.00%	0.36%
Undrawn and contingent facilities not subject to ECL[1]					32,600
Net undrawn and contingent facilities					220,445

1. Commitments that can be unconditionally cancelled at any time without notice.

18. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

Investment securities - debt securities at amortised cost

Consolidated	Stage 1 $m	Stage 2 $m	Stage 3 Collectively assessed $m	Stage 3 Individually assessed $m	Total $m
As at 30 September 2022					
Strong	6,279	-	-	-	6,279
Satisfactory	113	-	-	-	113
Weak	1,589	-	-	-	1,589
Gross investment securities - debt securities at amortised cost	7,981	-	-	-	7,981
Allowance for ECL	(38)	-	-	-	(38)
Net investment securities - debt securities at amortised cost	7,943	-	-	-	7,943
Coverage ratio	0.48%	-	-	-	0.48%
As at 30 September 2021					
Strong	5,574	-	-	-	5,574
Satisfactory	121	-	-	-	121
Weak	1,367	-	-	-	1367
Gross investment securities - debt securities at amortised cost	7,062	-	-	-	7,062
Allowance for ECL	(31)	-	-	-	(31)
Net investment securities - debt securities at amortised cost	7,031	-	-	-	7,031
Coverage ratio	0.44%	-	-	-	0.44%

The Company	Stage 1 $m	Stage 2 $m	Stage 3 Collectively assessed $m	Stage 3 Individually assessed $m	Total $m
As at 30 September 2022					
Strong	6,032	-	-	-	6,032
Satisfactory	84	-	-	-	84
Gross investment securities - debt securities at amortised cost	6,116	-	-	-	6,116
Allowance for ECL	(1)	-	-	-	(1)
Net investment securities - debt securities at amortised cost	6,115	-	-	-	6,115
Coverage ratio	0.02%	-	-	-	0.02%
As at 30 September 2021					
Strong	5,162	-	-	-	5,162
Satisfactory	102	-	-	-	102
Gross investment securities - debt securities at amortised cost	5,264	-	-	-	5,264
Allowance for ECL	(1)	-	-	-	(1)
Net investment securities - debt securities at amortised cost	5,263	-	-	-	5,263
Coverage ratio	0.02%	-	-	-	0.02%

18. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

Investment securities - debt securities at FVOCI

Consolidated	Stage 1 $m	Stage 2 $m	Stage 3 Collectively assessed $m	Stage 3 Individually assessed $m	Total $m
As at 30 September 2022					
Strong	76,668	-	-	-	76,668
Satisfactory	149	-	-		149
Investment securities - debt securities at FVOCI	76,817	-	-	-	76,817
Allowance for ECL recognised in Other comprehensive income	(10)	-	-	-	(10)
Coverage ratio	0.01%	-	-	-	0.01%
As at 30 September 2021					
Strong	74,541	-	-	-	74,541
Satisfactory	202	-	-	-	202
Investment securities - debt securities at FVOCI	74,743	-	-	-	74,743
Allowance for ECL recognised in Other comprehensive income	(11)	-	-	-	(11)
Coverage ratio	0.01%	-	-	-	0.01%

The Company	Stage 1 $m	Stage 2 $m	Stage 3 Collectively assessed $m	Stage 3 Individually assessed $m	Total $m
As at 30 September 2022					
Strong	65,257	-	-	-	65,257
Satisfactory	-	-	-	-	-
Investment securities - debt securities at FVOCI	65,257	-	-	-	65,257
Allowance for ECL recognised in Other comprehensive income	(7)	-	-	-	(7)
Coverage ratio	0.01%	-	-	-	0.01%
As at 30 September 2021					
Strong	61,623	-	-	-	61,623
Satisfactory	-	-	-	-	-
Investment securities - debt securities at FVOCI	61,623	-	-	-	61,623
Allowance for ECL recognised in Other comprehensive income	(7)	-	-	-	(7)
Coverage ratio	0.01%	-	-	-	0.01%

18. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

Other financial assets

	Consolidated		The Company	
	2022 $m	2021 $m	2022 $m	2021 $m
Strong	301,735	235,847	301,771	238,452
Satisfactory[1]	2,164	3,513	1,707	3,026
Weak	945	1,122	351	769
Defaulted	7	12	7	12
Total carrying amount	304,851	240,494	303,836	242,259

1. Includes Investment Securities - debt securities at FVTPL of $40 million (2021: $42 million) for the Group and nil (2021: nil) for the Company.

CONCENTRATIONS OF CREDIT RISK

Credit risk becomes concentrated when a number of customers are engaged in similar activities, have similar economic characteristics, or have similar activities within the same geographic region – therefore, they may be similarly affected by changes in economic or other conditions. The Group monitors its credit portfolio to manage risk concentration and rebalance the portfolio. The Group also applies single customer counterparty limits to protect against unacceptably large exposures to one single customer.

Composition of financial instruments that give rise to credit risk by industry group are presented below:

	Loans and advances		Other financial assets		Off-balance sheet credit related commitments		Total	
Consolidated	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m
Agriculture, forestry, fishing and mining	33,668	34,862	781	335	17,694	16,034	52,143	51,231
Business services	9,252	9,161	242	119	6,245	6,429	15,739	15,709
Construction	6,155	5,886	48	46	6,594	6,458	12,797	12,390
Electricity, gas and water supply	9,650	6,513	790	807	9,865	9,053	20,305	16,373
Entertainment, leisure and tourism	12,886	12,710	89	157	3,691	3,862	16,666	16,729
Financial, investment and insurance	75,118	56,107	305,148	229,273	58,075	50,568	438,341	335,948
Government and official institutions	7,280	4,651	71,139	83,741	1,592	1,798	80,011	90,190
Manufacturing	28,072	23,752	1,279	741	46,701	37,696	76,052	62,189
Personal lending	363,539	361,814	955	664	57,989	57,410	422,483	419,888
Property services	55,203	50,396	606	489	17,862	16,673	73,671	67,558
Retail trade	11,648	9,967	98	104	7,076	8,444	18,822	18,515
Transport and storage	12,311	11,710	327	437	8,423	8,257	21,061	20,404
Wholesale trade	15,215	12,434	1,235	583	28,042	20,899	44,492	33,916
Other	33,628	32,801	6,912	4,803	15,967	17,014	56,507	54,618
Gross total	673,625	632,764	389,649	322,299	285,816	260,595	1,349,090	1,215,658
Allowance for ECL	(3,582)	(4,045)	(38)	(31)	(775)	(806)	(4,395)	(4,882)
Subtotal	670,043	628,719	389,611	322,268	285,041	259,789	1,344,695	1,210,776
Unearned income	(518)	(434)	-	-	-	-	(518)	(434)
Capitalised brokerage and other origination costs	2,882	1,434	-	-	-	-	2,882	1,434
Maximum exposure to credit risk	672,407	629,719	389,611	322,268	285,041	259,789	1,347,059	1,211,776

18. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

Composition of financial instruments that give rise to credit risk by industry group are presented below:

	Loans and advances		Other financial assets		Off-balance sheet credit related commitments		Total	
The Company	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m
Agriculture, forestry, fishing and mining	19,065	18,283	751	297	16,304	14,305	36,120	32,885
Business services	8,382	8,096	202	73	5,517	5,618	14,101	13,787
Construction	5,004	4,710	42	30	5,376	5,241	10,422	9,981
Electricity, gas and water supply	8,820	5,523	533	580	8,526	7,356	17,879	13,459
Entertainment, leisure and tourism	11,267	10,934	58	138	3,192	3,404	14,517	14,476
Financial, investment and insurance	71,889	52,230	306,318	236,430	53,970	46,971	432,177	335,631
Government and official institutions	7,272	4,621	58,342	65,429	910	1,113	66,524	71,163
Manufacturing	24,645	20,143	664	369	39,279	30,794	64,588	51,306
Personal lending	282,095	278,526	912	638	47,596	45,886	330,603	325,050
Property services	42,592	37,580	531	379	15,640	14,424	58,763	52,383
Retail trade	10,048	8,273	74	82	6,279	7,298	16,401	15,653
Transport and storage	11,231	10,564	270	339	7,252	7,229	18,753	18,132
Wholesale trade	13,055	10,345	791	380	24,185	17,462	38,031	28,187
Other	22,884	21,386	5,721	3,982	13,369	14,018	41,974	39,386
Gross total	538,249	491,214	375,209	309,146	247,395	221,119	1,160,853	1,021,479
Allowance for ECL	(2,925)	(3,387)	(1)	(1)	(673)	(674)	(3,599)	(4,062)
Subtotal	535,324	487,827	375,208	309,145	246,722	220,445	1,157,254	1,017,417
Unearned income	(480)	(390)	-	-	-	-	(480)	(390)
Capitalised brokerage and other origination costs	2,501	1,050	-	-	-	-	2,501	1,050
Maximum exposure to credit risk	537,345	488,487	375,208	309,145	246,722	220,445	1,159,275	1,018,077

COLLATERAL MANAGEMENT

We use collateral for on and off-balance sheet exposures to mitigate credit risk if a counterparty cannot meet its repayment obligations. Where there is sufficient collateral, an expected credit loss is not recognised. This is largely the case for certain lending products, such as margin loans and reverse repurchase agreements that are secured by the securities purchased using the lending. For some products, the collateral provided by customers is fundamental to the product's structuring, so it is not strictly the secondary source of repayment - for example, lending secured by trade receivables is typically repaid by the collection of those receivables. During the period there was no change in our collateral policies.

18. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

The nature of collateral or security held for the relevant classes of financial assets is as follows:

Net loans and advances	
Loans - housing and personal	Housing loans are secured by mortgage(s) over property and additional security may take the form of guarantees and deposits. Personal lending (including credit cards and overdrafts) is predominantly unsecured. If we take security, then it is restricted to eligible vehicles, motor homes and other assets.
Loans - business	Business loans may be secured, partially secured or unsecured. Typically, we take security by way of a mortgage over property and/or a charge over the business or other assets. If appropriate, we may take other security to mitigate the credit risk, such as guarantees, standby letters of credit or derivative protection.
Other financial assets	
Trading assets, Investment securities, Derivatives and Other financial assets	For trading assets, we do not seek collateral directly from the issuer or counterparty. However, the collateral may be implicit in the terms of the instrument (for example, with an asset-backed security). The terms of debt securities may include collateralisation. For derivatives, we typically terminate all contracts with the counterparty and settle on a net basis at market levels current at the time of a counterparty default under International Swaps and Derivatives Association (ISDA) Master Agreements. Our preferred practice is to use a Credit Support Annex (CSA) to the ISDA so that open derivative positions with the counterparty are aggregated and cash collateral (or other forms of eligible collateral) is exchanged daily. The collateral is provided by the counterparty when their position is out of the money (or provided to the counterparty by ANZ when our position is out of the money).
Off-balance sheet positions	
Undrawn and contingent facilities	Collateral for off-balance sheet positions is mainly held against undrawn facilities, and they are typically performance bonds or guarantees. Undrawn facilities that are secured include housing loans secured by mortgages over residential property and business lending secured by commercial real estate and/or charges over business assets.

The table below shows the estimated value of collateral we hold and the net unsecured portion of credit exposures:

	Maximum exposure to credit risk		Total value of collateral		Unsecured portion of credit exposure	
Consolidated	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m
Net loans and advances	672,407	629,719	531,815	515,866	140,592	113,853
Other financial assets	389,611	322,268	24,758	24,410	364,853	297,858
Off-balance sheet positions	285,041	259,789	60,544	52,512	224,497	207,277
Total	1,347,059	1,211,776	617,117	592,788	729,942	618,988

	Maximum exposure to credit risk		Total value of collateral		Unsecured portion of credit exposure	
The Company	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m
Net loans and advances	537,345	488,487	407,610	387,273	129,735	101,214
Other financial assets	375,208	309,145	19,492	22,027	355,716	287,118
Off-balance sheet positions	246,722	220,445	38,618	36,676	208,104	183,769
Total	1,159,275	1,018,077	465,720	445,976	693,555	572,101

18. FINANCIAL RISK MANAGEMENT (continued)

MARKET RISK

MARKET RISK OVERVIEW, MANAGEMENT AND CONTROL RESPONSIBILITIES

Market risk stems from the Group's trading and balance sheet management activities and the impact of changes and correlations between interest rates, foreign exchange rates, credit spreads and volatility in bond, commodity or equity prices.

The BRC delegates responsibility for day-to-day management of both market risks and compliance with market risk policies to the Credit & Market Risk Committee (CMRC) and the Group Asset & Liability Committee (GALCO).

Within overall strategies and policies established by the BRC, business units and risk management have joint responsibility for the control of market risk at the Group level. The Market Risk team (a specialist risk management unit independent of the business) allocates market risk limits at various levels and monitors and reports on them daily. This detailed framework allocates individual limits to manage and control exposures using risk factors and profit and loss limits.

Management, measurement and reporting of market risk is undertaken in two broad categories:

Traded Market Risk	Non-Traded Market Risk
Risk of loss from changes in the value of financial instruments due to movements in price factors for both physical and derivative trading positions. Principal risk categories monitored are: 1. Currency risk – potential loss arising from changes in foreign exchange rates or their implied volatilities. 2. Interest rate risk – potential loss from changes in market interest rates or their implied volatilities. 3. Credit spread risk – potential loss arising from a movement in margin or spread relative to a benchmark. 4. Commodity risk – potential loss arising from changes in commodity prices or their implied volatilities. 5. Equity risk – potential loss arising from changes in equity prices.	Risk of loss associated with the management of non-traded interest rate risk, liquidity risk and foreign exchange exposures. This includes interest rate risk in the banking book. This risk of loss arises from adverse changes in the overall and relative level of interest rates for different tenors, differences in the actual versus expected net interest margin, and the potential valuation risk associated with embedded options in financial instruments and bank products.

MEASUREMENT OF MARKET RISK

We primarily manage and control market risk using Value at Risk (VaR), sensitivity analysis and stress testing.

VaR measures the Group's possible daily loss based on historical market movements.

The Group's VaR approach for both traded and non-traded risk is historical simulation. We use historical changes in market rates, prices and volatilities over:

- the previous 500 business days, to calculate standard VaR; and
- a 1-year stressed period, to calculate stressed VaR.

We calculate traded and non-traded VaR using one-day and ten-day holding periods. For stressed VaR, we use a ten-day period. Back testing is used to ensure our VaR models remain accurate.

ANZ measures VaR at a 99% confidence interval which means there is a 99% chance that a loss will not exceed the VaR for the relevant holding period.

18. FINANCIAL RISK MANAGEMENT (continued)

MARKET RISK (continued)

TRADED AND NON-TRADED MARKET RISK

Traded market risk

The table below shows the traded market risk VaR on a diversified basis by risk categories:

Consolidated	2022 As at $m	2022 High for year $m	2022 Low for year $m	2022 Average for year $m	2021 As at $m	2021 High for year $m	2021 Low for year $m	2021 Average for year $m
Traded value at risk 99% confidence								
Foreign exchange	1.8	4.8	1.1	2.4	3.8	10.0	1.3	3.9
Interest rate	7.9	22.7	5.0	9.5	9.6	19.6	4.3	8.8
Credit	2.6	11.8	1.6	4.9	6.3	22.2	5.3	13.7
Commodity	4.3	7.0	1.4	2.9	3.1	5.0	1.3	2.8
Equity	-	-	-	-	-	-	-	-
Diversification benefit[1]	(7.2)	n/a	n/a	(7.1)	(9.4)	n/a	n/a	(9.7)
Total VaR	9.4	26.9	5.6	12.6	13.4	30.0	8.7	19.5

The Company	2022 As at $m	2022 High for year $m	2022 Low for year $m	2022 Average for year $m	2021 As at $m	2021 High for year $m	2021 Low for year $m	2021 Average for year $m
Traded value at risk 99% confidence								
Foreign exchange	2.0	5.1	0.9	2.4	3.4	7.6	1.5	3.5
Interest rate	6.7	18.6	4.9	8.8	9.0	16.4	4.1	7.5
Credit	2.0	11.9	1.3	4.7	5.8	22.1	5.3	13.3
Commodity	1.4	7.2	0.9	2.8	2.3	5.4	1.4	2.7
Equity	-	-	-	-	-	-	-	-
Diversification benefit[1]	(4.2)	n/a	n/a	(7.4)	(6.0)	n/a	n/a	(10.1)
Total VaR	7.9	23.4	5.4	11.3	14.5	26.0	9.6	16.9

1. The diversification benefit reflects risks that offset across categories. The high and low VaR figures reported for each factor did not necessarily occur on the same day as the high and low VaR reported for the Group as a whole. Consequently, a diversification benefit for high and low would not be meaningful and is therefore omitted from the table.

18. FINANCIAL RISK MANAGEMENT (continued)

MARKET RISK (continued)

Non-traded market risk

Balance sheet risk management

The principal objectives of balance sheet risk management are to maintain acceptable levels of interest rate and liquidity risk to mitigate the negative impact of movements in interest rates on the earnings and market value of the Group's banking book, while ensuring the Group maintains sufficient liquidity to meet its obligations as they fall due.

Interest rate risk management

Non-traded interest rate risk relates to the potential adverse impact of changes in market interest rates on the Group's future Net interest income. This risk arises from two principal sources, namely mismatches between the repricing dates of interest bearing assets and liabilities; and the investment of capital and other non-interest bearing liabilities and assets. Interest rate risk is reported using VaR and scenario analysis (based on the impact of a 1% rate shock). The table below shows VaR figures for non-traded interest rate risk for the combined Group as well as Australia, New Zealand and Asia Pacific, Europe and Americas (APEA) geographies which are calculated separately.

	2022				2021			
Consolidated	As at $m	High for year $m	Low for year $m	Average for year $m	As at $m	High for year $m	Low for year $m	Average for year $m
Non-traded value at risk 99% confidence								
Australia	78.5	93.4	63.0	76.1	67.0	81.8	61.9	69.8
New Zealand	25.4	27.1	20.2	23.9	21.6	32.8	21.6	26.7
Asia Pacific, Europe & America	21.7	38.0	16.8	25.8	31.5	34.9	29.0	32.0
Diversification benefit[1]	(38.1)	n/a	n/a	(33.7)	(32.9)	n/a	n/a	(53.7)
Total VaR	87.5	104.9	66.8	92.1	87.2	87.2	59.3	74.8

	2022				2021			
The Company	As at $m	High for year $m	Low for year $m	Average for year $m	As at $m	High for year $m	Low for year $m	Average for year $m
Non-traded value at risk 99% confidence								
Australia	78.5	93.4	63.0	76.1	67.0	81.8	61.9	69.8
New Zealand	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Asia Pacific, Europe & America	22.1	37.7	16.7	25.6	30.8	35.2	27.5	31.2
Diversification benefit[1]	(17.1)	n/a	n/a	(20.2)	(31.9)	n/a	n/a	(36.2)
Total VaR	83.5	94.5	62.9	81.5	65.9	69.9	55.0	64.8

1. The diversification benefit reflects the historical correlation between the regions. The high and low VaR figures reported for the region did not necessarily occur on the same day as the high and low VaR reported for the Group as a whole. Consequently, a diversification benefit for high and low would not be meaningful and is therefore omitted from the table.

18. FINANCIAL RISK MANAGEMENT (continued)

MARKET RISK (continued)

We undertake scenario analysis to stress test the impact of extreme events on the Group's market risk exposures. We model a 1% overnight parallel positive shift in the yield curve to determine the potential impact on our Net interest income over the next 12 months. This is a standard risk measure which assumes the parallel shift is reflected in all wholesale and customer rates.

The table below shows the outcome of this risk measure for the current and previous financial years, expressed as a percentage of reported Net interest income.

	Consolidated		The Company	
	2022	2021	2022	2021
Impact of 1% rate shock on 12 months of net interest income				
As at period end	1.29%	2.43%	0.90%	2.02%
Maximum exposure	2.08%	2.43%	1.65%	2.02%
Minimum exposure	1.15%	0.98%	0.71%	0.54%
Average exposure (in absolute terms)	1.56%	1.55%	1.11%	1.08%

EQUITY SECURITIES DESIGNATED AT FVOCI

Our investment securities contain equity investment holdings which predominantly comprise Bank of Tianjin and equity holding in 1835i Ventures Trust business unit. The market risk impact on these equity investments is not captured by the Group's VaR processes for traded and non-traded market risks. Therefore, the Group regularly reviews the valuations of the investments within the portfolio and assesses whether the investments are appropriately measured based on the recognition and measurement policies set out in Note 12 Investment Securities.

FOREIGN CURRENCY RISK – STRUCTURAL EXPOSURES

Our investment of capital in foreign operations - for example, branches, subsidiaries or associates with functional currencies other than the Australian Dollar - exposes the Group to the risk of changes in foreign exchange rates. Variations in the value of these foreign operations arising as a result of exchange differences are reflected in the foreign currency translation reserve in equity.

Where it is considered appropriate, the Group takes out economic hedges against larger foreign exchange denominated revenue streams (primarily New Zealand Dollar, US Dollar and US Dollar correlated). The primary objective of hedging is to ensure that, if practical, the effect of changes in foreign exchange rates on the consolidated capital ratios are minimised.

18. FINANCIAL RISK MANAGEMENT (continued)

LIQUIDITY AND FUNDING RISK

LIQUIDITY RISK OVERVIEW, MANAGEMENT AND CONTROL RESPONSIBILITIES

Liquidity risk is the risk that the Group is either:

- unable to meet its payment obligations (including repaying depositors or maturing wholesale debt) when they fall due; or
- does not have the appropriate amount, tenor and composition of funding and liquidity to fund increases in its assets.

Management of liquidity and funding risks are overseen by GALCO. The Group's liquidity and funding risks are governed by a set of principles approved by the BRC and include:

- maintaining the ability to meet all payment obligations in the immediate term;
- ensuring that the Group has the ability to meet 'survival horizons' under a range of ANZ specific, and general market, liquidity stress scenarios, at the site and Group-wide level, to meet cash flow obligations over the short to medium term;
- maintaining strength in the Group's balance sheet structure to ensure long term resilience in the liquidity and funding risk profile;
- ensuring the liquidity management framework is compatible with local regulatory requirements;
- preparing daily liquidity reports and scenario analysis to quantify the Group's positions;
- targeting a diversified funding base to avoid undue concentrations by investor type, maturity, market source and currency;
- holding a portfolio of high quality liquid assets to protect against adverse funding conditions and to support day-to-day operations; and
- establishing detailed contingency plans to cover different liquidity crisis events.

KEY AREAS OF MEASUREMENT FOR LIQUIDITY RISK

Scenario modelling of funding sources

ANZ's liquidity risk appetite is defined by a range of regulatory and internal liquidity metrics mandated by the Board. The metrics cover a range of scenarios of varying duration and level of severity.

A key component of this framework is the Liquidity Coverage Ratio (LCR), which is a severe short term liquidity stress scenario mandated by banking regulators including APRA. As part of meeting LCR requirements, the Group has a Committed Liquidity Facility (CLF) with the Reserve Bank of Australia (RBA). The CLF was established to offset the shortage of available High Quality Liquid Assets (HQLA) in Australia and provides an alternative form of contingent liquidity. The CLF is collateralised by assets, including internal residential mortgage backed securities, that are eligible to be pledged as security with the RBA. In September 2021, APRA wrote to ADI's to advise that APRA and the RBA consider there to be sufficient HQLA for ADI's to meet their LCR requirements, and therefore the use of the CLF should no longer be required beyond 2022 calendar year.

Consistent with APRA's requirement to reduce the $10.7 billion CLF with four equal reductions during the 2022 calendar year to $0 on 1 January 2023, ANZ's CLF was $2.7 billion as at 30 September 2022 (2021: $10.7 billion).

Liquid assets

The Group holds a portfolio of high quality (unencumbered) liquid assets to protect the Group's liquidity position in a severely stressed environment and to meet regulatory requirements. HQLA comprise three categories consistent with Basel III LCR requirements:

- HQLA1- Cash and highest credit quality government, central bank or public sector securities eligible for repurchase with central banks to provide same-day liquidity.
- HQLA2 - High credit quality government, central bank or public sector securities, high quality corporate debt securities and high quality covered bonds eligible for repurchase with central banks to provide same-day liquidity.
- Alternative liquid assets (ALA) - Assets qualifying as collateral for the CLF and eligible securities that the Reserve Bank of New Zealand (RBNZ) will accept in its domestic market operations.

LIQUIDITY RISK OUTCOMES[1]

Liquidity Coverage Ratio - ANZ's Liquidity Coverage Ratio (LCR) averaged 131% for 2022, a decrease from the 2021 average of 137%, and above the regulatory minimum of 100%.

Net Stable Funding Ratio - ANZ's Net Stable Funding Ratio (NSFR) as at 30 September 2022 was 119% (2021: 124%), above the regulatory minimum of 100%.

1. This information is not within the scope of the external audit of the Group Financial Report by the Group's external auditor, KPMG. The Liquidity Coverage Ratio and Net Stable Funding Ratio are non-IFRS disclosures and are disclosed as part of the Group's *APS 330 Public Disclosure* which is subject to specific review procedures in accordance with the *Australian Standard on Related Services (ASRS) 4400 Agreed upon Procedures Engagements to Report Factual Findings.*

18. FINANCIAL RISK MANAGEMENT (continued)

LIQUIDITY AND FUNDING RISK (continued)

Liquidity crisis contingency planning

The Group maintains APRA-endorsed liquidity crisis contingency plans for analysing and responding to a liquidity threatening event at a country and Group-wide level. Key liquidity contingency crisis planning requirements and guidelines include:

Ongoing business management	Early signs/ mild stress	Severe stress
• establish crisis/severity levels • liquidity limits • early warning indicators	• monitoring and review • management actions not requiring business rationalisation	• activate contingency funding plans • management actions for altering asset and liability behaviour
Assigned responsibility for internal and external communications and the appropriate timing to communicate		

Since the precise nature of any stress event cannot be known in advance, we design the plans to be flexible to the nature and severity of the stress event with multiple variables able to be accommodated in any plan.

Group funding

The Group monitors the composition and stability of its funding so that it remains within the Group's funding risk appetite. This approach ensures that an appropriate proportion of the Group's assets are funded by stable funding sources, including customer deposits; longer-dated wholesale funding (with a remaining term exceeding one year); and equity.

Funding plans prepared	Considerations in preparing funding plans
• 3 year strategic plan prepared annually • annual funding plan as part of the Group's planning process • forecasting in light of actual results as a calibration to the annual plan	• customer balance sheet growth • changes in wholesale funding including: targeted funding volumes; markets; investors; tenors; and currencies for senior, secured, subordinated, hybrid transactions and market conditions

RBA Term Funding Facility

As an additional source of funding, in March 2020, the RBA announced a Term Funding Facility (TFF) for the banking system to support lending to Australian businesses. The TFF is a three-year secured funding facility to ADIs at a fixed rate of 0.25% for drawdowns up to 4 November 2020, and reduced to 0.10% for new drawdowns from 4 November 2020 onwards. The TFF was closed to drawdowns on 30 June 2021.

As at 30 September 2022, ANZ had drawn $20.1 billion under the RBA's TFF.

RBNZ Funding for Lending Programme and Term Lending Facility

Between May 2020 and July 2021, the RBNZ made funds available under a Term Lending Facility (TLF) to promote lending to businesses. The TLF is a five-year secured funding facility for New Zealand banks at a fixed rate of 0.25%.

In November 2020 the RBNZ announced a Funding for Lending Programme (FLP) which aimed to lower the cost of borrowing for New Zealand businesses and households. The FLP is a three-year secured funding facility for New Zealand banks at a floating rate of the New Zealand Official Cash Rate (OCR). New Zealand banks were able to obtain initial funding of up to 4% of their lending to New Zealand resident households, non-financial businesses and non-profit institutions serving households as at 31 October 2020 (eligible loans). The initial allocation closed on 6 June 2022. An additional allocation of up to 2% of eligible loans is available, subject to certain conditions until 6 December 2022.

As at 30 September 2022, ANZ Bank New Zealand had drawn $0.3 billion under the TLF and $2.3 billion under the FLP.

18. FINANCIAL RISK MANAGEMENT (continued)

LIQUIDITY AND FUNDING RISK (continued)

RESIDUAL CONTRACTUAL MATURITY ANALYSIS OF GROUP'S LIABILITIES

The tables below provide residual contractual maturity analysis of financial liabilities at 30 September within relevant maturity groupings. All outstanding debt issuance and subordinated debt is profiled on the earliest date on which the Group may be required to pay. All at-call liabilities are reported in the 'Less than 3 months' category unless there is a longer minimum notice period. The amounts represent principal and interest cash flows - so they may differ from equivalent amounts reported on balance sheet.

It should be noted that this is not how the Group manages its liquidity risk. The management of this risk is detailed on page 187.

Consolidated	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	After 5 years $m	Total $m
As at 30 September 2022					
Settlement balances owed by ANZ	13,766	-	-	-	13,766
Collateral received	16,230	-	-	-	16,230
Deposits and other borrowings	667,568	117,166	15,960	160	800,854
Liability for acceptances	352	-	-	-	352
Debt issuances[1,2]	7,591	22,315	60,716	13,667	104,289
Derivative liabilities (excluding those held for balance sheet management)[3]	71,073	-	-	-	71,073
Lease liabilities	81	210	654	168	1,113
Derivative assets and liabilities (balance sheet management)[4]					
- Funding:					
Receive leg	(33,155)	(49,030)	(66,661)	(12,851)	(161,697)
Pay leg	30,845	49,191	68,211	12,913	161,160
- Other balance sheet management:					
Receive leg	(125,122)	(44,835)	(29,188)	(10,063)	(209,208)
Pay leg	120,959	44,126	31,026	15,170	211,281
As at 30 September 2021					
Settlement balances owed by ANZ	17,427	-	-	-	17,427
Collateral received	5,657	-	-	-	5,657
Deposits and other borrowings	634,145	84,357	25,247	227	743,976
Liability for acceptances	392	-	-	-	392
Debt issuances[1]	4,218	24,928	65,198	14,588	108,932
Derivative liabilities (excluding those held for balance sheet management)[3]	30,474	-	-	-	30,474
Lease liabilities	86	224	755	301	1,366
Derivative assets and liabilities (balance sheet management)[4]					
- Funding:					
Receive leg	(29,186)	(36,462)	(62,061)	(14,334)	(142,043)
Pay leg	28,538	35,082	61,867	14,473	139,960
- Other balance sheet management:					
Receive leg	(104,036)	(37,275)	(14,982)	(8,029)	(164,322)
Pay leg	103,586	36,804	15,457	9,974	165,821

1. Callable wholesale debt instruments have been included at their next call date. Balance includes subordinated debt instruments that may be settled in cash or in equity, at the option of the Group and subordinated debt issued by ANZ New Zealand which constitutes Tier 2 capital under RBNZ requirements but does not qualify as the APRA Tier 2 requirements.
2. Perpetual debt instrument of USD 300 million has been included in the '3 to 12 months' category to reflect the end of the APRA Basel III capital transitional period (December 2021). This was included in the 'After 5 years' category in 2021.
3. The full mark-to-market after any adjustments for Settle to Market of derivative liabilities (excluding those held for balance sheet management) is included in the 'Less than 3 months' category.
4. Includes derivatives designated into hedging relationships of $356 million (2021: $202 million) and $13,720 million (2021: $5,359 million) categorised as held for trading but form part of the Group's balance sheet managed activities.

At 30 September 2022, $236,051 million (2021: $212,265 million) of the Group's undrawn facilities and $49,765 million (2021: $48,330 million) of its issued guarantees mature in less than 1 year, based on the earliest date on which the Group may be required to pay.

18. FINANCIAL RISK MANAGEMENT (continued)

LIQUIDITY AND FUNDING RISK (continued)

The Company	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	After 5 years $m	Total $m
As at 30 September 2022					
Settlement balances owed by ANZ	10,224	-	-	-	10,224
Collateral received	14,425	-	-	-	14,425
Deposits and other borrowings	564,147	93,197	10,639	157	668,140
Liability for acceptances	144	-	-	-	144
Debt issuances[1,2]	7,648	18,951	48,323	9,970	84,892
Derivative liabilities (excluding those held for balance sheet management)[3]	75,810	-	-	-	75,810
Lease liabilities	76	202	744	826	1,848
Derivative assets and liabilities (balance sheet management)[4]					
- Funding:					
Receive leg	(29,397)	(39,350)	(46,997)	(8,857)	(124,601)
Pay leg	27,413	40,237	48,281	9,064	124,995
- Other balance sheet management:					
Receive leg	(121,112)	(40,061)	(21,417)	(9,498)	(192,088)
Pay leg	116,992	39,921	24,081	14,666	195,660
As at 30 September 2021					
Settlement balances owed by ANZ	14,922	-	-	-	14,922
Collateral received	5,148	-	-	-	5,148
Deposits and other borrowings	524,654	60,427	21,844	227	607,152
Liability for acceptances	223	-	-	-	223
Debt issuances[1]	4,108	20,244	54,465	8,965	87,782
Derivative liabilities (excluding those held for balance sheet management)[3]	34,240	-	-	-	34,240
Lease liabilities	81	208	814	989	2,092
Derivative assets and liabilities (balance sheet management)[4]					
- Funding:					
Receive leg	(25,170)	(26,362)	(48,026)	(7,364)	(106,922)
Pay leg	24,523	25,344	47,467	7,318	104,652
- Other balance sheet management:					
Receive leg	(102,921)	(35,426)	(11,063)	(7,633)	(157,043)
Pay leg	102,346	34,908	11,501	9,587	158,342

1. Callable wholesale debt instruments have been included at their next call date. Balance includes subordinated debt instruments that may be settled in cash or in equity, at the option of the Company.
2. Perpetual debt instrument of USD 300 million has been included in the '3 to 12 months' category to reflect the end of the APRA Basel III capital transitional period (December 2021). This was included in the 'After 5 years' category in 2021.
3. The full mark-to-market after any adjustments for Settle to Market of derivative liabilities (excluding those held for balance sheet management) is included in the 'Less than 3 months' category.
4. Includes derivatives designated into hedging relationships of $300 million (2021: $158 million) and $8,390 million (2021: $2,607 million) categorised as held for trading but form part of the Company's balance sheet managed activities.

At 30 September 2022, $201,204 million (2021: $176,077 million) of the Company's undrawn facilities and $46,191 million (2021: $45,042 million) of its issued guarantees mature in less than 1 year, based on the earliest date on which the Company may be required to pay.

19. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group recognises and measures financial instruments at either fair value or amortised cost, with a significant number of financial instruments on the balance sheet at fair value.

Fair value is the best estimate of the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

The following tables set out the classification of financial asset and liabilities according to their measurement bases together with their carrying amounts as recognised on the balance sheet.

		2022			2021		
Consolidated	Note	At amortised cost $m	At fair value $m	Total $m	At amortised cost $m	At fair value $m	Total $m
Financial assets							
Cash and cash equivalents	9	168,132	-	168,132	151,260	-	151,260
Settlement balances owed to ANZ		4,762	-	4,762	7,530	-	7,530
Collateral paid		12,700	-	12,700	9,166	-	9,166
Trading assets	10	-	35,237	35,237	-	44,688	44,688
Derivative financial instruments	11	-	90,174	90,174	-	38,736	38,736
Investment securities	12	7,943	78,210	86,153	7,031	76,095	83,126
Net loans and advances	13	667,732	4,675	672,407	626,099	3,620	629,719
Regulatory deposits		632	-	632	671	-	671
Other financial assets		2,943	-	2,943	2,054	-	2,054
Total		864,844	208,296	1,073,140	803,811	163,139	966,950
Financial liabilities							
Settlement balances owed by ANZ		13,766	-	13,766	17,427	-	17,427
Collateral received		16,230	-	16,230	5,657	-	5,657
Deposits and other borrowings	15	794,621	2,660	797,281	738,772	4,284	743,056
Derivative financial instruments	11	-	85,149	85,149	-	36,035	36,035
Payables and other liabilities		6,596	3,239	9,835	4,734	3,913	8,647
Debt issuances	17	92,623	1,111	93,734	99,092	1,962	101,054
Total		923,836	92,159	1,015,995	865,682	46,194	911,876

19. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

		2022			2021		
The Company	Note	At amortised cost $m	At fair value $m	Total $m	At amortised cost $m	At fair value $m	Total $m
Financial assets							
Cash and cash equivalents	9	155,483	-	155,483	141,436	-	141,436
Settlement balances owed to ANZ		4,024	-	4,024	7,183	-	7,183
Collateral paid		11,368	-	11,368	8,343	-	8,343
Trading assets	10	-	28,073	28,073	-	34,752	34,752
Derivative financial instruments	11	-	88,056	88,056	-	38,292	38,292
Investment securities	12	6,115	66,284	72,399	5,263	62,677	67,940
Net loans and advances	13	533,082	4,263	537,345	485,015	3,472	488,487
Regulatory deposits		249	-	249	213	-	213
Due from controlled entities		20,360	2,500	22,860	21,489	2,041	23,530
Other financial assets		1,882	-	1,882	1,371	-	1,371
Total		732,563	189,176	921,739	670,313	141,234	811,547
Financial liabilities							
Settlement balances owed by ANZ		10,224	-	10,224	14,922	-	14,922
Collateral received		14,425	-	14,425	5,148	-	5,148
Deposits and other borrowings	15	665,567	40	665,607	606,673	50	606,723
Derivative financial instruments	11	-	84,500	84,500	-	37,005	37,005
Due to controlled entities		25,305	-	25,305	23,079	-	23,079
Payables and other liabilities		5,705	2,857	8,562	3,999	3,245	7,244
Debt issuances	17	72,757	3,071	75,828	77,053	4,035	81,088
Total		793,983	90,468	884,451	730,874	44,335	775,209

19. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

FINANCIAL ASSETS AND FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

The fair valuation of financial assets and financial liabilities is generally determined at the individual instrument level.

If the Group holds offsetting risk positions, then we use the portfolio exception in AASB 13 *Fair Value Measurement* (AASB 13) to measure the fair value of such groups of financial assets and financial liabilities. We measure the portfolio based on the price that would be received to sell a net long position (an asset) for a particular risk exposure, or to transfer a net short position (a liability) for a particular risk exposure.

Fair value designation

We designate certain loans and advances and certain deposits and other borrowings and debt issuances as fair value through profit or loss:

- where they contain a separable embedded derivative which significantly modifies the instruments' cash flow ensuring we recognise the fair value movements on the assets or liabilities in profit or loss in the same period as the movement on the associated hedging instruments; or
- in order to eliminate an accounting mismatch which would arise if the asset or liabilities were otherwise carried at amortised cost. This mismatch arises due to measuring the derivative financial instruments (which we use to mitigate interest rate risk of these assets or liabilities) at fair value through profit or loss.

Our approach ensures that we recognise the fair value movements on the assets or liabilities in profit or loss in the same period as the movement on the associated derivatives.

We may also designate certain loans and advances, certain deposits and other borrowings and debt issuances as fair value through profit or loss where they are managed on a fair value basis to align the measurement with how the instruments are managed.

FAIR VALUE APPROACH AND VALUATION TECHNIQUES

We use valuation techniques to estimate the fair value of assets and liabilities for recognition, measurement and disclosure purposes where no quoted price in an active market exists for that asset or liability. This includes the following:

Asset or Liability	Fair Value Approach
Financial instruments held for trading: - Securities sold short - Derivative financial assets and financial liabilities - Debt and equity securities	Valuation techniques are used that incorporate observable market inputs for financial instruments with similar credit risk, maturity and yield characteristics. Equity securities where an active market does not exist are measured using comparable company valuation multiples (such as price-to-book ratios).
Financial instruments classified as: - Derivative financial assets and financial liabilities (not held for trading) - Net loans and advances - Deposits and other borrowings	Discounted cash flow techniques are used whereby contractual future cash flows of the instrument are discounted using wholesale market interest rates, or market borrowing rates for debt or loans with similar maturities or yield curve appropriate for the remaining term to maturity.
Financial instruments classified as: - Investment securities – debt or equity	Valuation techniques use comparable multiples (such as price-to-book ratios) or discounted cashflow (DCF) techniques incorporating, to the extent possible, observable inputs from instruments with similar characteristics.

19. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

FAIR VALUE HIERARCHY

The Group categorises assets and liabilities carried at fair value into a fair value hierarchy in accordance with AASB 13 based on the observability of inputs used to measure the fair value:

- Level 1 - valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuations using inputs other than quoted prices included within Level 1 that are observable for a similar asset or liability, either directly or indirectly; and
- Level 3 - valuations where significant unobservable inputs are used to measure the fair value of the asset or liability.

The following table presents assets and liabilities carried at fair value in accordance with the fair value hierarchy:

	Fair value measurements							
	Quoted price in active markets (Level 1)		Using observable inputs (Level 2)		Using unobservable inputs (Level 3)		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Consolidated	$m	$m	$m	$m	$m	$m	$m	$m
Assets								
Trading assets[1]	28,455	36,025	6,782	8,663	-	-	35,237	44,688
Derivative financial instruments	944	494	89,185	38,187	45	55	90,174	38,736
Investment securities[1]	68,211	68,007	8,614	6,756	1,385	1,332	78,210	76,095
Net loans and advances[2]	-	-	4,272	3,510	403	110	4,675	3,620
Total	97,610	104,526	108,853	57,116	1,833	1,497	208,296	163,139
Liabilities								
Deposits and other borrowings	-	-	2,660	4,284	-	-	2,660	4,284
Derivative financial instruments	309	1,131	84,809	34,874	31	30	85,149	36,035
Payables and other liabilities[2,3]	2,842	3,690	397	223	-	-	3,239	3,913
Debt issuances (designated at fair value)	-	-	1,111	1,962	-	-	1,111	1,962
Total	3,151	4,821	88,977	41,343	31	30	92,159	46,194

	Fair value measurements							
	Quoted price in active markets (Level 1)		Using observable inputs (Level 2)		Using unobservable inputs (Level 3)		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
The Company	$m	$m	$m	$m	$m	$m	$m	$m
Assets								
Trading assets[1]	23,037	27,764	5,036	6,988	-	-	28,073	34,752
Derivative financial instruments	848	470	87,181	37,788	27	34	88,056	38,292
Investment securities[1]	58,259	56,277	7,006	5,354	1,019	1,046	66,284	62,677
Net loans and advances[2]	-	-	3,860	3,362	403	110	4,263	3,472
Due from controlled entities	-	-	2,500	2,041	-	-	2,500	2,041
Total	82,144	84,511	105,583	55,533	1,449	1,190	189,176	141,234
Liabilities								
Deposits and other borrowings	-	-	40	50	-	-	40	50
Derivative financial instruments	301	1,121	84,179	35,854	20	30	84,500	37,005
Payables and other liabilities[2,3]	2,510	3,040	347	205	-	-	2,857	3,245
Debt issuances (designated at fair value)	985	998	2,086	3,037	-	-	3,071	4,035
Total	3,796	5,159	86,652	39,146	20	30	90,468	44,335

1. During 2022, $1,043 million of assets were transferred from Level 1 to Level 2 (2021: $3,845 million transferred from Level 1 to Level 2), as well as $ 1,677 million of assets were transferred from Level 2 to Level 1 (2021: nil transferred from Level 2 to Level 1) for the Group and the Company due to a change of the observability of valuation inputs. There were no other material transfers during the year. Transfers into and out of levels are measured at the beginning of the reporting period in which the transfer occurred.
2. During 2022, the Group revised its accounting treatment of ongoing trail commission payable to mortgage brokers to recognise a liability within Payables and other liabilities equal to the present value of expected future trail commission payments and a corresponding increase in capitalised brokerage costs in Net loans and advances. The balance at 30 September 2022 was $1,320 million for the Group and the Company. Comparatives have not been restated.
3. Payables and other liabilities relate to securities sold short, which we classify as held for trading and measured at fair value through profit or loss.

19. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

FAIR VALUE MEASUREMENT INCORPORATING UNOBSERVABLE MARKET DATA

Level 3 fair value measurements

Level 3 financial instruments are a net asset of $1,802 million (2021: $1,467 million) for the Group and $1,429 million (2021: $1,160 million) for the Company.

The assets and liabilities which incorporate significant unobservable inputs are:

- equity securities for which there is no active market or traded prices cannot be observed;
- loans and advances measured at fair value for which there is no observable market data; and
- derivatives referencing market rates that cannot be observed primarily due to lack of market activity.

Level 3 Transfers

During the year, the Group and the Company transferred $312 million of Loan and advances measured at fair value from Level 2 to Level 3, as a result of valuation parameters becoming unobservable during the year. There were no other transfers into or out of Level 3 in the current or prior year.

The material Level 3 financial instruments as at 30 September 2022 are listed as below:

i) Investment Securities - equity holdings classified as FVOCI

Bank of Tianjin (BoT)

The Group holds an investment in the Bank of Tianjin. The investment is valued based on comparative price-to-book (P/B) multiples (a P/B multiple is the ratio of the market value of equity to the book value of equity). The extent of judgement applied in determining the appropriate multiple and comparator group from which the multiple is derived resulted in the Level 3 classification. As at September 2022, the BoT equity holding balance was $854 million (2021: $991 million). A decrease in the BoT fair valuation in the financial year was mainly due to a decrease in the P/B multiple used in the valuation.

1835i Ventures Trust

The Group holds $324 million (2021: $241 million) of unlisted equities in its 1835i Ventures Trust business unit classified as FVOCI, for which there are no active markets or traded price observed resulting in Level 3 classification. The increase in the 1835i equity holding balance in the financial year were mainly due to new equity investments as well as revaluation increases.

Institutional division - Equity Holdings

The Group holds $137 million (2021: $4 million) of unlisted equities in the Institutional division classified as FVOCI, for which there are no active markets or traded prices available, resulting in Level 3 classification. The increase in the Institutional division equity holdings balance was mainly due to new equity purchases during the financial year.

ii) Net loans and advances - classified as FVTPL

Syndication Loans

The Group holds $403 million (2021: $110 million) of syndication loans for sale which are measured at FVTPL. These loans are classified as Level 3 when there is no observable market data available for the valuation. During the financial year the Group transferred $312 million of syndication loans measured at fair value from Level 2 to Level 3, due to valuation parameters for these financial instruments becoming unobservable.

Sensitivity to Level 3 data inputs

When we make assumptions due to significant inputs to a valuation not being directly observable (Level 3 inputs), then changing these assumptions changes the Group's estimate of the instrument's fair value. Favourable and unfavourable changes are determined by changing the primary unobservable parameters used to derive the fair valuation.

Investment Securities - equity holdings

The valuation of the equity investments are sensitive to variations in select unobservable inputs, with valuation techniques used including P/B multiples and discounted cashflow techniques. If for example, a 10% increase or decrease to the primary input into the valuations were to occur (such as the P/B multiple), it would result in a $135 million increase or decrease in the fair value of the portfolio, which would be recognised in shareholders' equity in the Group ($102m for the Company), with no impact to net profit or loss.

Net Loans and Advances

Syndicated loan valuations are sensitive to credit spreads and discount curves in determining their fair valuation. However as these are primarily investment-grade loans, an increase or decrease in credit spreads and / or interest yield would have an immaterial impact on net profit or net assets of the Group.

Other

The remaining Level 3 balance is immaterial and changes in inputs have a minimal impact on net profit and net assets of the Group.

Deferred fair value gains and losses

Where fair values are determined using unobservable inputs significant to the fair value of a financial instrument, the Group does not immediately recognise the difference between the transaction price and the amount we determine based on the valuation technique (day one gain or loss) in profit or loss. After initial recognition, we recognise the deferred amount in profit or loss on a straight-line basis over the life of the transaction or until all inputs become observable. Day one gains and losses which have been deferred are not material.

19. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

FINANCIAL ASSETS AND FINANCIAL LIABILITIES NOT MEASURED AT FAIR VALUE

The financial assets and financial liabilities listed below are carried at amortised cost on the Group's Balance Sheet. While this is the value at which we expect the assets will be realised and the liabilities settled, the Group provides an estimate of the fair value of the financial assets and financial liabilities at balance date in the tables below.

			Categorised into fair value hierarchy							
	At amortised cost		Quoted price active markets (Level 1)		Using observable inputs (Level 2)		With significant non-observable inputs (Level 3)		Total fair value	
Consolidated	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m
Financial assets										
Investment securities	7,943	7,031	-	-	7,918	7,043	-	-	7,918	7,043
Net loans and advances	667,732	626,099	-	-	29,460	16,906	634,272	609,541	663,732	626,447
Total	675,675	633,130	-	-	37,378	23,949	634,272	609,541	671,650	633,490
Financial liabilities										
Deposits and other borrowings	794,621	738,772	-	-	794,124	738,840	-	-	794,124	738,840
Debt issuances	92,623	99,092	22,982	27,785	69,028	73,332	-	-	92,010	101,117
Total	887,244	837,864	22,982	27,785	863,152	812,172	-	-	886,134	839,957

			Categorised into fair value hierarchy							
	At amortised cost		Quoted price active markets (Level 1)		Using observable inputs (Level 2)		With significant non-observable inputs (Level 3)		Total fair value	
The Company	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m
Financial assets										
Investment securities	6,115	5,263	-	-	6,092	5,275	-	-	6,092	5,275
Net loans and advances	533,082	485,015	-	-	28,708	16,050	501,795	469,363	530,503	485,413
Due from controlled entities	20,360	21,489	-	-	-	-	20,360	21,489	20,360	21,489
Total	559,557	511,767	-	-	34,800	21,325	522,155	490,852	556,955	512,177
Financial liabilities										
Deposits and other borrowings	665,567	606,673	-	-	665,242	606,723	-	-	665,242	606,723
Due to controlled entities	25,305	23,079	-	-	-	-	25,305	23,079	25,305	23,079
Debt issuances	72,757	77,053	19,741	24,280	52,453	54,421	-	-	72,194	78,701
Total	763,629	706,805	19,741	24,280	717,695	661,144	25,305	23,079	762,741	708,503

19. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

FINANCIAL ASSETS AND FINANCIAL LIABILITIES NOT MEASURED AT FAIR VALUE (continued)

The following table sets out the Group's basis of estimating the fair values of financial assets and liabilities carried at amortised cost where the carrying value is not typically a reasonable approximation of fair value.

The carrying values of certain on-balance sheet financial instruments approximate fair values. These financial instruments are short term in nature or are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

Financial Asset and Liability	Fair Value Approach
Investment securities - debt securities at amortised cost	Calculated based on quoted market prices or observable inputs as applicable. If quoted market prices are not available, we use a discounted cash flow model using a yield curve appropriate for the remaining term to maturity of the debt instrument. The fair value reflects adjustments to credit spreads applicable for that instrument.
Net loans and advances to banks	Discounted cash flows using prevailing market rates for loans with similar credit quality.
Net loans and advances to customers	Present value of future cash flows, discounted using a curve that incorporates changes in wholesale market rates, the Group's cost of wholesale funding and the customer margin, as appropriate.
Deposit liability without a specified maturity or at call	The amount payable on demand at the reporting date. We do not adjust the fair value for any value we expect the Group to derive from retaining the deposit for a future period.
Interest bearing fixed maturity deposits and other borrowings and acceptances with quoted market rates	Market borrowing rates of interest for debt with a similar maturity are used to discount contractual cash flows to derive the fair value.
Debt issuances	Calculated based on quoted market prices or observable inputs as applicable. If quoted market prices are not available, we use a discounted cash flow model using a yield curve appropriate for the remaining term to maturity of the debt instrument. The fair value reflects adjustments to credit spreads applicable to ANZ for that instrument.

KEY JUDGEMENTS AND ESTIMATES

A significant portion of financial instruments are carried on the Group and the Company balance sheets at fair value. The Group therefore regularly evaluates the key valuation assumptions used in the determination of the fair valuation of financial instruments incorporated within the financial statements, as this can involve a high degree of judgement and estimation in determining the carrying values at the balance sheet date.

In determining the fair valuation of financial instruments, the Group has considered the impact of related economic and market conditions on fair value measurement assumptions and the appropriateness of valuation inputs in these estimates, notably valuation adjustments, as well as the impact of these matters on the classification of financial instruments in the fair value hierarchy.

Most of the valuation models the Group uses employ only observable market data as inputs. For certain financial instruments, we may use data that is not readily observable in current markets. If we use unobservable market data, then we need to exercise more judgement to determine fair value depending on the significance of the unobservable input to the overall valuation. Generally, we derive unobservable inputs from other relevant market data and compare them to observed transaction prices where available. When establishing the fair value of a financial instrument using a valuation technique, the Group also considers any required valuation adjustments in determining the fair value. We may apply adjustments (such as credit valuation adjustments and funding valuation adjustments – refer to Note 11 Derivative Financial Instruments) to reflect the Group's assessment of factors that market participants would consider in determining fair value of a particular financial instrument.

20. ASSETS CHARGED AS SECURITY FOR LIABILITIES AND COLLATERAL ACCEPTED AS SECURITY FOR ASSETS

The following disclosure excludes the amounts presented as collateral paid and received in the Balance Sheet that relate to derivative liabilities and derivative assets respectively. The terms and conditions of those collateral agreements are included in the standard Credit Support Annex that forms part of the International Swaps and Derivatives Association Master Agreement under which most of our derivatives are executed.

ASSETS CHARGED AS SECURITY FOR LIABILITIES

Assets charged as security for liabilities include the following types of instruments:

- securities provided as collateral for repurchase transactions. These transactions are governed by standard industry agreements;
- specified residential mortgages provided as security for notes and bonds issued to investors as part of ANZ's covered bond programs;
- collateral provided to central banks; and
- collateral provided to clearing houses.

The carrying amount of assets pledged as security are as follows:

	Consolidated		The Company	
	2022 $m	2021 $m	2022 $m	2021 $m
Securities sold under arrangements to repurchase[1]	52,757	51,208	47,846	48,663
Residential mortgages provided as security for covered bonds	27,575	28,816	17,953	17,925
Other	5,601	4,039	5,527	3,963

1. The amounts disclosed as securities sold under arrangements to repurchase include both:
   - assets pledged as security which continue to be recognised on the Group's balance sheet; and
   - assets repledged, which are included in the disclosure below.

COLLATERAL ACCEPTED AS SECURITY FOR ASSETS

ANZ has received collateral associated with various financial transactions. Under certain arrangements ANZ has the right to sell, or to repledge, the collateral received. These arrangements are governed by standard industry agreements.

The fair value of collateral we have received and that which we have sold or repledged is as follows:

	Consolidated		The Company	
	2022 $m	2021 $m	2022 $m	2021 $m
Fair value of assets which can be sold or repledged	32,389	26,814	30,647	25,679
Fair value of assets sold or repledged	21,269	18,741	20,359	18,189

21. OFFSETTING

We offset financial assets and financial liabilities on the balance sheet (in accordance with AASB 132 *Financial Instruments: Presentation*) when there is:

- a current legally enforceable right to set off the recognised amounts in all circumstances; and
- an intention to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously.

The following table identifies financial assets and financial liabilities which have not been offset but are subject to enforceable master netting agreements (or similar arrangements) and the related amounts not offset in the balance sheet. We have not taken into account the effect of over-collateralisation.

			Amount subject to master netting agreement or similar			
Consolidated	Total amounts recognised in the Balance Sheet $m	Amounts not subject to master netting agreement or similar $m	Total $m	Financial instruments $m	Financial collateral (received)/ pledged $m	Net amount $m
As at 30 September 2022						
Derivative financial assets	90,174	(6,983)	83,191	(56,491)	(16,951)	9,749
Reverse repurchase, securities borrowing and similar agreements[1]	29,776	(6,697)	23,079	(1,985)	(21,094)	-
Total financial assets	119,950	(13,680)	106,270	(58,476)	(38,045)	9,749
Derivative financial liabilities	(85,149)	9,936	(75,213)	56,491	9,964	(8,758)
Repurchase, securities lending and similar agreements[2]	(47,229)	12,497	(34,732)	1,985	32,747	-
Total financial liabilities	(132,378)	22,433	(109,945)	58,476	42,711	(8,758)
As at 30 September 2021						
Derivative financial assets	38,736	(3,078)	35,658	(24,186)	(5,750)	5,722
Reverse repurchase, securities borrowing and similar agreements[1]	26,082	(3,166)	22,916	(1,052)	(21,864)	-
Total financial assets	64,818	(6,244)	58,574	(25,238)	(27,614)	5,722
Derivative financial liabilities	(36,035)	2,822	(33,213)	24,186	5,530	(3,497)
Repurchase, securities lending and similar agreements[2]	(46,147)	11,461	(34,686)	1,052	33,634	-
Total financial liabilities	(82,182)	14,283	(67,899)	25,238	39,164	(3,497)

1. Reverse repurchase agreements:
   - with less than 90 days to maturity are presented in the Balance Sheet within Cash and cash equivalents; or
   - with 90 days or more to maturity are presented in the Balance Sheet within Net loans and advances.
2. Repurchase agreements are presented on the Balance Sheet within Deposits and other borrowings.

21. OFFSETTING (continued)

			Amount subject to master netting agreement or similar			
The Company	Total amounts recognised in the Balance Sheet $m	Amounts not subject to master netting agreement or similar $m	Total $m	Financial instruments $m	Financial collateral (received)/ pledged $m	Net amount $m
As at 30 September 2022						
Derivative financial assets	88,056	(4,242)	83,814	(61,038)	(14,876)	7,900
Reverse repurchase, securities borrowing and similar agreements[1]	28,045	(5,323)	22,722	(1,629)	(21,093)	-
Total financial assets	116,101	(9,565)	106,536	(62,667)	(35,969)	7,900
Derivative financial liabilities	(84,500)	6,839	(77,661)	61,038	8,548	(8,075)
Repurchase, securities lending and similar agreements[2]	(42,940)	11,021	(31,919)	1,629	30,290	-
Total financial liabilities	(127,440)	17,860	(109,580)	62,667	38,838	(8,075)
As at 30 September 2021						
Derivative financial assets	38,292	(1,539)	36,753	(27,288)	(5,189)	4,276
Reverse repurchase, securities borrowing and similar agreements[1]	24,958	(2,042)	22,916	(1,052)	(21,864)	-
Total financial assets	63,250	(3,581)	59,669	(28,340)	(27,053)	4,276
Derivative financial liabilities	(37,005)	1,343	(35,662)	27,288	5,425	(2,949)
Repurchase, securities lending and similar agreements[2]	(43,925)	10,480	(33,445)	1,052	32,393	-
Total financial liabilities	(80,930)	11,823	(69,107)	28,340	37,818	(2,949)

1. Reverse repurchase agreements:
   - with less than 90 days to maturity are presented in the Balance Sheet within Cash and cash equivalents; or
   - with 90 days or more to maturity are presented in the Balance Sheet within Net loans and advances.
2. Repurchase agreements are presented on the Balance Sheet within Deposits and other borrowings.

22. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill[1]		Software		Other Intangibles		Total	
Consolidated	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m
Balance at start of year	3,089	3,264	960	1,039	75	76	4,124	4,379
Additions[2]	78	-	315	356	10	-	403	356
Amortisation expense	-	-	(375)	(434)	(4)	(2)	(379)	(436)
Impairment expense[3]	-	(251)	(3)	(1)	-	-	(3)	(252)
Written-off on disposal/exit[3,4]	(40)	(13)	-	-	-	-	(40)	(13)
Foreign currency exchange difference	(221)	89	(1)	-	(6)	1	(228)	90
Balance at end of year	2,906	3,089	896	960	75	75	3,877	4,124
Cost[5]	2,906	3,089	7,843	7,639	83	78	10,832	10,806
Accumulated amortisation	n/a	n/a	(6,947)	(6,679)	(8)	(3)	(6,955)	(6,682)
Carrying amount	2,906	3,089	896	960	75	75	3,877	4,124

	Goodwill[1]		Software		Other Intangibles		Total	
The Company	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m
Balance at start of year	62	62	952	1,030	3	5	1,017	1,097
Additions	-	-	287	345	-	-	287	345
Amortisation expense	-	-	(363)	(422)	(3)	(2)	(366)	(424)
Impairment expense	-	-	(3)	(1)	-	-	(3)	(1)
Foreign currency exchange difference	-	-	(1)	-	1	-	-	-
Balance at end of year	62	62	872	952	1	3	935	1,017
Cost[5]	62	62	7,544	7,342	7	6	7,613	7,410
Accumulated amortisation	n/a	n/a	(6,672)	(6,390)	(6)	(3)	(6,678)	(6,393)
Carrying amount	62	62	872	952	1	3	935	1,017

1. Goodwill excludes notional goodwill in equity accounted investments.
2. 2022 goodwill addition relates to acquisition of Cashrewards.
3. 2021 goodwill impairment expense relates to the write-off on reclassification of ANZ Share Investing business to held for sale with a remaining $13 million derecognised on sale of the business. This impairment was recognised in Other income to align with the classification on completion of the disposal in 2021.
4. 2022 goodwill written-off on disposal/exit relates to the exit of the financial planning and advice business.
5. Includes impact of foreign currency translation differences.

IMPAIRMENT TESTING FOR CASH GENERATING UNITS CONTAINING GOODWILL

Goodwill acquired in a business combination is tested for impairment annually and whenever there are indicators of potential impairment. Goodwill is allocated at the date of acquisition to the cash generating unit (CGU) or group of CGUs that are expected to benefit from the synergies of the related business combination.

Goodwill is considered to be impaired if the carrying amount of the relevant CGU exceeds its recoverable amount. We estimate the recoverable amount of each CGU to which goodwill is allocated using a fair value less costs of disposal (FVLCOD) approach, with a value-in-use (VIU) assessment performed where the FVLCOD is less than the carrying amount.

During the year ended 30 September 2022, the Group restructured its business to establish separate Australia Retail and Australia Commercial divisions. For the purpose of goodwill impairment testing, these changes led to the creation of new CGUs which reflect the new divisional structure. Goodwill is allocated to the following CGUs based on the lowest level at which goodwill is monitored.

Cash generating units:	2022 $m	2021 $m
Australia Retail	178	100
Australia Commercial	-	40
New Zealand	1,706	1,849
Institutional	1,022	1,100

22. GOODWILL AND OTHER INTANGIBLE ASSETS (continued)

We estimate the FVLCOD of each CGU to which goodwill is allocated by applying observable price earnings multiples of comparable companies to the estimated future maintainable earnings of each CGU. A deduction is then made for estimated costs of disposal. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation.

Management's approach and the key assumptions used in determining FVLCOD are as follows:

Key assumption	Approach to determining the value (or values) for each key assumption
Future maintainable earnings	Future maintainable earnings for each CGU is estimated as the sum of: • The Group's 2023 financial plan for each CGU; and • An allocation of the central costs recorded outside of the CGUs to which goodwill is allocated. Where relevant, adjustments are made to the Group's financial plan to reflect the long-term expectations for items such as expected credit losses and investment spend.
Price/Earnings (P/E) multiple	P/E multiples applicable to each CGU have been derived from a comparator group of publicly traded companies, and include a 30% control premium, discussed below. In the case of the New Zealand and Institutional CGUs, management has made downwards adjustments to P/E multiples to address specific factors relevant to those CGUs. A control premium has been applied which recognises the increased consideration a potential acquirer would be willing to pay in order to gain sufficient ownership to achieve control over the relevant activities of the CGU. For each CGU, the control premium has been estimated as 30% of the comparator group P/E multiple based on historical transactions.
Costs of disposal	Costs of disposal have been estimated as 2% of the fair value of the CGU based on those observed from historical and recent transactions.

As noted above, our impairment testing did not result in any material impairment of goodwill being identified as at 30 September 2022.

The FVLCOD estimates for each CGU are sensitive to assumptions about P/E multiples, future maintainable earnings and control premium (30%). However, each CGU would continue to show a surplus in recoverable amount over carrying amount even where other reasonably possible alternative estimates were used.

22. GOODWILL AND OTHER INTANGIBLE ASSETS (continued)

RECOGNITION AND MEASUREMENT

The table below details how we recognise and measure different intangible assets:

	Goodwill	Software	Other Intangibles
Definition	Excess amount the Group has paid in acquiring a business over the fair value of the identifiable assets and liabilities acquired.	Purchased software owned by the Group is capitalised. Internal and external costs incurred in building software and computer systems costing greater than $20 million are capitalised as assets. Those less than $20 million are expensed in the year in which the costs are incurred.	Management fee rights arising from acquisition of funds management business and other intangible assets arising from contractual rights.
Carrying value	Cost less any accumulated impairment losses. Allocated to the cash generating unit to which the acquisition relates.	Initially, measured at cost. Subsequently, carried at cost less accumulated amortisation and impairment losses. Costs incurred in planning or evaluating software proposals or in maintaining systems after implementation are not capitalised.	Initially, measured at fair value at acquisition. Subsequently, carried at cost less accumulated amortisation and impairment losses.
Useful life	Indefinite. Goodwill is reviewed for impairment at least annually or when there is an indication of impairment.	Except for major core infrastructure, amortised over periods between 2-5 years; however major core infrastructure may be amortised up to 7 years subject to approval by the Audit Committee. Purchased software is amortised over 2 years unless it is considered integral to other assets with a longer useful life.	Management fee rights with an indefinite life are reviewed for impairment at least annually or when there is an indication of impairment. Other intangible assets are amortised over 3 years.
Depreciation method	Not applicable.	Straight-line method.	Not applicable to indefinite life intangible assets. Straight-line method for assets with a finite life.

22. GOODWILL AND OTHER INTANGIBLE ASSETS (continued)

KEY JUDGEMENTS AND ESTIMATES

Management judgement is used to assess the recoverable value of goodwill and other intangible assets, and the useful economic life of an asset, or whether an asset has an indefinite life. We reassess the recoverability of the carrying value at each reporting date.

Goodwill

A number of key judgements are required in the determination of whether or not a goodwill balance is impaired including:

- the level at which goodwill is allocated – consistent with prior periods the CGUs to which goodwill is allocated are the Group's revenue generating segments that benefit from relevant historical business combinations generating goodwill.
- determination of the carrying amount of each CGU which includes an allocation, on a reasonable and consistent basis, of corporate assets and liabilities that are not directly attributable to the CGUs to which goodwill is allocated.
- assessment of the recoverable amount of each CGU including:
  - selection of the model used to determine the fair value – the Group has used the market multiple approach to estimate the fair value; and
  - selection of the key assumptions in respect of future maintainable earnings, the P/E multiple applied, including selection of an appropriate comparator group and determination of an appropriate control premium, and costs of disposal as described above.

Software and other intangible assets

At each reporting date, software and other intangible assets are assessed for indicators of impairment and, where such indicators are identified, an impairment assessment is performed. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the carrying amount of the asset is written down immediately. Those assets not yet ready for use are tested for impairment annually.

In addition, the expected useful lives of intangible assets are assessed at each reporting date. The assessment requires management judgement, and in relation to our software assets, a number of factors can influence the expected useful lives. These factors include changes to business strategy, significant divestments and the pace of technological change.

23. OTHER PROVISIONS

	Consolidated		The Company	
	2022 $m	2021 $m	2022 $m	2021 $m
ECL allowance on undrawn and contingent facilities[1]	775	806	673	674
Customer remediation	662	886	600	791
Restructuring costs	68	99	47	44
Non-lending losses, frauds and forgeries[2]	105	133	93	115
Other[2]	262	290	235	249
Total other provisions	1,872	2,214	1,648	1,873

Consolidated	Customer remediation $m	Restructuring costs $m	Non-lending losses, frauds and forgeries[2] $m	Other[2] $m
Balance at 1 October 2021	886	99	133	290
New and increased provisions made during the year	231	64	122	191
Provisions used during the year	(404)	(67)	(148)	(202)
Unused amounts reversed during the year	(51)	(28)	(2)	(17)
Balance at 30 September 2022	662	68	105	262

The Company	Customer remediation $m	Restructuring costs $m	Non-lending losses, frauds and forgeries[2] $m	Other[2] $m
Balance at 1 October 2021	791	44	115	249
New and increased provisions made during the year	228	54	13	170
Provisions used during the year	(375)	(27)	(35)	(181)
Unused amounts reversed during the year	(44)	(24)	-	(3)
Balance at 30 September 2022	600	47	93	235

1. Refer to Note 14 Allowance for Expected Credit Losses for movement analysis.
2. Certain provisions have been reclassified during 2022 from Other to Non-lending losses, frauds and forgeries to better reflect their nature. Comparatives have been restated accordingly, with a reclassification impact of $72 million to the Group and $61 million to the Company.

23. OTHER PROVISIONS (continued)

Customer remediation
Customer remediation includes provisions for expected refunds to customers, remediation project costs and related customer and regulatory claims, penalties and litigation costs and outcomes.

Restructuring costs
Provisions for restructuring costs arise from activities related to material changes in the scope of business undertaken by the Group or the manner in which that business is undertaken and include employee termination benefits. Costs relating to on-going activities are not provided for and are expensed as incurred.

Non-lending losses, frauds and forgeries
Non-lending losses include losses arising from certain legal actions not directly related to amounts of principal outstanding for loans and advances and losses arising from forgeries, frauds and the correction of operational issues. The amounts recognised are the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties that surround the events and circumstances that affect the provision.

Other
Other provisions comprise various other provisions including workers compensation, make-good provisions associated with leased premises, warranties and indemnities provided in connection with various disposals of businesses and assets, and contingent liabilities recognised as part of a business combination.

RECOGNITION AND MEASUREMENT

The Group recognises provisions when there is a present obligation arising from a past event, an outflow of economic resources is probable, and the amount of the provision can be measured reliably.

The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the timing and amount of the obligation. Where a provision is measured using the estimated cash flows required to settle the present obligation, its carrying amount is the present value of those cash flows.

KEY JUDGEMENTS AND ESTIMATES

The Group holds provisions for various obligations including customer remediation, restructuring costs, non-lending losses, fraud and forgeries and litigation related claims. These provisions involve judgements regarding the timing and outcome of future events, including estimates of expenditure required to satisfy such obligations. Where relevant, expert legal advice has been obtained and, in light of such advice, provisions and/or disclosures as deemed appropriate have been made.

In relation to customer remediation, determining the amount of the provisions, which represent management's best estimate of the cost of settling the identified matters, requires the exercise of significant judgement. It will often be necessary to form a view on a number of different assumptions, including, the number of impacted customers, the average refund per customer, the associated remediation project costs, and the implications of regulatory exposures and customer claims having regard to their specific facts and circumstances. There is a heightened level of estimation uncertainty where the customer remediation provision relates to a legal proceeding or matter. The appropriateness of the underlying assumptions is reviewed on a regular basis against actual experience and other relevant evidence including expert legal advice, and adjustments are made to the provisions where appropriate.

24. SHAREHOLDERS' EQUITY

SHAREHOLDERS' EQUITY

	Consolidated		The Company	
	2022 $m	2021 $m	2022 $m	2021 $m
Ordinary share capital	28,797	25,984	28,720	25,907
Reserves				
Foreign currency translation reserve[1]	(148)	611	(6)	(145)
Share option reserve	78	76	78	76
FVOCI reserve	(478)	170	(557)	26
Cash flow hedge reserve	(2,036)	393	(2,061)	384
Transactions with non-controlling interests reserve	(22)	(22)	-	-
Total reserves	(2,606)	1,228	(2,546)	341
Retained earnings	39,716	36,453	32,859	29,132
Share capital and reserves attributable to shareholders of the Company	65,907	63,665	59,033	55,380
Non-controlling interests[2]	494	11	-	-
Total shareholders' equity	66,401	63,676	59,033	55,380

1. As a result of the dissolution of Minerva Holdings Limited in the United Kingdom and ANZ Asia Limited in Hong Kong, $65 million of the associated foreign currency translation reserve was recycled from Other comprehensive income to profit or loss in 2022.
2. ANZ Bank New Zealand has issued $484 million of perpetual preference shares in 2022 that are considered non-controlling interests to the Group.

ORDINARY SHARE CAPITAL

The table below details the movement in ordinary shares and share capital for the period.

	2022		2021	
Consolidated	Number of shares	$m	Number of shares	$m
Balance at start of the year	2,823,563,652	25,984	2,840,370,225	26,531
Dividend reinvestment plan issuances	7,195,108	183	4,242,368	94
Bonus option plan	2,890,268	-	2,259,507	-
Group employee share acquisition scheme	-	(21)	-	13
Share buy-back[1]	(30,831,227)	(846)	(23,308,448)	(654)
Share entitlement issue[2]	187,105,950	3,497	-	-
Balance at end of year	2,989,923,751	28,797	2,823,563,652	25,984
Less: Treasury Shares	(4,209,150)		(4,401,593)	-
Balance at end of year	2,985,714,601	28,797	2,819,162,059	25,984

	2022		2021	
The Company	Number of shares	$m	Number of shares	$m
Balance at start of the year	2,823,563,652	25,907	2,840,370,225	26,454
Dividend reinvestment plan issuances	7,195,108	183	4,242,368	94
Bonus option plan	2,890,268	-	2,259,507	-
Group employee share acquisition scheme	-	(21)	-	13
Share buy-back[1]	(30,831,227)	(846)	(23,308,448)	(654)
Share entitlement issue[2]	187,105,950	3,497	-	-
Balance at end of year	2,989,923,751	28,720	2,823,563,652	25,907

1. The Company completed its $1.5 billion on-market share buy-back of ANZ ordinary shares in 2022, purchasing $846 million (2021: $654 million) worth of shares resulting in 31 million (2021: 23 million) shares being cancelled in 2022.
2. On 18 July 2022, the Group announced a fully underwritten pro rata accelerated renounceable entitlement offer of new ANZ ordinary shares to help fund the Group's anticipated acquisition of Suncorp Bank. All eligible shareholders were invited to purchase one new ordinary share for every 15 existing ordinary shares held on 21 July 2022 at an issue price of $18.90 per share. The Company issued a total of 187.1 million ordinary shares under the offer, raising $3,497 million of new share capital (net of issue costs).

24. SHAREHOLDERS' EQUITY (continued)

NON-CONTROLLING INTERESTS

	Profit attributable to non-controlling interests		Equity attributable to non-controlling interests		Dividend paid to non-controlling interests	
Consolidated	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m
ANZ Bank New Zealand PPS	-	-	484	-	-	-
Other	1	1	10	11	2	-
Total	1	1	494	11	2	-

ANZ Bank New Zealand Preference Shares

ANZ Bank New Zealand Limited (ANZ Bank New Zealand), a wholly owned subsidiary of the Group, has perpetual preference shares (PPS) on issue that are considered non-controlling interests to the Group.

The key terms of the PPS are summarised below:

PPS dividends

PPS dividends are payable at the discretion of the Directors of ANZ Bank New Zealand and are non-cumulative. ANZ Bank New Zealand must not resolve to pay any dividend or make any other distribution on its ordinary shares until the next PPS dividend payment date if a PPS is not paid.

Should ANZ Bank New Zealand elect to pay a PPS dividend, the PPS dividend is 6.95% per annum up until 18 July 2028 and thereafter a floating rate equal to the aggregate of the New Zealand 3 month bank bill rate plus 3.25%, multiplied by one minus the New Zealand company tax rate (where the PPS dividend is fully imputed), with PPS dividend payments due on 18 January, 18 April, 18 July and 18 October each year.

Redemption features

Holders of PPS have no right to require that the PPS be redeemed. ANZ Bank New Zealand may at its option redeem all of the PPS on an optional redemption date (each PPS dividend date from 18 July 2028), or at any time following the occurrence of a tax event or regulatory event , subject to prior written approval of RBNZ and meeting of other conditions.

24. SHAREHOLDERS' EQUITY (continued)

RECOGNITION AND MEASUREMENT

Ordinary shares	Ordinary shares have no par value. They entitle holders to receive dividends, or proceeds available on winding up of the Company, in proportion to the number of fully paid ordinary shares held. They are recognised at the amount paid per ordinary share net of directly attributable costs. Every holder of fully paid ordinary shares present at a meeting in person, or by proxy, is entitled to: • on a show of hands, one vote; and • on a poll, one vote, for each share held.
Treasury shares	Treasury shares are shares in the Company which: • the ANZ Employee Share Acquisition Plan purchases on market and have not yet distributed, or • the Company issues to the ANZ Employee Share Acquisition Plan and have not yet been distributed. Treasury shares are deducted from share capital and excluded from the weighted average number of ordinary shares used in the earnings per share calculations.
Reserves:	
Foreign currency translation reserve	Includes differences arising on translation of assets and liabilities into Australian dollars when the functional currency of a foreign operation (including subsidiaries and branches) is not Australian dollars. In this reserve, we reflect any offsetting gains or losses on hedging these exposures, together with any tax effect.
Cash flow hedge reserve	Includes fair value gains and losses associated with the effective portion of designated cash flow hedging instruments together with any tax effect.
FVOCI reserve	Includes changes in the fair value of certain debt securities and equity securities included within Investment Securities together with any tax effect. In respect of debt securities classified as measured at FVOCI, the FVOCI reserve records accumulated changes in fair value arising subsequent to initial recognition, except for those relating to allowance for expected credit losses, interest income and foreign currency exchange gains and losses which are recognised in profit or loss. As debt securities at FVOCI are recorded at fair value, the balance of the FVOCI reserve is net of the ECL allowance associated with such assets. When a debt security measured at FVOCI is derecognised, the cumulative gain or loss recognised in the FVOCI reserve in respect of that security is reclassified to profit or loss and presented in Other operating income. In respect of the equity securities classified as measured at FVOCI, the FVOCI reserve records accumulated changes in fair value arising subsequent to initial recognition (including any related foreign exchange gains or losses). When an equity security measured at FVOCI is derecognised, the cumulative gain or loss recognised in the FVOCI reserve in respect of that security is not recycled to profit or loss.
Share option reserve	Includes amounts which arise on the recognition of share-based compensation expense.
Transactions with non-controlling interests reserve	Includes the impact of transactions with non-controlling shareholders in their capacity as shareholders.
Non-controlling interests	Share in the net assets of controlled entities attributable to equity interests which the Company does not own directly or indirectly.

25. CAPITAL MANAGEMENT

CAPITAL MANAGEMENT STRATEGY

ANZ's capital management strategy aims to protect the interests of depositors, creditors and shareholders. We achieve this through an Internal Capital Adequacy Assessment Process (ICAAP) whereby ANZ conducts detailed strategic and capital planning over a 3 year time horizon.
The process involves:

- forecasting economic variables, financial performance of ANZ's divisions and the financial impact of new strategic initiatives to be implemented during the planning period;
- performing stress tests under different economic scenarios to determine the level of additional capital (stress capital buffer) needed to absorb losses that may be experienced under an economic downturn;
- reviewing capital ratios and targets across various classes of capital against ANZ's risk profile; and
- developing a capital plan, taking into account capital ratio targets, current and future capital issuances requirements and options around capital products, timing and markets to execute the capital plan under differing market and economic conditions.

The capital plan is approved by the Board and updated as required. The Board and senior management are provided with regular updates of ANZ's capital position. Any material actions required to ensure ongoing prudent capital management are submitted to the Board for approval. Throughout the year, the Group maintained compliance with all the regulatory requirements related to Capital Adequacy in the jurisdictions in which it operates.

REGULATORY ENVIRONMENT

Australia

As ANZ is an Authorised Deposit-taking Institution (ADI) in Australia, it is primarily regulated by APRA under the *Banking Act 1959 (Cth)*. ANZ must comply with the minimum regulatory capital requirements, prudential capital ratios and specific reporting levels that APRA sets and which are consistent with the global Basel III capital framework. This is the common framework for determining the appropriate level of bank regulatory capital as set by the Basel Committee on Banking Supervision (BCBS). APRA requirements are summarised below:

Regulatory Capital Definition

Common Equity Tier 1 (CET1) Capital	Tier 1 Capital	Tier 2 Capital	Total Capital
Shareholders' equity adjusted for specific items.	CET1 Capital plus certain securities with complying loss absorbing characteristics known as Additional Tier 1 Capital.	Subordinated debt instruments which have a minimum term of 5 years at issue date.	Tier 1 plus Tier 2 Capital.

Minimum Prudential Capital Ratios (PCRs)

CET1 Ratio	Tier 1 Ratio	Total Capital Ratio
CET1 Capital divided by total risk weighted assets must be at least 4.5%.	Tier 1 Capital divided by total risk weighted assets must be at least 6.0%.	Total Capital divided by total risk weighted assets must be at least 8.0%.

Reporting Levels

Level 1	Level 2	Level 3
The ADI on a stand-alone basis (that is the Company and specified subsidiaries which are consolidated to form the ADI's Extended Licensed Entity).	The consolidated Group less certain subsidiaries and associates that are excluded under prudential standards.	A conglomerate Group at the widest level.

APRA also requires the ADI to hold additional CET1 buffers as follows:

- a capital conservation buffer (CCB) of 3.5% which is inclusive of the additional 1% surcharge for domestically systemically important banks (D-SIBs). APRA has determined that ANZ is a D-SIB.
- a countercyclical capital buffer which is set on a jurisdictional basis. The requirement is currently set to zero for Australia.

ANZ reports to APRA on a Level 1 and Level 2 basis, and measures capital adequacy monthly on a Level 1 and Level 2 basis, and is not yet required to maintain capital on a Level 3 basis (APRA have yet to conclude required timing for Level 3 reporting).

25. CAPITAL MANAGEMENT (continued)

Life Insurance and Funds Management

As required by APRA's Prudential Standards, insurance and funds management activities are:

- de-consolidated for the purposes of calculating capital adequacy; and
- excluded from the risk-based capital adequacy framework.

We deduct the investment in these controlled entities 100% from CET1 capital, and if we include any profits from these activities in the Group's results, then we exclude them from the determination of CET1 capital to the extent they have not been remitted to the Company.

Outside Australia

In addition to APRA, the Company's branch operations and major banking subsidiary operations are also overseen by local regulators such as the Reserve Bank of New Zealand, the US Federal Reserve, the UK Prudential Regulation Authority, the Monetary Authority of Singapore, the Hong Kong Monetary Authority and the China Banking and Insurance Regulatory Commission. They may impose minimum capital levels on operations in their individual jurisdictions.

CAPITAL ADEQUACY[1]

The following table provides details of the Group's capital adequacy ratios at 30 September:

	Consolidated	
	2022 $m	2021 $m
Qualifying capital		
Tier 1		
Shareholders' equity and non-controlling interests	66,401	63,676
Prudential adjustments to shareholders' equity	(175)	3
Gross Common Equity Tier 1 capital	66,226	63,679
Deductions	(10,354)	(12,320)
Common Equity Tier 1 capital	55,872	51,359
Additional Tier 1 capital[2]	7,686	8,114
Tier 1 capital	63,558	59,473
Tier 2 capital[3]	19,277	17,125
Total qualifying capital	82,835	76,598
Capital adequacy ratios (Level 2)		
Common Equity Tier 1	12.3%	12.3%
Tier 1	14.0%	14.3%
Tier 2	4.2%	4.1%
Total capital ratio	18.2%	18.4%
Risk weighted assets	454,718	416,086

1. This information is not within the scope of the external audit of the Group Financial Report by the Group's external auditor, KPMG. The information presented in this table is a regulatory requirement disclosed in Part A of the *APRA Reporting Form (ARF) 110 Capital Adequacy* which will be subject to audit in accordance with *Prudential Standard APS 310 Audit and Related Matters*.
2. This includes Additional Tier 1 capital of $7,705 million (2021: $8,506 million) (refer to Note 17 Debt Issuances), regulatory adjustments and deductions of -$19 million (2021: -$392 million).
3. This includes Tier 2 capital of $17,907 million (2021: $16,207 million) (refer to Note 17 Debt Issuances), general reserve for impairment of financial assets of $1,233 million (2021: $1,412 million) and regulatory adjustments and deductions of $137 million (2021: -$494 million).

26. CONTROLLED ENTITIES

The ultimate parent of the Group is Australia and New Zealand Banking Group Limited	Incorporated in Australia	Nature of Business Banking
The Group holds 100% of the voting interests in all controlled entities, unless noted otherwise.		
The material controlled entities of the Group are:		
ANZ Bank (Vietnam) Limited[1]	Vietnam	Banking
ANZ Funds Pty. Ltd.	Australia	Holding Company
ANZ Bank (Kiribati) Limited[1] (75% ownership)	Kiribati	Banking
ANZ Bank (Samoa) Limited[1]	Samoa	Banking
ANZ Bank (Thai) Public Company Limited[1]	Thailand	Banking
ANZ Holdings (New Zealand) Limited[1]	New Zealand	Holding Company
ANZ Bank New Zealand Limited[1]	New Zealand	Banking
ANZ Investment Services (New Zealand) Limited[1]	New Zealand	Funds Management
ANZ New Zealand (Int'l) Limited[1]	New Zealand	Finance
ANZ New Zealand Investments Holdings Limited (formerly ANZ Wealth New Zealand Limited)[1]	New Zealand	Holding Company
ANZ New Zealand Investments Limited[1]	New Zealand	Funds Management
ANZNZ Covered Bond Trust[1,4]	New Zealand	Finance
ANZ International Private Limited[1]	Singapore	Holding Company
ANZ Singapore Limited[1]	Singapore	Merchant Banking
ANZ International (Hong Kong) Limited[1]	Hong Kong	Holding Company
ANZ Bank (Vanuatu) Limited[2]	Vanuatu	Banking
ANZcover Insurance Private Ltd[1]	Singapore	Captive-Insurance
ANZ Lenders Mortgage Insurance Pty. Limited	Australia	Mortgage Insurance
ANZ Residential Covered Bond Trust[4]	Australia	Finance
Australia and New Zealand Bank (China) Company Limited[1]	China	Banking
Australia and New Zealand Banking Group (PNG) Limited[1]	Papua New Guinea	Banking
Chongqing Liangping ANZ Rural Bank Company Limited[1]	China	Banking
Citizens Bancorp[3]	Guam	Holding Company
ANZ Guam Inc[3]	Guam	Banking
Institutional Securitisation Services Limited (formerly ANZ Capel Court Limited)	Australia	Securitisation Manager
PT Bank ANZ Indonesia[1] **(99% ownership)**	Indonesia	Banking

1. Audited by overseas KPMG firms — either as part of the Group audit, or for standalone financial statements as required.
2. Audited by Law Partners.
3. Audited by Deloitte Guam.
4. Not owned by the Group. Control exists as the Group retains substantially all the risks and rewards of the operations.

CHANGES TO MATERIAL CONTROLLED ENTITIES

ANZ Asia Limited was deregistered in July 2022.

SIGNIFICANT RESTRICTIONS

Controlled entities that are subject to prudential regulation may be required to maintain minimum capital or other regulatory requirements which may, from time to time, limit the entity's ability to transfer assets, pay dividends or make other capital distributions to the parent entity or to other entities in the Group. The Group manages such restrictions within our risk management framework, as outlined in Note 18 Financial Risk Management and our capital management strategy, as outlined in Note 25 Capital Management.

As at 30 September 2022, there were no significant restrictions on the ability of an entity within the Group to transfer assets, pay dividends or make other capital distributions to other entities in the Group.

26. CONTROLLED ENTITIES (continued)

RECOGNITION AND MEASUREMENT

The Group's subsidiaries are those entities it controls through:

- being exposed to, or having rights to, variable returns from the entity; and
- being able to affect those returns through its power over the entity.

The Group assesses whether it has power over those entities by examining the Group's existing rights to direct the relevant activities of the entity.

If the Group sells or acquires subsidiaries during the year, it includes their operating results in the Group results to the date of disposal or from the date of acquisition. When the Group's control ceases, it derecognises the assets and liabilities of the subsidiary, any related non-controlling interest and other components of equity.

If the Group's ownership interest in a subsidiary changes in a way that does not result in a loss of control, then the Group accounts for that as a transaction with equity holders in their capacity as equity holders.

All transactions between Group entities are eliminated on consolidation.

27. INVESTMENTS IN ASSOCIATES

Significant associates of the Group are:

		Ordinary share interest		Carrying amount $m	
Name of entity	Principal activity	2022	2021	2022	2021
AMMB Holdings Berhad (AmBank)	Banking and insurance	22%	22%	790	719
PT Bank Pan Indonesia (PT Panin)	Consumer and business bank	39%	39%	1,318	1,210
Worldline Australia Pty Ltd (Worldline)	Payment and transactional services	49%	-	47	-
Aggregate other individually immaterial associates		n/a	n/a	26	43
Total carrying value of associates[1]				2,181	1,972

1. Includes the impact of foreign currency translation recognised in the foreign currency translation reserve.

FINANCIAL INFORMATION ON SIGNIFICANT ASSOCIATES

Set out below is the summarised financial information of each associate that is significant to the Group. The summarised financial information is based on the associates' IFRS financial information and may require the use of unaudited financial information as each associate has a different financial year to the Group (PT Panin 31 December, AmBank 31 March, Worldline 31 December).

	AMMB Holdings Berhad		PT Bank Pan Indonesia		Worldline Australia Pty Ltd[1]
Principal place of business and country of incorporation	Malaysia		Indonesia		Australia
	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m
Summarised results					
Operating income[2]	1,511	1,560	1,206	1,222	57
Profit/(Loss) for the year	529	(1,192)	198	298	(21)
Other comprehensive income/(loss)	(128)	(39)	6	(56)	-
Total comprehensive income/(loss)	401	(1,231)	204	242	(21)
Less: Total comprehensive (income)/loss attributable to non–controlling interests	(18)	(25)	25	1	-
Total comprehensive income/(loss) attributable to owners of associate	383	(1,256)	229	243	(21)
Summarised financial position					
Total assets[3]	57,220	55,711	20,537	18,323	203
Total liabilities[3]	53,234	49,773	17,234	15,377	90
Total net assets[3]	3,986	5,938	3,303	2,946	113
Less: Non-controlling interests of associate	(402)	(327)	(315)	(304)	-
Net assets attributable to owners of associate	3,584	5,611	2,988	2,642	113
Reconciliation to carrying amount of Group's interest in associate					
Carrying amount at the beginning of the year	719	1,056	1,210	1,084	-
Acquired	-	-	-	-	57
Group's share of total comprehensive income/(loss)	81	(313)	71	90	(10)
Dividends received from associate	(12)	-	(18)	-	-
Foreign currency translation reserve adjustments	2	(24)	55	36	-
Carrying amount at the end of the year	790	719	1,318	1,210	47
Market value of Group's investment in associate	929	756	2,016	675	n/a

1. During 2022, the Group entered into a partnership with Worldline SA. This included the creation of a new entity, Worldline Australia Pty Ltd, which commenced operations on 8 March 2022.
2. 2021 operating income was restated for AmBank to align with the change in presentation in AmBank's financial statements.
3. Includes market value adjustments (including goodwill) the Group made at the time of acquisition (and adjustments for any differences in accounting policies).

27. INVESTMENTS IN ASSOCIATES (continued)

RECOGNITION AND MEASUREMENT

An associate is an entity over which the Group has significant influence over its operating and financial policies but does not control. The Group accounts for associates using the equity method. Its investments in associates are carried at cost plus the post-acquisition share of changes in the associate's net assets less accumulated impairments. Dividends the Group receives from associates are recognised as a reduction in the carrying amount of the investment. The Group includes goodwill recognised by the associate in the carrying amount of the investment. It does not individually test the goodwill incorporated in the associates carrying amount for impairment.

At least at each reporting date, the Group reviews investments in associates for any indication of impairment. If an indication of impairment exists, then the Group determines the recoverable amount of the associate using the higher of:

- the associate's fair value less cost of disposal; and
- its value-in-use.

We use a discounted cash flow methodology, and when applicable, other methodologies (such as capitalisation of earnings methodology), to determine the recoverable amount.

KEY JUDGEMENTS AND ESTIMATES

Investments in associates and joint ventures are assessed at each reporting date and tested for impairment when there is an indication that the investment may be impaired. In addition, the Group is required to assess at each reporting date whether the recoverable amount of the Group's investment has increased to such a level as to support the reversal of prior period impairments.

During the year ended 30 September 2022, the fair value less costs of disposal of the Group's investment in PT Bank Pan Indonesia (PT Panin) as determined by reference to the quoted share price increased significantly and as at 30 September 2022 was greater than its carrying value. The increase in fair value is a significant reversal of the position at 30 September 2021 when the fair value less cost of disposal determined by reference to share price was lower than the carrying value of the investment.

In considering whether a full or partial reversal of previous periods' impairments of PT Panin is appropriate, the Group has assessed particular features of the PT Panin stock. Given the recent rapid increase and ongoing elevated volatility in the share price, the Group has determined that none of the prior period impairment will be reversed.

If management had assessed these factors differently, then the amount of impairment reversed could be anywhere between nil and $220 million.

28. STRUCTURED ENTITIES

A Structured Entity (SE) is an entity that has been designed such that voting or similar rights are not the dominant factor in determining who controls the entity. SEs are generally established with restrictions on their ongoing activities in order to achieve narrow and well defined objectives.

SEs are classified as subsidiaries and consolidated when control exists. If the Group does not control a SE, then it is not consolidated. This note provides information on both consolidated and unconsolidated SEs.

The Group's involvement with SEs is as follows:

Type	Details
Securitisation	The Group establishes SEs to securitise customer loans and advances that it has originated, in order to diversify sources of funding for liquidity management. Securitisation programs include customer loans and advances assigned to bankruptcy remote SEs to provide either security for obligations payable on notes issued by the SEs to external investors or create assets held by the Group eligible for repurchase agreements with applicable central banks. The Group retains control over these SEs and therefore they are consolidated. Refer to Note 29 Transfers of Financial Assets for further details. The Group also establishes SEs on behalf of customers to securitise their loans or receivables. The Group may manage these securitisation vehicles or provide liquidity or other support. Additionally, the Group may acquire interests in securitisation vehicles set up by third parties through holding securities issued by such entities. In limited circumstances where control exists, the Group consolidates the SE.
Covered bond issuances	Certain loans and advances have been assigned to bankruptcy remote SEs to provide security for issuances of debt securities by the Group. The Group retains control over these SEs and therefore they are consolidated. Refer to Note 29 Transfers of Financial Assets for further details.
Structured finance arrangements	The Group is involved with SEs established: • in connection with structured lending transactions to facilitate debt syndication and/or to ring-fence collateral; and • to own assets that are leased to customers in structured leasing transactions. The Group may manage the SE, hold minor amounts of the SE's capital, or provide risk management products (derivatives) to the SE. In most instances, the Group does not control these SEs. In limited circumstances where control exists, the Group consolidates the SE.
Funds management activities	The Group is the scheme manager for a number of Managed Investment Schemes (MIS) in New Zealand. These MIS are financed through the issue of units to investors and the Group considers them to be SEs. The Group's interests in these MIS are limited to receiving fees for services or providing risk management products (derivatives). These interests do not create significant exposures that would allow the Group to control the funds. Therefore, these MIS are not consolidated.

CONSOLIDATED STRUCTURED ENTITIES

FINANCIAL OR OTHER SUPPORT PROVIDED TO CONSOLIDATED STRUCTURED ENTITIES

The Group provides financial support to consolidated SEs as outlined below.

Securitisation and covered bond issuances	The Group provides lending facilities, derivatives and commitments to these SEs and/or holds debt instruments that they have issued.
Structured finance arrangements	The assets held by these SEs are normally pledged as collateral for financing provided. Certain consolidated SEs are financed entirely by the Group while others are financed by syndicated loan facilities in which the Group is a participant. The financing provided by the Group includes lending facilities where the Group's exposure is limited to the amount of the loan and any undrawn amount. Additionally, the Group has provided Letters of Support to these consolidated SEs confirming that the Group will not demand repayment of the financing provided for the ensuing 12 month period.

The Group did not provide any non-contractual support to consolidated SEs during the year (2021: nil). Other than as disclosed above, the Group does not have any current intention to provide financial or other support to consolidated SEs.

28. STRUCTURED ENTITIES (continued)

UNCONSOLIDATED STRUCTURED ENTITIES

GROUP'S INTEREST IN UNCONSOLIDATED STRUCTURED ENTITIES

An 'interest' in an unconsolidated SE is any form of contractual or non-contractual involvement with a SE that exposes the Group to variability of returns from the performance of that SE. These interests include, but are not limited to: holdings of debt or equity securities; derivatives that pass-on risks specific to the performance of the SE; lending; loan commitments; financial guarantees; and fees from funds management activities.

For the purpose of disclosing interests in unconsolidated SEs:

- no disclosure is made if the Group's involvement is not more than a passive interest - for example: when the Group's involvement constitutes a typical customer-supplier relationship. On this basis, exposures to unconsolidated SEs that arise from lending, trading and investing activities are not considered disclosable interests - unless the design of the structured entity allows the Group to participate in decisions about the relevant activities (being those that significantly affect the entity's returns).
- 'interests' do not include derivatives intended to expose the Group to market-risk (rather than performance risk specific to the SE) or derivatives through which the Group creates, rather than absorbs, variability of the unconsolidated SE (such as purchase of credit protection under a credit default swap).

The table below sets out the Group's interests in unconsolidated SEs together with the maximum exposure to loss that could arise from those interests:

	Securitisation		Structured finance		Total	
	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m
On-balance sheet interests						
Investment securities	3,352	2,624	-	-	3,352	2,624
Gross loans and advances	9,433	7,697	43	53	9,476	7,750
Total on-balance sheet	12,785	10,321	43	53	12,828	10,374
Off-balance sheet interests						
Commitments (facilities undrawn)	2,078	2,034	-	-	2,078	2,034
Guarantees	50	50	-	-	50	50
Total off-balance sheet	2,128	2,084	-	-	2,128	2,084
Maximum exposure to loss	14,913	12,405	43	53	14,956	12,458

In addition to the interests above, the Group earned funds management fees from unconsolidated investment funds of $181 million (2021: $192 million) during the year.

The Group's maximum exposure to loss represents the maximum amount of loss that the Group could incur as a result of its involvement with unconsolidated SEs if loss events were to take place - regardless of the probability of occurrence. This does not in any way represent the actual losses expected to be incurred. Furthermore, the maximum exposure to loss is stated gross of the effects of hedging and collateral arrangements entered into to mitigate ANZ's exposure to loss.

The maximum exposure to loss has been determined as:

- the carrying amount of Investment securities measured at amortised cost; and
- the carrying amount plus the undrawn amount of any committed loans and advances.

The size of unconsolidated SEs is indicated by total assets which vary by SE with the largest single SE having a value of approximately $5.2 billion.

The Group did not provide any non-contractual support to unconsolidated SEs during the year (2021: nil) nor does it have any current intention to provide financial or other support to unconsolidated SEs.

28. STRUCTURED ENTITIES (continued)

SPONSORED UNCONSOLIDATED STRUCTURED ENTITIES

The Group may also sponsor unconsolidated SEs in which it has no disclosable interest.

For the purposes of this disclosure, the Group considers itself the 'sponsor' of an unconsolidated SE if it is the primary party involved in the design and establishment of that SE and:

- the Group is the major user of that SE; or
- the Group's name appears in the name of that SE, or on its products; or
- the Group provides implicit or explicit guarantees of that SE's performance.

The Group has sponsored the ANZ PIE Fund in New Zealand, which invests only in deposits with ANZ Bank New Zealand. The Group does not provide any implicit or explicit guarantees of the capital value or performance of investments in the ANZ PIE Fund. There was no income received from, nor assets transferred to, this entity during the year.

KEY JUDGEMENTS AND ESTIMATES

Significant judgement is required in assessing whether the Group has control over Structured Entities. Judgement is required to determine the existence of:

- power over the relevant activities (being those that significantly affect the entity's returns); and
- exposure to variable returns of the entity.

29. TRANSFERS OF FINANCIAL ASSETS

In the normal course of business the Group enters into transactions where it transfers financial assets directly to third parties or to SEs. These transfers may give rise to the Group fully, or partially, derecognising those financial assets - depending on the Group's exposure to the risks and rewards or control over the transferred assets. If the Group retains substantially all of the risk and rewards of a transferred asset, the transfer does not qualify for derecognition and the asset remains on the Group's balance sheet in its entirety.

SECURITISATIONS

Net loans and advances include residential mortgages securitised under the Group's securitisation programs which are assigned to bankruptcy remote SEs to provide security for obligations payable on the notes issued by the SEs. The holders of the issued notes have full recourse to the pool of residential mortgages which have been securitised and the Group cannot otherwise pledge or dispose of the transferred assets.

In some instances, the Group is also the holder of the securitised notes issued by the SEs. In addition, the Group is entitled to any residual income of the SEs and sometimes enters into derivatives with the SEs. The Group retains the risks and rewards of the residential mortgages and continues to recognise the mortgages as financial assets.

The Group is exposed to variable returns from its involvement with these securitisation SEs and has the ability to affect those returns through its power over the SEs activities. The SEs are therefore consolidated by the Group.

29. TRANSFERS OF FINANCIAL ASSETS (continued)

COVERED BONDS

The Group operates various global covered bond programs to raise funding in its primary markets. Net loans and advances include residential mortgages assigned to bankruptcy remote SEs associated with these covered bond programs. The mortgages provide security for the obligations payable on the issued covered bonds.

The covered bond holders have dual recourse to the issuer and the cover pool of assets. The issuer cannot otherwise pledge or dispose of the transferred assets, however, subject to legal arrangements it may repurchase and substitute assets as long as the required cover is maintained.

The Company is required to maintain the cover pool at a level sufficient to cover the bond obligations. In addition, the Company is entitled to any residual income of the covered bond SEs and enters into derivatives with the SEs. The Company retains the majority of the risks and rewards of the residential mortgages and continues to recognise the mortgages as financial assets. The obligation to pay this amount to the SEs is recognised as a financial liability of the Company.

The Group is exposed to variable returns from its involvement with the covered bond SEs and has the ability to affect those returns through its power over the SEs activities. The SEs are therefore consolidated by the Group. The covered bonds issued externally are included within debt issuances.

REPURCHASE AGREEMENTS

When the Group sells securities subject to repurchase agreements under which we retain substantially all the risks and rewards of ownership, then those assets do not qualify for derecognition. An associated liability is recognised for the consideration received from the counterparty.

STRUCTURED FINANCE ARRANGEMENTS

The Group arranges funding for certain customer transactions through structured leasing. These transactions are recognised on Group's balance sheet as lease receivables or loans. At times, other financial institutions participate in the funding of these arrangements. This participation involves a proportionate transfer of the rights to the assets recognised by the Group. The participating banks have limited recourse to the leased assets and related proceeds. Where the Group continues to be exposed to some of the risks of the transferred assets through a derivative or other continuing involvement, the Group does not derecognise the lease receivable or loan. Instead, the Group recognises an associated liability representing its obligations to the participating financial institutions.

The tables below set out the balance of assets transferred that do not qualify for derecognition, along with the associated liabilities.

	Securitisations[1,2]		Covered bonds		Repurchase agreements		Structured finance arrangements	
	2022	2021	2022	2021	2022	2021	2022	2021
Consolidated	$m	$m	$m	$m	$m	$m	$m	$m
Current carrying amount of assets transferred	1,121	1,430	27,575	28,816	52,757	51,208	36	55
Carrying amount of associated liabilities	1,115	1,424	12,967	15,399	47,229	46,147	36	55

	Securitisations[1,2]		Covered bonds		Repurchase agreements		Structured finance arrangements	
	2022	2021	2022	2021	2022	2021	2022	2021
The Company	$m	$m	$m	$m	$m	$m	$m	$m
Current carrying amount of assets transferred	1,121	1,430	17,953	17,925	47,846	48,663	-	-
Carrying amount of associated liabilities	1,121	1,430	17,953	17,925	42,940	43,925	-	-

1. Does not include transfers to internal structured entities where there are no external investors.
2. The securitisation noteholders have recourse only to the pool of residential mortgages which have been securitised. The carrying value of securitised assets and the associated liabilities approximates their fair value.

30. SUPERANNUATION AND POST EMPLOYMENT BENEFIT OBLIGATIONS

Set out below is a summary of amounts recognised in the Balance Sheet in respect of the defined benefit superannuation schemes:

	Consolidated		The Company	
	2022 $m	2021 $m	2022 $m	2021 $m
Defined benefit obligation and scheme assets				
Present value of funded defined benefit obligation	(930)	(1,477)	(809)	(1,319)
Fair value of scheme assets	1,123	1,679	988	1,514
Net defined benefit asset	193	202	179	195
As represented in the Balance Sheet				
Net liabilities arising from defined benefit obligations included in payables and other liabilities	(6)	(11)	(6)	(11)
Net assets arising from defined benefit obligations included in other assets	199	213	185	206
Net defined benefit asset	193	202	179	195
Weighted average duration of the benefit payments reflected in the defined benefit obligation (years)	14.8	14.9	14.9	14.9

As at the most recent reporting dates of the schemes, the aggregate surplus of net market value of assets over the value of accrued benefits on a funding basis was $69 million (2021: $109 million surplus). In 2022, the Group made defined benefit contributions totalling $2 million (2021: $3 million). It expects to make contributions of approximately $2 million next financial year.

GOVERNANCE OF THE SCHEMES AND FUNDING OF THE DEFINED BENEFIT SECTIONS

The main defined benefit superannuation schemes in which the Group participates operate under trust law and are managed and administered on behalf of the members in accordance with the terms of the relevant trust deed and rules and all relevant legislation. These schemes have corporate trustees, which are wholly owned subsidiaries of the Group. The trustees are the legal owners of the assets, which are held separately from the assets of the Group, and are responsible for setting investment policy and agreeing funding requirements with the employer through the triennial actuarial valuation process.

The Group has defined benefit arrangements in Australia, Japan, New Zealand, Philippines, Taiwan and United Kingdom. The defined benefit section of the ANZ Australian Staff Superannuation Scheme, the ANZ UK Staff Pension Scheme and the ANZ National Retirement Scheme in New Zealand are the three largest plans. They have been closed to new members since 1987, 2004 and 1991 respectively. None of the schemes had a material deficit, or surplus, at the last funding valuation. The Group has no present liability under any of the schemes' trust deeds to fund a deficit (measured on a funding basis). A contingent liability of the Group may arise if any of the schemes were wound up.

RECOGNITION AND MEASUREMENT

Defined benefit superannuation schemes

The Group operates a small number of defined benefit schemes. Independent actuaries calculate the liability and expenses related to providing benefits to employees under each defined benefit scheme. They use the Projected Unit Credit Method to value the liabilities. The balance sheet includes:

- a defined benefit liability if the obligation is greater than the fair value of the schemes assets; and
- an asset (capped to its recoverable amount) if the fair value of the assets is greater than the obligation.

In each reporting period, the movements in the net defined benefit liability are recognised as follows:

- the net movement relating to the current period's service cost, net interest on the defined benefit liability, past service costs and other costs (such as the effects of any curtailments and settlements) as operating expenses;
- remeasurements of the net defined benefit liability (which comprise actuarial gains and losses and return on scheme assets, excluding interest income included in net interest) directly in retained earnings through other comprehensive income; and
- contributions of the Group directly against the net defined benefit position.

Defined contribution superannuation schemes

The Group operates a number of defined contribution schemes. It also contributes (according to local law, in the various countries in which it operates) to Government and other plans that have the characteristics of defined contribution plans. The Group's contributions to these schemes are recognised as personnel expenses when they are incurred.

30. SUPERANNUATION AND POST EMPLOYMENT BENEFIT OBLIGATIONS (continued)

KEY JUDGEMENTS AND ESTIMATES

The main assumptions we use in valuing defined benefit obligations are listed in the table below. A change to any assumptions, or applying different assumptions, could have an effect on the Statement of Other Comprehensive Income and Balance Sheet.

Consolidated	2022	2021	Sensitivity analysis change in significant assumptions	Increase/(decrease) in defined benefit obligation 2022 $m	2021 $m
Discount rate (% p.a.)	1.35-5.45	0.4-2.15	0.5% increase	(49)	(103)
Future salary increases (% p.a.)	1.5-3.8	1.9-3.5			
Future pension indexation					
In payment (% p.a.)/In deferment (% p.a.)	3.1-3.5/3.0	1.05-3.35/2.7	0.5% increase	32	84
Life expectancy at age 60 for current pensioners			1 year increase	40	74
– Males (years)	26.2-28.3	26.1-28.8			
– Females (years)	29.1-30.2	29.0-30.5			

The Company	2022	2021	Sensitivity analysis change in significant assumptions	Increase/(decrease) in defined benefit obligation 2022 $m	2021 $m
Discount rate (% p.a.)	5.1-5.45	1.95-2.15	0.5% increase	(43)	(94)
Future salary increases (% p.a.)	3.8	3.5			
Future pension indexation					
In payment (% p.a.)/In deferment (% p.a.)	3.1-3.5/3.0	2.0-3.35/2.7	0.5% increase	26	75
Life expectancy at age 60 for current pensioners			1 year increase	35	67
– Males (years)	26.2-28.3	26.1-28.8			
– Females (years)	29.1-30.2	29.0-30.5			

31. EMPLOYEE SHARE AND OPTION PLANS

ANZ operates a number of employee share and option schemes under the ANZ Employee Share Acquisition Plan and the ANZ Share Option Plan.

ANZ EMPLOYEE SHARE ACQUISITION PLAN

The Deferred Share Plan was the only ANZ Employee Share Acquisition Plan scheme that operated during 2022 and 2021.

Deferred Share Plan

i) ANZ Incentive Plan (ANZIP) - Chief Executive Officer (CEO), Group Executive Committee (ExCo) and other Banking Executive Accountability Regime (BEAR) Accountable Executives: Based on the 2021 and 2020 Performance and Remuneration Review (granted in the 2022 and 2021 financial years)

Eligibility	CEO, ExCo and Group General Manager Internal Audit (GGM IA).
Grant	50% of the CEO's Short Term Variable Remuneration (STVR), 25% of ExCo's Variable Remuneration (VR) (except for the Chief Risk Officer (CRO)), and 33% of the CRO and GGM IA's VR, was received as deferred shares.
Conditions	Deferred over at least one to four years from the date the Board approved the variable remuneration award.

ii) ANZIP: Based on the 2021 and 2020 Performance and Remuneration Reviews (granted in the 2022 and 2021 financial years)

Eligibility	All employees excluding the CEO, ExCo and GGM IA (i.e., other BEAR Accountable Executive), and select roles in the United Kingdom (UK)/China[1].
Grant	If VR is at or exceeds AUD 100,000, then 60% of total VR amount is deferred as shares.
Conditions	Deferred over three years from grant date.

iii) Exceptional circumstances

Remuneration foregone	In exceptional circumstances, we grant deferred shares to certain employees when they start with ANZ to compensate them for remuneration they have foregone from their previous employer. The vesting period generally aligns with the remaining vesting period of the remuneration they have foregone, and therefore varies between grants.
Retention	We may grant deferred shares to high performing employees who are regarded as a significant retention risk to ANZ.

iv) Further information

Cessation	Unless the Board decides otherwise, employees forfeit their unvested deferred shares if they resign, are terminated on notice, or are dismissed for serious misconduct. The deferred shares may be held in trust beyond the deferral period.
Dividends	Dividends are reinvested in the Dividend Reinvestment Plan.
Instrument	Deferred share rights may be granted instead of deferred shares in some countries as locally appropriate (see deferred share rights section).
Allocation value	All deferred shares are issued based on the VWAP of ANZ shares traded on the ASX in the week leading up to and including the date of grant.
Expensing value (fair value)	We expense the fair value of deferred shares on a straight-line basis over the relevant vesting period and we recognise the expense as a share-based compensation expense with a corresponding increase in equity.
2022 and 2021 grants	During the 2022 year, we granted 1,971,715 deferred shares (2021: 1,653,585) with a weighted average grant price of $27.52 (2021: $23.31).
Malus (downward adjustment)	Deferred shares remain at risk and the Board has the discretion to adjust the number of deferred shares downwards, including to zero at any time before the vesting date. ANZ's malus (downward adjustment) provisions are detailed in section 5.3 of the 2022 Remuneration Report. Board discretion was not exercised to adjust downward any deferred shares in 2022 (2021: nil).

[1] Specific deferral arrangements also exist under ANZIP for roles defined as UK Material Risk Takers and China Material Risk Takers, in line with local regulatory requirements.

Expensing of the ANZ Employee Share Acquisition Plan

Expensing value (fair value)	The fair value of shares we granted during 2022 under the Deferred Share Plan, measured as at the date of grant of the shares, is $52.6 million (2021: $38.9 million) based on 1,971,715 shares (2021: 1,653,585) at VWAP of $26.69 (2021: $23.53).

31. EMPLOYEE SHARE AND OPTION PLANS (continued)

ANZ SHARE OPTION PLAN

Allocation	We may grant selected employees options/rights which entitle them to acquire fully paid ordinary ANZ shares at a fixed price at the time the options/rights vest. Voting and dividend rights will be attached to the ordinary shares allocated on exercise of the options/rights. Each option/right entitles the holder to one ordinary share subject to the terms and conditions imposed on grant. Exercise price of options, determined in accordance with the rules of the plan, is generally based on the VWAP of the shares traded on the ASX in the week leading up to and including the date of grant. For rights, the exercise price is nil.
Rules	Prior to the exercise of the option/right if ANZ changes its share capital due to a bonus share issue, pro-rata new share issue or reorganisation the following adjustments are required: • Issue of bonus shares - When the holder exercises their option, they are also entitled to be issued the number of bonus shares they would have been entitled to had they held the underlying shares at the time of the bonus issue; • Pro-rata share offer - We will adjust the exercise price of the option in the manner set out in the ASX Listing Rules; and • Reorganisation - In respect of rights, if there is a bonus issue or reorganisation of ANZ's share capital, then the Board may adjust the number of rights or the number of underlying shares so that there is no advantage or disadvantage to the holder. Holders otherwise have no other entitlements to participate: • in any new issue of ANZ securities before they exercise their options/rights; or • in a share issue of a body corporate other than ANZ (such as a subsidiary). Any portion of the award which vests may, at the Board's discretion, be satisfied by a cash equivalent payment rather than shares.
Expensing	We expense the fair value of options/rights on a straight-line basis over the relevant vesting period and we recognise the expense as a share-based compensation expense with a corresponding increase in equity.
Cessation	The provisions that apply if the employee's employment ends are in section 8.2.3 of the 2022 Remuneration Report.
Malus (downward adjustment)	ANZ's malus (downward adjustment) provisions are detailed in section 5.3 of the 2022 Remuneration Report.

Option Plans that operated during 2022 and 2021

i) Performance Rights	
Allocation	We grant performance rights to the CEO and ExCo as part of ANZ's variable remuneration plans. Performance rights provide the holder with the right to acquire ANZ shares at nil cost, subject to a four-year vesting period and Total Shareholder Return (TSR) performance hurdles. Further details on the performance hurdles are in section 5.2.5 of the 2022 Remuneration Report.
Satisfying vesting	Any portion of the award of performance rights (that have met the performance hurdles) may be satisfied by a cash equivalent payment rather than shares at the Board's discretion. In 2022 (and 2021), the performance rights that vested (previously granted in November/December 2018 (and in November/December 2017)) were satisfied through a share allocation, other than 24,011 performance rights for which a cash payment was made (2021: 36,103).
2022 and 2021 grants	During 2022, we granted 542,747 performance rights (2021: 485,032).
Malus (downward adjustment)	Board discretion was not exercised to adjust downward any performance rights in 2022 (2021: nil).

ii) Deferred Share Rights (no performance hurdles)	
Allocation	Deferred share rights provide the holder with the right to acquire ANZ shares at nil cost after a specified vesting period. We adjust the fair value of rights for the absence of dividends during the restriction period.
Satisfying vesting	Any portion of the award of share rights may be satisfied by a cash equivalent payment rather than shares at the Board's discretion. All share rights were satisfied through a share allocation, other than 55,977 deferred share rights (2021: 89,296) for which a cash payment was made.
2022 and 2021 grants	During the 2022 year, 2,576,907 deferred share rights (no performance hurdles) were granted (2021: 2,258,774).
Malus (downward adjustment)	Board discretion was not exercised to adjust downward any deferred share rights in 2022 (2021: 8,414).

31. EMPLOYEE SHARE AND OPTION PLANS (continued)

Options, Deferred Share Rights and Performance Rights on Issue

As at 26 October 2022, there were 457 holders of 4,804,445 deferred share rights on issue and 22 holders of 1,402,847 performance rights on issue.

Options/Rights Movements

This table shows the options/rights over unissued ANZ shares and their related weighted average (WA) exercise prices as at the beginning and end of 2022 and the movements during 2022:

	Opening balance 1 Oct 2021	Options/ rights granted	Options/ rights forfeited[1]	Options/ rights expired	Options/ rights exercised	Closing balance 30 Sep 2022
Number of options/rights	6,307,778	3,119,654	(747,744)	0	(2,470,648)	6,209,040
WA exercise price	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
WA closing share price						$25.56
WA remaining contractual life						1.9 years
WA exercise price of all exercisable options/rights outstanding						$0.00
Outstanding exercisable options/rights						141,633

This table shows the options/rights over unissued ANZ shares and their related weighted average exercise prices as at the beginning and end of 2021 and the movements during 2021:

	Opening balance 1 Oct 2020	Options/ rights granted	Options/ rights forfeited[1]	Options/ rights expired	Options/ rights exercised	Closing balance 30 Sep 2021
Number of options/rights	6,724,557	2,743,806	(918,589)	0	(2,241,996)	6,307,778
WA exercise price	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
WA closing share price						$25.34
WA remaining contractual life						1.8 years
WA exercise price of all exercisable options/rights outstanding						$0.00
Outstanding exercisable options/rights						227,412

1. Refers to any circumstance where equity can be forfeited (for example on cessation, downward adjustment or performance conditions not met).

All of the shares issued as a result of the exercise of options/rights during 2022 and 2021, were issued at a nil exercise price.

As at the date of the signing of the Directors' Report on 26 October 2022:

- no options/rights over ordinary shares have been granted since the end of 2022; and
- no shares issued as a result of the exercise of options/rights since the end of 2022.

31. EMPLOYEE SHARE AND OPTION PLANS (continued)

Fair Value Assumptions

When determining the fair value, we apply the standard market techniques for valuation, including Monte Carlo and/or Black Scholes pricing models. We do so in accordance with the requirements of AASB 2 *Share-based Payments*. The models take into account early exercise of vested equity, non-transferability and internal/external performance hurdles (if any).

The table below shows the significant assumptions we used as inputs into our fair value calculation of instruments granted during the period. We present the values as weighted averages, but the specific values we use for each allocation are the ones we use for the fair value calculation.

	2022		2021	
	Deferred share rights	Performance rights	Deferred share rights	Performance rights
Exercise price ($)	0.00	0.00	0.00	0.00
Share closing price at grant date ($)	26.62	26.92	23.37	23.32
Expected volatility of ANZ share price (%)[1]	20.0	20.0	26.5	25.0
Equity term (years)	2.2	6.0	2.3	6.0
Vesting period (years)	2.1	4.0	2.0	4.0
Expected life (years)	2.1	4.0	2.0	4.0
Expected dividend yield (%)	5.50	5.50	4.85	5.25
Risk free interest rate (%)	0.80	1.25	0.10	0.21
Fair value ($)	23.71	10.38	21.15	9.56

1. Expected volatility represents a measure of the amount by which ANZ's share price is expected to fluctuate over the life of the rights. The measure of volatility used in the model is the annualised standard deviation of the continuously compounded rates of return on the historical share price over a defined period of time preceding the date of grant. This historical average annualised volatility is then used to estimate a reasonable expected volatility over the expected life of the rights.

SATISFYING EQUITY AWARDS

All shares underpinning equity awards may be purchased on market, reallocated or be newly issued shares, or a combination.

The equity we purchased on market during the 2022 financial year (either under the ANZ Employee Share Acquisition Plan and the ANZ Share Option Plan, or to satisfy options or rights) for all employees amounted to 4,230,962 shares at an average price of $27.57 per share (2021: 3,593,574 shares at an average price of $22.03 per share).

32. RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL COMPENSATION

Key Management Personnel (KMP) are Directors of Australia and New Zealand Banking Group Limited (whether executive directors or otherwise), and those personnel with a key responsibility for the strategic direction and management of the Group (i.e., members of the Group Executive Committee (ExCo)) who have Banking Executive Accountability Regime (BEAR) accountability and who report to the Chief Executive Officer (CEO). KMP compensation included within total personnel expenses in Note 4 Operating Expenses is as follows:

	Consolidated	
	2022[1] $'000	2021 $'000
Short-term benefits	18,294	21,107
Post-employment benefits	394	403
Other long-term benefits	160	258
Termination benefits	-	250
Share-based payments	7,368	5,066
Total	26,216	27,084

1. Includes former disclosed KMP until the end of their employment.

KEY MANAGEMENT PERSONNEL LOAN TRANSACTIONS

Loans made to KMP are made in the ordinary course of business and on normal commercial terms and conditions that are no more favourable than those given to other employees or customers, including the term of the loan, security required and the interest rate. No amounts have been written off during the period, or individual provisions raised in respect of these balances. Details of the terms and conditions of lending products can be found on anz.com. The aggregate of loans (including credit card balances) made, guaranteed or secured, and undrawn facilities to KMP including their related parties, were as follows:

	Consolidated		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Loans advanced[1]	24,340	25,445	11,270	12,534
Undrawn facilities[1]	489	531	277	277
Interest charged[2]	790	777	293	434

1. Balances are as at the balance sheet date (for KMP in office at balance sheet date) or at the date of cessation of former KMP. Comparatives have been amended to include opening balances (at date of commencement) for new KMP in the current period.
2. Interest charged is for all KMP's during the period.

KEY MANAGEMENT PERSONNEL HOLDINGS OF ANZ SECURITIES

KMP, including their related parties, held subordinated debt, shares, share rights and options over shares in the Company directly, indirectly or beneficially as shown below:

	Consolidated	
	2022 Number	2021 Number
Shares, options and rights[1]	2,911,138	2,471,577
Subordinated debt[1]	29,948	25,870

1. Balances are as at the balance sheet date (for KMP in office at balance sheet date) or at the date of cessation of former KMP. Comparatives have been amended to include opening balances (at date of commencement) for new KMP in the current period.

32. RELATED PARTY DISCLOSURES (continued)

OTHER TRANSACTIONS OF KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

The aggregate of deposits of KMP and their related parties with the Group were $30 million (2021: $28 million) and with the Company were $21 million (2021: $20 million).

During the year, KMP participated in the ANZ Retail Entitlement Offer in their capacity as shareholders on the same terms and conditions as other shareholders of the Group. Refer to Note 24 Shareholders' Equity for additional details regarding the ANZ Retail Entitlement Offer.

Other transactions with KMP and their related parties included amounts paid to the Group in respect of investment management service fees, brokerage and bank fees and charges. The Group has reimbursed KMP for the costs incurred for security and secretarial services associated with the performance of their duties. These transactions are conducted on normal commercial terms and conditions no more favourable than those given to other employees or customers. Gifts were provided to KMP on retirement amounting to $4,944 during the year.

ASSOCIATES

We disclose significant associates in Note 27 Investments in Associates. During the course of the financial year, transactions conducted with all associates were on terms equivalent to those made on an arm's length basis.

	Consolidated		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Amounts receivable from associates	86,469	7	18,572	-
Amounts payable to associates	102,042	1,739	101,198	716
Interest revenue from associates	5,570	-	4,477	-
Interest expense to associates	34	2	26	-
Other revenue from associates	14,296	-	14,296	-
Other expenses paid to associates	11,159	9,988	8,592	8,063
Guarantees given to associates	72	28	72	28
Dividend income from associates	38,692	-	-	-
Undrawn facilities	94,097	-	94,097	-

There have been no material guarantees given or received. No amounts receivable from the associates have been written-off during the period, or individual provisions raised in respect of these balances.

SUBSIDIARIES

We disclose material controlled entities in Note 26 Controlled Entities. During the financial year, subsidiaries conducted transactions with each other and with associates on terms equivalent to those on an arm's length basis. As of 30 September 2022, we consider all outstanding amounts on these transactions to be fully collectible.

Transactions between the Company and its subsidiaries include providing a wide range of banking and other financial facilities. Details of amounts paid to, or received from, related parties, in the form of dividends or interest, are set out in Note 2 Net Interest Income and Note 3 Non-Interest Income.

Other intragroup transactions include providing management and administrative services, staff training, data processing facilities, transfer of tax losses, and the leasing of Premises and equipment. The Company also issued letters of comfort and guarantees in respect of certain subsidiaries in the normal course of business.

33. COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

CREDIT RELATED COMMITMENTS AND CONTINGENCIES

	Consolidated		The Company	
	2022 $m	2021 $m	2022 $m	2021 $m
Contract amount of:				
Undrawn facilities	236,051	212,265	201,204	176,077
Guarantees and letters of credit	23,729	30,027	21,557	27,957
Performance related contingencies	26,036	18,303	24,634	17,085
Total	285,816	260,595	247,395	221,119

UNDRAWN FACILITIES

The majority of undrawn facilities are subject to customers maintaining specific credit and other requirements or conditions. Many of these facilities are expected to be only partially used, and others may never be used at all. As such, the total of the nominal principal amounts is not necessarily representative of future liquidity risks or future cash requirements. Based on the earliest date on which the Group or the Company may be required to pay, the full amount of undrawn facilities for the Group and the Company mature within 12 months.

GUARANTEES, LETTERS OF CREDIT AND PERFORMANCE RELATED CONTINGENCIES

Guarantees, letters of credit and performance related contingencies relate to transactions that the Group has entered into as principal – including guarantees, standby letters of credit and documentary letters of credit.

Documentary letters of credit involve the Group issuing letters of credit guaranteeing payment in favour of an exporter. They are secured against an underlying shipment of goods or backed by a confirmatory letter of credit from another bank.

Performance related contingencies are liabilities that oblige the Group to make payments to a third party if the customer fails to fulfil its non-monetary obligations under the contract.

To reflect the risk associated with these transactions, we apply the same credit origination, portfolio management and collateral requirements that we apply to loans. The contract amount represents the maximum potential amount that we could lose if the counterparty fails to meet its financial obligations. As the facilities may expire without being drawn upon, the notional amounts do not necessarily reflect future cash requirements. Based on the earliest date on which the Group or the Company may be required to pay, the full amount of guarantees and letters of credit and performance related contingencies for the Group and the Company mature within 12 months.

OTHER CONTINGENT LIABILITIES

As at 30 September 2022, the Group had contingent liabilities in respect of the matters outlined below. Where relevant, expert legal advice has been obtained and, in the light of such advice, provisions (refer to Note 23 Other Provisions) and/or disclosures as deemed appropriate have been made. In some instances we have not disclosed the estimated financial impact of the individual items either because it is not practicable to do so or because such disclosure may prejudice the interests of the Group.

REGULATORY AND CUSTOMER EXPOSURES

The Group regularly engages with its regulators in relation to regulatory investigations, surveillance and reviews, reportable situations, civil enforcement actions (whether by court action or otherwise), formal and informal inquiries and regulatory supervisory activities in Australia and globally. The Group has received various notices and requests for information from its regulators as part of both industry-wide and Group-specific reviews and has also made disclosures to its regulators at its own instigation. The nature of these interactions can be wide ranging and, for example, include or have included in recent years a range of matters including responsible lending practices, regulated lending requirements, product suitability and distribution, interest and fees and the entitlement to charge them, customer remediation, wealth advice, insurance distribution, pricing, competition, conduct in financial markets and financial transactions, capital market transactions, anti-money laundering and counter-terrorism financing obligations, privacy obligations and information security, business continuity management, reporting and disclosure obligations and product disclosure documentation. There may be exposures to customers which are additional to any regulatory exposures. These could include class actions, individual claims or customer remediation or compensation activities. The outcomes and total costs associated with such reviews and possible exposures remain uncertain.

33. COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (continued)

OTHER CONTINGENT LIABILITIES (continued)

BENCHMARK/RATE ACTIONS

In July and August 2016, class action complaints were brought in the United States District Court against local and international banks, including the Company. The class actions are expressed to apply to persons and entities that engaged in US-based transactions in financial instruments that were priced, benchmarked, and/or settled based on certain benchmark rates. The claimants sought damages or compensation in amounts not specified, and alleged that the defendant banks, including the Company, violated US anti-trust laws, antiracketeering laws, and (in one case only), the Commodity Exchange Act and unjust enrichment principles. As at 30 September 2022, ANZ has reached agreements to settle each of these matters. The financial impact is not material. The settlements are without admission of liability and remain subject to finalisation and court approval.

In February 2017, the South African Competition Commission commenced proceedings against local and international banks including the Company alleging breaches of the cartel provisions of the South African Competition Act in respect of trading in the South African rand. The potential civil penalty or other financial impact is uncertain.

CAPITAL RAISING ACTION

In September 2018, the Australian Securities and Investments Commission (ASIC) commenced civil penalty proceedings against the Company alleging failure to comply with continuous disclosure obligations in connection with the Company's August 2015 underwritten institutional equity placement. ASIC alleges the Company should have advised the market that the joint lead managers took up approximately 25.5 million ordinary shares of the placement. The Company is defending the allegations.

CONSUMER CREDIT INSURANCE LITIGATION

In February 2020, a class action was brought against the Company alleging breaches of financial advice obligations, misleading or deceptive conduct and unconscionable conduct in relation to the distribution of consumer credit insurance products. The issuers of the insurance products, QBE and OnePath Life, are also defendants to the claim. The Company is defending the allegations.

ESANDA DEALER CAR LOAN LITIGATION

In August 2020, a class action was brought against the Company alleging unfair conduct, misleading or deceptive conduct and equitable mistake in relation to the use of flex commissions in dealer arranged Esanda car loans. The Company is defending the allegations.

ONEPATH SUPERANNUATION LITIGATION

In December 2020, a class action was brought against OnePath Custodians, OnePath Life and the Company alleging that OnePath Custodians breached its obligations under superannuation legislation, and its duties as trustee, in respect of superannuation investments and fees. The claim also alleges that the Company was involved in some of OnePath Custodians' investment breaches. The Company is defending the allegations.

NEW ZEALAND LOAN INFORMATION LITIGATION

In September 2021, a representative proceeding was brought against ANZ Bank New Zealand Limited, alleging breaches of disclosure requirements under consumer credit legislation in respect of variation letters sent to certain loan customers. ANZ Bank New Zealand Limited is defending the allegations.

CREDIT CARDS LITIGATION

In November 2021, a class action was brought against the Company alleging that certain interest terms in credit card contracts were unfair contract terms and that it was unconscionable for the Company to rely on them. The Company is defending the allegations.

UNLICENSED THIRD PARTIES ACTION

In November 2021, ASIC commenced civil penalty proceedings against the Company alleging that three unlicensed third parties provided home loan application documents to the Company's lenders, including in connection with the Company's home loan introducer program. ASIC alleges that the Company contravened its obligations under credit legislation.

AVAILABLE FUNDS ACTION

In May 2022, ASIC commenced civil penalty proceedings against the Company in relation to fees charged to customers in some circumstances for credit card cash advance transactions made using recently deposited unprocessed funds. ASIC alleges that the Company made false or misleading representations, engaged in misleading or deceptive conduct and breached certain statutory obligations as a credit licensee. The Company is defending the allegations.

33. COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (continued)

OTHER CONTINGENT LIABILITIES (continued)

ROYAL COMMISSION

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry released its final report on 4 February 2019. Following the Royal Commission there have been, and continue to be, additional costs and further exposures, including exposures associated with further regulator activity or potential customer exposures such as class actions, individual claims or customer remediation or compensation activities. The outcomes and total costs associated with these possible exposures remain uncertain.

SECURITY RECOVERY ACTIONS

Various claims have been made or are anticipated, arising from security recovery actions taken to resolve impaired assets. These claims will be defended.

WARRANTIES, INDEMNITIES AND PERFORMANCE MANAGEMENT FEES

The Group has provided warranties, indemnities and other commitments in favour of the purchaser and other persons in connection with various disposals of businesses and assets and other transactions, covering a range of matters and risks. It is exposed to claims under those warranties, indemnities and commitments, some of which are currently active. The outcomes and total costs associated with these exposures remain uncertain.

The Group has entered an arrangement to pay performance management fees to external fund managers in the event predetermined performance criteria are satisfied in relation to certain Group investments. The satisfaction of the performance criteria and associated performance management fee remains uncertain.

CLEARING AND SETTLEMENT OBLIGATIONS

Certain group companies have a commitment to comply with rules governing various clearing and settlement arrangements which could result in a credit risk exposure and loss if another member institution fails to settle its payment clearing activities. The Group's potential exposure arising from these arrangements is unquantifiable in advance.

Certain group companies hold memberships of central clearing houses, including ASX Clear (Futures), London Clearing House (LCH) SwapClear and RepoClear, Korea Exchange (KRX), Hong Kong Exchange (HKEX), Clearing Corporation of India and the Shanghai Clearing House. These memberships allow the relevant group company to centrally clear derivative instruments in line with cross-border regulatory requirements. Common to all of these memberships is the requirement for the relevant group company to make default fund contributions. In the event of a default by another member, the relevant group company could potentially be required to commit additional default fund contributions which are unquantifiable in advance.

PARENT ENTITY GUARANTEES

The Company has issued letters of comfort and guarantees in respect of certain subsidiaries in the normal course of business. Under these letters and guarantees, the Company undertakes to ensure that those subsidiaries continue to meet their financial obligations, subject to certain conditions including that the entity remains a controlled entity of the Company.

SALE OF GRINDLAYS BUSINESS

On 31 July 2000, the Company completed the sale to Standard Chartered Bank (SCB) of ANZ Grindlays Bank Limited (Grindlays) and certain other businesses. The Company provided warranties and indemnities relating to those businesses.

The indemnified matters include civil penalty proceedings and criminal prosecutions brought by Indian authorities against Grindlays and certain of its officers, in relation to certain transactions conducted in 1991 that are alleged to have breached the *Foreign Exchange Regulation Act, 1973*. Civil penalties were imposed in 2007 which are the subject of appeals. The criminal prosecutions are being defended.

CONTINGENT ASSETS

NATIONAL HOUSING BANK

The Company is pursuing recovery of the proceeds of certain disputed cheques which were credited to the account of a former Grindlays customer in the early 1990s.

The disputed cheques were drawn on the National Housing Bank (NHB) in India. Proceedings between Grindlays and NHB concerning the proceeds of the cheques were resolved in early 2002.

Recovery is now being pursued from the estate of the Grindlays customer who received the cheque proceeds. Any amounts recovered are to be shared between the Company and NHB.

34. AUDITOR FEES

	Consolidated		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
KPMG Australia				
Audit or review of financial reports	8,217	7,434	7,726	7,021
Audit-related services[1]	6,037	2,772	5,956	2,696
Non-audit services[2]	8	106	8	106
Total[3]	14,262	10,312	13,690	9,823
Overseas related practices of KPMG Australia				
Audit or review of financial reports	5,808	5,511	2,033	1,965
Audit-related services[1]	1,459	1,657	831	917
Non-audit services[2]	-	85	-	85
Total	7,267	7,253	2,864	2,967
Total auditor fees	21,529	17,565	16,554	12,790

1. Group audit-related services comprise prudential and regulatory services of $6.26 million (2021: $3.27 million), comfort letters $0.52 million (2021: $0.49 million) and other services $0.71 million (2021: $0.67 million). Company audit-related services comprise prudential and regulatory services of $5.90million (2021: $2.78 million), comfort letters $0.48 million (2021: $0.45 million) and other services $0.41 million (2021: $0.38 million).
2. The nature of non-audit services for the Group and the Company include controls related assessments and methodology and procedural reviews. Further details are provided in the Directors' Report.
3. Inclusive of goods and services tax.

The Group and the Company's Policy allows KPMG Australia or any of its related practices to provide assurance and other audit-related services that, while outside the scope of the statutory audit, are consistent with the role of an external auditor. These include regulatory and prudential reviews requested by regulators such as APRA. Any other services that are not audit or audit-related services are non-audit services. The Policy allows certain non-audit services to be provided where the service would not contravene auditor independence requirements. KPMG Australia or any of its related practices may not provide services that are perceived to be in conflict with the role of the external auditor or breach auditor independence. These include consulting advice and subcontracting of operational activities normally undertaken by management, and engagements where the external auditor may ultimately be required to express an opinion on its own work.

35. PENDING ORGANISATIONAL CHANGES IMPACTING FUTURE REPORTING PERIODS

Non-Operating Holding Company

On 4 May 2022, the Group announced its intention to lodge a formal application with APRA, the Federal Treasurer and other applicable regulators to establish a non-operating holding company and create distinct bank and non-bank groups within the organisation to assist ANZ to better deliver its strategy to strengthen and grow its core business further.

Should the proposed restructure proceed, ANZ will establish a non-operating holding company, ANZ Group Holdings Limited, as the new listed parent holding company of the ANZ Group by a scheme of arrangement and to separate ANZ's banking and certain non-banking businesses into the ANZ Bank Group and ANZ Non-Bank Group. The 'ANZ Bank Group' would comprise the current Australia and New Zealand Banking Group Limited and the majority of its present-day subsidiaries. The 'ANZ Non-Bank Group' would house banking-adjacent businesses developed or acquired by the ANZ Group, as we continue to seek ways to bring the best new technology and banking-adjacent services to our customers.

The Explanatory Memorandum has been registered with the Australian Securities and Investments Commission and ANZ shareholders will be asked to vote on the scheme on 15 December 2022. A copy of the Explanatory Memorandum will be made available on ANZ's website (www.anz.com/schememeeting).

Suncorp Bank Acquisition

On 18 July 2022, the Group announced an agreement to purchase 100% of the shares in SBGH Limited, the immediate non-operating holding company of Suncorp Bank. The acquisition is subject to a minimum completion period of 12 months and to certain conditions, being Federal Treasurer approval, Australian Competition and Consumer Commission authorisation or approval and certain amendments to the *State Financial Institutions and Metway Merger Act 1996 (Qld)*. Unless the parties agree otherwise, the last date for satisfaction of these conditions is 24 months after signing (after which either party may terminate the agreement). The final purchase price is subject to completion adjustments and may be more or less than $4.9 billion. In addition, ANZ will also acquire Suncorp Bank's Additional Tier I capital notes at face value ($0.6 billion as at June 2022). Completion is expected in the second half of calendar year 2023.

36. EVENTS SINCE THE END OF THE FINANCIAL YEAR

There have been no significant events from 30 September 2022 to the date of signing this report.

Directors' Declaration

The Directors of Australia and New Zealand Banking Group Limited declare that:

a) in the Directors' opinion, the financial statements and notes of the Company and the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:

   i) section 296, that they comply with the Australian Accounting Standards and any further requirements of the *Corporations Regulations 2001*; and

   ii) section 297, that they give a true and fair view of the financial position of the Company and the Consolidated Entity as at 30 September 2022 and of their performance for the year ended on that date; and

b) the notes to the financial statements of the Company and the Consolidated Entity include a statement that the financial statements and notes of the Company and the Consolidated Entity comply with International Financial Reporting Standards; and

c) the Directors have been given the declarations required by section 295A of the *Corporations Act 2001*; and

d) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Paul D O'Sullivan
Chairman

Shayne C Elliott
Managing Director

26 October 2022

TO THE SHAREHOLDERS OF AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

REPORT ON THE AUDITS OF THE FINANCIAL REPORTS

OPINIONS

We have audited the consolidated **Financial Report** of Australia and New Zealand Banking Group Limited (the Group Financial Report). We have also audited the Financial Report of Australia and New Zealand Banking Group Limited (the Company Financial Report).

In our opinion, each of the accompanying Group Financial Report and Company Financial Report are in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group**'s and of the **Company**'s financial position as at 30 September 2022 and of its financial performance for the year ended on that date; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

The respective **Financial Reports** of the Group and the Company comprise:

- balance sheets as at 30 September 2022
- income statements, statements of comprehensive income, statements of changes in equity, and cash flow statements for the year then ended
- notes 1 to 36 including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of Australia and New Zealand Banking Group Limited (the **Company**) and the entities it controlled at the year-end or from time to time during the financial year.

BASIS FOR OPINIONS

We conducted our audits in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audits of the Financial Reports* section of our report.

We are independent of the Group and Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants ((including Independence Standards)* (the Code) that are relevant to our audits of the Financial Reports in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

KEY AUDIT MATTERS

The **Key Audit Matters** we identified for the Group and Company are:

- Allowance for expected credit losses;
- Subjective and complex valuation of financial instruments held at fair value;
- Provisions for customer remediation; and
- IT systems and controls.

The additional **Key Audit Matter** we identified for the Group (only) is:

- Carrying value of investment in PT Bank Pan Indonesia (PT Panin).

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our respective audits of the Financial Reports of the current period.

These matters were addressed in the context of our audits of each of the Financial Reports as a whole, and in forming our opinions thereon, and we do not provide a separate opinion on these matters.

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KEY AUDIT MATTERS (continued)

ALLOWANCE FOR EXPECTED CREDIT LOSSES (Group $4,395m; Company $3,599m)

Refer to the critical accounting estimates and judgements disclosures in relation to the allowance for expected credit losses in Note 14 to the Group and Company Financial Reports.

The Key Audit Matter

Allowance for expected credit losses is a key audit matter due to the significance of the loans and advances balances to the financial statements and the inherent complexity of the Company and Group's Expected Credit Loss models (ECL models) used to measure ECL allowances. These models are reliant on data and a number of estimates including the impact of multiple economic scenarios and other assumptions such as defining a significant increase in credit risk (SICR).

AASB 9 *Financial Instruments* requires the Company and Group to measure ECLs on a forward-looking basis reflecting a range of economic conditions. Post-model adjustments are made by the Company and Group to address known ECL model limitations or emerging trends in the loan portfolios. We exercise significant judgement in challenging the economic scenarios used and the judgmental post-model adjustments the Company and Group applies to the ECL results.

Additional subjectivity and judgement has been introduced into the Group and Company's measurement of ECL due to the heightened uncertainty associated with the impact of the economic outlook to the Group and Company's customers, increasing our audit effort thereon.

The Company and Group's criteria selected to identify a SICR, such as a decrease in customer credit rating (CCR), are key areas of judgement within the Company and Group's ECL methodology as these criteria determine if a forward-looking 12 month or lifetime allowance is recorded.

Additionally, allowances for individually assessed wholesale loans exceeding specific thresholds are assessed by the Company and Group. We exercise significant judgement in challenging the assessment of specific allowances based on the expected future cash repayments and estimated proceeds from the value of the collateral held by the Company and Group in respect of the loans.

How the matter was addressed in our audits

Our audit procedures for the allowance for ECL included assessing the Company and Group's significant accounting policies against the requirements of the accounting standard. Additionally, our procedures included:

Testing key controls of the Company and Group in relation to:

- The ECL model governance and validation processes which involved assessment of model performance;
- The assessment and approval of the forward-looking macroeconomic assumptions and scenario weightings through challenge applied by the Company and Group's internal governance processes;
- Reconciliation of the data used in the ECL calculation process to gross balances recorded within the general ledger as well as source systems;
- Customer credit rating (CCR) for wholesale loans (larger customer exposures are monitored individually). This covered elements such as: approval of new lending facilities against the Company and Group's lending policies, monitoring of counterparty credit quality against the Company and Group's exposure criteria for internal factors specific to the counterparty or external macroeconomic factors, and accuracy and timeliness of CCR and security indicator (SI) assessments against the requirements of the Company and Group's lending policies and regulatory requirements;
- IT system controls which record retail loans lending arrears, group exposures into delinquency buckets, and re-calculate individual allowances. We tested automated calculation and change management controls and evaluated the Company and Group's oversight of the portfolios, with a focus on controls over delinquency monitoring.

We tested relevant General Information Technology Controls (GITCs) in relation to the key IT applications used by the Company and Group in measuring ECL allowances as detailed in the IT Systems and Controls key audit matter below.

In addition to controls testing, our procedures included:

- Re-performing credit assessments of a sample of wholesale loans controlled by the Company and Group's specialist workout and recovery team assessed as higher risk or impaired, and a sample of other loans, focusing on larger exposures assessed by the Company and Group as showing signs of deterioration, or in areas of emerging risk. For each loan sampled, we challenged the Company and Group's assessment of CCR and SI using the customer's financial position, the valuation of security, and, where relevant, the risk of stranded assets, to inform our overall assessment of loan recoverability and the impact on the credit allowance. To do this, we used the information on the Company's and Group's loan file and discussed the facts and circumstances of the case with the loan officer. Exercising our judgement, our procedures included using our understanding of relevant industries and the macro-economic environment and comparing data and assumptions used by the Company and Group in recoverability assessments to externally sourced evidence, such as commodity prices, publicly available audited financial statements and comparable external valuations of collateral held. Where relevant we assessed the forecast timing of future cash flows in the context of underlying valuations and approved business plans and challenged key assumptions in the valuations;
- Obtaining an understanding of the Company and Group's processes to determine ECL allowances, evaluating the Company and Group's ECL model methodologies against established market practices and criteria in the accounting standards;

KEY AUDIT MATTERS (continued)

- Working with our Credit risk specialists, we assessed the accuracy of the Company and Group's ECL model estimates by re-performing, for a sample of loans, the ECL allowance using our independently derived calculation tools and comparing this to the amount recorded by the Company and Group;
- Working with our economic specialists, we challenged the Company and Group's forward-looking macro-economic assumptions and scenarios incorporated in the Company and Group's ECL models. We compared the Company and Group's forecast GDP, unemployment rates, CPI and property price indices to relevant publicly available macro-economic information, and considered other known variables and information obtained through our other audit procedures to identify contradictory indicators;
- Testing the implementation of the Company and Group's SICR methodology by re-performing the staging calculation for a sample of loans taking into consideration movements in the CCR from loan origination and comparing our result to actual staging applied on an individual account level in the Company and Group's ECL model;
- Assessing the accuracy of the data used in the ECL models by checking a sample of data fields such as account balance and CCR to relevant source systems.

We challenged key assumptions in the components of the Company and Group's post-model adjustments to the ECL allowance balance. This included:

- Assessing post-model adjustments against the Company and Group's ECL model and data deficiencies identified by the Company and Group's ECL model validation processes, particularly in light of the significant volatility in economic scenarios;
- Comparing underlying data used in concentration risk and economic cycle allowances to underlying loan portfolio characteristics of recent loss experience, current market conditions and specific risks in the Company and Group's loan portfolios;
- Assessing certain post-model adjustments identified by the Group and Company against internal and external information;
- Assessing the completeness of post-model adjustments by checking the consistency of risks we identified in the loan portfolios against the Company and Group's assessment.

Assessing the appropriateness of the Company and Group's disclosures in the financial reports using our understanding obtained from our testing and against the requirements of the accounting standards.

SUBJECTIVE AND COMPLEX VALUATION OF FINANCIAL INSTRUMENTS HELD AT FAIR VALUE:

GROUP

- FAIR VALUE OF LEVEL 3 ASSET POSITIONS $1,833m
- FAIR VALUE OF LEVEL 2 ASSET POSITIONS $108,853m
- FAIR VALUE OF LEVEL 3 LIABILITY POSITIONS $31m
- FAIR VALUE OF LEVEL 2 LIABILITY POSITIONS $88,977m

COMPANY

- FAIR VALUE OF LEVEL 3 ASSET POSITIONS $1,449m
- FAIR VALUE OF LEVEL 2 ASSET POSITIONS $105,583m
- FAIR VALUE OF LEVEL 3 LIABILITY POSITIONS $20m
- FAIR VALUE OF LEVEL 2 LIABILITY POSITIONS $86,652m

Refer to the critical accounting estimates, judgements and disclosures of fair values in Note 19 to the Group and Company Financial Reports.

The Key Audit Matter

The fair value of the Company and Group's Level 3 and 2 financial instruments is determined by the Company and Group's application of valuation techniques which often involve the exercise of judgement and the use of assumptions and estimates.

In assessing this Key Audit Matter, we involved our valuation specialists to supplement our senior team members who understand the Company and Group's methods, assumptions and data relevant to their valuation of Financial Instruments.

The Company and Group's valuation of Level 3 and Level 2 financial instruments held at fair value is a Key Audit Matter due to:

- The high degree of estimation uncertainty and potentially significant range of reasonable outcomes associated with the valuation of financial instruments classified as Level 3 where significant pricing inputs used in the valuation methodology and models are not observable.
- The complexity associated with the Company and Group's valuation methodology and models of certain more complex Level 2 financial instruments leading to an increase in subjectivity and estimation uncertainty.

These factors increased the level of judgement applied by us and our audit effort thereon.

KEY AUDIT MATTERS (continued)

How the matter was addressed in our audits

Our audit procedures in relation to the valuation of financial instruments held at fair value included:

- Performing an assessment of the population of financial instruments held at fair value by the Company and Group to identify portfolios with a higher risk of misstatement arising from significant judgements over valuation either due to unobservable inputs or complex models.
- Testing the design and operating effectiveness of key controls relating specifically to these financial instruments, including those in relation to:
  - Independent Price Verification (IPV), including completeness of portfolios and valuation inputs subject to IPV;
  - model validation at inception and periodically, including assessment of model limitation and assumptions;
  - review, approval and challenge of daily profit and loss by a control function;
  - collateral management process, including review and approval of margin reconciliations with clearing houses; and
  - review and approval of fair value adjustments (FVAs), including exit price and portfolio level adjustments.
- In relation to the subjective valuation of complex Level 2 and Level 3 financial instruments, with our valuation specialists:
  - Assessing the reasonableness of key inputs and assumptions using comparable data in the market and available alternatives;
  - Comparing the Company and Group's valuation methodology to industry practice and the criteria in the accounting standards.
- With the assistance of our valuation specialists, independently re-valuing a selection of financial instruments and FVAs of the Company and Group. This involved sourcing independent inputs from comparable data in the market and available alternatives. We challenged the Company and Group where our revaluations significantly differed from the Company and Group's valuations.
- Assessing the appropriateness of the Company and Group's disclosures in the financial reports using our understanding obtained from our testing and against the requirements of the accounting standards.

CARRYING VALUE OF INVESTMENT IN PT BANK PAN INDONESIA (PT PANIN) (Group $1,318m)

Refer to the critical accounting estimates, judgements and disclosures in Note 27 to the Group Financial Report.

The Key Audit Matter

The carrying value of the Group's investment in associate, PT Panin, is a key audit matter as:

- The investment is equity accounted as an associate and where indicators of impairment are identified the recoverable amount must be assessed. This involves judgement and consideration of valuation models given historical volatility in the market price of the shares and limited liquidity in the market for the shares. Impairment has been recognised in prior periods.
- The Group's impairment assessment identified that the Group's investment in associate, PT Panin, experienced a significant increase in the quoted share price during the period. At 30 September 2022, this indicated a value greater than its carrying value, indicating a possible reversal of previous impairment under accounting standard requirements.
- We critically evaluated the Group's conclusion not to reverse the impairment losses recorded against the investment in PT Panin in prior periods. This required analysis of the market and comparison against the Group's value in use modelled outcome and other fair value approaches.
- We focused on critically evaluating the Group's judgement in relation to key assumptions for assessing the recoverable amount, including:
  - The nature of alternative valuation methodologies;
  - Forecast earnings, forecast growth rates and terminal growth rates – the Group's model is highly sensitive to small changes in these assumptions;
  - Discount rates – these are complicated in nature and vary according to the conditions and environment the associate investment operates in.
- We involved our valuation specialists to supplement our senior team members in assessing this key audit matter.

How the matter was addressed in our audit

Working with our valuation specialists, our procedures included:

- Considering the appropriateness of the recoverable amount assessment used by the Group to conclude the carrying value of the Group's investment in associate, PT Panin, is supportable;
- Understanding the features of the PT Panin stock and the drivers of the recent significant increase in fair value indicated by reference to the quoted share price. This included analysis of the volatility of movements, the nature and size of the Group's shareholdings and the volumes of trading of the limited free float of shares;
- Critically evaluating other fair valuation approaches and comparing this to the quoted share price value, and the Group's value in use outcome;
- Considering the appropriateness of the value in use valuation method applied by the Group against the requirements of the accounting standards. This included:
  - Assessing the integrity of the model used, including the accuracy of the underlying calculation formulas;
  - Assessing the Group's key assumptions used in the model, such as, discount rates, forecast earnings, forecast growth rates and terminal growth rate by comparing to external observable metrics, historical experience, our knowledge of the markets and current market practice;

KEY AUDIT MATTERS (continued)

  - Independently developing a discount rate estimate or range considered comparable using publicly available market data for comparable entities, adjusted for factors specific to the investment and the market and industry it operates in;
  - Comparing the forecast earnings contained in the model to broker consensus reports, and released financial results;
  - Assessing the accuracy of previous forecasts to inform our evaluation of current forecasts incorporated in the model;
  - Considering the sensitivity of the model by varying key assumptions, such as, discount rates and terminal growth rates, within a reasonable possible range. We did this to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures.
- Assessing the recoverable amount at the reporting date against the recoverable amount of the investment when it was last impaired to critically assess reversal of previous impairment losses;
- Assessing the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.

PROVISIONS FOR CUSTOMER REMEDIATION (Group $662m; Company $600m)

Refer to the critical accounting estimates, judgements and disclosures in Notes 23 and 33 to the Group and Company Financial Reports.

The Key Audit Matter

The Company and Group have recognised provisions in relation to certain customer remediation activities arising from both internal and external investigations and reviews.

Provisions for customer remediation activities is a key audit matter due to the judgements required by us in assessing the Company and Group's determination of:

- The completeness of the population of matters requiring remediation;
- The existence of a present legal or constructive obligation arising from a past event, considering the conditions of the event against the criteria in the accounting standards;
- Reliable estimates of the remediation amounts which may be paid arising from investigations and legal actions, including estimates of related costs; and
- The potential for legal proceedings, further investigations, and reviews from their regulators leading to a wider range of estimation outcomes for us to consider.

How the matter was addressed in our audits

Our audit procedures for customer remediation provisions included:

- Obtaining an understanding of the Company and Group's processes and controls for identifying and assessing the impact of the investigations into customer remediation activities;
- Enquiring with the Company and Group regarding ongoing legal, regulatory and other investigations into past activities which may require remediation;
- Conducting independent discussions on significant matters with external legal counsel;
- Reading the minutes and other relevant documentation of the Company's Board of Directors, Board Committees, various management committees, and attending the Company's Audit and Risk Committee meetings, for consistency to the basis used to estimate the provision;
- Inspecting correspondence with relevant regulatory bodies and comparing the status and positioning with the basis for estimation used by the Company and Group;
- For a sample of individual customer remediation matters, evaluating the basis for recognition of a provision and associated costs against the requirements of the accounting standards and for consistency with the Group and Company's policies. We did this by obtaining an understanding of the matter and its status and independently assessing this against the recognition requirements of the accounting standards;
- For a sample of individual customer remediation matters:
  - Assessing and challenging the methods, data and assumptions used by the Company and Group to provide for customer remediation matters;
  - Sample checking data accuracy to underlying systems;
  - Performing model integrity checks;
  - Testing the accuracy of historical remediation provisions by comparing to actual payments. We used this knowledge to challenge the Group's and Company's current estimates and to inform our further procedures.
- Testing completeness by evaluating where exposures may have arisen based upon our knowledge and experience of broader industry matters, the Company and Group's documentation and the current regulatory environment. We also checked the features of these exposures against the criteria defining a provision or a contingency in the accounting standards;

KEY AUDIT MATTERS (continued)

- Assessing the appropriateness of the Company and Group's conclusions against the requirements of Australian Accounting Standards where estimates were unable to be reliably made for a provision to be recognised;
- Evaluating the related disclosures using our understanding obtained from our testing and against the requirements of Australian Accounting Standards.

IT SYSTEMS AND CONTROLS

The Key Audit Matter

As a major Australian bank, the Company and Group's businesses utilise many complex, interdependent Information Technology (IT) systems to process and record a high volume of transactions. The controls over access, changes to and operation of IT systems are key to the recording of financial information and the preparation of financial reports which provide a true and fair view of the Company and Group's financial positions and performance.

The IT systems and controls, as they impact the financial recording and reporting of the Company and Group's transactions, is a key audit matter as our audit approaches could significantly differ depending on the effective operation of the Company and Group's IT controls. We work with our IT specialists as a core part of our audit team.

How the matter was addressed in our audits

Our testing focused on the technology control environments for key IT applications (systems) used in processing significant transactions and recording balances in the general ledgers, and the automated controls embedded within these systems which link the technology-enabled business processes. Working with our IT specialists, our audit procedures included:

- Assessing the governance and higher-level controls across the IT environments, including those regarding policy design, policy review and awareness, and IT Risk and cyber security management practices;
- Design and operating effectiveness testing of key controls across the user access management lifecycle, including how users are on-boarded, reviewed for access levels assigned, and removed on a timely basis from key IT applications and supporting infrastructure. We also examined the management of privileged roles and functions across relevant IT application and the supporting infrastructure;
- Design and operating effectiveness testing of key controls for IT change management including authorisation of changes prior to development, testing performed and approvals prior to migration into the production environment of key IT applications. We assessed user access to release changes to IT application production environments across the Company and Group and whether access was commensurate with their job responsibilities;
- Design and operating effectiveness testing of key controls used by the Company and Group's technology teams to restrict access to and monitor system batch job schedules;
- Design and operating effectiveness testing of key automated business process controls including those relating to enforcing segregation of duties to avoid conflicts from inappropriate role combinations within IT applications. Our testing included:
  - Configurations to perform calculations, mappings and flagging of financial transactions, and automated reconciliation controls (both between systems and intra-system); and
  - Data integrity of key system reporting used by us in our audit to select samples and analyse data used by the Company and Group to generate financial reporting.

OTHER INFORMATION

Other Information is financial and non-financial information in Australia and New Zealand Banking Group Limited's annual reporting which is provided in addition to the Financial Reports and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinions on the Financial Reports do not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audits of the Financial Reports, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Reports or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report, we have nothing to report.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL REPORTS

The Directors are responsible for:

- preparing the Financial Reports that give a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal controls to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDITS OF THE FINANCIAL REPORTS

Our objective is:

- to obtain reasonable assurance about whether each of the Financial Reports as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinions.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Reports.

A further description of our responsibilities for the audits of the Financial Reports is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

REPORT ON THE REMUNERATION REPORT

In our opinion, the Remuneration Report of Australia and New Zealand Banking Group Limited for the year ended 30 September 2022 complies with *Section 300A* of the *Corporations Act 2001*.

DIRECTORS' RESPONSIBILITIES

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

OUR RESPONSIBILITIES

We have audited the Remuneration Report included in pages 62 to 103 of the Directors' report for the year ended 30 September 2022.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Martin McGrath
Partner

Melbourne
26 October 2022

shareholder.anz.com

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