

Important notice

This document has been prepared by Australia and New Zealand Banking Group Limited (ANZ) to meet its disclosure obligations under the Australian Prudential Regulation Authority (APRA) ADI Prudential Standard (APS) 330: Public Disclosure.

Table 3 Capital adequacy - Capital Ratios and Risk Weighted Assets

| | Dec 20 | Sep 20 | Jun 20 |
|---|----------------|----------------|----------------|
| | \$M | \$M | \$M |
| Risk Weighted Assets (RWA) | | | |
| Subject to Advanced Internal Rating Based (IRB) approach | | | |
| Corporate | 132,872 | 139,415 | 146,850 |
| Sovereign | 7,856 | 7,545 | 6,656 |
| Bank | 10,893 | 12,734 | 14,794 |
| Residential Mortgage | 111,842 | 110,353 | 109,500 |
| Qualifying Revolving Retail | 4,008 | 4,337 | 4,705 |
| Other Retail | 21,391 | 21,794 | 24,279 |
| Credit risk weighted assets subject to Advanced IRB approach | 288,862 | 296,178 | 306,784 |
| Credit Risk Specialised Lending exposures subject to slotting approach¹ | 38,637 | 39,001 | 38,784 |
| Subject to Standardised approach | | | |
| Corporate | 10,072 | 10,185 | 12,331 |
| Sovereign | 156 | 220 | - |
| Residential Mortgage | 203 | 210 | 214 |
| Other Retail | 27 | 33 | 38 |
| Credit risk weighted assets subject to Standardised approach | 10,458 | 10,648 | 12,583 |
| Credit Valuation Adjustment and Qualifying Central Counterparties | 5,724 | 7,710 | 7,786 |
| Credit risk weighted assets relating to securitisation exposures | 2,190 | 2,125 | 2,096 |
| Other assets | 4,351 | 4,375 | 4,208 |
| Total credit risk weighted assets | 350,222 | 360,037 | 372,241 |
| Market risk weighted assets | 10,215 | 8,237 | 7,609 |
| Operational risk weighted assets | 47,372 | 47,563 | 46,961 |
| Interest rate risk in the banking book (IRRBB) risk weighted assets | 14,202 | 13,547 | 9,874 |
| Total Risk Weighted Assets | 422,011 | 429,384 | 436,685 |
| Capital ratios (%) | Dec 20 | Sep 20 | Jun 20 |
| Level 2 Common Equity Tier 1 capital ratio | 11.7% | 11.3% | 11.1% |
| Level 2 Tier 1 capital ratio | 13.5% | 13.2% | 12.9% |
| Level 2 Total capital ratio | 17.3% | 16.4% | 15.8% |
| Basel III APRA level 2 CET1 | Dec 20 | Sep 20 | Jun 20 |
| Common Equity Tier 1 Capital | 49,334 | 48,702 | 48,609 |
| Total Risk Weighted Assets | 422,011 | 429,384 | 436,685 |
| Common Equity Tier 1 capital ratio | 11.7% | 11.3% | 11.1% |
| Basel III APRA level 1 Extended licensed entity CET1 | Dec 20 | Sep 20 | Jun 20 |
| Common Equity Tier 1 Capital | 44,353 | 43,904 | 43,711 |
| Total Risk Weighted Assets | 384,857 | 391,939 | 396,235 |
| Common Equity Tier 1 capital ratio | 11.5% | 11.2% | 11.0% |

Credit Risk Weighted Assets (CRWA)

Total CRWA decreased \$9.8 billion (-2.7%) from September 2020 to \$350.2 billion at December 2020. The decrease was driven by the Institutional business across Corporate and Bank asset classes from a reduction in exposures combined with the impact of foreign exchange movements. CVA and QCCP RWA reduction driven by additional CVA hedging actions during the quarter.

Market Risk, Operational Risk and IRRBB Risk Weighted Assets (RWA)

Traded Market Risk RWA increased \$1.98 billion (24.0%) over the quarter due to increases in 10d VaR and Stressed VaR. IRRBB RWA increased due to greater Repricing and Yield Curve risk.

¹ Specialised Lending exposures subject to supervisory slotting approach are those where the main servicing and repayment is from the asset being financed, and includes specified commercial property development/investment lending and project finance.

Table 4 Credit risk exposures

Exposure at Default in Table 4 represents credit exposure net of offsets for credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral. It includes Advanced IRB, Specialised Lending and Standardised exposures, however does not include Securitisation, Equities or Other Assets exposures.

Table 4(a) part (i): Period end and average Exposure at Default ²

| Advanced IRB approach | Dec 20 | | | | |
|--|--------------------------|-------------------------|--|--|---------------------------------|
| | Risk Weighted Assets \$M | Exposure at Default \$M | Average Exposure at Default for three months \$M | Individual provision charge for three months \$M | Write-offs for three months \$M |
| Corporate | 132,872 | 265,411 | 269,912 | (8) | 25 |
| Sovereign | 7,856 | 216,384 | 201,494 | - | - |
| Bank | 10,893 | 36,858 | 39,515 | - | - |
| Residential Mortgage | 111,842 | 404,435 | 398,373 | - | 16 |
| Qualifying Revolving Retail | 4,008 | 14,499 | 14,673 | 21 | 34 |
| Other Retail | 21,391 | 31,517 | 31,724 | 7 | 45 |
| Total Advanced IRB approach | 288,862 | 969,104 | 955,691 | 20 | 120 |
| Specialised Lending | 38,637 | 46,014 | 46,222 | - | 1 |
| Standardised approach | | | | | |
| Corporate | 10,072 | 11,285 | 11,315 | 2 | 4 |
| Sovereign | 156 | 148 | 180 | - | - |
| Residential Mortgage | 203 | 421 | 428 | - | 1 |
| Other Retail | 27 | 27 | 30 | (1) | - |
| Total Standardised approach | 10,458 | 11,881 | 11,953 | 1 | 5 |
| Credit Valuation Adjustment and Qualifying Central Counterparties | 5,724 | 11,824 | 10,754 | - | - |
| Total | 343,681 | 1,038,823 | 1,024,620 | 21 | 126 |

² Average Exposure at Default for quarter is calculated as the simple average of the balances at the start and the end of each three month period.

Table 4(a) part (i): Period end and average Exposure at Default (continued)

| Advanced IRB approach | Sep 20 | | | | |
|--|--------------------------|-------------------------|--|--|---------------------------------|
| | Risk Weighted Assets \$M | Exposure at Default \$M | Average Exposure at Default for three months \$M | Individual provision charge for three months \$M | Write-offs for three months \$M |
| Corporate | 139,415 | 274,414 | 283,411 | 13 | 99 |
| Sovereign | 7,545 | 186,605 | 183,826 | - | - |
| Bank | 12,734 | 42,171 | 46,298 | - | - |
| Residential Mortgage | 110,353 | 392,312 | 387,412 | 15 | 16 |
| Qualifying Revolving Retail | 4,337 | 14,846 | 15,080 | 38 | 53 |
| Other Retail | 21,794 | 31,931 | 33,215 | 49 | 69 |
| Total Advanced IRB approach | 296,178 | 942,279 | 949,242 | 115 | 237 |
| Specialised Lending | 39,001 | 46,430 | 46,371 | - | 2 |
| Standardised approach | | | | | |
| Corporate | 10,185 | 11,344 | 12,570 | 15 | 8 |
| Sovereign | 220 | 212 | 326 | - | - |
| Residential Mortgage | 210 | 435 | 437 | 1 | 1 |
| Other Retail | 33 | 33 | 36 | - | 4 |
| Total Standardised approach | 10,648 | 12,024 | 13,369 | 16 | 13 |
| Credit Valuation Adjustment and Qualifying Central Counterparties | 7,710 | 9,684 | 9,421 | - | - |
| Total | 353,537 | 1,010,417 | 1,018,403 | 131 | 252 |
| Advanced IRB approach | Jun 20 | | | | |
| | Risk Weighted Assets \$M | Exposure at Default \$M | Average Exposure at Default for three months \$M | Individual provision charge for three months \$M | Write-offs for three months \$M |
| Corporate | 146,850 | 292,410 | 300,195 | 113 | 241 |
| Sovereign | 6,656 | 181,048 | 189,162 | - | - |
| Bank | 14,794 | 50,425 | 57,037 | - | - |
| Residential Mortgage | 109,500 | 382,513 | 381,297 | 24 | 16 |
| Qualifying Revolving Retail | 4,705 | 15,314 | 15,721 | 41 | 54 |
| Other Retail | 24,279 | 34,499 | 34,758 | 84 | 62 |
| Total Advanced IRB approach | 306,784 | 956,209 | 978,170 | 262 | 373 |
| Specialised Lending | 38,784 | 46,311 | 47,374 | 3 | - |
| Standardised approach | | | | | |
| Corporate | 12,331 | 13,796 | 14,884 | (3) | 10 |
| Sovereign | - | - | - | - | - |
| Residential Mortgage | 214 | 439 | 455 | 1 | 1 |
| Other Retail | 38 | 38 | 42 | 1 | 4 |
| Total Standardised approach | 12,583 | 14,273 | 15,381 | (1) | 15 |
| Credit Valuation Adjustment and Qualifying Central Counterparties | 7,786 | 9,158 | 9,582 | - | - |
| Total | 365,937 | 1,025,951 | 1,050,507 | 264 | 388 |

Table 4(a) part (ii): Exposure at Default by portfolio type³

| Portfolio Type | Dec 20 | Sep 20 | Jun 20 | Average for the quarter ended Dec 20 |
|---|------------------|------------------|------------------|--|
| | \$M | \$M | \$M | \$M |
| Cash | 88,954 | 71,926 | 78,611 | 80,440 |
| Contingents liabilities, commitments, and other off-balance sheet exposures | 172,078 | 171,397 | 174,268 | 171,737 |
| Derivatives | 51,906 | 50,963 | 52,514 | 51,434 |
| Settlement Balances | 20 | 133 | 60 | 77 |
| Investment Securities | 93,972 | 89,977 | 85,790 | 91,974 |
| Net Loans, Advances & Acceptances | 598,524 | 593,904 | 609,049 | 596,214 |
| Other assets | 8,399 | 8,728 | 5,188 | 8,564 |
| Trading Securities | 24,970 | 23,389 | 20,471 | 24,180 |
| Total exposures | 1,038,823 | 1,010,417 | 1,025,951 | 1,024,620 |

³ Average Exposure at Default for quarter is calculated as the simple average of the balances at the start and the end of each three month period.

Table 4(b): Impaired asset⁴, Past due loans⁶, Provisions and Write-offs

| | | | | Dec 20 | | |
|--|-----------------------------|--------------------------------------|---------------------------------------|---|---|--|
| | Impaired derivatives \$M | Impaired loans/ facilities \$M | Past due loans ≥ 90 days \$M | Individual provision balance \$M | Individual provision charge for three months \$M | Write- offs for three months \$M |
| Portfolios subject to Advanced IRB approach | | | | | | |
| Corporate | - | 1,497 | 221 | 393 | (8) | 25 |
| Sovereign | - | - | - | - | - | - |
| Bank | - | - | - | - | - | - |
| Residential Mortgage | - | 492 | 2,766 | 122 | - | 16 |
| Qualifying Revolving Retail | - | 43 | - | - | 21 | 34 |
| Other Retail | - | 384 | 436 | 226 | 7 | 45 |
| Total Advanced IRB approach | - | 2,416 | 3,423 | 741 | 20 | 120 |
| Specialised Lending | - | 74 | 30 | 13 | - | 1 |
| Portfolios subject to Standardised approach | | | | | | |
| Corporate | - | 124 | 32 | 53 | 2 | 4 |
| Residential Mortgage | - | 9 | 15 | 6 | - | 1 |
| Other Retail | - | 9 | - | 2 | (1) | - |
| Total Standardised approach | - | 142 | 47 | 61 | 1 | 5 |
| Qualifying Central Counterparties | - | - | - | - | - | - |
| Total | - | 2,632 | 3,500 | 815 | 21 | 126 |

⁴ Impaired derivatives are net of credit valuation adjustment (CVA) of \$1 million, being a market value based assessment of the credit risk of the relevant counterparties (September 2020: \$2 million; June 2020: \$2 million).

⁵ Impaired loans / facilities include restructured items of \$497 million for customer 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 (September 2020: \$254 million; June 2020: \$258 million).

⁶ For regulatory reporting not well secured portfolio managed retail exposures have been reclassified from past due loans ≥ 90 days to impaired loans / facilities.

Table 4(b): Impaired asset, Past due loans, Provisions and Write-offs (continued)⁷

| | Sep 20 | | | | | |
|--|-----------------------------|--------------------------------------|---------------------------------------|---|---|--|
| | Impaired derivatives \$M | Impaired loans/ facilities \$M | Past due loans ≥ 90 days \$M | Individual provision balance \$M | Individual provision charge for three months \$M | Write- offs for three months \$M |
| Portfolios subject to Advanced IRB approach | | | | | | |
| Corporate | - | 1,298 | 212 | 435 | 13 | 99 |
| Sovereign | - | - | - | - | - | - |
| Bank | - | - | - | - | - | - |
| Residential Mortgage | - | 549 | 3,004 | 136 | 15 | 16 |
| Qualifying Revolving Retail | - | 47 | - | - | 38 | 53 |
| Other Retail | - | 416 | 469 | 248 | 49 | 69 |
| Total Advanced IRB approach | - | 2,310 | 3,685 | 819 | 115 | 237 |
| Specialised Lending | - | 79 | 31 | 14 | - | 2 |
| Portfolios subject to Standardised approach | | | | | | |
| Corporate | 1 | 135 | 28 | 56 | 15 | 8 |
| Residential Mortgage | - | 9 | 16 | 2 | 1 | 1 |
| Other Retail | - | 9 | - | - | - | 4 |
| Total Standardised approach | 1 | 153 | 44 | 58 | 16 | 13 |
| Qualifying Central Counterparties | - | - | - | - | - | - |
| Total | 1 | 2,542 | 3,760 | 891 | 131 | 252 |
| | Jun 20 | | | | | |
| | Impaired derivatives \$M | Impaired loans/ facilities \$M | Past due loans ≥ 90 days \$M | Individual provision balance \$M | Individual provision charge for three months \$M | Write- offs for three months \$M |
| Portfolios subject to Advanced IRB approach | | | | | | |
| Corporate | - | 1,298 | 260 | 478 | 113 | 241 |
| Sovereign | - | - | - | - | - | - |
| Bank | - | - | - | - | - | - |
| Residential Mortgage | - | 562 | 3,382 | 137 | 24 | 16 |
| Qualifying Revolving Retail | - | 76 | - | - | 41 | 54 |
| Other Retail | - | 471 | 494 | 264 | 84 | 62 |
| Total Advanced IRB approach | - | 2,407 | 4,136 | 879 | 262 | 373 |
| Specialised Lending | - | 117 | 29 | 25 | 3 | - |
| Portfolios subject to Standardised approach | | | | | | |
| Corporate | 1 | 148 | 19 | 63 | (3) | 10 |
| Residential Mortgage | - | 9 | 15 | 5 | 1 | 1 |
| Other Retail | - | 16 | - | - | 1 | 4 |
| Total Standardised approach | 1 | 173 | 34 | 68 | (1) | 15 |
| Qualifying Central Counterparties | - | - | - | - | - | - |
| Total | 1 | 2,697 | 4,199 | 972 | 264 | 388 |

⁷ For Individual Provision Balance, the corporate asset class split between advanced and standardised has been updated for September 2020 comparative to reflect the Basel treatment of the underlying assets

Table 4(c): Specific Provision Balance and General Reserve for Credit Losses ⁸

| | Dec 20 | | Total \$M |
|--|--------------------------------------|---|--------------|
| | Specific Provision Balance \$M | General Reserve for Credit Losses \$M | |
| Collectively Assessed Provisions | 385 | 4,416 | 4,801 |
| Individually Assessed Provisions | 815 | - | 815 |
| Total Provision for Credit Impairment | 1,200 | 4,416 | 5,616 |

| | Sep 20 | | Total \$M |
|--|--------------------------------------|---|--------------|
| | Specific Provision Balance \$M | General Reserve for Credit Losses \$M | |
| Collectively Assessed Provisions | 484 | 4,524 | 5,008 |
| Individually Assessed Provisions | 891 | - | 891 |
| Total Provision for Credit Impairment | 1,375 | 4,524 | 5,899 |

| | Jun 20 | | Total \$M |
|--|--------------------------------------|---|--------------|
| | Specific Provision Balance \$M | General Reserve for Credit Losses \$M | |
| Collectively Assessed Provisions | 538 | 4,110 | 4,648 |
| Individually Assessed Provisions | 972 | - | 972 |
| Total Provision for Credit Impairment | 1,510 | 4,110 | 5,620 |

⁸ Due to definitional differences, there is a variation in the split between ANZ's Individually and Collectively Assessed Provisions for Credit Impairment for accounting purposes and the Specific Provision and General Reserve for Credit Losses (GRCL) for regulatory purposes. This does not impact total provisions, and essentially relates to the classification of collectively assessed provisions on defaulted accounts. The disclosures in this document are based on Individually and Collectively Assessed Provisions for Credit Impairment, for ease of comparison with other published results.

Table 5 Securitisation

Commencing in March 2020, COVID-19 Assistance has been made available to customers of ANZ, with no distinction between loans within ANZ's portfolio and the securitisation pools. This approach was consistent with the assistance package developed in co-operation with Government and the banking industry.

Some of those customer requests for assistance resulted in loan terms being extended and consequently were repurchased from the securitisation pools. During May and June of 2020, ANZ repurchased ~\$32m from KFT2016-1 and \$57m from KFT2019-1 representing approximately 4.5% of the mortgages securitised in external RMBS transactions (and representing approximately 0.03% of ANZ Australia's total home loan portfolio).

APRA confirmed on 7 July 2020 that it considers that a loan to a borrower requesting payment deferral due to the impacts of COVID-19 may be lower quality exposure and not available for repurchase due to the requirements of APS 120: Securitisation. ANZ has ceased repurchases of any loans where COVID-19 assistance is being provided.

APRA's assessment of the repurchases concluded implicit support was provided to the external RMBS program and was inconsistent with the intent of APS 120. Going forward, in addition to this disclosure, APRA requires ANZ to obtain additional external review of its securitisation programs prior to issuing any further RMBS, using an independent assessor and with a review scope to be agreed with APRA.

Table 5(a) part (i): Banking Book - Summary of current period's activity by underlying asset type and facility⁹

| Securitisation activity by underlying asset type | ANZ Originated \$M | Dec 20 Original value securitised | | Recognised gain or loss on sale \$M |
|--|-----------------------|--------------------------------------|----------------------|--|
| | | ANZ Self Securitized \$M | ANZ Sponsored \$M | |
| Residential mortgage | (105) | (1,106) | - | - |
| Credit cards and other personal loans | - | - | - | - |
| Auto and equipment finance | - | - | - | - |
| Commercial loans | - | - | - | - |
| Other | - | - | - | - |
| Total | (105) | (1,106) | - | - |
| Securitisation activity by facility provided | | | | Notional amount \$M |
| Liquidity facilities | | | | - |
| Funding facilities | | | | - |
| Underwriting facilities | | | | - |
| Lending facilities | | | | - |
| Credit enhancements | | | | - |
| Holdings of securities (excluding trading book) | | | | 352 |
| Other | | | | 4 |
| Total | | | | 356 |

⁹ Activity represents net movement in outstanding.

| Securitisation activity by underlying asset type | ANZ Originated \$M | Sep 20 Original value securitised | | Recognised gain or loss on sale \$M |
|---|-----------------------|--------------------------------------|----------------------|--|
| | | ANZ Self Securitized \$M | ANZ Sponsored \$M | |
| Residential mortgage | (108) | (48,282) | - | - |
| Credit cards and other personal loans | - | - | - | - |
| Auto and equipment finance | - | - | - | - |
| Commercial loans | - | - | - | - |
| Other | - | - | - | - |
| Total | (108) | (48,282) | - | - |
| Securitisation activity by facility provided | | | | Notional amount \$M |
| Liquidity facilities | | | | - |
| Funding facilities | | | | 806 |
| Underwriting facilities | | | | - |
| Lending facilities | | | | - |
| Credit enhancements | | | | - |
| Holdings of securities (excluding trading book) | | | | 138 |
| Other | | | | 22 |
| Total | | | | 966 |
| Securitisation activity by underlying asset type | ANZ Originated \$M | Jun 20 Original value securitised | | Recognised gain or loss on sale \$M |
| | | ANZ Self Securitized \$M | ANZ Sponsored \$M | |
| Residential mortgage | (207) | (129) | - | - |
| Credit cards and other personal loans | - | - | - | - |
| Auto and equipment finance | - | - | - | - |
| Commercial loans | - | - | - | - |
| Other | - | - | - | - |
| Total | (207) | (129) | - | - |
| Securitisation activity by facility provided | | | | Notional amount \$M |
| Liquidity facilities | | | | - |
| Funding facilities | | | | (105) |
| Underwriting facilities | | | | - |
| Lending facilities | | | | - |
| Credit enhancements | | | | - |
| Holdings of securities (excluding trading book) | | | | (255) |
| Other | | | | 1 |
| Total | | | | (359) |

Table 5(a) part (ii): Trading Book - Summary of current period's activity by underlying asset type and facility

No assets from ANZ's Trading Book were securitised during the reporting period.

Table 5(b) part (i): Banking Book: Securitisation - Regulatory credit exposures by exposure type

| | Dec 20 | Sep 20 | Jun 20 |
|--|---------------|---------------|---------------|
| Securitisation exposure type - On balance sheet | \$M | \$M | \$M |
| Liquidity facilities | - | - | - |
| Funding facilities | 8,489 | 8,480 | 8,801 |
| Underwriting facilities | - | - | - |
| Lending facilities | - | - | - |
| Credit enhancements | - | - | - |
| Holdings of securities (excluding trading book) | 2,632 | 2,280 | 2,142 |
| Protection provided | - | - | - |
| Other | 286 | 330 | 348 |
| Total | 11,407 | 11,090 | 11,291 |

| | Dec 20 | Sep 20 | Jun 20 |
|---|--------------|--------------|--------------|
| Securitisation exposure type - Off Balance Sheet | \$M | \$M | \$M |
| Liquidity facilities | 18 | 19 | 20 |
| Funding facilities | 2,082 | 2,112 | 1,924 |
| Underwriting facilities | - | - | - |
| Lending facilities | - | - | - |
| Credit enhancements | - | - | - |
| Holdings of securities (excluding trading book) | - | - | - |
| Protection provided | - | - | - |
| Other | - | - | - |
| Total | 2,100 | 2,131 | 1,944 |

| | Dec 20 | Sep 20 | Jun 20 |
|---|---------------|---------------|---------------|
| Total Securitisation exposure type | \$M | \$M | \$M |
| Liquidity facilities | 18 | 19 | 20 |
| Funding facilities | 10,571 | 10,592 | 10,725 |
| Underwriting facilities | - | - | - |
| Lending facilities | - | - | - |
| Credit enhancements | - | - | - |
| Holdings of securities (excluding trading book) | 2,632 | 2,280 | 2,142 |
| Protection provided | - | - | - |
| Other | 286 | 330 | 348 |
| Total | 13,507 | 13,221 | 13,235 |

Table 5(b) part (ii): Trading Book: Securitisation - Regulatory credit exposures by exposure type

No assets from ANZ's Trading Book were securitised during the reporting period.

Table 18 Leverage ratio

The Leverage Ratio requirements are part of the Basel Committee on Banking Supervision (BCBS) Basel III capital framework. It is a simple, 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.

Consistent with the BCBS definition, APRA's Leverage Ratio compares Tier 1 Capital to the Exposure Measure (expressed as a percentage) as defined by APS 110: Capital Adequacy. APRA has not finalised a minimum Leverage Ratio requirement for Australian ADIs, although they have proposed a minimum of 3.5% for ADIs authorised to use the internal ratings based approach to credit risk.

The following information is the short form data disclosure required to be published under paragraph 49 of APS 330.

| | | Dec 20 | Sep 20 | Jun 20 | Mar 20 |
|----|------------------------------------|---------------|---------------|---------------|---------------|
| | Capital and total exposures | \$M | \$M | \$M | \$M |
| 20 | Tier 1 capital | 56,996 | 56,481 | 56,459 | 56,295 |
| 21 | Total exposures | 1,062,452 | 1,046,670 | 1,060,751 | 1,124,399 |
| | Leverage ratio | | | | |
| 22 | Basel III leverage ratio | 5.4% | 5.4% | 5.3% | 5.0% |

Table 20 Liquidity Coverage Ratio disclosure template

| | Total Unweighted Value \$M | Dec 20 Total Weighted Value \$M | Total Unweighted Value \$M | Sep 20 Total Weighted Value \$M | Total Unweighted Value \$M | Jun 20 Total Weighted Value \$M |
|---------------------------------|-------------------------------------|---|-------------------------------------|---|-------------------------------------|---|
| Liquid assets, of which: | | | | | | |
| 1 | | 194,069 | | 172,617 | | 176,310 |
| 2 | | 39,949 | | 42,472 | | 44,759 |
| 3 | | 282 | | 146 | | 300 |
| Cash outflows | | | | | | |
| 4 | 244,337 | 24,990 | 232,341 | 23,888 | 224,255 | 23,224 |
| 5 | 107,326 | 5,366 | 101,925 | 5,096 | 96,360 | 4,818 |
| 6 | 137,011 | 19,624 | 130,416 | 18,792 | 127,895 | 18,406 |
| 7 | 241,502 | 127,456 | 234,284 | 118,912 | 252,193 | 131,113 |
| 8 | 89,147 | 21,465 | 87,824 | 21,385 | 87,016 | 21,108 |
| 9 | 142,213 | 95,849 | 134,334 | 85,401 | 152,462 | 97,290 |
| 10 | 10,142 | 10,142 | 12,126 | 12,126 | 12,715 | 12,715 |
| 11 | | 368 | | 333 | | 1,968 |
| 12 | 151,584 | 45,313 | 151,159 | 44,447 | 154,399 | 51,185 |
| 13 | 28,481 | 28,481 | 27,426 | 27,426 | 34,214 | 34,214 |
| 14 | - | - | - | - | - | - |
| 15 | 123,103 | 16,832 | 123,733 | 17,021 | 120,185 | 16,971 |
| 16 | 7,997 | - | 8,569 | - | 9,724 | - |
| 17 | 97,690 | 6,710 | 101,226 | 6,076 | 91,354 | 4,754 |
| 18 | | 204,837 | | 193,656 | | 212,244 |
| Cash inflows | | | | | | |
| 19 | 26,879 | 1,536 | 29,099 | 1,883 | 29,169 | 1,987 |
| 20 | 23,428 | 15,431 | 25,704 | 17,135 | 32,161 | 22,437 |
| 21 | 22,372 | 22,372 | 20,226 | 20,226 | 27,079 | 27,079 |
| 22 | 72,679 | 39,339 | 75,029 | 39,244 | 88,409 | 51,503 |
| 23 | | 234,300 | | 215,235 | | 221,369 |
| 24 | | 165,498 | | 154,412 | | 160,741 |
| 25 | | 141.6% | | 139.4% | | 137.7% |
| | | | | | | |
| | | 66 | | 66 | | 65 |

Liquidity Coverage Ratio (LCR)

ANZ's average LCR for the 3 months to 31 December 2020 was 141.6%% with total liquid assets exceeding net outflows by an average of \$68.8b.

The main contributors to net cash outflows were modelled outflows associated with the bank's corporate and retail deposit portfolios, offset by inflows from maturing loans. While cash outflows associated with derivatives are material, these are effectively offset by derivative cash inflows.

The composition of the liquid asset portfolio has remained relatively stable through the quarter, with HQLA securities and cash making up on average 83% of total liquid assets.

ANZ has a well diversified deposit and funding base avoiding undue concentrations by investor type, maturity, market source and currency.

ANZ monitors and manages its liquidity risk on a daily basis including LCR by geography and currency, ensuring ongoing compliance across the network.

Glossary

| | |
|--|---|
| ADI | Authorised Deposit-taking Institution. |
| Basel III Credit Valuation Adjustment (CVA) capital charge | CVA charge is an additional capital requirement under Basel III for bilateral derivative exposures. Derivatives not cleared through a central exchange/counterparty are subject to this additional capital charge and also receive normal CRWA treatment under Basel II principles. |
| Collectively Assessed Provision for Credit Impairment | Collectively assessed provisions for credit impairment represent the Expected Credit Loss (ECL) calculated in accordance with AASB 9 Financial Instruments (AASB 9). These incorporate forward looking information and do not require an actual loss event to have occurred for an impairment provision to be recognised. |
| Credit exposure | The aggregate of all claims, commitments and contingent liabilities arising from on- and off-balance sheet transactions (in the banking book and trading book) with the counterparty or group of related counterparties. |
| Credit risk | The risk of financial loss resulting from the failure of ANZ's customers and counterparties to honour or perform fully the terms of a loan or contract. |
| Credit Valuation Adjustment (CVA) | Over the life of a derivative instrument, ANZ uses a CVA 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. |
| Days past due | The number of days a credit obligation is overdue, commencing on the date that the arrears or excess occurs and accruing for each completed calendar day thereafter. |
| Exposure at Default (EAD) | Exposure At Default is defined as the expected facility exposure at the date of default. |
| Impaired assets (IA) | Facilities are classified as impaired when there is doubt as to whether the contractual amounts due, including interest and other payments, will be met in a timely manner. Impaired assets include impaired facilities, and impaired derivatives. Impaired derivatives have a credit valuation adjustment (CVA), which is a market assessment of the credit risk of the relevant counterparties. |
| Impaired loans (IL) | Impaired loans comprise of drawn facilities where the customer's status is defined as impaired. |
| Individual provision charge (IPC) | Individual provision charge is the amount of expected credit losses on financial instruments assessed for impairment on an individual basis (as opposed to on a collective basis). It takes into account expected cash flows over the lives of those financial instruments. |
| Individually Assessed Provisions for Credit Impairment | Individually assessed provisions for credit impairment are calculated in accordance with AASB 9 Financial Instruments (AASB 9). They are 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. |
| Market risk | <p>The risk to ANZ's earnings arising from changes in interest rates, currency exchange rates and credit spreads, or from fluctuations in bond, commodity or equity prices. ANZ has grouped market risk into two broad categories to facilitate the measurement, reporting and control of market risk:</p> <p>Traded market risk - the risk of loss from changes in the value of financial instruments due to movements in price factors for physical and derivative trading positions. Trading positions arise from transactions where ANZ acts as principal with clients or with the market.</p> <p>Non-traded market risk (or balance sheet risk) - comprises interest rate risk in the banking book and the risk to the AUD denominated value of ANZ's capital and earnings due to foreign exchange rate movements.</p> |

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| Operational risk | The risk of loss resulting from inadequate or failed internal controls or from external events, including legal risk but excluding reputation risk. |
| Past due facilities | Facilities where a contractual payment has not been met or the customer is outside of contractual arrangements are deemed past due. Past due facilities include those operating in excess of approved arrangements or where scheduled repayments are outstanding but do not include impaired assets. |
| Qualifying Central Counterparties (QCCP) | QCCP is a central counterparty which is an entity that interposes itself between counterparties to derivative contracts. Trades with QCCP attract a more favorable risk weight calculation. |
| Recoveries | Payments received and taken to profit for the current period for the amounts written off in prior financial periods. |
| Restructured items | 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. |
| Risk Weighted Assets (RWA) | Assets (both on and off-balance sheet) 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. |
| Securitisation risk | The risk of credit related losses greater than expected due to a securitisation failing to operate as anticipated, or of the values and risks accepted or transferred, not emerging as expected. |
| Write-Offs | Facilities are written off against the related provision for impairment when they are assessed as partially or fully uncollectable, and after proceeds from the realisation of any collateral have been received. Where individual provisions recognised in previous periods have subsequently decreased or are no longer required, such impairment losses are reversed in the current period income statement. |

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